ACCESS ECONOMIC QUARTERLY
Q3 2021

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ACCESS ECONOMIC QUARTERLY Q3 2021

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1.0
GLOBAL ECONOMY

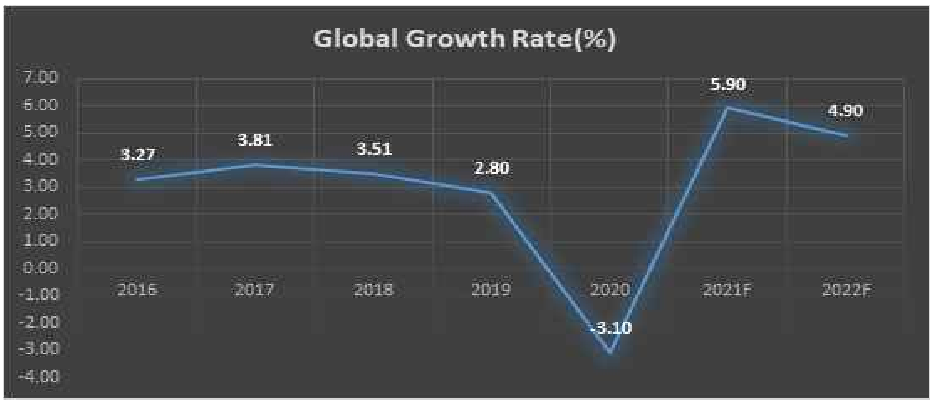
GLOBAL ECONOMY

The global economic growth was revised downward by a 0.1 percentage point for 2021 to 5.9% by IMF in October 2021. The downgrade was a result of supply disruptions in advanced economies and worsening pandemic dynamics in low-income developing countries. In addition, inflationary pressures are being created as the boom in consumer demand has stretched the capacity of global suppliers. However, these pressures should ease significantly in 2022 as demand growth moderates and supply responds.

The Chinese economy is currently wrestling with a triple dilemma – the power cuts, lingering effect of the pandemic, and a property slowdown, which have all have taken a toll on its growth. China's expected growth rate for 2021 and 2022 has been revised downward by 0.1 percentage point than in the July forecast to 8% and 5.6% respectively by the IMF. The Eurozone growth prospect is looking upbeat as the continued easing of containment measures and improving health situation are putting the economies back in motion. IMF forecast the Eurozone to grow by 5.0% in 2021 and 4.3% in 2022.

Emerging markets continue to recover from the impact of the pandemic as the vaccination rollout accelerates, however, lagging advanced economies. Many major emerging economies have contracted by less than initially feared (asides from some countries in Emerging Asia). Consequently, forecasted growth in 2021 and 2022 has been revised from 6.3% and 5.2% to 7.2% and 6.3% respectively.

Emerging economies contracted by -2.6% on average in 2020 and should grow by 6% in 2021, with very uneven performances amongst countries. Positive external factors like the further catching-up in global trade, rising commodity prices, and lower domestic borrowing costs than pre-Covid19 crisis levels will continue to support growth recovery.



Source: IMF

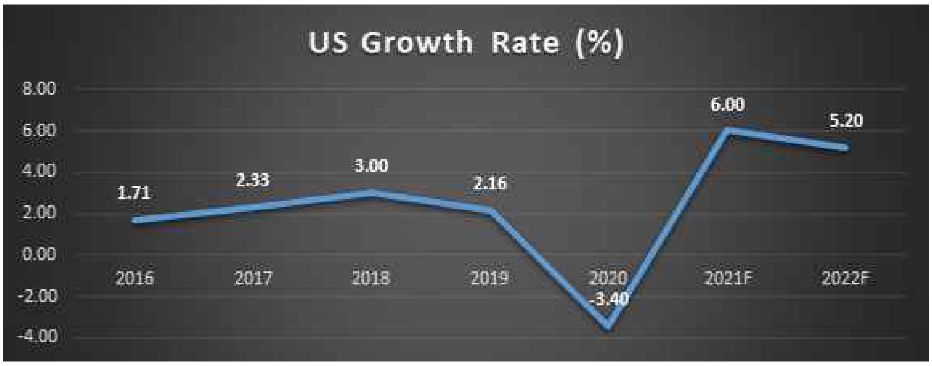
GLOBAL ECONOMY
UNITED STATES/EURO AREA

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

1.1 United States

The US economy expanded at an annual rate of 6.7% in Q2 2021, reflecting continued economic recovery, reopening of establishments, and unrelenting government response related to the COVID-19 pandemic.

GDP Growth Rate & Forecast – United States of America



Source: IMF

Unemployment rate declined by 0.4 percentage point to 4.8% in September 2021. Notable job gains occurred in leisure and hospitality, professional and business services, retail trade, transportation, and warehousing.

Target range for federal funds rate was left unchanged at 0-0.25% in September 2021 by the Fed. The Bank noted that the economy is progressing towards its goals and the easing of its QE purchases may be warranted in the coming months.

The trade deficit in the US widened to a record high of $73.3 billion in August of 2021, higher than market forecasts of $70.5 billion where exports went up 0.5% and import by 1.4%. The US growth forecast for 2021 was revised downward by one percentage point to 6% due to disruptions to supply chains and softening consumption in the third quarter. 2022 growth is however projected to settle at 5.2% as the economy continues to recover.

1.2 Euro Area

The Eurozone economies, following two consecutive periods of contraction, grew by 2% in the second quarter of 2021. The rebound was supported by the rapid pace of COVID-19 vaccination and the reopening of the bloc economies which stimulated activity and domestic demand.

GDP Growth Rate & Forecast – Eurozone

Source: IMF

Inflation figures have edged upwards to 3.4% as of September 2021, above European Central Bank's recently raised inflation target of 2%. The volatile energy price has been the major cause of inflation however, stripping energy, the core inflation also rose 1.9%. Due to government furlough schemes, the labor market saw unemployment rate go down to 7.5% in August 2021, the lowest level since May 2020.

The Eurozone trade surplus narrowed to EUR 4.5billion in August 2021, compared to EUR 14.0 billion the same period last year. The IHS Markit Eurozone composite PMI was revised slightly higher to 56.2 in September of 2021 from 56.1 the previous month. The Eurozone growth expectation for 2021 increased by 0.4 percentage point to 5.0% signaling an optimistic outlook by the IMF.

