CENTRAL BANK OF NIGERIA

November 2023

ABOUT THE REPORT

The Central Bank of Nigeria (CBN) Economic Report presents economic developments in Nigeria, for dissemination to the public. The Report, which is published on a monthly and quarterly basis, provides insights on current developments in the real; fiscal; monetary & financial; and the external sectors of the Nigerian economy, as well as, on global issues that impact the domestic economy. In addition, it reflects the policy initiatives of the CBN in pursuit of its mandate.

The Report is targeted at a wide range of readers, including economists, policymakers, financial analysts in the government and the private sectors, and the public. Free download of the Report, including current and past issues is available on the CBN website: **www.cbn.gov.ng.** *All inquiries concerning the Report should be directed to the Director, Research Department, Central Bank of Nigeria, P.M.B. 187, Garki, Abuja, Nigeria.*

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SUMMARY

Global economic activities were uneven across countries and regions in November 2023, as some performed sluggishly while others showed resilience. Inflation pressures moderated in most countries, owing to decline in energy and food prices. Financial markets were largely bullish during the month on account of benign market sentiments. In the bonds market, expectations of lower interest rates reflected in the broad-based decline in the 10-year yields. Optimism in the equities market bolstered favourable conditions and translated to an overall robust performance. World crude oil supply fell, following production cuts by OPEC and non-OECD countries.

In the domestic economy, activities remained slow as the composite PMI, at 46.3 index points in the review month vis-à-vis 42.6 index points in the preceding period, remained below the 50 index points. Activities in the industry, services and agriculture sectors reflected the reduced intensity of contraction in consumer spending. Inflation pressure remained elevated during the month as the headline rate rose to 28.20 per cent from 27.33 per cent in the preceding month. This rise largely reflected exchange rate depreciation, and high energy and food prices, and was reinforced by increased consumer spending associated with the end-of-year festivities. Food inflation quickened to 32.84 per cent from 31.52 per cent in the preceding month, largely, on account of high costs of transportation and logistics. Following continued structural constraints and production bottlenecks in oil terminals, domestic crude oil production fell to 1.25 mbpd from 1.35 mbpd in the preceding month.

The fiscal operations of the Federal Government of Nigeria (FGN) improved slightly, despite decline in earnings to the Federation Account. Federally collected revenue fell 23.8 per cent from the October 2023 value and was 30.0 per cent below its benchmark. In contrast, the provisional FGN retained revenue increased marginally by 0.1 per cent during the month but fell 42.1 per cent short of target. Provisional aggregate expenditure was 1.1 percent below the level in the preceding month and 26.7 per cent short of the monthly target. Accordingly, provisional fiscal deficit, at ₦800.57 billion, narrowed by 1.9 and 10.9 per cent, relative to the preceding month and the benchmark, respectively. Consolidated public

as at end-September 2023 rose 0.6 per cent from the end-June level to ₦87,907.71 billion, representing 40.2 per cent of GDP.

The domestic banking system remained resilient in November 2024, underpinned by sustained supervision and enforcement of prudential guidelines. Short-term interest rates increased in the money market, following the decline in banking system liquidity. Subscriptions to both the NTBs and FGN bonds improved as investors took advantage of rise in stop and marginal rates. The Nigerian capital market sustained a bullish trend, due to renewed investors' confidence, arising from the release of favourable Q32023 corporate earnings.

With lower import bills, trade surplus increased during the review period. Breakdown of the Balance of Payments also showed a rise in capital inflow into the economy, as attractive yields boosted investments in fixed-income securities. At US$32.36 billion in November 2023, Nigeria's external reserves could provide 6.5 months of import cover for goods and services or 7.7 months cover for goods only. The average Naira to US dollar exchange rate depreciated by 4.70 per cent to ₦836.22/US$ at the NFEM from ₦796.94/US$ in the preceding month.

1. 0 GLOBAL ECONOMIC DEVELOPMENTS

Summary

Global macroeconomic performance was mixed in November 2023, as some countries recorded increased economic activities while others slackened. Inflation rate moderated in many countries as energy and food prices continued to subside. The global financial market was bullish during the month, driven by positive market outlook. In the bonds market, the expectations of lower interest rates steered an extensive drop in the 10-year government bond yields. In the equities market, optimistic market sentiment preceded favourable conditions, contributing to the overall robust performance.

1.1 Global Economic Activity

Global Economic Activity

Global economic activities were characterised by uneven outcomes across many countries and regions during the month. Economic activities across the globe recorded mixed performance, with some countries showing resilience, while others remaining in the contraction region, due to declining activities in both the manufacturing and services sectors. The global composite Purchasing Managers' Index (PMI) levitated slightly to 50.4 index points from 50.0 index points in the preceding month. The services PMI rose to 50.6 index points from 50.4 index points, reflecting growth in business and financial services. The manufacturing PMI also increased marginally to 49.3 index points from 48.8 index points in the preceding month, though still remaining within the contractionary region. The increase in the manufacturing PMI was, driven by improved supplier delivery times.

Table 1: Global Composite Purchasing Managers' Index (PMI)

	Sep-23	Oct-23	Nov-23
Composite	**50.5**	**50.0**	**50.4**
Employment Level	50.7	50.5	50.1
New Business Orders	49.5	49.3	50.0
New Export Business Orders	48.0	48.0	48.5
Future Output	62.1	61.4	61.3
Input Prices	57.5	56.4	55.7
Output Prices	53.6	53.0	53.5
Manufacturing	**49.2**	**48.8**	**49.3**
Services (Business Activity)	**50.7**	**50.4**	**50.6**
New Business	49.8	49.6	50.5
New Export Business	49.1	49.9	49.6
Future Activity	62.7	62.5	61.7
Employment	51.1	51.1	50.5
Outstanding Business	47.8	49.2	48.7
Input Prices	59.3	57.6	57.0
Prices Charged	54.3	53.5	54.4

Source: *J.P. Morgan*
Note: *Figures above 50 index points imply expansion.*

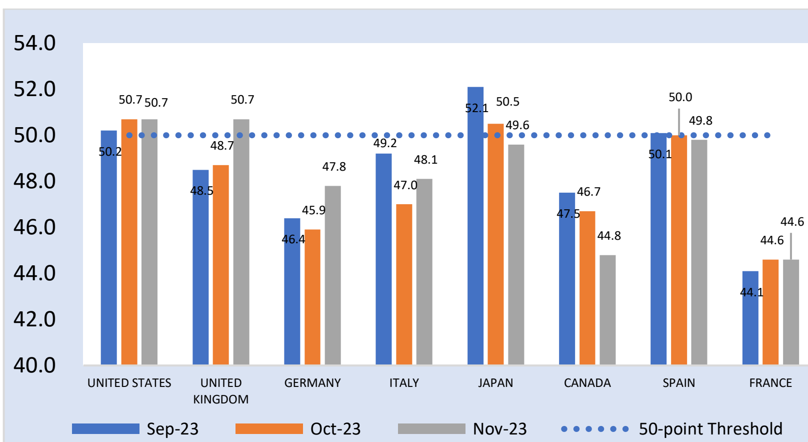
Economic Activity in Advanced Economies

Performance in advanced economies was mixed, as economic activities showed positive signs of expansion and stabilisation in some countries while remaining slow in others. The UK PMI expanded to 50.7 index points in November 2023 from 48.7 index points a month earlier, driven by increased work inflows and improved business expectations. Though economic activities continued to expand in the US, PMI remained at 50.7 index points as in the preceding month, as the rise in new orders was offset by the decline in employment level.

PMI in some countries improved but remained in the contraction region. For instance, PMI in Germany increased to 47.8 index points from 45.9 index points in the preceding month, reflecting improvements in the service sector and business expectations. In Italy, it improved from 47.0 index points to 48.1 index points, propped by developments in the manufacturing and services sectors.

In Japan, economic activity tumbled as PMI dropped to 49.6 index points, from 50.5 index points in the preceding month, due to weakening new orders. Similarly, Spain's PMI contracted to 49.8 index points from 50.0 index points, reflecting weakening demand conditions in the manufacturing and services sectors. Economic activity decelerated further in Canada, as the PMI plunged to 44.8 index points from 46.7 index points, as a result of decline in output and new orders. In France, subpar level of economic activity persisted during the review month as the PMI remained flat at 44.6 index points.

Figure 1: Composite Purchasing Managers' Index (PMIs) in Selected Advanced Economies



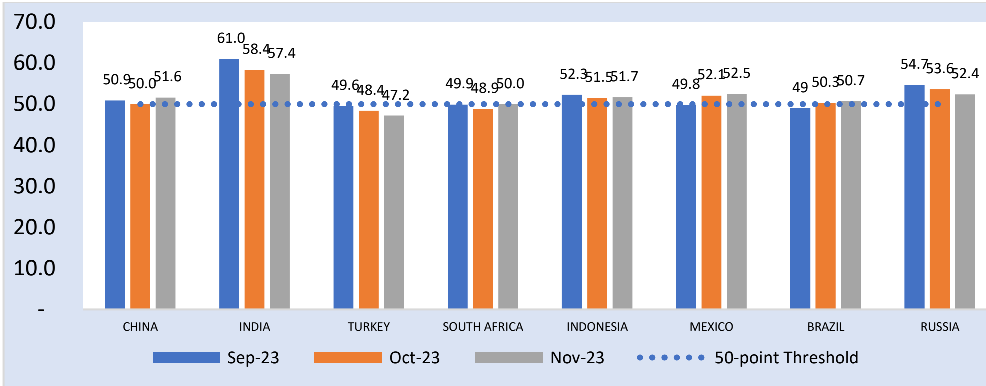
Source: *Trading Economics/ Various Country Websites*
Note: *PMI for Canada was based on Manufacturing PMI.*

Economic Activity in Emerging Markets and Developing Economies

The shape of economic activity in Emerging Market and Developing Economies (EMDEs) was extensively influenced by global conflicts, demand conditions, and supply-chain constraints. In China, the PMI expanded further to 51.6 index points, reflecting the sustained rise in economic activity buoyed by manufacturing activity and new orders. PMI in Indonesia and Mexico showed continued improvements to 51.7 index points and 52.5 index points, respectively, propelled by significant increase in output, employment, and new orders. Expansion in the services sector aided the slight quickening of economic activity in Brazil as the PMI rose to 50.7 index points from 50.3 index points. South Africa's PMI recovered to 50.0 index points in November 2023 from 48.9 index points in the preceding month, indicating high demand conditions.

In India, economic activity witnessed a slower expansion as shown by the PMI at 57.4 index points from 58.4 index points in the preceding month. The slower growth was primarily influenced by decline in services and lower new orders. The PMI in Russai slowed to 52.4 index points from 53.6 index points in October 2023, underpinned by devitalised expansion in the manufacturing and services sectors. The Manufacturing PMI in Turkey deteriorated to 47.2 index points from 48.4 index points in October 2023. The contraction was ascribed to weakened demand, global conflicts, and supply-chain constraints.

Figure 2: Purchasing Managers' Index (PMI) of Selected Emerging Markets and Developing Economies (EMDE)



Source: *Trading Economics/ Various Country Websites.*
Note: *PMI for Turkey and Indonesia were based on Manufacturing PMI.*

1.2 Global Inflation

Global Inflation

Inflation pressures eased in most advanced economies reflecting decline in energy and food prices. November 2023 inflation rates in the US (3.1 per cent), Germany (3.2 per cent), and the UK (3.9 per cent) decelerated from the respective levels in the preceding month following moderation in energy and food prices. In France, easing pressures from energy and services costs helped to lower inflation to 3.4 per cent while base effects and prolonged restrictive monetary policy by the European Central Bank (ECB) explained the moderation to 0.8 per cent in Italy. Declining inflation pressure in Spain (3.2 per cent from 3.5 per cent in October 2023) followed the decrease in fuel and tourist package prices. Japan's 0.5 percentage point disinflation to 2.8 per cent in November 2023 was due to moderation in costs of transport, household utensils, and culture and recreation. Inflation, however, remained unchanged in Canada at 3.1 per cent driven by gasoline prices, cost of transportation and food prices.

Inflation dynamics was diverse for countries in the EMDE group, China recorded a deeper rate of deflation as consumer prices decelerated to negative 0.5 per cent from negative 0.2 per cent in October 2023, driven by falling food prices. The moderation in South Africa from 5.9 per cent to 5.5 per cent largely reflected declining transportation cost during the month. Inflation in Brazil reduced to 4.7 per cent from 4.8 per cent in October 2023 as housing price growth softened whilst food and beverage prices stayed relatively steady.

Table 2: Inflation in Selected Economies in Per cent

Country	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Difference m-o-m	Remark
United States	3.2	3.7	3.7	3.2	3.1	-0.1	Decelerate
United Kingdom	6.8	6.7	6.7	4.6	3.9	-0.7	Decelerate
Japan	3.3	3.2	3	3.3	2.8	-0.5	Decelerate
Canada	3.3	4	3.8	3.1	3.1	0.0	Unchanged
Germany	6.2	6.1	4.5	3.8	3.2	-0.6	Decelerate
France	4.3	4.8	4.9	4	3.4	-0.6	Decelerate
Italy	5.9	5.5	5.3	1.7	0.8	-0.9	Decelerate
Spain	2.3	2.6	3.5	3.5	3.2	-0.3	Decelerate
China	-0.3	0.1	0	-0.2	-0.5	-0.3	Decelerate
South Africa	4.7	4.8	5.4	5.9	5.5	-0.4	Decelerate
India	7.4	6.8	5.0	4.9	5.6	0.7	Accelerate
Mexico	4.8	4.6	4.5	4.26	4.32	0.06	Accelerate
Indonesia	3.1	3.3	2.3	2.6	2.9	0.3	Accelerate
Turkey	47.8	58.9	61.5	61.4	62.0	0.62	Accelerate
Brazil	4.0	4.6	5.2	4.8	4.7	-0.1	Decelerate
Russia	4.3	5.2	6.0	6.7	7.5	0.8	Accelerate

Source: *Trading Economics*

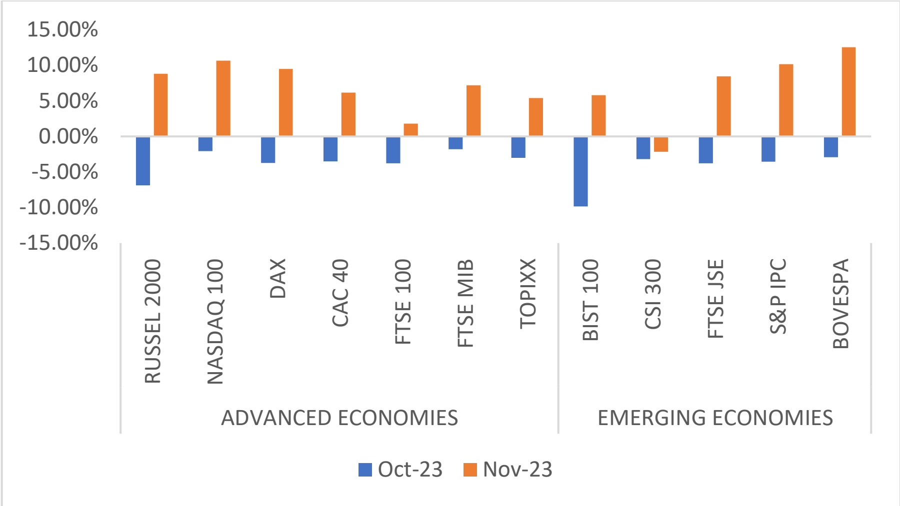
In India, the inflation rate increased to 5.6 per cent from 4.9 per cent in October 2023, attributed to tepid agriculture output, while the 0.1 percentage point rise to 4.3 per cent, in Mexico, highlighted the upward pressure from energy costs. Inflation momentum increased to 2.9, 62.0, and 7.5 per cent in Indonesia, Turkey, and Russia, respectively. The higher inflation in these countries variously reflected the higher costs of transportation, housing, utilities, food & beverages, and exchange rate passthrough.

1.3 Global Financial Markets Development

Bullish conditions were broadly recorded in the financial markets on account of positive investors' sentiment, and declining inflationary pressure. Stock markets in advanced economies and EMDE showed notable improvements from the preceding month. In the US, the NASDAQ 100 and Russell 2000 indices registered increases of 10.67 and 8.83 per cent, respectively. The surge was attributed to sustained disinflation, the prospect of a rate cut, and an optimistic growth estimate for Q42023. Consequently, interest-sensitive stocks, particularly, in the technology and real estate sectors, trended upward. Equities in the UK posted modest gains, with the 1.80 per cent rise in the FTSE 100, mostly in small- and mid-cap stocks, as lower inflation signalled a likely pause in rate hikes. The German DAX index, Italian FTSE MIB, French CAC 40, and Japanese TOPIX indices rose by 9.49, 7.19, 6.17, and 5.38 per cent, respectively.

Similarly, equities within the emerging markets region improved during the review month. Currency appreciation and lower inflation propped the stock market growths of 10.19 and 12.54 per cent, respectively, in Mexico and Brazil. In South Africa, the FTSE JSE index improved by 8.44 per cent, supported by a lower inflation and higher output growth, while the 5.78 per cent improvement in the Turkish BIST 100 index was largely driven by the heightened demand for stocks to hedge against soaring inflation. Persistent real estate crisis, however, constrained the Chinese CSI 300 index, as decline in real estate stocks caused a 2.15 per cent drop below the preceding month's index.

