



NIGERIA ECONOMIC UPDATE

Weekly

Digest

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Average CoHD up by 1.9%

In its latest report, the National Bureau of Statistics (NBS) indicated that the national average cost of a healthy diet (CoHD) for July 2024 has risen to N1,265 per day, representing a 1.9% increase from N1,241 recorded in the previous month.¹ The CoHD represents the least expensive combination of locally available food items that meet the global consistent food-based dietary and nutritional guidelines, indicating that an average Nigerian must spend N1,265 daily to maintain a healthy diet. On a regional basis, the South-West region has the highest cost of N1,581 per adult per day, followed by the south-south with N1,487 per day and the North-West region with N956 per day. At the state level, Ekiti, Ogun, and Osun States recorded the highest costs with N1,632, N1,612, and N1,611 respectively, while Katsina, Adamawa, and Sokoto recorded the lowest costs with N884, N914 and N927 respectively. These variations highlight the disparities in agricultural productivity, products availability, and market prices across different states. Several factors, such as inflation and fuel price hikes, are responsible for this rise in the CoHD. This is in addition to food production disruptions from northern insecurity and banditry. The present situation is challenging, particularly for low-income individuals, who may find it increasingly difficult to afford a healthy diet as their incomes remain unchanged. Moreover, with healthy food becoming less affordable, many Nigerians will resort to cheaper and less nutritious alternatives, heightening the risk of malnutrition and associated health issues. To prevent such incident, the government should boost investment in agriculture through farmer support initiatives, social safety net programs and improved food distribution networks. These measures would enhance domestic food production, improve access to nutritious food for low-income households and ensure that food is available to consumers at reasonable prices.

Nigeria's Business Activities Expands as Composite PMI grows to 50.2

The Purchasing Managers' Index (PMI) survey report of the Central Bank of Nigeria (CBN) has revealed that the composite PMI stood at 50.2 in August 2024, an improvement from 49.7 recorded in July 2024.² The PMI survey is conducted to measure the direction of economic activities in Nigeria. An index below 50.0 points indicates a contraction in business operations while an index over 50.0 points indicates a growth in business activities. A 50.0 index denotes no change in the circumstances. The PMI value for August, which is above the critical threshold of 50.0, shows an expansion in economic activities for the first time in the thirteenth consecutive month. Key components of the composite index such as output, new orders and stock of raw materials demonstrated growth, while employment levels declined. The services and agricultural sectors primarily drove the expansion in August with the services sector recording its third consecutive month of growth with 50.7 points. Meanwhile, the agricultural sector showed signs of recovery, experiencing expansion for the first time in several months with 50.5 points. Despite the overall expansion, the industry sector continued to contract, although at a slower rate than in previous months. The industry sector's PMI stood at 49.2 points in August, reflecting an improvement from the sharp contraction observed earlier in the year. Subsector analysis within the industrial sector highlighted mixed performance, with sectors like mining and quarrying, electricity and water supply experiencing growth, while manufacturing, transportation equipment and several others continued to struggle. While the expansion in the services and agricultural sectors offers a promising outlook, the contraction in the industry sector and persistent challenges with employment highlight the fragility of the recovery. To resolve these challenges, there is a need for the government to sustain the growth in the other sectors while addressing structural weaknesses, particularly in manufacturing sector which hampers employment.

Naira rebounds against the Dollar as the CBN offers to sell \$20K to BDCs at 1580

The naira rebounded against the U.S. dollar, gaining significant value this week, closing at N1,593.32/\$1 in the official market.³ This improvement is linked to the recent settlement of a \$500 million domestic dollar bond, which was fully subscribed by investors. The move injected confidence into the market and provided a brief cushion for the currency. On September 6, 2024, the Central Bank of Nigeria (CBN) took additional steps to ease pressure on the naira by approving the sale of \$20,000 to each Bureau de Change (BDC) operator at a rate of N1580/\$1. To stabilise exchange rates and meet the growing demand for invisible transactions, the CBN instructed the operators to maintain a margin of no more than 1%. This intervention comes after months of currency volatility that have put the naira under immense pressure, and by increasing liquidity in the market, the CBN aims to close the gap between official and parallel market rates, which has widened in recent weeks. This, if sustained, could temporarily boost the naira's value and bring more stability to the foreign exchange market. However, to sustain the positive momentum and strengthen the naira over time, the government needs to implement a more holistic approach that goes beyond periodic interventions. Additionally, the government should intensify its efforts to attract foreign investment by fostering an enabling business environment with policies that promote stability, transparency and growth.

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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