

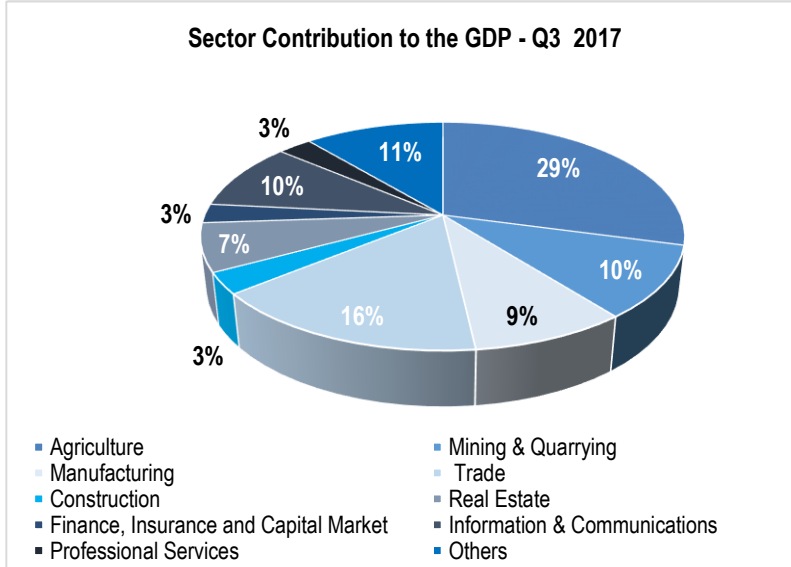
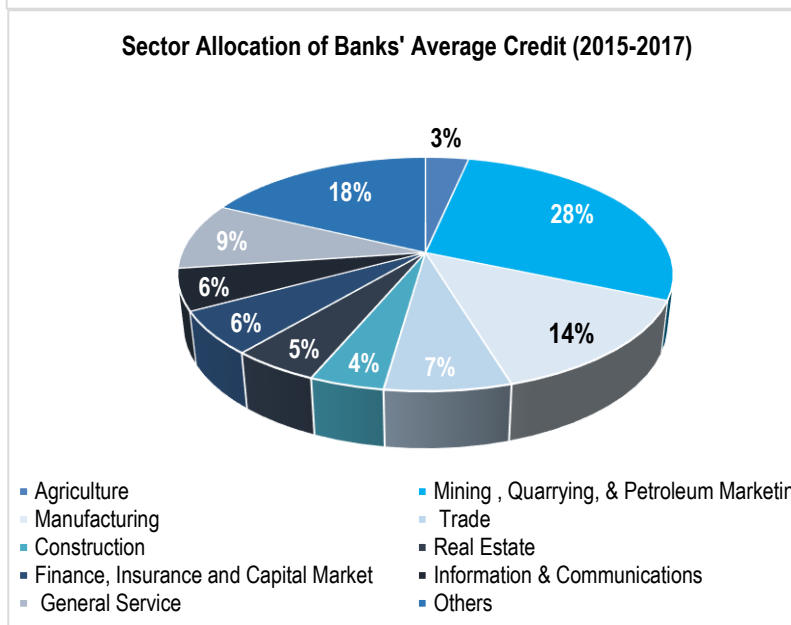
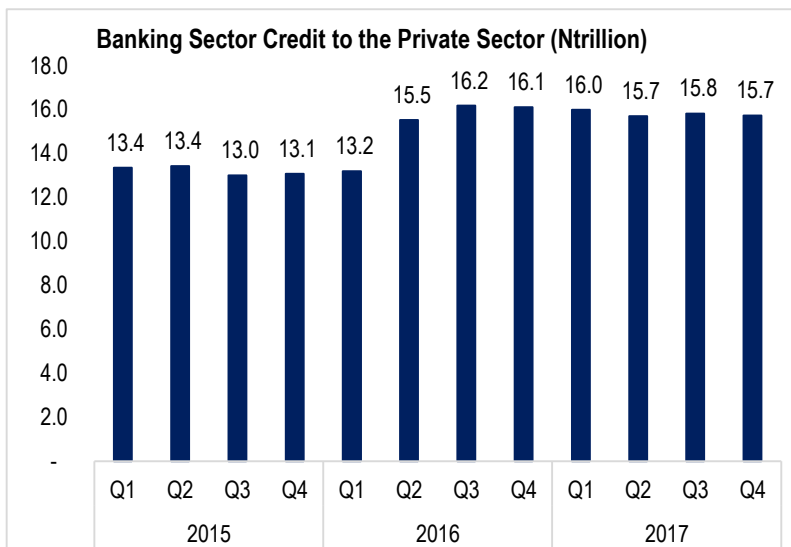
FSDH Research Forecasts a Growth in the Banking Sector Credit to Private Sector

