

Nigerian Capital Importation

SUMMARY REPORT 2007-2014

NATIONAL BUREAU OF STATISTICS

14TH MAY 2014

Capital Importation Data

The data on Capital Importation used in this report was obtained from the Central Bank of Nigeria (CBN). The data is compiled using information on banking transactions, gathered through Electronic Financial Audit Sub-System (e-FASS) software, which enables the automatic reporting of all banking transactions to CBN. It therefore excludes data on physical capital importation, such as that of plants and machinery.

Summary

The financial crisis largely shaped capital importation over the 2007-2013 period. From \$11,171.2 million in 2008, it dipped to a low of \$5,702.9 million in 2009. Yet Nigeria's rapid recovery attracted higher levels of investment, allowing capital importation to soar to \$21,318.4 million in 2013, a record high to date.

The main driver of this growth has been the Shares business, which saw a six-fold increase in capital value between the 2007 and 2013. This has been countered by a decline in the Banking business sector, which in converse declined to just 1/5th of its 2007 size.

In spite of these developments, lower levels of capital importation for both the Stock business and Banking businesses have been observed in the first quarter of 2014, with total importation 40.8% lower than quarter one of 2013.

Total Annual Capital Importation 2007-2013

Prior to the global financial crisis, Nigerian capital importation was high and rising; it grew 16.7% from \$9,573.2 million recorded in 2007 to reach \$11,171.2 million in 2008 (See Fig 1.0). The onset of the crisis brought a sharp decline in capital imported to half its value, at \$5,702.9 million in 2009. Some of the greatest declines came from the banking and shares sectors, with annual totals \$2,046.9 million and \$1,813.9 million, representing a 43.7% and 53.0% decline respectively from the preceding year. The Financing and Oil and Gas sectors also took a large hit, declining by 69.2% and 82.2% respectively, translating to a decline of over \$500 million in each activity from 2008.

In 2010 the value of capital imported remained depressed, increasing by a marginal 5.1% to \$5,995.7 million. A slow recovery began in 2011, as capital importation increased by 31.8%, yet inflows remained \$3,267.4 million below 2008 levels. It was not until 2012 that a transformational upturn took hold in Nigeria, whereby the value of capital imported increased by 110.2% to \$16,615.9 million, 72.6% greater than the pre-crisis level. The main driver of this was the Shares business, in which an additional \$7,642.7 million was imported from 2011 levels, a 72.5% rise from the previous year. Banking also saw a recovery, with a \$740.7 million, or 65.3% increase from 2011. Yet some sectors remained in decline; Financing, Telecommunications and Brewing reported lower levels of importation by \$443.3 million, \$193.1 million and \$71,365.7 million from 2011 respectively. This may have implied less profitability of the real sector relative to the financial sector, thus reallocating investments away from the real sector.

Total capital importation inflows continued to increase in 2013, by a further 28.3% to \$21,318.4; the highest value that Nigeria has seen to date. Shares again drove this, with an additional 30.1% increase from its 2012 figure. Financing remains a large growth contributor, with \$1,740.5 million, or 274.0% more capital imported than in 2012, although banking remains in decline, with a counterweight of \$1,202.9 million or 64.2% less than the previous year.

