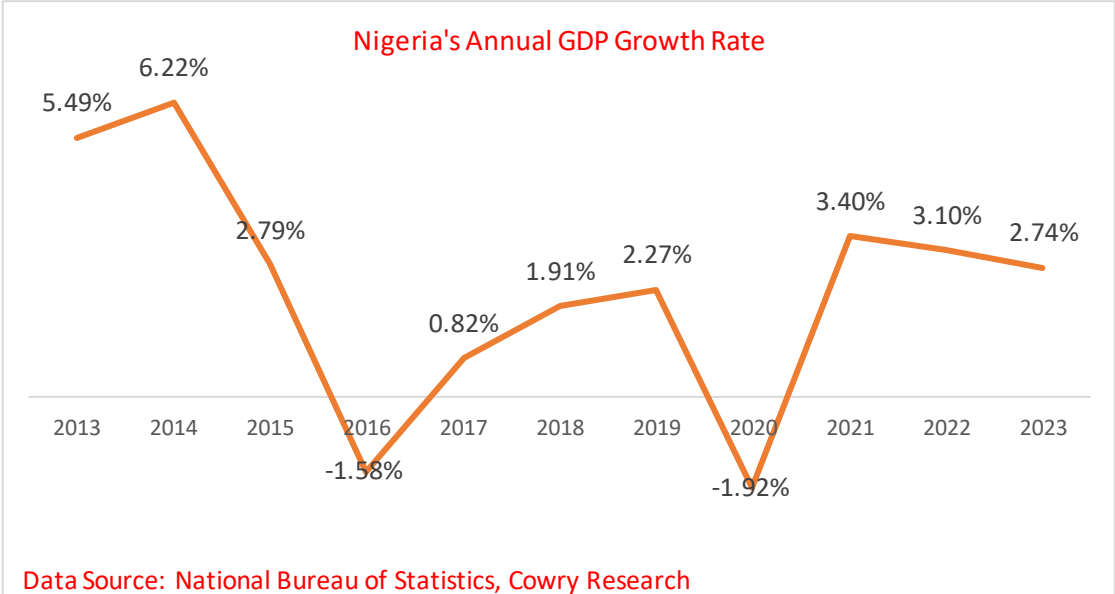


Analyst’s Note on: Nigeria’s Gross Domestic Product – Q4’23

Nigeria’s Economy Grows by 2.74% in 2023 with Surprising Upsides....

In 2023, Nigeria’s economic growth posted a positive figure of 2.74%, reaching N76.68 trillion in real GDP value, exceeding market expectations for a slower growth momentum below the projected 2.5%. This surprising upside comes in the face of challenges such as a rising inflation rate, flattering unemployment numbers, and a mild economic slowdown. However, this acceleration represents the lowest in three years when compared to the 3.40% and 3.10% reported in 2021 and 2022, respectively.

