CENTRE FOR THE STUDY OF THE ECONOMIES OF AFRICA (CSEA)

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Increase in Diesel and Gas Price

According to data from the National Bureau of Statistics (NBS), a 0.28% month-on-month increase in the average price of Automotive Gas Oil (diesel) was recorded as the price in December 2020 increased to N224.37 from N223.74 in November 2020[1]. Similarly, the average price for the refilling of a 5kg cylinder for Liquefied Petroleum Gas (Cooking Gas) has increased by 0.12% month-on-month to N1949.75 in December 2020 from N1947.47 in the previous month[2]. The results were similar regarding the refilling of a 12.5kg cylinder with a 1.75% month-on-month increase. Contrarily, the average price paid by consumers for premium motor spirit (petrol) decreased month-on-month by -0.94% to N165.70 from N167.27 in the previous month[3]. Overall, in month of December 2020, gas prices rose most likely as a result of rising crude oil prices in the international market. Low-income households are less likely to be affected given that their consumption of these products is relatively lower than middle- and high-income households. However, the general decline in income due to the effect of the COVID-19 pandemic makes the increment nonetheless an economic burden.

FGN Expands Social Security Program

The Federal Government of Nigeria has launched a COVID-19 Rapid Response Register (RRR), an emergency intervention programme for poor citizens living in urban areas who have been affected by the pandemic[4]. As a component of the Economic Sustainability Plan, the RRR programme aims to identify, register and disburse N5,000 to an additional 1million eligible households between January and June 2021, not already supported by the National Social Safety Nets Projects (NASSP). Although the cash transfer initiative provides immediate poverty relief efforts and could be a plus for financial inclusion since cash will be disbursed through digital means, it fails to address the underlying causes of poverty – inadequate jobs, knowledge and skills gap, and a lack of an enabling environment for businesses to thrive. Consequently, deeper structural reforms in industry and trade, education, and infrastructure should be undertaken to create adequate economic opportunities.

Growing Food Security Concerns

According to the National Bureau of Statistics (NBS) recent report[5] on selected food items, food inflation is still on the rise as of December 2020. The prices of basic items such as eggs, beef, fish, beans, rice, and groundnut oil have worsened when compared with the previous year and month. A survey by SB Morgen Intel[6] suggests that inadequate food storage facilities in the country continues to impair food security, and is a significant cause of rising prices especially for perishable goods. It is therefore important for the government, both at sub-national and national levels, to ensure that ongoing agricultural support initiatives are effective and easily accessible to the most affected farmer groups. Also, an enabling environment with reliable transport linkages and affordable agricultural financing is necessary to improve food security in the country.

ECONOMIC SNAPSHOT		
Quarterly Indicators	'20Q2	'20Q3
GDP Growth Rate (%)	- 6.10	-3.62
Oil GDP (%)	8.93	8.73
Non-oil GDP (%)	91.07	91.27
Unemployment Rate (%)	27.1	NA
Foreign Direct Investment (US $ Million)	148.6	414.79
Portfolio Investment (US $Millions)	385.32	407.25
Other Investment (US $Million)	761.03	639.44
External Debt (FGN & States- N'Trillion)	11.36	NA
Domestic Debt (FGN + States & FCT N'Trillion)	19.65	NA
Manufacturing Capacity utilization (%)	NA	NA
Monthly Indicators	Nov'20	Dec'20
Headline Inflation (%)	14.89	NA
Food Sub-Index (%)	18.30	NA
Core Sub-Index (%)	11.05	NA
External Reserves (End Period) (US$ Billion)	35.41	NA
Official Rate Approx. (N/US$)	379	379
BDC Rate Approx. (N/US$)	472.74	NA
Manufacturing PMI	50.2	49.6
Non-Manufacturing PMI	47.6	45.7
Crude Oil Price (US$/Barrel)	NA	NA
Petrol (PMS-N/litre)	167.27	NA
Diesel (AGO -N/Litre)	223.74	NA
Kerosene (HHK -N/Litre	353.38	NA
MPR (%)	11.50	NA
CRR (%)	NA	NA
91 Day T-Bill Rate (%)	0.03	NA
Savings Deposit (%)	1.84	NA
Prime Lending (%)	11.60	NA
Maximum Lending (%)	28.85	NA
Narrow Money (N'Million)	14,820,224.11	NA
Broad Money (N'Million)	36,587,109.03	NA
Net Domestic Credit (N'Million)	40,121,654.80	NA
Credit to the Government (Net) (N'Million)	10,785,909.30	NA
Credit to the Private Sector (N'Million)	29,335,745.57	NA
Currency in Circulation (N'Million)	2,659,710.45	NA

*Revised GDP figures/tentative figure
NA: Not Available

1. NBS (2021). Automotive Gas Oil (Diesel) Price Watch: December 2020. Retrieved from: https://www.nigerianstat.gov.ng/download/1215

2. NBS (2021). Liquefied Petroleum Gas (Cooking Gas) Price Watch: December 2020. Retrieved from: https://www.nigerianstat.gov.ng/download/1215

3. NBS (2021). Premium Motor Spirit (Petrol) Price Watch: December 2020. Retrieved from: https://www.nigerianstat.gov.ng/download/1214

4. Twitter (2021). National Social Protection Policy (NSPP) in 2017. Accessed from https://twitter.com/ProfOsinbajo/status/1351806406467448833

5. NBS (2021). Selected Food Price Watch: December 2020. Retrieved from: https://nigerianstat.gov.ng/download/1219

6. SB Morgen (2021). Nigerians Just Want to Eat: Analysis of Farmers & Food Transporters Challenges Likely to Impede National Food Security. Retrieved from: https://www.sbmintel.com/wp-content/uploads/2021/01/202101_Nigeria-food.pdf