



# CENTRAL BANK OF NIGERIA ECONOMIC REPORT

**January 2024**

## **ABOUT THE REPORT**

*The Central Bank of Nigeria (CBN) Economic Report presents economic developments in Nigeria, for dissemination to the public. The Report, which is published on a monthly and quarterly basis, provides insights on current developments in the real; fiscal; monetary & financial; and the external sectors of the Nigerian economy, as well as, on global issues that impact the domestic economy. In addition, it 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, financial analysts in the government and the private sectors, and the public. Free download of the Report, including current and past issues is available on the CBN website: [www.cbn.gov.ng](http://www.cbn.gov.ng). All inquiries concerning the Report should be directed to the Director, Research Department, Central Bank of Nigeria, P.M.B. 187, Garki, Abuja, Nigeria.*

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## EXECUTIVE SUMMARY

*The global economy was strengthened in January 2024 by improvements in the services and manufacturing activities, as reflected in the expansion of the Global Composite Purchasing Managers' Index (PMI) to 51.8 index points from 51.0 index points. In Advanced Economies (AEs), increased business confidence, notably in services, bolstered economic performance, while the improvement in Emerging Markets and Developing Economies (EMDEs) was attributable to growth in both services and manufacturing sectors. Inflationary pressures remained, largely, elevated among EMDEs, but eased in most AEs, due to falling energy costs, and the easing of supply-side constraints. The global financial market exhibited divergent trends in equities and fixed-income investments owing to the uneven effects of the shifts in monetary policy stance. The prospect of interest rate cuts, especially in AEs drove a rebalancing of investment portfolios within markets and across regions. In the international oil market, the spot price of crude rose amid production cuts, and geopolitical unease in Europe and the Middle East. The price of Nigeria's reference crude, the Bonny Light (34.9° API) rose by 3.9 per cent to US\$82.17 per barrel (pb). Similarly, the prices of the UK Brent (US\$82.72 pb), Forcados (US\$83.67 pb), WTI (US\$75.73 pb), and the OPEC Reference Basket (US\$79.97 pb) exhibited the same trend.*

*On the domestic front, business activities slowed, as a result of input costs and lower capacity utilisation. The Composite PMI contracted to 48.5 index points compared with the 49.1 index points in the preceding month, occasioned by a lull in services and agricultural activities. Inflationary pressures persisted in the review period, as elevated energy and import costs shot headline inflation to 29.90 per cent from 28.92 per cent in December 2023. Domestic crude oil production, excluding condensates, rose to 1.43 million barrels per day (mbpd) compared with 1.34 mbpd in December 2023. This was, largely, attributed to enhanced surveillance of oil infrastructure.*

*The fiscal space improved on account of increased federation revenue during the review period. Provisional revenue of the federation increased by 10.5 per cent over the December 2023 level following higher tax receipts. However, the FGN retained revenue fell by 1.7 per cent below the preceding month's receipt and 47.0 per cent short of the target. Provisional expenditure of the FGN was 2.4 per cent lower than the level in December 2023, and 18.6 per cent below the target. Consequently, fiscal deficit narrowed by 4.3 per cent relative to December 2023, but was 18.6 per cent higher than*

*the budget benchmark. The consolidated public debt stood at ₦87,907.71 billion or 39.1 per cent of GDP, at end-September 2023.*

*Monetary expansion in January 2024 was in line with the programmed benchmark for the period. The growth of broad money over the level in December 2023 was on account of the increase in net domestic assets. Reserve money however decreased by 2.34 per cent, due to the contraction in liabilities to Other Depository Corporations, and currency in circulation. In the money market, the Open Buy Back rate was within the policy corridor, indicating optimal liquidity management. Renewed investors' confidence stemming from capital gains and favourable corporate earnings in Q42023, propelled the bullish run in the capital market.*

*The external sector showed improvement in the balance of trade following higher earnings from crude oil exports. Capital inflow rose, bolstered by higher yields in the domestic market. Net foreign exchange inflow through the Bank and through autonomous sources declined. External reserves, at US\$32.26 billion, could cover 4.4 months of import for goods and services and 5.6 months of import for goods only. The average exchange rate of the naira against the US dollar in the Nigerian Foreign Exchange Market (NFEM) window was ₦944.08/US\$ compared with ₦896.25/US\$ in the preceding month.*

## 1.0 GLOBAL ECONOMIC DEVELOPMENTS

### Summary

*Global economic activity was lifted by improved business sentiment in the services and manufacturing sectors. Lower energy costs and supply-side rebound dampened inflationary pressures. Imminent recline of monetary policy stance spurred global financial markets, with equity markets showing more resilience in AEs than in EMDEs. Bond yields also showed diverse trends, largely, influenced by varied monetary policy stance.*

### 1.1 Global Economic Activity

#### Global Economic Activity

*Global economic conditions improved in January 2024, driven by expansion in the services and manufacturing sectors.* The Global Composite Purchasing Managers' Index rose (PMI) to 51.8 index points, from 51.0 index points in the preceding month. Following faster growth of new orders, employment, and improved business optimism, services PMI expanded to 52.3 index points compared with 51.6 index points in the preceding month. The manufacturing PMI rose to 50.0 index points, from 49.0 index points in the preceding month, due to increased production in the consumer goods sub-sector. In addition, brighter outlook and rising business confidence boosted manufacturing activities in January 2024.

#### Economic Activity in Advanced Economies

*Economic activity in most AEs improved, due to increased business confidence, especially, in the services sector.*

The PMIs of the US and Japan strengthened to 52.0 and 51.5 index points, respectively, compared with 50.9 and 50.0 index points, driven by improved performance in the services sector. Similarly, stronger PMI in the UK (52.9), Spain (51.5), and Italy (50.7) relative to the preceding month indicated robust

business activity. The expansion in the PMI reflected invigorated new business orders, growth in private sector employment, and increased business optimism, especially, in the services sector.

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

	Nov-23	Dec-23	Jan-24
<b>Composite</b>	<b>50.4</b>	<b>51.0</b>	<b>51.8</b>
Employment Level	50.1	50.5	50.7
New Business Orders	50.0	50.9	51.4
New Export Business Orders	48.5	48.4	49.2
Future Output	61.3	62.6	63.7
Input Prices	55.7	56.1	56.1
Output Prices	53.5	53.5	52.6
<b>Manufacturing</b>	<b>49.3</b>	<b>49.0</b>	<b>50.0</b>
<b>Services (Business Activity)</b>	<b>50.6</b>	<b>51.6</b>	<b>52.3</b>
New Business	50.5	51.8	52.0
New Export Business	49.6	49.3	50.6
Future Activity	61.7	63.4	64.1
Employment	50.5	51.1	51.2
Outstanding Business	48.7	48.4	50.6
Input Prices	57.0	57.5	57.2
Prices Charged	54.4	54.2	52.9

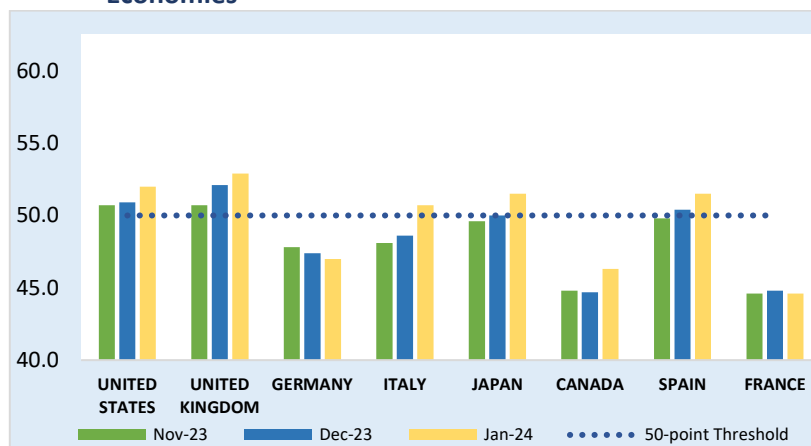
*Source: J.P. Morgan*

*Note: Above 50 index points indicate expansion.*

With PMI at 46.3 index points compared with 44.7 index points in the preceding month, economic activity, however, remained weak in Canada. This was attributed, mainly, to high interest rate, intensified cost pressures, and fragile business sentiment. In the same vein, declines in new orders and employment, sales volume, and demand depressed the PMI in Germany and France to 47.0 and 44.6 index points, respectively.



Figure 1: Purchasing Managers’ Index (PMI) of Selected Advanced Economies



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

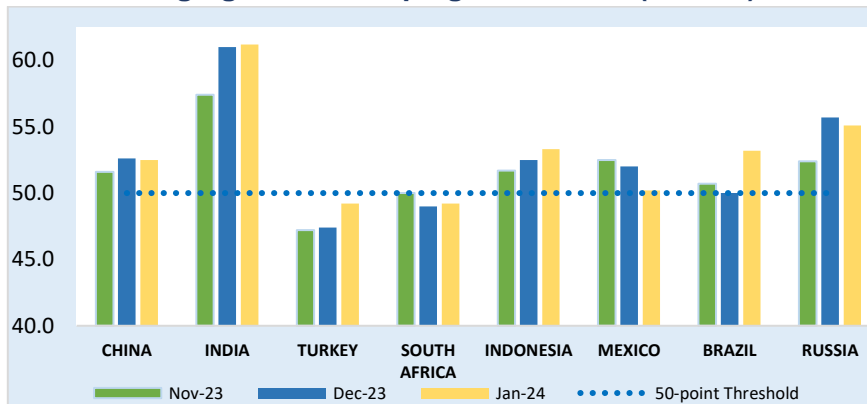
**Economic Activity in Emerging Markets and Developing Economies**

**Economic activity in most EMDEs increased on account of expansion in both services and manufacturing sectors.**

Improved employment and supply conditions, propelled by new businesses, prompted PMI increases in India (61.2 from 61.0 index points), Indonesia (53.3 from 52.5 index points), and Brazil (53.2 from 50.0 index points). China, Russia, and Mexico also recorded higher economic activity relative to the preceding month, though at a slower pace. The slowed expansion was attributed to tepid demand, heightened employment pressures, customer hesitancy, inclement weather, and subdued market expectations.

In South Africa and Turkey, economic activity remained weak as PMI, at 49.2 index points apiece, stayed within the contraction region, reflecting continued decline in new orders and falling sales. Besides, unchanged unemployment levels and supply-side constraints caused by the Durban port crisis contributed to the contraction in South Africa.

**Figure 2: Purchasing Managers’ Index (PMI) of Selected Emerging 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

#### Global Inflation

#### ***Inflationary pressures eased in most Advanced Economies as energy costs and supply-side constraints subsided.***

In the US and Germany, lower energy costs moderated inflation to 3.1 and 2.9 per cent, respectively, from 3.4 and 3.7 per cent in the preceding month. Inflation in France and Japan also slowed to 3.1 and 2.2 per cent, respectively, from 3.7 and 2.6 per cent, following the drop in food, energy, and manufactured products prices. Inflation remained at 4.0 per cent in the UK, as the moderation in prices of furniture and household goods offset the rise in the prices of miscellaneous goods and services. Spain and Italy, however, recorded upticks to 3.4 and 0.8 per cent from 3.1 and 0.6 per cent, due to rising costs of electricity, unprocessed food, and transport.

Inflation outcome was largely uneven among EMDEs. In China, consumer prices deflated further to negative 0.8 per cent from negative 0.3 per cent, weighed by lower food prices and transportation cost. Declining prices of food, beverages, and transport equally dampened inflation in India (5.1% from 5.7%), Brazil (4.5% from 4.6%), and Indonesia (2.5% from

2.6%). Inflation, however, edged up in Turkey and Mexico to 64.9 and 4.9 per cent, respectively, from 64.8 and 4.7 per cent in the preceding month, due to sharp increase in the minimum wage and government tax adjustments in Turkey and increasing prices of food and non-alcoholic beverages in Mexico.

**Table 2: Inflation in Selected Economies in Per cent**

Country	Sep-23 (A)	Oct-23 (B)	Nov-23 (C)	Dec-23 (D)	Jan-24 (E)	Difference m-o-m (E&D)	Remark
United States	3.7	3.2	3.1	3.4	3.1	-0.3	Decelerate
United Kingdom	6.7	4.6	3.9	4.0	4.0	0	Unchanged
Japan	3	3.3	2.8	2.6	2.2	-0.4	Decelerate
Canada	3.8	3.1	3.1	3.4	2.9	-0.5	Decelerate
Germany	4.5	3.8	3.2	3.7	2.9	-0.8	Decelerate
France	4.9	4	3.4	3.7	3.1	-0.6	Decelerate
Italy	5.3	1.7	0.8	0.6	0.8	0.2	Accelerate
Spain	3.5	3.5	3.2	3.1	3.4	0.3	Accelerate
China	0	-0.2	-0.5	-0.3	-0.8	-0.5	Decelerate
South Africa	5.4	5.9	5.5	5.1	5.3	0.2	Accelerate
India	5.0	4.9	5.5	5.7	5.1	-0.6	Decelerate
Mexico	4.5	4.3	4.3	4.7	4.9	0.2	Accelerate
Indonesia	2.3	2.6	2.9	2.6	2.5	-0.1	Decelerate
Turkey	61.5	61.4	62.0	64.8	64.9	0.1	Accelerate
Brazil	5.2	4.8	4.7	4.6	4.5	-0.1	Decelerate
Russia	6.0	6.7	7.5	7.4	7.4	0	Unchanged

Source: Trading Economics

### 1.3 Global Financial Markets Development

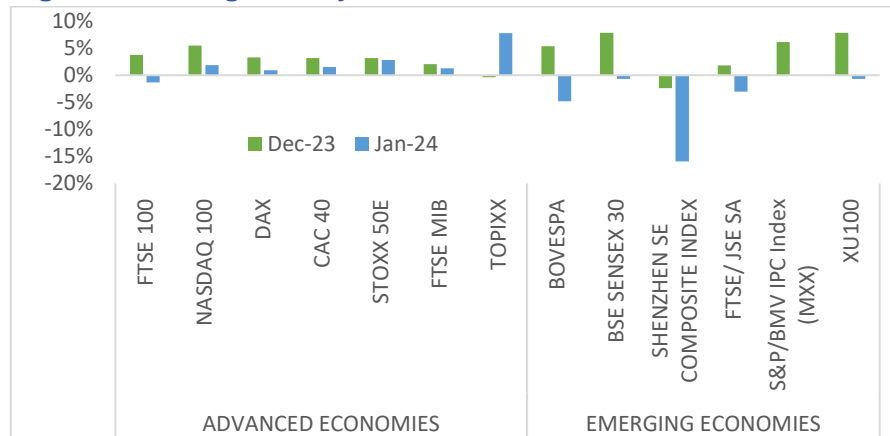
***The performance of the global financial market was mixed in January 2024 as changing monetary policy outlook and growth prospects steered investor appetite.*** In the Euro Area, the EURO STOXX 50E exhibited resilience, registering a moderate increase of 2.8 per cent. This growth was underpinned by improved output as gleaned from the PMI which rose from 47.6 index points in December 2023, to 47.9 index points in January 2024, and robust fourth-quarter corporate earnings.

Germany's DAX index mirrored the positive sentiment within the Eurozone, rising by 0.9 per cent. The growth was primarily fuelled by better-than-anticipated earnings from technology and software companies, aligning with the broader economic recovery observed in the region. In France, the CAC40 expanded by 1.5 per cent, owing to gains in luxury goods stocks. The FTSE MIB rose by 1.3 per cent, in Italy, following a better-than-expected economic outcome. Strong performance of technology stocks and robust economic conditions buoyed the 1.9 per cent increase in the US NASDAQ 100 index. Japan's TOPIX index witnessed the most substantial increase (7.8%), due to the expectation that the Bank of Japan would maintain the negative interest. The FTSE index in the UK, however, declined by 1.3 per cent as expectations of rate cuts diminished with inflation remaining above target. Sluggish wage growth also contributed to the downturn in equity prices.

