



# Nigeria Economic Update



Weekly  
**Digest**

## Food Prices increase further in October

According to the Food Prices Watch by the National Bureau of Statistics (NBS), the average price of some selected food items in the country rose in October 2022.<sup>1</sup> The report showed that the average price of a 500g loaf of sliced bread rose year-on-year by 36.7% to N523.2 in October 2022. Also, 1kg of rice (local, sold loose) had an average price increase of 17.5% to N487.5 year-on-year in October 2022. Similarly, the average cost of 1 kg of beans increased by 18% to N564.7. In addition, the cost of a tuber of yam increased by 30.9% from N313.1 in October 2021 to N409.86 in October 2022. Food shortages, which occur due to several factors, including insecurity, flooding, and cultivation of low-yield seedlings, contribute to rising food costs. Rising food prices reduce the standard of living of millions of people in the country, as it reduces the purchasing power of people and makes basic meals less affordable. As shown in the recently launched Multidimensional poverty report, millions of Nigerians are poor and are experiencing food deprivation. Consequently, the government needs to prioritise interventions that would solve the problem of food shortages. The interventions might be in different forms, including the construction of irrigation systems, provision of fertilisers and improved seedlings, and strengthening security in agricultural farming areas. These interventions, if well executed, are expected to increase food production, and lower the rate of food price increases.

## A litre of Diesel sold at N800

The retail price of Automotive Gas Oil (Diesel) rose by 215.30% within the last twelve months, according to data from the National Bureau of Statistics (NBS).<sup>2</sup> The cost of diesel increased from N254.07 per litre in October 2021 to N801.09 per litre in October 2022. On a month-on-month basis, the cost of diesel increased by 1.42% from N789.90 per litre recorded in September 2022. The rising cost of diesel increases the cost of production due to the nation's epileptic power supply, which forces enterprises to have backup power sources like diesel-powered generating sets. Additionally, because goods-transporting vehicles use diesel engines, the increase in the price of diesel has contributed in part to the high cost of transportation. While the hike in diesel price could be attributable to the high crude oil price, the non-functioning of the domestic refineries has amplified the price increase through currency depreciation. The depreciation of the naira increases the cost of importing diesel, which increases the retail price. Thus, functioning refineries would help cushion the increase in diesel prices. In addition, concerted efforts by the government to improve the electricity supply would reduce reliance on diesel-powered generating sets and minimise the effect of the rising cost of diesel on firms' operating costs. However, in the interim, the government should consider lowering tax levies on imported diesel to reduce the rate of the price increase.

## Non-oil Sector grew at 4.27% in Q3 2022

According to the National Bureau of Statistics (NBS), the non-oil sector grew by 4.27 % in real terms in the third quarter of 2022 (Q3 2022)<sup>3</sup>. In the period under review, telecommunication (10.1%); road transport (49.7%); financial institutions (12%); and insurance (19.1%) contributed to the high non-oil sector growth. In real terms, the non-oil sector contributed about 94.34 % to the country's GDP in Q3 2022, above 93.27% recorded in Q2 2022 and 92.51% in Q3 2021. The contribution of Nigeria's non-oil sector to export earnings and revenue is lower than that of output, suggesting structural factors limit their performance. Firms in the non-oil sector in Nigeria are dominantly small. Credit constraints, limited access to foreign exchange, and power outages contribute to their small size. Thus, targeted government policies that improve power supply and the accessibility of credit and foreign exchange to firms in the non-oil sector can potentially increase their size and the non-oil sector's contribution to export earnings and government revenue.

ECONOMIC SNAPSHOT		
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Quarterly Indicators	'22Q2	'22Q3
GDP Growth Rate (%)	3.54	2.25
Oil GDP (%)	-11.77	-22.67
Non-oil GDP (%)	4.77	4.27
Unemployment Rate (%)	NA	NA
Foreign Direct Investment (US \$ Million)	147.16	NA
Portfolio Investment (US \$Millions)	757.32	NA
Other Investment (US \$Million)	630.87	NA
External Debt (FGN & States- N'Trillion)	16.62	NA
Domestic Debt (FGN + States & FCT N'Trillion)	26.23	NA
Manufacturing Capacity utilization (%)	NA	NA
Monthly Indicators	Sept '21	Oct '22
Headline Inflation (%)	16.63	21.09
Food Sub-Index (%)	19.57	23.72
Core Sub-Index (%)	13.74	17.76
External Reserves (End Period) (US\$ Billion)	36.78	37.39
Official Rate Approx. (N/US\$)	410.8	439.02
BDC Rate Approx. (N/US\$)	NA	NA
Manufacturing PMI	46.6	NA
Non-Manufacturing PMI	47.8	NA
Average Crude Oil Price (US\$/Barrel)	70.72	93.25
Petrol (PMS-N/litre)	164.91	195.29
Diesel (AGO -N/Litre)	254.64	801.09
Kerosene (HHK -N/Litre)	434.39	947.30
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	2,397.60	4,483.75
MPR (%)	11.50	15.50
CRR (%)	27.5	32.5
T-Bill Rate (%)	2.50	6.49
Savings Deposit Rate (%)	1.82	3.77
Prime Lending (%)	11.73	12.23
Maximum Lending (%)	27.10	28.06
Narrow Money (N'Million)	15.96	21.32
Broad Money (N'Million)	39.73	50.58
Net Domestic Credit (N'Million)	40.449	634.78
Credit to the Government (Net) (N'Million)	13.005	22.68
Credit to the Private Sector (N'Million)	33.936	40.798
Currency in Circulation (N'Million)	2.837	3.298
FAAC (N'Billion)	769.23	760.23

NA: Not Available

1. NBS (2022). Selected Food Prices Watch (October 2022). Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241261>
2. NBS (2022). Automotive Gas Oil (Diesel) Price Watch (October 2022). Accessed at: <https://nigerianstat.gov.ng/elibrary/read/1241258>
3. NBS (2022). Nigerian Gross Domestic Product Q3 2022. Retrieved from [Reports | National Bureau of Statistics \(nigerianstat.gov.ng\)](#)

