



RTC Business and Economic Review Q1 2019

RTC Advisory Services Ltd

April 5, 2019



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Outline

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 - Global GDP Growth
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 - GDP and Sectors
 - Macroeconomic Review
 - Fiscal and Debts Situation
- Comparative State/Regional Analysis
- Politics and Policy
- Implications for Business and Policy
- Conclusions

Introduction

- In this report, we review the global economy focusing on expectations for global growth and oil prices in 2019.
- Thereafter we carry out a detailed dissection of Nigeria's economic conditions including overall GDP and sectors, macroeconomic conditions and a unique insight into the performance of states and regions across multiple variables.
- Finally we examine the results of Nigeria's recent presidential and national assembly elections and draw implications for business and policy from the data and analysis presented.
- Overall Nigeria's economy is recovering from recession, but growth levels are constrained and reforms must resume to catalyse higher levels of growth and employment.

Global Overview

Global GDP Growth



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IMF- World Economic Outlook: Jan '19 Update

| Indicators | 2018 | 2019 | 2020 |
|---------------------|------|------|------|
| Global Growth | 3.7 | 3.5 | 3.6 |
| United States | 2.9 | 2.5 | 1.8 |
| Euro Area | 1.8 | 1.6 | 1.7 |
| Developed Economies | 2.3 | 2.0 | 1.7 |
| Emerging Economies | 4.6 | 4.5 | 4.9 |
| Sub-Saharan Africa | 2.9 | 3.5 | 3.6 |
| South Africa | 0.8 | 1.4 | 1.7 |
| Nigeria | 1.9 | 2.0 | 2.2 |

World Bank-Global Economic Prospects: 2019

| Indicators | 2018 | 2019 | 2020 | 2021 |
|---------------------|------|------|------|------|
| Global Growth | 3.0 | 2.9 | 2.8 | 2.8 |
| United States | 2.9 | 2.5 | 1.7 | 1.6 |
| Euro Area | 1.9 | 1.6 | 1.5 | 1.3 |
| Developed Economies | 2.2 | 2.0 | 1.6 | 1.5 |
| Emerging Economies | 4.2 | 4.2 | 4.5 | 4.6 |
| Sub-Saharan Africa | 2.7 | 3.4 | 3.6 | 3.7 |
| South Africa | 0.9 | 1.3 | 1.7 | 1.8 |
| Nigeria | 1.9 | 2.2 | 2.4 | 2.4 |

Global Economic Growth: 2019

| Indicators | IMF | World Bank | UN- DESA/UNCTAD | FGN | |
|---------------------|-----|------------|--------------------|--------|------|
| | | | | Budget | ERGP |
| Global Growth | 3.5 | 2.9 | 3.2 | | |
| United States | 2.5 | 2.5 | 2.3 | | |
| Euro Area | 1.6 | 1.6 | 2.0 | | |
| Developed Economies | 2.0 | 2.0 | 2.1 | | |
| Emerging Economies | 4.5 | 4.2 | | | |
| Sub-Saharan Africa | 3.5 | 3.4 | | | |
| South Africa | 1.4 | 1.3 | | | |
| Nigeria | 2.0 | 2.2 | | 3.01 | 4.5 |

Global Economic Growth Summary

- The IMF projects 2019 global growth at 3.5% with the USA expected to record 2.5% growth and the Euro area at 1.6%. Developed and emerging economies are projected to grow at 2.0% and 4.5% respectively, while sub-Saharan Africa as a whole is expected to record 3.5%.
- The IMF expects the Nigerian economy to grow at 2.0% in 2019 versus the World Bank's estimate of 2.2%-both estimates are significantly lower than the Government of Nigeria's budget forecast of 3.0%.

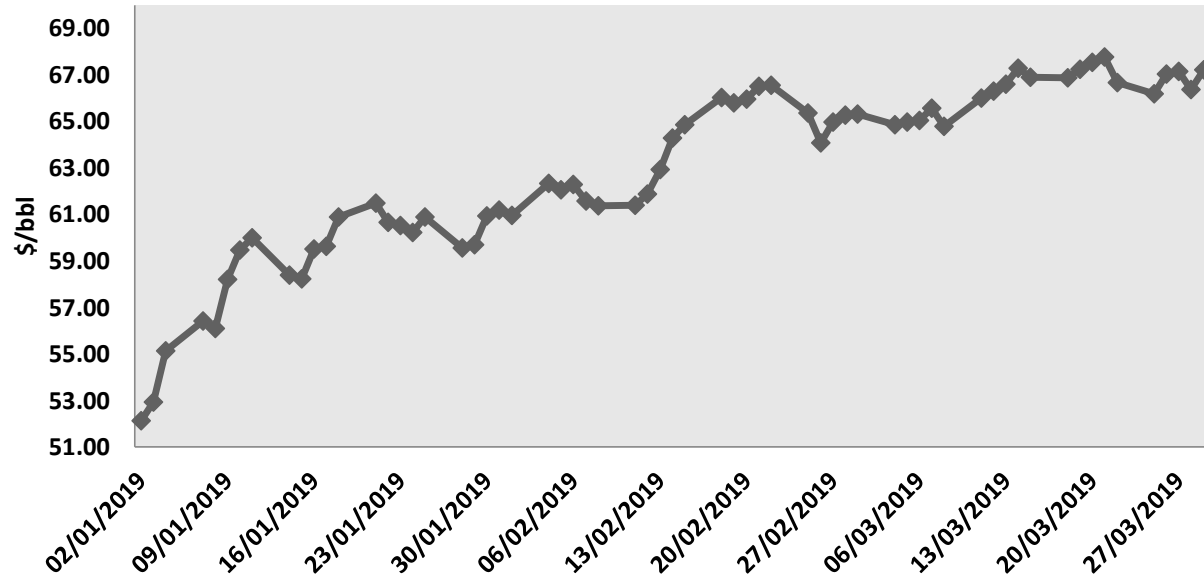
Global Overview

Global Oil Price Review

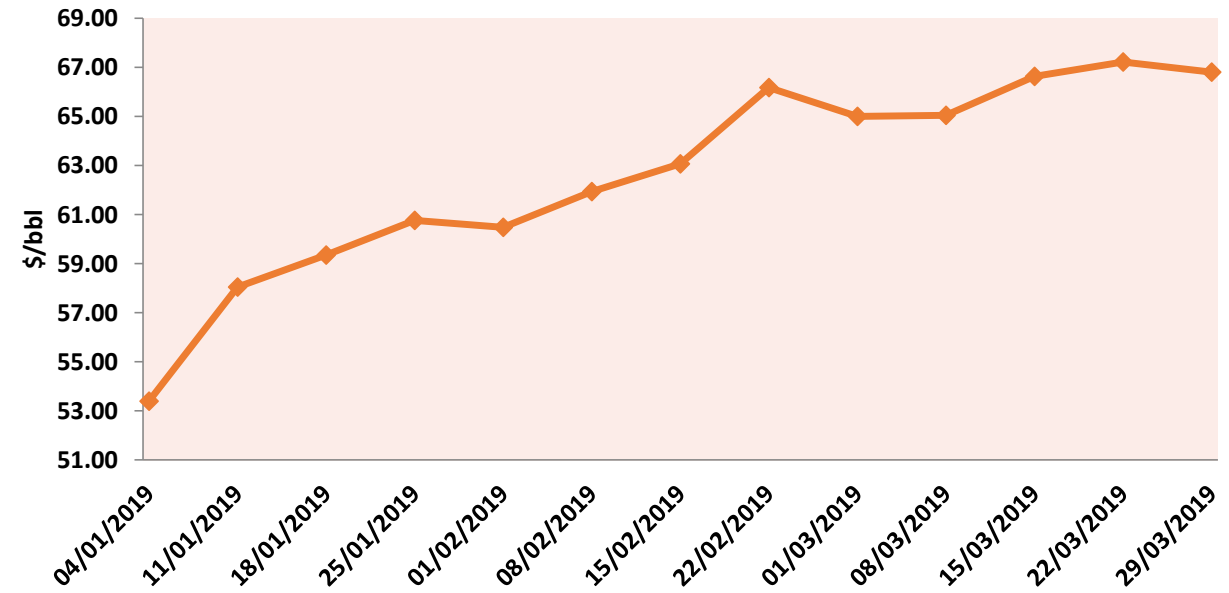


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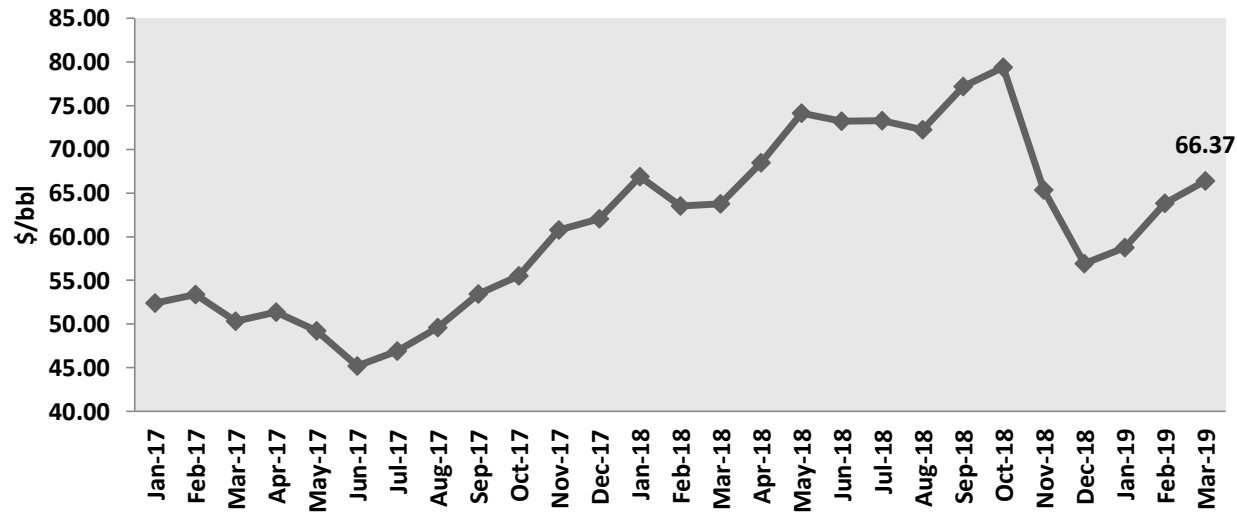
OPEC Basket: Daily Price Trend



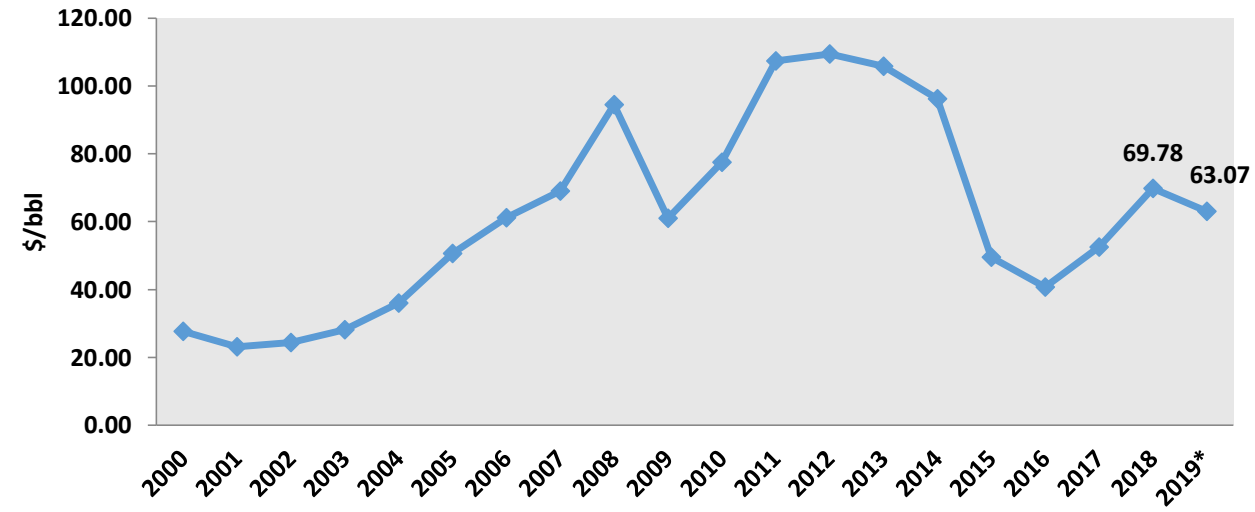
OPEC Basket: Weekly Price Trend



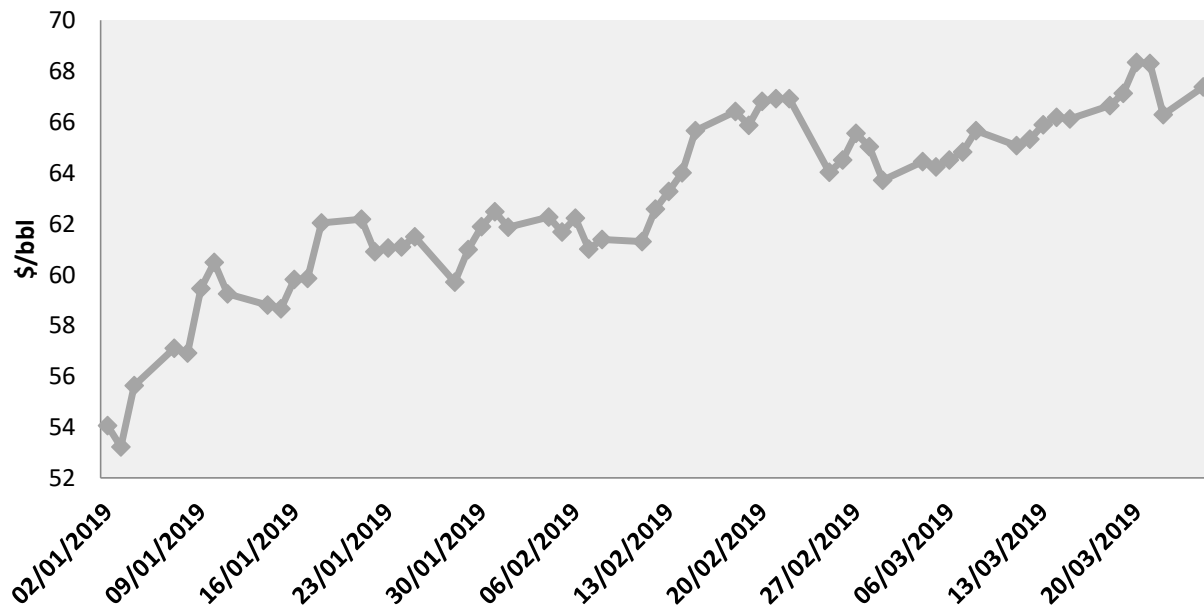
OPEC Basket: Monthly Price Trend



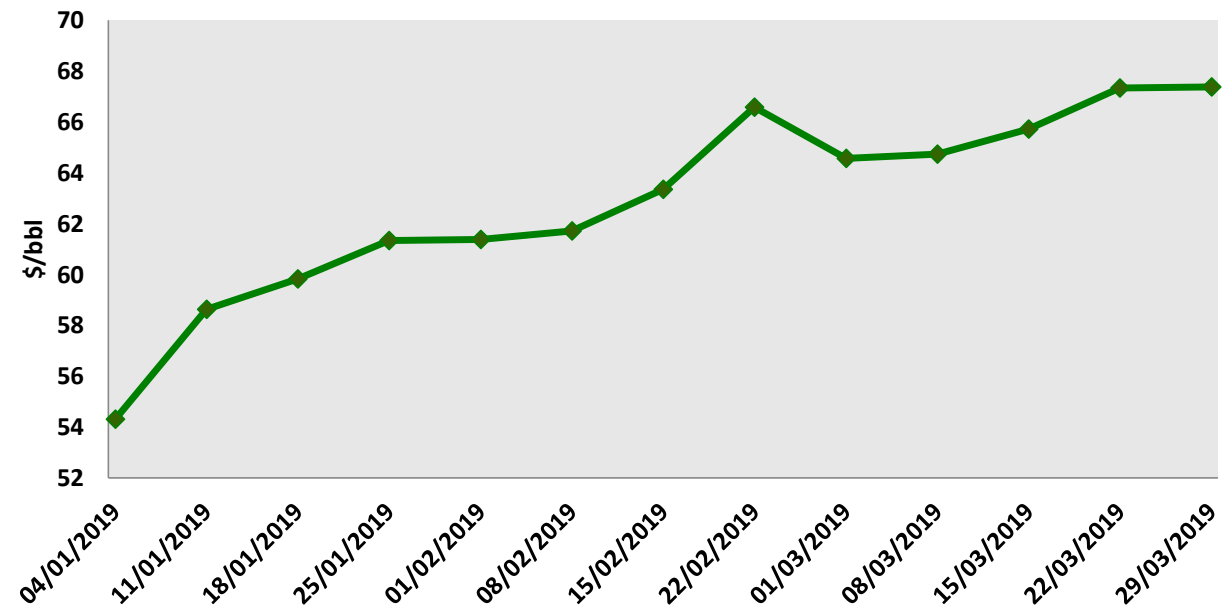
OPEC Basket: Yearly Price Trend



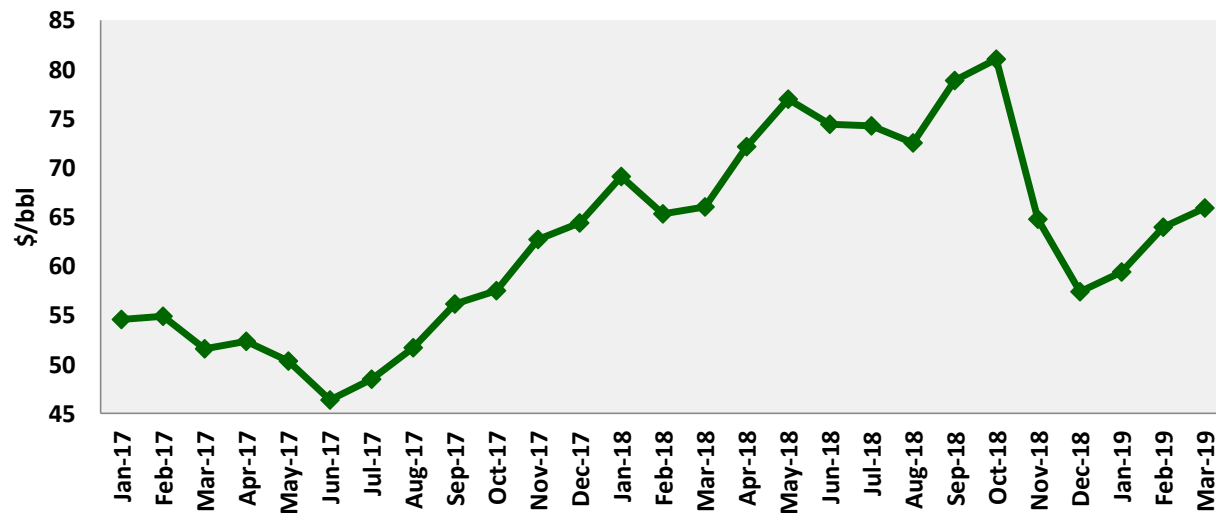
Brent Crude Oil: Daily Price Trend



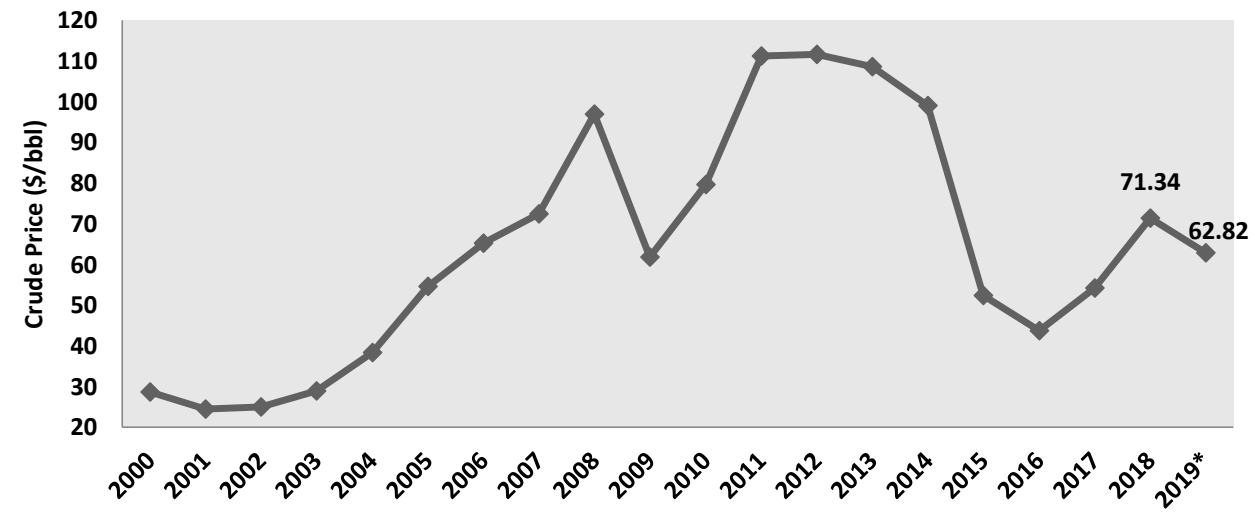
Brent Crude Oil: Weekly Price Trend



Brent Crude Oil: Monthly Price Trend



Brent Crude Oil: Yearly Price Trend



Global Oil Price Projections

| Indicators | | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| EIA | Brent | 74.43 | 73.26 | 73.27 | 74.43 | 74.40 | 76.21 | 79.32 | 81.73 |
| | WTI | 68.46 | 67.88 | 69.72 | 71.23 | 70.52 | 72.10 | 75.21 | 77.92 |
| OPEC | Avg. | 69.78 | 70.0 | 75.0 | 80.0 | 85.0 | 90.0 | 95.0 | 100.0 |
| World Bank | Avg. | 72.0 | 74.0 | 69.0 | 69.1 | 69.2 | 69.3 | 69.4 | 69.5 |
| IMF | Avg. | 48.6 | 50.3 | 51.8 | 53.3 | 54.8 | NA | NA | NA |

Source: EIA, World Bank, IMF & OPEC

Oil Market Summary

- Our multiple source global oil price projections suggest a realistic oil price range of \$50-74 per barrel in 2019. Current oil prices are within that forecast range.
- The International Energy Agency (IEA) average estimate for Brent crude for 2019 is \$73.26 while the OPEC target is \$70. The OPEC basket is currently priced around \$66.37 (as at March 2019) while Brent traded around \$67.37.
- Most projections do not support expectations of aggressive price gains into the long term.

Nigerian Economic Review

GDP & Sectors

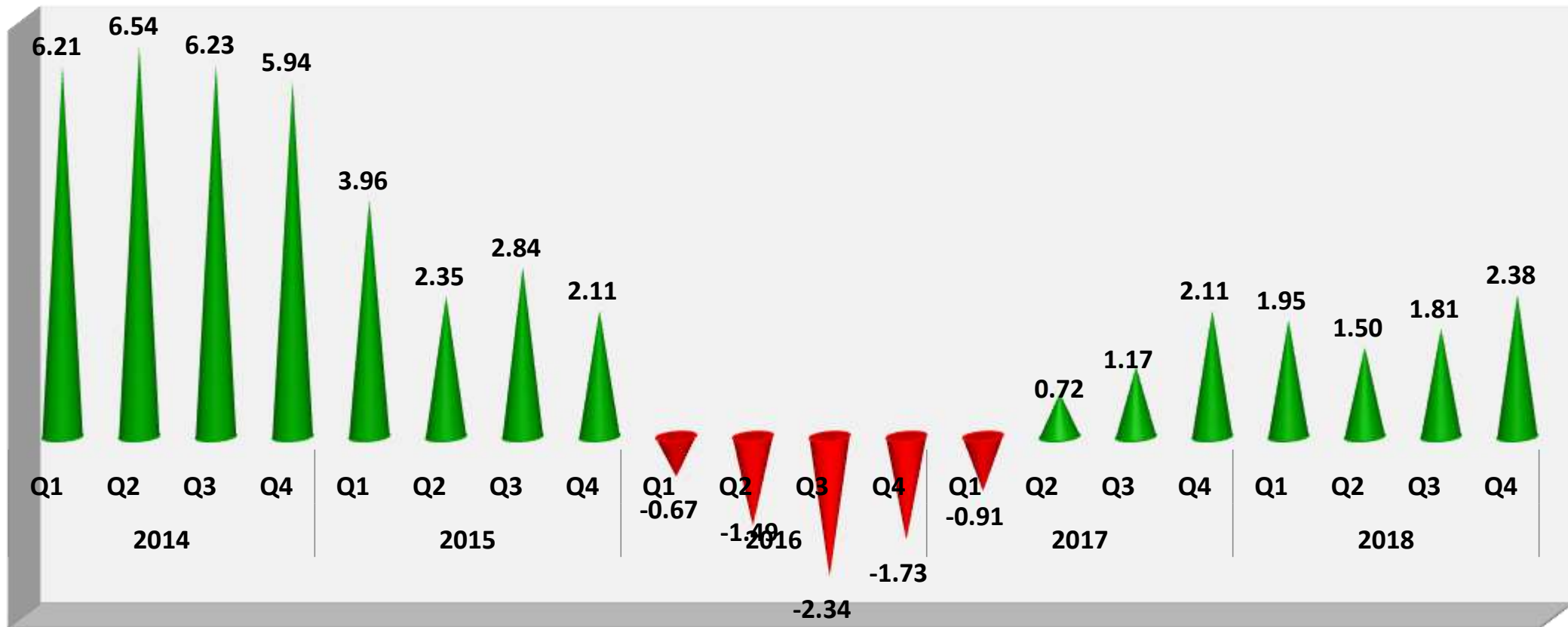


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Real Growth of the Nigerian Economy: Q1 2014-Q3 2018

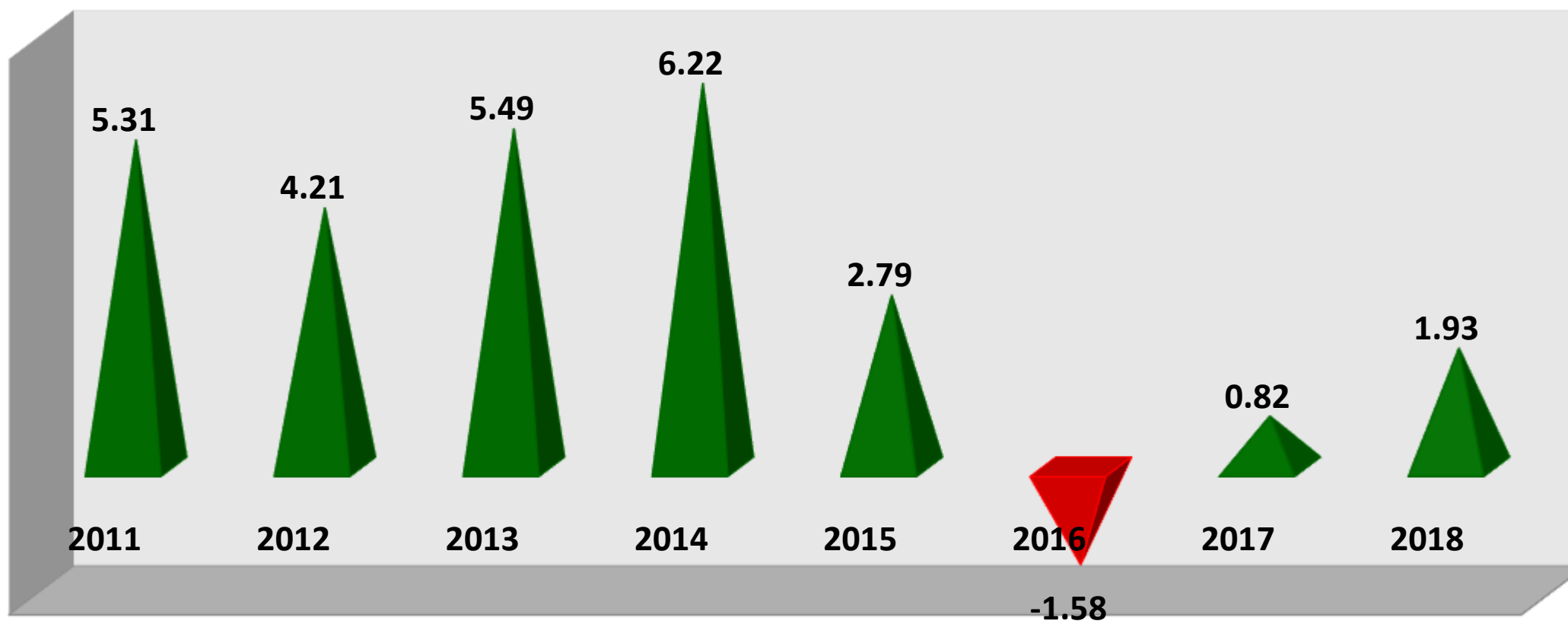
The Nigerian economy grew by 1.93% in 2018, with Q4 coming in at 2.38%, evidence that the slow post-recession recovery is continuing...

Real GDP Growth: Q1 2014-Q4 2018



Annual Real Growth (%)

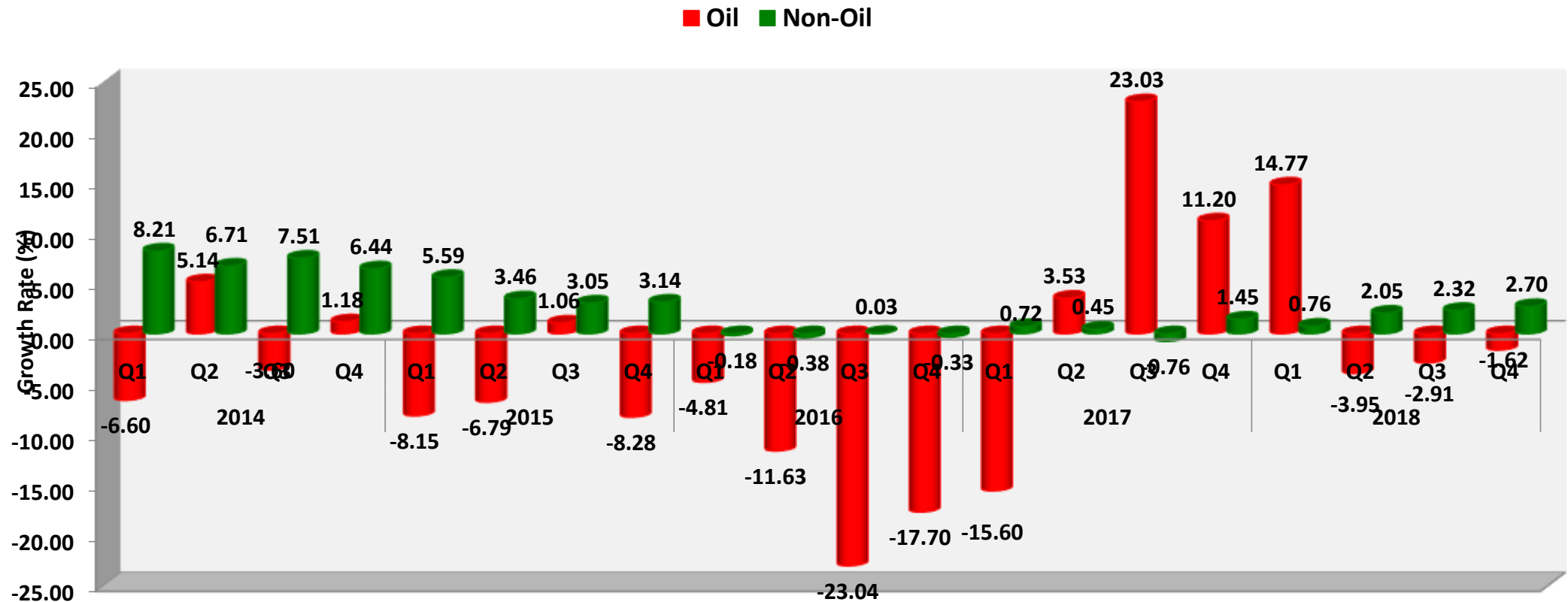
Annual GDP Growth Rate: 2011-2018



Oil vs Non-Oil GDP Growth: Q1 2014-Q4 2018

Growth in the last three quarters of 2018 were driven by non-oil activities as Nigeria's oil sector started to contract once again. Modest non-oil growth averaging slightly over 2% ensured continued overall GDP growth

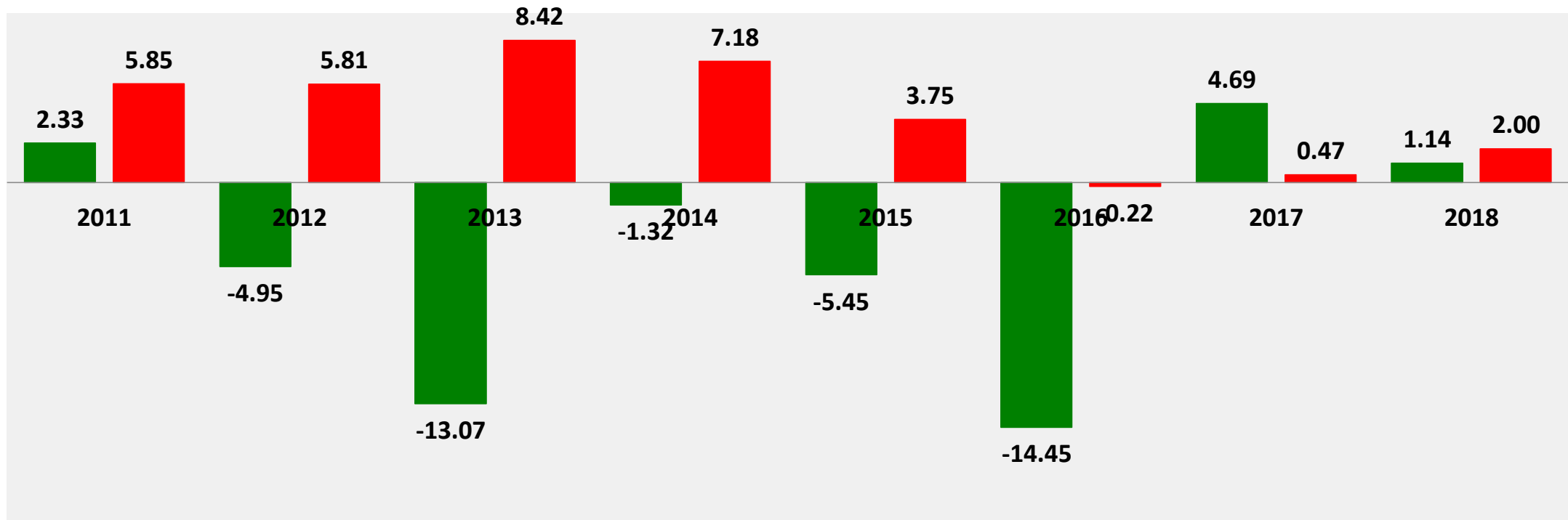
Real Oil and Non-Oil Growth Rates



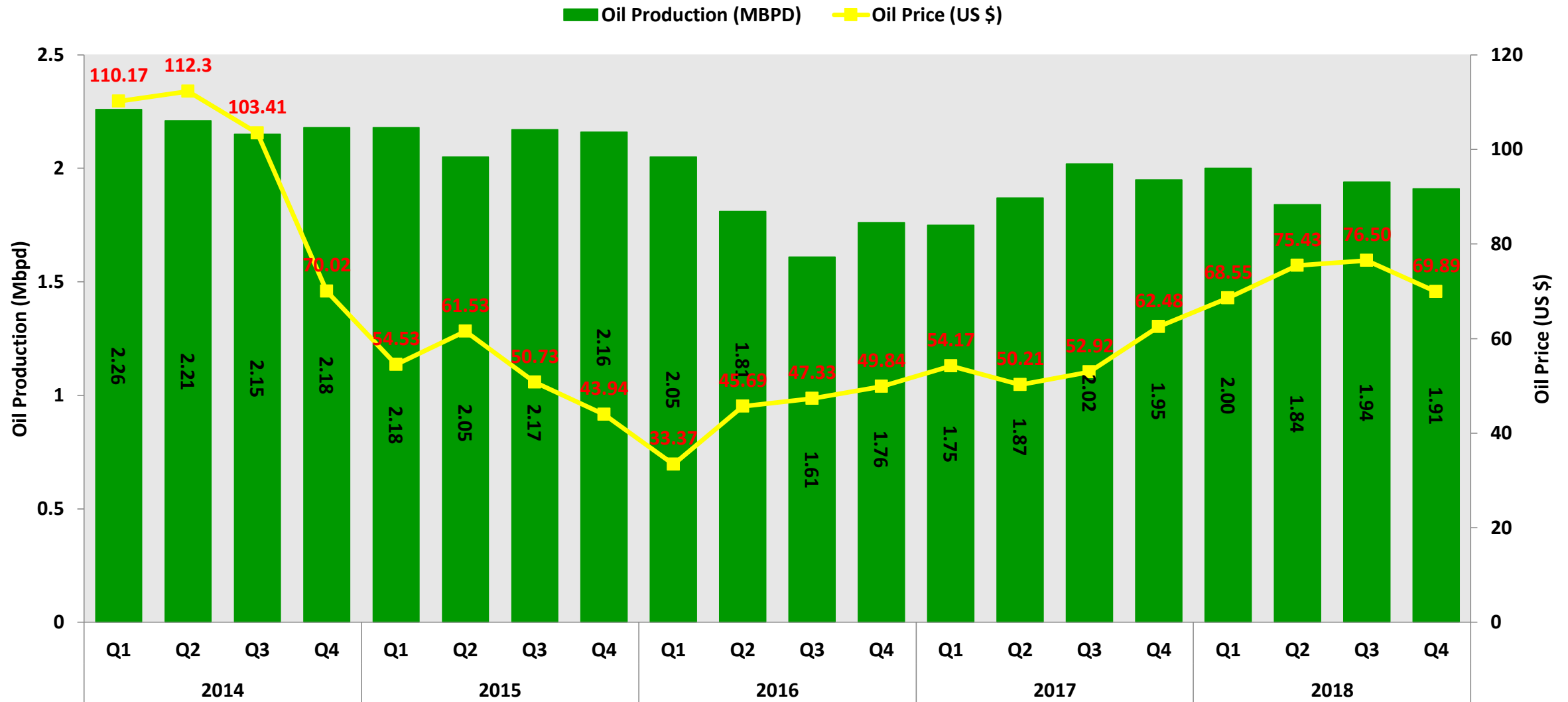
Annual Growth Rate: Oil vs Non-Oil GDP Growth

Annual Real Growth: Oil vs Non-Oil Sector

■ Oil GDP ■ Non-Oil GDP

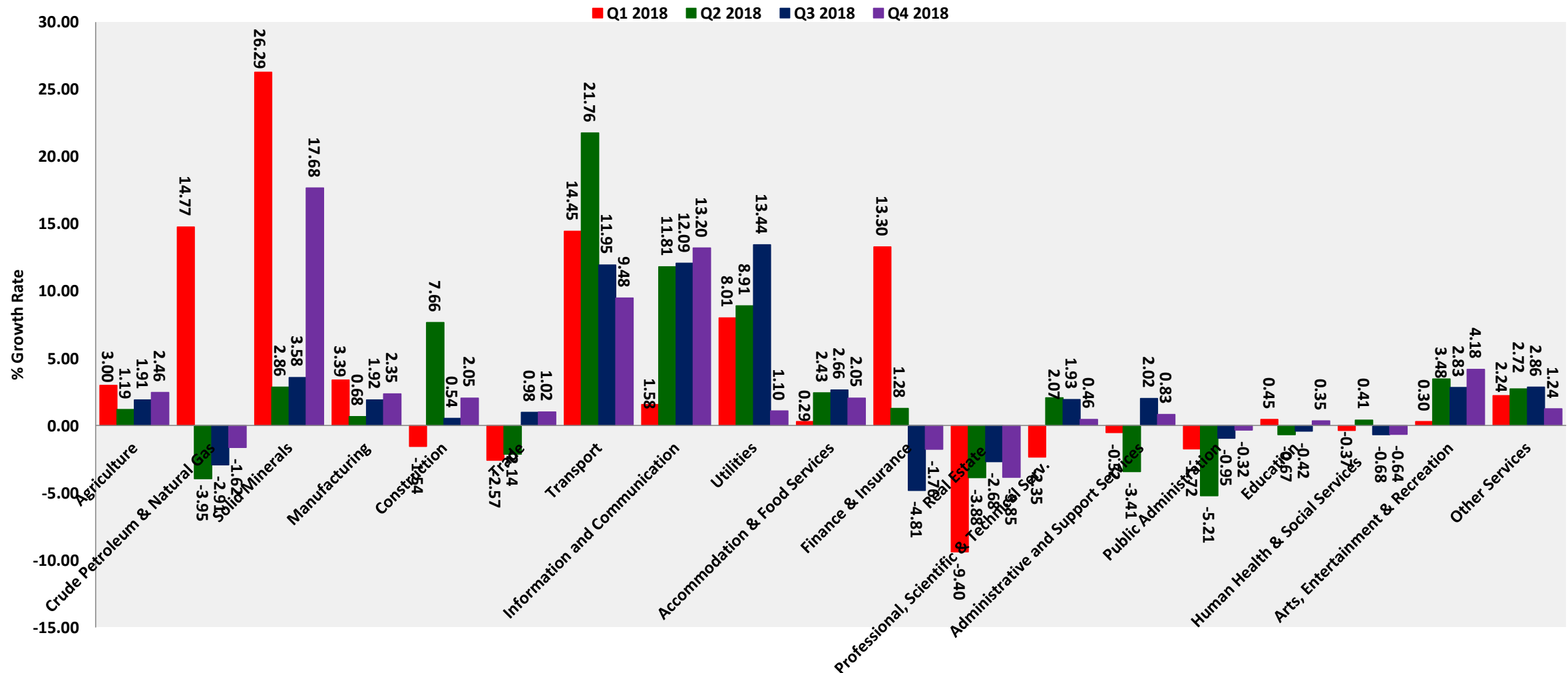


Oil Production (Mbpd) & Oil Price (US \$)



