

Transportation

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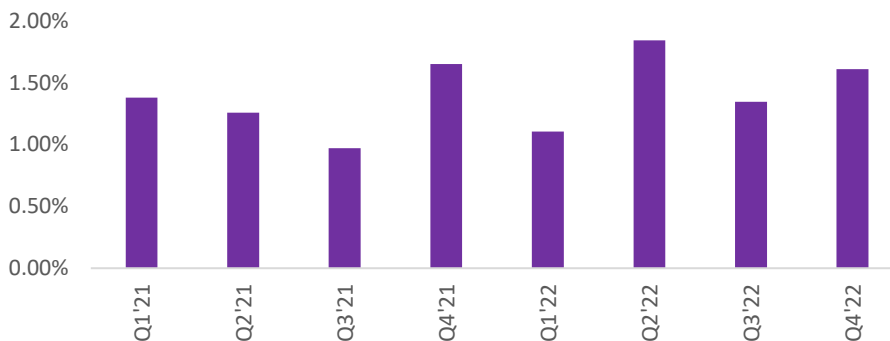
Impact of the transport sector on Nigeria's economy.

The transport sector plays a key role in the economic development of a country as the mobility of people and goods creates economic opportunities. There is a relationship between investments in transport technology and economic growth. Adequate transport infrastructure and highly connected networks are commonly associated with high levels of development. Effective transport systems are essential for the profitability of businesses. Logistics, such as transport and storage, account for about 10–15% of the final cost of production of many Nigerian companies and the quality of transport services also has a major impact on people's quality of life.

The transport and storage sector in Nigeria directly employs c.10 million people and accounts for about 1.48% of the country's gross domestic product (GDP). Despite its importance, numerous challenges have stunted the growth of the sector in recent times. For road transport, insecurity happens to be a major factor challenging the growth of the sub sector. The incessant attacks on major highways and rail networks continue to hamper growth by discouraging road transport. The poor road infrastructure also makes road travel unsafe. According to a World Bank report, 87% of Nigeria's rural road network of about 200,000km are in a deplorable state.

For air travel, airline operators have in recent times complained about the scarcity and rising cost of aviation fuel (which accounts for c.40% of their operational costs), with the attendant impact on cost of operations and conditions of service. Beyond the high cost of aviation fuel, the current acute shortage of FX is also a big problem for airline operators. For domestic airlines, carrying out operational activities such as servicing their aircrafts, has become almost impossible amidst the acute scarcity of forex and foreign airlines threatened to pull out last year over the inability to repatriate accumulated funds from tickets sold in naira, forcing the Central Bank of Nigeria to release FX to settle ticket sales owed. In our view, resolving the current issues facing the sector is essential for sustainable growth of many other sectors and the economy.

Transportation Sector Contribution to GDP



Source: NBS, CSL Research

MARKET UPDATE

Indicators	1 year	30-Dec-22	1 day
NSE - Index*	46,843.09	51,251.06	53,498.27
Naira / US\$	416.25	461.50	461.75
Brent, US\$/bbl	110.23	85.91	78.65
MPR %	11.50	16.50	18.00

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

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News headlines:

FG \$22bn loan request rejected by Chinese bank – Reps: The House of Representatives, on Tuesday, approved the request by the Federal Government to borrow \$973,474,971.38 from China Development Bank. This followed the decision by the China-Exim Bank to reject Nigeria's \$22,798,446,773 loan request earlier approved by the National Assembly. The Chairman of the House Committee on Rules and Business, Abubakar Fulata, moved a motion for the legislative chamber to amend its resolution granting approval for the failed loan deal. The motion was titled 'Rescission of the 2016–2018 Federal Government External Borrowing (Rolling) Plan.'. 'Moving the motion, Fulata said, "The House notes that the 2016–2018 Federal Government External Borrowing (Rolling) Plan was approved by the Senate and the House of Representatives on March 5, 2020, and June 2, 2020, respectively. Source: [punchng.com](https://punchng.com/fg-22bn-loan-request-rejected-by-chinese-bank-reps/) <https://punchng.com/fg-22bn-loan-request-rejected-by-chinese-bank-reps/>

NNPC Begins Exploratory Drilling Campaign in Nasarawa, to Grow Reserves to 50bn Barrels: The Nigerian National Petroleum Company Limited (NNPC) yesterday officially kicked off the exploratory drilling campaign in Obi, Nasarawa State, with the assurance that the effort would contribute to its aspiration to grow the country's crude oil reserves to 50 billion barrels, from the current 37 billion barrels. Speaking at the 'spudding' of the Ebonyi-A Well, the first in the Middle Benue Trough, President Muhammadu Buhari, said the move was in line with the ongoing campaigns for the exploration of crude oil and gas in the nation's frontier basins. The president listed the assets the nation intends to explore as those in the Chad Basin, Dahomey Basin, Anambra Platform, the Calabar Embankment, Sokoto Basin, Bida Basin, Benue Trough as well as the Ultra-Deepwater Niger Delta. Source: [thisdaylive.com](https://www.thisdaylive.com/index.php/2023/03/29/nnpc-begins-exploratory-drilling-campaign-in-nasarawa-to-grow-reserves-to-50bn-barrels/) <https://www.thisdaylive.com/index.php/2023/03/29/nnpc-begins-exploratory-drilling-campaign-in-nasarawa-to-grow-reserves-to-50bn-barrels/>

Russia-Ukraine war should drive Africa's food production – Osinbajo: Vice President Yemi Osinbajo, on Monday in London, United Kingdom said the lingering crisis between Russia and Ukraine should be a wake-up call for African states to prioritise self-sufficiency in food production. He also said digitisation remains Africa's best opportunity to make considerable progress in the global scheme of things. "The economic fallout of the war for us in Africa should be an introspective moment on the issue of self sufficiency in food production," Osinbajo told a large audience comprising academics, scholars, researchers, faculty and students of the Africa Leadership Centre, King's College London. Senior Special Assistant to the Vice President on Media and Publicity, Laolu Akande, disclosed this in a statement on Tuesday titled 'How Africa can prosper in an increasingly complex world. Source: [punchng.com](https://punchng.com/russia-ukraine-war-should-drive-africas-food-production-osinbajo/) <https://punchng.com/russia-ukraine-war-should-drive-africas-food-production-osinbajo/>

NLC suspends planned strike against naira scarcity: The Nigeria Labour Congress (NLC) and the Trade Union Congress (TUC) have suspended their planned strike earlier slated for Wednesday over the unavailability of naira notes. The two Labour unions said they would monitor the availability of cash in commercial banks for two weeks before deciding on the next line of action. Presidents of NLC, Joe Ajaero and TUC, Festus Osifo said this during a joint press conference on Tuesday in Abuja at the end of their National Executive Council meetings. Ajaero said after receiving briefings from its state councils in the 36 states and the Federal Capital Territory, the NLC decided to defer the planned stay-at-home directive issued to workers last week. He said the NLC would resume the planned protest if naira notes become unavailable to Nigerians by the end of the two weeks. Source: [businessday.ng](https://businessday.ng/news/article/nlc-suspends-planned-strike-against-naira-scarcity/) <https://businessday.ng/news/article/nlc-suspends-planned-strike-against-naira-scarcity/>

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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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