CENTRAL BANK OF NIGERIA ECONOMIC REPORT

Third Quarter 2024

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, financial, and 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 private sectors, and the public. Free download of the Report, including current and past issues are available from the CBN website ***www.cbn.gov.ng****. All inquiries concerning the Report should be directed to the Director of Research, Central Bank of Nigeria, P.M.B. 187, Garki, Abuja, Nigeria.*

Content

Tables

Figures

SUMMARY

In Q32024, global economic activity decelerated driven, primarily, by a downturn in the manufacturing sector. Within the Advanced Economies (AEs) and several Emerging Markets and Developing Economies (EMDEs), economic performance exhibited a mixed trajectory, largely influenced by country-specific dynamics. Inflation eased across most AEs and EMDEs, the drop in energy and gasoline prices. The performance of financial markets varied across region, shaped, largely, by expectations of further interest rate cuts. The global bonds market softened in response to rate reductions by the Federal Reserve and other central banks. The spot price of Bonny Light crude decreased to US$82.23 per barrel (pb), from US$86.97 pb in Q22024 reflecting the weak growth in global oil demand. Similar downward trends were observed in the prices of Brent, Forcados, WTI, and OPEC Reference Basket.

The domestic economy grew by 3.46 per cent in Q32024, in the review quarter driven, mainly, by the growth of the non-oil sector. Inflation moderated to 32.70 per cent from 34.19 per cent in the preceding quarter driven by a fall in the food component of the CPI basket, and the Bank's restrictive policy stance. Domestic crude oil production rose to 1.33 million barrels per day (mbpd), from 1.27 mbpd in the preceding quarter, reflecting improved security around the pipeline infrastructure in the Niger Delta region.

Provisional data showed an expansion in fiscal operations in Q32024, following higher receipt from non-oil sources. Federally collected revenue rose by 7.48 per cent, relative to the level in Q22024, but fell short of the benchmark by 23.71 per cent. Federal Government of Nigeria (FGN) retained revenue was below the level in Q22024 and the quarterly target. Similarly, the FGN aggregate expenditure dipped by 16.26 and 22.38 per cent below the levels in Q22024 and the quarterly target, respectively. Thus, the fiscal deficit contracted by 22.51 per cent in Q32024, but widened by 43.88 per cent, compared with the quarterly target.

Monetary aggregates trended upwards due to increased credit to key sectors of the economy and the effect of exchange rate revaluation. Broad money supply expanded, resulting from the growth in both net foreign assets (NFA)

and net domestic assets (NDA). Key short-term interest rates were stable and reflected the liquidity dynamics in the banking system. Activities in the Nigerian equities market slowed, in response to rising interest rate, reflecting the preference for fixed income securities, due to its attractive yields.

The external sector performance showed improvement in Q32024, due to a higher trade surplus and remittances inflow. The financial account recorded a higher net acquisition of financial assets, driven largely by higher foreign currency and deposit holdings by residents and accretion to external reserves. At US$39.29 billion, the level of external reserves could cover 8.91 months of import for goods and services or 13.34 months for goods only. The average exchange rate at the NFEM depreciated by 14.62 per cent to ₦1,588.64/US$, from ₦1,385.96/US$ in Q22024.

1.0 GLOBAL ECONOMIC DEVELOPMENTS

Summary

Global economic activity slowed in Q32024, as the decline in manufacturing sectors outweighed the rise in services. Within the advanced economies (AEs) and in many emerging markets and developing economies (EMDEs), mixed patterns were observed, owing to country-specific factors. Inflation moderated in most AEs and EMDEs in Q32024, following the decline in energy and gasoline prices. Financial markets recorded mixed performances across regions, due, largely to the anticipation of further rate cuts by the Fed and other central banks. The global bonds market slowed in the review quarter as most central banks adopted an accommodative policy stance, signalling the onset of policy normalisation.

1.1 Global Economic Activity

Global Economic Activity

Global economic activity fell in Q32024, following a decline in manufacturing sector, which outweighed the rise in services sector. The global composite purchasing managers' index (PMI) decreased to 52.43 index points in Q32024 from 52.90 index points in Q22024, though it remained within the expansion region. The decline was attributed to a fall in employment level, new business orders, new export orders, future output and output prices.

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

	Q12024	Q22024	Q32024
Composite (Output)	**52.30**	**52.90**	**52.43**
Employment Level	50.90	51.30	50.40
New Business Orders	52.10	52.00	51.67
New Export Business Orders	49.80	49.60	48.97
Future Output	63.80	62.10	61.27
Input Prices	56.60	56.30	56.63
Output Prices	53.80	52.80	52.47
Manufacturing	**50.60**	**50.90**	**49.37**
Services (Business Activity)	**52.40**	**53.10**	**53.33**
New Business	52.50	52.40	52.83
New Export Business	50.60	50.60	50.93
Future Activity	64.30	63.10	61.87
Employment	51.20	51.50	50.70
Outstanding Business	49.20	50.00	49.60
Input Prices	58.10	56.70	57.40
Prices Charged	54.70	53.00	52.87

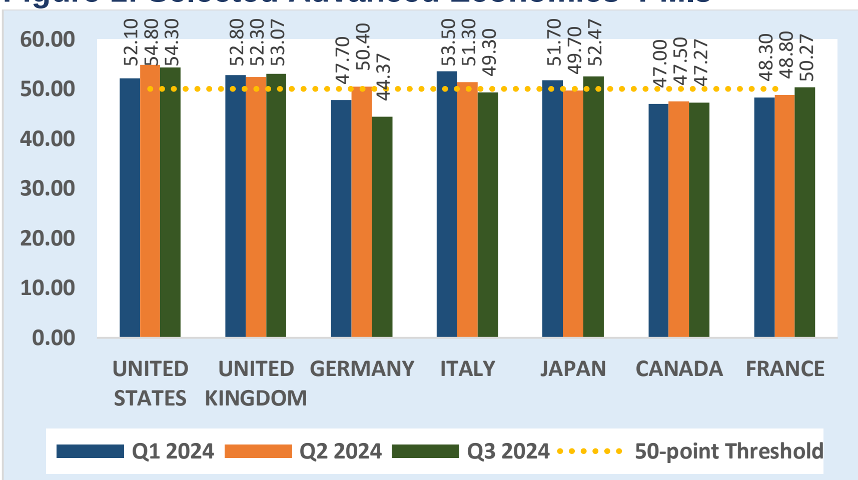
Source: JP Morgan

Economic Activity in Advanced Economies

A mixed trend was experienced in AEs owing to country-specific idiosyncrasies. The PMI in the UK expanded further to 53.07 index points in Q32024 from 52.30 index points in the preceding quarter, buoyed by the continued rise in new orders as both services and manufacturing sectors expanded. Economic activities in Japan and France moved from contraction territory, rising to 52.47 and 50.27 index points in Q32024, respectively, from 49.70 and 48.80 index points in the preceding quarter. In Japan, the expansion was driven by increased new orders in the services sector, while activity in France was bolstered by the Olympic Games leading to a sharp upswing in the country's services sector, especially in August 2024. At 54.30 index points, the economic activity in the US expanded slowly in Q32024 relative to the 54.80 index points in the preceding quarter, as the contraction of the manufacturing sector deepened.

Economic activity, however, contracted in Germany and Italy contracted as the PMI declined to 44.37 and 49.30 index points in Q32024, relative to 50.40 and 51.30 index points in Q22024. In Germany, the contraction was attributed to a broad-based decline in demand, while that of Italy was due, largely, to the decline in manufacturing sector output. Canada's PMI level declined from 47.50 index points in the preceding quarter to 47.27 index points in Q32024, on account of a fall in service sector new business.

Figure 1: Selected Advanced Economies' PMIs



Source: Trading Economics/Various countries' websites.

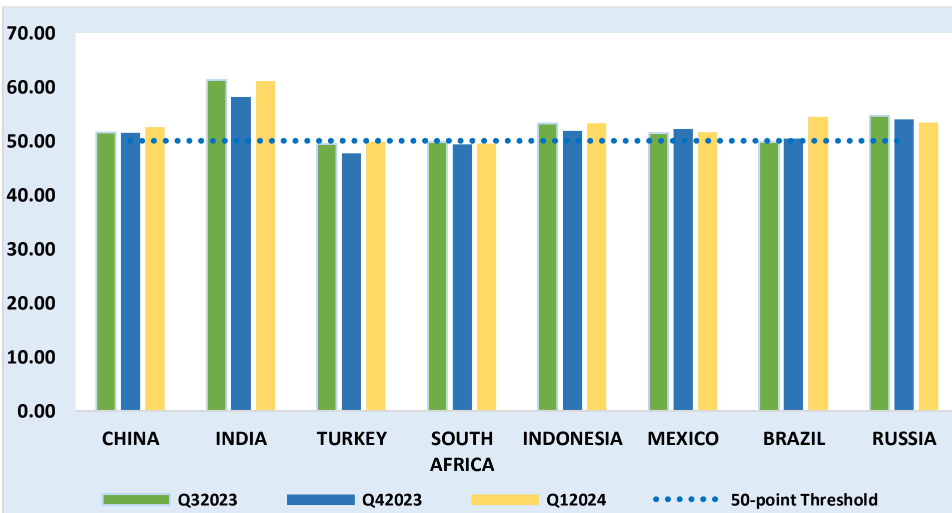
Economic activity in EMDEs

Economic activity in EMDEs was also mixed during the review quarter. Economic activity gained momentum in Brazil as the PMI rose to 54.70 index points in Q32024 from 54.10 index points in the preceding quarter driven, largely, by the rise in services and manufacturing activities as new business inflows surged. Similarly, economic activities in South Africa and Russia expanded as the PMI rose to 50.27 and 51.13 index points in Q32024, respectively, from 49.20 and 49.80 index points in Q22024. The expansion was supported by the strong growth in the services sector and a faster rise in new orders in Russia, as well as improved demand conditions in South Africa.

China and India recorded slower expansions as the PMI stood at 50.90 and 59.90 index points, respectively, in Q32024 from 52.80 and 60.90 index points in Q22024, due to a decline in new orders from both domestic and international demand in the two countries.

PMI in Indonesia and Mexico, however, contracted to 49.13 and 48.47 index points, respectively, in Q32024 from 50.70 and 51.10 index points in the preceding quarter. While the contraction was driven by a decline in factory activities in Indonesia, declines in new orders, production and employment were the drivers in Mexico. In Q32024, subdued demand from international market led to the broad-based slowdown of economic activity in Turkey, as the PMI contracted further to 46.43 index points from 47.90 index points in the preceding quarter.

Figure 2: PMI in Selected Emerging Market and Developing Economies



Source: Trading Economics/Various countries' websites.
Note: Turkey, Indonesia and Mexico PMIs data were based on manufacturing PMI.

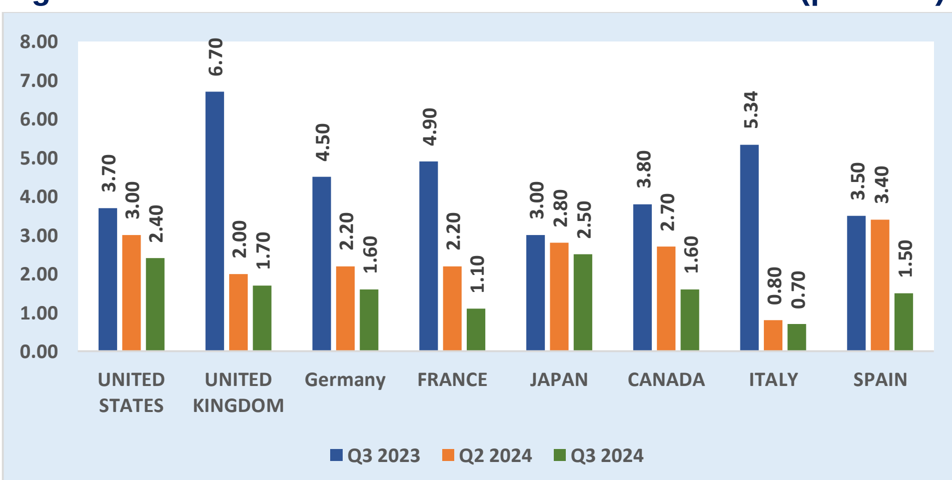
1.2 Global Inflation

Global Inflation

Global inflation pressure moderated in AEs, but varied across EMDEs in Q32024 driven, largely, by decline in energy prices. Inflation in the US decelerated to 2.40 per cent in Q32024 from 3.00 per cent in the preceding quarter on account of moderation in energy and transportation costs. The UK's inflation fell to 1.70 per cent in the review period from 2.00 per cent in the previous quarter eased by falling transportation costs, particularly, air fares and motor fuels. Similarly, inflation in Germany moderated to 1.60 per cent in Q32024 from 2.20 per cent in the preceding quarter, decline in goods and energy costs. Inflation in Japan moderated to 2.50 per cent in Q32024, from 2.80 per cent in the preceding quarter, owing to the lower prices of food, communication, furniture and household utensils.

In Italy and Spain inflation decelerated to 0.70 and 1.50 per cent, respectively, in Q32024, from 0.80 and 3.40 per cent in the preceding quarter. The development followed decline in regulated energy and transportation costs as the countries continued to secure new power supply, following the persisting Russia-Ukraine war. France and Canada also recorded lower inflation to 1.10 and 1.60 per cent, respectively, from 2.20 and 2.70 per cent due to a reduction in the costs of petroleum product and the prices of manufactured products.

Figure 3: Inflation in Selected Advanced Economies (per cent)

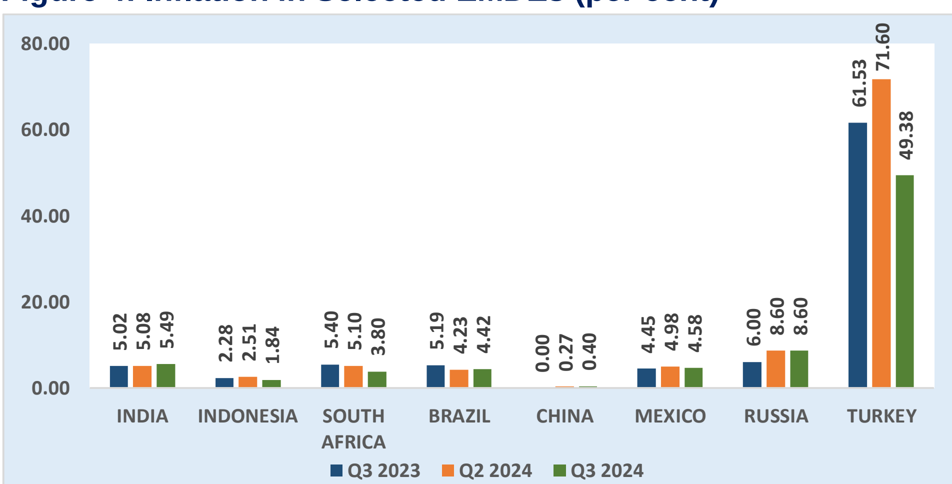


Source: Trading Economics

Inflation trends varied across EMDEs. Inflation in Indonesia declined to 1.84 per cent in Q32024 from 2.51 per cent in the preceding quarter, driven by declines in the costs of food, transport, clothing, and communication. Similarly, Turkey recorded a significant moderation in inflation to 49.38 per cent in Q32024, from 71.60 per cent in the preceding quarter, due to base effects and a broad easing across the sub-indexes. Inflation in Mexico reduced to 4.58 per cent in Q32024 from 4.98 per cent due, largely, to sustained easing of prices for food and non-alcoholic beverages. South Africa's inflation fell to 3.8 per cent in Q32024 from 5.1 per cent in the preceding quarter, due to decrease in transportation cost. In Russia, inflation remained unchanged at 8.60 per cent as in the previous quarter, steadied by the contractionary monetary policy stance.

Inflation in India and Brazil, however, rose to 5.49 and 4.42 per cent, respectively, in Q32024 from 5.08 and 4.23 per cent in the preceding quarter, on account of increases in the prices of food and beverages, and the costs of airfares and ethanol. Similarly, China's inflation rose to 0.40 per cent from 0.27 per cent, due to rising food prices.

Figure 4: Inflation in Selected EMDEs (per cent)



Source: Trading Economics

1.3 Global Financial Markets

1.3.1 Global Financial Conditions

The performance of financial markets varied across regions in Q32024 due, largely, to the moderation in inflation and the anticipation of further rate cuts. Stock markets in AEs remained resilient supported by strong sustained optimism around artificial intelligence (AI), moderating inflation pressures, and the anticipated rate cuts by most central banks.

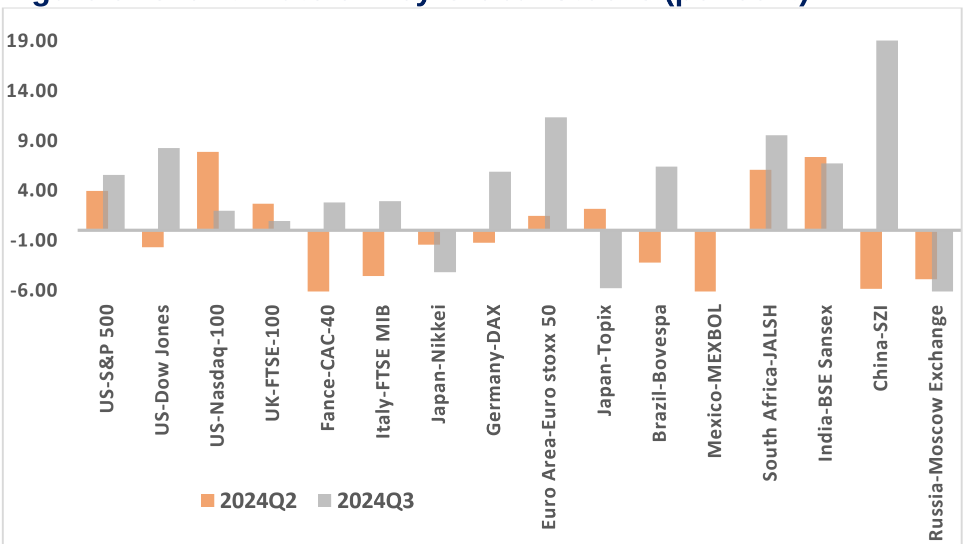
The EURO STOXX rebounded by 11.33 per cent, reflecting a recovery from previous stock selloffs, owing to improved economic conditions and rate cuts by the European Central Bank (ECB). Similarly, German DAX delivered a 5.85 per cent return to investors. There were expansions in the Italian FTSE MIB (2.93%), France CAC 40 (2.76%) and UK FTSE 100 (0.89%) for Q32024. The US stock market also rallied on the back of optimism about the tech-sector of the economy, especially around artificial intelligence (AI), cloud computing, and biotech industries. The 50-basis points rate cut by the US Fed further strengthened the equities market, particularly, the US Dow Jones which grew by 8.21 per cent, S&P 500, 5.53 per cent, and NASDAQ 100, 1.92 per cent. The Japanese TOPIX and NIKKEI indexes, however, fell by 5.83 and 4.20 per cent due, largely, to the unexpected 15 basis points hike by the Bank of Japan as it transitioned from a long-standing ultra-loose monetary stance in efforts to stimulate growth.

The performance of equities in EMDE's also varied. South African JALSH grew by 9.51 per cent buoyed by a market-friendly election outcome. The Chinese SZI grew by 19.00 per cent, following government's promise of an aggressive stimulus plan, which included rate cuts and support for the struggling real estate sector. Similarly, Indian BSE SENSEX and Brazilian BOVESPA appreciated by 6.66 and

6.38 per cent, respectively, owing to positive investor sentiments in the market.

Russian MOEX, however, declined by 9.26 per cent in Q32024, on account of downturns in the energy and mining sectors, amid geopolitical and economic challenges.

