



THE NIGERIAN ECONOMY 2024

ONE YEAR AFTER

ARE YOU BETTER OFF TODAY??

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ONE YEAR AFTER - PROMISES, POLICIES & ANNOUNCEMENTS

- To increase GDP to **\$1trn** in 8 years
- Remove petroleum subsidies
- Unify exchange rates
- To overhaul the security Infrastructure
- To double power generation from 5000MW to 10,000MW
- To bring high inflation under control



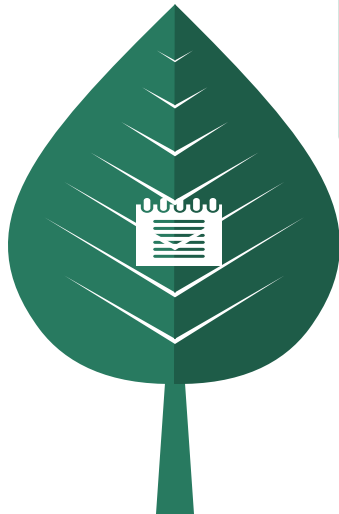
HIGHLIGHTS

- Major policy changes were announced in 2023, including the \$1 trillion GDP goal
- The time lag between policy and effect is a drag on outcomes
- The unintended consequences are leading to social unrest
- The minimum wage negotiation will be a source of widespread conflict
- The wrong sequencing of reforms is taking its toll on output
- Nigeria needs new borrowing to refinance existing obligations
- Policy changes, institutional reforms, and new borrowings will lead to positive and faster growth in the 2025/26 period

ECONOMIC WEAKNESS IS PARTLY STRUCTURAL, MOSTLY EXOGENOUS

Structural Challenges

- Rent seeking market structures
- Energy crunch (4,000MW)
- Regulatory bottlenecks
- Declining labour productivity
- Demographic pressures
- Insecurity & land tenure system



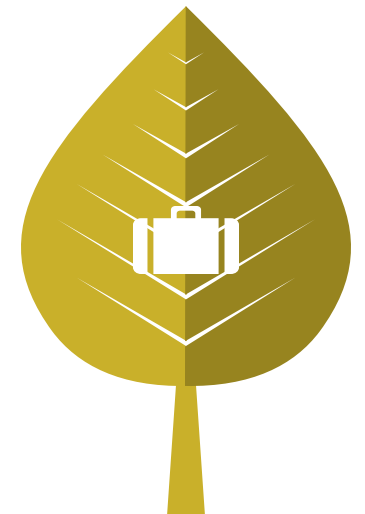
Exogenous Shocks

- COVID disruptions
- Global supply chain disruption
- Geopolitical tensions
- High global interest rates



Transitory Developments

- Cost of living crisis
- Wage agitations
- Social unrest



WHAT REALLY HAPPENED - Efforts commendable

	BEFORE	AFTER	% CHANGE	
GDP growth (% , 1-year avg)	2.91	2.87	0.04	↓
Headline Inflation (%)	22.41	33.69	11.28	↑
Food Inflation (%)	24.82	40.53	15.71	↑
Exchange rate (parallel) (N/\$)	765	1520	-50	↑
Difference between parallel & official (N)	295.5	346.12	17.13	↑
Diesel (N'Litre)	840	1,200	43	↑
Petrol (N'Litre)	190	580	205.26	↑

Outcome average

WHAT REALLY HAPPENED - Efforts commendable

	BEFORE	AFTER	% CHANGE	
Oil Production (mbpd, 1-year avg)	1.15	1.28	11.3	↑
FAAC allocation (N'trn, 1-year total)	10.92	14.39	31.78	↑
Fiscal Deficit (% of GDP)	4.21	5.50	1.29	↑
Real interest rates (%)	-4.55	-7.21	-2.66	↑
External Debt (end period: US\$bn)	42.7	42.5	-0.47	↓
External Debt per capita (US\$)	179.41	178.57	-0.47	↓
External Reserve (US\$bn)	35.09	32.64	-6.98	↓
Minimum Wage (N)	30,000	??	??	↑

