



Foreign Investments

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Foreign Portfolio Investments in equities rise in October

Amid the ongoing uncertainties in the global investment terrain, Foreign Portfolio Inflows in the Nigerian equities market rose 80.16% m/m to N18.16bn in October 2022 from N10.08bn recorded in September 2022. On the other hand, Foreign Portfolio Outflows grew slower by 8.34% m/m to N10.39bn from N9.59bn recorded in September 2022. Hence, there was a net inflow of N7.77bn in the month of October. Year-to-date, total inflows come to N178.21bn while outflows amount to N171.38bn, implying a net inflow of N6.83bn. However, inflows have declined steadily to N178.21bn in October 2022 from N204.88bn in 2021, N247.27bn in 2020, N419.13bn in 2019, N576.45bn in 2018 and N772.25bn in 2017. In terms of market share, total foreign portfolio transactions constituted 25.93% (N28.55bn) while total domestic transactions made up 74.07% (N81.54bn) in the month of October 2022. Year-to-date, Foreign Portfolio transactions constituted 16.81% (N349.59bn) while total domestic transactions constituted 83.19% (N1,729.60bn) as of October 2022.

We continue to link the low foreign portfolio inflows, to the heightened global investment risks – worse in emerging markets and developing economies, the hawkish monetary stance of the advanced economies and the Naira exchange rate volatility. Not only has the exchange rate been volatile, but the Central Bank has also not been liquid enough to timely meet foreign currency demands by foreign investors who need to repatriate their investment proceeds. We had earlier noted that an overhaul of the country's FX policies will be required, however, in the immediate, we believe it is critical to close the existing premium between the various official foreign exchange windows and the parallel market which is about 75.28% Beyond the CBN's monetary policies and interventions, fiscal policies and interventions aimed at boosting crude oil & gas earnings is a critical factor in ensuring exchange rate stability in the near term.

That said, despite a steady decline in inflation from 9.1% in June to 7.7% in October 2022, the US is still widely forecasted to remain hawkish (forecast +50bps) in the next Federal Open Market Committee meeting (December 13 – 14, 2022). We also anticipate +50bps hike from the Bank of England on 15 December 2022. Hence, we expect Foreign Portfolio Inflows to remain low in December.

MARKET UPDATE

	1 year	31-Dec-21	1 day
NSE - Index*	42,008.60	42,716.44	48,270.23
Naira / US\$	415.00	435.00	445.33
Brent, US\$/bbl	73.08	77.78	82.68
MPR %	11.50	11.50	16.50

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

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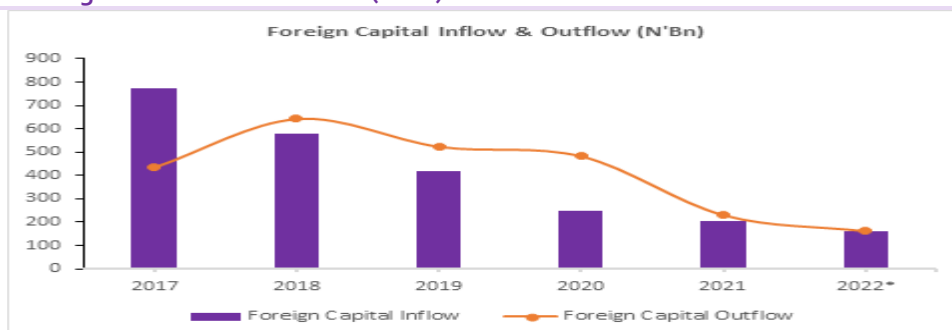
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Foreign Portfolio Investments (N'Bn)



Source: CSL Research, NGX Exchange



Today's news headlines:

Nigeria projects 1.8 million barrels production May 2023: The Federal Government, on Monday, said it would continue to work hard to meet its Organisation of Petroleum Exporting Countries crude oil production quota of 1.8 million barrels per day by the end of May 2023. Minister of State for Petroleum Resources, Chief Timipre Sylva, disclosed this a day after OPEC agreed to maintain its production cut among member countries to maintain market stability. Sylva said the Federal Government would continue to improve security along the tracks of the major crude oil pipelines and block every leakage through which oil was stolen by thieves and pipeline vandals." He said the inability of Nigeria to meet the current OPEC quota was not due to lack of production capacity on the part of crude oil producers. Source: punchng.com

<https://punchng.com/nigeria-projects-1-8-million-barrels-production-may-2023/>

Navy Denies Indicting NNPC on Oil Theft Figures, Says Both Bodies Working to Curb Menace: The Nigerian Navy (NN) has denied accusing the Nigerian National Petroleum Company Limited (NNPC) of insincerity and exaggeration of oil theft figures as reported in a national daily. The Navy in statement issued yesterday and signed by its Director of Information, AO Ayo-Vaughan Commodore, said in collaboration with the NNPC, both bodies were working together to curb the oil theft menace in the Nigerian oil and gas industry. "The attention of the Naval Headquarters, Abuja has been drawn to a publication in a National Daily of 4 December 2022 with the heading, 'NNPC Not Sincere about Oil Theft, Exaggerating Figures-Navy.'" Source: Thisdaylive.com

<https://www.thisdaylive.com/index.php/2022/12/06/navy-denies-indicting-nnpc-on-oil-theft-figures-says-both-bodies-working-to-curb-menace/>

Nigeria's foreign trade declines by N1.24tn: Nigeria's total merchandise trade fell by N1.24tn, from N12.84tn in the second quarter of 2022 to N11.59tn in the third quarter of 2022. This is according to the 'Foreign Trade in Goods Statistics (Q3 2022)' report released by the National Bureau of Statistics released on Monday. The fall in foreign trade was influenced by the decline in crude oil exports, which fell from N5.91tn in Q2 2022 to N4.66tn in Q3 2022. The NBS said, "In q3 2022, Nigeria's total trade stood at N11.59tn, this was lower than the value recorded in the second quarter of 2022 (N12.84tn) but was higher than the value recorded in the corresponding period of 2021 which stood at N10.47tn. Total Exports stood at N5.93tn of which Re-exports were N25.04bn, while total imports stood at N5.66tn. Source: punchng.com

<https://punchng.com/nigerias-foreign-trade-declines-by-n1-24tn/>

Nigeria, Vietnam Sign MoU on Defence Collaboration: Nigeria yesterday signed a memorandum of understanding (MoU) on defence cooperation with Vietnam. The signing of the MoU was the major highlight of the bilateral meeting between the Vice President, Prof. Yemi Osinbajo and his Vietnamese counterpart, Madam Võ Thị Ánh Xuân, at the presidential palace in Hanoi. In a statement issued by the media aide to the Vice President, Laolu Akande, while Nigeria's Ambassador to Vietnam; Ambassador Hassan Adamu Mamani, signed for Nigeria; Vietnamese Deputy Minister of National Defence; Senior Lt. Gen. Hoang Xuan Chien, signed on behalf of his country. Nigeria and Vietnam have also expressed determination to deepen their long-standing bilateral relations as both countries plan to work together more. Source: Thisdaylive.com

<https://www.thisdaylive.com/index.php/2022/12/06/nigeria-vietnam-sign-mou-on-defence-collaboration/>

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% distribution	49%	29%	14%	9%	
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% distribution	0%	50%	50%	0%	

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