



Agriculture

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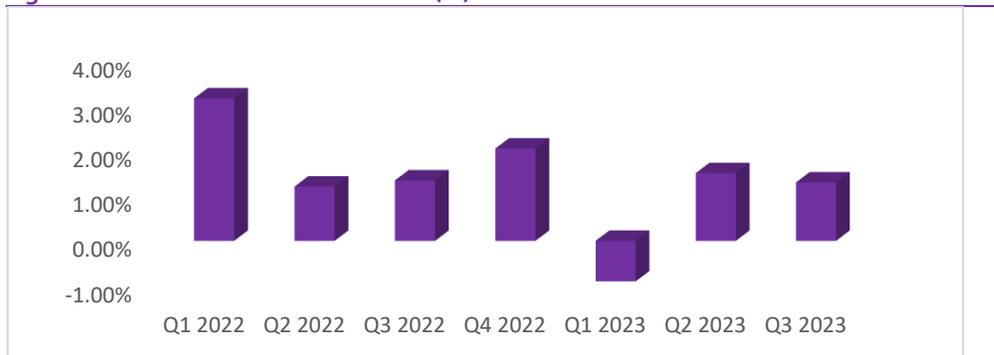
Agricultural sector growth remains suppressed.

Nigeria's agricultural sector grew by 1.30% in Q3 2023 in real terms compared to the 1.34% growth recorded in the corresponding period in 2022. On a quarter-on-quarter basis, the sector grew by 1.3% in Q3 2023 compared with a growth rate of 1.50% recorded in Q2 2023. The data also revealed that the sector's contribution to GDP shrunk in Q3 2023 to 29.31%, lower than its 29.67% contribution in the corresponding period of 2022. The agricultural sector comprises four sub-sectors: crop production, livestock, forestry, and fishing. Crop production remained the major driver of the sector, accounting for 92.24% of the overall value of the sector in the third quarter of 2023.

Nigeria's agricultural sector growth has slowed again recently mostly due to lower production levels caused by increasing production expenses such as fuel prices and logistics, which have resulted in higher food prices. Nigeria's agricultural sector has long been touted as the sector that can drive economic growth and development if adequately supported. However, challenges such as the Ukraine invasion, floods, surge in input costs, and worsening insecurity continue to lower the output of farmers. These challenges have exacerbated food inflation. Food inflation rose to 31.52% y/y in October 2023 with significant price increases across items such as cereals, yam, meat, fish, and fruits, etc.

In our view, to enhance productivity in the agriculture sector, Nigeria must address the structural and institutional obstacles that have hampered the growth of the sector over the years, chief of which is insecurity. Other issues affecting the sector include inadequate infrastructure, limited access to finance and markets, low adoption of technology and innovation, inadequate extension services, climate change, and environmental degradation. Insecurity has been the most serious of the sector's problems and we believe a holistic approach is needed to tackle this menace. Till date, farmers, even those in the southern region complain of attacks on their farms by herdsmen. Many farmers have been hacked to death on their farms while trying to stop the herdsmen from destroying their crops, making others afraid to go to their farms. This has significantly reduced food production.

Agricultural Sector Real GDP Growth (%)



Source: CSL Research, NBS

MARKET UPDATE

	1 year	30-Dec-22	1 day
NSE - Index*	49,233.02	51,251.06	72,455.83
Naira / US\$	449.43	461.50	901.41
Brent, US\$/bbl	93.86	85.91	76.87
MPR %	16.50	16.50	18.75

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

CONTACT INFORMATION

Head of Research: Gloria Fadipe

+234 (1) 448 5436 ext.4516

gloria.fadipe@fcmb.com

Banks: Gloria Fadipe

+234 (1) 448 5436 ext.4516

gloria.fadipe@fcmb.com

Brewers: Goke Adetoyinbo

+234 (1) 448 5436 ext.4457

adegoke.adetoyinbo@fcmb.com

Industrials: Mustapha Umaru

+234 (1) 448 5436 ext.4512

mustaphamaru@fcmb.com

FMCGs: Sunmisola Ikoli-Olowo

+234 (1) 448 5436 ext.4457

sunmisola.ikoli@fcmb.com

Research Team: cslresearch@fcmb.com

Retail Team: cslcsu@fcmb.com

Sales Team: cslrmt@fcmb.com

<https://cslportal.fcmb.com>



News headlines:

Fuel price: Reject W'Bank N750/litre proposal, NLC warns FG: The Nigeria Labour Congress, on Thursday, warned the Federal Government against heeding the advice of the World Bank to increase the pump price of Premium Motor Spirit popularly called petrol to N750/litre. The NLC's Head of Information, Benson Upah, in an interview with The PUNCH, said any further increase in the price of petrol would lead to anarchy in the country. He, therefore called on the government to reject the proposal of the World Bank that petrol should sell at about N750/litre, as against the current rate of between N620 and N650/litre in most locations across the country. This came as oil marketers explained that the cost of PMS should be around N1,000/litre had it been that the government not subsidising the product. Source: Punchng.com

<https://punchng.com/fuel-price-reject-wbank-n750-litre-proposal-nlc-warns-fg/>

Cardoso: Inflation, Exchange Rate to Decline in 2024: The Governor of the Central Bank of Nigeria (CBN), Olayemi Cardoso, said in Abuja yesterday that the rising inflation and exchange rates will reduce drastically in 2024. Cardoso, who also projected less revenue from oil exports next year, declared that the total trade from Nigerian Foreign Exchange Market (NFEM), stood at N18.804 billion in the third quarter of 2023. He spoke when he appeared before the National Assembly joint committee on Banking, Insurance and other Financial Institutions for an interactive session. He explained to members of the joint committee from both chambers of the National Assembly that outlook for domestic economy in Nigeria for 2024 remains very positive as both the inflation and exchange rates, would withstand fluctuating pressures on them and get stabilised. Source: thisdaylive.com

<https://www.thisdaylive.com/index.php/2023/12/15/cardoso-inflation-exchange-rate-to-decline-in-2024>

Power sector cashflow grows to N900bn – FG: The Federal Government, on Thursday, announced that the liquidity in Nigeria's power increased from N282bn in 2015 to N900bn currently, adding that its financial burden in the industry had been reduced by about N373bn. It disclosed this through the Nigerian Electricity Regulatory Commission at the Ministerial Retreat on the Integrated National Electricity Policy and Strategic Implementation Policy. Liquidity refers to the efficiency or ease with which an asset or security can be converted into ready cash without affecting its market price. The most liquid asset of all is cash itself. In a presentation at the event, the Chairman, NERC, Sanusi Garba, said, "Liquidity in the market has moved from N282bn in 2015 to N900bn now. We have also created a mechanism for enforcing payment discipline in the industry. This has seen Disco revenue improve greatly.

Source: punchng.com

<https://punchng.com/power-sector-cashflow-grows-to-n900bn-fg/>

Multiple taxation bane of telecom industry – NCC: The Nigerian Communications Commission (NCC) has identified multiple taxation as major obstacle militating against sustainable development of telecom industry in the country. Adewolu Adeleke, the Executive Commissioner, Stakeholder Management of the NCC, stated this at the Regional Stakeholders Workshop on Multiple Taxation and Regulations, on Wednesday in Kano. The theme of the conference is: "Navigating the Landscape of Multiple Taxation and Regulations, Fostering Sustainable Growth through Collaboration". Represented by Efosa Idehen, Director Compliance, Monitoring and Enforcement of the commission, Adeleke said multiple taxation and regulations were impacting on the growth of telecoms infrastructure on which all other infrastructure making up digital economy depended. Source: businessday.ng

<https://businessday.ng/news/article/multiple-taxation-bane-of-telecom-industry-ncc/>

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CSL Stockbrokers Limited
Member of the NGX Exchange
PO Box 9117
Lagos State, NIGERIA

CSL Stockbrokers
A trading name of CSL Capital (UK) Ltd
43-44 New Bond Street
London
W1s 2SA
United Kingdom