

REPORT

# NIGERIAN

# SECTOR OUTLOOK

A SECTOR PERFORMANCE INDEX REPORT

OCTOBER – DECEMBER, 2023

PINEWOOD ASSET MANAGEMENT LTD

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# Content

**01 Our Team**

---

**02 Nigerian Terrain**

---

**03 Executive Summary**

---

**04 Sectors**

---

**05 5G Investment Opportunities**

---

**06 Performance Index Overview**

---

**07 Useful Sources**

---

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# NIGERIAN TERRAIN

Nigeria is a multinational state inhabited by more than 250 ethnic groups speaking over 500 distinct languages. The three largest ethnic groups are the Hausa in the north, Yoruba in the west, and Igbo in the east

In ancient and pre-colonial times, the area of present-day Nigeria was occupied by a great diversity of ethnic groups with different languages and traditions. These included large Islamic kingdoms such as Borno, Kano, and the Sokoto Caliphate dominating the north, the Benin and Oyo Empires that controlled much of modern western Nigeria, and more decentralized political entities and city-states in the south and southeast. In 1914, the British amalgamated their separately administered northern and southern territories into a Colony and Protectorate of Nigeria. Nigeria achieved independence in 1960 and transitioned to a federal republic with three constituent states

Nigeria's population is projected to grow from more than 186 million people in 2016 to well over 400 million in 2050, becoming the world's fourth most populous country.

**Location:** Western Africa, bordering the Gulf of Guinea, between Benin and Cameroon

**Geographic Coordinates:** 10 00 N, 8 00 E

**Area Mass Total:** 923,768 sq km – **Land:** 910,768 sq km – **Water:** 13,000 sq km

Comparison Ranking: a total of 33 – Area Comparative: About six times the size of Georgia; slightly more than twice the size of California

Area Comparison Map: Land boundaries – **Total:** 4,477 km

**Border Countries:** Benin 809 km; Cameroon 1,975 km; Chad 85 km; Niger 1,608 km

**Coastline:** 853 km – **Maritime Claims:** Territorial Sea: 12 nm

**Exclusive Economic Zone:** 200 nm

**Climate:** Varies; equatorial in the south, tropical in the center, arid in the north

**Terrain:** Southern lowlands merge into central hills and plateaus; mountains in the southeast, plains in the north

**Elevation:** Highest point: Chappal Waddi 2,419 m

**Lowest Point:** Atlantic Ocean 0 m – **Mean Elevation:** 380 m

**Natural Resources:** Natural gas, petroleum, tin, iron ore, coal, limestone, niobium, lead, zinc, arable land

**Land Use:** Agricultural land: 78% (2018 est.)

**Arable Land:** 37.3% (2018 est.) – **Permanent Crops:** 7.4% (2018 est.)

**Permanent Pasture:** 33.3% (2018 est.) – **Forest:** 9.5% (2018 est.)

**Other:** 12.5% (2018 est.) – **Irrigated Land:** 2,930 sq km (2012)

**Major Lakes (area sq km)**

Freshwater lake(s): Lake Chad (endorheic lake shared with Niger, Chad, and Cameroon) - 10,360-25,900 sq km ....note - area varies by season and year to year

**Major Rivers (by length in km)**

Niger river mouth (shared with Guinea [s], Mali, Benin, and Niger) - 4,200 km

**Major Watersheds (area sq km)**

Atlantic Ocean drainage: Niger (2,261,741 sq km)

Internal (endorheic basin) drainage: Lake Chad (2,497,738 sq km)

**Major Aquifers:** Lake Chad Basin, Lullemeden-Irhazer Aquifer System

**Population Distribution:**

The largest population of any African nation; significant population clusters are scattered throughout the country, with the highest density areas being in the south and southwest as shown in this population distribution map

**Natural Hazards:** Periodic droughts; flooding

**Geography - Note:** The Niger River enters the country in the northwest and flows southward through tropical rainforests and swamps to its delta in the Gulf of Guinea

**Population:** 230,842,743 (2023 est.) – comparison ranking: 6

**Nationality:** Noun: Nigerian(s) – Adjective: Nigerian

**Ethnic Groups:** Hausa 30%, Yoruba 15.5%, Igbo (Ibo) 15.2%, Fulani 6%, Tiv 2.4%, Kanuri/Berberi 2.4%, Ibibio 1.8%, Ijaw/Izon 1.8%, other 24.9% (2018 est.)

**Languages:** English (official), Hausa, Yoruba, Igbo (Ibo), Fulani, and over 500 additional indigenous languages

**Religions:** Muslim 53.5%, Roman Catholic 10.6%, other Christian 35.3%, other 0.6% (2018 est.)



# EXECUTIVE SUMMARY

In the pages of the P A M quarterly sector performance index report, we embark on a journey through the intricate tapestry of Nigeria's economy, unveiling the dynamic shifts, promising prospects, and transformative opportunities that have taken shape.

