



Nigeria Economic Update



Weekly
Digest

Most Energy Prices double (year-on-year)

According to the National Bureau of Statistics (NBS), the prices of energy products increased further in August. The average retail price of a litre of petrol increased by 14.89 percent to N189.46 in August 2022 from N164.91 in August 2021.¹ The price of a 5kg Cylinder of Cooking gas rose by 101.17 percent to N4,397.68 in August 2022 from N 2,215.33 in August 2021². For household kerosene, the price of a litre of the product rose by 102.38 percent from N400.01 in August 2021 to N809.52³. The price of a litre of diesel rose by 209.54 percent to N786.88 from N254.21 in August 2021⁴. These increases are partly due to (i) the spike in crude oil price affecting the prices of its refined products, and (ii) exchange rate depreciation. The rate of increase was higher because the refined crude oil products were imported. High energy prices contribute partly to the country's rising headline inflation by increasing the input costs and overall cost of production. Hence, there is a need for the government to initiate policies that can limit the rate of price increases. Fixing existing refineries and introducing incentives to attract investors to invest in modular refineries will likely boost domestic production of refined crude oil products and eliminate increases in energy prices associated with the importation of the products.

Nigeria's total debt stock rises to N42.85 trillion

According to the 2022Q2 debt statistics by the Debt Management Office (DMO), Nigeria's total debt stock as of June 2022 stood at N42.85 trillion, representing an increase of N1.25 trillion (2.88 percent) over N41.60 trillion recorded in March 2022⁶. Foreign debt accounted for N16.62 trillion (38.8 percent) of total public debt stock, and domestic debt accounted for N26.23 trillion (61.2 percent). Domestic debt accounted for the increase in public debt recorded in the period under review. The increment in debt stocks was due to new borrowings by the federal government to part-finance the deficit in the 2022 Appropriation (Repeal and Enactment) Act, as well as new borrowings by state governments and the FCT. Nigeria's debt will continue to rise if the government's revenue is less than the total expenditure. Consequently, the government needs to urgently strengthen revenue mobilization to reduce the pace of debt accumulation. In the short term, addressing the issue of oil theft will significantly boost government revenue. More importantly, tax payment through cash needs to be discouraged while encouraging payment through online platforms.

Electricity Supply falls in Q2 2022

The latest electricity report by the National Bureau of Statistics (NBS) shows that the electricity companies in Nigeria supplied about 5,227 Gigawatt hours (Gwh) of electricity in the second quarter of 2022. This represents a 12.23 percent decline when compared to the 5,956Gwh supplied in the preceding quarter (Q1 2022) and a 12.54 percent decline from 5,882.57 (Gwh) in 2021Q2.⁵ However, the number of customers increased from 10.63 million in Q12022 to 10.81 million people in Q2 2022, suggesting that electricity supplied per customer decreased by more than 12 percent in the period under review. Inadequate electricity supply has been a significant impediment to economic activities in the country. The recent decline in electricity supply is primarily due to the weak transmission channels, as demonstrated by the multiple reports of national grid collapse within the first six months of the year arising from electricity generation being higher than the carrying capacity of the transmission networks. Electricity is a requisite infrastructure for efficient production and improved aggregate economic performance, indicating that inadequate supply hinders economic growth. The Nigerian government, through regulatory bodies, would need to address the existing value chain challenges. In the interim, there is a need to invest in spinning reserves, which will help regulate the supply and demand of electricity, which in turn, would help address the frequent collapse of the grip. In the medium term, the government needs to implement a roadmap that would increase the industry transmission capacity from its current level of 7,500 Gwh to over 12,500 Gwh to improve the electricity supply in the country.

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	16.62	
Domestic Debt (FGN + States & FCT N'Trillion)	24.99	26.23	
Manufacturing Capacity utilization (%)	NA	NA	
Monthly Indicators	July '21	Aug '22	
Headline Inflation (%)	17.38	20.52	
Food Sub-Index (%)	21.03	23.12	
Core Sub-Index (%)	13.72	17.20	
External Reserves (End Period) (US\$ Billion)	35.88	39.02	
Official Rate Approx. (N/US\$)	409.63	419.97	
BDC Rate Approx. (N/US\$)	NA	NA	
Manufacturing PMI	46.6	NA	
Non-Manufacturing PMI	44.8	NA	
Average Crude Oil Price (US\$/Barrel)	76.36	106.34	
Petrol (PMS-N/litre)	165.91	189.46	
Diesel (AGO -N/Litre)	250.82	786.88	
Kerosene (HHK -N/Litre)	397.34	809.5	
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	4,422.32	4,456.56	
MPR (%)	11.5	14.0	
CRR (%)	27.5	27.5	
T-Bill Rate (%)	2.5	2.76	
Savings Deposit Rate (%)	1.82	1.42	
Prime Lending (%)	11.57	12.1	
Maximum Lending (%)	29.05	27.61	
Narrow Money (N'Million)	16.26	NA	
Broad Money (N'Million)	39.73	NA	
Net Domestic Credit (N'Million)	44.99	NA	
Credit to the Government (Net) (N'Million)	12.12	NA	
Credit to the Private Sector (N'Million)	32.86	NA	
Currency in Circulation (N'Million)	2.81	NA	
FAAC (N'Billion)	733.095	NA	

NA: Not Available

1. NBS (2022). Premium Motor Spirit (Petrol) Price Watch (August 2022). Accessed at <https://nigerianstat.gov.ng/elibrary/read/1241229>
2. NBS (2022). Liquefied Petroleum Gas (Cooking Gas) Price Watch (August 2022). Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241232>
3. NBS (2022). National Household Kerosene Price Watch (August 2022). Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241231>
4. NBS (2022). Automotive Gas Oil (Diesel) Price Watch (August 2022). Accessed at <https://nigerianstat.gov.ng/elibrary/read/1241230>
5. NBS (2022). Electricity Report Q1-Q2 2022. Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241234>
6. DMB (2022). Nigeria's Total Public Debt Stock as at June 30, 2022 (in Millions of USD). Retrieved from <https://dmo.gov.ng/debt-profile/total-public-debt/4041-nigeria-s-total-public-debt-as-at-june-30-2022/file>

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