ACCESS ECONOMIC QUARTERLY
Q2 2021

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ACCESS ECONOMIC QUARTERLY Q1 2021

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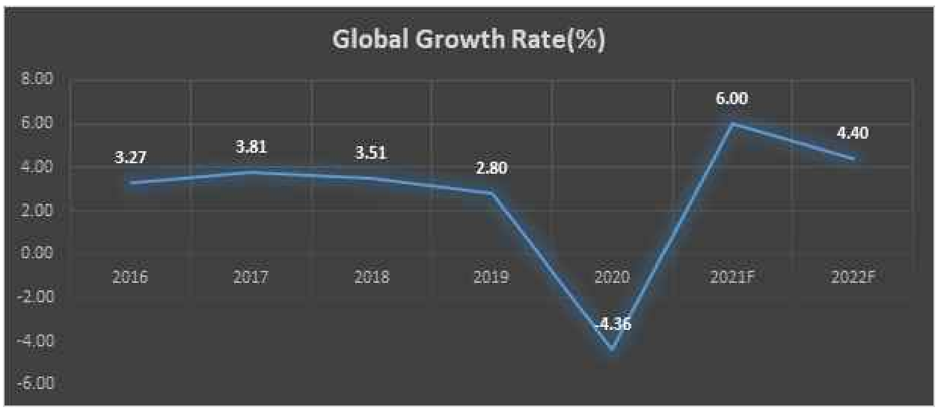
1.0
GLOBAL ECONOMY

GLOBAL ECONOMY

Economies are now divided between the Jabs and Jabs-not where the higher the vaccination rate, the higher the growth forecast. Although vaccination progress is hampered by certain hesitant groups, the 70% vaccination rates sufficient for approaching herd immunity are likely to be reached in advanced economies in Q4 2021. In developing economies, vaccination campaign progress remains too slow to approach herd immunity before the end of Q4 2022 to Q2 2023. The world economies now face inflationary pressures from the extremely loose monetary and fiscal policies albeit, lower than that experienced between 2007-2008. The U.S. saw consumer prices rising by 5.4% year on year in June,2020. Although, according to Fitch, slower growth, supply adjustments in bottleneck sectors, a switch back towards services consumption, and fading impacts from US fiscal stimulus should see the rate of inflation decline in 2022.

The Chinese economy is roaring back to pre-pandemic levels as it expanded by 18.3% year-on-year in Q1 2021. Unlike the US, China's growth is not a result of stimulus checks to boost consumption but by factories and blue-collar workers. The total value of China's exports rose by a staggering 38.7% in the first quarter of 2021 compared to the same quarter of 2020. The Eurozone is forecasted to grow by 5.1% in 2021 and 3.1% in 2022 underpinned by favourable financing conditions in the Eurozone.

Emerging economies that have vaccinated faster than their peers have enjoyed large upgrades. Although, some countries still face vaccination obstacles which weighs on activity. By 2022, per capita income losses from the beginning of the pandemic in 2020, will not be fully unwound in about two-thirds of EMDEs. The global outlook remains subject to significant downside risks, including the possibility of additional Covid-19 waves and financial stress amid high EMDEs debt levels.



Source: IMF

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

1.1 United States

The US economy expanded by 0.40% in Q1 2021 and advanced by an annualized rate of 6.4% as the rush of consumer spending helped bring total output to the cusp of its pre-pandemic level.

GDP Growth Rate & Forecast – United States of America

Source: IMF

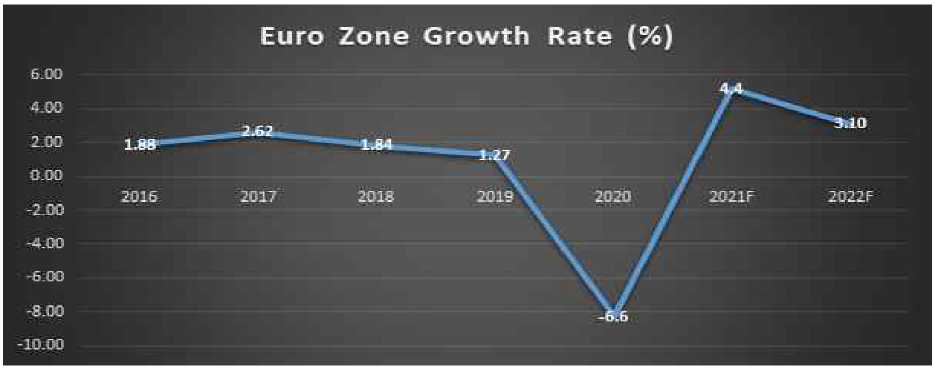
The Fed left the target range for its federal funds unchanged at 0-0.25% during its June 2021. The Fed is also ready to intervene if inflation spirals out of control pointing that price rises are substantially notable and will likely remain elevated in the coming months before moderating.

The US trade deficit widened to $88.1 billion in May 2021, from $85.7 billion the previous month. Inflation rate in the US rose 2.8% in Q2 2021 to 5.6% in June. The upward pressure is mainly from energy, gasoline, electricity, and utility gas service.

GLOBAL ECONOMY
UNITED STATES/EURO AREA

1.2 Euro Area
The narrative of the Eurozone economy is changing from recovery due to rebound in industrial activity to a service induced pickup. The economy shrank by 0.3% in Q1 2021 compared to the contraction of 0.6% in the previous quarter. The double dip recession was caused by new distancing and lockdown measures imposed during that period.

GDP Growth Rate & Forecast – Eurozone



Source: IMF

Inflation has been on an upward trajectory since January 2021 at 0.9%. Although the low base effect also plays a role in the change, inflation rate recorded in June was at 1.9%. The biggest contribution was from energy and non-energy industrial goods.

The Eurozone trade surplus narrowed to EUR 7.5 billion in May 2021, compared to EUR 8.9 billion the same period last year. The IHS Markit Eurozone Manufacturing PMI was as 58.3 in June 2021 signaling the steepest pace of expansion in the service sector.

