

Nigerian Economy Grows 6.65 pct in Q2 2008: Central Bank

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LAGOS - Nigeria's economy grew by 6.65 percent year-on-year in the second quarter, against a lower revised figure of 5.54 percent in the first quarter, the central bank said on Tuesday.

"Growth was driven by the non-oil sector which was estimated at 8.50 percent," the bank said in its second quarter economic report.

Nigeria, sub-Saharan Africa's second biggest economy after South Africa, had initially reported a GDP growth rate of 6.49 percent for the first quarter of 2008.

The economy grew by 5.73 percent year-on-year in the second quarter of last year, driven mainly by a surge in oil revenues, while the government has projected a GDP growth rate of 11 percent for 2008 compared to 10 percent for last year.

Oil production dipped by 11.2 percent in the second quarter to 1.82 million barrels per day (mbd), or 165.62 million barrels for the period, the bank said.

Africa's top oil producer is losing an estimated 550,000 barrels of crude per day (bpd) due to militant attacks and security concerns in the Niger Delta, which accounts for nearly all of Nigeria's around 2 million bpd output.

Foreign exchange inflows dropped by 11.1 percent to \$25.80 billion in the second quarter, while earnings from oil accounted for 40 percent.

GROWTH TARGET

Analysts said despite the second quarter GDP growth, there were indications the government would not achieve its target for 2008 if global oil prices weakened further.

It is "looking increasingly likely that Nigeria will not meet its official growth target," said Razia Khan, head of Africa research for Standard Chartered bank in London.

"Higher (oil) prices did allow for greater fiscal revenue which the government has not been very good at saving, of late. In that sense, lower oil prices will start to impact on the economic outlook eventually," Khan said.

Nigeria has spent \$6.8 billion from its windfall oil savings so far this year, raising fears that President Umaru Yar'Adua is politically too weak to keep spending under control and that inflation which climbed to 14 percent year-on-year in July, will continue to rise.

Source: Reuters