Equity markets in emerging economies faced headwinds during the period, with notable declines across various key indices. China's Shenzhen SE Composite Index plummeted by 15.9 per cent, due to concerns about China's Evergrande liquidation order. In Brazil, vulnerabilities in the banking sector following Bradesco bank's announcement of acquiring the country's largest brokerage pulled the BOVESPA index down by 4.8 per cent. India's BSE Sensex 30 index experienced a modest decline of 0.7 per cent, attributed to lower-than-expected earnings from information technology and banking sectors. South Africa's FTSE JSE index declined by 3.0 per cent amid a weakening rand and falling prices of precious metals. Turkey's XU100 index also witnessed a slight decline

of 0.7 per cent, following the rate hike in response to persistent inflationary pressures.

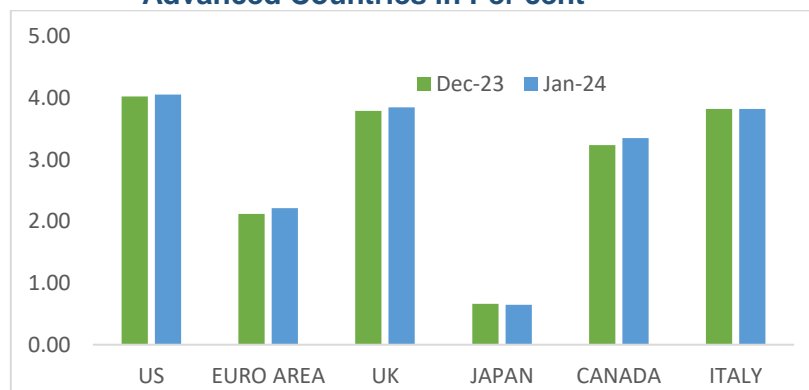
**Figure 3: Change in Key Global Stock Indices in Per cent**



Source: Reuters

Bond yields varied across AEs and EMDEs during the period under review. In Japan, bond yields declined by 2.4 per cent, attributed to a slowdown in inflation in December 2023. However, yields rose in the United States (0.8%), Euro area (4.4%), United Kingdom (1.5%), and Canada (3.5%) on expectations that monetary conditions would remain tight in the near term.

**Figure 4: 10-year Government Bond Yields for Selected Advanced Countries in Per cent**



Source: Reuters

Among EMDEs, rising yields in Turkey (6.6%), and Mexico (0.1%) were underpinned by policy rate hike and election uncertainty in

Indonesia (0.9%). Strong demand for bonds, however, drove up bond prices and led to lower yields in India and Russia. The heightened bond demand in India was fuelled by anticipation of a favourable budget with a lower fiscal deficit and increased market confidence in the government's fiscal policies. In Russia, improved business confidence, rising from 5.0 index points in December 2023 to 5.8 index points in January 2024, spurred increased demand for bonds.

**Figure 5: 10-year Government Bond Yields for Selected Emerging and Developing Countries in Per cent**

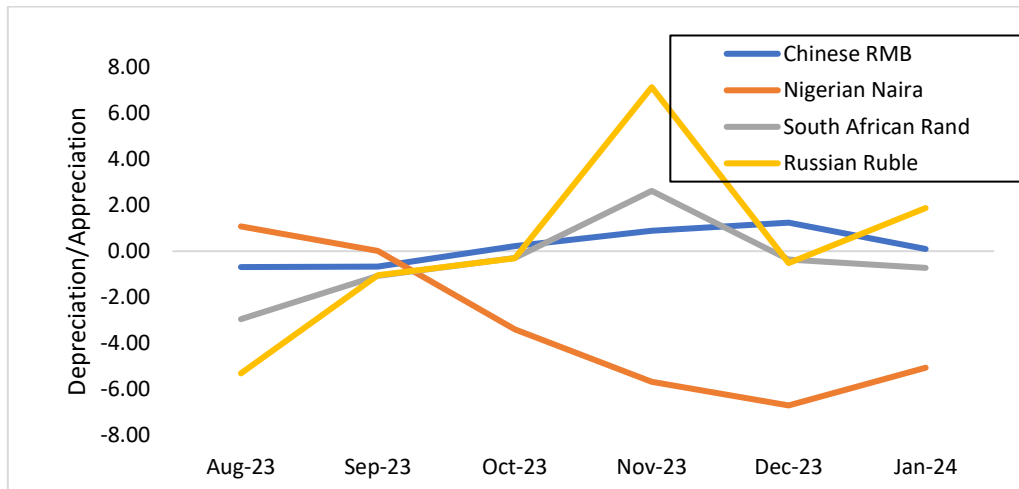


Source: Reuters

During the review period, the Chinese RMB and Russian ruble appreciated by 0.1 and 1.9 per cent, respectively, against the US dollar. The appreciation of the Chinese RMB was attributed to its relatively stronger demand ahead of the Lunar New Year. In Russia, the decree on capital controls and the central bank foreign exchange sales strengthened the ruble. The South African rand, however, depreciated by 0.7 per cent, due to the strengthened dollar as investors lowered their expectations of a March interest rate cut by the Federal Reserve.

**Emerging markets currencies**

**Figure 6: Exchange Rates Appreciation/Depreciation of Selected Countries**



Source: Central Bank of Nigeria & Exchange Rates UK.

### 1.4 Global Commodity Market

**World crude oil supply fell as OECD and non-OECD countries reduced production.** From 102.74 million barrels

per day (mbpd) in the previous month, global supply of crude oil fell by 1.6 per cent to 101.05 mbpd. Supply by OECD countries decreased by 3.15 per cent to 34.34 mbpd, while non-OECD supply reduced by 0.34 per cent to 67.39 mbpd. The main contributors to this decline were Canada and the former Soviet Union bloc. Crude oil production among the OPEC members fell by 1.2 per cent to 26.25 mbpd, due, primarily, to lower production in Iraq, Kuwait, and Algeria.

On the demand side, world crude oil demand fell by 2.5 per cent to 100.44mbpd, from 103.02 mbpd in the previous month. This decline can be attributed, mainly, to reduction in demand from China, Europe, Japan, and the former Soviet Union bloc.

**Crude oil spot prices rose amid declining global supply.**

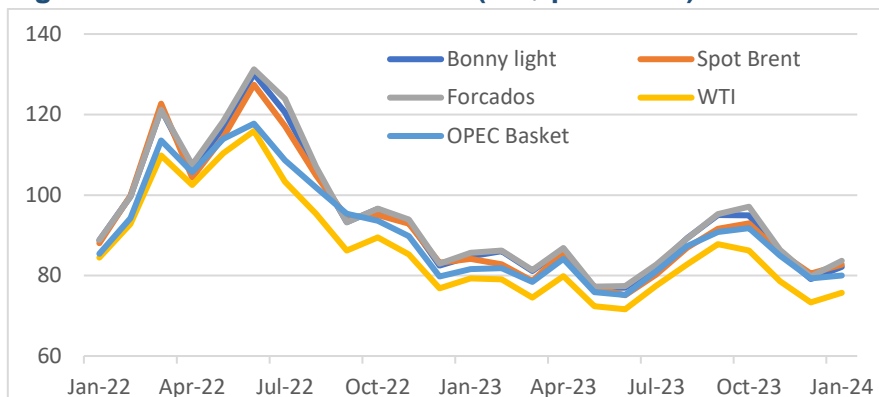
The average spot price of Nigeria’s reference crude, the Bonny Light (34.9° API), rose by 3.9 per cent to US\$82.17 per barrel

*World Crude Supply and Demand*

*Crude Oil Prices*

(pb), from US\$79.12 pb in the preceding month. The prices of the UK Brent (US\$82.72 pb), Forcados (US\$83.67 pb), WTI (US\$75.73 pb) and OPEC Reference Basket (US\$79.97 pb) all ticked up during the review period.

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

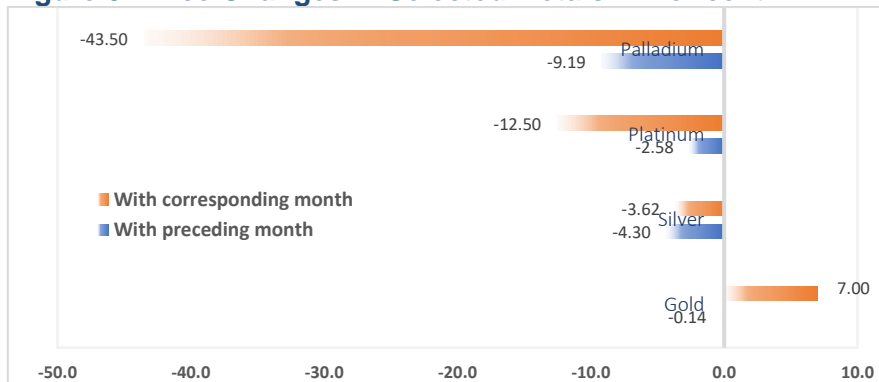


Source: Refinitiv Eikon (Reuters)

**Other Mineral Commodities**

*The average spot prices of precious metals fell as demand declined, following higher US bond yield and a stronger US dollar.* The average spot price of gold fell by 0.1 per cent, month-on-month, to US\$2,031.41 per ounce, from the preceding month's level. Similarly, the prices of silver, platinum and palladium declined by 4.3, 2.6 and 9.2 per cent, respectively, to US\$22.90, US\$919.97, and US\$978.89 per ounce.

**Figure 8: Price Changes in Selected Metals in Per cent**



Source: Refinitiv Eikon (Reuters)



**Agricultural  
Commodities**

**The average agricultural commodity index rose by 2.8 per cent to 130.6, due to supply disruptions arising from geo-political tensions and inclement weather.** There were increases in the prices of coffee (9.3%), rubber (5.0%), cocoa (4.5%), palm oil (3.9%), and cotton (1.7%), while wheat recorded a 2.5 per cent decline in price. The uptick in prices was attributed to the extensive strain on production and supply, due to the Israel-Hamas conflict, Houthi militant assaults on vessels, Russia-Ukraine war, and unfavourable weather conditions.

**Table 3: INDICES OF AVERAGE WORLD PRICES OF NIGERIA'S MAJOR AGRICULTURAL EXPORT COMMODITIES (JAN. 2010=100)**

COMMODITY	Jan. 2023	Dec. 2023	Jan. 2024	% Change	
				(1) & (3)	(2) & (3)
	1	2	3	4	5
<b>All Commodities</b>	<b>121.7</b>	<b>127.0</b>	<b>130.6</b>	<b>7.3</b>	<b>2.8</b>
<i>Cocoa</i>	74.5	119.4	124.7	67.5	4.5
<i>Cotton</i>	129.6	116.9	119.0	-8.2	1.7
<i>Coffee</i>	137.0	193.3	211.3	54.3	9.3
<i>Wheat</i>	189.1	144.7	141.1	-25.4	-2.5
<i>Rubber</i>	46.5	48.0	50.4	8.4	5.0
<i>Groundnut</i>	139.8	170.5	171.0	22.3	0.3
<i>Palm Oil</i>	113.4	97.9	101.7	-10.3	3.9
<i>Soya Beans</i>	143.8	125.6	125.6	-12.6	0.0

Sources: World Bank Pink Sheet

## 2.0 DOMESTIC ECONOMIC DEVELOPMENTS

### 2.1 REAL SECTOR DEVELOPMENTS

#### Summary

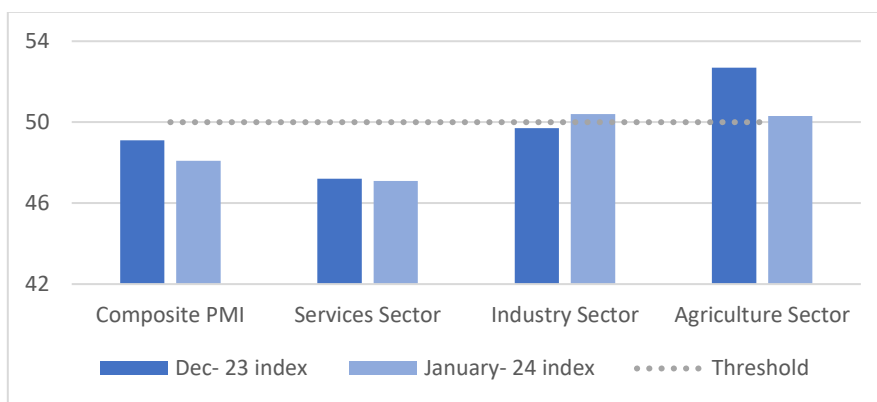
*Business activity contracted in the domestic economy in January 2024, as higher input costs weighed on the performance of the services and agriculture sectors performances. Improvement in industrial activity, on account of increased raw material inventory and production level, moderated the rate of contraction. Inflation continued to soar despite the end of the festive period, driven by higher PMS and AGO prices, as well as infrastructure constraints. Domestic crude oil production rose during the period under review due, mainly, to improved surveillance of oil infrastructure.*

#### 2.1.1 Business Activities

#### Purchasing Managers Index

*Rising costs of input encumbered business activities during the review month.* Composite PMI deteriorated to 48.5 index points from 49.1 index points, due to reduced momentum in the services and agricultural sector.

Figure 9: Composite and Sectors PMI

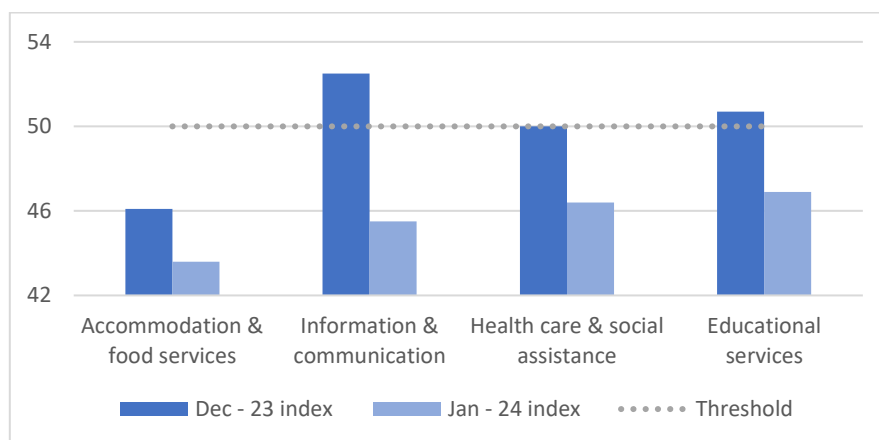


Source: Central Bank of Nigeria

Services sector PMI declined marginally to 47.1 index points, from 47.2 index points, reflecting weakened purchasing power and reduction in employment level. This was evidenced by the

decrease in accommodation & food services; information & communication; health care & social assistance; educational services; among others.

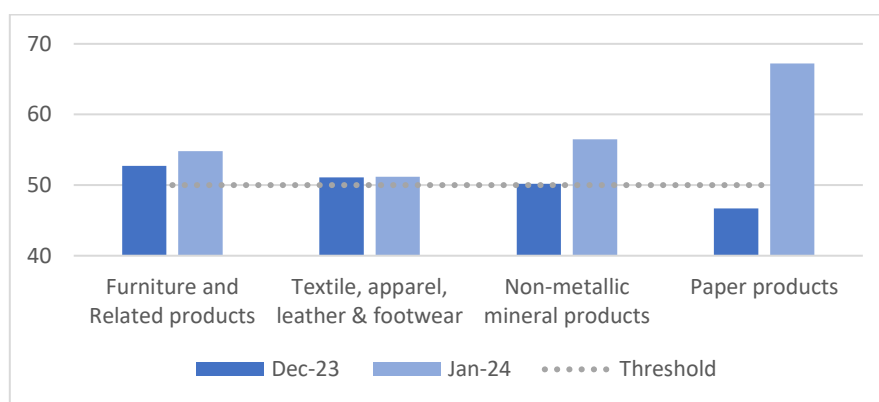
**Figure 10: Services Sector PMI**



Source: Central Bank of Nigeria

Industry sector PMI recovered to 50.4 index points from 49.7 index points contraction in the preceding month, as firms expanded their production capacity. The improvement was driven by increased activities in key subsectors such as paper products; non-metallic mineral products; furniture & related products; textile, apparel, leather & footwear.