GLOBAL ECONOMY
BRICS

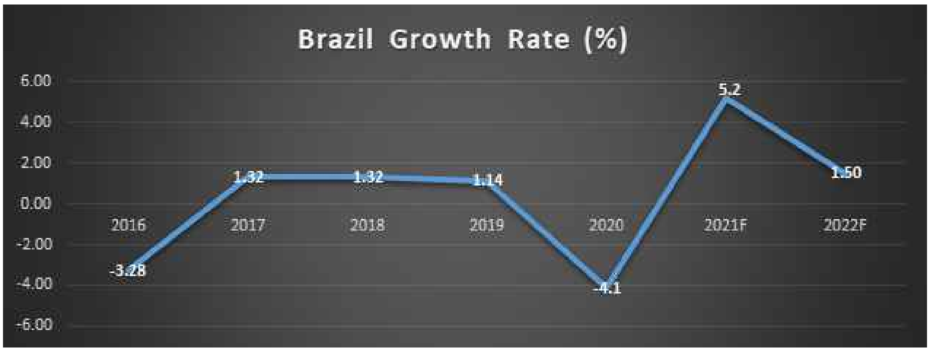
1.3 BRICS

Year-end growth for the BRICS economies is looking optimistic as the IMF, in its recently revised world projections increased the growth rate for most of the countries by at least 1%. Brazil and Russia are projected to grow by 5.2% and 4.7% respectively. China on the other hand, was revised downwards as it is plagued not only from the power cuts but also the pandemic and a property slowdown exacerbated by the financial woes of Evergrande. The Indian and South African economy is showing positive markings and its 2021 growth projection increased by 1.1% and 3.0% respectively.

Brazil

Brazil's economy expanded 12.4% y-o-y however, below market expectation in Q2, 2021. The economy was fuelled by advancement in the industry sector in particular the production of automotive vehicles.

GDP Growth Rate & Forecast – Brazil



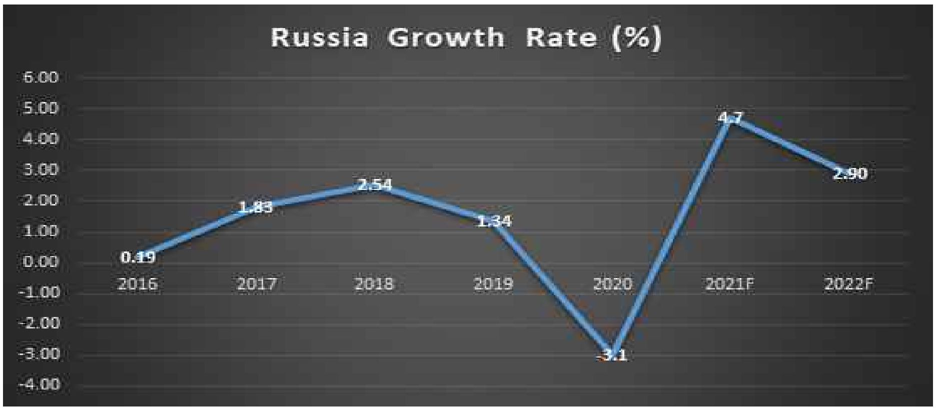
Source: IMF

The Central Bank of Brazil made a unanimous decision to raise its benchmark interest rate by 100 basis points, its fifth interest rate hike in 2021 to 6.25%. The decision to increase its rate is backed by the need to converge inflation within the target rate as the annual rate increased to 10.25% in September for 9.68% in August. Much of the increase in inflation can be explained by the impact of higher food and energy cost. Global growth for the economy in 2021 and 2022 is projected to reach 5.2% and 1.2% respectively.

Russia

Russia's economy expanded by 10.5% year-on-year in Q2 2021, its strongest leap since 2000. The expansion broke the economy from its spell of four consecutive contraction as global oil prices rebounded.

GDP Growth Rate & Forecast – Russia



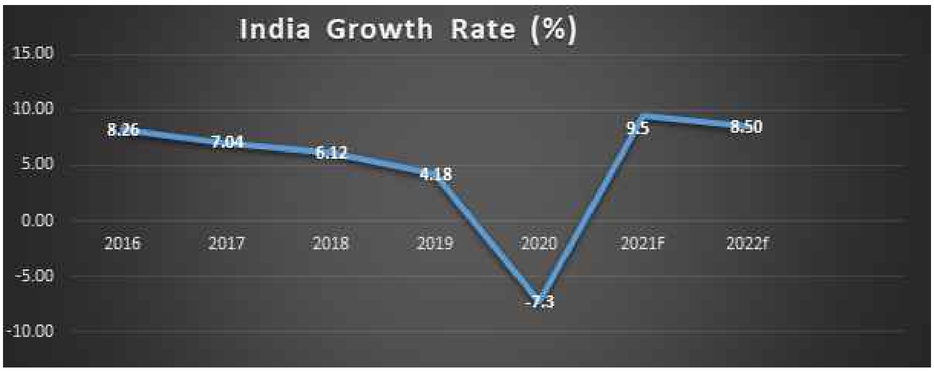
Source: IMF

The Central Bank of Russia raised its benchmark interest rate by 25bps to 6.75% to return inflation to its 4% target. As of September 2021, the annual inflation rate rose to 7.4% from 6.7% the previous month. Russia's growth forecast was revised upwards by the IMF to 4.7% in 2021 and 2022 remained unchanged at 2.9%.

India

The Indian economy surged to 20.1% in Q2 2021 since the country's pandemic induced recession amid a low base effect. India's second-quarter GDP data reflects increase in private consumption and fixed investment.

GDP Growth Rate & Forecast – India



Source: IMF

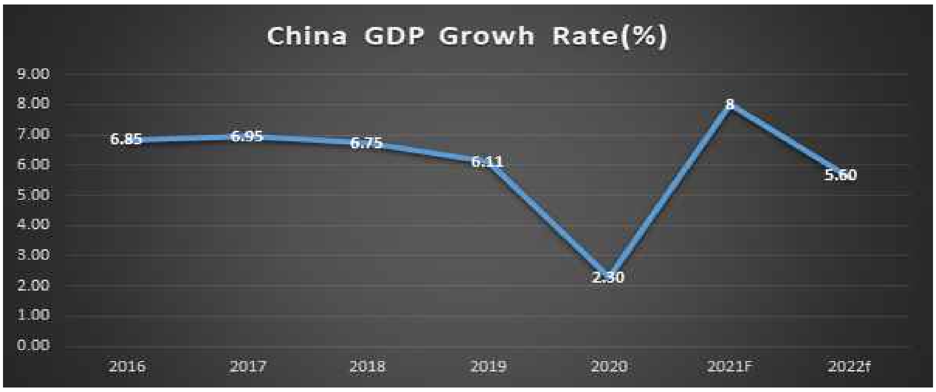
The Reserve Bank of India kept its benchmark repurchase rate at its accommodative stance of 4% during its September meeting, to sustain growth and continue to mitigate the impact of Covid-19 on the economy while ensuring that inflation remains within target. The Bank also left the borrowing rate, the reverse repo unchanged at

3.35%. Inflation eased to 4.35% in September of 2021 from 5.3% the previous month. The 2021 and 2022 growth prospects for India is looking northwards as the economy's growth was revised upwards to 9.50% and 8.50% respectively.