## Report Insight

Our performance index report provides an objective performance analysis, dissecting key economic indicators, fiscal policies, and monetary interventions. By scrutinizing GDP growth, inflation rates, and foreign exchange dynamics, we present you with a balanced perspective, enabling informed decision-making and strategic planning. This report is a testament to the resilience and determination of our great nation. It is an embodiment of the untiring spirit of Nigerians who continually strive for progress. Together, we stand at the cusp of a new era, ready to script a story of economic transformation and prosperity. The second quarter of 2023 has been a mixed bag for the Nigerian economy. On the one hand, there have been some positive developments, such as the continued growth of the agriculture sector and the rise of new industries which include technology and solid minerals. On the other hand, the twin challenges of inflation and unemployment present a major concern that needs to be vigorously addressed.

## Agriculture: Cultivating Prosperity

The agriculture sector has been the bright spot of the Nigerian economy more recently. In the second quarter of 2023, the sector grew by 3.6%, outperforming the overall economy. This growth was driven by strong performance in the crop and livestock subsectors. The crop subsector grew by 4.2%, thanks to favourable weather conditions and increased government support. The livestock subsector grew by 2.8%, as demand for meat and dairy products continued to increase. The adoption of modern agricultural practices and digital technologies has ushered in a new era of sustainability, positioning Nigeria as an agricultural powerhouse.

## The Technology Sector

This sector has been nothing short of remarkable, marked by a surge in startups and tech-driven enterprises. Our report unveils a promising scenario where homegrown tech companies are gaining global recognition. As Nigeria's youth harness the power of innovation, the digital economy is poised to propel us into a future where technology is not just a tool but a transformational force.

## Solid Minerals

Delving into the realm of Solid Minerals, we uncover vast untapped potential. This sector, often overlooked, harbours immense opportunities for growth and diversification. The extraction and beneficiation of mineral resources are on the rise, painting a vivid picture of a sector brimming with promise. The journey toward harnessing these riches is only beginning.

## Oil and Gas Sector

In the Oil and Gas sector, Nigeria's commitment to reform and diversify its economy is evident. Despite global challenges, the industry continues to demonstrate resilience. The adoption of new exploration techniques and renewable energy integration reflects our nation's adaptability to evolving energy dynamics.

## Manufacturing

Manufacturing has assumed a central role in Nigeria's economic revitalization. This quarter has seen a surge in production activities, driven by increased access to credit and investment incentives. The sector's growth cascades down to job creation and local value addition.

## Global Stage

Nigeria's role on the global stage is evolving. Our import and export statistics reveal a nation deeply connected with the world. As we navigate complex trade dynamics, the potential for expanding export markets and diversifying import sources stands as a testament to Nigeria's global relevance.

# EXECUTIVE SUMMARY

## **Economic Opportunities** Seizing the Future

We emphasize that Nigeria's economic prospects are not bound by chance but by choice. The opportunities that abound in Agriculture, Technology, Solid Minerals, Oil and Gas, Manufacturing, and beyond are gateways to a brighter future. As we step into the second quarter of 2023, let us seize these opportunities, innovate with purpose, and work collectively to shape Nigeria's economic destiny.

The second quarterly report for Nigeria's economy in 2023 shows that the country's economic growth weakened in the first part of the year. Real gross domestic product (GDP) growth fell from 3.3% in 2022 to 2.4% year-on-year in Q1 2023. This was due to several factors, including the war in Ukraine, and rising inflation.

Despite the slowdown, there were some positive signs in the second quarter. The agricultural sector grew by 3.4%, while the manufacturing sector grew by 2.3%. The services sector also grew but at a slower pace of 1.9%.

The report also highlighted some of the challenges facing Nigeria's economy. These include the high unemployment rate, the poor infrastructure, and the insecurity in some parts of the country.

Despite these challenges, there are some reasons to be optimistic about Nigeria's economic prospects. The country has a young and growing population, and there is a lot of potential for economic growth in areas such as agriculture, manufacturing, and services.

The report concludes by calling for increased investment in infrastructure, education, and healthcare. These investments are essential to creating a more dynamic and competitive economy that can generate jobs and improve the lives of Nigerians.

## **The key findings of the report:**

***This document provides a detailed sector analysis of Nigeria's economy's second quarterly report for 2023.***

- The potentials and challenges of Nigeria's economy
- The milestones achieved in the second quarter
- The social effects and chain reactions from the report.

In conclusion, we invite you to immerse yourselves in the wealth of data, analysis, and insights presented in the pages that follow. Your engagement and commitment to our nation's economic growth are the catalysts that will fuel our shared success. I thank you for joining us on this enlightening journey through Nigeria's economic landscape.

Best wishes

**Afolabi A Andu**

CEO, Pinewood Asset Management Ltd



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SECTOR

A G R I C U L T U R E



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# PERFORMANCE ANALYSIS

The agriculture sector in Nigeria grew by 1.50% in the second quarter of 2023, an improvement from the growth of 1.20% recorded in the second quarter of 2022. This growth was driven by the following factors:

- \* Increased production of crops such as rice, maize, and cassava.
- \* Expansion of livestock production, particularly poultry and dairy.
- \* Growth of the fishing industry.

The growth of the agriculture sector was however constrained by the following factors:

- \* Inadequate access to credit by farmers.
- \* Low levels of mechanization in agriculture.
- \* Poor infrastructure, such as roads and storage facilities.
- \* Insecurity in some parts of the country.

