



NISER SOCIAL & ECONOMIC WATCH (N-SEW)





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This brief provides an overview of developments in the Nigerian economy in Q3 & Q4 of 2024.

NISER BRIEF ON THE NIGERIAN ECONOMY

- Consistent progress was reported in the country's GDP growth in 2024 with growth accelerating from 2.98% and 3.19% in Q1 and Q2 respectively to 3.24% and 3.84% in Q3 and Q4 correspondingly. Sectoral growth remained more pronounced in the service sector, rising from 4.18% in 2023 to 4.7% in 2024.
- The performance of agriculture improved moderately in Q4 (1.76%) after initially declining in Q3 (1.14%). However, the growth in industry fell in Q3 (2.18%) and Q4 (2%) relative to 2.19% and 3.53% in Q1 and Q2 respectively.
- Evidently, the Nigerian economy is still largely service sector driven; with Financial & Insurance Services, and Information & Communication (Telecoms) sub-sectors playing key roles in this drive.
- The industrial and agriculture sectors must be revived to play their rightful role in the economy.
- Inflation (headline and food inflation) remained a critical challenge in 2024, especially in Q4. The headline inflation rate, which dropped from 33.94% in Q1 to 32.91% in Q2 increased to 34.43% in Q4. The trend in food inflation is similar.





NISER BRIEF ON THE NIGERIAN ECONOMY



- The food inflation rate dropped from 40.69% in Q1 to 38.15% in Q2 before rising to 39.64% in Q4.
- The upward trend in both headline and food inflation in Q4 is not unconnected with persistent cost pressures, driven by exchange rate depreciation, high transport costs and supply chain disruptions.
- For example, the naira depreciated by 4.63% from N1,322.67 per USD in Q1 to N1,383.9 per dollar in Q2. The currency depreciated further by 14.7% to N1,587.41 per USD in Q3 and then by 2.14% to N1,621.4 per USD in Q4.
- The high level of dependence of domestic activities on imported inputs and products account for the strong association between the exchange rate and inflation rate.
- The monetary policy reforms of the Central Bank of Nigeria have not fully succeeded in bringing down the inflation and exchange rates.
- Efforts should be geared towards stimulating growth in the real sector of the economy to control inflation and to stabilize the value of the local currency.



NISER BRIEF ON THE NIGERIAN ECONOMY



- Moderate gains were recorded in the energy sector in 2024 in both installed and available capacity.
- The installed capacity increased from 12,671MW in 2023 to 13,625MW in 2024. However, the huge disparity between installed capacity and available capacity continues to constrain economic activities in the country.
- Available capacity increased from 4,249.10MW in Q1 to 4,395.77MW in Q2. This further increased in Q3 and Q4 to 5,100.90MW and 5,296.89MW respectively. The available capacity is a far cry from what is demanded in the economy.
- Industry operators and households continue to resort to alternative sources of energy which are not cost effective.
- Transmission constraints, gas supply disruptions, and operational inefficiencies across the electricity value chain account for the wide disparity between installed capacity and available capacity.
- Some potential strengthening of the fiscal capacity of the country is noticed in Q3 with the Revenue to GDP ratio rising from 19.88% in Q1 2024 to 31.08% in Q3 2024.



NISER BRIEF ON THE NIGERIAN ECONOMY

- However, this positive development is being dampened by the huge debt servicing profile of the country.
- The debt service to revenue ratio of over 100% in Q2 (160.27%) and Q3 (123.17%) of 2024 implies that debt service is consuming a significant portion of federal government revenue.
- This severely limits the fiscal space available for critical infrastructure and other essential public spending.
- Developments in the external sector reveal that oil exports continue to dominate Nigeria's trade. The share of non-oil exports remains below 20% and this fluctuated throughout 2024.
- Despite the huge imports reported in 2024, robust exports during the year assisted in sustaining the trade surplus of the country.





N-SEW MARKER 1-GROSS DOMESTIC PRODUCT

- The Nigerian economy recorded steady growth in 2024, with strong performances in the last two quarters
- GDP rose to ₦20.12 trillion in Q3 and peaked at ₦22.61 in Q4.
- The non-oil sector remained dominant contributing over 94% in both quarters
- The total GDP for 2024 reached ₦79.29 trillion, up from ₦76.68 in 2023, with the non-oil sector accounting for about 94.5% share of total GDP.

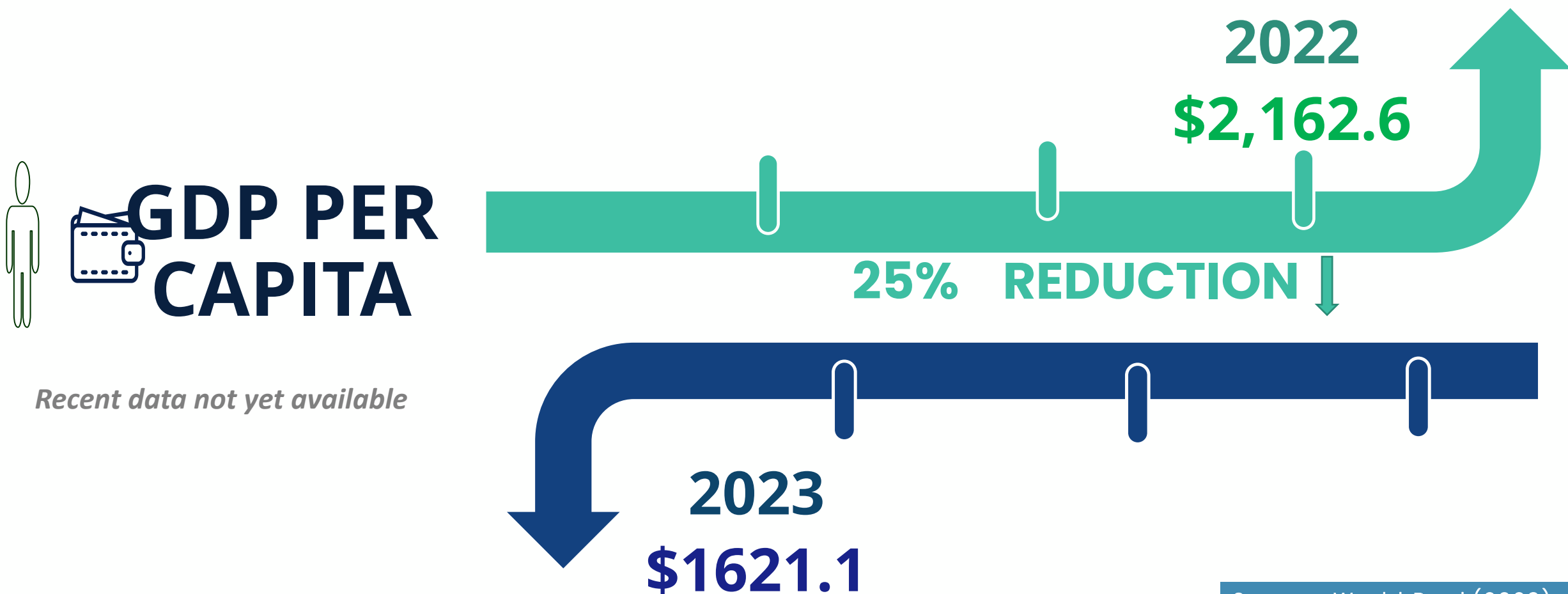
YEAR	FISCAL QUARTER	GDP (₦'m)	OIL (%)	NON-OIL (%)
2024	Q1	18,278,213.01	6.38	93.62
	Q2	18,285,019.24	5.70	94.43
	Q3	20,115,766.93	5.57	94.43
	Q4	22,610,393.45	4.60	95.40
2023	Total	76,684,940.77	5.40	94.60
2024	Total	79,289,392.63	5.51	94.49



