

Growth in Crude Oil Production

Domestic oil production output increased to 1.82 million barrels per day (mbpd) in the month of April 2019¹. According to the global oil cartel, OPEC, Nigeria's crude oil production rose by 5.3%, from 1.7mbpd reported in March 2019. Although the increase likely suggests less disruptions to major oil pipelines in Nigeria and is considered necessary to meet fiscal obligations, it positions Nigeria as a non-compliant OPEC member. Essentially, while Nigeria attempts to gradually step up to producing close to the 2019 budget benchmark of 2.3mbpd to allow for adequate budget funding, the country reneges on the quota of 1.69mbpd signed under the OPEC supply cut agreement. With major investments being undertaken in the oil and gas sector such as Pan Ocean Oil Corporation Limited's infrastructure projects in gas pipeline, gas processing plant, and early production facility, crude oil production is expected to rise in the coming months. With Nigeria's production being a negligible component of OPEC's total production, non-compliance to the agreement should not destabilize the oil market.

Decline in Capital Market Indices

Further losses were reported in the capital market in April, compared to the month of March, 2019. The All-share Index (ASI) dropped by -6.06%², relative to the loss of -2.14% recorded in March; market capitalization also declined from ₦11.67 trillion in March to ₦10.96 trillion as at the end of April 2019³. Downturn of transactions and continued price losses/depreciation of many blue-chip stocks may have plunged the market indices further into the negative terrain. The review month was characterized with volatility⁴ as investors repositioned ahead of dividend declaration by listed companies and rebalanced their portfolio in line with their respective investment goals. In the medium-term, we expect a continuous fall in share prices as investors embark on profit-taking activities. However, with more stable macro-economic fundamentals and political economy, the market should recover in the long-term.

Decline in Electricity Supply

Total power generation declined in the preceding week leading up to May 10, 2019. A peak of 4,164MW was generated as at May 10, from a week-on-week peak power generation of 4391.7MW⁵. The lowest power generated during the week stood at only 8MW on May 9. The national power grid reportedly collapsed for two consecutive days in the review week (May 8 and 9, 2019)⁶, resulting from generator failure and tripping of current in a sub-station⁷. This significantly reduced bulk power available for distribution across the 11 Distribution Companies (DisCos) and worsened electricity supply in many parts of the country during the period. This buttresses the need to attract investments to the power sector's electricity market. However, the sector cannot be financially viable for private investment without certain regulatory improvement, including update of the MYTO methodology to ensure a cost-reflective tariff, and enforcement of contracts.

Treasury Single Account Turnover

Reports from the OAGF suggest that the Treasury Single Account yielded a total turnover of over ₦30 trillion⁸ in the seven years since it was created in 2012 to facilitate a unified structure for all government transactions. With the turnover, the TSA has aided in collection and remittances of government revenue, however, the turnover only represents volume of transactions passed through the TSA, and not balances in the account. Given the highly liquid nature of the account, the account balances per time remain undisclosed. As an important step towards improving accountability in public financial management, there is need to enforce full compliance of TSA directive by all MDAs who are yet to fully comply, and encourage the disclosure of balances and expenditures from the account.

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	Feb'19	Mar'19
Headline Inflation (%)	11.31	11.25
Food Sub-Index (%)	13.47	13.45
Core Sub-Index (%)	9.8	9.5
External Reserves (End Period) (US\$ Million)	42,309.61	44,420.10
Official Rate Approx. (N/US\$)	305	305
BDC Rate Approx. (N/US\$)	362	362
Manufacturing PMI	57.1	57.4
Non-Manufacturing PMI	58.4	58.5
Crude Oil Price (US\$/Barrel)	64.19	NA
Petrol (PMS-N/litre)	145.30	145.30
Diesel (AGO -N/Litre)	225.61	229.16
Kerosene (HHK -N/Litre)	305.55	303.94
MPR (%)	14	14
CRR (%)	22.5	22.5
91 Day T-Bill Rate (%)	10.91	10.91
Savings Deposit (%)	4.07	4.07
Prime Lending (%)	16.08	14.92
Maximum Lending (%)	30.56	30.83
Narrow Money (N'Billion)	11,028.86	10,945.25
Broad Money (N'Billion)	32,860.41	33,809.57
Net Domestic Credit (N'Billion)	30,517.94	31,696.52
Credit to the Government (N'Billion)	6,355.28	7,741.33
Credit to the Private Sector(N'Billion)	24,165.58	23,955.19
Currency in Circulation (N'Billion)	2,241.31	2,153.22
FAAC (N'Billion)	619	NA

*Revised GDP figures/tentative figures
NA: Not Available

¹OPEC (2019) “OPEC Monthly Market Report”. Retrieved from, https://www.opec.org/opec_web/en/publications/338.htm

²Proshare (2019). “The Capital Market Service Report-April 2019”. Retrieved from, <https://www.proshareng.com/admin/upload/reports/12324-The%20Capital%20Market%20Service%20Report%20for%20April%202019-proshare.pdf>

³NSE (2019). “Market Indices”. Accessed May 14, 2019. <http://www.nse.com.ng/>

⁴The Guardian (2019). “Market reopens bearish as index plunges further by 1.53%”. Accessed May 14, 2019. <https://guardian.ng/business-services/business/market-reopens-bearish-as-index-plunges-further-by-1-53/>

⁵Nigeria Electricity System Operator (2019). “System Performance Chart”. Accessed May 15, 2019. <https://www.nsong.org/PerformanceChart.aspx>

⁶Punch (2019). “Electricity generation falls to 2,447MW from 4,129MW”. Accessed May 15, 2019. <https://punchng.com/electricity-generation-falls-to-2447mw-from-4129mw/>

⁷Sahara Reporters (2019). “System Collapse Of National Grid Caused Total Blackout Says Transmission Company Of Nigeria”. <http://saharareporters.com/2019/05/11/system-collapse-national-grid-caused-total-blackout-says-transmission-company-nigeria>

⁸Vanguard (2019). “TSA transactions hit N30trn as countries copy Nigeria’s model”. Accessed May 14, 2019. <https://www.vanguardngr.com/2019/05/tsa-transactions-hit-n30trn-as-countries-copy-nigerias-model/>