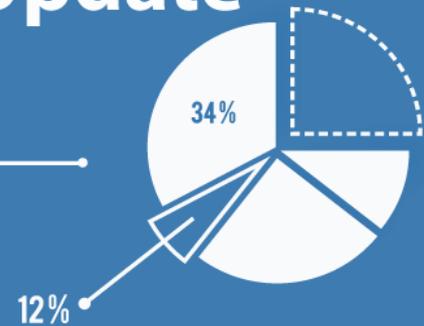




Nigeria Economic Update



Weekly
Digest

Inflation rises to 21.09% in October 2022

The National Bureau of Statistics (NBS), in its Consumer Price Index (CPI) report for October 2022, shows that Nigeria's inflation increased to 21.09 percent in October 2022 from 15.99 percent in October 2021.¹ Further, the report shows that food inflation rose to 23.72 percent in October 2022, from 18.34 per cent in October 2021. In the period under review, the urban inflation rate was 21.63 percent, and the rural inflation rate was 20.57 percent. High inflation erodes purchasing power. It increases the cost of living and the number of poor people. To control food and overall inflation, the government should address issues, such as flooding and insecurity, which have disrupted the food supply. Further, the shortage of foreign currency contributes partly to the weakening domestic currency and, in turn, increases the price of imported products. Hence, interventions that improve the business environment would help reduce the business cost of operation, boost domestic firms' productivity, and moderate price increases. For example, firms' production costs will decrease with affordable energy availability. These steps would guarantee that inflation stays within reasonable bounds.

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Net exports contracted by 92.76% in Q2 2022

Nigeria's economy grew by 3.54 percent in the second quarter of 2022. The National Bureau of Statistics released data on the size of the economy using the income and expenditure approaches.² The data shows that household consumption and gross fixed capital formation grew by 17.64 percent and 3.71 percent, respectively. Government consumption expenditure and net exports contracted by 12.99 percent and 92.76 percent, respectively. The data suggest that the slow growth was mainly due to the contraction in net exports. The report also provides information on income growth. Disposal income grew by 3.93 percent, compensation of employees grew by 3.93 percent, and operating surplus grew by 2.8 percent. Transfer from the rest of the world grew by 1.40 percent. The data suggests that at the income level, the compensation of employees grew at a rate higher than the operating surplus and overall economic growth rate. In other words, employees benefited more from expansion in the economy in 2022Q2. With the rate of decline in net export, there is a need for the government to prioritise interventions that would increase firms' productivity and their export. The wide gap between official and parallel exchange rates discourages exports. It is crucial to harmonise currency rates to encourage exportation and foster economic growth.

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62.9% of Nigerians are multidimensionally poor

The National Bureau of Statistics, in its latest National Multidimensional Poverty Index Report, shows that 62.9 percent of Nigerians are multi-dimensionally poor, which translates to 132.93 million Nigerians.³ The Multidimensional Poverty Index provides a multivariate form of poverty assessment based on fifteen indicators that describe deprivations across health, education, living standards, work, nutrition, and shocks. The statistics suggest that about two-thirds of Nigerians are deprived of health care, education, food security, and decent employment. The MPI is higher in rural areas than in urban areas. The MPI in rural areas is 72 percent, and 42 percent in urban areas. At the geopolitical zone level, North East has the highest MPI with 76.5 percent, followed by North West with 75.8 percent. South West has the lowest MPI, which stood at 40 percent. The MPI in South-South is 62.6 percent, 49 percent in South East, and 66.3 percent in North Central. At the state level, Ondo state has the lowest MPI, 27.2 percent, followed by Lagos state with 29.4 percent and Abia state with 29.8 percent. Sokoto has the highest MPI, with 90.5 percent. The geographical disparity in the MPI poverty level indicates that targeted developmental interventions are required to uplift millions of Nigerians out of multidimensional poverty.

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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	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. NBS (2022). CPI and Inflation Report (October 2022) Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241253>
2. NBS (2022). Nigerian Gross Domestic Product Report (Expenditure and Income Approach) (Q1, Q2 2022). Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241252>
3. NBS (2022). Nigeria Multidimensional Poverty Index (2022). Accessed at: <https://nigerianstat.gov.ng/elibrary/read/1241254>

