

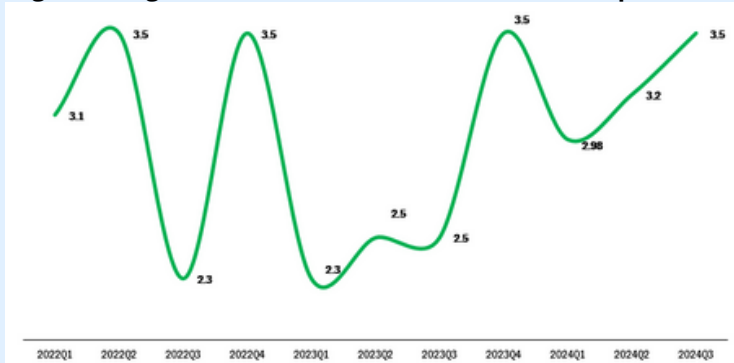
NESG 2024Q3 GDP ALERT

November 2024

Nigerian economy improved further in 2024Q3

The Nigerian economy grew by 3.5 percent (year-on-year) in 2024Q3, representing a fast pace of expansion compared to the growth of 2.5 percent and 3.2 percent in 2023Q3 and 2024Q2, respectively (see **Figure 1**). On a quarterly basis, the real Gross Domestic Product (GDP) rose sharply by 10.0 percent in 2024Q3 relative to a marginal quarter-on-quarter growth of 0.04 percent in 2024Q2.

Figure 1: Nigeria's Real GDP Growth (Year-on-Year, percent)

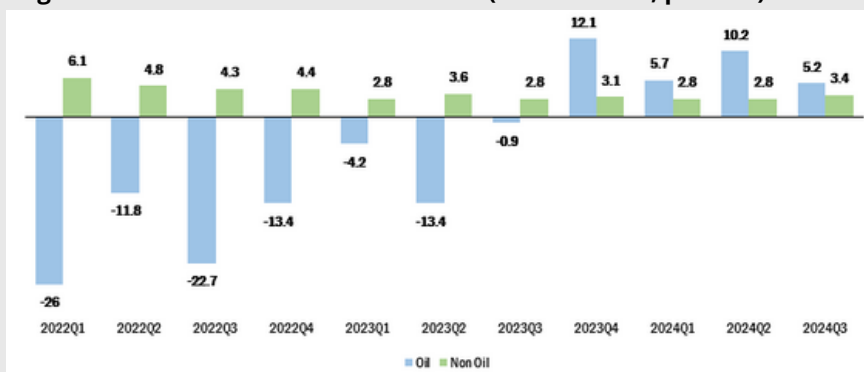


Data: NBS; Chart: NESG Research

Cumulatively, real GDP growth for the first three quarters of 2024 averaged 3.2 percent, higher than the average growth of 2.5 percent in the corresponding period of 2023. In nominal terms, the size of the economy stood at N71.1 trillion (US\$44.8 billion) in 2024Q3 and N190.9 trillion (US\$133.4 billion) in the first three quarters of 2024 [1].

Growth improved in the Non-Oil sector, while the Oil sector slowed in 2024Q3. Accounting for 94.4 percent of the total real GDP in 2024Q3, the non-oil sector expanded by 3.4 percent (year-on-year) in the quarter, higher than the growth of 2.8 percent recorded in both 2023Q3 and 2024Q2 (see **Figure 2**). This could be attributed to the improved performance of key activity sectors, including Construction, Finance, and Information & Communications Technology (ICT), which jointly accounted for 22.7 percent of the total real GDP in 2024Q3. Cumulatively, in the first three quarters of 2024, the non-oil sector grew by 3.0 percent, the same as the average growth posted in the corresponding period of 2023.

Figure 2: Oil and Non-oil Sector Growth (Year-on-Year, percent)



Data: NBS; Chart: NESG Research

Conversely, the oil sector sustained growth for the fourth consecutive quarter, expanding by 5.2 percent relative to a contraction of 0.9 percent in 2023Q3 (see **Figure 2**). This could be attributed to the increase in the average domestic crude oil production to 1.47 million barrels per day (mbpd) in 2024Q3 from 1.45 mbpd in 2023Q3. However, the oil sector recorded a slowdown from 10.2 percent in 2024Q2. Moreover, in the first three quarters of 2024, the oil sector grew by 7.0 percent, relative to a contraction of 6.2 percent in the corresponding period of 2023.