**Figure 11: Industry Sector PMI**



Source: Central Bank of Nigeria

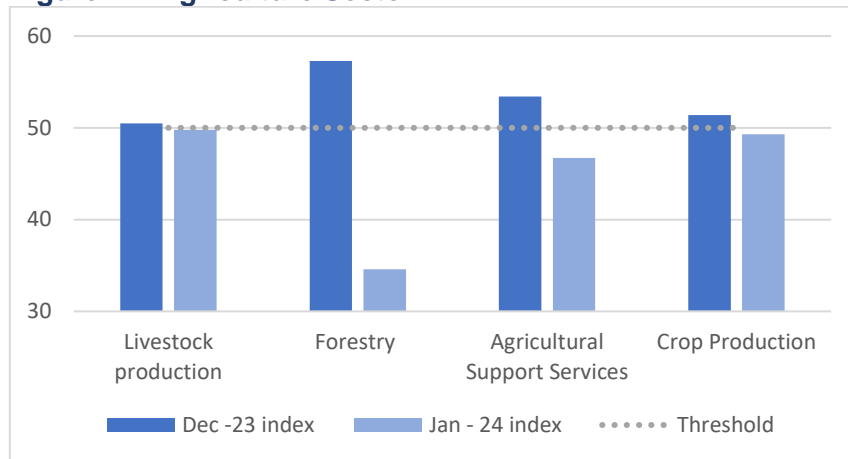
**Table 4: Composite, Industry, Services and Agriculture Purchasing Managers' Index**

Components	December - 23	January – 24
<b>Composite PMI</b>	<b>49.1</b>	<b>48.5</b>
<b>Industry Sector PMI</b>	<b>49.7</b>	<b>50.4</b>
Production Level	51.8	53.1
New Orders	47.8	48.7
Supplier Delivery Time	50.4	50.0
Employment Level	50.8	50.1
Raw Material Inventory	47.4	49.5
<b>Services Sector PMI</b>	<b>47.2</b>	<b>47.1</b>
Business Activity	47.0	47.9
New Orders	44.4	46.0
Employment Level	48.5	47.1
Inventory	49.1	47.2
<b>Agricultural Sector PMI</b>	<b>52.7</b>	<b>50.3</b>
Farm Yield/Output	53.2	50.1
New Orders	54.3	52.4
Employment Level	48.3	47.0
Inventories	53.1	51.2
General Farming Activities	54.9	50.6

Source: Central Bank of Nigeria

Agriculture sector PMI moderated to 50.3 index points, from 52.7 index points, as the sector remained resilient amidst rising headwinds. General farming activities slowed in some subsectors such as crop production, forestry, livestock production, and other related agricultural support activities. This was due to the rising cost of agricultural inputs, insecurity concerns, and long-standing challenges confronting the sector.

**Figure 12: Agriculture Sector PMI**

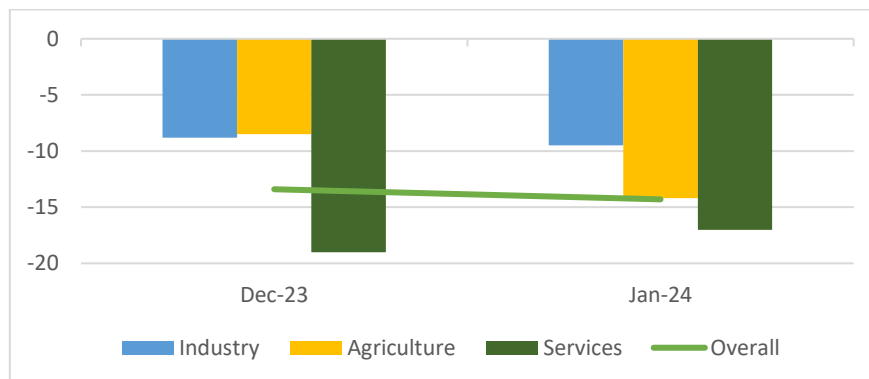


Source: Central Bank of Nigeria

**Business confidence Index**

The business confidence index deteriorated to negative 14.3 index points, from negative 13.4 index points in the preceding month, following concerns around prevailing insecurity, tight economic conditions, and infrastructure challenges. A sectoral breakdown showed a negative 17.0 index points for services, just as agriculture and industry recorded negative 14.2 and 9.5 index points, respectively.

**Figure 13: Business Confidence Index**



Source: Central Bank of Nigeria

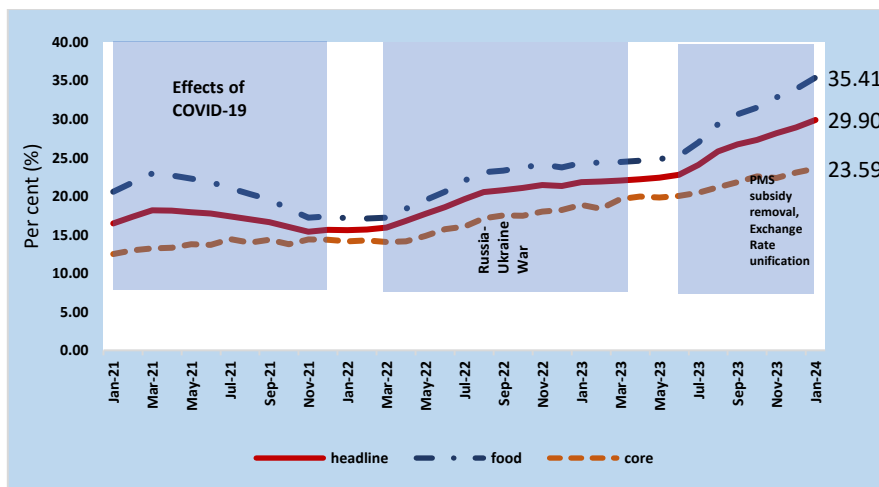
**2.1.2 Consumer Prices**

***Inflationary pressures persisted in January 2024, reflecting the continued effect of high energy and food prices, exchange rate pass-through, and other structural***

**Headline Inflation**

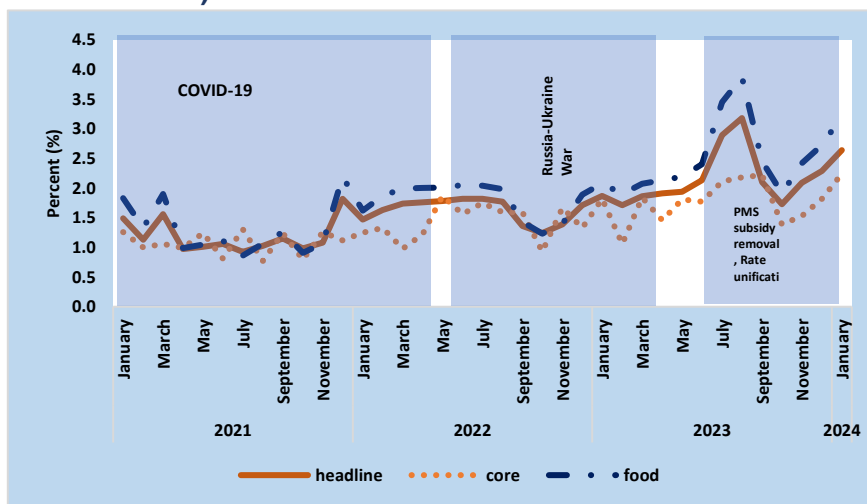
**factors.** Headline inflation rose to 29.90 per cent (year-on-year) from 28.92 per cent, in December 2023, and 2.64 per cent from 2.29 per cent on a month-on-month basis.

**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)**

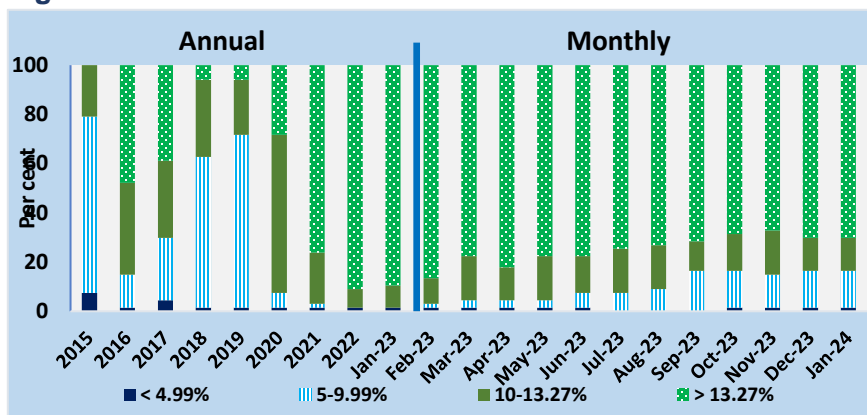


Source: National Bureau of Statistics

**Inflation Pervasiveness**

Inflation remained less pervasive in January 2024, as 70.15 per cent of items of the CPI basket, same as in the preceding period, were above the historical average of 13.27 per cent.

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

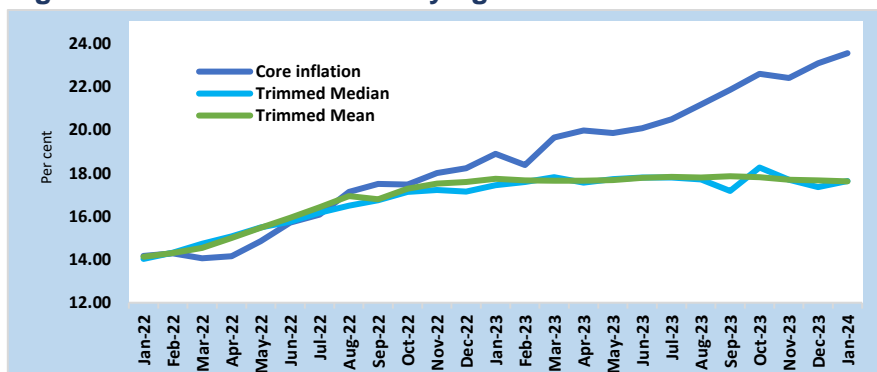


Source: Central Bank of Nigeria Staff compilation

**Core Inflation**

Core inflation rose to 23.59 per cent, from 23.06 per cent in December 2023, fuelled by strong exchange rate pass through to domestic prices, persisting structural factors, and high inflation expectation. On a month-on-month basis, core inflation rose to 2.24 per cent from 1.82 per cent.

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



Source: Central Bank of Nigeria Staff compilation

<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.

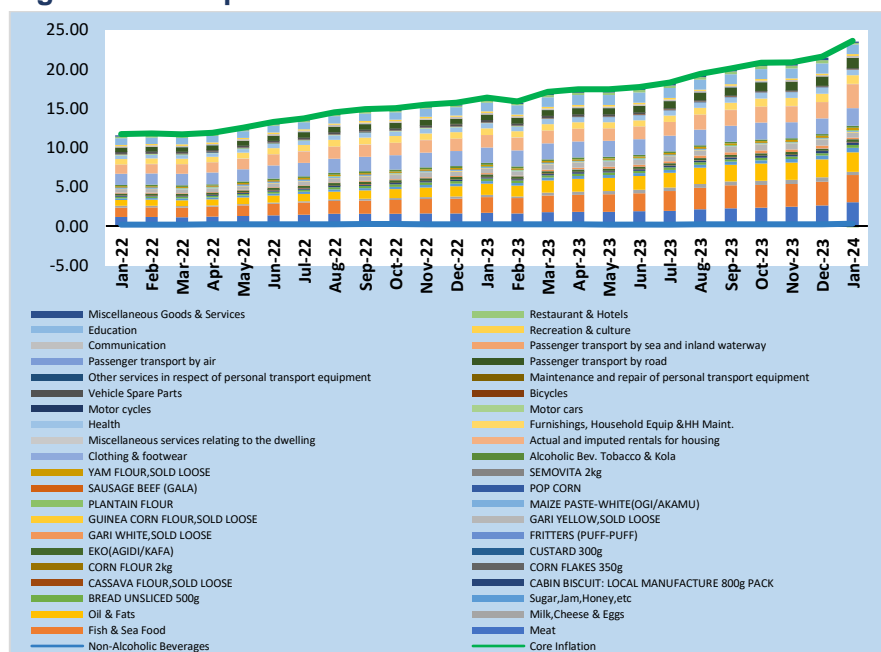
<sup>2</sup> **Core inflation:** measure of underlying inflation defined as headline less farm produce less energy prices.

**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.

Analysis of core inflation showed that all measures of underlying inflation trended upward. The trimmed mean and median measures, however, exhibited a moderate pace in growth in the review period, indicating slower increase in the underlying drivers of inflation. In addition, it revealed that fewer components of the inflation basket accounted for underlying inflationary pressure unlike the core measure. Further decomposition indicated that the key drivers of core inflation were fish & sea food, which added 3.47 percentage points (pp), actual & imputed rentals for housing (3.07 pp), meat (3.02 pp), oil & fats (2.48 pp), and clothing & footwear (2.23 pp).

**Figure 18: Component Drivers of Core Inflation**



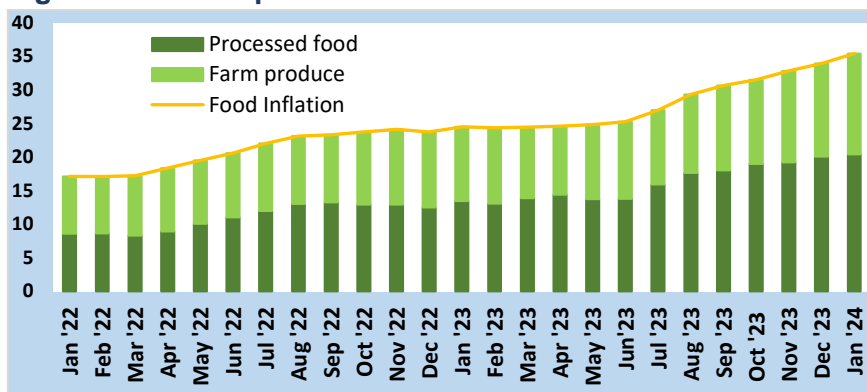
Source: National Bureau of Statistics

**Food Inflation**

Food inflation rose further to 35.41 per cent (Y-o-Y) from 33.93 per cent in December 2023, as higher transport and logistics costs (following the removal of PMS subsidy), and persisting security challenges undermined food production and distribution. On a month-on-month basis, food inflation surged to 3.21 per cent from 2.72 per cent.



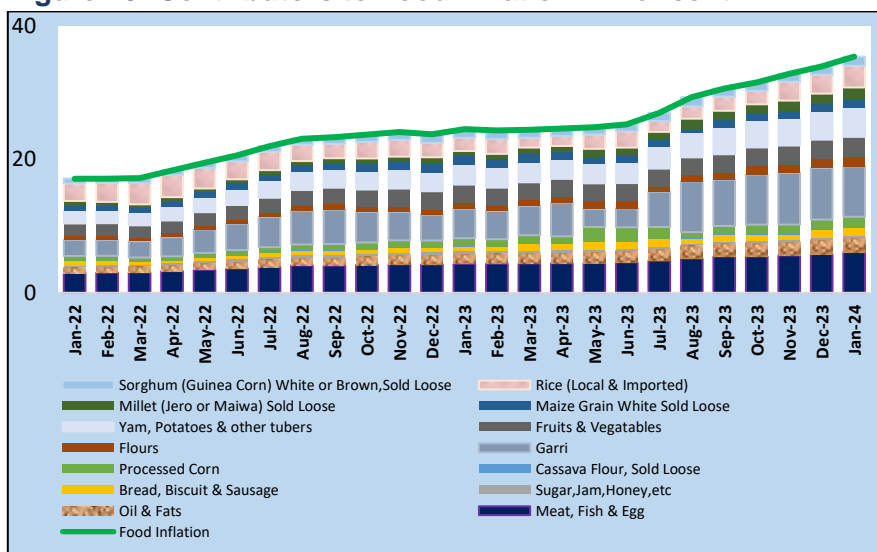
Figure 19: Decomposition of Food Inflation in Per cent



Source: National Bureau of Statistics

Processed food remained the underlying driver of food inflation, which mirrored its trend almost on a one-to-one basis. The quickening of the price of processed food reflected the continued rise in energy cost, accentuated by the surge in the price of diesel to ₦1,153.01 per litre in January 2024 from ₦828.82 per litre in the corresponding month of 2023. Further analysis of food inflation showed that the component drivers were Garri (7.55 pp); Meat, Fish & Egg (6.10 pp); Yam, Potatoes & other Tubers (4.40 pp); Rice (3.28 pp); Fruits & Vegetables (2.98 pp), and Oil & Fats (2.19 pp).

