




Nigeria's GDP for Q2 2021 expanded by +5.01% year-on-year



Data released by the National Bureau of Statistics (NBS) show that the Nigerian economy expanded for the third consecutive quarter, growing at its fastest pace since Q4 2014. The Nation's Gross Domestic Product (GDP) grew by 5.01% year-on-year in Q2 2021, lower than Bloomberg's forecast of 5.6%. This expansion is ca +4.50% better than +0.51% growth recorded in Q1 2021, and +11.11% higher than the -6.10% contraction recorded in Q2 2020.

Growth in the oil sector contracted by -12.65% year-on-year in Q2 2021, from -2.21% contraction in Q1 2021 and lower than -6.63% contraction in Q2 2020, while the non-oil sector expanded by +6.74% in Q2 2021, better than +0.79% expansion in Q1 2021 and higher than -6.05% contraction in Q2 2020. Overall, the Oil sector contribution declined to 7.42% of total real GDP in Q2 2021 from 9.25% in Q1 2021, while Non-oil contribution rose to 92.58% in Q2 2021, from 90.75% in Q1 2021.

We opine that this accelerated growth is as a result of the low base effect of last year, therefore we do not expect the fast-paced growth to be sustained in subsequent quarters despite Brent crude oil price trading above \$70.00/barrel, and projected to average ca \$68.71/barrel in 2021 by the Energy Information Administration (EIA). However, increasing vaccine rollouts and gradual return to business activities which were stalled by lockdowns, should translate to economic expansion in the coming quarters, albeit at a slower pace.