ACCESS QUARTERLY

Q4 2024

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Section 0.1

GLOBAL ECONOMY

The global economy in 2024 was shaped by a complex interplay of recovery efforts, inflationary pressures and geopolitical uncertainties. While fiscal and monetary policies helped many economies regain stability after the disruptions caused by COVID-19, the recovery was uneven. Advanced economies, bolstered by strong consumer spending and resilient labour markets, outperformed developing nations, where inflation, debt burdens, and structural vulnerabilities slowed growth.

Inflation remained a central concern, particularly in advanced economies, where high energy, food and labour costs prompted aggressive monetary tightening. Central banks, including the U.S. Federal Reserve and the European Central Bank, raised interest rates to contain inflationary pressures. Although inflation showed signs of easing, emerging markets and low- income economies continued to struggle with elevated prices and limited policy flexibility.

Global energy dynamics remained volatile, influenced by geopolitical events such as the ongoing war in Ukraine and continued sanctions on Russia. These factors contributed to supply constraints, keeping energy prices high and further complicating inflation management.However, 2024 also saw accelerated investment in renewable energy, driven by both policy incentives and private sector commitments to sustainability. The transition to green energy gained momentum, particularly in electric vehicles, solar, and wind energy, though economies reliant on fossil fuels faced growing disruptions.

Escalating tensions between the U.S. and China continued to reshape global trade. Trade restrictions, particularly in semiconductors and critical technologies, fuelled supply chain shifts, prompting businesses to diversify sourcing strategies. Meanwhile, China's economic transition from manufacturing-led growth to a consumption-driven model faced significant headwinds. A weakening property market, demographic decline, and subdued domestic demand dampened its overall growth trajectory, with ripple effects on global trade and investment flows.

Advancements in artificial intelligence (AI), blockchain, and automation drove productivity gains across various industries. AI-powered analytics, fintech innovations, and the expansion of automation in manufacturing and services sectors reshaped labour markets, raising concerns over job displacement and widening inequality. While these technologies offered long-term economic benefits, their short-term impact on employment and wage structures remained a policy challenge.

By the end of 2024, global economic growth had moderated compared to the post-pandemic rebound. Global GDP growth was estimated at 3.2% (according to the International Monetary Fund), reflecting tighter financial conditions and weaker investment flows. In the U.S., high interest rates dampened consumer spending and housing activity, while in emerging markets - especially in Africa and Latin America - high debt levels and fiscal constraints limited economic expansion. China's slowdown further weighed on global demand, affecting commodity-exporting economies.

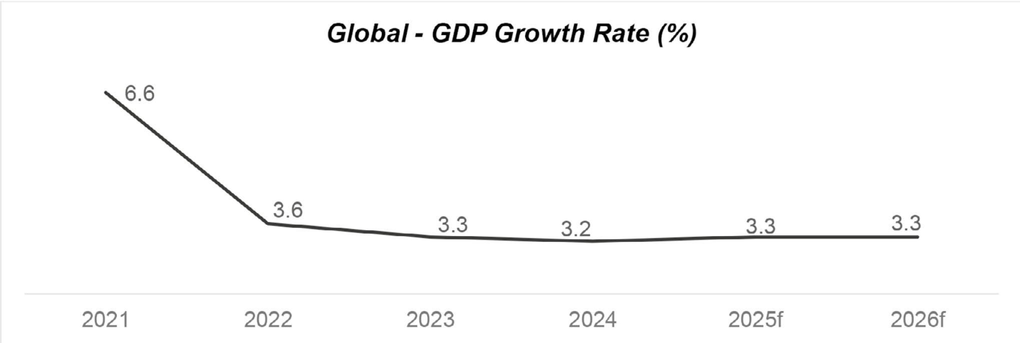
Despite these headwinds, global economic activity showed signs of resilience as the Global Composite Purchasing Managers' Index (PMI) rose to 52.6 in December 2024, signalling expansion, led by strong service sector growth in countries like India, Spain, and the U.S. However, manufacturing continued to contract and the euro area faced economic declines. Business confidence remained cautious, with persistent cost pressures and sluggish international trade.

Looking ahead to 2025, global economic prospects will hinge on several critical factors. As inflation gradually declines, central banks may begin easing monetary policies. However, ratecuts are expected to be measured, balancing the need for economic stimulus while preventing a resurgence of inflationary pressures.

China's economic trajectory will be another crucial factor. While Beijing may implement stimulus measures to support growth, structural challenges such as high debt and demographic shifts could limit long-term recovery. The global energy transition is also set to accelerate, benefiting sectors like electric vehicles and clean energy. However, economies reliant on fossil fuel exports will face increasing adjustment pressures.

The return of Donald Trump to the U.S. presidency in 2025 could significantly alter global economic and trade dynamics. His administration's policies may prioritize protectionism, leading to renewed trade tariffs on China and other major trading partners. If implemented, such tariffs could disrupt global supply chains, increase costs for businesses and trigger retaliatory measures from affected economies. The potential for more aggressive U.S. trade policies could also influence global investment flows, as companies reassess risks associated with geopolitical uncertainties.

Technology will continue to reshape industries, with AI, automation, and digital finance driving efficiency gains but also exacerbating labour market disruptions and income disparities. Meanwhile, geopolitical risks, particularly U.S.-China tensions and regionalization trends, will influence trade and investment patterns. While supply chains are expected to stabilize, deglobalization pressures may persist as countries prioritize economic security over interdependence.



Source: IMF
f – Forecast

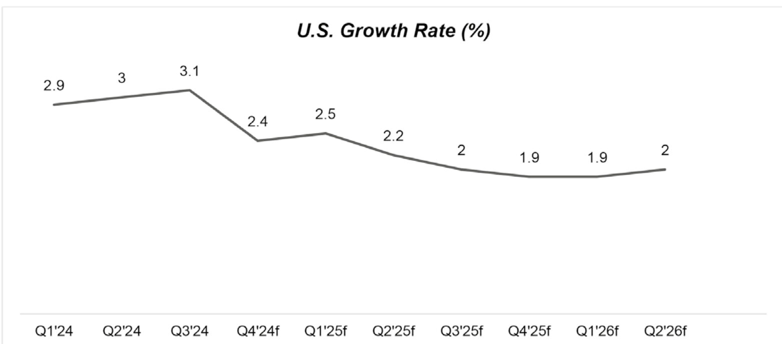
UNITED STATES/EURO AREA

United States

According to the U.S. Bureau of Economic Analysis, real GDP grew at an annualized rate of 3.1% in the third quarter of 2024, slightly higher than the 3.0% recorded in the second quarter. This growth was driven by increased consumer spending, stronger exports, higher nonresidential fixed investment, and elevated federal government spending. Imports also rose during the period, contributing to the overall activity. However, these gains were partially offset by a decline in private inventory investment and a larger contraction in residential fixed investment, reflecting continued challenges in the housing sector.

Inflation continued to pose challenges in Q4 2024, with the Consumer Price Index (CPI) increasing by 2.9% year-over-year in December, slightly above the anticipated 2.8% rise. Core CPI, which excludes volatile food and energy prices, grew by 3.2%, marginally below the forecasted 3.3%, indicating some progress in the Federal Reserve's efforts to contain inflation. Despite this, the persistence of elevated prices highlights the complexities of achieving broader price stability in the current economic environment.

The unemployment rate unexpectedly dropped to 4.1% from 4.2%, reflecting the economy's resilience. Importantly, wage growth does not appear to be accelerating, with year-over-year wage growth in the private sector remaining steady at 3.9% for the third consecutive month.



