Cape Economic Performance and Prospect Bulletin – December 2024

Highlights

- *Price pressures expected to remain heightened and remain above pandemic levels as tightening efforts continue to crystalise.*
- *Nigeria's Q4 2024 output growth expected to remain positive and marginally higher than Q3 2024.*
- ***Forecast shows that inflationary pressure in Nigeria heightened in November 2024, with headline inflation rising to 34.03 percent**.*

Global Economic Update

Global economic growth demonstrated resilience in 2024, even as tight monetary policies were employed in both advanced and emerging markets to address inflationary pressures for much of the year. However, distinguishing a gradual deceleration from a slide into recession remains challenging, as the initial indicators of these scenarios often appear remarkably similar.

A moderation in inflation has provided some relief to consumers and businesses by easing cost pressures, thereby supporting economic activity. Toward the end of 2024, particularly in the fourth quarter, central banks in advanced economies and select emerging markets began transitioning toward more accommodative monetary policies. These adjustments, including interest rate reductions and liquidity injections, have improved financial conditions, reduced borrowing costs, and expanded the scope for further policy intervention. Conversely, some central banks, notably the Central Bank of Nigeria, maintained a tightening stance to mitigate domestic inflation risks. This divergence in monetary policy approaches underscores the diversity of macroeconomic conditions across regions.

A revival in global trade activity has signalled increased demand for goods and services across major economies, further bolstering global growth. However, a return to pre-pandemic growth levels remains elusive due to persistent challenges. Elevated debt levels in advanced and emerging economies, constrained fiscal space limiting growth-oriented public spending, and interest rates that remain above pre-pandemic benchmarks have collectively weighed on consumer spending and investment.

Geopolitical tensions have compounded these uncertainties, fostering a volatile economic landscape that undermines business confidence and disrupts economic activity. Consequently, global output growth is projected to reach 3.2 percent in 2024, a modest improvement from 3.1 percent in 2023.

In advanced economies, the U.S. economic outlook has presented mixed signals. Retail sales and industrial production showed expansion through the third quarter of 2024, while labor market indicators suggested a gradual easing, with job creation falling short of expectations. Although the labour market has not entered a downturn, signs of softening are emerging. Nonetheless, U.S. output remained above trend during the latter half of the year. Political developments, including the re-emergence of President Trump, have narrowed uncertainties surrounding his administration's priorities. However, potential policy shifts—such as a comprehensive tax cut extension and renewed tariff threats—continue to influence market sentiment.

In Europe, the United Kingdom recorded the fastest growth among G7 economies during the first half of 2024, a trend that extended into the second half of the year. In contrast, the Eurozone displayed more uneven growth, with business surveys reflecting overall expansion, but manufacturing output lagging due to disparities across sectors and regions.

Emerging markets are projected to outpace advanced economies in 2024, with China leading the way through robust investment, despite ongoing challenges in the real estate sector and subdued household spending. Fiscal stimulus targeting real estate and construction has bolstered this outlook. Meanwhile, countries like India, Indonesia, Vietnam, and the Philippines are anticipated to sustain strong growth due to rising domestic demand and increasing foreign direct investment. Conversely, major Latin American economies, such as Mexico and Brazil, may experience slower growth, constrained by weak domestic and international demand, fiscal consolidation measures, and tight monetary policies.

Global growth continues to face significant constraints, including heightened geopolitical tensions and restrictive monetary policies, both of which dampen economic momentum across advanced and emerging markets.

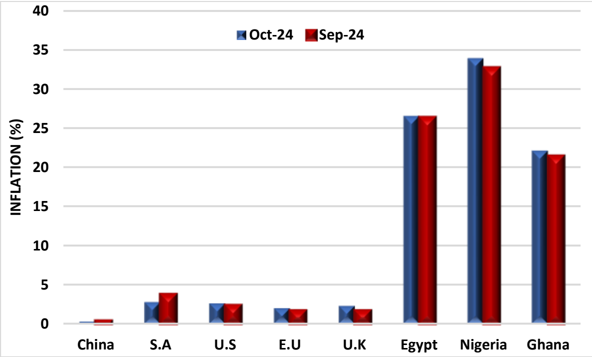
Inflationary trends remain varied globally, with households continuing to experience financial strain despite widespread implementation of hawkish monetary policies. Geopolitical conflicts have added to inflationary pressures, particularly through higher commodity prices such as oil and grains. Additionally, climate change risks, which disrupt global supply chains and logistics, further complicate efforts to stabilize prices.

