ACCESS ECONOMIC QUARTERLY

Q1 2022

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Section 1

GLOBAL ECONOMY

Just as the global economy was beginning to recover from the COVID-19 pandemic, the Russian-Ukraine war struck, slowing growth and raising prices. While Russia and Ukraine together account for a small percentage of the world economy, they export a large amount of energy, metals, food staples, and agricultural inputs. Before the war, economies were already grappling with increasing price levels; the war has exacerbated this issue across the world with the low-income economies bearing the major brunt.

The US economy, after consecutive quarterly growth performance, recorded a negative growth of 1.4% in the first quarter of 2022 owing to increasing imports and lower private inventory investment. Other macro factors in the economy, however, gave optimism to the economy's growth outlook.

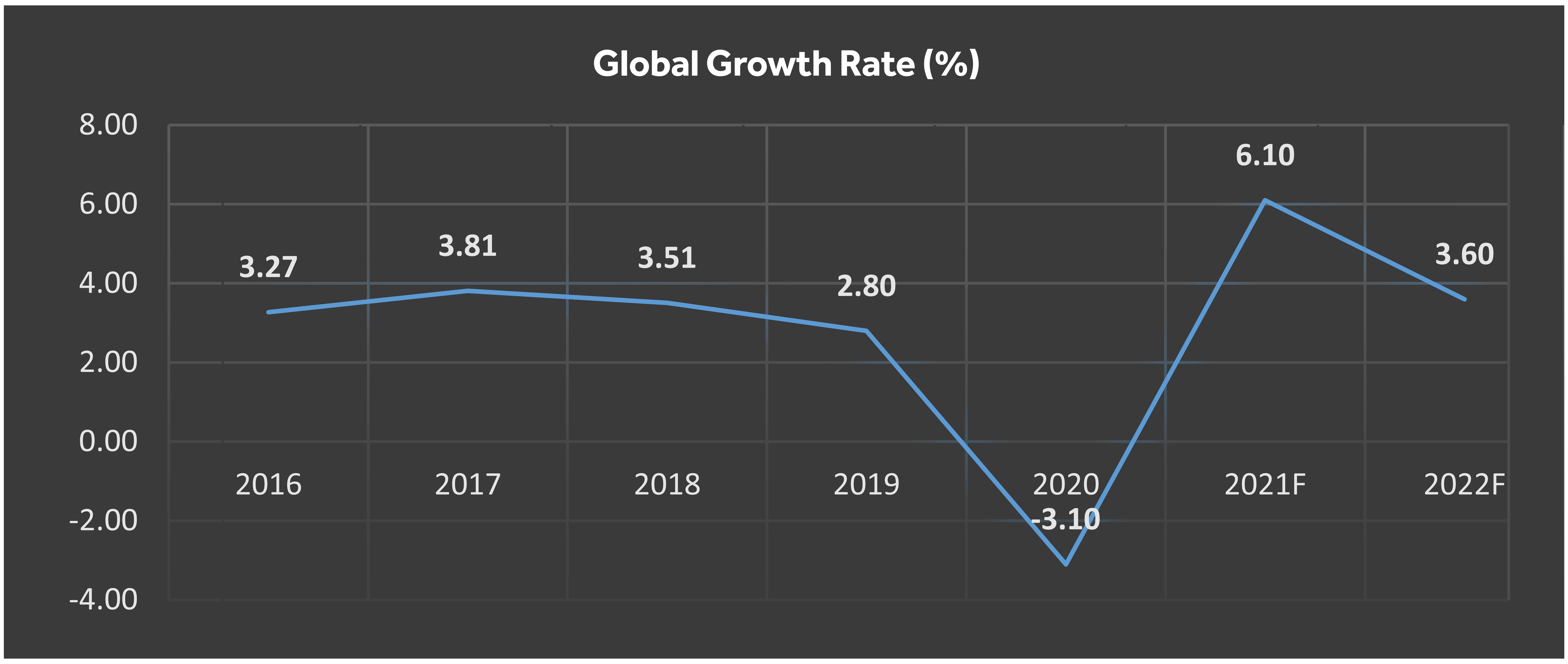
The Chinese economy, on the other hand, started the year with better robust performance, however, with dozens of locations still under Covid lockdowns, a recent dip in consumer spending and soaring unemployment, the months ahead are uncertain. The IMF revised its growth forecast down by 1.23 percentage point to 4.37% in April 2022 for the world's 2nd biggest economy.

The increasing energy price due to the Russian-Ukraine war has greatly impacted the Eurozone as they majorly import energy from Russia. The IMF revised its 2022 growth forecast downwards to 2.81% in April from 5% in January.

Due to structural differences, tougher fiscal and monetary policies, and more enduring scarring from the pandemic, developing markets growth continues to lag industrialized nations. Consequently, forecasted growth for 2022 is 5.6%.

Global growth is expected to fall from 6.1% in 2021 to 3.6% in 2022, according to the IMF, which is 0.8 percentage point lower than the January forecast. According to the IMF, the war in Ukraine is inflicting economic damage, and rising commodity prices in different nations causing the slowdown in world economies.

GDP Growth Rate & Forecast – Global Economy



Source: IMF

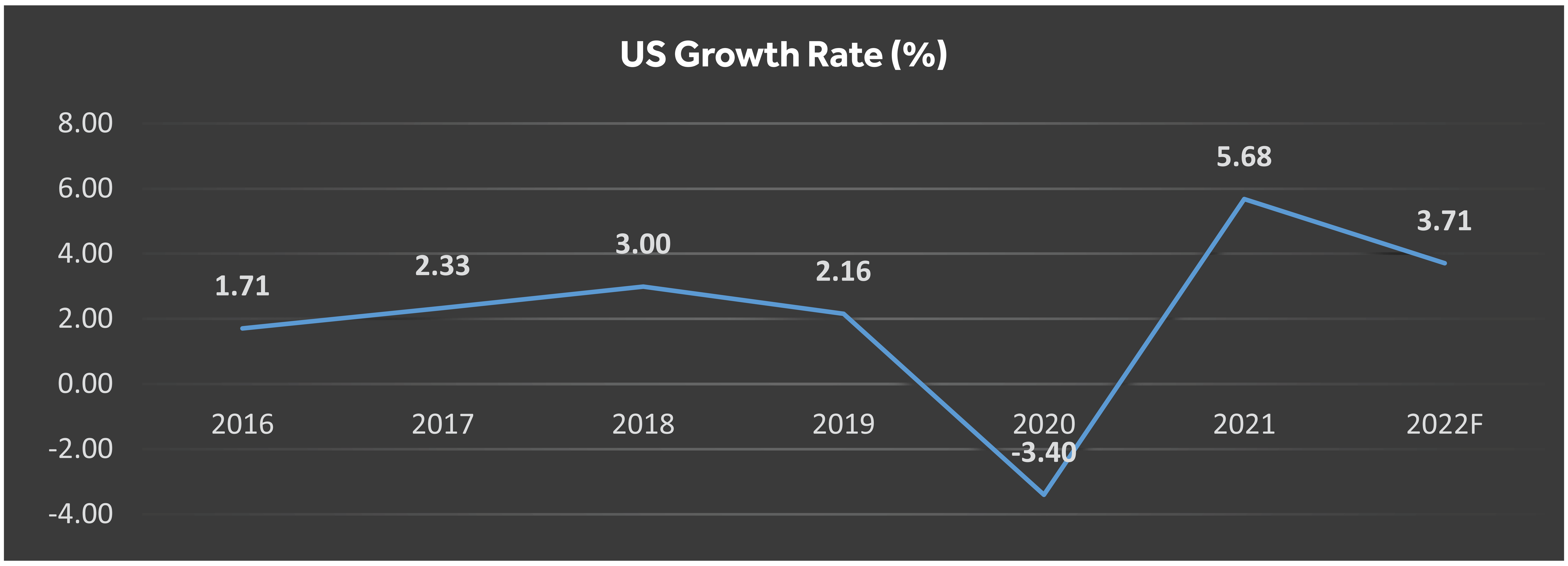
GLOBAL ECONOMY
UNITED STATES/EURO AREA

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

United States

In the first quarter of 2022, the US economy unexpectedly declined at an annualized pace of 1.4%, its first drop since the pandemic shutdown of 2020.The slowdown is attributable to a reduction in federal spending as government assistance slowed down, lower private inventory investment and a surge in imports. Despite the rising inflation and economic slowdown, the labour market remains thriving, consumer spending is growing quickly, while fixed investment growth is accelerating.

GDP Growth Rate & Forecast – Global Economy



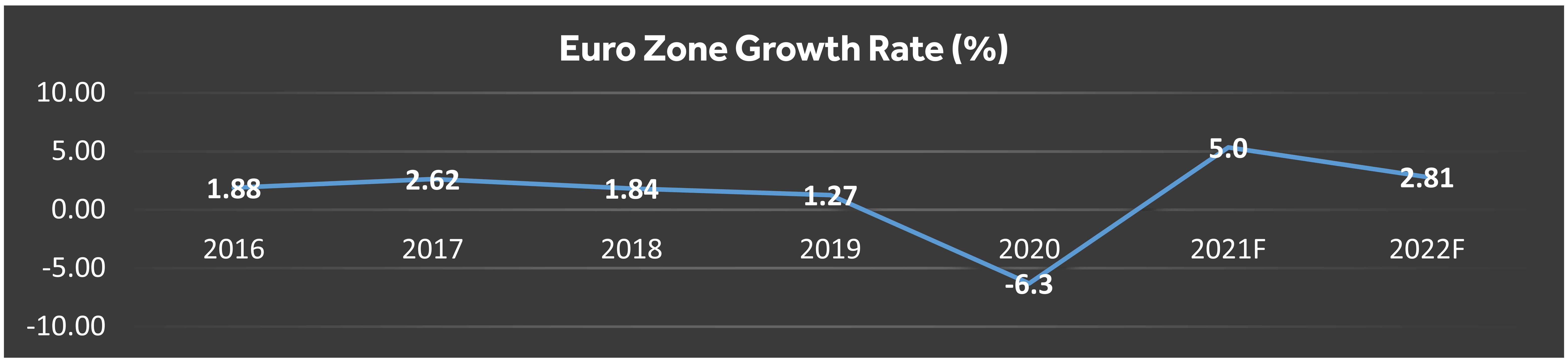
Source: IMF

The unemployment rate in the United States has been steadily declining, falling to 3.6% in March 2022 from 3.8% the previous month. Inflation, on the other hand, has reached an all-time high of 8.5% owing to the increase in energy prices because of the Ukraine crisis. During its May 2022 meeting, the Federal Reserve lifted its fed funds rate goal by half a percentage point to 0.75% - 1%, the second straight rate hike and the largest increase in borrowing costs since 2000, to combat rising inflation. According to the IMF the US is expected expand by 3.7% in 2022.

Euro Zone

In Q1 2022, the Euro Zone economy grew by 0.2%, the smallest increase since it emerged from recession last year. According to preliminary Eurostat data, the war and subsequent commodity price hikes slowed growth in the period under review.

GDP Growth Rate & Forecast – Eurozone



Source: IMF

The annual inflation rate has already surpassed the ECB's target of 2%. The price level increased to a new all-time high of 7.5% in April 2022, up from 7.4% in March, as the war in Ukraine and Russian sanctions continued to drive up commodity costs. The European Central Bank kept the benchmark interest rate virtually unchanged, indicating that interest rate adjustments will take place gradually when the asset purchase program ends. The IMF lowered its prediction for 2022 from 4.3% to 2.81% due to rising expenses, low consumer confidence, and stricter financing conditions.

