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Purchasing Managers' Index

Purchasing Managers' Index, which measures business performance, recorded slight improvements in March 2017, relative to February 2017 – (albeit below the 50 benchmark index points) for three consecutive months. Specifically, Manufacturing PMI and Non-manufacturing PMI stood at 47.7 and 47.1 index points in March 2017, representing a 6.9 percent and 5.8 percent rise respectively from the preceding month¹. Slight improvements in business activities can be attributed to the recent rise in forex liquidity by the CBN – with significant appreciation in the value of naira and availability of raw materials for manufacturing/production. Going forward, the government should fast-track the implementation of its Economic Recovery and Growth Plan, in order to provide the necessary stimulus needed to significantly improve business activities in the



Crude Oil Price

OPEC basket price increased (Week-on-Week) by 1.6 percent to \$49.45 per barrel on March 31, 2017² - the first increase recorded in three weeks. Also, Bonny light rose by 4.7 percent to \$51.92 per barrel³. The rise in crude oil prices reflects demand-side expansion, consequent upon a myriad of factors: slower rise in USA crude reserves⁴, huge supply disruptions in Libya, and the prospective extension of OPEC supply cut deals in member countries⁵. The strengthening of crude oil price amid calm in the Niger Delta oil region, presents positive outlook for the Nigerian economy. However, given the adverse implications of sole dependence on crude oil revenue, the government should avoid returning to the norm and make efforts to intensify investments in other key sectors of the economy



External Reserve

The external reserve increased Month-on-Month by 2.2 percent to \$30.29 billion⁶. The increase may likely be at the backdrop of moderation in crude oil price (from an average of \$46.39 per barrel in February to \$51.92 per barrel as at March 31, 2017) – signifying a possible rise in crude oil revenue in the review month. The recent rise in official reserves would help bolster liquidity in the forex market which could bring about further strengthening of naira. However, given the volatility in oil foreign inflow, improvement in Non-oil revenue inflow is critical to the sustainability of the gain in foreign reserve.



Economy Assessment

Recently released report by the International Monetary Fund (IMF) shows an assessment of the Nigerian economy⁷ in terms of the current challenges as well as outlook of future economic performance. The assessment recognized government efforts towards adjusting to the low global oil prices and promote recovery from recession. However, the report emphasized stronger macroeconomic policies to achieve short-term/long-term objectives. In this regard, the IMF recommends that priority be given to: eliminating multiple exchange rates; increasing non-oil revenue base; improving infrastructure; amongst others. These may likely form parts of IMF loan conditionalities to Nigeria.



Compiled by the Information and Data Management (IDM) Unit, CSEA

ECONOMIC INDICATORS

QUARTERLY ECONOMIC INDICATORS

	2016Q2	2016Q3	2016Q4
GDP Growth Rate (%)	-2.06	-2.24	-1.30
Oil GDP (%)	-17.48	-22.01	-12.38
Non-Oil GDP (%)	-0.38	0.03	-0.33
Unemployment Rate (%)	13.10	13.9	NA
Underemployment Rate (%)	19.30	19.7	NA
Foreign Direct Investment (US \$'Million)	184.29	340.64	344.63
Portfolio Investment (US \$'Million)	337.31	920.32	284.22
Other Investments (US \$'Million)	520.57	561.16	920.03
Total Revenue (FG) (N' Billion)	977.82	1,185.52	NA
Total Expenditure (FG) (N' Billion)	1,407.38	1,344.71	NA
FG Fiscal (Deficit)/Surplus (N' Billion)	429.56	159.19	NA

MONTHLY ECONOMIC INDICATORS

	Dec-2016	Jan-2017	Feb-2017
Headline Inflation (%)	18.55	18.72	17.78
Food Sub-Index (%)	17.4	17.82	18.53
Core Sub-Index (%)	18.1	17.90	16.00
External Reserve (US\$ Million)	26,990.58	28,592.98	29,975.38
All Share Index (Points)	26,874.62	26,036.24	25,329.08
Market Capitalization (N' Billion)	9,246.92	8,972.99	8,765.92
Exchange Rate (BDC - N/US\$)	455.26	493.29	494.7
Official Rate (N/US\$)	305.22	305.20	305.31
Manufacturing PMI	52.00	48.20	44.6
Non-Manufacturing PMI	47.10	49.40	44.5
Crude Oil Price(US\$/Barrel)	53.48	55.01	46.39
Petrol (PMS - N/litre)	146.7	148.7	149.8
Diesel (AGO - N/litre)	196.25	240.52	249.38
Kerosene (NHK - N/litre)	231.85	433.84	352.42
MPR (%)	14	14	14
Private Sector CRR (%)	22.5	22.5	22.5
Public Sector CRR (%)	22.5	22.5	22.5
91 Day T-Bill Rate (%)	13.96	13.95	13.75
Savings Deposit (%)	4.18	4.22	4.22
Prime Lending (%)	17.09	16.91	17.13
Maximum Lending (%)	28.55	28.88	29.26
Narrow Money (N'Billion)	11,404.91	11,267.71	10,212.65
Broad Money (N'Billion)	23,725.13	23,380.94	22,365.65
Net Domestic Credit (N'Billion)	27,153.88	26,627.28	26,771.07
Credit to Government (N'Billion)	4,806.98	4,284.26	4,408.656
Credit to Private Sector (N'Billion)	2,234.69	2,234.30	2,2362.41
Currency in Circulation (N'Billion)	2,179.17	1,994.58	1,978.887
FAAC (N' Billion)	400	465*	514.15

*Provisional Figures (Subject to change)

NA: Not Available

¹Central Bank of Nigeria (2017). “Purchasing Managers’ Index”. Retrieved from, <http://www.cbn.gov.ng/Out/2017/MPD/Central%20Bank%20of%20Nigeria%20Communique%20No%20112%20Monetary%20Policy%20Committee%20Meeting%20March%2021%202017.pdf>

²OPEC (2017). “Weekly Basket Price”. Accessed April 4, 2017. http://www.opec.org/opec_web/en/data_graphs/40.htm

³cbn.gov.ng

⁴The Week (2017). “Oil price at three-week high after US reserves data”. Accessed April 3, 2017. <http://www.theweek.co.uk/oil-price/60838/us-oil-price-back-above-50-but-pessimism-reigns>

⁵Reuters (2017). “Oil rises on Libyan supply disruptions, likely OPEC output cut extension”. Accessed April 3, 2017. <http://af.reuters.com/article/energyOilNews/idAFL3N1H618K?pageNumber=2&virtualBrandChannel=0>

⁶CBN (2017). “Movement in Reserves”. Accessed April 3, 2017. <http://www.cbn.gov.ng/IntOps/Reserve.asp?MoveDate=4/3/2017%207:09:07%20AM>

⁷IMF (2017). “IMF Executive Board Concludes 2017 Article IV Consultation with Nigeria”. Accessed April 4, 2017. <http://www.imf.org/en/News/Articles/2017/03/30/pr17105-nigeria-imf-executive-board-concludes-2017-article-iv-consultation>