



## GDP

**Comment on recent news** – this page

Today's headlines – page two

**Recommendations and valuations** – page three

### Manufacturing sector GDP growth down in 2022.

The manufacturing sector grew modestly by 2.45% 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. The manufacturing sector came under intense operating cost pressure as energy costs, transport costs, FX losses, and cost of funds increased drastically. Although players in the sector resorted to price increases, some manufacturers could not fully transfer the higher operating costs to the final consumers as sales volumes wobbled. The sector is comprised of thirteen activities including oil refining; cement; food, beverages, and tobacco; textile, apparel, and footwear; wood and wood products; pulp paper and paper products; chemical and pharmaceutical products; non-metallic products, plastic, and rubber products; electrical and electronic; basic metal and iron and steel; motor vehicles and assembly; and other manufacturing.

In the wake of the pandemic, manufacturing activities within the country were severely impacted as the lockdown coupled with existing structural bottlenecks forced many businesses out of operations. Several companies saw demand for their goods plummet on the back of movement restrictions and consumer behaviour turned towards the search for essential items. However, since the reopening of the economy, we believe gains from exports via open borders and increased credit supply to manufacturing businesses cut the sector some slack from the harsh effects of the pandemic.

That said, last year was a particularly difficult one for the manufacturing sector. Beyond cost pressures, the 500bps increase in the monetary policy rate increased the cost of borrowing significantly amidst severe FX shortage. Though we believe the worst is over for the sector, FX constraints, supply chain disruptions, and weak disposable income are all factors that will continue to undermine growth in the sector. The need to boost the manufacturing sector is pertinent to achieving the country's output projection and if structural constraints remain unaddressed, achieving self-sufficiency in local production will remain a mirage in our view.

### MARKET UPDATE

	1 year	30-Dec-22	1 day
NSE - Index*	47,272.04	51,251.06	54,646.38
Naira / US\$	416.25	461.50	461.33
Brent, US\$/bbl	99.08	85.91	82.21
MPR %	11.50	16.50	17.50

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

### CONTACT INFORMATION

#### Head of Research: Gloria Fadipe

+234 (1) 448 5436 ext.4516

[gloria.fadipe@fcm.com](mailto:gloria.fadipe@fcm.com)

#### Banks: Gloria Fadipe

+234 (1) 448 5436 ext.4516

[gloria.fadipe@fcm.com](mailto:gloria.fadipe@fcm.com)

#### FMCGs & Brewers: Edgar Ebinum

+234 (1) 448 5436 ext.4457

[edgar.ebinum@fcm.com](mailto:edgar.ebinum@fcm.com)

#### Industrials: Mustapha Umaru

+234 (1) 448 5436 ext.4512

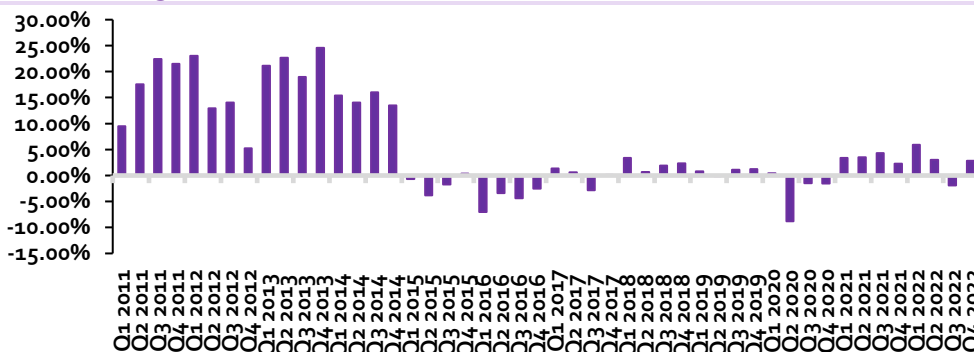
[mustaphaumar@fcm.com](mailto:mustaphaumar@fcm.com)

