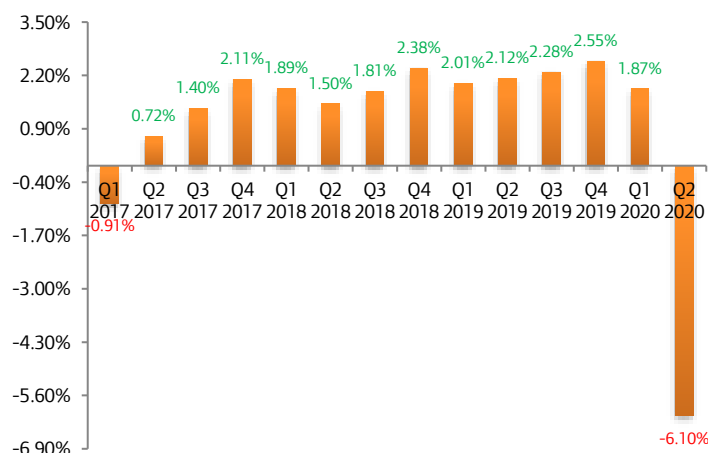




GDP Update: Q2 2020

MPR: 12.50%
July '20 Inflation Rate: 12.82%

Y-o-Y Real GDP Growth Rates



Q2 2020 Real GDP Shrinks by 6.10% as Oil & Gas, Trade Sectors Contract amid COVID-19 Pandemic.

- In line with our expectation, Nigeria's real Gross Domestic Product contracted year-on-year (y-o-y) by 6.10% to N15.90 trillion in Q2 2020, down from a 1.87% growth registered in Q1 2020 – amid negative impact of COVID-19 pandemic which compelled government to restrict movements, especially in April 2020. The non-oil sector shrank y-o-y by 6.05% (and contracted by 4.43% quarter-on-quarter) to N14.48 trillion – this was chiefly due to the 31.77%, 21.99% and 16.59% contraction witnessed in Construction, Real Estate and Trade sectors to N0.51 trillion, N0.85 trillion and N2.27 trillion respectively (which jointly accounted for 22.85% of GDP).
- Despite the negative impact of COVID-19 on the local economy, financial services, information & communications and agricultural sectors, which jointly accounted for 46.48% of total GDP, all grew y-o-y by 18.49%, 15.09% and 1.58% respectively in Q2 2020. The growths printed by info. & comm. and financial services sectors were due to the heavy reliance on technology by most companies and individuals to carry out their operations.
- The oil & gas sector which moderated y-o-y by 6.63%, from a 5.06% growth recorded in Q1 2020, was on the back of a 10.40% q-o-q decline in Nigeria's crude oil output to 1.81mbpd. Also, Bonny light price tanked q-o-q by 42.32% to USD29.88 per barrel in Q2 2020.

Major Sectors	Q2 2020	Q1 2020	Q-o-Q %Change
Oil & Gas (N 'Trn)	1.419	1.591	-10.82%
Y-o-Y %Change	-6.63%	5.06%	
Non-Oil Sector (N 'Trn)	14.479	15.151	-4.43%
Y-o-Y %Change	-6.05%	1.55%	
Quarter GDP (N 'Trn)	15.897	16.742	-5.04%

Share of Real GDP (%)	Q2 '20 Share of Real GDP	Q2 '20 y-o-y Growth (%)	Q1 '20 y-o-y Growth (%)
Agriculture	24.65%	1.58%	2.20%
Trade	14.28%	-16.59%	-2.82%
Info & Comm	17.83%	15.09%	7.65%
Manufacturing	8.82%	-8.78%	0.43%
Mining & Quarrying	9.08%	-6.60%	4.58%
Real Estate	5.34%	-21.99%	-4.75%
Construction	3.23%	-31.77%	1.69%
Financial Services	4.00%	18.49%	-0.39%
Profes, Sci & Tech Services	3.20%	-15.41%	20.79%
Education	1.43%	-24.12%	0.69%
Other Economic Activities	8.13%		
Qtr 2019 Real GDP	N15.90 Trn	-6.10%	1.87%

Source: National Bureau of Statistics, Cowry Research
Growth Rates: Year-on-Year

Given the ease in lockdown, which began from the month of May 2020, coupled with the sustained rise in crude oil prices, we expect a slower GDP contraction rate in Q3 2020; hence, the local economy may slide into recession in Q3 2020. However, with the numerous stimulus packages, we expect Nigeria to be out of recession in 2021.

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