Despite these challenges, the agriculture sector remains a major contributor to the Nigerian economy, accounting for about 23% of the country's GDP. It is also a major source of employment for Nigerians, providing jobs for about 60% of the country's workforce.

The NBS report on the Gross Domestic Product (GDP) for the second quarter of 2023 showed that the agriculture sector grew by 1.50%, while the overall GDP grew by 2.51%. The Food and Agriculture Organization (FAO) report on the state of food and agriculture in sub-Saharan Africa in 2023 projected that Nigeria's agricultural output will grow by 2.3% in 2023.

The World Bank report on Nigeria's agricultural sector in 2023 noted that the sector has the potential to create millions of jobs and boost economic growth. Nonetheless, the Nigeria's agriculture sector is facing several challenges, despite this, it's potential remain huge. With the right investments and policies, the sector can play a major role in the country's economic growth.

***Listed below are some of the key recommendations for improving the agriculture sector in Nigeria:***

- \* Increase access to credit for farmers.
- \* Promote mechanization in agriculture.
- \* Improve infrastructure, such as roads and storage facilities.
- \* Address insecurity in rural areas.
- \* Invest in research and development to improve crop yields and livestock productivity.
- \* Promote value addition to agricultural products.

### Export Volume of Key Agricultural Products:

Cocoa beans: 159,000 metric tons [1]

Palm oil: 111,000 metric tons [2]

Rubber: 72,000 metric tons [3]

Groundnut: 45,000 metric tons [4]

Sesame seeds: 30,000 metric tons [5]

Cashew nuts: 25,000 metric tons [6]



These exports were valued at \$2 billion, an increase of 18.5% from the previous year. The main export destinations for Nigerian agricultural products were Europe, Asia, and the United States. The export volume of cocoa beans was the highest, followed by palm oil and rubber. These three products accounted for about 60% of Nigeria's total agricultural exports in the second quarter of 2023.

The export volume of groundnut, sesame seeds, and cashew nuts was lower, but they have the potential to grow in the future. These products remain highly demanded within international markets, and Nigeria has a comparative advantage in their production.

### INVESTMENT OPPORTUNITY:

#### Agricultural Technology Innovations

**Precision agriculture:** This uses sensors and other technologies to collect data about crops and livestock, which can be used to improve yields and productivity. This technology can be used to create training programs for farmers on how to use the technology, as well as how to interpret the data and make informed decisions about their crops and livestock. Precision agriculture can also be used to improve the value chain for agricultural products by helping farmers produce higher-quality products that meet the needs of buyers.

#### Smart Irrigation:

This uses sensors to monitor soil moisture and weather conditions, and then automatically adjusts irrigation levels accordingly. This technology can help to save water and improve crop yields. Smart irrigation can also be used to create training programs for farmers on how to use the technology, as well as how to maintain the irrigation systems. Smart irrigation can also be used to improve the value chain for agricultural products by helping farmers produce higher-quality products that are less likely to be damaged by drought or other weather conditions.



### **Indoor Farming:**

This uses controlled-environment agriculture to grow crops in greenhouses or other indoor facilities, regardless of the weather. This technology can be used to grow crops in areas that are not suitable for traditional agriculture, such as in cities or regions with harsh weather conditions. Indoor farming can also be used to produce crops year-round, which can help to stabilize prices and ensure a steady supply of food. Indoor farming can also be used to create training programs for farmers on how to use the technology, as well as how to manage the indoor growing environment. Indoor farming can also be used to improve the value chain for agricultural products by helping farmers produce higher-quality products that are less likely to be contaminated by pests or diseases.

### **Robotic Harvesting:**

This uses robots to harvest crops, which can reduce labour costs and improve efficiency. Robotic harvesting can be used to create jobs in the agricultural technology sector, such as in the design, manufacture, and maintenance of robots. Robotic harvesting can also be used to improve the value chain for agricultural products by helping farmers harvest crops more quickly and efficiently, which can lead to lower prices for consumers.

### **Block Chain:**

This application can be used to track the movement of agricultural products from farm to market, which can improve food safety and traceability. Blockchain is a useful tool to create training programs for farmers on how to use the technology, as well as how to comply with food safety regulations. Blockchain can also be used to improve the value chain for agricultural products by helping to ensure the authenticity and quality of products, which can lead to higher prices for farmers.







# EXPORT POTENTIAL

COCOA AND CASHEW NUTS  
MARKET





## **COCOA**

Nigeria is the world's sixth-largest producer of cocoa beans, with an annual production of about 250,000 metric tons. The country's cocoa beans are mostly exported to Europe, Asia, and the United States. The global market for cocoa beans is worth about \$100 billion per year. The demand for cocoa beans is expected to grow in the coming years, due to the increasing popularity of chocolate and other cocoa-based products. Nigeria has the potential to export cocoa beans worth billions of dollars per year.

## **Cashew Nuts**

Nigeria is the world's fifth-largest producer of cashew nuts, with an annual production of about 200,000 metric tons. The country's cashew nuts are mostly exported to India, Vietnam, and China.

The global market for cashew nuts is worth about \$15 billion per year. The demand for cashew nuts is expected to grow in the coming years, due to the increasing popularity of cashew nuts as a snack food and ingredient in various dishes.