Source: Bloomberg
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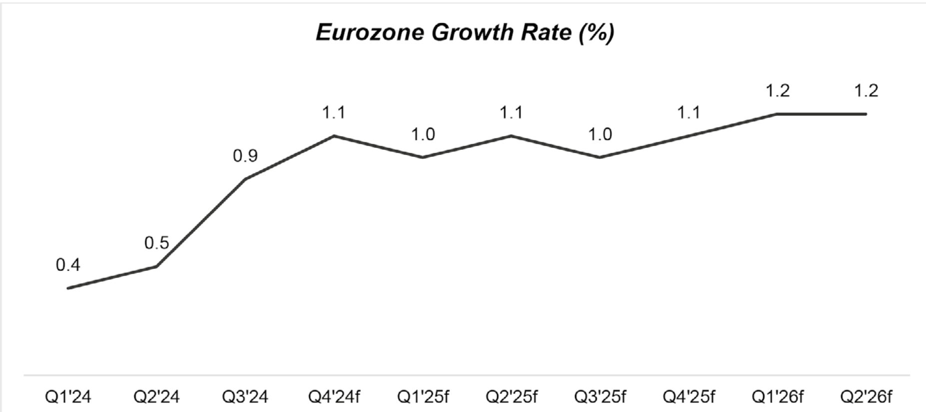
Euro Zone

GDP growth rate for the Eurozone area accelerated to 0.4% in the third quarter of 2024, up from 0.2% in the second quarter. This marked the strongest expansion since Q3 2022. On an annual basis, economic growth also picked up, rising to 0.9% in Q3, compared to a 0.5% increase in the previous quarter, marking the highest growth since Q1 2023. Private spending and investment were key drivers of GDP growth: The quarterly increase was primarily fueled by stronger demand. Private consumption rose by 0.7% in Q3, bolstered by easing price pressures (compared to 0.0% in Q2). In addition, fixed investment rebounded, growing by 2.0% in Q3, a sharp contrast to the 2.4% decline in the previous quarter. The Eurozone's inflation rose to 2.4% in December for the third consecutive month, staying within the European Central Bank's target of near 2%. While this moderate increase suggests price stability, it could signal underlying inflationary pressures, such as rising energy prices or wages. If inflation continues to rise, it could prompt tighter monetary policies, potentially slowing economic growth. The situation requires close monitoring, as the ECB will aim to balance price stability with economic growth.

Core inflation remained steady at 2.7% for the fourth month in a row, meeting expectations, while services inflation inched up to 4% from 3.9%. The rise in headline inflation was widely anticipated after it dipped to 1.7% in September, partly due to the fading impact of lower energy prices. The European Central Bank will closely monitor the extent of the increase, as well as the persistence of services and core inflation. Markets are currently predicting that the ECB will reduce interest rates from 3% to 2% in a series of rate cuts this year.



Source: Bloomberg
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BRICS+

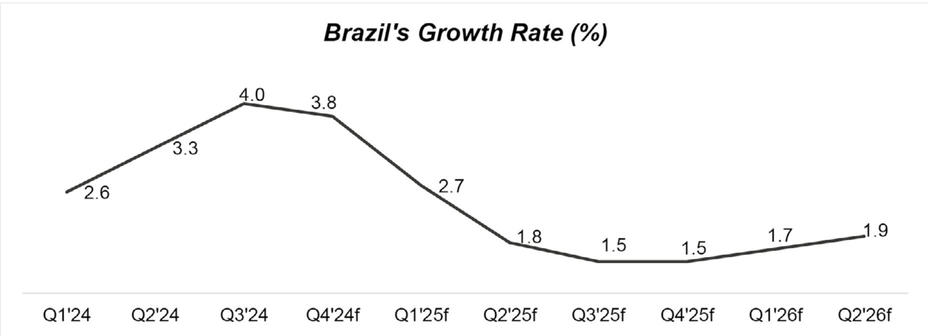
In Q3 2024, BRICS economies grew by 4.5%, which is expected to rise to 4.8% in Q4 2024, due to factors such as trade, investment, the extraction and export of natural resources, etc. Among the BRICS nations, India experienced a 5.4% growth in Q3 2024, with a forecasted growth of between 6.3% and 6.7% until Q1 2026. China recorded a year-on- year economic growth rate of 5.4% in the fourth quarter of 2024, up from 4.6% recorded in the preceding quarter, while Brazil grew at 4.0% in Q3 2024 and is expected to slightly decline by 0.2 percentage points to a 3.8% growth rate in Q4 2024. Regarding inflation, in Q4 2024, inflation in BRICS economies remained unchanged at 2.1% compared to the preceding quarter. The headline index is forecasted to slightly rise to 2.4% in Q1 2025 and 2.3% in Q2 2025. From Q3 2025 to Q1 2026, the inflation rate in BRICS economies is expected to stabilize between 2.1% and 2.2%.

Brazil

Brazil's Gross Domestic Product (GDP) grew (0.9%) from the second to the third quarter. Increases in Services (0.9%) and Industry (0.6%) contributed to this positive rate, even though Agriculture fell 0.9% in the period. On an annual basis, growth accelerated to 4.0% in Q3 of 2024 from 3.3% in the prior quarter, the strongest since Q1 2023.

In the year-on-year comparison, several service sectors stand out, like the growth observed in the preceding quarter. These include Information and communication, supported by the growth of the internet, systems development, and telecommunications; Other service activities, driven by the expansion of professional services and services to households; and financial services, including insurance and related sectors, which have been enhanced by an increase in credit and insurance offerings.

Brazil's inflation slowed to 4.83% in December 2024, with food and fuel prices rising, while power costs fell. Annual increases in beef, soybean oil, and fuel prices contributed to the rise, though inflation was lower than in 2022. The central bank raised interest rates to 12.25%, with plans for further hikes, as it targets 3% inflation. Monthly inflation rose to 0.52%, slightly higher than November but lower than December 2023. Despite the overall slowdown, the depreciation of the Brazilian real and higher fuel costs remained key drivers of inflationary pressure. The central bank continues to monitor inflation closely, with expectations for a rate increase to 14.25% by March 2025.



Source: Bloomberg
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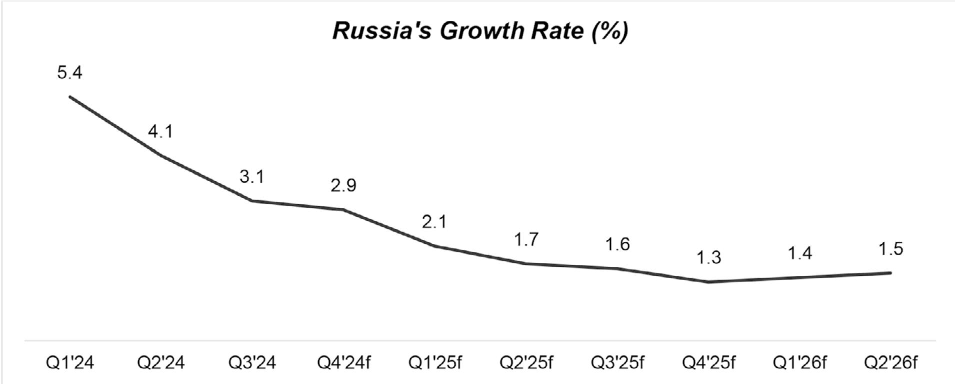
Russia

Russia's economy grew by 3.1% in Q3 2024, the weakest increase since Q1 2024, falling short of both the Central Bank of Russia's forecast and market expectations. The slowdown in growth was widespread, with industrial output dropping to a six-quarter low due to a contraction in water supply and slower energy sector growth. Domestic demand was subdued, as inflation rose, wage growth stagnated, and ongoing monetary tightening likely affected fixed investment and household spending. Retail sales grew more slowly compared to Q2. The labor market remained tight, with unemployment hitting a record low due to labor shortages exacerbated by the ongoing war. Externally, merchandise export growth slowed significantly, while imports rebounded.

Russia's consumer price inflation rose to 9.5% year-on-year in December, surpassing the previous month's 8.9%, with expectations that it could exceed 10% early this year. Despite several rate hikes by the Central Bank to control rising prices, it kept the benchmark rate unchanged at 21% in December, facing increasing pressure to cut rates as high borrowing costs weigh on the economy. Inflation was broad-based, with food prices surging to 11.1%, services

increasing to 11.5%, and non-food goods rising to 6.1%. Core inflation came in at 1.0% month- on-month, which, when seasonally adjusted, suggests an annualized rate of around 10% for Q4.



Source: Bloomberg
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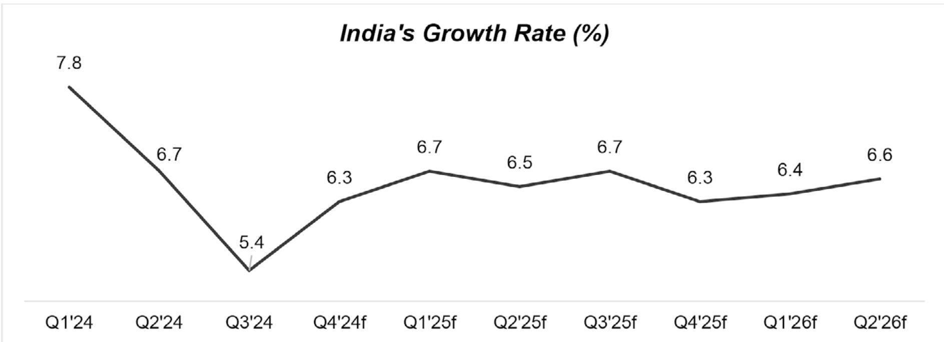
India

India's economy grew at 5.4% between July and September 2024, a seven-quarter low, falling short of the Reserve Bank of India's (RBI's) 7% forecast. This slowdown is attributed to weaker consumer demand, sluggish private investment, reduced government spending, and struggling exports. Despite challenges, India is expected to remain the fastest-growing major economy. India's inflation fell to 5.22% in December, slightly below expectations, signaling potential room for interest rate cuts. This marked the slowest pace of price growth since August 2024, following a 14-month high of 6.21% in October. Food price inflation eased, with significant drops in vegetable and cereal prices, although some items like peas and potatoes saw higher year-on-year increases. The softer inflation provides the Reserve Bank of India more flexibility to adjust rates, especially amid slowing economic growth, which expanded by just 5.4% in the second fiscal quarter. In the September quarter of FY24, India's unemployment rate stood at 6.6%, with a slight improvement in urban areas, where it decreased to 6.4% compared to 6.6% in the April-June 2024 quarter.



