

## Public Debt

**Comment on recent news** – this page

Today's headlines – page two

**Recommendations and valuations** – page three

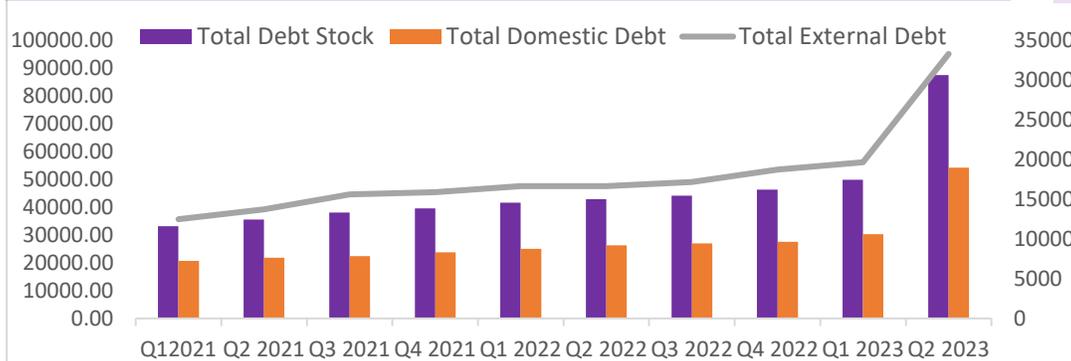
### Nigeria's public debt rises to N87.38tn in Q2 2023

Based on the recent data released by the Debt Management Office (DMO), Nigeria's total debt stock for the period ending June 30th, 2023, rose to N87.38 trillion (US\$113.42 billion), an increase of 75.29% from N49.85 trillion (US\$108.30 billion) recorded at the end of March 2023. 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 DMO noted that the recently securitized Ways and Means loans were the reason for the significant spike in total public debts, as it was included in the total public debt stock for the quarter.

In June 2023, total external borrowings grew to N33.25 trillion from N19.64tn recorded in March 2023 while total domestic debt stock grew to N54.13 trillion from N30.21 in March 2023. We believe the increase in public debt can be attributed to increased borrowings by the FGN and sub-nationals from local and external sources, primarily to fund budget deficits and execute projects. We note that domestic debt stock is made up of major instruments like FGN bonds, treasury bills, treasury bonds, savings bonds, FGN Sukuk, promissory notes, and green bonds.

Nigeria's total public debt has been on the rise in recent years. The government's fiscal deficit for 2023 is the highest on record, as revenue mobilization remains largely constrained and spending continues to jump. The country's debt servicing rose by 55.71% to N1.24tn in three months in Q1 2023, indicating that the country continues to spend a significant portion of its revenue on debt servicing, limiting its fiscal space. We believe that, while the country's revenues remain constrained, the currency depreciation will benefit oil revenues, and as a result, we believe that the increase in income could help control the country's rising debt stock in the short run. Furthermore, we believe that the elimination of fuel subsidies, which accounted for more than 75% of gross oil revenue in 2022, will free up additional revenues for debt servicing.

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



Source: DMO, CSL Research

### MARKET UPDATE

	1 year	30-Dec-22	1 day
NSE - Index*	49,190.34	51,251.06	68,271.14
Naira / US\$	435.71	461.50	738.00
Brent, US\$/bbl	89.53	85.91	93.30
MPR %	14.00	16.50	18.75

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

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## News headlines:

**FG may pay N1.68tn fuel subsidy, marketers forecast N900/litre:** The Federal Government may spend about N1.68tn as subsidy on Premium Motor Spirit, popularly called petrol, from September to December this year, an analysis of data provided by oil marketers and the sector has shown. PMS dealers stated on Thursday that the pump price of petrol should be between N890 to N900/litre based on the fall of the naira against the United States dollar and the surge in the price of crude in the international market. Petrol currently sells at between N598 and N617/litre depending on the location of purchase, fuelling suspicion that the commodity is being subsidised by the Federal Government. The government and the NNPC have not officially admitted that subsidy on petrol has been reintroduced. President Bola Tinubu had on May 29 announced ended the subsidy regime during his inaugural address.

Source: Punchng.com

<https://punchng.com/fg-may-pay-n1-68tn-fuel-subsidy-marketers-forecast-n900-litre/>

**Naira Falls Further to N995/\$ on Parallel Mkt, Edun Blames \$6.8bn Backlog for Currency's Woes:** The naira declined further on the parallel market arm of the foreign exchange (FX) market to N995 to a dollar, weaker than the N990 to a dollar it closed the previous day. On the other hand, on the Investors and Exporters (I&E) FX window, the naira gained N33 naira to closed at N738 to a dollar yesterday, compared to N771 to a dollar the previous day, even as some market analysts attributed the development to a likely intervention by the Central Bank of Nigeria (CBN). However, reacting to the pressure facing the nation's currency, Nigeria's Finance Minister and Coordinating Minister of the Economy, Olawale Edun, yesterday said up to \$6.8 billion of overdue forward payments in the foreign exchange market needed to be addressed before the naira stabilises. Source: thisdaylive.com

<https://www.thisdaylive.com/index.php/2023/09/22/naira-falls-further-to-n995-on-parallel-mkt-edun-blames-6-8bn-backlog-for-currencys-woes>

**Trade volume hits N1.12bn on NGX:** The daily volume of trade on the Nigerian Exchange Limited increased by 98 per cent to 1.12 billion units on Thursday as investors lost N35bn at the close of the trading session. The volume of traded equities reported on Wednesday stood at 566,631,350 units worth N5.39bn. Despite the surge in the volume of trade, the value of trade on Thursday only increased by eight percent to N5.82bn. The total number of deals fell by 3.07 percent to 7,949. Based on NGX data, the surge in the volume of trade was driven by Universal Insurance which had 669,012,278 million units of its shares worth N134.21m traded in 148 deals. Oando Plc followed with 100,687,873 units of shares valued at N1.46bn exchanged in 1656 deals. Source: punchng.com

<https://punchng.com/trade-volume-hits-n1-12bn-on-ngx/>

**FG dangles tax rebate before solid mineral investors:** The federal government has promised potential investors into Nigeria's solid mineral sector a number of incentives including: 95 percent capital allowances of qualifying capital expenditure, up to 3-5 years tax holidays, possible capitalisation of expenditure on exploration and survey, among others. Dele Alake, minister of solid minerals development disclosed this at the sidelines of the ongoing United Nations General Assembly in New York. According to Alake, Nigeria — despite lagging behind other African countries in mining activities — has mineral deposits valued at over \$700 billion with potential to increase. "It is clear that Nigeria is important to the world and we are ready for investment, collaboration and partnerships in our solid mineral sector," Alake said. Source: businessday.ng/

<https://businessday.ng/news/article/fg-dangles-tax-rebate-before-solid-mineral-investors/>

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	Buy	Hold	Sell	Not Rated	Total
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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