








Q2-2022 MACROECONOMIC HIGHLIGHTS REPORT (APRIL-JUNE)

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Review of Key Macroeconomic Indicators

Indicators	Current Level	Trend	Remarks
GDP Growth (Q1-2022)	3.11%		The Nigerian economy sustained its positive growth trajectory in Q1-2022 with a growth rate of 3.11%. Growth was driven by the non-oil sector while the oil sector sustained its recessionary trend. Of the 19 major sectors, 16 reported expansion while three contracted.
Inflation (May 2022)	17.71%		Consumer prices accelerated by 17.71% in May 2022, compared to 16.82% reported in April 2022. The monthly sub-index rose by 1.48% in May 2022, reflecting sustained inflationary pressure. Major factors fueling inflation include high energy prices, forex illiquidity and global supply chain disruption following Russia-Ukraine tension.
Purchasing Manager's Index (May 2022)	53.9 points		The Stanbic IBTC Nigeria PMI fell to 53.9 points in May 2022 compared to 55.8 points in the preceding month, reflecting worsened business conditions on the back of inflationary and foreign exchange pressures.
Exchange Rate – NAFEX (June 2022)	N420.5/\$		The naira traded against the US dollars within the N420/\$ in June 2022, compared to N416/\$ in Q1-2022, reflecting marginal depreciation of the local currency. This could be attributed to weak forex supply compared to rising forex demand by businesses and investors.
Monetary Policy Rate (%) (June 2022).	13%		In view of rising inflationary pressure, the Monetary Policy Committee of the Central Bank of Nigeria raised the monetary policy rate by 150 basis points to 13.5 percent at its May 2022 meeting, while keeping other policy parameters constant. This is the first rate hike since July 2016, and reflects shift in the committee's position as regards the growth-inflation tradeoff.
Credit to Private Sector (May 2022)	N38.92 trillion		Credit to private sector grew by 21% year-on-year to N38.92 trillion in April 2022. The growth reflects ongoing efforts of the CBN towards supporting the private sector with adequate liquidity.
Capital Importation (Q1-2022)	\$1.57 billion		Foreign inflows to Nigeria totaled \$1.57 billion in Q1-2022, indicating a 17% decline from \$1.91 billion attracted in Q1-2022. This suggests weaker investor confidence in Nigeria.

Data Source, NBS, FMDQ, CBN, DMO, Stanbic

Economic & Business Highlights



Inflation to push additional 1million Nigerians into poverty by end-2022: According to the World Bank, the current inflationary pressure would push additional one million Nigerians into extreme poverty by the end of this year. This was disclosed in its latest Nigeria Development Update report titled '*The continuing urgency of business unusual*'. The bank clarified that the additional one million is different from the six million Nigerians earlier predicted to fall into poverty this year owing to surging food prices.

JP Morgan removed Nigeria from emerging market overweight sovereign list: JP Morgan removed Nigeria from its list of emerging market sovereign recommendations that investors should be overweight in. This decision was on the back of Nigeria's inability to maximize high oil prices to improve its fiscal fortunes. The firm noted that Nigerian National Petroleum Corporation (NNPC) did not transfer any revenue to the government between January-March this year, due to fuel subsidies and lower oil production.

Local and foreign companies withdrew 69.32% of investment projects in Q1-2022: A report by the Nigerian Investment Promotion Council (NIPC) showed that investment commitments dropped from \$8.41billion in Q1-2021 to \$2.58 billion in Q1-2022. According to the report, investment commitment in Q1-2022 cut across 33 projects and five states, alongside the Federal capital territory. Manufacturing attracted the highest commitment of \$1.1bn; followed by agriculture - \$0.64bn.

IMF upgraded Nigeria's economic growth forecast to 3.4%: Higher global oil prices have caused the International Monetary Fund (IMF) to review Nigeria's economic growth potential to 3.4% in 2022. The Fund noted that increase in oil prices had lifted growth prospects for oil exporters in the sub-Saharan African region. IMF warned that higher food prices would hurt consumer purchasing power particularly among low-income households and weigh on domestic demand.

Industry Highlights



Nigeria's Q1 trade deficit rose by 175%, hit \$764mn – CBN: The value of Nigeria's international trade deficit rose by 175.13 percent from \$152.94 million in January 2022 to \$420.79 million in March 2022, according to data from the Central Bank of Nigeria. Total value of international trade stood at \$28.77 billion in Q1-2022 with imports and exports settling at \$14.77 billion and \$14.01 billion respectively.

BDC operators demand new forex window amid weakening naira: The Association of Bureau de Change Operators of Nigeria called on the CBN to establish BDCs' autonomous foreign exchange trading window with a determined maximum daily limit. This, according to the association, would enable eligible BDCs access dollars from banks, autonomous market, and Diaspora forex window at prevailing market prices.

ANDFIs advocated increased funding for agriculture & infrastructure development: The Association of Nigerian Development Financial Institutions called for increased funding from all development finance institutions (DFIs) in Nigeria to tackle some of the economic challenges facing the country. The association noted that it has become compelling for DFIs to increase their intervention given that Nigeria is home to an estimated 200 million people and projected to experience monumental population growth to about 400 million people by 2050.

CBN supported cocoa and sesame value chain with N21 billion disbursement: The Central Bank of Nigeria released the sum of N21 billion to boost the production and export of cocoa and sesame seeds. According to the bank, the intervention is targeted at further expansion of the country's non-oil export basket towards improving the foreign exchange revenue earnings for the country.

Financial Inclusion Update



Cashless transactions rose by 44%, hits N117.33trillion in four months: Cashless transactions rose by 44 percent year-on-year to hit N117.33 trillion between January to April 2022, according to data from the Nigeria Inter-bank Settlement System. Between January to April 2022, a total of N117.33 trillion was processed through e-channels, higher than N81.54 trillion in the corresponding period of 2021.

CBN Grants MTN Final Approval for Momo Payment Service Bank Limited to Commence Operations: The Central Bank of Nigeria granted MTN the final approval to operate as Momo Payment Service Bank Limited (Momo PSB). With this approval, MTN Nigeria would join Money master PSB, a subsidiary of Glo and 9PSB, a subsidiary of 9mobile, to operate in the fintech space. PSBs are expected to function in rural regions and areas where Nigerians do not have bank accounts. They are also expected to have at least 50 percent physical access points in rural areas.