



# CENTRAL BANK OF NIGERIA ECONOMIC REPORT

**February 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, can be obtained from the CBN website [www.cbn.gov.ng](http://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 to expand in February 2024 on account of improvements in the services and manufacturing sectors. This was reflected in the global composite purchasing managers' index (PMI), which rose to 52.10 index points, from 51.80 index points in January 2024. Inflation pressures eased in advanced economies (AEs), due to lower food costs, but increased in emerging markets and developing economies (EMDEs), propelled by higher energy, transport, and food costs. Global financial markets improved, driven by technology stocks and higher corporate earnings in the US. Equity markets in EMDEs recorded huge gains, with Chinese shares experiencing a rebound and rising bond yields, on low expectations of rate cut. Crude oil spot prices edged up, propped by higher demand from Europe and Asia, and escalation of the Middle East conflict. The average spot price of the Bonny Light rose to US\$86.08 per barrel (pb), from US\$82.18 pb in the preceding month.*

*In the domestic economy, business activities slowed across all sectors, marked by the contraction of the composite PMI to 39.20 index points. Inflation pressures persisted, as headline inflation rose to 31.70 per cent year-on-year, with food inflation reaching 37.92 per cent. The trend of inflation was underscored by ongoing security challenges which has been exacerbated by the effect of the removal of PMS subsidy on transport and logistics costs. Domestic crude oil production was constrained by theft, vandalism, and maintenance activities, resulting in a decline of 7.70 per cent.*

*In the fiscal domain, higher non-oil receipts propelled an 11.16 per cent increase in federally collected revenue, nevertheless, receipts fell short of the benchmark. Government expenditure was also below its monthly target but was 4.85 per cent above the level in the preceding month, resulting in an expanded fiscal deficit of 3.10 per cent, relative to the monthly benchmark.*

*In the financial sector, the banking system remained resilient, as key financial soundness indicators were within regulatory thresholds. Broad money grew by 20.57 per cent, driven by net domestic assets (NDA), with regulatory efforts sustained to ensure financial sector stability. The demand for NTBs and FGN Bonds increased in February 2024, due mainly, to attractive rates and relatively higher system liquidity. Capital market activities were bearish as market capitalisation and All-Share Index (ASI) fell.*

*The external sector recorded a trade surplus, on account of increased exports and reduced import bills. Foreign capital inflows surged, driven by competitive yields. Nevertheless, the average exchange rate at the Nigerian Foreign Exchange Market (NFEM) depreciated by 37.28 per cent to ₦1505.30/US\$ relative to ₦944.08/US\$ in the preceding month. External reserves stood at US\$33.68 billion, sufficient to cover 4.58 months of import for goods and services or 5.81 months for goods only.*

*Nigeria's economic growth is expected to remain positive throughout 2024, largely contingent upon ongoing reforms and improved coordination between monetary and fiscal policies to stabilise the exchange rate and curb inflation. Despite this optimistic outlook, various factors pose significant risks, including persistent security challenges, policy implementation gaps, and delays in structural reforms. In the short-term, inflation pressures are anticipated to ease, due to the restrictive monetary policy stance of the CBN and ongoing fiscal reforms. However, the potential for further depreciation of the exchange rate and increased insecurity could exacerbate inflation pressures.*

## 1.0 GLOBAL ECONOMIC DEVELOPMENTS

### Summary

*The expansion in global economic activity was sustained in February 2024, due to improvements in the services and manufacturing sectors. Inflation pressures eased in advanced economies on account of lower food costs. The global financial markets recorded gains, particularly in emerging markets where Chinese shares rebounded. Bond yields showed rising trends, largely influenced by the generally restrictive monetary policy stance.*

### 1.1 Global Economic Activity

#### Global Economic Activity

*Global economic activity increased further in February 2024, due to broad-based improvement in the services and manufacturing sectors.* The global composite purchasing managers' index (PMI) increased to 52.10 index points, from 51.80 index points in January, following wide-ranging expansion in most of the sub-sectors. Services PMI rose to 52.40 index points, from 52.30 index points in the preceding month, supported by the growth in new orders. Increases in new order intakes, output and stocks of purchases strengthened the manufacturing PMI to 50.30 index points, compared with the 50.00 index points in January.



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

	Dec-23	Jan-24	Feb-24
<b>Composite</b>	<b>51.00</b>	<b>51.80</b>	<b>52.10</b>
Employment Level	50.50	50.70	50.70
New Business Orders	50.90	51.40	51.60
New Export Business Orders	48.40	49.20	49.60
Future Output	62.60	63.70	63.00
Input Prices	56.10	56.10	56.00
Output Prices	53.50	52.60	53.50
<b>Manufacturing</b>	<b>49.00</b>	<b>50.00</b>	<b>50.30</b>
<b>Services (Business Activity)</b>	<b>51.60</b>	<b>52.30</b>	<b>52.40</b>
New Business	51.80	52.00	52.00
New Export Business	49.30	50.60	50.40
Future Activity	63.40	64.10	63.30
Employment	51.10	51.20	51.10
Outstanding Business	48.40	50.60	49.10
Input Prices	57.50	57.20	57.10
Prices Charged	54.20	53.00	54.20

**Source:** J.P. Morgan

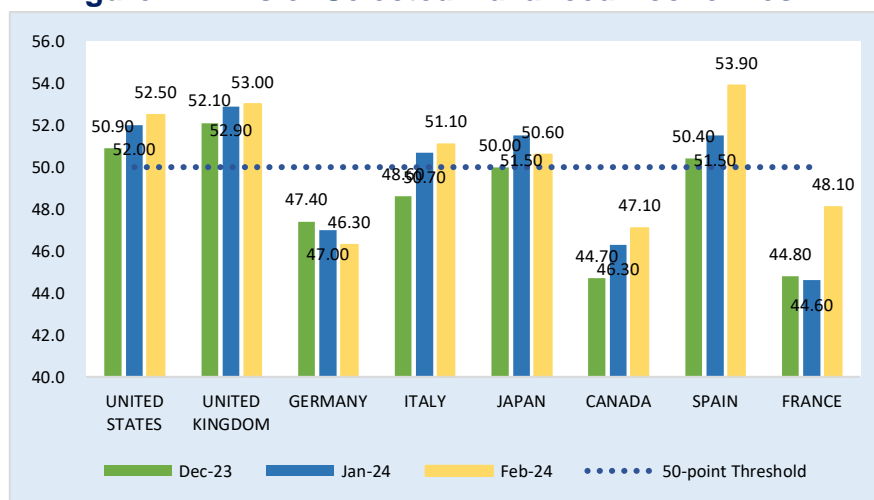
**Note:** Above 50 index points indicate expansion

### *Economic Activity in Advanced Economies*

***Economic activity in most advanced economies (AEs) improved, on account of an expansion in the services and manufacturing sectors.*** In the US, PMI increased to 52.50 index points, compared with the 52.00 index points in the preceding month, largely, driven by consolidations in the services and manufacturing sectors, as new export orders rose amid moderating cost pressures. Spain, UK, and Italy also recorded higher economic activities, as their PMIs rose to 53.90, 53.00 and 51.10 index points, respectively, compared with 51.50, 52.90 and 50.70 index points in the preceding month. The increases were mainly on account of the stronger pace of services sector activity and modest improvement in the manufacturing sector, as new orders and employment increased.

Contraction in economic activities in France and Canada, moderated, as their PMIs rose to 48.10 and 47.10 index points, from 44.60 and 46.30 index points, respectively, in the preceding month, reflecting rising business optimism. Germany’s economic activity, however, contracted further to 46.30, from 47.00 index points in January 2024, owing to declines in new orders, export sales and job creations.

**Figure 1: PMIs of Selected Advanced Economies**



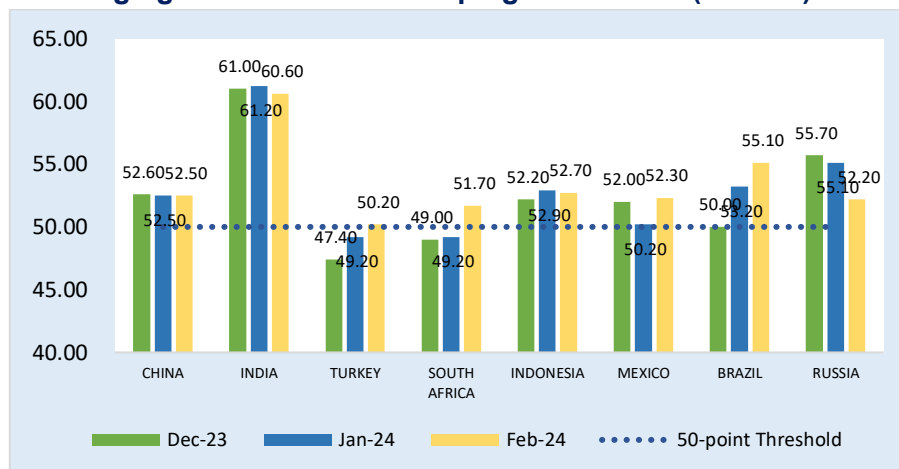
**Source:** Trading Economics/Various Country Websites  
**Note:** PMI for Canada was based on Manufacturing PMI

*Economic Activity in Emerging Markets and Developing Economies*

**Economic activity in most emerging markets and developing economies (EMDEs) accelerated, on account of gains in the services and manufacturing sectors.** The PMI rose in Brazil (to 55.10 from 53.20), Mexico (52.30 from 50.50), South Africa (51.70 from 49.20) and Turkey (50.20 from 49.20), due to sales growth and increases in new business that prompted firms to hire additional staff. India, Indonesia, and Russia experienced a slower expansion in economic activity, occasioned by raw material shortages and moderation in new orders and foreign demand. In China, PMI remained unchanged at

52.50 index points, due to tepid growth in new orders and exports, amidst declining optimism.

**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 pressures moderated in most AEs, following lower food costs, but increased in EMDEs due to higher energy, transport, and food costs.*** In the UK and Canada, inflation eased to 3.40 and 2.80 per cent, respectively, from 4.00 and 2.90 per cent in January 2024, largely, moderated by a decline in food costs. Inflation also decelerated in France (3.00%), Spain (2.80%), and Germany (2.50%), from the previous month’s figures, primarily due to decreases in prices of food and manufactured products. In Italy, inflation slowed to 0.75 per cent, as the increase in the prices of transport and recreation was offset by the moderation in prices of food and miscellaneous goods and services.

In the US and Japan, however, inflation rose to 3.20 and 2.80 per cent, respectively, from 3.10 and 2.20 per cent in the preceding month. The uptick in inflation in the US was

mainly attributed to accelerated rises in transport and food costs. Higher inflation in Japan resulted from base effects, as energy subsidies introduced by the Japanese government in January 2022 began to lose effect.

**Table 2: Inflation Rates in Selected Economies**

Country	Sep-23 (A)	Oct-23 (B)	Nov-23 (C)	Dec-23 (D)	Jan-24 (E)	Feb-24 (F)	Difference m-o-m (F-E)	Remark
United States	3.70	3.20	3.10	3.40	3.10	3.20	0.10	Accelerate
United Kingdom	6.70	4.60	3.90	4.00	4.00	3.40	-0.60	Decelerate
Japan	3.00	3.30	2.80	2.60	2.20	2.80	0.60	Accelerate
Canada	3.80	3.10	3.10	3.40	2.90	2.80	-0.10	Decelerate
Germany	4.50	3.80	3.20	3.70	2.90	2.50	-0.40	Decelerate
France	4.90	4.00	3.50	3.70	3.10	3.00	-0.10	Decelerate
Italy	5.34	1.69	0.67	0.59	0.84	0.75	-0.09	Decelerate
Spain	3.50	3.50	3.20	3.10	3.40	2.80	-0.60	Decelerate
China	0.00	-0.20	-0.50	-0.30	-0.80	0.70	1.50	Accelerate
South Africa	5.40	5.90	5.50	5.10	5.30	5.60	0.30	Accelerate
India	5.02	4.87	5.55	5.69	5.10	5.09	-0.01	Decelerate
Mexico	4.45	4.26	4.32	4.66	4.88	4.40	-0.48	Decelerate
Indonesia	2.28	2.56	2.86	2.61	2.57	2.75	0.18	Accelerate
Turkey	61.53	61.36	61.98	64.77	64.86	67.07	2.21	Accelerate
Brazil	5.19	4.82	4.68	4.62	4.51	4.50	-0.01	Decelerate
Russia	6.00	6.70	7.50	7.40	7.40	7.70	0.30	Accelerate

Source: Trading Economics

In EMDEs inflation generally maintained an upward trajectory. Consumer prices rose to 0.70 per cent in China, from a deflation of 0.80 per cent in the preceding month, spurred by higher spending during the Lunar New Year

holiday. Rising costs of food and transport further pushed inflation to 67.07 per cent in Turkey, 7.70 per cent in Russia, 5.60 per cent in South Africa, and 2.75 per cent in Indonesia. Inflation, however, eased to 4.40 per cent in Mexico, compared with the 4.88 per cent in the preceding month, due to moderations in food and energy prices. In Brazil and India, inflation declined marginally by 0.01 per cent a piece, with a slowdown in housing and utilities prices cancelling out increase in food prices, especially in Brazil.

### 1.3 Global Financial Market Development

*The performance of the global financial markets generally improved, underpinned by enhanced trading in both AEs and EMDEs.*

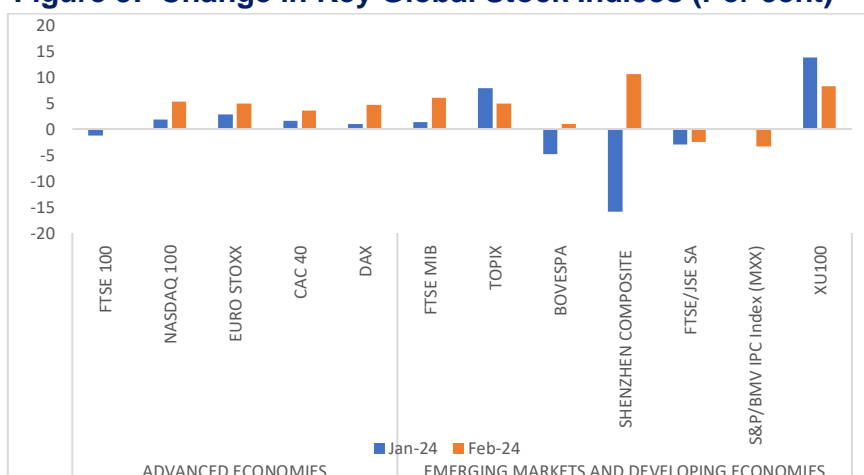
In the US, the NASDAQ 100 index rose by 5.30 per cent, buoyed by the robust performance of technology stocks and strong corporate earnings in consumer discretionary, and industrials sectors. Similarly, Japanese equity markets rallied significantly, as the TOPIX index rose by 4.90 per cent, and the Nikkei 225 index by 7.90 per cent in the review month. Large-cap stocks led the performance, sustained by substantial global investor interest toward Japanese stocks. The strong performance was driven by increased buybacks and dividends, stock market reforms aimed at enhancing corporate governance, and a positive outlook for Japanese companies, following improved economic conditions.

In the Euro Area, the EURO STOXX 50E rose by 4.90 per cent, on the backdrop of positive sentiment from foreign investors, undervaluation of European stocks and the release of favourable corporate earnings. Germany's DAX index mirrored the positive sentiment within the Eurozone, rising by 4.60 per cent, driven primarily by strong

performances in technology and energy stocks. Other European stock markets also experienced similar gains as France's CAC40 and Italy's FTSE MIB grew by 3.50 and 5.90 per cent, respectively. The UK's FTSE index remained unchanged, due to the lingering effect of a technical recession in Q42023, as inflation and political uncertainty dampened investor confidence.

Equity markets in emerging economies also recorded significant gains, as Chinese shares began to recover. China's Shenzhen SE Composite Index grew by 10.50 per cent in contrast to a sharp drop of 15.90 per cent in the preceding month. The surge was driven by investor optimism at the imminent recovery of the Chinese economy. Turkey's XU100 and Brazil's BOVESPA index rose by 13.70 and 1.00 per cent, respectively. India's BSE Sensex 30 index also increased by 1.00 per cent, albeit dampened by disappointing earnings from the information technology and banking sectors. South Africa's FTSE JSE index, however, decelerated by 3.00 per cent, due to exchange rates fluctuations and declining prices of precious metals, which exerted pressure on share prices.

