CENTRAL BANK OF NIGERIA ECONOMIC REPORT

April 2024

ABOUT THE REPORT

The Central Bank of Nigeria (CBN) Economic Report presents economic developments in Nigeria, intended for dissemination to the public. The Report provides insights on current developments in the real, fiscal, financial, and external sectors of the Nigerian economy, as well as on global issues of interest. It also reflects the policy initiatives of the CBN in pursuit of its mandate.

The Report is targeted at a wide range of readers, including economists, policymakers, and financial analysts in government, the private sector and the public. Free copies of the Report both current and past issues, can be obtained from the CBN website ***www.cbn.gov.ng****. All inquiries concerning the Report should be directed to the Director of Research, Central Bank of Nigeria, P.M.B. 187, Garki, Abuja, Nigeria.*

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SUMMARY

Global economic activity continued its expansion in April 2024, as reflected by the global composite purchasing managers' index (PMI), which increased to 52.40 index points from 52.30 index points in March 2024. Both services and manufacturing activities contributed to this improvement, each rising by 0.30 percentage point. Inflation pressure in advanced economies (AEs) moderated, tending towards central banks' targets, due to a prolonged period of restrictive monetary policies. In contrast, inflationary trend in emerging markets and developing economies (EMDEs) remained diverse on account of country-specific factors. The global financial market exhibited varied performances across regions and segments, with long-term bond yields rising in most AEs and EMDEs. Crude oil spot prices continued their upward trend for the fourth consecutive month, driven by fears of supply disruptions from ongoing tensions in the Middle East and sustained output cuts by OPEC members and allies, with the average spot price of Bonny Light increasing to US$93.12 per barrel from US$88.80 per barrel in March 2024.

Domestic economic activity improved in April 2024, as shown by the rise in the composite PMI to 49.20 index points, compared with the 42.80 index points in March 2024, reflecting enhanced business confidence and stronger consumer demand. Despite the improvement, the PMI for April represented a contraction in economic activity as it remained below the 50 index point threshold. The improvement in PMI was driven by new orders, which positively impacted employment levels and overall economic activity. Inflation pressures, however, remained elevated, due, primarily, to rising food prices resulting from high transportation cost and exchange rate pass-through effects. Headline inflation rose to 33.69 per cent (year-on-year), from 33.20 per cent in March 2024, although, it decelerated to 2.29 per cent from 3.02 per cent on a month-on-month basis. Year-on-year food inflation remained high at 40.53 per cent, but slowed month-on-month to 2.50 per cent, due to an uptick in food supply, supported by the reopening of the Nigeria-Niger border. Domestic crude oil production rose to 1.28 million barrels per day (mbpd) from 1.23 mbpd, aided by resumed production at the Sea Eagle field and enhanced security around oil installations in the Niger Delta.

There was a contraction in domestic fiscal operations, with federally collected revenue declining by 4.72 per cent, compared with 44.69 per cent recorded in the previous month, and was below the benchmark for the month. Federal Government of Nigeria (FGN) retained revenue dropped by 0.55 per cent, compared with the level in March 2024, and was 74.29 per cent below the monthly target. The FGN expenditure was 0.12 per cent lower than in March and was 48.10 per cent below the target for the month. The faster decline in revenue relative to expenditure, set fiscal deficit to 0.11 per cent above the March 2024 level, but 7.83 per cent below the monthly target. Public debt stood at

₦97,340.71 billion (41.52% of GDP), exceeding the 40 per cent benchmark as at end-December 2023.

In the financial sector, the banking system remained resilient, safe, and sound, supported by the central bank's regulatory and supervisory efforts. Broad money supply (M3) grew by 22.39 per cent, to ₦96,996.24 billion, driven by net foreign assets. Short-term interest rates rose, reflecting tight liquidity conditions. The equities market was bearish, buoyed by attractive rates owing to the contractionary monetary policy stance of the central bank.

The external sector recorded a reduced trade surplus in April 2024, due to rising import bills. Net foreign exchange inflows increased as outflows through the central bank decreased. External reserves stood at US$32.80 billion, sufficient to cover 7.2 months of imports for goods and services or 10.3 months for goods only. The average exchange rate of naira to the US dollar at the Nigerian Foreign Exchange Market (NFEM) appreciated by 22.3 per cent to ₦1,235.80/US$ during the review month.

Nigeria's economic growth outlook remains positive in the near term, contingent on the ability of the ongoing reforms and better coordination of monetary and fiscal policies to stabilise the exchange rate and curb inflation. However, risks such as rising debt, high interest rates, food insecurity, and increased tariffs for high-end electricity consumers could undermine this outlook. Owing to tight monetary policy stance and base effects, inflation is expected to moderate in the short-term. However, further exchange rate depreciations, higher energy prices, and continued supply disruptions due to insecurity, could exacerbate inflation.

1.0 GLOBAL ECONOMIC DEVELOPMENTS

Summary

Global economic activity continued to expand in April 2024, driven by the growth in the services sector. In most AEs, inflation pressure continued to moderate towards central banks' targets, following a prolonged implementation of restrictive monetary policy by the respective central banks. Financial markets registered diverse outcomes across regions and segments, even as long-term bond yield generally trended upwards during the review period.

1.1 Global Economic Activity

Global Economic Activity

Global economic activity continued its expansion in April 2024, driven by improvements in both the services and the manufacturing sectors. The global composite purchasing managers' index (PMI) rose further to 52.40 index points from 52.30 index points in March 2024. This improvement reflected increases in both services and manufacturing activities, which rose by 0.30 index point apiece. The services sector rose to 52.70 index points, from 52.40 index points in the preceding month. Growth was observed across various sub-activities, including business services, consumer services and financial services. The manufacturing PMI also expanded to 50.60 index points from 50.30 index points in March 2024, owing to increases in new order intakes, output and purchasing activity.

Table 1: Global Composite Purchasing Managers' Index (PMI)

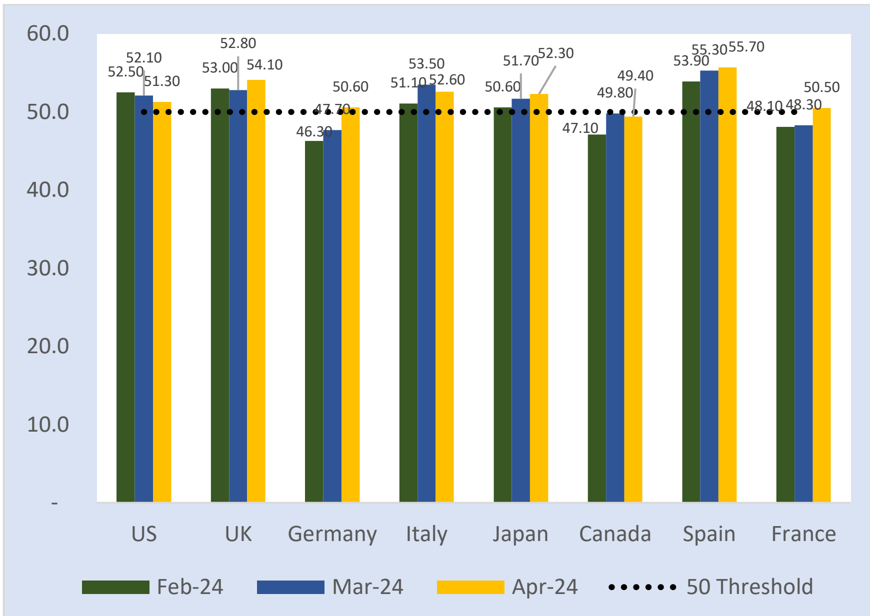
	Feb-24	Mar-24	Apr-24
Composite	**52.1**	**52.30**	**52.40**
Employment Level	50.70	50.90	49.90
New Business Orders	51.60	52.10	51.70
New Export Business Orders	49.60	49.80	50.60
Future Output	63.00	63.80	62.80
Input Prices	56.00	56.60	56.30
Output Prices	53.50	53.80	53.20
Manufacturing	**50.30**	**50.30**	**50.60**
Services (Business Activity)	**52.40**	**52.40**	**52.70**
New Business	52.00	52.50	52.20
New Export Business	50.40	50.60	51.10
Future Activity	63.30	64.30	63.30
Employment	51.10	51.20	49.80
Outstanding Business	49.10	49.20	49.70
Input Prices	57.10	58.10	57.20
Prices Charged	54.20	54.70	53.90

Source: *J.P. Morgan*
Note: Above 50 index points indicate expansion

Economic Activity in Advanced Economies

Advanced economies (AEs) experienced diverse economic performance in the review period. The PMI in UK, Japan, Germany, and France expanded in April 2024, driven by a strong services sector. Notably, the UK achieved its fastest growth since April 2023, as PMI rose to 54.10 index points. In Japan, PMI rose to 52.30 index points, from 51.70 index points in the preceding month, following renewed optimism in the economy. PMI rose to 50.60 and 50.50 index points in Germany and France, respectively, due to expansion in factory activity, supported by robust service demand. The PMI in the US, however, moderated to 51.30 index points, with both services and manufacturing sectors showing weaknesses. New business orders dropped for the first time in six months, and employment fell after a long period of growth. In Italy, PMI moderated slightly to 52.60 index points, with a downturn in manufacturing outweighing continued services sector growth. Canada's manufacturing PMI, however, contracted further to 49.40 index points, from 49.80 index points, due to weak global demand.

Figure 1: PMIs of Selected Advanced Economies

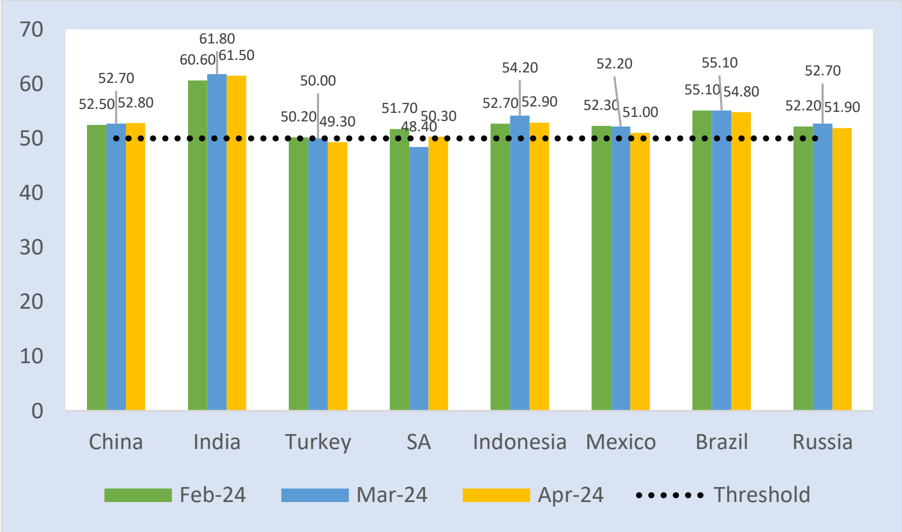


Source: *Trading Economics/Various Country Websites*
Note: PMI for Canada was based on Manufacturing PMI

Economic Activity in Emerging Markets and Developing Economies

Economic activity in most Emerging Markets and Developing Economies (EMDEs) expanded, though at a slower pace in some countries. In EMDEs, PMI slowed in April 2024, but remained in the expansion region, especially in India (61.50 index points), Brazil (54.80 index points) and Russia (51.90 index points). In Brazil and India, growth was more robust in manufacturing activity where new orders rose sharply amid softer growth in the services sector. In Russia, however, the softer expansion was, due to a slower increase in new orders from manufacturing and services activities. China PMI rose to 52.80 index points from 52.70 index points in March, marking the highest level since May 2023, with manufacturing activity experiencing its highest growth in 14 months, while the services sector remained in the expansion region for 16 successive months. PMI in South Africa expanded to 50.30 index points, from 48.40 index points, signalling stabilisation in the private sector. Output expanded as firms were more optimistic about the economy due to reduced load-shedding and a milder decrease in new orders.

Figure 2: Purchasing Managers' Index (PMI) of Selected Emerging Markets and Developing Economies (EMDEs)



Source: *Trading Economics/Various Country Websites*
Note: PMI for Turkey and Indonesia were based on Manufacturing PMI

1.2 Global Inflation

Inflation pressure, in most AEs, continued to moderate towards central banks' targets, following sustained tight monetary policy stance. In the US, inflation declined to 3.40 per cent from 3.50 per cent in the preceding month, driven by a fall in the prices of new and used vehicles as well as a slowdown in shelter and food inflation. In Italy, inflation eased to 0.80 per cent from 1.20 per cent in the previous month, due to a slowdown in the prices of transportation, food, and other services. Inflation declined in the UK to 2.30 per cent in April 2024 from 3.20 per cent in March 2024. The significant downward pressure came from reduced gas and electricity costs, following the lowering of the energy price cap. Inflation reduced in Canada (2.70% from 2.90%), Japan (2.50% from 2.70 %) and France (2.20% from 2.30%) in April 2024, driven by lower food inflation.

Inflation in Germany remained unchanged at 2.20 per cent, approaching the European Central Bank's target of 2.00 per cent. Inflation in Germany was unchanged because the rise in food and energy prices –resulting from the end of the tax cut on natural gas– was offset by a slowdown in services inflation.

Table 2: Inflation in Selected Economies

Country	Nov-23 (A)	Dec-23 (B)	Jan-24 (C)	Feb-24 (D)	Mar-24 (E)	Apr-24 (F)	Difference m-o-m (F-E)	Remark
United States	3.10	3.40	3.10	3.20	3.50	3.40	-0.10	Decelerate
United Kingdom	3.90	4.00	4.00	3.40	3.20	2.30	-0.90	Decelerate
Japan	2.80	2.60	2.20	2.20	2.70	2.50	-0.20	Decelerate
Canada	3.10	3.40	2.90	2.80	2.90	2.70	-0.20	Decelerate
Germany	3.20	3.70	2.90	2.50	2.20	2.20	0.00	Unchanged
France	3.40	3.70	3.10	3.00	2.30	2.20	-0.10	Decelerate
Italy	0.67	0.59	0.80	0.80	1.20	0.80	-0.40	Decelerate
China	-0.50	-0.30	-0.80	0.70	0.10	0.30	0.20	Accelerate
South Africa	5.50	5.10	5.30	5.60	5.30	5.20	-0.10	Decelerate
India	5.55	5.69	5.10	5.09	4.85	4.83	-0.02	Decelerate
Mexico	4.32	4.66	4.88	4.40	4.42	4.65	0.23	Accelerate
Indonesia	2.86	2.61	2.57	2.75	3.05	3.00	-0.05	Decelerate
Turkey	61.96	64.77	64.86	67.07	68.50	69.80	1.30	Accelerate
Brazil	4.68	4.62	4.51	4.50	3.93	3.69	-0.24	Decelerate
Russia	7.50	7.40	7.40	7.70	7.70	7.80	0.10	Accelerate

Source: *Trading Economics*

Inflation outcomes were diverse in EMDEs, owing to country-specific factors. In China, inflation inched up to 0.30 per cent from 0.10 per cent in the preceding month, as domestic demand began to recover. Inflation quickened in Turkey (69.80% from 68.50%), Russia (7.80% from 7.70%), and Mexico (4.65% from 4.42%). The acceleration in Turkey continued unabated, as price increases remained broad-based, except for food, which slowed during the review month. In Russia and Mexico, however, the rise was driven by food and non-food commodities.

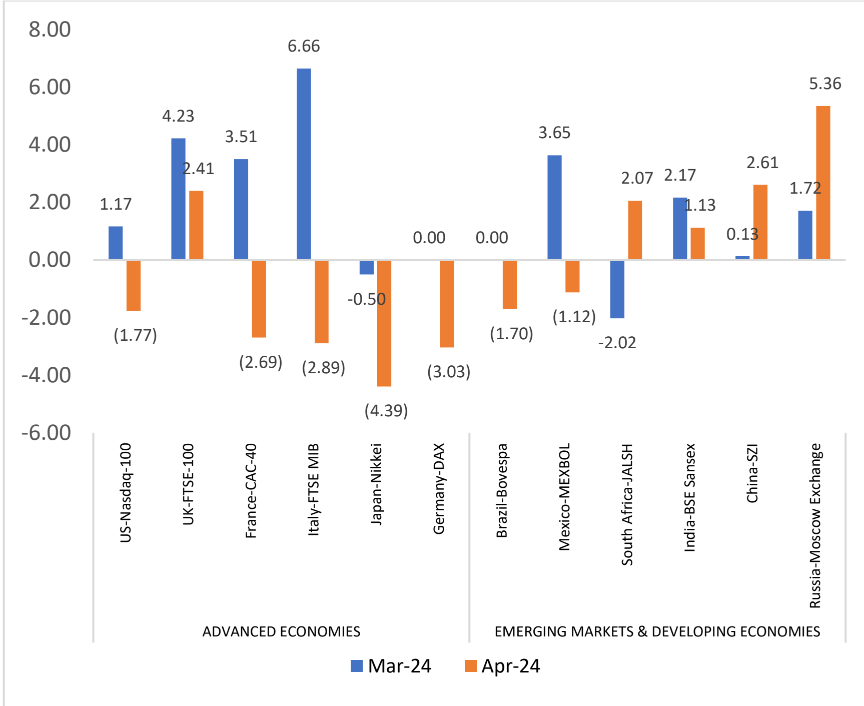
Inflation pressure eased in South Africa and Indonesia, declining to 5.20 and 3.00 per cent, respectively, from 5.30 and 3.05 per cent in the preceding month. In Brazil and India, inflation decelerated by 0.24 and 0.02 percentage points to 3.69 and 4.83 per cent, respectively. While food, non-alcoholic beverages and housing led to moderation in South Africa and Indonesia, a significant slowdown in housing and utilities prices were the major drivers in Brazil. In India, the marginal disinflation reflected the slowdown in housing and energy prices, which offset the higher food prices.

1.3 Global Financial Market Development

The global financial market performance varied across regions and segments. Most equities in advanced economies recorded a downturn in the review period. In the US, the NASDAQ 100 index fell by 1.77 per cent, owing to enduring inflation concerns and rising tensions in the Middle East, which weighed on investor confidence. Similarly, Japan’s Nikkei 225 index declined by 4.39 per cent, due to investors' response to the monetary authority's intervention in the foreign exchange market, and a sell-off in semiconductor-related stocks with unsatisfactory financial results. The gloomy economic outlook in Germany, impacted investor sentiment, causing the DAX to fall by 3.03 per cent. Italy's FTSE-MIB and France's CAC-40 declined by 2.89 and 2.69 per cent, respectively, due to mixed financial results from the SERI industrial and overall pressure in the Euro area equity markets. The UK's FTSE 100 index, however, grew by 2.41 per cent bolstered by the strong performance of financial stocks, due to the attractive interest rate environment that further strengthened investor confidence in the UK.

Most EMDEs' equities improved in the review period, supported by increased commodity prices and a rising investor appetite for Chinese equities. China's SZI index grew by 2.61 per cent, buoyed by government's support for green technology and innovation. In Russia, renewed improvement in the energy sector supported by positive economic data, boosted investor confidence, leading the Moscow Exchange Composite index to rise by 5.36 per cent. South Africa's JALSH index grew by 2.07 per cent, driven by improvements in commodity-based stocks, while India's BSE Sensex indices increased by 1.13 per cent, attributed to optimism in technology and pharmaceutical sectors.

