

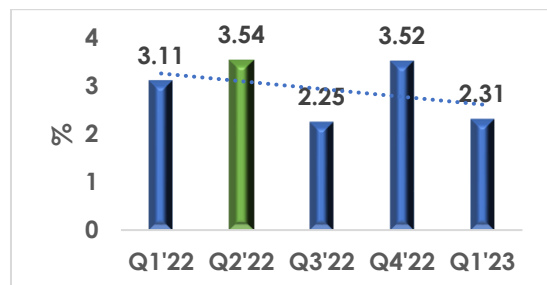
Q2-2023 MACROECONOMIC HIGHLIGHTS REPORT (APRIL – JUNE)

Outline

Review of Key Macroeconomic Indicators	2
Economic Insights	4
SECTORAL UPDATES	5
MSME Corner	5
Information and Communication Technology	6
Agriculture	7
Trade	8

Review of Key Macroeconomic Indicators

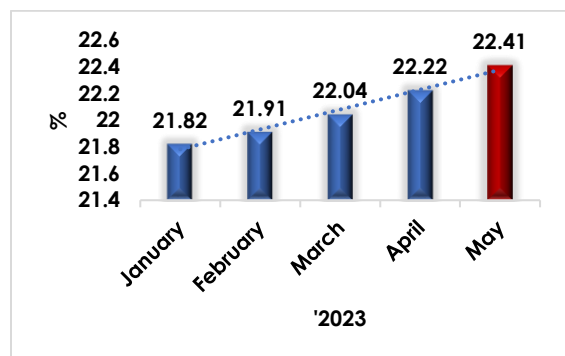
GDP Growth (Q1-2023)



The Nigerian economy slowed to 2.31% in the first quarter of 2023 from 3.52% in Q4 2022. The cash crunch stemming from the Naira redesign policy was the major contributor to this decline.

Source: NBS, 2023

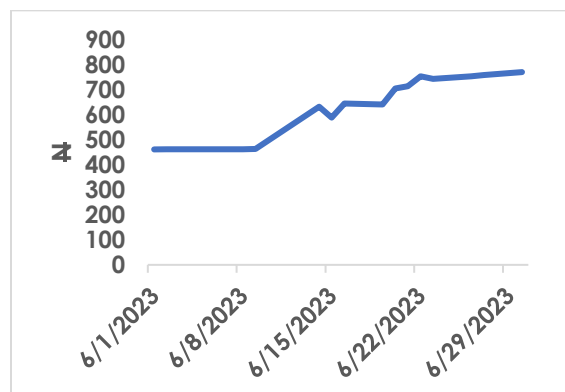
Inflation (May 2023)



Consumer prices elevated to 22.41% in May 2023, recording an 18-year high. This signifies an increase of 0.19% point from the April figure of 22.22%. High cost of production and currency depreciation are the main drivers of the upturn trend.

Source: Central Bank of Nigeria, 2023







Exchange Rate – I&E Window (June 2023)



Naira depreciated against US Dollar to N770.38/\$ from N461.26/\$ in the investor & exporter's window between May 31 and June 30, 2023. The unification of exchange rates by the new administration spurred this change, and buyers and sellers are at the liberty to quote their preferred rate in the market.

Source: Central Bank of Nigeria, 2023

Other Key Macroeconomic Indicators

Indicator	Current level	Trend	Remark
Monetary Policy Rate (May 2023)	18.5%		The Monetary Policy Rate was raised, while other parameters (cash reserve ratio – 32.5% and Liquidity ratio – 30%) were retained at the May 2023 meeting of the Monetary Policy Committee. Monetary Policy Rate was raised by 50 basis points to 18.5% from 18% in May 2023 to curtail the unceasing inflationary trend. This indicates a 700-basis-point increase in the past eleven months.
Trade Balance (Q1-2023)	N927.16bn		Trade moderately declined to N927.16 billion in the first quarter of 2023 after a positive shift to N996.78 billion in Q4 2022. This dip was influenced by the severe cash crunch suffered by the economy in the quarter.
Oil price (June 2023)	\$77.28/bbl		Oil price rose to \$77.3 in June from \$76.9 in May on the back of the decision of OPEC+ to cut production by 3.6 million/bpd from July 1.
Purchasing Manager Index (June 2023)	53.2 index points		Although slightly dipped to 53.2 in June 2023, down from 54.0 in May, indicating a healthy expansion in the private sector business environment. The slight drop is attributable to the stronger inflationary trend caused by the fuel subsidy removal, which increased input prices.
Total Debt Stock (Q1-2023)	N49.85 trillion		Total debt stock grew in Q1 2023 from N46.25 trillion in Q4 2022 as borrowing to fund budget deficit by the Federal and sub-national Governments increased. This figure excludes the securitised Ways and Means loans of N22.72 trillion from the CBN to FG.
Credit to Private Sector (May 2023)	N44.21 trillion		Credit to the private sector slightly rose to N44.21 trillion in May 2023 from N43.66 trillion in April. This indicates sustained credit support for the private sector by the CBN.