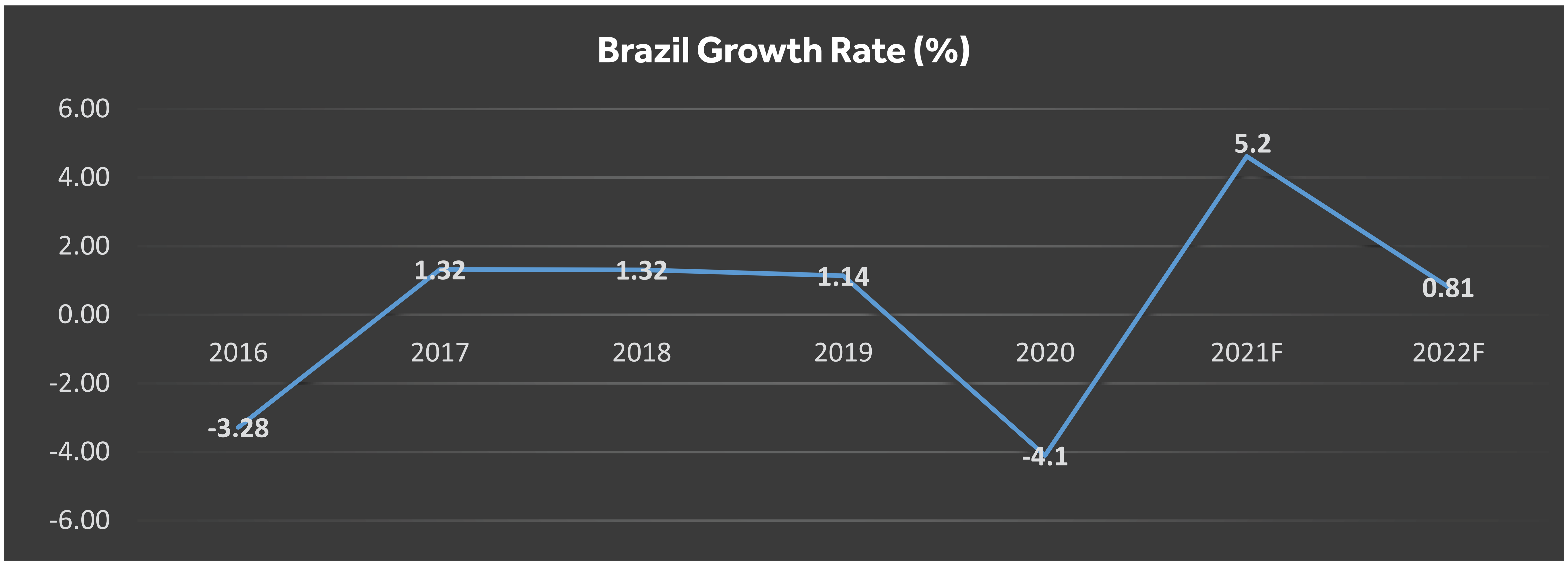
BRICS

Due to the lingering effects of the pandemic and the rippling impact of the Ukraine crises, the BRIC countries are contending with growing inflation, slower growth, and policy conflicts. Russia's growth has undoubtedly been hit the worst by the crises with its 2022 forecast revised downwards by -8.52%.

Brazil

The economy expanded by 1.6% in the fourth quarter of 2021, easing from a 4% growth the previous quarter. The economy was fuelled by advancement in the service sector.

GDP Growth Rate & Forecast – Brazil



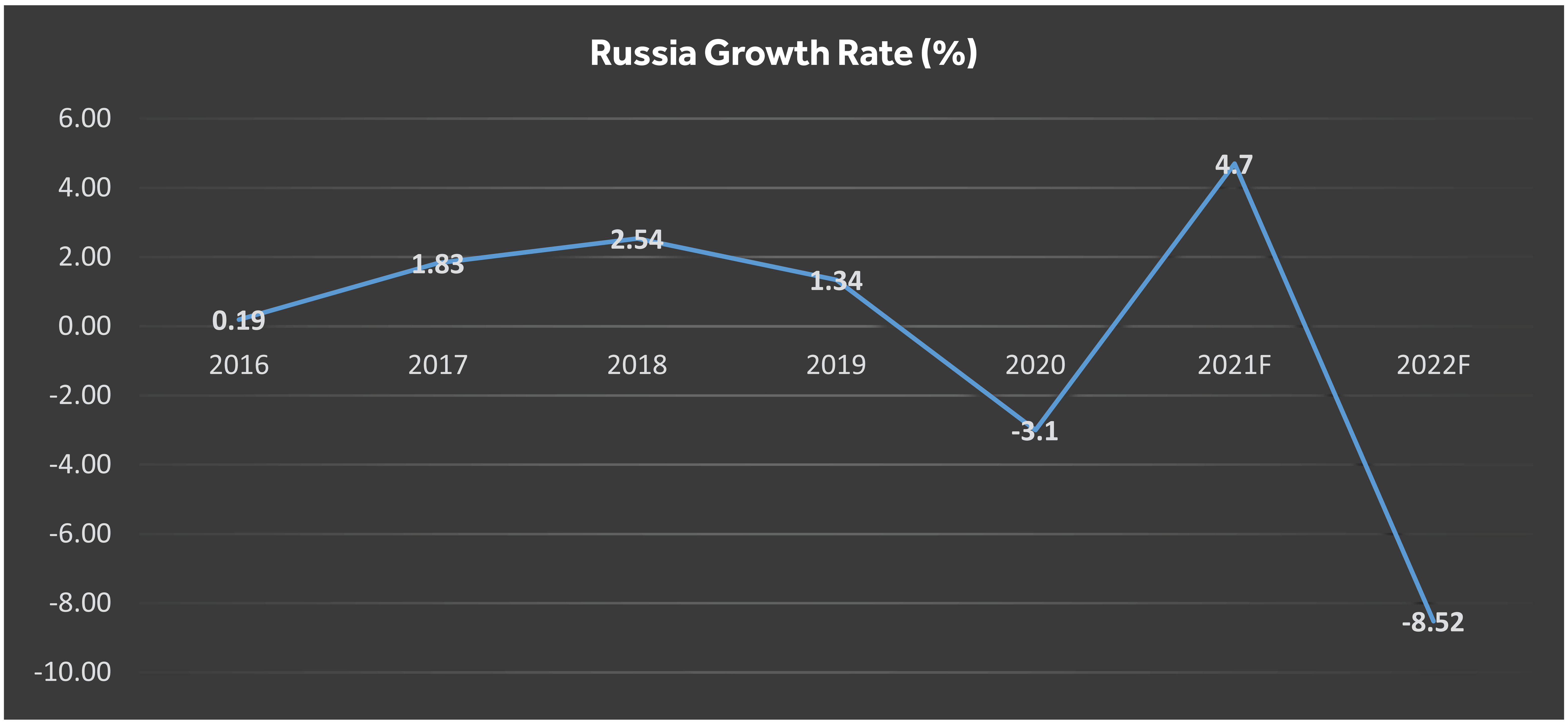
Source: IMF

Brazil's annual inflation rate increased to 11.3% in March 2022, up from 10.54% the month before. It's the eighth month in a row with inflation in double digits, and it's the highest since 2003. In May, the Brazilian Central Bank unanimously opted to raise the rate by 100 basis points to 12.75% to aid in combating the rising price levels. The outlook for 2022 remains uncertain due to tougher financial conditions amid an aggressive monetary tightening cycle to combat double-digit inflation.

Russia

Russia's GDP grew 5% year over year in Q4 2021, up from 4% the previous quarter. The growth projection for Q1 2022 is however not looking northward due to the ongoing Ukraine crisis.

GDP Growth Rate & Forecast – Russia



Source: IMF

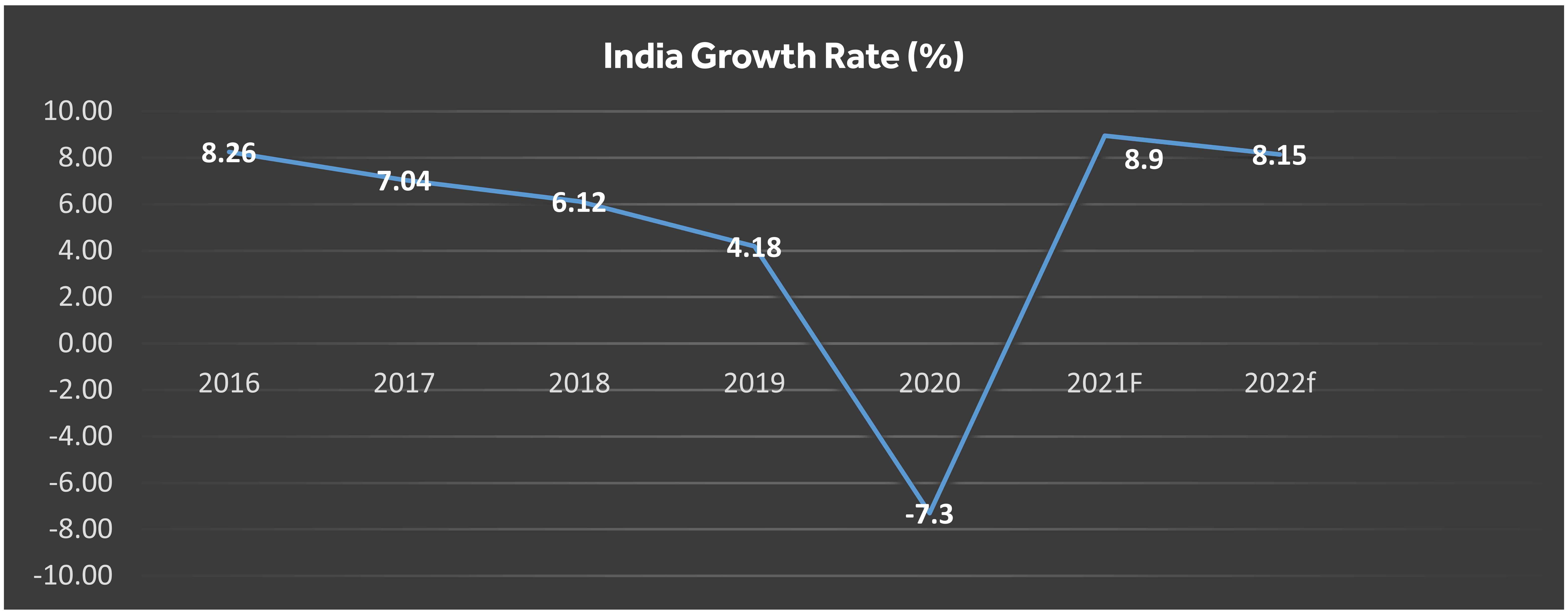
Russia's annual inflation rate soared to 16.7% in March 2022, up from 9.15% the previous month, its highest level since 2015. The Central Bank of Russia cut its benchmark interest rate by 300 basis points (bps) to 14% on April. Due to uncertainty about possible new sanctions and trade concerns, the degree of the economy's harm in 2022 is unknown. The economy is however expected to witness several growth downgrade for 2022 as IMF as revised its growth forecast down by 8.5%.

India

In the final quarter of 2021, India's economy grew by 5.4% year on year, down from an upwardly revised 8.5% in the previous quarter. In March 2022, India's annual inflation rate reached 6.9%, its highest level since October 2020. As a result, in its May meeting, the Reserve Bank of India raised its key policy rate by 40bps to 4.4% in a surprise move after two years as a bid to combat the increasing price levels.

The World Bank has lowered India's growth projections for 2022 from 8.7% to 8%, citing deteriorating supply bottlenecks and growing inflation concerns triggered by Russia's invasion of Ukraine.

GDP Growth Rate & Forecast – India

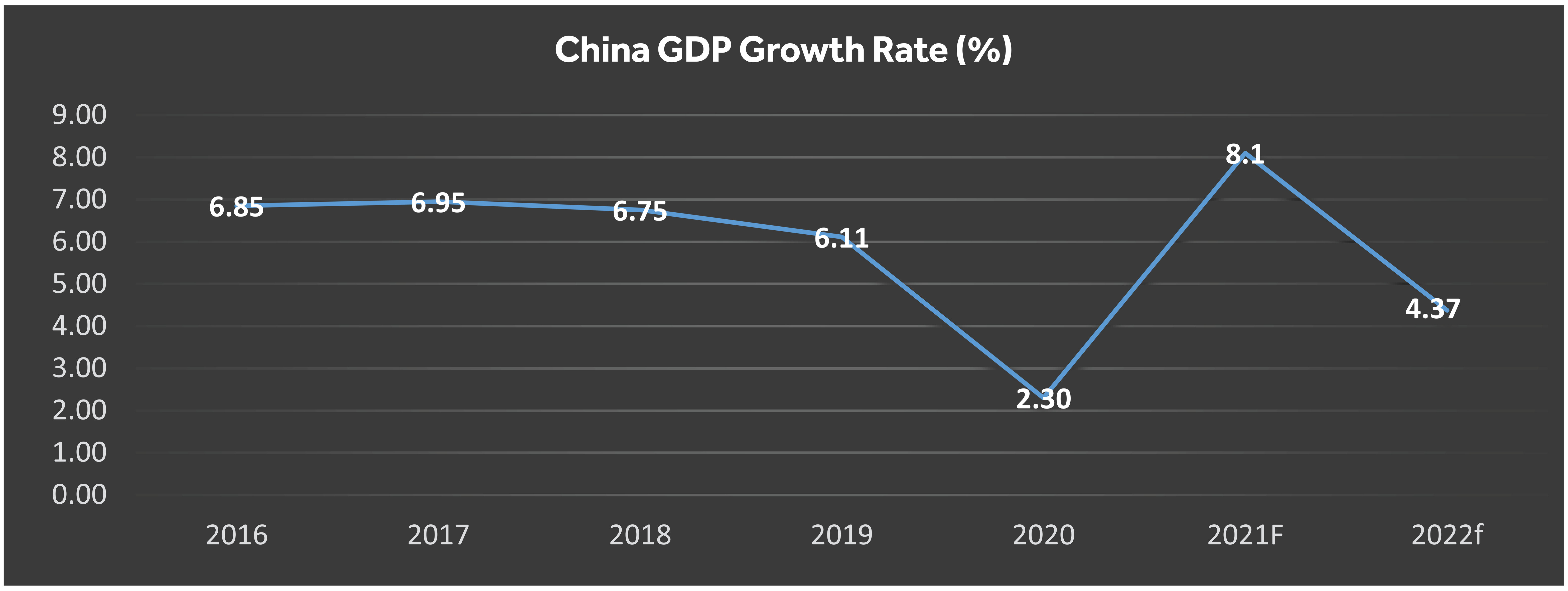


Source: IMF

China

Beijing reported 4.8% growth in Q1 2022, up from 4% the previous quarter. The economy has stalled due to coronavirus outbreaks and its real estate crisis.