1.3 BRICS

Growth in the BRICS economies vary as the world recovers due to the mutation of the Covid-19 virus. The Chinese economy is expecting a slowdown in growth in the second quarter due to the new Covid-outbreaks. Russia's economy is projected to have a gradual rebound of 2.8% in 2021 as economic activities pick up. The Indian economy expanded by 1.6% year on year Q1 2021 as the government eased lockdown while South Africa grew by 1.1%.

Brazil

Brazil's economy recorded its first expansion since the Q4 2019. The economy expanded by 1% year-on-year in Q1 2021 due to the growth in the manufacturing and agricultural sector.

GDP Growth Rate & Forecast – Brazil

Source: IMF

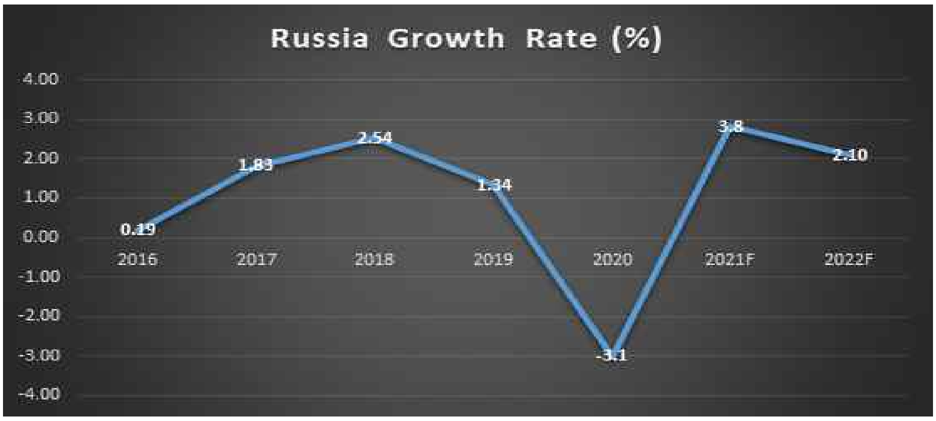
The Central Bank of Brazil made a unanimous decision to raise its benchmark interest rate by 75 basis points, its third interest rate hike in 2021 to 4.25%. The decision was made due to the continuing increase in commodities prices, affecting the current and forecasted inflation rate. The annual consumer price inflation rate rose to 8.35% in June 2021, from 6.1% at the end of the first quarter, because of the coronavirus pandemic.

Russia

Russia's economy contracted by 0.7% year-on-year in Q1 2021 easing from a 1.8% contraction in the previous quarter. Whilst the result reflects improvement, it still marks the country's fourth consecutive quarter of contraction. The slight improvement in growth, however, was due to the recovery in industrial output and wholesale trade turnover.

GLOBAL ECONOMY
BRICS

GDP Growth Rate & Forecast – Russia



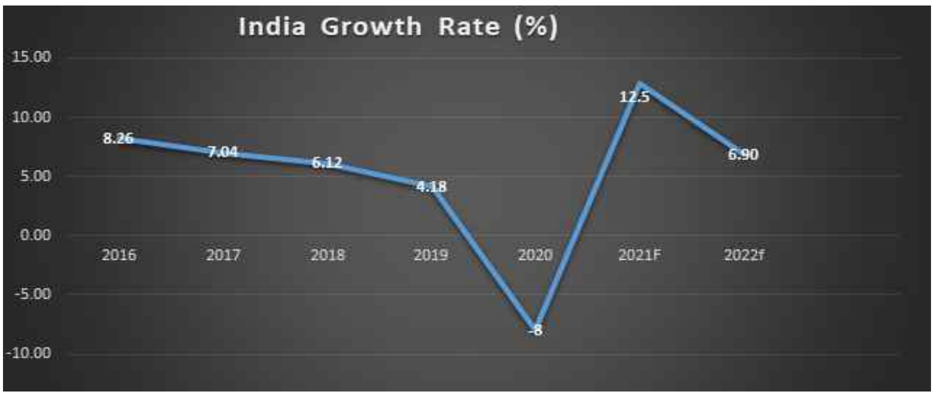
Source: IMF

The Central Bank of Russia raised its benchmark interest rate by 50bps to 5.5% during its June meeting, due to the recovery of the economy and elevated inflationary pressure from target. The annual inflation rate to 6.5% in June 2021, reflecting a 12.5% increase from March 2021.

India

The Indian economy saw its second expansion of 1.6% in Q1 2021 since the country's pandemic induced recession. India's first-quarter GDP data suggests that the economy was rebounding strongly just before its second Covid-19 wave and renewed restrictions slowed economic activity in March and April. Consequently, economic outlook for the country is quite uncertain because of the downside risks of a potential third wave of the coronavirus.

GDP Growth Rate & Forecast – India



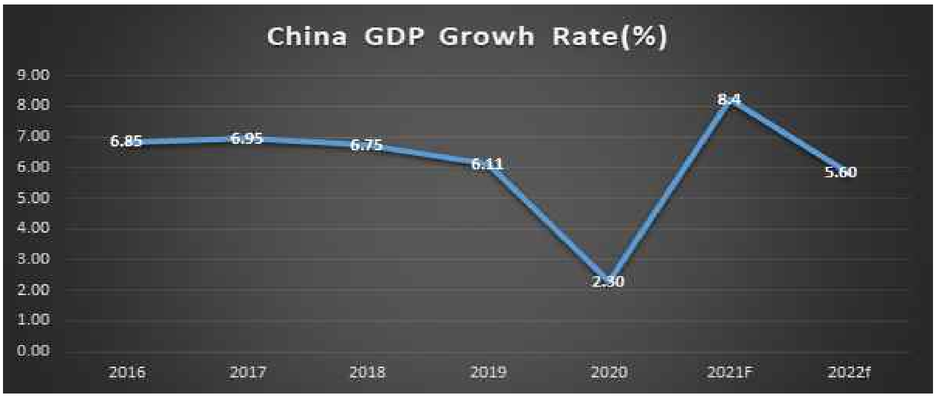
Source: IMF

The Reserve Bank of India kept its benchmark repurchase rate at 4% during its June meeting, as it is maintaining an accommodative stance as long as necessary 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 at 3.35%. Inflation edged up to 6.3% in May of 2021, the highest in 6 months as the higher global food and commodity prices including crude, edible oils and gold weighed.

