CSEA
CENTRE FOR THE STUDY OF THE ECONOMIES OF AFRICA

Weekly Digest

January 27th, 2025. *Issue 3*

Nigeria produces almost 1.5 million bpd of Crude Oil daily in December 2024

According to the Organization of Petroleum Exporting Countries (OPEC) January Monthly Oil Market Report, Nigeria's average daily crude oil output stood at 1.485 million in December 2024. The oil output lagged the Federal Government's 2024 budgeted benchmark of 1.78 million bpd and the OPEC quota of 1.5 million bpd. Also, there was a decline in Crude oil prices to US$74.22 in December 2024 from US$75.38 per barrel in November, representing a 1.5% month-on-month decline. The country's inability to meet the government's projected production level can be attributed to multiple factors, including aging infrastructure, underinvestment, and oil theft which continue to result in low production. A combination of low production levels and a decline in crude oil prices would result in lower government finances. Specifically, the country's inability to meet the quotas could have a detrimental impact on national reserves and revenue, reducing resources 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.

Fares of most medium of transportation increase in November 2024

According to the National Bureau of Statistics' Transport Fare Watch Report for November 2024, the average fare paid by commuters for bus journeys within the city per drop decreased to ₦904.47 in November from ₦1,047.64 recorded in November 2023, representing a 13.67% decrease on a year-on-year basis. However, for intercity commutes, the report revealed that the average fare for bus journeys increased by 16.04% to ₦7,201.82 in November 2024, up from ₦6,206.53 in November 2023. Also, Air passengers paid more in November, ₦126,146.31 for specified routes single journey, an increase of 55.10% from ₦81,334.05 in November 2023. For water transportation, the average fare paid amounted to ₦1,487.93 in November 2024, indicating a 10.00% increase on a year-on-year basis from ₦1,352.70 in November 2023. The decline in transport fares for bus journeys within the city is a welcome development. A reduction in other modes of transportation would significantly ease the cost of movement of goods and people. The high cost of transportation has resulted in higher operating expenses for many businesses, leading to a decline in activities across various sectors. To lower transportation costs and set the affected business sectors on a growth path, the government should ensure local refineries are working well to increase the availability and affordability of energy. There is also a need to invest more in and encourage the use of alternative fuels such as biofuels, electric vehicles, and CNG to reduce reliance on petroleum products.

Food Price items continues to experience an increase

According to the National Bureau of Statistics' latest Food Price Watch Report, the average price of 1 kg of brown beans (sold loose) on a year-on-year basis rose by 187.29% to ₦2,501.32 in December 2024, up from ₦870.67 recorded in December 2023. However, on a month-on-month basis, it dropped by 8.07% from ₦2,720.96 recorded in November 2024. In the case of rice, on a year-on-year basis, the average price of 1 kg of local rice (sold loose) rose by 111.82% from ₦917.93 recorded in December 2023 to ₦1,944.40 in December 2024. It declined month-on-month by 0.79%. The price of onion bulb (1 kg) increased remarkably by 111.74% to ₦2,057.81in December 2024, up from ₦971.86 recorded in the same month in 2023. It also surged by 9.57% on a month-on-month basis from ₦1,878.00 in November 2024. By geopolitical zone, South-South at ₦2,863.94 recorded the highest average price of brown beans, followed closely by North Central (₦2,806.74). The food item had its lowest (₦2,089.70) average price in Northwest. For onion bulb (1 kg), South East recorded the highest average price of the food item at ₦3,035.62, followed by South-South (₦2,504.95). It was lowest in the Northeast at ₦2,047.24. This notable rise in food prices can be attributed to numerous factors such as high costs of inputs, transportation and speculation and hoarding activities by farmers. Insecurity and extreme weather conditions also cause shortage of food products, hence, driving prices upwards. High prices of food items exacerbate economic hardship and make the economy susceptible to social unrest. Tackling these challenges would require a series of interventions by the government including subsidising farming inputs (seedlings), increasing lending to farmers at affordable rates to scale up production, expanding food bank operations, continuous capacity building and education for farmers and investment in affordable and efficient transportation networks. It is also crucial to address the security challenges facing the country, as it lowers agricultural production.

ECONOMIC SNAPSHOT	+	
Quarterly Indicators	'24Q2	'24Q3
GDP Growth Rate (%)	3.19	3.46
Oil GDP Growth Rate (%)	10.15	5.17
Non-oil GDP Growth Rate (%)	2.80	3.37
Unemployment Rate (%)	4.3	NA
Foreign Direct Investment (US $ Million)	29.83	NA
Portfolio Investment (US $Millions)	1404.70	NA
Other Investment (US $Million)	1169.97	NA
External Debt (FGN & States- N'Trillion)	NA	NA
Domestic Debt (FGN + States & FCT N'Trillion)	NA	NA
Manufacturing Capacity Utilization (%)	14.1	NA
Imports (N'Billion)	12.47	14,67
Exports (N'Billion)	19.41	20.48
Total trade (N'Billion)	31.89	35.16
Trade balance (N'Billion)	6.94	5.81
Crude oil Export (N'Billion)	14.55	13.40
Non-Crude Oil Export (N'Billion)	4.85	7.08
Non-Oils Export (N'Billion)	1.77	2.50
Monthly Indicators	November 24'	December 24'
Headline Inflation (%)	34.60	34.80
Food Sub-Index (%)	39.93	39.84
Core Sub-Index (%)	28.75	29.28
External Reserves (End Period) (US$ Billion)	40.23	40.88
Official Rate Approx. (N/US$)	1,670.78	1,553.73
BDC Rate Approx. (N/US$)	NA	NA
Manufacturing PMI	49.3	49.8
Non-Manufacturing PMI	47.4	52.1
Average Crude Oil Price (US$/Barrel)	75.44	74.72
Petrol (PMS-N/litre)	1,214.17	1,189.12
Diesel (AGO -N/Litre)	1,446.83	1,447.62
Kerosene (HHK -N/Litre)	2,042.93	2,056.38
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	7,088.16	7,177.27
MPR (%)	27.50	27.50
CRR (%)	50.00	50.00
T-Bill Rate (%)	18.00	18.00
Savings Deposit Rate (%)	6.56	7.51
Prime Lending (%)	18.39	18.56
Maximum Lending (%)	31.06	29.71
Narrow Money (N'Trillion)	36.27	NA
Broad Money (N'Trillion)	108.95	NA
Net Domestic Credit (N'Trillion)	115.58	NA
Credit to the Government (Net) (N'Trillion)	39.62	NA
Credit to the Private Sector (N'Trillion)	75.96	NA
Currency in Circulation (N'Trillion)	4.88	NA
FAAC (N'Trillion)	NA	NA

NA: Not Available

References

1. Average Daily Crude Oil Production falls by 0.07%. Retrieved from: https://www.opec.org/opec_web/en/publications/338.htm

2. Highlights of November Transport Fare Watch Report. Retrieved from: https://microdata.nigerianstat.gov.ng/index.php/catalog/161/related-materials

3. Highlights of December Food Price Watch Report. Retrieved from: https://microdata.nigerianstat.gov.ng/index.php/catalog/162/related-materials