Source: Bloomberg
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China

China's economy ended 2024 on a strong note, with GDP growing by 5.4% year-on-year in the fourth quarter, surpassing market expectations of 5.0%. This represented a notable acceleration from 4.6% in Q3, 4.7% in Q2, and 5.3% in Q1. The robust performance in Q4 pushed the full-year GDP growth to 5.0%, in line with the government's target of "around 5%." Economic indicators for December also showed positive momentum.

Industrial production surged by 6.2% year-on-year, exceeding the forecast of 5.4%. Retail sales rose by 3.7% year-on-year, slightly beating expectations of 3.5%. However, fixed asset investment lagged, increasing by only 3.2% year-to-date, just below the forecast of 3.3%. China's consumer price inflation in December slowed to 0.1% year-on-year, raising concerns about deflation. While this matched expectations, it was lower than the 0.2% increase in November. Core CPI, excluding food and energy, rose by 0.4%, slightly up from 0.3% in November.

In 2024, the average urban surveyed unemployment rate was 5.1%, a slight decrease from the previous year. In December, the unemployment rate remained at 5.1%, with a higher rate for those with local household registration (5.3%) compared to those with non- local registration (4.6%).

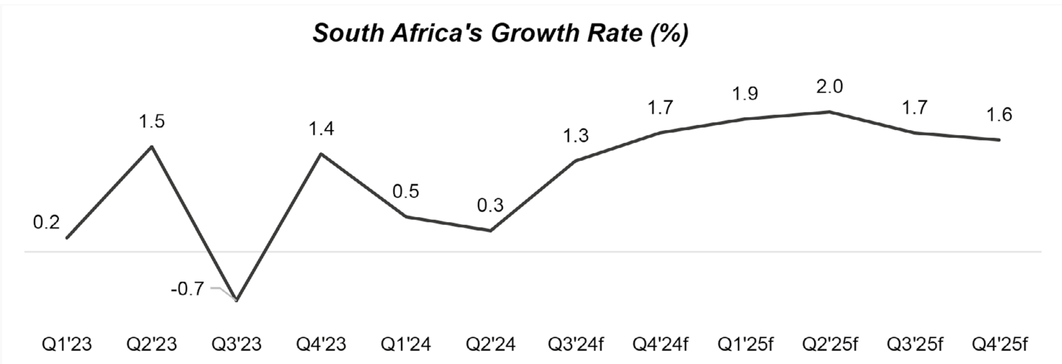
Source: Bloomberg
f – Forecast

South Africa

South Africa's economy contracted by 0.3% on a seasonally adjusted quarter-on-quarter basis in the third quarter, nearly reversing the 0.3% growth seen in the second quarter and marking the weakest performance in a year. On an annual basis, in the third quarter of 2024, economic growth remained stable at 0.3%, which was the same as in Q2. The quarterly decline was primarily driven by a drop in public spending and exports.

Domestically, government consumption fell by 0.5%. Additionally, private consumption growth, which represents about two-thirds of GDP, slowed significantly, dropping to 0.5% in the third quarter from 1.2% in the second quarter. On a positive note, fixed investment rebounded, growing by 0.3% in Q3, after a 1.2% decline in the previous quarter.

South Africa's annual headline CPI inflation rate edged up slightly in November 2024 to 2.9% year-on-year (y-o-y), up from 2.8% in October. Core inflation continued to ease, falling to 3.7% y-o-y in November, which was in line with the lower end of the market consensus. The headline inflation rate remaining below 3% is seen as a positive development. Additionally, goods inflation rose to 1.6% y-o-y from 1.4% in October, while services inflation eased to 4.3% y-o-y in November, down from 4.4% in October.



Source: Bloomberg
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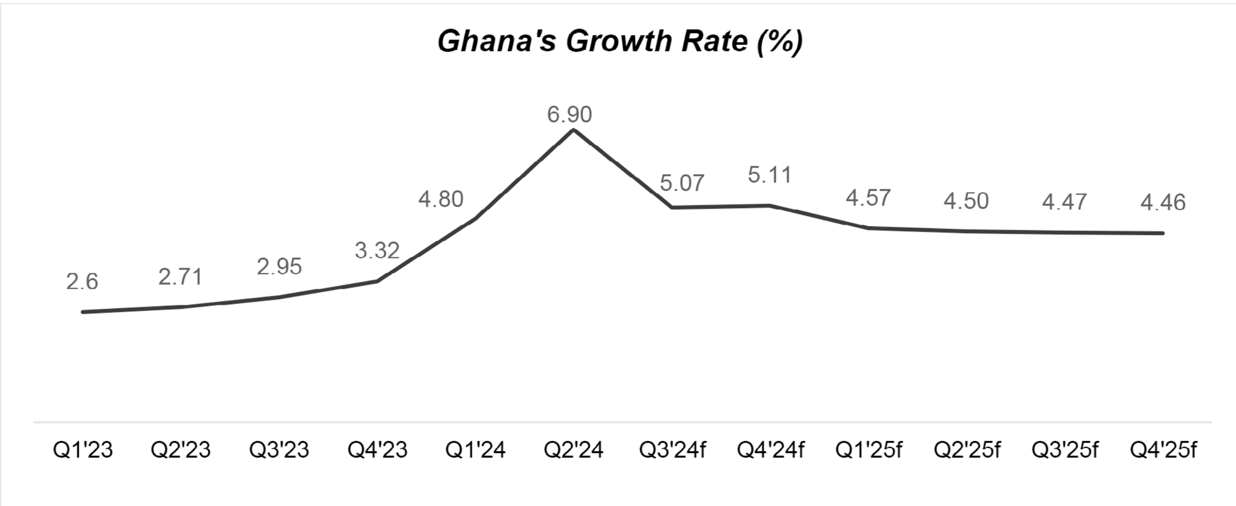
AFRICA

Ghana

Ghana's economy grew by 7.2% in the third quarter of 2024, marking a strong recovery compared to the 2.2% growth recorded in the same period of 2023, according to data released by the Ghana Statistical Service.

This growth is the highest since pre-pandemic levels, with the most recent comparable performance being a 9.1% expansion in the second quarter of 2019. On a seasonally adjusted basis, the country's real GDP increased by 1.7% in Q3 2024, compared to the previous quarter, slightly above the 1.6% growth recorded in Q2 2024. Key sectors driving this robust growth include Mining and Quarrying, Information and Communication, Crops, Construction, and Manufacturing.

These industries collectively contributed to the economy's performance, highlighting a diverse range of factors driving Ghana's economic output. Ghana's annual inflation rate increased to 23.8% in December 2024, rising by 80 basis points from November 2024, according to the Ghana Statistical Service (GSS). This marks the highest inflation rate since April 2024 and the third highest of the year, following 25.8% in March and 25% in April.



