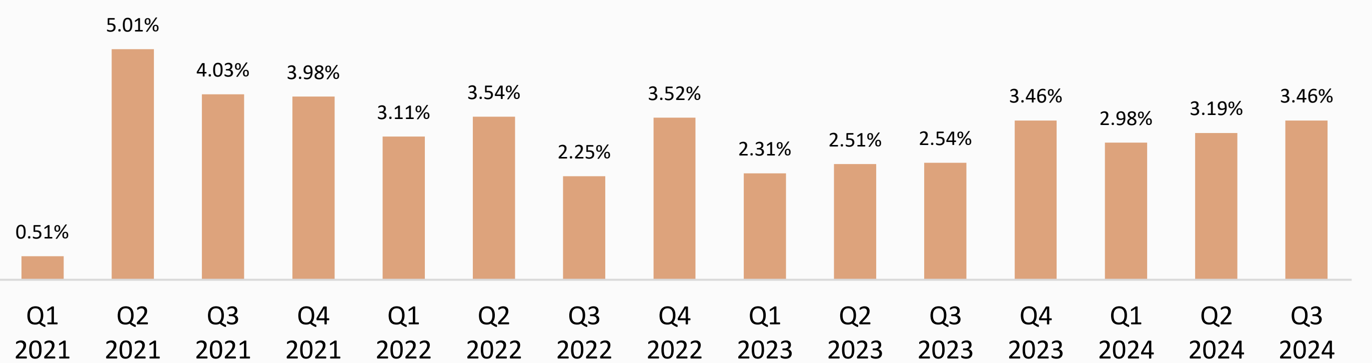
NIGERIA'S REAL GDP EXPANDS BY 3.46%, MAINTAINS RESILIENCE

The Nigerian economy maintained its growth momentum in the third quarter of 2024, recording an impressive real GDP growth rate of 3.46%. This marks an improvement from the 2.54% growth observed in Q3 2023 and the 3.19% achieved in Q2 2024, according to data from the National Bureau of Statistics (NBS).

The positive performance was driven by robust contributions from both the oil and non-oil sectors, with the services sector leading the charge. The services sector expanded by 5.19% during the quarter, contributing over 53% to the total GDP.

Nominal GDP, which measures the market value of goods and services produced in an economy without adjusting for inflation, grew by an impressive 17.26% in Q3 2024. This marks an increase from the 16.08% recorded in Q3 2023. The nominal GDP for the period was estimated at N71.131 trillion. The difference between real (3.46%) and nominal (17.26%) growth underscores the impact of inflation on the economy, which averaged at 33.88% in Q3 2024.

