CENTRAL BANK OF NIGERIA ECONOMIC REPORT

Fourth 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, Research Department, Central Bank of Nigeria, P.M.B. 187, Garki, Abuja, Nigeria.

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SUMMARY

Global economic activity continued to expand in Q42024, with the Global Composite Purchasing Managers' Index (PMI) steady at 52.43 index points, on account of a robust services sector performance. Analysis of global inflation developments indicated an uptrend in Advanced Economies (AEs), due to rising service costs, and a decline in many Emerging Markets and Developing Economies (EMDEs), aided by lower energy prices. Monetary policy normalisation, however, continued in several economies amid country-specific inflation expectations. Financial markets exhibited regional variations, as uncertainties surrounding the US trade policies and interest rate expectations bolstered bond yields across both AEs and EMDEs. Crude oil prices declined due to supply concerns waned and increased production by OPEC and its allies were expected in 2025. The average spot price of Nigeria's reference crude, Bonny Light, fell by 7.99 per cent to US$75.66 per barrel.

The domestic economy-maintained growth momentum, as GDP expanded by 3.84 per cent, underpinned by the robust performance of the non-oil sector, particularly the financial and insurance subsector, supported by modest outturn in the oil sector. Domestic crude oil production significantly improved due to enhanced security measures at key production terminals. Average crude oil output increased by 7.52 per cent to 1.43 million barrels per day (mbpd) from 1.33 mbpd in Q3 2024. Amid these gains, inflation pressures remained, as both food and non-food components of the Consumer Price Index (CPI) rose. Headline inflation increased to 34.80 per cent (year-on-year) from 32.70 per cent in Q32024, and core inflation to 29.28 per cent from 27.43 per cent, due to rising inflation expectations, high energy costs, and elevated manufacturing input expenses primarily drove the inflationary uptick. Food inflation rose to 39.84 per cent from 37.77 per cent, as rising price of Premium Motor Spirit (PMS) impacted transportation costs.

The fiscal operations improved during the review period, driven by increased revenue from oil sources. Federally collected revenue rose by 5.31 per cent compared to the previous quarter, though it remained 19.67 per cent below the benchmark. Similarly, the Federal Government of Nigeria's (FGN) retained revenue grew by 10.40 per cent quarter-on-quarter but fell short of the target by 48.57 per cent. Aggregate government expenditure increased by 2.22 per cent relative to Q32024 but was 22.09 per cent below the quarterly target. Consequently, the fiscal deficit narrowed by 3.61 per cent compared to Q32024 but widened by 34.44 per cent relative to the proportionate quarterly target. Domestic total public debt stood at ₦142.32 trillion, representing 51.29 per cent of GDP, which remains within the 70.00 per cent threshold for Market-Access Countries.

The financial sector remained resilient amid monetary expansion and fluctuating liquidity conditions. Broad money supply (M3) grew by 42.76 per cent to ₦113.14 trillion, driven by a rise in net foreign assets (NFA) and net domestic assets (NDA). However, liquidity conditions in the banking system led to a slight uptick in short-term interest rates. Robustness analysis indicated that the banking industry remained strong, as financial soundness indicators were within regulatory

thresholds, reinforcing confidence in the sector. This stability and favourable market conditions bolstered investor sentiment and fuelled a strong performance across various capital market segments during the review period.

The external sector strengthened in Q42024, with the overall balance of payments recording a surplus, reflecting improved economic conditions. However, the current account surplus narrowed due to a lower trade surplus and higher deficit in primary income account. The financial account recorded a net acquisition of financial assets, driven largely by a significant reduction in loan liabilities. External reserves stood at US$40.19 billion, sufficient to cover 8.15 months of imports for goods and services or 12.00 months for goods only. Average exchange rate at the Nigerian Foreign Exchange Market (NFEM) depreciated to ₦1,623.26/US$ from ₦1,588.64/US$ in Q32024.

Outlook of the domestic economy suggests a faster growth in the medium term, buoyed by anticipated stability in the naira, improved crude oil production, and the consolidation of ongoing policy reforms. Inflation is expected to moderate from Q1 2025, supported by the lagged effect of the Bank's restrictive policy stance, exchange rate stability, and improved security in food-producing areas, downside risks persist. These include potential exchange rate depreciation, increased money supply, rising PMS prices, electricity and import tariff hikes, and heightened insecurity in agricultural regions.

1.0 GLOBAL ECONOMIC DEVELOPMENTS

Summary

Global economic activity was robust in Q42024 as the PMI remained within the expansion region. Inflation inched up in the Advanced Economies (AEs) on account of higher cost of services but moderated across most Emerging Markets and Developing Economies (EMDEs), largely driven by lower energy prices. Amid shifting inflation expectations, monetary policy normalisation continued in most countries. Activities in the equity markets revealed regional divergences, on the heel of varied expectations and uncertainties about US trade policy. The global bonds market rallied as the market anticipated fewer rate cuts by major central banks.

1.1 Global Economic Activity

Global Economic Activity

The expansion in global economic activity was sustained, as the PMI remained unchanged from its level in Q32024. The pace of global economic activity, as measured by the PMI, remained steady at 52.43 index points in Q42024, reflecting the sustained expansion in the services sector. The services PMI at 53.33 index points in Q42024, was bolstered by growth in output, new orders, employment, and exports. The manufacturing sector PMI, though still within the contraction region, improved to 49.67 index points from 49.37 index points, owing to an uptick of manufacturing activities in China, the US, and the Euro area.

Table 1: Global Purchasing Managers' Index (PMI)

	Q42023	Q32024	Q42024
Composite (Output)	**50.47**	**52.43**	**52.43**
Employment Level	50.33	50.40	50.03
New Business Orders	50.03	51.67	52.13
New Export Business Orders	48.27	48.97	48.93
Future Output	61.73	61.27	62.20
Input Prices	56.10	56.63	55.97
Output Prices	53.33	52.47	52.17
Manufacturing	**49.03**	**49.37**	**49.67**
Services (Business Activity)	**50.87**	**53.33**	**53.33**
New Business	50.60	52.83	53.10
New Export Business	49.60	50.93	50.80
Future Activity	62.47	61.87	62.97
Employment	50.87	50.70	50.37
Outstanding Business	48.77	49.60	50.07
Input Prices	59.40	57.40	56.77
Prices Charged	54.03	52.87	52.33

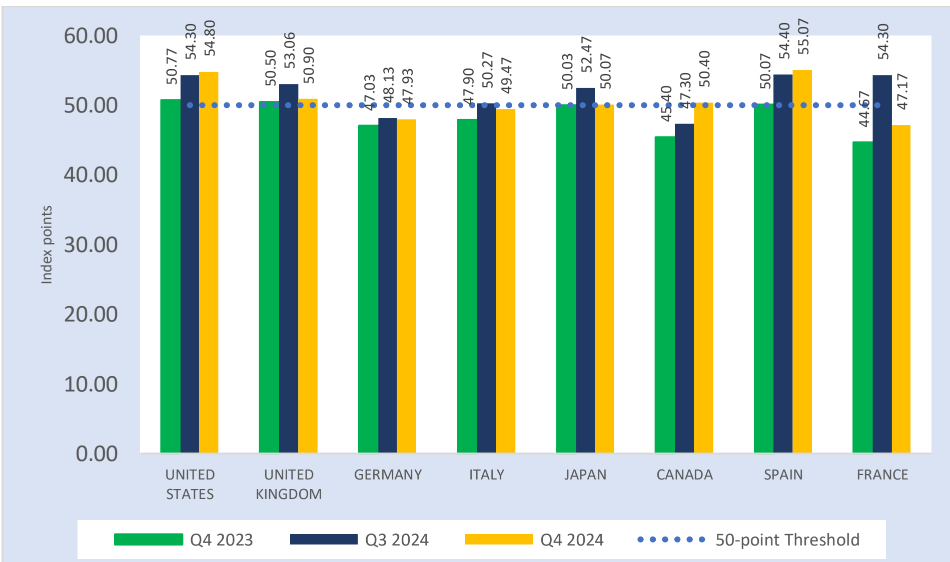
Source: *JP Morgan*

Economic activity in Advanced Economies

The level of economic activity in AEs varied with country-specific factors. In the US and Spain, the PMI strengthened to 54.80 and 55.07 index points, respectively, from 54.30 and 54.40 index points in Q32024, on account of the growths in the service sector and employment. Economic activity in Canada expanded to 50.40 index points in Q42024 from 47.30 index points, reflecting increased output and new orders in the manufacturing sector. With PMI at 50.90 (from 53.07) and 50.07 (from 52.47) index points in Q42024, the pace of expansion slowed in the UK and Japan, respectively, due to slower growth in the manufacturing sector and subdued demand in certain industries.

Economic activities in France and Italy, however, contracted in Q42024, as their PMI fell to 47.17 and 49.47 index points, respectively, from 50.27 index points apiece, in the previous quarter. The contraction in France was propelled by a decline in new orders, following fall in demand from export markets, decline in employment, and contraction in the service sector, as well as political and geopolitical tensions. Declines in the manufacturing sector, cost pressures, and weaker new orders were responsible for the deceleration in Italy. The PMI contracted further to 47.93 index points from 48.33 index points in Q32024, in Germany, as cost pressures from energy and wages weakened the manufacturing sector.

Figure 1: PMIs in Selected Advanced Economies



Source: *Trading Economics/Various countries' websites*

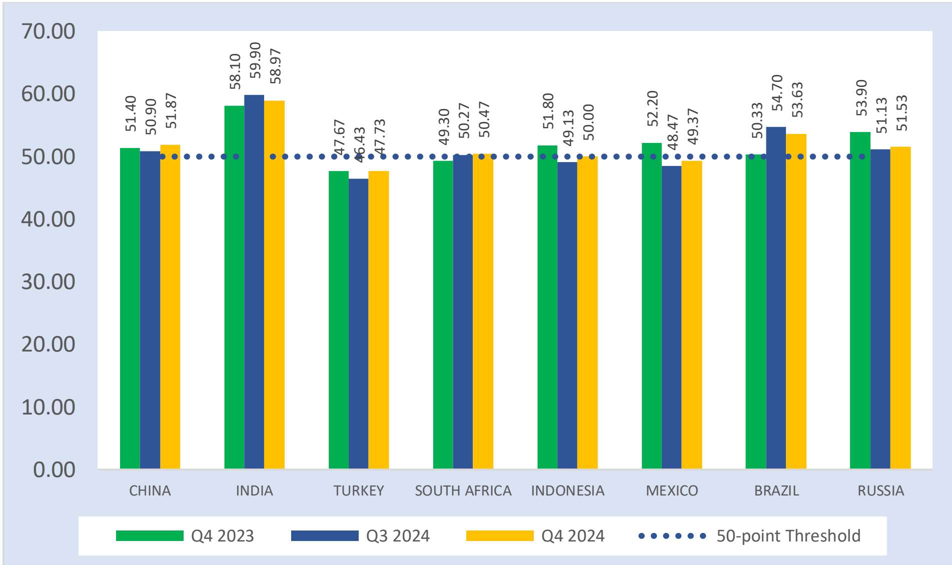
Economic activity in EMDEs

Performance of economic activity in EMDEs reflected idiosyncratic variations within the group. In China, PMI rose to 51.87 index points from 50.90 index points in the preceding quarter, due to the increases in services and manufacturing activities. The PMI also strengthened in South Africa and Russia to 50.47 and 51.53 index points, respectively, from 50.27 and 51.13 index points in the preceding quarter. The expansion in South Africa was attributed to sustained growth in new orders, bolstered by higher demand and improved market confidence. In Russia, the expansion reflected the growth in the new orders, manufacturing, and services sectors and increased military production following the invasion of Ukraine. In Indonesia, economic activity recovered from a contraction of 49.13 index points in Q32024 to 50.00 index points in Q42024, driven by increase in new orders and rising demand.

The PMI for India and Brazil indicated that economic activities slowed to 58.97 and 53.63 index points, respectively, from 59.90 and 54.70 index points in Q32024. The deceleration in India was attributed majorly to contraction in the manufacturing sector, while slower expansions in the services and manufacturing sectors due to rising costs of inputs, led to the slowdown in Brazil.

Conversely, the PMIs in Mexico and Turkey remained in the contraction region, albeit improving to 49.37 and 47.73 index points, respectively, from 48.47 and 46.43 index points in the preceding quarter, owing to easing of cost pressures in both countries. Additionally, a rise in purchasing activities supported the improvement in Mexico's performance, while it was buoyed by a renewed increase in employment and lower input prices in Turkey.

Figure 2: PMI in Selected Emerging Market and Developing Economies



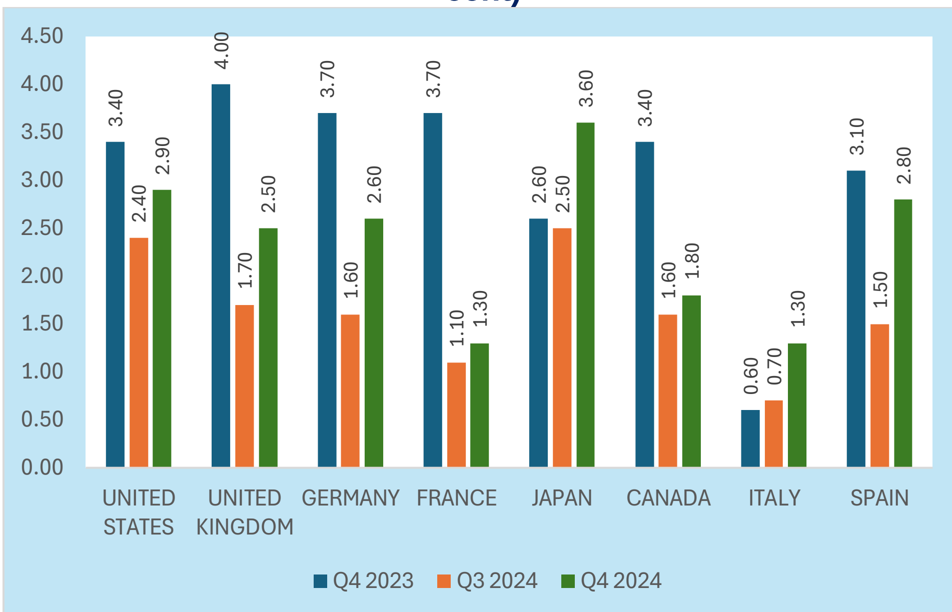
Source: *Trading Economics/Various countries' websites*
Note: *Turkey, Indonesia and Mexico PMIs data were based on manufacturing PMI*

1.2 Global Inflation

Global Inflation

Inflation rose in AEs, on account of higher cost of services, but was moderated in most EMDEs by declining energy prices. Inflation in the US increased to 2.90 per cent from 2.40 per cent in Q32024, owing to base effects particularly for energy and food prices. In the UK and Germany, inflation rose to 2.50 and 2.60 per cent, respectively, from 1.70 and 1.60 per cent, driven by higher prices of food and services. Upward adjustment of energy price caps and increased housing costs further reinforced inflation in the UK. Consumer prices rose faster in Japan to 3.60 per cent from 2.50 per cent in the preceding quarter, owing to the lag effect of the removal of energy subsidy, and increase in the prices of food, housing, furniture, clothing, and other services. The rise in prices of services, energy, food, and tobacco contributed to faster price increases in both France and Italy, as inflation in both countries reached 1.30 per cent, apiece, from 1.10 and 0.70 per cent, respectively. Inflation also rose in Canada and Spain to 1.80 and 2.80 per cent, respectively, from 1.60 and 1.50 per cent in the preceding quarter, driven, primarily, by higher energy costs.

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

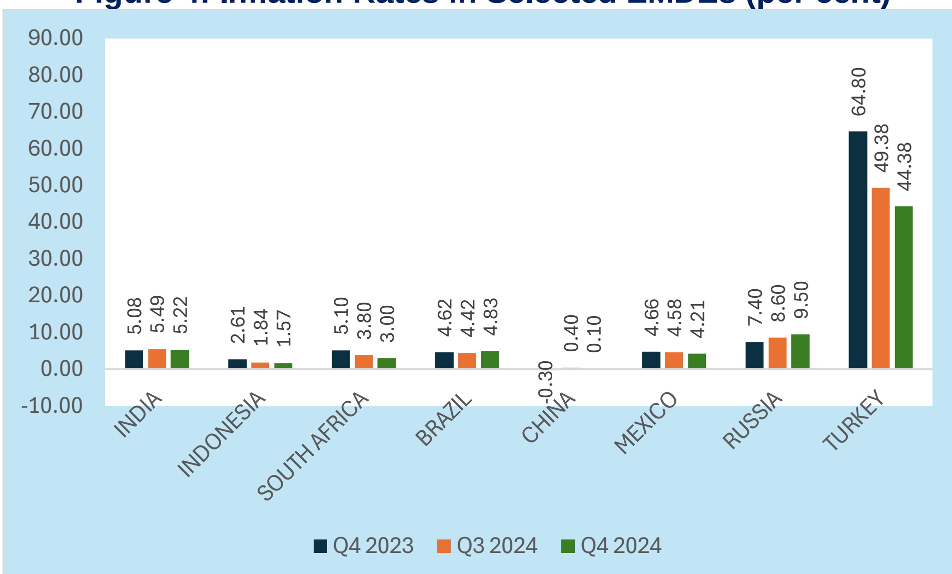


Source: *Trading Economics and Staff Computations*

Inflation pressures moderated in most EMDEs but elevated in a few countries. Inflation eased to 1.57 per cent in Indonesia, from 1.84 per cent in the preceding quarter due to decelerated prices of food, clothing, health, transport, and communication. Turkey recorded a further decline in inflation to 44.38 per cent, from 49.38 per cent in Q32024, underpinned by a moderation in prices of food, water, beverages, housing, and tobacco, as well as energy costs. In Mexico, inflation moderated to 4.21 per cent, from 4.58 per cent, owing to decline in the prices of housing and utilities, as well as food and non-alcoholic beverages. Inflation also declined in South Africa to 3.00 per cent from 3.80 per cent, due to a slowdown in energy and food prices, beverages, and services. In China and India, inflation moderated to 0.10 and 5.22 per cent, respectively, from 0.40 and 5.49 per cent in Q32024 caused by a reduction in food prices in both countries including a slowdown in housing costs in China, and energy costs in India.

Inflation, however, increased in Russia and Brazil to 9.50 and 4.83 per cent, respectively, from 5.08 and 4.23 per cent in the preceding quarter. The higher inflation in Russia was attributed, primarily, to base effects, labour force shortages (amid military call-ups), increased deficit spending, rising food prices, higher service costs, and rising gasoline prices. In Brazil, the rise in inflation was driven by increased consumer and government spending.

Figure 4: Inflation Rates in Selected EMDEs (per cent)



Source: *Trading Economics and Staff Computations*

1.3 Global Financial Markets

The performance of financial markets in the review quarter showed divergences across AEs and EMDEs, buoyed by uncertainties about US trade policy, growth concerns, and interest rate expectations. Majority of stocks in AEs were bullish in Q42024 due to gains in communication services, information technology & consumer discretionary sectors, improved corporate earnings, and resilient economic indicators. Consequently, the Japanese TOPIX and NIKKEI indices rebounded by 5.25 and 5.21

per cent, respectively, reflecting a recovery from the bearish run in the preceding quarter. The performance was bolstered by developments in the US, particularly the currency market, as a weaker yen supported the earnings outlook for large-cap exporters that drove the Japanese equities market.

The German DAX and Italian FTSE MIB appreciated by 3.02 and 0.18 per cent, respectively, as investors took positions in companies with high cashflow yield. The US equities recorded diverse outcomes, as the S&P 500 and Dow Jones gained 2.07 and 0.51 per cent, respectively, while the NASDAQ 100 fell by 3.69 per cent. The outcomes of the S&P 500 and Dow Jones were driven by a strong consumer spending, increased growth of AI technologies, robust corporate earnings, and optimism around potential interest rate stabilisation, while the bearish run in NASDAQ 100 was due to sell-off.

