

ACCESS ECONOMIC QUARTERLY **Full Year 2021**



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1.0

GLOBAL ECONOMY



GLOBAL ECONOMY



In 2021, most economies' main theme was "return to normalcy," as the threat of an aggressive subdued COVID-19 strain and a skewed vaccine rollout loomed in the background. In general, most economies saw a significant rebound in demand, but with uneven production growth due to escalating inflation. In the face of supply interruptions in rich economies and deteriorating pandemic dynamics in low-income developing nations, the global economy is anticipated to have grown by 5.9% at the end of 2021.



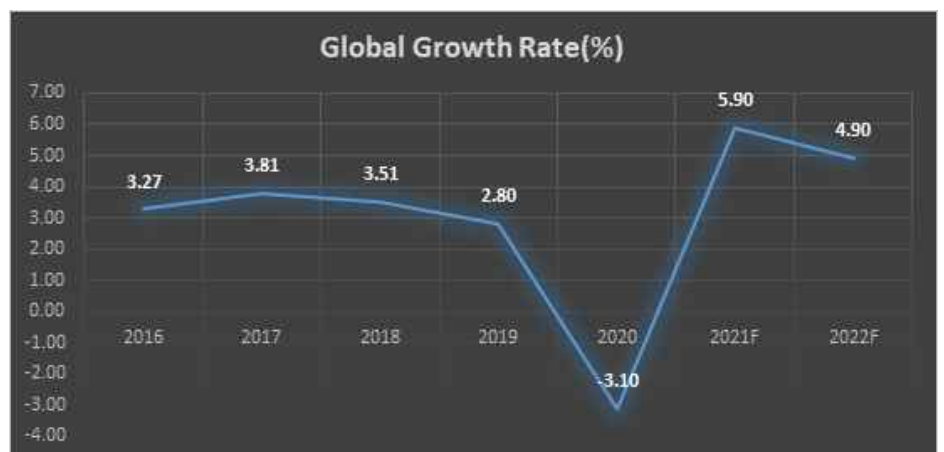
After a robust resurgence in the first half of 2021, the Chinese economic performance dropped as a result of power outages, the pandemic's lasting effects, and a property slump. According to the IMF, China's GDP would rise by 8% in 2021 before slowing to 5.6% in 2022.

The Eurozone is forecast to increase by 5% in 2021 and 2022, which is quicker than expected.



Due to differences in vaccine rollout, tougher fiscal and monetary policies, and more enduring scarring from the epidemic, developing market growth continues to lag that of industrialized nations. Consequently, forecasted growth for 2021 and 2022 is 7.2% and 6.3%, respectively.

According to the IMF, global growth would slow to 4.4% in 2022 as a result of ongoing COVID-19 flare-ups, less fiscal assistance, remaining supply constraints, and the fading base effect impact. Additional downside risks for 2022 include de-anchoring of inflation expectations and financial stress.



GLOBAL ECONOMY

UNITED STATES/EURO AREA



GDP Growth Rate & Forecast – U.S.A., Eurozone, and BRICS

1.1 United States

The United States wrestled with rising inflation emanating from supply chain disruptions, stronger consumption growth and labor market recovery in 2021. The economy is expected to expand by 6% in 2021 according to the IMF. The world's largest economy is forecast to expand by 5.2% in 2022, a tad lower than 2021 and reflecting continued economic recovery, reopening of establishments, and unrelenting government response related to the COVID-19 pandemic.

GDP Growth Rate & Forecast – United States of America



Source: IMF



The unemployment rate in the United States has been steadily declining since June 2021, falling from 5.9% to 3.9% in December 2021. Notable employment gains occurred in leisure and hospitality, professional and business services, retail trade, transportation, and warehousing. Inflation on the other hand accelerated beyond the target range and hit a 39 year high of 7% in December 2021 – continued reflection of the adverse effect of the pandemic. The alarming inflation rates have triggered the expected hawkish stance of the US Fed in 2022. The interest rate is expected to rise by the end of Q3 2022. As the US faces several policy changes in 2022, the economy is expected to expand by 5.2%.

GLOBAL ECONOMY

UNITED STATES/EURO AREA



1.2 Euro Area

The Eurozone is expected to expand by 5% in 2021 from the negative growth recorded in 2020. Rebound in the economy was propelled by domestic demand, export growth, and increased remittance inflows through most of the year. In Q3, 2021 the economy recorded a growth of 2.2% similar to that recorded the previous quarter amid the easing of pandemic-related restrictions.

GDP Growth Rate & Forecast – Eurozone



Source: IMF



Inflation figures have been on a steady rise from 0.7% in January of 2021 settling at 5% in December 2021. The major contributor to the price increase remains the high oil prices as well as supply chain disruptions. The European Central Bank left the benchmark interest rate largely stable sighting that the inflationary pressures experienced are driven by temporary factors that will fade by 2022. In November 2021, the Eurozone reported a trade deficit, owing to rapidly improving global demand and rising energy prices. According to the IMF, the economy is expected to expand by 4.3% in 2022 as supply chain bottlenecks start to ease.

GLOBAL ECONOMY

BRICS



1.3 BRICS

All BRICS economies experienced an expansion in 2021 although in varying levels. Where China and India soared; Brazil, Russia and South Africa climbed moderately. However, most of the economies grappled with rising inflation and policy debates which will significantly affect 2022 growth projections.

Brazil

Brazil's economy cooled to 4% y-o-y in the third quarter of 2021 from 12.3% the previous quarter due to the fading base effect. The economy was fuelled by advancement in the service and industry sector.



GDP Growth Rate & Forecast – Brazil



Source: IMF

Inflation rate slowed in December 2021 to 10.06%, its first decline since May 2020. The rate of price changes is, however, expected to remain slightly above target in 2022 as input costs i.e., food, fuel, and electricity prices remain high. The Central Bank of Brazil made a unanimous decision to raise its benchmark interest rate by 150 basis points, its seventh interest rate hike in 2021 to 9.25%. The increase still hinged on the need to converge inflation within the target rate of 5%.



Growth projections for Rio de Janeiro for 2021 and 2022 were set at 5.2% and 1.5%, respectively. The outlook for 2022 remains uncertain due to tougher financial conditions amid an aggressive monetary tightening cycle to combat double-digit inflation.

Russia

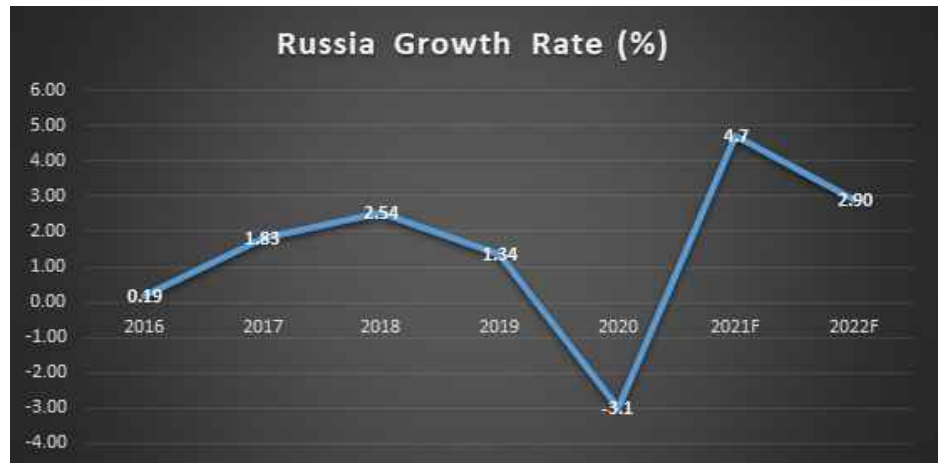
According to the IMF, Russia is expected to grow by 4.7% in 2021. Russia's economy slowed to 4.3% in Q3 after its strongest leap of 10.1% - the fastest GDP growth since 2000 – helped by the recovery in global commodity prices.

