



**NIGERIA  
ECONOMIC  
UPDATE**

**Weekly  
Digest**

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## **Total Debt Stock rises by N6.7 trillion in 2022**

As of the end of December 2022, Nigeria's total debt stock stood at N46.25 trillion, comprising 40.4 percent (N18.7 trillion) in external debt and 59.56 percent (N27.55 trillion) in domestic debt, according to data from the Debt Management Office (DMO)<sup>1</sup>. This represents a N6.69 trillion (16.9 percent) increase over the N39.56 trillion recorded for December 2021 and a 4.96 percent (N2.18 trillion) rise in the fourth quarter of 2022. The increase in debt stock is a result of new borrowings to fund budget deficits, and the issuance of promissory notes to settle government liabilities, which consequently increases the country's debt obligations and servicing costs. For instance, the debt to GDP ratio has now increased to 23.20 percent, and the debt per capita stands at N213,430 (using a population of 216 million<sup>2</sup> people). The steady and significant increase in Nigeria's total debt stock, despite remaining below the limits of 55 percent suggested by the World Bank and IMF, 70 percent suggested by ECOWAS, and 40 percent self-imposed, raises serious concerns about the sustainability of the country's debt and its fiscal vulnerability due to low revenue generation, ineffective diversification of sources of income, and constant exposure to shocks in the global oil market. Therefore, the government should seriously consider slowing down debt purchases, particularly for non-investment expenditures. Additionally, measures that would lead to an oil output increment should be taken, such as reviving the incapacitated refineries' infrastructure and reducing revenue leakages. Hence, economic diversification should be a top priority for the government to increase revenue generation and lessen reliance on debt to pay government expenditures.

## **Food Prices increase in February 2023**

The prices per kilogram (kg) of selected food items increased significantly on a year-on-year basis, according to the Food Price Watch of the National Bureau of Statistics (NBS) for February 2023.<sup>3</sup> One kg of boneless beef reportedly cost N2,445, increasing by 27.43 percent from N1,922 in February 2022, and 1.12 percent from N2,418 in January 2023. Similarly, one kg of tomato stood at an average price of N468.09, indicating a 19.08 percent rise from N393.08 in February 2022. Similarly, a kg of onions sold for an average of N450.07 from N378.26 in February 2022, just as one kg of rice (locally sole loose) sold for N520.84, a 19.30 percent rise from N436.58 in February 2022. Similarly, the average prices of one kg of yam tuber and one bottle of vegetable oil increased respectively from N339.76 to N436.41 and N950.46 to N1,196.68 over the same period. Increasing food prices have an upward effect on other commodities and can be attributed to persistent transport costs, food supply shortages due to higher production costs, insecurity, poor infrastructure, and damages from natural disasters. Its implications on the general living standard can be severe, as the high cost of food raises food security threats, reduces consumers' purchasing power and increases the cost of living, especially among the poor. Addressing this case of rising food prices is, therefore, an urgent imperative. This can be achieved by deploying strategic support (like finance, including insurance) to farmers, ensuring adequate monitoring and effective implementation of the interventions. Like how the availability of fuel can lower transportation costs, removing supply chain bottlenecks like poor roads and profiteering middlemen can similarly increase food availability and improve access to markets.

## **Capital Importation into Nigeria falls in Q4 2022**

Data from the National Bureau of Statistics (NBS) has shown that Nigeria's total capital importation stood at US\$1.06 billion in the fourth quarter (Q4) of 2022, representing a 50.51 percent year-on-year decline from the US\$2.19 billion recorded in Q4 2021, and an 8.53 percent fall from the US\$1.16 billion recorded in the preceding quarter (Q3 2022).<sup>4</sup> Capital importation measures the level of investments that foreigners are willing to import into the host economy, and is categorized into portfolio investment, foreign direct investment (FDI), and other investments. In the Q4 2022 statistics for Nigeria, the largest importation was accounted for by other investments (65.17 percent), followed by portfolio investment (26.89 percent), while FDI contributed the least (7.94 percent). By sector, production attracted the highest share of capital importation (37.01 percent), followed by banking (24.08 percent), and telecoms (15.86 percent). The decline in total capital importation is a result of a massive fall in total portfolio investment and FDI, which respectively crashed from \$967.58 million to \$285.26 million and from \$154.97 million to \$84.23 million between Q1 and Q4 2022. Such a drastic fall suggests that foreigners have found Nigeria less attractive for investment in the past year, which can affect overall economic performance negatively, including employment generation and GDP growth. Given that foreign investments are an important driver of economic growth and development, it is important for the government to take deliberate and strategic steps to boost investment by foreigners in the country. The government must take steps to address fall in investment patterns, which is frequently linked to the political seasons in the nation and is brought about by the lack of investor confidence at this time. Other policy measures include enhancing the nation's security profile and providing well-structured tax holidays to foreign investments that qualify because they can create jobs and have a positive impact on the entire economy.

ECONOMIC SNAPSHOT		+	
Quarterly Indicators	'22Q3	'22Q4	
GDP Growth Rate (%)	2.25	3.52	
Oil GDP (%)	-22.67	-13.38	
Non-oil GDP (%)	4.27	4.44	
Unemployment Rate (%)	NA	NA	
Foreign Direct Investment (US \$ Million)	NA	NA	
Portfolio Investment (US \$Millions)	NA	NA	
Other Investment (US \$Million)	NA	NA	
External Debt (FGN & States- N'Trillion)	17.15	NA	
Domestic Debt (FGN + States & FCT N'Trillion)	26.92	NA	
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'Million)	18.59	20.96	
Broad Money (N'Million)	45.09	52.97	
Net Domestic Credit (N'Million)	50.09	68.90	
Credit to the Government (Net) (N'Million)	14.90	24.65	
Credit to the Private Sector (N'Million)	35.18	42.25	
Currency in Circulation (N'Million)	3.288	1.386	
FAAC (N'Billion)	766.47	NA	

NA: Not Available

1. DMO (2023). Nigeria's Total Public Debt Data as at December 31, 2022. Retrieved from [Total Public Debt as at December 31, 2022.xlsx \(dmo.gov.ng\)](#)
2. United Nations Population Fund (n.d.). World Population Dashboard: Nigeria. Retrieved from [World Population Dashboard -Nigeria | United Nations Population Fund \(unfpa.org\)](#)
3. NBS (2023). Selected Food Prices Watch (February 2023). Available at [Reports | National Bureau of Statistics \(nigerianstat.gov.ng\)](#)
4. NBS (2023). Nigeria Capital Importation Q4 2022. Retrieved from [Reports | National Bureau of Statistics \(nigerianstat.gov.ng\)](#)