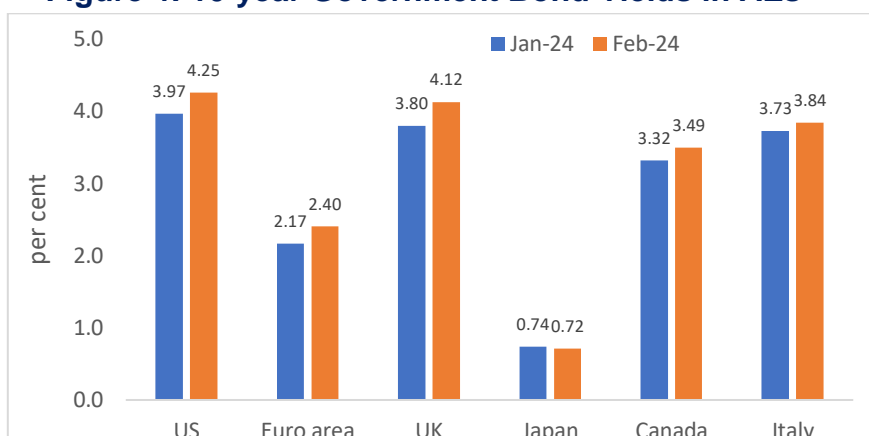
Figure 3: Change in Key Global Stock Indices (Per cent)



Source: Reuters

Yields on long-term bond assets trended upwards across both AEs and EMDEs during the period. In AEs, the 10-year bond yields were generally higher as investors' expectations for central banks to cut interest rates tapered. Consequently, 10-year bond yields increased in the US (to 4.25% from 3.97%), United Kingdom (4.12% from 3.80%) and the Euro area (2.40% from 2.17%) in January 2024. A similar trend was observed in Canada and Italy, where long-term bond yields rose to 3.49 and 3.84 per cent, respectively, from 3.32 and 3.73 per cent in the preceding month. However, Japan experienced a slight decrease in bond yields to 0.72 per cent compared with the 0.74 per cent in the preceding month.

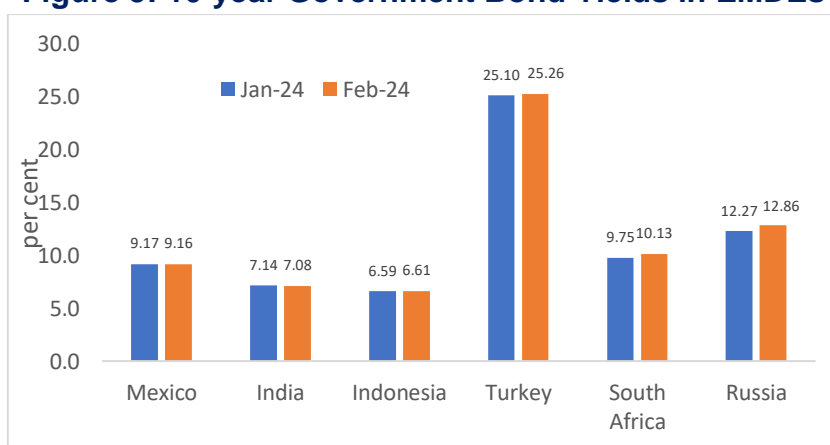
**Figure 4: 10-year Government Bond Yields in AEs**



Source: Reuters

Within the EMDEs, bond yields in Indonesia and Turkey rose to 6.61 and 25.26 per cent, respectively, in February 2024. The rising bond yields was fuelled by elevated inflation in Turkey and uncertainties surrounding elections in Indonesia. South Africa and Russia also experienced upticks in bond yields to 10.13 and 12.86 per cent, respectively, as inflationary pressure intensified. However, bond yields in India and Mexico moderated slightly by 0.60 and 0.10 percentage points, respectively, driven by strong demand for bonds, which pushed up bond prices.

**Figure 5: 10-year Government Bond Yields in EMDEs**

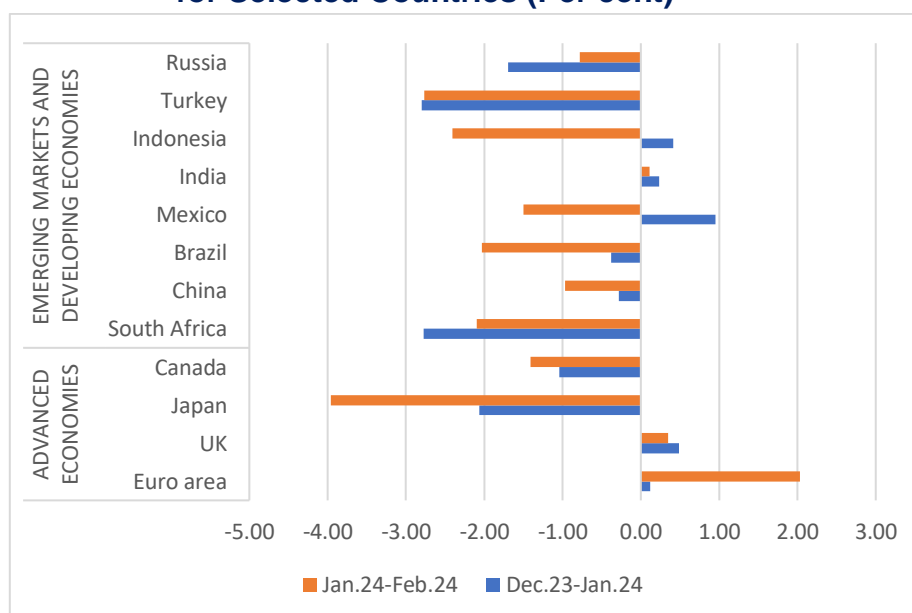


Source: Reuters



Major global currencies depreciated against the US dollar (USD) in February 2024 owing to several factors. These include the growing tensions in the Middle East, including the vital Red Sea shipping route, rising dollar demand by importers, policy decisions of central banks, and the global stock market performance. The Canadian dollar, Japanese yen, Mexican peso, Russian ruble, South African rand, Brazilian real, Indonesian rupiah, Turkish lira, and Chinese yuan all depreciated against the USD. The euro and the British pound sterling, however, appreciated by 2.00 and 0.30 per cent, respectively. The appreciation of the sterling was buoyed by rising economic activity, as indicated by the higher PMI. The Indian rupee gained 0.10 per cent, following the Reserve Bank of India’s interventions in the foreign exchange market.

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



Source: Reuters

*World Crude Oil Supply and Demand***1.4 Global Commodity Market**

***Global crude oil supply and demand rose, owing to improved economic activity in major countries.*** Total world crude oil supply increased to 101.22 million barrels per day (mbpd) in February 2024, compared with the 101.05 mbpd in the preceding month. The development was primarily driven by increased production from the United States, attributed to higher output in Texas, New Mexico and the offshore Gulf of Mexico producing wells.

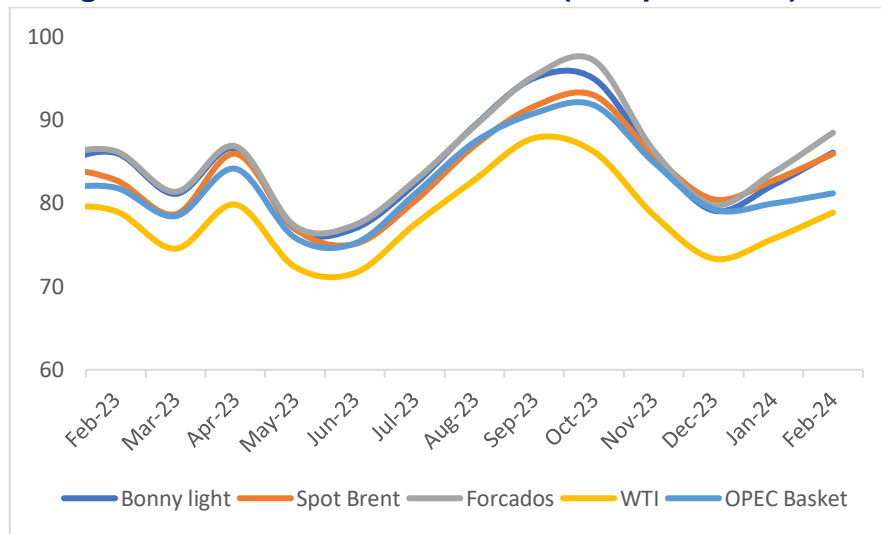
OPEC crude oil production fell marginally by 0.61 per cent to 26.09 mbpd in February 2024, compared with the level in the preceding month. The decline was due to lower output from Iraq, Saudi Arabia, United Arab Emirates, and Congo, below their agreed OPEC+ production quota.

Global demand rose by 3.10 per cent to 103.55 mbpd, compared with 100.44 mbpd in the preceding month. Crude oil demand rose in the US, Japan, Europe, Canada, China, and other Asian countries due to increased economic activities.

*Crude Oil Prices*

***Crude oil spot prices rose, aided by higher demand from Europe and Asia, and rising tension from the Middle East conflict.*** The average spot price of Nigeria's reference crude oil, the Bonny Light (34.9° API), rose by 4.75 per cent to US\$86.08 per barrel (pb), compared with US\$82.18 pb in the preceding month. The prices of UK Brent (US\$85.92pb), Forcados (US\$88.47pb), WTI (US\$78.88pb), and OPEC Reference Basket (ORB) (US\$81.19 pb) exhibited a similar trend.

**Figure 7: Global Crude Oil Prices (US\$ per barrel)**

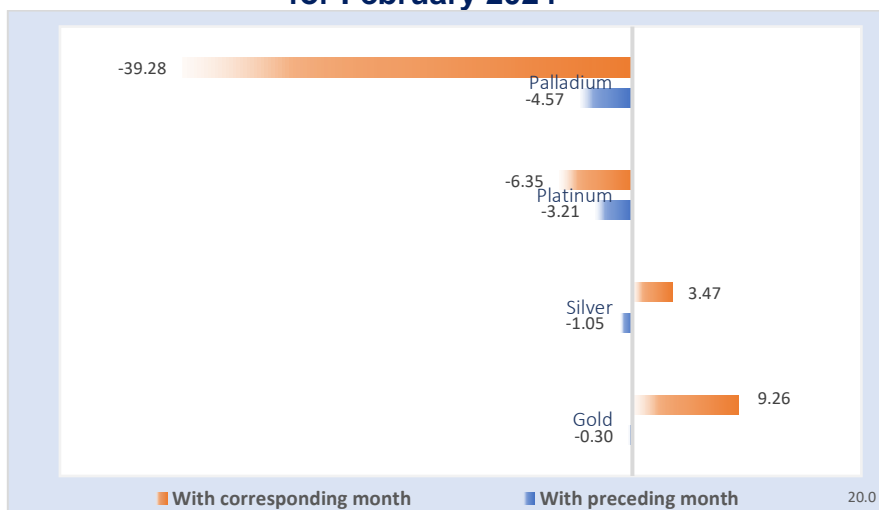


Source: Refinitiv Eikon (Thomson Reuters)

**Other Mineral Commodities**

**The average spot prices of precious metals fell, due largely, to stronger US dollar and higher US treasury yield.** The average spot price of gold fell slightly by 0.30 per cent in January 2024, to US\$2,025.28 per ounce. Similarly, the prices per ounce of silver declined by 1.05 per cent, platinum by 3.21 per cent, and palladium by 4.57 per cent to US\$22.66, US\$890.41, and US\$934.13, respectively.

**Figure 8: Price Changes in Selected Metals (Per cent) for February 2024**



Source: Refinitiv Eikon (Thomson Reuters)

*The prices of most agricultural commodities rose in February 2024, on account of lower supply from the major producing regions.* The average aggregate agriculture commodity index rose by 3.91 per cent to 135.67 (2010=100) index points, compared with the level in the preceding month. Notably, the prices of cocoa and cotton increased by 26.36 and 7.88 per cent, respectively. Adverse weather conditions in major producing regions, and the spread of cocoa pod disease drove cocoa prices to unprecedented highs, while robust demand supported the leap in cotton prices. The prices of coffee and palm oil also increased by 3.68 and 1.42 per cent, respectively, on account of production constraints in in South Asia.

There was, however, price declines for soyabean (5.05%), wheat (1.91%), and groundnut (1.51%) during the review period, attributed to improved weather conditions, higher-than-expected output, and higher supply from the US.

**Agricultural Commodities**

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

COMMODITY	Feb.	Jan.	Feb.	% Change	
	2023	2024	2024	(1) & (3)	(2) & (3)
	1	2	3	4	5
<b>All Commodities</b>	<b>125.44</b>	<b>130.56</b>	<b>135.67</b>	<b>8.16</b>	<b>3.91</b>
Cocoa	75.25	124.82	157.72	109.60	26.36
Cotton	128.40	118.97	128.34	-0.04	7.88
Coffee	148.30	211.00	218.77	47.52	3.68
Wheat	196.21	141.11	138.43	-29.45	-1.91
Rubber	46.13	50.38	51.36	11.33	1.96
Groundnut	145.52	170.97	168.39	15.71	-1.51
Palm Oil	114.33	101.69	103.14	-9.79	1.42
Soya Beans	149.38	125.58	119.24	-20.18	-5.05

**Source:** Staff estimates

## 2.0 DOMESTIC ECONOMIC DEVELOPMENTS

### 2.1 REAL SECTOR DEVELOPMENTS

Summary

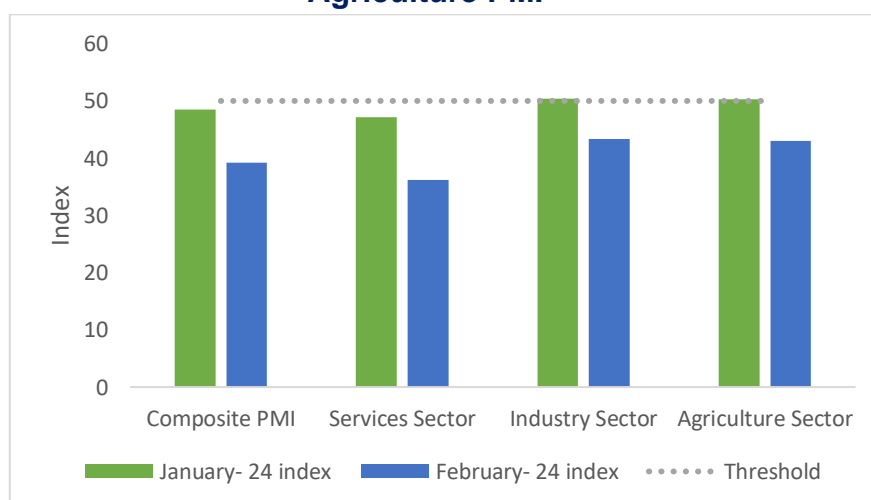
*Business activities slowed in February 2024, as the composite purchasing managers' index (PMI) contracted, reflecting slowing activity across the industry, services, and agriculture sectors. Inflation pressures continued to persist as food prices rose. Domestic crude oil production declined due to incidents of oil theft and pipeline vandalism.*

#### 2.1.1 Business Activities

Purchasing  
Managers'  
Index

*Business activity remained fragile following persisting price pressures and weaker consumer spending.* The composite PMI contracted further to 39.20 index points, from 48.50 index points in the previous month. The contraction was observed across the industry, services, and agricultural sectors, impacting the overall economy.

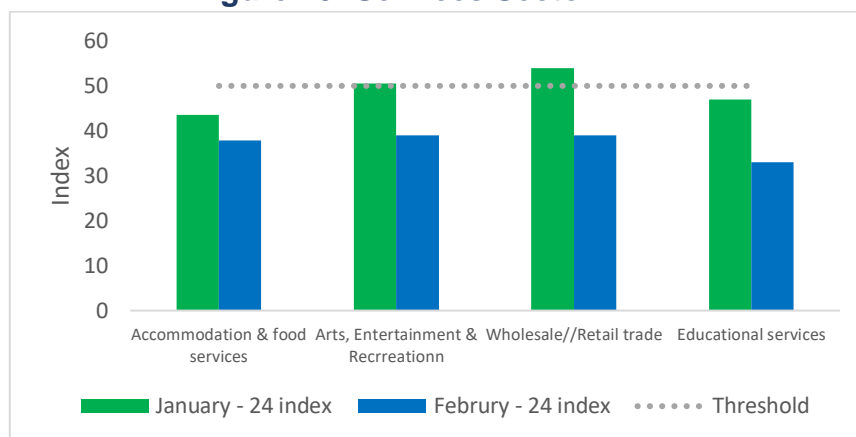
**Figure 9: Composite, Industry, Services and Agriculture PMI**



Source: Central Bank of Nigeria (CBN)

The service sector declined further to 36.20 index points, from 47.10 index points in the preceding month, on account of lower activity in accommodation & food services; arts, entertainment & recreation; educational services; and wholesale/retail trade subsectors.

