

# ACCESS ECONOMIC QUARTERLY

Q2 2022





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## **ACCESS ECONOMIC QUARTERLY** Full Year

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## Section 1

# GLOBAL ECONOMY

The Covid-19 pandemic's effects have been exacerbated by the Russian-Ukrainian crisis, which has accelerated the global economic recession. Due to declines in China and Russia as well as lower-than-anticipated US consumer expenditure, the world's output shrank in the second quarter of this year. The majority of central banks are maintaining tight monetary policy in an effort to combat rising inflation as the most fragile economies edge closer to a financial debt crisis. Analysts predict that the world economy may enter a new recession as several major economies are already reporting negative quarter-over-quarter growth.

The US economy entered a recession in the second quarter of 2022 as it reported a negative growth of 0.9% on the back of lower government spending and business investment. Inflation continues to soar in the US causing the Fed to hike up the interest rate to rein in the soaring inflation. Lower growth earlier this year, reduced household purchasing power, and tighter monetary policy drove a downward revision of 1.4 percentage points in the United States.

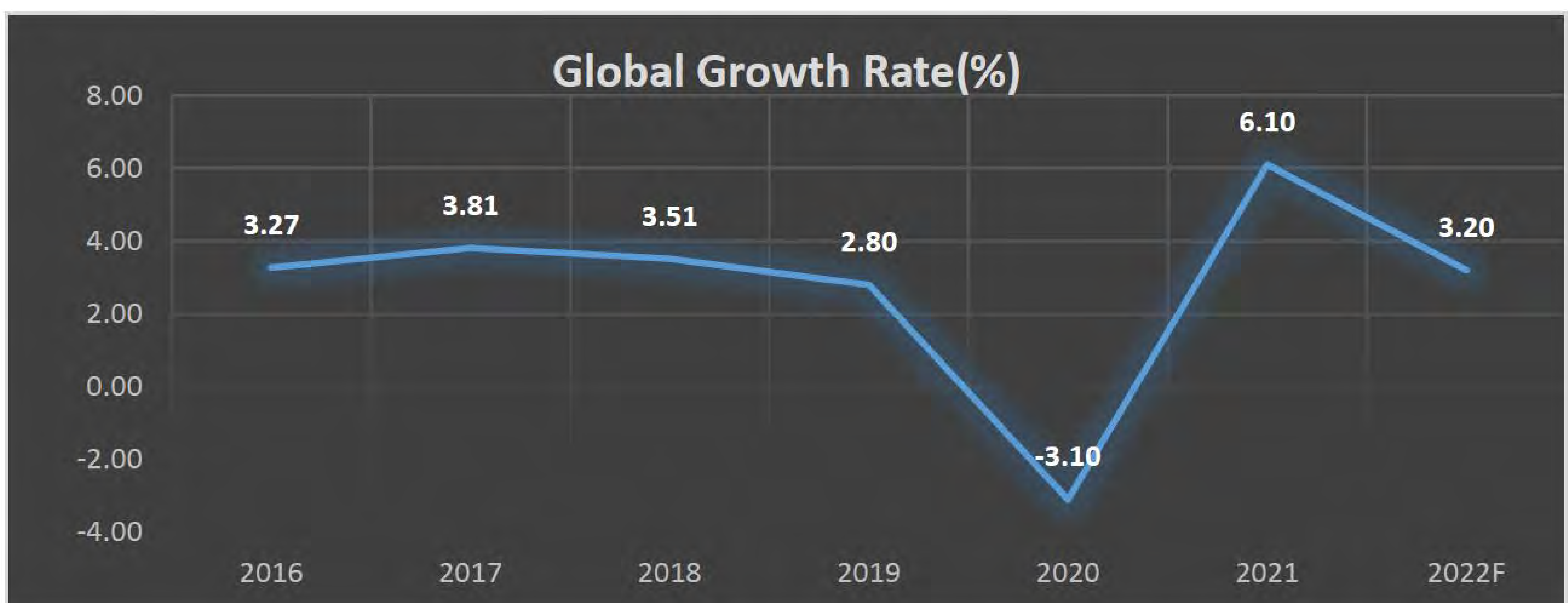
China's economy expanded at a slower pace in Q2 2022 compared to its prior period. Inflation also increased which led to the People Bank of China increasing its lending rates. Further lockdowns and the deepening real estate crisis have led growth to be revised down by 1.1 percentage points by IMF, with major global spillovers.

While the revisions are mostly negative for advanced economies, differing exposures to the underlying developments mean that those for emerging markets and developing economies are more mixed. The negative revisions to growth reflect mainly the slowdown of China's economy and the moderation in India's economic growth. Elsewhere, growth revisions in the baseline have been mostly on the upside.

Global growth is projected to grow at a much slower pace of 3.2% in 2022 from 3.6% in the IMF as several shocks have hit a world economy already weakened by the pandemic:

higher-than-expected inflation worldwide, triggering tighter financial conditions and further negative spillovers from the war in Ukraine.

## GDP Growth Rate & Forecast – Global Economy



Source: IMF



## GLOBAL ECONOMY

### UNITED STATES/EURO AREA

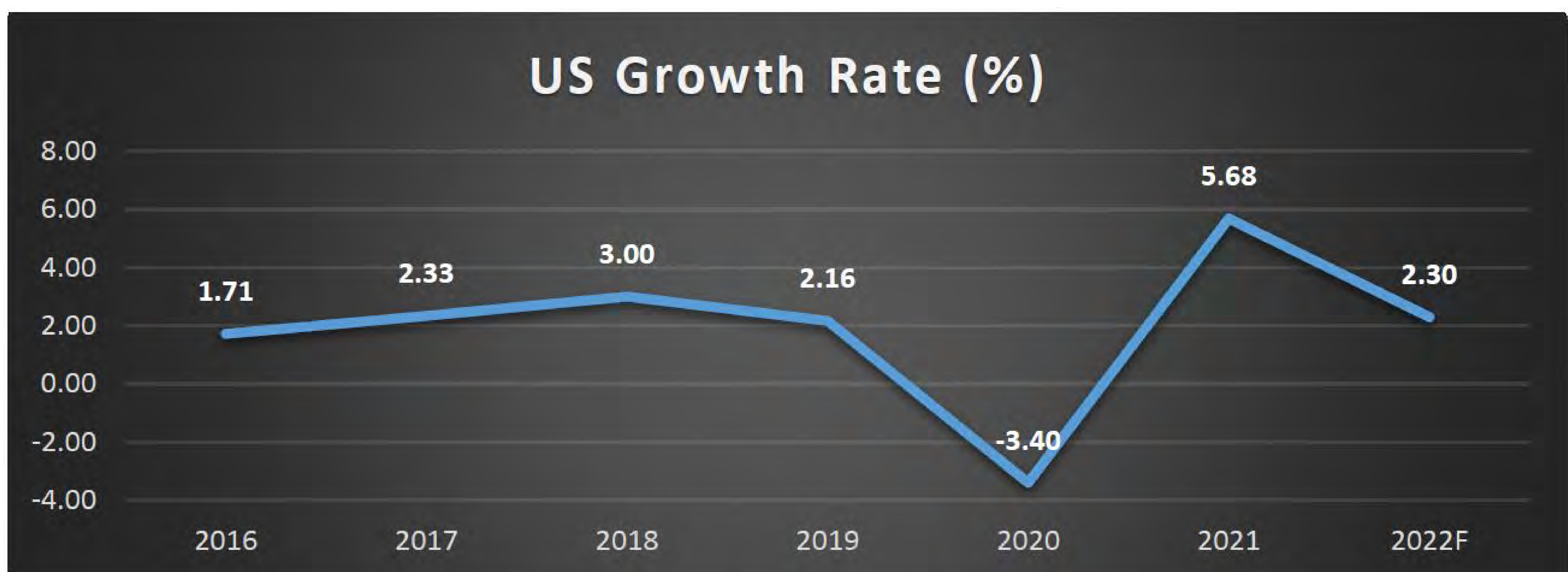
## GDP Growth Rate & Forecast – U.S.A., Eurozone, and BRICS



### United States

The American economy contracted by an annualized 0.9% in Q2 2022 after shrinking by 1.6% in Q1 2022, technically entering a recession. Business investment and inventories were majorly responsible for the slowdown seen in the economy. Government consumption also went down 1.9%, partially reflecting the sale of crude oil from the Strategic Petroleum Reserve. Net trade made a positive contribution for the first time in two years, as exports rose 18%, led by industrial supplies, materials and travel and imports edged up 3.1%. The economy however continued to battle with surging inflation as the consumer price index rose to 9.1% at the end of Q2 2022, compared to 8.5% at the end of Q1 2022. The Federal Reserve hiked the funds' rate by 75 basis points to 1.5%-1.75% during its June 2022 meeting, after the inflation rate unexpectedly accelerated last month to 41-year highs.

### GDP Growth Rate & Forecast – Global Economy



Source: IMF

The unemployment rate in the United States remained unchanged at 3.6% in June. According to the IMF, the US is expected to expand by 2.3% in 2022, a decline from its previously forecasted 3.6% in its April forecast. The IMF revised the economic forecast for the U.S. by 1.4 percentage points due to the low growth already reported, reduced household purchasing power and tighter monetary policy rate



### Euro Zone

The Euro area quarterly economic growth advanced by 0.6% in Q2 2022 from 0.5% in Q1 2022, driven by easing covid restrictions and summer tourism. Countries like Spain, Italy and France were majorly responsible for the growth in the Eurozone as they reported positive growth in Q2 2022.

### GDP Growth Rate & Forecast – Eurozone





Annual inflation rate in the Euro Area was recorded at a record high of 8.6% in June 2022, compared to 8.1% in May and 1.9% a year earlier. The biggest contribution came from prices of energy, but strong price increases were also seen for food, alcohol & tobacco. The ECB raised its 3 key interest rates by 50bps during its July 2022 meeting, the first increase since 2011, ending eight years of negative rates, in an attempt to release the inflationary pressures. The main refinancing rate is now at 0.5%, the marginal lending facility at 0.75% and the deposit facility at 0.00%. The IMF lowered its prediction for 2022 to 2.6% from 2.81% reflecting the spillovers from the war in Ukraine and tighter monetary policy.