[1] The average official exchange rates of N1,586.7/US\$ for 2024Q3 and N1,431.3/US\$ for the first three quarters of 2024 were utilised for currency conversion

SUB-SECTOR ASSESSMENT

Agricultural sector slowed in 2024Q3. The Agricultural sector expanded by 1.1 percent (year-on-year) in 2024Q3, representing a slowdown relative to a growth of 1.3 percent and 1.4 percent recorded in 2023Q3 and 2024Q2, respectively (see **Figure 3**). This could be attributed to the subdued performance of three sub-sectors, including Crop production (1.1 percent), Forestry (2.2 percent), and Fishing (-1.9 percent). The flooding in Borno State in September 2024 could have disrupted the early crop harvest season, with a knock-on effect on crop production. However, the Livestock subsector recovered in the quarter, posting a 1.0 percent growth compared with a contraction of 1.7 percent in 2023Q3. Cumulatively, the Agricultural sector expanded marginally by 0.9 percent in the first three quarters of 2024, relative to the average growth of 0.6 percent in the corresponding period of 2023.

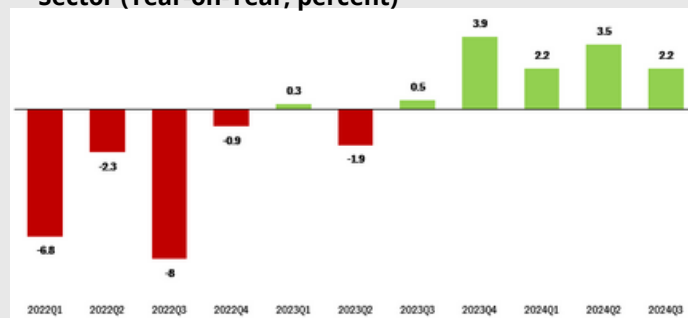
Figure 3: Growth Performance of Agricultural Sector (Year-on-Year, percent)



Data: NBS; Chart: NESG Research

Industrial sector recorded subdued performance in 2024Q3. The Industrial sector expanded by 2.2 percent (year-on-year) in 2024Q3 relative to a growth of 0.5 percent in 2023Q3. While this marks the fifth consecutive quarter of growth, the sector slowed from 3.5 percent in 2024Q2 (see **Figure 4**). This is attributable to the subdued performance of the critical sub-sectors, including Crude Petroleum and Natural Gas and Manufacturing, which jointly accounted for 77.8 percent of the total Industry real GDP in the quarter. Cumulatively, the Industrial sector grew by 2.6 percent in the first three quarters of 2024, recovering from a contraction of 0.4 in the corresponding period of 2023. Out of the 20 activities in the Industrial sector, only 13 sub-sectors expanded in 2024Q3.

Figure 4: Growth Performance of the Industrial Sector (Year-on-Year, percent)



Data: NBS; Chart: NESG Research

Services sector outperformed other broad sectors in 2024Q3. The Services sector grew significantly by 5.2 percent (year-on-year) in 2024Q3, outpacing the growth of 4.0 percent and 3.8 percent recorded in 2023Q3 and 2024Q2, respectively (see **Figure 5**). This was driven by the improved performance of the key activity sectors, including ICT (which grew by 5.9 percent in 2024Q3, up from 4.4 percent in 2024Q2) and Finance (30.8 percent, up from 28.8 percent). Moreover, the Services sector expanded by 4.4 percent in the first three quarters of 2024, slightly above the 4.3 percent growth posted in the corresponding period of 2023. Out of the 22 Services sub-sectors, only 2 sub-sectors contracted in 2024Q3.

Figure 5: Growth Performance of Services Sector (Year-on-Year, percent)



