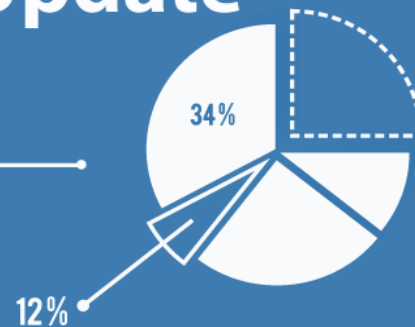


Nigeria Economic Update



Weekly
Digest



Decline in Government Revenue

Recently released Budget Implementation Report shows that gross total revenue generated in the third quarter of 2020 (Q3 2020) declined by 3.07 percent relative to the previous quarter. Specifically, gross total revenue fell to N1.88 trillion in Q3 2020 from N1.94 trillion in the preceding quarter.¹ Further disaggregation shows that gross oil revenue fell to N813.59 billion in Q3 2020 from N1.02 trillion in the previous quarter while gross non-oil revenue grew to N1.07 trillion in Q3 2020 from N921.53 billion². The decline in total gross revenue was driven by a 20 percent fall in gross oil revenue which outweighed a 15.7 percent increase in gross non-oil revenue. Going forward, government revenue is expected to recover by 2022 as the oil market stabilizes and tax receipts from non-oil sectors increase with improved economic activities. However, a large share of the economy remains informal with implications on the size of tax revenue raised. Even for businesses in the formal economy, a sizeable number of businesses continue to evade tax, leading to leakages in the system. Consequently, informality and tax evasion will have to be addressed using technology to improve data collection and monitoring of firms.

Increase in Transport Fare

Data from the National Bureau of Statistics (NBS) shows that the average transport fare paid by commuters across all means of transportation increased in the month of March 2021. Specifically, average fare paid for a bus journey within the city increased by 4.42 percent to N377.27, average fare paid by air passengers for specified routes single journey increased by 0.10 percent to N36,495.41, average fare paid for a journey by motorcycle per drop increased by 1.76 percent to N271.44, and average fare paid for water way passenger transport increased by 1.81 percent to N808.38 in the month under review.³ The period under review coincided with a period of fuel scarcity in the country.⁴ Even as the fuel market has stabilized, the cost of transportation is expected to continue to increase in the coming months. This is linked to the general increase in the prices of commodities across the country. To cover up for this, the new minimum wage that was adopted in January 2021 to increase wage from N18,000 to N30,000 should be implemented.

Crude Oil Price Recovery

Crude oil prices have recovered from the slump caused by the COVID-19 pandemic. Average crude oil price for the first quarter of 2021 stood at \$61.26/barrel, a 72 percent increase from the \$44.08/barrel recorded in the previous quarter.⁵ The increase was driven by a firming in demand and a continuous production restraint by the Organization of the Petroleum Exporting Countries (OPEC) and its partners OPEC+.⁶ The increased price hinges on pandemic containment, the OPEC+ agreement, and the response of U.S. shale. Crude oil prices are expected to average \$56/barrel in 2021 and \$60/barrel in 2022. Going forward, the crude oil price is expected to continue improving as the demand for oil returns to normalcy. However, oil market geopolitics such as the Israel-Palestine conflict could lead to volatilities in the market.

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. Budget Office of the Federation (2021). 2020 Third Quarter Budget Implementation Report. Retrieved from, <https://www.budgetoffice.gov.ng/index.php/2020-third-quarter-budget-implementation-report/2020-third-quarter-budget-implementation-report/download>
2. Budget Office of the Federation (2021). 2020 Second Quarter and Half Year Budget Implementation Report. Retrieved from, <https://www.budgetoffice.gov.ng/index.php/2020-second-quarter-and-half-year-bir/2020-second-quarter-and-half-year-bir/download>
3. NBS (2021). Transport Fare Watch (March 2021). Retrieved from, <https://nigerianstat.gov.ng/download/1241016>
4. Vanguard (2021). Petrol queues persist in Abuja. Retrieved from, <https://www.vanguardngr.com/2021/03/petrol-queues-persist-in-abuja/>
5. CBN (2021). Daily Crude Oil Price. Retrieved from, <https://www.cbn.gov.ng/rates/DailyCrude.asp>
6. World Bank (2021). The oil market outlook: a speedy recovery. Retrieved from, <https://blogs.worldbank.org/opendata/oil-market-outlook-speedy-recovery>