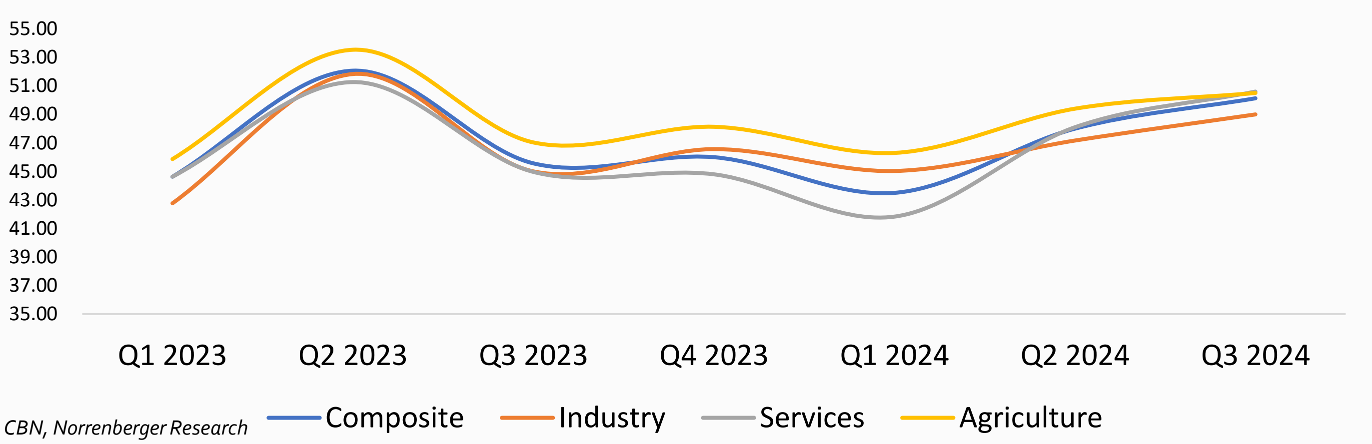
Nigeria's real GDP growth



NBS, Norrenberger Research

In the first nine months of 2024, Nigeria's real GDP has grown at an average rate of 3.21%, a notable improvement compared to the 2.45% recorded during the same period in 2023. This growth has been achieved despite several contractionary challenges, including the Central Bank of Nigeria's aggressive monetary tightening, elevated inflationary pressures, persistent foreign exchange volatility, and high energy costs, among other economic headwinds.

Nigeria's Purchasing Managers' Index



CBN, Norrenberger Research

The growth recorded in Q3 2024 aligns with the expansionary trends indicated by the Purchasing Managers' Index (PMI), which averaged at 50.13 points for the review quarter. This represents an improvement compared to the 45.57 points observed in the corresponding period of 2023 and the 48 points recorded in Q2 2024. The positive PMI performance highlights increased productive activities across the country, predominantly driven by the robust growth in the services sector.

OIL SECTOR

The oil sector recorded a growth rate of 5.17% in Q3 2024, continuing the positive trajectory established since Q4 2023. While this growth was slower than the 10.15% recorded in the previous quarter, it marked a significant improvement compared to the contraction of 0.85% observed in the same period of 2023.

In terms of contribution to the GDP, the oil sector accounted for 5.57% in Q3 2024, slightly higher than the 5.48% recorded in Q3 2023 but marginally lower than the 5.70% contribution in Q2 2024.

The sector's improved performance was driven by increased crude oil production, which rose to 1.47 million barrels per day (mbpd), up from 1.41mbpd in the previous quarter and 1.45mbpd in Q3 2023. This growth underscores the sector's gradual recovery and contribution to Nigeria's economic expansion.

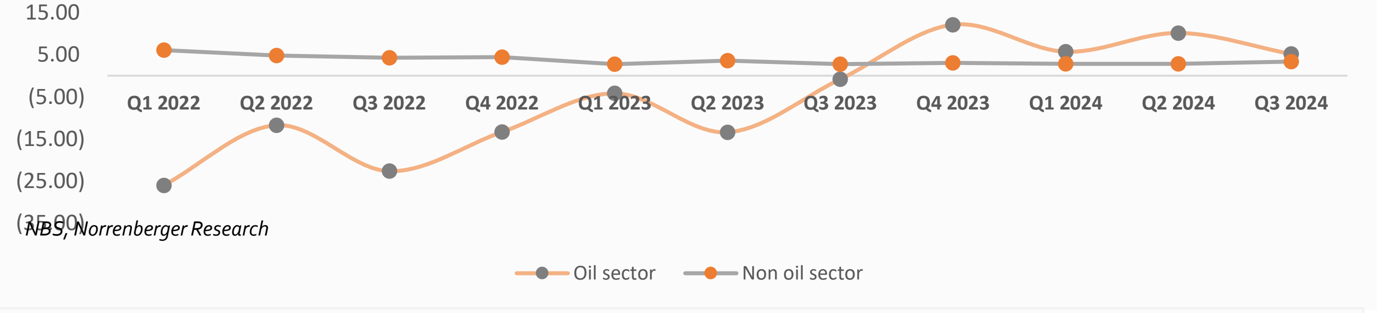
NON-OIL SECTOR

The non-oil sector of the Nigerian economy grew by 3.37% in Q3 2024, exceeding the 2.8% growth achieved in the previous quarter and the 2.75% recorded in Q3 2023. Key driving sub-sectors include financial services, telecommunications, crop production, trade, transportation, and construction.

