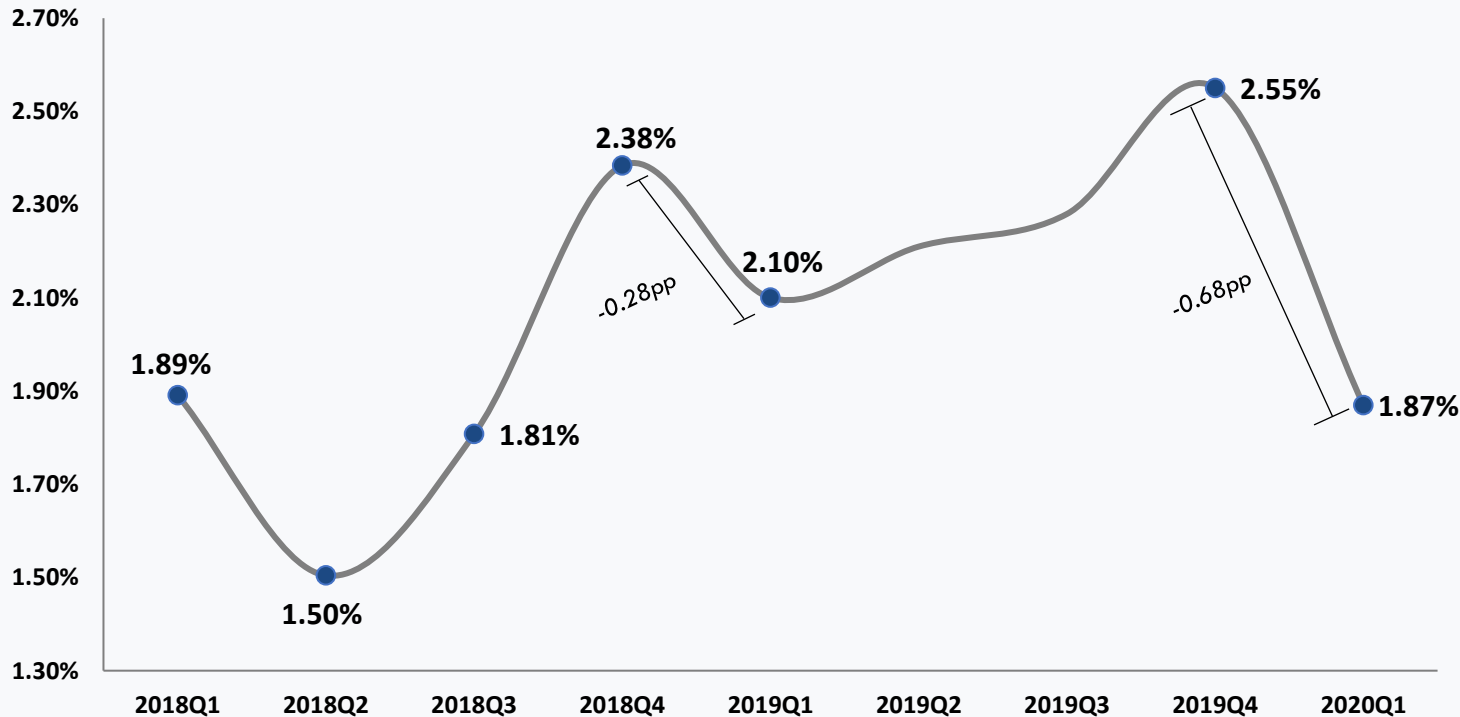


2020 Q1 GDP Report

May 2020

GDP Growth in Q1 2020 slows at 1.87%, partly due to COVID-19

Nigeria's GDP Growth Rate

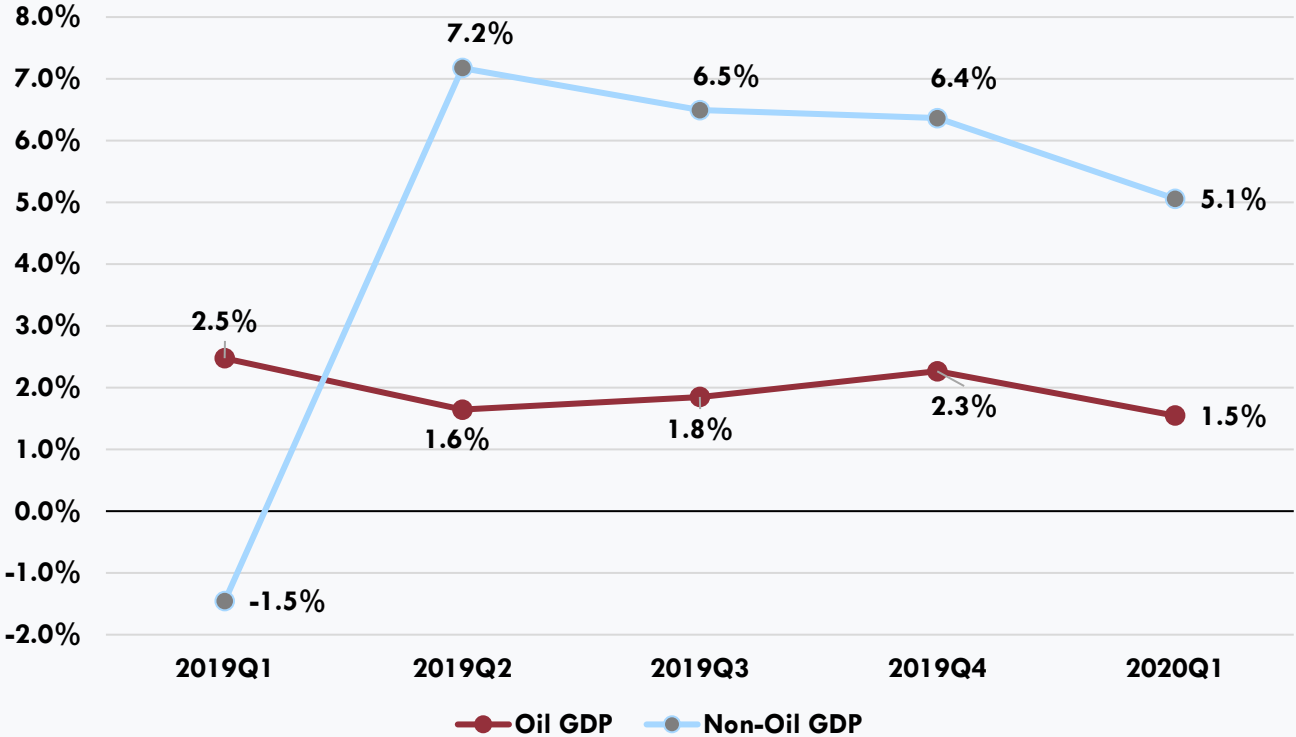


The gap between GDP growth in Q4 and Q1 expanded in 2020 to -0.68 percentage points (pp) from -0.28 in 2019.

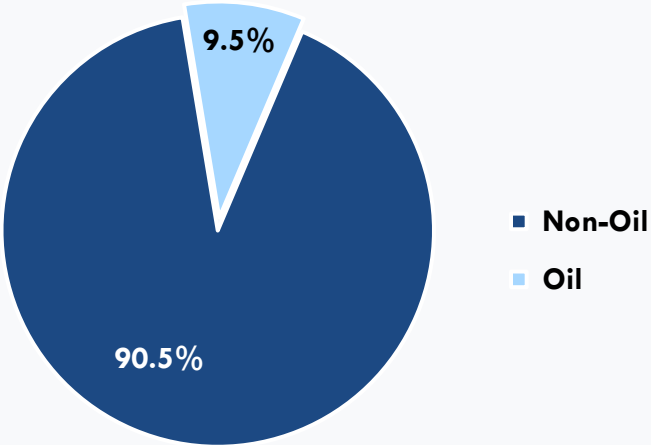
- Nigeria recorded a GDP growth of 1.87% in the first quarter of 2020. This represents the lowest growth rate since the third quarter of 2018.
- The slow rate of economic expansion was as a result of restriction of economic activities and social distancing policies which were implemented to control the spread of COVID-19 in Nigeria.
- Slowdown of growth rate reflected the shutdown of airports, cancellation of events and conferences and the sharp decline in crude oil price.
- In our Macroeconomic report released in earlier in 2020, we had predicted a GDP growth of less than 2% in the first quarter of 2020.
- For Q2, the Nigerian economy will contract significantly following shut down of non-essential economic activities in several States in April.

