

Macro-Economic Highlights Report for August/September 2019



Inflation dropped to 11.02% in August 2019: The Consumer Price Index, which measures inflation, dropped from 11.08% in July to 11.02% in August 2019. The NBS report stated that inflation rate of 11.02% represented a decrease of 0.06% year-on-year. The NBS also stated that the drop in inflation rate continued in August despite several pronouncements regarding restrictions on the import of some food items, minimum wage and the recent border closures

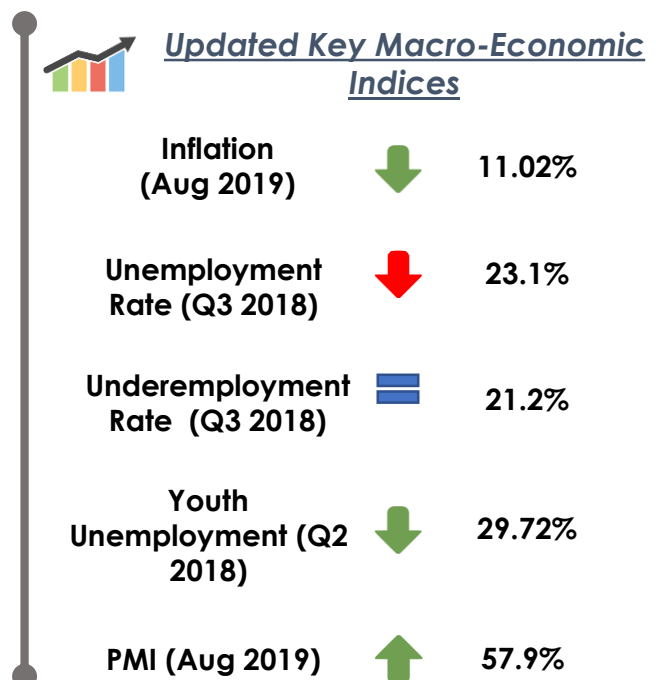
Nigeria lost ₦3.6trn to non-oil exports — NEXIM: Nigeria has lost about \$10bn (about ₦3.6trn) over the past five decades in non-oil export opportunities in crops such as cocoa, oil palm, cotton and groundnut alone. In spite of the corrective measures taken over the years, the imbalance in export trade has persisted with the non-oil sector now accounting for just about 5% to 7% of Nigeria's exports value.

FEC approves 7.2% as new VAT: The Federal Executive Council approved 7.2% as the new Value Added Tax rate for the country, up from the current 5%. However, a decision has yet to be taken on the effective date of the new rate. The increase was brought about due to the Federal Government's reduced VAT share of only 15%; as 85% belongs to the state and local governments.

Nigeria's economy worsens as GDP growth falls to 1.9%: The Gross Domestic Product growth rate fell to 1.94% in Q2 2019 from 2.10% in Q1 2019. It said that the high unemployment and inflation constrained private consumption while investment was held back by tight credit supply, a weak business climate and regulatory uncertainty in the oil sector.

FG reduces 2020 budget size to ₦9.7trn: The FG plans to spend about ₦9.78trn in the 2020 fiscal period. The proposed 2020 budget of ₦9.7trn, when compared to the 2019 budget size of ₦10.06trn, represents a decline of ₦360bn. The budget was reduced due to lower oil forecasts.

Sea trade increases by ₦260.6bn in Q2 2019: The value of trade in the second quarter was ₦7.85trn against ₦7.58trn recorded in the first quarter.





Key Macro-Economic Highlights

↑ Highs

- 1) AU and AfDB sign \$4.8mn AfCFTA grant.
- 2) \$175mn agric programme created 299,615 jobs – FG.
- 3) External reserves sink to five-month low of \$43.67bn.
- 4) Nigeria records N8.6tn merchandise trade in Q2 —NBS.
- 5) Nigeria's exports rise by ₦10.57trn in two years.
- 6) Manufacturing, 45 others record ₦66.77trn half-year output.
- 7) Food imports gulped \$14bn in five years — CBN.
- 8) 1.1mn jobs were created through agric intervention— CBN.
- 9) Nigeria earned ₦35trn from tax in eight years — FIRS.
- 10) E-transaction rose by ₦82.3trn in five years – CBN
- 11) Internet usage rises 50% to 68,154TB
- 12) FG establishes waste recycling plants in 26 States.
- 13) FG approves \$5.3bn Ibadan-Kano rail project.
- 14) Nigeria to earn \$6.35bn in taxes, royalties – NNPC.
- 15) AfDB approves \$500,000 for clean energy in Nigeria.
- 16) Buhari signs ₦600bn intervention fund for power sector

