



WEEKLY ECONOMIC AND FINANCIAL HIGHLIGHTS

NEWSLETTER

Monday, 5TH- 9th October 2020

Highlights:

- Nigeria's Debt Fast Becoming Unsustainable, may reach N34tn – LCCI
- Lagos is Top Earner as States' IGR drops by 11.7%
- IMF Approves aid for World's 28 Poorest Countries
- Crude Oil Price Rises by 6% to \$41
- Nigeria Lawmakers Approve Plan to Borrow \$11 Billion in 2021

Global Economy: The International Monetary Fund on Monday approved new emergency aid for 28 of the world's poorest countries to help them alleviate their debt and better cope with the impact of the coronavirus pandemic. The 28 countries receiving the second tranche of aid are Afghanistan, Benin, Burkina Faso, Burundi, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Djibouti, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Liberia, Madagascar, Malawi, Mozambique, Nepal, Niger, Rwanda, Sao Tome and Principe, Sierra Leone, the Solomon Islands, Tajikistan, Tanzania, Togo and Yemen. Mali is also eligible for aid but has not yet been added to the list. The debt relief is channeled through the Catastrophe Containment and Relief Trust (CCRT), which enables the IMF to provide grants to the poorest and most vulnerable countries hit by a natural disaster or public health crisis.

The international oil benchmark, Brent crude, surged by six per cent. The upturn in oil prices comes as six Norwegian offshore oil and gas fields were shut as more workers joined a strike, according to Reuters. Brent, against which Nigerian oil is priced, rose by \$2.12 to \$41.39 per barrel as of 8:05pm Nigerian time on Monday. This improved market sentiment.

Domestic Economy: The Lagos Chamber of Commerce and Industry has said the growing level of Nigeria's debt is fast becoming unsustainable in the light of dwindling oil prices and production and might hit N34tn by year-end. According to Debt Management Office, the public debt grew by 8% to N31tn at the end of the second quarter, equivalent to 21% of the Gross Domestic Product. the increase in public debt stock was fueled by fresh domestic and external borrowings required to plug the wider fiscal deficit in the revised 2020 budget given the impact of the COVID19 pandemic and the impact of recent exchange rate depreciation. At the peak of the pandemic in the second quarter, the Federal Government received financial support worth \$3.4bn and \$288.5m from the International Monetary Fund and the African Development Bank respectively, while negotiations are also on-going for a cumulative \$1.8bn credit support from the World Bank, AfDB and Islamic Development Bank. adding these to prospective domestic issuances could possibly push the country's public debt stock to around N34tn by year-end, equivalent to 23 per cent of the GDP.

Rate Monitor

Gen.Inflation Rate – 13.22%

GDP Rate – 3.2%

MPR-11.5%

The Internally Generated Revenue of the states dropped to N612.87bn in the first six months of 2020 from N693.91bn in the corresponding period of 2019. The National Bureau of Statistics disclosed on Tuesday in its report published on the 'Internally Generated Revenue at state level for half year 2020'. The NBS stated that Lagos State had the highest IGR with N204.51bn or 33.37 per cent of total figure recorded in H1 2020, followed by Rivers State with N64.59bn or 10.54 per cent; while Jigawa State recorded the least IGR of N3bn or 0.49 per cent. Part of the report read, "The 36 states and FCT IGR figure hits N612.87bn in H1 2020 compared to N693.91bn recorded in 2019." This indicates a negative growth of -11.7 per cent year on year.

Nigerian lawmakers have approved a plan to borrow as much as N4.28trn (\$11 billion) from both domestic and foreign debt markets to support its expenditure in 2021. The National Assembly gave the go-ahead on after debating the government's medium-term expenditure plan covering the next three years, reports Bloomberg

The spending plan provides for an estimated deficit of N5.16trn and total expenditure of N13.08trn. The government has retained an exchange rate of N379 to the dollar "given the determination of the Central Bank of Nigeria to pursue unification" of rates, according to the document. Debt service is projected to take N3.12trn, slightly less than the N3.58trn planned for infrastructure development.



DEBT MANAGEMENT OFFICE NIGERIA

**NIGERIA'S EUROBONDS AND DIASPORA BOND
CLOSING PRICES AND YIELDS
AS AT MONDAY, OCTOBER 5, 2020**

Bond Name	6.75% US\$500M JAN 2021 Eurobond	5.625% US\$300M JUN 2022 Diaspora Bond	6.375% US\$500M JUL 2023 Eurobond	7.625% US\$1.118BN NOV 2025 Eurobond	6.500% US\$1.5BN NOV 2027 Eurobond	7.143% US\$1.25BN FEB 2030 Eurobond	8.747% US\$1.0BN JAN 2031 Eurobond	7.875% US\$1.5BN FEB 2032 Eurobond	7.696% US\$1.25BN FEB 2038 Eurobond	7.625% US\$1.5BN NOV 2047 Eurobond	9.248% US\$750M JAN 2049 Eurobond
Price (US\$)	100.692	100.837	102.821	104.848	96.304	96.093	103.213	96.642	91.596	90.825	100.197
Yield (%)	4.4i8	5.106	5.261	6.495	7.168	7.735	8.274	8.336	8.637	8.494	9.226
Yield at Issue (%)	7.000	5.625	6.625	7.625	6.500	7.143	8.747	7.875	7.696	7.625	9.248

Source: Bloomberg

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