China

The Chinese economy expanded by 4.9% year-on-year in Q3 2021, decelerating from a 7.9% growth in Q2 2021, its slowest pace since last year. The contraction comes at no shock due to its current property bubble, power shortage, supply chain bottlenecks and residual effect of the pandemic. Consumer confidence in China decreased to 117.50 points in August from 117.80 points in July of 2021.

GDP Growth Rate & Forecast – China



Source: IMF

Inflation rate in China dropped to 0.7% in September 2021 from 0.8% in August due to a decline in cost of food. The People's Bank of China (PBoC) held its benchmark interest rates steady for the 17th straight month in September 2021 at 3.85%. In its October World Economic Outlook, World Bank projected China's economy to grow 8.0% in 2021 and 5.6% in 2022, 0.1 percentage point lower for 2021 than in the July forecast.

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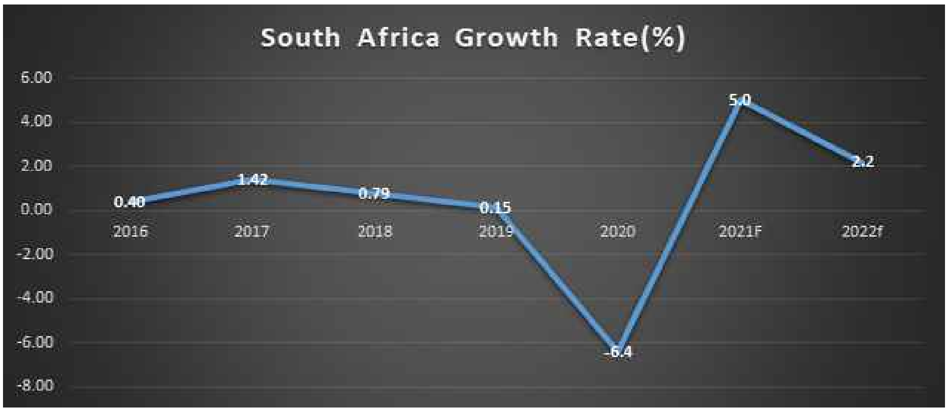
AFRICA

South Africa

Following the economy's four consecutive quarters of contraction, South Africa recorded an advancement of 19.3% y-o-y in Q2 2021. The expansion was largely due to a rebound in fixed investment and increased export growth.

GDP Growth Rate & Forecast – South Africa



Source: IMF

Inflation rate in South Africa rose to 4.9% in August 2021, up by 0.2% in comparison to the previous month. The upward pressure is due to a combination of the base effect and increase in the prices of transportation, food and non-alcoholic.

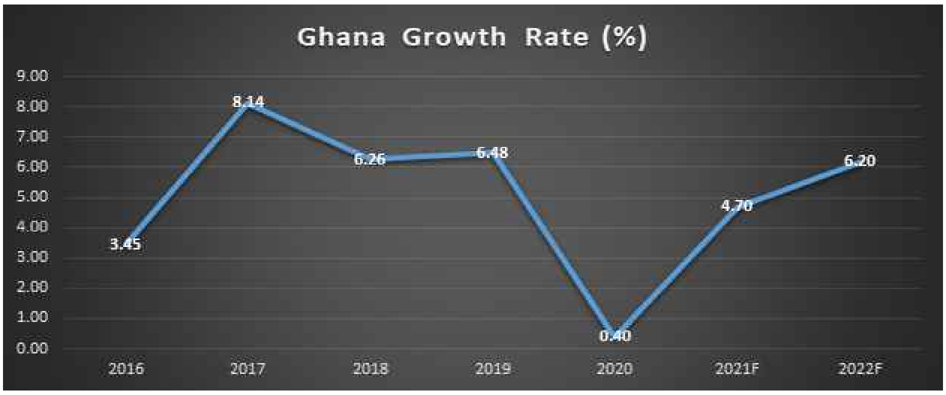
Foreign exchange reserves in South Africa declined to $57.05 billion in September of 2021 from August's record of $58.41 billion. The contraction was largely due to the decrease in the US dollar gold price, appreciation of US dollar against other currencies and foreign exchange payments made on behalf of government.

The South African Reserve Bank unanimously decided to leave its repo rate unchanged at a record low of 3.5% during its September 2021 meeting to keep supporting the economic recovery from the global pandemic. The outlook for South Africa is looking positive as the IMF in its October 2021 growth projection, revised the economy's growth projection to 5% from 3%. However, in addition to the ongoing power shortage, the elevated unemployment rate, social unrest and frail public finances pose downside risks.

Ghana

Ghana's economy edged higher in Q2 to 3.9% year on year, recording its third consecutive growth since the pandemic hit, with the main contribution coming from trade and the service sector. Annual inflation rose for the fourth month straight to 10.6% in September 2021 from 9.7% the previous month. The rise in inflation was mainly driven by sustained increase in food prices. In addition, the economy saw demand weaken in the quarter under review and consequently, consumer and business confidence slip. The monetary policy rate was held at 13.5% in September 2021, to further support the recovery of the economy and balance the risks associated with inflation. The IMF revised upwards, the economy's growth prediction in October by 0.10% to 4.70% for full year 2021.

GDP Growth Rate & Forecast – Ghana



Source: IMF

Rwanda

Rwanda's economy expanded by 20.9% year-on-year in the second quarter of 2021, its fastest growth since the pandemic induced decline. Growth was spurred by the service sector, trade & transportation. The National Bank of Rwanda held its key repo rate steady at 4.5% during its August 2021 meeting, against a backdrop of low inflationary pressures to continue supporting domestic growth According to IMF, the economy is still projected to grow by 5.7% in 2021.

