



**NIGERIA  
ECONOMIC  
UPDATE**

**Weekly**

**Digest**

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## **Nigeria's Total Debt Stock rises to N121.67 trillion in Q1 2024**

The latest debt data [report](#) by the Debt Management Office (DMO) shows that Nigeria's total debt stock stood at \$91.46 billion in Q1 2024, an equivalence of N121.67 trillion at the exchange rate of N1,330 per dollar. In Naira terms, this is a 24.99 percent (N24.33 trillion) increase over the N97.34 trillion recorded in Q4 2023 and a 144.07 percent (N71.82 trillion) increase over the N49.85 trillion of Q1 2023. Conversely, in dollar terms, the total debt stock declined by 15.49 percent from \$108.23 billion in Q4 2023, indicating that the Naira devaluation contributed partly to the sharp rise in the naira value of the debt stock. Furthermore, the securitization of the N7.3 trillion Ways and Means at the CBN and increased domestic borrowing to finance the 2024 budget deficit contributed to the increase in the naira value of the debt stock. External debt amounted to 46.05 percent (N56.02 trillion) of total debt, while domestic debt amounted to 53.95 percent (N65.64 trillion). Nigeria's rising public debt profile and the ensuing effects of spending mostly on debt servicing have prevented it from adequately addressing its numerous developmental issues. Given the impact of currency depreciation on debt stock, there is a need for the Central Bank of Nigeria (CBN) to partner with the fiscal authority to design a framework that will prevent further free fall of the naira. Otherwise, the debt management strategy should be adjusted while minimising external loans, usually in foreign currencies. If Nigeria's debt continues to grow without corresponding economic expansion, the country may face a debt distress.

## **Price of Cooking Gas rises by 13.75% in May 2024**

The National Bureau of Statistics (NBS), in its Liquefied Petroleum Gas (LPG)/Cooking Gas Price [Watch](#), revealed that the average retail price for a 5 kg cylinder of cooking gas increased month-on-month by 13.75 percent to N7,418.45 in May 2024 from N6,521.58 in April 2024. Year-on-year, it rose by 70.12 percent, from N4,360.69 recorded in May 2023. At the state level, Benue, Enugu, and Ondo recorded the highest average prices at N8,012.03, N7,926.21, and N7,857.53, respectively. Yobe, Jigawa, and Katsina states recorded the lowest average prices at N5,842.31, N6,521.81 and N6,567.95 respectively. The South-East recorded the highest average price, while the North-East recorded the lowest. The rise in LPG prices is driven by several factors including exchange rate and global gas prices. However, the significant divergence across states suggests that middlemen's actions contributed to the high prices. The increased cost of cooking gas impedes household budgets, especially for low- and middle-income families, and could compel them to embrace traditional fuels such as charcoal and firewood. This may increase deforestation and the loss of valuable ecosystems and biodiversity. This will also have an impact on government health spending, given the increased health risks associated with traditional fuels. To mitigate the impact of forex volatility on the price of LPG, the government should strengthen the local economy and promote local production. Also, the government should foster competition among the sellers of the cooking gas to ensure that consumers are not exploited through high prices.

## **Inflation hits 33.95% in May 2024**

The Consumer Price Index (CPI) and Inflation [Report](#) of the National Bureau of Statistics (NBS) for May 2024 shows that inflation increased to 33.95 percent. This represents a 0.26 percentage point increase from the 33.69 percent recorded in April 2024. On year-on-year basis, the inflation rate increased by 11.54 percentage points, compared to 22.41 percent recorded in May 2023. Food inflation increased from 24.82 percent in May 2023 to 40.66 percent in May 2024, signifying a 15.84 percentage points increase. Nigeria's inflation rate has been rising for the past 28 months, persistently eroding consumers' purchasing power and raising the cost of living. Inflation has surged at an alarming rate over these months because of the removal of fuel subsidies, the floating of the Naira, Nigeria's dependency on imports and other structural factors such as insecurity. The IMF projected that Nigeria's inflation rate could reach 44% unless immediate action to curb inflation is taken. To curb inflation, the Central Bank's Monetary Policy Committee has increased the Monetary Policy Rate (MPR) by 750 basis points from 18.75 percent in January 2024 to 26.25 percent in May 2024. However, in its 2024 [Global Economic Prospect](#), the World Bank has expressed concerns that the current CBN's measures to tighten monetary policy may not be sufficient to bring Nigeria's inflation under control. This suggests that managing inflation requires a comprehensive and coordinated policy response, structural reforms, fiscal measures and targeted social programs.

<b>ECONOMIC SNAPSHOT</b>		
<b>Quarterly Indicators</b>	<b>'23Q4</b>	<b>'24Q1</b>
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	56.02
Domestic Debt (FGN + States & FCT N'Trillion)	87.91	65.65
Manufacturing Capacity Utilization (%)	NA	9.98
<b>Monthly Indicators</b>	<b>April '24</b>	<b>May '24</b>
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

## REFERENCES

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