

Crude Oil

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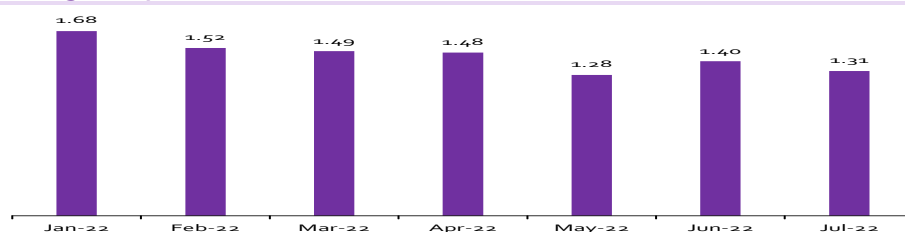
Nigeria's output still significantly low

Based on data from its latest Monthly Oil Market Report for August 2022, OPEC stated that crude oil production figures based on direct communication indicated that Nigeria's output dropped by an average of 74,000 barrels per day in July. The data showed that Nigeria's oil production declined to 1.084 million barrels per day (excluding condensates) in July from 1.158 million barrels per day in June 2022. Based on data from Nigerian Upstream Petroleum Regulatory Commission (NUPRC), production volume including condensates declined to 1.3mbpd in July from 1.4mbpd in June. Production volumes have remained low through the year with the Minister of Finance, Zainab Ahmed noting in an interview that low crude oil production means Nigeria can barely cover the cost of imported petrol from its oil and gas revenue. Meanwhile, the Organisation of Petroleum Exporting Countries (OPEC) recently raised Nigeria's crude oil production quota for September 2022 to 1.83mbpd (including condensates).

Crude oil theft and illegal oil refining have been on the rise since the increase in the price of crude, occasioned by the Russian Ukraine crisis, which has made the activity more profitable. According to Mele Kyari, group chief executive officer NNPC Limited, Nigeria loses US\$1.9bn monthly to crude oil theft. The country's worsening security situation also means production in some areas has been put on hold. It was also noted that production numbers were down because of divestment actions. For over a decade, international oil companies (IOCs) have divested their assets to local oil companies due to operational difficulties, crude oil theft, climate targets, non-passage of the PIB, etc. It is no news that the lack of investment in deep water petroleum exploration is threatening Nigeria's reserves.

The oil sector contracted deeply by 26.04% y/y (despite a better average price of brent crude in Q1 2022 compared to Q4 2021 and Q1 2021), due to low production. Brent crude averaged US\$97.86/bbl. in Q1 2022, compared with US\$79.66/bbl in Q4 2021 and an average price of US\$61.32/bbl in Q1 2021. However, average daily oil production for Q1 2022 at 1.56mbpd (including condensates), was lower than 1.74mbpd in Q1 2021. The perennial issues of pipeline vandalism, theft, and terminal shutdowns have continued to constitute clogs and with no lasting solution in sight to curb this menace in the year, oil production will most likely remain at sub-optimal levels for the rest of the year and will keep oil GDP negative.

Average Daily Oil Production inclusive of condensates(mb/d)



Source: NUPRC, CSL Research

MARKET UPDATE

	1 year	31-Dec-21	1 day
NSE - Index*	39,448.46	42,716.44	50,104.60
Naira / US\$	411.40	435.00	430.25
Brent, US\$/bbl	71.44	77.78	99.60
MPR %	11.50	11.50	14.00

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

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Today's news headlines:

Nigerians trade N497bn Bitcoin amid CBN ban: Nigerians traded N497.35bn (\$1.16bn) worth of Bitcoin from the beginning of 2021 to June 2022, indicating an increasing prominence of the digital currency in the nation. This is despite the Central Bank of Nigeria's restriction on cryptocurrencies in the nation. In February 2021, the CBN had said, "Further to earlier regulatory directives on the subject, the bank hereby wishes to remind regulated institutions that dealing in cryptocurrencies or facilitating payments for cryptocurrency exchanges is prohibited." Yet, according to figures from Paxful, one of the major peer-to-peer platforms in the nation, Nigerians have traded \$1.16bn in BTC volumes in the last 18 months. Source: punchng.com

<https://punchng.com/nigerians-trade-n497bn-bitcoin-amid-cbn-ban/>

Controversy as Seplat denies ExxonMobil deal cancellation: Seplat Energy, on Thursday, said it had not received any official notification from the Federal Government reversing its proposed acquisition of the entire share capital of Mobil Producing Nigeria Unlimited. The company also said it was seeking clarification from relevant authorities regarding the claims that the President, Major General Muhammadu Buhari (retd.), who doubles as Minister of Petroleum Resources, had withdrawn his ministerial approval for the deal. "Seplat Energy has become aware of a news report claiming that ministerial approval of the company's proposed acquisition of the entire share capital of Mobil Producing Nigeria Unlimited has been withdrawn," the oil firm stated in a statement issued by its Chief Financial Officer, Emeka Onwuka. Source: punchng.com

<https://punchng.com/controversy-as-seplat-denies-exxonmobil-deal-cancellation/>

Malami: Governors' Complaint Over \$418m Paris Club Refund Baseless: The federal government has formally reacted to complaints by the Nigeria Governors Forum (NGF) about the contentious \$418 million Paris Club refund, saying the governors' reservations are groundless. Attorney General of the Federation and Minister of Justice, Abubakar Malami, disclosed the government's position yesterday during a media briefing on a wide range of issues at the State House, Abuja. Malami declared that there was no basis for agitation by the NGF concerning deductions from the Paris Club refund paid to consultants the governors hired. Malami also revealed that the federal government secured more than 1,000 convictions for terrorism-related court cases in the last 18 months. Source: [thisdaylive.com](https://www.thisdaylive.com)

<https://www.thisdaylive.com/index.php/2022/08/12/malami-governors-complaint-over-418m-paris-club-refund-baseless-2/>

DISCOS: Nigeria Yet to Generate Up to 6000mw Electricity Since Independence: Since 1960 when Nigeria attained independence till date, Africa's most populous nation has not generated up to 6000 megawatts (mw) of electricity, the Association of Nigerian Electricity Distributors (ANED) has said. The Executive Director, Research and Advocacy, ANED, an umbrella body of power distribution companies (Discos), Mr. Sunday Oduntan, disclosed this in Lagos at a one-day workshop for energy reporters and civil society groups. The workshop centred on the topic: "Building Consumer Awareness and Strengthening the Customer Service Capacity Of Electricity Distribution Companies", and was organised by ANED in partnership with McArthur Foundation. Source: [thisdaylive.com](https://www.thisdaylive.com)

<https://www.thisdaylive.com/index.php/2022/08/12/discos-nigeria-yet-to-generate-up-to-6000mw-electricity-since-independence/>

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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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