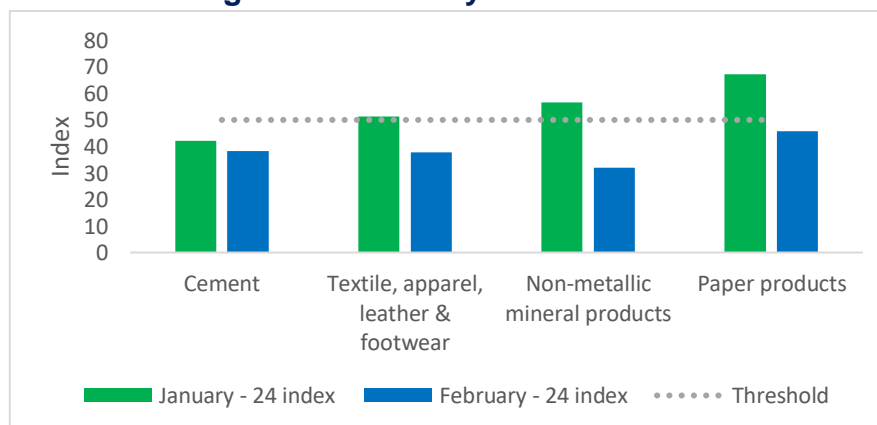
**Figure 10: Services Sector PMI**



**Source:** Central Bank of Nigeria

The industry sector PMI contracted to 43.30 index points, as against the 50.40 index points in January 2024, owing to elevated input cost and low business confidence. This was reflected in declined activity in paper products, non-metallic mineral products, cement, textile, apparel, leather & footwear subsectors, among others.

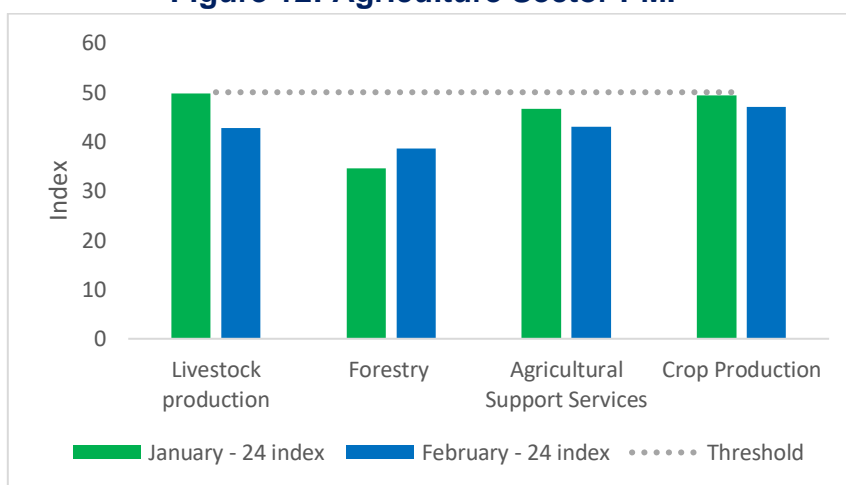
**Figure 11: Industry Sector PMI**



**Source:** Central Bank of Nigeria

Agriculture sector PMI plunged to 43.00 index points, from 50.30 index points in the previous month, indicating a significant contraction in agricultural activity for the first time in three months. This was attributed to decreased production in crop, livestock, fishery and forestry subsectors, following continuous rise in prices of farm input such as fertiliser and seedlings.

**Figure 12: Agriculture Sector PMI**



**Source:** Central Bank of Nigeria

The business confidence index (BCI) reached a historic low of negative 60.10 index points in February 2024, compared with negative 14.30 points in the preceding month. The decline was attributed to unfavourable economic climate, insecurity, and high interest rates. These adverse conditions contributed to firms adopting a pessimistic outlook for services, agriculture, and industry sectors.

**Business Confidence Index**

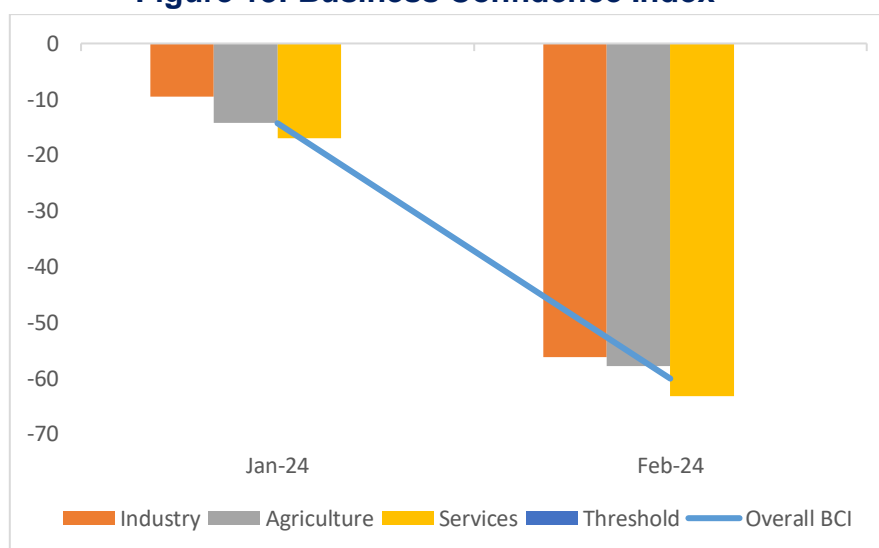


**Table 4: Composite, Industry, Services and Agriculture Purchasing Managers' Index**

Components	January - 24	February - 24
<b>Composite PMI</b>	<b>48.50</b>	<b>39.20</b>
<b>Industry Sector PMI</b>	<b>50.40</b>	<b>43.30</b>
Production Level	53.10	41.90
New Orders	48.70	38.80
Supplier Delivery Time	50.00	44.80
Employment Level	50.10	50.80
Raw Material Inventory	49.50	43.50
<b>Services Sector PMI</b>	<b>47.10</b>	<b>36.20</b>
Business Activity	47.90	32.40
New Orders	46.00	31.80
Employment Level	47.10	41.40
Inventory	47.20	39.20
<b>Agricultural Sector PMI</b>	<b>50.30</b>	<b>43.00</b>
Farm Yield/Output	50.10	42.40
New Orders	52.40	39.20
Employment Level	47.00	42.80
Inventories	51.20	45.50
General Farming Activities	50.60	45.20

Source: Central Bank of Nigeria

**Figure 13: Business Confidence Index**



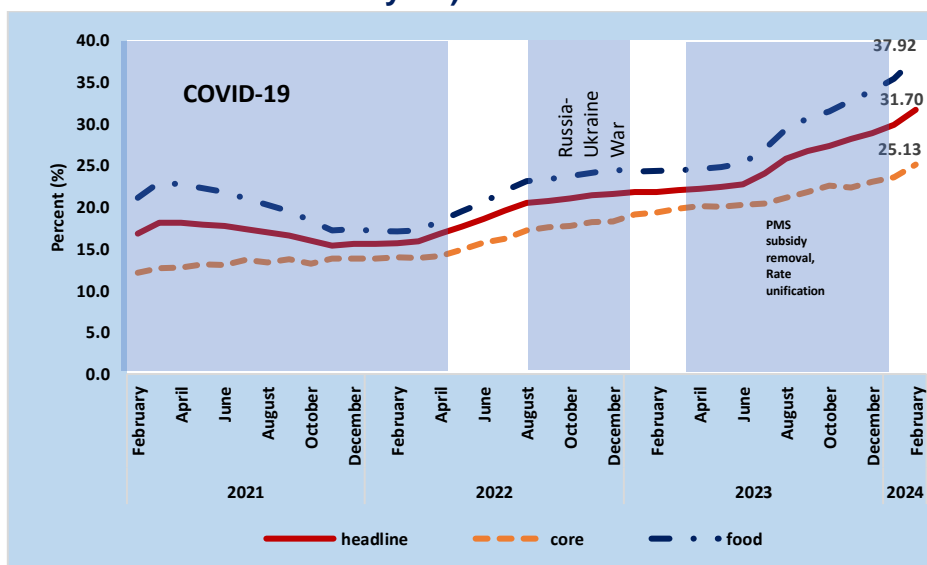
Source: Central Bank of Nigeria

Headline Inflation

### 2.1.2 Inflation

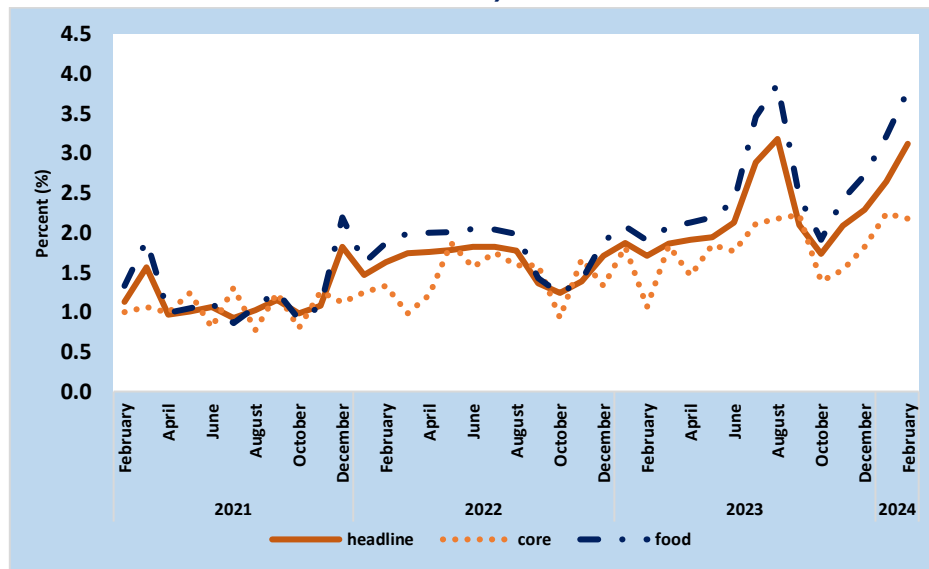
*Inflation pressures intensified in February 2024 due, mainly, to rising food prices.* The upward trend was influenced by the lingering effect of the deregulation of the downstream sector and exchange rate reforms. Additionally, security challenges, and infrastructural deficits continued to undermine price stability. Headline inflation (year-on-year) rose to 31.70 per cent in February 2024, from 29.90 per cent in the preceding month. On a month-on-month basis, it inched up to 3.12 per cent, from 2.64 per cent in the preceding month.

**Figure 14: Headline, Food and Core Inflation (year-on-year)**



Source: National Bureau of Statistics

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

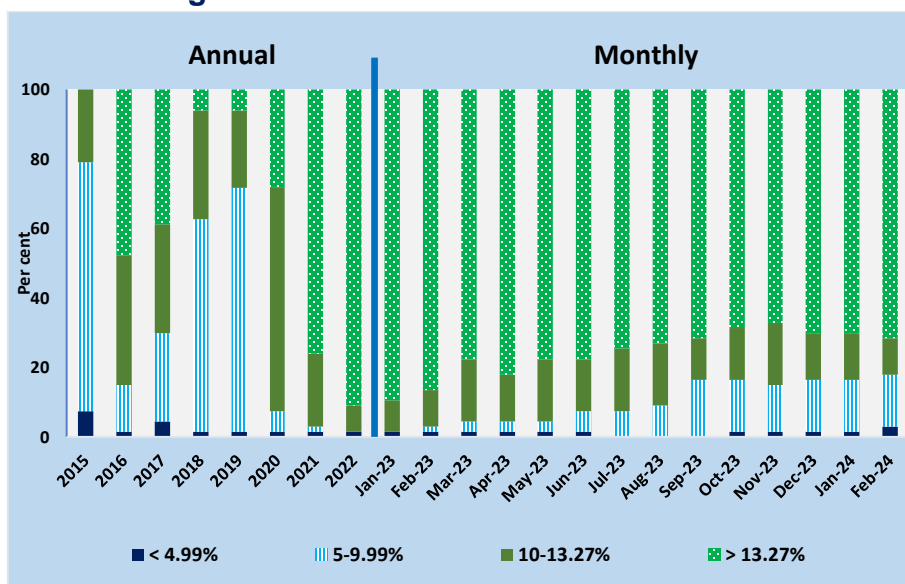


Source: Staff compilation based on National Bureau of Statistics data

**Inflation Pervasiveness**

Analysis of inflation dynamics revealed that most components of the consumer price index (CPI) basket were more pervasive in February 2024, compared with the preceding month. Specifically, 71.64 per cent of items within the CPI basket exceeded the historical average of 13.27 per cent (1996-2023), compared with the preceding month's 70.15 per cent of items that exceeded the historic average.

Figure 16: Inflation Pervasiveness<sup>1</sup>



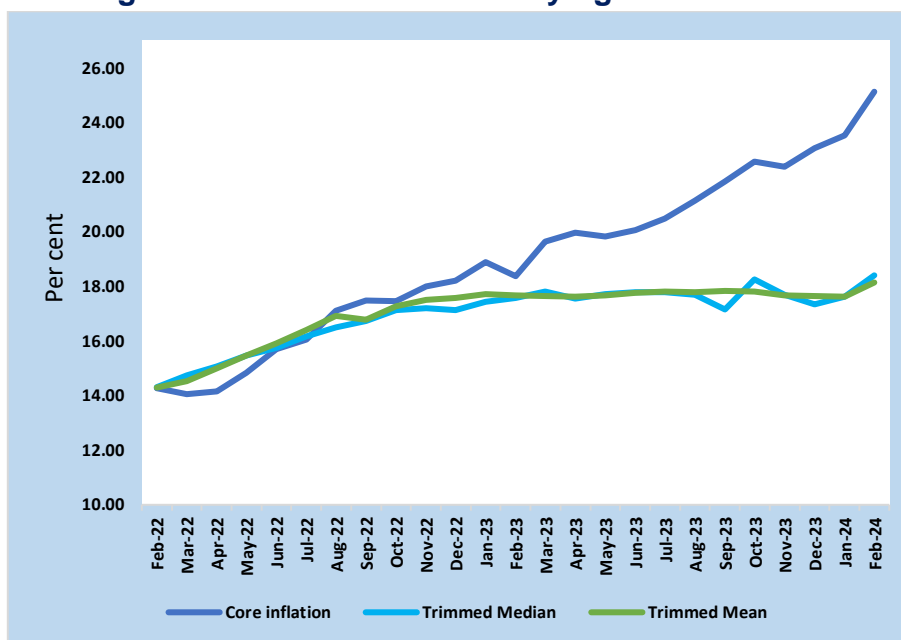
Source: Staff compilation based on National Bureau of Statistics data

Measures of underlying Inflation

Core inflation (which excludes farm produce and energy) rose to 25.13 per cent, from 23.59 per cent in January 2024, driven by elevated input costs, exchange rate pass through, and other structural factors. However, on a month-on-month basis, core inflation moderated to 2.17 per cent, compared with 2.24 per cent in the preceding month, as the Bank maintained a restrictive monetary policy stance.

<sup>1</sup> 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 therefore 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.

Figure 17: Measures of Underlying Inflation<sup>2</sup>



Source: Staff compilation based on National Bureau of Statistics data

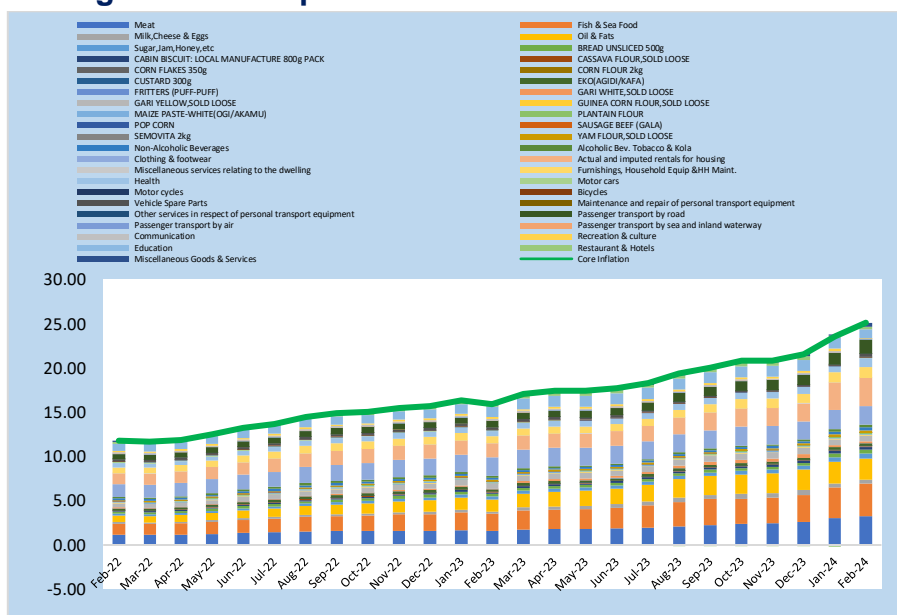
Although all measures of underlying inflation remained elevated, the trimmed mean and trimmed median were comparatively slower than the core inflation. This suggests that fewer components within the inflation basket contributed to the underlying inflationary pressure, in contrast to the broader core measure.