Figure 20: Contributors to Food Inflation in Per cent



Source: National Bureau of Statistics

### 2.1.3 Socio-Economic Developments

#### Transportation

The Bank's efforts at restoring confidence in the foreign exchange market were marked by the settlement of verified foreign exchange liabilities owed to foreign airlines operating in the country, as US\$2.00 billion was released to clear verified backlog claims.

#### Security

To reduce the level of unemployment and enhance security within the country, the Federal Government approved an increment in the number of personnel recruited into the Nigeria Police Force (NPF) from 10,000 to 30,000 personnel.

### 2.1.4 Domestic Crude Oil Market Developments

#### Crude Oil Production

***Domestic crude oil production rose over the preceding month's level, due, mainly, to improved surveillance of oil infrastructure.*** Data from the Nigerian Upstream Petroleum Regulatory Commission (NUPRC), indicated that domestic crude oil production, excluding condensates, increased to 1.43 million barrels per day (mbpd), from 1.34 mbpd in December 2023. The development was on account of increased output from the Erha, Bonny, Forcados and Obudu streams/terminals, following enhanced security measures to safeguard oil infrastructure. In addition, domestic crude oil production benefited from continued upgrade of outdated infrastructure.

## 2.2 FISCAL SECTOR DEVELOPMENTS

### Summary

*Fiscal operations in January 2024 recorded a 10.5 per cent rise in the provisional revenue of the federation account, owing to higher tax receipts. FGN retained revenue was, however, 1.7 per cent below the receipts in the preceding month and 47.0 per cent lower than the target. Provisional aggregate expenditure of the FGN fell 2.4 per cent relative to December 2023, and 18.6 per cent below the target. The fiscal deficit of the FGN contracted by 4.3 per cent, relative to December 2023, but expanded by 18.6 per cent beyond the benchmark. Consolidated public debt at end-September 2023 was ₦87,907.71 billion, representing 39.1 per cent of GDP.*

### 2.2.1 Federation Account Operations

### Drivers of Federation Revenue

*Federally collected revenue rose during the review month due to higher collections from non-oil revenue sources.*

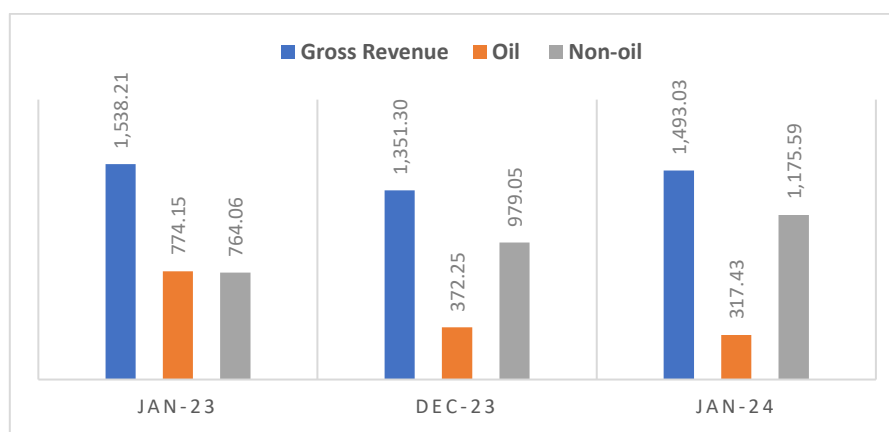
Provisional data indicated that federally collected revenue, at ₦1,493.03 billion, surpassed the level in December 2023 by 10.5 per cent, but was 15.4 per cent below the benchmark. The higher receipt reflected significantly increased collections from company income tax (CIT), value-added tax (VAT), and FGN independent revenue. In terms of contribution, non-oil revenue accounted for 78.7 per cent. The improved revenue reflected Government's ongoing effort to diversify revenue sources, particularly, from the oil sector.

At ₦317.43 billion, oil revenue fell by 14.7 per cent below the receipts in the preceding month and 60.5 per cent below the target. The performance was attributed to lower receipts from

interim dividends, crude oil rent, petroleum profit tax (PPT), and crude oil & gas royalties.

At ₦1,175.59 billion, non-oil revenue exceeded both the level in December 2023, and the monthly target by 20.1 and 22.3 per cent, respectively. This reflected improvement in collections from CIT, VAT, and FGN independent revenue, indicating the positive impact of subsisting tax reforms and improved remittances by the agencies of government.

**Figure 21: Gross Revenue Outturn and Benchmark (₦' Billion)**



**Source:** Central Bank of Nigeria Staff Estimates and Office of the Accountant-General of the Federation (OAGF)

**Statutory Revenue and VAT distribution**

A net balance of ₦1,127.41 billion was distributed among the three tiers of government after accounting for additional revenue, statutory deductions, and transfers. The Federal, State and Local governments received ₦383.87 billion, ₦396.69 billion and ₦288.93 billion, respectively; while the balance of ₦57.92 billion was allocated to the 13% Derivation Fund for oil-producing states. Net disbursement in January 2024 was 3.5 and 3.4 per cent above the level in December 2023 and the monthly target, respectively.

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

	Jan-23	Dec-23	Jan-24	*Budget
<b>Federation Revenue (Gross)</b>	<b>1,538.21</b>	<b>1,351.30</b>	<b>1,493.03</b>	<b>1,764.55</b>
<b>Oil</b>	<b>774.15</b>	<b>372.25</b>	<b>317.43</b>	<b>803.63</b>
Crude Oil & Gas Exports	0.00	1.70	64.56	40.90
PPT & Royalties	767.69	198.68	162.18	686.75
Domestic Crude Oil/Gas Sales	0.00	0.00	0.00	8.38
Others	6.46	171.87	90.69	67.59
<b>Non-oil</b>	<b>764.06</b>	<b>979.05</b>	<b>1,175.59</b>	<b>960.92</b>
Companies Income Tax	230.37	307.94	352.25	174.39
Customs & Excise Duties	131.67	202.37	205.70	176.32
Value-Added Tax (VAT)	250.51	360.46	492.51	246.15
Independent Revenue of Fed. Govt.	123.25	92.90	103.61	264.09
Others**	28.26	15.38	21.52	99.97
<b>Total Deductions/Transfers</b>	<b>597.18</b>	<b>639.34</b>	<b>671.22</b>	<b>686.06</b>
<b>Federally-Collected Revenue</b>	<b>941.03</b>	<b>711.96</b>	<b>821.81</b>	<b>1,078.48</b>
<i>Less Deductions &amp; Transfers***</i>				
<i>plus:</i>				
<b>Additional Revenue</b>	<b>49.16</b>	<b>376.82</b>	<b>305.60</b>	<b>11.36</b>
Balance in Special Account from 2019	0.00	0.00	0.00	0.00
Excess Crude Revenue	0.00	0.00	0.00	0.00
Non-oil Excess Revenue	24.32	11.96	17.86	11.36
Exchange Gain	24.84	364.87	287.74	0.00
<b>Total Distributed Balance</b>	<b>990.19</b>	<b>1,088.78</b>	<b>1,127.41</b>	<b>1,089.84</b>
<b>Federal Government</b>	<b>375.30</b>	<b>402.87</b>	<b>383.87</b>	<b>430.36</b>
Statutory	340.31	352.52	315.08	396.16
VAT	34.99	50.35	68.79	34.20
<b>State Government</b>	<b>299.56</b>	<b>351.70</b>	<b>396.69</b>	<b>319.78</b>
Statutory	182.92	183.87	167.38	205.76
VAT	116.64	167.83	229.31	114.02
<b>13% Derivation</b>	<b>93.52</b>	<b>75.41</b>	<b>57.92</b>	<b>101.67</b>
<b>Local Government</b>	<b>221.81</b>	<b>258.81</b>	<b>288.93</b>	<b>238.04</b>
Statutory	140.16	141.33	128.41	158.23
VAT	81.65	117.48	160.52	79.81

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

Note: \*Budget is based on the 2023 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.

## 2.2.2 Fiscal Operations of the Federal Government

**FGN retained revenue declined, due to lower realisation in January 2024 exchange gain and statutory allocation.** At N487.48 billion, provisional FGN retained revenue was 1.7 per cent lower than the collections in December 2023 and 47.0 per cent short of the monthly target.

### Federal Government Retained Revenue

**Table 6: FGN Retained Revenue (N' Billion)**

	Jan-23	Dec-23 1/	Jan-24 1/	Budget*
<b>FGN Retained Revenue</b>	<b>498.55</b>	<b>495.77</b>	<b>487.48</b>	<b>920.43</b>
<i>Federation Account</i>	325.10	174.91	173.73	356.95
<i>VAT Pool Account</i>	34.99	50.35	68.79	31.92
<i>FGN Independent Revenue</i>	123.25	92.90	103.61	264.09
<i>Excess Oil Revenue</i>	0.00	0.00	0.00	0.00
<i>Exchange Gain</i>	11.56	175.82	138.67	0.00
<i>Excess Non-Oil</i>	3.65	1.79	2.68	0.00
<i>Others**</i>	0.00	0.00	0.00	267.47

Source: Office of the Accountant-General of the Federation

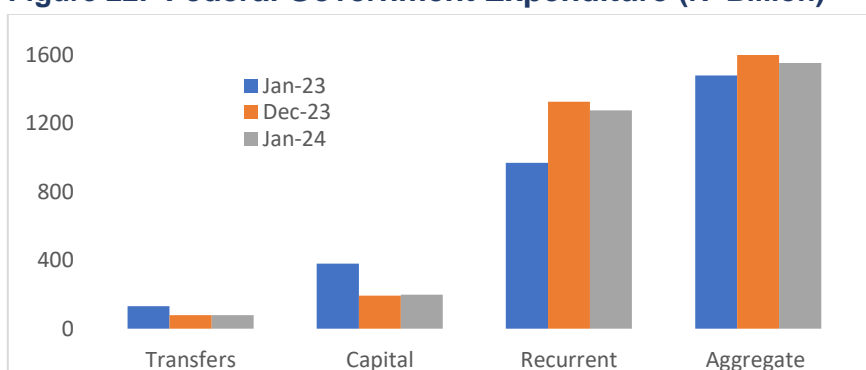
Note: \*Based on 2023 appropriation Act, \*\*Others include revenue from Special Accounts and Special Levies.

1/ Provisional figures

**Federal Government  
Expenditure**

**The provisional aggregate expenditure of the FGN declined, owing to lower recurrent expenditure.** At ₦1,552.89 billion, provisional expenditure was 2.8 per cent below the level in the preceding month and 14.6 per cent short of the projected spending of ₦1,818.93 billion. The decline was attributed, largely to non-maturing debt obligations. Further analysis showed that recurrent expenditure accounted for 82.1 per cent of total expenditure, compared with 12.8 and 5.1 per cent for capital expenditure and transfers, respectively.

**Figure 22: Federal Government Expenditure (N' Billion)**



Source: Central Bank of Nigeria Staff Estimates and Office of the Accountant-General of the Federation (OAGF)

**Overall Fiscal  
Balance**

**The fiscal operations of the FGN in January resulted in a contraction in the fiscal deficit.** The provisional fiscal deficit of the FGN, at ₦1,065.41 billion, narrowed by 3.4 per cent

relative to the preceding month, but was 18.6 per cent over the benchmark. The lower deficit, relative to the preceding month, reflected less spending on foreign debt service.

**Table 7: Fiscal Balance (N' Billion)**

	Jan-23	Dec-23 1/	Jan-24 1/	*Budget
Retained revenue	498.55	495.77	487.48	920.43
Aggregate expenditure	<b>1479.36</b>	<b>1598.24</b>	<b>1552.89</b>	<b>1818.93</b>
Recurrent	<b>969.35</b>	<b>1325.45</b>	<b>1275.06</b>	<b>1240.58</b>
Non-debt	419.04	436.63	445.91	694.11
Interest Payments	550.31	888.82	829.15	546.47
Capital	379.12	193.18	198.37	497.73
Transfers	130.89	79.62	79.46	80.62
Primary balance	<b>-430.50</b>	<b>-213.66</b>	<b>-236.26</b>	<b>-352.04</b>
Overall balance	<b>-980.81</b>	<b>-1102.48</b>	<b>-1065.41</b>	<b>-898.51</b>

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

Note: 1/ Provisional figures.

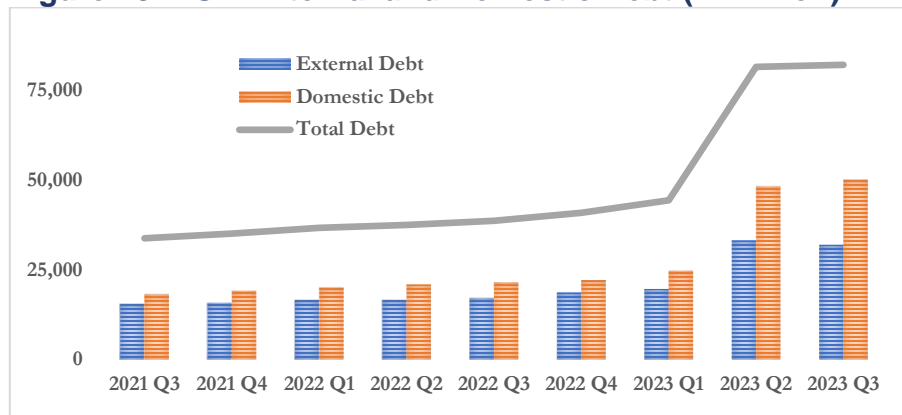
**At 39.1 per cent of GDP, public debt was within the 40.0 per cent threshold stipulated in the Medium-Term Debt Strategy 2020-2023.** Public debt outstanding stood at ~~N~~87,907.71 billion at end September 2023, and was 0.6 per cent above the levels at end-June 2023. A breakdown showed that, domestic debt accounted for 63.6 per cent, while external debt obligations constituted 36.4 per cent. Of the debt stock, FGN owed ~~N~~82,172.29 billion (93.5%), while State governments owed ~~N~~5,735.42 billion (6.5%).

A disaggregation of FGN debt obligations revealed that domestic debt was ~~N~~50,196.10 billion (61.1%), while external debt stood at ~~N~~31,976.20 billion (38.9%), as debt structure tended towards the 70:30 target. Analysis of the domestic debt showed that FGN bonds accounted for 86.0 per cent while Treasury Bills (9.4%), Promissory Notes (2.9%), FGN Sukuk (1.5%), and others (0.2%) shared the balance. Of the external debt stock, multilateral loans constituted 49.5 per cent, while

commercial and bilateral loans accounted for 37.1 and 13.4 per cent, respectively.

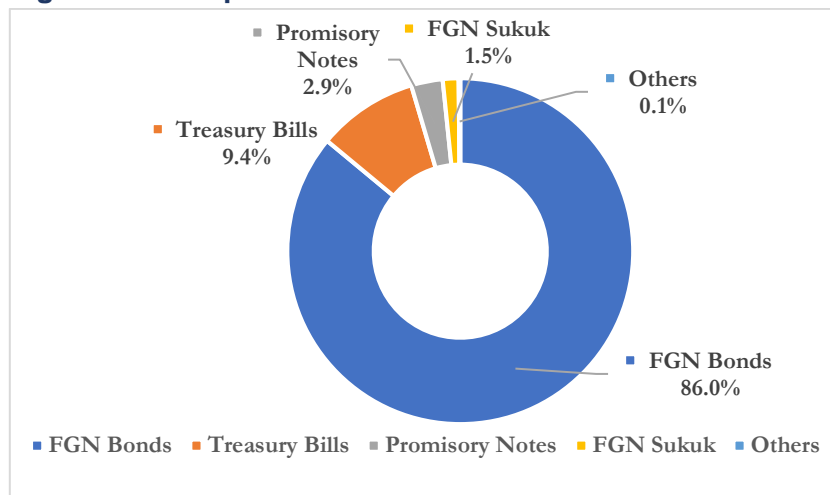
Debt service obligations in Q32023 rose to ₦2,861.61 billion, from ₦748.69 billion in Q22023. The increase was attributed to the inclusion of cumulated securitised FGN Bonds from May, redemption of US\$500 million Eurobond and the part-payment of the IMF loan obtained during COVID-19 pandemic. A breakdown of the total showed that domestic debt service accounted for ₦1,792.48 billion (62.6%), while external debt service constituted ₦1,069.13 billion (37.4%).