GLOBAL ECONOMY

BRICS



GDP Growth Rate & Forecast – Russia



Source: IMF



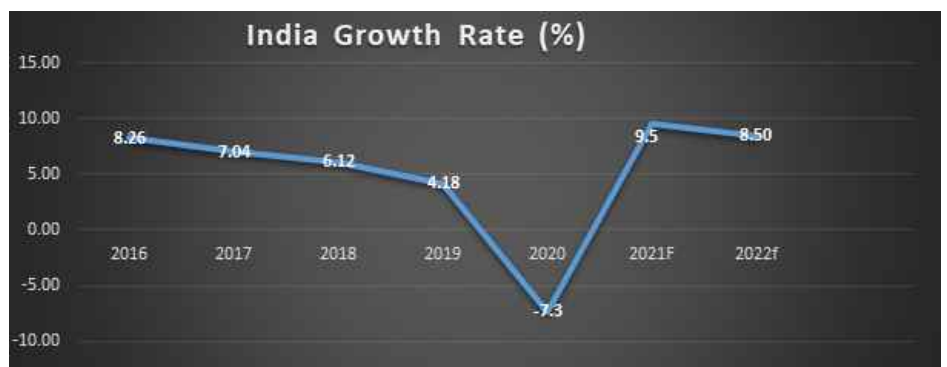
Moscow's inflation rate stayed above the target range of 4% and settled at 8.29% in December 2021. The high inflation prompted the central bank to raise its key interest rate again in December by 100bps to 8.5%, with expectations of another hike in subsequent months. The economy is expected to slowdown in 2022 to 2.9% on the back of weak investments and uncertainties that plagues the country over its dispute with Ukraine.



India

Following the second wave of Covid-19 in May 2021, which reduced the economic growth, full-year 2021 growth was forecast to be 9.5 percent. India's GDP grew by 8.4% in the third quarter of 2021, down from 20.1 percent the previous quarter as the base effect faded.

GDP Growth Rate & Forecast – India



Source: IMF

During its December meeting, the Reserve Bank of India maintained its key policy rate at 4% - an accommodative stance to preserve growth and continue to minimize the impact of Covid-19 on the

GLOBAL ECONOMY

BRICS

economy while keeping inflation within goal. Even though India's inflation rate is within goal, prices are rising. Inflation rose from 4.91% to 5.59% the highest since July 2021.

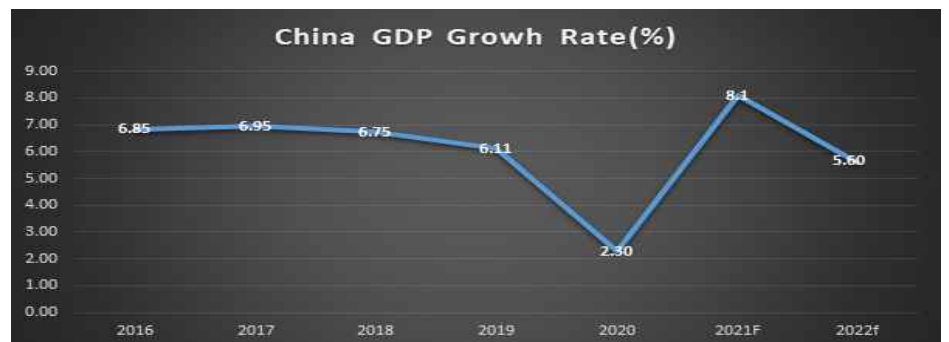
India's growth prospects for 2022 are bright, as immunization rates rise in tandem with increased consumer confidence.



China

It was a tale of 2 halves for the world's 2nd largest economy. Growth rate surged in the first half of 2021, contributing significantly to its year-end target of 8.1%. However, in Q3 2021, the economy grew by 4% year over year, down from 4.9% in Q2, which was the worst pace since 2020.

GDP Growth Rate & Forecast – China



Source: IMF



On inflation, prices moderated to 1.5% in December 2021 from 2.3% in November. In contrast to other economies, the People's Bank of China (PBoC) cut its key interest rate by 5 basis points to 3.8% to boost economic development while keeping inflation within the target range.

While China's growth trajectory is stronger than projected, the economy will encounter headwinds in 2022 – a 5.6% growth rate – owing to the housing crisis' lingering impacts, an aggressive omicron curbing strategy that will delay the supply chain, and consumer spending.

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GLOBAL ECONOMY

BRICS

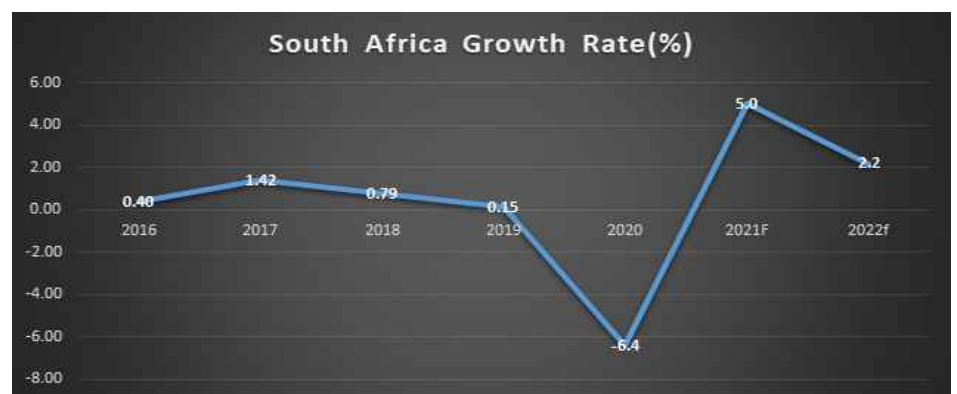


AFRICA

South Africa

South Africa's economy is expected to grow by 5% in 2021 due to its increased export and household consumption. The economy advanced by 2.9% in the third quarter of 2021 after a record reading of 19.2% the previous quarter. The slow down can be attributed to the fading base effect.

GDP Growth Rate & Forecast – South Africa



Source: IMF



The inflation rate in South Africa crept beyond the midpoint target range of 3-6% to 5.5% in November 2021, due to the increase in the prices of transportation, fuel price hike food, and non-alcoholic beverages. The South African Reserve Bank hiked its benchmark repo rate by 25 basis points to 3.75% at its final meeting of 2021, following the lead of other nations that are attempting to contain inflation.