Source: Bloomberg
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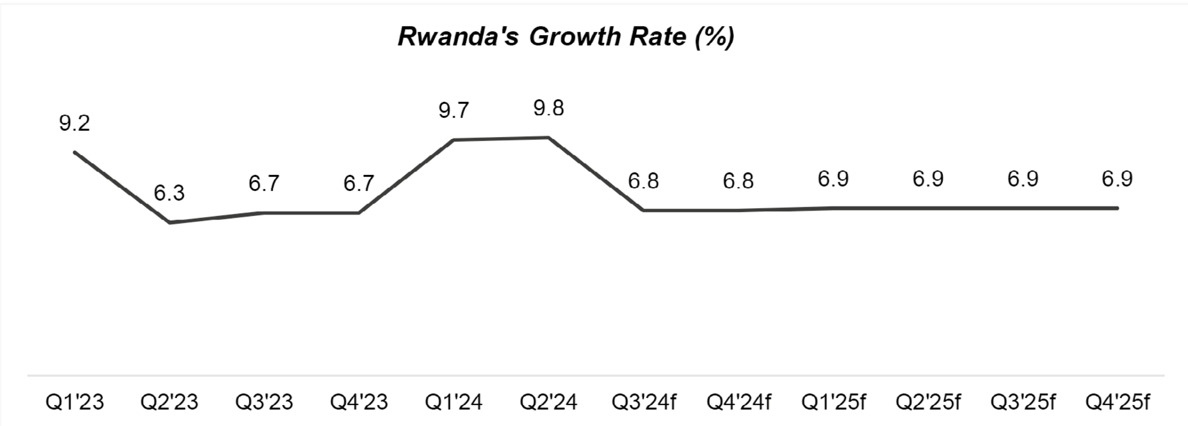
Rwanda

Rwanda's economy grew by 8.1% in Q3 2024, following strong performances in Q1 and Q2, bringing the average growth for the first three quarters to 9.2%. The growth was mainly driven by the services and industrial sectors, while agriculture saw moderate growth. The services sector grew by 10%, with wholesale trade, transport, and financial services seeing notable gains. The industrial sector expanded by 8%, largely due to strong mining exports, while manufacturing and construction also showed positive growth.

Agriculture grew by 4%, supported by higher food crops and export crop production, although tea production declined. The growth is in line with government expectations, with a positive outlook for the future. Rwanda's Consumer Price Index (CPI) rose by 6.8% year-on-year in December 2024, up from 5% in November. Key categories saw varying changes: food and non-alcoholic beverages increased by 6% annually but fell 2.7% monthly, while housing and energy costs showed moderate annual rises but declined month-to-month. Transport costs surged by 17.9% year-on-year. Local product prices grew by 6.9% annually, while imported goods rose by 6.6%. Fresh product prices saw a significant 11.3% annual increase but dropped by 4.4% monthly. The general index excluding fresh products and energy increased by 5.8% year-on-year and 0.4% month-on-month.



Source: Bloomberg
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Section 2

THE NIGERIAN ECONOMY

The Nigerian economy showed great resilience despite the challenging macroeconomic environment. The bold reforms by the government in the year were aimed at addressing long-standing structural issues and propelling the economy towards accelerated growth. The CBN continued its aggressive policy measures to combat inflation and support the exchange rate. With cumulative rise in MPR of 850bps to 27.50% at the end of the year, commercial bank's cash reserve ratio closed at 50%, and merchant bank CRR at 16% among others. On a year-on-year basis, the Naira depreciated by over 60%, however, on a quarterly basis, Naira appreciated by 7.5% to N1,549.00 from N1,673.95 in Q3 2024. The inflation rate accelerated on a quarterly basis to 34.80% in December from 32.70% in September 2024. On a monthly basis, inflation slowed to 2.44% in December, from 2.52% in September.

The Central Bank of Nigeria (CBN) and the Federal Government project economic growth for 2024 at 3.38% and 3.88% respectively, while the International Monetary Fund (IMF) and the World Bank estimate a similar growth rate of 3.3%.

A snapshot of the domestic economy for Q4 2024 is presented below:

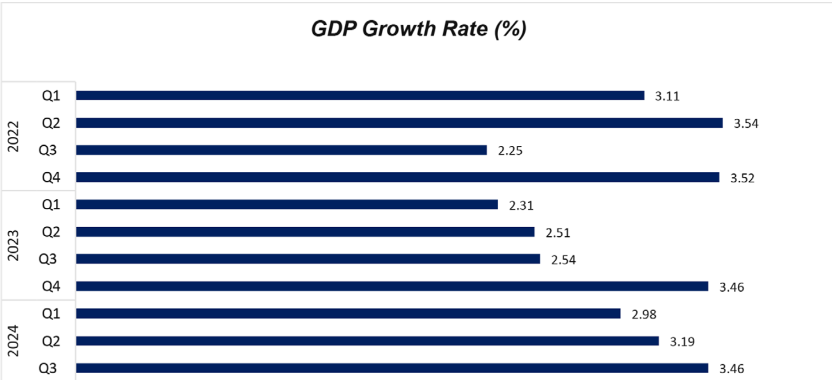
Real GDP rose to 3.46% in Q3 2024 compared to 3.19% in Q2 2024	Oil prices rose to $75.48/b in December 2024 from $73.4/b posted in Sept 2024	Exchange rate appreciated to ₦1,549.00/$ in December 2024 from ₦1,673.95/$ in September 2024
The ASI rose to 102,926.40 points in Dec 2024 from 98,558.79 point in Sept 2024	Reserves rose to $40.88bn in December 2024 from $38.35bn in September 2024	Inflation printed at 34.80% in Decmber 2024 compared to 32.70% in Sept 2024
Composite PMI rose to 51.0 points in December 2024 from 50.5 points in Sept 2024	MPR rose to 27.50% in November 2024 from 27.25% in Sept 2024	Oil production rose to 1.48mbpd in December 2024 from 1.32mbpd in Sept 2024

2.1. GDP Growth

Nigeria's economy expanded by 3.46% year-on-year in Q3 2024, up from 3.19% recorded in the previous quarter majorly driven by the services sectors which grew by 5.19% in the period, the services sector accounted for 53.58% of GDP The oil sector grew by 5.17% in Q3, down from the 10.15% expansion in the previous quarter. This performance was attributed to a decline in the price of Nigeria's Bonny Light crude in the international market, which fell from $89.66 per barrel in Q2 2024 to $73.40 per barrel in Q3. However, increased crude oil production enabled the oil sector to sustain a positive contribution to the overall economic growth.

Additionally, the non-oil sector sustained a strong growth rate of 3.37% in Q3 2024, reflecting a notable increase compared to Q2, primarily driven by robust performance in the services sector. Key contributors included Financial and Insurance services (30.83%) and Information and Communication, particularly telecommunications, which grew by 6.78%. Meanwhile, the industrial sector advanced by 2.18% and the agricultural sector rose by 1.14%.

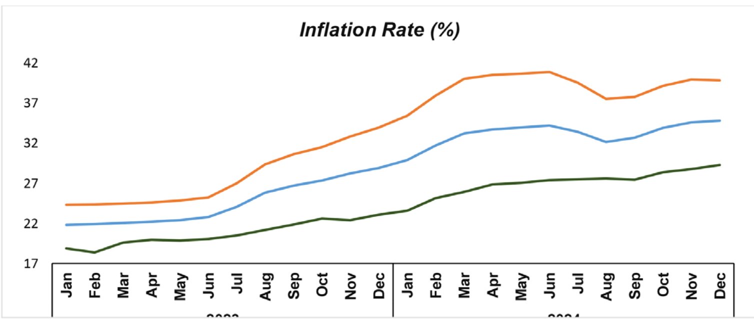
On a quarterly basis, GDP rose by 0.09% in Q3, reflecting a significant improvement in economic activities.
The Nigerian Bureau of Statistics (NBS) announced at the beginning of 2025 that it plans to rebase the country's GDP and Consumer Price Index (CPI). The current GDP is calculated with 2010 as the base year, while the proposed GDP base year is 2019. The rebasing exercise is expected to hold huge potential for the country in 2025 as the contribution of key sectors will see an upward adjustment. The rebased GDP is expected to capture new economic segments, such as the digital economy, activities of pension fund administrators, the National Health Insurance Scheme, the Nigerian Social Insurance Trust Fund, activities of modular refineries, domestic households as employers of labour, and coverage of illegal and hidden activities.



