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Growing Public Debt

According to the National Bureau of Statistics (NBS), Nigeria's total public debt stood at N32.92 trillion by the end of Q4 2020[1]. This represents a 2.2 percent increase when compared to Q3 2020 - ₦32.22 trillion, in line with the rising trend throughout the year. Of the total public debt, 38.60 percent (₦12.71 trillion) was external debt while 61.40 percent (₦20.21 trillion) of the debt was domestic debt. Further disaggregation shows that Lagos state (12.15 percent) accounted for the largest share of domestic debt. The increase in public expenditure, combined with constraints in revenue mobilisation over the past year have contributed to the country's public debt problems. Continuous rise in government borrowing and huge debt servicing obligations can have a long-term negative impact on the country's capacity for improved development. Innovative strategies for public financial management in the form of debt for development should be considered. Further, the underlying issues of the growing debt such as high cost of governance, poor management of natural resource revenue, and high tax evasion should be addressed.

Increase in Poverty

Data from the World Bank Poverty and Shared Prosperity report shows that Nigeria's poverty level has further increased in the wake of the COVID-19 pandemic. More specifically, 79 million Nigerians live in extreme poverty, accounting for 20 percent of the people living in poverty in SSA. COVID-19 and its associated economic crisis are enabling factors of the high poverty headcount[2]. Data from COVID-19 phone surveys in Nigeria suggests that about 85 percent of households experienced higher food prices, with half reducing their food consumption as a coping strategy[2]. The upward trend in poverty is expected to continue owing to the difficulty in generating adequate broad-based economic growth, inability to create jobs, and high population growth rate. As a result, private sector innovativeness and talent should be fostered in way that creates new opportunities for young people. The government on the other hand should utilize the policy landscape to support the private sector and enforce population control measures.

Mixed Results Recorded in the Stock Market

The Nigerian Stock Exchange All-Share Index and Market Capitalization depreciated by 0.76 percent to close at 38,916.74 points and N20.361 trillion respectively in the week under review[3]. While some of the other indices depreciated, some appreciated. Total volume of shares traded fell from 1.53 billion shares in the preceding week to 1.445 billion shares; the total value of shares traded also dipped. Shares in the Financial Services Industry accounted for the bulk of the trading during the week under review. Furthermore, a supplementary 262.1 million units of the Federal Government of Nigeria (FGN) Bonds were listed during the period, bringing the total units outstanding of FGN bonds as at March 2021 to 1.86 billion units. The observed fall in trade may be as a result of the public holiday which restricted trading to four days. This notwithstanding, as the economy continues to recover from the impact of the pandemic, investors' confidence is expected to return and induce better market performance.

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. NBS (2021). Nigerian Domestic and Foreign Debt (Q4 2020). Retrieved from, https://nigerianstat.gov.ng/download/1241006

2. World Bank (2021). Poverty and Shared Prosperity 2020: Reversals of Fortune. Retrieved from, https://openknowledge.worldbank.org/bitstream/handle/10986/34496/9781464816024.pdf

3. NSE (2021). Stock Market Report for April 1st 2021. Retrieved from, https://doclib.ngxgroup.com/market_data-site/other-market-information-site/Week%20Market%20Report/Weekly%20Market%20Report%20for%20the%20Week%20Ended%2001-04-2021.pdf