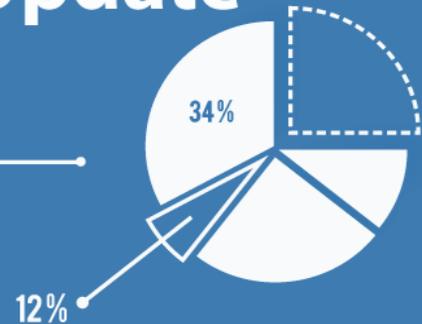


# Nigeria Economic Update



Weekly  
**Digest**

## Headline Inflation Rate Eased in December 2022

There was a slight decline in the inflation rate in December 2022. The inflation figure from the National Bureau of Statistics (NBS) showed that the inflation rate reduced by 0.13% to 21.34% in December 2022 when compared to the inflation rate in November 2022, which was 21.47%.<sup>2</sup> This decline in the inflation rate could be attributed to the contractionary monetary policy being pursued by the Central Bank of Nigeria (CBN). In addition, CBN increased the Monetary Policy Rate (MPR) to 16.5% in November 2022 to curb the incessant increase in inflation. Furthermore, the data also revealed that on a year-on-year basis the inflation rate for December 2022 (21.34%) increased by approximately 5.72% when compared with the inflation rate in December 2021, which was reportedly 15.63%. This rise in the year-on-year inflation rate can be attributed mostly to existing shocks such as the ongoing Russia-Ukraine war, insecurity, fuel shortages and infrastructure deficits. The CBN must continue to implement effective policy measures to control inflation levels because this increase in year-over-year inflation indicates the effects of internal and external shocks on the level of inflation, which directly affects the level of income available to households and businesses. In addition, the government should ensure that farmers have appropriate security, since this would directly increase their levels of productivity and, as a result, lower consumer prices as there will be an increase in the availability of agricultural produce. Hence, inflation would be guaranteed to drastically drop if these measures are appropriately adopted.

## Crude Oil Prices Declined Globally in December, 2022

The Organisation of Petroleum Exporting Countries (OPEC) monthly report on January 17th, 2023, showed that the prices of crude oil declined generally in December 2022. According to the report, the OPEC Reference Basket (ORB) value dropped by \$10.05 per barrel to \$79.68 per barrel in December 2022 from \$89.74 in November 2022.<sup>1</sup> On a yearly average, the ORB rose by \$30.19 from an average of \$69.89 per barrel in 2021 to an average of \$100.08 per barrel in 2022. Also, on a monthly average the Intercontinental Exchange (ICE) Brent first-month contract fell by \$9.51 to \$81.34 per barrel in December 2022 from an estimated \$90.85 in November 2022. This general decline in the prices of crude oil can be attributed to the global economic slowdown that dampened market sentiment. Additionally, because oil prices were benchmarked at \$75 per barrel in the 2023 budget, this dip in crude oil prices could hamper the implementation of the budget. Crude oil prices have ramifications on oil-exporting nations like Nigeria as they rely on stable pricing in the global market. Moving forward, the government must find a way to improve the performance of non-oil sectors. The government must also ensure that capital restraint is upheld in the domestic oil market, thus mitigating the impact of any downward fluctuation in global oil prices. This would assist the country in making adequate expenditures in this sector while oil prices are high.

