February 2025

# NESG GDP Alert: 2024Q4 & Full Year 2024

**The Nigerian economy grew three-year high of 3.8 percent in 2024Q4**

## Key Messages

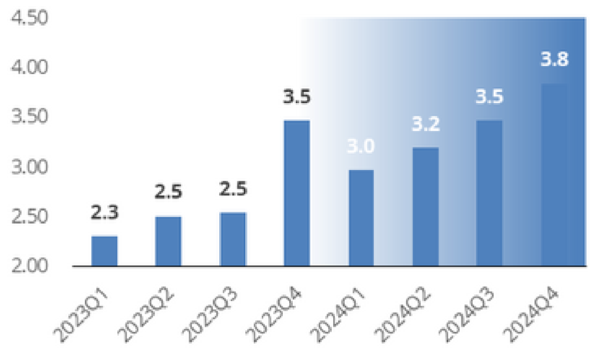
- **The Nigerian economy sustained growth into 2024, reflecting the impact of government reforms.**
- **The Oil refining recovered in 2024Q4, attributed to the unprecedented operations of the Dangote Refinery and the resuscitation of government-owned refineries.**
- **The lagged effects of stabilisation reforms initiated in mid-2023 by the government –the removal of fuel subsidies and exchange rate harmonisation- are still dragging down the performance of some critical sectors.**

### A. THE PERFORMANCE OF NIGERIA'S ECONOMY IN 2024

**Improved economic growth in 2024 could be attributed to gains from reforms.** The Nigerian economy maintained an upward growth trajectory throughout 2024, expanding by 3.8 percent in the fourth quarter of 2024 relative to 3.5 percent in the corresponding quarter of 2023. On a quarter-on-quarter basis, the real Gross Domestic Product (GDP) grew by 12.4 percent in 2024Q4, compared to 11.9 percent in 2023Q4. Cumulatively, the country's growth stood higher at 3.4 percent in 2024, compared to 2.8 percent in 2023. This represents the highest growth since 2021, attributed to marked improvement in the performance of activity sectors – the number of expanding sectors rose from 32 in 2023 to 38 in 2024. This reflects the positive impact of the reforms – fuel subsidy reforms and harmonisation of exchange rates - introduced in mid-2023. In nominal terms, the size of the economy rose from N229.9 trillion in 2023 to N269.3 trillion in 2024. However, due to Naira depreciation, the size of the economy almost halved from US$356.3 billion in 2023 to US$182 billion in 2024[1].

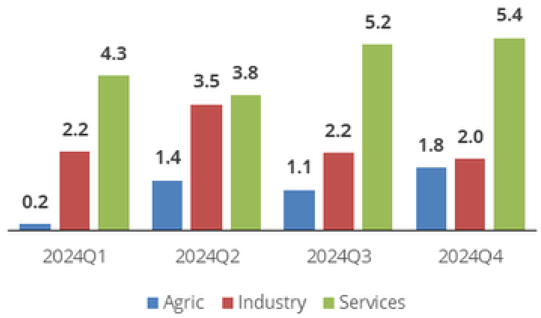
**The Oil sector's rebound outpaced the Non-oil sector in uplifting growth in 2024 amid headwinds.** Accounting for about 6 percent of total real GDP in 2024, the Oil sector continued its recovery in 2024, with a growth of 5.5 percent in the year. This is, however, sub-optimal considering that the sector's growth fell significantly to 1.5 percent in 2024Q4 from 12.1 percent in 2023Q4. The slowdown in the oil sector was induced by a drop in average crude oil production to 1.5 million barrels per day (mbpd) in 2024Q4 from 1.6mbpd in 2023Q4. This is not unconnected with the decline in Nigeria's oil rig count from 17 in 2024Q1 to 11 in 2024Q4. On the other hand, the Non-Oil sector contributed 94 percent to total real GDP and grew by 3.3 percent in 2024, slightly higher than 3.0 percent in 2023. Notwithstanding, the subdued growth in Non-Oil sector activities could be attributed to a bucket of divestments from the Manufacturing sector, particularly Food and Beverages and other consumer goods-related subsectors, in 2024.