N-SEW MARKER 2

GDP PER CAPITA

Nigeria's GDP per capita plummeted by 25% between 2022 and 2023, indicating a significant decline in average income levels and purchasing power. This sharp contraction reflects the country's economic challenges in 2023, driven by high inflation, currency depreciation, and slower growth, ultimately undermining the economic well-being of Nigerians



Source: World Bank(2023)

N-SEW MARKER 3

Data Snapshot

- Nigeria's GDP growth rate accelerated from 2.74% in 2023 to 3.40% in 2024.
- On a quarterly basis, growth picked up progressively each quarter in 2024, rising from 2.98% in Q1 to 3.84% in Q4.
- This reflects stronger economic momentum, particularly in response to the various economic reforms being implemented.

GDP GROWTH RATE

All QUARTERS

2023

Total- 2.74%

Q1 = 2.31%

Q2 = 2.51%

Q3 = 2.54%

Q4 = 3.46%

STEADY GROWTH

All QUARTERS

2024

Total- 3.4%

Q1 = 2.98%

Q2 = 3.19%

Q3 = 3.46%

Q4 = 3.84%

SUSTAINED GROWTH

N-SEW MARKER 4

Recent data not yet available

**GINI
COEFFICIENT, 2022**
35.13

MORE INFO



A Gini Coefficient of 35.31 suggests a moderate level of income inequality in Nigeria. Addressing this inequality is not only a social responsibility but also contributes to long-term economic stability and inclusive development.

GINI COEFFICIENT



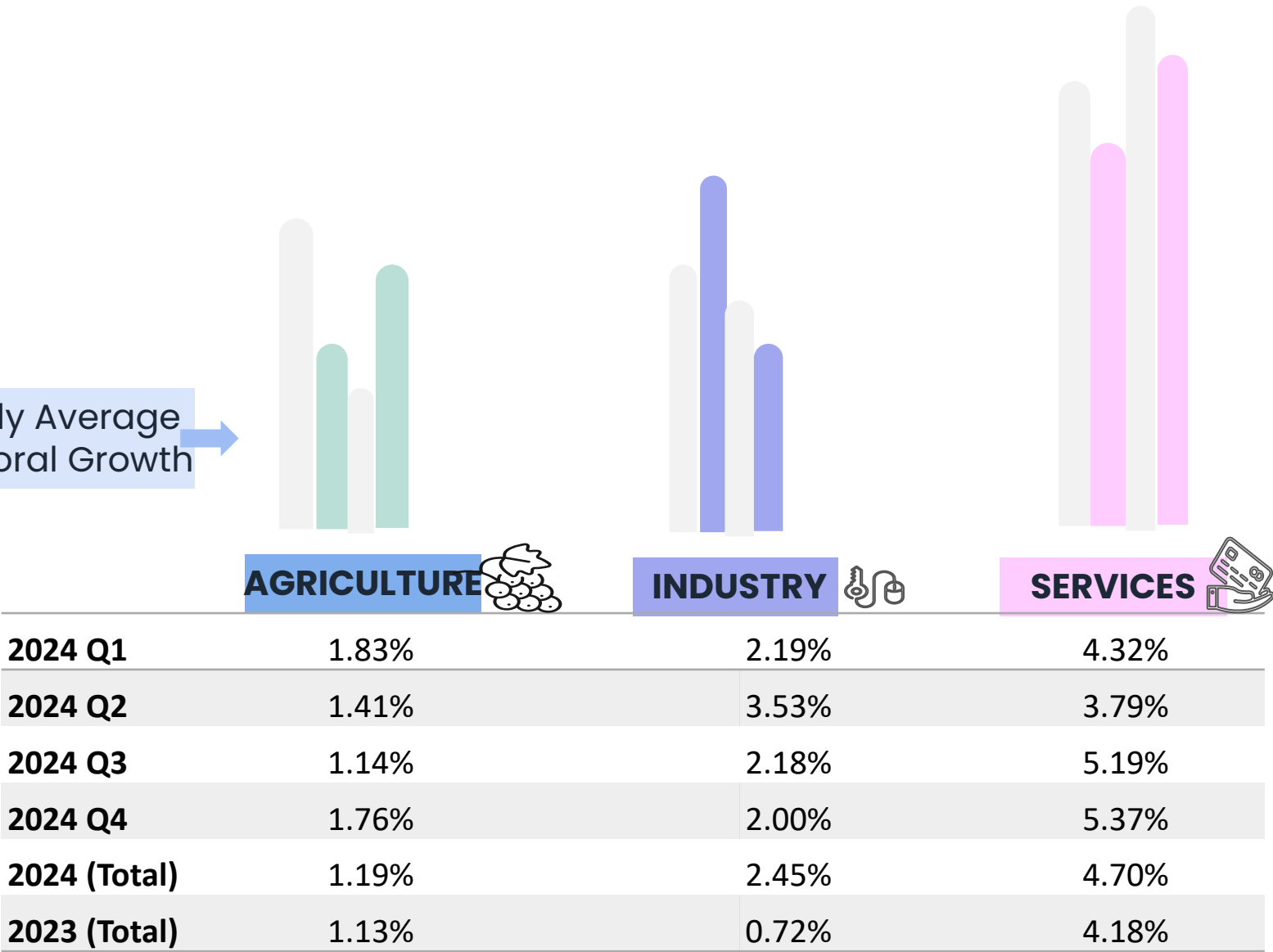
Data Source: NBS (2022)