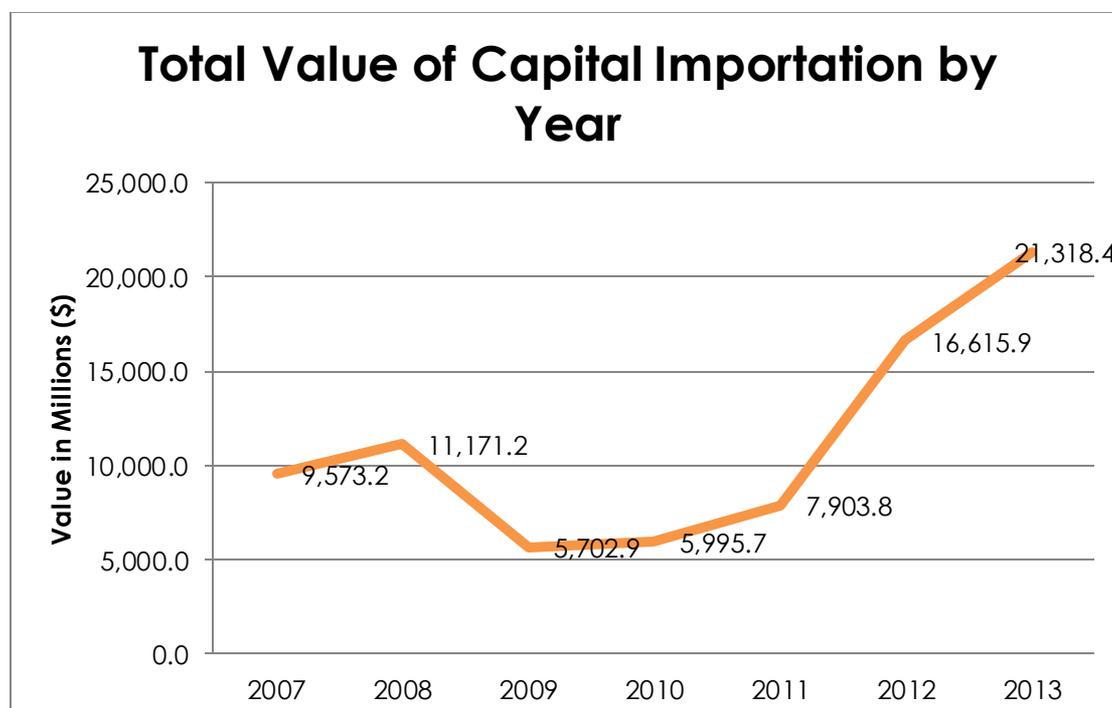


FIG 1.0 TOTAL VALUE OF CAPITAL IMPORTATION BY YEAR

Composition of Capital Imports

In 2007 the composition of capital importation by sector was very different to that of 2013 (see fig 2.0). It was dominated by the Banking sector, which contributed 37.0% of the total, and closely followed by Shares, which represented 28.3%. Other significant contributors included Financing, Telecommunications, Production/Manufacturing and Servicing, with 9.7%, 8.1%, 5.9% and 5.1% of the total respectively.

In spite of overall annual totals declining in both sectors, at the peak of the financial crisis in 2009 the portion of capital imported for the Banking sector was highest at 46.2%, whilst Shares represented 28.2%. Servicing declined to contribute 0.6% of the total capital, whereas Brewing and Oil and Gas gained greater shares, at 3.2% and 2.0% respectively.