GDP Growth Rate & Forecast – China



Source: IMF

Inflation climbed to 1.5% in March 2022, up from 0.9% the previous month. In contrast to other economies, the People's Bank of China (PBoC) kept its prime rate at 3.7% after drops of 5 and 10 basis points in December and January. China's growth forecast for 2022 has been trimmed by the IMF and several other analysts due to the coronavirus induced lockdown that has tottered the economy.

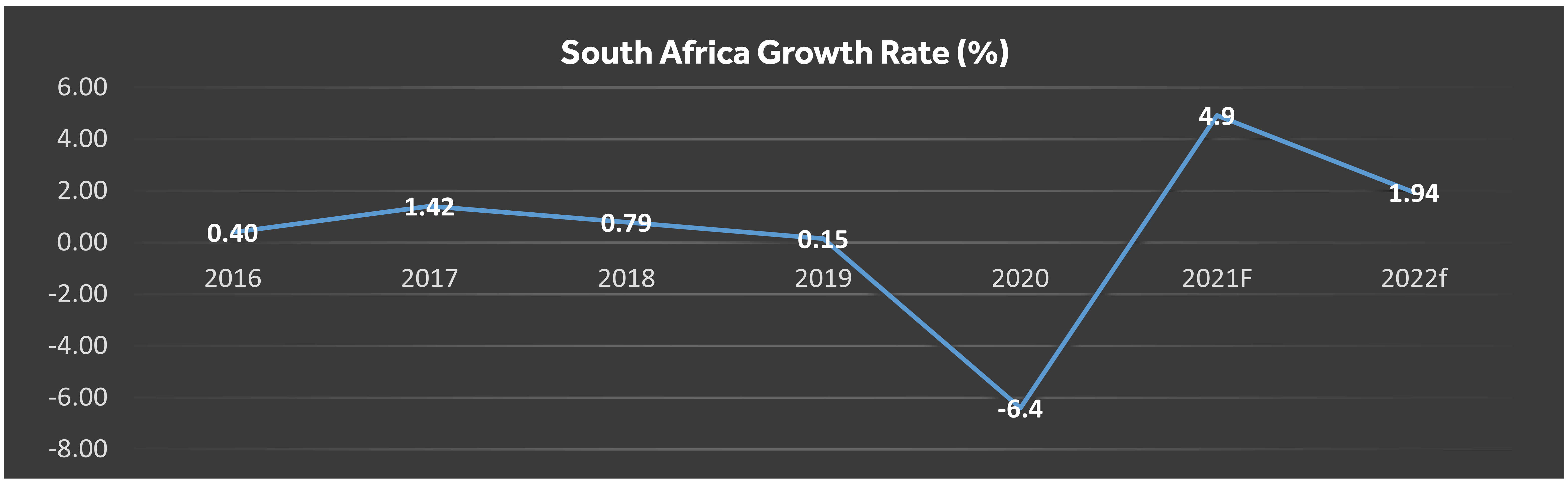
South Africa

Following a contraction in the previous quarter, South Africa's economy grew by 1.2% in Q4 2021. Agriculture, industrial and personal services advancements were credited for the expansion. Due to increases in the prices of transportation, petrol, food, and non-alcoholic beverages, South Africa's inflation rate is still moving beyond the midpoint target range of 3% - 6% to 5.7% in March 2022.

The South African Reserve Bank hiked its benchmark repo rate by another 25 basis points to 4.25% at its meeting in March 2022, in its continuous attempt to curb inflation. In March 2022, the economy's foreign exchange reserves increased to $58.16 billion, up from $57.69 billion the previous month. Borrowings from the World Bank and an increase in the price of gold contributed to the modest increase.

The IMF has lowered its forecast for 2022 from 2.2% to 1.9%, owing to the country's record high unemployment rate of 35.3% in Q4 2021, as well as growing price pressures that will further sour consumer sentiment.

GDP Growth Rate & Forecast – South Africa



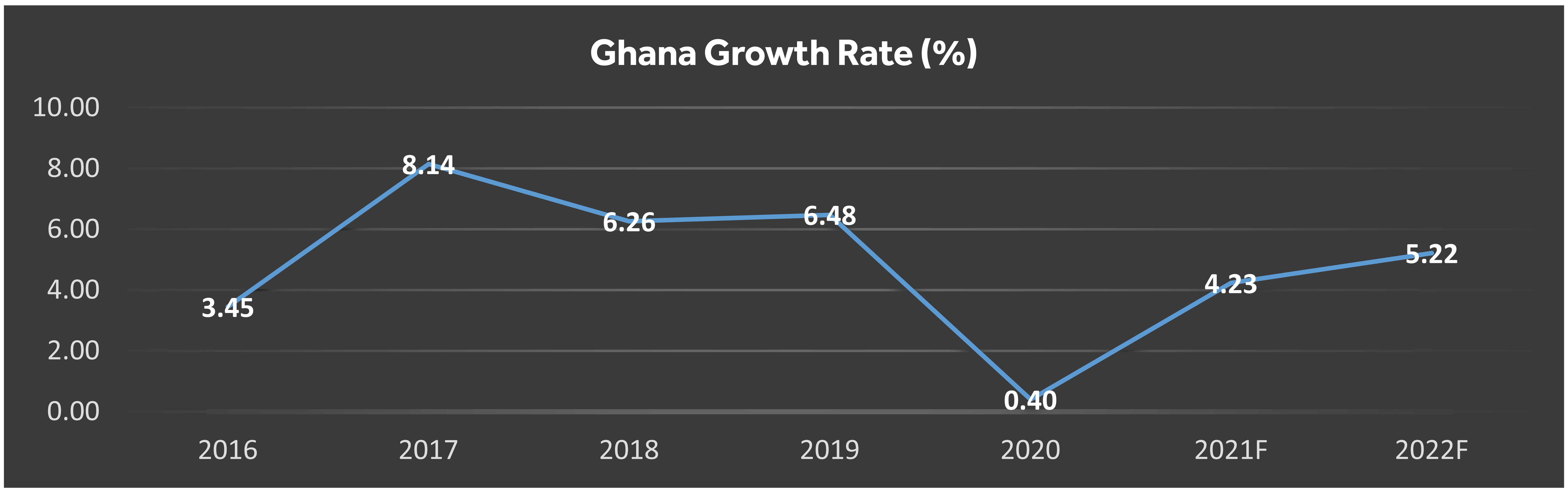
Source: IMF

GLOBAL ECONOMY
AFRICA

Ghana

In Q4' 2021, the economy grew at its best rate since 2020, expanding by 7% year on year after a 6.5% increase the previous quarter. Its expansion was mainly due to growth in the agricultural and services sector. Inflation remained on a steady high for the tenth month straight to 15.7% in February, the highest rate recorded since 2009. Its not surprising that monetary policy rate was hiked to 17% in March 2022 in a bid to curb these inflation figures. The economy's growth expectation for 2022 was revised downwards from 6.2% to 5.2% by IMF. The decline is linked to soaring inflation and a falling currency which pose threats to private sector activity and constrain household consumption growth.

GDP Growth Rate & Forecast – Ghana

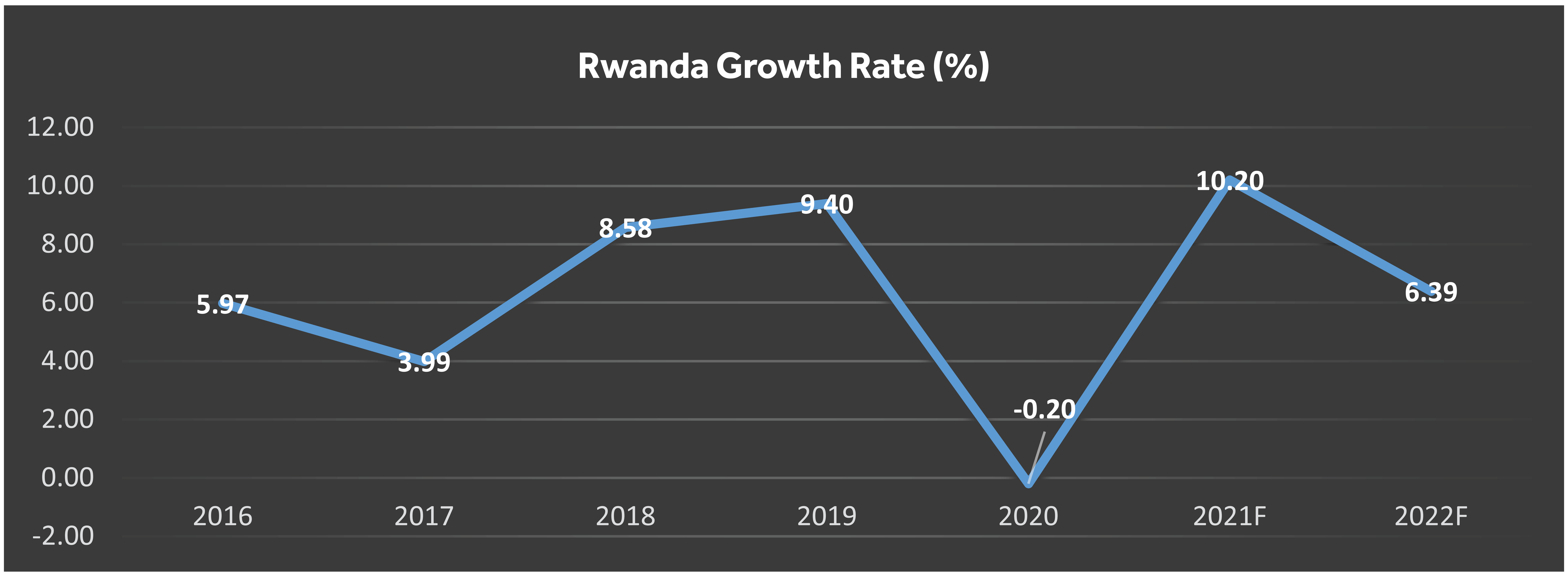


Source: IMF

Rwanda

Rwanda's economy grew by 10.3% in Q4 2021, following a 10.1% growth the previous quarter. The major contributor to the economy's growth was the services and transportation sector of the economy. During its February meeting, the National Bank of Rwanda hiked its benchmark repo rate by 50 basis points to 5% to contain inflation and support the most vulnerable in the face of rising energy and food prices. The economy is expected to grow at 6.39% in 2022, but the impact of the war in Ukraine, as well as related uncertainties, distort the picture, putting the economy under strain.

GDP Growth Rate & Forecast – Rwanda



Source: IMF

Section 2

THE NIGERIAN ECONOMY

The year 2022 started on an optimistic note following the continuous recovery from 2021 after the historic contraction recorded which was triggered by the 2020 covid-19 pandemic. However, the ongoing Russia-Ukraine crisis is posing a downside risk to a sustained growth momentum given both countries strategic contribution to global energy and agricultural products. Bonny light crude oil, Nigeria's oil benchmark, passed the $100 per barrel mark in February 2022 for the first since September 2014 indicative of the impact of economic sanctions imposed on Russia, the 3rd highest global producer of oil. Oil price closed Q1 2022 at $119.05 per barrel, reflecting a 56.13% increase compared to $76.25 per barrel posted end-2021. Inflation rate nudged higher by 0.29% in March 2022 to settle at 15.92% relative to 15.63% posted at 2021 year-end, mainly driven by the ongoing Russia-Ukraine crisis, particularly the increase in diesel prices. The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) met twice in the quarter, leaving the policy rate unchanged at 11.5%. The decision to maintain a hold stance suggests a precautionary move given the current macroeconomic realities especially the uncertainties surrounding the ongoing Russia-Ukraine crisis on protracted impact on inflation, particularly food inflation (over a 5-year period, Nigeria's import of wheat from Russia has averaged around 20%).

