



Nigeria Economic Update



Weekly
Digest

Nigeria Records GDP Growth of 3.40 percent in 2021

Nigeria's real Gross Domestic Product (RGDP), according to the National Bureau of Statistics (NBS), grew by 3.98 percent (year-on-year) in the fourth quarter of 2021 to reach N20.33 trillion.¹ The growth was mainly driven by the non-oil sector, which grew by 4.73 percent and accounted for 94.81 percent of the total output. In 2021, the overall growth was 3.4 percent, which is higher than the -1.93 percent recorded in 2020. The growth recorded in 2021 is the highest since 2015, which suggests that the economy is on a recovery path. The positive growth is an indication that government initiatives to support businesses affected by the pandemic bolstered the economy, given the rise in output. Nevertheless, there is a need for the government to sustain these initiatives, as well as increase investment in infrastructure, especially power supply, security, and transport networks to attain a higher level of growth. Also, the current macroeconomic instability in the form of double-digit inflation rates erodes purchasing power and discourages savings, thereby lowering investment and constraining the rate of growth. Hence, a mix of structural and monetary reforms that results in a single-digit inflation rate would be instrumental in achieving high economic growth.

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Nigeria's Oil Production Declines in Q4 2021

In the fourth quarter of 2021, Nigeria recorded an average daily crude oil production of 1.50 million barrels per day (mbpd), which is lower (year-on-year) than the 1.56 mbpd produced in the same quarter of 2020 and the 1.57 mbpd produced in the third quarter of 2021³. As a result, according to NBS data, the oil sector contracted by 24.06 percent year on year in the fourth quarter of 2021 and contributed 5.19 percent of total output in the same period. The decline in crude oil production is attributed to political and security concerns ranging from bunkering to pipeline vandalism to inefficient management. These factors combine to keep Nigeria's oil production below the 1.88 mbpd benchmark set in the 2022 budget. The direct implication of the low production, if it persists, is that Nigeria might not meet OPEC's new supply quota and benefit very little from the current rise in the price of crude oil. For Nigeria to benefit, in the form of higher oil revenue, from the current surge in crude oil prices and the increase in OPEC supply quota, the Petroleum Industry Act (which is expected to bring more efficiency to the oil sector) has to be implemented. The security in the oil-producing areas need to also be strengthened to end pipeline vandalization.

Price of Petrol Increases in January 2022

The NBS report shows that the average retail price paid by consumers for premium motor spirit (petrol) slightly increased to N166.40 per litre in January 2022 from N 164.09 per litre in December 2021, indicating a 1.41 per cent increase year-on-year². Assessment of month-on-month data shows that the average retail price increased by 0.38 per cent from N165.76 per litre in December 2021. Abia state had the highest average retail price of petrol with N177.33 per litre, followed by Kebbi with N176.11 per litre, and Cross River with N172.38 per litre. Borno state had the lowest average price of N155.81 per litre, followed by Adamawa, with N159.88 per litre, and Lagos, with N163.26 per litre. Crude oil prices have risen by about 57 percent in the last year, from \$54.8 per barrel in January 2021 to \$86.5 per barrel in January 2022. However, the retail price of petrol increased slightly over the same period due to government subsidies. The decision of the government to retain the petrol subsidy for the next 18 months suggests that the price will remain relatively stable over the next few months. Consequently, upward trends in the price of crude oil would suggest that government petrol subsidies would be higher than planned and, in turn, lower the amount available for other sectors of the economy. Hence, there is a need for the government to develop a framework that would address the inefficiency in the oil industry, especially fixing the existing refineries that led to the persistence of the petrol subsidies.

ECONOMIC SNAPSHOT		
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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'Billions)	601.11	843.81

*Revised GDP figures/tentative figures
NA: Not Available

1. [NBS \(2022\). National Gross Domestic Product Q4 2021. Retrieved from https://nigerianstat.gov.ng/elibrary/read/1241137](https://nigerianstat.gov.ng/elibrary/read/1241137)
2. NBS (2022). Premium Motor Spirit (Petrol) Price Watch (January 2022). Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241135>
3. [NBS \(2022\). National Gross Domestic Product Q4 2021. Retrieved from https://nigerianstat.gov.ng/elibrary/read/1241137](https://nigerianstat.gov.ng/elibrary/read/1241137)

