



## Agriculture

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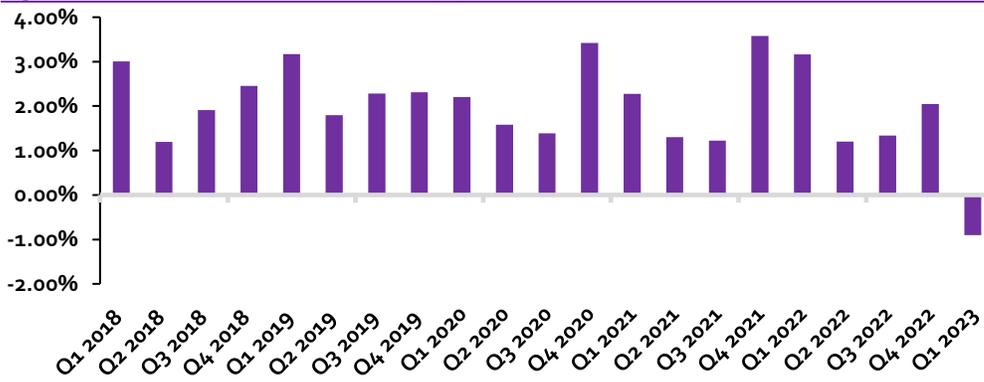
### Agricultural sector.

Based on Q1 2023 GDP data, Nigeria's agricultural sector contracted by 0.90% in Q1 2023 in real terms compared to the 3.16% growth recorded in the corresponding period in 2022. On a quarter-on-quarter basis, the sector's 0.9% contraction in Q1 2023 compares with a growth rate of 2.05% recorded in Q4 2022. The NBS attributed the overall decline in the country's economic growth to the adverse effects of the cash crunch experienced in the first quarter of 2023. We believe that the cash crunch significantly affected Agricultural businesses owing to the short shelf life of fresh farm produces.

Nigeria's agricultural sector has long been touted as the sector that can drive economic growth and development if adequately supported to grow. However, challenges such as the Ukraine invasion, floods, surge in input costs, and worsening insecurity pressured the output of farmers. These challenges have exacerbated food inflation. Food inflation rose to 25.25% in June 2023 with significant price increases across items such as cereals, yam, meat, fish, and fruits etc.

The government of Nigeria has initiated several agricultural programs such as the Anchor Borrowers Program (ABP) to diversify its economy away from oil, but these programs have failed to have a significant impact on the sector. Reports from the international trade administration stated that Nigeria relies on US\$10 billion of imports to meet its food and agricultural production shortfalls (mostly wheat, rice, poultry, fish, food services, and consumer-oriented foods) with Europe, Asia, the United States, South America, and South Africa being the major sources of these imports. Looking ahead, we believe that the recent Naira devaluation and the removal of PMS subsidy amidst worsening insecurity will have a significant effect on the prices of food, which in turn will further hamper the growth of the agricultural sector.

### Agricultural Sector Real GDP Growth (%)



Source: CSL Research, NBS

### MARKET UPDATE

	1 year	30-Dec-22	1 day
NSE - Index*	50,626.04	51,251.06	64,192.20
Naira / US\$	426.55	461.50	789.08
Brent, US\$/bbl	100.54	85.91	84.91
MPR %	14.00	16.50	18.75

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

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## News headlines:

**AMCON recovers N1.6tn in 10 years – MD:** The Asset Management Corporation of Nigeria has said it recovered N1.6tn from bad debtors in 10 years of its existence. This was disclosed in a statement signed by the Head of Corporate Communications Department, AMCON, Mr Jude Nwauzor, on Tuesday titled, 'AMCON, NIFU indispensable agencies in the revival of Nigeria's financial system – Hon. Justice Tsoho'. According to the statement, the Managing Director, AMCON, Lawan Kuru, said, "Out of total of N4.66tn, we have so far recovered about N1.6tn in the more than 10 years of our existence. We still have a long way to go! About 350 obligors account for N3.96tn, which is above 84 per cent of total outstanding amount. Source: Punchng.com

<https://punchng.com/amcon-recovers-n1-6tn-in-10-years-md/>

**MAN, LCCI Hail Tinubu on N75bn Loan to Manufacturers:** The Manufacturers Association of Nigeria (MAN) has described President Bola Ahmed Tinubu's pledge to provide N75 billion to 75 manufacturing concerns at nine per cent interest rate and N125 billion to Small and Medium Industries (SMIs) as a good start in addressing the scarcity of loanable funds for businesses in the face of rising Monetary Policy Rate (MPR) of the Central Bank of Nigeria (CBN). Similarly, the Lagos Chamber of Commerce and Industry (LCCI) commended Tinubu's efforts to kick-start sustainable economic growth and improved productivity. They stated these in separate statements made available to THISDAY, in reaction to the president's national broadcast. According to MAN, the assurances contained in Tinubu's national broadcast on Monday, represented part of the follow-up measures it had asked for, which demonstrated that the president was listening to, and addressing, the complaints of Nigerian manufacturers. Source: thisdaylive.com

<https://www.thisdaylive.com/index.php/2023/08/02/man-lcci-hail-tinubu-on-n75bn-loan-to-manufacturers>

**States, local councils get N2.59tn as economic hardship worsens:** States and local governments got N2.59tn from the federation account in the first six months of 2023 amid worsening economic hardship in their respective states. This is a 27.62 percent increase from the N2.03tn that was shared in the corresponding period of 2022. Also, the total revenue shared among the three tiers of government increased by 13.12 percent to N4.54tn from the N4.01tn that was available in the corresponding period of 2022. In the period under review, the 36 states of the federation got N1.49tn while the 774 local government areas got N1.09tn according to data from the Federation Account Allocation Committee. In January 2023, states got N244.98bn, N236.46bn in February, N232.13bn in March, N218.31bn in April, N265.88bn in May, and N295.95bn in June. Source: punchng.com

<https://punchng.com/states-local-councils-get-n2-59tn-as-economic-hardship-worsens/>

**UK to deepen investment relationship with NGX:** The United Kingdom (UK) through its Foreign, Commonwealth and Development Office (FCDO) has stated that it will continue to focus on building future investment links and collaborate with Nigerian Exchange Limited (NGX) to ensure Nigeria's economic potential is unlocked. This was even as the UK government announced the Mobilising Institutional Capital Through Listed Product Structures (MOBILIST) partnership with the Exchange which will facilitate increased investment in sustainable development in Nigeria through products listed on the Exchange. James Cleverly, UK Secretary of State, FCDO disclosed these during the Closing Gong Ceremony held on the floor of the NGX on Tuesday. Cleverly noted that NGX, through its activities have a gravitational and attractive force to attract investment. Source: businessday.ng

<https://businessday.ng/markets/article/uk-to-deepen-investment-relationship-with-ngx/>

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Coverage universe	17	10	5	3	35
% distribution	49%	29%	14%	9%	
Investment banking clients	0	1	1	0	2
% distribution	0%	50%	50%	0%	

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