Foreign exchange reserves adjusted moderately to \$57.59 billion in December 2021 from \$57.61 billion in the previous month. The slight decline was largely due to the increase in the US dollar gold price, depreciation of the US dollar against other currencies, and matured foreign exchange swaps.

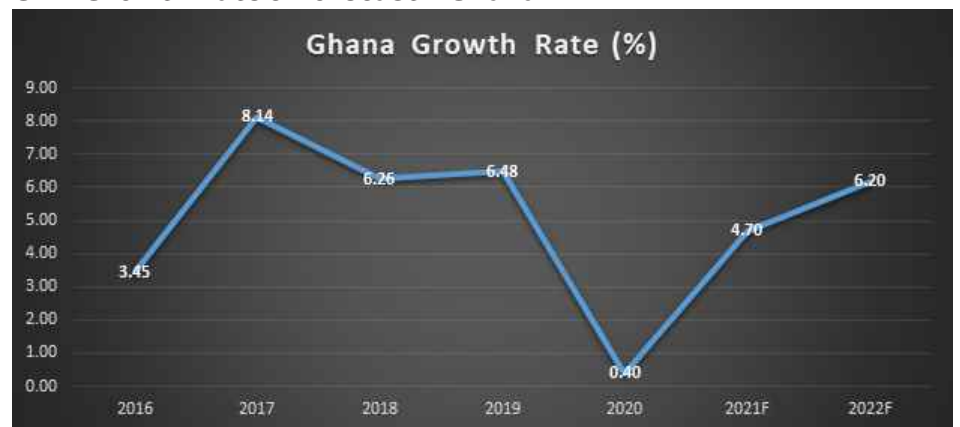
The outlook for 2022, on the other hand, is a little more pessimistic, at 2.2 percent. Although the increasing vaccination rate and ease of lockdown restrictions would benefit the country, the economy will continue to face issues. Electricity load shedding, strained municipal budgets, a high unemployment rate, and global and local supply chain issues are among them.



Ghana

Ghana's experienced increased demand in its exports and improved business confidence which supported its growth in 2021 and projected growth of 4.7%. The economy expanded by 6.6% year on year in Q3' 2021, recording its fourth consecutive growth since the pandemic hit, with the main contribution coming from the service sector. Inflation remained on a steady high for the seventh month straight to 12.6% in December, the highest rate recorded since 2017. The monetary policy rate increased to 14.5% in November 2021 in a bid to curb these inflation figures. The economy's growth expectation for 2022 according to the IMF is 6.2%, however, this course of expansion is undoubtedly linked to the uncertainties of Covid-19 and the countries recent downgrade to B- from B by Fitch.

GDP Growth Rate & Forecast – Ghana



Source: IMF

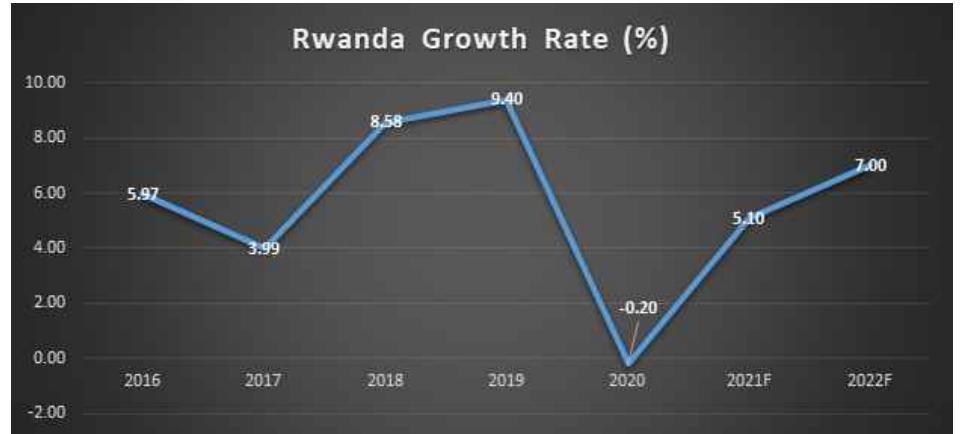


Rwanda

Rwanda's economy is projected to advance by 5.1% in 2021 owing to rising commodity prices, unparalleled policy support, robust remittances, vaccination efforts, and structural reforms. The economy advanced by 10.1% year-on-year in the third quarter of 2021, following its record growth of 20.6% in the preceding quarter. The major contributor to the economy's growth was the service sector followed by agriculture and industry respectively as well as export increasing by 58.8% in the quarter under review. The National Bank of Rwanda held its key repo rate steady at 4.5% during its November 2021 meeting, as the current stance remains adequate to support the economic recovery while bringing inflation up to the medium-term target of 5%. The growth forecast for 2022 is looking northward at 7%, supported by high infrastructural spending and a pick-up in tourism.



