



## GDP

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### As expected, growth starts to slow.

Nigeria's GDP grew 2.25% y/y in Q3 2022. The Q3 2022 growth rate was 1.78ppt lower than the 4.03% growth rate recorded in Q3 2021 and 1.29ppt lower than 3.54% reported in Q2 2022. While the oil sector contracted by 22.67%, the non-oil sector grew by 4.27%.

Contraction in the oil sector worsened to -22.67% in Q3 2022 from -11.77% in Q2 2022 as crude oil production continued to decline. The NBS pegged average daily oil production for Q2 2022 at 1.43mbpd, lower than of Q1 2022 at 1.43mbpd in Q2 2022. The uninspiring output was largely due to crude oil terminal maintenance, shutdowns, theft, and reduced investments. The Oil sector contributed 5.66% to the total real GDP in Q3 2022, compared with 7.49% in Q3 2021 and 6.33% in Q2 2022. The non-oil sector grew by 4.27% in real terms Q3 2022, 1.18ppts lower than the rate recorded same quarter of 2021 and 0.50%ppts lower than Q2 2022 non-oil sector growth of 4.77%. The slower growth in Q3 relative to Q2 was driven by contraction in the manufacturing sector to -1.91% compared with growth of 3.0% in Q2. Information and Communication (Telecommunication); Trade and Agriculture grew stronger in Q2 compared with Q3.

We had forecasted GDP growth will soften in H2 and we do not expect a better turn out in Q4. The oil sector is forecast to continue to contract. Production has remained low since the beginning of the year. Nigeria has been unable to maximize the surge in oil prices, as crude oil production has remained perpetually below the OPEC benchmark due to terminal shutdowns resulting from dilapidating infrastructure, oil theft and we do not expect significant improvement in Q4. Increasing focus on the elections, will likely dampen growth in the non-oil sectors. The high cost of diesel, FX illiquidity and increased borrowing cost from the CBN's continuous rate hikes is expected to put further pressure on the manufacturing sector amidst the continuous decline in consumer purchasing power. We also expect the impact of the floods to subdue growth in the agricultural sector. Lastly, we note that the Financial Institutions' GDP grew 12.03% in Q3 2022, albeit, slower than 20.06% in Q2 2022, while the Manufacturing sector's GDP declined -1.91% in Q3 suggesting stronger growth in banking sector's fee-based income.

## MARKET UPDATE

	1 year	31-Dec-21	1 day
NSE - Index*	43,108.77	42,716.44	46,604.94
Naira / US\$	415.07	435.00	445.00
Brent, US\$/bbl	82.22	77.78	85.34
MPR %	11.50	11.50	16.50

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

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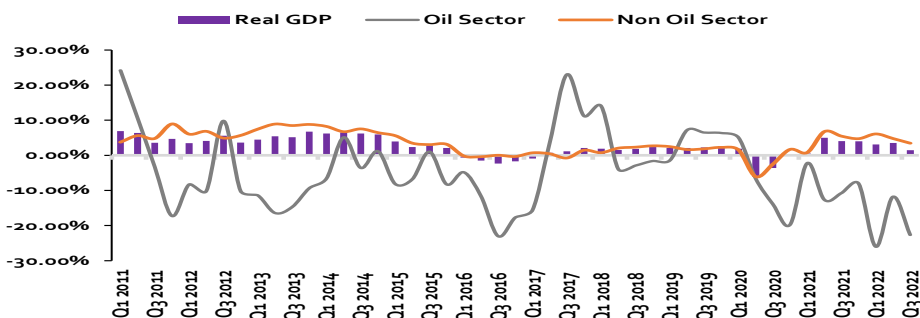
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## GDP, Oil and Non-Oil Growth (%)



Source: NBS, CSL Research



## News headlines:

**Marketers warn of possible petrol price increase:** Oil marketers, on Thursday, issued a stern warning to the public, asking them to expect to buy petrol at 'any price'. Marketers, under the aegis of the Independent Petroleum Marketers Association of Nigeria, said that the Nigerian National Petroleum Company Limited refused to give its members products, and that they bought at N205 from third parties. National Controller Operations, IPMAN, Mike Osatuyi, said that members of the association had bought products for N205 and would add N13 transportation to the cost. "NNPC refuses to give us fuel. We buy from third parties and can sell at any price because if the landing cost to our stations is N218 per litre, how much do you expect us to sell? So the public should expect fuel at any price, depending on the area". Source: punchng.com

<https://punchng.com/marketers-warn-of-possible-petrol-price-increase/>

**Ahmed: Investor Confidence Key Ingredients to Accelerate Capital Market Growth:** The Minister of Finance Budget and National Planning, Mrs. Zainab Ahmed, yesterday in Lagos described investor confidence as one of the key ingredients that will accelerate the growth of the nation's capital market and increase both domestic and foreign investors' participation. The Minister who was represented by the Director General Debt Management Office (DMO), Ms. Patience Oniha at the launch of the revised Capital Market Master Plan, pledged that the federal government would continue to strengthen the regulator to effectively do its job of regulating and developing the Capital Market. She noted that the capital market should be characterized by high level of compliance with ethical standards, deep liquidity and sophistication, good corporate governance, and a strong domestic investor base. Source: thisdaylive.com

<https://www.thisdaylive.com/index.php/2022/11/25/ahmed-investor-confidence-key-ingredients-to-accelerate-capital-market-growth/>

**ECOWAS donates facilities to boost Nigeria's fruits export:** The Project Coordination Unit of the Economic Community of West African States has provided fruit fly surveillance materials and phytosanitary equipment to the Federal Government to help restart the export of selected fruits from Nigeria. ECOWAS said the technology would reduce fruit flies' infestation on Nigerian farms, as well as cut down the loss of fruits and vegetables across the country. The Commissioner for Economic Affairs and Agriculture, ECOWAS, Massandje Touré, disclosed this in Abuja on Thursday while presenting the equipment to the Federal Ministry of Agricultural and Rural Development. He explained that the equipment and materials donation was aimed at reinforcing and straightening the performances of the surveillance system. Source: punchng.com

<https://punchng.com/ecowas-donates-facilities-to-boost-nigerias-fruits-export/>

**Nigeria targets 95% financial inclusion by 2024:** The federal government has launched five strategic policy reports in line with its goal of achieving its target of a 95 percent financial inclusion rate by 2024. The reports are the Revised National Financial Inclusion Strategy, National Strategy for Leveraging Agent Networks for Women's Financial Inclusion, National Fintech Strategy, Nigeria Financial Services Maps, and Payment System Vision 2025. President Muhammadu Buhari unveiled the documents on Thursday at the international financial inclusion conference in Abuja. While launching the strategies, he pledged the commitment of his administration to continuously support financial inclusion for the economic development of the country. Source: businessday.ng

<https://businessday.ng/news/article/nigeria-targets-95-financial-inclusion-by-2024/>

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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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