



Rising Unemployment

Considered as a looming crisis, Nigeria's unemployment rate has continued to deteriorate. Based on the new data released by the NBS unemployment rate stood at 23.1 percent in 2018Q3¹, up from the previous quarter's 18.8 percent. This implies that 3.3 million people became unemployed during the quarter, increasing the total figure to 20.9 million people. About 63 percent (13.1 million) of the total unemployed Nigerians are youth who experience much higher unemployment rates (29.7 percent in 2018Q3) than the rest of the population. While many have attributed their status to the inability to find their first job, others have become unemployed due to loss of previous jobs. This implies that the gap between job creation and labour market demand is widening. Given Nigeria's young population structure, large numbers of labour entrants are expected going forward. Going forward, the current emergence of a vibrant entrepreneurial class that cuts across agriculture, services, and tech should be supported through the provision of credit facilities and enabling infrastructure.

Rising Domestic Debt

The Nigerian government continued with the legacy of excessive debt in 2018Q3 as debt stock rose slightly to ₦22.43 trillion² up from ₦22.37 trillion in 2018Q2³ and ₦20.37 trillion in 2017Q2⁴. The rise in debt manifested in domestic borrowings which rose by ₦180 billion, quarter-over-quarter, to ₦15.81 trillion. This is occurring despite the plan to restructure the debt portfolio in favour of external debt. Clearly, the buildup in domestic debt levels continue to dim prospects and efforts of bringing down debts from heights similar to those seen prior to debt relief⁶. Going forward, debt servicing levels will rise considerably given the high domestic interest rate. Utilising other domestic financing options to widen the sources and scope of financing is vital. Particularly, expanding the tax base through efficient means of tax collection as well as leveraging capital from the private sector through public-private partnerships.

Declining Gender Parity Ranking

Based on new rankings, gender gap in Nigeria has widened, reversing some past progress. The World Economic Forum (WEF) ranked Nigeria 133rd out of 149 countries globally to have achieved gender parity in 2018⁷-the country fell to that position from 118th position in 2016⁸. The low rank is equivalent to exemplifying shrinkage of political, educational, health and survival opportunities for Nigerian women. Overall economic participation by women has dwindled: compared to 60 percent for men, women labour force participation was 50 percent and women earned an estimated income that is 65 percent less than what was earned by men. In male dominated politics, women make up a meagre 12 percent in ministerial positions⁹. Central to closing gender inequality gap in Nigeria is the need to improve access to education for girls, access to professional training and business finance for women, and provision of day care facilities in more workplaces for nursing mothers.

Rising Tax Revenue

Revenue generated from VAT in 2018Q3 amounted to N273.5 billion¹⁰, a quarter-over-quarter increase of 2.54 percent and year-on-year of 9.16 percent. The quarter on quarter increase was largely driven by Nigeria Custom Service VAT which rose by 52 percent from N56.3 billion in 2018 Q2 to N86 billion in 2018Q3¹¹. By sector, 'other manufacturing' generated the highest amount of VAT with N31.48 billion, closely followed by Professional Services, and Commercial and Trading both generating N25.57 billion and N15.99 billion respectively. Going forward, comprehensive tax reform program may be needed in the short-to-medium term to broaden the bases of income and consumption taxes, as well as close the loopholes created by tax holidays for foreign companies.