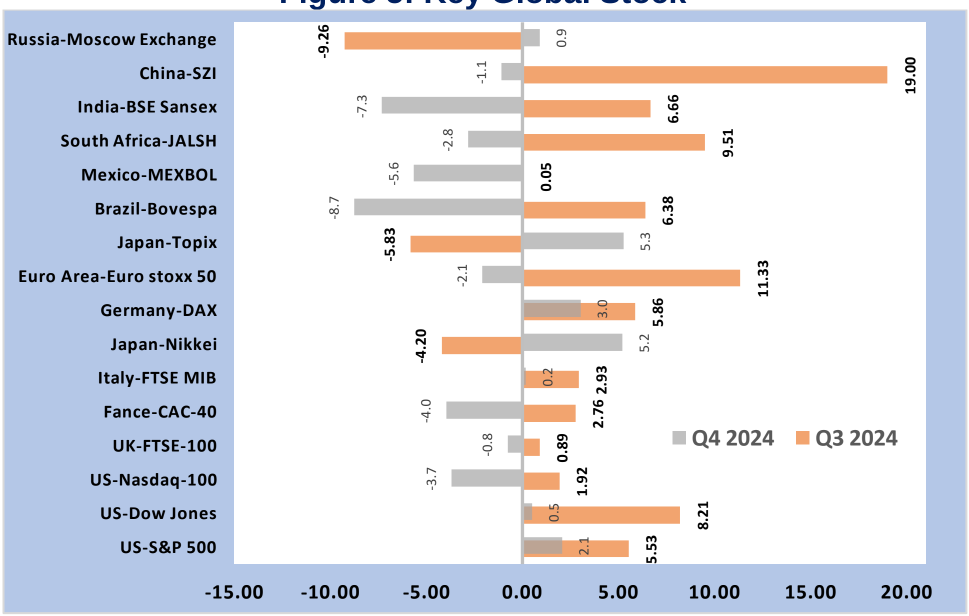
In the UK, however, equities were bearish following a rise in the long-term bond yields and growing concerns about the UK macro-economic outlook. The FTSE 100 fell by 0.78 per cent, as economic uncertainty, inflation considerations, Brexit-related challenges, and the Bank of England's monetary policy inclination, spurred investors weariness. Similarly, the French CAC 40 and EURO STOXX fell by 3.97 and 2.09 per cent, respectively, due to persistent inflation concerns, restrictive monetary policy, and geopolitical uncertainties.

Bearish runs dominated EMDE’s equities in Q42024, impacted by global growth concerns, tighter monetary policy, and a strong US dollar. Brazilian shares were the weakest in the EMDEs region, as the BOVESPA depreciated by 8.75 per cent, weighed by concerns over the country's fiscal outlook. Indian BSE SENSEX and Mexican MEXBOL declined by 7.31 and 5.65 per cent, respectively, occasioned by investor uncertainties around US trade policies.

In South Africa, the JALSH fell by 2.83 per cent following increased bond yields and a stronger US dollar. The Chinese SZI depreciated by 1.09 per cent, driven by weaker growth, and investor pessimism about the potential impact of US trade policies on Chinese exports.

The Russian MOEX, however, rebounded by 0.89 per cent, as anticipated interest rate cut and a strengthening ruble lifted investor sentiment, and rising oil prices bolstered the performance of the energy stocks.

Figure 5: Key Global Stock

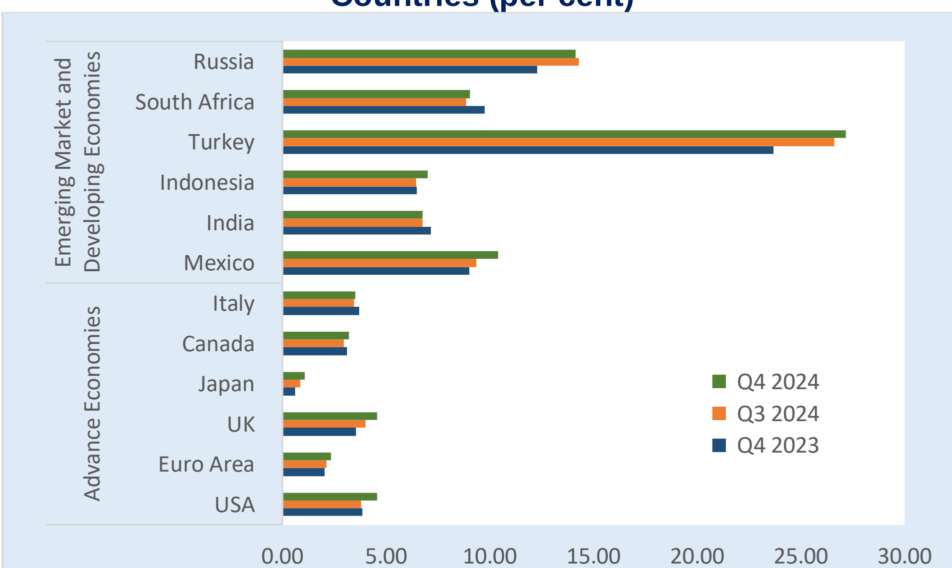


Source: *Reuters Refinitiv Eikon & Trading Economics*

Bond yields rose in both AEs and EMDEs, as markets anticipated monetary policy normalisation by major central banks. Within the AEs, the 10-year bond yield rose in the UK (4.57% from 4.01%) and the Euro area (2.36% from 2.13%), as wage growth and concerns over elevated inflation dampened the possibility of further interest rate cuts. Similar trajectories were observed in the US and Canada, where the 10-year bond yield grew to 4.58 and 3.23 per cent, respectively, from 3.79 and 2.95 per cent, reflecting investor expectation of pro-business policies under the incoming Trump administration. In Japan and Italy, the 10-year bond yield rose to 1.09 and 3.53 per cent, respectively, from 0.86 and 3.47 per cent. The development in these countries was attributed to the market expectation of interest rate hike by the Bank of Japan (BoJ), positive growth outlook, and improved export competitiveness.

Among EMDEs, Turkey recorded a rise in 10-year bond yield to 27.19 from 26.63 per cent, in the preceding quarter, amid elevated inflation. Bond yield increased in Mexico (10.42% from 9.35%), Indonesia (7.02% from 6.46%) and India (6.76% from 6.75%), supported by robust demand from local and foreign investors in the wake of further moderation in inflation in these countries. In South Africa, the yield rose to 9.05 per cent from 8.85 per cent, reflecting the global trends of rising yields. The 10-year bond yield in Russia, however, fell to 14.16 per cent from 14.30 per cent, due to increased budget spending to finance the war and economic stabilisation efforts amid sanctions.

Figure 6: 10-year Government Bond Yields for Selected Countries (per cent)



Source: *Reuters Refinitiv Eikon*

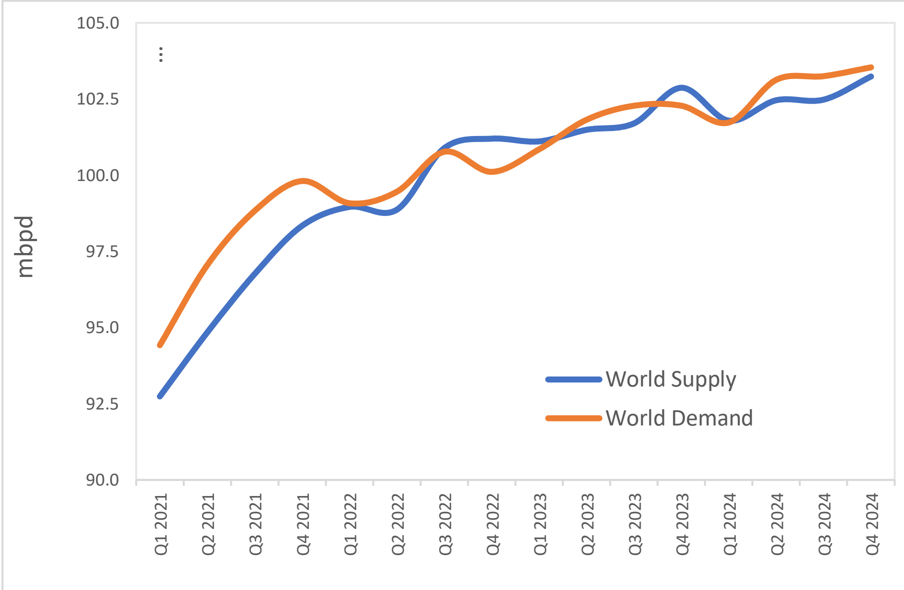
1.4 Global Commodity Market

Global Crude Oil Supply and Demand

World crude oil demand slightly exceeded supply in Q42024, driven by increased economic activities in both OECD and non-OECD countries. Global crude oil demand, including natural gas liquids (NGLs), increased by 0.42 per cent to 103.40 million barrels per day (mbpd), from 102.97 mbpd in Q32024. The growth was driven by increased demand in both non-OECD countries (particularly India, Japan, and China) and OECD countries (notably the US and Canada). The higher demand was occasioned by stronger industrial activity and manufacturing output, particularly in Asia, leading to higher energy consumption. Global crude oil demand was reinforced by a build-up of strategic petroleum reserves in some countries, in response to market uncertainties. Oil demand by OECD countries grew by 0.32 per cent to 46.29 mbpd, from 46.14 mbpd in Q32024; and by 0.49 per cent to 57.11 mbpd, from 56.83 mbpd in non-OECD countries.

Global crude oil supply, including NGLs, rose by 0.52 per cent to 103.14 mbpd, driven by higher production in both OPEC and non-OPEC countries. Non-OPEC supply grew by 0.41 per cent to 70.78 mbpd, from 70.49 mbpd, due to increased output in Canada and the US. Crude supply by OPEC countries rose by 0.75 per cent to 32.36 mbpd, from 32.12 mbpd, following higher production in Libya, Iran, Gabon, and Nigeria.

Figure 7: Total Global Crude Supply and Demand

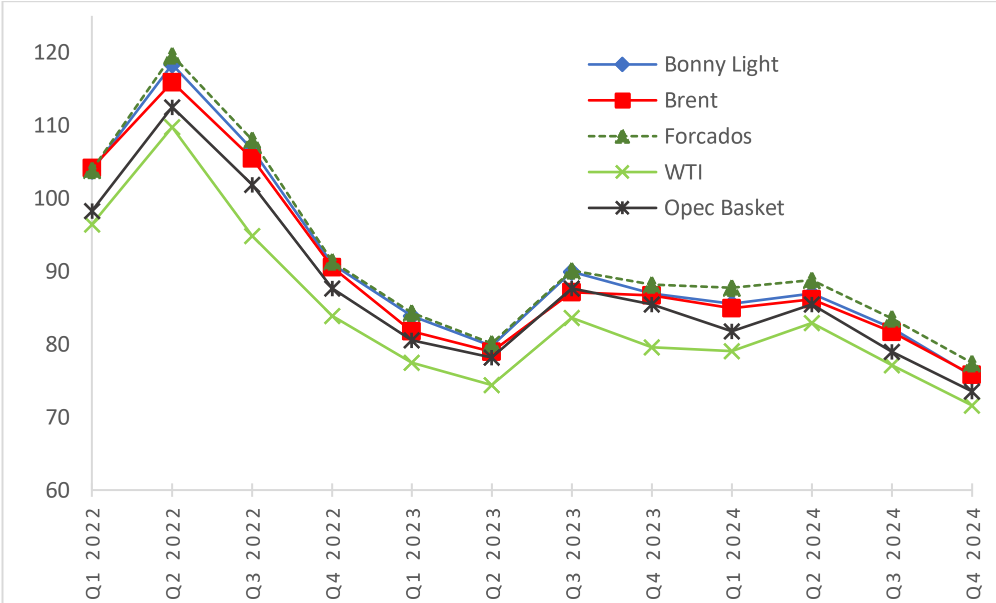


Source: *Energy Information Administration (EIA)*

Crude Oil Prices

Crude oil spot prices decreased, driven mainly by easing concerns over supply risks from the Israel-Hezbollah conflict and the prospect of increased supply in 2025 by OPEC and its allies. The average spot price of Nigeria's reference crude oil, Bonny Light, fell by 7.99 per cent to US$75.66 per barrel (pb). Similar downward trends were observed in the prices of Brent (US$75.80 pb), Fourcade's (US$77.42 pb), West Texas Intermediate (US$71.59 pb), and the OPEC Reference Basket (US$73.52 pb).

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

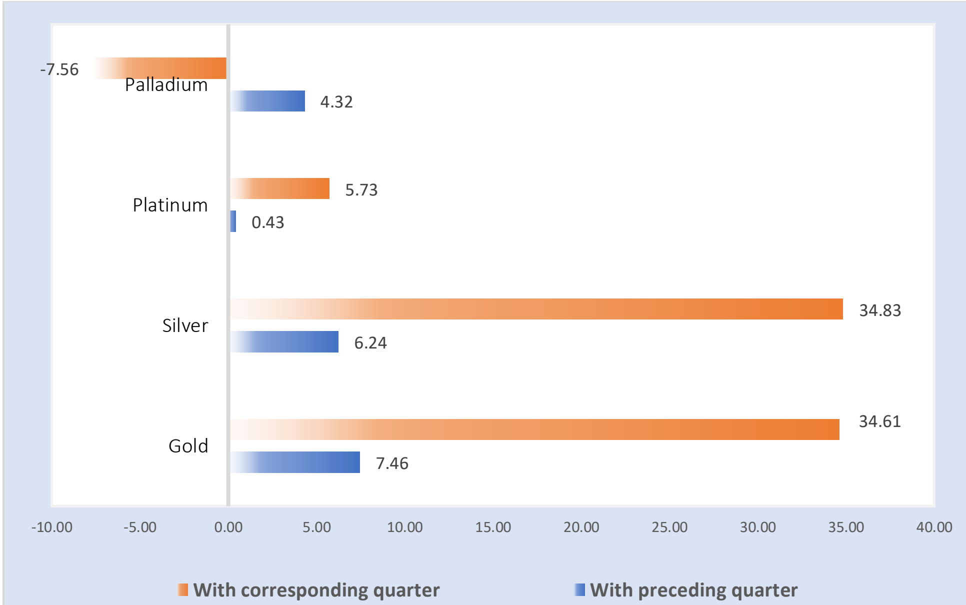


***Source**: Refinitiv Eikon (Reuters)*

Other Mineral Commodities

The average spot prices of precious metals rose, driven, primarily, by expectations of monetary policy normalisation, increased gold purchase by central banks, and continued geopolitical tensions. At US$2,660.86 per ounce, the average spot price of gold rose by 7.46 per cent compared with US$2,476.23 per ounce in Q32024, while the price of silver increased by 6.24 per cent to US$31.32 per ounce from US$29.48 per ounce. Platinum and palladium also recorded price gains of 0.43 per cent and 4.32 per cent, respectively, to US$964.05 per ounce and US$1,007.99 per ounce, driven, primarily, by expectations of continued normalisation of monetary policy, which increased investor demand by lowering the opportunity cost of holding non-yielding assets. Additionally, geopolitical uncertainties and central bank purchases further spurred the upward momentum in the prices of precious metals.

Figure 9: Price Changes in Selected Metals (per cent) for Q4 2024



Source: Refinitiv Eikon (Reuters)

Agricultural Commodity Prices

Prices of most agricultural commodities rose during the review period, as weather-related challenges led to supply constraints. The all-commodity price index rose by 6.10 per cent to 153.15 index points, from the 144.34 index points in the preceding quarter, following the 22.19 and 21.40 per cent increases in the prices of palm oil and cocoa, respectively. Increases were also recorded in the prices of rubber (12.11%), soya beans (2.06%), and coffee (2.01%), due largely to weather-related challenges that affected production in key producing countries. The prices of groundnut and wheat, however, fell by 8.32 and 0.26 per cent, respectively, as ample supply outpaced the demand for those commodities.

Table 2: Indices of Average World Prices of Nigeria's Major Agricultural Export Commodities (US$; Jan. 2010=100)

COMMODITY	Q42023	Q32024	Q42024	% Change (1) & (3)	% Change (2) & (3)
	1	2	3	4	5
All Commodities	**124.58**	**144.34**	**153.15**	**22.93**	**6.10**
Cocoa	112.21	193.76	235.22	109.62	21.40
Cotton	119.08	104.95	105.48	-11.42	0.51
Coffee	179.29	319.24	325.65	81.63	2.01
Wheat	144.60	129.36	129.03	-10.77	-0.26
Rubber	48.13	58.11	65.15	35.37	12.11
Groundnut	170.47	140.05	128.40	-24.68	-8.32
Palm Oil	98.22	112.79	137.83	40.33	22.19
Soya Beans	124.66	96.44	98.42	-21.04	2.06

Source*: World Bank Pink Sheet*

1.5 Monetary Policy Stance

Policy normalisation continued during the review period as inflationary risks subsided in most countries. The US Fed cut the fund rates by 50.00 basis points from 4.75-5.00 per cent in the preceding quarter to 4.25-4.50 per cent, as inflation moved towards the target while labour market remained robust. Price deceleration, sluggish demand, and fragile labour market conditions underpinned the 25.00 basis points rate cut to 4.75 per cent by the Bank of England. In Canada and the Euro area, the central banks eased rates by 100.00 and 50.00 basis points to 3.25 and 3.15 per cent, respectively, on account of a more favourable inflation outlook. The Bank of Japan, however, maintained its rate at 0.25 per cent, as it continued to assess a variety of risks, particularly those emanating from the 2025 wage outlook and US economic policies under the incoming administration.

Most emerging economies also cut policy rates as inflation pressure moderated. Benchmark interest rate was lowered by 25.00 basis points apiece in South Africa (to 7.75%), Indonesia (5.75%), Mexico (10.00%), and China (3.10%) to bolster economic recovery, while in

Turkey the rate was reduced by 500.00 basis points to 45.00 per cent.

In contrast, Russia and Brazil hiked the policy rate by 200.00 and 150.00 basis points, to 21.00 and 12.25 per cent, respectively, as the countries struggle to bring down inflation to target levels in the face of adverse external and internal factors, while the Reserve Bank of India (RBI) kept its repo rate at 6.50 per cent despite a slowdown in economic growth.

Table 3: Central Bank Policy Rates (per cent)

Country	Q12024	Q22024	Q32024	Q42024
US	5.25-5.50	5.25-5.50	4.75-5.00	4.25-4.50
Canada	5.00	5.00	4.25	3.25
Euro Area	4.50	4.25	3.65	3.15
United Kingdom	5.25	5.25	5.00	4.75
Japan	0.00-0.10	0.10	0.25	0.25
Brazil	10.75	10.50	10.75	12.25
Russia	16.00	16.00	19.00	21.00
India	6.50	6.50	6.50	6.50
China	3.45	3.45	3.35	3.10
South Africa	8.25	8.25	8.00	7.75
Mexico	11.00	11.00	10.50	10.00
Indonesia	6.00	6.25	6.00	5.75
Turkey	50.00	50.00	50.00	45.00

Source: *Various Central Banks' websites, Trading Economics*

2.0 DOMESTIC ECONOMIC DEVELOPMENTS

2.1 Real Sector Developments

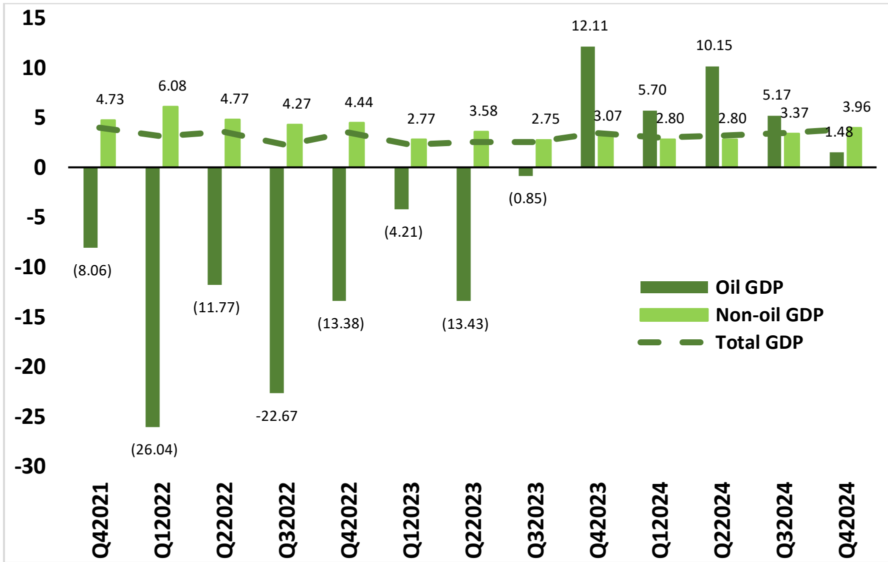
Domestic Output

The domestic economy expanded by 3.84 per cent to ₦22.61 trillion in Q42024, driven mainly by the improved performance of the non-oil sector, particularly the financial & insurance subsector. All real sector economic activities experienced broad-based growth in the review period, except for the electricity, gas, steam & air conditioning subsector, which declined by 5.05 per cent, mainly due to increased tariffs, grid maintenance and the increasing adoption of alternative energy sources.

In the oil sector, a slower growth of 1.48 per cent (year-on-year) was recorded, compared with 5.17 per cent in the preceding quarter, contributing 0.07 percentage point to overall growth during the review period. The slowdown in the sector was attributable to the decline in the price of Nigeria's Bonny Light crude to US$75.66 pb from US$82.23 pb in Q32024. However, the increase in crude oil production to 1.43 mbpd from 1.33 mbpd in the preceding quarter, boosted growth in the sector.

