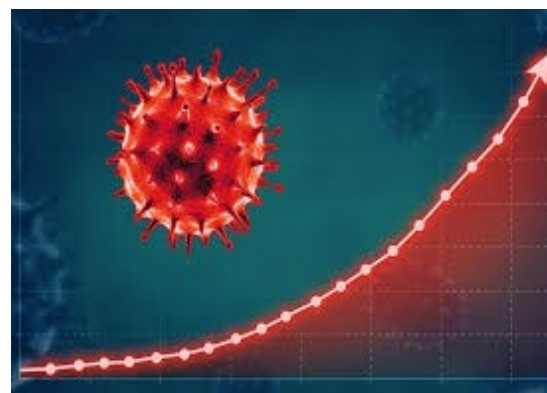


Covid-19 Pandemic and the Nigerian Economy

Perhaps for the first time in several decades, the world is witnessing a type of disease that does not discriminate based on age, gender or even race. The United Nations Trade and Development Agency (UNCTAD) put the cost of the Covid-19 pandemic at about US\$2 trillion in 2020 (CSEA,2020). The global coronavirus outbreak now puts severe pressure on the world's economy. In Nigeria, the Country is still sluggishly grappling with recovery from the 2016 economic recession which was a fall-out of global oil price crash and insufficient foreign exchange earnings to meet imports. In the spirit of economic recovery and growth sustainability, the federal budget for the 2020 fiscal year was prepared with significant revenue expectations but with contestable realizations. The approved budget had earlier projected revenue collections at N8.24 Trillion, an increase of about 20% from 2019 figure. The revenue assumptions were premised on increased global oil demand and stable market with oil price bench mark and oil output respectively at \$57 per barrel and 2.18 Million Barrels per Day.

However, due to the pandemic, the country has revised the 2020 budget. For instance, the IMF recent forecasts show that the global economy will contract by 4.9% in 2020 and grow by 5.4% in 2021 while the Nigerian economy will contract by 5.4% in 2020 but grow by 2.6% in 2021. Similarly, the World Trade Organization predicts that global trade would decline between 13% and 32% (WTO, 2020).

As the global recession looms, sectors that are expected to be hit the hardest are the banking industry, construction, travel and leisure, entertainment, automotive, luxury goods, oil and gas, trade and transportation, which are all major employers of labor in Nigeria. A proxy for the Nigerian market stock performance is the Nigeria Stock Exchange Index (NSE All Share Index). The index which had earlier recorded a growth of 8.15% up to January, 2020 was observed to decline sharply by 21% by the end of April and currently, it has lost about 8.99% year to date.



Source: ADSR Research

...diversification of the Nigeria's economy is a sustainable way to survive global economic instability with volatility of oil prices.

