



**NIGERIA
ECONOMIC
UPDATE**

Weekly

Digest

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[Rail Transportation Improved in Q2 2024](#)

According to the Rail Transportation [Data](#) issued by the Nigerian Bureau of Statistics (NBS), the total number of rail passengers in Q2 2024 was 689,263, representing a 45.38% increase from 474,117 in the same quarter of 2023. In Q2 2024, the volume of goods/cargo handled by rail increased to 143,759 tons compared to 56,936 tons in Q2 2023. Revenue from the rail transport system increased to N1.69 billion in Q2 2024, up 53.14% from N1.10 billion in Q2 2023. Similarly, the collection of goods/cargo via rail in Q2 2024 increased to N537.36 million, a 206.68% increase from N12.81 million in Q2 2023. Rail transit is becoming more popular due to its cost-effectiveness and efficiency. The increased use of rail transit is most likely due to rising fuel and road transportation costs, which have caused people to shift from road transportation to rail transportation. However, the enhancement of rail transportation benefits the overall economy by reducing transportation costs, promoting trade activities, and facilitating the movement of people, goods, and services. This, in turn, leads to increased government revenue generation and economic growth. Therefore, the government should invest in incentives that foster the growth and development of the rail transportation system in the country. Additionally, the government should prioritize the maintenance of rail transport infrastructure to enhance the system's service delivery.

[Average Capacity Utilisation Fell by 1.3% in August](#)

According to the Central Bank of Nigeria's business confidence survey [report](#) for August 2024, average capacity utilization fell by 1.2 percentage points to 53.2 percent from 54.4 percent the previous month. However, each sector of the economy experiences varying levels of average capacity utilization. For example, while some sectors, such as mining and quarrying, electricity, gas and water supply, agriculture and manufacturing, exceeded their average installed capacity with utilization rates of 55.6%, 53.4% and 53.2% respectively, the construction subsector was below its average installed capacity, with a utilization rate of 49.9% in the current month. The country's current macroeconomic conditions (high inflation, deteriorating exchange rates, and an energy crisis) could be the cause of the modest drop in overall capacity utilization. The devaluation of the naira, in particular, may raise the price of importing raw materials and machinery, making it difficult for enterprises to sustain full capacity output. The irregular power supply and rising costs of Premium Motor Spirit (PMS) and fuel, worsen the production issues. To address these problems, the government should prioritize the stability of the aforementioned macroeconomic indicators. Most importantly, the energy crisis needs to be solved immediately. In other words, the energy issue must be addressed urgently through significant investment on infrastructure, renewable energy sources, and the power system to assure reliable and inexpensive electricity.

[Inflation Drops to 32.15% in August 2024](#)

According to the National Bureau of Statistics' (NBS) Consumer Price Index (CPI) and Inflation [Report](#) for August, headline inflation fell for the second consecutive month in 2024 to 32.15%. This is a 1.25 percentage point decline from 33.40% month-to-month in July. However, on a year-over-year basis, the inflation rate rose by 6.35 percentage points, compared to 25.80% in August 2023. Similarly, food inflation fell to 37.52%, a 2.01 percentage point decline from 39.53% month-to-month in July but an 8.18 percentage point increase from 29.3% year-on-year in August 2023. The decrease in food inflation can be attributed to lower average costs for products like yam, cassava, and groundnut oil, which resulted from continued agricultural output. On the other hand, rise in year-on-year food inflation could be linked to seasonal variables and an increase in the average costs of identical commodities. While the current decline in inflation is a positive development for the economy, a long-term solution is needed to further reduce inflation. Specifically, since the current decline in inflation is primarily driven by agricultural production, the government should increase agricultural production by making significant investments in the agricultural sector, particularly in modern farming techniques, storage facilities, irrigation systems, and rural area infrastructure. This will ensure the year-round supply of food items. Also, the government should stabilize other factors that are driving up inflation, such as exchange rate instability, the energy crisis, and fiscal policy indiscipline.

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 (%)	NA	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	NA
Monthly Indicators	June 24'	July 24'
Headline Inflation (%)	34.19	33.40
Food Sub-Index (%)	40.87	39.53
Core Sub-Index (%)	27.40	27.47
External Reserves (End Period) (US\$ Billion)	34.19	36.79
Official Rate Approx. (N/US\$)	1481.33	1555.89
BDC Rate Approx. (N/US\$)	NA	NA
Manufacturing PMI	50.1	49.20
Non-Manufacturing PMI	NA	50.3
Average Crude Oil Price (US\$/Barrel)	83.64	87.27
Petrol (PMS-N/litre)	750.17	770.54
Diesel (AGO -N/Litre)	1462.98	1379.48
Kerosene (HHK -N/Litre)	1555.11	1769.86
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	6966.03	5974.55
MPR (%)	26.25	26.75
CRR (%)	45.00	45.00
T-Bill Rate (%)	16.37	16.99
Savings Deposit Rate (%)	6.67	6.74
Prime Lending (%)	15.85	15.89
Maximum Lending (%)	29.11	28.89
Narrow Money (N'Trillion)	36.77	35.27
Broad Money (N'Trillion)	101.34	106.26
Net Domestic Credit (N'Trillion)	101.17	94.49
Credit to the Government (Net) (N'Trillion)	28.05	19.00
Credit to the Private Sector (N'Trillion)	73.12	75.48
Currency in Circulation (N'Trillion)	40.48	40.53
FAAC (N'Trillion)	2.32	1.35

NA: Not Available

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