Oil & Non-Oil GDP expanded further but at a slow pace in Q1 2020

Growth of Oil & Non-Oil GDP



Share of Oil & Non-Oil GDP in 2020Q1



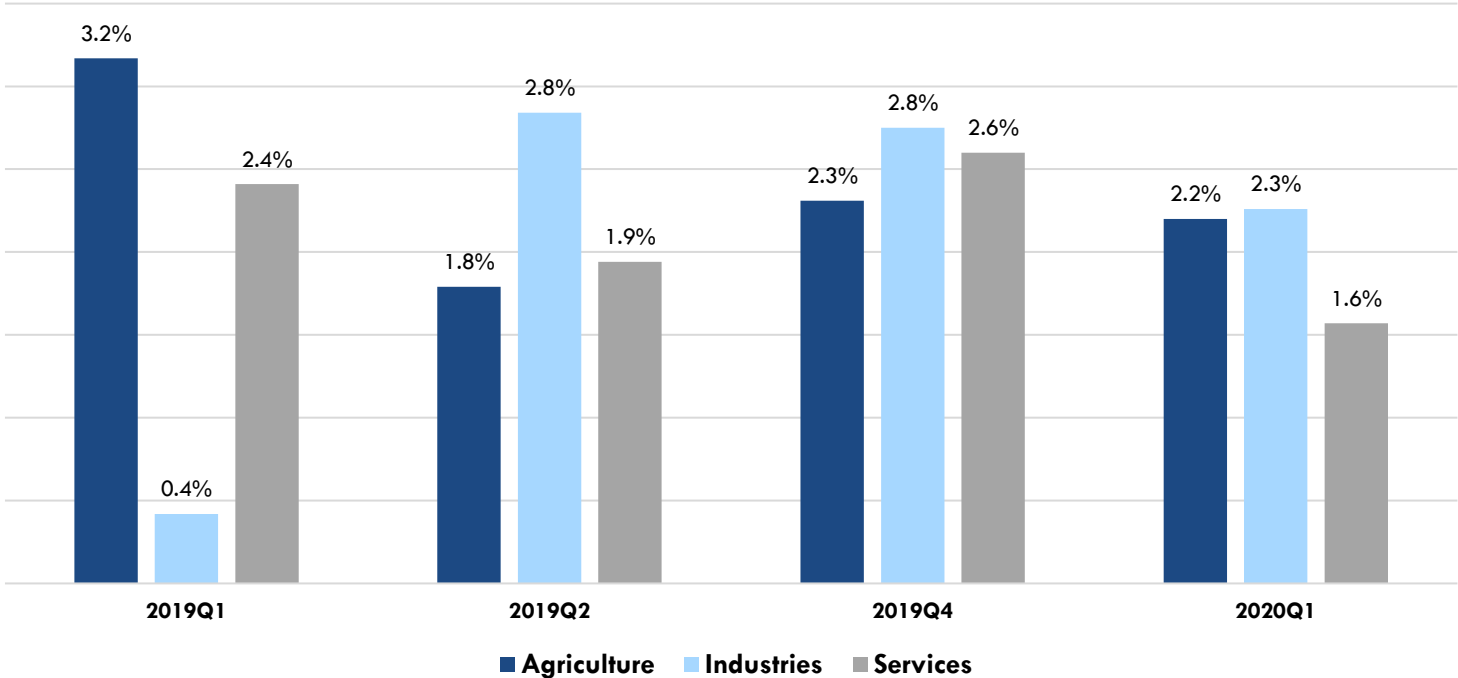
- In the first quarter of 2020, the oil sector expanded by 5.1%, a significant improvement relative to the first quarter of 2019.
- However, when compared with the previous quarter (6.4%), the sector expanded at a slow pace.
- Growth in the sector was triggered by increase in crude oil production which averaged 2.07 million barrels per day in the quarter.
- Non-Oil sector’s growth slowed to 1.5% in the quarter on the backdrop of COVID-19.