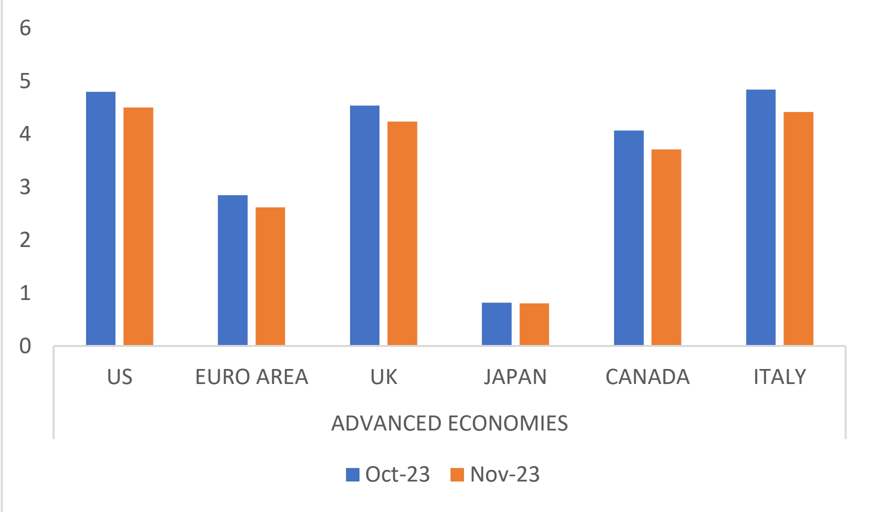
Figure 3: Change in Key Global Stock Market Indices in Per cent



Source: Reuters

The bonds markets in advanced economies witnessed a broad-based decline in yields as expectations of rate cuts intensified. Yields on the 10-year Treasury Bond declined to 4.51, 0.80, 3.71, and 4.42 per cent, from 4.80, 0.82, 4.07, and 4.84 per cent in October 2023. respectively, in the US, Japan, Canada, and Italy. Similarly, the 10-year Euro Bond and the long-term Gilt rates in the UK fell to 2.62 and 4.24 per cent, respectively, from 2.85 and 4.54 per cent in October 2023.

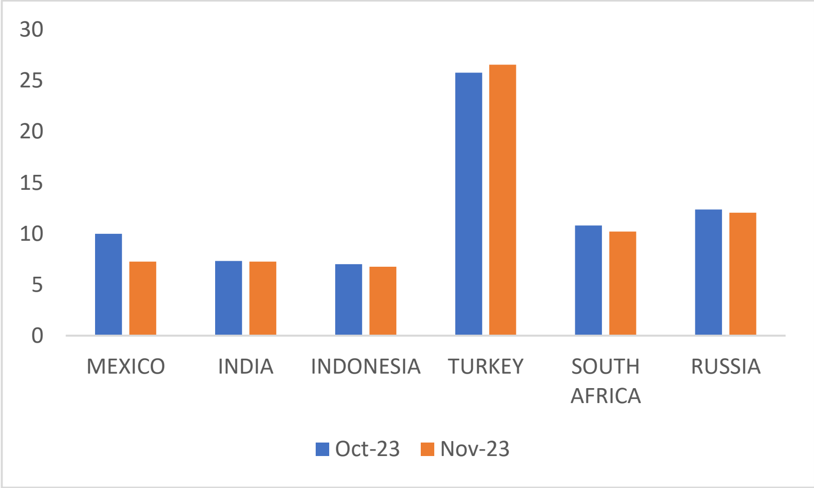
Figure 4: 10-year Government Bond Yields for Selected Advanced Countries in Per cent



Source: Reuters

The 10-year Treasury bond yield also fell in many emerging economies, with Turkey as an exception. Mexico, India, and Indonesia recorded declines of 4.21, 0.78, and 3.72 per cent, respectively, from the preceding month's rates of 9.99, 7.33, and 7.01 per cent, amidst unchanged policy rates in these economies. In South Africa and Russia, yields fell to 10.21 and 12.07 per cent, respectively, from 10.80 and 12.39 per cent, due to renewed disinflation policy. Bond yield in Turkey, however, rose to 26.59 per cent from 25.79 per cent due to the surge in inflation that necessitated a 500 basis points rate hike.

Figure 5: 10-year Government Bond Yields for Selected Emerging And Developing Countries in Per cent



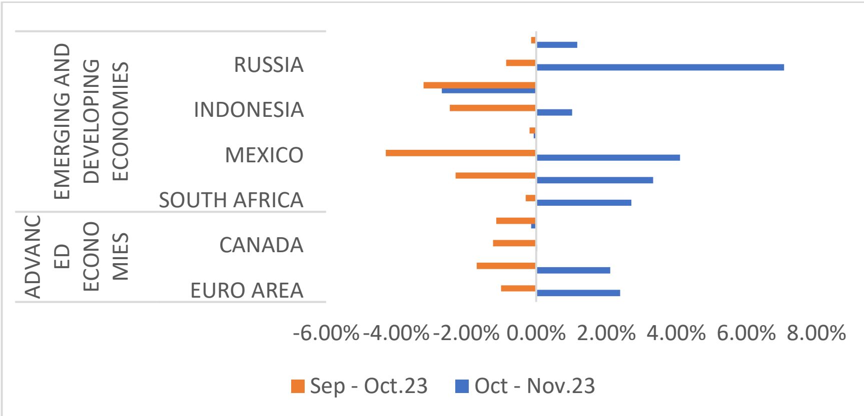
Source: Thomson Reuters (Refinitiv)

Currencies of Selected Countries against the US Dollar

Analysis of the foreign exchange market indicated that the USD weakened against major currencies in view of the anticipated reversal of the Fed's monetary policy stance. Consequently, the Euro, GBP, and Canadian dollar strengthened against the USD by 2.40, 2.12, and 0.03, per cent, respectively. The Japanese yen, however, depreciated by 0.14 per cent as the Bank of Japan maintained a very loose monetary stance, with policy rate at negative 0.1 per cent.

The currencies of many emerging and developing economies appreciated against the USD, with the exception of the Turkish lira and the Indian rupee. Specifically, the South African rand, Brazilian real, and Mexican peso strengthened against the US dollar by 2.72, 3.34 and 4.11, per cent, respectively. The rand's rally was primarily fuelled by positive investors' confidence spurred by expected rate cut by the US Fed. This was reinforced by favourable outcomes in domestic output, inflation, and the positive outlook that boosted capital inflows. Likewise, the Indonesian rupiah, Chinese yuan, and Russian ruble gained 1.03, 1.18, and 7.08 per cent, against the US dollar, respectively.

Figure 6: Exchange Rates Appreciation/Depreciation of Selected Countries



Source: Thomson Reuters (Refinitiv)

1.4 Global Commodity Market

World Crude Supply and Demand

World crude supply and demand experienced an uptick in November 2023, primarily due to increases from both OECD and non-OECD countries. The global crude oil supply increased by 0.6 per cent to 103.00 million barrels per day (mbpd), compared with 102.40 mbpd recorded in the preceding month. Within the OECD, supply surged by 1.2 per cent to 35.33 mbpd, compared with 34.91 mbpd in the preceding month, with notable contributions from Mexico and Canada. Meanwhile, non-OECD supply rose slightly by 0.3 per cent to 67.66 mbpd from 67.49 mbpd in the preceding month, primarily driven by the former Soviet Union bloc and China.

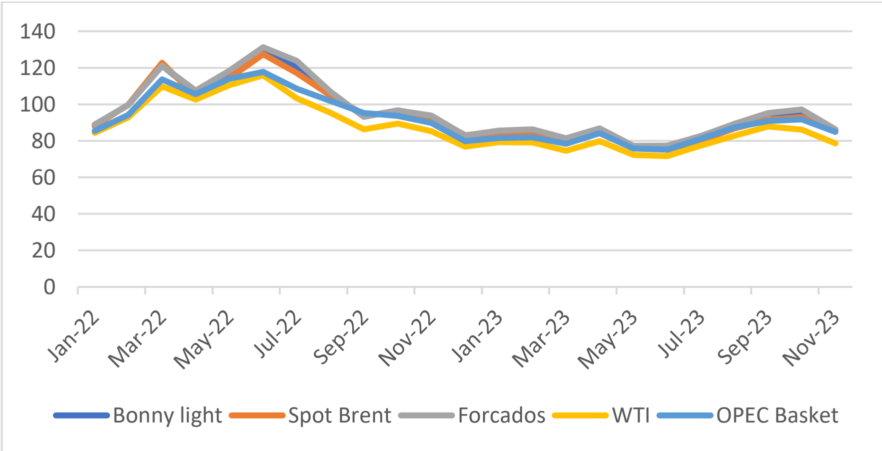
OPEC crude oil production slightly decreased by 0.1 per cent to 26.61 mbpd from 26.63 mbpd. This decrease was primarily attributed to decline in production from Saudi Arabia, Nigeria, Iraq, Angola, and Congo, respectively.

On the demand side, global crude oil demand increased by 1.8 per cent to 102.12 mbpd from 100.32 mbpd in the preceding month. OECD countries contributed to this growth, with demand rising by 0.64 mbpd to 46.07 mbpd, driven predominantly by increased demand from Japan. Additionally, non-OECD demand surged by 1.17 mbpd to 55.42 mbpd, buoyed by heightened demand from China and other Asian countries.

Crude Oil Prices

Crude oil prices fell, due, largely, to dampened speculations about the likely effect of the Israel-Hamas war on crude oil supplies. The average spot price of Nigeria's reference crude oil, the Bonny Light (34.9° API), fell by 9.68 per cent to US$85.76 per barrel (pb) from US$94.95 pb in the preceding month. The prices of UK Brent at US$85.76 pb, Forcados at US$86.33 pb, WTI at US$78.59 pb and OPEC Reference Basket (ORB) at US$84.92 pb all trended downwards.

Figure 7: Global Crude Oil Prices (US$ Per barrel)

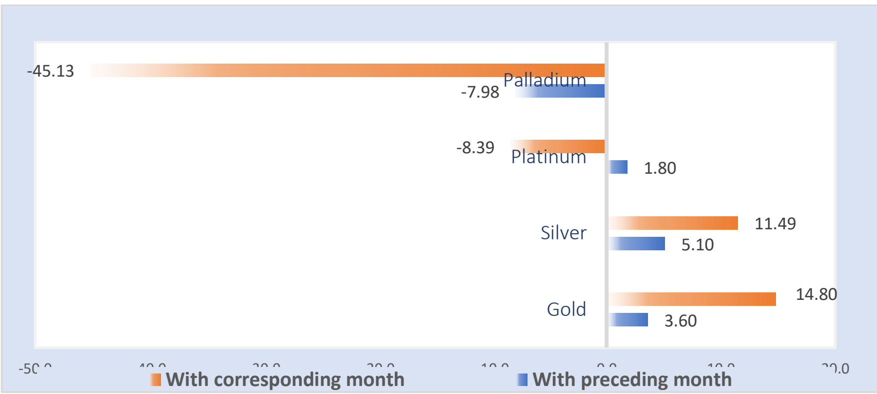


Source : Refinitiv Eikon (Reuters)

Other mineral commodities largely recorded price gains

The average spot prices of gold, silver and platinum rose in November 2023, as market dynamics influenced prices, except for palladium, which fell, due to subdued demand from China. The average price of gold, silver and platinum increased by 3.59, 5.10 and 1.80 per cent, respectively, to US$1,985.15 US$23.49 and US$904.94 per ounce compared with US$1,916.13, US$22.35 and US$888.96 per ounce in October 2023. The average price of palladium, however, declined by 7.98 per cent to US$1050.49 from US$1,141.57 per ounce.

Figure 8: Price Changes in Selected Metals in Per cent



Source: Refinitiv Eikon (Reuters)

Agricultural Commodities

The average all commodity index rose to 124.1 index points from October's 122.6 index points. Notable price increases were recorded in cocoa, soya beans, palm oil and coffee, which rose by 11.0, 4.4, 3.3 and 3.2 per cent, respectively, while cotton and wheat decreased by 5.3 and 4.9 per cent, respectively. These price fluctuations was attributed to heightened global uncertainties stemming from the Russia-Ukraine war and the Israel-Hamas war, reinforced by weather conditions, which exacerbated production and supply challenges in major producing countries.

Table 3: Indexes of Average World Prices of Nigeria's Major Agricultural Export Commodities in US$ for November 2023 (Jan. 2010=100)

COMMODITY	Nov. 2022	Oct. 2023	Nov. 2023	% Change	
				(1) & (3)	(2) & (3)
	1	2	3	4	5
All Commodities	**122.7**	**122.6**	**124.1**	**1.1**	**1.3**
Cocoa	68.4	103.0	114.3	67.0	11.0
Cotton	130.4	123.4	116.9	-10.4	-5.3
Coffee	132.1	169.6	175.0	32.4	3.2
Wheat	210.1	148.2	140.9	-32.9	-4.9
Rubber	41.8	47.7	48.7	16.5	2.2
Groundnut	136.3	170.5	170.5	25.1	0.0
Palm Oil	113.8	96.8	100.0	-12.2	3.3
Soya Beans	148.9	121.5	126.9	-14.8	4.4

Source: World Bank Pink Sheet

2.0 DOMESTIC ECONOMIC DEVELOPMENTS

2.1 REAL SECTOR DEVELOPMENTS

Summary

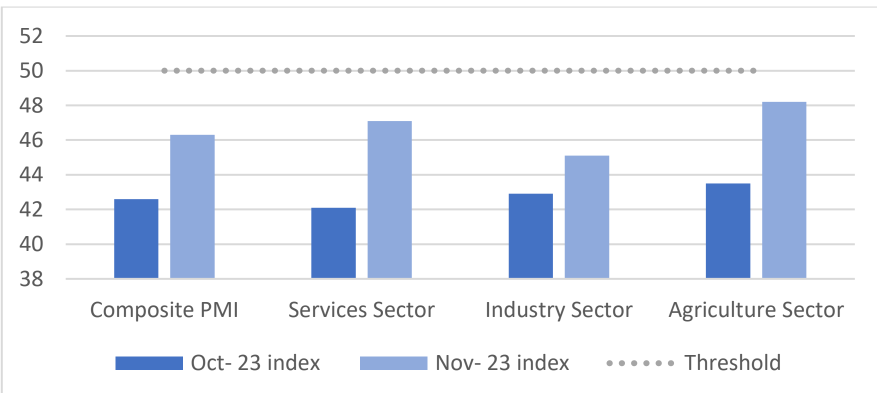
Economic activities remained slow during the month as the composite PMI shifted to 46.3 index points vis-à-vis 42.6 index points in the preceding period. Activities in the industry, services and agriculture sectors reflected improvements in consumer spending. Inflation pressure persisted with a further rise in November 2023, due to high energy and food prices.

2.1.1 Business Activities

Purchasing Managers Index

Business activities improved in November 2023, though it remained in the contraction region. The composite PMI increased to 46.3 index points from 42.6 index points in the previous month as new orders showed some recovery amidst lingering price pressures. The improvement was, due to the uptick in industry, agriculture and services sectors, as consumer demand increased ahead of the festive season.

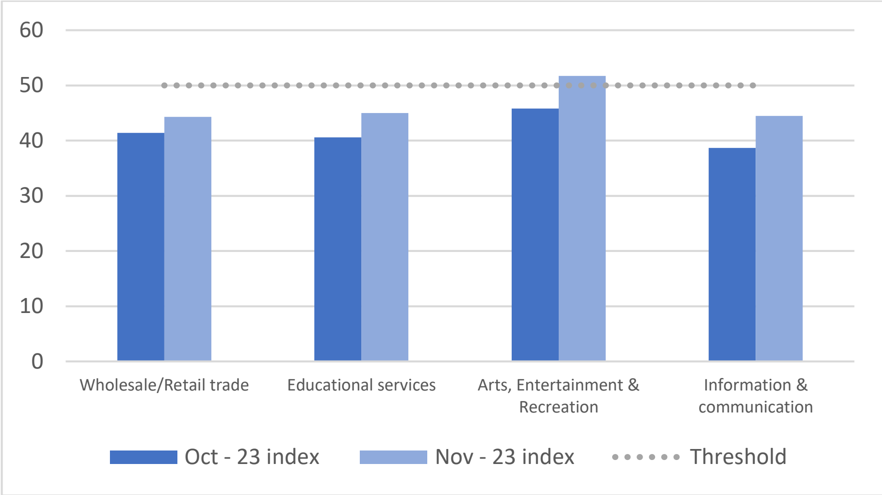
Figure 9: Composite and Sectors PMI



***Source**: Central Bank of Nigeria*

Sectoral analysis reveals that the improvement in the services sector was attributed to the uptick in consumer demand in the Arts, Entertainment & Recreation; Wholsales/Retail trade; Educational services; and Information & communication subsectors. This development resulted in increase in services PMI to 47.1 index points compared with 42.1 index points in the preceding month.

