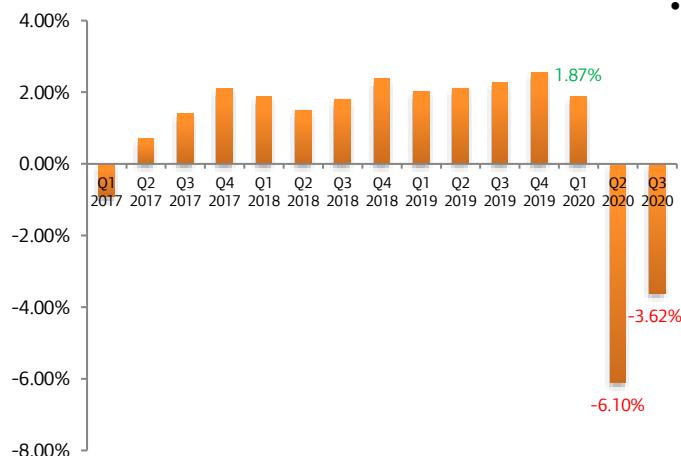




GDP Update: Q3 2020

MPR: 11.50%
October '20 Inflation Rate: 14.23%

Y-o-Y Real GDP Growth Rates



Nigeria Economy Slides into Recession; Albeit, Q3 2020 Real GDP Contraction Rate Eases to 3.62%...

- In line with our expectation, Nigeria's economy went into recession as it printed two consecutive quarters of negative growth rates. Specifically, the country's real Gross Domestic Product contracted y-o-y by 3.62% to N17.82 trillion in Q3 2020, albeit better than a 6.10% contraction printed in Q2 2020 – economic activities relatively improved in the quarter under review given the further ease in lockdown as number of COVID-19 discharged cases increased. Financial Services, Information & Communications and Agricultural sectors, which jointly accounted for 46.91% of total GDP, all grew y-o-y by 3.21%, 14.56% and 1.39% respectively in Q3 2020. Information & Communications and Financial Services sectors had continued to benefit from "new normal" as most companies and individuals were heavily reliant on technology.
- The non-oil sector shrank y-o-y by 2.51% but grew by 12.36% q-o-q to N16.27 trillion. The strong quarterly growth in the non-oil sector was largely due to improvements witnessed in the Agricultural, Trade and Manufacturing sectors as they registered quarterly growth rates of +39.95% in Q3 (from +6.57% in Q2), +9.01% in Q3 (from -15.68% in Q2), and +9.01% in Q3 (from -15.68% in Q2).
- The oil & gas sector fell y-o-y by 13.89%, from a 6.63% contraction printed in Q2 2020; albeit, it grew q-o-q by 9.64% amid significant rise in the price of Bonny light in Q3 2020. Quarterly average crude oil price rose to USD43.28 per barrel in Q3 (from USD29.88 in Q2 2020); albeit crude oil output fell by 23.13% to 1.47mbpd.

We expect Nigeria's economy to have a V-shape recovery from this recession amid the development of vaccine for COVID-19 virus, stable crude oil prices and the numerous stimulus packages. However, we note that the recovery may be slowed by the aftermath of the EndSARS protest and rising inflation rate.

Major Sectors	Q3 2020	Q2 2020	Q-o-Q %Change
Oil & Gas (N 'Trn)	1.556	1.419	9.64%
Y-o-Y %Change	-13.89%	-6.63%	
Non-Oil Sector (N 'Trn)	16.268	14.479	12.36%
Y-o-Y %Change	-2.51%	-6.05%	
Quarter GDP (N 'Trn)	17.824	15.897	12.12%

Share of Real GDP (%)	Q3 '20 Share of Real GDP	Q3 '20 y-o-y Growth (%)	Q2 '20 y-o-y Growth (%)
Agriculture	30.77%	1.39%	1.58%
Trade	13.88%	-12.12%	-16.59%
Info & Comm	13.47%	14.56%	15.09%
Manufacturing	8.93%	-1.51%	-8.78%
Mining & Quarrying	8.91%	-13.22%	-6.60%
Real Estate	5.58%	-13.40%	-21.99%
Construction	3.21%	2.84%	-31.77%
Financial Services	2.67%	3.21%	18.49%
Profes, Sci & Tech Services	3.32%	-10.31%	-15.41%
Education	1.74%	-20.74%	-24.12%
Other Economic Activities	7.51%		
Qtr 2019 Real GDP	N17.82 Trn	-3.62%	-6.10%

Source: National Bureau of Statistics, Cowry Research

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