

## Capital Importation

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### Capital imported to Nigeria declines by 20.47% in 2022.

Based on data from the Nigerian Bureau of Statistics (NBS), total capital imported into the country declined by 20.47% to US\$5.33bn in 2022 from US\$6.70bn in 2021. In Q4 2022, capital imported declined by 51.51% to US\$1.06bn from US\$2.19bn in Q4 2021. In comparison to Q3 2022, capital imported fell by 8.53% from US\$1.15bn in Q3 2022. Capital importation is the total foreign inflow a country receives, and it is divided into three main categories: Foreign Direct Investments (FDI), Foreign Portfolio Investments (FPI), and Foreign Other Investments (FOI). The largest proportion of capital imported in Q4 2022 was through other investments which include trade credits, loans, and currency deposits, accounting for 65.17% (US\$691.23m) of total capital imported in Q4 2022. This was followed by portfolio investments with 26.89% (US\$285.26m) and foreign direct investments with 7.94% (US\$84.23m).

Most of the foreign capital that flowed into Nigeria in Q4 2022 came from the United Kingdom with US\$455.24m, accounting for 42.92%, followed by the Republic of South Africa and the United Arab Emirates valued at US\$119.31m (11.25%) and US\$116.82 (11.01%) respectively. In 2022, 27 states received no foreign investments while Lagos and Federal Capital Territory (FCT) attracted the highest foreign investments (US\$3.61bn and US\$1.63bn) respectively. Lagos attracted 67.82% of the total investments that came into Nigeria in 2022.

Foreign investment inflows into Nigeria have been declining in recent years. Factors like the scarcity of forex amidst unclear FX policies, the lingering effects of two recessions, interest rate normalization in developed economies, inflationary pressures, security concerns, and structural challenges have continued to hamper the inflow of foreign investments into the country. Tensions around the 2023 general elections also had a negative impact on capital inflows in 2022. Looking ahead, we note that more needs to be done in addressing pertinent issues facing the economy to brighten the country's chances of attracting capital inflows. The country's foreign exchange policy is one of those key issues.

### MARKET UPDATE

Indicators	1 year	30-Dec-22	1 day
NSE - Index*	46,766.16	51,251.06	53,018.97
Naira / US\$	416.15	461.50	463.75
Brent, US\$/bbl	101.07	85.91	84.62
MPR %	11.50	16.50	18.00

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

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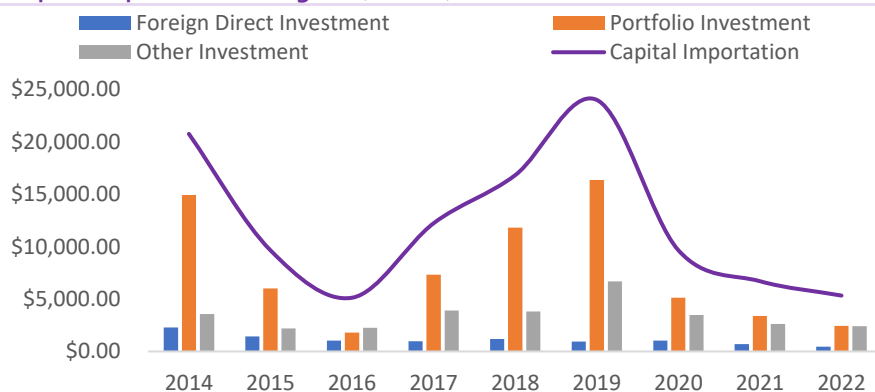
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### Capital Importation to Nigeria (US\$bn)



Source: NBS, CSL Research



## News headlines:

**Senate indicts NNPC over N102bn crude oil deliveries:** Senate on Wednesday indicted Nigeria National Petroleum Company Limited for poor record-keeping for crude oil deliveries to Warri Refinery and Petrochemical Company and Kaduna Refinery and Petrochemical Company worth \$376, 655,589 (N102.6bn). The indictment stemmed from the 2016 Auditor General report submitted and presented by Senator Mathew Uhrohghide, which was upheld by the Senate Chamber during the plenary session. Some of the 35 other indicted agencies are the Office of Accountant General of the Federation; National Population Commission; National Agency for the Control of Aids; FCT Area Council Service Commission; Ministry of Defence; Ministry of Justice; National Drug Law Enforcement Agency, etc. Source: punchng.com <https://punchng.com/senate-indicts-nnpc-over-n102bn-crude-oil-deliveries/>

**Fuel Subsidy Removal: FG Secures \$800m World Bank Facility for Palliatives:** The federal government has disclosed that it has secured a World Bank facility worth \$800 million to attend to a segment of post-petroleum subsidy palliatives requirement in the country. This was just as it stated that discussions are also on between the present administration and the in-coming government on modalities for the removal of fuel subsidy by middle of this year. Speaking with newsmen yesterday, after the weekly Federal Executive Council (FEC) meeting presided over by President Muhammadu Buhari, at the State House, Abuja, Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed, disclosed that the \$800 million was first tranche of palliatives to be disbursed through cash transfers to about 50 million Nigerians, who belong to the most vulnerable category of society. Source: thisdaylive.com <https://www.thisdaylive.com/index.php/2023/04/06/fuel-subsidy-removal-fg-secures-800m-world-bank-facility-for-palliatives/>

**Incoming govt faces weak growth, multiple policy challenges – W'Bank:** The World Bank has said that the incoming administration in Nigeria will face weak economic growth and policy challenges this year. In its latest Africa's Pulse report for April 2023, published on Wednesday, the bank predicted a 2.8 per cent economic growth for Nigeria in 2023. This new projection is lower than the 2.9 per cent earlier projected in the bank's Global Economic Prospects report that was published in January this year. Part of the report read, "The growth recovery in Nigeria for 2023 (2.8 per cent) is still fragile as oil production remains subdued and the new administration faces many policy challenges." In Africa's Pulse report, the global bank noted that Nigeria's economy would underperform due to weaker local currency, foreign exchange scarcity, and rising inflation. Source: punchng.com <https://punchng.com/incoming-govt-faces-weak-growth-multiple-policy-challenges-wbank/>

**Banks' deposits with CBN drop 95.82% on naira redesign:** Commercial banks' deposits with the Central Bank of Nigeria (CBN), known as Standing Deposit Facility (SDF), has dropped by 95.82 percent in less than two months due to the cash crunch occasioned by the naira redesign policy. Data from the CBN's website show that banks' deposits with the apex bank dropped to N4.69 billion as of April 4, 2023 from N112.24 billion in February 10, 2023. Standing facilities (deposit and lending) are instruments of liquidity management, according to the CBN. They serve as avenues to invest surplus funds overnight and to square up whenever the system is short at the end of each business day. Source: businessday.ng <https://businessday.ng/banking/article/banks-deposits-with-cbn-drop-95-82-on-naira-redesign-2/>

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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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