



**NIGERIA  
ECONOMIC  
UPDATE**

**Weekly**

**Digest**

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## **National Power Grid Collapsed 46 times from 2017 to 2023**

The International Energy Agency (IEA), in its 2024 Electricity [report](#), revealed that Nigeria's national power grid collapsed 46 times between 2017 to 2023 leading to recurrent power failures. This recurring collapse of the power grid could be attributed to poor maintenance, aged power infrastructure, liquidity constraints and underinvestment in the energy sector. The report also noted that Nigeria has a total installed energy capacity of about 13 Gigawatts (GW). However, only about 4.5 GW capacity was available in 2023. In other words, Nigeria is operating at 34.6 percent. The low operation level contributes in part to the frequent grip collapse and prolonged power outages. Consequently, backup generators account for about 40 percent of electricity consumption in the country, suggesting a high dependency on backup generators for electricity. It is therefore essential for the government to ensure that substantial investment is directed toward upgrading and modernising ageing power infrastructures to enhance reliability on the nation's power supply. Regular maintenance schedules including repairs and maintenance of transmission lines, transformers, and stringent oversight of power components should be carried out to ensure longevity and optimal functioning of power facilities. Also, there is a need to diversify the energy mix and incorporate renewable sources to reduce dependence on a single power generation method. As part of efforts to increase investment in the electricity sector, the Nigerian government in June 2023 passed the Electricity Act. Since the implementation of this law more than six months ago, there has been little improvement in the electricity supply. The government needs to assess the effectiveness of the new law to attract investment in the sector.

## **Food Prices rise significantly in December 2023**

The National Bureau of Statistics (NBS) Food Price Watch [report](#) for December 2023 shows significant increases in the average prices of essential commodities. The price of 1kg of locally sold loose rice surged by 81.35% year-on-year, reaching ₦917.93 compared to ₦506.17 in December 2022. The cost of 1kg of boneless beef witnessed a 32.38% year-on-year rise, escalating from ₦2,377.29 in December 2022 to ₦3,146.94 in December 2023. Furthermore, the average price of 1kg of brown beans (sold loose) increased by 48.54% year-on-year, increasing from ₦586.14 in December 2022 to ₦870.67 in December 2023. Similarly, the average price of 1kg onion bulb rose by 122.94% on a year-on-year basis from ₦435.93 in December 2022 to ₦971.86 in December 2023. In addition, the average price of 1kg of Tomato rose by 77.60% on a year-on-year basis from ₦458.42 in December 2022 to ₦814.16 in December 2023. These price increments can be attributed to the significant rise in high input prices, labour, and transportation. Additionally, inflationary pressures in the economy contributed to an overall increase in prices. It is therefore crucial for businesses to explore cost-cutting measures, optimize supply chains, and foster efficiency in the production process. High food prices are likely to result in malnutrition, as households rationalize food intake as well as social unrest due to hunger and food poverty. Consequently, there is a need for the government to scale existing food safety initiatives to minimize the adverse effect of rising food prices on nutrition, which could adversely affect long-term economic growth through low human capital development.

## **Global Oil Demand Growth Projected to slow by 1.2 million barrels per day in 2024**

The Oil market [report](#) for the fourth quarter of 2023 by the International Energy Agency indicates that the growth of global oil demand is expected to slow down by 1.2 million barrels per day (mb/d) in 2024 compared to 2.3 mb/d in 2023. The decline in projected oil demand is due to several factors including slow GDP growth in major economies falling below trend, increased energy efficiency and electrification of vehicle fleets. Conversely, the world oil supply was projected to rise by 1.5 mb/d to a new high of 103.5 mb/d, fuelled by record-setting output from non-OPEC countries like the US, Brazil, Guyana, and Canada. OPEC supply is expected to hold steady on previous supply. The report further revealed discrepancies between targeted productions and actual production. With the forecasted increase in world oil supply, the price of crude oil is likely to exhibit significant fluctuation and might sell below \$77 per barrel. As a result, the government should prioritise diversifying the economy to reduce vulnerability to fluctuations in oil prices. Developing a resilient and diversified economy can enhance Nigeria's ability to withstand volatility in the global oil market. Revenue from crude oil should be transparently spent on developing non-oil sectors such as agriculture, manufacturing, technology, and tourism to create alternative revenue streams.

<b>ECONOMIC SNAPSHOT</b>		
<b>Quarterly Indicators</b>	<b>'23Q2</b>	<b>'23Q3</b>
<b>GDP Growth Rate (%)</b>	2.51	2.54
<b>Oil GDP Growth Rate (%)</b>	-13.43	-0.85
<b>Non-oil GDP Growth Rate (%)</b>	3.58	2.75
<b>Unemployment Rate (%)</b>	4.2	NA
<b>Foreign Direct Investment (US \$ Million)</b>	86.03	59.77
<b>Portfolio Investment (US \$Millions)</b>	106.85	87.11
<b>Other Investment (US \$Million)</b>	837.34	507.77
<b>External Debt (FGN &amp; States- N'Trillion)</b>	33.25	31.98
<b>Domestic Debt (FGN + States &amp; FCT N'Trillion)</b>	54.13	55.93
<b>Manufacturing Capacity utilization (%)</b>	NA	NA
<b>Monthly Indicators</b>	<b>December '22</b>	<b>December '23</b>
<b>Headline Inflation (%)</b>	21.34	28.92
<b>Food Sub-Index (%)</b>	23.7	33.93
<b>Core Sub-Index (%)</b>	18.21	23.06
<b>External Reserves (End Period) (US\$ Billion)</b>	37.08	32.91
<b>Official Rate Approx. (N/US\$)</b>	445.42	851.39
<b>BDC Rate Approx. (N/US\$)</b>	NA	1043.09
<b>Manufacturing PMI</b>	NA	NA
<b>Non-Manufacturing PMI</b>	NA	NA
<b>Average Crude Oil Price (US\$/Barrel)</b>	82.5	79.81
<b>Petrol (PMS-N/litre)</b>	206.19	671.86
<b>Diesel (AGO -N/Litre)</b>	817.86	1,126.69
<b>Kerosene (HHK -N/Litre)</b>	1,104.61	1,362.27
<b>Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)</b>	4,565.56	4,962.87
<b>MPR (%)</b>	16.5	18.75
<b>CRR (%)</b>	32.5	32.5
<b>T-Bill Rate (%)</b>	4.35	NA
<b>Savings Deposit Rate (%)</b>	4.13	NA
<b>Prime Lending (%)</b>	13.85	NA
<b>Maximum Lending (%)</b>	29.13	NA
<b>Narrow Money (N'Trillion)</b>	20.72	NA
<b>Broad Money (N'Trillion)</b>	51.76	NA
<b>Net Domestic Credit (N'Trillion)</b>	66.39	NA
<b>Credit to the Government (Net) (N'Trillion)</b>	22.65	NA
<b>Credit to the Private Sector (N'Trillion)</b>	41.74	NA
<b>Currency in Circulation (N'Trillion)</b>	30.12	NA
<b>FAAC (N'Trillion)</b>	1.18	1.09

NA: Not Available

The September figures for CRR, Narrow money, broad money, T-Bill rate (%), Savings Deposit Rate (%), Prime Lending (%), maximum lending(%), Net domestic credit, credit to the government, and credit to other sectors (exception of FAAC that retained its August figure) are retained due to unavailability of data.

## REFERENCES

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