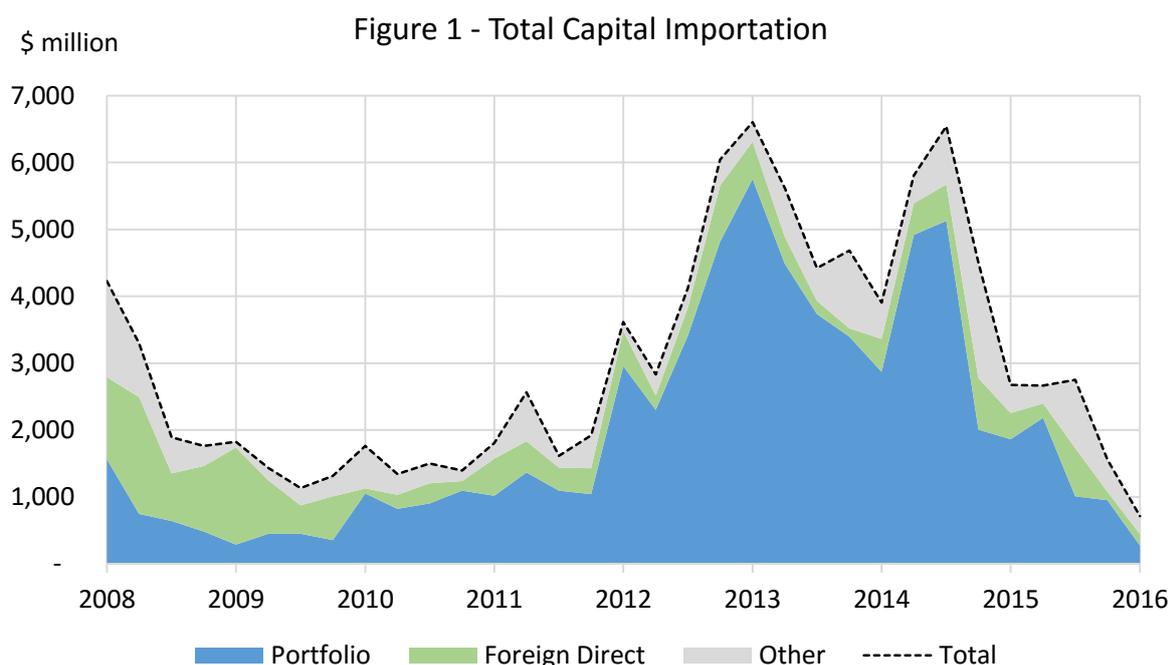


## Executive Summary

This executive summary report is being published ahead of a more detailed report expected soon. Accordingly, it is designed to give a summary of the key indicators as relates to capital importation.

The total value of capital imported into Nigeria in the first quarter of 2016 was \$710.97 million, the lowest level since the series began in 2007. This represents a decline of 54.34% since the final quarter of 2015, and a year on year decline of 73.79%. Both the quarterly and year on year declines were also the lowest recorded since the series began. As a result of these changes, total capital importation has fallen by 89.13% since its peak level in the third quarter of 2014.

The scale of the decline in capital importation in the first quarter of 2016 is symptomatic of the difficult period that the Nigerian economy is going through. Although there a number of reasons why the amount of capital imported in recent years may have been higher than usual (such as the inclusion of Nigerian in the JP Morgan Bond Index, and globally low interest rates triggering a search for higher yields over this period) the fact that the amount of capital imported has dropped to a record low suggests that there are further reasons why Nigeria has attracted less foreign investment in recent quarters. Investors may be concerned about whether or not they will be able to repatriate the earnings from their investments, given the current controls on the exchange rate. In addition, as growth has slowed in recent quarters, there may be concerns about the profitability of such investments.