GDP Growth Rate & Forecast – Rwanda

Source: IMF

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2.0
THE NIGERIAN ECONOMY

THE NIGERIAN ECONOMY

The Nigerian economy showed improvement as the pandemic dynamics continued to impact economies causing different outcomes. All but one of the indicators captured in the grid below showed improvement between Q3 2021 and Q2 2021. The depreciation of the exchange rate persisted as demand for dollars (to fund importation) increased amidst forex rationing, subdued growth in foreign portfolio investment and puny remittance inflows. The GDP growth rate using year-on-year (y-o-y) basis soared in Q2 2021 hitting 5.01% compared to 0.51% posted in Q1 2021. The economic expansion was mainly attributed to the 2020 base effect and a lesser degree to improving business and economic activities. Inflation rate maintained its downwards trajectory declining further to 16.63% in September 2021 from 17.75% in June 2021. The decline in inflation rate reflects the slower pace at which prices grew in September 2021 compared to September 2020 (y-o-y growth). Performance in the stock market showed progress in Q3 2021 as the growth in government yields slowed, making the fixed income investment window a less attractive market. The All Share Index gained 2,313.89 points at the end of Q3 2021 when compared with Q2 2021.

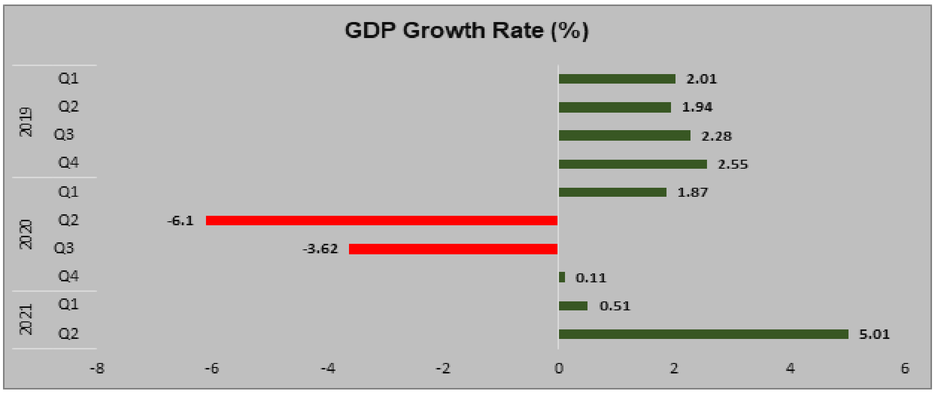
A snapshot of the domestic economy in Q3 2021 is presented below:

Economic output soared in Q2 2021 to reach 5.01% compared to 0.51% in Q1 2021	Credit to private sector rose to ₦33.36 trillion in Aug 2021 from ₦32.63 trillion in June 2021	Exchange rate at the I&E window depreciated to ₦413.38/$ in Q3 2021 from ₦411.5/$ in Q2 2021
Performance in the stock market improves as the ASI gained 2,313.89 points in Q3 2021 relative to Q2 2021	External reserves rose in Q3 2021, settling at $36.78 billion compared to $33.32 billion in Q2 2021.	Inflation printed at 16.63% in September 2021 compared to 17.75% posted in June
The manufacturing PMI increased to 46.9 points in August 2021 from 45.5 points posted in June 2021	MPR remained unchanged at 11.5%	Oil prices rose to $78.11/b in Q3 2021 from $77.34/b posted in Q2 2021

1 GDP Growth

The Nigerian economy maintained its positive growth stance as economic growth soared to 5.01% in Q2 2021 from 0.51% recorded in Q1 2021. Economic activities continued to show improvement as COVID-induced restrictions were relaxed. Apart from the impact of the 2020 base effect, growth in the real GDP received a boost from growth in the non-oil sector which grew by 6.74% in Q2 2021 compared to 0.79% recorded in Q1 2021. On the other hand, oil sector growth worsened, settling at -12.65% compared to -2.21% recorded in Q1 2021. Contribution of the non-oil sector to the real GDP increased to 92.58% in Q2 2021 while the contribution of the oil sector declined to 7.42%. Growth in the non-oil sector, in Q2 2021, was mainly driven by Trade, Telecommunication, Transportation, Electricity, Agriculture, and Food, Beverage & Tobacco. Domestic oil production, structural challenges and compliance with OPEC+ production ceiling depressed growth in oil sector for the reference period.

GDP Growth Rate – Nigeria

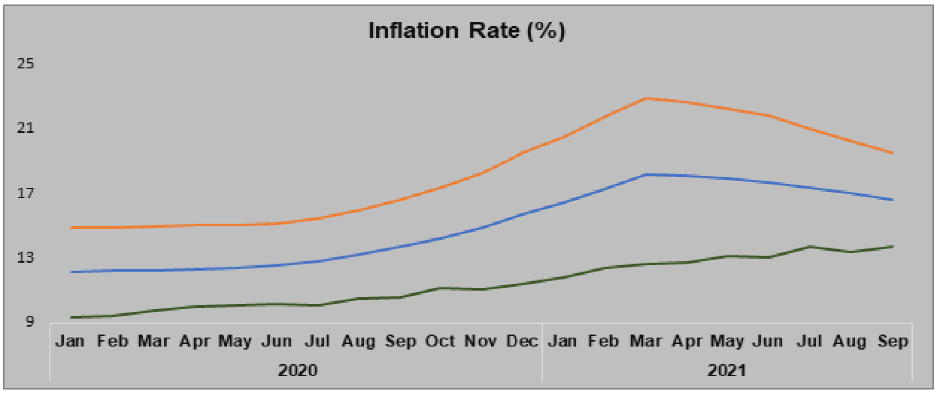


Source: NBS

2 Inflation

Headline inflation rate year-on-year (y-o-y) continued to decline in 2021, settling at 16.63% in September 2021 from 17.75% posted in June 2021. The decline in inflation rate reflects the slower pace at which prices grew in September 2021 compared to September 2020 (y-o-y growth). Food inflation rate dipped further by 2.26% to reach 19.57% in September 2021 compared to 21.83% posted in June 2021. On the other hand, core inflation rate slightly rose to settle at 13.74% in September, from 13.09% in June 2021. Depreciating Naira, higher food prices due to insecurity in food producing areas, imported inflation continues to keep the headline inflation rate well above the CBN's target of 6% - 9%.

