



**NIGERIA  
ECONOMIC  
UPDATE**

**Weekly**

**Digest**

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## **Unemployment Rate Stood at 4.1% in Q1 2023**

According to the National Bureau of Statistics (NBS), the unemployment rate for the first quarter of 2023 stood at 4.1%, indicating a decline from the preceding quarter's rate of 5.3% in 2022. This recalibrated unemployment figure is based on the framework outlined in the 19th International Conference of Labour Statisticians established by the International Labour Organisation (ILO) in 2014. The NBS noted that the old method is obsolete, hence adopting the new method. Under the previous methodology used before 2014, an individual was classified as unemployed if they had worked fewer than 40 hours within the last seven days (i.e., 1-39 hours). This was revised in 2014 to fewer than 20 hours (1-19 hours). However, the new methodology characterises an individual as unemployed if they have not engaged in compensated work or profit-seeking activities for a minimum of 1 hour. Under this new method, NBS reveals significant employment figures for Nigeria's working-age population (15 and above): 73.6% in Q4 2022 and 76.7% in Q1 2023. The underemployment rate decreased from 13.7% in Q4 2022 to 12.2% in Q1 2023. Informal employment, encompassing agricultural workers, declined from 93.5% (Q4 2022) to 92.6% (Q1 2023). The share of wage-based jobs declined from 13.4% (Q4 2022) to 11.8% (Q1 2023), while self-employment, including agriculture, rose from 73.1% (Q4 2022) to 75.4% (Q1 2023). The NBS firmly emphasises that the [labour force indicators](#) are not reflective of governmental performance or the country's economic reality but are part of a routine statistical exercise aimed at aligning the computation of labour force indicators with internationally recognised standards, as other developing and African countries embrace. Given this development, the policymakers need to critically evaluate the new labour force indicators, primarily the unemployment rate, vis-à-vis the economic realities in the country, to inform its policy decision-making. This is important given the prevalence of poverty and other social problems in the country.

## **Trading August 18, 2023**

As of the close of the Nigerian Capital Market on August 18th, 2023, the NGX All-Share Index and Market Capitalisation experienced a depreciation of 0.93% and 0.42%, respectively, concluding the week's trading at 64,721.09 and N35.422 trillion. Except for GX Premium NGX AFR. Div. Yield, NGX Consumer Goods, NGX Industrial Goods, NGX Growth, and NGX Sovereign Bond indices, which saw gains of 0.69%, 0.44%, 2.39%, 0.37%, 1.08%, and 0.25%, respectively, all other indices reported declines for the week. Only the ASeM index closed flat. The trading activity encompassed a total turnover of 1.689 billion shares, valued at N29.407 billion, across 29,477 deals. This marks a decrease compared to the previous week's total of 1.741 billion shares, valued at N25.087 billion, exchanged in 30,652 deals. The Financial Services Industry dominated the activity chart, witnessing a trade of 1.166 billion shares, valued at N16.925 billion, through 13,819 sales, contributing to 69.04% and 57.55% of the total equity turnover volume and value, respectively. The Conglomerates Industry followed with 191.320 million shares worth N843.336 million in 1,829 deals. The Oil & Gas Industry occupied the third position, registering a turnover of 64.352 million shares worth N810.637 million in 2,159 sales. The top three equities for the week were FBN Holdings Plc, Transnational Corporation Plc, and Fidelity Bank Plc, accounting for 576.688 million shares valued at N6.911 billion in 3,524 deals. This contribution [represented](#) 34.14% of the total equity turnover volume and 23.50% of its value. Given the general outlook of the market, it is crucial for the regulators to ensure transparent market information and timely disclosure to prevent speculation-driven volatility.