Source: NBS

2.2 Inflation

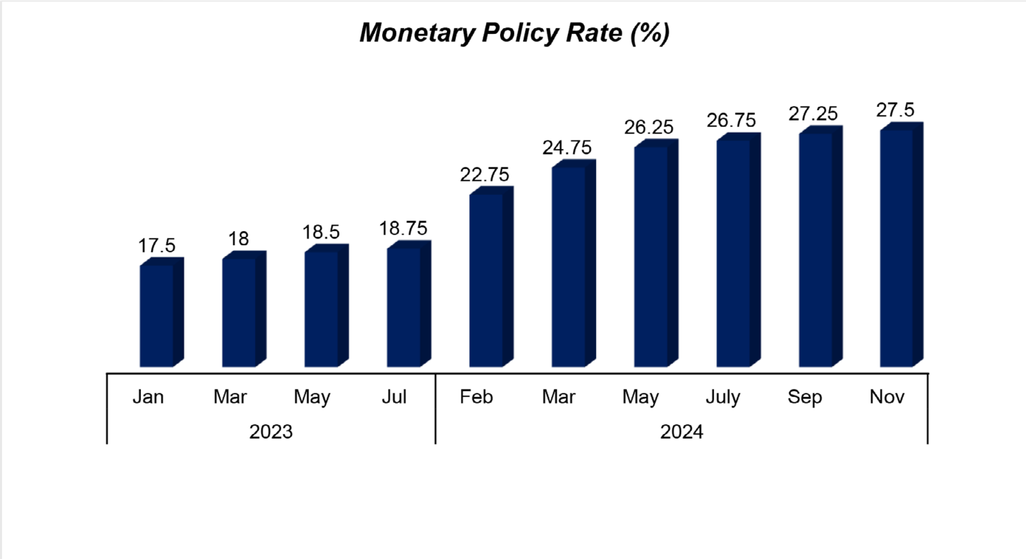
Nigeria's headline inflation rate for December 2024 rose to 34.80%, marking the fourth increase following a slowdown earlier in the year. This reflects ongoing price pressure across the country. Despite this increase, food inflation - accounting for over half of the country's inflation basket - marginally eased to 39.84% in December from 39.93% the previous month. However, the annual core inflation rate, which excludes farm produce and energy, increased to 29.28% in December from 28.75% in November. Regarding the rebasing of the country's CPI, the proposed new base is set to be 2024, this is to reflect structural economic changes from the removal of petrol subsidies and forex adjustments. The inflation basket will grow from 740 to 960 items, with new indexes for services, energy, farm produce, and goods introduced by the National Bureau of Statistics (NBS). This update aims to better capture economic activity and support planning. The re-weighting may reduce the impact of food and non-alcoholic beverages on headline inflation, while transport and restaurant services could have a greater impact on future inflation readings.



Source: NBS

2.3 Monetary Policy

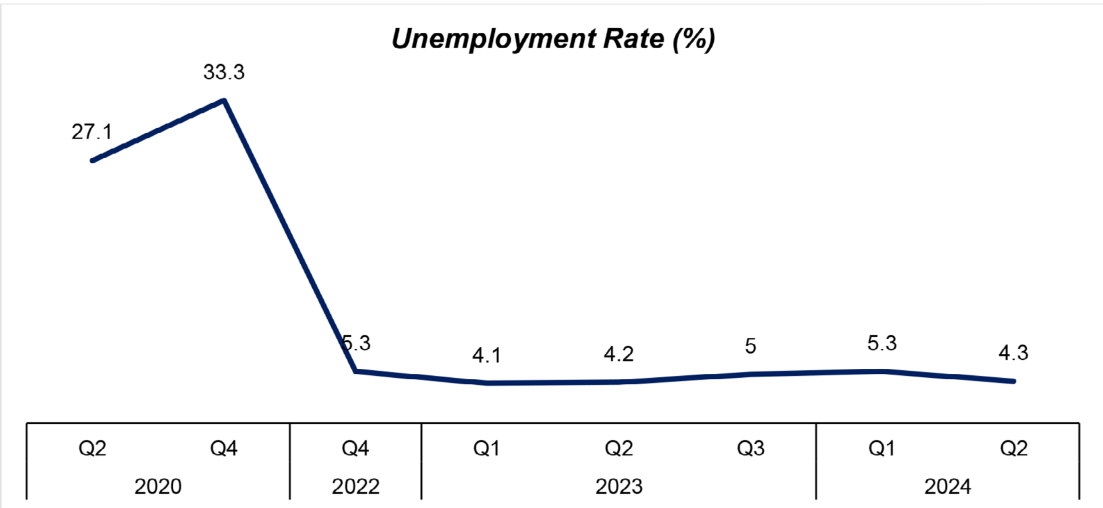
At its November 2024 meeting, the Central Bank of Nigeria decided unanimously to further raise its benchmark interest rate by 25 basis points, reaching a new record high of 27.50%. This marked the sixth consecutive increase aggregating to 875 bps in 2024. The move is intended to curb inflation, stabilize the naira, and attract investments. Governor Olayemi Cardoso highlighted that the series of rate hikes have contributed to moderating inflation and reiterated the bank's dedication to controlling it. The MPC's decision was made against the backdrop of renewed inflationary pressures, with headline, food and core measures all increasing year-on-year in October 2024.



Source: NBS

2.4 Unemployment

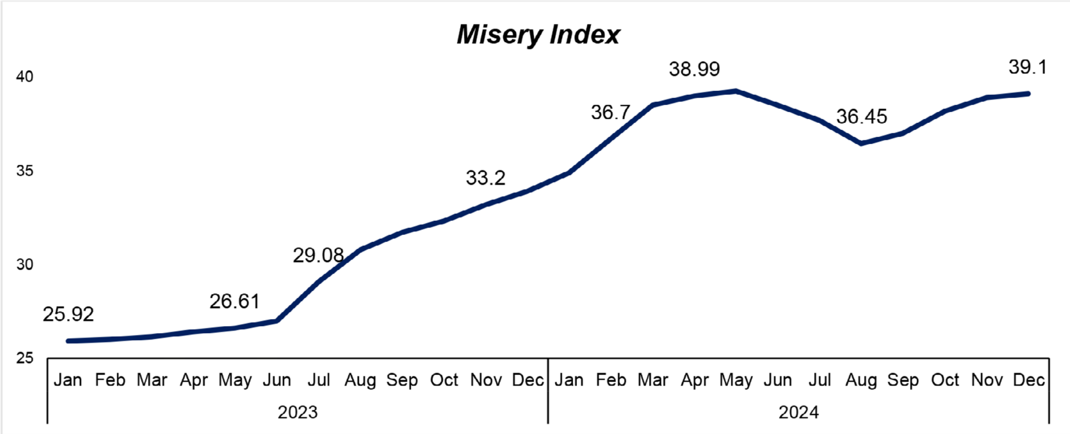
The Nigeria Labor Force Statistics report for Q2 2024 revealed that the unemployment rate decreased to 4.3%, down from 5.3% in Q1 2024. The youth unemployment rate decreased to 6.5% in Q2 2024, down from 8.4% in Q1 2024, reflecting a notable improvement in labor market conditions for this demographic. The report also highlighted that time-related underemployment, which measures the proportion of workers available for additional work hours, decreased to 9.2 per cent in Q2 2024 from 10.6 per cent in Q1 2024.



Source: NBS

2.5 Misery Index

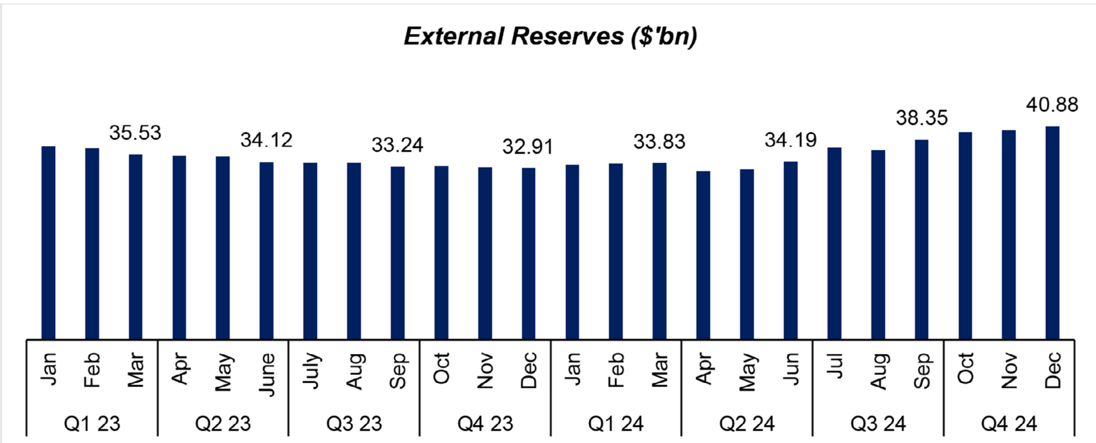
The misery index, which combines inflation and unemployment rates, increased by 210 basis points to 39.10% in December 2024 up from 37.0% in September 2024. This rise is mainly due to ongoing inflationary pressures, which have diminished purchasing power and driven up the cost of living for many Nigerians.



