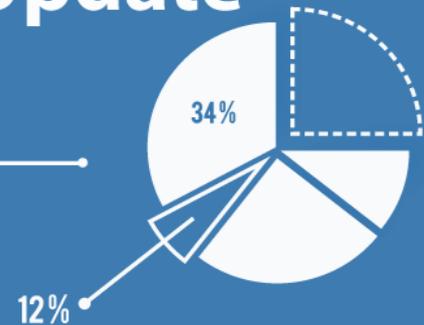


# Nigeria Economic Update



Weekly  
**Digest**

## Cashless Transactions rise in 2022

According to data from the Nigeria Inter-Bank Settlement System (NIBSS), cashless transactions in Nigeria increased by 42.05 percent to reach N395.47 trillion in 2022.<sup>1</sup> The data revealed that Nigerians spent more through cashless forms of payment, which was N117.07 trillion more than the N278.39 trillion total cashless transactions processed in 2021. The N395.47 trillion processed in 2022 was composed of transactions made on the Instant Payment System and Point of Sales terminals, the channels where cashless transactions are recorded on the NIBSS. The Central Bank of Nigeria's (CBN) cashless policy and the COVID-19 pandemic both played a role in the rise of cashless transactions in the nation. Due to a surge in online transactions caused by the virus, which resulted in lockdowns around the world, businesses had to create online payment methods. Due to ease and comfort, many Nigerians now prefer using e-payment channels. Additionally, the CBN's withdrawal limit regulation, which was implemented for both individuals and companies, is anticipated to cause a significant increase in cashless transactions. The CBN and other financial intermediaries should prioritize boosting cybersecurity in the country as the ultimate success of the cashless policy continues to be threatened by high cybercrime rates. Therefore, the CBN should take interest in initiatives that are largely directed at rural populations who lack the expertise and infrastructure to perform cashless transactions. Hence, there is a need for the government to continue developing policies that encourage financial inclusion across the country, which would further increase such transactions and reduce the setbacks associated with carrying cash such as higher crime rates and a surge in figures of other fraudulent transactions.

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## DMO releases FGN Bonds calendar for the first quarter of 2023

The Debt Management Office (DMO) has released its FGN Bonds issuance calendar for the first quarter of 2023 (Q1 2023).<sup>2</sup> The DMO announced that it plans to raise up to N1.2 trillion through FGN bonds in Q1 2023. The calendar shows that the DMO will sell between N320 billion and N400 billion worth of FGN bonds in each of the three months in Q1 of 2023. The FGN bonds offer four different maturities and interest rates, which include 13.98 percent interest on FGN bond maturing in February 2028, 12.50 percent interest on FGN bond maturing in April 2032, and 16.2499 percent interest on FGN bond maturing in April 2037. The N1.2 trillion to be raised through FGN Bonds in Q1 2023 will be used to fund part of the deficit in the 2023 budget, representing 13.6 per cent of the N8.8 trillion 2023 budget deficit. However, the bonds will increase the country's debt profile when issued. So, the government needs to be careful with the domestic issuance of bonds to avoid the crowding out of funds from domestic firms who also require these same assets. Accordingly, a stronger framework for managing debt is required because the growing public debt could lead to a debt overhang. Also, it can reduce the resources available for important government spending on the economy. Subsequently, to improve domestic revenue mobilization and decrease the expansion of public debt, the government can concentrate on enlarging the tax base and enforce tax compliance to enhance revenue and reduce future debt levels.

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## Non-Oil Exports Rose To \$4.8 billion In 2022

According to the Nigerian Export Promotion Council (NEPC), Nigeria's non-oil exports grew by 39.91 percent in 2022 to \$4.82 billion.<sup>3</sup> The NEPC stated that semi-processed/manufactured products were the top exports from the country and constituted 36.61 percent of the total exports, followed by the export of agricultural products, which made up 30.12 percent volume of the non-oil exports, while precious stones made up 17.06 percent and other products sales were 13.21 percent. This expansion of the non-oil industry is crucial for Nigeria's economy, as the country seeks to diversify away from oil exports as its basis because of outside shocks. The government is not merely aiming to diversify into agriculture alone, as evidenced by the fact that semi-processed/manufactured commodities are the leading export above agricultural goods. Therefore, the government should concentrate on maintaining the expansion of non-oil exports. This could be accomplished by increasing access to credit facilities, power supply and access to foreign exchange for businesses, especially when buying raw materials and other related inputs. Consequently, with the establishment of the Africa Continental free Trade Area (AfCFTA), there is more room for Nigeria to increase these non-oil exports by establishing effective collaborations with other African countries through intra trade activities. Also, the recent establishment of the Export Trade House in Lomé Togo is a welcome development towards the Nigerian government achieving some of these goals.

<b>ECONOMIC SNAPSHOT</b>		
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<b>Quarterly Indicators</b>	<b>'22Q2</b>	<b>'22Q3</b>
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
<b>Monthly Indicators</b>	<b>Oct '21</b>	<b>Nov '22</b>
Headline Inflation (%)	15.99	21.47
Food Sub-Index (%)	18.34	24.13
Core Sub-Index (%)	13.24	18.24
External Reserves (End Period) (US\$ Billion)	41.83	37.11
Official Rate Approx. (N/US\$)	410.59	443.58
BDC Rate Approx. (N/US\$)	NA	NA
Manufacturing PMI	46.6	NA
Non-Manufacturing PMI	47.8	NA
Average Crude Oil Price (US\$/Barrel)	84.11	93.36
Petrol (PMS-N/litre)	165.60	202.48
Diesel (AGO -N/Litre)	254.07	808.87
Kerosene (HHK -N/Litre)	423.42	1,083.57
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	2,627.94	4,549.14
MPR (%)	11.50	16.50
CRR (%)	27.5	32.5
T-Bill Rate (%)	2.50	6.50
Savings Deposit Rate (%)	1.28	3.93
Prime Lending (%)	11.61	13.17
Maximum Lending (%)	27.10	28.14
Narrow Money (N'Million)	16.51	21.50
Broad Money (N'Million)	41.47	51.78
Net Domestic Credit (N'Million)	47.566	64.22
Credit to the Government (Net) (N'Million)	12.946	22.64
Credit to the Private Sector (N'Million)	34.619	41.58
Currency in Circulation (N'Million)	2.965	3.164
FAAC (N'Billion)	866.24	NA

NA: Not Available

1. NIBSS (2023). Industry Statistics. Retrieved from <https://nibss-plc.com.ng/dashboard/istat/nibss-instant-0?task=nibss-instant-0>
2. DMO (2023). FGN Bond Issuance Calendar for the First Quarter, 2023. Retrieved from <https://dmo.gov.ng/fgn-bonds/bonds-issuance-calendar/4152-fgn-bond-issuance-calendar-for-1st-quarter-2023/file>
3. NEPC (2023). Non-Oil Exports Rose To \$4.8 billion In 2022. Retrieved from <https://nepc.gov.ng/blog/2023/01/14/non-oil-exports-rose-to-4-8bn-in-2022-nepc/>