



GDP

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The ICT Sector struggles to maintain growth momentum.

Based on data from the National Bureau of Statistics (NBS), the Information and Communications Technology (ICT) sector's growth rate declined to a five year low of 6.69% y/y in Q3 2023 compared with 10.53% recorded in Q3 2022 and 8.60% recorded in Q2 2023. The sector contributed 15.97% to Nigeria's total GDP, higher than 15.35% in Q3 2022 but significantly lower than the 19.54% contribution in Q2 2023. The ICT sector comprises of telecommunications and information services, publishing, motion picture, sound recording, music production, and broadcasting.

The y/y decline in the growth rate of the ICT sector was largely driven by the decline in the growth rate of the telecommunications subsector, which fell by 23.06% y/y to 7.74% in real terms. Broadcasting declined by 51.7% y/y in the quarter, contributing 4.45% to the overall performance of the ICT sector. The telecommunications sector has also been affected by the issues that the country's economy is currently facing as reflected in dwindling industry numbers. Mobile subscriptions have declined by 2.85% to 220.7m in August 2023 from 227.2m in February 2023 while teledensity is down 2.8% to 115.63% in August 2023 from 119.01% in February 2023.

The negative effects of the Naira devaluation and other government macroeconomic policies have impacted both the telco players and the purchasing power of subscribers. These policies have significantly impacted on the sector's profitability while also lowering their capex intensity. However, we maintain our view that the ICT sector, which is predominantly driven by the telecommunications sector, is primed to grow, given the opportunities in the sector. The launch of the 5G network and the continued growth of the 4G network will continue to drive growth. Also, we expect to see the fintech segment contribute significantly to total revenue in the medium to long term. Long-term growth in the telecommunications sub sector will be driven by new technologies, increased smartphone usage, more digital consciousness, and increased collaboration with the financial services sector.

ICT Sector Real GDP Growth (%)



Source: NBS, CSL Research

MARKET UPDATE

	1 year	30-Dec-22	1 day
NSE - Index*	47,322.97	51,251.06	71,041.05
Naira / US\$	444.62	461.50	881.88
Brent, US\$/bbl	83.03	85.91	81.43
MPR %	16.50	16.50	18.75

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

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News headlines:

Nigeria, Angola reject OPEC's oil quota cut: Nigeria and Angola have opposed a reduction in their crude oil production quotas by the Organisation of Petroleum Exporting Countries. On Tuesday, Bloomberg reported that OPEC was no closer to resolving the deadlock over oil production quotas for some African members that had already forced the group to delay a critical meeting amid faltering prices, according to delegates. The report stated that the Saudi-led alliance had not been able to reach an agreement with Angola and Nigeria, which were pushing back against lower quota limits for 2024 that reflect their diminished production capabilities, delegates told Bloomberg, asking not to be named because the information was private. Source: Punchng.com

<https://punchng.com/nigeria-angola-reject-opecs-oil-quota-cut/>

President Seeks Senate Approval for \$8.7bn, €100 Million Loans Approved By Buhari's Govt: President Bola Tinubu, yesterday, asked the Senate to approve the sum \$8,699,168,559 and €100 million foreign loans, which the Federal Executive Council (FEC) had ratified during the administration of former President Muhammadu Buhari. The loan request was part of the 2022-2024 borrowing plan. Tinubu also wrote to both chambers of the National Assembly yesterday regarding his intention to present the 2024 Budget at a joint session today. The requests by the president came on the same day the Attorney-General of the Federation (AGF) Mr. Lateef Fagbemi, decried Nigeria's rising debt profile, warning that such increase poses a serious danger to the country's economy. Source: thisdaylive.com

<https://www.thisdaylive.com/index.php/2023/11/29/president-seeks-senate-approval-for-8-7bn-e100-million-loans-approved-by-buharis-govt>

Bank recapitalisation: Presidency backs CBN, investors rush for mega-banks stocks: Presidency on Tuesday expressed support for the banking sector consolidation initiative of the Central Bank of Nigeria, saying it would help the country to grow the economy to a new height. This came barely five days after the CBN said it would ask banks to raise new capital. According to the Presidency, it has become important to consider the capital adequacy of Nigerian banks in light of the projected \$1tn economy in eight years. Representing President Bola Tinubu at the 40th Anniversary Celebration of The Guardian Newspapers in Lagos on Tuesday, the President's Special Adviser on Information and Strategy, Bayo Onanuga, said there would be a strong need to revisit the capital adequacy levels of banks. Source: punchng.com

<https://punchng.com/bank-recapitalisation-presidency-backs-cbn-investors-rush-for-mega-banks-stocks/>

Passport front offices to open across UK in February 2024 says Minister: Olubunmi Tunji-Ojo, the Minister of Interior, announced plans to open passport front offices in key cities across the United Kingdom—Manchester, Birmingham, and Cardiff (Wales)—within the next three months. During an interview on Channels Television's Politics Today on Tuesday, the minister addressed the challenges faced by Nigerians abroad in renewing their passports at foreign missions. "I think there are only two places where we have this challenge now, realistically. I think in the UK precisely, in London and in the US precisely, in New York. And that has to do with the concentration of Nigerians," Tunji-Ojo said. Source: businessday.ng

<https://businessday.ng/news/article/passport-front-offices-to-open-across-uk-in-february-2024-says-minister/>

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Hold:	The analyst expects the stock to perform in line with the Benchmark over the next 12 months or the stated investment horizon.
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