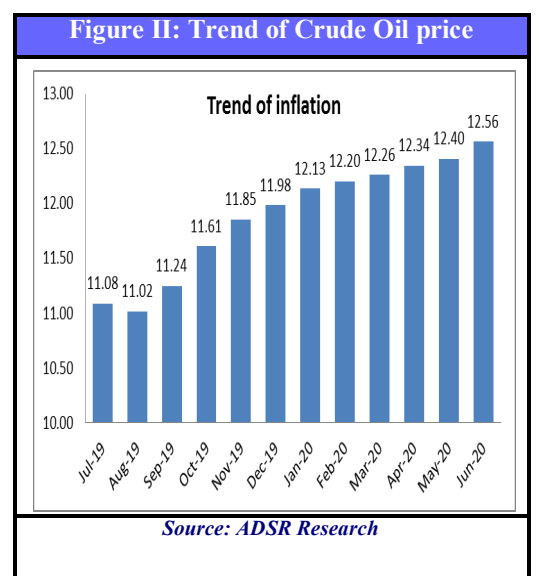
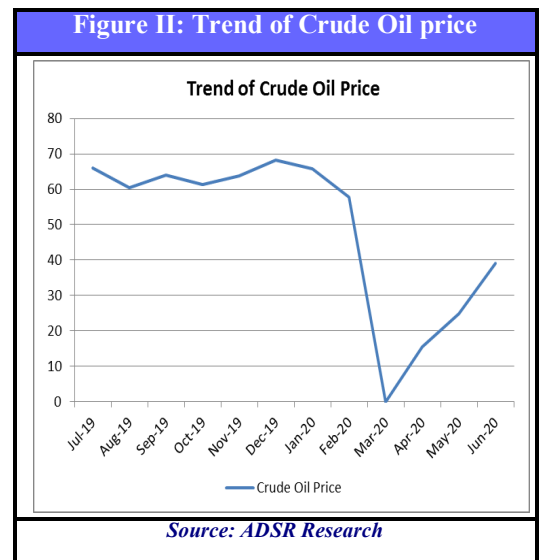
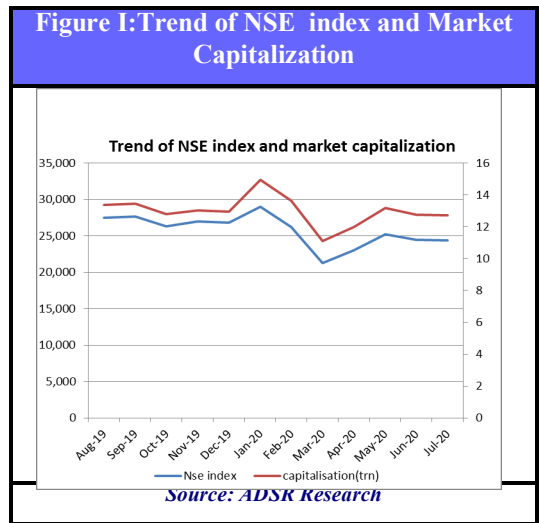
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The outbreak of the covid-19 pandemic and its spread across the world has also forced the international oil market to a near stand-still, leaving crude oil price bonny light to crash from around \$60 per barrel to about \$39 as at June 2020, and this is caused by a fall in the world demand for crude oil. Although the crude oil prices have slightly recovered to around \$42pb, the price decline has a significant impact on the country’s foreign reserves. This has also impacted the exchange rate. For instance, the interbank rate which stood at N361/US\$ at the end of March 2020 now goes for N381/US\$ while the parallel rate has since moved from N415/US\$ to N470/US\$. All these have serious implications on the country’s ability to import both finished and intermediate goods, thereby affecting trade, production and consumption.

As Nigeria continues to deal with the economic effect of the covid-19 pandemic, inflation rate rises to 12.56% (year on year) in June 2020 from 12.4% recorded in May, 2020. The country’s inflation rate is maintaining its upward trajectory, fueled by the supply constraints necessitated by lockdown. The trend could continue as Nigeria continues to deal with the effect of the corona virus pandemic-, even as the country embarks on some precautions to ease the lockdown.

About 1.6 billion children and young people are unable to be physically present at school since March 2020, due to the temporary closure of schools, although some schools can endeavor to provide online classes, and this is largely unavailable in resource limited settings like Nigeria (UNICEF,2020). Due to the existence of endemic ‘weak health care system in Nigeria where screening tests are not readily available, this as brought about an upsurge increase in the rate at which people contact the deadly disease.

Therefore, diversification of the Nigeria’s economy is a sustainable way to survive the current environment of global economic instability with the volatility of oil prices. And the economy can be diversified through manufacturing, digital economy, agriculture, etc., in order to solve some basic problems of the economy. Meanwhile, one strongly wish that the current global efforts towards developing an effective vaccine yield positive and affordable results with the attendant effect of buoying the global economy.



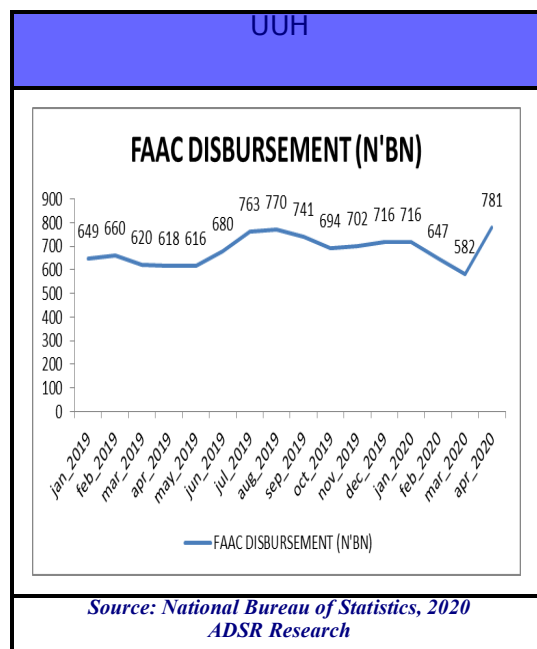
FAAC Shared N780.93 Billion in April 2020