## BRICS

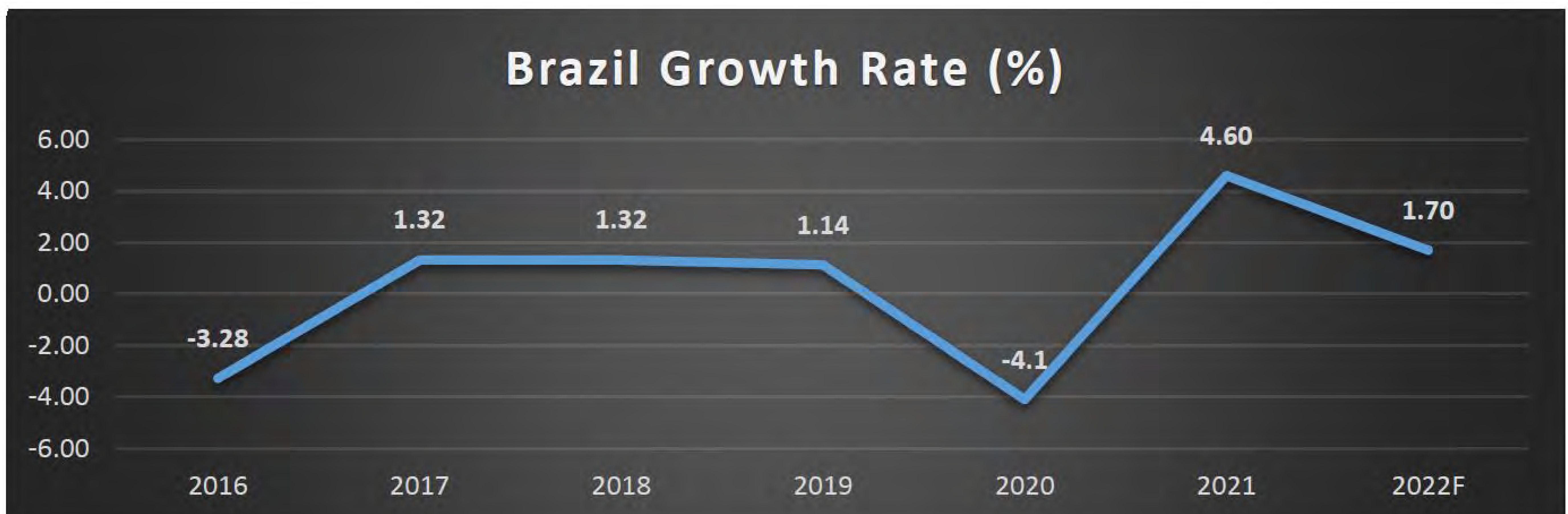


The BRICS economy experienced growth during the half year of 2022 except for Russia as it contracted due to its ongoing battle with Ukraine. However higher inflation rates and hiked monetary policy rates continue to haunt the BRICS economies. Global inflation has been on a rise due to food and energy prices as well as lingering supply-demand imbalances.

### Brazil

The economy of Brazil grew 3.2% year-on-year in Q2 2022, up from the 1.7% advance in Q1 2022. It was the sixth consecutive quarter of economic expansion, driven by a rise in household consumption amid strong growth in real income and higher credit for Brazilian companies.

#### GDP Growth Rate & Forecast – Brazil



Source: IMF



The Central Bank of Brazil unanimously decided to raise the Selic rate by 50bps to 13.25% in June, bringing borrowing costs to the highest since December 2016. It was the 11th consecutive interest rate hike since it started tightening in March 2021, to combat persistent inflation. Annual inflation has surged to 11.89% in June 2022 from 11.73% in May, the tenth consecutive month of double-digit inflation. The Brazilian economy is forecasted to grow by 1.7%, more than twice its initial forecast by IMF

## Russia

Russia's economy contracted by 4% from a year ago in Q2 2022, amid the fallout from the Russia-Ukraine war and associated international sanctions.

### GDP Growth Rate & Forecast – Russia



Source: IMF

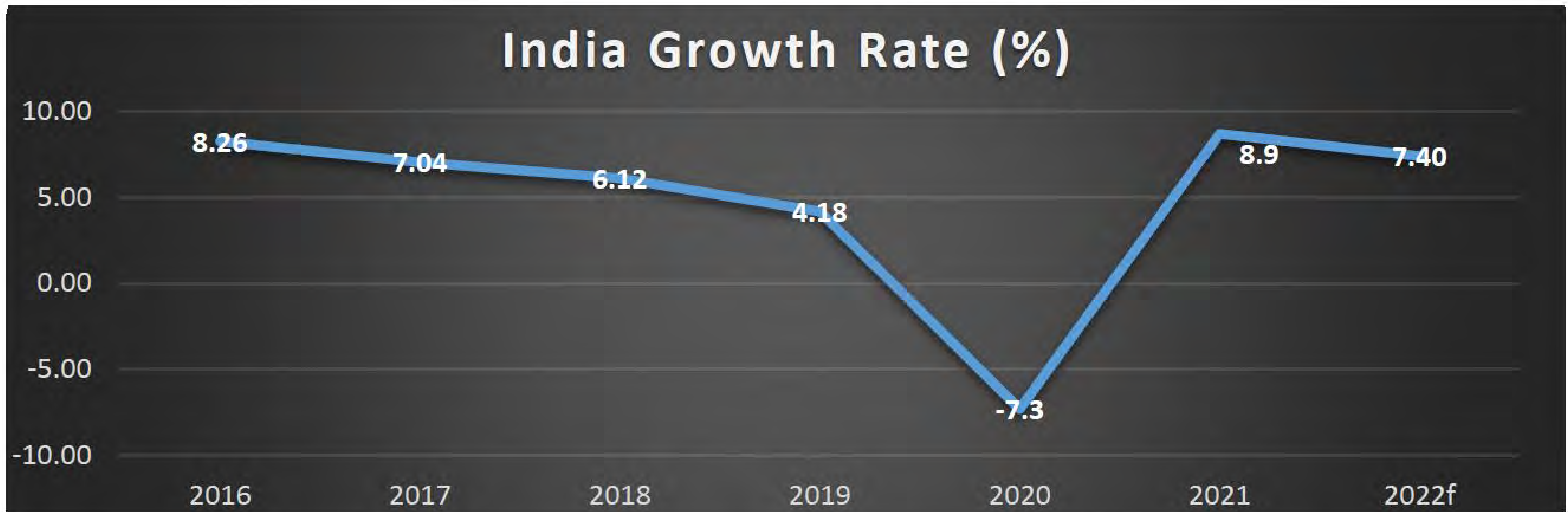
The annual inflation rate in Russia dipped to 15.9% in June 2022 from 17.8% in the prior month. It is the lower inflation rate since entering double-digit territory in March 2022. The Central Bank of Russia cut its key interest rate by 150bps to 9.5% during its June 2022 meeting, bringing borrowing costs back to levels prior to the Ukraine invasion. It follows a 300bps cut during an extraordinary meeting two weeks earlier and the central bank said it will consider the need for further loosening in the next meetings as inflation is slowing faster and the decline in economic activity is of a smaller magnitude than initially expected in April. Russia's economy (especially its crude oil and non-energy exports) is holding up better than expected amid sweeping sanctions over its invasion of Ukraine, according to the IMF, therefore its growth rate was revised to -6% compared to -8.5% in its previous forecast

## India

India's Gross Domestic Product (GDP) advanced by 13.5% in Q2 2022, the most in a year driven by agriculture, electricity, financial institutions, and real estate. Annual inflation declined to 7.01% in June from 7.04% in May, however, it remained above the Reserve Bank of India (RBI) target range of 2%-6% therefore the RBI raised its key interest rate to 4.9% in June to ensure inflation remains within the target going forward while supporting growth. The IMF outlook for India has also been trimmed by 0.8 percentage points to 7.4% mainly reflecting less favourable external conditions and more rapid policy tightening.



## GDP Growth Rate & Forecast – India



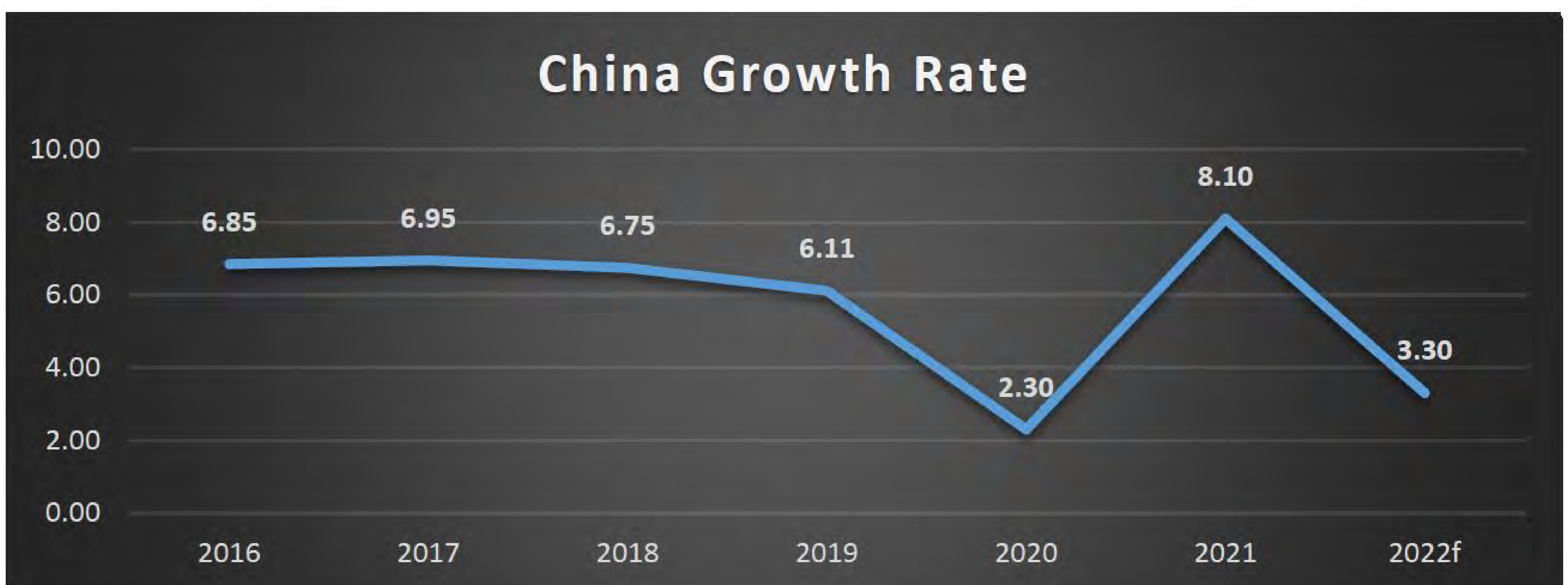
Source: IMF



The Chinese economy advanced 0.4% YoY in Q2 2022, slowing sharply from a 4.8% growth in Q1. It is the softest pace of expansion since a contraction in Q1 2020 when the initial coronavirus outbreak emerged in Wuhan. Beijing recorded 2.5% growth for the first half year.

