

# Macroeconomic Snapshot

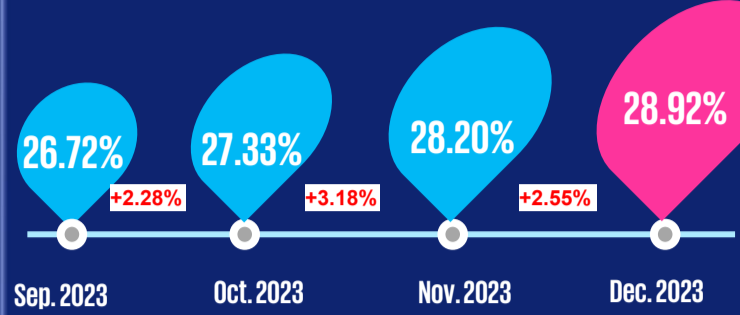
Research & Insights | KPMG in Nigeria

Tuesday 23 January 2024

## Crude Oil Price



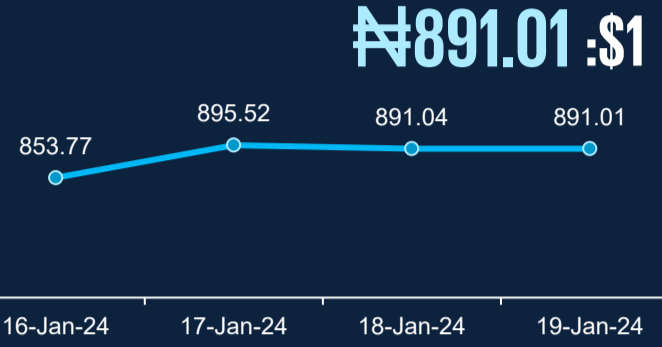
## Inflation Rate



## FX Reserve



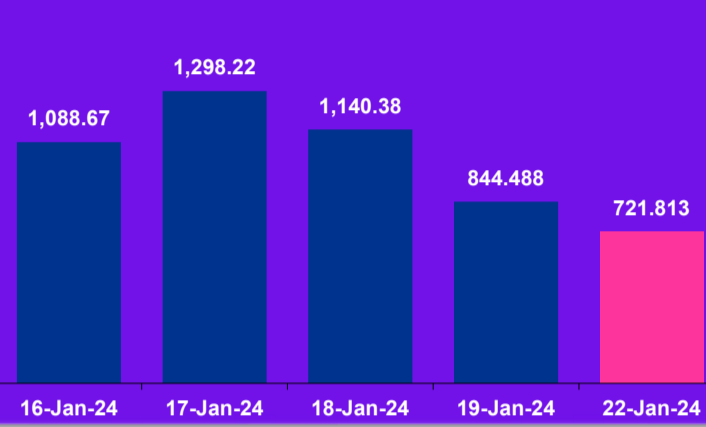
## Exchange Rate Movement (CBN)