Figure 5: Growth rate of Key Global Stocks (per cent)



Source: Reuters Refinitiv Eikon & Trading Economics

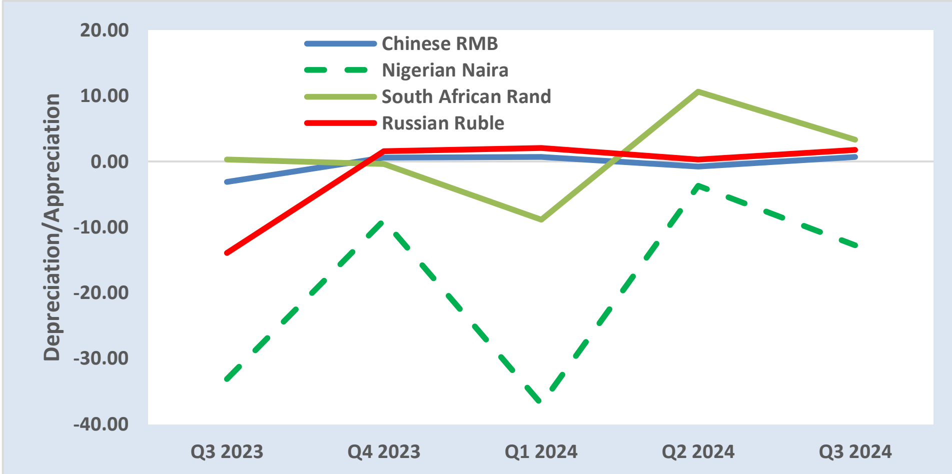
Bond yields fell across AEs and EMDEs, following monetary policy normalisation by most central banks on the heels of falling inflation. In the US and Canada, the 10-year bond yield fell to 3.79 and 2.96 per cent, respectively, in Q32024 compared with 4.34 and 3.51 per cent in the preceding quarter, following investors' expectation of monetary easing in both countries. Similarly, the 10-year bond yield in the UK and Euro area declined to 4.01 and 2.13 per cent, respectively, in Q32024 relative to 4.18 and 2.49 per cent in the preceding quarter in response to lower-than-expected inflation outcome and falling policy rates which strengthened the expectation of further interest rate cuts by BoE and ECB. The 10-year bond yield in Japan and Italy also fell to 0.86 and 3.47 per cent, respectively, in Q32024 from 1.05 and 4.07 per cent in Q22024. The fall in the Japan's and Italy's bond yield was supported by investors' weariness due to monetary policy normalisation.

In EMDEs, bond yield in India, Indonesia and Mexico declined to 6.75, 6.46, and 9.35 per cent, respectively, in Q32024 relative to 7.01, 7.05, and 9.83 per cent in the preceding quarter. The decline was attributed to softening labour market, amidst moderating inflation. Similarly, bond yield declined in South Africa to 8.85 per cent in Q32024 from 9.99 per cent in Q22024, following strong investors' appetite for equities as gains in resource-linked sectors continued. Bond yield in Russia also fell to 14.30 per cent from 15.11 per cent in the preceding quarter, amidst geopolitical concerns, which dampened investors' confidence. Yield, however, rose in Turkey to 26.63 per cent in Q32024 from 26.52 per cent in the preceding quarter, due to expectations of further interest rate hike as inflation remained elevated.

Emerging Market Currencies

The Chinese, Russian rubble, and the South African rand appreciated by 0.67, 3.34, and 1.78 per cent, respectively, while the Nigerian naira depreciated by 12.78 per cent against the US dollar, compared to their levels in the preceding quarter. The appreciation of these currencies in Q32024 reflected de-dollarization efforts by BRICS, sanctions driving Russia toward RMB use, and supportive economic policies in China and South Africa.

Figure 6: Selected EMEs Currency Values to the US dollar



Sources: Central Bank Nigeria and Reuters

Table 2: Selected EMDEs Currency Rates to the US dollar

Period	Chinese RMB	Nigerian naira	South African rand	Russian rubble
Q32023	7.24	764.82	18.64	94.37
Q22024	7.21	1385.96	18.57	90.78
Q32024	7.16	1588.64	17.97	89.19

Sources: Central Bank of Nigeria & Reuters

1.4 Global Commodity Markets

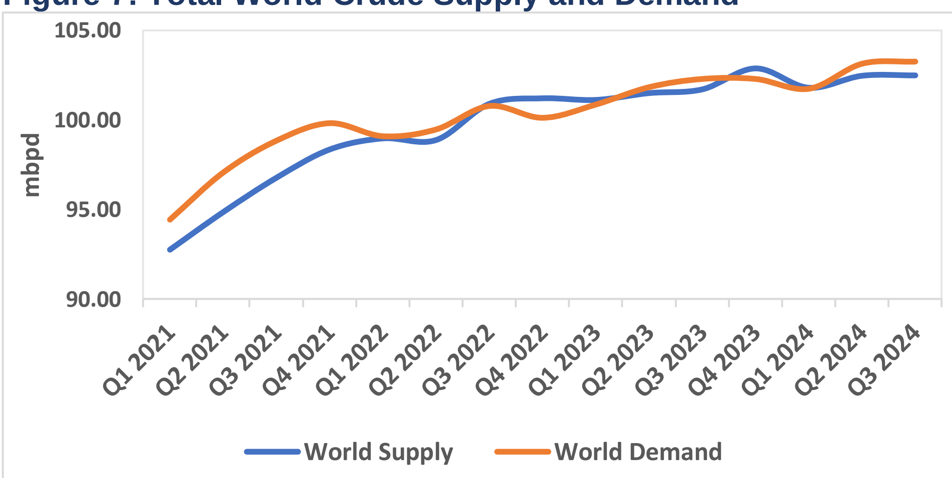
World Crude Supply and Demand

The global crude oil market recorded an uptick in Q32024, due to by increased supply from the US and Canada, as well as a marginal rise in demand. The total crude oil supply, including Natural Gas Liquids (NGLs), increased slightly by 0.02 per cent to 102.48 million barrels per day (mbpd) in Q32024, from 102.46 mbpd in the preceding quarter. This growth followed the higher production in Canada, due to increased capital expenditures by oil companies in Alberta and Saskatchewan. In addition, the resumption of the Terra Nova offshore oil field in Newfoundland and Labrador, which had been offline since 2019, contributed to the production boost.

Non-OPEC supply rose marginally by 0.28 per cent to 70.57 mbpd in Q32024 compared with 70.37 mbpd in the previous quarter due, to increased output in Canada. OPEC supply, however, fell by 0.59 per cent to 31.90 mbpd in Q32024, from 32.09 mbpd in the previous quarter, following reduced supplies from Libya, Iraq, Gabon, Kuwait and Congo.

Analysis of the demand side showed a marginal 0.12 per cent increase to 103.25 mbpd in Q32024 compared with 103.13 mbpd in the preceding quarter as demand for natural gas and other liquids increased. The increase reflected the rising demand for jet fuel and gasoline, following a spike in passenger travels during the summer season, especially in the US.

Figure 7: Total World Crude Supply and Demand

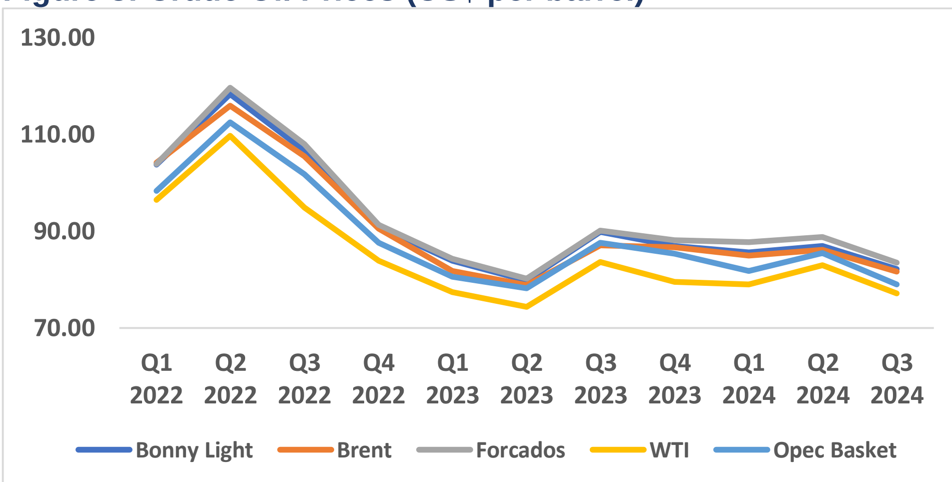


Source: Energy Information Administration

Crude Oil Prices

Crude oil spot prices decreased in Q32024 driven, mainly, by the increase in global oil demand, despite supply disruptions in the Middle East. The average spot price of Nigeria's reference crude oil, Bonny Light, fell by 5.45 per cent to US$82.23 per barrel (pb) in Q32024, from US$86.97 pb in the previous quarter. Similar downward trends were observed in the prices of Brent (US$81.66 pb), Forcados (US$83.55 pb), West Texas Intermediate (US$77.11 pb), and the OPEC Reference Basket (US$78.96 pb).

Figure 8: Crude Oil Prices (US$ per barrel)



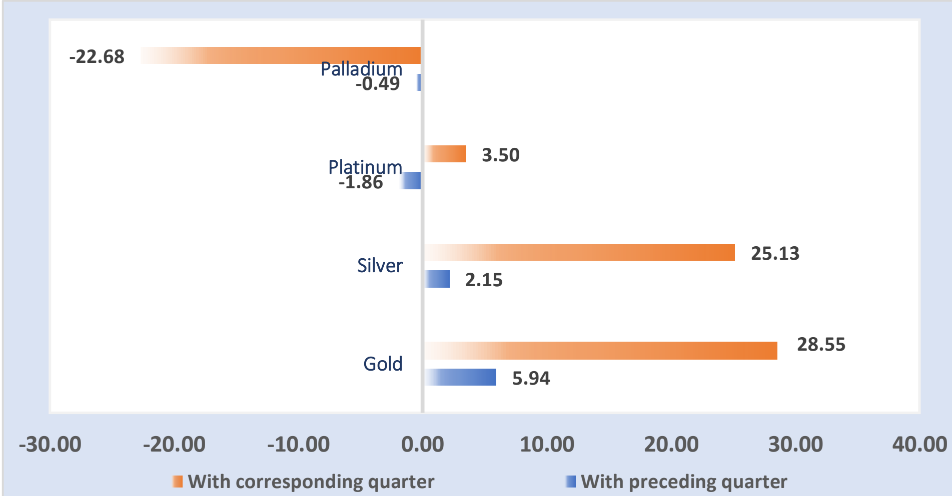
Source: Refinitiv Eikon (Reuters)

Other Mineral Commodities

In Q32024, the average spot prices of gold and silver increased, while platinum and palladium declined. The average spot price of gold rose by 5.94 per cent to US$2,476.23 per ounce from US$2,337.47 per ounce in the previous quarter. The price of silver increased by 2.14 per cent to US$29.48 per ounce, relative to US$28.86 per ounce in the preceding quarter. The price increases were driven by expectations of further monetary policy easing and lower opportunity cost of holding non-yielding assets.

The spot price of platinum and palladium, however, fell by 1.86 and 0.48 per cent to US$959.91 per ounce and US$966.23 per ounce, respectively, in Q32024, from US$978.09 per ounce and US$970.95 per ounce in the previous quarter. According to the World Platinum Investment Council, the price of platinum dropped due to a decline in refined production in South Africa, Zimbabwe, Russia, and North America. The decline in the price of palladium was attributed to low demand, resulting from a gradual shift by car manufacturers from internal combustion engines (ICE) to battery electric vehicles (BEV).

Figure 9: Price Changes in Selected Metals (per cent)



Source: Refinitiv Eikon (Reuters)

Agricultural Commodity Prices

Prices of most global agricultural commodities monitored declined, due to favourable supply conditions amidst pessimistic demand. The all-commodity price index declined by 3.06 per cent to 144.34 points in the third quarter of 2024, from the 148.89 points in the preceding quarter. The decrease was driven, largely, by a 19.80 and 12.86 per cent decline in the prices of cocoa and soya beans, respectively. In addition, there was a notable decline in the prices of groundnuts (7.51%), cotton (6.23%), and wheat (5.62%). The decline in the prices was due, largely, to improved supply amidst lower demand. The prices of coffee, palm oil and rubber, however, increased by 15.78, 5.36, and 4.30 per cent, respectively, on account of supply constraints, driven by adverse weather conditions.

Table 3: Dollar-based Indices of Average World Prices of Nigeria's Major Agricultural Export Commodities (Jan 2010=100)

COMMODITY	Q32023	Q22024	Q32024	% Change	
				(1) & (3)	(2) & (3)
	1	2	3	4	5
All Commodities	***127.16***	***148.89***	***144.34***	***13.51***	***-3.06***
Cocoa	*98.89*	*241.59*	*193.76*	*95.93*	*-19.80*
Cotton	*123.63*	*111.92*	*104.95*	*-15.11*	*-6.23*
Coffee	*178.89*	*275.73*	*319.24*	*78.46*	*15.78*
Wheat	*161.70*	*137.06*	*129.36*	*-20.00*	*-5.62*
Rubber	*44.01*	*55.71*	*58.11*	*32.04*	*4.30*
Groundnut	*166.60*	*151.42*	*140.05*	*-15.94*	*-7.51*
Palm Oil	*103.06*	*107.06*	*112.79*	*9.44*	*5.36*
Soya Beans	*140.47*	*110.68*	*96.44*	*-31.34*	*-12.86*

Source: World Bank Pink Sheet

1.5 MONETARY POLICY STANCE

Most central banks adopted an accommodative policy stance in Q32024, signalling the onset of policy normalisation. The US Fed cut rates by 50.00 basis points to between 4.75 and 5.00 per cent due to a sustained moderation in inflation towards the target. Similarly, the Bank of England reduced rate by 25.00 basis points to 5.00 per cent, on account of sustained reduction of inflation pressure. The same vein, the Bank of Canada and the ECB, lowered rates by 70.00 and 60.00 basis points to 4.25 and 3.65 per cent, respectively. The Bank of Japan, however, raised its rate to 0.25 per cent in Q32024 from 0.10 per cent in the preceding quarter, due to price pressures.

Most emerging economies also adopted accommodative policy stance due to sustained moderation in inflation pressure. The Bank of Mexico and the Reserve Bank of South Africa lowered rates by 50.00 and 25.00 basis points to 10.50 and 8.00 per cent in Q32024. China cut rate to

3.35 per cent in Q32024 from 3.45 per cent in Q22024 to bolster the fragile economic recovery. In India and Turkey, rates were retained at 6.50 and 50.00 per cent, respectively in Q32024. In contrast, Russia, hiked policy rate by 300 basis points to 19.00 per cent in Q32024 from 16.00 per cent in the preceding quarter, on account of rising inflation. The Bank of Brazil likewise raised its policy rate by 25 basis points to 10.75 per cent in Q32024 from 10.50 per cent in Q22024.

Table 4: Central Bank Policy Rates (per cent)

Country	Q42023	Q12024	Q22024	Q32024
US	5.25-5.50	5.25-5.50	5.25-5.50	4.75-5.00
Canada	5.00	5.00	5.00	4.25
Euro Area	4.50	4.50	4.25	3.65
United Kingdom	5.25	5.25	5.25	5.00
Japan	-0.10	0.00-0.10	0.10	0.25
Brazil	11.25	10.75	10.50	10.75
Russia	16.00	16.00	16.00	19.00
India	6.50	6.50	6.50	6.50
China	3.45	3.45	3.45	3.35
South Africa	8.25	8.25	8.25	8.00
Mexico	11.25	11.00	11.00	10.50
Indonesia	6.00	6.00	6.25	6.00
Turkey	42.50	50.00	50.00	50.00

Source: Various Central Banks' websites, Trading Economics.

2.0 DOMESTIC ECONOMIC DEVELOPMENTS

2.1 Real Sector Developments

Summary

The economy grew by 3.46 per cent in Q32024, with output reaching ₦20.115 trillion, up from 3.19 per cent (₦18.285 trillion) in Q2 2024, driven mainly by the non-oil sector. Inflation moderated during the quarter, reflecting the fall in the food component of the CPI basket, and driven by the restrictive monetary policy stance. Domestic crude oil production increased, following enhanced security measures around oil pipeline infrastructure in the Niger Delta region.

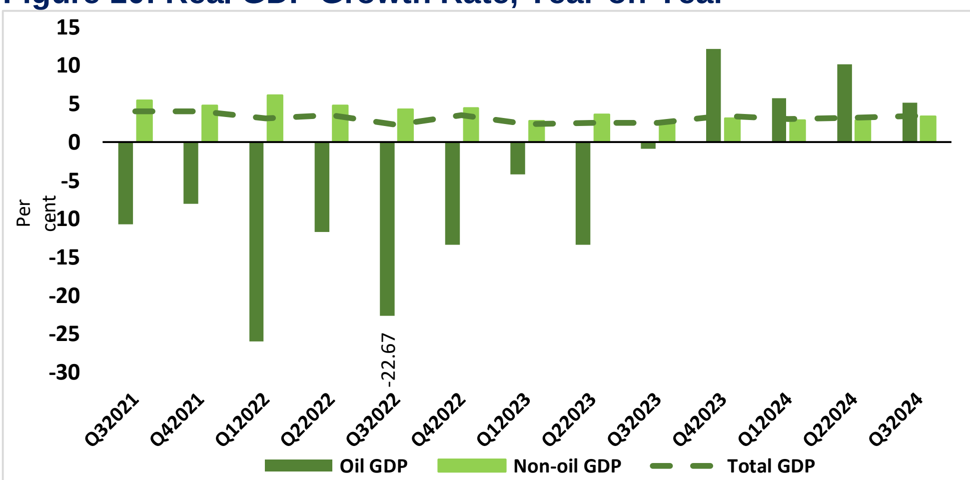
Domestic Output

Despite persisting headwinds, the economy continued to expand in the third quarter of 2024. The growth of 3.46 per cent recorded in Q32024, represented the third consecutive expansion year-to-date surpassing the 3.19 per cent and 2.54 per cent recorded in Q22024 and corresponding quarter of 2023, respectively. Growth was on account of continued efforts to improve the business environment, streamline cumbersome business processes and deepen the quality of business infrastructure. The 24-month window period opened for the banking sector re-capitaliisation (according to their license category and authorisation) supported the robust growth in the services sector, particularly, the finance and insurance sub-sector.

The continued drive of the government to improve crude oil production to a target of 2mbpd by year-end of 2024, helped the oil sector to maintain a positive growth for the fourth consecutive quarter. Thus, the oil sector grew by 5.17 per cent (year-on-year) in Q32024, compared with a growth of 10.15 per cent in the preceding quarter, and contributed 0.28 percentage point to the overall growth in the period under review. The performance was slower compared to the preceding quarter, owing to a drop in prices of Nigeria's Bonny Light crude in the international market, to US$82.07/b from US$86.92/b in Q22024. However, with the increase in crude oil production from 1.27mbpd in Q22024 to 1.33mbpd in Q32024, the sector maintained a positive contribution to overall growth.

The non-oil sector growth accelerated to 3.37 per cent in Q32024 compared with a growth rate of 2.80 per cent in the preceding quarter, contributing 3.18 percentage points to total growth. The expansion of the non-oil sector was driven by the performance of the financial & insurance, information & communication, crop production, trade, transportation & storage, and real estate sub-sectors.