The Federation Account Allocation Committee (FAAC) shared the sum of N780.93bn to the three tiers of government in April 2020 from the revenue generated in March 2020. This figure is 34.28% more than the amount of N581.57bn disbursed in March 2020. The amount shared comprises N478.18bn from the Statutory Account; N62.98bn from ex-change gain; N119.5bn from Excess Petroleum Product Tax (PPT) Account; N120.27bn from Valued Added Tax (VAT). Revenue generating agencies such as the Nigeria Customs Service (NCS), Federal Inland Revenue Service (FIRS), and Department of Petroleum Resources (DPR) received N6.09bn, N11.2bn, and N5.74bn respectively as cost of revenue collections.

In addition, the Federal government received a share of N264.33bn, States received N181.49bn and Local government received N135.95bn while the sum of N54.29 ban was shared among oil-producing states as 13% oil derivatives.

The disbursement increased by 34.28% and 20.63 compared to N 581.57bn and N647.35bn that were allocated in March and February 2020 respectively. Also, N617bn was disbursed to the three tiers of government in April 2019 for the Month of March 2019. The Federal government received a share of N257.758bn, N168.254bn for the state and N126.575bn for the local government.

The trend shows that there has been an increase of N163.93bn in the amount disbursed in April 2020 compared to the amount disbursed in April 2019. This improvement is largely due to the increase in oil prices and crude oil production in recent times. Available data shows that FAAC shared N781bn in April 2020, which is 34% higher than what was disbursed in March, 2020, and this is the most in at least seven months.



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Inflation rate rises to 12.56% in June 2020

Inflation rate rose to 12.56% (year-on-year) in June, 2020, which is 0.16% higher than 12.4% inflation rate recorded in May. The food index increased by 15.18% in June 2020, which is 0.14% higher than 15.04% recorded in May 2020. The rise in food index was caused by increased prices of Bread and Cereals, Potatoes, Yam & other tubers, fruits, Oils & Fats, Meat, Fish and Vegetables. Also, Core inflation rose to 10.13% in June 2020, which is 0.01% higher compared to 10.12% recorded in May 2020. On a month-on-month basis, the core index increased by 0.86% in June 2020.

According to the National Bureau of Statistics (NBS) report, highest increases were recorded in prices of Medical services, Hospital services, and passenger transport by road, pharmaceutical products, motor cars, paramedical services, maintenance and repair of personal transport equipment, bicycles, motor cycles, vehicle spare parts and other services in respect of personal transport equipment.

There is a high likelihood the rising trend will continue in months ahead due to the pandemic outbreak, despite some measures been put in place. This will continue to pose a major challenge to the monetary authority, especially given that the pandemic requires some monetary expansion, even in the face of rising general prices.

	2019: June	2020: April	2020: May	2020: June
Head-line	11.22	12.34	12.40	12.56
Core	8.84	9.98	10.12	10.13
Food	13.56	15.03	15.04	15.18
Urban	11.61	13.01	13.03	13.18
Rural	10.87	11.73	11.83	11.99

Source: National Bureau of Statistics, 2020
ADSR Research

.....a high likelihood the rising trend will continue in months ahead due to the pandemic outbreak

Nigerian Capital Market declines in July

The All share index of the Nigeria Stock Exchange closed the month of July 2020 at 24,173.53, having lost 1.25% from 24,479.22 in June 2020. The equities market capitalization at the end of July 2020 stood at 12.74 trn, losing 0.23% from 12.77trn in June 2020.

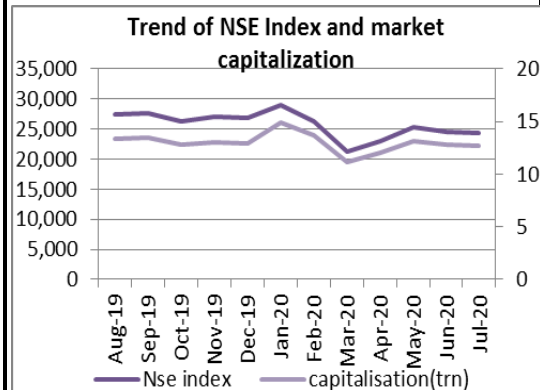
Total domestic transactions increased by 11.15% from N75.49bn recorded in April 2020 to N83.91bn in May 2020. In the domestic market, retail and institutional transactions recorded N42.19bn and N41.72bn respectively. This indicates a slightly higher participation by retail investors over their institutional counter parts.

