



**NIGERIA
ECONOMIC
UPDATE**

Weekly

Digest

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Transport Fares Increases in September 2023

According to the National Bureau of Statistics (NBS) the [average fare](#) paid by commuters for bus journeys within the city per drop increased by 0.11% from N1,336.38 in August to N1,337.80 in September 2023. On a year-on-year basis, it rose by 117.29% from N615.69 in September 2022. As anticipated, the removal of gasoline subsidies accounts for the surge in the year-on-year change in the transportation costs. The observed little change at the monthly level indicates that the removal of gasoline price resulted in a temporary increase in the transportation cost. Also, prices of goods respond positively to changes in the cost of moving goods from production points or ports to markets. The current inflationary pressure is partly due to the high cost of transportation. Without targeted government policies to cushion the effect of the high transportation costs on cost of living, the percentage of Nigerians living in poverty may rise. Policymakers need to create social protection programs, especially for the most vulnerable families, and keep the public updated on the programs' status to lessen the impact of high transportation costs on living standards. The savings from the subsidy should also be used to fund fundamental services like health and education, which will reduce household expenses, and sustain their living standards, in the absence of significant increases in salaries.

26.5 million Nigerians Projected to be Food Insecure in 2024

The October 2023 Cadre Harmonisé [analysis](#) on food insecurity conducted by the Food and Agricultural Organization (FAO) in partnership with the Nigerian government revealed that 26.5 million Nigerians will face severe food insecurity in 2024, and 9 million children are at risk of malnutrition. This implies that more than 10% of the population will likely experience food insecurity. Food insecurity is concentrated in a few states including Borno, Adamawa, and Yobe. The high level of food insecurity is driven by several factors including insecurity in food-producing areas, climate change impacts, and the rising prices of food. Food access and availability are hampered by insecurity as farmers relocate from the farmland to city centres, where the level of security is much better. With high food insecurity, the country also faces greater risks of health problems associated to malnutrition, a rise in social instability, and rising inequality. Children who are malnourished may have difficulty in learning in school, which exacerbates the poverty cycle. Immediate remedies that involve improving security, expanding social safety nets, diversifying food sources, and investing in agricultural infrastructure and technology are required to confront this impending problem. Long-term approaches like agricultural innovation, and capacity-building initiatives are also desperately needed to support sustainable food security and increase community resilience.

IMF projects Nigeria's 2023 real GDP per capita growth at 0.35%

According to the International Monetary Fund (IMF) [World Economic Outlook](#) October Edition, Nigeria's real GDP growth is projected to fall to 2.87% in 2023 from 3.25% recorded in 2022. Real non-oil GDP growth is projected at 2.96%, a decline from 4.98% recorded in 2022. Like real GDP and non-oil real GDP, the 2023 projected real per-capita GDP growth is lower than the preceding year's value. 2023 Real GDP per capita is projected at 0.35%, which is half the value for 2022, 0.71%. The low per capita growth rate is due to high population growth, and low productivity resulting in a sub-optimal growth rate. Nigeria's low productivity can be attributed to several factors including weak currency, unpredictable and irregular macroeconomic policies, and inadequate infrastructure development. To experience a large increase in per capita income that will move the country from a low-middle income country to an upper-middle income country, Nigeria needs to achieve a minimum of 5% growth in real GDP sustained over a long period of time. A double-digit GDP growth rate as experienced in China would amplify the rate of income growth, and lift millions of Nigerians out of poverty within a short period. In the interim, the government needs to strengthen ongoing reforms in the foreign exchange market. The current irregularity in the market is hurting both domestic and foreign investors. Also, a regular and reliable electricity supply is key to achieving the growth rate. The government needs to work with relevant stakeholders to address liquidity issues that have limited the ability of the sector to attract new investments required to upgrade existing generation and transmission channels as well as construct new ones. The 2024 budget should be prepared in such a way that it signals the government's committed efforts to achieve higher productivity by prioritizing capital spending.

ECONOMIC SNAPSHOT		
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Quarterly Indicators	'23Q1	'23Q2
GDP Growth Rate (%)	2.31	2.51
Oil GDP Growth Rate (%)	-4.21	-13.43
Non-oil GDP Growth Rate (%)	2.77	3.58
Unemployment Rate (%)	4.1	NA
Foreign Direct Investment (US \$ Million)	47.60	86.03
Portfolio Investment (US \$Millions)	649.28	106.85
Other Investment (US \$Million)	435.76	837.34
External Debt (FGN & States- N'Trillion)	19.64	33.25
Domestic Debt (FGN + States & FCT N'Trillion)	30.21	54.13
Manufacturing Capacity utilization (%)	NA	NA
Monthly Indicators	September '22	September '23
Headline Inflation (%)	20.77	26.72
Food Sub-Index (%)	23.34	30.64
Core Sub-Index (%)	17.49	21.84
External Reserves (End Period) (US\$ Billion)	37.39	33.23
Official Rate Approx. (N/US\$)	432.37	768.76
BDC Rate Approx. (N/US\$)	NA	NA
Manufacturing PMI	NA	NA
Non-Manufacturing PMI	NA	NA
Average Crude Oil Price (US\$/Barrel)	93.25	100.42
Petrol (PMS-N/litre)	191.65	626.21
Diesel (AGO -N/Litre)	789.90	890.80
Kerosene (HHK -N/Litre)	809.52	1,299.03
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	4,456.56	4,189.96
MPR (%)	15.5	18.75
CRR (%)	32.5	32.5
T-Bill Rate (%)	3.83	5.29
Savings Deposit Rate (%)	2.92	5.26
Prime Lending (%)	12.23	14.32
Maximum Lending (%)	28.3	27.24
Narrow Money (N'Trillion)	21.19	25.36
Broad Money (N'Trillion)	65.44	67.18
Net Domestic Credit (N'Trillion)	63.34	92.72
Credit to the Government (Net) (N'Trillion)	22.83	34.12
Credit to the Private Sector (N'Trillion)	40.52	58.6
Currency in Circulation (N'Trillion)	3.228	2.761
FAAC (N'Trillion)	1.26	0.903

NA: Not Available

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