CSEA
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Monetary Policy Committee retains MPR

The Monetary Policy Committee (MPC) has voted to retain the monetary policy rate (MPR) at 11.5%[1]. Other parameters remain unchanged; for instance, the cash reserve ratio (CRR) was maintained at 27.5% while liquidity ratio remains at 30%. The committee's decision to take a holding position is expected to be supplemented by various ongoing government intervention programmes. These programs are intended to facilitate employment generation and stimulate recovery/growth in various sectors of the economy post-pandemic. While this decision might be suitable for now, it is important for the MPC to closely monitor the evolving economic situation in the country, especially in view of rising inflation rate and foreign exchange fluctuations which have an impact on the value of the Naira. Close monitoring and a proactive approach, will ensure that the measures put in place yield the desired outcome of stimulating growth.

CBN Disburses Funds Under Agricultural Stimulus Plan

Based on information from the Central Bank of Nigeria (CBN), the Bank has now disbursed the sum of ₦1.487 trillion under various agricultural programmes[1] as of 28 February 2021. The purpose of these schemes is to improve food supply and security in Nigeria. Further disaggregation shows that ₦686.59 billion was disbursed under the Commercial Agricultural Credit Scheme (CACS), while ₦601.75 billion was disbursed under the Anchor Borrowers Programmes (ABP) to over 3 million farmers. The intention behind these schemes is commendable, as it could potentially support the sector in improving productivity and potentially export capacity. However, it is imperative for the schemes to be effectively implemented such that the funds actually reach the intended recipients/beneficiaries.

Slight Increase in FAAC Allocation

Data released by the National Bureau of Statistics revealed an increase in total disbursements by the Federation Account Allocation Committee (FAAC) in January 2021[2]. FAAC disbursed a total sum of ₦619.34billion to the three tiers of government during the period. This represents a 3 percent increase over disbursements in the preceding month (₦601.11billion)[3]. Further disaggregation shows that the federal, state and local governments received ₦218.30billion, ₦178.30billion and ₦131.79billion respectively. While the slight increase in gross revenue for the month is a positive outcome, there is still a significant gap in revenue generation, which has caused huge reliance on debt. Hence, government must strengthen its efforts to boost non-oil revenues to curtail potential revenue crisis.

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

*Revised GDP figures/tentative figure
NA: Not Available

1. CBN (2021). Central Bank of Nigeria Communiqué No.135 of the Monetary Policy Committee Meeting Held on Monday 22nd and Tuesday 23rd March 2021. Retrieved from, https://www.cbn.gov.ng/Out/2021/CCD/MPC%20COMMUNIQUE%20NO%20135%20-March%2022%20-%2023%202021.pdf

2. NBS (2021). Federation Account Allocation Committee (FAAC) (January 2021 Disbursement). Retrieved from, https://nigerianstat.gov.ng/download/1241003

3. NBS (2021). Federation Account Allocation Committee (FAAC) (December 2020 Disbursement). Retrieved from, https://nigerianstat.gov.ng/download/1226