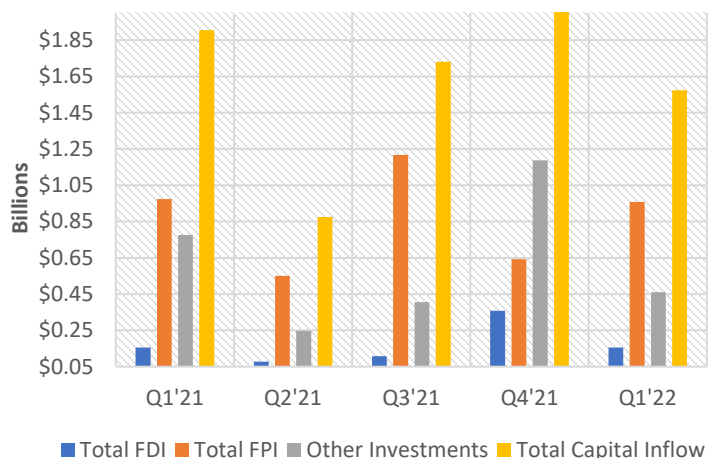


## Nigeria's Q1 Capital Importation



Source: Nigeria Bureau of Statistics, Cowry Research

**Nigeria's capital importation dipped 17.5% y/y to \$1.57bn in Q1 from electioneering activities, FX pressures...**

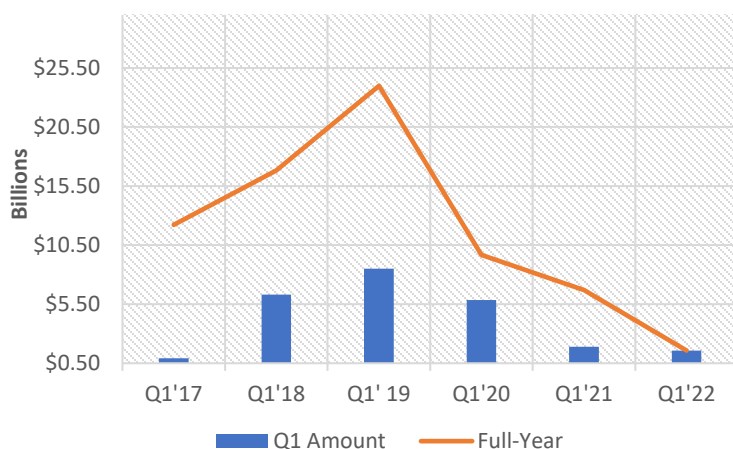
The latest data on capital importation published by the National Bureau of Statistics (NBS), shows that Nigeria's total capital inflow decreased by 17.5% year on year to \$1.57 billion in the first quarter of 2022 from \$1.91 billion in the corresponding quarter last year. We believe this was a result of the growing wariness of investors around the electioneering activities across the country as well as the unabating pressure on the local currency in the foreign exchange market.

Also, the total inflow also tanked 28.09% on a quarter-on-quarter basis to \$1.57 billion from \$2.19 billion in the preceding quarter. Meanwhile, our analysis of the report from the NBS shows that the largest inflow was received through portfolio investment which printed at \$957.58 million during the period and was followed by Other investments which accounted for a 29.28% quarter on quarter decline or 17.46% year on year to \$460.59 million.

Nevertheless, inflows through the bonds market rose through the quarter by 575.4% to \$310.06 million drove the inflow through portfolio investment resulting from the expectations of yield rise in the Eurobonds market and the expected float of the \$1.25 billion Eurobonds by the federal government during the quarter while the inflows through equities dragged the capital inflow during the quarter to \$31.78 million but on the other hand outperformed Q1 data on a year on year performance by 18.24%.

Analyzing the sectoral front, inflow into the banking sector was the largest during the quarter at \$818.84 million and indicates more than half (52.05%) of the total capital which is spurred by the efforts of the CBN to make deposit money banks (DMBs) official channel for the remittances of foreign capital into the country which is buoyed by the strength and resilience of the sector.

## Nigeria's Capital Importation in Q1



Source: Nigeria Bureau of Statistics, Cowry Research



## Capital Importation Update: June 2022

This was followed by capital imported into the production sector, valued at \$223.67 million and accounts for 14.22%, and then the financing sector with \$199.37 million (12.67%).

A look into the capital imported from various origins had the United Kingdom ranks top with \$1.02 billion in total capital inflow into Nigeria, trailed by South Africa (\$117.50 million), USA (\$82.07 million), Mauritius, and Singapore \$81.50 million and \$64.42 million respectively. Also, these investments flowed into Lagos (\$1.12 billion) Abuja (\$446.81 million), Anambra (\$4.15 million), Oyo, and Katsina states with \$2 million and \$0.7 million in that order.

We believe the decline in total capital importation during the quarter has been chiefly driven by the rising concerns of foreign investors over the macroeconomic dynamics of Nigeria; growing insecurity concerns, and the devalued naira amidst the growing FX backlogs as we drive deeper into the pre-election year ahead of the forthcoming 2023 general elections.

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