



**NIGERIA
ECONOMIC
UPDATE**

**Weekly
Digest**

www.cseaafrica.org

March 31, 2023 Issue 12

Transport Fare Dropped in February, 2023

There is a general indication that the fare of different modes of transport declined in February 2023. This was revealed in the monthly report on transport released by the National Bureau of Statistics. According to the report, on a monthly average, the fare paid by commuters for bus journeys within the city per drop declined from N650.70 in January 2023 to N647.66 in February 2023, denoting a decline of about 0.47%. Similarly, for bus intercity journeys, the average fare paid by the commuters per drop declined by 0.19%, dropping to N3,990.70 in February 2023 from N3,998.42 in January 2023. Regarding air transport, the monthly average fare paid by passengers, especially for specific routes and single journeys, dropped by 0.18%, declining from N74,702.70 in January 2023 to N74,571.62 in February 2023. A similar trend was observed in water transport (waterway passenger transportation) which fares declined by 0.33% in February 2023 from N1,032.84 in January to N1,029.47 in February. Also, the average fare for Okada riders stood at N461.28 in February 2023. This is lowered by 1.07% compared with what was recorded in January 2023 (N466.25).¹ The observed general decline in transport fares can be linked to the cash crunch, which limited the number of passengers. While this may appear to be a good development because high transport fare has been a conduit pipe through which inflation is fuelled, the price decline may harm the transport sector of the economy. Hence, the government should lessen the financial strain on the populace to help every area of the economy, which would increase transportation fares, and make it simpler to conduct business in this industry.

Prices of Petroleum Products Increased in February, 2023

The prices per litre of petroleum products such as Premium Motor Spirit (petrol), Automobile Gas Oil (diesel), and Household Kerosene (kerosene) generally increased in the month of February 2023. According to the National Bureau of Statistics, the average price of petrol in February 2023 stood at N263.76, symbolising an increase of about 2.58% compared with the previous month when the average price of petrol stood at N257.12. However, the annual percentage change revealed that the price of petrol increased by 54.76% from N170.42 in February 2022 to N263.76 in February 2023.² Similarly, the price of diesel, on a monthly average, jumped by 0.98%, having increased from N828.82 in February 2023 to N836.91 in February 2023. On an annual basis, the price of diesel increased by 168.26%, having stood at N311.98 in the corresponding month of last year.³ Also, the price of kerosene in February stood at N1,173.89, indicating an increase of about 1.78% compared with N1,153.40 recorded in January 2023. On an annual basis, the average price of kerosene rose by 160.48% from N450.66 in February 2022.⁴ Consequently, the continued rise in prices of petroleum products can exacerbate the nation's growing inflation rate directly, or indirectly affecting inflation through various sectors such as: transportation, manufacturing, etc. Therefore, in order to boost domestic petroleum product refining and avoid imported inflation, which is the cost of relying on imports for commodities, an effort must be made to expand the productive capacity of local refineries. Also, policymakers should continuously work to offer incentives that would promote the non-oil sector's expansion and economic diversification, which is essential for the economy's upward progress.

Crude Oil Prices Fell in the International Market in March 2023

The report by the Organization of the Petroleum Exporting Countries (OPEC) indicated a general decline in crude oil prices in March at the international market. The OPEC reference basket (ORB) declined monthly by \$3.43 in March, at 78.45 per barrel. This represents about 4.2% compared to the price of ORB, which stood at \$81.88 per barrel in February 2023. The breakdown of crude oil prices revealed that the Brent contract fell from \$83.54 per barrel in February to \$79.21 per barrel in March 2023, denoting about a 5.2% (\$4.33) decline in the reference month. Similarly, the WTI contract fell by 4.5% (\$3.49) from \$76.86 per barrel in February to \$73.37 per barrel. Also, Dubai Mercantile Exchange (DME) Oman contract fell by 4.4% (\$3.63) from \$81.97 per barrel in February to \$78.34 per barrel in March.⁵ The incessant decline in the prices of crude oil in the international market is not a good development for an oil-dependent country like Nigeria which heavily depends on the stable prices of crude oil to formulate and implement its annual budget and to finance its development agenda such as the provision of infrastructural facilities. In the past, a drop in oil prices has signaled the beginning of a nation's economic downturn. Therefore, the government must diversify the economy by concentrating on other vital industries like mining, and agriculture, and developing additional mineral resources, which can increase non-oil revenue and boost revenue from crude oil sales. Additionally, if capital restraint is maintained and rampant domestic oil theft is reduced by the government in coordination with the major industry participants in the oil sector, there would be a significant increase in revenue from the sector. This would create a buffer for the nation to maintain its total earnings from this sector despite facing any unfavorable global oil price shock.

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. NBS (2023). Transport Fare Watch February 2023. <https://nigerianstat.gov.ng/elibrary/read/1241303>
2. NBS (2023). Premium Motor Spirit (Petrol) Price Watch (February 2023). <https://nigerianstat.gov.ng/elibrary/read/1241299>
3. NBS (2023). Automotive Gas Oil (Diesel) Price Watch (February 2023) <https://nigerianstat.gov.ng/elibrary/read/1241300>
4. NBS (2023). National Household Kerosene Price Watch (February 2023). <https://nigerianstat.gov.ng/elibrary/read/1241301>
5. OPEC (2023). OPEC Monthly Oil Market Report. <https://momr.opec.org/pdf-download/>