



Comparative Economic Analysis of SA & Nigeria

South Africa and Nigeria – Tale of 2 Countries

- ❖ Xenophobia is usually a fall out of economic hardship
- ❖ Blame your woes on the foreigners
- ❖ It happened in Nazi- Germany, Mussolini-Italy (fascism) etc
- ❖ It is happening in Brexit
- ❖ Nigeria in the Ghana must go saga
- ❖ Now it is South Africa



South Africa Vs Nigeria



	South Africa	Nigeria
GDP	\$360.5bn	\$482.1bn
Growth	Economic growth expanded to 3.1% in Q2	Economy slowed to 1.94% in Q2
Population	58.7mn	201mn
Income per capita	\$6,141	\$2,399
Share of SSA GDP	16.0%	21.4%
Economic structure	Diversified economy	Commodity dependent
AfCFTA	Major initial beneficiary	Delayed beneficiary
Inflation	4.00%	11.08%
	<div style="border: 1px solid black; padding: 5px; display: inline-block;">Source: Trading Economics, EIU, FDC Think Tank</div>	

South Africa Vs Nigeria

	South Africa	Nigeria
<i>Life expectancy</i>	63 years	54 years
<i>Gini Coefficient</i>	63.4 (highest in the world)	43
<i>Exchange rate system</i>	Flexible	Managed fixed
<i>Fitch rating</i>	BB+	B+
<i>Market capitalization</i>	\$977.5 billion	\$43.77 billion

South Africa Vs Nigeria

	South Africa	Nigeria
Market capitalization (% of GDP)	277.9	10.4
Unemployment rate	29%	23% (2018)
Exchange rate	R14.6/\$	N360.8/\$

Trust

it's not about falling
...it's about helping you fly.



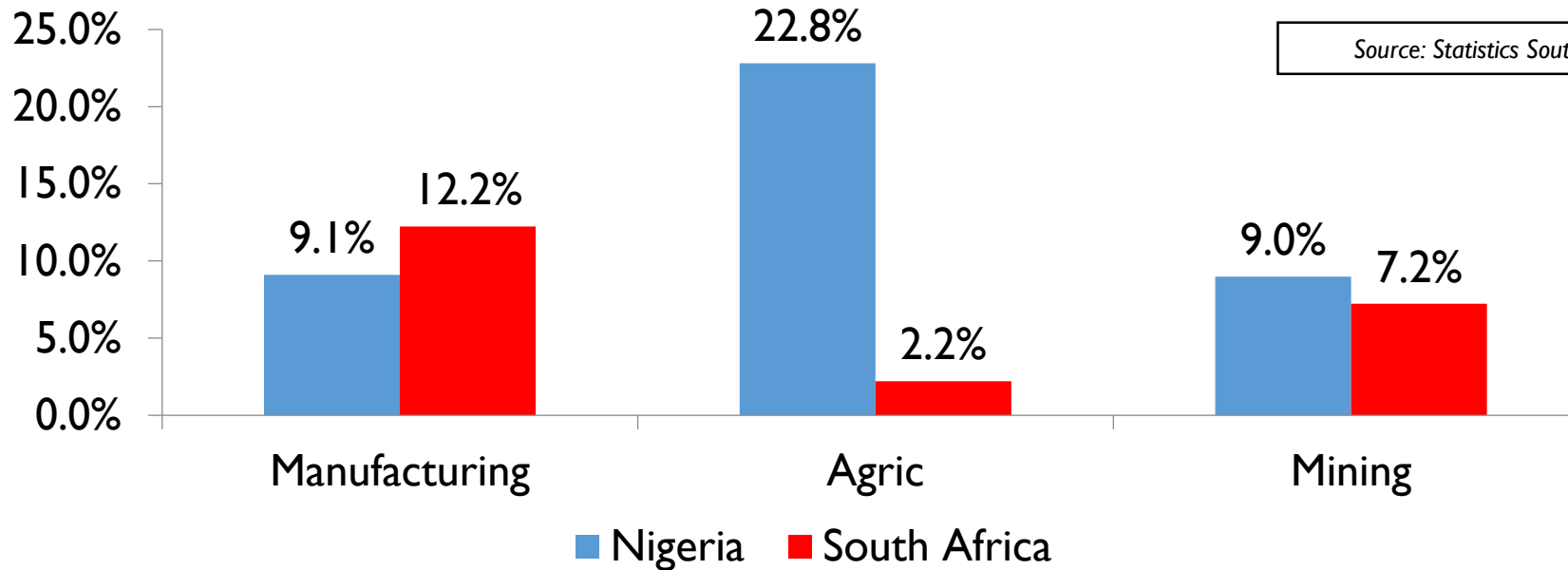
In life, people are often limited by their fears; failing to soar because they are afraid to fall. At Custodian, we've got your back if the unexpected ever happens. So while others say "what if you fall"; we say **"...oh, but what if you fly."**

