



**NIGERIA  
ECONOMIC  
UPDATE**

**Weekly**

**SNAPSHOT**

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## ***Nigeria records N927.2 billion trade surplus in Q1 2023***

The Foreign Trade in Goods Statistics [report](#) for Q1 2023 released by the National Bureau of Statistics (NBS) has shown that Nigeria recorded a trade surplus of N927 billion between January and March 2023 (Q1 2023). According to the report, during Q1 2023, Nigeria's trade surplus expanded, indicating a positive trend in the country's international trade activities. The NBS data reveals that Nigeria's total exports amounted to N6.49 trillion, while imports stood at N5.56 trillion. This resulted in a trade surplus of N927.2 billion. While the efforts to reduce dependence on oil have shown progress, further diversification of the export base is essential, and the government should continue supporting and incentivizing non-oil sectors such as agriculture, manufacturing, solid minerals, and services, as this will help create a more resilient and balanced export portfolio. The government should streamline export procedures, reduce bureaucratic hurdles, and improve trade infrastructure to facilitate the smooth flow of goods and services, making Nigerian products more competitive in the global market. Increasing local production through policies that support small and medium-sized firms (SMEs) and by giving them access to financing are other ways to achieve import substitution and a positive trade balance. Nigerian products will also become more competitive due to encouraging value addition at home through the growth of industries and value chains, leading to higher export earnings.

## ***OPEC cuts Nigeria's Oil Production Quota***

The Organisation of Petroleum Exporting Countries (OPEC) has reduced Nigeria's [oil production quota](#) to 1.38 million barrels per day (mbd), with effect from January 2024. This is a decrease in output of over 20 percent from the current 1.74 million bpd which Nigeria is allotted. Nigeria and other OPEC members and non-OPEC members have agreed to cut their production volumes to ensure global oil market stability, and the agreement was reached at the 35th Joint Ministerial Monitoring Committee (JMMC) meeting of OPEC. Although Nigeria has consistently failed to meet its production quota in the past months, with the reduction in the oil quota, it becomes imperative for Nigeria to accelerate efforts toward diversifying its economy. The government should prioritize the development of non-oil sectors, which will help reduce dependence on oil revenues and create alternative sources of income and employment. Furthermore, the government can channel part of the proceeds derived from the removal of subsidies to tackling the challenges faced in oil production in Nigeria, such as oil theft, obsolete infrastructure, and inadequate investments, to ensure the country meets its quota and maximizes the revenue generated from the sale of oil. The government should also explore alternative revenue streams, such as taxation reforms, improving revenue collection mechanisms, and reducing leakages, to help mitigate the adverse effects of reduced oil production on public finances.

## ***World Bank retains Nigeria's growth projection for 2023***

The World Bank's Global Development Prospect [report](#) for June 2023 has maintained Nigeria's projected growth rate 2023 at 2.8 percent. According to the report, this growth will primarily be driven by the non-oil sector as the oil sector grapples with structural challenges, resulting in output levels below the assigned quota by OPEC. Foreign exchange shortages, exchange rate volatility, security challenges, rising living costs, and limited fiscal capacity are anticipated to impede growth. The country's financing requirements are also expected to increase due to higher borrowing costs, reduced revenue from decreased oil production and prices, and a generally feeble domestic revenue mobilisation. The World Bank has characterized the projected growth rate as too sluggish to alleviate extreme poverty within the country effectively. To address this, the government should prioritize the development of the non-oil sector through targeted policies, incentives, and investments to reduce its dependence on the volatile oil sector and stimulate sustainable economic growth. The government should also investigate ways to increase foreign currency inflows, such as encouraging exports, FDI, and remittances from the diaspora, to reduce foreign exchange shortages. To create a favourable climate for economic activity, it should also be prioritized to address the security issues that the nation is facing. Additionally, expanding the revenue base, improving tax administration and compliance, and supporting an open and accountable public financial management system will all contribute to growth.

<b>ECONOMIC SNAPSHOT</b>		
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<b>Quarterly Indicators</b>	<b>'22Q3</b>	<b>'22Q4</b>
<b>GDP Growth Rate (%)</b>	2.25	3.52
<b>Oil GDP Growth Rate (%)</b>	-22.67	-13.38
<b>Non-oil GDP Growth Rate (%)</b>	4.27	4.44
<b>Unemployment Rate (%)</b>	NA	NA
<b>Foreign Direct Investment (US \$ Million)</b>	81.72	84.23
<b>Portfolio Investment (US \$Millions)</b>	442.08	285.26
<b>Other Investment (US \$Million)</b>	635.87	691.23
<b>External Debt (FGN &amp; States- N<sup>o</sup>Trillion)</b>	17.15	18.70
<b>Domestic Debt (FGN + States &amp; FCT N<sup>o</sup>Trillion)</b>	26.92	27.55
<b>Manufacturing Capacity utilization (%)</b>	NA	NA
<b>Monthly Indicators</b>	<b>Jan '22</b>	<b>Jan '23</b>
<b>Headline Inflation (%)</b>	15.60	21.82
<b>Food Sub-Index (%)</b>	17.13	24.32
<b>Core Sub-Index (%)</b>	13.87	19.16
<b>External Reserves (End Period) (US\$ Billion)</b>	40.04	36.99
<b>Official Rate Approx. (N/US\$)</b>	414.11	461.00
<b>BDC Rate Approx. (N/US\$)</b>	NA	NA
<b>Manufacturing PMI</b>	51.4	NA
<b>Non-Manufacturing PMI</b>	49.01	NA
<b>Average Crude Oil Price (US\$/Barrel)</b>	88.71	84.78
<b>Petrol (PMS-N/litre)</b>	166.40	257.12
<b>Diesel (AGO -N/Litre)</b>	288.09	828.82
<b>Kerosene (HHK -N/Litre)</b>	437.11	1,153.40
<b>Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)</b>	3,657.57	4,588.75
<b>MPR (%)</b>	11.50	17.50
<b>CRR (%)</b>	27.5	NA
<b>T-Bill Rate (%)</b>	2.49	1.39
<b>Savings Deposit Rate (%)</b>	1.25	4.29
<b>Prime Lending (%)</b>	11.68	27.63
<b>Maximum Lending (%)</b>	27.65	NA
<b>Narrow Money (N<sup>o</sup>Trillion)</b>	18.59	20.96
<b>Broad Money (N<sup>o</sup>Trillion)</b>	45.09	52.97
<b>Net Domestic Credit (N<sup>o</sup>Trillion)</b>	50.09	68.90
<b>Credit to the Government (Net) (N<sup>o</sup>Trillion)</b>	14.90	24.65
<b>Credit to the Private Sector (N<sup>o</sup>Trillion)</b>	35.18	42.25
<b>Currency in Circulation (N<sup>o</sup>Trillion)</b>	3.288	1.386
<b>FAAC (N<sup>o</sup>Billion)</b>	766.47	NA

NA: Not Available

1. NBS (2023). Foreign Trade in Goods Statistics (Q1 2023). Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241330>
2. OPEC (2023). 35th OPEC and non-OPEC Ministerial Meeting. Retrieved from [https://www.opec.org/opec\\_web/en/press\\_room/7160.htm](https://www.opec.org/opec_web/en/press_room/7160.htm)
3. World Bank (2023). Global Development Prospect Report. Retrieved from <https://openknowledge.worldbank.org/server/api/core/bitstreams/9891892a-bc69-46fa-8ecc-e58b9fa019e8/content>