Nigeria's Macroeconomic Report

Confronting Persistent Global and Local Headwinds

March 2023

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SECTION 01

Review of the Global Economy

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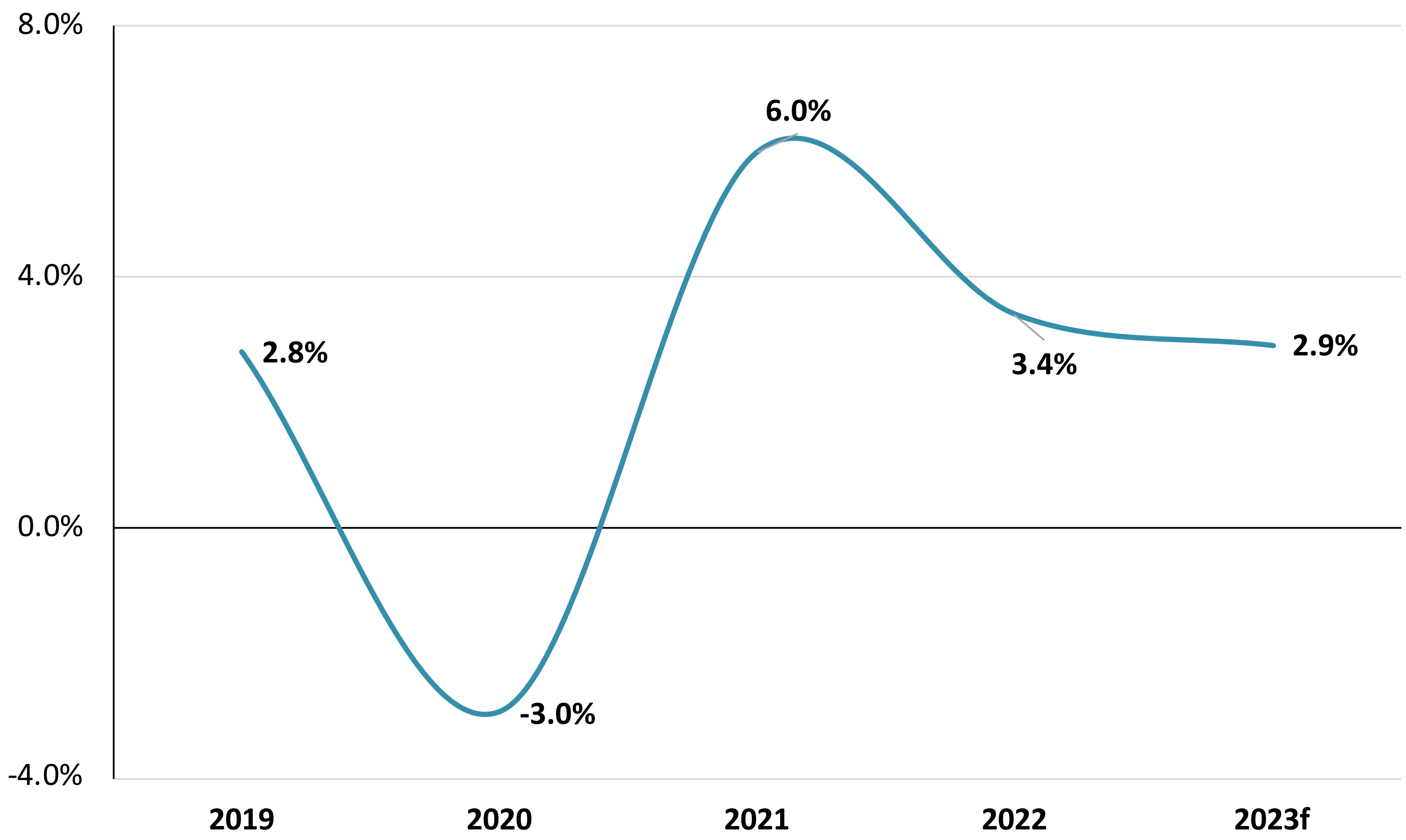
The collapse of Silicon Valley Bank creates a new global risk to growth

Global GDP Growth (%)



- According to the latest forecast by the International Monetary Fund (IMF), global GDP is expected to grow by 2.9% in 2023, slower than 3.4% in 2022.
- While supply chain disruptions and high energy prices continue to affect global growth, the recent collapse of Silicon Valley Bank (SVB) has triggered a wave of volatility across markets.
- Although global GDP growth is yet to be impacted, a banking crisis arising from uncertainty will cast doubt on financial stability, and output growth, if not properly managed.

Data Source: IMF

The collapse of Silicon Valley Bank creates a new global risk to growth

- Prior to its collapse, SVB was the 16th largest bank in the US, with a focus on corporations and high-net-worth individuals linked to the tech sector.

- The bank had total assets of $212billion as at 2022 and a presence in 8 countries around the world. About 95% of the bank's deposits are from corporates and hedge funds, far higher than the one-third typical of similarly sized banks

- SVB's collapse is largely attributed to failure in liquidity management. This arose from the bank's purchase of long maturity bonds, which saw a decline in value as US interest rates rose rapidly in 2022. By way of contagion, Signature Bank's customers withdrew billions of dollars in the wake of the collapse of SVB.

- Since the collapse of the SVB, regulators have stepped in to guarantee deposits in the banks to allay the fears of depositors.

- Consequently, bank stocks have been under pressure in the US and in Europe and there are concerns of a ripple effect through the financial system.

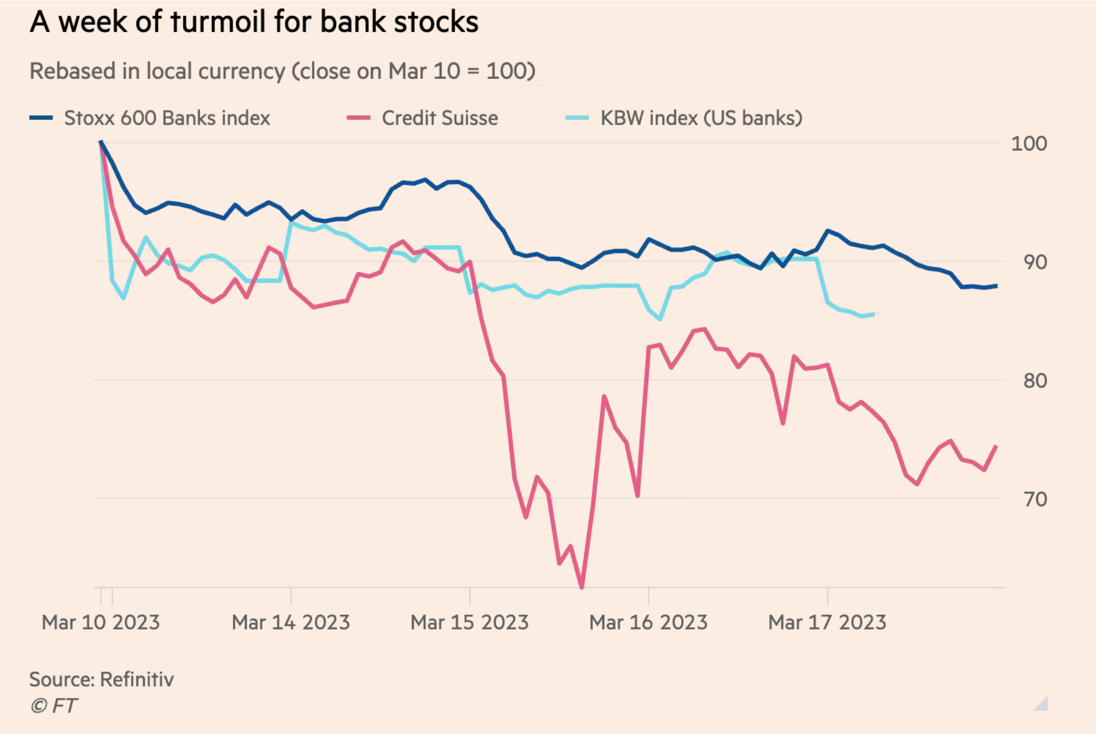
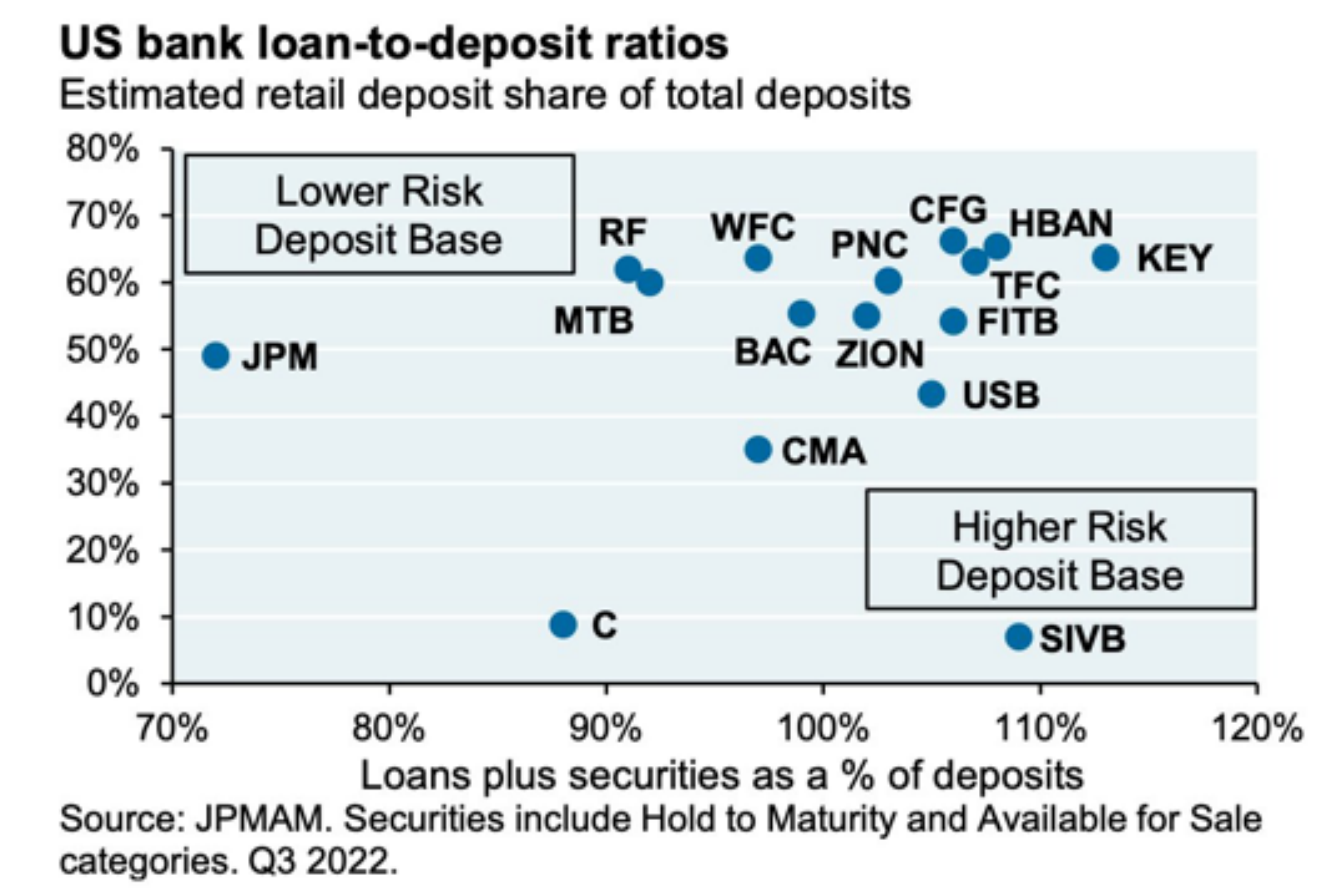


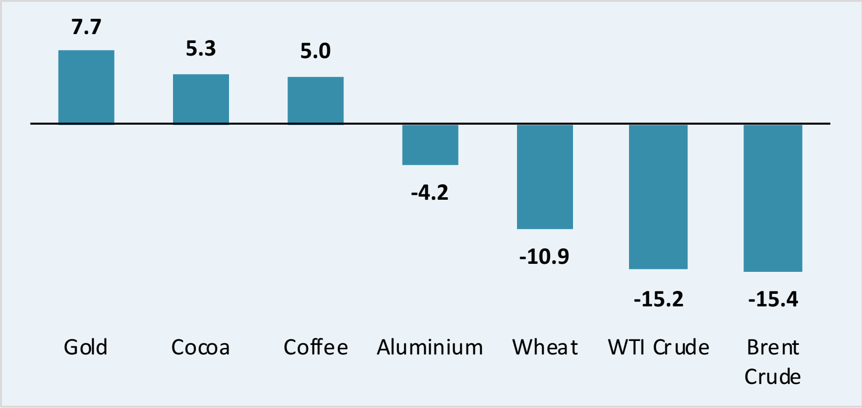
Chart: Financial Times

High Risk vs Low Risk Deposit Base

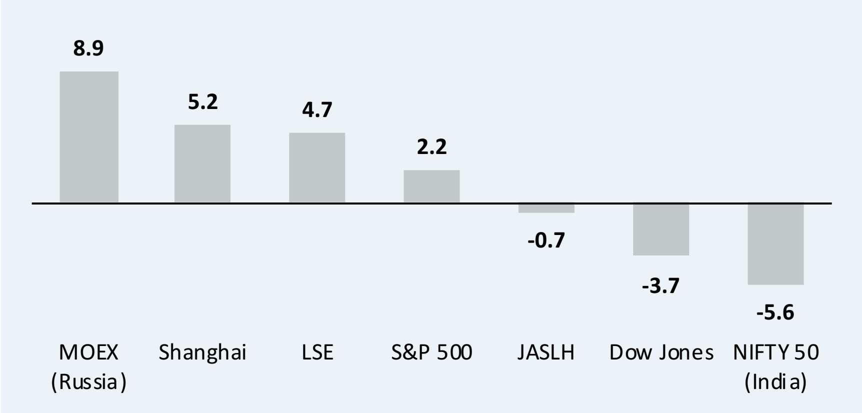


Bank crisis compounds the impact of the Russia-Ukraine war on the global market

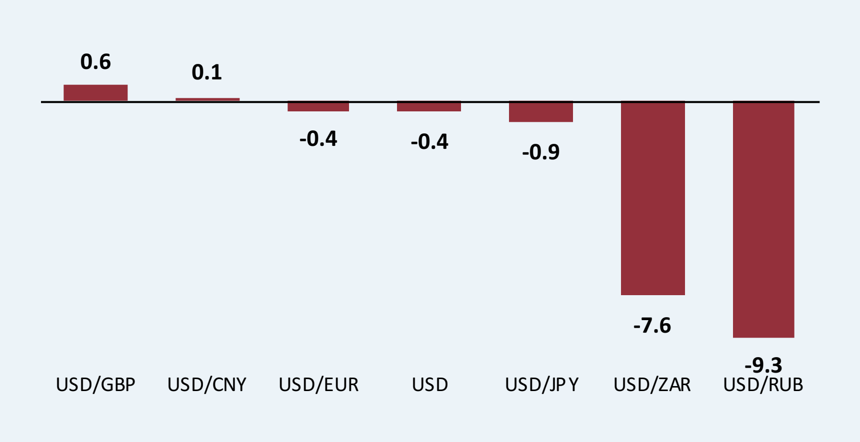
Commodity Markets Performance (YTD % Change)



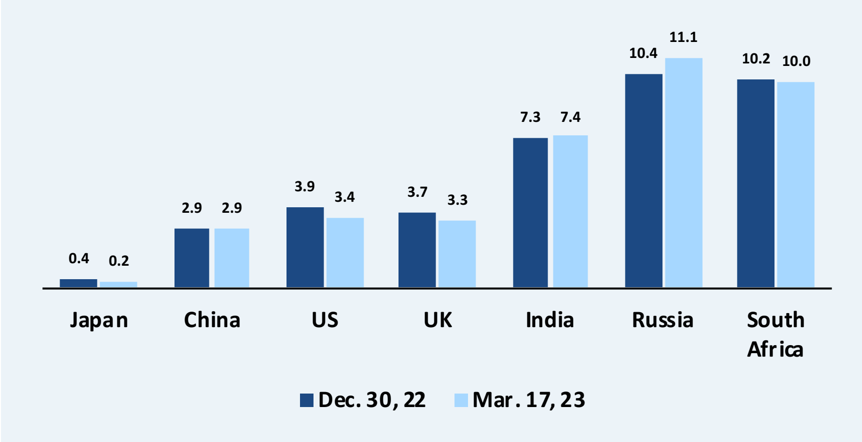
Stock Markets Performance (YTD % Change)