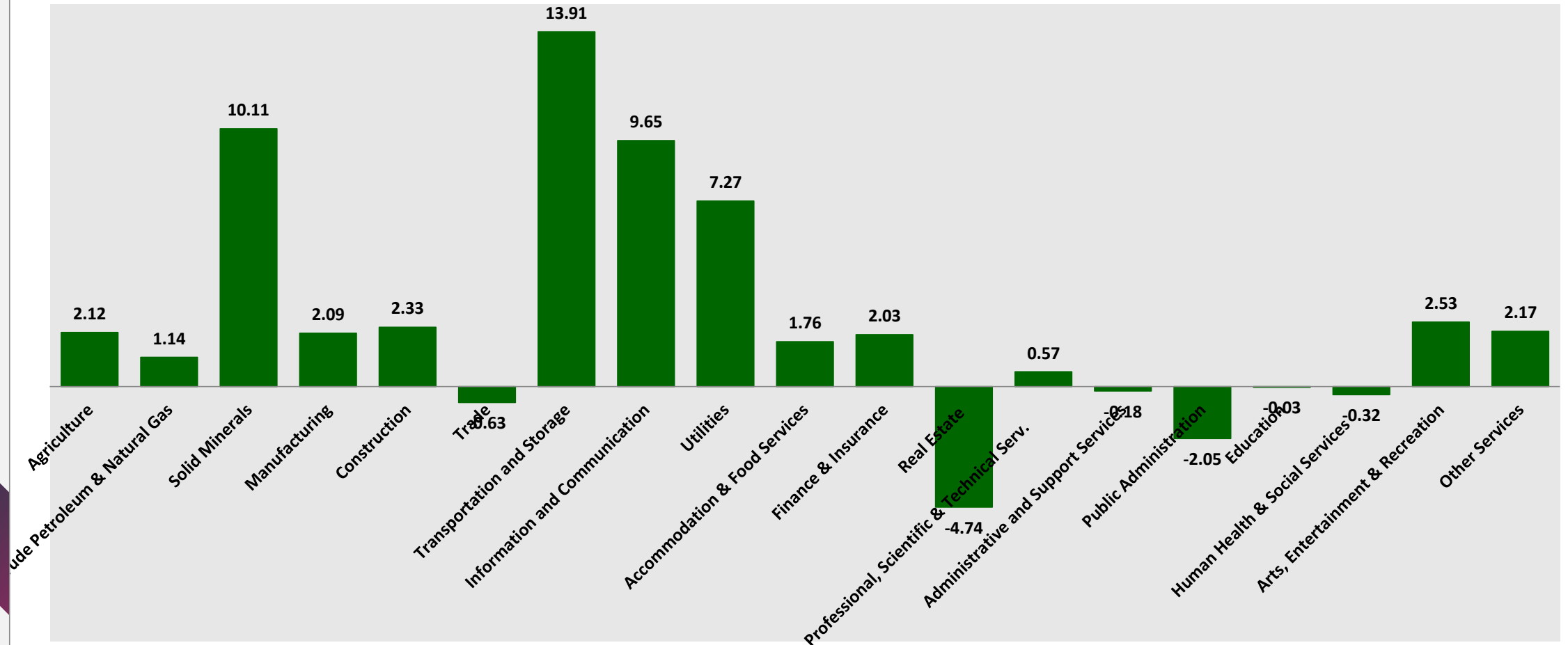
Analysis of GDP Growth by Sectors: Q1 vs Q2 vs Q3 vs Q4 2018

Real Growth by Sectors: Q1-Q4 2018

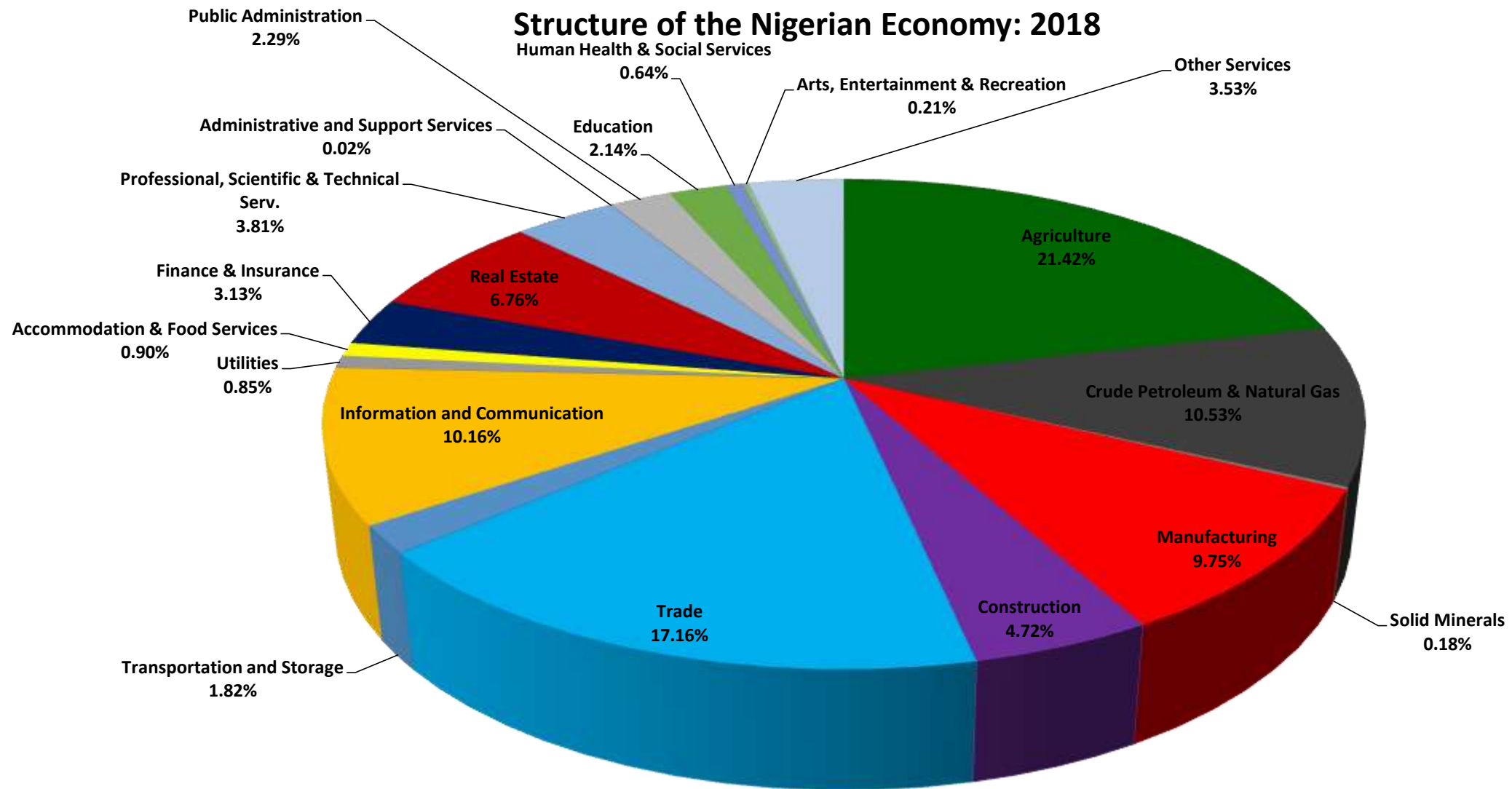


Analysis of Annual GDP Growth by Sectors

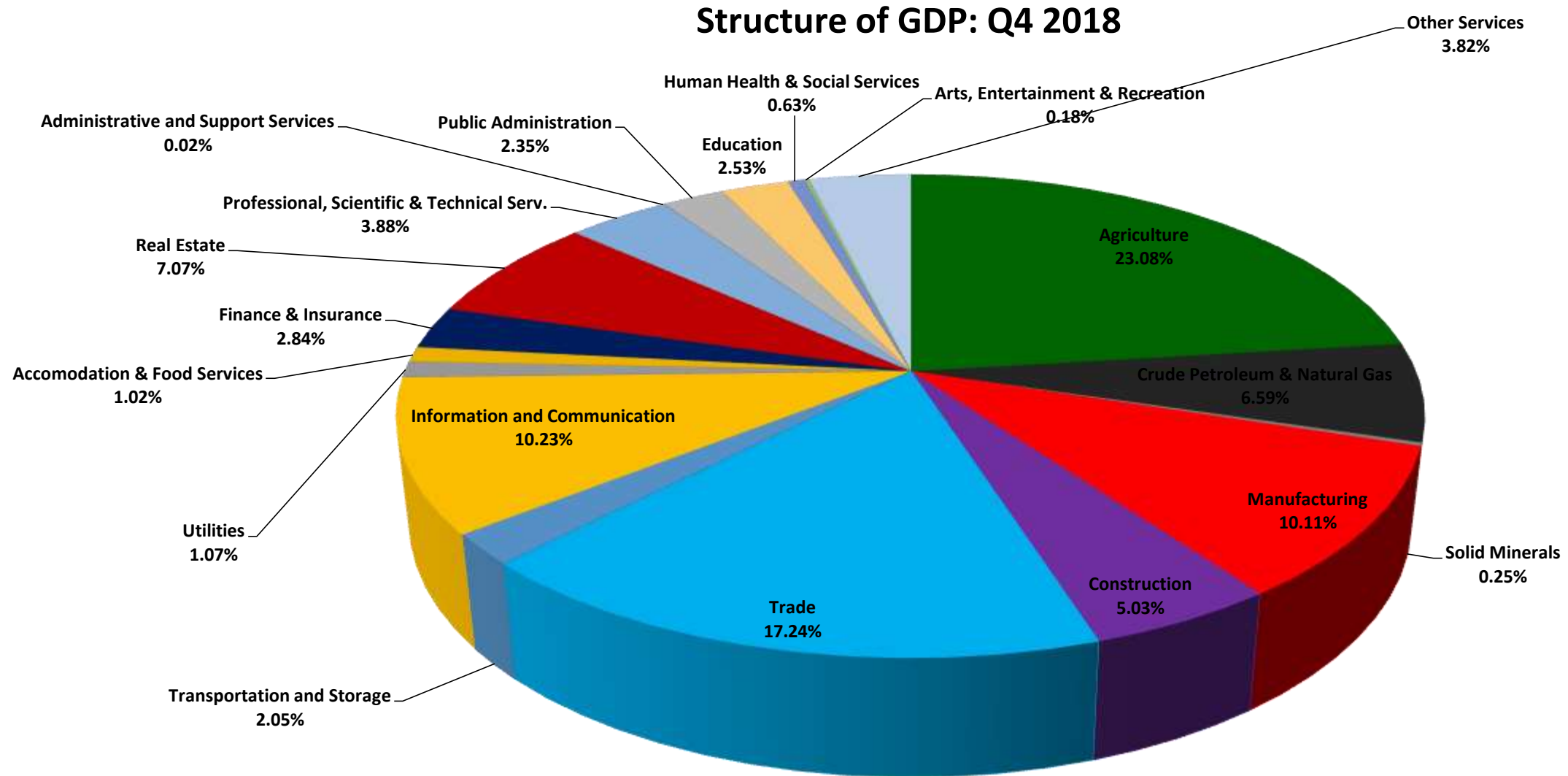
2018 Annual GDP Growth by Sectors



2018 Structure of the Nigerian Economy

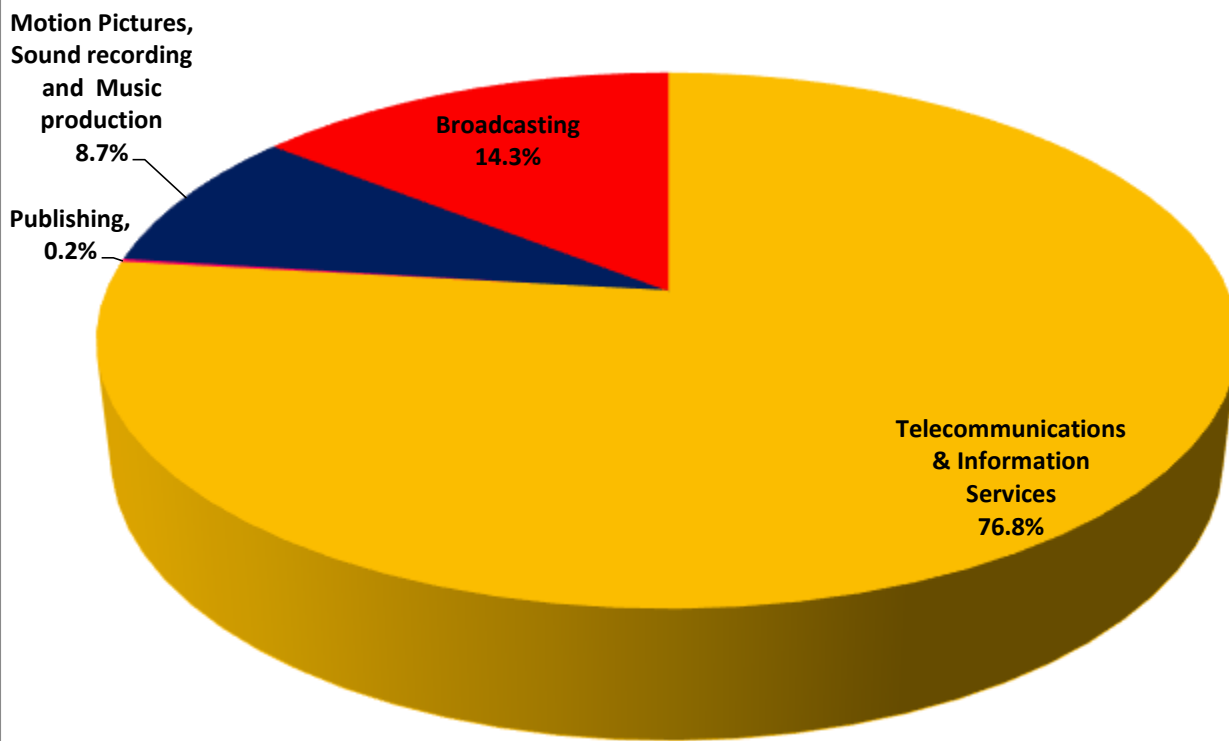


Structure of the Nigerian Economy: Q4 2018

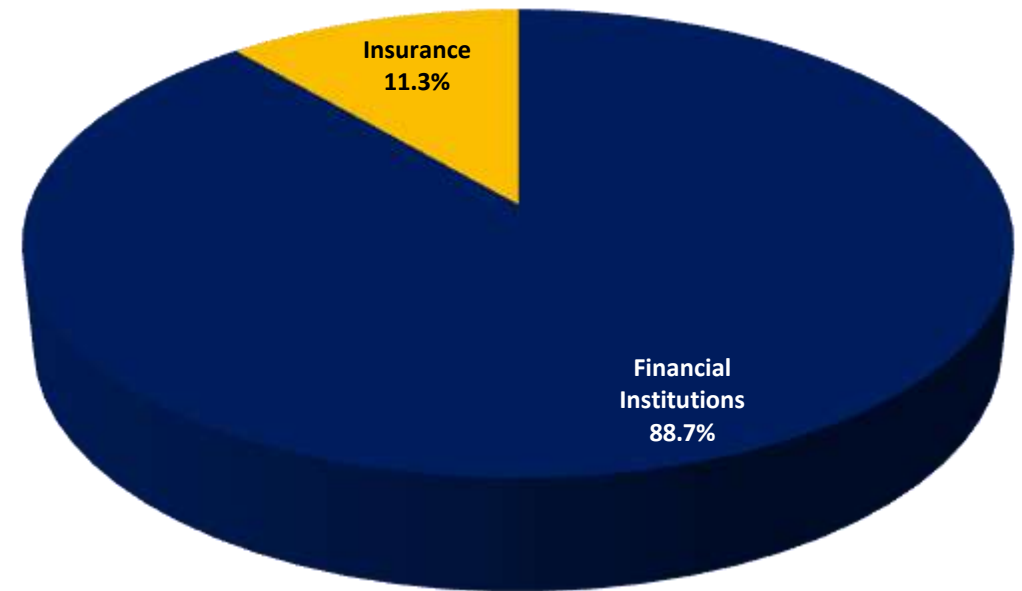


Structure of Major Sectors: Q4 2018

Structure of the Nigerian ICT Sector: Q4 2018

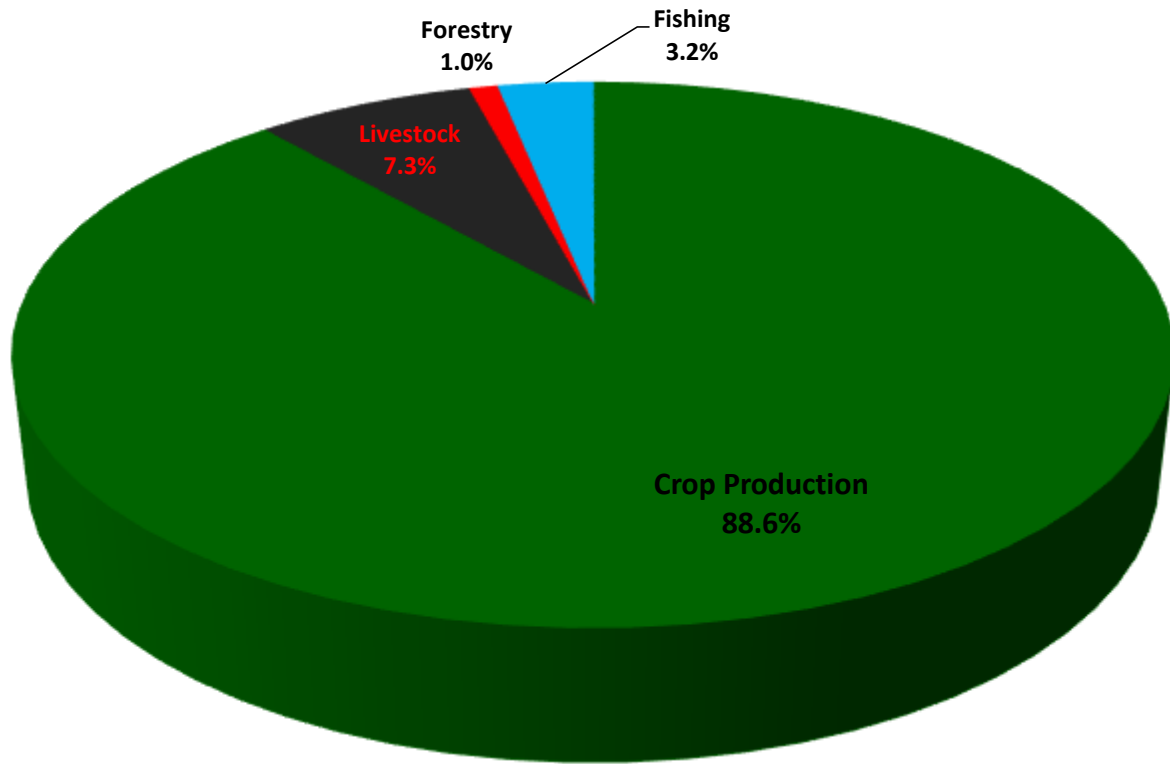


Structure of Finance and Insurance Sector: Q4 2018

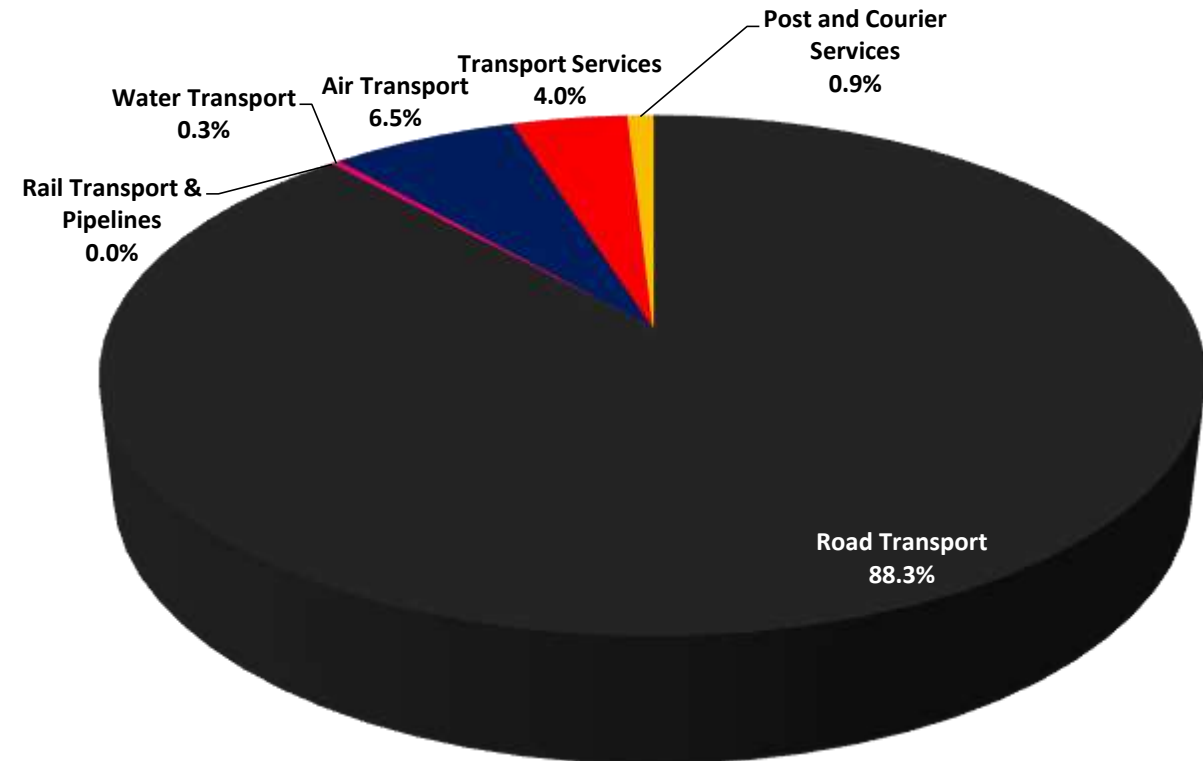


Structure of Major Sectors: Q4 2018

Structure of the Nigerian Agriculture Sector: Q4 2018

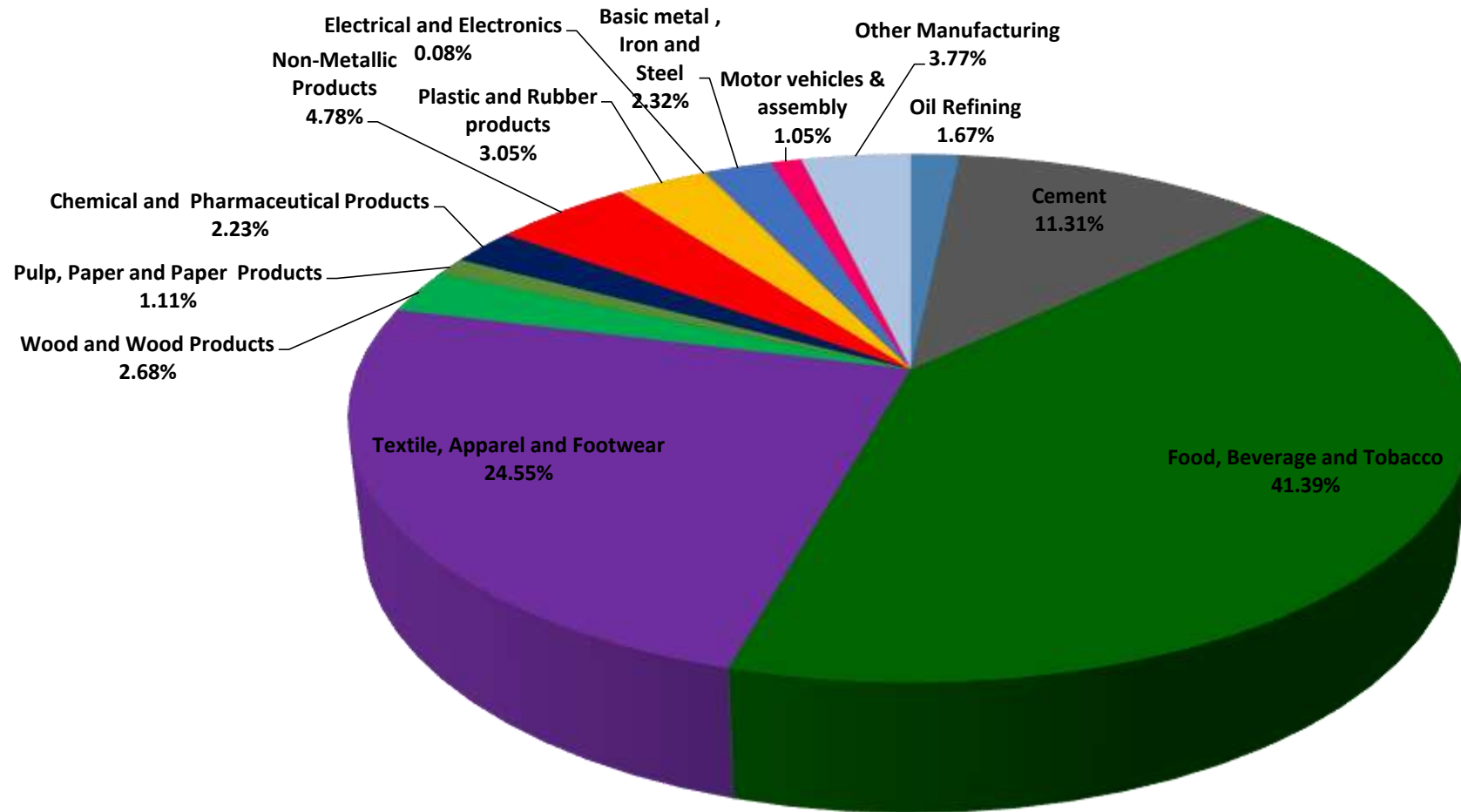


Structure of the Nigerian Transport Sector : Q4 2018

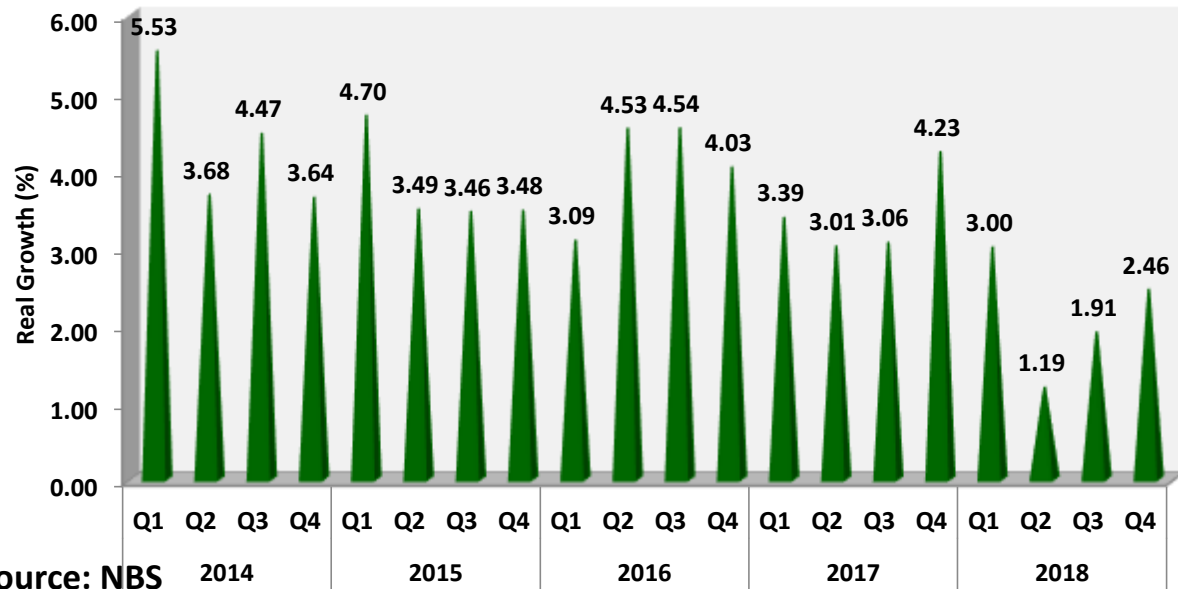


Structure of Manufacturing Sector: Q4 2018

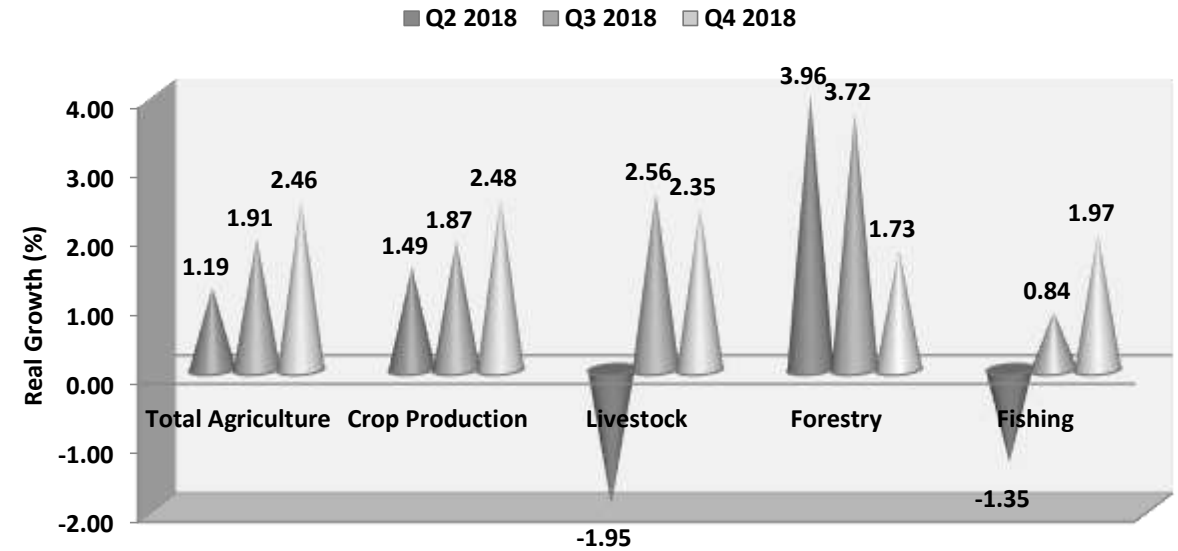
Structure of Manufacturing Sector: Q4 2018



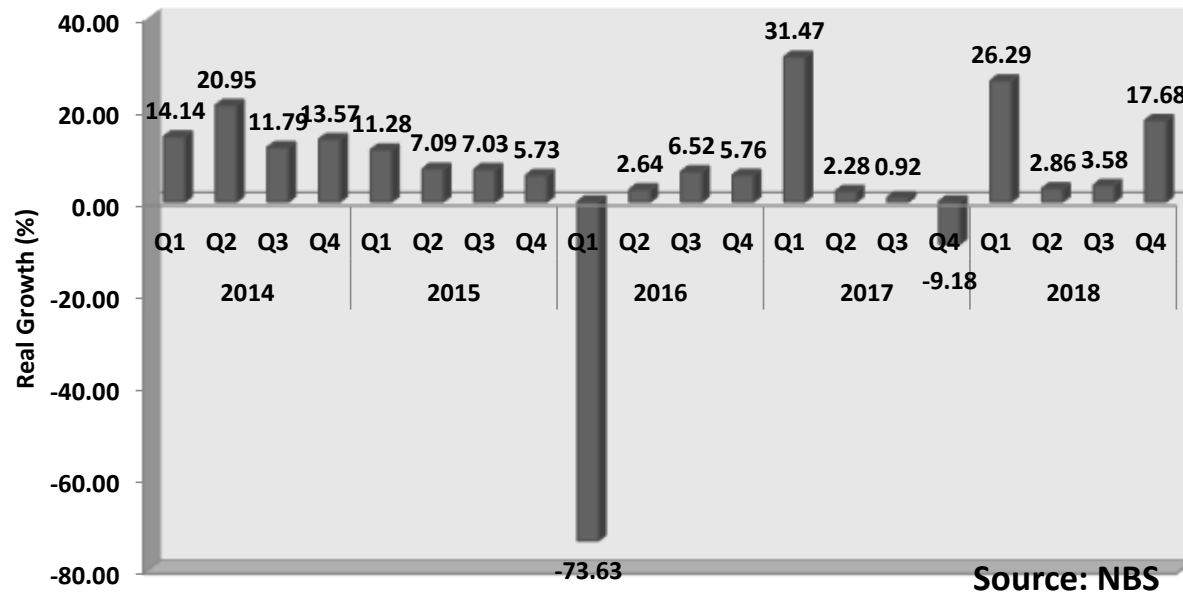
Agriculture Sector Real Growth: Q1 2014-Q4 2018



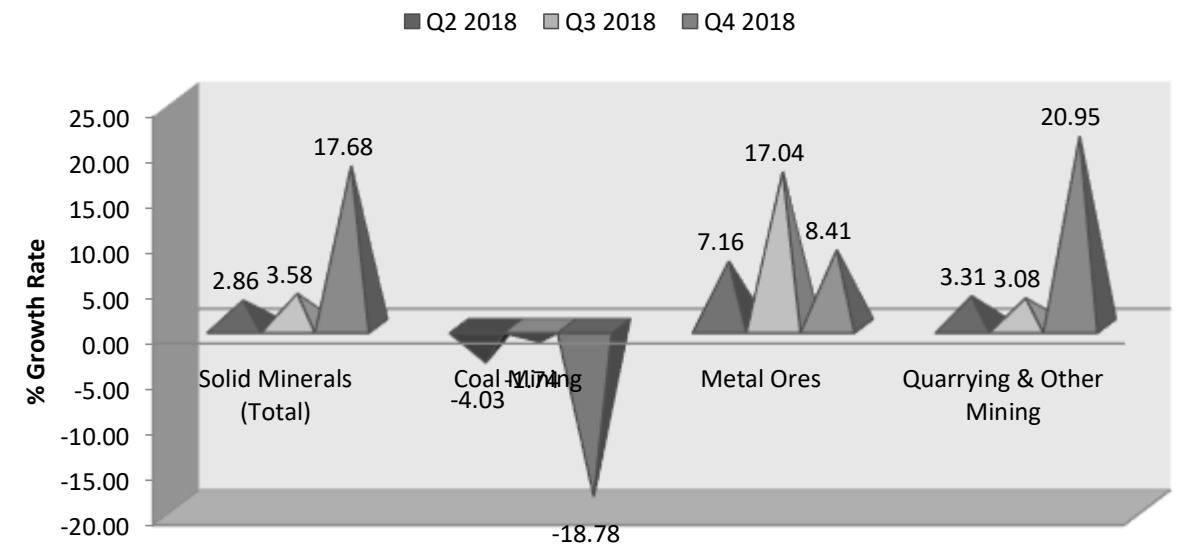
Agriculture Real Growth by Output: Q2 vs Q3 vs Q4 2018



Real Growth of Solid Minerals: Q1 2014-Q4 2018



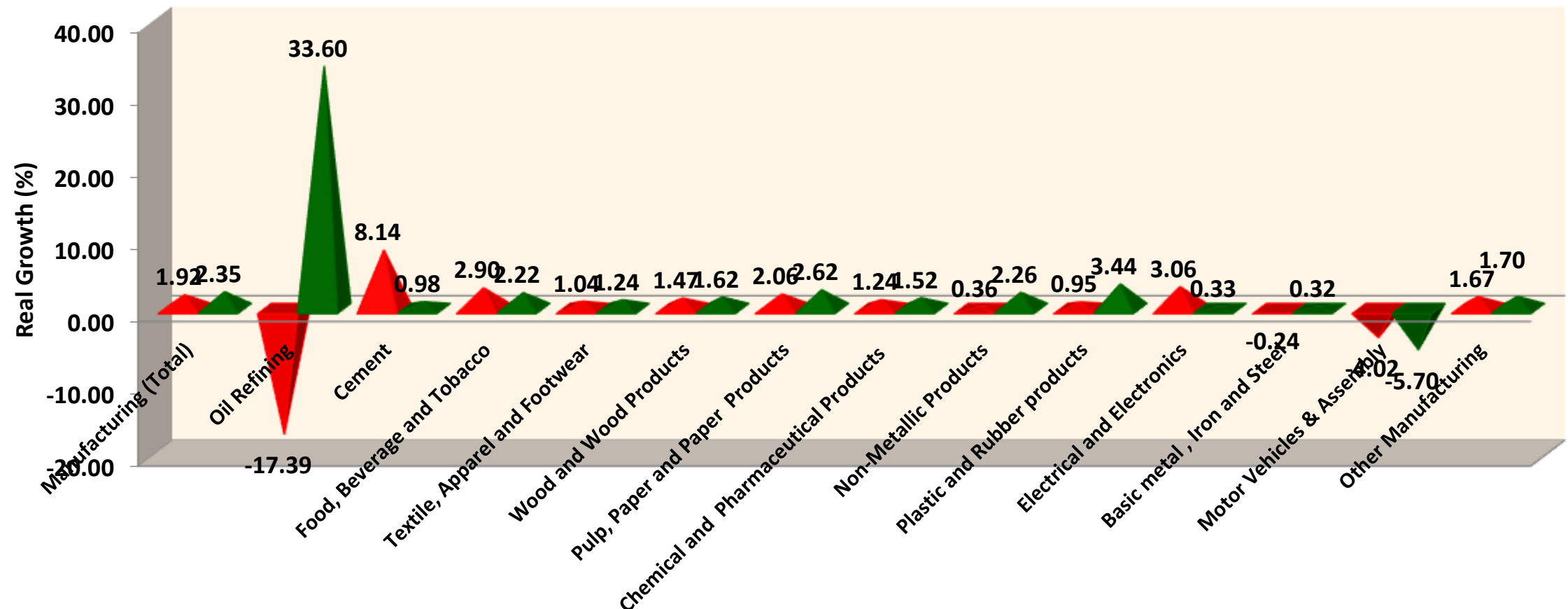
Real Growth of Solid Minerals by Output: Q2 vs Q3 vs Q4 2018



Growth of Manufacturing Sector: Q3 vs Q4 2018

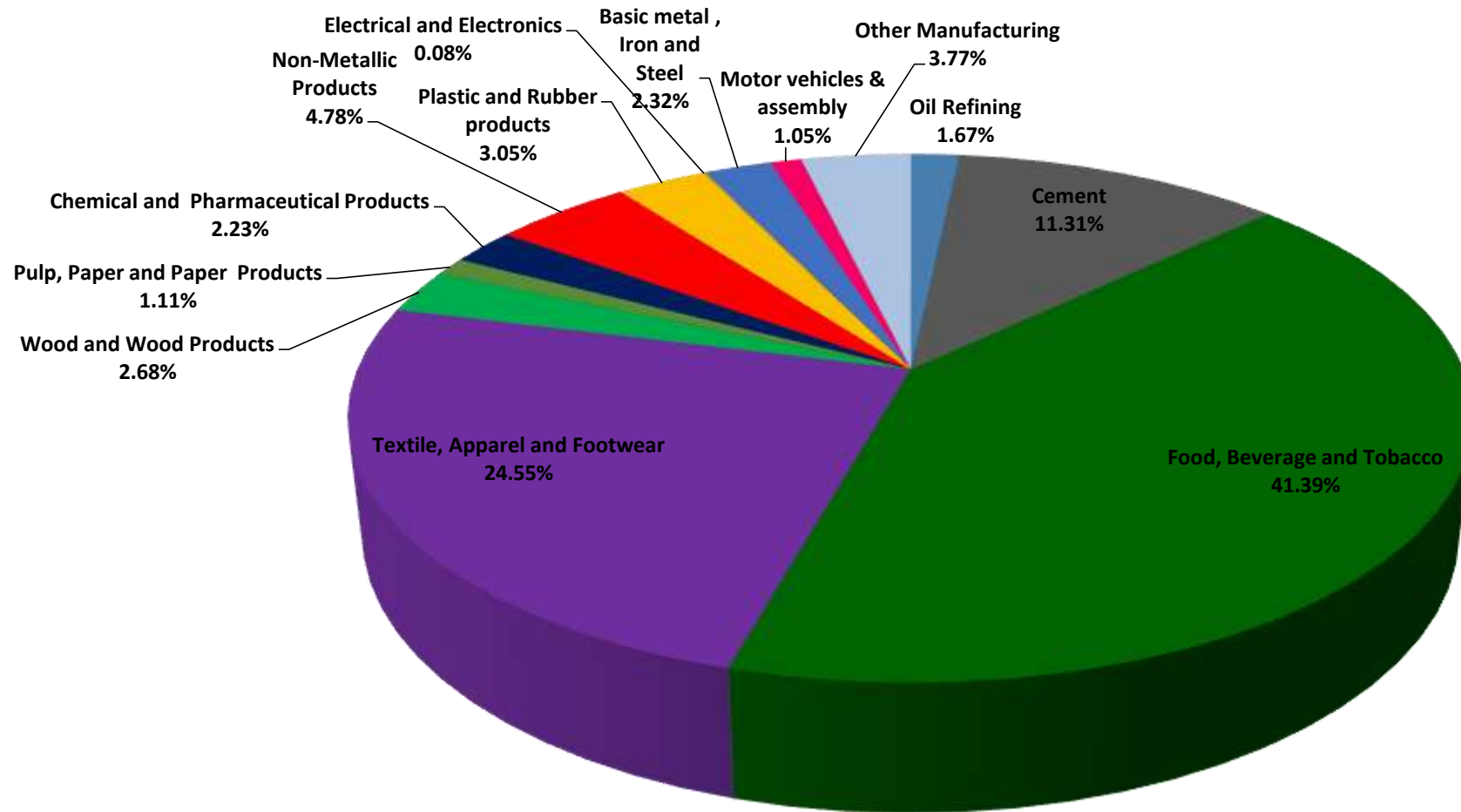
Real Growth of Manufacturing Sector by Output: Q3 vs Q4 2018

