CSEA
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Businesses and households perceive the inflation rate to be high

In the recent inflation perception survey report released by the Central Bank of Nigeria (CBN), 82.0% of respondents viewed the current inflation rate as high. By business size, 83.9% of small businesses perceived inflation as high, 83.6% for large businesses, 75.6% for medium-sized businesses, and 71.4% for micro-businesses. An analysis by settlement type revealed that 82.1% of urban residents and 84.4% of rural residents reported a high perception of inflation. By income group, households earning between ₦150,001 and ₦200,000 recorded the highest inflation perception at 88.2%, while those earning above ₦200,000 had the lowest at 76.3%. Major drivers of inflation perception include rising energy and transportation costs, currency depreciation and heightened insecurity. Rising production costs could force businesses to increase product prices, delay expansion and reduce investment. Additionally, micro and medium enterprises, which are more vulnerable to cost shocks, may struggle to stay afloat, while households are likely to cut back on discretionary spending, leading to reduced demand for goods and services. Such development could in turn harms the economy in the long run. To address these challenges, the government should intensify efforts to stabilize the naira by improving foreign exchange reserves and subsidise energy costs for small and medium-sized enterprises. Furthermore, strengthening local manufacturing industries to reduce import dependence and addressing insecurity to encourage domestic food production are essential steps toward economic stability and ensuring citizens' welfare.

Purchasing Managers Index rises to 54.5% in January 2025.

According to the Stanbic IBTC Bank purchasing managers index report, Nigerian private sector activity increased by 1.8 points, rising from 52.7 in December 2024 to 54.5 in January 2025. This marks the second consecutive month above the 50.0 threshold and represents the fastest growth rate since April 2022. By interpretation, a reading below 50 indicates a decline in private sector activity, a reading of 50 reflects stability while a reading above 50 signals expansion and higher productivity. The recovery that began in December gained further momentum in January, driven by increased business purchasing activity, which boosted input acquisition and production. Companies also benefited from faster supplier deliveries and remained optimistic, showing greater confidence than in December 2024. Although inflation remained high due to exchange rate depreciation and rising costs of raw materials and transportation, the increase in PMI suggests that businesses are investing more in inputs and production, which could lead to higher output and employment. Such increased purchasing activity could lead to higher demand for goods and services, which could still put an upward pressure on the prices of goods and services and potentially affect inflation. To sustain this momentum, policy measures such as tax relief and subsidies should be introduced to support small and medium-sized enterprises. Additionally, improving transport and logistics infrastructure would enhance supply chain efficiency and help stabilize costs.

Average prices of 5kg Liquified Petroleum Gas rose to ₦7,177 in December 2024

The average price of liquefied petroleum gas (LPG) in December 2024, according to the National Bureau of Statistics (NBS) Liquefied Petroleum Gas Price Watch, increased by 1.26% on a month-on-month basis, rising from ₦7,088 in November 2024 to ₦7,177 in December 2024. A zonal analysis showed that the North-East recorded the highest average retail price for refilling a 5 kg cylinder of LPG at ₦7,404, followed by the North-Central at ₦7,353, while the South-South recorded the lowest price at ₦6,969. A state-level analysis revealed that Taraba had the highest average price at ₦8,074, followed by Lagos at ₦7,910. In contrast, Delta recorded the lowest price at ₦6,455, followed by Ondo (₦6,683) and Zamfara (₦6,778). The rise in cooking gas prices was largely driven by the continued depreciation of the naira, as LPG importers struggled to maintain a steady supply amid rising foreign exchange costs and increasing inflationary pressures. The high cost of LPG negatively affects consumers, particularly low-income and rural households, forcing many to switch to less eco-friendly fuels like firewood and charcoal, which have adverse health and environmental impacts. To address this, the government should take measures to reduce the rising cost of cooking gas by investing in domestic refining and processing of natural gas to lower import dependence, stabilizing the exchange rate, and implementing subsidized LPG programs for low-income and rural households.

ECONOMIC SNAPSHOT	+	
Quarterly Indicators	'24Q2	'24Q3
GDP Growth Rate (%)	3.19	3.46
Oil GDP Growth Rate (%)	10.15	5.17
Non-oil GDP Growth Rate (%)	2.80	3.37
Unemployment Rate (%)	4.3	NA
Foreign Direct Investment (US $ Million)	29.83	NA
Portfolio Investment (US $Millions)	1404.70	NA
Other Investment (US $Million)	1169.97	NA
External Debt (FGN & States- N'Trillion)	NA	NA
Domestic Debt (FGN + States & FCT N'Trillion)	NA	NA
Manufacturing Capacity Utilization (%)	14.1	NA
Imports (N'Billion)	12.47	14,67
Exports (N'Billion)	19.41	20.48
Total trade (N'Billion)	31.89	35.16
Trade balance (N'Billion)	6.94	5.81
Crude oil Export (N'Billion)	14.55	13.40
Non-Crude Oil Export (N'Billion)	4.85	7.08
Non-Oils Export (N'Billion)	1.77	2.50
Monthly Indicators	November 24'	December 24'
Headline Inflation (%)	34.60	34.80
Food Sub-Index (%)	39.93	39.84
Core Sub-Index (%)	28.75	29.28
External Reserves (End Period) (US$ Billion)	40.23	40.88
Official Rate Approx. (N/US$)	1,670.78	1,553.73
BDC Rate Approx. (N/US$)	NA	NA
Manufacturing PMI	49.3	49.8
Non-Manufacturing PMI	47.4	52.1
Average Crude Oil Price (US$/Barrel)	75.44	74.72
Petrol (PMS-N/litre)	1,214.17	1,189.12
Diesel (AGO -N/Litre)	1,446.83	1,447.62
Kerosene (HHK -N/Litre)	2,042.93	2,056.38
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	7,088.16	7,177.27
MPR (%)	27.50	27.50
CRR (%)	50.00	50.00
T-Bill Rate (%)	18.00	18.00
Savings Deposit Rate (%)	6.56	7.51
Prime Lending (%)	18.39	18.56
Maximum Lending (%)	31.06	29.71
Narrow Money (N'Trillion)	36.27	NA
Broad Money (N'Trillion)	108.95	NA
Net Domestic Credit (N'Trillion)	115.58	NA
Credit to the Government (Net) (N'Trillion)	39.62	NA
Credit to the Private Sector (N'Trillion)	75.96	NA
Currency in Circulation (N'Trillion)	4.88	NA
FAAC (N'Trillion)	NA	NA

NA: Not Available

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