Figure 10: Real GDP Growth Rate, Year-on-Year

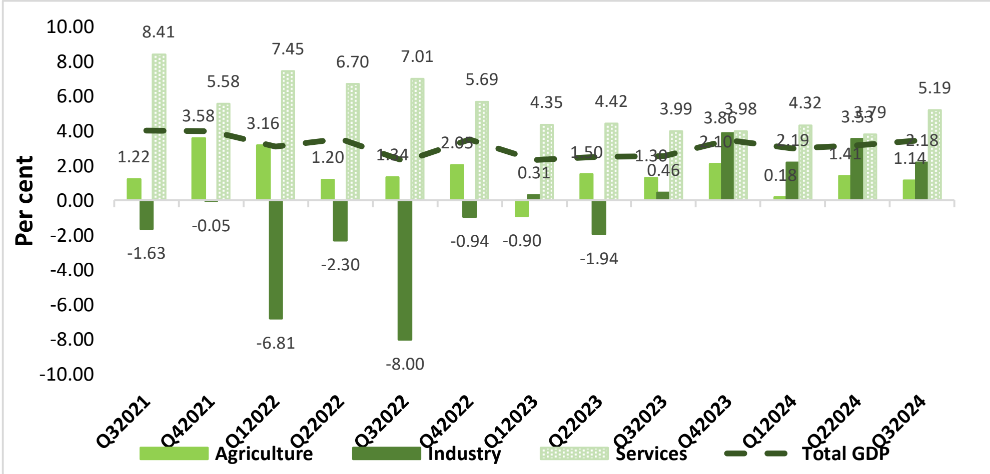


Source: National Bureau of Statistic

2.1.1 Sectoral Performance

All the sectors, (agriculture, industry and services) grew in Q32024. The Services sector expanded at the fastest pace by 5.19 per cent in Q32024, compared with 3.79 per cent in Q22024 and 3.99 per cent in Q32023, remaining the most dominant sector, and accounting for 53.58 per cent of aggregate GDP.

Figure 11: Sectoral Growth Rate of Real GDP



Source: National Bureau of Statistics

Within the services sector, financial & insurance sub-sector grew by 30.83 per cent, compared with 28.79 and 28.21 per cent in the preceding and corresponding quarters of 2023, respectively. This performance was spurred by gains from the recapitalisation exercise that was announced by the CBN. Other factors such as profits from interest gains (following continued hike in interest rates), consultancy fees, and ATM & transfer fees contributed to the growth of the sub-sector. Also, given the financial sector's ongoing digital transformation (including the significant growth of fintech companies, mobile banking, and digital payment systems), the information and communications subsector grew by 5.92 per cent (contributing 0.95pp to GDP growth). The performance of the ICT sub-sector was further boosted by the ongoing demand for digital services like e-commerce and data/internet services, which helped to grow economic activity in the other sub-sectors like trade and real estate 0.65 and 0.68 per cent, respectively.

The transport and storage sub-sector grew by 12.15 per cent, compared with contractions of 13.53 and 35.85 per cent in the preceding and corresponding quarters of 2023, respectively. The growth was driven by the increase in road transport owing to improved security conditions and substitution from air transport (due to higher air fares). Also, sustained investments in road infrastructure, as well as investments in alternative source of energy (CNG) for road transport contributed to the uptick in the sub-sector.

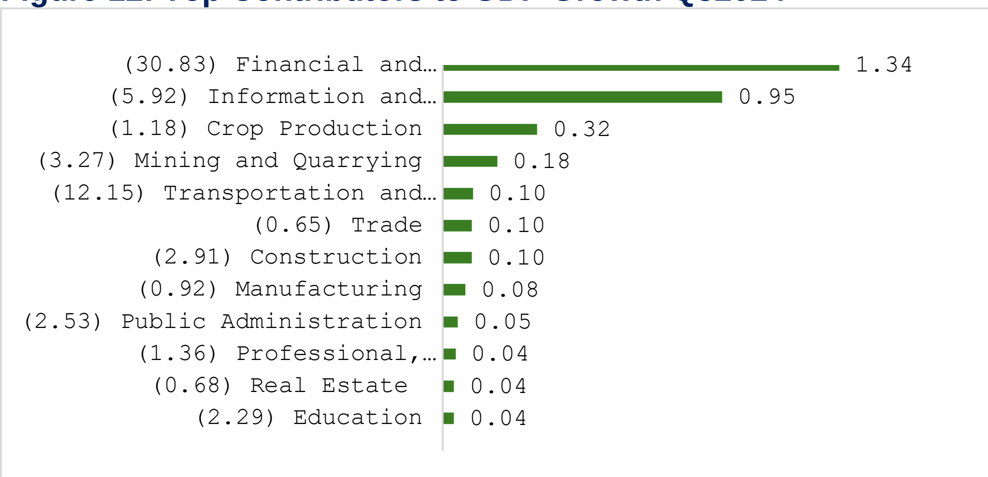
The agriculture sector grew modestly by 1.14 per cent, compared with 1.41 and 1.30 per cent in the preceding and corresponding quarters of 2023, respectively. The growth was driven by the favourable weather conditions and increased harvests of some staples. Crop production grew by 1.18 per cent, compared with1.65 per cent in Q22024, while the forestry and livestock sub-sectors grew by 2.23 and 1.03 per cent, respectively, compared with a growth of 2.77 per cent and a contraction of 1.71 per cent in Q22024. The fishing sub-sector, however, contracted by 1.91 per cent, against a growth of 0.38 per cent in the preceding quarter.

The industry sector maintained a positive trajectory, growing by 2.18 per cent in Q32024, compared with 3.53 and 0.46 per cent in Q22024 and Q32023, respectively. This slower growth reflected in the Industrial Production Index (IPI), which grew by 2.04 per cent (year-on-year) in Q32024, compared with 4.13 per cent in the preceding quarter. Sustained efforts by the government, however, to improved crude oil production (to 1.33mbpd in Q32024 from 1.27 mbpd in Q22024), contributed to the sector's growth outcome in the period under review. The increased production was on account of improved security in the oil producing region. Modest performances were recorded in the mining & quarrying sub-sectors with a growth of 3.27 per cent compared with 7.79 per cent and a contraction of 1.96 per cent in the preceding and corresponding quarters of 2023, respectively.

The industry sector, less oil, grew by 0.87 per cent compared with 0.85 and 1.04 per cent in the preceding and corresponding quarters of

2023, respectively. Growth reflected the sustained gains in water supply (9.78%), sewerage waste management (3.23%); milder expansions in electricity, construction (2.91%), and manufacturing (0.92%) activities, with growth rates, respectively. However, marked contraction was observed in the mining and quarrying subsector which shrunk by 61.36 per cent compared with 45.89 and 29.01 per cent contractions in the preceding and corresponding quarters of 2023, respectively. This reflected the continued poor performance of quarrying & other minerals and coal mining despite modest improvements in metal ores-related activities.

Figure 12: Top Contributors to GDP Growth Q32024



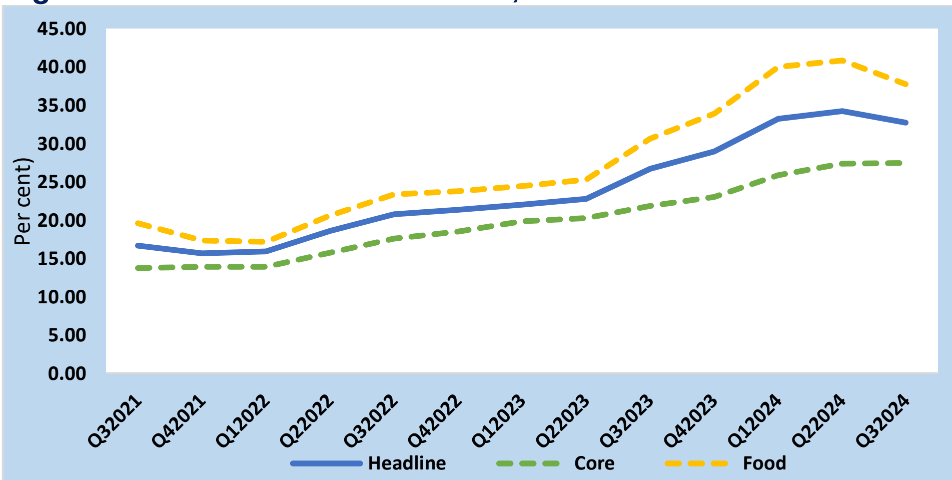
Source: National Bureau of Statistics
Note: Growth rates are in parenthesis

2.1.2 Inflation

Headline Inflation

Inflation moderated in the third quarter of 2024, driven by a fall in the food component of the CPI basket, and the impact of the Bank's restrictive policy stance. The headline inflation (y-o-y) declined to 32.70 per cent in the third quarter of 2024, from 34.19 per cent in the previous quarter. This, however, was higher than the 26.72 per cent in the corresponding quarter of 2023.

Figure 13: Year-on-Year Headline, Food and Core Inflation



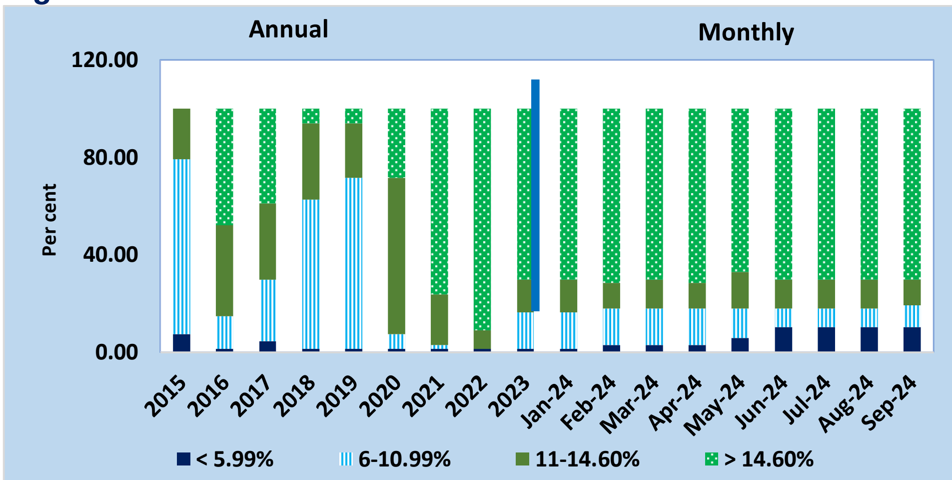
Source: Staff compilation based on National Bureau of Statistics data

Inflation Pervasiveness

Inflation remained broadly distributed across the components of the CPI basket during the review quarter, as statistical evidence showed a slight decrease in its pervasiveness. Specifically, 70.14 per cent of items in the CPI basket exceeded the historical average of 14.60 per cent (2010-2024) compared with 70.15 per cent in the preceding quarter[1]

1 The historical average was adjusted in August 2024 to 14.60 per cent (2010-2024), from 14.18 per cent (2010-2023) in the preceding months to reflect recent reality, given the base period.

Figure 14: Inflation Pervasiveness[2]

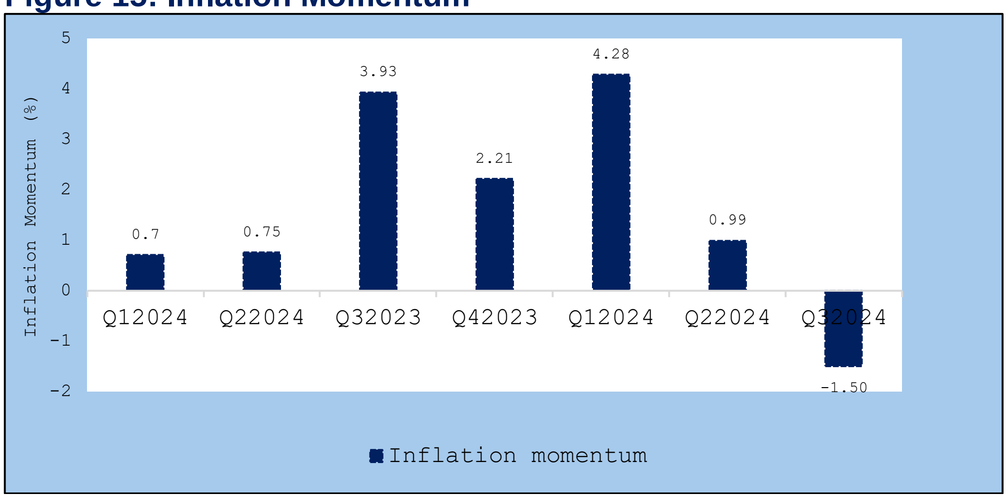


Source: Staff compilation based on National Bureau of Statistics data

Inflation Momentum

Inflation momentum slowed in Q32024, reflecting the decline in headline and food inflation. Momentum slowed by 1.50 percentage points in the third quarter, compared with an increase of 0.99 percentage point in the preceding quarter.

Figure 15: Inflation Momentum[3]



[2] 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 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 per cent and 9.99 per cent, between 10 per cent and 13.10 per cent, and also inflation above 13.10 per cent.

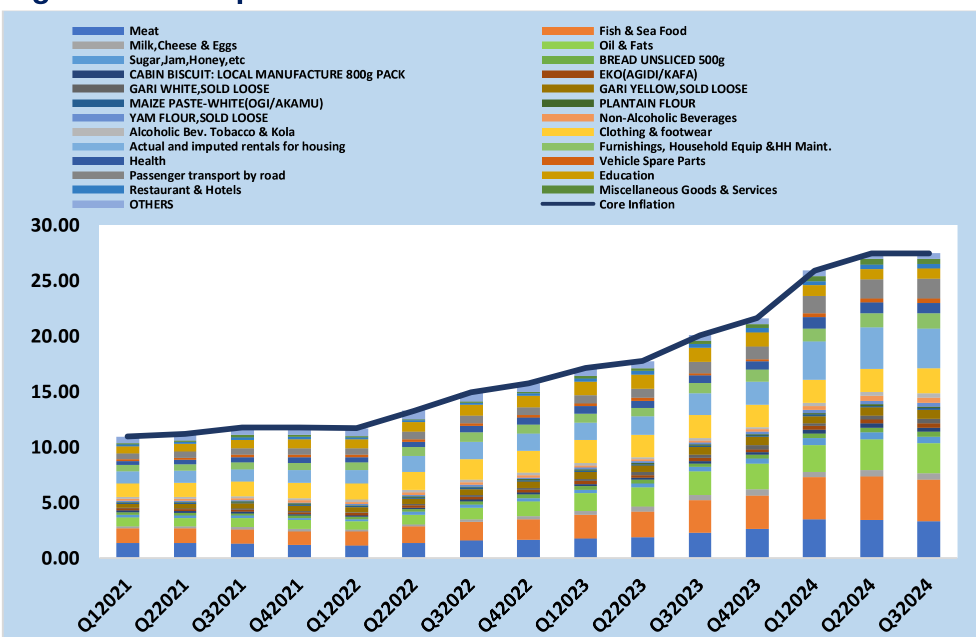
3 Inflation Momenta is measured by taking the CPI for December end period of every year as the base period to calculate the year-to-date inflation. The annualized or inflation momentum is then gotten by dividing the year-to-date inflation of the current period by the figure that stands for each of the 12 months (e.g: 1=January, 3=March, 9=September, or 11=November etc).

Source: Staff compilation based on National Bureau of Statistics data

Core measures of underlying Inflation

Core inflation (excluding farm produce and energy) was nearly steady at 27.43 per cent in Q32024, compared with 27.40 per cent in Q22024. Despite the relative stability, higher manufacturing input costs and foreign exchange constraints continued to exert upward pressure on core inflation. Further analysis of the core inflation drivers revealed that fish & seafood (3.72 pp), actual & input rentals for housing (3.55 pp), meat (3.30 pp), oil & fats (2.71 pp), and clothing & footwear (2.27 pp), accounted for the slight uptick.

Figure 16: Component Drivers of Core Inflation



Source: Staff compilation based on National Bureau of Statistics data

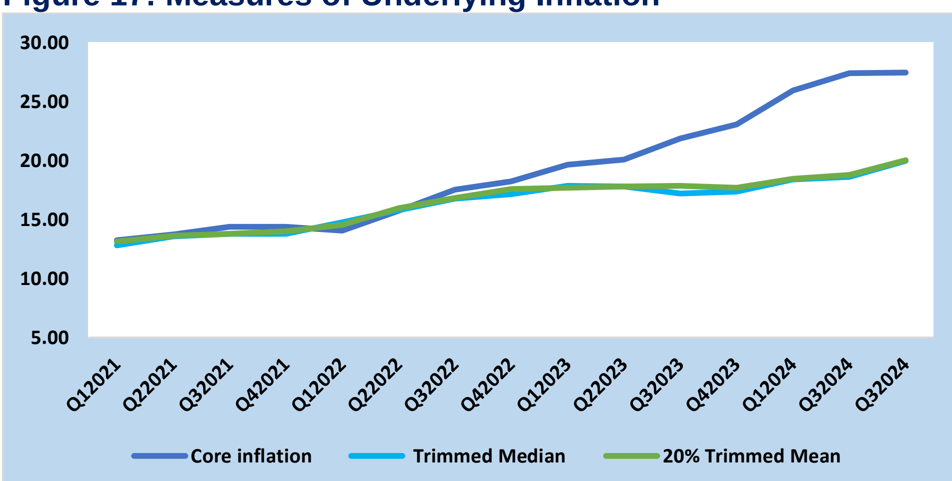
Trimmed Mean and Median measures

Although underlying inflation remained elevated across all measures, the trend in trimmed mean and median measures rose at a slower pace compared with the core inflation measure in the review quarter.[4] The

[4] **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.

core measure of underlying inflation was 7.46 percentage points higher than the trimmed mean measure and 7.51 percentage points above the trimmed median. This indicates that more items were volatile and were excluded from the trimmed measures of underlying inflation. Thus, fourteen items (20% of the CPI basket) were excluded from the core component, seven apiece from the lower and upper bands. For the lower band the contributions were telephone & telefax services (1.26 pp), telephone & telefax equipment (2.20 pp), passenger transport by sea & inland waterway (4.53 pp), motorcycles (4.94 pp), musical instrument (5.10 pp), motor cars (5.56 pp), and water supply (5.94 pp). The upper band contributors included, actual & imputed rentals for housing (36.68 pp), oils & fats (37.22 pp), coffee, tea & cocoa (37.27 pp), tobacco gas (37.90 pp), potatoes, yam & other tubers (41.15 pp), and bread & cereals (41.92 pp) were excluded.

Figure 17: Measures of Underlying Inflation



Source: Staff compilation based on National Bureau of Statistics data

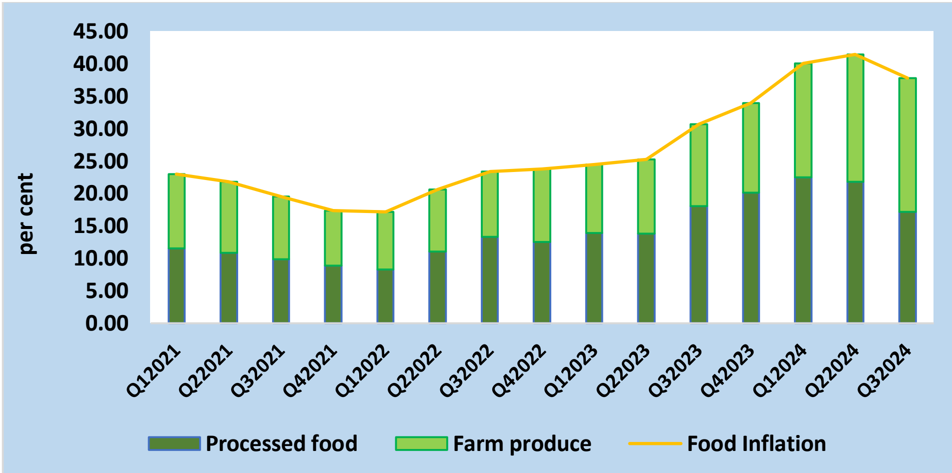
Food Inflation

Food inflation declined to 37.77 per cent (y-o-y) in Q32024, from 40.87 per cent in the previous quarter, driven by increased supply of farm produce and processed food items. The development was attributed to

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

the growing impact of government policies aimed at addressing food shortages, including expanded credit for domestic agricultural production and the easing of restrictions on some food imports.

