



**NIGERIA
ECONOMIC
UPDATE**

Weekly

Digest

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CBN raises MPR to 27.50%

Following its 298th meeting in November 2024, the Monetary Policy Committee of the Central Bank of Nigeria (CBN) unanimously resolved to raise the MPR by 25 basis points, from 27.25 percent to 27.50 percent.¹ In addition, the Committee maintained the asymmetric corridor around the MPR at +500/-100 basis points. The Cash Reserve ratio of Deposit Money Banks and Merchant Banks were retained at 50.00 percent and 16 percent respectively. The Committee also maintained the liquidity ratio at 30.00 percent. The Committee cited ongoing inflationary pressures, as evidenced by the rise in headline, food, and core inflations in October 2024, as the basis for their unanimous decision. While the hike in MPR is likely to boost foreign portfolio investments, consumers and MSMEs will continue to bear the brunt of high borrowing costs. Besides, despite a cumulative MPR rise of 850 basis points before the meeting, inflation remains high. The authority must address the structural challenges fueling inflation, as monetary policy instruments can only regulate the monetary components of inflation. This suggests that monetary anchoring may not be sufficient to address the country's current wave of inflation. As a result, concerted actions by monetary and fiscal policy authorities are essential to contain the current inflationary trend. There is a need for a more robust approach to tame inflation by addressing structural bottlenecks contributing to price increases.

Stanbic IBTC Bank's PMI rises to 49.6% in November 2024

According to the Stanbic IBTC Bank, the Purchasing Managers Index (PMI) increased from 46.9 in October to 49.6 in November 2024.² In November, the PMI index showed a minor decline in business conditions for the fifth month in a row. The score, below 50.0, indicated a deterioration in the business climate or economic outlook. The sectoral component of the PMI likewise produced conflicting results. While agriculture and manufacturing sectors showed an increase in outputs, wholesale, retail, and services declined significantly. Several factors, including an increase in input costs, high purchasing prices (which prevent consumers from purchasing goods), and weak currency have contributed to the decrease in the PMI index and the cancellation of the sectoral forecast. In November, the Bank reported a persistent increase in input costs and selling prices, an increase in new orders despite a drop in output, and companies cutting staff for the first time in seven months. The drop in output correlates with the cut in staff reflecting a weak business environment. To improve the business environment in Nigeria's private sector, the government needs to ensure consistent power supply, invest more in soft and hard infrastructure, and expand social protection programs to boost households' demand for goods and services. Also, a sound exchange rate policy is essential to bolster steady FX supply to address the lingering currency crisis.

Average Daily Crude Oil Production Soared by 0.68% in October 2024

According to the Organisation of Petroleum Exporting Countries' (OPEC) November Monthly Oil Market Report, Nigeria's average daily crude oil output increased by 9,000 bpd, from 1.324 million bpd in September to 1.333 million bpd in October, representing a 0.68 percent gain.³ This is a positive development for Nigeria. However, the rise in oil output is 167,000 bpd below OPEC's 2024 production quota of 1.5 million bpd and 447,000 bpd lower than the Federal Government's 2024 budgeted benchmark of 1.78 million bpd. The country's inability to meet OPEC's quota, as well as the government's projected quota for 2024, can be attributed to multiple factors, including oil theft and the inability of relevant stakeholders or players in the oil industry to act in a timely manner (for example, in procurement), which continue to impede the achievement of both quotas. Such developments could impact the economy negatively, particularly government finances. Specifically, the country's inability to meet the quotas could have a detrimental impact on national reserves and revenue, reducing capital availability to finance developmental projects in the country. Thus, the government must strengthen efforts against oil theft and bunkering by working with local communities and imposing harsher penalties for unlawful operations in oil-producing communities. The government also needs to strengthen existing investment policies to attract private investors who can invest in modern-day oil facilities or infrastructure to increase oil production.

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
Imports (N'Billion)	13.97	12.47
Exports (N'Billion)	19.16	19.41
Total trade (N'Billion)	33.13	31.89
Trade balance (N'Billion)	5.19	6.94
Crude oil Export (N'Billion)	15.48	14.55
Non-Crude Oil Export (N'Billion)	3.68	4.85
Non-Oils Export (N'Billion)	1.77	1.94
Monthly Indicators	August 24'	September 24'
Headline Inflation (%)	32.15	32.70
Food Sub-Index (%)	37.52	37.77
Core Sub-Index (%)	27.58	27.43
External Reserves (End Period) (US\$ Billion)	36.57	38.35
Official Rate Approx. (N/US\$)	1,586.43	1,617.21
BDC Rate Approx. (N/US\$)	NA	NA
Manufacturing PMI	49.9	50.5
Non-Manufacturing PMI	NA	NA
Average Crude Oil Price (US\$/Barrel)	82.88	76.05
Petrol (PMS-N/litre)	830.46	1,030.46
Diesel (AGO -N/Litre)	1,406.05	1, 418.83
Kerosene (HHK -N/Litre)	1,847.59	1,957.44
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	6,430.02	6,699.63
MPR (%)	26.75	27.25
CRR (%)de	45.00	45.00
T-Bill Rate (%)	18.3	16.91
Savings Deposit Rate (%)	6.75	6.79
Prime Lending (%)	17.01	16.75
Maximum Lending (%)	29.89	30.21
Narrow Money (N'Trillion)	34.94	35.55
Broad Money (N'Trillion)	107.19	108.95
Net Domestic Credit (N'Trillion)	10.58	11.78
Credit to the Government (Net) (N'Trillion)	31.15	42.01
Credit to the Private Sector (N'Trillion)	74.73	75.84
Currency in Circulation (N'Trillion)	4.14	4.31
FAAC (N'Trillion)	1.20	1.28

NA: Not Available

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