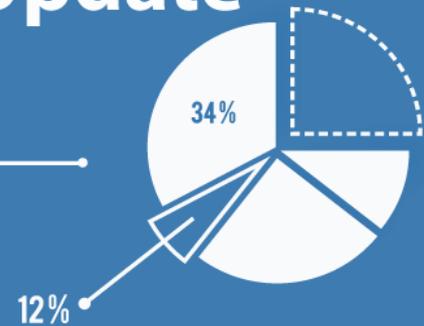




# Nigeria Economic Update



Weekly  
**Digest**

## ***Inflation Rises 20.77 percent in September***

According to the National Bureau of Statistics (NBS), Nigeria's Headline inflation on a year-on-year basis rose to 20.77 percent in September 2022, from 20.52 percent recorded in August 2022.<sup>1</sup> This suggests that the month's inflation rate is 4.14 percent points higher than 16.63 percent recorded in the preceding year, September 2021. Food inflation on a year-on-year basis was 23.34 percent. Core inflation was 17.6 percent, rural inflation was 20.32 percent, and urban inflation was 21.25 percent. The increase in inflation is largely due to structural factors, including disruptions in the food supply, a general rise in the cost of production, and an increase in import cost due to currency depreciation. Based on the drivers of inflation, the government should address insecurity and other problems, including flooding, which have interrupted the food supply, to manage food and headline inflation. To reduce high import costs, it is also essential to promote local production of the inputs required by enterprises. The availability of affordable energy will also reduce businesses' cost of production. Hence, interventions that would improve security and production are key in taming the inflation rate.

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## ***Telecoms Subscribers Grow in Q2 2022***

According to Telecommunications Sector Data for the second quarter (Q2) of 2022, released by the National Bureau of Statistics (NBS), Nigeria's telecoms sector experienced a growth in both voice and internet subscriptions.<sup>3</sup> The total number of active voice subscribers in Q2 2022 was 206.4 million, representing a 10.04 percent increase from 187.6 million subscribers in Q2 2021. Similarly, in terms of internet subscriptions, 151.3 million subscribers were recorded in Q2 2022, from the 140.2 million reported in Q2 2021. This indicates a growth rate of 7.96 percent on a year-on-year basis. An increase in active voice and internet subscribers will likely lead to increased transactions through digital platforms. In addition, the growth in subscribers suggests that for businesses, having an online presence is an excellent strategy to expand the reach of their products. In other words, businesses are no longer limited to physical stores alone. The increase in the number of subscribers also indicates that the digital economy's contribution to the overall economy will continue to increase over the next few years. A way for the government to support the expansion of the digital economy is to address the issue of unreliable electricity supply. The unstable electricity supply makes network providers rely primarily on generators to power their equipment, thereby increasing their operating costs and the cost of doing business via the internet.

## ***Total Assets in the Insurance Sector Reach N2.3 Trillion***

Data from the National Insurance Commission (NAICOM) shows that the total assets of Nigeria's insurance industry rose to N2.3 trillion in the second quarter of 2022 (Q2 2022).<sup>2</sup> This represents a growth of 11.9 percent from N2.04 trillion in the preceding year. The industry's financial position revealed a total of N1.2 trillion in assets of non-Life businesses while the Life business stood at about N1.1trillion, amounting to N2.3 trillion cumulatively. The insurance sector is essential to the economy, as it protects individuals and firms (investors) against insurable risks and encourages investments. The growth in the sector also shows that more people are embracing insurance amid rising risks in the country, such as insecurity, and floods, which could lead to the loss of goods and livelihoods. The share of insurance assets to GDP is less than 1 percent, indicating that Nigeria's insurance sector is still in the infancy stage. Hence, insurance companies, in partnership with relevant government agencies, need to invest in initiatives that would raise public awareness of the value of insurance and address the mistrust that is undermining the uptake of insurance products in the country. A well-developed insurance sector is necessary to unlock economic growth, as it saves firms that experience crises from avoidable collapse.

ECONOMIC SNAPSHOT		
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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	Aug '21	Sept '22
Headline Inflation (%)	17.01	20.77
Food Sub-Index (%)	20.30	23.34
Core Sub-Index (%)	13.41	17.60
External Reserves (End Period) (US\$ Billion)	39.02	38.25
Official Rate Approx. (N/US\$)	409.61	433.4
BDC Rate Approx. (N/US\$)	NA	NA
Manufacturing PMI	46.6	NA
Non-Manufacturing PMI	47.8	NA
Average Crude Oil Price (US\$/Barrel)	70.72	93.25
Petrol (PMS-N/litre)	164.91	191.65
Diesel (AGO -N/Litre)	254.21	789.90
Kerosene (HHK -N/Litre)	400.01	947.30
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	4,514.82	4474.48
MPR (%)	11.50	15.50
CRR (%)	27.5	32.5
T-Bill Rate (%)	2.50	NA
Savings Deposit Rate (%)	1.82	NA
Prime Lending (%)	11.62	NA
Maximum Lending (%)	28.00	NA
Narrow Money (N'Million)	16.43	NA
Broad Money (N'Million)	40.81	NA
Net Domestic Credit (N'Million)	46.01	NA
Credit to the Government (Net) (N'Million)	12.57	NA
Credit to the Private Sector (N'Million)	33.44	NA
Currency in Circulation (N'Million)	2.78	NA
FAAC (N'Billion)	824.22	673.1

NA: Not Available

1. NBS (2022). CPI and Inflation Report September 2022. Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241241>
2. NAICOM (2022). Bulletin of the Insurance Market Performance Q2 2022. Retrieved from <https://naicom.gov.ng/publications/>
3. NBS (2022). Telecoms Data: Active Voice and Internet per State, Porting and Tariff Information (Q2 2022). Accessed at <https://nigerianstat.gov.ng/elibrary/read/1241240>

