

## Foreign Trade

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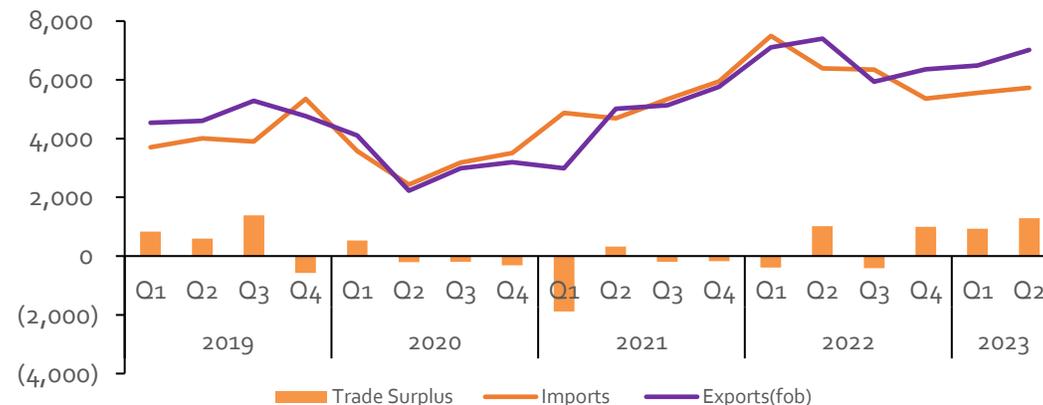
### Nigeria records trade surplus of 1.28trn in Q2 2023.

Based on a recent report from the National Bureau of Statistics (NBS), Nigeria recorded a trade surplus of N1.28trn in the second quarter (Q2) of 2023. Total merchandise trade was N12.74trn, an increase of 5.77% over the value recorded in Q1 2023 but declined by 7.60% when compared to the value recorded in Q2 2022. On trade classification, total exports stood at N7.01trn, making up 55.1% of total trade and an increase of 8.15% from N6.48trn recorded in Q1 2023. Total imports amounted to N5.74trn, up 2.99% compared to N5.6trn recorded in Q1 2023 and making up 44.9% of total trade.

Looking at the exports breakdown, of the N7.01trn total exports, crude oil export contributed 79.6% (N5.6trn) and non-crude oil export added about 20.4% (N1.4trn) of which non-oil products from agricultural goods, solid mineral, manufactured goods, and raw materials goods sectors contributed only N688bn i.e., only 9.82% of the total exports. Our top 6 export trading partners remain Netherlands, United States, Indonesia, France, Spain, and India – which accounted for over 50.83% share of the nation's exports. Also, the top 6 import trading partners accounting for over 63.22% of the nation's imports are China, United States, Belgium, India, Netherlands, and Malta.

In the second half of 2023, we project the current account (CA) balance will remain positive, riding the gains from an improved export condition. Specifically, we expect the devaluation of the currency at the official window to result in an increase in export value and a decrease in imports as imports become more expensive. The introduction of new tariffs on imports is also expected to discourage imports. That said, the little contribution of non-oil products to total exports still revealed the nation's over-reliance on crude oil for her export earnings. We reiterate the need to diversify export proceeds away from oil. Agricultural products like cocoa beans, cashew and rubber are low-hanging fruits in our view, considering the mass and quality of our arable lands.

### Foreign Trade Statistics Summary Q2 2023 (Nbn)



Source: NBS, CSL Research

### MARKET UPDATE

Indicators	1 year	30-Dec-22	1 day
NSE - Index*	49,626.05	51,251.06	68,143.34
Naira / US\$	428.51	461.50	722.39
Brent, US\$/bbl	94	85.91	90.69
MPR %	13.50	16.50	18.75

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

### CONTACT INFORMATION

**Head of Research:** Gloria Fadipe

+234 (1) 448 5436 ext.4516

[gloria.fadipe@fcbm.com](mailto:gloria.fadipe@fcbm.com)

**Banks:** Gloria Fadipe

+234 (1) 448 5436 ext.4516

[gloria.fadipe@fcbm.com](mailto:gloria.fadipe@fcbm.com)

**Brewers:** Goke Adetoyinbo

+234 (1) 448 5436 ext.4457

[adegoke.adetoyinbo@fcbm.com](mailto:adegoke.adetoyinbo@fcbm.com)