Growth Comparison: South Africa vs Nigeria

- ❖ Nigeria and South Africa are Africa's largest economies
 - ❖ Combined, they make up 37.4% of the total GDP
- ❖ Both economies are struggling and are recovering from recession
- ❖ Both countries have acute power supply problems
- ❖ Nigeria's recession was oil price induced
- ❖ South African slowdown is driven by power and slowing output

Sector Components: South Africa vs Nigeria

Sectoral contribution to GDP (Q2'19)



- ❖ Manufacturing is 9.1% of GDP in Nigeria and is 12.2% of GDP in South Africa
- ❖ Nigeria- natural resource dependent
- ❖ South Africa – industrialized nation

Sector Comparison: South Africa vs Nigeria

- ❖ Oil is 8.82% of GDP in Nigeria , and is not power dependent
- ❖ Mining in South Africa constitutes 7.2% of GDP, but is power dependent
- ❖ Agric is 22.8% of GDP in Nigeria, and is almost independent of power
- ❖ Agric in South Africa is partially power dependent for storage & processing

South African Companies & Investments in Nigeria



SHOPRITE



SOUTH AFRICAN AIRWAYS



Nigerian Investments in South Africa



Informal Traders

Nigeria – South Africa Trade relationship

- ❖ 1.27% of Nigeria's imports are from South Africa (Q1 '19)
- ❖ 4.64% of Nigeria's exports are to South Africa
- ❖ Implying a skewed trade relationship

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Nigeria-South Africa Trade

Nigeria's Exports to South Africa (2018)		Export Value
Mineral fuels, mineral oils	\$3.37bn	99.8%
Rubber	\$1.43m	0.04%
Cocoa	\$1.15m	0.03%
Machinery, mechanical appliances	\$1.13m	0.03%
Miscellaneous items (flowers)	\$0.605m	0.02%
Coffee, tea	\$0.364m	0.01%
Beverages, spirits and vinegar	\$0.196m	0.005%

Source: United Nations Int'l Trade Centre

Nigeria-South Africa Trade



South Africa's Exports to Nigeria (2018)	Export Value	
Plastics	\$100.4m	22.3%
Machinery, mechanical appliances	\$48.0m	10.65%
Edible fruit and nuts	\$34.6m	7.68%
Vehicles	\$26.9m	5.98%
Iron and steel	\$23.3m	5.17%
Miscellaneous edible preparations	\$22.4m	4.97%
Paper	\$15.8m	3.52%
Aluminium	\$15.2m	3.37%

Source: United Nations Int'l Trade Centre

Nigeria & South Africa: Quick Facts

Similarities

- ❖ Recovered from a recession in Q2'17
- ❖ Non-convertible currencies
- ❖ Both held their presidential elections in 2019

Differences

- ❖ Nigeria is commodity dependent while South Africa has a well diversified economy
- ❖ JSE market capitalization is 22x more than NSE market capitalization
- ❖ Trade imbalance in favour of Nigeria
- ❖ Investment flows in favour of Nigeria

What Next?

- ❖ Meeting between Ramaphosa and Buhari
- ❖ South African investors in Nigeria reopen their offices
- ❖ Nigerians have short memories and will be back at Shoprite during the independence holiday

*Thank
you*

