

## Trade

**Comment on recent news** – this page

Today's headlines – page two

**Recommendations and valuations** – page three

### AfCFTA Guided Trade Initiative.

On 7 March 2024, the National Action Committee on African Continental Free Trade Area (NAC – AfCFTA) organised a stakeholder's workshop in Abuja in preparation to sign onto the AfCFTA protocol on digital trade. The Executive Secretary of NAC-AfCFTA, Mr Olusegun Awolowo, stated that Nigeria was already signed onto the protocol on goods and services. He highlighted that the country was yet to start trading under the AfCFTA agreement but expressed optimism that by the end of April, Nigeria would start exporting officially through the Guided Trade Initiative (GTI) of the AfCFTA. He noted that the process involved for commercially meaningful trade to kick start under the AfCFTA agreement is long and laborious as all member countries must sign and agree on all protocols. The NAC – AfCFTA is a committee that was set up in December 2019 by the president Buhari led government to implement interventions needed to prepare Nigerian businesses to benefit from the AfCFTA agreement.

Recall that in March 2018, Africa reached a landmark agreement to create a free trade area in the continent. This was done through the signing of the African Continental Free Trade Agreement (AfCFTA) which was later ratified in May 2019. Meanwhile, Nigeria joined the pact on 7 July 2019 after initially pulling out of the agreement. Notably, the agreement which entered its operational phase on 7 July 2019 was expected to kick start in July 2020. As a result of the COVID-19 global pandemic however, the commencement date was postponed to 1 January 2021. According to the Africa Union (AU), AfCFTA is the world's largest free trade area bringing together 55 countries of the AU and eight Regional Economic Communities (RECs). The overall aim of AfCFTA is to create a single continental market with a population of 1.3bn people and a combined GDP of approximately US\$3.4trn by 2063. The practical implementation of the AfCFTA has the potential to foster industrialisation, job creation and attract foreign investments into the continent.

Protocols are an integral part of the AfCFTA agreement. They represent rules and procedures on the various sections of the agreement. Given that commercially meaningful trade has not commenced under the AfCFTA because of the length of time needed for all member countries to agree and sign all the protocols, the GTI was launched by the Africa Union on 7 October 2022. The Guided Trade Initiative is a vehicle through which countries that have met the minimum requirements for trade under the AfCFTA can engage in export and import activities among themselves.

According to the foreign trade in goods statistics report for that last quarter of 2023, Nigeria's imports from Africa accounted for 1.71% of total imports while its exports to Africa amounted to 9.93% for the same period. We expect that in the medium- long term, these statistics will improve if Nigeria takes advantage of the AfCFTA platform. Given the current economic challenges, low foreign investment and over reliance on oil export proceeds, the AfCFTA is an opportunity for the nation to enhance productivity and improve employment opportunities. We however reiterate that Nigeria does not appear to be in a strong position to benefit from the agreement. Key infrastructure such as power, transportation, storage systems etc. needed for businesses to enhance output remain largely underdeveloped.

### MARKET UPDATE

	1 year	30-Dec-23	1 day
NGX - Index*	54,936.11	74,773.77	204,387.47
Naira / US\$	461.18	899.89	3,453.28
Brent, US\$/bbl	75.38	77.04	85.60
MPR %	18.00	18.75	22.75

Source: NGX, Central Bank of Nigerian, Bloomberg, All Share Index\*

### CONTACT INFORMATION

**Head of Research:** Gloria Fadipe

+234 (1) 448 5436 ext.4516

[gloria.fadipe@fcmb.com](mailto:gloria.fadipe@fcmb.com)

**Banks:** Gloria Fadipe

+234 (1) 448 5436 ext.4516

[gloria.fadipe@fcmb.com](mailto:gloria.fadipe@fcmb.com)

**FMCGs & Brewers:** Goke Adetoyinbo

+234 (1) 448 5436 ext.4457

[adegoke.adetoyinbo@fcmb.com](mailto:adegoke.adetoyinbo@fcmb.com)

**Industrials:** Mustapha Umaru

+234 (1) 448 5436 ext.4512

[mustaphaumaru@fcmb.com](mailto:mustaphaumaru@fcmb.com)

