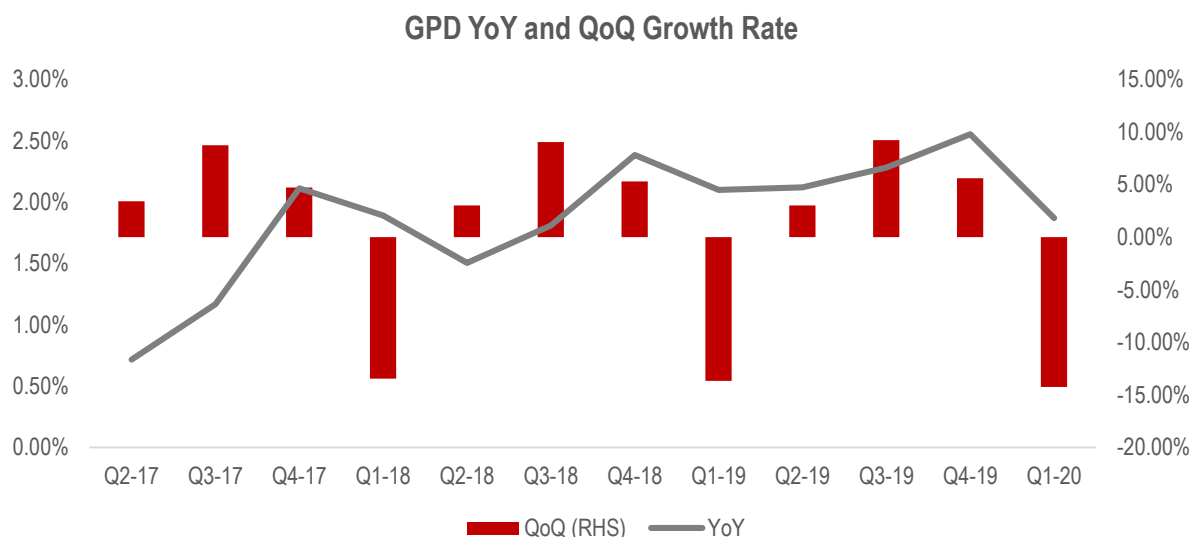


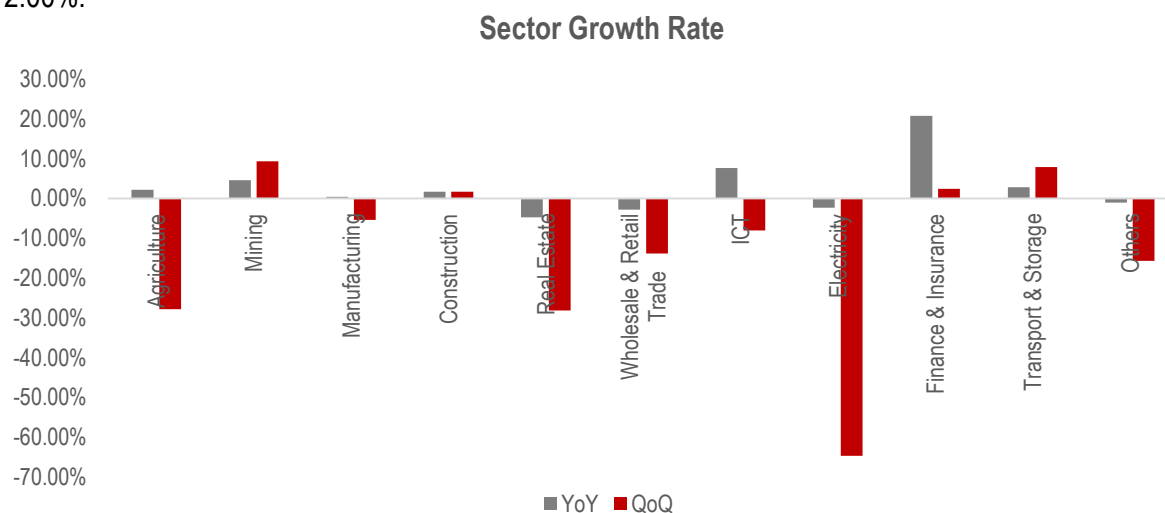
According to data published by the National Bureau of Statistics, Nigeria's Gross Domestic Product (GDP) advanced by 1.87% year-on-year in the first quarter of 2020. The growth rate represents a decline of 0.23% compared to the 2.10% growth rate recorded in Q1 2019, and a drop of 0.68% compared to Q4 2019 figure of 2.55%.



