



## Oil

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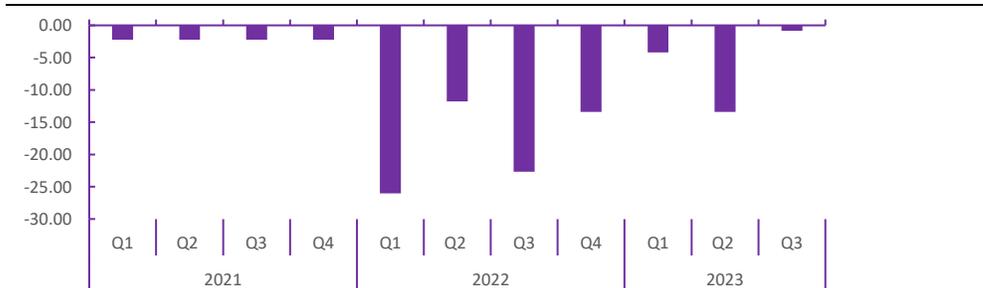
### New incentives to stimulate investments in the Nigerian oil sector.

According to recent reports, the Federal Government of Nigeria (FGN) has begun to apply incentives to attract investments to the lagging oil & gas sector. One of such incentive is to replace signature bonuses that companies owe to the government after the signing of contracts with lump sums of production. A signature bonus is a single, non-recoverable lump sum payment by the licensee to the government after the exploration license has been granted. The government is also looking to tackle delays in licensing. The Chief Executive Officer of Nigerian Upstream Petroleum Regulatory Commission (NUPRC), Gbenga Komolafe stated that the new measures will be observed in the new bidding process about to commence.

Oil output from Nigeria has been low in recent years and the country recorded its lowest oil production volume of 1.14mbpd in September 2022. The country's low production has been attributed to massive crude oil theft in Nigeria's oil rich Niger Delta, ageing oil fields, poor crude oil terminal maintenance, shutdowns, and reduced investments in the upstream oil and gas sector. The situation has led to significant revenue losses for the country. The Federal Government has sustained efforts at reinforcing pipeline surveillance and clampdown on oil theft, but results appear slow and inconsistent. Industry data showed crude oil production output rallied for 6 months from a record low in September 2022, but production declined again in April 2023 and picked up again in May 2023 but has begun to decline again.

In recent years, many oil majors have been getting rid of onshore and shallow-water assets. The Tinubu administration has pledged to increase oil output, which is currently around 1.46 million barrels a day (including condensates), to four million a day by 2030. The government also plans to upgrade infrastructure, end theft and vandalism and improve community relations. The oil sector has been in recession since 2020 and has been a drag to overall GDP growth. The NUPRC boss noted that capital inflows into the industry have dropped by about 74% in almost a decade. Attracting investments into the sector and boosting oil production will go a long way to improve the harsh macroeconomic conditions the country faces currently.

Real GDP growth rate for Oil Sector (Last Two Years)



Source: CSL Research, NBS

### MARKET UPDATE

Indicators	1 Year	30-Dec-22	1 Day
NSE-Index	53,086.86	51,251.06	74,289.02
Naira/US \$	415.63	461.50	905.89
Brent US\$/bbl	119.51	85.91	79.23
MPR	13.00	16.50	18.75

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

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## News headlines:

**Oil prices fall as Angola exits OPEC:** The dispute over crude oil production quota between the Organisation of Petroleum Countries and a few of its members has eventually led made Angola to exit the global oil cartel, leading a decline in global crude oil prices on Thursday. On November 29, 2023, The PUNCH reported that Nigeria and Angola opposed a reduction in their crude oil production quotas by OPEC. Bloomberg had reported at the time 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, quoting delegates. Source: Punch

<https://punchng.com/oil-prices-fall-as-angola-exits-opec/>

**Index crosses 74,000 mark as stock market rally continues:** Nigeria's equities market rose further by 1.21 percent on Thursday, pushing the market's benchmark performance indicator – All Share Index (ASI) – above 74,000 mark. Equities value rose further by N488billion. Thanks to Okomu Oil Palm, IMG, Transcorp, Multiverse and other top advancers on the Nigerian Exchange Limited (NGX) that pushed the market's to new high. In 7,990 deals, investors exchanged 760,929,521 shares worth N13.026billion. Abbey Building, Access Corporation, Transcorp, UBA and GTCO were most traded stocks on Thursday. Source: BusinessDay

<https://businessday.ng/markets/article/index-crosses-74000-mark-as-stock-market-rally-continues/>

**Respite as LASG Orders Tankers, Trailers to Vacate Apapa-Oshodi Expressway:** Apapa residents and commuters yesterday got the needed respite when the Lagos State Government (LASG) directed the immediate evacuation of all tankers and trailers from the Cele Bus Stop Inward Tin Can Port axis along the Apapa-Oshodi expressway. In a statement, the Special Adviser on Transportation to the LASG, Sola Giwa said the directive aims to curb the indiscriminate parking of heavy-duty vehicles causing traffic congestion in the area. These trailers and tankers have been notorious for obstructing traffic flow and causing gridlock along the Apapa-Oshodi expressway, creating significant challenges for commuters and residents. Source: ThisDay

<https://www.thisdaylive.com/index.php/2023/12/22/respite-as-lasg-orders-tankers-trailers-to-vacate-apapa-oshodi-expressway>

**88% of workers self employed, says NBS report:** Only 12 per cent of workers in Nigeria were in wage employment as of the end of the second quarter of 2023, the National Bureau of Statistics has disclosed. This is because 88 per cent of workers in the country are self-employed. This was contained in a report titled, 'Nigeria Labour Force Statistics Report Q2 2023' which was released on Thursday by the NBS. Total unemployment in the period stood at 4.2 per cent as of Q2, 2023. The statistics body defined unemployment rate as the share of the labour force (the combination of unemployed and employed people) who are not employed but who are actively searching and are available for work. Source: Punch

<https://punchng.com/88-of-workers-self-employed-says-nbs-report/>

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Coverage universe	17	10	5	3	35
% distribution	49%	29%	14%	9%	
Investment banking clients	0	1	1	0	2
% distribution	0%	50%	50%	0%	

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