Global Currency (YTD % Change)



Ten Year Government Bond Yield Performance (%)



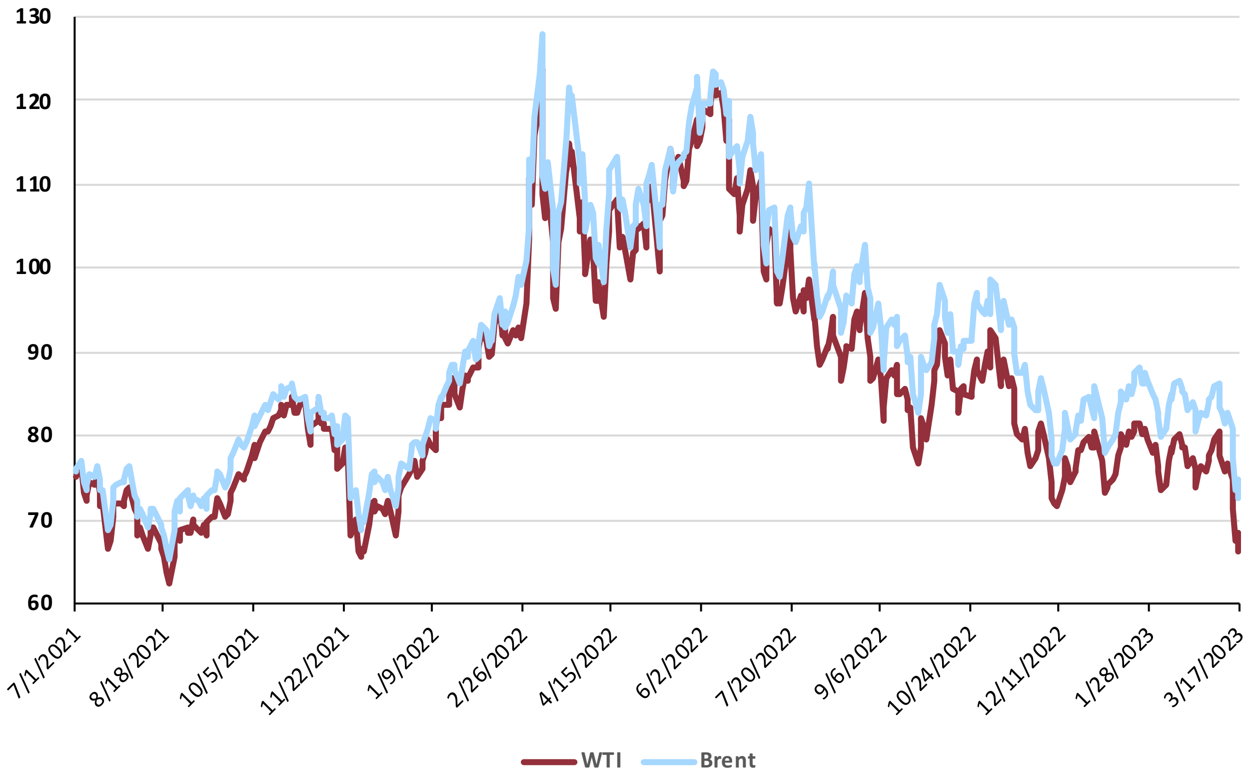
Source: investing.com

Note: End period for the data is March 17, 2023

SECTION 01

The oil market responded adversely to Bank Crisis: Volatility continues

Trend of Oil Price (US$ per barrel)



- With the panic of a potential global recession, the oil market reversed its bullish sentiment as Brent crude settled around US$80 per barrel and WTI around US$75 per barrel over the past 4 – 5 months.

- The banking crisis is set to amplify the bearish sentiment in the global oil market. Already, Brent and WTI, fell below US$75 and US$70 per barrel respectively, for the first time since December 2021.

- As at March 17, 2023, Brent and WTI settled at US$72.48 per barrel and US$66.31 per barrel, respectively.

- The banks failure could trigger a negative outlook for the global oil market.

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Source: investing.com

Many Central Banks remained hawkish to tame inflation

Benchmark Rates (%)

	Jan-22	Sep-22	Dec-22	Feb-23
Argentina	38.00	72.50	75.00	↔ 75.00
Brazil	9.25	13.75	13.75	↔ 13.75
Canada	0.25	3.25	4.25	↑ 4.50
China	3.70	3.65	3.65	↔ 3.65
India	4.00	5.90	6.25	↑ 6.50
Indonesia	6.50	6.50	6.50	↔ 6.50
Malaysia	1.75	2.50	2.75	↔ 2.75
Mexico	5.50	9.25	10.50	↑ 11.00
New Zealand	0.75	3.00	4.25	↑ 4.75
Nigeria*	11.50	15.50	16.50	↑ 17.50
Russia	8.50	7.50	7.50	↔ 7.50
Saudi Arabia	1.00	3.75	5.00	↑ 5.25
South Africa	4.00	6.25	7.00	↑ 7.25
South Korea	1.25	2.50	3.25	↑ 3.50
Turkey	14.00	12.00	9.00	↓ 8.50
UAE	0.15	2.40	4.40	↑ 4.65
UK	0.25	2.25	3.50	↑ 4.00
USA	0.25	3.25	4.50	↑ 4.75

- Energy and food crises keep inflationary pressure elevated across countries. Hence, policy rates in many countries remained hawkish.
- Nevertheless, in 2023Q1, some countries are slowing down on rate hikes as inflation rate begins to trend downwards.

Data Source: BIS policy rate statistics and Central Bank of Nigeria

**As at November 2022*

Coalition of Central Banks coordinated action: Too little too late?

- A coalition of central banks moved to enhance global liquidity through U.S. dollar swap lines. This includes US Federal Reserve, European Central Bank, Bank of Canada, Bank of England, Bank of Japan and the Swiss National Bank.
- This coordinated action was aimed at reducing volatility in the face of the banking crisis and likely contagion after the recent collapse of Credit Suisse and prior to that some US banks (SVB, Signature Bank and First Republic).
- This may have also provided comfort to investors across the globe on the strength of the U.S. dollar as a reserve currency.
- Nonetheless the ECB was quick to underscore that the euro area banking sector is resilient , with strong capital and liquidity positions.
- Both the US policy makers and the ECB have indicated that they have policy tools to enhance liquidity if needed.

Analyst Views on the Global Economy

- The need to tame inflation will be a major policy focus for many central banks and governments. However, we believe that this need will be balanced by the goal to support output growth, hence some countries will either slowdown the pace of rate hikes or begin to reduce rates in coming quarters.

- For Central Banks it is a balancing act between addressing price stability and ensuring financial stability. Both ECB and the FED hiked rates as control of inflation remains the priority even with the unfolding bank crisis.

- The collapse of SVB has raised a number of issues for the US banking system and the global financial industry:
  - First, the pace at which Central Banks raise rates to tame inflation could present some risks to the financial system. Central banks may need to increase rates at a slower pace to allow the system adjust to the new realities. In view of this, the US Fed could slowdown its rate hikes at least in the short term.

  - Second, banking regulations and the role of Central Banks as a watchdog must be strengthened to ensure complete oversight of the financial sector.

  - Third, Central Banks, at frequent intervals, must examine the impact of its actions (especially raising rates) on the risks level and governance of financial institutions.

Analyst Views on the Global Economy

- Still on the collapse of SVB, there is a possibility of contagion to the financial system and the real economy especially in view of the slowdown in real output and high inflation that have plagued the US economy. Where customers are not assured of the soundness of the financial system, this could trigger bank runs and have grave effects on the financial system.

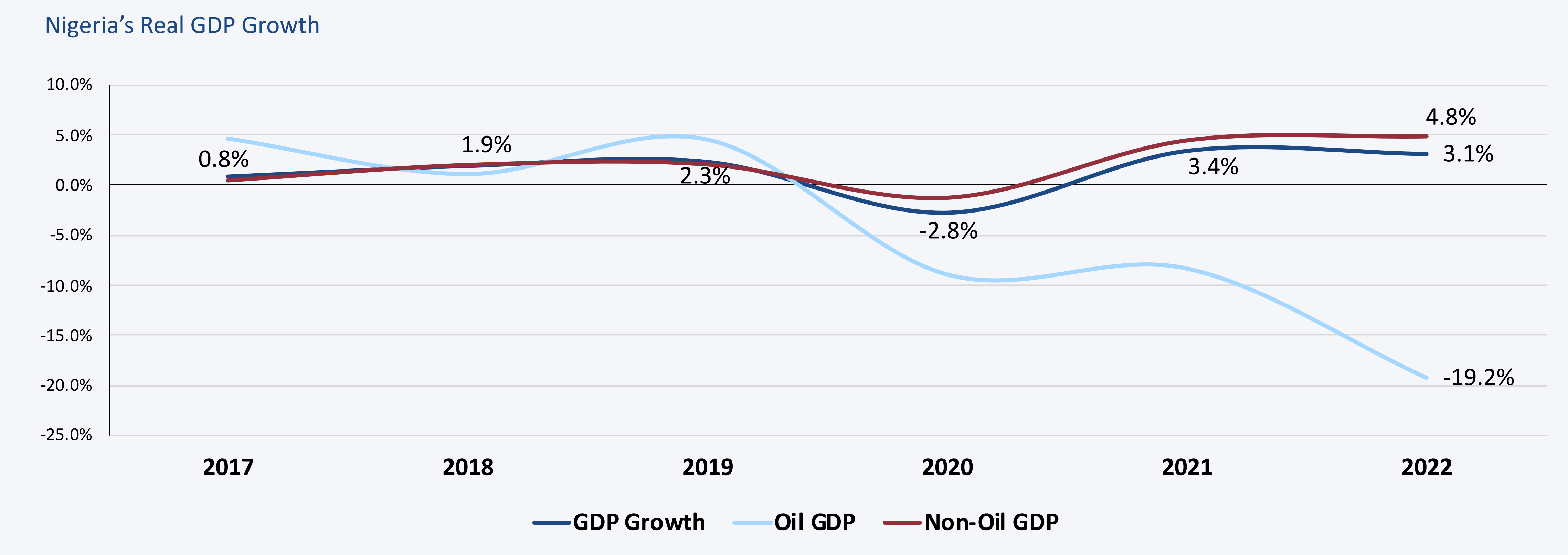
- In Europe, there were contagion fears over the state of Credit Suisse Group AG and this was reflected across European markets. As at March 17, the European Stoxx 600 banks index had lost another 2.6 per cent, and was down 15 per cent for the week, according to Financial Times. It was announced that the Swiss Bank, UBS, will take over Credit Suisse, with assurances from the Swiss Central Bank to provide liquidity to the merged bank.

- In an already fragile global economic environment driven by high inflation and weak growth, a global financial crisis will leave a huge dent on households, businesses and economies across countries. While regulators have rapidly intervened to provide liquidity to ailing banks and assure customers and investors there is likely to be a tightening of financial conditions and resultant credit crunch in some economies that may lead to dampening of growth.

- While the role of regulators in ensuring a sound financial system is important, internal governance systems of banks and financial institutions are equally crucial. Financial institutions and regulators in Nigeria need to evaluate the soundness of financial institutions in the country. With the bearish reception from the oil market, the government needs to plan for the impact of a drop in oil price below the budget benchmark for the remaining quarters of 2023.

Nigeria's Macroeconomic Environment

In 2022, Nigeria's GDP grew by 3.1%, lower than 3.4% in 2021



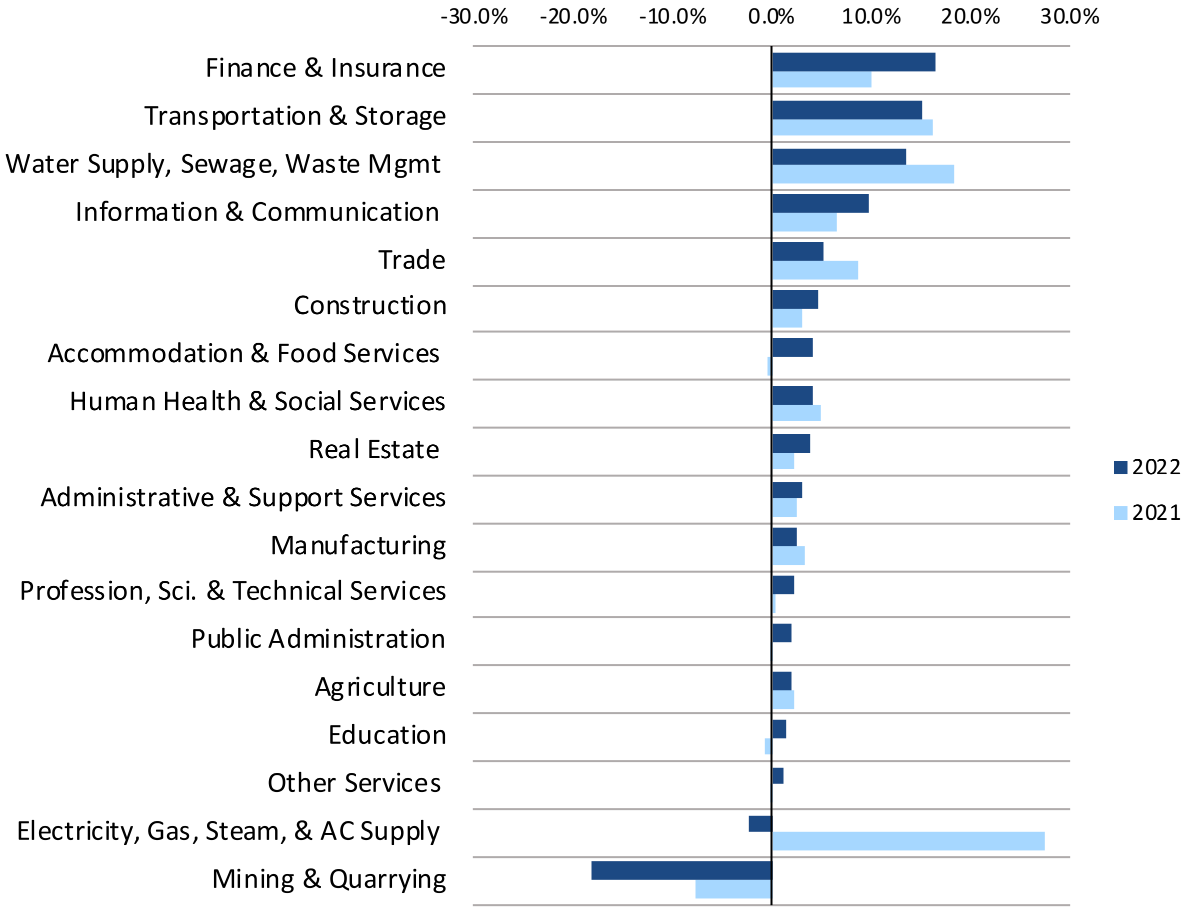
Nigeria's real GDP growth mirrors the performance of non-oil GDP, which accounts for over 90% of real output. The oil sector on the other hand experienced a decline of 19.2% in 2022, following low crude oil production.

Data Source: National Bureau of Statistics

SECTION 02

Services sector accounted for 55% of GDP in 2022

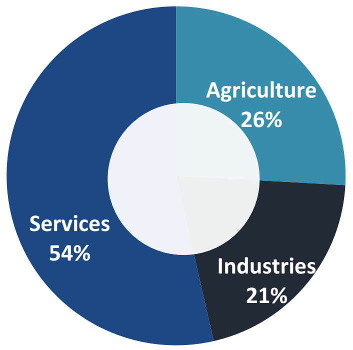
Sectoral GDP Growth (%), Year-on-Year



In 2022, 8 out of the 10 fastest growing sectors are services-based.

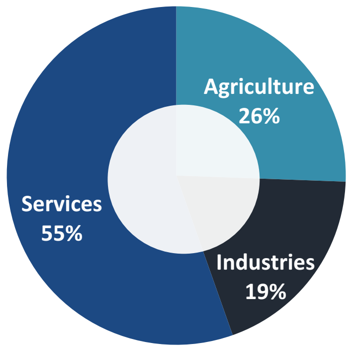
Composition of GDP in 2021

Services sector dominated GDP in 2021 accounting for 54%.



Composition of GDP in 2022

The share of industries in GDP declined from 21% in 2021 to 19% in 2022.