**Research Team:** [cslresearch@fcm.com](mailto:cslresearch@fcm.com)

**Retail Team:** [cslcsu@fcm.com](mailto:cslcsu@fcm.com)

**Sales Team:** [cslrmt@fcm.com](mailto:cslrmt@fcm.com)

### Manufacturing Sector Real GDP Growth (%)



Source: NBS, CSL Research



## News headlines:

**Discos reject 408MW excess power – FG:** Power distribution companies have stepped up the quantum of electricity load allocation that they receive and distribute to consumers across the country, as the latest data from the Federal Government showed a reduction in the amount of unutilised energy by the Discos. Data released on Thursday by the Federal Government-owned Transmission Company of Nigeria on Daily Discos Load Summary from February 4 to 10, 2023, showed that the cumulatively excess load allocation that was taken and distributed by the Discos during the period was 897MW. The report, however, indicated that the total quantum of energy that was not utilised during the same period was 407.53MW.

Source: [punchng.com](https://punchng.com)

<https://punchng.com/discos-reject-408mw-excess-power-fg/>

**CBDC: CBN to Include More Telcos, Urges Nigerians to Embrace eNaira:** The Central Bank of Nigeria (CBN) has announced that it is in talks to include other telcos on the Central Bank Digital Currency (CBDC) eNaira platform to widen its adoption and acceptance nationwide. Currently, eNaira transactions are only enabled on MTN and gmobile network but that will soon change if everything goes according to plan. This is as the CBN has urged more businesses to adopt the eNaira for transactions and trade, especially using Unstructured Supplementary Service Data (USSD), which it stated has almost no downtime. The Coordinator, eNaira, CBN, Ms. Rakiya Mohammed said this yesterday at a media parley which also had the representation of its technical partners BullNet and the Balogun Business Association in Lagos. Source: [thisdaylive.com](https://www.thisdaylive.com)

<https://www.thisdaylive.com/index.php/2023/02/24/cbdc-cbn-to-include-more-telcos-urges-nigerians-to-embrace-enaira/>

**Nigeria's wheat production falters despite N12.9bn budgeted in 8 years:** Nigeria, Africa's biggest economy, has failed to make a dent in its wheat imports as its production of the grain remains low despite efforts to ramp it up. From 2015 to 2022, the administration of President Muhammadu Buhari budgeted N12.9 billion for training, promotion, and development of the wheat value chain, according to budget allocation data from the Budget Office of the Federation. The inability of the country to boost its wheat production over the years and reduce its imports is putting more pressure on its foreign reserves, even if it is losing jobs that would have been created if it had a thriving wheat industry. Source: [businessday.ng](https://businessday.ng)

<https://businessday.ng/agriculture/article/nigerias-wheat-production-falters-despite-n12-9bn-budgeted-in-8-years/>

**No network shutdown for elections – NCC:** The Nigerian Communications Commission has stated that there will be no telecommunication shutdown for the elections. It stated that all network operations would run as usual. It said this in response to information circulating about a planned network shutdown for the elections. The NCC said, "The attention of the Nigerian Communications Commission has been drawn to fraudulent and misleading information circulating in some social media platforms, insinuating there is a planned shutdown of all telecom networks and relevant ICT units, including online transfer facilities of the banks, with effect from today, February 23, 2023." "The Nigerian public, consumers of telecommunications services, and all bank customers are advised to ignore these or similar messages that insinuate deliberate network shutdown or disruption of services in the Nigerian telecom network." Source: [punchng.com](https://punchng.com)

<https://punchng.com/no-network-shutdown-for-elections-ncc/>

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% distribution	0%	50%	50%	0%	

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CSL Stockbrokers Limited

Member of the Nigerian Stock Exchange

PO Box 9117

Lagos State, NIGERIA

CSL Stockbrokers

A trading name of CSL Capital (UK) Ltd

43-44 New Bond Street

London

W1s 2SA

United Kingdom