N-SEW only reports Gini Coefficient for 2022 as NBS data for 2023 has not been updated

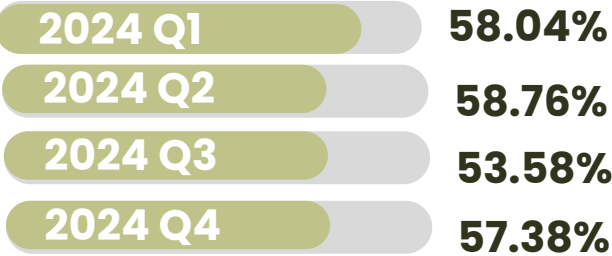
DATA SNAPSHOT

- The service sector maintains its fast-paced growth, rising from 4.18% in 2023 to 4.70% in 2024.
- The sector recorded strong performances in Q3 and Q4 2024, growing by 5.19% and 5.37% respectively.
- Growth in the Agric. sector slowed to 1.14% in 2024 Q3 before rebounding to 1.76% in Q4 possibly due to harvest season gains and improved food supply conditions.
- Although the industry sector recorded a significant recovery, the sector is yet to witness significant growth to drive meaningful economic transformation

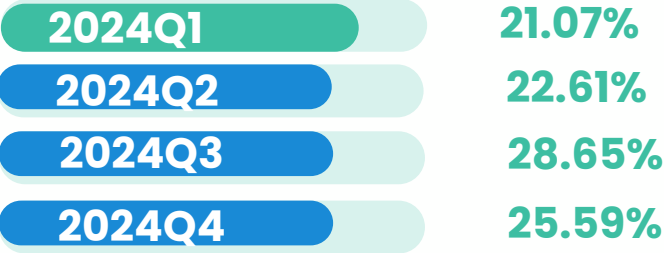
Yearly Average
Sectoral Growth



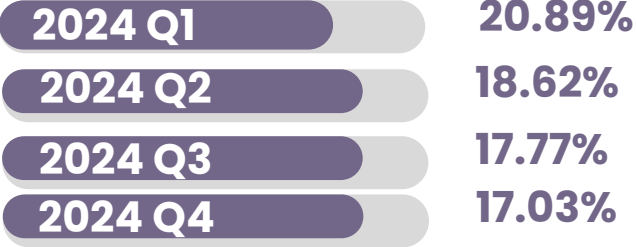
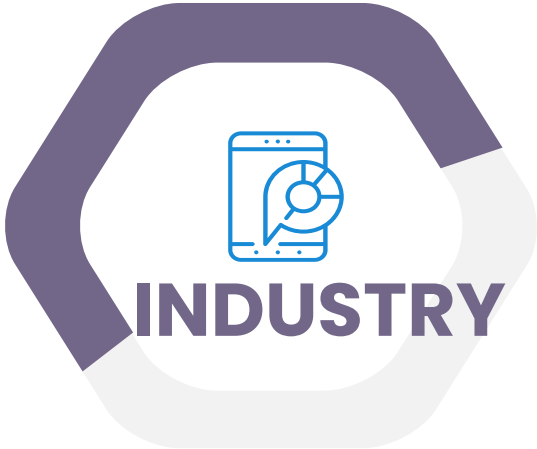
The Nigerian economy remained service-driven in 2024, with the sector’s share of GDP increasing slightly from **56.18%** in 2023 to **56.89%** in 2024. In contrast, agriculture and industry shares declined to **24.64%** and **18.47%** respectively. Rising production costs—due to exchange rate unification, fuel subsidy removal, and higher electricity tariffs—worsened input costs, weighing heavily on both agriculture and industry.