The activity data for June showed some improvement, as the Chinese government has rolled out a raft of measures, cutting taxes for businesses and channeling more money into infrastructure projects.

## GDP Growth Rate & Forecast – China



Source: IMF

The People's Bank of China held steady its key rates for corporate and household loans at June fixing, as the economy starts to gradually recover from COVID-19 lockdowns. The one-year loan prime rate (LPR) was left unchanged at 3.7%; while the five-year rate, a reference for mortgages, was also maintained at 4.45%, following a record 15-basis point cut in May.

Inflation rose to 2.7% in July 2022 from 2.5% in June. This was the fastest rise in consumer prices since July 2020, with food prices rising the most in 21 months as consumption strengthened further following an improvement in the COVID-19 situation. China's growth forecast for 2022 has been revised by the IMF owing primarily to Covid-19 outbreaks and lockdowns.



# GLOBAL ECONOMY

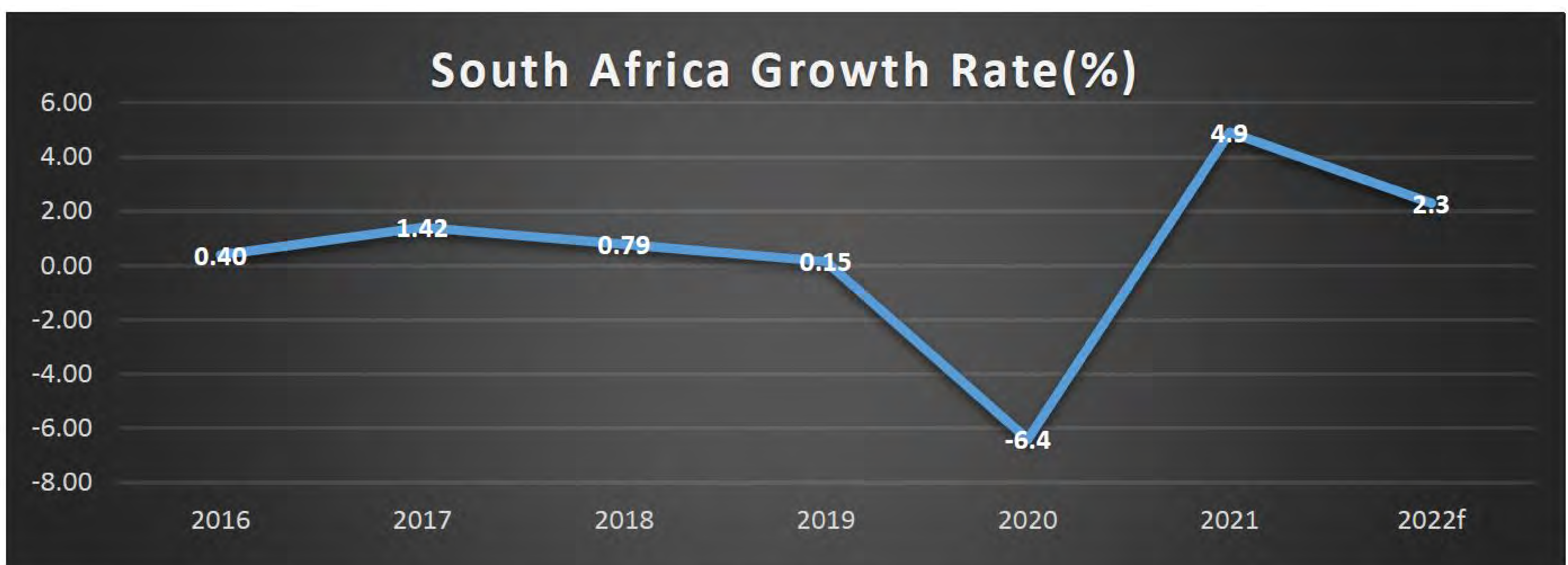
## AFRICA



South Africa's economy grew by 3% in Q1 2022 from 1.7% in the prior period, its second resilient growth since the contraction in Q3 2021. It is the fastest pace of growth since Q2 2021. The annual inflation rate quickened to an over 13-year high of 7.4% in June 2022 from 6.5% in May 2022, breaking through the upper limit of the South African Reserve Bank target range of 3%-6%. Prices continued to accelerate for transport, food & alcoholic beverage and housing & utilities.

The South African Reserve Bank hiked its key benchmark rate by more than 75 basis points to 5.5% in July in response to the surging domestic inflation, while signalling further monetary tightening ahead. The unemployment rate declined to 33.9% in Q2 2022, from 34.5% in Q1. South Africa's economic performance is looking better as economic growth for 2022 is now projected to be 2.3%, up from 1.9% previously according to the IMF

### GDP Growth Rate & Forecast – South Africa

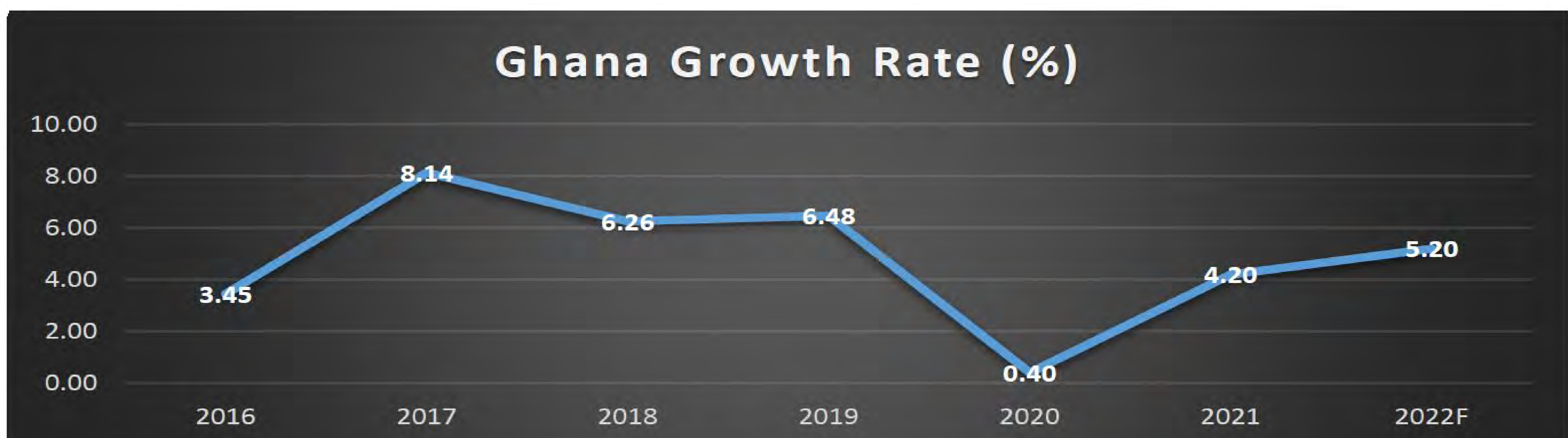


Source: IMF



Ghana's economy advanced by 3.35% in Q2 2022, slower than the 7.7% seen in Q4 2021. It is the weakest pace of expansion since Q4 2020 as activities slowed in the industrial sector, services and agriculture. The nation is currently plagued by high inflation, crippling public debt and one of the worst depreciating currencies in Africa. The central bank raised its monetary policy rate by 200 basis points to 19% in Q2 2022 from 17% in Q1 2022 as inflation rate jumped 29.8% in the quarter under review from 19.4% in Q1 2022. Growth is likely to soften in 2022, as soaring inflation, tighter monetary policy and a depreciating currency should dampen private sector activity and household consumption.

### GDP Growth Rate & Forecast – Ghana



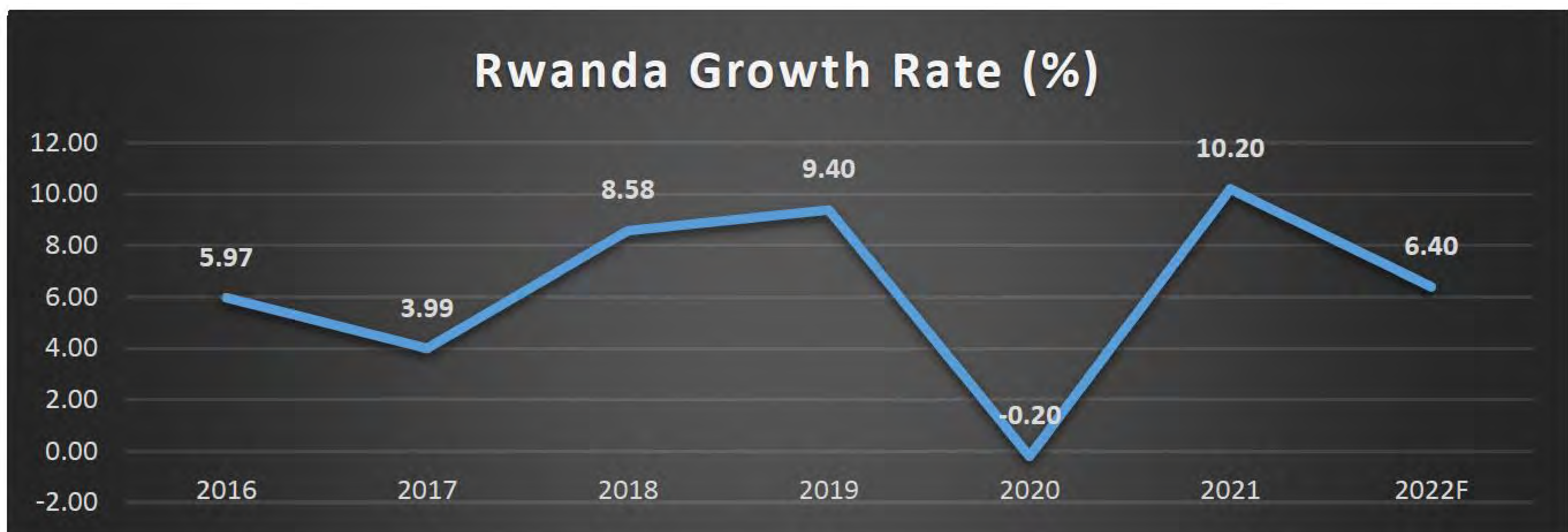
Source: IMF





The economy of Rwanda expanded by 7.9% in Q1 2022, the smallest expansion in a year. The growth was majorly driven by the industrial sector, construction and manufacturing. The National Bank of Rwanda raised its key interest rate by 100 bps to 5% during its May 2022 meeting, to rein in inflation caused by global disruptions as well as low domestic agricultural output. Inflation surged to 13.7% at the end of Q2 2022 compared to 7.5% in Q1 2022. The economy is expected to slow down to 6.9% in 2022.