Data Source: National Bureau of Statistics

Performance of three broad sectors

The Industrial Sector continues to drive growth in Q1 2020

Growth Rate of Broad Sectors

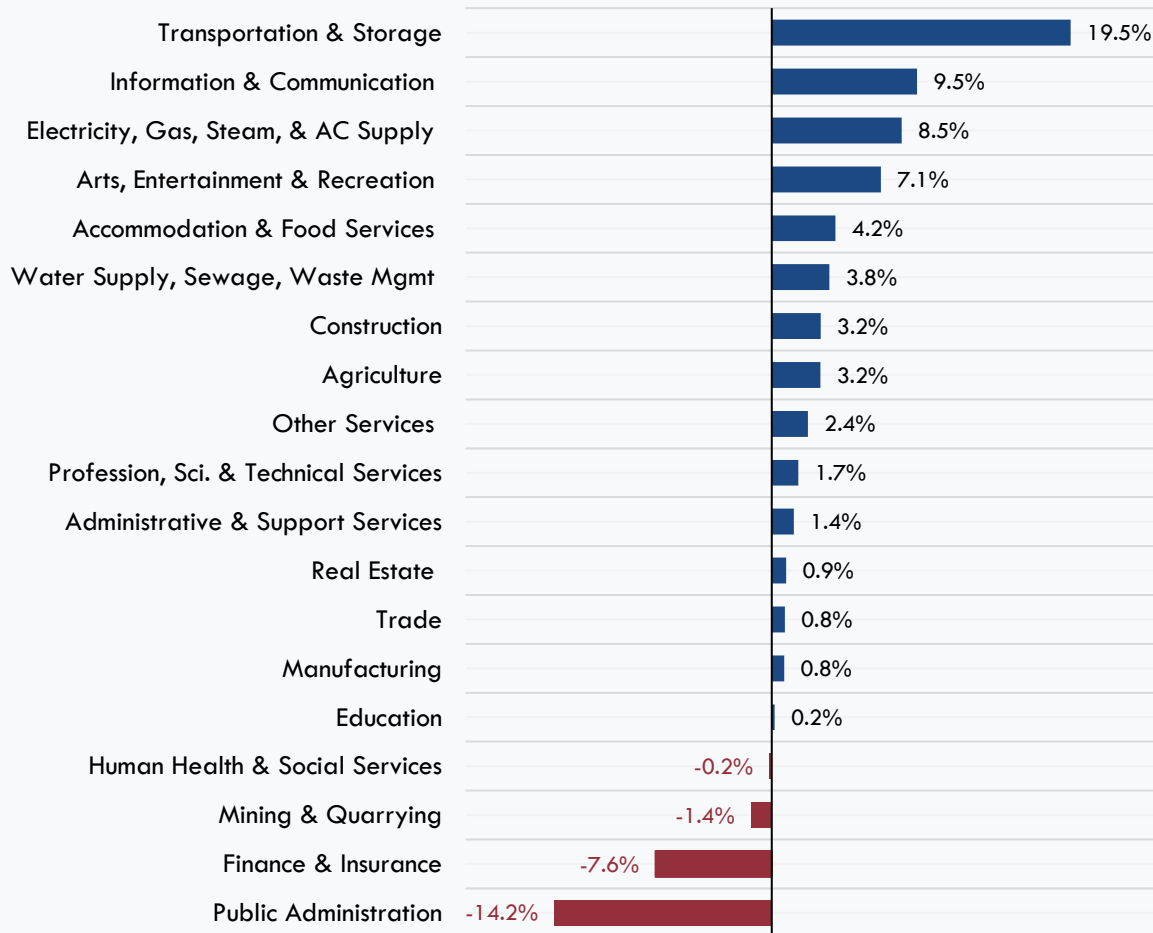


Government's response to COVID-19 such as restriction of gatherings, social distancing policies had an impact on sectoral activities in the quarter.

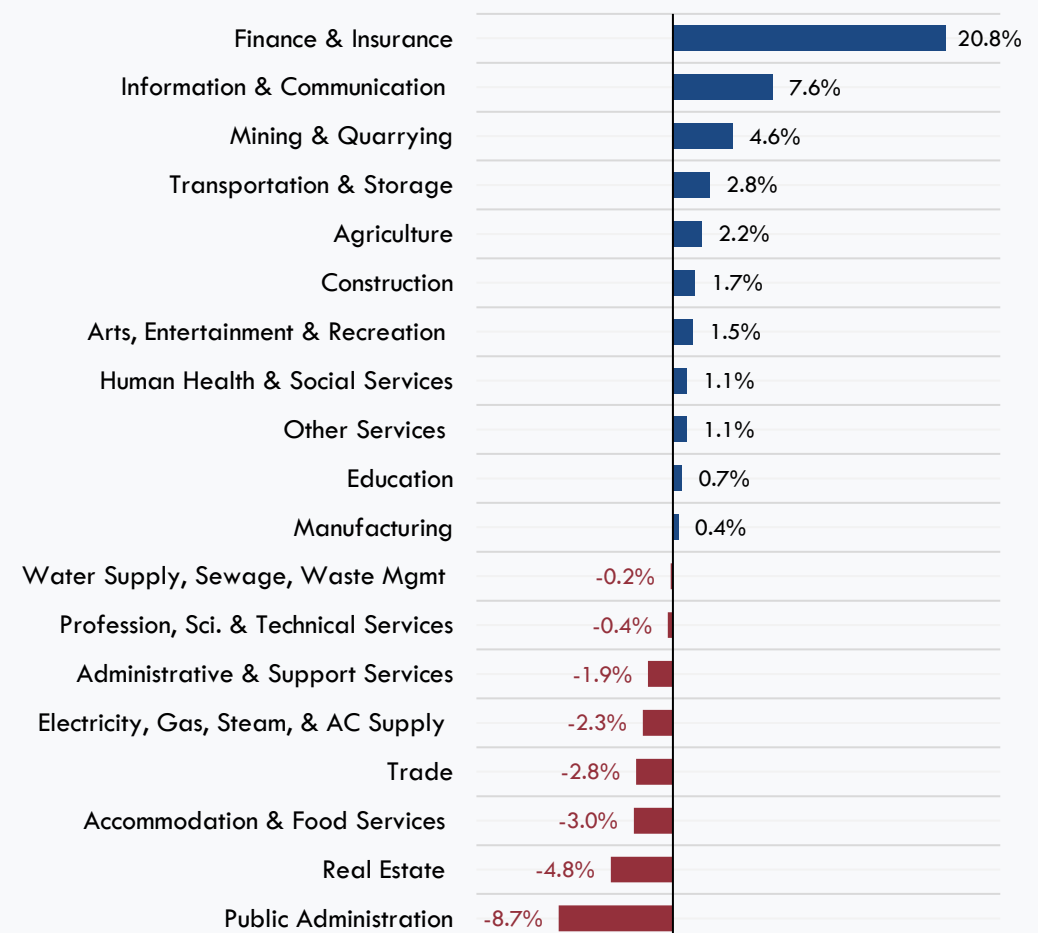
- Among the three broad sectors, the Industrial sector, led by crude oil, recorded the highest growth rate of 2.3%.
- Major industrial sub-sectors such as construction, manufacturing recorded slower growth rate due to gathering restriction, social distancing policies and revenue constraints faced by the Nigerian government.
- Growth of Agriculture slowed to 2.2% in the quarter from 3.2% in 2019Q1 and 2.2% in the previous quarter due to seasonal factors and relatively lower demand/investments.
- Services sector recorded the lowest growth in the quarter at 1.6% as a result of government's response to contain COVID-19. The decline in growth was driven by poor performance of major subsectors such as Trade, Real Estate, Entertainment and Accommodation & Food Services.

