

## Crude Oil

**Comment on recent news** – this page

Today's headlines – page two

**Recommendations and valuations** – page three

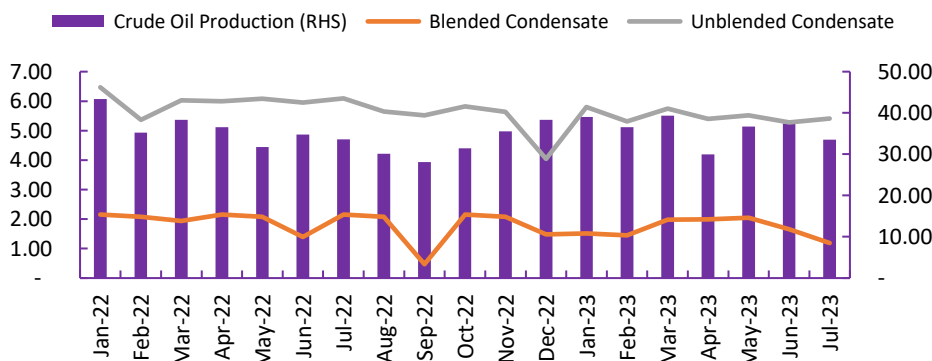
### Total crude oil production comes in at 40.12mn barrels in July 2023

Despite significant increase in the oil rig count to 14 in Q1 2023 from 8 rigs in Q1 2022 based on the August 2023 monthly oil market report by the Organization of the Petroleum Exporting Countries and allies (OPEC+), the total crude oil production (crude oil and condensates) was down 9.65% m/m to 40.12m from 44.40m in June 2023 and down 1.52% y/y to 40.74mn compared with July 2022. Specifically for Nigeria, the nation's total daily crude oil production averaged 1.29mbpd in July 2023, 185,916 barrels lower than the average oil production output of 1.48mbpd in June 2023 and also 19,912 barrels lower than the 1.31mbpd reported in July 2022.

Due to the repair maintenance of the Forcado's oil terminal, the oil terminal witnessed the highest reduction of 4.61m barrels in its total crude oil production to 3.29m barrels in July 2023 (-58.39% m/m) from 7.90m barrels in June 2023. Another significant drop came from Bonny terminal with a drop of 608,400 barrels in its total oil output from 2.6m barrels in July 2023 from 3.2m barrels in June 2023. However, major oil terminals like Escravos and Qua Iboe pumped more barrels of crude oil, up by 390,833 and 334,843 to 4.87m and 4.12m barrels in July 2023 from 4.48m and 3.79m barrels in June 2023. Production was ramped up by 361,927 barrels to 624,645 barrels in July 2023 from 262,718 barrels in June 2023 at the Ugo Ocha (Jones Creek) oil terminal which is one of the many small oil terminals that do not pump oil condensates.

Nigeria oil production has remained low in recent years, thereby hampering the country's main source of foreign exchange and putting immense pressure on the country's foreign exchange. The challenge has been mainly attributed to crude oil theft and massive pipeline vandalism in the Niger Delta as well as years of low investment in the oil and gas sector. We had been hopeful that renewal of the oil pipeline surveillance contract awarded to the former leader of the Movement for the Emancipation of the Niger Delta (MEND), Chief Government Ekpemupolo late last year, will result in improved crude oil production volumes this year but the numbers so far have not been encouraging.

### Crude Oil Production (mbpd)



Source: CSL Research, NUPRC

### MARKET UPDATE

Indicators	1 Year	30-Dec-22	1 Day
NSE-Index	53,086.86	51,251.06	64,167.39
Naira/US \$	415.63	461.50	757.51
Brent US\$/bbl	119.51	85.91	87.55
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:

**CBN Faults JP Morgan's \$3.7bn Estimate of Nigeria's Net Reserves, Says No Cause for Alarm:** The Central Bank of Nigeria (CBN), yesterday, said the recent estimate of the bank's financial accounts by JP Morgan was "out of context", and assured that there was no cause for panic. CBN clarified that fluctuations and liabilities encumbrances to the reserves were only natural and normal, adding that the CBN built the reserves to defend the naira in terms of its value to other currencies. Director, Monetary Policy Department of CBN, Dr. Hassan Mahmud, gave the clarification on "Money Line", a programme monitored on Africa Independent Television. Mahmud questioned the real intent of the report by the ratings agency, "whether to rouse market sentiments, or whether to mislead the public? (Source: ThisDay)

<https://www.thisdaylive.com/index.php/2023/08/24/cbn-faults-jp-morgans-3-7bn-estimate-of-nigerias-net-reserves-says-no-cause-for-alarm>

**24yrs after, Nigeria's space programme loses traction despite yearly allocations:** Despite gulping N101.744 billion in three years (2021 to 2023), the country's space programme has failed to send an unmanned mission to space, a target it set for itself by 2022, with indications that it may also miss the plan of sending manned mission to space by 2030. Further breakdown indicates that the Nigeria Space Programme has failed to meet over 70 per cent of its mission and vision. The programme has also failed to launch satellites into space as promised by the Federal Ministry of Science, Technology and Innovation (FMSTI) and the National Space Research and Development Agency (NASRDA). (Source: Guardian)

<https://guardian.ng/news/24yrs-after-nigerias-space-programme-loses-traction-despite-yearly-allocations/>

**Update your meters now, NERC tells power consumers:** The Nigerian Electricity Regulatory Commission has advised power users across the country to start updating their prepaid meters in order to avoid losing the meters by November 2024. Its advice came as a power distribution company explained that un-updated prepaid meters would stop operating from November next year, adding that this was a global standard for prepaid electricity meters. In one of its latest posts on X (formerly Twitter), seen on Wednesday, the commission said, "If you have a prepaid meter, it may be time for an update. From November, 2024, you may not be able to recharge your meter. However, updating is easy and free. (Source: Punch)

<https://punchng.com/update-your-meters-now-nerc-tells-power-consumers/>

**Stock exchange pushes dollar asset listings for Nigeria's FX challenges:** Amidst the lingering crises in Nigeria's foreign exchange market, the Chief Executive Officer, Nigerian Exchange Limited (NGX), Temi Popoola, has stated that dollar asset listings can address the challenges. Commending the federal government's forex reforms in an interview with Bloomberg yesterday, Popoola noted that the Exchange features a number of companies with diverse business models, some of which not only generate revenue in dollars but also report profits in dollars. (Source: Vanguard)

<https://www.vanguardngr.com/2023/08/stock-exchange-pushes-dollar-asset-listings-for-nigerias-fx-challenges/>

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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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