The effectiveness of monetary policy rate adjustments in controlling inflation varies significantly between advanced and emerging economies. Advanced economies have seen disinflationary progress, but there is a potential risk of reversal. In the United States, the Federal Reserve began easing its monetary policy in September 2024, reducing the target rate by an unexpected 50 basis points to a range of 4.75–5.00 percent, followed by an additional 25-basis-point cut to 4.5–4.75 percent in November. Further reductions are anticipated before year-end. Similarly, the Bank of England resumed easing, lowering its base rate to 4.75 percent in November, reflecting moderating inflation trends despite a brief resurgence in October.

In contrast, emerging markets face different pressures. While inflation has moderated in many of these economies, the urgency to loosen monetary policy remains tempered by the need to maintain capital inflows. For instance, the Central Bank of Nigeria has maintained its tightening stance to address domestic inflation risks, while the Bank of Ghana shifted to easing, supported by favourable real interest rates.

This divergence in global monetary policies reflects the varied inflationary pressures and economic conditions across regions, highlighting the complex interplay between domestic inflation trends, capital flows, and broader geopolitical and economic headwinds.

Figure 1: Year-on-Year Inflation in Selected Economies (September 2024 – October 2024) in percent



Source: Various National Statistics Offices

We project that central banks in advanced economies will likely continue transitioning toward more accommodative monetary policies, while emerging market economies are expected to sustain their tighter monetary stances as we approach the first quarter of 2025. This divergence underscores the nuanced balancing act required to address risks to economic growth and maintain financial stability. By 2025, it is anticipated that monetary policies will experience further easing across advanced economies.

The Federal Reserve's recent rate cuts have catalysed a robust rally in bond markets, although November witnessed increased volatility across both equity and bond markets. In equity markets, the S&P 500® rose by 5.73% in November, pushing its year-to-date (YTD) return to 26.47%. Similarly, the Dow Jones Industrial Average® advanced by 7.54% for the month, bringing its YTD gain to 19.16%. Mid-cap equities, represented by the S&P MidCap 400®, climbed by 8.66% in November, with a YTD return of 21.02%. Small-cap stocks, tracked by the S&P SmallCap 600®, posted a notable 10.77% return for the month, resulting in a 16.26% gain YTD.

Following the election, markets broadly rallied, avoiding the uncertainties associated with a contested outcome. Notably, the S&P 500 closed above 5,900 for the first time, marking its 48th record high for the year. Financial stocks surged by 6.2%, driven by optimism surrounding potential deregulation, an increase in mergers and acquisitions, and anticipated consolidation among small- and mid-sized financial firms. However, sectors perceived to face challenges under the new government policies, such as solar energy, companies reliant on Chinese imports, and segments of the housing and real estate sectors, experienced significant declines. Election-related voting patterns revealed shifts in traditional support bases across age, gender, heritage, and geographic lines, signalling likely changes in party priorities. These shifts will necessitate a re-evaluation of pollsters' methodologies and assumptions, as traditional voting behaviours undergo transformation in response to evolving political and economic dynamics.

In the commodities market, gold prices decelerated to around US$2,643 per ounce, coinciding with a surge in cryptocurrency valuations following the announcement of President Trump's re-election. Concurrently, the crude oil market displayed notable volatility throughout October, closing the month on a higher note, driven by a combination of economic and geopolitical influences. West Texas Intermediate (WTI) settled at US$68.00 per barrel, while Brent settled at US$71.84 per barrel. Upside risks to energy and commodities markets continue to stem from heightened demand and geopolitical uncertainties, whereas downside risks remain linked to financial system vulnerabilities.

Global Economic Outlook

The global economy has displayed notable resilience throughout 2024, weathering significant challenges including geopolitical conflicts and sluggish export demand. Nonetheless, downside risks persist, particularly as geopolitical tensions remain elevated and global trade flows show signs of weakening. Private consumption continues to provide critical support to growth, while moderating inflation and anticipated reductions in interest rates are expected to sustain a stable trajectory of expansion into late 2024 and 2025.

In advanced economies, the United States remains a pillar of economic strength, a trend likely to persist into 2025. However, inflationary pressures within the services sector, increasing consumer indebtedness, a softening labor market, and rising political uncertainties could dampen consumer spending and overall economic momentum. The Eurozone's outlook is cautiously optimistic, with declining inflation and stronger export activity underpinning growth. However, the region's recovery remains tepid in comparison to other major economies, reflecting structural challenges and varying regional dynamics.

Emerging markets, particularly China and India, continue to demonstrate economic resilience, driven by strong private consumption and robust export activity. However, China faces mounting challenges, including a weakening real estate sector and decelerating productivity growth, which could hinder its recovery prospects.

