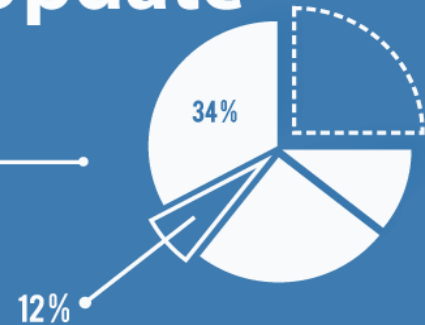


Nigeria Economic Update



Weekly
Digest

CBN's Interventions in Addressing Food Insecurity

As part of its ongoing intervention to address food insecurity, the Central Bank of Nigeria (CBN) has disbursed a total of N798.09 billion to the Anchor Borrowers Programme (ABP) since its inception in November 2015.¹ The cumulative disbursement has been given to 3.9 million smallholder farmers cultivating 4.9 million hectares of land, according to the CBN's Monetary Policy Committee. In addition, the CBN disbursed N708.39 billion to 657 large-scale agricultural projects under the Commercial Agricultural Credit Scheme (CACs), and N134.57 billion to 38,140 beneficiaries under the Agribusiness/Small and Medium Enterprise Investment Scheme (AGSMEIS). As the government continues to implement policies intended to improve agricultural productivity, it is important that the disbursement of these interventions is transparent. Hence, transparency mechanism should be developed and enforced within all agriculture related interventions to prevent diversion of funds as well as increase accountability. Furthermore, monitoring and evaluation mechanisms are necessary to ensure that the productivity of the sector is improved over time.

Fall in Terms of Trade

The all-products Terms of Trade (TOT) index decreased by 0.35 percent in Q2 2021.² According to the National Bureau of Statistics, the decrease in TOT in Q2 2021 was driven by the decline in the prices of export items such as live animals, animal products, wood and articles of wood, wood charcoal, vehicles, aircraft, and vessels. Conversely, the All-commodity group import index grew marginally by 1.07 percent. Additional insights showed that the major exports were crude petroleum and liquefied natural gas. Consequently, there is the need to diversify the country's export base, by strengthening the manufacturing sector and transforming the agricultural sector from subsistence to mechanised farming. The African Continental Free Trade Agreement (AfCFTA) should be leveraged on in addressing binding constraints to effective functioning of the manufacturing sector.

Significant Increase in Food Prices

According to the National Bureau of Statistics, the food price data for August 2021 reflected a double digit increase in several food items despite the CBN's interventions to address food scarcity. The average price of one dozen of medium-sized eggs increased year-on-year by 22.27 percent to N585.64 in August 2021.³ In addition, the price of one kilogram (kg) of tomato increased by 36.75 percent to N396.38; and one kg of yam tuber increased year-on-year by 19.30 percent to N305.48. The increase in food prices is linked to the depreciation of the exchange rate alongside rising imports. Furthermore, insecurity challenges-particularly the farmer-herder crisis-ravaging key food producing areas of the country have led to supply shortfalls which combined with increasing transportation costs makes food items costlier. In order to reduce food prices, the security in food producing areas should be prioritised through the adoption of community policing. Furthermore, a stable exchange rate and a reduction in the cost of transportation are likely to reduce the pressure on food prices.

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. CBN (2021). Central Bank of Nigeria Communiqué No. 138 Of The 281st Monetary Policy Committee Meeting. Retrieved from <https://www.cbn.gov.ng/Out/2021/CCD/Communique%20No%20138%20of%20the%20Monetary%20Policy%20Committee.pdf>
2. NBS (2021). Commodity Price Indices and Terms of Trade. Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241077>
3. NBS (2021). Selected Food Prices Watch (August 2021). Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241075>