The first quarter of 2016 also saw a large change in the composition of capital imported. Following a quarterly decline in portfolio investment of 71.55% (also the largest quarterly fall on record) portfolio investment accounted for 38.12% of total capital imported, compared to 61.18% in the previous quarter. However, it remained the largest component, as Other Investment also recorded a sharp quarterly decline, of 44.84%, which prevented its share from rising higher than that of portfolio investment. Whereas Other Investment accounted for 30.91% in the final quarter of 2015, this share had risen to 37.34% in the first quarter of 2016. Foreign Direct Investment remained the

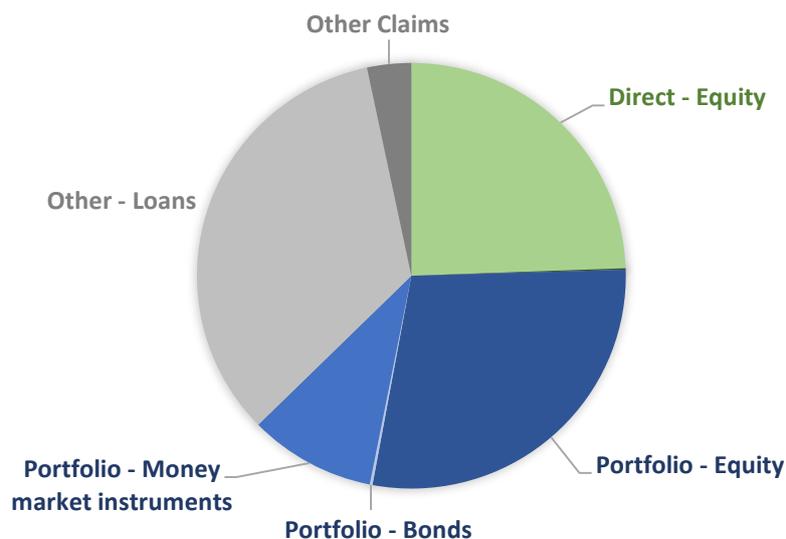
smallest component at 24.54%, despite being the only component to record a quarterly increase in investment (of 41.65%).

## Capital Importation by Type

Capital Importation can be divided into three main investment types: Foreign Direct Investment (FDI), Portfolio Investment and Other Investments, each comprising various subsectors.

In the first quarter of 2016 the largest component of capital importation was Portfolio investment, which accounted for \$271.03 million, or 38.12% of all capital imported. The largest subcomponent was Equity, which accounted for \$201.69 million, representing 74.41% of portfolio investment and 28.37% of total capital imported. Equity has been the largest part of portfolio investment in every quarter since 2007. Although it remains the largest subcomponent, this is despite contributing the most to the decline in portfolio investment; Equity recorded a quarterly decline of 74.54%, and a yearly decline of 82.30%. The second largest subcomponent of Portfolio Investment was Money Market Instruments, which accounted for \$67.85 million, or 25.03% of portfolio Investment, despite recording a quarterly decline of 57.62%. In contrast to the same quarter of 2015, Bonds was relatively unimportant, accounting for only 0.55% of portfolio investment. This followed a year on year decline of 99.79%, from \$705.12 million to \$1.50 million in the first quarter of 2016.

Figure 2: Composition of Capital Importation 2016 Q1



The second largest component was Other Investment, which accounted for \$265.48 million, or 37.34% of all capital imported. As in the final quarter of 2015, only two subcomponents recorded any investment: loans, which accounted for \$241.81 million or 91.09% of other investment, and Other Claims, which accounted for \$23.66 million or 8.91%. Each of these subcomponents had seen large quarterly declines, of 42.54% and 60.86% respectively.

In contrast to other investment types, Foreign Direct Investment (FDI) recorded a quarterly increase in the first quarter of 2016, from \$123.16 million to \$174.46 million. As a result its share of total capital importation increased from 7.91% to 24.54%, although it remained the smallest part of imported capital. FDI is dominated by equity, which accounted for \$173.73 million in the first quarter, or 99.58% of FDI. This share represents an increase relative to the previous quarter; as a result of equity increasing by 43.60% relative to the previous quarter, and Other Capital declining by

66.60%. Given the respective shares of Equity and Other Capital, movements in FDI largely reflect movements in Equity.

