

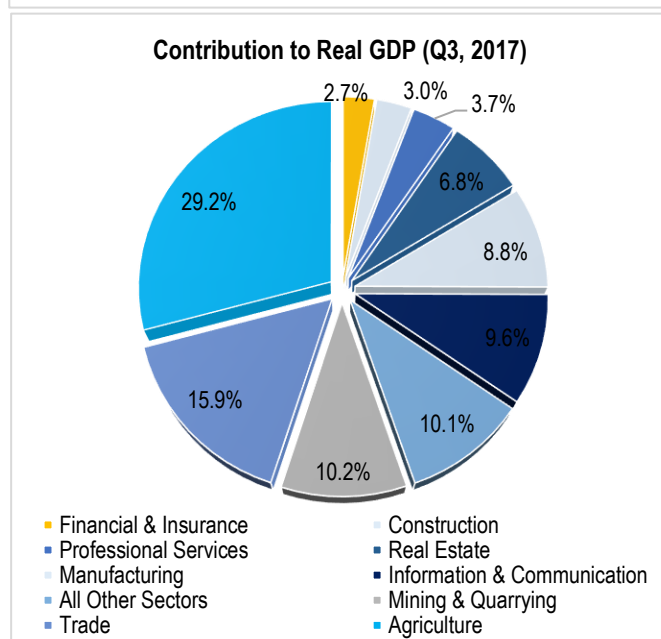
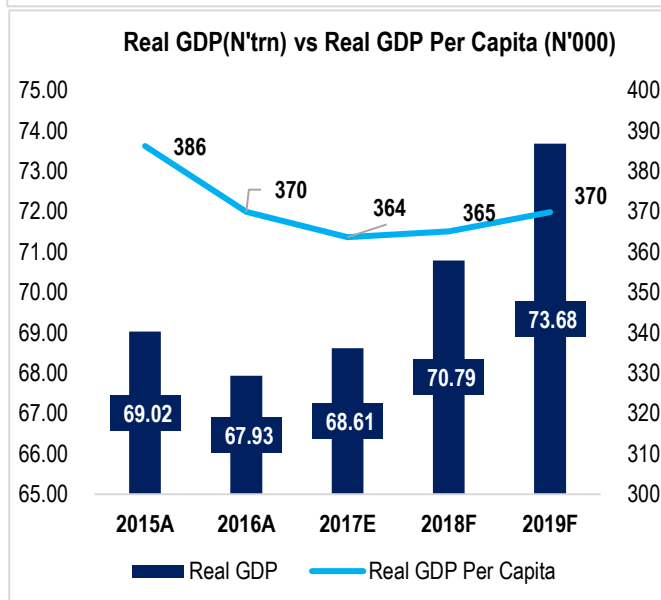
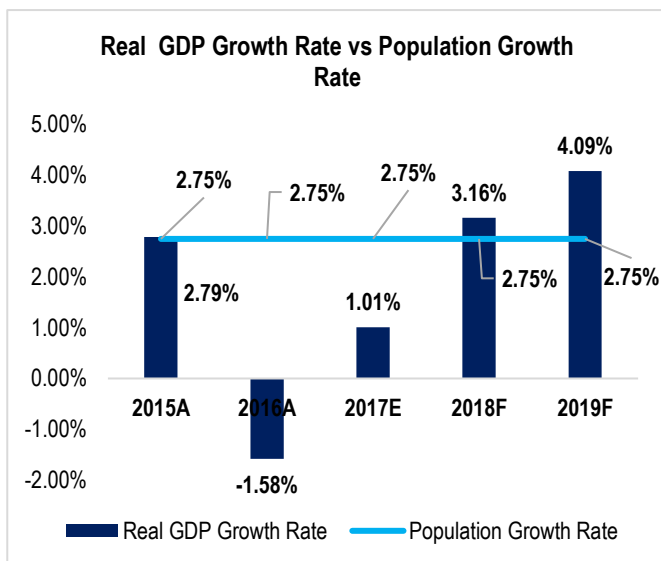
FSDH Research Forecasts a GDP Growth Rate of 3.16% in 2018

FSDH Research forecasts a Real Gross Domestic Product (GDP) growth rate of 3.16% in 2018 and 4.09% in 2019. Our forecast for 2018 is slightly higher than the forecast of the World Bank and International Monetary Fund (IMF) of 2.5% and 2.1% respectively. However, with the population growing at 2.75%, the country requires growth rate in excess of 5% to substantially improve the wellbeing of Nigerians.

Agriculture, Trade, and Mining & Quarrying sectors, with forecast growth rates of 4%, 2% and 3.2% would drive the 3.16% growth rate in 2018. Other leading sectors of the economy that would contribute to the growth are: Information and Communication (I&C): 2.2%; Real Estate: 2.5%; Construction: 4% and Manufacturing: 1%.

Agriculture, with a growth of 3.06%; Mining and Quarrying: 25.44% and Other Services: 1.72% were the three leading sectors that contributed to the growth rate of 1.40% recorded in Q3 2017. The increase in the supply of foreign exchange has improved economic activities across other sectors of the Nigerian economy.

FSDH Research has observed increased activities in Agriculture, Mining and Quarrying (oil and gas), manufacturing, Trade, Real Estate and I&C in the last few months. The growth in the equity market has created additional wealth that would stimulate effective demand in the economy. Some light manufacturing activities are also taking place – stimulating demand for raw materials from Agriculture. The current oil price will encourage investment activities in the oil and gas sector. Trade sector would also benefit from the increase in consumer purchasing power.



FSDH Research notes that there are downside risks to the forecast growth. The rising social unrest in some parts of the country may affect economic activities and lead to escalating inflation rate. A significant drop in oil price may also have negative impact on the growth prospect. FSDH Research will highlight the implications of the GDP growth forecast on businesses and financial market in our next week article.

Table 1: Performance of Leading Sectors of the Nigerian Economy

Activity Sectors	^Contribution*	2018F SG**	2017E SG**
Agriculture	25.14%	4.00%	3.04%
Trade	16.48%	2.00%	-2.01%
Mining And Quarrying	9.62%	3.20%	14.57%
Information & Communication	11.19%	2.20%	-1.41%
Manufacturing	9.03%	1.00%	0.38%
Real Estate	6.93%	2.50%	-2.40%
Professional Services	3.70%	2.30%	1.03%
Construction	3.46%	4.00%	-6.50%
Financial and Insurance	2.95%	1.70%	1.42%
All Other Sectors	11.50%	6.62%	-1.46%

**SG: Sectoral Growth. ^Sector Contribution to GDP. *2018 Forecast

Sources: IMF, World Bank, National Bureau of Statistics and FSDH Research Analysis

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