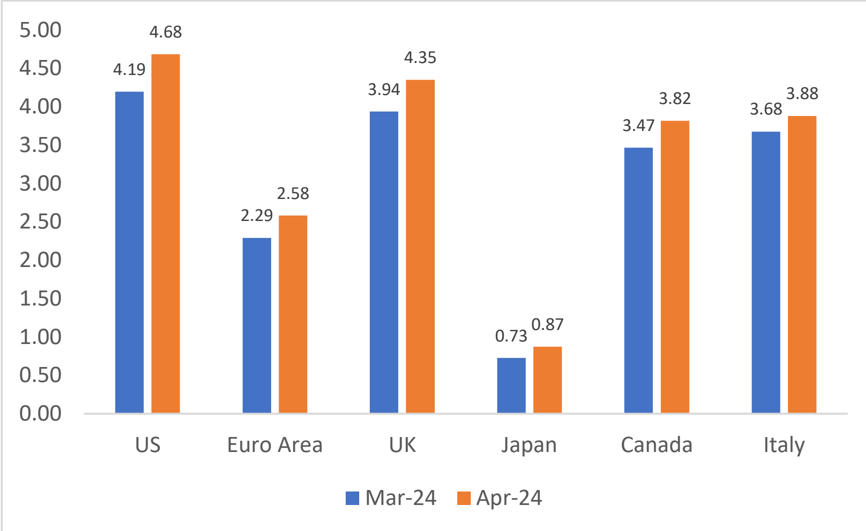
Figure 3: Change in Key Global Stock Indices (Per cent)



Source: *Reuters*

Long-term bond yield trended upwards in most AEs and EMDEs during the review period. In the AEs, the 10-year bond yield generally increased, driven by robust economic performance and expectations that the US would maintain its policy rate. Yield on the 10-year bond rose in the US to 4.68 per cent from 4.19 per cent in March 2024. In the Euro area, it rose to 2.58 per cent from 2.29 per cent, and to 4.35 per cent from 3.94 per cent in the United Kingdom. Italy and Canada recorded similar trends, with yield rising to 3.88 and 3.82 per cent, respectively, from 3.68 and 3.47 per cent in the preceding month. The yield in Japan increased to 0.87 per cent from 0.73 per cent in the preceding month, as expectations that the Bank of Japan would increase interest rate encouraged investors to allocate more funds into domestic debt relative to markets in the US and Europe.

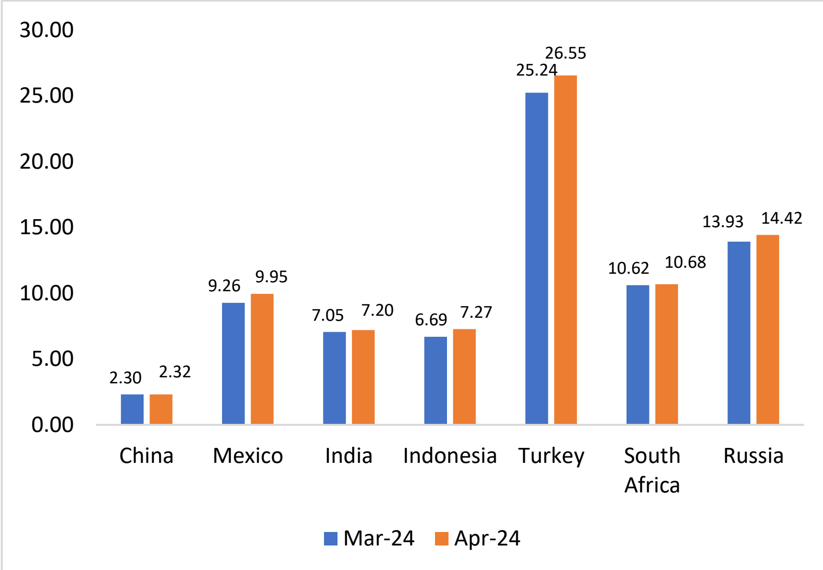
Figure 4: 10-year Government Bond Yields for Advanced Countries



Source: *Reuters*

The trend of 10-year bond yields in the EMDEs was driven by optimistic economic outlook and higher interest rates in the review period. In China, 10-year bond yield rose to 2.32 per cent, from 2.30 per cent in the preceding month. In India the yield rose to 7.20 per cent from 7.05 per cent, and in Russia, it rose to 14.42 per cent from 13.93 per cent. Similarly, yields increases were also recorded in South Africa (10.68% from 10.62%), Mexico (9.95% from 9.26%), and Indonesia (7.27% from 6.69%). In Turkey, expectations of higher inflation and tight monetary policy stance drove bond yield up to 26.55 per cent from 25.24 per cent in the preceding month.

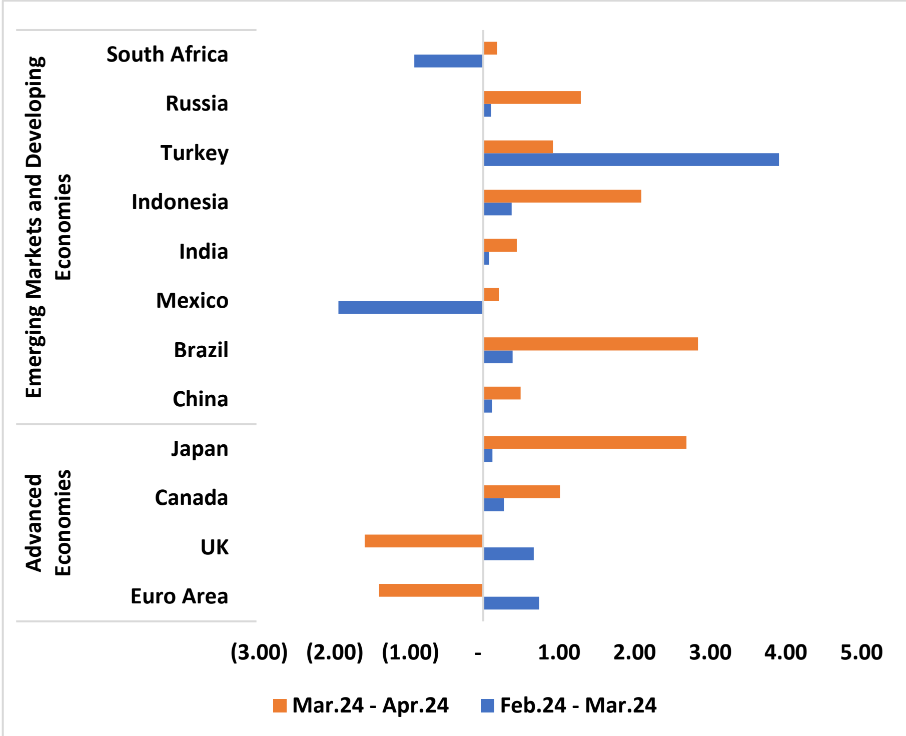
Figure 5: 10-year Government Bond Yields for Emerging and Developing Economies



Source: *Reuters*

The prospect of the Fed rate remaining higher for longer than previously expected prompted the repricing of the US dollar (USD), and a depreciation of most currencies against the USD. Heightening geopolitical tensions, particularly in the Middle East, further caused a flight to safety, with investors preferring the relative security of the USD. Thus, the Canadian dollar, Japanese yen, Mexican peso, Russian ruble, South African rand, Brazilian real, Indian rupee, Indonesian rupiah, Turkish lira, and Chinese yuan all depreciated against the USD. Diminishing expectations of interest rate cuts by the Bank of England and the European Central Bank, supported the British pound and the euro, respectively. The appreciation of both currencies was also driven by a faster-than-expected acceleration in the services sector PMI in the UK and the Euro Area. Consequently, the British pound and the euro appreciated by 1.57 and 1.38 per cent, respectively, against the USD.

Figure 6: Exchange Rate Appreciation/Depreciation for Selected Countries (Per cent)



Source: *Reuters*

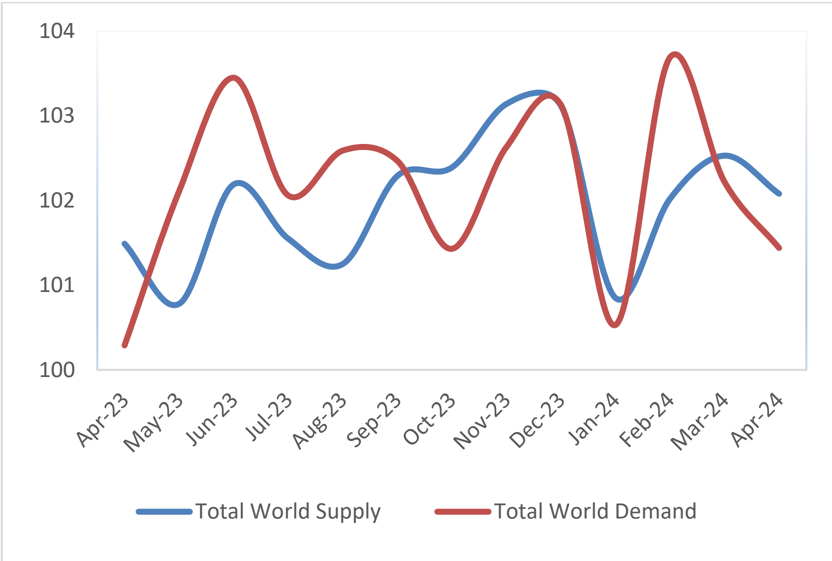
1.4 Global Commodity Market

World Crude Oil Supply and Demand

The world total crude oil supply declined in April 2024, following lower outputs by both OPEC and non-OPEC countries. Global crude oil supply including natural gas liquids, decreased to 102.08 million barrels per day (mbpd) in April 2024, from 102.53 mbpd in the preceding month. Non-OPEC crude supply fell by 0.34 mbpd to 69.95 mbpd, due primarily to decreased supply from Canada resulting from shut-ins caused by wildfires. Production outages and maintenance activities in Iraq, Gabon, and Equatorial Guinea caused a 0.31 per cent decline in OPEC crude supply to 32.14 mbpd during the review month. The observed decline in global crude oil supply also reflected the sustained cuts by the OPEC+ members.

Global demand declined marginally by 0.77 per cent to 101.44 mbpd in April 2024, due mainly to weak economic activity. The decline in global demand also reflected the mild weather conditions in major economies, including the United States and Japan, which led to reduced industrial activity and lower crude oil consumption.

Figure 7: Global Crude Supply and Demand

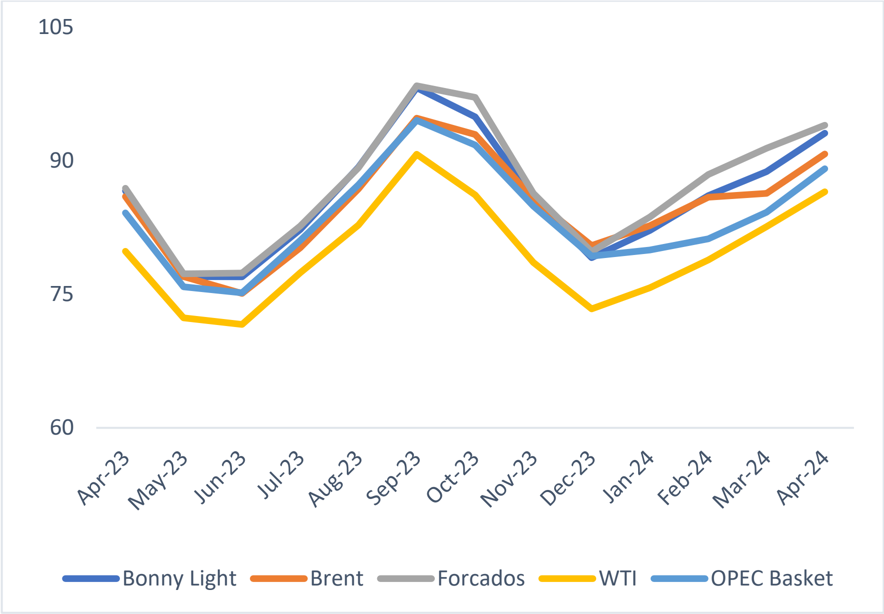


Source: *Energy Information Administration (EIA)*

Crude Oil Prices

Crude oil spot prices rose for the fourth consecutive month in April 2024, driven by fears of supply disruptions due to ongoing Middle East tensions and sustained output cuts by OPEC members and its allies. The average spot price of the Bonny Light rose to US$93.12 per barrel (pb) in April 2024, compared with US$88.80 pb in the preceding month. The prices of Brent (US$90.78 pb), Forcados (US$93.99 pb), WTI (US$86.53 pb) and OPEC Reference Basket (US$89.12 pb), also increased during the review month. The sustained output cuts by OPEC and its allies provided additional impetus for rising crude oil prices.

Figure 8: Global Crude Oil Prices (US$ per barrel)



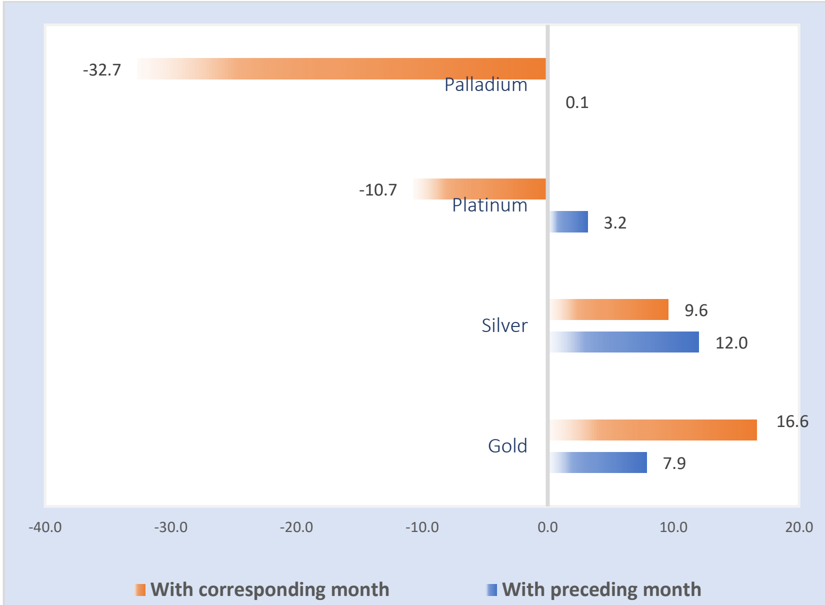
Source: *Refinitiv Eikon (Thomson Reuters)*

Other Mineral Commodities

The average spot prices of gold, silver, platinum, and palladium increased in April 2024, following higher demand. The average spot prices of gold and silver rose by 7.87 per cent to US$2,333.53 per ounce and 12.02 per cent to US$27.49 per ounce, respectively. The rise in gold price was buoyed by sustained purchases by central banks, and heightened demand from Asia. Increased industrial usage, particularly in photovoltaic solar cells and fast chargers for electric vehicles (EV) supported the rise in the price of silver.

Platinum and palladium prices also saw gains, with platinum rising 3.17 per cent to US$937.68/oz and palladium edging up 0.14 per cent to US$1,015.00/oz. The increase was primarily driven by supply constraints caused by power outages and mines closures in South Africa, tightening the global supply of these precious metals.

Figure 9: Price Changes in Selected Metals (Per cent) for April 2024



Source: *Refinitiv Eikon (Thomson Reuters)*

***The average prices of selected agricultural produce increased in April 2024, as adverse weather condition affected supply*.** The All-Commodity Price Index increased by 7.54 per cent to 153.96 points (Jan 2010=100), due, mainly, to the 37.38 per cent rise in the price of cocoa and the 15.57 per cent increase in coffee price. The price hikes were primarily spurred by adverse weather conditions, which impacted production, leading to tightened market conditions.

The prices of several commodities took a downturn, led by cotton which plummeted by 9.55 per cent. Groundnut followed closely, falling by 5.13 per cent, while soybean, rubber, wheat, and palm oil also experienced declines, ranging from 2.09 per cent to 0.77 per cent.

The primary driver of this trend was Ukraine's unwavering commitment to export activities, despite the collapse of the Black Sea Grain Initiative. This move significantly boosted global supplies of wheat and other grains, leading to a surplus. Additionally, a remarkable increase in soybean production in Brazil and Argentina, coupled with China's subdued demand, contributed to the downward trajectory of soybean prices.

The decline in cotton prices was further attributed to favourable weather conditions in key cotton-growing regions, such as Texas and Oklahoma in the US, leading to increased supply. Meanwhile, uncertainty surrounding China's import demand also played a role in the price drop. The fall in rubber prices, on the other hand, was driven by weakening global demand, prompting market participants to destock.

Table 3: Indices of Average World Prices of Nigeria's Major Agricultural Export Commodities for April 2024 (Dollar Based) (Jan. 2010=100)

Commodity	*Apr. 2023*	*Mar. 2024*	*Apr. 2024*	*% Change*	
				(1) & (3)	*(2) & (3)*
	1	*2*	*3*	*4*	*5*
All-Commodity	***125.44***	***143.17***	***153.96***	***22.73***	***7.54***
Cocoa	*75.25*	*201.12*	*276.30*	*267.17*	*37.38*
Cotton	*128.40*	*128.93*	*116.62*	*-9.17*	*-9.55*
Coffee	*148.30*	*236.89*	*273.79*	*84.61*	*15.57*
Wheat	*196.21*	*136.60*	*135.34*	*-31.02*	*-0.92*
Rubber	*46.13*	*54.33*	*53.67*	*16.33*	*-1.21*
Groundnut	*145.52*	*162.16*	*153.84*	*5.71*	*-5.13*
Palm Oil	*114.33*	*113.48*	*112.61*	*-1.50*	*-0.77*
Soya Beans	*149.38*	*111.84*	*109.50*	*-26.70*	*-2.09*

Source*: Central Bank of Nigeria Staff estimates*

2.0 DOMESTIC ECONOMIC DEVELOPMENTS

2.1 REAL SECTOR DEVELOPMENTS

Summary

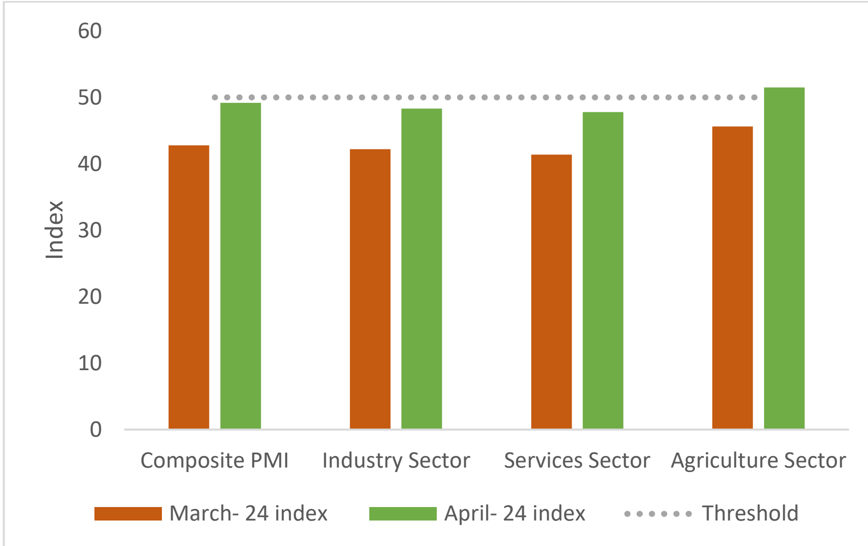
The economic outlook brightened in April 2024, as the composite Purchasing Managers' Index (PMI) posted gains across all sectors, signalling a broad-based improvement in economic conditions. However, inflation pressure persisted, driven primarily by the continued rise in food prices. On the energy front, domestic crude oil production saw a significant boost, as operations at the Sea Eagle field resumed and output from seven onshore and offshore fields increased, providing a welcome surge in supply.

