



**NIGERIA
ECONOMIC
UPDATE**

Weekly

Digest

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Crude oil Prices Fall in August, 2024

According to the Organisation of Petroleum Exporting Countries' (OPEC) [monthly report](#) on crude oil movement, the price of crude oil fell significantly in the global market in August 2024. The report shows that the OPEC Reference Basket (ORB) value dropped by \$6.02 (7.1%) from \$84.43 per barrel in July 2024 to \$78.41 per barrel. Similarly, ICE Brent decreased by 6.0% (\$5.00) month-on-month (m-o-m) to \$78.88, while the New York Mercantile Exchange (NYMEX) West Texas Intermediate (WTI) declined by \$5.02 (6.3%) m-o-m, averaging \$75.88 per barrel. The Nigerian Bonny Light also fell by 4.7% (\$3.93) m/m, dropping from \$83.96 in July to \$78.39 in August 2024. The fall in crude oil prices resulted from elevated volatility in the global market, largely influenced by substantial sell-offs from non-commercial participants, including hedge funds and other money managers, who maintained an increasingly bearish outlook on crude oil prices. Given Nigeria's heavy reliance on crude oil exports, the decline in prices is likely to result in reduced government revenue, leading to budget deficits and decreased spending on infrastructure and social services. Additionally, reduced oil revenues would negatively impact foreign exchange reserves, increase public debt, and limit Nigeria's ability to meet international payment obligations. Therefore, the government should invest in the growth and development of non-oil sectors such as agriculture, manufacturing, and services to reduce overreliance on oil exports. Moreover, encouraging the local production of petroleum products is crucial to ensure reduced prices from the sale and consumption of domestically refined petroleum, as well as to eliminate product scarcity.

Value Added Tax Increases to 1.56 trillion

According to the National Bureau of Statistics (NBS) [report](#) on Value Added Tax (VAT), Nigeria received ₦1.56 trillion from VAT in Q2 2024, reflecting a 9.11% growth rate quarter-on-quarter (Q-o-Q), from ₦1.43 trillion in Q1 2024. This growth indicates an expansion in VAT collection. The breakdown of VAT collections for the quarter includes ₦792.58 billion in local payments, ₦372.95 billion from import VAT, and ₦395.74 billion from foreign VAT. On a quarter-on-quarter basis, human health and social work activities recorded the highest growth rate of 98.44%, followed by agriculture, forestry, and fishing (70.26%), and water supply, sewerage, waste management, and remediation activities (59.75%). Conversely, "Activities of Households as Employers, Undifferentiated Goods and Services of Households for Own Use" had the lowest growth rate, followed by real estate activities which grew by 42.59%. VAT collection increased by 99.82% year over year in Q2 2024 compared to Q2 2023, highlighting significant growth in tax revenue and a rebound in economic activity. However, there are downsides to this increase, such as higher inflation and a decrease in disposable income, as businesses are likely to pass on increased production costs to consumers, through higher prices for goods and services. Therefore, the government must devise strategies to safeguard the most vulnerable members of society from the escalating prices of essential goods and services, and foster policies that stimulate growth in the business and manufacturing sectors, thereby increasing tax revenue from these transactions.

Nigeria's Total Merchandise Trade Falls by 3.76% in Q2 2024

According to the National Bureau of Statistics (NBS), Nigeria's total goods trade stood at ₦31,892.46 billion in Q2 2024, down 3.76% from the previous quarter but up 150.39% from the number [reported](#) in Q2 2023. Exports accounted for 60.89% of overall trade, worth ₦19,418.93 billion. Nigeria's export trade was dominated by crude oil (₦14,559.56 billion), accounting for 74.98% of total trade, followed by agricultural goods (₦973.69 billion), raw materials (₦366.91 billion), solid minerals (₦58.56 billion) and manufactured goods (₦480.82 billion). Total imports accounted for 39.11% of total commerce in Q2 2024, totaling ₦12,473.53 billion, a 10.71% decline from Q1 2024. Mineral fuels were the most popular import category, followed by machinery and transportation equipment, chemicals, and allied items, which accounted for 35.40%, 23.08% and 15.12% of total imports respectively. While a decrease in imports may help reduce trade deficits and highlight Nigeria's improving export strength relative to import demand, it also implies slower economic activity or limited access to vital imports such as machinery and transportation equipment. Furthermore, Nigeria's strong reliance on oil exports, which account for nearly 75% of total commerce, indicates that the country's trade performance is extremely vulnerable to global oil price swings, and demand changes. The government must devote its attention to diversification policies that will improve the contribution of non-oil sectors to Nigeria's export base such as agriculture, raw materials, solid minerals and manufactured goods to promote economic stability and resilience to external shocks.

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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