Capital Importation Shares Between 2007 and 2013

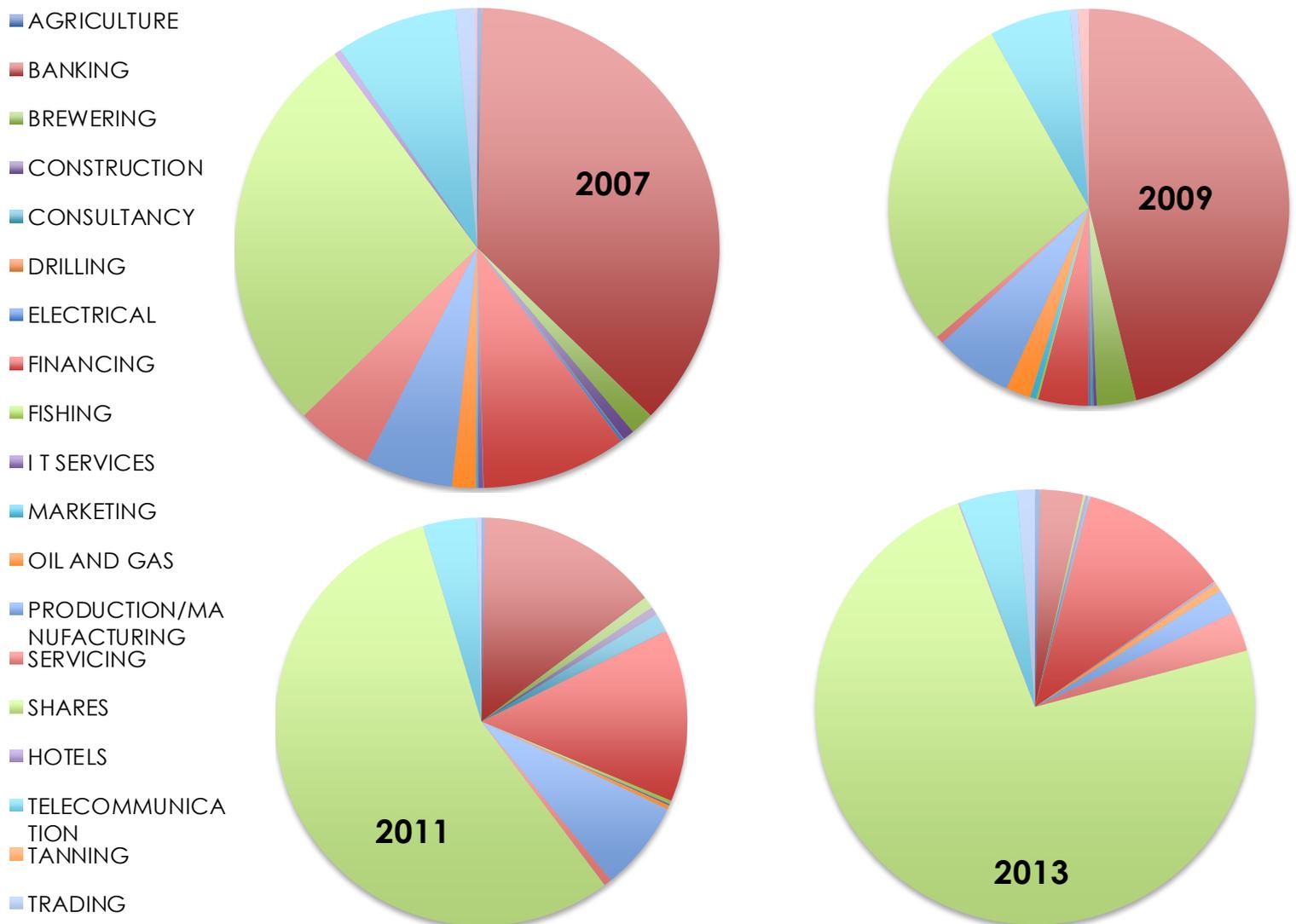


FIG 2.0 CAPITAL IMPORTATION COMPOSITION BETWEEN 2007 AND 2013

Figure 2.1 shows the change in capital imports over time of the four most prominent business sectors. With the value of capital imported for Shares rising exponentially, alongside a steady decline in banking, by 2013 the picture had significantly changed. In 2013, the value of shares peaked at \$15,665.2 million, representing 73.5% of all capital imported. Combined with its own decline, this pushed the portion of Capital imported for Banking sector business into fourth place, at just 3.2% of the total. It sits behind the Financing and Telecommunications Sectors. Financing represents 11.1% of capital imported in 2013, at \$2,375.8 million, up from \$635.3 million the preceding year, and telecommunications, at 4.3% of the total, has increased to over 5 times its 2012 value.