**Research Team:** [cslresearch@fcmb.com](mailto:cslresearch@fcmb.com)

**Retail Team:** [cslcsu@fcmb.com](mailto:cslcsu@fcmb.com)

**Sales Team:** [cslrmt@fcmb.com](mailto:cslrmt@fcmb.com)

## News headlines:

### **FG to Meta: Nigeria Ready with Gifted Youths to Lead Africa in Digital Technology Vision:**

President Bola Tinubu has disclosed that his administration is sustaining investments in digital technology to enhance the sustainability of small businesses, expand opportunities across sectors, and propel Nigeria to become the lodestar of information and communications technology in Africa. Speaking yesterday while playing host to a delegation from Meta Platforms Incorporated, led by former UK Deputy Prime Minister and Meta's President of Global Affairs, Sir Nick Clegg, at State House, Abuja, Tinubu said Nigeria could not afford to be left behind in this age of technological advancements. In his remarks, Clegg thanked Tinubu for an executive order issued, which enabled the landing of Meta-backed deep Source: THISDAY[FG to Meta: Nigeria Ready with Gifted Youths to Lead Africa in Digital Technology Vision - THISDAYLIVE](#)

**States owe FG N1.7tn budget loans:** The governments of Nigeria's 36 states and the Federal Capital Territory owe the federal government an outstanding liability of N1.72tn in budget support facilities. The FCT owes N49.11bn and each of the 36 states carries the same debt burden totalling N1.72tn. The figures were revealed in a presentation on state budget support facility by Office of the Accountant General of the Federation, at the 140<sup>th</sup> meeting of the National Economic Council (NEC) presided over by the Vice President Kashim Shettima at the Aso Rock Villa, Abuja, on Thursday. At a previous NEC meeting held in November 2023, the FG had emphasised that it ceased providing budget support loans in July 2023, partly due to an increase in the federation's revenue. Source: Punch

[States owe FG N1.7tn budget loans \(punchng.com\)](#)

**Safe Schools project: Standard Operating Procedure (SOP) ready soon- CDS:** The Chief of Defence Staff(CDS), General Christopher Musa, has said the Armed Forces of Nigeria is committed to providing every necessary assistance for the security of school children and other learning institutions against attacks from terrorists/kidnappers within the ambit of Nigeria's constitution. To this end, the CDS said the armed forces of Nigeria would be launching a standard operating procedure, SOP, summit to support its operational activities in order to checkmate further attacks on schools. Speaking at the Safe Schools summit held yesterday in Abuja, the special guest of honour and former Chief of Defence Staff, Gen. Martin Luther Agwai, retd., said the Safe Schools' summit with the theme "Providing a Secure and Safe Learning Environment for the Advancement of National Development, and also the development of its Standard Operating Procedures, SOP", couldn't have come at a better time than now. Source: Vanguard [Safe Schools project: Standard operating procedure ready soon — CDS \(vanguardngr.com\)](#)

**World Meteorological Organization (WMO) Predicts Extreme Weather Conditions for Nigeria:** The WMO has said Nigeria is likely to witness extreme weather conditions judging from the current weather conditions experienced in various parts of the country. Therefore, the organisation has called for more responsiveness to weather predictions released by the Nigerian Meteorological Agency (NiMet). The WMO representative, Bernard Gomez, disclosed this in Abuja on Thursday during the celebration of the 2020 World Meteorological Day with the theme "At the Frontline of Climate Action". Source: LEADERSHIP

[World Meteorological Organisation Predicts Extreme Weather Conditions For Nigeria \(leadership.ng\)](#)



## Analyst Certification

Each research analyst principally responsible for the preparation and content of all or any identified portion of this research report hereby certifies that all the views expressed in this research report accurately reflect his/her personal views about those issuer(s) or securities that the research analyst covers in this research report. Each research analyst also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) expressed by that research analyst in this research report.

## Important disclosures

Analysts' compensation is based upon activities and services intended to benefit the investor clients of CSL Stockbrokers Limited, Lagos and the affiliates of FCMB Group, Lagos, Nigeria ("the Group"). Analysts receive compensation that is impacted by overall profitability of the Group, which includes revenues from, among other business units, Institutional Sales and Trading and Capital Markets/Investment Banking.

