



**NIGERIA  
ECONOMIC  
UPDATE**

**Weekly  
Digest**

[www.cseaafrica.org](http://www.cseaafrica.org)

*March 10, 2023* Issue 09

## ***Transport Fares Increased in January, 2023***

Transport fares continued to increase across different modes of transportation in January 2023. According to the National Bureau of Statistics report on transportation in January, the average fare paid by commuters for buses within the city per drop increased from N644.66 in December 2022 to N650.70 in January 2023. For the intercity bus journey, the average fare paid by commuters per drop rose by 0.68% month-on-month from N3,971.22 in December 2022 to N3,998.42 in January 2023. Also, Okada transport fare increased in January, increasing from N461.45 reported in December 2022 to N466.25 in January 2023. This represents an estimated increase of about 1.04% on a monthly basis. As regards the air travel fare, the report shows that the average fare paid by passengers for a single journey route rose from N74,586.49 in December 2022 to N74,702.70 in January 2023, indicating an increase of about 0.16% on monthly basis. Similarly, the average fare paid by water transport passengers rose to N1,032.84 in January 2023 from N1,028.73 in December 2022.<sup>1</sup> The persistent rise in transport fares is fueled by the scarcity of petroleum products, which in turn led to increased fares. Furthermore, increased transport fares directly translate to soaring food prices which mount inflationary pressures. Also, a continuous rise in transport fares is one of the channels through which inflation is persistently fueled, so the policymaker's effort should be geared towards abating inflation while focusing on the supply side of the economy, which is the conduit pipe that is fueling inflation. This can be achieved by ensuring a regular supply of affordable petroleum products and protecting the populace from unwarranted and synthetic hikes in prices of energy products such as Premium Motor Spirit (P.M.S). Consequently, a harmonious working relationship between the government and oil marketers is required because they determine the availability of petroleum products.

## ***At the close of last week's trading, the capital market increased (3rd March 2023)***

The capital market generally appreciated at the end of trading last week (Friday, 3rd March 2023). According to the report released by the Nigerian Exchange Group (NGX), the NGX all share index and market capitalization appreciated by 1.06% to close at 55,529.21 and N30.250 trillion, respectively. In the equity market, investors traded on the Exchange 20,311 deals valued at 18.436 billion and a total turnover of 1.910 billion shares. This is an improvement compared to last week when the total turnover of 799.848 million shares worth N29.354 billion exchanged hands in 14,194 deals. Regarding sectoral trading, the ICT industry led the chart with 601.396 million shares valued at N2.676 billion traded in 1,607 deals, thus contributing 31.49% and 14.52% to the total equity turnover volume and value, respectively. The ICT sector was closely followed by the financial services industry, with 585.510 million shares worth N6.949 billion in 8,584 deals. In third place was the services industry with a turnover of 349.215 million shares worth N2.402 billion in 512 deals. The three top trading companies include Chams Holding Company Plc, Capital Hotels Plc and Transnational Corporation Plc, accounting for N1.038 billion shares worth N2.621 billion in 769 deals, contributing 54.33% and 14.22% to the total equity turnover volume and value respectively.<sup>3</sup> The capital appreciation witnessed on the exchange floor reflected investors' confidence in the Nigerian industry. Hence, the relevant institutional bodies supporting sound financial system must be strengthened to ensure that there is a strong and reliable capital market by implementing appropriate regulation and sound financial policy.