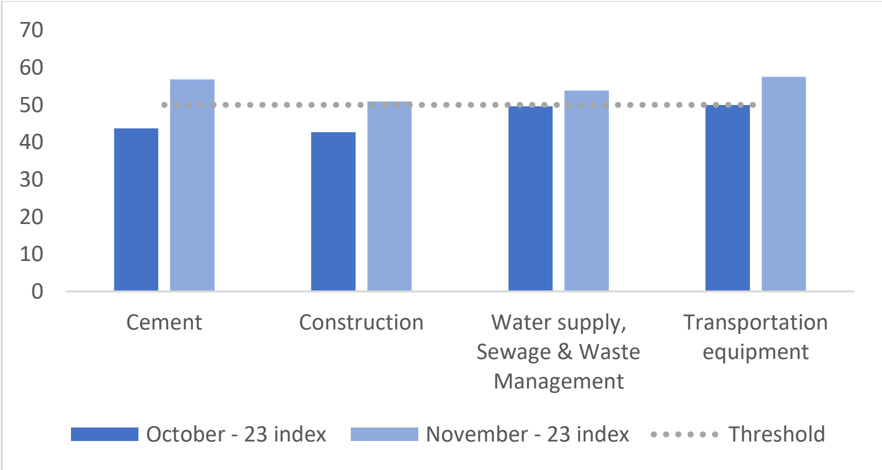
Figure 10: Services Sector PMI



Source: Central Bank of Nigeria

Industry sector PMI also improved to 45.1 index points from 42.9 index points in the preceding month, as new order, employment level and production level increased in response to the upturn in consumer demand. The improvement was, driven by increased activities in key subsectors such as Cement; Construction; and Transportation Equipment.

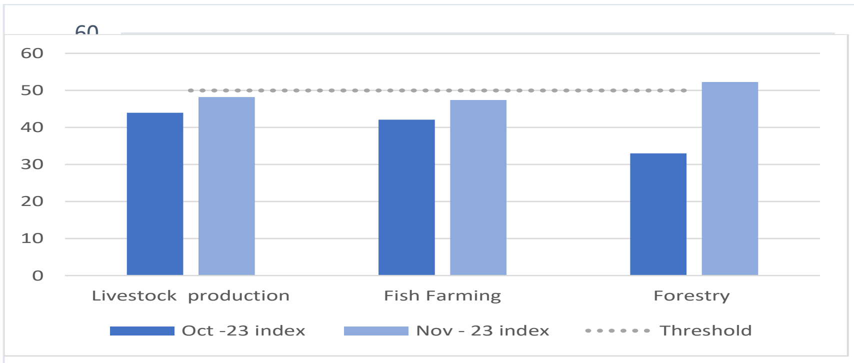
Figure 11: Industry Sector PMI



Source: Central Bank of Nigeria

PMI in the agriculture sector showed some recovery to 48.2 index points from 43.5 index points in October 2023, reflecting the uptick in farming activities (fish farming, livestock production and forestry).

Figure 12: Agriculture Sector PMI



Source: *Central Bank of Nigeria*

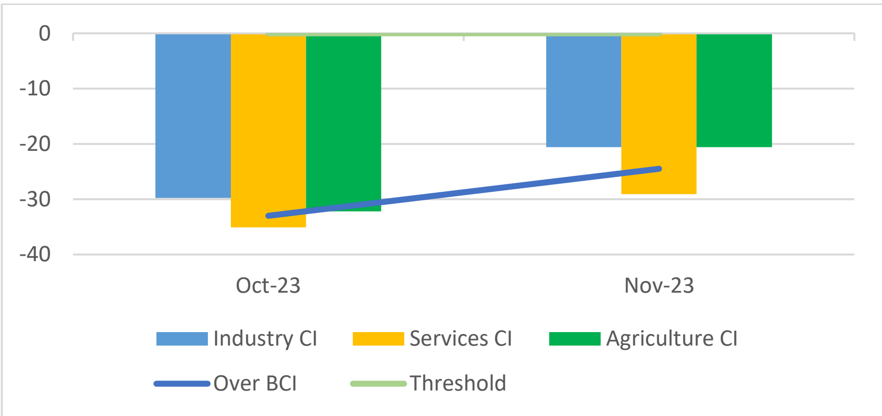
Table 4: Composite, Industry, Services and Agriculture Purchasing Managers' Index

Components	*October- 23*	*November- 23*
Composite PMI	**42.6**	**46.3**
Industry Sector PMI	**42.9**	**47.1**
Production Level	42.6	49.6
New Orders	39.0	44.6
Supplier Delivery Time	46.6	50.0
Employment Level	45.6	48.7
Raw Material Inventory	44.1	40.4
Services Sector PMI	**42.1**	**45.1**
Business Activity	40.1	43.3
New Orders	38.3	40.5
Employment Level	44.1	47.7
Inventory	45.7	48.7
Agricultural Sector PMI	**43.5**	**48.2**
Farm Yield/Output	43.3	49.1
New Orders	41.8	47.7

Source: *Central Bank of Nigeria*

Business Confidence Index progressed to -24.5 index points from -33.0 index points in the preceding month, due to enhanced firm's sentiment about business activities ahead of end-of-year festivities. The suspension of excise and custom tax on locally produced goods also contributed to the improved business confidence. This was reflected in subsectors sentiments advancing to -20.6, -29.1 and -20.6 index points, from -29.8 -35.1 and -32.2 for industry, services and agriculture, respectively.

Figure 13: Business Confidence Index



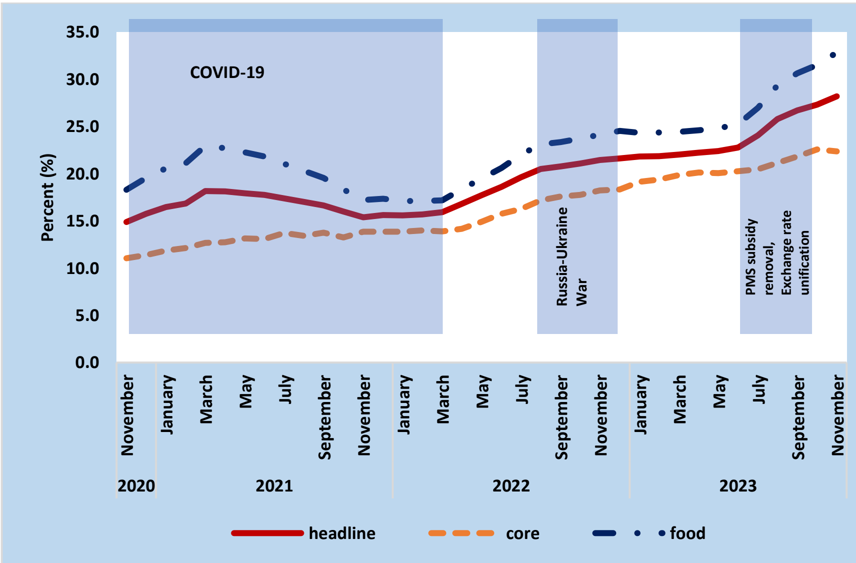
Source: *Central Bank of Nigeria*

2.1.2 Consumer Prices

Headline Inflation

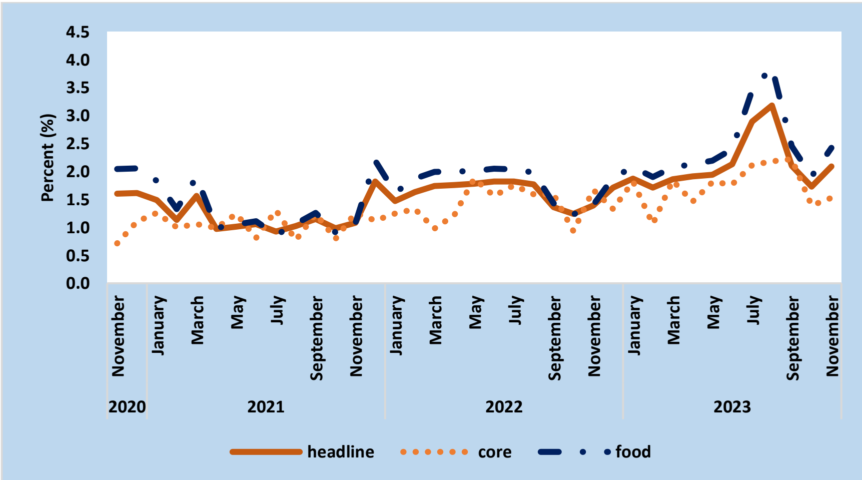
Inflation remained high and rising in November 2023 reflecting the exchange rate passthrough to higher energy and food prices. In addition, intensified consumer spending that accompanied preparations for the end-of-year festivities provided additional steam for higher consumer prices. Headline inflation rose (y-o-y) to 28.20 per cent from 27.33 per cent in the preceding month propelled, mainly, by the persisting rise in the food component of the CPI. On a month-on-month basis, it increased to 2.09 per cent from 1.73 per cent in the preceding month.

Figure 14: Headline, Food and Core Inflation (Year-on-Year)



Source: *Central Bank of Nigeria & National Bureau of Statistics*

Figure 15: Month-on-Month Inflation Rates

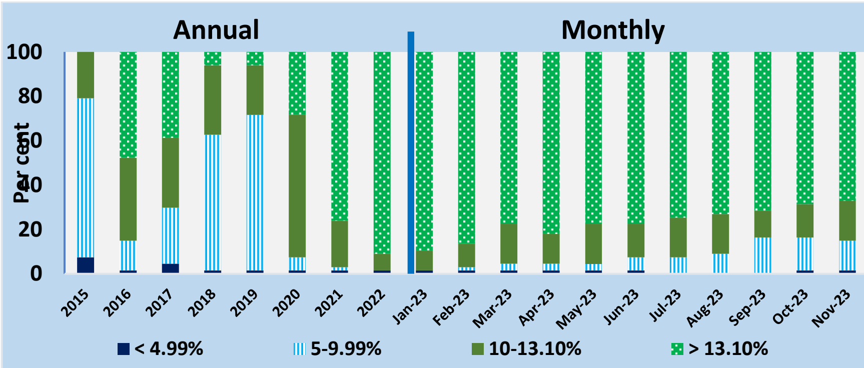


Source: *Central Bank of Nigeria & National Bureau of Statistics*

Inflation Pervasiveness

Although inflation remained broad-based across the components of the CPI basket, an indepth analysis indicated that it was less pervasive as 67.17 per cent of items in the CPI basket were above the historical average of 13.10 per cent, compared with 68.65 per cent in October 2023, and 91.04 per cent in 2022.

Figure 16: Inflation Pervasiveness[1]



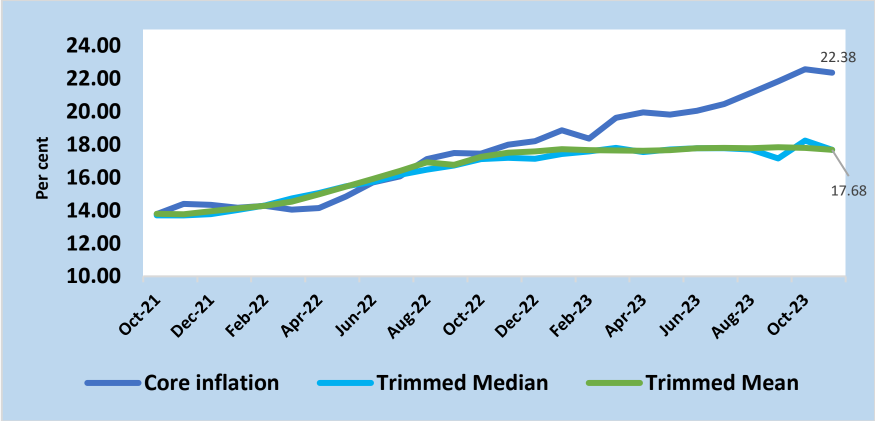
Source: *Central Bank of Nigeria & National Bureau of Statistics*

Core Inflation

Core inflation moderated to 22.38 per cent , on a year-on-year basis, from 22.58 per cent in the preceding month. The decline was consistent with the restrictive monetary policy stance of the Bank and the waning effects of the fuel subsidy and foreign exchange reforms. However, on a month-on-month basis, core inflation rose to 1.53 per cent from 1.39 per cent.

[1] Pervasiveness is measured by the number of headline CPI items that are within specific inflation range. It reflects the extent to which rising prices are affecting the cost of living. Historically, inflation in Nigeria has been high, with average inflation of 13.10 per cent from 1996–2023. Inflation is said to be more pervasive if there is a higher number of items registering inflation rate above the historical average. The CPI items are therfore categorised into four groups namely; percentage of items registering inflation of less than 4.99 per cent, between 5 and 9.99 per cent, between 10 and 13.10 per cent, and also inflation above 13.10 per cent.

Figure 17: Measures of Underlying Inflation[2]



Source: *Central Bank of Nigeria & National Bureau of Statistics*

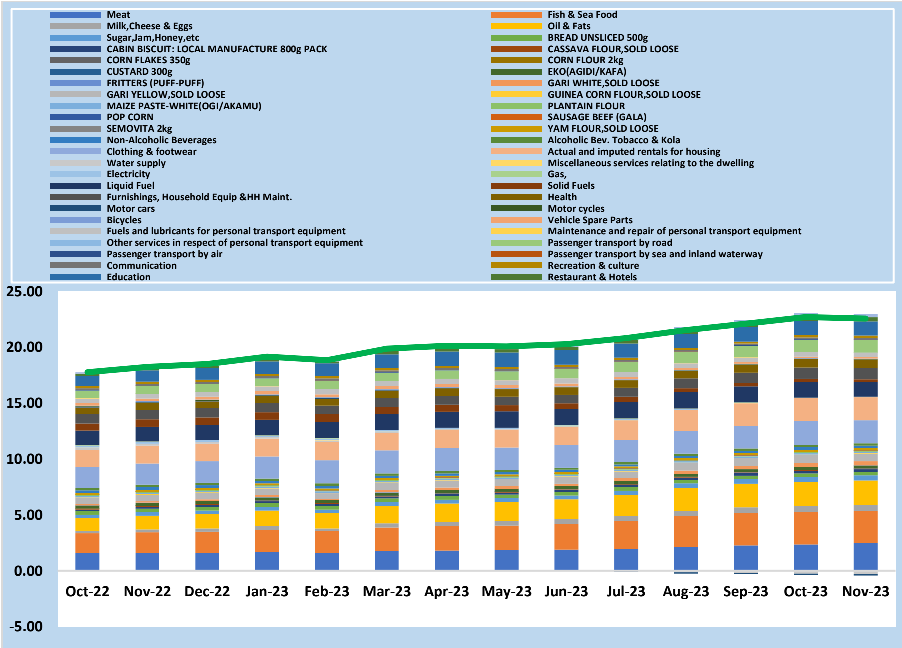
All measures of underlying inflation moderated, as the trimmed mean and median measures remained relatively lower than the core measure, suggesting likely positive impact of the Bank's policy stance on underlying inflationary pressure. In addition, it indicated that fewer components of the inflation basket accounted for underlying inflationary pressure, unlike the core measure.

[2] **Core inflation**: measure of underlying inflation defined as headline less farm produce less energy prices.

Trimmed Mean: measure of underlying inflation derived using the average rate of inflation after trimming away a certain percentage of the distribution of price changes outliers at both ends of that distribution.

Trimmed Median: measure of underlying inflation derived by obtaining median values from inflation of CPI components.

Figure 18: Component Drivers of Core Inflation



Source: *National Bureau of Statistics*

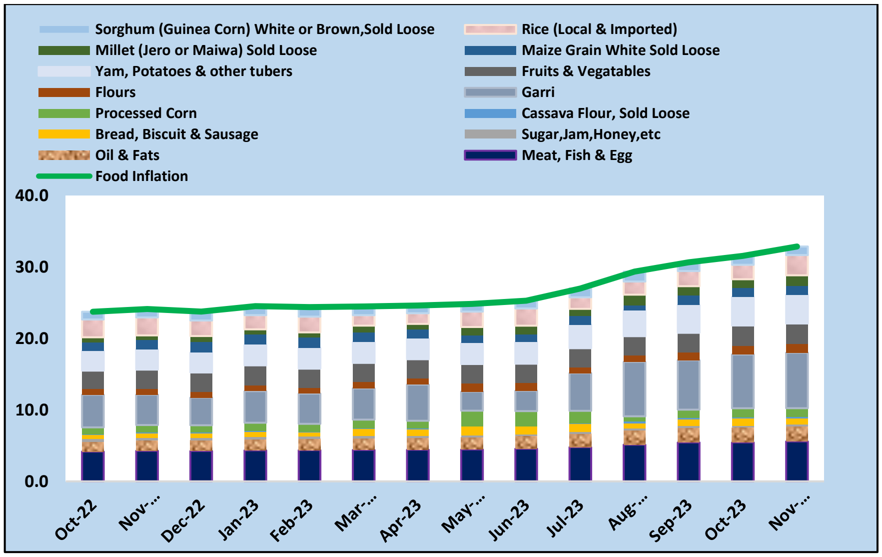
Further analysis of the drivers of core inflation revealed that Fish & Sea Food at (2.88 pp[3]), Meat (2.46 pp), Oil & Fats (2.21 pp), Clothing & Footwear (2.07 pp), and Actual & Imputed rentals for Housing (2.04 pp) accounted for the uptick in core inflation in November 2023, compared with 2.89 pp, 2.35 pp, 2.17 pp, 2.14 pp and 2.05 pp in October 2023, respectively.

Food Inflation

Food inflation rose further (y-o-y) to 32.84 per cent from 31.52 per cent, largely, reflecting high transportation and logistics costs. On a month-on-month basis, it equally increased to 2.42 per cent from 1.91 per cent, occassioned by higher demand as economic agents prepared for the festive season.