Inflation Year-on-Year

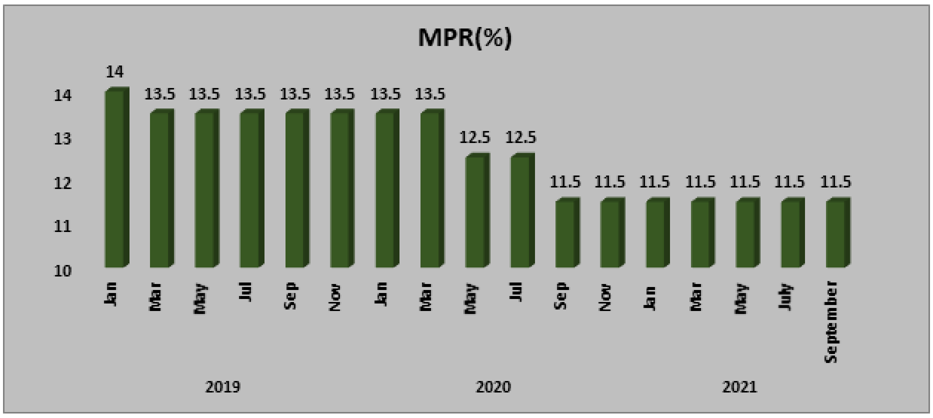


Source: NBS

3 Monetary Policy

The Monetary Policy Rate (MPR) and other parameters were left unchanged as the Monetary Policy Committee (MPC) met for the fifth time in 2021, held in September. The committee has left the MPR and all other parameters unchanged since the beginning of the 2021 believing that a hold stance will sustain the gradual recovery of the economy. Improving output growth and a declining inflationary trend reflects that the economy is on a sustainable path of recovery.

Trend in MPR

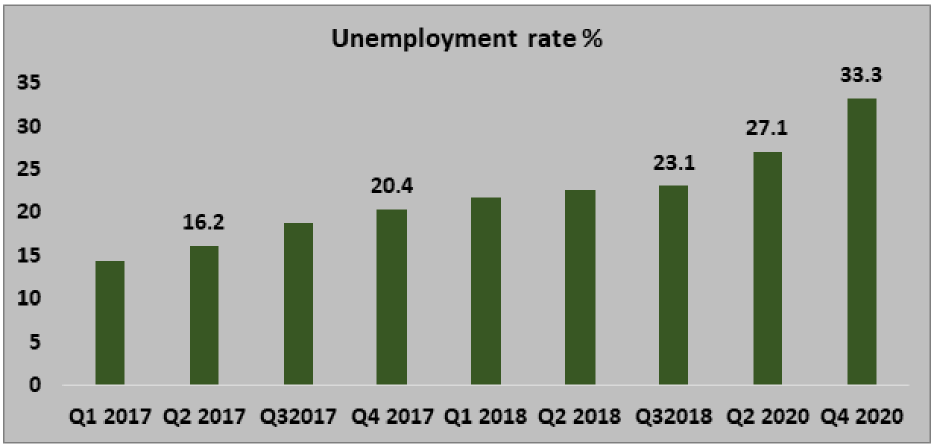


Source: CBN

4. Unemployment

Data from the National Bureau of Statistics (NBS) reveals that unemployment rate rose further to 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. Rural unemployment rate rose to 34.5% in Q4 2020, up from 28.2% in Q2 2020 while urban unemployment rate maintained the upward trend reaching 31.3% in Q4 2020 from 26.4% posted in Q2 2020. The increasing unemployment could be attributed to the devastating impact of the COVID-19 pandemic coupled with the nation's fragile economy. Many analysts attribute the heightened insecurity across the country to the prevailing high unemployment rate as people find unwholesome ways to survive.

Unemployment Rate Trend

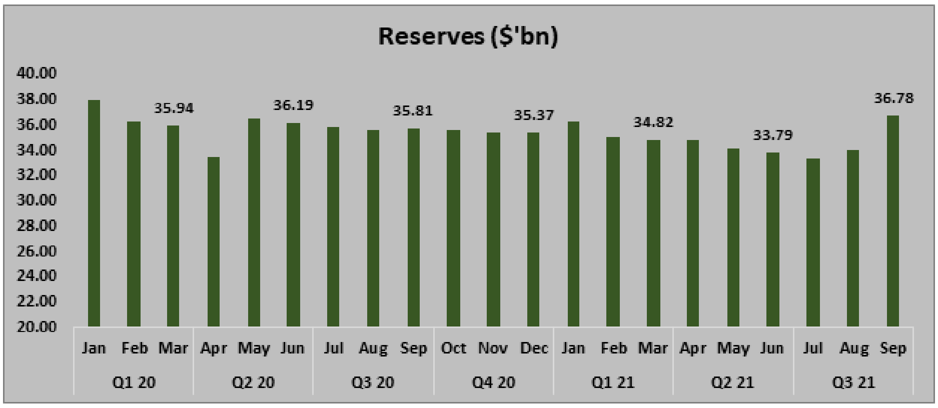


Source: NBS

5 External Reserves

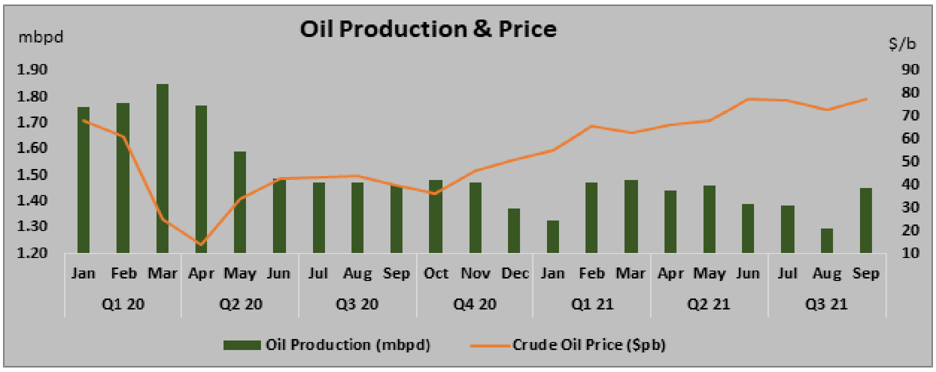
The external reserves rose to $36.78 billion in Q3 2021 compared to $33.32 billion posted in Q2 2021. The International Monetary Fund (IMF) Special Drawing Rights (SDR) and Eurobond Issuance created over 10% buffer for the external reserves in Q3 2021. Although oil prices rose in Q3 2021 compared to the previous quarter, accretion to reserves from oil receipts was low due to crude oil production decline that stemmed from deteriorating production capacity and technical disruptions. Headwinds to build up in the foreign currency pot came from strong demand for dollars (to fund importation) which outweighed available supply. The MPC encouraged the CBN to strengthen its scrutiny over foreign exchange sales and utilisation by commercial banks and customers, to ensure strict adherence to stipulated guidelines.

