

## Macro-Economic Highlight Report for September 2018



The highlights of Nigeria's economic activities for September 2018 were primarily centered on the increased oil revenues, the increase in inflation rate and the decrease in the Purchasers Manufacturing Index (PMI) which had indicated a positive outlook in previous months. Although the increased oil revenue is a positive development, the drop in external reserves coupled with the deterioration of the terms of trade, do not present a favourable outlook for the remainder of the year.

**Brent oil jumps to four-year high at over \$80 in September 2018:** Brent oil soared above \$80, reaching the highest level since November 2014. A huge windfall in revenue is expected by the Nigerian Government in order to beef up external reserves.

**Inflation increased for the first time in 18 months:** The inflation rate rose from 11.14% in July to 11.23% in August. Also, food prices slightly increased during this period as represented in the Food Price Index. Due to this, consumers should expect increased food prices in the coming months.

**Foreign exchange inflows dropped by 38.34% to \$6bn in July 2018:** The Nigerian economy recorded a drop in the level of foreign exchange inflows when compared with the previous month. If this drop persists, it will put pressure on the Naira against the dollar and will ultimately affect external reserves.

**External reserves drop by \$1.45bn in one month:** The external reserves fell by \$1.45bn in September. The external reserves, which stood at \$45.84bn at the end of August, declined to \$44.38bn by the end of September. The CBN noted that the evolution of the forex market in the country had been influenced by a number of factors such as the changing pattern of international trade, institutional changes in the economy and structural shift in production.



### Updated Key Macro-Economic Indices

Inflation (Aug 2018)	↑	11.23%
GDP Growth (Q2 2018)	↓	1.5%
Oil GDP Growth (Q2 2018)	↓	-3.95%
Non-Oil GDP Growth (Q2 2018)	↑	2.05%
PMI (Sept 2018)	↓	56.2



## Key Macro-Economic Highlights

### ↑ Highs

- 1) Forbes names Nigeria best economy in Africa
- 2) Nigeria records \$45.7bn investments in six months.
- 3) Nigeria records ₦2.36trn trade surplus in Q2
- 4) Nigeria-China trade hits \$7.2bn in six months
- 5) Nigeria, China to sign \$328m agreement on ICT
- 6) Textile industry to attract ₦610bn investment
- 7) NNPC records ₦17.16bn trading surplus as oil prices increase to over \$80
- 8) AfDB unveils \$58mn off-grid energy access fund
- 9) Bol secures \$500mn facility for modular refineries
- 10) Nigeria's Internet users rebound to 103mn
- 11) NCAA records N15bn revenue from ticket sales

### ↓ Lows

- 1) Foreign exchange inflow dropped by \$3.73bn in one month
- 2) Nigeria's Terms of Trade deteriorated in Q2 2018
- 3) Merchandise trade dropped by ₦641bn in Q2 2018
- 4) Inflation rises for first time in 18 months
- 5) 43% of Nigerians remain financially excluded
- 6) Value of mobile money transactions falls by 23% in H1'18
- 7) Consumer price for diesel rises by 5.99% in one year
- 8) Nigeria loses \$50bn to illegal financial flows yearly
- 9) EU's ban of Nigerian dried beans worries stakeholders



### Consumer Insights and Forecasts

- 1) FG offers 2 savings bonds at 11.36% and 12.36% for September 2018.
- 2) Uber to pay \$148m penalty over data breach.
- 3) Mybasket.ng recently launched Nigeria's first supermarket price comparison site.
- 4) Bakers set to increase bread prices
- 5) Alibaba, Russian tech firm Mail.ru agree joint e-commerce venture
- 6) Facebook boosts 'stories' format, now open to ads
- 7) Global air travel projects 97.8mn jobs, \$5.7trn revenue by 2036
- 8) CBN licenses 366 new BDC (Bureau De Change) operators



### MSME Corner

- 1) CAC to register business names within six hours.
- 2) LASAA cuts outdoor advertising permit fees
- 3) Leather industry gets boost as Bol embraces made in Aba.
- 4) AfDB approves \$15mn for SMEs in Nigeria, Anglophone West Africa
- 5) DBN introduces programme on SME loans
- 6) CBN to disburse N220bn to Enterprises Development Fund.
- 7) CBN injects \$210mn into forex market, supports SMEs.
- 8) Traders seek ECOWAS intervention as Ghana shuts 400 Nigerian businesses.
- 9) FG begins empowerment loan for 30,000 traders in Osun
- 10) 6,400 Nigerian products both edible and non-edible can be exported to US

## Industry Spotlight



### MSMEs

- 1) **Reduction in timeframe and fees for business registration:** The Corporate Affairs Commission has announced that businesses can now register their business names within 6 hours. The Vice President has also announced a 50% reduction in registration fees which is to take effect for 90 days to encourage MSME participation in the country.
- 2) **Opportunities for Access to Finance:** The Central Bank of Nigeria and Development Bank of Nigeria are set to disburse funds at reduced interest rates for entrepreneurs. The AfDB has also approved \$15mn for SMEs in Nigeria through Verod Capital. The investment is targeted at companies in consumer driven sectors including light industrials, fast moving consumer goods, education, financial services and agro-processing.
- 3) **Ban of Nigerian Agricultural Produce Overseas:** More Nigerian agricultural produce get banned as exports because they do not meet up with the required standards. To this end, the NEPC and other agencies have been collaborating with the EU on workshops, training and sensitisation programmes for farmers, producers, processors on standard operating procedures for export commodities.
- 4) **6,400 Nigerian products can be exported to US:** The list of goods that are eligible to be exported to the US under the African Growth and Opportunity Act agreement are listed in this link (<https://agoa.info/about-agoa/products.html>).



### Consumer Insights and Forecasts

- 1) **Supermarket Prices Comparison Website:** A new website [www.mybasket.ng](http://www.mybasket.ng) has been launched to aid consumers compare retail prices of products offered in a range of popular supermarkets and grocery stores.
- 2) **Bakers set to increase bread prices:** Consumers may need to brace up in the coming months as the price of bread and other snacks might go up.
- 3) **Boost views on your business ad through Facebook 'stories' format:** Facebook has launched a story format for businesses in order to boost advertisements for goods and services. Small businesses could make use of this opportunity to advertise to a wider audience.
- 4) **Savings Bond by FG:** The Federal Government has offered 2 savings bonds at 11.36% and 12.36% for September 2018 for a period of 2 and 3 years respectively.