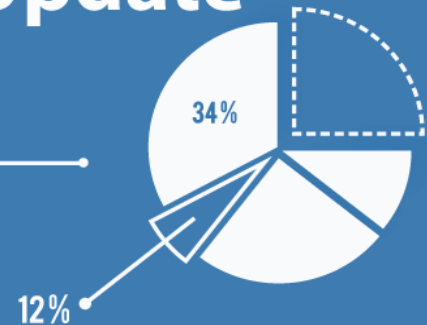


Nigeria Economic Update



Weekly
Digest

CBN Disburses N3 billion for NYIF Programme

Under the Nigeria Youth Investment Fund (NYIF), the Central Bank of Nigeria (CBN) as part of its development finance initiative in collaboration with the Federal Ministry of Youths and Sports Development has so far released the sum of N3 billion to 7,057 beneficiaries (4,411 individuals and 2,646 SMEs) across the country.¹ The NYIF programme, launched in October 2020 by the CBN is designed to improve the access to finance for youth and youth-owned enterprise. The programme seeks to provide Nigerian youth between the ages of 18-35 with investment inputs required to build successful businesses and become sustainable employers of labour in critical economic and social sectors. The NYIF was designed to curb youth restiveness and boost the managerial capacity of youths. This programme is expected to grow the economy, reduce unemployment, and diversify the economy. Created exactly a year ago, there is need for the CBN to publish a report which highlights the economic impact of the Fund, in terms of the jobs created and the milestones attained in view of ascertaining its challenges and thus strengthening the programme.

Presidency Submits FGN 2022 Budget to the National Assembly

President Muhammadu Buhari on Thursday, 7th October 2021, presented the 2022 Federal Government budget proposal, titled Economic Growth and Sustainability, to the joint session of the National Assembly.² The 2022 budget is anchored on the following assumptions: a conservative oil price benchmark of US\$57 per barrel; a daily oil production estimate of 1.88 million barrels per day; an exchange rate of N410.15 per US\$; a projected GDP growth rate of 4.2 percent and 13 percent inflation rate. The budget size stood at N16.39 trillion which is 12.5 percent higher than the 2021 budget of N14.57 trillion. The total revenue was estimated at N10.13 trillion, indicating a budget deficit of N6.26 trillion. While presenting the 2022 budget, the President recognised existing revenue challenges which might impede the full implementation of the budget. As a result, the President has set the target of growing the revenue to GDP ratio from about 8 percent to 15 percent by 2025. In the 2022 budget, defence and security sector had the highest allocation with N2.41 trillion, which represents 15 percent of total budget.³ This was followed by infrastructure with N1.45 trillion. A total of N1.29 trillion (7.9 percent) was allocated to the education sector and N0.82 trillion (5 percent) to the health sector. While some assumptions guiding the budget appear optimistic, the growing size of the deficit suggests that the country's low revenue mobilisation need to be addressed. Thus, there is a need for the government to review existing tax incentives, which contributes in part to low revenue collection, as well as optimise the use of digital tools for tax collection.

Decline in Oil production and output in Q2 2021

Data from the Budget Office of the Federation (BOF) indicates that the daily oil production in 2021Q2 stood at an average of 1.6 million barrels per day (mbpd). This is below the 1.8 mbpd stipulated in the 2021 budget, and 0.2mbpd lower than the average daily production of 1.81 mbpd in 2020Q2.⁴ The dip in oil production can be attributed partly to the cut in oil production quota binding on OPEC member states, crude oil theft and other legacy issues in the sector. Subsequently, the output in the oil sector contracted by 12.65 percent (year-on-year) in 2021Q2 while total GDP grew by 5.01 percent. Thus, resulting in a decline in the share of oil in total output to 7.42 percent from 9.25 percent in 2020Q2. In the first half of 2021, a total of N1.9 trillion oil revenue was collected against N2.6 trillion prorated budget projection for the period, which suggests a short fall of 26.7 percent. Globally, there is a shift from crude oil to renewable energy in a bid to reduce CO₂ emission, to lessen the rate of climate change. Hence, the dwindling revenue from the oil sector should be effectively used to develop the non-oil sector. This will ensure that future lower demand for oil would have little or no impact on the economy, given that other sectors of the economy have replaced oil as the main source of revenue to the government and export earnings.

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'Billions)	547.31	760.72

*Revised GDP figures/tentative figure
NA: Not Available

1. CBN (2021). CBN Update 2021. Retrieved from [https://www.cbn.gov.ng/Out/2021/CCD/CBN%20Update%202021%20\(August\)%20.pdf](https://www.cbn.gov.ng/Out/2021/CCD/CBN%20Update%202021%20(August)%20.pdf)
2. BOF (2021). 2022 Budget Speech: Budget of Economic Growth and Sustainability. Retrieved from <https://www.budgetoffice.gov.ng/index.php/president-budget-speech?task=document.viewdoc&id=954>
3. BOF (2021). Honorable Minister of Finance, Budget and National Planning Public Presentation of 2022 FGN Budget. Retrieved from <https://budgetoffice.gov.ng/index.php/hmfbnp-public-presentation-of-2022-fgn-budget>
4. BOF (2021). 2021 Second Quarter and Half Year Budget Implementation Report. Available at <https://www.budgetoffice.gov.ng/index.php/2021-second-quarter-and-half-year-budget-implementation-report?task=document.viewdoc&id=948>