FSDH Research expects a growth in the banking sector credit to the private sector in 2018. The improvement in the macroeconomic and business environment; improved consumers' confidence; and the drop in the yields on the Nigerian Treasury Bills (NTBs) are the main drivers of the expected credit growth.

The provisional figure that the National Bureau of Statistics (NBS) released for Q4, 2017 shows that the banking sector credit to the private sector dropped from N16.1trillion in Q4, 2016 to N15.7trillion in Q4 2017. Although the total credit as at the end of 2017 was higher than the figure of N13.1trillion in Q4 2015, the impact of the devaluation of the local currency may be responsible for the growth in 2017 over 2015.

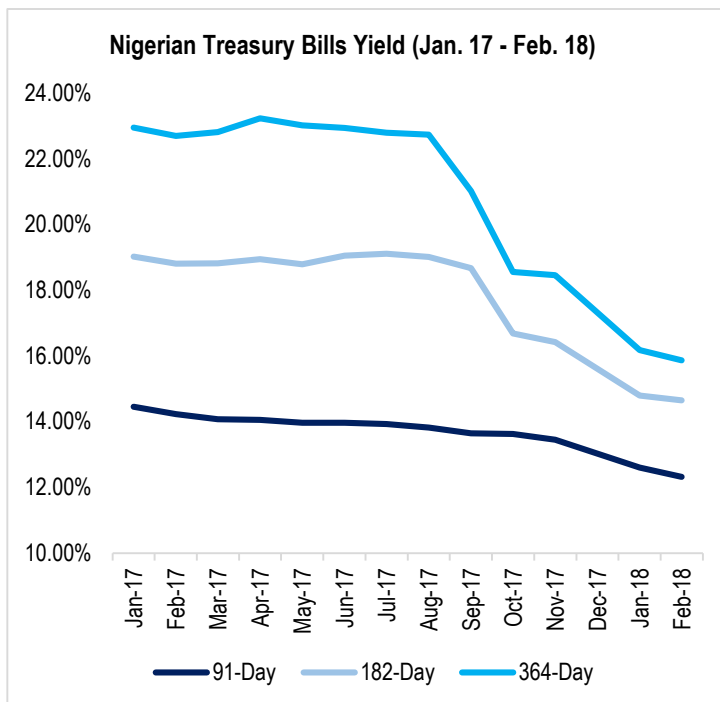
The sector with the highest credit allocation as at Q4 2017 was Mining and Quarrying, and Petroleum Marketing which accounted for 28% of the total banking sector credit to the private sector. This was followed by Manufacturing 14%; General Services 18%; and Trade 7%. We note that Agriculture, which contributed about 29% of the Gross Domestic Product (GDP) in Nigeria in Q3 2017, attracted 3% of the total credit.

Our findings show that the Agriculture sector in Nigeria is faced with many problems. Thus the sector is unable to attract the required credit. Some of the problems are: inadequate storage facilities; poor transport network; inadequate



research to develop improved seedlings; and weak integration between the sector and the manufacturing sector in providing manufacturing inputs.

FSDH Research expects the banking sector credit to the private sector to grow to N16.7trillion in 2018, representing a growth of 6.34% from N15.7trillion recorded in 2017. The manufacturing sector should attract the highest credit. The uncertainties surrounding the fuel subsidy in the petroleum marketing sector may lead to a contraction of credit to the sector.



Sources: Central Bank of Nigeria and National Bureau of Statistics

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