Data Sources: CBN; NBS; FMDQ; Stanbic IBTC Bank, S&P Global; DMO.

Economic Insights

Ease of Doing Business: FG implements 180 reforms

The better the ease of doing business, the more improved the economic outcomes will become. This explains why President Muhammadu Buhari's administration established the Presidential Enabling Business Environment Council, which implemented 180 reforms. This saw Nigeria move up 39 places in the ranking between 2016 and 2019. [Read more](#)

Capital importation dips as 27 states attract zero foreign inflow.

A total of 27 states attracted zero foreign investments in 2022, as Nigeria's capital importation dropped by 20 per cent from the \$6.7bn recorded in 2021 to \$5.3bn in 2022. This disclosure is from Nigeria's Capital Importation report published by the National Bureau of Statistics. According to the NBS, the top destinations that attracted the most investments in 2022 were Lagos State (\$3.59bn) and the Federal Capital Territory, Abuja (\$1.62bn). [Read more](#)

Nigerian unemployment rate to hit 41% in 2023 – KPMG

A combination of the economy's slow growth, the influx of new entrants in the labour market, low industrialisation and declining private sector investment is expected to worsen the unemployment rate from 38 per cent in 2022 to 40.6 per cent in 2023, according to KPMG. [Read more](#)

CBN floats Naira at I&E Window

The Central Bank of Nigeria has floated the nation's currency through a directive to Deposit Money Banks to remove the foreign exchange cap on the Naira at the official Investors and Exporters'

Window. This comes in the wake of the promise of President Bola Tinubu to unify multiple exchange rates in the country.

[Read more](#)

5G rollout boosted Foreign Investment by 325%

Increased 5G rollout and 4G expansion improved foreign investments into the telecommunications sector by 325.12 per cent in 2022. The capital importation data from the National Bureau of Statistics showed that telecoms attracted \$456.82m in 2022, compared to \$107.46m that was drawn in 2021.

[Read more](#)

Rate hike: Expect higher prices, MAN, NECA warn CBN

The Manufacturers Association of Nigeria and the Nigeria Employers' Consultative Association have said the recent increase of the Monetary Policy Rate by the Central Bank of Nigeria will compound the imminent recession in the manufacturing sector and negatively impact its operations in many ways.

[Read more](#)

LSETF Onboards Volunteers, Pledges to Tackle Unemployment

Social impact thrives on collaboration, and the journey of tackling Unemployment requires implementing a wide range of programmes by professionals with requisite expertise. Volunteers would participate in various capacities, such as conducting training sessions, providing mentorship, and coaching support, engaging in field research, and carrying out program evaluations or assessments. [Read more](#)

SECTORAL UPDATES

MSME Corner

We'll grant quick access to single-digit loans for MSMEs — Shettima

Vice President Kashim Shettima has said that the Federal Government plans to urgently ensure quick access to single-digit loans for Nigerian small businesses within the shortest time possible. According to him, this is in recognition of the role of Micro, Small, and Medium Enterprises (MSMEs) in growing the nation's economy. The vice president disclosed on Tuesday in a message to mark the 2023 World Micro Small and Medium Enterprises (MSME) Day. [Read more](#)

Experts urge MSMEs on Equipment Leasing Financing.

