










Q1-2022 MACROECONOMIC HIGHLIGHTS REPORT (JANUARY-MARCH)

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Review of Key Macroeconomic Indicators

Indicators	Current Level	Trend	Remarks
GDP Growth (Q4-2021)	3.98%		The economy maintained a positive growth trajectory in Q4-2021 with a real growth rate of 3.98%. Growth was driven by the non-oil sector while the oil sector is still in recession. Of the 19 major sectors, 14 expanded while five contracted.
Inflation (February 2022)	15.7%		Consumer prices rose by 15.7% in February 2022, from 15.6% in the preceding month. Inflationary pressure was more intense in February as month-on-month inflation appreciated by 1.6% compared to 1.4% in January 2022. Major inflationary drivers are high energy prices and forex scarcity.
Purchasing Manager's Index (February 2022)	57.3 points		The Stanbic IBTC Nigeria PMI rose to 57.3 in February 2022 from 53.7 in January, pointing to the strongest expansion in private sector activity since November 2019.
Exchange Rate – NAFEX (March 2022)	N416.3/\$		Exchange rate of the naira to US dollar was relatively stable within the band of N416/\$ in the investor & exporter's window between January and March 2022. This is supported by the regular intervention of the CBN in the forex market.
Monetary Policy Rate (%) (March 2022).	11.5%		The MPR along with other policy parameters were left unchanged at the March 2022 meeting of the Monetary Policy Committee. The decision was taken to allow ongoing policy efforts targeted at boosting output and stabilizing prices permeated into the economy.
Trade Balance (N'trn) (December 2021)	(N1.9 trillion)		Nigeria's trade deficit widened to N1.9 trillion in 2021 from N178 billion in 2020. Worsened deficit was driven by high imports, naira devaluation and strong commodity prices.
Debt Stock (Q4- 2021)	N38 trillion		Public debt stock rose further to N39.6 trillion as at Q4-2021, from N38 trillion in the preceding quarter. The domestic and external component of public debt stood at 60% and 40% respectively.
Credit to Private Sector (February 2022)	N36.9 trillion		Credit to private sector grew by 17% year-on-year to N36.9 trillion in February 2022. The growth reflects ongoing efforts of the CBN towards supporting the private sector with adequate liquidity.
Capital Importation (2021)	\$6.7billion		Foreign inflows to Nigeria totaled \$6.7 billion in 2021, the lowest since 2009. This suggests that investor confidence in Nigeria is currently weak.

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

Economic & Business Highlights



Investors showed confidence in Lagos economy: A business and investment report titled 'Barometer of Investment Climate in Lagos State' by the Office of Sustainable Development Goals & Investment showed a high optimism on Lagos economy by businesses and investors. According to the report, firms were keen to increase the level of investment in the state as indicated by the 'yes' responses of 70 percent of sampled businesses & investors.

Lagos State Government boosted employment funds with N10bn in 3years: Lagos State Government expanded the net of employment opportunities for young people in the state with the injection of over N10 billion into the Lagos State Employment Trust Fund in the last three years. This was disclosed by the Governor of Lagos State, Mr. Babajide Sanwo-Olu at the second edition of the Lagos Employment Summit. The Governor announced a 100 percent increment in capital subvention to the Fund to further support wealth and job creation for Lagos residents.

Massive job cut looms as dollar hits N590, forex scarcity bites harder: The lingering foreign exchange scarcity in the country has continued to worsen even as the exchange rate in the parallel market nears N590/\$. According to the Manufacturer's Association of Nigeria, the forex situation coupled with rising energy prices triggered by the Russia-Ukraine tension, may lead to massive job loss within the manufacturing sector.

Corporate taxes declined by N124bn in Q4-2021: Corporate income tax recorded a N124.71 billion decline from N472.52 billion in Q3-2021 to N347.81 billion in Q4-2021, according to official data from the National Bureau of Statistics. ICT sector accounted for the highest CIT at N51.05 billion, followed by manufacturing sector at N45.09 billion while Financial Services and mining reported N31 billion each.

Higher oil prices to drive Nigeria's economy by 2.5% in 2022: The World Bank projected a 2.5% economic growth for Nigeria in 2022 and 2.8% in 2023. According to the bank, higher oil prices and activities in the services sector such as telecommunications and financial services will drive growth this year.

Industry Highlights



NEPZA to partner NACCIMA to establish Amazon free exporting zones: The Managing Director of Nigeria Export Processing Zones (NEPZA), Prof. Adesoji Adesugba has reeled out plans to collaborate with the Nigerian Association of Chamber of Commerce, Industry, Mines & Agriculture (NACCIMA) to map out plans on establishing an Amazon free economic exporting zone. According to him, NEPZA is committed to promoting Nigeria as the preferred investment destination in Nigeria.

President Buhari commissioned Dangote Fertilizer Plant in Lagos: President Buhari commissioned the Dangote Fertilizer Plant in Ibeju-Lekki area of Lagos. The plant is Africa's largest granulated urea fertilizer complex. It occupies 500 hectares of land in the Lekki Free Trade Zone and was built at \$2.5 billion. The plant is expected to help Nigeria retain \$125 million in import substitution and provide \$625 million in foreign exchange earnings via export.