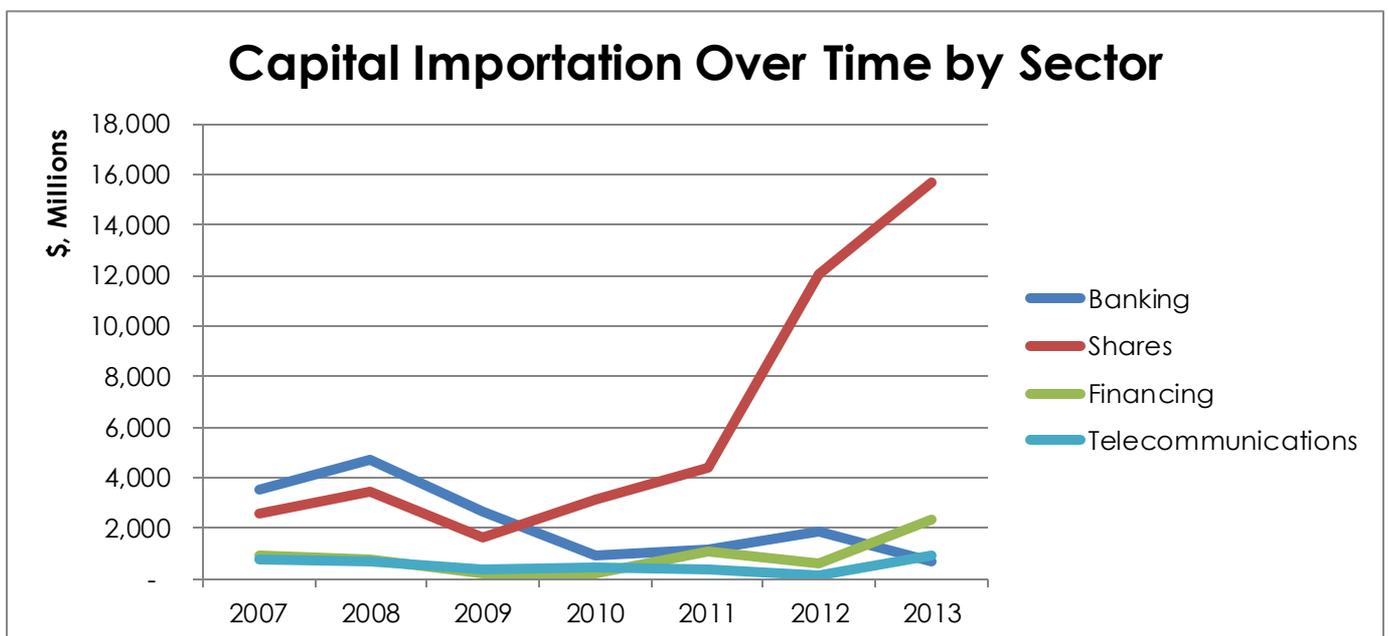


FIG 2.1 SECTOR CAPITAL IMPORTATION OVER TIME

Capital Importation in 2014

Thus far capital importation in the first quarter of 2014 has been lower than that of 2013. The \$3,904.6 million recorded is just 59.2% of the value recorded for the first quarter of 2013. This decline has mainly come from the value of capital importation from shares, which is 47.1% of what it was in quarter one of 2013. Other areas of decline are the Financing sector, which was lower by 37.6%, Banking at 26.5% lower and Brewing, which had no capital imported in 2014 to date. Some sectors have seen increases. Oil and Gas is most notable, with a quarter one 2014 value already 55.1% greater than the value for the

whole of 2013. Other areas of strong growth are the Telecommunications sector and Trading Sector. The \$135.7 million recorded in quarter one of 2014 for the Telecommunications sector is 577.6% greater than its corresponding 2013 value, whereas foreign capital for Trade increased eight fold, \$151.1 million more than it's quarter one 2013 value.

