



## Money Supply

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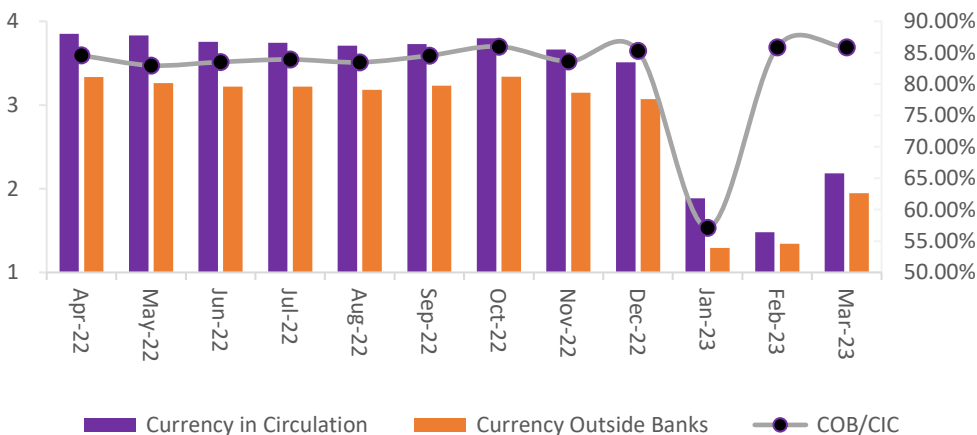
### Currency outside banks surges by 71.40% to reach N1.45trillion

Money Supply statistics from the Central Bank of Nigeria (CBN) as of March 2023 showed that currency in circulation increased month-on-month by 71.42% to N1.68trn from N982.09bnbn as of February 2023. On the other hand, currency outside banks rose month-on-month by 71.4% to N1.45trn (representing 85.86% of currency in circulation) as of March 2023 from N843.31bn (representing 85.87% of Currency in Circulation) in February 2023. 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.84.36% of currency in circulation since the year 1960; the lowest being 57.14% in January 2023 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. However, the CBN Governor's recent unrelenting efforts at mopping Naira outside the banking system met with wide criticisms given the circumstances. We reiterate however 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 were flawed particularly with regards to the availability of the new notes.

During the peak of the Naira scarcity, Nigerians paid as much as 25% of needed cash at PoS terminals to get money and ATM machines only dispensed minimal cash and had very long queues. Also, the electronic banking channels had increased transaction failures particularly at the PoS terminals. For context, the currency in circulation reduced by 48.97% between October 2022 (when the naira redesign deadline was issued) and March 2023 i.e., from N3.3trn to N1.68trn. However, percentage of currency outside banks to currency in circulation in October 2022 and March 2023 were 86% and 85.86% respectively, a marginal reduction of 0.14%, which suggests the initiative has not really achieved the expected objective.

### Money Supply (Ntrn).



Source: CSL Research, CBN

### MARKET UPDATE

Indicators	1 year	30-Dec-22	1 day
NSE - Index*	50,126.41	51,251.06	52,403.51
Naira / US\$	415.62	461.50	463
Brent, US\$/bbl	107.58	85.91	79.31
MPR %	11.50	16.50	18.00

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

### CONTACT INFORMATION

**Head of Research:** Gloria Fadipe

+234 (1) 448 5436 ext.4516

[gloria.fadipe@fcbm.com](mailto:gloria.fadipe@fcbm.com)

**Banks:** Gloria Fadipe

+234 (1) 448 5436 ext.4516

[gloria.fadipe@fcbm.com](mailto:gloria.fadipe@fcbm.com)

**FMCGs & Brewers:** Goke Adetoyinbo

+234 (1) 448 5436 ext.4457

[edgar.ebinum@fcbm.com](mailto:edgar.ebinum@fcbm.com)

**Industrials:** Mustapha Umaru

+234 (1) 448 5436 ext.4512

[mustaphamaru@fcbm.com](mailto:mustaphamaru@fcbm.com)

