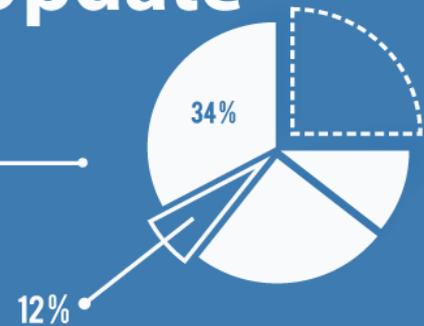


# Nigeria Economic Update



Weekly  
**Digest**

## CBN set to redesign some Naira banknotes

The Central Bank of Nigeria (CBN) has announced its intention (having secured approval from the president) to redesign, produce, and circulate new series of the N200, N500, and N1000 banknotes.<sup>1</sup> Based on the announced plan, the apex bank's new notes would come into circulation on December 15, 2022, and by January 31, 2023, all existing notes shall cease to be legal tender. This suggests that the new notes would replace the old notes in less than two months. According to the CBN, the currency redesign is in response to the risks and difficulties associated with managing the domestic currency. The CBN identified the following challenges: significant hoarding of banknotes by the public, a worsening shortage of clean and functional naira notes in circulation, and the ease and rising risk of currency counterfeiting. Introducing the new notes for the higher denominations is expected to address the earlier identified issues and deepen financial inclusion through increased adoption of the e-naira. While the transition is anchored on appealing objectives, important questions also exist about the policy's timing and implications on the economy's stability, given the short duration for phasing out old currency notes.

**CSEA**  
CENTRE FOR THE STUDY OF  
THE ECONOMIES OF AFRICA

**CSI**  
CENTRE FOR THE STUDY OF  
THE ECONOMIES OF AFRICA

**CSEA**  
CENTRE FOR THE STUDY OF  
THE ECONOMIES OF AFRICA

**CSEA**  
CENTRE FOR THE STUDY OF  
THE ECONOMIES OF AFRICA

**CSEA**  
CENTRE FOR THE STUDY OF  
THE ECONOMIES OF AFRICA

## Nigeria ranked 103<sup>rd</sup> in 2022 global hunger index

According to the 2022 global hunger index (GHI) report, Nigeria ranked 103<sup>rd</sup> out of 121 countries, suggesting Nigeria's weak and fragile food system.<sup>3</sup> The GHI is a tool for measuring and tracking hunger at global, regional, and national levels. It is calculated based on the values of four component indicators – undernourishment, child wasting, child stunting, and child mortality. Nigeria's index score in the 2022 report is 27.3, which is more than five times the score of Belarus, which is the country with the lowest hunger level. Conflicts and climatic disasters have hampered food production in Nigeria, causing shortages that have progressively raised food prices and general inflation rates. The current flood disaster in Nigeria also affects food and agricultural production in several (food-producing) states. As a result, food production is likely to reduce in 2023 and could result in a shortage of food supplies, higher food and general inflation rates, and a more profound hunger crisis in the nation. There is a need for the government to intensify support to farmers whose farmland had been affected by the current flood, as well as scale up the introduction of modern agricultural inputs to increase productivity and boost production levels. There is an urgent need to increase investment in climate mitigation and adaptation by both the private sector and the government. This call is necessary to reduce the occurrence of climate-induced disasters like floods and their effects on the nation's food security.

## Cost of transportation increases in September 2022

In September 2022, the average transportation cost in Nigeria increased by double digits (year-on-year), according to the latest Transport Fare Watch of the National Bureau of Statistics. The average fare paid by commuters for a bus journey within a city rose by 41.42 percent from N435.36 in September 2021 to N615.69 in September 2022, while for intercity, the fare rose by 44.61 percent per drop from N2,620.90 to N3,790.06.<sup>2</sup> For air transport, passengers paid an average fare of N72,690.54 in September 2022, which is 96.87 percent higher than the N36,922.97 paid same period in 2021. Similarly, the average cost of Okada (motorcycle) rose over the same period by 41.79 percent from N306.8 in September 2021 to N434.73 in September 2022. These price hikes are partly due to the rise in energy prices arising from the scarcity of energy products and the weak domestic currency. The rise in transportation costs implies an increase in operating costs, contributing to inflationary pressure. So, it is crucial for the nation to strengthen its capability to produce refined energy products and depend less on importation. In addition, improved energy sector regulation is essential in addressing the artificial scarcity of energy products. Over the last few years, the steady increase in transportation costs has been partly linked to the artificial scarcity of energy products, resulting in increased energy product 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	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	4,474.48
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. [CBN \(2022\). Press Remarks on Issuance of New Naira Banknotes. Retrieved from Press Remarks on New Naira BanknotesOct2022 Final.pdf \(cbn.gov.ng\)](#)
2. [NBS \(2022\). Transport Fare Watch \(September 2022\). Retrieved from Reports | National Bureau of Statistics \(nigerianstat.gov.ng\)](#)
3. [Concerned Worldwide \(2022\). 2022 Global Hunger Index Food Systems Transformation and Local Governance. Accessed at 2022 Global Hunger Index: Food Systems Transformation and Local Governance](#)