Financial markets are expected to remain volatile, as bond markets appear to have overestimated the likelihood of aggressive monetary policy easing. While current market expectations suggest a rapid pace of interest rate cuts, this optimism may prove premature in the absence of a substantial economic downturn. In light of these uncertainties, a cautious stance toward small-cap investments is recommended, with a preference for diversified regional exposures. Markets in the UK and continental Europe offer relatively attractive valuations and steady economic momentum, providing a hedge against potential risks in the U.S. market.

As inflationary pressures subside, market sentiment has shifted to a "bad news is bad news" framework, where weaker economic data negatively impact equities while boosting demand for bonds. The re-emergence of a negative correlation between equities and bonds could enhance portfolio diversification, allowing fixed-income assets to regain their role as a stabilizing factor against equity market volatility.

Heading into 2025, portfolio flows are anticipated to tilt toward emerging markets, driven by sustained monetary easing in advanced economies. Central banks face increasingly intricate policy trade-offs as they balance inflation control, employment objectives, and financial stability. Premature monetary easing could undermine progress on inflation, while excessive tightening heightens the risks of financial instability or economic recession.

In the commodities market, further adjustments are anticipated. Oil prices are expected to decline as OPEC+ gradually reverses earlier production cuts, while natural gas and coal prices are likely to fall due to ample supply and high inventories. Industrial metal prices could see an uptick, supported by China's fiscal and monetary stimulus measures. Meanwhile, gold prices may soften as the anticipated rate cuts have already been largely priced in, and agricultural commodities are projected to experience price reductions due to improved supply conditions.

In summary, the global economy remains delicately poised, navigating the interplay of geopolitical challenges, monetary policy constraints, and evolving commodity market dynamics. To sustain growth and stability, policymakers and central banks must implement targeted measures to bolster the fragile recovery and safeguard macroeconomic stability over the medium term.

Nigeria's Output Growth

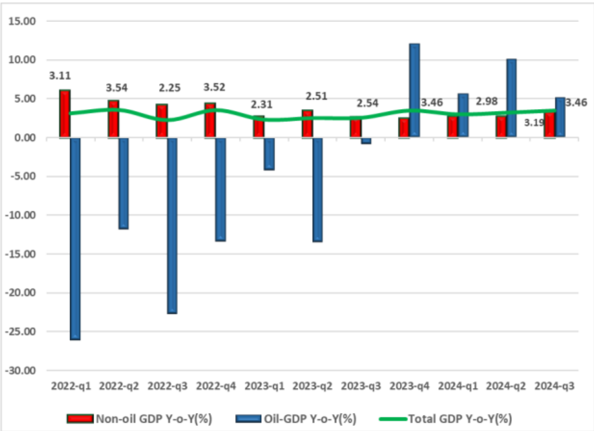
Nigeria's real GDP achieved a higher-than-expected growth rate of 3.46 percent year-on-year in Q3 2024, underscoring the economy's remarkable resilience despite prevailing macroeconomic challenges. This marks a significant improvement compared to the 2.54 percent recorded in Q3 2023 and 3.19 percent in Q2 2024, reflecting an increase of 0.92 and 0.27 percentage points, respectively (figure 2).

It is however intriguing to observe that movements in the composite Purchasing Managers' Index (PMI) and non-oil GDP growth appear to be counter intuitive as they follow divergent paths. One would ordinarily expect real GDP to decline, following a fall in PMI to an average of 49.6 points—indicating a contraction in business conditions — nevertheless, non-oil GDP recorded significant growth during the same period. This suggests that other economic factors or specific sectoral performances may be driving growth, even as overall business conditions remain under pressure. Additionally, Nigeria's efforts to diversify its economy away from oil dependency, through infrastructure development and support for small and medium enterprises, may have helped bolster non-oil sector growth.

The upward trend in Nigeria's real GDP growth is a testament to the country's capacity to adapt and thrive in the face of economic pressures, including exchange rate fluctuations, inflationary trends, and external shocks. The impressive y-on-y GDP performance was largely driven by the growth of the Services sector (mainly ICT and financial services), which expanded by 5.19 percent and accounted for 53.58 percent of aggregate GDP. This highlights the sector's pivotal role as the backbone of Nigeria's economy.

The agriculture sector recorded a modest growth of 1.14 percent, slightly lower than the 1.30 percent achieved in Q3 2023, reflecting the persisting challenges in the sector. Meanwhile, the Industry sector saw a notable recovery, growing by 2.18 percent compared to a marginal 0.46 percent in the same period last year. This sectoral performance underscores the need for targeted policy measures to sustain growth across all sectors and enhance economic resilience. Particularly, effective policies are required to address issues around high production costs, inadequate power supply, and supply chain disruptions, among others to solidify the contribution of key sectors to the economy.