2.1.1 Economic Conditions

Purchasing Managers Index

Economic activity rose in April 2024, spurred by positive business confidence, and increased consumer demand. The composite purchasing managers' index (PMI) increased to 49.20 index, compared with 42.80 index points in the previous month, albeit remaining below the 50-point threshold. The higher PMI in April 2024 derived from the increase in new orders, boosted employment level and overall economic conditions. In addition, improved business optimism, hinged on expectations of further appreciation of the naira and likely moderation in inflation, supported business activities.

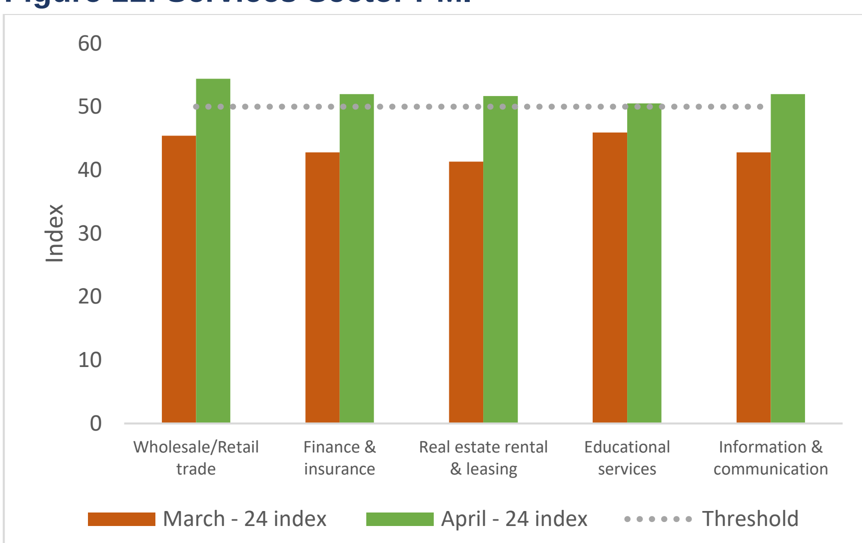
Figure 10: Composite, Industry, Services and Agriculture PMI



***Source**: Central Bank of Nigeria*

The services sector PMI rose to 47.80 index points from 41.40 index points in the preceding month, on account of the improvements in wholesale & retail trade; information & communication; educational services; finance & insurance; and real estate rental & leasing subsectors.

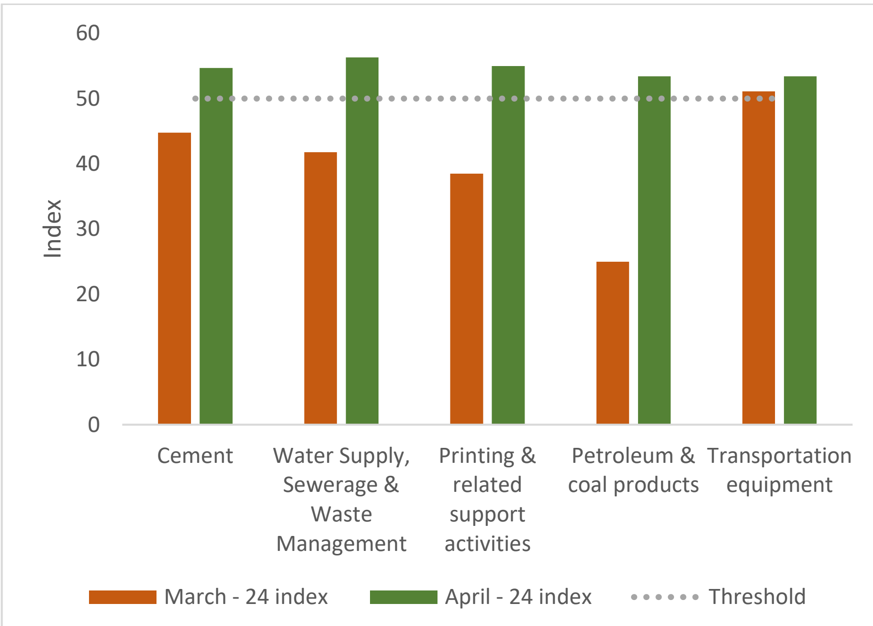
Figure 11: Services Sector PMI



***Source:** Central Bank of Nigeria*

The industry sector PMI, though still within the contraction region, also improved to 48.30 index points from 42.20 index points in March 2024, attributed to positive business confidence. This was underlain by increases in petroleum & coal products; cement; printing & related support activities; water supply, sewerage & waste management; transportation equipment, among others.

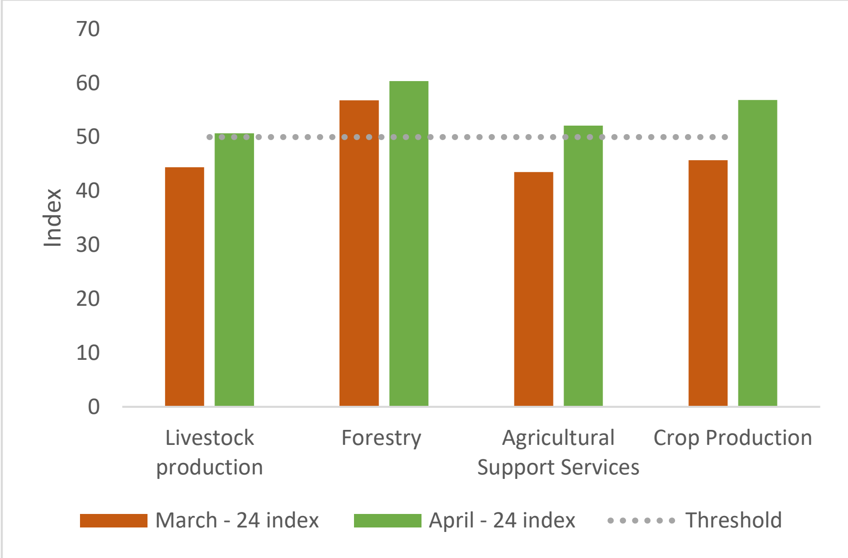
Figure 12: Industry Sector PMI



Source: *Central Bank of Nigeria*

Agriculture PMI expanded to 51.50 index points, compared with 45.60 index points in the previous month, as activities intensified during the farming season. The improvement was broad-based across all subsectors including, forestry, crop production, livestock production, and agricultural support services.

Figure 13: Agriculture Sector PMI



Source: *Central Bank of Nigeria*

Table 4: Composite, Industry, Services and Agriculture Purchasing Managers' Index

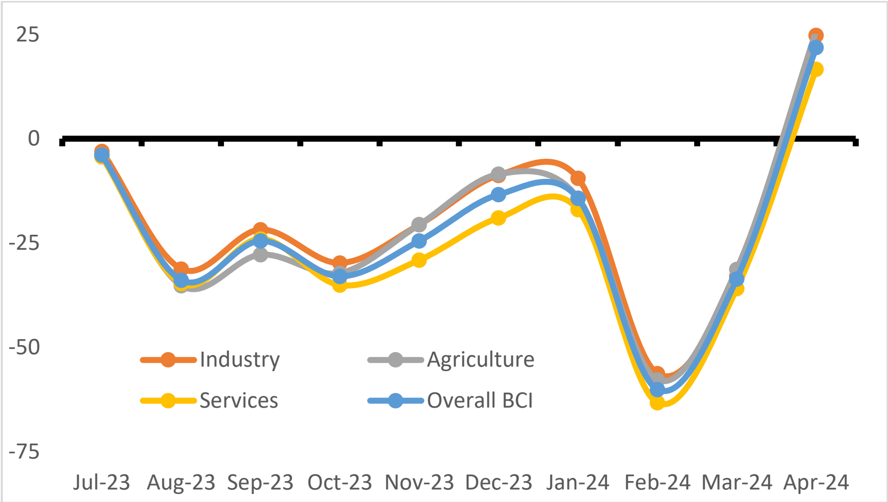
Components	***March - 24***	***April - 24***
Composite PMI	**42.80**	**49.20**
Industry Sector PMI	**42.20**	**48.30**
Production Level	*39.20*	*51.40*
New Orders	*38.70*	*44.50*
Supplier Delivery Time	*46.30*	*51.10*
Employment Level	*44.90*	*49.60*
Raw Material Inventory	*40.60*	*45.30*
Services Sector PMI	**41.40**	**47.80**
Business Activity	*40.60*	*48.10*
New Orders	*38.00*	*46.80*
Employment Level	*45.40*	*47.50*
Inventory	*45.00*	*49.00*
Agricultural Sector PMI	**45.60**	**51.50**
New Orders	*44.00*	*50.70*
Employment Level	*45.00*	*48.00*
Inventories	*48.00*	*60.40*
General Farming Activities	*48.90*	*52.10*

Source: *Central Bank of Nigeria*

Business Confidence Index

After a protracted period of pessimistic outturns, the business confidence index (BCI) recorded a positive outcome in April 2024. The BCI rose significantly to 21.90 points from a negative business confidence of 33.60 points in the preceding month. The transition was driven by prospects of further appreciation of the naira and probable deceleration of inflation in the near term.

Figure 14: Business Confidence Index



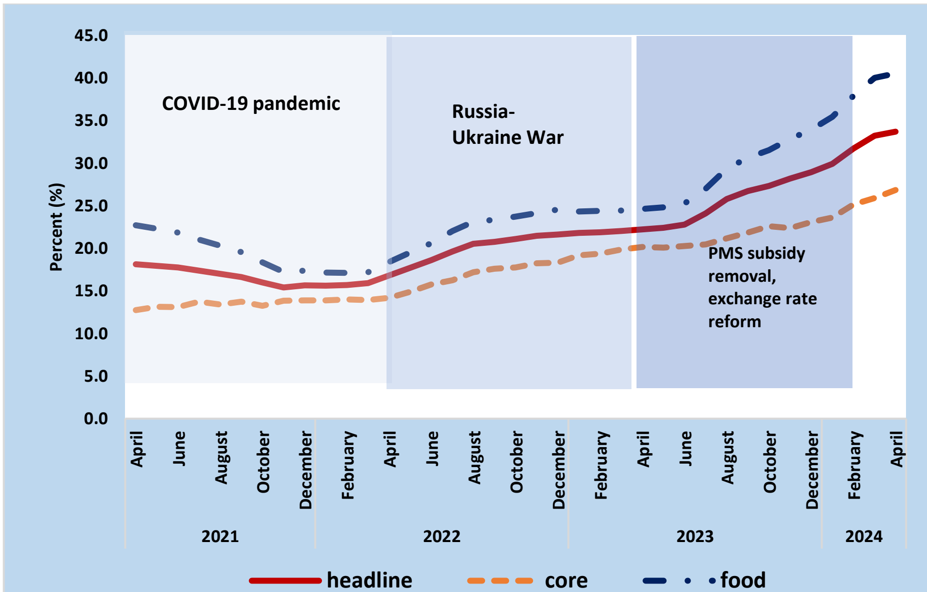
Source: *Central Bank of Nigeria*

2.1.2 Inflation

Headline Inflation

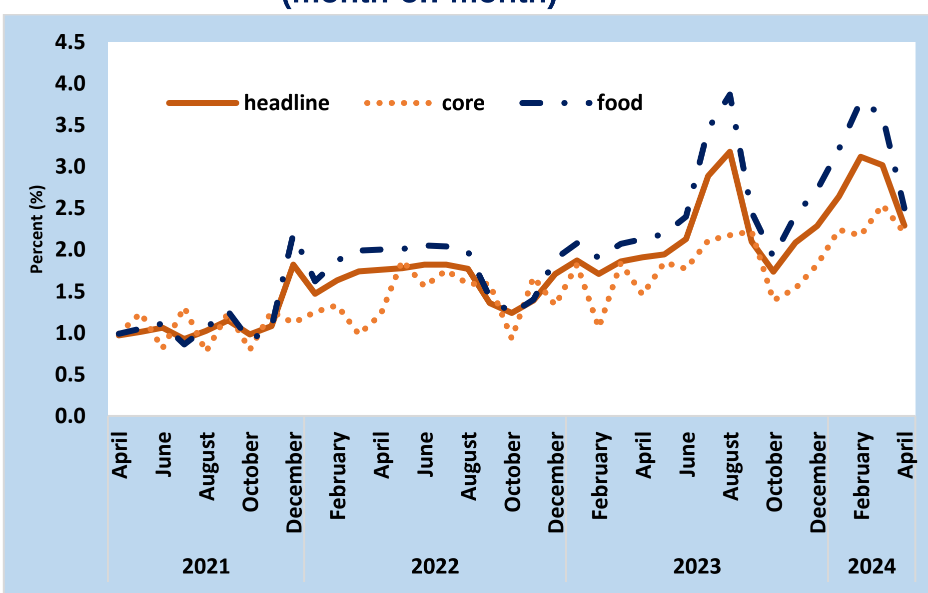
Inflation remained elevated in the month under review, as the lingering effects of fuel subsidy removal and exchange rate pass-through kept the cost of transportation and logistics high. Headline inflation (year-on-year) rose to 33.69 per cent in April 2024 from 33.20 per cent in the preceding month. However, on a month-on-month basis, inflation decelerated to 2.29 per cent, from 3.02 per cent in the preceding month. The decline was due to increased food supply from dry season farming and the recent re-opening of the Nigeria-Niger border, as well as the sustained contractionary monetary policy stance of the Bank.

Figure 15: Headline, Food and Core Inflation (year-on-year)



Source: Staff compilation based on National Bureau of Statistics data

Figure 16: Headline, Food and Core Inflation (month-on-month)

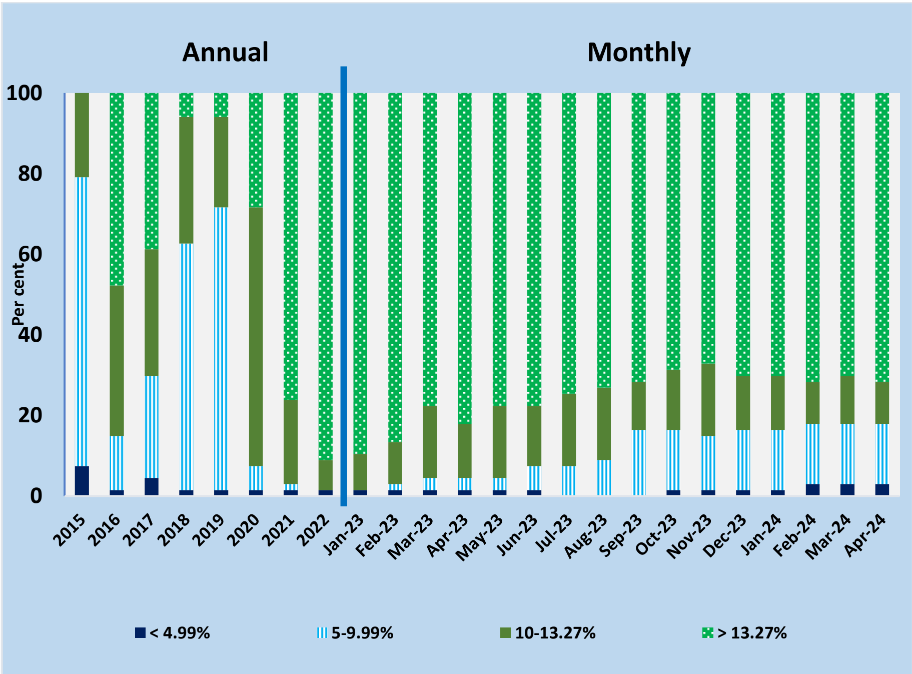


Source: *Staff compilation based on National Bureau of Statistics data*

Inflation Pervasiveness

Inflation continued to exhibit a broad-based impact across the components of the consumer price index (CPI) basket in April 2024. Inflation remained pervasive, as 71.64 per cent of items within the CPI basket exceeded the historical average of 13.27 per cent (1996-2023), compared with the 70.15 per cent recorded in March 2024.

Figure 17: Inflation Pervasiveness[1]



Source: *Staff compilation based on National Bureau of Statistics data*

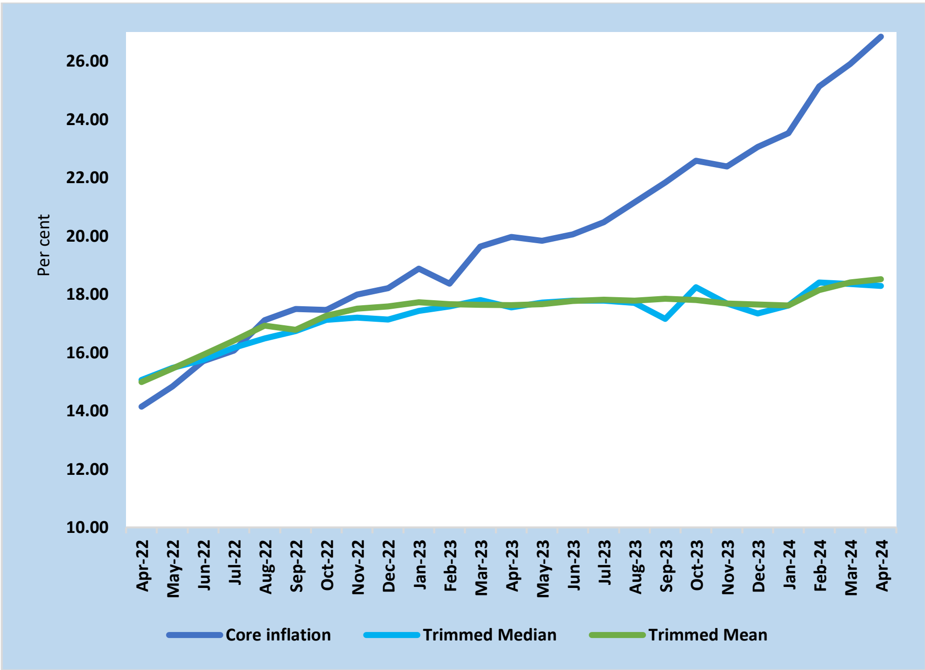
Measures of underlying Inflation

Core inflation (which excludes farm produce and energy) edged up to 26.84 per cent in April 2024, compared with 25.90 per cent in March. This increase was driven by persistent rise in manufacturing input costs, elevated price

[1] Pervasiveness is measured by the number of headline CPI items that are within specific inflation range. It reflects the extent to which rising prices are affecting the cost of living. Historically, inflation in Nigeria has been high, with average inflation of 13.10 per cent from 1996–2023. Inflation is said to be more pervasive if there is a higher number of items registering inflation above the historical average. The CPI items are therfore categorised into four groups namely; percentage of items registering inflation of less than 4.99 per cent, between 5 per cent and 9.99 per cent, between 10 per cent and 13.10 per cent, and also inflation above 13.10 per cent.

of imported goods and other structural factors. However, on a month-on-month basis, core inflation moderated to 2.20 per cent, from 2.54 per cent in the preceding month. This decline was attributed to the tight monetary policy stance of the Bank and the appreciation of the naira in April 2024.

