# CENTRAL BANK OF NIGERIA
# ECONOMIC REPORT

**April 2022**

# ABOUT THE REPORT

*The Central Bank of Nigeria (CBN) Economic Report is a compilation and analysis of economic developments in Nigeria within the review period. The Report, which is published on a monthly and quarterly basis, provides insights into the current developments in the real, fiscal, financial, and external sectors of the Nigerian economy and the global economic developments. It also reflects the policy initiatives of the Bank within the period.*

*The Report is targeted at a wide range of readers, including economists, policymakers, financial analysts in government and the private sectors, and the general public. Subscription to the Report is available without charge to individuals, institutions, corporations, embassies, and development agencies. Free copies of the Report can be obtained from the CBN website*: ***www.cbn.gov.ng***. *Please direct all inquiries to the Director, Research Department, Central Bank of Nigeria, P.M.B. 187, Garki, Abuja, Nigeria.*

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# EXECUTIVE SUMMARY

*Global economic activity slowed in April due to labour shortages in China, supply chain and logistics challenges, as well as rising inflation and material costs resulting from the war in Ukraine and the lockdown in China. Economic activities in Advanced Economies (AEs) experienced marginal expansion amid signs of continued global economic uncertainty, price pressures and supply chain issues. However, in Emerging Market and Developing Economies (EMDEs), economic performance dipped, driven largely by the steep downturn in China. Inflationary pressures remained elevated, as the Russia-Ukraine war exacerbated supply chain disruptions and drove up energy and commodity prices. In some AEs, consumer prices surged to record high in decades, while the US and Italy experienced disinflation, triggered by the decline in the cost of energy.*

*Global financial markets witnessed mixed developments in April 2022, prompted by many headwinds, including rising inflation, supply chain disruptions, a global chip shortage, growth concerns and the war in Ukraine. While major equities in the US recorded losses, many in Europe and Japan closed on a positive note. World crude oil production decreased, as supply from OPEC+ fell, due to the continued sanctions on Russian crude amid rising geopolitical tensions. However, crude oil spot prices fell in April, owing to concerns about weaker global growth, arising mainly from COVID-19 lockdowns in China, and the release of 240 million barrels of crude from the strategic reserves of International Energy Agency (IEA) allied members. Owing, largely, to rising inventories and weaker demand conditions, prices of most agricultural export commodities trended downward, just as average spot prices of gold, silver, platinum, and palladium fell, following US Federal Reserve announcement to raise interest rate.*

*Domestic economic activity weakened amid the heightened inflationary pressures. The PMI was below the 50-point threshold, owing to production cost pressures, occasioned by an increase in energy prices. Inflationary pressures remained elevated as headline inflation rose to 16.82 per cent, from 15.92 per cent in March 2022, driven mainly by rise in the cost of energy and food, exacerbated by the Russia-Ukraine crisis. Food inflation surged to 18.37 per cent, from 17.20 per cent in the previous month, due to supply disruptions and increased transportation and logistics costs. Similarly, core inflation inched up to 14.18 per cent, from 13.91 per cent in the preceding month, attributed to the rise in the cost of furnishings, household equipment and maintenance.*

*Fiscal conditions remained challenging despite higher revenue outcomes, driven by enhanced oil receipts and the seasonality effect associated with income tax receipts. Provisional federally collected revenue rose by 66.3 per cent to ₦1, 307.74 billion compared with the level in March, but fell short of the budget by 14.7 per cent. Also, FGN retained revenue increased by 14.3 per cent to ₦417.96 billion but was offset by a 23.8 per cent rise in total expenditure, resulting in a 30.9 per cent expansion in the overall deficit to ₦643.09 billion. The debt profile of the FGN remained elevated, as the government incurred new borrowings amid rising interest rates to part-finance the deficit in the 2022 Budget and boost infrastructural development.*

*Indicators of financial conditions were relatively stable in April 2022, on account of the accommodative monetary policy stance of the Bank to support the domestic growth trajectory, amid rising global uncertainties. The Broad Money Supply grew by 6.2 per cent (annualised at 18.6 per cent), while credit to the private sector expanded by 4.0 per cent (annualised to 12.0 per cent). However, there was reduced liquidity in the banking system during the period under review, owing to the auction of FX swaps and cash reserve ratio debits from the banking system. Consequently, activities at the standing lending facility window increased and key short-term interest rates inched higher. Activities on the Nigerian Exchange (NGX) Limited were bullish, driven by sustained positive sentiments by investors, occasioned by favourable 2022Q1 corporate earnings, coupled with an improved growth outlook of the economy.*

*In the external sector, the COVID-19 lockdown in China and the commitment of the US and IEA allied members to release crude oil from their strategic reserves, led to a decline in crude oil and gas prices in the international market. Nigeria recorded lower crude oil export receipts, leading to a moderation in the trade surplus. However, the inflow of foreign capital improved because of increased returns on financial market instruments. Furthermore, reduced demand pressure in the foreign exchange market led to an appreciation of the naira.*

*Global economic growth is expected to decelerate from 6.1 per cent in 2021 to 3.6 per cent in 2022. The decline is because of the ongoing war in Ukraine and the attendant sanctions imposed on Russia, which could negatively impact the global economy. In addition, the slow growth in China, the pandemic-induced supply disruptions, monetary tightening across central banks, and financial market volatility are all expected to impede GDP growth. As geopolitical risks continue to escalate and price* *pressures heighten, global inflation is projected to remain elevated in the near term.*

*In the domestic economy, growth is projected to maintain its upward trajectory on the back of policy support. The positive outlook is predicated on the effective implementation of the 2022 National Budget and the Medium-Term National Development Plan (MTNDP) as well as the positive impact of CBN interventions on growth-enhancing sectors. Inflationary pressures are expected to remain elevated in the near-term, due to rising energy and food prices. Fiscal outlook is modestly optimistic as the imposition of new EU sanctions on Russia would continue to rally oil prices, thereby boosting oil earnings. Nigeria's external reserves are projected to remain stable on the strength of rising crude oil prices*.

# 1.0 GLOBAL ECONOMIC DEVELOPMENTS

## 1.1 Global Economic Conditions

### 1.1.1 Economic Activity

*Global Economic Conditions*

***The global economic performance slowed in April due to labour shortages, logistics challenges, rising inflation and material costs arising from the war in Ukraine and lockdown in China.*** Global Composite Purchasing Managers Index (PMI) fell to 51.0 index points from 52.7 index points in March 2022, reflecting a slower expansion, driven by restricted labour pool in China, intensifying inflationary pressures and deceleration in the growth of new orders. The slowdown in economic activities, from a disaggregated view, was recorded in both the manufacturing and services sectors as their respective PMIs fell to 55.4 index points and 51.9 index points in April from 57.1 index points and 53.4 index points, respectively, in the previous month. Underlying the slowdown was the contraction in China's economic activity, particularly the manufacturing sector, largely, due to the COVID-19 restrictions in several cities. In addition, the deceleration of new business growth and the rise in input prices, as in the case of the services sector, dampened economic activities in the review period.

Table 1: Global Composite Purchasing Managers' Index (PMI)

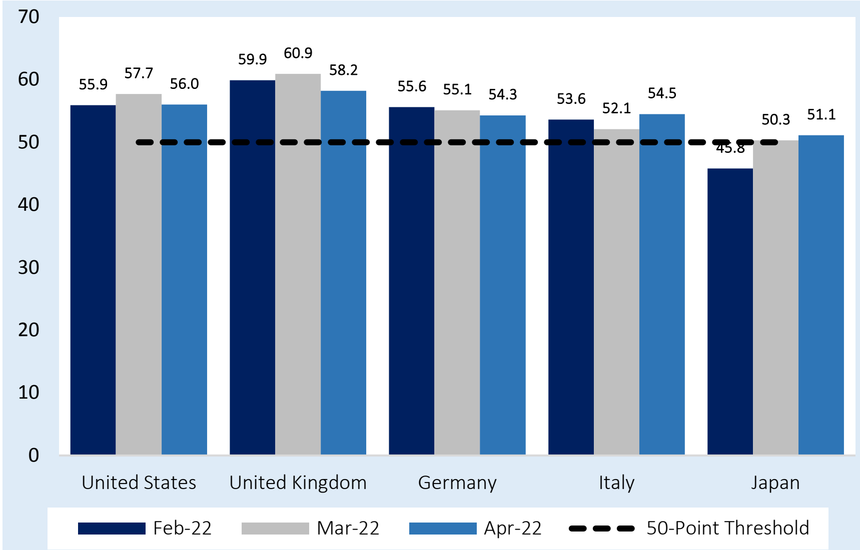
| | Feb-22 | Mar-22 | Apr-22 |
|---|---|---|---|
| **Composite** | *53.5* | *52.7* | *51.0* |
| **Manufacturing** | *58.6* | *57.1* | *55.4* |
| **Services (Business Activity)** | *54.0* | *53.4* | *51.9* |
| **Employment Level** | *52.9* | *53.4* | *53.2* |

***Source:*** *JP Morgan.*
***Note:*** *Above 50 index points indicates expansion.*
*Manufacturing data for Greece, Indonesia, Ireland, Kazakhstan, Malaysia, Russia, Thailand, Turkey, the United Kingdom and Vietnam were not available for inclusion in the global numbers. Services data for Japan and Russia were also unavailable for inclusion.*

*Economic Activity in Advanced Economies*

***In Advanced Economies (AEs), economic activities experienced marginal increase amid signs of uncertainty, price pressures and supply chain issues.*** Specifically, economic activities expanded at a slow pace across the region. In the US, business activity recorded a slow expansion, declining to 56.0 index points from 57.7 index points in March, on the back of intensifying inflationary pressures, arising from high energy prices. Furthermore, economic performance in the United Kingdom and Germany slowed to 58.2 index points and 54.3 index points, respectively. Business activities in Italy and Japan improved slightly, as indicated by the increases in composite PMI to 54.5 index points and 51.1 index points, respectively, reflecting the easing of COVID-19 restrictions.