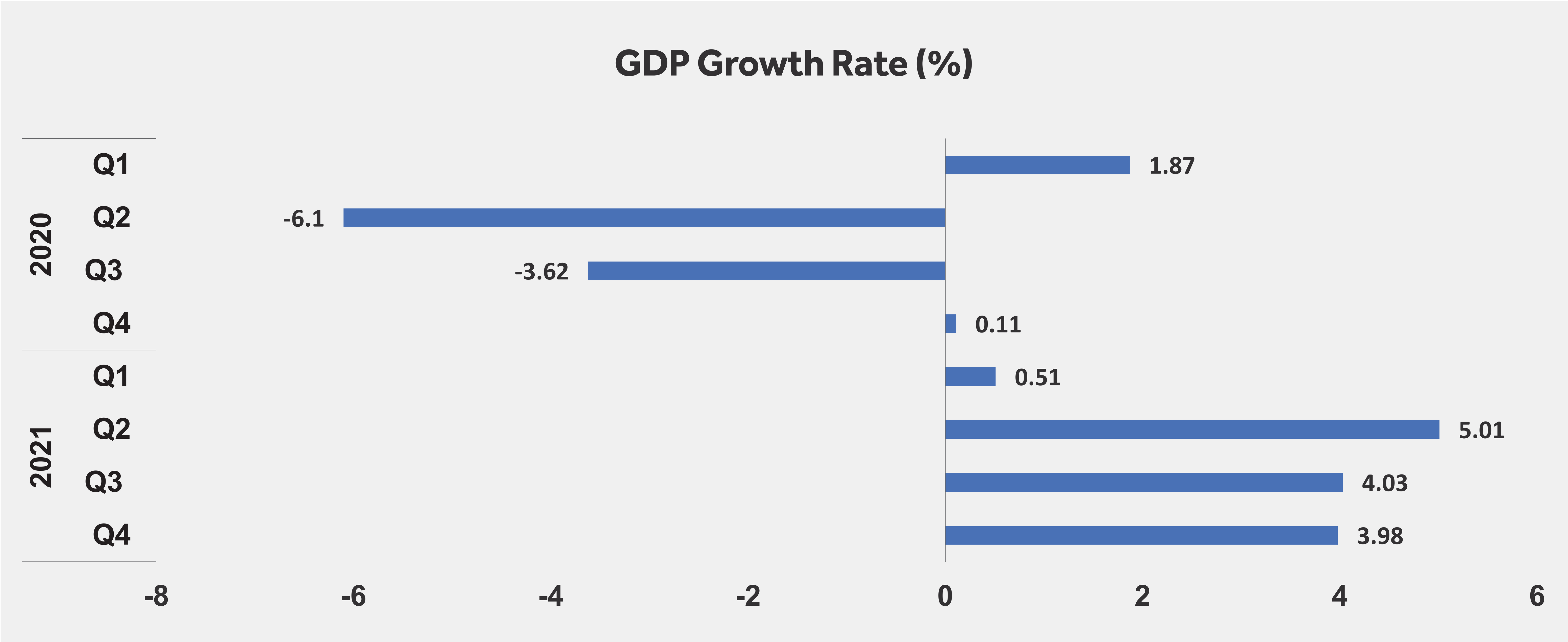
A snapshot of the domestic economy for Q1 2022 is presented below:

Real GDP advanced by 3.98% in Q4 2021 compared to 4.03% in Q3 2021	Credit to Private Sector increased slightly to N36.91trn in Feb from N35.19 trn in Dec 2021	Exchange rate at the I&E window appreciated to N416.17/$ in Mar 2022 from N435/$ in Dec 2021
The ASI closed at 46,965.48 points in Q1 2022 compared to 42,716.44 points posted in Q4 2021.	Reserves dipped to $39.55bn in Mar 2022 from $40.53bn as at Dec 2021	Inflation printed at 15.92% in Mar 2022 compared to 15.63% in Dec 2021
The manufacturing PMI moderated slightly in Feb to 50.1 points from 52 index points in Dec 2021	MPR was retained at 11.5% at the MPC meeting held in Mar 2022	Oil prices rose to $115.04 in Mar 2022 from $79.31/b posted in Dec 2021

1. GDP Growth

Although the Nigerian economy witnessed declining growth for the better part of 2021 due to waning 2020 base effect, growth remained positive throughout the year. The last quarter of 2021 recorded a 3.98% growth, lower than 4.03% growth recorded in Q3 2021. On the other hand, full year 2021 GDP growth settled at 3.4%, outperforming analyst expectations which hovered around 2%. This is the fastest expansion witnessed since 2014 as growth exceeded Nigeria's population growth of about 2.6%. The non-oil sector remained the chief contributor to the GDP, contributing 94.81% to the GDP while the oil sector contributed the remaining 5.19%. Although the oil sector growth remained in the negative space, it continued to show improvement, posting -8.76% in Q4 2021, higher than -10.73% posted in the previous quarter. For the non-oil sector, growth declined by 0.71% to post 4.73% in Q4 2021 relative to 5.44% posted in the previous quarter. Growth in the non-oil sector was mainly driven by Crop Production, Trade, Telecommunications, and Financial Institutions. Steady global recovery due to improving vaccination rate, improving oil prices and demand across the globe amidst effective fiscal and monetary policies has helped the economy bounce back stronger than ever. However, rising global tension, high inflation and worsening insecurity in the local front amongst others could affect ongoing economy recovery.

GDP Growth Rate – Nigeria

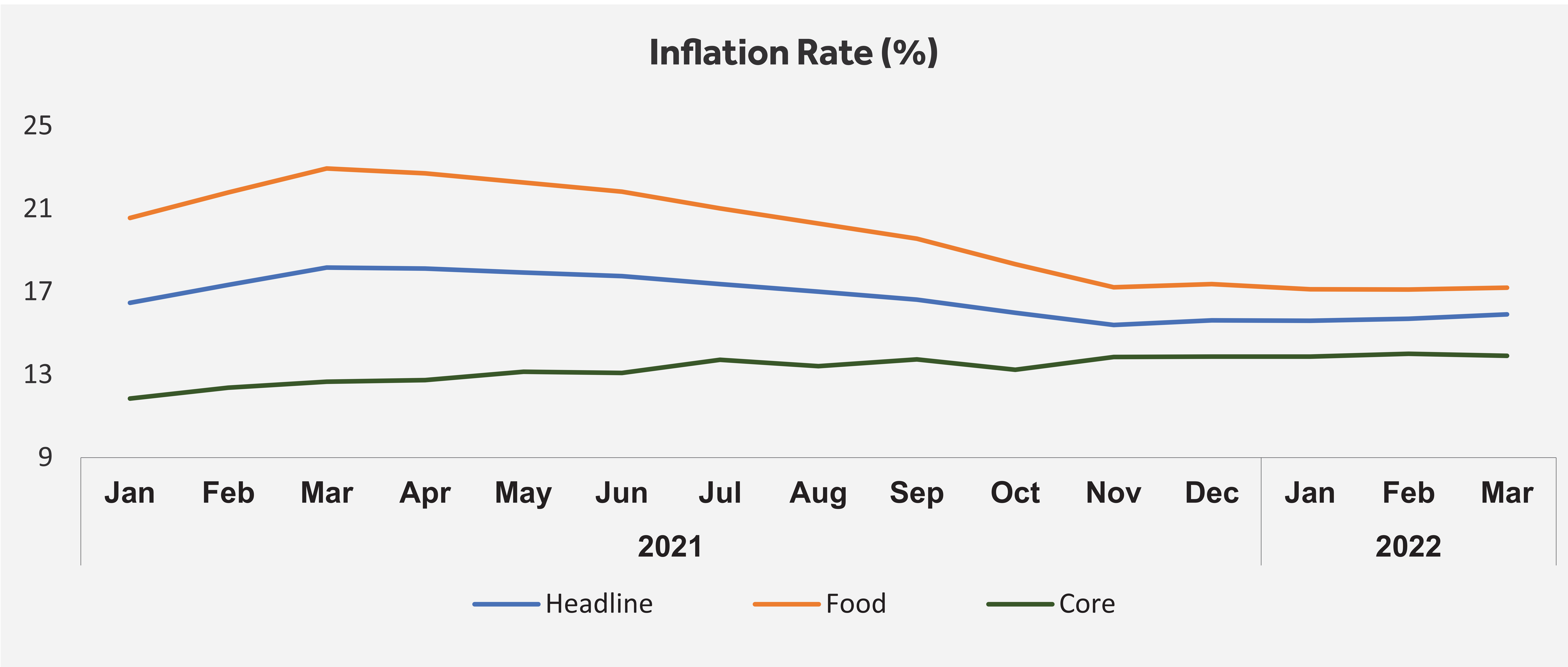


Source: NBS

2. Inflation

Headline inflation rate nudged higher in March 2022 to settle at 15.92% relative to 15.63% posted in December 2021. The 0.29% spike was largely driven by the impact of the ongoing Russia-Ukraine crisis on food and deregulated energy prices. For the reference period, core inflation grew faster than food inflation. Core inflation for March 2022 was reported at 13.91%, higher than 13.87% posted in December 2021, driven by higher deregulated energy prices which impacted transportation and operational costs. The growth of food prices slowed in Q1 2022, closing the quarter at 17.2% from 17.37% reported in December 2021.

Inflation Year-on-Year

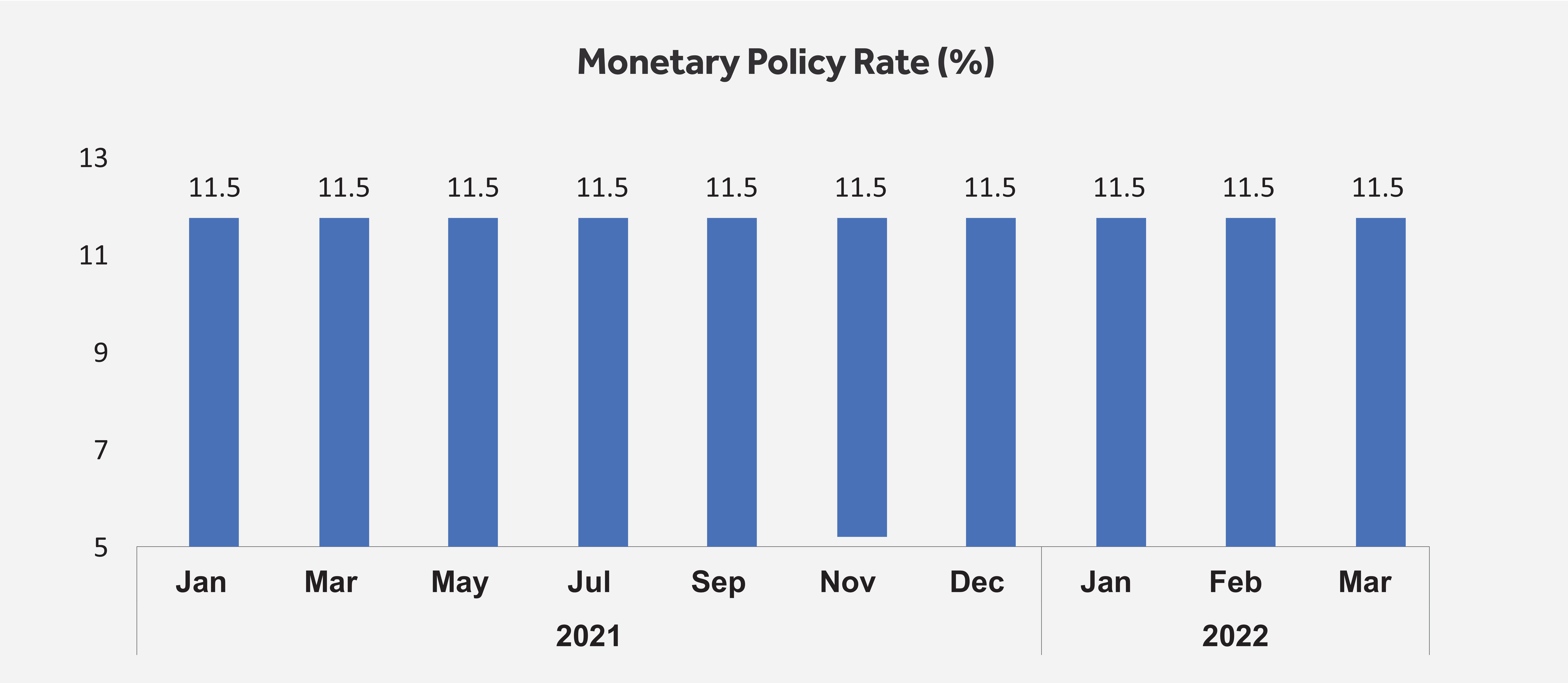


Source: NBS

3. Monetary Policy

The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) met twice in the quarter, leaving the policy rate unchanged at 11.5%. The decision to maintain a hold stance suggests a precautionary move given the current macroeconomic realities especially the uncertainties surrounding the ongoing Russia-Ukraine crisis.

