



The Financial Plan for Nigeria in 2024

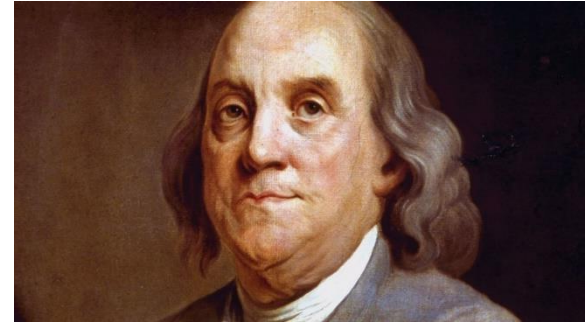
(Budget of Renewed Hope)

Identical nomenclature

Presented by Bismarck Rewane
CEO, Financial Derivatives Company Ltd.

November 29th, 2023

“If you fail to
plan, you plan to
fail”

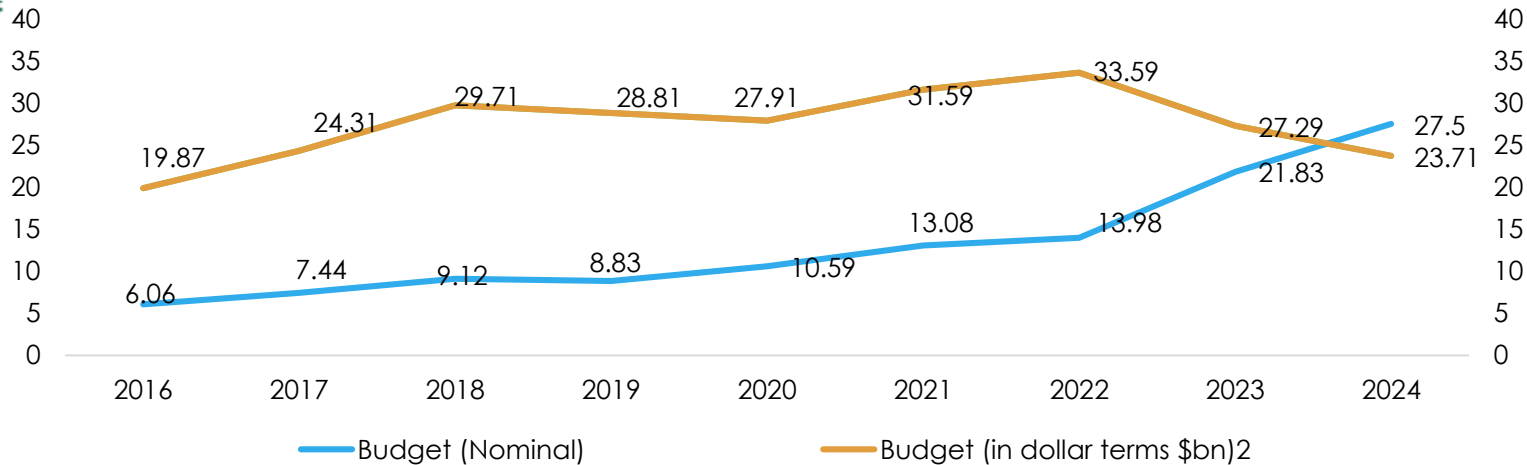


Benjamin Franklin

President Tinubu Submits 2024 Budget to NASS

- Proposed 2024 budget submitted to the National Assembly today
- Budget expenditure increased by 5.73% to N27.5trn from the initial projection of N26.01trn
- Up 25.97% from N21.83trn in 2023
- However, in dollar terms, the budget size is reducing (\$23.71bn)

Budget (Nominal & Real Values)



Budget Characteristics

How much to
spend
(expenditure)

How much to
earn
(revenue)

