



NIGERIA ECONOMIC UPDATE

Weekly

Digest

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Currency in Circulation Surged by 4.01% on Monthly Basis in September 2024

According to [data](#) from the Central Bank of Nigeria (CBN) on money and credit, money in circulation increased by 56.13% year-on-year, reaching N4.31 trillion in September 2024, up from N2.76 trillion in September 2023. This surge reflects a 4.04% rise in cash circulating in the economy, rising from N4.14 trillion in August 2024. This trend highlights Nigeria's heavy reliance on cash transactions, with cash held outside banks growing faster than money issued for circulation. Also, Nigeria's money supply (M3) increased substantially to N66.95 trillion in September 2024, up 62.8% from N41.94 trillion in the previous year and showing a 1.6% rise from N65.19 trillion in August 2024. However, the increase in currency circulation and overall money supply suggests pressures that may exceed Nigeria's productive capacity, contributing to increase in inflation. Approximately 93.1% of Nigeria's currency in circulation was being held outside banks in September 2024, compared to 87.5% the previous year. The shift may be attributed to factors such as low trust in banking services, inflationary pressures, and the cash-dependent nature of Nigeria's informal economy. The rising currency circulation and expanding money supply present complex challenges for the economy, highlighting the need for targeted policy interventions. The Cashless Policy by the CBN aims to reduce reliance on cash transactions, potentially easing inflation by controlling currency circulation and money supply. Therefore, addressing challenges like network glitches and insufficient ATMs to ensure that effective electronic payment systems are available to implement this policy for conciseness and clarity.

Cost of a Healthy Diet rises to N1346 in September 2024

According to the National Bureau of Statistics [data](#), the cost of a healthy diet (CoHD) for September 2024 was N1,346 per adult per day, a 7.3% increase from N1,255 in August. The CoHD represents the most affordable mix of locally available foods that satisfy global dietary guidelines. It estimates that an adult would need to spend about N1,346 daily to maintain a nutritious diet. The increase indicates growing concerns about affordability as Nigerians face rising cost challenges while trying to maintain their dietary requirements amid inflationary pressures. Regional analysis revealed the South-West had the highest CoHD at N1,598 while the North-West had the lowest at N1,144. At the State level, Osun had the most expensive CoHD at N1,661, while Katsina had the least expensive CoHD at N1,043. The cost of a nutritious diet has increased more rapidly since July 2023, signalling pressure on items included in a healthy diet. The main factors contributing to the increase in CoHD are legumes, nuts, seeds, starchy staples, and animal-source foods, alongside issues in the supply chain, the cost of food production, and rising demand for nutritious food. Monitoring CoHD offers insights into inflation dynamics specific to essential food as high CoHD could guide interventions in nutrition. For example, improving supply chains for costly food groups or boosting agricultural production could reduce costs. These data-driven strategies could enhance food security and support access, especially in high-cost regions or food categories.

IMF World Economic Outlook October 2024

According to the International Monetary Fund (IMF) in its October 2024 World Economic [Outlook](#), Nigeria's inflation remains in double digits and exceeds targets in nearly half of the region. Although regional GDP-weighted headline inflation is expected to decline from 18.1% in 2024 to 12.3% in 2025 and will remain higher in oil-exporting countries like Nigeria. Projected fiscal consolidation is expected to improve the external sector, with the median current account deficit decreasing from 4.3% in 2024 to 3.7% in 2025. However, oil exporters like Nigeria might see their current account surpluses narrow from 1.5% to approximately zero percent. Recent macroeconomic adjustments, such as reductions in fuel subsidies and increased exchange rate flexibility, have intensified short-term hardships. The IMF projects that Nigeria's real GDP growth will increase from 2.92% in 2024 to 3.3% in 2025, while consumer price inflation is expected to decline from 32.5% to 25.0%. External debt is projected to increase from 22.7% of GDP in 2024 to 25.0% in 2025, and reserves are expected to increase to 7.2% of imports, up from 6.8%. The government needs to put policies in place to curb inflation to ensure the decline projected is attained. Additionally, domestic resource mobilisation should be a priority to reduce the need for borrowing and increase fiscal expenditure.

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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