



**Joe Mbulu**

# **Nigeria's Macroeconomy: Developments and Implications**

**October 2024**

# These developments have implications for households and businesses

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- **Inflation**  
– *when will respite come?*



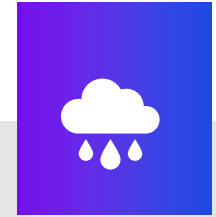
- **Exchange Rate** – *can Naira withstand the pressure?*



- **Pump price**  
– *will domestic refining help?*

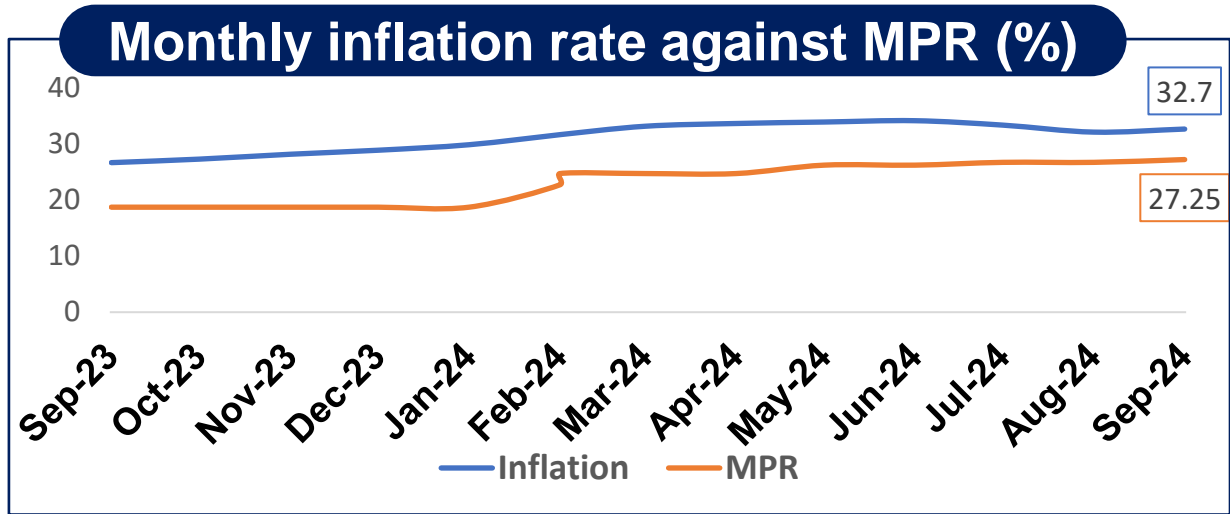


- **Minimum Wage** – *can this take workers home?*



- **Flooding**  
– *are we there again?*

# Inflation is taking longer to moderate



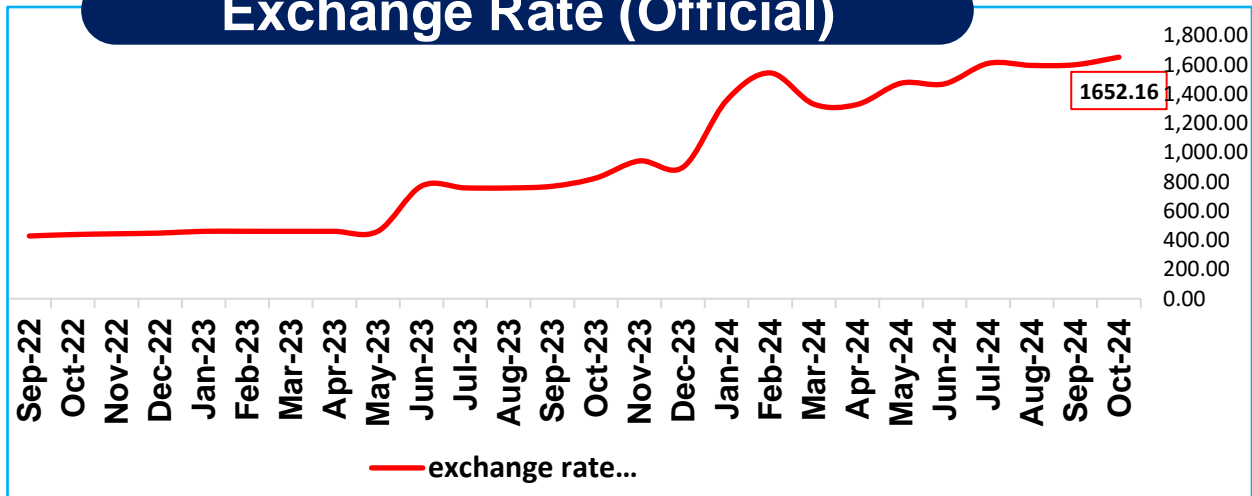
- **Inflation rate in September increased to 32.70%** due to petrol price increases; cost of power and transportation, distortion to farming activities, etc.
- **Inflation likely to rise further with pump price increase and minimum wage adjustment**

## A few tips...

1. **Reevaluate your family plan & budget** - Cut non-essentials
2. **Shop strategically** – Bulk purchase, compare prices
3. **Invest wisely** – Consider inflation protected securities
4. **Reassess energy usage** – explore alternatives
5. **Strengthen earning potential** – enhance skills, negotiate salary increases