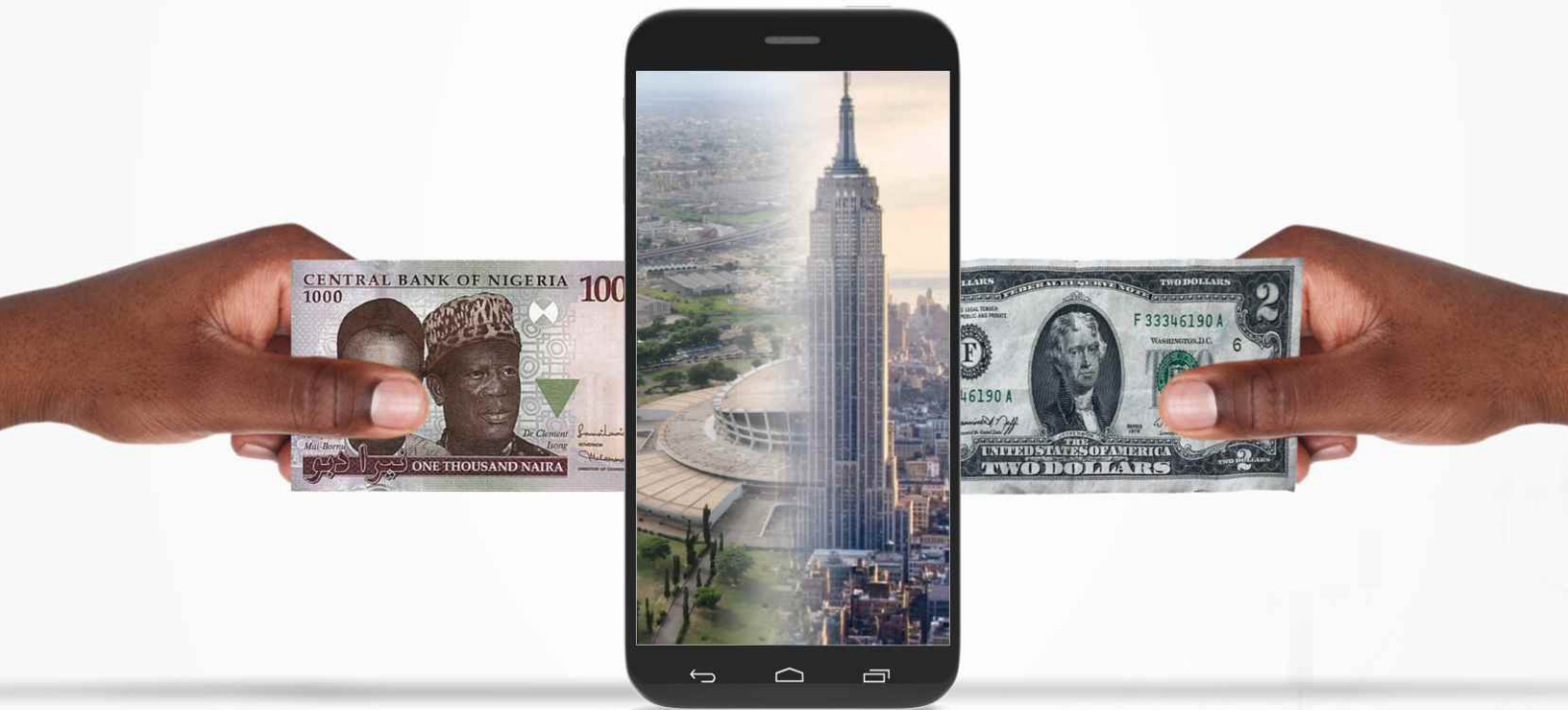
GDP Growth Rate & Forecast – Rwanda



Source: IMF

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2.0

THE NIGERIAN
ECONOMY

THE NIGERIAN ECONOMY



The Nigerian economy recovered in 2021, with most macroeconomic indices improving by the end of the year compared to the beginning of the year. Inflation began the year at 16.47% and rose for three months before falling for eight months in a row. However, by the end of 2021, the inflation rate had picked up again, settling at 15.63 percent, compared to 15.4 percent in November 2021. Traders' assumption that increasing COVID-19 vaccination distribution in developed nations would speed up a rebound in demand despite new COVID-19 versions propelled oil prices upward throughout the year. Bonny Light crude oil, Nigeria's oil benchmark, closed at \$76.25/b at year-end from \$55.16/b recorded at year-start. External reserves received about 10% boost towards the end of the year from the International Monetary Fund (IMF) Special Drawing Rights (SDR) and the Eurobond Issuance. External reserves sat at \$40.52 billion in December 2021 relative to \$36.30 billion recorded in January 2021.

A snapshot of the domestic economy for full year 2021 is presented below:

Real GDP rose in Q3 2021 to reach 4.03% relative to -3.62% posted in Q3 2020 and 0.11% in Q4 2020	Credit to private sector rose to ₦35.3 trillion in December 2021 from ₦30.15 trillion in December 2020	Exchange rate at the I&E window depreciated to ₦435.00/\$ in December 2021 from ₦410.25/\$ in December 2020
All Share Index (ASI) gained 2,445.72 points in December 2021 relative to December 2020	External reserves rose in December 2021, settling at \$40.52 billion compared to \$35.37 billion posted in December 2020.	Inflation printed at 15.63% in December 2021 compared to 15.75% in December 2020
The manufacturing PMI rose to 52.0 points in December 2021 from 49.6 points posted in December 2020	MPR remained unchanged at 11.5%	Oil prices rose to \$76.25/b in December 2021 from \$50.94/b posted in December 2020

1 GDP Growth



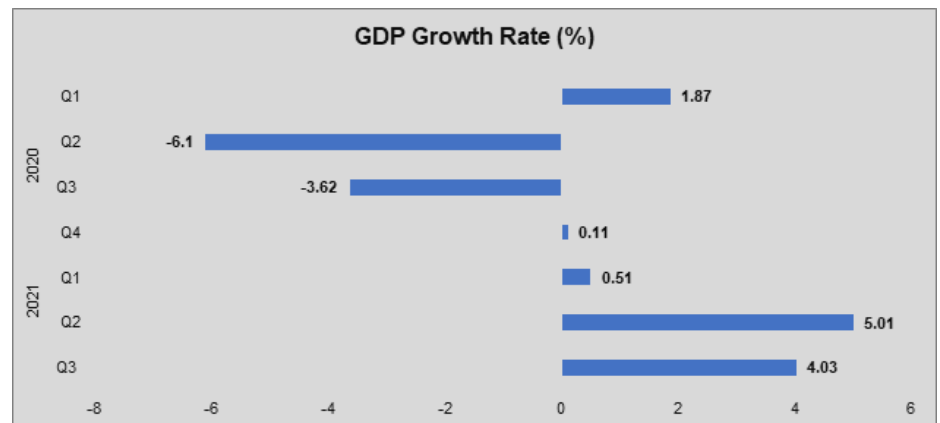
The Nigerian economy continued to show signs of progress, with real GDP growth remaining positive. In Q3 2021, the economy grew at a rate of 4.03%, down from 5.01% in Q2 2021 but up from -3.62% in Q3 2020. As the 2020 base impact faded, the recovery proceeded and growth recovered to pre-COVID levels. The non-oil sector remained the largest contributor to GDP, accounting for 92.51%, while the oil industry contributed just 7.49%, an improvement over the 7.42% recorded in Q2 2021. The non-oil sector growth grew by 5.44% in Q3 2021, 1.3% lower than Q2 2021 but 7.95% higher than

THE NIGERIAN ECONOMY



Q3 2020. Growth was driven mostly by Trade, Telecommunication, Financial Institutions, Food, Beverage & Tobacco, Crop Production, and Road Transport. On the other hand, the oil sector settled at -10.73% from -12.65% and -13.89% posted in Q2 2021 and Q3 2020 respectively, signaling slight improvement within the sector.

GDP Growth Rate – Nigeria



Source: NBS

2 Inflation

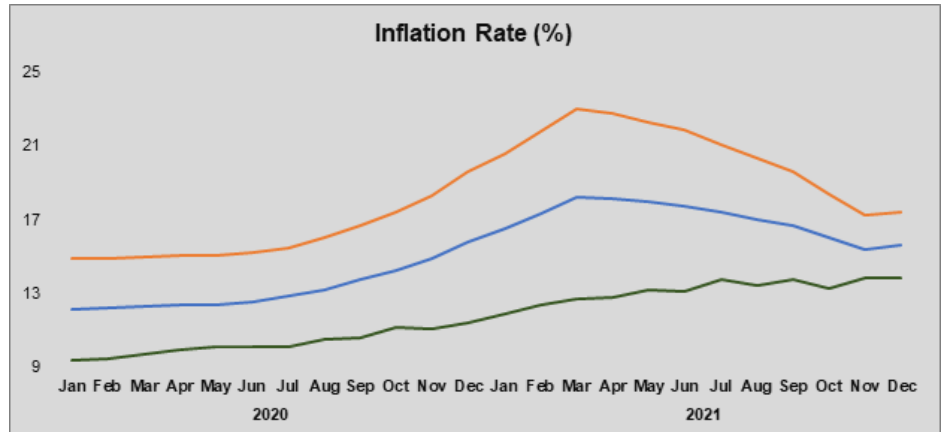
After a period of fall that began in April 2021, inflation rose in December 2021. Between April and November, the drop was mostly due to slower rise in food costs. Headline inflation rate settled at 15.63% in December 2021, higher than 15.4% posted in November 2021 but lower than 15.75% posted in December 2020. Food inflation rate showed a similar trend settling at 17.37% which was higher than 17.21% posted in November 2021 but lower than 19.56% posted in December 2020. On the other hand, core inflation rate posted a growth of 13.87%, higher than 13.85% and 11.37% recorded in November 2021 and December 2020. The anchor on which inflation soared in December was activities during the Christmas season.