Figure 2: Real GDP Growth Rate in Nigeria (Q12022 – Q32024) in percent



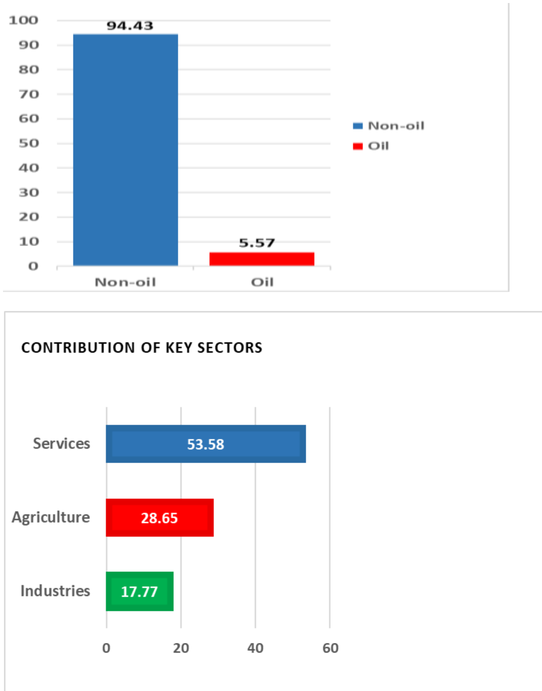
Source: National Bureau of Statistics (NBS)

In nominal terms, Nigeria's GDP recorded an impressive year-on-year growth rate of 17.26 percent in Q3 2024, reaching a total of ₦71.13 trillion. This represents a significant increase from the ₦60.66 trillion recorded in Q3 2023, reflecting the impact of price level changes driven by factors such as exchange rate movements, rising energy costs, and other economic dynamics during the period.

Further analysis highlights the continued dominance of the non-oil sector, which contributed 94.43 percent to Nigeria's total real GDP in Q3 2024, a slight increase from its 94.30 percent share in Q2 2024 (figure 3). The sector also demonstrated improved performance, with a growth rate of 3.37 percent in Q3 2024, compared to 2.80 percent in the preceding quarter.

In contrast, the oil sector accounted for only 5.57 percent of total real GDP in Q32024, down from 5.70 percent in Q22024. This decline occurred despite a modest rise in oil production, which increased to 1.47 million barrels per day (mbpd) from 1.41 mbpd in the previous quarter. These figures underscore the growing prominence of the non-oil sector in driving economic activity and the need for sustained efforts to diversify the economy further.

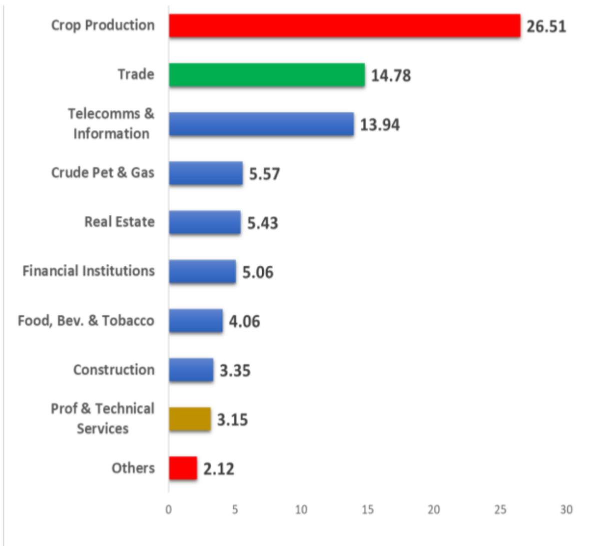
Figure 3: Sectoral Contributions to Real GDP



Source: National Bureau of Statistics (NBS)

The Top ten economic activities that drove real GDP in Q32024 (figure 4) include agriculture, trade, information and communication (ICT), crude petroleum and natural gas, among others.

Figure 4: Top 10 Economic activities that drove Nigeria's RGDP in Q32024 in Percent

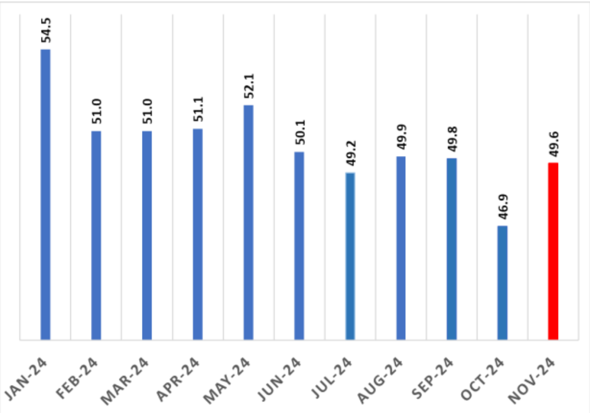


Source: National Bureau of Statistics (NBS)