China

The Chinese economy expanded by 18.3% year-on-year in Q1 2021, accelerating sharply from a 6.5% growth in Q4 2020. This expansion was caused by the of strengthening domestic and global demand, strict virus containment measures, and continued fiscal and monetary support. Consumer confidence in China decreased to 121.50 points in April from 122.20 points in March of 2021.

GDP Growth Rate & Forecast – China



Source: IMF

Inflation rate in China dropped to 1.1% in June 2021 from 1.3% in May amid a sharp decline in cost of food. The People's Bank of China (PBoC) held its benchmark interest rates steady for the 14th straight month in June 2021 at 3.5%. Retail trade growth slowed to 12.4% in May 2021, from 17.7% in April. The figures are indicative of improvement in domestic demand, and pressure on consumption recovery.

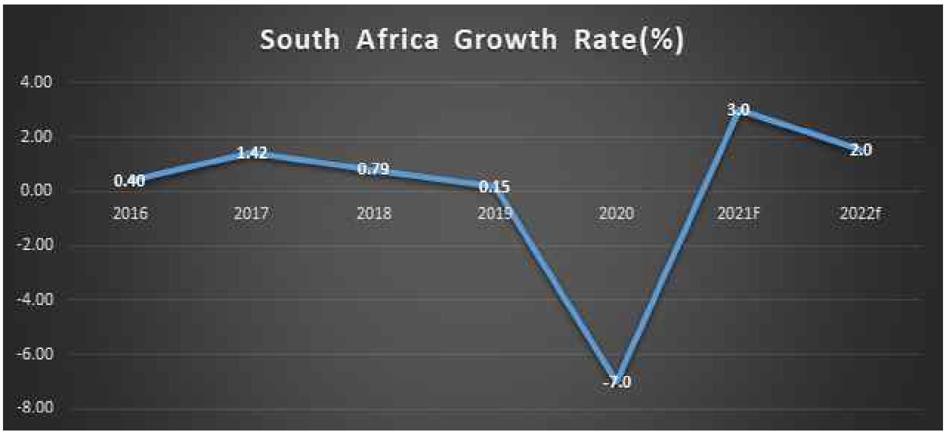
GLOBAL ECONOMY
BRICS

AFRICA

South Africa

The South African economy shrank by 3.2% year on year in Q1 2021 softening from the previous period's 4.2% decline. The largest positive contributors to growth in GDP in the first quarter were the finance, mining, and trade industries.

GDP Growth Rate & Forecast – South Africa



Source: IMF

Inflation rate in South Africa rose by 2% in a 2-month period to 5.2% in May 2021. The upward pressure is due to a combination of the base effect and increase in the prices of food and non-alcoholic beverages, transport, and housing.

The South African Reserve Bank unanimously decided to leave its repo rate unchanged at a record low of 3.5% during its May 2021 to support the economic recovery from the global pandemic. According to IMF, the economy is projected to come in at 3% in 2021. Although, slow progress on vaccinations, limited energy supply and policy uncertainty continue to pose downside risks to the economic outlook.

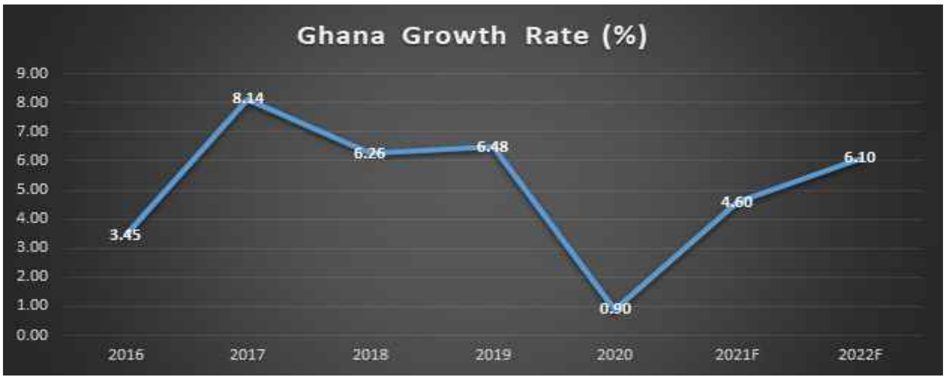
GLOBAL ECONOMY

Ghana

Ghana's economy was hit by a second wave of the Covid-19 infection and the re-imposition of restrictions in Q1 2021 causing the slowdown in growth of economy by 3.1% year-on-year compared to 3.3% the preceding quarter.

The loss in steam, was largely due to the slowdown of the service sector which accounts for a considerable share of GDP. Looking ahead, GDP growth is set to pick up pace in Q2 and Q3, as the vaccine rollout accelerates and Covid-19 restrictions are lifted, which bodes well for the recovery of domestic demand.

GDP Growth Rate & Forecast – Ghana



Source: IMF

The annual inflation rate in Ghana dropped to a record low of 7.5% in May 2021, compared to 8.5% the previous month and well between the target range of 6-10%.

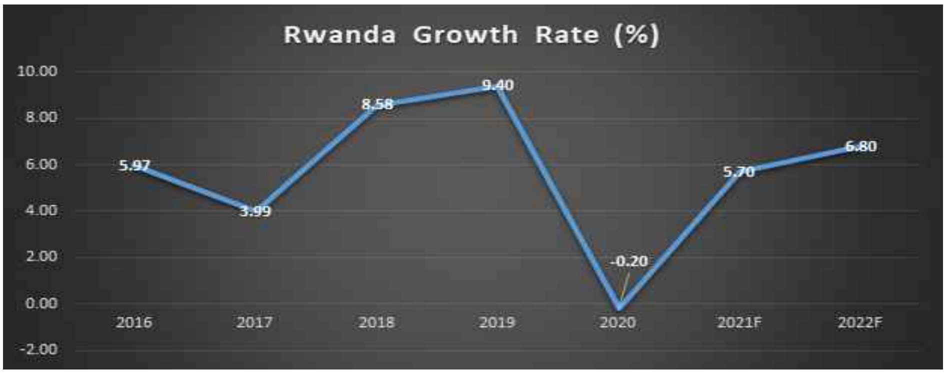
The monetary policy rate was dropped to 13.5% in May 2021, its lowest rate since 2012 to further support the recovery of the economy. The IMF predicts the economy will grow by 4.2% slightly below the government's expectation of a 4.6% growth rate in 2021.