APPENDIX I

Table 1.0 Annual Total Capital Importation

	2007	2008	2009	2010	2011	2012	2013
Annual Total							
AGRICULTURE	30,018,860.32	1,724,970.00	900,919.00	4,344,712.00	21,331,175.00	76,725,863.18	82,370,181.00
BANKING	3,540,773,764.08	4,681,293,751.83	2,634,424,581.46	909,428,320.35	1,133,923,848.46	1,874,652,605.23	671,801,209.72
BREWING	151,343,805.05	-	180,304,333.00	25,831,540.00	73,751,981.00	2,386,247.28	37,362,284.38
CONSTRUCTION	73,756,378.58	130,165,301.89	14,280,553.48	41,296,239.21	50,424,022.54	59,194,935.87	47,716,195.65
CONSULTANCY	3,458,534.43	111,230,919.00	8,439,991.92	246,781.50	114,916,194.94	29,808,180.55	15,304,354.25
DRILLING	1,959,483.00	13,917,219.25	2,952,400.00	5,701,898.71	1,699,990.00	40,878,497.80	6,553,329.30
ELECTRICAL	17,157,413.39	2,110,419.15	12,109,977.16	8,039,746.60	3,144,401.85	10,997,306.00	10,937,346.84
FINANCING	928,508,646.56	748,556,178.83	230,678,582.34	171,706,742.14	1,078,623,193.01	635,310,335.03	2,375,770,764.80
FISHING	2,249,905.00	-	9,111,714.60	6,227,098.06	22,965,448.51	13,558,188.03	5,079,286.13
IT SERVICES	31,358,845.23	4,089,591.92	549,684.99	12,660,266.03	8,886,894.94	10,489,492.60	30,380,763.00
MARKETING	14,402,579.17	20,815,156.29	27,941,435.00	66,926.00	2,137,797.80	27,222,529.21	3,436,732.00
OIL AND GAS	151,480,802.98	641,265,589.01	114,356,434.98	89,448,676.76	22,923,537.23	156,772,090.93	129,620,615.53
PRODUCTION/MANUFACTURING	562,466,342.47	504,075,577.06	359,733,134.52	854,145,711.55	561,560,696.08	549,107,074.24	391,332,828.18
SERVICING	492,429,109.15	93,982,077.86	36,085,940.61	180,569,877.34	49,274,272.73	432,192,935.64	630,968,934.07
SHARES	2,611,552,064.67	3,423,828,270.18	1,609,972,467.38	3,163,842,286.23	4,395,754,021.67	12,038,416,253.17	15,665,235,975.56
HOTELS	45,129,641.22	-	0.00	2,572,172.00	450,000.00	23,305,000.00	20,170,159.94
TELECOMMUNICATION	776,903,676.47	716,363,903.14	373,562,109.93	479,713,274.04	332,549,307.39	139,456,576.89	913,602,045.11
TANNING	0.00	-	0.00	-	1,109,850.00	99,990.00	-
TRADING	124,751,374.66	60,644,881.09	37,474,522.30	35,865,023.00	28,078,163.26	420,822,276.74	280,057,050.42
TRANSPORT	13,465,740.03	16,831,545.49	50,010,097.00	3,996,351.50	264,935.00	74,518,645.00	675,287.07
WEAVING	0.00	319,975.00	0.00	-	-	-	-
TOTAL	9,573,166,966.46	11,171,215,326.99	5,702,888,879.67	5,995,703,643.02	7,903,769,731.41	16,615,915,023.39	21,318,375,342.95