Looking ahead to the Q4 2024 growth outcome, Nigeria's headline Purchasing Managers' Index (PMI) provides a mixed signal. The PMI edged up to 49.6 points in November 2024, improving from 46.9 points in October 2024. While this uptick indicates some recovery in business sentiment, the PMI has remained below the critical 50.0 no-change threshold for the fifth consecutive month, reflecting a persistent contraction in overall business conditions. The reading highlights lingering economic challenges including higher energy costs, escalating raw material prices, and lingering currency weakness, which continued to weigh on business operations.

The slight improvement in November's performance was largely attributed to a renewed expansion in new orders, reversing the solid decline observed in October 2024. The recent increase was modest, reflecting ongoing caution in demand recovery amid challenging business conditions.

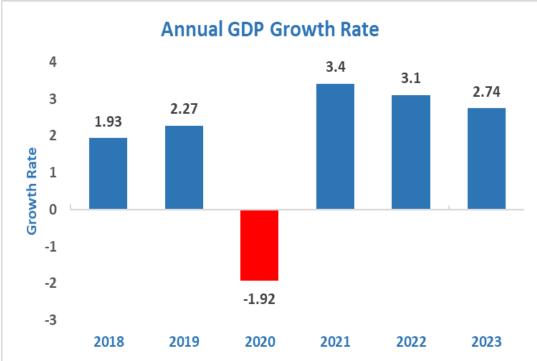
Figure 5: Trend of Nigeria's PMI (Jan - November 2024)



Source: Stanbic IBTC

The economy is projected to sustain its Q32024 growth trajectory into Q42024, bolstered by an anticipated surge in economic activities typically associated with the festive season and continued recovery in crude oil production levels. Insights from the November PMI survey suggest cautious optimism, as businesses reported early signs of improving demand. However, elevated prices remain a deterrent for some consumers, highlighting the ongoing pressure of inflation on purchasing power and economic resilience. We also anticipate annual real GDP growth rate would be stronger than 2023 growth rate.

Figure 6: Year Annual Real GDP Growth (%)



Source: National Bureau of Statistics (NBS)

Output Growth Outlook

Nigeria's output growth has demonstrated remarkable resilience despite significant macroeconomic challenges. Persistent issues, including elevated energy costs, foreign exchange volatility driven by currency shortages, security concerns, inadequate infrastructure, and rising production expenses, continue to pose substantial obstacles to achieving robust and sustained economic expansion. Although growth is projected to remain positive through the final quarter of 2024, these structural and macroeconomic pressures are expected to temper the overall trajectory.

The outlook for growth, however, faces additional headwinds from restrictive monetary policy measures, such as higher interest rates, continued exchange rate instability, and increased economic uncertainty. Nevertheless, projected improvements are underpinned by seasonal gains in the agricultural sector and advancements in industrial output, particularly with the commencement of operations at the Dangote refinery. These developments are anticipated to offer a modest boost to economic activity, although persistent structural challenges are likely to limit the effectiveness of policy interventions.

Price Update

Nigeria's headline inflation rate soared to 33.88 percent in October 2024, from 32.7 percent in September 2024, as the nation continues to grapple with rising costs of goods and services ahead of the festive season. This increase reflects persistent price pressures driven by factors such as high energy prices, currency depreciation, and supply chain disruptions, exacerbated by floods, infrastructural deficits and insecurity, among others. With inflation remaining elevated, Nigerians face mounting challenges from the escalating cost of living, which continues to affect both household expenditure and business operations.

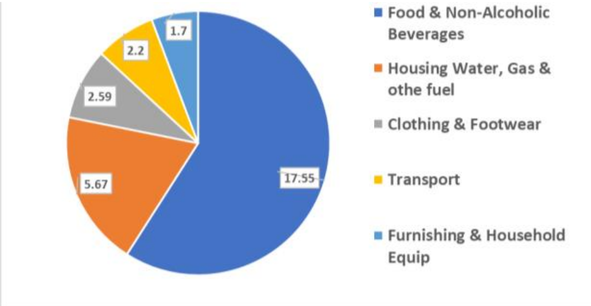
In October 2024, headline inflation rate increased by 1.18 percentage points compared to the rate recorded in September 2024. On a year-on-year basis, the headline inflation rate for October 2024 was 6.55 percentage points higher than the 27.33 percent recorded in October 2023. Key contributors to the year-on-year increase in headline inflation included prices of Food & Non-Alcoholic Beverages (17.55%), Housing, Water, Electricity, Gas & Other Fuels (5.67%), Clothing & Footwear (2.59%), and Transport (2.20%). These categories underscore the significant impact of food prices on the rising inflationary pressures in the economy.

