

Foreign Trade

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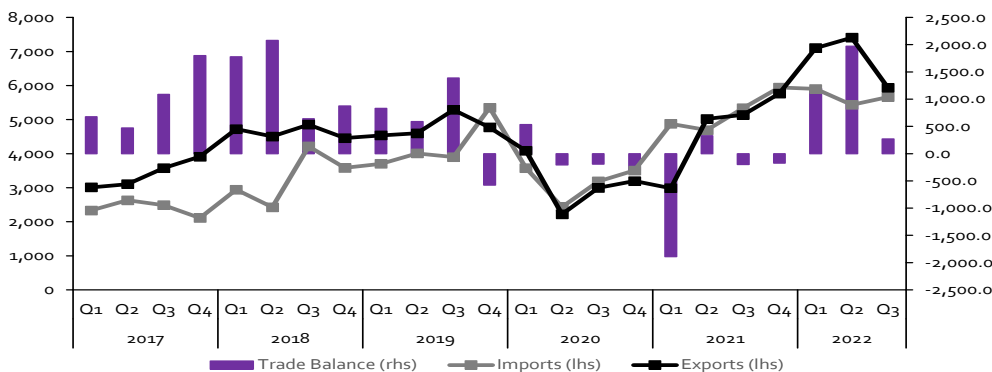
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Trade surplus for the third consecutive quarter

Based on data released by the National Bureau of Statistics, Nigeria's foreign trade position in Q3 2022 was a surplus for the third consecutive quarter as exports (N5.9tn) exceeded the value of the country's imports (N5.7tn) in the period resulting in a surplus position of N269.3bn. Year-on-year, total exports (N5.9trn) grew 15.52% higher in Q3 2022 compared with N5.1trn reported in Q3 2021 while total imports (5.7trn) was 6.16% higher in Q3 2022 compared with N5.3trn recorded in Q3 2021. Overall, the total trade value in Q3 2022 was N11.6tn, a y/y increase of 10.8% compared with N10.5tn in Q3 2021. We note that the year-on-year increases in trade values were influenced by both the 2.80% official devaluation from N410.28/US\$ in Q3 2021 to N422.09/US\$ in Q3 2022 and high crude oil prices as Brent crude averaged US\$73.73/bbl in Q3 2021 compared with US\$106.71/bbl in Q3 2022. Quarter-on-quarter, total exports (N5.9trn) declined by 19.89% from N7.4trn in Q2 2022, while total imports (5.7trn) increased by 4.2% from N5.4trn in Q2 2022.

In terms of percentage contribution, crude oil continued to dominate the export earnings with a total value of N4.7trn representing 78.51%, followed by 'Natural gas, liquefied' with a value of N757.36bn accounting for 12.76%. On the other hand, Motor Spirit and Gas Oil accounted for the highest value (25.8%) of total imports in Q3 2022. Export earnings from manufactured goods remained low at N131.46bn in Q3 constituting only 2.2% of total export earnings (N5.93trn). The N470.08bn year-to-date value of export earnings and annualized value of N626.77bn (US\$1.48bn) further underscores our concerns that the recent "Race to US\$200bn in FX Repatriation (RT200 FX)" Programme introduced by the Central Bank of Nigeria may not be reaching forecasted targets. This is particularly so as the policy is targeted at manufacturers of finished and semi-finished goods. The CBN recently noted it has paid a total of N81 bn in incentives for US \$1.97bn inflows via the policy.

Imports, Exports and Trade balance (Q1 2018-Q3 2022)



Source: CSL Research, NBS

MARKET UPDATE

	1 year	31-Dec-21	1 day
NSE - Index*	42,411.12	42,716.44	48,899.08
Naira / US\$	414.06	435.00	446.00
Brent, US\$/bbl	74.39	77.78	77.99
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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Today's news headlines:

Unbanked Nigerians seen flocking to payment service banks: Payment service banks (PSBs) are expected to see increased patronage, especially in the rural areas where most of the unbanked population reside, when the new withdrawal limit policy of the Central Bank of Nigeria (CBN) comes into force. The CBN had, in a letter to banks and other financial institutions last week, slashed the limits on cash withdrawals over the counter and via Automated Teller Machines, Point of Sale channels and cheques. BusinessDay reported in October that Globacom launched its PSB, called MoneyMaster PSB, joining Hope PSBank, gPSB, MTN MoMo PSB, and Airtel's SmartCash PSB. According to the central bank, the key objective of issuing PSB licences is to boost financial inclusion, especially in rural areas, by increasing access to deposit products and payment/remittance services to small businesses, low-income households and... Source: businessday.ng

<https://businessday.ng/business-economy/article/unbanked-nigerians-seen-flocking-to-payment-service-banks/>

FG stops COVID-19 mandatory test for travellers: The Federal Government through the Nigerian Civil Aviation Authority on Monday said that pre-arrival or post-arrival testing for COVID-19 is no longer a prerequisite for travellers irrespective of vaccination their status. This announcement was contained in a letter by the Nigerian Civil Aviation Authority, dated December 12, 2022, and addressed to airline operators. The letter reads, "COVID-19 Travel Testing: Pre-departure and Post-arrival COVID-19 PCR tests are no longer required for all passengers irrespective of vaccination status. PCR tests required for all passengers who have been partial/not fully vaccinated have been suspended.". Source: punchng.com

<https://punchng.com/fg-stops-covid-19-mandatory-test-for-travellers/>

FG: No Ad Valorem Tax in Finance Bill 2022 Draft: Contrary to concerns in the manufacturing circle that the sector would be visited with additional 20 per cent Ad Valorem Tax (AVT) for manufacturers of carbonated soft drinks, the federal government has clarified that there was no such provision in the draft copy of the Finance Bill 2022 that is currently before the Federal Executive Council (FEC). The Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed, made the clarification in response to THISDAY's enquiry against the background of fear gripping the members of the Manufacturers Association of Nigeria (MAN) that the federal government had initiated a process that would impose 20 per cent AVT on the manufacturers of carbonated nonalcoholic soft drinks through the finance bill.. Source: Thisdaylive.com

<https://www.thisdaylive.com/index.php/2022/12/13/fg-no-ad-valoren-tax-in-finance-bill-2022-draft/>

Fuel scarcity: Marketers kick against NNPC import monopoly: Oil marketers, on Monday, criticised the import monopoly held by the Nigerian National Petroleum Company Limited, noting that the situation was not helping the petrol market. In his presentation at a virtual press workshop themed, 'Deregulation: Understanding the Downstream Supply Chain' held in Lagos on Monday, General Manager, Operations, TotalEnergies Marketing Nigeria Limited, Abdulmutalib Rabi, called for an end to NNPC's petrol import monopoly. Represented by an independent consultant and former Group Executive Director, NNPC, Bello Rabi, TotalEnergies general manager said the Federal Government should allow healthy competition by granting licenses and access to foreign exchange to marketers willing to get into the products importation business..... Source: Punchng.com

<https://punchng.com/fuel-scarcity-marketers-kick-against-nnpcl-import-monopoly/>

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% distribution	49%	29%	14%	9%	
Investment banking clients	0	1	1	0	2
% distribution	0%	50%	50%	0%	

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