



**NIGERIA
ECONOMIC
UPDATE**

**Weekly
Digest**

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CBN to sell N1.14 trillion treasury bills in Q2 2023

The Central Bank of Nigeria (CBN) has scheduled Treasury Bills (TBs) worth N1.13 trillion to be sold in the second quarter of 2023 (Q2 2023).¹ TBs are short term debt instruments used by CBN to borrow money from the public for the Federal Government and to control money supply in the economy. The TBs will be issued in 3 tranches, with one issued each month in Q2 2023. The apex bank will issue TBs worth N23.67 billion on 91 days tenor, N34.7 billion on 182 days and N1.08 trillion on 364 days. Specifically, in March, the apex bank plans to sell N531.74 billion worth of TBs, comprising N4.29 billion worth of 91 days bills, N14.8 billion worth of 182 days bills, and N512.66 billion worth of 364 days bills. In April, the CBN plans to sell N280.98 billion worth of TBs comprising N4.8 billion worth of 91 days bills, N12.62 billion worth of 182 bills and N263.56 billion worth of 364 days bills. In May, the Apex Bank will sell N324.36 billion worth of TBs comprising N14.48 billion worth of 91 days bills, N7.2 billion worth of 182 days bills and N302.68 billion worth of 364 days bills. Although TBs help pay for fiscal deficits, it is still important to keep an eye on how much debt the nation is accumulating in order to prevent a financial catastrophe. In order to increase revenue collection, the government may therefore consider changing its fiscal policies. Treasury sales also have the impact of crowding out private investments and lowering total investment spending since they raise interest rates and reduce the government's appetite for borrowing. To avoid the crowding out effect, the government should work to attract both domestic and Foreign Direct Investments (FDIs).

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Food Prices Increased in January, 2023

The National Bureau of Statistics (NBS) in its selected food prices watch for January 2023 has stated that the average price of food items increased.² The report shows that the average price of 1kg Beef boneless stood at N2,418.91, implying a 29.72% increase Year-on-Year (YoY) from the value recorded in January 2022 (N1,864.70), and a 1.75% increase on a Month-on-Month (MoM) basis from N2,377.29 in December 2022. Similarly, the average price of 1kg Beans brown, sold loose increased on a YoY basis by 19.06% from N498.85 in January 2022 to N593.96, and on MoM basis, it increased by 1.33%. The average price of 1kg of Rice sold loose on YoY basis rose by 19.67% from N430.21 in January 2022 to N514.83 and increased on a MoM basis by 1.71% from N506.17 in the previous month. Also, the average price of 1kg of Onion bulb rose by 21.28% on a YoY basis from N368.10 in January 2022 to N446.44, while on a month-on-month basis, it rose by 2.41%. Price increases can be attributed to food supply shortages, which are primarily caused by insecurity, high transportation costs caused by poor transportation infrastructure and fuel shortages, flooding, and declining foreign exchange rates that make it difficult to import the necessary goods to increase supply. Ultimately, the government must address insecurity for farmers to successfully sow their crops and have them harvested without interruptions. It is also crucial to install irrigation systems to stop fields from being destroyed by floods. In general, policy actions should focus on increasing agricultural production and the country's transportation infrastructure to avoid further food supply shortages.

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Global Crude Oil Prices Slightly Increased in January, 2023

According to the oil market report by the Organisation of Petroleum Exporting Countries (OPEC) for January 2023, global oil price slightly increased in the month of January 2023, contrary to the decline recorded in the previous month.³ The report showed that the OPEC reference basket (ORB) stood at \$81.62 per barrel in January 2023, showing a marginal increase of \$1.94 per barrel or 2.4% on a month-on-month basis when compared with the ORB price which stood at \$79.68 per barrel. The Ice Brent also increased by \$2.57 or 3.2% from at \$81.34 per barrel in December 2022 to an average of \$83.91 per barrel in January 2023. Similarly, the NYMEX WTI price stood at \$78.16 per barrel, indicating a rise of \$1.64 or 2.1% in the reference month. The slight rise in global oil prices has been attributed to increased demand for crude oil because of improved economic activity in some advanced countries and a partial recovery in oil demand in China after the lifting of the COVID-19 pandemic bans. Nigeria should profit from this increase since it exceeds the \$75 per barrel crude oil price that was included in the 2023 budget. Also, there would be a substantial increase in revenue accruing from this sector if capital discipline is kept and widespread oil theft is curbed by the government in cooperation with the major industry players in the oil sector. Therefore, the government should continue to implement workable policies in the sector whilst concentrating on developing the non-oil sector in order to have sufficient revenue sources to support its development agenda.

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. CBN (2023). Nigerian Treasury Bills (NTBs) Issues Calendar Q2 2023.
<https://www.cbn.gov.ng/Out/2023/FMD/2nd%20Qtr%20Calender%20PDF.pdf>
2. NBS (2023). Selected Food Prices Watch (January 2023).
<https://nigerianstat.gov.ng/elibrary/read/1241294>
3. OPEC (2023). OPEC Monthly Oil Market Report, January
<https://momr.opec.org/pdf-download/>

