



Nigeria Economic Update



**Weekly
Digest**

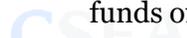
Inflation Rises to 21.47 percent in November 2022

The National Bureau of Statistics (NBS) has in its Consumer Price Index (CPI) report for November 2022 stated that Nigeria's inflation rose to 21.47 percent in November 2022 from 21.09 percent recorded in October 2022 and 15.40 percent recorded in November 2021¹. The report also shows that food inflation increased to 24.13 percent, from 17.21 percent in November 2021. Also, the urban inflation rate was 22.09 percent, and the rural inflation rate was 20.88 percent in the period under review. The rise in the inflation rate is due to several factors, including rising production costs and food shortages. Double-digit inflation harms the economy, as high inflation erodes citizens' purchasing power. It also increases the cost of living, thereby driving more people into poverty. To tame inflation, especially food inflation, the government should tackle issues such as flooding and insecurity that have disrupted the food supply in the country. Hence, the government's priority needs to include a set of interventions that will reduce the cost of operations of businesses to moderate price increases. In addition, the government should prioritise security in the country to ensure that farmers return to the farm to boost food production and eliminate scarcity-induced price increases due to demand exceeding supply.

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E-payment Transactions Hit N38.9 Trillion in November 2022

Data from the Nigeria Inter-Bank Settlement Systems (NIBSS) shows that transactions performed electronically through the NIBSS Instant Payment platform (NIP) in Nigeria grew to N38.9 trillion in November 2022, which is 12.7 percent higher than the N34.5 trillion recorded in October 2022². On a year-on-year (YoY) basis, the N38.9 trillion value of e-payments increased 50 percent from the N25.9 trillion recorded in November 2021. The growth in e-payment transactions is partly due to the cashless policy of the Central Bank of Nigeria (CBN) and the aftermath effect of COVID-19 on the payment system. COVID-19 made firms introduce online payment into their payment system since people were ordering their products online. As a result, many Nigerians are adopting e-payment channels for payment. The withdrawal limit policy, which will take effect from January 2023, is expected to increase the use of electronic transactions across the country. However, high cybercrimes continue to undermine the effectiveness of the CBN cashless policy. Hence, the CBN and other financial intermediaries involved should focus on strengthening cybersecurity in the country to ensure the safety of funds of individuals and corporate entities.

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Nigeria's Total Debt Stock Rises to N44 trillion in Q3 2022

According to the Debt Management Office (DMO), Nigeria's total debt stock as of the end of the third quarter of 2022 (Q3 2022) was N44.06 trillion, suggesting that the debt size increased by N1.21 trillion from N42.85 at the end of Q2 2022³. At the disaggregation level, external debt stood at N17.15 trillion (38.87 percent of total debt), while domestic debt stood at N26.92 trillion (68.01 percent of total debt). The domestic debt comprises Federal Government (FG) debt of N21.55 trillion and states (including the Federal Capital Territory) debt of N5.36 trillion. The debt portfolio excludes the Ways and Means provided by the Central Bank of Nigeria (CBN), suggesting that the total debt stock presented by DMO is understated. The increase in the debt stock in the period under review was driven mainly by New Borrowings by the FG to part-finance the deficit in the 2022 Appropriation Act. The high proportion of domestic debt suggests that the domestic financial market remains the primary source of borrowing for the government. And might result in the crowding out effect, as government reduces funds available for private investors to borrow. Increased debt indicates that debt service would increase in the future, as well as tax payments. Hence, the government should explore other innovative financing options, such as public-private partnerships to finance infrastructural projects. Also, the government needs to strengthen its revenue base by digitalizing the tax payment process and improving efficiency in tax collection.

ECONOMIC SNAPSHOT		
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Quarterly Indicators	'22Q2	'22Q3
GDP Growth Rate (%)	3.54	2.25
Oil GDP (%)	-11.77	-22.67
Non-oil GDP (%)	4.77	4.27
Unemployment Rate (%)	NA	NA
Foreign Direct Investment (US \$ Million)	147.16	NA
Portfolio Investment (US \$Millions)	757.32	NA
Other Investment (US \$Million)	630.87	NA
External Debt (FGN & States- N'Trillion)	16.62	17.15
Domestic Debt (FGN + States & FCT N'Trillion)	26.23	26.92
Manufacturing Capacity utilization (%)	NA	NA
Monthly Indicators	Sept '21	Oct '22
Headline Inflation (%)	16.63	21.09
Food Sub-Index (%)	19.57	23.72
Core Sub-Index (%)	13.74	17.76
External Reserves (End Period) (US\$ Billion)	36.78	37.39
Official Rate Approx. (N/US\$)	410.8	439.02
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	195.29
Diesel (AGO -N/Litre)	254.64	801.09
Kerosene (HHK -N/Litre)	434.39	947.30
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	2,397.60	4,483.75
MPR (%)	11.50	15.50
CRR (%)	27.5	32.5
T-Bill Rate (%)	2.50	6.49
Savings Deposit Rate (%)	1.82	3.77
Prime Lending (%)	11.73	12.23
Maximum Lending (%)	27.10	28.06
Narrow Money (N'Million)	15.96	21.32
Broad Money (N'Million)	39.73	50.58
Net Domestic Credit (N'Million)	40.449	634.78
Credit to the Government (Net) (N'Million)	13.005	22.68
Credit to the Private Sector (N'Million)	33.936	40.798
Currency in Circulation (N'Million)	2.837	3.298
FAAC (N'Billion)	769.23	760.23

NA: Not Available

1. NBS (2022). CPI November 2022 Report. Retrieved from <https://momr.opec.org/pdf-download/>
2. NIBSS (2022). NIBSS Instant Payment. Retrieved from <https://nibss-plc.com.ng/dashboard/istat/nibss-instant-0?task=nibss-instant-0>
3. DMO (2022). Nigeria's Total Public Debt Portfolio as at September 30, 2022. Retrieved from <https://www.dmo.gov.ng/debt-profile/total-public-debt/4123-nigeria-s-total-public-debt-stock-as-at-september-30-2022/file>