2023 = 56.18%
2024 = 56.89%



2023 = 25.18%
2024 = 24.64%

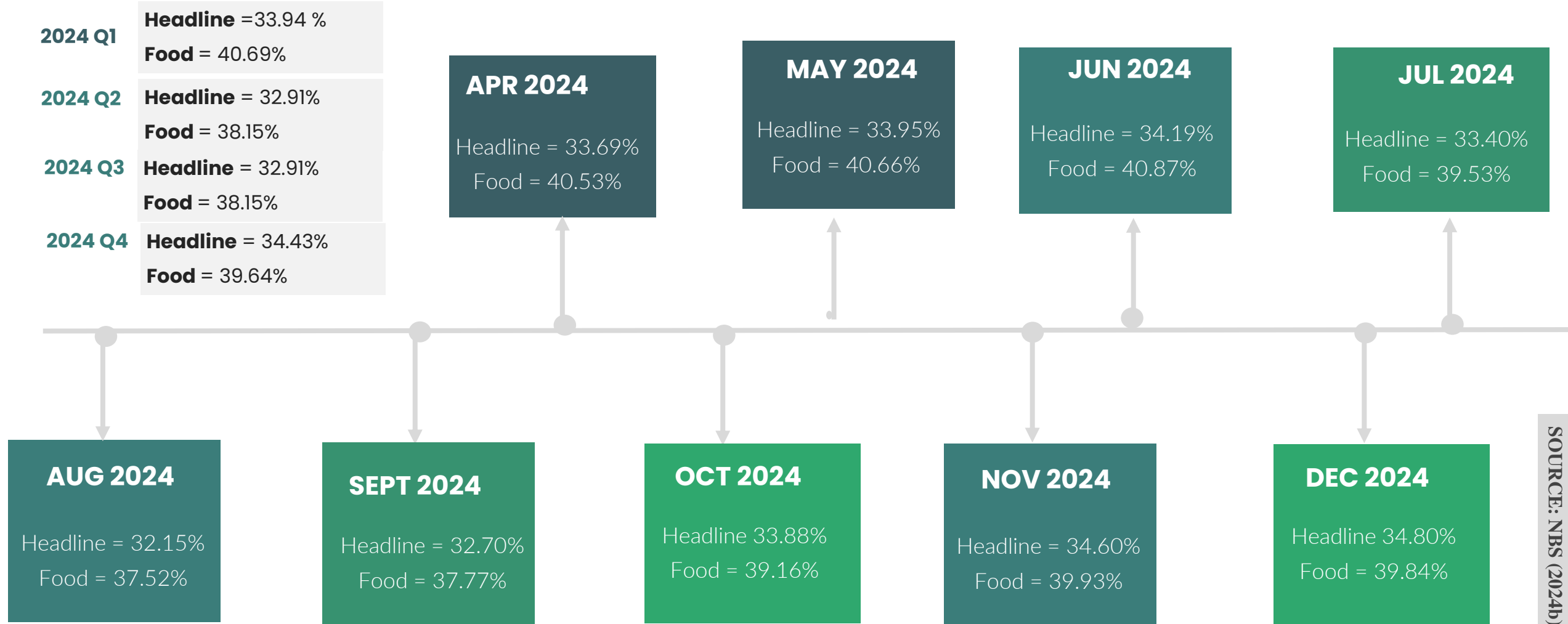


2023 = 18.65%
2024 = 18.47%

N-SEW MARKER 7

INFLATION

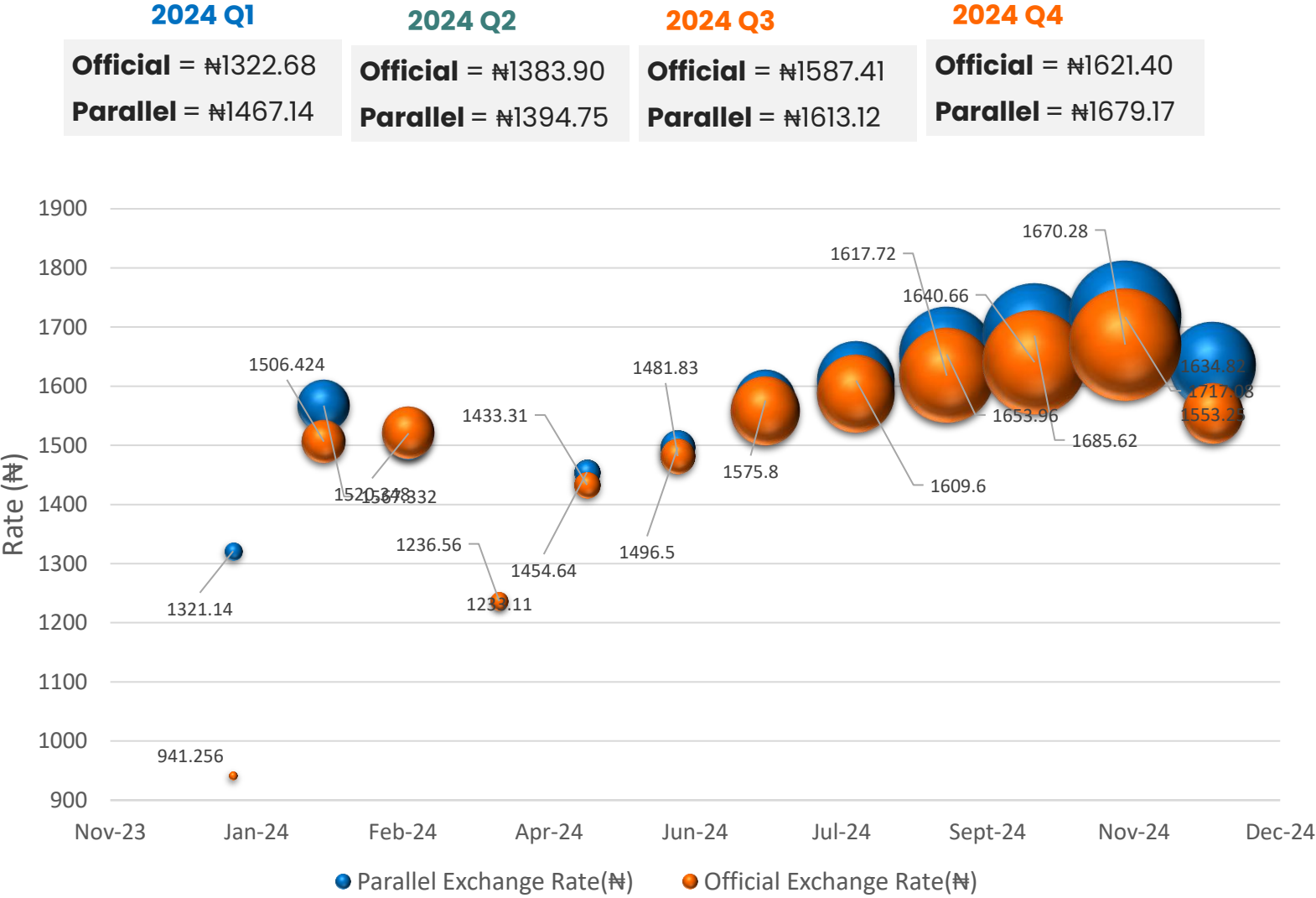
Between September and December 2024, Nigeria experienced a continuous rise in inflation. Headline inflation rose from 32.70% in September to 34.80% by December, while food inflation climbed from 37.77% to 39.84%. The upward trend reflects persistent cost pressures, driven by exchange rate depreciation, high transport costs and supply chain disruptions.