<sup>2</sup> **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.

Figure 18: Component Drivers of Core Inflation



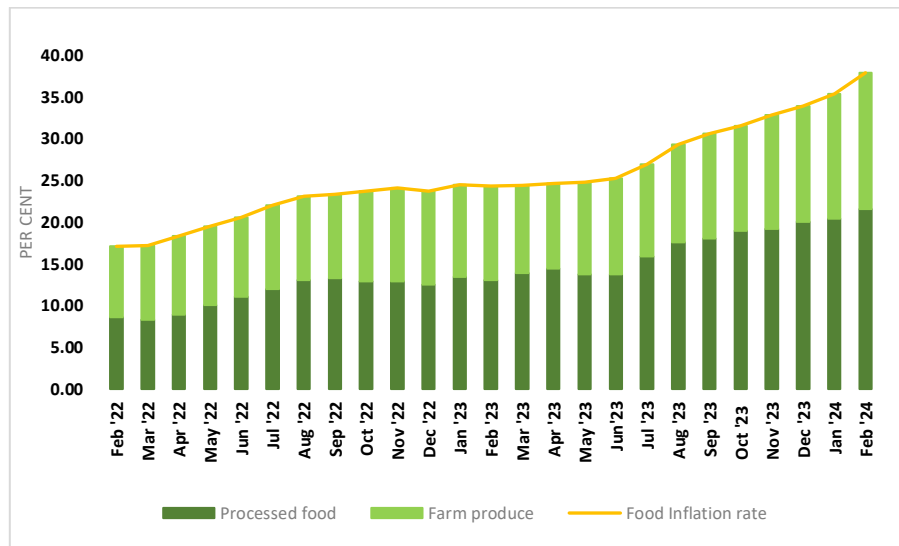
Source: Staff compilation based on National Bureau of Statistics data

Component analysis of the CPI basket showed that fish & seafood (3.70 percentage point (pp)), actual & imputed rentals for housing (3.22 pp), meat (3.25 pp), oil & fats (2.38 pp), and clothing & footwear (2.09 pp) contributed to the uptick in core inflation in February 2024.

**Food Inflation**

Year-on-year food inflation remained elevated, rising to 37.92 per cent, from 35.41 per cent in the preceding month. The increase was attributed to the continued effects of PMS subsidy removal, which resulted in higher transport and logistics costs, compounded by the prevalent security challenges. On a month-on-month basis, food inflation rose to 3.79 per cent, from 3.21 per cent in the preceding month. The rise in food inflation was predominantly influenced by the increase in the price of processed food, as high energy costs further exacerbated production costs.

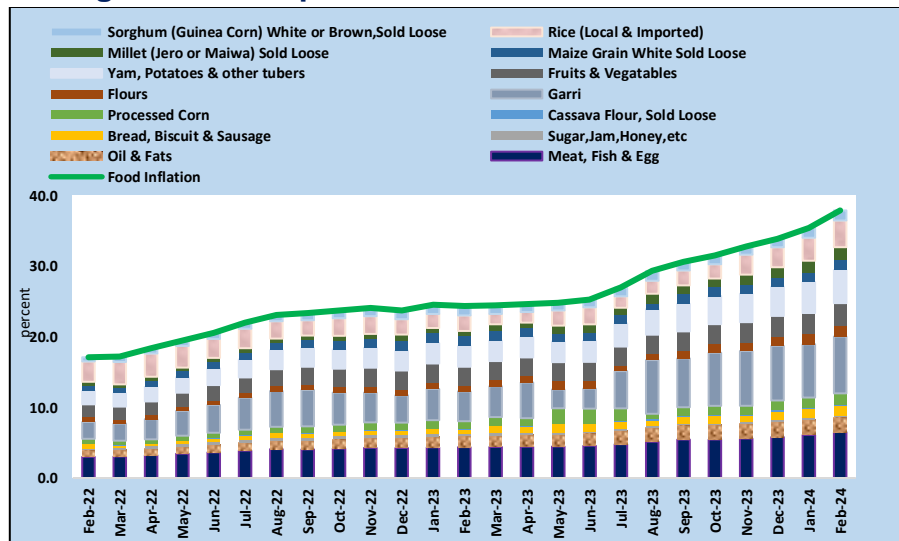
**Figure 19: Contribution of Processed Food and Farm Produce to Food Inflation**



Source: Staff compilation based on National Bureau of Statistics data

The key contributors to food inflation in February 2024 were: Garri (8.05 pp); Meat, Fish & Egg (6.52 pp); Yam, Potatoes & Other Tubers (4.70 pp); Rice (3.79 pp); Fruits & Vegetables (3.18 pp), and Oil & Fats (2.11 pp).

**Figure 20: Component Drivers of Food Inflation**



Source: Staff compilation based on National Bureau of Statistics data

### 2.1.3 Socio-Economic Developments

#### Health

To enhance and improve access to quality healthcare, the Federal Government approved the establishment of oncology and nuclear medicine centres in six university teaching hospitals across the six geo-political zones in the country. Similarly, expansion projects in the fields of radiology, clinical pathology, medical & radiation oncology, and cardiac catheterisation were approved in ten hospitals across all the geo-political zones.

#### Transportation

To enhance connectivity and improve efficiency in the transport industry, especially in the coastal regions, the Federal Executive Council (FEC) endorsed the construction of the Lagos-Port Harcourt-Calabar Coastal Superhighway. The project, stretching about 650 to 700 kilometres (km), would be tolled and would have rail lines incorporated within the median strips of the main roads.

Under the Nigerian Infrastructure Tax Credit Scheme, BUA Group started the construction of four major roads in the country, viz: Kosubosu-Kaiama-Bode Saadu (130km); Bacita-Shonga-Lafiagi (83km); Eiyenkorin-Afon-Offa-Odo Otin (49km); and Okuta-Bukuro Road, which connects to the Benin Republic (32km). The four roads are all located in Kwara State.

#### Security

The Federal Government installed biometric e-gates at major international airports to reduce human contact, ensure seamless entry into the country, and enhance airport security. The project aims at delivering 40 e-verification gates across multiple airports, by the end of the first quarter.



**Social  
Program**

Following the removal of the subsidy on PMS, the Federal Government adopted several measures under the National Social Investment Programme (NSIP), to alleviate its impact on the most vulnerable segments of the population. Among the measures taken were the inclusion of graduates (NCE upwards) in the social security net, and resumption of the conditional cash transfer of ₦25,000 to 12 million households comprising 60 million Nigerians.

**2.1.4 Domestic Crude Oil Market Developments****Crude Oil Production  
and Export**

***Domestic crude oil production declined, due to incidents of oil theft, pipeline vandalism and downtimes that accompanied maintenance activities by some oil companies.*** Crude oil production (excluding condensates) declined by 7.70 per cent to 1.32 mbpd in February 2024, compared with 1.43 mbpd in the preceding month. The production level fell below the OPEC quota of 1.58 mbpd by 260,000 bpd.

### Box Information 1

Agricultural commodity prices trended upward in February 2024, owing to limited supply of staples like maize and rice, lingering security concerns, and elevated transport costs for inputs like fertiliser. The increase in the prices of all monitored commodities ranged from a substantial 54.03 per cent for onion bulbs, to a modest 0.89 per cent for medium-grained rice.

**Prices of Selected Domestic Agricultural Commodities in February 2024**

		Feb. 2023/a	Jan. 2024/a	Feb. 2024/b	% Change	% Change
	UNIT	1	2	3	(1) & (3)	(2) & (3)
<i>Agric eggs medium size</i>	1kg	868.73	1309.75	1432.48	64.89	9.37
<i>Beans: brown, sold loose</i>	"	594.15	976.58	991.52	66.88	1.53
<i>Beans: white black eye, sold loose</i>	"	576.93	921.38	936.81	62.38	1.67
<i>Gari white, sold loose</i>	"	345.88	600.69	630.69	82.34	5.00
<i>Gari yellow, sold loose</i>	"	380.88	624.21	658.46	72.88	5.49
<i>Groundnut oil: 1 bottle, specify bottle</i>	"	1270.91	1880.97	2039.72	60.49	8.44
<i>Irish potato</i>	"	551.55	1051.77	1257.32	127.96	19.54
<i>Maize grain white, sold loose</i>	"	338.14	633.91	653.20	93.18	3.04
<i>Maize grain yellow, sold loose</i>	"	342.95	641.35	672.60	96.12	4.87
<i>Onion bulb</i>	"	450.07	881.20	1357.28	201.57	54.03
<i>Palm oil: 1 bottle, specify bottle</i>	"	1066.14	1456.72	1562.44	46.55	7.26
<i>Rice agric, sold loose</i>	"	602.09	1086.80	1198.20	99.01	10.25
<i>Rice local, sold loose</i>	"	520.84	1021.79	1098.10	110.83	7.47
<i>Rice, medium grained</i>	"	584.55	1132.87	1143.00	95.53	0.89
<i>Rice, imported high quality, sold loose</i>	"	745.96	1322.01	1353.26	81.41	2.36
<i>Sweet potato</i>	"	279.02	615.47	683.36	144.91	11.03
<i>Tomato</i>	"	468.09	845.26	1060.65	126.59	25.48
<i>Vegetable oil: 1 bottle, specify bottle</i>	"	1196.68	1782.77	1953.45	63.24	9.57
<i>Wheat flour: prepackaged (Golden Penny)</i>	2kg	1247.42	2042.98	2314.74	85.56	13.30
<i>Yam tuber</i>	1kg	436.41	901.94	990.57	126.98	9.83

Sources: (a) National Bureau of Statistics (b) Staff Estimates

## 2.2 FISCAL SECTOR DEVELOPMENTS

### Summary

*Federally collected revenue grew by 11.16 per cent, relative to the level in the preceding period, on account of higher non-oil receipts. FGN retained revenue was below the level in January 2024 and the monthly benchmark by 3.14 and 71.58 per cent, respectively. In the same vein, provisional aggregate expenditure of the FGN fell short of its monthly target by 47.76 per cent, but was 4.85 per cent above the level in the preceding month. Consequently, the fiscal deficit of the FGN expanded by 10.19 and 3.10 per cent, relative to the January 2024 level and the monthly benchmark, respectively.*

### 2.2.1 Federation Account Operations

#### Drivers of Federation Revenue

*Federally collected revenue improved, on account of higher collections from non-oil sources.* At ₦1,650.47 billion, federation revenue was 11.16 per cent above the level in January 2024, but below the budget target by 44.98 per cent. The improved performance, relative to the preceding month, reflected a significant increase in collections from company income tax (CIT).

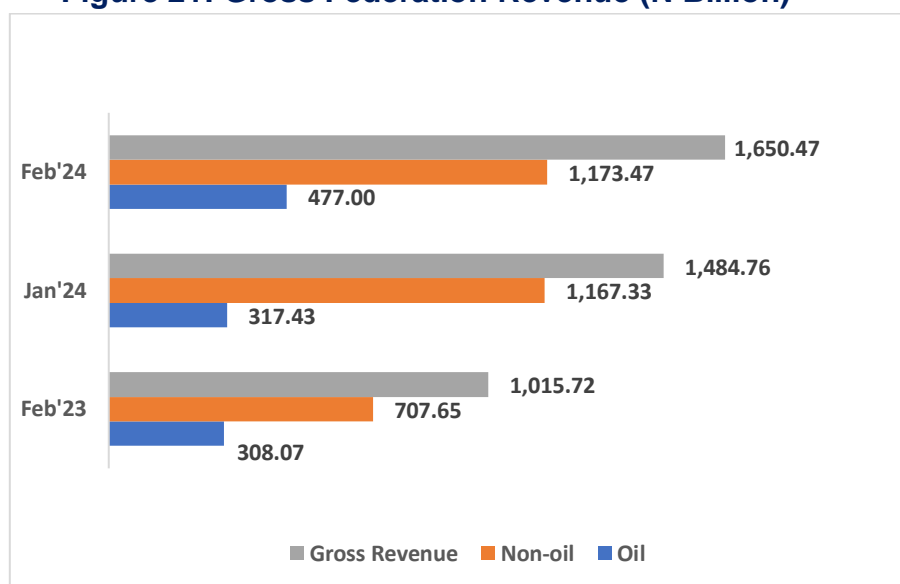
In terms of share, non-oil revenue, with 71.10 per cent of total, continued to dominate federation revenue (reflecting the gradual diversification of revenue sources), while oil revenue constituted the balance.

Oil receipts in February, at ₦477.0 billion, grew by 50.27 per cent above the level in the preceding month. The improved performance was attributed to higher collections from petroleum profit tax (PPT) & royalties, and crude oil &

Gas exports. However, it fell short of the monthly target by 73.01 per cent.

At ₦1,173.47 billion, non-oil revenue increased by 0.53 per cent, relative to the level in the preceding month, but fell short of the monthly target by 4.81 per cent. The increase was due, largely, to the significant boost in collections from CIT, indicating the positive impact of subsisting tax reforms and improved remittances by the agencies of government.

**Figure 21: Gross Federation Revenue (₦ Billion)**



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

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

	Feb-23	Jan-24	Feb-24	*Budget
<b>Federation Revenue (Gross)</b>	<b>1,015.72</b>	<b>1,484.76</b>	<b>1,650.47</b>	<b>3,000.01</b>
<b>Oil</b>	<b>308.07</b>	<b>317.43</b>	<b>477.00</b>	<b>1,767.19</b>
Crude Oil & Gas Exports	-	64.56	112.48	122.03
PPT & Royalties	303.19	162.18	344.42	1,420.60
Domestic Crude Oil/Gas Sales	-	-	-	8.75
Others	4.88	90.69	20.10	215.81
<b>Non-oil</b>	<b>707.65</b>	<b>1,167.33</b>	<b>1,173.47</b>	<b>1,232.82</b>
Companies Income Tax	206.20	352.25	469.12	271.40
Customs & Excise Duties	139.43	205.70	207.19	239.07
Value-Added Tax (VAT)	250.01	492.51	420.73	329.51
Independent Revenue of Fed. Govt.	95.27	95.34	56.92	224.40
Others**	16.73	21.53	19.52	168.44
<b>Total Deductions/Transfers</b>	<b>393.80</b>	<b>662.95</b>	<b>795.60</b>	<b>705.18</b>
<b>Federally-Collected Revenue</b>	<b>621.92</b>	<b>821.81</b>	<b>854.87</b>	<b>2,294.83</b>
Less Deductions & Transfers***				
plus:				
<b>Additional Revenue</b>	<b>128.25</b>	<b>305.60</b>	<b>294.95</b>	<b>14.52</b>
Balance in Special Account from 2019	-	-	-	-
Excess Crude Revenue	-	-	-	-
Non-oil Excess Revenue/ EMTL	128.25	17.86	15.92	14.52
Exchange Gain	-	287.74	279.03	-
<b>Total Distributed Balance</b>	<b>750.17</b>	<b>1,127.41</b>	<b>1,149.82</b>	<b>2,309.35</b>
<b>Federal Government</b>	<b>285.24</b>	<b>383.87</b>	<b>407.27</b>	<b>1,096.01</b>
Statutory	250.31	315.08	348.50	1,050.23
VAT	34.92	68.79	58.77	45.79
<b>State Government</b>	<b>248.98</b>	<b>396.69</b>	<b>379.41</b>	<b>474.85</b>
Statutory	132.58	167.38	183.51	322.22
VAT	116.40	229.31	195.89	152.63
<b>13% Derivation</b>	<b>32.73</b>	<b>57.92</b>	<b>85.10</b>	<b>216.74</b>
<b>Local Government</b>	<b>183.22</b>	<b>288.93</b>	<b>278.04</b>	<b>521.75</b>
Statutory	101.74	128.41	140.92	414.91
VAT	81.48	160.52	137.13	106.84

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

**Note:** \*Budget is based on the 2024 Appropriation Act, \*\* Includes 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 ₦1,149.82 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 ₦407.27 billion, ₦379.41 billion and ₦278.04 billion, respectively, while the balance of ₦85.10 billion was allocated to the 13% Derivation Fund for oil-producing states. Net disbursement was 1.99 per cent

above the level in January 2024, but below the monthly target by 50.21 per cent.

