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CBN Encourages Remittances

The Central Bank of Nigeria (CBN) has introduced the CBN "Naira 4 Dollar Scheme" as an incentive for senders and recipients of international money transfers.[1] More specifically, all recipients of diaspora remittances through CBN licensed International Money Transfers Operators (IMOs) will be paid N5 per $1 received as remittance inflows in addition to the USD sent from abroad. This will however last from March 6, 2021 to May 8, 2021. The Naira 4 Dollar Scheme is being put in place to incentivize foreign exchange inflows into the country and increase foreign reserves. The scheme is likely to deter the CBN from further devaluing the currency following improved foreign exchange inflows. However, the effect of the scheme on Nigeria's balance of payment account should be seriously considered in order not to push the country into further deficit.

AfDB approves $400,000 grant to SEC

The African Development Bank (AfDB) has signed a $400,000 grant agreement with the Securities and Exchange Commission of Nigeria (SEC) to strengthen securities market regulation and broaden the range of market instruments[2]. The grant aligns with the priorities of the AfDB Country Strategy for Nigeria. More specifically, the purpose of the fund is to improve SEC's risk-based supervision framework, promote better regulation of derivatives and green bonds, and build capacity for green finance. It is anticipated that the grant will support the implementation of SEC's Capital Market Master Plan (2015-2025). If properly utilised and managed, we envisage that the grant will enhance SEC's vision to position the nation's capital market as a competitive and attractive destination for a wide range of portfolio investments.

Depreciation in Equity Market

Data from the Nigerian Stock Exchange (NSE) shows that the All Share Index (ASI) and Market Capitalization both depreciated by 1.18 percent to end the week at 39,331.61 index points and N20.578 trillion respectively.[3] This marks an entire month of continuous weekly depreciation since the first week of February 2021. All other indices finished lower, with the exception of NSE Industrial Goods and NSE Sovereign Bond Indices, while the NSE ASeM Index remained the same in the week under review. Various factors including an unstable macroeconomic landscape and the volatility of the Naira may have negatively impacted the performance of the capital market. Nonetheless, given the ongoing implementation of the national economic sustainability plan, the market is expected to remain relatively stable during the fiscal year.

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). Introduction of the CBN's "Naira 4 Dollar Scheme" for Diaspora Remittance. Retrieved from, https://www.cbn.gov.ng/Out/2021/CCD/naira4dollar.pdf

2. AfDB (2021). Nigeria: African Development Bank Group provides $400,000 grant for Securities and Exchange Commission of Nigeria to support capital markets development. Retrieved for, https://www.afdb.org/en/news-and-events/press-releases/nigeria-african-development-bank-group-provides-400000-grant-securities-and-exchange-commission-nigeria-support-capital-markets-development-42536

3. NSE (2021). The Stock Market Report for March 5th 2021. Retrieved from, http://www.nse.com.ng/market_data-site/other-market-information-site/Week%20Market%20Report/Weekly%20Market%20Report%20for%20the%20Week%20Ended%2005-03-2021.pdf