### CSL Research Ratings Distribution

	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%	

### Explanation of CSL Research's equity research rating system

- Buy:** The analyst expects the stock to outperform the Benchmark over the next 12 months or the stated investment horizon.
- Hold:** The analyst expects the stock to perform in line with the Benchmark over the next 12 months or the stated investment horizon.
- Sell:** The analyst expects the stock to underperform the Benchmark over the next 12 months or the stated investment horizon.
- Not Rated:** The rating and price target have been suspended temporarily to comply with applicable regulations and/or firm policies in certain circumstances including when CSL Capital UK or the Group is acting in an advisory capacity in a merger or strategic transaction involving the company or due to factors which limits the analysts ability to provide forecasts for the company in question.
- Benchmark:** The benchmark is the trailing three-year average yield of the 12-month T-Bill plus one standard deviation rounded to the nearest %.
- Price targets:** Price targets, if discussed, reflect in part the analyst's estimates for the company's earnings. The achievement of any price target may be impeded by general market and macroeconomic trends, and by other risks related to the company or the market, and may not occur if the company's earnings fall short of estimates.
- Asset allocation:** Asset allocation is the responsibility of the strategy team. The recommended weight (Buy, Hold and Sell) for equities, cash and fixed income instruments is based on a number of metrics and does not relate to a particular size change in one variable.

## Important Risk Warnings and Disclaimers

CSL Stockbrokers Limited ("CSLS") is regulated by the Securities and Exchange Commission, Nigeria. CSLS is a member of the Nigerian Stock Exchange. CSL Capital (UK) Ltd (Firm Reference Number: 913994, Registered Number: 11818051), trading in the name of 'CSL Stockbrokers' for its activities, is authorised by the Financial Conduct Authority (FCA).

Both CSLS and CSL Capital (UK) Ltd are members of the FCMB Group ("the Group") of Nigeria, a group of companies which also includes First City Monument Bank Ltd.

**RELIANCE ON THIS PUBLICATION FOR THE PURPOSE OF ENGAGING IN ANY INVESTMENT ACTIVITY MAY EXPOSE YOU TO A SIGNIFICANT RISK OF LOSS.** By receiving this document, you will not be deemed a client or provided with the protections afforded to clients of CSLS and CSL Capital (UK) Ltd. When distributing this document, CSLS, or any member of the Group is not acting for any recipient of this document and will not be responsible for providing advice to any recipient in relation to this document. Accordingly, CSLS or any member of the Group will not be responsible to any recipient for providing the protections afforded to its clients.

If you are in the UK, you are a person to whom either Articles 19 or 49 of the Financial Services and Markets 2000 (Financial Promotion) Order 2005 apply or a person to whom this communication may otherwise be lawfully made.

In the United Kingdom, this document is available only to such persons described above and persons of any other description should not rely on this document. Transmission of this document to any other person in the United Kingdom is unauthorized and may contravene the Financial Services and Markets Act 2000 (FSMA). If you are not such a person or if the distribution of this document is otherwise unlawful where you are, you are required to return the document immediately to CSLS. This document is not intended for Retail Clients in the UK.

This document is not an offer to buy or sell or to solicit an offer to buy or sell any securities. This document does not provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The appropriateness of a particular investment will depend on an investor's individual circumstances and objectives. The investments and shares referred to in this document may not be suitable for all investors.

CSLS or any other member of the Group may effect transactions in shares mentioned herein and may take proprietary trading positions in those shares and may receive remuneration for the publication of its research and for other services. Accordingly, this document may not be considered as objective or impartial. Additionally, information may be available to CSLS, or the Group, which is not reflected in this material. Further information on CSLS' policy regarding potential conflicts of interest in the context of investment research and CSLS' policy on disclosure and conflicts in general are available on request.

This document is based on publicly available information obtained from sources which CSLS believes are reliable, but which it has not independently verified. Neither CSLS, or their advisors, directors or employees make any guarantee, representation, or warranty as to the accuracy, reasonableness, or completeness of this information and neither CSLS or their advisors, directors or employees accepts any responsibility or liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document. The opinions contained in this document are subject to change without notice and are not to be relied upon and should not be used in substitution for the exercise of independent judgment.

Past performance is not a guarantee of future performance. Investments may go down in value as well as up and you may not get back the full amount invested. Where an investment is denominated in a currency other than the local currency of the recipient of the research report, changes in the exchange rates may have an adverse effect on the value, price or income of that investment. In case of an investment for which there is no recognised market it may be difficult for investors to sell their investment or to obtain reliable information about their value or the extent of the risk to which they are exposed.

The information contained in this document is confidential and is solely for use of those persons to whom it is addressed and may not be reproduced, further distributed to any other person, or published, in whole or in part, for any purpose.

@Copyright CSL Stockbrokers Limited, 2022. All rights reserved.

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