Data Source: National Bureau of Statistics

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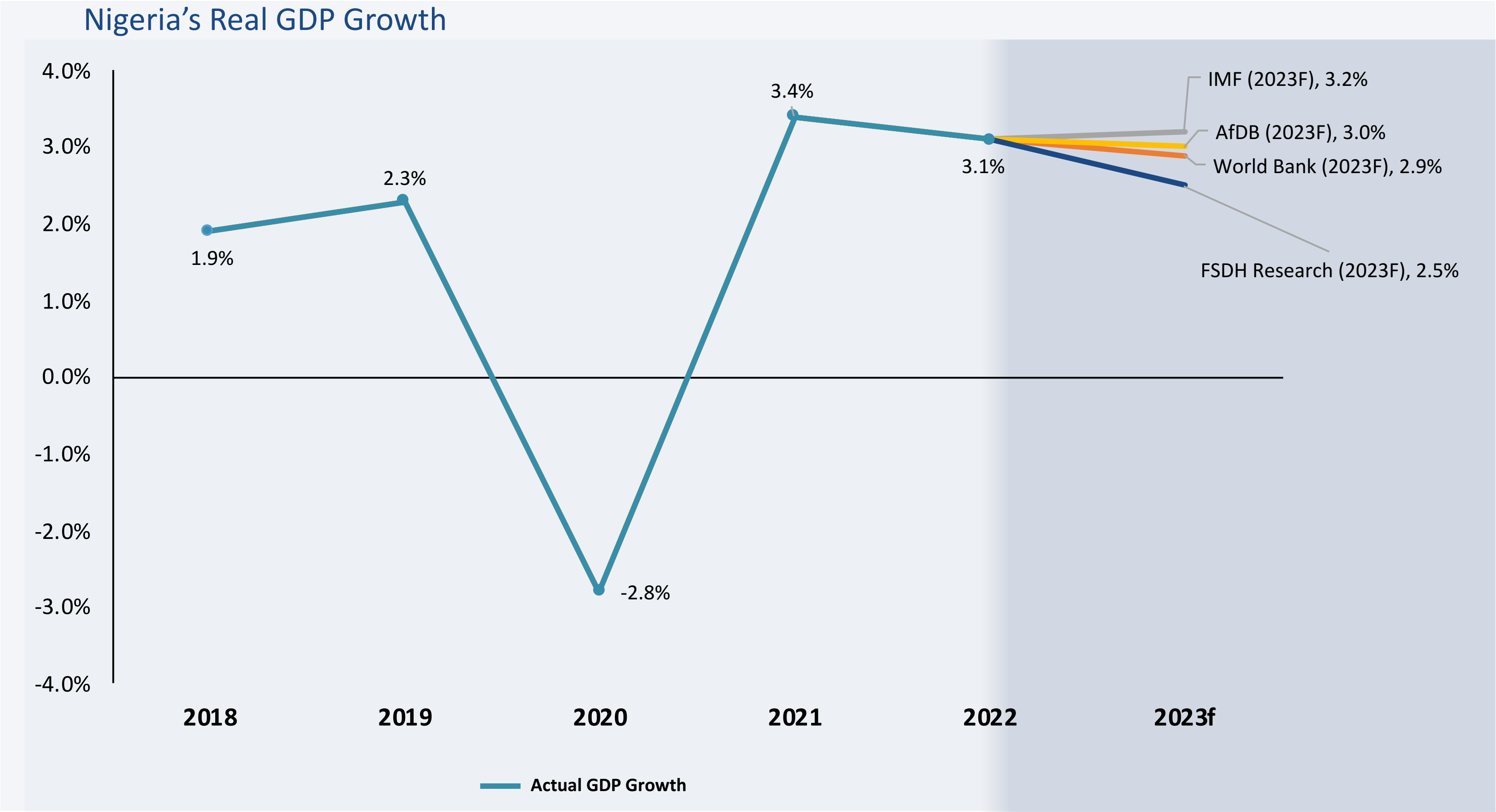
Nigeria started 2023 with an expectation of lower GDP growth relative to 2022



- GDP growth forecast of some major institutions showed that Nigeria's economy will grow at a slower pace relative to 2022.
- Key risks factors include high inflation, insecurity and uncertainty arising from the elections, among others.

Data Source: National Bureau of Statistics, IMF, World Bank, AfDB

Prior to the Presidential Election in February 2023, four critical themes were prevalent in the economy

Naira Redesign Policy

The policy to redesign the Naira and encourage cashless transactions created adverse effects on businesses and citizens.

High Inflation

High inflation reduced purchasing power of the average Nigerian.

Fuel Scarcity

An opaque subsidy regime and high import costs resulted in fuel scarcity across the country.

Foreign Exchange Scarcity

The Naira redesign policy and associated cash scarcity aided depreciation of the Naira as Nigerians looked for a safe haven for their funds.

Theme 1: Naira Redesign Policy

On October 26, 2022, the Central Bank of Nigeria (CBN) announced that the Naira denominations of N200, N500 and N1,000 will be redesigned and introduced into the economy from December 15, 2022 while commercial banks were directed to return existing denominations to the CBN.

Key Features of the Policy

- According to the CBN, as at September 2022, N2.73 trillion out of the N3.23 trillion currency in circulation, was outside the vaults of commercial banks across the country.
- The policy was driven with the goal to deepen the drive towards a cashless economy, make monetary policy more efficacious and minimize incidents of terrorism and kidnapping.
- The public had until the deadline of January 31 (extended to February 10 and 17) to return the old currency to commercial banks.
- The CBN also limited over-the-counter cash withdrawal to N100,000 and N500,000 per week for individual and corporate organisations, respectively. This was subsequently increased to N500,000 and N5,000,000 respectively.
- New Naira notes were printed but were not circulated effectively. This created panic among citizens as the old notes were declared to no longer be legal tender.

The Demonetisation Policy created undue pressure on banks and citizens

CBN's arguments in support of the Policy…

- The CBN noted that 85% of currency in circulation, was outside the vaults of commercial banks across the country.
- Currency in circulation has more than doubled since 2015; rising from N1.46 trillion in December 2015 to N3.23 trillion in September 2022.
- The global best practice is for central banks to redesign, produce and circulate new local legal tender every 5–8 years. The Naira has not been redesigned in the last 20 years.
- The policy will deepen the drive towards cashless economy through increased minting of the eNaira. It will make monetary policy more effective.

Source: CBN

…however, the following should have been considered

- As at December 2022, currency in circulation was just 1.5% of Nigeria's GDP, one of the lowest in the world.
- Not all cash outside the banking system is used for illegal activities. Data by the NBS showed that the informal economy accounts for over 40% of Nigeria's GDP and cash-led transactions are a key feature of the informal economy.
- The short conversion window was a major challenge to deal with. The CBN noted that the old currencies shall cease to be legal tender from January 31, 2023, given a conversion period of about 3 months. An activity that has not been conducted in the last 20 years required adequate planning and longer notice period. The short notice heightened uncertainty in the economy.
- The short conversion window also created immense pressure on banks IT infrastructure, mobile money agents and payment platforms, leading to increased downtime and disruptions.

Major Timelines of the Demonetisation Policy

October 26 2022
The CBN announced demonetisation policy

December 06, 2022
CBN limited weekly over the counter cash withdrawal to N100,000 and N500,000

December 21, 2022
CBN announced security features of the new Naira banknotes

December 21, 2022
CBN revised maximum weekly cash withdrawal limit to N500,000 and N5,000,000

January 21, 2023
CBN launched Cash Swap Programme for citizens in rural/underserved areas to exchange their old notes

January 29, 2023
CBN extended deadline for returning old notes to February 10

February 02, 2023
CBN issued statement to prosecute sellers, abusers of Naira

February 06, 2023
A High Court ordered the CBN to ensure the enforcement of the February 10 deadline

February 08, 2023
Supreme court ordered the CBN not to end the use of old naira notes on February 10.

February 16, 2023
President gave order for the reissuance of the old N200 banknotes

February 17, 2023
CBN gave directive to banks, upheld Presidential directive

February 21, 2023
CBN maintained its stance in line with Presidential Directive to reissue only 200 Naira old banknotes

March 03, 2023
Supreme Court ordered that old N200, N500, and N1,000 notes remain in circulation till December 31, 2023.

March 13, 2023
The CBN announced that the old N200, N500, and N1,000 banknotes remain legal tender

Back to status quo

Poorly executed Naira redesign policy led to a cash crunch across Nigeria

The withdrawal of the select old Naira notes from circulation and the limited supply of the new notes led to a cash crunch, where majority of citizens and businesses do not have adequate access to the legal tender. Worst still, the confusion on whether the old Naira notes remained as legal tender following the pronouncement of the Supreme Court created further complications. Overall, the cash crunch had the following impacts:

On Households

- ***Low demand for goods and services:*** Across the country, many Nigerians had limited cash to purchase goods and services. This resulted in lower effective demand and rationing of expenditure. While inflation rate rose only marginally in February 2023 due to low demand, real GDP will be severely impacted and will grow at a slower pace in 2023Q1.

- ***Erosion of trust in the banking system:*** Many individuals have lost trust in several banks due to sub-optimal performance of payment platforms and rationing of cash withdrawal.

- ***Untold hardship and social unrest:*** Scarcity of the Naira has heightened hardship of many Nigerians who rely on cash for daily transactions. There were long queues at ATMs and bank premises were overcrowded as individuals sought to make cash withdrawal. Also, there were protests, vandalization of banks and destruction of properties in some states as citizens revolted against the policy.

- ***Exploitation of the public by money merchants:*** Poor policy implementation created gaps that were exploited by POS merchants that charged consumers up to 40% of the value of withdrawals.

Poorly executed Naira redesign policy led to a cash crunch across Nigeria

On Businesses

- ***Supply chain problems:*** Many businesses could not purchase inputs and goods for resale due to the lack of adequate cash and the confusion over the legality of the old notes. Accordingly, Stanbic IBTC reported that its headline Purchasing Managers Index (PMI) fell below 50 in February, to 44.7 from 53.5 in January.

- ***Several Banks suffered damages to their properties:*** Protests in some states such as Edo and Ogun resulted in destruction of bank buildings, ATMs and harassment of bank officials.

- ***Banks and FinTechs could not withstand the pressure:*** With limited cash in circulation, many individuals resorted to conducting their daily transactions via mobile and internet banking platforms. The immense pressure on these platforms led to significant downtime and disruptions. There was also a significant increase in bank complaints and failed transactions.

- ***Lower sales:*** Several businesses, particularly those in the informal economy, experienced low patronage due to Naira scarcity and limited adoption of online payment systems.

On Monetary Policy/CBN

- ***Undermined CBN's authority as the apex monetary authority:*** Some state governments took the federal government and the CBN to court on the policy. The Supreme Court ordered a reversal of the policy, thus, undermining the independence of the CBN.

- ***Underscored the need for comprehensive policy appraisals and review to cater for the unintended consequences of a proposed policy action.***

- ***Exchange rate depreciation:*** At the early stages of the policy, parallel market rates depreciated and demand for dollar increased.

Despite the many negative impacts of the cash crunch, there was a significant increase in electronic transactions in January and February, 2023. Data from NIBSS, showed that volume of online fund transfers increased from 349 million and 356 million in January and February 2022 respectively, to 542 million and 788 million in the respective months in 2023.

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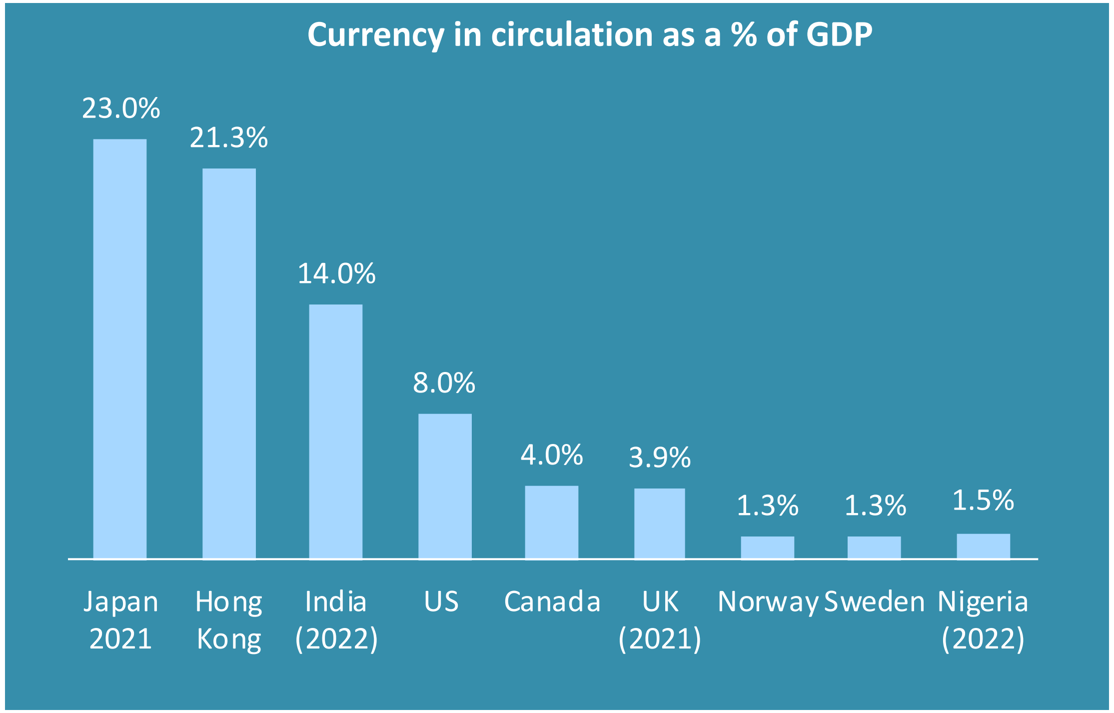
Demonetisation Policy – Key lessons for the monetary authority

- Above all, the demonetisation experience underscores the need for adequate policy appraisals before the implementation of any crucial policy. Policy goals need to be clear and backed by strong evidence. Specifically, Nigeria had one of the lowest currency in circulation as a percentage of GDP in the world despite having a large informal sector than many economies. Cash, in such an economy, is not expected to sit at bank vaults.

- In addition, the experience highlighted the strength of Nigeria's informal economy and brought to fore, the need for policy makers to recognise the peculiarities of the informal economy before making crucial policies, especially those that affect this segment.

- It also showed the inability of the financial/technology system to withstand enormous pressure in a short period.

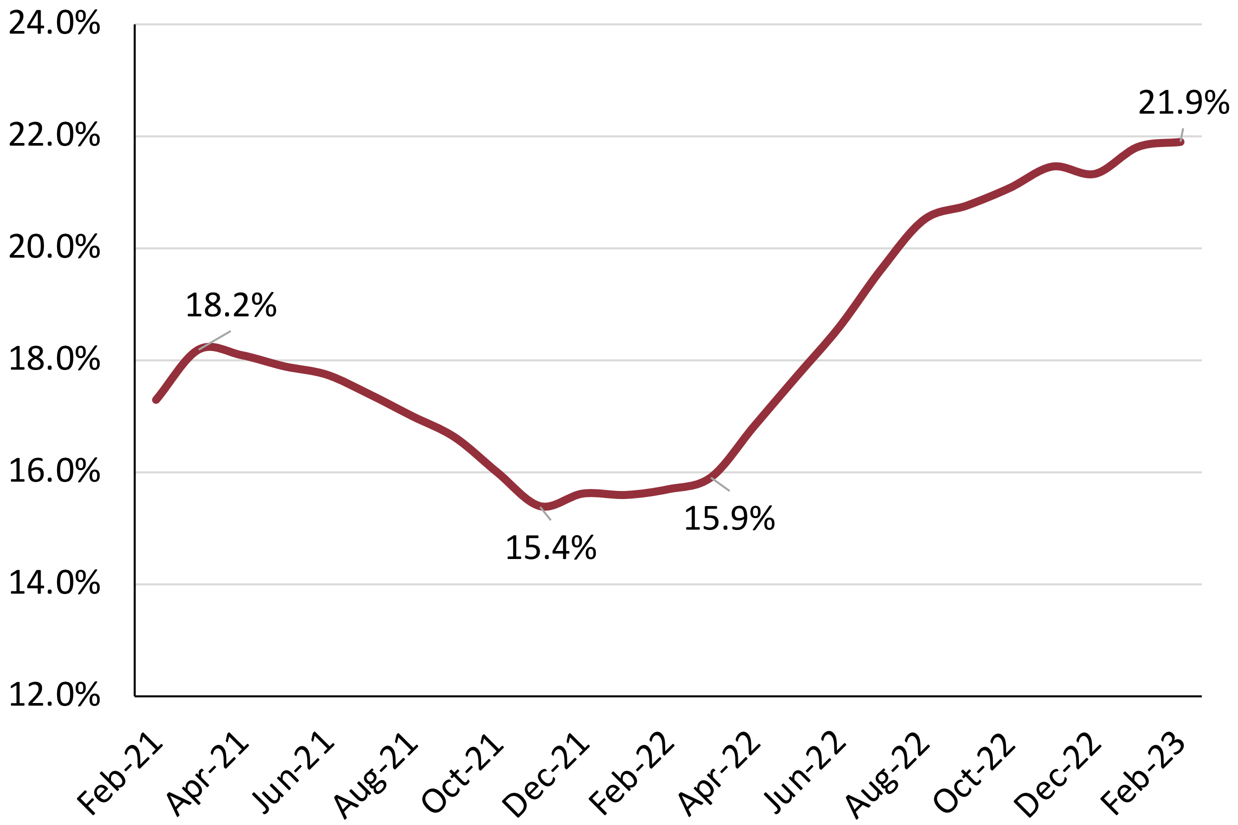
- Finally, timing of such policy is crucial. Demonetisation has not been conducted in over 20 years in Nigeria, therefore, it requires adequate planning and longer notice period.



