



**NIGERIA
ECONOMIC
UPDATE**

Weekly

Digest

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[Nigeria's Oil Production rises to 1.3 million barrels per day](#)

According to the Organization of Petroleum Exporting Countries (OPEC) August Monthly Oil Market [Report](#), Nigeria's oil production for July 2024 increased by 30,000 barrels per day (bpd) from 1.27 million bpd to 1.30 million bpd. This makes Nigeria the largest oil producer in Africa and brings the country closer to OPEC's 2024 production quota of 1.38 million bpd, though significantly lower than the Federal Government's 2024 budgeted benchmark of 1.78 million bpd. The report also showed that crude oil prices increased by \$1.21 to \$84.43 per barrel in July, signifying strong potential for the country's foreign reserves and revenue. Both increases will benefit the Nigerian economy because they will boost oil exports, which will increase foreign exchange inflow and strengthen the nation's foreign reserves. However, challenges such as oil bunkering, illicit refining, crude oil theft and other production-related issues have ravaged the oil sector, causing oil production to fall below budget and OPEC benchmarks. With OPEC increasing Nigeria's crude oil production quota to 1.5 million bpd in 2025, sustained efforts are required from the government to address these challenges and capitalize on its oil production potential. Also, the government should implement stricter security measures and enhance surveillance around oil facilities. This could involve investing in advanced technology for monitoring and tracking oil production to help reduce losses and improve overall efficiency.

[Inflation Eases to 33.40% in July 2024](#)

In July 2024, the headline inflation rate eased slightly to 33.40%, a 0.79 percentage point decline from 34.19% recorded in June 2024. This was revealed in the latest National Bureau of Statistics (NBS)'s CPI and inflation [report](#). The report also revealed that the food inflation rate dropped from 40.87% in June 2024 to 39.53% in July 2024, a decrease by 1.34 percentage point. This is the first decline in the inflation rate in 19 months. Despite being the first, the decline is a positive sign for economic stability, indicating that efforts to control inflation may be beginning to take effect. State-wise, inflation levels did not ease in all states, as many northern states witnessed an increase in inflation. As the harvest season commences, food inflation is expected to ease, which in turn is expected to reduce headline inflation. Supply constraints, foreign exchange uncertainty, and rising gasoline prices are ongoing concerns that could hinder the further decline in the inflation rate. Hence, it is pertinent for the government to invest in agricultural infrastructure and technology to boost local food production. The government introduced the duty-free window for essential food items to tame food inflation in early July. The Nigeria Customs Service (NCS) said the policy would be implemented from mid-July to December 31. The government should ensure that the policy does not adversely affect domestic food production. In addition to the duty-free policy, the central bank should strengthen foreign exchange reserves to ensure currency stability. Exchange rate pass-through is lower when the currency is stable, reducing the contribution of imported inflation in headline inflation.

[Private Sector Activities Slow down in July 2024](#)

The Purchasing Managers' Index (PMI) survey [report](#) of the Central Bank of Nigeria (CBN) has revealed that the composite PMI stood at 49.7 in July 2024, an improvement from 48.8 recorded in June 2024. The PMI measures a country's economic activity direction and extent. 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 July, which is below the critical threshold of 50.0, is the thirteenth consecutive contraction recorded by the CBN and signifies that business operations are still contracting, though at a slower pace compared to June. A sectoral disaggregation of the PMI shows that industry and agriculture recorded contractions of 48.3 and 49.7 respectively, while services recorded 50.3. This suggests that the services sector has recorded a modest expansion, showing resilience and growth. However, manufacturing, production, and agricultural activities continue to contract as a consequence of issues that have persisted in the sector, such as inadequate infrastructure and fluctuating commodity prices. To resolve these challenges, there is a need for the government to make targeted investments in infrastructure and technology to boost productivity and competitiveness. Supporting farmers with better access to modern equipment, improved irrigation systems, and agricultural research can boost their productivity and minimize contraction.

ECONOMIC SNAPSHOT		
Quarterly Indicators	'23Q4	'24Q1
GDP Growth Rate (%)	3.46	2.98
Oil GDP Growth Rate (%)	12.11	5.70
Non-oil GDP Growth Rate (%)	3.07	2.80
Unemployment Rate (%)	5	NA
Foreign Direct Investment (US \$ Million)	183.97	119.18
Portfolio Investment (US \$Millions)	309.76	2075.9
Other Investment (US \$Million)	594.74	1605.41
External Debt (FGN & States- N'Trillion)	97.34	56.02
Domestic Debt (FGN + States & FCT N'Trillion)	87.91	65.65
Manufacturing Capacity Utilization (%)	NA	9.98
Monthly Indicators	May 24'	June 24'
Headline Inflation (%)	33.95	34.19
Food Sub-Index (%)	40.66	40.87
Core Sub-Index (%)	27.04	27.40
External Reserves (End Period) (US\$ Billion)	32.69	34.19
Official Rate Approx. (N/US\$)	1432.81	1481.33
BDC Rate Approx. (N/US\$)	NA	NA
Manufacturing PMI	52.1	50.1
Non-Manufacturing PMI	NA	NA
Average Crude Oil Price (US\$/Barrel)	84.01	83.64
Petrol (PMS-N/litre)	769.62	750.17
Diesel (AGO -N/Litre)	1403.96	1462.98
Kerosene (HHK -N/Litre)	1450.35	1,555.11
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	7418.45	6,966.03
MPR (%)	26.25	26.25
CRR (%)	45.0	45.0
T-Bill Rate (%)	16.44	16.37
Savings Deposit Rate (%)	6.68	6.67
Prime Lending (%)	15.54	15.85
Maximum Lending (%)	28.67	29.11
Narrow Money (N'Trillion)	33.38	36.77
Broad Money (N'Trillion)	99.23	101.34
Net Domestic Credit (N'Trillion)	10.26	10.11
Credit to the Government (Net) (N'Trillion)	28.37	28.05
Credit to the Private Sector (N'Trillion)	74.31	73.1
Currency in Circulation (N'Trillion)	39.65	40.48
FAAC (N'Trillion)	2.19	2.48

NA: Not Available

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3. CBN (2024). *Purchasing Manager's Index (PMI) Survey Report*. Retrieved from: <https://www.cbn.gov.ng/Out/2024/STD/PMI%20July%202024.pdf>