



Nigeria | Economic Analysis | GDP Trends

GDP Update

In the fourth quarter of 2024, Nigeria's Gross Domestic Product (GDP) grew by 3.84% year-on-year, marking the fastest expansion in three years. This growth was primarily driven by the services sector, which recorded a 5.37% increase and contributed significantly to overall GDP. The industrial sector also expanded, growing by 2.00%, while the agriculture sector recorded a 1.76% increase during the same period.

For the entire year of 2024, Nigeria's GDP grew by 3.40%, an improvement from the 2.74% recorded in 2023. However, despite this positive trend, the growth rate remained below the 6% target set by President Bola Tinubu upon assuming office in mid-2023.

To better reflect the evolving economic landscape, the Nigerian government has announced plans to rebase its GDP data, incorporating emerging sectors such as information and communication technology (ICT) and e-commerce. This rebasing aims to provide a more accurate representation of the nation's economic activities.

In the first quarter of 2024, the services sector grew by 4.32%, contributing 58.04% to total GDP. During the same period, the agriculture sector recorded a modest growth of 0.18%, while the industrial sector expanded by 2.19%.

The second quarter of 2024 saw continued momentum in the services sector, which grew by 3.79% and accounted for 58.76% of GDP. The agriculture sector grew by 1.41%, while the industrial sector improved by 3.53% compared to the same quarter of the previous year.

These figures highlight the dominant role of the services sector in Nigeria's economic growth throughout 2024, supported by steady contributions from the agriculture and industrial sectors.

Key Macroeconomic Indicators:

December Inflation: 24.48% (previous: 34.80 % in December 2024)

MPR: 27.50%, GDP: 3.84% (2024 Q4)

❑ Growth Rate

❑ **Total Real GDP: +3.84% YoY (vs 3.46% in Q4-2023)**

❑ **Non-Oil GDP: +3.96% YoY (vs +3.07% in Q4-2023)**

❑ **Oil GDP- +1.48% YoY (vs. 12.11% in Q4-2023)**

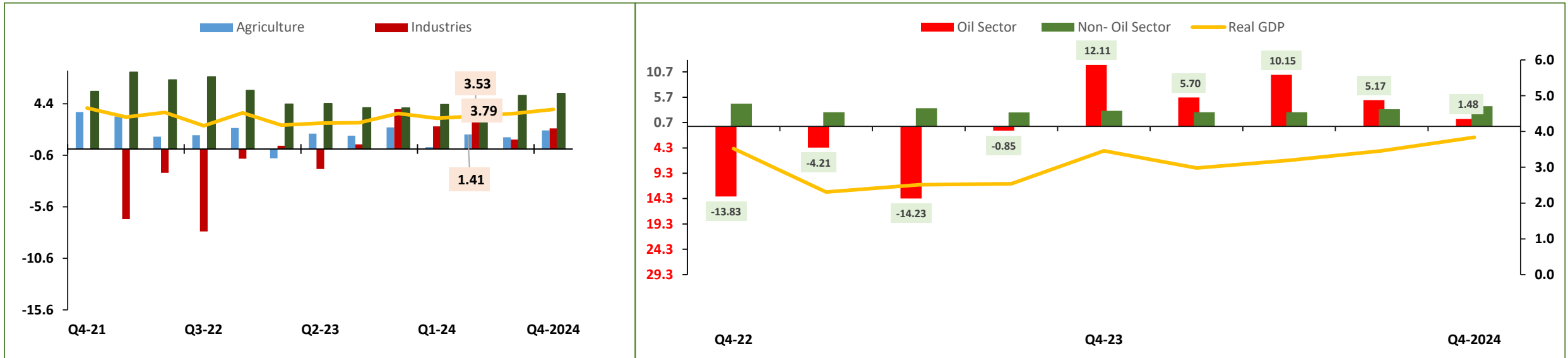
Service sector contributed 57.38% to GDP:

❑ **Financial and Insurance +27.78%**

❑ **Transportation and storage +18.61%**



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Source: NBS, ASAM Research

Outlook/Recommendation

- ❖ Given the 2024 trend, Nigeria's GDP is likely to grow between 3.5% and 4.5% in 2025.
 - ❖ The services sector will continue to be the main driver, while the industrial sector may improve slightly.
 - ❖ The agriculture sector needs structural improvements to contribute meaningfully to GDP growth.
 - ❖ The oil sector may continue to struggle, making non-oil diversification crucial for sustained growth.
- Overall, Nigeria's GDP outlook for 2025 is cautiously optimistic, but achieving stronger growth will depend on macroeconomic stability, policy execution, and improvements in key sectors.**



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Sell: Based on our valuation and subjective view (if any), the total return upside on the stock's current price is less than the Standing Deposit Facility rate of the Central Bank of Nigeria (which is currently MPR – 27.25%). We consider this as the minimum return that may deserve our holding of a risk asset, like equity, especially as we consider the average 4.5% total transaction cost for an average retail investor.

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