



ECONOMIC CLIMATE SUMMARY of May 2019

INTERNATIONAL ENVIRONMENT

Globally, economic activity remains strong

In May 2019, the Purchasing Managers' Index (PMI) remained strong, showing an improvement in activity in the United States, China, Nigeria and the Euro Zone.

Table 1: Selection of global economic indicators

Area	Growth (%)		Inflation		PMI ⁰ Index	
	2018	2019	Apr-19	May-19	Apr-19	May-19
World	3.6	3.3	52.1	51.2
United States	2.9	2.5	2.0	1.8	53.0	50.9
Euro Zone	1.8	1.3	1.7	1.2	51.5	51.8
China	6.6	6.3	2.5	2.7	52.7	51.5
Nigeria	1.9	2.1	11.37	11.40	55.5	52.9

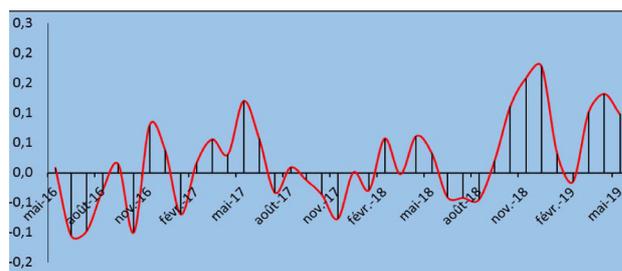
Source : IMF, May 2019

⁰ June 2019: Purchasing Managers' Index; an index greater than 50 indicates growth and less than 50 indicates a decline.

The opinions of business leaders confirm the improvement in the economic situation.

Business executives expressed a favorable opinion on the economic situation in May 2019. Indeed, the summary indicator of balance of opinions¹ came out positive (0.10).

Graph : Summary indicator of balance of opinions



Source : DPC/DGAE, June 2019

¹ positive balance of opinion indicates a favorable outlook and a negative balance indicates an unfavorable outlook.

Slight appreciation of currencies and decrease of commodity prices

On the foreign exchange market, in local currency, the dollar and the naira both appreciated by 0.5% compared to April 2019. Compared to their values a year earlier, these currencies appreciated by 5.6%. On the commodities market, cotton, oil and rice prices fell by 7.8%, 1.1% and 0.9% respectively from the previous month. On a year-on-year basis, cotton, oil and rice prices fell by 14.5%, 5.6% and 10.9% respectively.

Table 2 : Commodity and currency trends

	Dollar	Naira	Cotton (\$US)	Oil (\$US)	Rice (\$US)
May-18	555.39	1.849	2.07	74.11	477
April-19	583.70	1.942	1.92	70.78	429
May-19	586.49	1.952	1.77	69.97	425
Monthly change	0.5%	0.5%	-7.8%	-1.1%	-0.9%
Year-on-year change	5.6%	5.6%	-14.5%	-5.6%	-10.9%

Source : OPEC, FAO, Banque de France, Central Bank of Nigeria, June 2019

Employment growth in large companies

In May 2019, the employment index for large companies increased by 3.4% compared to the previous year. This increase is mainly driven by "construction (62.5%)" and "manufacturing activities (12.0%)". This improvement of the index is in part attributable to the current implementation phase of the paving project.

Table 4 : Evolution of the employment index

	Weight	Index of the month of			Change in	
		May-18	Apr-19	May-19	May-18	Apr-19
Farming, fishing, herding	30	92.4	31.9	31.5	-1.2	-65.9
Extractive activities	33	97.6	116.4	114.9	-1.3	17.7
Manufacturing activities	1 958	105.1	117.3	117.7	0.4	12.0
Electricity production and distribution	775	107.1	102.1	102.3	0.1	-4.5
Construction	793	85.0	137.7	138.1	0.3	62.5
Trade and automobile and household repair	1 768	99.4	97.4	97.8	0.5	-1.5
Transport, transport activities, and communication	2 218	99.4	98.0	98.6	0.7	-0.7
Banking	1 160	101.1	97.0	97.4	0.4	-3.7
Insurance	101	107.2	111.2	109.2	-1.7	1.9
Hotels and restaurants	174	99.9	85.2	84.9	-0.3	-15.0
Real estate, leasing and business services	838	137.3	105.5	106.6	1.0	-22.3
Health and social work activities	47	97.4	107.7	103.6	-3.8	6.4
Collective or personal activities	105	114.3	209.3	211.5	1.0	85.0
Overall index	10 000	103.5	106.6	107.1	0.4	3.4

Source : DPC/DGAE, June 2019

Increase of the HIPC

The Harmonized Index of Consumer Prices (IHPC) for the month of May 2019 stood at 102.3 against 100.6 in April 2019, an increase of 1.7%.

The inflation rate at the national level in May 2019, according to the definition adopted in the WAEMU region, was 0.4%, compared with 0.7% in April 2019.

DOMESTIC ENVIRONMENT

Rise of the turnover index

Au niveau national, At the national level, the Turnover Index (ICA) increased by 4.6% compared to the same period of 2018. This increase is driven mainly by the "banking (39.0%)", "real estate, leasing and business services (97.7%)", "construction (29.0%)" and "electricity production and distribution

Table 3 : Evolution of the turnover index

	Weight	Index of the month of			Change in	
		May-18	Apr-19	May-19	1 mth (in %)	12 mths (in %)
Farming, fishing, herding	17	82.8	106.1	84.8	-20.1	2.4
Extractive activities	31	134.0	83.0	58.9	-29.0	-56.0
Manufacturing activities	1 845	114.5	110.8	116.2	4.9	1.5
Electricity production and distribution	655	90.0	166.1	111.4	-32.9	23.8
Construction	330	152.6	131.8	196.9	49.4	29.0
Trade and automobile and household repair	4 231	110.9	113.4	110.8	-2.2	-0.1
Transport, transport activities, and communication	1 960	107.8	92.8	98.6	6.2	-8.6
Banking	609	112.3	173.5	156.0	-10.1	39.0
Insurance	9	148.8	157.2	135.6	-13.7	-8.9
Hotels and restaurants	37	90.3	85.7	82.5	-3.8	-8.6
Real estate, leasing and business services	175	86.4	162.0	170.8	5.4	97.7
Health and social work activities	10	105.3	93.8	77.7	-17.3	-26.2
Collective or personal activities	90	122.7	101.9	108.1	6.1	-11.9
Overall index	10 000	110.7	117.2	115.8	-1.2	4.6

Source : DPC/DGAE, June 2019