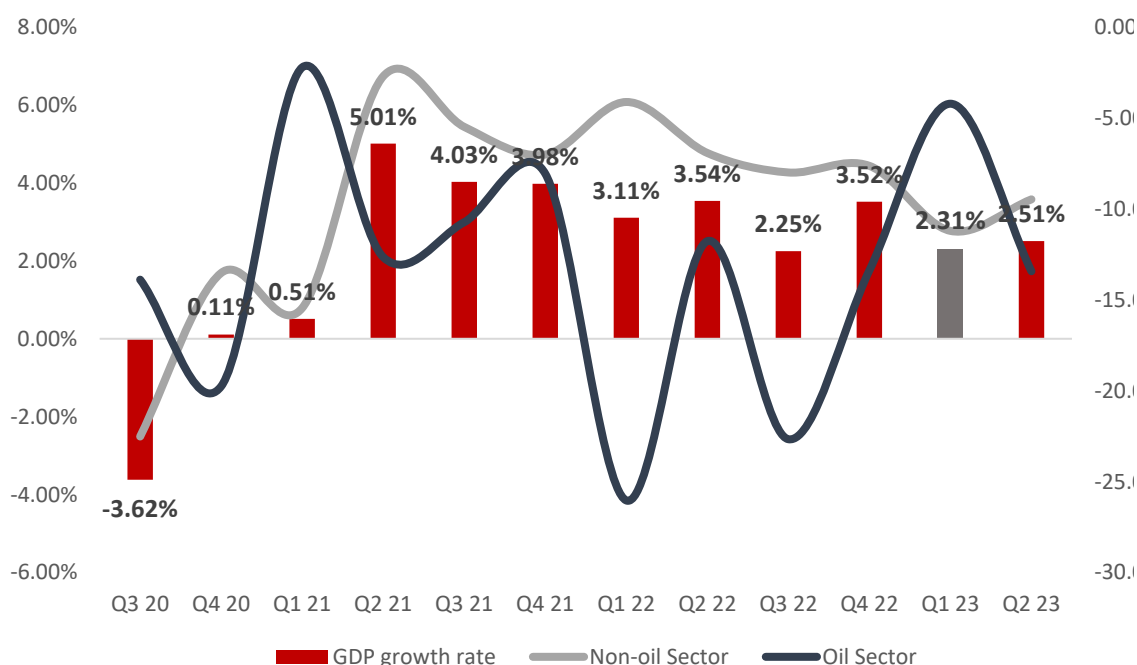


Q2-2023 GDP: Non-oil sector drives growth.

Nigeria's economic growth momentum experienced a notable deceleration, attributed to factors such as inflation, cash crunch, the removal of fuel subsidy, Naira rate unification and increased interest rates. These dynamics impacted an economy that had been widely expected to achieve even greater expansion.

The Q2'23 real Gross domestic product (GDP) for Nigeria printed 2.51% significant decline of 103bps from 3.54% record in Q2'22. The performance was driven mainly by the Services sector, which contributed 58.42% to the aggregate nominal GDP of N52.1 trillion (N17.72 trillion aggregate real GDP) and a 2.31% premium from its comparative performance in similar period in 2022.

Trend of Nigeria's Real GDP Quarterly Growth.

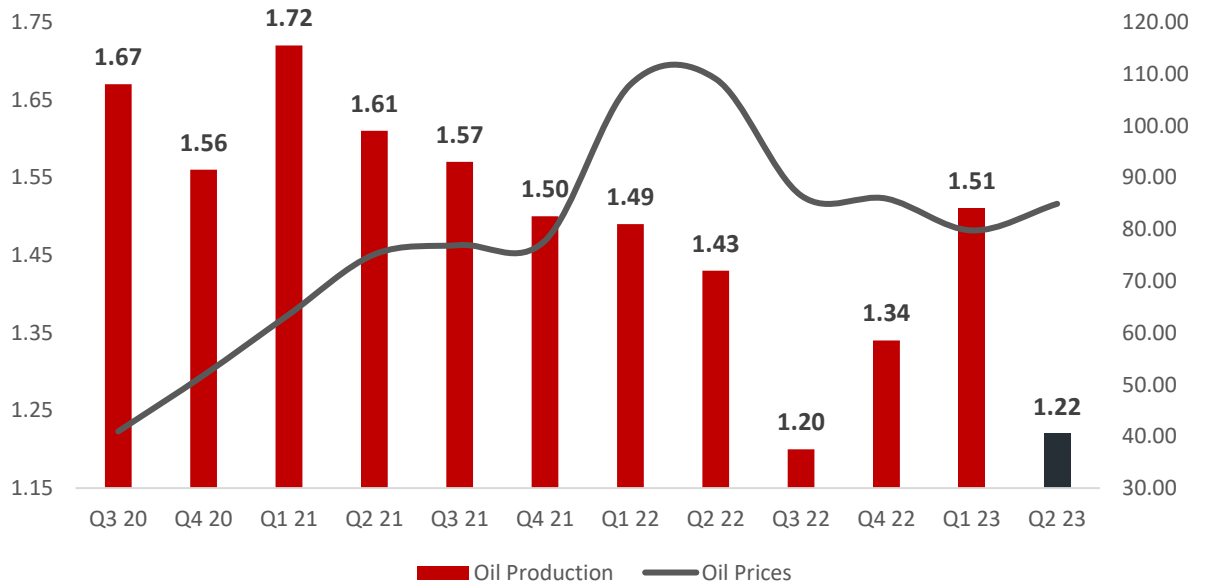


Source: NBS, SCM Research.

Dismal Oil sector suppressed economic growth.

The oil sector dropped in the review period by 1.66% on a y/y basis to record of -13.43% in Q2'23 (Q2'22: -11.77%) underpinned by lower crude oil production. Data from the bureau of statistics showed that daily crude production during the quarter under review averaged 1.22mbpd which was 14.69% lower than the 1.43mbpd recorded in Q2'22 and lower than 1.51mbpd recorded in the prior quarter. The decline in crude oil production can be partly attributed to cases of oil theft, vandalism, and the sabotage of critical oil installations as well as technical deficiencies in FORCADOS oil terminal.

The Oil sector contributed 5.34% to the total real GDP in Q2'23.

Trend in crude oil production and prices.


Source: NBS, SCM Capital Research.

Non-oil sector solidifies gains in Q2'23.

The Non-Oil industry grew by 3.58% in Q2'23, compared to 2.77% and 4.77% in Q1'23 and Q2'22, respectively. Telecommunications, financial institutions, trade and manufacturing, construction, transportation, and warehousing all had a positive effect on GDP.

The Non-Oil sector contributed 94.66% to the Nigeria's Q2 GDP

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