[3] 'PP' means percentage point

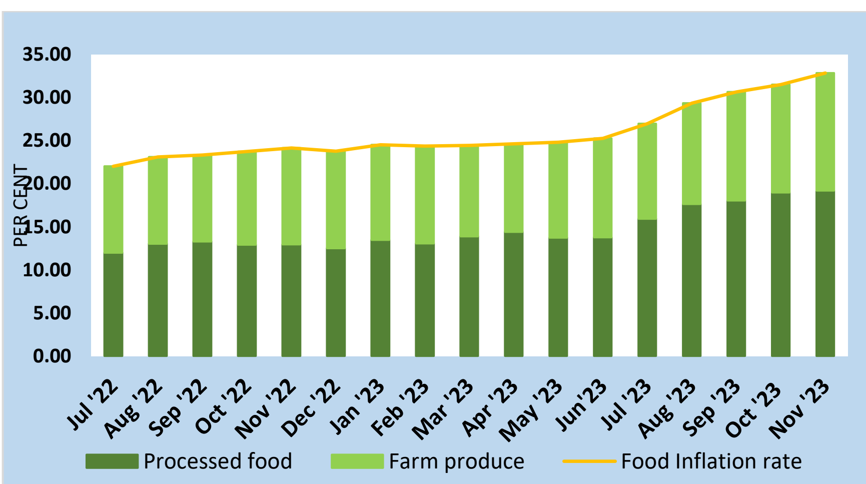
Figure 19: Component Drivers of Food Inflation



Source: *National Bureau of Statistics*

The trend of food inflation during the month was explained by the rise in the prices of Garri (7.76 pp); Meat, Fish & Egg (5.59 pp); Yam, Potatoes & other Tubers (4.03 pp); Fruits & Vegetables (2.87 pp); Oil & Fats (2.12 pp) and Rice (2.83 pp), compared with 7.52 pp; 5.45 pp; 3.98 pp; 2.81 pp; 2.07 pp; and 2.02 pp in October 2023, respectively.

Figure 20: Contribution of Processed food and farm produce to food Inflation in Per cent



Source: *National Bureau of Statistics*

Processed food remianed the principal driver of food inflation, as persistently high energy cost (inadequate power supply from the grid necessitating self-generation amidst surging price of diesel at ₦1,055.57 vis-à-vis ₦808.87 per litre a year ago), exacerbated the cost of production.

2.1.3 Socio-Economic Developments

Transportation

In furtherance to the Government's initiatives to embrace green-energy (by shifting to compressed natural gas) and mitigate the effects of the fuel subsidy reform, the Federal Government launched trial conversion centres for cars in Abuja, Kaduna and Lagos States. This will lessen the impact of the loss of gasoline subsidies, as well as reposition the transportation industry.

To bolster security measures at the airports, the Federal Government approved ₦3.23 billion for the supply and installation of customised exclusive and narcotic detection screening systems at five international airports nationwide. The detection screening systems, equipped with a drive view mechanism, will be operable in Nnamdi Azikwe International Airport, Abuja; Murtala Mohammed International Airport, Lagos; Port Harcourt International Airport, Omagwa; Mallam Aminu Kano International Airport, Kano; and Akanu Ibiam International Airport, Enugu.

The Federal Government also took measures to address the deplorable state of many roads across the country (so as to enhance connectivity and reduce travel time) with a 2023 Supplementary budget of ₦300 billion for the Ministry of Works. This comprised the ₦100 billion for immediate additional works in 36 States and Federal Capital Territory (FCT) and ₦200 billion for construction and rehabilitation of critical road projects. The roads include the Makurdi-Nsukka-9th Mile Road, East-West Road, Lagos-Abeokuta Expressway, Benin bypass road, collapsed bridges of Enugu-Port Harcourt road, collapsed bridges of Shendam in Plateau State, Abuja-Kaduna-Zaria-Kano road, and Gombe-Bauchi road, among others.

Similarly, the Federal Government earmarked ₦15 billion for the repairs of Third Mainland Bridge in Lagos. The works aimed at improving traffic flow will ensure transportation efficiency, enable businesses to operate more smoothly and reduce transportation costs.

Security

The Federal Government approved an increase in the yearly recruitment into the Nigeria Police Force (NPF) from 10,000 to 30,000 personnel. This is in in view of the high rate of insecurity in the country and the need to effectively plug the imminent manpower shortage in the Police Force (while concurrently lowering the rate of unemployment in the country). This would further ease the burden on the security apparatus of the country.

Education

In the education sector, the Federal Government suspended its earlier announced plans to implement a 40 per cent automatic deduction from the Internally Generated Revenue (IGR) of tertiary institutions. The suspension is to lessen financial burden of the institutions and enhance their autonomy.

2.1.4 Domestic Crude Oil Market Developments

Crude Oil Production and Export

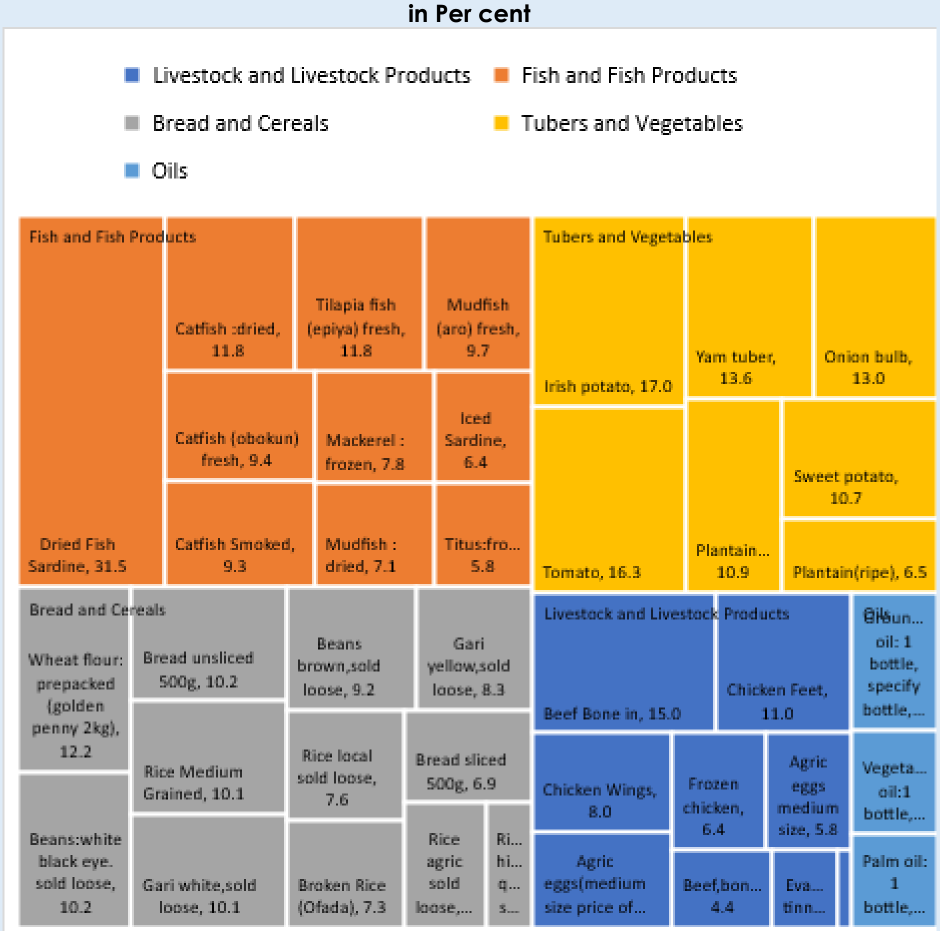
Domestic crude oil production fell, month-on-month, due, mainly, to structural issues as well as production

bottlenecks in oil terminals. Data from the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) showed that Nigeria's crude oil production fell by 7.41 per cent, month-on-month, to 1.25 mbpd in November 2023, compared with 1.35 mbpd in the preceding month. The country's production fell below its OPEC quota of 1.742 mbpd for November 2023.

Box Information 1

Prices of selected domestic food maintained an upward trend In November 2023 compared with previous month, largely, due to surging energy and transportation costs, as well as the depreciation of the naira. Notable increases ranged from 0.7 per cent for evaporated tinned milk to 31.5 per cent for dried fish. In addition, the price increases appeared to be, driven by the prices of fish and fish products, followed by those of bread and cereals, while the prices of oils had the lowest contributions to the food price increases.

Prices of Selected Domestic Agricultural Commodities in November 2023 in Per cent



2.2 FISCAL SECTOR DEVELOPMENTS

Summary

The fiscal operations of the Federal Government of Nigeria (FGN) slightly improved in November 2023, despite decline in earnings to the federation account. Federally collected revenue fell by 23.8 and 30.0 per cent, relative to October 2023 and the benchmark, respectively. In contrast, the provisional FGN retained revenue increased marginally by 0.1 per cent relative to the preceding month and fell short of the target by 42.1 per cent. Provisional aggregate expenditure was below the level in October 2023, and the monthly target by 1.1 and 26.7 per cent, respectively. The provisional fiscal deficit narrowed by 1.9 and 10.9 per cent, relative to October 2023 and the benchmark, respectively. Consolidated public debt at ₦87,907.71 billion at end-September 2023, represented 40.2 per cent of GDP.

2.2.1 Federation Account Operations

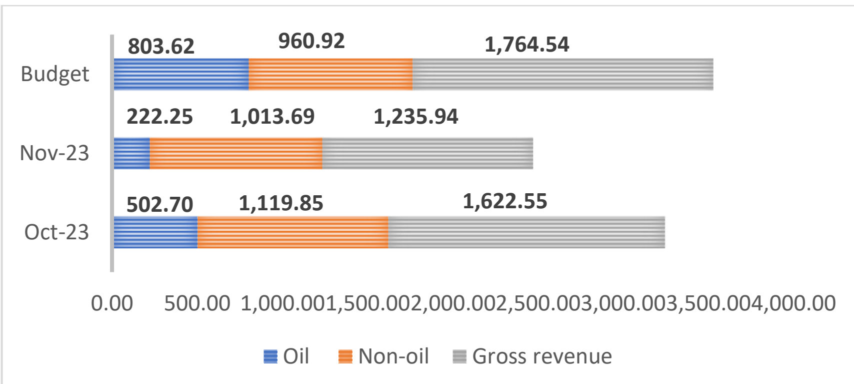
Drivers of Federation Revenue

Federation account revenue dipped, due to lower collections from both oil and non-oil revenue sources. At ₦1,235.94 billion, federation account receipt was lower than the level in October 2023 by 19.4 per cent, and below the benchmark by 30.0 per cent. The lower proceeds reflected the significant drop in collections from petroleum profit tax (PPT) & royalties, domestic crude oil and gas sales, and companies income tax (CIT). In terms of contribution, non-oil revenue continued to dominate federation revenue, accounting for 82.0 per cent while oil revenue constituted the balance, indicating the sustained diversification of non-oil revenue sources.

At ₦222.25 billion, oil revenue declined by 55.8 per cent relative to October 2023, and remained significantly below the monthly target of ₦803.62 billion. The performance was attributed to lower receipts from PPT & royalties, and domestic crude oil & gas sales.

Non-oil receipt, at ₦1,013.69 billion, was 1.6 per cent less than the preceding month's inflow (due to lower CIT), but 5.5 per cent above the monthly target of ₦960.92 billion (following improvement in collections from customs & excise duties, value added tax (VAT), and electronic money transfer levy), owing to subsisting tax reforms and increased economic activity.

Figure 21: Gross Revenue Outturn and Benchmark (₦ Billion)



Source: CBN Staff Estimates and Office of the Accountant-General of the Federation (OAGF)

Table 5: Federally Collected Revenue and Distribution to the Three Tiers of Government (₦ Billion)

	Nov-22	Oct-23	Nov-23	*Budget
Federation Revenue (Gross)	**991.09**	**1,622.55**	**1,235.94**	**1,764.54**
Oil	**251.86**	**502.70**	**222.25**	**803.62**
Crude Oil & Gas Exports	0.00	0.00	18.18	40.90
PPT & Royalties	245.02	231.93	194.95	686.75
Domestic Crude Oil/Gas Sales	0.00	56.86	0.00	8.38
Others	6.84	213.91	9.12	67.59
Non-oil	**739.23**	**1,119.85**	**1,013.69**	**960.92**
Companies Income Tax	212.05	340.73	227.33	174.39
Customs & Excise Duties	158.36	171.52	210.51	176.32
Value-Added Tax (VAT)	229.04	303.55	347.34	246.15
Independent Revenue of Fed. Govt.	136.85	211.67	209.37	264.09
*Others***	2.93	92.38	19.13	99.97
Total Deductions/Transfers	***360.09***	***827.42***	***607.42***	***686.06***

Federally-Collected Revenue *Less Deductions & Transfers****	**631.01**	**705.68**	**628.52**	**1,078.48**
plus:				
Additional Revenue	**105.77**	**197.80**	**278.44**	**11.36**
Balance in Special Account from 2019	*0.00*	*0.00*	*0.00*	*0.00*
Excess Crude Revenue	*0.00*	*0.00*	*0.00*	*0.00*
Non-oil Excess Revenue	*100.00*	*10.99*	*75.55*	*11.36*
Exchange Gain	*5.77*	*186.81*	*202.89*	*0.00*
Total Distributed Balance	***736.78***	***903.48***	***906.96***	***1,089.84***
Federal Government	***293.95***	***320.54***	***323.35***	***430.36***
Statutory	*261.96*	*278.14*	*274.84*	*396.16*
VAT	*31.99*	*42.40*	*48.52*	*34.20*
State Government	***239.51***	***287.07***	***307.72***	***319.78***
Statutory	*132.87*	*145.74*	*145.99*	*205.76*
VAT	*106.64*	*141.33*	*161.72*	*114.02*
13% Derivation	***26.23***	***84.97***	***50.67***	***101.67***
Local Government	**177.09**	**210.90**	**225.21**	**238.04**
Statutory	*102.44*	*111.97*	*112.00*	*158.23*
VAT	*74.65*	*98.93*	*113.21*	*79.81*

Source: Office of the Accountant-General of the Federation and CBN Staff Estimates.
Note: *Budget is based on the 2023 appropriation Act, ** Includes Education Tax, Customs Special Levies (Federation Account), National Information Technology Development Fund, Customs Special Levies, Solid Minerals & Other Mining revenue, and other Non-regular earnings; *** Deductions include cost of revenue collections and JVC cash calls; while transfers entail provisions for FGN Independent revenue and other Non-Federation revenue.

A net balance of ₦906.96 billion was distributed among the three tiers of government after accounting for additional revenue, and statutory deductions and transfers. The Federal, State and Local governments received ₦323.35 billion, ₦307.72 billion and ₦225.21 billion, respectively; while the balance of ₦50.67 billion was allocated to the 13% Derivation Fund for oil-producing states. Net disbursement was 0.4 per cent above the level in October 2023, but 16.8 per cent short of the monthly target.

2.2.2 Fiscal Operations of the Federal Government

Federal Government Retained Revenue

FGN retained revenue marginally increased, due to higher realisation from VAT, Exchange Rate Gain and Excess Non-oil revenue. At ₦532.73 billion, provisional FGN retained revenue exceeded the collections in the preceding month by 0.1 per cent, but fell short of the monthly target of ₦920.43 billion by 42.1 per cent.

Table 6: FGN Retained Revenue (₦ Billion)

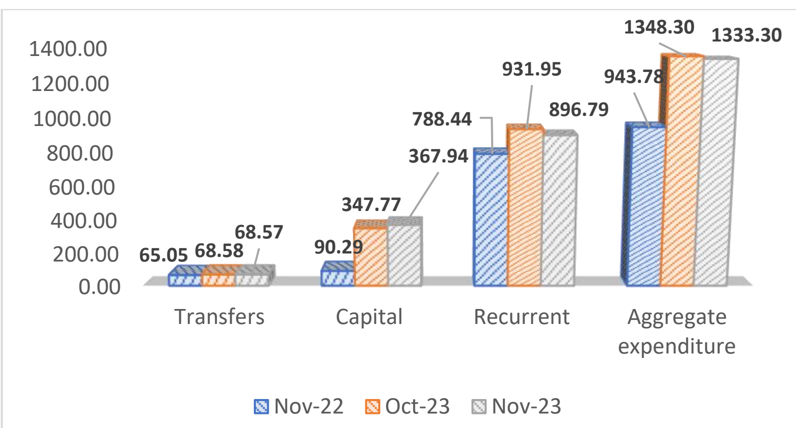
	Nov-22	Oct-23 1/	Nov-23 1/	Budget*
FGN Retained Revenue	**430.81**	**532.22**	**532.73**	**920.43**
Federation Account	206.58	*190.85*	*147.57*	*356.95*
VAT Pool Account	31.99	*42.40*	*48.52*	*31.92*
FGN Independent Revenue	136.85	*211.67*	*209.37*	*264.09*
Excess Oil Revenue	0.00	*0.00*	*0.00*	*0.00*
Exchange Gain	2.71	85.65	93.32	*0.00*
Excess Non-Oil	52.68	1.65	33.94	*0.00*
*Others***	0.00	0.00	0.00	*267.47*

Source: Office of the Accountant-General of the Federation
Note: *Based on 2023 appropriation Act, **Others include revenue from Special Accounts and Special Levies.
1/ Provisional figures

Federal Government Expenditure

The provisional aggregate expenditure of the FGN declined, owing to lower non-debt recurrent spending. At ₦1,333.30 billion, provisional expenditure was 1.1 per cent below the level in the preceding month and 26.7 per cent short of the projected spending of ₦1,818.93 billion. The decline was attributed, largely to lower overhead costs in the review period. Further analysis shows that recurrent expenditure accounted for 67.3 per cent of total expenditure, compared with 27.6 and 5.1 per cent for capital expenditure and transfers, respectively.