**Figure 23: FGN External and Domestic Debt (₦' Billion)**



Source: Debt Management Office

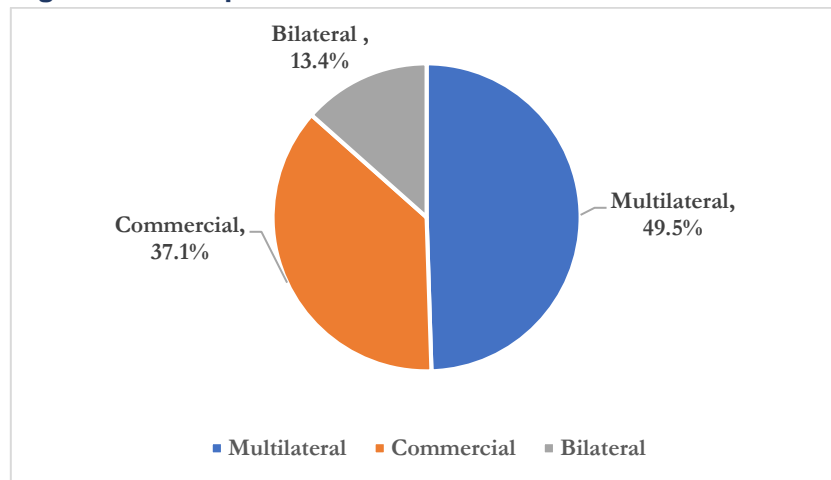
**Figure 24: Composition of Domestic Debt Stock in Per cent**



Source: Debt Management Office



Figure 25: Composition of External Debt Stock in Per cent



Source: Compiled from DMO figures

## 2.3 MONETARY AND FINANCIAL DEVELOPMENTS

### Summary

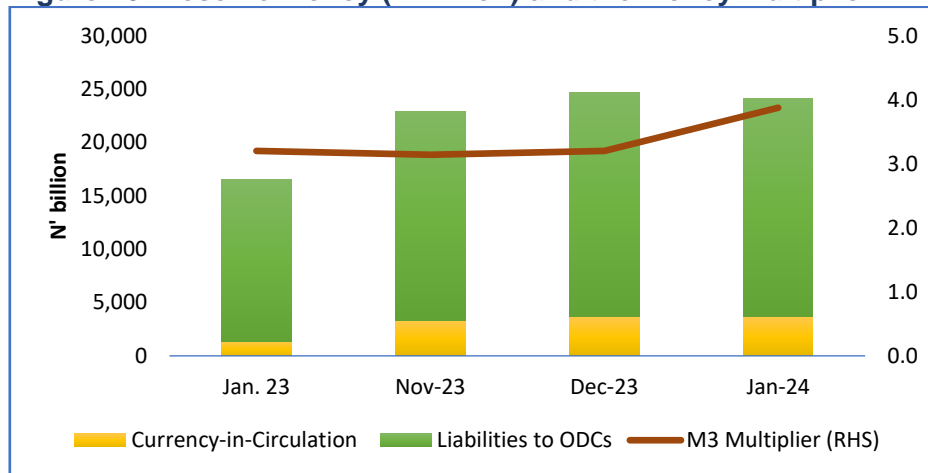
*Broad money supply grew in January 2024, relative to its level in December 2023, driven wholly by net domestic assets (NDA). The Open Buy Back (OBB) rate was within the stipulated corridor, signalling effective liquidity management by the Bank. A bullish run continued in the capital market following renewed investors' confidence inspired by capital gains and lofty corporate earnings.*

### 2.3.1 Monetary Developments

### Reserve Money

*The monetary base contracted during the review month, due to a decline in liabilities to other depository corporations (ODCs) and currency-in-circulation (CIC). Reserve money fell by 2.34 per cent below the level in December 2023 to ₦24,156.95 billion, driven by the 2.73 and 0.08 per cent contraction in liabilities to ODCs and CIC, respectively. The fall in liabilities to ODCs was attributed, largely, to the 59.9 per cent decline in excess reserves. This decline in excess reserves followed the drop in standing deposit facility (SDF) during the review period, as a result of relatively lower banking system liquidity compared with the preceding month.*

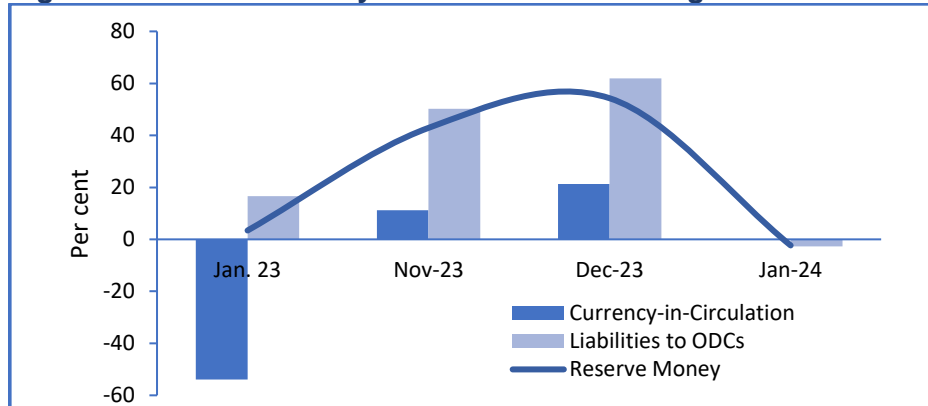
**Figure 26: Reserve Money (₦ Billion) and the Money Multiplier**



Source: Central Bank of Nigeria

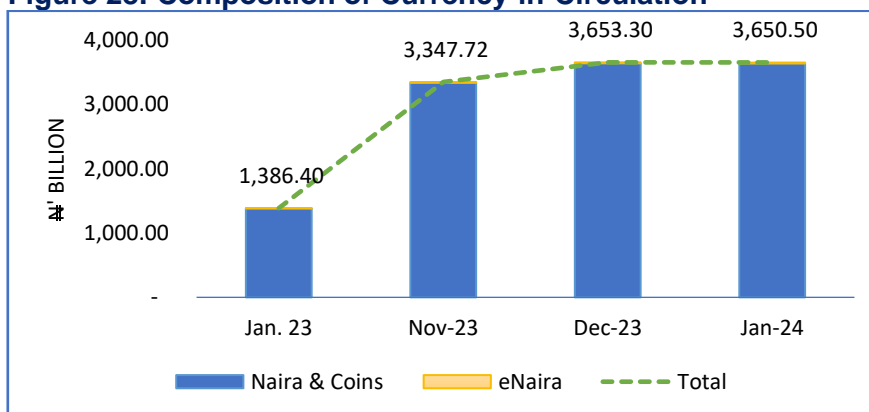
Regardless of the fall in reserves held by banks, the money multiplier rose to 3.88 per cent from 3.20 per cent at end-December 2023 indicating an increased efficiency of the banking system to create money during the review month.

**Figure 27: Reserve Money Growth over Preceding December**



Source: Central Bank of Nigeria

Accounting for 0.38 per cent of CIC, the volume of eNaira, at ₦13.98 billion remained unchanged from the level at end-December 2023, while the volume of banknotes and coins declined to ₦3,636.52 billion.

**Figure 28: Composition of Currency-in-Circulation**

Source: Central Bank of Nigeria

## Broad Money

Broad money supply (M3) expanded by 18.3 per cent to ₦93,715.56 billion from ₦79,252.46 billion in the preceding month, driven by domestic credit and reflecting the rise in money multiplier. Domestic claims, which grew by 17.7 per cent, was the main driver of monetary expansion from the asset side, contributing 21.47 percentage points to M3 growth. The growth in domestic claims was due largely to the 23.0 per cent increase in claims on other sectors and the 7.8 per cent rise in net claims on the central government. Net claims on central government was enlarged by the increased holdings of government securities and loans granted by depository corporations (DCs).

Higher claims on other sectors was driven by growth in claims on private sector (32.0%), public non-financial corporations (12.3%), other financial corporations (5.0%), and state and local government (2.1%). The impressive growth in private sector credit, which accounted for 16.70 percentage points growth in M3, reflected sustained efforts at de-risking lending and resolving structural impediments to domestic production. Overall, net domestic assets (NDA) grew by 23.1 per cent and contributed 20.42 percentage points to the growth in M3, while

net foreign assets (NFA) fell by 18.4 per cent, moderating growth by 2.17 percentage points.

From the liability side, the increase in M3 was, mainly, on account of the 26.6 per cent rise in other deposits, which contributed 16.32 percentage points to total monetary expansion. Transferable deposits, which recorded a growth of 4.7 per cent, added 1.59 percentage points to broad money growth. Securities other than shares grew by 99.98 per cent, but contributed a marginal 0.53 percentage points. Currency outside depository corporations, however, declined by 4.5 per cent in the review period, in line with the Bank's drive towards increased use of electronic payments.

**Table 8: Money and Credit Growth over Preceding December in Per cent**

Monetary Aggregates	Jan-23	Dec-23	Jan-24	Annualised growth (Jan-24)	Contribution to M3 Growth (Jan-24)
<b>Net Foreign Assets</b>	<b>-6.54</b>	<b>142.99</b>	<b>-18.39</b>	<b>-220.69</b>	<b>-2.17</b>
<i>Claims on Non-residents</i>	-1.65	113.87	13.15	157.75	8.24
<i>Liabilities to Non-residents</i>	-0.68	108.09	20.45	245.38	10.41
<b>Net Domestic Assets</b>	<b>2.42</b>	<b>44.62</b>	<b>23.14</b>	<b>277.72</b>	<b>20.42</b>
<b>Domestic Claims</b>	<b>2.85</b>	<b>45.31</b>	<b>17.71</b>	<b>212.54</b>	<b>21.47</b>
<b>Net Claims on Central Government</b>	<b>6.53</b>	<b>41.61</b>	<b>7.81</b>	<b>93.67</b>	<b>3.30</b>
<i>Claims on Central Government</i>	2.40	63.30	5.26	63.18	3.72
<i>Liabilities to Central Government</i>	-6.83	111.78	1.47	17.63	0.42
<b>Claims on Other Sectors</b>	<b>0.79</b>	<b>47.38</b>	<b>23.03</b>	<b>276.31</b>	<b>18.17</b>
<i>Claims on Other Financial Corporations</i>	3.88	47.76	4.97	59.60	0.86
<i>Claims on State and Local Government</i>	0.87	18.52	2.08	25.01	0.11
<i>Claims on Public Nonfinancial Corporations</i>	4.55	-4.72	12.28	147.40	0.49
<i>Claims on Private Sector</i>	-0.80	57.78	32.00	383.95	16.70
<b>Total Monetary Assets (M<sub>3</sub>)</b>	<b>1.76</b>	<b>51.86</b>	<b>18.25</b>	<b>218.99</b>	<b>18.25</b>
<i>Currency Outside Depository Corporations</i>	-69.16	33.67	-4.47	-53.69	-0.19
<i>Transferable Deposits</i>	10.62	46.83	4.73	56.75	1.59
<b>Narrow Money (M<sub>1</sub>)</b>	<b>0.74</b>	<b>45.20</b>	<b>3.68</b>	<b>44.16</b>	<b>1.40</b>
<i>Other Deposits</i>	2.76	56.88	26.55	318.63	16.32
<b>Broad Money (M<sub>2</sub>)</b>	<b>1.95</b>	<b>52.20</b>	<b>17.81</b>	<b>213.75</b>	<b>17.72</b>
<i>Securities Other than Shares</i>	-22.84	7.04	99.98	1199.71	0.53
<b>Total Monetary Liabilities(M<sub>3</sub>)</b>	<b>1.76</b>	<b>51.86</b>	<b>18.25</b>	<b>218.99</b>	<b>18.25</b>

Source: Central Bank of Nigeria.

### 2.3.2 Sectoral Credit Utilisation

Total credit extended to key sectors of the economy by other depository corporations (ODCs) increased by 29.7 per cent to ₦57,761.23 billion, compared with ₦44,536.13 billion in the preceding month. The growth was driven by the sustained increase in credit to services (25.6%), industry (37.5%), and agricultural sector (7.1%). A decomposition of sectoral credit

#### Sectoral Utilisation of Credit

indicated that the services sector remained dominant, accounting for 52.1 per cent. Industry constituted 44.7 per cent, while agriculture accounted for the balance of 3.2 per cent.

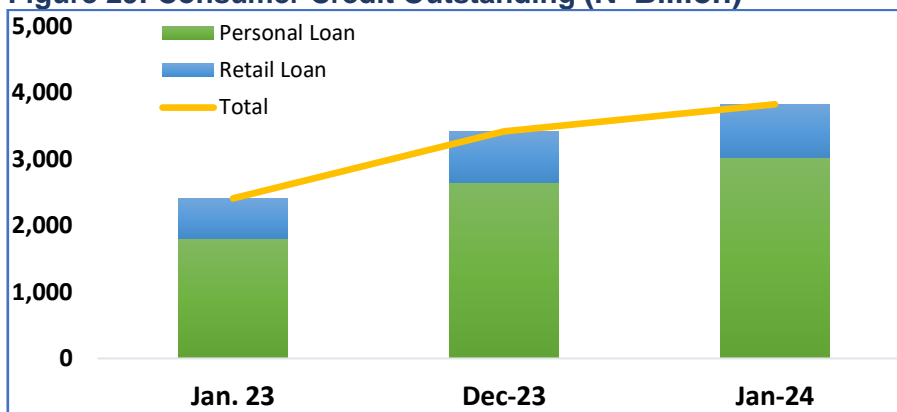
**Table 9: Sectoral Credit Allocation**

SECTORS	Allocation (₦ Billion)			Share in Total (%)			Growth (%) (3) & (2)
	Jan-23 (1)	Dec-23 (2)	Jan-24 (3)	Jan-23 (4)	Dec-23 (5)	Jan-24 (6)	
[a] Agriculture	1,856.1	2,255.4	2,416.3	6.24	5.06	4.18	7.13
[b] Industry	11,944.1	18,781.9	25,819.9	40.70	42.17	44.70	37.47
of which Manufacturing	5,562.67	7,732.46	10,024.10	51.46	45.59	42.67	22.86
[c] Services	15,929.9	23,498.8	29,525.0	53.58	52.76	52.12	25.64
of which:							
Finance, Insurance & Capital Market	2,634.72	4,327.86	5,667.76	23.59	25.08	25.89	23.64
Trade/General Commerce	2,243.10	3,548.74	4,616.81	7.54	7.97	7.99	23.13
<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>29.70</b>

Source: Central Bank of Nigeria

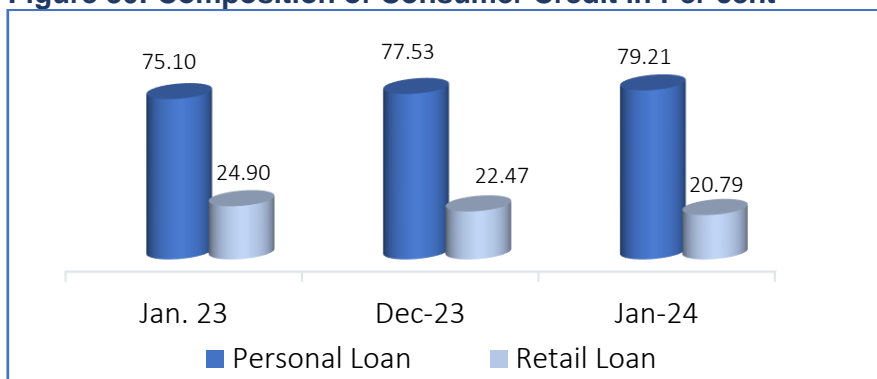
Total consumer credit outstanding increased by 11.9 per cent to ₦3,823.51 billion in January 2024, driven, mainly, by the rise in personal loans on the back of heightened inflation. A disaggregation of consumer credit revealed that personal loans increased by 14.3 per cent to ₦3,028.72 billion from ₦2,648.89 billion in December 2023, while retail loans rose by 3.6 per cent to ₦794.79 billion. Personal loans accounted for 79.2 per cent of consumer credit, while retail loans accounted for 20.8 per cent. Consumer credit, as a share of total credit from ODCs, however, declined to 6.6 per cent, from 7.7 per cent in the preceding month.

