



**NIGERIA
ECONOMIC
UPDATE**

Weekly

Digest

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Banks' credit to the private sector increases in March 2023

According to data from the Central Bank of Nigeria (CBN) on Money and Credit statistics, Banks' credit to the private sector increased month-on-month (MoM) from N41.5 trillion in February 2023, to N43.06 trillion in [March 2023](#). This represents a N1.6 trillion (4 percent) increase between February and March 2023. However, the data further shows that credit to the government fell MoM by 3 percent to N27.5 trillion in March 2023 from N28.4 trillion in February 2023. The credit to the private sector and the government resulted in a net domestic credit of N70.6 trillion (March 2023), representing a 0.56 percent MoM rise compared to N70.2 trillion in the previous month. The decline in credit to the government will reduce the risk of the crowding-out effect of government borrowing in the domestic financial market on the availability of funds to private firms for productive investments. The government should sustain this reduced credit by exploring alternative ways of raising finance and taking steps to boost revenue collection, such as digitalizing the tax collection process and widening the tax net. Furthermore, there is a need to utilize innovative financing options to effectively fund its rising expenditure to minimize the rate of borrowing from the domestic financial market, thereby reducing its debt burden. Also, banks must ensure that the credit issued to the private sector does not reach an unsustainable level to maintain healthy balance sheets and ensure that non-performing loans are avoided or kept at a minimal level.

Currency in circulation increases

The Money and Credit statistics data from the Central Bank of Nigeria (CBN) shows that that currency-in-circulation (CIC), increased to N1.68 trillion in [March 2023](#). This represents a 71 percent increase from N982 billion CIC recorded in February 2023. Similarly, Currency Outside Banks (CoB) increased Month-on-Month (MoM) by 66 percent to N1.4 trillion in March 2023, from N843 billion recorded in February 2023. This could be attributed to the impact of implementing the Supreme Court judgment, which stated that old N200, N500, and N1,000 notes should remain in circulation till December 31, 2023. This contradicts the response to the initial deadline for phasing out old Naira notes on January 31st, 2023, which saw CoB fall MoM by 70 percent to N788.9 billion in January 2023 from N2.6 trillion in December 2022. CIC fell MoM by 54 percent to N1.38 trillion in January 2023 from N3 trillion in December 2022 due to the naira scarcity experienced in the country. To fulfill one of the goals of the Naira redesign program, Apex Bank should ensure that CIC and CoB are efficiently controlled. Therefore, the apex bank must continue to adopt effective monetary policy tools to tackle such situations in the future, so that households and firms are not adversely affected and can conduct business smoothly and free from costly distortions to the system.

Rising Food prices Persist

The National Bureau of Statistics (NBS), in its Selected Food Prices Watch Report for March 2023, has stated that prices of food items such as beef, yam, beans, etc., witnessed increases in [March 2023](#). The report shows that the average price of 1kg of Beef (boneless) was N2,479.61 in March 2023, implying a price rise of 25.05 percent on a year-on-year (YoY) basis from N1,982.92 recorded in March 2022, and a 1.38 percent rise in price on a month-on-month (MoM) basis from N2,445.96 in February 2023. The average price of 1kg of Tomato increased by 13.81 percent on a YoY basis from N409.96 in March 2022 to N466.60 in March 2023, and on a MoM basis, the average price of this item declined by 0.32 percent. Similarly, the average price of 1kg of Yam tuber rose by 25.30 percent on a YoY basis from N353.56 in March 2022 to N443.02 in March 2023, and on a MoM basis, increased by 1.51 percent from N436.41 in February 2023. Additionally, the average price of Vegetable oil (1 bottle, specify bottle) was at N1,220.62 in March 2023, indicating an increase of 25.80 percent from N970.29 in March 2022, and a 2 percent increase on a MoM basis from N1,196.68 in February 2023. Transport expenses, higher production costs, insecurity, shoddy infrastructure, and natural disasters are the main contributors to rising food prices, which impact other prices in the economy. These challenges decrease people's quality of life, especially that of the poor, by endangering food security, lowering their purchasing power, and raising their cost of living. To prevent any disruption in the food supply, it is necessary to address this problem by providing farmers with funding, new equipment, access roads, security, disease-resistant seeds, etc. As a result, there will be more food available and easier access to markets, which will lower food prices.

ECONOMIC SNAPSHOT		+	
Quarterly Indicators	'22Q3	'22Q4	
GDP Growth Rate (%)	2.25	3.52	
Oil GDP Growth Rate (%)	-22.67	-13.38	
Non-oil GDP Growth Rate (%)	4.27	4.44	
Unemployment Rate (%)	NA	NA	
Foreign Direct Investment (US \$ Million)	81.72	84.23	
Portfolio Investment (US \$Millions)	442.08	285.26	
Other Investment (US \$Million)	635.87	691.23	
External Debt (FGN & States- N'Trillion)	17.15	18.70	
Domestic Debt (FGN + States & FCT N'Trillion)	26.92	27.55	
Manufacturing Capacity utilization (%)	NA	NA	
Monthly Indicators	Jan '22	Jan '23	
Headline Inflation (%)	15.60	21.82	
Food Sub-Index (%)	17.13	24.32	
Core Sub-Index (%)	13.87	19.16	
External Reserves (End Period) (US\$ Billion)	40.04	36.99	
Official Rate Approx. (N/US\$)	414.11	461.00	
BDC Rate Approx. (N/US\$)	NA	NA	
Manufacturing PMI	51.4	NA	
Non-Manufacturing PMI	49.01	NA	
Average Crude Oil Price (US\$/Barrel)	88.71	84.78	
Petrol (PMS-N/litre)	166.40	257.12	
Diesel (AGO -N/Litre)	288.09	828.82	
Kerosene (HHK -N/Litre)	437.11	1,153.40	
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	3,657.57	4,588.75	
MPR (%)	11.50	17.50	
CRR (%)	27.5	NA	
T-Bill Rate (%)	2.49	1.39	
Savings Deposit Rate (%)	1.25	4.29	
Prime Lending (%)	11.68	27.63	
Maximum Lending (%)	27.65	NA	
Narrow Money (N'Trillion)	18.59	20.96	
Broad Money (N'Trillion)	45.09	52.97	
Net Domestic Credit (N'Trillion)	50.09	68.90	
Credit to the Government (Net) (N'Trillion)	14.90	24.65	
Credit to the Private Sector (N'Trillion)	35.18	42.25	
Currency in Circulation (N'Trillion)	3.288	1.386	
FAAC (N'Billion)	766.47	NA	

NA: Not Available

1. CBN (2023). Money And Credit Statistics (Million Naira). Retrieved from <https://www.cbn.gov.ng/rates/mnycredit.asp>
2. CBN (2023). Money And Credit Statistics (Million Naira). Retrieved from <https://www.cbn.gov.ng/rates/mnycredit.asp>
3. NBS (2023). Selected Food Prices Watch (March 2023). Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241320>