



**NIGERIA
ECONOMIC
UPDATE**

**Weekly
Digest**

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Real GDP Grew by 3.52% in the Fourth Quarter of 2022

The National Bureau of Statistics reported that real Gross Domestic Product (GDP) increased by 3.52% year-on-year in the fourth quarter of 2022 as opposed to 3.98% growth in the fourth quarter of 2021. The GDP's overall annual growth rate was 3.10% in contrast to the 3.40% in 2021.¹ When the increase was broken down into each sector's growth and contribution, the report revealed that the services sector continued to be the main engine of the economy, growing at a rate of 5.69% in the fourth quarter and contributing roughly 56.27% of GDP. The agriculture sector had the second-highest contribution, making up roughly 26.46% of the GDP overall. It also experienced the fastest increase, expanding by 2.05%. Nonetheless, there was a decrease of 1.53% when compared to the sector's growth rate in the fourth quarter of 2021 (3.58%). The marginal dip in performance of the agriculture sector can be attributed to the devastating floods that wreaked havoc across the country in the reference year. The industrial sector, in the fourth quarter of 2022, saw negative growth of 0.94%. In the aggregate, the performance of the agricultural and industrial sectors, which obscured the strong performance of the services sector, may have had a negative impact on the economy's overall performance. This is because, despite a rise in real GDP during the period under review, the annual growth rate was slightly lower than it had been the year prior. Therefore, the government must work harder to find a solution to the flooding issue, business costs must be drastically cut, and infrastructure both in terms of quantity and quality must be improved.

Prices of Petroleum Products Increased in January, 2023

According to a report from the National Bureau of Statistics, the cost of main petroleum products like kerosene, diesel, and Premium Motor Spirit (PMS) all increased in general in January 2023. In particular, the research demonstrated that the cost of PMS increased by 24.70% month-on-month rising from N206.19 in December 2022 to N257.12 in January 2023.⁴ On annual basis, the price of petrol increased by 54.52% rising from N166.40 per litre in January 2022.² The cost of diesel increased by 1.34%, as it increased month-on-month from 817.86 per litre in December 2022 to 828.82 per litre in January 2023. When compared with the previous year diesel increased by 187.69%, as the price per litre was N288.09 in January 2022.³ Kerosene's price went from N1,104.61 per litre in December 2022 to N1,153.40 per litre in January 2023. While on a year-on year basis the price of kerosene rose by 163.87% as the price was N437.11 in January 2022. A consistent rise in petroleum product prices like this one could make household living conditions worse by raising the cost of food. Additionally, the Central Bank of Nigeria's (CBN) attempts to control the continuing rise in inflation may be frustrated by an increase in the price of petroleum products, which feeds inflation from the supply side. So, to stabilize prices and reduce skyrocketing transportation costs, it is urged that the government secure a sufficient supply of petroleum products.

Government credit growth exceeds private sector in January 2023

Data from the Central Bank of Nigeria (CBN) Money and Credit statistics showed that credit to the government grew at a faster rate than credit to the private sector in January 2023. Financial sector credit to the government rose month-on-month (MoM) by 8 per cent to N26.6 trillion in January 2023 from N24.6 trillion in the preceding month (December 2022)⁵. However, credit to the private sector rose by a marginal 0.95 percent to N42.2 trillion in January 2023 from N41.8 trillion in December 2022. The data from the CBN Money and Credit statistics showed that the credit to the private sector and the government resulted in a net domestic credit of N68.9 trillion in January 2023, which represents a 3.76 per cent MoM increase when compared to N66.4 trillion in December 2022. Although an increase in domestic credit is anticipated to assist economic growth, if government credit growth outpaces private sector credit growth, less money would be available to the private sector for use in successful ventures. Thus, the government should increase income collection and explore creative financing options to efficiently sustain increased government spending and lower the rate of borrowing from the domestic financial market. Also, a sizeable quantity of borrowed funds must be set aside by the government to pay for capital projects that would raise tax revenues, reduce the need for additional borrowing, and enhance credit.

ECONOMIC SNAPSHOT		
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Quarterly Indicators	'22Q3	'22Q4
GDP Growth Rate (%)	2.25	3.52
Oil GDP (%)	-22.67	-13.38
Non-oil GDP (%)	4.27	4.44
Unemployment Rate (%)	NA	NA
Foreign Direct Investment (US \$ Million)	NA	NA
Portfolio Investment (US \$Millions)	NA	NA
Other Investment (US \$Million)	NA	NA
External Debt (FGN & States- N'Trillion)	17.15	NA
Domestic Debt (FGN + States & FCT N'Trillion)	26.92	NA
Manufacturing Capacity utilization (%)	NA	NA
Monthly Indicators	Oct '21	Nov '22
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. NBS (2023). Nigerian Gross Domestic Product Report Q4 2022. <https://nigerianstat.gov.ng/elibrary/read/1241288>
2. NBS (2023). Premium Motor Spirit (Petrol) Price Watch (January 2023). <https://nigerianstat.gov.ng/elibrary/read/1241286>
3. NBS (2023). Automobile Gas Oil (Diesel) Price Watch, (January 2023). <https://nigerianstat.gov.ng/elibrary/read/1241287>
4. NBS (2023). National Household Kerosene Price Watch, (January 2023). <https://nigerianstat.gov.ng/elibrary/read/1241289>
5. CBN (2023). Money And Credit Statistics (Million Naira). Retrieved from <https://www.cbn.gov.ng/rates/mnycredit.asp>

