



Public Debt

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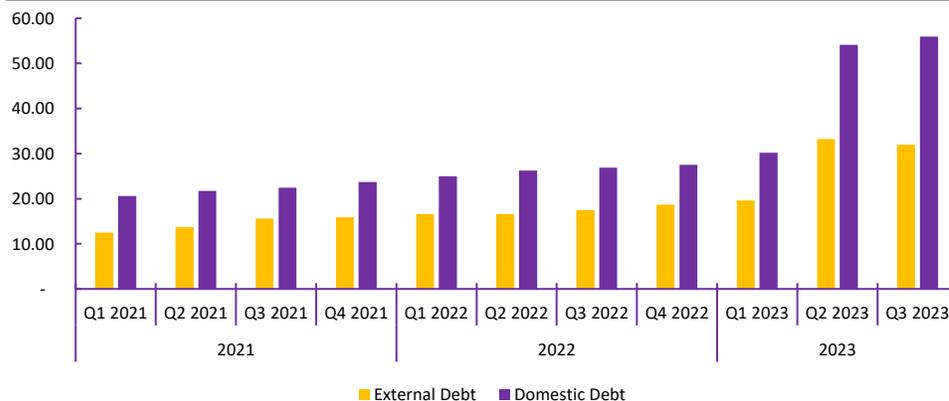
Nigeria's public debt rises to N87.91tn in September.

The Debt Management Office (DMO) recently released Nigeria's total public debt portfolio for September 2023. The nation's total public debt grew to N87.91tn (US\$114.35bn) compared with N87.38 trillion (US\$113.42 billion) for the period ending 30 June 2023 but was 99.52% y/y higher than the total public debt of N44.06tn recorded in the same period of the prior year. The y/y growth was mainly due to the devaluation of the Naira as the conversion rate used in converting external debt to Naira is now pegged at N768.76/US\$ compared with N432.37/US\$ previously and the inclusion of the securitized ways and means loans into the debt stock. External debt of N31.98tn made up 36.38% of the country's total public debt while domestic debt (N55.93tn) made up 63.62%.

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 service to revenue ratio also continues to rise. Nigeria's tax base remains narrow, and the country's dependence on oil revenue, makes it vulnerable to fluctuations in global oil prices. The Naira's depreciation against major currencies like the US Dollar also makes existing foreign-denominated debt more expensive to service in Naira terms, contributing to the overall debt burden.

We believe that, while the country's revenue generating capacity remains 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 took up more than 75% of gross oil revenue in 2022, will free up revenue, making us believe the country may not exceed the estimated budget deficit of N9.18tn in its 2024 budget of hope. However, the continuous depreciation of the Naira and downgrading of Nigeria's Eurobonds may limit the government's external borrowings.

Nigeria's Total External and Domestic Debt in Ntn (Last two years)



Source: CSL Research, DMO

MARKET UPDATE

Indicators	1 Year	30-Dec-22	1 Day
NSE-Index	53,086.86	51,251.06	73,397.71
Naira/US \$	415.63	461.50	907.66
Brent US\$/bbl	119.51	85.91	80.03
MPR	13.00	16.50	18.75

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

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News headlines:

Keep external reserves in Chinese yuan, Reps advise CBN: The House of Representatives has called for the adoption of the Chinese Yuan as an official foreign exchange reserve currency with other internationally recognised currencies to protect the naira from further depreciation. The resolution was sequel to the adoption of a motion moved by member representing Bogoro/Dass/Tafawa Balewa Federal Constituency, Bauchi State, Jafaru Leko, at a plenary session on Wednesday. Leading the debate, Leko noted that the Nigerian economy was experiencing substantial shifts in the value of the naira, triggering economic instability and uncertainty. Source: Punch

<https://punchng.com/keep-external-reserves-in-chinese-yuan-reps-advise-cbn/>

MTN Gains More Subscribers as 35,154 Port from Other Networks in One Year: Current statistics on Number Portability released by the Nigerian Communications Commission (NCC), has revealed that as much as 35,154 subscribers port their GSM lines from one network to another within a space of one year. The subscribers, which cut across MTN, Globacom, Airtel and gmobile, had to port their lines from one network to another between August 2022 and August 2023, in search of better service quality. Among the subscribers that port their lines to other networks, MTN, which has the highest market share of 38.58 per cent and a subscriber base of 85,005,917 as at August 2023, had the highest number of subscribers that ported from other networks to its network (inward porting), followed by Airtel, Globacom and gmobile, which had the least number of subscribers that ported into their network in the last one year. Source : ThisDay

<https://www.thisdaylive.com/index.php/2023/12/21/mtn-gains-more-subscribers-as-35154-port-from-other-networks-in-one-year>

FG woos oil firms with fresh incentives: The Federal Government is introducing incentives to attract oil and gas investment as Nigeria – Africa’s biggest economy, works to ramp up crude oil output. Some of the measures being adopted include substituting signature bonuses – the payments made by companies to governments upon signing contracts – with lump sums for production, the Chief Executive Officer, Nigerian Upstream Petroleum Regulatory Commission, Gbenga Komolafe, told Bloomberg. He also stated that the country was tackling delays in licensing, as this would further increase the interest of oil firms to invest in Nigeria’s oil and gas industry. Source: Punch

<https://punchng.com/fg-woos-oil-firms-with-fresh-incentives/>

Edo refineries get 75,500 barrels of oil from Oza field: Operators of the Oza oil field, Decklar Resources Inc., and its co-venturer, Millenium Oil & Gas Company Limited, have said they have delivered a total of 75,500 barrels of crude to two modular refineries in Edo State on the back of the state government’s reforms. The plants are the Edo Refinery and Petrochemical Company (ERPC) facility in Ologbo, Ikpoba Okha Local Government Area, and the Duport Midstream Company Limited (DMCL) facility in Egbokor, Orhionmwon LGA in the state. Sanmi Famuyide, chief executive officer of Decklar Resources, said the deliveries are part of the contracts with the two companies for the supply of crude for refining. Source: BusinessDay

<https://businessday.ng/energy/oilandgas/article/edo-refineries-get-75500-barrels-of-oil-from-oza-field/>

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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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