Figure 1: PMIs of Selected Advanced Economies (index points)



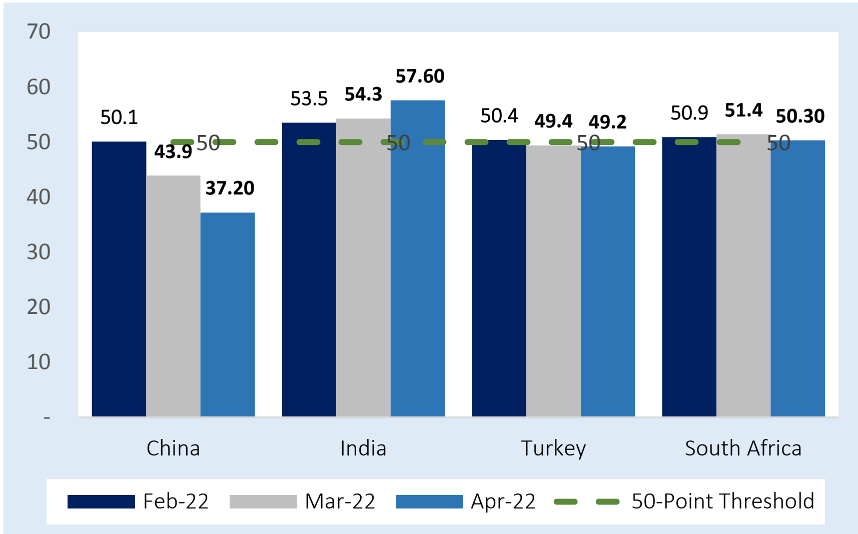

***Sources**: Trading Economics/ Various Country Websites.*

*Economic Activity in Emerging Markets and Developing Economies*

***Economic performance in Emerging Market and Developing Economies (EMDEs) dipped in April 2022, driven largely by the steep downturn in China.*** EMDEs, like AEs, experienced continuing supply chain disruptions and production shortages, magnified by the effects of Russia's invasion of Ukraine. In China, the PMI declined to 37.2 index points as the imposition of COVID-19 restrictions in Shanghai brought about a sizeable drop-in business activity, particularly in the non-manufacturing sector, and weakened demand. Turkey's PMI also declined to 49.2, from 49.4 points in the previous month, indicating further deterioration in business conditions. The contraction was propelled by muted demand dynamics and a build-up of inflationary pressures.

In contrast, PMI increased in India to 57.6 index points in April 2022 from 54.3 index points in the previous month, driven by quicker increases in production and factory orders and renewed expansion in international sales. In South Africa, economic activity expanded at a slower pace, as the PMI fell by 1.1 index points to 50.3 index points, reflecting rising output costs, weakened demand, material shortages, and floods in Kwazulu-Natal.

Figure 2: PMIs of Selected EMDEs (index points)




***Sources:*** *Trading Economics/ Various Country Websites.*

### 1.1.2 Inflation

*Global Inflation*

***Inflationary pressures remained elevated, as the Russia-Ukraine war exacerbated supply chain disruptions and drove up energy and commodity prices.*** Most Advanced Economies (AEs) recorded a rise in headline inflation, due to rising energy costs. Specifically, consumer prices in the United Kingdom surged to 9.00 per cent, from 7.00 per cent in the previous month, due to a rise in housing and household services, following the rise in the price cap of energy products. Likewise, inflation in Japan galloped to 2.50 per cent, from 1.20 per cent in the previous month, on the back of fast-rising cost of imports. In Canada and Germany, inflation rose marginally to 6.80 per cent and 7.40 per cent from 6.70 per cent and 7.30 per cent, respectively. The development was due to the increased cost of food, energy, and shelter, occasioned by the Russia-Ukraine war and falling unemployment. Conversely, the United States and Italy experienced disinflation as consumer prices grew by 8.30 per cent and 6.20 per cent in April, from 8.50 and 6.70 in the previous month, respectively, triggered by the decline in the cost of energy in both countries.

Within the EMDEs, price developments were generally upwards, although with variation across countries. In Turkey, inflation soared to 69.97 per cent in April from 61.14 per cent in the previous month. Prices advanced faster in most components of the CPI basket, as energy prices surged amid a weak lira and persistent supply-chain disruptions. In India and Indonesia, inflation edged up to 7.79 per cent and 3.47 per cent, from 6.95 per cent and 2.64 per cent, respectively, due to stronger demand, which propped up food, housing and transport prices. In China, the inflation rate accelerated to 2.10 per cent from 1.50 per cent in March, triggered mainly by logistics disruption caused by the strict zero-COVID policy. However, South Africa's inflation rate remained unchanged at 5.90 per cent.

Table 2: Summary of Global Inflation Rates in Selected Countries (per cent)

| *Country* | *Nov-21* | *Dec-21* | *Jan-22* | *Feb-22* | *Mar-22* | *Apr-22* |
|---|---|---|---|---|---|---|
| ***United States*** | 6.80 | 7.00 | 7.48 | 7.87 | 8.50 | 8.30 |
| ***United Kingdom*** | 5.20 | 4.80 | 5.50 | 6.20 | 7.00 | 9.00 |
| ***Japan*** | 0.60 | 0.80 | 0.50 | 0.90 | 1.20 | 2.50 |
| ***Canada*** | 4.70 | 4.80 | 5.10 | 5.70 | 6.70 | 6.80 |
| ***Germany*** | 5.20 | 5.30 | 4.90 | 5.10 | 7.30 | 7.40 |
| ***China*** | 2.30 | 1.50 | 0.90 | 0.90 | 1.50 | 2.10 |
| ***South Africa*** | 5.50 | 5.90 | 5.70 | 5.70 | 5.90 | 5.90 |
| ***India*** | 4.91 | 5.59 | 6.01 | 6.07 | 6.95 | 7.79 |
| ***Mexico*** | 7.37 | 7.36 | 7.07 | 7.28 | 7.45 | 7.68 |
| ***France*** | 2.78 | 2.80 | 2.85 | 3.60 | 4.50 | 4.80 |
| ***Italy*** | 3.70 | 3.90 | 4.80 | 5.70 | 6.70 | 6.20 |
| ***Indonesia*** | 1.75 | 1.87 | 2.18 | 2.06 | 2.64 | 3.47 |
| ***Turkey*** | 21.31 | 36.08 | 48.69 | 54.44 | 61.14 | 69.97 |

***Sources:*** *OECD and NBS.*

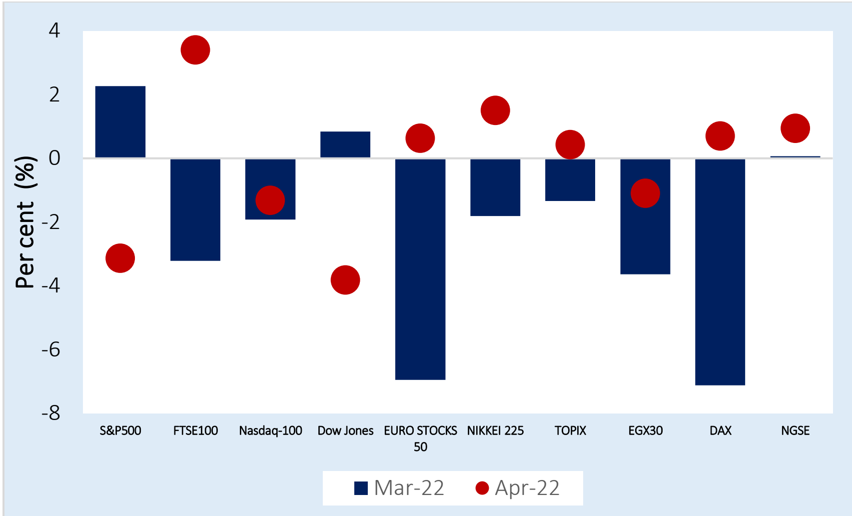
### 1.1.3 Financial Markets

*Global Financial Markets*

***Global financial markets witnessed mixed developments in April 2022, prompted by many headwinds, including rising inflation, supply chain disruptions, growth concerns and the war in Ukraine.*** Though stock markets started the month under review on a positive note, they deteriorated by the end of April 2022, particularly in the US, as higher levels of inflation, supply-chain concerns, lacklustre earnings results and gloomy economic outlook induced a major sell-off, particularly in technology stocks. Specifically, the Dow Jones index, S&P 500, and Nasdaq-100 declined by 3.80 per cent, 3.10 per cent, and 1.30 per cent, respectively, from their positions in the preceding month. Similarly, in Egypt, the EGX30 fell by 1.10 per cent, from its position in March 2022. Nevertheless, an upside in stock markets were recorded in the United Kingdom, Japan, Germany, and the Euro area. The FTSE, NIKKEI 225, DAX, EURO STOXX, and TOPIX indices rose by 3.40 per cent, 1.50 per cent, 0.70 per cent, 0.63 per cent and 0.40 per cent, respectively.