Sectoral Growth: 8 out of 19 sectors contracted in Q1 2020

2019Q1



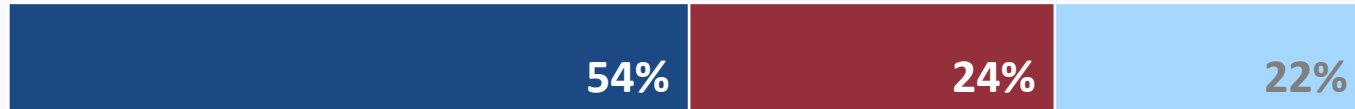
2020Q1



In the first quarter of 2020, 8 out of the 19 major sectors contracted largely due to gathering restrictions and social distancing policies as a result of COVID-19. Transportation fell off the top five fastest growing sectors while Finance and Insurance emerged as the sector with the highest growth. From the bottom, Real Estate and Public Administration continued to underperform.

Share of Services in GDP increased as Agriculture's share reduced

Share of GDP in 2020Q1



Services

The share of Services in 2020Q1 GDP stood at 54%- same percentage recorded in both the previous quarter and in 2019Q1. Trade and Telecoms were the largest contributors to Services GDP with shares of 30% and 20% respectively.

Industries

The Industrial sector contributed 24% to GDP in 2020Q1. Manufacturing and Crude Oil sectors contributed 41% and 40% to Industrial output in the quarter.

Agriculture

Agriculture recorded the lowest share of 22% in the quarter. This is largely as a result of seasonal factors. Typically in every first quarter, Agriculture records its lowest share in GDP and its highest in the third quarter of every year. Crop production accounted for 88% of Agricultural output in 2020Q1.

2020Q1 GDP data shows very high concentration of economic activities in few sectors – 5 sectors (Agriculture, Crude Oil, Manufacturing, Trade and Telecommunications) accounted for 72% of GDP.

Nigeria to record its largest economic decline in Q2 2020

- Following the outbreak of Corona Virus, economic activities were constrained due to movement restrictions, social distancing policies and lockdown of key states.
- In April, economic activities for non-essential items were restricted in major states such as Lagos, Ogun, Delta and the FCT. In addition, the federal and state governments implemented movement restrictions across these states.
- The impact of these policies will be felt directly on key sectors such as Transportation, Manufacturing of non-essentials, Trade, Construction, etc.
- By this, we estimate that GDP for the second quarter of the year will experience significant decline.

Preliminary Macroeconomic Projections

	2016	2017	2018	2019	2020f
GDP Growth	-1.6%	0.8%	1.9%	2.3%	-0.4%
Average Inflation Rate	15.6%	16.5%	12.1%	11.4%	12.6%
Average Exchange Rate (N/US\$)	490	363	358	358	420
Average External Reserves (US\$ Billion)	27.0	39.4	43.1	43	32
Monetary Policy Rate	14.0%	14.0%	13.5%	13.5%	14%
Private Investment as a % of GDP	14.9%	14.8%	17.0%	23%	22%