



**NIGERIA
ECONOMIC
UPDATE**

Weekly

Digest

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FAAC disburses 2.19 Trillion to FG, States, and LGs

In May 2024, the Federation Account Allocation Committee (FAAC) distributed N2.19 trillion to Nigeria's three tiers of government. This allocation included N390.41 billion for the Federal Government, N403.403 billion for state governments, and N293.816 billion for local governments. Oil-producing states received an additional revenue of N120.450 billion as 13% derivation revenue. The Federal Government earmarked N80.51 billion for collection costs. The gross revenue included N1.233 trillion from statutory revenue. Value Added Tax (VAT) generated N500.92 billion, a decrease of N48.778 billion from the previous month. After deducting collection costs and transfers, N466.46 billion VAT revenue was shared among the three tiers of government with the Federal Government receiving N390.41 billion, states receiving N493.40 billion, and local governments receiving N293.82 billion. The increase in revenue shared among the three tiers of government was due to an increment in oil and gas royalties, companies' income tax (CIT), excise duties, petroleum profit tax (PPT), and customs external tariffs. This increase in revenue presents an opportunity to improve public services like education and healthcare, reduce public debt, and stimulate the economy through targeted investments. To maximize these benefits, the government should prioritize key sectors like agriculture and infrastructure development, ensuring transparent spending and avoiding fund misuse, thereby bolstering economic activities and reducing economic hardship.

Inflation rate increases to 34.19% in June

According to the National Bureau of Statistics (NBS) [CPI report](#), headline inflation in June rose to 34.19% from 33.95% recorded in May, representing a 2.31 percentage point month-on-month change (MoM). Year-on-year (YoY), headline inflation rose by 11.4 percentage points, up from 22.79% recorded in June 2023. Urban inflation rose to 36.55%, and rural inflation rose to 32.09%. Furthermore, the food inflation rate rose to 40.87%. An increase in the prices of Garri, Millet, Yam Tuber, Palm Oil, and items from the fish class drove the year-on-year rise in food inflation. In terms of all-time inflation, Bauchi, Kogi, and Oyo had the highest inflation rate of 43.95%, 39.91%, and 39.15%, respectively, while Borno, Benue, and Katsina had the lowest inflation rate of 25.90%, 27.52%, and 29.21%, respectively. The continued inflationary pressure risks pushing the country into more economic hardship as more people become poor, dampening economic activities as businesses face difficulties making appropriate investment plans due to the unpredictable changing prices. Furthermore, if the inflation rate is unchecked, it is likely to fuel social unrest and increase insecurity. As inflation continues to rise with increasingly tight monetary policies, the government should prioritise fiscal discipline, cutting down unnecessary expenditures, prioritising investments that would boost domestic agricultural productivity, and tackling supply chain bottlenecks in food production. Security in farm areas needs to be strengthened to encourage farmers to return to the farmland. Otherwise, food inflation will persist, resulting in food insecurity, malnutrition, and stunted growth.

Nigeria's Oil production increases by 25,000 barrels per day

In June 2024, according to [OPEC](#), Nigeria's oil production increased by 25,000 barrels per day (bpd), bringing the total output to 1.276 million bpd. This follows an earlier decrease in May 2024, when oil production fell by 30,000 bpd to 1.251 million bpd. Despite these gains, Nigeria's oil production remains below OPEC's 2024 quota of 1.38 million bpd and the Nigerian government's 2024 budget benchmark of 1.78 million bpd for the year. This suggests Nigeria is still not producing enough oil to meet its budgetary expectations. Ongoing issues such as crude oil theft, oil bunkering, illegal refining, and operational disruptions continue to hinder the country's full production potential. The government must implement strict measures against oil bunkering and production disruptions to address these challenges and enhance production sustainability. Additionally, the government should encourage private participation in the oil sector, especially in oil infrastructure, to increase the refining capacity in the country and ensure transparency and efficiency in the sector. Efforts to increase oil production will bolster government fiscal space, which in turn, will enable the government to invest in infrastructure that would unlock new industries, thereby, reducing future dependence on oil for revenue and exchange earnings.

ECONOMIC SNAPSHOT		
Quarterly Indicators	'23Q4	'24Q1
GDP Growth Rate (%)	3.46	2.98
Oil GDP Growth Rate (%)	12.11	5.70
Non-oil GDP Growth Rate (%)	3.07	2.80
Unemployment Rate (%)	5	NA
Foreign Direct Investment (US \$ Million)	183.97	NA
Portfolio Investment (US \$Millions)	309.76	NA
Other Investment (US \$Million)	594.74	NA
External Debt (FGN & States- N'Trillion)	97.34	NA
Domestic Debt (FGN + States & FCT N'Trillion)	87.91	NA
Manufacturing Capacity Utilization (%)	NA	9.98
Monthly Indicators	April '24	May '24
Headline Inflation (%)	33.69	33.95
Food Sub-Index (%)	40.53	40.66
Core Sub-Index (%)	26.84	27.04
External Reserves (End Period) (US\$ Billion)	32.41	32.69
Official Rate Approx. (N/US\$)	1236.55	1432.81
BDC Rate Approx. (N/US\$)	NA	NA
Manufacturing PMI	NA	52.10
Non-Manufacturing PMI	NA	NA
Average Crude Oil Price (US\$/Barrel)	92.79	NA
Petrol (PMS-N/litre)	701.24	769.62
Diesel (AGO -N/Litre)	1415.06	1403.96
Kerosene (HHK -N/Litre)	1439.64	1450.35
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	6521.58	7418.45
MPR (%)	24.75	26.25
CRR (%)	45	NA
T-Bill Rate (%)	16.24	NA
Savings Deposit Rate (%)	6.29	NA
Prime Lending (%)	15.54	NA
Maximum Lending (%)	29.49	NA
Narrow Money (N'Trillion)	33.81	NA
Broad Money (N'Trillion)	96.97	NA
Net Domestic Credit (N'Trillion)	92.89	NA
Credit to the Government (Net) (N'Trillion)	19.97	NA
Credit to the Private Sector (N'Trillion)	72.91	NA
Currency in Circulation (N'Trillion)	39.22	3.97
FAAC (N'Trillion)	2.19	2.32

NA: Not Available

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