Trend in MPR

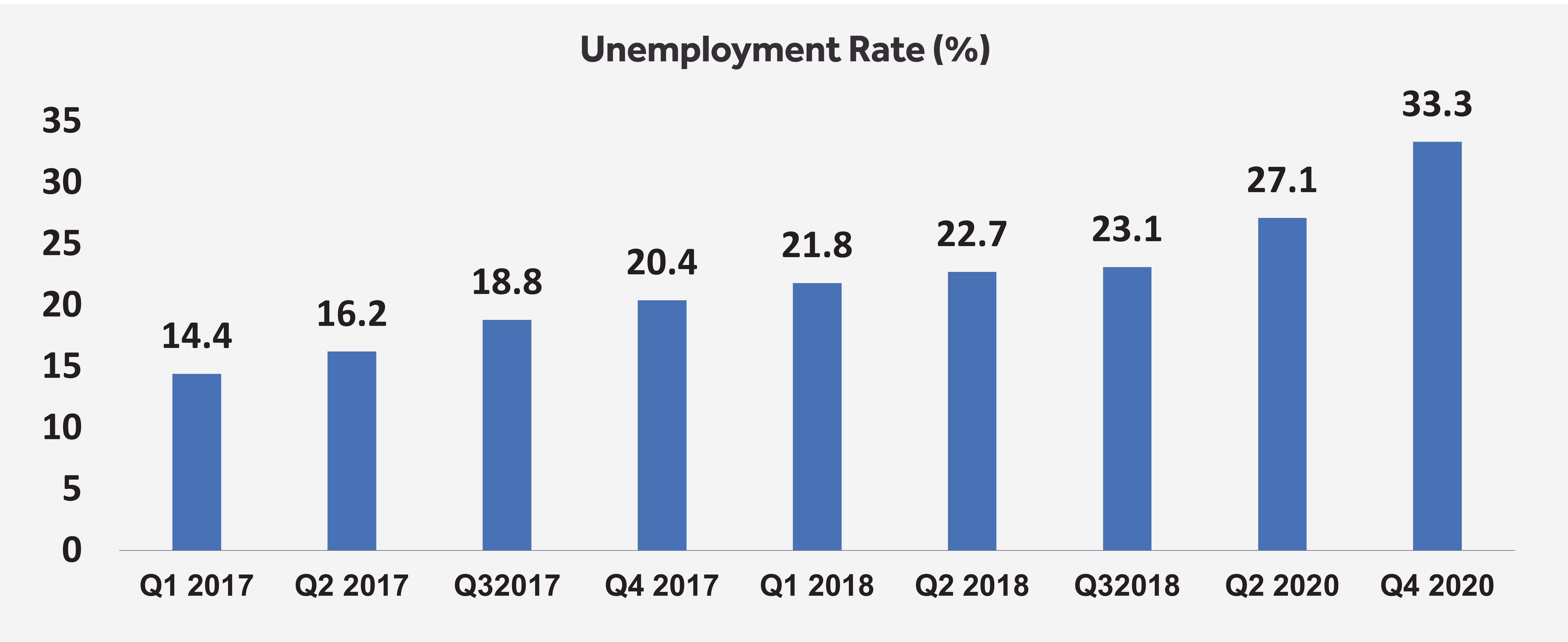


Source: CBN

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 to 34.5% in Q4 2020, up from 28.2% in Q2 2020 with urban unemployment rate maintaining 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

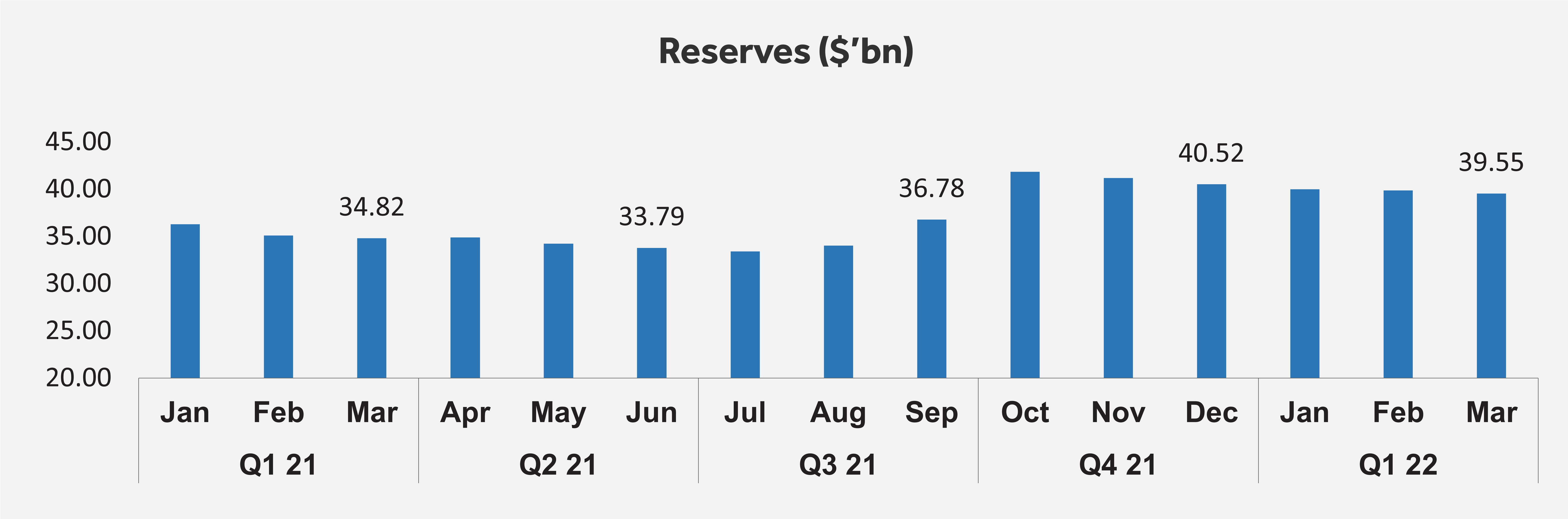


Source: NBS

5. External Reserves

Accretion to the reserves slowed in the first quarter of 2022, declined by 2.39% to sit at $39.55 billion, a tad lower than $40.52 billion posted in Q4 2021. Increased global oil prices sponsored by the Russia-Ukraine crisis translated to higher fuel subsidy payment. Coupled with higher dollar demand for import amidst puny dollar inflow, external reserves pared. The latest CBN's export-promoting initiative, Race to $200billion (RT 200) FX programme, if successfully implemented, is expected to be a game-changer with the expectation of boosting the reserves by supporting the non-oil sector to grow its export proceeds in coming years.

External Reserves

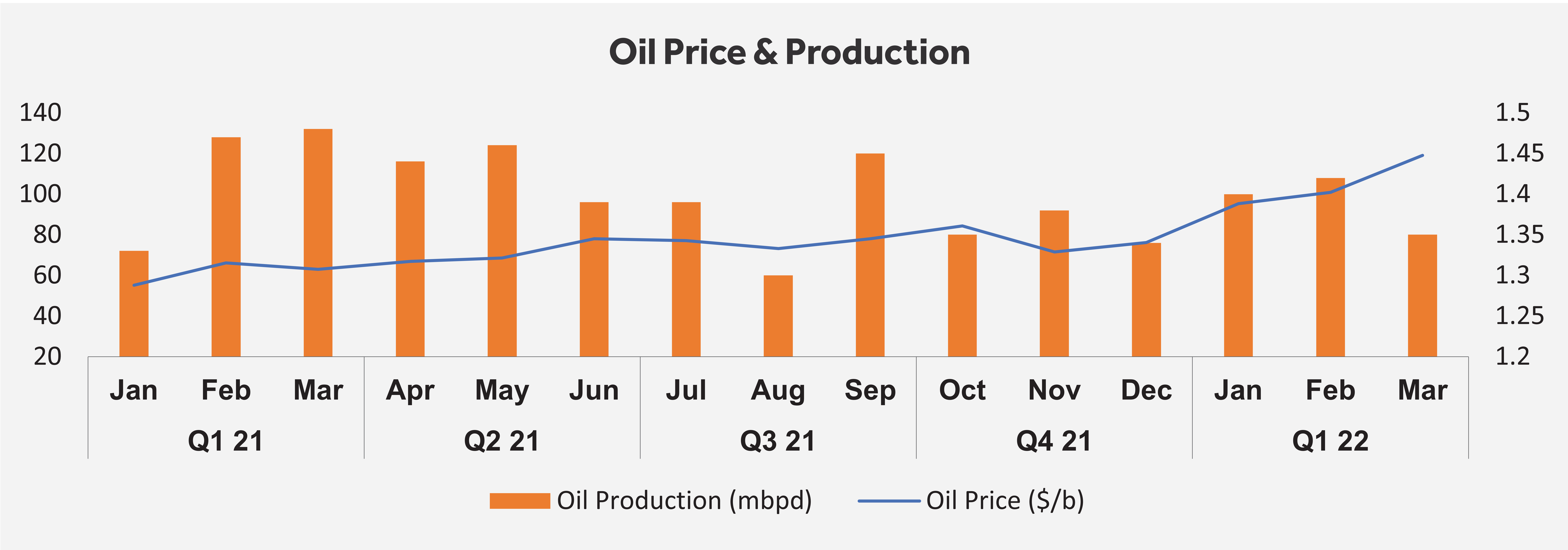


Source: CBN

6. Oil Price & Production

The cut back in the purchase of Russian oil by key economies was one of the economic sanctions imposed on Russia due to its Ukraine invasion. This action tightened supply in the oil market and with increasing demand spurred by continuous economy recovery, oil prices prodded higher. Bonny light crude oil, Nigeria's oil benchmark, passed the $100/b mark in February 2022 for the first since September 2014. Oil price closed the quarter at $119.05/b, reflecting a 56.13% increase compared to $76.25/b posted at the end of 2021. Oil production ended slight higher in Q1 2022 to 1.35 million barrels per day (mbpd) from 1.34mbpd posted in Q4 2021.

Oil Price & Production

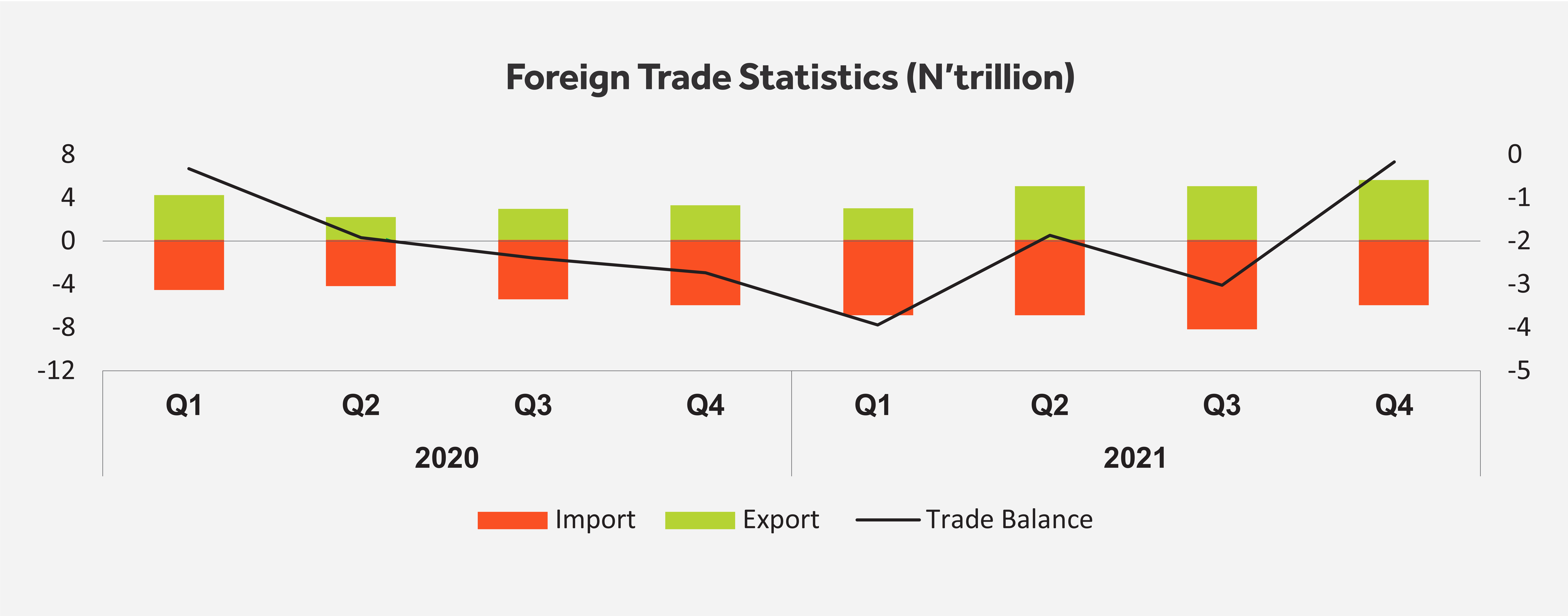


Source: CBN

7. External Trade

The trade deficit for Q4 2021 improved, as exports grew faster than imports, settling at ₦0.17 trillion relative to ₦3.02 trillion posted in the preceding quarter. Exports grew by 12.27% to reach ₦5.77 trillion compared to N5.14 trillion recorded in Q3 2021. Export growth remains largely dependent on oil exports contributing 74.04% to total exports in Q4 2021. On the other hand, import grew by 11.33% to settle at ₦5.94 trillion from ₦5.34 trillion recorded in Q3 2021. Altogether, total trade volume grew by 11.74% to stand at ₦11.71 trillion relative to ₦10.48 trillion posted in the preceding quarter. Between Q3 2021 and Q4 2021, Indonesia replaced Italy as one of Nigeria's top 5 export trading partners. India, Spain, France and Netherlands maintained their spots as the country's top export trading partner. On the other hand, China, Belgium, India, Netherlands, and USA remained the top 5 import trading partners for Nigeria.