Data Source: CBN, Countries' Statistical Agencies

Theme 2: High Inflation persists amidst Naira scarcity

Nigeria's Inflation Rate



Inflation rate – No sign of abating

- In February 2023, inflation rate rose marginally to 21.9%, from 21.8% in January 2023.
- Increase in baseline inflation was driven by food inflation which stood at 24.35% in the month (Jan: 24.3%).
- Core inflation rate slowed to 18.8% in February from 19.2% in January.
- According to the NBS, the highest price increases were recorded in the following areas: bread and cereal (21.7%), actual and imputed rent (7.7%), potatoes, yam and other tubers (6.1%), vegetable (5.4%) and meat (4.8%).

Data Source: National Bureau of Statistics

SECTION 02

Month-on-Month Inflation – 1.71%

On a month-on-month basis, miscellaneous goods and services, education, health and transport recorded the highest increases in prices in February 2023, although their weight in the CPI basket is lower relative to food items.

Inflation rate across different categories by order of rate increase from Jan to Feb 2023

	Nov-22	Dec-22	Jan-23	Feb-23
Miscellaneous Goods & Services	18%	19%	19%	20%
Education	18%	18%	19%	20%
Health	18%	18%	19%	19%
Transport	20%	20%	21%	21%
Restaurant & Hotels	17%	17%	18%	18%
Housing Water, Electricity Gas and Other Fuel	17%	18%	18%	18%
Food	24%	24%	24%	24%
Food & Non Alcoholic Bev.	24%	24%	24%	24%
Imported Food	18%	18%	18%	19%
Furnishings & Household Equipment Maintenance	17%	17%	17%	17%
Clothing and Footwear	18%	18%	17%	17%
Communication	12%	11%	11%	11%
Alcoholic Beverage. Tobacco and Kola	18%	18%	18%	17%
Recreation & Culture	17%	16%	15%	14%

Data Source: National Bureau of Statistics

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Key Drivers of Inflation

01.

Exchange rate depreciation

Scarcity of foreign currency in the official market coupled with a high exchange rate which has hovered N750/US$ in the parallel market continue to drive high input costs/imported inflation.

02.

Higher fuel costs

Sustained fuel scarcity as well as higher pump price of petrol and diesel raised transport and production costs. These costs were transferred to the consumers.

03.

Supply chain constraints

The Naira scarcity triggered supply chain problems as producers and distributors found it difficult to move goods to markets. These constraints outweighed the lower effective demand triggered by the cash shortage.

04.

Low agricultural productivity

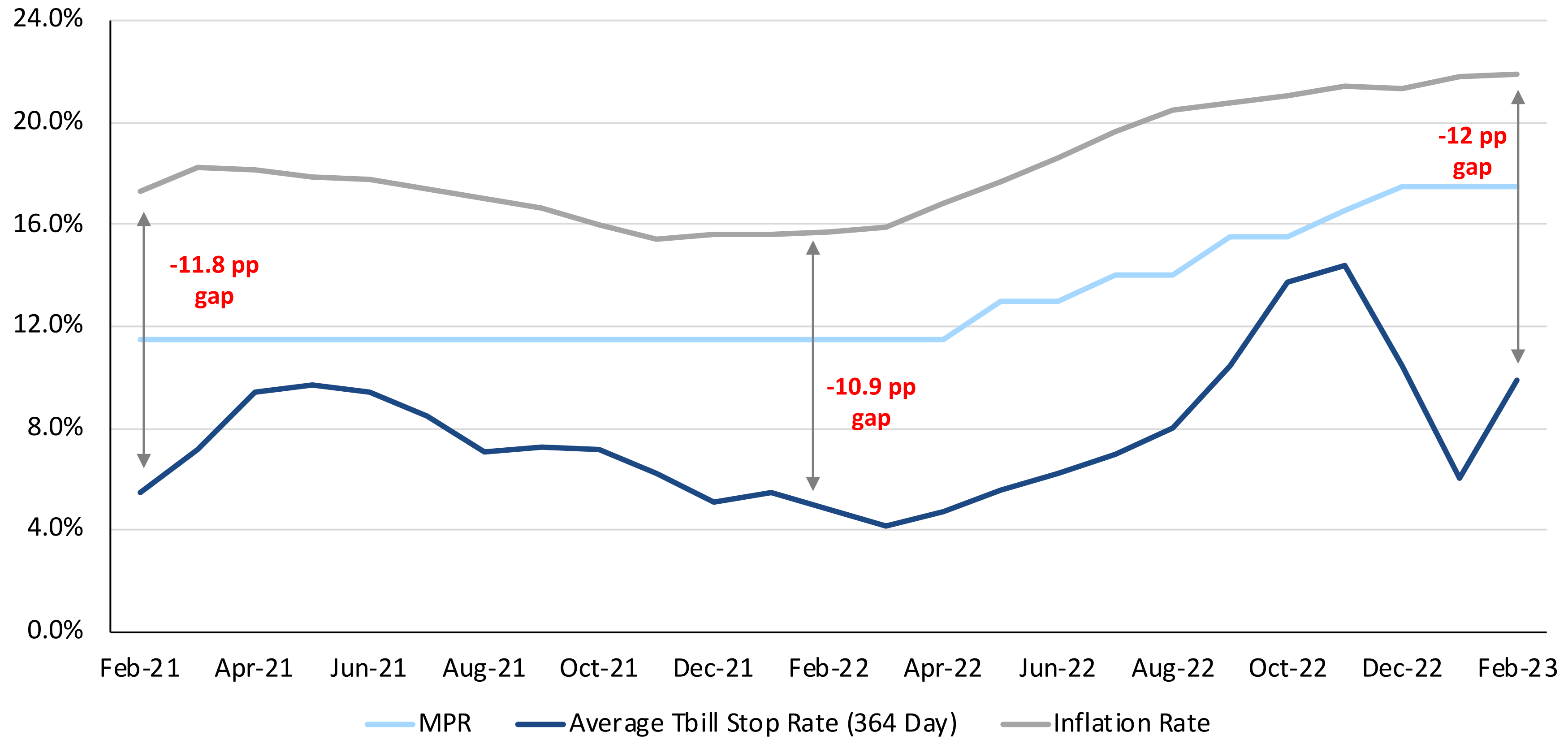
Challenges associated with low yields, insecurity, high production costs weakened productivity in the agricultural sector. The sector grew by 1.89% in 2022 (2021: 3.16%).

Other factors such as high government spending, insecurity, inadequate infrastructure, poor power supply and charges from non-state actors are significant in driving inflation.

Real interest rate narrowed in February 2023 driven by rising interest rate

Despite a narrow gap between inflation and interest rate, real investment returns was negative in the month of February.

Real Interest Rate: Monetary Policy Rate (MPR), 364-Day Treasury Bill Average Stop Rate vs Inflation Rate



pp - percentage points

Data Source: National Bureau of Statistics & Central Bank of Nigeria

Theme 3: Fuel scarcity intensified despite continuation of opaque subsidy regime

- In the fourth quarter of 2022 up to the first quarter of 2023, Nigerians experienced scarcity of petrol and diesel, leading to long queues at petrol stations.

- Fuel shortages emerged as a result of several factors including:
  - high import costs
  - FX scarcity
  - under-investment in the downstream sector,
  - an opaque subsidy regime and
  - an inefficient distribution network, where the Nigerian National Petroleum Company Limited serves as the sole petrol importer .

- On subsidy, while the Petroleum Industry Act called for an immediate deregulation of the sector, subsidy removal was postponed to June 2023. In the 2023 budget, N3.36 trillion was provided for PMS subsidy for the first six months of the year.

- Despite the subsidy provision, petrol is being sold for between N250 and N650 per litre, significantly above the government regulated price. Sub-optimal functioning of the refineries and delay in the launch of the Dangote Refinery are factors that have complicated the situation.

- Consequently, businesses operating in Nigeria spend significantly on energy, leading to higher operating cost and low productivity.

Source: Pius Utomi Ekpei/AFP on Aljazeera.com

Theme 4: Exchange rate volatility intensifies, slightly motivated by the scarcity of cash

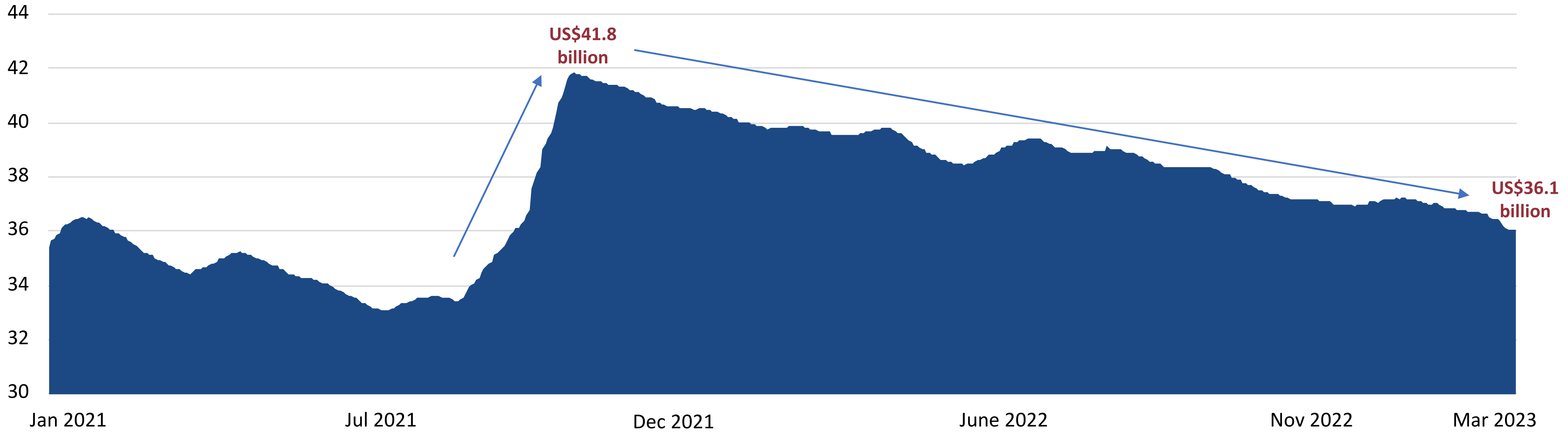
Nigeria's Exchange Rate (N/US$)

- On March 16, 2023, the Naira closed at N462/US$ in the Investors' & Exporters' Window and N755/US$ in the parallel market.
- The premium between both markets expanded from N274.50 on December 30, 2022, to N293 as of March 16, 2023.

Data Source: FMDQ, (Parallel Market Rate updated from daily reports from Nairametrics)

Nigeria’s External Reserves stood at US$36.1 billion on March 15, 2023

Nigeria’s External Reserves in US$ Billion



So far in 2023, there has been pressure on external reserves, which declined from US$37.1 billion in January 2023 to US$36.1 billion on March 15, 2023. Interventions in the FX markets, as well as limited foreign exchange inflows are key factors that exert pressure on the reserves. We note, however, that rising oil production in the last few months (if sustained) raises the prospect of reserves accretion in 2023H2.

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Data Source: Central Bank of Nigeria (CBN)

Analyst Views on GDP Growth, Inflation and FX

- **As noted by major forecasts, Nigeria's GDP growth in 2023 will be lower than that of 2022.** The deceleration of growth will stem from the impact of the Naira scarcity on aggregate demand, uncertainties about the new administration and existing structural problems. In terms of the growth drivers, the services sector led by trade, ICT and finance will play a major role.

- **Since our last Macroeconomic Review, Nigeria's oil production has been trending upwards.** Oil production increased from 1.27 million barrel per day (mbpd) in December 2022 to 1.38 mbpd in February 2023. While this is a significant improvement, oil production is still below the budget benchmark of 1.69 mbpd. The government must continue efforts to curb oil theft and vandalism to ensure oil sales are reflected in government account.

- **We expect inflation rate to remain high but fall gradually in 2023.** This expectation is driven by the Naira scarcity which has suppressed demand for goods and services in the country. Upside risks are, however, still prevalent – infrastructure deficit, insecurity, exchange rate depreciation and poor power supply.

- **For exchange rate, we expect a slow and steady depreciation as experienced in recent years.** The currency will continue to face pressure from high import costs and demand for foreign currency for services but the CBN will continue to intervene in the FX market to limit the pace of depreciation. The possibility for crucial exchange rate reform in H1 2023 is limited and such reform can only happen in the second half of 2023 on the insistence of a new President. Currently at US$36 billion, external reserves which can finance about 6-7 of imports of goods and services will also face pressure in 2023.

Analyst Views on Naira Redesign Policy/Cash Crunch

- **The impact of the Naira Redesign policy has been profound for the economy and will be the major determinant of Nigeria's economic trajectory in 2023.** The associated cash crunch has led to increased pressure on the banking system, and on the financial system's digital infrastructure. It has also resulted in the disruption of economic activities, created social tensions and distorted the trajectory of the economy. With a large informal economy that relies on cash, it will affect trade and other sectors as transacting becomes constricted. The extent of the distortion and how fast the economy recovers will depend on CBN's ability to re-supply the old notes to alleviate the cash scarcity.

- **The banking sector suffered severe loss of trust and confidence as a result of the policy.** The inability of the banking system to facilitate the distribution of new notes and the scarcity of cash has depleted the trust and confidence in the banking sector by many Nigerians. Going forward, the banking public, particularly those in the informal sector, are more likely to withdraw cash from the banks and resort to the traditional means of keeping cash at homes. This will slow down efforts of financial inclusion.

- **The involvement of the judiciary in the Naira redesign policy undermines the institutional independence of the CBN.** Following the economic hardship emanating from the policy and ensuing litigations, the Supreme Court gave an interim injunction restraining the CBN from implementing its February 10 deadline and later ordered the immediate recirculation of the old naira notes. The intervention of the Supreme Court in the policy erodes the independence of the CBN on monetary policy. This is not a good occurrence for monetary policy in Nigeria and could be the start of judicial interference on monetary policy issues in Nigeria.