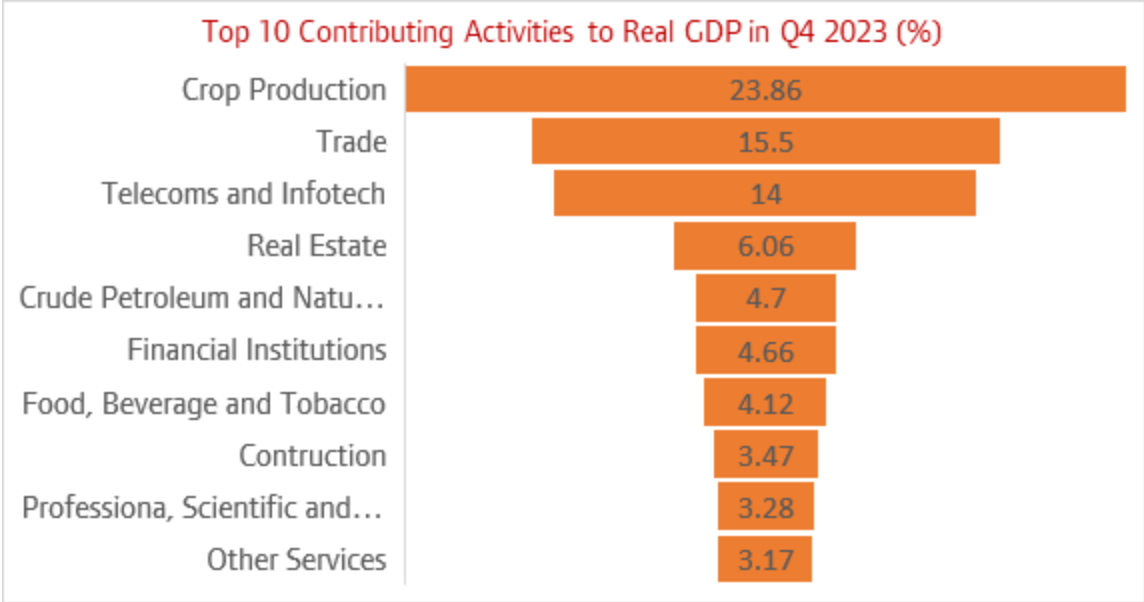
According to the latest publication by the National Bureau of Statistics on Nigeria’s growth, the economy recorded a year-on-year growth of 3.46% in real terms in the fourth quarter of 2023, amounting to N21.77 trillion. The non-oil sector drove this expansion, marking the 13th consecutive quarter of positive growth and the strongest since 2021, with the non-oil sector remaining the major driver. The non-oil



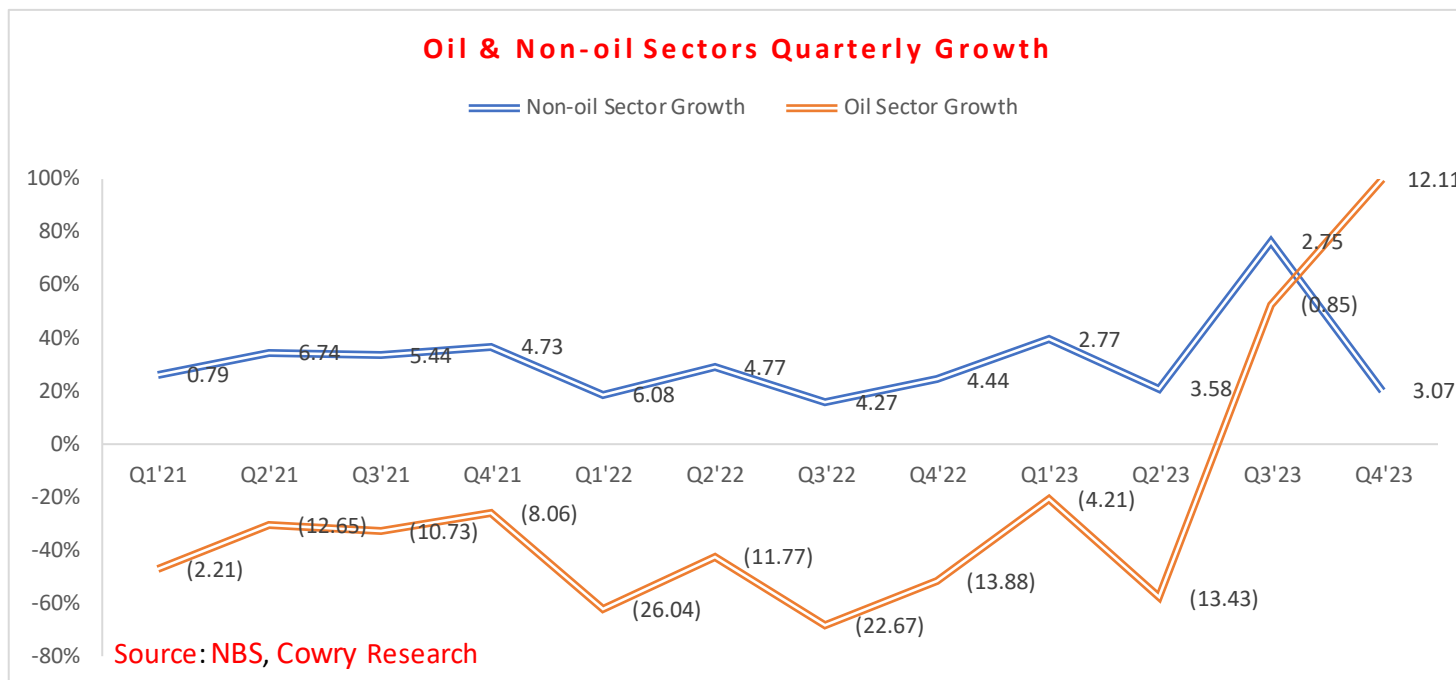
sector grew by 3.07% in real terms in Q4 2023 and by 3.04% on an annual basis in 2023, compared to 4.84% in 2022. In real terms, the non-oil sector contributed 95.30% to the nation’s GDP in Q4 2023, lower than the share recorded in Q4 2022 (95.66%) and higher than Q3 2023 (94.52%).