In the Unlisted Securities Market, the index finished the month of July at 706.52 points, losing 1.26% month-on-month. Consequently, market capitalization for the Unlisted securities market ended the month at N518.99bn, having declined by -1.26%.

In addition, rates on the FMDQ showed that the Open Buy Back (OBB) and Overnight (O/N) rate stood at 1.90% and 2.50% respectively for the month of July 2020.

There is an evidence of a decline of 1.25% in the trading activities in the Nigerian stock market for the reviewed period. However, we expect the market to improve as the effect of the covid-19 pandemic subsides and the economy gradually re-opens.

Trend of All Share Index and Equity Market Capitalisation



Source: Nigeria Stock Exchange Market, 2020;
ADSR Research

.... is an evidence of a decline in the trading activities in the Nigerian stock market for the reviewed period.

External Reserves declines to \$36.57bn in July 2020

Nigeria external reserves continue to decrease in the year 2020 as it declines by 17.63% to \$35.91bn in July 2020. It closes at \$43.60bn in August 2019. The decline in the external reserves is due to the fall in exports, foreign exchange management by CBN, decreased external borrowing and decline in foreign portfolio inflow.

At the interbank market, the naira closed the month of July 2020 at N361/US\$ while the parallel market closed at N461/US\$ and the I&E window closes the month at N388/US\$.

An increase in Nigeria's external reserve will continue to stabilize the value of naira as the monetary authority continues its currency management efforts, and the portfolio and debts components of the reserves remains risk items. While a fall in the external reserves can also be due to is naira been under pressure against other major currencies, particularly the dollar, since the fall in oil prices and the outbreak of the covid-19 pandemic.

Nigeria's Exchange Rate and External Reserves

	2019 Aug	2020 June	2020 July
Interbank EXR	307	361	381
Parallel EXR(AVR)	360	460	470
I&E Window	363	387	388

Source: Nigeria Stock Exchange Market, 2020;
ADSR Research

....the portfolio and debt components of the reserves remain risk items

Nigerian listed companies reports on corporate philanthropy & community in June 2020

Many sectors spend a great deal of time and money giving back to the community. Most of them have invested in education, health, NGO relief programmes and provisions of some social amenities like water, food, shelter and etc., because all these are the major forms of human empowerment to become gainful employees and profitable consumers to the society as a whole.

The data extracted helps to identify how some sectors have reported on the company's website. It entails analyzing of details about how much they have contributed to their community by been a philanthropist, and helping in providing some necessary and basic amenities to the community. A total of 11 Sectors were considered. The data used was a secondary data which gave reports on information about corporate philanthropy & community in June 2020.

Natural resources has a total of 3 companies, conglomerate has 3 companies, Agriculture has 5 companies, construction & real estate has 7 companies, health care has 8 companies, Oil & Gas has 11 companies, ICT has 11 companies, consumer goods has 17 companies, industrial goods has 19 companies, services has 26 companies while financial services has 50 companies.

66.7% of companies in natural resources sector has no report on their website, while 33.3% of companies partially reported. In the industrial sector 63.2% of companies made no report, while 15.8% of their companies made a partial report while 21.1% of companies fully gave report of their state of corporate philanthropy & community on their website.

Nigerian listed companies reports on corporate philanthropy & community in June 2020

Sectors	Total no of companies in each sector	No report	Partial report	Full report
Agriculture	3	60.0	20.0	20.0
conglomerate	1	33.3	66.7	-
construction & Real estate	5	71.4	28.6	-
Consumer goods	6	35.3	52.9	11.8
Financial services	26	52.0	30.0	18.0
Health Care	4	50.0	37.5	12.5
ICT	5	45.5	36.4	18.2
Industrial goods	12	63.2	15.8	21.1
Natural Resources	2	66.7	33.3	-
Oil & Gas	5	45.5	45.5	9.1
Services	19	73.1	15.4	11.5
Grand Total	88	55.0	30.6	14.4

Source: ADSR Research

.....sectors spend a great deal of time and money giving back to the community.

Sectors that state Employee's welfare, health and safety information on their websites in June 2020

The data extracted by Anastat data bank indicated the employees welfare, health and safety reports of the Nigerian listed companies in June 2020. A total of 11 Sectors were considered. The data extracted was a secondary data which gave reports of the status of each sector of the listed companies if their employees welfare, health and safety were recorded or not. From an employer's point of view, it is anticipated that a good employee welfare programme will induce the employees to work hard and improve their general attitude towards the organization. But, for the employees, these benefits represent an extra income, additional security, or more desirable working conditions, that requires no additional effort.