Rwanda

After three consecutive quarters of contraction, Rwanda's economy growth expanded by 3.5% year-on-year in the Q1 2021.The recovery shows the positive contribution of the industrial, construction, manufacturing, mining, and agricultural sectors. The National Bank of Rwanda held its key repo rate steady at 4.5% during its May 2021 meeting, against a backdrop of low inflationary pressures to continue supporting domestic pressures. According to IMF, the economy is still projected to grow by 5.7% in 2021.

GLOBAL ECONOMY

GDP Growth Rate & Forecast – Rwanda



Source: IMF

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2.0
THE NIGERIAN ECONOMY

THE NIGERIAN ECONOMY

The Nigerian economy continues to take steps away from its Covid-induced figures. All the indicators in the grid below showed advancement except the stock market, exchange rate and external reserves, which are entwined. Inflation gradually eased as rates declined for the first time in 19 months, in April 2021. Since then, inflation rate has maintained a downward trend, settling at 17.75% in June 2021 from 18.17% recorded in March 2021. The decline in inflation rate does not mean lower prices as current market realities contradicts that. It means that the rate at which prices grew in June is relatively lower than the rate at which prices grew in March. Food inflation rate declined to 21.83% from 22.95% while core inflation rate rose to 13.09% from 12.67% for the reference period, respectively. This means that the rate at which food prices rose slowed while the rate at which other prices rose increased between Q1 2021 and Q2 2021. Oil price maintains a gradual upward trajectory, as demand slowly rises, and OPEC and its alliance continue to ensure that members adhere to production quota. Oil demand is however not at optimal level as India, one of the world largest importer of oil, and other key economies continue to battle the Delta variant of Covid-19.

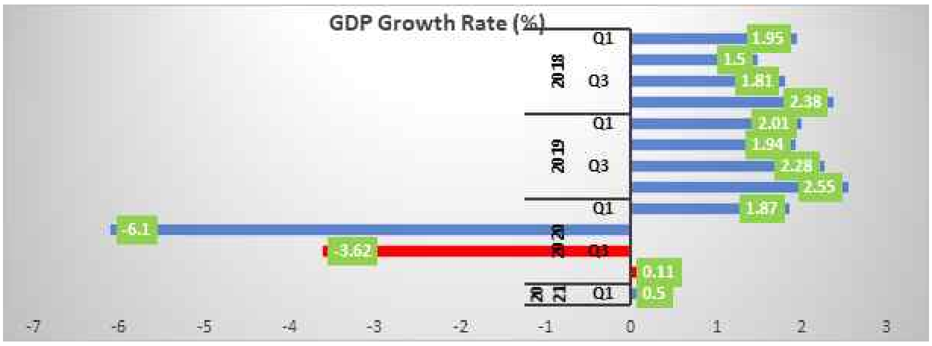
A snapshot of the domestic economy in Q2 2021 is presented below:

Economic output advanced by 0.51% in Q1 2021 compared to 0.11% in Q4 2020	Credit to private sector rose to N32.2 trillion in May 2021 from N31.44 trillion in March 2021	Exchange rate at the I&E window depreciated from N408.67/$ to N411.5/$
Performance in the stock market tapered amidst higher government yields.	Reserves declined in June 2021, settling at $33.3b compared to $34.8b in March 2021	Inflation declined to 17.75% in June 2021 compared to 18.17% posted in March 2021
The manufacturing PMI increased to 49 points in April 2021 from 48.80 points in March	MPR remained unchanged at 11.5%	Oil prices rose to $77.34/b in June 2021 from $62.98/b posted in March 2021

1 GDP Growth

The National Bureau of Statistics (NBS) reported that the Nigerian economy advanced further to 0.51% in Q1 2021 from 0.11% year-on-year (y-o-y) in Q4 2020. This is the second positive quarterly growth in the last four quarters, reflecting the gradual return of economic activities following the lifting of restrictions on movement and limited local and international commercial activities in preceding quarters. The non-oil sector contracted in Q1 2021 by 0.79% from 1.69% recorded in Q4 2020. Key drivers of the non-oil sector include water supply, sewage and waste management, cement, telecommunications & information services, food, beverage & tobacco amongst others. The oil sector, on the other hand, improved posting -2.21% in Q1 2021 from -19.76% recorded in the preceding quarter. This improvement was supported by increased oil production as Nigeria pumped an average of 1.72mbpd in Q1 2021 higher than 1.56mbpd pumped in Q4 2020. The growth trend noticed in Q1 2021 could be a pointer to the growing importance of the non-oil sector.

GDP Growth Rate – Nigeria

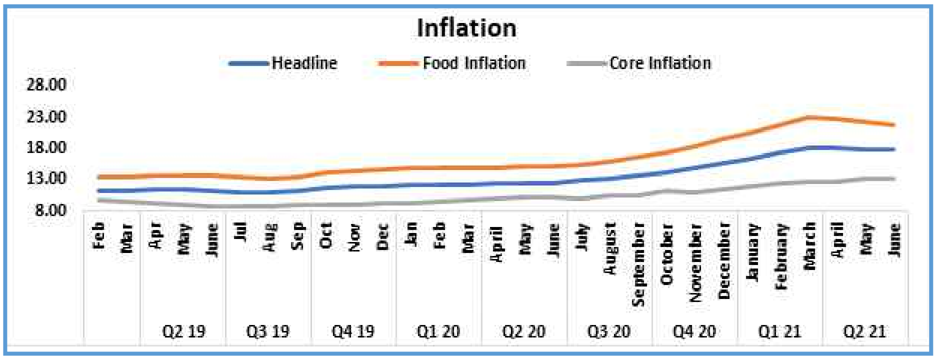


Source: NBS

2 Inflation

Inflation rate declined by 0.42% to settle at 17.75% in June 2021 from the figure reported in March 2021. Food inflation rate dipped to 21.83% from 22.95% while core inflation rate rose to 13.09% from 12.67% for the reference period, respectively. This means that food prices rose, but at a slower rate while other prices rose but at a higher rate relative to the previous quarter. The decline in June's inflation rate could be partly attributed to CBN's interventions in growth-stimulating sectors of the economy. However, weakened Naira, residual effects of Covid as well as to worsening insecurity, amongst others, keeps inflation rate far away from CBN's target range of 6% - 9%.

