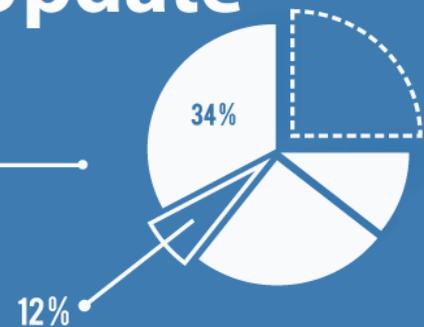


Nigeria Economic Update



Weekly
Digest

Inflation decelerate in January 2022 to 15.6 percent

According to the National Bureau of Statistics (NBS) report on Consumer Price Index (CPI) and Inflation, headline inflation was 15.6 percent in January 2022, which is 0.87 percentage points lower than the 16.47 percent recorded in January 2020 and 0.03 percentage points lower than the 15.63 percent recorded in December 2021.¹ While the rate of inflation is lower than the previous month, it is still 6.6 percent higher than the CBN's 9 percent inflation target. High inflation affects households' purchasing power, raises the cost of doing business, and thus lowers people's standard of life and businesses' competitiveness in the international market. Hence, the government should step up its efforts to achieve a single-digit inflation rate in the coming years. While structural challenges such as insecurity in food-producing states contribute to the high inflation rate, exchange rate pass-through also plays a role due to high demand for imported goods and services. As a result, the government should focus on actions that strengthen the domestic currency and stimulate domestic production in order to lessen reliance on imports.

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FAAC Disburses N843.81 in December 2021

According to NBS, the Federation Account Allocation Committee (FAAC) disbursed the sum of N843.81 billion in December 2021.² The Federal Government received a total of N261.41 billion, the State Government received N210.05 billion, and the Local Government received N155.46 billion. The amount disbursed in December 2021 is higher than the amount disbursed in the preceding year by about N240 billion. However, the continued recourse of the government to finance their expenditure through loans suggests that government revenue is inadequate to meet expenditure. Hence, there is a need for the government to mobilize more tax revenue. Currently, the tax base in Nigeria is low and could be partly explained by low tax morale among Nigerians. Therefore, government priority should include facilitating, organizing, and partnering in events that would enlighten people on the need for them to regularly pay their taxes. The events should also provide an opportunity for the government to give an account of how tax revenues are being spent. It is also critical for the government to improve the ease of doing business in order to increase domestic and foreign direct investment and broaden the tax base.

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Telecoms Sector experiences a Decline in the fourth quarter of 2021

A report on the telecommunications sector released by the National Bureau of Statistics shows that in Q4 2021, a total of 195.4 million subscribers were active on voice compared to 204.6 million subscribers recorded in Q4 2020 and 190.9 million subscribers in Q3 2021.³ This implies a 4.47 percent decrease in voice subscriptions on a year-on-year basis and an increase of 2.42 percent on a quarter-on-quarter basis. Relatedly, a total of 141.9 million subscribers were active on the internet in Q4 2021 compared to 154.3 million recorded in Q4 2020 and 140.3 million in Q3 2021. This signifies a 7.99 percent decrease in internet subscriptions on a year-on-year basis and an increase of 1.14 percent on a quarter-on-quarter basis. The decrease in the number of active subscribers on voice and the internet is partly due to the directive by the government in December 2020. The government directed telecommunication companies to suspend the sales and reactivation of SIM cards to embark on an audit of the subscriber registration database in April 2021. The audit by the government was long overdue and a step in the right direction towards strengthening data security. However, the government needs to partner with telecommunication companies to develop strategies that would minimise interruption of services accompanied with the audit exercises in the future. This is important given the role of the telecommunication sector in expanding the digital economy. Also, the government needs to intensify efforts in strengthening the service rendered by the telecommunication companies to their customers.

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ECONOMIC SNAPSHOT		+	
Quarterly Indicators	'21Q2	'21Q3	
GDP Growth Rate (%)	5.01	4.03	
Oil GDP (%)	-12.65	-10.73	
Non-oil GDP (%)	6.74	5.44	
Unemployment Rate (%)	NA	NA	
Foreign Direct Investment (US \$ Million)	77.97	107.81	
Portfolio Investment (US \$Millions)	551.37	1,217.21	
Other Investment (US \$Million)	246.27	406.35	
External Debt (FGN & States- N'Trillion)	13.71	15.57	
Domestic Debt (FGN + States & FCT N'Trillion)	21.75	22.43	
Manufacturing Capacity utilization (%)	NA	NA	
Monthly Indicators	Nov '20	Dec '21	
Headline Inflation (%)	14.89	15.63	
Food Sub-Index (%)	18.30	17.37	
Core Sub-Index (%)	11.05	13.87	
External Reserves (End Period) (US\$ Billion)	35.41	40.52	
Official Rate Approx. (N/US\$)	379.5	412.99	
BDC Rate Approx. (N/US\$)	NA	NA	
Manufacturing PMI	50.2	NA	
Non-Manufacturing PMI	47.6	NA	
Average Crude Oil Price (US\$/Barrel)	36.37	76.25	
Petrol (PMS-N/litre)	167.27	165.77	
Diesel (AGO -N/Litre)	223.74	289.37	
Kerosene (HHK -N/Litre)	353.38	467.97	
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	NA	3594.81	
MPR (%)	11.5	11.5	
CRR (%)	27.5	27.5	
T-Bill Rate (%)	0.86	2.49	
Savings Deposit Rate (%)	1.84	1.25	
Prime Lending (%)	11.60	11.68	
Maximum Lending (%)	28.85	27.58	
Narrow Money (N'Million)	14819010.85	18,161,339.38	
Broad Money (N'Million)	36958454.16	43,946,387.71	
Net Domestic Credit (N'Million)	40194156.06	49,459,366.10	
Credit to the Government (Net) (N'Million)	10782279.08	13,732,432.70	
Credit to the Private Sector (N'Million)	29411876.98	35,726,933.39	
Currency in Circulation (N'Million)	2659710.45	3,325,158.00	
FAAC (N'Billion)	601.11	843.81	

*Revised GDP figures/tentative figures
NA: Not Available

1. [NBS \(2022\). CPI and Inflation Report January 2022. Retrieved from https://nigerianstat.gov.ng/elibrary/read/1241134](https://nigerianstat.gov.ng/elibrary/read/1241134)
2. NBS (2022). Federation Account Allocation Committee (FAAC) (December 2021 Disbursement). Available at <https://nigerianstat.gov.ng/elibrary/read/1241132>
3. NBS (2022). Telecoms Data: Active Voice and Internet per State, Porting and Tariff Information (Q2,Q3,Q4 2021). Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241133>