Figure 22: Federal Government Expenditure (₦ Billion)



Source: CBN Staff Estimates and OAGF

Overall Fiscal Balance

The fiscal operations of the FGN in November 2023 resulted in a contraction in the fiscal deficit. The provisional fiscal deficit of the FGN, at ₦800.57 billion, narrowed by 1.9 and 10.9 per cent, relative to the preceding month and the benchmark, respectively. The lower deficit reflected less spending on debt service and overhead cost in the period.

Table 7: Fiscal Balance (₦' Billion)

	Nov-22	Oct-23 1/	Nov-23 1/	*Budget
Retained revenue	430.81	532.22	532.73	920.43
Aggregate expenditure	**943.78**	**1348.30**	**1333.30**	**1818.93**
Recurrent	**788.44**	**931.95**	**896.79**	**1240.58**
Non-debt	433.44	473.19	464.32	694.11
Interest Payment	355.01	458.76	432.47	546.47
Capital	90.29	347.77	367.94	497.73
Transfers	65.05	68.58	68.57	80.62
Primary balance	**-157.96**	**-357.32**	**-368.10**	**-352.03**
Overall balance	**-512.97**	**-816.08**	**-800.57**	**-898.50**

Source: Office of the Accountant-General of the Federation and CBN Staff Estimates
Note: 1/ Provisional figures.

Federal Government Debt

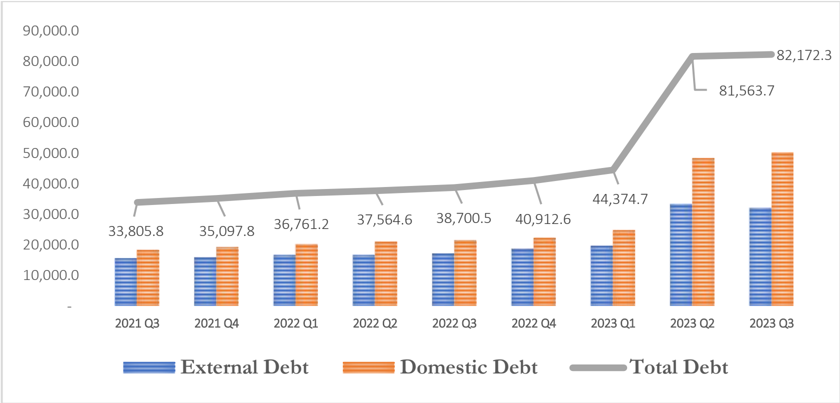
The trajectory of public debt was sustained in the review period. Total public debt outstanding stood at ₦87, 907.71 billion or 40.2 per cent of GDP, at end-September 2023, and was 0.6 per cent above the level at end-June 2023. A breakdown of the consolidated public debt shows that domestic debt accounted for 63.6 per cent, while external debt obligations constituted 36.4 per cent. Of the consolidated public debt stock, FGN owed ₦82, 172.29 billion (93.5%[4]), while State governments debt made up the balance of ₦5, 735.42 billion (6.5%).

[4] Includes the external debt of State governments, which are contingent liabilities of the Federal government.

A disaggregation of the total FGN debt obligations, showed that domestic debt was ₦ 50,196.10 billion (61.1%), while external debt accounted for ₦ 31,976.20 billion (38.9%). Further analysis reveals that FGN bonds maintained its dominance, accounting for 86.0 per cent of the FGN domestic debt stock, followed by Treasury bills (9.4%), Promissory notes (2.9%), and FGN Sukuk (1.5%); while others[5] (0.2%) constituted the balance. Of the total external debt stock, Multilateral, Commercial and Bilateral loans accounted for 49.5, 37.1 and 13.4 per cent, respectively.

Debt service obligations in Q32023 rose by 282.2 per cent to ₦2,861.61 billion, from ₦748.69 billion in Q22023, following the redemption of USD500 million Eurobond, and part-payment of the IMF loan obtained during COVID-19 pandemic. A breakdown indicates that ₦1,792.48 billion (62.6%) was expended as domestic debt service, while ₦1,069.13 billion (37.4%) was spent on external debt service.

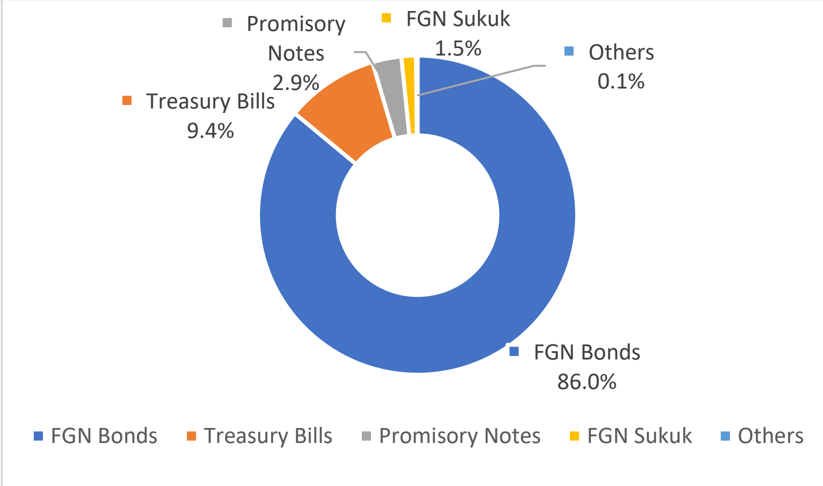
Figure 23: FGN External and Domestic Debt Composition (₦ Billion)



Source: Debt Management Office (DMO)

[5] Includes Treasury bonds (0.05 %), Green bond (0.03 %) and Special FGN Savings bond (0.07 %).

Figure 24: Composition of Domestic Debt Stock by Instrument



Source: DMO

2.3 MONETARY AND FINANCIAL DEVELOPMENTS

Summary

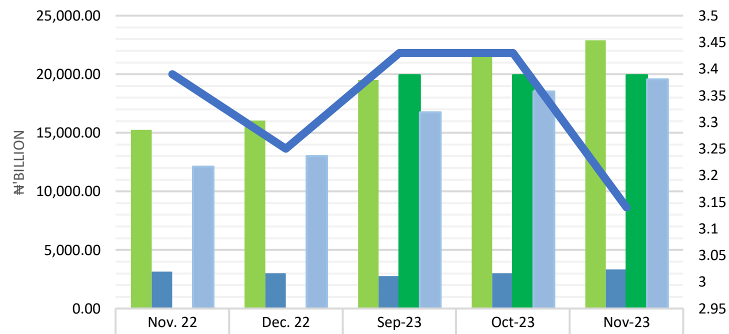
The banking system remained resilient, owing to sustained supervision and enforcement of prudential guidelines, while monetary aggregates expanded. Key short-term interest rates increased, influenced by the decline in banking system liquidity. Notwithstanding the decrease in banking system liquidity, subscriptions to both the NTBs and FGN bonds improved as investors took advantage of rise in stop and marginal rates. The Nigerian capital market sustained a bullish trend in November 2023, due to renewed investors' confidence, arising from the release of favourable Q32023 corporate earnings.

2.3.1 Monetary Developments

Reserve Money

Reserve money grew on account of increased demand for money for end-of-year festivities and the revaluation effect arising from the policy shift to a market determined exchange rate. Reserve money grew by 42.88 per cent to ₦22,908.39 billion at end-November 2023, relative to end-December 2022, driven by the 11.14 and 50.23 per cent growth in currency-in-circulation (CIC) and liabilities to other depository corporations (ODCs), respectively. The growth in liabilities to ODCs was attributed to the 63.91 per cent rise in reserve requirement debits by the monetary authority during the period.

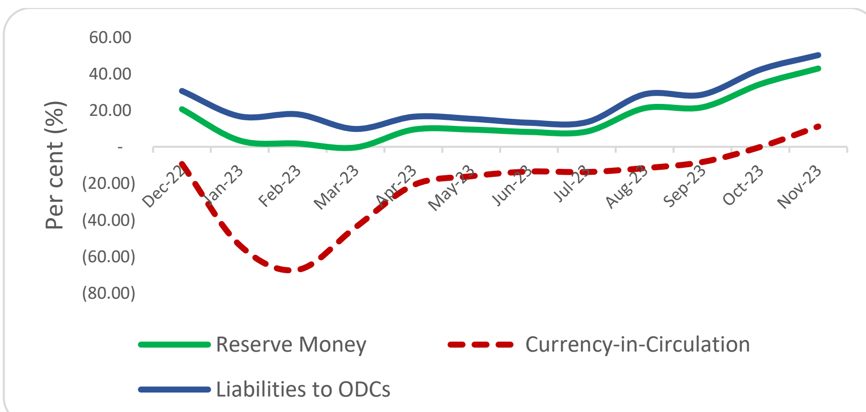
Figure 25: Developments in Reserve Money (₦ Billion) and Money Multiplier



	Nov. 22	Dec. 22	Sep-23	Oct-23	Nov-23
Reserve Money	15,263.89	16,032.96	19,506.56	21,538.82	22,908.39
Currency-in-Circulation	3,164.26	3,012.06	2761.29	3,010.35	3,347.72
2023 Benchmark			19,933.75	19,933.75	19,933.75
Liabilities to ODCs	12,099.63	13,020.91	16,745.26	18,528.47	19,560.68
M3 Multiplier (RHS)	3.39	3.25	3.43	3.43	3.14

Source: Central Bank of Nigeria

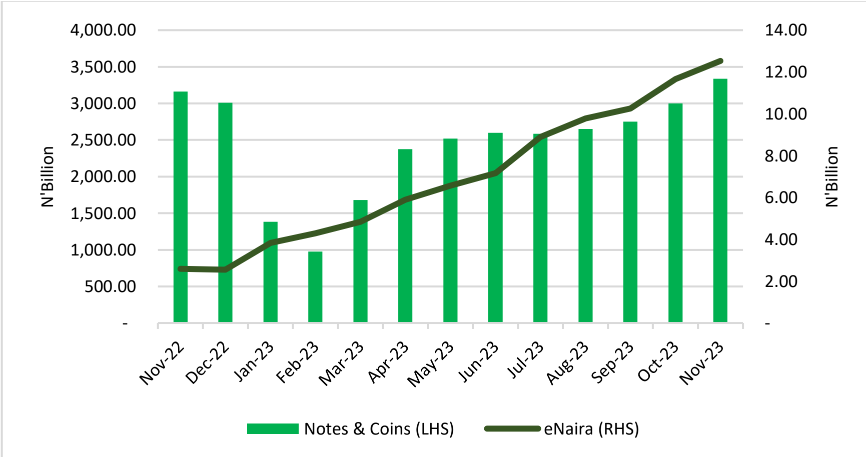
Figure 26: Growth in Reserve Money (% Growth over end-December 2022)



Source: Central Bank of Nigeria

As a component of CIC, the volume of eNaira expanded by 391.37 per cent to ₦12.53 billion from ₦2.55 billion at end-December 2022. Month-on-month, the volume of eNaira rose by 7.46 per cent at end-November 2023. Notwithstaning the considerable growth in the volume of eNaira, its share in total CIC amounted to 0.37 per cent at end-November, while notes and coins, constituted the predominant share, at 99.63 per cent.

Figure 27: Composition of Currency-in-Circulation (₦ Billion)



Source: Central Bank of Nigeria

Broad Money

Broad money multiplier declined to 3.14 from 3.25 at end-December 2022, constituting a drag on the expansion of broad money supply (M3). Nevertheless, M3 grew by 37.99 per cent to ₦72,014.27 billion, relative to the level at end-December 2022. On annualised basis, the growth in M3 translated to a 41.44 per cent rise, exceeding the provisional benchmark of 28.21 per cent.

Driven by revaluation effect, net foreign assets (NFA) grew by 738.20 per cent and contributed 54.36 percentage points to the growth in M3. The growth in NFA resulted from the 172.04 per cent growth in claims on non-residents, which outweighed the 59.78 per cent growth in liabilities to non-residents. On the other hand, domestic claims declined by 1.85 per cent, due wholly to the 78.20 per cent decline in net claims on central government, following a considerable increase of 770.42 per cent in transferable deposits of the central government.

Claims on other sector deposits grew by 40.78 per cent, stemming from the combined effect of the increase in claims on private sector, claims on other financial corporations, and claims on state and local government by 48.23, 46.00, and 11.89 per cent, respectively.

Table 8: Money and Credit Growth over end- December 2022 in Per cent

	Nov-22	Dec-22	Sep-23	Oct-23	Nov-23	Contribution to M3 growth (Nov-23)	Annualised Growth (Nov-23)	2023 Benchmark
Net Foreign Assets	-40.08	-58.91	226.25	631.17	738.20	54.36	805.31	95.57
Claims on Non-residents	6.10	11.72	81.33	157.85	172.04	76.56	187.68	
Liabilities to Non-residents	43.86	69.47	52.60	64	59.78	22.20	65.22	
Net Domestic Assets	31.38	37.76	12.54	-5.25	-17.67	-16.37	-19.28	17.85
Domestic Claims	30.19	35.61	23.47	10.34	-1.85	-2.34	2.02	49.16
Net Claims on Central Government	63.56	71.18	-6.56	-60.36	-78.20	-35.50	-85.31	58.63
Claims on Central Government	35.29	39.99	24.26	27.73	28.21	18.54	30.77	
Liabilities to Central Government	-1.43	-0.50	93.11	224.5	265.90	54.04	290.07	
Claims on Other Sectors	18.93	21.51	40.24	49.81	40.78	33.16	44.49	44.09
Claims on Other Financial Corporations	10.63	18.29	36.9	49.2	46.00	8.23	50.18	
Claims on State and Local Government	30.42	42.03	8.97	13.69	11.89	0.81	12.97	
Claims on Public Nonfinancial Corporations	37.42	316.63	89.04	75.84	-1.71	-0.11	-1.87	
Claims on Private Sector	19.85	10.47	39.44	51.59	48.23	24.23	52.61	
Total Monetary Assets (M_3)	**16.29**	**17.42**	**28.28**	**41.62**	**37.99**	**37.99**	**41.44**	**28.21**
Currency Outside Depository Corporations	-9.96	-12.57	-5.95	4.98	19.94	0.98	21.75	
Transferable Deposits	24.41	20.24	26.01	30.55	27.10	9.44	29.56	

Narrow Money (M_1)	18.82	14.90	22.05	27.38	26.22	10.42	28.6	29.18
Other Deposits	14.57	17.66	31.59	48.91	45.41	27.02	49.54	
Broad Money (M_2)	16.29	16.54	27.77	40.29	37.72	37.44	41.15	29.18
Securities Other than Shares	101.00	101	29.53	42.13	38.65	0.55	42.16	
Total Monetary Liabilities(M_3)	**16.29**	**17.42**	**28.28**	**41.62**	**37.99**	**37.99**	**41.44**	**28.21**

Source: Central Bank of Nigeria

The growth in M3, from the liability side, was driven by the 19.94, 27.10, 45.41, and 38.65 per cent rise in currency outside depository corporations (CODC), transferable deposits, other deposits, and securities other than shares, respectively. In terms of relative contribution, other deposits contributed the most with 27.02 percentage points to the growth in M3. Transferable deposits, CODC, and security other than shares contributed 9.44, 0.98, and 0.55 percentage points to the growth in broad money, respectively. The significant growth in CODC was due, largely, to increased demand for cash in preparation for the end-of-year festivities. Growth in narrow money (M1), at 26.22 per cent (annualised to 28.60 per cent), was below the benchmark of 29.18 per cent.

2.3.2 Sectoral Credit Utilisation

Sectoral Utilisation of Credit

The total credit to critical sectors of the economy by the banking system declined as loans to the industry and services sectors contracted by 5.03 and 1.54 per cent, respectively. The value of credit declined by 2.55 per cent to ₦41,646.94 billion, compared with ₦42,736.23 billion in the preceding month. The services sector remained the dominant recipient, accounting for 52.34 per cent of total credit, followed by industry and agriculture, with 42.60 and 5.06 per cent, respectively.

