



# OVERVIEW OF THE NIGERIAN ECONOMY AND THE CAPITAL MARKET



**OFFICE OF THE CHIEF ECONOMIST  
SECURITIES AND EXCHANGE COMMISSION**

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# The Global Economy (IMF, WEO-JUNE 2021)

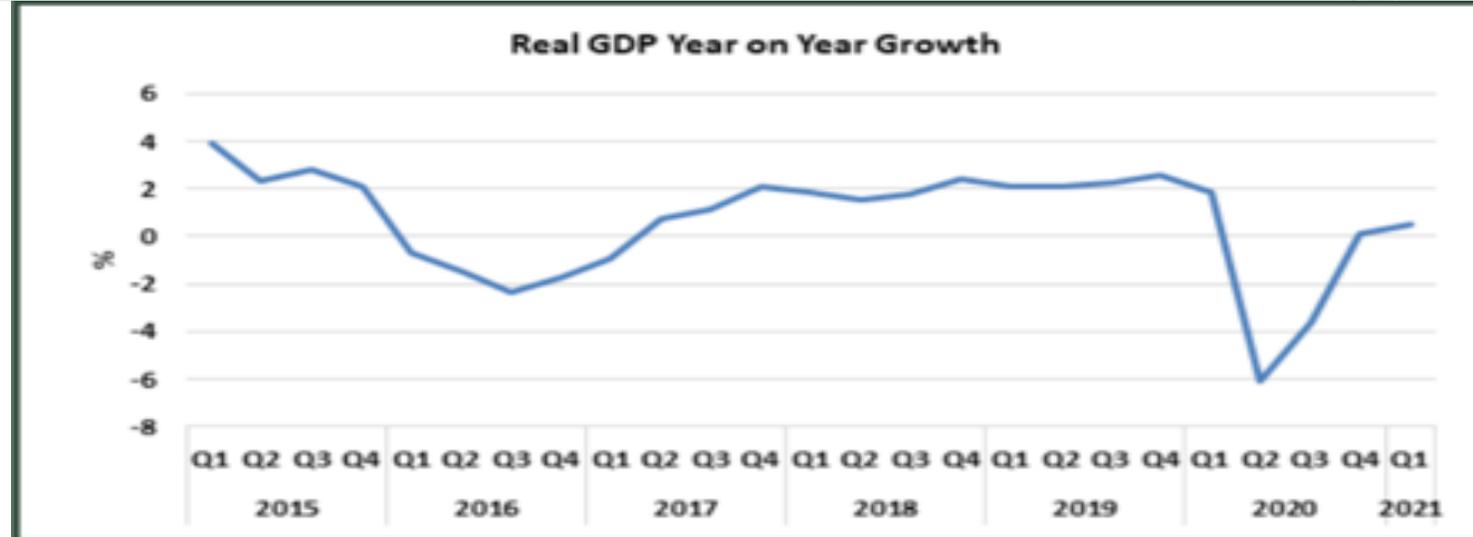


Country/Region	2019	2020	2021	2022
<b>World</b>	<b>2.8</b>	<b>-3.2</b>	<b>6.0</b>	<b>4.9</b>
Advanced Eco.	1.6	-4.6	5.6	4.4
Euro Area	1.3	-6.5	4.6	4.3
EMs & Developing	3.7	-2.1	6.3	5.2
<b>Sub-Sah. Africa</b>	<b>3.2</b>	<b>-1.8</b>	<b>3.4</b>	<b>4.1</b>
United States	2.2	-3.5	7.0	4.9
United Kingdom	1.4	-9.8	7.0	4.8
China	6.0	2.3	8.1	5.7
India	4.0	-7.3	9.5	8.5
Brazil	4.1	-4.1	5.3	1.9
South Africa	0.2	-7.0	4.0	2.2
<b>Nigeria</b>	<b>2.2</b>	<b>-1.8</b>	<b>2.5</b>	<b>2.6</b>

