



Buhari Signs 2018 Budget

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BUDGET OF CONSOLIDATION



Consistent with MTEF & ERGP



Submitted on November 7, 2017 (7 months ago)



Buhari concerned about



Project cuts by National Assembly



Budgetary process



Fiscal cycle



PROMISES AND OUTCOMES (2017/2018)

2017 Budget assumptions/Objectives

- ❖ GDP growth rate – 3.0% (???)
- ❖ Exchange rate – N305/\$ (???)
- ❖ Inflation- 12.92% ✓
- ❖ Oil production – 2.2mbpd (???)
- ❖ Benchmark oil price- \$42.5pb ✓

GDP growth rate- 0.8% (2017)

Average inflation – 16.55%

2018 Budget assumptions/Objectives

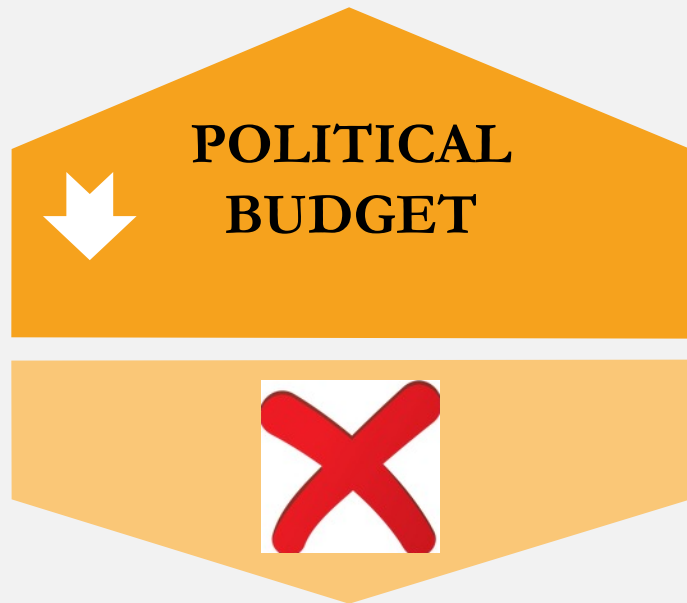
- ❖ GDP growth rate – 3.5% (???)
- ❖ Exchange rate – N305/\$ (???)
- ❖ Inflation- 12.4% (???)
- ❖ Oil production – 2.3mbpd (???)
- ❖ Benchmark oil price- \$51pb (???)

GDP growth rate- 1.95% (Q1'18)

