



**NIGERIA
ECONOMIC
UPDATE**

Weekly

Digest

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Capital Importation declined by 22% in Q2

The recent Nigerian capital importation [report](#) by the National Bureau of Statistics (NBS) revealed that the total value of capital importation stood at \$2.6 billion in Q2 2024, indicating a 22.85% decline from the \$3.4 billion recorded in the previous quarter. By type, portfolio investments recorded the highest value at \$1.4 billion, accounting for 53.93% of the total, while other investments stood at \$1.2 billion (44.92%). Foreign direct investments (FDI) recorded the least volume at \$29.8 million, accounting for about 1.2% of the total capital importation in Q2 2024. Sector-wise, the banking sector saw the highest inflow, with US\$1.1 billion (43.15%), followed by the production/manufacturing sector at US\$624.7 million (23.99%) and the trading sector at US\$569.2million (21.86%). Additionally, the report revealed that the highest capital importation came from the United Kingdom, accounting for 43.01% of the total, valued at US\$1,120.15 million, followed by the Netherlands at 22.19% (US\$577.82 million) and South Africa at 9.83% (US\$255.98 million). FDI, which contributed the least, recorded a 74.97% decrease quarter-on-quarter, driven by macroeconomic uncertainty characterised by high inflation rate and exchange rate volatility. Persistent insecurity and fragile business environments leading to a decline in investors' confidence might have contributed to the decline in FDI. To reverse this trend, the government must develop policies that promote macroeconomic stability, ensure forex liquidity, and create favourable business environments.

Nigeria's energy generation decreases by 1.25% in Q2 2024

The Electricity on Demand [report](#) by the Nigerian Electricity Regulatory Commission (NERC) revealed that Nigeria's total electricity generation fell by 111.39 GWh (1.25%), from 8,887.94 GWh in Q1 2024 to 8,776.55 GWh in the current quarter. The report also noted that the average available generation capacity across grid-connected plants stood at 4,024.81 MW in Q2, reflecting a 5.28% decrease from the 4,249.10 MW recorded in Q1 2024. Additionally, the average hourly generation rate decreased from 4,069.57 MW/h in Q1 to 3,682.02 MW/h, indicating a 9.52% quarter-on-quarter decline. This decrease in energy generation was primarily due to a reduction in the available generation capacities of grid-connected power plants compared to the previous quarter. The decline is expected to result in frequent power outages, negatively affecting industrial and economic productivity. Manufacturers may be forced to rely on costly energy alternatives or suspend production entirely. Furthermore, this trend is likely to deter foreign direct investment (FDI), particularly in energy-intensive sectors like manufacturing, and data centres. The development can also slow down infrastructural development, worsening the energy crisis in the long term. To address these challenges, the government must prioritise maintaining and expanding existing power generation and transmission infrastructure, diversifying to alternative sources of energy and investing in initiatives that boost energy production capacity.

Nigerian All-Shares index increases by 0.09%

The Nigeria Exchange (NGX) weekly market [report](#) for the second week of October, covering trading activities from Monday to Friday, concluded on a positive note. The report revealed an appreciation in the All-Share Index (ASI) by 0.09%, closing at 97,606.63, up from 97,520.54 in the previous week. Weekly market volume also increased to 1.9 billion shares, an 18% rise from the 1.6 billion shares traded the week before. Despite this slight gain, several indices showed mixed results. The NGX Main Board (-0.28%) and the NGX Consumer and Industrial Goods indices experienced notable declines, falling by 1.25% and 0.13%, respectively. However, the NGX Oil/Gas index, which tracks the performance of companies in the oil and gas sector, indicated a 1.57% increase. This rise may be due to renewed interest in energy stocks, buoyed by increasing oil prices, reflecting steady investor confidence in the Nigerian equities market, which could attract further capital inflows. Nevertheless, the sector-specific declines indicate that not all sectors are experiencing uniform growth, prompting caution among investors. Sectors like consumer and industrial goods may face reduced investment if profitability concerns persist. This mixed performance highlights the need for Nigeria to continue diversifying its economy, particularly in underperforming sectors. Policymakers should also focus on stabilizing the business environment to maintain investor confidence and promote market 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 (%)	5.3	NA
Foreign Direct Investment (US \$ Million)	119.18	29.83
Portfolio Investment (US \$Millions)	2075.59	1404.70
Other Investment (US \$Million)	1181.25	1169.97
External Debt (FGN & States- N'Trillion)	56.02	NA
Domestic Debt (FGN + States & FCT N'Trillion)	65.65	NA
Manufacturing Capacity Utilization (%)	9.98	14.1
Monthly Indicators	July 24'	August 24'
Headline Inflation (%)	33.40	32.15
Food Sub-Index (%)	39.53	37.52
Core Sub-Index (%)	27.47	27.58
External Reserves (End Period) (US\$ Billion)	36.79	36.57
Official Rate Approx. (N/US\$)	1555.89	1586.43
BDC Rate Approx. (N/US\$)	NA	NA
Manufacturing PMI	49.2	49.9
Non-Manufacturing PMI	50.3	NA
Average Crude Oil Price (US\$/Barrel)	87.27	82.88
Petrol (PMS-N/litre)	770.54	830.46
Diesel (AGO -N/Litre)	1379.48	1,406.05
Kerosene (HHK -N/Litre)	1769.86	1,847.59
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	5974.55	6,430.02
MPR (%)	26.75	26.75
CRR (%)	45.00	45.00
T-Bill Rate (%)	16.99	18.3
Savings Deposit Rate (%)	6.74	6.75
Prime Lending (%)	15.89	17.01
Maximum Lending (%)	28.89	29.89
Narrow Money (N'Trillion)	35.27	34.94
Broad Money (N'Trillion)	106.26	107.19
Net Domestic Credit (N'Trillion)	94.49	10.58
Credit to the Government (Net) (N'Trillion)	19.00	31.15
Credit to the Private Sector (N'Trillion)	75.48	74.73
Currency in Circulation (N'Trillion)	40.53	41.44
FAAC (N'Trillion)	2.68	2.27

NA: Not Available

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