The non-oil sector expanded at a faster pace, growing by 3.96 per cent, relative to 3.37 per cent in the preceding quarter, contributing 3.77 percentage points to total growth. This expansion was driven, primarily, by activities in the financial and insurance, information and communication, transportation and storage, crop production, and trade subsectors.

Figure 10: Year-on-Year GDP Growth Rate (per cent)

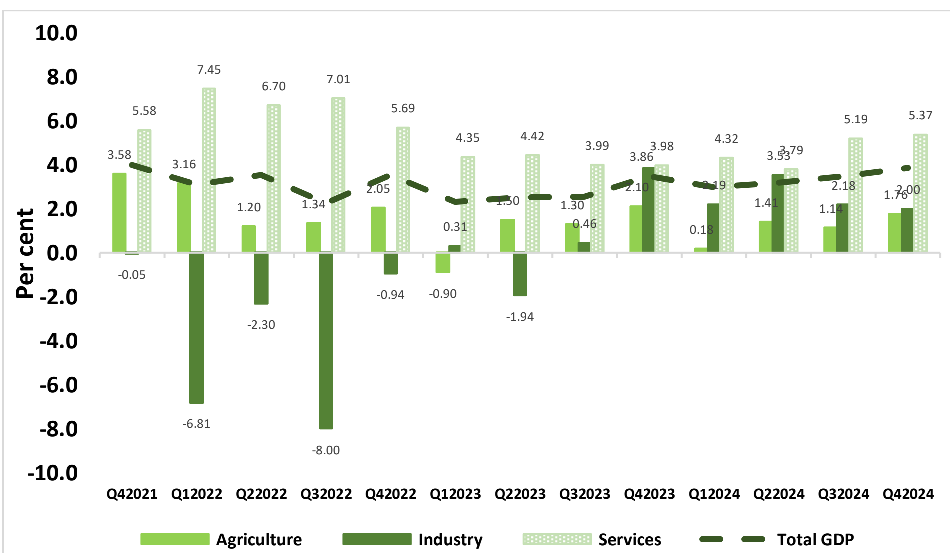


Source: *National Bureau of Statistics (NBS)*

2.1.1 Sectoral Performance

All the sectors (agriculture, industry and services) grew in Q42024. The services sector grew by 5.37 per cent, compared with 5.19 per cent in Q32024, and remained the dominant sector, accounting for 57.38 per cent of total GDP.

Figure 11: Sectoral Growth Rate of Real GDP



Source: *National Bureau of Statistics*

Within the services sector, financial & insurance subsector grew by 27.78 per cent, compared with 30.83 per cent in the preceding quarter, and contributed 1.38 per cent to the total GDP growth for the review period. This performance was boosted by the continuous gains from the recapitalisation exercise initiated by the Bank early in the year. Other measures implemented to stabilise the economy, including tightening monetary policy and the introduction of electronic foreign exchange matching system (EFEMS), also contributed to the expansion in the subsector. Rising investments in digital infrastructure and strengthening fintech innovations underlaid the 5.90 per cent growth in the information & communications subsector (contributing 1.03 percentage points to GDP growth). The developments in the ICT subsector supported the 1.19 per cent growth in the trade subsector, and the 0.19 percentage point contribution to overall growth. The transport & storage subsector also grew by 18.61 per cent, compared with 12.15 per cent in the preceding quarters of 2024, driven by increased economic activities and sustained investments in transport infrastructure.

The agriculture sector grew by 1.76 per cent, compared with 1.14 per cent in the preceding quarter, driven, mainly, by favourable weather conditions and harvests of major food staples, particularly, grains. Within the sector, the growth rate of the crop production subsector rose to per cent from 1.18 per cent in Q32024. Growths were also recorded in the forestry (2.02% from 2.23%), livestock (0.04% from 1.03%) and fishing (0.09% from negative 1.91%) subsectors.

The industry sector maintained a positive trajectory, growing by 2.00 per cent, compared with 2.18 per cent in the preceding quarter. The outcome in Q42024 was driven, mainly, by the oil & gas subsector, following sustained efforts by the government to boost production through improved security of oil infrastructure in the producing region. Activity in the subsector was enhanced by the operationalisation of the Dangote refinery and the resumption of the Port-Harcourt refinery. The industry sector, less oil & gas subsector, also grew by 0.52 per cent compared with 0.87 per cent in the preceding quarter. In the mining & quarrying subsector, a milder growth of 2.23 per cent was recorded vis-à-vis the 3.27 per cent growth realised in the preceding quarter. Similarly, growths were recorded in the water, sewage & waste management (8.95%), construction (2.95%) and manufacturing (1.79%) subsectors. However, the electricity, gas, steam & air conditioner subsector, contracted sharply by 5.04 per cent compared with an expansion of 3.23 per cent in the preceding quarter. Increased activity in the industry sector was on account of the improvement in mining and manufacturing subsectors. The rise in mining was underpinned by enhanced crude oil & gas production from major streams and terminals, while the improvement in the manufacturing subsector was due to rising operational efficiency, despite inflation pressures. The index of industrial production (IIP), grew, albeit at slower pace, by 1.76 per cent compared with 2.01 per cent in the preceding quarter, due to increased activities in manufacturing and mining subsectors.

Table 4: Index of Industrial Production

Period	IIP	Y-on-Y Change	Q-on-Q Change
Q42023	91.72	3.78	-1.48
Q12024	105.17	3.31	14.66
Q22024	95.71	4.15	-8.99
Q32024	94.97	2.01	-0.77
Q42024	93.33	1.76	-1.73

Source: *Central Bank of Nigeria*
Note: IIP refers to index of industrial production.

Industrial Production

The estimated IIP, at 93.33 index points declined persistently throughout 2024, having reached 105.17 index points in Q12024. The observed trend was attributed to decline in mining and quarrying activities notwithstanding the increase in crude oil output for the period. On a quarter-on-quarter (q-o-q) basis, the IIP also contracted further to 1.73 per cent from 0.77 per cent in Q32024.

Manufacturing

The index of manufacturing production (IMANP) rose by 1.79 per cent (y-o-y), comapred with the growth rate of 0.90 per cent in Q32024, reflecting firms' resilience in product diversification and local sourcing of raw materials. Shifting consumer preference due to high prices of imported material further contributed to the performance of the sector. The index, also increased by 5.92 per cent (q-o-q), comapred with the rate of 5.37 per cent in the preceding quarter.

Table 5: Index of Manufacturing Production

Period	IMANP	Y-on-Y Change	Q-on-Q Change
Q42023	192.69	1.36	5.01
Q12024	208.38	1.50	8.14
Q22024	175.73	1.29	-15.67
Q32024	185.16	0.90	5.37
Q42024	196.13	1.79	5.92

Source: *Central Bank of Nigeria*

Note: IMANP refers to index of manufacturing production.

Capacity Utilisation

Thus, the average manufacturing capacity utilisation rose by 1.20 percentage points to 61.90 per cent from 60.70 per cent in the preceding quarter.

The estimated index of mining production (IMP), , increased by 2.22 per cent on a y-o-y basis compared with the growth of 3.22 per cent in Q32024. The development was due to improved security measures around key streams and terminals such as Bonny, Qua Iboe, Forcados, Bonga, among others.

Table 6: Index of Mining Production

Period	IMP	Y-on-Y Change	Q-on-Q Change
Q4 2023	44.52	8.06	-14.55
Q12024	60.54	6.21	35.98
Q22024	53.44	7.74	-11.73
Q32024	53.78	3.22	0.64
Q42024	45.51	2.22	-15.38

Source: *Central Bank of Nigeria*

Note: IMINP refers to the index of mining production.

Electricity Generation / Consumption

Of the 22 subsectors in the economy, 21 subsectors grew, while 1 subsector (electricity, gas, steam & air conditioner) contracted in Q42024. The estimated index of electricity production fell by 1.64 per cent on a y-o-y basis, compared with a rise of 5.55 per cent in Q32024. On a q-o-q basis, however, the index increased by 22.50 per cent compared with a decline of 49.46 per cent in the previous quarter. The improvement in the electricity subsector was due to enhanced gas supply to thermal stations and continuous implementation of the siemens power project, leading to improvement in generation, transmission and distribution networks. Thus, the average estimated electricity generation rose by 2.34 per cent to 4,206.50 MW/h from 4,110.47 MW/h in the preceding quarter. Similarly, the average estimated electricity consumption at 4,105.66 increased by 2.63 per cent from 4,000.24 MW/h in Q32024.

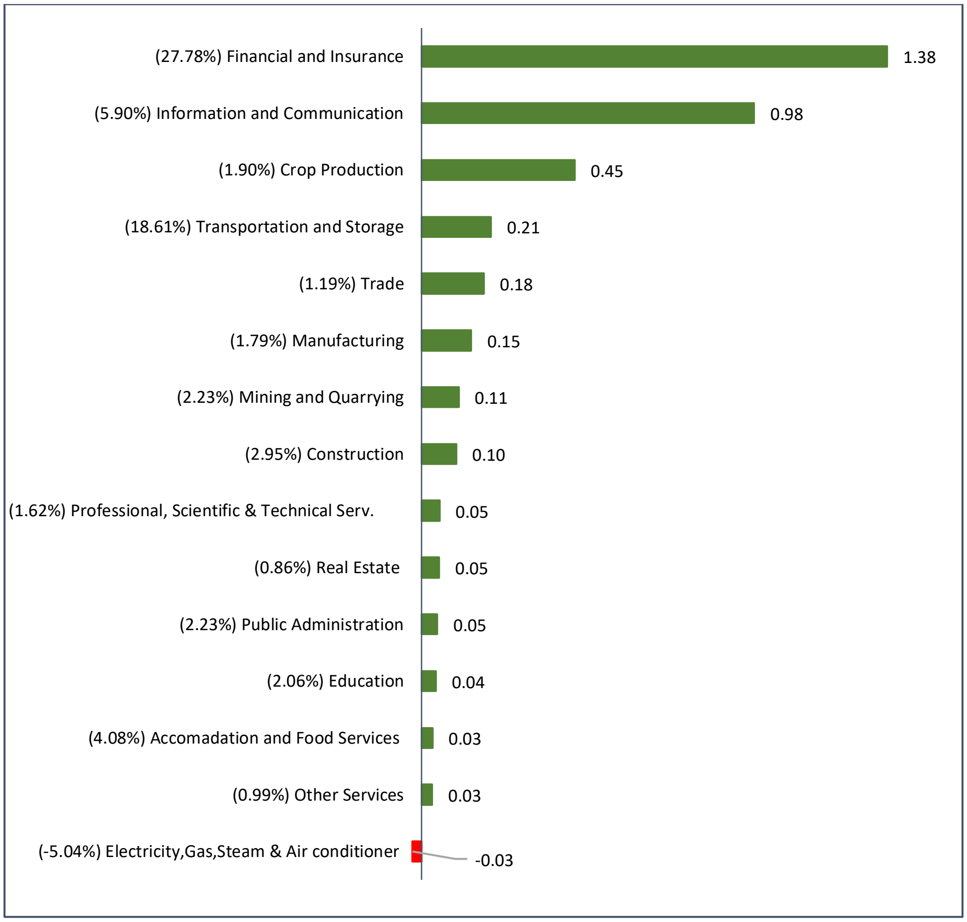
Table 7: Index of Electricity Production

Period	IEP	Q-on-Q Change	Y-on-Y Change
Q42023	261.47	31.46	6.46
Q12024	141.07	-46.05	1.20
Q22024	415.40	194.46	6.79
Q32024	209.93	-49.46	5.55
Q42024	257.17	22.50	-1.64

Source: *Central Bank of Nigeria*

Note: IEP refers to index of electricity production.

Figure 12: Subsectoral Growth and Contribution to GDP (%)



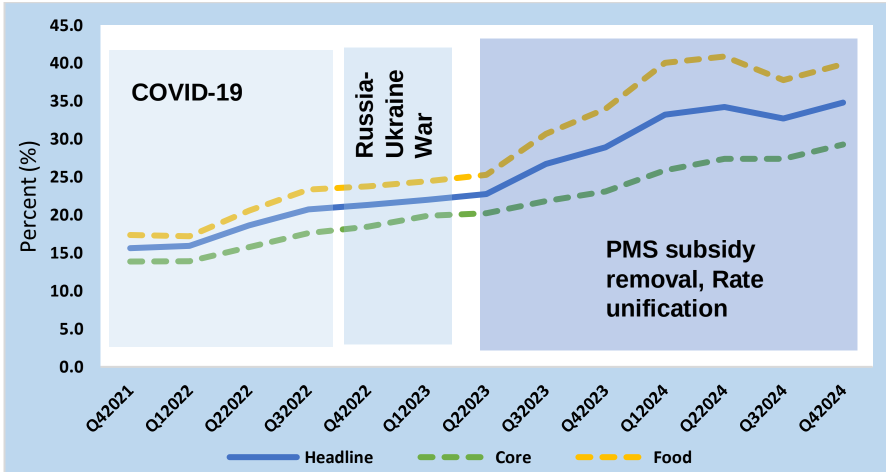
Source: *National Bureau of Statistics*

2.1.2 Inflation

Headline Inflation

Inflation remained elevated in Q42024, as both food and non-food components of the CPI basket increased. Headline inflation rose to 34.80, on y-o-y basis from 32.70 per cent in the preceding quarter, due to higher energy costs and exchange rate passthrough. Other factors such as hoarding, insecurity and infrastructure challenges contributed to the continued uptick in headline inflation.

Figure 13: Headline, Food and Core Inflation (year-on-year)

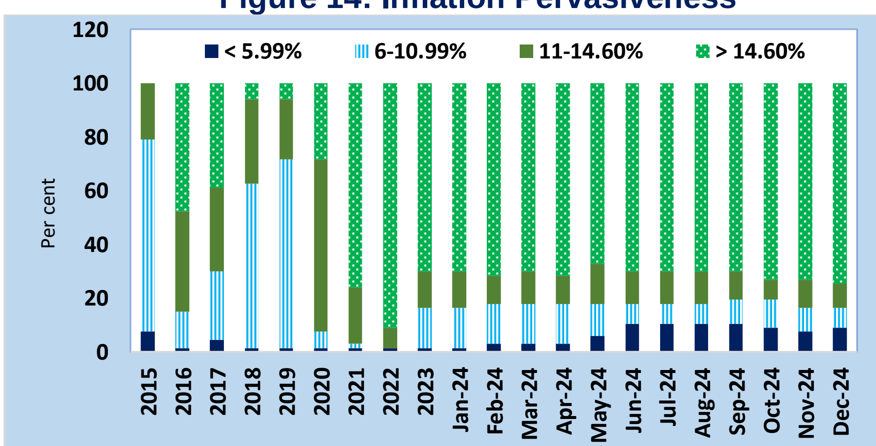


Source: *Staff compilation based on National Bureau of Statistics data*

Inflation Pervasiveness

Inflation remained broadly distributed across the components of the CPI basket during the review period, as analytical evidence indicated an increase in its pervasiveness. Specifically, 74.62 per cent of items in the CPI basket exceeded the historical average of 14.60 per cent (2010-2023), compared to 70.14 per cent in the preceding quarter[1].

Figure 14: Inflation Pervasiveness[2]



Source: *Staff compilation based on National Bureau of Statistics data*

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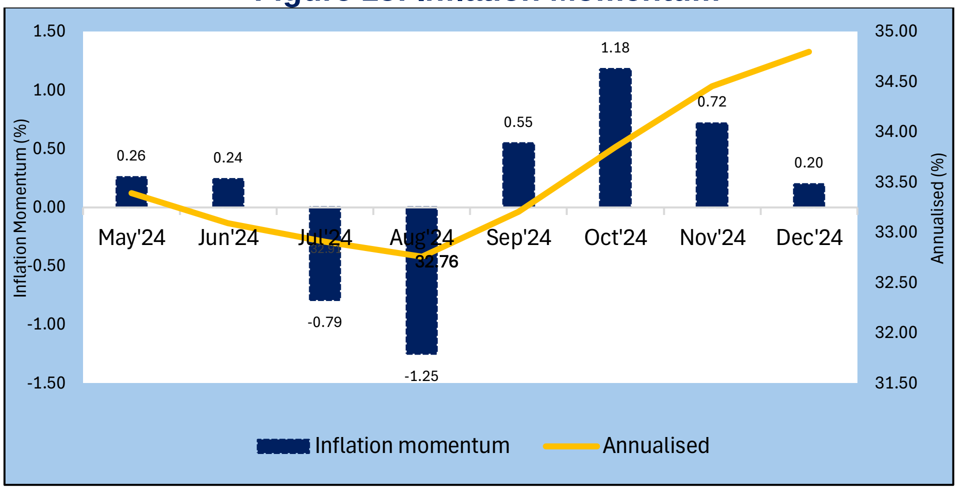
[1] The historical average was adjusted in August 2024 to 14.60 per cent (20210-2024), from 14.18 per cent (2010-2023) in the preceding months to reflect recent reality, given the base period.

[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 14.18 per cent from 2010–2023. 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 therefore categorised into four groups namely, percentage of items registering

Inflation Momentum

Inflation momentum decelerated in the review period by 0.20 percentage point compared with 0.55 percentage point in the preceding quarter of 2024. The slower pace was on account of the sustained restrictive monetary policy stance of the Bank.

Figure 15: Inflation Momentum



Source: *Staff compilation based on National Bureau of Statistics data*
Note: *Inflation Momentum 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 annualised 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).*

Core Inflation

Core inflation (excluding farm produce and energy) inched up to 29.28 per cent, compared with 27.43 per cent in Q32024. The rise was on account of inflation expectation, high energy prices, as well as high costs of manufacturing inputs. Analysis of the core inflation indicated that fish & seafood contributed 4.22 percentage points (pp), followed by meat (3.60 pp), actual & input rentals for housing (3.58 pp), oil & fats (2.81 pp), and clothing & footwear (2.41 pp).

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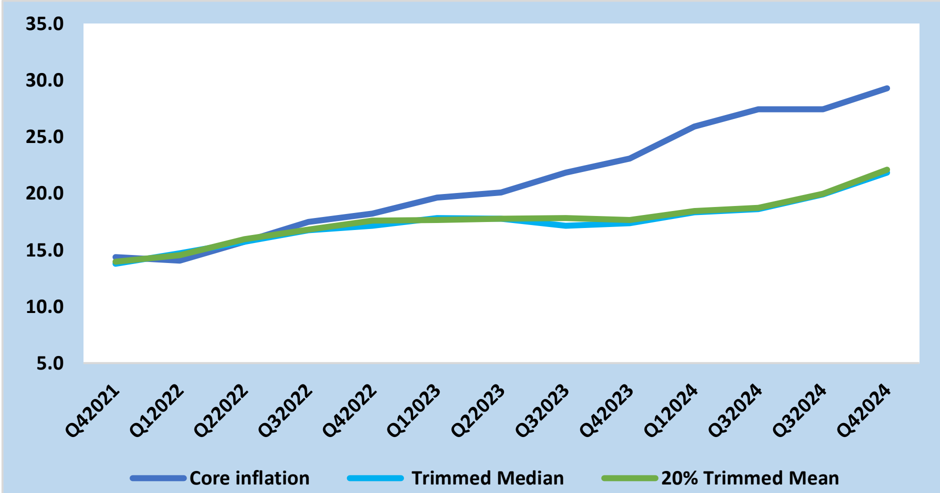
inflation of less than 5.99 per cent, between 6 per cent and 10.99 per cent, between 11 per cent and 14.17 per cent and, also inflation above 14.18 per cent.