## GDP Growth Rate & Forecast – Rwanda



Source: IMF

## Section 2

# THE NIGERIAN ECONOMY

On the home front, Nigeria was not immune from the impact of the Russia-Ukraine crisis as prices especially food and energy prices have doubled while the Central Bank of Nigeria battles to press the brakes on soaring prices. Inflation rate grew by 268 basis points (bps) to close at 18.60% at the end of Q2 2022 compared to 15.92% posted in the preceding quarter. To this effect, the Monetary Policy Rate was raised, for the first time in 19 months, by 150bps to settle at 13.0% in May 2022. The decision to adopt a contractionary monetary stance was to curb rising the inflation rate while protecting the fragile growth recovery from the COVID-19 pandemic. Bonny light crude oil, Nigeria's oil benchmark, remained well above \$100/b in Q2 2022 as strong demand was matched with tight supply in the oil market due to the inability of some Organization of the Petroleum Exporting Countries (OPEC) members to meet up with production quota while the economic sanction placed on Russia remained. Nigeria continues to navigate its way through the crisis to avoid a recession for the 3rd time in 7 years. The Nigerian economy defied global headwinds, posting a GDP growth of 3.54% in Q2 2022 compared to 3.11% posted in Q1 2022. The GDP growth outperformed analysts' weaker expectations.

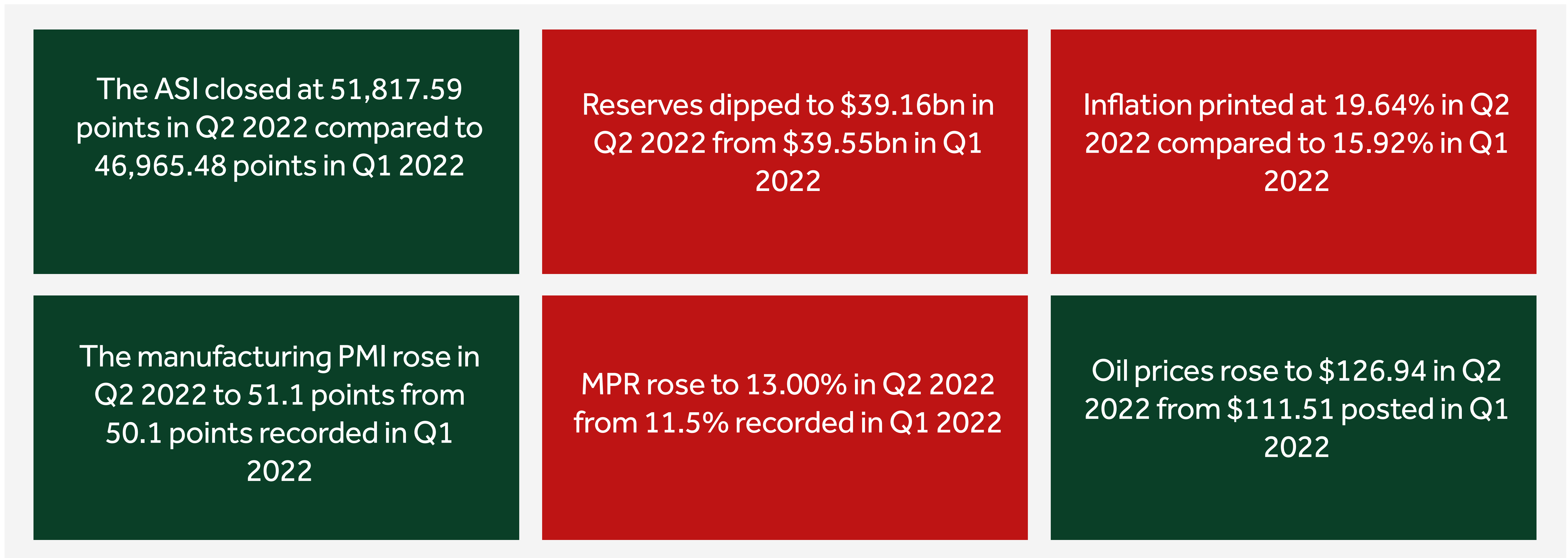
### A snapshot of the domestic economy for Q2 2022 is presented below:

Real GDP advanced by 3.54% in Q2 2022 compared to 3.11% in Q1 2022

Total public debt increased to N41.60trn in Q1 2022 from N39.56 trn in Q4 2021

Exchange rate at the I&E window depreciated to N425.05/\$ in Q2 2022 from N416.17/\$ in Q1 2022

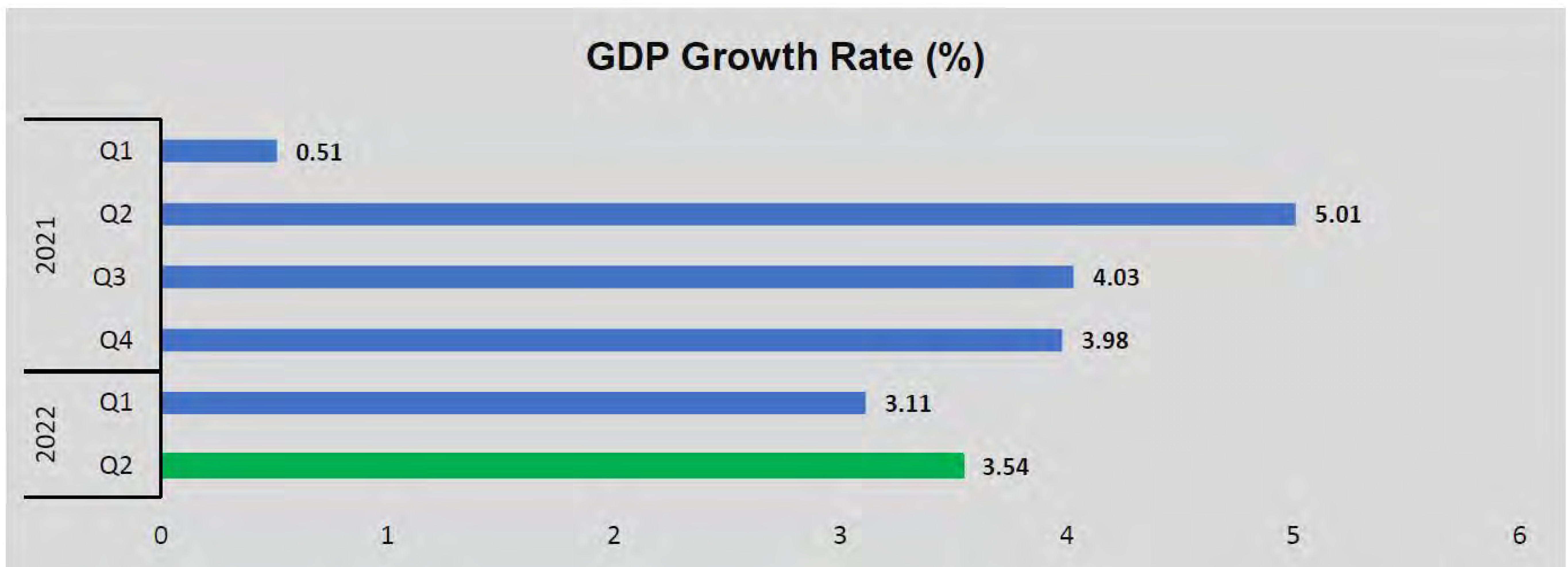




## 1. GDP Growth

The Nigerian economy defied global headwinds, maintaining resilience amidst tough times by posting a GDP growth of 3.54% in Q2 2022 compared to 3.11% posted in Q1 2022. This growth reflects the resilience of the Nigerian economy despite the impact of the ongoing Russia-Ukraine crisis, pandemic crisis and recession witnessed. According to the National Bureau of Statistics (NBS), the soaring inflation had adversely impacted the Q2 2022 growth performance. The expansion was driven by the non-oil sector, with main positive contributions from information and communication, finance & insurance, agriculture, manufacturing, transportation and storage sectors. Non-oil sectoral contribution to the GDP printed at 93.67% while the oil sector contributed 6.33%. While growth in the non-oil sector declined to 4.77% in Q2 2022 from 6.08% posted in Q1 2022, growth in the oil sector improved posting -11.77% in Q2 2022 from -26.04% recorded in Q1 2022. The improvement in the oil sector was anchored on the Russia-Ukraine crisis-induced increase in oil prices.

