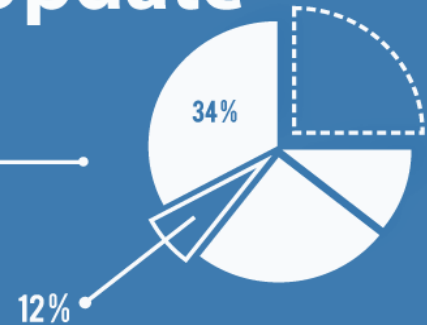


Nigeria Economic Update



Weekly
Digest

Gross External Reserve rises

According to data from the Central Bank of Nigeria (CBN), Nigeria's gross external reserves stood at \$38.55 billion by June 10.¹ This indicates an increase of about 0.22 percent (\$86.31 million) from \$38.46 billion recorded on June 03, 2022, albeit after it had previously declined from \$40.5 billion as at January 4 2022. External reserves refer to the country's assets held in foreign currencies and used in international payments such as for imports and other external financial obligations. The recent upward movement in reserves could be attributable to the improvement in foreign trade surplus and the CBN \$200 billion FX repatriation policy. Given that the external reserves play critical roles in ensuring the stability of the domestic currency, there is a need to sustain the increment in foreign reserves. Consequently, the government needs to strengthen ongoing efforts to promote non-oil exports. For example, the Nigerian Export Promotion Council (NEPC) should prioritise conducting training and developing policies that would solve packaging, logistics and market access challenges faced by non-oil exporters.

Nigeria's Oil Production Falls

The June edition of the Monthly Oil Market Report (MOMR) of the Organization of Petroleum Exporting Countries (OPEC) shows that Nigeria produced an average of 1,262 million barrels per day (mbpd) in May 2022.² This indicates a 3.45 percent decline from 1,306 mbpd produced in the preceding month, April. The continuous decline in production is partly due to poor oil sector management, theft, and ageing production facilities. The report also noted that the price of the OPEC reference basket of crude oil rose to \$113.87 per barrel over the same period. As an oil-producing nation, the rising crude oil price should serve as a revenue windfall. However, Nigeria is unlikely to experience a wholesome benefit due to the following factors – low oil production, continued petroleum subsidy regime, and increased importation of refined petroleum products. In Nigeria, crude oil accounted for 79.2 percent of total exports in Q1 2022, suggesting that crude oil is still the most significant source of foreign exchange.³ Therefore, the continuous decline in crude oil production indicates a loss of foreign exchange earnings that could have helped bolster the country's foreign reserves and reduce the pressure on the domestic currency. Consequently, the government is encouraged to intensify efforts at replacing ageing infrastructure and providing immediate and lasting solutions to the insecurity in oil-producing areas. These interventions are essential in ensuring that the country reverses the declining trend of crude oil production and experiences maximum earnings gain associated with the current high crude oil prices.

Road Accidents Decline in Q1 2022

Data from the National Bureau of Statistics (NBS) on road transport shows that Nigeria recorded a total of 3,345 cases of road accidents in the first quarter of 2022.⁴ This indicates a 1.82 percent decrease from 3,407 recorded in the last quarter of 2021. Disaggregated by categories, 62.8 percent were serious, 23 percent were fatal, and 11.2 percent were minor. A total of 1834 people lost their lives in road accidents, and about 81 percent were males, suggesting that males are more likely to die from road crashes in Nigeria. Over speeding or speed violation was the leading cause of road accidents, accounting for about 59.8 percent of the total road accidents in the period under review. Other causes of road accidents are wrongful overtaking (6.8 percent), sign/light violation (5.7 percent), dangerous driving (5.3 percent), use of phone while driving (5.2 percent), and brake failures (4.4 percent). These indicate that road accidents arise primarily due to road drivers violating traffic rules, which the poor state of roads might have amplified. Therefore, there is a need to integrate technology into monitoring drivers. Subsequently, the government should enforce punishment stipulated in the Law on those found violating traffic rules through the technology-aided tracking system to curtail the rate of road accidents. In addition, the government could adopt the nudging principle to increase the share of road drivers that adhere to safety measures when driving to reduce casualty and economic costs accompanying road traffic crashes.

ECONOMIC SNAPSHOT		+	
Quarterly Indicators	'21Q4	'22Q1	
GDP Growth Rate (%)	3.98	3.11	
Oil GDP (%)	-8.06	-26.04	
Non-oil GDP (%)	4.73	6.08	
Unemployment Rate (%)	NA	NA	
Foreign Direct Investment (US \$ Million)	358.23	154.97	
Portfolio Investment (US \$Millions)	642.87	957.58	
Other Investment (US \$Million)	1,186.53	460.59	
External Debt (FGN & States- N'Trillion)	15.86	16.62	
Domestic Debt (FGN + States & FCT N'Trillion)	23.70	24.99	
Manufacturing Capacity utilization (%)	NA	NA	
Monthly Indicators	Mar '21	Apr '22	
Headline Inflation (%)	18.17	16.82	
Food Sub-Index (%)	22.95	18.37	
Core Sub-Index (%)	12.67	14.18	
External Reserves (End Period) (US\$ Billion)	34.82	39.57	
Official Rate Approx. (N/US\$)	379.5	415.19	
BDC Rate Approx. (N/US\$)	NA	NA	
Manufacturing PMI	49.6	NA	
Non-Manufacturing PMI	47.6	NA	
Average Crude Oil Price (US\$/Barrel)	45.7	94.89	
Petrol (PMS-N/litre)	172.68	172.61	
Diesel (AGO -N/Litre)	235.41	654.46	
Kerosene (HHK -N/Litre)	361.29	589.82	
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	2057.71	3,800.47	
MPR (%)	11.5	11.5	
CRR (%)	27.5	27.5	
T-Bill Rate (%)	2.00	1.74	
Savings Deposit Rate (%)	1.86	1.28	
Prime Lending (%)	11.13	11.83	
Maximum Lending (%)	28.74	27.79	
Narrow Money (N'Million)	15,976,622.22	19,850,944.01	
Broad Money (N'Million)	38,288,212.81	46,541,102.40	
Net Domestic Credit (N'Million)	43,503,924.95	53,694,401.23	
Credit to the Government (Net) (N'Million)	12,066,876.87	16,563,306.82	
Credit to the Private Sector (N'Million)	31,437,048.08	37,131,094.41	
Currency in Circulation (N'Million)	2,808,734.33	3,308,553.20	
FAAC (N'Billion)	601.11	656.6	

*Revised GDP figures/tentative figures

NA: Not Available

1. CBN (2022). Movement in Reserves. Retrieved from <https://www.cbn.gov.ng/IntOps/Reserve.asp?MoveDate=6/15/2022%209:06:22%20PM>
2. NBS (2022). Road Transport Data – Q1 2022. Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241182>
3. OPEC (2022). Monthly Oil Market Report. Retrieved from https://www.opec.org/opec_web/en/publications/338.htm
4. CSEA (2022). Nigeria Economic Update (Issue 22). Retrieved from <https://cseaafrica.org/nigeria-economic-update-issue-22-7/>

