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Rise in Foreign Trade

The value of total merchandise trade increased by 6.99 percent to N9,757.87 billion in the first quarter of 2021 when compared to the value recorded in preceding quarter.[1] The increase can be attributed to 15.61 percent increase in import and an 8.99 percent decrease in export resulting to a trade deficit of N3,943.45 billion within the review period. Furthermore, export accounted for 29.79 percent while import accounted for 70.21 percent of total trade. Major import partners were China (29.34 percent), Netherlands (10.60 percent) and United States of America (8.88 percent). Major export partners include India (16.79 percent), Spain (9.88 percent), and China (6.54 percent). The economic implication of the trade deficit implies that there is an additional pressure on the naira, leading to situations that propel currency depreciation which is inflationary. The CBN would need to put more effort in defending the naira in the foreign exchange market.

Rise in Public Debt

Total public debt increased by 1.08 percent from US$86.4 billion[2] (N32.9 trillion) in the fourth quarter of 2020 to US$87.2 billion[3] (N33.1 trillion) in the first quarter of 2021. The increase was led by domestic debt (61.4 percent of total debt) which increased by 2.5 percent, while foreign debt decreased by 1.5 percent within the review period. The increase in public debt is on the back of shortfalls in government revenue owing to the effects of the pandemic. Although the decline in foreign debt will reduce exchange rate risks, finding recourse in domestic debt excludes private investors from the debt market. Going forward, public debt is expected to continue rising, taking into consideration the limited fiscal space of the government.

Improved Economic Prospects

According to the World Bank, economic growth is projected to improve to 1.8 percent[4] at the end of 2021 from the -1.8 percent recorded in 2020. This projection is also higher than the 1.1 percent[5] it projected at the beginning of the year. However, growth is projected to remain below pre-pandemic levels (2.2 percent) till the end of 2022. The projected increase hinges on improvement in economic activities occasioned by continued vaccinations and a gradual relaxation of COVID-related restrictions. Given the trends in vaccination and the gradual recovery of the economy, the positive economic prospect is likely to be achieved. However, the magnitude of economic growth will depend on improved trade relations with other countries as well as increased foreign investment flows.

ECONOMIC SNAPSHOT		
Quarterly Indicators	'20Q4	'21Q1
GDP Growth Rate (%)	0.11	0.51
Oil GDP (%)	-19.76	-2.21
Non-oil GDP (%)	1.69	0.79
Unemployment Rate (%)	33.3	NA
Foreign Direct Investment (US $ Million)	251.27	NA
Portfolio Investment (US $Millions)	35.15	NA
Other Investment (US $Million)	783.26	NA
External Debt (FGN & States- N'Trillion)	NA	NA
Domestic Debt (FGN + States & FCT N'Trillion)	NA	NA
Manufacturing Capacity utilization (%)	NA	NA
Monthly Indicators	Mar'20	Apr'21
Headline Inflation (%)	18.17	18.12
Food Sub-Index (%)	22.95	22.72
Core Sub-Index (%)	12.67	12.74
External Reserves (End Period) (US$ Billion)	34.82	34.88
Official Rate Approx. (N/US$)	381	NA
BDC Rate Approx. (N/US$)	481.21	NA
Manufacturing PMI	NA	NA
Non-Manufacturing PMI	NA	NA
Average Crude Oil Price (US$/Barrel)	66.62	64.3
Petrol (PMS-N/litre)	172.68	166.38
Diesel (AGO -N/Litre)	235.41	237.19
Kerosene (HHK -N/Litre	361.29	362.68
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	2,057.71	2,069.21
MPR (%)	11.50	11.5
CRR (%)	27.5	27.5
T-Bill Rate (%)	2.0	2.0
Savings Deposit (%)	1.86	1.86
Prime Lending (%)	11.13	11.24
Maximum Lending (%)	28.74	28.64
Narrow Money (N'Million)	16,139,759.87	NA
Broad Money (N'Million)	38,218,832.96	NA
Net Domestic Credit (N'Million)	43,435,075.88	NA
Credit to the Government (Net) (N'Million)	11,994,167.43	NA
Credit to the Private Sector (N'Million)	31,440,908.45	NA
Currency in Circulation (N'Million)	2,808,734.33	NA
FAAC (N'Billion)	NA	NA

*Revised GDP figures/tentative figure
NA: Not Available

1. NBS (2021). Foreign Trade in Goods Statistics (Q1 2021). Retrieved from, https://nigerianstat.gov.ng/download/1241030

2. DMO (2021). Nigeria's Total Public Debt Portfolio as at December 31, 2020. Retrieved from, https://www.dmo.gov.ng/debt-profile/total-public-debt/3491-nigeria-s-total-public-debt-stock-as-at-december-31-2020/file

3. DMO (2021). Nigeria's Total Public Debt Portfolio as at March 31, 2021. Retrieved from, https://www.dmo.gov.ng/debt-profile/total-public-debt/3591-nigeria-s-total-public-debt-stock-as-at-march-31-2021/file

4. World Bank (2021). Global Economic Prospect June 2021 (Sub-Saharan Africa). Retrieved from, https://thedocs.worldbank.org/en/doc/600223300a3685fe68016a484ee867fb-0350012021/related/Global-Economic-Prospects-June-2021-Analysis-SSA.pdf

5. World Bank (2021). Global Economic Prospect January 2021. Retrieved from, https://openknowledge.worldbank.org/bitstream/handle/10986/34710/9781464816123.pdf?sequence=15&isAllowed=y