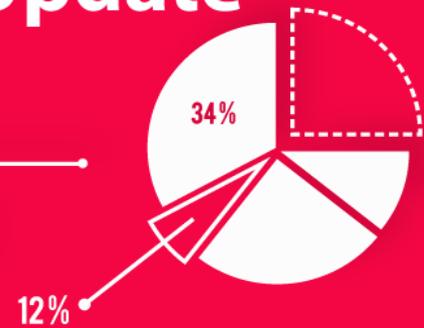




Nigeria Economic Update



Weak Purchasing Managers Index

A While the Manufacturing Purchasing Managers Index (PMI) for July increased by 9.24 percent to 44.9 index points¹, it remained below the 50-index points threshold for the third consecutive month. Specifically, 12 out of 14 sub-sectors remain below the 50-index points threshold. Meanwhile, the non-manufacturing PMI remained below the threshold, at 43.3 index points, for the fourth consecutive month. For the non-manufacturing PMI, 14 out of the 17 sub-sectors remain below the threshold. Despite the increments, the PMI data shows that the manufacturing and non-manufacturing sectors continue to be faced with slow growth in production, new orders, and employment. Given the job losses as a result of the pandemic and the associated uncertainty, the PMI in the coming months is likely to remain below the threshold. In the short-term, both manufacturing and non-manufacturing sectors should reposition themselves to meet the demand for essential commodities such as personal protective equipment (PPE) and ventilators, and transition into the digital economy. In the post-COVID era, both sectors should take advantage of its competitive nature, given that wage costs are low, and produce for the export market.

Positive Business Outlook

According to the Central Bank of Nigeria's (CBN) Business Expectation Survey carried out in July, the business outlook rose by 16.4 index points month on month. However, the overall Confidence Index for July 2020 remained pessimistic/negative at -7.9 index points considering that the Index in the preceding month was -24.3 points². The sectors surveyed were agriculture, manufacturing, and the construction sectors with a more disaggregated data showing that businesses that are neither import nor export-oriented were the most pessimist in the review period. In a more forward-looking survey, respondents had a more optimistic outlook for the month of August (33.7 index points). Understandably, as society transitions back to normal, business activities are expected to improve. While the business community will no doubt be adversely affected by the pandemic, the several interventions put in place by the government should be leveraged on to support businesses.

Increase in FAAC Allocation

The FAAC disbursed a total of N651.84 billion of the revenue generated in June which is a 26.7 percent increase relative to the amount disbursed in the preceding month³. The revenue for the month comprises gross statutory revenue at N524.52 billion, Value Added Tax (VAT) at N128.826 billion, and the exchange gain revenue at N42.832 billion. While the federal, state and local governments received N227.584 billion, N115.434 billion and N88.995 billion respectively, the sum of N45 billion was transferred into the excess non-oil revenue account. The increase in the gross revenue for the month was credited to significant increase in import and excise duty, VAT, Company Income Tax, and royalty from oil and gas, while petroleum profit tax witnessed a decline. The nation's revenue is challenged with declining global oil demand and market volatilities. Hence, government must strengthen its efforts to boost non-oil revenue to curtail potential revenue crisis.

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
FAAC (N'Billion)	650.83	NA

*Revised GDP figures/tentative figures

Compiled by the Information and Data Management (IDM) Unit, CSEA

www.cseaafrica.org

1 CBN (2020) July 2020 PMI report retrieved from:

<https://www.cbn.gov.ng/Out/2020/STD/JULY%202020%20PMI%20Report.pdf>

2 CBN (2020) July 2020 Business Expectation Report retrieved from:

<https://www.cbn.gov.ng/Out/2020/STD/JULY%202020%20BES%20Report.pdf>

3 FMIC (2020) FAAC Shares N651.184 Billion June 2020 Revenue to FG, States and LGs retrieved from:

<https://fmic.gov.ng/faac-shares-n651-184-billion-june-2020-revenue-to-fg-states-an-lgs/>