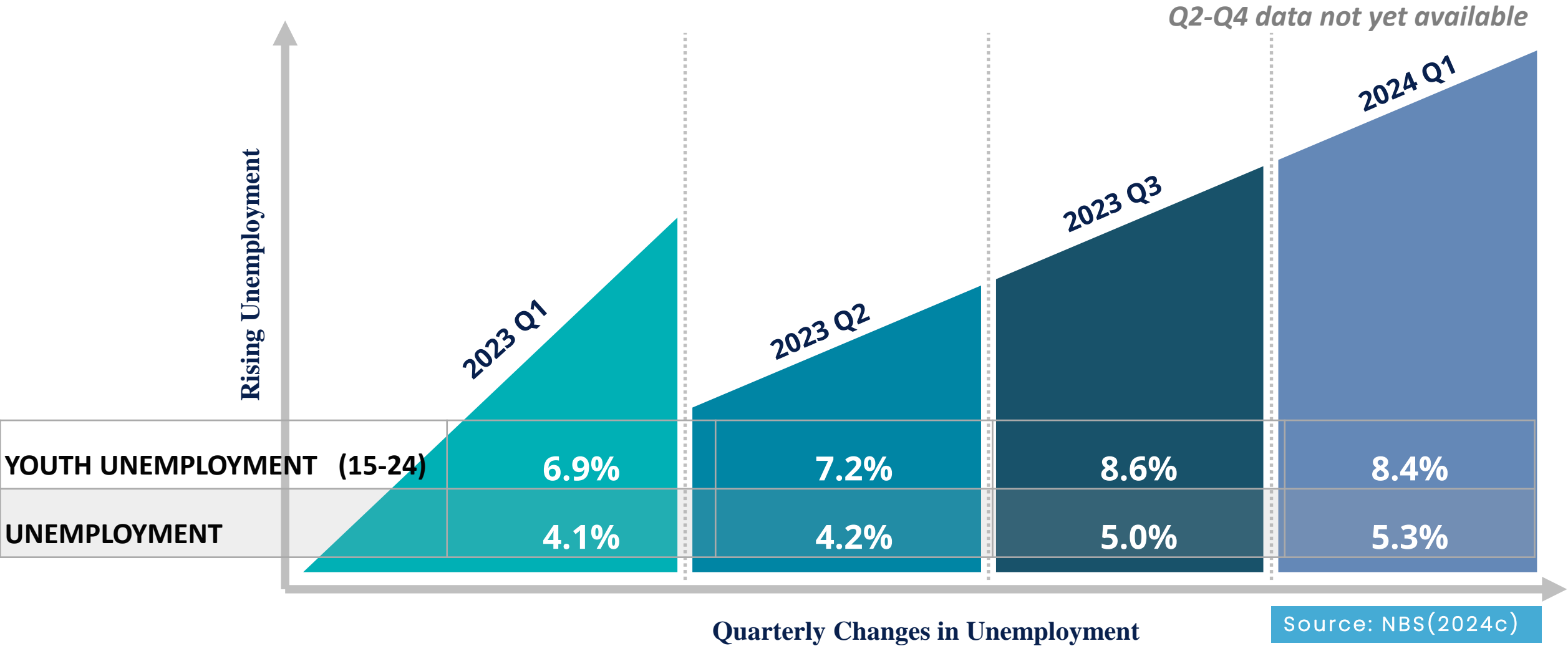
N-SEW MARKER 8- FOREIGN EXCHANGE RATE

DATA SNAPSHOT

- Both official and parallel exchange rates showed a general upward trend in 2024.
- The official exchange rate increased from ₦941.3 in January to ₦1670.3 in November, before slightly dropping to ₦1553.3 in December.
- The parallel exchange rate also followed a similar pattern.
- The appreciation in both markets in December was driven primarily by the influx of foreign currency from Nigerians in the diaspora during the festive season, which boosted dollar supply and increased Naira demand.



Youth unemployment consistently remained higher than overall unemployment, with the gap widening in Q3 2023 when youth unemployment peaked at 8.6%. Although the adoption of a new measurement methodology kept figures relatively low, the sustained rise in both rates raises concerns about labour market stability.



