



NIGERIA ECONOMIC UPDATE

Weekly

Digest

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Foreign Reserves grow by over \$2b in six weeks

According to [data](#) from the CBN, Nigeria's foreign reserves increased by over \$1 billion since the beginning of July 2024 from \$34.3 billion to \$36.83 billion as of August 9. The increment signals a positive turn for the economy, potentially bolstering macroeconomic stability and economic outlook. The growth in foreign reserves can be attributed to several factors, including a slight uptick in oil prices on the global market, benefiting Nigeria as a major oil exporter. Additionally, the government's efforts to diversify the economy and promote non-oil exports have begun to bear fruit, contributing to the forex inflow. Another factor is the hike in the monetary policy rate, which has resulted in an inflow of foreign capital. This increase in foreign reserves is expected to strengthen the country's ability to meet international payment obligations and provide a buffer against external economic shocks. The growth may also help stabilize the naira, potentially leading to improved exchange rates and reduced inflationary pressures. Furthermore, this development is likely to boost investor confidence, as higher reserves signal greater economic stability, attracting more foreign direct investment. However, in the face of global economic uncertainties, particularly those related to oil prices, the government and CBN must adopt more prudent fiscal and monetary measures to sustain this growth trend.

Nigeria ranks 9th in the RMB Where to Invest in Africa Report

The 2024 [Where to Invest in Africa Report](#) by Rand Merchant Bank (RMB) has positioned Nigeria among the top ten attractive investment destinations in Africa. Specifically, Nigeria ranked with an overall score of 0.163. The report used a weighted Z-score and four metric pillars to evaluate the investment potential. This includes economic performance and potential, market accessibility and innovation, economic stability and investment climate, and social and human development, with pillar weights of 35%, 20%, 25%, and 20%. The report highlights Nigeria's performance, ranking it 2nd in the Economic Performance and Potential category. This high ranking highlights the country's growth prospects, likely driven by its large consumer market, diverse economic sectors, and ongoing economic reforms. However, the report also highlights some areas for improvement. For instance, Nigeria's ranking of 29th in market accessibility and innovation suggests areas for improving ease of doing business and fostering a more innovative ecosystem. Also, Nigeria's 21st position in the Economic Stability and Investment Climate pillar highlights the need for further efforts to establish a more stable and investor-friendly environment. Furthermore, Nigeria ranked 15th in the Social and Human Development pillar, reflecting low investments in human capital and social infrastructure, which are crucial for long-term economic sustainability. The overall performance scores should be interpreted cautiously since it is driven largely by economic performance and potential indicators. However, the report provides policymakers with valuable insights into areas that require attention to improve Nigeria's attractiveness to potential investors. To attract investments into the country, the government should make more efforts to address some of the grey areas, such as market inaccessibility, difficulty in doing business and economic instability.

Nigeria Customs Service Revenues hit N 1.023 Trillion in first half of 2024

The Nigeria Customs Service, in its [monthly bulletin](#), reveals that, the Apapa Area command recorded a revenue collection of N1.023 trillion for the first half of 2024. This represents an increase of over 14% compared to the revenue collected in 2023. The increment might be linked with currency depreciation. The additional revenue comes at a crucial time for Nigeria's economy. Despite this positive development, the Nigeria Customs Service must strike a balance between revenue generation and trade facilitation. This is important because an excessive focus on revenue generation might incentivise behaviours that seek to maximise revenue while neglecting trade facilitation activities. Hence, the Nigeria Customs Service should prioritise smoother customs processes and reduce bottlenecks at the ports. The Customs service should aspire to make ports in Nigeria the preferred shipping destination on the continent.

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	2075.59
Other Investment (US \$Million)	594.74	1605.41
External Debt (FGN & States- N'Trillion)	97.34	56.02
Domestic Debt (FGN + States & FCT N'Trillion)	87.91	65.65
Manufacturing Capacity Utilization (%)	NA	9.98
Monthly Indicators	May 24'	June 24'
Headline Inflation (%)	33.95	34.19
Food Sub-Index (%)	40.66	40.87
Core Sub-Index (%)	27.04	27.40
External Reserves (End Period) (US\$ Billion)	32.69	34.19
Official Rate Approx. (N/US\$)	1432.81	1481.33
BDC Rate Approx. (N/US\$)	NA	NA
Manufacturing PMI	52.1	50.1
Non-Manufacturing PMI	NA	NA
Average Crude Oil Price (US\$/Barrel)	84.01	83.64
Petrol (PMS-N/litre)	769.62	750.17
Diesel (AGO -N/Litre)	1403.96	1462.98
Kerosene (HHK -N/Litre)	1450.35	NA
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	7418.45	NA
MPR (%)	26.25	26.25
CRR (%)	45.0	45.0
T-Bill Rate (%)	16.44	16.37
Savings Deposit Rate (%)	6.68	6.67
Prime Lending (%)	15.54	15.85
Maximum Lending (%)	28.67	29.11
Narrow Money (N'Trillion)	33.38	NA
Broad Money (N'Trillion)	99.23	NA
Net Domestic Credit (N'Trillion)	10.26	NA
Credit to the Government (Net) (N'Trillion)	28.37	NA
Credit to the Private Sector (N'Trillion)	74.31	NA
Currency in Circulation (N'Trillion)	39.65	NA
FAAC (N'Trillion)	2.19	2.48

NA: Not Available

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