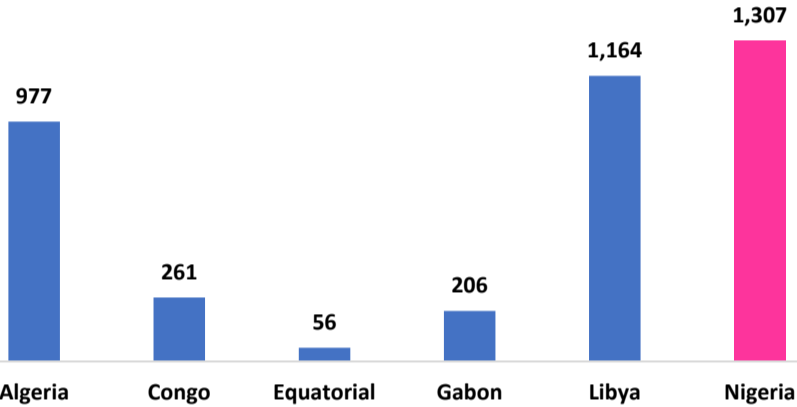
## Market Capitalization



## NSE Volume Traded (millions NGN)

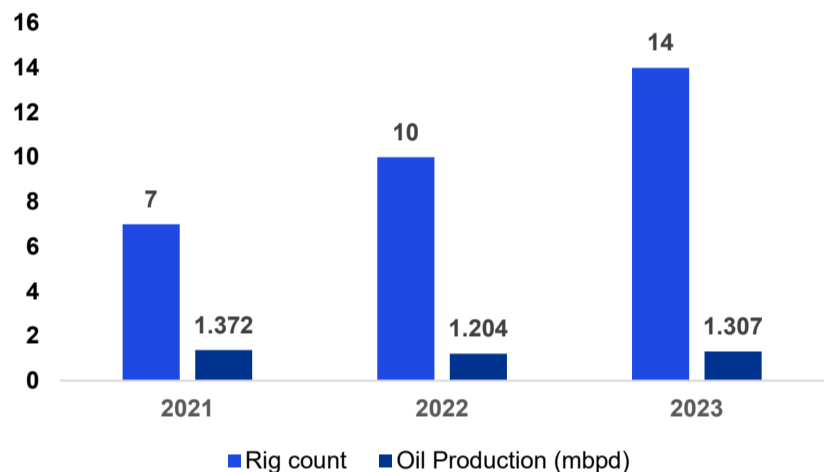


## Oil Production among OPEC Countries in Africa in 2023 (tbpd)



Note: tbpd = thousand barrels per day  
Source: OPEC, KPMG Research

## Rig count and oil production in Nigeria



Note: mbpd = million barrels per day  
Source: OPEC, KPMG Research

## KPMG Analysis: Increase in Nigeria's oil production in December 2023

This week, we highlight the increase in Nigeria's oil production from 1.3mbpd in November 2023 to 1.4mbpd in December 2023 documented in the January 2024 report of the Organisation of Petroleum Exporting Countries (OPEC). This is coming on the heels of sustained efforts by the new administration to address issues of underproduction caused by underinvestment, oil theft, and oil infrastructure vandalism which have consistently kept oil production below OPEC+ production quota for Nigeria.

We view the expansion in Nigeria's oil production, which places the country in the top spot in oil production among other OPEC countries in Africa, with optimism because of its positive implication for revenue performance and improved foreign exchange earnings to ease FX pressures. Also, the rise in oil production presents significant opportunities for Nigeria to renegotiate the cut in its production quota to 1.58mbpd by OPEC+ by leveraging its improved oil production as a demonstration of greater capacity and clamouring for the use of African character in oil production as Angola exits OPEC+.

Additionally, the improvement in oil sector not only signals an imminent recovery for the oil sector which remains in recession with a growth of -0.85% in Q3 2023, but also a stronger performance for the non-oil sector whose 60% of activities are directly or indirectly linked with the performance of the oil sector, potentially setting the stage for stronger economic growth in 2024.

However, efforts must also be made to ensure that the unintended consequences of growing oil production such as oil spillage, pollution, environmental degradation, and other ESG concerns are minimised in oil-producing communities. This is necessary to ensure sustainable economic growth and development that do not cause long-term damage to the ecosystem.

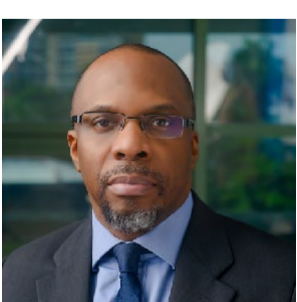
In conclusion, while we note that the continuous expansion in oil production presents great economic benefits to the Nigerian economy in areas such as higher oil revenue, greater FX earnings and prospects of stronger economic growth, we hold that the trend can also birth the ills of greater domestic exposure to oil price volatility and cause the economy to drift farther away from the much-needed economic diversification necessary to guarantee long-term economic stability and growth. More than ever before, there is a greater need to accommodate these possibilities through strategies aimed at economic diversification while also paying attention to sustainable and eco-friendly practices in oil production.

Sources: CBN, NGX, NBS, DMO & KPMG Research

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