Inflation Year-on-Year

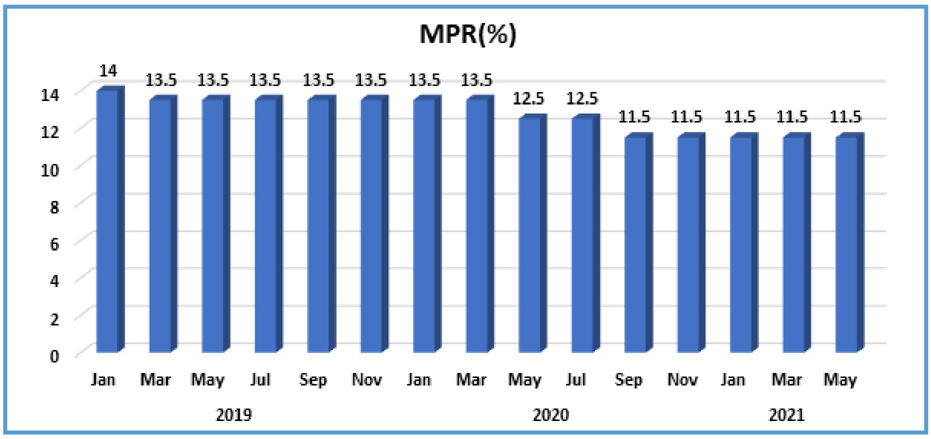


Source: NBS

3 Monetary Policy

The Monetary Policy Committee (MPC) left the Monetary Policy Rate (MPR) at 11.5% and other parameters constant after its third meeting for 2021. Amidst inflationary pressures and the desire to boost growth, the committee opted for a hold stance, rather than expansionary or contractionary, to allow previous policy measures to pervade the economy.

Trend in MPR

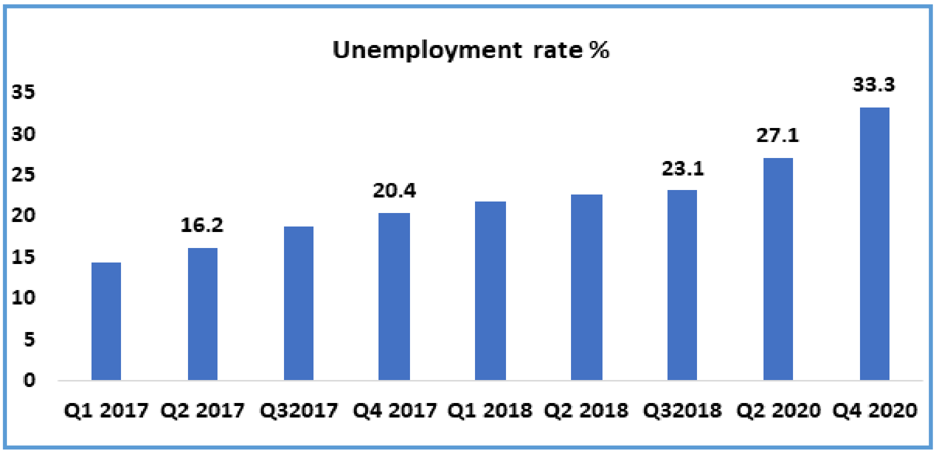


Source: CBN

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 with urban unemployment rate maintain the sae 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. This high unemployment rate has also led to heightened insecurity across the nation as people find other illegal ways to survive.