■ Q3 2018 ■ Q4 2018

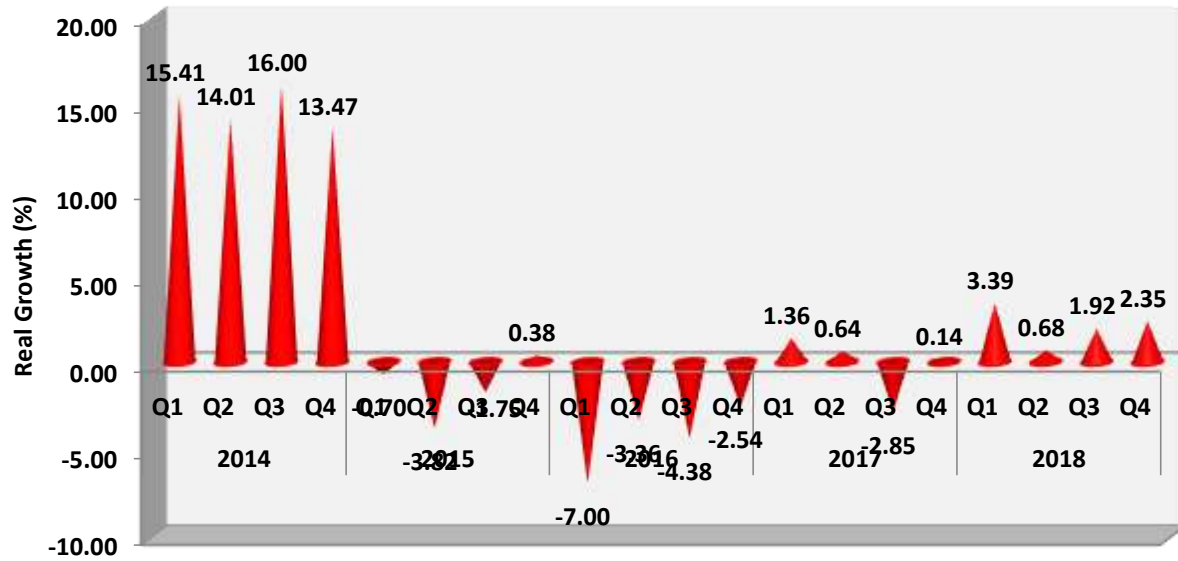


Structure of Manufacturing Sector: Q4 2018

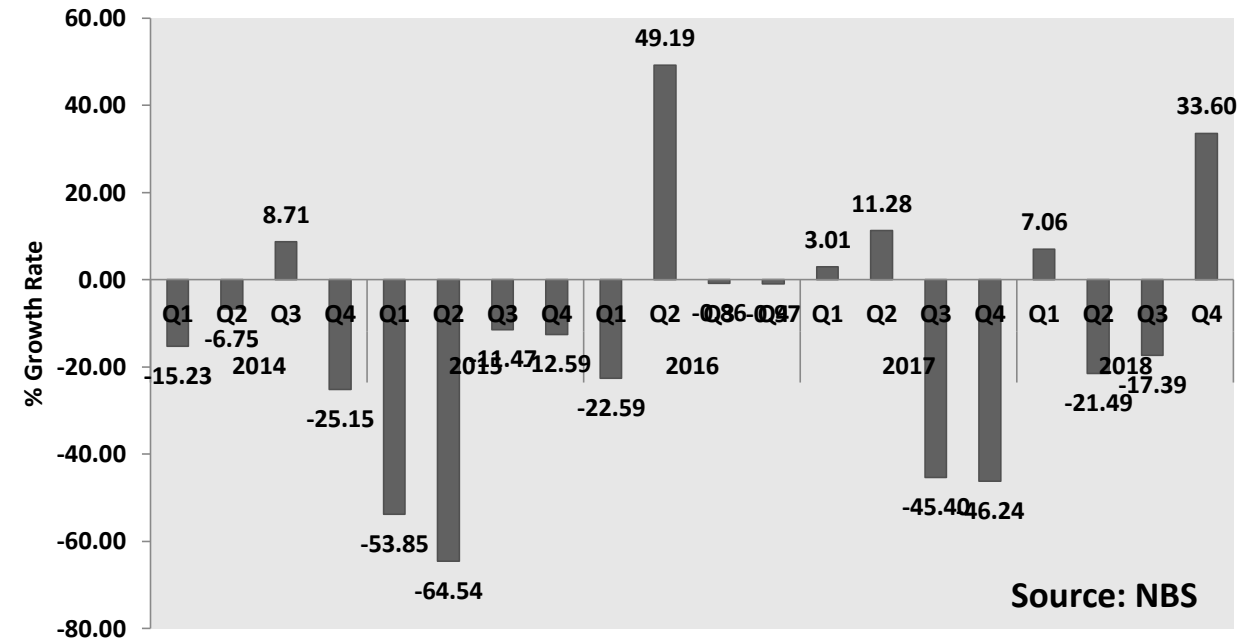
Structure of Manufacturing Sector: Q4 2018



Real Growth of Manufacturing Sector: Q1 2014-Q4 2018

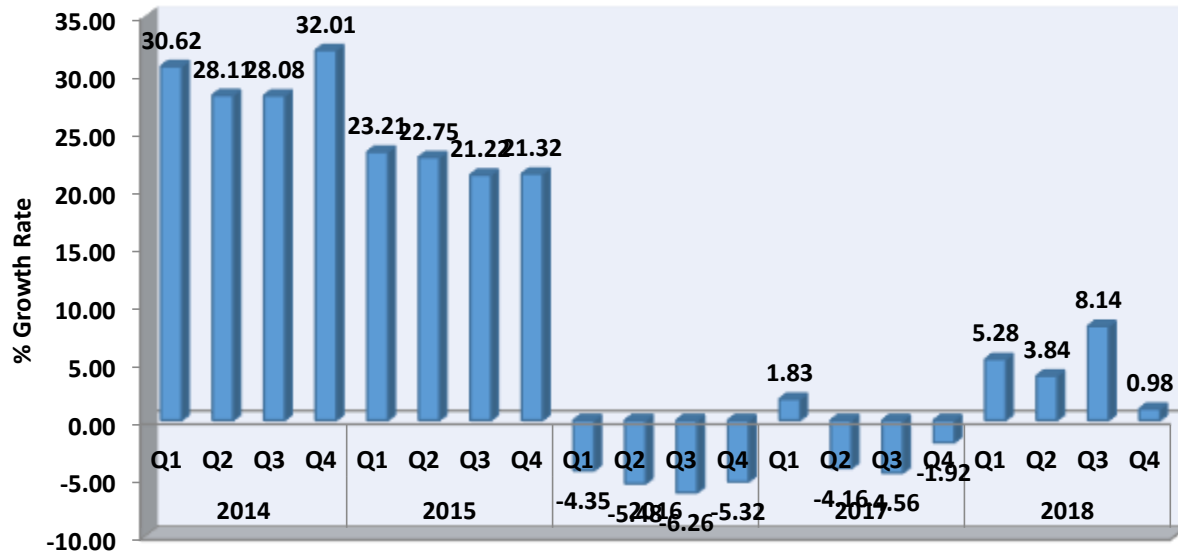


Real Growth of Oil Refining: Q1 2014-Q4 2018

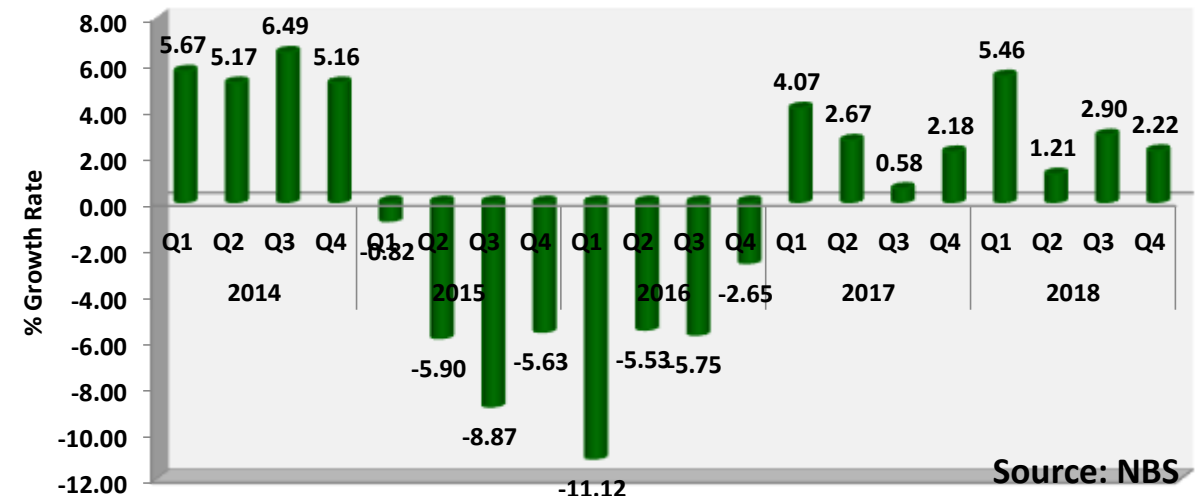


Source: NBS

Real Growth of Cement: Q1 2014-Q4 2018

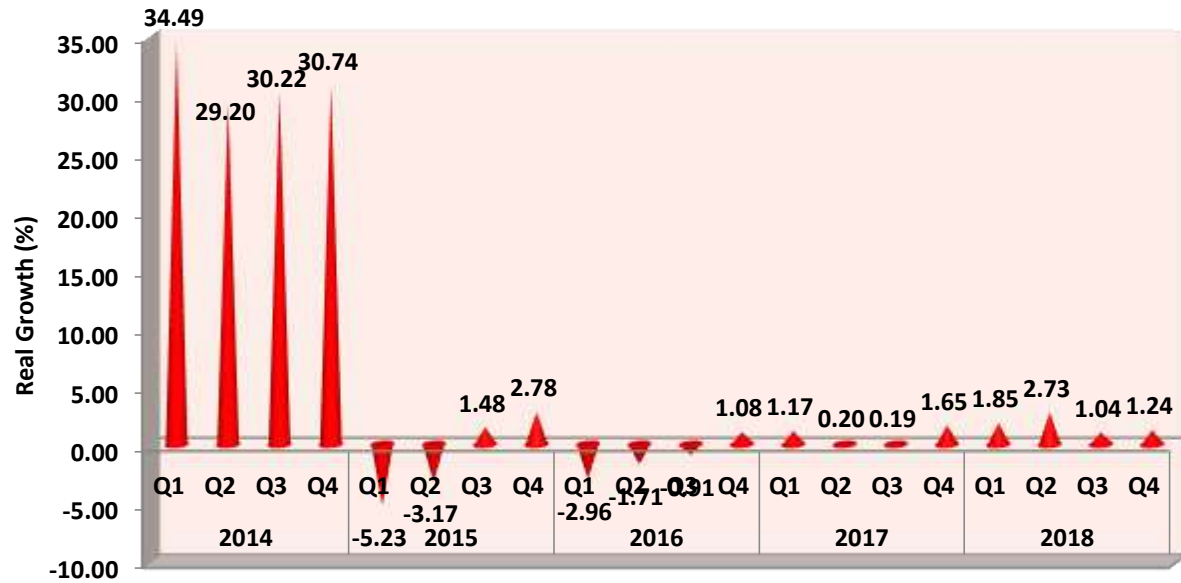


Quarterly Real Growth of Food, Beverage & Tobacco: 2014-2018

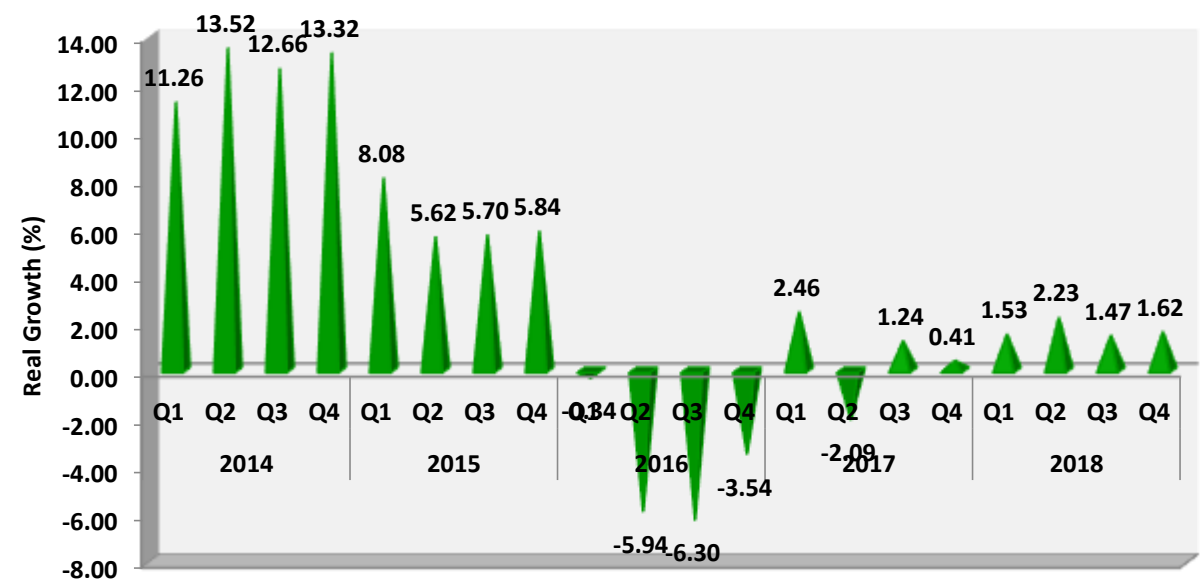


Source: NBS

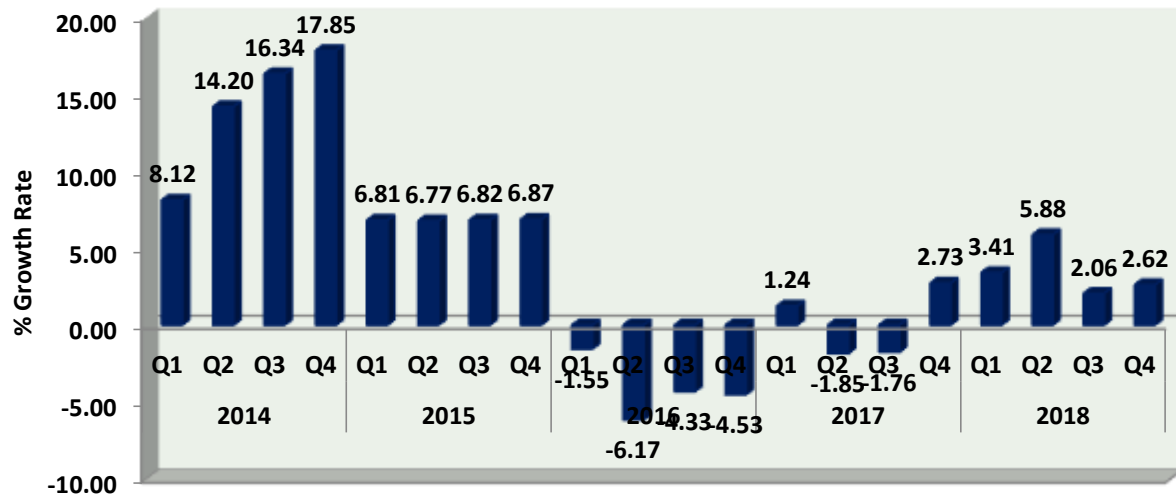
Quarterly Real Growth of Textile, Apparel & Footwear: Q1 2014- Q4 2018



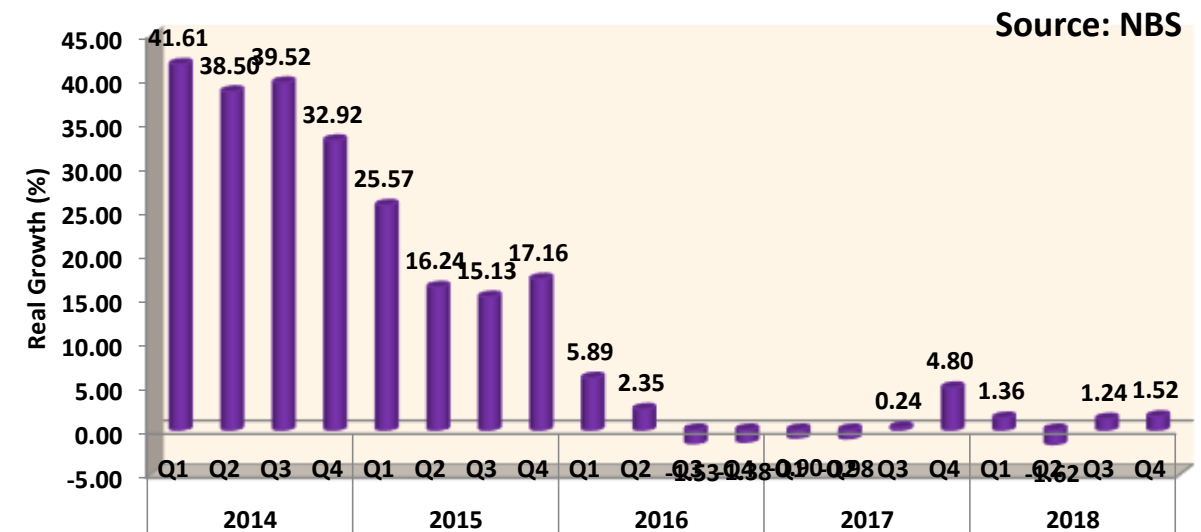
Quarterly Real Growth of Wood & Wood Products: 2014-2018



Quarterly Real Growth of Pulp, Paper & Paper Products



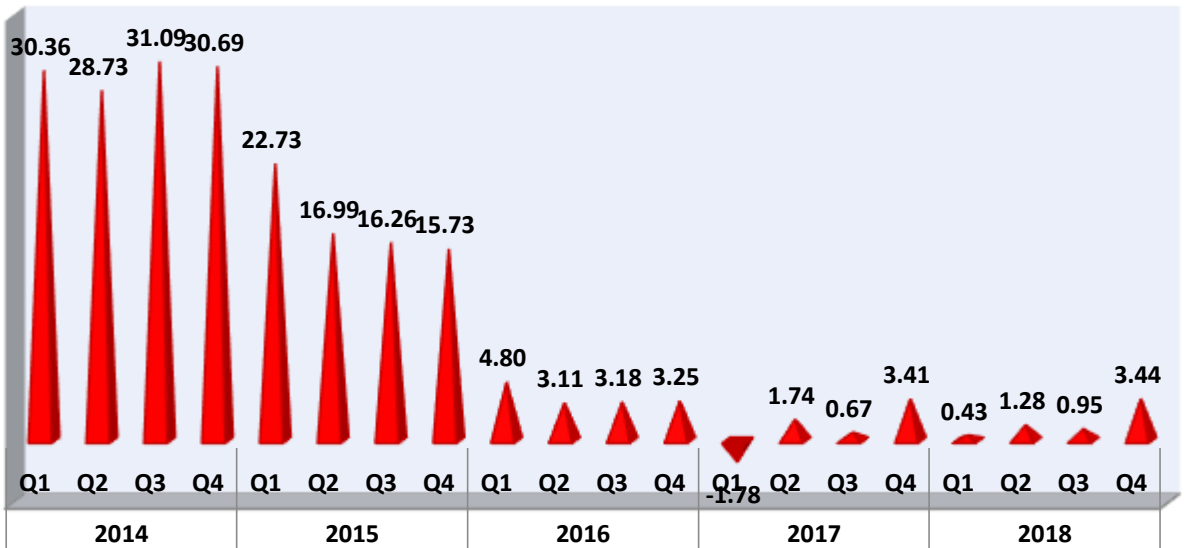
Quarterly Real Growth of Chemical & Pharmaceutical Products: Q1 2014- Q4 2018



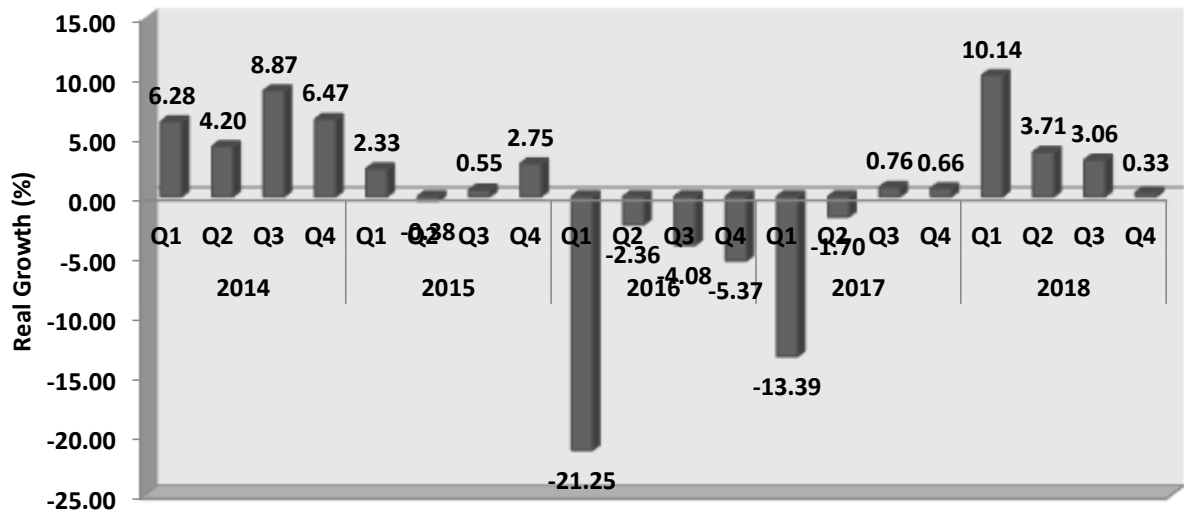
Quarterly Real Growth of Non-Metallic: 2014-2018



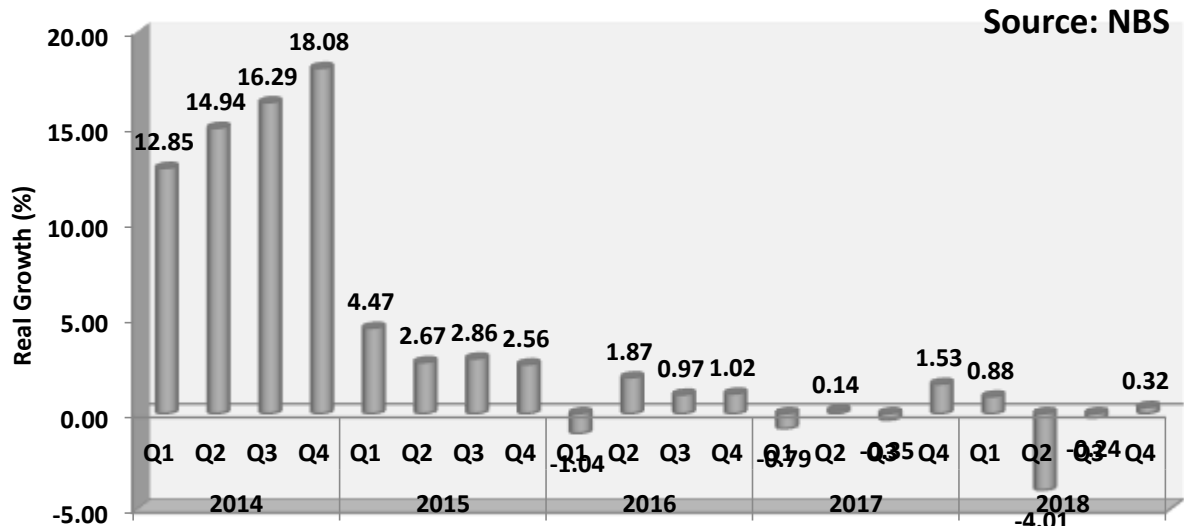
Quarterly Real Growth of Plastic & Rubber Products: 2014-2018



Quarterly Growth of Electrical & Electronics: 2014-2018

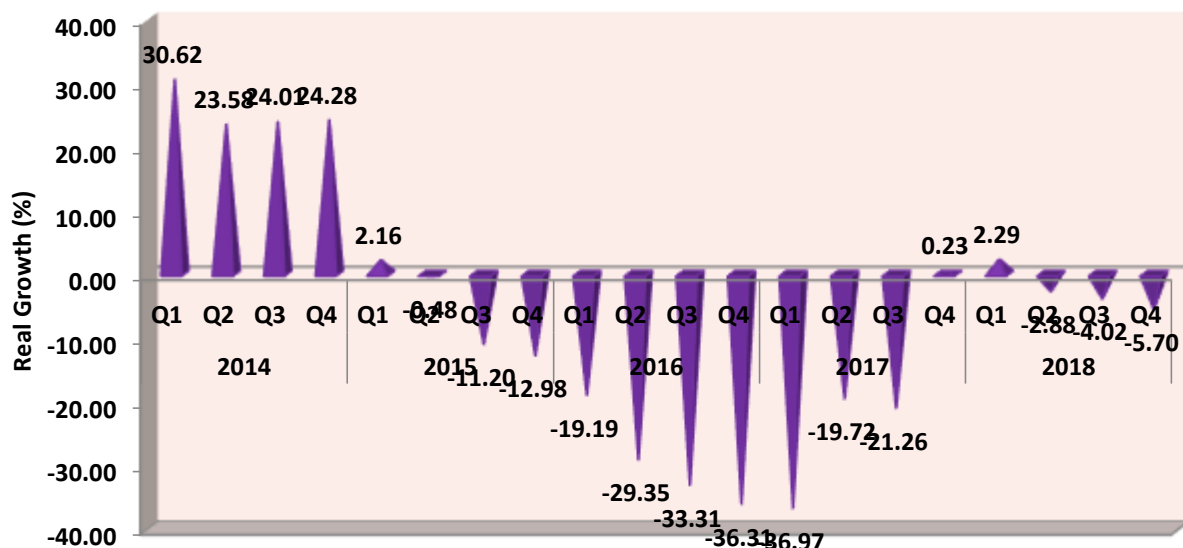


Quarterly Real Growth of Basic Metal, Iron & Steel: 2014-2018

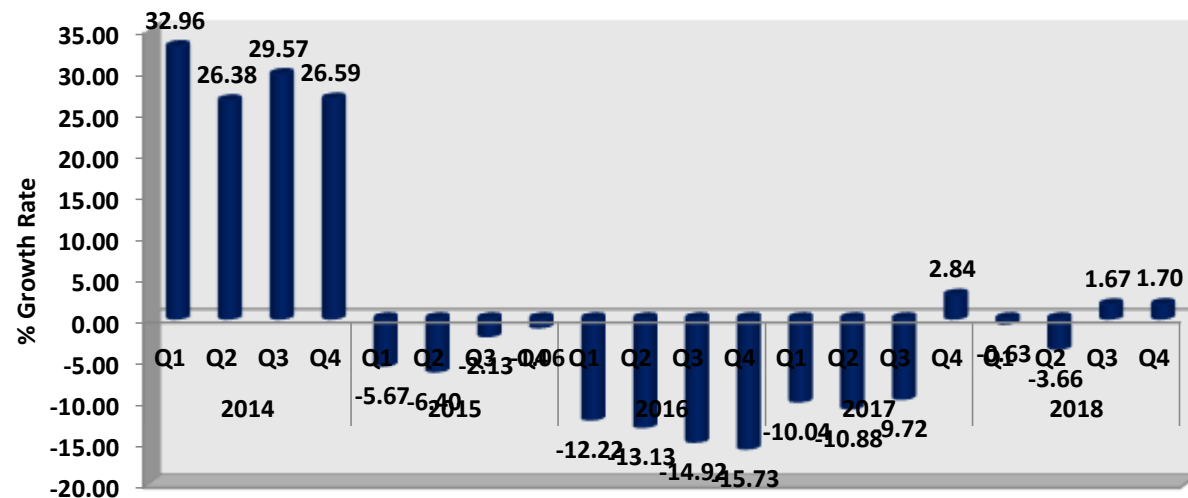


Source: NBS

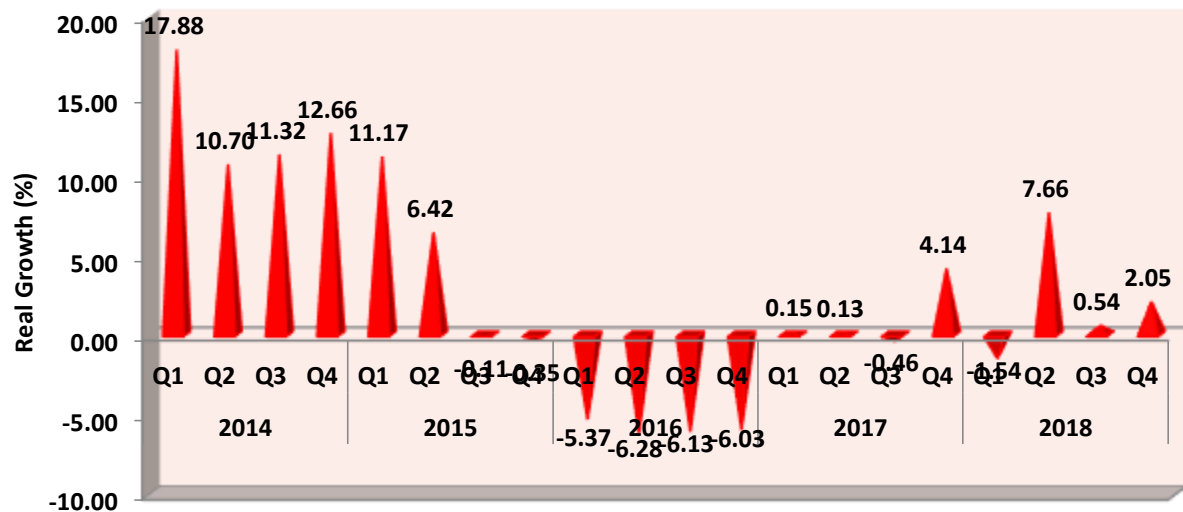
Quarterly Real Growth of Motor Vehicles & Assembly: 2014-2018



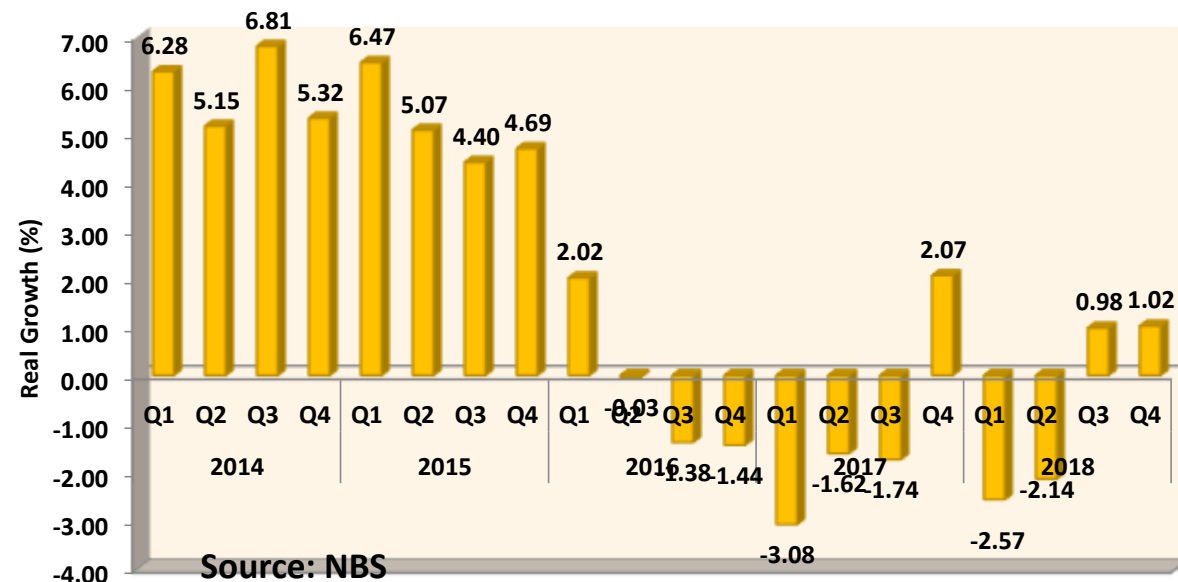
Quarterly Real Growth of Other Manufacturing: 2014-2018



Real Growth of Construction Sector: Q1 2014-Q4 2018

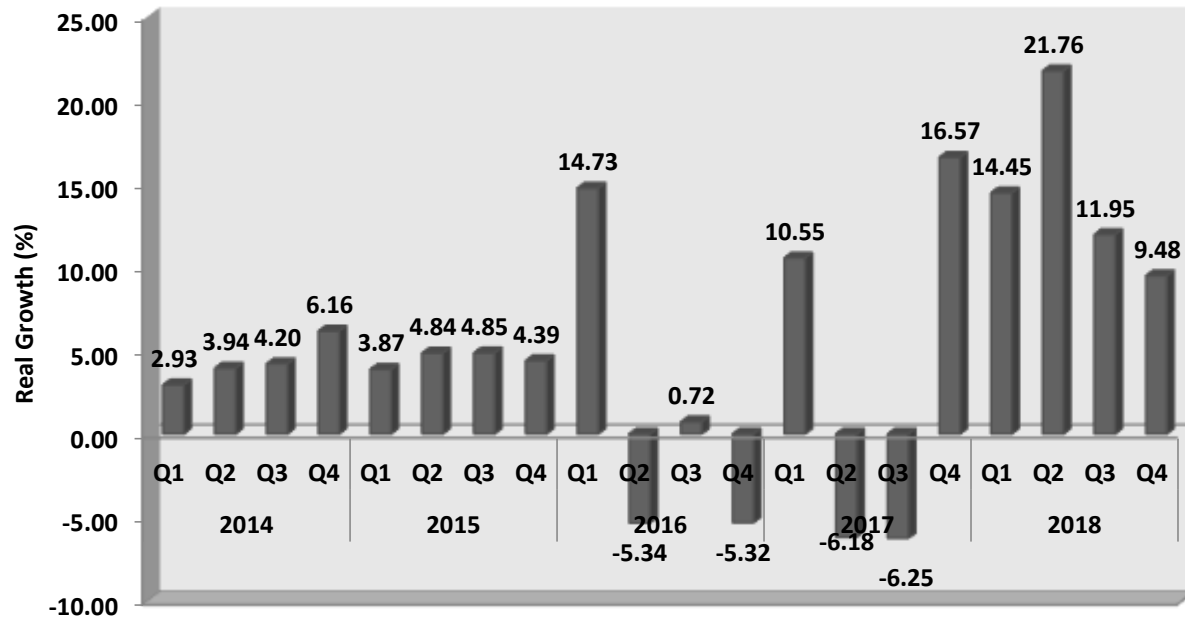


Real Growth of Trade Sector: Q1 2014-Q4 2018

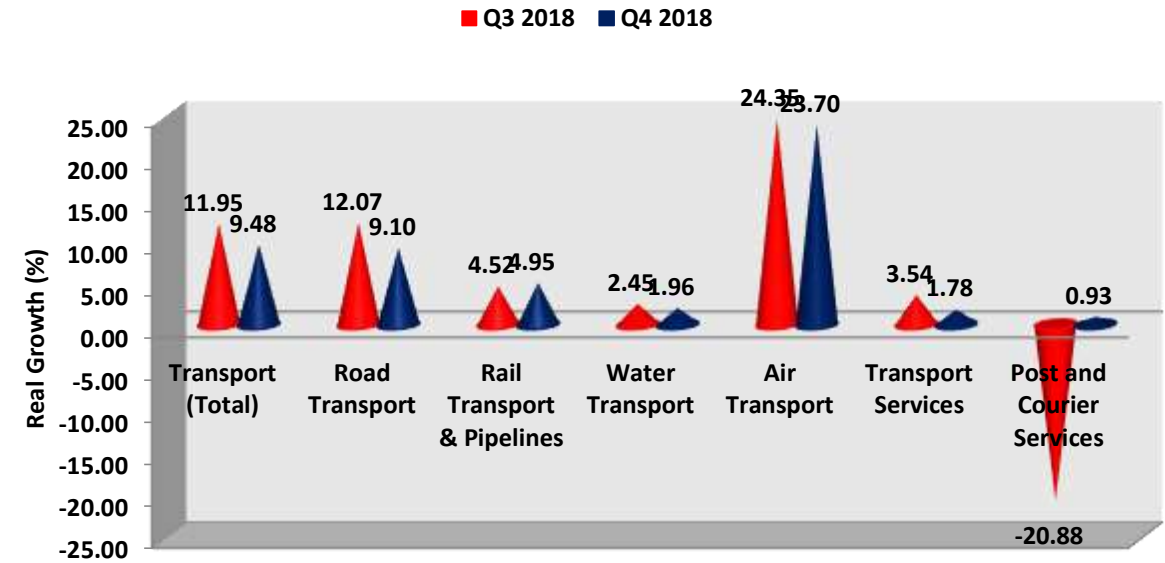


Source: NBS

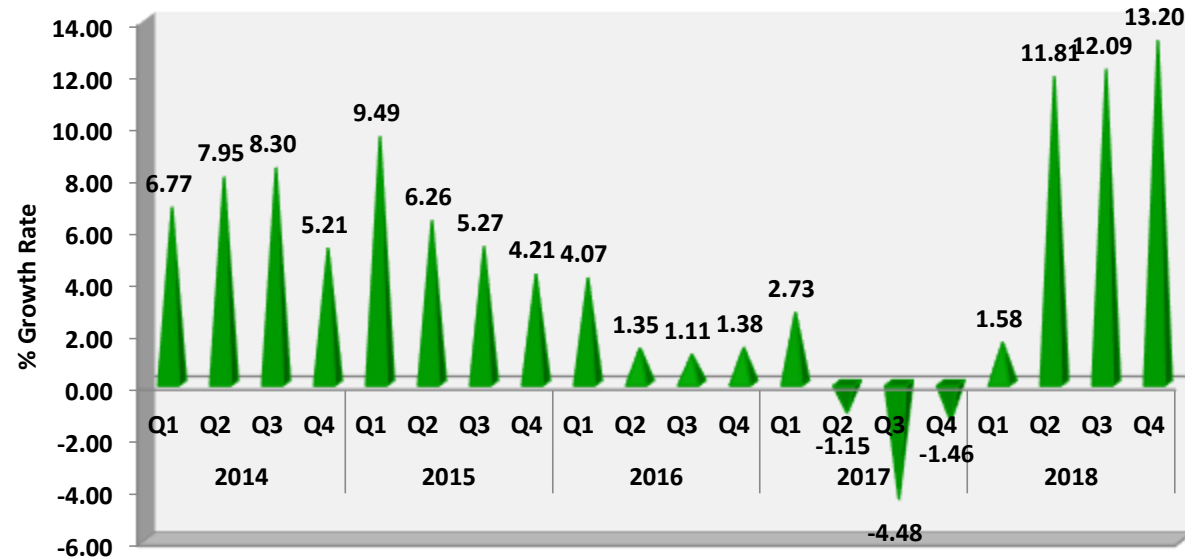
Transport Sector Real Growth: Q1 2014-Q4 2018



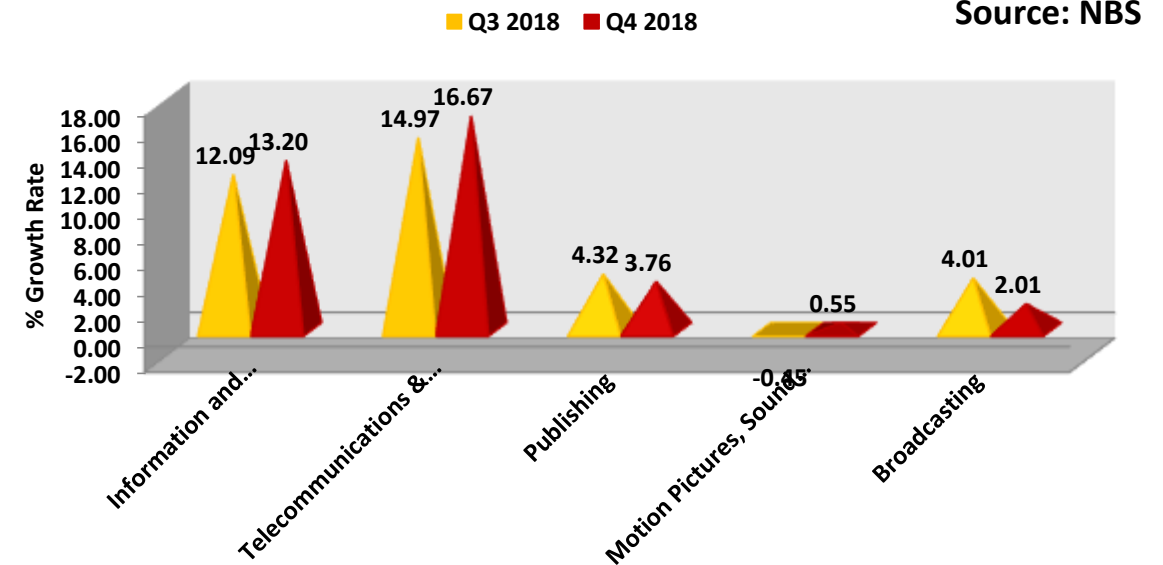
Transport Sector Real Growth by Output: Q3 vs Q4 2018



