



**NIGERIA
ECONOMIC
UPDATE**

Weekly

Digest

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Nigeria's Gross Domestic Product increased by 3.19%

The NBS GDP [report](#) for the second quarter of 2024 reveals a year-on-year growth of 3.19% in Nigeria's economy, indicating an improvement over the 2.51% recorded in Q2 of 2023. The oil sector also experienced significant growth, recording a real growth rate of 10.15%, compared to the negative growth of -13.43% in the same quarter of the previous year. The sector contributed 5.70% to the total GDP in Q2 2024, slightly up from the 5.34% recorded in Q2 2023. Moreover, the non-oil sector, which is the largest contributor to the Nigerian economy, grew by 2.80% in real terms. Key drivers in this sector include the financial institutions, telecommunications, agriculture (particularly crop production) and manufacturing sectors. The non-oil sector's contribution to the GDP stood at 94.30%, reflecting a slight decrease from the 94.66% recorded in Q2 2023. Agriculture, which remains an important part of the Nigerian economy, grew by 1.41% in real terms. This growth was driven primarily by crop production, which continues to dominate the sector, contributing 87.48% of the agricultural sector. The agriculture sector's overall contribution to the GDP was 22.61% in Q2 2024. The service sector, particularly telecommunications and financial services, also played a significant role in driving GDP growth, growing by 3.79% and contributing 58.76% to the GDP. The transportation sector, however, faced challenges, with a real growth decline of -13.53%, although this was an improvement from the significant contraction seen in Q2 2023. While the overall statistics showed a positive growth trend in Q2 2024, particularly in the oil and service sectors like transportation continue to face difficulties, impacting their contribution to the overall economic performance. To keep the economy growing, the government should focus on improving infrastructure, especially in the transportation sector, to help it recover and contribute more to the GDP. Also, supporting key non-oil sectors like agriculture and services with better access to financing and encouraging innovation will help strengthen the economy for the long term.

Transport Fare Watch

According to the National Bureau of Statistics (NBS) recent Transport Fares [report](#), the average fare paid by commuters for bus travel within the city has decreased from N963.58 in June to N942.61 in July 2024, representing a 2.18% decrease MoM. However, year-on-year, it has declined by 29.46% from N1,336.29 in July 2023. Similarly, the average fare paid by commuters for intercity bus travel per drop rose to N7,117.17 in July from N7,029.23 in June 2024, representing a 0.35% increase. However, compared to July 2023, this fare has increased by 20.23%, from N5,919.19. Air transport fares have risen to N98,561.74 in July 2024, representing a 9.65% increase month on month. The average fare for motorbike (Okada) transportation increased by 1.22% to N483.49 in July 2024, from N477.49 in June 2024. On a year-over-year basis, this is down by 25.20% from N646.12 recorded in July 2023. The mixed outcomes can still be attributed to the removal of fuel subsidies, which results in high fuel and related energy product prices, as well as other fluctuating economic conditions. To address these challenges and provide more consistent and affordable travel rates, the government should look into stabilising fuel prices and strengthening public transport infrastructure. This could include lowering fuel subsidies, investing in efficient and sustainable public transportation systems, and improving general infrastructure to cut transportation costs.

Soaring Food Prices Intensify Pressure on Nigerian Households

In July 2024, food prices in Nigeria continued to rise, putting additional strain on people already struggling with high living expenses. According to the National Bureau of Statistics ([NBS](#)), the price of 1 kg of brown beans increased by 6.6% to N2,445 in July 2024 up from N2,293 in June 2024. While the price of tomato fell by 26.4% to N1,694 in July from N2,302 in June 2024, the current price is 203.6% higher than N558 in July 2023. A dozen medium size agric eggs witnessed an increase of 12.1% within the last one month to N2107 from N1,936 in June 2024. Garri, a staple in many Nigerian families, also saw an increase in price. The average price for 1 kg of white Garri rose by 1.43% to N1,152 in July 2024 from N1,136 in June 2024. The current price is 2.7 times higher than N430, which was the price as of the same time last year. Looking at state-level variability in food prices, Rivers State had the highest price for brown beans at N3,071 per kg, while Adamawa had the lowest at N1,532 per kg. Osun State had the highest tomato price (N3,000 per kg), while Kaduna had the lowest (N761 per kg). Insecurity in some northern states, increasing transportation expenses, rising prices of other goods and services and exchange rate depreciation are partly responsible for persistent rise in food prices. To achieve stable food prices, the government must prioritise security within and outside the farm areas. Additionally, lowering import tariffs on critical food commodities can help reduce prices of imported food items. However, the long-term solution is to increase agricultural production significantly. As a result, the government should incentivise farmers through targeted subsidies, that will encourage them to invest in advanced farming practices necessary to enhance food supply.

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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