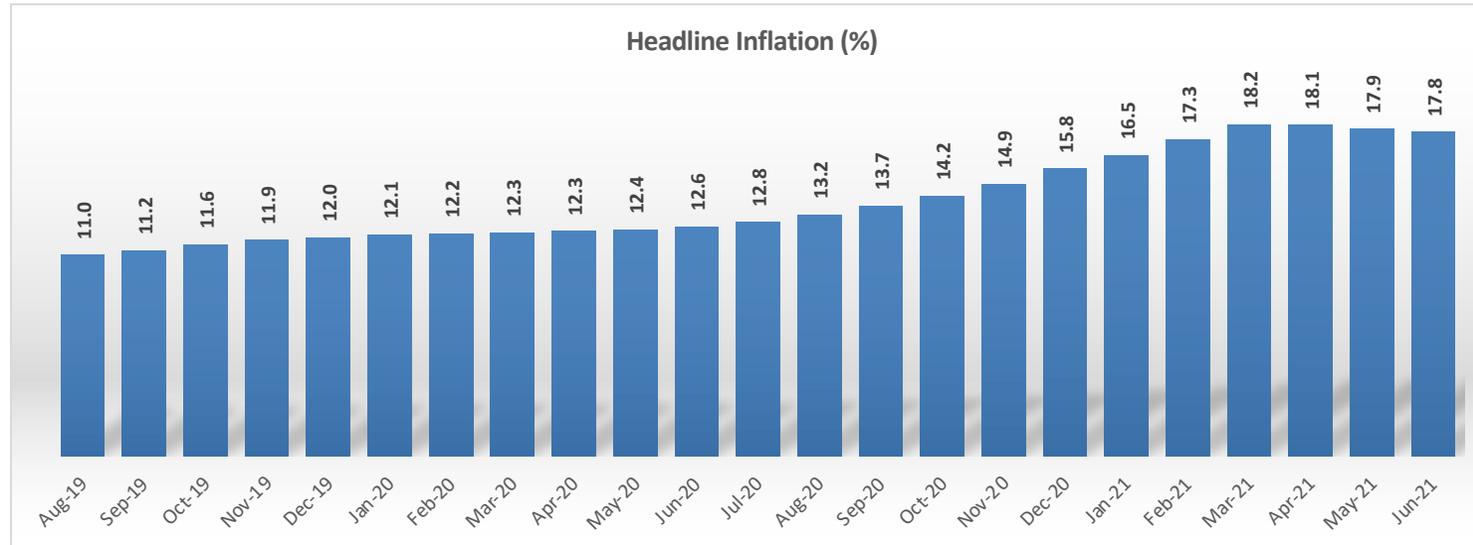
- Global growth weakened (-3.2%) in 2020 due to:
  - Impact of COVID-19 pandemic
  - Disruptions in global supply chains
  - Falling global aggregate demand
  - Increasing unemployment
  - Rising sovereign and corporate debt
- The International Monetary Fund (IMF)'s global growth projection is put at 6% in 2021.
- Advanced economies had large contractions during 2020 due to the impact of COVID-19.
- China – recovery from the sharp contraction in Q1 under way
- SSA countries – had contracted at 1.8% in 2020. we expect the SSA economy to grow by 3.4% in 2021. Nigeria – contraction in 2020 of 1.8%
  - Falling oil prices
  - Oil production cuts, COVID-19 lockdown.
- It is expected that the Nigerian economy will end the year in the positive territory at 2.5%

# Output and Prices

- The economy of Nigeria grew 0.51% YoY in the Q1 of 2021, slightly faster than a 0.11% rise in the Q4 2020
- It is the second consecutive quarterly growth since Nigeria's economy dipped into recession in the Q3 of 2020, helped by easing Covid-19 restrictions and higher oil prices.
- The non-oil sector grew 0.8% (vs 1.7% in Q4). Conversely, the oil sector shrank by 2.2%, following a 19.8% plunge in the previous period.
- The consumer price index increased by 17.75 percent (year-on-year) in June 2021.
- This is 0.18 percentage points lower than the rate recorded in May 2021 (17.93) percent.
- This implies that prices continued to rise in June 2021 but at a slightly slower rate than it did in May 2021.