Table 9: Sectoral Credit Allocation

SECTORS	Allocation (₦ Billion)			Share in Total (%)			Growth (%)
	Nov-22 (1)	Oct-23 (2)	Nov-23 (3)	Nov-22 (4)	Oct-23 (5)	Nov-23 (6)	(3) & (2)
[a] Agriculture	1,700.83	**1,917.91**	2,105.56	5.82	**4.49**	5.06	9.78
[b] Industry	11,963.81	**18,679.25**	17,742.86	40.94	**43.71**	42.60	-5.03
of which Manufacturing	5,327.04	8,070.58	7,450.63	18.23	18.88	17.89	-7.68
[c] Services	15,555.63	**22,139.07**	21,798.52	53.24	**51.80**	52.34	-1.54
of which:							
Finance, Insurance & Capital Market	2,571.51	4,030.29	4,029.43	8.80	9.43	9.68	-0.02
Trade/General Commerce	2,144.63	3,701.48	3,457.20	7.34	8.66	8.30	-6.60
TOTAL	29,220.27	42,736.23	41,646.94	100.0	100.0	100.0	-2.55

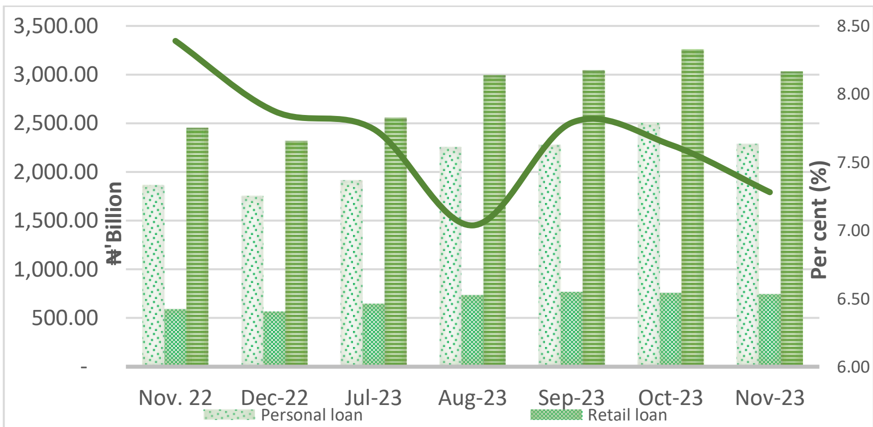
Source: Central Bank of Nigeria

Consumer Credit

Consumer credit outstanding decreased slightly at end-November 2023 by 6.97 per cent to ₦3,032.64 billion from ₦3,259.74 billion at end-October 2023. A disaggregation of consumer credit shows that personal loans decreased by 8.58

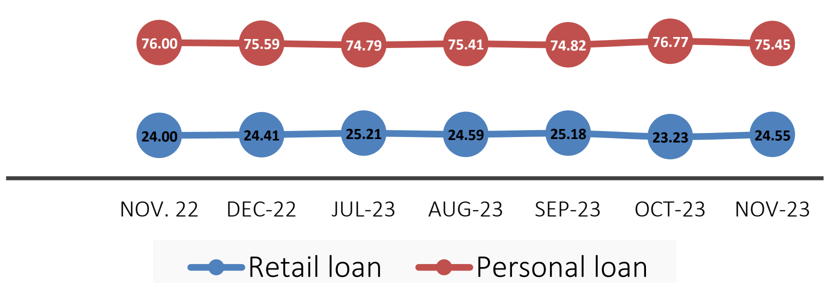
per cent to ₦2,288.03 billion from ₦2,502.65 billion in the preceding month, while retail loans, at ₦744.61 billion, declined by 1.65 per cent from ₦757.10 billion. By composition, personal loans continued to account for the larger share (75.45%) of total credit, while retail loans accounted for the balance (24.55 %). As a share of total sectoral credit from ODCs, consumer credit fell to 7.28 per cent from 7.63 per cent at end-October 2023.

Figure 28: Consumer Credit Outstanding



Source: Central Bank of Nigeria

Figure 29: Composition of Consumer Credit in Per cent



Source: Central Bank of Nigeria

2.3.3 Financial Developments

2.3.3.1 Money Market Developments

Industry Liquidity Condition

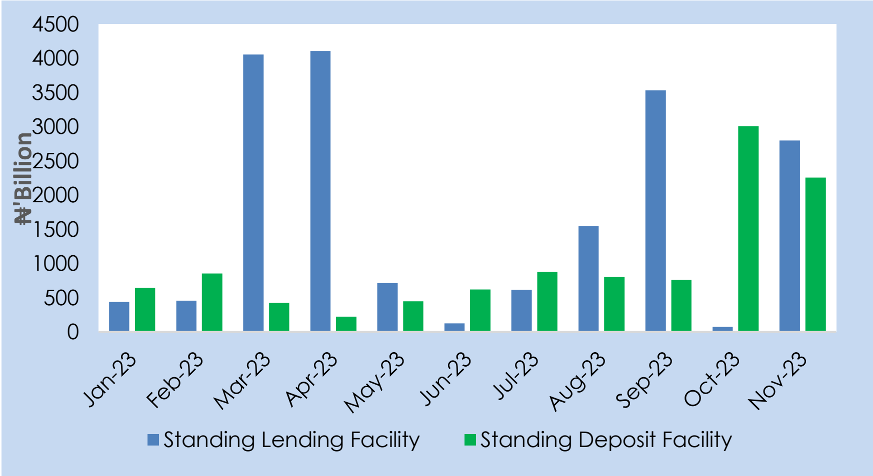
Banking system liquidity fell in November 2023, owing to provisioning and settlement of foreign exchange purchases, auction of CBN bills, FGN bonds, and Nigerian Treasury Bills (NTBs), as well as Cash Reserve Ratio debits.

Discount Windows

The average net industry balance declined to ₦146.45 billion, from ₦381.43 billion in the preceding month. The liquidity condition in the banking system influenced operations at the discount window, with increased activities at the standing lending facility (SLF) window, while the standing deposit facility (SDF) window witnessed a decline in activities. Total requests at the SLF window rose to ₦2,258.81 billion with daily average of ₦102.67 billion, exceeding the previous month's ₦70.81 billion and daily average of ₦5.90 billion. Conversely, total requests at the SDF window fell to ₦2,801.70 billion with a daily average of ₦140.09 billion from ₦3,011.30 billion and a daily average of ₦143.40 billion in October 2023.

Notably, applicable rates for the SDF and SLF remained at 15.75 and 19.75 per cent, respectively, as in the preceding month, reflecting the asymmetric corridor of +100/-300 around monetary policy rate of 18.75 per cent.

Figure 30: Transactions at the CBN Standing Facility Window (₦' Billion)

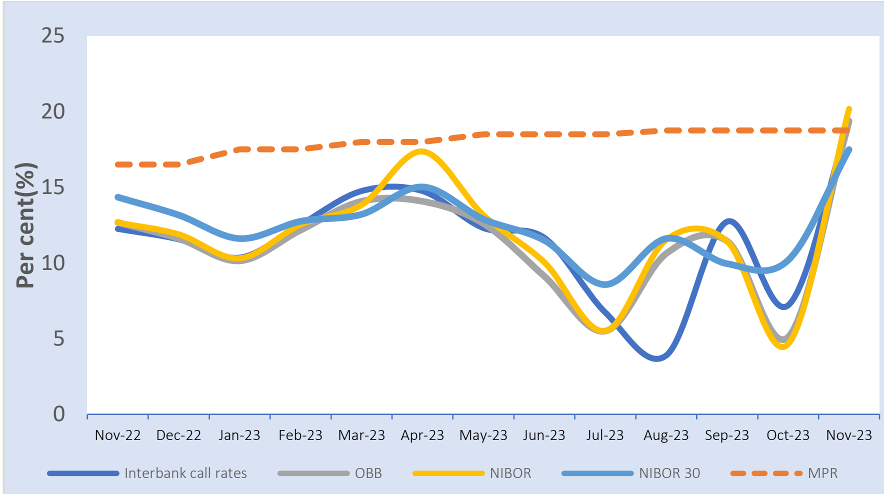


Source: Central Bank of Nigeria

Interest Rate Development

Key short-term interest rates increased in November 2023, driven by the moderation in liquidity conditions in the banking system. The average interbank call rate rose by 12.19 percentage points to 19.39 per cent, from 7.20 per cent in the preceding month. The open buy back (OBB) rate, also rose by 14.23 percentage points to 19.33 per cent, from 5.10 per cent in the preceding month. At the Nigeria Interbank Offered Rate (NIBOR) segment, the NIBOR-call rate rose by 15.53 percentage points to 20.17 per cent from 4.64 per cent in the preceding month. Similarly, the NIBOR-30 recorded a 7.31 percentage point increase to 17.49 per cent from 10.18 per cent in the preceding month.

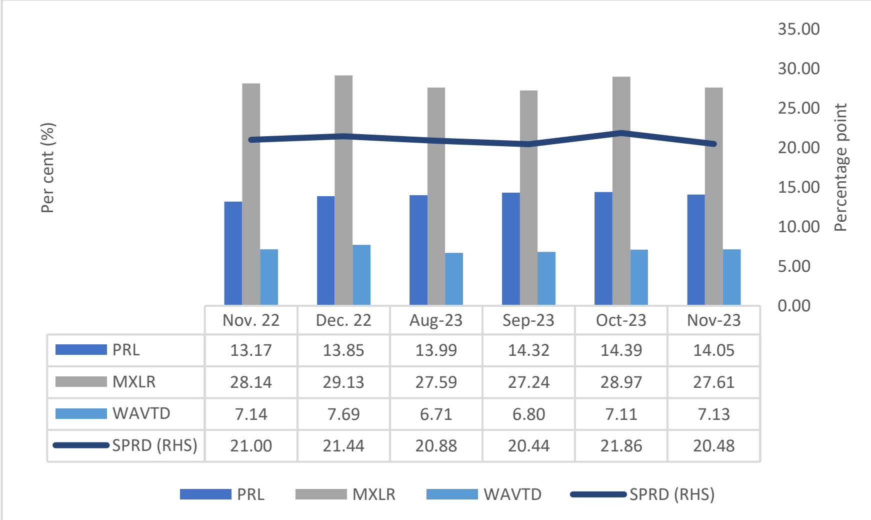
Figure 31: Developments in Short-term Interest Rates in Per cent



Source: Central Bank of Nigeria

The direction of lending rates was mixed in the review period. Prime and maximum lending rates decreased marginally by 0.34 and 1.36 percentage points to 14.05 and 27.61 per cent, respectively, relative to the levels in the preceding month. The weighted average term deposit rate increased by 0.02 percentage point to 7.13 per cent, relative to the level in the preceding month. This culminated in a narrower spread of 20.48 percentage points between the weighted average term deposit and maximum lending rates, compared with 21.86 percentage points in October 2023.

Figure 32: Trend in Average Deposit and Lending Rates in Per cent



	Nov. 22	Dec. 22	Aug-23	Sep-23	Oct-23	Nov-23
PRL	13.17	13.85	13.99	14.32	14.39	14.05
MXLR	28.14	29.13	27.59	27.24	28.97	27.61
WAVTD	7.14	7.69	6.71	6.80	7.11	7.13
SPRD (RHS)	21.00	21.44	20.88	20.44	21.86	20.48

Note: PLR= Prime lending rate; MXLR= Maximum lending rate; WAVTD= Weighted average term deposit rate; SPRD= Spread between MXLR and WAVTD
Source: Central Bank of Nigeria

Open Market Operations Government Securities

OMO auctions were conducted by the Bank to moderate banking system liquidity in November 2023. The total amount offered, subscribed to, and allotted was lower at ₦250.00 billion, ₦127.95 billion, and ₦74.20 billion, respectively, at the bid rate of 16.74 (±2.76) per cent, relative to ₦400.00 billion, ₦632.75 billion, and ₦400.00 billion, respectively, at the bid rate of 16.25 (±2.25) per cent, in the preceding month. The significant decline in the subscription level at the OMO auction was due to the significant decline in banking system liquidity in the review month. Matured bills amounted to ₦30.00 billion, ₦20.00 billion higher than the level in the preceding month.

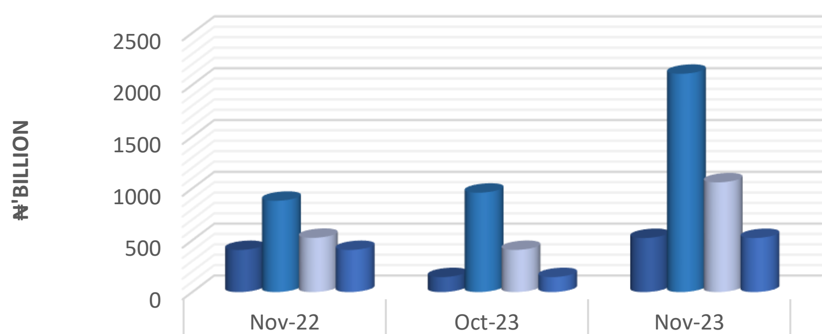
Investment in Government Securities

Demand for NTBs and FGN Bonds increased in November 2023, relative to the preceding month. NTBs[6] amounting to ₦521.83 billion, ₦2,106.93 billion, and ₦1,058.91 billion were

[6] auctioned on behalf of the Debt Management Office

offered, subscribed to, and allotted respectively, relative to ₦144.69 billion, ₦959.27 billion, and ₦406.90 billion, in the preceding month. The higher subscription was attributable to the higher stop rate of 11.88(±4.88) per cent in the review period, relative to 8.34(±4.67) per cent in October 2023. Also, the notable surge in investors' interest in the fixed income market during the review period possibly indicates a growing sense of uncertainty in the economy, with investors showing a preference for safety.

Figure 33: Primary Market NTBs (₦' Billion)

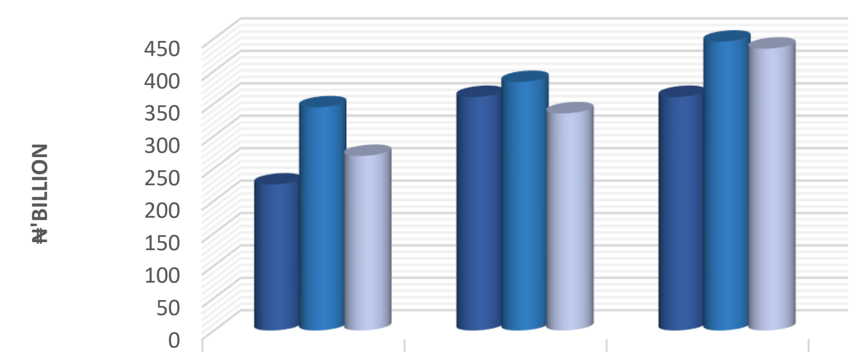


	Nov-22	Oct-23	Nov-23
Offer	406.46	144.69	521.83
Subscrption	881.17	959.27	2,106.93
Allotment	523.55	406.90	1,058.91
Repayment	406.46	144.69	521.83

Source: Central Bank of Nigeria

FGN Bonds of 10-, 10-, 15-, and 30-year tranches were offered for sale in November 2023. The total amount offered, subscribed to, and allotted were ₦360.00 billion, ₦445.30 billion, and ₦434.50 billion, respectively, relative to ₦360.00 billion, ₦383.11 billion, and ₦334.76 billion in the preceding month. Similarly, demand for FGN bonds increased and the marginal rates at the auction closed higher at 17.00(±1.00) per cent, relative to the preceding month's rate of 15.75(±0.85) per cent. The rise in demand is consistent with the higher marginal rate.

Figure 34: Primary Auctions of FGN Bond (₦' Billion)



	Nov-22	Oct-23	Nov-23
Offer	225	360	360
Subscrption	344.01	383.11	445.3
Allotment	269.15	334.76	434.5

Source: Central Bank of Nigeria

2.3.3.2 Capital Market Developments

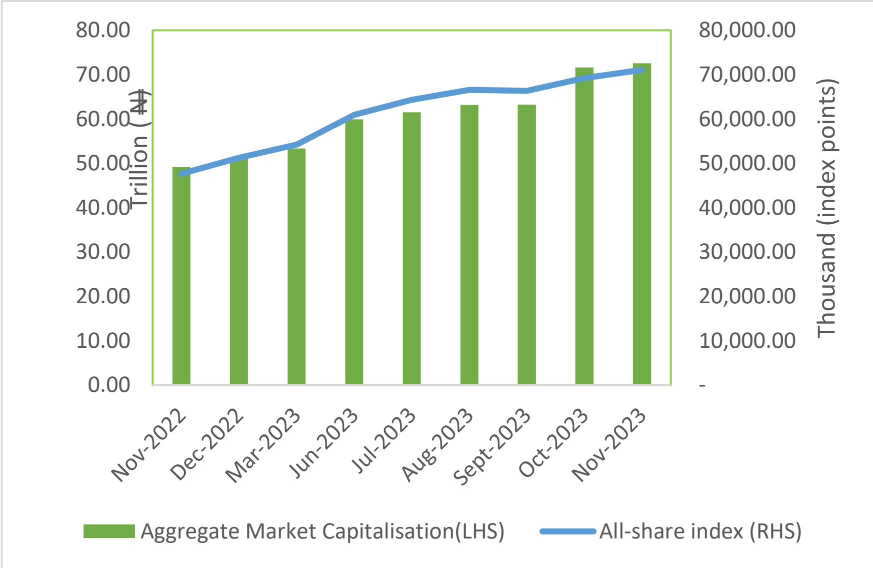
Market Capitalisation

The Nigerian capital market sustained a bullish trend in November 2023, due to the release of an impressive Q32023 financial reports and attractive valuations in some stocks which boosted investors' confidence. Aggregate market capitalisation rose by 1.3 per cent to ₦ 72,523.93 billion at end-November 2023, compared with ₦71,601.30 billion at end-October 2023. A component analysis of aggregate market capitalisation shows that the Equities, and Exchange Traded Funds (ETFs) appreciated by 2.6 and 23.2 per cent to close at ₦39,051.94 billion, and ₦21.06 billion, respectively, relative to ₦38,044.29 billion and ₦17.09 billion in october 2023. The debt component, however, fell by 24.8 per cent to close at ₦33,450.92 billion, relative to ₦33,539.92 billion at end-October 2023. The equities component continued to lead with 53.8 per cent of the aggregate market capitalisation, while the debt and ETF components constituted the balance of 46.1 and 0.1 per cent, respectively.

NGX All Share Index

The All-Share Index (ASI) appreciated by 3.1 per cent to 71,365.25 index points, compared with 69,236.19 index points in the preceding period. The performance of the NGX-ASI reflects the disposition of investors to the favourable Q32023 financial report, as they target highly capitalised stocks.

