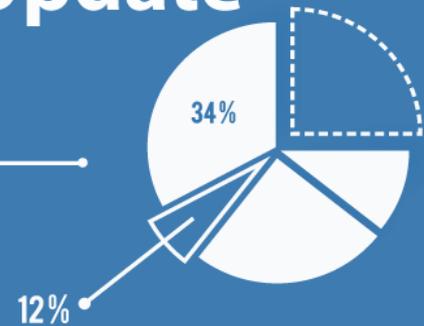




Nigeria Economic Update



Weekly
Digest



Increase in Rail Transport Usage

Data on rail transportation showed that a total of 565,385 passengers travelled via the rail system in Q2 2021. This figure, when compared to 108,238 passengers recorded in Q2 2020 and 424,460 in Q1 2021, represents 422 percent year-on-year and 33 percent quarter-on-quarter growth respectively.¹ A total volume of 42,782 tons of goods/cargo also travelled through the system in Q2 2021, which is a 392 percent growth over the 8,691 tons recorded in Q2 2020, and 307 percent increase over the 10,511 tons recorded in Q1 2021. The corresponding revenue generated from passengers in the period under review was put at N1 billion as against N893 million in Q1 2021; and the revenue generated from goods/cargo was put at N72 million as against N26 million in Q1 2021. The data indicates the growing demand for rail transportation in Nigeria post COVID-19 and the government's efforts to revive the railway industry. The convenience, affordability, and safety of railway transportation implies that expanding coverage through public and private investment and partnership will promote economic activities and growth.

Rise in Foreign Reserves

Foreign reserves rose by \$80 million to close at \$34.8 billion on 9th September 2021, which represents a 0.23% boost in the country's foreign reserves compared to \$34.7 billion recorded on the previous day.² The country's reserve has been on the rise since August and September, gaining \$761.56 million in the month of September. The growing external reserve is as a result of the interplay of increase in exports (specifically the export of crude oil), rising crude oil price, and depreciating exchange rate value.³ While it is critical for Nigeria to benefit from the rising price of oil at the international market to grow its foreign reserves, over-reliance on oil remains unhealthy as shocks can disrupt the economy. Therefore, the optimal exploration of other export products particularly manufactured products is crucial, to consolidate foreign exchange earnings and the accretion of external reserves.

Increase in Film Production in Nollywood

The number of movies produced by the Nigerian movie industry (Nollywood) has reportedly hit an all-time quarterly high of 635 movies produced in Q2 of 2021.⁴ This, according to the data released by the NBS, is a 54 percent increase compared to the 416 movies produced in Q1 2021, and a 1.44 percent year-on-year growth from the 626 movies produced in Q2 of 2020. By location, Lagos had the highest number of movies produced in Q2 2021, standing at 234 movies, and closely followed by Abuja and Onitsha with 196 and 174 movies respectively. The film industry has continued to grow and has become recognized as one of the largest in the world, attracting enthusiastic participation of global audiences. Yet, there are still questions around the quality to quantity ratio and the concentration of movie production in only three cities (accounting for 95 percent of total production) across the country. There is a need, therefore, to deconcentrate movie production in the country, in order to benefit from Nigeria's rich cultural heritage by harnessing its multi-ethnicity.

| ECONOMIC SNAPSHOT | | |
|--|-----------------|-----------------|
| Quarterly Indicators | '21Q1 | '21Q2 |
| GDP Growth Rate (%) | 0.51 | 5.01 |
| Oil GDP (%) | -2.21 | -12.65 |
| Non-oil GDP (%) | 0.79 | 6.74 |
| Unemployment Rate (%) | NA | NA |
| Foreign Direct Investment (US \$ Million) | 154.76 | 77.97 |
| Portfolio Investment (US \$Millions) | 974.14 | 551.37 |
| Other Investment (US \$Million) | 776.99 | 246.27 |
| External Debt (FGN & States- N'Trillion) | 12.470 | NA |
| Domestic Debt (FGN + States & FCT N'Trillion) | 20.647 | NA |
| Manufacturing Capacity utilization (%) | NA | NA |
| Monthly Indicators | June '20 | July '21 |
| Headline Inflation (%) | 12.56 | 17.38 |
| Food Sub-Index (%) | 15.18 | 21.03 |
| Core Sub-Index (%) | 10.13 | 13.72 |
| External Reserves (End Period) (US\$ Billion) | 36.19 | 33.40 |
| Official Rate Approx. (N/US\$) | 3601 | 410.1 |
| BDC Rate Approx. (N/US\$) | 447.71 | 525 |
| Manufacturing PMI | 41.1 | 46.6 |
| Non-Manufacturing PMI | 35.7 | 44.8 |
| Average Crude Oil Price (US\$/Barrel) | 27.9 | 78.01 |
| Petrol (PMS-N/litre) | 128.88 | 165.91 |
| Diesel (AGO -N/Litre) | 224.37 | 250.82 |
| Kerosene (HHK -N/Litre) | 334.08 | 370.34 |
| Liquefied Petroleum Gas (Cooking Gas) (N/5Kg) | 1,973.95 | 2,141.59 |
| MPR (%) | 12.5 | 11.5 |
| CRR (%) | 27.5 | 27.5 |
| T-Bill Rate (%) | 1.94 | 2.5 |
| Savings Deposit Rate (%) | 3.78 | 1.82 |
| Prime Lending (%) | 15.65 | 11.57 |
| Maximum Lending (%) | 30.57 | 27.99 |
| Narrow Money (N'Million) | 12,381,367.68 | 16,291,049.38 |
| Broad Money (N'Million) | 32,593,522.49 | 38,769,833.80 |
| Net Domestic Credit (N'Million) | 38,453,939.57 | 44,970,105.02 |
| Credit to the Government (Net) (N'Million) | 8,898,424.84 | 12,127,529.94 |
| Credit to the Private Sector (N'Million) | 29,555,514.73 | 32,842,575.08 |
| Currency in Circulation (N'Million) | 2,300,831.63 | 2,812,103.48 |
| FAAC (N'Billions) | 547.31 | 760.72 |

*Revised GDP figures/tentative figure

NA: Not Available

1. NBS (2021). Rail Transport Data Q2 2021 (Transport). Retrieved from <https://www.nigerianstat.gov.ng/>

2. CBN (2021). Movement in Reserves. Retrieved from <https://www.cbn.gov.ng/IntOps/Reserve.asp?MoveDate=9/14/2021%209:21:25%20AM>

3. See <https://www.cbn.gov.ng/rates/ExchRateByCurrency.asp>

4. NBS (2021). Nollywood Movies Production Data (Q2 2021). <https://www.nigerianstat.gov.ng/>