*Global Equities Markets*

Figure 3: Selected Equity Indices (Growth rates)

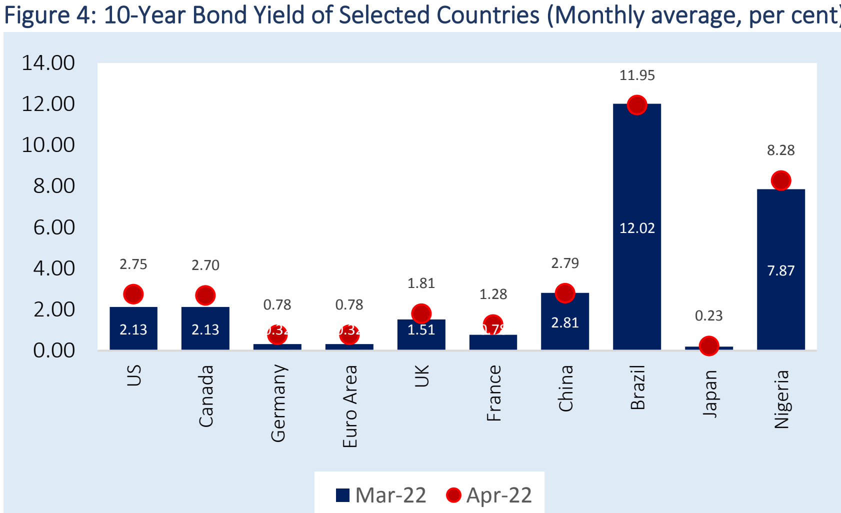



***Source:*** *Bloomberg.*

*Global Bonds Markets*

Bond yields rose in the month under review due to the rising cost of capital for governments following high inflation expectations averaging 2.75 per cent and 2.70 per cent in the United States and Canada, respectively. Similarly, bond yields rose to an average of 1.81 per cent, 1.28 per cent and 0.78 per cent, in the UK, France, and Germany, respectively. In Asia, bond yields increased to an average of 2.79 per cent in China and 0.23 per cent in Japan, from 2.81 per cent and 0.19 per cent, respectively.

Figure 4: 10-Year Bond Yield of Selected Countries (Monthly average, per cent)

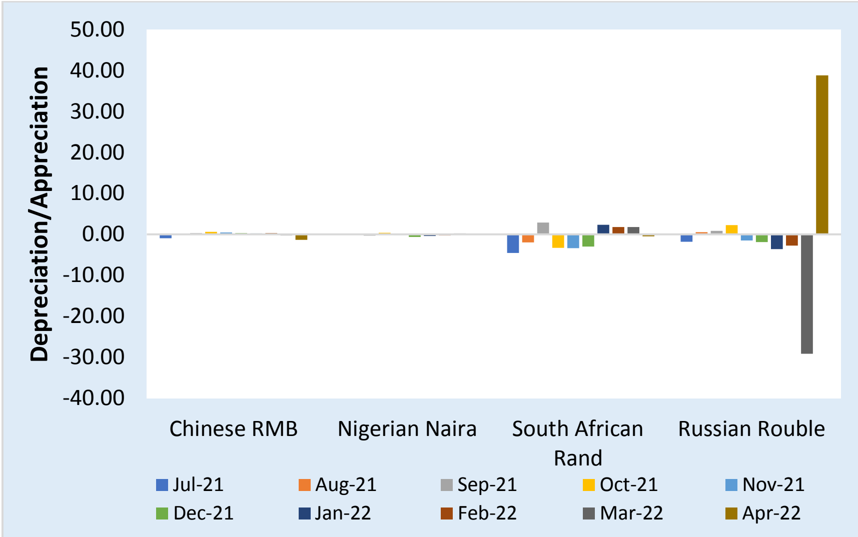



***Source:*** *Bloomberg.*

*Emerging Market and Developing Economies' Currencies*

The average exchange rate of the Russian Ruble appreciated by 38.8 per cent, due to Russia's decision to sale its crude oil and gas in Ruble rather than the US dollar. On the other hand, the Chinese RMB and South African Rand depreciated by 1.3 per cent and 0.5 per cent to the US dollar, respectively.

Figure 5: EMDEs Currencies' Values to the US dollar




***Sources:*** *CBN and Exchange Rates UK.*

Table 3: EMDEs Currencies' Rates to the US dollar

| Period | *Chinese RMB* | *Nigerian Naira* | *South African Rand* | *Russian Ruble* |
|---|---|---|---|---|
| **Apr-21** | *6.52* | *381.00* | *14.43* | *76.08* |
| **Mar-22** | *6.35* | *416.03* | *14.96* | *111.17* |
| **Apr-22** | *6.44* | *415.53* | *15.03* | *80.10* |

***Sources:*** *CBN and Exchange Rates UK*

### 1.1.4 Commodity Market

*World Crude Oil Supply and Demand*

***World crude oil supply decreased, due to continued sanctions on Russian crude.*** Total world crude oil supply, at 99.10 million barrels per day (mbpd), fell by 0.2 per cent in April 2022, from 99.29 mbpd in March. The decrease was largely driven by lower supply from non-OECD producing countries, particularly Russia, as a result of sanctions on its crude oil. Total non-OECD supply fell by 0.7 per cent to 66.54 mbpd, from 66.99 mbpd in March, while the total OECD supply rose marginally by 0.8 per cent to 32.56 mbpd, from 32.29 mbpd in the preceding month.

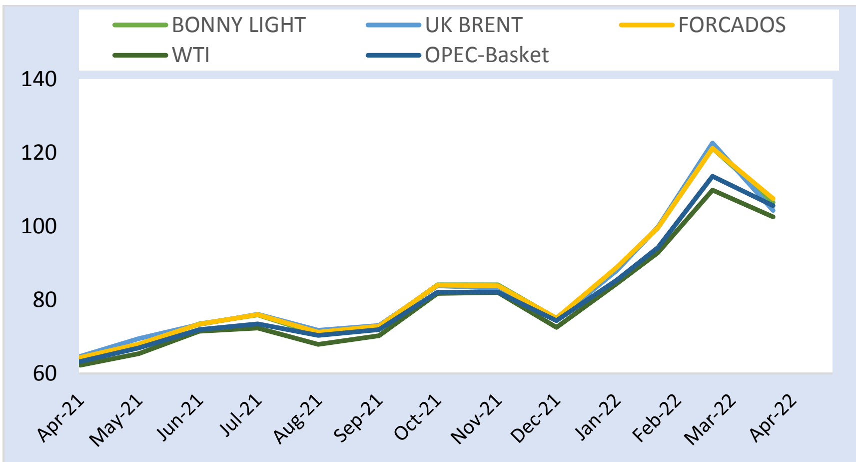
However, OPEC's crude oil production rose by 2.2 per cent to 28.84 mbpd in April, from 28.22 mbpd in the preceding month, driven by the implementation of the production agreement to gradually increase monthly crude output by 400,000 bpd.

Total world demand declined marginally by 0.01 per cent to 99.32 mbpd, compared with 99.33 mbpd in the preceding month, due to the strict zero-COVID policy in China.

*Crude Oil Prices*

***Crude oil spot prices fell in April, owing to the release of 240 million barrels of crude from the strategic reserves of International Energy Agency (IEA) allied members and concerns about weaker global growth arising mainly from the COVID-19 lockdown in China.*** The monthly average spot price of Nigeria's reference crude oil, the Bonny Light (34.9° API), fell by 12.1 per cent, to US$106.51 per barrel (pb), compared with US$121.23 pb in the preceding month. The prices of Brent, at US$104.34 pb, Forcados at US$107.54 pb, WTI at US$102.54 pb and OPEC Reference Basket (ORB) at US$105.65 pb all exhibited a similar trend.

