



**NIGERIA
ECONOMIC
UPDATE**

Weekly

Digest

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Headline Inflation Increased in March 2023

In recent months, there has been a persistent rise in the consumer price index, an indicator of the general price level. The month of March is not an exception. According to the National Bureau of Statistics (NBS), headline inflation increased to 22.04 percent in March 2023, an increase of about 0.13 percent compared to 21.91 percent in February 2022. A yearly comparison revealed that the headline inflation increased approximately by 6.13 percent in March 2023 compared with the headline inflation rate reported in the same month of the preceding year, which was 15.92 percent (March 2022). According to the NBS report, head-line inflation was fueled by an increase in the prices of food and non-food items. The contributions of items on the divisional level to the increase in the headline inflation index include food and non-alcoholic beverages, which contributed the highest to the headline inflation at 11.42 percent. Housing, water, electricity, gas, and other fuel contributed 3.69 percent, clothing and footwear 1.69 percent, transportation 1.43 percent, furnishings, housing equipment and maintenance 1.11 percent, education 0.87 percent, health 0.66 percent, miscellaneous goods and services 0.37 percent, restaurant and hotels 0.27 percent, alcoholic beverage, tobacco and kola 0.24 percent, recreation and culture 0.15 percent and communication 0.15 percent. The first two elements on the list above that have the biggest effects on inflation immediately impact households and firms. Therefore, it is crucial for the government, especially the monetary policy authority, to tackle inflation by addressing the issue of insecurity and imported inflation, which arises from the dependence on imports for some commodities and raw materials. Consequently, to reduce high import costs, promoting local production of the inputs required by enterprises is also essential. Also, providing affordable energy will reduce businesses' cost of production.

Electricity Demand Increased in Q3 2022

Electricity demand increased in Q3 2022, as the National Bureau of Statistics (NBS) report shows. Specifically, the report showed that total customer numbers increased by 1.20 percent from 10.81 million in Q2 2022 to 10.94 million on monthly basis. However, on yearly basis, the total customer numbers declined in Q3 2022 by 1.19 percent from 11.07 million in Q3 2021. The metered customers increased by 1.13 percent from 4.96 million in Q2 2022 to 5.02 million in Q3 2022. On a yearly basis, metered customers grew by 5.71 percent from the number of metered customers, which was 4.75 million in Q3 2021. Similarly, the estimated number of customers grew by 1.09 percent from 5.85 million in Q2 2022 to 5.91 million in Q3 2022. However, on a year-on-year basis, the report showed that estimated customers declined by 6.38 percent in Q3 2022 from 6.32 million in Q3 2021. Regarding revenue, DISCOs received a total of N 202.62 billion in Q3 2022, representing an increase in revenue by 7.54 percent from N181.41 billion in Q2 2022. In addition, the revenue accrued to DISCOs rose 5.56 percent from N191.95 billion in Q3 2021 on a yearly basis. While the number of customers and revenue generated by the electricity increased, the electricity supply declined on a monthly basis. Electricity supply declined by 3.88 percent from 5,227 Gigawatt in Q2 2022 to 5,024 Gigawatt in Q3 2022. Similarly, on a yearly basis, electricity supply declined by 8.53 percent compared to 5,493 Gigawatt supplied in Q3 2021.³ From the foregoing analysis, it is evident that the electricity demand outstrips the supply of electricity, thereby signifying the inability of the country to meet the electricity demand of its teeming population. This has implications for the firm's production and economic growth. Although we recognize that the country has a total installed power generation capacity above its distribution. To build up the necessary distribution capacity to improve energy distribution and stimulate economic activity, the government must therefore make sure that there is effective collaboration along the value chain in this sector.