## **Crude Oil Prices Surged in July 2023 in the International Market**

The July 2023 monthly OPEC oil [market report](#) indicates a general increase in international crude oil prices. According to the report, the OPEC reference basket, which reflects the average crude oil prices of OPEC member countries, experienced a month-on-month surge of \$5.87 (7.8%), reaching an average of \$81.06 per barrel. Concurrently, the ICE Brent front-month contract witnessed a substantial increase of \$5.18 (6.9%), reaching \$80.16 per barrel. The NYMEX WTI front-month similarly followed this upward trend, rising by \$5.76 (8.2%) to an average of \$76.03 per barrel. Likewise, the DME Oman front-month contract escalated by \$6.25 (8.3%) to settle at \$81.16 per barrel. In July, the ICE Brent/NYMEX WTI spread, representing the difference between ICE Brent and NYMEX WTI prices, narrowed by 58 cents, averaging \$4.13 per barrel. The uptick in crude oil prices directly benefits oil-producing nations, contributing to increased foreign exchange earnings that can be allocated to growth-focused infrastructure projects and social welfare initiatives. However, for Nigeria, functioning as both a crude oil exporter and a refined petroleum product importer, this scenario presents a nuanced situation. While the government stands to gain higher revenues, citizens may bear the brunt of elevated oil prices due to rising petroleum product landing costs, exchange rate fluctuations, and the removal of Premium Motor Spirit (PMS) subsidies. To mitigate the impact of escalating international crude oil prices, it is imperative for the government to channel proceeds from crude oil sales towards refurbishing existing refineries or constructing new ones. This strategic approach would ensure sufficient local production to meet domestic demand, offering a sustainable solution to the challenges posed by increased PMS prices on the populace.

## **Nigerian Capital Market's Performance Declined at the End of**

## **Trading August 18, 2023**

<b>ECONOMIC SNAPSHOT</b>		
<b>Quarterly Indicators</b>	<b>'22Q4</b>	<b>'23Q1</b>
<b>GDP Growth Rate (%)</b>	3.52	2.31
<b>Oil GDP Growth Rate (%)</b>	-13.38	-4.21
<b>Non-oil GDP Growth Rate (%)</b>	4.44	2.77
<b>Unemployment Rate (%)</b>	NA	NA
<b>Foreign Direct Investment (US \$ Million)</b>	84.23	NA
<b>Portfolio Investment (US \$Millions)</b>	285.26	NA
<b>Other Investment (US \$Million)</b>	691.23	NA
<b>External Debt (FGN &amp; States- N'Trillion)</b>	18.70	19.64
<b>Domestic Debt (FGN + States &amp; FCT N'Trillion)</b>	27.55	30.21
<b>Manufacturing Capacity utilization (%)</b>	NA	NA
<b>Monthly Indicators</b>	<b>May '22</b>	<b>May '23</b>
<b>Headline Inflation (%)</b>	17.71	22.41
<b>Food Sub-Index (%)</b>	19.50	24.82
<b>Core Sub-Index (%)</b>	14.21	19.83
<b>External Reserves (End Period) (US\$ Billion)</b>	38.48	34.09
<b>Official Rate Approx. (N/US\$)</b>	415.15	461.26
<b>BDC Rate Approx. (N/US\$)</b>	NA	NA
<b>Manufacturing PMI</b>	48.9	NA
<b>Non-Manufacturing PMI</b>	49.9	NA
<b>Average Crude Oil Price (US\$/Barrel)</b>	117.17	76.91
<b>Petrol (PMS-N/litre)</b>	173.08	238.11
<b>Diesel (AGO -N/Litre)</b>	238.82	844.28
<b>Kerosene (HHK -N/Litre)</b>	679.54	1,206.05
<b>Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)</b>	3,921.35	4,360.69
<b>MPR (%)</b>	13.0	18.50
<b>CRR (%)</b>	27.5	32.5
<b>T-Bill Rate (%)</b>	2.47	2.98
<b>Savings Deposit Rate (%)</b>	1.37	5.13
<b>Prime Lending (%)</b>	11.96	14.07
<b>Maximum Lending (%)</b>	27.37	28.31
<b>Narrow Money (N'Trillion)</b>	20.56	22.27
<b>Broad Money (N'Trillion)</b>	48.51	55.50
<b>Net Domestic Credit (N'Trillion)</b>	56.51	74.91
<b>Credit to the Government (Net) (N'Trillion)</b>	18.05	30.69
<b>Credit to the Private Sector (N'Trillion)</b>	38.46	44.21
<b>Currency in Circulation (N'Trillion)</b>	3.331	2.527
<b>FAAC (N'Billion)</b>	833.86	NA

NA: Not Available

## REFERENCES

1. NBS (2023). Press Release on the Nigeria Labour Force Survey (24th August 2023). Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241367>
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3. NGX (2023). Market Report for August 18th, 2023. Retrieved from <https://ngxgroup.com/exchange/data/market-report/>