Difference between
expenditure &
revenue
*Surplus, balanced, deficit
budget*

How to fund
the budget

Budget as a tool
of economic
management

2024 Proposed Budget Breakdown



Revenue – N18.32trn

Expenditure – N27.5trn

- Nigeria has underperformed its revenue target by an average of 40% in the last 5 years
- Average revenue in the last 5 years = N4.39trn

- Debt service = N8.25trn (45% of expected revenue)
- Non-debt recurrent exp. = N9.92trn
- Capex = N8.7trn

Fiscal Deficit – N9.18trn (3.88% of GDP)

To be funded through borrowing

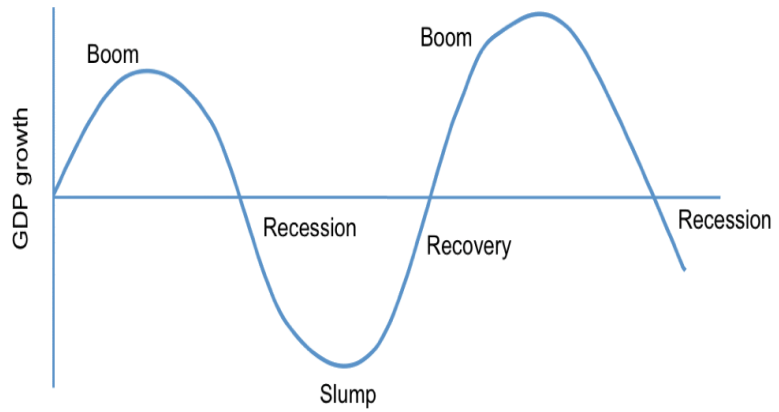
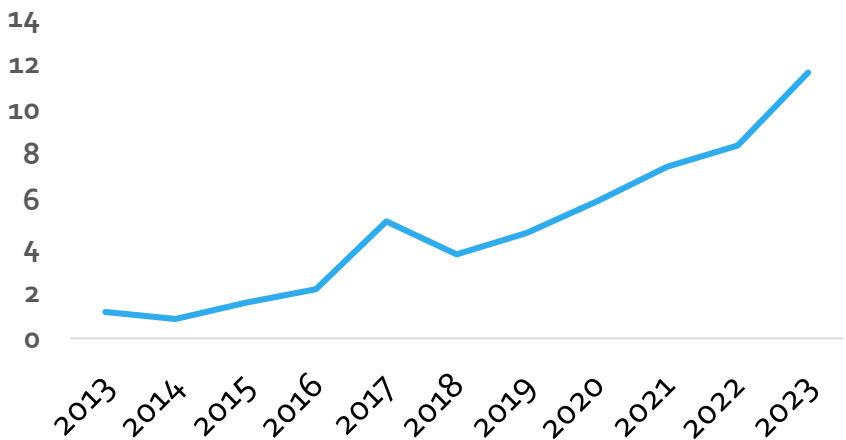
- New borrowing = N7.82trn
- Privatization proceeds = N298.49bn
- Multilateral & Bilateral loans = N1.05trn

Nigeria Adopts a Deficit Budget

- Nigeria has consistently adopted a deficit budget for over three decades
- A countercyclical fiscal policy aimed at boosting aggregate demand and stimulating output growth



Actual Budget Deficit



Dangote Sugar has a **NEW LOOK**



Same Great Quality!