Real Growth of ICT: Q1 2014-Q4 2018

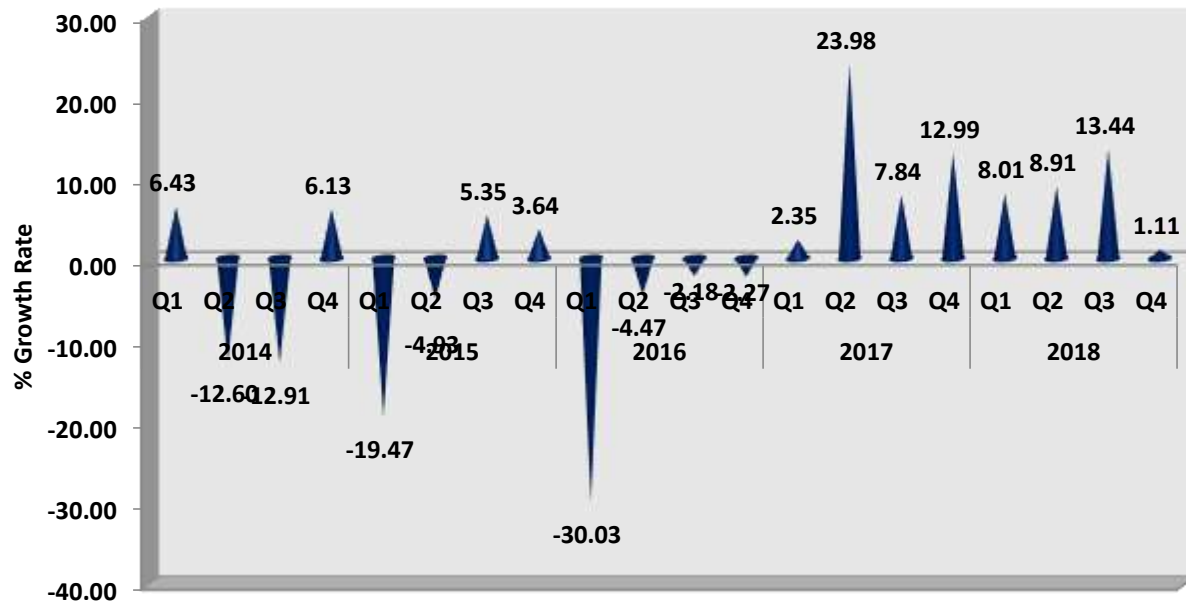


Real Growth of ICT by Output: Q3 vs Q4 2018

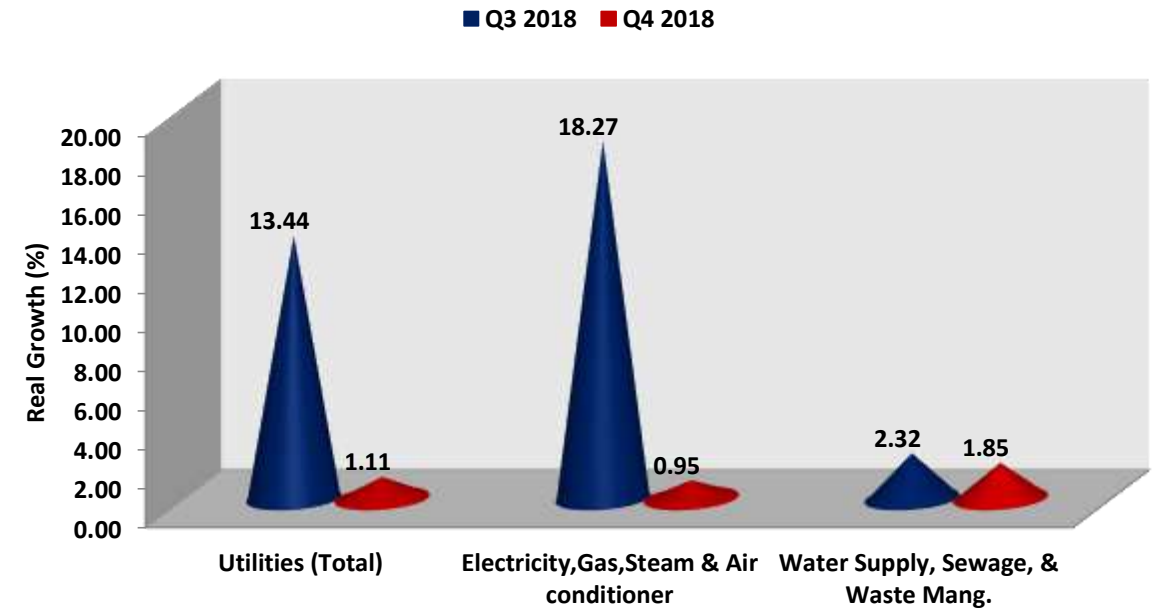


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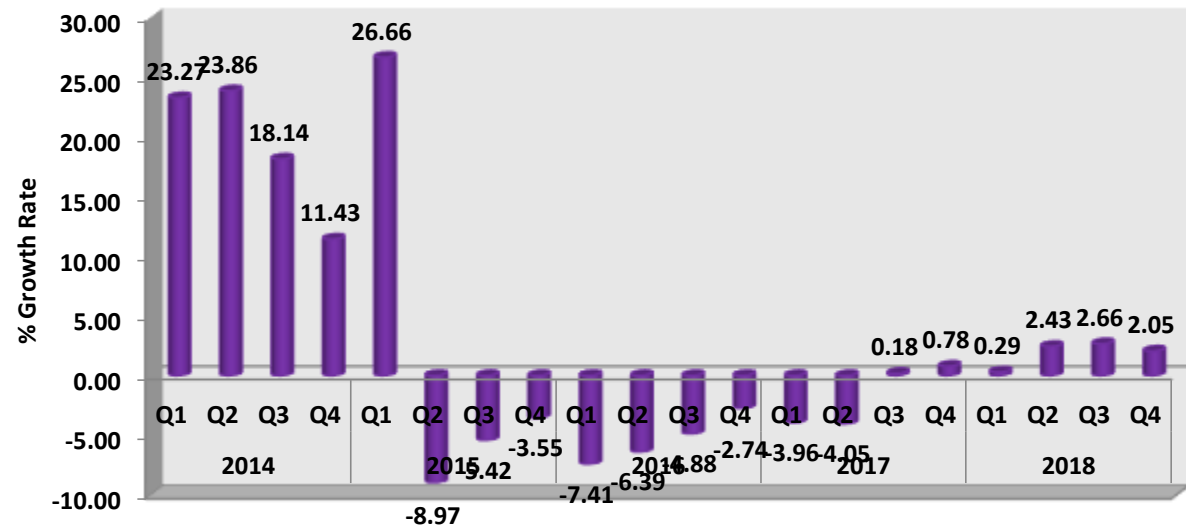
Real Growth of Utilities Sector: Q1 2014-Q4 2018



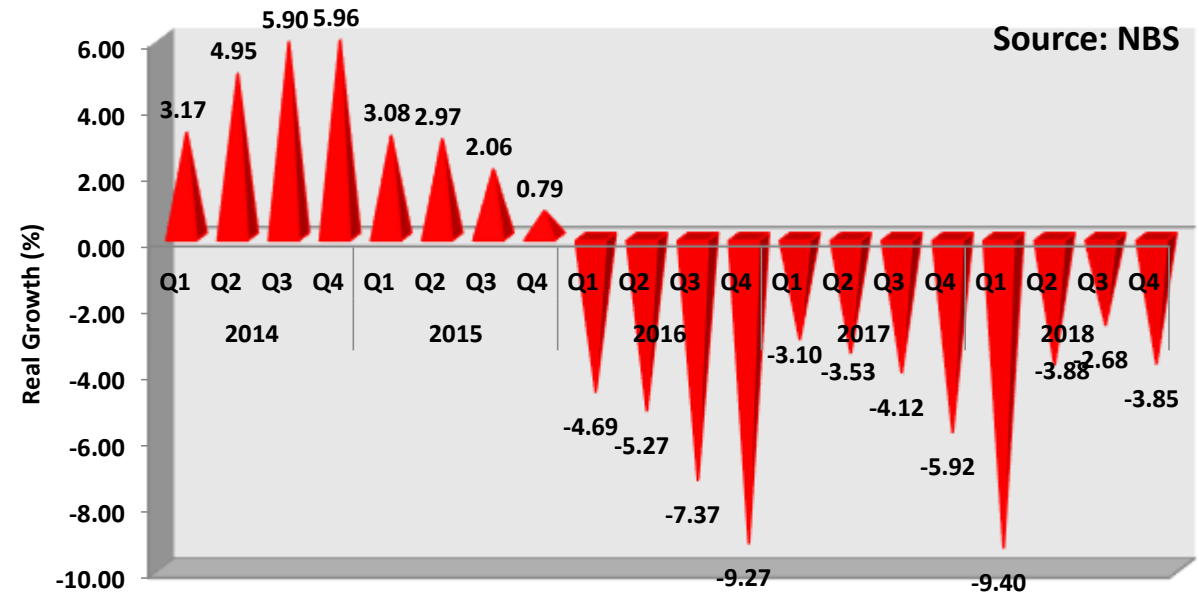
Real Growth of Utilities by Output: Q3 vs Q4 2018



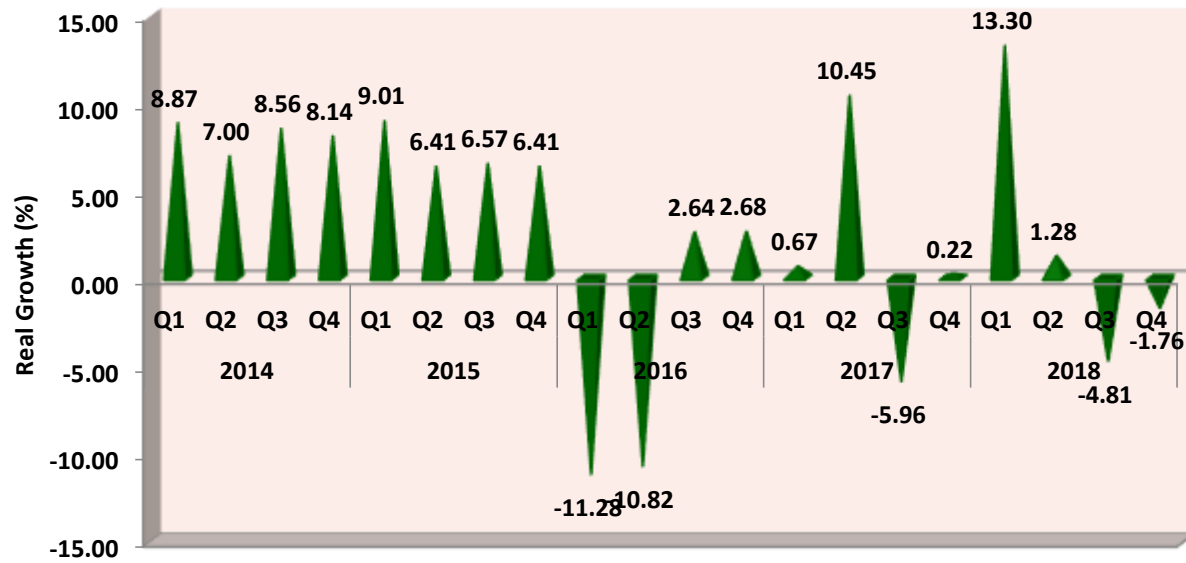
Real Growth of Accommodation and Food Services: Q1 2014-Q4 2018



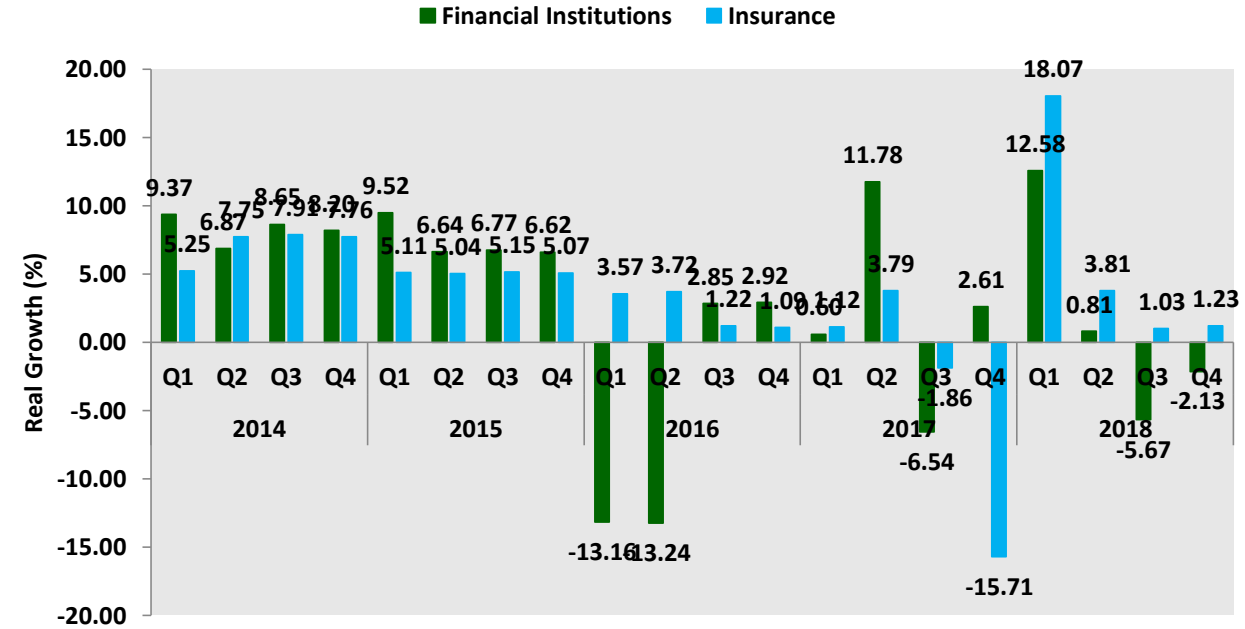
Real Growth of Real Estate: Q1 2014-Q4 2018



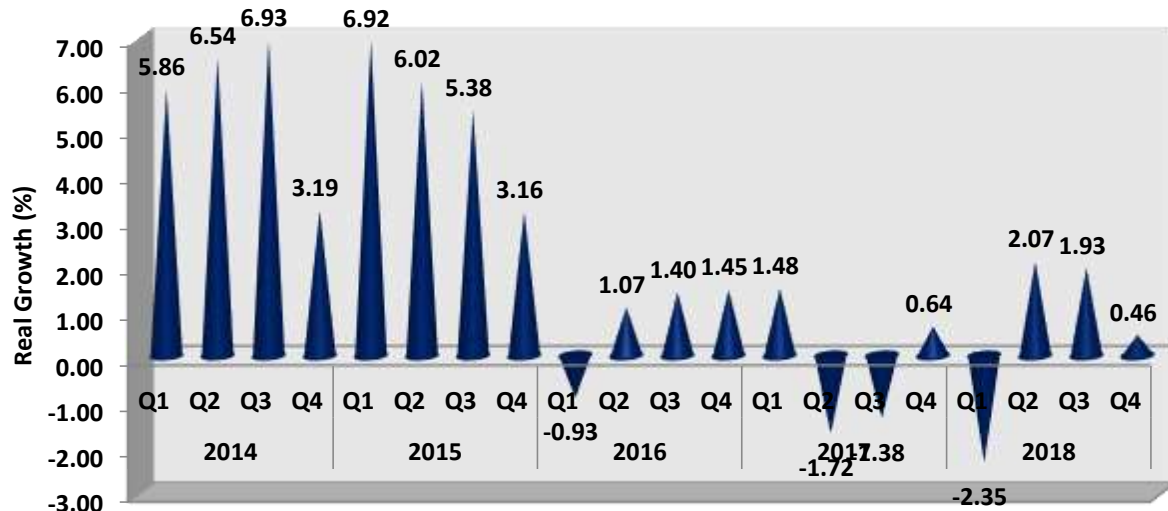
Real Growth of Finance & Insurance: Q1 2014-Q4 2018



FI & Insurance Real Growth: Q1 2014-Q4 2018

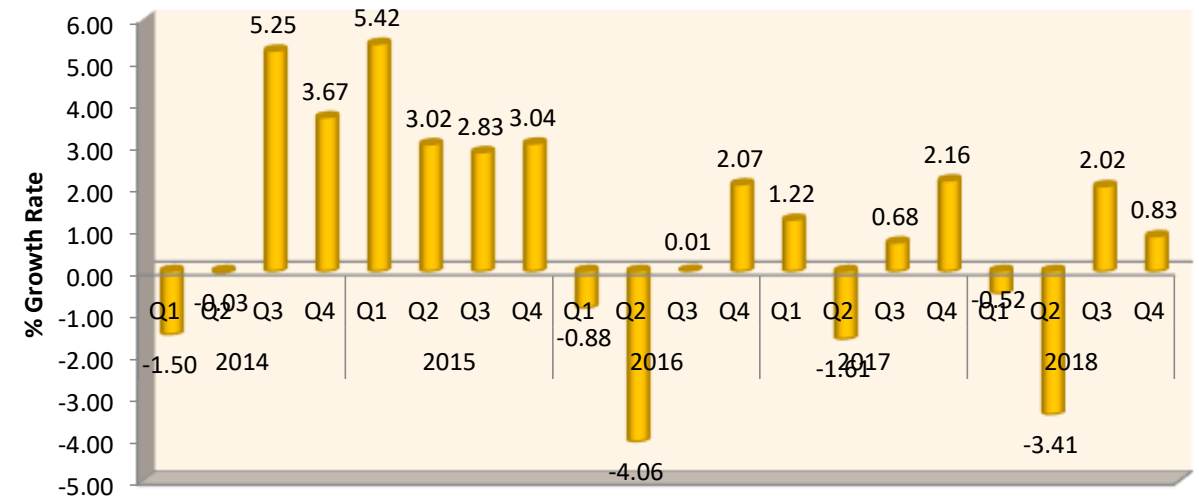


Professional, Scientific & Technical Services Real Growth: Q1 2014-Q4 2018

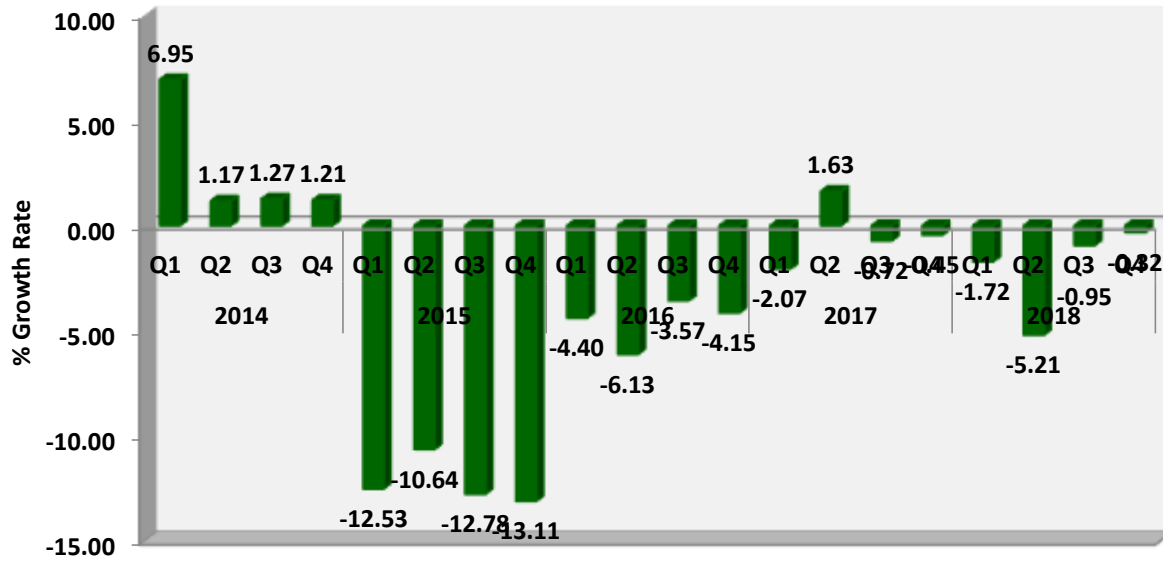


Administration & Support Services Real Growth: Q1 2014-Q4 2018

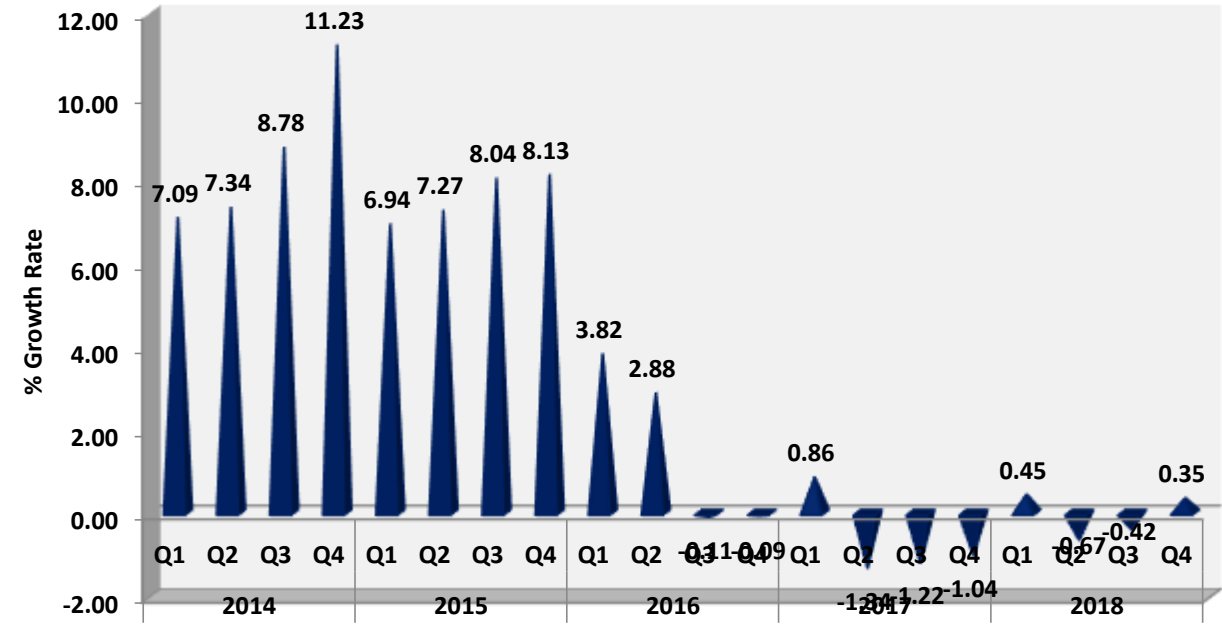
Source: NBS



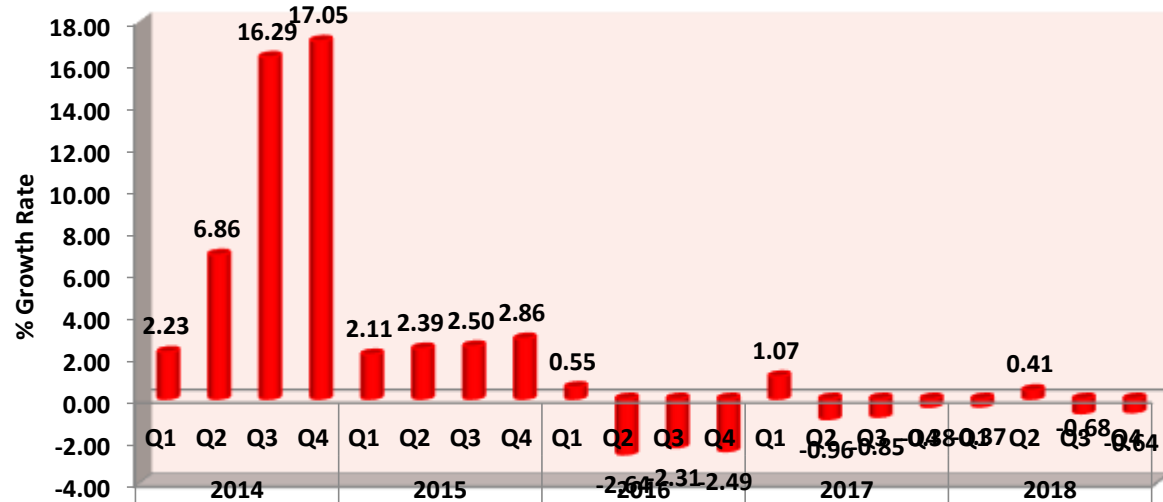
Public Administration Real Growth: Q1 2014-Q4 2018



Education Sector Real Growth: Q1 2014-Q4 2018

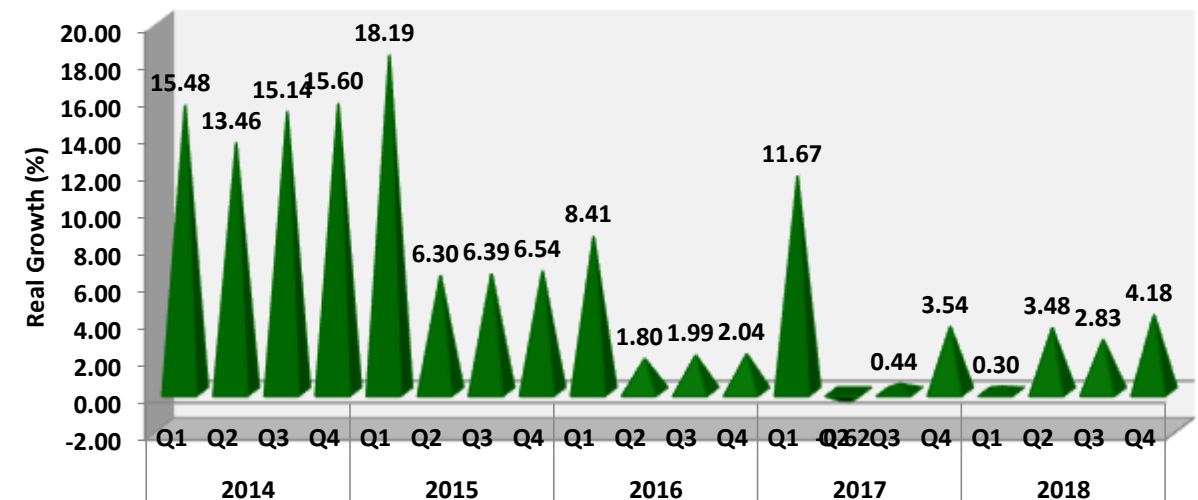


Human Health & Social Services Real Growth: Q1 2014-Q4 2018

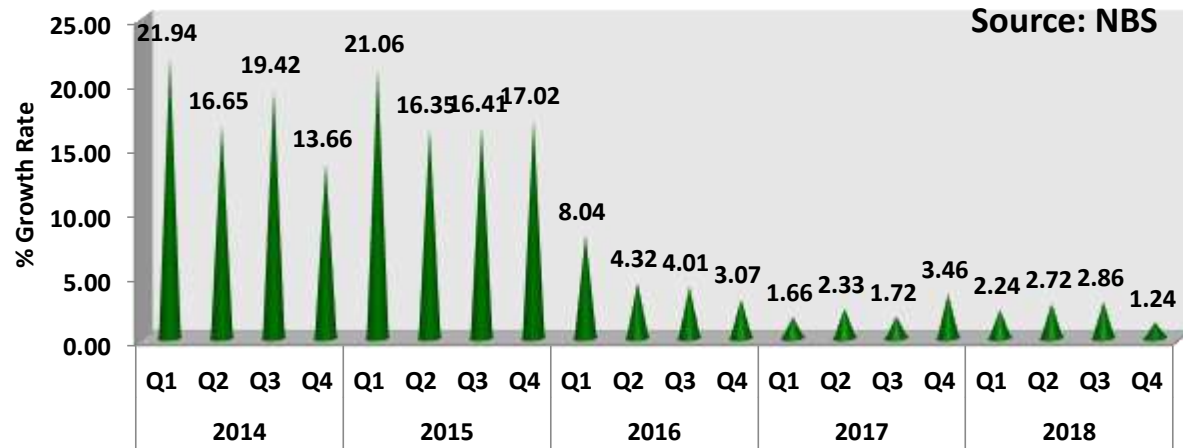


Arts, Entertainment & Recreation Real Growth: Q1 2014-Q4 2018

Source: NBS



Real Growth of Other Services: Q1 2014-Q4 2018



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GDP Summary

- Agriculture remained Nigeria's largest economic sector as at Q4 2018 at 23.1% followed by Trade (17.2%), Information and Communication, principally Telecommunications (10.23%), Manufacturing (10.11%), Real Estate (7.1%), Oil and Gas (6.6%) and Construction (5%)
- In terms of quarterly growth, the highest growing sectors were solid minerals (17.7%), information and communication (13.2%), transport (9.5%), art, entertainment and recreation (4.2%) and agriculture (2.5%).
- Overall GDP and sectoral growth remained by-and-large sub-optimal with larger sectors in particular, including manufacturing, underperforming.

Macroeconomic Review

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IMF Article IV Consultation Report

- The International Monetary Fund (IMF) Article IV Consultation Report concluded March 29 and released April 3, 2019 confirms that “Nigeria’s economy is recovering” with real GDP growing 1.9% in 2018, up from 0.8% in 2017 accompanied by converging exchange rates and falling inflation.
- The report however calls attention to structural and policy challenges such as large infrastructure gaps, low revenue mobilisation, continued FX restrictions and banking sector vulnerabilities. The IMF notes that “under current policies, the outlook therefore remains muted” and concludes that growth may not exceed 2.5% except additional reforms are implemented.
- In the Fund’s view, risks are “moderately tilted downwards” with possible upsides from higher oil prices.

2019 IMF Article IV Consultation

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|--|-------|-------|-------------|-------|
| | | | Est. | Projections | |
| National income and prices | (Annual percentage change, unless otherwise specified) | | | | |
| Real GDP (at 2010 market prices) | -1.6 | 0.8 | 1.9 | 2.1 | 2.5 |
| Oil and Gas GDP | -14.4 | 4.7 | 1.1 | 4.4 | 6.1 |
| Non-oil GDP | -0.3 | 0.5 | 2.0 | 1.9 | 2.2 |
| Production of crude oil (million barrels per day) | 1.81 | 1.89 | 1.93 | 2.00 | 2.10 |
| Nominal GDP at market prices (trillions of naira) | 102.6 | 114.9 | 129.1 | 144.6 | 161.2 |
| Nominal GDP per capita (US\$) | 2,254 | 1,995 | 2,049 | ... | ... |
| GDP deflator | 9.5 | 11.1 | 10.2 | 9.6 | 8.8 |
| Consumer price index (annual average) | 15.7 | 16.5 | 12.1 | 11.7 | 11.7 |
| Consumer price index (end of period) | 18.5 | 15.4 | 11.4 | 12.1 | 11.7 |
| Investment and savings | (Percent of GDP) | | | | |
| Gross national savings | 16.0 | 18.2 | 15.8 | 13.8 | 13.9 |
| Public | -0.1 | -0.7 | 0.8 | -0.1 | -0.1 |
| Private | 16.1 | 18.9 | 15.0 | 13.9 | 14.0 |
| Investment | 15.4 | 14.7 | 13.2 | 13.7 | 13.6 |
| Public | 2.2 | 3.1 | 3.3 | 3.0 | 2.8 |
| Private | 13.2 | 11.6 | 9.9 | 10.7 | 10.8 |
| Current account balance | 0.7 | 2.8 | 2.1 | -0.4 | -0.2 |

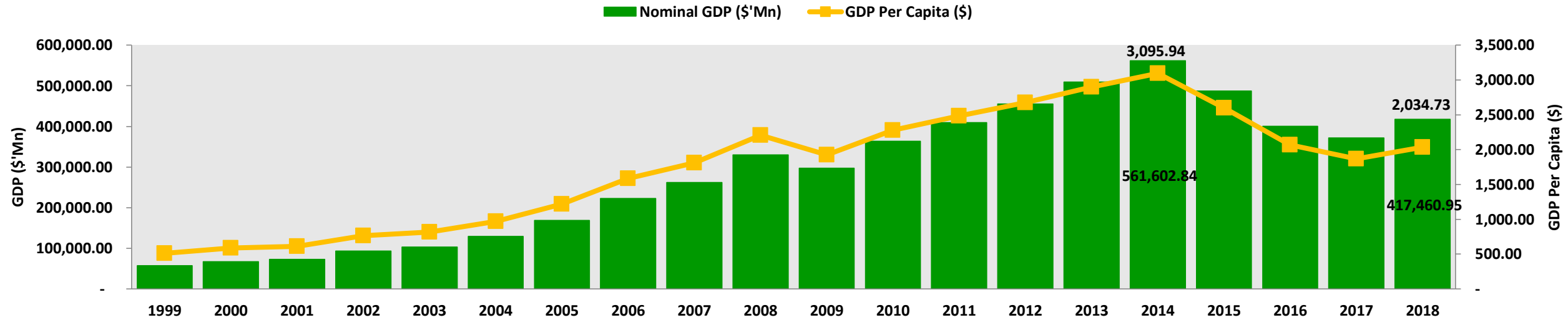
2019 IMF Article IV Consultation (contd.)

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|---|-------|------|-------------|------|
| | | | Est. | Projections | |
| Consolidated government operations | (Percent of GDP) | | | | |
| Total revenues and grants | 5.5 | 6.2 | 8.0 | 7.0 | 7.3 |
| <i>Of which:</i> oil and gas revenue | 2.1 | 2.6 | 4.6 | 3.2 | 3.4 |
| Total expenditure and net lending | 9.5 | 11.6 | 12.5 | 12.1 | 11.9 |
| Overall balance | -4.0 | -5.4 | -4.5 | -5.1 | -4.6 |
| Non-oil primary balance | -4.8 | -6.7 | -7.4 | -6.8 | -6.9 |
| Non-oil revenue | 3.4 | 3.6 | 3.4 | 3.6 | 3.7 |
| Public gross debt ¹ | 23.4 | 25.3 | 28.4 | 30.1 | 31.4 |
| <i>Of which :</i> FGN debt | 20.5 | 22.4 | 25.2 | 26.8 | 27.7 |
| FGN interest payments (percent of FGN revenue) | 61.9 | 58.4 | 60.0 | 63.0 | 50.7 |
| Money and credit | (Change in percent of broad money at the beginning of the period, unless otherwise specified) | | | | |
| Broad money (percent change; end of period) | 24.0 | 9.1 | 15.4 | 15.6 | 15.1 |
| Net foreign assets | 5.8 | 23.4 | 6.9 | -4.5 | -2.6 |
| Net domestic assets | 3.4 | -26.0 | 8.5 | 20.1 | 17.6 |
| o/w Claims on consolidated government | 10.7 | -2.4 | 4.4 | 15.5 | 14.6 |
| Credit to the private sector (y-o-y,%) | 22.3 | -3.3 | -6.7 | 3.9 | 2.3 |
| Velocity of broad money (ratio; end of period) | 3.7 | 3.8 | 3.4 | 3.4 | 3.4 |

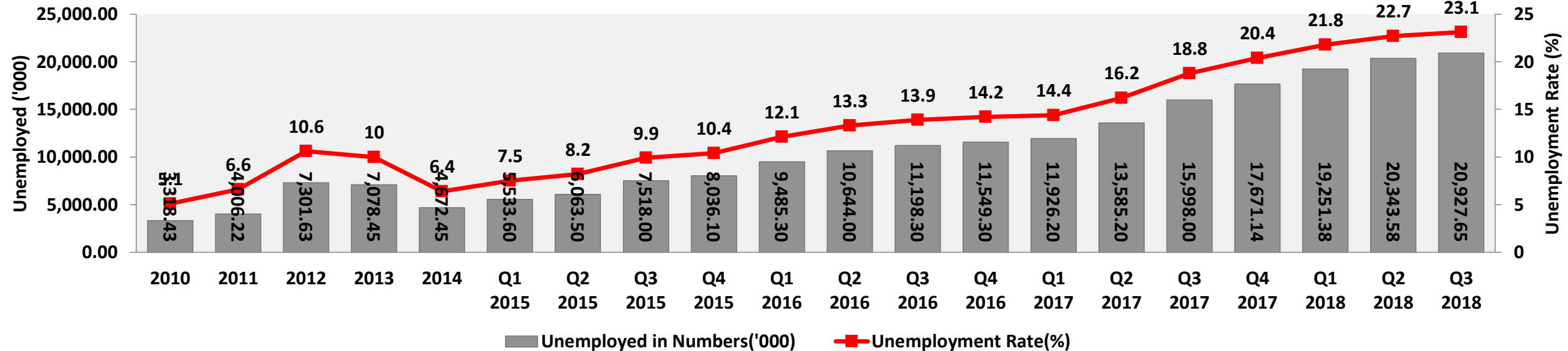
2019 IMF Article IV Consultation (contd.)

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|--|------|------|-------------|------|
| | | | Est. | Projections | |
| External sector | (Annual percentage change, unless otherwise specified) | | | | |
| Exports of goods and services | -21.6 | 32.3 | 28.9 | -8.5 | 5.7 |
| Imports of goods and services | -34.7 | 8.4 | 29.9 | 8.5 | 2.6 |
| Terms of trade | -6.1 | 10.3 | 12.5 | -7.2 | -0.5 |
| Price of Nigerian oil (US dollar per barrel) | 44.6 | 54.4 | 71.1 | 61.8 | 61.5 |
| External debt outstanding (US\$ billions) ² | 45.7 | 50.6 | 63.4 | 69.8 | 76.6 |
| Gross international reserves (US\$ billions) | 27.6 | 39.8 | 42.6 | 38.5 | 35.6 |
| (equivalent months of imports of G&Ss) | 6.5 | 7.2 | 7.1 | 6.3 | 5.7 |

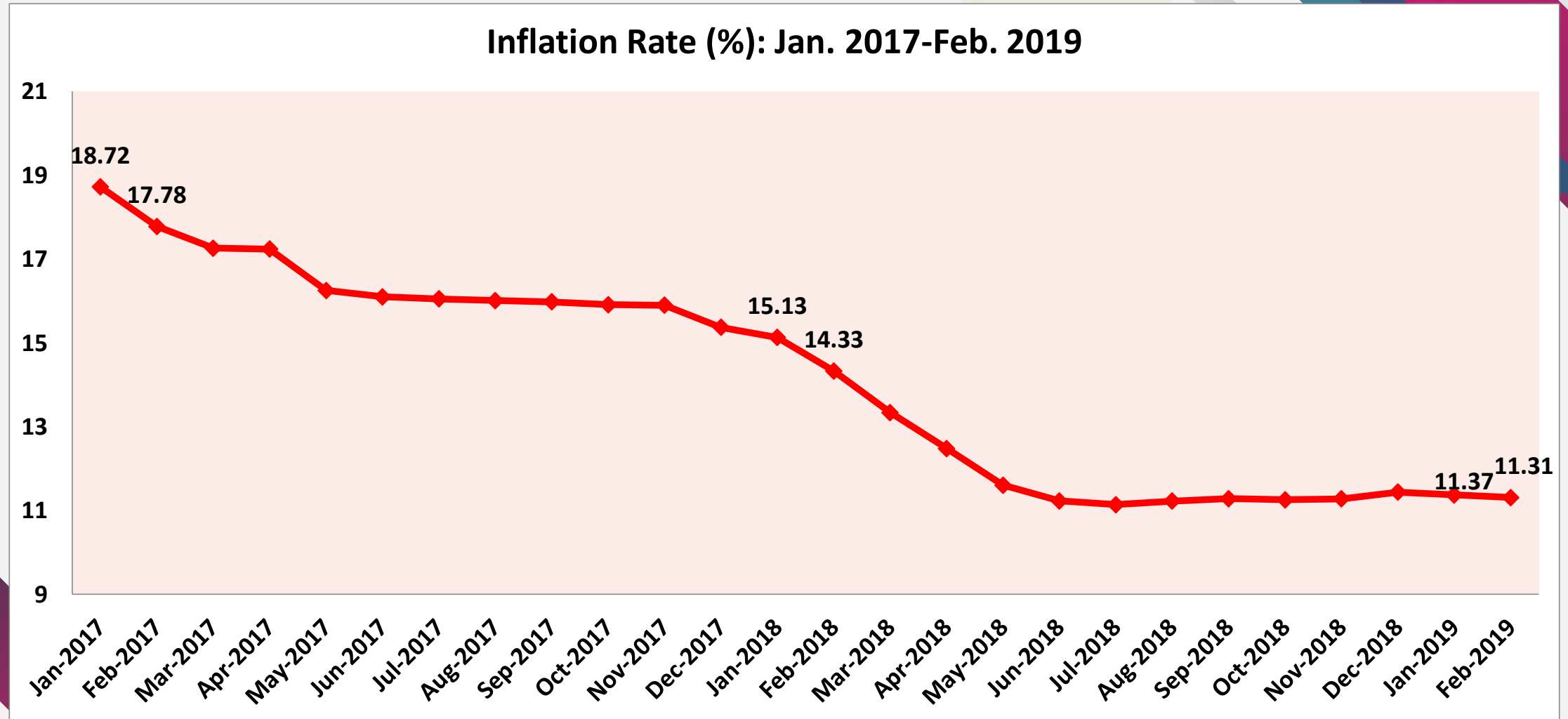
Nominal GDP & Nominal GDP Per Capita: 1999-2018



Nigeria's Unemployment Situation: 2010-Q3 2018

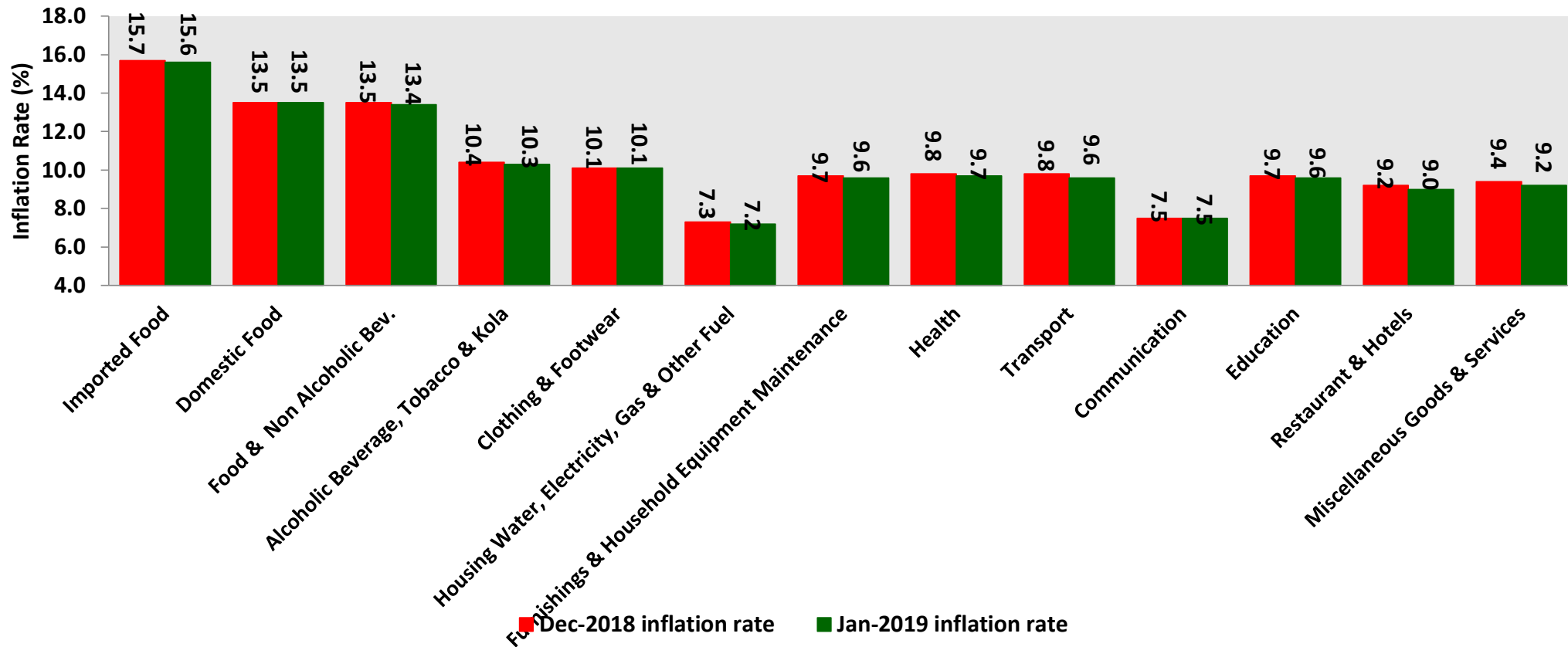


Inflation Rate

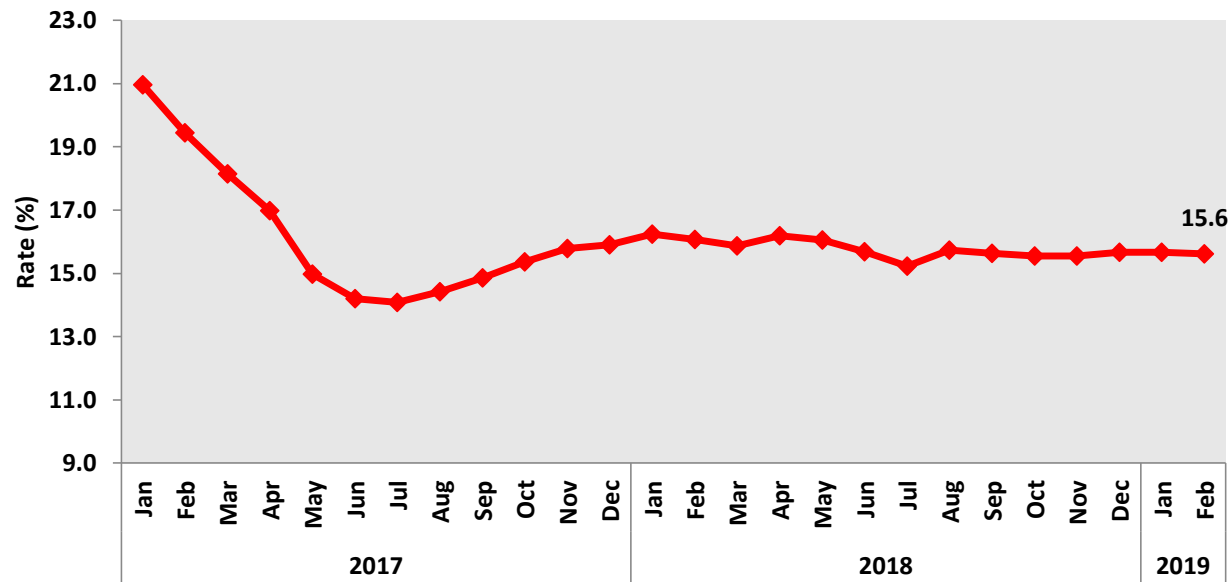


Inflation Rate (contd.)

