

## Money Supply

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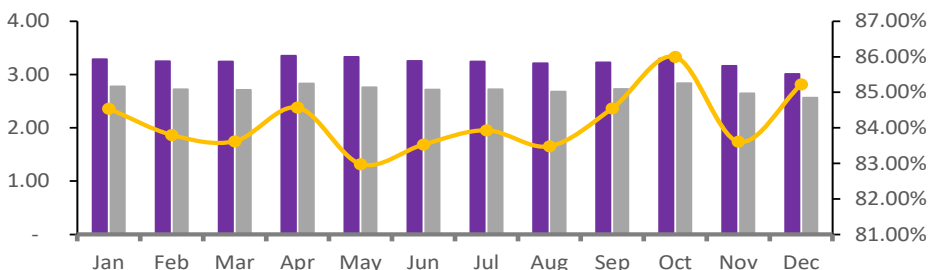
### Currency redesign update

Money Supply statistics from the CBN as of December 2022 showed that currency in circulation decreased month-on-month by 4.81% to N3.01trn from N3.16trn as of November 2022. Similarly, currency outside banks declined month-on-month by 2.98% to N2.57trn (representing 85.22% of currency in circulation) as of December 2022 from N2.65trn (representing 83.61% of Currency in Circulation) in November 2022. Between January and December 2022, currency in circulation declined by 8.39% (N275.97bn) while currency outside banks declined by 7.66% (N213bn). We had earlier noted that currency outside the banks has averaged c.84.42% of currency in circulation since the year 1960; the lowest being 72% in May 2008 and highest being 94.78% in March 1995.

The challenge of having a high proportion of currency in circulation outside the banking system has remained since independence despite previous currency redesigns and printing. Meanwhile, the Central Bank governor, Godwin Emefiele, recently said that the CBN had collected 1.9trn of the money in circulation and is left with N900bn to achieve effective implementation of the policy. While this statement is at variance with the CBN's data as at 2022-year end, we hope that the numbers will be reflected in the January data. We reiterate that the objectives of reducing the significant amount of cash outside the banking system to ensure monetary policy effectiveness, curtail criminal activities and promote financial inclusion amongst others are strongly desirable.

That said, we believe the timing and implementation process are flawed particularly with regards to the availability of the new notes. As things stand, Nigerians pay as much as 20% of desired cash at PoS terminals to get money and ATM machines only dispense minimal cash and have very long queues. Also, the electronic banking channels have had increased transaction failures particularly at the PoS terminals. Meanwhile, the Supreme Court led by Justice John Okoro, in a unanimous ruling, granted an interim injunction restraining the Federal Government, CBN, commercial banks etc, from implementing the 10 February deadline for the old 200, 500 and 1000 Naira notes to stop being legal tenders

### Currency in Circulation & Outside the Banks 2022 (N'trn)



Source: CSL Research, CBN

### MARKET UPDATE

|                 | 1 year    | 30-Dec-22 | 1 day     |
|-----------------|-----------|-----------|-----------|
| NSE - Index*    | 47,066.77 | 51,251.06 | 54,364.67 |
| Naira / US\$    | 416.67    | 461.50    | 461.00    |
| Brent, US\$/bbl | 96.48     | 85.91     | 86.61     |
| MPR %           | 11.50     | 16.50     | 17.50     |

Source: NGX Exchange, Central Bank of Nigeria, Bloomberg. \*NGX Exchange All-Share Index

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## News headlines:

**DMO raises N724.9bn in February bond auction:** The Debt Management Office has announced that it raised N724.9 billion in February 2023 Federal Government bond auction. DBO said it was a 100% increase compared to the previous year. The auction, which was held on February 13, 2023, saw a total of 577 bids worth N724.9 billion received for the total amount offered of N360 billion. The total amount allotted was N771.56 billion, with successful bids allotted at marginal rates of 13.99%, 14.90%, 15.90%, and 16.00%. The original coupon rates for each bond will be maintained, with successful bids for the 13.98% FGN FEB 2028 (10-Year Bond), 12.50% FGN APR 2032 (10-Year Bond), 16.2499% FGN APR 2037 (20-Year Bond), and 14.80% FGN APR 2049 (30-Year Bond) being allotted at the marginal rates of 13.99%, 14.90%, 15.90%, and 16.00%, respectively... Source: [punchng.ng](https://punchng.com)

<https://punchng.com/dmo-raises-n724-9bn-in-february-bond-auction/>

**We're Supporting Electoral Process, Not Candidates, Says US:** The United States government yesterday said it was not supporting any candidate or political party in the February 25 and March 11th elections in Nigeria. The US Assistant Secretary of State for Bureau of Africa Affairs, Molly Phee, stated this yesterday, when she paid a visit to the leadership of the Independent National Electoral Commission (INEC) in Abuja. She said the concern of the US as an advanced democracy was to encourage a successful election that would be free, fair, and peaceful. Phee stated: "Since 1999, Nigeria has been moving up in solidifying and consolidating its democratic trajectory. And now, under the leadership of the chairman and the support of his superb team, all Nigerians can have confidence in the integrity of the upcoming election." Source: [punchng.com](https://www.thisdaylive.com/index.php/2023/02/14/were-supporting-electoral-process-not-candidates-says-us/)

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**AFDB offers \$1m grant to Nigeria, others to decarbonise transportation system:** The African Development Bank (AfDB) has provided \$1 million in grant funding to seven African countries through its Sustainable Energy Fund for Africa (SEFA) to help decarbonize the continent's transportation systems. The beneficiaries are Nigeria, Rwanda, Senegal, Kenya, Morocco, South Africa, and Sierra Leone. The funding, which is part of the AfDB's Green Mobility Facility for Africa (GMFA), will help the seven target countries prepare for the deployment of electric vehicles. The AfDB wishes to address the issue of air pollution, which contributes to global warming..Source: [Businessday.ng](https://businessday.ng)

<https://businessday.ng/energy/article/afdb-offers-1m-grant-to-nigeria-others-to-decarbonise-transportation-system/>

**Naira deadline: Banks, fuel stations reject old notes, ignore S'Court order:** Some commercial banks and filling stations have stopped collecting the old naira notes from customers, contrary to the ruling of the Supreme Court restraining the Federal Government from enforcing the February 10 time limit earlier fixed by the apex bank for the currency swap. Findings by The PUNCH on Monday indicated that the banks refused to accept the old N1,000, N500 and N200 notes from depositors and point-of-service agents who flooded the bank to lodge their cash. Point of service operators and other bank customers whose old naira notes were rejected, panicked as bank officials, who said they were acting on the Central Bank of Nigeria's directive, remained adamant..... Source: [Punchng.com](https://punchng.com)

<https://punchng.com/naira-deadline-banks-fuel-stations-reject-old-notes-ignore-scourt-order/>

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|----------------------------|-----|------|------|-----------|-------|
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| % distribution             | 49% | 29%  | 14%  | 9%        |       |
| Investment banking clients | 0   | 1    | 1    | 0         | 2     |
| % distribution             | 0%  | 50%  | 50%  | 0%        |       |

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|                          |   |
|--------------------------|---|
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