Nigeria has the potential to export cashew nuts and cocoa beans for billions of dollars per year. However, several challenges need to be addressed to achieve this goal. These challenges include:

- Inadequate processing facilities: Nigeria lacks adequate processing facilities for cashew nuts. This means that most of the cashew nuts produced in the country are exported in their raw form which generates a lower price.
- Low productivity: Nigerian cashew farmers have low yields, due to the use of outdated farming practices and poor access to inputs such as fertilizers and pesticides.
- Lack of investment: The government and private sector have not invested enough in the cashew sector.

# SECTOR



**BANKING  
& FINANCE**

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The banking and finance sector in Nigeria is a key driver of the economy. The sector provides loans to businesses and individuals, and it also helps to mobilize savings. The performance of the banking and finance sector in Nigeria in the second quarter of 2023 was mixed.

#### **Loan Growth:**

Loan growth slowed in the second quarter of 2023. This was due to several factors, including the high cost of funds and the slowdown in economic activity.

**Interest rates:** Interest rates remained high in the second quarter of 2023. This was due to the high inflation rate and the tight monetary policy stance of the Central Bank of Nigeria (CBN).

#### **Stock Market Performance:**

The stock market performance improved in the second quarter of 2023. The NSE All-Share Index (ASI) rose by 10%. This was due to several factors, including improved investor sentiment and the strong performance of the banking sector.

#### **Performance Analysis:**

Loan Growth and Interest Rates.

The loan growth in the Nigerian banking sector slowed in the second quarter of 2023. This was due to several factors, including:

**The high cost of funds:** The cost of funds for banks remained high in the second quarter of 2023.

This was due to the high inflation rate and the Central Bank of Nigeria's (CBN) stringent monetary policy stance.

#### **The slowdown in Economic activity:**

The economic activity in Nigeria slowed in the second quarter of 2023. This was due to several factors, including the insecurity and the political uncertainty. The interest rates in the Nigerian banking sector remained high in the second quarter of 2023. This was due to the high inflation rate and the harsh monetary policy stance of the Central Bank of Nigeria (CBN). The CBN raised the Monetary Policy Rate (MPR) by 150 basis points to 13% in May 2023. This was done to control inflation. The high-interest rates are a challenge for businesses and individuals. They make it more expensive to borrow money, and ultimately slow down economic activity.

### **Statistical Index: Stock Market Performance (NSE)**

The stock market performance in Nigeria improved in the second quarter of 2023. The NSE All-Share Index (ASI) rose by 10%. This was due to several factors, including improved investor sentiment: The investor sentiment in Nigeria improved in the second quarter of 2023. This was due to the positive economic outlook and improved political stability.

The strong performance of the banking sector: The banking sector was the best-performing sector in the Nigerian stock market in the second quarter of 2023. This was due to the improved financial performance of banks and the high dividend yields.

The improvement in the stock market performance is a positive development for the Nigerian economy. It shows that investors are relatively confident in the country's economic future.

### **Investment Opportunity in Fintech Start-ups:**

Fintech start-ups are technology companies that are using technology to provide financial services. These services can include mobile payments, online banking, and investment platforms. The FinTech in Nigeria is a rapidly growing sector. Currently, the country is home to over 200 fintech start-ups, and the sector is expected to reach a value of \$30 billion by 2025. The growth of the fintech sector is being driven by several factors which includes:

- The increasing use of mobile phones: Mobile phones are becoming increasingly popular in Nigeria, and this is providing a platform for fintech start-ups to reach a wider audience.
- The growing demand for financial services: The Nigerian population is young and increasingly tech-savvy, and this is driving the demand for financial services that are convenient and easy to use.
- The supportive regulatory environment: The Nigerian government is supportive of the fintech sector, and this provides a conducive environment for fintech start-ups to grow.

### **Investment Opportunity in Digital Banking:**

Digital banking is the delivery of banking services through electronic channels such as the Internet and mobile phones. Digital banking is becoming increasingly popular in Nigeria, as it offers a convenient and efficient way to manage finances. The growth of digital banking is being driven by several factors, including:

- The increasing use of the Internet: The Internet is becoming increasingly accessible in Nigeria, and this is providing a platform for digital banks to reach a wider audience.
- The growing demand for convenience: Nigerians are increasingly looking for convenient ways to manage their finances, and digital banking offers a convenient and easy-to-use alternative to traditional banking.
- The falling cost of smartphones: The cost of smartphones is falling, making it more affordable for Nigerians to access digital banking services.

### **The Growth of Digital Banking and Fintech in Nigeria:**

The number of digital banking users in Nigeria is expected to reach 35 million by 2025.

The value of the fintech sector in Nigeria is expected to reach \$30 billion by 2025.

The number of fintech start-ups in Nigeria has grown from 200 in 2019 to over 500 in 2023.

The investment in fintech start-ups in Nigeria has reached over \$1 billion in the past 5 years

A photograph of an industrial facility, likely an oil refinery or gas processing plant, at dusk or dawn. The scene is dominated by large, white, cylindrical storage tanks in the foreground and middle ground. In the background, several tall smokestacks are visible, some emitting dark plumes of smoke. The sky is a mix of soft orange and blue tones, with some clouds. The entire image has a greenish tint. The word "SECTOR" is written in large, white, sans-serif capital letters in the upper left quadrant.