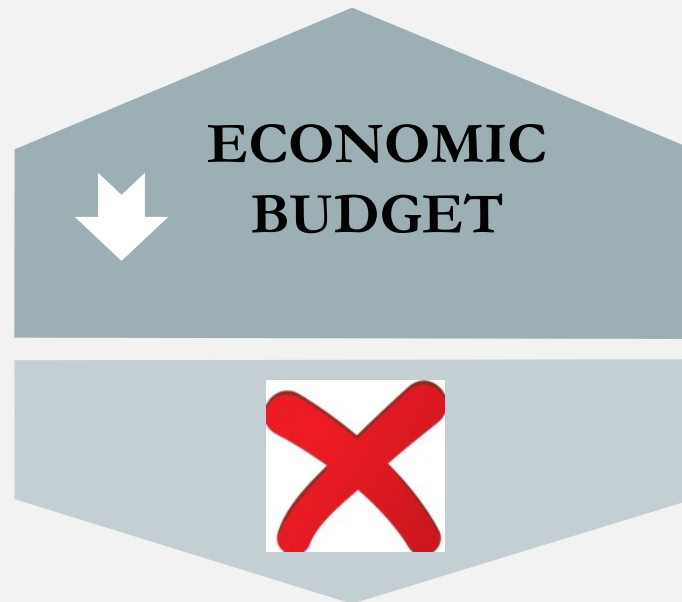
Average inflation – 13.38%

ANALYSIS

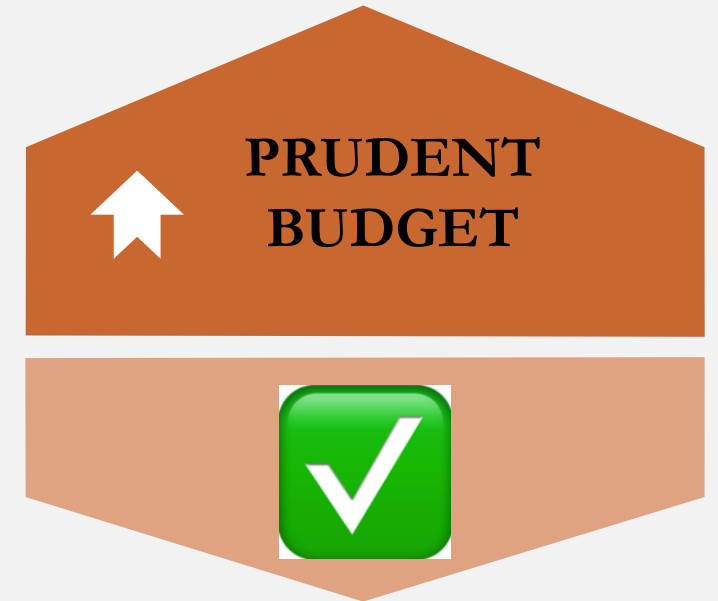
1. As a revenue and expenditure estimate - Useful
2. As a tool of economic management – Average impact
3. As a growth stimulant -Weak and ineffective



- Not politically motivated
- Expenditure flat



- Weak stimulus package
- Unemployment high
- Low capital formation
- Sub-optimal growth



- Spend as you earn
- Little steps, slow and steady
- Growth below population rate
- Declining income per capita



Every meal starts with us



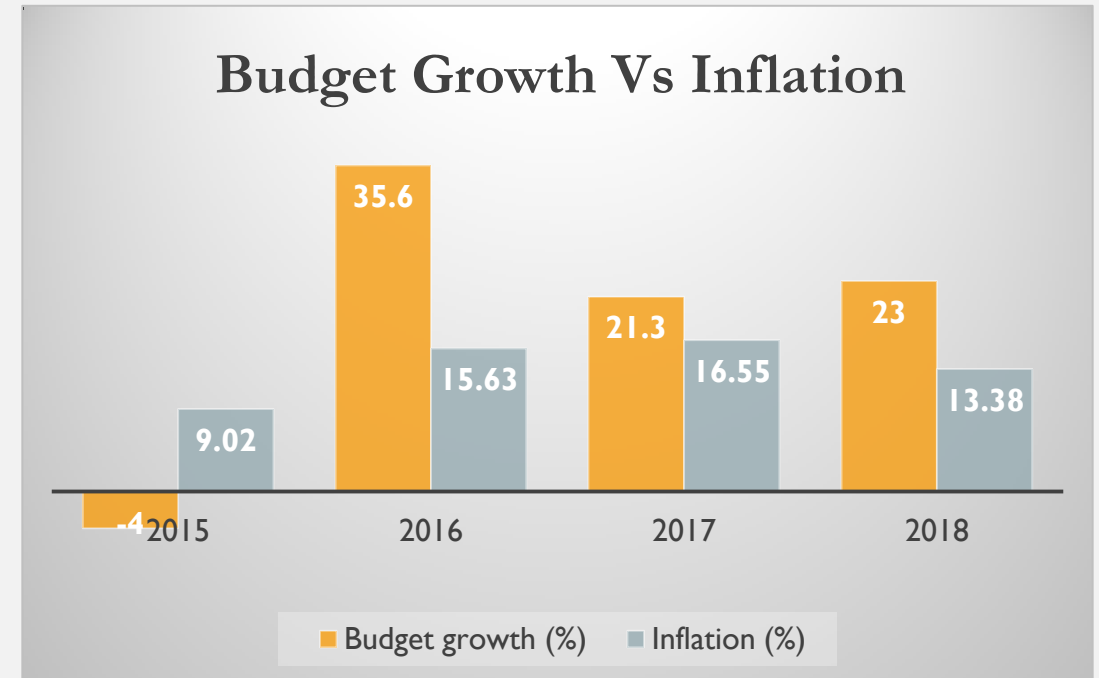
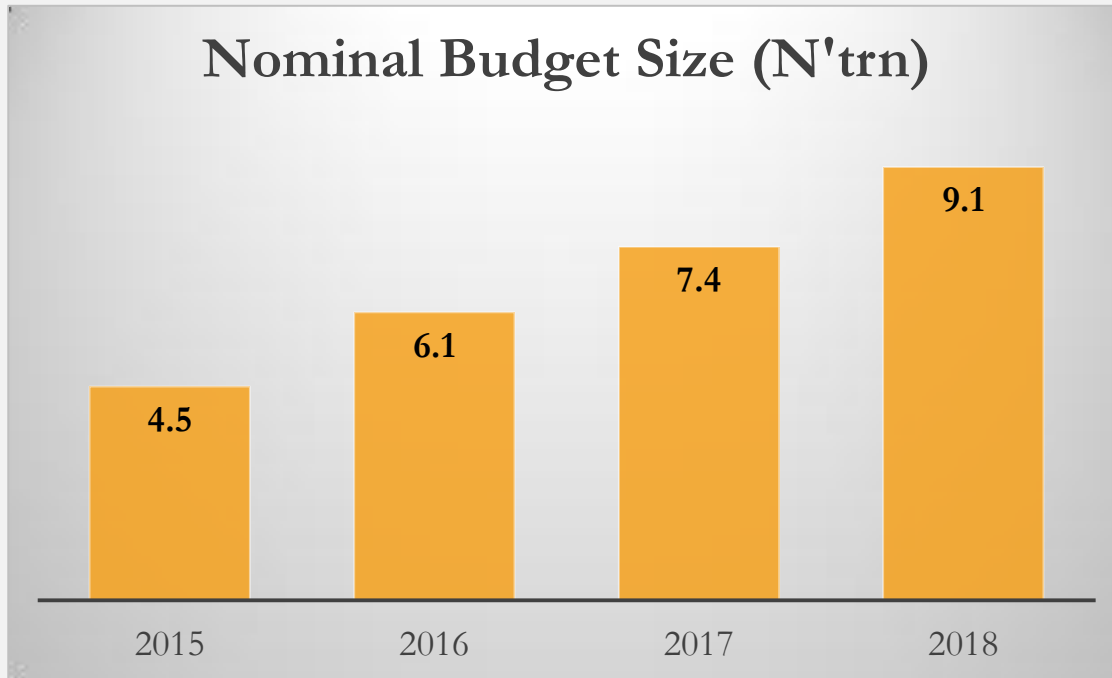
• Salt (Refined and Iodized) • Seasoning (Cubes and Tablets) • Tomato Paste • Vegetable Oil