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Inflation Year-on-Year



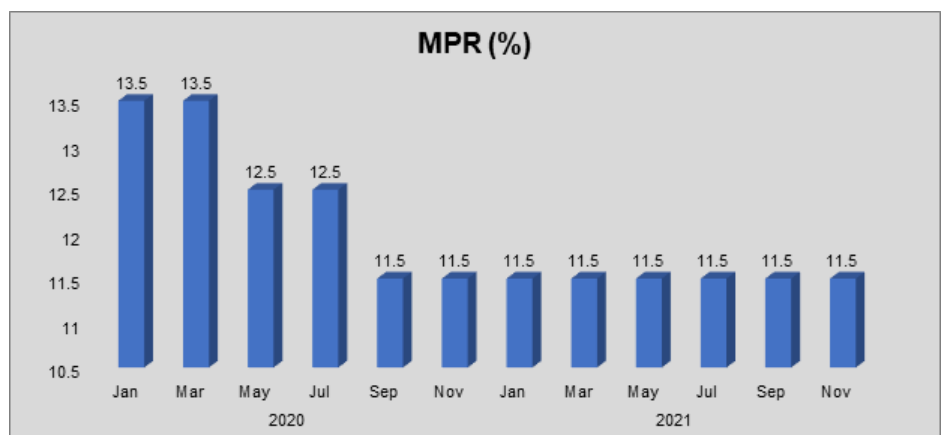
Source: NBS



3 Monetary Policy

The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) met for the last time in November 2021, leaving the Monetary Policy Rate (MPR) and other parameters unchanged. The MPC posited that the “hold stance”, over the course of the year, had spurred economic recovery, hence should be maintained for a while to enable the achievement of price stability and economic growth amidst policy tapering by developed economies.

Trend in MPR



Source: CBN

4. Unemployment

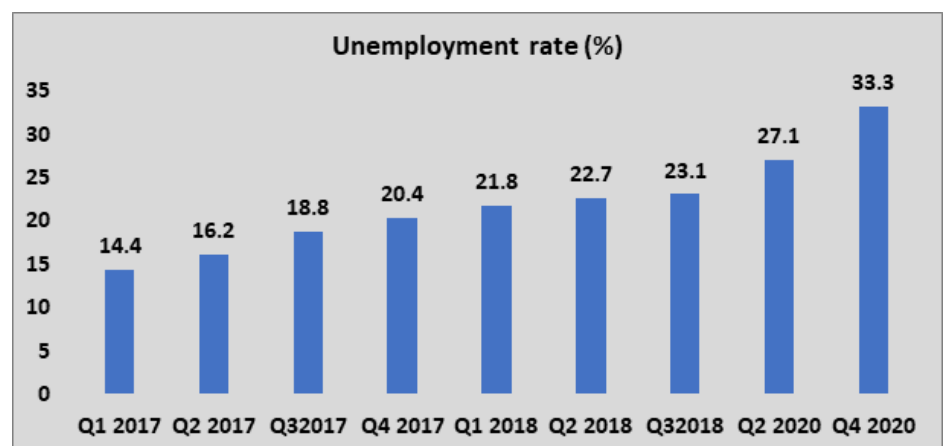
Based on most recent data from the National Bureau of Statistics (NBS), unemployment rate was 33.3% in Q4 2020 from 27.1% posted in Q2 2020. However, underemployment declined to 22.8% in Q4 2020 from 28.6% posted in Q2 2020. Rural unemployment rate rose

THE NIGERIAN ECONOMY



to 34.5% in Q4 2020, up from 28.2% in Q2 2020 with urban unemployment rate maintain the same upward trend reaching 31.3% in Q4 2020 from 26.4% posted in Q2 2020. The severe impact of the COVID-19 epidemic, along with the country's frail economy (at the time), may be to blame for rising unemployment. This high unemployment rate has increased insecurity across the country as individuals look for additional unlawful methods to make ends meet.

Unemployment Rate Trend



Source: NBS



5 External Reserves

External reserves closed the year at \$40.52 billion, \$3.74 billion and \$5.15 billion higher than figures posted in Q3 2021 and Q4 2020. Improved oil prices, inflows from the International Monetary Fund (IMF) Special Drawing Rights (SDR), and Eurobond issuance all contributed to the increase in reserves. Higher Dollar demand and insufficient Dollar supply, on the other hand, continue to stymie the reserves' growth prospects.

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External Reserves

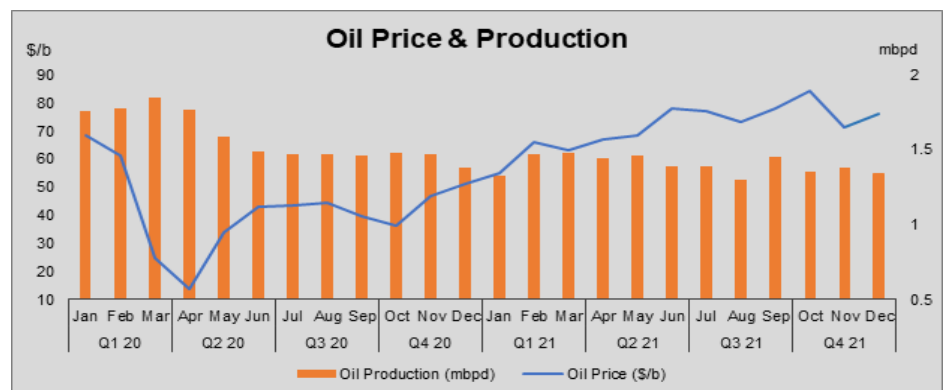


Source: CBN

6. Oil Price & Production

Oil dealers' hope that increasing COVID-19 vaccination distribution in wealthy nations would hasten a recovery in demand despite new COVID-19 varieties propelled the price of oil higher in the year. The rigorous adherence to the OPEC+ output cap, as well as decreases in US crude oil stocks, contributed to boost prices in 2021. In Q4 2021, the oil price was \$76.25 per barrel, down from \$78.11 per barrel in Q3 2021 but up from \$51.27 per barrel in Q4 2020. In Q4 2021, Nigeria' oil output fell to 1.34 million barrels per day (mbpd), down from 1.45mbpd and 1.38mbpd in Q3 2021 and Q4 2020, respectively.

