

## Capital Inflow

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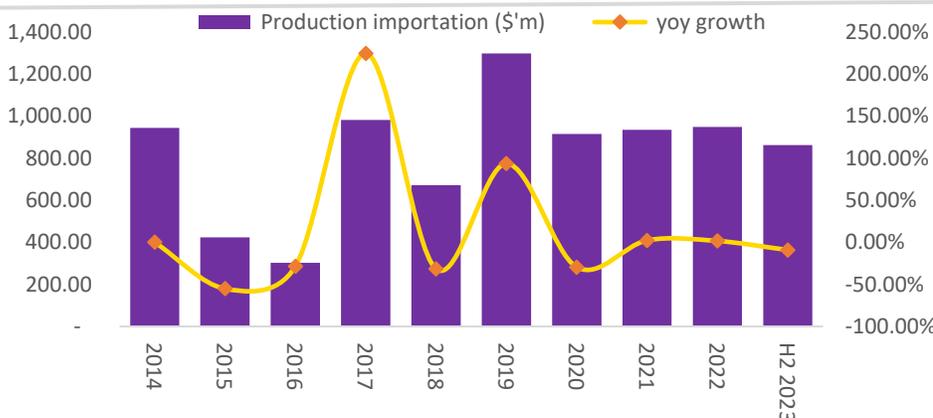
### Capital inflow to manufacturing sector rises by 88.2% in H1 2023

Based on the capital importation report from the National Bureau of Statistics (NBS) released in H1 2023, total capital inflow into country's manufacturing sector jumped by 88.17% y/y in H1 2023 reaching US\$861.16m from US\$457.67m in H1 2022. Q/q, inflow into the sector increased by 136.2% to US\$605.04m in Q2 2023 from US\$256.1m in Q1 2022. The data further revealed that the share of inflow to the manufacturing sector to the total capital inflow for the six-month period rose to 39.81% in H1 2023 from 14.73% in H1 2022. Meanwhile, total capital inflow in H1 2023 was US\$2.163bn. We believe the unusual growth could be due to a one-off event such as the purchase of an expensive equipment, as it is unlikely that the manufacturing sector will be attracting any significant capital inflow given the impact of current economic conditions on both production and demand.

The growth of the manufacturing sector has been weak and sluggish since its recovery from the Covid-19 Pandemic. The average annual growth of 2.5% in 2022, reflects the negative impact of CBN's hawkish rendition. In fact, the sector contracted by 1.91% in Q3 2022, the first contraction since covid hit in 2020. With escalating global and domestic challenges, the growth of the Nigerian manufacturing sector has been hampered. The fortunes of the sector have worsened with the latest reforms of the new administration such as the fuel subsidy removal and the unification of the exchange rates at the various windows. In Q1 2023, the growth rate reduced to 1.61% compared with 2.83% in Q4 2022 but rose slightly to 2.20% in Q2 2023.

The hike in the price of petrol since its deregulation and currency weakness due to the FX unification policy have prompted firms to increase output prices. To counter the effect of the high cost of production, firms would typically transfer increased costs to the consumers, and we expect further price increases across the manufacturing and non-manufacturing sectors. However, considering the weakened consumer purchasing power, we have started to see a decline in volumes for some of the companies we cover, especially for manufacturers of non-essentials.

### Manufacturing Capital Inflow - Last 10 Years (US\$)



Source: NBS, CSL Research

### MARKET UPDATE

Indicators	1 year	30-Dec-22	1 day
NSE - Index*	44,279.65	51,251.06	71,112.99
Naira / US\$	442.19	461.50	791.75
Brent, US\$/bbl	92.25	85.91	80.84
MPR %	15.50	16.50	18.75

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

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## News headlines:

**222,141 workers dump PFAs, transfer N908bn – PenCom:** No fewer than 222,141 workers have changed their Pension Fund Administrators and moved N908.363bn from their Retirement Savings Accounts since the National Pension Commission opened the window of transfer. PenCom disclosed this in its transfers report on 'Quarterly summary of Retirement Savings Accounts transferred by Pension Fund Administrators' from the fourth quarter of 2020 to the third quarter of 2023. The transfer window allows a contributor under the CPS to move all his RSAs from his current PFA to another of his choice once in a year.

Contributors move their RSAs for various reasons including the desire for improved services and rate of return on investments paid on their savings by the PFAs. Source : Punch

<https://punchng.com/222141-workers-dump-pfas-transfer-n908bn-pencom/>.

**Finance Minister unveils plan for \$13bn revenue from national assets:** Minister of Finance and Coordinating Minister for the Economy, Mr. Wale Edun yesterday in Lagos unveiled plans to leverage the nation's assets to generate about \$13 billion annual revenue. Edun disclosed this while speaking at the launching of the Afrinvest 2023 Nigerian Banking sector report.

Represented by the Managing Director/Chief Executive, Ministry of Finance Incorporated, MoFI, Mr. Armstrong Katang, Edun said the plan includes enumerating all the national Assets, introducing governance, monetising and optimising the assets. Speaking further, Edun said the above will be achieved via a National Assets Register, to be created by MoFI, which will be leveraged to generate revenue of up to 3.0 per cent of the nation's Gross Domestic Product, GDP or \$13.3 billion. Source : Vanguard

<https://www.vanguardngr.com/2023/11/finance-minister-unveils-plan-for-13bn-revenue-from-national-assets/>

**52 taxes, unresolved N200bn USSD debt squeeze telcos:** The number of taxes and levies telecom operators in Nigeria are forced to pay to federal, state and local government agencies has increased to 52 from 41, according to Gbenga Adebayo, president of the Association of Licensed Telecommunication Operators of Nigeria (ALTON). Adebayo, who was speaking at a closed-door stakeholders' meeting on Thursday, also disclosed that banks were yet to pay the USSD debt owed to telecom operators, which has now risen to N200 billion from N120 billion in June. Multiple taxation is seen as one of the primary bottlenecks affecting the profitability of telecommunications business in Nigeria, and efforts by operators to draw the government's attention to it have yielded little or no results.

Source: Business Day

<https://businessday.ng/technology/article/52-taxes-unresolved-n200bn-ussd-debt-squeeze-telcos/>

**OPEC moves to cut additional 1m bpd:** JP Morgan's head of energy strategy, Christian Malek, has warned that amid the recent plunge in oil prices, driven as much by shorting CTAs (who today are in full-blown short squeeze panic mode) as the Biden admin, the oil market was underestimating the chances of deeper supply cuts during this month's Nov 26 OPEC+ meeting. "The market's probably assuming very little chance of that happening, I'd say it's much higher than that – not as a base case but as a scenario" Malek told Bloomberg in an interview, adding that deeper curbs would be "in order to get ahead of potential weakness in the first half of next year." "We may need to see" a cut "given where the balances are, particularly given the demand trending." Source: The Sun <https://sunnewsonline.com/opec-moves-to-cut-additional-1m-bpd/>

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	Buy	Hold	Sell	Not Rated	Total
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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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