External Trade

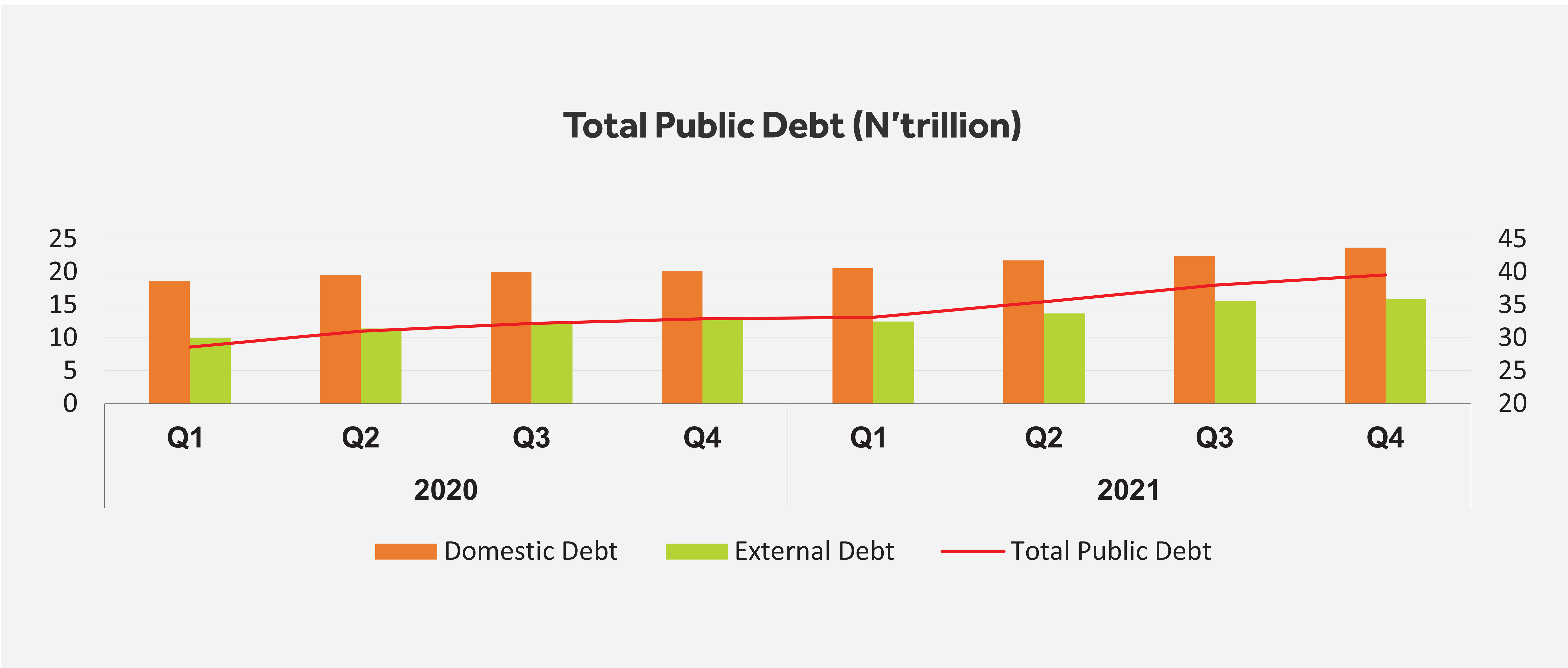


Source: NBS

8. Total Public Debt

Total debt incurred by the government grew further by 4.11% to close 2021 at ₦39.56 trillion compared to ₦38.0 trillion posted at the end of Q3 2021. Domestic debt accounted for 59.9% to reach ₦23.70 trillion in Q4 2021 from N22.43 trillion recorded in Q3 2021 while external debt contributed 40.08% to total public debt closing 2021 at ₦15.86 trillion from ₦15.57 trillion posted in Q3 2021. Incessant bloating of the public debt profile remains a source of worry for the economy given weak revenue inflow.

Total Public Debt

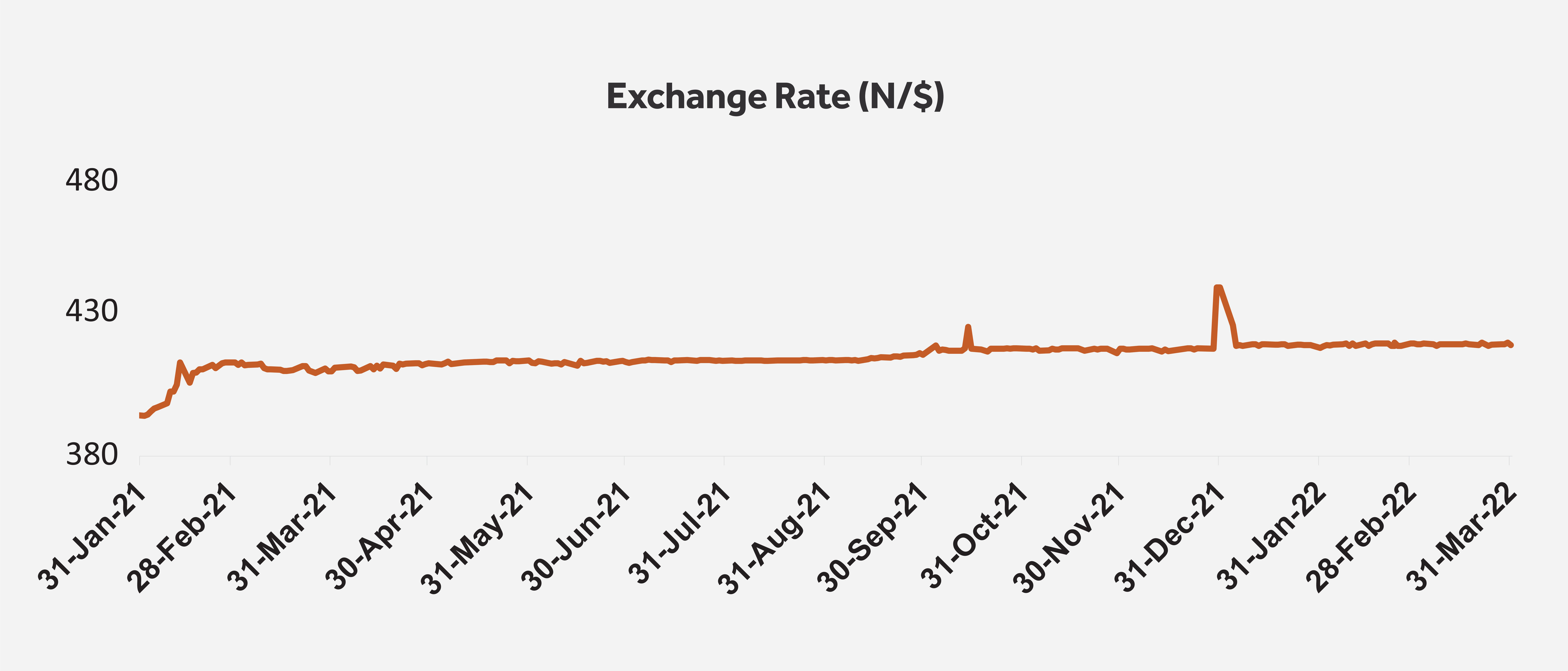


Source: DMO

9. Exchange Rate

At the Investors & Exporters (I&E) window, the Naira exchanged against the Dollar for ₦416.17 at the end of Q1 2022, reflecting a 4.33% appreciation from ₦435 posted at the end of 2021. CBN's targeted supply of dollars to the market continue to ensure exchange rate stability. The CBN is currently focusing on export-promoting initiatives with the aim of boosting the reserves and preserving the value of the Naira.

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

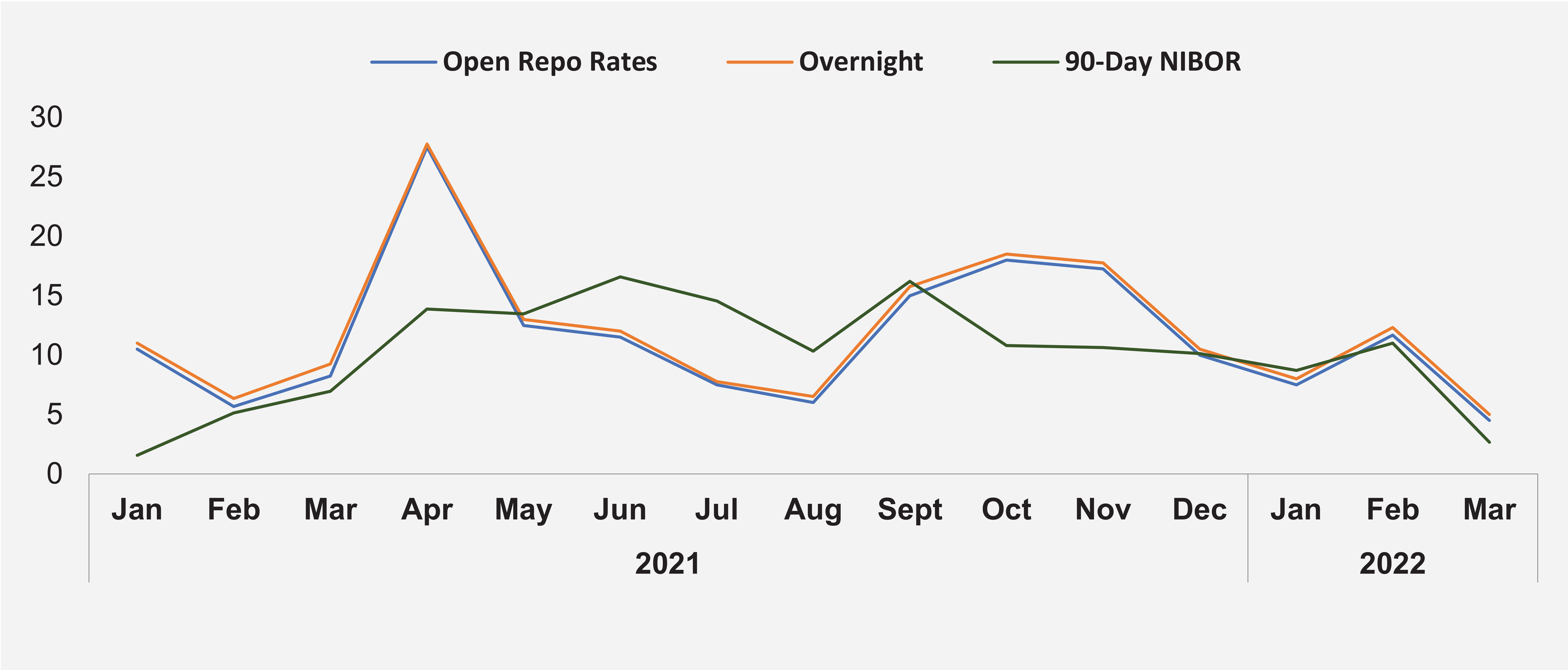


Source: FMDQ

10. Money Market

Short term interbank lending rates declined significantly at the end of Q1 2022, indicative of liquidity surfeit in the banking system. Increased liquidity could be attributed to maturity of Open Market Operations (OMO). Short term instruments such as the Open Repo Rates (OPR) and Overnight (O/N) rates closed at 4.5% and 5.0%, a decrease from 10.0% and 10.5% posted in Q4 2021. Similarly, the slightly longer dated instruments like the 90-day Nigerian Interbank Offered Rate (NIBOR) decreased to 2.68% from 10.11% posted at the end of 2021.