Figure 16: Measures of Underlying Inflation



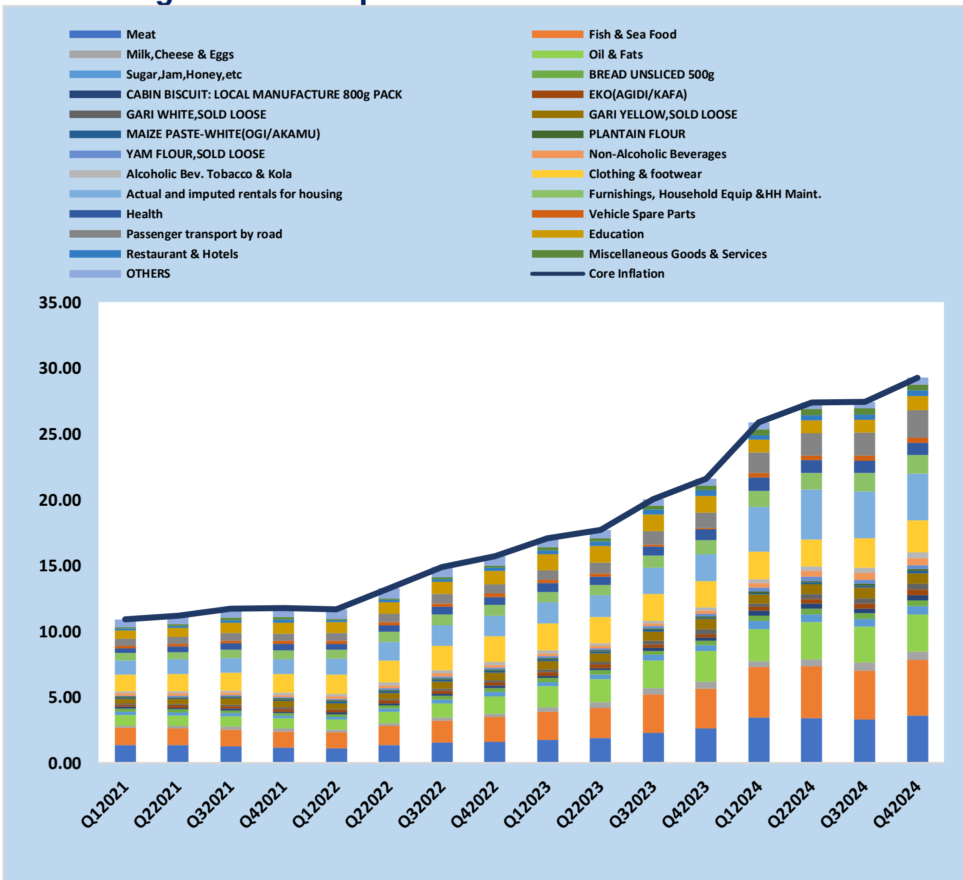
Source: *Staff compilation based on National Bureau of Statistics data*

Trimmed Mean and Median Measures

The disinflation inclination of the Bank contributed to a slower trimmed mean and median measures of inflation compared with the traditional core inflation measure in the review period.[3] The core measure of underlying inflation was 7.19 percentage points higher than the trimmed mean measure (22.09%) and 7.45 percentage points above the trimmed median (21.83%). This showed that more items remained volatile in the period under review. Thus, oils & fats which rose by 38.25 per cent; fish (38.59%); passenger transport by road (42.48%); bread & cereals (43.51%); tobacco (43.71%); gas (43.88%); and potatoes, yam & other tubers (43.99%); were excluded from the upper band. While telephone & telefax services (0.96%); telephone & telefax equipment (1.09%); motorcycles (4.03%); motor cars (5.00%); musical instrument (5.24%); water supply (5.61%); and photographic development (7.50%) were excluded from the lower band.

[3] **Core inflation**: measure of underlying inflation defined as headline less farm produce less energy prices.
Trimmed Mean: measure of underlying inflation derived using the average rate of inflation after trimming away a certain percentage of the distribution of price changes outliers at both ends of that distribution.
Trimmed Median: measure of underlying inflation derived by obtaining median values from inflation of CPI components.

Figure 17: Component Drivers of Core Inflation

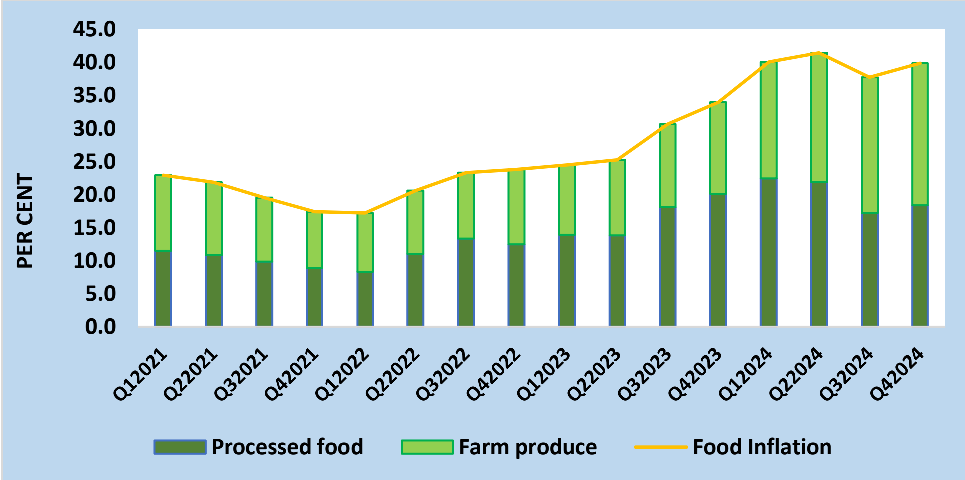


Source: *Staff compilation based on National Bureau of Statistics data*

Food Inflation

Food inflation increased to 39.84 per cent (year-on-year), from 37.77 per cent in the preceding quarter, driven by knock-on effects of higher transportation cost (as PMS price increased to an average of ₦1,065/litre from an average of ₦895/litre in Q32024). Other factors including festive-season-induced increase in demand, and hoarding activities by middlemen contributed to the uptick in food inflation during the review quarter.

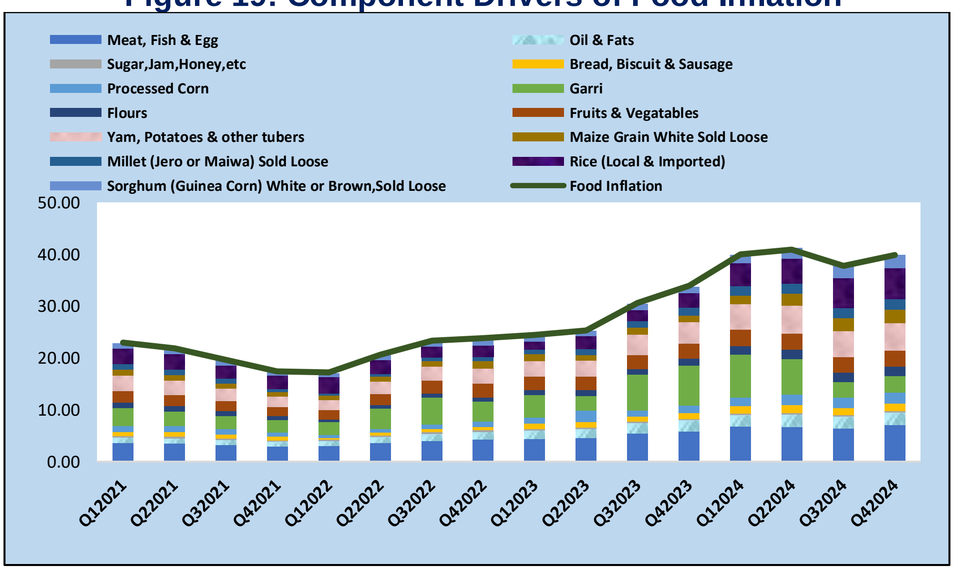
Figure 18: Contribution of Processed Food and Farm Produce to Food Inflation



Source: *National Bureau of Statistics*

The contribution of both processed and the farm produce components of food inflation rose in the review period. While the contribution of processed food component rose to 18.36 pp from 17.16 pp in Q32024, the farm produce component rose to 21.48 pp from 20.61 pp.

Figure 19: Component Drivers of Food Inflation



Source: *Staff compilation based on National Bureau of Statistics data*

The key contributors to food inflation were meat, fish & egg (7.08 pp); rice (5.96 pp); yam, potatoes & other tubers (5.30 pp); garri (3.18 pp); and fruits & vegetables (3.06 pp).

Box 1: Prices of Selected Domestic Agricultural Commodities

The prices of most of the monitored domestic agricultural commodities increased in Q42024 compared with the preceding quarter. The price increases ranged from 2.11 per cent for beans (white) to 40.88 per cent for onion bulb. This development was primarily driven by the persistent increase in the costs of production and transportation, which was further exacerbated by higher energy prices.

However, the prices of tomato decreased during the review period by 5.17 per cent, largely on account of early harvest.

		Q42023	Q32024	Q42024	% Change	% Change
	UNIT	1	2	3	(1) & (3)	(2) & (3)
Agric eggs medium size	*1kg*	*1189.76*	*2315.46*	*2790.83*	*134.57*	*20.53*
Beans: brown, sold loose	*"*	*833.18*	*2586.01*	*2673.59*	*220.89*	*3.39*
Beans: white, black eye, sold loose	*"*	*800.16*	*2438.16*	*2489.69*	*211.15*	*2.11*
Gari white, sold loose	*"*	*546.01*	*1148.81*	*1196.07*	*119.06*	*4.11*
Gari yellow, sold loose	*"*	*573.57*	*1209.16*	*1291.42*	*125.16*	*6.80*
Groundnut oil: 1 bottle, specify bottle	*"*	*1716.72*	*2742.28*	*3140.82*	*82.96*	*14.53*
Irish potato	*"*	*902.71*	*1698.19*	*1776.91*	*96.84*	*4.64*
Maize grain white, sold loose	*"*	*561.36*	*1040.92*	*1129.50*	*101.21*	*8.51*
Maize grain yellow, sold loose	*"*	*562.59*	*1047.23*	*1134.79*	*101.71*	*8.36*
Onion bulb	*"*	*749.48*	*1227.37*	*1729.11*	*130.71*	*40.88*
Palm oil: 1 bottle, specify bottle	*"*	*1372.68*	*1936.95*	*2398.71*	*74.75*	*23.84*
Rice agric, sold loose	*"*	*912.08*	*1868.27*	*2034.45*	*123.06*	*8.89*
Rice local, sold loose	*"*	*868.18*	*1837.49*	*1949.68*	*124.57*	*6.11*
Rice, medium grained	*"*	*941.61*	*1922.49*	*2088.34*	*121.78*	*8.63*
Rice, imported high quality, sold loose	*"*	*1126.61*	*2307.99*	*2493.74*	*121.35*	*8.05*
Sweet potato	*"*	*481.91*	*896.99*	*923.85*	*91.70*	*3.00*
Tomato	*"*	*749.57*	*1543.68*	*1463.89*	*95.30*	*-5.17*
Vegetable oil: 1 bottle, specify bottle	*"*	*1603.16*	*2546.24*	*3076.35*	*91.89*	*20.82*
Wheat flour: prepackaged (Golden Penny)	*2kg*	*1862.83*	*3438.64*	*3812.90*	*104.68*	*10.88*
Yam tuber	*1kg*	*759.78*	*1711.04*	*1815.83*	*139.00*	*6.12*

Data Source: National Bureau of Statistics

2.1.3 Socio-Economic Developments

Transportation/ Construction

To bolster Nigeria's infrastructure, the Federal Government issued six Sovereign Sukuk bonds worth ₦1.10tn (about US$657.60 million) to finance 124 federal road projects covering over 5,820 kilometres across the country's six geopolitical zones.

Health

To improve and expand access to healthcare in underserved and hard-to-reach areas, the government deployed 333 Truenat diagnostic machines for the diagnosis and treatment of tuberculosis (TB) and other related diseases across the country. This development would reduce the number of undiagnosed patients, and curb the spread of TB in communities

Education

The Federal Government approved the establishment of a Federal University of Applied Sciences in Kachia, Kaduna State, to sustain the drive towards addressing educational needs in the country.

2.1.4 Energy Sector and Electricity

2.1.4.1 Domestic Crude Oil Market Development

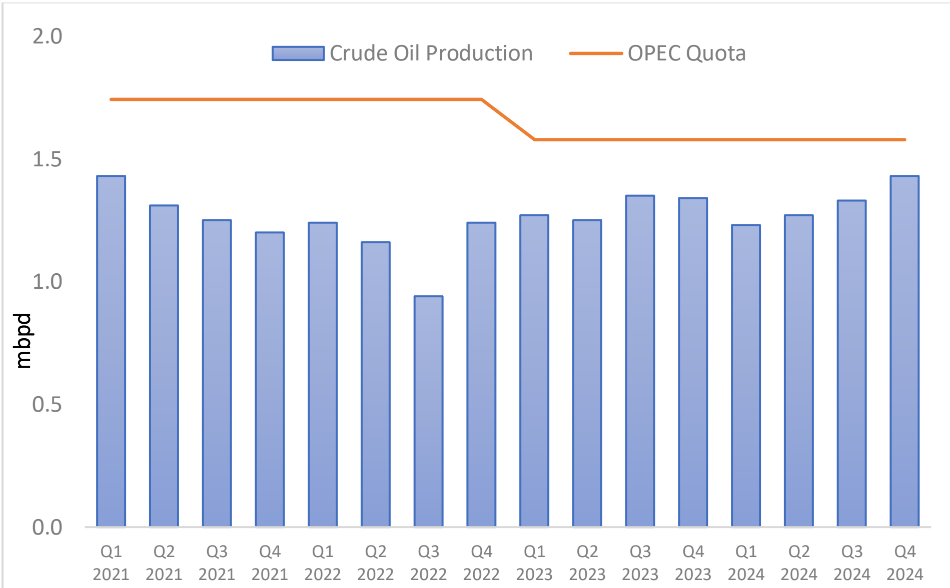
Crude Oil Production and Export

Nigeria's crude oil production rose in the review period following improved security measures in key terminals. Nigeria's average crude oil production, excluding condensates, rose by 7.52 per cent to 1.43 mbpd, from 1.33 mbpd in the preceding quarter. The increase in the review quarter was, primarily, due to higher output from 14 streams/terminals (such as Bonny, Qua Iboe, Forcados, Bonga, Utapate, Okoro (Ex Ima terminal), Tulja-Okwuibomr, Brass, Yoho, Okono, Erha and Ajapa). Though Nigeria crude oil output remained below the target, it attained 95.33 per cent of the OPEC production quota of 1.50 mbpd.

Total crude production, including blended and unblended condensates, increased by 5.16 per cent to 1.63 mbpd, from 1.55

mbpd in Q32024. The growth was due to increased output from Escravos, Brass, Tulja-Okwuibome, and Qua Iboe. Production efficiency, in terms of the budget benchmark of 1.78 mbpd, stood at 91.57 per cent in Q42024.

Figure 20: Nigeria's Crude Oil Production and OPEC Quota



Source: *Nigerian Upstream Petroleum Regulatory Commission (NUPRC)*

2.2 Fiscal Sector Developments

Summary

Provisional data indicated an improvement in fiscal operations of the Federal Government of Nigeria (FGN) in Q42024, due to higher receipts from oil sources. Federally collected revenue rose by 5.31 per cent but fell short of the benchmark by 19.67 per cent. FGN retained revenue was 10.40 per cent above the level in the preceding quarter, but 48.57 per cent below the target. Aggregate expenditure rose by 2.22 per cent above the levels in Q32024, but was 22.09 per cent lower than the quarterly target. Consequently, fiscal deficit narrowed by 3.61 per cent, compared with the levels in Q32024, but widened by 34.44 per cent, compared with the proportionate quarterly target. At end-September 2024, public debt was ₦142.32 trillion (51.29% of GDP), which remained within the 70.00 per cent threshold for Market-Access Countries.

2.2.1 Federation Account Operations

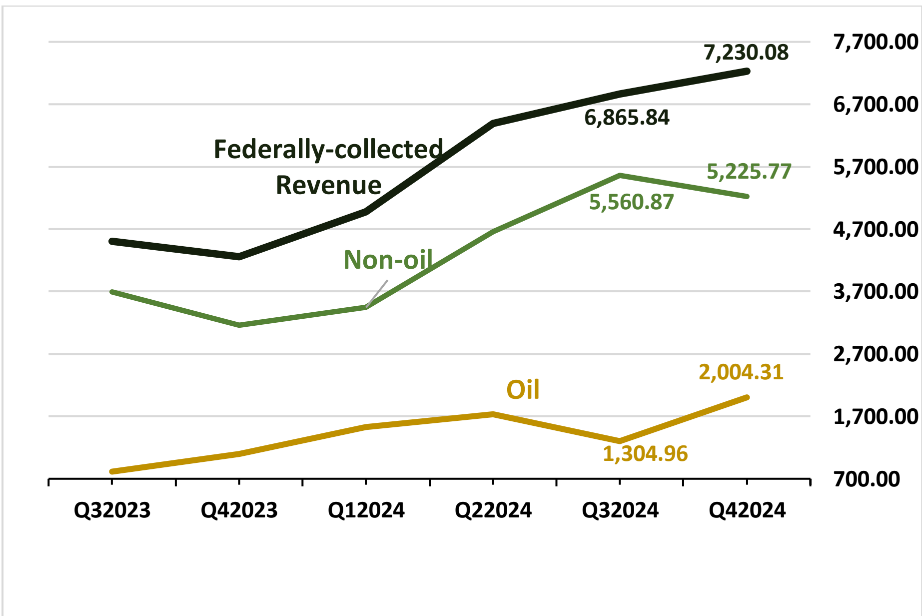
Drivers of Federation Revenue

Gross federation account earnings improved, occasioned by higher receipts from oil revenue. At ₦7.23 trillion, provisional gross federation account receipts were 5.31 per cent above the level in the preceding quarter, but 19.67 per cent short of the benchmark. The increase relative to the preceding quarter was due, largely, to higher oil proceeds. Nevertheless, the composition of gross federation revenue showed that non-oil revenue remained dominant, accounting for 72.28 per cent, while oil revenue constituted the balance.

Oil revenue rose by 53.59 per cent to ₦2.00 trillion relative to the level in Q32024 but fell short of the quarterly target by 62.19 per cent. Sustained efforts in securing oil infrastructure contributed to the performance of oil revenue in comparison to the preceding quarter, resulting to increased receipts from petroleum profit tax (PPT) and royalties.

Non-oil revenue, at ₦5.23 trillion, was 6.03 per cent below the levels in the preceding quarter, but 41.30 per cent above the target. The drop relative to the preceding quarter was driven by low collections from corporate tax reflecting the seasonal impact of tax return filings by companies.[4]

Figure 21: Federally Collected Revenue (₦ Billion)



Source: *Office of the Accountant-General of the Federation (OAGF) and the Federal Ministry of Finance (FMF)*

[4] Corporate tax is composed of company income tax, withholding tax and capital gain tax.

Table 8: Federally Collected Revenue and Distribution to the Three-Tiers of Government (₦ Billion)

	Q42023 /1	Q32024/1	Q42024/1	*Budget
Federally Collected Revenue	**4,257.26**	**6,865.84**	**7,230.08**	**9,000.02**
Oil	**1,097.20**	**1,304.96**	**2,004.31**	**5,301.56**
Crude Oil & Gas Exports	19.88	27.07	42.41	366.09
PPT	135.67	335.52	578.46	2655.89
Royalties	489.89	632.49	1,138.74	1,605.90
Domestic Crude Oil/Gas Sales	56.86	0.00	0.00	26.25
Others	394.90	309.88	244.70	647.41
Non-oil	**3,160.06**	**5,560.87**	**5,225.77**	**3,698.46**
Corporate Tax	876.00	1,868.79	1,268.81	814.19
Customs & Excise Duties	584.41	853.58	934.43	717.22
Value-Added Tax (VAT)	1,011.35	1,761.36	1,880.94	988.53
Independent Revenue of Fed. Govt.	561.40	1,016.76	1,080.08	673.19
*Others***	126.90	60.39	61.51	505.33
Total Deductions/Transfers	**1,846.86**	**4,734.92**	**4,792.16**	**2,115.51**
Federally Collected Revenue Less Deductions & Transfers*	**2,046.16**	**2,130.92**	**2,437.92**	**6,884.51**
plus:				
Additional Revenue	**853.06**	**1,785.32**	**2,000.18**	**43.56**
Excess Crude Revenue	0.00	200.00	0.00	0.00
Non-oil Excess Revenue/ EMTL	98.49	49.53	300.60	43.56
Exchange Gain	754.57	1,535.79	1,699.58	0.00
Total Distributed Balance	**2,899.22**	**3,916.24**	**4,438.10**	**6,928.07**
Federal Government	**1,046.77**	**1,265.78**	**1,439.74**	**3,288.04**
Statutory	905.50	1,019.75	1,177.01	3,150.68
VAT	141.27	246.03	262.73	137.37
State Government	**946.48**	**1,358.32**	**1,491.45**	**1,424.54**
Statutory	475.60	538.23	615.68	966.65
VAT	470.88	820.09	875.76	457.89
13% Derivation	**211.05**	**304.89**	**416.11**	**650.23**
Local Government	**694.92**	**987.26**	**1,090.80**	**1,565.25**
Statutory	365.30	413.19	477.77	1,244.73
VAT	329.62	574.06	613.04	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 ₦7.23 trillion, a net balance of ₦4.44 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 ₦1.44 trillion, ₦1.49 trillion and ₦1.09 trillion, respectively, while the balance of ₦0.42 trillion was allocated to the 13% derivation fund for oil-producing states. Net disbursement was 13.33 per cent above the level in Q32024 but was 35.94 per cent short of the quarterly target.