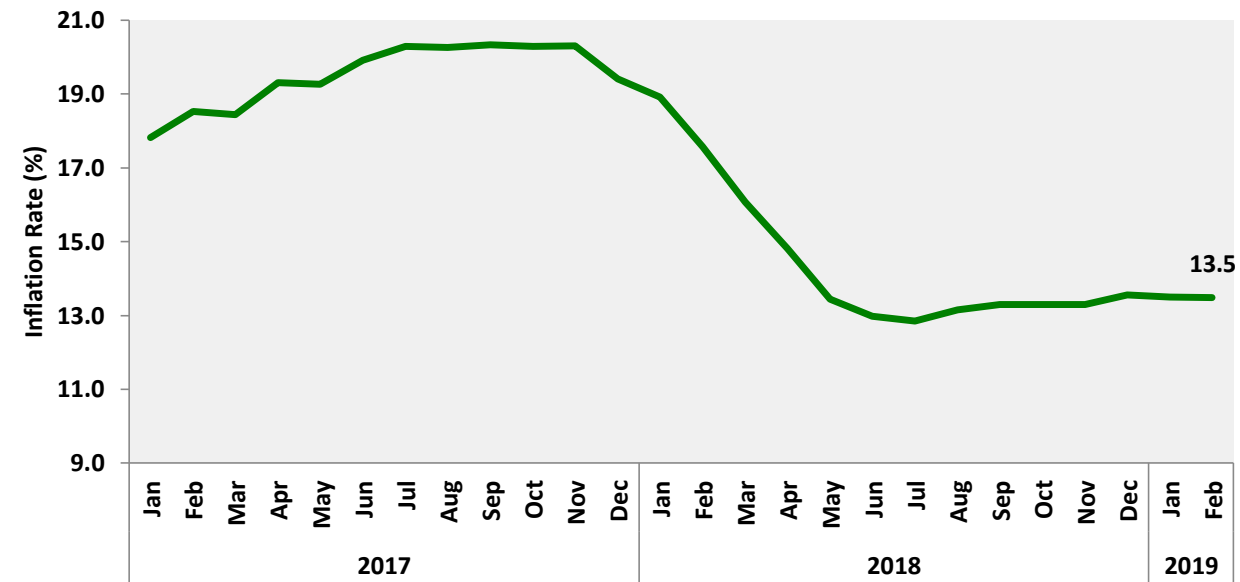
Inflation by Components: Jan. 2019 vs Feb. 2019



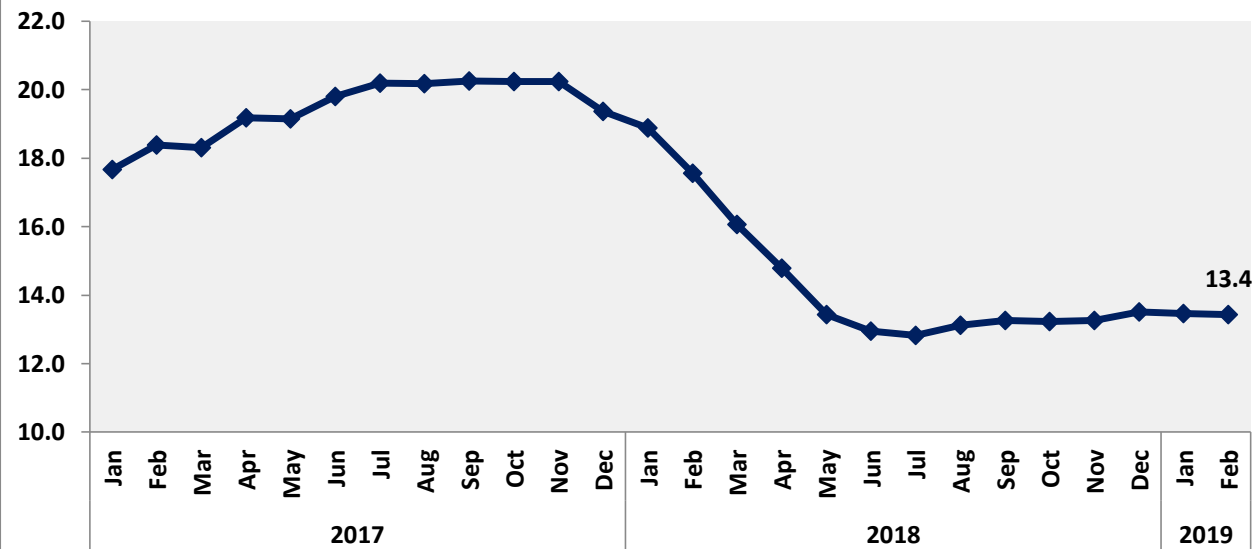
Inflation-Imported Food (YoY)



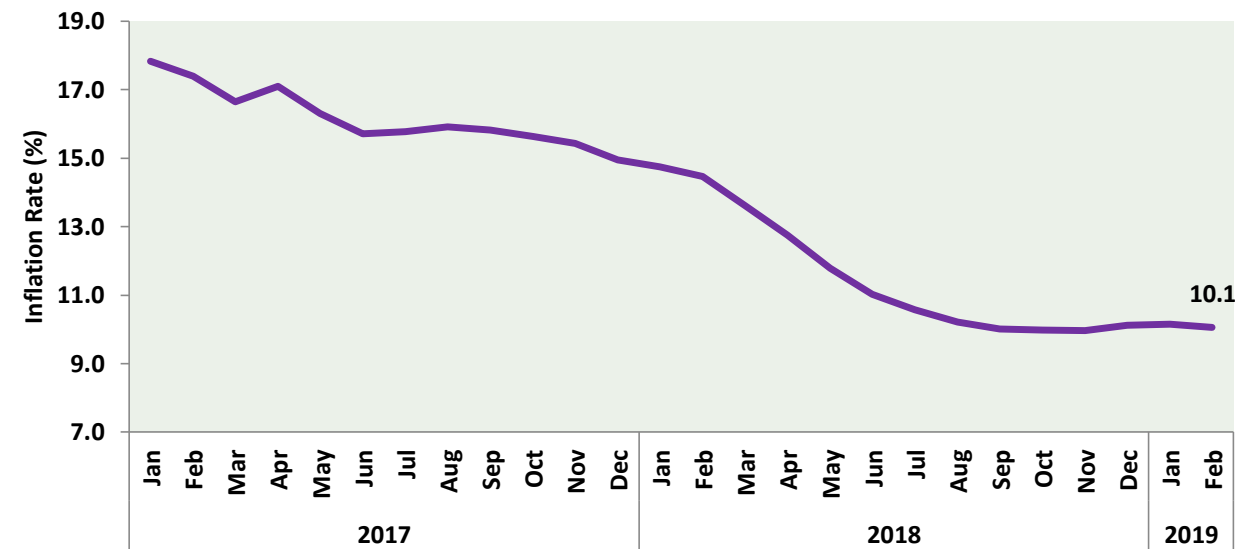
Inflation-Domestic Food (YoY)



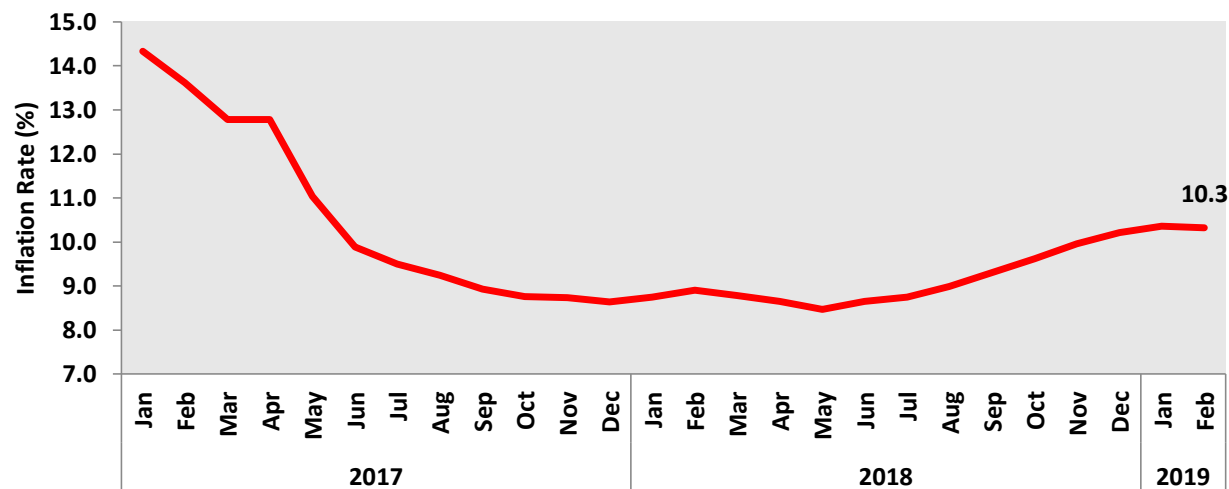
Inflation-Food & Non-Alcoholic Beverage (YoY)



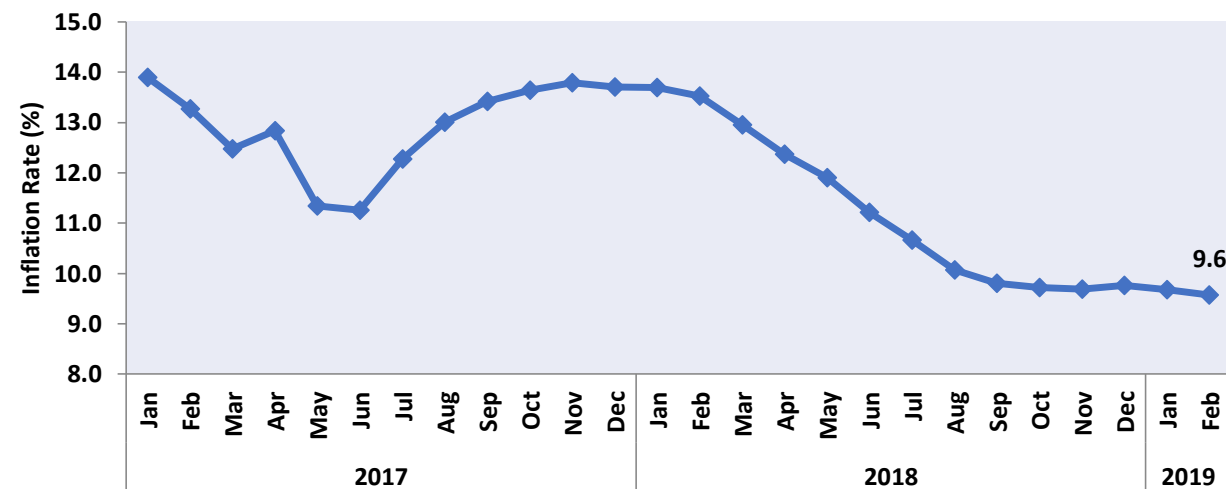
Inflation-Clothing & Footwear (YoY)



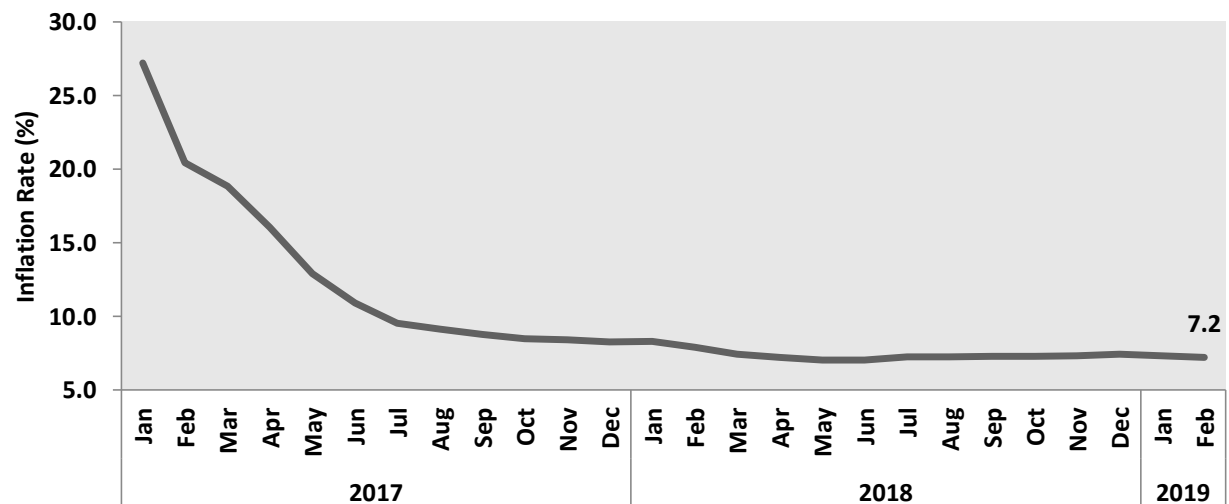
Inflation- Alcoholic Beverage, Tobacco & Kola (YoY)



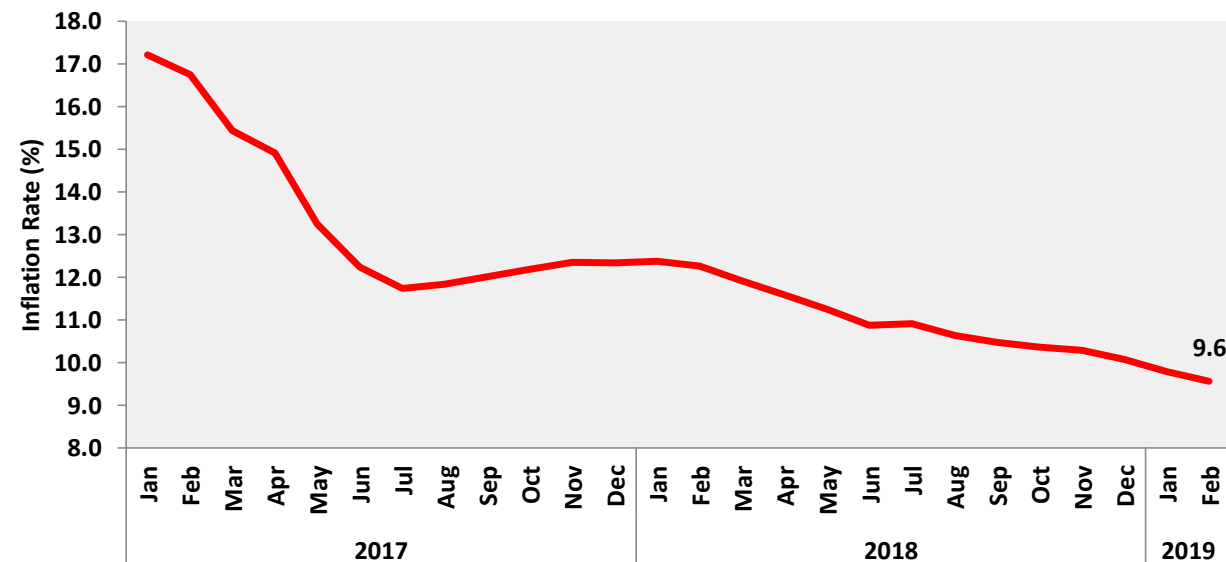
Inflation- Furnishings & Household Equipment Maintenance (YoY)



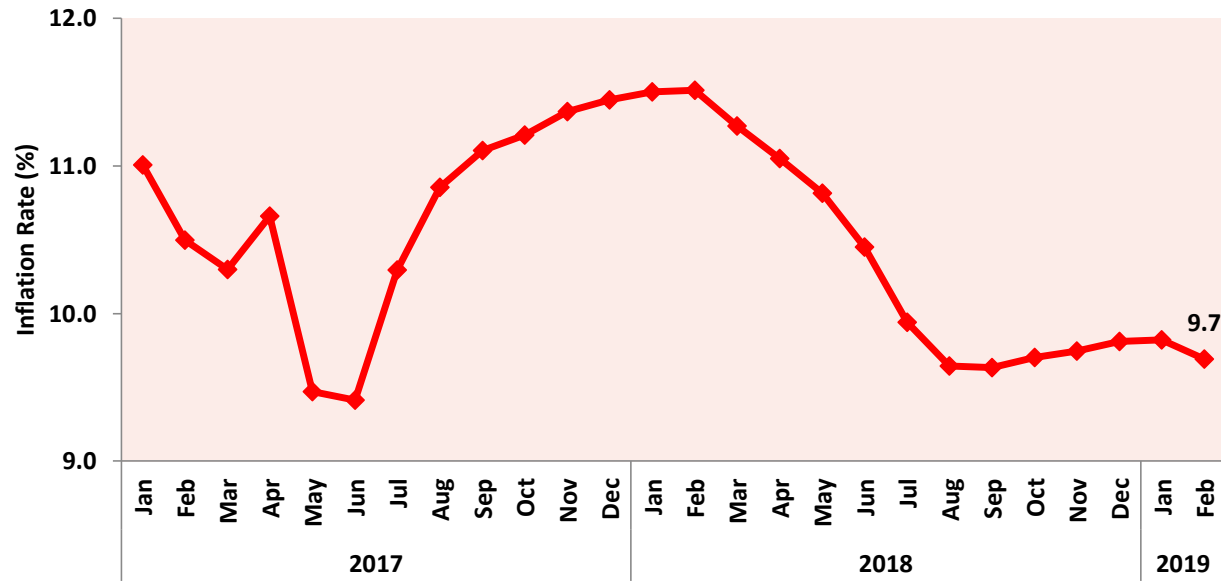
Inflation- Housing Water, Electricity, Gas & Other Fuel (YoY)



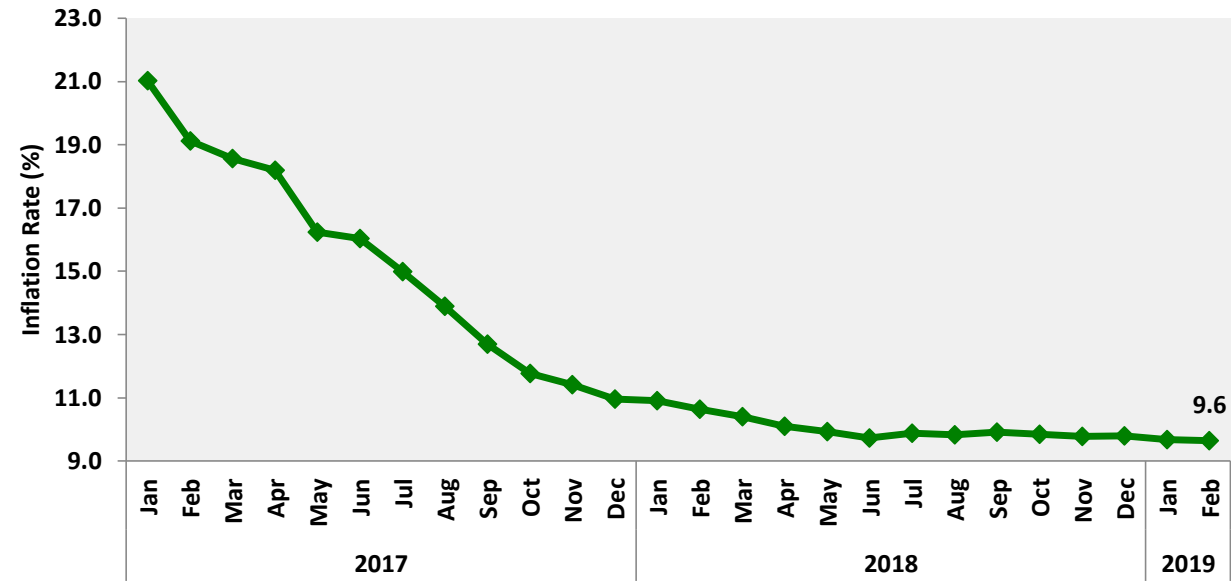
Inflation- Transport (YoY)



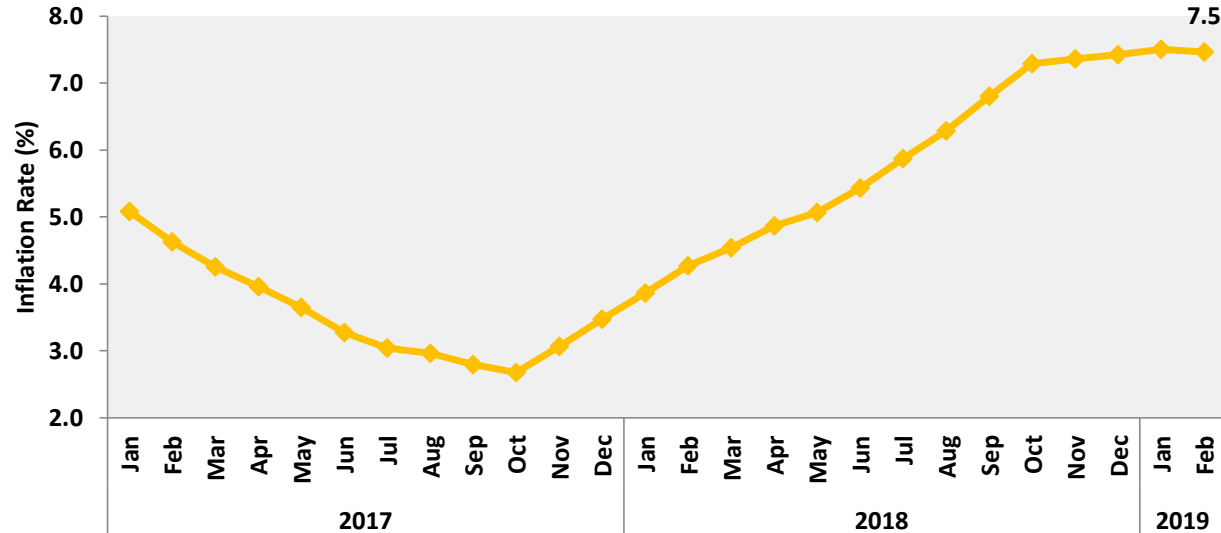
Inflation- Health (YoY)



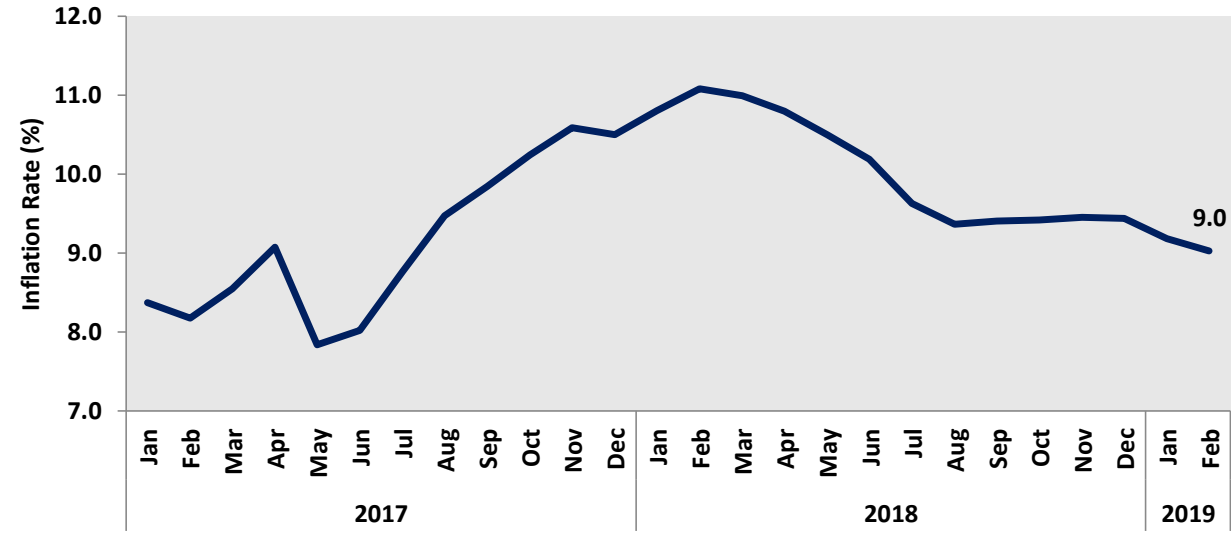
Inflation- Education (YoY)



Inflation- Communication (YoY)

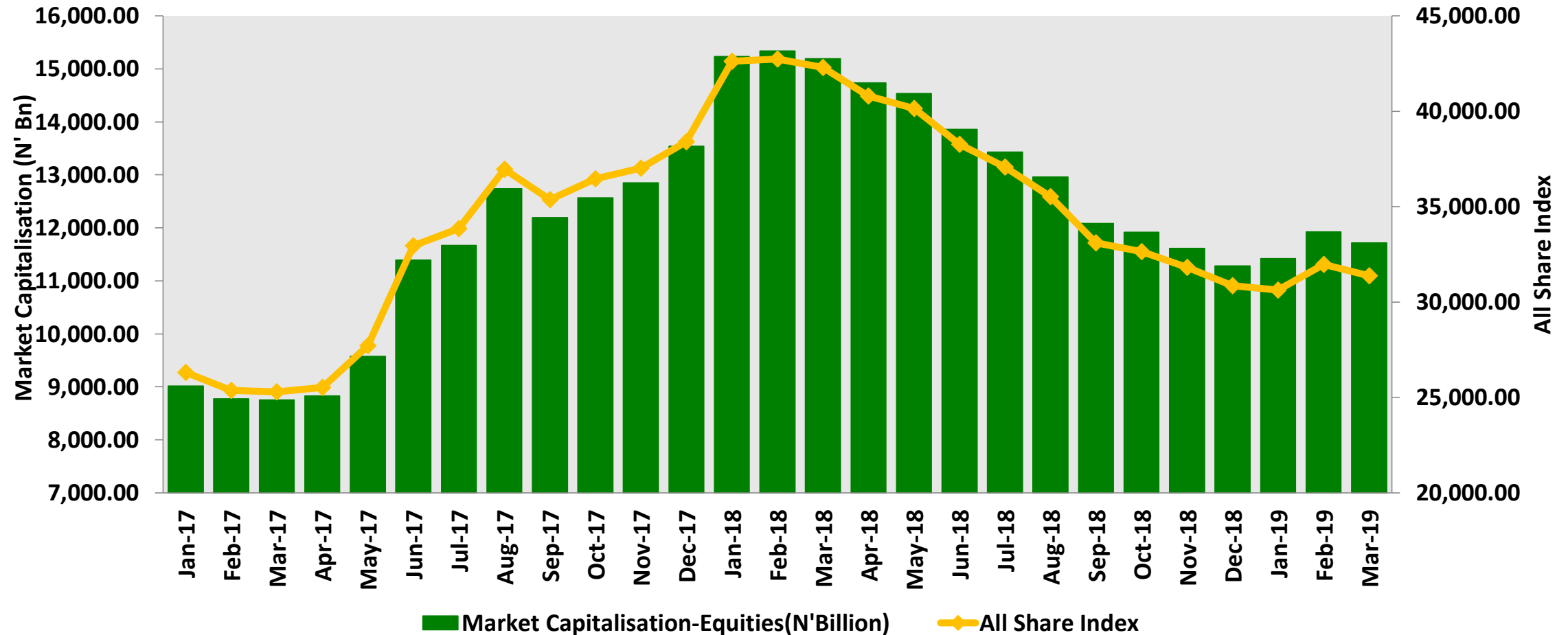


Inflation- Restaurant & Hotels (YoY)

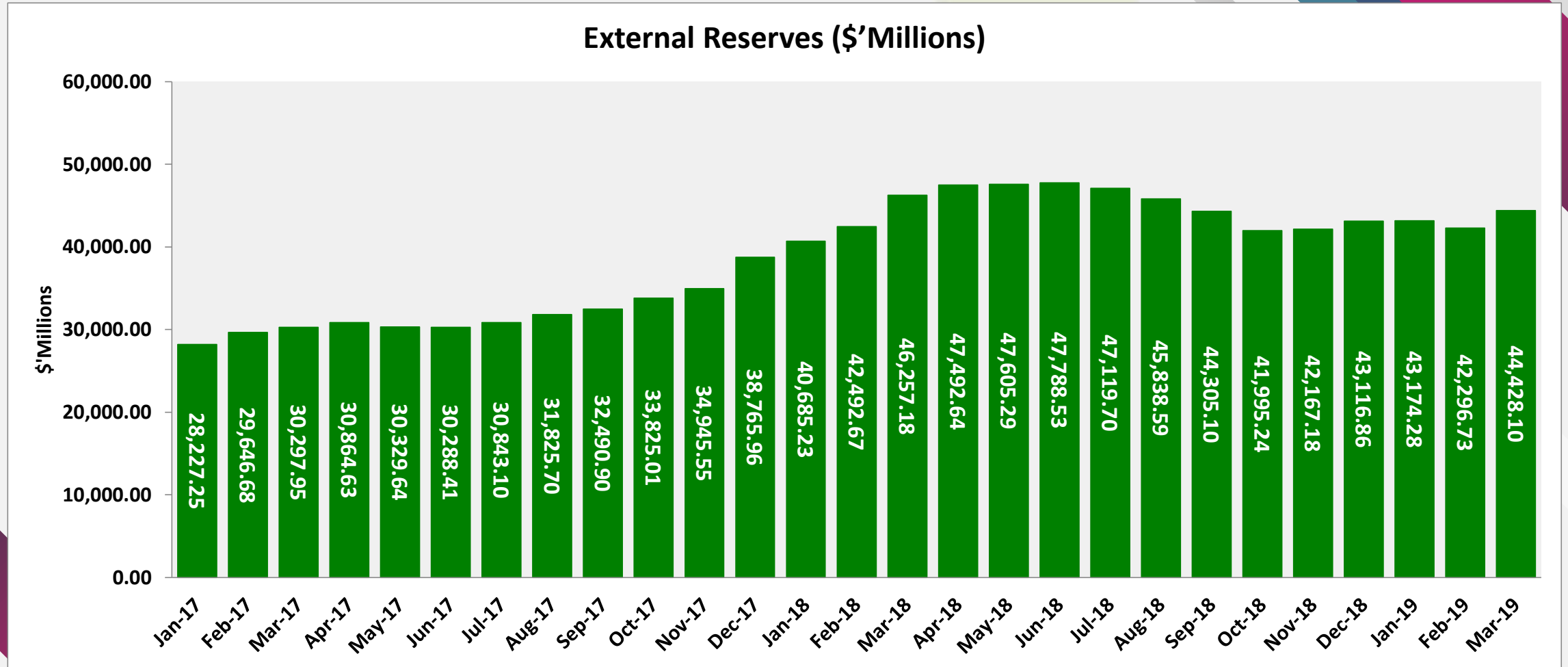


Nigeria's Capital Market Update

Capital Market Developments

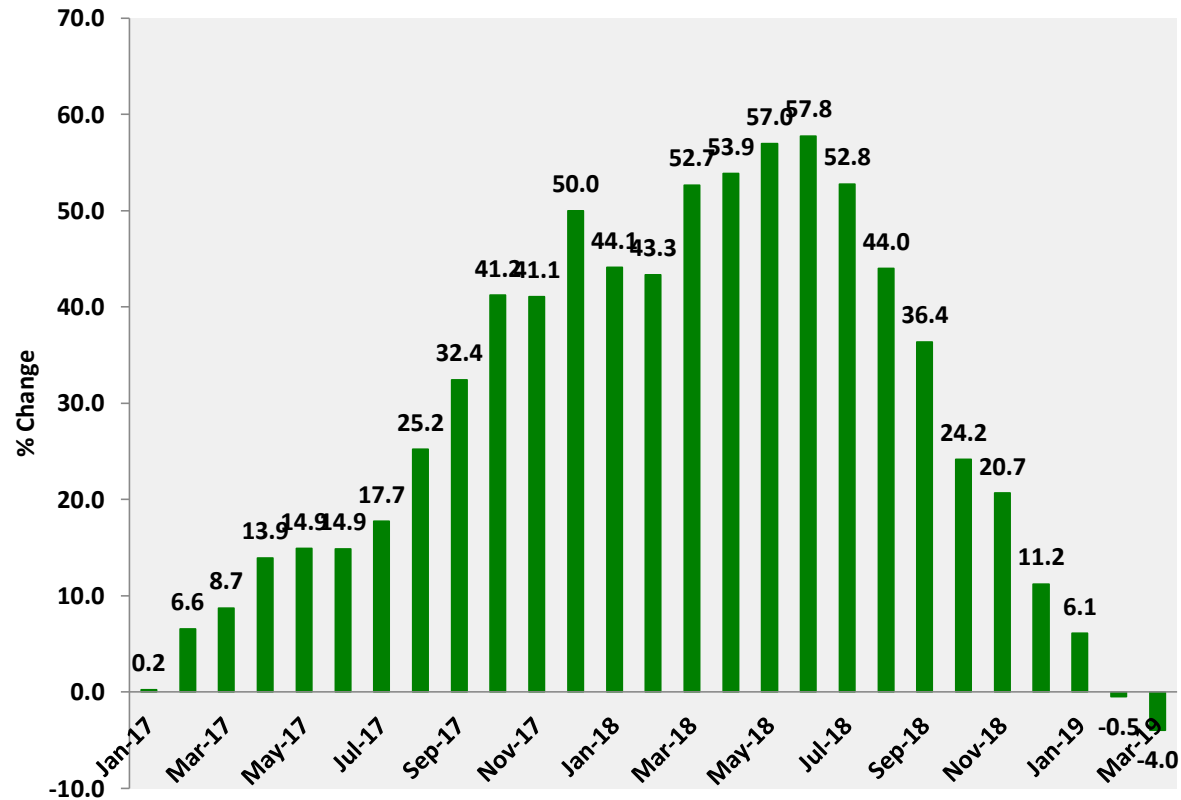


Nigeria's External Reserves: Jan'17-Mar'19

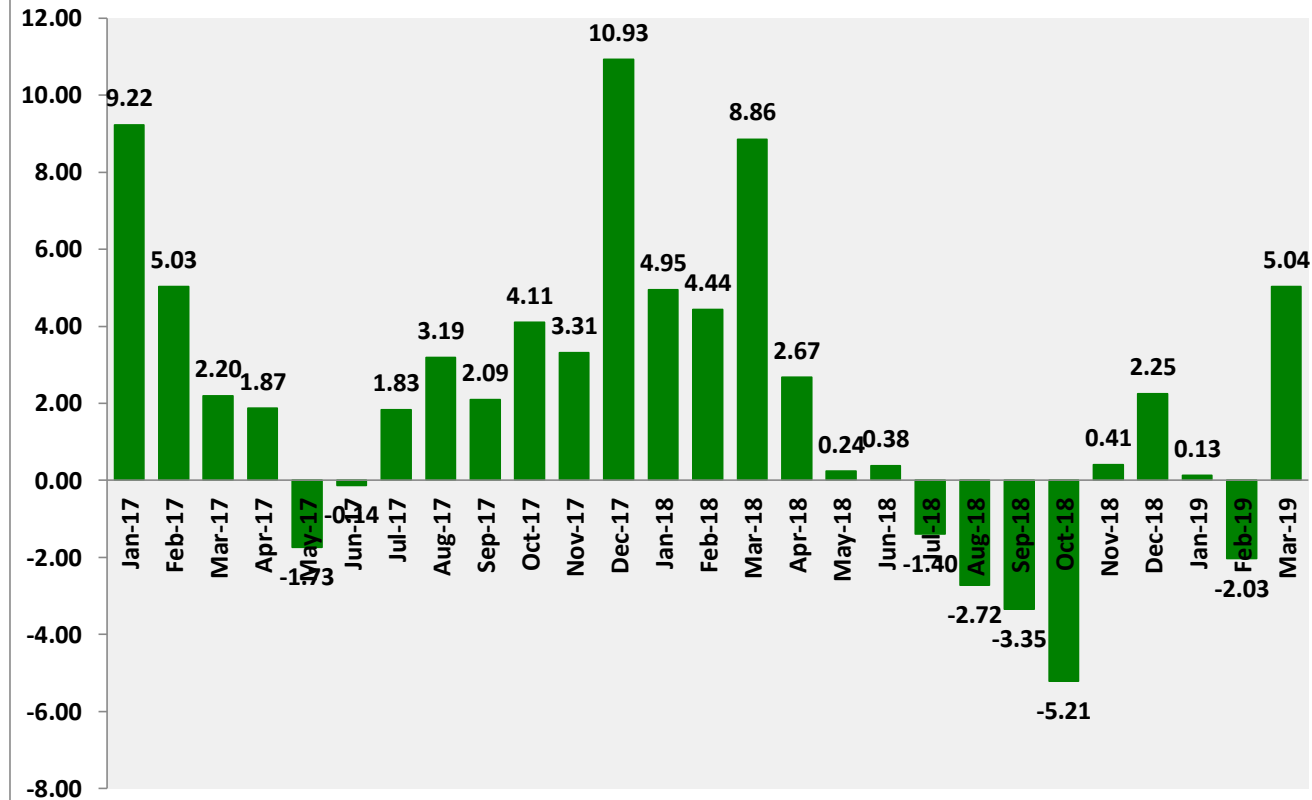


Nigeria's External Reserves (contd.)

