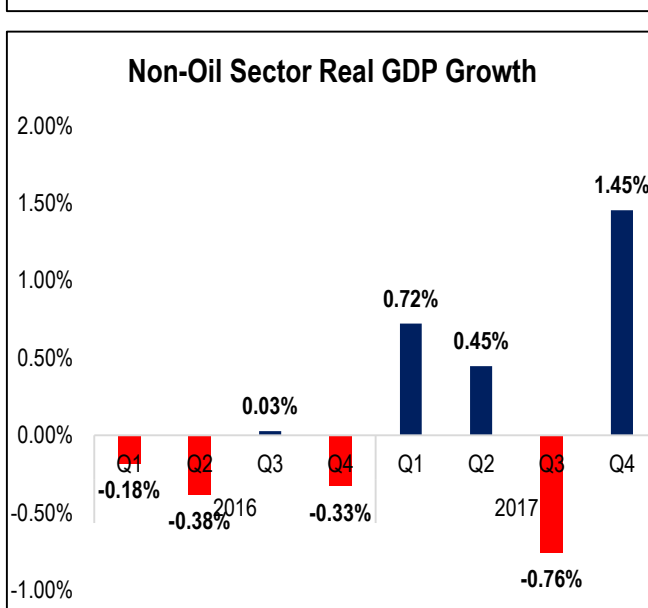
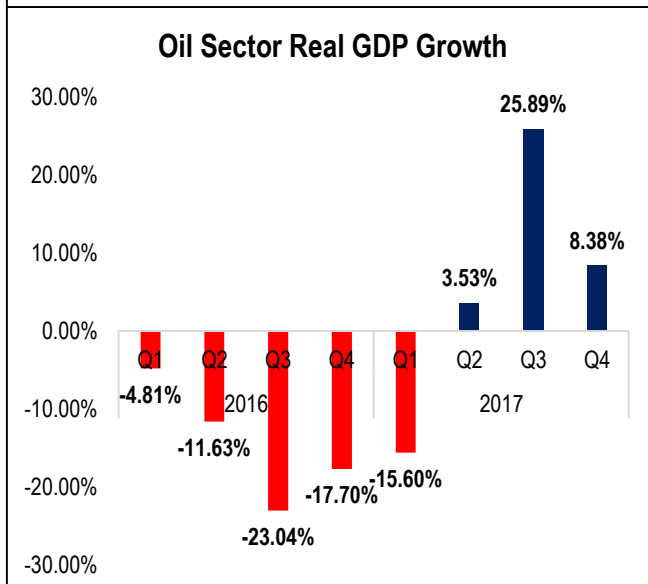
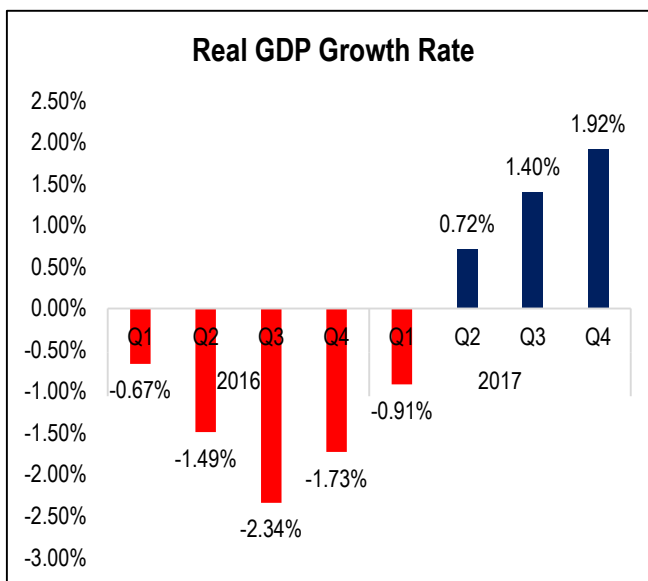


## Additional Policies Required to Stimulate Broad-Based Growth

FSDH Research notes that the Nigerian Economy requires additional policies to achieve sustainable growth, particularly in the non-oil sector. The data that the National Bureau of Statistics (NBS) released for the Full Year (FY) 2017 shows that the Real Gross Domestic Product (GDP) grew by 0.83% in 2017, compared with the contraction of 1.58% in 2016. The growth rate was however below our GDP growth forecast of 1.01% for 2017.

Our analysis of the growth pattern in FY 2017 shows that two sectors, Agriculture and, Mining and Quarrying were the major drivers of growth. They are the two sectors out of the six largest sectors of the Nigerian economy that recorded growth in 2017. Other leading sectors which are Trade, Information and Communication, Manufacturing and Real Estate all contracted.

On a quarterly basis, the economy strengthened in Q4 2017 with a GDP growth rate of 1.92%, higher than the 1.40% recorded in Q3 2017. The NBS noted that the resurgence of activities in the non-oil sector added a positive momentum to economic growth in Q4. FSDH Research notes the 4.23% growth rate recorded in Agriculture in Q4 2017 is the highest growth rate recorded in the sector since Q4 2016. The growth in crop production at 4.58%, which accounts for about 90% of the Agriculture, was the main driver of the growth in agriculture.



The nominal GDP stood at N113.72trn in 2017. This represents a marginal increase of 12.05% from N101.49trn recorded in 2016. Adjusting for the impact of the inflation between the two years, there was a contraction. This further buttresses the fact that more policies are required to stimulate economic activity.

Our analysis shows that the growth pattern is still very fragile and any adverse movements in the crude oil market can endanger the recent gains. Thus, additional growth enhancing policies in Crop Production, Information and Communication, Trade, Manufacturing and Real Estate are needed to deliver the GDP growth rate that can lead to improvement in the standard of living in the country. FSDH Research maintains a GDP growth rate of 3.16% for 2018.

Performance of Leading Sectors of the Nigerian Economy			
FY 2017			
Activity Sectors	^Contribution	GDP GR	WG
Agriculture	25.08%	3.45%	0.86%
Trade	16.86%	(1.05%)	(0.18%)
Information & Communication	11.35%	(1.04%)	(0.12%)
Manufacturing	9.18%	(0.21%)	(0.02%)
Mining and Quarrying	8.81%	4.72%	0.42%
Real Estate	6.85%	(4.27%)	(0.29%)
Construction	3.72%	1.00%	0.04%
Professional, Scientific and Technical	3.69%	(0.26%)	(0.01%)
Financial and Insurance	3.00%	1.26%	0.04%
Public Administration	2.28%	(0.38%)	(0.01%)

Sources: National Bureau of Statistics (NBS) and FSDH Research Analysis. WG: Weighted Growth; ^Sector Contribution to GDP; GR: Growth Rate.

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