On a month-on-month basis, the headline inflation rate for October 2024 increased to 2.64 percent, up by 0.12 percentage points from the 2.52 percent recorded in September 2024. This indicates that the pace of the average price increase in October was slightly faster than in the previous month.

Food inflation accelerated to 39.16 percent year-on-year in October 2024, compared to 37.77 percent in September 2024, underscoring persistent inflationary pressures in the food sector. On an annual basis, food inflation increased by 7.64 percentage points above the 31.52 percent recorded in October 2023, reflecting the continued upward trajectory of food prices. The rise was driven by sharp increases in the costs of key staples such as guinea corn, rice, maize grains, yam, water yam, coco yam, palm oil, and vegetable oil, exacerbating the challenges faced by households in meeting basic food needs. On a month-on-month basis, food inflation reached 2.94 percent in October 2024, up by 0.30 percentage points from 2.64 percent in September 2024, highlighting ongoing volatility in food prices.

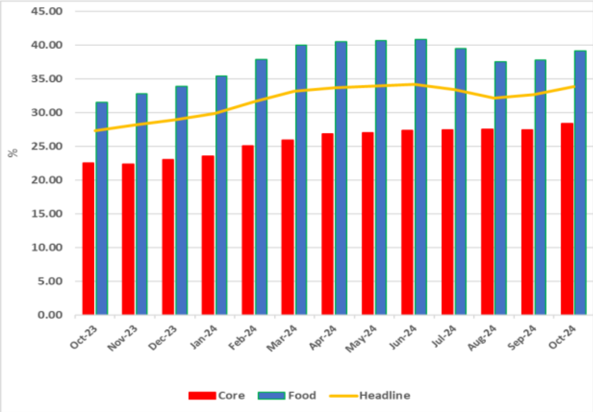
Core inflation increased to 28.37 percent in October 2024, up from 27.43 percent in September 2024, indicating a persistent rise in underlying price pressures. Year-on-year, core inflation was 5.79 percentage points higher than the 22.58 percent recorded in October 2023. On a month-on-month basis, core inflation edged up by 0.04 percentage points to 2.14 percent in October 2024, compared to 2.10 percent in the previous month, reflecting continued, albeit marginal, upward pressure on non-food and non-energy prices.

Figure 7a: Drivers of Headline Inflation October 2024 (Y-on-Y)



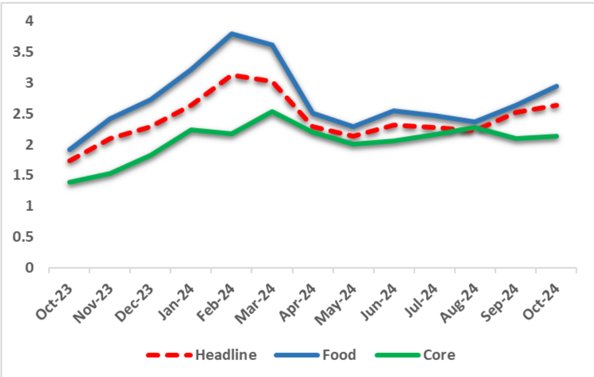
Source: National Bureau of Statistics (NBS)

Figure 7b: Year-on-Year Headline, Food and Core Inflation (Oct 2023 – Oct 2024) in per cent



Source: National Bureau of Statistics (NBS)

Figure 7c: Month-on-Month Inflation Rates (Oct 2023 – Oct 2024) in percent



Source: National Bureau of Statistics (NBS)

Price Outlook

Inflation is expected to heighten in November 2024. Our forecast showed that inflationary pressure would heighten as headline food and core inflation are expected to rise to 34.03, 40.13 and 28.12 percent respectively.

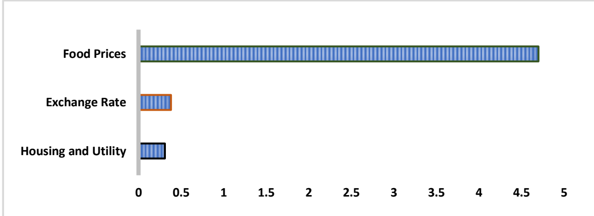
Table 2: Inflation forecast for November 2024 in Per Cent

Headline	Food	Core
34.03	40.13	28.12

Source: CAPE Economic Research and Consulting, 2024

The principal drivers shaping the forecast for headline inflation persist in food prices, the exchange rate, housing, and utility costs, contributing 4.70 percent, 0.38 percent, and 0.31 percent, respectively.