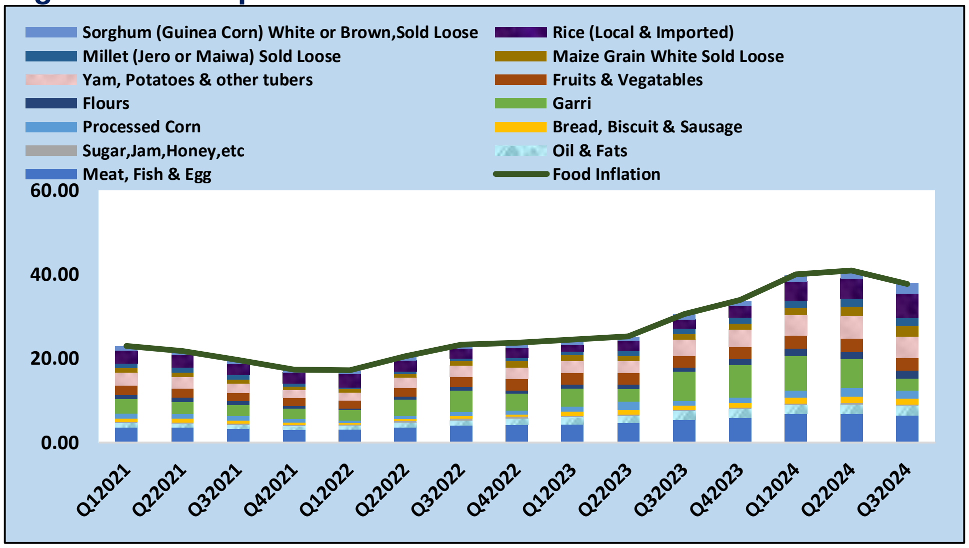
Figure 18: Contribution of Processed Food and Farm Produce to food Inflation



Source: Staff compilation based on National Bureau of Statistics data

There was a marginal decline in the processed food component of food inflation. This stemmed from the large reduction in the contribution of gari to food inflation, reflecting the early harvest of cassava. However, despite improved harvest, the farm produce component kept food inflation elevated, as the contribution of rice, maize and sorghum rose in the quarter under review.

Figure 20: Component Drivers of Food Inflation



Source: Staff compilation based on National Bureau of Statistics data

The key contributors to food inflation in Q32024 were meat, fish & egg (6.40 pp), rice (5.73 pp), yam, potatoes & other tubers (4.98 pp), fruits & vegetables (3.05 pp), and garri (2.99 pp).

2.1.3 Socio-Economic Developments

Transportation

In a significant move aimed at bolstering Nigeria's infrastructure, the Federal Executive Council (FEC) approved a contract worth ₦158.00 billion for the construction of service lanes for the Lekki Deep Sea Port to Dangote Refinery. The project will extend through Epe to the Shagamu-Benin expressway, which is a critical artery for the nation's transportation network.

Aviation

In a continuous effort to reposition the Nigeria aviation sector, the Aviation Working Group (AWG) increased Nigeria’s Cape Town Convention (CTC) compliance index from 49.0 per cent to 70.5 per cent, indicating safety for aircraft leasing in Nigeria. The development will increase opportunities for aviation operators to acquire planes and get insurance, as well as reduce the cost of business

Education

To sustain the drive towards providing better education infrastructure and upscale the education system in the country, the Federal Government earmarked ₦47.50 billion for the first phase upgrade of 50 selected senior secondary schools across the country. Similarly, the Federal Government approved the upgrade and inauguration of the College of Education, Pankshin to a University of Education, with a take-off grant of ₦10.00 billion.

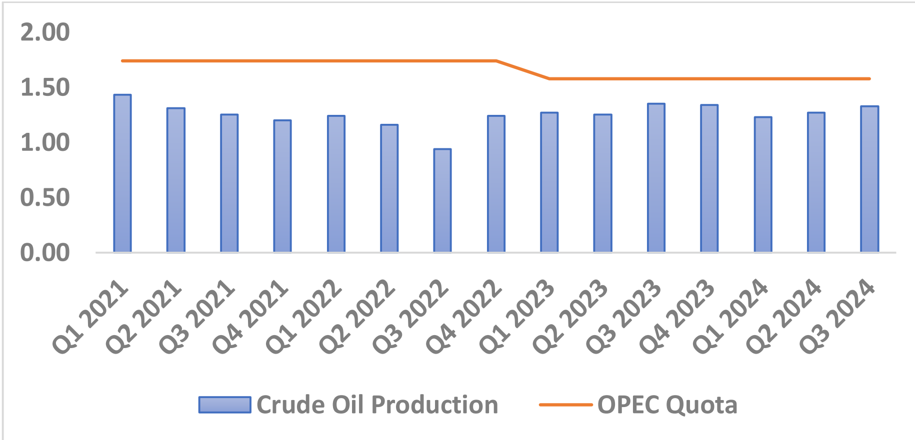
2.1.4 Energy Sector and Electricity

2.1.4.1 Domestic Crude Oil Market Developments

Crude Oil Production and Export

Domestic crude oil production increased in Q32024, following improved security around oil pipeline infrastructure in the Niger Delta region. Nigeria's average crude oil production rose by 4.72 per cent to 1.33 mbpd in Q32024, from 1.27 mbpd in the preceding quarter. The growth, despite falling short of its OPEC quota, indicated the resilience of the country's oil sector in the face of challenges.

Figure 20: Nigeria's Crude oil production and OPEC quota (mbpd)



Source: Nigerian Upstream Petroleum Regulatory Commission

Index of Electricity production

***The electricity sector recorded improved performance recorded in Q32024, driven by increased water availability for hydro substations, enhanced gas supply to thermal stations, and improved transmission and distribution infrastructure*.** Consequently, the index of electricity production increased slightly on a y-o-y basis by 0.85 per cent compared with a 6.79 per cent increase in the previous quarter. On a q-o-q basis, however, the index fell by 51.71 per cent in Q32024.

Table 5: Index of Electricity Production

Period	IEP	Y-on-Y Change	Q-on-Q Change
Q12023	139.40	7.40	-43.24
Q22023	389.00	11.02	179.05
Q32023	198.90	5.24	-48.87
Q42023	261.50	6.47	31.47
Q12024	141.10	1.22	-46.04
Q22024	415.40	6.79	194.40
Q32024	200.60	0.85	-51.71

Source: Central Bank of Nigeria
Note: IEP refers to index of electricity production

Electricity Generation / Consumption

The average estimated electricity generation in Q32024 at 4,110.47 MW/h was 3.79 per cent, higher than the 3,960.22 MW/h recorded in Q22024.The average estimated electricity consumption at 4,000.24 MW/h increased by 2.10 per cent in Q32024 compared with 3,918.15 MW/h in the preceding quarter.

Box Information 1

The prices of most of the monitored domestic agricultural commodities increased in Q32024 compared with the preceding quarter. The price increases ranged from 6.16 per cent for gari (yellow) to 36.92 per cent for beans (white). This development was driven, primarily, by the persistent increases in the costs of production and transportation, which was further exacerbated by higher energy prices.

The prices of sweet potato, Irish potato, tomato, and onion bulb, however decreased during the review period by 10.39, 8.83, 7.88, and 3.54 per cent, respectively, largely on account of harvest period.

Prices of Selected Domestic Agricultural Commodities in Q32024

		Q32023/a	Q22024/a	Q32024/b	% Change	% Change
	UNIT	1	2	3	(1) & (3)	(2) & (3)
Agric eggs medium size	*1kg*	*1028.56*	*1800.95*	*2289.19*	*122.56*	*27.11*
Beans: brown, sold loose	*"*	*694.48*	*1896.63*	*2574.63*	*270.73*	*35.75*
Beans: white black eye, sold loose	*"*	*670.77*	*1771.73*	*2425.92*	*261.66*	*36.92*
Gari white, sold loose	*"*	*451.37*	*1034.01*	*1124.40*	*149.11*	*8.74*
Gari yellow, sold loose	*"*	*480.03*	*1102.70*	*1170.65*	*143.87*	*6.16*
Groundnut oil: 1 bottle, specify bottle	*"*	*1462.20*	*2382.87*	*2726.24*	*86.45*	*14.41*
Irish potato	*"*	*668.43*	*1810.63*	*1650.74*	*146.96*	*-8.83*
Maize grain white, sold loose	*"*	*561.25*	*916.66*	*1028.33*	*83.22*	*12.18*
Maize grain yellow, sold loose	*"*	*561.65*	*927.07*	*1037.45*	*84.72*	*11.91*
Onion bulb	*"*	*510.54*	*1245.17*	*1201.09*	*135.26*	*-3.54*
Palm oil: 1 bottle, specify bottle	*"*	*1236.62*	*1719.78*	*1884.81*	*52.42*	*9.60*
Rice agric, sold loose	*"*	*759.66*	*1612.45*	*1882.39*	*147.79*	*16.74*
Rice local, sold loose	*"*	*716.43*	*1570.33*	*1831.05*	*155.58*	*16.60*
Rice, medium grained	*"*	*764.74*	*1690.05*	*1924.76*	*151.69*	*13.89*
Rice, imported high quality, sold loose	*"*	*936.44*	*1953.53*	*2329.05*	*148.71*	*19.22*
Sweet potato	*"*	*353.29*	*948.87*	*850.31*	*140.69*	*-10.39*
Tomato	*"*	*559.34*	*1635.12*	*1506.35*	*169.31*	*-7.88*
Vegetable oil: 1 bottle, specify bottle	*"*	*1389.44*	*2238.11*	*2552.11*	*83.68*	*14.03*
Wheat flour: prepackaged (Golden Penny)	*2kg*	*1474.30*	*2910.86*	*3485.34*	*136.41*	*19.74*
Yam tuber	*1kg*	*569.88*	*1491.43*	*1661.80*	*191.61*	*11.42*

Sources: (a) National Bureau of Statistics (b) Staff Estimates

2.2 FISCAL SECTOR DEVELOPMENTS

Summary

Provisional data showed increased fiscal operations in Q32024, following higher receipts from non-oil sources. Federally collected revenue rose by 7.48 per cent, relative to Q22024, but was short of the benchmark by 23.71 per cent. The FGN retained revenue was 5.22 and 53.41 per cent below the levels in Q22024 and the monthly target, respectively. Aggregate expenditure of the FGN declined by 16.26 and 22.38 per cent below the levels in Q22024 and the quarterly target, respectively. Fiscal deficit contracted by 22.51 per cent, compared with the levels in Q22024, 43.88 per cent, above the quarterly target. At ₦121.67 trillion (51.22% of GDP), public debt exceeded the 40.00 per cent benchmark as at end-March 2024. It, nonetheless, remained within the 70.00 per cent of GDP threshold for Market Access Countries.

2.2.1 Federation Account Operations

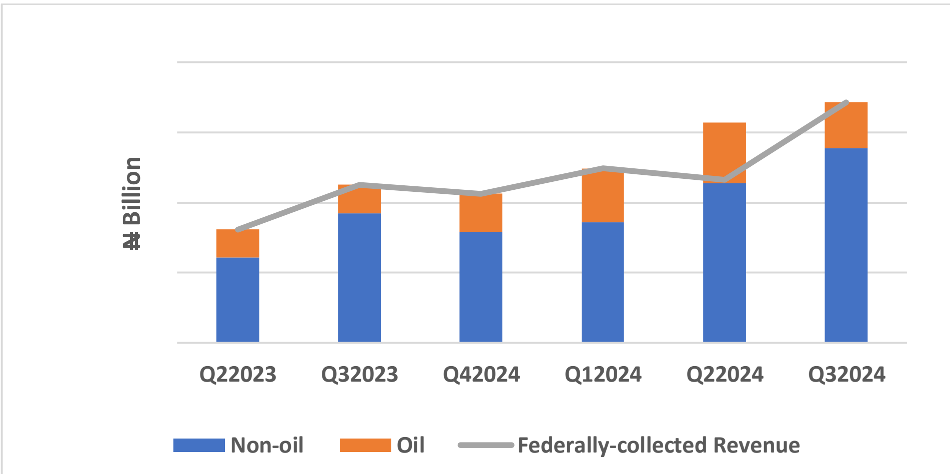
Federation Revenue

Gross federation account earnings improved, occasioned by higher receipts from non-oil revenue. At ₦6.86 trillion, provisional gross federation account receipt was 7.48 per cent above the level in the preceding quarter, but 23.71 per cent short of the benchmark. The increase was due, largely, to higher receipts from corporate tax and value added tax (VAT). The composition of gross federation revenue showed that non-oil revenue remained dominant, accounting for 81.00 per cent, while oil revenue constituted the balance.

Non-oil revenue, at ₦5.56 trillion, was 19.48 and 50.36 per cent above the levels in the preceding quarter and target, respectively. The increase relative to preceding quarter was driven, largely, by higher collections from corporate tax and value added tax (VAT).[5] The increase relative to quarterly target reflects improved revenue collection relative to budget expectations.

Oil revenue, however, fell by 24.72 per cent to ₦1.30 trillion, relative to the level in Q22024 on account of lower receipts from petroleum profit tax (PPT) and royalties. It was also, 75.39 per cent short of the quarterly target due to shut-ins, arising from ageing oil pipelines and installations.

Figure 21: Federally Collected Revenue (₦ Billion)



Source: Office of the Accountant-General of the Federation and Federal Ministry of Finance

5 Corporate tax is composed of company income tax, withholding tax and capital gain tax.

Table 6: Federally Collected Revenue and Distribution to the Three-Tiers of Government (₦ Billion)

	Q32023	Q22024 /1	Q32024/1	*Budget
Federally Collected Revenue	**4,508.67**	**6,387.82**	**6,865.84**	**9,000.02**
Oil	**814.23**	**1,733.50**	**1,304.96**	**5,301.56**
Crude Oil & Gas Exports	3.09	9.49	27.07	366.09
PPT	225.35	445.34	335.52	2655.89
Royalties	287.69	800.86	632.49	1,605.90
Domestic Crude Oil/Gas Sales	0.00	0.00	0.00	26.25
Others	298.1	477.81	309.88	647.41
Non-oil	**3,694.44**	**4,654.32**	**5,560.87**	**3,698.46**
Corporate Tax	1,843.88	895.24	1,868.79	814.19
Customs & Excise Duties	551.53	845.87	853.58	717.22
Value-Added Tax (VAT)	937.93	1,548.28	1,761.36	988.53
Independent Revenue of Fed. Govt.	312.32	1,306.21	1,016.76	673.19
*Others***	48.78	58.7	60.39	505.33
Total Deductions/Transfers	**2,585.24**	**4,192.92**	**4,734.92**	**2,115.51**
Federally Collected Revenue Less Deductions & Transfers*	**1,923.42**	**2,194.90**	**2,130.92**	**6,884.51**
plus:				
Additional Revenue	**872.75**	**1,279.78**	**1.785.32**	**43.56**
Excess Crude Revenue	0.00	0.00	200.00	0.00
Non-oil Excess Revenue/ EMTL	38.38	47.92	49.53	43.56]
Exchange Gain	834.37	1,231.86	1,535.79	0.00
Total Distributed Balance	**2,796.17**	**3,474.68**	**3,916.24**	**6,928.07**
Federal Government	**1,058.00**	**1,102.11**	**1,265.78**	**3,288.04**
Statutory	927.94	885.85	1,019.75	3,150.68
VAT	130.07	216.26	246.03	137.37
State Government	**920.49**	**1,911.39**	**1,358.32**	**1,424.54**
Statutory	486.93	1190.51	538.23	966.65
VAT	433.56	720.88	820.09	457.89
13% Derivation	**140.15**	**317.08**	**304.89**	**650.23**
Local Government	**677.53**	**1,369.60**	**987.26**	**1,565.25**
Statutory	374.04	864.98	413.19	1,244.73
VAT	303.49	504.62	574.06	320.52

***Source**: Office of the Accountant General of the Federation and CBN Staff Estimates.*
***Note**:*
**Budget is based on the 2024 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.*
/1 Provisional.

From the federally collected revenue of ₦6.87 trillion, a net balance of ₦3.92 trillion was distributed to the three tiers of government after accounting for additional revenue and statutory deductions and transfers. The federal, state, and local governments received ₦1.27 trillion, ₦1.36 trillion and ₦0.99 trillion, respectively, while the balance of ₦0.30 trillion was allocated to the 13% Derivation Fund for oil-producing states. Net disbursement was 12.71 per cent above the level in Q22024, but was 43.47 per cent short of the quarterly target.

2.2.2 Fiscal Operations of the Federal Government

Federal Government Retained Revenue

FGN retained revenue declined in the review period due, largely, to lower receipts from share of federation account and FGN independent revenue. At ₦2.28 trillion, provisional FGN retained revenue was 5.22 and 53.41 per cent below the levels in Q22024 and the benchmark, respectively.

Table 7: FGN Retained Revenue (₦ Billion)

	Q32023	Q22024 /1	Q32024 /1	*Budget
FGN Retained Revenue	**1,370.32**	**2,408.32**	**2,282.54**	**4,899.62**
Federation Account	510.30	307.12	179.12	*3,144.14*
VAT Pool Account	130.07	216.26	246.03	*137.37*
FGN Independent Revenue	312.32	1,306.21	1,016.76	673.19
Excess Oil Revenue	0.00	0.00	105.36	*0.00*
Excess non-oil/EMTL	5.76	7.19	7.43	6.53
Exchange Gain	411.88	571.54	727.84	*0.00*
*Others***	0.00	0.00	0.00	938.38

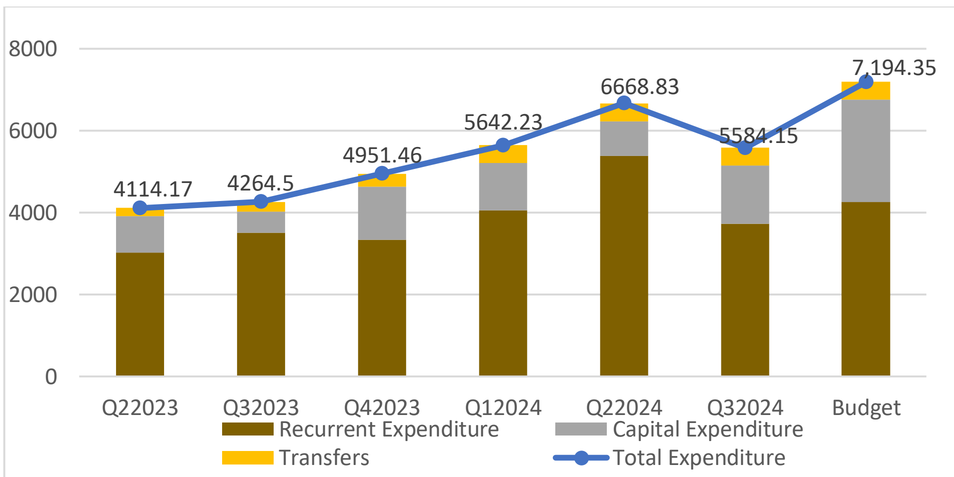
***Source**: Office of the Accountant General of the Federation*
Note:
/1 Provisional
** Budget is based on the 2024 Appropriation Act.*
*** Others include revenue from Special Accounts and Special Levies.*

Federal Government Expenditure

The provisional aggregate expenditure of the FGN declined, following lower interest payments and overhead cost. At ₦5.58 trillion, provisional aggregate expenditure in Q32024 was 16.26 per cent below the level in the preceding quarter and 22.38 per cent short of the quarterly target of ₦7.19 trillion.

The lower expenditure followed the reduction in interest payments and overhead costs, which fell by 8.92 and 45.51 per cent, respectively. The development was due, largely, to fewer maturing loan payment obligations in the review period and deliberate fiscal policies aimed at efficiency and lower operational expenses. Further analysis of total expenditure showed that recurrent accounted for 66.84 per cent, while capital and transfer payments constituted 25.36 and 7.80 per cent, respectively.

Figure 22: Federal Government Expenditure (₦ Billion)



Source: CBN Staff Estimates and Office of the Accountant General of the Federation

Overall Fiscal Balance

The overall fiscal balance of the FGN narrowed in Q32024. Provisional data showed that while primary deficit widened by 155.28 per cent, from the level in the preceding quarter, overall deficit, contracted by 22.51 per cent to ₦3.30 trillion. The contraction indicated a higher decline in expenditure relative to revenue, reflecting government efforts to improve fiscal efficiency and lower operational expenses.

