



WEEKLY ECONOMIC AND FINANCIAL HIGHLIGHTS

NEWSLETTER

1

21ST-25TH Sept, 2020

Highlights:

- Foreign Reserves Rise by \$140.9m, now \$31.85bn
- Oil and Gas Sector: New Bill to Unlock \$10bn in Nigeria's Local Content Yearly Underway
- Petrol Supply fell by 23.88% in July, Says NNPC
- Petrol Subsidy Gulped N8.94trn in 10 years, Says PPPRA
- CBN reduces Lending Rate to 11.5% from 12.5%

Global Economy: The Organization for Economic Cooperation and Development said in a report that the world's Gross Domestic Product is projected to decline by 4.5% this year — less than the 6% plunge it had predicted in June. The global economy is expected to rebound and grow by 5% next year, the organization said. Yet the OECD notes that its outlook is "subject to considerable uncertainty" as the pandemic continues, and assumes that "sporadic local outbreaks will continue" and a vaccine will not be available until late in 2021.

RATE MONITOR

Inflation Rate → 13.22%

GDP Rate → 3.2%

MPR → 11.5%

Domestic Economy:

The country's foreign reserves rose by \$140.9m from \$35.67bn as of September 1 to \$35.81bn as of September 17, the latest figures from the Central Bank of Nigeria have shown. The reserves rose by \$65m from \$35.59bn as of August 20 to \$35.66bn as of August 27. It had earlier lost \$278.91m from \$35.87bn on July 29 to \$35.59bn on August 19 after which it returned to a growth path. The CBN said during the last Monetary Policy Committee meeting that the country's exchange rate was still being affected by volatility in crude oil prices.

The volume of petrol supplied in the country declined by 23.88 per cent in July to 1.02 billion litres, according to the Nigerian National Petroleum Corporation. The NNPC said the 1.02 billion litres translated to 32.95 million litres per day, down from 44.62 million litres per day in June, when 1.34 billion litres were supplied. Data obtained from the corporation showed that 0.95 billion litres (30.67 million litres/day) were supplied in May and 0.94 billion litres (31.37 million litres/day) in April. The Federal Government imposed a lockdown on the Federal Capital Territory, Lagos and Ogun states on March 30 but a gradual easing of the lockdown began on May 4. In March and February, the volume of petrol supplied stood at 1.73 billion (59.72 million litres/day), up from 1.20 billion litres in January (38.68 million litres/day).

The NNPC said in its latest monthly report. Augusto & Co, in a recent report, noted that the impact of the

COVID-19 pandemic on economic activities in the country resulted in a decline in the consumption of petroleum products.

The report said, “Agusto & Co. expects the consumption of petroleum products, particularly PMS and Aviation Turbine Kerosene, to decline to 27.2 billion litres in 2020 given the severely restricted travel and transportation activities during the second and third quarters of the year.

The Federal Government spent N8.94tn on petrol subsidy between 2006 and 2015, figures released by the Petroleum Products Pricing Regulatory Agency on Monday showed. Data from the PPPRA showed that during the 10-year period, the government consistently spent billions of naira subsidizing Premium Motor Spirit, popularly called petrol. It said that in 2006, 2007, 2008, 2009 and 2010, the government spent N257.36bn, N271.51bn, N630.57bn, N469.31bn and N667.08bn respectively. Also in 2011, 2012, 2013, 2014 and 2015, the government paid N2.104tn, N1.354tn, N1.315tn, N1.217tn and N653.51bn respectively on petrol subsidy.

The PPPRA had in March commenced the deregulation of the downstream oil sector in a bid to halt the continued payment of subsidy.

The Central Bank of Nigeria on Tuesday reduced the Monetary Policy Rate from 12.5 per cent to 11.5 per cent after the two-day Monetary Policy Committee Meeting in Abuja. The committee also voted to retain the Cash Reserve Ratio and Liquidity Ratio at 27.5 per cent and 30 per cent respectively. The Central Bank Governor, Godwin Emefiele, disclosed this while presenting the communiqué after the meeting.

NIGERIA'S EUROBONDS AND DIASPORA BOND CLOSING PRICES AND YIELDS AS AT TUESDAY, SEPTEMBER 22, 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\$)	100.668	101.275	102.658	104.692	96.650	96.768	103.603	96.336	90.871	89.021	100.021
Yield (%)	4.729	4.855	5.337	6.536	7.101	7.629	8.220	8.378	8.724	8.681	9.244
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

Please contact Debt Management Office for any Enquires
Debt Management Office,
5, ASSIBIFFI Road,
CBD, Alausa – Lagos.