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SECTORAL ANALYSIS OF CORONA VIRUS ATTACK IN NIGERIA: AN EMPIRICAL DIAGNOSIS AND SOME POLICY IMPLICATIONS

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ABSTRACT: Recently the depth and extreme consequences of coronavirus in Nigeria have been alarming. In the last few months, the government has undertaken various steps by introducing certain policies that would help in reducing, if not eradicating the socio-economic implications of this novel virus outbreak in Nigeria. The study examines the implications of COVID 19 on the economic status of Nigeria using a daily time series data analysis for eighty-one days during the first heavy lockdown (27th February 2020 to 17th May 2020). The data used for the study were extracted from secondary sources: the NCDC reports, CBN reports, Nigeria Stock Exchange reports, Accuweather reports, and Bloomberg within the period of the study. The data was analyzed using the ordinary least square regression incorporating the correlation test. The study found that daily COVID 19 confirmed cases and daily FOREX rates have a negative and significant impact on daily oil price, a mirror of daily output growth whereas daily share index has a positive impact. Only the daily temperature report was insignificant but positive in the model. The study recommended that Nigerians should strongly adhere to the preventive guidelines as stipulated by the Nigeria Centre for Disease Control (NCDC) in line with World Health Organisation (WHO) recommendations.

KEY WORDS: Coronavirus, Nigeria, daily crude oil price, daily forex rate

1. INTRODUCTION

The coronavirus (COVID-19), which was first observed in 2019 in Wuhan, China. Numerous economies around the world have seen diminished economic activities in the principal quarter of the year. Industrial facilities have been closed down in most affected nations, and the world's aggregate supply has been upset. The Brent crude cost has been fluctuating because of the heightening worldwide financial effect of the coronavirus. Nigeria, the most populated nation in Africa, is awakening to another monetary and social reality because of the coronavirus emergency. The nation of more than 200 million individuals, recorded its first case on 28th February 2020. As of 14th June 2020, she has recorded 15,682 affirmed cases, 407 related deaths, and 5,101 released cases (NCDC report, 14th June 2020). While the virus contaminates people paying little heed to their status and economic wellbeing, those living underneath the poverty line are the most affected. In 2019, Nigeria outperformed India regarding the number of people living in abject poverty. According to reports from Aljazeera on the 4th of May 2020, forty (40) percent of Nigeria residents live underneath the destitution line of 1.25 dollars per day, that is, more than eighty-two (82) million individuals (NBS report 2020). As indicated by the National Bureau of Statistics, four out of ten Nigerians have real per capital expenditure of 352 dollars each year. Her populace grows geometrically around two (2) percent while her Real GDP a measure of economic development grows in the arithmetic progression of about one (1) percent. With the economic downturn closer because of this global pandemic, that number will multiply if satisfactory economic policies are not upheld.

Living in low standard houses, with diminished access to sanitation, and an absence of investment to encourage physical distancing, the poor are the most vulnerable in getting the virus. Also, because of the significant expense of medical services, higher death rates, more noteworthy financial delicacy, there is an immense chance that a lot more Nigerians will fall further underneath the 1.25 dollar per day poverty line before the pandemic is finished. Figure one presents the various states in Nigeria mostly hit by Coronavirus outbreak. It is crystal clear that Lagos state, the former capital city of Nigeria has the highest record followed by the current city capital, Abuja, and then Kano state. Other significant affected states are Kastina, Ogun, Oyo, Kaduna, Gombe, Rivers, Delta, Edo, Jigawa, Bauchi, Borno, and then Imo (NCDC report, 2020).

Their statistical counts are illustrated in figure two.

