

Oil

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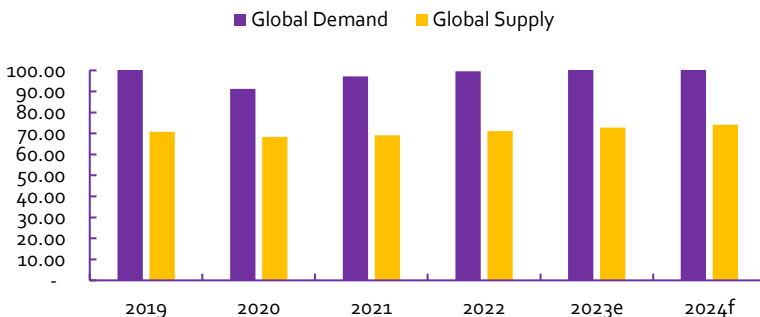
OPEC's review of the demand and supply of oil

In its Monthly Oil Market Report for August 2023, the Organization of Petroleum Exporting Countries and its allies (OPEC+) reported that the OPEC Reference Basket (ORB) advanced by 7.8% m/m to an average of US\$81.06/bbl in July 2023 from an average of US\$75.19/bbl in June 2023. However, the average oil price in July 2023 was down 25.32%/y when compared with the average oil price of US\$108.55/bbl reported in July 2022.

The global demand for oil in 2023 is estimated to grow by 2.4 million barrels per day (mbpd) to 102.01mbpd compared with 99.57mbpd in 2022. The Organization for Economic Cooperation and Development (OECD) region is estimated to contribute 46.02mbpd of the expected demand while the Non-OECD countries are expected to contribute 55.99mbpd to the total demand in 2023 with the highest demand coming from China and other parts of Asia, as their economies expand following the relaxation of the COVID-19 restrictions previously imposed.

Taking into consideration the continuous voluntary production cuts from members of OPEC and its allies, total oil production is expected to come in at 72.71mbpd in 2023 compared with the performance of 71.15mbpd in 2022 and the biggest supplies are expected to come from the United States of America and Russia. Despite efforts from OPEC+ to stimulate higher prices of crude oil, the Brent crude averaged US\$79.73/b in 2023. The Brent crude oil price may have been adversely affected by China's decision to purchase cheaper oil products from Iran and the implementation of reduced CO₂ emission policies. Again, the high cost of borrowing in many economies could be adversely affecting oil prices as high interest rates lead to reduced economic activities and consequently, lower demand for oil.

Global oil supply and demand



Source: CSL Research, OPEC

MARKET UPDATE

Indicators	1 Year	30-Dec-22	1 Day
NSE-Index	53,086.86	51,251.06	64,625.28
Naira/US \$	415.63	461.50	766.97
Brent US\$/bbl	119.51	85.91	88.82
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:

Naira appreciates as NNPC boosts forex supply with \$3bn loan: THE Naira yesterday recorded significant gain against the dollar in the parallel market and the official Investors and Exporters, I&E window even as the forex market received a major supply boost as the NNPC Limited secured a \$3 billion facility from the AfreximBank aimed at stabilising the exchange rate. Vanguard survey showed that the Naira appreciated by N28 or 3.8 per cent in the parallel market, as the exchange rate fell to N885 per dollar from N920 per dollar on Tuesday. The Naira also appreciated by N21.44 per dollar or 3.25 per cent in the official I&E window as the indicative exchange rate fell to N759.86 per dollar from N781.30 per dollar on Tuesday. Source: Punch.com

<https://www.vanguardngr.com/2023/08/naira-appreciates-as-nnpcl-boosts-forex-supply-with-3bn-loan/>

Resurgence of killings threatens N'Central states, food production: The resurgence of brutal killings in the North Central geo-political zone, which increased since May 2023, claiming over 1200 lives within three months, has become a major threat to the N28 trillion Gross Domestic Product (GDP) of the six states and the Federal Capital Territory (FCT). The National Bureau of Statistics (NBS) puts the GDP of the six states in 2021 as N4.58 trillion (Niger); N4.27 trillion (Benue); N3.69 trillion (Kogi); N1.86 trillion (Nasarawa); N1.50 trillion (Plateau) and N1.38 trillion (Kwara). The Federal Capital Territory (FCT) has a GDP of N10.6 trillion according to figures released by the NBS for 2017 year making the GDP of the six states and the FCT amount to N28 trillion. Source: Guardian.com

<https://guardian.ng/news/resurgence-of-killings-threatens-ncentral-states-food-production/>

MTN issues N100bn commercial papers: MTN Nigeria has revealed plans to issue N100bn commercial paper notes under its Commercial Paper Issuance Programme. This was disclosed in a corporate notice filed on the Nigerian Exchange Limited on Wednesday. The company said, "The issuance is part of the company's strategy to diversify its financing options with the funds being deployed towards short-term working capital and funding requirements." The commercial papers notes are series 6 and 7 in the firm's issuance programme. In its debut issuance of commercial paper in June 2020, MTN raised N100bn and the issuance was 400 per cent subscribed. Source: Punch.com

<https://punchng.com/mtn-issues-n100bn-commercial-papers/>

Capsized oil rig operating illegally on Nigerian waters since 2016, says NIMASA: The Nigerian Maritime Administration and Safety Agency (NIMASA) yesterday, disclosed that the oil rig, which capsized on Tuesday at Ovhor in Warri, Delta State, had been operating on the nation's waters illegally since 2016. In a press statement by the Head, Public Relations of the agency, Osagie Edward, on Wednesday, he said the Majestic Rig belonging to Depthwize Nigeria Limited, had been operating since 2016 without requisite approvals from the regulatory Agency. According to him, NIMASA has, however, dispatched a team of Search and Rescue and marine accident investigation officers to the scene of the incident. Source: Guardian.ng

<https://guardian.ng/news/capsized-oil-rig-operating-illegally-on-nigerian-waters-since-2016-says-nimasa/>

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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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