2.2.2 Fiscal Operations of the Federal Government

Federal Government Retained Revenue

FGN retained revenue rose in the review period, due to higher receipts from the federation account, non-oil excess, and FGN independent revenue. At ₦2.52 trillion, provisional FGN retained revenue was 10.40 per cent above the level in Q32024, but was 48.57 per cent below the benchmark.

Table 9: FGN Retained Revenue (₦ Billion)

	Q42023 /1	Q32024 /1	Q42024 /1	*Budget
FGN Retained Revenue	**1,608.17**	**2,282.54**	**2,519.82**	**4,899.62**
Federation Account	513.33	179.12	*243.61*	*3,144.14*
VAT Pool Account	141.27	246.03	*262.73*	*137.37*
FGN Independent Revenue	561.40	1,016.76	1,080.08	673.19
Excess Oil Revenue	0.00	105.36	*0.00*	*0.00*
Excess non-oil/EMTL	37.38	7.43	794.11	6.53
Exchange Gain	354.79	727.84	*139.29*	*0.00*
*Others***	0.00	0.00	0.00	938.38

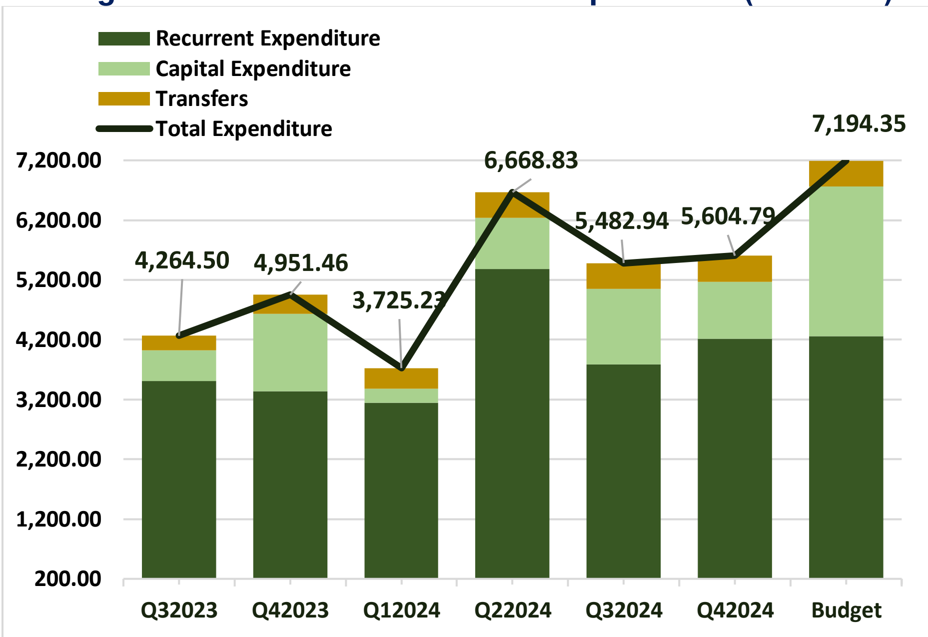
Source: Office of the Accountant General of the Federation
Note:
/1 Provisional
** Budget is based on the 2024 Appropriation Act.*
*** Others include revenue from Special Accounts and Special Levies.*

Federal Government Expenditure

Provisional aggregate expenditure of the FGN rose, on account of higher personnel cost and interest payments. At ₦5.60 trillion, provisional aggregate expenditure was 2.22 per cent above the level in the preceding quarter, but was 22.09 per cent short of the quarterly target of ₦7.19 trillion. The rise in expenditure relative to the preceding quarter was associated with the increase in interest payments and personnel costs, which rose by 6.98 and 23.31 per cent, respectively.

Further analysis of total expenditure showed that recurrent (75.13%) accounted for the largest share outlay, with the remainder split between capital (17.10%) and transfer payments (7.77%).

Figure 22: Federal Government Expenditure (₦ Billion)



***Source**: CBN Staff Estimates and OAGF*

Overall Fiscal Balance

The fiscal operations of the FGN resulted in a narrower deficit in Q42024. Provisional data showed that primary deficit narrowed by 22.62 per cent, relative to the level in the preceding quarter. The overall deficit also reduced by 3.61 per cent to ₦3.08 trillion during the review quarter, reflecting the improved balance that resulted from a more than proportionate increase in revenue over expenditure.

Table 10: Fiscal Balance (₦ Billion)

	Q42023	Q32024 /1	Q42024 /1	Budget
Retained revenue	**1,608.17**	**2,282.54**	**2,519.82**	**4,899.62**
Aggregate expenditure	**4,951.46**	**5,482.94**	**5,604.79**	**7,194.35**
Recurrent	**3,333.69**	**3.790.05**	**4,210.94**	**4,259.87**
Non-debt	1,456.71	1,734.58	2,011.90	2,192.13
Debt Service	1,876.98	2,055.47	2,199.04	2,067.74
Capital	1,294.47	1,257.20	958.16	2,498.79
Transfers	323.31	435.70	435.70	435.70
Primary balance	**-1,466.31**	**-1,144.93**	**-885.94**	**-226.99**
Overall balance	**-3,343.29**	**-3,200.40**	**-3,084.97**	**-2,294.73**

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

Federal Government Debt

At end-September 2024, public debt stock remained within the 70.00 per cent threshold for Market-Access Countries. Total public debt outstanding stood at ₦142.32 trillion (51.29% of GDP), at end-September 2024, and was 5.97 per cent, higher than the level at end-June 2024. The rise was due, largely, to revaluation effect (arising from exchange rate depreciation) and new borrowings to finance the deficit outlined in the 2024 Appropriation Act. A breakdown of the consolidated public debt indicated that domestic debt accounted for 51.60 per cent, while external debt constituted 48.40 per cent. Of the consolidated public debt stock, FGN owed ₦117.60 trillion (which is 97.04% of the total), while state governments owed the balance.[5]

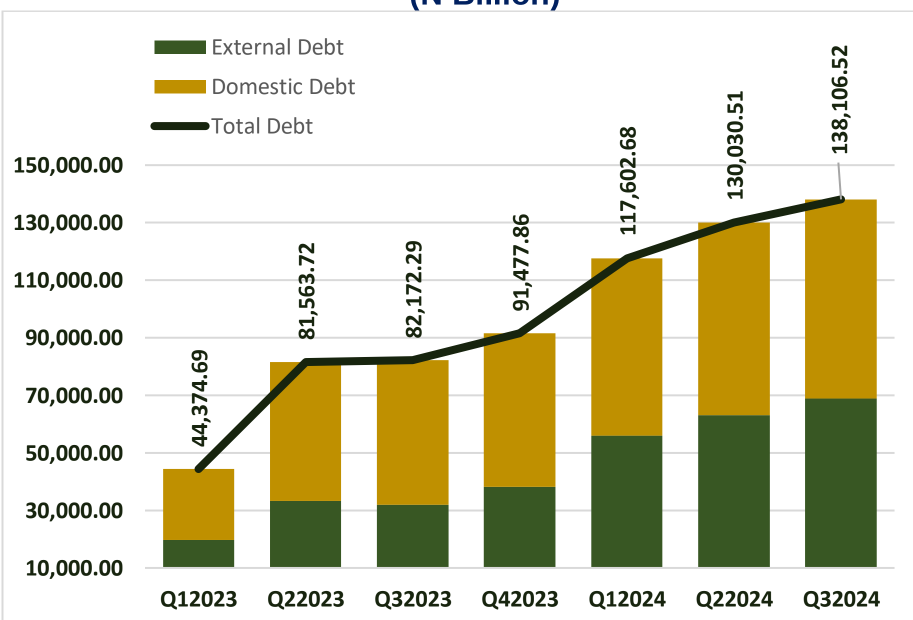
A disaggregation of the FGN debt showed that domestic debt was ₦68.89 trillion, accounting for 49.88 per cent, while external debt constituted ₦69.22 trillion (50.12%). Further analysis revealed that FGN Bonds remained dominant, with 78.95 per cent of the total

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

domestic debt stock, followed by treasury bills (16.95%), promissory notes (2.56%), and FGN Sukuk (1.43%), while others constituted the balance.[6] Of the total external debt stock, multilateral loans accounted for 50.60 per cent, while the balance was sourced from commercial (35.90%) and bilateral loans (13.50%).

Debt service at end-September 2024, at ₦3.58 trillion, was 1.86 per cent above the ₦3.51 trillion recorded at end-June 2024, owing to increased interest payments on both domestic and external borrowings. A breakdown showed that domestic debt service was ₦1.43 trillion (40.08%), while external debt service constituted ₦2.14 trillion (59.92%).

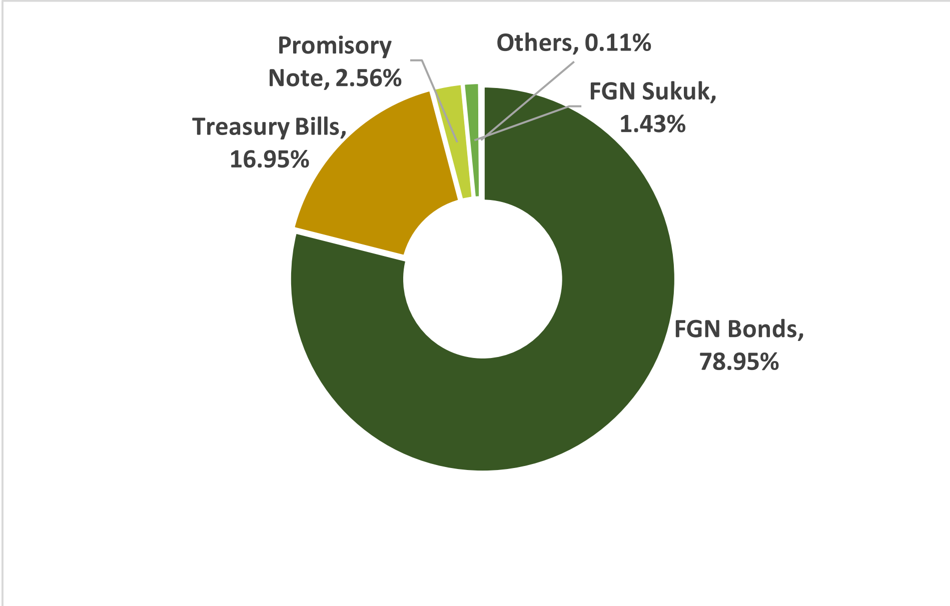
Figure 23: FGN External and Domestic Debt Composition (₦ Billion)



***Source**: Debt Management Office*

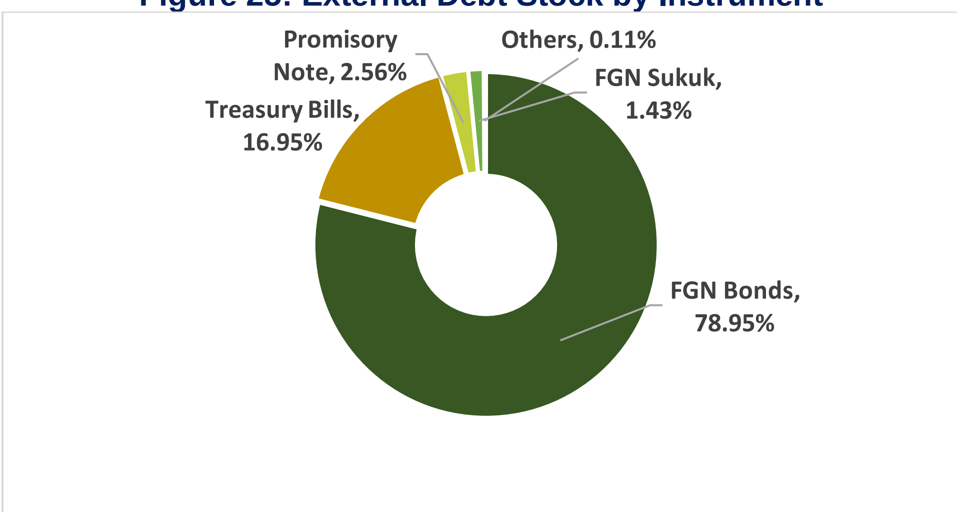
6 Includes treasury bonds (0.00%), green bond (0.02%) and special FGN savings bond (0.07%).

Figure 24: Domestic Debt Stock by Instrument



Source: *Debt Management Office*

Figure 25: External Debt Stock by Instrument



Source: *Compiled from DMO figures*

2.3 Monetary and Financial Developments

Summary

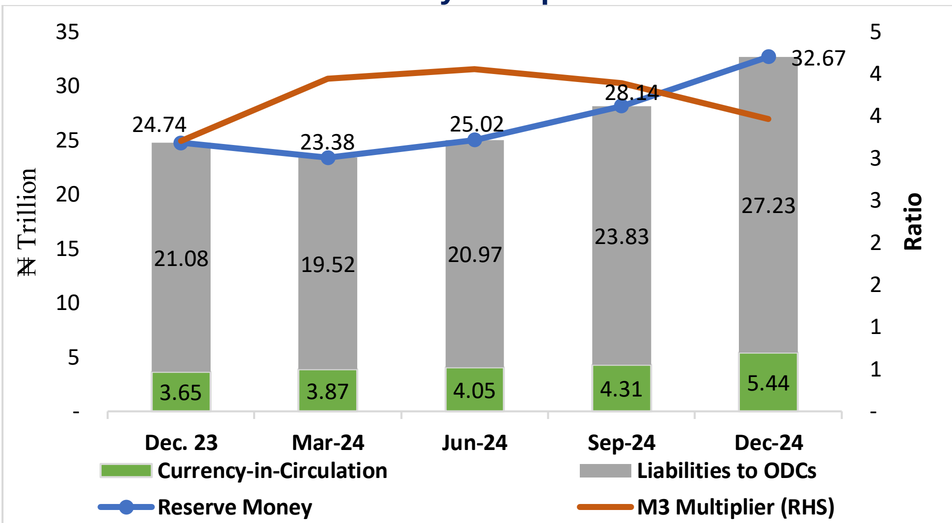
Monetary expansion accelerated in the review period, reflecting increase in claims on non-residents and notable rise in credit to key sectors of the economy. The growth of broad money supply (M3) followed the increases in net foreign assets (NFA) and net domestic assets (NDA), even as liquidity fluctuations in the banking system drove key short-term interest rates higher. The banking industry remained robust as financial soundness indicators were within regulatory thresholds. The capital market exhibited positive sentiments, evident in the upbeat performance across various market segments during the review period.

2.3.1 Monetary Developments

Reserve Money

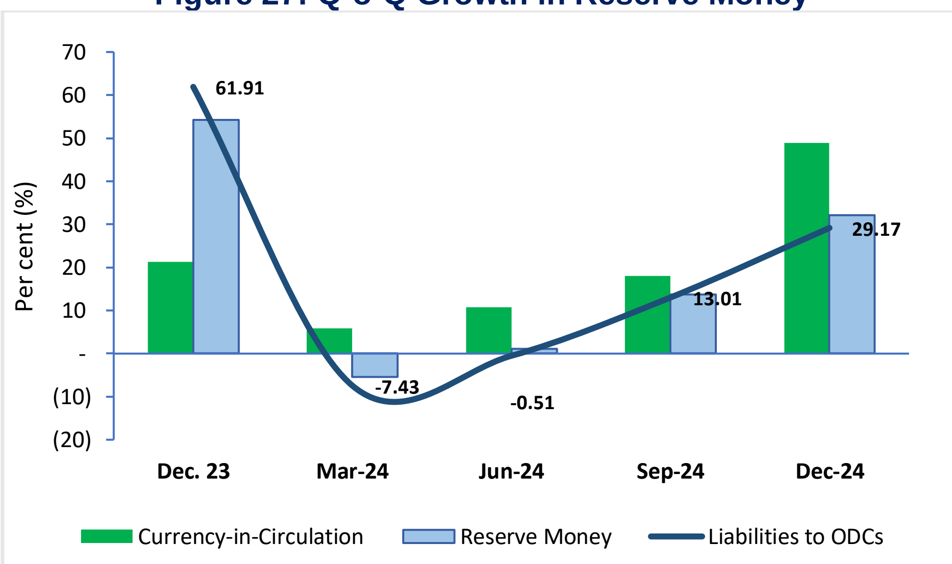
Reserve money grew at end-December 2024, resulting from the rise in currency-in-circulation (CIC) and liabilities to other depository corporations (ODCs). Relative to the level at end-December 2023, reserve money grew by 32.09 per cent to ₦32.67 trillion compared with 13.75 per cent growth at end-September 2024. At this level, reserve money was ₦4.40 trillion (15.56%) above the 2024 benchmark of ₦28.27 trillion. The growth was driven by the 48.94 and 29.17 per cent increases in CIC and liabilities to ODCs to ₦5.44 trillion and ₦27.23 trillion, respectively.

Figure 26: Developments in Reserve Money (₦ Trillion) and Money Multiplier



Source: *Central Bank of Nigeria*

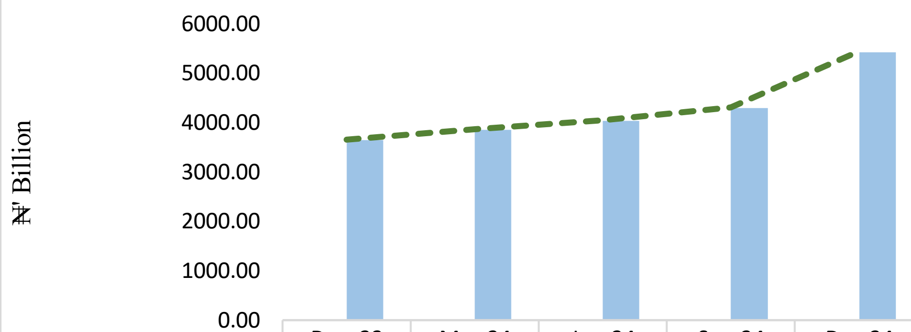
Figure 27: Q-o-Q Growth in Reserve Money



Source: *Central Bank of Nigeria*

Notes and coins, which constituted the largest component of CIC, expanded by 26.33 per cent to ₦5.42 trillion at end-December 2024, from ₦4.29 trillion at end-September 2024. The eNaira component, however, moderated by 0.19 per cent to ₦18.31 billion in the review quarter from ₦18.35 billion at end-September 2024.

Figure 28: Composition of Currency-in-Circulation



	Dec. 23	Mar-24	Jun-24	Sep-24	Dec-24
eNaira	13.98	13.98	18.38	18.35	18.31
Notes and Coins	3,639.32	3,855.35	4,030.35	4,292.72	5,422.85
Currency in Circulation	3,653.30	3,869.34	4,048.73	4,311.07	5,441.16

Source: *Central Bank of Nigeria*

Broad Money Supply

Developments in the monetary aggregates indicated that M3 grew by 42.76 per cent to ₦113.14 trillion despite a decline in money multiplier to 3.46 from 3.89 in September 2024. From the liability side, the increase in broad money was due to growths in currency outside depository corporations (49.20%), transferable deposits (25.19%) and other deposits (53.13%). Other deposits, with a share of 32.65 percentage points (pp), contributed the most to the growth in M3, followed by transferable deposits (8.49 pp), and currency outside depository corporations (2.13 pp). However, securities other than shares which declined by 95.87 per cent at end-December 2024, slowed the growth in broad money by 0.51 pp.

Table 11: Money and Credit Growth over preceding December (per cent)

Monetary Aggregates	Dec-23 (%)	Sep-24 (%)	Dec-24 (%)	Contribution to M3 Growth (percentage point) (Dec-24)
Net Foreign Assets	**142.99**	**108.79**	**193.61**	**22.81**
Claims on Non-residents	113.87	81.53	88.35	55.37
Liabilities to Non-residents	108.09	75.22	63.98	32.56
Net Domestic Assets	**44.62**	**28.62**	**22.61**	**19.95**
Domestic Claims	**45.31**	**19.94**	**11.81**	**14.32**
Net Claims on Central Government	**41.61**	**17.64**	**-4.48**	**-1.90**
Claims on Central Government	63.30	35.64	15.44	10.91
Liabilities to Central Government	111.78	62.54	45.20	12.81
Claims on Other Sectors	**47.38**	**21.18**	**20.55**	**16.22**
Claims on Other Financial Corporations	47.76	-5.04	-3.52	-0.61
Claims on State and Local Government	18.52	-3.01	-2.67	-0.14
Claims on Public Nonfinancial Corporations	-4.72	16.43	15.74	0.63
Claims on Private Sector	57.78	32.74	31.30	16.34
Total Monetary Assets (M3)	**51.86**	**38.07**	**42.76**	**42.76**
Currency Outside Depository Corporations	33.67	19.97	49.20	2.13
Transferable Deposits	46.83	19.39	25.19	8.49
Narrow Money (M1)	**45.20**	**19.12**	**27.93**	**10.62**
Other Deposits	56.88	50.96	53.13	32.65
Broad Money (M2)	**52.20**	**38.79**	**43.50**	**43.27**
Securities Other than Shares	7.04	-97.43	-95.87	-0.51
Total Monetary Liabilities (M3)	**51.86**	**38.07**	**42.76**	**42.76**

Source: *Central Bank of Nigeria*

On the asset side, growth in M3 was driven by increases in both NFA and NDA. At end-December 2024, NFA increased by 193.61 per cent to ₦27.42 trillion and contributed 22.81 pp to the overall growth in M3, relative to the 108.79 per cent growth and a contribution of 12.82 pp at end-September 2024. Likewise, NDA increased by 22.61 per cent to ₦85.72 trillion, with a 19.95 pp contribution to the growth in M3. The increase in NDA reflected the 20.55 per cent growth in claims on other sectors, as net claims on central government declined by 4.48 per cent. In the same vein, the increase in "claims on other sectors" was occasioned by the rise in claims on public nonfinancial corporations (15.74%) and claims on private sector (31.30%).