Figure 6: Global Crude Oil Prices (US$ per barrel)




***Source:*** *Reuters*

*Agricultural Commodity Prices*

***Prices of most agricultural export commodities monitored trended downward in April 2022 due, largely, to rising inventories and weaker demand conditions.*** The average price index for all the monitored commodities decreased by 0.1 per cent to 106.8 points from the 106.9 points in the preceding month. The prices of palm oil, groundnut, rubber and cocoa fell by 5.3 per cent, 3.2 per cent, 2.4 per cent, and 0.1 per cent, respectively. However, the prices of cotton, wheat, and coffee increased by 10.1 per cent, 1.8 per cent, and 0.1 per cent, respectively, compared with the preceding month, largely, on the back of higher demand from importers amid low supply.

Table 4: Indices of Average World Prices of Nigeria's Major Agricultural Export Commodities for April 2022 (in dollars; Dec. 2010=100)

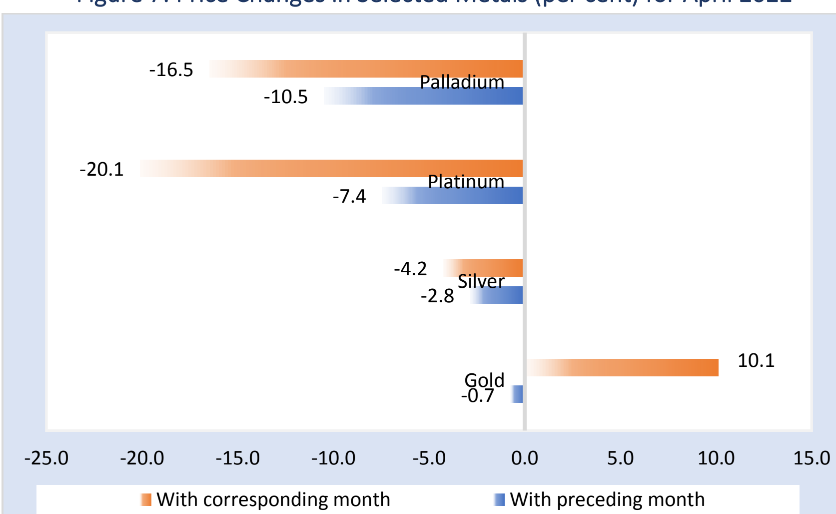
| COMMODITY | Apr. 2021 | Mar. 2022 | Apr.2022 | % Change | |
|---|---|---|---|---|---|
| | | | | (1) & (3) | (2) & (3) |
| | 1 | 2 | 3 | 4 | 5 |
| ***All Commodities*** | ***79.8*** | ***106.9*** | ***106.8*** | ***33.9*** | ***-0.1*** |
| *Cocoa* | *77.4* | *80.4* | *80.2* | *3.7* | *-0.1* |
| *Cotton* | *54.1* | *84.0* | *92.5* | *70.8* | *10.1* |
| *Coffee* | *79.1* | *110.3* | *110.4* | *39.6* | *0.1* |
| *Wheat* | *91.7* | *158.7* | *161.6* | *76.3* | *1.8* |
| *Rubber* | *35.0* | *37.2* | *36.3* | *3.7* | *-2.4* |
| *Groundnut* | *104.0* | *108.6* | *105.2* | *1.2* | *-3.2* |
| *Palm Oil* | *87.3* | *143.9* | *136.3* | *56.1* | *-5.3* |
| *Soya Beans* | *109.4* | *132.0* | *132.1* | *20.7* | *0.0* |

***Source:*** *World Bank Pink Sheet*

*Other Minerals*

***Average spot prices of gold, silver, platinum and palladium decreased in April 2022, in response to the announcement by the US Federal Reserve to hike interest rates, to tackle inflation.*** Average spot prices of gold and silver fell by 0.7 per cent and 2.8 per cent, month-on-month, to US$1,936.99 per ounce and US$24.56 per ounce, respectively. Similarly, the average spot prices of platinum and palladium fell by 7.4 per cent and 10.5 per cent, to US$963.61 per ounce and US$2,314.24 per ounce, compared with US$1,041.14 per ounce and US$2,585.16 per ounce, respectively, in the preceding month.

Figure 7: Price Changes in Selected Metals (per cent) for April 2022




***Source:*** *Refinitiv Eikon IV (Reuters)*

# 2.0 DOMESTIC ECONOMIC DEVELOPMENTS

## 2.1. Real Sector Developments

Summary

*Domestic economic activities weakened in April 2022, as the PMI was below the 50-point threshold, owing to a decline in manufacturing and business activities. In the same vein, inflationary pressure remained a threat to growth.*

### 2.1.1 Business Activities

*Purchasing Managers Index*

***Business activities slowed in April 2022, as the PMI contracted for the second consecutive month.*** At 48.9 index points, the manufacturing PMI contracted further, compared with 49.1 index points in the preceding month. The contraction was due to the underlying production cost pressures, occasioned by an increase in energy prices. However, the non-manufacturing PMI indicated a slower contraction at 49.5 index points, compared with 48.1 index points in March, attributed to a tepid rise in consumer demand, despite rising prices of goods and services.

Table 5: Manufacturing and Non-Manufacturing Sector PMIs (index points)

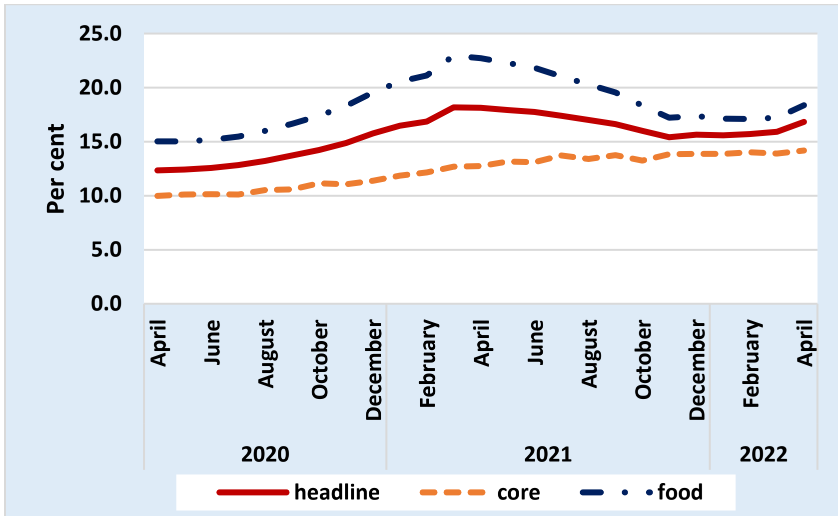
| Components | Mar-22 | Apr-22 |
|---|---|---|
| **Composite Manufacturing PMI** | **49.1** | **48.9** |
| Production Level | *49.0* | *51.4* |
| New Orders | *46.0* | *46.0* |
| Supplier Delivery Time | *52.8* | *49.1* |
| Employment Level | *51.9* | *50.2* |
| Raw Material Inventory | *47.4* | *48.6* |
| **Composite Non-Manufacturing PMI** | **48.1** | **49.5** |
| Business Activity | *47.6* | *49.9* |
| New Orders | *45.4* | *48.3* |
| Employment Level | *50.2* | *50.9* |
| Inventory | *49.4* | *49.0* |

**Source**: *Central Bank of Nigeria*

*Headline Inflation*

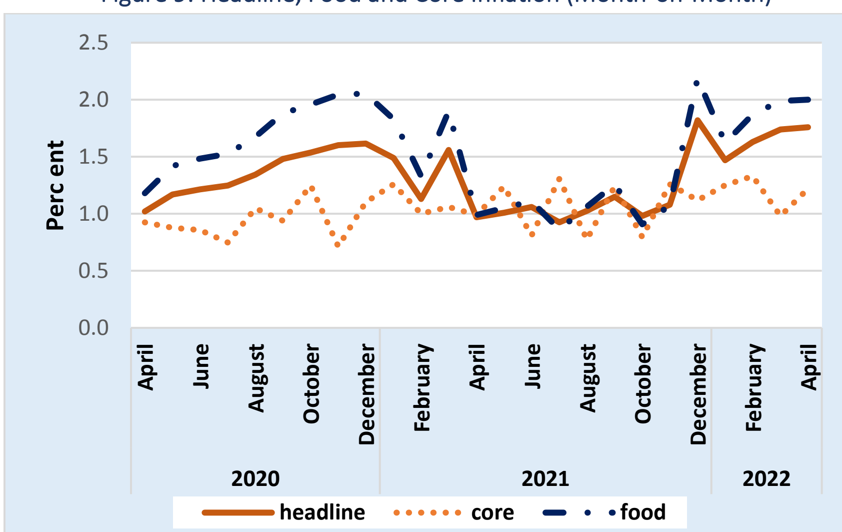
***Headline Inflation rose further in April, driven by the increase in the food and non-food components of the CPI basket, on the back of supply-chain disruptions, exacerbated by the Russia-Ukraine crisis.*** Headline inflation (year-on-year) rose to 16.82 per cent, from 15.92 per cent in March. The rise in headline inflation was attributed to the rise in the cost of food and non-alcoholic beverages, clothing and footwear, education, housing, water, electricity, gas and other fuels. Also, the rise in the cost of imported food items, such as rice, tea, coffee, chocolate, and other edible oils, contributed to the uptick in headline inflation. On a month-on-month basis, it increased to 1.76 per cent from 1.74 per cent in the preceding month.

