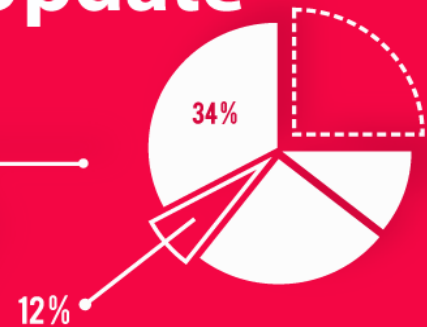




Nigeria Economic Update



High Number of Road Accidents

Data from the National Bureau of Statistics (NBS) shows that 2,080 road accidents occurred in the second quarter of 2020.¹ Accounting for 47 percent of crashes, speed violation was reported to be the leading cause of crashes, followed by wrongful overtaking which accounted for 10 percent. A total of 855 lives were lost in road crashes with 5,535 people injured during the period. In both cases of injury and death, adults formed the majority amounting to 93 percent and 92 percent respectively. According to the report, men were approximately 4 times more likely to be a victim of road accident than women. The leading number of road accident cases occurred in the following states: Kaduna (177), Ogun (170), FCT (165), and Oyo (138). While the Federal Road Safety Corp (FRSC) penalizes traffic violations, it is imperative to display speed limits, sensitize the public on penalties/fines, and implement an automobile speed violation detection system across the country, particularly in urban areas. This will curb accidents as a result of over speeding and also increase the revenue accruing the government through payment of penalties/fines.

Growth in Foreign Reserves

In the one-month period between August 29th and September 29th, Nigeria's foreign reserves grew at the marginal rate of 0.16 percent (\$58.464 million) as reported by the Central Bank of Nigeria (CBN).² Irregularity was observed as the foreign reserves balance rose and fell over the reported period. By September 29th, the balance had risen from \$35.665 billion to \$35.724 billion. Due to the current economic climate, outflows outweighing inflows, and the worsening current account balance, external reserves are expected to decelerate. Nevertheless, if these irregularities are not checked, the reserves will decrease drastically. Supporting this claim, the CBN has estimated that the nation's international reserves will be between \$29.9 billion and \$34.4 billion by the end of December.³ Therefore, to tackle the irregularities, the government should regulate the economic situation by building its fiscal buffers that can absorb unprecedented economic shocks.

Rallying in the Stock Market

The All Share Index (ASI) rose by 2.53 percent while Market Capitalization appreciated by 2.55 percent to close the week at 26,985.77 and N14.105 trillion respectively. Apart from NSE Consumer Goods which depreciated by 0.75% and NSE ASeM Index closing flat, all other indices finished higher. Also, the Nigerian Stock Exchange (NSE) reported the year-to-date yield to be positive from the first time since March, 2020.⁴ Most market performance indicators closed higher than in the previous week with 36 equities appreciating during the week in comparison to 35 in the previous week. Considering that the economy is transitioning to the new normal and the Government has put in place several interventions for businesses that have been most affected by the pandemic, the stock market is expected to record positive gains going forward. However, the likely winners on the stock market in the post-pandemic economy will be digital and technology companies while the losers will be labour-intensive companies such as hotels. This will have significant implications on income inequality and possibly on wealth inequality in the long-term.

ECONOMIC SNAPSHOT			
Quarterly Indicators		'20Q1	'20Q2
GDP Growth Rate (%)		1.87	- 6.10
Oil GDP (%)		9.5	8.93
Non-oil GDP (%)		90.5	91.07
Unemployment Rate (%)		NA	27.1
Foreign Direct Investment (US \$ Million)		214.3	148.6
Portfolio Investment (US \$Millions)		430.9	385.32
Other Investment (US \$Million)		1,330.65	761.03
External Debt (FGN & States- N'Trillion)		9.9	11.36
Domestic Debt (FGN + States & FCT N'Trillion)		18.6	19.65
Manufacturing Capacity utilization (%)		NA	NA
Monthly Indicators		Aug'20	Sept'20
Headline Inflation (%)		13.22	13.71
Food Sub-Index (%)		16	16.66
Core Sub-Index (%)		10.52	10.58
External Reserves (End Period) (US\$ Billion)		35.59	NA
Official Rate Approx. (N/US\$)		478	NA
BDC Rate Approx. (N/US\$)		473.48	NA
Manufacturing PMI		48.5	46.9
Non-Manufacturing PMI		44.7	41.9
Crude Oil Price (US\$/Barrel)		61.05	NA
Petrol (PMS-N/litre)		148.78	161.06
Diesel (AGO -N/Litre)		221.88	219.68
Kerosene (HHK -N/Litre)		346.53	347.98
MPR (%)		12.5	11.5
CRR (%)		27.5	27.5
91 Day T-Bill Rate (%)		1.17	NA
Savings Deposit (%)		3.78	NA
Prime Lending (%)		11.76	NA
Maximum Lending (%)		29.51	NA
Narrow Money (N'Million)		13,137,147.73	NA
Broad Money (N'Million)		37,186,261.82	NA
Net Domestic Credit (N'Million)		38,688,582.41	NA
Credit to the Government (Net) (N'Million)		8,551,277.01	NA
Credit to the Private Sector (N'Million)		30,137,305.39	NA
Currency in Circulation (N'Million)		2,370,886.01	NA
FAAC (N'Billion)		676.41	NA

*Revised GDP figures/tentative figure NA: Not Available

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

www.cseaafrica.org

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