The sector contributed 94.43% to Nigeria's GDP in Q3 2024, slightly lower than its 94.52% share in Q3 2023 but marginally higher than the 94.30% recorded in Q2 2024.

This performance was bolstered by strong growth in the transportation sector and increased activities in information and communication sector. However, the growth faced some constraints due to subdued performance in sub-sectors such as mining and quarrying, manufacturing, and electricity.

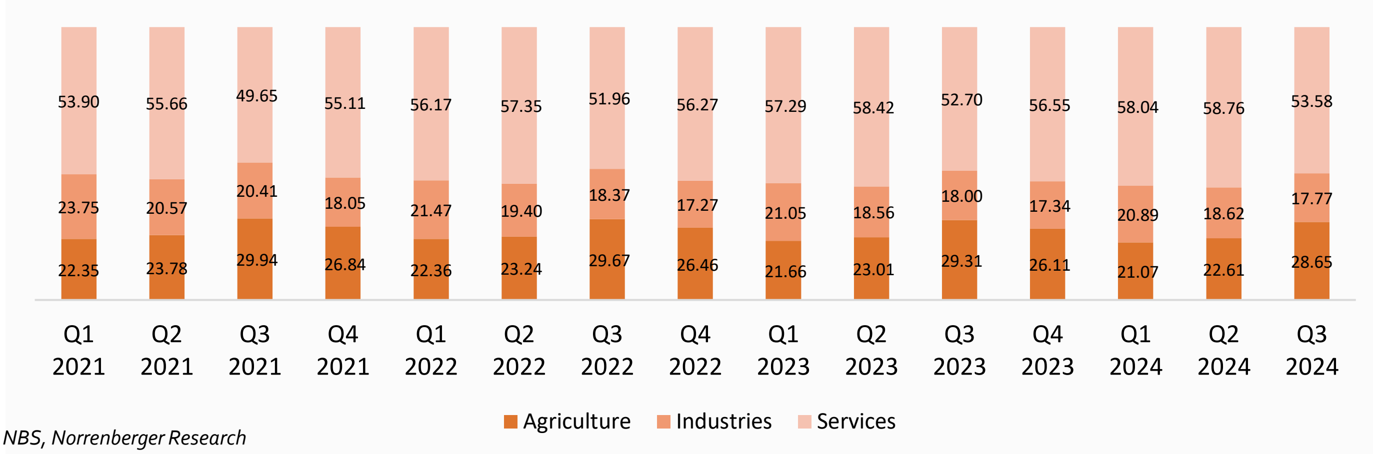
Oil vs Non-Oil Sector Growth (%)



NBS, Norrenberger Research

The non-oil sector has seen steady yet modest growth over the past three years, primarily due to limited expansion in key sectors like agriculture, manufacturing, construction, and trade. However, the oil sector has shown signs of recovery from its previous downturn, indicating a more optimistic long-term outlook for the industry. This resurgence in the oil sector could play a vital role in driving broader economic improvements, helping to counterbalance the sluggish performance in other critical areas.