### GDP Growth Rate – Nigeria



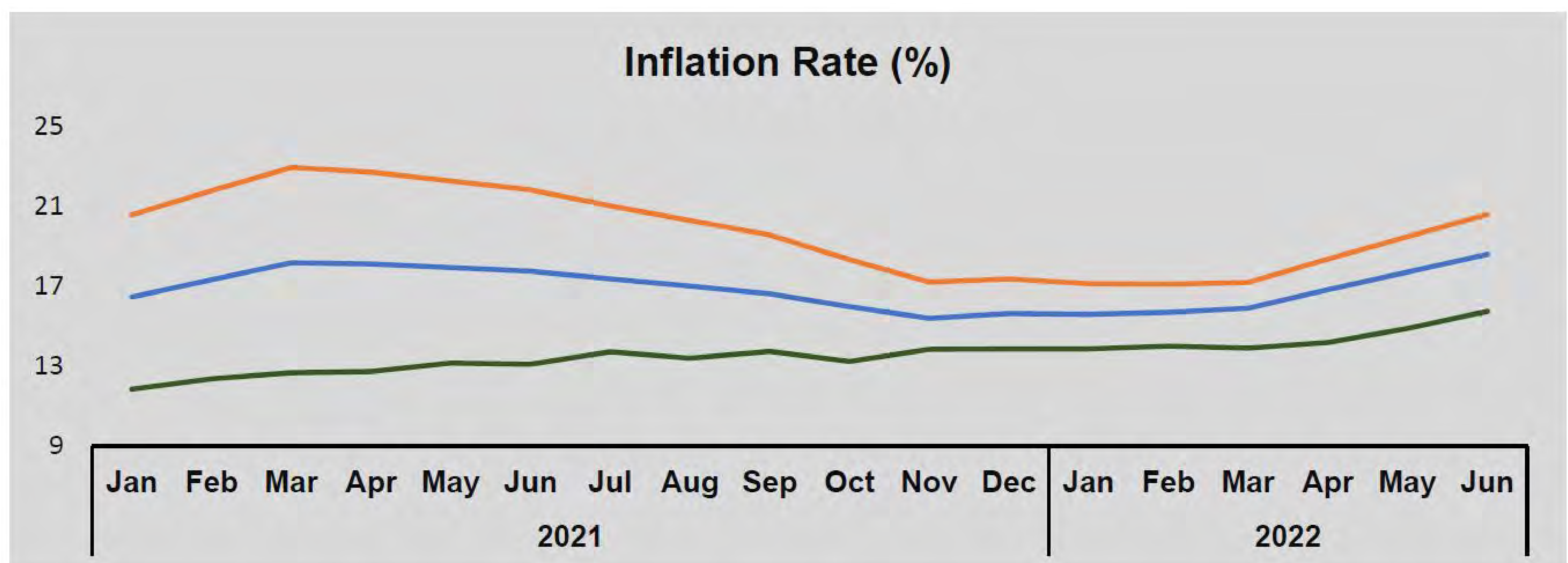
Source: NBS



## 2. Inflation

Nigeria's headline inflation rate soared to 18.60% in June 2022 from 15.92% recorded in the preceding quarter. This reflects the fifth consecutive increase in 2022. The increase in inflation was driven by the disruption in the supply of food products, higher energy costs, the pass-through effect of currency depreciation, as well as a general increase in the cost of production. According to the Nigerian Bureau of Statistics (NBS), the food inflation rate surged to 20.6% from 17.20%, mainly due to an increase in the price of bread and cereals, potatoes, yam and other tubers, oil and fat, meat, and fish. Similarly, the core inflation rate, which consists of all items excluding food, rose to 15.75% from 13.91% mainly due to an increase in the price of gas, liquid and solid fuel, garment, transport, cleaning, repair and hire of clothing.

### Inflation Year-on-Year

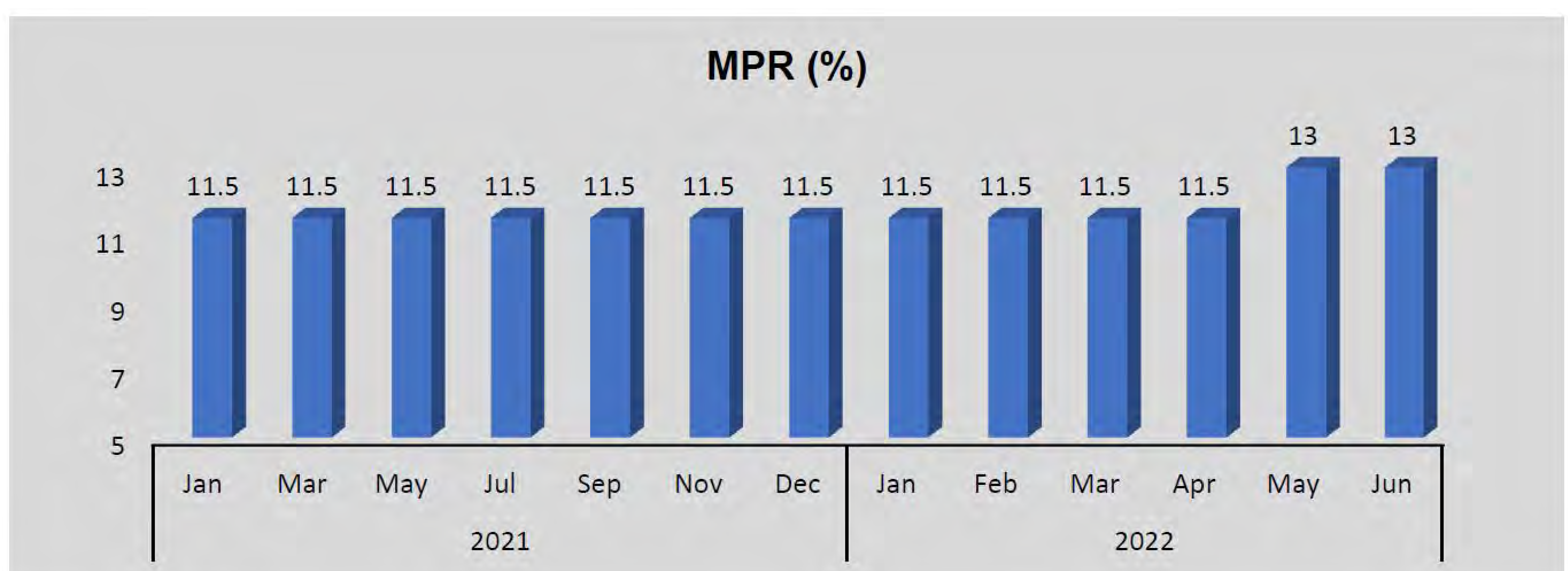


Source: NBS

## 3. Monetary Policy

The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN), in its third meeting of 2022 held in May, made a unanimous decision to raise the Monetary Policy Rate (MPR) by 150 basis points (bps), pushing the anchor rate to 13% from 11.5% after 19 months of maintaining a hold stance. The decision to adopt a contractionary monetary stance was hinged on the rising inflation rate which threatened the fragile growth recovery from the COVID-19 pandemic.

### Trend in MPR



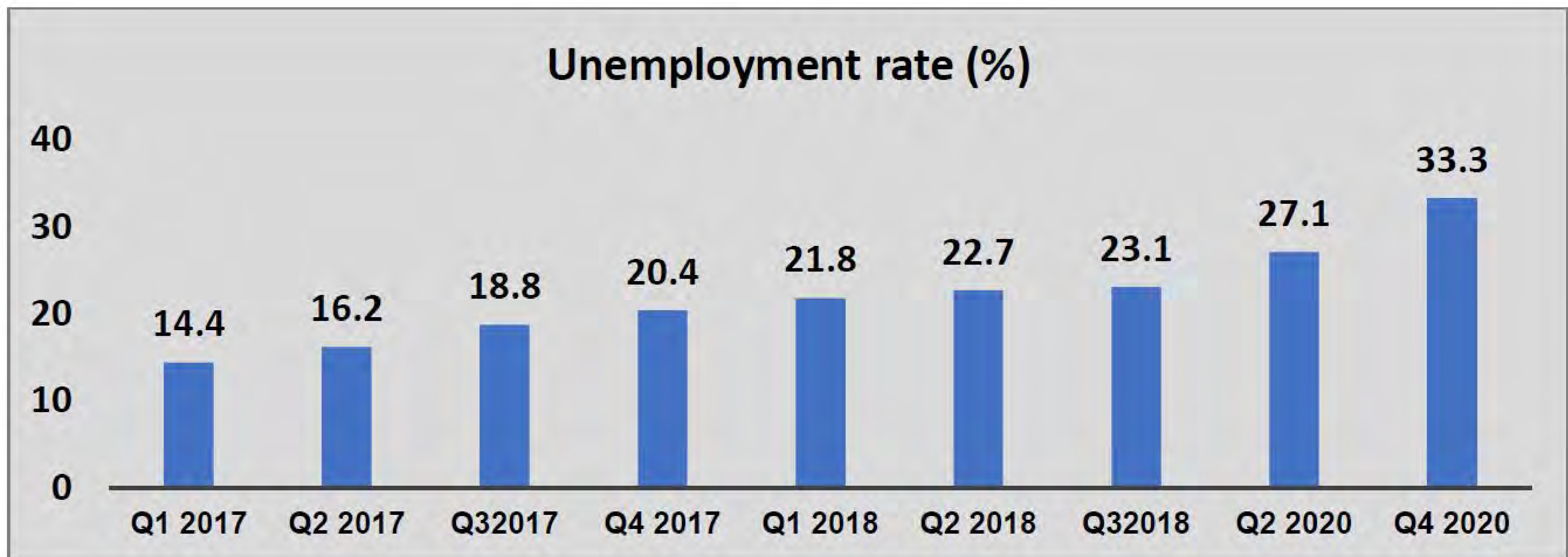
Source: CBN



## 4. Unemployment

Based on the most recent data from the National Bureau of Statistics (NBS), the unemployment rate was 33.3% in Q4 2020 from 27.1% posted in Q2 2020. However, underemployment declined to 22.8% in Q4 2020 from 28.6% posted in Q2 2020. The rural unemployment rate rose to 34.5% in Q4 2020, up from 28.2% in Q2 2020 with the urban unemployment rate maintaining the same upward trend reaching 31.3% in Q4 2020 from 26.4% posted in Q2 2020. The severe impact of the COVID-19 epidemic, along with the country's frail economy (at the time), may be to blame for rising unemployment. This high unemployment rate has increased insecurity across the country as individuals look for additional unlawful methods to make ends meet.

### Unemployment Rate Trend



Source: NBS

## 5. External Reserves

The external reserves lost further grounds in Q2 2022, declining by 0.99% to settle at \$39.16 billion from \$39.55 billion recorded in the previous quarter. Higher oil prices witnessed in Q2 which were induced by the Russia-Ukraine crisis could not positively impact the external reserves. This was largely due to failure to meet up the country's stipulated oil production quota. Also, the higher fuel subsidy payment and ever-increasing demand for the Dollar amidst a weak inflow of forex inhibited accretion to the reserves.

