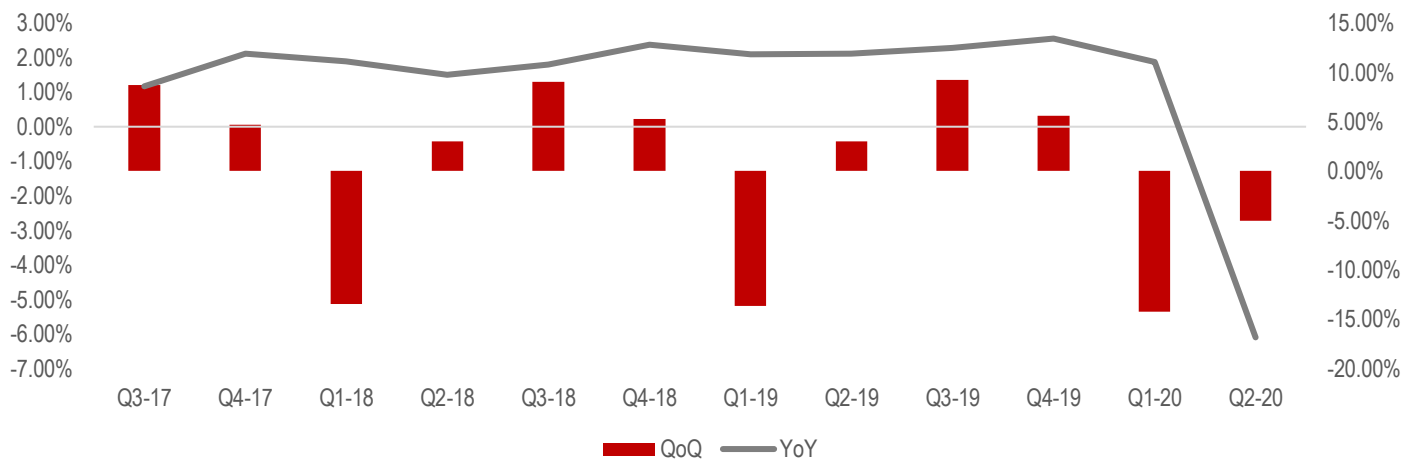


The National Bureau of Statistics released the second quarter Gross Domestic Data. The data showed that the Nigerian Economy contracted by 6.10% (Year-on-Year) in the second quarter, the country's highest economic contraction in a decade. The GDP shrank by 6.10% in the second quarter, after series of moderate growth. In the first quarter of 2020, a 1.87% growth was reported. The current figure shows a 5.04% decline on a quarter on quarter basis, and a significant drop from 3.30% growth reported in the second quarter of 2019.

YoY and QoQ Growth Rate

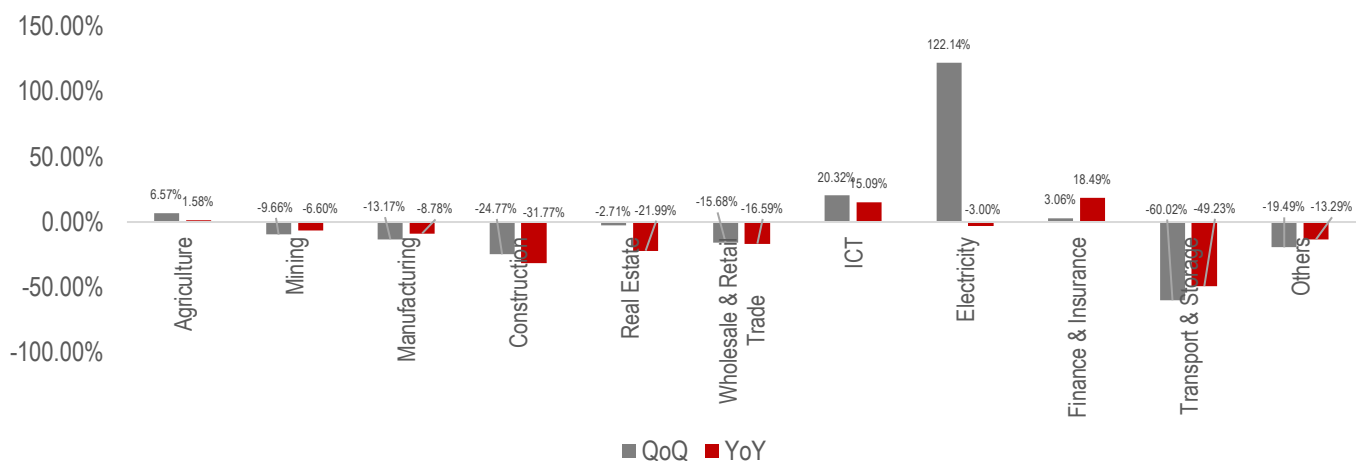


Following the pandemic, which led to a national shutdown of many economic activities and a drastic drop in the demand for crude, Nigeria witnessed very low levels of both domestic and international activities.