Figure 18: Measures of Underlying Inflation[2]



Source: *Staff compilation based on National Bureau of Statistics data*

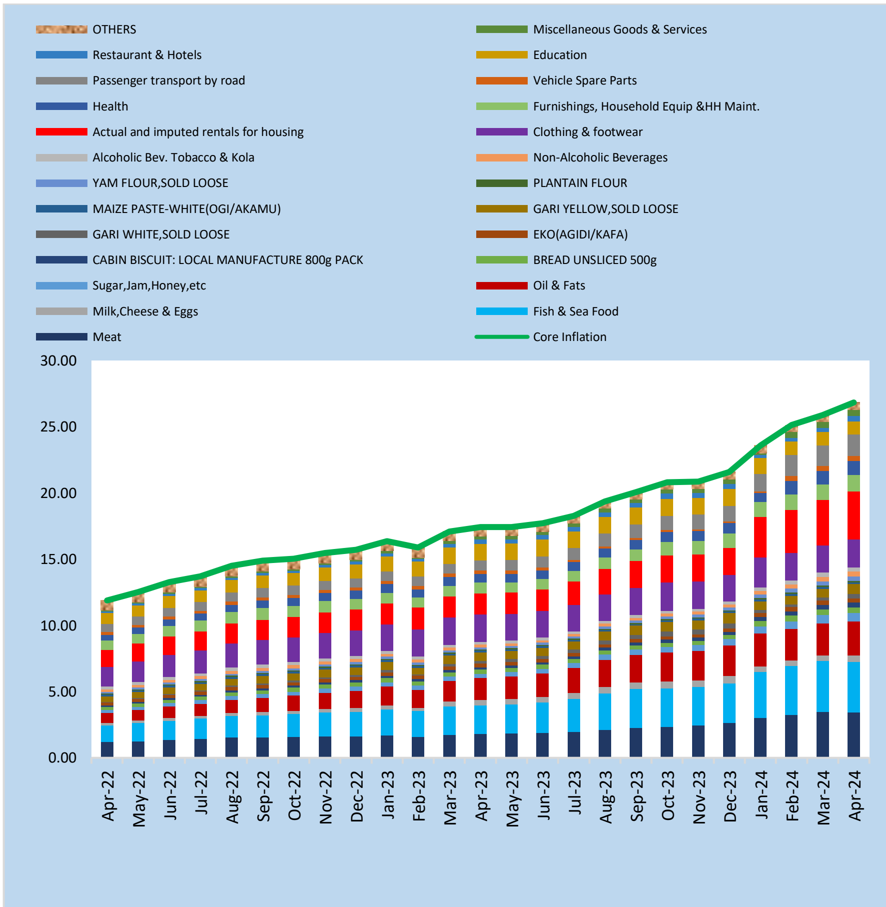
Although underlying inflation remained elevated across all measures, the trend in trimmed median slightly moderated in the review period. Core measure of underlying inflation was 8.32 percentage points (pp) higher than the trimmed mean measure and 8.55 percentage points above the trimmed median. Analysis indicated that the trimmed measures

[2] **Core inflation**: measure of underlying inflation defined as headline less farm produce less energy prices.
Trimmed Mean: measure of underlying inflation derived using the average rate of inflation after trimming away a certain percentage of the distribution of price changes outliers at both ends of that distribution.
Trimmed Median: measure of underlying inflation derived by obtaining median values from inflation of CPI components.

remained flat, suggesting that fewer components of the inflation basket drove inflation, compared with the core measure.

Further analysis of the drivers of core inflation revealed that fish & seafood (3.79 pp); actual & input rentals for housing (3.61 pp); meat (3.43 pp); oil & fats (2.57 pp); and clothing & footwear (2.09 pp), accounted for the uptick in core inflation.

Figure 19: Component Drivers of Core Inflation

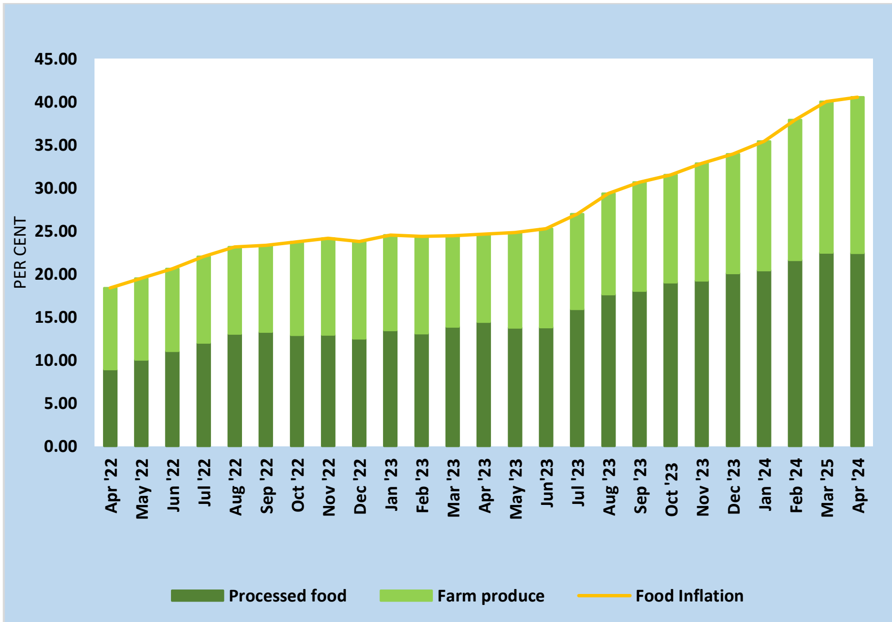


Source: *Staff compilation based on National Bureau of Statistics data*

Food Inflation

Food inflation (y-o-y) remained elevated at 40.53 per cent compared with 40.01 per cent in the preceding month. The increase was attributed to the ripple effects of fuel subsidy removal, resulting in higher transport and logistics costs, amidst security challenges. Also, rising costs of farm input contributed to the quickening of y-o-y food inflation. However, on a month-on-month basis, food inflation slowed to 2.50 per cent from 3.62 per cent in the previous month.

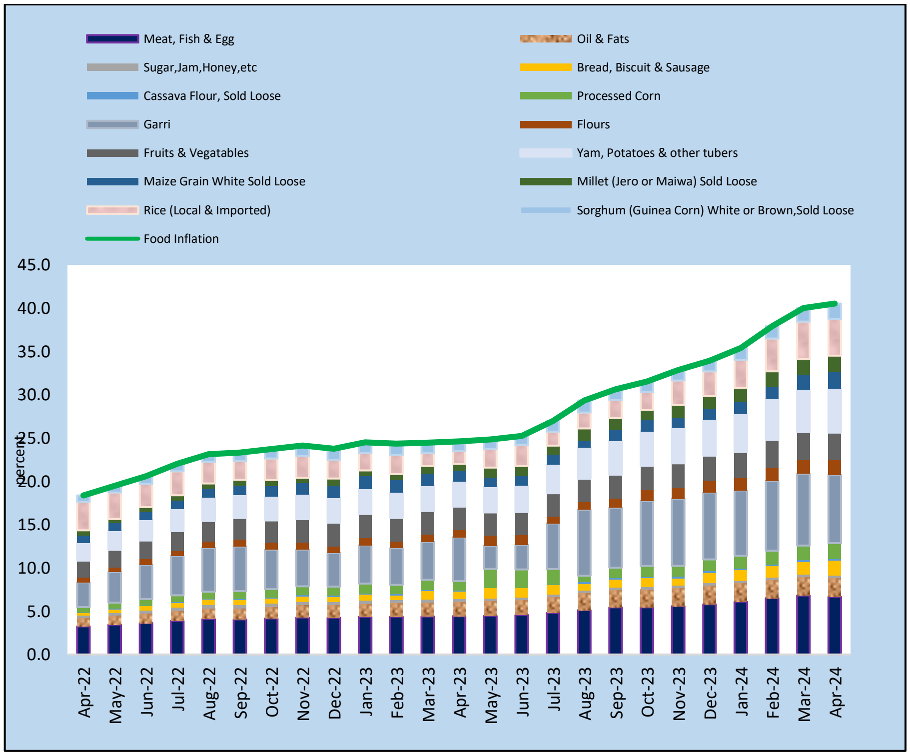
Figure 20: Contribution of Processed Food and Farm Produce to Food Inflation



Source: *Staff compilation based on National Bureau of Statistics data*

The processed food component remained the key driver of food inflation during the month. The trend was attributed to the persisting high energy costs, which further pushed production costs upward.

Figure 21: Component Drivers of Food Inflation



Source: *Staff compilation based on National Bureau of Statistics data*

2.1.3 Socio-Economic Developments

Social Program

The Federal Government approved the launch of the first phase of the Consumer Credit Scheme, to enhance access to consumer credit for Nigerians. The initiative, which would be implemented in stages, would begin with civil servants and later extend to the general public.

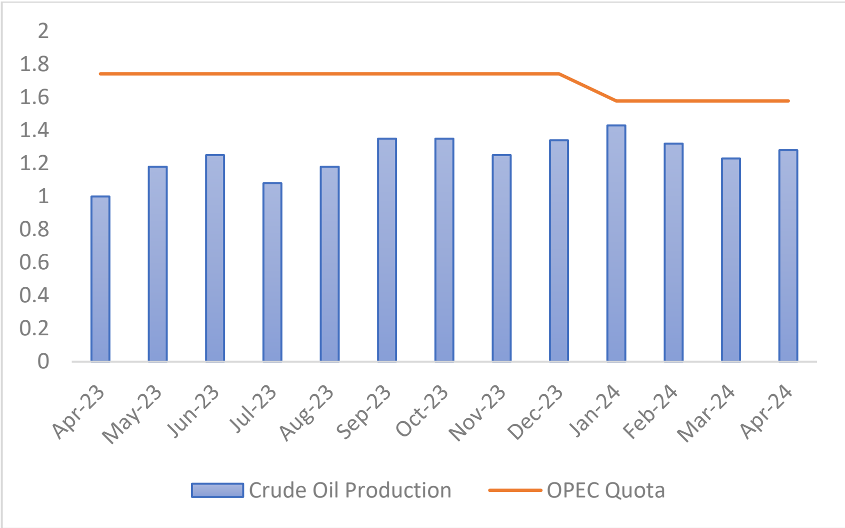
2.1.4 Domestic Crude Oil Market Developments

Crude Oil Production and Export

Domestic crude oil production experienced a significant boost in April 2024, driven by the restart of operations at the Sea Eagle field and increased output from seven additional fields. Nigeria's average crude oil production rose to 1.28 million barrels per day (mbpd), compared with 1.23 mbpd in the preceding month. This increase was due to enhanced security measures in the

Niger Delta region, resulting in improved production from seven oil fields in Bonga, Qua Iboe, Pennington, Yoho, Erha, Anyala Madu, and Otakpipo. In addition, the resumption of production activities at the Sea Eagle field contributed 12,478 bpd to crude oil output. However, Nigeria's production level remained below its OPEC quota of 1.58 mbpd, falling short by 0.30 mbpd in April 2024.

Figure 22: Nigeria's Crude oil production and OPEC quota (mbpd)



Source: *Nigerian Upstream Petroleum Regulatory Commission*

Box Information 1

In April 2024, domestic agricultural commodity prices continued their upward trend, driven by off-season effects on staples and increased production and transportation costs exacerbated by high PMS prices. Additionally, security concerns in agriculturally rich areas contributed to the price hikes. The increases ranged from 3.07 per cent for a groundnut oil (1 bottle) to 17.10 per cent for sweet potatoes.

Prices of Selected Domestic Agricultural Commodities in April 2024

		Apr. 2023	Mar. 2024	Apr. 2024	% Change	% Change
	UNIT	1	2	3	(1) & (3)	(2) & (3)
Agric eggs medium size	*1kg*	*915.41*	*1621.1*	*1680.51*	*83.58*	*3.66*
Beans: brown, sold loose	"	*615.67*	*1234.4*	*1387.90*	*125.43*	*12.44*
Beans: white black eye, sold loose	"	*584.42*	*1192.22*	*1313.48*	*124.75*	*10.17*
Gari white, sold loose	"	*362.5*	*749.89*	*851.81*	*134.98*	*13.59*
Gari yellow, sold loose	"	*399.78*	*804.01*	*909.77*	*127.57*	*13.15*
Groundnut oil: 1 bottle, specify bottle	"	*1317.5*	*2165.29*	*2231.82*	*69.40*	*3.07*
Irish potato	"	*567.29*	*1254.45*	*1413.57*	*149.18*	*12.68*
Maize grain white, sold loose	"	*346.67*	*757.86*	*797.61*	*130.08*	*5.24*
Maize grain yellow, sold loose	"	*349.46*	*758.09*	*798.53*	*128.50*	*5.33*
Onion bulb	"	*441.38*	*938.87*	*1018.83*	*130.83*	*8.52*
Palm oil: 1 bottle, specify bottle	"	*1107.14*	*1565.9*	*1634.05*	*47.59*	*4.35*
Rice agric, sold loose	"	*631.5*	*1378.84*	*1487.91*	*135.62*	*7.91*
Rice local, sold loose	"	*546.76*	*1340.74*	*1399.34*	*155.93*	*4.37*
Rice, medium grained	"	*609.57*	*1438.07*	*1535.83*	*151.95*	*6.80*
Rice, imported high quality, sold loose	"	*781.5*	*1633.94*	*1771.56*	*126.69*	*8.42*
Sweet potato	"	*286.26*	*689.47*	*807.35*	*182.03*	*17.10*
Tomato	"	*485.1*	*959.68*	*1123.41*	*131.58*	*17.06*
Vegetable oil: 1 bottle, specify bottle	"	*1239.58*	*2003.65*	*2078.21*	*67.65*	*3.72*
Wheat flour: prepackaged (Golden Penny)	*2kg*	*1295.17*	*2477.63*	*2573.25*	*98.68*	*3.86*
Yam tuber	*1kg*	*444.69*	*1068.78*	*1130.37*	*154.19*	*5.76*

Sources: National Bureau of Statistics

2.2 FISCAL SECTOR DEVELOPMENTS

Summary

Provisional data indicated a contraction in fiscal operations in April 2024, following a decline in oil receipts. Federally collected revenue fell by 4.72 and 44.69 per cent, relative to the preceding month and the benchmark, respectively. Also, Federal Government of Nigeria (FGN) retained revenue was 0.55 per cent lower than the level in March, and 74.29 per cent below the monthly target. FGN expenditure was 0.12 per cent lower than the level in the preceding month, and 48.10 per cent short of the monthly target. The sharper decline in revenue, relative to expenditure expanded fiscal deficit by 0.11 and 7.83 per cent, above the March level and the monthly target, respectively. At ₦97,340.71 billion (41.52% of GDP), as at end-December 2023 public debt surpassed the 40.00 per cent benchmark.

2.2.1 Federation Account Operations

Drivers of Federation Revenue

Gross Federation Account earnings declined in April 2024, on the back of the significant drop in oil revenue. At ₦1,659.24 billion, provisional gross Federation Account receipt dropped by 4.72 per cent below the level in the preceding month, and 44.69 below the target. The weak revenue outturns relative to March 2024 was due, largely, to lower inflows from upstream CIT, petroleum profit tax (PPT), and royalties.[3] With regards to the composition of gross federation revenue, non-oil revenue remained

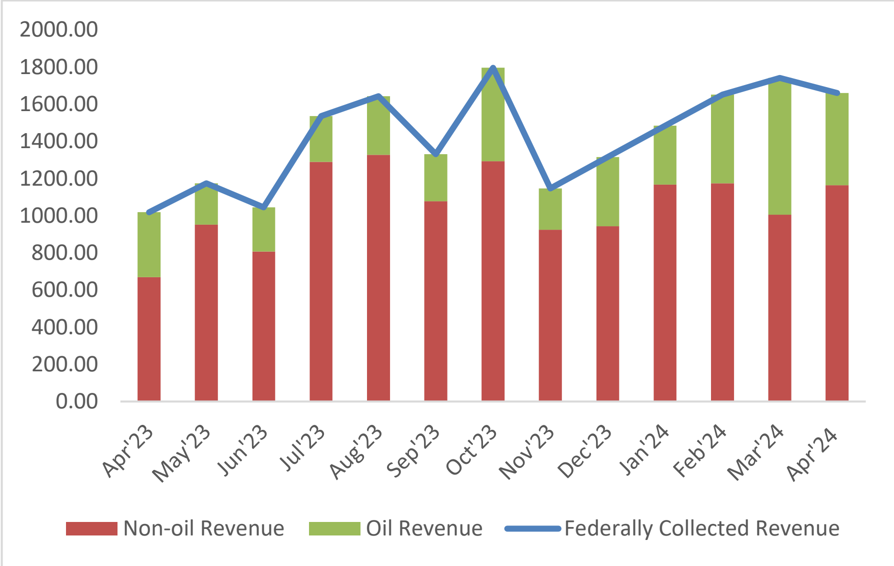
[3] Based on Nigeria's Petroleum Industry Act (PIA 2021), companies income tax (CIT) now applies to upstream crude oil production operations.

dominant, constituting 70.18 per cent, while oil revenue accounted for the balance.

Lower receipts from upstream CIT, petroleum profit tax (PPT) and royalties resulted in a 32.82 per cent decrease in oil revenue to ₦494.78 billion, relative to the preceding month. Fiscal revenue from the oil sector also fell short of the monthly target by 73.01 per cent.

Non-oil revenue at ₦1,164.46 billion, however, exceeded receipts in the preceding month by 15.87 per cent, but was 5.55 per cent short of the target. The performance was driven by higher collections from corporate tax, customs & excise duties, VAT and independent revenue of the federal government.[4] This improvement could be attributed to the positive impact of subsisting tax reforms and sustained efforts to diversify and expand the sources of federation revenue.

Figure 23: Federally Collected Revenue (₦ Billion)



Source: *Office of the Accountant-General of the Federation and CBN Staff Estimates.*

[4] Corporate tax is composed of company income tax, withholding tax and capital gain tax.