## 2.2.2 Fiscal Operations of the Federal Government

***FGN retained revenue dipped in the review period, due to lower receipt from FGN independent revenue.***

Provisional data indicate that at ₦464.19 billion, FGN retained revenue fell below the level in the preceding month by 3.14 per cent, and below the monthly benchmark by 71.58 per cent.

### Federal Government Retained Revenue

**Table 6: FGN Retained Revenue (₦ Billion)**

	Feb-23	Jan-24 1/	Feb-24 1/	Budget*
<b>FGN Retained Revenue</b>	<b>358.34</b>	<b>479.21</b>	<b>464.19</b>	<b>1,633.21</b>
<i>Federation Account</i>	228.62	173.73	216.76	1048.05
<i>VAT Pool Account</i>	32.59	68.79	58.77	45.79
<i>FGN Independent Revenue</i>	95.27	95.34	56.92	224.40
<i>Excess Oil Revenue</i>	0.00	0.00	0.00	0.00
<i>Exchange Gain</i>	0.00	138.67	129.35	0.00
<i>Excess Non-Oil/ EMTL</i>	1.86	2.68	2.39	2.18
<i>Others**</i>	0.00	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

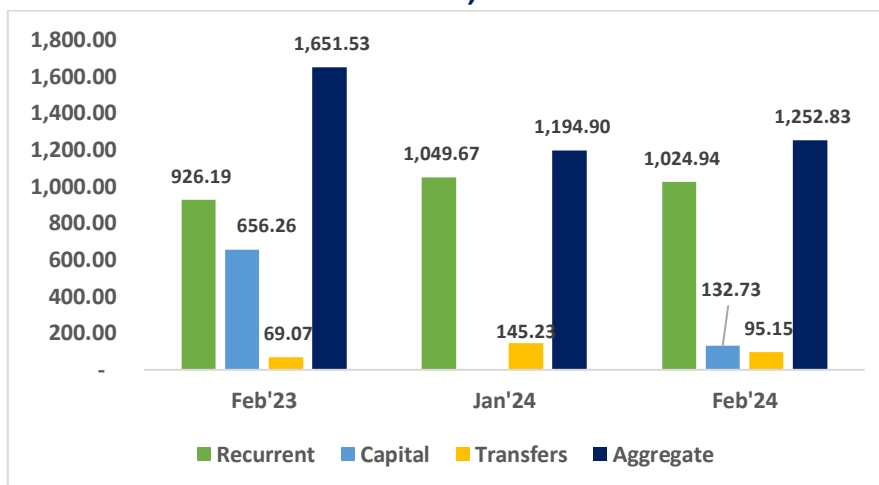
***Provisional data indicate that aggregate expenditure of the FGN increased, propped by capital spending.***

At ₦1,252.83 billion, provisional expenditure was 4.85 per cent above the level in the preceding month, but 47.76 per cent short of the projected spending of ₦2,398.12 billion. The higher spending followed the renewed release of funds for capital projects in the review period. Further analysis of total

### Federal Government Expenditure

expenditure showed the continued dominance of recurrent expenditure (81.81%), followed by capital expenditure (10.59%), and transfer payments (7.60%).

**Figure 22: 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 February resulted in an increase in the fiscal deficit.* The provisional fiscal deficit of the FGN, at ₦788.64 billion, widened by 10.19 and 3.10 per cent, relative to the level in the preceding month and the monthly benchmark, respectively. The larger deficit mirrored the increased expenditure during the month.

**Table 7: Fiscal Balance (₦ Billion)**

	Feb-23	Jan-24 1/	Feb-24 1/	*Budget
Retained revenue	358.34	487.48	648.51	1,633.21
Aggregate expenditure	<b>1,651.54</b>	<b>1,194.90</b>	<b>1,252.83</b>	<b>2,398.12</b>
Recurrent	<b>926.19</b>	<b>1,049.67</b>	<b>1,024.94</b>	<b>1,419.96</b>
Non-debt	358.48	504.73	443.58	730.71
Interest Payment	518.70	539.52	577.45	689.25
Capital	656.26	-	132.73	832.93
Transfers	69.07	145.23	95.15	145.23
Primary balance	<b>- 774.49</b>	<b>- 176.17</b>	<b>- 211.19</b>	<b>- 75.66</b>
Overall balance	<b>- 1,293.19</b>	<b>- 715.69</b>	<b>- 788.64</b>	<b>- 764.91</b>

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

Note: 1/ Provisional figures.

## 2.3 MONETARY AND FINANCIAL DEVELOPMENTS

### Summary

*Broad money supply rose, following the significant growth in net domestic assets (NDA). On macroprudential administration, the Bank sustained its regulatory and supervisory efforts to preserve the soundness of the financial sector. The capital market was bearish, as key performance indices weakened, following higher preferences for fixed income securities. Key short-term interest rates were anchored within the asymmetric corridor, signalling the effectiveness of liquidity management by the Bank.*

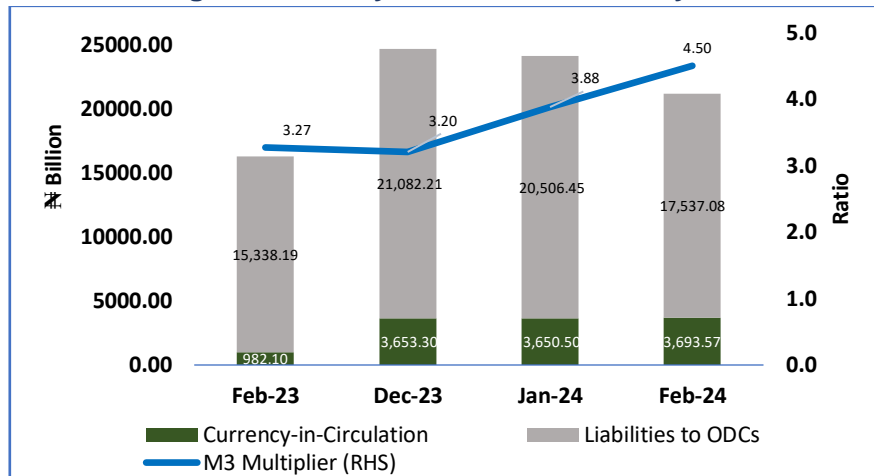
### 2.3.1 Monetary Developments

### Reserve Money

*Available data indicated that reserve money fell, weighed down, by the decline in liabilities to other depository corporations (ODCs). Relative to the level at end-December 2023, reserve money dropped by 14.17 per cent to ₦21,230.66 billion, owing to the 16.82 per cent decline in liabilities to ODCs. The fall in liabilities to ODCs was attributed, mainly, to the 15.01 per cent decline in ODCs' required reserves with the monetary authority. Currency in circulation (CIC), however, increased by 1.10 per cent at end-February 2024, and dampened the pace of contraction in the monetary base.*

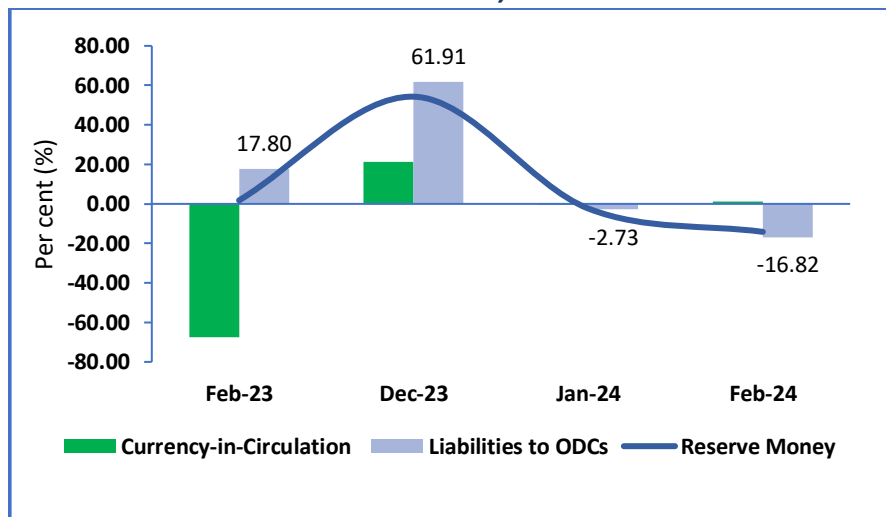


Figure 23: Analysis of Reserve Money



Source: Central Bank of Nigeria

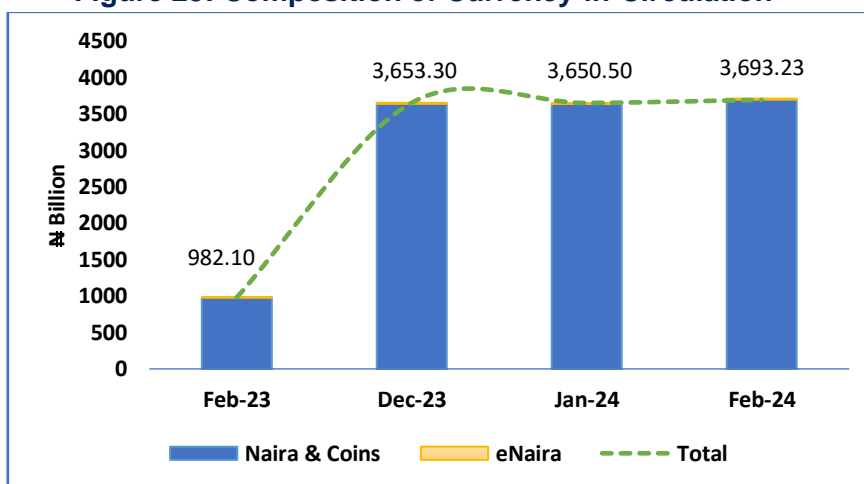
Figure 24: Growth in Reserve Money (over Preceding December)



Source: Central Bank of Nigeria

As a component of CIC, notes and coins increased by 1.17 per cent to ₦3,693.23 billion, from ₦3,650.50 billion at end-January 2024, while eNaira remained at ₦13.98 billion as in the preceding month.

Figure 25: Composition of Currency-in-Circulation



Source: Central Bank of Nigeria

**Broad Money Supply**

Broad money multiplier increased to 4.50 from 3.88 at end-January 2024, as broad money supply (M3) grew by 20.57 per cent to ₦95,557.26 billion. The growth in M3, was driven, on the assets side, by the 26.08 per cent increase in net domestic assets (NDA), which translated to a 23.01 percentage points contribution to monetary expansion. Net foreign assets (NFA), however, declined by 20.67 per cent, dragging the growth in M3 by 2.44 percentage points.

The growth in NDA was spurred by the 19.46 per cent increase in domestic claims, in turn driven by the 29.30 per cent increase in claims on other sectors. Claims on other sectors, was driven by the 43.54 per cent increase in claims on private sector, which contributed 22.73 percentage points to M3 growth.

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

Monetary Aggregates	Feb-23	Dec-23	Feb-24	Annualised growth (Feb-24)	Contribution to M3 Growth (Feb-24)
<b>Net Foreign Assets</b>	<b>17.59</b>	<b>142.99</b>	<b>-20.67</b>	<b>-124.02</b>	<b>-2.44</b>
<i>Claims on Non-residents</i>	-3.72	113.87	15.81	94.86	9.91
<i>Liabilities to Non-residents</i>	-7.95	108.09	24.26	145.56	12.35
<b>Net Domestic Assets</b>	<b>0.90</b>	<b>44.62</b>	<b>26.08</b>	<b>156.48</b>	<b>23.01</b>
<b>Domestic Claims</b>	<b>6.74</b>	<b>45.31</b>	<b>19.46</b>	<b>116.76</b>	<b>23.60</b>
<b>Net Claims on Central Government</b>	<b>13.90</b>	<b>41.61</b>	<b>1.13</b>	<b>6.78</b>	<b>0.48</b>
<i>Claims on Central Government</i>	9.51	63.30	6.74	40.44	4.76
<i>Liabilities to Central Government</i>	-0.31	111.78	15.13	90.78	4.29
<b>Claims on Other Sectors</b>	<b>2.74</b>	<b>47.38</b>	<b>29.30</b>	<b>175.80</b>	<b>23.12</b>
<i>Claims on Other Financial Corporations</i>	3.88	47.76	3.49	20.94	0.61
<i>Claims on State and Local Government</i>	2.53	18.52	-2.33	-13.98	-0.12
<i>Claims on Public Nonfinancial Corporations</i>	17.13	-4.72	-2.23	-13.38	-0.09
<i>Claims on Private Sector</i>	0.53	57.78	43.54	261.24	22.73
<b>Total Monetary Assets (M<sub>3</sub>)</b>	<b>2.13</b>	<b>51.86</b>	<b>20.57</b>	<b>123.42</b>	<b>20.57</b>
<i>Currency Outside Depository Corporations</i>	-67.18	33.67	-0.65	-3.90	-0.03
<i>Transferable Deposits</i>	10.42	46.83	0.66	3.96	0.22
<b>Narrow Money (M<sub>1</sub>)</b>	<b>0.81</b>	<b>45.20</b>	<b>0.51</b>	<b>3.06</b>	<b>0.20</b>
<i>Other Deposits</i>	3.10	56.88	30.76	184.56	18.90
<b>Broad Money (M<sub>2</sub>)</b>	<b>2.19</b>	<b>52.20</b>	<b>19.20</b>	<b>115.20</b>	<b>19.10</b>
<i>Securities Other than Shares</i>	-5.16	7.04	277.08	1662.48	1.47
<b>Total Monetary Liabilities(M<sub>3</sub>)</b>	<b>2.13</b>	<b>51.86</b>	<b>20.57</b>	<b>123.42</b>	<b>20.57</b>

Source: Central Bank of Nigeria (provisional data).

On the liability side, the increase in M3, reflected the 30.76 per cent rise in 'other' deposits, which accounted for 18.90 percentage points of monetary growth. Transferable deposits and securities-other-than shares, grew by 0.66 and 277.08 per cent, respectively, contributing 0.22 and 1.47 percentage points to M3 growth. Currency outside depository corporations (CODCs) declined by 0.65 per cent, as economic agents took advantage of higher NTBs rates.

### 2.3.2 Sectoral Credit Utilisation

Total credit utilised by sectors of the economy increased by 6.57 per cent to ₦61,557.76 billion, from ₦57,761.23 billion in the preceding month. Total sectoral credit granted within

the period, was dominated by the services sector, accounting for 50.31 per cent, followed by industry at 45.37 per cent, and agriculture at 4.32 per cent.

**Table 9: Sectoral Credit Allocation**

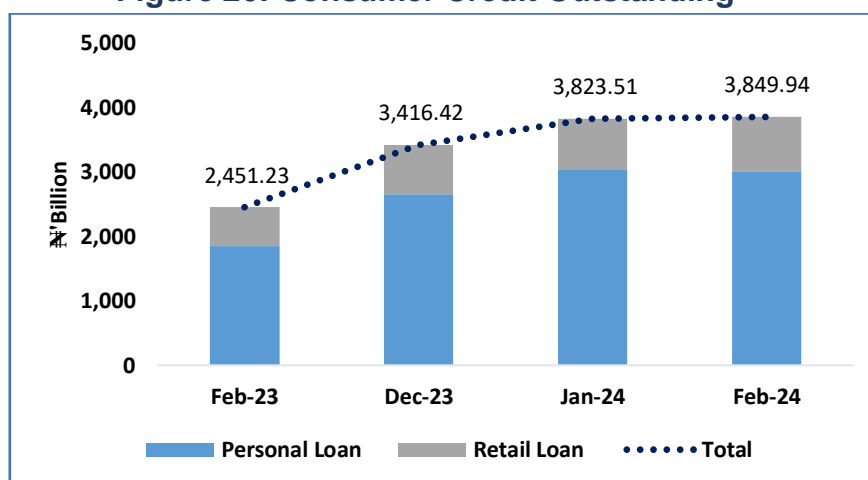
SECTORS	Allocation (₦ Billion)			Share in Total (%)			Growth (%) (3) & (2)
	Feb-23 (1)	Jan-24 (2)	Feb-24 (3)	Feb-23 (4)	Jan-24 (5)	Feb-24 (6)	
[a] Agriculture	1,883.30	2,416.26	2,657.94	6.29	4.18	4.32	10.00
[b] Industry	12,046.59	25,819.95	27,927.41	40.23	44.70	45.37	8.18
of which Manufacturing	5,574.66	10,024.10	10,881.07	18.62	17.35	17.68	8.55
[c] Services	16,013.71	29,525.02	30,972.41	53.48	51.12	50.31	4.90
of which:							
Finance, Insurance & Capital Market	2,605.03	5,667.76	6,209.84	8.70	9.81	10.09	9.56
Trade/General Commerce	2,261.31	4,616.81	4,905.86	7.55	7.99	7.97	6.26
<b>TOTAL</b>	<b>29,730.11</b>	<b>44,536.13</b>	<b>57,761.23</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>6.57</b>

Source: Central Bank of Nigeria

Consumer credit outstanding increased slightly by 0.69 per cent to ₦3,849.94 billion at end-February 2024, from the level in the preceding month. On disaggregation, retail loans, at ₦852.99 billion, rose by 7.32 per cent and accounted for 22.16 per cent of total consumer credit. Personal loans, however, decreased by 1.05 per cent to ₦2,996.94 billion, accounting for 77.84 per cent of the total.

