



Petrol

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Oil prices up on OPEC+ production cuts.

The price of Brent, the global benchmark for crude oil, jumped on Monday, following announcements of voluntary production cuts by member nations of the Organisation of Petroleum Exporting Countries (OPEC), and its allies, jointly referred to as OPEC+. Oil price, which hovered around US\$70/barrel a month ago, the lowest in about 15 months, suddenly jumped to US\$84.93/barrel on Tuesday.

Saudi Arabia, Iraq, United Arab Emirates, Kuwait, Kazakhstan, Algeria, Oman, and Gabon agreed to a cut of 500,000bpd, 211,000bpd; 144,000bpd; 128,000; 78,000; 48,000, 40,000, 8,000bpd respectively starting from May till the end of 2023. This cut is in addition to the earlier announced voluntary adjustment by the Russian Federation of 500,000bpd, until the end of 2023, which will be from the average production levels as assessed by the secondary sources for the month of February 2023. This brings the total additional voluntary production adjustments by the above-mentioned countries to 1.66 million bpd.

Nigeria with a quota of 1.8 million barrels per day has been unable to meet its OPEC production quota which could be attributed to the persistent oil theft and pipeline vandalism in the Niger Delta. In the second half of last year, just before production fell to a historic 900,000 bpd, the government in collaboration with local security groups took steps to curb the menace. This and other holistic efforts by the NNPC have led to a significant increase in Nigeria's production, which was up to 1.6 million bpd in March 2023, about 200,000 barrels short of our production quota.

While increasing crude oil prices should signal bright fortunes for the country, in reality, that has not been the case. Though the steady increase in crude oil production numbers might provide a bright outlook for crude oil revenues in the interim, the high subsidy regime the country currently operates continues to inhibit expected benefits from increasing oil prices. The Nigerian government has for decades subsidized Petrol Motor Spirit (PMS) with a huge chunk of the country's expenditures going to subsidy payments. The government budgeted N3trn for subsidies in 2022 and plans to remove fuel subsidies in the second half of the year. We reiterate however that the complete removal of the fuel subsidies will likely be met by resistance from a badly impoverished populace, and we postulate that a gradual removal starting towards the end of the year may be the more likely process.

MARKET UPDATE

Indicators	1 year	30-Dec-22	1 day
NSE - Index*	46,777.37	51,251.06	54,035.39
Naira / US\$	416.15	461.50	463.3
Brent, US\$/bbl	106.64	85.91	84.94
MPR %	11.50	16.50	18.00

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

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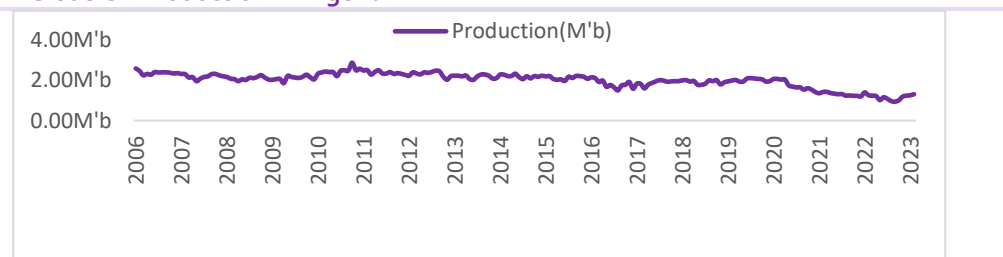
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Crude Oil Production in Nigeria



Source: NBS, CSL Research



News headlines:

Second Niger Bridge to be opened May 15 – Fashola: The Federal Government has said the second Niger bridge will be fully open to vehicular movement on May 15. The Minister of Works and Housing Babatunde Fashola revealed this on Tuesday while inspecting and confirming the completion of the Loko-Oweto Bridge and link roads between Benue and Nasarawa States. Speaking with journalists, the minister explained that the N336bn legacy project of Major General Muhamadu Buhari (retd.) was undergoing lane markings and other necessary finishing works, adding that the flag-off ceremony will be formally done by the president. He said, "Yesterday (Monday), we had a periodic meeting in the Office of the Chief of Staff to the President where the contractors, and our team, all reviewed the challenges (on the second Niger bridge) and how to solve them. Source: punchng.com

<https://punchng.com/second-niger-bridge-to-be-opened-may-15-fashola/>

Foreign Capital Importation Declined to \$5.32bn in 2022, \$1.06bn in Q4: Total capital importation into the country dropped by 20.47 per cent to \$5.32 billion in 2022 compared to \$6.70 billion in the preceding year, the National Bureau of Statistics (NBS) disclosed yesterday. Capital inflows also dropped by 8.53 per cent to \$1.06 billion in the fourth quarter of last year (Q4 2022) compared to \$1.15 billion in the preceding quarter. According to the Nigeria Capital Importation Q4 2022 report which was obtained from the NBS website, when compared to the \$2.18 billion attracted in the corresponding quarter of 2021, capital importation also fell by 51.51 per cent. The report further showed that on annual basis, Lagos accounted for \$3.61 billion of total inflows while the Federal Capital Territory (FCT) attracted \$1.62 billion. Source: [thisdaylive.com](https://www.thisdaylive.com)

<https://www.thisdaylive.com/index.php/2023/04/05/foreign-capital-importation-declined-to-5-32bn-in-2022-1-06bn-in-q4/>

Subsidy removal will set Nigeria on fire, NLC warns govt: The Nigeria Labour Congress, NLC, has warned that those pushing for subsidy removal in Nigeria are out to set the country on fire. The warning came against the backdrop of an announcement that the outgoing government of President Muhammadu Buhari had left the decision of petrol subsidy removal to the incoming government. According to NLC, the focus should be on the local refining of petroleum products and not subsidy removal. General Secretary of NLC, Emma Ugboaja, in a chat in Lagos yesterday, said nobody should drag Nigerian masses and workers into any increase in fuel price in the name of subsidy removal, insisting that organized labour will not accept it. Source: [vanguardngr.com](https://www.vanguardngr.com)

<https://www.vanguardngr.com/2023/04/subsidy-removal-set-nigeria-on-fire-nlc-warns-govt>

Senate okays new Chinese bank for \$23bn railway project: Senate on Tuesday rescinded its decision on the financier of the Kaduna-Kano railway project in the country from the China Exim Bank to the China Development Bank and harmonised the terms on the Federal Government's 2016-2018 external borrowing plan. The National Assembly had in 2020 approved a \$22,798,446,773 loan for the railway modernisation project of the Kaduna-Kano segment. The red chamber also approved relevant conditions provided in the harmonised term sheet. The conditions include includes the Kaduna-Zaria-Kano segment, China Development Bank as the financier, 15 years as maturity with 2.7 per cent and six months Euribor as interest rate as well as 0.4 per cent as commitment fee and 0.5 per cent as an upfront fee, respectively. Source: punchng.com

<https://punchng.com/senate-okays-new-chinese-bank-for-23bn-railway-project/>

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% distribution	49%	29%	14%	9%	
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% distribution	0%	50%	50%	0%	

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