



**NIGERIA  
ECONOMIC  
UPDATE**

**Weekly**

**Digest**

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## Selected Food Price Watch June 2024

The National Bureau of Statistics (NBS) Selected [Food Prices Watch](#) for June 2024 indicates a significant increase in food prices, highlighting worsening welfare for Nigerians. The price of 1kg of locally produced brown beans rose to N2,292.76, marking a 14.11% month-on-month (MoM) increase from N2009.23 in May 2024. Similarly, 1kg of tomatoes rose to N2,302.26, indicating a 55.59% MoM increase from N1,479.69. Irish potatoes experienced a 51.92% MoM rise, reaching N2,423.27 from N1,595.07. The price of a tuber of yam rose to N2,021.55, a 52.87% increase from N1,322.36 in May. The increase in food prices is a key driver of inflation in the country and is caused by high production costs and insecurity in food-producing regions with price disparities at the regional level attributed to transportation costs, local demand-supply changes, and market dynamics. To tame the pace of the increase in food prices, the government should consider measures such as price controls, subsidies for agro-allied industries, increased investment in agriculture, and adjusting import tariffs to lower essential food costs. These strategies will stabilize food prices and enhance national welfare amid the current economic challenges. In addition, the jump in the prices of food items in June 2024 coincides with the month in which union workers protested to demand a higher minimum wage. The high price in June suggests that food sellers are already factoring the new wage into their pricing.

## Finance Act 2023 Amendment: National Assembly Imposes 70% Windfall Tax

The National Assembly has passed a [bill](#) amending the Finance Act, 2023, to impose a windfall tax on banks. The Act states, "There shall be levied and paid to the benefit of the Federal Government of Nigeria, a levy of 70% on the realized profit from all foreign exchange transactions of banks within the 2023 to 2025 financial years". Additionally, the Act mandates that the Federal Inland Revenue Service (FIRS) will assess the realized profits, collect, account for, and enforce payment of the tax payable under Section 30, in accordance with the powers granted by the FIRS Establishment Act 2007. The FIRS may enter into deferred payment agreements with assessed banks, provided that such agreements are executed on or before 31st December 2024. Section 2(31) of the Bill states, "Any bank that fails to pay the windfall tax to the Service and has not executed a deferred payment agreement before 31st December 2024, commits an offence and shall, upon conviction, be liable to pay the tax withheld or not remitted in addition to a penalty of 10 percent of the tax withheld or not remitted per annum and interest at the prevailing Central Bank of Nigeria Minimum Rediscount Rate, and imprisonment of its principal officers for not more than three months." Furthermore, the Bill specifies that the provisions of Section 30 will apply from 1st January 2023. The imposition of this 70% windfall tax on the banks' foreign exchange profits could reduce their net earnings and discourage trading, potentially impacting overall sector profitability. To mitigate these effects, the government should ensure transparent implementation, including proposed reallocation to the manufacturing sector.

## Transport Fare Watch-June 2024

The latest Transport Fares [report](#) by the National Bureau of Statistics (NBS) shows that the average fare paid by commuters for bus journeys within the city per drop has dropped slightly from N976.08 recorded in May 2024 to N963.58 in June 2024, this represents a 1.28% decline MoM. Similarly, the average fare paid by commuters for bus intercity per drop decreased to N7,029.23 in June from N7,129.46 recorded in May 2024, indicating a decline of 0.52%. However, the air transport fare has increased to N89,886.84 in June 2024 from N89,432.43 in May 2024, marking a 0.51% rise on a month-on-month basis. The average fare for motorcycle (Okada) transportation rose by 0.84% to N477.49 in June 2024, from N473.51 recorded in May 2024. The data shows that the pattern of price movements is not the same across the four transportation routes. The decline in the prices of bus fares within a city and intercity is a welcome development. However, the rise in motorcycle fares, which is the last-mile mode of transportation and the most used by the poor is troubling. There is a high probability that the rise in motorcycle fares is driven by the high cost of goods and services in the economy. Hence, there is a need for the government to implement comprehensive policies that tame price increases and discourage arbitrary increase in price of goods and services.

<b>ECONOMIC SNAPSHOT</b>		
<b>Quarterly Indicators</b>	<b>'23Q4</b>	<b>'24Q1</b>
GDP Growth Rate (%)	3.46	2.98
Oil GDP Growth Rate (%)	12.11	5.70
Non-oil GDP Growth Rate (%)	3.07	2.80
Unemployment Rate (%)	5	NA
Foreign Direct Investment (US \$ Million)	183.97	119.18
Portfolio Investment (US \$Millions)	309.76	2075.59
Other Investment (US \$Million)	594.74	1605.41
External Debt (FGN & States- N'Trillion)	97.34	56.02
Domestic Debt (FGN + States & FCT N'Trillion)	87.91	65.65
Manufacturing Capacity Utilization (%)	NA	9.98
<b>Monthly Indicators</b>	<b>May 24'</b>	<b>June 24'</b>
Headline Inflation (%)	33.95	34.19
Food Sub-Index (%)	40.66	40.87
Core Sub-Index (%)	27.04	27.40
External Reserves (End Period) (US\$ Billion)	32.69	34.19
Official Rate Approx. (N/US\$)	1432.81	1481.33
BDC Rate Approx. (N/US\$)	NA	NA
Manufacturing PMI	52.1	50.1
Non-Manufacturing PMI	NA	NA
Average Crude Oil Price (US\$/Barrel)	84.01	83.64
Petrol (PMS-N/litre)	769.62	750.17
Diesel (AGO -N/Litre)	1403.96	1462.98
Kerosene (HHK -N/Litre)	1450.35	NA
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	7418.45	NA
MPR (%)	26.25	26.25
CRR (%)	45.0	45.0
T-Bill Rate (%)	16.44	16.37
Savings Deposit Rate (%)	6.68	6.67
Prime Lending (%)	15.54	15.85
Maximum Lending (%)	28.67	29.11
Narrow Money (N'Trillion)	33.38	NA
Broad Money (N'Trillion)	99.23	NA
Net Domestic Credit (N'Trillion)	10.26	NA
Credit to the Government (Net) (N'Trillion)	28.37	NA
Credit to the Private Sector (N'Trillion)	74.31	NA
Currency in Circulation (N'Trillion)	39.65	NA
FAAC (N'Trillion)	2.19	2.48

NA: Not Available

## REFERENCES

1. NBS. (2024). *Selected Food Prices Watch (June 2024)*. Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241536>
2. National Assembly(2024). *Finance Act (Amendment) Bill 2024 (HB.1611)* Retrieved from <https://prjdg-unstruc.s3.ca-central-1.amazonaws.com/Others/News/oe89a127-9bcf-4ca7-adf1-00815b9faf2b>
3. NBS. (2024). *Transport Fare Watch (June 2024)*. Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241537>