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Rise in Inflation Rate

Inflation rate for February 2021 rose for the 18th consecutive month to its highest rate since February 2017.[1] SGeoffrey Johnson Obipecifically, inflation rate increased to 17.33 percent in February 2021 from 16.47 percent in January 2021. The food sub-component of inflation rose to 21.79 percent from 20.57 percent while core inflation stood at 12.38 percent from 11.85 percent in the review period.[2] Disaggregated data by states shows that Kogi (24.73 percent), Bauchi (22.92 percent) and Ebonyi (20.45 percent) recorded the highest inflation rates within the review period. The continuous rise in the prices of food supplies is as a result of the interplay of several factors including sustained insecurity in areas where foods are grown, rising transportation costs, and high import costs linked to the depreciation of the naira. As such, addressing the rise in prices will require a multipronged solution including ensuring the safety of farm workers and enhancing productivity in the sector through the adoption of innovative farming and processing technologies.

Worsening Unemployment Rate

The National Bureau of Statistics' periodic survey on the impact of Covid-19 shows that the unemployment situation has worsened and is similar to levels recorded in June 2020 during the early stages of the pandemic[3]. In total, the overall share of respondents working was at 70 percent in January 2021 compared to 86 percent before the pandemic began. The worsening unemployment situation was driven by the prevalence of Covid-19 as a number of respondents were ill/quarantined as well as the seasonality associated with farming as some respondents were out of work during the period the survey was conducted. The significant loss in jobs will have to be countered by private sector innovativeness and expansion into relatively untapped areas such as agriculture and manufacturing value chain development. The government on the other hand should provide a supportive, coherent, and consistent policy environment as well as financial and technical assistance where necessary.

Issuance of Sukuk Bonds

Debt Management office (DMO) has listed its third Sovereign Sukuk valued at ₦162.557 billion on the Nigerian Stock Exchange and the FMDQ Securities Exchange.[4] The first Sovereign Sukuk raised a total of ₦200 billion which was deployed in the rehabilitation and reconstruction of road projects across Nigeria. According to the DMO, the issuance of Sukuk has been used to bridge the infrastructure gap in Nigeria to promote job creation and economic growth. The use of debt linked to development projects is a practical way of ensuring that public loans are put to good use and achieving intergenerational benefit transfers. Nevertheless, these additional loans should be taken in context of the rising debt and the effect on government revenue.

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). Inflation Rates (Percent). Retrieved from, https://www.cbn.gov.ng/rates/inflrates.asp?year=2021&month=-1

2. NBS (2021). Consumer Price Index February 2021. Retrieved from, https://nigerianstat.gov.ng/download/1239

3. NBS (2021). COVID-19 Impact Monitoring (Round 9, January 2021). Retrieved for, https://nigerianstat.gov.ng/download/1241

4. DMO (2021). Listing Of ₦162.557 Billion 7-Year 11.200% Al Ijarah Sovereign Sukuk Due 2027 on The Nigerian Stock Exchange and FMDQ Securities Exchange. Retrieved from, https://www.dmo.gov.ng/news-and-events/circulars-releases/3501-press-release-on-the-listing-of-n162-557-billion-fgn-sukuk/file