



Aviation

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Domestic airfares

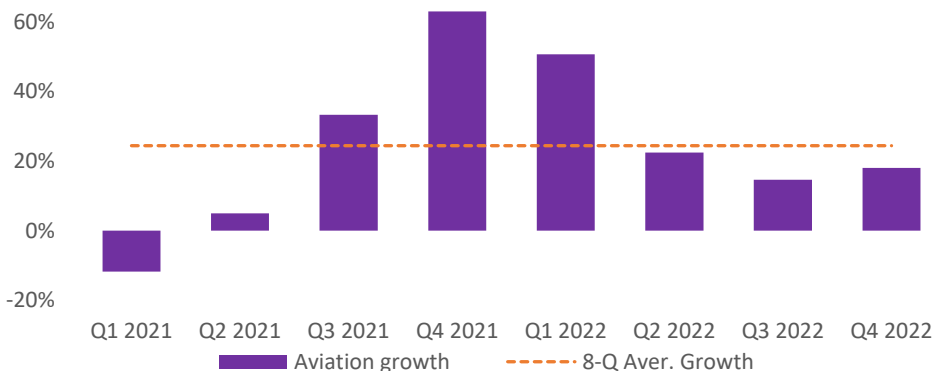
According to a recent report from the National Bureau of Statistics, domestic air transport fares rose by 66.36% in one year. The report covered only five modes of transport in the country which were: Air transport, Bus Intercity, Bus Intracity, Motorcycle and Waterway, except for Rail transport. While it can be confirmed that most airlines raised prices, the increment varied across airlines based on our survey.

The increase in air ticket fares stemmed from many factors, however, the airline operators under the aegis of Airline Operators of Nigeria (AON), noted that a major challenge faced was the unavailability of aviation fuel amidst the rising cost of fuel, causing flight delays and cancellations for some airlines on the date of departure. 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 aircraft has become almost impossible amidst the acute scarcity of forex.

The scarcity of FX is also constraining international carriers from repatriating accumulated funds from tickets sold in naira. Trapping airlines' funds in an economy with an unstable currency is a major risk for foreign operators. Many airlines resorted to threatening to stop flight operations to force the CBN to allocate FX to them. Looking ahead, we see no respite. The CBN is facing a real shortage of dollars. Demand simply exceeds supply by a wide margin. The aviation sector growth is likely to remain lacklustre if the FX crisis persists.

The aviation sector was one of the sectors worst hit by the pandemic, causing airlines to abandon the skies and punctuating the interesting prospects of that year. The sector recorded -36.98% in 2020 from a GDP growth of 13.2% in 2019. Currently, the sector which was once on its knees began to recover following the reopening of the economy in Q3 2020 and price increments are factors that supported growth. Also, the low base in 2020 and intervention in form of a N4.0bn bailout fund by the government aided the growth seen. In 2022, air transport contributed 7.21% to the Transportation & Storage division of Services sector which contributed 56.3% to GDP.

Aviation Sector Growth



Source: NBS, CSL Research

MARKET UPDATE

Indicators	1 year	30-Dec-22	1 day
NSE - Index*	48,558.91	51,251.06	51,355.74
Naira / US\$	415.98	461.50	463.47
Brent, US\$/bbl	102.32	85.91	82.54
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:

Ongoing AKK pipeline construction gulped \$1.1bn – NNPC: The Nigerian National Petroleum Company Limited has so far spent \$1.1bn on the construction of the \$2.8bn Ajaokuta-Kaduna-Kano gas pipeline project, the Group Chief Executive Officer, NNPC Ltd, Mele Kyari, announced on Monday. He also said the pipeline would be energised by the third quarter of this year. Kyari spoke during the inspection of the facility in Akoho village, around the Lokoja end of the gas pipeline project in Kogi State. "For the benefit of the Nigerian public, this is one of the most massive projects that we run in the company. It is of immense proportion of value to our country and the socio-economic growth of this nation. "We know that this is a must-deliver project. This project has not stopped for one day. Source : punchng.com <https://punchng.com/ongoing-akk-pipeline-construction-gulped-1-1bn-nnpcl/>

Nigeria leads Africa in venture capital investments: Nigeria has emerged as the top country for venture capital investments in 2022, a new report by the Africa Private Equity and Venture Capital Association, has revealed. In its annual report, titled "2022 AVCA Venture Capital in Africa Report", the continental body said that Nigeria outperformed other countries that made the list to account for 22 per cent. The report said, "By region, West Africa maintained the top spot for the second consecutive year, with Nigeria as the most active country both in the region and on the continent. "West Africa attracted the largest proportion of venture capital deal volume in Africa (30 per cent), driven by Nigeria which was the most active country by volume at 22 per cent." Source : Punchng.com <https://punchng.com/nigeria-leads-africa-in-venture-capital-investments/>

Nigeria lost N2.3tn revenue to oil theft in 12 months — IOC: Nigeria has lost an opportunity to produce and sell about 65,700,000 barrels of oil in the last one year due to issues bothering on pipeline vandalism and the resultant oil theft. This translates to about N2.3tn loss in oil revenue if the prevailing exchange rate and average oil price are used. The Chairman of Shell Companies in Nigeria, Dr Osagie Okubor, said at the just concluded Nigerian International Energy Summit held in Abuja, said the 180, 000 barrels per day Trans Niger Pipeline had remained shut for more than one year- March 2022 to March 2023. The loss from March last year to March this year brings total shut in/loss to about 65, 700, 000 barrels. Brent crude price averaged about \$83 per barrel from March 2022 to March 2023, meaning the country could have lost as much as N2.3tr to the menace. Source: punchng.com <https://punchng.com/nigeria-lost-n2-3tn-revenue-to-oil-theft-in-12-months-ioc/>

222m Nigerians use telephones – NBS: There were 222.6 million telephone subscribers in Nigeria as at end of 2022, the National Bureau of Statistics has said. The 2022 figure showed an increase of 27.1 million subscribers over the 195.5 million subscribers recorded at the end of 2021. The NBS stated the figures in its Telecoms Data: Active Voice and Internet per State, Porting and Tariff Information report for the last quarter of 2022, released in Abuja on Monday. The report showed that the figure for the last quarter of 2022 represented a 13.87 per cent rise in voice subscriptions on a year-on-year basis. On a quarter-on-quarter basis, the report showed growth stood at 4.89 per cent. The NBS also recorded a total of 154.9 million active internet subscribers at the end of 2022 compared to 142 million recorded at the end of 2021. "This represents a 9.07 per cent increase in active internet subscriptions year-on-year, while on a quarter-on-quarter basis, internet subscription grew by 1.35 per cent," Source : punchng.com <https://punchng.com/222m-nigerians-use-telephones-nbs/>

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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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