Experts in entrepreneurship have urged operators of micro, small, and medium enterprises (MSMEs) in Nigeria's recycling value chain to tap financing options in equipment leasing to scale their businesses. The experts also called on the entrepreneurs to see equipment leasing as an innovative means of accessing advanced and latest machinery and tech to help their businesses stay competitive. [Read more](#)

SMEDAN and First Bank Partner to Support SMEs

Small and Medium Enterprises are key players in the Nigerian economy. Their ability to access financial and business support remains important for job and wealth creation. The two organisations signed a Memorandum of Understanding in Marina Lagos as they look to support SMEs amidst harsh economic realities. [Read more](#)

21 Days of Y'ello Care: MTN hosts exhibition for 50 SMEs

MTN Nigeria held a bazaar and trade fair for small and medium enterprises today, Wednesday, 21 June 2023, at its corporate head office in Ikoyi, Lagos. The trade fair is part of the annual MTN employee volunteerism initiative – 21 Days of Y'ello Care. Attended by the First Lady of Lagos State, the exhibition had more than 50 local entrepreneurs who showcased their products to enthusiastic MTN employees and guests. [Read more](#)

NITDA, SMEDAN to institutionalise SMEs in Nigeria

The National Information Technology Development Agency and the Small and Medium Scale Enterprises Development Agency of Nigeria have agreed to institutionalise the Small and Medium Enterprises (SMEs) activities in the country. The proposed agreement was revealed at a meeting between NITDA's Director-General, Mr Kashifu Inuwa, and his SMEDAN counterpart, Mr Olawale Fasanya. [Read more](#)

80% MSMEs optimistic about business opportunities —SURVEY

Despite the myriad challenges confronting Nigerian entrepreneurs, about 80 per cent of Nano, Micro, Small and Medium Enterprises (NMSMEs) say they are optimistic about business opportunities in the country. A survey on the State of Entrepreneurship (SoE) in Nigeria in 2022 by Fate Institute gave an index score of 0.80 out of a possible 1.0 on the perception of opportunities for entrepreneurship. [Read more](#)

NAFDAC pledges support for NMSMEs

The regulatory authority sees NMSMEs as key players in pursuing sustainable economic growth, as disclosed by the agency's Director-General, Prof Mojisola Adeyeye. NAFDAC plays a critical role in

the regulatory scrutiny of businesses to ensure compliance with extant rules and human and environmental safety and business protection. [Read More](#).

Information and Communication Technology

Lagos leads the charts for Africa's friendliest ecosystem for Startups.

With the digital age fostering a culture of entrepreneurship, cities worldwide recognise the significance of cultivating a robust startup ecosystem. A city's ability to foster and support startups can have profound implications for its economic development, attracting talent, and overall prosperity. Lagos State ranks highest in 2023 as the policies and programmes of the State Government continue to ease the tech ecosystem. [Read more](#)

Data Protection Act to generate over N16 billion.

The new law will boost market confidence and improve the business environment, especially for businesses in the digital space. Coming amidst disruption by AI, the law offers an environment to ensure ethical practices within clear jurisdictions, foster trust and mitigate risks. [Read more](#)

Central Bank of Nigeria issues new rules for contactless payments.

Nigeria's financial regulator on Tuesday announced new guidelines for digital payment providers who offer contactless payment solutions. Under the new rules, users can tap or wave their devices (including smartphones and cards) enabled with contactless technology to make payments without inputting a PIN to confirm the transaction. But such transactions will be limited to ₦15,000 (\$19.65) for a single payment or ₦50,000 (\$65.5) daily. [Read more](#)

Nigeria to tax 10% of crypto profits after Introducing a Blockchain Act

The crypto tax comes from a series of amendments to the 2022 Finance Act. According to the Finance Act, there is now a 10% tax on profits on digital assets. Section 3(a) of the Capital Gains Tax Act is amended by inserting the phrase "digital assets" after the word "debt" as follows: "Subject to any exceptions provided by this Act, all forms of property shall be assets for this Act, whether situated in Nigeria or not, including options, debts, digital assets, and incorporeal property generally." [Read more](#)

Isidore Agritech unveils Jinja app to improve farmers' market access.

Isidore Agritech Limited has launched the Jinja marketplace and agent apps to boost farmers' market access and accelerate growth in the sector. The Jinja app leverages advanced technology and provides seamless platforms connecting agro commodities' buyers and sellers, extension services, and financing. Also, it offers convenient and efficient solutions for the agriculture industry in Nigeria. [Read more](#)

Ecotutu launches off-grid cooling solution in Mile 12 Market to tackle post-harvest loss.

