



**NIGERIA
ECONOMIC
UPDATE**

Weekly

Digest

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Petrol and Diesel prices rose in August 2023

The National Bureau of Statistics (NBS), in the [report](#) on Premium Motor Spirit (Petrol) Price Watch for August 2023, shows the average retail price paid by consumers was N626.70, demonstrating a 230.78% increase from N189.46 recorded in August 2022. Also, compared with the value of July 2023, the average retail price increased by 4.39% from N600.35. The average retail price of Automotive Gas Oil (Diesel) paid by consumers rose by 8.57% on a year-on-year basis from N786.88 per litre [recorded](#) in August 2022 to N854.32 per litre in August 2023. On a month-on-month (MoM) basis, there was an increase of 7.53% from N794.48 in July to an average of N854.32 in August 2023. The data indicated two things. First, following the removal of the subsidy on Petrol, the prevailing retail price of petrol is higher than two times its price about a year ago. Second, the price of petrol is 36% lower than diesel and responds slightly lower to changes in the international price of crude oil and exchange rate depreciation. Higher energy prices contribute to the high inflation rate through increased cost of production and transportation costs. While high energy cost is inevitable due to changes in international crude price, the non-functionality of domestic refineries contributed a margin to the retail prices. Consequently, functional domestic refineries are important, and the government needs to improve the enabling business environment to attract investment into the oil and gas sector to ensure domestic production of refined petroleum products. The operationalisation of the Dangote refinery and revitalization of state-owned refineries are expected to reduce the retail price of petroleum products by the margin associated with transporting them from another country.

Terms of Trade deteriorate in Q2 2023

The National Bureau of Statistics (NBS) [publication](#) on Terms of Trade (TOT) shows a deterioration in Q2 2023. Term of Trade measures the relative price of imports to exports. In April, it was 100.8 and reduced to 100.72 in May. It further reduced to 100.67 in June. As a result, TOT reduced by 0.13 percent on average in Q2 2023. At the disaggregated level, between April and June 2023, the All-Commodity Group Import Index (ACGII) increased by 0.14%, while the All-Commodity Group Export Index (ACGEI) increased by 0.02 percent. The data suggests that the deterioration in TOT was because the import index was higher than the export index. This, in turn, implies that more exports are required for the exact value of imports. While a trade surplus of N695.8 billion was recorded in the same period, the deterioration of the TOT highlighted the need to increase the country's quality of goods exported. In Q2 2023, Non-oil exports accounted for 9.8% of total exports. The quality of Nigeria's exports can be improved by prioritizing market access as a strategy tool to increase the non-oil exports ratio. The Nigerian Export Promotion Council (NEPC) should strengthen their partnerships with business associations to empower their members with the latest knowledge and support to acquire relevant certifications required to operate and compete effectively in the global markets.

Nigerian Stock Market Records Modest Weekly Decline Amidst Sectoral Variations

The Nigerian stock market's weekly [report](#) for September 22 reveals a slight 0.11% decline in the NGX All-Share Index and Market Capitalization, closing at 67,324.59 and N36.847 trillion, respectively. NGX 30, NGX Premium, NGX AFR Div Yield, NGX Lotus II, NGX Industrial Goods, NGX Growth, and NGX Pension Broad decreased during the period under review. The NGX ASeM index maintained flat while all other indices demonstrated gains during the week. Total turnover for the week reached 3.911 billion shares valued at N30.379 billion across 38,536 deals, a contrast to the previous week's 2.933 billion shares valued at N47.449 billion in 44,654 deals. The Financial Services Industry led in volume with 2.774 billion shares valued at N15.241 billion, contributing 70.92% and 50.17% to the total turnover volume and value, respectively. The Oil and Gas Industry followed with 438.508 million shares worth N5.203 billion in 6,258 deals, and the ICT Industry recorded a turnover of 294.470 million shares valued at N4.447 billion in 3,078 deals. The top three equities, Universal Insurance Plc, Oando Plc, and United Bank for Africa Plc, accounted for 2.212 billion shares worth N8.907 billion in 7,593 deals, making up 56.56% of the total equity turnover volume and 29.32% of its overall value. The capital market is critical for raising long-term financing and wealth preservation for citizens. Consequently, the regulatory authorities must maintain robust oversight, including continuous monitoring of market activities. Also, investors should consider diversifying their portfolios to mitigate market volatility and associated risks.

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'Trillion)	833.86	NA

NA: Not Available

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