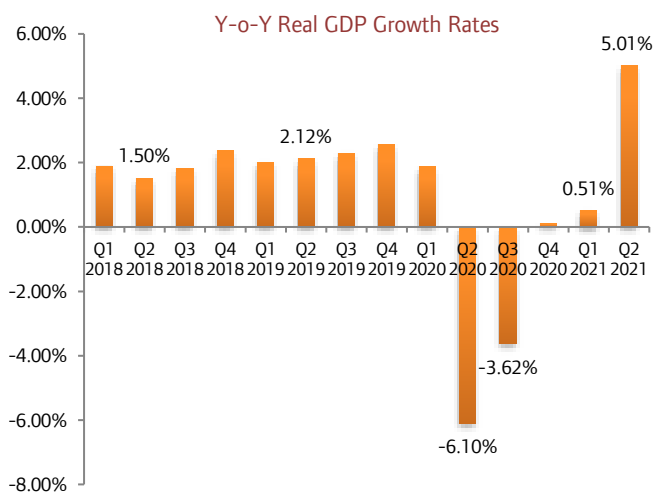




GDP Update: Q2 2021

MPR: 11.50%
July '21 Inflation Rate: 17.38%



Trade, Information Technology Stimulate Nigeria's Sharp Economic Recovery by 5.01% in Q2 2021...

In the second quarter of 2021, Nigeria printed a year-on-year (y-o-y) real output growth rate of 5.01% to N16.69 trillion (or USD111.08 billion) as it recovered faster from last year's recession. Specifically, we have seen FG significantly ease lock down measures as households and businesses were allowed to resume economic activities. 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 also supported the sharp economic recovery witnessed in the review period.

Particularly, the rapid growth was propelled essentially by a 6.74% growth in non-oil sector; with the trade, Information & Communication, Manufacturing and Agricultural sectors recording the biggest growth rates of 22.49%, 5.55%, 3.49% and 1.30% respectively. In the oil & gas sector, however, we saw a 12.65% y-o-y decline in real output to N1.24 trillion (or USD8.25 billion) as average daily oil production fell y-o-y by 12.29% to 1.42 million barrels per day (mbpd). We note that the increase in crude oil price did not compensate for the reduction in crude oil supply.

On a quarterly basis, real GDP declined by 0.79% to N16.69 trillion from N16.83 trillion (or USD111.96 billion) in Q1 2021; with the non-oil sector rising by 1.21% to N15.46 trillion (or USD102.83 billion). Agriculture, Trade and Information & Communication sectors, the three largest contributors to real GDP at 58.36% (combined), rose by 7.51%, 5.85% and 19.28% respectively. However, the oil & gas sector plunged by 20.35% to N1.24 trillion (or USD8.25 billion).

We note that the sharp rise y-o-y in Q2 2021 was amid low base effect as the negative effect of COVID-19 was more intense in Q2 2020; hence, reducing economic activities, especially in the trade sector. Contribution from Info & Comm sector also expanded amid increase in online activities. We expect moderate growth in Q3 2021 amid constraints to agricultural output partly due to insecurity.

Major Sectors	Q2 2021	Q1 2021	Q-o-Q %Change
Oil & Gas (N 'Trn)	1.24	1.56	-20.35%
Y-o-Y %Change	-12.65%	-2.21%	
Non-Oil Sector (N 'Trn)	15.46	15.27	1.21%
Y-o-Y %Change	6.74%	0.79%	
Quarter GDP (N 'Trn)	16.69	16.83	-0.79%
Y-o-Y %Change	5.01%	0.51%	

Share of Real GDP (%)	Q2 '21 Share of Real GDP	Q2 '21 y-o-y Growth (%)	Q1 '21 y-o-y Growth (%)
Agriculture	23.78%	1.30%	2.28%
Trade	16.66%	22.49%	-2.43%
Info & Comm	17.92%	5.55%	6.47%
Manufacturing	8.69%	3.49%	3.40%
Mining & Quarrying	7.58%	-12.29%	-2.19%
Real Estate	5.28%	3.85%	1.77%
Construction	3.19%	3.70%	1.42%
Financial Services	3.72%	-2.48%	-0.46%
Profes, Sci & Tech Services	3.09%	1.27%	-3.84%
Education	1.37%	0.63%	-6.20%
Other Economic Activities	8.72%		
Qtr 2020 Real GDP	N16.69 Trn	5.01%	0.51%

Source: National Bureau of Statistics, Cowry Research

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