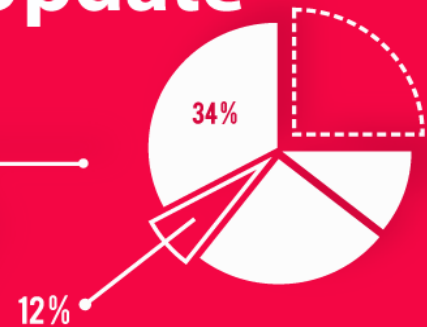




Nigeria Economic Update



Rise in Inflation

The Consumer Price Index (CPI) rose 0.06 percentage points to 12.40 percent in the month of May.ⁱ The rise was driven by a concurrent increase in core sub-index to 10.12 percent by 1.4 percent and the food sub-index to 15.04 percent by 0.06 percent. Inflation was the highest in Rivers and Bauchi states at 14.69 percent and 14.91 percent respectively. The high prices were driven by the concentrated demand experienced as a result of limited market days and minimal business operation during the month. As the supply chain for food and other commodities is disrupted and the cost of production increases, inflation is likely to continue to rise. If inflation persists, the Central Bank of Nigeria (CBN) may consider revising its monetary policy.

Weakening Stock Market

The NSE All Share Index and market capitalization depreciated by 0.99 percent to close at 24,826.75 and ₦12.951 trillion respectively for the week ended 19th June 2020. While the volume of shares traded declined, the value rose by 2.5 percent to ₦1.050 billion compared to the previous week.ⁱⁱ A rise of 17.8 percent to 19,576 was recorded in the number of deals traded, an increase spurred on by top equities namely Guaranty Trust Bank and First Bank Holding and FCMB Group. Overall, the end of the week results indicate a weakened market position and increased investors uncertainty. However, as domestic and international economies commence gradual re-opening in the coming weeks, investors' fears and market sentiments are expected to decline. Hence, market indices and performance are expected to improve.

Rise in Crude Oil Price

According to the CBN, crude oil price has risen to \$42.94 per barrel, a 33 percent rise compared to \$32.25 per barrel in the previous month.ⁱⁱⁱ The rise comes just as many economies are reopening, recording a marginal increase in demand. However, world oil demand is still expected to drop by 9.1 million barrels per dollar.^{iv} OPEC and its member countries have agreed to drop oil production in order to control market supply and consequently price. With this agreement, the revenue gains from increasing oil price for Nigeria could be marginal as the country is expected to cut production by about 22 percent to 1.4 million barrels per day which may also hinder the realization of the revised 2020 budget considering that the crude oil production estimate is 1.7 million barrels per day. To ensure performance of the 2020 budget, concerted efforts must be in place to ensure optimum collection of non-oil revenues by blocking leakages and non-remittances through improved administrative and monitoring mechanisms.

ECONOMIC SNAPSHOT		
Quarterly Indicators	'19Q4	'19Q1
GDP Growth Rate (%)	2.5	1.87
Oil GDP (%)	7.23	9.50
Non-oil GDP (%)	92.68	90.50
Unemployment Rate (%)	NA	NA
Foreign Direct Investment (US \$ Million)	257.25	214.25
Portfolio Investment (US \$Millions)	1,883.58	4,309.47
Other Investment (US \$Million)	1,661.55	1,330.65
External Debt (FGN & States- N'Billion)	9,022	NA
Domestic Debt (FGN + States & FCT N'billion)	18,378	NA
Manufacturing Capacity utilization (%)	185.1	NA
Monthly Indicators	April	May
Headline Inflation (%)	12.34	12.40
Food Sub-Index (%)	15.03	15.04
Core Sub-Index (%)	9.98	10.12
External Reserves (End Period) (US\$ Million)	33,520.90	36,594.99
Official Rate Approx. (N/US\$)	306.5	360.5
BDC Rate Approx. (N/US\$)	362	
Manufacturing PMI	NA	42.4
Non-Manufacturing PMI	NA	25.3
Crude Oil Price (US\$/Barrel)	13.88	33.91
Petrol (PMS-N/litre)	130.84	NA
Diesel (AGO -N/Litre)	224.11	NA
Kerosene (HHK -N/Litre)	342.33	NA
MPR (%)	13.5	12.5
CRR (%)	*27.5	27.5
91 Day T-Bill Rate (%)	1.19	NA
Savings Deposit (%)	3.69	NA
Prime Lending (%)	14.92	NA
Maximum Lending (%)	30.73	NA
Narrow Money (N'Billion)	11,587.04	NA
Broad Money (N'Billion)	31,763.94	NA
Net Domestic Credit (N'Billion)	39,098.31	NA
Credit to the Government (N'Billion)	10,427.89	NA
Credit to the Private Sector(N'Billion)	9,683.28	NA

*Revised GDP figures/tentative figures

NA: Not Available

i NBS(2020) CPI and Inflation Report May 2020 retrieved from:
<https://nigerianstat.gov.ng/download/1113>

ii NSE (2020), STOCK MARKET REPORT FOR JUNE 19TH 2020 Retrieved from
http://www.nse.com.ng/market_data-site/other-market-information-site/Week%20Market%20Report/Weekly%20Market%20Report%20for%20the%20Week%20Ended%2019-06-2020.pdf

iii CBN(2020) Daily Crude Oil Price retrieved from: <https://www.cbn.gov.ng/rates/DailyCrude.asp>

iv OPEC(2020) Monthly Oil Market Report - June 2020 retrieved from:
https://momr.opec.org/pdf-download/res/pdf_delivery_momr.php?secToken2=accept