External Reserves



Source: CBN

Oil Production & Price

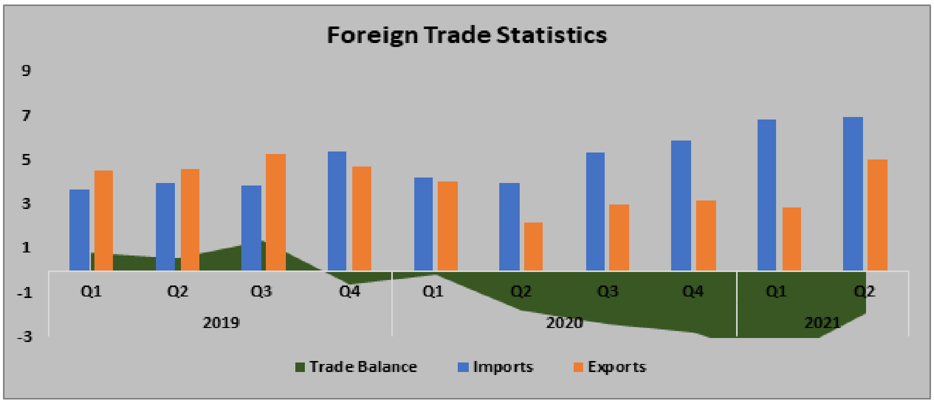


Source: CBN

6. External Trade

Total trade in Q2 2021 was valued at 12.03 trillion, 23.28% higher than 9.76 trillion posted in Q1 2021. The import component, which was valued at 6.95 trillion in Q2 2021, was higher than the export component valued at 5.08 trillion for same period. However, growth in exports outperformed growth in imports in Q2 2021 when compared to Q1 2021. The value of exports grew by 74.72% mainly driven by the increase in the export value of crude oil while the value of imports uptick by 1.45%. While India, Spain, Canada, Netherlands, and USA were the 5 major export trading partners for Q2 2021, China, India, Netherlands, USA, and Russia were the 5 major import trading partners.

External Trade

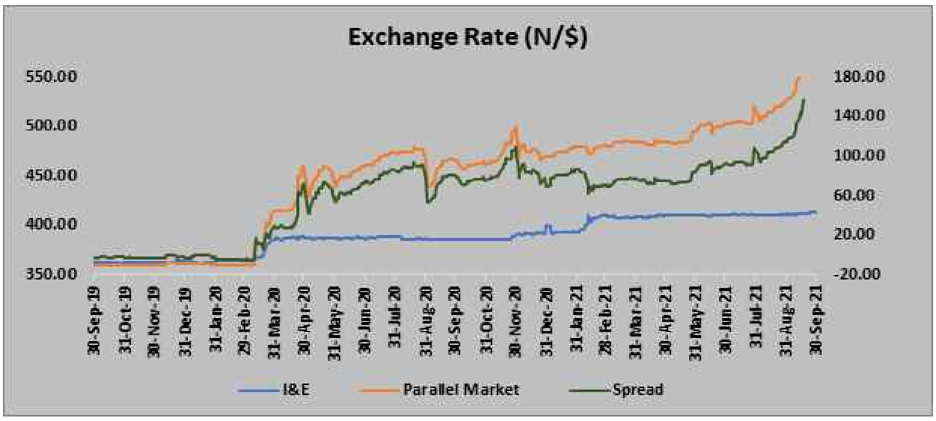


Source: NBS

7 Exchange Rate

In a bid to cub the illegal flow of forex, the CBN, in July 2021 barred the sales of forex to Bureau De' Change (BDC) operators. This move led to a depreciation in the local currency at the Investors & Exporters (I&E) and parallel markets. In September 2021, the CBN banned Abokifx, a web platform that reports movements in the foreign exchange market, from publishing parallel market rates, tagging it as an illegal activity which undermined the growth of the economy. The exchange rate at the I&E window depreciated by 0.46% rising to N413.38/$ in Q3 2021 from N411.5/$ in Q2 2021.

Foreign Exchange Rate: I&E, Parallel and Spread



Source: FMDQ

8. Money Market

The Open Buy Back (OBB) and Overnight (O/N) rates rose to 15.00% and 15.75% respectively, in Q3 2021 from 11.50% and 12.00% respectively, posted in Q2 2021. The upward direction in the money market rates was due to retail Secondary Market Intervention Sales (rSMIS) and Cash Reserves Ratio (CRR) debits. The outflow of funds led to higher rates as lender's charge. In contrast, the 90-Day Treasury Bills declined slightly by 0.38% to 16.2% in Q3 2021 from 16.58% in Q2 2021.

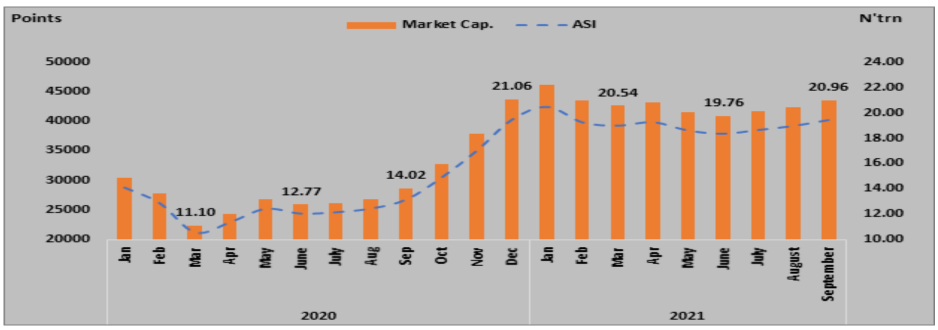
Trend in the Money Market

Source: FMDQ

9. The Stock Market

The Nigerian Stock Exchange (NSE) witnessed a bullish run in Q3 2021 compared to market performance in Q2 2021. The bullish sentiments were largely driven by bargain hunting in bellwether counters. The financial services, consumer goods, pharmaceutical, agriculture and oil & gas sector were majorly responsible for the uptrend. Market capitalization of listed equities grew 6.07% to 20.96 trillion in Q3 2021 from 19.76 trillion recorded in Q2 2021. Over the same period, the All-Share Index (ASI) gained 2,313.89 points, representing a gain of 6.10%, to close at 40,221.17 points. The moderate improvement in the stock market reflects the boost in investors' confidence following the economic recovery.