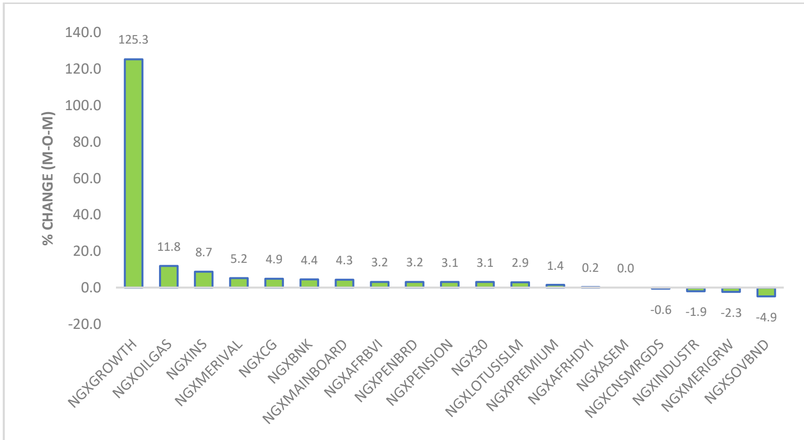
Figure 35: Aggregate Market Capitalisation and All-Share Index



Source: Nigerian Exchange (NGX) Limited

The sectoral indices reflected the bullish stance of the equities market, as all the indices rose except for NGX-CNSMRGDS, NGX-INDUSTR, NGX-MERIGRW and NGX-SOVBND which declined, while the NGX-AseM remained flat. The NGX-GROWTH, NGX-OILGAS and NGX-INS indices were the best performing in the market, due, largely, to favourable financial reports which spurred investors' sentiments.

Figure 36: Month-on-Month Changes in Per cent for Sectoral Indices



Source: Nigerian Exchange (NGX) Limited

Table 10: Nigerian Exchange (NGX) Limited Sectorial Indices

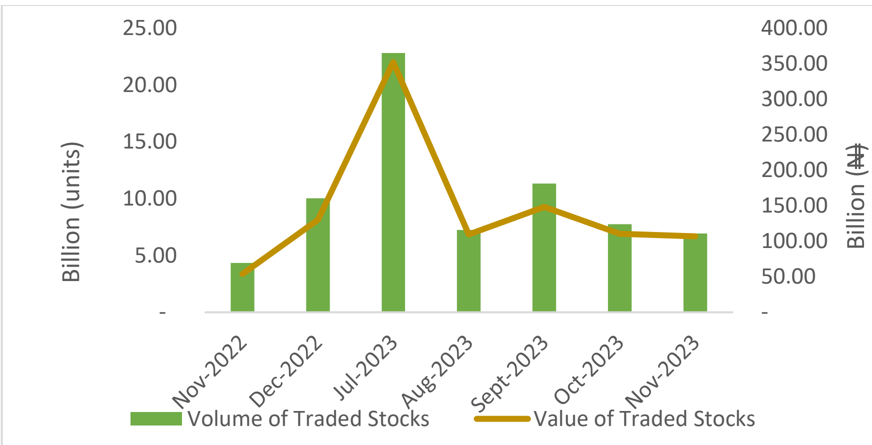
NGX Indices	Oct-23	Nov-23	Changes (%)
NGXGROWTH	2,782.05	6,266.91	125.3
NGX-Oil &Gas	935.81	1,046.66	11.8
NGX-Insurance	278.44	302.78	8.7
NGX-MERIVAL	4,263.18	4,483.70	5.2
NGX-CG	1,912.92	2,005.92	4.9
NGX-Banking	716.42	748.05	4.4
NGX-Main board	3,214.72	3,351.80	4.3
NGXAFRBVI	1,758.32	1,813.97	3.2
NGX-Pension Board	1,208.87	1,247.10	3.2
NGX-Pension	2,968.40	3,059.90	3.1
NGX-30	2,546.99	2,625.35	3.1
NGX-LOTUSISLM	4,390.94	4,517.91	2.9
NGX-Premium	6,654.78	6,749.28	1.4
NGX-AFRHDYI	7,114.71	7,128.82	0.2
NGXASeM	658.99	658.99	0.0
NGX-Consumer goods	1,149.17	1,141.95	-0.6
NGX-Industrial	2,837.10	2,782.36	-1.9

NGXMERIGRW	4,201.83	4,104.20	-2.3
NGX-Sovereign Bond	781.48	743.16	-4.9

Source: Nigerian Exchange (NGX) Limited

The level of trading activities on the Exchange was bullish, as the volume and value of traded securities rose by 27.7 and 36.0 per cent to 10.70 billion and ₦150.35 billion, respectively, traded in 151,582 deals, relative to the 7.74 billion and ₦110.55 billion traded in 131,561 deals in the preceding month.

Figure 37: Volume and Value (₦ Billion) of Traded Securities on the NGX



Source: Nigerian Exchange (NGX) Limited.

There were ten (10) listings on the Exchange, comprising four (4) bond supplementary listings, one (1) new bond issue, one (1) ordinary Share, three (3) delisting and one (1) suspension of trading.

Table 11: New Listing on the Nigerian Exchange Limited

Company/Security	Shares Units/Price	Remarks
Capital Hotels Plc		Delisting

MeCure Ind Plc	4,000,000,000 Ordinary Shares of 50kobo each at N2.96 per share on NGX-Growth Board	Ordinary Share
Courteville Business Solutions Plc		Delisting
FGN Bonds 14.55% FGN APR 2029	31,470,000 Units	Supplementary Listing
FGN Bonds 14.70% FGN JUN 2033	33,193,000 Units	Supplementary Listing
FGN Bonds 15.45% FGN JUN 2038	47,065,000 Units	Supplementary Listing
FGN Bonds 15.70% FGN JUN 2053	322,769,000 Units	Supplementary Listing
Union Bank of Nigeria Plc		Delisting
Lagos State Government Bond of N115 Billion Series I, 10-Year 15.25% Fixed Rate Bonds 2033	115,000,000 Units	Listing
Consolidated Hallmark Insurance		Suspension of Trading

Source: Nigerian Exchange Limited (NGX).

Notes: Plc=Public Limited Liability Company

2.3.3.3 Financial Soundness Indicators

The banking industry remained resilient in November 2023, as reflected by the performance of the Financial Soundness Indicators (FSIs), which were within the prudential benchmarks.

The asset quality of banks, measured by the ratio of non-performing loans (NPL) to total loans declined, marginally, by 0.5 per cent to 4.15 per cent in November 2023, relative to the 4.24 per cent recorded in the preceding month. The ratio remained within industry prudential threshold of 5.0 per cent and reflected the sustained improvement in loan recoveries by banks. The banking system Capital Adequacy Ratio (CAR) increased marginally by 0.3 percentage point to 12.3 per cent, compared with 12.0 per cent recorded at end-October 2023. The development reflected an increase in banks total qualifying capital. The ratio remained above the 10.0 per cent benchmark for banks with national/regional authorisation, but below the 15.0 per cent threshold for banks with international licenses.

The Industry Liquidity Ratio (LR) fell by 0.4 percentage points to 51.47 per cent, compared with 51.85 per cent recorded in the preceding period, reflecting a lower appetite for liquid asset holdings by banks. The LR, however, was above the minimum regulatory benchmark of 30.0 per cent, showing the ability of banks to meet their obligations.

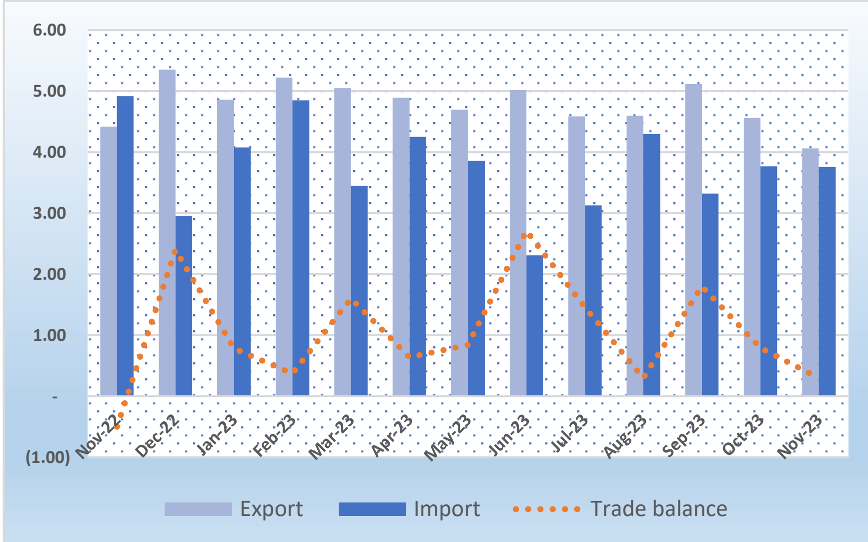
2.4 EXTERNAL SECTOR DEVELOPMENTS

Reduced export earnings resulted in a lower trade surplus in the review period. Capital inflow into the economy increased, as competitive yields boosted investments on fixed-income instruments. The external reserves at US$32.36 billion at end-November, 2023, could cover 6.5 months of import for goods and services or 9.2 months of import for goods only. The average exchange rate of the Naira per US Dollar at the NFEM window depreciated by 4.7 per cent to ₦836.22/US$ in November 2023, from ₦796.94/US$ in the preceding month.

2.4.1 Trade Performance

Trade balance recorded a reduced surplus, due to the decline in crude oil export earnings. Provisional data indicated a lower trade surplus of US$0.30 billion, compared with US$0.79 billion in the preceding month. Merchandise import declined by 0.3 per cent to US$3.76 billion in November 2023. Total export receipts fell by 10.9 per cent to US$4.06 billion, from US$4.56 billion in October 2023. Analysis of total export receipts by share shows that crude oil constituted 79.2 per cent; gas, 12.8 per cent and non-oil accounted for the balance.

Figure 38: Export, Import and Trade Balance (US$ Billion)



Source: Central Bank of Nigeria

Oil Export

Decline in both crude oil price and production subdued crude oil export, thereby leading to a dip in crude oil and gas export earnings during the review period. Provisional data shows that export receipts from crude oil and gas fell by 11.3 per cent to US$3.73 billion, compared with US$4.21 billion in the preceding month, occasioned by the fall in both the price and production of crude oil. Domestic crude oil production fell to 1.25mbpd in November 2023 from 1.35mbpd in October 2023, while the price of Bonny Light declined to US$85.76pb from US$94.95pb in the preceding month. A breakdown indicates that while gas export increased by 6.9 per cent to US$0.51 billion, relative to the level in October 2023, crude oil export fell by 13.7 per cent to US$3.22 billion in November 2023, from US$3.73 billion in the previous month.

Non-Oil Export

Subdued global demand led to a decline in global commodity prices, thus, affecting receipts from non-oil export. Provisional data showed that non-oil export earnings fell by 4.6 per cent to US$0.33 billion, compared with US$0.35

billion in October 2023. Analysis of non-oil export revealed that Brazil was the major destination of Nigeria's non-oil export products, with a share of 15.8 per cent, followed by the Netherlands (9.4%), China (8.2%), India (7.7%) and Argentina (6.6%). The major commodities exported were urea, which accounted for the largest share of 30.4 per cent, followed by cocoa beans, sesame seeds, aluminium and cocoa products with 15.4, 12.2, 3.5 and 3.1 per cent, respectively.

Receipts from the top 5 non-oil exporters rose to US$0.19 billion, compared with US$0.09 billion in October 2023, due to higher receipt from the export of urea. Analysis by share revealed that Dangote Fertilizer Ltd and Indorama Eleme Fertilizer maintained their position as the top two exporters with shares of 54.5 and 20.4 per cent of the total, respectively. In third place was Starlink Global and Ideal Limited, with a share of 9.4 per cent, from the export of cocoa beans and cashew nuts. Metal Recycling Industries Ltd followed, with 8.2 per cent, from the export of aluminum and copper ingots. Outspan Nigeria Limited, was fifth, with a share of 7.5 per cent, from the export of dairy products.

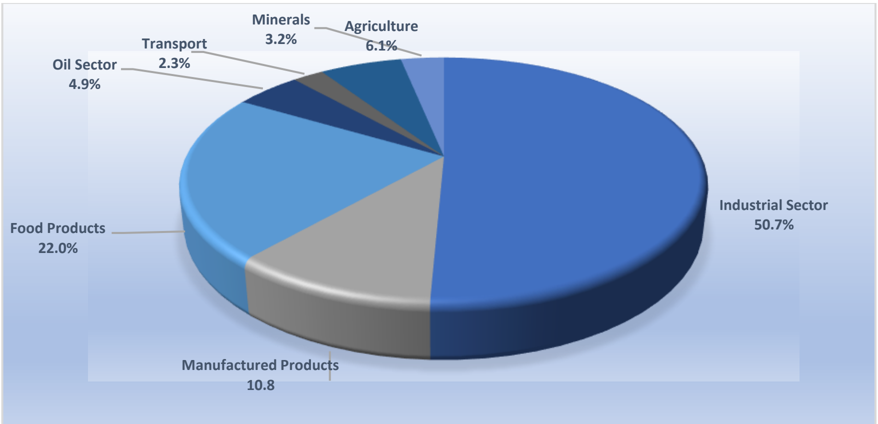
Import

Overall merchandise import declined, due to lower importation of petroleum products. Provisional data revealed that aggregate import decreased by 0.3 per cent to US$3.76 billion, relative to US$3.77 billion in October 2023. A disaggregation showed that, the importation of petroleum products declined to US$1.19 billion from US$1.22 billion in October 2023, however, non-oil import rose to US$2.57 billion, from US$2.55 billion in the preceding month. In terms of share, non-oil import constituted 68.3 per cent of the total, while petroleum products import constituted the balance.

Sectoral Utilisation of Foreign

Sectoral utilisation of foreign exchange for visible import showed that industrial sector import had the largest share of 50.7 per cent, followed by food products (22.0%), manufactured products (10.8%), agriculture (6.1%), oil sector (4.9%), minerals (3.2%) and transport (2.3%).

Figure 39: Import by Sector in Per cent

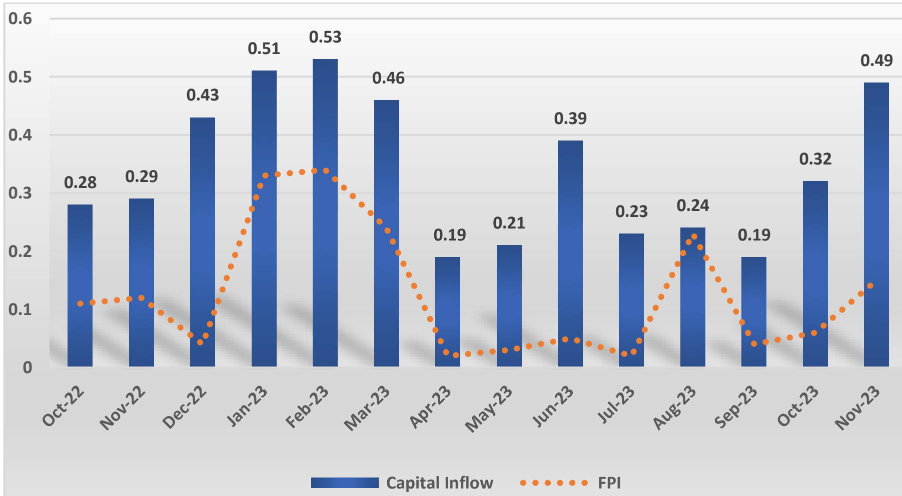


Source: Central Bank of Nigeria

Capital importation

Competitive yields on domestic fixed-income securities attracted higher foreign capital inflow during the review period. New investments to the economy rose by 53.1 per cent to US$0.49 billion, compared with US$0.32 billion in October 2023. Portfolio investment inflow increased significantly by 160.0 per cent to US$0.15 billion, from US$0.06 billion in October 2023, due, largely, to higher puchase of government bonds and money market instruments. Similarly, other investment capital, mainly in the form of loans, increased by 154.7 per cent to US$0.31 billion, compared with US$0.12 billion in the preceding period. However, foreign direct investment equity inflow decreased to US$0.03 billion, from US$0.14 billion in the preceding month.

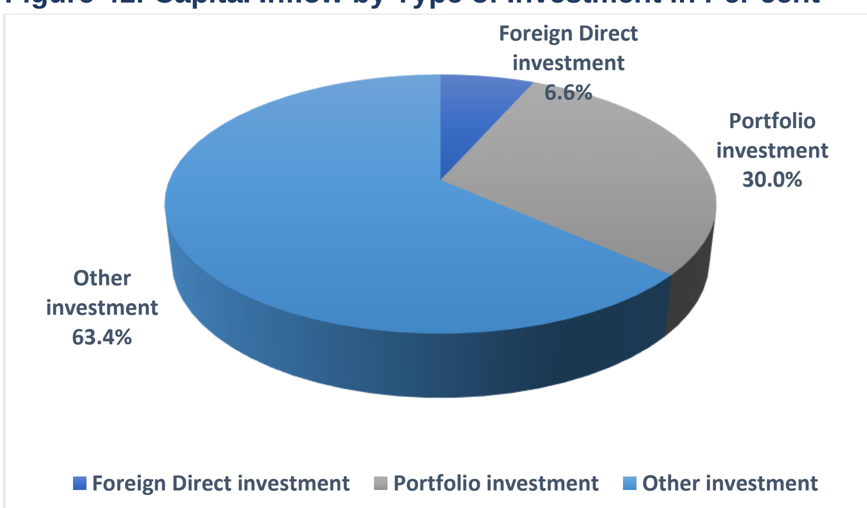
Figure 40: Capital Inflow and Foreign Portfolio Investment (US$ Billion)



Source: Central Bank of Nigeria

In terms of share, inflow of other investment constituted 63.4 per cent, while foreign portfolio investment and foreign direct investment accounted for 30.0 and 6.6 per cent, respectively.

