



**NIGERIA
ECONOMIC
UPDATE**

**Weekly
Digest**

www.cseaafrica.org

May 12, 2023 | Issue 19

the public in reducing the effects of ongoing inflationary tensions.

April CPI shows a 17-year high in inflation

According to the consumer price index (CPI) and inflation report for April 2023, published by the National Bureau of Statistics (NBS), Nigeria's inflation rate has increased to 22.22 percent from 22.04 percent in March.¹ This means that inflation in the country has reached its highest level in 17 years (since 2004), mostly on the rising side since the third quarter of 2021. To combat the rising inflation, the apex bank (CBN) has had to tighten the monetary space, raising the monetary policy rate (MPR) by 650 basis points in the past ten months. Unfortunately, the inflation rate has, instead, continued to rise, leading to increased cost of living and a steady-falling standard of living, as rising prices of goods and services wither the people's purchasing powers. Furthermore, a higher MPR has failed to curb inflation increase because rising prices are a consequence of supply-side factors such as the surge in production costs due to high energy prices and foreign exchange crisis and shortage in the output level of major commodities like food, which push businesses to adjust prices upward to maintain their margins. Even though the most recent increase is small, the pattern of increases in the underlying factors is concerning. For instance, food inflation has reached an all-time high, and prices for other goods like housing, water, power, and apparel are also rising. The days ahead are dismal because the fuel subsidy is anticipated to be eliminated later this year. The government must take action to prevent inflation or at least mitigate its impacts. The CBN may need to develop social protection programs to assist the most vulnerable and disadvantaged people, avoid raising the MPR at all costs, and reduce subsidies to lessen the impact on the broader populace. Adopting these steps in the right way would aid

Nigeria loses top crude oil producing spot to Angola

Nigeria produced a total of 999,000 barrels per day (bpd) in the month of April 2023, according to the latest monthly oil market report of the Organization of Petroleum Exporting Countries (OPEC).² This output, however, indicates a decline of 270,000bpd from the 1.27 million bpd produced in the month of March; it also represents the third successive decline in monthly oil production since February 2023 and the fourth production slump in the five months leading from December 2022. Consequently, Nigeria has once again lost its place as Africa's highest crude oil producer, falling behind Angola, which produced a total of 1.06 million bpd in the period under review after improving by 91,000bpd from 972,000bpd in March. By this record, Nigeria has averaged 1.21 million bpd in 2023, which not only is below the OPEC-allocated quota of 1.8 million bpd and the 1.69 million bpd target in the 2023 budget but is also an indication of the large under-performance of the sector when compared to the OPEC proven oil reserve of over 30 billion barrels. The reduction raises questions about the industry's potential return to vandalism and bunkering, as well as about the infrastructure's lack of investment appeal and some terminals' inability to produce any quantity at all over the period. Since the oil sector is anticipated to be the main driver of economic performance in 2023, if the situation is not resolved, the result might be a decline in foreign exchange profits and damage to the economy's overall growth. Therefore, taking strategic action to recover and boost oil output is crucial. Increasing security measures in the industry can aid in lowering oil theft and damage and help the nation resume progressive oil production, develop investment models, including public-private partnerships, might encourage additional investments in the sector, and rehabilitate deteriorating infrastructure, particularly the refineries.

Road crashes increase in Q4 2022

The recent statistics digest of the Federal Road Safety Corps (FRSC) reveals that a total of 3,617 road traffic crashes (RTC) was recorded in quarter 4 (Q4) of 2022 across the 36 states of the federation and the FCT, showing an increase of 205 cases from 3,412 in the previous quarter (Q3) which can be explained by the seasonal busyness of roads in the last quarter of the year.³ Of the total cases, 22,852 people were reportedly involved (1,534 more than in Q3), of which 10,232 people were injured, and 1,608 lost their lives. FCT recorded the highest number of RTCs (482), followed by Ogun (301) and Nasarawa (234), and the leading causes of these crashes were reported to include speed violations, dangerous overtaking, and road obstruction. Sign light violations, and road obstruction, among others. The economic implications of road accidents can be significant, especially because they not only lead to human capital loss by means of recorded casualties but also contribute to a faster wearing out of roads and damage of public facilities which has fiscal consequences. Therefore, all drivers and government officials must fight to reduce the number of accidents on the nation's roads. Reduced RTC can be achieved by following traffic regulations and signs, abstaining from drunk driving, overtaking improperly or dangerously, and using cell phones while driving on the side of the road. Effective road maintenance can also be achieved by tackling the inefficiencies that are conversant with the government road agencies, who often tend to construct subpar roads using substandard materials and infrastructure. Furthermore, the government can also actively address these reoccurring issues faced by road users, as mentioned above, by raising awareness about the dangers of violating traffic rules and conducting sensitization programs to enlighten frequent road users. This can lessen the financial burden for road maintenance and ensure that human capital, or the workforce, is kept engaging in productive activities that can drive overall economic success.

ECONOMIC SNAPSHOT		
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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 April 2023. Retrieved from [Reports | National Bureau of Statistics \(nigerianstat.gov.ng\)](https://nigerianstat.gov.ng/reports/)
2. OPEC (2023). Monthly Oil Market Report May 2023. <https://momr.opec.org/pdf-download/>
3. FRSC (2023). Statistical Digest. Retrieved from [FRSC-STATISTICS-DIGEST-FOURTH-QUARTER-2022-CORRECTED.pdf](#)