**Figure 29: Consumer Credit Outstanding (N' Billion)**



Source: Central Bank of Nigeria

**Figure 30: Composition of Consumer Credit in Per cent**



Source: Central Bank of Nigeria

### 2.3.3 Financial Developments

#### 2.3.3.1 Money Market Developments

*Average banking system liquidity reduced, reflecting the Bank’s measures to maintain liquidity conditions at levels that are consistent with its tight monetary policy stance.*

The average net industry balance declined to ₦199.82 billion from ₦212.97 billion in the preceding month.

The liquidity condition in the banking system influenced operations at the CBN’s discount windows, with higher patronage at the standing lending facility (SLF) window, but lower patronage at the standing deposit facility (SDF) window.

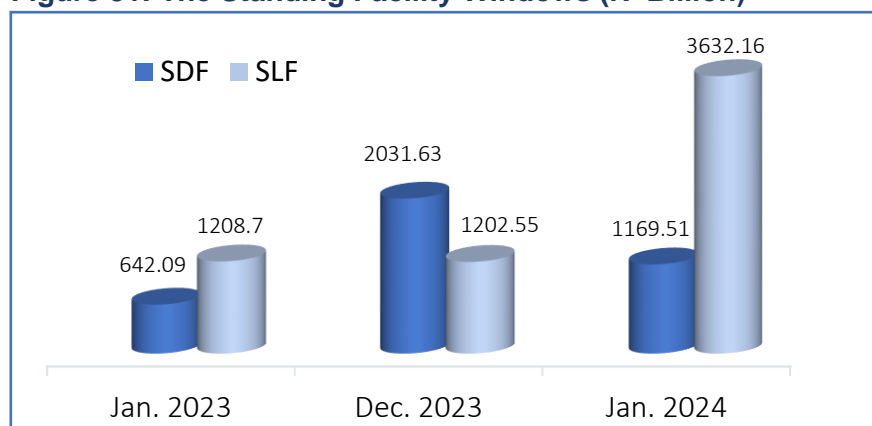
**Banking System  
Liquidity  
Condition**

**Discount Window  
Operations**



Total requests at the SLF window rose to ₦3,632.16 billion with a daily average of ₦172.96 billion in the 21 transaction days of January 2024. The request exceeded the preceding month's ₦1,202.55 billion and daily average of ₦63.29 billion. Conversely, total transaction at the SDF window fell to ₦1,169.51 billion, with a daily average of ₦53.16 billion, in the review period from ₦2,031.63 billion in December 2023. Applicable rates for the SLF and SDF remained at 19.75 and 15.75 per cent, respectively, as in the preceding month, reflecting the asymmetric corridor of +100/-300 around the monetary policy rate of 18.75 per cent.

**Figure 31: The Standing Facility Windows (₦' Billion)**



Source: Central Bank of Nigeria

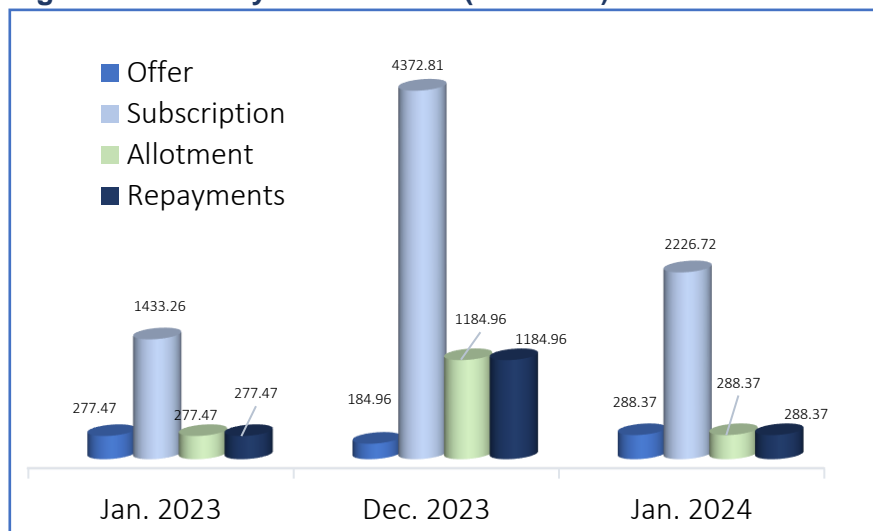
**Open Market Operations**

Open market operations (OMO) auctions during the review month recorded substantial increases in the total amount offered (137.5% to ₦950,00 billion), subscribed (47.6% to ₦1,467.90 billion), and allotted (812.8% to ₦912.77 billion), at the bid rate of 13.38 (±4.38) per cent, relative to 14.12 (±3.68) per cent in the preceding period. There was no maturity of CBN bills, during the period, translating to a net withdrawal of ₦912.77 billion.

Investment in  
Government Securities

**Demand for NTBs and FGN Bonds tapered in January 2024, influenced in part, by lower banking system liquidity and rates.** At the NTB auctions held during the period, bills of 91-, 182-, and 364-day tenors amounting to ₦288.37 billion, ₦2,226.72 billion, and ₦288.37 billion were offered, subscribed, and allotted, respectively, relative to ₦184.96 billion, ₦4,372.81 billion, and ₦1,184.96 billion, in the preceding month. The lower subscription was attributed to the lower stop rate of 6.25(±4.55) per cent in the review period, relative to 11.00(±4.75) per cent in December 2023.

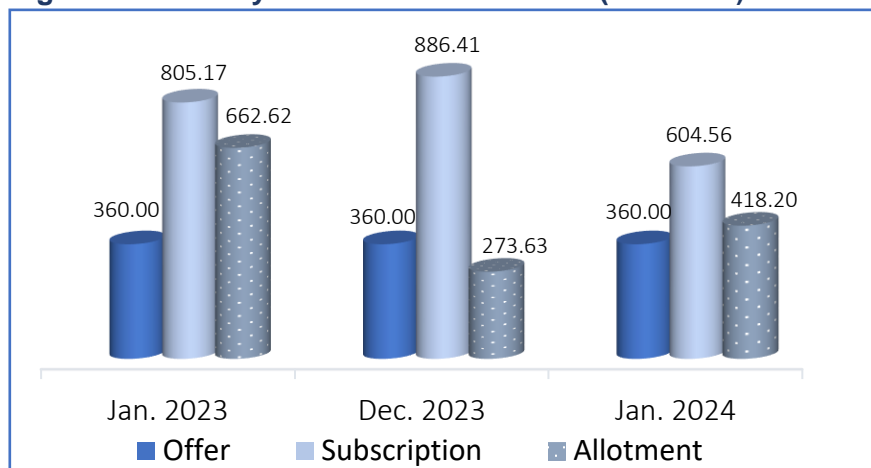
**Figure 32: Primary Market NTBs (₦' Billion)**



Source: Central Bank of Nigeria

Four tranches of 10-year and a tranche of 15-year FGN bonds were reopened and offered for sale during the review period. The total amount offered, subscribed, and allotted were ₦360.00 billion, ₦604.56 billion, and ₦418.20 billion, respectively, relative to ₦360.00 billion, ₦866.41 billion, and ₦273.63 billion in the preceding month. Demand for FGN bonds reduced as the marginal rates at the auction fell to 15.75 (±0.75) per cent, from 16.33 (±0.83) per cent.

Figure 33: Primary Auctions of FGN Bond (₦ Billion)

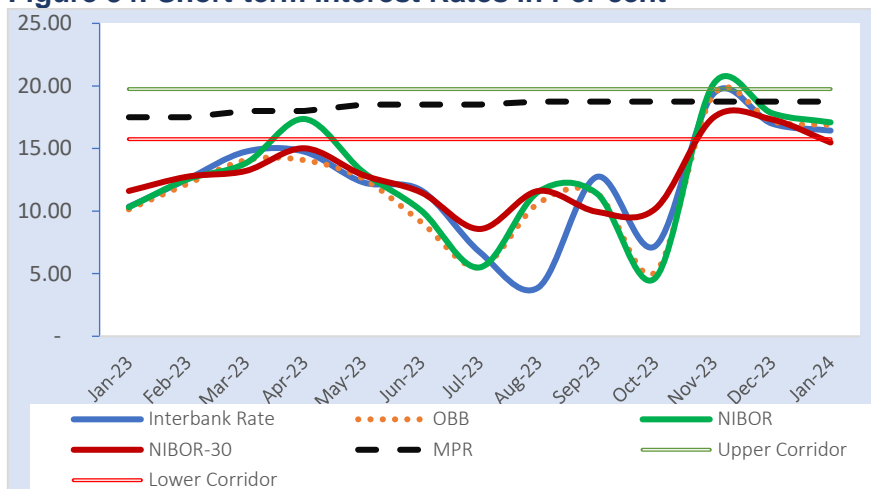


Source: Central Bank of Nigeria

*Interest Rate  
Development*

**Key short-term interest rates trended downwards, despite the relatively lower liquidity in the banking system.** The average interbank call rate declined marginally by 0.56 percentage point to 16.43 per cent, while the OBB rate fell to 16.89 per cent from 17.17 per cent. At the Nigeria Interbank Offered Rate (NIBOR) segment, the call rate reduced marginally by 0.73 percentage point to 17.09 per cent, and the NIBOR-30 shed 1.84 percentage points to 15.48 per cent. All short-term rates, except the NIBOR-30, were adequately within the asymmetric corridor.

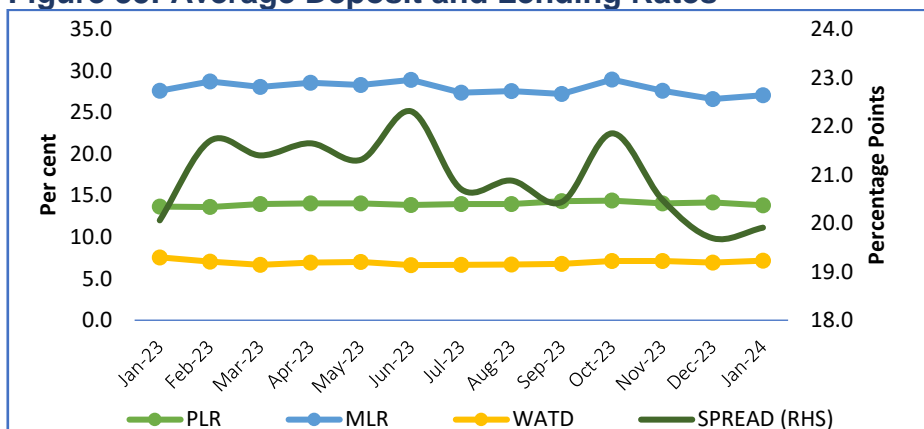
**Figure 34: Short-term Interest Rates in Per cent**



Source: Central Bank of Nigeria

The trajectories of lending rates were divergent during the review period. While the prime lending rate decreased by 0.35 percentage point to 13.82 per cent, the maximum lending rate rose by 0.45 percentage point to 27.07 per cent. Deposit rate, however, generally, trended upward. The weighted average term deposit rate rose by 0.23 percentage point to 7.16 per cent, from the level in the preceding month, representing a marginally higher spread of 19.91 percentage points between the weighted average term deposit and maximum lending rates, when compared with the 19.69 percentage points in December 2023.

Figure 35: 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 MXLR and WATD

### 2.3.3.2 Capital Market Developments

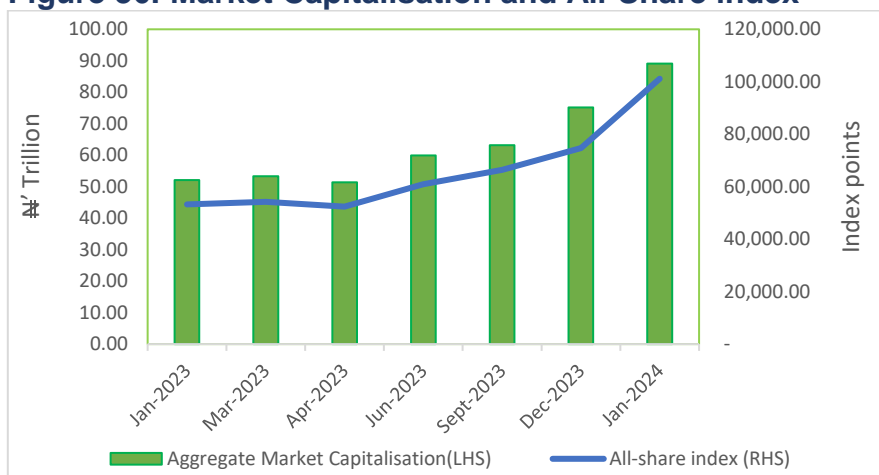
*The Nigerian capital market remained bullish in January 2024, due to renewed investors' confidence from increased capital gains, buoyant Q42023 corporate earnings result and the anticipation of a positive year 2023 financial report.* Consequently, at end-January 2024, the aggregate market capitalisation rose by 18.5 per cent to ₦89,095.87 billion from the ₦75,196.53 billion recorded at end-December 2023. The disaggregation of market capitalisation showed that the equity and Exchange Traded Fund (ETF) components grew by 35.3 and 21.5 per cent to close at ₦55,357.99 billion and ₦27.97 billion, respectively, relative to ₦40,917.51 billion and ₦23.02 billion at end-December 2023. The development resulted from increased capital gains and enthusiasm ahead of the year 2023 corporate earnings result. The debt component, however, fell by 1.6 per cent to close at ₦33,709.91 billion relative to the ₦34,256.00 billion recorded at end-December 2023. The equities segment continued to dominate as it accounted for 62.1 per cent, while the debt and ETF components constituted 37.8 and 0.1 per cent, respectively.

## Market Capitalisation

**NGX All Share Index**

The All-Share Index (ASI) rose by 35.3 per cent to 101,154.13 index points, compared with the 74,773.77 index points recorded in the preceding period. The performance reflects the disposition of investors to the favourable Q42023 financial earnings report coupled with the spillover effect of liquidity injection by domestic investors, resulting in the ASI crossing the historic 100,000 index points.

**Figure 36: Market Capitalisation and All-Share index**



Source: Nigerian Exchange (NGX) Limited

The tempo of trading on the Exchange increased as the volume and value of securities rose by 131.7 and 89.3 per cent to 19.29 billion shares and ₦325.77 billion, respectively, traded in 318,786 deals, relative to the 8.33 billion shares and ₦72.14 billion traded in 133,181 deals in the preceding month. This reflects investors’ confidence in the market buoyed by positive Q42023 financial report and government economic reforms. A disaggregation of securities traded showed that the volumes of Equities, ETFs and FGN bonds were 19.29 billion, 0.712 billion and 0.399 billion, respectively.

A disaggregation of the value of securities traded on the exchange showed that Equities, FGN bonds and ETF stocks were ₦325.77 billion, ₦0.390 billion, and ₦0.110 billion,

accounting for 99.85, 0.12, and 0.03 per cent, respectively. In addition, analysis of the number of deals in the review period showed that, Equities, FGN bonds and ETFs had 318,786, 1,480 and 182 deals or 99.48, 0.46, and 0.06 per cent of total respectively.

