

Q4 2024 GDP GROWS BY YoY 3.84%

....Real GDP Momentum Sustained Despite Oil GDP Moderation



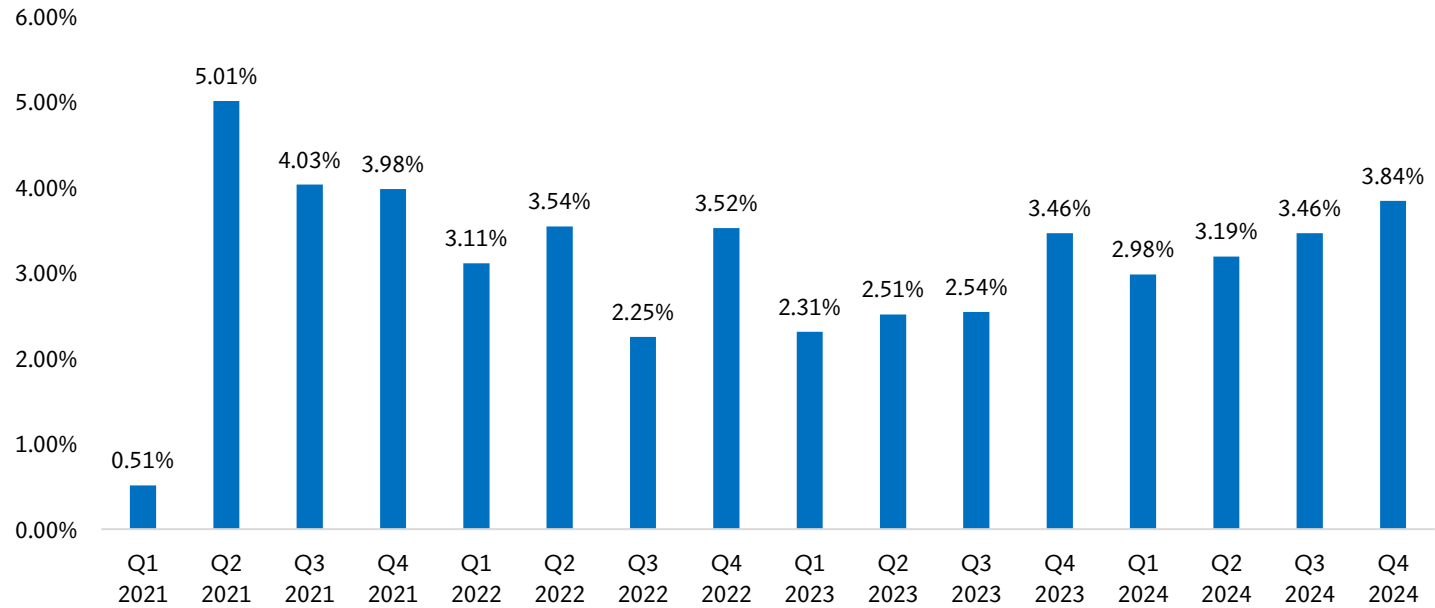
February 27, 2025



Economic Report

The latest report from National Bureau of Statistics showed that Nigeria’s economy grew by 3.84% in Q4 2024, marking the highest quarterly growth rate since Q4 2021. This growth was primarily driven by expansion in the non-oil sector, complemented by modest growth in the oil sector.

GDP Quarterly Growth



Sources: Nigeria Bureau of Statistics (NBS), WSTC Research

On an annual basis, real GDP expanded by 3.40% in 2024, slightly shy of our projected 3.48%. Nevertheless, in line with the trend observed in the quarterly data, the 2024 growth represents the highest expansion since 2021 (FY 2023: 2.74%; FY 2022: 3.10%; FY 2021: 3.40%). This underscores the economy’s resilience to absorb shocks and maintain upward momentum, as it navigated multifaceted challenges including inflationary pressures, currency volatility and elevated PMS prices in the year – which collectively weighed on economic activities.