**Research Team:** [cslresearch@fcbm.com](mailto:cslresearch@fcbm.com)

**Retail Team:** [cslcsu@fcbm.com](mailto:cslcsu@fcbm.com)

**Sales Team:** [cslrmt@fcbm.com](mailto:cslrmt@fcbm.com)



## News headlines:

**Nigeria, others may lose \$10bn to political tensions – IMF:** The International Monetary Fund has said Nigeria could lose an estimated \$10bn of foreign direct investment and official development assistance inflows to geo-political tensions. The IMF in its country focus on Sub-Saharan Africa, released on Monday, said the figure is about a half per cent of the nation's annual Gross Domestic Product. The Washington-based lender said, The losses could be compounded if capital flows between trade blocs were cut-off because of geo-political tensions. The region could lose an estimated \$10bn of foreign direct investments and official development assistance inflow is about half a percent of GDP a year based on an average 2017–19 estimate). Source: punchng.ng

<https://punchng.com/nigeria-others-may-lose-10bn-to-political-tensionsimf/#:~:text=Kindly%20share%20this%20story%3A,inflows%20to%20geo%2Dpolitical%20tensions.>

**Local Raw Materials Sourcing Increases To 53.5% – MAN:** The manufacturing sector's local raw materials sourcing increased to 53.5 per cent in the second half of 2022. This was contained in the Manufacturers Association of Nigeria (MAN) Bi-Annual Economic Review for second half (H2) of 2022. The manufacturing sector's local raw materials sourcing increased to 53.5 percent in the second half of 2022 from 50 per cent recorded in the corresponding half of 2022, indicating 3.5 percentage points increase over the period. It also increased by 1.5 percentage points when compared with 52 per cent recorded in the preceding half. Local raw materials utilisation in the sector averaged 52.8 percent in 2022 as against 51.5 per cent recorded in 2021. ." Source: : leadership.ng

[https://leadership.ng/local-raw-materials-sourcing-increases-to-53-5-man/#:~:text=H2\)%20of%202022.,The%20manufacturing%20sector's%20local%20raw%20materials%20sourcing%20increased%20to%2053.5,points%20increase%20over%20the%20period.](https://leadership.ng/local-raw-materials-sourcing-increases-to-53-5-man/#:~:text=H2)%20of%202022.,The%20manufacturing%20sector's%20local%20raw%20materials%20sourcing%20increased%20to%2053.5,points%20increase%20over%20the%20period.)

**No plans to withdraw new naira notes - CBN :** The Central Bank of Nigeria (CBN) has denied plans to dump the redesigned N200, N500 and N1,000 notes as legal tender, urging the public to totally disregard news, especially around the social media, that stated otherwise. The Acting Director, Corporate Communications of the apex bank, Dr Isa AbdulMumim, made the rebuttal in a statement on Sunday. He said the fake news was completely unfounded and a ploy by some interests to cause panic among members of the public. We wish to reiterate that the new and old currency notes have been circulating side by side as the Bank has been taking delivery of a good quantity of the redesigned bank notes from the Nigerian. Source: Sunnews online.com

<https://sunnews online.com/no-plans-to-withdraw-new-naira-notes-cbn/#:~:text=The%20Central%20Bank%20of%20Nigeria,social%20media%2C%20that%20stated%20otherwise.>

**BOI Raises \$5bn From Int'l Markets For MSMEs Growth:** From 2017 to date, the Bank of Industry(BOI) has raised over \$5billion from the international financial markets to support Micro, Small and Medium Enterprises(MSMEs) as well as the industrial sector of the nation's economy, LEADERSHIP learnt. Under its current management, led by the managing director/CEO, Mr Kayode Pitan, the bank concluded six key capital-raising transactions from the international financial markets between 2017 and now, thereby, increasing the bank's financial muscle to lend to MSMEs, even as the benefiting firms have used the BOI loans to expand their businesses, create jobs, wealth and poverty reduction..... Source: leadershipng

<https://leadership.ng/boi-raises-5bn-from-intl-markets-for-msmes-growth/#:~:text=From%202017%20to%20date%2C%20the,the%20nation's%20economy%2C%20LEADERSHIP%20learnt.>

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

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CSL Stockbrokers Limited

Member of the Nigerian Stock Exchange

PO Box 9117

Lagos State, NIGERIA

CSL Stockbrokers

A trading name of CSL Capital (UK) Ltd

43-44 New Bond Street

London

W1s 2SA

United Kingdom