Oil Price & Production



Source: CBN

THE NIGERIAN ECONOMY

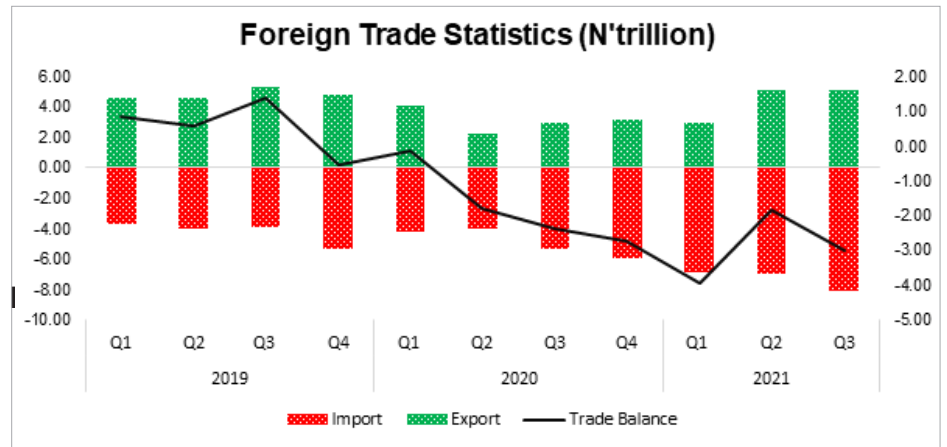


7 Exchange Rate

Data from the National Bureau of Statistics (NBS) revealed that external trade volume rose by 61.5% to a total trade value of N13.28 trillion in Q3 2021, pushing trade balance to a deficit of N3.02 trillion compared to N1.87 trillion and N2.74 trillion deficits posted in Q2 2021 and Q4 2020 respectively. Export trade yet again reflected a heavy dependence on crude oil and gas, as oil and gas exports represented 88.24% of the total exports for Q3 2021. Nigeria booked a trade deficit with Asia at N6.5 trillion, Europe at N2.5 trillion, America at N0.87 trillion, and Oceania reported N0.03 trillion, but Nigeria's trade with Africa, which printed at N1 trillion, was a surplus. While India, Spain, Italy, France and Netherlands were the 5 major export trading partners for Q3 2021, China, India, USA, Netherlands and Belgium were the 5 major import trading partners. Widening trade deficits keeps the government's economic diversification goal far from its target.



External Trade



Source: NBS

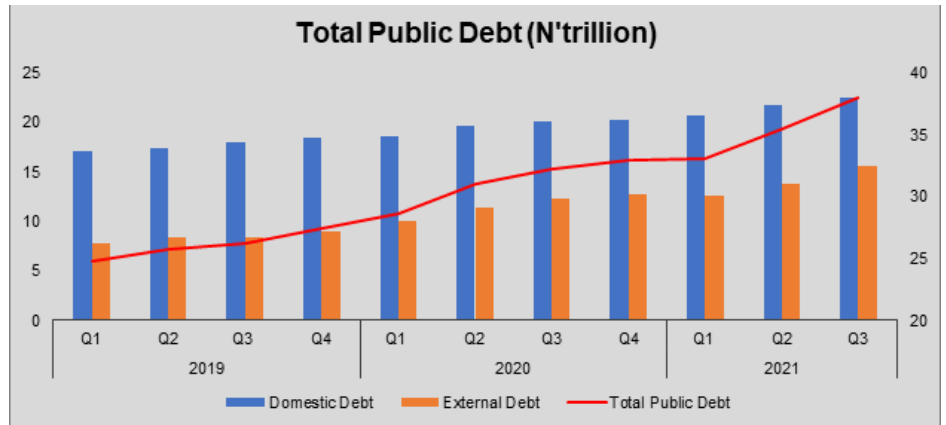
8. Total Public Debt

Total public debt reached N38 trillion in Q3 2021 higher than N35.46 trillion and N32.92 trillion posted in Q2 2021 and Q4 2020, respectively. Domestic debt reached N22.43 trillion in Q3 2021 accounting for 59.03% of the total public debt while external debt sat at N15.57 trillion in the same period account for 40.97% of the total public debt. The \$4 billion Eurobond issued by the government in September 2021 majorly accounted for the debt increase. Nigeria's ballooning debt which comes amid tight revenues has become a source of concern, considering that government spends most of its incomes on debt service.

THE NIGERIAN ECONOMY



Total Public Debt

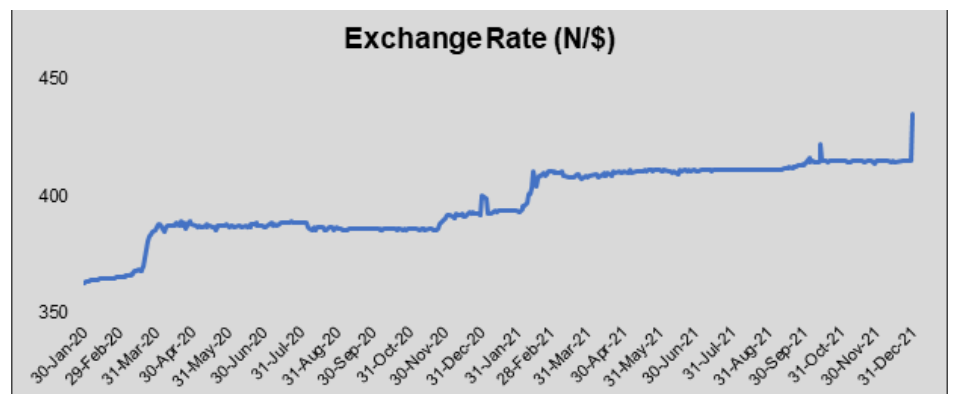


9. Exchange Rate

The local currency (Naira) depreciated against the US Dollar in 2021. A major contributory factor impacting Naira performance during the year was the decision by the CBN to stop the dollar sales to Bureau De Change (BDC) operators. This decision stemmed from the Bank's observations of sharp practices within the industry in addition to the flouting of stipulated regulations. The exchange value between the Naira and Dollar at the Investors & Exporters (I&E) window closed the year at N435.00/\$, a N21.62 and N24.75 depreciation from figure posted at the end- September 2021 and December 2020 respectively.



Foreign Exchange Rate: Investors & Exporters (I&E)



Source: FMDQ

10. Money Market

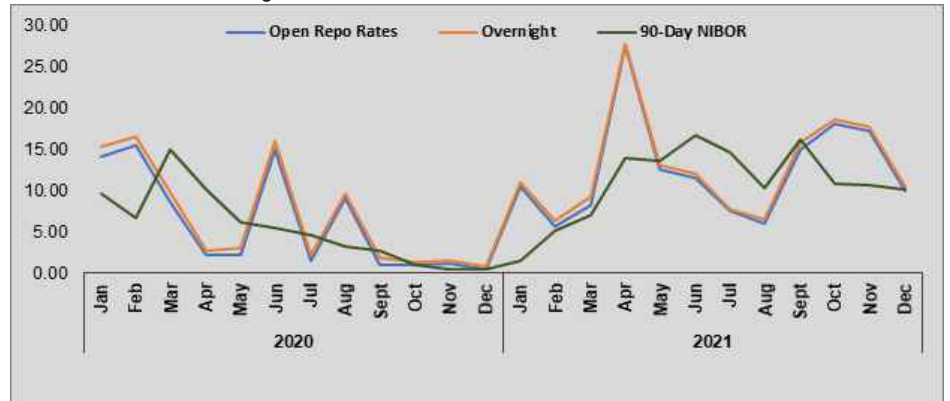
Short term interbank lending rates trended upwards during the year as the economy gradually bounced back. Retail Secondary Market Intervention Sales (rSMIS) and Cash Reserves Ratio (CRR) debits caused the money market rates to rise. Consequently, short term

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instruments such as the Open Repo Rates (OPR) and Overnight (O/N) rates closed at 10% and 10.5%, an increase from 0.50% and 0.83% posted in Q4 2020, respectively. Similarly, the slightly longer dated instruments like the 90-day Nigerian Interbank Offered Rate (NIBOR) rose to 10.11% from 0.48% posted at the end of 2020.

