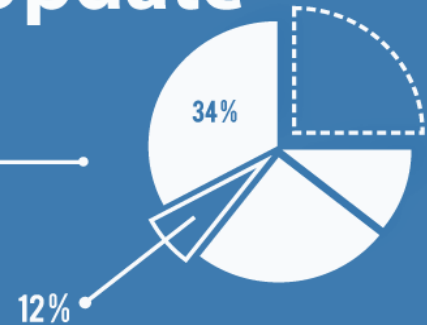


# Nigeria Economic Update



Weekly  
**Digest**

## Nigeria's economy grew by 3.11 percent in Q1 2022

Data from the National Bureau of Statistics (NBS) shows that Nigeria's economy grew in real terms by 3.11 percent in Q1 2022.<sup>1</sup> The growth rate is 2.6 percent points higher than the 0.51 percent growth rate recorded in Q1 2021 but 0.88 percent points lower than the 3.98 percent recorded in Q4 2021. Although there was a marginal decrease in real output growth, the quarter growth made it the sixth quarter of uninterrupted positive growth since the country exited the COVID-19 induced recession in Q4 2020. The non-oil sector grew by 6.08 percent and contributed about 93.37 percent of total output in the period under review. However, the oil sector contracted by 26.04 percent, and its share dipped to 6.63 percent in Q1 2022 from 9.25 percent in 2021. Persistent vandalism and illegal refineries are partly responsible for the declining contribution of the oil sector. Also, the electricity sector contracted by 11.2 percent, partly due to the frequent collapse of the transmission network in the period under review. For the Nigerian economy to have high and sustainable growth, the non-oil sector growth will need to be sustained to compensate for the contraction in the oil sector. Also, the country's electricity generation and distribution need to be improved. The unreliable electricity situation partly contributes to the high cost of doing business and indirectly hinders growth.

## Company Income Tax Payments Rise in Q1 2022

The Company income tax (CIT) revenue in Nigeria increased in Q1 2022 to N532.48 billion, according to data from the National Bureau of Statistics (NBS).<sup>2</sup> This suggests that it grew by 53.09 percent on a quarter-on-quarter basis from N347.81 billion recorded in Q4 2021 and 35.61 percent on a year-on-year basis from 392.65 billion recorded in Q1 2021. By disaggregating company income tax (CIT) revenue into foreign CIT and local payments, in Q1 2022, the local payment was N209.13 billion. It constitutes about 39.27 percent of total CIT, which is qualitatively similar to 38.79 percent recorded in Q1 2021 but lower than 88.49 percent recorded in Q2 2021, 57.13 percent in Q3 2021, and 74.42 percent in Q4 2021. The distribution of CIT between local and foreign CIT payments reflects the quarter local organisations are more likely to remit their CIT payments relative to foreign organisations. Furthermore, the data shows that Manufacturing, Information and Communication, and Financial and insurance sectors are the top three contributing sectors to the local CIT payments. The three sectors contributed about 47.5 percent of local CIT payments in the period under review. The increment in CIT might be partly due to the implementation of TaxPro Max, a digital tool developed by the Federal Inland Revenue Services (FIRS) to make tax filing and payment convenient. The digitalisation of tax payments reduces revenue leakages and eliminates challenges associated with cash payments. The current level of digital tools in tax payment is far from the desired level; hence, the government needs to intensify efforts to increase awareness about the TaxPro Max, which is the FIRS digital tax payment platform.

## Nigeria recorded an increase in Cashless Transactions

A recent report by the Nigeria Inter-Bank Settlement System (NIBSS) indicates that between January and April 2022, the first four months of 2022, a total of N117.33 trillion payments was processed through electronic channels.<sup>3</sup> This is N35.79 trillion higher than the N81.54 trillion processed in the corresponding period of 2021. Nigeria recorded N27.22 trillion in electronic payments in January 2022, N27.76 trillion in February, N32.52 trillion in March, and N29.84 trillion in April 2022, amounting to a total of N117.33 trillion. The NIBSS monitors cashless transactions through the Nigeria Instant Payment System and Point of Sales terminals in Nigeria. The COVID-19 pandemic might be partly responsible for the rise in the value of cashless transactions. During the height of the pandemic, the lockdown and movement restrictions made Nigerians, especially the youth, purchase goods via e-commerce channels and pay electronically. Additionally, the increase in value of electronic transactions indicates progress towards attaining the CBN's policy goal of a cashless economy. Transaction charges per electronic transaction make some people prefer payment through cash. Hence, reducing transaction charges will likely increase electronic payments and, in turn, reduce exposure to risks such as robbery associated with carrying bulk cash and lowers the frequency of printing new currency notes to replace damaged ones.

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	NA
Portfolio Investment (US \$Millions)	642.87	NA
Other Investment (US \$Million)	1,186.53	NA
External Debt (FGN & States- N'Trillion)	15.86	NA
Domestic Debt (FGN + States & FCT N'Trillion)	23.70	NA
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	NA
Savings Deposit Rate (%)	1.86	NA
Prime Lending (%)	11.13	NA
Maximum Lending (%)	28.74	NA
Narrow Money (N'Million)	15,976,622.22	NA
Broad Money (N'Million)	38,288,212.81	NA
Net Domestic Credit (N'Million)	43,503,924.95	NA
Credit to the Government (Net) (N'Million)	12,066,876.87	NA
Credit to the Private Sector (N'Million)	31,437,048.08	NA
Currency in Circulation (N'Million)	2,808,734.33	NA
FAAC (N'Billion)	601.11	656.6

\*Revised GDP figures/tentative figures

NA: Not Available

1. **NBS (2022).** Nigerian Gross Domestic Product Report (Q1 2022) Retrieved from: <https://nigerianstat.gov.ng/elibrary/read/1241175>
2. **NBS (2022).** Company Income Tax Q1 2022. Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241178>
3. **NIBSS (2022).** Cashless Transactions Rise by 44%, Hit N117.33tn in Four Months. Retrieved from <https://nibss-plc.com.ng/news/4anqsx5p5wbwt7zx8wrrbs8tda>

