

Economy

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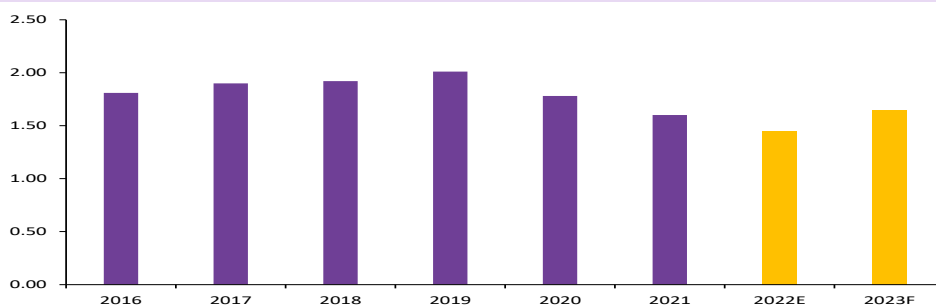
IMF reviews Nigeria's growth upwards to 3.2%

The International Monetary Fund (IMF) in its latest World Economic Outlook update for January, has reviewed upwards the growth projections for Nigeria in 2023 from 3.0% which was projected in October 2022 to 3.2% while retaining the growth forecast for 2024 at 2.9%. The report noted that the upward review reflects expected growth in 2023 associated with current measures to address insecurity issues in the oil sector. The agency also reviewed the growth for sub-Saharan Africa to 3.8%, slightly higher than the initial 3.7% projected. For emerging markets and developing economies, IMF projects growth to rise modestly, from 3.9% in 2022 to 4.0% in 2023 and 4.2% in 2024, an upward revision of 0.3ppt for 2023 and a downward revision of 0.1ppt for 2024. It also expects about half of emerging markets and developing economies to have lower growth in 2023 than in 2022.

Nigeria's growth in 2022 was supported by the non-oil sector (+5.01%), while the oil sector (-20.7%) remained in contraction. The growth in the non-oil sector was driven by traction from services, which profited from the uplift in ICT, catalysed by telcos infrastructural spending. Also, the mobile money launch by two MNOs provided additional support for ICT. Furthermore, increased activities of B2C & B2B ecommerce businesses had a positive pass-through to the trade value chain, while financial services gained from resilient credit allocation. The Agric sector touched new lows in 2022, as unabated insecurity and reported cases of flooding in over 35 states resulted in a drag on output. The manufacturing sector grew modestly by 2.31% in 2022, reflecting the negative impact of CBN's hawkish rendition, especially in the second half of the year. In fact, the sector contracted by 1.91% in Q3 2022, the first contraction since covid hit in 2020.

In 2023, we project the oil sector will recover. We expect a sustenance of the recent upbeat in the crude oil production numbers. Our expectation is based on the increased pipeline surveillance and the clampdown on oil theft by the government. Aside from the oil sector, we expect the services sector to maintain its growth pace in 2023, supported by gains from ICT. In our view, the rollout of the 5G network and the growing expansion of mobile money should drive ICT output. Elsewhere, we expect trade to positively impact on the services sector, profiting from improved cross-border trade and B2B/B2C activities. Hence, we project growth to settle at 3.1% in 2023

Crude Oil Production (mbpd)



Source: CSL Research.

MARKET UPDATE

	1 year	30-Dec-22	1 day
NSE - Index*	47,203.39	51,251.06	54,367.74
Naira / US\$	416.50	461.50	462.17
Brent, US\$/bbl	92.69	85.91	80.99
MPR %	11.50	16.50	17.50

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

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News headlines:

Oil revenue fell by N500bn in January – Report: Nigeria lost a total of N500bn in revenue in January as a result of low crude oil production in January, according to findings by The PUNCH. Shipping data obtained from Refinitiv Eikon, a company that tracks export flows, showed that the country's production has yet to fully recover, as it exported 1.2mb/d as against the 1.6mb/d quota assigned to it by the Organisation for the Petroleum Exporting Countries. An export of 1.2mb/d brings January's total export to 37.2 million barrels, as against 49.6 million expected if it had exported 1.6mb/d. Nigeria's crude grade, Bonny Light, sold for \$89 per barrel in January- +1 above Brent International, which was sold for \$88 per barrel. This means that the country may have raked in N1.5tn from the production of 37. 2 million barrels exported in January as against expected N2tn revenue if it had met OPEC's production. The development means the country lost about N500bn over its failure to meet OPEC's 1.6mb/d quotaSource: Punchng.com....

<https://punchng.com/oil-revenue-fell-by-n500bn-in-january-report/>

World Bank chiefs rush to Abuja over fears of Azura's \$100m default: A team of senior World Bank chiefs came to Abuja last week amid rising worries over an impending default on payment of about one \$1 million to creditors of the 451MW Azura power plant located in Edo State, BusinessDay has learnt. Azura is meant to collect cash for the power it generates in Nigeria and the Central Bank of Nigeria (CBN) is then expected to provide it with the required foreign exchange to meet its obligation to foreign lenders that funded the construction of the plant that produces over 10 percent of Nigeria's grid power. By last week, about \$100 million of such payment had yet to be provided for by the CBN and this relates to payment that should have been made to the lenders since last year..... Source: businessday.ng

<https://businessday.ng/business-economy/article/world-bank-chiefs-rush-to-abuja-over-fears-of-azuras-100m-default/>

FG unveils new regulations to curb oil theft: The Federal Government, on Monday, announced the introduction of two key regulations put together to halt the massive oil theft in the Niger Delta and boost the country's revenue from crude oil production. It unveiled five draft regulations at a stakeholders consultation forum in Abuja, but pointed out that two of them – Upstream Petroleum Measurement Regulations, and Advance Cargo Declaration Regulations, were specifically drafted to tackle oil theft. The other three regulations include the Significant Discovery Regulations; Gas Flaring, Venting and Methane Emissions (Prevention of waste and Pollution) Regulations; and Domestic Crude Oil Supply Obligation Regulations..... Source: Punchng.com

<https://punchng.com/fg-unveils-new-regulations-to-curb-oil-theft/>

Court Stops Buhari, CBN, Others from Suspending Naira Redesign, Extending Cash Swap Deadline: Justice Eneojo Eneche, made the order while ruling in an ex parte application brought by four political parties against the government and 27 commercial banks in the country. This emerged just as three states from the northern part of Nigeria – Kaduna, Kogi and Zamfara – have approached the apex court to stop the federal government from going ahead with its plan to phase out the old N200, N500 and N1,000 banknotes from February 10, 2023, due to what they termed as the unbearable hardship the policy was said to be bringing upon people in the affected states. Also, the Conference of Nigerian Political Parties (CNPP) chairmen and candidates for the elections slated for February 25, have rejected alleged plans..... Source: Thisdaylive.com

<https://www.thisdaylive.com/index.php/2023/02/07/court-stops-buhari-cbn-others-from-suspending-naira-redesign-extending-cash-swap-deadline/>

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	Buy	Hold	Sell	Not Rated	Total
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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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