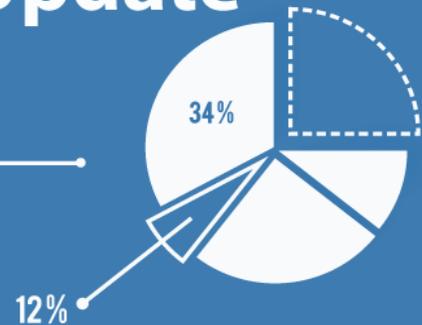


# Nigeria Economic Update



Weekly  
**Digest**

## **External reserves hit \$39.54 billion in the first week of April 2022**

Data from the Central Bank of Nigeria shows that as of April 8, 2022, external reserves were \$39.66 billion.<sup>1</sup> This indicates an increase of about \$122 million from \$39.54 billion recorded on April 1, 2022, but still lower than \$39.79 billion recorded on March 8, 2022, and \$40.5 billion at the commencement of the year. External reserves are used to settle external obligations, import payments, and manage the exchange rate. The relative improvements in the external reserves are partly due to the recent \$200 billion in foreign exchange repatriation (RT200FX) policy of the CBN and the hike in crude oil prices. For a country with an average monthly import bill of \$4.3 billion in 2021, the current external reserves cover about 9.1 months of import bills, which puts pressure on the domestic currency. The government needs to sustain existing non-oil export promotion strategies and payments through the official channels to improve export earnings, and external reserves. Furthermore, improvement in business environments through reliable electricity would help reduce the cost of production and make Nigerian products price competitive in the global market.

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## **Terms of Trade declines in Q4 2021**

Data from the National Bureau of Statistics (NBS) shows that in the fourth quarter of 2021, Terms of Trade (ToT) decreased by 0.25 percent points from 102.34 percent in October 2021 to 102.09 in December 2021.<sup>3</sup> ToT is the ratio between a country's export prices and its import prices. A decrease in the index means that the value of exports is decreasing relative to imports. The disaggregated data shows that the chemical and allied industries (-0.42), followed by mineral products (-0.26) and animal and vegetable fats and oils, and other cleavage products (-0.19) contributed the most to the decline in ToT in the fourth quarter of 2021. At the Regional level, the decrease in ToT is partly due to the decline in America (-0.60), Asia (-0.31), and Europe (-0.22). A lower price of exports relative to imports reflects low demand for Nigeria's exported products. Consequently, the government needs to strengthen existing export promotion schemes and incentives to support the production of diversified and quality export products that demand a higher price in the international market and improve the terms of trade.

## **Nigeria's oil production dipped further in March 2022**

The Nigerian Upstream Petroleum Regulatory Commission (NUPRC), in the latest crude oil and condensate production data, shows that Nigeria's oil output dipped by 161,000 in March 2022 from 1.4 million in January 2022 to an average of 1.24 Million Barrels Per Day (BPD).<sup>2</sup> This means that since the beginning of the year, Nigeria's oil production level has been below the Organization of Petroleum Exporting Countries (OPEC) quota of about 1.8 million BPD. As a result, Nigeria's oil export earnings shortfall in March is about \$1.7 billion at the prevailing oil prices of about \$100 per barrel. Decaying infrastructure, underinvestment, and continuous equipment vandalism contribute to the low crude oil production. The government introduced the Petroleum Industry Act (PIA) in 2021 to address these issues and significantly improve the investment climate in the sector; however, the Act is yet to have substantial impacts. Hence, the government needs to show more commitment to tackling the challenges of the oil sector.

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ECONOMIC SNAPSHOT		
Quarterly Indicators	'21Q3	'21Q4
GDP Growth Rate (%)	4.03	3.98
Oil GDP (%)	-10.73	-8.06
Non-oil GDP (%)	5.44	4.73
Unemployment Rate (%)	NA	NA
Foreign Direct Investment (US \$ Million)	107.81	358.23
Portfolio Investment (US \$Millions)	1,217.21	642.87
Other Investment (US \$Million)	406.35	1,186.53
External Debt (FGN & States- N'Trillion)	15.57	15.86
Domestic Debt (FGN + States & FCT N'Trillion)	22.43	23.70
Manufacturing Capacity utilization (%)	NA	NA
Monthly Indicators	Dec '20	Jan '22
Headline Inflation (%)	15.75	15.60
Food Sub-Index (%)	19.56	17.13
Core Sub-Index (%)	11.37	13.87
External Reserves (End Period) (US\$ Billion)	35.37	40.04
Official Rate Approx. (N/US\$)	379.5	415.26
BDC Rate Approx. (N/US\$)	NA	NA
Manufacturing PMI	49.6	51.4
Non-Manufacturing PMI	47.6	49.01
Average Crude Oil Price (US\$/Barrel)	45.7	94.89
Petrol (PMS-N/litre)	165.70	166.40
Diesel (AGO -N/Litre)	224.37	288.09
Kerosene (HHK -N/Litre)	352.79	437.11
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	1,949.75	3,657.57
MPR (%)	11.5	11.5
CRR (%)	27.5	27.5
T-Bill Rate (%)	0.03	2.40
Savings Deposit Rate (%)	2.04	1.25
Prime Lending (%)	11.35	NA
Maximum Lending (%)	28.85	27.65
Narrow Money (N'Million)	15,976,622.22	18,727,491.48
Broad Money (N'Million)	37,704,975.97	44,473,871.00
Net Domestic Credit (N'Million)	42,554,422.40	49,730,577.59
Credit to the Government (Net) (N'Million)	12,404,818.95	14,278,533.86
Credit to the Private Sector (N'Million)	30,149,603.45	35,452,043.73
Currency in Circulation (N'Million)	2,908,462.40	3,288,027.60
FAAC (N'Billion)	601.11	NA

\*Revised GDP figures/tentative figures  
NA: Not Available

1. CBN (2022). Movement In Reserves. Retrieved from <https://www.cbn.gov.ng/intops/Reserve.asp>
2. NUPRC (2022) Crude Oil and Condensate Production Data for March 2022. Retrieved from <https://www.nuprc.gov.ng/oil-production-status-report/>
3. NBS (2022). Commodity Price Indices and Terms of Trade (Q4 2021). Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241156>

