

## Crude Oil

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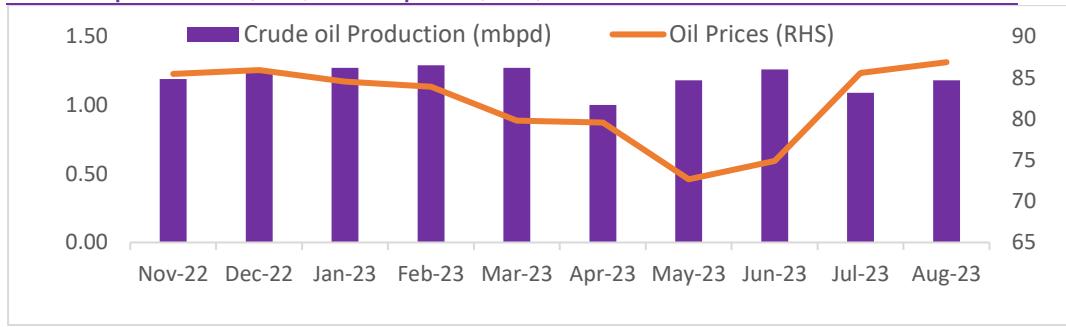
### Production numbers still low

According to the Nigerian Upstream Petroleum Regulatory Commission (NUPRC), Nigeria's oil production (with condensates) increased by 8.46% MoM to 1.41 mbpd compared to 1.30mbpd recorded in July 2023. Without condensates, production grew to 1.18mbpd compared with 1.089mbpd in July. The perennial issues of pipeline vandalism, theft, and terminal shut-downs have continued to constitute clogs. Though the government has been making efforts to clamp down on theft, production numbers in the first eight months of the year have not been too impressive. That said, the devaluation of the currency at the I&E window and the FX unification bodes well for oil receipts and as such oil revenue will likely exceed budgeted numbers this year. Again, expensive subsidy payments also engulfed over 75% of gross oil revenue in 2022, limiting the amount paid to the federation account. With the subsidy eliminated, the country's revenue position should improve considerably.

The oil sector, which has been in a three-year recession, showed some improvement in Q1 2023 but production numbers declined in Q2 2023. We believe production numbers will likely perform below our initial expectations at the start of the year. Our expectation was based on the increased pipeline surveillance and the clampdown on oil theft by the government. However, production numbers have not recovered as fast as expected and oil prices have softened. We reiterate our projection of average crude oil production (including condensates) of 1.50mbpd in H2 compared with 1.45mbpd in H1, implying average production of 1.48mbpd for 2023 compared with our earlier forecast of 1.6mbpd for 2023

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### Crude oil production (LHS) and Oil prices (RHS)



Source: CSL Research, NUPRC

### MARKET UPDATE

	1 year	30-Dec-22	1 day
NSE - Index*	49,445.31	51,251.06	68,359.22
Naira / US\$	435.49	461.50	776.60
Brent, US\$/bbl	88.80	85.91	94.34
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:

**Niger crisis will put pressure on Nigeria food market — W'Bank:** The coup d'état in Niger may put additional pressure on Nigeria and other West African nations' food markets, the World Bank has said. According to the global bank, the Nigerien coup d'état puts an additional seven million people at risk of falling into severe food insecurity in the region against a backdrop of soaring commodity and staple food prices, and severe food insecurity already affecting 3.3 million people during the lean season. The bank stated this in its September 'Food Security Update.' It said, "The coup d'état in Niger might put additional pressure on West African food markets." While describing the implication of economic and financial sanctions the Economic Community of West African States and the West African Economic and Monetary Union imposed on the country, the Washington-based bank stated that food prices increased by up to 21 per cent in August in Niger. Source: Punchng.com  
<https://punchng.com/niger-crisis-will-put-pressure-on-nigeria-food-market-wbank/>

**Dangote's 650,000 Bpd Refinery to Begin Operations in October:** The long-awaited 650,000 barrels per day Dangote refinery would receive its first cargo of crude in the next two weeks and would begin producing up to 370,000 bpd of diesel and jet fuel from October, the company's management has said. In an interview with S&P Global Commodity Insights, the company's Group Executive Director, Devakumar Edwin, who is overseeing the \$19.5 billion facility, outlined a detailed production timeline, shed light on crude and product flows and laid out a litany of complications and delays to the project since it was first mooted in 2013. "Right now I'm ready to receive crude," said Edwin, who previously ran Dangote Cement. Source: thisdaylive.com

<https://www.thisdaylive.com/index.php/2023/09/20/dangotes-65000-bpd-refinery-to-begin-operations-in-october>

**Nationwide blackout as power grid collapses:** Nigeria witnessed another round of widespread blackout across the country on Tuesday as the national power grid collapsed again, making it the third grid collapse in about five days. Power generation on the grid crashed from a peak of 3,594.60 megawatts at midnight to 42.7MW by midday of Tuesday. It was observed that at noon, only the Delta Power plant was operational on the grid, contributing 41MW, while Afam generated 1.7MW. On Friday, The PUNCH reported that the Federal Government had explained that the nationwide blackout witnessed the preceding day, being Thursday, was due to a fire incident and an explosion on the Kainji/Jebba 330kV line 2. Source: punchng.com

<https://punchng.com/nationwide-blackout-as-power-grid-collapses/>

**TUC issues one week ultimatum to FG over demands:** The Trade Union Congress of Nigeria (TUC) has issued an ultimatum of one more week to the Federal Government, warning of a possible industrial action if their demands are not addressed. The Nigeria Labour Congress (NLC) has also issued a similar threat. TUC President Festus Osifo, speaking to reporters in Abuja on Tuesday following a closed-door meeting with Minister of Labour and Employment Simon Lalong, expressed the congress's frustration with ongoing meetings and called for clear responses from President Bola Tinubu regarding their demands. Osifo also clarified that there were no divisions between the NLC and TUC, emphasising their unity. The Labour Minister reassured the union that the Federal Government was actively working to address their concerns. Source : businessday.ng

<https://businessday.ng/news/article/tuc-issues-one-week-ultimatum-to-fg-over-demands/>

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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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