In the second quarter, the country's oil production dropped to a daily average of 1.81mbpd, from 2.07mbpd in quarter one. The drop in output, coupled with low oil price depressed the oil sector of the economy. The Oil sector contracted by 6.63% (Year-on-Year) in real terms in Q2 2020, compared to a growth of 5.06% in Q1 2020. On a quarter on quarter basis, the oil sector shrank by 10.82% in Q2 2020, compared to a positive 11.30% in Q1 2020.

The effect of the pandemic was also felt deeply in the non-oil sector, falling by 6.05% on a year on year basis, compared to a moderate growth of 1.55% in Q1 2020. However, on a quarter on quarter basis, the non-oil sector contracted by 4.43% in Q2 2020, from -16.29% in Q1 2020. The Agricultural, Information and Communication Technology ("ICT") and Financial Sectors showed strong resilience despite low economic activities. The Agricultural Sector grew by 1.58% (Year-on-Year) and 6.57% (Quarter-on-Quarter), compared to 2.2% (Year-on-Year) and -27.81% (Quarter-on-Quarter) in Q1 2020. The ICT Sector rose by 15.09% (Year-on-Year) and 20.32% (Quarter-on-Quarter). Similarly, activities rose in the financial sector, rising by 18.49% (Year-on-Year) and 3.06% (Quarter-on-Quarter).

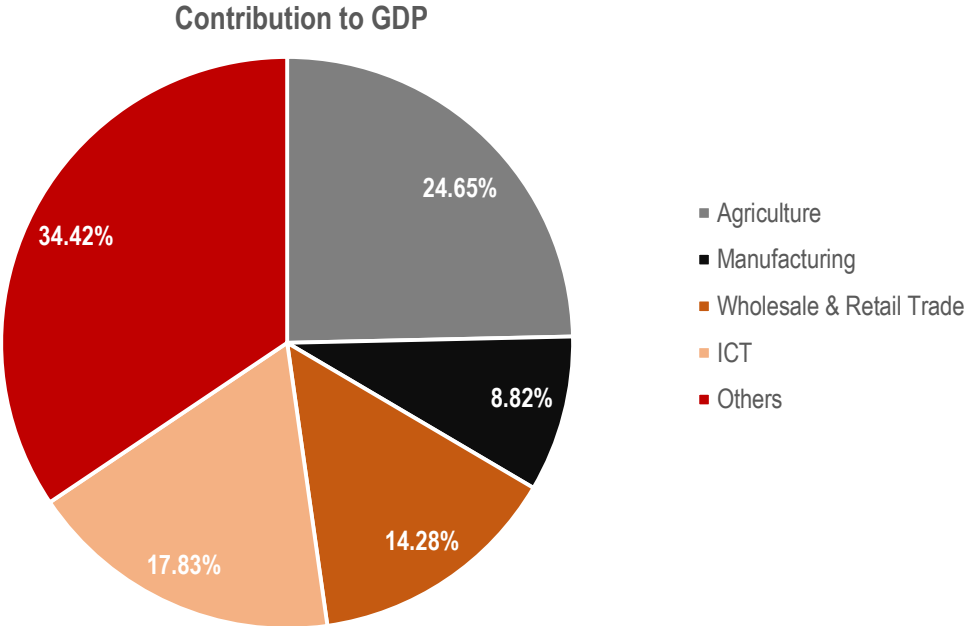
Sectoral Growth Rate



The contribution of the Non-oil sector to real GDP in Q2 2020 rose to 91.07%, up from 90.50% in Q1 2020, while the Oil sector's contribution conversely declined to 8.93% from 9.50% in Q1 2020.

The Agricultural sector maintained its high contribution to the country's domestic production as it constituted 24.65% of total GDP for the quarter, followed by the ICT and Wholesale & Retail Trade sectors, accounting for 17.83% and 14.28% respectively.

The Manufacturing Sector's contribution to real GDP declined to 8.82%, down from 9.65% in Q1 2020.



In line with our expectation, the effect of the pandemic was felt more on the Nigerian economy in the second quarter, as economic activities contracted by 6.10%, from a moderate growth of 1.87% in the first quarter of 2020. This significant decline is attributed to the lockdown and social distancing measure implemented to contain the spread of the COVID-19 virus. Many economic activities were shut down and movements were restricted, which led to a significant decline in the transportation sector.

Based on our estimates, we expect the quarter three GDP figure to print at a negative figure, although, at a lower rate compared to the second quarter. This is due to the gradual restart of economic activities in the country.