



Trade

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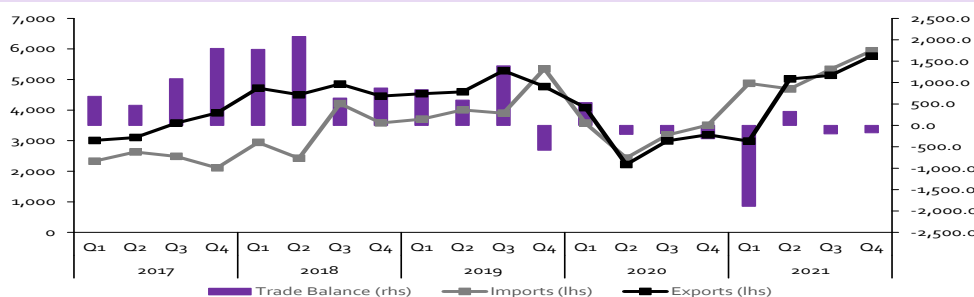
Trade deficit widens

Based on data released by the National Bureau of Statistics, Nigeria's foreign trade deficit widened to a record N1.94 trillion in 2021 as imports exceeded the value of the country's exports. The reported trade deficit was 986% higher than a deficit of N178.3bn recorded in 2020 as Africa's biggest economy continues to grapple with low oil production and higher import bills. Total imports of N20.8trn were 64.1% higher in 2021 than the N12.7trn value recorded in 2020 while total exports of 18.9trn were 50.99% higher in 2021 than the N12.5trn recorded in 2020.

On the import side, mineral fuels accounted for the highest value of imports, making up 31.0% of the value of total imports into the country and up by 123.1% compared to 2020. The increase in mineral fuels imports must have fed off the increase in the price of PMS as crude oil prices increased in 2021 compared with 2020. This was followed by machinery and transport equipment, which accounted for 27.5% of the total value of imports and was up by 37.7% in 2021 when compared with 2020. An increase in transport and machinery equipment points to the continuous growth in activity in the general economy post the emergence of covid-19 in 2020 as all imported goods showed significant growth in 2021 compared with 2020. In the fourth quarter of 2021, the top eight countries where imports came from were China, Belgium, India, Netherlands, United States, Norway, Ukraine and France.

The y/y growth in value of exports in 2021 was driven by growth in exports of solid mineral, raw material goods exports and agricultural exports. Crude oil exports continued to account for the highest value of exports, accounting for 76.2% of total exports. However, low production continues to undermine gains from high crude oil prices. Major export trade partners were India, Spain, France, Netherlands and Indonesia. We had expected the current account deficit to narrow in 2022 when compared with 2021. We projected imports to grow by 30.0%, supported by improving domestic consumption and continued FX liquidity supply by CBN while we expected exports to grow by 24%. Current realities, however, may imply a much higher import bill as mineral fuel imports continue to rise with the increase in crude oil prices and gains remain capped on the export side with limited production of crude oil.

Imports, Exports and Trade balance (Q1 2017-Q4 2021)



Source: NBS, CSL Research

MARKET UPDATE

	1 year	31-Dec-21	1 day
NSE - Index*	38,720.81	42,716.44	47,364.46
Naira / US\$	409.75	435.00	416.50
Brent, US\$/bbl	68.39	77.78	98.02
MPR %	11.50	11.50	11.50

Source: Nigerian Stock Exchange, Central Bank of Nigeria, Bloomberg. *Nigerian Stock Exchange All-Share Index

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Today's news headlines:

FG halts N600bn electricity subsidy, confirms power tariff hike: The Nigerian Electricity Regulatory Commission on Wednesday declared that subsidy on power amounting to about N600bn during some period had now been stopped by the Federal Government. It also revealed that electricity tariffs were raised in February this year, and was quick to, however, state that the tariff payable by some customers in the franchise area of one of the distribution companies was reduced. This came as power generation companies condemned the Nigerian Bulk Electricity Trading company, stating that the NBET was failing in its obligations in terms of payment for power generated by the Gencos. Speaking at a press briefing in Abuja on the challenges in the power sector and other issues, the Chairman, NERC, Sanusi Garba, stated that subsidy on electricity was a policy issue of the Federal Government that had to be halted. Source: punchng.com

<https://punchng.com/fg-halts-n600bn-electricity-subsidy-confirms-power-tariff-hike/>

NUPENG cries out as cooking gas price rises again: The Liquefied Petroleum Gas Retailers Branch of the Nigeria Union of Petroleum and Natural Gas workers on Wednesday raised the alarm over the recent rise in price of Liquefied Petroleum Gas, popularly called cooking gas. It said the cost of the commodity had been on the increase in the last two weeks and urged the government to intervene considering the current energy crisis in Nigeria as seen in the drop in power supply and petrol scarcity. The NUPENG LPG retailers' branch Chairman, Chika Umudu, said, "The branch union decries the return of LPG price rise which has led to an increment of up to N1,000 for 12.5kg size or N80 for 1kg within the last two weeks throughout the country. Source: punchng.com

<https://punchng.com/nupeng-cries-out-as-cooking-gas-price-rises-again/>

'Nigeria refused to save \$342m from debt service suspension in 2021': The World Bank says Nigeria could have saved about \$342.1m from January to December 2021 through the debt service suspension initiative. It disclosed this in a brief on Debt Service Suspension Initiative updated this month by the bank on its website. Under the DSSI, official creditors commit to suspending payments of all principal and interest within a stipulated period of time. The World Bank, in its brief, provided an estimate of what different countries, including Nigeria, could save if creditors suspended payments on all principal and interests within a period of 12 months. Source: punchng.com

<https://punchng.com/nigeria-refused-to-save-342m-from-debt-service-suspension-in-2021/>

Minister: FG Committed to Repositioning Power Sector: Minister of Power, Mr. Abubakar Aliyu, has said that Nigeria is willing to welcome more investors into Nigeria in a bid to reposition the sector. Aliyu, who spoke when he received a delegation from the European Union (EU) to Nigeria and ECOWAS led by the Union's Ambassador to Nigeria and ECOWAS, Samuela Isopi, in Abuja stated that the government was working to reposition the state of power infrastructure in Nigeria. While explaining the Nigeria electricity supply industry value chain to the visitors, the minister said the EU had been supportive of the country's effort to ramp up the power sector. Source: [thisdaylive.com](https://www.thisdaylive.com)

<https://www.thisdaylive.com/index.php/2022/03/17/minister-fg-committed-to-repositioning-power-sector-2/>

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	Buy	Hold	Sell	Not Rated	Total
Coverage universe	17	10	5	3	35
% distribution	49%	29%	14%	9%	
Investment banking clients	0	1	1	0	2
% distribution	0%	50%	50%	0%	

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