Table 5: Federally Collected Revenue and Distribution to the Three Tiers of Government (₦ Billion)

	23-Apr	24-Mar	24-Apr	*Budget
Federally Collected Revenue	**1,018.11**	**1,741.46**	**1,659.24**	**3,000.01**
Oil	**348.64**	**736.47**	**494.78**	**1,767.19**
Crude Oil & Gas Exports	-	5.61	2.20	122.03
PPT & Royalties	335.42	453.00	322.23	1,420.60
Domestic Crude Oil/Gas Sales	-	-	-	8.75
*Others***	13.22	277.86	170.35	215.81
Non-oil	**669.47**	**1,004.99**	**1,164.46**	**1,232.82**
Corporate Tax	155.63	201.49	224.01	271.40
Customs & Excise Duties	134.40	254.46	298.42	239.07
Value-Added Tax (VAT)	218.79	460.49	549.70	329.51
Independent Revenue of Fed. Govt.	142.63	69.82	74.03	224.40
*Others****	18.03	18.72	18.30	168.44
Total Deductions/Transfers**	**317.97**	**1,211.30**	**836.12**	**705.18**
Federally-Collected Revenue *Less Deductions & Transfers*	**700.14**	**530.16**	**823.12**	**2,294.83**
plus:				
Additional Revenue	**14.49**	**622.6**	**300.27**	**14.52**
Balance in Special Account from 2019	-	-	-	-
Excess Crude Revenue	-	-	-	-
Non-oil Excess Revenue	14.49	15.16	14.75	14.52
Exchange Gain	-	607.44	285.52	-
Total Distributed Balance	**714.63**	**1,152.76**	**1,123.39**	**2,309.35**
Federal Government	**276.14**	**352.41**	**345.89**	**1,096.01**
Statutory	245.74	288.09	269.11	1,050.23
VAT	30.40	64.32	76.78	45.79
State Government	**232.13**	**366.95**	**398.69**	**474.85**
Statutory	130.78	152.55	142.75	322.22
VAT	101.35	214.40	255.94	152.63
13% Derivation	**35.10**	**166.25**	**90.12**	**216.74**
Local Government	**171.26**	**267.15**	**288.69**	**521.75**
Statutory	100.31	117.07	109.53	414.91
VAT	70.95	150.08	179.16	106.84

Source*: Office of the Accountant-General of the Federation and CBN Staff Estimates.*

Note: *Budget is based on the 2024 Appropriation Act, **Include CIT Upstream, Signature bonus, etc *** Include Education Tax, Customs Special Levies (Federation Account), National Information Technology Development Fund, Customs Special Levies, Solid Minerals & Other Mining revenue, and other Non-regular earnings; **** Deductions include cost of revenue collections and JVC cash calls; while transfers entail provisions for FGN Independent revenue and other Non-Federation revenue.

Of the total statutorily collected revenue, a net balance of ₦1,123.39 billion was distributed to the three tiers of government after accounting for additional revenue and statutory deductions/transfers. The Federal, State and Local governments received ₦345.89 billion, ₦398.69 billion and ₦288.69 billion, respectively, while the balance of ₦90.12 billion was allocated to the 13% Derivation Fund for oil-producing states. Net disbursement was 2.55 per cent lower than amount in March 2024, and 51.35 per cent short of the monthly target.

2.2.2 Fiscal Operations of the Federal Government

Federal Government Retained Revenue

FGN retained revenue dipped in the review period, due to lower receipt from exchange gain. Provisional data indicated that, at ₦419.91 billion, FGN retained revenue fell relative to the level in March 2024 and the monthly benchmark by 0.55 and 74.29 per cent, respectively.

Table 6: FGN Retained Revenue (₦ Billion)

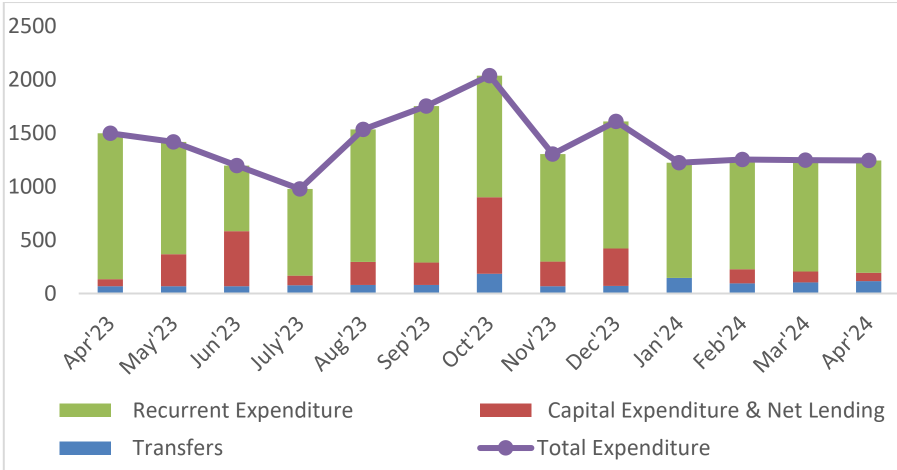
	Apr-23	Mar-24 1/	Apr-24 1/	Budget*
FGN Retained Revenue	**412.27**	**422.23**	**419.91**	**1,633.21**
Federation Account	224.23	7.36	133.96	1,048.05
VAT Pool Account	28.38	64.32	76.78	45.79
FGN Independent Revenue	142.63	69.82	74.03	224.40
Excess Oil Revenue	0.00	0.00	0.00	0.00
Exchange Gain	0.00	278.46	132.93	0.00
Excess Non-Oil/ EMTL	2.03	2.27	2.21	2.18
*Others**	15.00	0.00	0.00	312.79

Source: *Office of the Accountant-General of the Federation*
Note: *Based on 2024 appropriation Act, **Others include revenue from Special Accounts and Special Levies.
1/ Provisional figures

Federal Government Expenditure

The provisional data showed that aggregate expenditure of the FGN declined, due to reduced capital spending. At ₦1,244.71 billion, provisional data indicated that expenditure was 0.12 per cent below the level in the preceding month, and 48.10 per cent short of the projected spending of ₦2,398.12 billion. The decline was attributed, largely, to reduction in capital outlay in the review period. Further analysis showed that recurrent, and capital accounted for 84.5, and 6.30 per cent, respectively, while transfer payments constituted 9.2 per cent.

Figure 24: Federal Government Expenditure (₦ Billion)



***Source**: Office of the Accountant-General of the Federation and CBN Staff Estimates.*

Overall Fiscal Balance

The fiscal operations of the FGN in April resulted in an expansion in the fiscal deficit. Provisional data showed that primary and overall deficits rose to ₦260.98 billion and ₦824.79 billion, respectively, from ₦249.43 billion and ₦823.91 billion, in the preceding month. The expanded deficit reflected the sharper decline in retained revenue.

Table 7: Fiscal Balance (₦ Billion)

	Apr-23	Mar-24 1/	Apr-24 1/	*Budget
Retained revenue	412.27	422.23	419.91	1,633.21
Aggregate expenditure	**1,499.09**	**1,246.14**	**1,244.71**	**2,398.12**
Recurrent	**1,365.56**	**1,039.60**	**1,051.49**	**1,419.96**
Non-debt	417.22	460.25	471.93	730.71
Interest Payment	847.88	574.48	563.82	689.25
Capital	64.46	102.38	78.37	832.93
Transfers	69.07	104.17	114.85	145.23
Primary balance	**-238.93**	**-249.43**	**-260.98**	**-75.66**
Overall balance	**-1,086.82**	**-823.91**	**-824.79**	**-764.91**

***Source**: Office of the Accountant-General of the Federation and CBN Staff Estimates*
Note: 1/ Provisional figures.

Federal Government Debt

Public debt stock in Q42023 exceeded the 40.0 per cent national threshold. Total public debt outstanding stood at ₦97,340.71 billion (41.52% of GDP), at end-December 2023, and was 10.73 per cent higher than the level at end-September 2023. The rise was due, largely, to the new domestic borrowing by the FGN (to part finance the deficit in the 2023 Appropriation Act) and new borrowings by the sub-national governments. A breakdown of the consolidated public debt showed that domestic debt accounted for 60.74 per cent, while external debt obligations constituted 39.26 per cent. Of the consolidated public debt stock, FGN owed ₦91,477.86 billion (93.98%), while the state governments accounted for the balance (₦5,862.85 billion or 6.02%).[5]

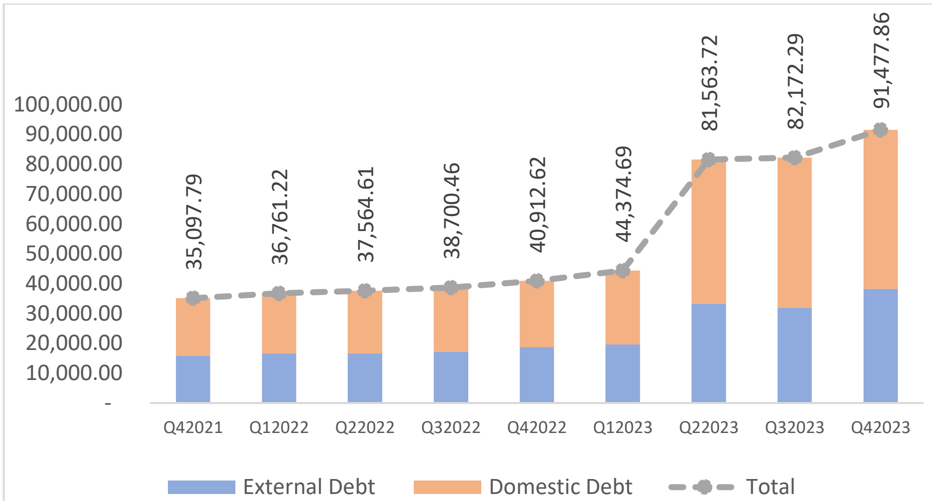
Analysis of the FGN debt obligations indicated that domestic debt was ₦53,258.01 billion (58.22%), while external debt constituted ₦38,219.85 billion (41.78%). Further decomposition revealed that FGN Bonds maintained its dominance, with 83.11 per cent of the total domestic debt stock, followed by Nigerian Treasury Bills (12.25%), promissory notes (2.50%), and FGN Sukuk (2.05%), while others (0.10%) constituted the balance.[6] Of the total external debt stock, multilateral loan constituted 49.77 per cent, while commercial and bilateral loans accounted for 36.21 and 14.02 per cent, respectively.

Debt service obligations in Q42023 fell marginally by 0.44 per cent to ₦2,848.88 billion. The decrease was attributed to fewer maturing bilateral and commercial obligations,

[5] Includes the external debt of State governments, which are contingent liabilities of the Federal government.
[6] Includes treasury bonds (0.00%), green bond (0.03%) and special FGN savings bond (0.07%).

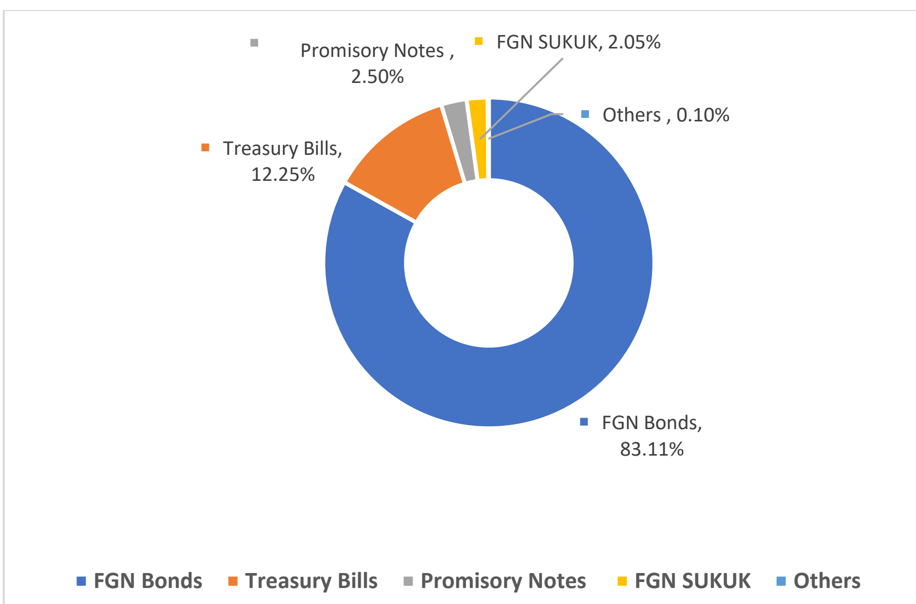
relative to the preceding quarter. A breakdown showed that domestic debt service was ₦2,000.60 billion (70.22%), while external debt service constituted ₦848.28 billion (29.78%).

Figure 25: FGN External and Domestic Debt Composition (₦ Billion)



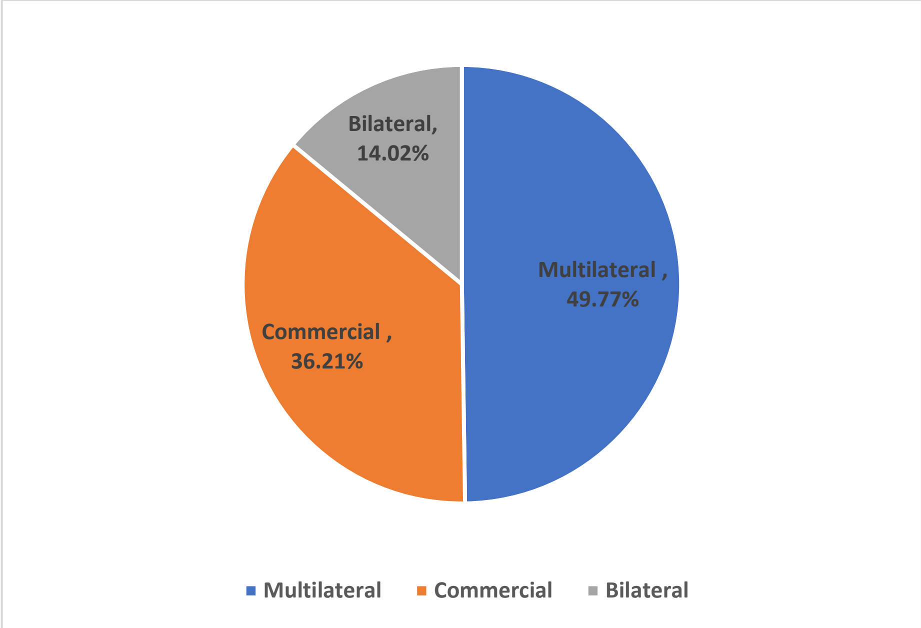
Source: *Debt Management Office*

Figure 26: Composition of Domestic Debt Stock by Instrument



Source*: Debt Management Office*

Figure 27: Composition of External Debt Stock by Instrument



***Source**: Debt Management Office*

2.3 MONETARY AND FINANCIAL DEVELOPMENTS

Summary

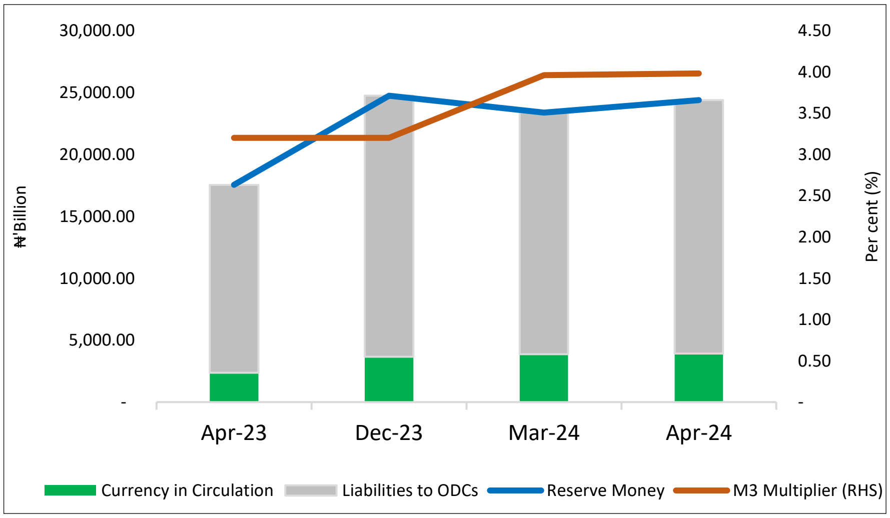
The banking system remained resilient, safe, and sound during the period under review. Broad money supply rose, propped by net foreign assets.On the liability side, the growth in money supply was driven, largely, by other deposits and transferable deposits. Key short-term interest rates rose, underscoring the tight liquidity condition during the review period. The performance of the equities market was bearish as investors switched portfolios, due to the attractiveness of rates in the fixed income market, resulting from the contractionary monetary policy stance of the Bank.

2.3.1 Monetary Developments

Reserve Money

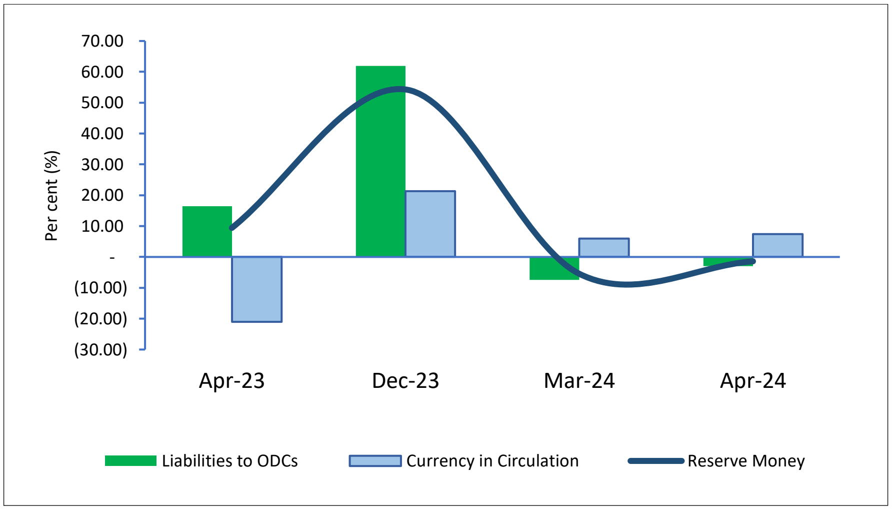
Reserve money continued to fall, due primarily, to the decline in liabilities to other depository corporations (ODCs). Relative to end-December 2023, reserve money fell by 1.41 per cent to ₦24,387.92 billion, driven by the 2.93 per cent decrease in liabilities to ODCs. This essentially followed the 1.91 per cent reduction in the required reserves of the ODCs held by the monetary authority. However, currency in circulation rose by 7.38 per cent, but the increase was not sufficient to offset the downward trend of reserve money. At the current level, reserve money was 15.94 per cent below the 2024 provisional benchmark of ₦28,274.79 billion.

Figure 28: Developments in Reserve Money and Money Multiplier



Source: *Central Bank of Nigeria*

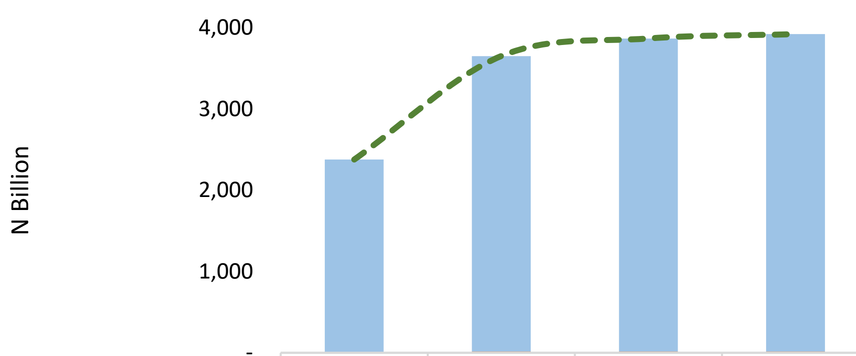
Figure 29: Growth in Reserve Money (over Preceding December)



Source: *Central Bank of Nigeria*

Notes and coins, the largest component of CIC, increased to ₦3,908.97 billion, reflecting a growth of 1.39 per cent, relative to the level at end-March 2024 and 7.41 per cent, compared with the level at end-December 2023. The eNaira component, however, remained unchanged at ₦13.98 billion, as in the preceding month.

