



**NIGERIA
ECONOMIC
UPDATE**

Weekly

Digest

www.cseaafrica.org

October 16th, 2024. Issue 37

Private Sector activity record slight output expansion in August 2024

The Purchasing Managers' Index (PMI) Survey [report](#) by Stanbic IBTC Bank Nigeria stood at 49.9 in August 2024, a slight increase from the 49.2 recorded in July 2024. The PMI measures a country's economic activity and rate of expansion. A value below 50 represents a decline in private sector activity compared to the previous month, while a value above 50 indicates an increase in private sector activity, and a value of 50 reflects no change. The PMI value for August showed a 1.4% increase compared to the index value for July. However, this modest increase remains below the 50.0 benchmark, indicating that private sector activity is still low, albeit slowly increasing, reflecting an upward trend in private sector output. This slow rate of increase is due to rising input and manufacturing prices, which led firms to raise their selling prices rapidly. Demand has also remained muted due to increasing inflationary pressures, which have been further exacerbated by a weak currency. A sectoral disaggregation of the PMI report shows increased activity in the manufacturing, wholesale, and retail sectors, while the agricultural sector experienced a decline. The modest improvement in economic activity in August suggests a slight enhancement in Nigeria's business climate. However, the government needs to adopt monetary measures to curb inflationary pressures, stabilise the Nigerian currency, and improve security on farms to restore agricultural productivity. Furthermore, subsidizing critical raw materials and lowering taxes on essential imports would help manufacturing firms maintain profitability without significantly raising their selling prices.

Selected food price watch August 2024

The National Bureau of Statistics' (NBS) Selected Food Price [Watch](#) for August 2024 revealed a significant increase in food prices, indicating a decline in the average Nigerian's welfare. The price of 1 kg of locally produced brown beans increased by 5.31% month-on-month (MoM) from N2,444 in July 2024 to N2,574. Likewise, the price of 12-medium-sized agricultural eggs rose by 5.48% MoM, from N2,170 in July to N2,289 in August. A notable price increase was also recorded in 1 kg of local rice, which rose by 3.65% MoM to N1,831 in August 2024. State-wise, Akwa Ibom recorded the highest price for beans at N3,276, while Adamawa recorded the lowest price at N1,710 per kg. Jigawa State recorded the lowest price of N1,786 for agricultural eggs, while Niger State recorded the highest price at N2,996. These price increases can be attributed to rising transportation costs, instability in the exchange rate of the Naira, and insecurity on farmlands in the country. The continued rise in food prices could have severe consequences for Nigerians' welfare and economic growth. Rising food prices disproportionately affect low-income households, leading to reduced purchasing power, increased food insecurity and malnutrition, and widening inequality. The government must implement policies to improve agricultural productivity in the long run. These should include subsidies for agro-allied industries, increased investment in agricultural infrastructure and reduced tariffs on essential food products.

Unemployment rises to 5.3% in Q1 2024

According to the National Bureau of Statistics' labor force report for Q1, the unemployment rate increased by 0.3 percentage points, rising from 5.0% in Q3 2023 to 5.3% in Q1 2024. This increase aligns with the International Labour Organisation's (ILO) forecast of 5.7%, which equates to 16.1 million unemployed people in low-income countries by the end of 2024. Disaggregated by place of residence, unemployment rate stood at 4.3% in rural areas and 6.0% in urban areas. Similarly, the youth unemployment rates decreased by 0.2 percentage points, dropping from 8.6% in Q3 2023 to 8.4% in Q1 2024. This indicates that young people are less prone to unemployment, likely due to the expansion of technology and ICT sectors (such as fintech, digital marketing, and e-commerce) as well as the growth of the Nigerian creative industries (music, film, and fashion). Rising unemployment rates have several negative implications for the Nigerian economy, including an increase in crime rates, surging poverty, reduced tax revenue, social and political unrest, and a decline in the overall quality of life for citizens. To address this issue, the government should foster a conducive environment for private sector growth by offering tax breaks and incentives, as well as reducing bureaucratic and administrative barriers to starting and running businesses in the country. Additionally, policies that attract foreign direct investment (FDI) would bring in capital to create new industries and jobs in sectors like manufacturing and technology, ensuring long-term economic growth and job creation.

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 (%)	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- N⁷Trillion)	56.02	NA
Domestic Debt (FGN + States & FCT N⁷Trillion)	65.65	NA
Manufacturing Capacity Utilization (%)	9.98	14.1
Imports (N⁷Billion)	13.97	12.47
Exports (N⁷Billion)	19.16	19.41
Total trade (N⁷Billion)	33.13	31.89
Trade balance (N⁷Billion)	5.19	6.94
Crude oil Export (N⁷Billion)	15.48	14.55
Non-Crude Oil Export (N⁷Billion)	3.68	4.85
Non-Oils Export (N⁷Billion)	1.77	1.94
Monthly Indicators	July 24[']	August 24[']
Headline Inflation (%)	33.40	32.15
Food Sub-Index (%)	39.53	37.52
Core Sub-Index (%)	27.47	27.58
External Reserves (End Period) (US\$ Billion)	36.79	36.57
Official Rate Approx. (N/US\$)	1555.89	1586.43
BDC Rate Approx. (N/US\$)	NA	NA
Manufacturing PMI	49.2	49.9
Non-Manufacturing PMI	50.3	NA
Average Crude Oil Price (US\$/Barrel)	87.27	82.88
Petrol (PMS-N/litre)	770.54	830.46
Diesel (AGO -N/Litre)	1379.48	1,406.05
Kerosene (HHK -N/Litre)	1769.86	1,847.59
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	5974.55	6,430.02
MPR (%)	26.75	26.75
CRR (%)de	45.00	45.00
T-Bill Rate (%)	16.99	18.3
Savings Deposit Rate (%)	6.74	6.75
Prime Lending (%)	15.89	17.01
Maximum Lending (%)	28.89	29.89
Narrow Money (N⁷Trillion)	35.27	34.94
Broad Money (N⁷Trillion)	106.26	107.19
Net Domestic Credit (N⁷Trillion)	94.49	10.58
Credit to the Government (Net) (N⁷Trillion)	19.00	31.15
Credit to the Private Sector (N⁷Trillion)	75.48	74.73
Currency in Circulation (N⁷Trillion)	40.53	41.44
FAAC (N⁷Trillion)	2.68	2.27

NA: Not Available

REFERENCES

1. Stanbic IBTC Bank Nigeria PMI report August 2024. Retrieved from: https://www.stanbicibtcbank.com/static_file/Nigeria/nigeriabank/Corporate%20and%20Investment/Insights/Stanbic%20IBTC%20Bank%20PMI-%20August%202024.pdf
2. National Bureau of Statistics, Selected food price watch August 2024. Retrieved from: <https://nigerianstat.gov.ng/elibrary/read/1241564>
3. National Bureau of Statistics, labour force statistics report Q1 2024. Retrieved from: <https://nigerianstat.gov.ng/elibrary/read/1241562>
4. International Labour Organisation (ILO) World Employment and Social Outlook 2024. Retrieved from: <https://www.ilo.org/publications/flagship-reports/world-employment-and-social-outlook-trends-2024#:~:text=Labour%20markets%20have%20shown%20surprising,prospects%20for%20greater%20social%20justice.>