Table 2.0 Capital Importation by Business Percentage Share

	2007	2008	2009	2010	2011	2012	2013
AGRICULTURE	0.314%	0.02%	0.016%	0.07%	0.27%	0.46%	0.39%
BANKING	36.986%	41.90%	46.195%	15.17%	14.35%	11.28%	3.15%
BREWING	1.581%	0.00%	3.162%	0.43%	0.93%	0.01%	0.18%
CONSTRUCTION	0.770%	1.17%	0.250%	0.69%	0.64%	0.36%	0.22%
CONSULTANCY	0.036%	1.00%	0.148%	0.00%	1.45%	0.18%	0.07%
DRILLING	0.020%	0.12%	0.052%	0.10%	0.02%	0.25%	0.03%
ELECTRICAL	0.179%	0.02%	0.212%	0.13%	0.04%	0.07%	0.05%
FINANCING	9.699%	6.70%	4.045%	2.86%	13.65%	3.82%	11.14%
FISHING	0.024%	0.00%	0.160%	0.10%	0.29%	0.08%	0.02%
I T SERVICES	0.328%	0.04%	0.010%	0.21%	0.11%	0.06%	0.14%
MARKETING	0.150%	0.19%	0.490%	0.00%	0.03%	0.16%	0.02%
OIL AND GAS	1.582%	5.74%	2.005%	1.49%	0.29%	0.94%	0.61%
PRODUCTION/MANUFACTURING	5.875%	4.51%	6.308%	14.25%	7.10%	3.30%	1.84%
SERVICING	5.144%	0.84%	0.633%	3.01%	0.62%	2.60%	2.96%
SHARES	27.280%	30.65%	28.231%	52.77%	55.62%	72.45%	73.48%
HOTELS	0.471%	0.00%	0.000%	0.04%	0.01%	0.14%	0.09%
TELECOMMUNICATION	8.115%	6.41%	6.550%	8.00%	4.21%	0.84%	4.29%
TANNING	0.000%	0.00%	0.000%	0.00%	0.01%	0.00%	0.00%
TRADING	1.303%	0.54%	0.657%	0.60%	0.36%	2.53%	1.31%
TRANSPORT	0.141%	0.15%	0.877%	0.07%	0.00%	0.45%	0.00%
WEAVING	0.000%	0.00%	0.000%	0.00%	0.00%	0.00%	0.00%
TOTAL	100.000%	100.00%	100.000%	100.00%	100.00%	100.00%	100.00%

Table 3.0 Quarter One Capital Importation Totals and Percentages in 2011, 2012, 2013

	Annual Total			Percentage of Total		
	Q1 2012	Q1 2013	Q1 2014	Q1 2012	Q1 2013	Q1 2014
AGRICULTURE	469,120.00	17,101,912.00	15,075,000.00	0.01%	0.26%	0.39%
BANKING	624,435,920.91	142,844,057.85	104,933,487.94	17.27%	2.16%	2.69%
BREWING	0.00	17,150,733.18	-	0.00%	0.26%	0.00%
CONSTRUCTION	25,944,433.18	19,062,814.84	10,630,094.98	0.72%	0.29%	0.27%
CONSULTANCY	14,211,334.85	1,020,000.00	2,814,121.36	0.39%	0.02%	0.07%
DRILLING	22,007,712.40	6,241,702.93	9,062.15	0.61%	0.09%	0.00%
ELECTRICAL	64,210.00	1,496,020.00	5,953,890.00	0.00%	0.02%	0.15%
FINANCING	66,646,165.58	553,137,702.17	345,278,849.73	1.84%	8.38%	8.84%
FISHING	11,218,191.03	5,079,286.13	449,965.00	0.31%	0.08%	0.01%
I T SERVICES	95,848.00	1,161,000.00	2,499,990.00	0.00%	0.02%	0.06%
MARKETING	0.00	33,000.00	64,200.00	0.00%	0.00%	0.00%
OIL AND GAS	3,446,016.60	3,517,525.79	201,136,358.44	0.10%	0.05%	5.15%
PRODUCTION/MANUFACTURING	41,009,133.64	169,435,830.15	104,073,481.49	1.13%	2.57%	2.67%
SERVICING	28,893,873.87	360,593,483.37	32,363,642.85	0.80%	5.46%	0.83%
SHARES	2,669,718,153.36	5,244,373,004.49	2,773,356,940.17	73.83%	79.45%	71.03%
HOTELS	0.00	20,000,000.00	573,615.07	0.00%	0.30%	0.01%
TELECOMMUNICATION	35,146,522.46	20,024,958.29	135,683,167.24	0.97%	0.30%	3.47%
TANNING	0.00	0.00	-	0.00%	0.00%	0.00%
TRADING	7,412,418.94	18,299,080.59	169,353,739.10	0.20%	0.28%	4.34%
TRANSPORT	65,500,000.00	0.00	304,370.00	1.81%	0.00%	0.01%
WEAVING	0.00	0.00	-	0.00%	0.00%	0.00%
TOTAL	3,616,219,054.82	6,600,572,111.78	3,904,553,975.52	100.00%	100.00%	100.00%