### External Reserves



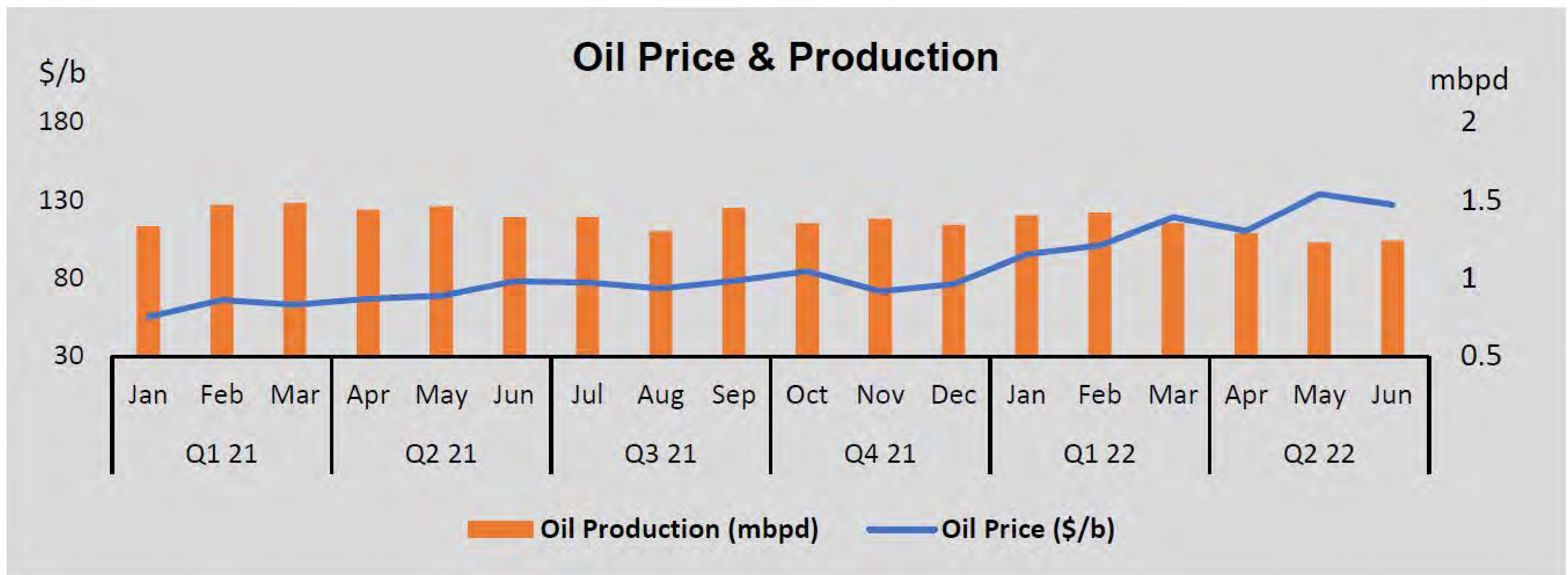
Source: CBN



## 6. Oil Price & Production

Oil prices maintained an upward trajectory as investors balanced a tightening market against a backdrop of weakening global economic growth and subdued demand. Consequently, Bonny light crude oil price, Nigeria’s oil benchmark rose by 4.15% to close the quarter at \$126.94/barrel from \$111.51/barrel posted in the previous quarter. Oil production ended lower in Q2 2022 to 1.24 million barrels per day (mbpd) from 1.35mbpd posted in Q1 2022. Nigeria couldn’t meet up with the Organization of the Petroleum Exporting Countries (OPEC) production quota largely due to the exit of oil majors, poor investment, sabotage, and massive oil theft.

### Oil Price & Production

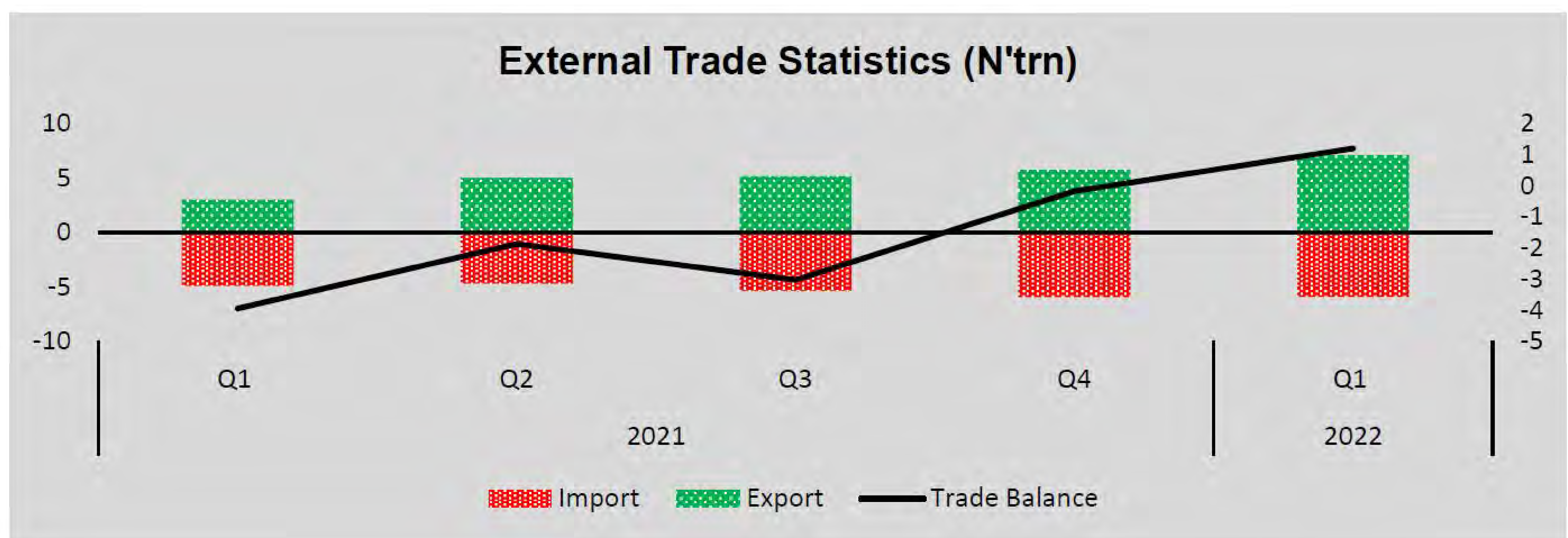


Source: CBN

## 7. External Trade

Nigeria recorded a trade surplus of 1.2 trillion as the value of exports in Q1 2022 outweighed the value of imports. Data from the National Bureau of Statistics (NBS) revealed that exports grew by 23.05% to reach 7.10 trillion compared to 5.77 trillion posted in Q4 2021. On the other hand, imports declined by 0.67% to settle at 5.90 trillion compared to N5.94 trillion recorded in Q4 2021. Altogether, total trade volume grew by 11.01% to stand at 13.00 trillion relative to 11.71 trillion posted in the preceding quarter. Nigeria’s top 5 export trading partners for Q1 2022 were India, Spain, Netherlands, Indonesia and the USA while the top 5 import trading partners were China, Netherlands, Belgium, India, and the USA.

### External Trade



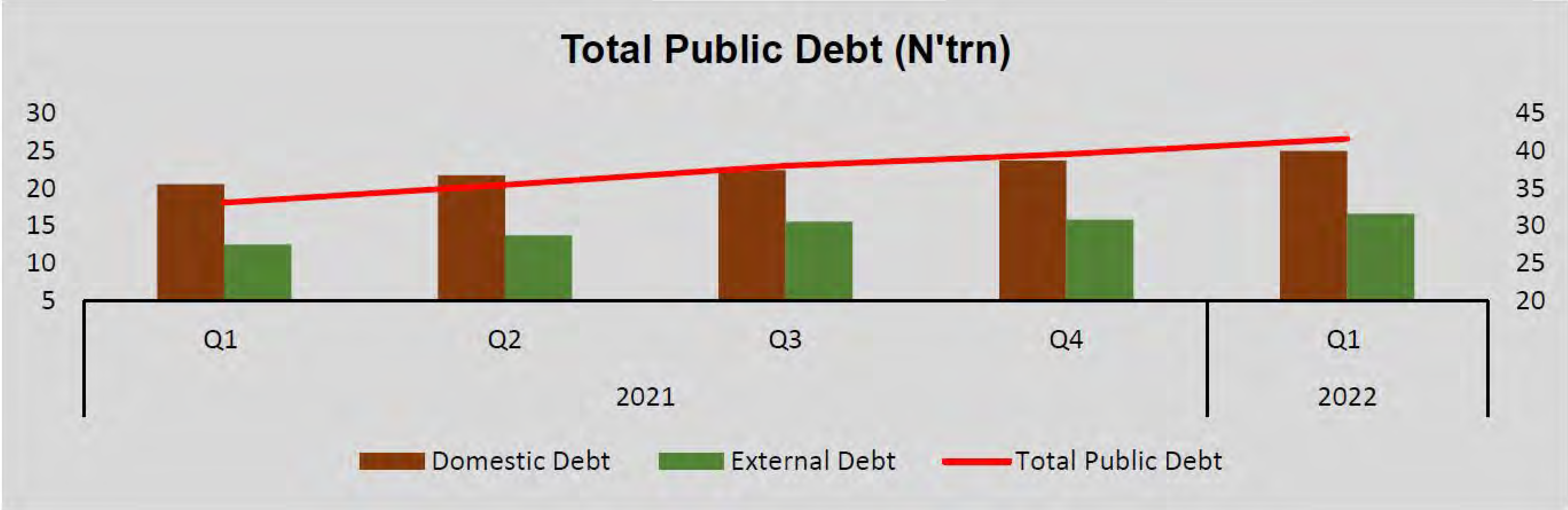
Source: NBS



## 8. Total Public Debt

Nigeria’s total debt continues to balloon as it reached N41.60 billion, growing by N2.04 trillion in Q1 2022 relative to N39.56 billion recorded in Q4 2021 which represents an increase of 5.16%. Domestic debt accounted for 60.06% to reach N24.99 trillion in Q1 2022 from N23.70 trillion recorded in Q4 2021 while external debt contributed 39.94% to total public debt settling at N16.62 trillion from N15.86 trillion posted in Q4 2021.

