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## Financial Sector

The financial sector data on sectoral allocation of credit, depicts a marginal quarter-over-quarter decline in terms of private sector credit. Comparatively, banks' allocated credit stood at N15.71 trillion in 2017Q2<sup>1</sup>, a slightly 2 percent decrease from N16 trillion allocated in 2017Q1<sup>2</sup>. The slight decline may have been driven by the marginal fall in credit allocation to Agricultural sector (from 3.5 percent to 3.2 percent Quarter-over-Quarter). However, further disaggregated data shows that Oil and Gas sector received the highest credit allocation (22.5 percent), followed by manufacturing sector (14.1 percent) during the quarter. Notably, the short-term strengthened activities and improvements in the aforementioned sectors, may have triggered the need for the larger share of credit allocated to them in the review quarter. Going forward, given the diversification agenda of the government from oil, deposit money banks should be encouraged to scale up credit facilities to the real sectors of the economy especially agriculture and manufacturing in order to boost domestic production and improve the supply side of the economy.



## Revenue Mobilization

Analysis of revenue by the Nigeria Immigration Service, shows a tremendous improvement in revenue generated and remitted to the Federal Government by the agency in 2016, relative to 2015. Local revenue amounted to N36 billion<sup>3</sup> – a 57 percent increase from about N23 billion in 2015<sup>4</sup>. Similarly, offshore revenue rose significantly from approximately \$23 million to \$54 million. The increased revenue which was realized from passport, Visa, Combined Expatriate Residence Permit and Aliens Card (CERPAC) issuances among others, may likely be in tandem with measures put in place earlier by the NIS for revenue generation (launched security bollards and customers queuing systems)<sup>5</sup>. Given the critical role of domestic resource mobilization in development financing, there is need to also explore the informal sector of the economy as a source of revenue potential. Extending formality to the shadow economy serves as a pragmatic strategy that could widen the tax net and improve revenue mobilization.



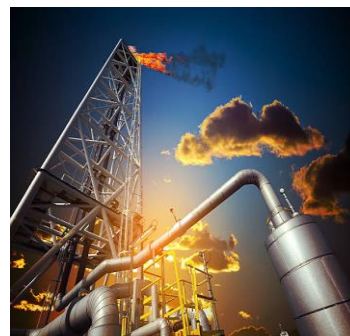
## Portfolio Investment

According to the Nigeria Stock Exchange, total portfolio investment at the bourse increased by 7 percent - from N205.6 billion in May 2017 to N220.3 billion in June 2017<sup>6</sup>. Foreign Portfolio investment grew by 6.4 percent to N101.5 billion with a positive net foreign inflow of N30.3 billion; while Domestic investment rose by 7.5 percent to N118.7 billion. As has been the trend since 2016, foreign portfolio investment underperformed relative to domestic portfolio investment due to the uncertainty in the domestic economy; thus slowing the flow of 'hot money'. Going forward, sustained efforts at driving down domestic inflation is necessary, among others, to ensure the resurgence of foreign portfolio investment in the country.



## Oil and Gas Sector

Available reports from the Nigerian National Petroleum Corporation (NNPC), suggests a significant reduction in the cost incurred to produce one barrel of crude oil for the past two years. Specifically, the cost of production reduced by 71 percent from \$78 as at August 2015, to \$23 per barrel as at August 2017<sup>7</sup>. This may be attributable to moderations in operational expenditures, following repairs and restructuring in the oil region. However, at \$23, the cost of crude oil production is still high and uncompetitive relative to other oil-producing countries. Therefore, there is need for the government to implement appropriate cost management strategies in order to make crude oil production profitable for operators and allow the country attain its target production cost of about \$10 per barrel as emphasized in the new National Petroleum Policy<sup>8</sup>. Particularly, reducing the timeframe in tendering processes of oil and gas contracts is needful, as such lengthy periods add to cost escalation.