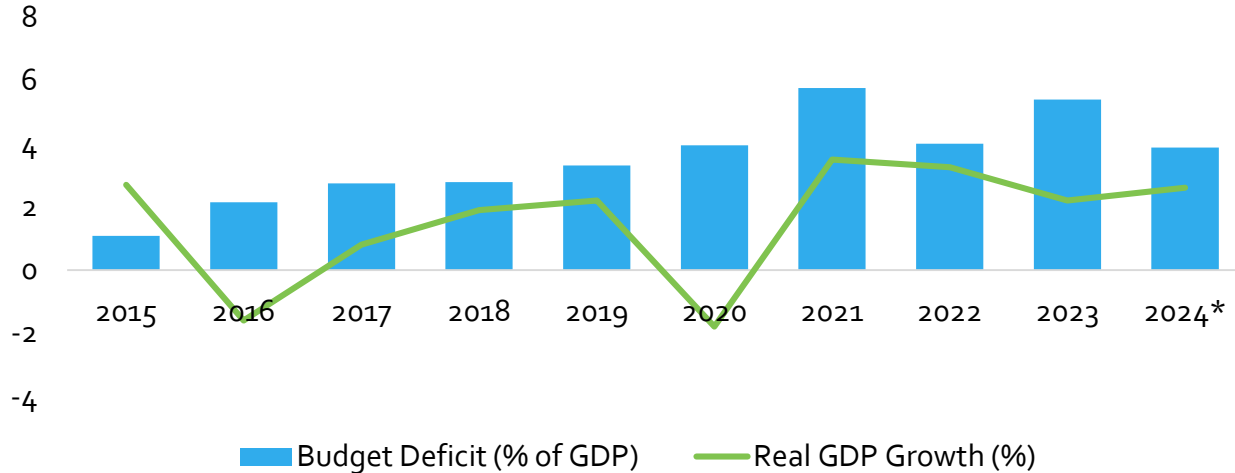
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Budget Deficit Vs GDP Growth



Budget Deficit Vs GDP Growth



- Deficit spending is yet to yield the intended impact on the economy
- Fiscal spending not complemented with adequate investment (domestic & foreign investments)

Goals of the 2024 Budget – Vague Targets

Achieve Job-rich economic growth
– 3.76%

Macroeconomic stability –
inflation (21.4%)

Reduce fiscal deficit
– *from N13.78trn to N9.18trn*

Increase revenue to GDP
from less than 10% to 18%

Reduce the cost of doing business &
cost of living of an average Nigerian

Poverty reduction

Enhanced human capital development

Better investment environment

Increase capital spend

Budget Performance In the Last Two Years

Indicators	2022		2023	
	Targets	Actual	Targets	Actual
GDP growth (%)	4.2	3.25	3.75	2.45
Oil price (\$pb)	57	98.8	75	83.64
Oil production (mbpd, avg.)	1.88	1.21	1.69	1.32
Exchange rate (N/\$, end period)	410.15	740	435.57	1,158
Inflation (% , end period)	13	21.34	16.98	27.33

Priority Sectors

Defense &
internal security

Human capital
development

Transportation

Energy

2023 vs 2024 Budget – Similarities & Differences

Similarities

- Subsidy payment for 6 months
- One supplementary budget

Differences

- No subsidy payments
- Two supplementary budgets
- Significant adjustment in the official exchange rate
 - About 36.1% depreciation of the official exchange (year-on-year)

What Next?



Rescheduling of external debt
(contractual & non-contractual)

Possible Policy Support &
Instrument Program (IMF)

General policy & institutional
reform

Moderation in inflation &
naira strengthening

Other Burning Economic Issues

- Brent up 0.37% (\$83.41pb) driven by supply disruption in the Black Sea and a weaker US dollar - **Bloomberg**
- LNG rose marginally by 0.07% (\$2.84/mmbtu) despite ample gas supply in the US and Europe- **Reuters**
- Cocoa futures gained 0.36% (\$4,216.00/mt) as tight supply plagued the market- **Reuters**
- Corn lost 0.11% (\$473.00/bushel) due to improved weather conditions in Brazil- **Reuters**
- Domestic commodity prices begin to decline in November:
 - Garri- 1.69% ↓
 - Tomatoes- 13.79% ↓
 - Yam- 14.29% ↓
- Naira converges at the forex market: closes at \$1,158/\$ (parallel market) and \$1,159/\$ (NAFEM)
 - Difference between rates: N1/\$

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The Downers



Impact

The Goodies



- Nigeria's economy is highly dependent on earnings from oil. Therefore, the rise in oil prices will bolster these earnings (oil) and improve the country's trade balance
- Cocoa futures have gained 10.45% in November 2023 alone. This rise in cocoa prices is positive for Nigeria as export earnings increase and farmers' income rise
- Lower corn prices will reduce Nigeria's corn import bill and ease inflationary pressures