Figure 8: Headline, Food and Core Inflation (Year-on-Year)




***Source:*** *NBS*

Figure 9: Headline, Food and Core Inflation (Month-on-Month)




***Source:*** *NBS*

*Core Inflation*

Core inflation inched up to 14.18 per cent, compared with 13.91 per cent in March 2022. On a month-on-month basis, the pressure elevated to 1.22 per cent from 0.98 per cent. The increase in core inflation was attributed to the rise in the cost of furnishings, household equipment and maintenance, owing to increasing demand pressure.

*Food Inflation*

Food inflation surged to 18.37 per cent (year-on-year), compared with 17.20 per cent in the preceding month. The rise in food inflation was due to the increase in the prices of fruits, vegetables, frozen fish, edible oils and grains (maize, rice and sorghum), on account of higher transport/logistics cost. On a month-on-month basis, food inflation increased slightly to 2.00 per cent compared with 1.99 per cent in March 2022.

### Box 1: Prices of Selected Domestic Agricultural Commodities in April 2022

***The prices of major domestic food commodities increased in April 2022, compared with the previous month.*** *The increase ranged from 0.8 per cent for rice (medium grain) to 3.6 per cent for sweet potato. This price development was mainly driven by structural factors, such as the Increase in the price of diesel and the effect of the lingering insecurity challenges.*

Prices of Selected Domestic Agricultural Commodities in April 2022

| | | Apr. 2021 | Mar. 2022 | Apr. 2022 | % Change | Ch |
|---|---|---|---|---|---|---|
| | UNIT | 1 | 2 | 3 | (1) & (3) | (2) |
| *Agric eggs medium size* | *1kg* | *530.40* | *668.96* | *677.13* | *27.7* | *1* |
| *Beans: brown, sold loose* | " | *378.82* | *530.10* | *535.55* | *41.4* | *1* |
| *Beans: white black eye, sold loose* | " | *359.64* | *505.94* | *512.95* | *42.6* | *1* |
| *Gari white, sold loose* | " | *276.33* | *317.33* | *322.02* | *16.5* | *1* |
| *Gari yellow, sold loose* | " | *299.18* | *338.69* | *341.85* | *14.3* | *0* |
| *Groundnut oil: 1 bottle, specify bottle* | " | *689.19* | *994.62* | *1022.64* | *48.4* | *2* |
| *Irish potato* | " | *312.37* | *443.28* | *449.41* | *43.9* | *1* |
| *Maize grain white, sold loose* | " | *233.48* | *297.43* | *302.00* | *29.3* | *1* |
| *Maize grain yellow, sold loose* | " | *238.52* | *298.50* | *303.84* | *27.4* | *1* |
| *Onion bulb* | " | *294.84* | *378.59* | *391.96* | *32.9* | *3* |
| *Palm oil: 1 bottle, specify bottle* | " | *578.86* | *842.23* | *859.84* | *48.5* | *2* |
| *Rice agric, sold loose* | " | *442.39* | *500.15* | *507.93* | *14.8* | *1* |
| *Rice local, sold loose* | " | *399.07* | *441.80* | *447.22* | *12.1* | *1* |
| *Rice, medium grained* | " | *441.85* | *488.58* | *492.70* | *11.5* | *0* |
| *Rice, imported high quality, sold loose* | " | *540.58* | *607.68* | *616.34* | *14.0* | *1* |
| *Sweet potato* | " | *157.76* | *228.05* | *236.24* | *49.7* | *3* |

***Source:*** *National Bureau of Statistics (NBS)*

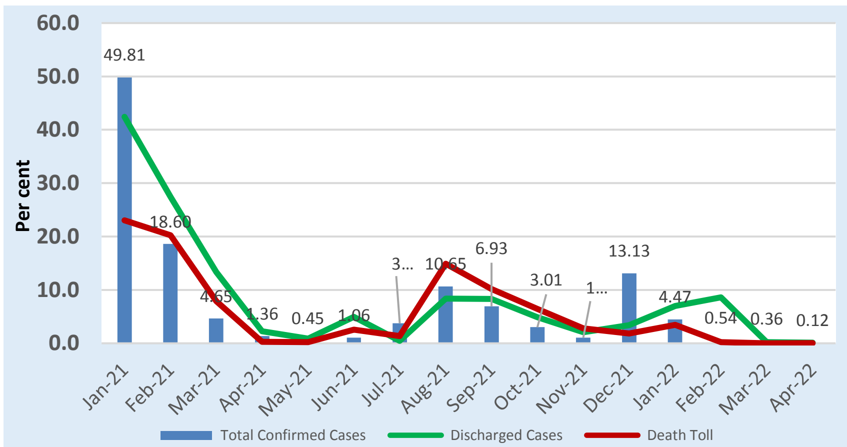
### 2.1.2 Socio-Economic Developments

*Health & COVID-19 Update*

***Government effort towards containment of COVID-19 pandemic within the country continued to yield positive results as the rate of new infections and the number of active cases continued to decline, following compliance with Covid-19 guidelines and vaccination.*** Data from the Nigeria Centre for Disease Control (NCDC) showed that at end-April 2022, although the number of confirmed cases continued to increase, it was rather, increasing at a decreasing rate. The development was driven by high compliance with precautionary measures and the sustained vaccination drive. The number of discharged cases increased by 0.12 per cent, while COVID-19 related deaths rose by 0.03 per cent. Consequently, the number of active cases declined by 0.2 per cent in the review period.

Data from the National Primary Health Care Development Agency (NPHCDA) shows that 20.9 per cent of the eligible target population had been partially vaccinated against COVID-19 infection as at end-April 2022, an improvement compared with 17.2 per cent in March. Similarly, about 13.8 per cent of the target population had been fully vaccinated, compared with 13.2 per cent in the previous month.

Figure 10: COVID-19 Statistics[1]




***Source:*** *Nigeria Center for Disease Control.*

*Transportation*

To improve the country's infrastructure stock, the Federal Executive Council (FEC) approved ₦29.2 billion for the completion and rehabilitation of the Zaria-Funtua road linking Kaduna and Katsina states, Kwayakusar-Milda road in Borno State, and Uturu-Isikwuato-Akara Road in Abia State.

Furthermore, to improve air transport infrastructure, the FEC approved ₦35.0 billion for the maintenance of the new international terminal building in Abuja and Port Harcourt airports, and the construction of terminal buildings at the Akanu Ibiam, Enugu and Asaba airports. In addition, ₦14.7 billion was approved for the construction of clinics at the Abuja, Kano, Port Harcourt and Lagos Airports, as well as the replacement of elevators and escalators at Wings `D' and `E' of the old Murtala Muhammed International Airport Terminal, Lagos.

[1] Covid-19 data as at April 30, 2022.

*Education*

The FEC approved a bill increasing the retirement age of teachers from 60 to 65 years, and the extension of service years from 35 to 40. The bill also introduced bursary awards, special rural posting allowances and other items that will encourage qualified Nigerians to take up teaching jobs.

### 2.1.3 Domestic Crude Oil Market

*Crude Oil Production and Export*

***Domestic crude oil production and export decreased during the month under review, due to the persistent "force majeures" declared by Shell on the Bonny terminal.*** Nigeria's crude oil production fell to an average of 1.35 mbpd, a decrease of 2.9 per cent, from 1.39 mbpd in the preceding month. An average of 0.90 mbpd was exported, while domestic consumption, accounted for the balance. The decline in crude oil production was due to force majeures, occasioned by increased incidences of explosions and pipeline vandalism. Nigeria's production level was below the OPEC quota of 1.74 mbpd by 0.39 mbpd.

## 2.2. Fiscal Sector Developments

Summary

*Fiscal conditions remained challenging in April 2022 despite higher revenue outcomes. Provisional federally collected revenue rose by 66.3 per cent relative to the level in March but fell short of the budget by 14.7 per cent. FGN retained revenue increased by 14.3 per cent but was offset by a 23.8 per cent rise in total expenditure, resulting in a 30.9 per cent expansion in the overall deficit. The debt profile of the FGN remained elevated, as government incurred new borrowings to part-finance the deficit in the 2022 Budget. However, the debt stock was within the FGN's medium-term debt strategy.*

### 2.2.1 Federation Account Operations

Drivers of Federation Revenue

***Provisional federally collected revenue performance was boosted by enhanced oil receipts, improved economic activities and the seasonality effect associated with income tax receipts.*** At ₦1,307.74 billion, federation receipts rose by 66.3 per cent, compared with the preceding month but fell below the budget benchmark by 14.7 per cent. The increase was, largely, attributed to the higher receipts from Petroleum Profit Tax (PPT) & Royalty and corporate tax. In terms of share, non-oil revenue maintained its dominance of gross federation receipts, accounting for 65.6 per cent, while oil revenue constituted the balance of 34.4 per cent.