CBN to pay exporters N65 rebate for every dollar remitted: The Central Bank of Nigeria announced it would pay exporters N65 for every dollar remitted into the investor & exporter's window. This was made known in a guideline on its newly introduced Race to \$200bn scheme. The RT200 program is designed to help ease the inadequacy of forex supply and the constant pressure on exchange rate. According to the CBN, the program would help Nigeria raise \$200 billion in forex earnings from non-oil proceeds over the next 3-5 years.

Lagos State to invest N40bn in truck parks at Lekki Free Trade Zone: In a bid to boost efficiency at the Lekki Free Trade Zone, the Lagos State government had begun the construction of two parks worth N40billion through a private-public partnership arrangement. Each of the parks would cost a whopping sum of N20 billion. The Managing Director of Lekki Worldwide Investment Limited, Dr. Tunde Sodade announced that work had begun on the projects, adding that the target is to complete the work by the last quarter of the year.

Dutch government to mobilize €6million investment into Nigeria's agric sector: The Government of Netherlands has disclosed plans to mobilize six million euros worth of private investment into Nigeria's vegetable value chain to increase access to finance for farmers, traders, processors, and SMEs.

Tech Update



Microsoft expended \$200m in four years on ADC initiative: Microsoft says it has spent \$200 million since the introduction of its African Development Center in 2019. The ADC Managing Director, Gafar Lawal disclosed this at the launch of ADC's office in March 2022. The center had grown from 10 to 200 employees between 2019 and 2022. The ADC, which is now based at Kings Towers, Ikoyi, Lagos will house the center's product engineering, ecosystem development and innovation.

Flutterwave closed \$250m Series D Funding at \$3bn valuation: Flutterwave, a Nigerian fintech company, secured a fresh \$250 million in Series D funding, tripling its valuation to over \$3billion. The new raise would be invested in the firm's expansion plans. The fundraise was led by B Capital Group, Alta Park Capital, Whale Rock Capital and Tiger Global among other investors.

35 million Nigerians lack access to digital financial services – NCC: According to the Nigerian Communications Commission (NCC), 35 million Nigerians are yet to access telecommunications services and by implication, they lack access to digital financial services. The situation denies these Nigerians access to digital financial inclusion.

Telecom sector recorded \$2.16bn yearly FX outflows: The Ministry of Communications and Digital Economy has revealed that Nigeria recorded a yearly outflow of foreign exchange for the telecommunications sector, amounting to about \$2.16 billion. Following the development, the Federal Government has given the Nigerian Communications Commission (NCC) six months to initiate local innovative solutions to resolve peculiar challenges in the sector.

NCC sets to launch 5G network in Nigeria: The Nigerian Communications Commission (NCC) is on the verge of deploying the fifth generation (5G) network in Nigeria. Spectrum licenses for the companies that would rollout services had been issued. The deployment is planned to commence from state capitals and will gradually extend to other areas. Unlike the 1G, 2G, 3G and 4G, the 5G network will bring substantial network improvements, including higher connection speed, mobility and capacity as well as low-latency capabilities to communication services.

Consumers Insights



Bread prices to surge on forex and energy crises: Bakers under the aegis of the Premium Bread Makers Association of Nigeria warned that a harsh business environment triggered by rising energy costs and increasing forex rates had caused some of its members across the country to shut down operations. According to the association, these challenges may trigger the retail prices of bread in the near term.

Transport fares skyrocketed amid rising fuel subsidy: A report by the National Bureau of Statistics showed that intra-city transport fares in Nigeria increased by 283 percent on the average amid the rising cost of fuel subsidy to the Federal Government. The average cost of bus transportation within Nigerian cities rose from N122.83 in January 2017 to N470.83 in December 2021.

NLNG suspended cooking gas export, channeled 100% to domestic market: The Board of Nigeria LNG Limited has approved the supply of 100 percent of the Liquefied Petroleum Gas (butane and propane) produced by the company to the Nigerian market. According to the statement, a scheme has been developed to sustainably supply propane for usage in cooking gas blending as well as in agro-allied, autogas, power and petrochemical sectors of the Nigerian economy to further deepen gas utilization in the country.

Fuel demand to reach 17.3million MT by 2025 – NNPC: Nigerian National Petroleum Corporation expects Nigeria's demand for petroleum products to grow from 15.1 million MT in 2020 to 17.3 million MT by 2025. According to the corporation, Nigeria would need a refining capacity of around 1.52 million barrels per day to meet its fuel requirements by 2025.

Household Consumption rises most in 11years – FBN Quest: Nigeria's real household consumption as a proportion of Gross Domestic Product (GDP) has risen to 76 percent in 2021, the highest level since 2010, according to a report by FBN Quest. The improvement was attributed to rapid consumer demand and industry margins benefitting from higher product prices by Fast Moving Consumer Goods (FMCG) companies.