Table 8: Fiscal Balance (₦ Billion)

	Q32023	Q22024 /1	Q32024 /1	Budget
Retained revenue	**1,489.64**	**2,408.32**	**2,282.54**	**4,899.62**
Aggregate expenditure	**4,264.50**	**6.668.83**	**5.584.15**	**7,194.35**
Recurrent	**3,512.38**	**5,386.63**	**3.732.59**	**4,259.87**
Non-debt	1,304.74	1,614.26	1,677.11	2,192.13
Debt Service	2,207.65	3,772.37	2,055.48	2,067.74
Capital	515.04	846.51	1,415.86	2,498.79
Transfers	237.08	435.70	435.70	435.70
Primary balance	**-567.21**	**-488.14**	**-1,246.14**	**-226.99**
Overall balance	**-2774.86**	**-4,260.51**	**-3,301.61**	**-2,294.73**

Source: Office of the Accountant General of the Federation and CBN Staff Estimates
Note: /1 provisional

Federal Government Debt

Public debt stock was above the 40.00 per cent national threshold at end-March 2024, but remained within the 70.00 per cent threshold for Market Access Countries. Total public debt outstanding stood at ₦121.67 trillion (51.22% of GDP), at end-March 2024, and was 24.99 per cent higher than the level at end-December 2023. The rise was due, largely, to revaluation effect arising from exchange rate depreciation, securitisation of ways & means advances and new borrowings to finance the deficit outlined in the 2024 Appropriation Act. A breakdown of the consolidated public debt shows that domestic debt accounted for 53.95 per cent, while external debt constituted 46.05 per cent. Of the consolidated public debt stock, FGN owed ₦117.60 trillion (96.66%), while state governments owed the balance[6].

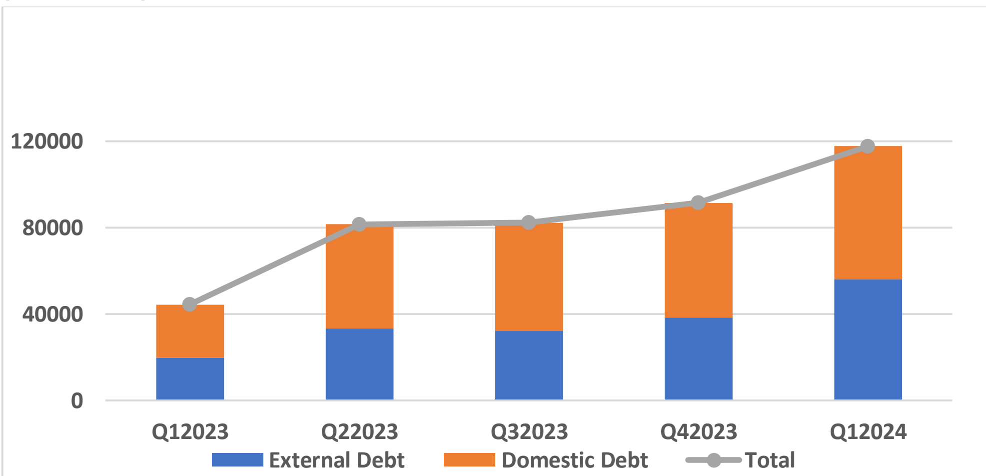
A disaggregation of the FGN debt showed that domestic debt was ₦61.58 trillion, constituting 52.36 per cent, while external debt constituted ₦56.02 trillion (47.64%). Further analysis revealed that FGN Bonds maintained its dominance, with 78.63 per cent of the total domestic debt stock, followed by treasury bills (16.95%), promissory

[6] The FGN component of public debt includes external debt of state governments, which are contingent liabilities of the federal government.

notes (2.55%), and FGN Sukuk (1.77%), while others constituted the balance.[7] Of the total external debt stock, multilateral accounted for 49.45 per cent, commercial (36.54%) and bilateral loans (14.01%).

Debt service at end-March 2024 fell by 12.98 per cent to ₦2.48 trillion, from ₦2.85 trillion at end-December 2023, owing to fewer maturing bilateral and commercial obligations, relative to the preceding quarter. A breakdown showed that domestic debt service was ₦0.99 trillion (39.90%), while external debt service constituted ₦1.49 trillion (60.10%).

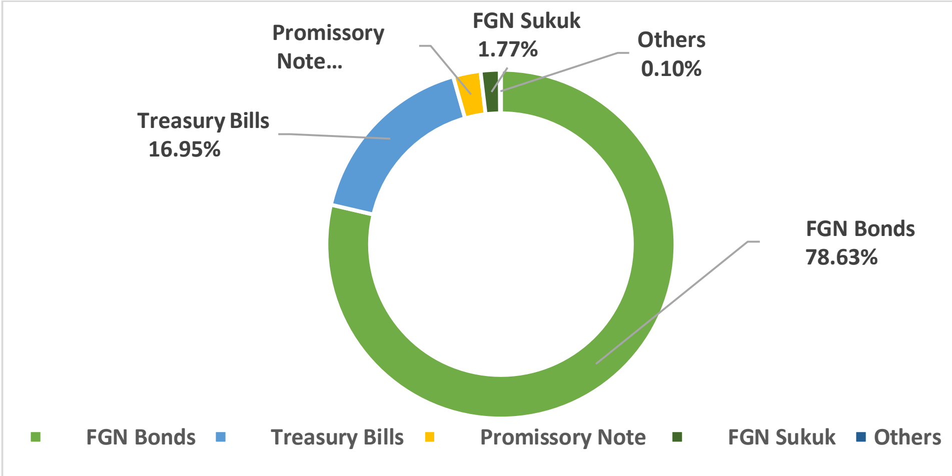
Figure 23: FGN External and Domestic Debt Composition (₦ Billion)



Source: Debt Management Office

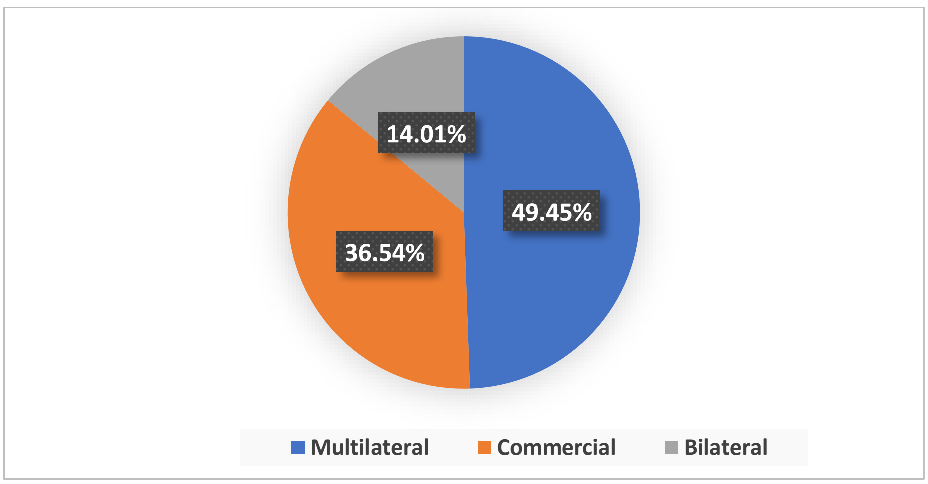
[7] Includes treasury bonds (0.00%), green bond (0.02%) and special FGN savings bond (0.07%).

Figure 24: Composition of Domestic Debt Stock by Instrument



Source: Debt Management Office

Figure 25 Composition of External Debt Stock by Instrument



Source: Debt Management Office

2.3 Monetary and Financial Developments

Summary

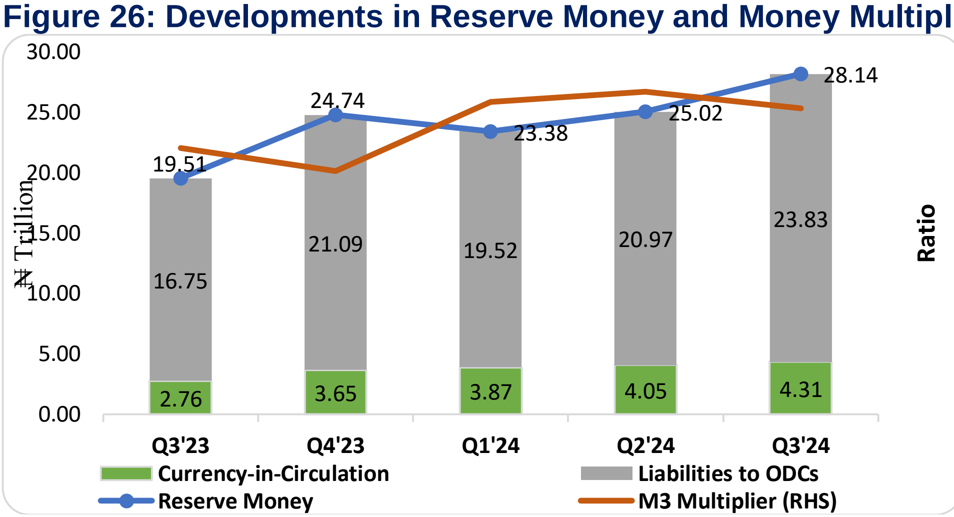
The banking system remained safe, sound, and stable in the review quarter. Monetary aggregates trended upwards due to increased credit to key sectors of the economy and the effect of exchange rate depreciation. Key short-term interest rates were stable and reflected the liquidity dynamics in the banking system. Activities in the Nigerian equities market slowed, in response to rising interest rate, as investors' preference shift from equities to fixed income securities.

2.3.1 Monetary Developments

Reserve Money

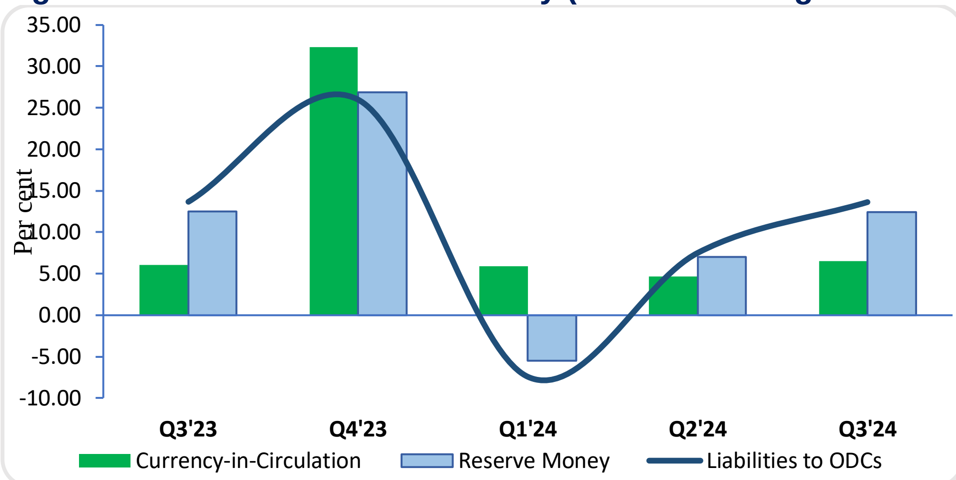
Reserve money increased in Q32024, reflecting the rise in currency-in-circulation (CIC) and liabilities to other depository corporations (LODCs). Relative to the level at end-December 2023, reserve money grew by 13.72 per cent to ₦28.14 trillion compared with the level in Q22024, but slightly below the 2024 provisional benchmark of ₦28.27 trillion by 0.46 per cent. The growth in reserve money was underlain by the 18.00 and 12.98 per cent increase in CIC and LODCs to ₦4.31 trillion and ₦23.83 trillion, respectively.

Figure 26: Developments in Reserve Money and Money Multiplier



Source: Central Bank of Nigeria

Figure 27: Growth in Reserve Money (Over Preceding December)

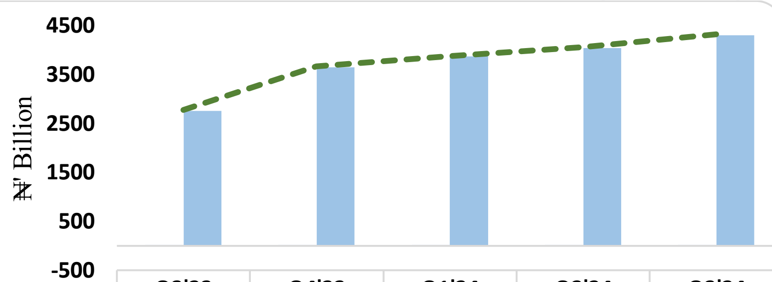


Source: Central Bank of Nigeria

Notes and coins remained the largest component of CIC, rising to ₦4.29 trillion at end-September 2024, from ₦4.03 trillion at end-June 2024. On the other hand, the eNaira decreased by 0.16 per cent to ₦18.35 billion, from ₦18.38 billion at end-June 2024.

Figure 28: Composition of Currency-in-Circulation (₦ Billion)

Broad Money Supply



	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24
eNaira	10.26	13.98	13.98	18.38	18.35
Notes and Coins	2,751.04	3,639.33	3,855.36	4,030.35	4,292.72
Currency in Circulation	2,761.30	3,653.31	3,869.34	4,048.73	4,311.07

eNaira   Notes and Coins   Currency in Circulation

Source: Central Bank of Nigeria

Broad money supply (M3) grew by 38.33 per cent to ₦108.95 trillion in Q32024 despite a decline in money multiplier to 3.87, from 4.05 in 2024Q2. From the liability side, the expansion in broad money was due to the growth in other deposits (51.06%), transferable deposits

(19.81%), and currency outside depository corporations (16.97%). Other deposits contributed the most to the growth in M3 with 31.5 percentage points (pp), followed by transferable deposits with 6.62 pp and currency outside depository corporations with 0.74 pp. Conversely, securities other than shares declined by 97.77 per cent, slowing the growth in M3 by 0.52 percentage points.

Table 9: Money and Credit Growth Over Preceding December

Monetary Aggregates	Q32023 (%)	Q42023 (%)	Q22024 (%)	Q32024 (%)	Annualised growth (%) (Q32024)	Contribution to M3 Growth (percentage point) (Q32024)
Net Foreign Assets	**404.95**	**309.85**	**46.61**	**57.55**	**76.73**	**11.51**
Claims on Non-residents	110.24	100.62	50.68	85.16	113.54	50.38
Liabilities to Non-residents	51.80	59.13	52.76	99.26	132.34	38.87
Net Domestic Assets	**-1.40**	**30.34**	**24.37**	**33.53**	**44.71**	**26.83**
Domestic Claims	**13.55**	**32.66**	**10.72**	**34.36**	**45.82**	**38.27**
Net Claims on Central Government	**-34.32**	**3.53**	**-2.43**	**71.31**	**95.08**	**22.21**
Claims on Central Government	24.22	38.85	9.04	62.17	82.89	37.59
Liabilities to Central Government	154.99	117.74	21.22	52.45	69.93	15.38
Claims on Other Sectors	**40.27**	**48.92**	**15.82**	**20.02**	**26.69**	**16.06**
Claims on Other Financial Corporations	36.90	52.65	-11.97	-7.99	-10.65	-1.45
Claims on State and Local Government	8.97	18.58	2.19	-3.07	-4.09	-0.16
Claims on Public Nonfinancial Corporations	89.47	-1.82	9.21	13.32	17.76	0.55
Claims on Private Sector	39.43	58.15	27.27	32.51	43.35	17.12
Total Monetary Assets (M_3)	**28.53**	**50.92**	**28.82**	**38.33**	**51.11**	**38.33**
Currency Outside Depository Corporations	-5.95	33.67	10.39	16.97	22.62	0.74
Transferable Deposits	26.68	44.83	25.38	19.81	26.41	6.62
Narrow Money (M_1)	**22.64**	**43.45**	**23.65**	**19.48**	**25.97**	**7.36**
Other Deposits	31.61	56.47	33.08	51.06	68.08	31.50
Broad Money (M_2)	**28.02**	**51.26**	**29.50**	**39.07**	**52.09**	**38.86**
Securities Other than Shares	95.51	7.04	-97.46	-97.77	-130.36	-0.52
Total Monetary Liabilities(M_3)	**28.53**	**50.92**	**28.82**	**38.33**	**51.11**	**38.33**

Source: Central Bank of Nigeria

On the asset side, growth in M3 was driven by increases in both NFA and NDA. At end-September 2024, NFA rose by 57.55 per cent to ₦24.82 trillion and contributed 11.51 pp to the overall growth in M3 relative to the 46.61 per cent growth and a contribution of 9.32 pp at end-June 2024.

Similarly, NDA rose by 33.53 per cent to ₦84.14 trillion, with 26.83 pp contribution to the growth in M3. The increase in NDA was due to the 71.31 and 20.02 per cent growths in net claims on central government and claims on other sectors, respectively, contributing 22.21 pp and 16.06 pp to the growth in M3. Additionally, growth in M3 was driven by increase in claims on public nonfinancial corporations (13.32%) and claims on private sector (32.51%) with contributions of 0.55 pp and 17.12 pp to M3 growth.

2.3.2 Sectoral Credit Utilisation

Sectoral Credit Utilisation

Sectoral credit utilisation increased by 5.13 per cent to ₦58.57 trillion in Q32024, compared with ₦55.71 trillion in the preceding quarter. The services sector maintained dominance in receipt of credit to key sectors of the economy, utilising 53.08 per cent, followed by industry and agriculture which accounted for 42.98 and 3.94 per cent, respectively.

Table 10: Sectoral Credit Allocation

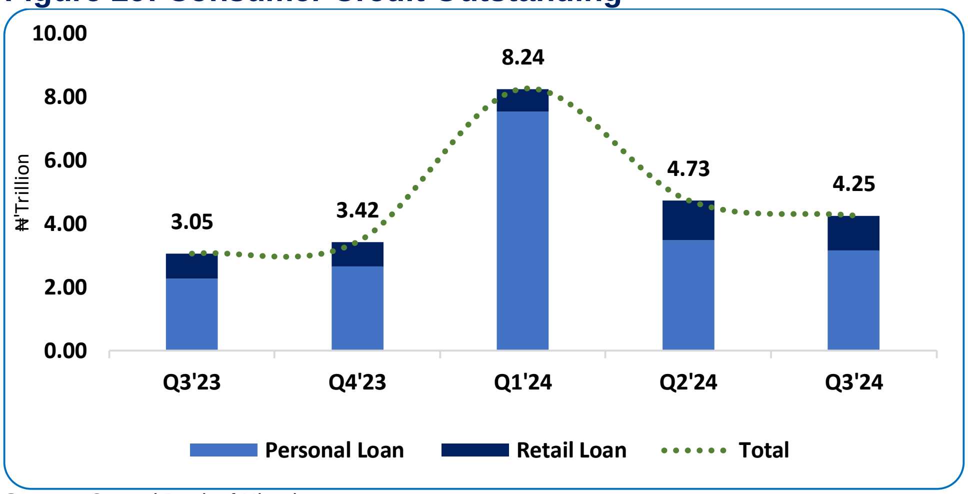
SECTORS	Allocation (₦ trillion)			Share in Total (%)			Growth (%)
	Q3'23	Q2'24	Q3'24	Q3'23	Q2'24	Q3'24	(3) & (2)
	1	2	3	4	5	6	
[a] Agriculture	**1.83**	**2.44**	**2.31**	**4.69**	**4.38**	**3.94**	**-5.31**
[b] Industry	**16.81**	**24.57**	**25.17**	**42.98**	**44.10**	**42.98**	**2.44**
of which Manufacturing	7.34	9.26	8.67	18.76	16.63	14.81	**-6.37**
[c] Services	**20.46**	**28.70**	**31.09**	**52.33**	**51.52**	**53.08**	**8.32**
of which:							
Finance, Insurance & Capital Market	3.63	6.16	7.52	9.28	11.06	12.84	22.07
Trade/General Commerce	3.21	3.57	4.23	8.20	6.40	7.23	18.74
TOTAL	**39.11**	**55.71**	**58.57**	**100**	**100**	**100**	**5.13**

Source: Central Bank of Nigeria

Consumer Credit

Consumer credit outstanding declined by 10.15 per cent to ₦4.25 trillion in Q32024 compared with ₦4.73 trillion in the preceding quarter. Consequently, personal, and retail loans declined to ₦3.15 trillion (9.22 %) and ₦1.10 trillion (12.70 %), from ₦3.47 trillion and ₦1.26 trillion, respectively, in the preceding quarter. Personal loans remained dominant, accounting for 74.14 per cent of total consumer credit, while retail loans constituted the balance.