## ECONOMIC INDICATORS

<b>QUARTERLY ECONOMIC INDICATORS</b>	<b>2016Q3</b>	<b>2016Q4</b>	<b>2017Q1</b>
<b>GDP Growth Rate (%)</b>	-2.34*	-1.73*	-0.52
<b>Oil GDP (%)</b>	-23.04*	-17.70*	-11.64
<b>Non-Oil GDP (%)</b>	0.03	-0.33	0.72
<b>Unemployment Rate (%)</b>	13.9	14.2	NA
<b>Underemployment Rate (%)</b>	19.7	21.0	NA
<b>Foreign Direct Investment (US \$'Million)</b>	340.64	344.63	211.38
<b>Portfolio Investment (US \$'Million)</b>	920.32	284.22	313.61
<b>Other Investments (US \$'Million)</b>	561.16	920.03	383.28
<b>External Debt (FGN &amp; States - N'Billion)</b>	3,535.58	3,478.91	4,229.96
<b>Domestic Debt (FGN - N'Billion)</b>	10,845.22	11,058.20	11,971.34
<b>Manufacturing Capacity Utilisation (%)</b>	48.4	48.5	53.7
<b>MONTHLY ECONOMIC INDICATORS</b>	<b>Apr-2017</b>	<b>May-2017</b>	<b>June-2017</b>
<b>Headline Inflation (%)</b>	17.24	16.25	16.1
<b>Food Sub-Index (%)</b>	19.30	19.27	19.91
<b>Core Sub-Index (%)</b>	14.80	13.00	12.5
<b>External Reserve (US\$ Million)</b>	30,749.28	29,811.85	30,340.96
<b>All Share Index (Points)</b>	25,758.51	29,498.31	33,117.48
<b>Market Capitalization (N' Billion)</b>	8,912.90	10,197.73	11,452.12
<b>Exchange Rate (BDC - N/US\$)</b>	392.89	384.48	366.25
<b>Official Rate (N/US\$)</b>	306.05	305.54	305.72
<b>Manufacturing PMI</b>	51.1	52.5	52.9
<b>Non-Manufacturing PMI</b>	49.5	52.7	54.2
<b>Crude Oil Price(US\$/Barrel)</b>	52.94	50.57	47.42
<b>Petrol (PMS - N/litre)</b>	149.9	150.57	150.3
<b>Diesel (AGO - N/litre)</b>	229.25	216.3	210.42
<b>Kerosene (NHK - N/litre)</b>	280.80	303.29	287.3
<b>MPR (%)</b>	14	14	14
<b>Private Sector CRR (%)</b>	22.5	22.5	22.5
<b>Public Sector CRR (%)</b>	22.5	22.5	22.5
<b>91 Day T-Bill Rate (%)</b>	13.58	13.5	13.5
<b>Savings Deposit (%)</b>	4.24	4.08	4.08
<b>Prime Lending (%)</b>	17.44	17.58	17.59
<b>Maximum Lending (%)</b>	30.31	30.75	30.94
<b>Narrow Money (N'Billion)</b>	9,760.42	10,184.90	9,883.82
<b>Broad Money (N'Billion)</b>	21,712.98	21,975.34	21,674.21
<b>Net Domestic Credit (N'Billion)</b>	27,534.71	26,758.77	26,921.03
<b>Credit to Government (N'Billion)</b>	5,591.83	4,828.05	4,942.47
<b>Credit to Private Sector (N'Billion)</b>	2,194.29	2,193.07	2,197.86
<b>Currency in Circulation (N'Billion)</b>	1,975.81	1,897.92	1,873.54
<b>FAAC (N' Billion)</b>	496.39	418.8	462.4

\*Revised GDP figures

NA: Not Available

<sup>1</sup>National Bureau of Statistics (2017). “Selected Banking Sector Report Q2 2017”. Retrieved August 21, 2017. <http://nigerianstat.gov.ng/elibrary>

<sup>2</sup> National Bureau of Statistics (2017). “Selected Banking Sector Report Q1 2017”. Retrieved August 21, 2017. <http://nigerianstat.gov.ng/elibrary>

<sup>3</sup> National Bureau of Statistics (2017). “Immigration Statistics (2013-2016)”. Retrieved from, <http://nigerianstat.gov.ng/elibrary>

<sup>4</sup>Economic Confidential (2017). “Immigration Generates Over N40.7b Revenue”. Accessed August 21, 2017. <https://economicconfidential.com/news/national-news/immigration-generates-n40-7b-revenue/>

<sup>5</sup>ChannelsTv (2015). “Nigeria Immigration Introduces New System for Revenue Generation”. Accessed August 22, 2017. <https://www.channelstv.com/2015/01/28/nigeria-immigration-introduces-new-system-for-revenue-generation/>

<sup>6</sup>Nigeria Stock Exchange (2017). “Domestic & Foreign Portfolio Participation In Equity Trading – June 2017”. Retrieved from, [http://www.nse.com.ng/market\\_data-site/other-market-information-site/FPI%20Report/NSE%20Domestic%20and%20FPI%20Report%20-%20June%202017.pdf](http://www.nse.com.ng/market_data-site/other-market-information-site/FPI%20Report/NSE%20Domestic%20and%20FPI%20Report%20-%20June%202017.pdf)

<sup>7</sup>Nigeria National Petroleum Corporation (2017). “Nigeria’s Oil Production Cost Down 70.5% to \$23/Barrel”. Accessed August 21, 2017. <http://www.nnpcgroup.com/PublicRelations/NNPCinthenews/tabid/92/articleType/ArticleView/articleId/832/Nigerias-Oil-Production-Cost-Down-705-to-23Barrel.aspx>

<sup>8</sup>This Day (2017). “New Policy Seeks Significant Drop in Oil Production Cost to \$10/bbl”. Accessed August 22, 2017. <https://www.thisdaylive.com/index.php/2017/07/30/new-policy-seeks-significant-drop-in-oil-production-cost-to-10bbl/>