



**NIGERIA
ECONOMIC
UPDATE**

Weekly

Digest

www.cseaafrica.org 

December 15th, 2023 Issue 49

24 million Nigerians pushed below national poverty line between 2018 and 2023

In its latest Nigeria Development [Update](#), the World Bank revealed that 24 million Nigerians had been pushed below the poverty line in 5 years - between 2018 and 2023. In tandem, poverty rate in the country has increased to 46 percent in 2023 compared to 40 percent recorded in 2018 with the number of poor people also rising from 79 million in 2018 to 104 million in 2023, a 31.6 percent increase. A rural-urban comparison shows that a larger proportion of poor people reside in rural areas standing at 84 million compared with 20 million poor people residing in urban areas. The increase in poverty rates is attributed to rising inflation, slow economic growth, and a high population growth rate. Inflation rose to an 18-year high of 28.20 percent in November 2023. In the first-three quarters of 2023, real GDP has grown by an average of 2.45 percent. Nigeria's population grew at an average rate of about 2.4%. This underscores the need for comprehensive economic reforms and targeted interventions to achieve high economic growth that would increase per capita income. The rural-urban disparity in poverty distribution also suggests that tailored strategies are needed to address the specific challenges each demographic faces. To tackle inflation, it is pertinent for the government to implement effective monetary policies whilst ensuring the efficiency and effectiveness of public spending especially on pro-poor programs. Promoting inclusive and sustainable growth to alleviate poverty is vital. The government should engage this by improving the business environment and modernizing the agricultural sector which employs most of the poor.

Formal financial inclusion grows to 64% in 2023

The Access to Financial Services in Nigeria (A2F) 2023 survey [report](#) by Enhancing Financial Inclusion and Access (EFInA) showed that Nigeria's formal financial inclusion has grown to 64% in 2023, an 8 percentage points increase from 56% recorded in 2020. Notably, financial exclusion has declined by 10 percentage points from 2020. These positive developments emerged from growth in the banked population and impressive gains in non-bank formal adoption. The findings signify that Nigeria has made commendable progress in achieving its financial inclusion goals with a strive towards a more inclusive and resilient financial ecosystem. Nevertheless, the country is still far below the target of 75% by 2024. The gap can be associated with several factors including inadequate digital infrastructure, low financial literacy, and policy gaps in the financial sector. Existing financial laws and regulations need to be strengthened to foster and support the development and adoption of new and inclusive financial products and services. Also, there is a need for the government to engage with stakeholders to address the infrastructure deficit needed to deepen financial inclusion, especially in rural areas. Furthermore, government and stakeholders should partner to provide financial education and engage on financial campaigns to improve the financial capabilities and confidence of people.

Unemployment rate rises slightly to 4.2% in Q2 2023

According to the Nigeria Labour Force statistics [report](#) released by the National Bureau of Statistics (NBS), unemployment rate increased slightly to 4.2 percent in Q2 2023. This is a 0.1 percentage points increase from 4.1 percent recorded in Q1 2023. However, time-related underemployment declined by 0.4 percentage points to 11.8 percent in Q2 2023 from 12.2 percent in the preceding quarter. Consequently, labour underutilization, combined time-related underemployment and unemployment, stood at 15.5% in the period under review. The situation is caused by several factors including rapid population growth that exceeds the available jobs, red tape that has hindered business operations, low growth, and insecurity, amongst others. High labour underutilization suggests that the economy is unable to generate sufficient employment opportunities to absorb individuals entering the labour force. The government should strengthen its efforts in stimulating the economy through fiscal and monetary policies, such as increasing the efficiency of government spending and fostering macroeconomic stability, to boost aggregate demand and create more jobs. Additionally, job creation hubs in labour-intensive sectors such as manufacturing and services should be created to foster innovation, entrepreneurship, and employment.

ECONOMIC SNAPSHOT		
	+	
Quarterly Indicators	'23Q2	'23Q3
GDP Growth Rate (%)	2.51	2.54
Oil GDP Growth Rate (%)	-13.43	-0.85
Non-oil GDP Growth Rate (%)	3.58	2.75
Unemployment Rate (%)	4.2	NA
Foreign Direct Investment (US \$ Million)	86.03	NA
Portfolio Investment (US \$Millions)	106.85	NA
Other Investment (US \$Million)	837.34	NA
External Debt (FGN & States- N'Trillion)	33.25	31.98
Domestic Debt (FGN + States & FCT N'Trillion)	54.13	55.93
Manufacturing Capacity utilization (%)	NA	NA
Monthly Indicators	October '22	October '23
Headline Inflation (%)	21.09	27.33
Food Sub-Index (%)	23.72	31.52
Core Sub-Index (%)	17.46	22.58
External Reserves (End Period) (US\$ Billion)	37.39	33.39
Official Rate Approx. (N/US\$)	438.52	824.99
BDC Rate Approx. (N/US\$)	NA	NA
Manufacturing PMI	NA	NA
Non-Manufacturing PMI	NA	NA
Average Crude Oil Price (US\$/Barrel)	96.57	94.90
Petrol (PMS-N/litre)	195.29	630.63
Diesel (AGO -N/Litre)	801.09	1004.98
Kerosene (HHK -N/Litre)	809.52	1,272.40
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	4,483.75	4,562.51
MPR (%)	15.5	18.75
CRR (%)	32.5	32.5
T-Bill Rate (%)	5.68	5.29
Savings Deposit Rate (%)	4.08	5.26
Prime Lending (%)	12.23	14.32
Maximum Lending (%)	28.06	27.24
Narrow Money (N'Trillion)	21.19	25.36
Broad Money (N'Trillion)	65.44	67.18
Net Domestic Credit (N'Trillion)	63.34	92.72
Credit to the Government (Net) (N'Trillion)	22.83	34.12
Credit to the Private Sector (N'Trillion)	40.52	58.6
Currency in Circulation (N'Trillion)	3.228	2.761
FAAC (N'Trillion)	1.26	0.907

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.

Highlights of Nigeria's 2024 Budget

Budget Assumption/Fiscal Parameters (NGN' Trillion)	2023 Approved Budget	2024 Proposed Budget	Change (%)
Crude oil price per barrel (\$pb)	75	77.96	3.95%
Crude oil production (mbpd)	1.69	1.78	5.33%
Real GDP growth (%)	3.75	3.76	0.27%
Exchange rate (₦/US\$)	435.57	750	72.19%
Inflation (%)	17.16	21.5	25.29%
Statutory Transfer (N Trillion)	0.99	1.38	39.39%
Debt Servicing (N Trillion)	6.31	8.25	30.74%
Capital Expenditure (N Trillion)	8.43	8.7	3.20%
Recurrent Expenditure (Non-debt) (N Trillion)	9.32	9.92	6.44%
Total Revenue (N Trillion)	11.05	18.32	65.79%
Total Expenditure (N Trillion)	24.82	27.5	10.80%
Fiscal Deficit (N Trillion)	11.34	9.18	-19.05%

REFERENCES

1. World Bank (2023). Nigeria Development Update - Turning the Corner :From Reforms and Renewed Hope, to Results. Retrieved from <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099121223114542074/p5029890fb199e0180a1730ee81c4687c3d>
2. NBS (2023). Nigeria Labor Force Survey Q2 2023. Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241429>
3. A2F (2023). A2F 2023 Survey –Key Highlights. Retrieved from <https://a2f.ng/a2f-2023-survey-key-highlights/>