## Company Income Tax (CIT) Declined in the Fourth Quarter 2022

According to the National Bureau of Statistics report, Company Income Tax (CIT) declined by 6.95% from N810.19 billion in Q3 2022 to N753.88 billion in Q4 2022 on a quarter-on-quarter basis. Local payments comprised N353.90 billion of the CIT collected in the fourth quarter, while foreign payments comprised N399.98 billion. In addition, the CIT obtained from sewage, waste management, and remediation activities increased by 57.40% in the fourth quarter, the most significant growth of all the sectors. The growth in the activities in this sector was followed by activities of households as employers and undifferentiated goods- and services-producing activities of households for own use, which grew by 45.19%. However, there was a general decline in sectors such as Information and communication (65.75%) and Arts, entertainment, and recreation (64.09%). Regarding sectoral contributions, manufacturing, financial and insurance, and information and technology top the chart, contributing about 31.20%, 12.96%, and 12.77%, respectively. Conversely, the sector that contributed the least is the activities of households as employers, undifferentiated goods and services producing activities of households for own use with a contribution of 0.01%, followed by water supply, sewerage, waste management, and remediation activities and activities of extraterritorial organizations and bodies with 0.12% and 0.14 respectively.<sup>2</sup> The decline in company income tax could be attributed to a few factors: the high rate of inflation and exchange rate fluctuation, which affected the costs of production and the profits made by the companies. Not only this, but the need for supporting infrastructural facilities also contributed to the decline in CIT. The government, therefore, needs to improve economic conditions and provide supporting infrastructural facilities that would make the environment conducive to the company's productivity and profitability. In addition, the government should not relentlessly utilize the Tax ProMax digital tool developed by the Federal Inland Revenue Services (FIRS) to modify the filing of taxes and ease transactions. Hence, the practical usage of this platform is necessary to maintain transparency in tax collection processes and help enforce tax compliance amongst taxpayers.

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| 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                            | Oct '21  | Nov '22  |
| Headline Inflation (%)                        | 15.99    | 21.47    |
| Food Sub-Index (%)                            | 18.34    | 24.13    |
| Core Sub-Index (%)                            | 13.24    | 18.24    |
| External Reserves (End Period) (US\$ Billion) | 41.83    | 37.11    |
| Official Rate Approx. (N/US\$)                | 410.59   | 443.58   |
| BDC Rate Approx. (N/US\$)                     | NA       | NA       |
| Manufacturing PMI                             | 46.6     | NA       |
| Non-Manufacturing PMI                         | 47.8     | NA       |
| Average Crude Oil Price (US\$/Barrel)         | 84.11    | 93.36    |
| Petrol (PMS-N/litre)                          | 165.60   | 202.48   |
| Diesel (AGO -N/Litre)                         | 254.07   | 808.87   |
| Kerosene (HHK -N/Litre)                       | 423.42   | 1,083.57 |
| Liquefied Petroleum Gas (Cooking Gas) (N/5Kg) | 2,627.94 | 4,549.14 |
| MPR (%)                                       | 11.50    | 16.50    |
| CRR (%)                                       | 27.5     | 32.5     |
| T-Bill Rate (%)                               | 2.50     | 6.50     |
| Savings Deposit Rate (%)                      | 1.28     | 3.93     |
| Prime Lending (%)                             | 11.61    | 13.17    |
| Maximum Lending (%)                           | 27.10    | 28.14    |
| Narrow Money (N'Million)                      | 16.51    | 21.50    |
| Broad Money (N'Million)                       | 41.47    | 51.78    |
| Net Domestic Credit (N'Million)               | 47.566   | 64.22    |
| Credit to the Government (Net) (N'Million)    | 12.946   | 22.64    |
| Credit to the Private Sector (N'Million)      | 34.619   | 41.58    |
| Currency in Circulation (N'Million)           | 2.965    | 3.164    |
| FAAC (N'Billion)                              | 866.24   | NA       |

NA: Not Available

1. NBS (2023). Transport Fare Watch (January 2023). <https://nigerianstat.gov.ng/elibrary/read/1241293>
2. NBS (2023). Company Income Tax Q4 2022. <https://nigerianstat.gov.ng/elibrary/read/1241296>
3. Nigerian Exchange (2023). Weekly Report for March 3rd, 2023. [https://doclib.ngxgroup.com/market\\_data-site/other-market-information-site/Week%20Market%20Report/Weekly%20Market%20Report%20for%20the%20Week%20Ended%2003-03-2023.pdf](https://doclib.ngxgroup.com/market_data-site/other-market-information-site/Week%20Market%20Report/Weekly%20Market%20Report%20for%20the%20Week%20Ended%2003-03-2023.pdf)