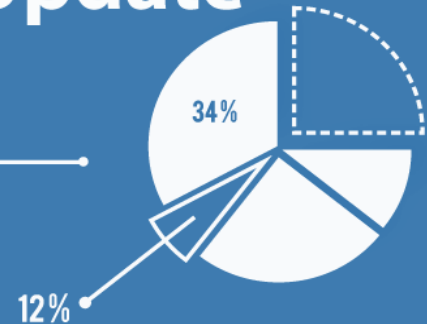


Nigeria Economic Update



Weekly
Digest

External reserve drops to \$37.9 billion

Data from the Central bank of Nigeria (CBN) shows that Nigeria's external reserves dropped to \$37.9 billion as of Wednesday, October 12, 2022, from \$38.8 billion on September 12 2022.¹ The decline is due to CBN's continuous intervention in the exchange rate market and dwindling export earnings. There has been an increase in the demand for foreign exchange for importing inputs and finished products. Likewise, there has been a rise in the number of Nigerians moving to other countries for studies and work. These result in a demand-supply deficit pushing the exchange rate to an all-time high at different windows. The CBN has been intervening to minimise the rate of increase, leading to a trend of steady declines in foreign reserves since the beginning of September 2022. While it is prudent to intervene by pumping more forex from the external reserve, it is also essential, for sustainability, that government strive to boost export earnings to ensure more accretion into the reserve. As a result, the government needs to strengthen reforms to increase non-oil exporting firms' productivity and competitiveness in the international market.

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Nigeria's daily oil output falls again by 35,000 barrels in September

In September 2022, Nigeria's daily crude oil production, as shown in the monthly oil market report (MOMR) of the Organization of the Petroleum Exporting Countries (OPEC), stood at 938,000 barrels per day (bpd). The production level is below the OPEC quota and about 59 percent of the 1.6 million bpd stipulated in the 2022 amended budget. Also, Nigeria's average quarterly production declined to 999,000 bpd in Q3 2022 from 1.13 million bpd in Q2 2022. The low production is mainly due to the legacy issues such as oil theft/bunkering, vandalism, weak/ageing infrastructure, and low investment). The low production implies that Nigeria had limited gains from the high oil prices recorded in the first three quarters of 2022, which is above the 2022 budget benchmark of \$73 per barrel. Hence, for Nigeria to achieve the budget production benchmark of 1.6 million bpd, the government must tackle the structural factors of oil theft, insecurity and ageing infrastructure that have crippled production. Effective alliances between the government, private sector, and host communities are essential. The alliance would seek to address the structural factors and, in turn, boost crude oil production.

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IMF revises Nigeria's 2022 economic growth projections to 3.2 percent

In the October edition of the World Economic Outlook, the International Monetary Fund (IMF) retained its 2022 global economic growth projection at 3.2 percent, as earlier projected in July. At the country level, the IMF downgraded the growth projection of many countries, including Nigeria. The downgrade suggests that the IMF anticipates that Nigeria will experience a slower growth rate than was previously forecast in July. Nigeria's growth rate for 2022 was revised downward to 3.2 percent from 3.4 percent projected earlier in July. Also, the projected growth rate for 2023 was revised downward to 3.0 percent from 3.2 percent. The IMF downgrade is coming a few days after the World Bank lowered its 2022 growth projections for Nigeria. The downward revision of the IMF and World Bank growth projections suggests that in 2022, Nigeria will grow at a rate lower than the 3.6 percent recorded in 2021. The downgrade in the growth projections is due to several factors, including external and domestic factors. The external factor is the slowing down of global growth mainly due to the war in Ukraine and lockdown restriction in China, the high global inflation, and the monetary tightening policy of the Central Banks. The domestic factors include the oil sector's poor performance, the hike in the monetary policy rate, and the foreign exchange shortage. The updates, therefore, call for the government to urgently address the oil sector's low performance and improve the business environment by investing in infrastructure that would enhance firms' productivity.

| 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 | 21.43 | |
| Broad Money (N'Million) | 39.75 | 49.35 | |
| Net Domestic Credit (N'Million) | 44.99 | 61.19 | |
| Credit to the Government (Net) (N'Million) | 12.12 | 21.00 | |
| Credit to the Private Sector (N'Million) | 32.86 | 40.19 | |
| Currency in Circulation (N'Million) | 2.81 | 32.10 | |
| FAAC (N'Billion) | 733.095 | 954.08 | |

NA: Not Available

1. CBN (2022). Movement In Reserves. Retrieved from [Central Bank of Nigeria | Movement in Foreign Reserves | Up to 10/14/2022 9:11:56 AM \(cbn.gov.ng\)](https://www.cbn.gov.ng/press/2022/01/movement-in-foreign-reserves-up-to-10-14-2022)
2. OPEC (2022). Monthly Oil Market Report, October 2022. Retrieved from [Monthly Oil Market Report - PDF download \(opec.org\)](https://www.opec.org/press/2022/10/monthly-oil-market-report-october-2022)
3. IMF (2022). World Economic Outlook Report October 2022. Accessed at [World Economic Outlook, October 2022: Countering the Cost-of-Living Crisis \(imf.org\)](https://www.imf.org/en/Publications/WEO/Issues/2022/10/05/wEO-october-2022)
4. IMF (2022). World Economic Outlook Update July 2022. Retrieved from [World Economic Outlook Update, July 2022: Gloomy and More Uncertain \(imf.org\)](https://www.imf.org/en/Publications/WEO/Issues/2022/07/05/wEO-july-2022)

