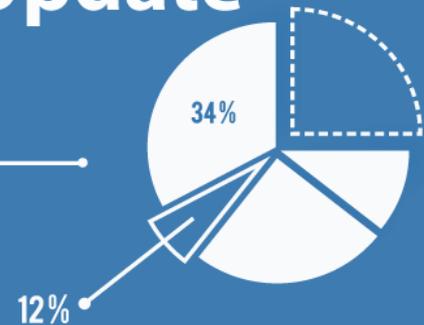




Nigeria Economic Update



Weekly
Digest

Nigeria's Economy Grows by 4.03 percent

In Q3 2021, estimates from National Bureau of Statistics show that Nigeria's real Gross Domestic Product (GDP) grew by 4.03 percent year-on-year, and 11.07 percent quarter on quarter.¹ This indicates that the Nigeria economy is on the path to sustained economy growth from the temporary reduction in output caused by the COVID-19 pandemic and the fall in crude oil prices, which led to contraction in output by -6.1 percent in Q2 2020 and -3.62 percent in Q3 2020. The breakdown of the output by sector shows that non-oil output grew by 5.44 percent in Q3 2020 and contributed about 92.51 percent of total output. Given that the rate of growth in output exceeds population growth rate of about 3 percent, income per capita is expected to increase slightly in 2021. To consolidate on the growth trajectory recorded in the year, effective implementation of the recently approved Medium Term National Development Plan, 2021-2025, is crucial to sustain the gains in the economy driven by the one-year Nigeria Economic Sustainability Plan. Furthermore, ongoing reforms in the areas of electricity, access to finance and taxation targeted at improving business environment in the country should be strengthened.

Nigeria to raise additional funds through Sovereign Sukuk

The Debt Management Office (DMO) is set to issue Sovereign Sukuk bond valued between N200 - N250 billion before the end of the year. The government stated that the fund would be used to finance critical road projects across the country.² The Sukuk is a strategic initiative designed to support the development of infrastructure, promote financial inclusion and deepen the domestic securities market. Subsequent to the debut Sovereign Sukuk in 2017, in which N100 billion was raised, two additional Sukuk bond had been raised, N100 billion in 2018 and N162.557 billion in 2020. Thus, a total of N362.577 billion has been issued between 2017 and 2020. The proposed new commitment would be devoted to road infrastructure, which is expected to improve road connectivity and reduce transport costs within and outside cities in Nigeria. While the use of Sukuk would expedite the completion of the designated projects, emphasis should be placed on effective evaluation and monitoring processes to ensure that the projects are not only completed, but also match sustainable standards, especially in terms of scope and durability. Furthermore, there is a need for the government to maintain the culture of transparency in the utilisation of the funds.

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Over 66 Million unique NIN already Issued

The National Identity Management Commission (NIMC), in a review of the progress of the National Identity Number (NIN)-Subscriber Identity Module (SIM) data verification exercise, reported that over sixty-six (66) million unique NIN have been issued.³ This progress has been partly attributed to the ongoing linkage of SIM and NIN in the country. The national identity enrolment is a federal government's drive to provide Nigerians with a working digital identity to maximise the gains associated with the development of the Nigeria's digital economy and strengthen digital security. With 66 million unique NIN recorded so far in a population of over 200 million people, about two-thirds of Nigerians are yet to be captured in the identification exercise. The government might need to complement existing strategies with a more innovative framework. For instance, the idea of people paying to register for NIN should be stopped to encourage voluntary enrolment. Also, the proposed transportation subsidy should be linked to NIN, and as such, evidence of NIN should be included as part of the eligibility criteria for potential beneficiaries.

ECONOMIC SNAPSHOT		
Quarterly Indicators	'21Q2	'21Q3
GDP Growth Rate (%)	5.01	4.03
Oil GDP (%)	-12.65	-10.73
Non-oil GDP (%)	6.74	5.44
Unemployment Rate (%)	NA	NA
Foreign Direct Investment (US \$ Million)	77.97	NA
Portfolio Investment (US \$Millions)	551.37	NA
Other Investment (US \$Million)	246.27	NA
External Debt (FGN & States- N'Trillion)	13.71	NA
Domestic Debt (FGN + States & FCT N'Trillion)	21.75	NA
Manufacturing Capacity utilization (%)	NA	NA
Monthly Indicators	Sept '20	Oct '21
Headline Inflation (%)	13.71	15.99
Food Sub-Index (%)	16.66	18.34
Core Sub-Index (%)	10.58	13.24
External Reserves (End Period) (US\$ Billion)	35.74	41.83
Official Rate Approx. (N/US\$)	359.99	410.59
BDC Rate Approx. (N/US\$)	NA	NA
Manufacturing PMI	41.1	47.3
Non-Manufacturing PMI	35.7	47.5
Average Crude Oil Price (US\$/Barrel)	40.85	73.18
Petrol (PMS-N/litre)	128.88	165.60
Diesel (AGO -N/Litre)	224.37	254.07
Kerosene (HHK -N/Litre)	334.08	423.42
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	1,973.95	2,627.94
MPR (%)	11.5	11.5
CRR (%)	27.5	27.5
T-Bill Rate (%)	1.10	2.5
Savings Deposit Rate (%)	2.41	1.28
Prime Lending (%)	11.55	11.61
Maximum Lending (%)	28.45	27.10
Narrow Money (N'Million)	13,555,672.34	16,553,042.48
Broad Money (N'Million)	34,965,447.66	41,369,902.01
Net Domestic Credit (N'Million)	39,429,671.22	47,383,921.08
Credit to the Government (Net) (N'Million)	9,683,889.71	12,874,524.50
Credit to the Private Sector (N'Million)	29,745,781.51	34,509,396.58
Currency in Circulation (N'Million)	2,427,329.31	2,965,985.43
FAAC (N'Billion)	547.31	760.72

*Revised GDP figures/tentative figure
NA: Not Available

1. NBS (2021). Nigerian Gross Domestic Product Report, Q3 2021. Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241095>
2. DMO (2021). Towards Financing Infrastructure: Debt Management Office to Issue Another Sovereign Sukuk. Accessed at <https://dmo.gov.ng/news-and-events/dmo-in-the-news/press-release-towards-financing-infrastructure-debt-management-office-to-issue-another-sovereign-sukuk>
3. NIMC (2021). FG Urges Citizens and Legal Residents to Enrol Before the End of the Year. Retrieved from <https://nimc.gov.ng/fg-urges-citizens-and-legal-residents-to-enrol-before-the-end-of-the-year/>