Trend in the Money Market

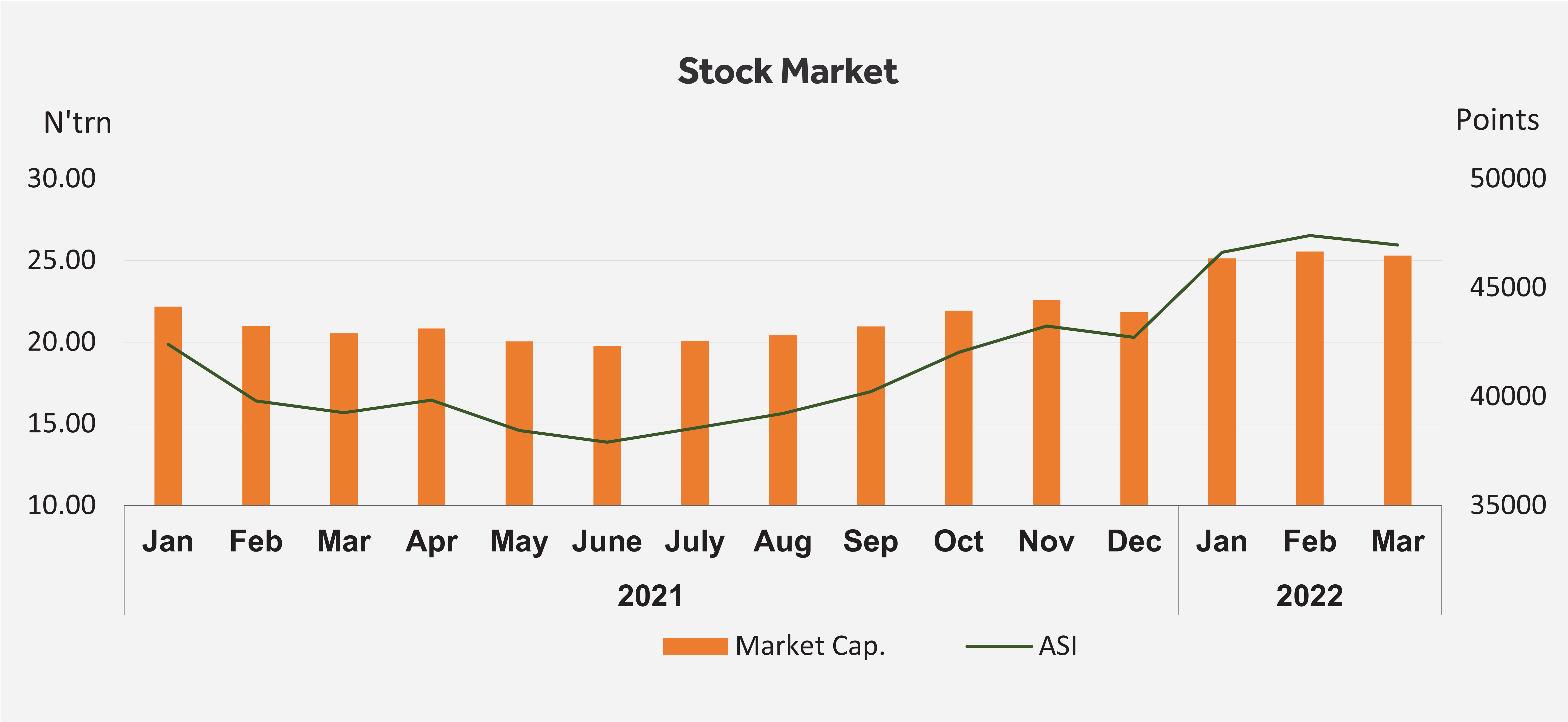


Source: FMDQ

11. The Stock Market

Performance at the stock market improved reflecting investors' interest in purchasing Nigerian stocks amidst lower yield on government securities. The All-Share Index (ASI) closed Q1 2022 at 46,965.48 points compared to 42,716.44 points posted at the end of 2021, reflecting a 9.9% increase. Similarly, market capitalization trended upward, closing the quarter at ₦25.31 trillion compared to ₦21.83 trillion posted at the end of 2021, reflecting a 15.9% increase.

Nigerian Exchange Limited: All Share Index and Market Capitalization

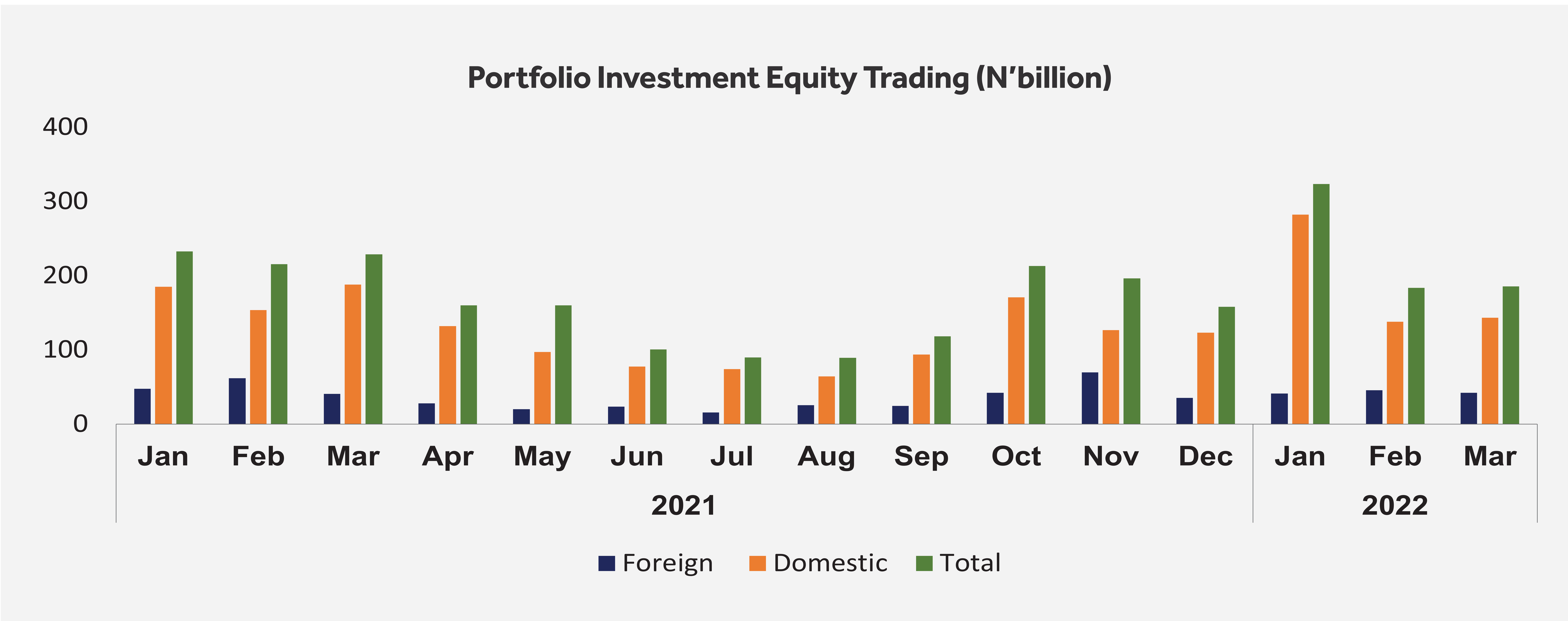


Source: NGX

12. Portfolio Investment – NGX

Total transactions from portfolio investment grew by 17.06% to close Q1 2022 at ₦185.26 billion compared to ₦158.26 billion recorded in Q4 2021. Domestic portfolio investment remained the chief sponsor, contributing 77.24% to the nation's bourse in Q1 2022 while Foreign Portfolio Investment (FPI) contributed 22.76%. The outflow of FPI outweighed its inflow by ₦18.25 billion, keeping the net FPI for equity trading in the negative space.