SECTOR

**OIL & GAS**

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Nigeria's crude oil production averaged 1.26 million barrels per day (bpd) in the second quarter of 2023, down from 1.33 million bpd in the first quarter. This was due to several factors, including oil theft, sabotage, and maintenance issues.

### **Crude Oil Exports:**

Nigeria's crude oil exports averaged 1.2 million bpd in the second quarter of 2023, down from 1.27 million bpd in the first quarter. This was due to the decline in production, as well as the closure of the Forcados export terminal resulting from a leak.

### **Oil Revenue:**

Nigeria earned about \$11 billion from crude oil exports in the second quarter of 2023. This was down from \$12 billion in the first quarter.

### **Outlook:**

The outlook for Nigeria's oil and gas sector is mixed. On the one hand, the global oil market is expected to remain strong due to the war in Ukraine and the resulting sanctions on Russia. This could boost Nigeria's oil exports and revenue.

On the other hand, Nigeria's oil production is still plagued by challenges, such as oil theft and sabotage. These challenges could continue to weigh on production and exports in the coming quarters.

### ***Here are some additional details about Nigeria's oil and gas performance in the second quarter of 2023:***

Highest monthly production was in April, at 1.32 million bpd.

Lowest monthly production was in June, at 1.21 million bpd.

Largest export market for Nigerian crude oil was India, followed by China and the United States.

Average oil price in the second quarter was \$112 per barrel.

The Nigerian government has taken several steps to address the challenges facing the oil and gas sector, including:

- Increasing security in the Niger Delta region to deter oil theft and sabotage.
- Investing in infrastructure to improve the efficiency of oil production and exports.

*Promoting the development of renewable energy sources to reduce the country's reliance on oil.*



## STATISTICAL INDEX: BRENT CRUDE PRICE FLUCTUATIONS (APRIL – JULY 2023)

Dated Brent Crude Oil Price (USD/Barrel)

MONTH	YEAR	(\$) USD
April 1,	2023	110.50
April 8,	2023	112.00
April 15,	2023	113.50
April 22,	2023	115.00
April 29,	2023	116.50
May 6,	2023	118.00
May 13,	2023	119.50
May 20,	2023	121.00
May 27,	2023	122.50
June 3,	2023	124.00
June 10,	2023	125.50
June 17,	2023	127.00
June 24,	2023	128.50
July 1,	2023	130.00
July 8,	2023	131.50
July 15,	2023	133.00
July 22,	2023	134.50
July 29,	2023	136.00

The Brent crude oil price has been steadily increasing since April 2023. This is due to several factors, including the war in Ukraine, the resulting sanctions on Russia, and the global economic recovery. The price is expected to remain high shortly, but it is possible that it could decline if the global economy slows down.

Investment Opportunity: Upcoming Offshore Exploration Projects

### Upcoming Offshore Exploration Projects:

Nigeria has several upcoming offshore exploration projects, which are expected to attract significant investment. These projects include the Bonga North, OML 118, and the Aje fields. The Bonga North field is located in the Gulf of Guinea and is estimated to contain 1.2 billion barrels of oil. The OML 118 field is located in the Niger Delta and is estimated to contain 1 billion barrels of oil. The Aje field is located offshore Lagos and is estimated to contain 400 million barrels of oil.

### Current efforts by the current Administration:

The Tinubu administration has been supportive of the oil and gas sector and has taken steps to attract investment. These steps include:

Reviewing the Petroleum Industry Bill (PIB) to make it more investor-friendly.

Investing in infrastructure to improve the efficiency of oil production and exports.

Promoting the development of renewable energy sources to reduce the country's reliance on oil.

### Cumulative Policy framework of immediate Past Government:

The immediate past government also took several steps to support the oil and gas sector, applying steps such:

Signing the PIB into law.

Increasing the number of oil blocks available for exploration.

Reducing the royalties and taxes paid by oil companies.

### DANGOTE REFINERY:

The Dangote Refinery is a major investment project in the Nigerian oil and gas sector. The refinery is expected to be completed in 2024 and will have a capacity of 650,000 barrels per day. The refinery will be able to process crude oil from both onshore and offshore fields.

Investors can take advantage of the opportunities in Nigeria's oil sector by investing in the following areas:

### Exploration and Production:

Investors can invest in oil and gas exploration and production companies. These companies are involved in the search for new oil and gas reserves and the development of existing reserves.

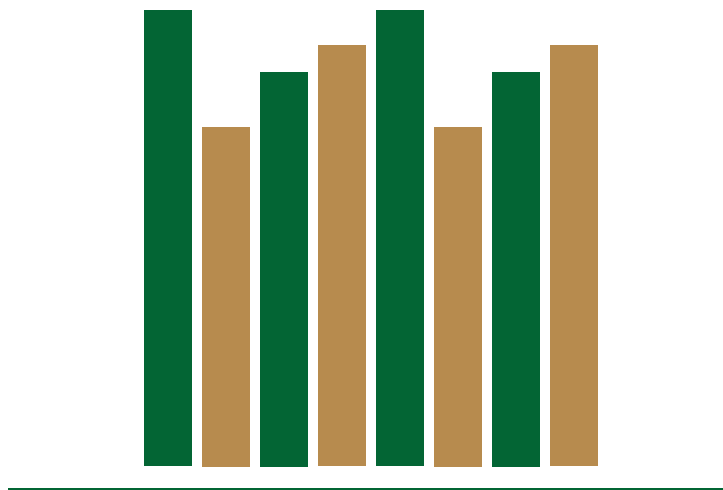
### Infrastructure:

Investors are exposed to enormous opportunities in oil and gas infrastructure. These opportunities includes pipelines construction, storage facilities, and building of refineries. This infrastructure is essential for the transportation, storage, and processing of oil & gas.

