**Name: Afolabi Peter Taiwo**

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**Department: Medicine and Surgery**

 **Assignment**

**Clearly the Coronavirus Disease (COVID-19) that started out as an epidemic in Wuhan, China in December 2019 and ended up as a pandemic (affecting the whole world) has thrown the whole world into a war-like situation. Scores of thousands of deaths have been recorded cumulatively for all countries across the world. Health systems in most countries are overwhelmed by the seriously sick patients in hospitals, many of whom are on ventilators and nursed in intensive care units (ICU). Global and local economies stand at their worst in decades; the world economy is now declared to be in recession by the World Bank/IMF, and could eventually lead to the deepest depression since 1929.**

**The price of crude oil (the mainstay of the Nigerian economy) tumbled like never before in the last 20 years. It went to as low as below $20 per barrel from above $60 just before the pandemic. It has never been this bad in the last two decades and this has made a mess of the Nigerian federal government’s budget estimates for 2020; making salaries payment, debt obligations and other projections uncertain. This is clearly so because the price of crude oil, which contributes over 90% of Nigeria’s externally-generated revenue, now hovers around $30 per barrel, which is far less than the budget’s benchmark of $57 per barrel, and this signifies tough times ahead.**

**in 2018 Nigeria climbed out of the recession which had been triggered by the sharp drop in crude oil earnings in 2015-2017, but low economic growth rates were recorded subsequently, 1.9% in 2018 and 2.3% in 2019, and was projected to rise to 2.9% in 2020 and 3.3% in 2021. The estimated growth rate for 2020 has, however, now been shattered by the ongoing meltdown in the world economy which is presently in recession, a development accelerated by the ongoing Coronavirus pandemic.**

**Nigeria fuel price protest turns violent 51PQQPE x large**

**The economy was in a dire state even before the lockdown / Image: 51PQQPE**

**The first casualty of Covid-19 was the Chinese economy, where the pandemic first broke out; it instantly applied the brakes to production in most factories in China, which led to the disruption of the supply chain of both finished and semi-finished products for direct consumption and raw materials for other factories elsewhere in the world. Expectedly, when the world’s second largest economy, China, stopped production, a sharp reduction in the demand for crude oil also occurred. This sharp reduction in demand from China and others, the pandemic panic-related crude oil supply war between two major crude oil producers in the world, Russia and Saudi Arabia (leading to a supply glut), and speculators’ activities all led to a sharp drop in the price of crude oil from above $60 per barrel to less than $20 per barrel in the last days of March 2020 before it started rising again.**

**Even long before the announcement of lockdowns across countries, immediate job and income loss was on the order of the day for Nigerian small business owners occasioned by the pandemic in the earliest days, showing the inter-dependence of the world economy at all levels even in backwater town and villages.**