To tackle Nigeria's huge post-harvest losses and help reduce food loss due to market shocks, Ecotutu – a startup accelerating off-grid solutions has launched a 20 metric tons solar-powered cold chain infrastructure in Mile 12 Market, Lagos. The startup plans to deploy the same technology across major markets in the country within the next 18 to 20 months to ensure that perishable produce is properly persevered with their quality retained. [Read more](#)

ErrandPay's low-cost POS solution to address MFBs, fintech challenges

ErrandPay, a Nigerian-based Fintech Company, has introduced a cost-effective Point-of-sale solution to empower Microfinance banks and Fintech founders. According to the company, the solution aims to break the chains of innovation constraints, sluggish market entry, and stakeholder management that have long prevented MFBs from embracing digitalisation and reaching their full potential. [Read more](#)

Why FG approved national blockchain policy

The approval was revealed by the Minister of Communications and Digital Economy, Isa Pantami, during the Federal Executive Council meeting held at the state house in Abuja. The minister disclosed that the National Information Technology Development Agency would coordinate the activities of the policy under the supervision of the Federal Ministry of Communications and Digital Economy. [Read more](#)

AfDB approves \$525,000 grant for African fintech firms

The African Development Bank has approved a grant of \$525,000 for an online digital hub to serve as a repository of knowledge for fintech entities in Africa. Based on the grant to support the Africa Fintech Hub Project this was disclosed during the signing ceremony for the Letter of Agreement between the AfDB Group and the Africa Fintech Network. [Read more](#)

FG bars online banks from accessing customers' photos, contacts

Loan apps on Play Store will lose their ability to access their users' contacts or photos from May 31, 2023. This came as the Federal Government said it would enforce the latest policy by Google,

saying the action was consistent with the Nigerian authorities' move to curtail the invasion of customers' privacy by loan app firms. [Read more](#)

Agriculture**Lagos distributes inputs to 20,000 fish farmers.**

The Lagos State Government has distributed free inputs and production assets to 20,000 fish farmers across 20 local government areas and 37 council development areas. Abisola Olusanya, the commissioner for Agriculture, Lagos state, said the initiative was part of the comprehensive plan of the government to drive food security by supporting farming and farmers to thrive. [Read more](#)

AFOS Foundation Commits over €5.5m to Agric Interventions

AFOS Foundation, a Germany-based autonomous and charitable foundation developed to support micro and small businesses and the rising middle class in developing and emerging nations, said it has committed over €5.5million to agriculture interventions in Nigeria. The interventions in the sector are through Capacity Building, Value-Driven Organizational Development, Management Development, Corporate Governance and Product Development interventions. [Read more](#)

PremiumTrust, NIRSAL partner to bolster agribusinesses, empower SMEs

In what has been termed a major move to empower and promote the growth of Agric businesses and Micro, Small, and Medium Enterprises in Nigeria, fast-growing Nigerian lender Premium Trust Bank has entered a strategic partnership with the Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL). [Read more](#)

As demand rises, Nigeria's palm oil imports from Malaysia surges 353% in 4 months

Nigeria's Palm Oil imports from Malaysia – a top global producer have surged by 353 per cent in the first four months of 2023 despite local players ramping up production, data from the Malaysian Palm Oil Council shows. The country's palm oil import from Malaysia increased to 92,961 metric tons (MT) between January-April 2023, from 20,513 MT in the corresponding period of 2022. This indicated a 72,448 MT increase. [Read more](#)

Heifer Facilitates Access to Finance, Others for Smallholder Tomato Farmers in Badagry

Heifer International Nigeria has said that it facilitated access to innovative finance, guaranteed fair market and insurance for smallholder tomato farmers in Dadi Louis and Topo communities in Badagry, Lagos State, Nigeria. The incentives to the farmers are being achieved through linkages with private sector partners offering innovative finance and premium markets and implemented through off-take and loan agreements. [Read more](#)

Trade

Nigeria and 64 other countries to benefit as Britain launches the Developing Countries Trading Scheme (DCTS)

The scheme provides preferential trading treatment for developing countries under different categories, with at least 85 per cent of goods from Nigeria being duty-free. Over 3000 products, including plantain, cotton, tomatoes, sesame, etc., are excluded from tariffs. [Read more.](#)

**Prepared by:
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