### Total Public Debt

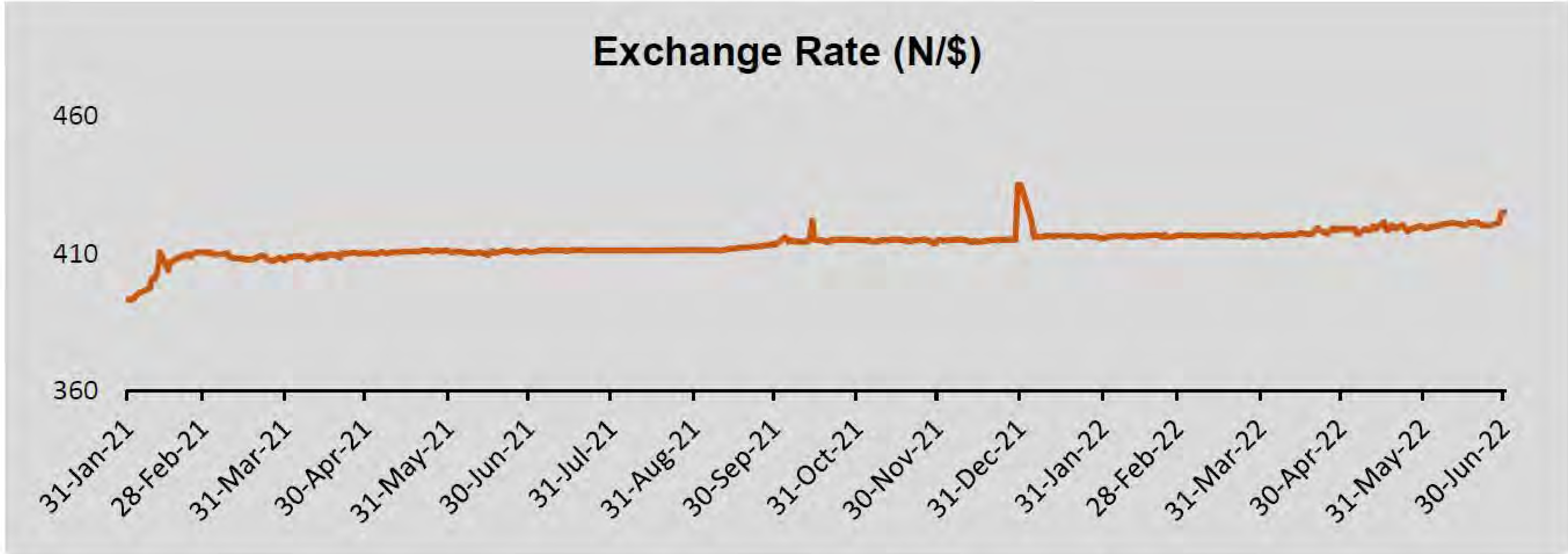


Source: DMO

## 9. Exchange Rate

Naira at the Investors & Exporters (I&E) window depreciated against the Dollar at N425.05 at the end of Q2 2022 from N416.17 exchanged at the end of Q1 2022. The CBN has continued to intensify efforts in boosting the inflow of forex into the country however, the supply of the Dollar remains insufficient to meet demand.

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



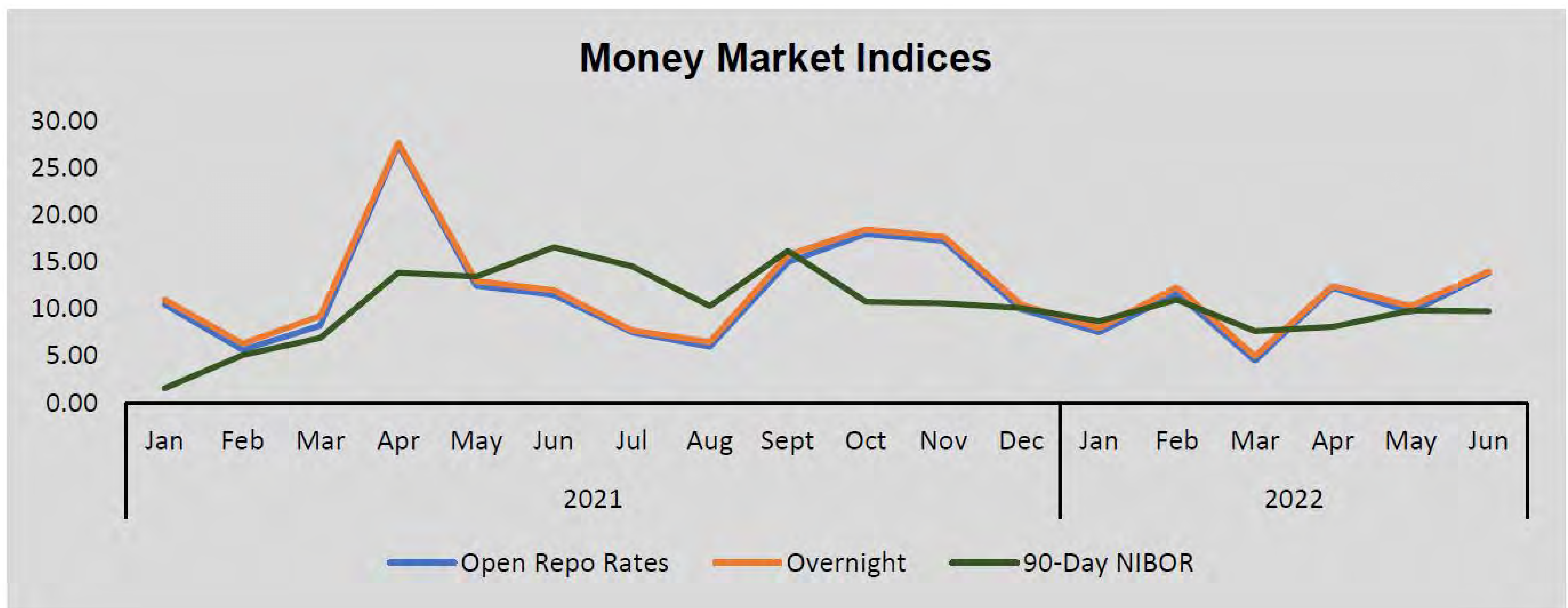
Source: FMDQ



## 10. Money Market

The money market witnessed tight liquidity as banks funded their accounts to fulfil obligations. Short-term instruments such as the Open Repo Rates (OPR) and Overnight (O/N) rates closed at 13.83% and 14.00% at the end of Q2 2022, an increase from 4.5% and 5.0% posted in the previous quarter. Similarly, the slightly longer dated instruments like the 90-day Nigerian Interbank Offered Rate (NIBOR) increased to 9.78% from 2.68% posted at the end of Q1 2022.

### Trend in the Money Market



Source: FMDQ

## 11. The Stock Market

Sentiments were bullish at the Nigerian Exchange Limited (NGX) as investors took advantage of high-yielding stocks. The All-Share Index (ASI) closed Q2 2022 at 51,817.59 points compared to 46,965.48 points posted at the end of 2021, reflecting a 10.33% increase. Similarly, market capitalization trended upward, closing the quarter at N27.94 trillion compared to N25.31 trillion posted at the end of 2021, reflecting a 10.39% increase. This shows the confidence that investors have in the Nigerian economy.

### Nigerian Exchange Limited: All Share Index and Market Capitalization



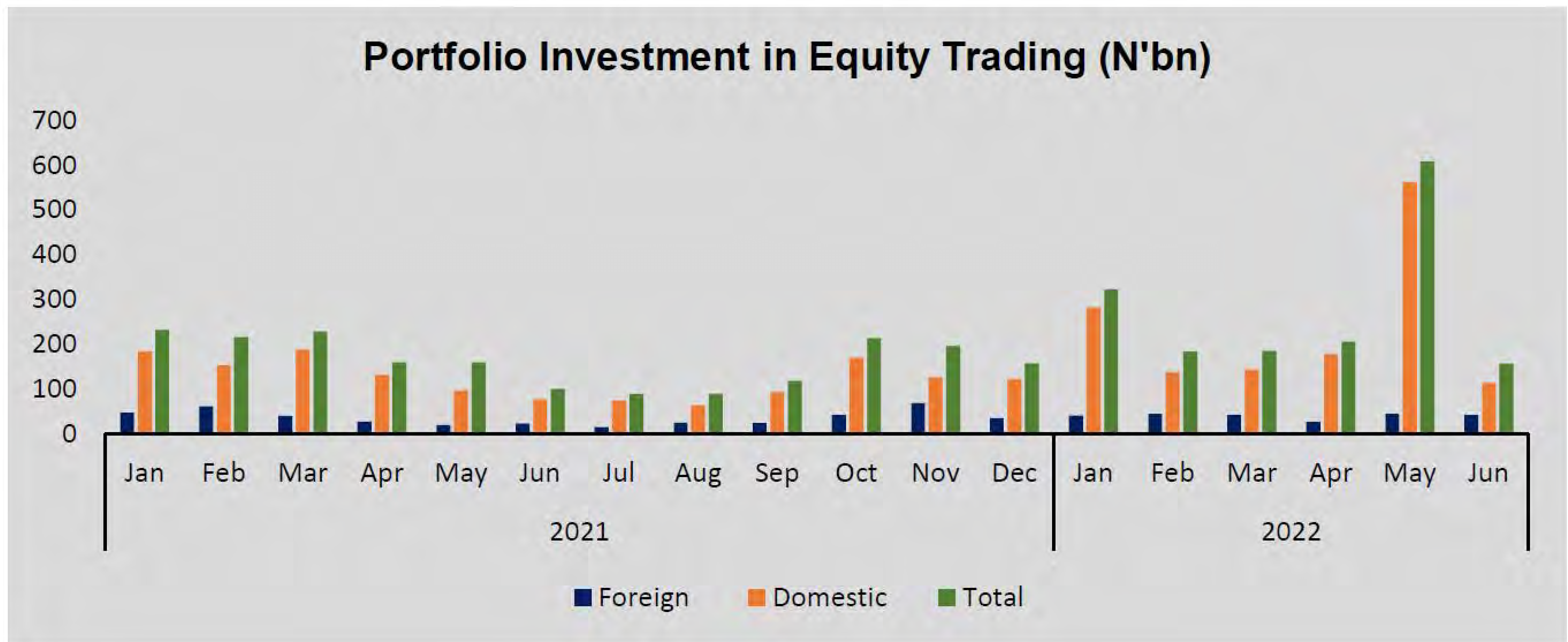
Source: NGX



## 12. Portfolio Investment – NGX

Total transactions from portfolio investment into the Nation's equity bourse declined by 15.51% to close at N156.52 billion at the end of Q2 2022 from N185.26 billion recorded at the end of the previous quarter. Domestic portfolio investment remained the dominant contributor, contributing 73.04% to the nation's bourse in Q2 2022 while Foreign Portfolio Investment (FPI) contributed 26.96%. The inflow of FPI outperformed its outflow by N7.07 billion, keeping the net FPI for equity trading in the green zone.