In the data obtained, there are 5 companies in the Agriculture sector, 3 companies in the conglomerate, 7 companies in construction & Real estate, 17 companies in consumer goods, 50 companies in the financial services, 8 companies in the health care, 11 companies in the ICT, 19 companies in the industrial goods, 3 companies in Natural resources, 11 companies in the Oil & Gas and 26 companies in the services. The services sector has 9.1% and thus, this sector fully reported the details of their employees welfare, health and safety on the company's website while, 73% of services, 66% of financial services, 64% of ICT, 63% of Industrial goods, 63% of health care and 60% of Agriculture sector gave no reports about their employees welfare, health and safety status. While Agriculture and Natural resources partially gave 67% partial report of the details of their employees welfare, health and safety on the company's website.

Trend of some sectors employee's welfare, health and safety in June 2020

Sectors	No of companies in each sector	No report	Partial report	Full report
Agriculture	5	60.0	20.0	20.0
conglomerate	3	33.3	66.7	-
construction & Real estate	7	71.4	28.6	-
Consumer goods	17	35.3	52.9	11.8
Financial services	50	52.0	30.0	18.0
Health Care	8	50.0	37.5	12.5
ICT	11	45.5	36.4	18.2
Industrial goods	19	63.2	15.8	21.1
Natural Resources	3	66.7	33.3	-
Oil & Gas	11	45.5	45.5	9.1
Services	26	73.1	15.4	11.5
Grand Total	160	55.0	30.6	14.4

Source: ADSR Research

From an employer's point of view, it is anticipated general attitude towards the organization.....

Movements in major commodities

Brent oil price closed at \$43pb in the month of July 2020, reflecting a decrease of 28.18 % compared to \$60pb recorded in August 2019. The decrease in the price of oil is caused by the negative effect of the covid-19 pandemic on the global demand and economies, amidst other factors.

The prices vary widely across other major commodities at the international market with varying impacts on the producers and companies that uses these commodities as inputs. For instance, the price of Wheat rose by 9.46% to close at \$538.25 /tonnes while that of corn decreased by -2.3% to close at \$333.75/ tonnes in July 2020. Cocoa decreased by -1.14% to close at \$2,161/metric tonnes (MT) in June 2020 while the price of cotton increased by 2.56% to \$62.44 per tonnes.

The average price for premium motor spirit (petrol) decreased by -11.33% year-on-year and -0.61% month-on-month to N128.88 in June 2020 from N129.67 in May 2020. Also, average price for automotive gas oil (diesel) increased by 2.39% month-on-month and decreased by -0.14% year-on-year to N224.37 in June 2020 from N219.13 in May 2020 while the average price per litre of kerosene increased by 0.21% month-on-month and increased by 5.58% year-on-year to N334.08 in June 2020 from N333.39 in May 2020. Also, average price for refilling of a 5kg cylinder for Cooking Gas increased by 0.45% month-on-month but decreased by -1.07% year -on-year to N1, 973.95 in June 2020 from N1, 965.03 in May 2020.

The effect of the rise in these petroleum products tends to increase inflation and reduce consumers' purchasing power, while decrease in petrol price in the month of June provided a form of cushion to the pandemic effect.

Nigeria's job vacancies scaled down in July 2020

The Anastat data bank recorded a decrease of 55% in the number of job vacancy advertisement in our sample of Nigeria newspapers in the month of July, 2020 compared to June 2020. The result shows the trend, type and pattern of jobs advertised during this period . The total number of job openings decreased from 240 in June to 108 in July 2020.

Public administration sector tops the list of the first three (3) sectors with 29.63% of the total number of job advertisement placed and this is followed by Education sector with 16.67%. During the month, Manufacturing sector takes the third highest rank with 11.11% of the total job advertised. The sectors with the least number of job advertisement were the Electricity, Gas, Steam and Air Conditioning sector and the Multiple sector representing 0.93% of job advertised in July. However, no job vacancies were available in the Trade (wholesales and Retails), Accommodation and food services and Agriculture sector.

Meanwhile, public administration sector experiences no change month on month while Education sector recorded a decrease of 66.03% month-month in July 2020. In addition, it is observed that manufacturing sector witnessed a 25% month-on-month decrease in July 2020.