Further analysis shows that oil revenue, at ₦450.06 billion, was above the level in the preceding month by 72.5 per cent, but below the prorated budget by 43.2 per cent. The increase in oil revenue was ascribed to increased earnings from PPT & Royalty, reflecting an uptick in oil prices in the international market.

Similarly, non-oil receipts, at ₦857.68 billion, was above the earnings in March and the prorated budget by 63.3 per cent and 8.8 per cent, respectively. The surge in non-oil revenue was attributed to the three-fold rise in corporate tax, reflecting the seasonality effect of corporate tax collection as the deadline for companies to file in their returns approached.

The sum of ₦725.57 billion, 22.9 per cent above the ₦590.55 billion disbursed in March, was distributed to the three tiers of government after statutory deductions and transfers.

Table 6: Federally Collected Revenue and Distribution to the Three-Tiers of Government (₦' Billion)

| | Apr-21 | Mar-22 | Apr-22 | Budgeted |
|---|---|---|---|---|
| **Federation Revenue (Gross)** | **950.31** | **786.27** | **1,307.74** | **1,580.92** |
| **Oil** | **392.91** | **260.92** | **450.06** | **791.70** |
| *Crude Oil & Gas Exports* | 3.79 | 0.00 | 0.00 | 67.57 |
| *PPT & Royalties* | 286.34 | 206.38 | 430.78 | 530.91 |
| *Domestic Crude Oil/ Gas Sales* | 86.36 | 46.38 | 11.15 | 42.04 |
| *Others* | 16.42 | 8.16 | 8.13 | 151.18 |
| **Non-oil** | **557.40** | **525.35** | **857.68** | **788.64** |
| *Corporate Tax* | 242.41 | 90.94 | 353.06 | 165.65 |
| *Customs & Excise Duties* | 89.34 | 124.20 | 141.34 | 154.88 |
| *Value-Added Tax (VAT)* | 181.71 | 177.87 | 219.50 | 203.48 |
| *Independent Revenue of Fed. Govt.* | 41.69 | 129.41 | 140.85 | 184.68 |
| *Others** | 2.25 | 2.93 | 2.93 | 79.94 |
| **Total Deductions/Transfers*** | ***389.42*** | ***283.20*** | ***582.17*** | ***349.74*** |
| **Federally-Collected Revenue** *Less Deductions & Transfers*** | **560.89** | **503.07** | **725.57** | **1,183.01** |
| *plus:* | | | | |
| **Additional Revenue** | ***2.93*** | ***87.48*** | ***0.00*** | ***17.48*** |
| *Balance in Special Account from 2019* | **0.00** | **0.00** | **0.00** | **0.00** |
| *Excess Crude Revenue* | *0.00* | *0.00* | *0.00* | *0.00* |
| *Non-oil Excess Revenue* | *0.00* | *87.48* | *0.00* | *17.48* |
| *Exchange Gain* | *2.93* | *0.00* | *0.00* | *0.00* |
| **Total Distributed Balance** | ***563.82*** | ***590.55*** | ***725.57*** | ***1,200.49*** |
| Federal Government | *212.15* | *236.18* | *277.10* | *509.09* |
| Statutory | *186.80* | *211.33* | *246.44* | *480.81* |
| VAT | *25.35* | *24.85* | *30.66* | *28.28* |
| State Government | *219.49* | *213.76* | *280.56* | *432.31* |
| Statutory | *94.75* | *107.19* | *125.00* | *251.29* |
| VAT | *84.50* | *82.82* | *102.20* | *94.25* |
| 13% Derivation | *40.24* | *23.75* | *53.36* | *86.78* |
| Local Government | *132.19* | *140.61* | *167.91* | *259.09* |
| Statutory | *73.05* | *82.64* | *96.37* | *193.11* |
| VAT | *59.15* | *57.97* | *71.54* | *65.98* |

***Sources***: *OAGF and CBN Staff Estimates*
***Note***: ** Includes Education Tax, Customs Special Levies (Federation Account), National Technology Development, Customs Special Levies, Solid Mineral & Other Mining revenue, and other Non-regular earnings; ** Deductions includes cost of revenue collections and JVC cash calls; while transfers entails provisions for FGN Independent revenue and other Non-Federation revenue.*

### 2.2.2 Fiscal Operations of the Federal Government

*Federal Government Retained Revenue*

***FGN retained revenue increased owing to higher allocation from the Federation Account.*** At ₦417.96 billion, the provisional retained revenue of the FGN rose by 14.3 per cent, relative to the level in the preceding month. However, it fell short of the budget by 53.3 per cent, indicating the lingering revenue challenges.

Table 7: FGN Retained Revenue (₦' Billion), April 2022

| | Apr-21 | Mar-22 | Apr-22 | Benchmark |
|---|---|---|---|---|
| **FGN Retained Revenue** | 434.94 | **365.59** | **417.96** | **895.07** |
| *Federation Account* | 185.37 | 165.25 | 246.44 | *478.19* |
| *VAT Pool Account* | 25.35 | 24.85 | 30.66 | *28.28* |
| *FGN Independent Revenue* | 41.69 | 129.41 | 140.85 | *184.68* |
| *Excess Oil Revenue* | 0.00 | 0.00 | 0.00 | *0.00* |
| *Excess Non-Oil* | 0.00 | 46.08 | 0.00 | *0.00* |
| *Exchange Gain* | 1.43 | 0.00 | 0.00 | *0.00* |
| *Others** | 181.10 | 0.00 | 0.00 | *203.92* |

***Source:** Compiled from OAGF figures*
*Note: * Others include revenue from Special Accounts and Special Levies*
*Note: The Benchmark figures are provisional.*

*Federal Government Expenditure*

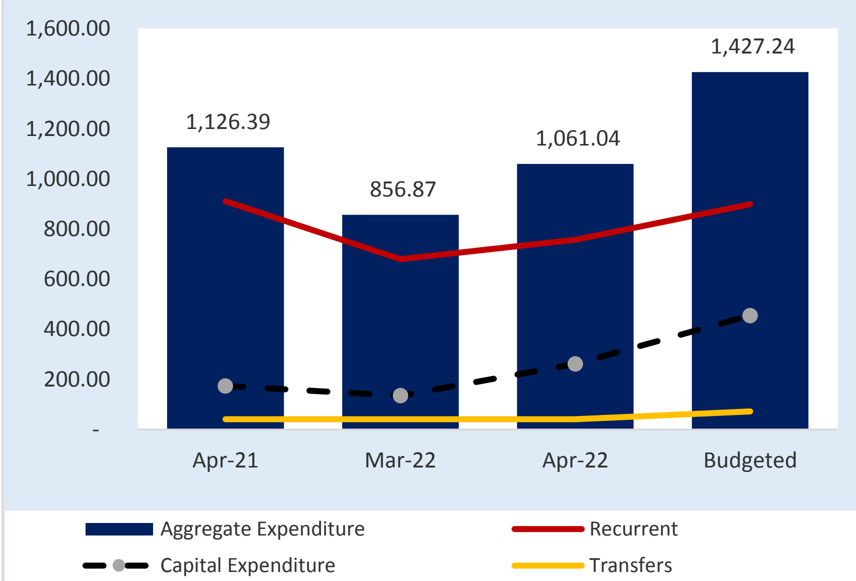
***Aggregate expenditure rose in April 2022 as the Federal Government ramped up public investment.*** Provisional aggregate expenditure rose by 23.8 per cent to ₦1,061.04 billion, from ₦856.87 billion in March. The increase was driven by the 94.1 per cent and 11.3 per cent increase in capital and recurrent spending, respectively. The significant rise in capital expenditure indicates the government's commitment to infrastructural development. Nevertheless, recurrent spending maintained its dominance in total expenditure, accounting for 71.4 per cent; capital expenditure and transfers constituted the balance of 24.7 per cent and 3.9 per cent, respectively.

Table 8: Fiscal Balance (₦' Billion), April 2022

| | *Apr-21* | *Mar-22* | *Apr-22* | *Benchmark* |
|---|---|---|---|---|
| **Retained revenue** | *434.94* | *365.59* | *417.96* | *895.07* |
| *Aggregate expenditure* | *1,126.39* | *856.87* | *1,061.04* | *1,427.24* |
| *Recurrent* | *911.60* | *680.27* | *757.21* | *899.15* |
| *Non-debt* | *466.82* | *474.30* | *546.01* | *575.82* |
| *Debt Service* | *444.78* | *205.97* | *211.20* | *323.33* |
| *Capital* | *173.42* | *135.22* | *262.45* | *455.62* |
| *Transfers* | *41.38* | *41.38* | *41.38* | *72.47* |
| *Primary balance* | *-246.67* | *-285.31* | *-431.89* | *-208.84* |
| *Overall balance* | *-691.45* | *-491.28* | *-643.09* | *-532.17* |

***Sources:** OAGF figures and CBN Staff Estimates*
***Note:** The figures for April 2022 are provisional.*

Figure 11: Federal Government Expenditure (₦' Billion) April, 2022




***Sources:*** *CBN Staff Estimates and compilation from OAGF data*

*Fiscal Balance*

The 14.3 per cent increase in FGN retained revenue was offset by the 23.8 per cent rise in public spending, leading to an expansion of the fiscal deficit. At ₦643.09 billion, the provisional fiscal deficit of the FGN was 30.9 per cent above the level in the preceding month.