Figure 29: Consumer Credit Outstanding



Source: Central Bank of Nigeria

2.3.3 Financial Developments

2.3.3.1 Money Market Developments

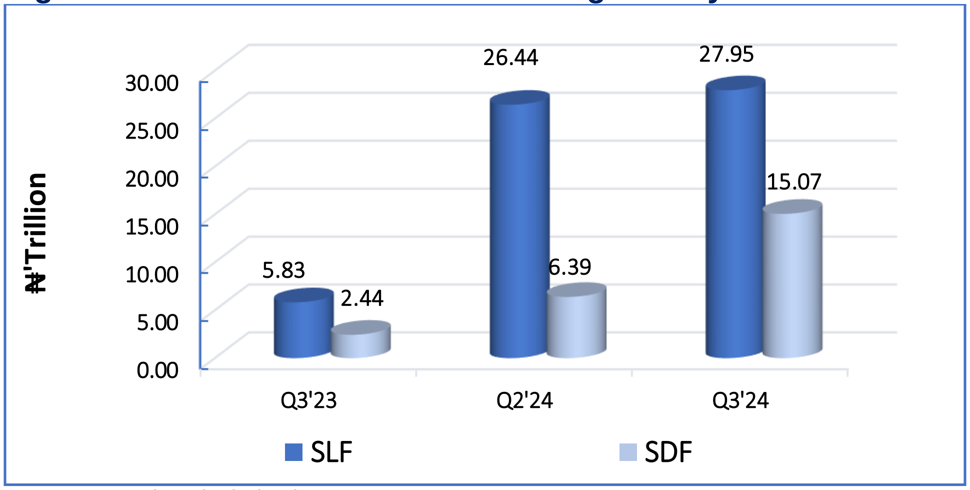
Industry Liquidity Condition

Average banking system liquidity declined in Q32024, relative to the level in the preceding quarter driven, mainly, by withdrawals via monetary operations. Withdrawals from the banking system through standing lending facility (SLF) repayment, cash reserve ratio (CRR) debits, open market operations (OMO) sales, Nigerian Treasury Bills (NTBs) sales, FX-OMO swap settlement, among others moderated the level of liquidity in the banking system in the review quarter. Consequently, average net industry balance declined by 40.63 per cent to ₦0.16 trillion from ₦0.27 trillion in the preceding quarter.

Discount Windows

Activities at the standing facility window increased in Q32024, relative to the level in the preceding quarter, reflecting the liquidity level in banking system. Total transactions at the standing lending facility (SLF) window rose to ₦27.95 trillion in the review period, with daily average of ₦0.43 trillion, from ₦26.44 trillion, with daily average of ₦0.51 trillion in the preceding quarter. Similarly, transactions at the standing deposit facility (SDF) window grew to ₦15.07 trillion, with daily average of ₦0.23 trillion, from ₦6.39 trillion, with daily average of 0.11 trillion in the preceding quarter.

Figure 30: Transactions at the Standing Facility Window

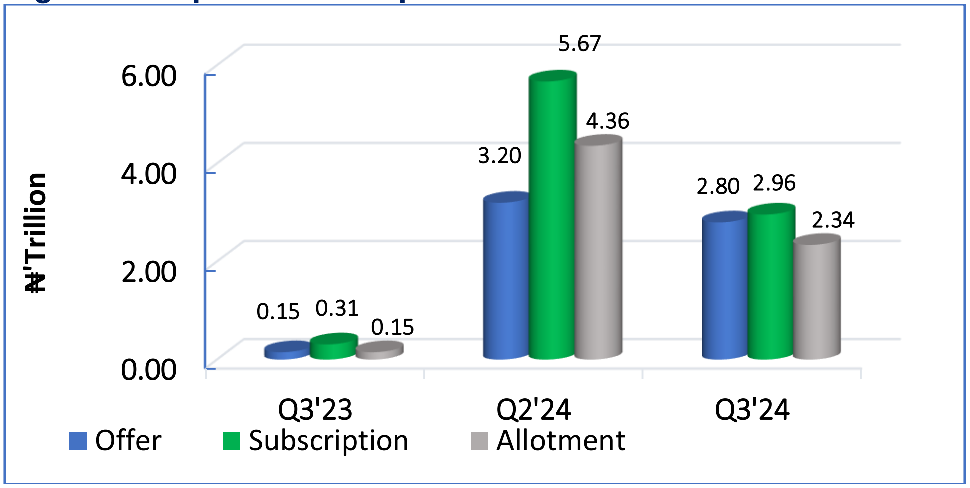


Source: Central Bank of Nigeria

Open Market Operations

Analysis of the open market operations revealed that the total amount offered, subscribed, and allotted were ₦2.80 trillion, ₦2.96 trillion, and ₦2.34 trillion, respectively, comparative with ₦3.20 trillion, ₦5.67 trillion, and ₦4.36 trillion in the preceding quarter. The stop rates increased 21.42(±2.94) per cent, from 20.62(±1.88) per cent in the preceding quarter.

Figure 31: Open-Market-Operation

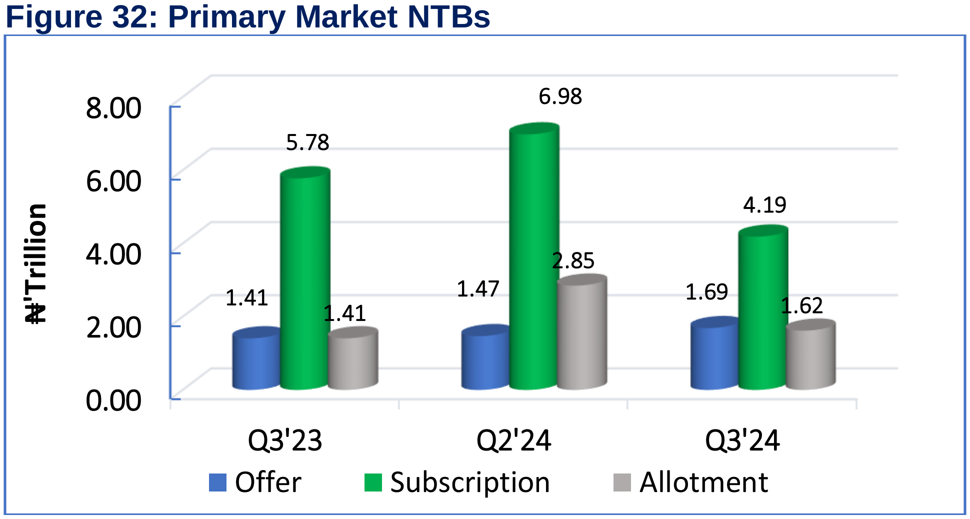


Source: Central Bank of Nigeria

Government Securities

Subscriptions for both Nigerian Treasury Bills (NTBs) and Federal Government of Nigeria (FGN) Bonds declined in Q32024, relative to the level in the preceding quarter. Total NTBs offered, subscribed, and allotted across tenors amounted to ₦1.69 trillion, ₦4.19 trillion and ₦1.62 trillion respectively, compared with ₦1.47 trillion, ₦6.98 trillion, and ₦2.85 trillion in Q22024. The lower amount offered and subscribed were accompanied by higher stop rates on all the maturities 19.20(±2.90) per cent, relative 18.47(±2.23) in the preceding quarter.

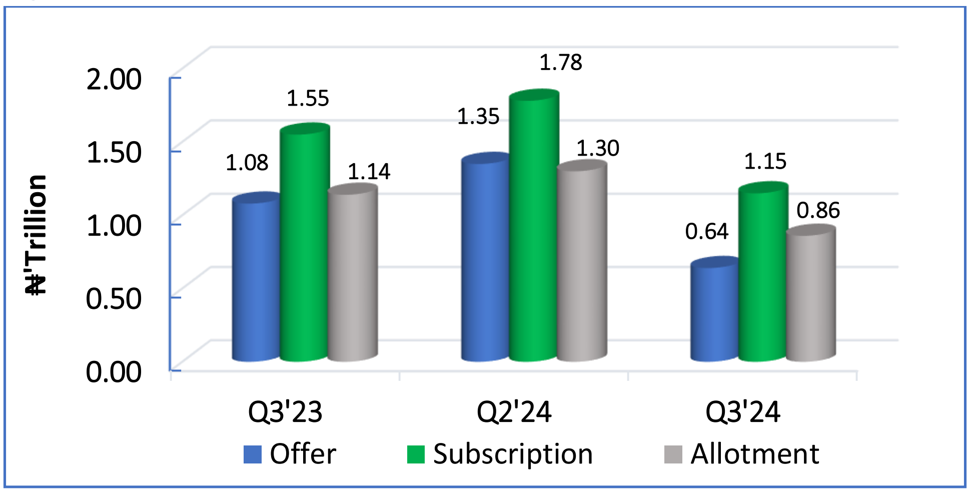
Figure 32: Primary Market NTBs



Source: Central Bank of Nigeria

FGN Bonds of various tranches were offered for sale in Q32024. The amount offered, subscribed, and allotted were ₦0.64 trillion, ₦1.15 trillion, and ₦0.86 trillion, respectively, compared with ₦1.35 trillion, ₦1.78 trillion, and ₦1.30 trillion in the preceding quarter. The marginal rate at 20.49(±1.49) per cent was higher than 20.37(±1.13) per cent in the preceding quarter, while the bid rate stood at 22.00(±8.00) per cent relative to 19.00(±5.00) per cent in the preceding quarter. The lower demand for longer-tenured government securities could be attributed to inflation expectation.

Figure 33: Primary Auctions of FGN Bond (₦ Billion)

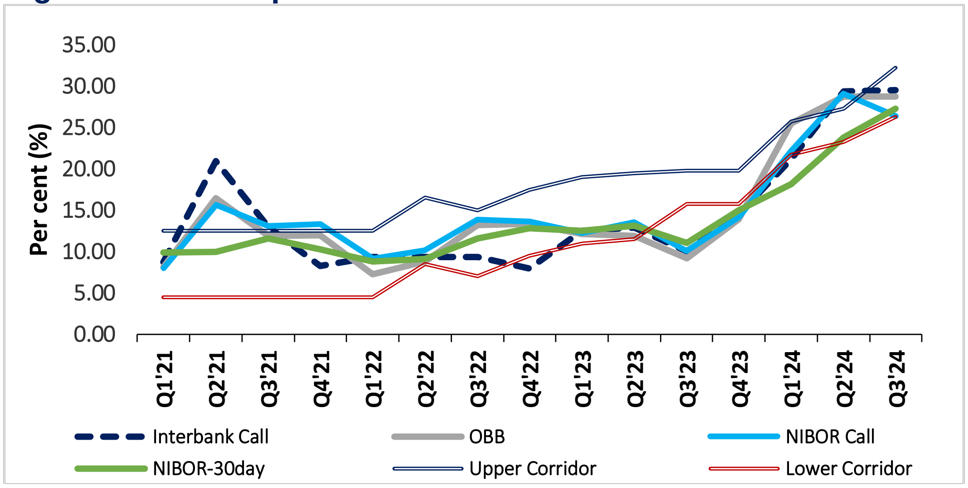


Source: Central Bank of Nigeria

Interest Rate Development

Key short-term interest rates were relatively stable and reflected the liquidity dynamics in the banking system. Average interbank call rate rose marginally by 0.17 percentage point (pp) to 29.55 per cent, from 29.38 per cent in Q22024. Conversely, average open buy back (OBB) rate fell slightly by 0.02 pp to 28.76 per cent, from 28.78 per cent in the preceding quarter. The Nigerian interbank offered rate (NIBOR) call and the NIBOR-30 rates moved in opposite direction as the former declined by 2.72 pp to 26.41 per cent, while the latter increased by 3.53 pp to 27.31 per cent, relative to the rates in Q22024.

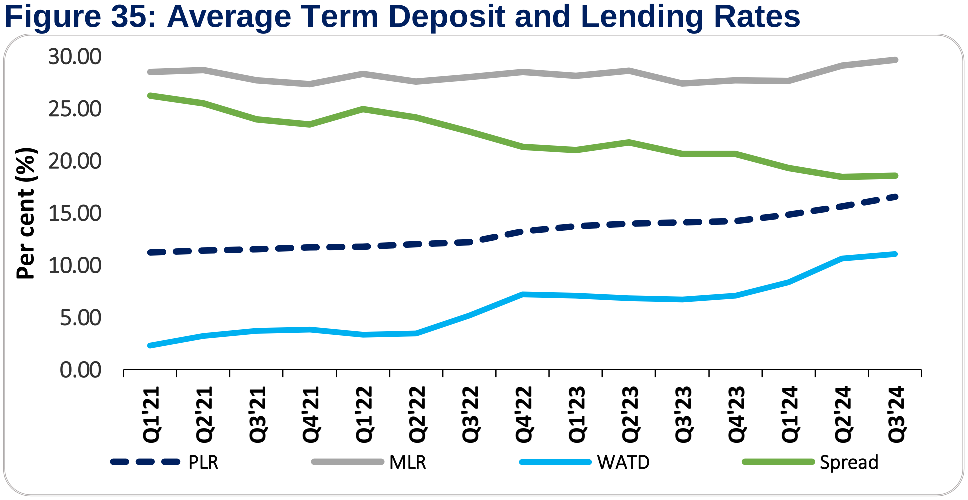
Figure 35: Developments in Short-term Interest Rates



Source: Central Bank of Nigeria

The data revealed that average lending rates trended upward in Q32024, as average prime and maximum lending rates rose by 0.91 pp and 0.59 pp to 16.55 and 29.68 per cent respectively, relative to the level the preceding quarter. Similarly, the weighted average term deposit rate increased by 0.45 pp to 11.08 per cent in the preceding quarter. The spread between the weighted average term deposit and maximum lending rates narrowed to 18.60 pp, relative to 18.46pp in Q22024.

Figure 35: Average Term Deposit and Lending Rates



Source: Central Bank of Nigeria.
Note: PLR= Prime lending rate; MLR= Maximum lending rate; WATD= Weighted Average term deposit rate.

2.3.3.2 Capital Market Developments

Market Capitalisation

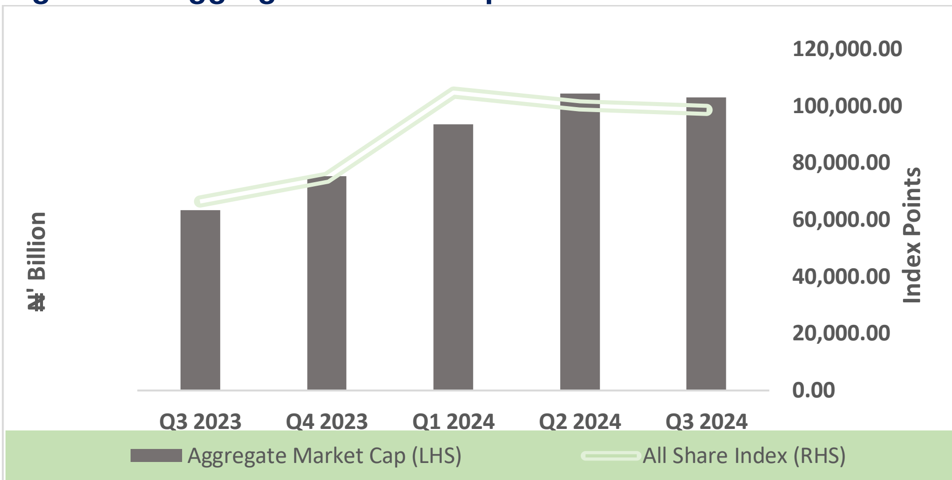
Activities in the Nigerian equities market decelerated in the third quarter of 2024, signalling the response of the market to interest rate hike at the September 2024 MPC meeting. The bearish performance of the capital market mirrored asset switching activities of investors from equities to fixed income securities to maximise the attractive yields. The aggregate market capitalisation declined by 1.3 per cent to ₦102.92 trillion in the review period, compared with the ₦104.28 trillion recorded at end-June 2024. The decline was possibly driven by concerns about lingering macroeconomic headwinds and the introduction of a windfall tax that is expected to affect the full year performance of some stocks.

The equities, debt and the exchange traded funds (ETF) components depreciated by 0.1, 2.9, and 19.8 per cent respectively, to close at ₦56.64 trillion, ₦46.25 trillion, and ₦32.43 billion compared with the ₦56.60 trillion, ₦47.65 trillion and ₦27.08 billion recorded in the preceding quarter. Notably, the equities component sustained its dominance constituting 55.04 per cent of the aggregate market capitalisation, while debt and ETF components constituted the balance of 44.96 per cent.

NGX All-Share Index

The All-Share Index (ASI) depreciated by 1.5 per cent to 98,558.79 index points, compared with the 100,057.49 index points recorded in the preceding quarter. The development was largely in response to the higher interest rate environment which tilted investors' interest from the equities market to fixed-income securities.

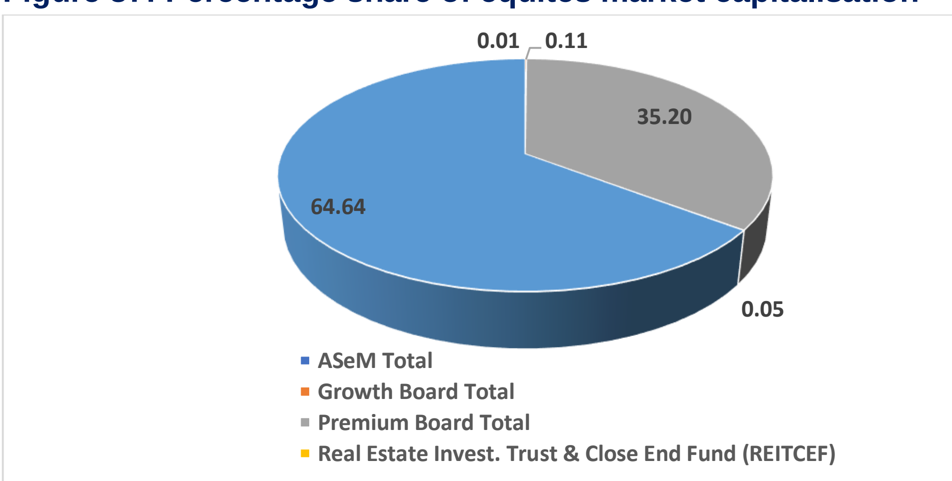
Figure 36: Aggregate Market Capitalisation and All-Share Index



Source: Nigerian Exchange (NGX) Limited

A disaggregation of the equities component of the total aggregate capitalisation showed that the main board constituted 64.64 per cent of the total, premium board accounted for 35.20 per cent. This was followed by growth board at 0.11 per cent, Real Estate Investment Trust & Close End Fund (0.05%), and AseM (0.01%).