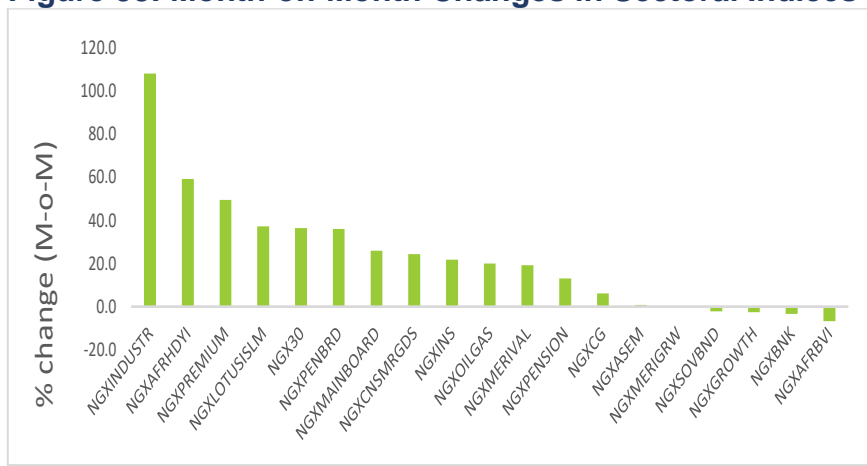
**Figure 37: Volume and Value of Traded Equities**



Source: Nigeria Exchange (NGX) Limited

The performance of all the segments of the equities market was bullish as reflected in their indices, except for NGX-MERIGRW, NGX-SOVBND, NGX-Growth, NGX-Banking and NGXAFRBVI which declined, relative to the levels in the preceding month.

**Figure 38: Month-on-Month Changes in Sectoral Indices**



Source: Nigerian Exchange (NGX) Limited

There were three new and two supplementary listings on the Exchange, and one suspension of trading.

**Table 10: Listings on the Nigerian Exchange Limited**

Company/Security	Shares Units/Price	Remarks
Royal Exchange Plc	4,116,296,059 ordinary shares of ₦50 kobo each at ₦50 kobo per share	New listing
Sovereign Trust Insurance Plc	2,863,673,469 ordinary shares of ₦50 kobo each at ₦50 kobo Per Share	Supplementary Listing
Glaxo SmithKline Consumer Nigeria Plc		Suspension of Trading
FGN Bonds 11.033% FGN JAN 2026	603,421 Units	New listing
FGN Bonds 12.033% FGN JAN 2027	1,394,296 Units	New listing
Ellah Lakes Plc	753,786,788 ordinary shares of ₦50 kobo each at ₦2.90 kobo per share.	Supplementary Listing

Source: Nigerian Exchange (NGX) Limited

**Table 11: Nigerian Exchange Limited Sectorial Indices**

NGX Indices	Dec-23	Jan-24	changes (%)
NGX-Industrial	2,712.27	5,637.83	107.9
NGX-AFRHDYI	7,423.65	11,811.62	59.1
NGX-Premium	7,227.22	10,790.19	49.3
NGX-LOTUSISLM	4,619.73	6,337.31	37.2
NGX30	2,790.28	3,806.79	36.4
NGX-Pension Board	1,308.54	1,779.20	36.0
NGX-Main board	3,461.22	4,353.50	25.8



NGX-Consumer goods	1,121.29	1,394.05	24.3
NGX-Insurance	321.66	391.38	21.7
NGX-Oil & Gas	1,043.06	1,251.22	20.0
NGX-MERIVAL	5,194.34	6,188.07	19.1
NGX-Pension	3,241.03	3,660.35	12.9
NGX-CG	2,209.04	2,343.87	6.1
NGX-ASeM	639.55	644.41	0.8
NGX-MERIGRW	4,547.40	4,530.12	-0.4
NGX-Sovereign Bond	759.75	743.32	-2.2
NGX-Growth	6,299.16	6,141.92	-2.5
NGX-Banking	897.2	866.93	-3.4
NGX-AFRBVI	2,075.50	1,937.30	-6.7

Source: Nigerian Exchange (NGX) Limited

### 2.3.3.3 Financial Soundness Indicators

The banking industry remained robust during the review month, amidst persistent headwinds, as reflected in the performance of the Financial Soundness Indicators. Though the ratio of non-performing loans to total loans inched up slightly to 4.15 per cent from 4.07 percent in the preceding month, it remained below the prudential threshold of 5.0 per cent. The banking system capital adequacy ratio remained above the 10.0 per cent benchmark for banks with national and regional licenses at 10.70 per cent, though lower than the 13.13 per cent recorded in December 2023. The industry liquidity ratio was 42.23 per cent, and above the minimum regulatory benchmark of 30.0 per cent. This was, however, below 43.98 per cent recorded in December 2023.

## 2.4 EXTERNAL SECTOR DEVELOPMENTS

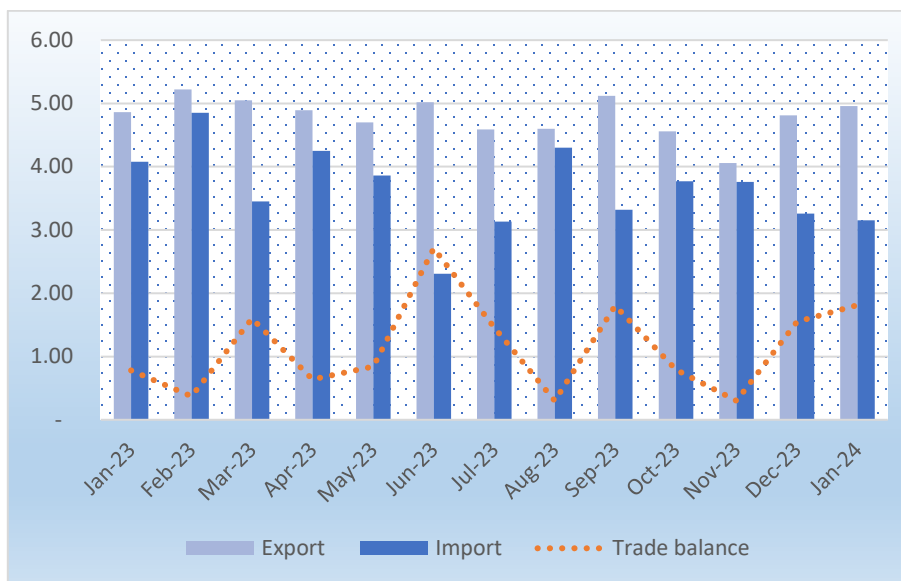
### Summary

*International trade transactions resulted in a higher trade surplus in the review period, due, majorly to improved domestic crude oil production and higher global crude oil prices. Capital inflow into the economy also increased driven by higher inflow of loans. Foreign exchange flows through the economy resulted in a higher net inflow on account of increased inflow through autonomous sources. The average exchange rate of the Naira per US Dollar at the NFEM window depreciated by 5.1 per cent to ₦944.08/US\$ from ₦896.25/US\$ in the preceding month. External reserves, at US\$32.26 billion, could cover 4.4 months of import for goods and services or 5.6 months of import for goods only, higher than the 3.0 months import cover benchmark.*

### 2.4.1 Trade Performance

*The trade balance improved in January 2024, on account of higher earnings from crude oil export.* Provisional data revealed a higher trade surplus of US\$1.99 billion, from US\$1.86 billion in December 2023. Total export receipts rose by 2.7 per cent to US\$4.96 billion, from US\$4.83 billion. Of the total export receipts, crude oil and gas constituted 82.9 per cent and 11.0 per cent, respectively, while non-oil exports accounted for the balance. Merchandise import rose by 6.1 per cent to US\$3.15 billion, compared with US\$2.97 billion in the preceding month. In terms of share, non-oil import constituted 61.9 per cent, while petroleum products accounted for the balance.

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



Source: Central Bank of Nigeria

**Crude Oil and Gas Export Receipts**

**Receipts from crude oil and gas exports increased following higher crude oil price and improved domestic production.** Provisional data showed that export receipts from crude oil and gas rose by 7.9 per cent to US\$4.65 billion, from US\$4.32 billion in December 2023, occasioned by the rise in both the price and production of crude oil. Crude oil export rose by 8.4 per cent to US\$4.11, from US\$3.79 billion as domestic crude oil production increased to 1.43 mbpd from 1.34 mbpd, while the price of Bonny Light rose to US\$82.17pb from US\$79.12pb in the preceding month on account of improved surveillance of oil infrastructure and geo-political tensions that continued to weigh on global crude oil supply, respectively. Earnings from gas export increased by 1.7 per cent to US\$0.54 billion, relative to the level in December 2023, as global demand increased due to weather conditions in the review period.

**Non-Oil Export Receipts**

***Non-oil export receipts declined as export of urea fell during the review period.*** Provisional data showed that non-oil export earnings dropped by 40.0 per cent to US\$0.30 billion, from US\$0.50 billion in December 2023. Analysis by destination revealed that Brazil, with 13.8 per cent of non-oil exports was the lead export destination, while the Netherlands (13.0%), India (9.0%), China (8.5%), and Malaysia (6.5%) followed in that order. The major export commodities were cocoa beans (25.0%), urea (19.3%), sesame seeds (11.0%), aluminum (4.2%), and cocoa products (3.3%).

Receipts from the top-5 non-oil exporters rose to US\$0.23 billion, from US\$0.15 billion. Analysis by share revealed that Indorama Eleme Fertilizer & Chemicals Ltd and Outspan Nigeria Limited were the top two exporters with shares of 33.0 and 24.4 per cent of the total, respectively. In third place was Dangote Fertilizer Ltd with a share of 17.9 per cent, from the export of urea. Starlink Global and Ideal Limited followed, with 16.5 per cent, from the export of cocoa beans and cashew nuts. Olam Nigeria Limited, was fifth, with a share of 8.2 per cent, from the export of cashew nuts, sesame seeds, and cocoa.

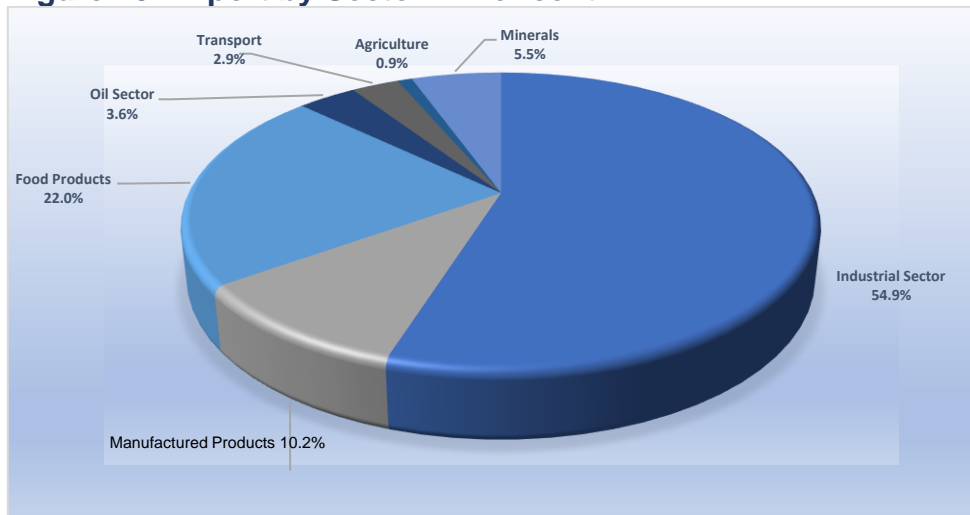
**Import**

***Merchandise import bills rose, driven, largely, by petroleum products.*** Provisional data indicated that payments for merchandise import increased by 6.1 per cent to US\$3.15 billion, relative to US\$2.97 billion. A disaggregation showed that petroleum products import rose to US\$1.20 billion from US\$0.85 billion, while non-oil import fell to US\$1.95 billion, from US\$2.11 billion.

**Sectoral Utilisation of Foreign Exchange**

Sectoral utilisation of foreign exchange for visible import showed that industrial sector import had the largest share of 54.9 per cent, followed by food products (22.0%), manufactured products (10.2%), minerals (5.5%), oil sector (3.6%), transport (2.9%), and agriculture (0.9%).

**Figure 40: Import by Sector in Per cent**



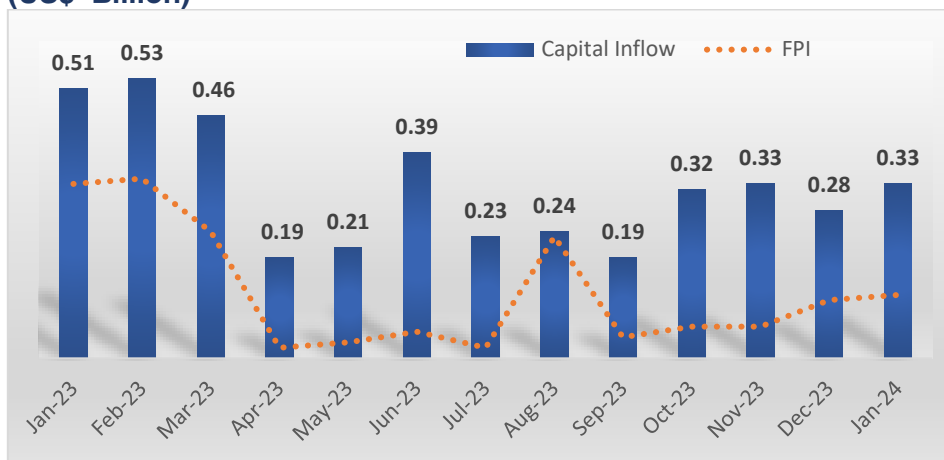
Source: Central Bank of Nigeria

**Capital importation**

**Capital importation**

**Higher inflow of loans boosted foreign capital inflow in the review month.** New investments to the economy increased by 17.9 per cent to US\$0.33 billion, from US\$0.28 billion in December 2023. Portfolio investment inflow increased by 9.1 per cent to US\$0.12 billion, from US\$0.11 billion, due, largely, to higher purchase of money market instruments. Similarly, foreign direct investment inflow increased to US\$0.03 billion, from the level in the preceding month. Other investment capital, mainly, in the form of loans, also rose by 12.5 per cent to US\$0.18 billion, from US\$0.16 billion in the preceding period.

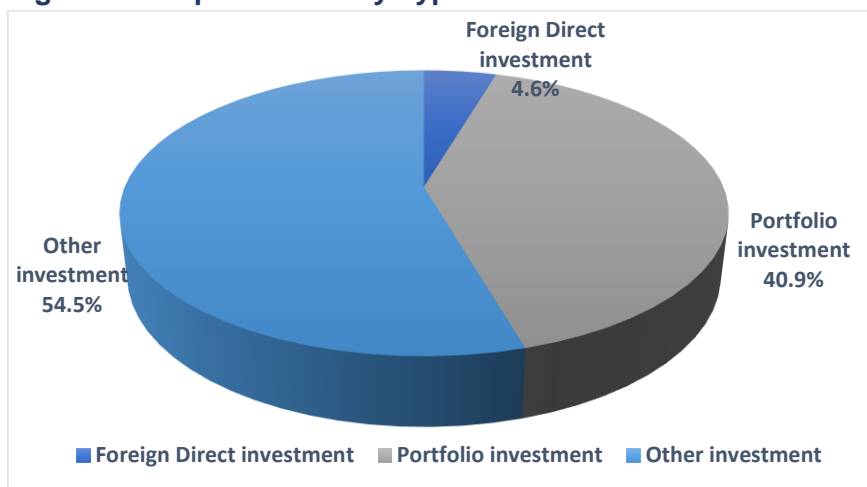
**Figure 41: Capital Inflow and Foreign Portfolio Investment (US\$' Billion)**



Source: Central Bank of Nigeria

In terms of share, inflow of other investment capital (mainly loans) constituted 55.1 per cent, while foreign portfolio investment and foreign direct investment accounted for 34.8 and 10.1 per cent, respectively.