Figure 30: Composition of Currency-in-Circulation



	Apr-23	Dec-23	Mar-24	Apr-24
Notes and Coins	2,373.17	3,639.32	3,855.35	3,908.97
eNaira	5.90	13.98	13.98	13.98
Currency in Circulation	2,379.07	3,653.30	3,869.33	3,922.95

Source: *Central Bank of Nigeria*

Broad Money Supply

The broad money multiplier rose to 3.98 at end-April 2024, from 3.96 at end-March 2024 and 3.20 at end-December 2023. The increase was associated with the 22.39 per cent surge in the broad money supply (M3), which grew to ₦96,996.24 billion in the review period. The growth in broad money assets was on account of the 207.65 per cent expansion in net foreign assets (NFA), relative to the level at end-December 2023. The NFA contributed significantly to the growth in M3 by 24.47 percentage points. The growth in NFA was attributed, largely, to the impact of the exchange rate reforms which engendered growth in the official reserve assets and ODCs claims on non-residents.

Net domestic assets (NDA), however, fell by 2.36 per cent, below the level at end-December 2023, and slowed broad money supply by 2.08 percentage points. The decline in NDA reflected the 40.43 per cent fall in net claims on central government, which outweighed the 16.88 per cent increase in claims on other sectors.

Furthermore, the decline in net claims on central government was driven by the 41.01 per cent decline in ways and means advances in the review period. However, claims on other sectors rose, largely, on account of the 26.33 per cent increase in claims on private sector, which contributed 13.74 percentage points to M3 growth.

Table 8: Money and Credit Growth over preceding December (Per cent)

Monetary Aggregates	Apr-23	Dec-23	Apr-24	Annualised growth (Apr-24)	Contribution to M3 Growth (Apr-24)
Net Foreign Assets	**-47.84**	**142.99**	**207.65**	**622.95**	**24.47**
Claims on Non-residents	-5.24	113.87	49.60	148.80	31.09
Liabilities to Non-residents	3.20	108.09	13.01	39.03	6.62
Net Domestic Assets	**11.85**	**44.62**	**-2.36**	**-7.08**	**-2.08**
Domestic Claims	**15.87**	**45.31**	**-3.32**	**-9.96**	**-4.03**
Net Claims on Central Government	**34.26**	**41.61**	**-40.43**	**-121.29**	**-17.12**
Claims on Central Government	19.78	63.30	0.03	0.09	0.02
Liabilities to Central Government	-12.57	111.78	60.47	181.41	17.14
Claims on Other Sectors	**5.61**	**47.38**	**16.88**	**50.64**	**13.32**
Claims on Other Financial Corporations	4.87	47.76	-3.92	-11.76	-0.68
Claims on State and Local Government	5.29	18.52	-16.21	-48.63	-0.86
Claims on Public Nonfinancial Corporations	4.23	-4.72	27.91	83.73	1.12
Claims on Private Sector	6.09	57.78	26.33	78.99	13.74
Total Monetary Assets (M_3)	**7.45**	**51.86**	**22.39**	**67.17**	**22.39**
Currency Outside Depository Corporations	-19.10	33.67	4.89	14.67	0.21
Transferable Deposits	12.65	46.83	12.89	38.67	4.34
Narrow Money (M_1)	**8.72**	**45.20**	**11.98**	**35.67**	**4.55**
Other Deposits	6.69	56.88	29.86	89.58	18.35
Broad Money (M_2)	**7.50**	**52.20**	**23.03**	**69.09**	**22.91**
Securities Other than Shares	0.90	7.04	-97.46	-292.38	-0.52
Total Monetary Liabilities(M_3)	**7.45**	**51.86**	**22.39**	**67.17**	**22.39**

Source: *Central Bank of Nigeria*

On the liability side, the expansion in M3 was, primarily driven by a 29.86 per cent rise in other deposits, which contributed 18.35 percentage points to overall monetary growth. The currency revaluation effect and high rates on savings and time deposits contributed to the growth in other deposits. Transferable deposits and currency outside depository corporations (CODC) recorded growth rates of 12.89 and 4.89 per cent, respectively, contributing 4.34 and 0.21 percentage points to M3 expansion. Securities other than shares, however, declined by 97.46 per cent.

2.3.2 Sectoral Credit Utilisation

Sectoral credit utilisation increased by 2.65 per cent to ₦54,632.77 billion in April 2024, relative to the preceding month's position of ₦53,221.13 billion. The services sector was the largest recipient of credit, comprising 49.82 per cent of the total credit utilisation. This was followed by the industrial sector (45.45%) and the agricultural sector (4.73%).

Table 9: Sectoral Credit Allocation

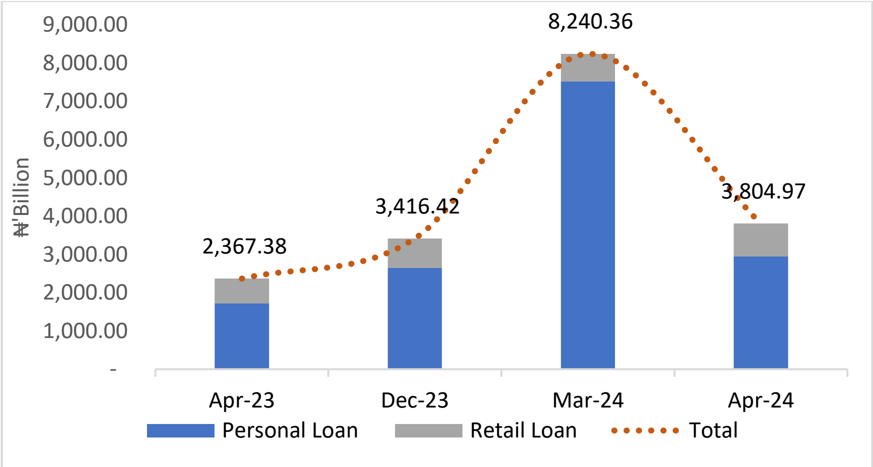
SECTORS	Allocation (₦ Billion)			Share in Total (%)			Growth (%)
	Apr-23	Mar-24	Apr-24	Apr-23	Mar-24	Apr-24	(3) & (2)
	(1)	(2)	(3)	(4)	(5)	(6)	
[a] Agriculture	1,876.24	2,581.33	2,584.71	6.18%	4.85%	4.73%	0.13%
[b] Industry	12,424.44	22,488.13	24,831.99	40.94%	42.25%	45.45%	10.42%
of which Manufacturing	5,811.28	8,697.94	9,637.36	19.15%	16.34%	17.64%	10.80%
[c] Services	16,046.63	28,151.67	27,216.07	52.88%	52.90%	49.82%	-3.32%
of which:							
Finance, Insurance & Capital Market	2,658.12	3,412.69	5,412.14	8.76%	6.41%	9.91%	58.59%
Trade/General Commerce	2,340.07	3,798.63	3,968.78	7.71%	7.14%	7.26%	4.48%
TOTAL	30,347.31	53,221.13	54,632.77	100.00%	100.00%	100.00%	2.65%

Source: Central Bank of Nigeria

Consumer Credit

Consumer credit outstanding declined significantly by 53.83 per cent to ₦3,804.97 billion at end-April 2024 from the level in the preceding month. The decline was on account of the 60.79 per cent fall in personal loans to ₦2,948.20 billion. However, retail loans increased by 18.81 per cent to ₦856.77 billion. A decomposition indicated that personal loans accounted for 77.48 per cent of the total consumer credit, while retail loans accounted for the balance.

Figure 31: Consumer Credit Outstanding



Source: *Central Bank of Nigeria*

2.3.3 Financial Developments

2.3.3.1 Money Market Developments

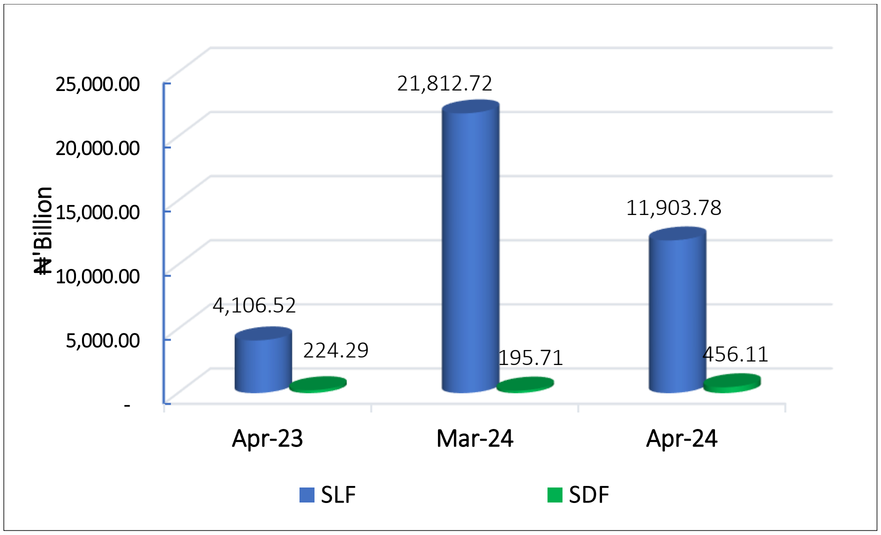
Industry Liquidity Condition

Average banking system liquidity decreased in April 2024, relative to the preceding month, driven, largely by sustained tight monetary policy stance. The average liquidity in the banking system stood at ₦146.59 billion, relative to ₦258.71 billion in the preceding month, showing a decline of 43.34 per cent. In addition to the impact of the CRR hike, the moderation in banking system liquidity resulted from debits worth ₦676.65 billion on open market operations (OMO) auction conducted during the period.

Discount Windows

Notwithstanding the tight banking system liquidity position in the review period, activities at the standing deposit facility (SDF) window increased, while that of the standing lending facility (SLF) window decreased. Total transactions at the SDF window stood at ₦456.11 billion in April 2024, relative to ₦195.71 billion in the preceding month, while that at the SLF window stood at ₦11,903.78 billion, relative to ₦21,812.72 billion in the preceding month.

Figure 32: Transactions at the CBN Standing Facility Window



***Source**: Central Bank of Nigeria*

The increase in SDF transactions could be attributed to the proclivity of banks to capitalise on the high rate available at the window, while the decline in SLF transactions followed increased interbank activities during the review month.

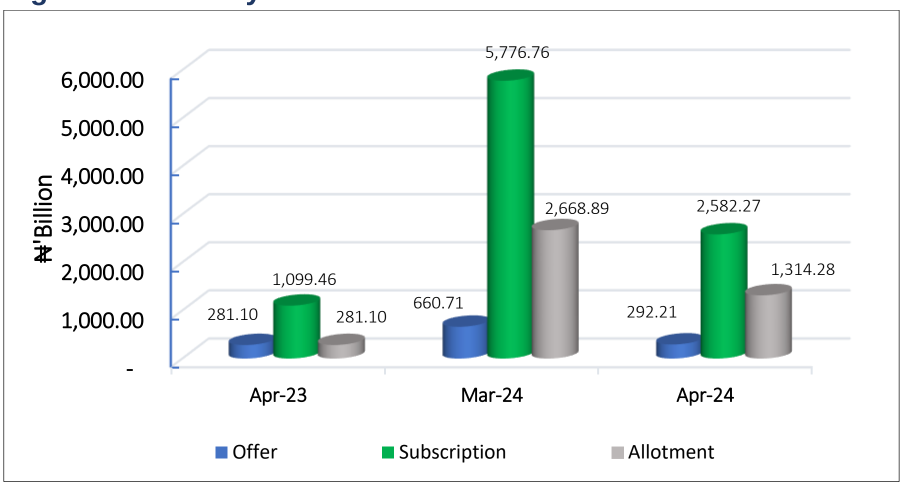
Open Market Operations

Analysis of the OMO transactions indicated that the total amount offered, subscribed, and allotted were ₦500.00 billion, ₦1,195.95 billion, and ₦676.65 billion, respectively, relative to ₦500.00 billion, ₦1,137.55 billion, and ₦856.30 billion, respectively in the preceding month. The stop rates at the auction remained unchanged, relative to the preceding month's position at 19.75 (±1.75) per cent. This reflected the tight monetary policy stance sustained by the Bank in the review period.

Government Securities

There was increased appetite for FGN Bonds in the review period, reflecting investors' positive long-term perception of the economy. The total NTBs (across 91-, 182- and 364-day maturities) offered, subscribed, and allotted in April 2024 amounted to ₦292.21 billion, ₦2,582.27 billion, and ₦1,314.28 billion, respectively, relative to ₦660.71 billion, ₦5,776.76 billion and ₦2,668.89 billion in the preceding month. This indicated reduced demand for NTBs in the review period, as reflected in the lower bid-to-cover ratio of 1.96 compared with 2.16 in March 2024. The stop rate of the April 2024 auction at 18.47 (±2.23) per cent, was slightly lower than the previous month's rate of 18.86 (±2.63) per cent and would have contributed to the moderated demand for the bills during this period.

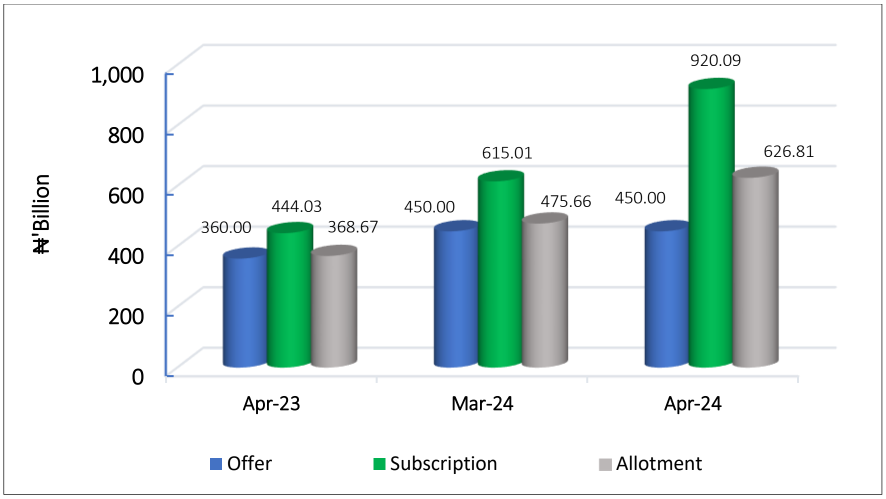
Figure 33: Primary Market NTBs



Source: *Central Bank of Nigeria*

Demand for the longer-dated government securities, however, increased as FGN bonds amounting to ₦450.00 billion, ₦920.09 billion, and ₦626.81 billion were offered, subscribed, and allotted respectively, relative to ₦450.00 billion, ₦615.01 billion, and ₦475.66 billion in the preceding month. Marginal rates declined to 19.65 (±0.35) per cent, from 20.20 (±0.25) per cent, as the bid-to-cover ratio rose to 1.49, from 1.29 in the preceding month.

Figure 34: Primary Auctions of FGN Bond

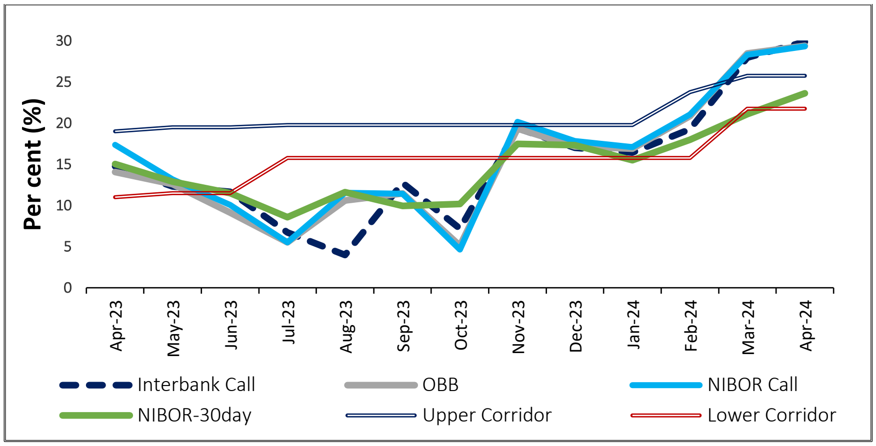


Source: *Central Bank of Nigeria*

Interest Rate Development

Key short-term interest rates rose and were outside the asymmetric corridor, highlighting the tight liquidity condition in the review period. The average interbank call rate rose by 1.93 percentage points to 29.88 per cent in the review month. The open buy back (OBB) rate also increased to 29.39 per cent, from 28.45 per cent in the preceding month. At the Nigeria Interbank Offered Rate (NIBOR) segment, the NIBOR-call rate rose by 1.00 percentage point to 29.32 per cent, while the NIBOR-30 increased by 2.54 percentage points to 23.62 per cent, relative to the level in the preceding month.

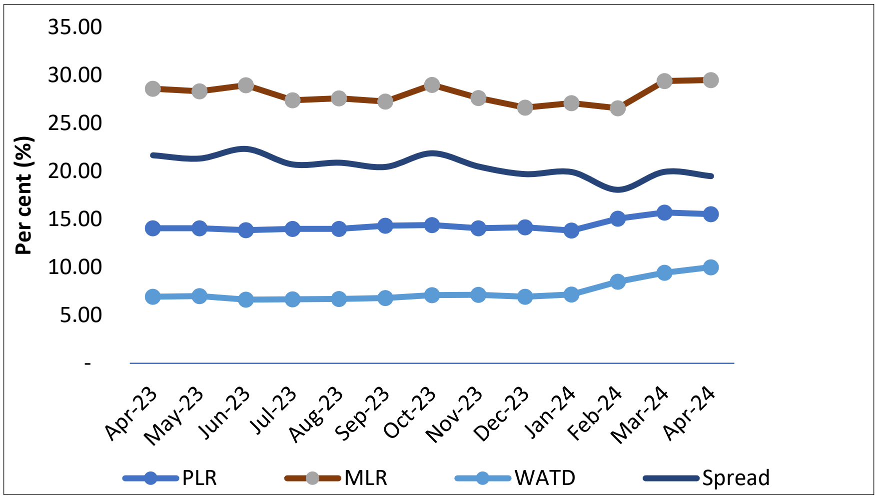
Figure 35: Developments in Short-term Interest Rates



Source: *Central Bank of Nigeria*

Lending rates showed diverse trends, with the prime lending rate declining by 0.16 percentage point to 15.54 per cent in the review month, while the maximum lending rate rose by 0.11 percentage points to 29.49 per cent. In addition, the weighted average term deposit rate increased by 0.57 percentage point to 10.01 per cent, compared with the level in the preceding month. This resulted in a narrower spread of 19.48 percentage points between the weighted average term deposit and maximum lending rates, relative to 19.93 percentage points in March 2024.