ECONOMIC IMPACT & UNINTENDED CONSEQUENCES

	Before (2023)	After (2024)	% Change	
Gross fixed investment (\$'bn)	154.1	105.2	-31.73	↓
Stock market cap (N'trn)	30.37	55.65	83.2	↑
National savings (% of GDP)	33.2	29.5	-3.7	↓
Life expectancy	55.8	56.1	1	↑
Ships awaiting berth	12	15	25	↑
Grid collapse (no. of times)	12	5	-58	↓

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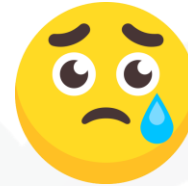
THE GOOD, THE BAD, & THE UGLY

THE GOOD



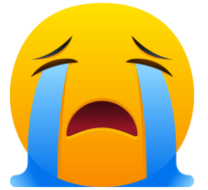
- ✓ Tax and other revenues more than doubled
- ✓ FAAC increased to N14.39trn
- ✓ Dangote refinery and other modular refineries commenced operation
- ✓ Forex backlogs were cleared (over \$7bn)
- ✓ Credit rating upgraded to B- with stable outlook
- ✓ Oil production increased to 1.34mbpd

THE BAD



- ✓ Nigeria to 42nd in 2023 from 32nd in 2022 in the global economy ranking
- ✓ Inflation at a 28-year high of 33.69%
- ✓ Public debt rose to 97trn

