



**NIGERIA
ECONOMIC
UPDATE**

Weekly

Digest

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Global GDP Growth projected to drop to 2.4 percent in 2024

According to the 2024 United Nations World Economic Situation and Prospects [report](#), global GDP growth is projected to slow from an estimated 2.7 percent in 2023 to 2.4 percent in 2024 and improve moderately to 2.7 percent in 2025. However, the growth projections for 2024 and 2025 are below the pre-pandemic growth rate trend of 3.0 percent. Economic growth in Africa is projected to remain weak, increasing from an average of 3.3 percent in 2023 to 3.5 percent in 2024. Debt sustainability concerns, stricter fiscal and monetary policies, and the weak world economy will continue to hinder Africa's development prospects. Also, extreme weather conditions coupled with the growing climate catastrophe have impacted tourism and agricultural productivity. Similarly, geopolitical unrest has negatively impacted several African countries. Policy reforms enacted by the Government of Nigeria in 2023, especially in the hydrocarbon sector, have contributed to a moderate improvement in the country's growth prospects for 2024, with the GDP growth forecast at 3.1 percent. However, rising public debt, persistent inflation, and insecurity, together with a weak business environment, will pose a downward risk to growth prospects. Efforts to increase in-country oil refining capacity would likely reduce the importation of refined petroleum products and reduce the pressure on domestic currency. Investing in technology, manufacturing, and services can create a more resilient and diverse economic base. Concurrently, the government should focus on infrastructure development to alleviate bottlenecks and attract foreign investment. The government should also implement appropriate fiscal policies, manage debt sustainability, and enhance governance to instil confidence among domestic and foreign investors.

Active Voice Subscribers Increases by 4.51 Percent in Q3 2023

According to the National Bureau of Statistics (NBS), the total number of active voice [subscribers](#) in Q3 2023 was 221,769,883, a 4.51% increase from the 212,201,578 reported in Q3 2022. Also, for the same period under review, the total number of active internet subscribers stood at 160,171,125, a 4.83% increase from 152,784,980 reported in Q3 2022. On state profile analysis, Lagos state had the highest number of active voice subscribers and active internet subscribers in Q3 2023 with 27,043,333 and 19,188,745 respectively, followed by Ogun state with 13,136,247 and 9,538,622 respectively, and Kano with 12,192,122 and 8,712,782 respectively. Conversely, Bayelsa state recorded the least number of active voice subscribers with 1,558,509, followed by Gombe with 2,643,899, and Yobe with 2,760,261. In the same line, Bayelsa recorded the least number of active internet subscribers with 1,195,580, followed by Zamfara, and Gombe with 1,863,686, and 1,909,498 respectively. Factors that contribute to the disparity in active voice subscribers across Nigerian states include population, availability of network infrastructure, infrastructure development initiatives, economic activities, income levels, and cultural/social factors. To increase the number of active voice and internet subscribers in Nigeria, especially in states with low connectivity, there is a need for strong partnerships between telecommunication providers and state governments. This partnership would remove barriers to investment which, in turn, would enhance network infrastructure and improve connectivity by upgrading existing infrastructure, deploying new technologies to meet the growing demand for voice and internet services, and tailoring service packages to suit local needs.

Global Food Prices Impact Domestic Prices in Q4 2023

The Central Bank of Nigeria's (CBN) October to December 2023 [report](#) analysis shows that the negative impact of the recent rise in global food prices due to the COVID-19 pandemic and the Russia-Ukraine war has significantly contributed to domestic inflation in Nigeria. Domestic inflation responded more to cereal prices, followed by dairy and sugar products, and meat. Also, the intervention by the CBN slightly influenced the impact in the form of initial responses to global food prices shocks, but the impact seems to be long-lasting after the intervention program. The substantial, but incomplete, pass-through of global food prices to domestic prices despite the interventions of the CBN, can be attributed to several factors including the large share of food in the domestic consumption basket, a larger part of which is still imported. Additional factors include volatility of the foreign exchange market, which feeds the ongoing decline of the value of the domestic currency. While the current CBN governor, Mr Cardoso, has announced that the CBN would focus on its primary activity – price stability and cease to provide development finance interventions, there is a need for both fiscal and monetary authorities to enhance efforts to increase local food production. The Ministry of Agriculture needs to create new approaches to controlling the government's granary, effective administration of the nation's food reserves can lessen the vulnerability of the domestic economy to fluctuations in the global food prices. Plans should include quantities in both scenarios as well as the timing of purchases and releases to lessen the reliance on imported food, lessen the economy's susceptibility to an outside shock in food costs, and ultimately reduce importation.

ECONOMIC SNAPSHOT		
Quarterly Indicators	'23Q2	'23Q3
GDP Growth Rate (%)	2.51	2.54
Oil GDP Growth Rate (%)	-13.43	-0.85
Non-oil GDP Growth Rate (%)	3.58	2.75
Unemployment Rate (%)	4.2	NA
Foreign Direct Investment (US \$ Million)	86.03	59.77
Portfolio Investment (US \$Millions)	106.85	87.11
Other Investment (US \$Million)	837.34	507.77
External Debt (FGN & States- N'Trillion)	33.25	31.98
Domestic Debt (FGN + States & FCT N'Trillion)	54.13	55.93
Manufacturing Capacity utilization (%)	NA	NA
Monthly Indicators	November '22	November'23
Headline Inflation (%)	21.47	28.20
Food Sub-Index (%)	24.13	32.84
Core Sub-Index (%)	17.99	22.38
External Reserves (End Period) (US\$ Billion)	37.11	33.00
Official Rate Approx. (N/US\$)	442.37	833.18
BDC Rate Approx. (N/US\$)	NA	NA
Manufacturing PMI	NA	NA
Non-Manufacturing PMI	NA	NA
Average Crude Oil Price (US\$/Barrel)	93.36	85.76
Petrol (PMS-N/litre)	202.48	648.93
Diesel (AGO -N/Litre)	808.87	1,055.57
Kerosene (HHK -N/Litre)	1,083.57	1,287.10
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	4,549.14	4,828.18
MPR (%)	16.5	18.75
CRR (%)	32.5	32.5
T-Bill Rate (%)	6.5	5.29
Savings Deposit Rate (%)	3.93	5.26
Prime Lending (%)	13.17	14.32
Maximum Lending (%)	28.14	27.24
Narrow Money (N'Trillion)	21.45	25.35
Broad Money (N'Trillion)	51.68	67.18
Net Domestic Credit (N'Trillion)	64.16	92.71
Credit to the Government (Net) (N'Trillion)	22.63	34.11
Credit to the Private Sector (N'Trillion)	41.52	58.60
Currency in Circulation (N'Trillion)	31.64	27.61
FAAC (N'Trillion)	0.957	1.783

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.

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