

Government Revenue

Comment on recent news – this page

Today's headlines – page two

Recommendations and valuations – page three

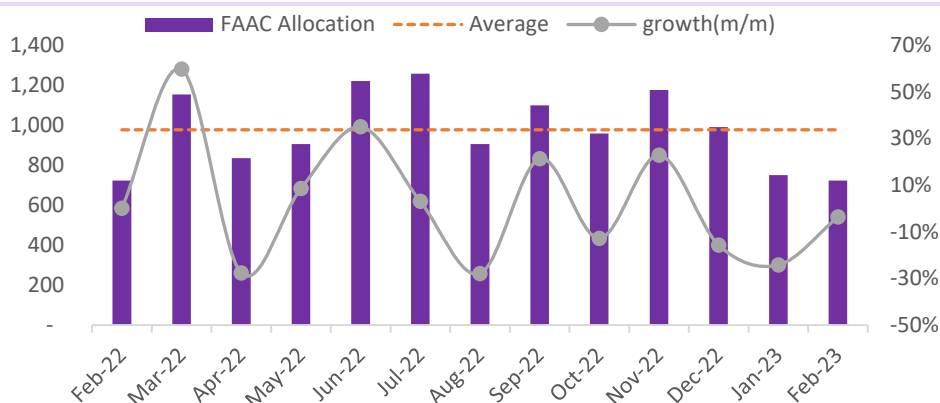
The Federation common-purse monthly sharing dips further.

The Federation Account Allocation Committee – FAAC continues its constitutional duty of making monthly disbursements of Gross Revenue Allocation in accordance with the written rules of equity and fairness which guide the committee. A communique issued by FAAC in its latest meeting on Wednesday said it has shared a sum of N722.677 billion among the three tiers of government in February 2023. The figure represents a further decrease of N27.493bn when compared to N750.17bn shared in January and N267.513 to N990.19bn shared in December 2022. In context, there have been a 24.24% drop in January 2023 figures compared to December 2022, and a further 3.66% drop in February which makes a consecutive decline.

According to the report which was prepared by the Accountant-General of the Federation, of the 3 tiers of government, The Federal Government has the biggest draw from the account (56%) than the 37 State Governments (24%), the 774 Local Governments (20%) and other relevant agencies in the country. The major drivers of the account are made up of five items which are: gross statutory revenue (GSR), Value Added Tax (VAT), electronic money transfer levies (EMTL), and augmentation from forex equalization account. The communique explained that the Federal Government received N269.063 billion, the states received N236.464 billion, the local government councils got N173.936 billion, while the Oil Producing States received N43.214 billion as derivation (13% of mineral revenue).

The month-on-month decline is traceable to a significant decrease in petroleum profit tax (PPT), company income tax, import and excise duties, and oil and gas royalties, also a marginal decrease in VAT and EMTL. Beyond the gloomy lenses, the country's oil production is making steady progress and has recently risen to 1.67m barrels per day according to the NNPC report, a few thousand short of OPEC's 1.8m bpd quota. We are convinced this will drive up line items in GSR and PPT also, we expect VAT & EMTL collection to be effective and stable into the H2.

FAAC Disbursement LTM (₦' Billions)



Source: NBS, CSL Research

MARKET UPDATE

Indicators	1 year	30-Dec-22	1 day
NSE - Index*	46,964.23	51,251.06	54,892.53
Naira / US\$	416.23	461.50	461.33
Brent, US\$/bbl	120.65	85.91	74.59
MPR %	11.50	16.50	18.00

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

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News headlines:

Banks confirm receiving more cash, load ATMs: The Central Bank of Nigeria has released more old notes to Deposit Money Banks as the apex bank steps up efforts to flood the economy with more cash after a prolonged cash crunch that has made life difficult for millions of Nigerians and residents. The CBN had on Thursday begun the release of billions of naira to DMBs. Bank officials said the CBN again released several billions of naira to lenders on Friday. We observed how several branches of banks opened over the weekend and dispensed cash to their customers via Automated Teller Machines and over-the-counter. Some of the banks had sent out emails to their customers notifying them that they would be open over the weekend for banking operations as ordered by the apex bank. Source: punchng.com

<https://punchng.com/banks-confirm-receiving-more-cash-load-atms/>

Airfares soar as foreign airlines hike exchange rate: International airfares on Nigerian routes have gone up further by over 20 per cent after foreign airlines raised the exchange rate for ticket sale from N462 per dollar to N551 per dollar, findings by *The PUNCH* have revealed. International travelers on Nigerian routes have been paying higher airfares after carriers blocked their inventory of cheaper tickets in order to cushion the effects of the rising amount of trapped funds. The latest increase in the naira-dollar exchange rate for ticket sale by the International Air Transport Association, the Switzerland-based trade association of the world's airlines, is expected to worsen the plight of Nigeria travelers who are already paying higher airfares. Source: punchng.com

<https://punchng.com/airfares-soar-as-foreign-airlines-hike-exchange-rate/>

Budget 2023; Fears as oil price drops 3% to \$73.87 per barrel: The Federal Government had benchmarked the 2023 budget at \$75 per barrel and 1.8 million barrels per day, bpd, including condensate, which Nigeria has the capacity to produce between 300,000 – 400,000 barrels per day, bpd. The drop in price that also affected other crudes, was attributed to the global economic slowdown, especially with some developed economies that buy commercial oil from Nigeria and other major oil nations. In its latest report obtained by Vanguard, yesterday, Goldman Sachs – a research organization – disclosed that based on the global economic slowdown, it would not be possible for oil to hit \$100 per barrel this year, which it had earlier predicted. Goldman Sachs noted that the current poor state of the global economy had already culminated in the collapse of two big banks in the United States. Source: [Vanguardngr.com](https://www.vanguardngr.com)

<https://www.vanguardngr.com/2023/03/budget-2023-fears-as-oil-price-drops-3-to-73-87-per-barrel-2/>

Many Benefits of CBN's Cash-less Policy: One issue that has generated a lot of controversies in the country in the past few months is the Central Bank of Nigeria's (CBN) drive towards a cash-less economy. The initiative, which was followed by the redesigning of the naira arguably remains a topical issue in the country because of the poor response of commercial banks to the initiative as complaints of transaction failures became prevalent. The central bank had in October last year, announced its decision to redesign the N200, N500 and N1,000 denominations, and the subsequent announcements including the cash withdrawal limit – have continued to generate controversies. The Supreme Court has since ruled that the old notes remain legal tender till the end of this year. This was as a result of tension mounted by some politicians who had alleged that the policies were targeted at them. Source: [thisdaylive.ng](https://www.thisdaylive.com)

<https://www.thisdaylive.com/index.php/2023/03/27/many-benefits-of-cbns-cash-less-policy/>

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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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