Nigerian Stock Exchange All Share Index and Market Capitalization

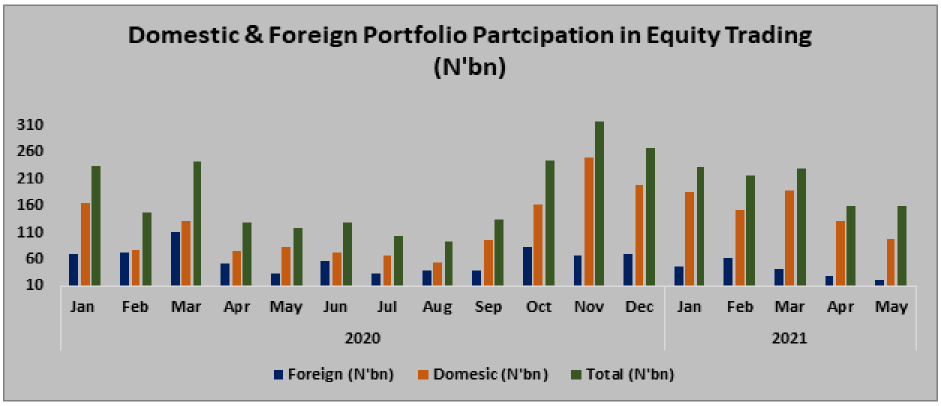


Source: NSE

10. Portfolio Investment – NSE

Total transactions from the domestic and foreign portfolio investment witnessed a steady decline in 2021. Total transactions in August 2021 declined by 11.26% to settle at N89.42 billion in Q3 2021 compared to N100.77 billion posted in June 2021. Domestic investors contributed the most to total transactions, contributing 71.64% while foreign investors contributed 28.36% in August 2021. Net Foreign Portfolio Investment (FPI) was negative for the period as outflow outweighed inflow by N3.92 billion.

Domestic & Foreign Portfolio Participation in Equity Trading

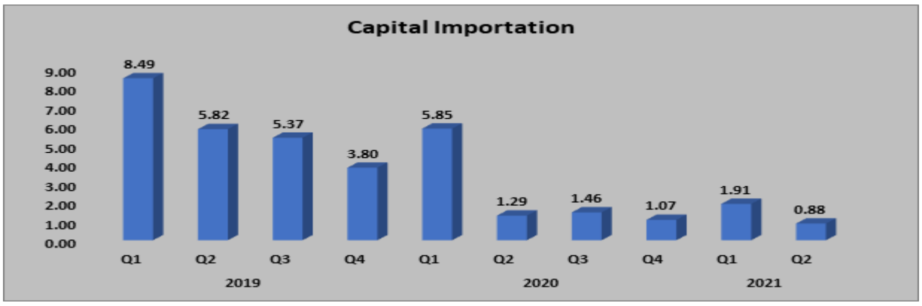


Source: NSE

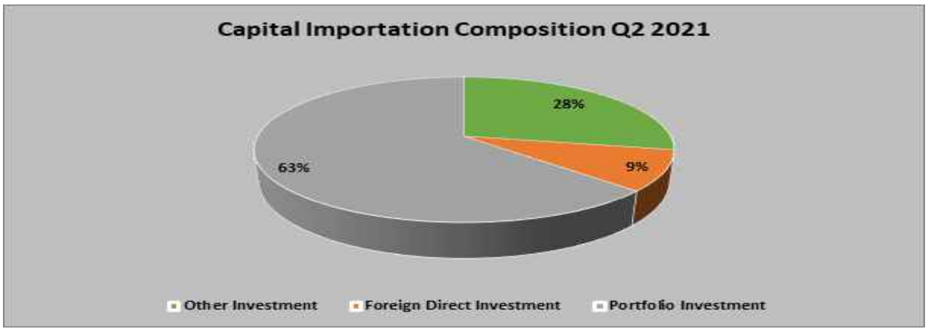
11. Capital Importation

The total capital imported into Nigeria in Q2 2021 was $880 million, a 54% decline compared to $1.91 billion recorded in Q1 2021. Foreign Portfolio Investment accounted for 62.97% followed by Other Investments and the least, Foreign Direct Investment, both contributing 28.13% and 8.90% respectively. The United Kingdom and Lagos maintained their top spots as the top source of capital import and the top destination for capital import in Q2 2021 respectively.

Capital Importation & Composition



Source: NBS

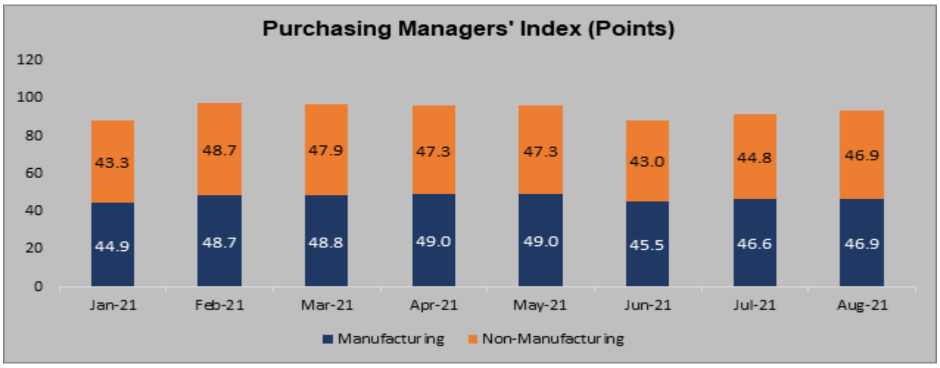


Source: NBS

12. Purchasing Managers' Index

The manufacturing Purchasing Mangers' Index (PMI) settled at 46.9 index points in August 2021 from 45.5 index points recorded in June 2021. Similarly, the non-manufacturing PMI also witnessed an increase, growing to 46.9 index points from 43.0 index points for the reference period. Although figures posted in August were below the benchmark of 50.0 index points, the increase reflects the recovery in output growth.

