

Agriculture

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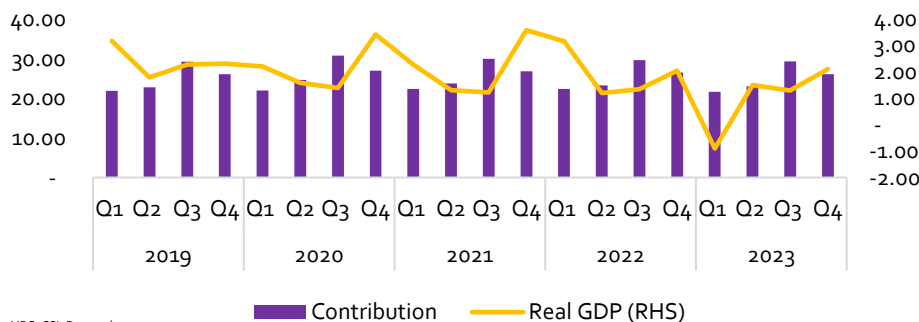
Nigeria's Standards Trade Development Facility (STDF)

During the launch of the Standards Trade Development Facility (STDF) for Nigeria, spearheaded by the World Trade Organization (WTO), the World Bank, and the International Trade Centre (ITC), Dr. Ngonzi Okonjo-Iweala, Director-General of the WTO, underscored the paradoxical state of Nigeria's agricultural sector. Despite abundant arable land and a favourable climate for agriculture, the nation continues to be a substantial net importer of food, expending billions annually on imports that could be produced domestically. The STDF program is aimed at addressing trade related problems on the supply side to boost the exportation of the nation's cowpeas and sesame products.

The US\$1.2m STDF initiative is expected to run for three years and will be backed by expected 30% counterpart funding from Nigerian Export Promotion Council (NEPC). Agriculture, Nigeria's largest single economic sector accounts for 25.18% of GDP (Q4 2023), with the most concentration on crop production, which accounts for 91% of output. The country's agricultural products fall into two main groups: food crops produced for home consumption, and cash crops for exports. Prior to the Nigerian civil war, the country was largely self-sufficient in food production and could boast of a significant number of cash crops for exports. Nigeria's agricultural exports have dwindled in the last few decades and the positive story around agriculture started to fade after the discovery of crude oil in the early 60s.

In recent years, Nigeria has encountered challenges with the rejection of its agricultural products due to non-compliance with international Sanitary and Phytosanitary (SPS) requirements. These include issues such as elevated pesticide residue levels exceeding maximum global limits, concerns regarding sanitary and phytosanitary standards, and deficiencies in packaging and labeling, among others. The primary goal of this initiative is to enforce international safety and quality standards and certification for Nigeria's exports of sesame and cowpeas. It is essential for Nigeria to adopt global ethical standards to enable participation in the lucrative cowpea and sesame export markets, which were valued at US\$7.2bn in 2023 and US\$7.35bn in 2022 respectively globally. Given the urgent need to diversify the economy and generate much-needed foreign exchange, implementing these standards holds paramount importance.

Agriculture Real GDP Growth and Contribution



Source: NBS, CSL Research

MARKET UPDATE

Indicators	1 Year	30-Dec-23	1 Day
NGX-Index	53,086.86	74,502.58	104,007.36
Naira/US \$	451.60	907.11	1,615.94
Brent US\$/bbl	85.92	77.04	84.03
MPR	17.50	18.75	22.75

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

FMCGs: Sunmisola Ikoli-Oluwo

+234 (1) 448 5436 ext.4457

sunmisola.ikoli@fcmb.com

Brewers: Goke Adetoyinbo

+234 (1) 448 5436 ext.4457

adegoke.adetoyinbo@fcmb.com

Industrials: Mustapha Umaru

+234 (1) 448 5436 ext.4512

mustapha.umaru@fcmb.com

Research Team: csresearch@fcmb.com

Retail Team: slcsu@fcmb.com

Sales Team: slrmt@fcmb.com

<https://csportal.fcmb.com>



News headlines:

FG plans fresh borrowing via Eurobond in June: The Federal Government has enlisted the expertise of leading global investment banks, including Citibank NA, JPMorgan Chase & Co, and Goldman Sachs Group Inc., to guide its forthcoming Eurobond issuance. It also appointed Standard Chartered Bank and the Lagos-based financial advisory firm Chapel Hill Denham to consult on this venture. The Eurobond issue which would be the first since 2022, marks the country's return to the international bond market after a two-year pause. In March 2022, the country raised \$1.25 billion through Eurobond issuances. Source: Punch

<https://punchng.com/fg-plans-fresh-borrowing-via-eurobond-in-june/>

FG, OPEC disagree on Nigeria's crude oil production: The Federal Government and the Organisation of Petroleum Exporting Countries (OPEC) have disagreed on Nigeria's average daily crude oil production, with Wale Edun, Minister of Finance and Coordinating Minister of the Economy, claiming that the country's oil production has risen to 1.65 million barrels per day (bpd), while OPEC put the nation's production at 1.32 million bpd in February 2024. Speaking in Abuja yesterday at a podcast hosted by Bruit Costaud in collaboration with Ballard Partners of USA, Edun said that Nigeria's oil production increased to 1.65 million bpd, from 1.25 million bpd in June 2023. He stated: "The prices are still elevated and as you know in June 2023, the oil production and sales were roughly 1.25 million barrels per day. Source: Vanguard

<https://www.vanguardngr.com/2024/03/fg-opec-disagree-on-nigerias-crude-oil-production/>

Stock Market Rebounds, Gains N165bn on Investors Demand for UBA, BUA Cement: Nigeria has secured \$1.3 billion in funding to complete a railway project connecting Kano, the largest city in the north, to Maradi in neighbouring Niger, the transport ministry said on Wednesday. The railway line will build on existing economic and social ties to boost trade and cultural cooperation between the two countries. Funding will come from a consortium led by the China Civil Engineering Construction Company (CCECC), which will contribute 85% of the total, the transport ministry said in a statement. The remaining 15% will be covered by the Nigerian government alongside institutions like the Africa Export-Import Bank and African Development Bank. Source: BusinessDay

<https://businessday.ng/news/article/nigeria-secures-1-3bn-funding-for-rail-link-to-niger-republic/>

Exchange rate gap closes to zero as dollar sells for N1,615: The foreign exchange (FX) recorded zero (No.01) gap between the official and parallel market as the dollar was quoted at N1,615 across markets on Wednesday. Data released by the FMDQ Securities Exchange showed that the dollar was quoted at N1,615.94 while it quoted at N1,615.93 at the parallel market, commonly referred to as black market. At the Nigerian Autonomous Foreign Exchange Market (NAFEM) on Wednesday, naira lost 0.78 percent as the dollar was quoted at N1,615.94, weaker than N1,603.38 quoted on Tuesday. Source: BusinessDay

<https://businessday.ng/news/article/exchange-rate-gap-closes-to-zero-as-dollar-sells-for-n1615/>

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	Buy	Hold	Sell	Not Rated	Total
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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CSL Stockbrokers Limited

Member of the Nigerian Stock 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