Trend in the Money Market



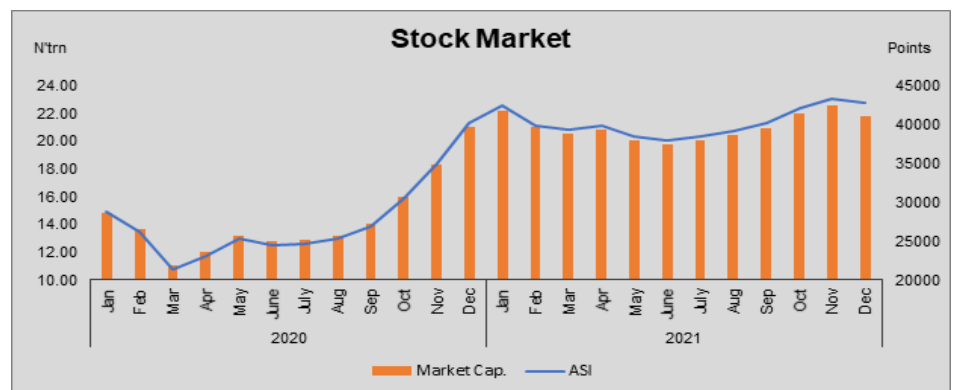
Source: NSE

11. The Stock Market



The Nigerian Exchange Limited (NGX) continued to strengthen as the domestic economy recovered, reflecting investors' positive attitude. Bargain hunting in bellwether counters fueled optimistic views. The All-Share Index (ASI) ended 2021 at 42,716.44 points which was 6.2% and 6.07% higher than the index recorded in Q3 2021 and at the end of 2020, respectively. In the same vein, market capitalization reached N21.83 trillion at the end of the year, a 4.15% and 3.66% increase relative to figures posted in Q3 2021 and at the end of 2020, respectively.

Nigerian Exchange Limited: All Share Index and Market Capitalization



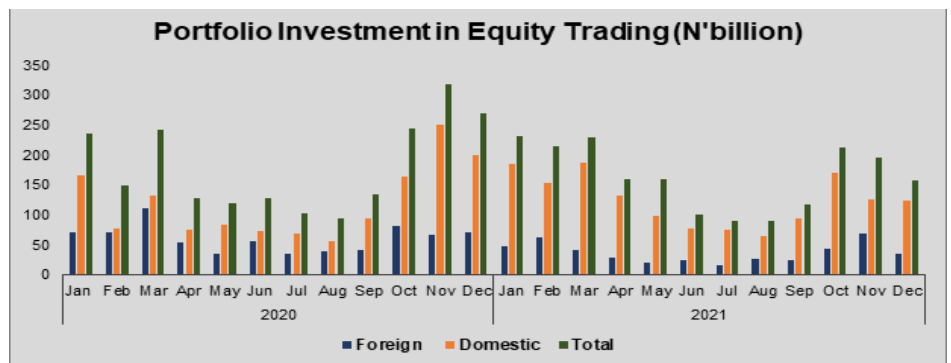
Source: NGX

12. Portfolio Investment – NGX

Total transactions from the domestic and foreign portfolio investment witnessed a volatile movement in 2021 swinging between N89 billion and N232 billion. At the end of the year, total transactions at the nation's bourse sat at N158.26 billion, 33.95% higher than N118.15 billion recorded at the end of Q3 2021 but 41.22% lower than N269.44 recorded at the end of 2020. Domestic Portfolio Investment accounted for 77.68% of total transactions by the end of 2021, while Foreign Portfolio Investment provided 22.32%. Net Foreign Portfolio Investment (FPI) for equity trading was negative for the period as outflow outweighed inflow by N4.4 billion.



Domestic & Foreign Portfolio Participation in Equity Trading



Source: NGX

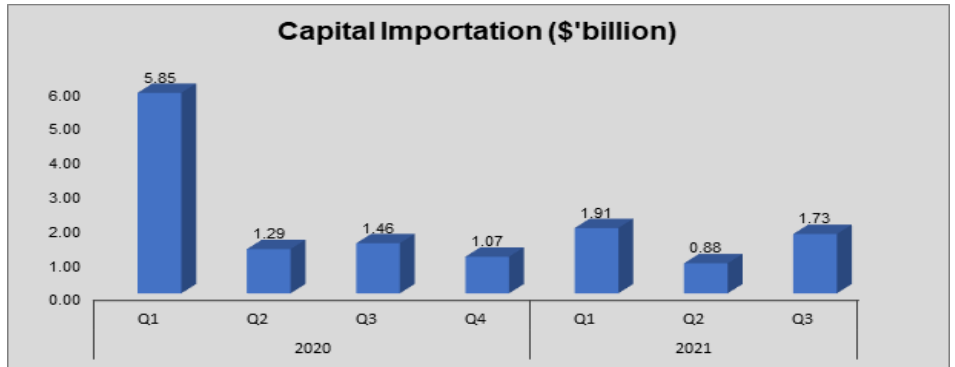
13 Capital Importation

Capital imports increased by 97.71% to \$1.73 billion in Q3 2021, compared to \$0.875 billion and \$1.46 billion in Q2 2021 and Q3 2020, respectively, according to NBS data. Foreign Portfolio Investment (FPI) accounted for 70.3% of total capital imported, more than doubling to reach \$1.2 billion in Q3 2021 from \$0.551 billion posted in Q2 2021. This signalled an increase in foreign investors' faith in Nigeria's economy. Other Investments and Foreign Direct Investment (FDI) contributed 23.47% and 6.23% to the capital imported in Q3 2021. In Q3 2021, the United Kingdom remained the leading source of capital import and Lagos remained the top destination for capital import, respectively.

