



**NIGERIA  
ECONOMIC  
UPDATE**

**Weekly**

**Digest**

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## **GDP grew by 2.54 Percent in Q3 2023**

According to the [National Bureau of Statistics](#) (NBS), Gross Domestic Product (GDP) grew by 2.54% (year-on-year) in real terms in the third quarter of 2023. This growth is slightly higher than the 2.25% and 2.51% recorded in the third quarter of 2022 and the second quarter of 2023, respectively. The services sector was the primary driver of GDP performance in the third quarter of 2023. The sector grew by 3.99% and contributed 52.70% to the overall GDP. The agriculture sector grew by 1.30% and the industrial sector grew by 0.43%. Agriculture and the industrial sectors comprised a smaller percentage of the GDP in the third quarter of 2023 compared to the same period in 2022. The drop in the performance of the agriculture sector may be attributed to disruptions in the production and supply of agricultural goods due to insecurity, especially in the Northern region. Similarly, the improvement in the industry sector suggests recovery but still indicates challenges. The government should restore peace and security in these crisis-stricken areas; this in addition to investments in agricultural research and development, irrigation systems, and improved access to credit for farmers can also enhance productivity in the agriculture sector. In the industrial sector, efforts should focus on infrastructure development, policy stability, and incentives for innovation and technology adoption. While there is a marginal increase in real GDP growth, it is still below the 3.75% anticipated in the 2023 budget and is inadequate to boost per capita income. Hence, policymakers are encouraged to give priority to policies and initiatives that would foster economic growth.

## **Price of diesel crossed N1000 per litre in October 2023**

The average retail prices per litre of petroleum products such as Premium Motor Spirit (petrol), Automobile Gas Oil (diesel), and Household Kerosene (kerosene) generally increased in October 2023. According to the [National Bureau of Statistics](#) (NBS), the average price of petrol in October 2023 stood at N630.63, indicating an increase of about 0.71% compared with September, when the average price of petrol stood at N626.21. Also, the price of kerosene in October stood at N1303.16, indicating an increase of about 0.32% compared with N1,299.03 recorded in September 2023 on a month-on-month basis. The price of diesel increased the most among the three products. Within a month, the price of diesel increased by 12.82%, from N890.80 in September 2023 to N1004.98 in October 2023. The differential increase in the price of the three products could be associated with the initial plan by the government to introduce 7.5% VAT on diesel. However, the plan was paused for six months. There is a high likelihood that the increment experienced in October was caused by the planned proposed VAT policy. With erratic power supply and high dependence on diesel to power generators, the price increment would contribute to an increase in the cost of operation, and firms would push it to consumers in the form of higher prices, thereby further contributing to the high inflation. To ease the burden of the high diesel price of an average Nigerian, there is a need for the government to ensure a stable power supply.

## **IMF Projects slowed Economic Growth in Sub-Saharan Africa due to China's slowing Economy**

According to the [Regional Economic Outlook](#) of the International Monetary Fund (IMF), China's slowing economy will adversely affect Sub-Saharan Africa's growth performance. Approximately, a one percentage point decline in China's growth rate could reduce the average growth rate in the region by about 0.25 percentage points within a year. The loss could be 0.5 percentage points on average for oil exporters like Nigeria. With China being a major trading partner, a decline in its economic growth could directly impact African countries heavily reliant on exporting commodities like metals, minerals, and fuel. The reduction in Chinese demand for these goods, coupled with a decrease in sovereign lending to the region, which dropped below \$1 billion in 2022—the lowest amount in almost two decades, particularly for infrastructure projects, has been predicted to lower the region's economic growth. Hence, there is a need for African countries to diversify their economies to lessen their reliance on a few key exports to prevent the ripple effects of China's slowing economy. Furthermore, exploring alternative investment opportunities and promoting regional economic integration may serve as a buffer against the impact of China's economic downturn. To navigate the uncertainties brought on by the shifting dynamics in the global economic environment, it will be essential to strengthen domestic policies to manage public debt responsibly and improve economic resilience. Also, collaborative efforts between China and African countries to explore new avenues of cooperation beyond traditional trade and investment patterns could also contribute to long-term sustainable growth in the region.