Source: NBS

2.6 External Reserves

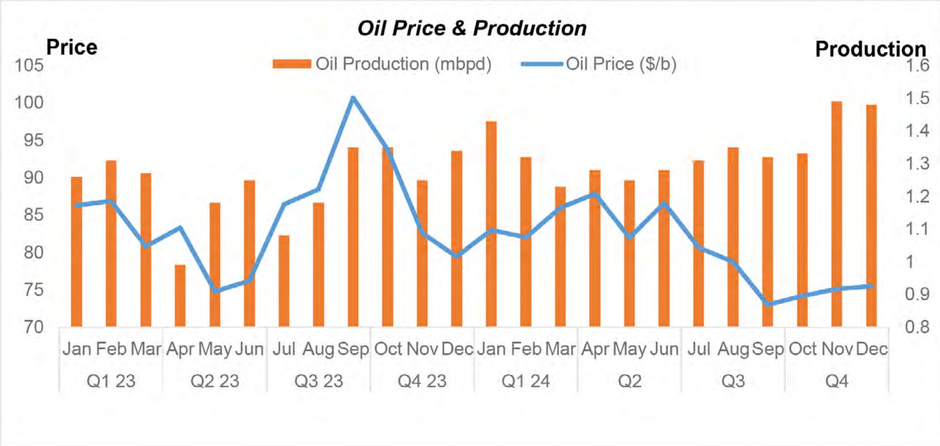
A year-on-year analysis reveals significant growth in Nigeria's foreign reserves over the past year. As of the end of 2023, the reserves stood at $32.91 billion, rising to $40.88 billion by end of 2024. This increase of $7.97 billion, representing a 24.20% growth, highlights the effectiveness of the government's initiatives to attract foreign capital and stabilize external finances. The remarkable growth is driven by factors such as Eurobond proceeds, higher oil revenues, and the Central Bank of Nigeria's strategic management of foreign exchange inflows. This rise in FX reserves has substantial implications for the Nigerian economy, bolstering the country's ability to meet external payment obligations, including debt servicing and import financing.



Source: CBN

2.7 Oil Price & Production

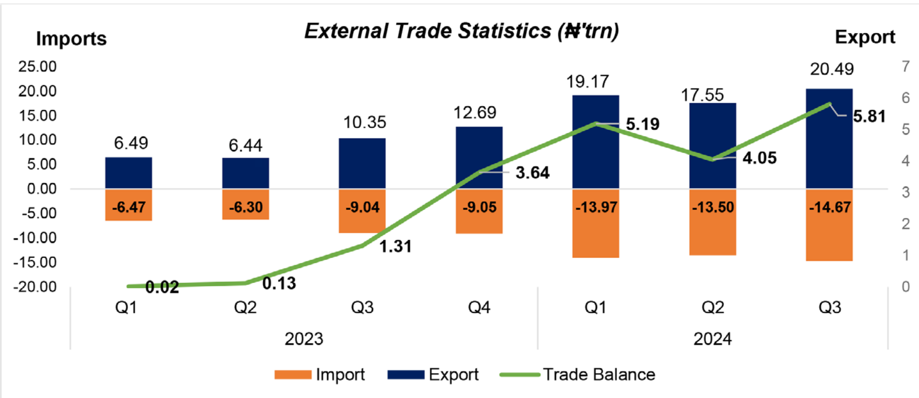
In Q4 2024, Bonny Light oil prices quickened due to global changes in supply and demand, such as rising demand. The Dangote Refinery also played a major role in changing how crude oil flowed. These factors combined to support higher prices for Bonny Light crude. Nigeria's oil production increased to 1.48 million barrels per day (mbpd) in December 2024, up from 1.32 mbpd recorded in September 2024, reflecting a rise of 160,292 barrels per day from September.



Sources: CBN, NUPRC

2.8 External Trade

Nigeria's trade balance reached ₦5.81 trillion in Q3 2024, according to the latest Foreign Trade in Goods Statistics report from the NBS. The total value of merchandise trade for the quarter stood at ₦35.16 trillion, reflecting a 13.26% increase from Q2 2024 but a remarkable 81.35% increase compared to Q3 2023. Exports accounted for 58.27% of total trade, amounting to N20.49 trillion, a substantial 16.75% rise from Q2 2024's export value of ₦17.55 trillion. During this period, import trade volume stood at ₦14.67 trillion, while exports totaled ₦20.49 trillion. Crude oil remained the dominant export, contributing ₦13.41 trillion, which represented 65.44% of total exports. Non-crude oil exports made up the remaining ₦12.21 trillion, accounting for 34.56% of export activity. In a separate development, the Debt Management Office (DMO) reported a highly successful $500 million Federal Government bond issuance, which was oversubscribed by 80%, reaching $900 million. This strong demand highlights growing investor confidence in Nigeria's economic outlook.

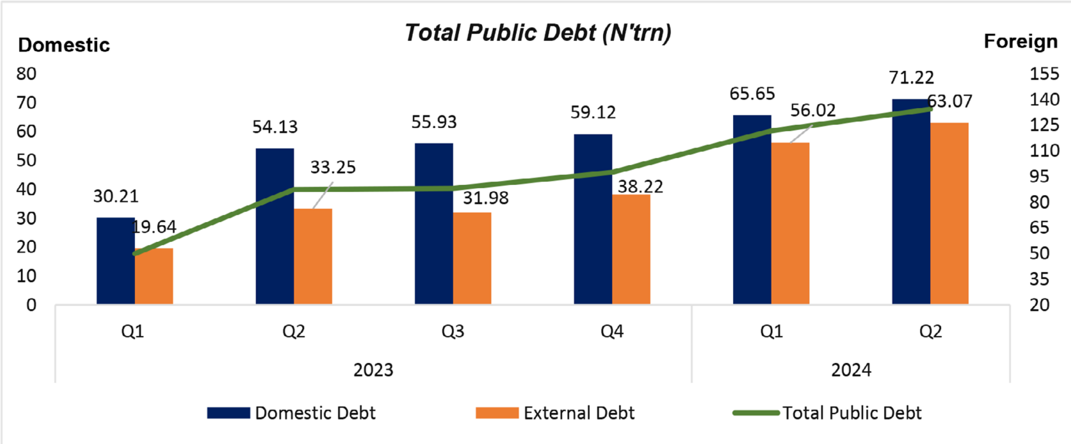


Source: NBS

2.9 Total Public Debt

The latest data shared from the Debt Management Office (DMO) indicates a 10.38% increase in Nigeria's total debt stock, rising from ₦121.67 trillion in Q1 2024 to ₦134.3 trillion in Q2 2024. However, the dollar equivalent of the public debt marginally declined to $91,347.09 from $91,463.99. The increase in the naira-denominated debt stock can largely be attributed to currency depreciation.

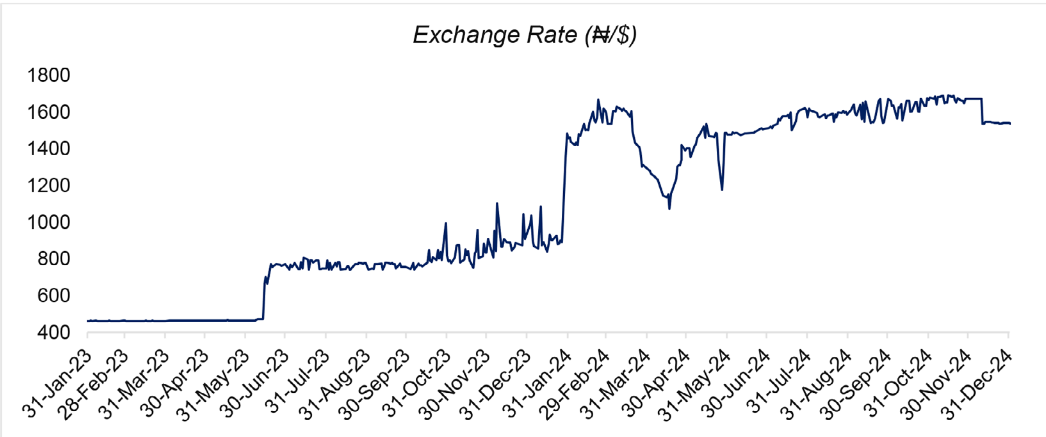
Domestic debt accounted for 53.03% of the total, amounting to ₦71.22 trillion ($48.45 billion), while external debt contributed 46.96%, totaling ₦63.07 trillion ($42.90 billion).