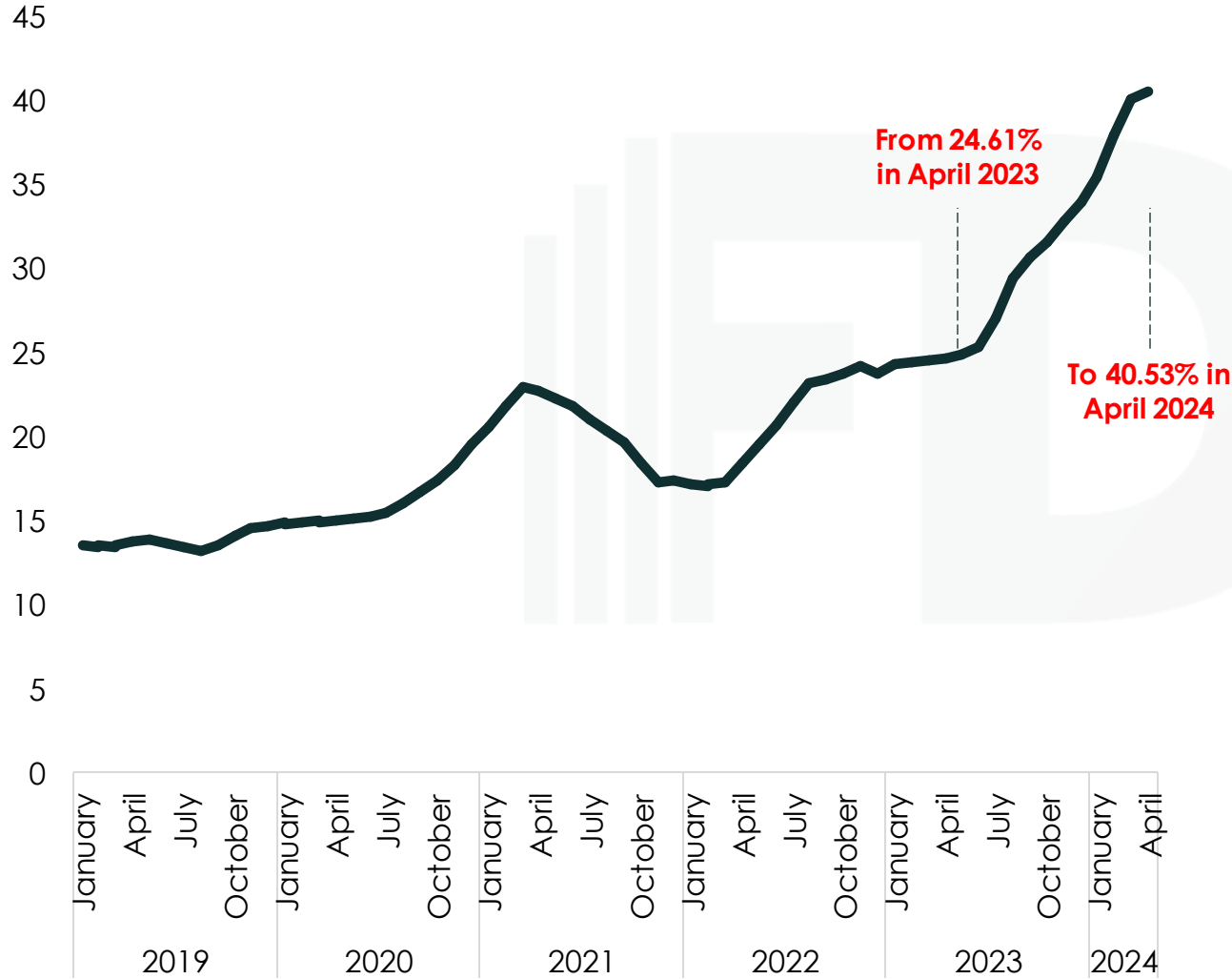
THE UGLY



- ✓ Terrorist attacks persistent
- ✓ Power grid collapse
- ✓ Exit of multinationals e.g. P&G
- ✓ Escalating cost of living crisis

FOOD INFLATION AT A 28-YEAR HIGH

Food Inflation (%)



- Food inflation at 40.53%
- **Driven by**
 - Post harvest losses
 - Insecurity challenges
 - Poor storage

IMPACT ON YOU – FOOD BASKET



↑ 129%

Rice (50kg)
May 2023: N35,000
May 2024: N80,000



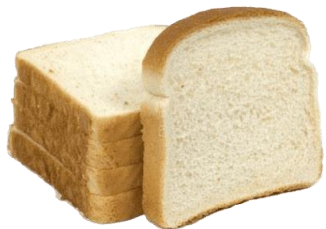
↑ 79%

Garri (50kg)
May 2023: N28,000
May 2024: N50,000



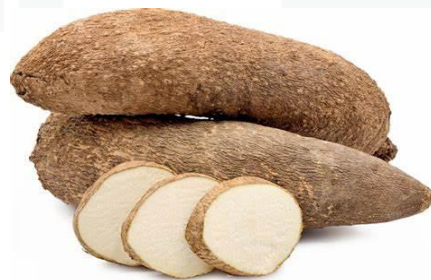
↑ 217%

Beans (50kg)
May 2023: N30,000
May 2024: N95,000



↑ 78%

Bread (1 Loaf)
May 2023: N900
May 2024: N1,600



↑ 425%

Yam (3 Tubers)
May 2023: N2,000
May 2024: N10,500



↑ 275%

Tomato (50kg)
May 2023: N40,000
May 2024: N150,000

IMPACT ON YOU - NON-FOOD BASKET (2/2)

Transport fare (Interstate)



Lagos to Abuja
(ABC Transport)

May 2023: N20,000
May 2024: N33,500

↑ 68%

Transport fare (Intercity)



Obalende to
Oworonshoki

May 2023: N300
May 2024: N500

↑ 67%

Domestic flights



Lagos to Abuja
(Ibom Air)

May 2023: N38,000
May 2024: N80,000

↑ 111%

International flights







Lagos to London

May 2024:
N1.4mn

RANKING IN SUB-SAHARAN AFRICA

Economic Intelligence Unit (EIU) 2024 estimates

	Nigeria	South Africa	Kenya	Ghana
GDP Growth (%)	2.98	1.93	4.0	3.8
Inflation (Apr'24%)	33.69	5.2	5	25
GDP per Capita (\$)	1,116.5	6,753.2	2,045.3	2,260.4
External Reserve (% of GDP)	8.8	16.4	7.4	7.9
Fiscal Deficit (% of GDP)	-5.5	-5.2	-5.6	-3.7





OUTLOOK – THE NEXT TWELVE MONTHS

- Inflation to decline to 18% in 2025
- Fiscal stimulus will increase agg. demand & output
- Minimum wage negotiation will settle at N90,000 per month
- Gross fixed investments to rise sharply as investor confidence improves
- Exchange rate to stabilize around N1,350 -1,450/\$ range
- Economic growth to accelerate to 4-5% in 2025/26
- Nigeria could regain its position as Africa's largest economy by 2028