**TABLE 1: Capital Importation by Type of Investment (\$ million)**

	2013				2014				2015				2016
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
<b>Foreign Direct Investment</b>	<b>561.42</b>	<b>400.91</b>	<b>195.28</b>	<b>121.82</b>	<b>490.69</b>	<b>472.99</b>	<b>544.5</b>	<b>768.86</b>	<b>394.61</b>	<b>211.14</b>	<b>717.72</b>	<b>123.15</b>	<b>174.46</b>
Equity	541.31	400.80	194.63	113.95	490.39	461.58	544.21	767.83	394.56	211.01	715.86	120.98	173.73
Other Capital	20.11	0.11	0.65	7.87	0.30	11.41	0.29	1.03	0.05	0.13	1.86	2.17	0.73
<b>Portfolio Investment</b>	<b>5750.51</b>	<b>4487.5</b>	<b>3735.49</b>	<b>3395.77</b>	<b>2869.19</b>	<b>4917.13</b>	<b>5127.75</b>	<b>2003.1</b>	<b>1860.64</b>	<b>2183.15</b>	<b>1009.13</b>	<b>952.5</b>	<b>271.04</b>
Equity	4,930.55	3,934.21	3,532.53	2,719.29	2,260.36	3,875.35	3,770.37	1,542.08	1,139.38	1,846.08	879.97	792.12	201.69
Bonds	599.42	150.74	31.64	427.65	482.49	731.74	1,000.28	229.48	705.12	50.54	20.34	0.28	1.50
Money market instruments	220.54	402.55	171.32	248.83	126.34	310.04	357.10	231.54	16.14	286.53	108.82	160.10	67.85
<b>Other Investment</b>	<b>288.64</b>	<b>729.25</b>	<b>487.99</b>	<b>1163.81</b>	<b>544.67</b>	<b>413.76</b>	<b>870.32</b>	<b>1727.79</b>	<b>416.34</b>	<b>272.07</b>	<b>1021.26</b>	<b>481.3</b>	<b>265.47</b>
Trade credits	-	-	-	-	14.70	1.37	5.08	0.88	-	-	-	-	-
Loans	286.27	690.61	239.69	920.52	436.41	236.99	349.93	391.00	384.83	153.23	696.38	420.84	241.81
Currency deposits	1.73	-	-	2.48	-	-	-	-	-	0.99	7.11	-	-
Other claims	0.64	38.64	248.30	240.81	93.56	175.40	515.31	1,335.91	31.51	117.85	317.77	60.46	23.66

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Levels and Growth of Broad Investment Types

