

Money Supply

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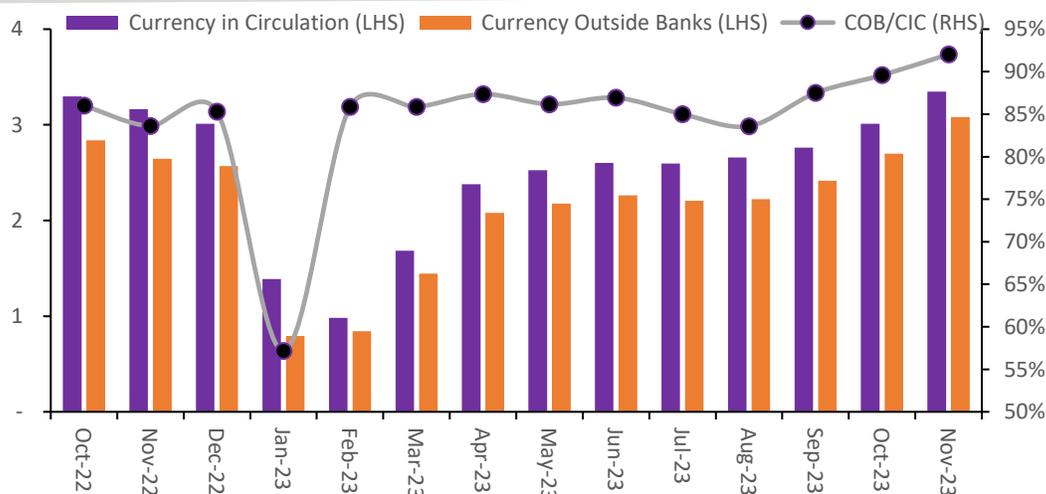
Currency outside banks at 92.04% of currency in circulation.

Money Supply statistics from the Central Bank of Nigeria (CBN) as of November 2023 revealed that currency in circulation (CIC) surged by 21.24% in November to N3.35trn (highest in 2023) from N2.76trn as of September 2023. In the same vein, currency outside banks (COB) rose by 27.53% to N3.08trn in November 2023 from N2.42trn. This in essence means, 92.04% of the currency in circulation (CIC) was outside the banking system as of November 2023, marking a notable rise from the 57.14% recorded in January 2023 following a few months of the CBN naira redesign policy. The currency outside the banks had averaged c.84.42% of currency in circulation since the year 1960 till December 2022.

From reported numbers, we can conclude that the Naira redesign policy would have been moderately successful in mopping up currency outside the banks if it wasn't reversed, as there was a considerable reduction currency outside bank in the first 4 month of the policy implementation. Between January and November 2023, currency in circulation (CIC) has risen by 141.47% (N1.96trn) and this can be attributed to the reinjection of older Naira notes into the system, which had been previously withdrawn from circulation by the CBN. In the same period, currency outside banks (COB) has surged by 288.96% (N2.29trn) on the back of rising non-bank held cash, amidst growing public concern over the sufficiency of currency in the banking system.

The persistent challenge of a substantial portion of currency in circulation outside the banking system has remained since independence, despite past currency redesigns and printing. The former Central Bank Governor's efforts to reduce the currency outside the banking system faced considerable criticism, given the circumstances. Nevertheless, we emphasize the importance of reducing the substantial cash held outside the banking system for the purpose of enhancing monetary policy efficacy, fostering and financial inclusion, among other objectives. Reducing cash outside the banking system also aids in combating illicit activities like terrorism and mitigating money laundering when implemented in collaboration with appropriate agencies such as the EFCC and banks.

Last 13-Month Money Supply (Ntrn)



Source: CBN, CSL Research

MARKET UPDATE

Indicators	1 year	30-Dec-23	1 day
NSE - Index*	52,615.51	74,773.77	91,896.97
Naira / US\$	455.56	899.89	902.08
Brent, US\$/bbl	86.16	77.04	79.10
MPR %	17.50	18.75	18.75

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

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News headlines:

FX crisis plunges Nigeria's non-oil exports to \$4.5bn: The value of Nigeria's non-oil export revenue recorded a marginal decrease to \$4.5bn in 2023, the Nigerian Export Promotion Council has said. The drop represents a \$300m or 6.3 per cent decline from the \$4.8bn revenue accrued to government coffers in 2022 and \$500m less than the \$5bn target set by the council for the year. The Executive Director of the Nigerian Export Promotion Council, Nonye Ayeni, revealed the figures while addressing the media on the performance report of the non-oil export sector for 2023. The reduced revenue followed years of improved receipts based on the government initiative to diversify the economy from oil exports. Source : Punch <https://punchng.com/fx-crisis-plunges-nigerias-non-oil-exports-to-4-5bn/>

Manufacturers spent N2tn on raw material imports – NBS: Manufacturers spent about N2tn to import raw materials for production needs in the first nine months of 2023, data from the National Bureau of Statistics has shown. The NBS' Foreign Trade Statistics indicated that in the first quarter of 2023, N555.4bn was spent on raw material import. The figure rose slightly to N567.8bn in the second quarter and increased considerably to N950.9bn in the third quarter. Major imports during the period included cane sugar meant for sugar refinery imported from Brazil, other lubricating oils meant to be mixed, further imported from the United States and milk preparations containing vegetable fats and oils. Source : Punch <https://punchng.com/manufacturers-spent-n2tn-on-raw-material-imports-nbs/>

No plan to exit Nigeria, says Shell: Shell PLC has denied speculations that it was leaving Nigeria after selling its onshore business in the Niger Delta. The PUNCH reports that Shell on Tuesday announced that it had "reached an agreement to sell its oil business in the Niger Delta, the Shell Petroleum Development Company of Nigeria Limited" to Renaissance Africa Energy. The announcement has since generated a series of reactions on various social media platforms, as many opined that Shell was exiting Nigeria. Contacted on Wednesday, Shell Nigeria media team explained to The PUNCH that the divestment of SPDC aligned with its previously announced intent to "exit onshore oil production in the Niger Delta and to focus future investment in Nigeria on our Deepwater and Integrated Gas positions: Punch <https://punchng.com/no-plan-to-exit-nigeria-says-shell/>

Foreign airlines repatriate N795bn in six months – CBN report: Foreign airlines repatriated N795.48bn from Nigeria in six months, data from the Central Bank of Nigeria have shown. Data from the apex bank's Balance of Payment compilation revealed that airlines withdrew (as debits) \$1.76bn (converted to naira at N451/\$) in the first and second quarters of 2023. Total credit to the Balance of Payment account from airline travel was \$19.39m (N8.75bn). The amount on the debit side of the balance of payments includes how much was spent on tickets by passengers (N779.61bn), cargo (\$10.22bn), and others (N5.65bn). According to an explanatory note on the apex bank's website titled, Note D, Balance of Payments is "defined as a systematic record of economic and financial transactions for a given period between residents of an economy and non-residents." Source: Punch <https://punchng.com/foreign-airlines-repatriate-n795bn-in-six-months-cbn-report/>

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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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