



# Nigeria Economic Update



Weekly  
**Digest**

## CBN Flags off second phase of the eNaira project

Nearly one year after the launch of the eNaira project, the governor of the Central Bank of Nigeria (CBN), Godwin Emefiele, at the Grand Finale of the eNaira Hackathon, announced the commencement of the second phase of the project<sup>1</sup>. In October 2021, the CBN introduced the eNaira wallet to enhance financial inclusion. As of August 2022, the eNaira wallet has been downloaded about 840,000 times, with around 270,000 active wallets (including over 252,000 consumer and 17,000 merchant wallets) created. Moreover, there have also been over 200,000 transactions valued at N4.4 billion on the platform. The second phase aimed to improve financial inclusion by enrolling the unbanked and underserved through offline channels. With the eNaira wallet, Nigerians can conduct transactions on their mobile phones by using the Unstructured Supplementary Service Data (USSD) code\*997. For a population with over 50 million active bank accounts, the registration for the eNaira wallet is relatively low in proportion to the country's economic size. Therefore, it is imperative for CBN to collaborate with fintech organisations in planning and organising events targeted at securing the masses' confidence in the eNaira. Consequently, the downloads and registration on the platform should increase with improved confidence and clarity on the advantages of using the wallet. Hence, an appropriate private sector collaboration could also ensure wider acceptance of the eNaira for economic activities.

## Crude Oil price falls below \$100

The crude oil price from the Central Bank of Nigeria (CBN)'s portal shows that crude oil was sold for \$97.02 per barrel as of September 01, 2022, using the Bonny Light price<sup>2</sup>. The price is 15.26 percent lower than \$114.49 per barrel recorded as of August 01, 2022. However, the price is still higher than the \$70 per barrel assumed in the revised 2022 budget. The global crude oil price experienced a surge within the first half of 2022 from \$80.07 per barrel on January 04, 2022, to \$126.94 per barrel on June 30, 2022. The surge in price was due to the supply shortages triggered by the Russian-Ukrainian war. However, the recent downward fluctuation is due to several factors, including the decline in global demand, concerns about recession, and rising COVID-19 cases in China. The recent decline in crude oil price would further threaten Nigeria's fiscal position given the current low crude oil production and limited growth in non-oil revenue. Therefore, there is an urgent need for policymakers and regulators to resolve the pending crisis in the oil sector that has contributed to the low crude oil production and limits the country's gains from high crude oil prices. Furthermore, the downward movement in crude oil prices also implies that Nigeria must strengthen export diversification to mitigate the negative impact of the crude oil shock on export earnings.

## VAT Collection rose to N600.15 billion in Q2 2022

According to the recent Value Added Tax (VAT) report by the National Bureau of Statistics, in the second quarter of 2022, Nigeria's VAT collection stood at N600.15 billion<sup>3</sup>. The data suggests a 1.96 percent quarter-on-quarter increase in VAT from the N588.59 billion collected in the previous quarter and a 17.16 percent year-on-year increase from N 512.3 billion collected in Q2 2021. Decomposed by source, non-import local VAT accounts for 59.8 percent of VAT, NCS-import VAT accounts for 21.6 percent, and non-import foreign VAT accounts for the remaining 18.5 percent. Manufacturing (33.1 percent), information and communication (19 percent), and mining and quarrying (10.6 percent) contributed about two-thirds of the total non-import local VAT. While there is an increase in VAT in the period under review, the revenue source is not maximised, as firms still engage in tax evasion. The government needs to optimise technology in deploying digital tools to improve firms' ease of remitting taxes and tax compliance. Also, the improvement in tax collection needs to be matched with improvement in service delivery by the government, which reduces the cost of doing business.

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. CBN (2022). Emefiele Flags-Off Second Phase of eNaira Project. Accessed at <https://www.cbn.gov.ng/FeaturedArticles/2022/articles/eNairaHackathonStory.pdf>
2. CBN (2022). Daily Crude Oil Price. Retrieved from <https://www.cbn.gov.ng/rates/DailyCrude.asp>
3. NBS (2022). Value Added Tax (VAT) Q2 2022. Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241222>

