



Officially Out of a Recession

- Recently released data by the National Bureau of Statistics (NBS) revealed a further expansion of the Nigerian economy by 0.51% YoY in Q1:2021, making two consecutive quarters of GDP growth, following consecutive quarters of a contraction in the GDP. On a quarter-on-quarter basis, GDP growth rate came in stronger than in Q4:2020 (+0.11%). However, it is important to note that the current growth rate of 0.51% is slower, in comparison to similar period in the previous year (Q1:2020 +1.87%). Thus, reflecting the generally slower pace of activities, compared to the previous year.

Oil Sector on the Rebound?

- In Q1:2021, the Oil sector contracted further by 2.21%, a marked improvement from the previous quarter (Q4:2020 -19.76%) but significantly lower than the 5.06% growth recorded in Q1:2020. In terms of contribution to GDP, we note the improvement in the contribution of the oil sector from 5.87% in Q4:2020 to 9.25% in Q1:2021. This comes on the back of a relatively stable price environment and an uptick in global activities in the quarter, which supported the expansion in average daily production to 1.72mbpd, from 1.56mbpd in Q4:2020. Oil prices hovered around \$51.09 - \$68.63 per barrel with an average price of \$61.32 in the period, supporting the increased production volumes to strengthen its contribution to GDP.

Non-Oil Sector Set for Stronger Growth

- In contrast, the Non-Oil sector grew by 0.79%, a decline from the 1.69% growth registered in the preceding quarter (Q4:2020). The non-oil sector accounted for 90.75% of GDP in the quarter, lower than its contribution of 94.13% in the previous quarter but marginally higher than its share of 90.50% in Q1:2020.
- The growth in the non-oil sector was primarily driven by the Information and Communications sector which registered the strongest growth rate (+7.69%) across sectors. We note the resilience of the sector to continue delivering strong returns, despite policy changes which weighed on activity in the sector.
- The agricultural sector remained a major sector of the economy, with a 22.35% contribution to GDP in the quarter. Its contribution came in lower than in the previous quarter (Q4:2020,

26.95%) but stronger than the same period in the previous year (21.96%, Q1:2020). The sector thus expanded by 2.28%, a decline from a growth rate of 3.42% in Q3:2020 but a marginal uptick from a growth rate of 2.2% in Q1:2020.

- Going into the second quarter, we expect to see higher levels of growth compared to the last two quarters on the back of a low base, stemming from the economic recession witnessed in Q2 and Q3 2020. With credit to the private sector on the rise and an ease of some policies around the telecommunications sector, we anticipate stronger growth numbers across various sectors in the economy.

Figure 1: Trend in the real sector growth (YoY)

	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21
Agriculture	2.5%	3.2%	1.8%	2.3%	2.3%	2.2%	1.6%	1.4%	3.4%	2.3%
Manufacturing	2.4%	0.8%	-0.1%	1.1%	1.2%	0.4%	-8.8%	-1.5%	-1.5%	3.40%
Services	3.8%	3.1%	2.9%	3.5%	4.0%	3.5%	-2.6%	-2.5%	1.3%	-0.4%
Construction	2.0%	3.2%	0.7%	2.4%	1.3%	1.7%	31.8%	2.8%	1.2%	1.4%
Trade	1.0%	0.8%	-0.2%	-1.5%	-0.6%	-2.8%	16.6%	-12.1%	-3.2%	-2.4%
Oil GDP	-1.6%	-1.5%	7.2%	6.5%	6.4%	5.1%	-6.6%	-13.9%	-19.8%	-2.2%
Non-Oil GDP	2.7%	2.5%	1.6%	1.8%	2.3%	1.5%	-6.1%	-2.5%	1.7%	0.8%
Real GDP	2.4%	2.1%	2.1%	2.3%	2.6%	1.9%	-6.1%	-3.62%	0.11%	0.51%

Source: NBS, ARM Research