



**NIGERIA
ECONOMIC
UPDATE**

Weekly

Digest

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Private Sector Output falls by 5.8% in October 2024

The Stanbic IBTC Bank of Nigeria, in its Purchasing Managers Index (PMI) survey [report](#) for October 2024, showed that private sector output fell to 46.9, down from 49.8 recorded in September. The report highlights that business activity hit a record low, with output declining to the greatest extent since March 2023. An index value below 50 indicates a contraction in private sector activity compared to the previous month, while a value of 50 reflects no change, and a value above 50 signals positive business sentiment. The October PMI value reflects a 5.8% decline from September's index, with business sentiment reaching its lowest level since the survey's inception. Severe inflationary pressures contributed to a significant rise in input costs, leading to a sharp increase in purchasing prices, which subsequently weakened consumer demand and production levels. A sectoral breakdown of the PMI revealed that both the industry and service sectors experienced a decline in output, with only the agricultural sector reporting growth. Currency pressures and rising interest rates continue to affect Nigeria's private sector, reducing business confidence and potentially leading to cutbacks in investment and hiring. This downturn in private sector performance could result in job cuts, further reducing household disposable income and weakening demand for goods and services. To counter these effects, the government should consider tax relief for small and medium-sized enterprises, this measure would support employment and stabilize production levels during challenging periods. Additionally, government initiatives to reduce inflationary pressures and lower interest rates could help reduce business input costs and encourage investment.

Nigerian All-Shares Index depreciates by 0.20%

Trading activities for the second week of November, according to the Nigerian Exchange (NGX) weekly market [report](#), concluded on a negative note. The report indicated a 0.20% decline in the All-Share Index (ASI), closing at 97,236, down from 97,432 as recorded the previous week. By industry, the financial services sector led, contributing 87.60% of the total trade value with 5.666 billion shares valued at N44.263 billion. The oil and gas industry followed, trading 245.722 million shares worth N15.877 billion. Despite a slight increase in the valuation of shares, indices such as the industrial goods index fell by 0.02%. Conversely, the oil and gas index rose by 5.43%, a significant rebound from the 0.07% decline the previous week, while the consumer goods index recorded a 0.25% increase compared to the 0.22% decrease last week. This increase in the oil and gas index is likely attributed to rising global oil prices, which improve profitability for oil and gas companies, spurring investor interest and higher stock valuations. In contrast, the decline in the industrial goods index resulted from high interest rates and increased input costs, which could limit growth in these sectors and reduce their appeal to investors. The decline in the ASI reflects cautious market sentiment, indicating investor uncertainty about the broader economic outlook amid persistent inflation and rising interest rates. This performance highlights the need for the Nigerian government to support the industrial manufacturing sectors through targeted incentives such as tax breaks, grants, and reduced import tariffs.

Price of Premium motor spirit increases by 14.98% month-on-month

According to the National Bureau of Statistics (NBS) Premium Motor Spirit (Petrol) Price Watch [report](#), the average price of Premium Motor Spirit (petrol) rose by 14.98% in October to N1,184.83, from N1,030.46 in September, this reflects an 87.88% increase from N630.63 in October 2023. Across the six zones, the South-East recorded the highest average retail price at N1,256.76, while the North Central zone had the lowest price at N1,132.94. Among states, Ebonyi had the highest retail price at N1,292.86, followed by Jigawa at N1,288.18 and Borno at N1,283.79. In contrast, Delta had the lowest petrol prices at N1,050.00, followed by Nasarawa at N1,063.68, and Lagos at N1,080.95. The government's policy to establish market-based pricing and the withdrawal of subsidies in May 2023 has contributed to the ongoing rise in fuel costs. The high cost of petrol has contributed to the high cost of living by increasing transportation costs, and operational expenses for businesses. This has disproportionately affected small and medium-sized enterprises (SMEs) which lack the resources to absorb these costs, resulting in lower profitability and layoffs. Given the consequences of rising PMS prices, the government needs to provide targeted support for low-income households, encourage private sector investment in refineries, rehabilitate existing refineries to meet domestic gasoline demand, and possibly cut costs.

ECONOMIC SNAPSHOT	+	
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	29.83
Portfolio Investment (US \$Millions)	2075.59	1404.70
Other Investment (US \$Million)	1181.25	1169.97
External Debt (FGN & States- N^oTrillion)	56.02	NA
Domestic Debt (FGN + States & FCT N^oTrillion)	65.65	NA
Manufacturing Capacity Utilization (%)	9.98	14.1
Imports (N^oBillion)	13.97	12.47
Exports (N^oBillion)	19.16	19.41
Total trade (N^oBillion)	33.13	31.89
Trade balance (N^oBillion)	5.19	6.94
Crude oil Export (N^oBillion)	15.48	14.55
Non-Crude Oil Export (N^oBillion)	3.68	4.85
Non-Oils Export (N^oBillion)	1.77	1.94
Monthly Indicators	August 24^o	September 24^o
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^oTrillion)	34.94	35.55
Broad Money (N^oTrillion)	107.19	108.95
Net Domestic Credit (N^oTrillion)	10.58	11.78
Credit to the Government (Net) (N^oTrillion)	31.15	42.01
Credit to the Private Sector (N^oTrillion)	74.73	75.84
Currency in Circulation (N^oTrillion)	4.14	4.31
FAAC (N^oTrillion)	1.20	1.28

NA: Not Available

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