*Public Debt Stock*

***Though public borrowing was in tandem with the Medium-Term Debt Strategy (2020-2023) of the FGN, debt levels remained elevated in the review period.*** At ₦41,604.06 billion at end-March 2022, the total public debt outstanding rose by 5.2 per cent relative to the end-December 2021. Domestic debt accounted for 60.1 per cent of total debt, while external debt obligations constituted 39.9 per cent. Of the total public debt outstanding, FGN (including state governments' external debt, which forms part of the FGN's contingent liability) accounted for ₦36, 761.22 billion, while the state government's domestic debt stock accounted for the balance of ₦4,842.84 billion.

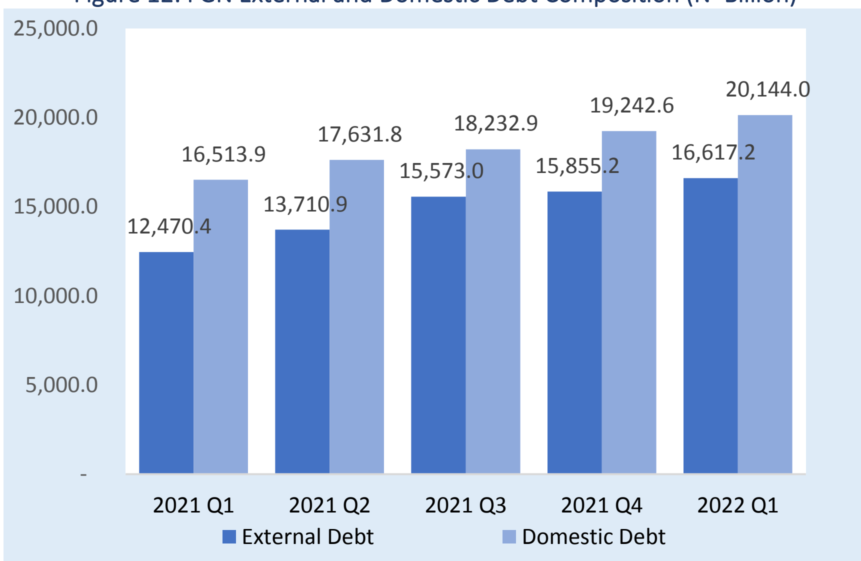
Further analysis shows that FGN domestic debt stood at ₦20,144.03 billion. FGN bond issues maintained its dominance, accounting for 70.7 per cent of the total domestic debt, followed by Treasury Bills (21.9 per cent), Promissory Notes (3.8 per cent), FGN Sukuk (3.0 per cent), and others[2] (0.6 per cent).

[2] This includes Treasury bonds (0.4 per cent), Green bond (0.1 per cent) and Special FGN Savings bond (0.1 per cent).

Regarding holders of Nigeria's external debt, which stood at ₦16,617.19 billion, multilateral, commercial and bilateral loans accounted for 47.4 per cent, 39.8 per cent and 11.3 per cent, respectively, while 'other' loans constituted 1.5 per cent.

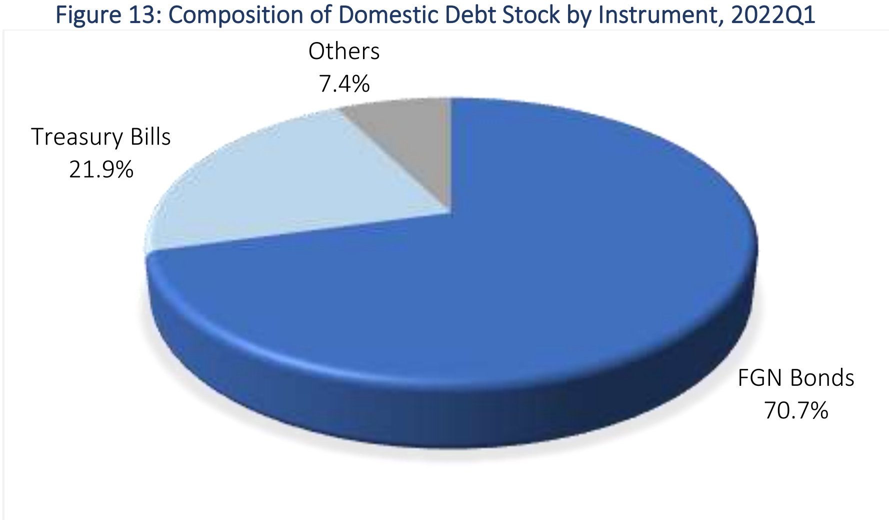
Debt service obligations in 2022Q1, amounted to ₦897.17 billion, compared with ₦428.60 billion in 2021Q4. The rise was attributed to the principal repayments and redemption of matured debt obligations.

Figure 12: FGN External and Domestic Debt Composition (₦' Billion)



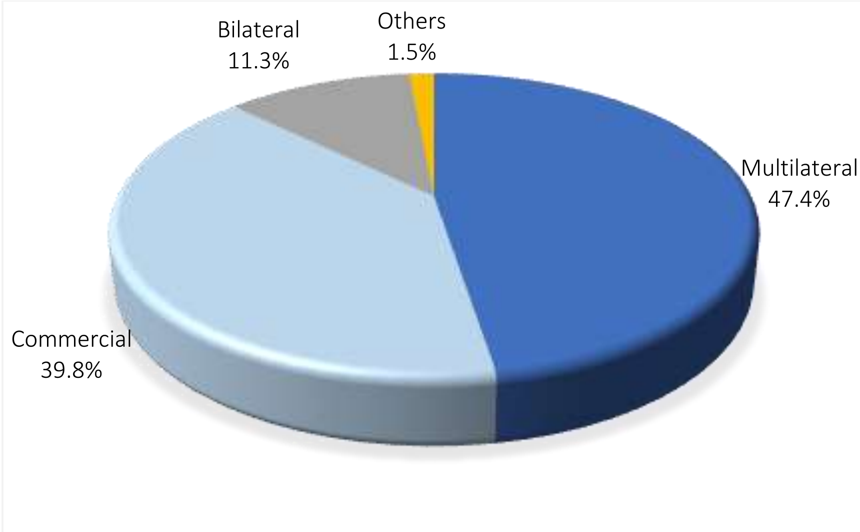

***Source**: Compiled from DMO figures*

Figure 13: Composition of Domestic Debt Stock by Instrument, 2022Q1




***Source**: Compiled from DMO figures*
***Note:** 'Others' include Promissory Notes, FGN Sukuk and others (Treasury, Green and Special FGN Savings bonds).*

Figure 14: Composition of External Debt Stock by Holders, 2022Q1




***Source**: Compiled from DMO figures*

## 2.3. Monetary and Financial Developments

Summary

*Major financial condition indicators were relatively stable in April 2022. The key monetary aggregates grew, consistent with the accommodative monetary policy stance of the Bank and within the annual targets for the fiscal year. Accordingly, efforts to support the domestic growth trajectory intensified, as reflected in increased aggregate credit to key sectors of the economy.*

### 2.2.1 Monetary Developments

*Reserve Money*

***Reserve money maintained its growth momentum in the review period.*** At ₦14,734.84 billion, reserve money grew by 10.8 per cent over the level in December 2021, mainly accounted for by the increase in liabilities to other depository corporations, which grew by 14.2 per cent.

Table 9: Components of Reserve Money (₦' Billion)

| | Apr-21 | Dec-21 | Mar-22 | Apr-22 |
|---|---|---|---|---|
| **Monetary Base** | **13,202.70** | **13,295.15** | **14,301.77** | **14,734.84** |
| Currency-In-Circulation | 2,796.47 | 3,325.16 | 3,245.60 | 3,351.55 |
| Liabilities to ODCs | 10,406.23 | 9,969.99 | 11,056.17 | 11,383.29 |
| Broad Money Multiplier (M3) | 2.965 | 3.296 | 3.192 | 3.204 |

***Source:*** *Central Bank of Nigeria*
***Note:*** *ODCs = Other Depository Corporations*

Given the money multiplier at 3.2, the broad money supply (M3) grew by 7.8 per cent (annualised at 23.4 per cent) to ₦47,214.18 billion, owing to the 13.7 per cent increase in Net Domestic Assets (NDA). The growth in NDA outweighed the 15.8 per cent decline in Net Foreign Assets (NFA).

*Drivers of Broad Money growth*

The rise in NDA was driven by net claims on the central government and claims on other sectors of the economy, which grew by 28.4 per cent and 7.1 per cent, respectively. The growth in net claims on the central government above its indicative benchmark of 12.3 per cent for 2022 reflects the pressure on government's fiscal position and the need to sustain domestic revenue mobilisation efforts. Further analysis of total claims in other sectors revealed that claims in the private sector expanded by 4.1 per cent (annualised at 12.3 per cent) to ₦24,916.01 billion, from the level at end-December 2021, indicating the Bank's efforts to support further productivity, growth and job creation in the economy. The rise in net claims on the central government and claims on other sectors, culminated in a 12.9 per cent growth in domestic claims on the banking system at end-April 2022.

