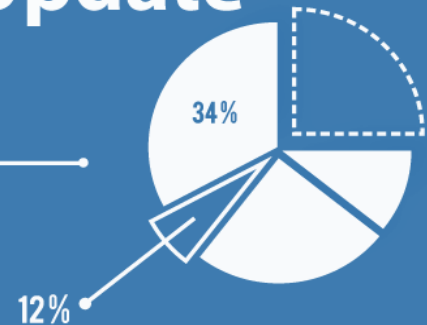


Nigeria Economic Update



Approval of Supplementary Budget

A bill has been sent to the National Assembly for the approval of a supplementary budget of the sum of N895.8 billion.¹ The budget allocates N722.5 billion (80.7 percent) for capital expenditure while N173.3 billion (19.3 percent) is for recurrent expenditure. The supplementary budget is in addition to the N13.58 trillion² initially passed for 2021. The high percentage allocated for capital expenditure indicates the government's commitment towards its fiscal efforts. With the current economic and security situation in Nigeria, the need to provide more funding for capital expenditure at all levels of governance is paramount.

Crude Oil Price and External Reserves

Crude oil price increased to the highest since 2019 while external reserve decreased in the week under review. The price of Nigeria's bonny light increased by 3.5 percent to an average of \$76.4 per barrel in the week under review.³ Despite the increase, external reserve fell by \$246.9 million to an average of \$33.59 billion. External reserves have been depleting since May 2021.⁴ The main source of foreign exchange earnings is from crude oil and an increase in crude oil price should be reflected in the external reserves. However, the increase in crude oil prices does not translate into increase in external reserves and revenue as Nigeria sells crude oil on contract.⁵ While crude oil prices are exogenous to the Nigerian economy, the rise in crude oil prices eventually will improve government revenue and external reserves. Furthermore, the depleting external reserves implies that the Nigerian economy is still heavily dependent on imports and reveals the importance of diversifying the Nigerian economy.

Volatility in Stock Market

All-Share Index (ASI) and Market Capitalization of the Nigerian Exchange Group (NGX) depreciated by 2.56 percent to close the week at 37,658.26 points and N19.627 trillion, respectively.⁶ Including ASI, 8 other indices on the nation's bourse finished lower out of the 19 total indices. Furthermore, 37 equities depreciated in price higher than 25 equities in the previous week. The fall in ASI and the Market Capitalization is attributable to the Nigeria's macroeconomic fragility as the bearish tendencies continue. This can generate investment pessimism which can stagnate the Nigeria Stock Market and affect other macroeconomic indices. Stakeholders in the policy cycle should provide implementable frameworks to improve business environment and the overall economy in order to improve confidence in the economy.

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

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