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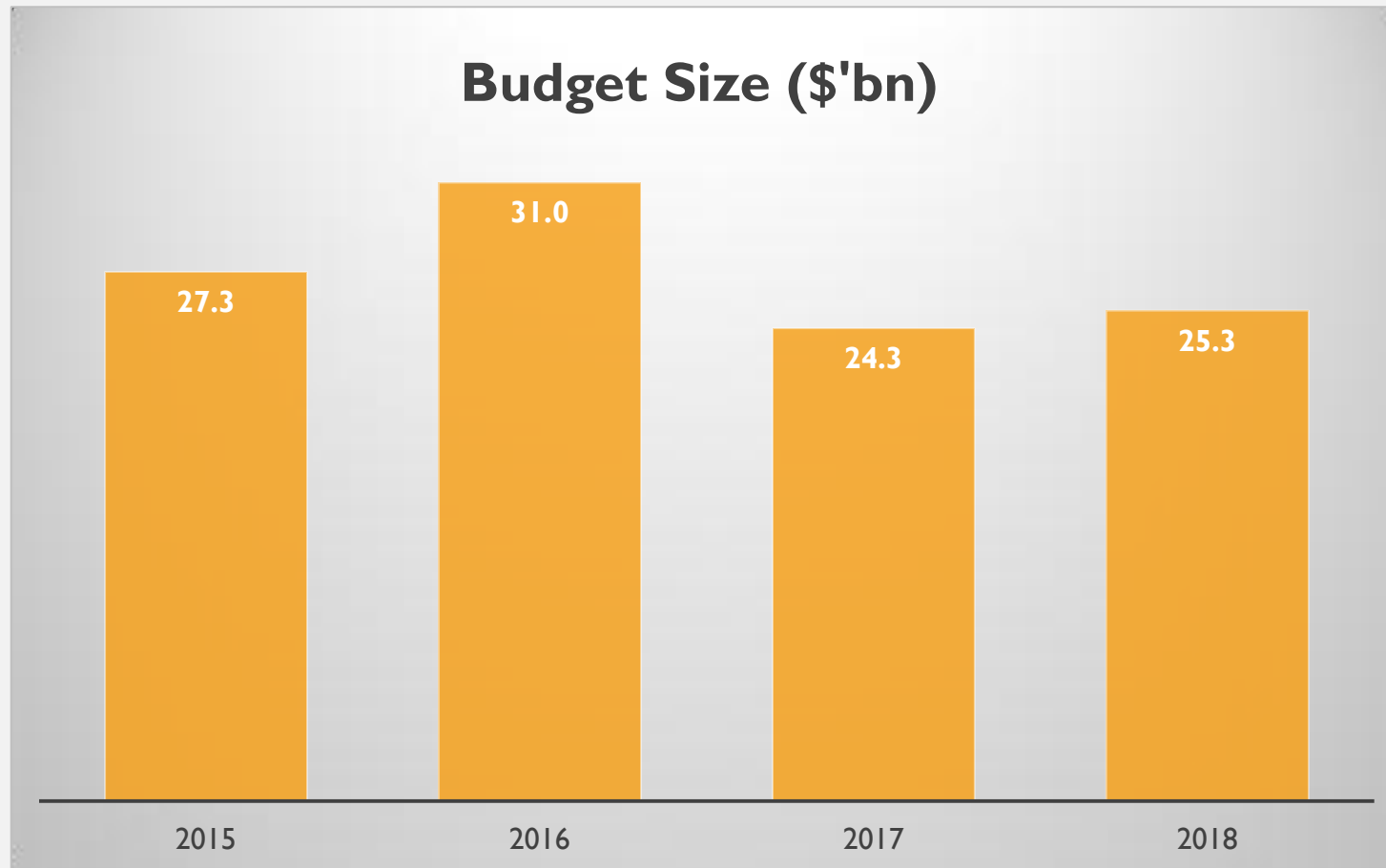
Available nationwide.