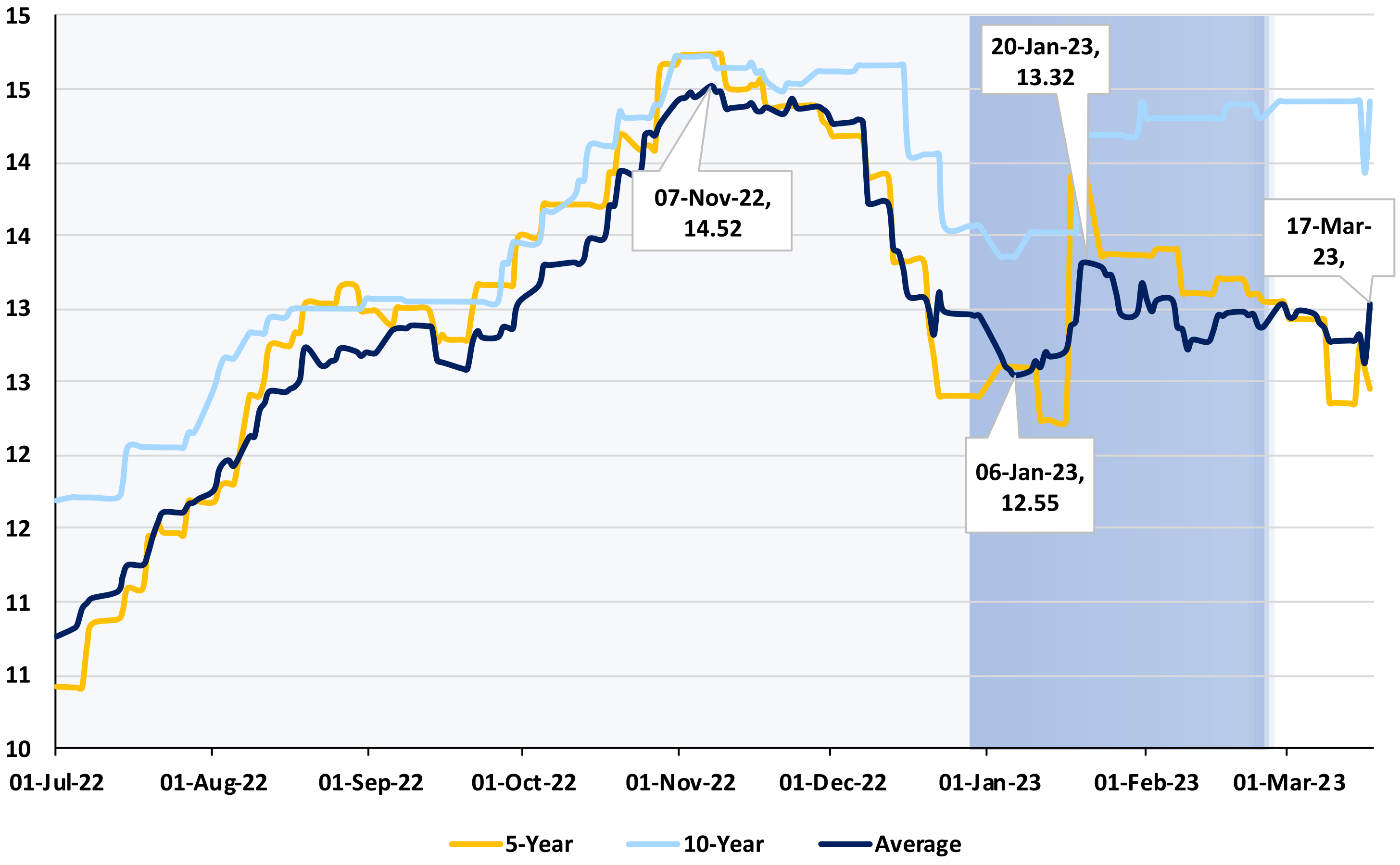
SECTION 03

How Nigeria's Financial Market reacted to the outcomes of the Elections

fsdh RESEARCH

Election sentiment in the capital market is mixed with swings in buy pressures

Trend of FGN Bond Yields (%)

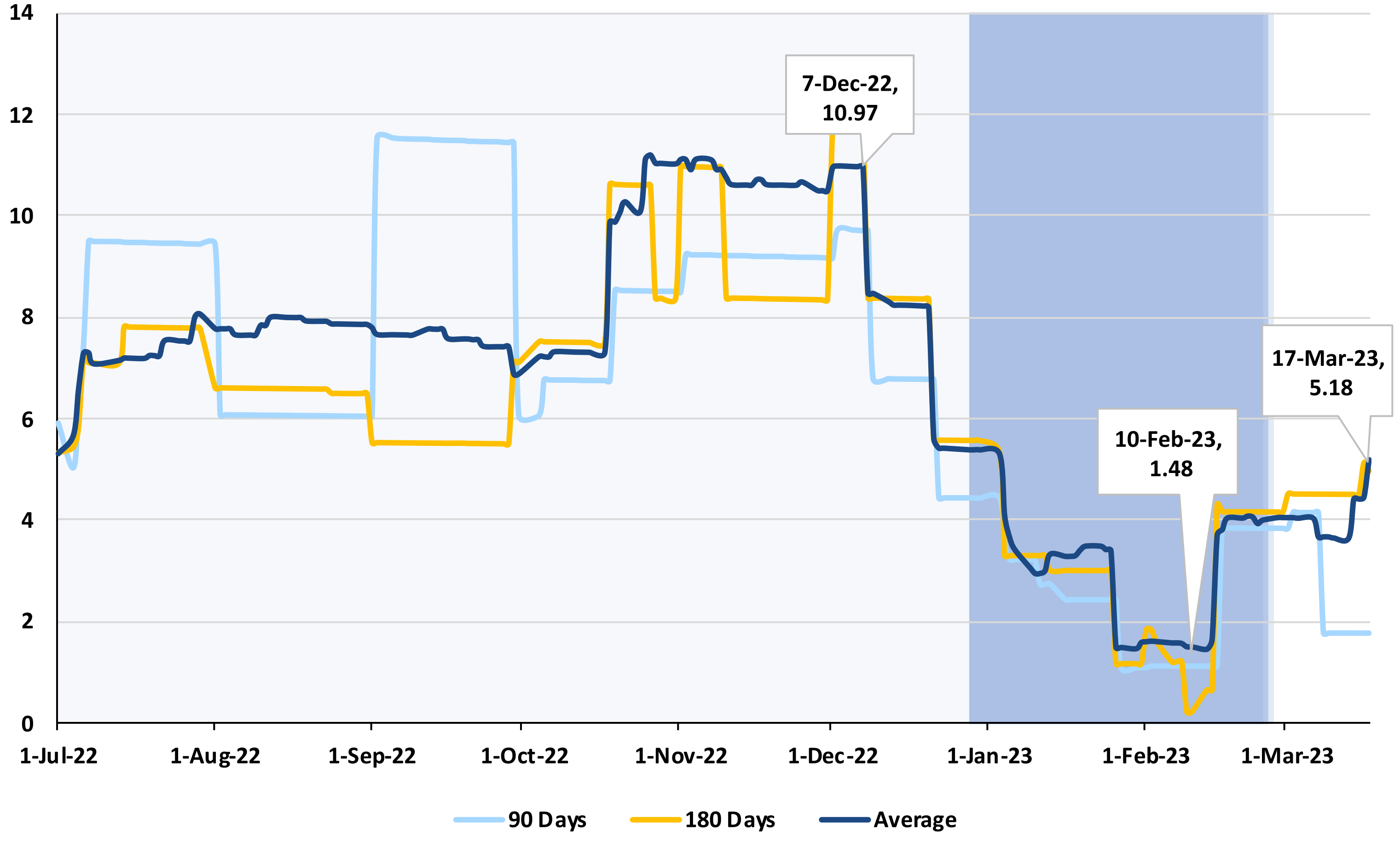


- Towards the end of 2022, the FGN bond market experienced buy-pressures as investors were staking on long-term instruments to hedge against election risk.
- The buy-pressure slowed down as the general election was fast approaching. Hence, the market's average yield increased to 13.32%, oscillating around 13%.
- As at the close of trading before the election day, FGN Bond average yield stood at 12.88%, down from the 12.95% that opened the quarter.
- The FGN Bond average yield increased slightly to 13.03% as of March 17 from 12.88% on February 24.

Data Source: FMDQ *Note: End period for the data is March 17, 2023*

NT-Bill market also recorded buy pressure reversals due to the election

Trend of NT Bill Yields (%)



- As the election moved nearer, the buy-pressure experienced in late 2022 lost tempo - average Treasury Bill yield expanded to 3.98% at the close of the day before the election.

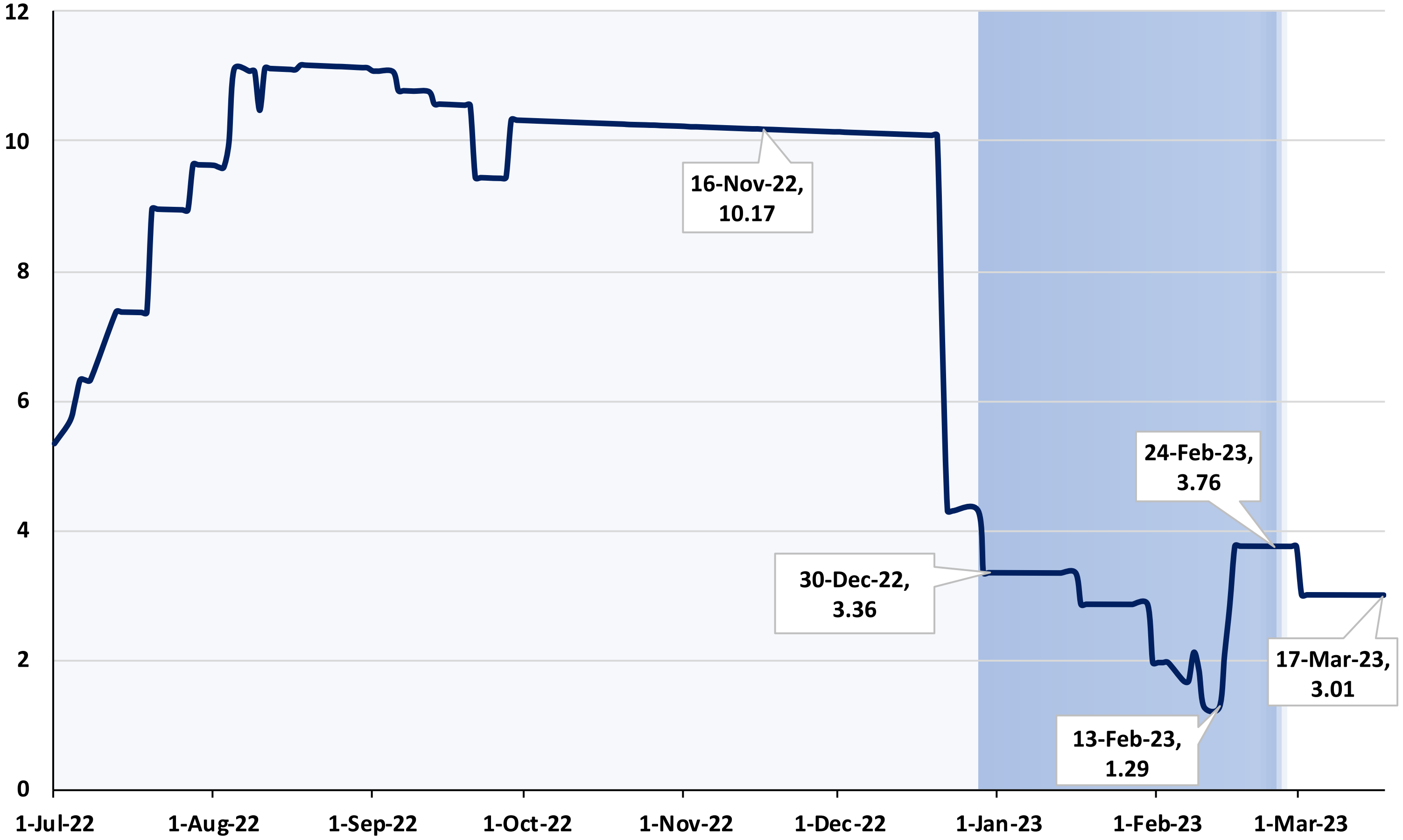
- The slowdown in buy pressure intensified in the NT-Bill market as the average yield advanced to 5.18% as of March 17, 2023, from the day before the election.

- Overall, in the quarter, the average NT-Bill yield as at March 17, 2023, was lower compared with the 5.38% that opened the quarter.

Data Source: FMDQ   *Note: End period for the data is March 17, 2023*

Trend of OMO yield swings with election activities

Trend of average CBN OMO Yield (%)

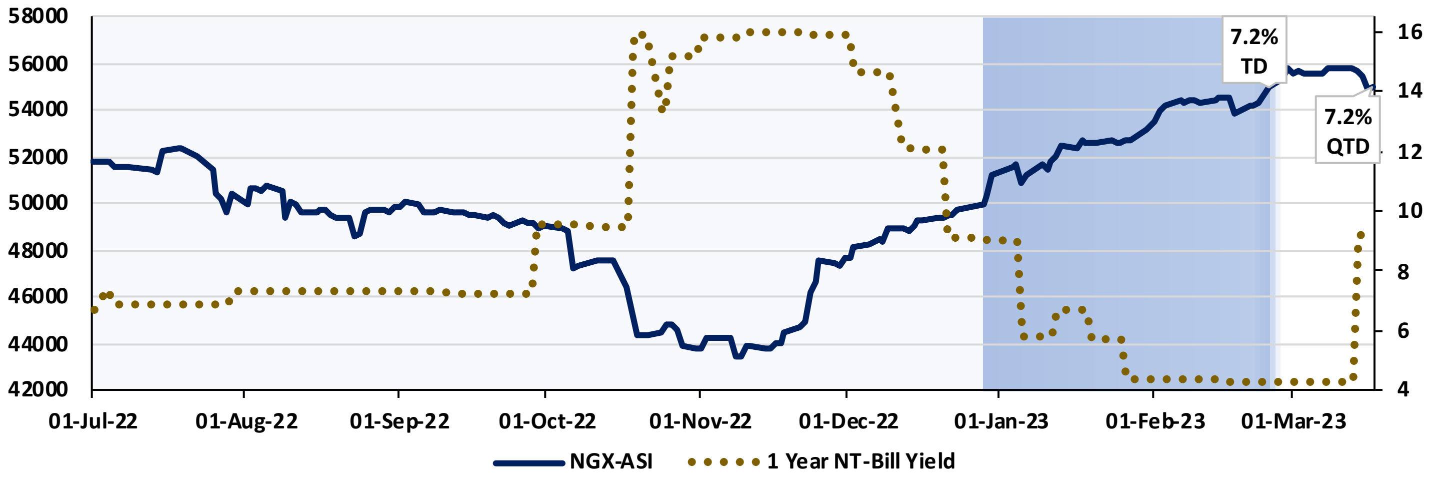


- In the build-up to the election, the average OMO yield dipped sharply from 10.17% in mid-November 2022 to 1.29% in mid-February 2023.
- The declining yield trend reversed as the election approached - the average yield in the OMO market increased to 3.76% the day before the election.
- As at March 17, 2023, the average yield in the OMO market closed at 3.01%, down from 3.76% in the election week, as investors hunt for profitable bargains.

Data Source: FMDQ *Note: End period for the data is March 17, 2023*

NGX-ASI was upbeat in the Presidential election period, but negative sentiment trailed the gubernatorial election

NGSE - ASI (Index Points) vs One Year NTB Yield (%)



Equity Market Indicators

NGX-ASI	2022	Pre-election (Feb 24)	QTD
Open (N'Bn)	42,716.44	51,251.06	51,251.06
Close (N'Bn)	51,251.06	54,949.21	54,935.20
% Change	19.98	7.22	7.19
MARKET CAP	**2022**	**Pre-election (Feb 24)**	**QTD**
Open (N'Bn)	22,297.00	27,915.26	27,915.26
Close (N'Bn)	27,915.26	29,933.77	29,926.58
% Change	25.20	7.23	7.21

- In the build-up to the election, the equity market maintained an upward trend.
- Year to date to the election, the NGX-ASI gained 7.22% (as of Feb 24, 2023).
- The equity market sustained the tempo after the election. However, some negative sentiment trailed the gubernatorial election.
- Consequently, NGX-ASI lost by 1.5% in the election week.
- Quarter to date, the NGX-ASI gained 7.19%. Put together, a total of N2.01 trillion was accrued to investors as capital gain in the quarter (as at March 17, 2023).

