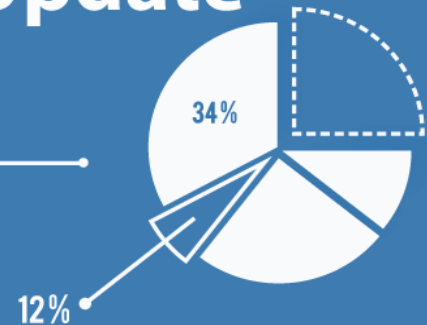


Nigeria Economic Update



Weekly
Digest

Inactive Bank Accounts rose to 57.9 million in 2021

The recently released 2021 Electronic-payment Fact Sheet by the Nigerian Interbank Settlement System (NIBSS) shows that Nigerian banks had a total of 191.4 million bank accounts in 2021, out of which 133.5 million were active, suggesting that a total of 57.9 million were inactive.¹ Further information provided revealed that the number of bank accounts increased by 24.4 million (14.6 percent) from 167.0 million in 2020 to 191.4 million in 2021. However, the number of active bank accounts increased by a less amount, 18.7 million, from 114.8 million in 2020 to 133.5 million in 2021. Consequently, inactive accounts increased by 5.7 million, from 52.2 million in 2020 to 57.9 million in 2021. The weak economic situation, which is reflected in high inflation, high unemployment, and continued depreciation of the domestic currency, contributes partly to the rising number of inactive bank accounts. Consequently, improving economic conditions would help tackle the rising inactive bank accounts in the country.

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OPEC Increases Nigeria's oil production quota for September

The Organization of Petroleum Exporting Countries (OPEC) and its allies (OPEC+) have increased Nigeria's crude oil output quota to 1.830 million barrels per day (mb/d), which would be effective from September 2022.³ The August 2022 quota for Nigeria is 1.826 mb/d indicating an increase of about 0.22 percent. With current production performance, it is doubtful if Nigeria will meet the new quota after failing to meet the production quota since the beginning of the year. The Nigerian National Petroleum Corporation (NNPC) has attributed the failures to meet the various quotas to increased pipeline vandalism, decaying infrastructure, oil theft and illegal refining in the Niger Delta region, the crude oil producing areas. With the transition of NNPC to NNPC Limited on July 16 in line with the Petroleum Industry Act (PIA), the industry is likely to experience more reforms designed to address legacy issues that have partly resulted in the low production. The reforms are likely to increase investment in the industry and foster the adoption of new technologies and expand infrastructure. The actions emanating from the reforms should boost crude oil production and increase the country's foreign exchange earnings.

Cost of Air Transportation Rises Further in June

According to the June 2022 transport fare watch by the National Bureau of Statistics (NBS), the cost of air travel rose to N56,082.64 from N55,906.64 paid in May 2022, indicating an increase of 0.31 percent.² On a year-on-year change, air fare rose by 52.9 percent from N36,662.57 in June 2021. The rise in air transport costs has been linked to the continuous increase in global energy prices and the short supply of aviation fuel for aircraft in the country. This increase coincides with passengers prioritising air travel due to insecurity, as alternative transportation mediums such as roads and trains are perceived unsafe in certain areas due to widespread insecurity. The high cost of air travel and security concerns with the use of road and railways are increasing the operation cost for businesses that frequently travel from one part of the country to another. Consequently, the government needs to strengthen the country's security architecture and empower security agencies with the adequate tools needed to tackle the existing security challenges. This is necessary for restoring confidence to users of roads, trains, and all other forms of transport so that people have suitable alternatives to air transport. Also, the government needs to revive existing refineries or create incentives for the private sector to establish new ones to avoid prolonged scarcity of aviation fuel and the associated unbearable cost.

| 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 | May '21 | June '22 |
| Headline Inflation (%) | 17.93 | 18.6 |
| Food Sub-Index (%) | 22.28 | 20.6 |
| Core Sub-Index (%) | 13.15 | 15.75 |
| External Reserves (End Period) (US\$ Billion) | 3.42 | 3.92 |
| Official Rate Approx. (N/US\$) | 397.65 | 415.66 |
| BDC Rate Approx. (N/US\$) | NA | NA |
| Manufacturing PMI | 47.25 | 51.1 |
| Non-Manufacturing PMI | 45.15 | 50.3 |
| Average Crude Oil Price (US\$/Barrel) | 67.79 | 129.90 |
| Petrol (PMS-N/litre) | 168.06 | 175.89 |
| Diesel (AGO -N/Litre) | 238.82 | 733.78 |
| Kerosene (HHK -N/Litre) | 363.50 | 761.69 |
| Liquefied Petroleum Gas (Cooking Gas) (N/5Kg) | 2,071.69 | N4,218.38 |
| MPR (%) | 11.5 | 13.0 |
| CRR (%) | 27.5 | 27.5 |
| T-Bill Rate (%) | 2.5 | 2.45 |
| Savings Deposit Rate (%) | 1.83 | 1.38 |
| Prime Lending (%) | 11.29 | 12.29 |
| Maximum Lending (%) | 28.39 | 27.61 |
| Narrow Money (N'Million) | 16256641.72 | 20392537.22 |
| Broad Money (N'Million) | 38692973.28 | 48797867.32 |
| Net Domestic Credit (N'Million) | 44669259.81 | 57267178.05 |
| Credit to the Government (Net) (N'Million) | 12552025.37 | 17996690.06 |
| Credit to the Private Sector (N'Million) | 32,117,234.44 | 39,270,488 |
| Currency in Circulation (N'Million) | 2,790,895.5 | 3,259,269.15 |
| FAAC (N'Billion) | 696.36 | 802.41 |

NA: Not Available

1. **NIBSS (2022). Production Table. Retrieved from https://nibss-plc.com.ng/media/industry%20stat/epayment_factsheet/E-FACT%20SHEET%20JAN%20-%20DEC%202021.pdf**
2. **NBS (2022). Transport Fare Watch (June 2022). Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241204>**
3. **OPEC (2022). Production Table. Retrieved from https://www.opec.org/opec_web/static_files_project/media/downloads/Production%20table%20-%2031st%20ONOMM.pdf**

