



Crude Oil

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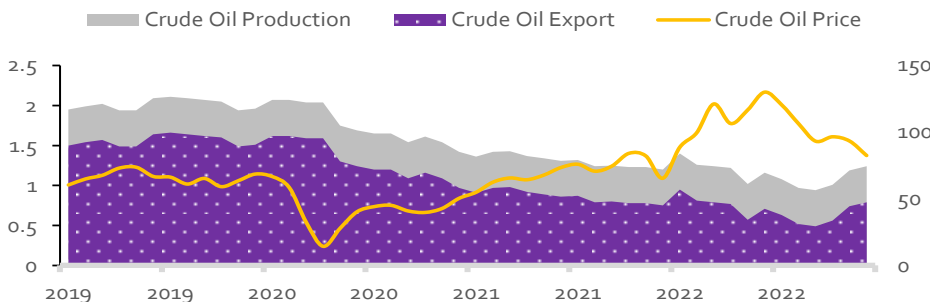
Nigeria's crude oil production volume increasing gradually.

Nigeria's crude oil production volume for January 2023 was up 1.85% month-on-month to 1.26mbpd (without condensates) and 5.71% m/m to 1.49mbpd (with condensate). Based on data from the National Upstream Petroleum Regulatory Commission (NUPRC), the increase in volume was largely driven by increases in the production volumes from both the Forcados, Brass and Erha oil fields. The Forcados terminal contributed the highest (7.56 million barrels) to total volume while Qua Iboe terminal ranked next with a total of 4.82 million barrels in January 2023. However, we note that volumes declined by 35.23% and 1.72% for Bonny and Qua Iboe terminals respectively. Having recorded four consecutive increases in production volumes, we believe the pipeline surveillance and clampdown on oil bunkering may be successful in increasing oil production volumes if sustained by the Federal government. Hence, we continue to anticipate some respite in the fiscal space amidst expected stability of the international crude oil price in 2023.

We expect the oil sector which has been in a three-year recession to rebound in 2023. Our expectation is based on the success of the increased pipeline surveillance and clampdown on oil theft by the government and the commencement of 160,000 Amukpe-Escravos export terminals. Hence, we expect oil production to improve to 1.6omb/d, translating to 10.00% oil sector GDP growth. Nigeria's crude production has been marred by force-majeures in oil terminals, the resurgence of oil theft and waned investments. Consequently, the sector recorded an average contraction of 20.16% as of 9M-2022.

Following the clampdown on crude oil theft and pipeline vandalism, the country's crude oil production volume began to rise in October 2022 after a steady decline from 1.4mbpd in January 2022. At 1.69mbpd (inclusive of condensates) budgeted for 2023, the total expected volume for January was 52.39million barrels while the actual total volume produced was 46.32 million barrels (with condensates), implying a shortfall of 6.07 million barrels. We remain hopeful that the current efforts of the Federal Government at curbing crude oil theft and pipeline vandalism will be sustained.

Crude Oil Production & Export (mbpd)



Source: CSL Research, CBN

MARKET UPDATE

	1 year	30-Dec-22	1 day
NSE - Index*	47,202.30	51,251.06	54,327.30
Naira / US\$	416.00	461.50	461.50
Brent, US\$/bbl	94.44	85.91	86.52
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:

\$4.8bn earned from non-oil export in 2022 – NEPC: The Nigerian Export Promotion Council has expressed its commitment to ensure that in 2023, Nigeria makes more than \$4.82bn it generated from non-oil export business in 2022. Ekiti State Coordinator, NEPC, Mrs Iyabode Abe, said that the Council under the leadership of the Chief Executive Officer, Yakussak Ezra, “Will continue to promote the development of non-oil export in other to safeguard the nation’s economy.” Abe spoke in Ado Ekiti at a one-day technical and training session on product packaging for exporters and Small and Medium Enterprises in Ekiti State. “Over \$4.82bn was generated from the non-oil export business in the year 2022 as a result of the Council’s effort in promoting non-oil export which jacked up the Gross Domestic Product economy of the country by 15 per cent.” she said Source : Punchng.com

<https://punchng.com/4-8bn-earned-from-non-oil-export-in-2022-nepc/>

Governors Move to Stall Supreme Court Reversal of Currency Swap Till After Election: As part of efforts to deliberately stall the Supreme Court ruling on a suit by three state governments against the move by the Central Bank of Nigeria (CBN) to phase out the use of the old N200, N500 and N1,000, which comes up for hearing on Wednesday, governors of some states in the country have chosen to continue to file for joinder in the matter. The suit which was originally filed by Kaduna, Kogi and Zamfara states have been joined by Ondo, Kano and Ekiti states, with Rivers state also indicating its preparedness to do same. Sources at the Federal Ministry of Justice disclosed this to THISDAY yesterday, also revealed that as of close of business on Friday, the ministry was yet to receive the certified true copy of the Supreme Court ruling on the currency issue. Source: thisdaylive.com

<https://www.thisdaylive.com/index.php/2023/02/13/governors-move-to-stall-supreme-court-reversal-of-currency-swap-till-after-election/>

Naira Notes: Suspension of deadline records zero compliance: Despite the atmosphere of relief that greeted the Supreme Court order suspending the deadline for acceptance of old Naira bank notes as legal tender, compliance to the order was near zero across the banks and markets. Also, operators of Point of Sales, PoS, cash services sustained their high charges during the weekend despite the threat by the Central Bank of Nigeria, CBN, to withdraw their licenses over the widespread hike in charges far beyond officially approved tariff. Financial Vanguard’s findings across several locations in Lagos and Abuja show that banks did not open their branches on Saturday and Sunday (February 11 and 12, 2023) to receive old notes, indicating that they were sticking to the February 10, 2023 deadline. Source: vanguardngr.com

<https://www.vanguardngr.com/2023/02/naira-notes-suspension-of-deadline-records-zero-compliance/>

CBN lacks solution to naira crisis – NECA: The Nigeria Employers’ Consultative Association has said the Central Bank of Nigeria does not understand the naira crisis challenges, pointing out that the apex bank appears not have a solution to the economic problems caused by the naira redesign policy. In a statement on Sunday, the Director-General of NECA, Mr Wale Oyerinde, said that the situation had allowed speculators and economic saboteurs to have a field day at the expense of legitimate businesses and the economy. “Thus far, it does not seem that the CBN understands the challenges, nor have solutions to the economic issues, thereby allowing speculators and economic saboteurs to have a field day at the expense of legitimate businesses and the economy,” Oyerinde said. Source: Punchng.com

<https://punchng.com/cbn-lacks-solution-to-naira-crisis-neca/>

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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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