Data Source: NGX *Note: End period for the data is March 17, 2023*

Beyond elections, global events impacted sectors of the equity market

Sectoral Performance (%)

SECTORS	2022	Pre-election (Mar 24)	QTD
NSE ASI	19.98	7.22	7.19
NSE 30	6.98	6.87	7.68
Banking	2.81	9.43	4.55
Insurance	-11.99	1.60	1.02
Industrial	19.67	3.23	6.27
Oil & Gas	34.05	20.04	12.73
Cons. Goods	-0.06	11.78	19.60

Performance of Major Market Movers in 2023Q1

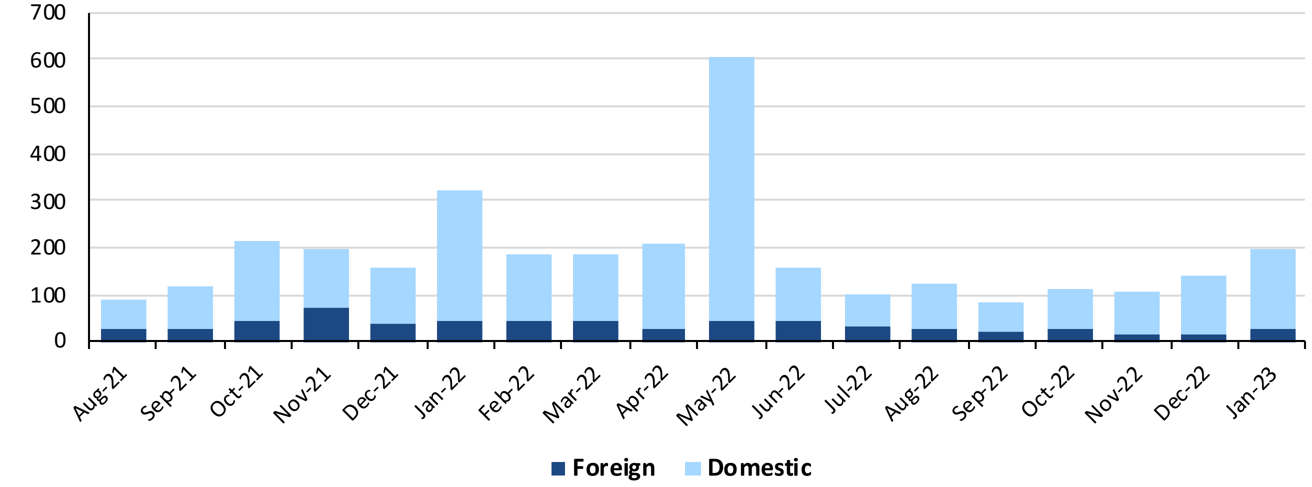
Companies	Market Cap.	2022	QTD
AIRTEL	5,820.25	71.20	-5.28
DANGCEM	4,907.67	1.56	10.34
MTNN	4,803.67	9.14	9.77
BUACEMENT	3,367.81	45.79	1.74
NESTLE	856.31	-29.33	-1.79
ZENITHBANK	772.35	-4.57	2.50
GEREGU	760.00	49.00	104.03
GTCO	724.01	-11.54	6.96
SEPLAT	706.13	69.23	9.09
STANBIC	516.98	-7.08	19.28

- In the build-up to the election, all the sectors we tracked gained.
- The performance of the NSE30 improved from a gain of 6.87% to close the election week to 7.68% as at March 17, 2023. Other sectors, such as Industrial and Consumer Goods, improved from 3.23% and 11.78% to close the election week, to 6.27% and 19.60%, as of March 17, 2023, respectively.
- Geregu Powers was the major mover in the quarter, gaining 104.03% and accounting for 19.27% of the total gain on the Exchange.
- However, the gains in Insurance and Banking sectors' indices declined due to the Naira scarcity, election uncertainty (state elections) and the SVB crisis, which affected other financial markets worldwide.

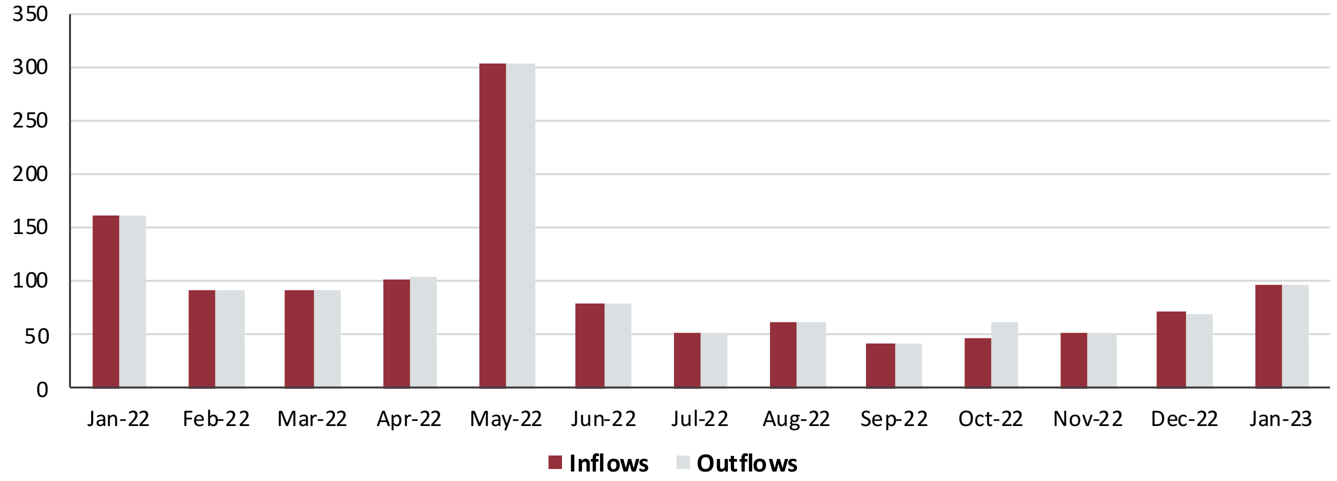
Data Source: NGX *Note: End period for the data is March 17, 2023*

Equity market participation was subdued despite positive sentiment

NGX Domestic & Foreign Participation (N' Billion)



NGX Investment Flows (N' Billion)

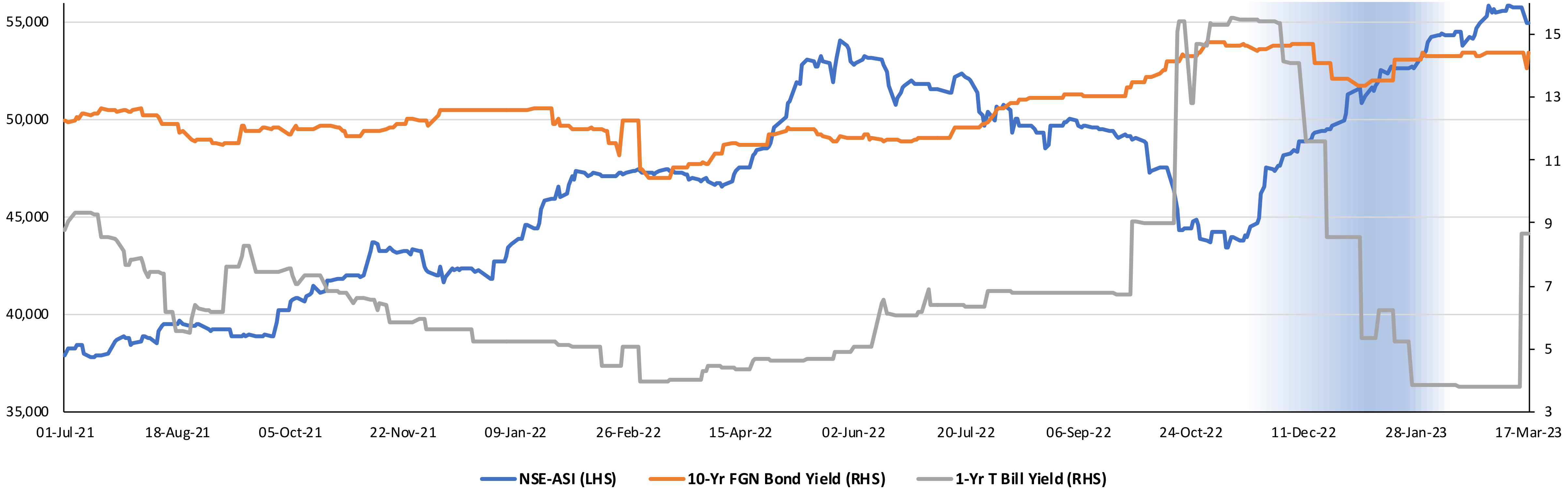


Data Source: NGX

- In the equity market, foreign and domestic participation was subdued compared to the previous year.
- Available data show that participation in January 2023 declined by 39.67%, year-on-year, to N195.10 billion from N323.38 billion.
- Apathy from foreign investors persists as domestic investors dominated trade in the market, accounting for 87.24% of total participation in January 2023.

Equity and bond markets’ buy-pressures go in opposite directions

NGX-ASI Compared with 10-Year FGN Bond Yield (%) and 1-Year T-Bill Yield (%)



- The buy-pressure in both the bond and equity markets motivated movements of yields and the NGX-ASI in opposite directions. It led to declining yields as prices of fixed-income instruments increased. Meanwhile, it led to stock appreciation in the equity market. The buy-pressure was motivated by improved system liquidity of N1.59 trillion in maturities of FGN Bonds, OMO and Treasury Bills.

Data Source: NGX /investing.com *Note: End period for the data is March 17, 2023*

Analyst Views and Outlook

Fixed Income Market

- The general elections in Nigeria have been concluded. Although grievances were raised by some voters and members of the opposition parties, there has not been any major post-election violence. This is the first stage in the democratic transition process which Nigeria has, at least, scaled through for now. It sets the pedestal for building confidence in the economy and the capital market.
- While this is expected to tame the rise in yields, the uncertainty around the policy direction of the incoming administration will keep yields elevated as look out for the policy steps of the administration.
- Irrespective, the fiscal strain cannot disappear over the next three quarters. Besides, with a fiscal deficit financing need of over N11 trillion in the 2023 budget, the government will have to keep the rates high to incentivise investors.
- The international competition for funds as rates continue to trend upwards will be a disincentive for yield to be reduced, as seen before the elections. Hence, we expect yields in the fixed-income market to inch up across the markets in 2023Q2.

Equity Market

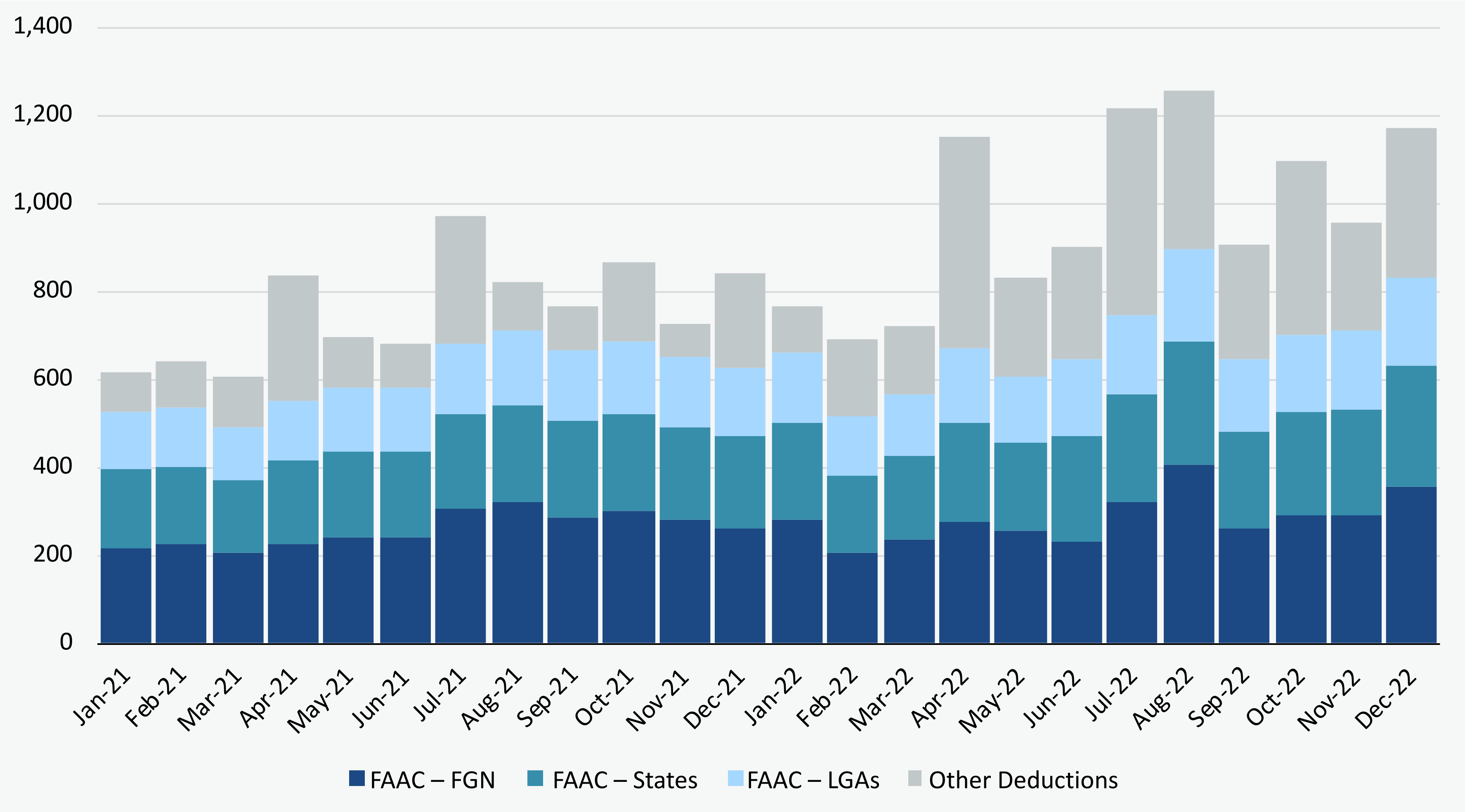
- The equity market rode on the boost in liquidity and recently on the suppressed money market yields. The newly listed power company Geregu has been a major mover gaining 104%. The growth in Geregu accounted for 19.27% of the total gain on the Exchange.
- The equity market will benefit most from the peaceful round-up of the general election. The anticipation of a market-oriented leader will strengthen the resolve of domestic investors and reawaken foreign investors' confidence in the market.
- Coupled with the N1.59 trillion that hit the market in 2023Q1 in treasury securities, a sum of N1.25 trillion matures in 2023Q2. The equity market will tap from the associated liquidity.
- As such, we expect the equity market to extend its gaining trend deep into the year.
- For both the equity and fixed income markets, we note, however, that any upturn in the election results by the courts will have a negative impact on both markets. We believe it is too speculative to account for this scenario, for now.

SECTION 04

Fiscal and Monetary Update

Despite lower oil revenue, FAAC disbursements expanded on the back of higher non-oil revenue

Federal Allocations (FAAC) Disbursement to FGN, States and Local Governments (N'Billion)

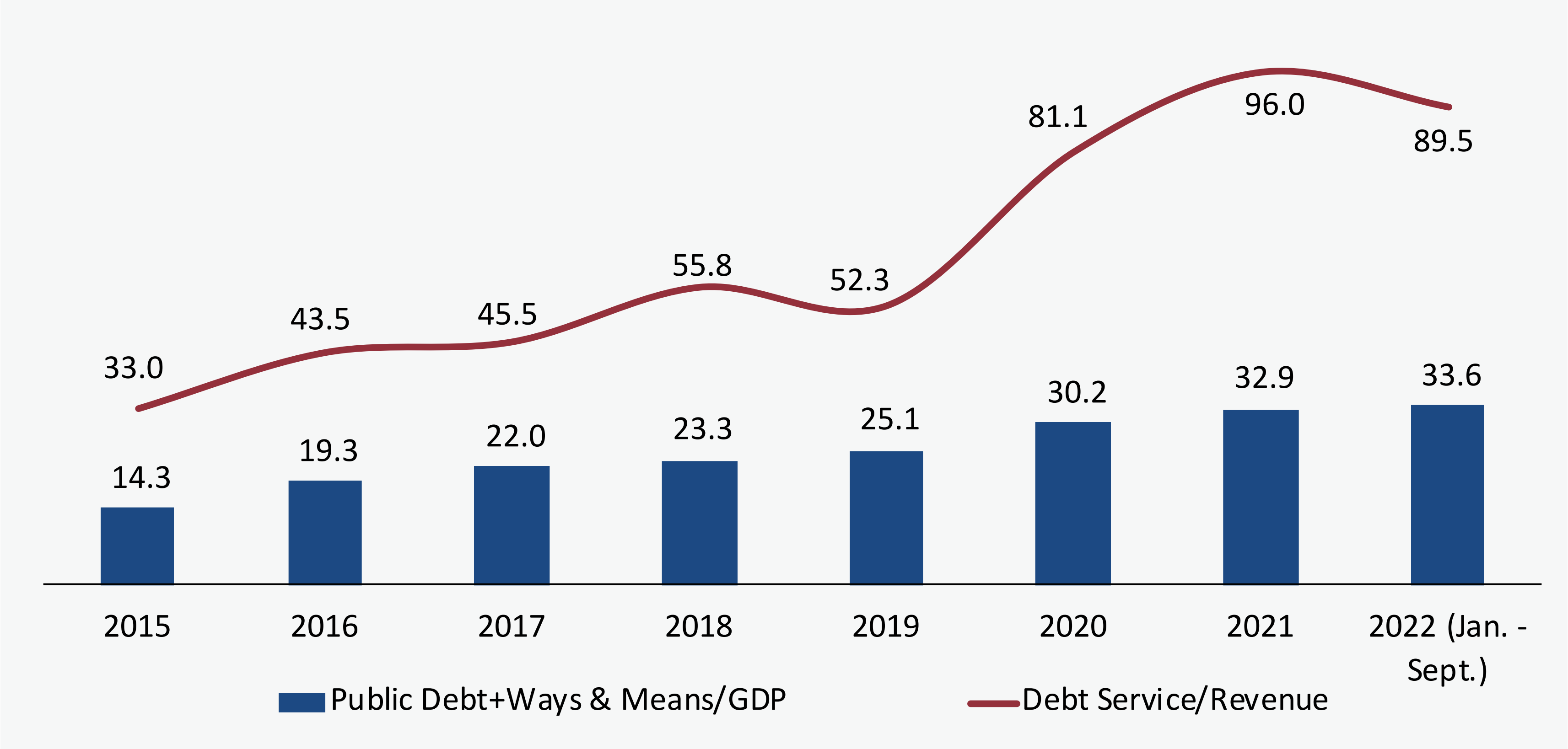


- Federal, state, and local governments shared N11.7 trillion in 2022. This represents an increase of 28.7% from N9.08 trillion in 2021.
- Partly responsible for the higher amount shared is a rise in revenues from value added tax (VAT).
- The increase in oil production in 2023Q1 is expected to improve revenue prospects in 2023.

