

Oil Economy

Comment on recent news – this page

Today's headlines – page two

Recommendations and valuations – page three

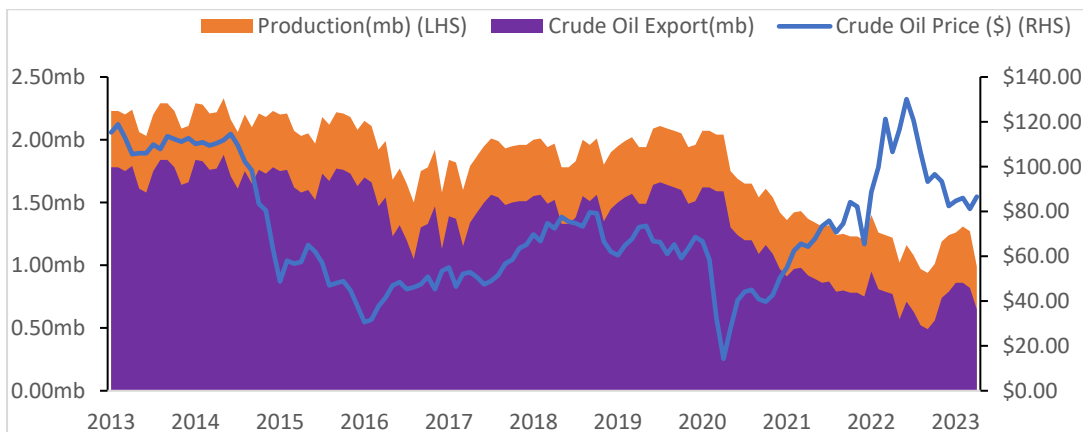
OPEC reduces global oil output to stabilise prices.

According to news reports, the Organization of Petroleum Exporting Countries (OPEC) and its allies have agreed to extend earlier cuts in supply through the end of 2024 by a further 1.4 million barrels per day (mbpd) to 40.46mbpd starting from 1 January 2024 to 31 December 2024. However, the group lowered the targets for Russia, Nigeria and Angola to bring them into line with their actual current production levels. By end June 2024, all OPEC+ countries will go through an assessment by three independent sources (IHS, Wood Mackenzie, and Rystad Energy) specialized in oil upstream to identify countries' production capacities to be used for 2025 reference production levels.

Oil prices increased in April after OPEC+ announced a surprise cut in production, noting that its members will reduce output by about 1m barrels a day (c.3.7% of global demand). The 1m cut was in addition to existing cut of 2m barrels a day that was decided in November 2022 and planned to extend till the end of 2023. The oil production data released in April 2023, revealed that Nigeria saw an abrupt decline in output to 0.99mbpd, a 44.8% dip from previously set quota of 1.81mbpd and a 24.4% dip from February's 12month-high of 1.31mbpd, and a 20.6% dip from year-to-date output of 1.26mbpd.

The nation's output had risen by 3.5% in February 2023 to 1.54mbpd, from 1.494 million barrels per day recorded in January, due to an improved battle against oil theft and other factors. Nigeria produced about 70% of its OPEC quota in Q1, 2023, with OPEC benchmarking Nigeria's quota on 1.8 million barrels per day. However, production level had begun to drop again since March 2023. Nigeria has been unable to meet its OPEC production quota for over two years, hobbling the country's main source of foreign exchange and putting immense pressure on its foreign exchange. We note that Nigeria's dwindling production numbers continue to pose a threat to the country's already high budget deficit of N12.1 trillion as the country continues to produce well below the 1.69 million bpd budget target for 2023.

Nigeria's Oil Output excluding condensate (Last 10 years)



Source: CBN, OPEC, CSL Research

MARKET UPDATE

Indicators	1 year	30-Dec-22	1 day
NSE - Index*	53,086.86	51,251.06	55,806.71
Naira / US\$	415.63	461.50	464.67
Brent, US\$/bbl	119.51	85.91	76.71
MPR %	13.00	16.50	18.50

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

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News headlines:

FG records N930bn two-month fiscal deficits – CBN: The Federal Government recorded N930.8bn fiscal deficit in January and February 2023 according to the Central Bank of Nigeria. The CBN stated in its monthly economic report for February 2023 that, “The estimated overall fiscal deficit of the FGN expanded in February, due to a drop in the retained revenue. At N513.05bn, the provisional fiscal deficit of the FGN rose by 22.8 per cent relative to the preceding month. However, it was 16.2 per cent below the budget benchmark.” According to the report, the fiscal deficit was N417.75bn in January. The report said accretion into the federation account decreased by 32.3 per cent in February relative to the preceding month, on account of the 60.2 per cent fall in oil revenue. Source : Punch.ng

<https://punchng.com/fg-records-n930bn-two-month-fiscal-deficits-cbn/?amp>

Foreign trade declines by N2.6tn over FX shortage – NBS: The total value of foreign trade has declined by N2.55tn as Nigeria recorded lower exports within a year, according to findings by The PUNCH. The new Foreign Trade Statistics Report by the National Bureau of Statistics showed that the total value of trade decreased from N14.6tn in the first quarter of 2022 to N12.05tn in Q1 2023. According to the report, Nigeria recorded N5.56tn import and N6.49tn export, showing a trade surplus N930bn in Q1 2023. On the value of import, the report read, “The value of total imports stood at N5.56tn in the first quarter of 2023, this represents a 3.67 per cent rise. Source : Punchng.com

<https://punchng.com/foreign-trade-declines-by-n2-6tn-over-fx-shortage-nbs/#:~:text=Kindly%20share%20this%20story%3A,to%20of%20findings%20by%20The%20PUNCH.>

Why we called off planned strike – Maritime workers:

The Maritime Workers Union of Nigeria has said it suspended the planned strike because Shipping Companies/Agencies and Freight Forwarders Employers Associations expressed sincere negotiations on minimum standard of condition of service in the industry. The decision followed the shutting down of the ports on Monday by MWUN over poor treatment of its members by shipping companies. Recall that MWUN earlier cited poor welfare of workers, disregarding directives of the Federal Government and failing to increase workers welfare by shipping companies as the reason for shutting down the ports. The President General of MWUN, Adewale Adeyanju, while issuing the directive in Apapa on Thursday

Source: punchng.com

<https://punchng.com/why-we-called-off-planned-strike-maritime-workers/>

GITEX Africa: NITDA Advocates Collaboration To Accelerate Digital Transformation:

The National Information Technology Development Agency (NITDA), has reiterated the need for regional collaboration in accelerating digital transformation across Africa to provide opportunities that can propel the continent into a digital era of innovation and inclusive development. This was disclosed in a statement by the spokesperson of NITDA, Hadiza Umar, stressing that the recent GITEX Africa maiden edition of technology exhibitions in Morocco, brought together industry leaders, policymakers, entrepreneurs, and innovators to discuss and showcase advancements in technology. The event provided an ideal platform for organisations to promote dialogue, showcase innovative solutions, and forge partnerships to harness the potential of the digital age. NITDA’s participation focused on fostering collaborations. Source: Leadership.ng <https://leadership.ng/gitex-africa-nitda-advocates-collaboration-to-accelerate-digital-transformation/>

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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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