2.3.2 Sectoral Credit Utilisation

Sectoral Credit Utilisation

The total credit utilised among key sectors rose by 1.11 per cent to ₦59.21 trillion at end-December 2024, compared with ₦58.57 trillion at end-September 2024. The credit advanced to the agriculture and services sectors increased by 23.38 and 5.15 per cent to ₦2.85 trillion and ₦32.69 trillion, respectively, compared with their levels at end-September 2024. Conversely, credit utilised by industry declined by 5.96 per cent to ₦23.67 trillion, from ₦25.17 trillion in the preceding quarter. The services sector utilised most credit at 55.21 per cent followed by industry and agriculture, which accounted for 39.97 and 4.82 per cent, respectively.

Table 12: Sectoral Credit Allocation

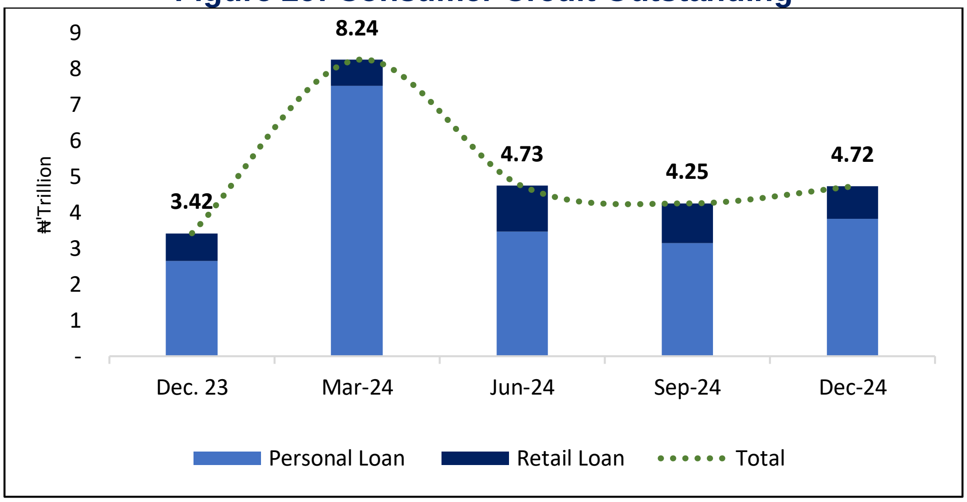
SECTORS	Allocation (₦ trillion)			Share in Total (%)			Growth (%)
	Dec-23	Sep-24	Dec-24	Dec-23	Sep-24	Dec-24	(3) & (2)
	1	2	3	4	5	6	
[a] Agriculture	2.26	2.31	2.85	5.07	3.94	4.82	23.38
[b] Industry	18.78	25.17	23.67	42.17	42.98	39.97	-5.96
of which Manufacturing	7.73	8.67	8.53	17.36	14.81	14.40	-1.61
[c] Services	23.50	31.09	32.69	52.76	53.08	55.21	5.15
of which:							
Finance, Insurance & Capital Market	4.33	7.52	7.75	9.72	12.84	13.08	3.06
Trade/General Commerce	3.55	4.23	4.54	7.97	7.23	7.66	7.33
TOTAL	44.54	58.57	59.21	100	100	100	1.11

Source: Central Bank of Nigeria

Consumer Credit

Consumer credit outstanding rose by 11.06 per cent to ₦4.72 trillion at end-December 2024, from ₦4.25 trillion at end-September 2024. Personal loan increased by 21.27 per cent to ₦3.82 trillion compared with the level at end-September 2024. Retail loan, however, declined by 18.18 per cent to ₦0.90 trillion from ₦1.10 trillion at end-September 2024. A breakdown indicated that personal loans, with a share of 80.98 per cent, remained dominant, while retail loans accounted for the balance.

Figure 29: Consumer Credit Outstanding



Source: *Central Bank of Nigeria*

2.3.3 Financial Developments

2.3.3.1 Money Market Developments

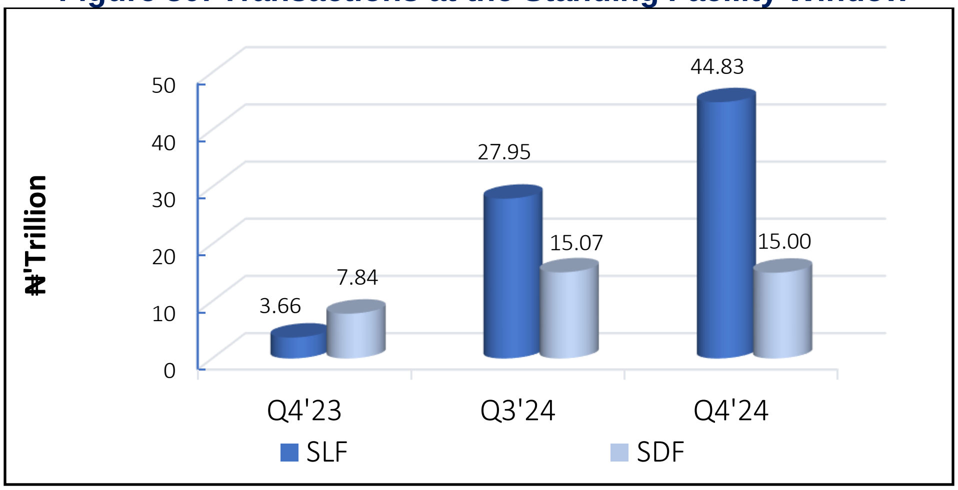
Industry Liquidity Condition

Average banking system liquidity declined in Q42024, relative to the level in the preceding quarter, driven, mainly by withdrawals via monetary operations. Banking system liquidity was moderated in the review quarter by standing lending facility (SLF) repayment, cash reserve ratio (CRR) debits, open market operations (OMO) sales, Nigerian Treasury Bills (NTB) sales, foreign exchange open market operations (FX-OMO) swap settlement, among others. Average net industry balance declined by 6.25 per cent to ₦0.15 trillion from ₦0.16 trillion in the preceding quarter.

Discount Windows

Activities at the standing facility window in Q42024 reflected the moderate liquidity condition in the banking system. Total transactions at the SLF window increased to ₦44.83 trillion from ₦27.95 trillion in the preceding quarter, with daily average rising to ₦0.73 trillion from ₦0.43 trillion. At the standing deposit facility (SDF) window, transactions declined to ₦15.00 trillion from ₦15.07 trillion, as daily average rose slightly to ₦0.24 trillion from 0.23 trillion in the preceding quarter.

Figure 30: Transactions at the Standing Facility Window

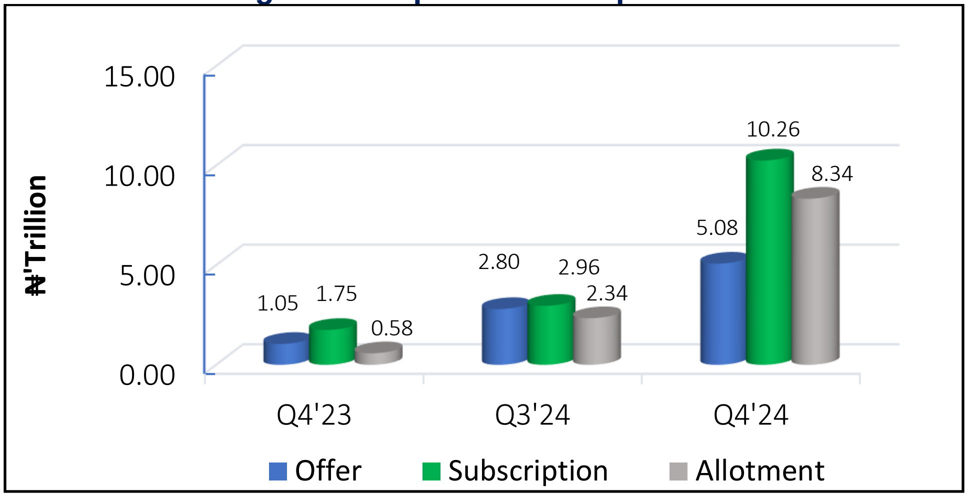


***Source**: Central Bank of Nigeria*

Open Market Operations

A breakdown of the open market operations indicated that the total amount offered, subscribed, and allotted were ₦5.08 trillion, ₦10.26 trillion, and ₦8.34 trillion, respectively, compared with ₦2.80 trillion, ₦2.96 trillion, and ₦2.34 trillion in the preceding quarter. The stop rate was 24.67(±0.72) per cent, relative to 21.42(±2.94) per cent in the preceding quarter.

Figure 31: Open Market Operation

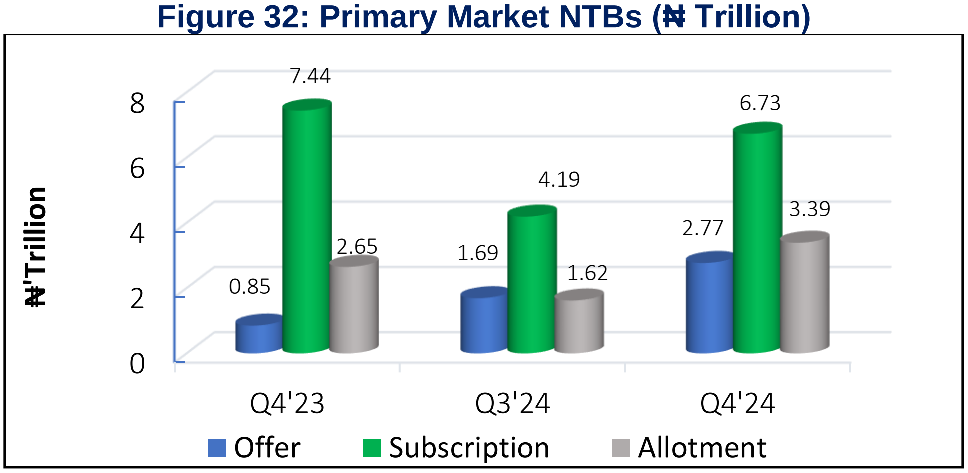


***Source:** Central Bank of Nigeria*

Government Securities

Subscriptions for NTBs increased, while those for FGN Bonds declined in Q42024, relative to the levels in the preceding period. Total NTBs offered, subscribed, and allotted across tenors amounted to ₦2.77 trillion, ₦6.73 trillion and ₦3.39 trillion respectively, compared with ₦1.69 trillion, ₦4.19 trillion, and ₦1.62 trillion in Q32024. The higher subscription was attributable to increased stop rates on all the maturities at 19.90(±3.6) per cent, from 19.20(±2.9) in the preceding quarter.

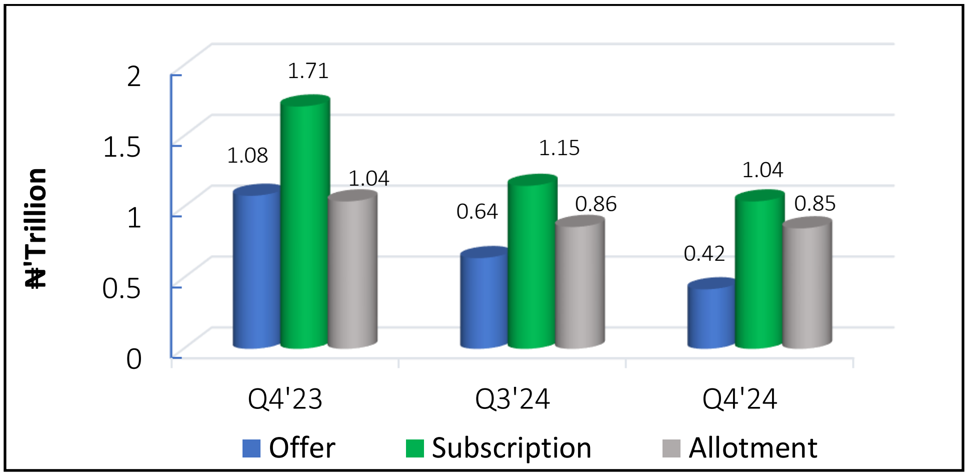
Figure 32: Primary Market NTBs (₦ Trillion)



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

Lower amount of FGN Bonds of various tranches were offered (₦0.42 trillion), subscribed (₦1.04 trillion) and allotted (₦0.85 trillion), compared with ₦0.64 trillion, ₦1.15 trillion, and ₦0.86 trillion, respectively, in the preceding quarter. The marginal rate was 21.38(±1.38) per cent relative to 20.49(±1.49) per cent in the preceding quarter, while the bid rate stood at 21.00(±3.00) per cent compared with 22.00(±8.00) per cent.

Figure 33: Primary Auctions of FGN Bond

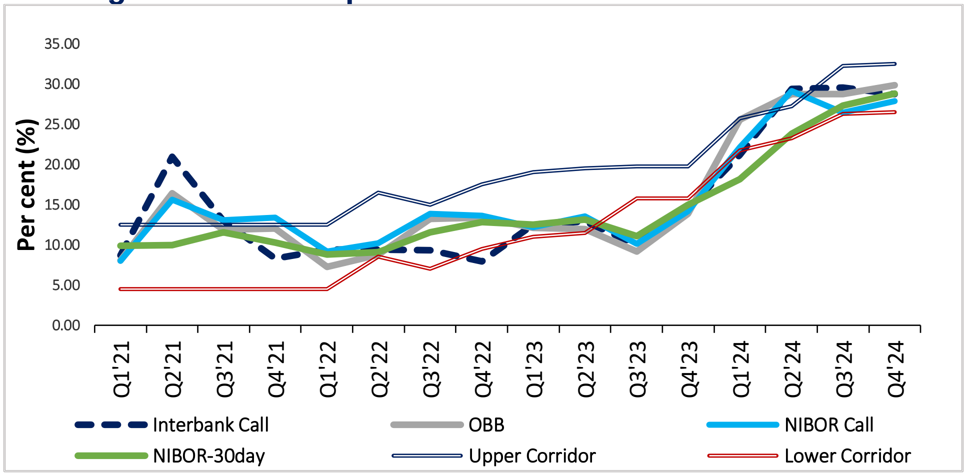


Source: Central Bank of Nigeria

Interest Rate Developments

Key short-term interest rates, except the interbank call rate, inched up and in line with the liquidity condition in the banking system. Average open buy back (OBB) rate rose by 1.09 pp to 29.85 per cent, from 28.76 per cent in Q32024. Similarly, the Nigerian interbank offered rate (NIBOR) and the NIBOR-30 rates increased by 1.50 pp and 1.50 pp to 27.91 per cent and 28.81 per cent, respectively. Average interbank call rate, however, declined by 0.84 pp to 28.71 per cent, from 29.55 per cent in the preceding quarter. The decline in the interbank call rate reflected lending relationships among banks.

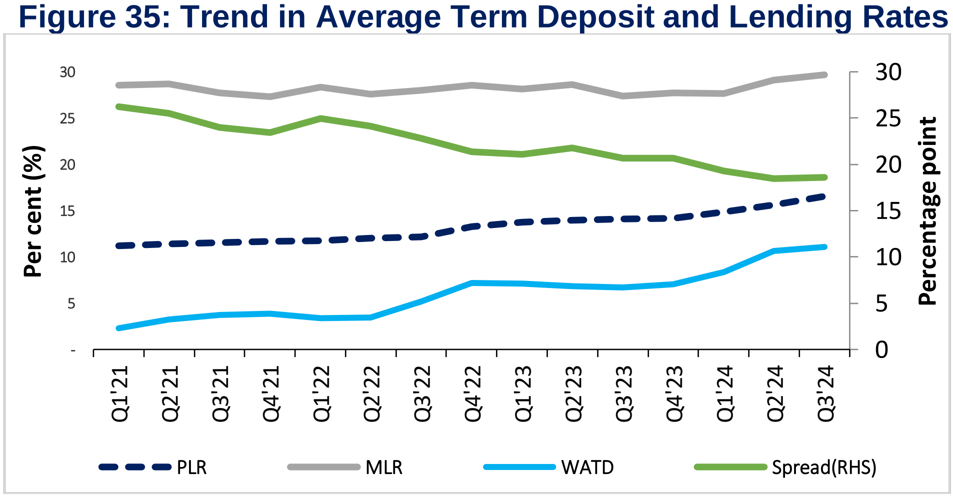
Figure 34: Developments in Short-term Interest Rates



Source: *Central Bank of Nigeria*

Lending rates levitated in Q42024, as average prime and maximum lending rates increased by 1.55 pp and 0.67 pp, respectively, to 18.10 per cent and 30.35 per cent relative to the levels in the preceding quarter. The weighted average term deposit rate, however, declined by 1.41 pp to 9.67 per cent in the preceding quarter. Consequently, the spread between the weighted average term deposit and maximum lending rates widened to 20.68 pp, relative to 18.60 pp in Q32024.

Figure 35: Trend in Average Term Deposit and Lending Rates



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

2.3.3.2 Capital Market Developments

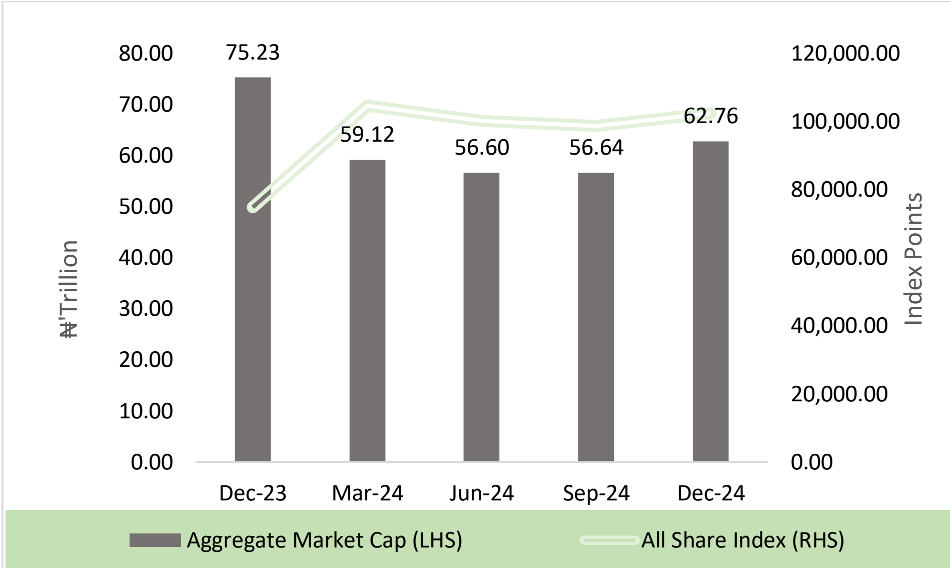
Market Capitalisation

The Nigerian equities and bonds markets experienced increased momentum, bolstered by favourable market conditions. The aggregate market capitalisation increased by 6.19 per cent to ₦109.29 trillion, from ₦102.92 trillion at end-September 2024. The rise was driven by renewed investor confidence, year-end festivities, optimism on favourable end-of-year corporate earnings, and heightened economic activity.

The equities and debt components of the market increased by 10.80 per cent and 0.54 per cent, respectively, to ₦62.76 trillion and ₦46.50 trillion, compared with ₦56.64 trillion and ₦46.25 trillion in the preceding quarter. Exchange Traded Funds (ETFs), however, declined by 9.99 per cent to ₦29.19 billion compared with ₦32.43 billion in the preceding quarter. The equities component sustained its dominance of the market constituting 57.43 per cent of the aggregate market capitalisation, while the debt and ETFs components accounted for the balance of 42.57 per cent.

The All-Share Index (ASI) increased by 3.85 per cent to 102,350.25 index points, from 98,558.79 index points in the preceding quarter. The sustained rise derived from new listings and strong demand for equities, underlain by year-end portfolio rebalancing and a positive 2025 macroeconomic outlook.