Change in Foreign Reserves (%)- YoY

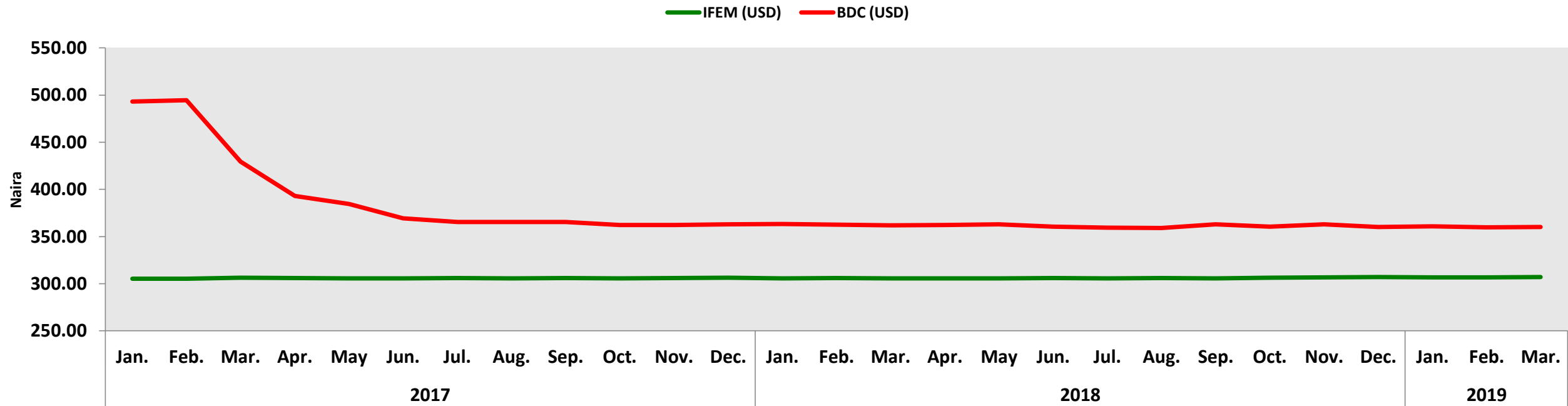


Change in Foreign Reserves (%)-MoM



Exchange Rate Movement: Jan'17-Mar'19

Monthly Average Exchange Rate of the Naira



| | Jan. 2018 | Feb. 2018 | Mar. 2018 | Apr. 2018 | May 2018 | Jun. 2018 | Jul. 2018 | Aug. 2018 | Sep. 2018 | Oct. 2018 | Nov 2018 | Dec. 2018 | Jan 2019 | Feb. 2019 | Mar. 2019 |
|------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|-------------|--------------|--------------|
| IFEM (USD) | 305.78 | 305.90 | 305.74 | 305.61 | 305.83 | 305.87 | 305.81 | 306.06 | 305.83 | 306.50 | 306.71 | 306.92 | 306.85 | 306.77 | 306.92 |
| BDC (USD) | 363.20 | 362.48 | 362.07 | 362.38 | 362.86 | 360.66 | 359.36 | 359.00 | 362.86 | 360.74 | 362.82 | 360.14 | 360.94 | 359.76 | 360.00 |

Overall Macroeconomic Conditions

- Nigeria's social context remained dire with unemployment as at Q3 2018 at 23.1% (20.9 million unemployed persons) and per capita income at \$2,034, down from 2014 high of over \$3,000.
- However macroeconomic conditions have improved significantly with inflation down to 11.31% by February 2019; external reserves growing again, reaching \$44.4bn in March 2019; and official and NAFEX exchange rates remaining stable.
- Capital markets however remain depressed even though they rose briefly in February.

Fiscal and Debt Situation

RTC Business and Economic Review Q1 2019



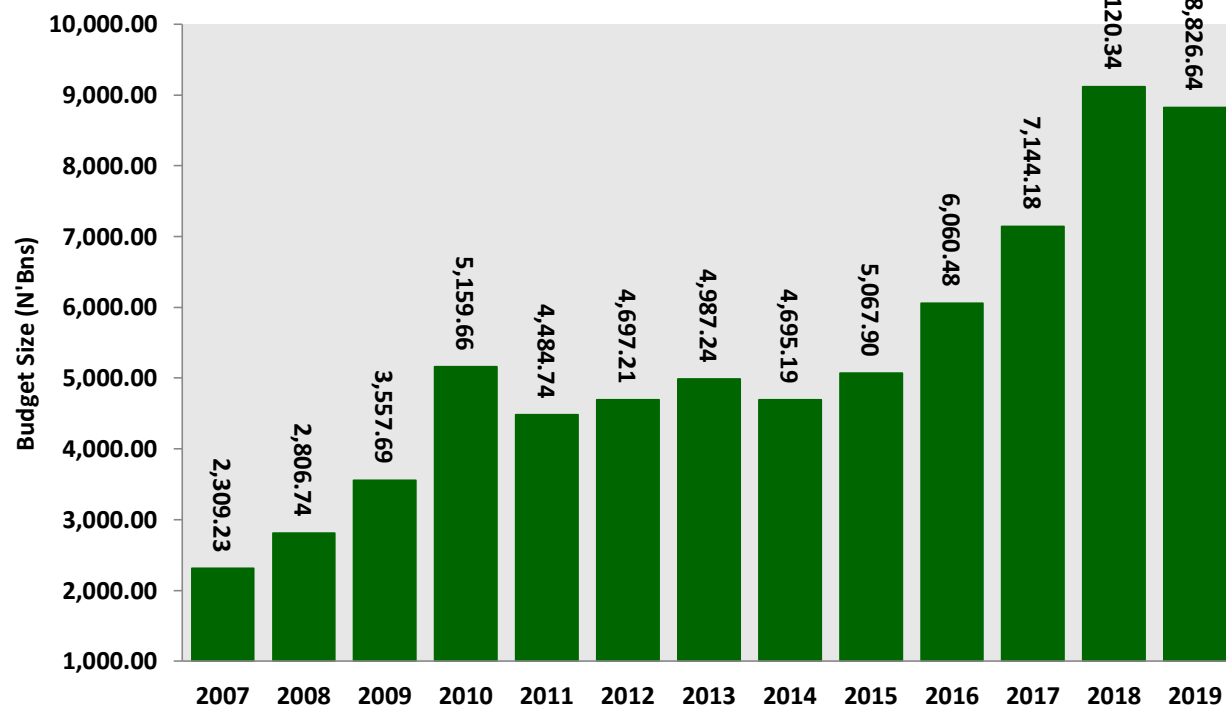
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Fiscal and Debt Overview

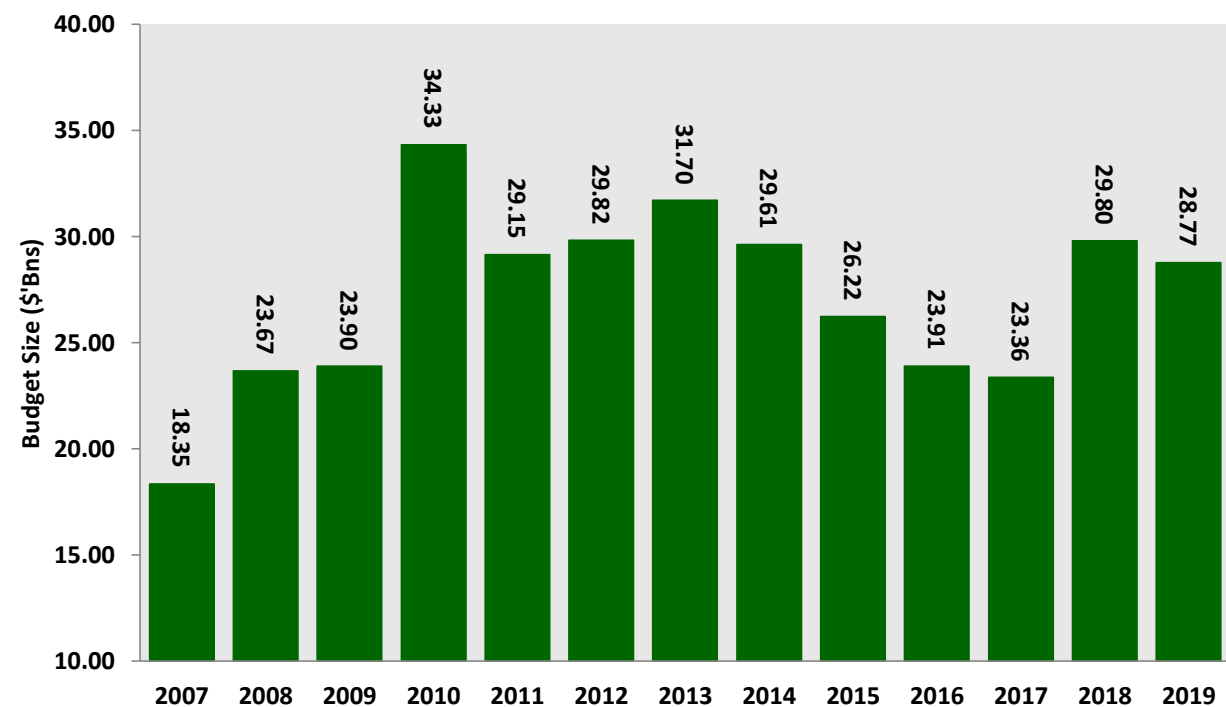
- Nigeria's average annual budget increased from around N5trillion in 2010-2015 to N6trillion in 2016; N7.1trillion in 2017; N9.1trillion in 2018; and N8.82trillion initially proposed in the 2019 budget.
- In \$ terms, the numbers present a different picture-Nigeria's largest budget over the last decade was in 2010 (\$34.32bn) followed in 2013 (\$31.7bn), over \$29bn in each of 2012, 2014 and 2011, as well as recently in 2018 (\$29.8bn). Debt-led budgetary expansion in the last three years has however restored some real growth to Nigeria's budgets, at the expense of higher debt levels and debt service obligations.
- A significant fiscal challenge is the high debt service obligations accounting for 25.6% of total 2019 budget proposal and reportedly 66% of actual revenues as at Q3 2018.
- Total public debt as at 2018 now amounts to N24.8trillion!

2019 Budget

Total Budget Size (N'Bns)

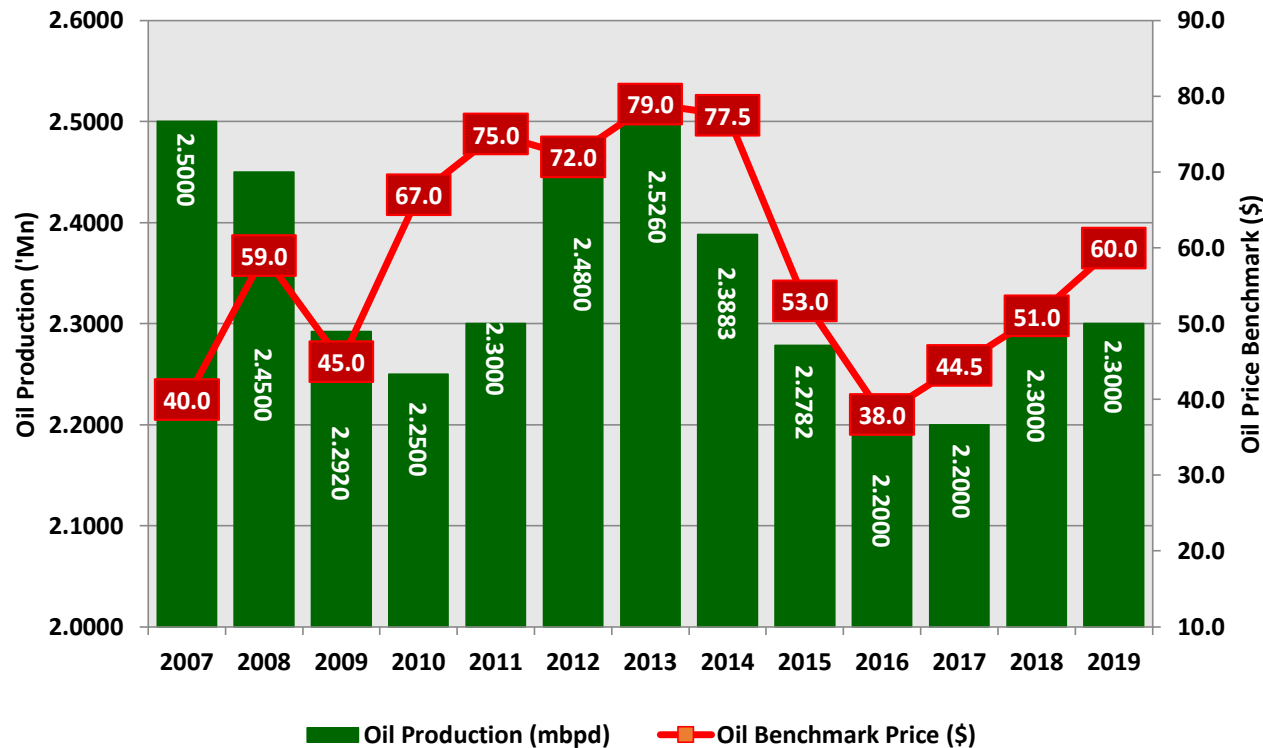


Nigeria's Budget Size (\$'Bns): 2007-2019

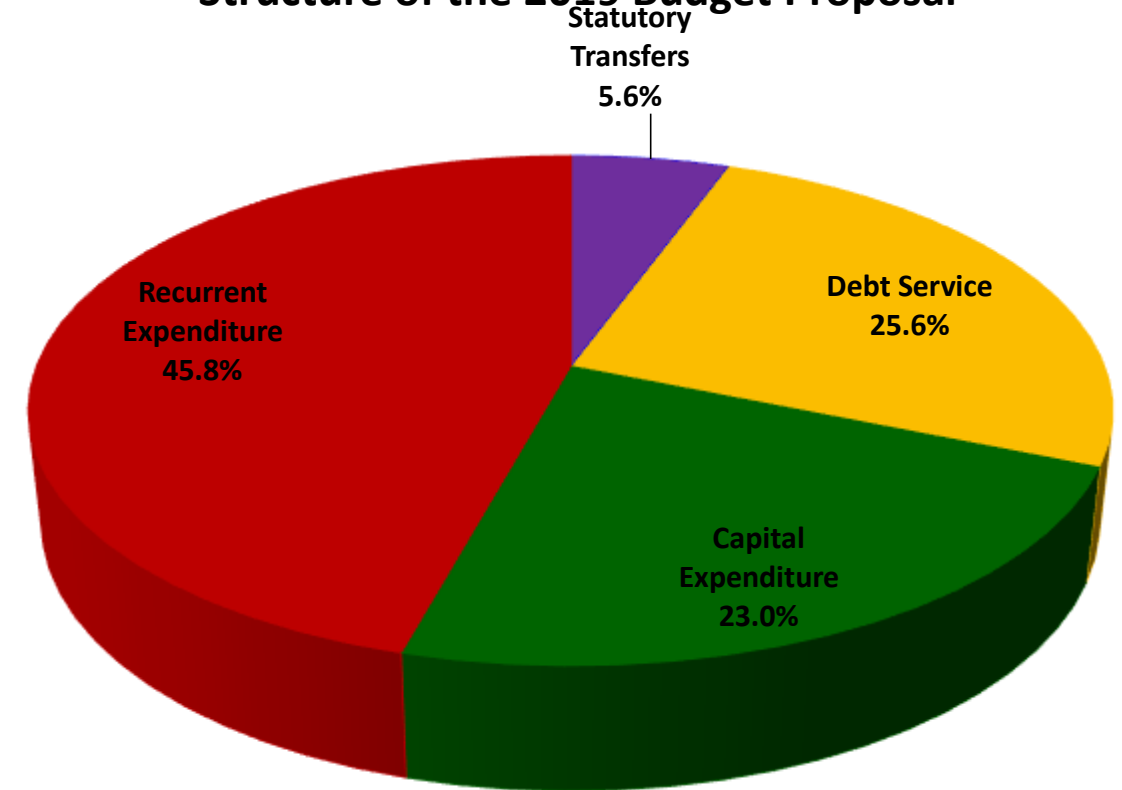


2019 Budget (contd.)

Budgeted Oil Production Vs Oil Price



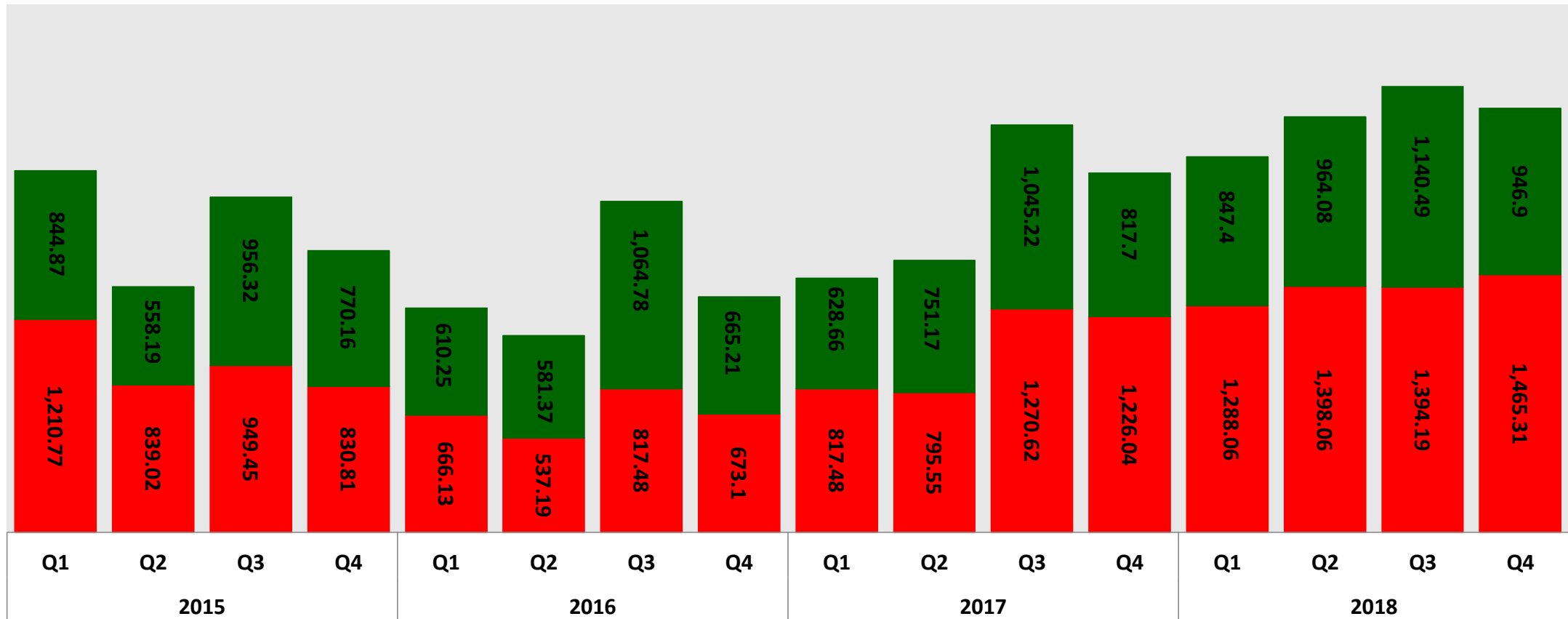
Structure of the 2019 Budget Proposal



Trend in Government Revenue

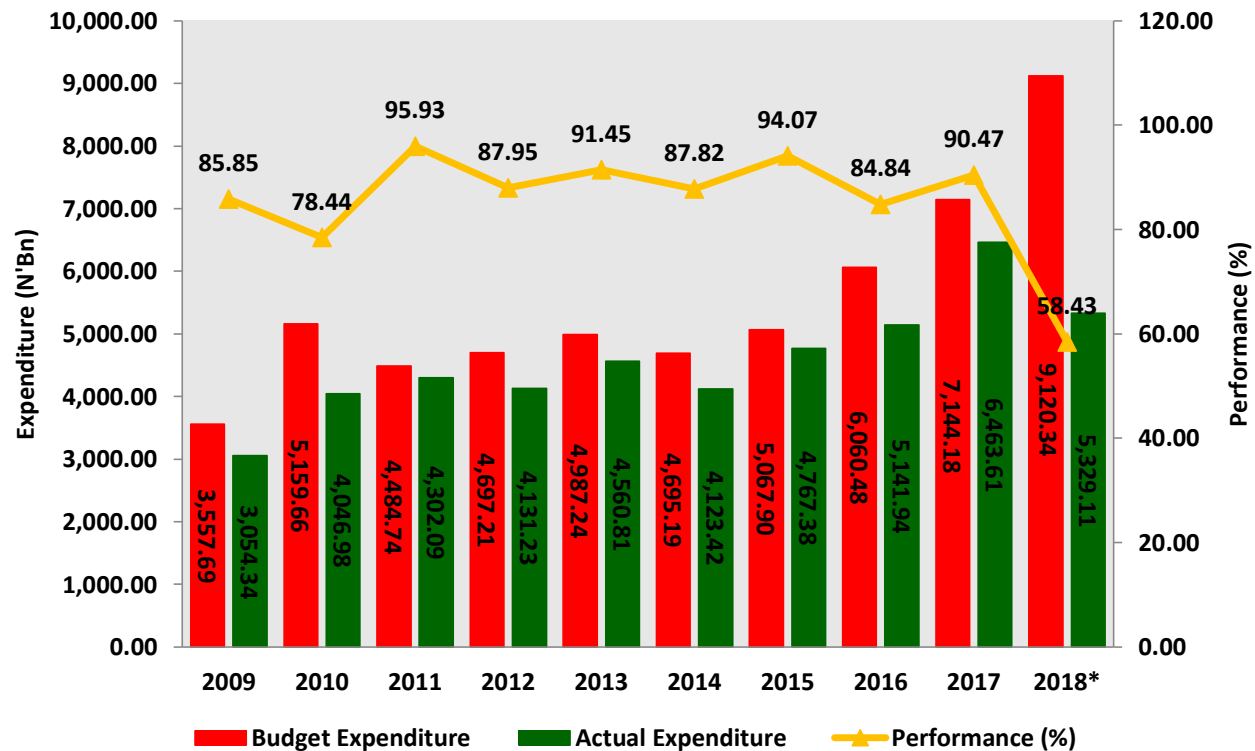
Components of Government Revenue: Q1 2015-Q4 2018

Oil Revenue Non-Oil Revenue

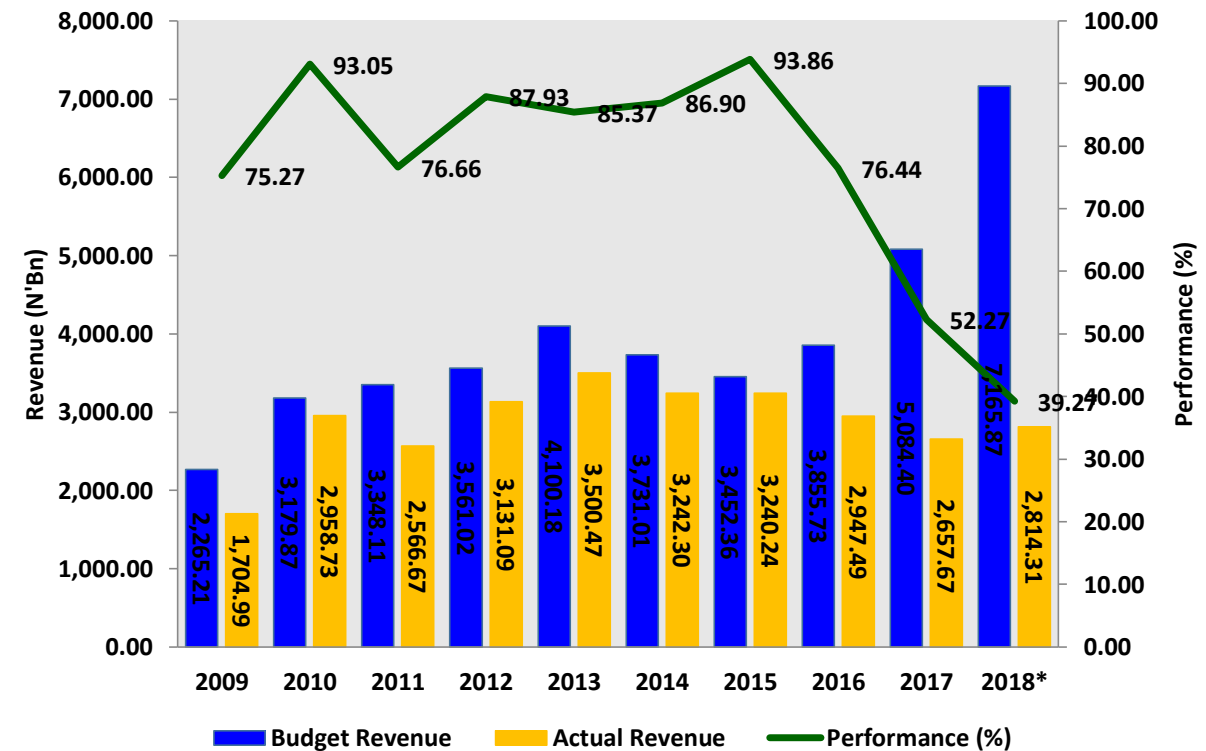


Budget Performance: 2009-2018*

Comparative Analysis of Budget and Actual Expenditure Performance



Comparative Analysis of Budget and Actual Revenue Performance: 2009-2018*

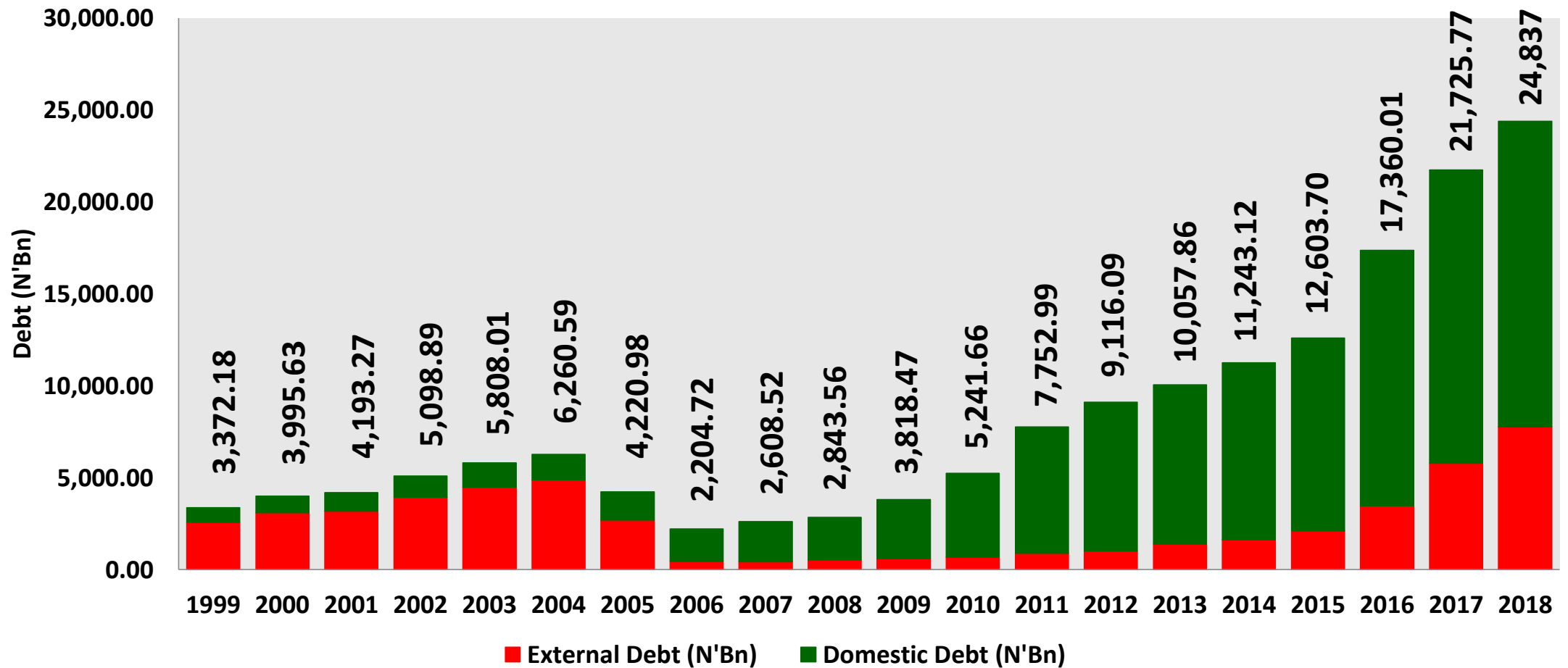


Note: 2018*/as at Q3 2018

Source: BOF

Nigeria's Public Debt

Profile of Nigeria's Total Public Debt: 1999-2018



Comparative State/Regional Analysis

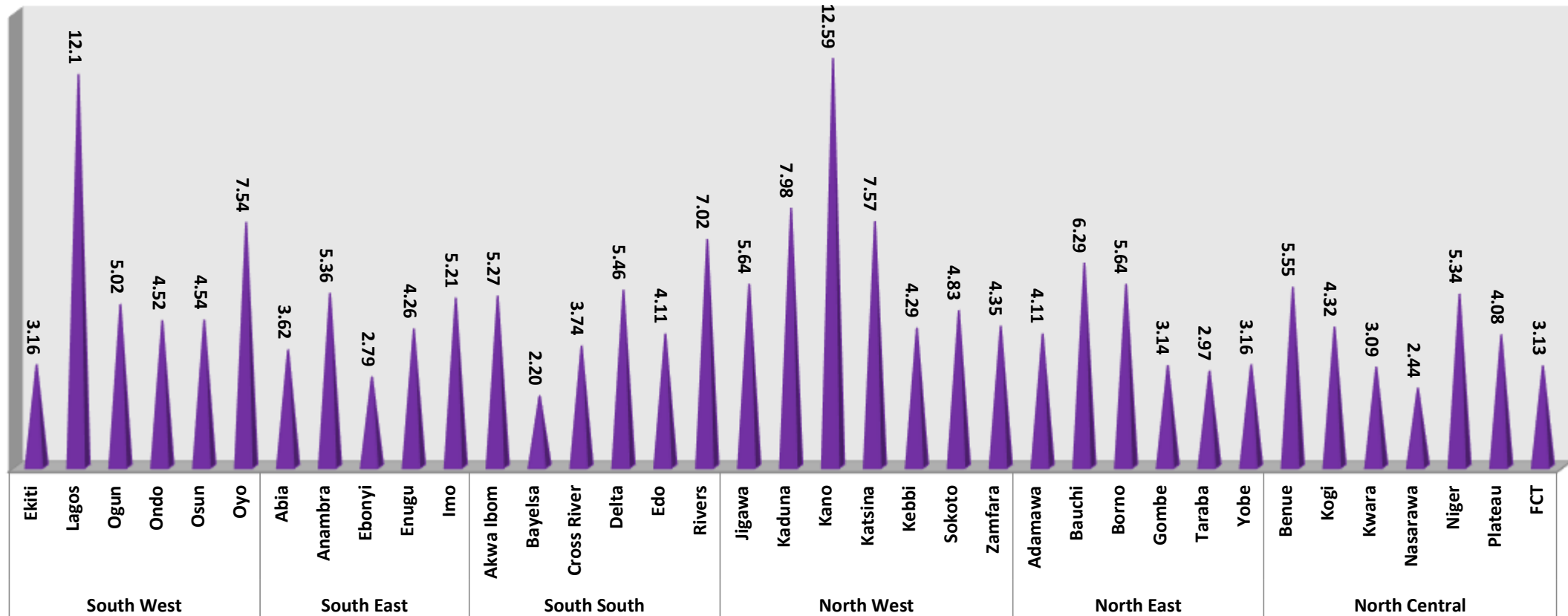
RTC Business and Economic Review Q1 2019



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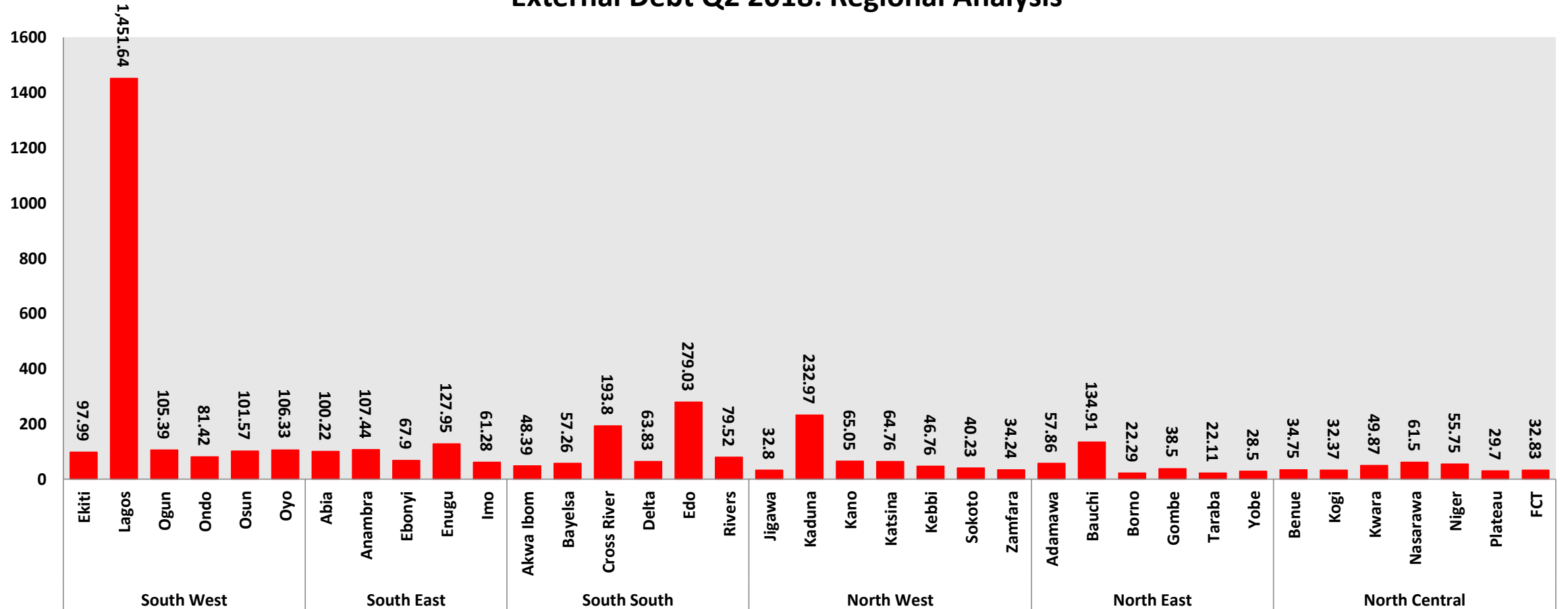
Population ('Millions)

Population Size: Regional Analysis



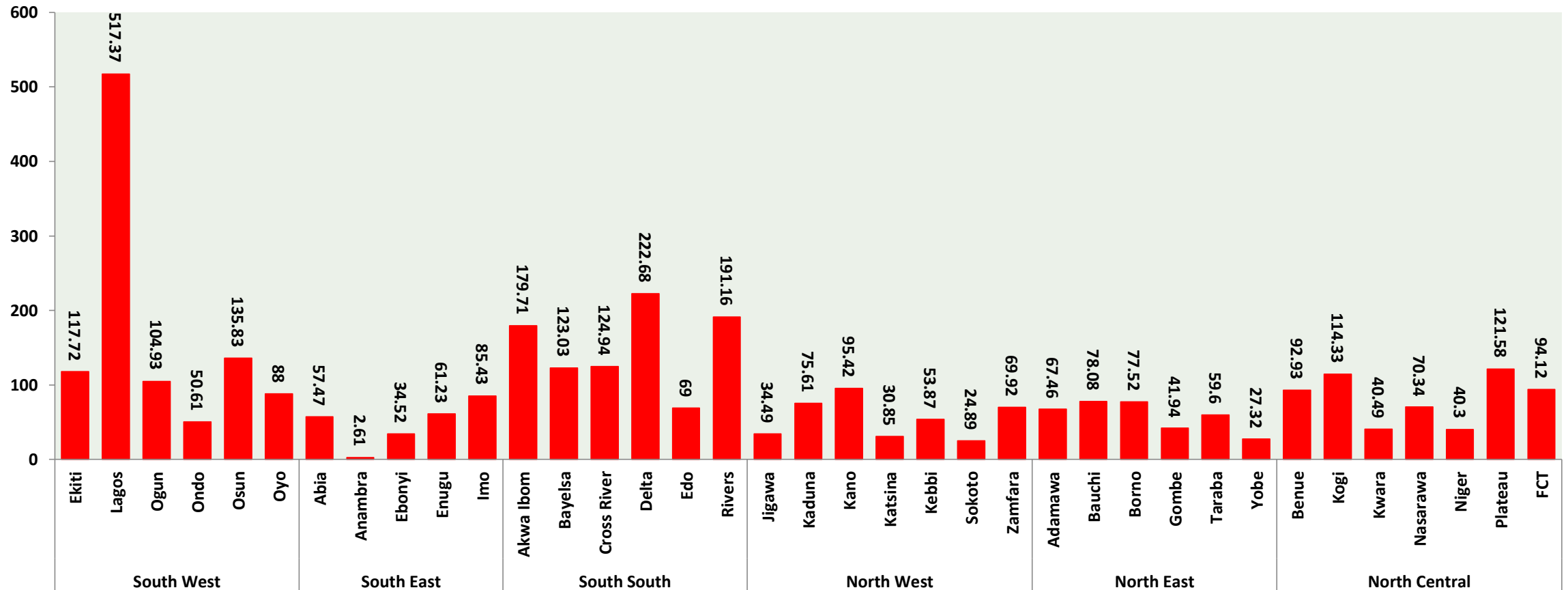
External Debt (\$'Mns)

External Debt Q2 2018: Regional Analysis

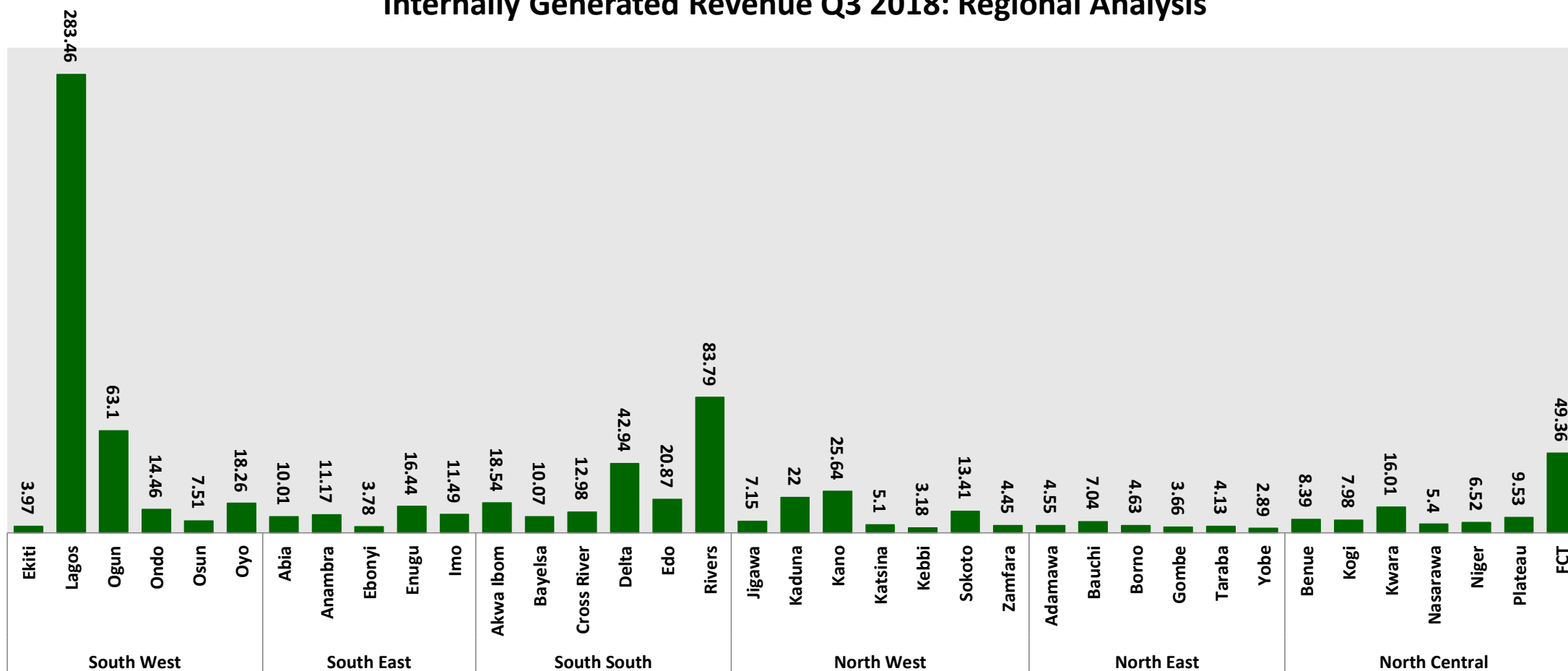


Domestic Debt (N'Bns)

Domestic Debt Q2 2018: Regional Analysis

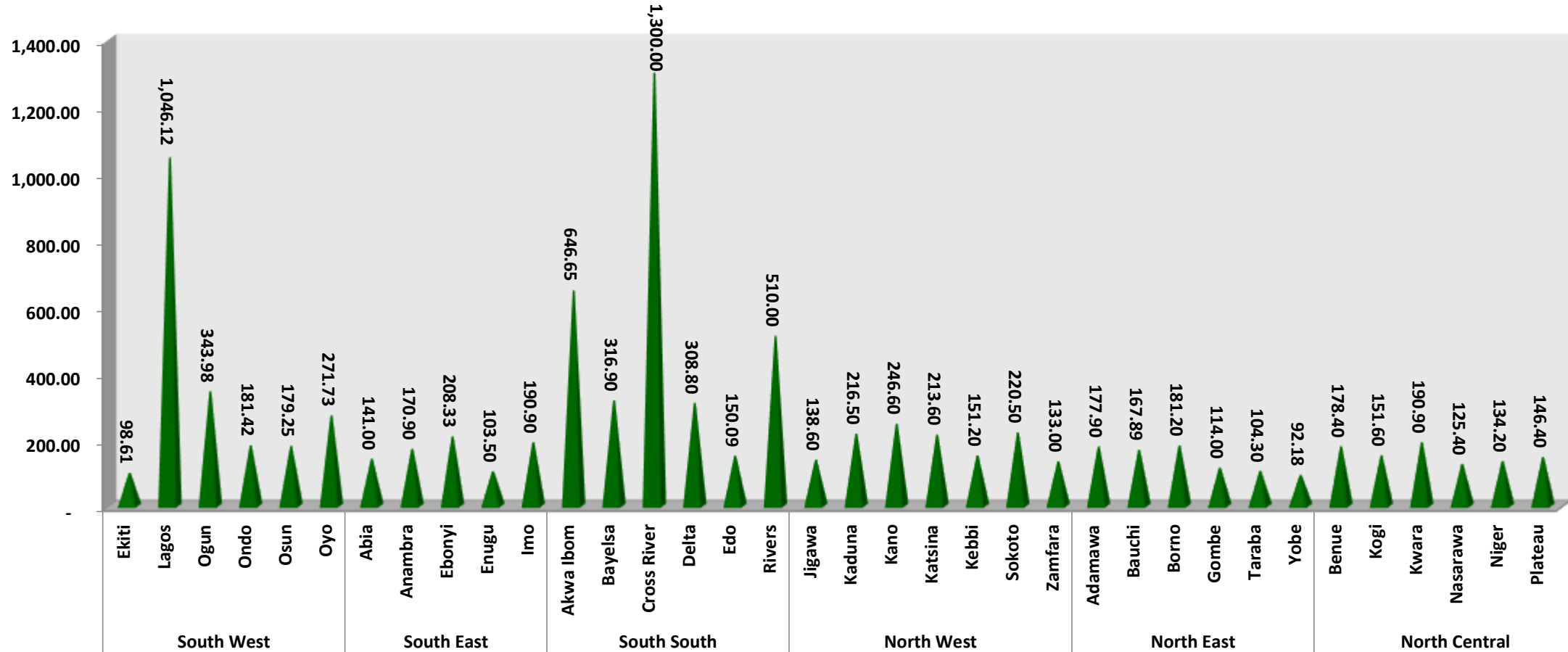


Internally Generated Revenue Q3 2018: Regional Analysis



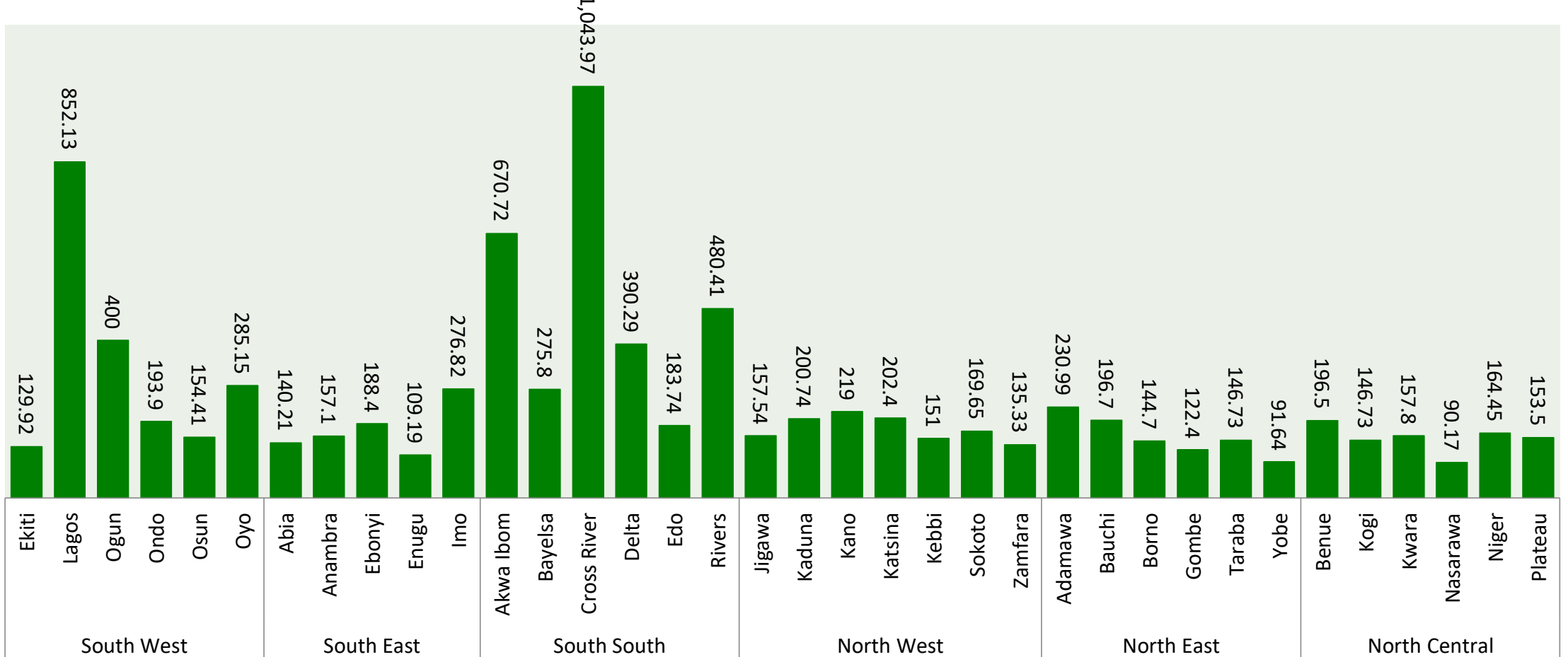
Budget Size (N'Bns): 2018

2018 Budget Size: Regional Analysis



Budget Size (N'Bns): 2019

2019 Budget Size (N'Bns): Regional Analysis



Economic Comparisons-Summary

- Lagos State is sui generis amongst Nigeria's states in terms of external and domestic debts, and internally generated revenue.
- In terms of external debts, Rivers, Edo, Kaduna and Bauchi are the next highest; with regard to domestic debt profile, Delta, Rivers, Akwa Ibom and Osun follow Lagos; while in respect of IGR, Rivers, Ogun, Delta and FCT are the other leading states.
- Lagos State expectedly tops 2018 state budgets, followed by Akwa Ibom, Rivers, Ogun, Bayelsa and Delta. Even though Cross-River presents figures higher than Lagos, those are not believed to be credible.
- With regard to 2019 budget announcements, Lagos also leads, followed by Akwa Ibom, Rivers, Ogun and Delta States.

