



Manufacturing

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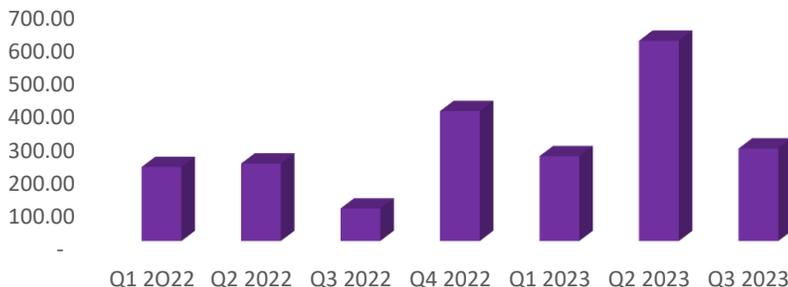
Foreign investments in the manufacturing sector decline in Q3 2023.

The National Bureau of Statistics (NBS) capital importation data showed the manufacturing sector attracted investments worth US\$279.5m in Q3 2023 compared to US\$605.04m in Q2 2023, a significant decline of 54% q/q. The NBS data also revealed that the manufacturing sector accounted for 42.70% of the total capital inflow into the economy in Q3. We note that Nigeria's total capital importation into Nigeria in Q3 2023 was US\$654.65 million, lower than US\$1.16 billion recorded in Q3 2022. On a q/q basis, capital importation declined by 36.45% from US\$1.03 billion in Q2 2023.

Investments in the sector have been on a decline due to the country's increasingly harsh business environment, characterised by high energy costs, lack of access to funding, multiple taxation, inflation, and FX challenges. This was further exacerbated by the latest reforms of the new administration in 2023, such as the fuel subsidy removal and the unification of the exchange rates at the various windows. 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 poor business conditions have led to the exit of some multinationals such as GlaxoSmithKline (which exited Nigeria in August) and Unilever, which wound down operations of its home and skin care categories in April. In the fourth quarter of 2023, more multinational manufacturers such as Sanofi-Aventis and Procter & Gamble also wound down operations in Nigeria. MAN has recently stated that if the cost of doing business in the country is not reduced, more international manufacturing companies will exit the country. We maintain our view, that to boost investments in the sector, the government needs to find ways to ameliorate the problems faced by manufacturers such as prioritizing forex intervention for companies in the sector, improving infrastructure such as power, and putting an end to the multiple taxes levied on manufacturers.

Capital Importation into the Manufacturing sector (US\$m)



Source: CSL Research, NBS

MARKET UPDATE

	1 year	29-Dec-23	1 day
NSE - Index*	51,700.36	74,773.77	80,324.53
Naira / US\$	461.67	907.11	856.57
Brent, US\$/bbl	79.65	77.04	76.12
MPR %	16.50	18.75	18.75

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

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News headlines:

Dangote set for production as crude supply hits 6million barrels: The Dangote Petroleum Refinery, on Monday, announced its readiness to commence production of refined petroleum products as it received the 6th batch of one million barrels of crude oil required by the plant for its initial operations. "Dangote refinery appears set to commence production of refined petroleum products with the receipt of the sixth batch of barrels of crude supplied by the Nigeria National Petroleum Corporation Limited," the firm stated in a statement issued on Monday. It said the fresh one million Agbami barrels of crude via MT ALMI SUN was the last cargo to complete the initial scheduled six million barrels consignment to be delivered to the Dangote facility for the commencement of operations by the world's largest single-train refinery. Source: Punchng.com

<https://punchng.com/dangote-set-for-production-as-crude-supply-hits-6million-barrels/>

NCC Approves Partial Disconnection of Glo Subscribers over Interconnect Debt: The Nigerian Communications Commission (NCC) yesterday, gave approval to MTN to disconnect all Glo subscribers from its network with effect from January 18, 2024. According to the NCC, MTN would partially disconnect all Glo subscribers and restrict them from making calls to MTN network, but they can receive in-coming calls generated from the MTN network, with effect from January 18, 2024. The NCC which gave the order in a statement signed by its Director of Public Affairs, Mr. Reuben Muoka, said the decision became necessary, following the refusal of Globacom to pay interconnection fees owed to MTN. Although the NCC did not disclose the amount owed by Globacom, it however said it had investigated the matter and decided that Glo subscribers be partially disconnected after 10 days from yesterday. Source: thisdaylive.com

<https://www.thisdaylive.com/index.php/2024/01/09/ncc-approves-partial-disconnection-of-glo-subscribers-over-interconnect-debt>

No plan to hike fuel price, marketers assure Nigerians: There is no plan to hike the cost of Premium Motor Spirit, popularly called petrol, as the Nigerian National Petroleum Company Limited, which is the sole importer of the commodity, is capable of shouldering under-recovery, oil marketers said on Monday. Dealers under the aegis of the Independent Petroleum Marketers Association of Nigeria explained that the NNPC was capable of absorbing under-recovery on fuel price due to its involvement in the sales of crude oil. They noted that other marketers in the downstream oil sector stopped importing petrol because of their inability to shoulder such under-recovery. IPMAN then urged the public not to worry over the cost of PMS as NNPC has capacity to manage fuel price. Source: Punchng.com

<https://punchng.com/no-plan-to-hike-fuel-price-marketers-assure-nigerians/>

Nigeria to sell Kaduna power distribution firm over \$130 million debt: Nigeria's electricity regulator has put up for sale the sixth largest power distribution utility over a \$130 million debt, less than two years after the lenders who took over the company failed to turn it around and make it profitable. Africa's biggest economy, Nigeria, has 11 power distribution companies but they are struggling to remain profitable because of lack of capital and sub-economic tariffs imposed by the Nigerian Electricity Regulatory Commission (NERC). Kaduna Electricity Distribution Plc (Kaduna Electric) is one of 18 successor companies created following the privatisation of the defunct Power Holding Company of Nigeria in 2013 and sells electricity in four northern states. Source: businessday.ng

<https://businessday.ng/energy/power/article/nigeria-to-sell-kaduna-power-distribution-firm-over-130-million-debt/>

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