



NIGERIA ECONOMIC UPDATE

Weekly

Digest

www.cseaafrica.org

October 18th, 2024. Issue 38

Average Cost of a Healthy Diet falls by 0.8%

According to the National Bureau of Statistics, the average cost of a healthy diet (CoHD) for August 2024 was N1,255 per adult per day, a 0.8% decrease from N1,265 in the previous month. CoHD is the most cost-effective combination of locally accessible commodities that meet worldwide food-based dietary requirements, suggesting that the average Nigerian spends N1,255 per day to maintain a healthy diet. At the regional level, CoHD was highest in the Southwest at N1,554 per adult per day, followed by the South-South at N1,381 per adult per day and the lowest in the Northwest at N1,014. However, the CoHD increased by 28% in August when compared with N982 reported in March this year. The slight decline in CoHD could be attributed to several factors including the decrease in food inflation to 37.52% in August. Nonetheless, more than 31.8 million Nigerians are facing acute food insecurity, which is worsened by malnutrition among women and children. Acute food insecurity worsens poverty, reduces food availability and slows economic activity. The prevailing acute food insecurity is attributed to the high rate of insecurity across the country, particularly in the Northern region of the country. Tackling this requires urgent response from the government. Thus, the government should strengthen security while also providing farmers with agricultural support programs, particularly subsidising the agricultural inputs in order to foster agricultural production and hence, alleviating food insecurity which in turn would reduce the costs of a healthy diet.

Private Sector records two Consecutive Output Expansion

The Central Bank of Nigeria released its September Purchasing Managers Index (PMI) [data](#), which showed a rise in PMI to 50.5 index points from 49.9 in August. This represents a significant improvement above the contraction of 49.2 in July. To gauge PMI, a figure above the 50.0 threshold indicates expansion, whereas a figure below it suggests contraction. The 50.5 index point indicates a marginal increase in economic activity. The marginal increase in PMI can be attributed to higher output levels in a variety of sectors. The Composite Output Index rose to 50.7 points, marking three months of sustained output growth and improved economic activity in important sectors such as mining, quarrying, electricity, and gas, all of which expanded in September. In terms of employment, the service and agriculture industries expanded by 51.0 and 51.4 points, respectively. In contrast, the industrial sector's employment level was 48.2 points. The growth in PMI is a positive indication for Nigeria, displaying resilience in the face of global economic concerns. It shows an improvement in company's confidence in the economy, which is critical to driving GDP growth. Although employment is still recovering, continuous growth in areas such as finance, chemical production, and management is likely to boost job creation in the long run and contribute to economic stability. If attempts to increase industrial production and job creation persist, the Nigerian economy will benefit long-term from this upward trend. Thus, the government needs to encourage manufacturing companies via reduction in the cost of borrowing and provision of infrastructural facilities.

NESG H2-2024 Macroeconomic Outlook

According to the Nigerian Economic Summit Group (NESG) H1-2024 outlook [report](#), the Nigerian economy achieved steady growth in the first half of 2024 despite a skewed trend. Nigeria's Real Gross Domestic Product (GDP) grew by 3.1% in H1-2024, compared to a 2.4% expansion in H1 2023. The non-oil sector was the primary driver of most economic activity, while the oil sector rebounded strongly, recording a growth of 7.9% after exiting a recession, a significant improvement from the -4.2% decline in H1 2023. The agricultural sector struggled, growing by 0.8% due to insecurity and logistical issues, which is an improvement from its 0.3% growth in H1 2023. The financial sector led with a remarkable 30% growth, mirroring its 24.1% growth in the same period of 2023. Sectors like ICT with 4.9% growth and Oil & Gas also made notable contributions, though agriculture, trade, manufacturing, and real estate underperformed. Rising operational expenses due to ongoing reforms hampered the construction and transportation sectors. Looking ahead, NESG forecasts moderate GDP growth in H2-2024, with FAAC allocations expected to remain robust, providing fiscal support and external conditions expected to improve and strengthen the economy by increasing trade and investment opportunities, thereby bolstering Nigeria's economic outlook. However, monetary policy is projected to remain restrictive unless inflation declines dramatically. If inflation persists, it will impede long-term growth and private-sector investment. As a result, the Central Bank of Nigeria's Monetary Policy Committee (MPC) would stay hawkish. For a better economic outlook, the government needs to improve business environment by providing security, infrastructure facilities and lowering the cost of production.

ECONOMIC SNAPSHOT		
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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	NA
Portfolio Investment (US \$Millions)	2075.59	NA
Other Investment (US \$Million)	1605.41	NA
External Debt (FGN & States- N^oTrillion)	56.02	NA
Domestic Debt (FGN + States & FCT N^oTrillion)	65.65	NA
Manufacturing Capacity Utilization (%)	9.98	14.1
Imports (N^oBillion)	13.97	12.47
Exports (N^oBillion)	19.16	19.41
Total trade (N^oBillion)	33.13	31.89
Trade balance (N^oBillion)	5.19	6.94
Crude oil Export (N^oBillion)	15.48	14.55
Non-Crude Oil Export (N^oBillion)	3.68	4.85
Non-Oils Export (N^oBillion)	1.77	1.94
Monthly Indicators	July 24^o	August 24^o
Headline Inflation (%)	33.40	32.15
Food Sub-Index (%)	39.53	37.52
Core Sub-Index (%)	27.47	27.58
External Reserves (End Period) (US\$ Billion)	36.79	36.57
Official Rate Approx. (N/US\$)	1555.89	1586.43
BDC Rate Approx. (N/US\$)	NA	NA
Manufacturing PMI	49.2	49.9
Non-Manufacturing PMI	50.3	NA
Average Crude Oil Price (US\$/Barrel)	87.27	82.88
Petrol (PMS-N/litre)	770.54	830.46
Diesel (AGO -N/Litre)	1379.48	1,406.05
Kerosene (HHK -N/Litre)	1769.86	1,847.59
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	5974.55	6,430.02
MPR (%)	26.75	26.75
CRR (%)de	45.00	45.00
T-Bill Rate (%)	16.99	18.3
Savings Deposit Rate (%)	6.74	6.75
Prime Lending (%)	15.89	17.01
Maximum Lending (%)	28.89	29.89
Narrow Money (N^oTrillion)	35.27	34.94
Broad Money (N^oTrillion)	106.26	107.19
Net Domestic Credit (N^oTrillion)	94.49	10.58
Credit to the Government (Net) (N^oTrillion)	19.00	31.15
Credit to the Private Sector (N^oTrillion)	75.48	74.73
Currency in Circulation (N^oTrillion)	40.53	41.44
FAAC (N^oTrillion)	2.68	2.27

NA: Not Available

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