Consumer Credit

**Figure 26: Consumer Credit Outstanding**



Source: Central Bank of Nigeria

## 2.3.3 Financial Developments

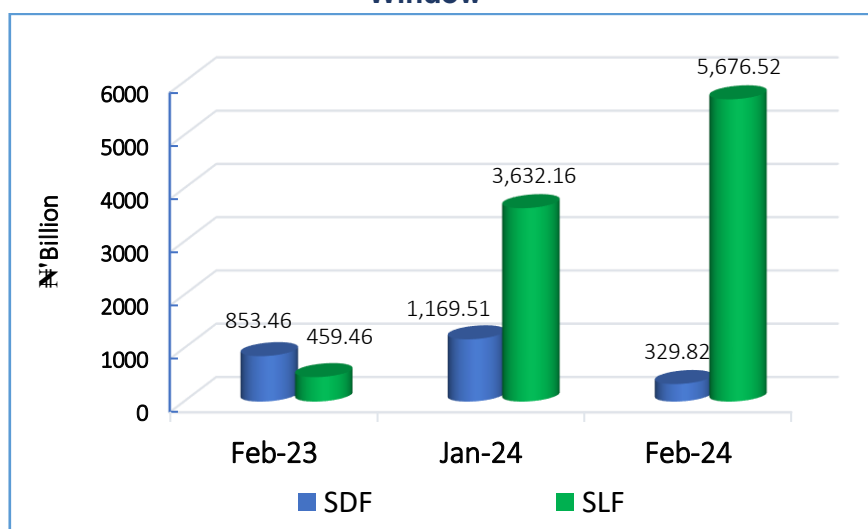
### 2.3.3.1 Money Market Developments

Industry Liquidity Condition

*Average banking system liquidity increased in February 2024 relative to the preceding month, owing largely, to injections through FAAC disbursements, coupon payments for FGN bonds, CRR refund, OMO maturity, and NTBs maturity.* The average net industry balance rose to ₦278.37 billion, from ₦188.27 billion in the preceding month. Total requests at the SLF window rose to ₦5,676.52 billion, with a daily average of ₦276.27 billion in the transaction days in February 2024. The request exceeded the preceding month's ₦3,632.16 billion and the daily average of ₦172.96 billion.

Discount Windows

**Figure 27: Transactions at the CBN Standing Facility Window**



Source: Central Bank of Nigeria

Total deposit at the SDF window, fell by 71.80 per cent to ₦329.82 billion, with a daily average of ₦15.71 billion in the transaction days, compared with the ₦1,169.51 billion in January 2024. The applicable rate for the SLF increased to

23.75 per cent, while that of the SDF remained unchanged at 15.75 per cent, reflecting the decision taken at the February 2024 MPC Meeting, with MPR at 22.75 per cent and asymmetric corridor of +100/-700.

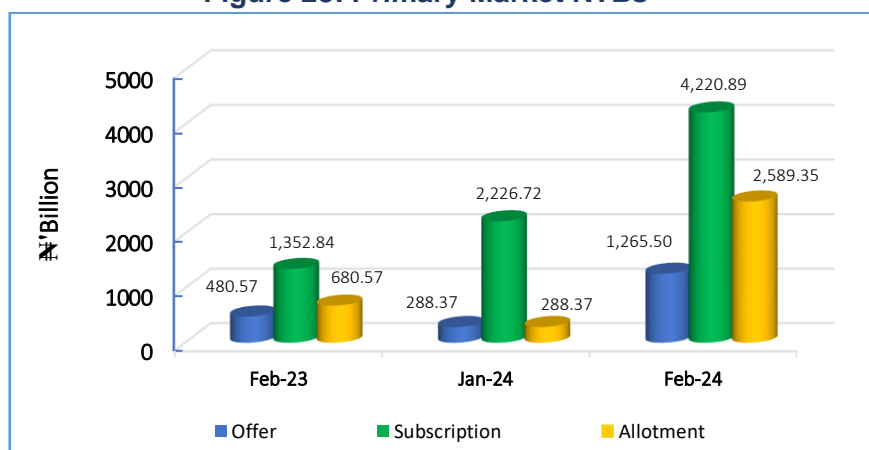
**Open Market Operations**

There was no intervention by the Bank through the conduct of OMO auctions in February 2024, however, there was payment of matured CBN bills amounting to ₦65.00 billion.

**Government Securities**

*The demand for NTBs and FGN Bonds increased in February 2024, due largely to attractive rates and relatively higher liquidity.* NTBs of different tenors<sup>3</sup> amounting to ₦1,265.50 billion, ₦4,220.89 billion, and ₦2,589.35 billion were offered, subscribed, and allotted, respectively, at the stop rates of 18.00(±1.00) per cent. The values were higher relative to ₦288.37 billion, ₦2,226.72 billion, and ₦288.37 billion, with the stop rates of 6.99(±4.55) per cent in the preceding month. The rise in subscription was due to the higher stop rates in the review period.

**Figure 28: Primary Market NTBs**

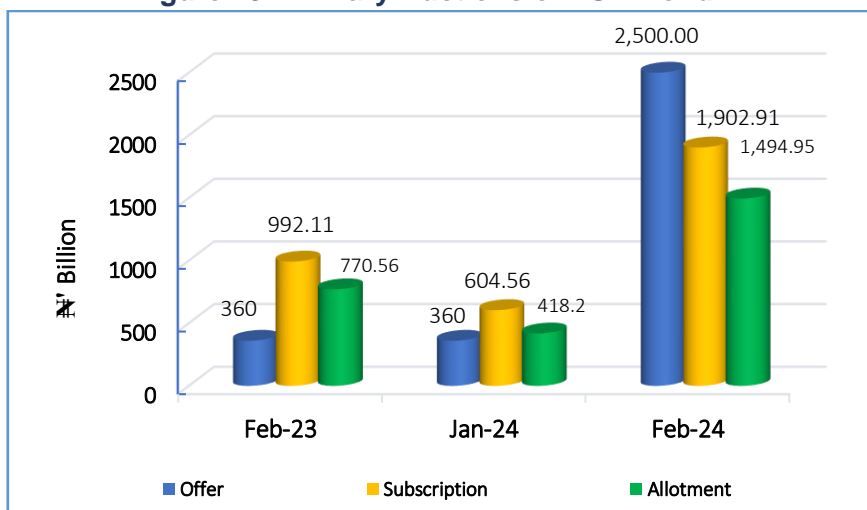


Source: Central Bank of Nigeria

<sup>3</sup> 91-, 182-, and 364-day tenors

Tranches of the 7- and 10-year FGN Bonds were reopened and offered for sale during the review period. The total amount offered, subscribed, and allotted were ₦2,500.00 billion, ₦1,902.91 billion, and ₦1,494.95 billion, respectively, relative to ₦360.00 billion, ₦604.56 billion, and ₦418.20 billion in the preceding month. Similarly, the demand for FGN bonds increased due to higher marginal rates at the auction, which closed at 18.75(±0.25) per cent, relative to the preceding month's rate of 15.75(±0.75) per cent.

Figure 29: Primary Auctions of FGN Bond



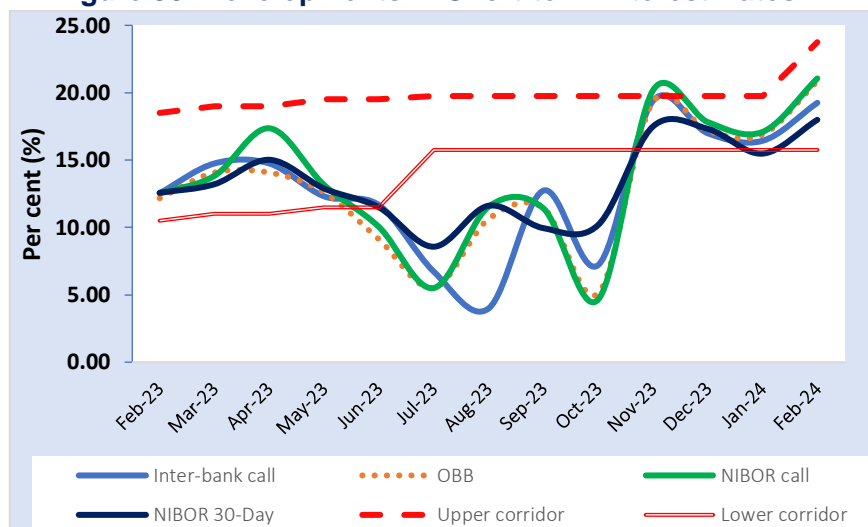
Source: Central Bank of Nigeria

**Key short-term interest rates rose, but trended within the asymmetric corridor, signifying effective liquidity management by the Bank.** The average interbank call rate rose by 2.82 percentage points to 19.25 per cent, compared with 16.43 per cent in the preceding month. The open buy back (OBB) rate also increased by 3.96 percentage points to 20.85 per cent, from 16.89 per cent in the preceding month. At the Nigeria Interbank Offered Rate (NIBOR) segment, the NIBOR-call rate rose by 3.97 percentage

**Interest Rate Development**

points to 21.06 per cent, while the NIBOR-30 increased by 2.51 percentage points to 17.99 per cent, from the level in the preceding month.

**Figure 30: Developments in Short-term Interest Rates**

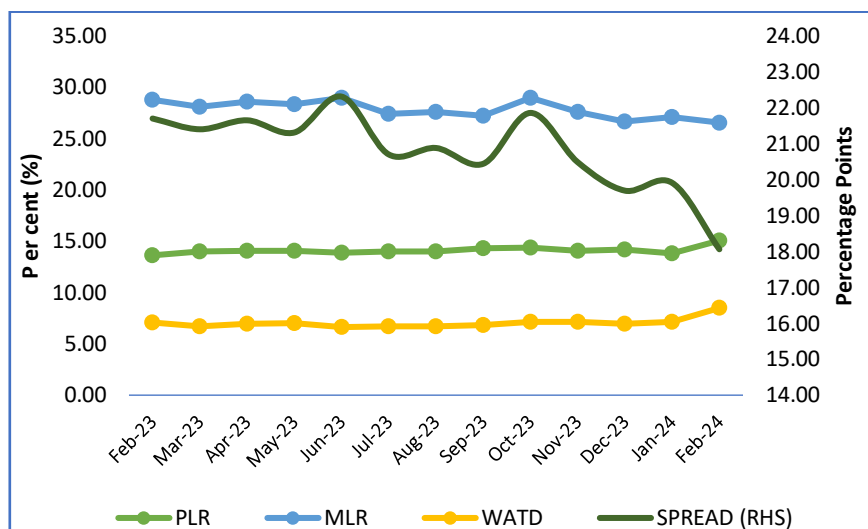


Source: Central Bank of Nigeria

The direction of lending rates was divergent, as prime lending rate increased by 1.44 percentage points to 15.06 per cent, relative to 13.82 per cent in the preceding month, while the maximum lending rate declined by 0.52 percentage point to 26.55 per cent. The weighted average term deposit rate rose by 1.33 percentage points to 8.49 per cent, relative to the level in the preceding month. The development resulted in a lower spread of 18.06 percentage points between the weighted average term deposit and maximum lending rates, compared with the 19.91 percentage points in January 2024.



**Figure 31: 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

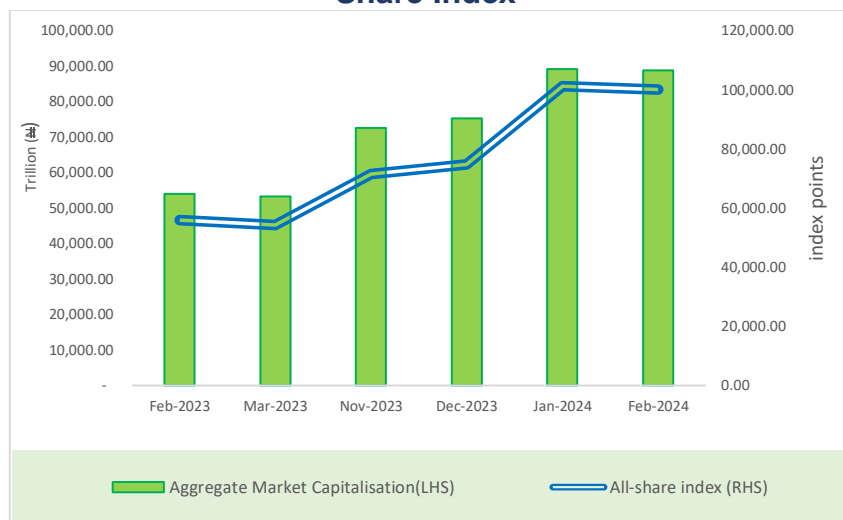
#### Market Capitalisation

*The performance of the Nigerian capital market reflected the hawkish monetary policy stance, which spurred a switch in asset holdings from the equities to the fixed income market.* Aggregate market capitalisation fell by 0.39 per cent to ₦88,754.94 billion, from ₦89,102.72 billion at end-January 2024. Further analysis indicated that the equity component reduced by 1.19 per cent to close at ₦54,707.45 billion, compared with ₦55,364.84 billion at end-January 2024. The exchange traded funds (ETFs) and debt components, however, appreciated by 77.06 and 0.85 per cent to close at ₦49.52 billion and ₦33,997.97 billion, relative to ₦27.97 billion and ₦33,709.91 billion at end-January 2024, respectively. The equities component accounted for 61.64 per cent of aggregate market capitalisation, while the debt and ETF components constituted 38.31 and 0.06 per cent, respectively.

**NGX All-Share Index**

The All-Share Index (ASI) fell by 1.16 per cent to 99,980.30 index points, from 101,154.46 index points in the preceding period. The development reflected investor preference for fixed income securities in response to the policy rate hike and rising NTBs rate.

**Figure 32: Aggregate Market Capitalisation and All-Share Index**

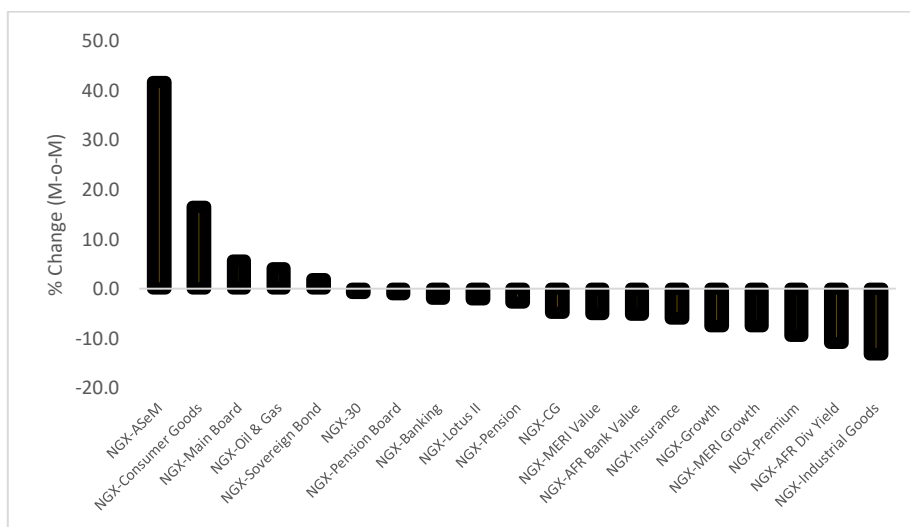


Source: Nigerian Exchange (NGX) Limited

**Sectoral Indices**

Most of the sectoral indices depreciated, except for the NGX-ASeM, NGX-Consumer Goods, NGX-Main Board, NGX-Oil & Gas, and NGX-Sovereign Bond. The NGX-ASeM and NGX-Consumer Goods indices were the best performing on the Exchange, leaping by 41.78 and 16.45 per cent, respectively, over the levels in the preceding month.