### Services:

Investors can also invest in oil and gas services companies, such as drilling contractors, seismic survey companies, and engineering firms. These companies provide essential services to the oil and gas industry.

The Nigerian oil sector is a major contributor to the country's economy and is expected to remain an important sector in the years to come. Investors who are looking for opportunities in the oil and gas sector should consider investing in Nigeria.



# SECTOR

# MANUFACTURING



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### **Performance Analysis:**

The manufacturing sector in Nigeria contracted by 3.4% in the second quarter of 2023, according to the National Bureau of Statistics (NBS). This was the third consecutive quarter of contraction in the sector.

### **The contraction was driven by several factors, including:**

**The high cost of inputs:** The cost of inputs, such as raw materials and energy, has been rising in Nigeria. This has made it more expensive for manufacturers to produce goods.

**The weak demand:** The demand for manufactured goods has been weak in Nigeria. This is due to the slowdown in economic activity and the high unemployment rate.

**The insecurity:** The insecurity in Nigeria has also affected the manufacturing sector. This is because manufacturers are hesitant to invest in new capacity or expand their operations in areas where there is insecurity.

### **Industrial Production Index:**

The production and distribution costs of businesses in the manufacturing sector rose by 17.3 per cent in the second quarter of this year, according to the Manufacturers Association of Nigeria (MAN). In its latest aggregate Manufacturers CEO's Confidence Index (MCCI), the association said the cost in q2 was a slowdown from the 24 per cent increase witnessed in the preceding quarter. "Amidst the harsh business-operating environment evidenced by poor macroeconomic indices, the under-performance was largely driven by the slow recovery from the cash crunch, high cost of energy, high transportation cost and partially by the abrupt removal of subsidy that took effect towards the end of q2," the report said.

### **Statistical Index:**

The Manufacturing Purchasing Managers' Index (PMI) in Nigeria declined to 48.6 in the second quarter of 2023, from 50.3 in the previous quarter. A PMI reading above 50 indicates expansion, while a reading below 50 indicates contraction.

The decline in the PMI was due to the contraction in the manufacturing sector. The PMI for the manufacturing sector declined to 48.6 in the second quarter of 2023.

According to the National Bureau of Statistics (NBS), the Nigerian textiles and garments industry is worth about \$10 billion. The industry employs about 2 million people.

The industry is expected to grow by 5% per year in the coming years.

Nigeria exports textiles and garments to countries all over the world, including the United States, the United Kingdom, and China. The main challenges facing the textiles and garments market in Nigeria include the lack of access to finance, the lack of skilled labour, and the high cost of production.

### **Waste to Goods:**

One way to boost renewable energy manufacturing in Nigeria is to turn waste into goods. Nigeria generates a large amount of waste every year, much of which can be used to generate renewable energy. For example, Nigeria generates about 30 million tons of plastic waste every year. This plastic waste can be used to produce biogas, which can be used to generate electricity. Nigeria also generates a large amount of agricultural waste. This agricultural waste can be used to produce bioethanol, which can also be used as a fuel.



# SECTOR

# REAL ESTATE & CONSTRUCTION



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### **Performance Analysis:**

The Property Price Index (PPI) in Nigeria rose by 5% in the second quarter of 2023, according to the National Bureau of Statistics (NBS). This was the third consecutive quarter of growth in the PPI. The growth in the PPI was driven by the increase in demand for property, particularly in the residential sector. The demand for property is being driven by the growing population, the increasing affluence of Nigerians, and the government's focus on providing affordable housing.

### **Statistical Index:**

The Construction Sector Growth Index (CSGI) in Nigeria rose by 2% in the second quarter of 2023, according to the NBS. This was the second consecutive quarter of growth in the CSGI.

The growth in the CSGI was driven by the increase in government spending on infrastructure projects. The government is currently investing heavily in infrastructure projects, such as roads, bridges, and power plants.

### **Expert Opinion:**

According to a recent report by the Knight Frank Residential Market Survey, the Nigerian real estate market is expected to remain resilient in the coming years. The report stated that the market is being driven by the strong demand for property, particularly in the residential sector. The report stated that the government's focus on providing affordable housing is also supporting the real estate market. The government is providing incentives for developers to build affordable housing, and this is helping to increase the supply of affordable housing.

### **Investment Opportunity: (Affordable Housing Projects)**

The investment opportunity in affordable housing projects in Nigeria is significant. The country has a large population of people who need affordable housing. Government's incentives for developers to build affordable housing is also making this sector more attractive to investors.

