



**NIGERIA
ECONOMIC
UPDATE**

Weekly

Digest

www.cseaafrica.org



August 13, 2023 Issue 30

Food prices increase in June 2023

According to the [Selected Food Price watch](#) of the National Bureau of Statistics (NBS) for June 2023, food prices have increased significantly yearly (YoY). The average price of 1kg of boneless beef stood at N2,653.02 in June 2023, indicating a 27.55% increase on a YoY basis from N 2,079.93 recorded in June 2022. The average price of 1kg of Tomato increased by 24.86% from N438.33 in June 2022 to N547.28 in June 2023. Similarly, the price on average of 1kg of local rice (sold loose) rose by 32.17% from N460.17 in June 2022 to N608.20 in June 2023. Also, the average prices of 1kg of Onion bulb and 1kg of yam tuber increased by 24.84% to N491.04 and 32.85% to N510.77 respectively, during the period under review. The double-digit figures of increase over the period highlight the extended impact of challenges faced within the food value chain in Nigeria. Supply disruptions from issues such as poor transportation networks limiting access to markets and high insecurity, as well as flooding across the country have all contributed to the ongoing increase in food prices over time. This shortage in supply has led to an increase in food importation into the country, which has raised the cost of such items as the exchange rate has continued to depreciate over time. The rising cost of food has a significant impact on the ability of Nigerians to afford adequate meals. Consequently, a key policy decision is the government's strategic support of the food system. Increased market accessibility and food supply can be achieved by improving transportation networks. Tackling insecurity will also increase food supply, as more farmers can carry out activities without interruptions. Moreover, provision of credit facilities and insurance will help farmers in absorbing the shocks from their output disruptions

Transport cost rises in June 2023

The [Transport Fare Watch](#) of the National Bureau of Statistics (NBS) for June 2023 has shown an increase in the fares paid for transport via selected categories that include bus journey within the city per drop, bus journey intercity (state route), airfare charge for specified courses single journey; journey by motorcycle (Okada) per drop; and water way passenger transport. According to the report, the average fare paid by commuters for each drop of bus journeys within the city increased by 120.63% from N582.61 in June 2022 to N1285.41 in June 2023. Also, the average fare paid by commuters for intercity bus journeys was N5,686.49, indicating an increase of 55.25% compared to the N3,662.87 in June 2022. Similarly, the average fare for other categories, such as air travel, Okada transportation, and water transport, also increased by 40.22% to N78,640.54, by 48.34% to N618.52, and by 44.84% to N1,366.2, respectively. The increasing transport fares are due to the country's rising cost of fuel and related energy products, driven mainly by the removal of fuel subsidies. The challenging trajectory is expected to persist due to exchange rate depreciation and rising global oil prices, given that the refined products are imported and are subject to both factors. The implication is that the domestic fuel cost will continue to increase, leading to higher transportation costs, at least soon. The withdrawal of fuel subsidies without a transition strategy has been difficult for Nigerians, with the cost of transportation rising sharply, potentially affecting other parts of economic activity. As a result, significant steps must be taken to reduce the consequences of this policy decision. There is an urgent and essential need for the government to spend more in the transportation industry, notably by reinvesting a portion of the subsidy savings in providing more inexpensive government-owned public transportation services. In addition, the government should encourage using electric or gas-powered vehicles, which are cheaper and more efficient solutions for easing the strain.

Crude Oil Output Falls in July 2023

The Organisation of Petroleum Exporting Countries (OPEC), in its monthly oil market [report](#) for August 2023, revealed that Nigeria's oil output fell by 13.6 per cent to 1.08 million barrels per day (mb/d) in July 2023. This indicates a 0.16 mb/d decrease from the 1.25 mb/d produced in June 2023. This implies that the country is still operating below its capacity, below the current quota of 1.7 mb/d allocated by OPEC. Furthermore this is below the 2023 budget target of 1.69 mb/d which raises more concern when considering OPEC's decision to cut Nigeria's crude oil production quota to 1.38 mb/d from January 2024. As a matter of urgency, Nigeria must continue to improve its crude oil production for the rest of the year to boost export earnings from the market, especially as demand is expected to rise, owing to prevailing geopolitical uncertainties in Europe. Strengthening security networks in the sector can help track and reduce leakages resulting from bunkering, vandalization, and other illegal activities that limit crude oil production capacity. Ensuring transparency in the industry is vital to curb the under-reporting of actual outputs. The government can employ public-private partnerships such as increasing production through sector investments and replacing and repairing ageing infrastructure to address additional issues. Increased industry output is beneficial since it can help the country achieve its goals of growing revenues, raising foreign reserves, and reducing current fiscal deficits.

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

NA: Not Available

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