## Transport Fares Increased in December 2022

There was a general increase in transport fares across different modes of transportation in the country in December 2022. The report on transport fares released by the National Bureau of Statistics (NBS) in January 2023 revealed that the average fare paid by passengers for bus journey within the city per drop increased from N637.10 in November 2022 to N644.66 in December 2022, representing a 1.19% increase on a month-on-month. The average fare paid by commuters for bus intercity per drop rose to N3,975.14 in December compared to N3,848.48 in November 2022, indicating an increase of 3.29% on a month-on-month basis. Furthermore, the average transport fare for Motorcycle (Okada) stood at N462.13 in December 2022 compared to N459.02 in November 2022, signifying a 0.68% increase on a month-on-month basis. The air transport fare increased from N73,267.57 in November 2022 to N74,597.30 in December 2022. Also, the average fare paid for water transport increased by 2.23% from N1,006.33 in November 2022 to N1,028.79 in December 2022.<sup>3</sup> Fuel scarcity, which raised fuel prices nationwide, may be to blame for the rise in general transportation costs. Therefore, an increase in transportation costs could cause food prices to soar and exacerbate already-existing inflationary pressures. Because oil marketers have a direct impact on oil prices at the pump, the government should work with them to identify long-term solutions to guarantee the availability of fossil fuels throughout the year. Therefore, it is crucial for the government to establish suitable policies that shield the populace from unwarranted changes in the cost of critical energy goods like oil, diesel, etc. The application of such measures would make products more assessable to the populace and protect the citizens against any synthetic hike in prices.

<b>ECONOMIC SNAPSHOT</b>		
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<b>Quarterly Indicators</b>	<b>'22Q2</b>	<b>'22Q3</b>
<b>GDP Growth Rate (%)</b>	3.54	2.25
<b>Oil GDP (%)</b>	-11.77	-22.67
<b>Non-oil GDP (%)</b>	4.77	4.27
<b>Unemployment Rate (%)</b>	NA	NA
<b>Foreign Direct Investment (US \$ Million)</b>	147.16	NA
<b>Portfolio Investment (US \$Millions)</b>	757.32	NA
<b>Other Investment (US \$Million)</b>	630.87	NA
<b>External Debt (FGN &amp; States- N'Trillion)</b>	16.62	17.15
<b>Domestic Debt (FGN + States &amp; FCT N'Trillion)</b>	26.23	26.92
<b>Manufacturing Capacity utilization (%)</b>	NA	NA
<b>Monthly Indicators</b>	<b>Oct '21</b>	<b>Nov '22</b>
<b>Headline Inflation (%)</b>	15.99	21.47
<b>Food Sub-Index (%)</b>	18.34	24.13
<b>Core Sub-Index (%)</b>	13.24	18.24
<b>External Reserves (End Period) (US\$ Billion)</b>	41.83	37.11
<b>Official Rate Approx. (N/US\$)</b>	410.59	443.58
<b>BDC Rate Approx. (N/US\$)</b>	NA	NA
<b>Manufacturing PMI</b>	46.6	NA
<b>Non-Manufacturing PMI</b>	47.8	NA
<b>Average Crude Oil Price (US\$/Barrel)</b>	84.11	93.36
<b>Petrol (PMS-N/litre)</b>	165.60	202.48
<b>Diesel (AGO -N/Litre)</b>	254.07	808.87
<b>Kerosene (HHK -N/Litre)</b>	423.42	1,083.57
<b>Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)</b>	2,627.94	4,549.14
<b>MPR (%)</b>	11.50	16.50
<b>CRR (%)</b>	27.5	32.5
<b>T-Bill Rate (%)</b>	2.50	6.50
<b>Savings Deposit Rate (%)</b>	1.28	3.93
<b>Prime Lending (%)</b>	11.61	13.17
<b>Maximum Lending (%)</b>	27.10	28.14
<b>Narrow Money (N'Million)</b>	16.51	21.50
<b>Broad Money (N'Million)</b>	41.47	51.78
<b>Net Domestic Credit (N'Million)</b>	47.566	64.22
<b>Credit to the Government (Net) (N'Million)</b>	12.946	22.64
<b>Credit to the Private Sector (N'Million)</b>	34.619	41.58
<b>Currency in Circulation (N'Million)</b>	2.965	3.164
<b>FAAC (N'Billion)</b>	866.24	NA

NA: Not Available

1. OPEC (2023). Monthly Oil Market Report, 17th January 2022. Retrieved from <https://momr.opec.org/pdf-download/>.

2. NBS (2023) Consumer Price Index December 2022  
<https://nigerianstat.gov.ng/elibrary/read/1241274>

3. NBS (2023). Transport Fare Watch December 2022.  
<https://nigerianstat.gov.ng/elibrary/read/1241279>