### **Export Potential: (Construction Materials)**

The export potential of construction materials from Nigeria is quite bullish. The country is a major producer of construction materials, such as cement, steel, and wood. The demand for construction materials is growing in Africa, and Nigeria is well-positioned to export its construction materials to other African countries. The real estate and construction sector in Nigeria is a promising sector with good growth prospects. The sector is being driven by the strong demand for property, the government's focus on providing affordable housing, and the export potential of construction materials. "The Nigerian real estate market is poised for strong growth in the coming years. The demand for property is increasing, and the government is providing incentives for developers to build more housing.





# SECTOR



# TELECOMS

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## Performance Analysis

The telecommunications sector in Nigeria continued to grow in the second quarter of 2023, with the number of mobile subscribers increasing by 1.5% to reach 223.6 million. This was driven by the continued growth of the 4G market, as well as the increasing affordability of smartphones. The fixed broadband market also grew in the second quarter of 2023, with the number of subscribers increasing by 10% to reach 9.2 million. This was driven by the increasing demand for high-speed internet access, particularly from businesses and government agencies. The telecommunications sector overall performance of is positive, and it is expected to continue to grow in the coming years.

### Mobile Subscriber Growth Statistical Index:

The mobile subscriber growth statistical index in Nigeria showed that the number of mobile subscribers increased by 1.5% in the second quarter of 2023. This was the fourth consecutive quarter of growth, and it brought the total number of mobile subscribers in Nigeria to 223.6 million.

The growth in mobile subscribers was driven by several factors, including:

- The increasing affordability of smartphones.
- Continued growth of the 4G market.
- Increasing demand for mobile internet services.
- Mobile subscriber growth statistical index is a positive indicator for the telecommunications sector in Nigeria.

*It suggests that the sector is still growing and that it has the potential to continue to grow in the coming years.*

### Internet Penetration Rate:

The internet penetration rate in Nigeria stood at 40.1% in the second quarter of 2023. This means that about 40% of the population had access to the internet.

The internet penetration rate has been growing steadily in recent years, and it is expected to continue to grow in the coming years. This is due to several factors, including:

The increasing affordability of smartphones.

The increasing availability of affordable data plans.

The growing demand for online services.

The high internet penetration rate is a positive indicator for the telecommunications sector in Nigeria. It suggests that the sector is still growing and that it has the potential to continue to grow in the coming years.



5G

**INVESTMENT  
OPPORTUNITY**

**FOR**

**5G**

**INFRASTRUCTURE  
DEVELOPMENT**

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## Investment Opportunity for 5G Infrastructure Development

5G is the fifth generation of cellular network technology. It offers much faster speeds and lower latency than previous generations of cellular networks. This makes it ideal for a wide range of applications, including:

- Virtual reality and augmented reality
- Self-driving cars
- Remote surgery
- Industrial automation

The 5G market is expected to grow rapidly in the coming years. The global market for 5G is expected to reach \$620 billion by 2026. Nigeria is well-positioned to capitalize on the 5G opportunity. The country has a large and growing population, and it is also a major economic hub in Africa. The investment opportunity for 5G infrastructure development in Nigeria is significant. The cost of developing a 5G network is estimated to be around \$10 billion. However, the economic benefits of 5G are expected to be much greater. A study by the GSMA, the global association for the mobile industry, estimated that the economic impact of 5G in Nigeria could reach \$150 billion by 2030. This includes the creation of millions of jobs and the boost to GDP.

## Export Potential in the Software Development Services:

The software development services industry in Nigeria is growing rapidly. The country is home to a large and skilled workforce, and the cost of developing software in Nigeria is much lower than in developed countries. The export potential of the software development services industry in Nigeria is significant. The global market for software development services is estimated to be worth around \$2 trillion. Nigeria has the potential to capture a significant share of this market. The country has already made some progress in this area. In 2021, Nigeria's software exports grew by 25%. The economic worth of the software development services industry in Nigeria is expected to grow in the coming years. The industry is expected to create millions of jobs and contribute billions of dollars to GDP.

A study by the National Bureau of Statistics (NBS) estimated that the software development services industry in Nigeria contributed \$12 billion to GDP in 2021. The NBS also estimated that the industry created 2 million jobs in the same year. *The software development services industry is one of the fastest-growing sectors in the Nigerian economy. The industry is expected to continue to grow in the coming years, and it has the potential to create millions of jobs and contribute billions of dollars to GDP.*



The software development services industry in Nigeria is growing rapidly



The country is home to a large and skilled workforce, and the cost of developing software in Nigeria is much lower than in developed countries



The industry is expected to continue to grow in the coming years, and it has the potential to create millions of jobs and contribute billions of dollars to GDP

# Performance Index Overview

## Q2 GDP Report

The Q2 GDP report is released by the National Bureau of Statistics (NBS) in Nigeria. It measures the total output of goods and services produced in the country during a quarter. The Q2 GDP report for 2023 was released on September 8, 2023, and showed that the economy grew at an annual rate of 2.51%. This was above market expectations of 2.3%. The growth was driven by strong oil production and the non-oil sector.

