

## Crude Oil

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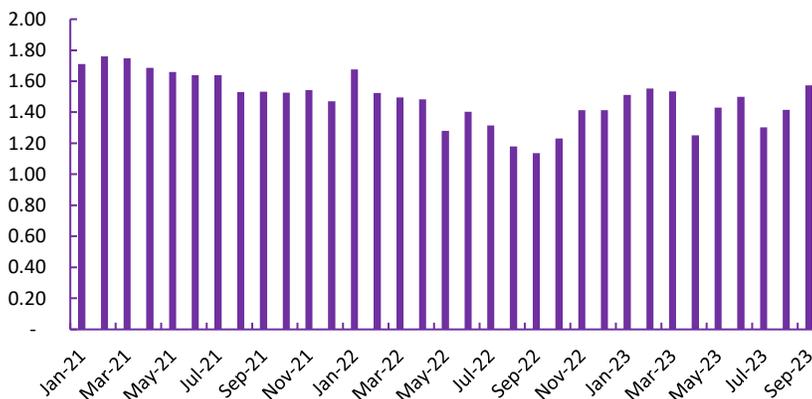
### Nigeria launches new oil grade

The Nigerian National Petroleum Company (NNPC) Limited and Aiteo Eastern Exploration & Production Company Limited have launched a new crude oil grade called Nembe. The Nembe crude oil grade is produced from OML 29, an asset located onshore Nigeria and operated by Aiteo. The Nembe crude is a light sweet crude oil with low sulfur content. It is similar to other high-quality Nigerian crude grades such as Bonny Light and Qua Iboe. The NNPC/Aiteo Joint Venture has already exported two cargoes of 950,000 barrels of Nembe crude to France and the Netherlands. The crude oil is expected to be in high demand from refiners around the world due to its high quality and attractive specifications.

The launch of the Nembe Crude Oil Grade is a positive development for the country given the low oil production in recent years that has stifled the country's revenue generating capacity. According to the Nigerian Upstream Petroleum Regulatory Commission (NUPRC), Nigeria's oil production (with condensates) increased by 10.56% m/m in September 2023 to 1.57 mbpd compared to 1.42 mbpd recorded in August 2023. Without condensates, production grew to 1.35mbpd compared with 1.18mbpd in August. The perennial issues of pipeline vandalism, theft, and terminal shutdowns have kept production low. according to the National Security Adviser Nuhu Ribadu, crude oil theft leads to the loss of c.400,000 barrels of oil daily.

The need for the country to increase its production capacity cannot be overemphasized and the launch of the Nembe crude should contribute to production albeit marginally. Nembe production is currently around 50,000 barrels per day, but the NNPC is aiming to increase production to 80,000 by Q1 2024 and to 150,000 barrels per day by the start of 2025. The inability of the NNPC to supply crude oil to five modular refineries and the 650,000 bpd Dangote refinery has been reported to be delaying the commencement of production of refined petroleum products in those refineries.

#### Oil Production mbpd (with condensates)



Source: CSL Research, NUPRC

### MARKET UPDATE

Indicators	1 Year	30-Dec-22	1 Day
NSE-Index	53,086.86	51,251.06	70,819.49
Naira/US \$	415.63	461.50	858.83
Brent US\$/bbl	119.51	85.91	80.40
MPR	13.00	16.50	18.75

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

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**News headlines:**

**FG records N15.7trn revenue shortfall in eight years:** The federal government recorded a revenue shortfall of N15.7 trillion revenue shortfall in the last eight years, according to data compiled by BusinessDay. The recently published 2024-2026 Medium Term Expenditure Framework (MTEF) and Fiscal Strategy Paper (FSP) showed Africa's biggest oil-producing country has struggled to meet its revenue target of N52 trillion in eight years, creating a shortfall of N15.7 trillion as at June 2023. "All the government programmes to increase revenue have failed, except for growing 'independent revenue' from Federal Government-owned agencies," Seun Smith, a public finance analyst, said. "Even if the new tax reform committee is relatively successful, I expect it will take a few years to show results." Source: BusinessDay

<https://businessday.ng/news/article/fg-records-n15-7trn-revenue-shortfall-in-eight-years/>

**Nigeria, other SSA countries' economies to rebound in 2024, but... — IMF:** The International Monetary Fund (IMF) has projected a rebound in the economy of Nigeria and other countries in the Sub-Saharan African (SSA) region to 4.0 percent in 2024. It stated: "2023 has been a difficult year for activity in sub-Saharan African economies. The inflationary shock following Russia's war in Ukraine has prompted higher interest rates worldwide, which has meant slowing international demand, elevated spreads, and ongoing exchange rate pressures. "As a result, growth in 2023 is expected to fall for the second year in a row to 3.3 percent from 4.0 percent last year. The region is expected to rebound next year, with growth increasing to 4.0 percent in 2024, picking up in four-fifths of the sub-Saharan Africa's countries, and with strong performances in non-resource intensive countries. Source: Vanguard

<https://www.vanguardngr.com/2023/11/nigeria-other-ssa-countries-economies-to-rebound-in-2024-but-imf/>

**Importers to pay more as Customs revises rate to N783/\$ amid 70% decline:** Five months after the Central Bank of Nigeria (CBN) floated the Naira, the Federal Government yesterday adjusted the Nigerian Customs Service (NCS) Exchange Rate calculations of import duties from N770.88/\$ to N783.174/\$. The changes were officially reflected on the NCS portal, just as stakeholders in the import and export value chain said the new rates would guide importers and clearing agents as they make quotations for new jobs and capture for payments. CBN had authorised banks to sell foreign exchange freely at market-determined rates, aligning with President Bola Tinubu's commitment to ensure a single exchange rate regime. Source: Guardian.com

<https://guardian.ng/business-services/maritime/importers-to-pay-more-as-customs-revises-rate-to-n783-amid-70-decline/>

**Bello, Sheidu-Shabi, Harp on Exports, AfCFTA Opportunities:** The federal government has been urged to devise an actionable plan for Nigeria to increase its exports and stop depending on importation of goods. Stakeholders who spoke at the 2023 summit organised by City Business News Online in Lagos, said the rage of importation has wreaked more havoc on the Nigerian economy over the years. Principal Partner, Justicia Legal Practitioners and Former Executive Secretary, Nigerian Shippers Council (NSC), Hassan Bello while calling for more exports explained that one of the major problems that Nigeria have is lack of proper planning. Source: ThisDay

<https://www.thisdaylive.com/index.php/2023/11/10/bello-sheidu-shabi-harp-on-exports-afcfta-opportunities>

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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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