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**Berkshire Market Briefs**

**Nigeria's Real GDP Grew by 3.19% in Q2'24**

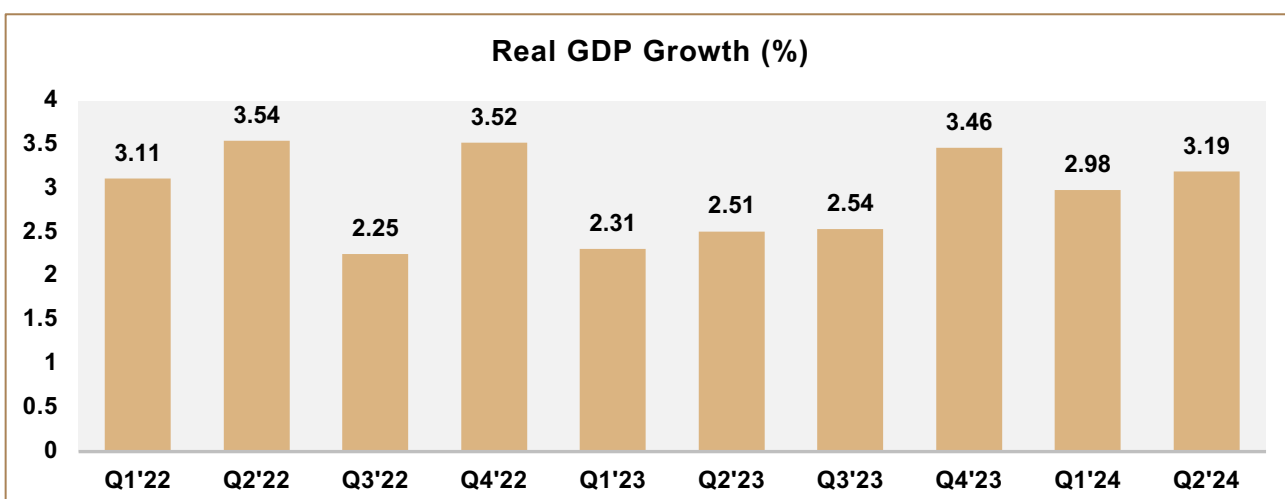
**Author:**

**Praise Oshiamé**

+234 813 603 0000

[www.berkshirefinancecompany.com](http://www.berkshirefinancecompany.com)

The National Bureau of Statistics (NBS) released its Q2'24 GDP report yesterday as scheduled. Notably, Nigeria's real GDP grew by 3.19%, an increase from 2.98% in Q1'24 and 2.51% in Q2'23. This growth was largely fuelled by the services sector, which rose by 3.79% and accounted for 58.76% of the overall GDP. While the continued growth underscores the resilience of the Nigerian economy, it's noteworthy that only 35% of the 46 activities monitored by the NBS expanded. What is more troubling is that many productive sectors saw either slower growth or contractions, largely due to the CBN's aggressive interest rate hikes, rising logistics costs, and weak aggregate demand. Additionally, the currency appreciation in the second quarter had a limited effect on these sectors as it takes time for manufacturers and other import-dependent industries to replenish their inventories.



**The oil sector expanded by 10.15% while the non-oil sector growth was flat at 2.8%**

The oil sector grew by 10.15% in Q2'24, up from 5.70% in Q1'24 and a significant improvement from the -13.43% recorded in Q2'23. This growth was mainly driven by increased oil production, spurred by intensified efforts to curb oil theft and pipeline vandalism, along with higher oil prices. Domestic oil output increased by 15.57% to 1.41 million barrels per day in Q2'24, compared to 1.22 million barrels per day in Q2'23, though it was down from 1.57 million barrels per day in Q1'24. Oil prices rose by 3.65% to \$84.72 per barrel in Q2'24, up from \$81.74 per barrel in Q1'24. The oil sector's contribution to GDP was 5.70% in Q2'24, an increase from 5.34% in Q2'23 but a decrease from 6.38% in the previous quarter.

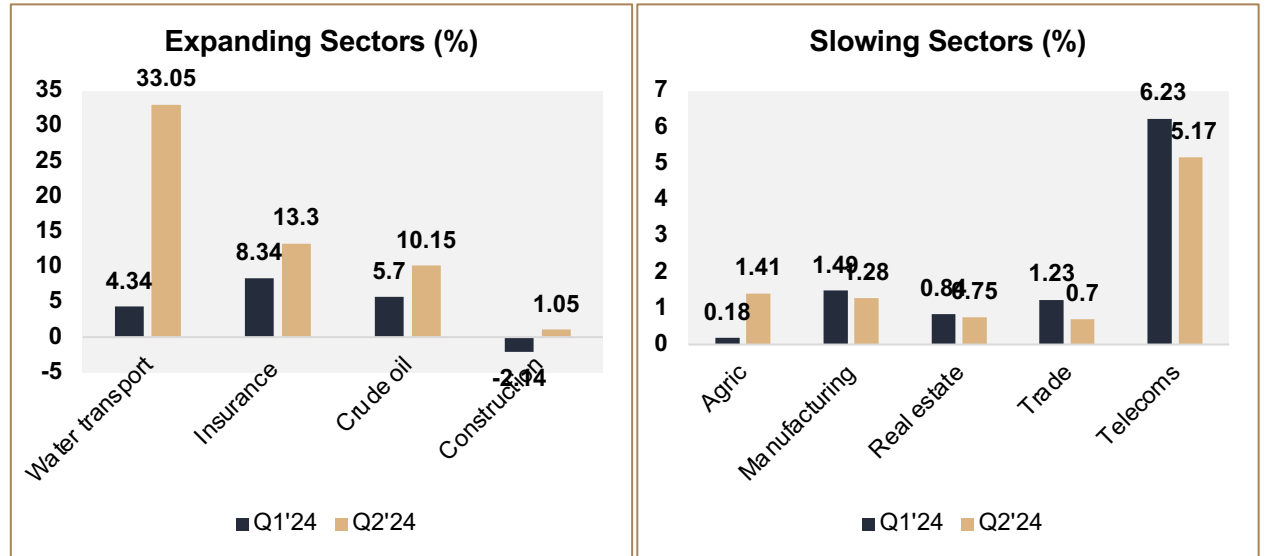
Meanwhile, the non-oil sector grew by 2.8% in Q2'24, maintaining the same growth rate as Q1'24 but declining from the 3.58% growth recorded in Q2'23. This stagnation and slower growth pace reflect the effects of weak aggregate demand, rising logistics costs, interest rate hikes, and the delayed impact of currency appreciation. In Q2'24, the non-oil sector accounted for 94.30% of the total GDP, slightly down from 94.66% in Q2'23 but up from 93.62% in Q1'24.

**Sector Analysis – 16 expanded, 19 slowed while 11 contracted**

The report showed that of the 46 activities monitored by the NBS, only 16 expanded, while 19 slowed and 11 contracted. The crude oil sector's growth was driven by increased production and higher oil prices, while the construction sector benefited from reduced building material costs and increased public infrastructure spending. On the other hand, productive sectors were negatively impacted by the CBN's aggressive interest rate hikes, rising logistics costs, weak aggregate demand, and the delay between currency appreciation and manufacturers' inventory replenishment. The telecom sector was notably affected by the sharp naira devaluation, while the agricultural sector's performance was hampered by the planting season, which typically limits commodity supply.

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### GDP Outlook

Real GDP growth is projected to increase further in the next quarter, driven by the harvest season, a potential shift in the CBN's hawkish monetary policy due to easing inflationary pressures, and an anticipated boost in aggregate demand because of the minimum wage increase.

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