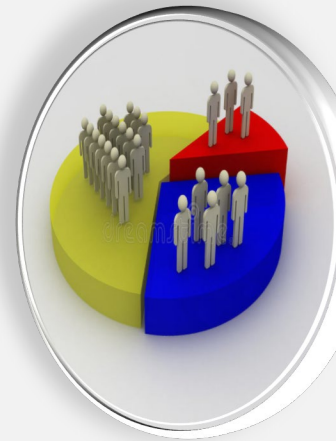


Growth in Remittance Inflows

Nigeria became the largest remittance-recipient country in sub-Saharan Africa and the sixth largest among low-middle income countries in 2018. The country's official remittances amounted to \$24.3 billion in 2018,¹ a 10.5% increase from the 2017 remittances received, and accounts for 6.1% of GDP. Along with the strong economic conditions in high-income countries, the year-on-year acceleration in remittance flows is not unconnected to a slight declining trend that has been observed in remittance costs since the beginning of 2018.² Although currently at an average of 9%, these remittance costs remain above the global average of 7% and far from the SDG target of 3%. Given the relatively strong economic and employment situation in high-income countries, and the growth in emigration in Nigeria, we expect that remittance flows to Nigeria will continue to rise. Addressing the regulatory barriers to entry in order to allow for more money transfer operators, particularly digital operators will drive the cost of remittance down and increase inflows. For instance, the ₦2 billion capital threshold mandated by CBN for domestic companies (compared with the ₦50 million for foreign companies) could be reviewed to allow companies lacking the financial clout to meet up.



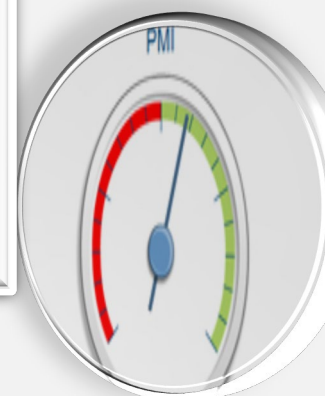
Rising Fuel Subsidy Payments

The World Bank's recent report "Nigeria Biannual Economic Update" for 2018, disclosed that Nigeria spent ₦731 billion to subsidize petrol consumption in the year under review³. The huge amount is a significant increase from the ₦128.9 billion reported to have been deducted as petrol subsidy payments by 2017 (November)⁴. Regarded as Nigeria's biggest fiscal burden, amounts spent on subsidy have constantly out-paced expenditures on health, education, and critical infrastructure needed for the economy. According to the World Bank, most of subsidy spent by the Nigerian government on petrol volumes in 2018 were inflated as daily consumption rose to 54 million litres per day, ostensibly due partly to out-smuggling. A continuation of these out-smuggling activities would persistently increase subsidy payments and adversely affect net oil revenue as pump price remains capped below import prices. Allowing the market forces determine the pump price could be a necessary step in halting subsidy payments.



Underperforming Stock Market

Trading activities on the Nigerian Stock Exchange over the review week (April 5-12, 2019) were mixed, closing lower at the end of the week and extending five consecutive weeks of downward trend in prices. The NSE All-Share Index and Market Capitalization depreciated marginally by 0.19% to close the week at 29,560.47 and N11.103 trillion respectively⁵. Similarly, out of the other 15 indices, all finished lower with the exception of 6 indices. Many stocks remained underpriced during the week and contributed to the market's negative performance⁶. However, the bulk of 2019Q1 company earnings reports expected to reveal how the economy performed between January and March, as well as March inflation data, could redirect stock performances to positive, if favourable.



ECONOMIC SNAPSHOT		
Quarterly Indicators	'18Q3	'18Q4
GDP Growth Rate (%)	1.8	2.38
Oil GDP (%)	-2.90	-1.62
Non-oil GDP (%)	2.35	2.7
Unemployment Rate (%)	23.1	NA
Foreign Direct Investment (US \$ Million)	530.60	156.08
Portfolio Investment (US \$Millions)	1,723.1	1,394.68
Other Investment (US \$Million)	601.5	589.32
External Debt (FGN & States- N'Billion)	6,614.61	7,759.22
Domestic Debt (FGN + States & FCT N'billion)	15,814.19	16,627.84
Manufacturing Capacity utilization (%)	54.6	NA
Monthly Indicators	Jan'19	Feb'19
Headline Inflation (%)	11.37	11.31
Food Sub-Index (%)	13.51	13.47
Core Sub-Index (%)	9.9	9.8
External Reserves (End Period) (US\$ Million)	43,174.28	42,309.61
Official Rate Approx. (N/US\$)	305	305
BDC Rate Approx. (N/US\$)	362	362
Manufacturing PMI	58.5	57.1
Non-Manufacturing PMI	60.1	58.4
Crude Oil Price (US\$/Barrel)	60.05	64.19
Petrol (PMS-N/litre)	145.70	145.30
Diesel (AGO -N/Litre)	225.09	225.61
Kerosene (HHK -N/Litre)	306.28	305.55
MPR (%)	14	14
CRR (%)	22.5	22.5
91 Day T-Bill Rate (%)	10.98	10.91
Savings Deposit (%)	4.07	4.07
Prime Lending (%)	16.01	16.08
Maximum Lending (%)	30.48	30.56
Narrow Money (N'Billion)	11,138.51	11,028.86
Broad Money (N'Billion)	26,755.80	26,531.29
Net Domestic Credit (N'Billion)	28,636.33	30,517.94
Credit to the Government (N'Billion)	NA	NA
Credit to the Private Sector(N'Billion)	NA	NA
Currency in Circulation (N'Billion)	2,139.67	2,241.31
FAAC (N'Billion)	660	619

*Revised GDP figures/tentative figures

NA: Not Available

¹The World Bank (2019). “Migration and Remittances Data”. Accessed April 15, 2019. <http://www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data>

²The World Bank (2019). “Migration and Development Brief 31”. Accessed April 15, 2019. <https://www.knomad.org/publication/migration-and-development-brief-31>

³The World Bank (2019). “NIGERIA BIENNIAL ECONOMIC UPDATE Water supply, sanitation & hygiene— a wake-up call, APRIL 2019”. Retrieved from, <https://openknowledge.worldbank.org/handle/10986/31514>

⁴The World Bank (2019). “Nigeria biannual economic update: connecting to compete”. Retrieved from, <http://documents.worldbank.org/curated/en/769551524576691390/Nigeria-biannual-economic-update-connecting-to-compete>

⁵NSE (2019). “Weekly Market Report for the Week Ended 12-04-2019”. Retrieved from, <http://www.nse.com.ng/market-data/other-market-information/weekly-report>

⁶TRW Stockbrokers (2019). “Investors Expect Sustained Volatility, Speculative Trading to Indicate NGSE Direction”. Accessed April 15, 2019. <https://trwstockbrokers.wordpress.com/>