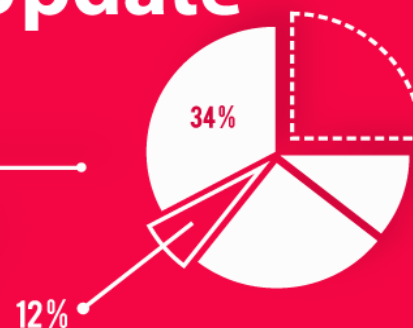




# Nigeria Economic Update



## ***Rise in Inflation***

The National Bureau of Statistics has reported that inflation rose by 0.6% to 12.34% between March and April. The month on month rise was driven by an increase in both the food and non-food sub-indices. A larger increase was recorded by the non-food index which grew by 2.5% to 9.98% compared to the food index which grew by 0.3% to 12.34%<sup>1</sup>. The increase in the non-food index was attributed to the increased demand for transport and medical services as a result of the coronavirus pandemic. In the short-term, as the impact of the lockdown measures are felt, the increased demand for essential commodities combined with the substantive reduction in business activities are likely to lead to a further rise in inflation. Furthermore, the Central Bank of Nigeria's decision to reduce the Monetary Policy Rate from 13.5% to 12.5% is likely to increase inflationary pressures.

## ***Rise in Internally Generated Revenue***

A recently released NBS report indicated a 20.92% rise in Internally Generated Revenue (IGR) in 2019. The year on year rise saw total IGR hit ₦1.33 trillion. The rise was largely driven by revenue generated from income tax which accounted for 60.7% of IGR. Lagos state as the highest contributor with ₦398.73 billion accounted for 29.88% of total revenue generated<sup>2</sup>. On the other hand, Taraba state was the lowest contributor with ₦53.04 billion. The improvement in tax compliance stands to make provision for state-level fiscal sustainability as well as a continued increase in total IGR. State governments can leverage on the fall in demand for oil to identify innovations and muster the political will required to expand their IGR base.

## ***Rise in Stock Markets***

For the week ended 22<sup>nd</sup> May, the Nigerian stock market recorded an 85 percent gain in total share turnover<sup>3</sup>. The week closed with a total of 1.718 billion shares worth ₦18.849 billion traded, compared to 926.418 million shares worth ₦9.768 billion in the preceding week. Both the NSE All share index and Market capitalization appreciated by 5.59 percent. The performance was positive across all sectors. Top gainers among the firms included Unilever Nigeria PLC, Red Star Express Plc and BUA cement PLC. The industrial sector led the top performing index followed by the Oil and Gas index. The consumer goods index also advance to close on a positive note. The bullish behavior of the market perhaps largely triggered by increase in institutional and local investors activities, may also have been propelled by increase in domestic economic activities.

ECONOMIC SNAPSHOT		
Quarterly Indicators	19Q3	19Q4
GDP Growth Rate (%)	2.3	2.5
Oil GDP (%)	6.49	7.23
Non-oil GDP (%)	90.23	92.68
Unemployment Rate (%)	NA	NA
Foreign Direct Investment (US \$ Million)	200.08	257.25
Portfolio Investment (US \$Millions)	2,999.50	1883.58
Other Investment (US \$Million)	2,167.98	1661.55
External Debt (FGN & States- N'Billion)	NA	NA
Domestic Debt (FGN + States & FCT N'billion)	NA	NA
Manufacturing Capacity utilization (%)	181.2	185.1
Headline Inflation (%)	11.40	12.13
Food Sub-Index (%)	14.67	14.86
Core Sub-Index (%)	9.33	9.35
External Reserves (End Period) (US\$ Million)	38,595.25	31,009.76
Official Rate Approx. (N/US\$)	306.5	306.5
BDC Rate Approx. (N/US\$)	362	362
Manufacturing PMI	60.8	59.2
Non-Manufacturing PMI	62.1	59.6
Crude Oil Price (US\$/Barrel)	67.31	63.83
Petrol (PMS-N/litre)	145.35	145.37
Diesel (AGO -N/Litre)	229.81	229.78
Kerosene (HHK -N/Litre	320.47	323.46
MPR (%)	13.5	13.5
CRR (%)	22.5	27.5
91 Day T-Bill Rate (%)	4.47	3.45
Savings Deposit (%)	3.89	3.86
Prime Lending (%)	14.99	30.77
Maximum Lending (%)	30.72	NA
Narrow Money (N'Billion)	10,533.13	10,331.40
Broad Money (N'Billion)	34,776.37	34,146.48
Net Domestic Credit (N'Billion)	36,178.34	35,815.11
Credit to the Government (N'Billion)	9,483.81	9,252.81
Credit to the Private Sector(N'Billion)	26,694.52	26,562.69

\*Revised GDP figures/tentative figures  
 NA: Not Available

1 NBS (2020) “Consumer Price Index April 2020” retrieved from:

<https://nigerianstat.gov.ng/download/1098>

2 NBS (2020) Internally Generated Revenue Q4 2019 retrieved from:

<https://nigerianstat.gov.ng/download/1099>

3 NSE(2020), “STOCK MARKET REPORT FOR MAY 22ND 2020”. Retrieved from

[http://www.nse.com.ng/market\\_data-site/other-market-information-site/Week%20Market%20Report/Weekly%20Market%20Report%20for%20the%20Week%20Ended%2022-05-2020.pdf](http://www.nse.com.ng/market_data-site/other-market-information-site/Week%20Market%20Report/Weekly%20Market%20Report%20for%20the%20Week%20Ended%2022-05-2020.pdf)