Purchasing Managers' Index



13 Credit Ratings

Fitch rating agency accorded Nigeria's credit rating a 'B' with stable outlook. This rating is supported by the large size of the economy, a low general government (GG) debt-to-GDP ratio, small foreign-currency (FX) indebtedness of the sovereign and a comparatively developed financial system with a deep domestic debt market. However, the rating is undermined by weak fiscal revenue, comparatively low governance and development indicators, high dependence on hydrocarbons and continued weak growth and high inflation. The rating agency opined that Nigeria continues to contend with external liquidity pressures that have been worsened by the COVID-19 pandemic and resilience to adverse external developments remains weak. It further notes that despite gradual and moderate exchange-rate depreciation over the last year, the naira remains overvalued. Persistent double-digit inflation under a tightly managed multiple-window exchange-rate regime could drive further misalignment of the currency relative to fundamentals, it argues.

Moody's rating agency awarded Nigeria credit rating with a B2 with a negative outlook. This rating is supported by the country's substantial oil and gas assets. The agency stressed that although the government is highly dependent on hydrocarbon revenues, which are prone to oil price volatility, the oil and gas sector represents less than 10% of GDP. Moody's holds the view that its rating is undermined by an underdeveloped revenue base, a very weak level of institutions and governance strength, a fractious political landscape, rising debt burden, increasing debt affordability constraints, and growing external vulnerabilities.

Socio-Economic Landscape

Two months after President Muhammadu Buhari presented the 2022-2024 Medium Term Expenditure Framework (MTEF) and Fiscal Strategy Paper (FSP) to the National Assembly, it got approved in September 2021. A total estimated expenditure of N13.98 trillion, N15.46 trillion and N16.77 trillion were approved for 2022, 2023 and 2024 respectively. Fiscal deficits of N5.62 trillion, N5.28 trillion and N5.81 trillion were also approved for 2022, 2023 and 2024 respectively. The MTEF and FSP hinges on $57/b oil price (2022-2024), exchange rate of N410.15/$ (2022-2024), oil production of (2022:1.88mbpd, 2023: 2.23mbpd & 2024: 2.22mbpd), inflation rate of (2022:13%, 2023: 11% & 2024: 10%) and a GDP growth rate of (2022: 4.2%, 2023: 2.3% & 2024: 3.3%)

Nigeria issued $3 billion Eurobond in the capital market but raised $4 billion due to oversubscription of the bond. This comes as the government plans to use Eurobond proceeds to finance a part of the 2021 budget deficit. The performance of the Eurobond issuance was said to be one of the biggest financial trades to come out of Africa in 2021 and an excellent outcome. The oversubscription and quality of investors depicts unshaken confidence in the Nigerian economy. The bonds were issued in three tranches: $1.25 billion at 6.13% with a maturity of 7 years; $1.5 billion at 7.38% with a maturity of 12 years and $1.25 billion at 8.25% with a maturity of 30 years. According to the Debt Management Office (DMO), the long tenors of the Eurobonds and the spread across different maturities are well aligned with Nigeria's Debt Management Strategy.

The United Nations Children's Fund (UNICEF) revealed that Nigeria has been placed at the top of Africa's malnutrition burden and second highest in the world, having 17 million undernourished children. 1 in 3 children in Nigeria is stunted and 1 in 10 children is wasted, pushing the country further away from achieving the Sustainable Development Goal (SDG) 2, which is Zero Hunger by 2030. The UNICEF said that rising poverty, inequality, conflict, climate change-related disasters, and health emergencies such as COVID-19, contributed to the ongoing nutrition crisis among the world's youngest. The nutrition crisis was already showing little sign of improvement in the last 10 years. However, the COVID-19 pandemic has disrupted essential services driving more families into poverty and affecting how families feed their children.

Financial Sector Developments

During the quarter, the Monetary Policy Committee (MPC) of the CBN met for the fourth & fifth time in 2021 to determine which monetary course would keep the economy on the sustainable growth path. The outcome of the meetings, held in July and September 2021, were to retain the MPR at 11.5%, the asymmetric corridor of +100/-700 basis points around the MPR, the Cash Reserve Ratio (CRR) at 27.5% and the Liquidity Ratio (LR) at 30%. The Committee decided by a unanimous vote believing that a hold stance will enable previous policy measures penetrate the economy, driving sustainable recovery.

In July, the CBN barred the sales of forex to BDCs and stopped the application processing for BDCs license. The CBN governor described the parallel market rate as a conduit for illegal forex flows and graft. Following the ban, the CBN instructed all commercial banks to set up teller points at designated to treat all legitimate forex demands that satisfies the requirement. The CBN maintained that banks would be closely monitored to ensure transparency and stability of the forex market. On the other hand, the CBN, in September 2021, also barred Abokifx, from publishing parallel market rates, tagging it as an illegal activity which undermines the growth of the economy. The Abokifx is a website popularly known for publishing daily parallel market exchange rate.

3.0
OUTLOOK FOR Q3 2021 AND BEYOND

OUTLOOK FOR Q4 2021

3.1 GDP Growth
The economy will plateau at 2.78% as the impact of base effect wanes at the end of 2021. If the vaccine roll-out proceeds more slowly than expected or if new variants emerge that prove resistant to the current vaccines, the government might tighten restrictions, hampering the already subdued recovery in private consumption

3.2 Foreign Exchange
The Naira is expected to settle at N430.44 against the dollar at the end of 2021. Increased dollar demand to finance the rising import bill, relatively low Foreign Portfolio Investment (FPI) inflows and puny remittance inflows continue to depress reserve growth, thus mounting depreciatory pressure on the local currency.

3.3 Crude Oil
Oil price is forecast to average $77.48/b at the end of 2021. This projection will be supported by OPEC and OPEC+ commitment to production cut and recovering global demand for oil as mobility and travelling activities resumed.

3.4 Monetary Policy
The CBN is expected to maintain its hold stance, of leaving the MPR at 11.5%, at the end of 2021. This is to ensure previous policy measures penetrate the economy thus driving sustainable recovery.

3.5 Foreign Reserves
Foreign reserves, at the end of 2021, is expected to average $41.2 billion. Accretion to the external reserves will be boosted by the IMF SDR inflow, Eurobond issuance, new diaspora remittance scheme amongst others.

3.6 Inflation
Average inflation rate is expected to remain above the CBN's target of 6-9% due to the pass-through effect of currency depreciation, the cost reflective increase in energy tariffs and security threats. Inflation rate is forecast to average 16.24% at the end of 2021.