Recent data not yet available

DEBT TO GDP RATIO, 2022 Q3

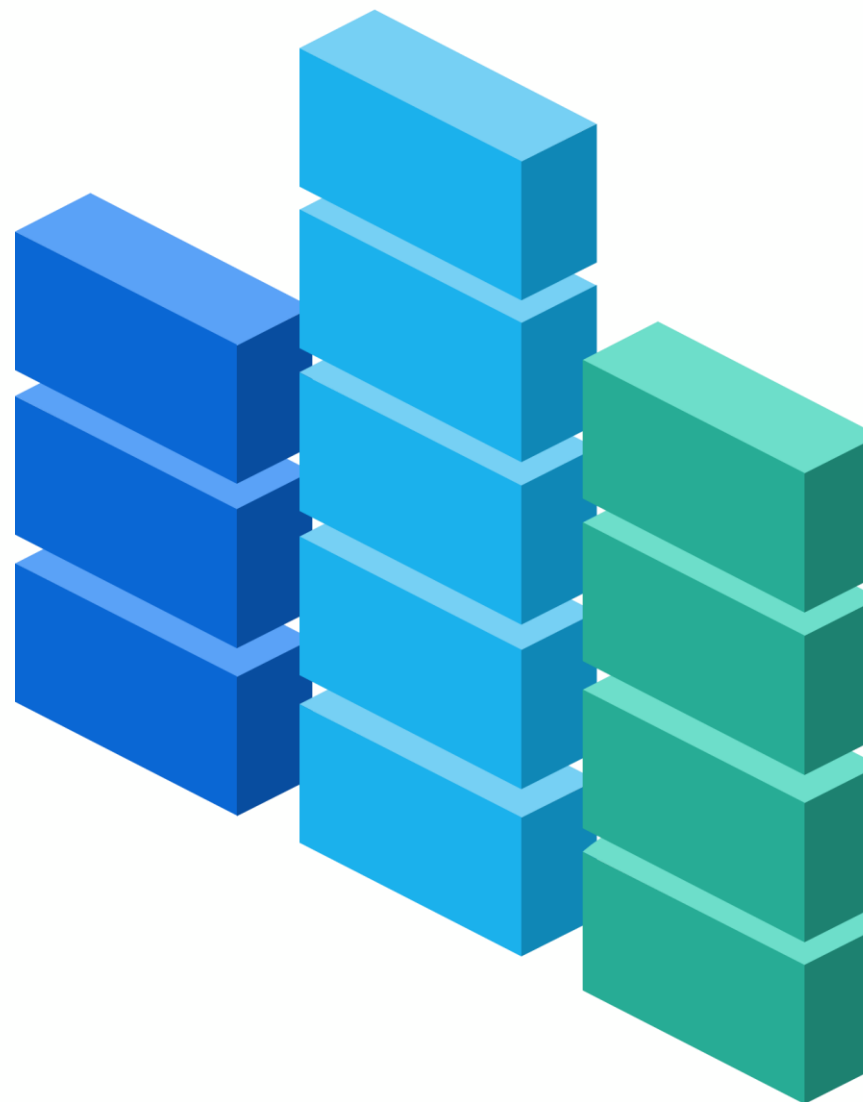
22.97%

DATA SNAPSHOT



Using the IMF's benchmark of 60% for emerging economies, Nigeria's debt level is moderate relative to the size of its economy. The debt-to-GDP ratio, at less than a quarter, suggests a reasonable balance. However, Nigeria's low revenue-to-GDP ratio, coupled with a debt service-to-revenue ratio that significantly exceeds the World Bank's recommended threshold of 22.5%, raises concerns about the country's ability to manage rising debt levels effectively.

DEBT TO GDP RATIO



Source: HMFBNP(2023)



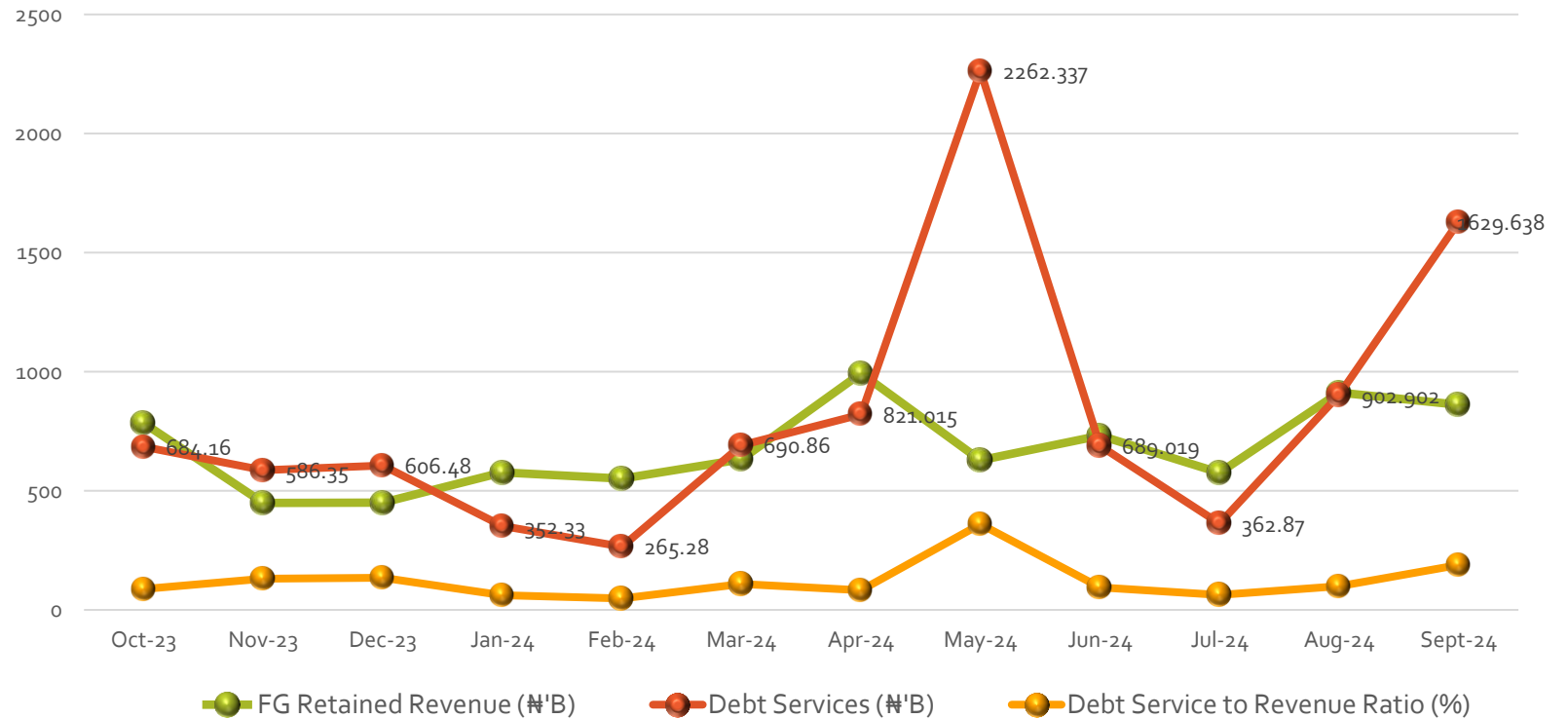
N-SEW MARKER 11- DEBT SERVICE TO REVENUE RATIO

October 2023-September 2024 (Q4 data not yet available)

- The Debt Service to Revenue Ratio experienced substantial fluctuations throughout the year, peaking at 359.93% in May 2024.
- Q2 and Q3 of 2024 saw significant spikes, especially in May (359.9%) and September (189.13%).
- The observed pattern of debt dynamics points to concern over debt sustainability as a larger portion of FG revenue is spent on debt servicing, thereby constraining fiscal space for critical public spending.

Debt Service to Revenue Ratio

2024 Q1 = 74.29%
2024 Q2 = 160.27%
2024 Q3 = 123.17%



SOURCE:CBN (2024)

REVENUE TO GDP RATIO

2024 Q1- 19.88%

2024 Q2- 28.28%

2024 Q3- 31.08%

Q4 data not yet available

DATA SNAPSHOT

The Revenue to GDP ratio in Nigeria increased steadily from 19.88% in Q1 2024 to 31.08% in Q3 2024.

