



## ECONOMIC AND FINANCIAL HIGHLIGHTS

### NEWSLETTER

9<sup>th</sup> – 23<sup>rd</sup> March, 2020

- ◇ Lagos introduced partial shut-down to combat COVID-19
- ◇ Oil price drops to \$28 per barrel, dollar exchange for N369/USD1
- ◇ NNPC reduces pump price to N125 per litre
- ◇ FG slashes budget by N1.5tn, reduces oil price benchmark to \$30 from \$57
- ◇ 3EU countries to toughen cross-border coronavirus health checks
- ◇ Economic Council meets Buhari, warns of recession
- ◇ Foreign capital inflows to telecoms rises by \$829.62m
- ◇ CBN releases circular to Deposit Money Banks and general public on policy measures in response to COVID-19
- ◇ Oil crash: Nigeria may lose \$8.63bn in six months
- ◇ COVID-19 threatening Nigeria's debt servicing plans
- ◇ Lagos brace up for adjustment in loans repayment Plans.

#### RATE MONITOR

90 days Treasury Bill Rate ----	2.3%
GDP-----	2.27%
Inflation Rate-----	12.2%
MPR-----	13.5%

#### **Global Economy:**

COVID-19 pandemic is having significant adverse consequences on the global economy. The acceleration in coronavirus cases worldwide, is bringing travel and business to a standstill, unprecedented disruptions in global supply chains, sharp reduction in crude oil prices, turmoil in global stock and financial markets, massive cancellations in sporting, entertainment and business events, lockdown of large swaths of movements of persons in many countries. Further reducing global demand for crude. International benchmark Brent Crude rose 14.4%, or \$3.59, to settle at \$28.47 per barrel. Prices continued to climb even higher in extended trading. These outcomes have had serious adverse implications for key sectors including but not limited to oil and gas, airlines, manufacturing, trade and consumer markets.

Central Banks and Governments around the world are turning to a slew of economic relief tools to curb the coronavirus fallouts, examples are Saudi Arabia, the UK, Canada, South Korea, South Africa, and Australia, among other nations, who slashed their interest rates to new lows in recent weeks. Such actions are viewed as a first-response mechanism to keep economic activity strong.

Italy, the country currently suffering the most from the outbreak, approved a wide-reaching, 25-billion-euro stimulus measure

Also, France issued a similar policy for its businesses, allowing them to postpone tax payments as credit lines dry up and revenue flows slow down.

## **Domestic Economy:**

As part of measures to respond to the impact of coronavirus on the economy, the Federal Government slashes budget by N1.5tn, which includes N457bn on Government spending on fuel importation, 25% cut in recurrent expenditure across all the Government Agencies while the capital expenditure will drop by 20%. A new oil price benchmark was set at \$30 per barrel down from the budgeted \$57. These new measures are expected to mitigate budget underperformance.

NNPC Ex-Coastal price for PMS has been reviewed downwards from N117.6/litre to N99.44/litre while Ex-Depot price is reduced from N133.28/litre to N113.28/litre. These reductions will therefore translate to N125/litre retail pump price as a result of the drop in International oil price.

## **Lagos Highlights**

### **Lagos introduced partial shut-down to combat COVID-19**

Mr. Governor orders Civil Servants on Grade 01 – 12 to stay off work for 2 weeks. Lagos shuts all markets except those selling food, medics essential products etc. beginning from Thursday March 26, 2020.

### **Lagos brace up for adjustment in loans repayment plans.**

The Lagos State Government through the Debt Management Office is bracing up for the likely consequential adjustment in the exchange rate which may have a significant effect on foreign loan stock of the State. The Debt Management Office in its projection estimated a 10% devaluation of Naira by June 2020 to be around N402.6/\$1.

Also, the quantum of the deductions from the FAAC allocation is likely to increase and thus reduce the net proceeds from FAAC. The revenue income from sales of oil will reduce thus reducing the FAAC distributable amount to the States and Local Government in Nigeria. Inflation is expected to move a little but higher while the VAT collectible will likely rise because of volume of purchases with the advent of social distancing and movement restriction in the State.

However, the State will need to expand the E-Governance and E-Payment to ensure that the revenue budget for 2020 are met.

### ***Debt Management Office Recent Activities***

Sequel to the signing of N100 billion Bond Issuance by Mr. Governor, the Debt Management Office embarked on inspection of the projects funded with the Bond proceeds.



***Adiyan Water works***



***Badagry Carriageway***

Pictures of some projects funded with Commercial Loans between Year 2015 and 2016 inspected by Officials of Debt Management Office. The inspection of projects which

includes schools, roads and water infrastructures was concluded on Thursday 19th March, 2020



Section of Lagos-Badagry Express Road



Senate Building, LASU.