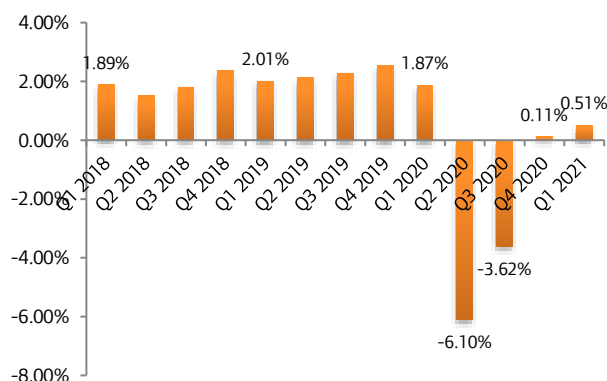




GDP Update: Q1 2021

MPR: 11.50%
April '21 Inflation Rate: 18.12%

Y-o-Y Real GDP Growth Rates



Major Sectors	Q1 2021	Q4 2020	Q-o-Q %Change
Oil & Gas (N 'Trn)	1.56	1.15	35.65%
Y-o-Y %Change	-2.21%	-19.76%	
Non-Oil Sector (N 'Trn)	15.27	18.40	-17.02%
Y-o-Y %Change	0.79%	1.69%	
Quarter GDP (N 'Trn)	16.83	19.55	-13.93%
Y-o-Y %Change	0.51%	0.11%	

Share of Real GDP (%)	Q1 '21 Share of Real GDP	Q1 '21 y-o-y Growth (%)	Q4 '20 y-o-y Growth (%)
Agriculture	22.35%	2.28%	3.42%
Trade	15.61%	-2.43%	-3.20%
Info & Comm	14.91%	6.47%	14.95%
Manufacturing	9.93%	3.40%	-1.51%
Real Estate	9.28%	-2.19%	2.81%
Mining & Quarrying	5.28%	1.77%	-18.44%
Construction	4.12%	1.42%	1.21%
Profes, Sci & Tech Services	3.77%	-0.46%	-5.43%
Financial Services	3.27%	-3.84%	-3.63%
Education	1.94%	-6.20%	-11.43%
Other Economic Activities	9.54%		
Qtr 2020 Real GDP	N16.83 Trn	0.51%	0.11%

Source: National Bureau of Statistics, Cowry Research

Nigeria Recovers Slowly as Q1 Real GDP Rises by 0.51%

In the first quarter of 2021, Nigeria printed a year-on-year (y-o-y) real output growth rate of 0.51% to N16.83 trillion (or USD112.24 billion) as it further recovered from last year's recession, albeit slowly. So far, we have seen FG significantly ease lock down measures as households and businesses were allowed to resume economic activities, but not fully. Although the country's recovery rate from recession appeared rather slow, the several billions of Naira in economic stimulus packages provided by the monetary and fiscal authorities to help households and businesses cope with the effects of COVID-19 supported the fragile economic recovery.

Speifically, the fragile growth was propelled essentially by a 0.79% growth in non-oil sector; with the Information & Communication, Manufacturing and Agricultural sectors recording the biggest growth rates of 6.47%, 3.40% and 2.28% respectively. The oil & gas sector, however, we saw a 2.21% y-o-y decline in real output to N1.56 trillion (or USD10.40 billion) as average daily oil production fell quarter-on-quarter (q-o-q) by 16.91% to 1.72 million barrels per day (mbpd).

On a quarterly basis, real GDP declined by 13.93% to N16.83 trillion (or USD465.85 billion) from N19.55 trillion in Q4 2020; with the non-oil sector plummeting by 17.02% to N15.27 trillion (or USD101.84 billion). Agriculture, Trade and Information & Communication sectors, the three largest contributors to real GDP at 52.87% (combined), plunged by 28.61%, 13.10% and 19.42% respectively. However, the oil & gas sector growth ballooned by 35.65% to N1.56 trillion (or USD10.40 billion) as crude oil prices increased in Q1 2021.

The relatively high inflation and interest rates, as well as the worsening insecurity would limit the potential GDP growth in 2021 – IMF's 2021 growth forecast was 2.5%. We note that CBN may not have enough leg room to aggressively support expansionary drive given the sustained pressure on exchange rate. Hence, we expect the MPR to be left unchanged by the MPC at its meeting of May 25, 2021.

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