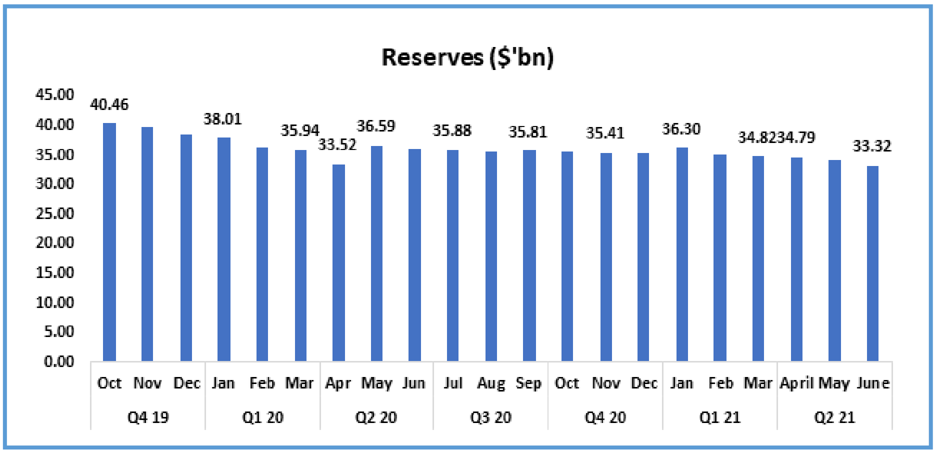
Unemployment Rate Trend



Source: NBS

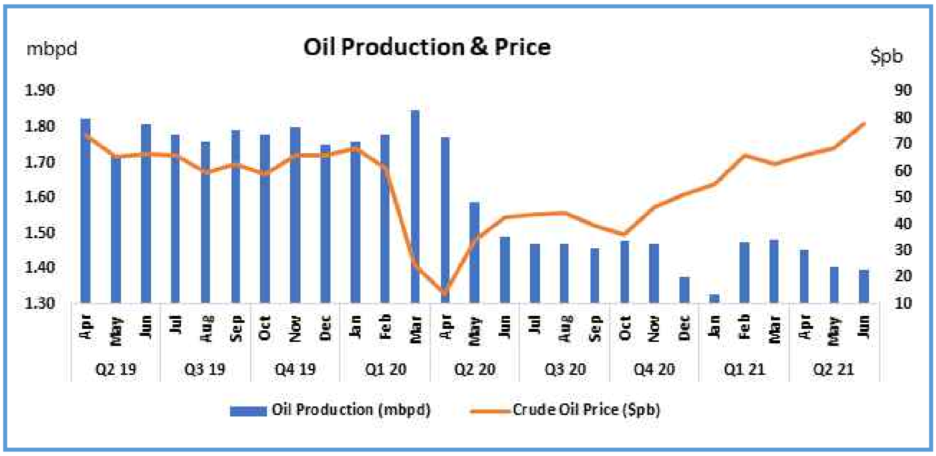
5 External Reserves

External reserves dropped further to $33.32 billion at the end of June 2021 compared to $34.82 billion posted in the prior quarter. This reflects sales to the foreign exchange market and third-party payments. Dollar demand outweighed supply putting pressure on the external reserves.



Source: CBN

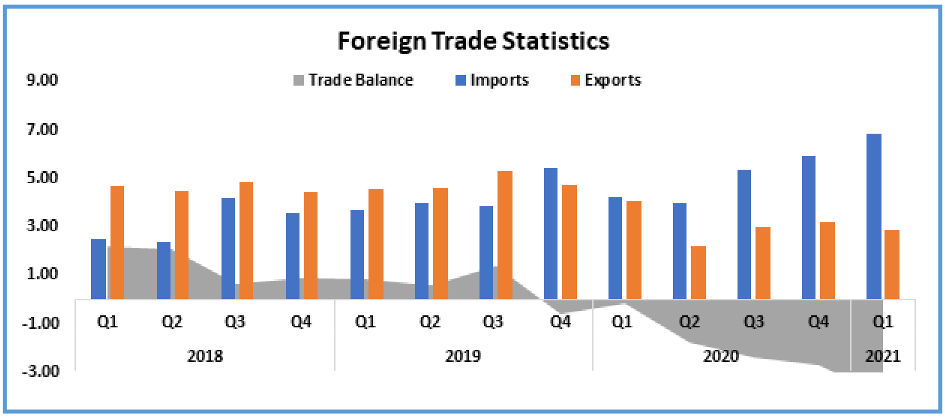
Reserve accretion has slowed despite the rising crude oil prices. Bonny light, Nigeria's benchmark crude oil price ascended to $78.01 per barrel in June from $62.98 in Q1 2021. The puny build up in reserves had largely stemmed from the two reasons. Firstly, the low crude oil production volumes in the country. As at June 2021, crude oil production was 1.4 million barrels per day (mbpd) from 1.48 mbpd. The Organisation of Petroleum Exporting Countries (OPEC) restriction on output quota of 1.58mbpd for the country had made in difficult for the country to enjoy the dividends on rising oil prices. The other major contributor to the declining reserves has been the weak demand for Nigeria's crude oil from its major consumer, India. The 3rd wave of Covid in India had upended productive capacity weakening economic capacity.



Source: CBN

6. External Trade

Nigeria recorded a trade deficit of N3.94 trillion in Q1 2021 exposing the country's overdependence on oil exports which is highly susceptible to external factors such as the ongoing global pandemic. Crude oil makes up about 80% of Nigeria's export and 90% of its foreign earnings. This remains a problem as the country's foreign reserve is largely dependent on the volatility of oil prices. The rising level of imports means the economy is vulnerable to imported inflation, currency devaluation and job losses. Despite the recovery in trade activities across the globe due to the release of the Covid-19 vaccine, it is expected that weakness in the trading account will persist given the country's strong reliance on imported raw materials, manufactured and capital goods. The outlook stresses the need for diversification of exports and increased domestic production.

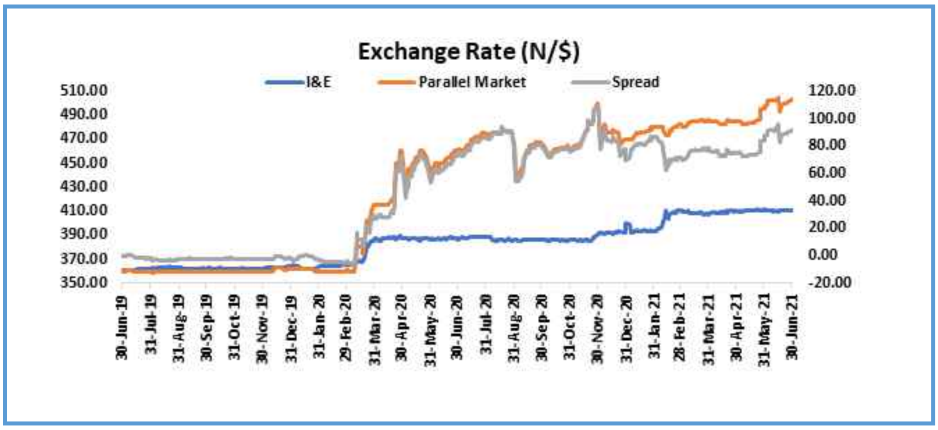


Source: NBS

7 Exchange Rate

The CBN, in May 2021 replaced the official exchange rate with the NAFEX rate. This action was hailed as it represented a closer step to the unification of the multiple exchange rates operated in the country. The rate at the I&E and parallel market closed at N411.5/$ and N503/$ in June 2021 from N408.67/$ and N486/$ recorded in the previous quarter. The spread between the Investor & Exporter (I&E) and parallel market rates as at June stood at N91.5 compared to N76.5 printed in the previous quarter as dollar unavailability meant the local currency lost more ground.