Furthermore, the skills most sought for by companies in July 2020 were the Professional Scientific and Technical Services. These accounted for 8.33% of the job advertisement for the month of July 2020. Analysis of data also shows that job advertisement in Nigeria has reduced and this is evident in the Country's already high unemployment rate.

A major implication of this is that unemployment will still remain a major challenge in Nigeria and this will likely continue in the next two quarters due to the negative effect of the covid-19 pandemic.

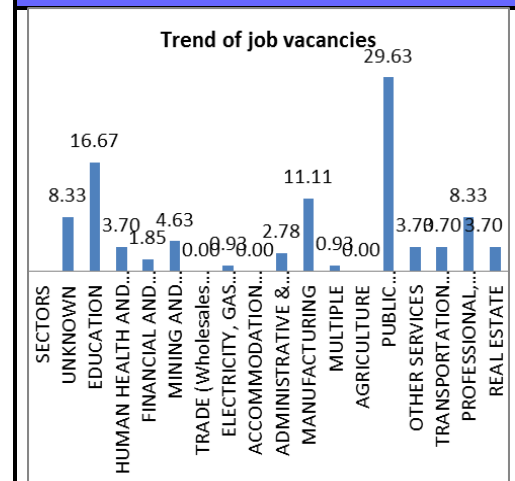
Movements in major commodities

	APR	MAY	JUN
Gasoline (PETROL)	130.84	129.67	128.88
AUTOMOTIVE GAS (DIESEL)	224.11	219.13	224.37
Household KER- OSENE	342.33	333.39	334.08
LPG (Cooking Gas) 5kg	1,957.32	1,965.03	1,973.95
LPG (Cooking Gas) 12.5kg	4,161.54	4,136.87	4,139.18

Source: AnaStat, 2020,
ADSR Research

The effect of the rise in these petroleum products tends to increase inflation and reduce consumers' purchasing power.

Nigeria's Job Vacancy Advert for July 2020



Source: AnaStat, 2020,
ADSR Research

The total number of job openings decreased from 240 in June to 108 in July 2020.

Wise Quotes

"We must be willing to let go of the life we have planned, so as to have the life that is waiting for us"

-E.M Foster

"Stop this attitude that older people ain't any good anymore! We're as good as we ever were if we ever were any good"

-Dolly Parton

"Life is what happens when you're busy making other plans"

-John Lennon

"The mind is everything. What you think you become"

-Buddha

"You must be the change you wish to see in the World"

-Mahatma Gandhi

"We are who we choose to be"

-Green Goblin

"It's the journey that matters, soak it in. Learn lessons out of it. Impact positively so that if you never get to your destination, at least you'd leave a legacy to be remembered."

-Emem Uko

"When you had the dream, it looked big. So why quit when it's still small?"

-Emem Uko



Jokes

A woman in labour suddenly shouted, "Shouldn't! Wouldn't! Couldn't! Didn't! Can't! Don't worry," Said the doctor. "Those are just contractions."

"Dad, did you get a hair cut?" "No, I got them all cut!"

"This graveyard looks over crowded. People must be dying to get in."

"Did you hear the rumor about butter? Well, I'm not going to spread it!"

A child asked his father, "How were people born?" So his father said, "Adam and Eve made babies, then their babies became adults and made babies, and so on." The child then went to his mother, asked her the same question and she told him, "We were monkeys then we evolved to become like we are now." The child ran back to his father and said, "You lied to me!" His father replied, "No, your mom was talking about her side of the family."

Wife; "In my dream, I saw you in a jewelry store and you bought me a diamond ring."

Husband; "I had the same dream and I saw your dad paying the bill."

Analysts

Analysts Data Services and Resources (ADSR) is a Data and Research Company in the vanguard of transforming the way data is seen, stored, used and delivered on the African continent.

As an academic authority, ADSR is a partner of choice to researchers and postgraduate candidates for dissertation advisory. As an advisor, ADSR works with corporates, governments and supranationals to deliver data and intelligence support that cuts through complex decision making issues thus unearthing intrinsic value in a way that builds public confidence.

ADSR is fixated on altering the perception of data and accentuating the place of intelligence in order to fuel growth and development across the African continent.

Our services include: Economic Research and Advisory, Economic and Statistical Modelling, Postgraduate Thesis Support, Training, Data Processing and Analytics and AnaStat Data Platform.

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