



**NIGERIA
ECONOMIC
UPDATE**

Weekly

Digest

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Nigeria's crude oil production increases to 1.28 million barrels per day

Oil production in Nigeria increased by 51,000 barrels per day (tb/d) to 1.28 million barrels per day (mb/d) in April 2024, according to OPEC's oil market [report](#). While this is a positive development, this output still falls below both OPEC's 2024 [quota](#) for Nigeria (1.38 mb/d) and the government's 2024 budget benchmark (1.78 mb/d). This increase has positive implications for the Nigerian economy by increasing oil exports, which in turn, will increase foreign exchange inflow to the country and strengthen the foreign reserves. However, the output being below the benchmark in the budget implies that Nigeria is not producing and exporting enough oil to meet its budgetary expectations. Low production reflects the challenges in the country's oil sector such as crude oil theft, oil bunkering, illegal refining, and other disruptions to the production process. To boost production and meet the budget benchmark, the government should improve security at oil facilities across the country to deter bunkering and all forms of oil theft. Additionally, the government should provide an enabling environment to increase investment in key areas of the oil sector including infrastructure. Beyond the sale of crude oil, there is a need to invest in the speedy completion of the work being done in refineries across the country. This will help to boost foreign earnings as refined oil output generates higher export earnings than the crude form.

FAAC disburses N1.2 trillion to FG, States, and LGs

In April 2024, the Federation Account Allocation Committee ([FAAC](#)) distributed N1.21 trillion to Nigeria's three tiers of government, drawn from a gross total of N2.19 trillion. The allocation included N390.41 billion for the Federal Government, N403.40 billion for state governments, and N293.82 billion for local governments, while oil-producing states received N120.45 billion (13% derivation revenue). Additionally, N80.52 billion was earmarked for collection costs, and N903.48 billion was allocated for transfers, interventions, and refunds. The gross revenue for April included N1.23 trillion from statutory revenue, which was higher by N216.28 billion compared to March's N1.02 trillion. Value Added Tax (VAT) generated N500.92 billion, a decrease of N48.78 billion from the previous month. From the VAT revenue, N466.46 billion was distributed after deducting collection costs and transfers, with the Federal Government receiving N69.969 billion; states, N233.23 billion, and local governments, N163.260 billion. The Electronic Money Transfer Levy (EMTL) contributed N18.024 billion, distributed as N2.704 billion to the Federal Government, N9.012 billion to states, and N6.308 billion to local governments. The increase in revenue emerged from oil and gas royalties, Companies' Income Tax (CIT), excise duties, Petroleum Profit Tax (PPT), and Customs External Tariffs. However, import duty and VAT components of the revenue saw a decline. Over the last twelve months, FAAC allocations have increased due to the removal of fuel subsidies. Hence, beyond the savings from the removal of subsidies, the government should strengthen tax administration to boost its revenue. This could be achieved through the digitalization of the tax payment processes.

Inflation persists to 33.69%

According to the latest consumer price index (CPI) and inflation [report](#) by the National Bureau of Statistics (NBS), Nigeria's headline inflation has surged to 33.69%. This reflects a 0.49% points increase from the previous month's rate of 33.20% and an 11.47% points increase compared to the 22.22% recorded in April 2023. The urban and rural inflation rate rose to 36% and 31.64% respectively. Additionally, food inflation soared to 40.53%, representing a 15.92% points increase from 24.61% recorded in April 2023. At the state level, year-on-year, Kogi, Kwara, and Ondo states recorded the highest increase of 48.62%, 46.73%, and 45.87% respectively. Adamawa, Bauchi, and Nasarawa States recorded the slowest rise of 33.61%, 33.85%, and 34.03% respectively. This increase was driven majorly by higher prices for staple items such as millet flour, garlic, bread, and various oil. To curtail the persisting inflation, the government should consider strengthening agricultural supply chains to stabilize food prices and supply and implement targeted subsidies for essential goods and staples to reduce the impact as these are the most consumed food by the population. Nigeria is a net importer of agricultural products which stood at about N1.04 trillion in 2023 and accounts for 6.4% of total imports. As a result, food prices are vulnerable to exchange rate changes. Hence, there is a need to ensure stability in the exchange rate to achieve price stability, and low food inflation rate.

ECONOMIC SNAPSHOT		
Quarterly Indicators	'23Q3	'23Q4
GDP Growth Rate (%)	2.54	3.46
Oil GDP Growth Rate (%)	-0.85	12.11
Non-oil GDP Growth Rate (%)	2.75	3.07
Unemployment Rate (%)	5	NA
Foreign Direct Investment (US \$ Million)	59.77	183.97
Portfolio Investment (US \$Millions)	87.11	309.76
Other Investment (US \$Million)	507.77	594.74
External Debt (FGN & States- N'Trillion)	31.98	97.34
Domestic Debt (FGN + States & FCT N'Trillion)	55.93	87.91
Manufacturing Capacity utilization (%)	NA	NA
Monthly Indicators	March '24	April '24
Headline Inflation (%)	33.20	33.69
Food Sub-Index (%)	40.01	40.53
Core Sub-Index (%)	25.90	36.84
External Reserves (End Period) (US\$ Billion)	33.82	33.64
Official Rate Approx. (N/US\$)	1510.34	1533.39
BDC Rate Approx. (N/US\$)	NA	NA
Manufacturing PMI	NA	NA
Non-Manufacturing PMI	NA	NA
Average Crude Oil Price (US\$/Barrel)	85.41	89.1
Petrol (PMS-N/litre)	696.79	696.79
Diesel (AGO -N/Litre)	1341.16	1341.16
Kerosene (HHK -N/Litre)	1354.40	1354.40
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	6591.62	6591.62
MPR (%)	24.75	NA
CRR (%)	45	NA
T-Bill Rate (%)	16.53	NA
Savings Deposit Rate (%)	6.28	NA
Prime Lending (%)	15.70	NA
Maximum Lending (%)	29.38	NA
Narrow Money (N'Trillion)	32.48	NA
Broad Money (N'Trillion)	92.34	NA
Net Domestic Credit (N'Trillion)	90.80	NA
Credit to the Government (Net) (N'Trillion)	19.58	NA
Credit to the Private Sector (N'Trillion)	71.21	NA
Currency in Circulation (N'Trillion)	38.69	NA
FAAC (N'Trillion)	1.12	1.2

NA: Not Available

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