



NIGERIA ECONOMIC UPDATE

Weekly

Digest

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Average Capacity Utilisation decreased to 51%

According to the Central Bank of Nigeria's October 2024 Business Confidence [Survey](#), average capacity utilization fell by 4.3 percentage points to 51% down from 55.3% in the previous month. Each sector of the economy exhibited varying levels capacity utilization. Mining and quarrying, electricity, gas, and water supplies had the highest levels of utilization in October at 57%, followed by manufacturing at 52%. Compared to the average installed capacity of 51%, the agriculture sector reported the lowest level of utilization at 48%, suggesting there is room to increase the sector output. The low level of utilization is partly due to high interest rates, insecurity, complex tax structures, and inflation. These factors have all contributed to a less advantageous business environment, resulting in lower capacity utilization. Declined capacity utilisation signals a negative consequence on the economy which could result in output levels below potential and low export volumes. Low capacity utilization posits a challenge to the aspiration of the government to achieve a \$1 trillion economy by 2030. Hence, the government needs to address the insecurity issue, prioritize infrastructure development and maintenance, lower the interest rate, and improve the efficiency of energy sources and alternatives.

Headline inflation rose to 33.88%

According to the National Bureau of Statistics (NBS) Consumer Price Index (CPI) and Inflation [Report](#) for October, headline inflation increased to 33.88%, from 32.70% in September, and 27.33% a year ago. The headline inflation surged due to rising food prices for commodities such as guinea corn, rice, and maize grains. Food inflation increased to 39.16% from 37.77% in September and 31.52% in October 2023. At the state level, Bauchi recorded the highest inflation rate at 46.68%, while Katsina had the lowest at 29.59%. Sokoto had the highest food inflation at 52.18%, while Rivers had the lowest at 33.87%. The continuous rise in inflation could further worsen already weakened purchasing power. Unchecked high inflation might result in social unrest, as more Nigerians are unable to afford essential items they could buy a year ago. Hence, the government must tackle inflation head-on. Food inflation can be reduced by addressing security concerns, increasing agricultural productivity and reducing post-harvest losses arising from poor storage infrastructure and weak transport networks.

A decline in remittance inflows

According to the Central Bank of Nigeria's (CBN) international payment [data](#), remittances in the first nine months of 2024, amounted to \$1.54 billion, a 16.7% decline from \$1.85 billion recorded in the same period in 2023. Remittances refer to amounts sent by individuals working abroad to support their families and loved ones in their home country. The decline in remittances may be attributed to several factors, including a weak global economy, and a weak domestic currency. Over the last decade, remittance inflows played an important role in the Nigerian economy. Remittances help households with members in a foreign country to meet basic expenses such as education and healthcare. It is also an important source of foreign currencies and contributes to the country's foreign exchange reserves. Beyond subsistence purposes, remittances are also channels into productive investments, in turn, bolstering economic growth. While the government might have limited influence on the global economy, government policies aimed at improving the domestic business environments could help reverse the declining trend of remittances.

ECONOMIC SNAPSHOT		
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Quarterly Indicators	'24Q1	'24Q2
GDP Growth Rate (%)	2.98	3.19
Oil GDP Growth Rate (%)	5.70	10.15
Non-oil GDP Growth Rate (%)	2.80	2.80
Unemployment Rate (%)	5.3	NA
Foreign Direct Investment (US \$ Million)	119.18	NA
Portfolio Investment (US \$Millions)	2075.59	NA
Other Investment (US \$Million)	1605.41	NA
External Debt (FGN & States- N'Trillion)	56.02	NA
Domestic Debt (FGN + States & FCT N'Trillion)	65.65	NA
Manufacturing Capacity Utilization (%)	9.98	14.1
Imports (N'Billion)	13.97	12.47
Exports (N'Billion)	19.16	19.41
Total trade (N'Billion)	33.13	31.89
Trade balance (N'Billion)	5.19	6.94
Crude oil Export (N'Billion)	15.48	14.55
Non-Crude Oil Export (N'Billion)	3.68	4.85
Non-Oils Export (N'Billion)	1.77	1.94
Monthly Indicators	August 24'	September 24'
Headline Inflation (%)	32.15	32.70
Food Sub-Index (%)	37.52	37.77
Core Sub-Index (%)	27.58	27.43
External Reserves (End Period) (US\$ Billion)	36.57	38.35
Official Rate Approx. (N/US\$)	1,586.43	1,617.21
BDC Rate Approx. (N/US\$)	NA	NA
Manufacturing PMI	49.9	50.5
Non-Manufacturing PMI	NA	NA
Average Crude Oil Price (US\$/Barrel)	82.88	76.05
Petrol (PMS-N/litre)	830.46	1,030.46
Diesel (AGO -N/Litre)	1,406.05	1, 418.83
Kerosene (HHK -N/Litre)	1,847.59	1,957.44
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	6,430.02	6,699.63
MPR (%)	26.75	27.25
CRR (%)de	45.00	45.00
T-Bill Rate (%)	18.3	16.91
Savings Deposit Rate (%)	6.75	6.79
Prime Lending (%)	17.01	16.75
Maximum Lending (%)	29.89	30.21
Narrow Money (N'Trillion)	34.94	35.55
Broad Money (N'Trillion)	107.19	108.95
Net Domestic Credit (N'Trillion)	10.58	11.78
Credit to the Government (Net) (N'Trillion)	31.15	42.01
Credit to the Private Sector (N'Trillion)	74.73	75.84
Currency in Circulation (N'Trillion)	4.14	4.31
FAAC (N'Trillion)	1.20	1.28

NA: Not Available

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