

November 30, 2015

Economic Growth

GDP growth rate increased marginally by 2.84 percent in Q3 2015 from 2.35 percent in the preceding quarter. Nominal GDP increased to N24.3 million from N22.9 million in the preceding quarter. Growth in this period was attributed to the improved performance of the non-oil sector which grew by 3.05 percent¹. The Sectoral disaggregation shows that the Services and Agricultural sectors grew by 3.97 and 3.46 percent respectively, while the Manufacturing sector shrank by 1.75 percent.



Energy, Oil and Gas

OPEC weekly basket price declined by approximately 10 percent to close at \$39.3 per barrel in the month of November 2015. The excess supply of global crude oil and economic slowdown in China remain the main drivers of the decline². However, the drop in drilling activities in the US has restrained the prices from further decline. Natural gas prices also declined by approximately 6.4 percent to close at \$2.15 per million Btu in November 2015. This decline is associated with an increased use of renewable energy which has led to a fall in demand for natural gas in Europe³.



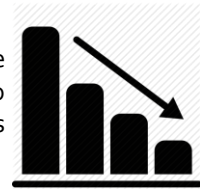
Inflation

The inflation rate fell marginally to 9.3 percent in October 2015 from 9.4 percent in the previous month. The decline in the inflation rate is attributed to a fall in food prices which coincides with harvest season⁴. The food sub-index declined by 0.1 percentage points to 10.1 percent and the Core sub-index declined during the period by 0.2 percentage points to 8.7 percent.



Monetary Policy

The apex bank reduced Monetary Policy Rate (MPR) from 13 percent to 11 percent and reduced the Cash Reserve Ratio (CRR) from 25 percent to 20 percent. The symmetric corridor of 200 basis points around the MPR was also changed to an asymmetric corridor of +200 basis points and -700 basis points⁵. The decision to ease liquidity was to stimulate investment in productive sectors of the economy.



External Reserve

The External Reserve declined by 0.6 percent from \$30.19 billion to \$30.01 billion in November 2015⁶. The persistence of depreciation pressures on the Naira following the huge drop in crude oil prices has continued to result in a depletion of the reserves. Alternative measures adopted by CBN are yet to reduce the downward pressures on the currency.



Employment

A total of approximately 475,180 jobs were created in Q3 2015, three-folds higher than the preceding quarter⁷. About 90 percent of the jobs were attributed to the informal sector (over 70 % to rural agriculture), 9 percent to the formal sector and 1 percent to the public sector. The huge increase in job creation was as a result of labour requirement in the farming season. However, unemployment rate grew from 8.2 percent to 9.9 percent, as the working population increased from 103.5 million in Q2 2015 to 104.3 million people in Q3 2015⁸.



Stock Market

Market indices indicated a bearish position in the month of November 2015⁹. The All Share Index (ASI) declined by 6.14 percent to 27385.69 points and the Market Capitalization declined to N9.4 trillion at the end of November 2015. The decline in the index is associated with the political, economic and financial conditions in the economy that impinge on the confidence of investors.



¹ NBS Nigeria Gross Domestic Product Report: Quarter three 2015, no.7

² OPEC Weekly Oil Price. Accessed November 30, 2015 http://www.opec.org/opec_web/en/data_graphs/40.htm

³ Jones. D., Dufour. M., Gaventa. J. Europe's Declining Gas Demand: Trends and Facts on European Gas Consumption 2015. Accessed November 30, 2015 http://www.e3g.org/docs/E3G_Trends_EU_Gas_Demand_June2015_Final_110615.pdf

⁴ NBS CPI Report, October 2015

⁵ Central Bank of Nigeria Communiqué No. 104 of the Monetary Policy Committee Meeting 2015. Accessed November 25, 2015

http://www.cbn.gov.ng/Out/2015/CCD/DRAFT%20November%202015%20%20Communique_Final.pdf

⁶ CBN Statistical database 2015. Accessed November 30, 2015

<http://www.cbn.gov.ng/IntOps/Reserve.asp?MoveDate=9/16/2014%2010:29:59%20AM>

⁷ NBS (2015) Employment (Job) Creation Survey 3rd Quarter

⁸ NBS (2015) Unemployment/ Under-employment Watch Q3

⁹ NSE (2015) Weekly Market Report. Accessed November 30, 2015 <http://www.nse.com.ng/>

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