Domestic Commodities Price Movement

Commodities	Previous Month Prices	Current Prices	Directional Change	Year Low	Year High
Garri (50kg) Yellow	N23,000	N19,000	↓	N16,000	N28,000
Rice (50kg) short grain	N59,000	N60,000	↑	N33,000	N60,000
Flour (50kg)	N46,000	N46,000	↔	N28,500	N46,000
Beans (Oloyin)(50kg)	N50,000	N50,000	↔	N30,000	N56,000
Cement (50kg)	N5,700	N5,700	↔	N4,200	N5,700
Tomatoes (50kg)	N29,000	N25,000	↓	N15,000	N110,000
Pepper (bag)	N60,000	N37,000	↓	N15,000	N65,000
Onions (bag)	N115,000	N140,000	↑	N25,000	N140,000

- *Most commodity prices begin to decline owing to increased harvest*

Domestic Commodities Price Movement

Relatively Elastic Products

Commodities	Previous Month Prices	Current Prices	Directional Change	Year Low	Year High
Palm Oil (25l) 	N30,000	N30,000	↔	N22,000	N37,500
Semovita (10kg) 	N9,800	N9,800	↔	N6,700	N9,800
New Yam (3 tubers) 	N10,500	N9,000	↓	N3,000	N12,000
Sugar (50kg) 	N42,000	N61,500	↑	N31,000	N61,500

Consumer Goods – Current price

















Goods	Street price	Supermarket price	% difference
Pepsi (50cl)	N250	N250	0%
Heineken beer (60cl)	N630	N650	-3.17%
Bread Loaf	N1000	N1200	-20%
Indomie (1 carton)	N4,300	N4,700	-9.30%
Gala (big size)	N150	N150	0%





Stock Market

- NSE ASI  0.34% to close at 71,283.34pts on November 29th 2023.

	Share Prices (₦)		Daily % Change (November 29 th)		YTD (% Change)
Nestle	1150.00		0.00		4.55
Honeywell	3.12		3.70		33.33
Flour Mills	31.65		0.00		11.44
Cadbury	15.35		0.00		28.99
Dangote Sugar	59.00		1.50		267.60
Unilever	15.00		0.00		29.31
Ikeja Hotels	4.20		0.00		300.00



Oil Markets Today



COMMODITY	DAILY CHANGE November 29 th – November 30 th	YTD	CURRENT PRICE
BRENT	↑ 0.37%	↓ 2.91%	\$83.41pb
WTI	↑ 0.50%	↓ 2.50%	\$78.25pb
NATURAL GAS	↑ 0.07%	↓ 36.47%	\$2.84MMBtu



Oil Prices



- Brent futures rose 0.37% to \$83.41pb
- WTI increased by 0.50% to \$78.25pb
- Oil prices gained due to supply concerns in the Black Sea region and lower crude inventories in the US

Agricultural Commodities

Wheat



Rose 0.40% to \$563.25/bushel, as Morocco offers subsidies for wheat importation boosting demand

Corn



Corn down marginally 0.05% to \$473.25/bushel, owing to increased supply from Brazil

Cocoa



Gained 1.00% to \$4,130.00/mt, on a weaker US dollar amid tight supplies in the market

Sugar



Increased by 0.37% to \$27.08/pound, despite rising cane output from Brazil

Outlook – Oil Prices

- We expect oil prices to move in line with OPEC+'s decision on its oil output



Outlook – Agricultural Prices



GRAINS

- Grain prices are likely to rise in the near term as crop yields in Argentina remain subdued and exports from the Black Sea falls

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SOFTS

- Cocoa prices will remain bullish in the coming weeks as tight supply persists in the global market
- The price of sugar could begin to taper next month as cane output from Brazil increases



Thank you!