Examining the drivers of this acceleration, the services, agriculture, and industry sectors contributed more to the aggregate value of the GDP in Q4 2023 compared to Q4 2022. Notably, the services sector recorded a growth of 3.98%, contributing 56.55% to the aggregate GDP, primarily due to finance & insurance (+29.8%) and information & communication (+6.3%). The Agriculture sector exhibited positive growth, expanding by 2.10% year on year, with crop production activities being the primary catalyst, constituting a significant 90.03% of the total nominal value in Q4 2023. Meanwhile, the decline recorded in the Industry sector in the last quarter of 2022 was stemmed through 2023, as this sector grew by 3.86% year on year.

For the oil sector, there was a sharp rebound by 12.1%, ending over three years of contraction, as production increased to 1.55 million barrels per day, from 1.34 million barrels a year earlier. Growth also increased by 12.96% points compared to Q3 2023, which was –0.85%. The Oil sector contributed 4.70% to the total real GDP in Q4 2023, up from the figure recorded in the corresponding period of 2022 and down from the preceding quarter, where it contributed 4.34% and 5.48%, respectively.



On crude production, Nigeria recorded an average daily oil production of 1.55 million barrels per day (mbpd), higher than the daily average production of 1.34mbpd recorded in the same quarter of 2022 by 0.21mbpd and higher than the third quarter of 2023 production volume of 1.45 mbpd by 0.10mbpd.



The year 2023 was marked by significant events impacting Nigeria's economy, from the CBN's cash crunch to the political landscape, demonstrating resilience despite challenges like the COVID-19 pandemic and ongoing security issues. While challenges persist, Nigeria's economy has exhibited resilience and positive growth trends, with sectors like Services and Agriculture contributing significantly, and the non-oil sector playing a vital role in economic dynamics.

The current growth numbers are remarkably positive in the face of high inflation at a three-decade high, a high unemployment rate, and a challenging interest rate environment affecting both citizens and businesses. The Nigerian government is currently targeting a growth rate of about 3.76% in 2024 and 6% or more in the coming years, signaling a cautious optimism from the current administration for the current year 2024 and beyond.

Looking ahead to 2024, there is an anticipation of higher real GDP growth than in 2023, with expectations of accelerated growth in the oil sector, aligned with the recovery in crude oil production. Additionally, the normalization and permeation of new government reforms and policies are expected to propel growth in the non-oil sector, particularly supported by the Services sector. Overall, Cowry Research projects a 3.25% year-on-year real GDP growth in 2024, acknowledging positive momentum.

Disclaimer

This report is produced by the **Research Desk** of Cowry Asset Management Limited (COWRY) as a guideline for Clients that intend to invest in securities on the basis of their own investment decision without relying completely on the information contained herein. The opinion contained herein is for information purposes only and does not constitute any offer or solicitation to enter into any trading transaction. While care has been taken in preparing this document, no responsibility or liability whatsoever is accepted by any member of COWRY for errors, omission of facts, and any direct or consequential loss arising from the use of this report or its contents.