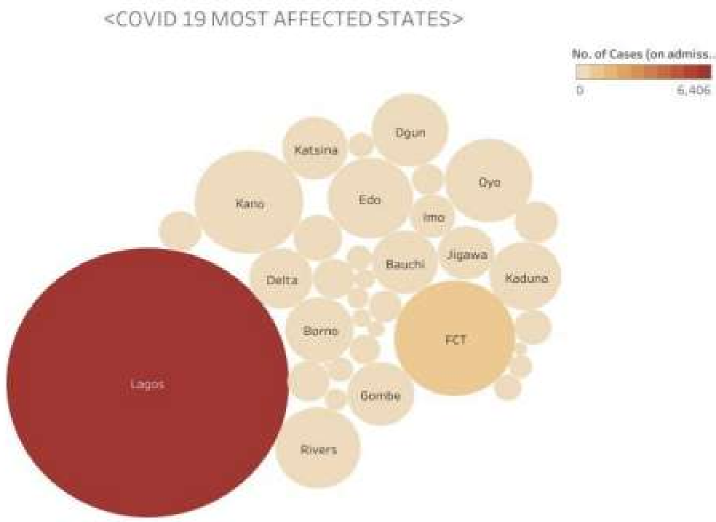

Figure 1. COVID-19 Most Affected States in Nigeria

Source: National Centre for Disease Control (NCDC) Website

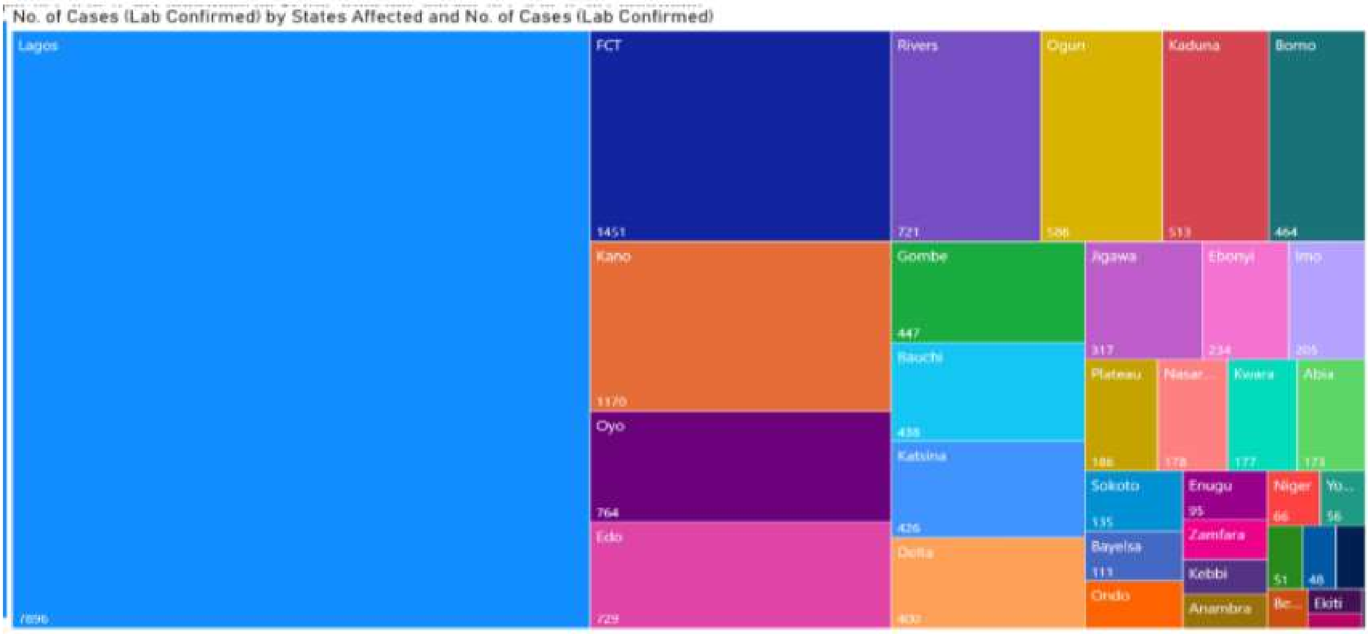

Figure 2. COVID-19 Affected States in Nigeria and number of cases
Source: NCDC Website

DAILY EXCHANGE RATE

From the right-top of figure 3 below, is the daily Naira/dollar exchange rate trend from 27th February 2020 to 17th May 2020. Naira/Dollar exchange rate has been highly volatile, fluctuating on average between 350 and 390 per dollar. This is as a result of the global pandemic posed by COVID 19. This trend portrays lots of uncertainty and loss in FOREX trading. From 27th February 2020 to 16th March 2020, the exchange rate was relatively stable as a result of a low case of COVID 19. But from late March up till 17th May 2020, it witnessed a huge fluctuation.

DAILY TREND OF OIL PRICE

The graph above illustrates the daily trend of crude oil price per barrel from 27th February 2020 when the first coronavirus cases were recorded in Nigeria to 17th May 2020. From the graph, the price of crude oil has been volatile and decreasing. It was at 50 dollars per barrel initially but as the coronavirus case increased both domestically and globally, it witnessed a huge decline hitting its trough of 19.33 dollars on 21st April 2020.

DAILY TREND OF COVID 19 IN NIGERIA

The first incident of the coronavirus in Nigeria was on 27th February 2020. Ever since then, the coronavirus case has been on increase. Initially, the rate was its increase was relatively low but saw an explosive increase on 14th April 2020. Despite all restrictions imposed by the Nigerian government, its rapid growth rate is yet to be curtailed.

DAILY TREND OF SHARE INDEX

The fourth graph at the bottom-left portrays the trend of the share index from 27th February 2020 to 17th May 2020. The share index is one of the key indices that help investors calculate the stock market performance. Given the outbreak of COVID 19 in Nigeria, the share index has experienced a huge decline. It hits its lowest value on 6th April 2020, ever since then, it has been increasing at a decreasing rate.

Nigeria being an oil-export dependent nation has witnessed lots of oil price shock as these global COVID 19 pandemics have hugely impacted negatively on her oil revenue. This can be seen in the figure 4 above, during the first twenty-five days of COVID 19 case in Nigeria, the growth rate of COVID 19 was relatively low except on two occasions where it records a growth rate above 80 percent. During that first twenty- five days, the oil price growth rate experienced a relatively low negative figure. After the first twenty-five days, the growth rate of COVID 19 was on average 11.16 percent whereas the oil-price growth rate on average was 0.55 percent. This implies that there is a negative correlation between the oil price growth rate and COVID 19 growth rate in Nigeria.