<b>ECONOMIC SNAPSHOT</b>		
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<b>Quarterly Indicators</b>	<b>'23Q2</b>	<b>'23Q3</b>
<b>GDP Growth Rate (%)</b>	2.51	2.54
<b>Oil GDP Growth Rate (%)</b>	-13.43	-0.85
<b>Non-oil GDP Growth Rate (%)</b>	3.58	2.75
<b>Unemployment Rate (%)</b>	NA	NA
<b>Foreign Direct Investment (US \$ Million)</b>	86.03	NA
<b>Portfolio Investment (US \$Millions)</b>	106.85	NA
<b>Other Investment (US \$Million)</b>	837.34	NA
<b>External Debt (FGN &amp; States- N<sup>3</sup>Trillion)</b>	33.25	NA
<b>Domestic Debt (FGN + States &amp; FCT N<sup>3</sup>Trillion)</b>	54.13	NA
<b>Manufacturing Capacity utilization (%)</b>	NA	NA
<b>Monthly Indicators</b>	<b>October '22</b>	<b>October '23</b>
<b>Headline Inflation (%)</b>	21.09	27.33
<b>Food Sub-Index (%)</b>	23.72	31.52
<b>Core Sub-Index (%)</b>	17.46	22.58
<b>External Reserves (End Period) (US\$ Billion)</b>	37.39	33.39
<b>Official Rate Approx. (N/US\$)</b>	438.52	824.99
<b>BDC Rate Approx. (N/US\$)</b>	NA	NA
<b>Manufacturing PMI</b>	NA	NA
<b>Non-Manufacturing PMI</b>	NA	NA
<b>Average Crude Oil Price (US\$/Barrel)</b>	96.57	94.90
<b>Petrol (PMS-N/litre)</b>	195.29	630.63
<b>Diesel (AGO -N/Litre)</b>	801.09	1004.98
<b>Kerosene (HHK -N/Litre)</b>	809.52	1,272.40
<b>Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)</b>	4,483.75	4,562.51
<b>MPR (%)</b>	15.5	18.75
<b>CRR (%)</b>	32.5	32.5
<b>T-Bill Rate (%)</b>	5.68	5.29
<b>Savings Deposit Rate (%)</b>	4.08	5.26
<b>Prime Lending (%)</b>	12.23	14.32
<b>Maximum Lending (%)</b>	28.06	27.24
<b>Narrow Money (N<sup>3</sup>Trillion)</b>	21.19	25.36
<b>Broad Money (N<sup>3</sup>Trillion)</b>	65.44	67.18
<b>Net Domestic Credit (N<sup>3</sup>Trillion)</b>	63.34	92.72
<b>Credit to the Government (Net) (N<sup>3</sup>Trillion)</b>	22.83	34.12
<b>Credit to the Private Sector (N<sup>3</sup>Trillion)</b>	40.52	58.6
<b>Currency in Circulation (N<sup>3</sup>Trillion)</b>	3.228	2.761
<b>FAAC (N<sup>3</sup>Trillion)</b>	1.26	0.966

NA: Not Available

The September figures for CRR, Narrow money, broad money, T-Bill rate (%), Savings Deposit Rate (%), Prime Lending (%), maximum lending(%), Net domestic credit, credit to the government, and credit to other sectors (exception of FAAC that retained its August figure) are retained due to unavailability of data.

## REFERENCES

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3. International Monetary Fund (IMF), Regional Economic Outlook, (October 2023). <https://www.imf.org/en/News/Articles/2023/11/09/cf-chinas-slowng-economy-will-hit-sub-saharan-africas-growth>