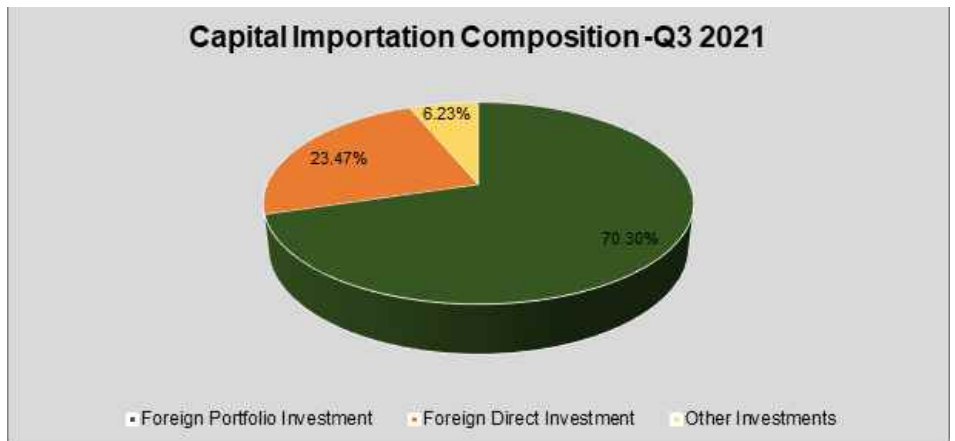




Capital Importation & Composition



Source: NBS



Source: NBS

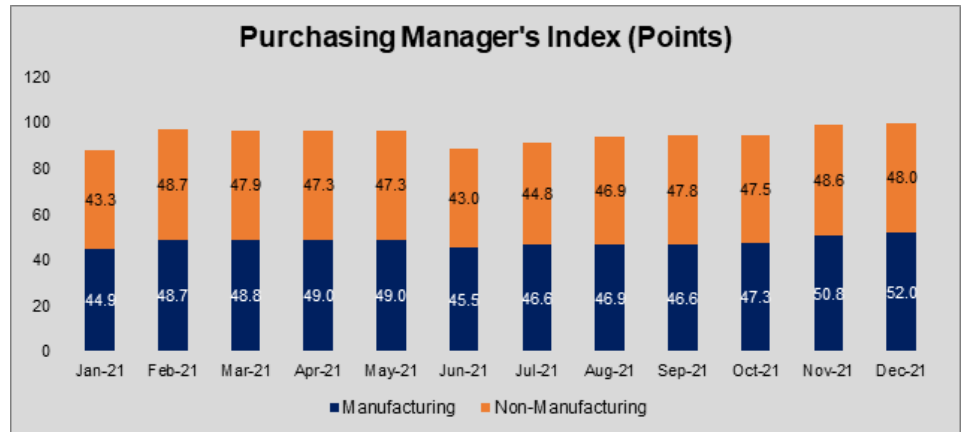


14. Purchasing Mangers' Index

The manufacturing Purchasing Mangers' Index (PMI) settled at 52 index points in December 2021, 5.4 and 2.4 points higher than figures posted in September 2021 and December 2020, respectively. On the other hand, the non-manufacturing PMI closed at 48 points in 2021, 0.2 and 2.3 points higher than September 2021 and December 2020, respectively. The manufacturing PMI, in 2021, exceeded the 50 points index benchmark for the first time in November, indicating a rebound of manufacturing activities.



Purchasing Managers' Index



15. Credit Ratings

Moody's rating agency changed Nigeria credit rating from a negative outlook to a stable outlook and affirmed its long-term issuer and senior unsecured ratings at B2. The change in outlook reflects Moody's expectation that higher oil prices and some measures taken by the government will help stabilize the sovereign's credit metrics and support its external position. The rating agency also alluded that the ongoing improvements in the macroeconomy and the external position are likely to continue in the coming years, supported by the improving oil price, the new Petroleum Industry Act (PIA) and the opening of the Dangote refinery. Also, fiscal deficit is expected to narrow very slowly, with ongoing efforts to increase non-oil government revenue, although weak governance and institutional capacity might hamper execution, according to Moody's. The affirmation of the ratings indicates significant credit constraints, balanced by some credit strengths supporting the B2 ratings.



Socio-Economic Landscape

President Muhammadu Buhari, in December 2021, signed the 2022 federal budget tagged "Budget of Economy Growth and Sustainability" into law. The aggregate expenditure of N17.13 trillion is to be sponsored by N10.74 trillion, thus leaving a deficit of N6.39 trillion, to be financed by borrowings. The 2022 budgeted expenditure and revenue exceed the 2021 budget expenditure and revenue by 17.57% and 32.27%, respectively. The approved 2022 budget adopted a \$62 per barrel oil benchmark price, which represents a \$12 increase from the benchmark in the 2021 budget and oil production estimate of 1.88 million barrels per day. Similarly, GDP, inflation and exchange rate forecasts were held at 4.2%, 13% and N410.15/\$, respectively.

THE NIGERIAN ECONOMY

Nigeria recorded the first case of the omicron variant of COVID-19 on the 1st of December 2021, adding to the growing number of countries that are currently dealing with the variant. The omicron variant was first discovered in South Africa. On the 20th of December 2021, the Nigeria Centre for Disease Control (NCDC) announced that Nigeria began experiencing the fourth wave of the pandemic as the country has recorded a 500% increase in the number of confirmed cases. As at the end of 2021, Nigeria recorded 242,341 COVID-19 cases with 3,031 deaths.

Financial Sector Developments

The Monetary Policy Committee (MPC) of the CBN met for the last time in 2021 maintaining its "hold" stance on all monetary policy variables, effectively leaving policy unchanged for the entire course of 2021. The MPC was pleased to see that its policy actions in the past had started to yield positive results given the remarkable recovery of the economy. The MPC felt that an expansionary stance will further widen the negative real interest gap and feed inflationary pressures while a contractionary stance would increase cost of borrowing and hamper the ongoing economic recovery. Hence, a hold stance was opted for with the expectation of enhanced price stability and sustained economy recovery. The MPR was retained at 11.5%, the asymmetric corridor at +100/-700 basis points around the MPR, the Cash Reserve Ratio (CRR) at 27.5% and the Liquidity Ratio (LR) at 30%.

The 100 for 100 PPP (Policy on Production and Productivity) was introduced by the CBN as a financial instrument to boost local production and productivity in various sectors of the economy. This initiative is expected to provide support for selected private sector companies in the country as well as part of steps to reverse the country's over-reliance on imports. The policy would advertise, screen, scrutinise and financially support 100 targeted private sector companies in 100 days, beginning from November 1st, 2021, and rolling over every 100 days with a new set of 100 companies, whose names will be published in National Dailies for Nigerians to verify and confirm. The 100 for 100 PPP is seen as the best and most sustainable way to address the naira's value whether in hard currency or digital e-Naira through production, production, and more production. Through banks, the financial instrument will be available to their customers in critical areas to boost the production and productivity, and to immediately transform and jumpstart the productive base of the economy.

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3.0

OUTLOOK FOR
2022 AND BEYOND

OUTLOOK FOR Q1 2022



3.1 GDP Growth

The Nigerian economy is expected to remain resilient, posting a growth rate of 4.56% in Q1 2022. This projection would be powered by improvement in economic activities both domestically and globally and increased vaccination rate. The outbreak of a new and highly infectious strain of COVID-19 poses a downside risk to this projection.



3.2 Foreign Exchange

The Naira is expected to hover between N416/\$ and N420/\$. The CBN would continue to intervene in the forex market, defending the Naira, as demand for the Dollar rises as economic activities rebound.



3.3 Crude Oil

Oil price is forecast to average \$90/b at the end of Q1 2022 as strong demand and supply constraints significantly tightened the market. This projection will be sponsored by OPEC+ commitment to production cut and supply disruptions due to rising geo-political tensions in key oil producing countries.



3.4 Monetary Policy

The CBN is expected to maintain its hold stance, of leaving the MPR at 11.5%. This is to ensure previous policy measures penetrate the economy thus driving sustainable recovery, which would ultimately rein-in inflation in the short to medium term



3.5 Foreign Reserves

Foreign reserve is expected to average \$40 billion at the end of Q1 2022 as the CBN continues to uphold the value of the Naira amidst foreign exchange market pressures.



3.6 Inflation

Average inflation rate is expected to remain above the CBN's target of 6-9% due to the pass-through effect of currency depreciation, supply chain constraints, cost reflective increase in energy tariffs and security threats.

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