	Levels (US\$ million)				Quarter on Quarter Growth (%)				Year on Year Growth (%)			
	<i>Foreign</i>	<i>Portfolio</i>	<i>Other</i>	<b>Total</b>	<i>Foreign</i>	<i>Portfolio</i>	<i>Other</i>	<b>Total</b>	<i>Foreign</i>	<i>Portfolio</i>	<i>Other</i>	<b>Total</b>
2010 Q1	73.93	1,052.18	633.97	<b>1,760.08</b>	-88.75	199.65	107.17	<b>33.91</b>	-94.91	267.21	650.11	<b>-3.42</b>
2010 Q2	212.21	820.05	307.54	<b>1,339.80</b>	187.03	-22.06	-51.49	<b>-23.88</b>	-73.26	81.79	64.01	<b>-6.46</b>
2010 Q3	299.29	903.01	297.93	<b>1,500.23</b>	41.04	10.12	-3.12	<b>11.97</b>	-29.44	100.12	15.28	<b>32.31</b>
2010 Q4	143.50	1,091.67	160.42	<b>1,395.59</b>	-52.05	20.89	-46.15	<b>-6.97</b>	-78.16	210.90	-47.58	<b>6.18</b>
2011 Q1	553.73	1,015.09	238.11	<b>1,806.93</b>	285.88	-7.02	48.43	<b>29.47</b>	648.97	-3.53	-62.44	<b>2.66</b>
2011 Q2	469.53	1,364.12	732.21	<b>2,565.87</b>	-15.21	34.38	207.51	<b>42.00</b>	121.26	66.35	138.09	<b>91.51</b>
2011 Q3	340.18	1,094.65	176.92	<b>1,611.75</b>	-27.55	-19.75	-75.84	<b>-37.18</b>	13.66	21.22	-40.62	<b>7.43</b>
2011 Q4	389.90	1,039.26	490.06	<b>1,919.22</b>	14.62	-5.06	176.99	<b>19.08</b>	171.71	-4.80	205.48	<b>37.52</b>
2012 Q1	524.76	2,955.64	135.81	<b>3,616.22</b>	34.59	184.40	-72.29	<b>88.42</b>	-5.23	191.17	-42.96	<b>100.13</b>
2012 Q2	214.24	2,301.56	315.93	<b>2,831.74</b>	-59.17	-22.13	132.63	<b>-21.69</b>	-54.37	68.72	-56.85	<b>10.36</b>
2012 Q3	421.16	3,413.90	288.40	<b>4,123.46</b>	96.58	48.33	-8.71	<b>45.62</b>	23.80	211.87	63.01	<b>155.84</b>
2012 Q4	839.71	4,816.41	388.39	<b>6,044.50</b>	99.38	41.08	34.67	<b>46.59</b>	115.36	363.45	-20.75	<b>214.95</b>
2013 Q1	561.42	5,750.51	288.64	<b>6,600.57</b>	-33.14	19.39	-25.68	<b>9.20</b>	6.99	94.56	112.54	<b>82.53</b>
2013 Q2	400.91	4,487.50	729.25	<b>5,617.66</b>	-28.59	-21.96	152.65	<b>-14.89</b>	87.13	94.98	130.82	<b>98.38</b>
2013 Q3	195.28	3,735.48	488.00	<b>4,418.75</b>	-51.29	-16.76	-33.08	<b>-21.34</b>	-53.63	9.42	69.21	<b>7.16</b>
2013 Q4	121.82	3,395.76	1,163.81	<b>4,681.39</b>	-37.62	-9.09	138.49	<b>5.94</b>	-85.49	-29.50	199.65	<b>-22.55</b>
2014 Q1	490.69	2,869.19	544.67	<b>3,904.55</b>	302.80	-15.51	-53.20	<b>-16.59</b>	-12.60	-50.11	88.70	<b>-40.85</b>
2014 Q2	472.99	4,917.13	413.76	<b>5,803.89</b>	-3.61	71.38	-24.03	<b>48.64</b>	17.98	9.57	-43.26	<b>3.32</b>
2014 Q3	544.50	5,127.75	870.33	<b>6,542.58</b>	15.12	4.28	110.34	<b>12.73</b>	178.83	37.27	78.35	<b>48.06</b>
2014 Q4	768.86	2,003.10	1,727.78	<b>4,499.74</b>	41.20	-60.94	98.52	<b>-31.22</b>	531.14	-41.01	48.46	<b>-3.88</b>
2015 Q1	394.61	1,860.65	416.34	<b>2,671.59</b>	-48.68	-7.11	-75.90	<b>-40.63</b>	-19.58	-35.15	-23.56	<b>-31.58</b>
2015 Q2	211.14	2,183.15	272.07	<b>2,666.36</b>	-46.49	17.33	-34.65	<b>-0.20</b>	-55.36	-55.60	-34.24	<b>-54.06</b>
2015 Q3	717.71	1,009.13	1,021.26	<b>2,748.10</b>	239.93	-53.78	275.36	<b>3.07</b>	31.81	-80.32	17.34	<b>-58.00</b>
2015 Q4	123.16	952.50	481.30	<b>1,556.95</b>	-82.84	-5.61	-52.87	<b>-43.34</b>	-83.98	-52.45	-72.14	<b>-65.40</b>
2016 Q1	174.46	271.03	265.48	<b>710.97</b>	41.65	-71.55	-44.84	<b>-54.34</b>	-55.79	-85.43	-36.24	<b>-73.39</b>

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