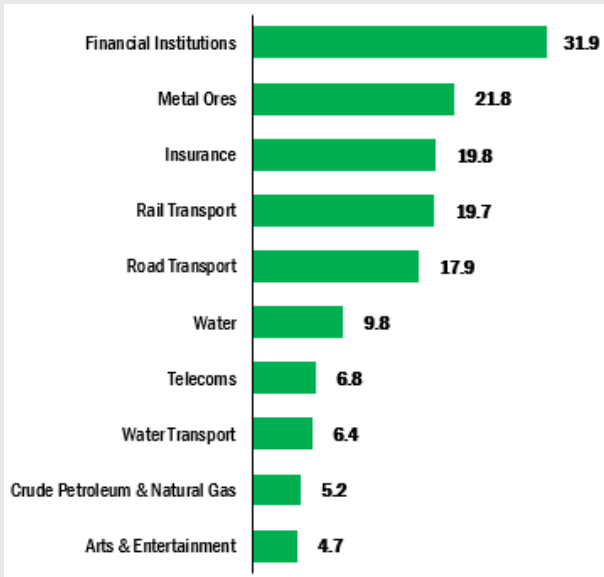
Data: NBS; Chart: NESG Research

Sectoral Breakdown of Growth – Expanding & Contracting Sub-sectors. A further breakdown of the growth numbers showed that Financial Institutions led the 36 expanding sectors with the highest growth of 31.9 percent in 2024Q3, followed by Metal Ores (21.8 percent) and Insurance (19.8 percent) (see **Figure 6a**).

CONCLUDING REMARKS

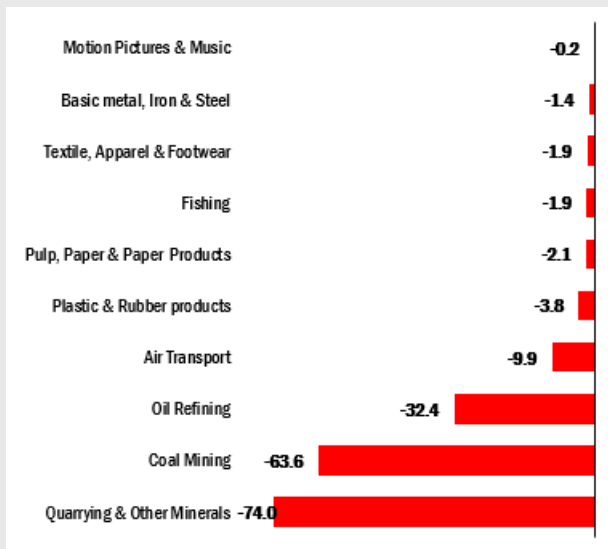
On the other hand, activities contracted in 10 sub-sectors led by Quarrying & Other Minerals (-74.0 percent), followed by Coal Mining (-63.6 percent), and Oil Refining (-32.4 percent) (see Figure 6b).

Figure 6a: Top 10 Expanding Sectors (percent)



Data: NBS; Chart: NESG Research

Figure 6b: Contracting Sectors (percent)



Data: NBS; Chart: NESG Research

* **The government's bold reforms are yielding results albeit sub-optimal and insufficient to sustain economic growth over the medium term.** The reforms—the removal of fuel subsidies and exchange rate harmonisation—should be complemented by proactive measures to address the structural bottlenecks affecting the performance of the growth drivers. Hence, there is a need to implement sector-specific policies and reforms to drive targeted investment inflows and improve productivity across board.

* **The recent flooding in Borno State should provide a warning signal to other major food-producing regions to take proactive steps to avert similar incidents.** To reverse a slowdown in Crop production and the Agricultural sector, the government needs to complement efforts to curtail insecurity with climate-resilient measures to mitigate the impact of natural occurrences such as flooding and erosion. This would help improve agricultural productivity and drive down the rising food inflation.

* **The non-oil Industrial activities urgently need support to improve their performance.** The Manufacturing sector, which accounted for 67.6 percent of the total non-oil industry real GDP in 2024Q3, continued to struggle to grow in the quarter due to the poor performance of the three (3) critical sub-sectors—Cement, Textiles, and Food, Beverages & Tobacco. The government should provide stimulus and an enabling policy and regulatory environment to drive down the high cost of doing business in the country.

* **Despite being the best growth performer, growth in the Services sector was sub-optimal.** At a growth of 0.7 percent in 2024Q3, the performance of other key Services activity sectors—Trade and Real Estate—significantly lagged that of ICT and Finance. However, to sustain the growth momentum in the Services sector, there is an urgent need to improve consumer spending, ensure exchange rate stability, and provide a supportive policy environment.

About the NESG

The NESG is an independent, non-partisan, non-sectarian organisation, committed to fostering open and continuous dialogue on Nigeria's economic development. The NESG strives to forge a mutual understanding between leaders of thought to explore, discover and support initiatives to improve Nigeria's economic policies, institutions and management.

Our views and positions on issues are disseminated through electronic and print media, seminars, public lectures, policy dialogues, workshops, specific high-level interactive public-private sessions and special presentations to the executive and legislative arms of government.



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