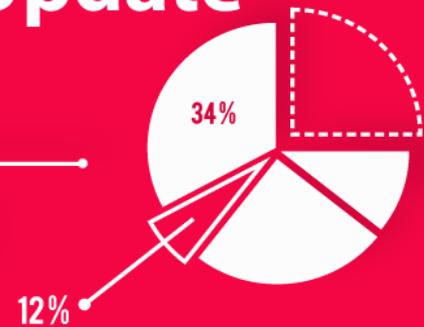




# Nigeria Economic Update



## ***Mixed outcomes in Foreign Trade***

According to the National bureau of Statistics<sup>1</sup>, total value of Nigeria's merchandise trade grew to N8,374.4 billion in Q3 2020, representing a 34.15% increase when compared to the previous quarter. The bulk of the country's trade for the period comprises imports, which accounted for 64% while exports formed 36% of total trade (majorly from sale of crude oil produce). Further disaggregation of the data shows that while the value of export is gradually rising (34.85% more than Q2 2020) due to relative increase in economic activities, it remains significantly less by 43.41% in Q3 2019. Whereas imports continue to soar high, thereby worsening the widening trade deficit. It is therefore critical for government to intensify its efforts towards economic diversification, and implement better policies/ strategies to support non-oil exports, in order to curtail this negative trend.

## ***CBN set to issue a new Special Bills Instrument***

In a bid to strengthen the liquidity of Nigeria's financial market, the Central Bank of Nigeria (CBN) via a public circular, has announced the introduction of special bills<sup>2</sup>. The bills are expected to have a 90 days tenor with a predetermined yield set by CBN upon issuance, and will be available for banks and investors to trade in. A major benefit is that CBN would allow banks categorise this instrument under liquid assets classification, which would potentially improve liquidity ratio of banks. If successfully implemented, we envisage that this will increase the capacity of banks (that currently have low liquidity ratios) to extend more loans to the general public, particularly small businesses affected by the global pandemic. This could in turn spur faster economic recovery for the nation. However, CBN would need to regularly assess the success of the instrument over time.

## ***Electronic Payments and Transfers on the Rise***

Data<sup>3</sup> from the National Bureau of Statistics indicates improved performance in total volume and value of electronic banking transactions in Q3 2020. When compared with Q2 2020, the volume of e-banking transactions increased by 29% to reach a total number of 2,781,526,188 transactions estimated at N319.99trillion, which is a 21% growth in total value. An upsurge in online transfers, mobile app banking, automated machine transactions, point-of-sale payments, among others, could signify a positive trend for the country's financial inclusion goals. This growth would however need to be consistent, and go beyond just deepening financial services or products available to existing bank customers, but involve extending these services to excluded segments of the population.

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

\*Revised GDP figures/tentative figure NA: Not Available

1. NBS (2020). Foreign Trade in Goods Statistics: December 2020. Retrieved from: <https://nigerianstat.gov.ng/download/1196>
2. CBN (2020). Introduction of CBN Special Bills. Retrieved from: <https://www.cbn.gov.ng/Out/2020/CCD/Circular%20to%20Banks%20on%20CBN%20Special%20Bills.pdf>
3. NBS (2020). Selected Banking Sector Data: Sectorial Breakdown of Credit, ePayment Channels and Staff Strength – Q3 2020 Retrieved from: <https://nigerianstat.gov.ng/download/1197>