Figure 36: Trend in Average Deposit and Lending Rates



Source: *Central Bank of Nigeria.*
Note: PLR= Prime lending rate; MLR= Maximum lending rate; WATD= Weighted average term deposit rate; SPREAD= Spread between MLR and WATD

2.3.3.2 Capital Market Developments

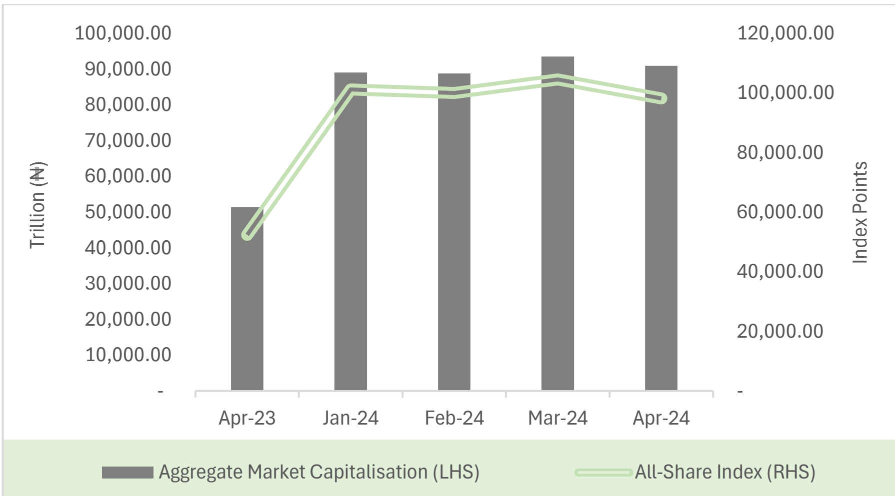
Market Capitalisation

The Nigerian capital market sustained a bearish run as investors continued to show preference for fixed-income securities due to higher yields. At end-April 2024, the aggregate market capitalisation fell by 2.85 per cent to ₦90,916.87 billion. The disaggregation of market capitalisation indicated that the equity and the exchange traded funds (ETFs) components decelerated by 6.02 and 15.80 per cent to close at ₦55,561.03 billion and ₦35.76 billion, respectively. The debt component, however, rose by 2.62 per cent to close at ₦35,320.07 billion, relative to the level at end-March 2024. The development was due to the attractiveness of higher interest rate of the fixed-income securities, highlighting the tight monetary policy stance of the CBN. The equities component maintained its prominence, accounting for 61.11 per cent of aggregate market capitalisation, while the debt and ETF components constituted 38.85 and 0.04 per cent, respectively.

NGX All-Share Index

The NGX All-Share Index (ASI) declined to 98,225.63 index points, from 104,562.06 index points recorded in the preceding period. The development reflected investors' asset switching behavior in preference for money market securities, as the CBN sustained its tight monetary policy stance.

Figure 37: Aggregate Market Capitalisation and All-Share Index



Source: *Nigerian Exchange (NGX) Limited*

Sectoral Indices

Highlighting the bearish stance in the equities market, all the sectoral indices depreciated, except for NGX-Sovereign Bond, which appreciated by 3.56 per cent, while NGX-ASeM, remained unchanged, relative to the levels in the preceding month.

Table 10: Nigerian Exchange (NGX) Limited Sectorial Indices

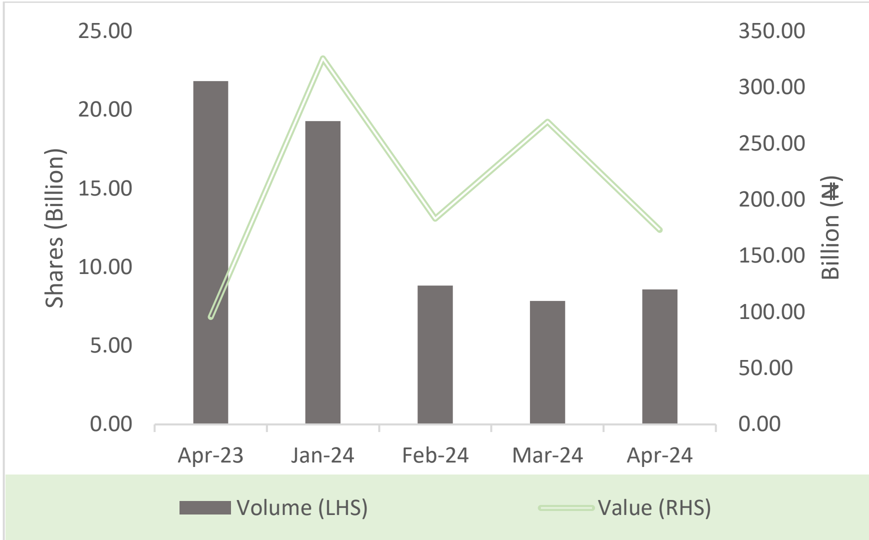
NGX Indices	Mar-24	Apr-24	Changes (%)
NGX-Sovereign Bond	730.80	756.81	3.56
NGX-AseM	1,504.55	1,504.55	0.00
NGX-Growth	5,703.31	5,677.18	-0.46
NGX-OILGAS	1,294.38	1,267.98	-2.04
NGX-Lotus II	6,338.19	6,146.21	-3.03
NGX-Industrial Goods	4,841.20	4,686.98	-3.19
NGX-Main board	4,786.10	4,615.68	-3.56
NGX-Consumer Goods	1,610.80	1,545.76	-4.04
NGX-Pension Board	1,812.28	1,726.77	-4.72
NGX-AFR Div Yield	11,006.66	10,348.25	-5.98
NGX-30	3,880.71	3,634.51	-6.34
NGX-Insurance	405.94	379.60	-6.49
NGX-Premium	10,293.26	9,606.91	-6.67
NGX-MERI Value	6,171.88	5,730.97	-7.14
NGX-Pension	3,934.33	3,467.16	-11.87
NGX-MERI Growth	4,928.31	4,235.35	-14.06
NGX-CG	2,551.71	2,043.41	-19.92
NGX-Banking	1,029.63	774.35	-24.79
NGX-AFR Bank Value	2,277.89	1,669.32	-26.72

Source: *Nigerian Exchange (NGX) Limited*

Market Transactions

The level of trading activities on the Exchange slowed, as the value of traded securities fell by 35.71 per cent to ₦173.11 billion, compared with the level in the preceding month. Similarly, the number of deals fell to 163,152, from 189,233 in the preceding period. The volume of shares transacted on the Exchange, however, increased to 8.58 billion, compared with 7.84 billion shares at end-March 2024.

Figure 38: Volume and Value of Traded Equities



Source: *Nigerian Exchange (NGX) Limited*

NGX Listings

The number of listings on the Exchange fell in the review period to four listings, comprising one new and three supplementary listings, compared with the eight listings in the preceding period.

Table 11: Listings on the Nigerian Exchange Limited in April 2024

Company/Security	Shares Units/Price	Remarks
19.94% FGN MAR 2027	Issued 151,928,000 units amounting to ₦151,928,000,000.	New listing
18.50% FGN FEB 2031	Additional 47,886,000 shares summing to 921,413,020 outstanding units as at April 12, 2024.	Supplementary listing
19.00% FGN FEB 2034	Additional 275,850,000 shares totalling to 897,232,074 outstanding units as at April 12, 2024.	Supplementary listing
Royal Exchange Plc:	Additional 3,121,328,866 ordinary shares of 50 Kobo each at ₦0.50 per share *RIGHT ISSUE*	Supplementary listing

Source: *Nigerian Exchange Limited (NGX)*

2.3.3.3 Financial Soundness Indicators

The banking system remained safe, sound, and stable, as financial soundness indicators were within their benchmarks. The banking industry capital adequacy ratio (CAR), fell by 0.24 percentage point to 10.81 per cent, but stayed above the 10.0 per cent benchmark. The development was due to a reduction in the total qualifying capital and an increase in the risk weighted capital.

The ratio of non-performing loans to total loans, at 4.79 per cent, was below the maximum prudential threshold of 5.0 per cent, an improvement vis-à-vis the 5.05 per cent at end-March 2024. The favourable development was attributed to the sustained effect of the Global Standing Instruction (GSI). The industry liquidity ratio stood at 40.60 per cent, above the minimum regulatory benchmark of 30.0 per cent. This was lower than the 42.07 per cent recorded in the preceding period, signposting tighter liquidity conditions of the banking industry.

2.4 EXTERNAL SECTOR DEVELOPMENTS

Summary

Activities in the external sector indicated a reduction in trade surplus during the review period, due to rising import bills. Net foreign exchange inflows to the economy increased, on account of lower outflow through the CBN. The external reserves at US$32.80 billion as at end-April 2024 was sufficient to cover 7.2 months of import for goods and services or 10.3 months of import for goods only. The average exchange rate at the Nigerian Foreign Exchange Market (NFEM) appreciated by 22.3 per cent to ₦1,235.80/US$, from ₦1,511.36/US$ in the preceding month.

2.4.1 Trade Performance

Trade surplus narrowed on account of higher import bills relative to the preceding period. Provisional data suggested that trade surplus fell to US$2.03 billion, from US$2.08 billion in March 2024. Total export receipts rose to US$4.92 billion, from US$4.89 billion in the preceding month, driven by higher crude oil production and prices. Merchandise import grew to US$2.89 billion, from US$2.81 billion in March, due to higher import of both oil and non-oil products.

An analysis of the total export indicated that crude oil and gas receipts constituted 89.73 per cent, with non-oil export accounting for the balance. In terms of contribution to import, non-oil import had an overriding share of 61.23 per cent, while oil constituted the balance.

Figure 39: Export, Import and Trade Balance (US$ Billion)

Source: *Central Bank of Nigeria*

Oil Export

Higher crude oil prices and domestic production boosted oil export earnings. Provisional data showed that export receipts from crude oil and gas increased by 0.68 per cent to US$4.42 billion, from US$4.39 billion in March 2024, due to higher prices and production of crude oil. Domestic crude oil production rose to 1.28 mbpd, from 1.23 mbpd in March 2024, while the price of Bonny Light rose to US$93.12 pb, from US$88.80 pb. A breakdown showed that crude oil export grew by 0.52 per cent to US$3.89 billion, compared with US$3.86 billion in the preceding month. Gas export, however, declined by 1.89 per cent to US$0.53 billion, due to lower prices driven by high inventory build-up, particularly in Europe and the US.

Non-Oil Export

Higher commodity prices boosted earnings from non-oil export. Provisional data indicated that non-oil export earnings increased marginally to US$0.51 billion, from US$0.50 billion in March 2024. Analysis showed that the key destinations of Nigeria's non-oil export were Vietnam

(13.96%), the US (13.87%) and the Netherlands (11.81%). Other notable destinations were Malaysia (7.25%), India (6.44%), and Japan (6.37%). Analysis revealed that the main commodities exported were cocoa bean (19.95%), cashew nuts (18.25%), urea (13.21%), cocoa products (5.34%), and sesame seeds (4.79%).

Receipts by the top five non-oil exporters rose to US$0.14 billion, from US$0.11 billion in March 2024. Analysis by share showed that Starlink Global and Dangote Fertilizer Ltd were the leading exporters, accounting for 30.93 and 23.33 per cent of the total, from the export of dairy products and urea, respectively. Indorama Eleme Fertilizer accounted for 17.77 per cent from urea export. Outspan Nigeria Ltd contributed 16.88 per cent from the export of dairy products, while Metal Recycling Industries Ltd with the export of aluminum and copper ingots constituted 11.09 per cent.

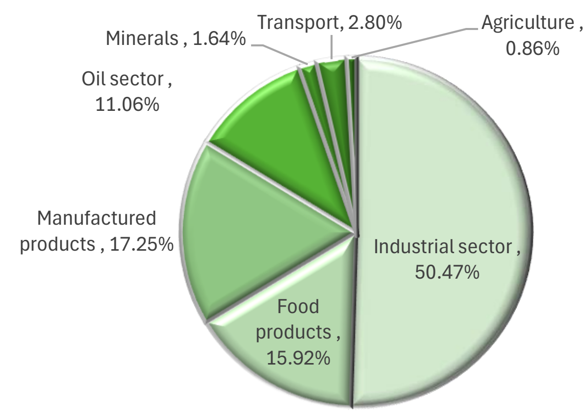
Import

Total merchandise import rose, due to increased importation of both oil and non-oil products. Provisional data showed that total import increased to US$2.89 billion, from US$2.81 billion in March 2024. A breakdown indicated that import of petroleum products rose by 0.90 per cent to US$1.12 billion, from the preceding month's level. Similarly, non-oil import increased to US$1.77 billion, from US$1.70 billion in March 2024. In terms of share, non-oil import accounted for 61.23 per cent of the total, while petroleum products constituted the balance.

Sectoral Utilisation of Foreign Exchange

Sectoral utilisation of foreign exchange for visible import indicated that the industrial sector had the largest share at 50.47 per cent. This was followed by manufactured products (17.25%), food products (15.92%), oil sector (11.06%), transport (2.80%), minerals (1.64%), and agriculture (0.86%).

Figure 40: Import by Sector (Per cent)

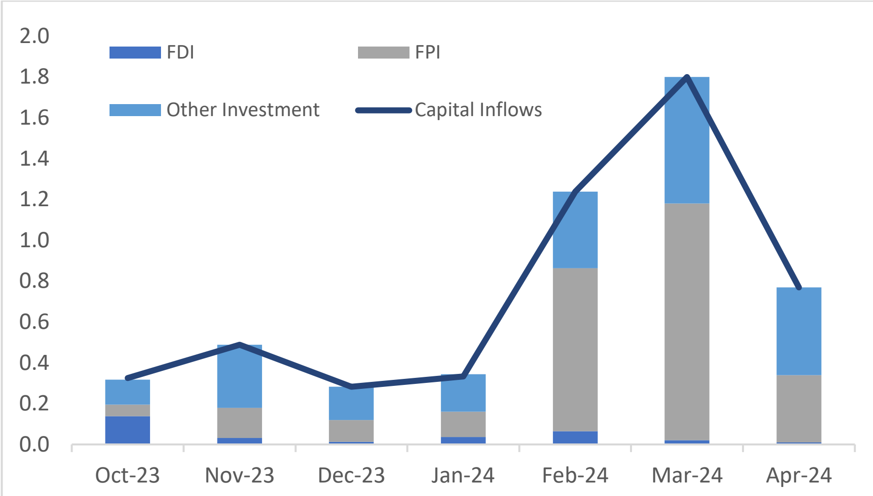


Source: Central Bank of Nigeria

Capital importation

A lower foreign capital inflow was recorded in the review period, occasioned by lower investments in money market instruments. Capital inflow into the economy fell to US$0.77 billion, compared with US$1.80 billion in March 2024. Portfolio investment inflow decreased significantly to US$0.33 billion from US$1.16 billion, due, mainly, to lower purchase of money market instruments. Similarly, inflow of other investment, particularly, loans declined to US$0.43 billion, from US$0.62 billion in the preceding period. Foreign direct investment inflow also decreased to US$0.01 billion, from US$0.02 billion in the preceding month, following a decline in equity investment.

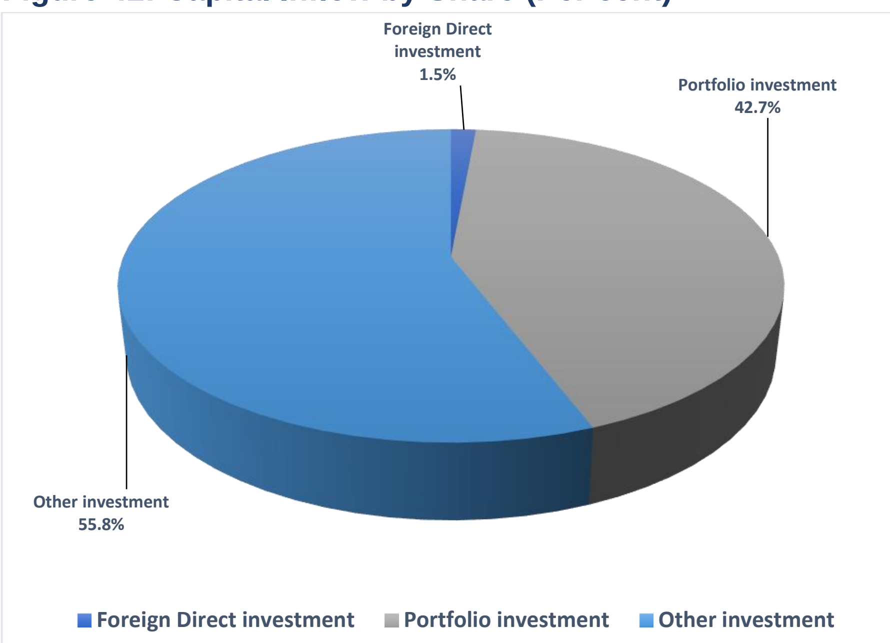
Figure 41: Capital Inflows (US$ Billion)



Source: *Central Bank of Nigeria*

In terms of share, other investment constituted 55.84 per cent, while portfolio investment and direct investment comprised 42.71 and 1.45 per cent, respectively.

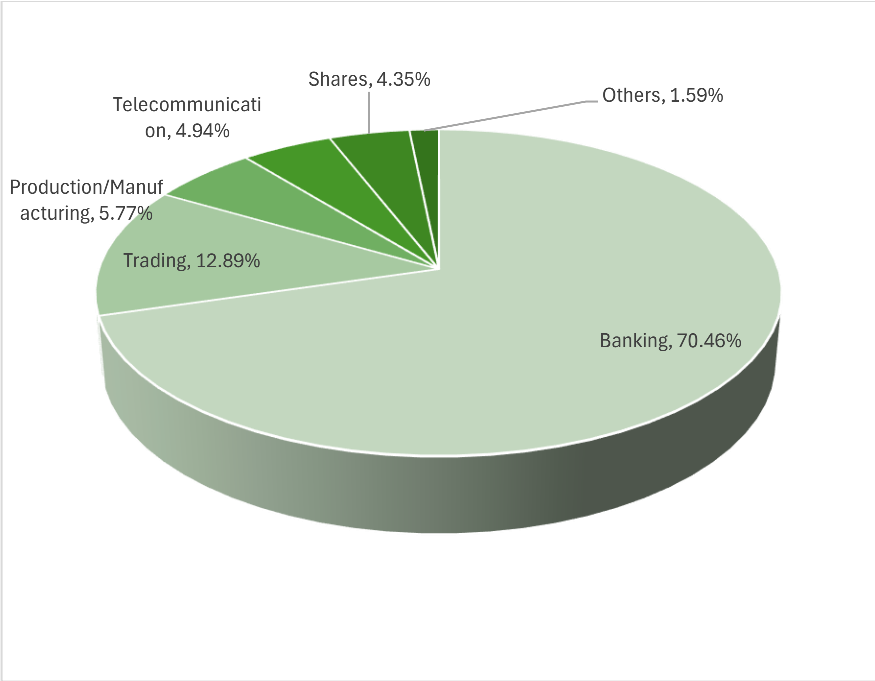
Figure 42: Capital Inflow by Share (Per cent)



Source: Central Bank of Nigeria

Analysis of capital importation by nature of business showed that investment in banking, at 70.46 per cent, was the most prominent. This was followed by trading (12.89%), production/manufacturing (5.77%), telecommunication (4.94%), and shares (4.35%). Inflow into other sectors constituted the balance.