Source: DMO

2.10 Exchange Rate

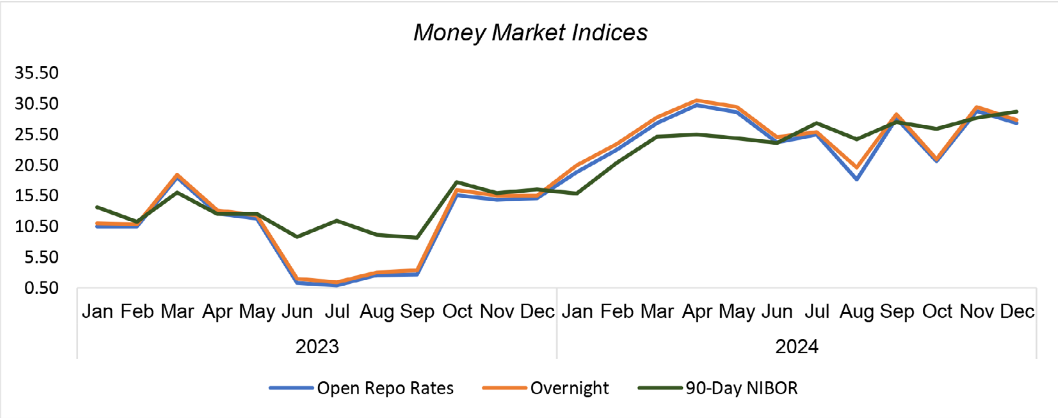
In Q4 2024, the official foreign exchange market recorded a marginal appreciation, primarily attributed to increased foreign exchange inflows driven by elevated oil export earnings. By the close of Q4 2024, the Naira traded at ₦1,538.25/$, improving slightly from ₦1,541.94/$ at the end of Q3 2024. The appreciation of the Naira is driven by factors such as Eurobond proceeds, higher oil revenues, and the Central Bank of Nigeria's strategic management of foreign exchange inflows.



Source: FMDQ

2.11. Money Market

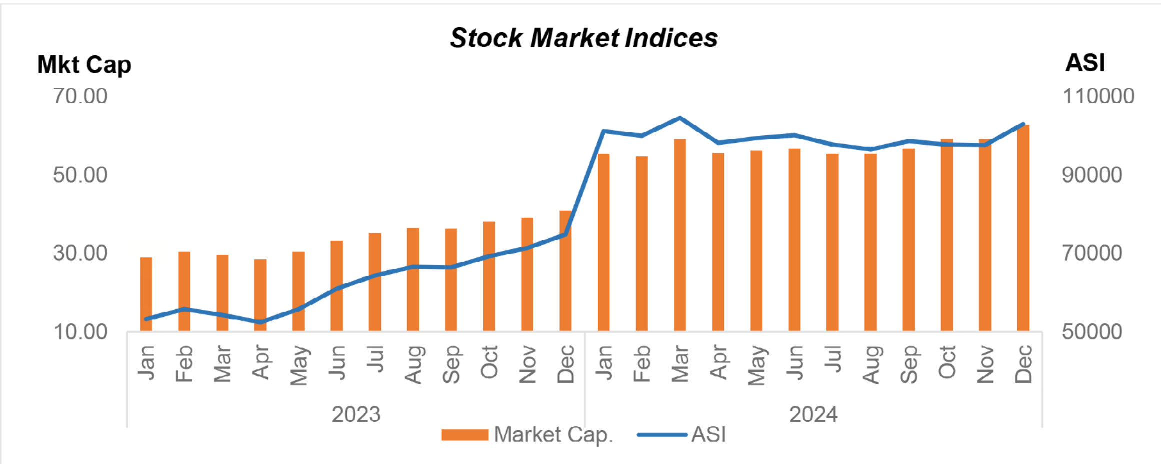
Liquidity conditions in the money market strengthened in the final quarter of 2024, supported by FAAC inflows, which contributed to a downward trend in rates. The Open Repo Rate (OPR) and Over Night (ON) rates decelerated to 27.30% and 27.80%, respectively, compared to 28.03% and 28.72% in the prior quarter. The 90-day Nigerian Interbank Offered Rate (NIBOR) also rose to 29.16% from 27.46%.



Source: FMDQ

2.12. The Stock Market

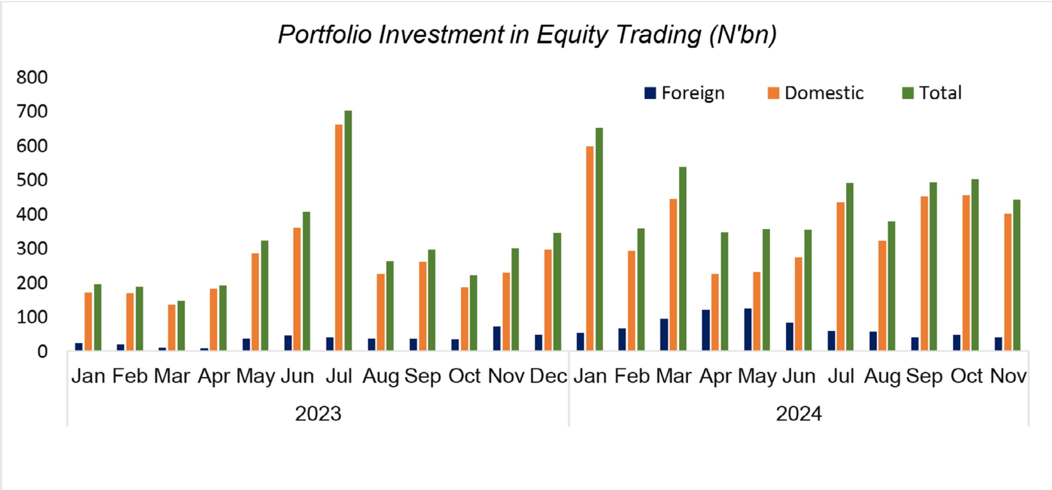
In Q4 2024, The Nigerian Exchange Group (NGX) maintained robust performance, with the market firmly in the green zone as investor activity intensified, pushing the All-Share Index (ASI) beyond the 100,000-point threshold. The All-Share Index (ASI) rose to 102,926.4 points in December 2024, gaining 4,368 points from 98,559 points in September 2024. Additionally, the market capitalization reached ₦62.76 trillion by the end of December 2024, from ₦56.64 trillion in September 2024, the highest so far in the year. On a year-on-year basis, the ASI grew by 37.65% while market capitalization surged by 53.39%.



Source: NGX

2.13. Portfolio Investment – NGX

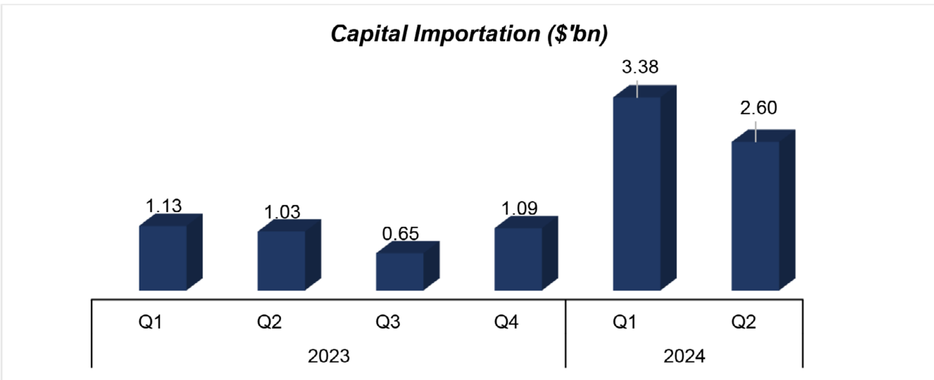
Total equity transactions in November 2024 amounted to ₦442.34 billion, down from ₦493.01 billion in September 2024. In November 2024, the total value of transactions executed by Domestic Investors outperformed transactions executed by Foreign Investors by circa 82%. Institutional Investors outperformed Retail Investors by 2%.