The upward trend suggests an improvement in revenue generation relative to the country's GDP, reflecting a potential strengthening of fiscal capacity..

REVENUE TO GDP RATIO



POVERTY (HEADCOUNT, % OF POPULATION) 40.09%

DATA SNAPSHOT



This proportion translates to about 85 million persons; indicating a huge number below the poverty line. Nigeria's population is experiencing economic hardship, unable to meet basic needs such as food, shelter, and healthcare.

POVERTY RATE, 2022

Recent data not yet available



MULTIDIMENSIONAL POVERTY

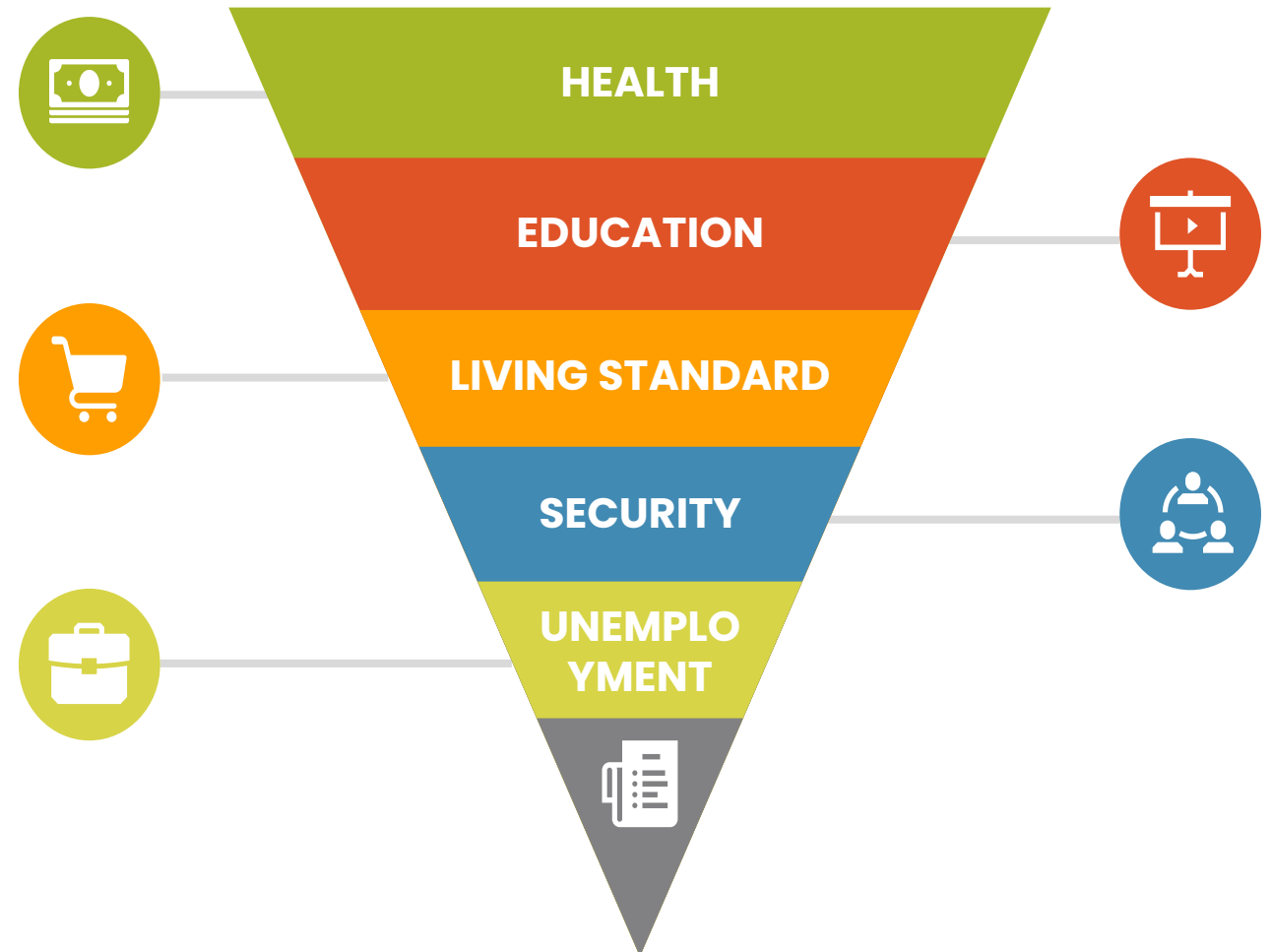
63%
(133million people)

DATA SNAPSHOT

About two-thirds of Nigerians are deprived across various dimensions beyond just income. This suggests challenges in access to healthcare, education, living standard, security, employment, and other essential services.

MULTIDIMENSIONAL POVERTY, 2022

Recent data not yet available



Source: NBS (2022)

The energy sector recorded moderate gains in 2024, with increases in both installed and available capacity. Available capacity rose steadily from 4,249.10MW in Q1 to 5,296.89MW in Q4. However, the wide gap between installed and available capacity highlights ongoing challenges, including transmission constraints, gas supply disruptions, and operational inefficiencies across the electricity value chain.

INSTALLED CAPACITY,
2023– 12,671MW
2024– 13,625MW



ENERGY

INSTALLED
CAPACITY, AVERAGE
AVAILABLE CAPACITY

AVERAGE AVAILABLE CAPACITY

2024 Q1 = 4249.10MW
 2024 Q2 = 4395.77MW
 2024 Q3 = 5100.90MW
 2024 Q4 = 5296.89MW

N-SEW MARKER 16 – EXPORTS(₦'MILLION)