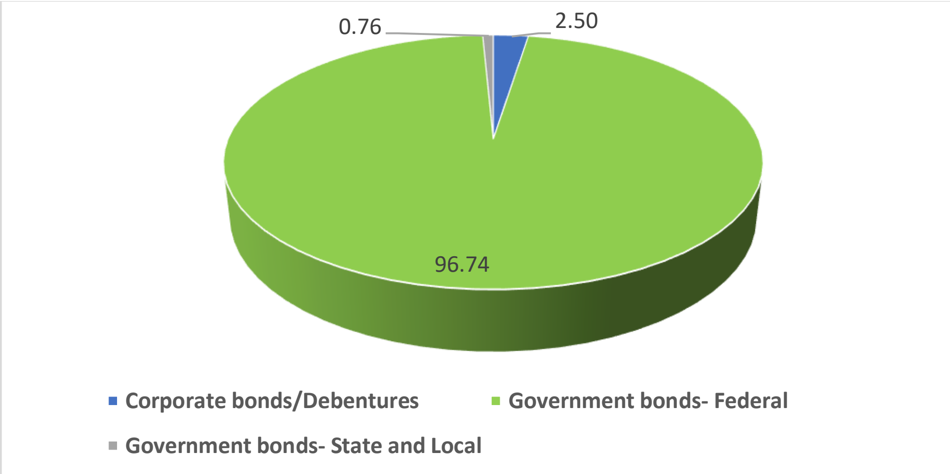
Figure 37: Percentage share of equites market capitalisation



Source: Nigerian Exchange (NGX) Limited

Also, a disaggregation of the bonds component of the total aggregate capitalisation revealed that federal government bonds constituted the highest share of 96.74 per cent, while corporate bonds/debentures and government bonds (state and local) accounted for the balance of 3.26 per cent of total.

Figure 38: Percentage Contribution of Total Bonds Market Value

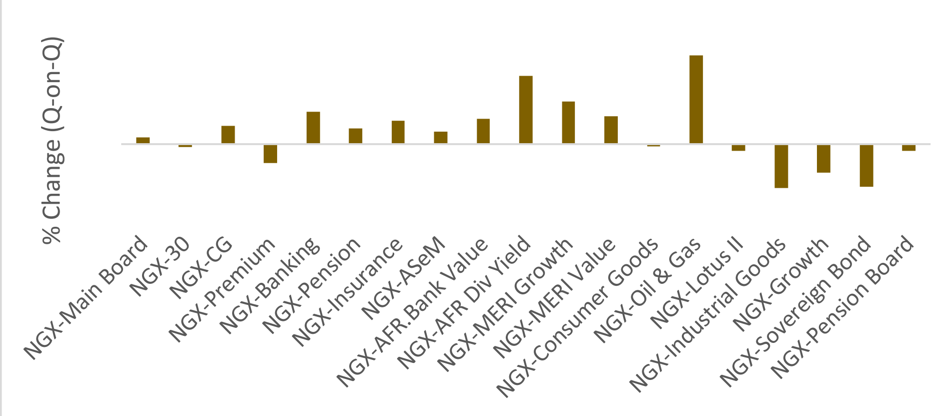


Source: Nigerian Exchange (NGX) Limited

Sectoral Indices

The capital market indices ended on a mixed note at end period of Q32024, as NGX-Premium, NGX-30, NGX-Consumer Goods, NGX-Lotus II, NGX-Industrial Goods, NGX-Growth, NGX-Sovereign Bond and NGX-Pension Board depreciated, relative to the levels in the preceding quarter while, NGX-Oil & Gas, NGX-AFR Div Yield, NGX-MERI Growth, NGX-Banking, NGX-MERI Value, NGX-AFR Bank Value, NGX-Insurance and others trended upwards. The rise in most of the indices reflected the impressive performance of some highly capitalised stocks amid the interest rate hike by the CBN.

Figure 39: Quarter-on-Quarter Changes in Per cent for Sectoral Indices



Source: Nigerian Exchange (NGX) Limited

Table 11: Nigerian Exchange (NGX) Limited Sectoral Indices

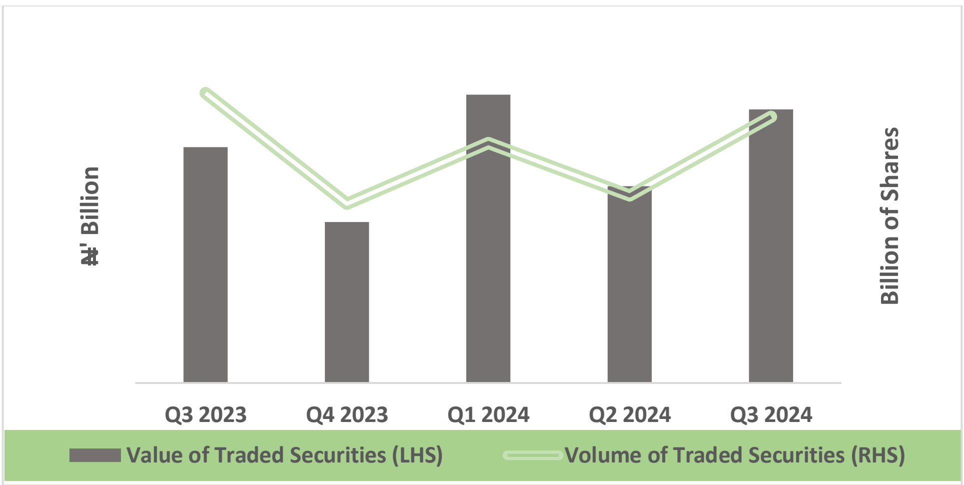
Sectoral Indicies	Q2 2024	Q3 2024	Change (%)
NGX-Oil & Gas	1,440.67	1,990.84	38.2
NGX-AFR Div Yield	10,652.71	13,770.03	29.3
NGX-MERI Growth	4,590.75	5,424.77	18.2
NGX-Banking	830.20	944.48	13.8
NGX-MERI Value	6,970.70	7,795.35	11.8
NGX-AFR Bank Value	1,890.00	2,093.92	10.8
NGX-Insurance	390.57	429.93	10.1
NGX-CG	2,228.44	2,403.18	7.8
NGX-Pension	3,762.21	4,012.95	6.7
NGX-ASeM	1,504.55	1,583.71	5.3
NGX-Main Board	4,692.94	4,832.03	3.0
NGX-Consumer Goods	1,581.55	1,564.09	-1.1
NGX-30	3,710.32	3,661.41	-1.3
NGX-Lotus II	6,287.43	6,108.53	-2.8
NGX-Pension Board	1,771.41	1,717.03	-3.1
NGX-Premium	9,864.01	9,050.21	-8.3
NGX-Growth	5,576.43	4,884.27	-12.4
NGX-Sovereign Bond	766.01	624.30	-18.5
NGX-Industrial Goods	4,696.04	3,806.57	-18.9

Source: Nigerian Exchange (NGX) Limited

Market Transactions

Trading activities on the Exchange increased in the review quarter as the value of traded securities rose by 38.90 per cent to ₦0.73 trillion, compared with the ₦0.53 trillion recorded in the preceding quarter. Similarly, the volume of traded securities increased by 41.95 per cent to 39.74 billion shares, compared with 27.99 billion shares recorded in the previous quarter. Also, the total number of deals traded increased by 25.72 per cent to 606,952.00 deals, relative to the level in the preceding quarter.

Figure 41: Volume and Value of Traded Securities on the NGX



Source: Nigerian Exchange (NGX) Limited.

NGX Listings

A total of 29 securities were listed on the Exchange, comprising 16 new listings and 13 supplementary listings. The listings comprise FGN savings bonds, ordinary shares, right issues, and futures contracts. The total listings were higher than the 21 recorded at the preceding quarter of 2024. In addition, the Exchange delisted three securities comprising all trading shares of Niger Insurance Plc, Resort Savings & Loans Plc, and RAK Unity Petroleum Plc.

Table 12: Listings, De-listings, and Suspensions on the Nigerian Exchange Limited in Q32024

Company/Security	Shares Units/Price	Remarks
17.414% FGN Savings Bond JUNE 2026	Issued 1,077,956 units amounting to ₦1,077,956,000	New listing
18.414% FGN Savings Bond JUNE 2027	Issued 3,232,773 units amounting to ₦3,232,773,000	New listing
Access Holdings Plc	17,772,612,811 ordinary shares of 50 kobo each at ₦19.75 per share. ***RIGHT ISSUE***	New listing
Wema Bank Plc	Additional 8,572,103,573 Ordinary Shares of 50 kobo each at ₦4.66 per share. ***RIGHT ISSUE***	Supplementary listing
Tantalizers Plc	1,788,372,094 Ordinary Shares of 50 kobo each at ₦0.60 per share	Supplementary listing
16.668% FGN Savings Bond JULY 2026	1,204,377 units amounting to ₦1,204,377,000.00	New listing
17.668% FGN Savings Bond JULY 2027	2,367,200 units amounting to ₦2,367,200,000.00	New listing
17.202% FGN Savings Bond SEPT. 2026	843,581 units amounting to ₦843,581,000	New listing
18.202% FGN Savings SEPT. 2027	2,748,666 units amounting to ₦2,748,666,000	New listing
Notore Chemical Industries Plc	Issued 2,418,099,300 Ordinary Shares of 50 Kobo each at ₦43.75 per Share	Supplementary listing
International Breweries Plc	Issued 161,172,395,100 ordinary shares of 2 kobo each at ₦3.65 per share. ***RIGHT ISSUE***	Supplementary listing
Nigerian Breweries Plc	Issue of 22,607,491,232 ordinary shares of 50 Kobo each at ₦26.50 per share. ***RIGHT ISSUE***	New listing
19.30% FGN Bonds APR. 2029	Issued 18,885,502 units	Supplementary listing
18.50% FGN Bonds FEB. 2031	Issued 6,180,400 units	Supplementary listing
19.89 per cent FGN Bonds MAY 2033	Issued 200,649,400 units	Supplementary listing
Zenith Bank Plc	5,232,748,964 ordinary shares of 50 kobo each at ₦36.00 per share. ***RIGHT ISSUE***	New listing
19.30% FGN Bonds APR 2029	18,349,101 additional units of shares.	Supplementary listing
18.50% FGN Bonds FEB 2031	42,189,900 additional units of shares.	Supplementary listing
19.89% FGN Bonds MAY 2033	314,212,914 additional units of shares.	Supplementary listing
Chapel Hill Denham, Nigeria Infrastructure Debt Fund (NIDF)	177,401 additional units of shares.	Supplementary listing
Chapel Hill Denham Nigeria Infrastructure Debt Fund (NIDF)	901,761 additional units of shares.	Supplementary listing
Japaul Gold & Ventures Plc	Additional 8,000,000,000 Ordinary Shares of 50 Kobo each at ₦2.50 per Share	Supplementary listing
17.373% FGN Savings Bond AUG 2026	Issued 1,356,761 units amounting to ₦1,356,761,000	New listing

18.373% FGN Savings Bond AUGUST 2027	Issued 3,752,261 units amounting to ₦3,752,261,000	New listing
NGX30H5	Listed Futures Contracts at ₦3,896.50	New listing
NGXPENSIONH5	Listed Futures Contracts at ₦4,169.50	New listing
Norrenberger Islamic Fund	Issued 10,313,727 units amounting to ₦1,031,372,700	New listing
Norrenberger Turbo (Fixed Income) Fund	Issued 16,596,527 units amounting to ₦1,659,652,700	New listing
Sterling Financial Holdings Company Plc	7,197,604,531 ordinary shares of 50 Kobo each at ₦4.00 per share. ***RIGHT ISSUE***	New listing
Niger Insurance Plc	All trading shares	Delisting
Resort Savings and Loans Plc	All trading shares	Delisting
RAK Unity Petroleum Plc	All trading shares	Delisting

Source: Nigerian Exchange Limited (NGX).
Notes: FGN = Federal Government of Nigeria; Plc = Public Limited Liability Company; N/A = Not available.

2.3.4 Financial Soundness Indicators

Despite economic headwinds during the review quarter, the banking system remained safe, sound, and stable as reflected in the performance of the financial soundness indicators.

Consequently, the banking system capital adequacy ratio (CAR) improved by 1.49 percentage point to 14.01 per cent, relative to 12.52 per cent in the preceding quarter. The development reflected the improvement of the banks' total qualifying capital and decrease of risk weighted assets. 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 authorisation.

The banks' asset quality measured by the ratio of non-performing loans (NPL ratio) weakened by 0.68 percentage point to 4.58 per cent, relative to 3.90 per cent at the end-June 2024. The ratio, however, remained below the prudential benchmark of 5.0 per cent.

The industry Liquidity Ratio (LR) grew by 2.47 percentage points to 46.06 per cent, relative to the 43.59 per cent in the preceding quarter. The LR remained above the minimum regulatory benchmark of 30.0 per cent, depicting the liquidity sufficiency of the banks and their ability to meet up with their obligations.

2.4 EXTERNAL SECTOR DEVELOPMENTS

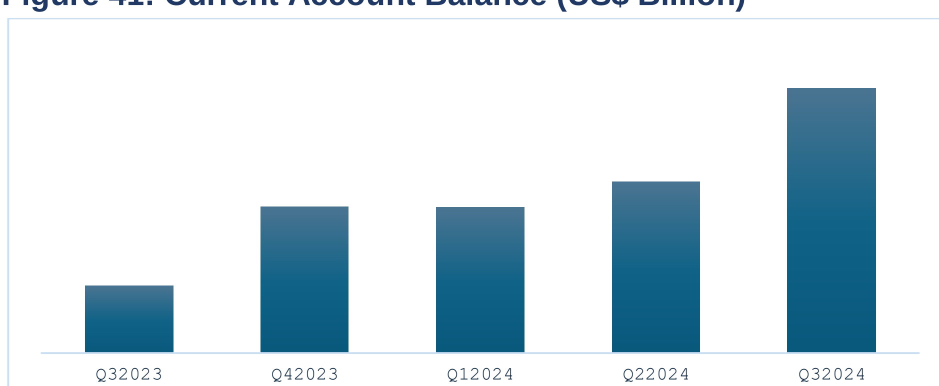
Summary

The external sector performance improved significantly in Q32024, buoyed by higher trade surplus and increase in remittance inflow. Consequently, a higher current account surplus of US$6.06 billion was recorded in the review period. The financial account recorded a higher net acquisition of financial assets, driven largely by higher foreign currency and deposit holdings by residents and accretion to external reserves. At US$39.29 billion, the level of external reserves could cover 8.91 months of import for goods and services or 13.34 months for goods only. The average exchange rate at the NFEM depreciated by 14.62 per cent to ₦1,588.64/US$, from ₦1,385.96/US$ in Q22024.

2.4.1 Current and Capital Account

The current account recorded an improved surplus position, reflecting a stronger trade surplus and increased remittances inflow. The surplus in the current account increased significantly to US$6.06 billion, equivalent to 13.04 per cent of GDP in Q3 2024, from US$3.92 billion or 8.74 per cent of GDP recorded in the preceding quarter. The significant increase was driven primarily by a higher surplus in the goods account, attributed to increased export earnings and a reduction in import bills.

Figure 41: Current Account Balance (US$ Billion)



Source: Central Bank of Nigeria

Export Performance

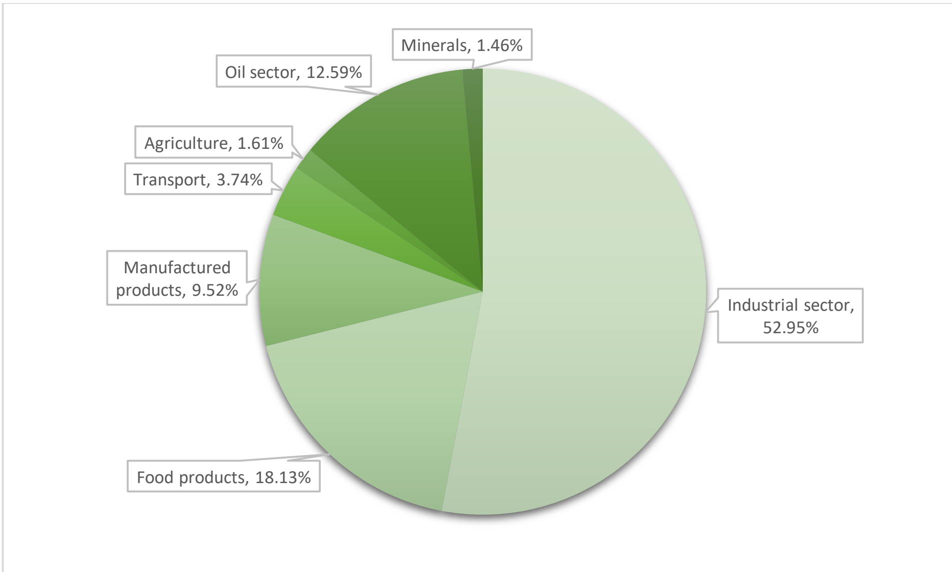
Merchandise export earnings increased in Q32024, primarily on account of higher crude oil export receipts, following the improved domestic crude oil production. Aggregate export earnings increased by 1.19 per cent to US$13.10 billion, from US$12.95 billion in Q22024. A breakdown showed that oil receipts rose to US$11.23 billion, from US$11.18 billion in Q22024. This reflected the increases in the average price of crude oil to US$85.69 per barrel from US$84.21 per barrel and domestic crude oil production to 1.33mbpd from 1.27mbpd. Crude oil price dynamics during the review period was underlined by sustained supply cuts by OPEC+ members amidst ongoing geopolitical tensions. The improved production was as a result of enhanced security around domestic oil infrastructures. Non-oil export receipts grew to US$1.87 billion from US$1.77 billion in the preceding quarter, attributed to increases in re-exports, electricity export, and other non-oil export. Crude oil and gas exports remained dominant, constituting 85.71 per cent of the total export, while non-oil export accounted for the balance.

Merchandise Import

Merchandise import bills fell in Q32024, reflecting the decline in the import of non-oil products. Merchandise imports fell by 8.34 per cent to US$8.83 billion, from US$9.64 billion in Q22024. Analysis by composition indicated that oil imports decreased to US$2.89 billion, from US$3.78 billion in the preceding quarter. Conversely, non-oil imports increased slightly to US$5.94 billion, from US$5.85 billion in the preceding quarter. The development was due to a decline in the industrial sector import, particularly, for raw materials and machinery. A breakdown of total import revealed that non-oil imports accounted for 67.27 per cent, while oil imports constituted the balance.

Further analysis indicated that the industrial sector, mainly raw materials and machinery, accounted for the largest share of imports, with 52.95 per cent. This was followed by food products (18.13%), oil sector (12.59%), manufactured products (9.52%), transport (3.74%), agricultural products (1.61%), and minerals (1.46%).

Figure 42: Import by Classification



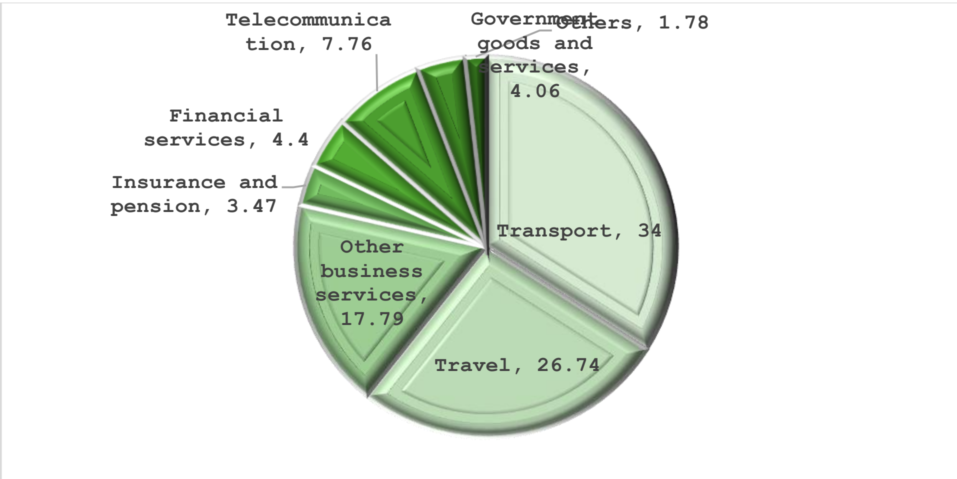
Source: Central Bank of Nigeria

Services

The services account deficit narrowed, reflecting reduced payments for other business and government services. The deficit in the services account narrowed to US$3.16 billion, from US$3.46 billion in Q22024. A disaggregation showed that total payment for services decreased by 3.81 per cent to US$4.39 billion, compared with the levels in the preceding quarter. A breakdown of the components of services indicated that payments for other business services fell to US$0.78 billion from US$1.41 billion in Q22024, while payments for government goods and services decreased to US$0.18 billion, from US$0.13 billion in Q22024. In contrast, payments for transport, travel, financial services, insurance & pension services, and telecommunication services increased to US$1.49 billion (5.62%), US$1.17 billion (7.17%), US$0.19 billion (44.76%), US$0.15 billion (16.10%), and US$0.34 billion (258.67%), respectively.

