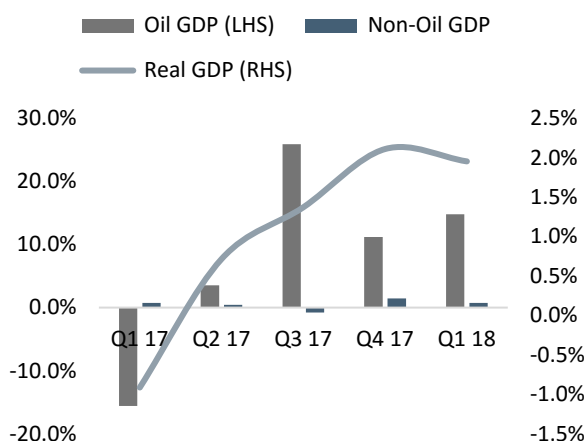


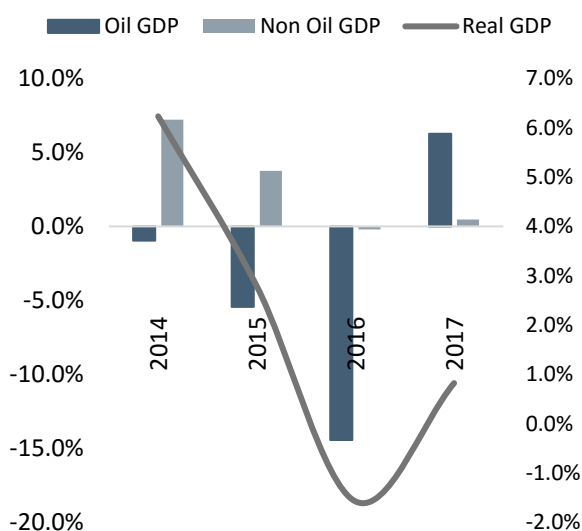
## Q1 18 GDP: Hinged on Strong oil Output

### Initial View

**Figure 1: Oil, Non-oil and Real GDP growth**



**Figure 2: Annual Oil, Non-oil and Real GDP growth**



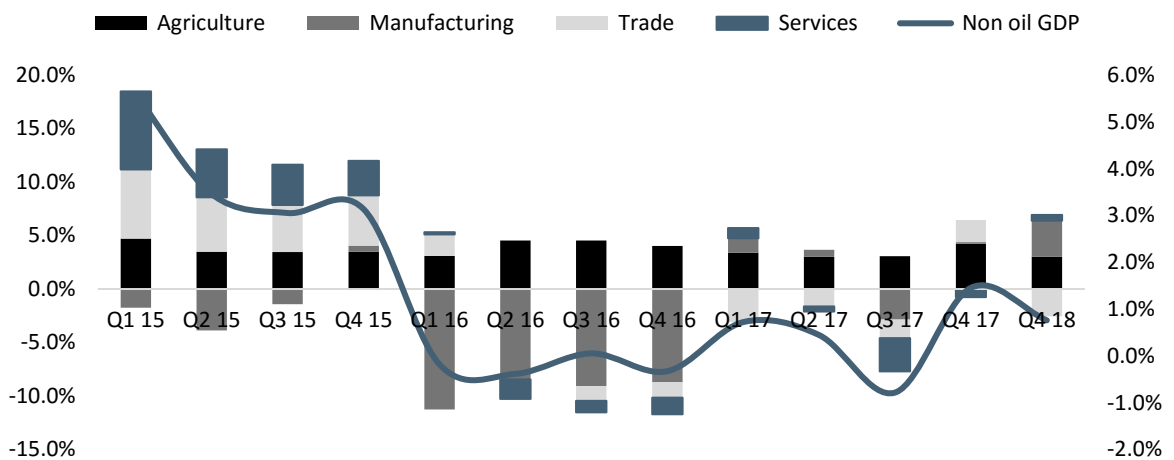
- Data released by the National Bureau of Statistics (NBS) showed that the Nigerian economy grew by 1.95% YoY in Q1 18 compared with 2.11% YoY in Q4 17 (revised figure). The reported numbers missed our estimate of 3.1% due to contraction in trade and construction sectors, relative to our optimistic view on these sectors. The oil sector was the major driver of growth in the period, contributing 64.5pps. Other drivers for growth were the Agriculture and Manufacturing sectors.
- Higher crude production drives growth in the oil sector:** Oil sector output grew by 14.8% YoY hinged on higher crude production. Daily crude production in the period averaged 2mbpd (+14.3% YoY) in line with our estimate, however our growth estimate of 19.1% differed from actual numbers due to the revision in the Q1 17 production numbers to 1.75mbpd (previous: 1.69mbpd).
- Contraction in Trade impact on the non-oil sector growth.** In the non-oil sector, whilst the agriculture and manufacturing sector sustained its growth momentum in the period, negative numbers reported in trade dragged growth in the sector. Accordingly, the non-oil sector grew by 0.8% YoY (Q4 17: 1.5% YoY). Dissecting the numbers, trade sector declined by 2.6% YoY – notwithstanding the friendly FX environment. On the flipside, the Agriculture sector grew by 3% reflecting increased crop production, an offshoot of increased support from the government to drive output. Likewise, currency availability and stability, as reflected in the PMI data<sup>1</sup> supported growth in the manufacturing sector which printed at 3.4% YoY. For context, the Food, Beverage and Tobacco as well as the textiles

<sup>1</sup> New order diffusion index expanded in the first three months of 2018, relative to the contraction in 2017

subsector grew by 5.5% YoY (Q4 17: 2.2%) and 1.9% (Q4 17: 1.6%) respectively.

- Elsewhere, the services sector returned to a positive terrain which printed +0.5% YoY, after reporting three consecutive quarters of negative growth. Data from the industry regulator NCC (Nigerian Communications Commission) revealed that growth in data services, which by our estimate grew by 11.24% YoY to 100 million subscribers tamed the impact of a downturn in industry voice calls (-3.6% YoY to 148 million active subscribers)

**Figure 3: Non-oil sector attribution analysis (Agric, Manufacturing, Services, Trade) vs. non-oil sector**



Source: NBS, ARM Research

- **More Analysis to follow**