



FINANCIAL AND ECONOMIC HIGHLIGHTS

NEWSLETTER

11th – 16th May, 2020

Highlights:

- ◇ IMF Explains Conditions for Nigeria's \$3.4 Billion Loan
- ◇ Brussels says Britain must engage in full scope of post-Brexit talks
- ◇ FG seeks COVID19 Patient for Herbal Drug Trials
- ◇ Nigeria's Aviation Industry loses ₦21 billion Monthly to COVID-19
- ◇ Fuel Price to reduce Further as NNPC Announces 17.9% Reduction in Depot Price
- ◇ Inflation Rate Rises in Nigeria
- ◇ Nigeria to lose 75% port revenue as crude oil price, shipment decline
- ◇ NSE commits ₦100million to support fight against COVID-19

Global Economy:

New COVID-19 outbreaks in South Korea, Germany and China have highlighted the challenge faced by Governments seeking to loosen social restrictions, as Europeans prepare for the tentative reopening of their Economies. In Spain, just over half the population will enter "phase 1" of the country's exit from lockdown. France also begins its "deconfinement" process on Monday, UK, presently the worst hit country in the world after the US in terms of deaths, will also take the first cautious steps towards easing its Lockdown.

Brussels will push Britain to engage in detailed talks on access to UK fishing waters and other top EU priorities, warning that the two sides negotiation on a future relationship will stall unless work on all key topics advances in parallel. The first talk happened in March, before the coronavirus crisis escalated, and involved face-to face meetings between the two sides' negotiators. Since then, the talks have been held on a virtual basis.

Domestic Economy:

The \$3.4 billion emergency funding for Nigeria by the International Monetary Fund (IMF) is a repayable loan which has been disbursed to the Central Bank of Nigeria (CBN) to help Nigeria mitigate the devastating impact of the coronavirus pandemic and also to sort out balance of payment issues. The conditions of the loan are quite favorable with repayment period of 5 years, up to two and half years grace period while interest on the loan is 1%.

RATE MONITOR

90 days Treasury Bill	2.3%
GDP	-3.4%
Inflation Rate	12.26%
MPR	13.5%

On health, the Federal Government has introduced pharmaceutical processes and standards that must be observed before endorsing any proposed herbal or homegrown drug for use by coronavirus patients in the country. The Health Minister mentioned that the health ministry would soon meet with scientists, researchers, and traditional medicine specialists in the country who have registered that they have one drug or the other for the treatment of the lethal virus and after the National Agency for Food, Drug Administration and Control would test such drugs to ascertain whether they are fit for human consumption or not, adding that the drugs would undergo clinical trials that require a few COVID-19 patients to willingly accept to use them, not only would finding the right treatment for COVID-19 save lives, it would also allow countries to relax the lockdowns that are strangling economies everywhere.

INFLATION RATE INCREASES IN NIGERIA

The 5week economic lockdown stated before the ease, the economic effects of the mitigation measures put in place by the President of Nigeria, Muhammadu Buhari had immediately impacted the commodity markets resulting in a higher inflationary trend. With some of these measures still in place, there is a high likelihood the rising trend will continue in the months ahead.

THE NNPC – TO REDUCE FUEL PRICE

The Nigerian National Petroleum Corporation (NNPC) announced a 17.94 per cent reduction in the 'ex-depot' price of petrol. The price was reduced from N113.28k per litre petrol was sold to marketers in the previous month to about N108.00K per litre.

Ex-depot price is the ceiling price at which petroleum products depot owners or terminal operators are expected to sell to marketers. The marketers, through their various filling stations, then sell to the end users.

With the reduction of the ex-depot price, a new retail price of petrol is expected to be announced by the appropriate agency, PPPRA.

The latest review is expected to further bring down the retail pump price at NNPC filling stations in line with the new spirit of competition among marketers under the recent partial deregulation policy announced by the NNPC GMD for the country's downstream sector.

At the previous ex-depot price of N113.28 per litre, the PPPRA announced the current fuel price band of N125 per litre (Upper limit) and N123.50 per litre (Lower limit) within which the marketers could sell their products

NIGERIA'S AVIATION INDUSTRY LOSES N21 BILLION MONTHLY TO COVID-19

Nigeria's aviation sector has been losing about N21 billion monthly since the outbreak of COVID-19 in the country, an official has said.

He said the huge loss is associated with lack of activities at the sector whose income solely depends on flight operations. Based on the trend of events before COVID-19, the total loss is about N21 billion approximately plus about N3 billion tangentially and this is divided in this form: N7 billion for aviation agencies which they lose in a month, N10 billion for airline and N4 billion for ground handling, catering and others and the tangential N3 billion.

The COVID-19 pandemic has taken a toll on all sectors of the economy and mostly in the aviation sector, The Nigerian government had on March 23 shut all international airports in the country for an initial period of one month. Local airports were also shut days later. Following the one-month completion, the airport closure was extended by two weeks.

World Update as at 10th May 2020

Confirmed Cases: 4,144,750

Deaths: 281,764

Recovered: 1,462,135

Nigeria Update as at 10th May 2020

Confirmed Cases: 4,399

Deaths: 143

Recovered: 778