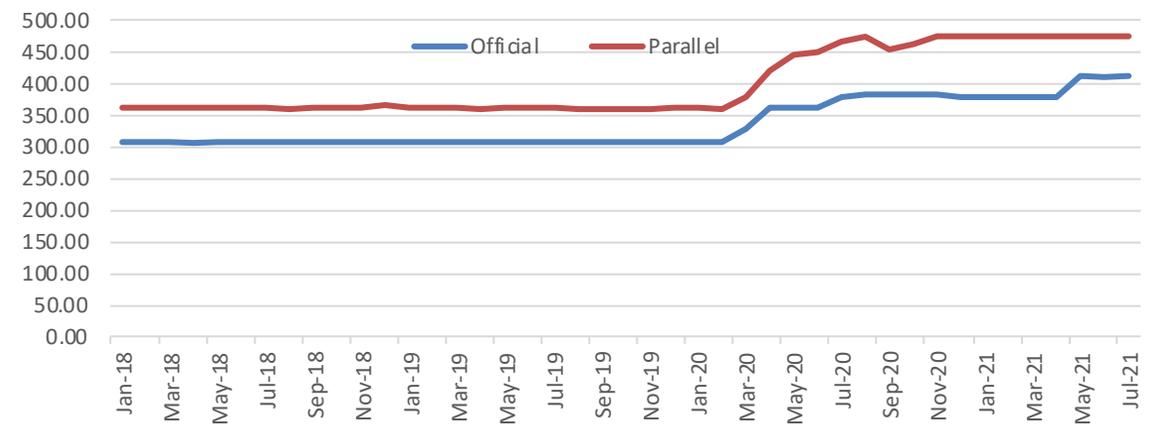
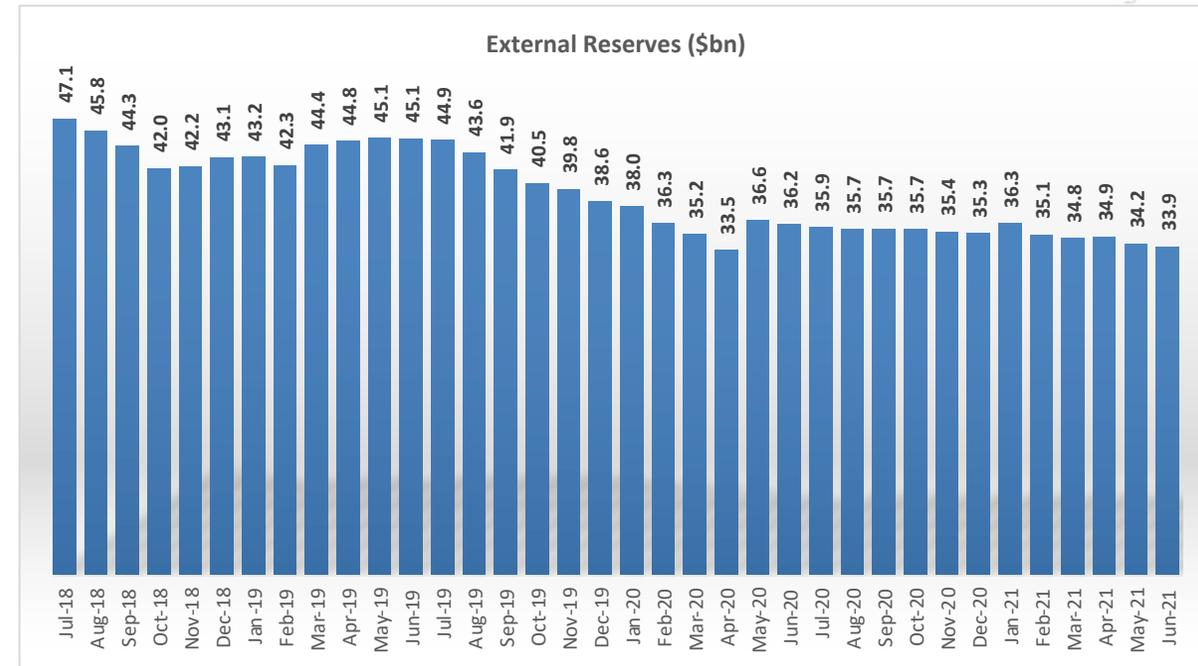


Source: National Bureau of Statistics



# External Sector

- Gross external reserves has been falling steadily for months
    - Fell to \$33.9bn in June 2021 from \$36.32bn in June 2020
  - Further reserve depletion expected
    - CBN's foreign exchange intervention
    - Fall in global oil price due to third wave.
  - Reserves can cover about **6 months of imports**
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- The naira has depreciated across the various segments of the market.
  - Parallel rates for the same period between N475/\$ and N515/\$
  - The CBN directed stoppage of direct sales of dollars to the BDC.
  - Foreign exchange intervention in the future may be limited by the steady depletion of reserve.



# Capital Market Activities

- FGN has done about 18 bond issuances this year at N1.124trn
- CIS NAV at about N1.3trn
- The Commission has approved about 60 issuances this year.
  - Largely equities and bond programmes
  - Derivative contracts now added

NSE Statistics	09-Aug 2021	10-Aug 2021	Daily Change (%)	Year-Date Change(%)
All- Share Index	38,567.26	39,176.62	1.58	-2.72
Mkt Cap (N'Trn)	20.09	20.41	1.58	-4.57
Total Vol. Traded (Mn)	194.95	474.53	143.41	-
Total Value (N'Bn)	1.01	3.98	292.59	-

FMDQ Statistics	09-Aug 2021	10-Aug 2021	Daily Change (%)	Year-Date Change(%)
S&P FMDQ Nigeria Sovereign Bond Index	539.54	540.83	0.24	-19.31
Total Debt Cap (N'Trn)	24.23	24.20	-0.12	-13.88
CBN Official (\$/N)	411.24	411.18	0.01	-7.83
I&E Window (\$/N)	411.50	411.50	0.00	-0.30
1 yr. Forward (\$/N)	435.04	435.20	-0.04	9.73

NASD Statistics	09-Aug 2021	10-Aug 2021	Daily Change (%)	Year-Date Change(%)
Unlisted Securities Index	749.67	751.41	0.23	2.51
Mkt Cap (N'Bn)	651.60	653.10	0.23	24.18
Total Vol. Traded (Mn)	4.19	31.31	646.99	-
Total Value (N'Mn)	85.94	127.53	48.40	-

AFEX Statistics	18-Jun 2021	25-Jun 2021	Weekly Change (%)	Year-Date Change(%)
Afex Commodities Index	439.44	465.49	5.93%	31.92%
Afex Export Index	169.1	169.1	0.00	19.66%

# Outlook



## Global

- Covid-19 still around
- Technology and fintech
- Regional trade
- Green economy

## Domestic

- Nigerian States and VAT
- Nigeria's federal road and bridges toll policy
- Infraco project and Nigeria infrastructure development
- Railway at State level
- Increase in crude oil price oil subsidy
- CBN and BDC
- Nigeria's foreign policy
- Presidential race
- Derivatives and commodities



# Thank You

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