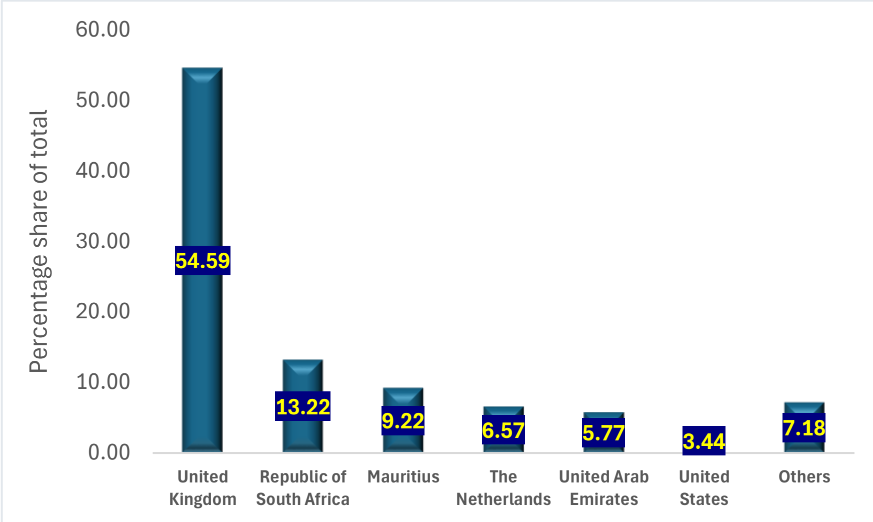
Figure 43: Capital Inflow by Nature of Business (Per cent)



Source: *Central Bank of Nigeria*

Analysis of capital inflow by country of origin revealed that the United Kingdom accounted for 54.59 per cent of the total. This was followed by South Africa (13.22%), Mauritius (9.22%), the Netherlands (6.57%), the United Arab Emirates (5.77%), and the United States (3.44%). Other countries accounted for the balance.

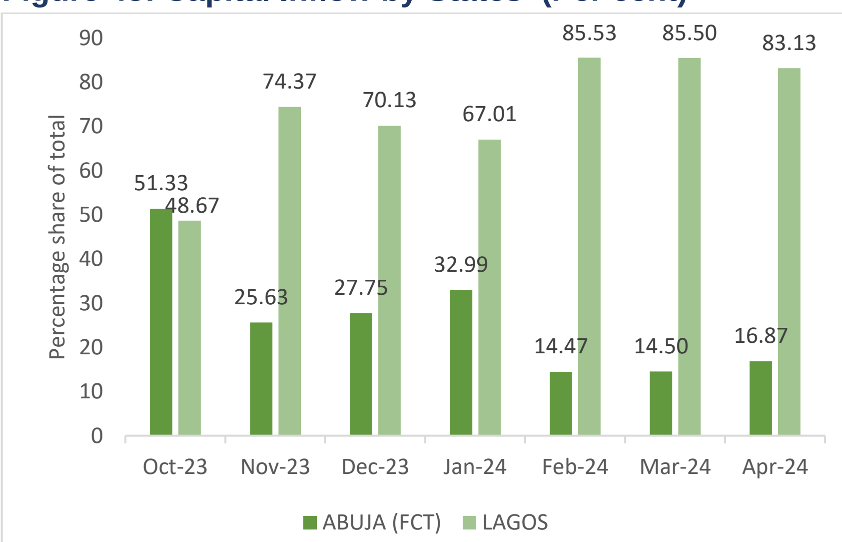
Figure 44: Capital Inflow by Originating Country (Per cent)



Source: *Central Bank of Nigeria*

A breakdown of capital importation by destination indicated that Lagos State received 83.13 per cent of the total, while the Federal Capital Territory received the balance.

Figure 45: Capital Inflow by States (Per cent)

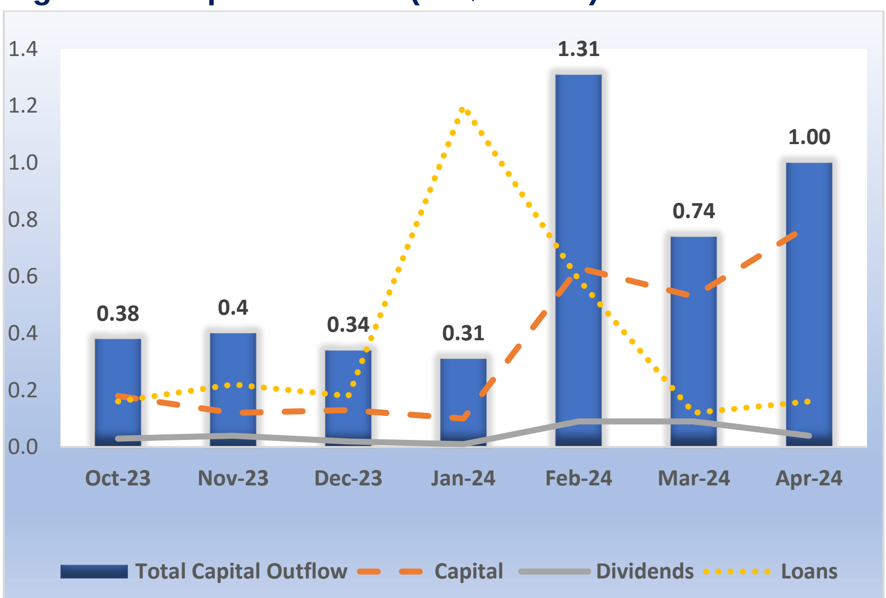


Source: *Central Bank of Nigeria*

Capital Outflow

Capital outflow increased, due to capital reversals and higher loan repayments. Capital outflow rose to US$1.00 billion, from US$0.74 billion in the preceding month. A breakdown showed that capital reversals increased to US$0.78 billion, from US$0.53 billion. Repayment of loans rose to US$0.16 billion, from US$0.12 billion. Dividend repatriation, however, decreased to US$0.04 billion, from US$0.09 billion. In terms of the share of total outflow, capital reversals constituted 78.00 per cent, followed by loans and dividends at 16.00 and 4.00 per cent, respectively. Other forms of outflow accounted for the balance.

Figure 46: Capital Outflow (US$ Billion)



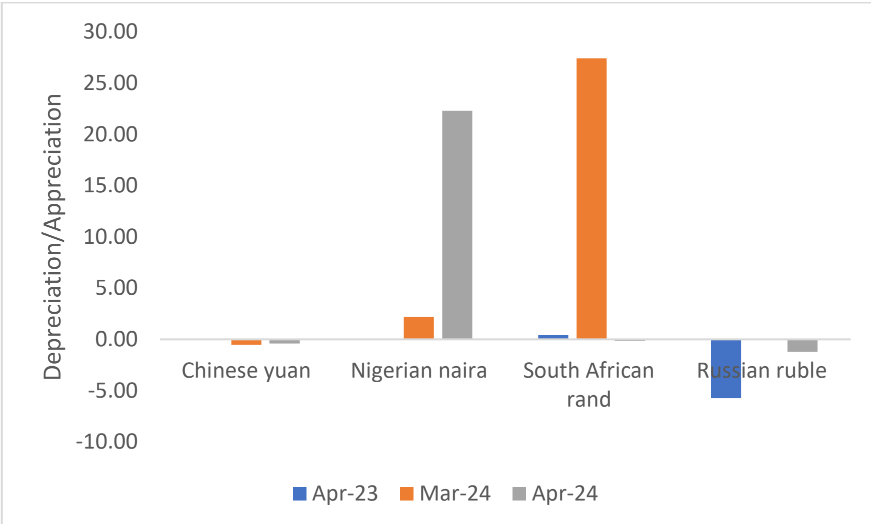
Source: *Central Bank of Nigeria*

2.4.2 Emerging Markets Currencies

Emerging markets currencies

During the review period, the Chinese yuan depreciated by 0.40 per cent against the US dollar due to the growing market expectations of further monetary easing to prop up the world's second largest economy. The South African rand depreciated by 0.15 per cent driven by the US Fed's delay to cut rate, and exacerbated by the uncertainties in the domestic economy ahead of the upcoming elections. The Russian ruble depreciated by 1.22 per cent, following the imposition of additional sanctions by the US and its allies.

Figure 47: Depreciation/Appreciation of EMEs Currencies to the US Dollar



Source: *Central Bank of Nigeria & exchangerates.org.uk*

Table 12: EMEs Currencies' Rates to the US Dollar

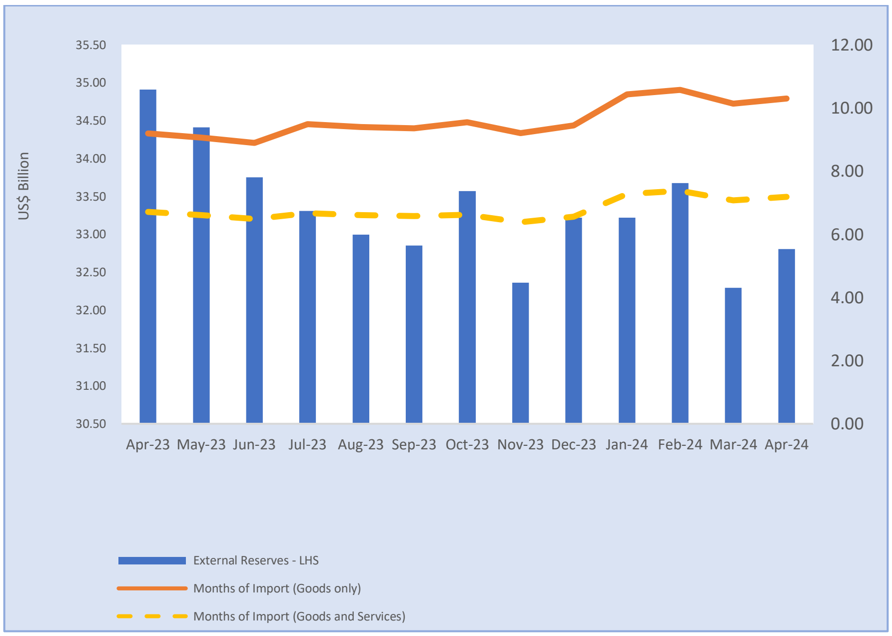
Period	Chinese yuan	Nigerian naira	South African rand	Russian ruble
Apr-23	6.89	460.96	18.20	81.00
Mar-24	7.19	1511.36	18.86	91.86
Apr-24	7.22	1235.80	18.89	93.00

Source: *Central Bank of Nigeria & Exchange Rates UK*

2.4.3 International Reserves

The external reserve remained higher than the international adequacy benchmark of three months of import cover. The external reserves rose to US$32.80 billion as at end-April 2024, from US$32.29 billion at end-March 2024. Reserve adequacy analysis indicated that the current level of external reserves could cover 7.2 months of import for goods and services or 10.3 months of import for goods only.

Figure 48: External Reserves and Months of Import Cover



Source: *Central Bank of Nigeria*

2.4.4 Foreign Exchange Flows through the Economy

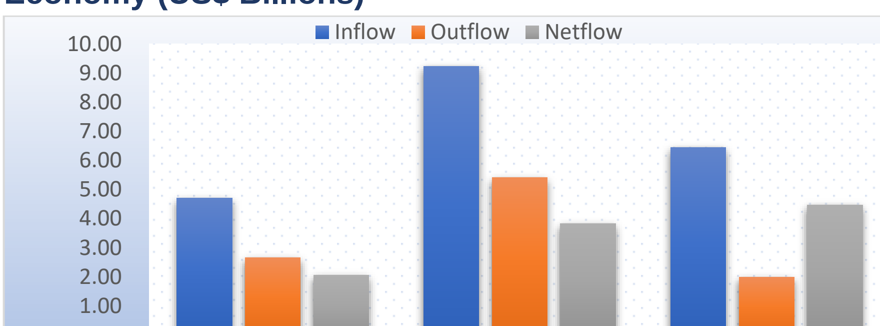
Foreign Exchange Flows through the Economy

Net foreign exchange inflow increased due, largely, to lower outflow through the CBN. Foreign exchange flows through the economy recorded a net inflow of US$4.46 billion, relative to US$3.83 billion in March 2024. Aggregate foreign exchange inflow into the economy decreased by 30.23 per cent to US$6.44 billion from US$9.23 billion in the preceding month. Similarly, the foreign exchange outflow decreased by 63.33 per cent to US$1.98 billion, from US$5.40 billion in the preceding month.

Foreign exchange inflow through the CBN declined by 38.53 per cent to US$2.09 billion from US$3.40 billion in the preceding month. Outflow through the Bank, fell by 71.94 per cent to US$1.40 billion from US$4.99 billion in the preceding month. Autonomous inflow declined by 25.39 per cent to US$4.35 billion from US$5.83 billion in the previous month. Outflows through autonomous channels, however, increased by 41.46 per cent to US$0.58 billion from US$0.41 billion in March 2024.

A net inflow of US$3.77 billion was recorded through autonomous sources, compared with US$5.42 billion in March 2024. The CBN recorded a net inflow of US$0.69 billion, compared with net outflow of US$1.59 billion in the preceding month.

Figure 49: Foreign Exchange flows through the Economy (US$ Billions)



	April 23	March 24	April 24
Inflow	4.71	9.23	6.44
Outflow	2.65	5.40	1.98
Netflow	2.05	3.83	4.46

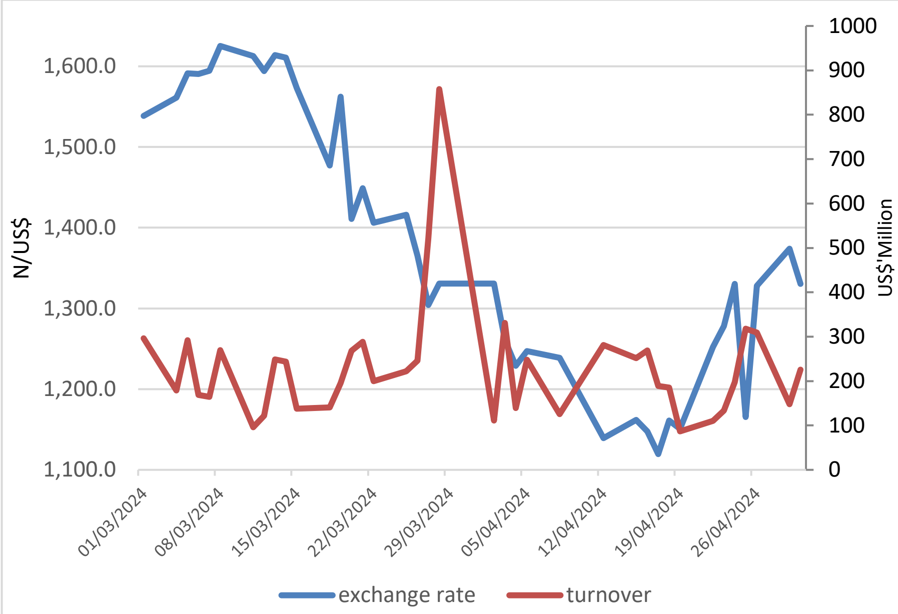
***Source**: Central Bank of Nigeria*

2.4.5 Exchange Rate Movement

Average Exchange Rate

The naira appreciated relative to the US dollar at the Nigerian Foreign Exchange Market in the review period, due to positive market sentiment that followed the monetary policy stance of the Bank. The daily appreciation of the naira, which began in March 2024, continued up to the middle of April, reaching ₦1119.49/US$. The notable appreciation of the naira could be attributed, among others, to improved foreign capital flows to EMDEs, as AEs neared the end of their monetary policy tightening regimes. In the second half of the month, however, the naira began to depreciate due to a pause in foreign capital inflows as key central banks delayed rate cuts. On a month-on-month basis, the average exchange rate of the naira per US dollar appreciated by 22.30 per cent to ₦1,235.80/US$ from ₦1,511.36/US$ in the preceding month. The appreciation in April 2024 could be attributed to positive market sentiment following the monetary policy stance of the Bank. The strengthened naira observed in the review month reflected the increased optimism, higher investor confidence and reduced speculative activities that followed the recent settlement of foreign exchange backlog, and greater policy predictability that accompanied the Bank's effective communication.

Figure 50: Daily Foreign Exchange Rate and Turnover



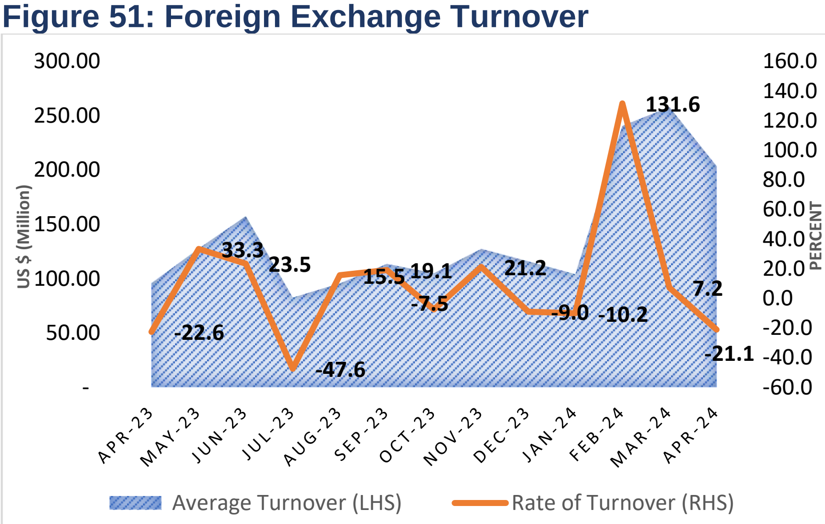
Source: *Central Bank of Nigeria and Financial Market Dealers Quotation*

2.4.6 Foreign Exchange Turnover

Foreign Exchange Turnover

The average foreign exchange turnover at the Nigerian Foreign Exchange Market fell by 21.14 per cent to US$203.33 million, compared with US$257.85 million in March 2024.

Figure 51: Foreign Exchange Turnover



Source: *Financial Markets Derivatives Quotations*

3.0 ECONOMIC OUTLOOK

3.1 Global Outlook

Global growth is projected to remain steady at 3.2 per cent in both 2024 and 2025, consistent with the growth rate in 2023.[7] The projections are attributed to the resilience of economic activities in the US and some EMDEs, alongside expected economic recovery in the Euro Area. However, downside risks persist due to elevated central bank policy rates, the tapering of fiscal support in some key economies, and slow productivity growth.

For AEs, growth is expected to rise from 1.60 per cent in 2023 to 1.70 per cent apiece in 2024 and 2025. This projection is primarily hinged on stronger-than-anticipated growth in the US and increasing household consumption in the Euro Area.

In the EMDEs, growth is expected to remain stable at 4.20 per cent in 2024 and 2025. This outlook is predicated on a moderation in emerging and developing Asia, offset by faster growth in the Middle East and Central Asia, and Sub-Saharan Africa regions. In Sub-Saharan Africa, growth is anticipated to rise to 3.80 per cent in 2024 and 4.00 per cent in 2025, as the adverse effects of earlier weather shocks subside, and supply issues gradually improve.

Global headline inflation is estimated to moderate to 5.90 and 4.50 per cent in 2024 and 2025 respectively, from an annual average of 6.80 per cent in 2023. The downward projection is attributed to tight monetary policies, softening

[7] According to the April 2024 edition of the IMF World Economic Outlook (WEO).

labour markets, and fading pass-through effects from earlier energy price declines.

3.2 Domestic Outlook

Nigeria's economic growth outlook is projected to remain stable in the near term. This expectation assumes that ongoing reforms and enhanced coordination of monetary and fiscal policies will stabilise the exchange rate and curb inflation. However, several downside risks could potentially undermine this outlook. These risks include rising public debt levels and tight interest rates, food insecurity and increased tariff for high-end electricity consumers.

Inflation pressures are anticipated to moderate in the short term due to a tight monetary policy stance and base effects. Further depreciation of the exchange rate, higher energy prices and continued insecurity could, however, exacerbate inflation pressures.