Oil Sector

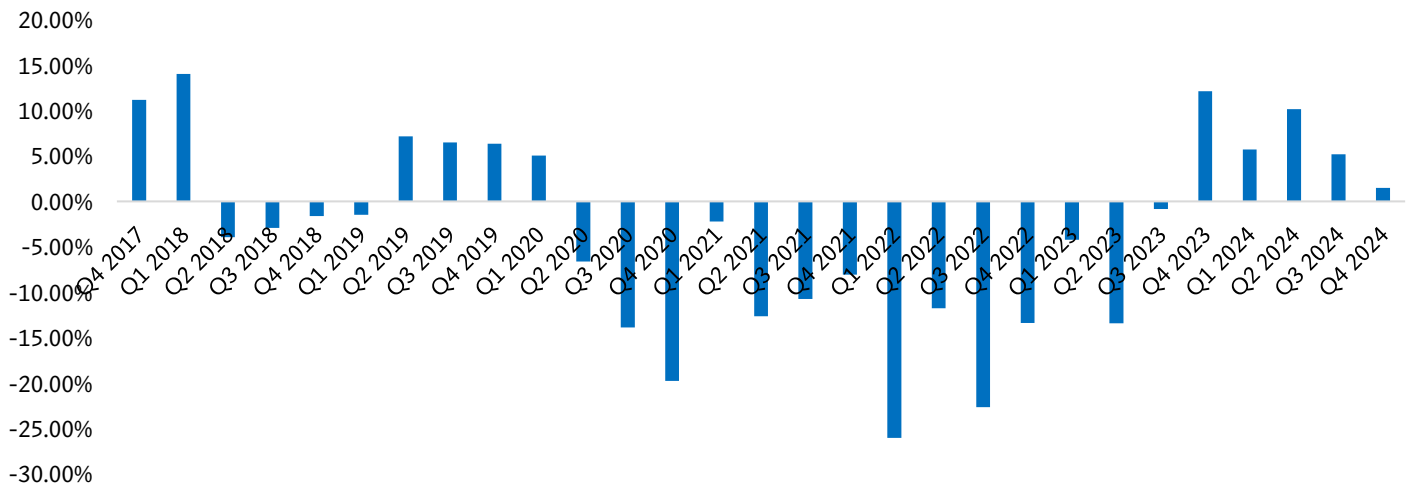
On the back of improved security measures to combat crude oil theft and pipeline vandalism, Nigeria’s average daily oil production stood at 1.54 mbpd in Q4 2024 as reported by NBS. While this marked an improvement from 1.47 mbpd in Q3 2024, it is below the 1.56mbpd reported in Q4 2023.

Despite this quarter-on-quarter oil production growth, the oil sector’s real GDP growth moderated to 1.48% in Q4 2024, down from 5.17% in Q3 2024, and 12.11% in Q4 2023. We attribute this performance primarily to a high base effect, as Q4 2023 marked the sector’s first rebound to positive growth and also the highest quarterly growth rate since Q1 2018.

Consequently, the sector’s economic footprint diminished, with its contribution to total GDP contracting to 4.60%, down from the 5.57% and 4.70% reported in Q3 2024 and Q4 2023, respectively.



