



Nigeria Economic Update



Weekly Digest

Nigeria's Telecoms Subscribers grew in 2022 Q1

According to the National Bureau of Statistics (NBS), the number of active voice subscribers and active internet subscribers grew in Q1 2022.¹ In Q1 2022, the total number of active voice subscribers was 199.6 million, which is higher than the 192.4 million recorded in Q1 2021. This implies a 3.71 percent increase in voice subscriptions on a Year-on-Year basis. Similarly, the total number of active internet subscribers was 145.9 million in Q1 2022, which is higher than 144.9 million in Q1 2021. This represents a 0.62 percent increase in active internet subscriptions Year-on-Year. Increased active voice and internet subscribers will likely translate to increased transactions through digital platforms. Thus, the expansion of the digital economy would depend mainly on the development and the quality of services provided by the telecommunication sector. However, infrastructural deficits, including electricity, affect the development of the telecommunication sector. Electricity supply is unreliable, so network providers rely primarily on generators to power their equipment; this, in turn, has increased their cost of operation and might discourage the expansion of operation to rural areas with less economic power. Through reduced cost of operation arising from the improved electricity supply, network providers are likely to increase investment in infrastructure that would expand their operation to existing uncovered areas and increase users' experience. Hence, the government could support the growth of the telecommunication sector by ensuring that electricity becomes stable.

CBN issues Cybersecurity Framework and Guidelines

The Central Bank of Nigeria (CBN) recently issued the Risk-Based Cybersecurity Framework and Guidelines for Other Financial Institutions (OFIs) in Nigeria.² OFIs consist of Development Finance Institutions (DFIs), Microfinance Banks (MFBs), Primary Mortgage Banks (PMBs) and Finance Companies (FCs). The Risk-Based Cybersecurity Framework and Guidelines will serve as the minimum requirements to be implemented by OFIs on or before January 1st, 2023. The guideline seeks to strengthen cyber defenses to safeguard financial assets in the country in response to the rise in cybersecurity threats against financial institutions, especially OFIs in the country. In addition, the policy is a measure to strengthen financial institutions' cybersecurity, thereby safeguarding funds that the OFIs manage from cyberattacks. The outcome of the initiative depends on the extent of compliance by OFI. As a result, the CBN should ensure it monitors and enforces the adoption of the Framework and Guidelines by OFI to guarantee compliance as stated in the policy document. Ultimately, this would help achieve the policy's target and gain investors' confidence in Nigeria's financial markets, knowing that there are existing measures to protect their transactions from all cyber-attacks.

External Reserves stood at US\$ 39.16 billion as of mid-year

Data from the Central Bank of Nigeria (CBN) shows that at the end of the first half of 2022 (H1 2022), Nigeria's external reserves stood at US\$39.16 billion.³ This indicates that the external reserves grew by 1.8 percent from US\$38.48 billion at the beginning of the month (June 1). At mid-year, the external reserve is 3.3 percent lower than the US\$40.52 billion recorded at the beginning of the year (January 2022). The half-year decline in the external reserves despite rising oil prices is partly due to low crude oil production and CBN intervention in the foreign exchange market. To increase external reserves, the government needs to implement reforms that would increase non-oil exporting firms' productivity and competitiveness in the international market. Thus, increasing export earnings. With increased export earnings, the need for the CBN to intervene in the foreign exchange market to stabilise the domestic currency would be minimal.

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	Apr '21	May '22
Headline Inflation (%)	18.12	17.71
Food Sub-Index (%)	22.72	19.5
Core Sub-Index (%)	12.74	14.9
External Reserves (End Period) (US\$ Billion)	34.88	38.48
Official Rate Approx. (N/US\$)	380	415.65
BDC Rate Approx. (N/US\$)	NA	NA
Manufacturing PMI	49.0	NA
Non-Manufacturing PMI	48.3	NA
Average Crude Oil Price (US\$/Barrel)	64.30	117.51
Petrol (PMS-N/litre)	166.38	173.08
Diesel (AGO -N/Litre)	237.19	671.08
Kerosene (HHK -N/Litre)	362.68	679.54
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	2069.21	3921.35
MPR (%)	11.5	13.00
CRR (%)	27.5	27.5
T-Bill Rate (%)	2.00	2.12
Savings Deposit Rate (%)	1.86	1.37
Prime Lending (%)	11.24	11.96
Maximum Lending (%)	28.64	27.37
Narrow Money (N'Million)	15,995,932.43	20,608,106.85
Broad Money (N'Million)	38,462,975.04	48,555,975.14
Net Domestic Credit (N'Million)	44,134,011.03	56,464,729.74
Credit to the Government (Net) (N'Million)	12,236,471.93	18,269,041.68
Credit to the Private Sector (N'Million)	31,897,539.10	38,195,688.06
Currency in Circulation (N'Million)	2,796,471.37	3,331,796.22
FAAC (N'Billion)	616.88	680.78

*Revised GDP figures/tentative figures

NA: Not Available

^α: May 2022

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>

