



Economy

Comment on recent news – this page

Today's headlines – page twos

Recommendations and valuations – page three`

Diaspora remittances set to increase

Based on a World Bank report, remittance flows to low and middle-income countries (LMICs) are expected to increase by 4.2% this year to reach US\$630 billion. Remittance inflows to Sub-Saharan Africa were up 14.1% to US\$49bn in 2021, following an 8.1% decline in the prior year. Recorded inflows to Nigeria, the largest recipient country in the region, gained 11.2%, in part due to policies intended to channel inflows through the banking system. Nigeria's Diaspora remittance inflow is set to increase by 7.1% in 2022 because of higher food prices and the continued adoption of official bank channels. According to the global bank, migrants will likely send more money to home countries that are now suffering extraordinary increases in the prices of staples. Growth in remittances was supported by strong economic activity in Europe and the United States.

Several actions have been taken by Apex bank to increase its foreign earnings, improve liquidity across the FX windows and encourage the inflow of diaspora remittances. On 30 November 2020, the CBN directed all IMTOs to pay funds to beneficiaries of diaspora remittances in foreign currency (US Dollars) as against the erstwhile Naira payment aimed at reducing pressure on the FX parallel market. In March 2021, the Central Bank of Nigeria (CBN) issued a circular to all Deposit Money Banks, International Money Transfer Operators (IMTOs), and the General Public, stating that all recipients of diaspora remittances through approved IMTOs and commercial banks shall receive N5 for every USD1 received as remittance inflow. According to the Apex bank, this scheme is to encourage the inflow of diaspora remittances and was to take effect from 08 March 2021 till 08 May 2021 (two months) but was extended indefinitely following the expiration. We believe the initiative may have contributed to the increase in diaspora remittances.

The increase in diaspora remittances may have also been supportive of the country's current account balance, which has been in a net deficit since Q1 2019. The country's current account balance improved to a surplus of US\$3.7bn in Q3 2021 (based on CBN provisional data), from a deficit of US\$5.3bn in Q4 2020.

MARKET UPDATE

	1 year	31-Dec-21	1 day
NSE - Index*	39,307.19	42,716.44	52,721.34
Naira / US\$	411.63	435.00	419.25
Brent, US\$/bbl	68.71	77.78	109.11
MPR %	11.50	11.50	11.50

Source: Nigerian Stock Exchange, Central Bank of Nigeria, Bloomberg. *Nigerian Stock Exchange All-Share Index

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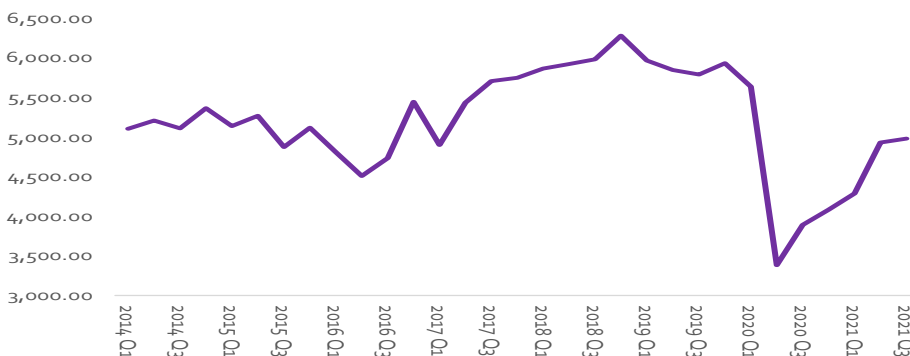
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Diaspora remittances inflow



Source: CBN, CSL research



Today's news headlines

JET-A1, others may push flight above N100,000 – Domestic airlines: Domestic airlines under the aegis of the Airline Operators of Nigeria have said that rising operational costs occasioned by aviation fuel price hikes, foreign exchange shortage, among others may push the base economy flight ticket to N100,000. The spokesperson for local airlines/Chairman, United Airlines, Professor Obiora Okonkwo, made the disclosure during an exclusive interview with The PUNCH on Wednesday in Abuja. Aside from the lingering aviation price hike crisis, the airline chief said local operators were being compelled to source foreign exchange from the parallel market at high rates due to a lack of adequate supply from the Central bank of Nigeria via the commercial banks. Source: punchng.com

<https://punchng.com/jet-a1-others-may-push-flight-above-n100000-domestic-airlines/>

FG approves N169.72bn private sector investments in roads: The Federal Executive Council on Wednesday approved N169.7bn private sector investments for at least four road infrastructures through the government's Tax Credit Scheme. The roads include a 234-kilometre stretch from Bali to Sheti through Gashaka to Gembu in Taraba State at the sum of N95,232,474,010.72. The second road, which is also a tax credit scheme, consists of three roads worth N74,486,577,050. The Minister of Works and Housing, Babatunde Fashola, disclosed this to State House correspondents at the end of the council meeting presided over by the President, Major General Muhammadu Buhari (retd.) at the Presidential Villa, Abuja on Wednesday. Source: punchng.com

<https://punchng.com/fg-approves-n169-72bn-private-sector-investments-in-roads/>

Telecoms: US, UK firms plan 10,000 tower sites in Africa: In a bid to tackle the problem of lack of telecom network services in rural areas, Loofca International Limited United Kingdom has partnered with Vanu Incorporated, United States, to deploy 10,000 sites across Africa. The duo of Loofca International Limited and Vanu Wireless Nigeria Limited (a subsidiary of the American company Vanu Incorporated specialising in providing telecom operators with access to the solar mobile network in landlocked or poorly covered areas), will provide operators with the telecom infrastructure needed to provide telecom services to the populations living in these areas. The telecom sites built under this project will deploy Vanu's proprietary technology, designed specifically for rural areas. They will then be made available to first-tier operators such as MTN, Orange, Glo, Airtel, and Vodacom, for voice and data services. Loofca will leverage its presence in several countries on the continent as well as its wide reach. Source: punchng.com

<https://punchng.com/telecoms-us-uk-firms-plan-10000-tower-sites-in-africa/>

Imported vehicles: Customs to redeploy controversial e-valuation policy Friday: The Nigeria Customs Service has concluded plans to redeploy the suspended electronic valuation policy for imported vehicles on Friday, it has been learnt. The policy, also known as Vehicle Inspection Number, has been generating controversy since its introduction some months back. Clearing agents and other maritime stakeholders had staged protests in the wake of the introduction of the e-valuation policy, a development that forced the government to suspend its implementation. Among other things, clearing agents claimed that the e-valuation system came with a sharp increase in duty paid on imported vehicles. Source: punchng.com

<https://punchng.com/imported-vehicles-customs-to-redeploy-controversial-e-valuation-policy-friday/>

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	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%	

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