## Q1 Labour Force Statistics

The Q1 Labour Force Statistics are released by the NBS in Nigeria. They measure the number of people employed, unemployed, and not in the labor force. The Q1 Labour Force Statistics for 2023 were released on June 20, 2023, and showed that the unemployment rate was 33.3%. This was unchanged from the previous quarter. The labor force participation rate was 60.8%, which was also unchanged from the previous quarter.

## Q2 Foreign Trade Statistics

The Q2 Foreign Trade Statistics are released by the NBS in Nigeria. They measure the value of goods and services exported and imported by the country during a quarter. The Q2 Foreign Trade Statistics for 2023 were released on August 20, 2023, and showed that the trade deficit widened to \$22.6 billion. This was due to a larger increase in imports than exports.

## Q2 Electricity Report

The Q2 Electricity report is released by the Electricity Regulatory Commission (NERC) in Nigeria. It measures the amount of electricity generated, transmitted, and consumed in the country during a quarter. The Q2 Electricity report for 2023 was released on July 20, 2023, and showed that electricity consumption increased by 3.0%. This was due to increased economic activity and warmer weather.

## Q2 Rail Transport Data

The Q2 Rail Transport data is released by the Nigerian Railway Corporation (NRC) in Nigeria. It measures the amount of freight and passenger rail traffic in the country during a quarter. The Q2 Rail Transport data for 2023 was released on August 1, 2023, and showed that freight rail traffic increased by 10.0%. This was due to increased demand for goods transportation.

## Q2 Company Income Tax

The Q2 Company Income Tax as released by the Federal Inland Revenue Service (FIRS) in Nigeria. It measures the amount of corporate income tax paid by businesses in the country during a quarter. The Q2 Company Income Tax for 2023 was released on September 1, 2023, and showed that corporate income tax collections increased by 15.0%. This was due to higher corporate profits.

## Q2 Value Added Tax

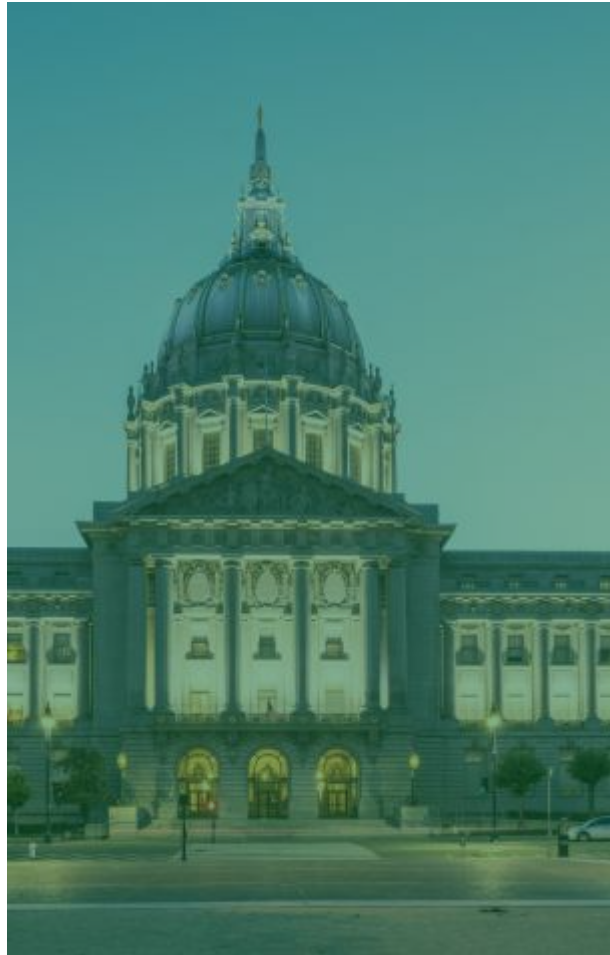
The Q2 Value Added Tax (VAT) is released by the FIRS in Nigeria. It measures the amount of VAT paid by businesses and individuals in the country during a quarter. The Q2 VAT for 2023 was released on September 1, 2023, and showed that VAT collections increased by 10.0%. This was due to higher consumer spending.

## Q1 Telecoms Data

The Q1 Telecoms data as released by the Nigerian Communications Commission (NCC) in Nigeria measures the number of telephone subscribers, internet users, and cable television subscribers in the country during a quarter. The Q1 Telecoms data for 2023 were released on May 17, 2023, and showed that the number of telephone subscribers increased by 2.0%. This was due to the continued growth of mobile phone subscriptions.

## July Inflation Rate

The inflation rate measures the change in the prices of goods and services purchased by consumers during a month. The July Inflation rate for 2023 was released on August 10, 2023, and showed that the inflation rate was 16.8%. This was the highest inflation rate since January 2017.



## USEFUL SOURCES

National Bureau of Statistics: Nigeria: <https://nigerianstat.gov.ng/>

Mobile World Congress: <https://www.mobileworldlive.com/>

International Telecommunication Union: <https://www.itu.int/en/>

Central Bank of Nigeria: <https://www.cbn.gov.ng/>

Nigerian National Petroleum Corporation: <https://www.nnpcgroup.com/>

Nigerian Investment Promotion Commission: <https://www.nipc.gov.ng/>

Federal Ministry of Communications and Digital Economy:

<http://fmcdes.gov.ng/>

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