



NEWS LETTER:

15TH – 19TH MARCH 2021.

HIGHLIGHTS:

- Bank of England Governor Defends self over scandal
- India, Finland announce Digital Partnership in IT, Mobile Technology
- Nigeria's Rising Debt Servicing, an Economic Threat- SEC
- February Inflation rate hits 17.33%
- CBN, NCC fix USSD banking transactions at N6.98
- FG recorded N1.48tn Fiscal Deficit in Q4 – CBN
- Okonjo- Iweala Engages Government Officials on How to improve Nigerian economy

RATE MONITOR:

INFLATION RATE: 17.3%

M.P.R: 11.50%

G.D.P: 1.7%

GLOBAL ECONOMY:

- **Bank of England governor defends self over scandal:** Bank of England governor Andrew Bailey has defended himself after a former appeal court judge criticized evidence he gave to MPs over a scandal in which thousands lost their life savings. Mr. Bailey is the former boss of the Financial Conduct Authority (FCA). He has been criticized by Dame Elizabeth Gloster for his role at the FCA in regulating London Capital & Finance, which collapsed in 2019. Mr. Bailey said responsibility and culpability were not the same thing. Before becoming governor, Andrew Bailey was chief executive of the FCA, which was criticized in a report by Dame Elizabeth for failing to supervise and regulate LCF. Her report named Mr. Bailey as responsible for that failure and said he had made legal representations to prevent responsibility for the FCA's failings being attributed to him by name. Before the Treasury committee of MPs last month, Mr. Bailey said he was "angry" and "disturbed" by her criticisms, adding it was "not correct" to say he did not want his name mentioned in the context of personal responsibility and that his apology for the failure had been misrepresented. That prompted Dame Elizabeth to write to the committee releasing extracts of representations from Mr. Bailey's legal team, revealing that they had asked for him not to be named on a number of different grounds.
- **India, Finland announce Digital Partnership in IT, Mobile Technology:** Prime Minister Narendra Modi and his Finnish counterpart Sanna Marin announced a Digital Partnership in Information and Communications Technology, future mobile technologies and digital education at a virtual summit.
The Ministry of External Affairs (MEA) said the two leaders also announced a sustainability partnership involving renewable and clean energy, circular economy and sustainable mobility. In the summit, Modi and Marin reaffirmed their strong commitment to multilateralism, a rules based international order and to work towards sustainable development goals and combating climate change, it said. The two prime ministers also exchanged views on the coronavirus pandemic including on vaccine solidarity and emphasized the unprecedented global efforts in speeding up the development and scaling up of manufacturing of COVID-

19 vaccine. The two sides also announced a high-level dialogue between the education ministries of both the countries to expand cooperation in the area.

"Both sides noted the growing importance of Africa and referred to their efforts to enhance cooperation in Africa," said Neeta Bhushan, Joint Secretary, Central Europe division in the MEA.

She said the virtual summit will help in carrying forward the momentum of the multi-faceted bilateral ties.

"The two leaders expressed satisfaction and confidence that the areas of cooperation under India-Finland partnership will continue to deepen and gain further strength," she said at a media briefing.

In his opening remarks, Modi said India has taken care of needs of the world along with its domestic struggle during the pandemic and that more than 58 million made in India coronavirus vaccine doses reached about 70 countries in the recent weeks. Modi also said that both India and Finland believed in a rules-based, transparent, humanitarian and democratic global order and the two countries have strong cooperation in areas like technology, innovation, clean energy, environment and education.

The prime minister also urged Finland to join the International Solar Alliance and the Coalition for Disaster Resilient Infrastructure (CDRI). Both the organizations took shape following India's initiative.

"These international institutions will benefit from Finland's ability and expertise," he said. The Finnish prime minister said there was scope for further intensification of bilateral ties in areas of education, technology and trade.

DOMESTIC ECONOMY:

- **Nigeria's Rising debt servicing, an economic threat- SEC:**

The increasing debt service of Nigeria is an economic threat to the country, the Securities and Exchange Commission declared on Thursday. The rising debt service might not stop the Federal Government from borrowing to fund the 2021 budget, as the Minister of Finance, Budget and National Planning, Zainab Ahmed, insisted that government had to borrow. Nigeria spent almost N2tn on debt servicing payments from January to September 2020, based on data obtained from Debt Management Office. At the 5th Annual Budget Seminar of the Securities and Exchange Commission with the theme, "Financing Nigeria's budget and Infrastructure Deficits through the Capital Market," the SEC also stated that stocks to commodities prices were affecting revenue generation. The Commission posited that the total public debt has increased from N5.24tn in 2010 to over N32tn in 2020, but still fine at around 20% of GDP (GROSS Domestic Product). BUT RISING DEBT SERVICE IS A THREAT.