Data Source: National Bureau of Statistics

Public debt maintained an upward trend as debt stock hits N66.9 trillion as at September 2022

Public Debt Ratios (%)

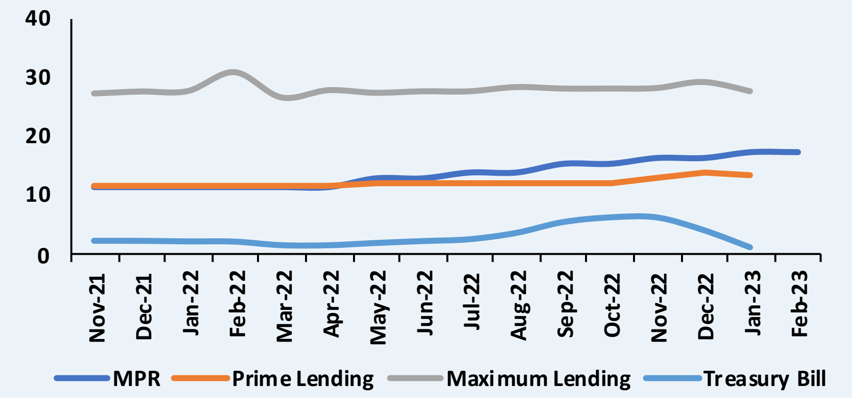


As at September 2022, Nigeria's public debt was N44.1 trillion. In addition, CBN Ways & Means stood at N22.82 trillion in the same period. Debt service to revenue ratio was high at 89.5% as at November 2022.

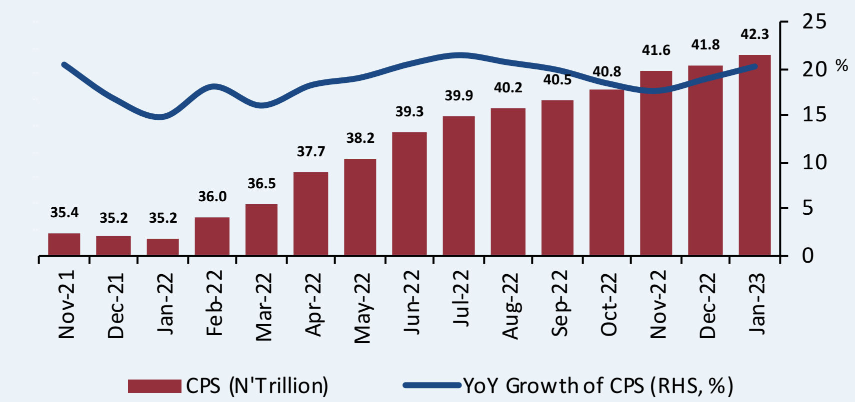
Data Source: Debt Management Office (DMO), Central Bank of Nigeria (CBN) and FMFBNP

Monetary Policy: Key Charts

Lending Rate (%)



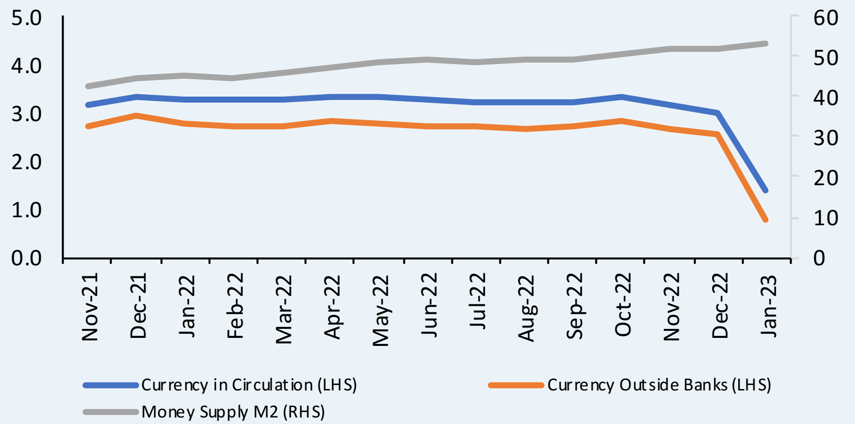
Credit to Private Sector



Financial Deepening Indicators (%)

	Jan-22	Jun-22	Oct-22	Nov-22	Dec-22	Jan-23
Currency/M2	7.42	7.11	6.52	6.11	5.82	2.62
Currency/GDP	1.65	1.63	1.65	1.59	1.51	0.70
M2/GDP	22.22	22.91	25.37	25.98	25.96	26.57
CPS/GDP	17.65	18.29	20.47	20.86	20.97	21.20
Stock Market Capitalization/GDP	12.60	12.70	11.98	13.02	14.00	14.55

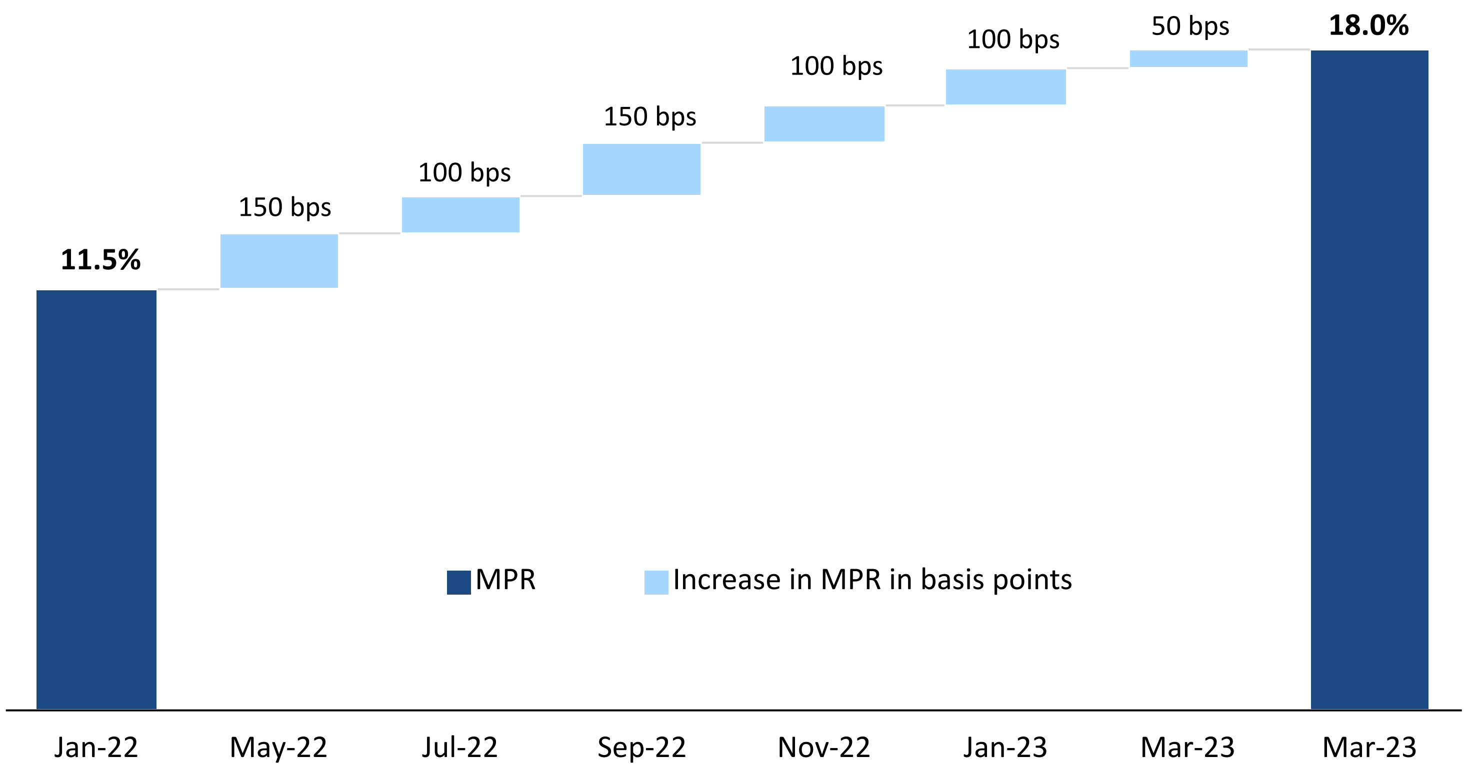
Currency vs Money Supply (N'Trillion)



Data Source: Central Bank of Nigeria, FMDQ, NBS

CBN MPC raised Monetary Policy Rate to 18% in March 2023

Monetary Policy Rate (%)



- The Central Bank of Nigeria's Monetary Policy Committee (MPC) has, so far, held two meetings in 2023.
- In the first meeting of the year, the MPC raised the Monetary Policy Rate (MPR) to 17.5% from 16.5%.
- During the second meeting held in March, the MPR was raised to 18%. This represented the sixth consecutive meeting that the Committee has raised rates.
- The rate hike was less aggressive relative to previous increases.
- A major consideration for the Committee was the unabating inflationary pressure arising from continued exchange depreciation, uncertain climate conditions and the anticipated impact of subsidy removal later in the year.

Data Source: Central Bank of Nigeria

Analyst Views and Outlook on Monetary Policy

- **Monetary tightening will persist for as long as inflationary pressures are not subsiding and central banks in advanced countries remain hawkish.** The CBN continues to base MPC decisions substantially on inflationary pressures. Still, the continued increase in policy rates in 2023Q1 in several advanced countries further strengthens the need for high interest rate in Nigeria to prevent massive capital outflows. Coupled with issues such as Moody's downgrade of Nigeria's rating, the FGN borrowing need, limited Forex inflows and capital flight, the interest environment needs to be high to sustain and attract portfolio investment.

- **Rising interest rates will have implications for Nigeria's fragile growth.** While inflationary pressures persist, continuous increases in interest rates will limit the ability of the financial system to provide funds for businesses. Besides, it will constrain business operations as lending rate approaches 30%.

- **Given the structural characteristics of Nigeria's inflation, a holistic approach is required.** Recent inflationary pressures in Nigeria are largely motivated by structural constraints that inhibit the supply chain, such as infrastructure and logistic deficiency, insecurity, and regulatory bottleneck. Even the CBN, at some point, acknowledged that Nigeria's inflation drivers are not entirely monetary factors. Hence, non-monetary authorities have a substantial role in tackling inflation by eliminating the hurdles in the supply chain.

- **We do not expect any downward movement in MPR in 2023H1.** This is on the back of amplified inflationary pressure, despite the constraints brought about by the Naira scarcity, the government borrowing needs and trend of rates in the global market. In addition, the MPC noted that factors such as future fuel subsidy removal and exchange rate pressures could drive up inflation in coming quarters. Thus, monetary policy rate will remain high to limit price increase.

Analyst Views and Outlook on Fiscal Policy

- **The elections, as expected, will impact fiscal policy performance over the first quarter of 2023.** Non-election fiscal spending is expected to slow but will increase after the elections. As noted by the Debt Management Office, it has, so far, raised N2.13 trillion in January and February 2023, of which N1 trillion has been deployed to budget financing (the remaining used for refinancing of existing debt).

- **Fiscal sustainability is still a major source of concern.** As seen in the 2023 budget, the projected fiscal deficit is 51.9% of total expenditure, exceeding the revenue projection. More so, based on 2022 (Jan - Nov) performance, over 40% of government spending went into debt service against a projected 22.1%, while other aspects of public finance suffered underfunding. The situation will likely continue in 2023, following the uncertainty from the elections, Naira scarcity, and other challenges that limited revenue generation from taxes.

- **Moody's rating downgrade truncates the viability of diversifying the government's finances.** Moody's downgraded Nigeria's ratings to Caa1 with a stable outlook from the previous rating of B3. This is on the back of worsening government fiscal and debt position and institutional weakness. Meanwhile, the government has identified external borrowing alongside multi-lateral/bi-lateral project-tied loans as a major source of financing its deficit. Moody's downgrade will disincentivise investors, constraining the government to the domestic capital market.

- **Indefinite expansion of fiscal deficit needs to be checked**. While the problem of revenue is well established, the unabated expansion of fiscal deficit, relying ultimately on borrowing, needs to be checked as it comes with new debt obligations. A good news, however, is the increase in oil production in the first two months of 2023, which could raise revenue from crude oil sales in the period. Such production needs to be sustained while the government intensifies effort to raise non-oil revenue.

Priority Areas for the Incoming Administration

SECTION 05

The President Elect's plans for Nigeria

Key Objectives

GDP Growth

Achieve a real GDP growth averaging 10%.

Job Creation

Achieve a decline in the number of unemployed from 21.5 million in 2022 to 11.9 million in 2026.

Exchange Rate

Review the current exchange rate regime to ensure a stronger and stable Naira.

Investment

Attract huge investment into key sectors.

Poverty and Social Protection

Expand the current National Social Investment Programme.

The President Elect's plans for Nigeria

Agriculture Policy

- Establish grain reserves and food storage
- Establish commodity boards to determine crop prices
- Expand access to finance and establish farm cooperatives

Education Policy

- Invest in education infrastructure and provide adequate resources to improve educational environment
- Develop new accreditation standards for all institutions, from the primary to the tertiary levels
- Institute a pilot student loan regime

Power Industry

- Expand generation and transmission
- Establish and implement renewable energy plan to achieve carbon neutrality by 2060
- Establish a Nigeria First Power Policy to channel gas resources to Nigerian power generation

Oil & Gas Industry

- Establish a Special Enforcement and Monitoring Unit to protect crude oil infrastructure and tame oil theft
- Provide incentives for indigenous participation and mandate IOCs to assign a share of revenues towards knowledge and technology transfer to indigenous companies
- Accelerate implementation of the Nigeria Gas Master Plan and review and revise the regulatory framework.
- Phase out the fuel subsidy yet maintain the underlying social contract between government and the people to ensure stability of supply of petroleum product

Transportation

- Create a nationwide highway system, connecting all major cities and regions with modern, safe multi-lane highways
- Review the Act establishing Nigerian Railway Corporation
- Facilitate the usage of other major seaports in the country
- Improve the usage of waterways for passengers and cargo

The President Elect's plans for Nigeria

Security

- Adopt an intelligence-driven security approach
- Redefine military doctrine and practice
- Integrated identity database

Economy

- Import substitution - ensure production of everyday items, both agricultural and manufactured goods
- Improve the industrial sector with an expansion of industrial activities in cities and towns.
- Achieve a 10% annual GDP growth over the next four years

Fiscal Policy

- Review federal budgetary methodology
- Tax Reform - review of the corporate tax system and deploy technology to rationalize the tax system
- Fight corruption, inefficiency and waste in government

Monetary Policy

- Exchange rate management - work with the CBN to review and better optimize the exchange rate regime
- Inflation targeting and management – adopt appropriate mix of fiscal and monetary tools
- Limit foreign debt obligations

Industrial Policy

- Implement a National Industrial Plan
- Extend tax, credits, and urban youth employment incentives to domestic manufacturing entities
- Develop major and minor industrial hubs in each geopolitical zone.