Figure 7b: Driver of Predicted Inflation



Source: CAPE Economic Research and Consulting, 2024

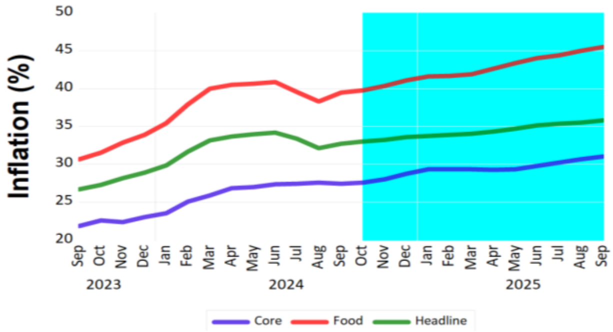
Our analysis underscores the significant influence of food prices, exchange rate fluctuations, and housing and utility costs on headline inflation. The recent adjustments in energy prices and exchange rates following deregulation continue to exert upward pressure on inflation, with these effects likely to persist in the medium term.

Core inflation remains largely driven by increases in transportation, education, clothing, housing, utilities, and healthcare costs. Inflationary risks are further compounded by the expanding fiscal deficit, the removal of fuel subsidies, and sustained exchange rate pressures, all of which contribute to significant pass-through effects on consumer prices.

As outlined in previous editions, the Monetary Policy Committee (MPC) of the Central Bank of Nigeria maintained a tightening posture during its November 2024 meeting, raising the monetary policy rate by 25 basis points to 27.50 percent. This measured adjustment reflects the dual objective of stabilizing prices while safeguarding Nigeria's competitiveness in the foreign portfolio investment (FPI) market. Achieving stability in the foreign exchange market, however, requires complementary fiscal measures, including policies that align with the Central Bank's initiatives by attracting foreign direct investment (FDI) and supporting export growth. Initial focus should be on bolstering the oil sector, followed by strategic diversification into other sectors of the economy.

Looking ahead, it is anticipated that the MPC will sustain its tightening stance during the January 2025 meeting, which will set the tone for monetary policy in the coming year. The Committee may either hold the policy rate at 27.50 percent or consider a marginal increase to reinforce its policy buffer against inflationary pressures.

Figure 7d: 12-Month Inflation Projection



Source: CAPE Economic Research and Consulting, 2024

Our revised 12-month inflation outlook suggests an upward trend of inflation for the rest of 2024 going into 2025, contingent upon prevailing conditions. Tailwinds to this projection include energy prices, volatility in the exchange rate, security concerns, and policy uncertainties.

Fiscal Operations Update

The Federation Accounts Allocation Committee (FAAC) injected the sum of N1.411.74 trillion into the economy through its monthly allocations to the three tiers of government in November 2024. The amount represents an increase of 8.69 percent compared to the N1.298.87 trillion distributed in October 2024. The amount distributed represents about 52.81 percent of total revenue (N2.67 trillion) collected, which was higher than the N2.58 trillion gross revenue collected in the previous month. The increase was attributed to significant increases in revenue from oil and gas royalties, excise duties, VAT, import duties, petroleum profit tax, and companies' income tax.

Nevertheless, increase in fiscal injections may further exacerbates the already high inflationary pressure.

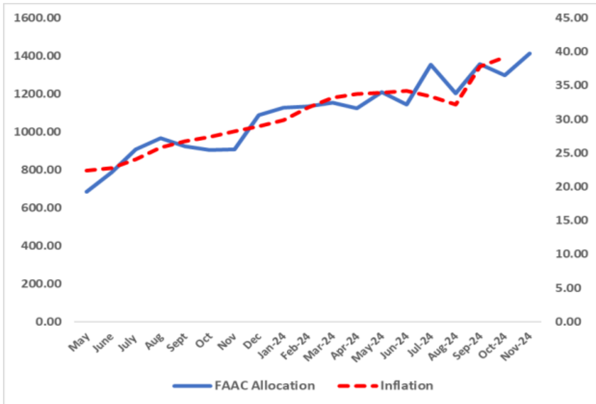
Table 3: Highlight of Nov. 2024 FAAC Distr (N'billion)

	November	October	% Change
Fed.	*433.02*	*424.87*	*1.92*
State	*490.70*	*453.72*	*8.15*
LG	*355.62*	*329.86*	*7.80*
13%	*132.40*	*90.42*	*46.44*
Total	***1,411.74***	***1,298.87***	***8.69***

Source: FAAC, November 2024

Further breakdown of allocations as indicated in Table 3 showed that Federal Government received N433.02 billion; States, N490.70 billion; Local Government, N355.62 billion. Thirteen per cent derivation fund distributed among beneficiary states amounted to N132.40 billion. In a high-inflation environment like Nigeria, such increase in fiscal injections is likely to exacerbate inflationary pressures. Consequently, the rise in FAAC allocations is expected to further intensify these pressures (See figure 8).