Domestic & Foreign Portfolio Participation in Equity Trading

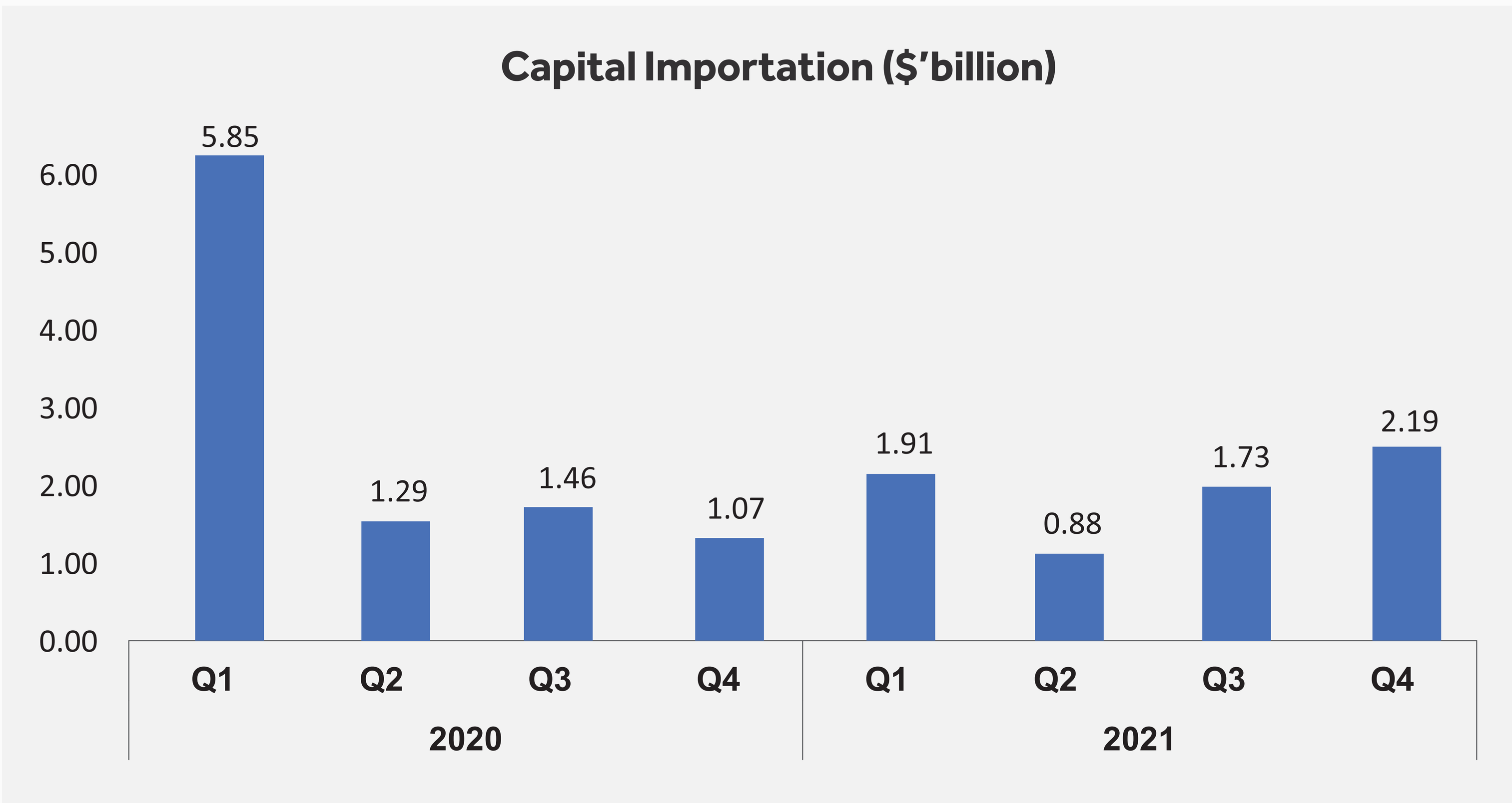


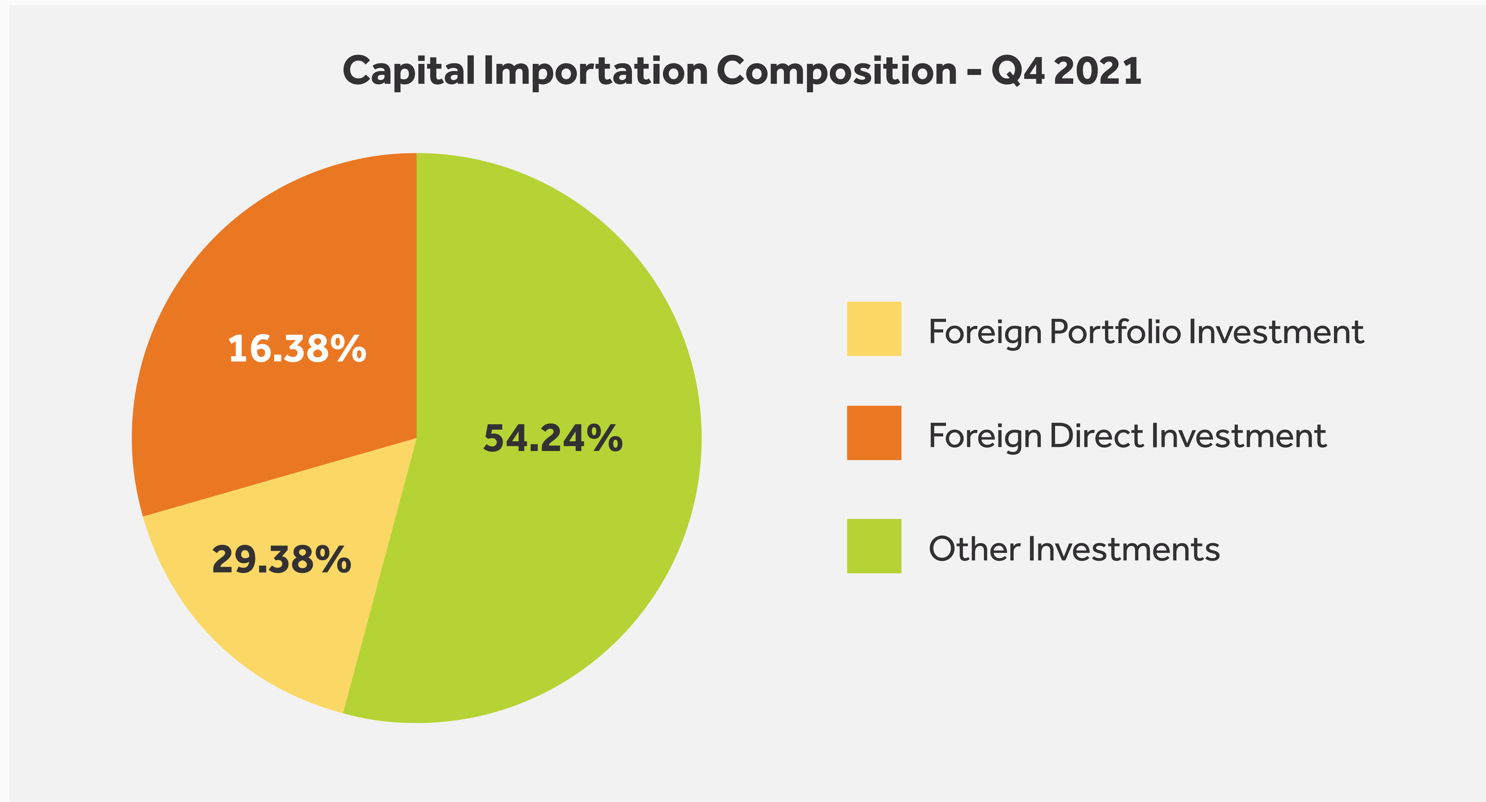
Source: NGX

13. Capital Importation

The volume of capital imported into the country grew by 26.59% to settle at $2.19 billion in Q4 2021 from $1.73 billion posted in Q3 2021. Other investments accounted for 54.24% of the total capital imported in Q4 2021, closely followed by FPI at 29.38% and Foreign Direct Investment (FDI) at 16.38%. While Mauritius displaced the United Kingdom as the leading source of capital import, Lagos remained the top destination for the capital imported in Q1 2022.

Capital Importation & Composition



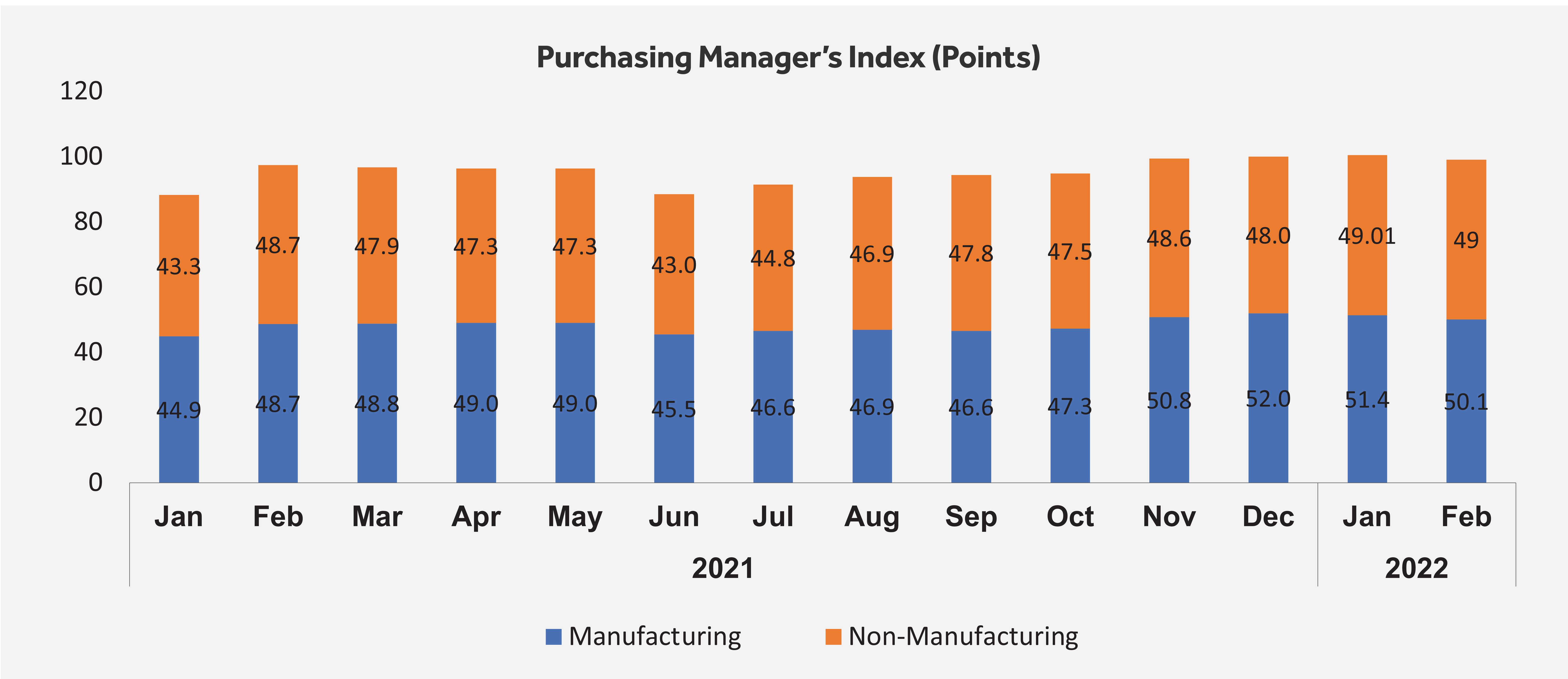


Source: NBS

14. Purchasing Mangers' Index

The manufacturing Purchasing Mangers' Index (PMI) remained above the benchmark of 50 index points settling at 50.1 points in February 2022, tad lower than 52.0 points recorded in December 2021. On the other hand, non-manufacturing PMI of 49.0 points recorded in February 2022 was slightly higher than 48.0 points recorded in December 2021.

Purchasing Managers' Index



Source: NBS

15. Credit Ratings

Fitch affirmed Nigeria's long-term foreign-currency issuer default rating at 'B' with a stable outlook. It noted that higher global oil prices will boost external reserves, thus supporting Nigeria's growth in the short-term but noted that these benefits are counterbalanced by Nigeria's significant reliance on hydrocarbons, which makes it vulnerable to negative oil price shocks. The fundamentally low domestic revenue mobilization was also a cause for concern. The rating agency also opined that higher oil prices will increase fuel subsidy cost, thus reducing the benefit of higher global oil prices which is used for fund budget spending. Real GDP growth grew to 3.4% in 2021 from -1.8% posted in 2020, driven by the non-oil sector, particularly agriculture and manufacturing, which were supported by interventions by the CBN. Fitch forecasts GDP growth in 2022 and 2023 to remain just above 3%. Fitch also forecasted annual average inflation to fall to 14.6% in 2022 given the insulation from global energy prices by fuel subsidies.

S&P Global affirmed Nigeria's sovereign credit rating at B+ and revised its outlook from negative to stable. The stable outlook shows that covid-19 related pressures will continue to dampen the country's GDP growth and fiscal and external metrics, but improved oil prices will support GDP growth. The economy is forecast to grow by average of 2.2% in 2021 to 2024, according to the agency.

Socio-Economic Landscape

The race to choose the next Nigeria president in 2023 has begun with different candidates at the various political parties throwing their hats in the ring. To this course, in a bid to ensure smooth electoral processes and promote electoral fairness and credibility, the electoral act of 2010 was amended. The new electoral act of 2022 made provision for the use of electronic voting and electronic transmission of results, options of using direct, indirect or consensus modes of primaries by political, increased political campaign spending amongst others. Presidential campaign spending was increased to ₦5 billion from ₦1 billion, Governorship campaign spending was increased to ₦1 billion from ₦200 million, Senatorial & House of Reps campaign spending were increased to ₦100 million and ₦70 million from ₦40 million and N20 million, respectively. Also, the amount an individual can donate towards the campaign funds of a presidential campaign was also increased to ₦50 million from ₦1 million

The misery index, which is a combination of inflation rate and unemployment rate, nudged higher by 0.29% to sit at 49.22% in March 2022 relative to 48.93% posted in December 2021. The impact of the ongoing Russia-Ukraine crisis is largely being felt by the Nigerian economy as the prices of deregulated energy products and food products sky-rocketed. This is expected to exacerbate the misery of Nigerians as individuals and businesses battle to keep up with the soaring costs of goods.

Financial Sector Developments

The Monetary Policy Committee (MPC) of the CBN met in January and March 2022, closing the meetings with a decision to maintain a "hold stance" on all monetary policy variables. 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%. According to the MPC, a contractionary stance will curtail inflationary pressures, but it would stifle the expected investment expansion needed to boost growth and absorb the shocks in Nigeria. On the other hand, an expansionary stance will trigger more liquidity, thus fueling inflationary pressure as available funds outperform the economy's absorptive capacity. Hence, a hold stance was appropriate, being a precautionary move, given the prevailing economic conditions and outlook especially the uncertainties surrounding the ongoing Russia-Ukraine crisis.

In February 2022, the CBN established a goal of raising $200 billion in FX from non-oil proceeds over the next 3-5 years to reduce its vulnerability to volatile FX sources and generate more steady and sustainable inflows of FX. The Race To 200 Forex Exchange (RT 200 FX) Programme is anchored on 5 schemes namely, Non-oil FX rebate scheme, Value adding export facility, Dedicated non-oil export terminal, non-oil commodities expansion facility and Biannual non-oil export summit. Banks are expected to identify eligible customers under each scheme and present their request to CBN. After payment is made, banks are to render periodic returns to the CBN. This initiative coupled with the with Naira for Dollar scheme is expected to boost forex reserves and strengthen the value of the Naira. However, structural challenges and inconsistent government policies may hurt the success of this initiative.

Section 3

OUTLOOK FOR Q2 2022

GDP Growth

The Nigerian economy is expected to show impressive growth numbers of 3.6% in 2022. According to the International Monetary Fund (IMF), the increase in oil prices, championed by the ongoing Russia-Ukraine crisis, has however lifted growth prospects for the region's oil exporters, such as Nigeria. The downside risk to this projection includes, the outbreak of a new and highly infectious strain of COVID-19, the escalation of the Russia-Ukraine crisis to World War III amongst other uncertainties.

Foreign Exchange

The Naira is expected to hover between N415/$ and N420/$ as the CBN remains committed to the goal of maintaining the stability of the Naira value. The ongoing forex initiatives are expected to boost the reserves in coming months, thus upholding the value of the Naira against the Dollar.

Crude Oil

Oil price is forecast to average $100/b at the end of Q2 2022 as strong demand and supply constraints, amidst economic sanctions on Russia, significantly tighten the market.

Monetary Policy

The CBN is expected to continue 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 pressures in the near term

Foreign Reserves

Foreign reserve is expected to average $39billion at the end of Q2 2022 as the CBN continues to uphold the value of the Naira amidst foreign exchange market pressures.

Inflation

Average inflation rate is expected to remain well within the double-digits space which is above the CBN's target of 6-9%. The pass-through effect of currency depreciation, rising cost of deregulated energy prices, supply chain constraints, worsening security challenges will fuel inflationary pressure.