

## Public Debt

**Comment on recent news** – this page

Today's headlines – page two

**Recommendations and valuations** – page three

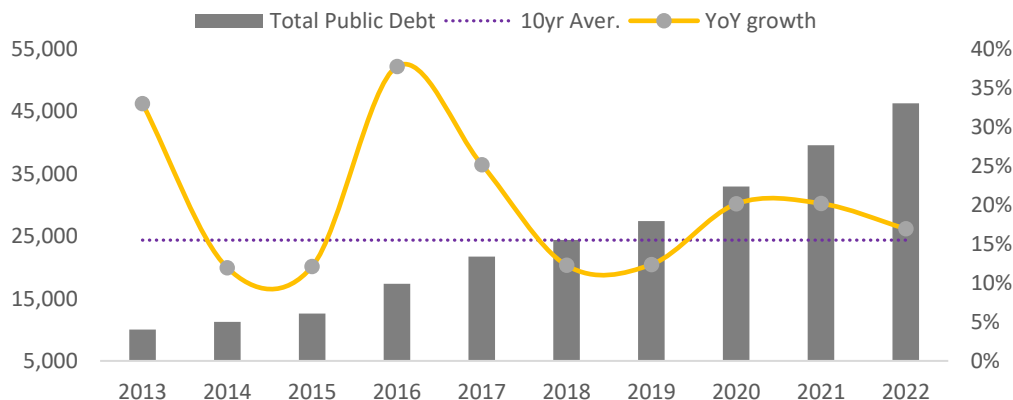
### Nigeria's public debt on the rise

According to the recent data released by Debt Management Office (DMO), Nigeria's total public debt stock increased to N46.25trn or US\$103.11bn at the close of 2022. The figure consists of the domestic and external total debt stocks of the federal government and the sub-national governments (36 state governments and the Federal Capital Territory). The comparative figure of public debt as of December 31, 2021, was N39.56trn or US\$95.77bn. In terms of composition, the total domestic debt stock was N27.55trn (US\$61.42bn) while total external debt stock was N18.70trn (US\$41.69bn). The government also has its ways and means loan of N23.72trn which is being proposed to be securitised into a 40-year bond at 9.0%.

The 16.9% y/y increase from 2021 to 2022 was attributable to new borrowings by the FGN and sub-national governments, primarily to fund budget deficits and execute projects. FGN bonds, treasury bills, treasury bonds, savings bond, FGN sukuk, promissory notes and green bonds are the major instruments which make up domestic debt stock with FGN bonds and treasury bills contributing 74% and 20% respectively. The issuance of promissory notes by the FGN to settle some liabilities also contributed to the growth in the debt stock.

In the last ten years, Nigeria's total public debt has skyrocketed by 360.47%, while in the last eight years of the current administration, it has surged by 266.96%. Based on FY 2022 GDP data at current prices, the debt to GDP ratio comes to about 23% (excluding ways and means), below Nigeria's self-imposed limit and IMF benchmark of 40%. The government's fiscal deficit for 2023 is the highest on record, as revenue mobilization remains largely constrained and spending continues to jump. Debt servicing and personal costs continue to take over 63% of the total spending, limiting the fiscal space. Considering current economic realities, which do not seem set to improve in the short term, we would likely continue to see debt levels increase and the government's continuous reliance on ways and means financing.

### Nigeria's Public Debt (#bn)



Source: DMO, CSL Research

### MARKET UPDATE

Indicators	1 year	30-Dec-22	1 day
NSE - Index*	46,842.86	51,251.06	54,232.34
Naira / US\$	416.22	461.50	461.38
Brent, US\$/bbl	104.39	85.91	79.77
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:

**Rising aviation fuel price, forex scarcity blamed for airfares hike:** The rising cost of aviation fuel and the shortage of foreign exchange in the country have been attributed to the incessant surge in airfares. Aviation fuel otherwise known as JET A1 currently sells for between N790 and N800 per litre. According to airline operators, CRJ and Embraer flights cost between N970,000 and N1.04 million. The scarcity of forex in the country has made it difficult for airlines to purchase spare parts for the maintenance of their fleets. They have to rely on the black market for forex. A dollar was sold for \$/N749 on Thursday, compared to the \$/463.50 it exchanged at the Central Bank of Nigeria. This has kept airlines' operating costs rising and forced them to raise their airfares accordingly. Source: punchng.com

<https://punchng.com/rising-aviation-fuel-price-forex-scarcity-blamed-for-airfares-hike/>

**Governors Meet EFCC, CBN, ICPC, Others over Management of Security Votes:** The 36 state governors in the country are expected to meet with economic and financial agencies in the country tomorrow, over the management of their states' security votes. The agencies expected at the meeting include the Economic and Financial Crimes Commission (EFCC), the Independent Corrupt Practices and other related offences Commission (ICPC), the Federal Inland Revenue Service (FIRS) and the Central Bank of Nigeria (CBN). Security vote is a monthly allocation given to state governments for improved security. The Director, Media and Public Affairs, Nigeria Governors Forum (NGF), Abdulrazaque Bello-Barkindo, disclosed this in a statement. He said the meeting was, "with a view to ironing out thorny issues surrounding their states' security votes, towards establishing a better option of managing the funds.". Source: thisdaylive.com

<https://www.thisdaylive.com/index.php/2023/04/03/governors-meet-efcc-cbn-icpc-others-over-management-of-security-votes/>

**Delta, Akwa Ibom, Rivers lead as states share N9.3tn in three years:** The 36 states in Nigeria shared a total of about N9.3tn as federal allocation between June 2019 and December 2022, a period of 43 months, which formed the bulk of the second tenure of the President, Major General Muhammadu Buhari (retd.). Data sourced from 43 monthly reports of the Federation Accounts Allocation Committee, as released by the National Bureau of Statistics indicated that Delta State got the highest allocation during the period under review, while Akwa Ibom and Rivers states followed. The NBS had yet to upload the FAAC reports for the months of January, February and March 2023, when checked on Sunday by one of our correspondents..Source: punchng.com

<https://punchng.com/delta-akwa-ibom-rivers-lead-as-states-share-ng-3tn-in-three-years/>

**Cash availability forces PoS operators to slash charges:** The recent circulation of naira notes has forced Point of Sales (PoS) businesses to reduce their exorbitant charges to nearly what it was before the cash scarcity caused by the currency redesign policy of the Central Bank of Nigeria (CBN). The CBN had recently confirmed the evacuation of banknotes from its vaults to commercial banks across the country as part of efforts to ease the circulation of banknotes of various denominations. Since the cash crisis began early this year, a lot of Nigerians depended more on PoS operators for cash as there were long queues and cash withdrawal limits in banks. According to data from the Nigeria Inter-Bank Settlement System (NIBSS), PoS transactions increased to N807.16 billion in January 2023 due to the naira scarcity. Source: businessday.ng

<https://businessday.ng/business-economy/article/cash-availability-forces-pos-operators-to-slash-charges/>

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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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