**Figure 33: Month-on-Month Changes in Per cent for Sectoral Indices**



Source: Nigerian Exchange (NGX) Limited

**Table 10: Nigerian Exchange (NGX) Limited Sectorial Indices**

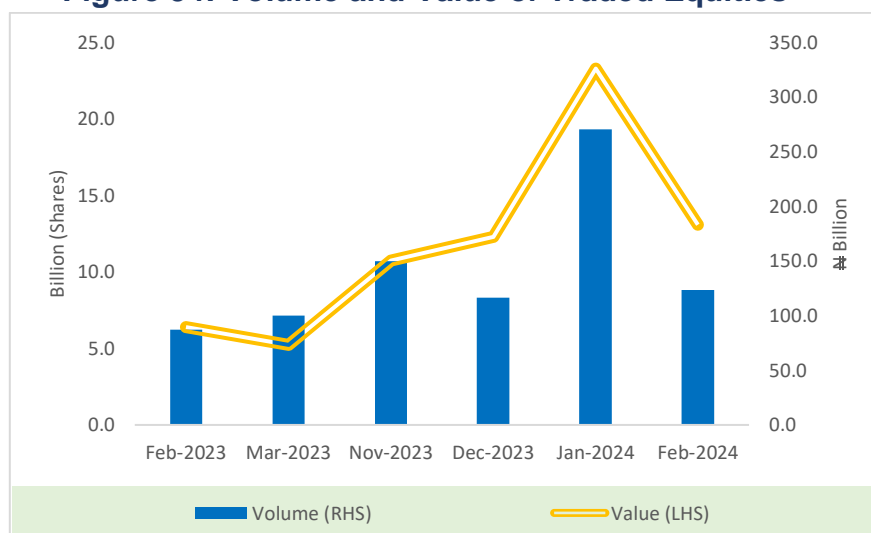
NGX Indices	Jan-24	Feb-24	Changes (%)
NGX-AseM	644.41	913.63	41.78
NGX-Consumer Goods	1,394.05	1,623.40	16.45
NGX-Main Board	4,353.50	4,602.74	5.73
NGX-Oil & Gas	1,251.22	1,302.99	4.14
NGX-Sovereign Bond	743.32	757.11	1.86
NGX-30	3,806.79	3,771.68	-0.92
NGX-Pension Board	1,779.20	1,760.41	-1.06
NGX-Banking	866.93	849.49	-2.01
NGX-Lotus II	6,337.31	6,196.08	-2.23
NGX-Pension	3,660.35	3,557.03	-2.82
NGX-CG	2,343.87	2,230.05	-4.86
NGX-MERI Value	6,188.07	5,866.79	-5.19
NGX-AFR Bank Value	1,937.30	1,834.15	-5.32
NGX-Insurance	391.38	367.57	-6.08
NGX-Growth	6,141.92	5,676.99	-7.57
NGX-MERI Growth	4,530.12	4,185.90	-7.60
NGX-Premium	10,790.19	9,754.58	-9.60
NGX-AFR Div Yield	11,811.62	10,514.86	-10.98
NGX-Industrial Goods	5,637.83	4,886.13	-13.33

Source: Nigerian Exchange (NGX) Limited

**Market Transactions**

The momentum of trading activities on the Exchange slowed, as the volume and value of securities declined by 54.22 and 43.80 per cent to 8.83 billion shares and ₦183.08 billion, respectively, traded in 201,066 deals, compared with the 19.29 billion shares and ₦325.77 billion traded in 318,786 deals in the preceding month.

**Figure 34: Volume and Value of Traded Equities**



Source: Nigerian Exchange (NGX) Limited

The number of listings increased by ten, comprising four new and six supplementary listings, relative to three new and two supplementary listings in the preceding period.

**Table 11: Listings on the Nigerian Exchange Limited in February 2024**

Company/Security	Shares Units/Price	Remarks
12.75% FGNSB FEB 2026	841,917 units amounting to <del>₦</del> 841,917,000.00	New listing
13.75% FGNSB FEB 2027	1,588,658 units totalling to <del>₦</del> 1,588,658,000.00	New listing
11.03% FGNSB JAN 2026	603,421 units amounting to <del>₦</del> 603,421,000.00	New listing
12.03% FGNSB JAN 2027	1,394,296 units amounting to <del>₦</del> 1,394,296,000	New listing
Ellah Lakes Plc	Additional 753,786,788 ordinary shares of 50 Kobo each per share	Supplementary Listing
Chapel Hill Denham Management Limited	Additional listing of 106,350,000 units of <del>₦</del> 100 each per share at <del>₦</del> 108.89 each.	Supplementary Listing
16.28% FGN MAR 2027	Additional 86,187,000 units	Supplementary Listing
14.55% FGN APR 2029	Additional 21,939,000 units	Supplementary Listing
14.70% FGN JUN 2033	Additional 43,346,000 units	Supplementary Listing
15.45% FGN JUN 2038	Additional 266,725,000 units	Supplementary Listing

Source: Nigerian Exchange Limited (NGX)

### 2.3.3.3 Financial Soundness Indicators

***The banking industry remained resilient, as reflected in the performance of the Financial Soundness Indicators (FSIs).*** The asset quality of the banking industry, measured by the ratio of non-performing loans (NPL) to total loans, at 4.52 per cent, was below the maximum prudential benchmark of 5.00 per cent. However, relative to the 4.15 per cent at end-January 2024, the NPL ratio showed a marginal increase of 0.37 percentage point. The industry Liquidity Ratio (LR) stood at 42.66 per cent, higher than the minimum regulatory benchmark of 30.00 per cent and the 42.08 per cent in the preceding period, reflecting higher cash holdings by banks to meet up with obligations.

## 2.4 EXTERNAL SECTOR DEVELOPMENTS

### Summary

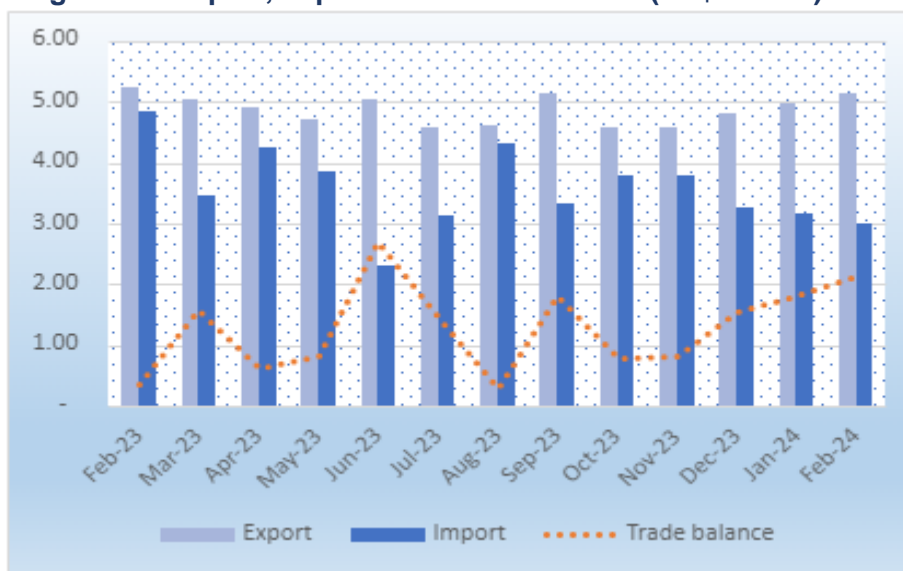
*The economy recorded a trade surplus, on the back of increased export and lower import during the review period. Foreign capital inflow rose, driven by competitive yields, which boosted investor confidence in the domestic financial market. The average exchange rate of the naira per US dollar at the Nigerian Foreign Exchange Market (NFEM) at ₦1,505.30/US\$, depreciated by 37.28 per cent relative to ₦944.08/US\$ in the preceding month. External reserves, at US\$33.68 billion, could cover 4.58 months of import for goods and services or 5.81 months of import for goods only. Foreign exchange flows through the economy resulted in a higher net inflow, driven by increased inflow through the CBN and autonomous sources.*

### 2.4.1 Trade Performance

*The trade surplus widened on account of increased export receipts and lower import bills.* Provisional data showed that the trade surplus rose to US\$2.16 billion, from US\$1.81 billion in January 2024. Total export receipts grew by 3.83 per cent to US\$5.15 billion compared with the US\$4.96 billion in the preceding month, driven by increased crude oil production and prices. Merchandise import, however, fell by 5.08 per cent to US\$2.99 billion, as against the US\$3.15 billion in January, due to lower importation of oil and non-oil products.

Analysis by share of total export showed that crude oil and gas receipts represented 93.83 per cent, while non-oil export accounted for the balance of 6.17 per cent. In terms of import, the share of non-oil import was dominant at 61.99 per cent, while oil constituted the balance of 38.01 per cent.

Figure 35: Export, Import and Trade Balance (US\$ Billion)



Source: Central Bank of Nigeria

**Oil  
Export**

**Higher crude oil prices and improved demand for gas boosted export earnings.** Provisional data showed that export receipts from crude oil and gas rose by 3.80 per cent to US\$4.83 billion in February 2024, compared with US\$4.66 billion in January 2024. The price of Bonny Light rose to US\$86.08pb, from US\$82.18pb in January 2024, as tensions in the Middle East continued to weigh on global crude oil supply. A breakdown indicated that gas export receipts increased by 3.80 per cent to US\$0.56 billion, relative to US\$0.54 billion in January 2024. Similarly, crude oil export receipts rose by 3.80 per cent to US\$4.27 billion, from US\$4.11 billion in the preceding month.

**Non-Oil  
Export**

**Higher commodity prices resulted in an increase in non-oil export receipts.** Provisional data showed that non-oil export earnings rose by 4.26 per cent to US\$0.32 billion, compared with US\$0.30 billion in January 2024. Analysis of non-oil export revealed that China was the major destination of Nigeria’s non-oil export products, with a share

of 14.04 per cent, followed by the Netherlands (11.63%), Japan (9.45%), India (7.13%) and Malaysia (7.02%). The major commodities exported were cocoa beans, which accounted for the largest share of 23.81 per cent, followed by sesame seeds (16.18%), urea (11.28%), aluminium (3.72%), and copper (3.28%).

Receipts from the top five non-oil exporters fell to US\$0.11 billion, compared with the US\$0.23 billion in January 2024. Analysis by share revealed that Outspan Nigeria Limited and Indorama Eleme Fertilizer & Chemical Limited were the top two exporters, accounting for 31.89 and 23.69 per cent of the total, respectively, from the export of dairy products and urea, respectively. In third place was Dangote Fertilizer Ltd, with a share of 16.47 per cent, from the export of urea. Metal Recycling Industries Ltd followed with a 15.80 per cent share from the export of aluminum and copper ingots. Starlink Global and Ideal Limited was fifth, with a share of 12.14 per cent, from the export of dairy products.

### Import

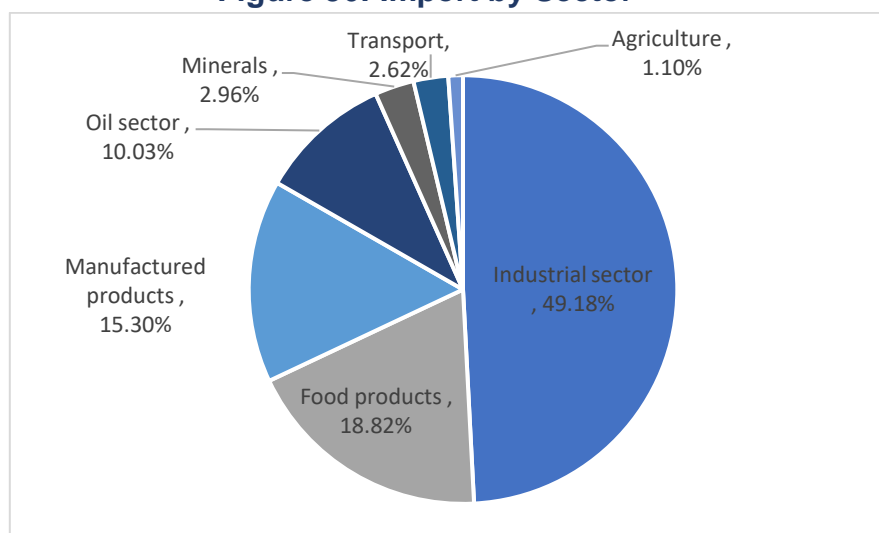
***Aggregate merchandise import declined, due to lower importation of oil and non-oil products.*** Provisional data revealed that aggregate import decreased by 5.00 per cent to US\$2.99 billion, relative to US\$3.15 billion in January 2024. A disaggregation showed that petroleum products import declined to US\$1.14 billion from the level in January 2024. Non-oil import, also fell to US\$1.73 billion, from US\$1.82 billion a month earlier. In terms of share, non-oil import constituted 57.94 per cent of the total, while petroleum products import accounted for the balance.



**Sectoral  
Utilisation of  
Foreign  
Exchange**

Sectoral utilisation of foreign exchange for visible import showed that industrial sector import had the largest share of 49.18 per cent, followed by food products (18.82%), manufactured products (15.30%), oil sector (10.03%), minerals (2.96%), transport (2.62%) and agriculture (1.10%).

**Figure 36: Import by Sector**

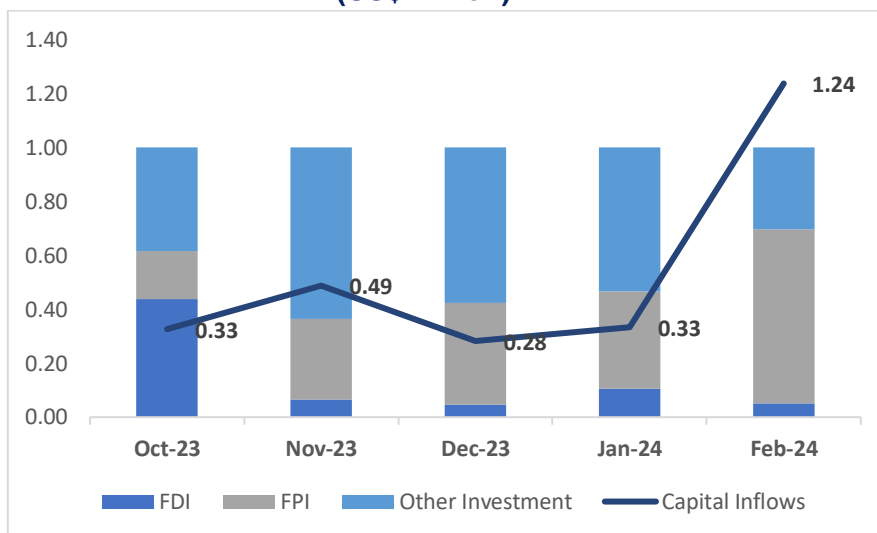


Source: Central Bank of Nigeria

**Capital  
importation**

**Competitive yields in the domestic financial market boosted investor confidence, leading to an increase in foreign capital inflows.** New investments into the economy increased significantly to US\$1.24 billion, compared with US\$0.33 billion in January 2024. Foreign direct investment inflow rose to US\$0.06 billion, from US\$0.03 billion in the preceding month. Portfolio investment inflow increased significantly to US\$0.80 billion from US\$0.12 billion, following rising returns on money market instruments and bonds. Similarly, other investment capital, mainly loans, rose to US\$0.37 billion, from US\$0.18 billion in the preceding period.

