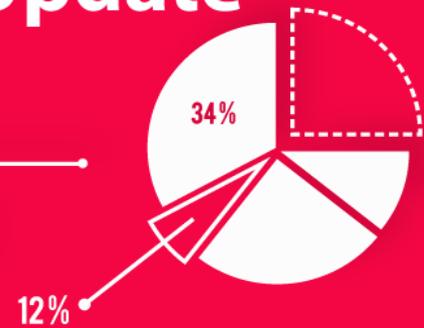




Nigeria Economic Update



Weekly
Digest

Ratification of the AfCFTA

The Federal Executive Council has ratified Nigeria's membership of the African Continental Free Trade Area (AfCFTA) agreement ahead of the December 5, 2020 deadline.¹ The AfCFTA, which comes into effect on the 1st of January 2021, aims to create a single market for goods and services in Africa that can potentially increase consumer and business spending to over \$6.7 trillion by 2030.² Nigeria with its substantial market, large labour force and economy is likely to be a major beneficiary of the agreement. However, the Nigerian government in some instances has taken an anti-trade policy stance such as the closure of land borders with Benin, Niger, and Cameroon in order to curb the smuggling of food products, and the new import prohibition on Maize. As such, the government will have to improve its preparedness towards implementing the AfCFTA by identifying and achieving quick wins to enhance trade across borders. Another important policy objective is increasing the awareness of the AfCFTA among local businesses in order that they leverage on the increased market access.

Disbursement of the Nigeria Youth Investment Fund

The Federal Government of Nigeria is seeking to borrow \$1.2 billion from Brazil to finance agricultural programmes in the 2021 budget.⁴ A request of approval has been transmitted to the National Assembly. The loan is to fund the Green Imperative Programme aimed at addressing the issues of the entire agricultural value chain from mechanisation, production, processing and selling. With Zambia becoming the first African country to default on its foreign debt since the pandemic,⁵ the continuous borrowing by the Federal Government has raised concerns around debt sustainability. On this basis, the government will have to consider accessing the debt service relief initiative offered by official creditors to reduce the current debt servicing needs. Nevertheless, linking the debt to green initiatives is an innovative approach to building a more climate-resilient economy in the post-COVID period.

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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	Jul'20	Aug'20
Headline Inflation (%)	12.82	13.22
Food Sub-Index (%)	15.48	16
Core Sub-Index (%)	10.1	10.52
External Reserves (End Period) (US\$ Billion)	36.12	35.59
Official Rate Approx. (N/US\$)	390	478
BDC Rate Approx. (N/US\$)	464.71	473.48
Manufacturing PMI	44.9	48.5
Non-Manufacturing PMI	43.3	44.7
Crude Oil Price (US\$/Barrel)	66.24	61.05
Petrol (PMS-N/litre)	143.80	138.62
Diesel (AGO -N/Litre)	224.43	160
Kerosene (HHK -N/Litre)	335.54	165
MPR (%)	12.5	12.5
CRR (%)	NA	NA
91 Day T-Bill Rate (%)	1.3	1.17
Savings Deposit (%)	3.78	3.78
Prime Lending (%)	12.1	11.76
Maximum Lending (%)	28.42	29.51
Narrow Money (N'Million)	12,556,728.46	13,137,147.73
Broad Money (N'Million)	36,594,710.31	37,186,261.82
Net Domestic Credit (N'Million)	39,588,706.14	38,688,582.41
Credit to the Government (Net) (N'Million)	9,523,964.25	8,551,277.01
Credit to the Private Sector (N'Million)	30,064,741.89	30,137,305.39
Currency in Circulation (N'Million)	2,395,917.03	2,370,886.01
FAAC (N'Billion)	696.18	682.060

*Revised GDP figures/tentative figure NA: Not Available

1. Government of Nigeria (2020). Twitter page of the Federal Government of Nigeria, @NigeriaGov. Retrieved from: <https://twitter.com/NigeriaGov/status/1326507874386915329>
2. Quartz Africa (2020). Nigeria has ratified Africa’s historic free trade agreement—but its land borders remain closed. Accessed November 11, 2020. <https://qz.com/africa/1932390/nigeria-ratifies-afcfta-despite-closed-benin-cameroon-borders/>
3. NIRSAL Micro Finance Bank (2020). Nigeria Youth Investment Fund Product Program. Retrieved from: <https://nmfb.com.ng/wp-content/uploads/2020/10/NYIF-Product-Details.pdf>
4. Punch NG (2020) FG seeks fresh \$1.2bn loan from Brazil. Retrieved from: <https://punchng.com/fg-seeks-fresh-1-2bn-loan-from-brazil/>
5. BBC (2020). Zambia on Brink of Defaulting on Foreign Debt. Retrieved from: <https://www.bbc.com/news/world-africa-54928836>