SOCIAL INDICATORS

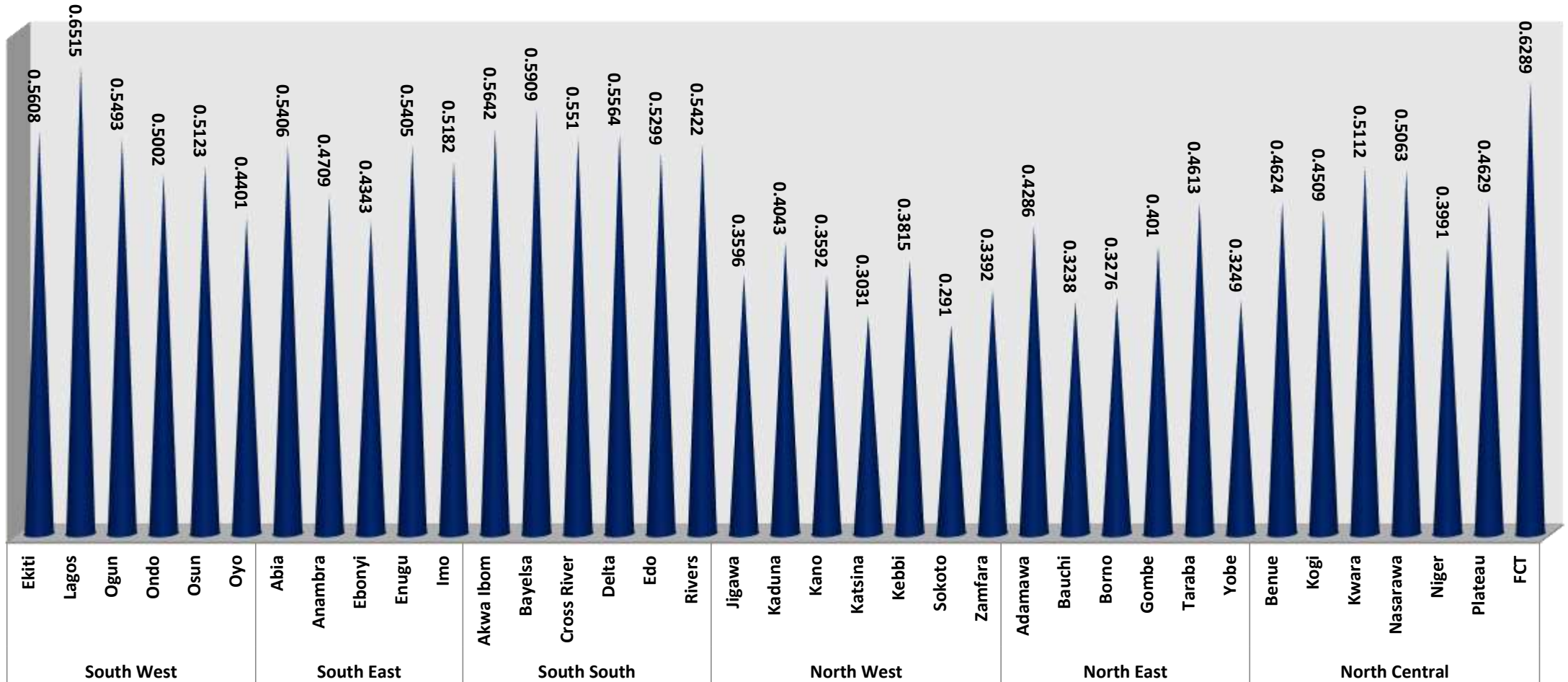
Comparative State/Regional Analysis



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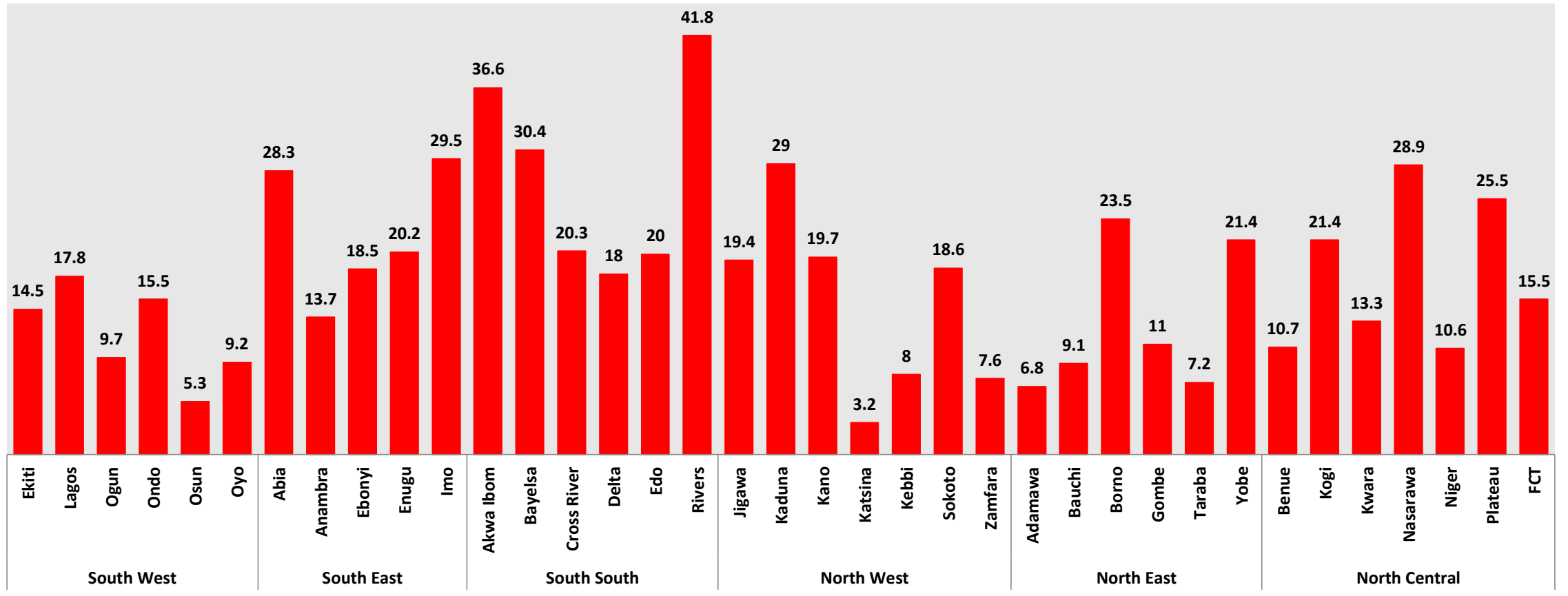
Human Development Index: 2016

Human Development Index 2016: Regional Analysis



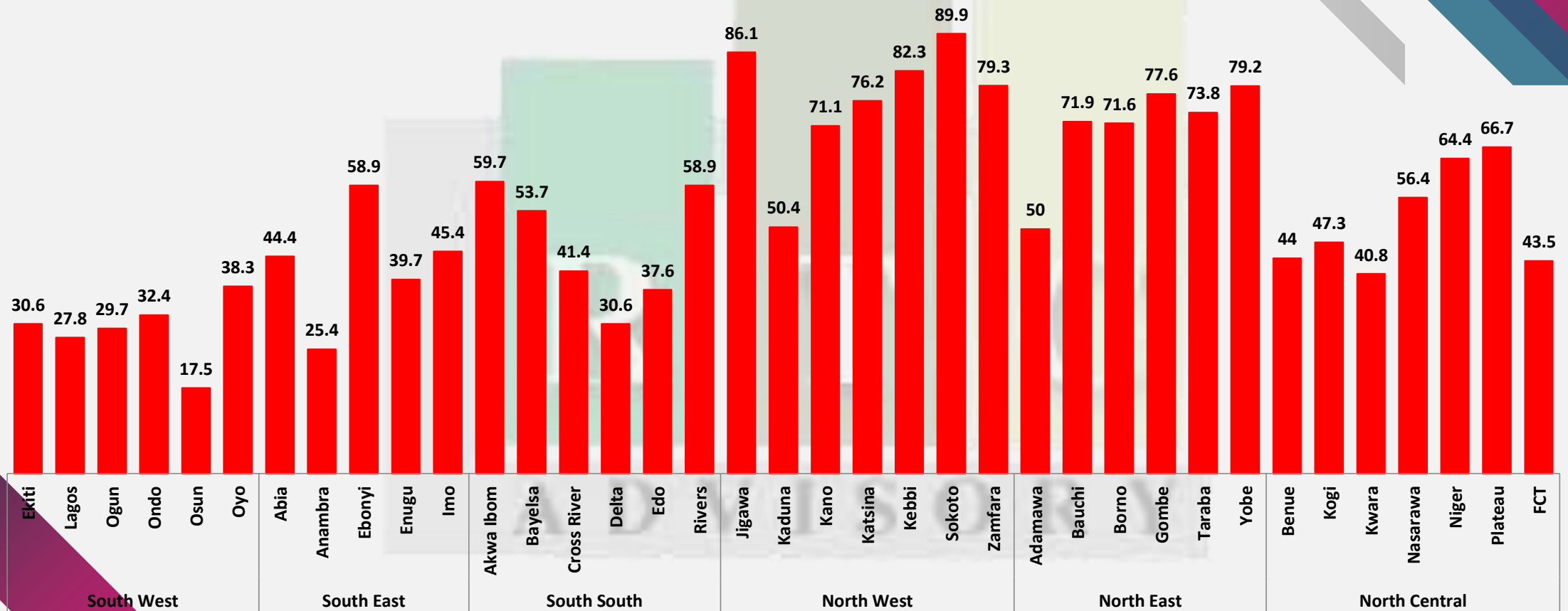
Unemployment Rate (%): Q3 2017

2017: Unemployment by Regions



Poverty Rate (%): 2016

2016 Poverty Rate by Regions



Social Comparisons-Summary

- The South-West region generally presents better social indicators in terms of HDI, unemployment and poverty even though its own indicators are unacceptable.
- The worst indicators for HDI are from the three Northern regions; while the South-East and South-South present highest unemployment figures.
- With regard to poverty, the highest levels are indicated in the North-West and North-East.

INFRASTRUCTURE

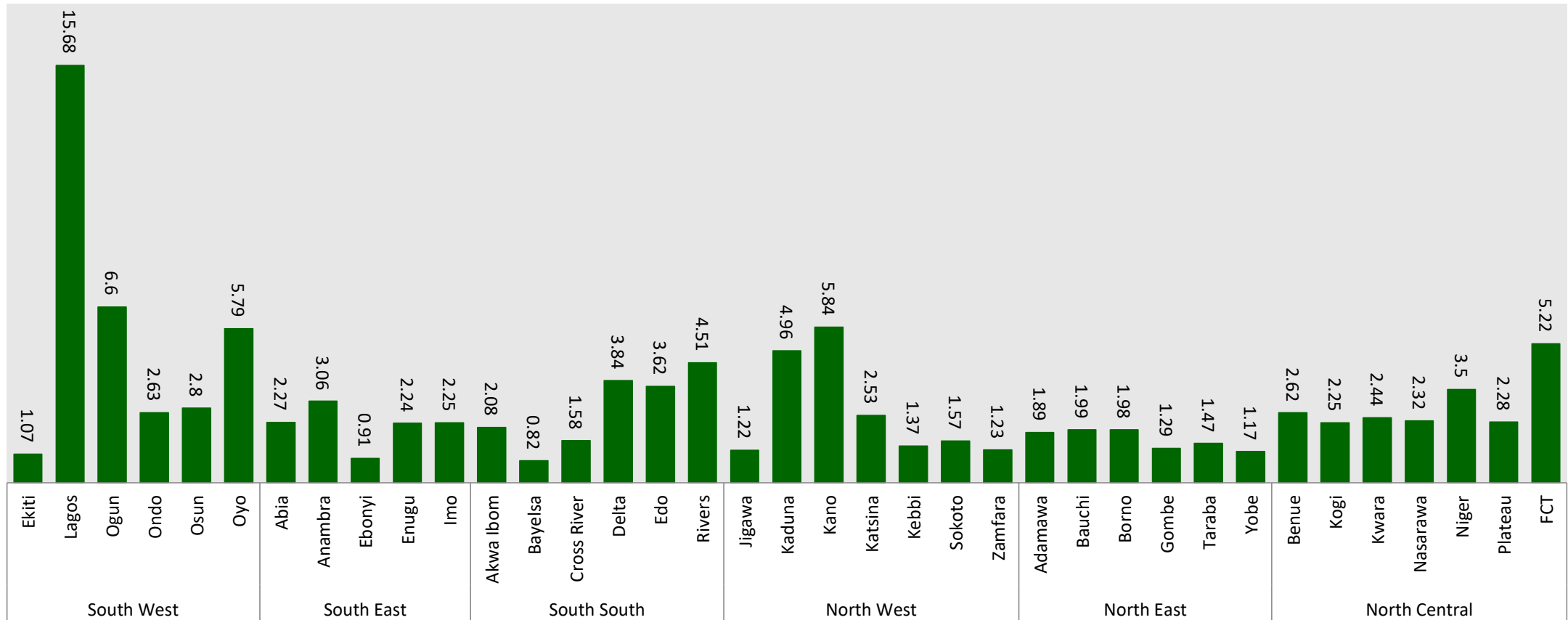
Comparative State/Regional Analysis



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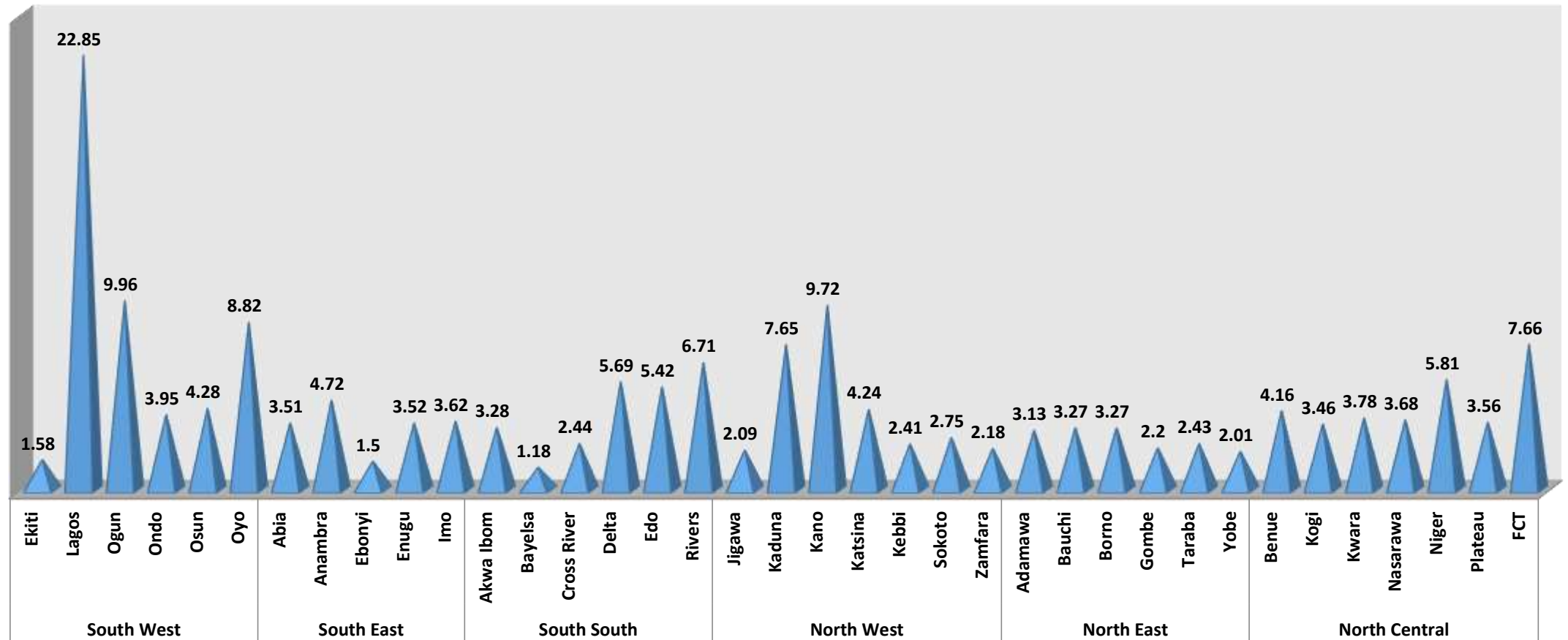
2018 Internet Subscribers ('Mns)

2018 Active Internet Subscription by Regions



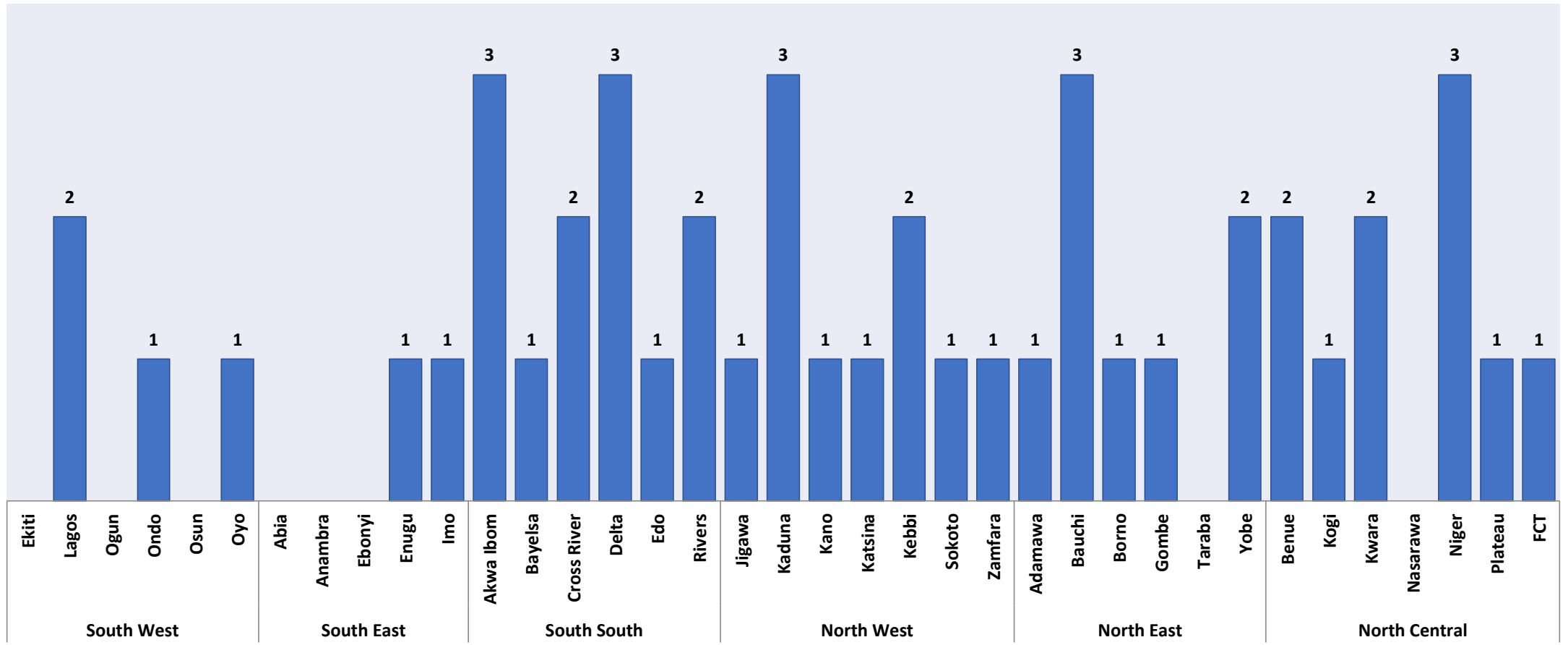
GSM Users ('Mns)

Number of GSM by Regions: 2018



Number of Airports

Number of Airports by States



Infrastructure Comparisons-Summary

- The states with the highest internet penetration are Lagos, Ogun, Kano, Oyo, FCT and Kaduna; and a similar distribution is presented with regard to GSM phone use with the same states dominating.
- With regard to number of airports however, the South-West has the least number of airports (4) with the South-South having the highest (12). North-West and North-Central both have 10 airports.

HEALTH

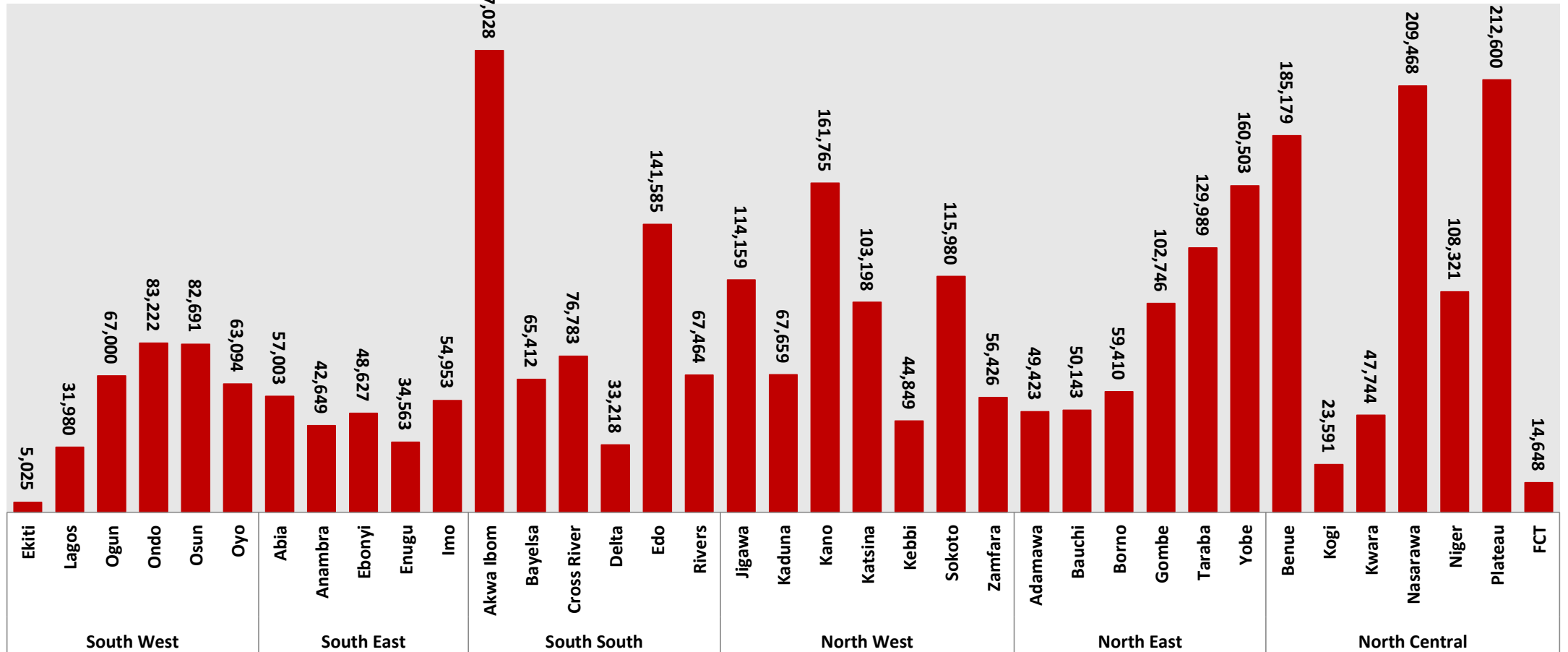
Comparative State/Regional Analysis



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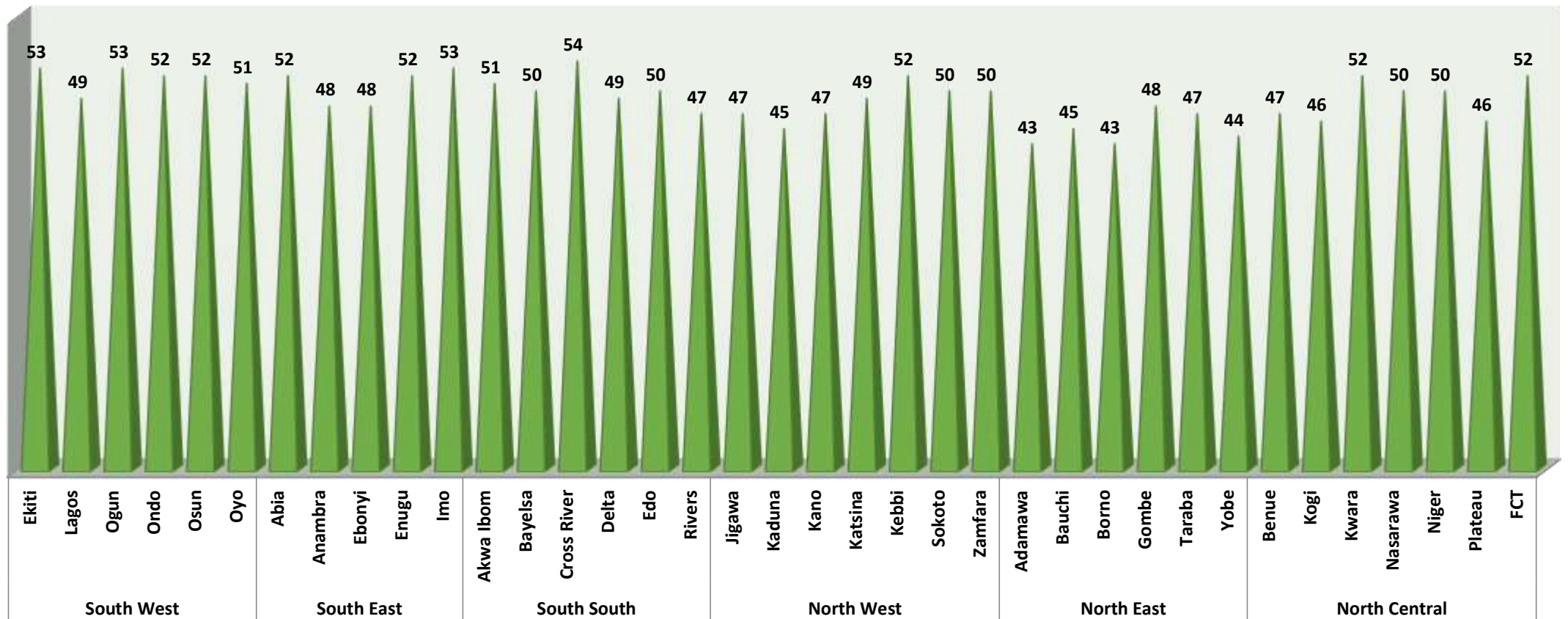
HIV Patients by Regions

Number of HIV Patients by Regions: 2016



Life Expectancy in Years: 2016

2016 Life Expectancy (' Years) by Regions



Health Comparisons-Summary

- Akwa Ibom State has the highest number of persons infected with the HIV virus followed by Plateau, Nasarawa, Benue, Kano, Yobe and Edo States with the lowest figures presented by Ekiti and FCT. Lagos State has an (implausibly?) low number of 31,980 persons infected with HIV.
- Life expectancy amongst states in the South-West range between 49 and 53 years; in the South-East, the range in the South-South is 47-54 years; the figures in the North-East are alarming ranging from 43-48 years; in the North-West states, life expectancy ranges from 45-52; and in the North-Central, it ranges from 46-52.
- Generally life expectancy in Nigeria is very poor by global standards, reflecting very poor standard of living and healthcare.

WEALTH

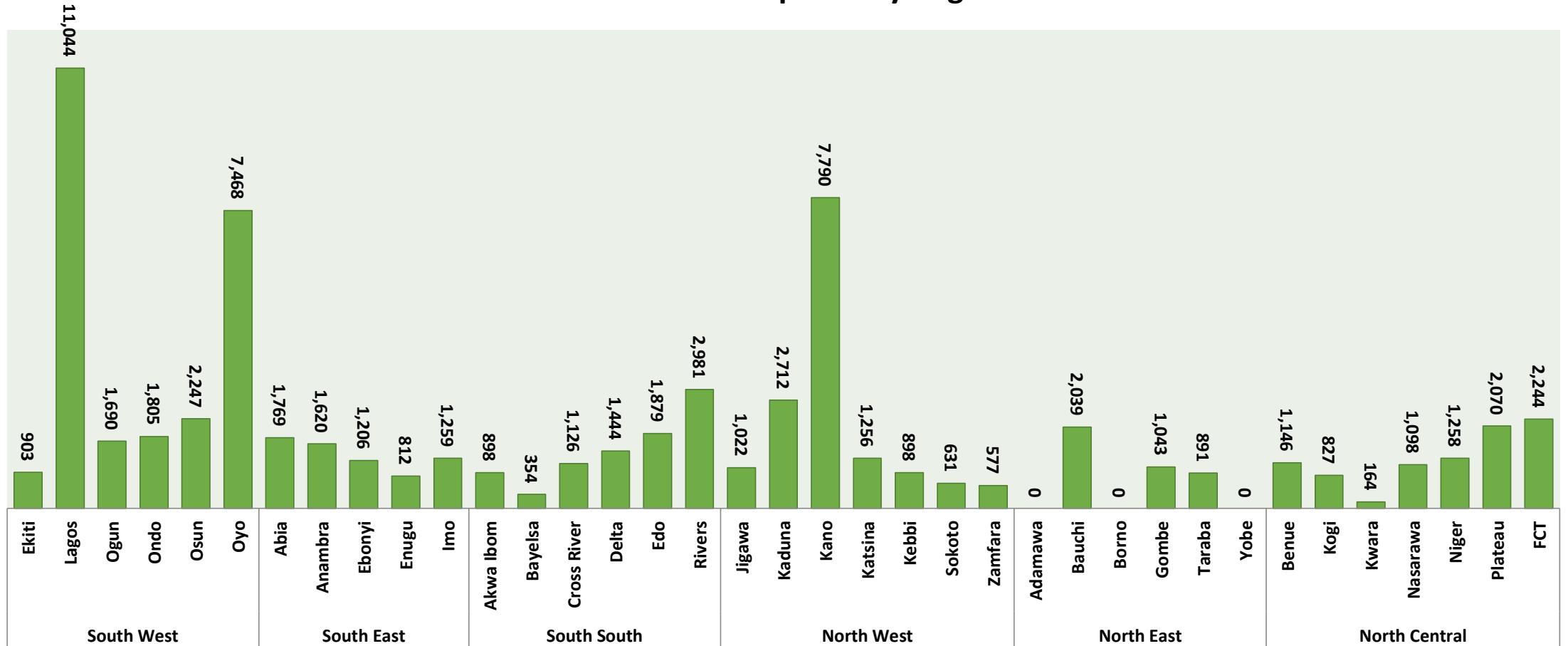
Comparative State/Regional Analysis



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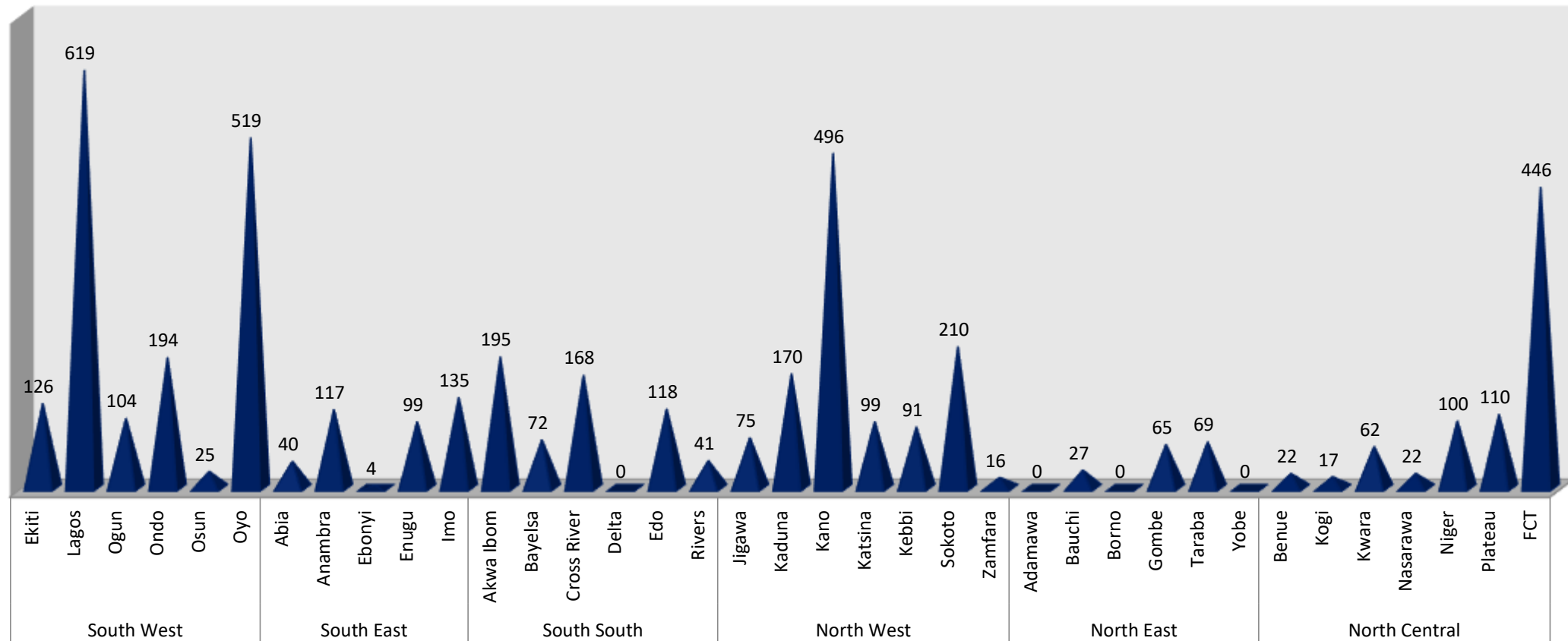
Number of Small Enterprises

Number of Small Enterprises by Regions: 2013



Number of Medium Enterprises

Number of Medium Enterprises by Regions: 2013



Wealth Comparisons-Summary

- Lagos, Kano, Oyo and FCT are the locations in which the highest number of small and medium enterprises are present indicating concentrations of enterprise and capital.
- While Lagos, Kano and Oyo lead in small businesses, Lagos, Oyo, Kano and FCT top the number of medium enterprises.