Figure 8: Trend of FAAC Distribution and Inflation Rate in Nigeria



Source: FAAC, November 2024

Highlights of Nigeria's Tax Reform Bills

Nigeria's 2024 Tax Reform Bills signify a monumental step toward modernizing the country's tax system. The proposed legislation includes four bills: the Nigeria Tax Bill (NTB), Nigeria Tax Administration Bill (NTAB), Nigeria Revenue Service Establishment Bill (NRSEB), and Joint Revenue Board Establishment Bill (JRBEB). These bills aim to address inefficiencies, streamline taxation processes, and boost national revenue.

The objectives of the bills are to:

- Consolidate various tax laws into a unified framework.
- Simplify compliance and reduce multi-layered taxation.

- Expand the tax base to generate sustainable revenue.
- Address complexities within the current tax system.
- Enhance compliance by leveraging technology and clarity in administration.

Key Provisions

Value Added Tax (VAT): The reforms propose a progressive increase in VAT rates from 10% in 2025 to 12.5% (2026–2029) and 15% from 2030 onward. Concerns have been raised over its timing amidst Nigeria's growing economic challenges.

Revenue Sharing Formula:

Existing: 15% to the Federal Government (FG), 50% to States (SGs) and the FCT, and 35% to Local Governments (LGs).

Proposed: 10% to FG, 55% to SGs/FCT, and 35% to LGs, with 60% of SGs and LGs' shares distributed based on derivation.

However, the lack of a clear definition of "derivation" has fuelled concerns of lopsided benefits favouring states with corporate headquarters over those generating actual consumption.

Development Levy: The 2024 Nigeria Tax Bill introduces a retrogressive Development Levy on company profits, starting at 4% in 2025–2026, reducing to 3% in 2027–2029, and further to 2% from 2030 onward. Revenue distribution prioritises key sectors initially, with 50% allocated to TETFUND, 20% to NITDA, 5% to NASENI, and 25% to the Student Loan Fund in 2025–2026. However, from 2027, all funds shift progressively to the Student Loan Fund, leading to the possible phasing out of TETFUND, NITDA, and NASENI by 2030.

This redirection risks undermining investments in education and technology, while increased reliance on student loans could lead to higher tuition fees and widespread indebtedness. To address these concerns, stakeholders recommend maintaining funding for critical agencies through alternative revenue sources or federal allocations and balancing the levy's distribution to safeguard Nigeria's educational and technological progress.

The Bills have faced criticism for being poorly timed, regressive, and contrary to the aspirations of the people, while also being harmful to the interests of some regions within the federation.

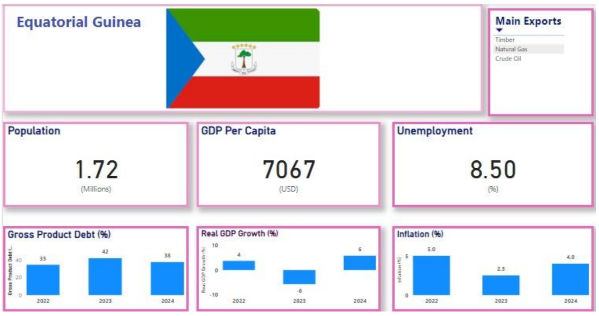
In conclusion, Nigeria's 2024 Tax Reform Bills present a bold and comprehensive plan to overhaul the tax system. While they hold the potential to enhance fiscal stability, their success depends on addressing critical concerns about equity, timing, and sustainability. Strategic revisions and robust stakeholder engagement will be essential to ensure these reforms achieve their intended goals without imposing undue hardships on the populace or undermining critical sectors like education and technology.

Conclusion

In conclusion, the global growth outlook for 2024 is cautiously optimistic but tempered by significant challenges. Emerging markets face persistent headwinds exacerbated by heightened global uncertainties and a slower-than-anticipated recovery in China. While the aggressive monetary tightening implemented by central banks has begun to moderate inflationary pressures in certain regions, these gains have come at a cost, including dampened economic activity and heightened vulnerabilities to financial instability. Despite these global challenges and constrained policy flexibility, Nigeria's economic prospects for 2024 and projections for 2025 remain robust, underscoring the country's resilience and ability to navigate complex economic dynamics effectively.

Country in Focus – Republic of Equatorial Guinea

Figure 9: Economic Parameters for Republic of Equatorial Guinea



Source: CAPE Economic Research and Consulting, 2024