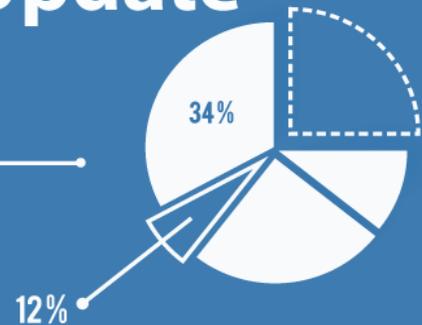


Nigeria Economic Update



Weekly
Digest

Credit to the Economy Rises to N63.3 trillion in Q3 2022

Data from the Central Bank of Nigeria (CBN) contained in the Money and Credit Statistics show an increase in total credit to the Nigerian economy in the third quarter of 2022 (Q3 2022).¹ Credit from banks to the economy increased year-on-year (YoY) in Q3 2022 by 34 per cent to N63.3, from N46.9 trillion in the corresponding period of 2021. The total credit comprises government borrowing of N22.8 trillion, while private sector borrowing stood at N40.5 trillion. Government borrowings grew faster than private sector borrowing, as YoY, government borrowings rose 75 percent, while private sector borrowings increased by 19 percent YoY. The rise in credit to the government is in line with the rise in government debt, which raises a concern about the crowding-out effect of government borrowing in the domestic financial market on the availability of funds to private firms for productive investments. Consequently, the government should boost revenue collection and pursue innovative financing options to effectively fund its rising expenditure to minimise the rate of borrowing from the domestic financial market. In addition, there is a need for the government to ensure adequate utilisation of borrowed funds by improving transparency and accountability in the debt management process.

Nigeria's Private Sector sustained output expansion in October

The Stanbic IBTC Bank Nigeria Purchasing Managers' Index was 53.6 in October 2022, a slight decrease from 53.7 recorded in September 2022.³ The index measures the extent of activities by the private sector in the country. A value above 50 indicates an expansion of the private sector activity compared to the previous month; below 50 represents a contraction, while 50 indicates no change. The PMI of 53.6 indicates output expansion. However, the slight decline in PMI for October suggests that the expansion in output recorded by the private sector was at a rate lower than the one recorded in the preceding month. According to the report, the increase in output by the private sector was largely driven by a sharp rise in new orders. Manufacturing firms had the strongest increase in output, followed by services, wholesale & retail, and finally, agriculture. The slow rate of output expansion indicates that with an improved business-friendly environment, the private sector will experience higher output levels. Hence, the government needs to prioritise pro-business infrastructure, such as electricity, as a way of supporting private sector growth.

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Food Prices Rise further in September

Food prices in Nigeria experienced a further increase in September 2022, according to the Selected Food Prices Watch Report for September 2022, published by the National Bureau of Statistics (NBS).² The report highlighted the change in prices of some selected food items. For example, the average price of 1kg of Tomato on a year-on-year (YoY) basis increased by 30.06 percent, from N342.25 recorded in September 2021 to N445.12 in September 2022 and on a month-on-month (MoM) basis, 1kg of tomato increased by 3.29 percent to N445.12 in September 2022 from N430.93 recorded in August 2022. Also, the average price of 1kg of rice (local, sold loose) rose on a YoY basis by 14.98 percent from N410.01 recorded in September 2021 to N471.42 in September 2022, and on a MoM basis, the average price increased by 3.82 percent. Also, the average price of 1kg of beans (brown, sold loose) increased on a YoY basis by 13.14 percent from N492.13 recorded in September 2021 to N556.81, and on a MoM basis, 1kg of beans rose by 2.05 percent from N545.61 in August 2022. Tomato, rice, and beans are major food items consumed daily in Nigeria. Food is a necessity, and a must-have for every household, implying that the increase in food prices leaves many households worse off. The rising prices can be attributed to disruptions in food supply occasioned by insecurity and recent floods in most parts of the country. Hence, there is a need to support farmers by addressing the problem of insecurity and flooding as well as providing them with improved seedlings to boost food production and reduce the extent of increase in food prices in the country.

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	4,474.48
MPR (%)	11.50	15.50
CRR (%)	27.5	32.5
T-Bill Rate (%)	2.50	5.68
Savings Deposit Rate (%)	1.82	4.08
Prime Lending (%)	11.62	12.23
Maximum Lending (%)	28.00	28.06
Narrow Money (N'Million)	16.43	21.19
Broad Money (N'Million)	40.81	49.32
Net Domestic Credit (N'Million)	46.01	63.33
Credit to the Government (Net) (N'Million)	12.57	22.83
Credit to the Private Sector (N'Million)	33.44	40.50
Currency in Circulation (N'Million)	2.78	3.23
FAAC (N'Billion)	824.22	673.1

NA: Not Available

1. CBN (2022). Money And Credit Statistics (Million Naira). Retrieved from <https://www.cbn.gov.ng/rates/mnycredit.asp?year=2022&month=9>
2. NBS (2022). Selected Food Prices Watch (September 2022). Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241247>
3. Stanbic IBTC Bank Nigeria (2022). Stanbic IBTC Bank Nigeria PMI. Accessed at <https://www.pmi.spglobal.com/Public/Home/PressRelease/572882df48d34710b62277ed2d7c287c>