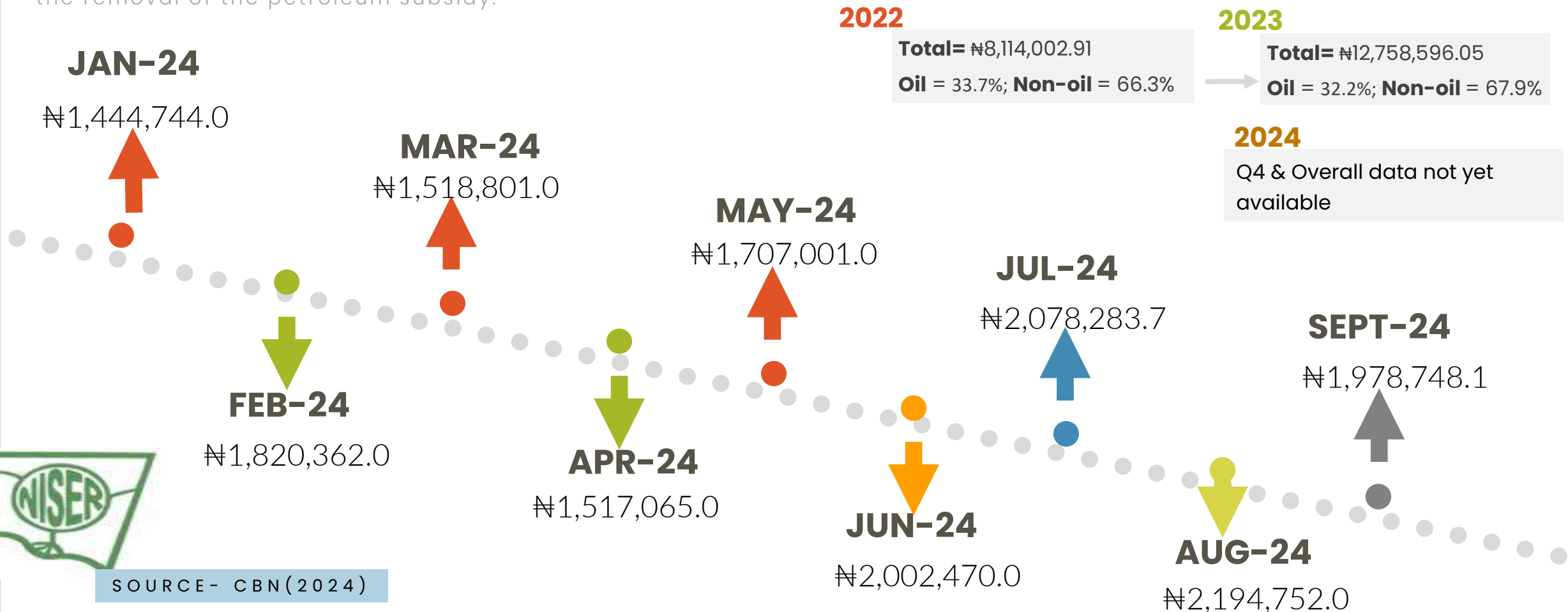
While oil exports continue to dominate Nigeria’s trade, non-oil exports have remained below 20% and fluctuated throughout the year. However, the last quarter of 2024 recorded a sustained increase in non-oil exports.

Month	Total Export	Oil Export	Non-Oil Export	Oil/Non-Oil
Jan-24	6,246,957.74	5,655,729.3	591,228.5	9.6
Feb-24	6,657,421.8	6,197,264.6	460,157.2	13.5
Mar-24	6,271,814.3	5,551,067.9	720,746.4	7.7
Apr-24	5,546,703.8	4,870,297.8	676,406.1	7.2
May-24	6,030,007.6	5,336,456.7	693,550.9	7.7
Jun-24	6,137,695.8	5,550,828.9	586,866.9	9.5
Jul-24	7,094,192.5	5,929,430.3	1,164,762.1	5.1
Aug-24	7,345,006.8	6,669,399.9	675,606.9	9.9
Sept-24	6,097,969.6	5,426,481.4	671,488.2	8.1
Oct-24	6,528,662.90	5,670,116.6	858,546.3	6.6
Nov-24	6,506,990.6	5,530,626.5	976,364.0	5.7
Dec-24	6,978,675.7	5,969,663.6	1,009,012.1	5.9
	₦'MILLION	₦'MILLION	₦'MILLION	RATIO



N-SEW MARKER 17 – GOVERNMENT REVENUE (₦' Million)

In 2024, revenue accruing to the Federation Account showed strong performance, boosting the funds available for distribution among the three tiers of government. Total revenue peaked at ₦2.20 trillion in August, up from ₦1.45 trillion in January, likely supported by higher oil prices, exchange rate gains, and improved revenue administration. Although revenue dipped to ₦1.98 trillion in September, the overall trend reflects stronger collections and increased revenue sharing following the removal of the petroleum subsidy.



N-SEW MARKER 18- TRADE (₦'Million)

Data Highlights



- Nigeria consistently recorded a trade surplus throughout 2024, with exports exceeding imports each month.
- Although Imports fluctuated significantly, peaking in November 2024 at ₦5.67 trillion, it remaining relatively high through the year.
- Exports remained robust, peaking at ₦7.35 trillion in August 2024, helping to sustain the trade surplus despite rising imports.
- The trade balance narrowed toward November 2024 (₦839 billion), reflecting either higher import pressure or slower export growth before recovering slightly in December.

Month	Imports	Exports	Balance
Jan-24	3,716,195.5	6,246,957.7	2,530,762.2
Feb-24	5,457,146.6	6,657,421.8	1,200,275.2
Mar-24	5,576,182.0	6,271,814.3	695,632.3
Apr-24	4,579,396.8	5,546,703.8	967,307.1
May-24	5,392,153.3	6,030,007.6	637,854.3
Jun-24	3,997,791.3	6,137,695.8	2,139,904.5
Jul-24	4,971,869.5	7,094,192.5	2,122,323.0
Aug-24	5,545,915.2	7,345,006.8	1,799,091.6
Sept-24	4,763,393.2	6,097,969.6	1,334,576.4
Oct-24	5,484,068.42	6,528,662.90	1,044,594.48
Nov-24	5,667,962.44	6,506,990.56	839,028.11
Dec-24	5,438,474.67	6,978,675.66	1,540,200.99

NISER Social & Economic Watch (N-SEW) is a quarterly publication of NISER's Knowledge Management Department. NISER, through the N-SEW keeps a watch on 18 Markers to enable the institute to track progress on development in Nigeria's social and economic sectors.

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