Rail Transport Passengers and Revenues Declined in Q3 2022

The report on rail transport released by the National Bureau of Statistics (NBS) revealed that rail transport passengers and revenues dropped in Q3, 2022. The report showed that the number of rail transport passengers in Q3 2022 stood at 500,348. However, the number of passengers dropped by 28.20 percent compared to the number of passengers in the corresponding quarter of 2021, when the number of passengers stood at 696,841. Also, the tons of goods transported by train dropped as well, dropping from 51,312 tons of goods in Q3 2021 to 33,312 tons of goods, representing about a 35.08 percent decline during the period under consideration. Consequently, the revenue received from the passengers dropped by 60.52 percent from N1.81 billion in Q3 2021 to N715.09 million in Q3 2022. Similarly, the revenue received from goods/cargos was downed by 7.04 percent from N109.56 million received in Q3 2021 to N101.84 million received in Q3 2022. However, revenues from other sources increased by 707.31 percent in Q3 2022 from the N14.61 million collected in Q3 2021.² The drop in passengers and revenues from rail transport can be linked to the most recent terrorist attack on the Kaduna-Abuja route, which occurred on 28 March 2022. The incident led to the grounding of activities at the Kaduna-Abuja train station, leading to a decline in the number of passengers and revenues. To improve passengers and revenues, the government must beef up security along the rail tracks and deploy security reinforcements to accompany trains to their various destinations.

| ECONOMIC SNAPSHOT | | |
|---|----------------|----------------|
| | + | |
| Quarterly Indicators | '22Q3 | '22Q4 |
| GDP Growth Rate (%) | 2.25 | 3.52 |
| Oil GDP Growth Rate (%) | -22.67 | -13.38 |
| Non-oil GDP Growth Rate (%) | 4.27 | 4.44 |
| Unemployment Rate (%) | NA | NA |
| Foreign Direct Investment (US \$ Million) | 81.72 | 84.23 |
| Portfolio Investment (US \$Millions) | 442.08 | 285.26 |
| Other Investment (US \$Million) | 635.87 | 691.23 |
| External Debt (FGN & States- N^oTrillion) | 17.15 | 18.70 |
| Domestic Debt (FGN + States & FCT N^oTrillion) | 26.92 | 27.55 |
| Manufacturing Capacity utilization (%) | NA | NA |
| Monthly Indicators | Jan '22 | Jan '23 |
| Headline Inflation (%) | 15.60 | 21.82 |
| Food Sub-Index (%) | 17.13 | 24.32 |
| Core Sub-Index (%) | 13.87 | 19.16 |
| External Reserves (End Period) (US\$ Billion) | 40.04 | 36.99 |
| Official Rate Approx. (N/US\$) | 414.11 | 461.00 |
| BDC Rate Approx. (N/US\$) | NA | NA |
| Manufacturing PMI | 51.4 | NA |
| Non-Manufacturing PMI | 49.01 | NA |
| Average Crude Oil Price (US\$/Barrel) | 88.71 | 84.78 |
| Petrol (PMS-N/litre) | 166.40 | 257.12 |
| Diesel (AGO -N/Litre) | 288.09 | 828.82 |
| Kerosene (HHK -N/Litre) | 437.11 | 1,153.40 |
| Liquefied Petroleum Gas (Cooking Gas) (N/5Kg) | 3,657.57 | 4,588.75 |
| MPR (%) | 11.50 | 17.50 |
| CRR (%) | 27.5 | NA |
| T-Bill Rate (%) | 2.49 | 1.39 |
| Savings Deposit Rate (%) | 1.25 | 4.29 |
| Prime Lending (%) | 11.68 | 27.63 |
| Maximum Lending (%) | 27.65 | NA |
| Narrow Money (N^oTrillion) | 18.59 | 20.96 |
| Broad Money (N^oTrillion) | 45.09 | 52.97 |
| Net Domestic Credit (N^oTrillion) | 50.09 | 68.90 |
| Credit to the Government (Net) (N^oTrillion) | 14.90 | 24.65 |
| Credit to the Private Sector (N^oTrillion) | 35.18 | 42.25 |
| Currency in Circulation (N^oTrillion) | 3.288 | 1.386 |
| FAAC (N^oBillion) | 766.47 | NA |

NA: Not Available

1. NBS (2023). CPI and Inflation Report March 2023. Retrieved from [Reports | National Bureau of Statistics \(nigerianstat.gov.ng\)](https://nigerianstat.gov.ng/reports)
2. NBS (2023). Rail Transportation Data (Q3 & Q4 2022). Retrieved from [Reports | National Bureau of Statistics \(nigerianstat.gov.ng\)](https://nigerianstat.gov.ng/reports)
3. NBS (2023). Electricity Report Q3-Q4 2022. Retrieved from [Reports | National Bureau of Statistics \(nigerianstat.gov.ng\)](https://nigerianstat.gov.ng/reports)