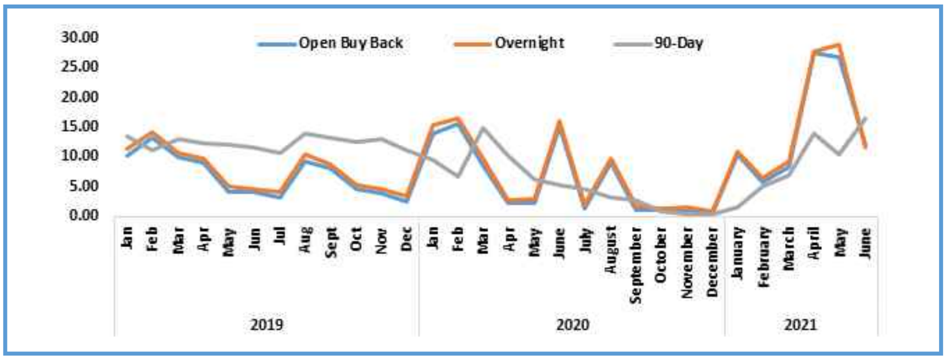
Foreign Exchange Rate: I&E, Parallel and Spread



Source: CBN & FMDQ

8. Money Market

Liquidity at the money market was strained in June 2021 compared to figures seen in the previous quarter. Money market rate spiked following outflow of funds for the retail Secondary Market Intervention Sales (rSMIS) auction. Open buy back and Overnight rates settled at 11.5% and 12.0% in June 2021 relative to 8.25% and 9.25% post in March 2021, respectively. Longer-tenored rates like the average 90-day Nigerian Interbank Offered Rate (NIBOR) closed at 16.58% from 6.94% over the same period.



Source: FMDQ

9. The Stock Market

Bearish sentiments dominated proceedings at the Nigerian Stock Exchange (NSE) in June compared to market performance in March. The downward trend in performance was led by stocks in the financial sectors, oil & gas, and information & communication technology sectors due to profit taking. Investors exited stock positions at the bourse to take advantage of the rising yields in fixed income assets. Market capitalization of listed equities tapered 3.28% to 19.76 trillion in June from 20.43 trillion at the end of March. Over the same period, the All-Share Index (ASI) lost 1,137.85 points, representing a decline of 2.91%, to close at 37,907.28 points.

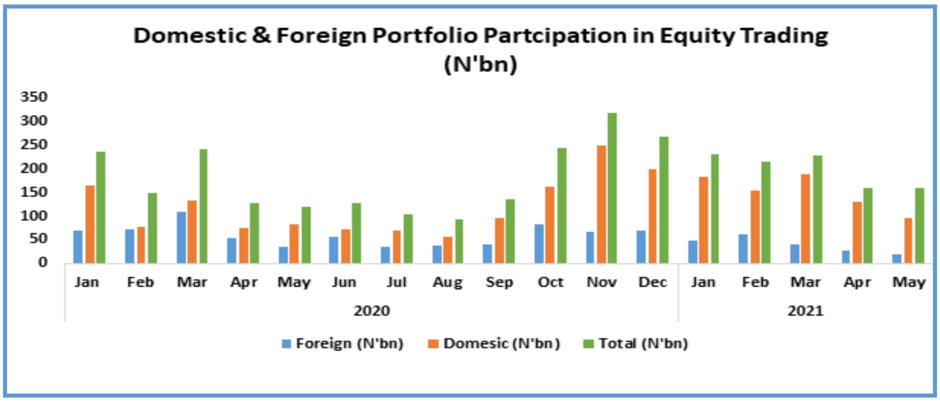
Nigerian Stock Exchange All Share Index and Market Capitalization

Source: NSE

10. Portfolio Investment – NSE

Total transactions in May 2021 (most recent data) nosedived, declining by more than half the transaction recorded in March 2021. Total transactions plummeted to N97.19 billion in May from N228.49 billion in March 2021, reflecting a 57.46% decline, an indication of wobbly investor confidence in the Nigerian economy. Domestic transaction accounted for 79.12% of total portfolio investment while foreign transactions accounted for 20.88%.

Domestic & Foreign Portfolio Participation in Equity Trading

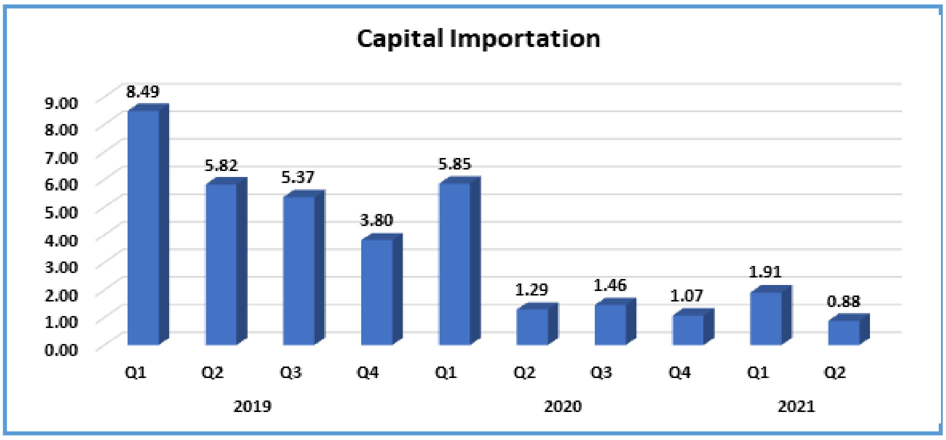


Source: NSE

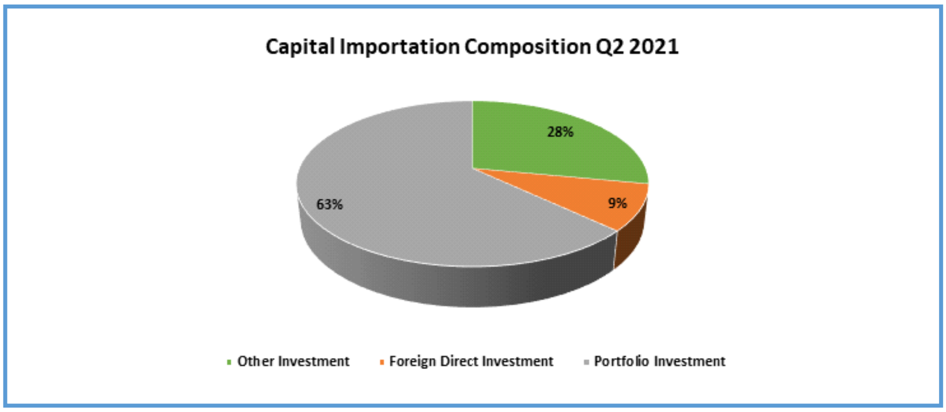
11. Capital Importation

Capital imported into Nigeria in Q2 2020 declined by 53.9% to settle at $0.88 billion from $1.91 billion posted in the previous quarter. Portfolio investment maintained its position as the chief contributor to total capital imported, contributing 62.9%, followed by other investment (28.1%) and Foreign Direct Investment (8.9%) for the period under review. The United Kingdom keeps its spot as the top source of capital inflow to Nigeria, contributing 35.43% to the total capital imported in Q2 201. Lagos state, the commercial hub of Nigeria, remained the top destination for capital import receiving 89.09% of the total capital imported in Q2 2021.