Oil Sector Quarterly GDP Trend



Sources: Nigeria Bureau of Statistics (NBS), WSTC Research

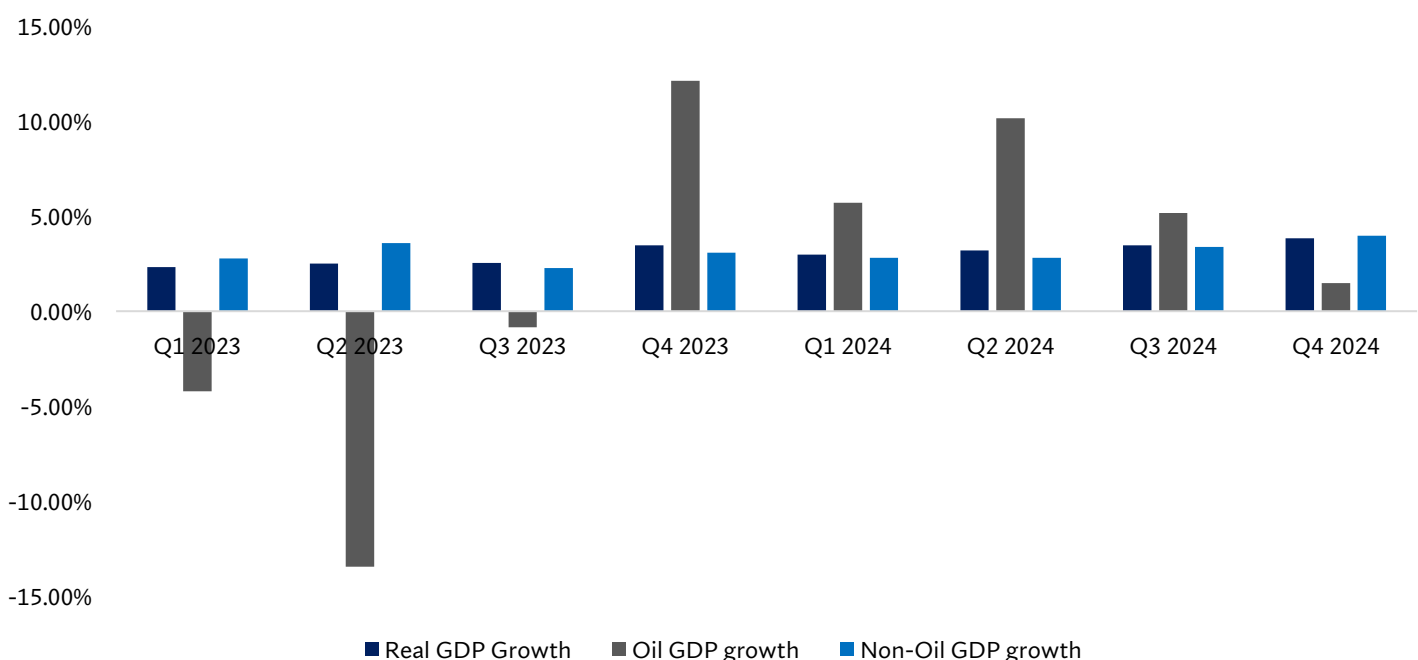
Non-Oil Sector

The non-oil sector grew by 3.96% in Q4 2024, up from 3.37% in Q3 2024, and 3.07% in Q4 2023. Consequent to this, the sector's contribution to total GDP rose to 95.40%, surpassing the 94.43% and 95.30% reported in Q3 2024 and Q4 2023, respectively.

The Services sector remained the primary growth catalyst driving the non-oil sector's expansion through sustained quarter-on-quarter and year-on-year growth. The Agriculture sector also joined the higher growth parade on a quarter-on-quarter basis, however, its year-on-year performance was more subdued.

Meanwhile, the Industry sector lagged, reporting moderated growth on both a quarter-on-quarter and year-on-year basis.

Trend of Real GDP, Oil GDP and Non-oil GDP



Sources: Nigeria Bureau of Statistics (NBS), WSTC Research



The Agriculture sector grew by 1.76% in Q4 2024, outpacing the 1.14% growth in Q3 2024, but trailing the 2.10% reported in Q4 2023. The Q4 2024 growth, which is the highest for the sector in 2024, can be attributed to the gains from the harvest season. However, these gains were subdued by the impact of the severe flooding witnessed in Q4 2024, as reflected in the year-on-year comparison.

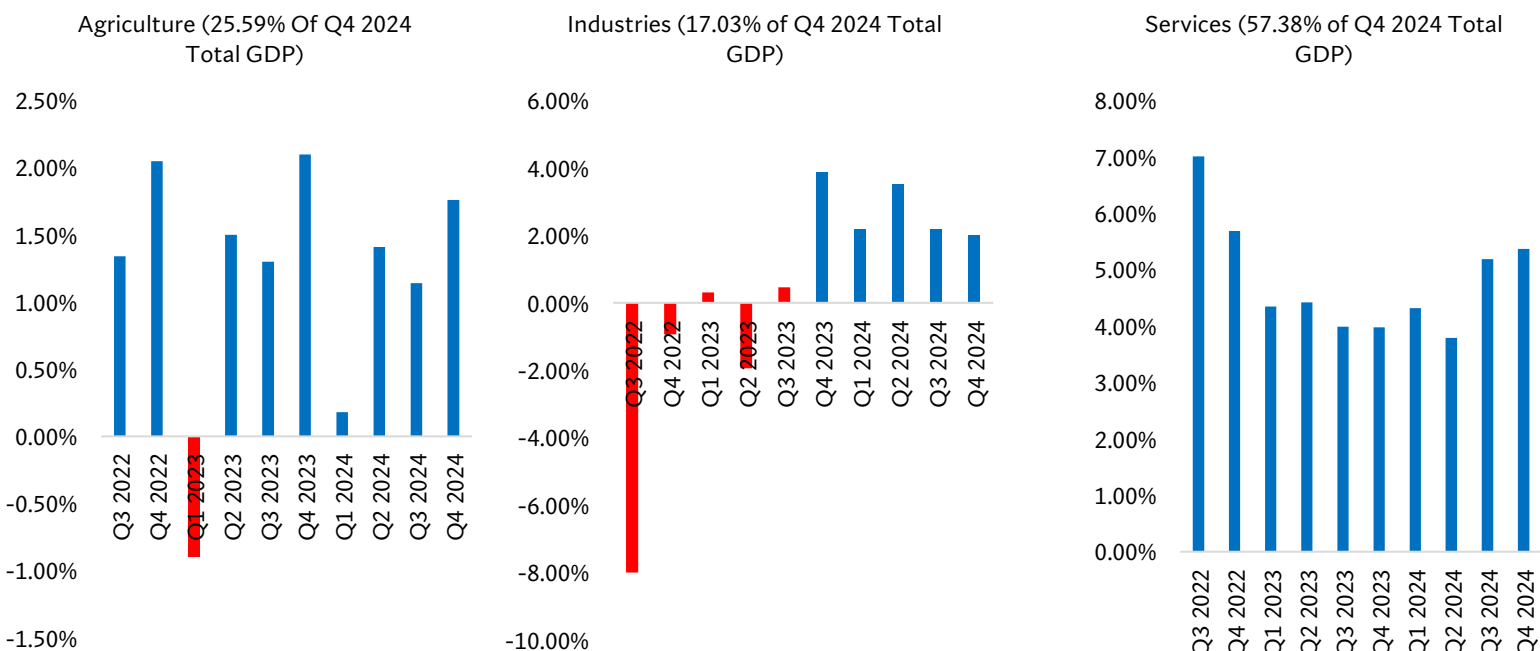
The Services sector maintained strong momentum, growing by 5.37% in Q4 2024 (vs 5.19% in Q3 2024, and 3.98% in Q4 2024). While the Finance and Insurance services and the Information and communication services subsectors continued to propel growth, their expansion moderated, with the Finance and Insurance services posting growth of 27.78% (vs 30.83% in Q3 2024, and 29.78% in Q4 2023), and Information and communication services posting growth of 5.90% (vs 5.92% in Q3 2024, and 6.33% in Q4 2023).