↓ Lows

- 1) Non-oil imports surpass exports by 463%.
- 2) 5.48mn poor Nigerians captured in social register.
- 3) Nigeria ranks 146 on World Bank's Ease of Doing Business index.
- 4) Investment inflow dropped by \$3.2bn in Q2 – NBS.
- 5) Aviation fuel price rises 143% in three years.
- 6) Sacked workers withdraw ₦113.21bn from pension accounts.
- 7) Petrol subsidy gulped ₦650.2bn in 12 months – Report
- 8) Nigeria lost \$157.5bn to illicit financial flows.
- 9) Electricity generation plunges below 2,500MW.
- 10) Refineries lost ₦77.15bn in six months – NNPC.
- 11) Brent crude price drops to \$63.13/barrel.
- 12) Grid records 100 system collapses despite \$1.6bn intervention



Consumer Insights and Forecasts

- 1) CBN restricts forex for importation of cassava products.
- 2) Nigeria's air traffic has risen by 8%.
- 3) CBN begins charges on deposits, withdrawals above ₦500,000.
- 4) Internet subscription highest in Lagos and Ogun States.
- 5) British American Tobacco to cut 2,300 jobs globally.
- 6) 178-year-old UK travel giant Thomas Cook faces collapses.



MSME Corner

- 1) BATN Foundation creates ₦5mn grant for young farmers.
- 2) Bill Gates Foundation to support Nigerian smallholder farmers
- 3) Nine banks increase loans to customers by ₦952bn
- 4) Banks recorded ₦1.44trn non-performing loans Q2 2019.
- 5) LAPO disburses N137bn loans in one year
- 6) FG to establish 37 MSME clusters.
- 7) Sterling Bank unveils N50bn facility for MSMEs.
- 8) JSAID organises empowerment programme for entrepreneurs.
- 9) FG launches initiative against rejection of Nigeria's produce overseas.

Industry Spotlight



MSMEs

- 1) **BATN Foundation creates ₦5mn grant for young farmers:** The British American Tobacco Nigeria Foundation has created the Farmers for the Future grant aimed at giving young people the opportunity to access funds to establish viable agricultural enterprises. According to the Foundation, the scheme is an annual competition organised for final year students of Agriculture in Nigerian tertiary institutions and recent graduates.
- 2) **Nine banks increase loans to customers by ₦952bn:** Nine of the nation's deposit money banks boosted their loan books in the first half of 2019 as credit to customers rose by at least ₦952bn to ₦8.59trn. They include; Guaranty Trust Bank, Sterling Bank, Union Bank, Wema Bank and United Bank for Africa amongst others.
- 3) **Banks recorded ₦1.44trn non-performing loans Q2 2019:** The total non-performing loans in the banking sector stood at ₦1.44trn at the end of the second quarter of 2019. This is about 9.3% of the total loans in the sector.
- 4) **FG to establish 37 MSME clusters:** FG has commenced the process of establishing clusters for small businesses in the 36 states of the federation as part of the efforts of the current administration in growing the MSMEs sector in Nigeria.
- 5) **FG launches initiative against rejection of Nigeria's produce overseas:** The Federal Government has launched an initiative in Calabar to stem the rejection of Nigeria's agricultural products and produce in international markets. The programme tagged "Zero Reject" initiative involves a training and sensitisation rally for farmers and traders against indiscriminate use of agrochemicals in production, post harvest handling and storage of agricultural commodities.



Consumer Insights and Forecasts

- 1) **CBN restricts forex for importation of cassava products:** The Central Bank of Nigeria has stated that it will no longer provide foreign exchange for the importation of cassava, starch, ethanol and all other derivatives into Nigeria. This was done to boost the local production of 10 key commodities which include rice, cotton, oil palm, tomato, cassava, poultry, fish, maize, cocoa and livestock/dairy.
- 2) **CBN begins charges on deposits, withdrawals above ₦500,000:** According to the circular, the charges will attract A 3% processing fees for withdrawals and two per cent processing fees for lodgments of amounts above ₦500, 000 for individual accounts.
- 3) **Internet subscription highest in Lagos and Ogun States:** Lagos and Ogun states had the highest number of Internet subscription in the second quarter of 2019; according to the National Bureau of Statistics. Bayelsa and Ebonyi States had the least number of subscribers.