



## GDP

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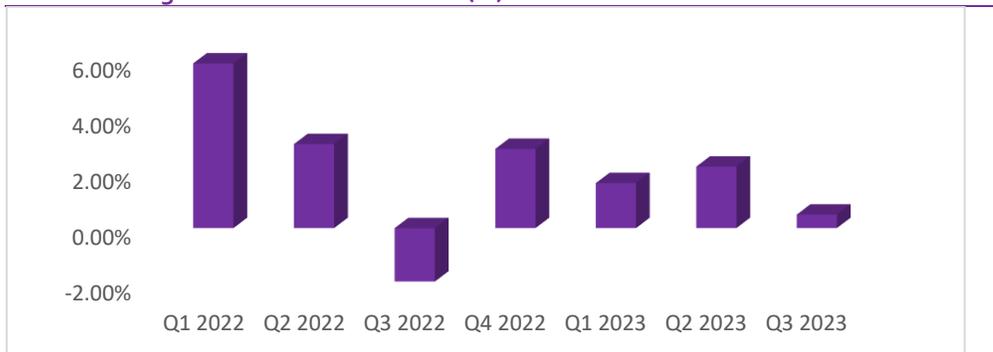
### Nigeria's manufacturing sector still crawling.

The manufacturing sector's real GDP growth was 0.48% in Q3 2023, a 78.12% decrease compared to the 2.20% recorded in Q2 2023. The sector's contribution to the real GDP in the third quarter of 2023 was 8.43%, a slight decline from the 8.59% recorded in the third quarter of 2022. The Manufacturing sector comprises industries in cement production, beverages, oil refining, food, tobacco, textile, rubber processing, footwear, paper, chemical and pharmaceutical production, etc. The sector grew modestly by 2.45% in 2022, reflecting the negative impact of CBN's hawkish rendition, especially in the second half of the year. 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 in 2023 and the fortunes of the manufacturing 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. The sector's growth rate improved slightly to 2.2% in Q2 2023 compared with 1.61% in Q1 2023 but declined steeply in Q3 to 0.48% following the reforms. Players in the sector saw significant increases in net foreign exchange loss because of the Naira devaluation in June 2023. Manufacturers have tried to pass on the associated increase in cost of production to consumers, but this affected volumes, particularly for non-essentials due to the constrained purchasing power of consumers.

The decline in profitability has forced several manufacturing companies out of business this year, with some international companies forced to close business segments or in some cases their entire Nigerian operations. GlaxoSmithKline, Unilever (discontinued the manufacturing of its homecare and skin-cleansing brands) and Procter & Gamble, (P&G) are some of the companies that have been forced to close all or part their manufacturing operations due to the current harsh operating environment. In our view, the government needs to find ways to ameliorate the problems faced by manufacturers such as prioritizing forex intervention for companies in the sector through the official market, improving infrastructure such as power and putting an end to the multiple taxes levied on manufacturers.

### Manufacturing Sector Real GDP Growth (%)



Source: CSL Research, NBS

### MARKET UPDATE

	1 year	30-Dec-22	1 day
NSE - Index*	49,414.96	51,251.06	72,404.91
Naira / US\$	445.46	461.50	888.35
Brent, US\$/bbl	80.14	85.91	77.95
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:

**Naira scarcity lingers, traders ration cash:** Some grassroots farmers and petty traders have expressed frustration over the lingering cash crunch in the country, saying the unfortunate incident has been taking a toll on their businesses. Some farmers and traders who spoke to The PUNCH said they stopped keeping their cash in the banks to avoid the funds getting trapped. Small and medium-scale enterprise associations who spoke to our correspondent said the cash crunch would further weaken the government's efforts to drive financial inclusion, especially at the grassroots. A farmer in Igboho area of Oyo State, Mr Dele Bamigboye, said, "Many of those who bought from my farm produce have not paid me. They said they could not get money from the banks. Source: Punchng.com

<https://punchng.com/naira-scarcity-lingers-traders-ration-cash/>

**President to New NNPC Board; I Won't Tolerate Underperformance:** President Bola Tinubu yesterday, inaugurated the 11-man Board of the Nigerian National Petroleum Company Limited (NNPC) with a charge on the members to immediately get to work, warning that non-performance would not be tolerated. Speaking while inaugurating the NNPC Board at the State House, Abuja, the President also warned that conducts suggesting a sense of entitlement would not be tolerated, adding that the Board could be dissolved without prior notice to members over non-performance. He said: "The challenge is corporate governance. Yes, we will improve the security situation. We are working very hard. Sincerely, the Chief Executive Office, Kyari, is doing very well, and doing all that I know. Source: thisdaylive.com

<https://www.thisdaylive.com/index.php/2023/12/19/president-to-new-nnpc-board-i-wont-tolerate-underperformance>

**Nigeria records N7.5tn trade deficit with China – NBS:** The trade balance between Nigeria and China increased to N7.54tn in the first nine months of 2023, findings by The PUNCH have shown. According an analysis of data from the National Bureau of Statistics, the bilateral trade deficit in favour of China is widening, with a steady increase in Nigeria's imports from the Asian country in the past one year. An analysis of the foreign trade statistics released by the Bureau showed that Nigeria imported N8.4tn worth of goods from China in the nine months between January and September 2023. A break down showed that the country imported N1.29tn worth of produce in Q1, N2.56tn in Q2 and N4.53tn in Q3. Source:Punchng.com

<https://punchng.com/nigeria-records-n7-5tn-trade-deficit-with-china-nbs/>

**Naira records marginal growth on 230.82% rise in dollar liquidity:** Naira recorded marginal gains against the US currency following a significant increase in dollar liquidity at the official foreign exchange (FX) market on Monday. After trading on Monday, naira appreciated by 0.17 percent as one dollar was quoted at N888.35 compared to N889.86 quoted on Friday at the Nigerian Autonomous Foreign Exchange Market (NAFEM), data from the FMDQ showed. The FX market recorded increased dollar supply as the daily foreign exchange market turnover rose by 230.82 percent to \$137.82 million on Monday from \$41.66 million recorded on Friday. The dollar flows came from the willing buyers and willing sellers as they quoted the greenback as high as N1,249 and lower rate of N720 on the spot trading.. Source: businessday.ng

<https://businessday.ng/news/article/naira-records-marginal-growth-on-230-82-rise-in-dollar-liquidity/>

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