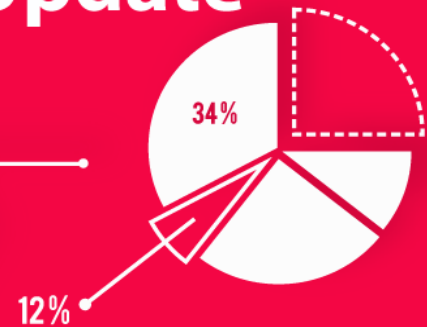




Nigeria Economic Update



Ban on Maize Imports

The Central Bank of Nigeria (CBN) recently announced a ban on the importation of maize/corn¹. This ban adds maize to the list of 41 other products some of which include rice, cement, margarine and palm kernel that had earlier been banned². The embargo comes as a means to further encourage local production, stimulate economic growth as well as secure local jobs and livelihoods. Available data shows that Nigeria imported 400,000 tons of maize in 2019 same as it did in 2018³. However, forex restrictions on the importation of rice, coupled with the closure of the Nigerian land borders to neighbouring countries, has seen the country move from a major importer to the largest producer of rice in Africa.⁴ By extension, it is expected that the addition of maize to the forex restriction list will help to stimulate its domestic production and thus reduce or eliminate dependence on imported maize. Consequently, this effort is also expected to limit domestic demand for forex and curb the exchange rate volatility.

Inequality in Access to Education

Data from the recently released Nigerian Living Standards Survey (NLSS) shows that gross enrollment and net attendance stood at 77.7 and 71.3 per cent respectively. Further disaggregation by gender shows that males perform worse than their female counterparts in both gross enrollment (79.1 per cent vs 76.1 percent) and net attendance (71.6 per cent vs 71 percent). Also, both indicators worsen with school level, as those in Senior Secondary school recorded lower enrolment and attendance rates than those in Junior Secondary school. The pandemic has further worsened access to education as many students particularly those in rural areas do not have access to laptops, televisions and other alternatives to face-to-face learning⁶. Failure to address this will deepen education inequality and weaken the successes achieved in the education sector. Education should be viewed as a top priority by the government, private sector and donor community. The pandemic should be used as an opportunity to invest in educational tools for the future and revamp the entire sector to usher students into the era of the Fourth Industrial Revolution.

Decline in Interest Rates in Primary Market

According to the CBN, interest rates for the primary market declined to a record low. The 91-day tenor bill fell to 1.78 percent, its lowest since 2010. The decline was also recorded in the 182 day and 365 days tenor as the interest rates closed at of 1.91 and 3.39 percent respectively. The low interest rate comes against a larger amount of bills being offered compared to the previous auction⁷. This weak offering was however over-subscribed indicating a high demand for stable investments amid the current economic uncertainty. A position which would provide the much-needed liquidity for the nation. However, the disparity between the subscriptions and the offers may suggest that investors are willing to earn a negative real return in order to circumvent the higher risk in other financial assets such as stocks. Going forward, the demand for treasury bills is expected to increase further considering that it is one of the safest investments available for investors with interests paid upfront and the principal paid in full upon maturity.

ECONOMIC SNAPSHOT		
Quarterly Indicators	'19Q3	'19Q4
GDP Growth Rate (%)	2.3	2.5
Oil GDP (%)	6.49	7.23
Non-oil GDP (%)	90.23	92.68
Unemployment Rate (%)	NA	NA
Foreign Direct Investment (US \$ Million)	200.08	257.25
Portfolio Investment (US \$Millions)	2,999.50	1883.58
Other Investment (US \$Million)	2,167.98	1661.55
External Debt (FGN & States- N'Billion)	NA	NA
Domestic Debt (FGN + States & FCT N'billion)	NA	NA
Manufacturing Capacity utilization (%)	181.2	185.1
Monthly Indicators	Dec'19	Jan'20
Headline Inflation (%)	11.40	12.13
Food Sub-Index (%)	14.67	14.86
Core Sub-Index (%)	9.33	9.35
External Reserves (End Period) (US\$ Million)	38,595.25	31,009.76
Official Rate Approx. (N/US\$)	306.5	306.5
BDC Rate Approx. (N/US\$)	362	362
Manufacturing PMI	60.8	59.2
Non-Manufacturing PMI	62.1	59.6
Crude Oil Price (US\$/Barrel)	67.31	63.83
Petrol (PMS-N/litre)	145.35	145.37
Diesel (AGO -N/Litre)	229.81	229.78
Kerosene (HHK -N/Litre)	320.47	323.46
MPR (%)	13.5	13.5
CRR (%)	22.5	27.5
91 Day T-Bill Rate (%)	4.47	3.45
Savings Deposit (%)	3.89	3.86
Prime Lending (%)	14.99	30.77
Maximum Lending (%)	30.72	NA
Narrow Money (N'Billion)	10,533.13	10,331.40
Broad Money (N'Billion)	34,776.37	34,146.48
Net Domestic Credit (N'Billion)	36,178.34	35,815.11
Credit to the Government (N'Billion)	9,483.81	9,252.81
Credit to the Private Sector(N'Billion)	26,694.52	26,562.69
Currency in Circulation (N'Billion)	2,441.66	2,248.44

*Revised GDP figures/tentative figures

NA: Not Available

1 CBN(2020) Importation of maize/corn retrieved from:

<https://www.cbn.gov.ng/Out/2020/CCD/Importation%20of%20Maze%20TED2.pdf>

2 Export.gov (2020) Nigeria - Prohibited and Restricted Imports

<https://www.export.gov/apex/article2?id=Nigeria-Prohibited-and-Restricted-Imports>

3 Premium Times (2020) As farmers seek import ban, Nigeria buys same quantity of maize abroad.

<https://www.premiumtimesng.com/news/more-news/402470-as-farmers-seek-import-ban-nigeria-buys-same-quantity-of-maize-abroad.html>

4 AllAfrica.com (2020) Nigeria is Now the Biggest Producer of Rice in Africa.

<https://allafrica.com/view/group/main/main/id/00066911.html>

5 NBS (2020) Nigerian Living Standard Survey retrieved from <https://nigerianstat.gov.ng/download/1123>

6 EDUCELEB (2020) education tv radio program <https://educeleb.com/educational-tv-radio-programmes/>

7 CBN (2020) Government securities summary retrieved from:

<https://www.cbn.gov.ng/rates/GovtSecurities.asp>

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