EXPENDITURE GROWTH AFTER INFLATION IS 0%



No real growth in expenditure

IN DOLLAR TERMS- BUDGET SHRANK



WHAT OTHER COUNTRIES ARE DOING

Countries	Budget Size (\$'bn)	Growth rate (%)
South Africa	110.44	0.8
Ghana	13.1	8.1 (Q4'17)
Angola	45.69	4.3 (Q4'17)
Ethiopia	12.7	10.2 (FY'17)
Nigeria	25.3	0.8 (FY'17)

DECEMBER 2018 SCORECARD- *IF OIL PRICES
REMAIN AT \$75PB*

	2018
Exports (\$'bn)	61.3
Imports (\$'bn)	45.2
Trade Surplus (\$'bn)	16.1
Budget balance (% of GDP)	-1.5
Inflation (%) (avg)	13.8
External reserves (\$'bn) (year-end)	45



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SUPPLEMENTARY BUDGET INEVITABLE

INTENDED CONSEQUENCES

- Minimum wage review-N56,000
- Subsidies aggregate- not discussed in 2018 budget



UNINTENDED CONSEQUENCES



- Spending overdrive – funds meant for 12 months would now be spent in 6 months
- Prone to leakages and excesses




FOR YOU SITTING AT HOME



- Inflation will be flat and start increasing again
- The naira will be stable but come under pressure
- Unemployment and underemployment will increase
- Growth will be positive but flat

Your price basket will change:

- Flour up 10%-15% per bag 
- Rice (50kg) will increase from N16,500 to N17,000 
- Beans (50kg) will increase from N27,000 to N30,000

- Garri (50kg) will fall from N7,000 to N6,500 
- Tomatoes will decline. N15,000 to N13,000 
- Egusi will decline – N5,000 

WHAT NEXT ?



01

Supplementary
budget likely in
August/September



02

Authority to incur
expenditure &
project financing



03

Minimum wage
negotiations



04

Subsidy payment

*Thank
you*