**Industrials:** Mustapha Umaru

+234 (1) 448 5436 ext.4512

[mustaphamaru@fcbm.com](mailto:mustaphamaru@fcbm.com)

**FMCs:** Sunmisola Ikoli-Olowo

+234 (1) 448 5436 ext.4516

[Sunmisola.ikoli@fcbm.com](mailto:Sunmisola.ikoli@fcbm.com)

**Research Team:** [csresearch@fcbm.com](mailto:csresearch@fcbm.com)

**Retail Team:** [cslcsu@fcbm.com](mailto:cslcsu@fcbm.com)

**Sales Team:** [cslrmt@fcbm.com](mailto:cslrmt@fcbm.com)



## News headlines:

### **\$13bn Trans Saharan Gas Pipeline Project Faces Headwinds Over Regional Insecurity:**

Telecommunications operators in Nigeria have kicked over the Corporate Governance provision by the Nigerian Communications Commission (NCC) on the repatriation of funds. Recall that section 14 (16) of the Corporate Governance Guidelines published by the NCC, stated that the board shall ensure a licensee seeking to repatriate funds over 30 per cent of its annual net profit shall obtain the prior written approval of the commission. The operators, which includes IHS Nigeria, ATC Nigeria, and Airtel Nigeria, during a public inquiry on the draft guidelines, expressed their displeasure on the provision that licensees must obtain written approval from the telecom regulator before they can repatriate funds.

Source : Leadership

<https://leadership.ng/13bn-trans-saharan-gas-pipeline-project-faces-headwinds-over-regional-insecurity/>

**Tinubu meets leaders of US, Germany, South Korea:** The Securities and Exchange Nigeria's President Bola Tinubu met with leaders of the US, Germany and South Korea on the sidelines of the just concluded G20 summit. The summit which was held in New Delhi, India, saw Nigeria attend as a guest. It also witnessed the conferment of permanent member title on the African Union. Announcing the meeting with Mr Tinubu, the White House in a release said "President Joe Biden met with Nigerian President Bola Tinubu today on the sidelines of the G20 in New Delhi, India to reinforce our enduring commitment to the U.S.-Nigeria relationship and to the longstanding friendship between our two countries and peoples..

Source : Premium Times

<https://www.premiumtimesng.com/news/top-news/624619-g20-summittinubu-meets-leaders-of-us-germany-south-korea.html#:~:text=0-Nigeria's%20President%20Bola%20Tinubu%20met%20with%20leaders%20of%20the%20US,title%20on%20the%20African%20Union.>

**Banks' bad loans hit N478bn amid economic downturn:** At least four banks recorded N478bn non-performing loans during the first half of this year, according to their financial results. Specifically, Guaranty Trust Bank Holding Plc (GTCO), FBN Holdings Plc and two other banks reported N478.93bn non-performing loans by value in the half-year ended June 2023, an increase of nearly 16 per cent from N413.36bn reported in the full year ended December 31, 2022. The other two banks are FCMB Group Plc and Fidelity Bank Plc. With about 4.3 per cent NPL ratio and N5.26trn gross loans & advances, FBN Holdings reported N226.24bn NPL by value in H1 2023 from N204.29bn reported in 2022

Source: Punch <https://punchng.com/banks-bad-loans-hit-n478bn-amid-economic-downturn/#:~:text=Specifically%2C%20Guaranty%20Trust%20Bank%20Holding,year%20ended%20December%2031%2C%202022.>

**ABCON seeks CBN's support for digital transition:** As exchange rate volatility continues to impact the economy, the Association of Bureaux de Change Operators of Nigeria (ABCON) has called on the Central Bank of Nigeria (CBN) to democratise and centralise the bureau de change's (BDCs) operational mechanisms and support them to go digital. ABCON stressed that in line with the recent CBN's reforms on BDCs to be tech savvy BDC's various digitisation reforms since 2016. Hence, it urged the CBN to diversify its scope of operation and business model from cash-base to less cash and digital platforms. Source: Guardian

<https://guardian.ng/business-services/abcon-seeks-cbns-support-for-digital-transition/>

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	Buy	Hold	Sell	Not Rated	Total
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% distribution	0%	50%	50%	0%	

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CSL Stockbrokers Limited

Member of the Nigerian Stock Exchange

PO Box 9117

Lagos State, NIGERIA

CSL Stockbrokers

A trading name of CSL Capital (UK) Ltd

43-44 New Bond Street

London

W1s 2SA

United Kingdom