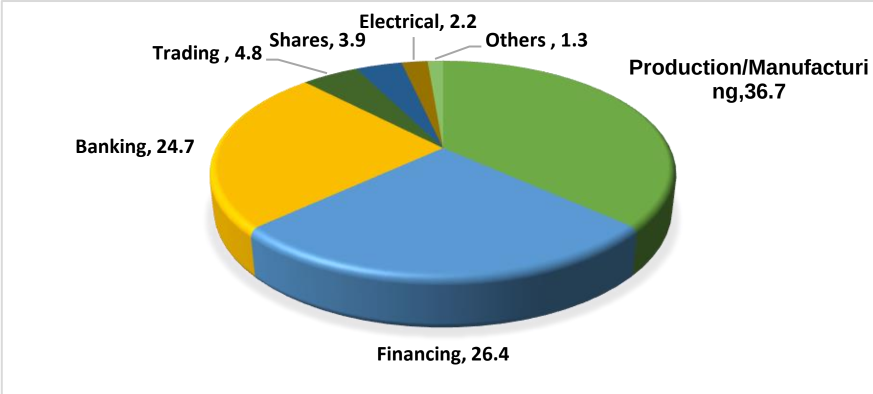
Figure 41: Capital Inflow by Type of Investment in Per cent



Source: Central Bank of Nigeria

A disaggregation of capital importation by nature of business revealed that investment in production/manufacturing accounted for 36.7 per cent of the total inflow. This was followed by financing, banking, trading, shares, and electrical services at 26.4, 24.7, 4.8, 3.9 and 2.2 per cent, respectively. Inflow into other sectors accounted for the balance.

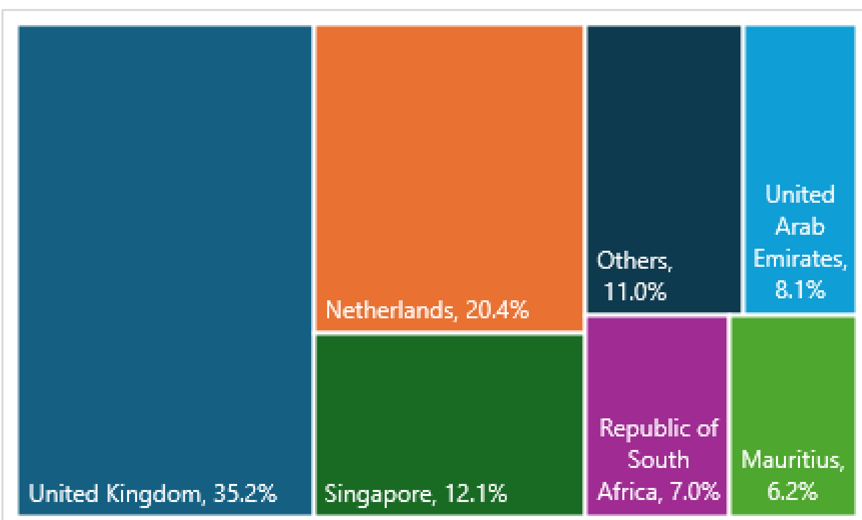
Figure 42: Capital Inflow by Nature of Business in Per cent



Source: Central Bank of Nigeria

Analysis of capital inflow by originating country showed United Kingdom as the major source of capital, contributing 35.2 per cent of the total. The Netherlands, Singapore, United Arab Emirates, Republic of South Africa, and Mauritius had shares of 20.4, 12.1, 8.1, 7.0, and 6.2 per cent, respectively. Other countries accounted for the balance.

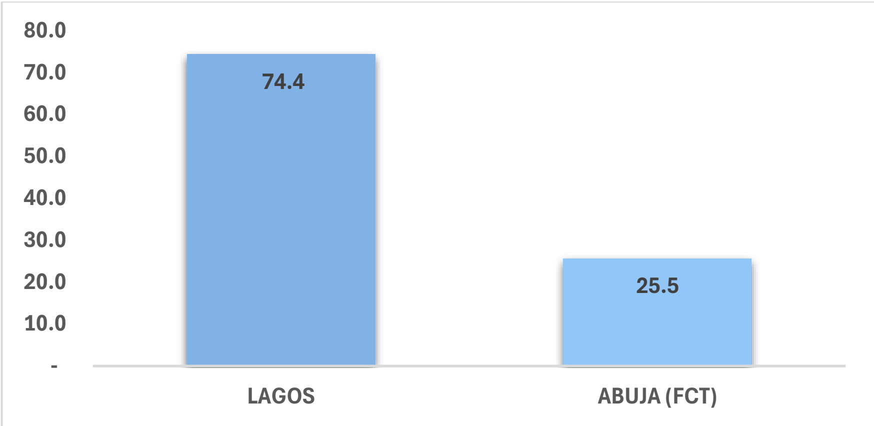
Figure 43: Capital Inflow by Originating Country in Per cent



Source: Central Bank of Nigeria

A disaggregation of capital importation by destination showed Lagos State and the Federal Capital Territory as the main recipients of capital with shares of 74.4 and 25.5 per cent, respectively, while others accounted for the balance.

Figure 44: Capital Inflow by States in Per cent

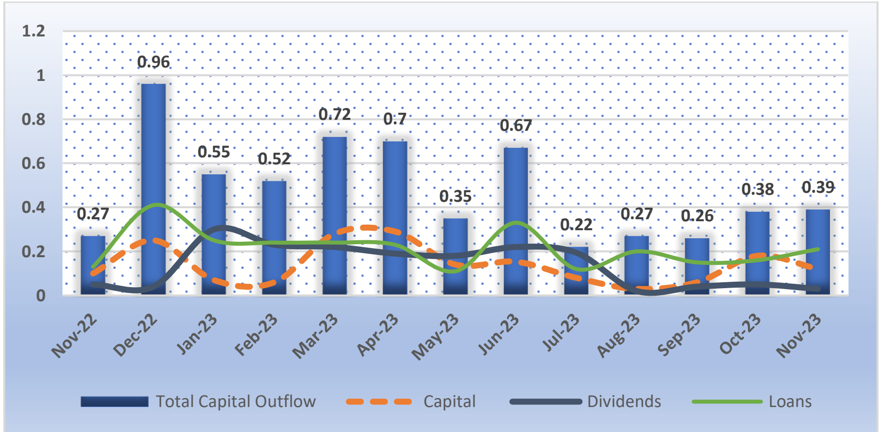


Source: Central Bank of Nigeria

Capital Outflow

The outflow of capital from the domestic economy rose, due to higher repayment of loans and repatriation of dividends. Capital outflow grew by 4.3 per cent to US$0.39 billion, from US$0.38 billion in the preceding month. A disaggregation shows that repatriation of dividends increased by 51.2 per cent to US$0.04 billion, while the outflow of loans rose by 33.1 per cent to US$0.21 billion. Conversely, capital reversals decreased by 30.3 per cent to US$0.12 billion from US$0.18 billion in the preceding month. In terms of share, loans constituted 54.2 per cent of the total outflow, followed by capital reversal and dividends at 31.7 and 11.0 per cent, respectively. Other forms of outflow at US$0.01 billion accounted for the balance.

Figure 45: Capital Outflow (US$ Billion)

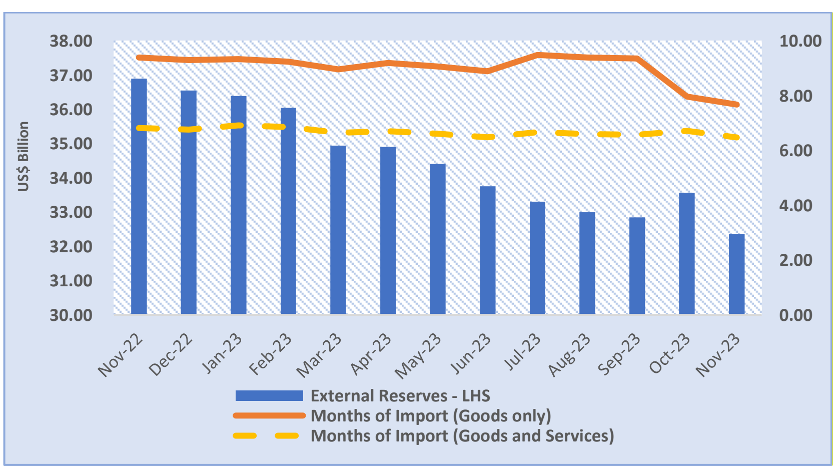


Source: Central Bank of Nigeria

2.4.2 External Reserves

The external reserves exceeded the three-months of import cover benchmark. The external reserves stood at US$32.36 billion at end-November 2023, from US$33.57 billion at end-October 2023. The external reserves could cover 6.5 months of import for goods and services or 9.2 months of import for goods only using the Q32023 import values. In addition, the reserves to short-term debt ratio, at 117.9 per cent, exceeded the threshold of 100.0 per cent.

Figure 46: External Reserves in US$ Billion and Months of Import Cover



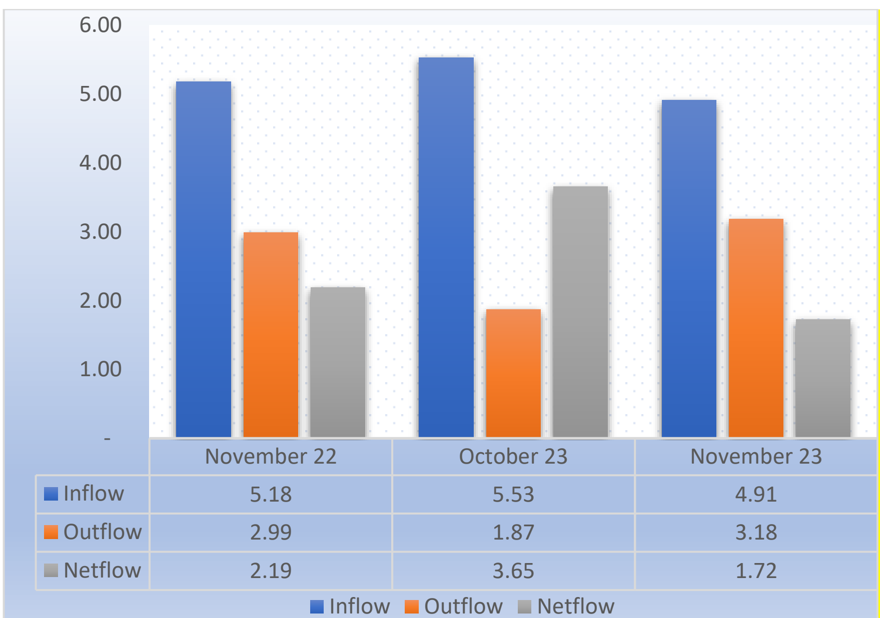
Source: Central Bank of Nigeria

2.4.3 Foreign Exchange Flows through the Economy

Foreign Exchange Flows through the Economy

The economy recorded a net foreign exchange inflow in November 2023, driven, mainly, by increased inflow through autonomous sources. Aggregate foreign exchange inflow into the economy decreased by 11.2 per cent to US$4.91 billion from US$5.53 billion in the preceding month. Foreign exchange outflow rose by 69.9 per cent to US$3.18 billion from US$1.87 billion in the preceding month. Consequently, foreign exchange flows through the economy recorded a net inflow of US$1.72 billion, a decrease of 52.8 per cent, relative to US$3.65 billion in October 2023.

Figure 47: Foreign Exchange Transactions through the Economy (US$ Billions)



Source: Central Bank of Nigeria

Foreign exchange inflow through the Bank decreased by 50.5 per cent to US$1.13 billion from US$2.28 billion in the preceding month. Outflow through the Bank, however, rose by 66.3 per cent to US$2.52 billion from US$1.54 billion in the preceding month. The CBN recorded a net outflow of US$1.39

billion, compared with a net inflow of US$0.74 billion in the preceding month.

Autonomous inflow rose to US$3.78 billion from US$3.25 billion in the previous month, while autonomous outflow increased to US$0.67 billion from US$0.33 billion in October 2023. A net inflow of US$3.11 billion was recorded through autonomous sources, compared with US$2.92 billion in the preceding month.

2.4.4 Exchange Rate Movement

Average Exchange Rate

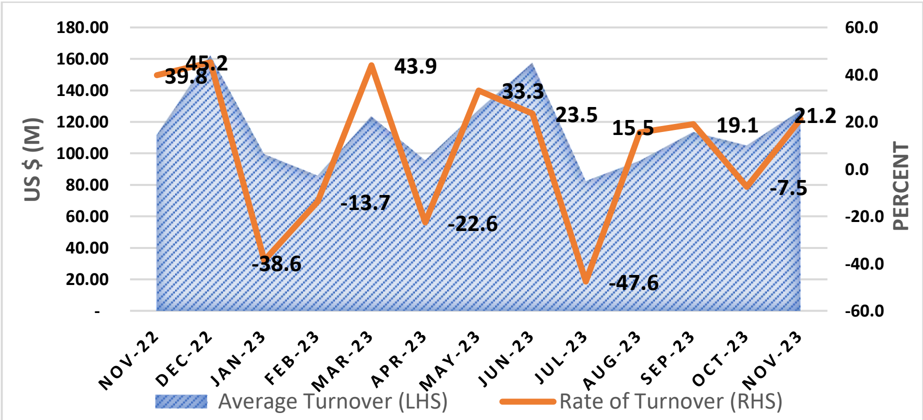
The naira depreciated relative to the US dollar at the NFEM market in the review period. The average exchange rate of the Naira per US Dollar at the Nigerian Foreign Exchange Market (NFEM) window depreciated by 4.7 per cent to ₦836.22/US$ in November from ₦796.94/US$ in the preceding month.

2.4.5 Foreign Exchange Turnover at the Nigerian Autonomous Foreign Exchange Market (NAFEM)

Foreign Exchange Turnover

The average foreign exchange turnover at the NAFEM increased by 21.2 per cent to US$127.18 million, compared with US$104.94 million in October 2023.

Figure 48: Turnover at the Nigerian Autonomous Foreign Exchange Market (US$ Million)



Source: Financial Markets Derivatives Quotations (FMDQ)

3.0 ECONOMIC OUTLOOK

Global Economic Outlook

According to the IMF World Economic Outlook (WEO) October 2023 edition, the growth rate of the global economy is expected to slow down to an estimated 3.0 per cent in 2023 and 2.9 per cent in 2024, from 3.5 per cent in 2022. The new projection is built on the resolution of the US debt ceiling standoff and strong action by the authorities to contain turbulence in US and Swiss banking sectors, which reduced the immediate risks to the financial sector. The downside risk to the outlook, however, are the likelihood of inflation remaining elevated, particularly, if the geopolitical tensions in the Middle-East and Ukraine, as well as the worsening weather conditions persist. Additionally, there is a risk that sovereign debt stress might extend to a broader array of economies, and financial sector turbulence could resume as markets adjust to further policy tightening by central banks.

For Advanced Economies, growth is projected to slow down in 2023 and 2024, to 1.5 per cent and 1.4 per cent, respectively, from 2.6 per cent in 2022. The drivers of the slowdown include the fading fiscal stimulus, supply bottlenecks, and higher interest rates.

For the Emerging Markets and Developing Economies, growth is expected to decline moderately to 4.0 per cent in 2023 and 3.9 per cent in 2024, from 4.1 per cent in 2022, but unevenly distributed across the various regions in EMDEs. This outlook is predicated on an expected weaker external environment and lower commodity prices amid tightening policies in parts of Latin America and Middle East. In sub-Saharan Africa, growth is anticipated to fall to 3.3 per cent in 2023 before rising to 4.0 percent in 2024.

Global headline inflation is estimated to decline to 6.90 and 5.80 per cent in 2023 and 2024 respectively, from 8.70 per cent in 2022, remaining above most central bank targets and pre-pandemic levels of about 3.50 per cent. The downward forecast was built on the anticipated effects of tightening policy rates across several central banks and eased energy costs, decreased global commodity prices, as well as subdued inflation in China.

Domestic Economic Outlook

Nigeria's economic growth outlook remains positive in the near term. The optimistic outlook is predicated on the assumption that the current trend in crude oil production will be sustained. It is also predicated on the effective implementation, as well as the crystalisation of the new policy reforms. On the other hand, decline in global demand, security challenges and infrastructural deficit remain the notable headwinds to growth.

Inflationary pressure is expected to remain elevated in the short-run, owing majorly, to high energy costs, and expected demand pressure due to the festive period. The subsisting tight monetary conditions and improvement in global supply chains could, however, continue to moderate inflationary pressure.

The upcoming festive season is expected to witness a surge in domestic prices, especially, considering the possible impact of high energy.

The fiscal outlook in the near-to-medium term seems favourable, despite a grim global outlook. Oil production is projected to improve and compensate for declining international oil price, while the continued implementation of ongoing public finance and tax reforms is expected to boost non-oil revenue.

The reduction in production due to the vandalism of pipelines and oil bunkering, as well as decreasing oil prices could decrease crude oil exports. This could worsen the decline in foreign exchange earnings, consequently impacting external reserves. As the year-end approaches, investors may want to rebalance their portfolios, potentially leading to selling assets in Nigeria and other emerging markets. This could heighten the risk of capital outflow.