- **February inflation rate hits 17.33%**

The National Bureau of Statistics (NBS) yesterday said the Inflation Rate rose from 16.46 per cent in January to 17.33 per cent in February 2021. Its Consumer Price Index February 2021, said: "The consumer price index (CPI), which measures inflation increased by 17.33 per cent (year-on-year) in February 2021." NBS added that this is 0.86 per cent points higher than the rate recorded in January 2021 (16.47) percent. Increases were recorded in COICOP divisions that yielded the Headline index. The Managing Director, Financial Derivatives Company Limited, Bismarck Rewane, yesterday warned that rising inflation and unemployment will worsen the country's misery level and could trigger social unrest if not checked. The report said urban inflation increased by 17.92 per cent (year-on-year) in February 2021 from 17.03 per cent recorded in January, while the rural inflation rate increased by 16.77 per cent in February 2021 from 15.92 per cent in January 2021. NBS said monthly, the Headline index increased by 1.54 per cent last month. This is 0.05 per cent rate higher than the rate recorded in January 2021 (1.49 percent). It also noted that the percentage change in the average composite CPI for the 12- month period ending last month over

the average of the CPI for the previous twelve months period was 14.05 percent, showing 0.43 percent point from 13.62 percent recorded in January 2021.

According to NBS, on a month-on-month basis, the urban index rose by 1.58 per cent in February 2021, up by 0.06 the rate recorded in January 2021, while the rural index also rose by 1.50 per cent in February 2021, up by 0.04 the rate that was recorded in January 2021 (1.46) per cent. The Lagos Chamber of Commerce & industry (LCCI), Director General, Dr Muda Yusuf said the 17.5 per cent rise in inflationary figure will have many variables that will impact domestic prices. These factors include transportation costs logistics challenges, exchange rate depreciation, forex liquidity issues, hike in energy prices, climate change, insecurity in many farming communities and structural bottlenecks to production. In an interview he told The Nation these are essentially supply side issues. "Any mitigation measures would have to be situated in the context of these variables. Even the CBN had admitted that the potency of monetary policy instruments in tackling inflation is weak".

- **FG recorded N1.48tn fiscal deficit in Q4 – CBN:** The Federal Government recorded an Estimated Fiscal Deficit of N1.48tn in the fourth quarter of 2020, figures obtained from the Central Bank of Nigeria revealed on Tuesday. The CBN disclosed in its economic report for the fourth quarter on Federation Operations that federally collected revenue in the fourth quarter fell below expectation.

Part of the report read, "At N2.2tn, federally collected revenue in the fourth quarter of 2020 fell by 13.1 per cent and 8.3 per cent below the budget benchmark and the level in the preceding quarter respectively and was also 16.8 per cent below the collections in the corresponding period of 2019.

"Oil receipts accounted for 44.6 per cent of the total collection, while non-oil constituted the balance of 55.4 per cent. "The relatively low receipts recorded in the review period underscored the lingering effect of the COVID-19 pandemic on domestic and global economic activities. "Similarly, the retained revenue of the Federal Government of Nigeria at N903.52bn, fell by 38.1 per cent and 39 per cent below its quarterly benchmark and collections in the fourth quarter of 2019 respectively. "Also, the provisional aggregate expenditure of the FGN declined from N2.54tn in the third quarter of 2020 to N2.38tn in the review period, reflecting decreases in government spending, in the light of the current revenue challenge. "Consequently, the fiscal operations of the FGN resulted in an estimated deficit of N1.48tn." The report said shortfalls in oil receipts, due to the subsisting OPEC+ agreed oil production cut and decline in global crude oil demand, following the resurgence of the COVID-19 pandemic in Europe and the Americas, led to the decline in federally collected revenue in the fourth quarter of 2020. Federally collected revenue amounted to N2.2tn, with oil and non-oil revenue sources contributing 44.6 per cent and 55.4 per cent respectively, it stated. The collection was 13.1 per cent, 8.3 per cent and 16.8 per cent below the budget benchmark, and the levels in the third quarter of 2020 and the fourth quarter of 2019 respectively. Of the total receipts N2.2tn, the sum of N756.86bn was deducted as statutory and non-federation transfers, leaving a net balance of N1.45tn. It stated that an additional revenue of N264.80bn was realized from excess oil revenue, non-oil excess revenue, and exchange gain, bringing the total distributable balance to N1.72tn. Consequently, it added, N1.71tn was disbursed among the three tiers of government.

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- **Okonjo- Iweala Engages Government Officials on How to improve Nigerian Economy:**

The newly appointed Director General of the World Trade Organization (WTO), Dr. Ngozi Okonjo- Iweala, Saturday arrived in Nigeria on a five-day working visit, two weeks after she assumed leadership of the global body.

The visit designed to enable her to appreciate the support of the federal government towards her emergence will see her holding discussions with President Buhari and other top players in the public and private sectors on how to leverage the WTO and the African Continental Free Trade Agreement (AFCFTA) to improve trade and economy.

The former Coordinating Minister for the Economy and Minister of Finance, who arrived the Nnamdi Azikwe International Airport, Abuja via an Ethiopian airliner with registration number, ET911 which touched down at exactly 12pm was received by Permanent Secretary, Ministry of Industry, Trade and Investment, Dr. Nasir Sani-Gwarzo and other Top Officials of the ministry.