The Oil sector grew by 5.06% in real terms in Q1 2020, compared to a shrinkage of -1.46% recorded in Q1 2019, but lower than 6.36% growth rate achieved in the previous quarter. Average daily crude production rose to 2.07mbpd in Q1 2020 from 2.00mbpd in the preceding quarter. However, a supply glut caused by the Russia-Saudi price war, coupled with a drastic reduction in global demand for crude due to lockdowns, led to a precipitous decline in oil prices.

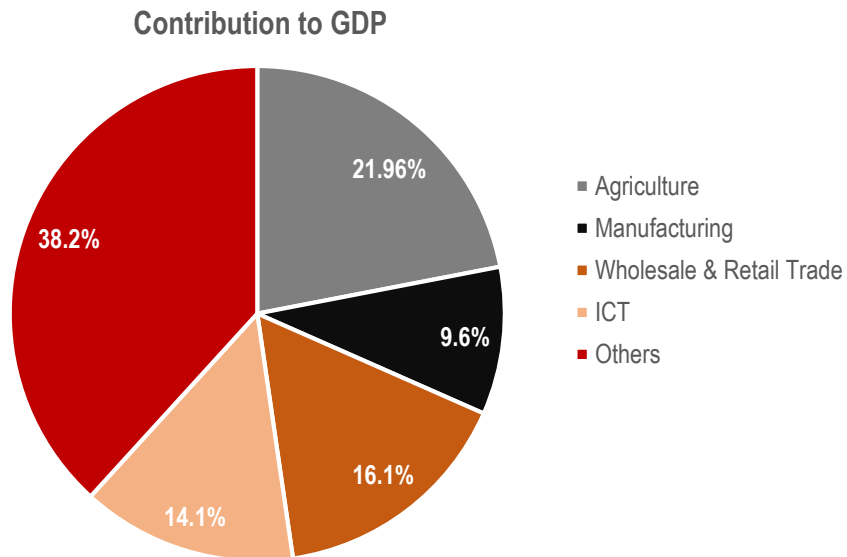
The effect of the COVID-19 pandemic was felt more sharply in the Non-oil sector. The sector grew by 1.55% year-on-year in Q1 2020, compared to higher expansions of 2.48% recorded last year, and 2.27% in the fourth quarter of 2019.

The Telecommunications and Agriculture sectors grew by 9.71% and 2.20% respectively in the first quarter of 2020, while the Finance & Insurance sector advanced by an impressive 20.79%. The Construction sector also expanded in Q1 2020 by 1.69%, while the Manufacturing sector grew marginally by 0.43%. In contrast, the Trade sector contracted by 2.82%, while the Real Estate sector also shrank by 4.75% year-on-year. Real growth in the Non-oil sector printed at 2.26% in Q4 2019, 0.42% higher than Q3 2019 figure, but lower than 2.70% growth rate recorded in the comparable period in 2018. On an annual basis, the non-oil sector grew by 2.06% in 2019, an improvement of 0.06% over 2018 figure of 2.00%.



The contribution of the Non-oil sector to real GDP in Q1 2020 fell to 90.50%, down 2.18% from 92.68% in Q4 2019, while the Oil sector's contribution conversely appreciated to 9.50%.

The Agricultural sector retained its position as the highest contributor to GDP with a share of 21.96%, although down significantly from 26.09% in the previous quarter. Meanwhile, the Trade sector and the Information & Communications sector increased their shares of the GDP by 9bps and 96bps respectively, to 16.08% and 14.07% from the preceding quarter.



We believe the impact of the Coronavirus pandemic on the Nigerian economy will be felt more acutely in the second quarter, as the country did not impose lockdown measures until the end of March. The International Monetary Fund (IMF) which had earlier revised its 2020 GDP forecast for Nigeria downward from 2.50% to 2.00% in February, revised it further downward in April, and now predicts the economy will contract by 3.40% this year.

Non-oil sectors such as Wholesale & Retail Trade, Manufacturing, as well as Construction will likely be more adversely affected in Q2 2020 due to continued disruptions in global supply chains caused by restrictions on movement between countries. Similarly, the Oil sector is expected to shrink considerably in the second quarter as reduction in oil output due to compliance with OPEC+ agreed cuts, as well as low crude prices decimate oil revenues.