

## Gross Domestic Product

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### Nigeria's GDP growth rate up marginally in Q3.

Based on the Gross Domestic Product (GDP) report published by the National Bureau of Statistics (NBS) on Friday last week, Nigeria's GDP grew by **2.54% y/y** in real terms in Q3 2023. This growth rate is higher than the 2.25% recorded in the third quarter of 2022 and marginally higher than the 2.51% reported in Q2 2023. Though the non-oil sector remained the major driver of the economy, contributing c. 94.52% to total GDP compared with the oil sector which contributed only 5.48%, the non-oil sector's growth slowed in Q3 to 2.75% compared with 3.58% in Q2 2023. On the other hand, the oil sector showed significant improvement contracting by a modest -0.85% y/y in Q3 2023 compared with -13.43% y/y recorded Q2 2023 and will likely return to growth in the next one or two quarters.

The services sector, which has been the major driver of Nigeria's GDP in recent years, recorded growth of 3.99% and contributed 52.70% to the aggregate GDP. The agriculture sector contributed 29.31% and grew by 1.30%, a marginal drop from the growth of 1.34% recorded in Q3 2022. We expect growth in the agricultural sector to remain subdued as insecurity issues persist in the food producing regions and weather conditions remain unpredictable. The industry sector grew by 0.46%, a significant improvement on the -8.00% recorded in Q3 2022 and the sector contributed 18% to the total GDP. The agriculture, and the industry sectors' contribution to the aggregate GDP in Q3 2023 was slightly lower (47.3%), compared to Q3 2022 (48.04%). In Q3 2023, aggregate GDP was N60.7trn in nominal terms, a 16.1% growth compared to N52.3trn in Q3 2022.

Average daily oil production improved to 1.45mbpd (Q3 2023) from 1.20mbpd (Q3 2022) and 1.22mbpd in Q2 2023 and this contributed to the observed improvement in the oil sector which contracted slightly by -0.85% y/y in Q3 2023 compared with -13.43% y/y recorded in the prior quarter and 22.67% recorded in the corresponding quarter of 2022. With sustained improvement in oil production, the oil sector will likely record growth in the next one or two quarters. The manufacturing sector's growth has been extremely modest, reflecting the negative impact of CBN's hawkish stance. In fact, the sector contracted by 1.91% in Q3 2022, the first contraction since covid hit in 2020. Though at a slower pace, the CBN has maintained its hawkish stance, and the fortunes of the sector have worsened with the latest reforms of the new administration such as the fuel subsidy removal and the unification of the exchange rates at the various windows. In Q3 2023, the sector recorded marginal growth of 0.48% compared with 2.20% y/y in Q2 2023.

### Real GDP Year on Year Growth (2016-2023)



Source: NBS, CSL Research

### MARKET UPDATE

Indicators	1 year	30-Dec-22	1 day
NSE - Index*	44,279.65	51,251.06	71,230.48
Naira / US\$	442.19	461.50	814.6
Brent, US\$/bbl	92.25	85.91	79.87
MPR %	15.50	16.50	18.75

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

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## News headlines:

**FEC Raises 2024 Budget As Tinubu Presents N27.5trn Tomorrow:** The Federal Executive Council (FEC) has approved the 2024 Appropriation Bill with aggregate expenditure of N27.5 trillion. The Minister of Budget and Economic Planning, Alhaji Atiku Bagudu, announced this on Monday after the Federal Executive Council meeting presided over by President Bola Ahmed Tinubu at the Council Chambers of the Presidential Villa, Abuja. This is just as plans have been concluded for the president to present the budget to the National Assembly on Wednesday. The minister, who said the proposal was an increase of over N1.5 trillion when compared to the earlier projection of N26.01trillion, put the targeted revenue for next year at N18.32 trillion. He said the deficit was also lower than that of 2023. Source : Daily Trust

<https://dailytrust.com/fec-raises-2024-budget-as-tinubu-presents-n27-5trn-tomorrow/>

**Nigeria's oil output rises 30% to 1.6m bpd:** Nigeria's crude oil production, including condensate, rose year-on-year, YoY by 30 per cent to 1.6 million barrels per day, bpd in October 2023, from 1.2 million bpd recorded in the corresponding period of 2022. But on month-on-month, MoM basis, the nation's oil output dropped marginally by 0.7 per cent to 1.562 million, bpd in October 2023, from 1.572 million bpd in the preceding month of September 2023. A closer check on the production figures showed that the nation's output, including condensate stood at 1.5 million bpd in January 2023, dropped to 1.3 million bpd in April before climbing to 1.6 million bpd in September, apparently the highest so far in 2023. However, despite the improvement in crude oil production at 1.6 million barrels per day, it remained significantly.

Source : Vanguard

<https://www.vanguardngr.com/2023/11/upstream-nigerias-oil-output-rises-30-to-1-6m-bpd/>

**Dangote's \$20bn refinery set to list on NGX:** Chairman of Dangote Industries, Aliko Dangote, has revealed plans to list his \$20 billion petroleum refinery on the Nigerian Exchange Limited (NGX) as it gears up to commence operations fully in December. Dangote, in a interview with the Financial Times, shared that the refinery, set to be listed as a separate entity, is poised to make a substantial impact on the Nigerian stock market. The NGX has actively pursued strategies to enhance market depth through increased listings and the entry of the refinery into the market would mark a significant milestone for the local bourse. He said that challenges related to crude oil supply have been resolved, enabling the refinery to progress with its plans to go public on the NGX. Source: The Sun

[https://sunnewsonline.com/dangotes-20bn-refinery-set-to-list-on-ngx/?expand\\_article=1](https://sunnewsonline.com/dangotes-20bn-refinery-set-to-list-on-ngx/?expand_article=1)

**Fintech, partners eye acquisition of Union Bank's loans:** A German-Nigerian fintech firm, BFREE, and some of its international financing partners have revealed the possibility of acquiring some of the distressed loan portfolios of Union Bank of Nigeria. In a statement issued on Monday, it was revealed that BFREE and Union Bank signed a Memorandum of Understanding during the German-Nigerian Business Forum in Berlin which may allow the acquisition. Under the terms of the MoU, BFREE, in conjunction with its international financing partners, said that it will explore the acquisition of distressed loan portfolios from Union Bank, with a potential investment cap of \$40m with a focus on refinancing non-performing loan portfolios. Source: Punch.

<https://punchng.com/fintech-partners-eye-acquisition-of-union-banks-loans/>

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

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