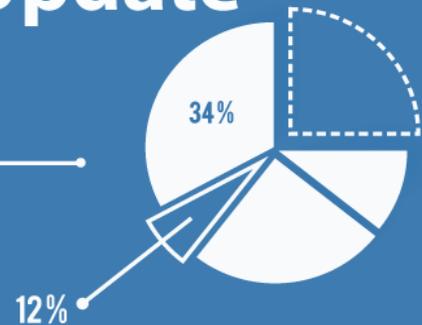


Nigeria Economic Update



Weekly
Digest

Nigeria opens four additional land borders

In August 2019, the Nigerian government closed all land borders to check the smuggling of products, especially rice and petroleum products, and other illicit cross-border activities. In December 2020, sixteen months after the closure, the government began the phased reopening of land borders and started with four borders - Illela, Maigatari, Mfun, and Seme. Sequel to the phased approach, on April 23rd, 2022, four additional borders – Idiroko, Jibiya, Kamba, and Ikon were opened.¹ The closure of the borders contradicts the principle guiding the African Continental Free Trade Agreement (AfCFTA), to which Nigeria is a signatory. The agreement seeks to ensure people's free movement and transfer of goods, technology, and knowledge within the continent, fostering intra-Africa trade. Therefore, the reopening of the borders indicates Nigeria's readiness and commitment to the regional free trade agreement. Nigeria has a lot to benefit from AfCFTA, but the benefit depends on several factors, including infrastructure, security, cost of doing business, and skills. Deliberate government efforts at improving security and infrastructure, especially electricity, roads linking Nigeria to other African countries, and the port conditions would increase the country's gains from the agreement. Also, there is a need for the government to address the porous state of our borders, thereby ensuring that they are not routes for the smuggling of arms, harmful substances, petroleum products, and agricultural products.

Inflation Rises in April 2022

The latest report on inflation and consumer price index (CPI) by the National Bureau of Statistics (NBS) shows that Nigeria's inflation rate increased to 16.82 percent in April 2022.³ This is 0.9 percent points higher than the 15.92 percent in the previous month, but 1.3 percent points lower than 18.23 percent in April 2021. With the latest inflation figure, the Nigerian economy has experienced a gradual increase in headline inflation since the beginning of the year (15.6 percent in January), which has eroded consumers' purchasing power and worsened the economic hardship of people, especially the poor. The continuous rise in the inflation rate is partly due to the economic disruptions caused by the Russia-Ukraine war, resulting in spikes in commodity prices. In addition, the occurrence of fuel scarcity in the last three months has also contributed to the high inflation through increased cost of transportation. Policies that would directly boost domestic production and reduce reliance on imported products, including refined petroleum products, would help curtail the effects of imported inflation and fuel scarcity on the price levels.

Africa account for less than 15 percent of Nigeria's Exports

According to the Q1 2022 statistical bulletin of the National Bureau of Statistics (NBS), Nigeria exported N5.77 trillion worth of goods in Q4 2021. Further breakdown of the data by region showed that most of the total exports, about 41.76 percent (valued at N2,408.39 billion), were exported to Europe, and Asia accounted for 32.52 percent (valued at N1,875.56 billion).² Africa lags behind these two regions, accounting for 13.42 percent of the country's total exports (valued at N773.83 billion) in the quarter under review. Also, Africa accounted for just 2.92 percent of Nigeria's N5.94 trillion worth of imports in the same period, coming behind every other region (except Oceania) by a wide margin. These statistics indicate that Nigeria's trade relation with Africa is low compared to other world regions. Nigeria's low exports to African countries are partly due to Nigeria's exports composition. The exports are majorly raw materials and unrefined products whose demand within the continent is low due to the production of similar products and weak integration. Therefore, to benefit from the African Continental Free Trade Area (AfCFTA) agreement, the Nigerian Government needs to strengthen its industrial policies to support the manufacturing sector. The support would increase their production capacity and enable them to prioritise products in high demand in African countries. Hence, action towards full implementation of plans such as the National Industrial Revolution Plan (NIRP), which focuses on strengthening the industrial sector by focusing on products that Nigeria has a comparative advantage in producing. Also, increased investment in physical and digital infrastructure that links Nigeria to other African countries should improve Nigeria – African countries' trade relations.

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	Mar '21	Mar '22
Headline Inflation (%)	18.17	5.92
Food Sub-Index (%)	22.95	17.2
Core Sub-Index (%)	12.67	13.91
External Reserves (End Period) (US\$ Billion)	34.82	39.55
Official Rate Approx. (N/US\$)	379.5	415.25
BDC Rate Approx. (N/US\$)	NA	NA
Manufacturing PMI	49.6	50.1 ^a
Non-Manufacturing PMI	47.6	49.0 ^a
Average Crude Oil Price (US\$/Barrel)	45.7	121.23
Petrol (PMS-N/litre)	165.70	185.3
Diesel (AGO -N/Litre)	224.37	235.41
Kerosene (HHK -N/Litre)	352.79	564.55
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	1,949.75	3,778.3
MPR (%)	11.5	11.5
CRR (%)	27.5	27.5
T-Bill Rate (%)	2.00	1.75
Savings Deposit Rate (%)	1.86	1.28
Prime Lending (%)	11.13	11.84
Maximum Lending (%)	28.74	26.61
Narrow Money (N'Million)	15,976,622.22	19,608,338.79
Broad Money (N'Million)	38,288,212.81	45,654,456.11
Net Domestic Credit (N'Million)	43,503,924.95	52,691,546.97
Credit to the Government (Net) (N'Million)	12,066,876.87	16,319,622.95
Credit to the Private Sector (N'Million)	31,437,048.08	36,371,924.02
Currency in Circulation (N'Million)	2,808,734.33	3,245,597.55
FAAC (N'Billion)	601.11	590.55

*Revised GDP figures/tentative figures

NA: Not Available

1. BusinessDay (2022). FG reopens another four land borders three years after.
<https://businessday.ng/news/article/fg-reopens-another-four-land-borders-three-years-after/>
2. NBS (2022). Statistics Quarterly Bulletin Q1 2022. Retrieved from
<https://nigerianstat.gov.ng/elibrary/read/1241169>
3. NBS (2022). CPI and Inflation Report April 2022. Retrieved from
<https://nigerianstat.gov.ng/elibrary/read/1241170>