Figure 36: Aggregate Market Capitalisation and All-Share Index



Source: *Nigeria Exchange (NGX) Limited*

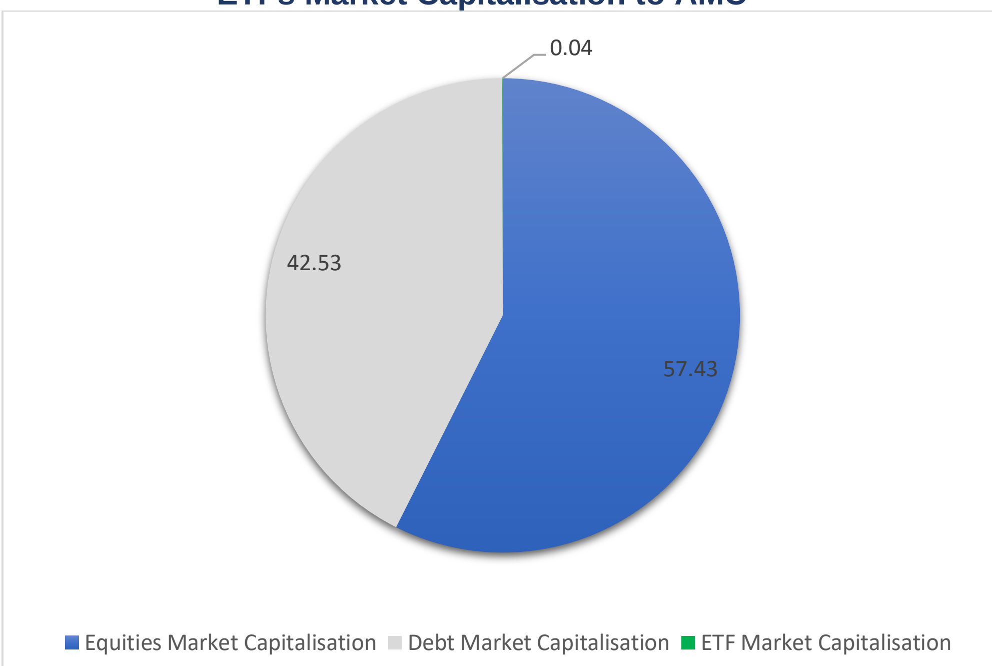
A disaggregation of the equities component of market capitalisation showed that the main board (37.86%) was the dominant constituent, followed by premium board (19.48%), growth board (0.08%), and real estate investment trust & close end fund (0.01%), while ASeM remained flat.

Table 13: Percentage Contributions to Aggregate Market Capitalisation

SECURITIES	Contributions (%)
EQUITIES	**57.43**
Main Board	37.86
Premium Board	19.48
Growth Board	0.08
Real Estate Investment Trust & Close End Fund	0.01
ASeM	0.00
BONDS	**42.53**
Government Bonds- Federal	41.12
Government Bonds- State and Local	0.32
Corporate Bonds/Debentures	1.09
ETF	**0.04**
Total	**100**

Source: *Nigeria Exchange (NGX) Limited*

Figure 37: Percentage Contribution of Equities, Bonds, and ETFs Market Capitalisation to AMC



Source: Nigerian Exchange (NGX) Limited

Sectoral Indices

Most of the capital market indices exhibited a bullish trend in Q42024, with NGXINS and NGXGROWTH topping the chart. However, NGXINDUSTRY, NGXSOVBND and NGXPENBRD recorded declines relative to the levels in the preceding quarter. The rise in most of the indices reflected the impressive performance of some highly capitalised stocks, supported by optimism in the Q42024 corporate earnings results.

Table 14: Nigeria Exchange (NGX) Limited Sectoral Indices

Sectoral Indices	Q32024	Q42024	Change (%)
NGXINS	429.93	718	67.0
NGXGROWTH	4,884.27	7,762.86	58.9
NGXOILGAS	1,990.84	2,712.06	36.2
NGXMERIVAL	7,795.35	10,375.32	33.1
NGXAFRHDYI	13,770.03	16,642.63	20.9
NGXMERIGRW	5,424.77	6,490.69	19.6
NGXAFRBVI	2,093.92	2,467.38	17.8
NGXCG	2,403.18	2,814.39	17.1
NGXBNK	944.48	1,084.52	14.8
NGXLOTUSISLM	6,108.53	6,955.89	13.9
NGXPENSION	4,012.95	4,521.13	12.7
NGXCNSMRGDS	1,564.09	1,731.67	10.7
NGXPREMIUM	9,050.21	9,719.75	7.4
NGXPENBRD	1,717.03	1,826.89	6.4
NGX30	3,661.41	3,811.94	4.1
NGXMAINBOARD	4,832.03	4,988.79	3.2
NGXASEM	1,583.71	1,583.71	0.0
NGXSOVBND	624.3	601.54	-3.6
NGXINDUSTR	3,806.57	3,572.17	-6.2

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 26.24 per cent to ₦785.64 billion, from ₦622.34 billion in the preceding quarter. Conversely, the volume of traded securities decreased by 9.29 per cent to 34.36 billion shares, from 37.88 billion shares recorded in the previous quarter. Total number of deals on the Exchange decreased by 4.98 per cent to 566,698 deals, relative to the level in the preceding quarter.

Figure 38: Volume and Value of Traded Securities on the NGX

***Source*: Nigeria Exchange (NGX) Limited**

NGX Listings

Compared with the 33 listings recorded at the preceding quarter, a total of 23 securities were listed on the Exchange, comprising of 13 new listings and 10 supplementary listings. The total amount of available listings was reduced as the Exchange delisted 40,647,990,293 units of ordinary shares of Transnational Corporation Plc.

Table 15: Listings and De-listings on the Nigerian Exchange Limited in Q42024

Company/Security	Shares Units/Price	Remarks
Flour Mills Nigeria Plc (22.00% FMN MAY 2029)	Issued 46,000,000 units amounting to ₦46,000,000,000.00	New listing
19.30% FGN APR 2029	2,732,000 units	Supplementary listing
18.50% FGN FEB 2031	31,079,000 units	Supplementary listing
19.89% FGN MAY 2033	230,716,436 units	Supplementary listing
Aradel Holdings Plc	4,344,844,360 Ordinary Shares of 50 Kobo each at ₦702.69 Per Share	New listing
C&I Leasing Plc	Additional 1,645,833,333 ordinary shares of 50 Kobo each	Supplementary listing
Transnational Corporation Plc	10,161,997,574 ordinary shares of 50 Kobo each at ₦44.2 per share	New listing
FBN Holdings Plc	5,982,548,799 ordinary shares of 50 Kobo each at N25.00 per share.	New listing
17.084% FGS OCT 2026	Issued 1,024,114 units amounting to ₦1,024,114,000	New listing
Chapel Hill Denham Nigeria Infrastructure Debt Fund (NIDF or the Fund)	218,084 additional units of shares	Supplementary listing
19.30% FGN APR 2029	57,236,801units	Supplementary listing
18.50% FGN FEB 2031	232,360,472 units	Supplementary listing
United Bank for Africa Plc	6,839,884,274 ordinary shares of 50 Kobo each at N35.00 per share.	New listing
Haldane McCall Plc	3,122,000,000 ordinary shares of 50 kobo each at ₦3.84 per share	New listing
Chapel Hill Denham Management Limited	Additional 93,950,000 ordinary shares of ₦100.00 each at ₦109.43 per unit	Supplementary listing
17.440% FGS NOV 2026	760,189 units amounting to ₦760,189,000	New listing
NGX30M5	Future contract at ₦3,966.25	New listing
NGXPENSIONM5	Future contract ₦4,641.75	New listing
19.30% FGN APR 2029	64,029,801 units	Supplementary listing
18.50% FGN FEB 2031	282,625,193 units	Supplementary listing
Nigerian Breweries Plc	20,706,894,542 ordinary shares of 50 Kobo each at ₦26.50 per share.	New listing
Jaiz Bank Plc	10,048,237,955 ordinary shares of 50 Kobo each per share	New listing
17.483% FGS DEC 2026	876,873 units amounting to ₦876,873,000	New listing
Transnational Corporation Plc	40,647,990,293 units of ordinary shares	Delisting

Source: *Nigeria Exchange Limited (NGX).*
Notes: *FGN/FGS=Federal Government of Nigeria; Plc=Public Limited Liability Company.*

2.3.3.3 Financial Soundness Indicators

The banking sector remained resilient and stable during the review period, evidenced by the robust performance of key financial soundness indicators. The banking system capital adequacy ratio (CAR) improved by 2.68 pp to 15.20 per cent, relative to the 12.52 per cent in the preceding period. The development reflected the improvement of banks' total qualifying capital and the decrease of risk-weighted assets. The ratio remained above the

10.00 and 15.00 per cent benchmarks for banks with national/regional and international authorisations, respectively.

Banks' asset quality improved as the ratio of non-performing loans (NPL) declined by 0.08 pp to 4.50 per cent from 4.58 per cent in September 2024. The ratio was below the prudential benchmark of 5.00 per cent, implying an improvement in loan recoveries due to compliance with the extant regulations.

The industry liquidity ratio (LR) grew by 5.47 pp to 49.06 per cent, relative to 43.59 per cent in the preceding quarter. The LR remained above the minimum regulatory benchmark of 30.00 per cent, illustrating the liquidity sufficiency of the banking system and the ability of banks to meet emerging obligations.

2.4 External Sector Developments

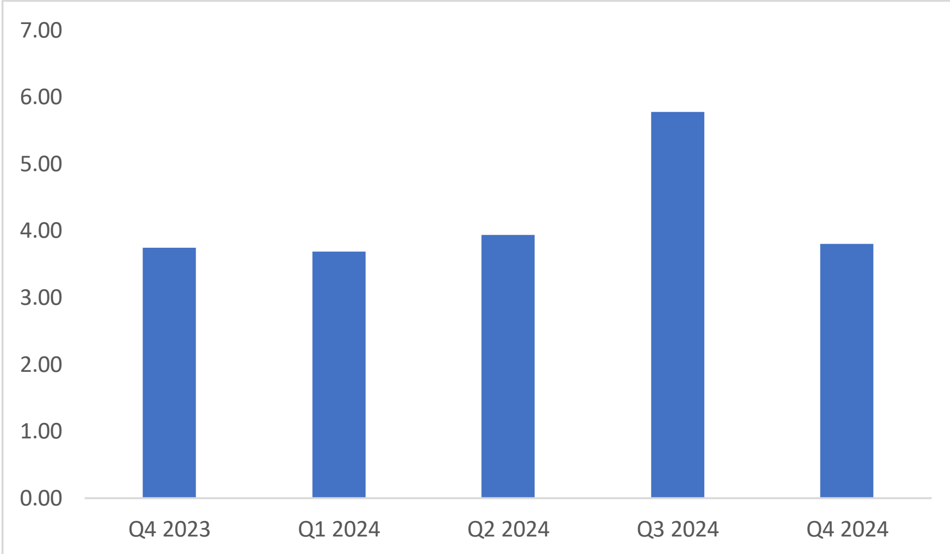
Summary

The performance of the external sector strengthened in Q4 2024 with the overall balance of payments recording a surplus, compared with the preceding quarter. The surplus in the current account decreased relative to the preceding period, buoyed by lower trade surplus and higher deficit in the primary income account. The financial account recorded a net acquisition of financial assets, driven largely by significant lower loan liabilities. At US$40.19 billion, the external reserves could cover 8.15 months of import for goods and services or 12.00 months for goods only. The average exchange rate at the Nigerian Foreign Exchange Market (NFEM) was ₦1,623.26/US$ compared with ₦1,588.64/US$ in Q32024.

2.4.1 Current and Capital Account

The surplus in the current and capital accounts declined, underpinned by a lower trade surplus and declined remittance inflow. The surplus in the current account fell to US$3.80 billion, equivalent to 7.59 per cent of GDP, compared with US$5.78 billion or 12.44 per cent of GDP in the preceding quarter. The increase was driven, primarily, by a lower surplus in the goods account, attributed to decreased export earnings and an increase in import bills.

Figure 39: Current Account Balance (US$ Billion)



Source: *Central Bank of Nigeria*

Export Performance

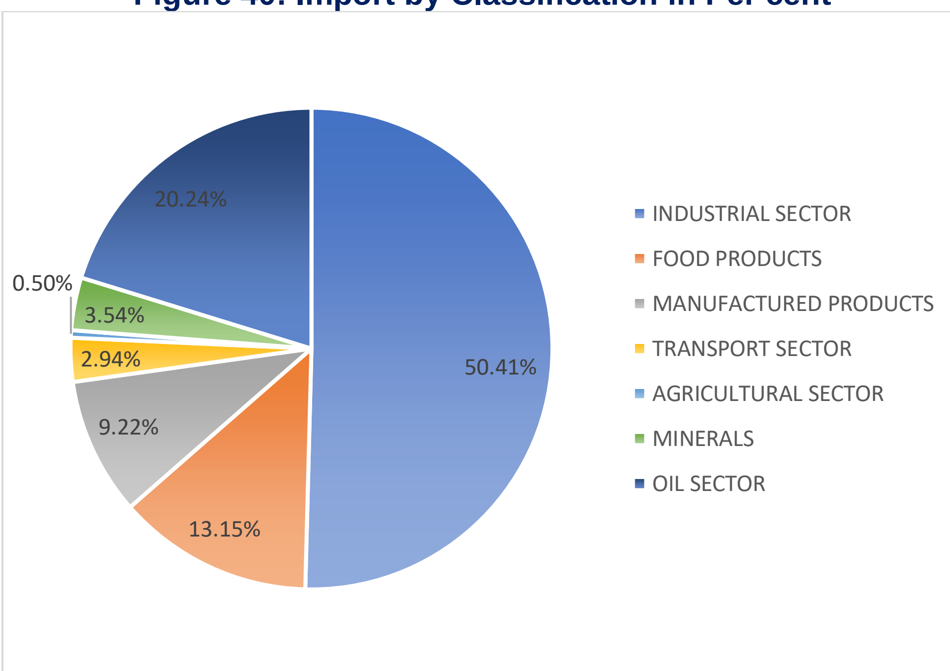
Earnings from merchandise export fell in Q42024, as a decline in crude oil price drove lower crude oil export receipts. Aggregate export earnings fell by 3.50 per cent to US$12.67 billion, from US$13.13 billion in Q32024. A breakdown showed that oil receipts declined to US$10.63 billion, from US$11.25 billion in Q32024, reflecting the decline in global crude oil price to US$75.66 per barrel from US$82.23 per barrel in the preceding quarter. The decline in price resulted from the rise in global crude oil supply, especially by the United States, leading to an oversupply situation that outweighed demand. In contrast, non-oil export receipts improved, rising to US$2.04 billion from US$1.88 billion in the preceding quarter. The increase in non-oil proceeds was supported by improved earnings from the export of electricity and other non-oil products, particularly agricultural commodities. Crude oil and gas exports continued to dominate merchandise export, accounting for 83.88 per cent of total earnings, while non-oil exports contributed the remaining share.

Merchandise Import

Merchandise import bills rose, reflecting an increase in the importation of non-oil products. Merchandise import rose by 9.26 per cent to US$10.05 billion, from US$9.20 billion in Q32024. A disaggregation indicated that non-oil import increased to US$7.37 billion from US$5.94 billion in the preceding quarter, particularly due to an increase in the imports of industrial and manufactured products. Oil imports decreased to US$2.68 billion, from US$3.26 billion in the preceding quarter. By share, non-oil payments continued to dominate merchandise import, accounting for 73.34 per cent, while oil import bills constituted the balance.

Analysis of import by sector indicated that the industrial sector, mainly raw materials and machinery accounted for the largest share of imports, with 50.41 per cent. This was followed by oil sector (20.24%), food products (13.15%), manufactured products (9.22%), minerals (3.54%), transport (2.94%) and agricultural products (0.50%).

Figure 40: Import by Classification in Per cent



Source: *Central Bank of Nigeria*

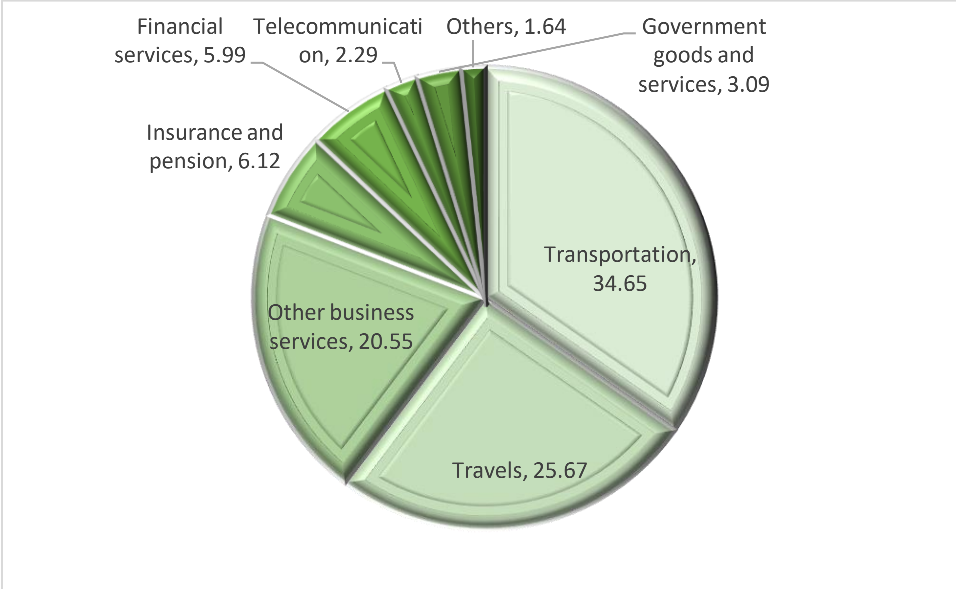
Services

The deficit in services account widened, on account of increased payments for transport, insurance and pension, financial and other business services. At US$3.48 billion, the deficit in the services account widened, compared to US$3.15 billion in Q32024. Total payment for services increased by 8.44 per cent to US$4.75 billion, from the levels in the preceding quarter. A breakdown of the components of services indicated that payments for transport services rose to US$1.65 billion from US$1.48 billion. Similarly, payments for Insurance & pension services, financial services and other business services rose to US$0.29 (86.32%), US$0.28 (47.23%), and US$0.98 (24.84%) respectively from their levels in Q32024. Payments for travel services also increased by 3.77 per cent to US$1.22 billion from US$1.17 billion in Q32024.

On the other hand, payments for telecommunications, computer & information services, decreased by 68.16 per cent to US$0.11 billion. Payments for government goods and services, decreased to US$0.15 billion, from US$0.18 billion in Q32024. A decline was also recorded in the payments for personal, cultural & recreational services (US$0.01 billion, 17.56%).

Analysis of total payment for services showed that transport accounted for 34.65 per cent, followed by travels (25.67%), other business (20.55%), insurance and pension services (6.12%) and financial services (5.99%). Other contributors were government goods & services (3.09%), telecommunication services (2.29%), and insurance & pension services (3.14%), while “others” accounted for the balance.

Figure 41: Share of Service Out-Payments in Per cent

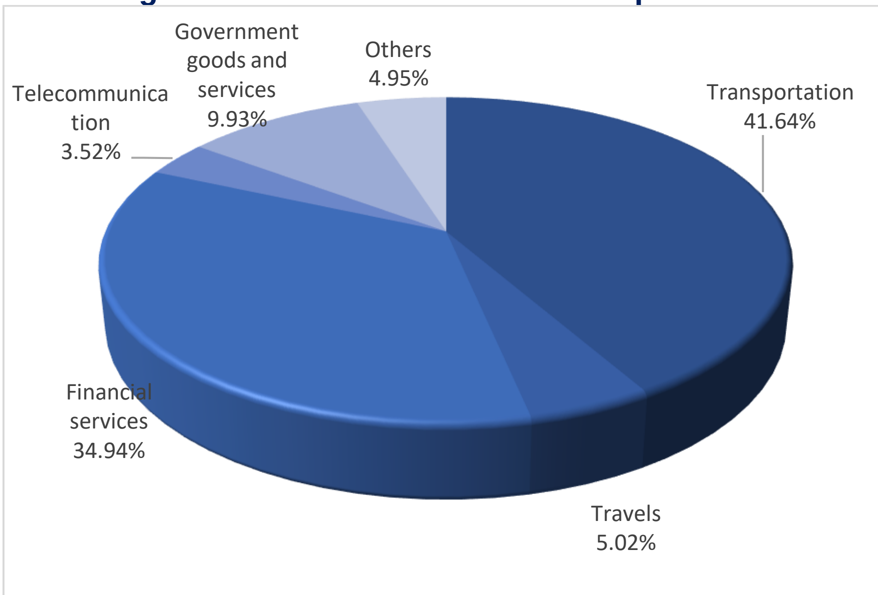


***Source**: Central Bank of Nigeria.*

Receipts from the export of services increased by 3.11 per cent to US$1.27 billion due, mainly, to higher inflow from financial services. A disaggregation showed that financial services increased by 36.64 per cent to US$0.44 billion. other business services also increased by 18.28 per cent to US$0.02 billion. Conversely, receipts from transport services declined by 8.78 per cent to US$0.53 billion. Insurance & pension services also recorded lower earnings of US$0.04 billion relative to US$0.07 billion in the preceding quarter. Receipts from telecommunication service fell by 6.65 per cent to US$0.04 billion compared with the level in the preceding quarter.