Domestic & Foreign Portfolio Participation in Equity Trading



Source: NBS



Source: NBS

12. Credit Ratings

The Manufacturing Purchasing Managers' Index (PMI), improved to 46.6 index points in July 2021, compared with 45.5 index points in June 2021. Though it remained below the 50-index point mark, the improvement is an indication of gradual recovery of output growth in the economy. The Non-Manufacturing Purchasing Managers' Index (PMI) also increased to 44.8 index points in July 2021, compared with 43.0 index points in June 2021. The employment level index for July 2021 stood at 46.5 index points, relative to the preceding month's figure of 45.0, but, remained below the 50.0-index point threshold.

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. Nigeria continues to contend with external liquidity pressures that were worsened by the Covid-19 pandemic and resilience to adverse external developments is weak. Despite gradual and moderate exchange-rate depreciation over the last year, the rating agency opines that 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 noted.

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. 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. However, the 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

Security challenges and social unrest persisted in Q2 2021. Amidst the conflict between Fulani herdsmen and farmers and rising rate of kidnapping especially at schools and secessionist agitations heightened. The south-east and south-west have clamoured in recent times to break away from Nigeria as they have felt marginalized over the years. However, the federal government has remained intolerable to separatist organisations and this has brought about social unrest in certain parts of the country.

Nigeria's misery index (an index that combines the rate of inflation and unemployment) of 49.05 points, printed at the end of 2020, has kept Nigeria in the league of miserable countries in the world. Unemployment and inflation rates remain within the double digits' spaces and well above target. Insecurity was a major reason why both foreign and domestic investment remained low, adding to the pre-existing deterrent of investments in the country. The population growth rate (2.58% in 2020) continues to outperform real GDP growth rate (0.51% (-1.92%) in Q1 2021 (FY 2020)). This gap depicts the fact that the economy is not growing enough to cater for the needs of the soaring population, thus championing poverty in the country which then leads to violent crimes for survival, keeping Nigeria in a vicious cycle.

The Economic Intelligence Unit (EIU), a London based firm, reveals that Lagos, Nigeria is the world's second worst liveable city in 2021 with an index of 31.2 points. Lagos sored below 50 points in all the 5 parameters used which included stability (20 points), healthcare (20.8 points), culture & environment (41.0 points), education (25.0 points) and infrastructure (46.4). A consistently low stability score, owing to ongoing civil unrest is the reason behind Lagos, Nigeria featuring in the bottom ten. However, conditions have further worsened due to Covid-19, particularly for healthcare.

Financial Sector Developments

In May 2021, the CBN extended the "Naira 4 Dollar" scheme which was initially slated to end on May 8th, 2021. This extension is expected to encourage more inflow of diaspora remittances into the country as getting N5 for every US$1 is expected to incentivize senders and recipients of international money transfers. The N5 would be paid to the recipient either they choose to collect cash or transfer into their domiciliary account.

The Monetary Policy Committee of the CBN met in May. This was the third time in 2021. The Committee acknowledged that the strategies put in place to curb inflation and to stimulate output growth had started to yield results. The Committee felt that an expansionary monetary stance would reduce loan pricing for the real sector, but the effect would be constrained by security challenges and infrastructural deficiencies. On the other hand, a contractionary stance will inhibit CBN's aim of providing low cost funds to the real sector. Hence, the Committee settled for a hold stance, keeping the MPR and all other parameters constant.

3.0

OUTLOOK FOR Q2 2021 AND BEYOND

OUTLOOK FOR Q3 2021

3.1 GDP Growth

As the vaccination rate improves and "business as usual" begins, the economy is expected to grow modestly in Q3 2021. Fiscal and monetary authorities continue to intensify efforts to maintain progress on economic recovery. Growth is expected to reach 1.69% in Q3 and 2.38% at the end of 2021. The Covid-19 delta variant surge in India and other key economies, growing domestic insecurity, rising food and core prices amongst others pose downside risk to this projection.

3.2 Foreign Exchange

Naira depreciation is expected due to the creeping inflation, declining FPIs, pressures of dollar demand from importers and the meeting of offshore debt obligations which will further deplete Nigeria's external reserves. The Naira is expected to settle at N426.58/$ in Q3 and N450.49/$ in 2021.

3.3 Crude Oil

Oil price is expected to continue to creep upward across the globe. OPEC production cuts and rising oil demand continue to support the upward movement of prices. Oil price is expected to average $80/b at the end of 2021. The downside to this positive outlook hinges on the worsening effect of Covid-19 delta variant and the hesitancy of people to receive the Covid-19 vaccine which will stall the aim of curbing Covid across the globe.

3.4 Monetary Policy

A further cut in the MPR in Q3 2021 is not expected. The MPR is expected to tackle the high inflation and provide cheaper funds for the real sector, especially growth stimulating sectors. This action will provide impetus for output growth and sustained economic recovery in 2021.

3.5 Foreign Reserves

Foreign reserves in Q3 2021 is expected to improve as oil prices remain on a steady rise. The CBN's continued "Naira 4 Dollar" is expected to boost the foreign reserves in coming quarters. However, rising dollar demand/outflow poses a downside risk to this projection.

OUTLOOK FOR Q1 2021

3.6 Inflation

Average inflation rate is expected to remain in double-digits given high food prices due to the rising security threat in food producing areas, currency depreciation, cost reflective increase in energy tariffs and fuel price increase.