**Fig. 1: Nigeria's Quarterly GDP Growth (Percent)**



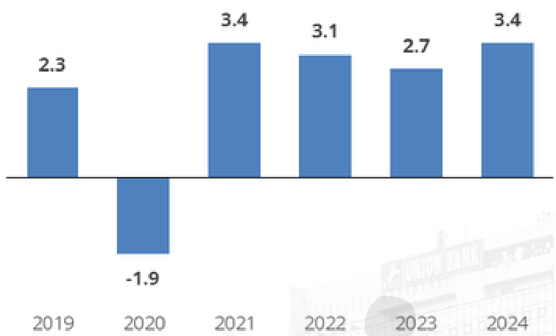

Data: National Bureau of Statistics (NBS); Chart: NESG Research

**Fig. 2: Year-on-Year Sectoral GDP Growth in 2024 (Percent)**




Data: NationalBureau of Statistics (NBS); Chart: NESG Research

**Fig. 3: Nigeria's Annual Real GDP Growth (Percent)**




Data: NationalBureau of Statistics (NBS); Chart: NESG Research

[1]The average official exchange rates of N1,479.7/US$ for 2024 and N645.2/US$ for 2023 were utilised.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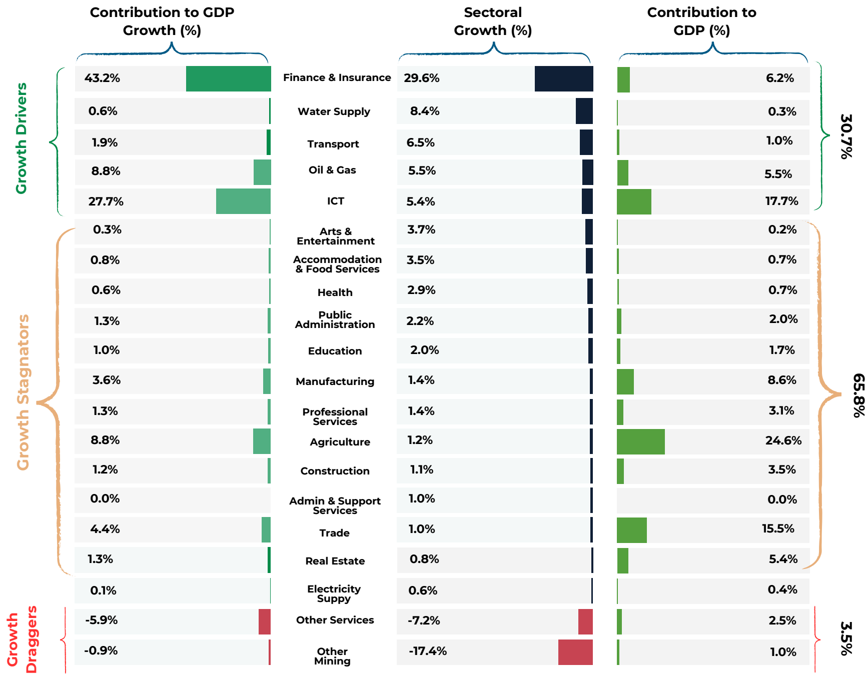
## B. DRIVERS OF NIGERIA'S GDP PERFORMANCE IN 2024

The Services sector remains the best growth performer in 2024. With a growth of 4.7 percent, the Services sector outpaced the performances in the Agricultural and Industrial sectors, which expanded by 1.2 percent and 2.5 percent, respectively, in 2024. The uptick in the Services sector's performance in the second half of 2024 could be attributed to the recovery in the Transport sector and sustained high growth recorded in the ICT, Financial, and Insurance sectors. The Financial and Insurance sector recorded the highest growth overall due to improved corporate results of industry players and the deposit money banks' drive towards recapitalisation ahead of the CBN's 2026 deadline.

Similarly, the industrial sector benefitted from the high growth recorded in the Oil and Gas sector in the first three quarters of 2024. Meanwhile, the growth stagnation in other Non-oil Industrial sub-sectors, such as Manufacturing and Construction, dragged overall industrial growth. Despite the weak performance of the Manufacturing sector, the Oil refining sub-sector recovered in 2024Q4 due to improved local refining capacity occasioned by the operationalisation of the Dangote Refinery and the resuscitation of government-owned oil refining outlets. The sub-sector expanded by a historic high of 9.6 percent in 2024Q4, thereby supporting the Manufacturing sector (1.79 percent) in the quarter.

Also, the Electricity sector experienced slowed growth due to the incessant collapse of the national grid in 2024 and vandalisation of strategic power infrastructure across the country. Similarly,

**Fig. 4: Sectoral Performance in 2024**




Data: NBS, Calculations & Chart: NESG Research

Other Mining activities contracted sharply by 17.4 percent in 2024, reflecting persistent challenges such as underinvestment and operational inefficiencies. Moreover, in 2024, the Agricultural sector grappled with insecurity in major food-producing regions, resulting in a poor growth of 1.2 percent in 2024.

The government's bold reforms are yielding results, albeit sub-optimal and insufficient to sustain economic growth over the medium term. These reforms, such as the removal of fuel subsidies, exchange rate harmonisation, and other complementary measures aimed at addressing the structural bottlenecks, are found to favourably impact the performance of key sectors in the year.

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## C. SUSTAINING THE GROWTH MOMENTUM: SOME LOW HANGING FRUITS

**There is a need to sustain growth momentum in the Services sector.** This entails improving the business environment by tackling bottlenecks, including infrastructural decay, multiple taxation, policy inconsistency, and rising logistics costs. To kick-start growth in the Real estate and Trade sectors, there is an urgent need to improve consumer spending, ensure exchange rate stability, and provide a supportive policy and regulatory environment.

**The rebound of the oil refining sector in 2024Q4 is commendable, but additional investments are required to sustain the sector's recovery.** This suggests that the government needs to expedite action to revitalise all the local refineries to ensure that Nigeria becomes self-sufficient in local oil refining and reduce its overreliance on imported fuel products. This would reduce the pressure on the foreign exchange market, stabilise the exchange rate, and minimise the depletion of the external reserves.

**There is a need to ensure broad-based growth in the Industrial sector.** Throughout 2024, only crude petroleum and natural gas and water supply sub-sectors fuelled the expansion in the Industrial sector, while other activities, including Non-oil mining, Manufacturing, Construction, and Electricity, recorded subdued growth. To this end, there is a need to create an enabling environment for the private sector to thrive, avert future divestments and business closures, and attract new investments into these sectors. Also, there is a need to extend financial and non-financial support to the players across the industrial value chains.

**Need to improve investment inflows into the oil and gas sector.** To sustain growth in the oil and gas sector, there is a need to mitigate divestment risks usually attributed to perennial challenges facing domestic crude oil production, including ageing infrastructure, oil theft, pipeline vandalism, and kidnapping of expatriate workers.

**The urgency to tackle insecurity.** To effectively tackle insecurity, the government must address the root causes of social exclusion, such as poverty, unemployment, and inequality.

**The government should implement climate-resilient measures to avert flooding and erosion.** There is a need to build climate-resilient infrastructure, enforce strict urban planning, and invest in early warning systems to mitigate flooding and erosion, and protect communities, farmlands, and critical economic assets from environmental disasters. These measures would help to improve agricultural productivity and reduce food inflation.

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