Of the total receipts from services, transport constituted 41.64 per cent, followed by financial (34.94%), government goods & services (9.93%), travels (5.02%), telecommunication (3.52%) and insurance & pension (3.09%). Other services accounted for the balance.

Figure 42: Share of Services Receipts in Per cent

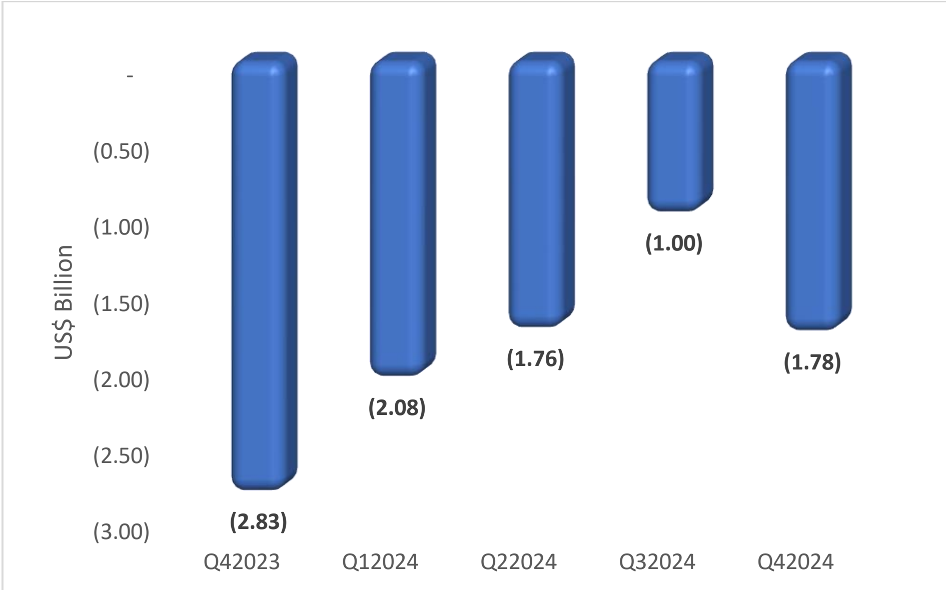


Source: *Central Bank of Nigeria.*

Primary Income

The primary income account balance posted a higher deficit, reflecting increased repatriation of dividends by non-residents. The deficit in the primary income account increased to US$1.78 billion, from US$1.01 billion in Q32024. A disaggregation showed that the deficit in the investment income sub-account increased to US$1.86 billion, from US$1.08 billion in the preceding quarter. Similarly, the surplus in the compensation of employees sub-account widened to US$0.08 billion from US$0.07 billion in the preceding quarter.

Figure 43: Primary Income Balance (US$ Billion)

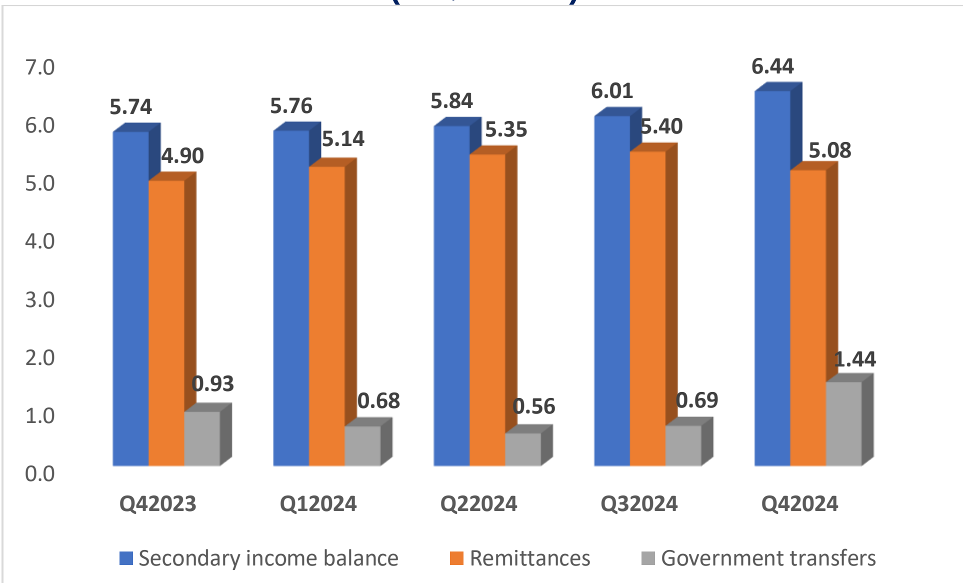


Source: *Central Bank of Nigeria.*

Secondary Income

The surplus in the secondary income account increased, due to higher inflow of general government transfers. The surplus in the secondary income account rose by 7.12 per cent to US$6.44 billion, from US$6.01 billion in the preceding quarter. The improvement was driven by higher general government transfers which increased by 109.85 per cent to US1.44 billion from US$0.68 billion in Q32024. conversely, private sector transfers, particularly workers' remittances, fell by 6.00 per cent to US$5.08 billion from US$5.40 billion in the preceding quarter

Figure 44: Secondary Income Balance and Remittances Inflow (US$ Billion)



Source: *Central Bank of Nigeria.*

2.4.2 Financial Account

Financial Account Developments

A net acquisition of financial assets was recorded in the financial account, driven by reduction in loan liabilities. The financial account recorded a net acquisition of financial assets of US$7.82 billion, against a net incurrence of financial liabilities of US$0.59 billion in Q32024.

Net Incurrence of Liability

The economy recorded a divestment of liabilities at US$7.95 billion against an inflow of US$12.38 billion in the preceding quarter. The development was due to a significant reduction in the Central Bank's short – term loan liabilities. A disaggregation showed an outflow of 'other investment' at US$13.89 billion against an inflow of US$10.00 billion in Q32024, due to reduction in short – term loan liabilities. Portfolio investment rose to US$5.61 billion, from US$1.92 billion in the preceding quarter, while foreign direct investment liabilities declined to US$0.31 billion from US$0.57 billion in Q32024.

Net Acquisition of Asset

A disposal of financial assets at US$0.14 billion was recorded in Q42024, against an acquisition of US$11.79 billion in the preceding quarter. The development was due to a disposal of foreign currency and deposit by resident investors at US$1.26 billion from an acquisition of US$6.78 billion in Q32024. Direct investment assets decreased to US$0.26 billion, relative to US$0.63 billion in the preceding quarter. Similarly, portfolio investments fell to US$0.02 billion from US$0.24 billion in Q32024. 'Other investment' asset recorded a disposal of US$1.54 billion from an acquisition of US$6.83 billion in the preceding quarter.

2.4.3 External Debt

External Debt

Nigeria's external debt stock at end-September 2024, stood at US$43.03 billion (23.14% 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$21.77 billion, accounting for 50.60 per cent of the total external debt stock. Commercial loans (Euro Bonds) amounted to US$15.12 billion (35.14%), while US$5.81 billion (13.50%) was sourced from bilateral loans, and the balance of US$0.33 billion (0.76%) came from syndicated loans (African Finance Corporation).

External debt service payments at end-September 2024 stood at US$1.34 billion. A breakdown showed that principal repayment totalling US$0.72 billion accounted for 53.73 per cent of the debt service payments. Interest payments constituted US$0.62 billion (46.27% of total), while other payments accounted for the balance. Analysis of interest payments showed that commercial borrowings, at US$0.44 billion, accounted for 70.96 per cent of the total, while interest payments to multilateral institutions was US$0.12 billion (19.35%). Interest on bilateral loans accounted for the balance.

2.4.4 International Investment Position (IIP)

International Investment Position

The international investment position posted a lower net financial liability of US$60.46 billion. The stock of financial assets rose to US$115.32 billion, from US$102.46 billion in the preceding quarter, driven primarily, by an increase in reserve assets and other investment. Other investment and reserve assets increased by 20.98 per cent and 10.19 per cent, respectively, to US$40.19 billion and US$52.80 billion, from the levels in the preceding quarter. Similarly, direct investment and portfolio investment assets grew to US$17.57 billion, and US$4.63 billion, respectively, from US$16.86 billion and US$4.31 billion in the preceding quarter.

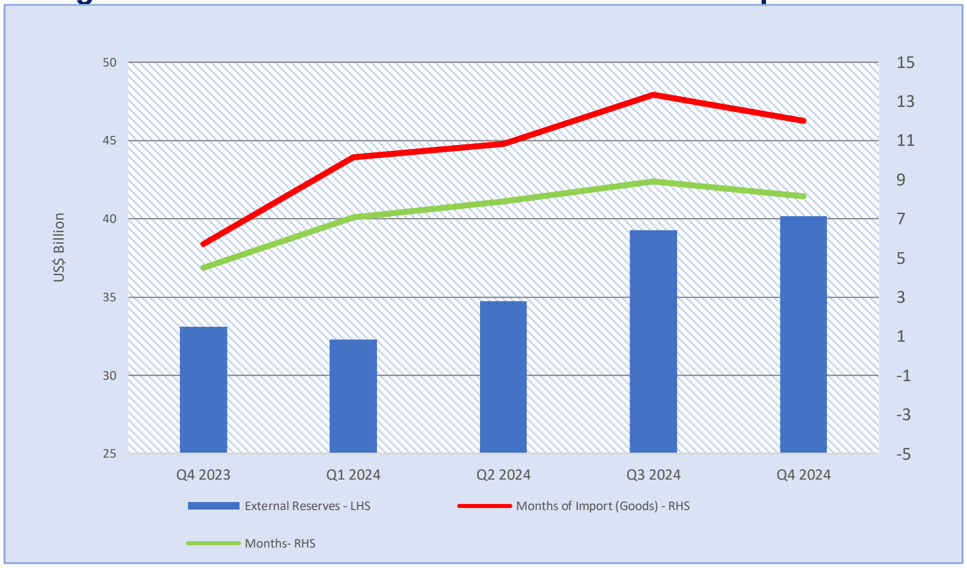
The stock of financial liabilities fell to US$175.79 billion, from US$192.23 billion in Q32024, driven largely by a 19.47 per cent decline in 'other investment' liabilities to US$68.61 billion. Direct investment liabilities decreased to US$69.21 billion, from US$75.20 billion recorded in the preceding quarter. Conversely, portfolio investment liabilities increased to US$37.87 billion from US$31.59 billion in Q32024.

2.4.5 External Reserves

International Reserves

The external reserves increased and remained above the benchmark of 3 months of import cover during the review period. The external reserves rose to US$40.19 billion, from US$39.29 billion at end-September 2024. This level of reserves could cover 8.15 months of import for goods and services or 12.00 months for goods only.

Figure 45: External Reserves and Months of Import Cover



Source: *Central Bank of Nigeria*

A breakdown of the external reserves by ownership showed that the shares of the CBN and the FGN stood at US$33.95 billion and US$6.24 billion, respectively, while the Federation accounted for the balance. A disaggregation showed the continued dominance of the US dollar (US$31.94 billion or 79.48%), followed by Special Drawing Rights (US$4.14 billion or 10.31%), Chinese yuan (US$3.27 billion or 8.14%), the euro (US$0.55 billion or 1.37%), and the British pound (US$0.28 billion or 0.70%). Other currencies accounted for the balance.

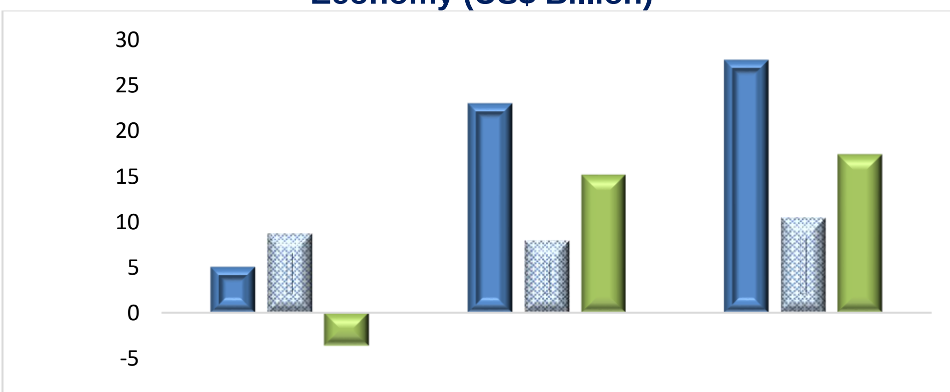
2.4.6 Foreign Exchange Flows through the Economy

Foreign Exchange Flows

The economy recorded a higher net foreign exchange inflow, driven largely by inflow through autonomous sources. Foreign exchange inflow through the economy increased by 20.62 per cent to US$27.81 billion from US$23.06 billion in Q32024. Inflows through the Bank decreased by 4.05 per cent to US$11.54 billion from US$12.03 billion, while autonomous sources rose by 47.55 per cent to US$16.27 billion from US$11.03 billion in the preceding quarter.

Foreign exchange outflow through the economy rose by 31.37 per cent to US$10.42 billion, relative to the level in Q32024. Outflows through the Bank and autonomous sources at US$8.99 billion and US$1.43 billion, increased by 22.98 per cent and 129.59 per cent over the respective levels in the preceding quarter. Consequently, net foreign exchange inflow through the economy increased by 14.99 per cent to US$17.39 billion from US$15.13 billion in the preceding quarter. An increase was also recorded in net inflow through autonomous sources to US$14.84 billion from US$10.40 billion in the preceding quarter. A net inflow of US$2.56 billion was recorded through the Bank, compared with a net inflow of US$4.72 billion in Q32024.

Figure 46: Foreign Exchange Transactions through the Economy (US$ Billion)

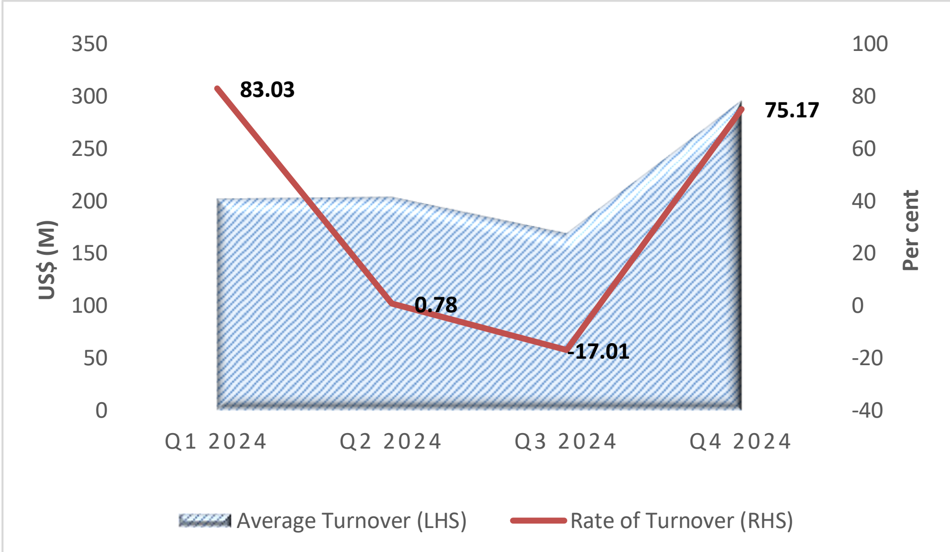


	Q4 2023	Q3 2024	Q4 2024
Inflow	5.01	23.06	27.81
Outflow	8.69	7.93	10.42
Netflow	-3.678	15.127	17.394

Source: *Central Bank of Nigeria*

The average turnover at the NFEM increased by 75.17 per cent to US$296.16 million, compared with US$169.07 million in Q32024, reflecting increased trading activities in the market.

Figure 47: Turnover in the NAFEM



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

2.4.7 Exchange Rate Movement

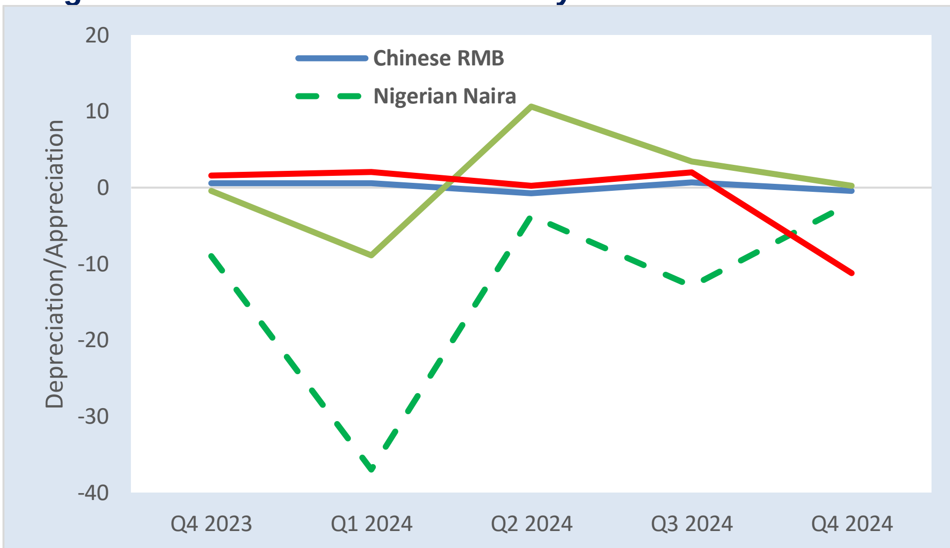
Average Exchange Rate

The average exchange rate of the naira per US dollar at the NFEM stood at ₦1,623.26/US$, compared with ₦1,588.64/US$ in Q32024. This represented a 2.13 per cent depreciation of the exchange rate at the NFEM during the review period, owing to increased demand pressure.

Emerging Market Currencies

The Chinese renminbi and the Russian ruble depreciated by 0.42 and 11.21 per cent, respectively, compared with the preceding quarter. The depreciation of renminbi was largely driven by market anticipations of impending US tariff policies, while continued Western sanctions on Russia impacted the ruble. In contrast, the South African rand appreciated by 0.22 per cent, supported by improved economic indicators that enhanced investors' confidence.

Figure 48: Selected EMEs Currency Values to the US dollar



Sources: *Central Bank Nigeria & Reuters*

Table 16: Selected EMEs Currency Rates to the US dollar

Period	Chinese yuan	Nigerian naira	South African rand	Russian ruble
Q42023	7.20	840.41	18.72	92.89
Q32024	7.16	1,588.64	17.95	89.02
Q42024	7.19	1,623.26	17.91	100.26

Sources: *Central Bank of Nigeria & Reuters*

3.0 ECONOMIC OUTLOOK

3.1 Global Outlook

Global output growth is expected to maintain an upward trajectory in 2025, with varied outcomes across regions. The global economy is projected to improve slightly to 3.30 per cent in 2025, from an estimated 3.20 per cent in 2024, as consumer demand remains strong across both AEs and EMDEs.[7]

Growth is expected to be more pronounced in AEs, at 1.90 per cent in 2025, compared with an estimated 1.70 per cent in 2024, driven largely by increased investment and robust consumption in the US and the Euro area. Growth in EMDEs is projected to remain stable at 4.20 per cent in both 2024 and 2025, as weak growth in other economies is expected to be offset by strong growth forecast in India and the Middle East.

Global inflation is projected to decline from an estimated 5.70 per cent in 2024 to 4.20 per cent in 2025 and further to 3.50 per cent in 2026. The expected moderation in inflation and ultimate convergence towards the targets is due, largely, to a cooling labour market, and anticipated decline in energy prices on account of the incoming US government's disposition towards aggressive oil drilling. The impact of previous episodes of tight monetary policies will also continue to support the disinflationary trends.

3.2 Domestic Outlook

Nigeria's economy is projected to grow at a faster pace in the medium term. The anticipated improvement is hinged on the expected stability of the naira at the foreign exchange market,

[7] WEO January 2025

continued improvement in domestic crude oil production, and the crystallisation of the ongoing policy reforms.

Nigeria's inflation is expected to begin to moderate from Q12025. The expected disinflation is hinged on the lagged effect of the Bank's restrictive policy stance, the relative stability at the foreign exchange market and improved security in food-producing areas. An unlikely rise in exchange market pressure, increased money supply, hike in PMS price, higher electricity and import tariff, and escalation of insecurity in food-producing areas are potential downside risks to inflation.