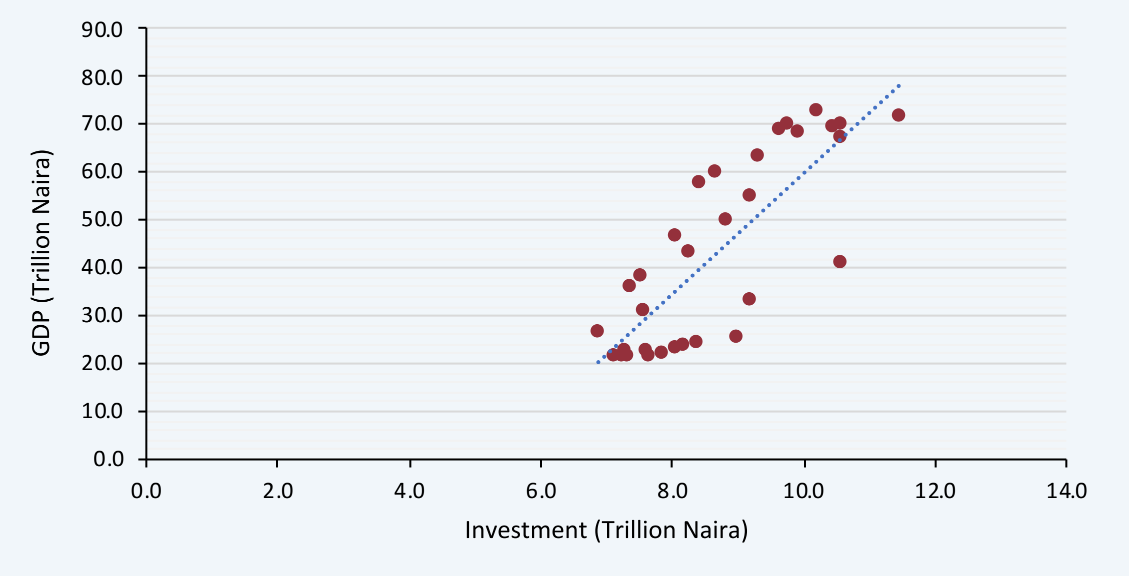
Housing Policy

- Review and revise the Land Use Act to promote home ownership.
- Establish and implement a new social housing policy to set pathways for housing for the poorest Nigerians.

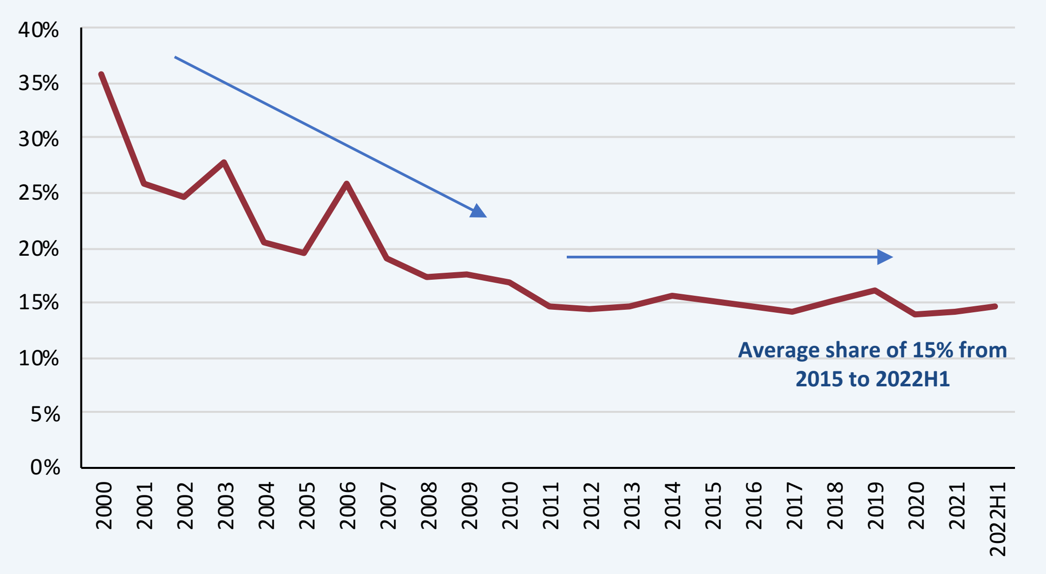
Four Key Priorities for the President Elect to Tackle

Priority 1: Attract and retain Investments into key sectors in Nigeria

Correlation between Investment and GDP in Nigeria from 1990 to 2021



Investment as a share of GDP



- While investment is a main factor that drives output and income growth, Nigeria has struggled to attract significant investments into key sectors relative to peer countries.
- Investment as a share of real GDP averaged 15% in the last 7 years while FDI inflows remained below US$1billion during the period.
- The new administration will need to address key challenges facing the business environment such as infrastructure deficit, poor power supply, FX challenges and policy inconsistency.

Data Source: Central Bank of Nigeria and National Bureau of Statistics

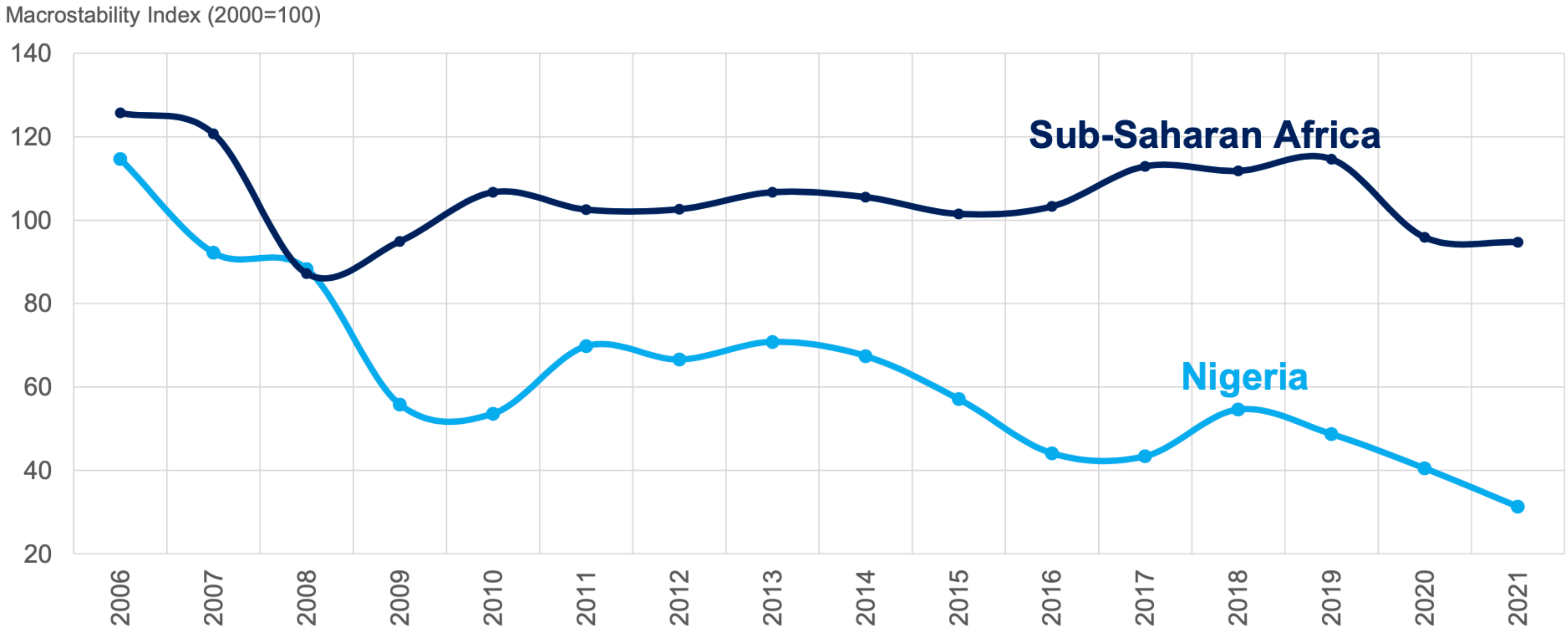
Key Reform: Intensify ease of doing business reforms across Nigeria

- Institutionalize the policymaking process and ensure strict compliance by government officials to reduce policy inconsistency.
- Ensure infrastructure development by leveraging on private capital. Channel government resources and private investments towards connecting new and existing rail lines to ports to boost exports.
- Intensify ports and border reforms to simplify trade processes and reduce inefficiencies. Key agencies such as the Nigeria Customs Service, Nigerian Ports Authority, etc must be reformed to become efficient and effective. Incentivize private investment in developing ports in other parts of the country, outside Lagos.
- Ensure constant stakeholder engagement in the designing and implementation of policies that affect businesses.
- Embark on a massive campaign to improve non-oil export, leveraging on the African Continental Free Trade Area (AfCFTA) agreement. Incentivise production for exports, particularly non-oil goods, to boost external reserves accretion. Harmonise taxes and simplify the payment process as well as address undue charges from non-state actors on businesses.

Priority 2: Pursue macroeconomic stability and industrial reforms

The World Bank macroeconomic stability index shows a deteriorating situation in the last few years. A combination of high inflation, depreciating exchange rate, wide exchange rate premium and a tough fiscal stance have made the economy highly vulnerable to shocks and weakened productivity levels.

A macro stability index comprising inflation and external & fiscal balances shows a deterioration



Source: NBS, OAGF, CBN, WEO, and World Bank estimates.

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Source: World Bank NDU

Key Reform: Define an inclusive economic growth agenda

- Define and implement a clear growth strategy that incentivizes the private sector across major economic sectors.
- Re-assess the implication of rising fiscal deficit and public debt sustainability on macroeconomic stability and implement strategies to ensure effective and efficient public expenditure management.
- Ensure clarity of foreign exchange policies and allow a market reflective exchange rate. Enhance fiscal and monetary coordination to tackle inflation.
- Remove wastage and inefficiencies in the annual federal government budget. Allocate spending to priority areas.
- Develop modern industrial and trade policies that reposition Nigeria as a major industrial hub in Africa, taking into consideration the AfCFTA. Key industries such as food and beverage, textiles, oil refining, light manufacturing and construction are areas where Nigeria can build competitive advantages in Africa.

Priority 3: Remove Petrol Subsidies

Fuel subsidy in Nigeria has, over the years, become costly, inefficient and opaque, leading to revenue losses for the government

- N3.36 trillion was provided for PMS subsidy for the first six months of 2023. This amount is higher than budgets for education and health care.
- Despite the huge amount spent on subsidising petrol, Nigerians still experience fuel scarcity and fuel is currently sold above the government regulated price in many parts of the country.
- Subsidy is a major factor that limits investments in the midstream sector.
- There are issues of corruption, and lack of transparency and accountability associated with the subsidy regime.

Data Source: Ministry of Finance, Budget and National Planning

Key Reform: Remove subsidy and incentivize the development of local refineries

- Hasten the development of local refineries to support the production of petroleum products. Where petroleum products are imported, ensure complete deregulation of the import process to limit corruption.
- Implement subsidy removal and allow for an efficient price mechanism in the downstream sector of Nigeria's petroleum industry.
- Increase investment in social protection and support to the average citizen by channelling the gains from subsidy removal towards such cause. It is important to ensure efficiency, transparency and accountability in delivery of social programmes and investments.

Priority 4: Ensure social inclusion and security for all

Poverty and social exclusion are increasingly becoming severe and are worsened by the COVID-19 and the war in Ukraine

01 - Poverty is on the rise

Over 90 million Nigerians (42.6% of the population) live below the national poverty line. Poverty rate is higher when the benchmark of US$1.9 per day is used.

02 - Rising un/under-employment

About 6 in 10 Nigerians in the labour force are unemployed or underemployed.

03 - Inflation is reducing purchasing power

Inflation rate was 21.9% in February 2023. Food prices have trended upwards in the last few years, limiting the purchasing power of Nigerians.

04 - Literacy rate

Adult literacy rate is 68%. Literacy rate for men is 75% while for women is 61%.

05 - Under-5 mortality rate remains high at 102 deaths

Under-5 mortality rate (U5MR) in the last 5 years is 102 deaths per 1,000 live births. This implies that about 1 in 10 children in Nigeria die before their 5th birthday.

06 - Many children are not in school

26% of children of primary school age are not attending any level of education while about 30% of children who are in primary school are at risk of dropping out.

07 - Widespread inequality in school attendance rates

Only about seven out of every ten children (68%) of intended age for primary education are attending primary school or higher. There is a high disparity across regions - attendance rates are much higher in the southern states than in the northern states.

Data Source: National Bureau of Statistics and World Bank

Key Reform: Increase investment in social protection and revamp TVET system

- Review the current minimum wage and implement a comprehensive and transparent social transfer for the poor and vulnerable across the country. The government should design specific financial support for the aged citizens in the form of cash transfers, free meal and other support.
- The federal government should expand coverage of existing national social protection programmes such as the conditional cash transfer for the poor and vulnerable. It is also crucial to conduct an impact assessment of these programmes.
- Prioritise the development of education by increasing allocation to the sector, reviewing curricula across all educational levels and ensuring effectiveness, transparency and better governance of education agencies in the country.
- Revamp the national vocational system to provide young people with the relevant skills to become productive and earn a living.
- Ensure recruitment of more security officials; ensure they are properly trained, well-equipped, well-paid and motivated to address insecurity. Ensure transparency and accountability of security-related funds.

Macroeconomic Projection for 2023 – 2024

Macroeconomic Projection for 2023: Rationale for the Three Scenarios

Best Case

This scenario assumes an average oil price of US$99 per barrel. It assumes that the Nigerian government intensifies efforts to curb oil theft and illegal bunkering and therefore, Nigeria produces 1.9 million barrels per day. Higher oil and non-oil revenue leads to an increase in both foreign currency inflows and capital spending (at N4 trillion) in 2023.

Moderate Case

In this scenario, crude oil price is expected to average US$80 per barrel as oil supply improves. In order to maintain a high price, OPEC+ members revisit the decision to cut oil supply. For Nigeria, its crude oil production improves to 1.5 mbpd, as progress is made in addressing oil theft. In addition, FGN spends N3 trillion on capital project, which is a budget implementation rate of ~61%.

Worst Case

This scenario assumes a bleak global outlook. Oil price falls as non-OPEC countries increase oil supply to achieve low price and tackle high energy costs. Crude oil price falls to US$44 per barrel as a result. Locally, oil theft continues and Nigeria's output falls to 0.9 mbpd. Government revenue is severely challenged following increasing oil theft and spending on capital project falls to N790 billion in the year.

Macroeconomic Scenario for 2023

Scenario	Assumptions	Outcome
Best Case	• Oil price averages US$99 per barrel • Demand for Nigerian crude improves as economies recover- Nigeria produces 1.9 million barrels per day • Government capital spending at N4 trillion • Full implementation of sectoral support interventions	• GDP Growth at 3.5% • Inflation Rate at 17.1% • External Reserves at US$43bn • Exchange Rate at N450/US$
Moderate Case	• Oil price averages US$80 per barrel • Crude oil production at 1.5 million barrels per day • Government capital spending at N3 trillion • Implementation of sectoral support interventions	• GDP Growth at 2.5% • Inflation Rate at 18.9% • External Reserves at US$36.5 billion • Average Exchange Rate at N470/US$
Worst Case	• Oil price averages US$44 pb • Lower crude oil production- Nigeria produces 0.9 million barrels per day • Government capital spending at N790 billion	• GDP Growth at -0.2% • Inflation Rate at 23.3% • External Reserves at US$29.5 billion • Exchange Rate at N470/US$

Projection for 2023 – 2024 for Nigeria

	2021	2022	2023f*	2024f*
Real GDP Growth	3.4%	3.1%	2.5%	3.0%
Inflation rate	17%	18.8%	20.4%	17.1%
Average Exchange rate (N/US$)	410.0	423	470	490
Monetary Policy Rate	11.5%	17.5%	17%	14%
External Reserves (Average, US$ Billion)	35.8	38.8	36.5	38.0
Treasury Bill (91-Day)	3.7%	4.4%	3.0%	2.0%
Treasury Bill (182-Day)	5.2%	5.6%	6.5%	5.0%
Treasury Bill (270-Day)	6.2%	7.3%	9.0%	7.0%
Treasury Bill (360-Day)	6.4%	8.6%	13.05%	10.0%

**Please note that there is still a high degree of uncertainty. Actual figures could exceed or fall below these forecasts. A lot depends on the impact of the Russia-Ukraine crisis, the path of COVID-19 and its variant, movement of oil price, Naira scarcity and pace of reforms by the incoming administration.*

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