# Naira under renewed pressure

## Exchange Rate (Official)

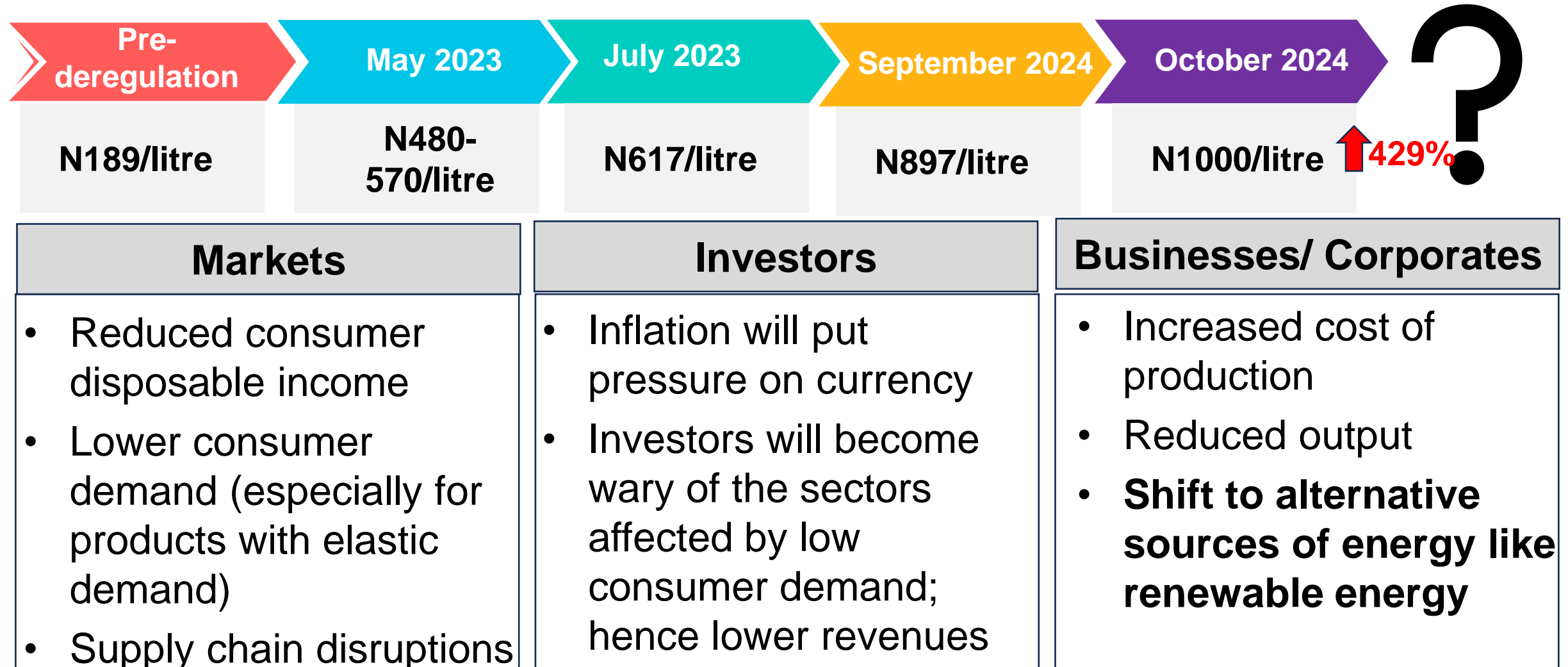


- **Persistent forex demand** stemming from stockpiling ahead of the festive season, high import demand, and speculative activities have renewed pressures on the naira
- **The naira fell to a low of N1,700/\$ at the parallel market on October 16**

## A few tips...

1. **Invest in local products** – buy Nigerian-made goods (with little import content)
2. **Save & invest in stable currencies**
3. **Reduce debt** – pay off high interest loans (especially variable rate loans)
4. **Invest wisely** – such as real estate
5. **Think price elasticity** – what products would people buy irrespective of price?

# Increased pump price will have significant impact on price index



Subsidy is not a bad policy. The application/implementation is the problem. BTW: Where will the subsidy savings be deployed?

# Increased minimum wage has little impact with high inflation

**A minimum wage hike in an inflationary environment can often be considered a money illusion**

- The core issue of rising prices persists, leaving workers with little or no real improvement in their financial situations
- **Seek additional income sources to supplement wages whilst remaining disciplined on cost**



# Recurring incidences of flooding

## The Case of Bornu

- Alau Dam in Bornu state overflowed due to heavier than usual rainfall in Sept
- Maiduguri, Borno state capital experienced extreme flooding
- According to ReliefWeb, so far, about 40 people have been confirmed dead
- 400,000 displaced and over one million people affected
- **Cameroon has given notice of impending opening of Lagdo Dam. Are we ready?**

**Increased warnings of floodings across the country**



**Worsen food security crisis**



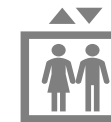
**Health challenges**



**Offset harvest season impact on inflation**



**Exacerbate inflation**



**Increase poverty levels**



**Infrastructural damage and increase in logistics cost**



**Thank You**

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