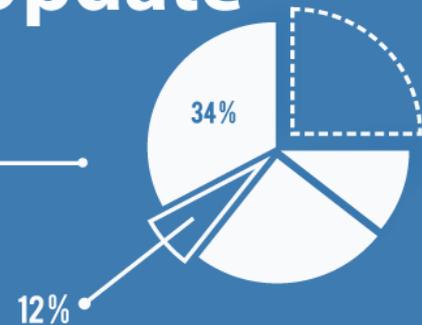


Nigeria Economic Update



Weekly
Digest

Increase in Public Debt

According to the Debt Management Office, Nigeria's debt stock increased by 14 percent from N31.01 trillion in Q2 2020 to N35.47 trillion in Q2 2021.^{1,2} Domestic debt accounted for the majority of total debt, estimated at 61 percent of total debt in Q2 2021. However, external debt is anticipated to increase significantly as the government raised a total of US\$4 billion in Eurobonds in what is being described as the largest financial trade from Africa.³ The rise in debt is driven by the rising fiscal deficit as the government is faced with revenue shortfalls amid rising government expenses. Specifically, the 2021 budgeted expenditure is N14.44 trillion with an estimated budget deficit of N5.49 trillion. Given the rising debt, there is the need to strengthen the capacity of revenue generating agencies to boost domestic revenue mobilization, which in turn, would expand the fiscal space. More specifically, investments in the digitalization of revenue collection channels should be prioritized to reduce revenue leakages and ensure that available revenue sources are optimized. Furthermore, civil society organizations should monitor the utilization of the new loans in order to promote transparency and accountability.

Significant Increase in Trade

The National Bureau of Statistics (NBS) reports that Nigeria's total trade in 2021Q2 stood at N12.03 trillion, recording an increase of 89 percent from N6.37 trillion in 2020Q2.⁴ In terms of composition, imports (N6.95 trillion) exceeded exports (N5.08 trillion) putting the country in a trade deficit (N1.87 trillion) position. The increase in total trade was, however, driven by exports as exports grew by 128 percent whereas imports grew by 67 percent. Meanwhile, crude oil exports contributed about 80 percent of Nigeria's total exports in 2021Q2. This indicates that the country's export earnings are mainly from the oil sector and is highly susceptible to changes in the global oil market. The high concentration of crude oil in total exports emphasizes on the need to increase non-oil exports. Government initiatives targeted at boosting non-oil exports such as the provision of technical and financial assistance, and business environment reforms should be sustained and expanded. These government interventions could enhance domestic firms' productivity and output level with positive implications on the competitiveness of firms in the foreign market and export earnings.

Rise in Crude Oil Price

Global crude oil price stood at US\$78.11 per barrel in September 2021, which is a 7 percent increase from US\$73.18 recorded in August 2021.⁵ The average rise in crude oil price is a positive development to the economy given the impact on foreign reserves and government earnings. Meanwhile, the US\$78.11 per barrel recorded in September is 83 percent higher than the benchmark price of US\$40 per barrel in the 2021 budget which provides the government with additional revenue in its excess crude account. Consequently, improvements in the management of the excess crude account is crucial in ensuring that the surplus earnings are not misused. Additionally, diversifying the export base to increase the share of government revenue from non-oil sectors is important to insulate the economy from shocks caused by overreliance on oil.

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	13.71
Domestic Debt (FGN + States & FCT N'Trillion)	20.647	21.75
Manufacturing Capacity utilization (%)	NA	NA
Monthly Indicators	July '20	Aug '21
Headline Inflation (%)	12.82	17.01
Food Sub-Index (%)	15.48	20.30
Core Sub-Index (%)	10.10	13.41
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	46.9
Non-Manufacturing PMI	35.7	46.9
Average Crude Oil Price (US\$/Barrel)	44.1	73.18
Petrol (PMS-N/litre)	128.88	164.91
Diesel (AGO -N/Litre)	224.37	250.82
Kerosene (HHK -N/Litre)	334.08	400.01
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	1,973.95	2,215.33
MPR (%)	12.5	11.5
CRR (%)	27.5	27.5
T-Bill Rate (%)	1.30	2.5
Savings Deposit Rate (%)	3.78	1.82
Prime Lending (%)	12.10	11.62
Maximum Lending (%)	28.42	28.00
Narrow Money (N'Million)	12,775,602.49	16,408,026.85
Broad Money (N'Million)	33,337,326.82	40,744,532.18
Net Domestic Credit (N'Million)	39,849,571.53	46,016,470.38
Credit to the Government (Net) (N'Million)	9,661,188.09	12,657,278.65
Credit to the Private Sector (N'Million)	30,188,383.44	33,359,191.72
Currency in Circulation (N'Million)	2,395,917.03	2,778,706.01
FAAC (N'Billion)	547.31	760.72

*Revised GDP figures/tentative figure
NA: Not Available

1. DMO (2021a). Nigeria's Total Public Debt Portfolio (Q2 2021). Retrieved from <https://www.dmo.gov.ng/debt-profile/total-public-debts/3690-nigeria-s-total-public-debt-as-at-june-30-2021/file>
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3. DMO (2021b). Nigeria Raises USD 4 Billion through Eurobonds. Retrieved from <https://www.dmo.gov.ng/news-and-events/dmo-in-the-news/press-release-nigeria-raises-usd-4-billion-through-eurobonds>
4. NBS (2021). Foreign Trade in Goods Statistics (Q2 2021). Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241065>
5. CBN (2021). Daily Crude Oil Prices. Retrieved from <https://www.cbn.gov.ng/rates/DailyCrude.asp>