Analysis of total payment for services showed that transport services accounted for 34.00 per cent, followed by travel services (26.74%), other business services (17.79%), and telecommunications services (7.76%). Other contributors were financial services (4.40), government goods & services (4.06%), and insurance & pension services (3.47%), while "others" accounted for the balance.

Figure 43: Share of Service Out-Payments in Per cent



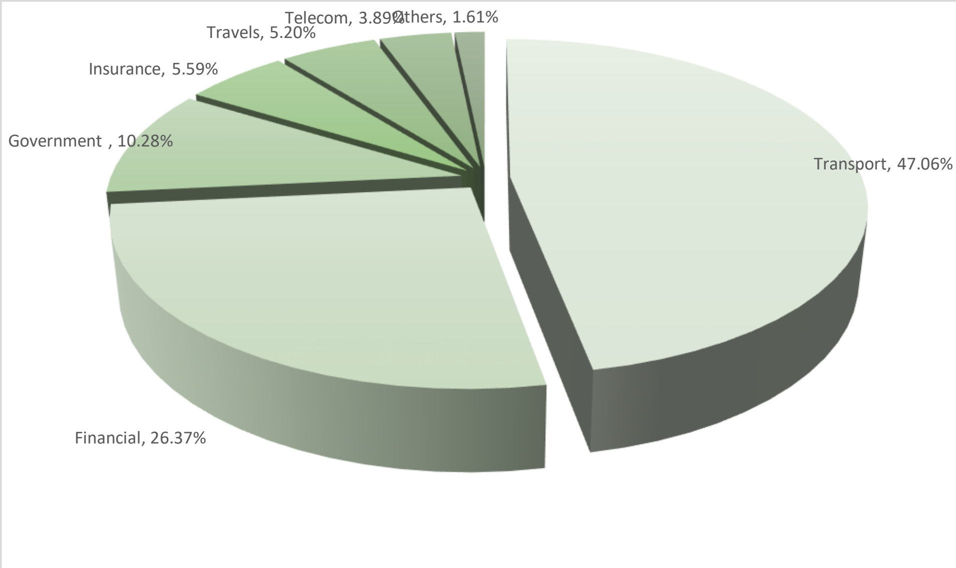
Source: Central Bank of Nigeria.

Receipts from services increased by 11.19 per cent to US$1.23 billion in Q32024 due, mainly, to higher inflows from insurance & pension services and financial services. Receipts from transport services rose by 2.67 per cent to US$0.58 billion. Insurance & pension services receipt also increased significantly to US$0.07 billion, from US$0.02 billion in the preceding quarter. In addition, receipts from financial services and government services increased by 37.48, and 5.49 per cent, respectively. Conversely, receipts from travel services and other business services declined by 31.44 and 14.02 per cent, respectively, to US$0.06 billion, and US$0.02 billion, compared with the levels in the preceding quarter.

Of the total services receipts, transport services constituted 47.06 per cent, followed by financial services (26.37%), government goods &

services (10.28%), insurance and pension services (5.59%), travels (5.20%), and telecommunication services (3.89%). Other services accounted for the balance.

Figure 44: Share of Services Receipts

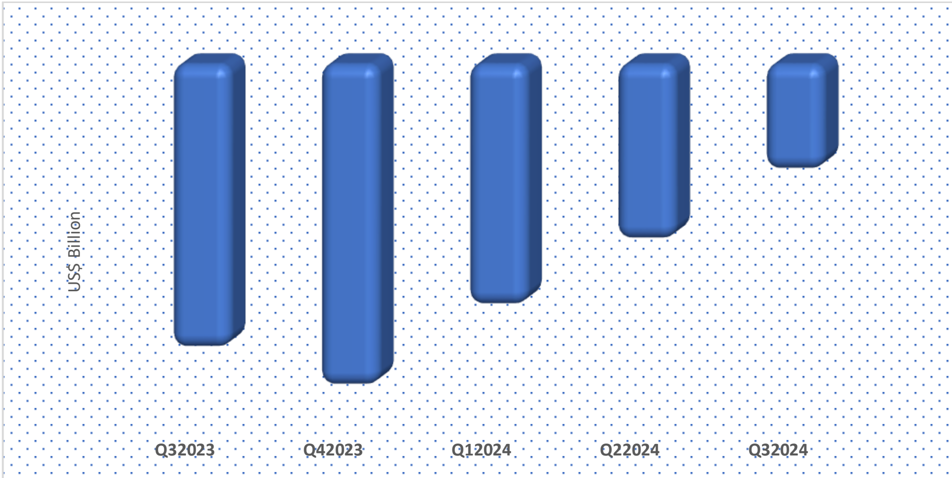


Source: Central Bank of Nigeria

Primary Income

The deficit in the primary income account narrowed, reflecting higher interest earnings from reserve assets and reinvested earnings from residents. The deficit reduced to US$1.06 billion in Q32024, from US$1.76 billion in Q22024, attributed to increased interest earnings from reserve assets and reinvested earnings from residents. A disaggregation indicated a lower deficit of US$1.13 billion in the investment income sub-account, compared with US$1.83 billion in Q22024. The surplus in the compensation of employees account increased by 13.66 per cent to US$0.07 billion, from the level in the preceding quarter.

Figure 45: Primary Income Balance

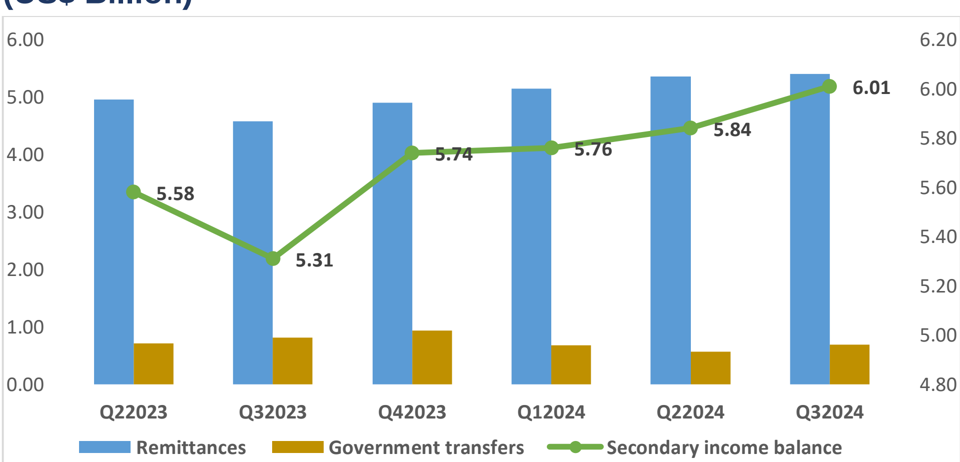


Source: Central Bank of Nigeria

Secondary Income

The secondary income account posted an increased surplus position, due to a higher inflow of remittances. The surplus in the secondary income account rose by 2.91 per cent to US$6.01 billion in Q32024, from the level in the preceding quarter. The improvement was driven by higher private sector transfers, particularly workers' remittances, which increased to US$5.40 billion from US$5.35 billion in Q22024. In addition, general government transfers also grew by 23.21 per cent to US$0.69 billion from US$0.50 billion in the preceding quarter.

Figure 46: Secondary Income Balance and Remittances Inflow (US$ Billion)



Source: Central Bank of Nigeria.

2.4.2 Financial Account

Financial Account Developments

The financial account recorded a higher net acquisition of financial assets, driven largely by higher foreign currency and deposit holdings by residents and accretion to external reserves. The financial account recorded net acquisition of financial asset of US$4.03 billion, compared with US$0.31 billion in Q22024.

Net Incurrence of Liability

The economy recorded a higher inflow of US$6.44 billion, relative to US$1.48 billion in the preceding quarter. The development was due to an increase in central bank liabilities and incurrence of loans by the government. A disaggregation showed that 'Other investment' liabilities recorded a net inflow US$4.06 billion, in contrast to a net reduction of US$3.50 billion in Q22024, due to increased loan liabilities. Foreign direct investment liabilities also increased to US$0.56 billion from US$0.52 billion in Q22024. Conversely, portfolio investment decreased to US$1.92 billion, from US$4.42 billion in Q22024, due to a decline in debt securities.

Net Acquisition of Asset

Financial assets acquired by resident investors increased significantly to US$10.47 billion in Q32024, compared with US$1.79 billion in the preceding quarter. The development was as a result of the increase in foreign currency and deposit holdings by residents to US$5.49 billion from withdrawals of US$0.83 billion in Q22024 and the accretion to reserve assets of US$4.21 billion, compared with US$2.47 billion in Q22024. Direct investment assets increased to US$0.63 billion, relative to US$0.15 billion in the preceding quarter. 'Other investment' asset increased significantly to US$5.53 billion, against a disposal of US$1.15 billion in the preceding quarter. Conversely, portfolio investments decreased marginally by 0.70 per cent to US$0.21 billion, compared with the level in Q22024.

2.4.3 External Debt

External Debt

Nigeria's external debt stock at end-June 2024, stood at US$42.90 billion (23.90% of GDP). A breakdown of external debt stock showed that the multilateral loans, including loans from the World Bank Group, International Monetary Fund, and African Development Bank Group, amounted to US$21.62 billion, accounting for 50.41 per cent of the total external debt stock. Commercial loans (Euro Bonds) amounted to US$15.12 billion (35.24%). Loans from bilateral sources was US$5.89 billion (13.72%), and syndicated loans (African Finance Corporation) stood at US$0.27 billion (0.63%).

External debt service payments at end-June 2024 stood at US$1.12 billion. A breakdown showed that interest payments totalling US$0.40 billion, accounted for 35.71 per cent of the debt service payment. Principal repayments was US$0.58 billion (51.79% of the total), while other payments accounted for the balance. Analysis of interest payments showed that commercial borrowings accounted for 74.72 per cent of the total at US$0.30 billion, while interest payments to multilateral institutions amounted to US$0.09 billion (23.45%). Interest on bilateral loans accounted for the balance.

2.4.4 International Investment Position

International Investment Position

The international investment position posted a lower net financial liability. The stock of financial assets rose to US$107.49 billion in Q32024, from US$114.13 billion in the preceding quarter driven, primarily, by an increase other investment assets and reserve assets. Other investment assets and reserve assets increased by 11.69 per cent and 13.02 per cent to US$52.82 billion and US$39.29 billion, respectively, from the levels in the preceding quarter. Similarly, direct investment and portfolio investment assets grew to US$17.33 billion, and US$4.58 billion, respectively, from US$16.67 billion and US$4.37 billion in the preceding quarter.

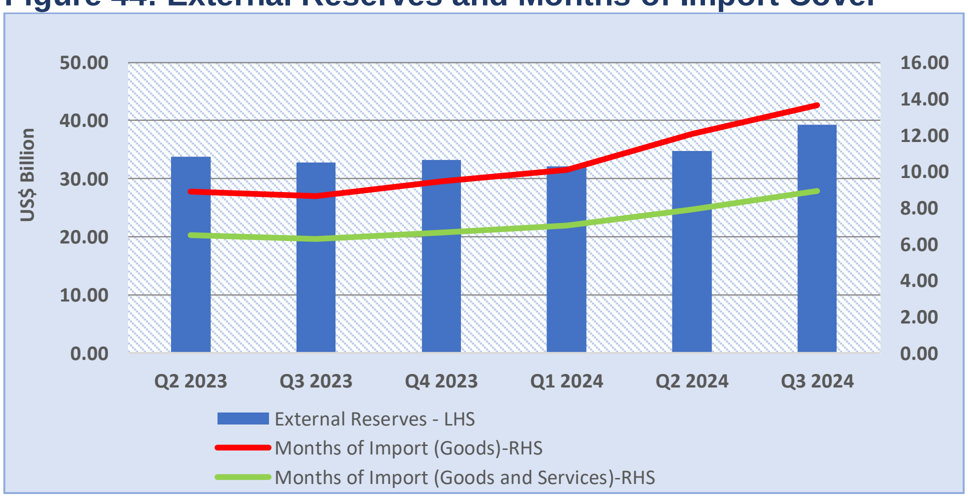
The stock of financial liabilities rose to US$174.29 billion in Q32024, from US$167.88 billion in Q22024, driven largely by a 4.64 per cent increase in "other investment'' liabilities to US$74.30 billion. Direct investment liabilities also increased to US$68.66 billion, from US$66.09 billion recorded in Q22024. Similarly, portfolio investment liabilities increased to US$31.25 billion from US$30.61 billion in Q22024.

2.4.5. International Reserves

International Reserves

The external reserves increased and remained above the benchmark of 3 months of import cover during the review quarter. The external reserves rose to US$39.29 billion, from US$34.76 billion at end-September 2024. This level of reserves could cover 8.91 months of import for goods and services or 13.34 months for goods only.

Figure 44: External Reserves and Months of Import Cover



Source: Central Bank of Nigeria

2.4.7 Foreign Exchange Flows through the Economy

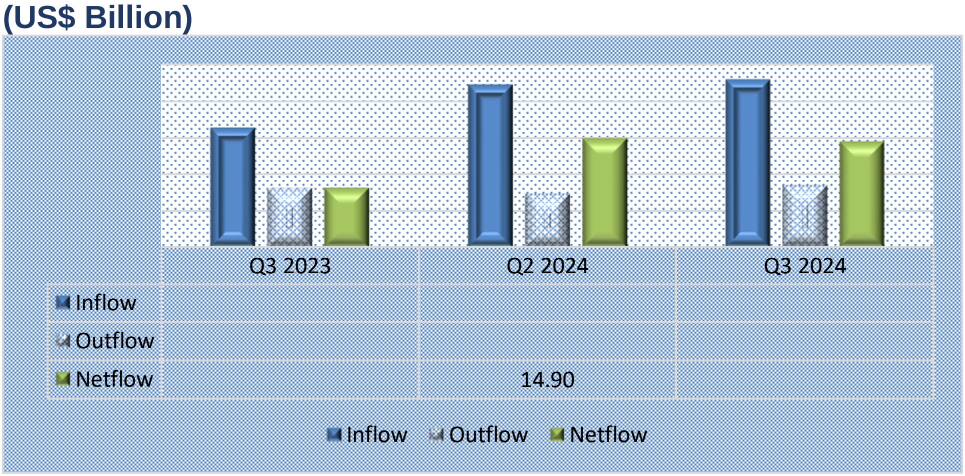
Foreign Exchange Flows through the Economy

Net foreign exchange inflow through the economy rose in the review quarter driven, largely, by inflow through the Bank. Foreign exchange inflow through the economy increased by 3.01 per cent to US$22.89 billion, from US$22.22 billion in Q22024. Inflows through the Bank rose by 39.63 per cent to US$11.86 billion from US$8.49 billion, while autonomous sources fell by 19.66 per cent to US$11.03 billion from US$13.72 billion in the preceding quarter.

Foreign exchange outflow through the economy rose by 15.18 per cent to US$8.43 billion, relative to the level in Q22024. Outflows through the Bank, rose by 27.91 per cent to US$7.31 billion, while those through autonomous sources decreased by 30.06 per cent to US$1.12 billion.

Consequently, net foreign exchange inflow through the economy decreased by 2.97 per cent to US$14.46 billion, from US$14.89 billion in the preceding quarter. However, net inflow through autonomous sources fell to US$9.90 billion, from US$12.12 billion in the preceding quarter. A net inflow of US$4.55 billion was recorded through the Bank compared with a net outflow of US$2.78 billion in the preceding quarter.

Figure 48: Foreign Exchange Transactions through the Economy (US$ Billion)



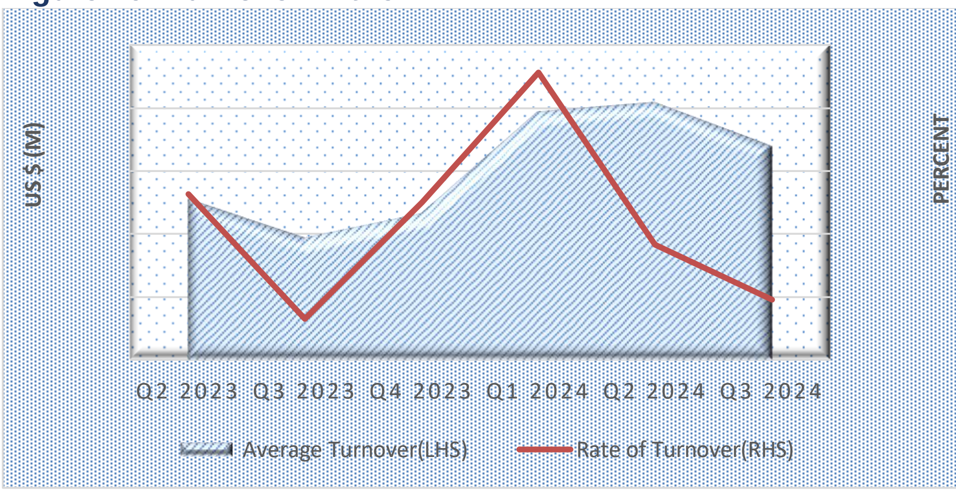
Source: Central Bank of Nigeria

2.4.7 Exchange Rate Movement

Average Exchange Rate

The average exchange rate at the NFEM depreciated by 14.62 per cent to ₦1,588.64/US$, from ₦1,385.96/US$ in Q22024, owing to increased demand pressure.

Figure 49: Turnover in the NFEM



Source: Central Bank of Nigeria

3.0 Global Outlook

Global output growth is expected to moderate, unevenly across regions. Global economic growth is expected to moderate slightly to 3.20 per cent in 2024, down from 3.30 per cent in 2023, influenced by rising consumer price pressures and potential fiscal tightening, even as consumer demand remains strong across both advanced economies (AEs) and emerging markets and developing economies (EMDEs).

In AEs, growth is forecasted to remain steady at 1.70 per cent in 2024, with a slight increase to 1.80 per cent in 2025, driven by sustained demand in the US and higher consumption, as well as increased investment in the Euro area. Growth in EMDEs is projected to moderate to 4.30 per cent in both 2024 and 2025, on account of geopolitical conflicts, moderation in demand and near-term impact of flooding.

Global headline inflation is projected to decline from 6.70 per cent in 2023 to 5.90 per cent in 2024 and further to 4.40 per cent in 2025. This moderation in inflation pressures is due largely, to tight monetary policies, a cooling labour market, and declining energy prices.

3.1 Domestic Outlook

For the remaining three months in year 2024, inflation is expected to remain elevated. This expected rise is on account of the impact of ongoing policy reforms, leading to an increase in both energy and transport costs. However, the Bank's sustained contractionary stance, the relative stability at the foreign exchange market, as well as the continuous harvest of some food staple could contribute in moderating inflation.

Fiscal outlook remains bright in the near- to medium-term, as fiscal reforms continue to exert favourable outcome, evident in contracting fiscal deficit and higher revenue collection. The volatility in global crude oil prices coupled with low production vis-à-vis the OPEC quota are however risks to the outlook.

The external sector is expected to remain strong in 2024, driven by sustained improvements in trade surplus, higher domestic crude oil production, and the full operation of the Dangote and Port Harcourt refineries. Global economic conditions are also anticipated to be supportive, with easing inflation in advanced economies which will stimulate trade and investment.