



Nigeria Economic Update



Weekly
Digest

Company Income Tax Revenue grows in Q2 2022

According to the National Bureau of Statistics (NBS), Company Income Tax (CIT) revenue increased in Q2 2022.¹ CIT revenue was N714.40 billion in Q2 2022, an increase of 29.53 percent on a quarter-on-quarter basis from N551.53 billion recorded in Q1 2022. On a year-on-year basis, CIT collections in Q2 2022 increased by 51.34 percent from Q2 2021. Local payments amounted to N634.01 billion (88.8 percent), while Foreign CIT payments contributed N80.39 billion (11.3 percent) in Q2 2022. The CIT revenue from local payments relative to foreign sources shows that local organisations remit more CIT payments than foreign organisations. Regarding local CIT revenues, manufacturing had the highest contribution in the period under review with 27.6 percent, followed by information & communication with 24.6 percent, and financial and communication with 15 percent. The rising CIT revenue is a positive development, as it contributes to non-oil revenue, which will help move the country's dependence on oil revenue as the mainstay of the economy. Furthermore, this increase in CIT revenue can partly be attributed to the continuous utilisation of the recently implemented TaxPro Max (digital tax payment platform), a digital tool Federal Inland Revenue Services (FIRS) developed to enhance the digitalisation of filing of taxes and transaction convenience. Hence, the coverage and awareness of the platform need to be strengthened, as digitalisation of tax administration is key to efficient and effective tax collection, as it is more convenient and transparent and makes monitoring easier.

Inflation hits over 20 percent in August

On a year-on-year basis, Nigeria's headline inflation rate increased to 20.52 percent in August 2022.² A 0.92 percent points higher than the 19.6 percent inflation rate recorded in July 2022 and a 3.52 percent points higher than the rate of 17.01 percent recorded in August 2021. The food inflation rate was 23.12 percent (year-on-year), 2.82 percent higher than the 20.30 percent recorded in July. In addition, in August 2022, core inflation rose to 17.2 percent from 16.26 percent in the preceding month. Urban inflation was 20.95 percent and rural inflation was 20.12 percent in the period under review. Several factors are responsible for rising price levels, including the disruption in the supply of food products, an increase in import cost due to persistent currency depreciation, and rising input prices. Hence, to control rising inflation, the government should prioritise tackling insecurity to ensure a steady supply of food, which is the leading cause of the country's food supply disruption. Furthermore, the exchange rate needs to be harmonised to a single rate to mitigate arbitrage, contributing to the widening premium between the official exchange rate and the rate in the parallel market. With inflation at 20.52 percent, the government needs to strengthen existing social protection programmes to assist the most vulnerable groups in society to mitigate the effect of the rising price levels on their living standards.

Nigeria records Trade Surplus in Q2 2022

The Foreign Trade in Goods Statistics (Q2 2022) released by the National Bureau of Statistics (NBS) shows that Nigeria recorded a trade surplus of N1.97 trillion in the second quarter of 2022 (Q2 2022).³ In Q2 2022, Nigeria's total trade was N12.84 trillion, suggesting a 1.2 percent decline from the value recorded in the first quarter of 2022 (N13 trillion) and a 32.2 percent increase from the value recorded in the corresponding period of 2021, which stood at N9.71 trillion. In Q2 2022, total exports stood at N7.41 trillion, and imports at N5.44 trillion. On a year-on-year basis, the growth rate of exports is higher than that of imports. Exports grew by 47.6 percent, whereas imports grew by 15.8 percent. In Q2 2022, crude oil exports were valued at N5.91 trillion and accounted for 79.8 percent of total exports, while non-crude oil exports stood at N1.5 trillion (20.2 percent). Non-oil products contributed N675.08 billion to the total non-crude oil exports. Hence, non-oil products accounted for 9.11 percent of total exports in Q2 2022. Diversifying Nigeria's export portfolio is necessary as non-oil products still contribute less than a tenth of total exports. The interrogation of the trade data indicates that Nigeria's favourable balance of trade position in Q2 2022 was mainly due to the performance of the oil exports. Ongoing non-oil export promotion programmes of the government need to be evaluated and strengthened to increase and diversify sources of export earnings. The concentration of the exports on a few commodities, especially crude oil, makes the domestic economy highly vulnerable to changes in commodity prices.

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). Company Income Tax Q2 2022. Accessed at <https://nigerianstat.gov.ng/elibrary/read/1241224>
2. NBS (2022). CPI and Inflation Report August 2022. Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241228>
3. NBS (2022). Foreign Trade in Goods Statistics (Q2 2022). Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241223>

