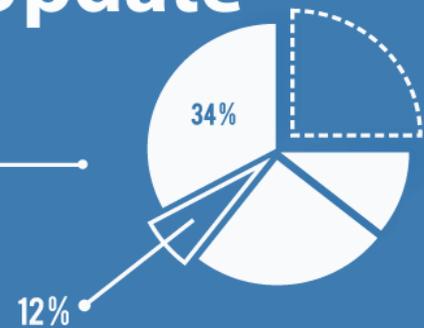


# Nigeria Economic Update



## ***Improvements in Foreign Trade***

Total Nigeria merchandising trade stood at N9.12 trillion in the fourth quarter of 2020, representing an 8.9 percent increase relative to the preceding quarter and a 9.9 percent decrease relative to the corresponding quarter of 2019.<sup>1</sup> For the fifth consecutive quarter, Nigeria recorded a negative balance of trade with the import component of trade accounting for 65 percent while export component of trade accounted for 35 percent. Crude oil accounted for 78.93 percent of Nigeria's export while manufactured goods accounted for 64.56 percent of total imports. Nigeria's major export trading partner is India (17.12 percent) while China (28.28 percent) accounted for most import to Nigeria. Improvements in foreign trade is expected to continue as economic activities in our major trading partner countries increase. However, diversifying the export base to include other goods such as agricultural commodities, textiles, and manufactured goods is pertinent. To achieve this, ensuring standardization of commodities and setting competitive freight charges will unlock the opportunities in external trade.

## ***Rising Unemployment***

Data from the National Bureau of Statistics (NBS) shows that unemployment rate increased to 33.28 percent in the fourth quarter of 2020, up from 27.11 percent in the second quarter.<sup>2</sup> This implies that one in three citizens within the economically active or working age population were job hunting during the review period. Further disaggregation of the data revealed that unemployment rate was highest among the youth, that is between ages 15-34 (42.5 percent). Those living in rural communities were also worse off than their urban counterparts. At the sub-national level, Osun state was the least affected with an unemployment rate of 11.7%, while Imo state was worst hit recording 56.6% unemployment. The observed unfavourable trend in Nigeria's unemployment rate can be attributed to the economic impact of the covid-19 pandemic. Based on this, it is imperative for the government to pursue policies that will ensure that both formal and informal workers are able to build resilience to shocks, in order to guarantee quick economic recovery and sustainable growth.

## ***Demutualisation of NSE***

The Nigerian Stock Exchange (NSE) has received final approvals to complete its demutualisation plan from the Securities and Exchange Commission (SEC) and Corporate Affairs Commission (CAC)<sup>3</sup>. This changes the NSE from a company limited by guarantee to a public company limited by shares (Plc). This is a popular practice among leading stock exchanges – New York Stock Exchange, London Stock Exchange, Toronto Stock Exchange, Singapore Stock Exchange and Australian Stock Exchange. The demutualisation of the NSE will introduce better transparency, corporate governance and enhanced efficiency in the activities of the stock exchange. However, careful consideration should be made in order that non-publicly available information is not accessed and used for insider trading purposes. This will undermine the credibility of the NSE.

<b>ECONOMIC SNAPSHOT</b>		
<b>Quarterly Indicators</b>	<b>'20Q3</b>	<b>'20Q4</b>
<b>GDP Growth Rate (%)</b>	- 3.62	0.11
<b>Oil GDP (%)</b>	-13.98	-19.76
<b>Non-oil GDP (%)</b>	-2.51	1.69
<b>Unemployment Rate (%)</b>	NA	NA
<b>Foreign Direct Investment (US \$ Million)</b>	414.79	251.27
<b>Portfolio Investment (US \$Millions)</b>	407.25	35.15
<b>Other Investment (US \$Million)</b>	639.44	783.26
<b>External Debt (FGN &amp; States- N'Trillion)</b>	12.16	NA
<b>Domestic Debt (FGN + States &amp; FCT N'Trillion)</b>	20.04	NA
<b>Manufacturing Capacity utilization (%)</b>	NA	NA
<b>Monthly Indicators</b>	<b>Dec'20</b>	<b>Jan'21</b>
<b>Headline Inflation (%)</b>	15.75	16.47
<b>Food Sub-Index (%)</b>	19.56	20.57
<b>Core Sub-Index (%)</b>	11.37	11.85
<b>External Reserves (End Period) (US\$ Billion)</b>	35.37	36.3
<b>Official Rate Approx. (N/US\$)</b>	379	379
<b>BDC Rate Approx. (N/US\$)</b>	NA	NA
<b>Manufacturing PMI</b>	50.2	NA
<b>Non-Manufacturing PMI</b>	47.6	45.7
<b>Crude Oil Price (US\$/Barrel)</b>	NA	NA
<b>Petrol (PMS-N/litre)</b>	165.70	164.09
<b>Diesel (AGO -N/Litre)</b>	224.37	224.86
<b>Kerosene (HHK -N/Litre)</b>	352.79	350.55
<b>Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)</b>	1,949.75	1,949.02
<b>MPR (%)</b>	11.50	11.5
<b>CRR (%)</b>	27.5	27.5
<b>91 Day T-Bill Rate (%)</b>	NA	NA
<b>Savings Deposit (%)</b>	2.04	NA
<b>Prime Lending (%)</b>	11.35	NA
<b>Maximum Lending (%)</b>	28.31	NA
<b>Narrow Money (N'Million)</b>	15,923,942.49	NA
<b>Broad Money (N'Million)</b>	38,673,641.64	NA
<b>Net Domestic Credit (N'Million)</b>	41,636,319.09	NA
<b>Credit to the Government (Net) (N'Million)</b>	11,469,182.65	NA
<b>Credit to the Private Sector (N'Million)</b>	30,167,136.44	NA
<b>Currency in Circulation (N'Million)</b>	2,908,462.40	NA
<b>FAAC (N'Billion)</b>	160.59	NA

\*Revised GDP figures/tentative figure

NA: Not Available

1. NBS (2021). Foreign Trade in Goods Statistics. Retrieved from, <https://nigerianstat.gov.ng/download/1236>
2. NBS (2021). Labor Force Statistics: Unemployment and Underemployment Report (Q4 2020). Retrieved from, <https://nigerianstat.gov.ng/download/1238>
3. NSE (2021). NSE Completes Demutualisation - SEC and CAC Approve. Retrieved from, <http://www.nse.com.ng/mediacenter/pressreleases/Pages/nse-completes-demutualisation-sec-and-cac-approve.aspx>