### Domestic & Foreign Portfolio Participation in Equity Trading

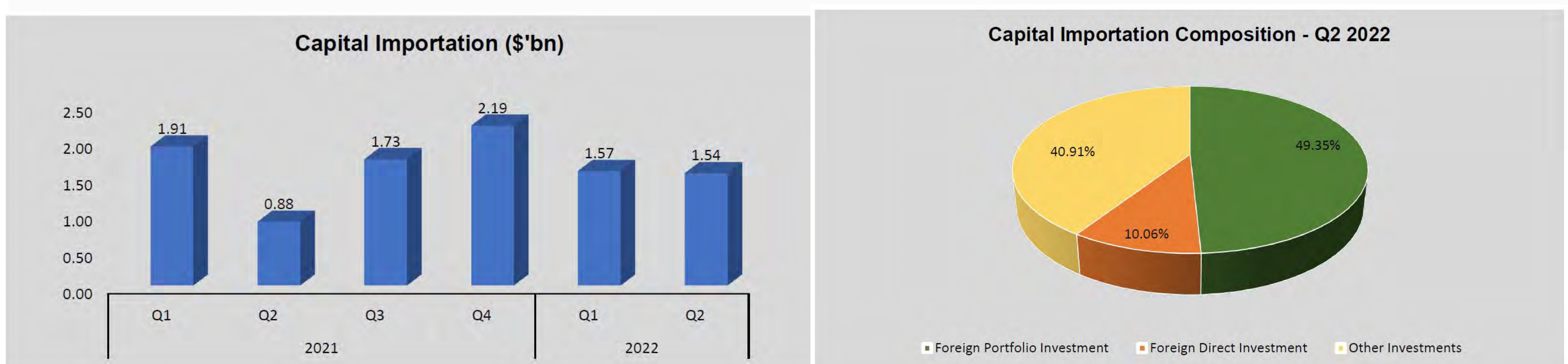


Source: NGX

## 13. Capital Importation

Capital imports into Nigeria declined by 1.91% to settle at \$1.54 billion in Q2 2022, compared to \$1.57 billion recorded in Q1 2022. Foreign Portfolio Investment (FPI) accounted for 49.35% of total capital imported, reaching \$0.78 billion in Q2 2022 from \$0.96 billion posted in Q1 2022. Other Investments and Foreign Direct Investment (FDI) contributed 40.91% and 9.74% to the capital imported in Q2 2022, respectively. In the reference period, the United Kingdom maintained its spot as the leading source of capital import to Nigeria and Lagos remained the top destination for capital import.

### Capital Importation & Composition



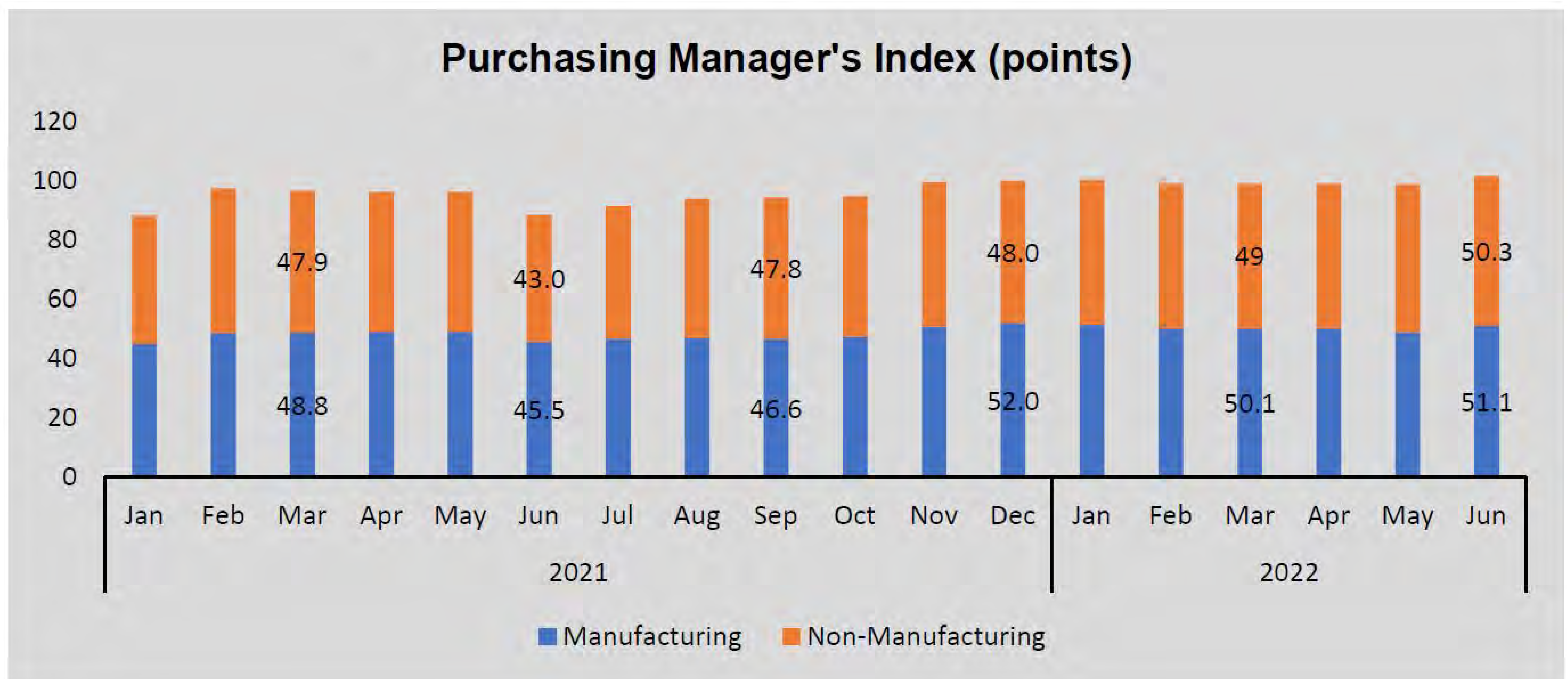
Source: NBS



## 14. Purchasing Managers' Index

The manufacturing Purchasing Managers' Index (PMI) remained above the benchmark of 50 index points settling at 51.1 points at the end of Q2 2022, a tad higher than 50.1 points recorded at the end of Q1 2022. On the other hand, the non-manufacturing PMI of 50.3 points recorded at the end of Q2 2022 was slightly higher than 49.0 points recorded at the end of Q1 2022.

### Purchasing Managers' Index



Source: NBS

## 15. Credit Ratings

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

## 16. Socio-Economic Landscape

Most political parties were able to present their presidential flagbearers as primary elections were held between May and June 2022. After the conclusion of the primary elections for the various political parties, Atiku Abubakar emerged as the presidential flagbearer for the PDP while Bola Ahmed Tinubu emerged as the presidential flagbearer for the APC. Peter Obi deflected from the PDP to emerge as the Labour Party Presidential flag bearer. He has proven to be a formidable opponent against the PDP and APC as he has the immense support of the youths. Currently, only the APC has opted for a Muslim-Muslim ticket as Bola Ahmed Tinubu announced Kashim Shettima as his running mate. This has brought a lot of wrangles from the public against the APC vice president's option.

The misery index, which is a combination of the inflation rate and unemployment rate, nudged higher by 268bps to sit at 51.90% in June 2022 relative to 49.22% posted in March 2022. An increase in June inflation was mostly driven by higher food and energy prices, thus pushing up the misery index. The impact of the ongoing Russia-Ukraine crisis is becoming intense on the economy as the prices of deregulated energy products and food products continue to soar. This increase is worsening the living standard of poor Nigerians. Individuals and businesses continue to grapple with rising prices.



## 17. Financial Sector Developments

The Monetary Policy Committee (MPC) of the CBN met in May 2022, ending the meeting with a decision to maintain a “contractionary stance” on all monetary policy variables. All other parameters were left unchanged. The committee was faced with the policy dilemma of either maintaining a hold stance, to allow continuous growth recovery or adopting a contractionary stance, to curb soaring prices. An expansionary stance was never an option on the table as this increased liquidity, thus fanning the flames of inflation and adding more pressure on the exchange rate. The committee’s decision to adopt a contractionary stance to rein in rising inflation which could adversely affect growth. However, the committee reaffirmed its commitment to continue to support priority sectors as the need arises to support growth until soaring prices abate.

### Section 3

## OUTLOOK FOR Q3 2022



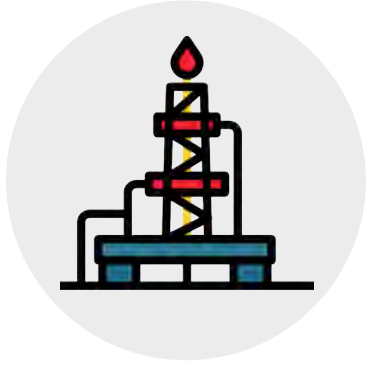
### GDP Growth

The Nigerian economy is expected to show impressive growth numbers of 3.4% in 2022. According to the International Monetary Fund (IMF), the increase in oil prices, championed by the ongoing Russia-Ukraine crisis, has however lifted growth prospects for the region’s oil exporters, such as Nigeria.



### Foreign Exchange

The Naira is expected to hover between N440/\$ and N455/\$. The rising demand for the Dollar amidst its weakened supply will continue to hurt the value of the Naira.



### Crude Oil

Oil price might close Q3 2022 below \$100/b at the end of Q3 2022 as global recession worries and a weakening demand outlook overshadowed concerns about tighter oil supply



### Monetary Policy

The CBN is expected to maintain its contractionary stance by raising the MPR by at least 100bps in Q3 2022. This will be aimed at effectively curtailing soaring price levels.



### Foreign Reserves

Foreign reserve is expected to average between \$38billion - \$39billion at the end of Q3 2022 as the CBN continues to uphold the value of the Naira amidst foreign exchange market pressures.



### Inflation

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