ECONOMIC SNAPSHOT		
Quarterly Indicators	'18Q2	'18Q3
GDP Growth Rate (%)	1.5	1.8
Oil GDP (%)	-3.95	-2.90
Non-oil GDP (%)	2.05	2.35
Unemployment Rate (%)	NA	NA
Foreign Direct Investment (US \$ Million)	261.4	530.60
Portfolio Investment (US \$Millions)	4,119.5	1,723.1
Other Investment (US \$Million)	1,132.8	601.5
External Debt (FGN & States- N'Billion)	6,750.91	6,614.61
Domestic Debt (FGN + States & FCT N'billion)	15,628.76	15,814.19
Manufacturing Capacity utilization (%)	54.6	54.6
Monthly Indicators	Oct'18	Nov'18
Headline Inflation (%)	11.26	11.28
Food Sub-Index (%)	13.28	13.30
Core Sub-Index (%)	9.9	9.8
External Reserves (End Period) (US\$ Million)	41,995.24	42,167.18
Official Rate Approx. (N/US\$)	305	305
BDC Rate Approx. (N/US\$)	362	362
Manufacturing PMI	56.8	57.9
Non-Manufacturing PMI	57.0	58.4
Crude Oil Price (US\$/Barrel)	79.18	NA
Petrol (PMS-N/litre)	147.2	147.50
Diesel (AGO -N/Litre)	216.75	219.54
Kerosene (HHK -N/Litre)	307.23	298.32
MPR (%)	14	14
CRR (%)	22.5	22.5
91 Day T-Bill Rate (%)	10.94	10.91
Savings Deposit (%)	4.07	4.07
Prime Lending (%)	16.53	16.64
Maximum Lending (%)	30.67	30.80
Narrow Money (N'Billion)	11,130.26	10,688.66
Broad Money (N'Billion)	25,713.71	25,461.74
Net Domestic Credit (N'Billion)	26,633.16	26,062.99
Credit to the Government (N'Billion)	3,909.43	2,980.22
Credit to the Private Sector(N'Billion)	22,723.73	23,082.75
Currency in Circulation (N'Billion)	1,956.01	2,100.12
FAAC (N'Billion)	788.14	812.76

*Revised GDP figures/tentative figures

NA: Not Available

¹National Bureau of Statistics (2019). “Labor Force Statistics - Volume I: Summary”. Retrieved from, <http://www.nigerianstat.gov.ng/elibrary>

²DMO (2019). “Nigeria's Public Debt Stock as at September 30, 2018 In Millions”. Retrieved from, <http://www.dmo.gov.ng/debt-profile/total-public-debt/2663-nigeria-s-public-debt-stock-as-at-september-30-2018/file>

³ DMO (2019). “Nigeria's Public Debt Stock as at June 30, 2018 In Millions”. Retrieved from, <http://www.dmo.gov.ng/debt-profile/total-public-debt/2529-nigeria-s-public-debt-stock-as-at-june-30-2018/file>

⁴ DMO (2019). “Nigeria's Public Debt Stock as at September 30, 2017”. Retrieved from, <http://www.dmo.gov.ng/debt-profile/total-public-debt/2255-total-public-debt-as-at-30th-september-2017/file>

⁵ The Guardian (2019). “Nigeria’s debt stock rises by N49 billion”. Accessed January 9, 2019. <https://guardian.ng/news/nigerias-debt-stock-rises-by-n49-billion/>

⁶ National Bureau of Statistics (2019). “The Global Gender Gap Report 2018”. Retrieved from, http://www3.weforum.org/docs/WEF_GGGR_2018.pdf

⁷IMF (2019). “New Data on Global Debt”. Accessed January 9, 2019. <https://blogs.imf.org/2019/01/02/new-data-on-global-debt/>

⁸World Bank (2018). “Overall Global Gender Gap Index”. Accessed January 9, 2019. https://todata360.worldbank.org/indicators/af52e9e9?country=NGA&indicator=27962&viz=line_chart&years=2006,2016

⁹BusinessDay (2019). “Nigeria plunges to 133rd on Gender Index as women shrink in economy, politics”. Accessed January 9, 2019. <https://www.businessdayonline.com/life-arts/arts-bdlife-arts/article/nigeria-plunges-133rd-gender-index-women-shrink-economy-politics/>

¹⁰National Bureau of Statistics (2019). “Sectoral Distribution Of Value Added Tax (Q2 & Q3 2018)”. Retrieved from, <http://www.nigerianstat.gov.ng/elibrary>

¹¹Nairametrics (2019). “VAT revenue may have hit 4 year high in 2018”. Accessed January 9, 2019. <https://nairametrics.com/vat-revenue-hits-n808-billion-between-january-to-september-2018/>