

The recent capital importation data published by the National Bureau of Statistics showed that during the second quarter of 2022, the total value of capital importation into Nigeria soared 75.3% year on year and printed at \$1.54 billion from \$875.62 million in the same period last year. A look at the numbers from the first quarter of 2022 showed a decrease of 2.40% (\$37.8 million) from \$1.57 billion.

Foreign investors' appetite for investment in Nigeria at the moment looks wobbly in the face of monetary policy normalization triggered by the spiralling inflation trend across the globe and leading to capital repatriation from frontier economies such as Nigeria whose currency is weakening against the greenback as a result of unabating panic buys in the FX market.

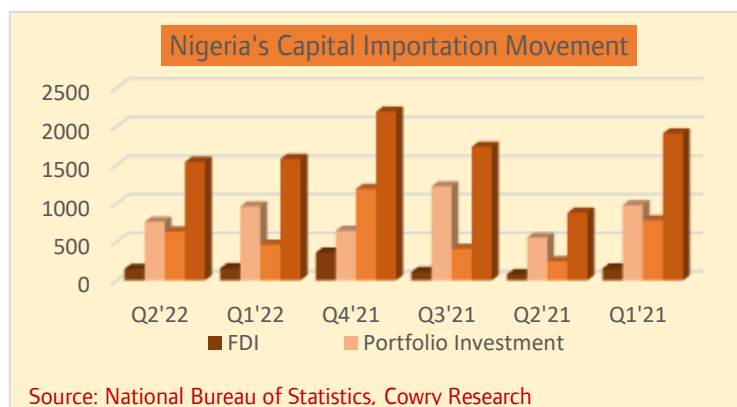
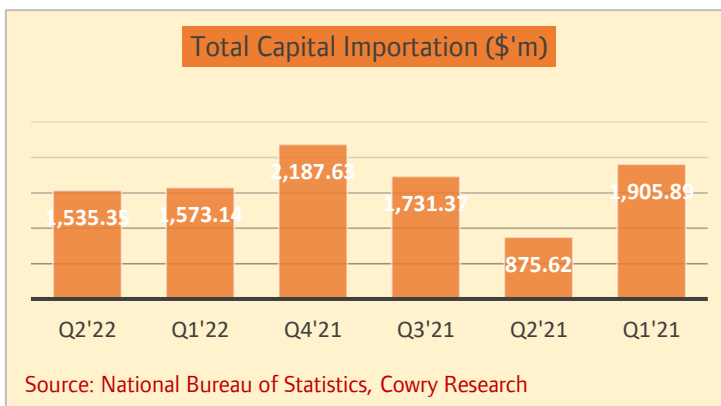
Consequently, the inflow during the period was highest through portfolio investment which accounted for more than 49% or \$757.3 million of the total and was supported by investors' interest in money market instruments (\$422.6 million) and Bonds (\$322.04 million) during the quarter. Trailing this category was Other investment with \$630.9 million where loans (\$595.9 million) and other claims (\$35 million) drove the performance while foreign direct investment (FDI) was just \$147.2 million resulting from investment into the equities space.

Notwithstanding the dwindle in the total inflow during the quarter, Nigeria still remains a bride for investors as capital inflow from various origins places the United Kingdom as the top-ranked source with more than 50% of the total and a value of \$781.05 million. Trailing were the likes of Singapore and South Africa with capital inflow valued at \$138.58 million and \$122.26 million respectively. The UAE and United States were not left as Nigeria still stays highly attractive to these nations, importing \$103.9 million and \$80.20 million in that order.

By Destination of investment, Lagos state remained the top destination, as it has always done over the years as a commercial hub of Nigeria with U\$1.05 billion, and accounted for 68.66% of total capital investment into Nigeria during the quarter. This was followed by investment into Abuja (FCT), valued at \$453.95 million, Anambra (\$24.71 million), Kogi (\$2 million) and Ekiti (\$500,000) States.

Sectorial analysis shows that capital importation into banking had the highest inflow of \$646.36 million amounting to 42.10% of total capital imported in the second quarter of 2022. This was followed by capital imported into the production sector, valued at \$233.99 million (15.24%), and the financing sector with \$197.31 million (12.85%).

Also, investment inflow by some selected banks reveals that Citibank Nigeria ranked highest in Q2 2022 with \$450.94 million (29.37%) of the total investment. This was followed by Standard Chartered Bank Nigeria Limited with \$323.24 million (21.05%) and Stanbic IBTC Bank Plc with \$163.92 (10.68%). Meanwhile, Nigeria's banking heavyweights were not left out from the mix as Zenith Bank brought in \$128.38 million alongside Access Bank (\$101.14 million) Ecobank (\$82.94 million), FCMB (\$15.75 million) and the UBA and Fidelity recorded \$9.70 million and \$6.21 million respectively.



We believe the reported decline for the second consecutive quarters since the last quarter of 2021 (\$1.9 billion) resulted from the growing guardedness of investors around mounting insecurity concerns, rising global inflation trend and rates hikes. This is not, without, mentioning the unabating pressure on the local currency in the foreign exchange market consequential to further weakening of the naira and the dynamics in play on the road to electioneering activities across the country.