Politics and Policy

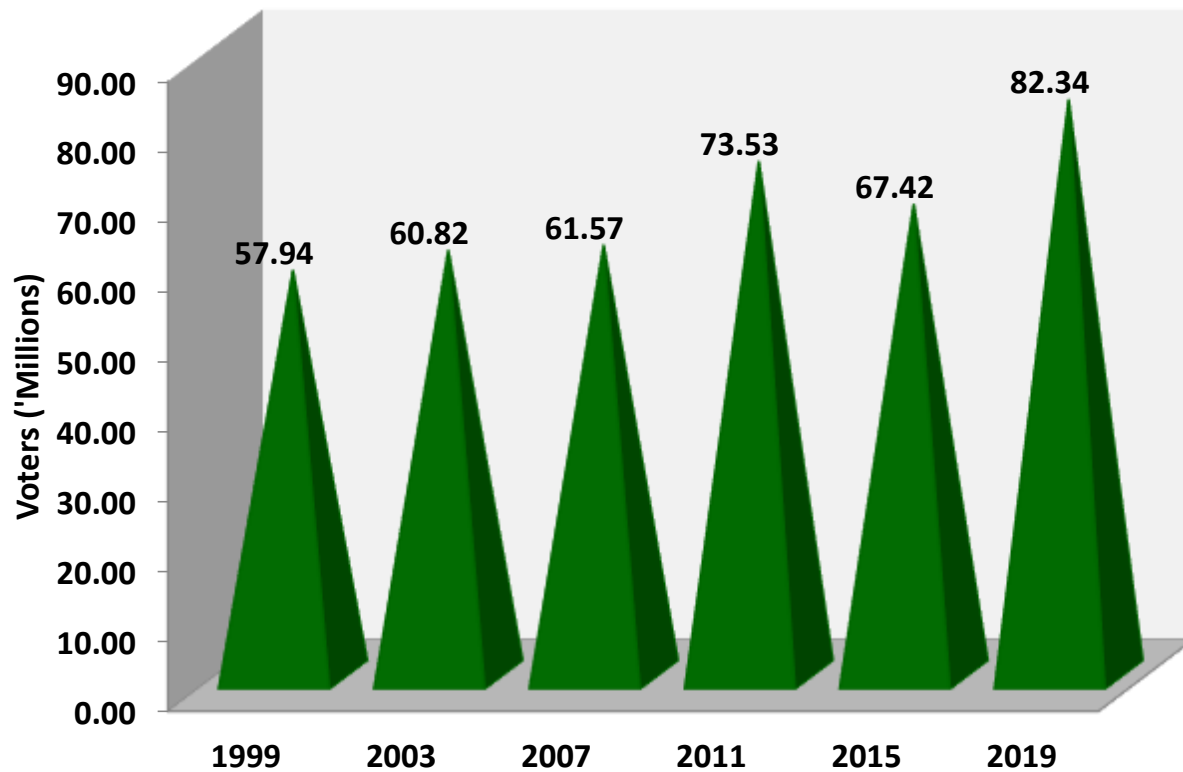
RTC Business and Economic Review Q1 2019



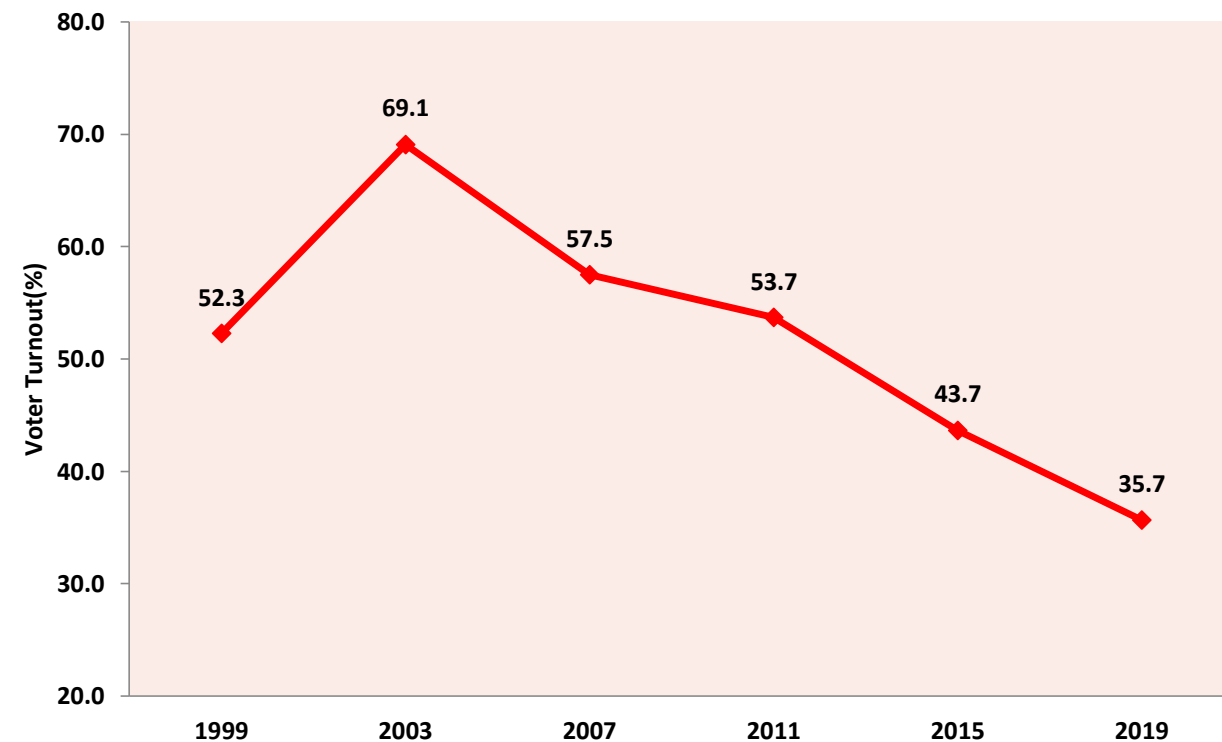
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Voter Statistics

Number of Registered Voters: 1999-2019

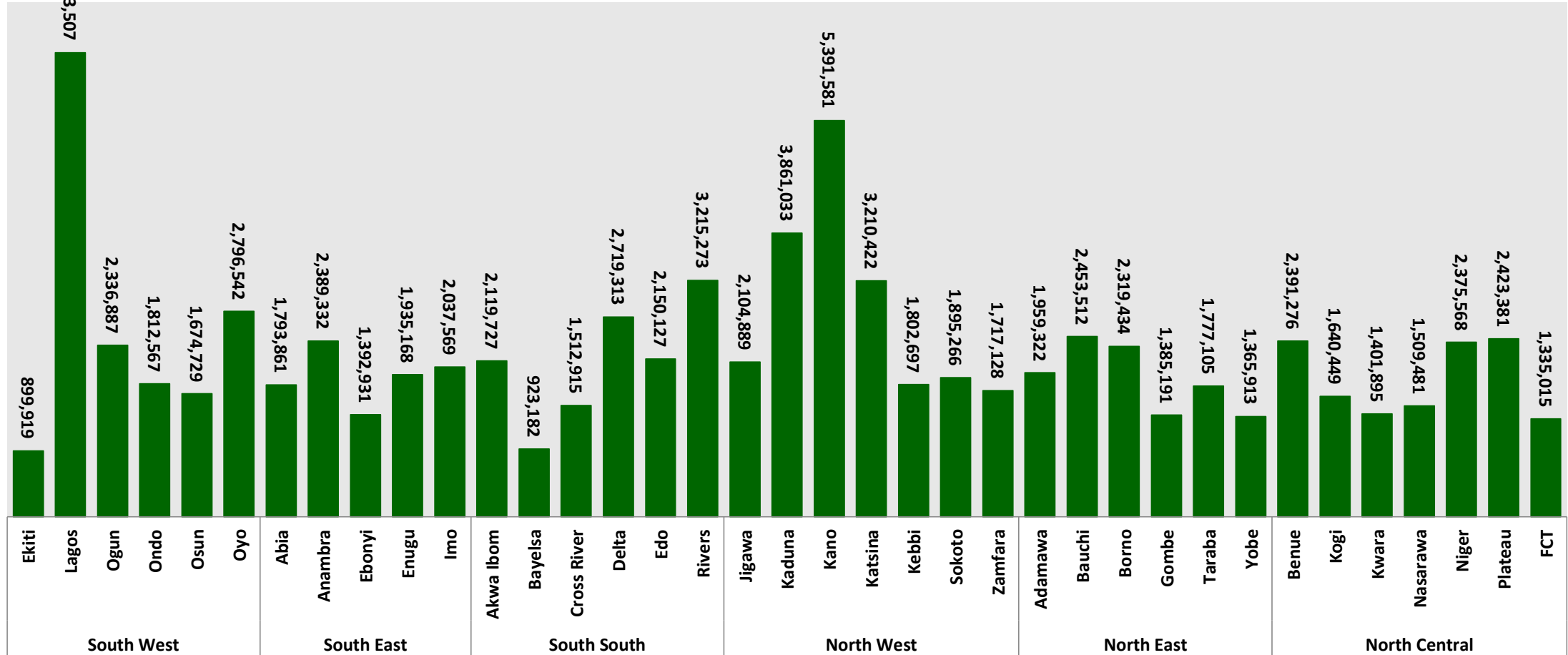


Nigeria's Presidential Election Voter Turnout (%): 1999-2019



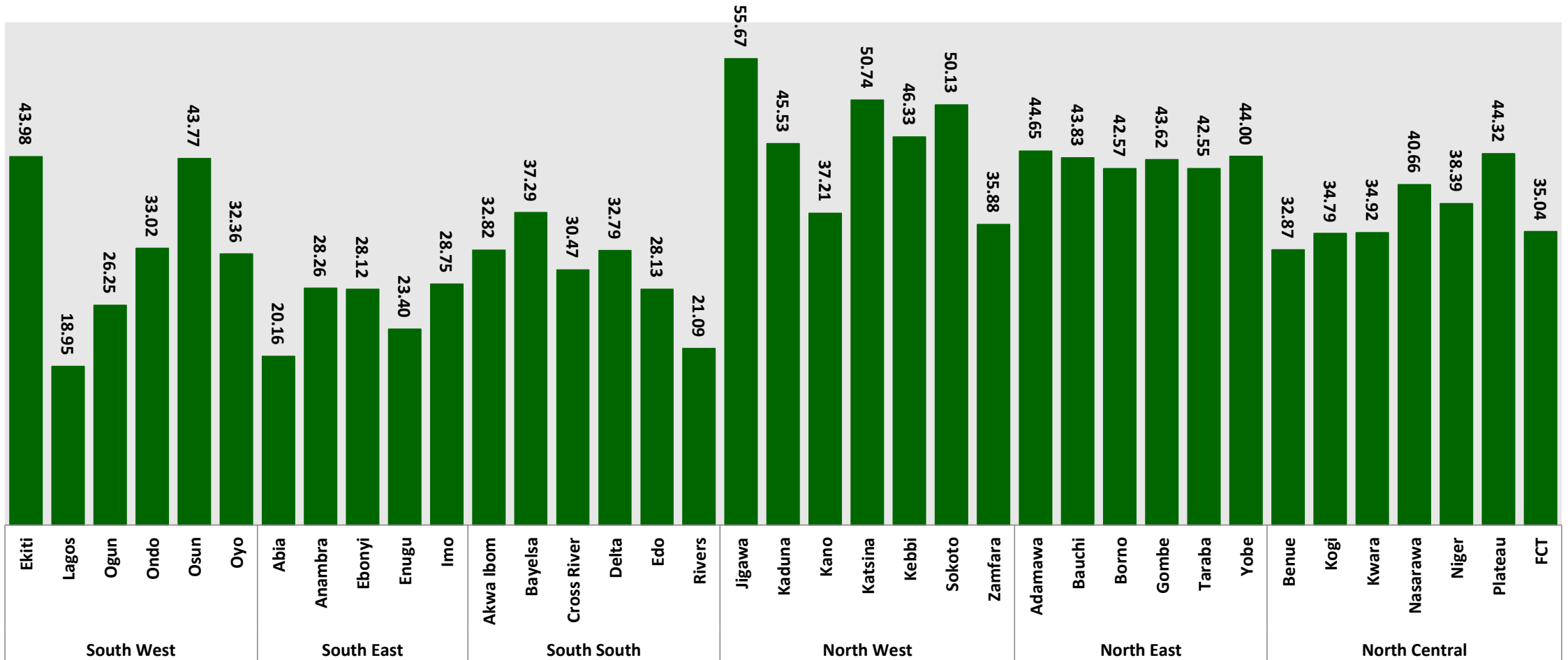
Voter Statistics (contd.)

Total Number of Registered Voters by States



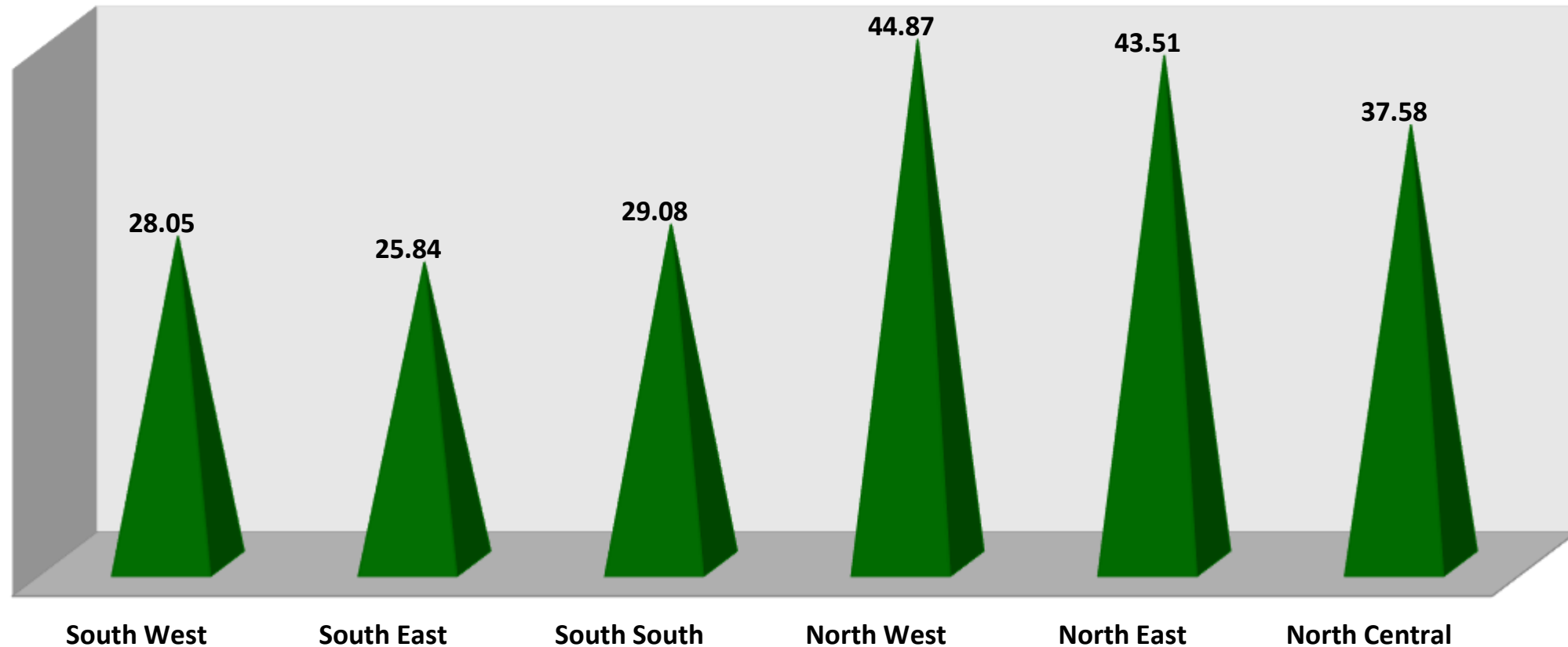
Voter Statistics (contd.)

2019 Presidential Election Voter Turnout by States

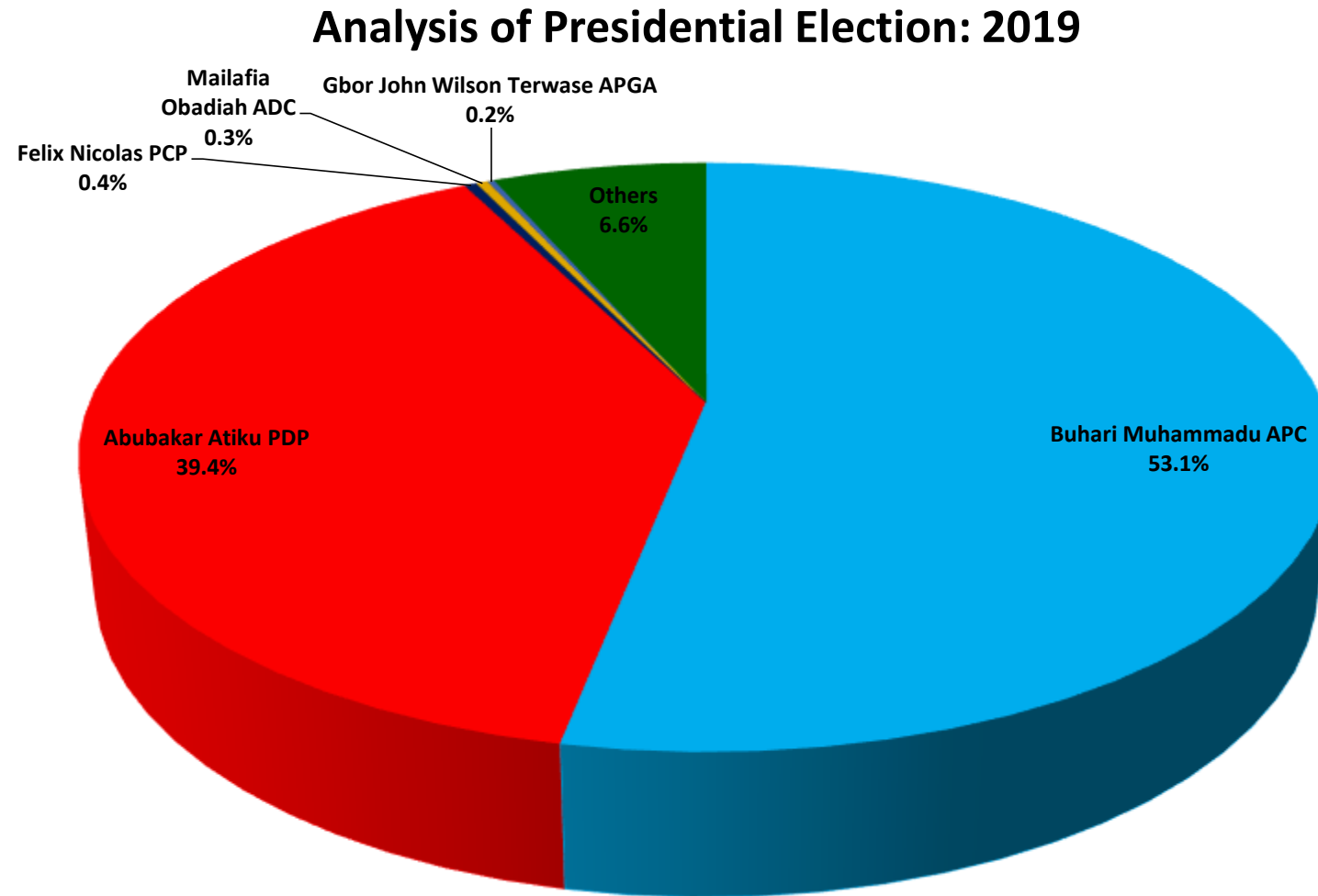


Voter Statistics (contd.)

2019 Presidential Election Voter Turnout by Regions

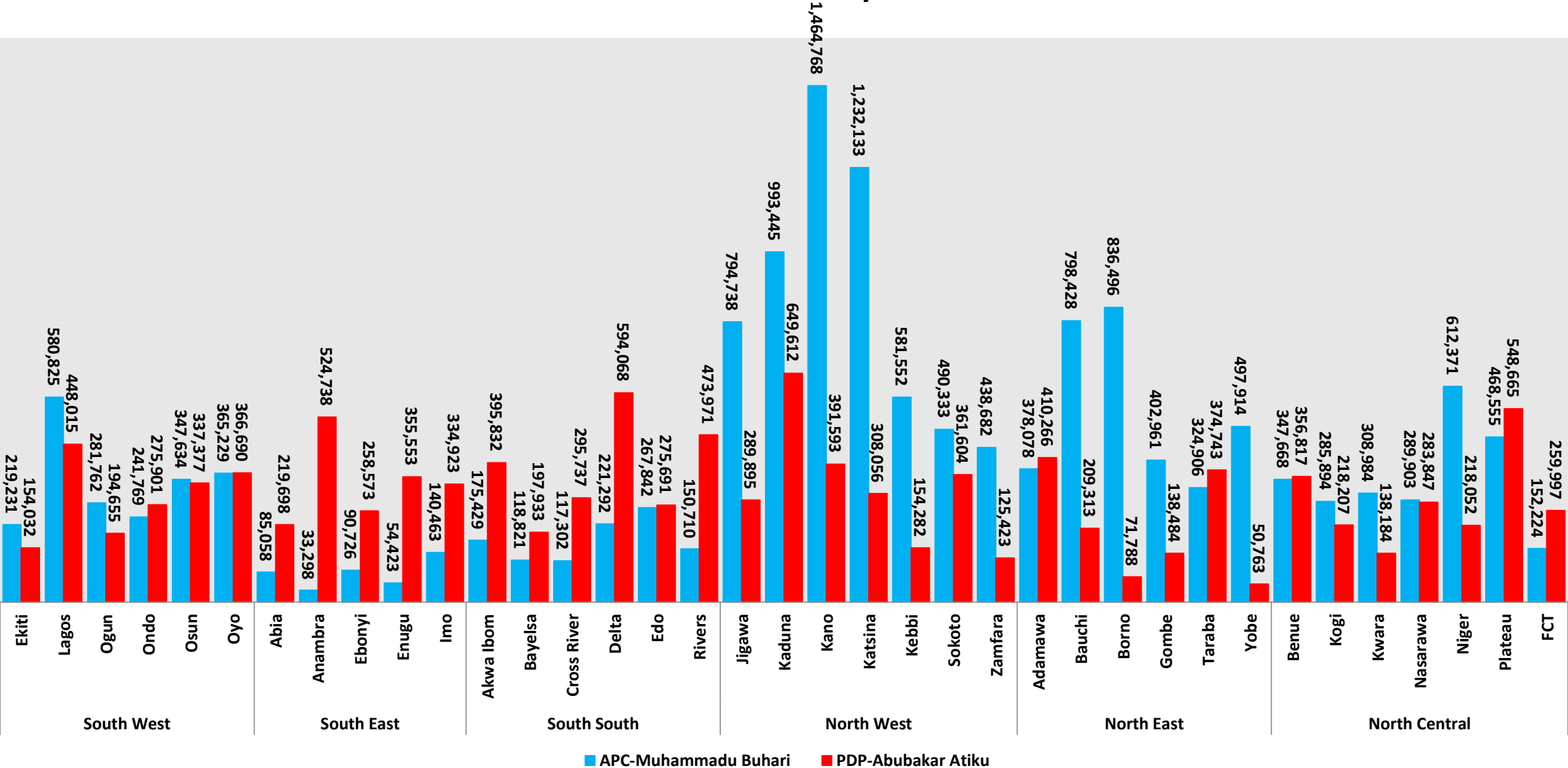


2019 Presidential Election Result



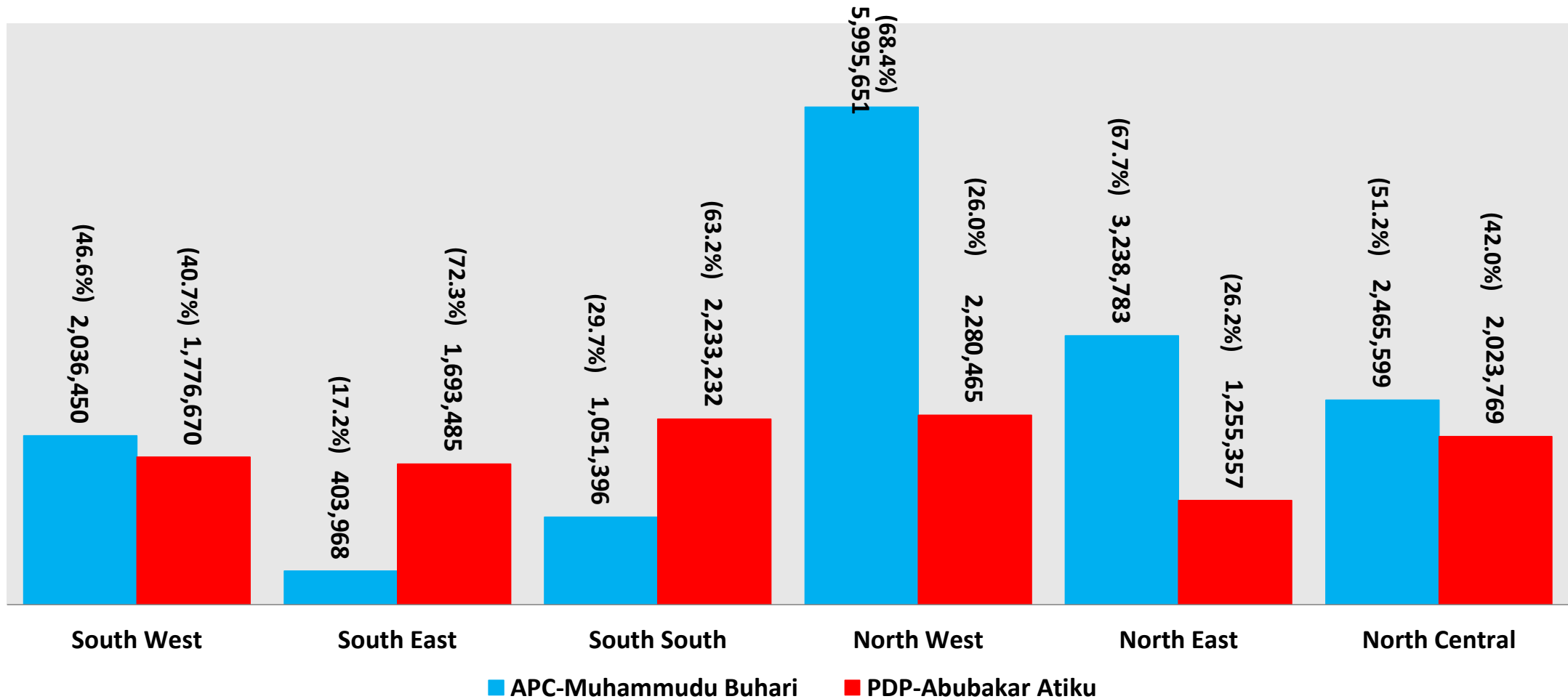
Voter Behaviour by States

Voters Behaviour by States



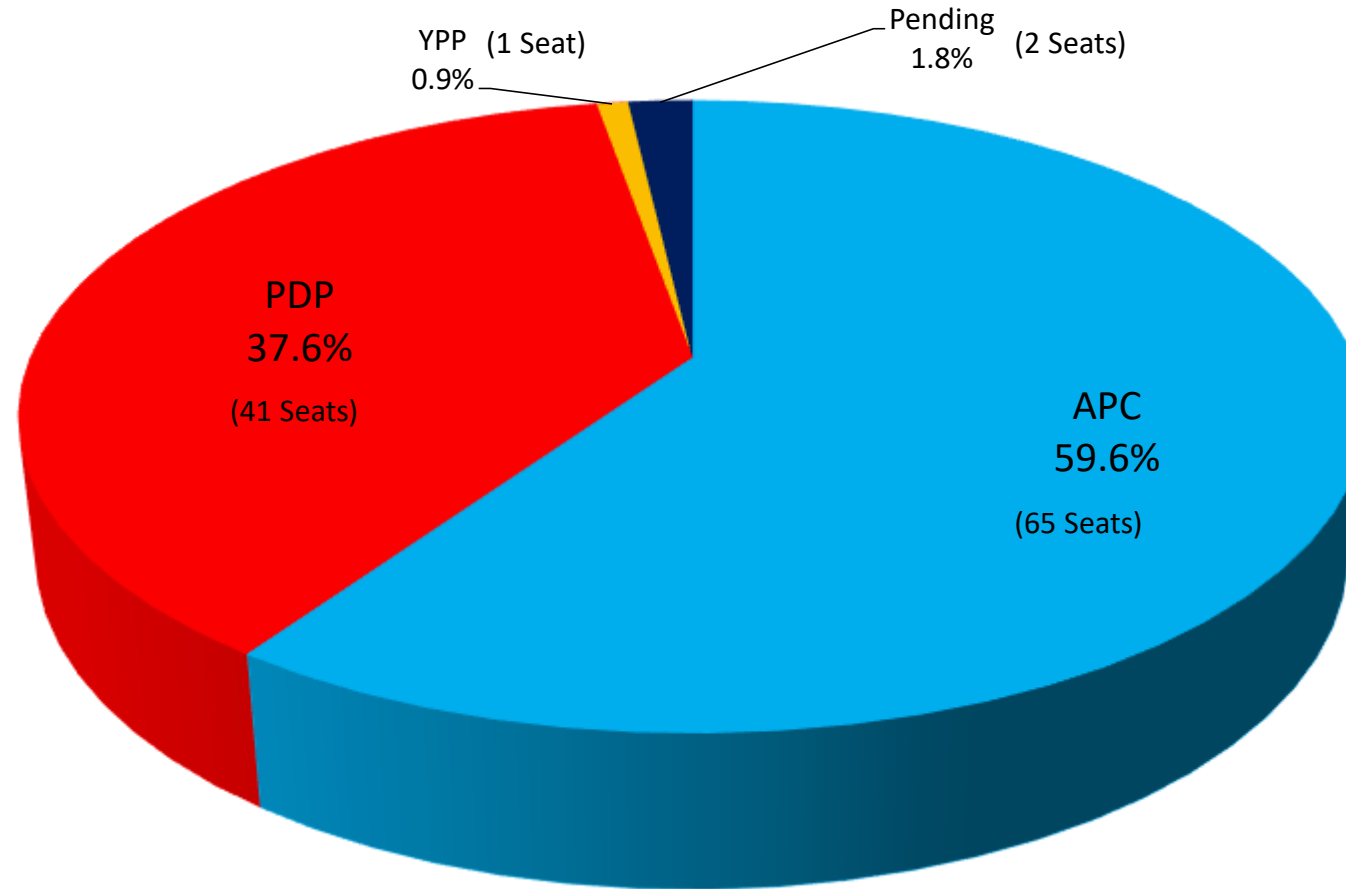
Voter Behaviour by Regions

2019 Presidential Election Result by Regions

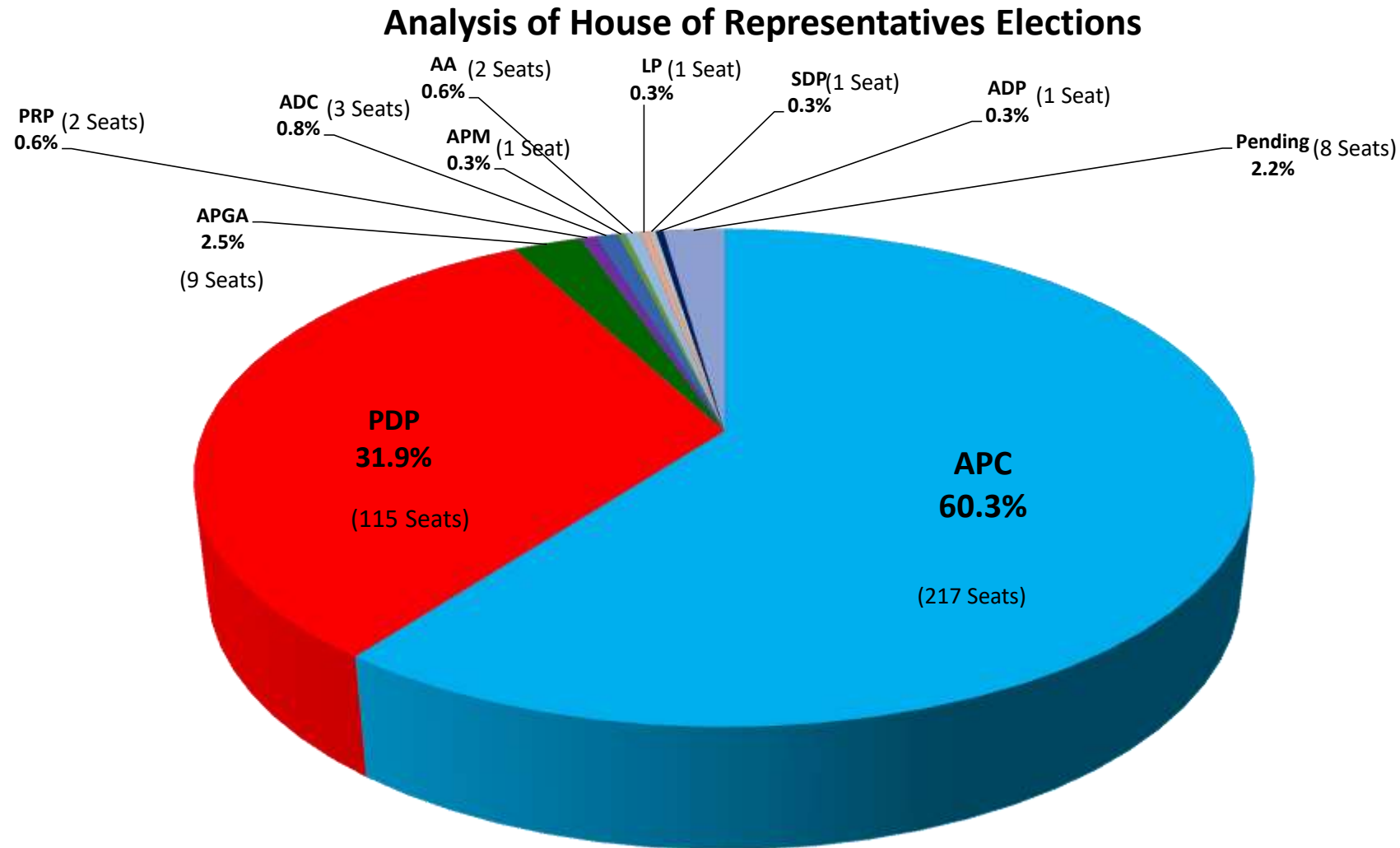


2019 Senatorial Elections Result

2019 Analysis of Senatorial Elections



2019 House of Representatives Elections Result



2019 Governorship Elections Result

| s/n | State | Name | Party |
|-----|----------|------------------------|-------|
| 1. | Gombe | Inuwa Yahaya | APC |
| 2. | Niger | Abubakar Bello | APC |
| 3. | Yobe | MaiMala | APC |
| 4. | Lagos | Babajide Sanwo-Olu | APC |
| 5. | Ogun | Adedapo Abiodun | APC |
| 6. | Borno | Babagana Zulum | APC |
| 7. | Kaduna | Nasir El-Rufai | APC |
| 8. | Jigawa | Mohammed Badaru | APC |
| 9. | Katsina | Aminu Masari | APC |
| 10. | Kebbi | Atiku Bagudu | APC |
| 11. | Kwara | Abdulrahman Abdulrazaq | APC |
| 12. | Nasarawa | Abdullahi Sule | APC |
| 13. | Zamfara | Muktar Idris | APC |
| 14. | Kano | Abdulahi Ganduje | APC |
| 15. | Plateau | Simon Lalong | APC |

| s/n | State | Name | Party |
|-----|-------------|---------------------|-------|
| 1. | Enugu | Ifeanyi Ugwuanyi | PDP |
| 2. | Ebonyi | David Umahi | PDP |
| 3. | Abia | Okezie Ikpeazu | PDP |
| 4. | Oyo | Seyi Makinde | PDP |
| 5. | Akwa Ibom | Emmanuel Udom | PDP |
| 6. | Cross River | Benedict Ayade | PDP |
| 7. | Delta | Ifeanyi Okowa | PDP |
| 8. | Imo | Hon. Emeka Ihedioha | PDP |
| 9. | Taraba | Darius Ishaku | PDP |
| 10. | Benue | Samuel Ortom | PDP |
| 11. | Sokoto | Aminu Tambuwal | PDP |
| 12. | Adamawa | Ahmadu Fintiri | PDP |
| 13. | Rivers | Nyesom Wike | PDP |
| 14. | Bauchi | Bala Mohammed | PDP |

Politics and Policy

- Even though Nigeria's registered voters has increased from 57.94million in 1999 to 82.34million by 2019, voter turnout has steadily declined since 2003 (69.1%) falling to 57.5% in 2007; 53.7% in 2011; 43.7% in 2015; and 35.7% in the recent 2019 elections.
- Lagos State leads voter registration with 6.3million voters, followed by Kano with 5.3million; and then Kaduna (3.8million), Rivers (3.2million), Katsina (3.2million), Oyo (2.79million) and Delta (2.719million).
- However based on INEC figures, voter turnout was highest in the North-West (44.87%), North-East (43.51%) and North-Central (37.58%); with the Southern Regions recording 29.08%, 28.05% and 25.84% in the South-South, South-West and South-East respectively

Politics and Policy (contd.)

- INEC results showed that President Buhari of the APC won comfortably in the North-West and North-East, and marginally in the North-Central and South-West; while opposition Atiku Abubakar of the PDP was dominant in the South-East and South-South.
- The ruling APC recorded majorities in both houses of the National Assembly even though the opposition PDP made significant gains in the gubernatorial races.

Implications for Business and Policy

Nigerian Economic Review 2019 Q1



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| Global Economic Growth: 2019 | | | | | |
|------------------------------|-----|------------|----------------|--------|------|
| Indicators | IMF | World Bank | UN-DESA/UNCTAD | FGN | |
| | | | | Budget | ERGP |
| Global Growth | 3.5 | 2.9 | 3.0 | | |
| Emerging Economies | 4.5 | 4.2 | 4.3 | | |
| Sub-Saharan Africa | 3.5 | 3.4 | 3.4 | | |
| South Africa | 1.4 | 1.3 | 1.7 | | |
| Nigeria | | | | | |

Implications for Business and Policy

- Political risk has been significantly de-escalated with the re-election of President Buhari and the ruling APC's governing majority in the national assembly. However given Nigeria's weak political party system and opportunistic politics, fluidity in political behaviour may remain. The recourse to the election tribunal by PDP's Atiku Abubakar is in line with the rule of law.
- In spite of the de-escalation of political risk, policy risks remain high! Government faces tough choices around economic policy and reforms including VAT and taxation generally; subsidies and oil sector management in both the upstream and downstream; fiscal policy around revenues, debt service and trade; and generating higher growth and employment. More broadly the government's posture towards private capital and investment must be clarified.

Implications for Business and Policy (contd.)

- There is consensus that the Nigerian economy is recovering but also concerns that GDP growth levels are insufficient given Nigeria's population growth rate, poverty, unemployment and infrastructure gap. Policy must leverage private capital particularly in infrastructure, industry and services to boost growth and employment.
- Based on projections from OPEC, EIA, IMF and the World Bank, we expect oil prices to range between \$50 and \$74 per barrel in 2019.
- Nigeria's overall macroeconomic conditions are improving with continued stability in exchange rates, declining inflation and rising FX reserves even though capital markets remain weak. Policy is however insufficiently supportive of growth and public sector finances may be distressed! A restructuring of government revenue and debt is urgently required especially in light of imminent increases in government wage bills.

Conclusions

- Nigeria faces tough policy choices over removal of oil subsidies (which has historically been unpopular); probably contentious proposals to increase VAT rates; how to stimulate higher GDP growth and reduce poverty and employment; measures to reduce the infrastructure deficit particularly in power and transportation; reducing insecurity; and increasing investment in, and improving the quality of education, health and rural infrastructure.
- Investors will be watching the first appointments and policy pronouncements that the President Buhari administration will make in its second term for hints of a direction towards re-invigorated economic reforms and prioritising private capital, local and foreign.

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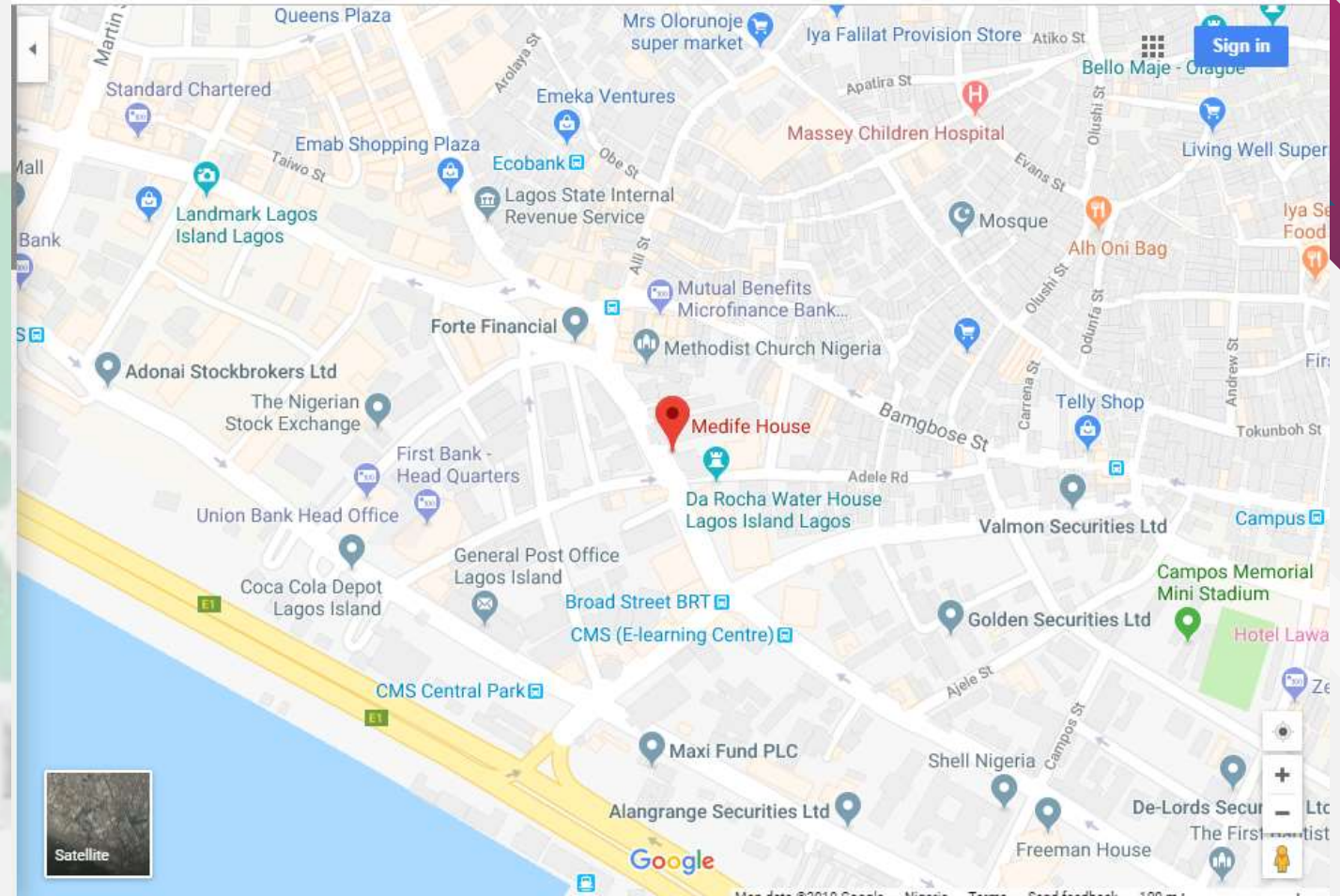
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