

Petrol

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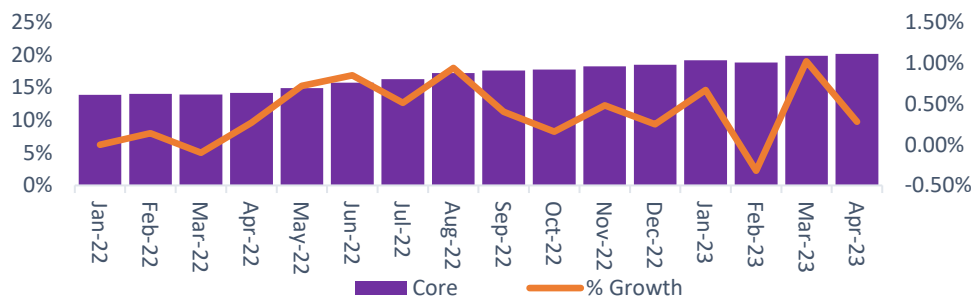
Retail energy prices remain high in April.

Based on a report from the Nigerian Bureau of Statistics (NBS), the retail prices of diesel and petrol increased significantly by 28.69% and 47.18% respectively in April 2023. The average retail price paid by consumers for Premium Motor Spirit (PMS) in April 2023 increased to N254.06 from N172.61 in April 2022 with the South-East recording the highest average retail price in April 2023 of N291.15, while the North-Central had the lowest price of N208.88. The average retail price of Automotive Gas Oil (AGO) or diesel paid by consumers in April 2023 was N842.25 per litre, indicating an increase of 28.69% from N654.46 per litre recorded in the corresponding month of the previous year. On a month-on-month basis, diesel increased marginally by 0.17% from N840.81 per litre reported in March 2023.

Nigeria's rising energy costs have contributed significantly to the country's rising inflation rate and to a rise in the operating costs borne by manufacturers in the country. Nigeria's headline inflation rate increased to 22.22% in April 2023, with energy costs on electricity, gas, and other fuels contributing significantly. Recently, manufacturers said surging diesel prices will force them to cut jobs, curb operations and raise prices as power, which is largely unstable normally accounts for as much as 40% of factory cost in Nigeria, according to the Manufacturers Association of Nigeria

Despite Nigeria's high spending on its very controversial fuel subsidies, the price of petrol remains high. Nigeria currently imports over 90% of all its liquid products due to the absence of local refining capacity. Nigeria's hope of attaining self-sufficiency in the local domestic oil refining space might just rest largely on the operations of the newly inaugurated Dangote refinery. The 650,000 bbls/day refinery, one of the largest production capacities in the world, operating at full capacity would more than meet Nigeria's domestic fuel requirements with excess capacity for exports. While we note that achieving self-sufficiency in local refining capacity might not reduce the cost of petrol significantly, sufficient local refining capacity would at least boost the availability of the product and bring a lasting end to the persistent issue of fuel scarcity in the country, which in turn will help stabilize the price of petrol and diesel in the country.

Core Inflation (%)



Source: CSL Research, NBS

MARKET UPDATE

Indicators	1 year	30-Dec-22	1 day
NSE - Index*	51,949.64	51,251.06	52,187.93
Naira / US\$	415.98	461.50	464.42
Brent, US\$/bbl	113.56	85.91	76.84
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:

CBN revokes 179 microfinance banks, others' licences: The Central Bank of Nigeria has revoked the licences of 179 microfinance banks in the country, as well as four primary mortgage banks and three finance companies. This was disclosed in the official gazette of the Federal Government, which was published on the website of the CBN on Tuesday. The gazette said that the licences of the financial institutions were revoked because they "ceased to carry on, in Nigeria, the type of business for which their licences were issued for a continuous period of six months; failed to fulfil or comply with the conditions subject to which their licences were granted; or failed to comply with the obligations imposed upon them by the Central Bank of Nigeria in accordance with the provisions of Banks and Other Financial Institutions Act (BOFIA) 2020, Act No. 5." Source: Punchng.com

<https://punchng.com/cbn-revokes-179-microfinance-banks-others-licences/>

28 Years After Pulling Out, NNPC Resumes Crude Oil Drilling Campaign in Chad Basin: Nigerian National Petroleum Company Limited (NNPC) formally resumed its drilling campaign in the Chad Basin, Borno State, yesterday, almost three decades after it withdrew from the site due to the discovery at the time that the oil find was not in commercial quantity. NNPC assured that it had now taken a wholesale review of the likelihood of finding more reserves in the frontier basins in the country, which led to the discovery of oil recently in the Kolmani River, straddling Gombe and Bauchi states. Speaking during the flag-off of the Wadi-B drilling campaign ceremony, which took place at the site in Jere Local Government Area of Borno State, President Muhammadu Buhari assured that the whole essence of the search for oil in the north was to grow the country's reserves, which currently stands at 37 billion barrels. Source: thisdaylive.com

<https://www.thisdaylive.com/index.php/2023/05/24/28-years-after-pulling-out-nnpc-resumes-crude-oil-drilling-campaign-in-chad-basin/>

External reserves fall by \$1.5bn in four months -CBN: The country's external reserves fell by \$1.5bn in four months, figures obtained from the Central Bank of Nigeria has revealed. Latest figure on movement of the external reserves by the CBN revealed that the figure, which stood at \$36.73bn as of the end of February 20 fell to \$36.68bn as of the end of February 27. It fell from \$35.5bn to \$35.25bn and \$35.2bn as of the end of March, April and May 19 respectively. At the March Monetary Policy Committee meeting in Abuja, the Governor, Central Bank of Nigeria, Godwin Emefiele, while noting the marginal decline in the level of gross external reserves said it was, "reflecting the downtrend in crude oil prices, as global uncertainties persist." Source: Punchng.com

<https://punchng.com/external-reserves-fall-by-1-5bn-in-four-months-cbn/>

Nigeria's energy transition may gulp \$410bn: As Nigeria prepares to utilize natural gas as its transition fuel, there are indications that the Federal Government may have set investment amount for its Energy Transition Programme, ETP, at \$410billion of which \$10 billion will be spent yearly. Already, the nation's Energy Transition Office, ETO, domiciled in the Office of the Vice President has secured about \$8.2 billion in financing commitments, with ongoing efforts to secure further funds. The Principal Specialist (Energy and Climate) and Co-Head of the ETO, Lolade Abiola, who confirmed the development at the just-concluded Women in Energy Dialogue in Lagos, said: "To achieve the ambitious goals of the ETP, substantial financial resources are required." Source: Vanguardngr.com

<https://www.vanguardngr.com/2023/05/nigerias-energy-transition-may-gulp-410bn/>

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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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