



GDP

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Fuel subsidy removal and the transport sector.

Based on data from the National Bureau of Statistics (NBS), The transportation and storage sector, which accounts for 0.89% of the country's GDP, declined by 50.64% in Q2 2023, the largest decline among all sectors. The NBS attributed this to the sharp fall in the road transport sub-sector, which contracted by 55.14% in Q2 2023. The road transport sub-sector makes up a large chunk of the transportation and storage sector and is vital for the movement of goods and people across the country. The transportation and storage sector comprises of road transport, rail transport & pipelines, water transport, air transport, transport services, and post and courier services.

The contraction in the transportation growth rate was primarily driven by the removal of fuel subsidies by the federal government in May 2023 despite the fact that it happened towards the end of the quarter. The removal of the fuel subsidy, which was aimed at improving the country's fiscal position led to a spike in the pump price of petrol from N182 per litre to N600 per litre, representing a 229.67% increase. Further petrol price increases occasioned by the currency depreciation and movements in the price of crude combined with inflation have increased the cost of transportation for both commuters and businesses. According to the NBS, the average fare paid by commuters for intercity bus rides per drop rose by 56.57% to N5,918.18 in August 2023, from N3,779.96 in August 2022.

The transport and storage sector in Nigeria directly employs c.10 million people. Despite its importance, numerous challenges have stunted the growth of the sector in recent times. Beyond the current issues around increased fuel cost, insecurity happens to be a major factor challenging the growth of the sub sector. The incessant attacks on major highways and rail networks continue to hamper growth by discouraging road transport. The poor road infrastructure also makes road travel unsafe. According to a World Bank report, 87% of Nigeria's rural road network of about 200,000km are in a deplorable state. There is a relationship between investments in transport technology and economic growth. Effective transport systems are essential for the profitability of businesses. Logistics, such as transport and storage, account for about 10–15% of the final cost of production of many Nigerian companies and the quality of transport services also has a major impact on the quality of life of the populace.

MARKET UPDATE

	1 year	30-Dec-22	1 day
NSE - Index*	43,818.12	51,251.06	70,612.81
Naira / US\$	443.99	461.50	795.41
Brent, US\$/bbl	93.14	85.91	82.52
MPR %	15.50	16.50	18.75

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

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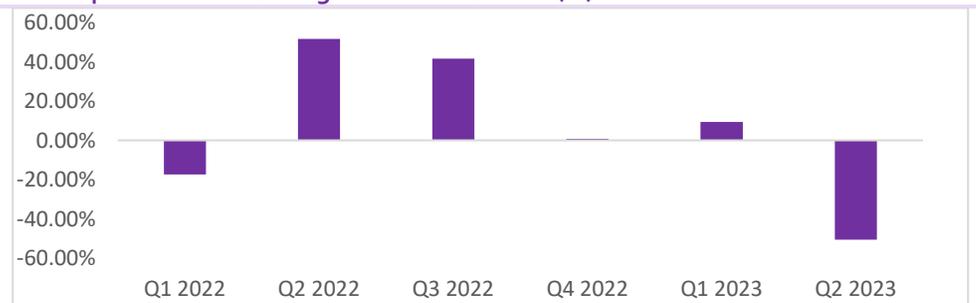
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Transportation and Storage Real GDP Growth (%)



Source: NBS, CSL Research



News headlines:

CBN, NBET others owe FG N190bn for electricity supply: Federal Government owned power firm, the Niger Delta Power Holding Company has said that the Central Bank of Nigeria, the Nigerian Bulk Electricity Trading Plc, and the Nigerian Electricity Liability Management Company owe the sum of N190bn for electricity supply. Managing Director and Chief Executive Officer, NDPHC, Chiedu Ugbo, revealed this to The PUNCH on the sideline of a media briefing in Lagos on Monday. According to him; the estimate was arrived at as a result of debts owed for electricity supply to the tune of N190 billion from 2015 till date. The N190 billion debt, he said was owed by the government agencies from 2015 till May 2023. He added that NBET owed the bulk of the debt, although he did not state the exact amount.

Source:Punchng.com

<https://punchng.com/cbn-nbet-others-owe-fg-n190bn-for-electricity-supply/>

Nigeria Raises Oil Output by 1.47m Barrels, Still 25% Short of Meeting OPEC Quota: Nigeria raised its Organisation of Petroleum Exporting Countries OPEC oil production quota by 1.47 million barrels in the whole of October, but still came short of the cartel's expectation by a whopping 12.1 million barrels during the month. A THISDAY analysis of the crude output data released by the Nigerian Upstream Petroleum Regulatory Commission (NUPRC), indicated that despite the marginal increase, the country was still under-producing OPEC's 1.742 million bpd by more than 25 per cent. In all, during the month of October, the total volume of crude oil produced by Nigeria was 41,867,775 barrels as against 40,396, 863 drilled in the preceding month of September. At the given OPEC production figure, Nigeria should have drilled over 52 million barrels per day to meet the expectation of the 13-member oil producers' group. Source: thisdaylive.com

<https://www.thisdaylive.com/index.php/2023/11/14/nigeria-raises-oil-output-by-1-47m-barrels-still-25-short-of-meeting-opec-quota>

Naira slump persists despite 46% rise in dollar turnover: The amount of dollars traded on the Investor & Exporter forex window rose by 46.69 per cent to \$123.25m on Monday. On Friday, the turnover of dollars in the official market was \$84.02m. This increased to \$123.25m on Monday. Despite this, the naira depreciated by 1.96 per cent to N795.41/\$ as of the close of trading on Monday after closing trading at N780.14/\$ on Friday according to data from FMDQ OTC Securities Exchange. On Monday, trading opened at N780.83/\$ before closing at N795.41/\$. However, during trading the naira traded for as high as N1099/\$ and as low as N701/\$. Meanwhile, on the parallel market, the naira continued its fall, depreciating by 4.55 per cent to N1,150/\$ from the N1,100/\$ it traded for on Friday. Source:Punchng.com

<https://punchng.com/naira-slump-persists-despite-46-rise-in-dollar-turnover/>

NLC, TUC begin nationwide strike today: The Nigeria Labour Congress, NLC, and its Trade Union Congress of Nigeria, TUC, counterpart, have directed workers nationwide to begin an indefinite strike from midnight today. Labour's decision to commence an indefinite strike came despite an injunction by the National Industrial Court, NIC, in Abuja, restraining NLC and TUC alongside their affiliates from embarking on any industrial action. The strike is to protest the battering of the NLC President, Joe Ajaero, and others in Owerri, Imo State, on November 1, as well as the pending labour issues in the state. They had, on November 7, resolved to declare a nationwide strike by Tuesday, November 14, if their demands were not met. Source: vanguardngr.com

<https://www.vanguardngr.com/2023/11/breaking-nlc-tuc-begin-nationwide-strike-midnight-today/>

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% distribution	49%	29%	14%	9%	
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% distribution	0%	50%	50%	0%	

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