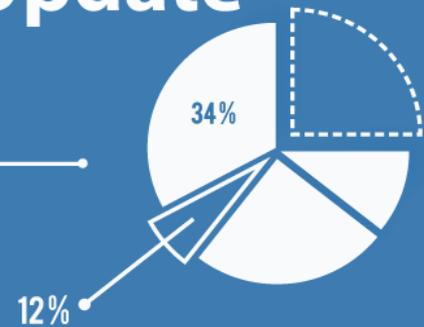


Nigeria Economic Update



NNPC Aims To Raise \$1 Billion To Revamp Refineries

Discussions are underway between the Nigerian National Petroleum Corporation (NNPC) and a range of foreign and Nigerian trading houses with the NNPC aiming to raise \$1 billion oil prepayment towards the revamping of the Port Harcourt refinery.¹ The funds acquired are expected to be repaid through the delivery of refined products over a span of seven years. In 2019, the refineries of Nigeria lost approximately N167 billion (\$439.47 million) leading to the shutting down of the refineries in April 2020 for rehabilitation. If the project is successful, Nigeria's fuel import bill will be reduced. Additionally, it would be the country's second oil-backed financing since the onset of the COVID-19 pandemic. Currently, a key financing source is the African Export-Import (Afrexim) Bank. Some foreign banks have stated their aversions to participating or contributing to the project due to their consideration of Nigeria as a high-risk country and low credit availability. The use of sales of refined products to finance the rehabilitation of the refinery provides the appropriate incentive for successfully completing the project. However, the use of public-private partnerships in managing the refinery should be considered in order to enhance efficiency and effectiveness.

Rise in Telecoms Subscriptions in Q2 & Q3 2020

Data from the National Bureau of Statistics (NBS) shows that telecoms related subscriptions increased in the second (Q2) and third (Q3) quarters of 2020. Specifically, there was a total of 196,242,456 and 205,252,058 active voice subscriptions in Q2 and Q3 respectively², representing a 4.59 percent increase from the first quarter (Q1) of 2020. An even greater percentage growth of 5.8 percent was recorded for active internet subscribers, totalling 143,636,816 and 151,512,122 in Q2 and Q3. The national lockdown measures put in place towards the end of Q1 2020 to mitigate the spread of COVID-19, most likely contributed significantly to the rise in telecom subscriptions, as digital alternatives became more popular for business and other day-to-day activities. While this growth trend signals a positive step for the growth of Nigeria's digital economy, it is necessary to put in place a supportive landscape to facilitate faster growth. This includes greater investment in infrastructure and better policies for users and service providers in the information and communications technology sector.

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Nigeria's Public Debt Still on the Rise

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According to the National Bureau of Statistics (NBS), Nigeria's total public debt stood at N32.22 trillion by the end of Q3 2020³. This is a 22.9% increase when compared to the corresponding quarter of 2019. Despite the increase, the data shows that the country's debt portfolio mix still meets the Debt Management Office's recommendations, as external to domestic public debt ratio is at 38:62. The rapid growth of public expenditure, combined with constraints in revenue mobilisation over the past year has contributed to the country's public debt issue. Continuous increase in government borrowing and huge debt servicing obligations can have a long-term negative impact on the country's capacity for improved development. Effective public financial management is now more critical than ever before.

ECONOMIC SNAPSHOT		
Quarterly Indicators	'20Q2	'20Q3
GDP Growth Rate (%)	- 6.10	-3.62
Oil GDP (%)	8.93	8.73
Non-oil GDP (%)	91.07	91.27
Unemployment Rate (%)	27.1	NA
Foreign Direct Investment (US \$ Million)	148.6	414.79
Portfolio Investment (US \$Millions)	385.32	407.25
Other Investment (US \$Million)	761.03	639.44
External Debt (FGN & States- N'Trillion)	11.36	NA
Domestic Debt (FGN + States & FCT N'Trillion)	19.65	NA
Manufacturing Capacity utilization (%)	NA	NA
Monthly Indicators	Nov'20	Dec'20
Headline Inflation (%)	14.89	NA
Food Sub-Index (%)	18.30	NA
Core Sub-Index (%)	11.05	NA
External Reserves (End Period) (US\$ Billion)	35.41	NA
Official Rate Approx. (N/US\$)	379	379
BDC Rate Approx. (N/US\$)	472.74	NA
Manufacturing PMI	50.2	49.6
Non-Manufacturing PMI	47.6	45.7
Crude Oil Price (US\$/Barrel)	NA	NA
Petrol (PMS-N/litre)	167.27	NA
Diesel (AGO -N/Litre)	223.74	NA
Kerosene (HHK -N/Litre)	353.38	NA
MPR (%)	11.50	NA
CRR (%)	NA	NA
91 Day T-Bill Rate (%)	0.03	NA
Savings Deposit (%)	1.84	NA
Prime Lending (%)	11.60	NA
Maximum Lending (%)	28.85	NA
Narrow Money (N'Million)	14,820,224.11	NA
Broad Money (N'Million)	36,587,109.03	NA
Net Domestic Credit (N'Million)	40,121,654.80	NA
Credit to the Government (Net) (N'Million)	10,785,909.30	NA
Credit to the Private Sector (N'Million)	29,335,745.57	NA
Currency in Circulation (N'Million)	2,659,710.45	NA

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*Revised GDP figures/tentative figure

NA: Not Available

1. Reuters (2021). Exclusive-Nigeria's NNPC seeks \$1 billion oil prepay to revamp Port Harcourt refinery. Retrieved from: <https://www.reuters.com/article/us-nigeria-oil-refineries-exclusive/exclusive-nigerias-nnpc-seeks-1-billion-oil-prepay-to-revamp-port-harcourt-refinery-idUSKBN29C0M9?rpc=401&>
2. NBS (2021). Telecoms Data: Active Voice and Internet per State, Porting and Tariff Information (Q2 & Q3: 2020). Retrieved from: <https://www.nigerianstat.gov.ng/download/1210>
3. NBS (2021). Nigerian Domestic and Foreign Debt: Q3 2020. Retrieved from: <https://nigerianstat.gov.ng/download/1211>