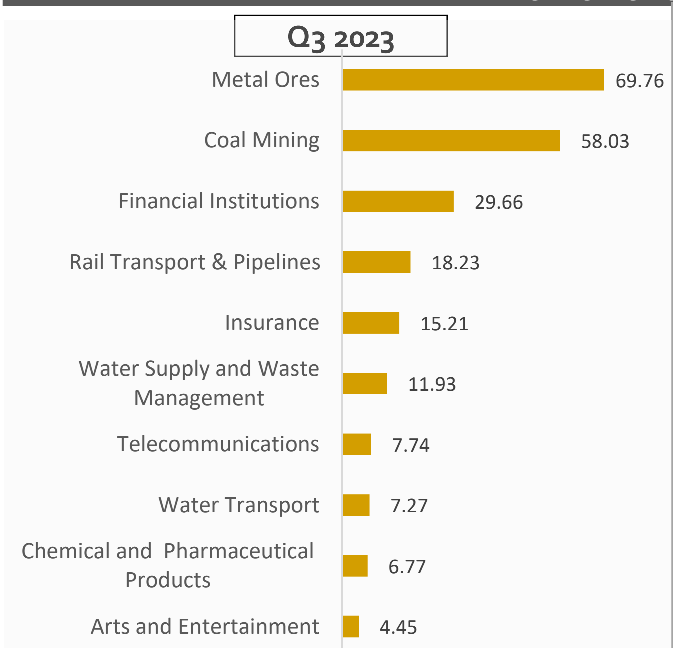
CONTRIBUTION TO GDP

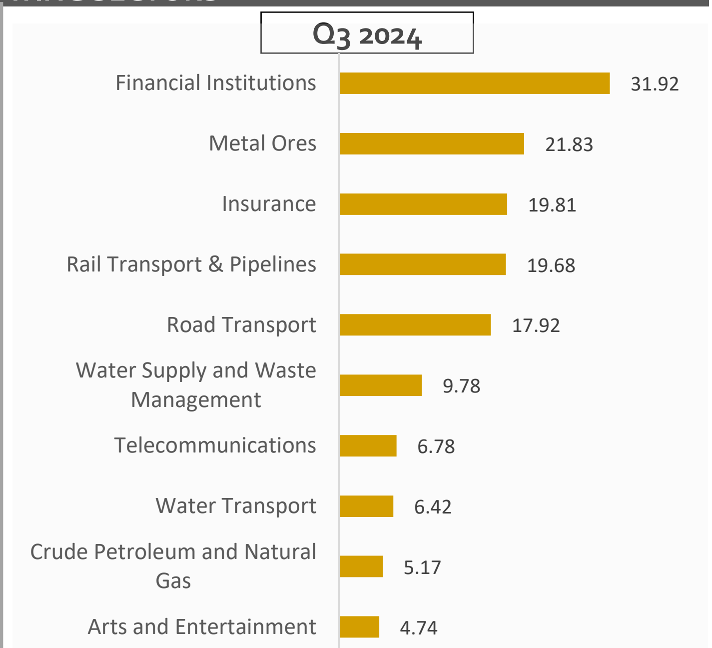


NBS, Norrenberger Research

The sectoral composition of Nigeria's GDP has remained relatively stable in recent years, with the services sector maintaining its dominant position, contributing 53.6%, higher than the 52.7% in Q3 2023. Agricultural sector's contribution however slowed to 28.7% from 29.3% in the corresponding period of 2023, while the industrial sector accounted for 17.8% of the economy, lower than the 18% recorded in the same period of 2023.

FASTEST GROWING SECTORS





NBS, Norrenberger Research

OUTLOOK

The Nigerian economy is poised to maintain its upward trajectory in Q4 2024, with projected growth of 3.53%. Despite persistent challenges such as FX volatility, rising inflation, and elevated input costs, the resilience exhibited by both the oil and non-oil sectors is expected to continue driving economic expansion. Renewed efforts by the Nigerian National Petroleum Company Limited (NNPCL) to enhance crude oil output, Dangote Refinery's full-scale operations, and improved inter-regional and international trade agreements further support this outlook.

While the Central Bank of Nigeria's recent 25 basis point hike in the Monetary Policy Rate (MPR) may moderate activity in interest rate-sensitive sectors, the sustained expansion in productive sectors, reflected by the Purchasing Managers' Index (PMI) averaging above 50 points, indicates that the broader economic momentum will remain strong.