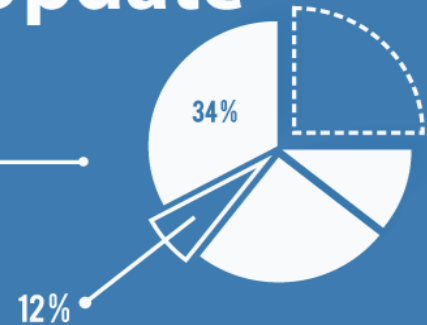


# Nigeria Economic Update



Weekly  
**Digest**

## Nigeria's Crude oil production increases in January, 2023

According to direct communication data in February 2023 from the oil market report produced by the Organisation of Petroleum Exporting Countries (OPEC) in January 2023, Nigeria's crude oil production increased to 1.258 million bpd from a total oil production figure of 1.235 million bpd in December 2022.<sup>1</sup> This represents an increase of 23,000 barrels per day (bpd) in January 2023 when compared with the preceding month, December 2022. This is the fourth successive improvement in monthly crude oil output since October 2022, making Nigeria now Africa's largest oil producer, ahead of Algeria, Angola, and Libya. The improvements are a result of efforts by the government in collaboration with the Nigeria National Petroleum Company (NNPC) Limited (Ltd.) to clamp down on oil theft and pipeline vandalism in the country. As a result, Nigeria's crude oil production has advanced thanks to the deployment of efficient security officers to critical areas of the sector, the reinstatement of the Forcados Oil Pipeline System, and the partial restoration of the Trans Niger Pipelines (TNP). Thus, it is anticipated that the oil sector will be the main engine of economic growth in Nigeria through 2023. In addition, it is necessary to greatly expand the industry's infrastructure vision, reinforce its security architecture, and enable larger public-private partnership to draw in more investment. If authorized and put into action, these steps would assist the nation in achieving its 1.8 million bpd OPEC production limit and the 1.69 million bpd budget oil production baseline for 2023.

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## Headline Inflation Rises marginally in January 2023

According to the National Bureau of Statistics (NBS), headline inflation in Nigeria stood at 21.82 percent in January 2023, representing a month-on-month increase of 0.47 percent over the 21.34 percent reported in December 2022 and a year-on-year increase of 6.22 percent above the inflation rate of 15.60 percent recorded in January 2022.<sup>2</sup> This increment represents the 14th successive rise in the monthly inflation rate since December 2021. So, the steadily increasing inflation rate is primarily caused by growing food component costs, which are strongly linked to several structural issues that fuel both speculative and real food supply shortages that directly affect that the country's food production processes. Additionally, it is lowering consumer purchasing power and degrading the level of living in general. Furthermore, a thorough review of the data revealed that Real and Imputed Rent (7.74%), Potatoes, Yam, and Tuber (6.06%), Vegetables (5.44%), and Meat (21.67%) were the categories that contributed the most to the headline index (4.78%). Due to the prolonged fuel shortage and the rise in the monetary policy rate, production and transportation costs increased, which in turn had a positive impact on the consumer price indices and inflation rate. The government is therefore encouraged to intensify measures to boost fuel supply and stabilize its price. Actions in the food value chain are necessary to address structural issues that cause food shortages, price rises, and a consequent rise in headline inflation.

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## Value of POS Transactions rises y-o-y by 40.7 percent

When compared to the value recorded in January 2022, which was N573.72 billion, electronic payment data from the Nigerian Inter-Bank Settlement System (NIBSS) reveals that the value of Point of Sale (POS) transactions in January 2023 was N807.16 billion. However, it was less than the N826.3030 billion recorded in the preceding month, December 2022.<sup>3</sup> This might be because there is typically a seasonal flux of transactions at the end of the year (December), with high prices and high buying values. Nonetheless, compared to December 2022 (85.233 million), January 2023 saw a larger number of POS transactions (96.349 million). The growth in POS transactions year over year is a result of more people using electronic payment channels because of the CBN's cashless policy campaign. Nigerians were obliged to use POS terminals for transactions due to the country's protracted cash shortages and the difficulty in using new Naira notes from banking facilities and ATMs. Although POS transactions are anticipated to grow over the long term, the persistence of cash shortages and high POS operator fees may deter Nigerians from using them, forcing them to turn to other forms of electronic payment for their daily transactions and possibly driving some POS operators out of business. As a result, by monitoring and preventing alleged cash smuggling by commercial banks, it is possible to provide a long-term solution to the Naira shortage issue and encourage more economic activity in the nation.

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	17.15
Domestic Debt (FGN + States & FCT N'Trillion)	26.23	26.92
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. OPEC (2023). Monthly Oil Market Report, 14th February 2023. Retrieved from <https://momr.opec.org/pdf-download/>.
2. NBS (2023) CPI and Inflation Report January 2023. Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241285>
3. NIBSS (2023). Industry Statistics: Point of Sale. Accessed at <https://nibss-plc.com.ng/dashboard/istat/point-of-sale?task=point-of-sale>