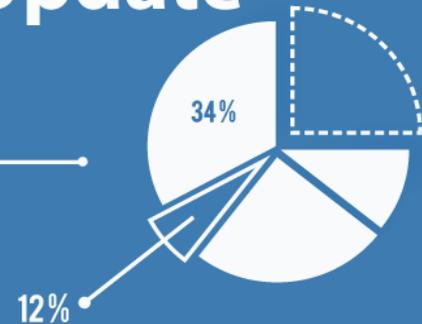


# Nigeria Economic Update



Weekly  
**Digest**

## Nigeria's mineral production improves by 39 percent

According to National Bureau of Statistics (NBS) data, Nigeria's mineral production in 2021 was 89.48 million tons, which indicates a 39.19 percent improvement over the 64.29 million tons produced in 2020.<sup>1</sup> Granite, laterite, limestone, and sand are the most mined products. At the state level, the top three producing states were Ogun, Kogi, and Cross River, mining 32.04 million tons, 18.40 million tons, and 11.64 million tons of minerals, respectively, while Borno state produced the least with only 231,000 tons. Given the urgent need to optimise all available mineral resources to create jobs and improve people's living conditions, the improvement in performance needs to be sustained. Therefore, policies should target attracting more investment in the sector whilst promoting the processing and export of the mined mineral products to maintain and sustain high growth. Consequently, the government would need to create investment incentives to help actualise the desired development for the sector, which is to contribute 3 percent of GDP by 2025, as conceived in the National Development Plans (NDP).

## CBN's "Ways and Means" Loan to FG Rises to N20 trillion

According to the Medium-Term Expenditure Framework and Fiscal Strategy Paper (MTEF & FSP) 2023-2025 published by the Budget Office of the Federation (BOF), the Federal Government's (FG) borrowing from the Central Bank of Nigeria (CBN) through the Ways and Means loan stands at N20 trillion as of June 2022.<sup>2</sup> The rise from N 17.4 trillion recorded in December 2021, suggests that the CBN had granted about N 2.6 trillion loan facility to the Federal Government within the first half of the year. The public debt figure published by the Debt Management Office excludes the Ways and Means Advances, indicating that total debt is higher than N41.6 trillion reported in March 2022. The Ways and Means Advances allow the government to borrow from the CBN in the short term or when there is a need for emergency finance to fund fiscal deficits that may result from delayed or absent revenue inflows. However, the government has recently relied on this provision to finance its expenditure programmes due to low revenue mobilisation. There is a need to address the fiscal deficits by enhancing revenue generation through optimisation of all revenue sources, especially non-oil revenue sources. Furthermore, policymakers need to introduce reforms that would spur business growth, increase job creation and tax payments to the government.

## FG Releases Budget Call for the 2023 Fiscal Year

The Federal Ministry of Finance, Budget, and National Planning (FMFBNP) has released the budget Call for the 2023 fiscal year.<sup>3</sup> The Call defines the requirements and instructions that must be satisfied and followed by Ministries, Departments and Agencies (MDAs) in preparing the 2023 Budget Proposal of the Federal Government of Nigeria (FGN). In addition, the Call is based on the 2023-2025 Medium-term Expenditure Framework and Fiscal Strategy Paper (MTEF & FSP) budget and has the following assumptions. The oil benchmark price of US\$70 per barrel, an exchange rate of N435.57/\$, and a GDP growth rate of 3.75. Key highlights of the Call include a projected total FGN revenue of N8.46 trillion and a projected aggregate expenditure of N19.76 trillion. The projected expenditure is more than twice the projected revenue suggesting that borrowing constitutes a substantial share of the 2023 budget funding like previous ones. In addition, the expenditure breakdown includes recurrent expenditure of N8.52 trillion, capital expenditure of N4.37 trillion, and debt service of N6.31 trillion. Capital expenditure constitutes less than 25 percent of total expenditure. Debt service is higher than capital expenditure by about N1.94 trillion, and the size of recurrent expenditure is almost twice of capital expenditure. Low budgetary allocation to capital expenditure suggests limited funds for critical infrastructural development. Consequently, it is imperative to introduce incentive schemes in the 2023 fiscal year to increase private sector participation in providing infrastructural facilities. Otherwise, the infrastructural deficit would widen, reducing the country's competitiveness.

ECONOMIC SNAPSHOT		
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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. **NBS (2022). Mineral Production Statistics 2021. Accessed at** <https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fnigerianstat.gov.ng%2Fresource%2FMINERAL%2520PROD%2520ON%2520STATE%2520BASIS%25202019%2C2020%2C2021.xlsx&wdOrigin=BROWSELINK>
2. **BOF (2022). 2023-2025 MTEF & FSP Final Draft. Retrieved from** <https://budgetoffice.gov.ng/index.php/2023-2025-mtef-fsp-final-draft?task=document.viewdoc&id=1014>
3. **FMFBNP (2022). FGN 2023 Budget Call Circular. Retrieved from** <https://budgetoffice.gov.ng/index.php/fgn-2023-budget-call-circular?task=document.viewdoc&id=1016>