**Figure 37: Capital Inflow and Foreign Portfolio Investment (US\$ Billion)**

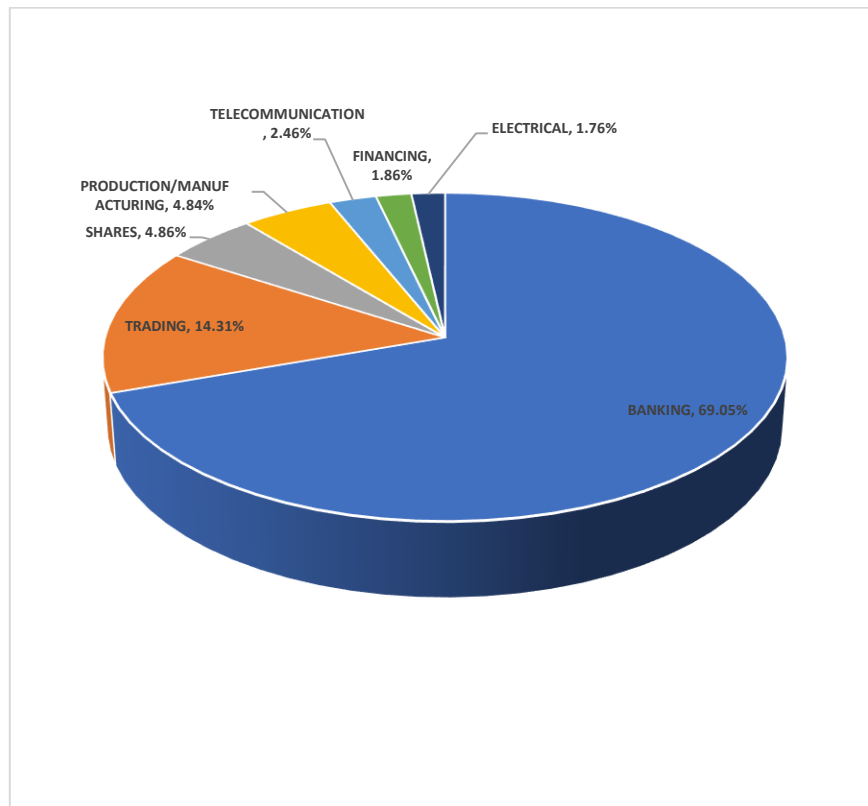


Source: Central Bank of Nigeria

In terms of share, inflow of portfolio investment constituted 64.56 per cent, while other investment and foreign direct investment accounted for 30.25 and 5.19 per cent, respectively.

A disaggregation of capital importation by nature of business revealed that investment in the banking sector accounted for 69.05 per cent. This was followed by trading (14.31%), shares (4.86%), production/manufacturing (4.84%), telecommunication (2.46%), financing (1.86%) and electrical (1.76%). Inflow into other sectors accounted for the balance.

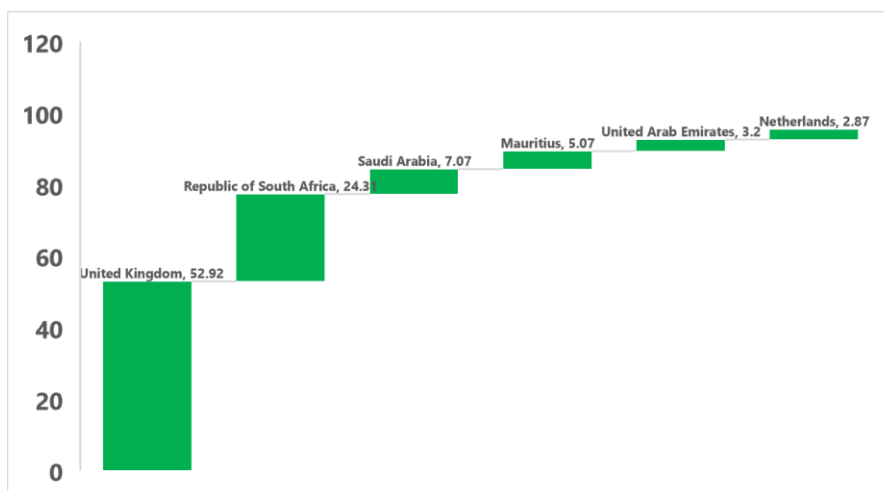
**Figure 38: Capital Inflow by Nature of Business in Per cent**



**Source:** Central Bank of Nigeria

Capital inflow by originating country showed that the United Kingdom was the major source of capital, contributing 52.92 per cent. This was followed by the Republic of South Africa (24.31%), Saudi Arabia (7.07%), Mauritius (5.07%), United Arab Emirates (3.20%), and The Netherlands (2.87%). Other countries accounted for the balance.

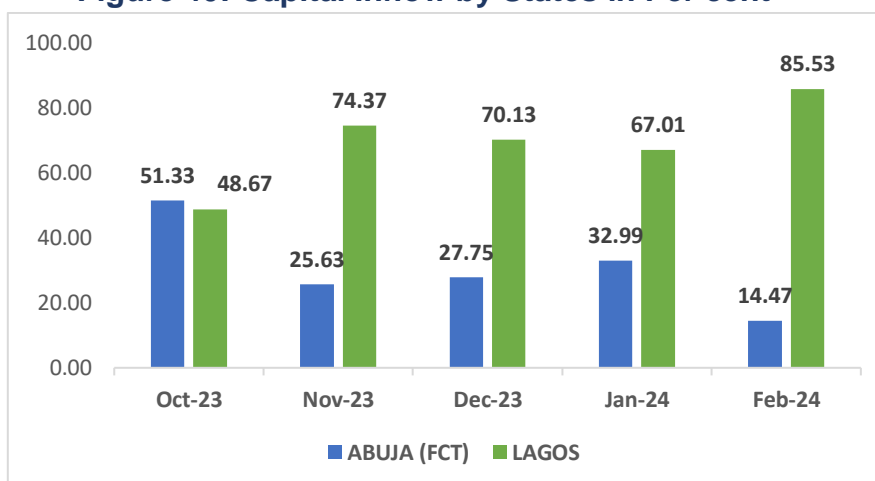
**Figure 39: Capital Inflow by Originating Country in Per cent**



Source: Central Bank of Nigeria

Capital importation by destination showed Lagos State and the Federal Capital Territory as the only recipients of foreign capital, with shares of 85.53 and 14.47 per cent, respectively.

**Figure 40: Capital Inflow by States in Per cent**



Source: Central Bank of Nigeria

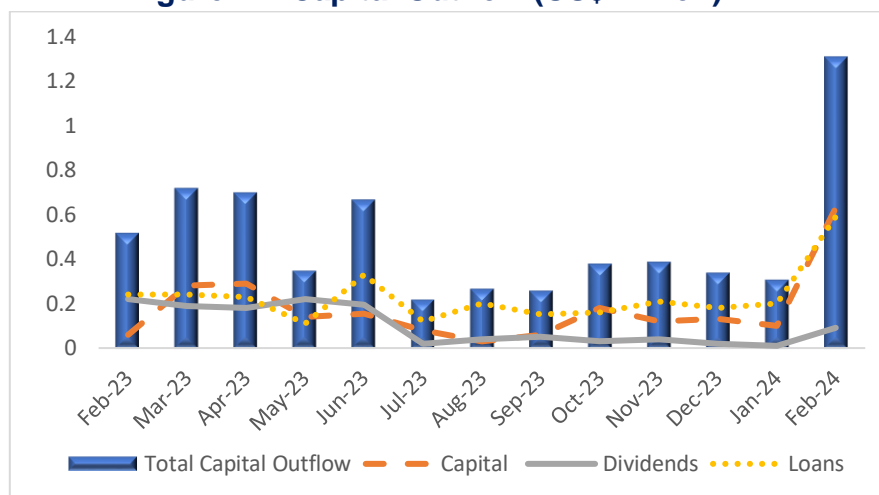
**Capital Outflow**

**Capital outflow from the economy increased, due to higher repayment of loans and capital repatriation.**

Capital outflow rose to US\$1.31 billion, from US\$0.31 billion in the preceding month. A disaggregation showed that

capital reversals increased to US\$0.63 billion from US\$0.10 billion in the preceding month, while the loan repayments rose to US\$0.59 billion, from US\$0.21 billion. Repatriation of dividends increased to US\$0.09 billion, from US\$0.01 billion in the preceding month. In terms of share in total outflow, capital reversal constituted 48.35 per cent, followed by loans and dividends at 44.67 and 6.97 per cent, respectively. Other forms of outflow accounted for the balance.

**Figure 41: Capital Outflow (US\$ Billion)**

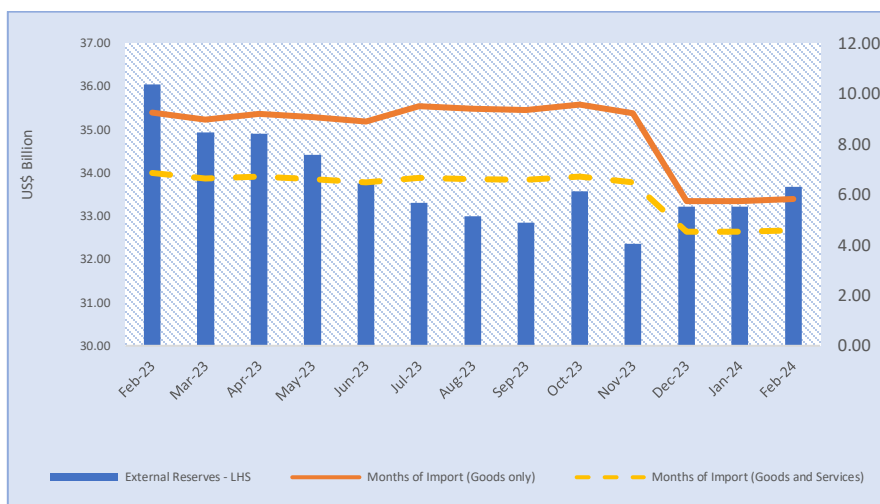


Source: Central Bank of Nigeria

### 2.4.2 International Reserves

**The level of external reserves in the review period exceeded the international benchmark of three months of import cover.** As of end-February 2024, external reserves stood at US\$33.68 billion, compared with the US\$32.26 billion in the preceding month. The external reserves could cover 4.58 months of import for goods and services or 5.81 months of import for goods. In addition, the reserves to short-term debt, at 106.61 per cent, exceeded the threshold of 100.00 per cent.

Figure 42: External Reserves and Months of Import Cover



Source: Central Bank of Nigeria

### 2.4.3 Foreign Exchange Flows through the Economy

#### Foreign Exchange Flows through the Economy

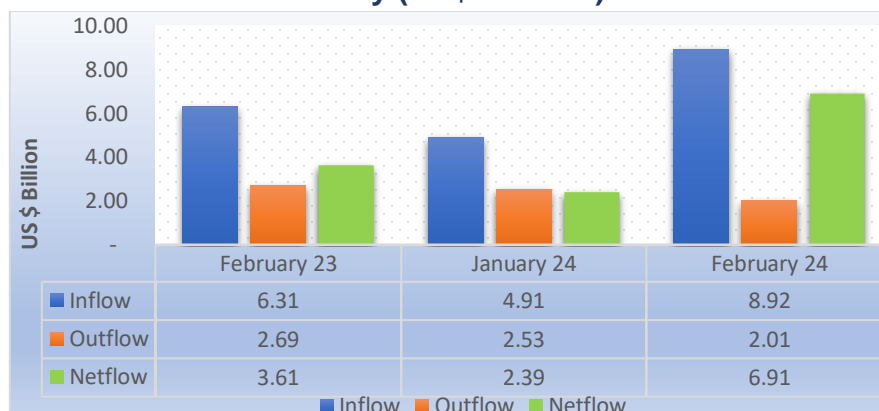
**The economy recorded a higher net inflow, driven largely by increased inflow through the Bank and autonomous sources.** Foreign exchange flows through the economy resulted in a net inflow of US\$6.45 billion, as against the US\$2.40 billion in January. A breakdown indicated net inflow of US\$4.99 billion and US\$1.46 billion through autonomous sources and the Bank, respectively.

Aggregate inflow into the economy increased by 80.45 per cent to US\$8.86 billion, compared with US\$4.91 billion in the preceding month. Inflow through the Bank rose by 127.97 per cent to US\$3.26 billion, from US\$1.43 billion in the preceding month. Autonomous inflow also increased by 60.92 per cent to US\$5.60 billion, from US\$3.48 billion.

Aggregate foreign exchange outflow decreased by 4.74 per cent to US\$2.41 billion, compared with the US\$2.53 billion

in the preceding month. Outflow through the Bank declined by 19.37 per cent to US\$1.79 billion, from US\$2.22 billion in the preceding month. Outflow through autonomous sources, however, increased by 103.33 per cent to US\$0.61 billion, from US\$0.30 billion in January.

**Figure 43: Foreign Exchange flows through the Economy (US\$ Billions)**



Source: Central Bank of Nigeria

### 2.4.4 Exchange Rate Movement

*The naira depreciated relative to the US dollar in the review period, due to the continued effects of the market liberalisation.* The average exchange rate of the naira per US dollar at the Nigerian Foreign Exchange Market (NFEM) depreciated by 37.28 per cent to ₦1,505.30/US\$ in February, from ₦944.08/US\$ in the preceding month.

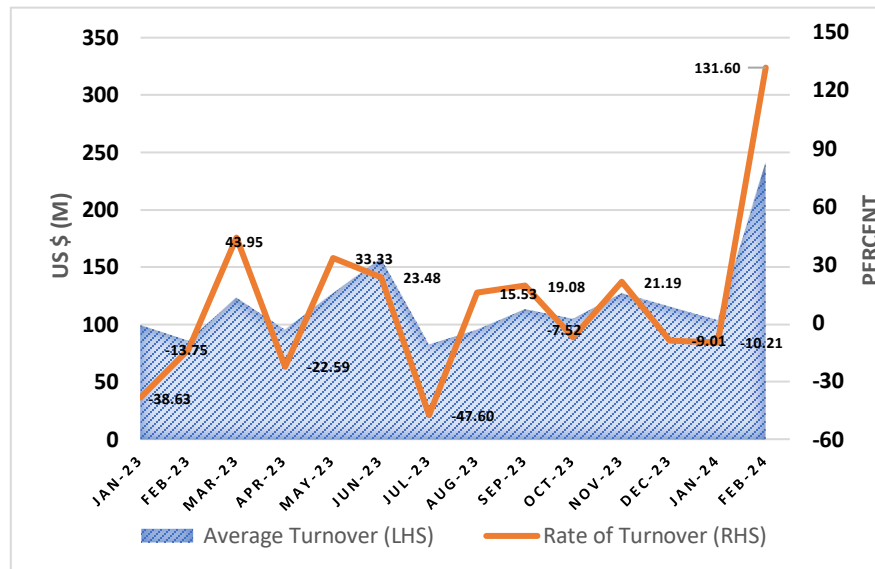
#### Average Exchange Rate

### 2.4.5 Foreign Exchange Turnover at the NFEM

The average foreign exchange turnover at the NFEM rose by 131.60 per cent to US\$240.64 million in February, compared with US\$103.91 million in January. This reflected increased trading activities in the foreign exchange market.

*Foreign Exchange Turnover*

**Figure 44: Turnover in the NFEM**



Source: Financial Markets Derivatives Quotations (FMDQ)



## 3.0 ECONOMIC OUTLOOK

### 3.1 Global Outlook

Global growth is estimated to remain at 3.10 per cent in 2024, relative to 3.10 per cent in 2023.<sup>4</sup> The projection was attributed to the greater-than-expected resilience in the United States and several EMDEs, as well as fiscal support in China. However, elevated central bank policy rates, withdrawal of fiscal support amidst high debt, and low underlying productivity growth are downside risks to the outlook.

For AEs, growth is projected to slow marginally to 1.50 per cent in 2024, from 1.60 per cent in 2023. The projection is hinged on stronger-than-expected growth in the US but moderated by weaker growth in the euro area.

In the EMDEs, growth is expected to remain stable at 4.10 per cent in 2024. This outlook is predicated on resilience in domestic demand and increased government spending on capacity building, particularly against natural disasters in emerging Asia, as well as high military spending and private consumption in Russia. In sub-Saharan Africa, growth is anticipated to rise to 3.80 per cent in 2024, as supply issues gradually subside.

Global headline inflation is estimated to decline to 5.80 per cent in 2024, from an estimated 6.80 per cent in 2023. The downward projection is attributed to tightening policy rates across several central banks and the pass-through effects of earlier and ongoing declines in cost of energy.

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<sup>4</sup> According to the January 2024 edition of the IMF World Economic Outlook (WEO).

### 3.2 Domestic Outlook

Nigeria's economic growth outlook remains positive in the near term. The projection is hinged on the assumption that ongoing reforms and increased coordination of monetary and fiscal policies would stabilise the exchange rate and mitigate inflation. Nonetheless, several downside risks could undermine this outlook. These risks include lingering insecurity challenges, policy implementation gaps and delays in structural reforms.

Inflationary pressures are expected to moderate in the short run, owing majorly, to current monetary stance of the Bank, as well as monetary and fiscal policy reforms. Nevertheless, further depreciation of the exchange rate and heightened insecurity could potentially amplify inflationary pressures.

The fiscal outlook in the short-to-medium term appears optimistic, considering rallying oil prices, improvement in domestic crude oil production, continued implementation of the Petroleum Industry Act (PIA 2022) and the proposed tax reforms. These developments would likely improve government revenue and widen the fiscal space, over the short-to-medium term.