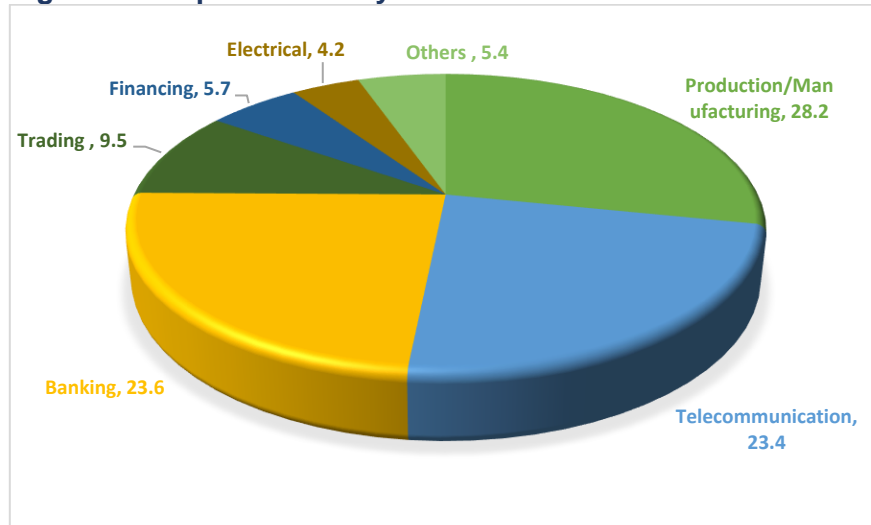
**Figure 42: Capital Inflow by Type of Investment in Per cent**



Source: Central Bank of Nigeria

Capital importation data revealed that investment in production/manufacturing accounted for 28.2 per cent. This was followed by telecommunication (23.4%), banking (22.6%), trading (9.5%), financing (5.7%) and electrical (4.2%). Inflow into other sectors accounted for the balance.

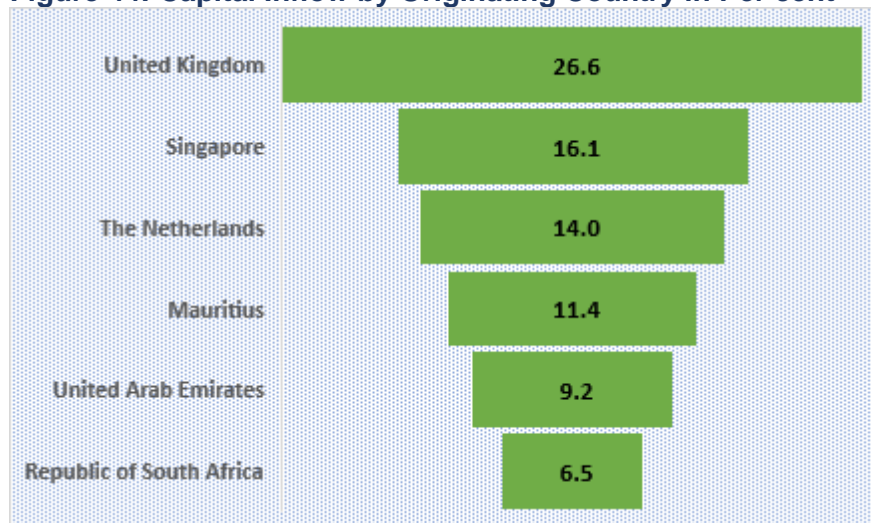
**Figure 43: Capital Inflow by Nature of Business in Per cent**



Source: Central Bank of Nigeria

Capital inflow by originating country showed the United Kingdom as the major source of capital, contributing 26.6 per cent; Singapore, 16.1 per cent; the Netherlands, 14.0 per cent; Mauritius, 11.4 per cent; United Arab Emirates, 9.2 per cent; and Republic of South Africa, 6.5 per cent. Other countries accounted for the balance.

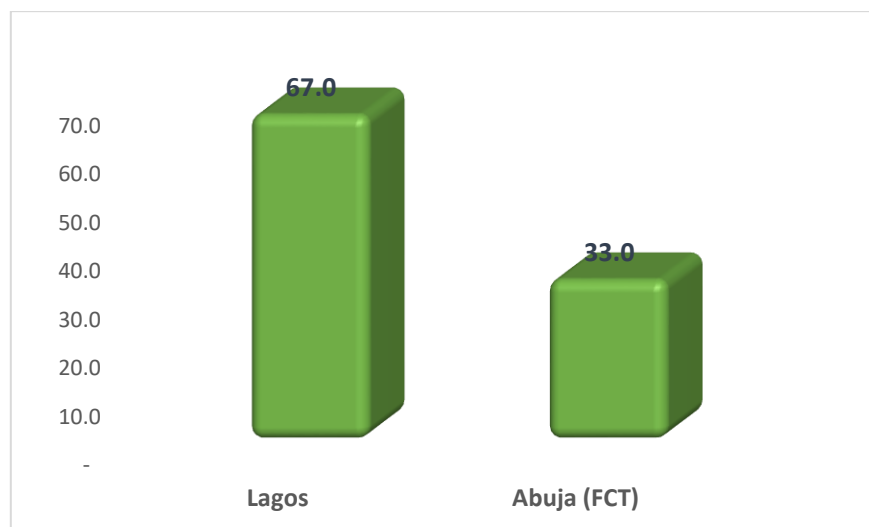
**Figure 44: Capital Inflow by Originating Country in Per cent**



Source: Central Bank of Nigeria

Capital importation by destination showed Lagos State and the Federal Capital Territory as the recipients of capital with shares of 67.0 and 33.0 per cent, respectively.

**Figure 45: Capital Inflow by States in Per cent**



Source: Central Bank of Nigeria

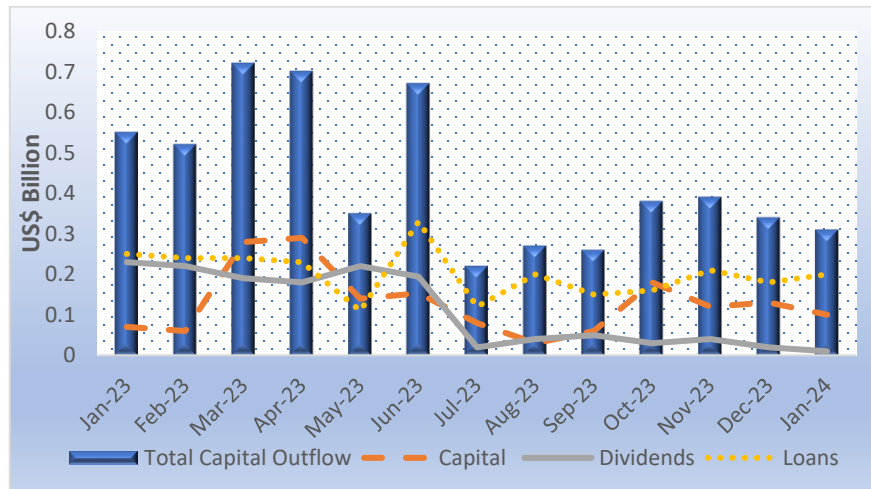
### Capital Outflow

***Capital outflow from the domestic economy moderated, due to lower loan repayment and repatriation of dividends.***

Capital outflow fell by 8.8 per cent to US\$0.31 billion in January 2024, from US\$0.34 billion in the preceding month. Repatriation of dividends decreased by 50.0 per cent to US\$0.01 billion, while loan repayment fell by 10.0 per cent to US\$0.18 billion. Similarly, capital reversals decreased by 23.1 per cent to US\$0.10 billion. In terms of share in total outflow, loans constituted 66.2 per cent, followed by capital reversal and dividends at 31.6 and 2.0 per cent, respectively. Other forms of outflow accounted for the balance.



Figure 46: Capital Outflow (US\$' Billion)



Source: Central Bank of Nigeria

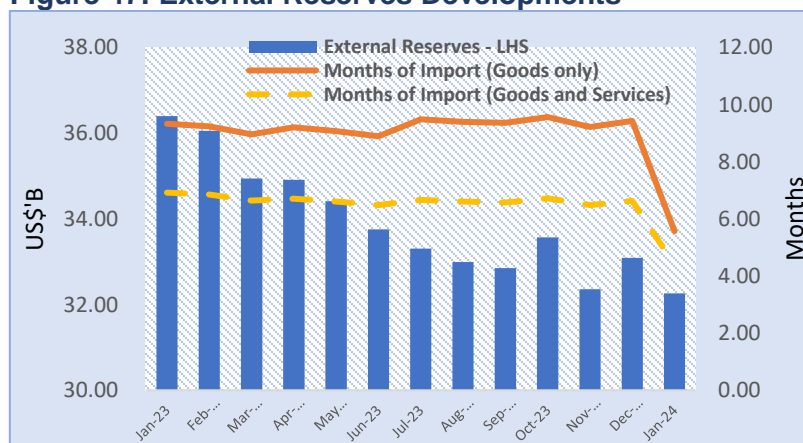
### 2.4.2 External Reserves

*External reserves remained adequate, as it exceeded the international benchmark of three months' import cover.*

#### External Reserves

The external reserves stood at US\$32.26 billion at end-January 2024, from US\$33.09 billion at end-December 2023. The external reserves could cover 4.4 months of import for goods and services or 5.6 months of import for goods only. In addition, the reserves to short-term debt at 113.34 per cent exceeded the threshold of 100.0 per cent.

Figure 47: External Reserves Developments



Source: Central Bank of Nigeria

*Foreign  
Exchange Flows  
through the  
Economy*

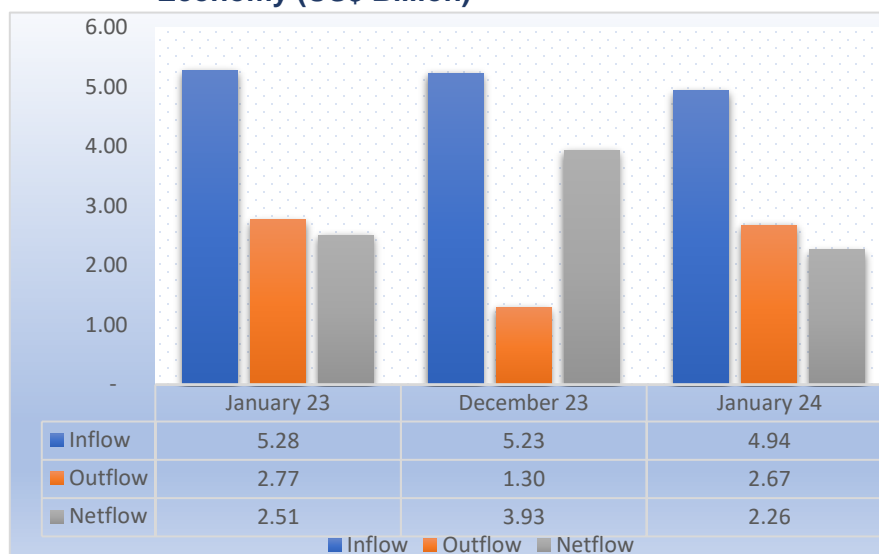
### 2.4.3 Foreign Exchange Flows through the Economy

*The economy recorded a lower net foreign exchange inflow in January, as inflow through the Bank and autonomous sources declined.* A lower net inflow of US\$2.37 billion was recorded relative to US\$3.91 billion in December 2023. Aggregate foreign exchange inflow into the economy decreased by 6.1 per cent to US\$4.87 billion from US\$5.19 billion in the preceding month. In contrast, the foreign exchange outflows rose by 95.7 per cent to US\$2.50 billion, from US\$1.28 billion in the preceding month.

Foreign exchange inflow through the Bank fell by 13.8 per cent to US\$1.39 billion, from US\$1.61 billion in December 2023. Outflow through the Bank, however, rose by 146.9 per cent to US\$2.21 billion from US\$0.89 billion in the preceding month. Conversely, autonomous inflow fell by 2.7 per cent to US\$3.48 billion from US\$3.58 billion in the preceding month. Autonomous outflow, also fell by 23.5 per cent to US\$0.29 billion, from US\$0.83 billion in December 2023.

A net inflow of US\$3.08 billion was recorded through autonomous sources, compared with US\$3.22 billion in December 2023. The CBN recorded a net outflow of US\$0.82 billion, in contrast to a net inflow of US\$0.72 billion in the preceding month.

**Figure 48: Foreign Exchange Transactions through the Economy (US\$ Billion)**



Source: Central Bank of Nigeria

#### 2.4.4 Exchange Rate Movement

*Average Exchange Rate*

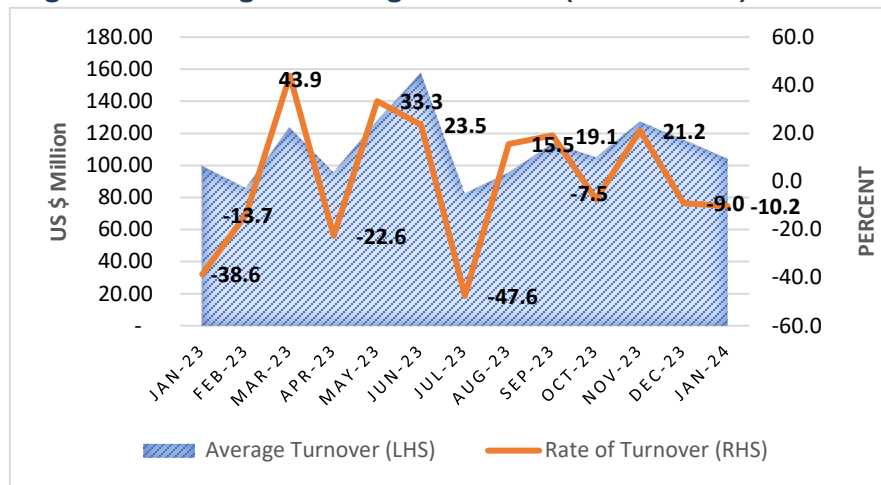
*The naira depreciated relative to the US dollar in the review period.* The average exchange rate of the naira per US dollar at the Nigerian Foreign Exchange Market (NFEM) window depreciated by 5.1 per cent to ₦944.08/US\$ in January 2024 from ₦896.25/US\$ in the preceding month.

#### 2.4.5 Foreign Exchange Turnover

*Foreign Exchange Turnover*

The average foreign exchange turnover at the NFEM window decreased by 10.2 per cent to US\$103.91 million, from US\$115.72 million in December 2023.

Figure 49: Foreign Exchange Turnover (US\$' Million)



Source: Financial Markets Derivatives Quotations (FMDQ)

### 3.0 ECONOMIC OUTLOOK

#### *Global Economic Outlook*

According to the IMF, the global economy is predicted to grow at 3.1 per cent in 2024, same as in 2023. The projection is built on the greater-than-expected growth outturn in the United States and some emerging markets and developing economies, as well as fiscal support in China. Tight monetary conditions, retirement of fiscal stimuli in some advanced economies and increasing debt burden in some EMDEs could undermine the growth outlook.

For Advanced Economies (AEs), growth is projected to decline marginally to 1.5 per cent in 2024 from 1.6 per cent in 2023. The projection for 2024 is hinged on the expectation that the relative underperformance of the euro area could dampen the rebound of the US economy.

In the EMDEs, growth is expected to remain steady at 4.1 per cent in 2024. The outlook is predicated on robust domestic demand and better management of natural disasters in emerging Asia. In sub-Saharan Africa, growth is projected to rise to 3.8 per cent in 2024, as supply constraints gradually wane.

Global inflation is estimated to decline to 5.8 in 2024 from 6.8 per cent in 2023. The downward projection is built on the effect of tightening policy rates across several economies and decline in energy prices.

Nigeria's economic growth is projected to maintain a positive trajectory in the near-term. The optimistic outlook is hinged on the assumption that ongoing reforms and improved coordination of monetary and fiscal policies, would enhance macroeconomic stability that supports growth. The non-oil

*Domestic  
Economic  
Outlook*

sector, especially, services and agriculture, are expected to contribute significantly to output performance in 2024. Nonetheless, lingering security challenges and hiccups in energy supply could dampen the growth outlook.

Inflationary pressure is expected to begin to moderate in the near-term, owing, majorly, to current monetary stance of the Bank and fiscal policy reforms. Lower agricultural output, as a result of security challenges, other structural bottlenecks and external vulnerabilities could, however, increase inflationary pressures.

The fiscal outlook in the near-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 proposed tax reforms. However, a reduction in the effectiveness of surveillance on oil infrastructure, would adversely impact on output, thus denting the prospects for revenue receipts.

The external sector holds a promising outlook, driven by sustained crude oil price rallies, and increased domestic oil production. The prospect for rate cuts in advanced economies and domestic tight monetary stance are expected to boost foreign exchange inflows. Increased remittances are also expected to enhance the performance of the sector.