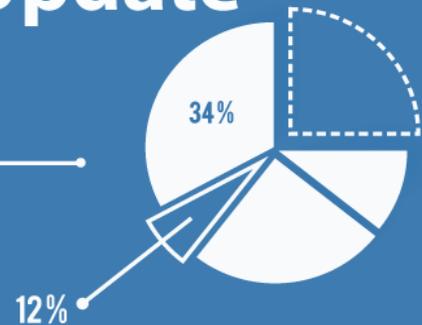


Nigeria Economic Update



Weekly
Digest

Capital Importation was US\$1.54 billion in Q2 2022

A report on Nigeria's Capital Importation by the National Bureau of Statistics (NBS) showed that the total value of capital importation into Nigeria in Q2 2022 was US\$1.54 billion, which is an increase of 75.34 percent from US\$875.62 million in Q2 2021.¹ However when compared to the previous quarter, capital importation decreased by 2.40 percent from US\$1.57 billion. Portfolio Investment was the highest, which accounted for 49.33 percent (US\$757.32 million), followed by other Investments with 41.09 percent (US\$630.87 million), and Foreign Direct Investment (FDI) accounted for 9.58 percent (US\$147.16 million) of total capital imported in Q2 2022. According to destination, only five states, including Abuja, attracted foreign investment in the period under review. Lagos state is the top destination with a total capital investment of US\$1,054.18 million (68.66 percent), followed by Abuja (FCT) with a total of US\$453.95 million (29.57 percent). The inability of most of the states to attract investment in the period under review suggests they had weak capacities to attract investments. Consequently, there is a need to strengthen the investment agency at the sub-national level and support them in implementing business-friendly policies required to attract foreign investments.

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Money supply (M2) decreased to N48.26 trillion in July 2022

In July 2022, the money supply (M2) stood at N48.26 trillion, suggesting a decrease of 3.49 percent from the N48.57 trillion recorded in May 2022.³ Similarly, the money base decreased by 0.67 percent from N14.53 trillion recorded in May 2022 to N14.03 trillion in July. The decrease in money supply and money base indicates that monetary variables respond to changes in the monetary policy rate. However, the decrease in the money supply is low compared to the increase in the monetary policy rate. In May 2022, the Central Bank of Nigeria (CBN) increased the monetary policy rate by 150 basis points to 13 percent from 11.5 percent to reduce the inflation rate. In July, the rate was further increased by 100 basis points to 14 percent due to the persistent increase in the inflation rate. The continuous rise in the inflation rate despite the slight decrease in money supply indicates that structural factors, such as insecurity, and global factors, such as rising energy prices, contribute to the rising inflation rate in Nigeria.

Nigeria's GDP grew by 3.54 percent in Q2 2022

In the second quarter (Q2) of 2022, Nigeria's Gross Domestic Product (GDP) grew by 3.54 percent (year-on-year) in real terms, which is an improvement compared to the 3.11 percent growth recorded in the previous quarter (2022Q1).² The aggregate real GDP stood at N17.29 trillion in the second quarter of 2022, a slight decline (-0.37%) compared to N17.35 trillion recorded in Q1 2022. At the disaggregate level, services accounted for 57.35 percent of the GDP, the agricultural sector accounted for 23.24 percent, and the industrial sector contributed 19.4 percent. In addition, the non-oil sector contributed 93.67 percent to the nation's GDP and grew by 4.77 percent in real terms during the reference quarter (Q2 2022). The oil sector contributed 6.33 percent and contracted by 11.77%. The data suggest that the non-oil sector has to grow at a higher rate to compensate for the contraction in the oil sector to attain a GDP growth rate of 3.4 percent in 2022, as the International Monetary Fund (IMF) projected. As a result, the government needs to introduce reforms that would improve the business environment, which would support the growth and expansion of the non-oil sector.

ECONOMIC SNAPSHOT		+	
Quarterly Indicators	'22Q1	'22Q2	
GDP Growth Rate (%)	3.11	3.54	
Oil GDP (%)	-26.04	-11.77	
Non-oil GDP (%)	6.08	4.77	
Unemployment Rate (%)	NA	NA	
Foreign Direct Investment (US \$ Million)	154.97	147.16	
Portfolio Investment (US \$Millions)	957.58	757.32	
Other Investment (US \$Million)	460.59	630.87	
External Debt (FGN & States- N'Trillion)	16.62	NA	
Domestic Debt (FGN + States & FCT N'Trillion)	24.99	NA	
Manufacturing Capacity utilization (%)	NA	NA	
Monthly Indicators	June '21	July '22	
Headline Inflation (%)	17.75	19.64	
Food Sub-Index (%)	21.83	22.02	
Core Sub-Index (%)	13.09	16.26	
External Reserves (End Period) (US\$ Billion)	33.32	39.18	
Official Rate Approx. (N/US\$)	409.16	414.28	
BDC Rate Approx. (N/US\$)	NA	NA	
Manufacturing PMI	45.5	NA	
Non-Manufacturing PMI	43.0	NA	
Average Crude Oil Price (US\$/Barrel)	73.45	120.63	
Petrol (PMS-N/litre)	165.61	190.01	
Diesel (AGO -N/Litre)	242.43	774.38	
Kerosene (HHK -N/Litre)	370.29	789.75	
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	2068.69	4397.68	
MPR (%)	11.5	14	
CRR (%)	27.5	27.5	
T-Bill Rate (%)	2.5	2.76	
Savings Deposit Rate (%)	1.81	1.42	
Prime Lending (%)	11.67	12.1	
Maximum Lending (%)	29.05	27.61	
Narrow Money (N'Million)	16.02	20.37	
Broad Money (N'Million)	38.86	48.25	
Net Domestic Credit (N'Million)	44.21	59.95	
Credit to the Government (Net) (N'Million)	11.59	20.08	
Credit to the Private Sector (N'Million)	32.63	39.86	
Currency in Circulation (N'Million)	2.74	3.24	
FAAC (N'Billion)	733.095	954.085	

NA: Not Available

1. NBS (2022). Nigerian Capital Importation Q2 2022. Accessed at <https://nigerianstat.gov.ng/elibrary/read/1241221>
2. NBS (2022). Nigerian Gross Domestic Product Report (Q2 2022). Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241219>
3. CBN (2022). Money and credit statistics (Million Naira). Retrieved from <https://www.cbn.gov.ng/rates/mnycredit.asp>

