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Capital Importation rises to $3.37 billion in Q1 2024

The recent Nigeria Capital Importation report by the National Bureau of Statistics (NBS) shows that the total value of capital importation stood at $3.37 billion in Q1 2024, a 210.2% increase from $1.08 billion recorded in Q4 2023. Capital importation significantly increased by 198.06% compared to Q1 2023's amount of $1.13 billion. Of the total capital imported in Q1 2024, portfolio investment was the highest at $2.08 billion (61.5%), followed by other investment at $1.18 billion (35%), and foreign direct investment at $119 million (3.5%). Destination-wise, only 2 states and the FCT recorded capital importation in the quarter: Lagos State, which received the highest value, at $2.78 billion (82.4%), Ekiti State at $0.01 million, and Abuja (FCT) at $593.58 million (17.5%). The report further revealed that the highest capital importation came from the United Kingdom (UK) in 2024Q1, accounting for over 50% of the total capital importation valued at $1.80 billion. The surge in capital importation correlates with an increase in loans under the categories of "other investment" and "money market instruments" within the portfolio, signifying investors' interest in stocks and equities. Conversely, FDI, which contributed the least, also recorded a 35% decline quarter-on-quarter partly due to macroeconomic uncertainties, which have led to a dip in investor confidence and the exit of multinational corporations. Therefore, the government should intensify efforts to encourage long-term investments by creating a favorable business environment, ensuring forex liquidity and tackling insecurity.

Private Sector Activities Slowdown in June 2024

According to Stanbic IBTC Bank, Nigeria's Purchasing Managers Index (PMI) stood at 50.1 points in June 2024, a decline from 52.1 points recorded in May 2024. The PMI measures the extent of private sector activity in a country, with values above 50 indicating expansion and values below 50 signalling contraction. The PMI of 50.1 points is the lowest recorded this year and suggests a slowdown of private sector activities, which could be associated with the strike actions by Union workers. The decline in PMI suggests the economic growth rate in the second quarter might be relatively low compared to the 2.98% recorded in the first quarter. With the private sector being a significant contributor to the GDP, any slowdown in this sector could lead to lower economic growth rates, potentially affecting employment levels and income. Therefore, there is a need for the government to promptly attend to the union workers' demands to prevent another shutdown in the year. Besides the strike actions by the union workers, the slow pace of private sector activities reflects the difficult business environment. An improved business-friendly environment would go a long way in increasing private sector output. Hence, the government must prioritize pro-business infrastructure while addressing inflation and encouraging businesses to adopt new technologies and practices that can contribute to growth.

Money Supply hits N99.23 trillion in May 2024

The Central Bank of Nigeria's (CBN) Money and Credit Statistics reveal that money supply (M3) rose to N99.23 trillion in May 2024.This is a 2.3% (N2.26 trillion) month-on-month increase from N96.97 trillion recorded in April 2024 and a 78.1 percent (N43.54 trillion) year-on-year increase from N55.69 trillion recorded in May 2023. A 23% surge in net domestic assets from N68.24 trillion in April 2024 to N83.9 trillion in May 2024 is responsible for this increase. Net domestic assets also accounted for 84.5 percent of the total money supply. Although the increase in money supply is a strong stimulus to economic growth, it could limit the effectiveness of the central bank's efforts to curtail inflation through an increment in the Monetary Policy Rate (MPR). With an increase in the money supply, the purchasing power of consumers is eroded as the inflation rate persists and stands at 33.95% in May 2024. It is pertinent for the government to tame the rate of increase in money supply and implement policies that boost economic output. This can involve policies aimed at improving productivity, supporting key sectors such as agriculture and manufacturing, and encouraging investments in infrastructure. In tandem with these, the Central Bank of Nigeria (CBN) should consider adopting tightening measures such as open market operations (OMO) while monitoring the net domestic assets (NDA) to ensure that they are within the desired limit.

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	2,075.59
Other Investment (US $Million)	594.74	1,181.25
External Debt (FGN & States- N'Trillion)	97.34	56.02
Domestic Debt (FGN + States & FCT N'Trillion)	87.91	65.64
Manufacturing Capacity Utilization (%)	NA	9.98
Monthly Indicators	April '24	May '24
Headline Inflation (%)	33.69	33.95
Food Sub-Index (%)	40.53	40.66
Core Sub-Index (%)	26.84	27.04
External Reserves (End Period) (US$ Billion)	32.41	32.69
Official Rate Approx. (N/US$)	1236.55	1432.81
BDC Rate Approx. (N/US$)	NA	NA
Manufacturing PMI	NA	52.10
Non-Manufacturing PMI	NA	NA
Average Crude Oil Price (US$/Barrel)	92.79	83.86
Petrol (PMS-N/litre)	701.24	769.62
Diesel (AGO -N/Litre)	1415.06	1403.96
Kerosene (HHK -N/Litre)	1439.64	1450.35
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	6521.58	7418.45
MPR (%)	24.75	26.25
CRR (%)	45	45
T-Bill Rate (%)	16.24	16.44
Savings Deposit Rate (%)	6.29	6.68
Prime Lending (%)	15.54	15.54
Maximum Lending (%)	29.49	28.67
Narrow Money (N'Trillion)	33.81	33.38
Broad Money (N'Trillion)	96.97	99.23
Net Domestic Credit (N'Trillion)	92.89	102.6
Credit to the Government (Net) (N'Trillion)	19.97	28.37
Credit to the Private Sector (N'Trillion)	72.91	74.31
Currency in Circulation (N'Trillion)	39.22	3.97
FAAC (N'Trillion)	2.19	2.32

NA: Not Available

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