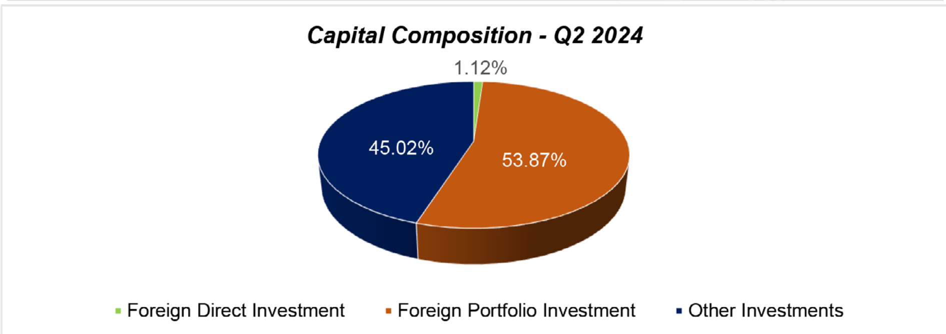


Source: NGX

2.14. Capital Importation

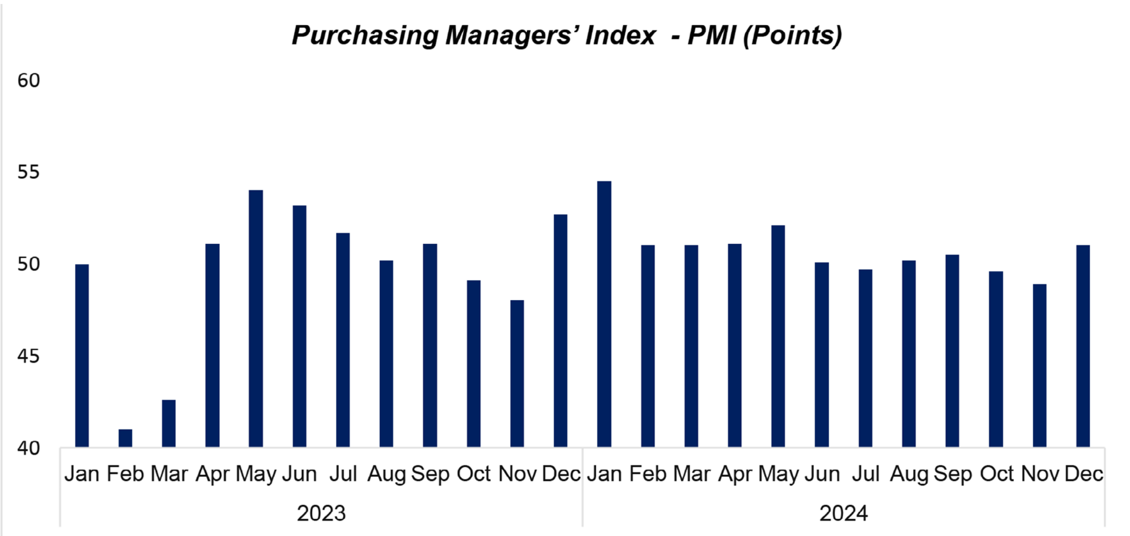
In Q2 2024, Nigeria's total capital importation surged to US$2.60 billion, a remarkable 152.81% increase from the US$1.03 billion recorded in Q1 2024. However, when compared to the previous quarter, capital importation saw a 22.85% decline from the US$1.03 billion registered in Q1. Foreign Portfolio Investment (FPI) led the inflow, contributing US$1.40 billion, which accounted for 53.93% of the total. This was followed by Other Investments, totaling US$1.17 billion (44.92%), while Foreign Direct Investment (FDI) remained the smallest contributor at US$29.83 million, representing just 1.15% of the total capital importation in Q2 2024. The banking sector attracted the highest volume of inflows, receiving US$1.12 billion, or 43.15% of the total capital imported during the quarter. The manufacturing sector followed with US$624.71 million (23.99%), and the trading sector drew US$569.22 million (21.86%). Lagos State continued to dominate as the top destination for capital inflows, attracting US$1.37 billion, or 52.52% of the total, while Abuja (FCT) followed closely with US$1.24 billion, accounting for 47.48% of the overall capital imported.





2.15. Purchasing Managers' Index

The Composite PMI for December 2024 rose significantly from 48.9 in November 2024 to 51.0 in December 2024, signaling a return to expansion in the nation's private sector. This marked the highest PMI reading since December 2023, driven by higher output across all four major sectors. New orders also increased for the second consecutive month, with the growth rate reaching its strongest level since May. Improved business conditions prompted companies to ramp up hiring and spending, reflecting a more optimistic outlook. However, strong inflationary pressures persisted, with purchase prices rising due to a weakened currency, higher fuel costs, and elevated transportation expenses. These factors also contributed to increased personnel costs. In response, businesses adjusted by raising production prices at a slightly faster rate than in November, highlighting the ongoing challenge of managing costs amid an improving but inflation-sensitive environment.



Source: CBN

2.16. Credit Ratings

Moody's Ratings, an international credit rating agency, upgraded its outlook on Nigeria from stable to positive. This change is due to the potential reversal of the country's fiscal and external challenges, attributed to recent reform efforts by the authorities. Moody's also affirmed Nigeria's long-term foreign currency and local currency issuer ratings at "Caa1". The agency notes that these policy changes, along with anticipated future reforms, enhance the prospects for improvement in Nigeria's fiscal and external credit profile.

Fitch Ratings maintained Nigeria's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'B-' with a Stable Outlook. The 'B-' rating reflects Nigeria's large economy, developed domestic debt market and substantial oil and gas reserves. However, it is constrained by weak governance, very low non-oil revenue, high reliance on hydrocarbons, security issues, high inflation, low net FX reserves and weakness in the exchange-rate framework. Although the government has made significant strides in reducing fuel subsidies and reforming the exchange rate, recent setbacks, such as diminished price discovery in the FX market, have cast doubt on the sustainability of these reforms, hence the stable outlook.

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2.17. Socio-Economic Landscape

The latest data shared from the Debt Management Office (DMO) indicates a 10.38% increase in Nigeria's total debt stock, rising from ₦121.67 trillion in Q1 2024 to ₦134.3 trillion in Q2 2024. However, the dollar equivalent of the public debt marginally declined to $91,347.09 from $91,463.99. The increase in the naira-denominated debt stock can largely be attributed to currency depreciation.
Domestic debt accounted for 53.03% of the total, amounting to ₦71.22 trillion ($48.45 billion), while external debt contributed 46.96%, totaling ₦63.07 trillion ($42.90 billion).

2.18. Financial Sector Developments

The CBN announced the introduction of the Electronic Foreign Exchange Matching System (EFEMS), for Foreign Exchange (FX) transactions in the Nigerian Foreign Exchange Market (NFEM) which was fully implemented at the end of 2024. According to the circular, authorized dealers would subsequently conduct all foreign exchange transactions in the interbank FX market on the Electronic Foreign Exchange Matching System approved by the CBN where transactions will be reflected immediately. The CBN also adopted Bloomberg's BMatch solution for interbank trading in the local foreign exchange markets. Bloomberg's Foreign Exchange Electronic Trading Platform (FXGO) BMatch solution offers spot-matching functionality to the local interbank community for US Dollar against the Nigerian Naira. BMatch allows anonymous orders to be placed into a central limit order book, which are displayed and then matched with counterparty orders based on mutual trading limits and other parameters configured by each bank. The solution can be integrated with banks' middle and back-office systems. Consolidated trade statistics can also be calculated and made available to the market.

The International Finance Corporation (IFC), a member of the World Bank Group, and the Central Bank of Nigeria (CBN) announced a partnership to expand local currency financing, unlocking over $1 billion in investments for critical sectors within Nigeria's economy. The agreement will deliver Naira-based funding to support agriculture, infrastructure, housing, energy, small and medium enterprises, and Nigeria's youth and creative industries. This initiative aims to enhance private sector growth by increasing access to affordable, long-term local currency financing, which is essential for reducing currency risks.

Section 3

OUTLOOK FOR Q4 2024 - Nigeria

GDP Growth

The economy is expected to remain resilient with growth expected to be at 3.20% in Q1 2025. Recent reforms are expected to significantly improve macroeconomic conditions into the medium term.

Foreign Exchange

Foreign exchange is expected to fluctuate between 1,450 and 1,550 as the CBN continues to remain active in the market. The CBN's effort to combat inflation has raised the MPR to 27.5%, attracting foreign investors and boosting external reserves. This has also provided support to the performance of the Naira.

Crude Oil

The oil price is anticipated to stay above $75/b due to current instability in the Middle East and production cuts from OPEC+. Prices are expected to remain high, driven by concerns over U.S. sanctions on Russian energy and OPEC+ extending its oil production cuts until the end of 2026.

Monetary Policy

Given the recent trends and the MPC's commitment to managing inflation and stabilizing the economy, it is likely that the MPC will continue to adopt a hawkish stance in the near term. However, specific future actions will depend on impact of the ongoing rebasing of CPI.

Foreign Reserves

Improving oil production, import substitution and export promotion initiatives are expected to bolster reserves to around $45 billion - $47 billion.

Inflation

Inflation is expected to slow gradually toward the end of Q1 2025 due to the base effect and the implementation of aggressive tightening by CBN aimed at absorbing excess liquidity in the system, which is expected to counteract the rising inflationary pressure. The proposed rebasing is expected to drive improved capturing of economic activities and support planning initiatives.