The Trade service subsector, which accounts for 26% of the services sector, posted a 1.19% expansion in Q4 2024. Although, this is a decline from Q4 2023's 1.40% growth rate, but marks a significant jump from Q3 2024's 0.65% growth.

While the Industries sector experienced a growth slowdown, posting a 2.00% growth (vs 2.18% in Q3 2024, and 3.86% in Q4 2023), the Manufacturing subsector – which accounted for 47% of the sector's output - posted a notable growth of 1.79% growth (vs 0.92% in Q3 2024, and 1.38% in Q4 2023).

Further analysis of the Manufacturing subsector showed that the Oil refinery experienced a year-on-year real growth of 9.59%, a rebound from consecutive declines in the subcomponent since Q3 2017. This rebound was solely due to activities in the Dangote refinery, which was also complemented by the resumption of operations in the Port Harcourt refinery in Q4 2024. Notably, higher growth rates in other subcomponents such as Cement (3.33% year-on-year growth), Food, beverages & Tobacco (2.84% year-on-year growth), Chemicals and pharmaceutical products (4.33% year-on-year growth, Motor vehicles and assembly (3.90%) also supported the Manufacturing sector's growth.

On the other hand, the Mining and Quarrying sub-sector, which contributed 28% to the Industries sector's output, experienced a moderated growth of 2.23% in Q4 2024, a decline from 3.27% in Q3 2024, and 8.04% in Q4 2023.





Outlook

In January 2025, the Nigerian Economic Summit Group (NESG) and the National Bureau of Statistics (NBS) held a workshop on GDP rebasing, to discuss the use of a base year to capture structural shifts and present a more accurate representation of the country's economic activity. To replace the 2010 base year, the NBS chose 2019 as the base year for the 2025 rebasing, and this choice was underpinned by the relative economic stability and comprehensive data from the Nigerian Living Standards Survey conducted in 2019.

Additionally, the NBS plans to expand its coverage to entail new sectors, including Digital Economic Activities, Pension Fund Administration (PFA), the National Health Insurance Scheme (NHIS), National Social Insurance Trust Fund (NSITF), Activities of Modular Refineries, Domestic Households as employers of labour, Quarrying and Other Mining Activities and Coverage of illegal and hidden activities such as prostitution and drug peddling.

We expect the incorporation of these sectors will drive an upward revision in GDP starting from Q1 2025. This projection aligns with the trend observed following the rebasing in 2014 when nominal GDP surged by 89% to N80.22 trillion from N42.40 trillion.

We anticipate the Oil sector to maintain its growth trajectory, supported by intensified efforts to boost production levels and enhance operational efficiency, while the Non-oil sector is also expected to expand further, driven by the inclusion of new sectors following the rebasing and improved reporting of previously underreported sectors. Additionally, as macroeconomic headwinds ease, key subsectors are likely to gain momentum, reinforcing overall economic growth.

Specifically, we expect sustained expansion in the services sector, particularly in financial services, telecommunications and trade services. The tariff adjustment in telecom services, coupled with rising technology adoption, is projected to enhance sector output and increase its contribution to GDP.

The manufacturing sector is likely to remain resilient, benefiting from moderating inflation and the possible monetary policy rate cut, which could lower borrowing costs and improve operating conditions. Also, increased activities in the refineries is poised to support the growth in the sector.

The outlook for the agriculture sector remains contingent on improvements in security and increased investment. However, given the persistent security concerns, the lingering impact of the flooding, and deteriorating infrastructure, we do not anticipate a significant increase in output.

Overall, while our projection for 2025 GDP growth is 3.71%, the rebasing activity could see the GDP settling at 5.91%.



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