On the other hand, the decline in NFA was attributed to the 3.3 per cent fall in claims on non-residents, relative to the 6.0 per cent increase in liabilities. Overall, the NFA constituted a drag on broad money growth by 3.2 percentage points, while the NDA was responsible for 10.9 percentage points growth in monetary aggregates during the period under review.

Table 10: Money and Credit Growth (per cent)

| | Contribution to M3 growth (Apr-22) | Apr-21 | Dec-21 | Apr-22 | 2022 Benchmark |
|---|---|---|---|---|---|
| **Net Foreign Assets** | ***-3.18*** | ***-24.41*** | ***-1.77*** | ***-15.80*** | |
| *Claims on Non-residents* | *-1.55* | *-4.04* | *5.26* | *-3.26* | |
| *Liabilities to Non-residents* | *1.63* | *12.88* | *11.10* | *5.95* | |
| **Net Domestic Assets** | ***10.93*** | ***8.14*** | ***16.95*** | ***13.68*** | ***38.95*** |
| **Domestic Claims** | ***14.30*** | ***6.65*** | ***17.25*** | ***12.91*** | ***16.23*** |
| **Net Claims on Central Government** | ***8.63*** | ***6.47*** | ***15.96*** | ***28.36*** | ***12.26*** |
| *Claims on Central Government* | *10.26* | *7.84* | *24.08* | *18.14* | |
| *Liabilities to Central Government* | *1.63* | *9.70* | *35.07* | *6.24* | |
| **Claims on Other Sectors** | ***5.67*** | ***6.71*** | ***17.75*** | ***7.06*** | *17.73* |
| *Claims on Other Financial Corporations* | *0.68* | *-2.33* | *-5.32* | *3.75* | |
| *Claims on State and Local Government* | *1.49* | *2.30* | *20.63* | *26.24* | |
| *Claims on Public Nonfinancial Corporations* | *1.26* | *10.27* | *13.24* | *62.88* | |
| *Claims on Private Sector* | *2.25* | *11.09* | *27.88* | *4.11* | |
| **Total Monetary Assets (M3)** | ***7.75*** | ***0.63*** | ***12.63*** | ***7.75*** | ***14.92*** |
| *Currency Outside Depository Corporations* | *-0.24* | *-7.75* | *17.74* | *-3.53* | |
| *Transferable Deposits* | *4.09* | *2.63* | *14.15* | *11.78* | |
| **Narrow Money (M1)** | ***3.86*** | ***0.99*** | ***14.72*** | ***9.30*** | |
| *Other Deposits* | *3.89* | *2.17* | *16.63* | *6.65* | |
| **Broad Money (M2)** | ***7.75*** | ***1.68*** | ***15.83*** | ***7.75*** | ***14.92*** |
| *Securities Other Than Shares* | *0.00* | *-36.02* | *-99.92* | *2.67* | |
| **Total Monetary Liabilities (M3)** | ***7.75*** | ***0.63*** | ***12.63*** | ***7.75*** | ***14.92*** |

***Source:*** *Central Bank of Nigeria*

The growth in transferable deposits (11.8 per cent), other deposits (6.7 per cent) and securities other than shares (2.7 per cent), drove total monetary liabilities during the period. In terms of relative contribution, transferable deposits contributed most to the growth in monetary liabilities at 4.1 percentage points, followed by other deposits at 3.9 percentage points. However, currency outside depository corporations declined by 3.5 per cent and contributed -0.2 percentage points to broad money liabilities.

### 2.3.1.1 Credit Utilisation

*Sectoral Utilisation of Credit*

Total sectoral credit allocation to key sectors of the economy increased by 2.4 per cent to ₦25,876.72 billion at end-April 2022 from ₦25,282.36 billion in the preceding month. By disaggregation, credit to Agriculture, Industry, and Services sectors increased by 1.5 per cent, 2.8 per cent and 2.2 per cent to ₦1,628.02 billion, ₦10,294.74 billion and ₦13,953.95 billion, respectively, relative to their levels in March 2022. Distinctively, Services and Industry sustained their dominance as their shares in the total credit stood at 53.9 per cent and 39.8 per cent, respectively, while that of Agriculture stood at 6.3 per cent.

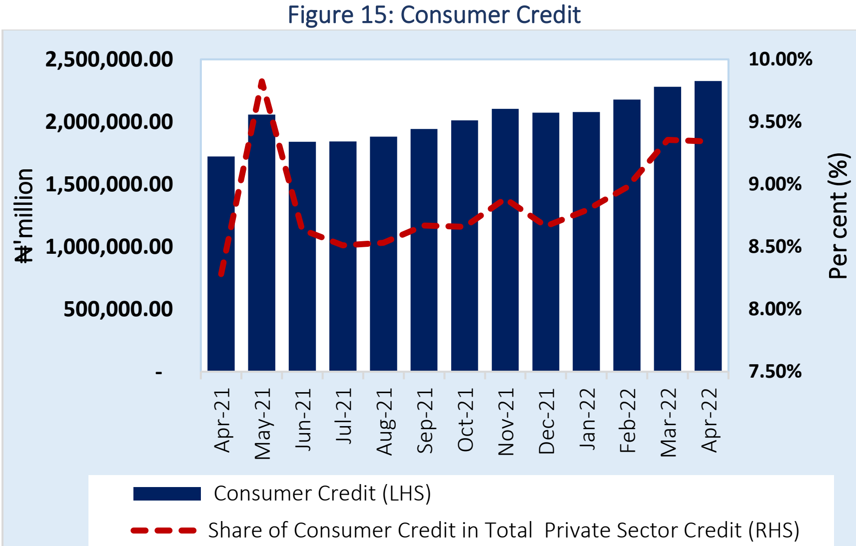
Table 11: Relative Contribution to Total Sectoral Credit (per cent)

| | Apr-21 | Dec-21 | Mar-22 | Apr-22 |
|---|---|---|---|---|
| *Agriculture* | 5.16 | 5.98 | 6.35 | 6.29 |
| *Industry* | 43.00 | 40.66 | 39.62 | 39.78 |
| *Of which Construction* | 4.74 | 4.39 | 4.27 | 4.50 |
| *Services* | 51.84 | 53.36 | 54.03 | 53.93 |
| *Of which Trade/General Commerce* | 6.21 | 7.01 | 7.05 | 6.95 |

**Source:** *Central Bank of Nigeria*

***The volume of consumer credit extended by the Other Depository Corporations (ODCs) rose relative to March 2022.*** At ₦2,325.97 billion, consumer credit grew by 2.0 per cent, from ₦2,279.45 billion in the preceding period. This accounted for 9.3 per cent of total credit to the private sector extended by the depository corporations during the period. The sustained growth in consumer credit reflects the monetary authority's commitment to bolstering aggregate demand and economic output growth.

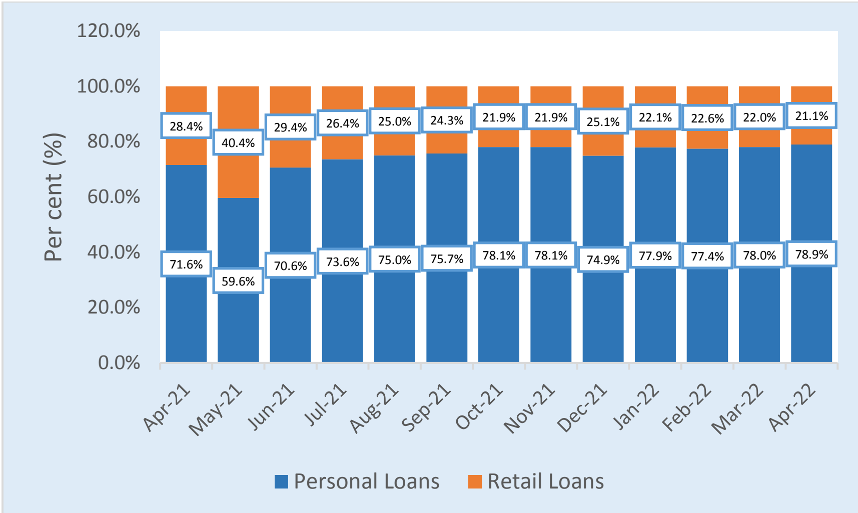
Figure 15: Consumer Credit




**Source:** *Central Bank of Nigeria*

By composition, personal loans, at 78.9 per cent, accounted for the largest share of consumer credit outstanding, while retail loans accounted for the balance of 21.1 per cent.

Figure 16: Composition of Consumer Credit




***Source:*** *Central Bank of Nigeria*

### 2.3.2 Financial Developments

***Key performance indicators in the Nigerian financial market were within stipulated industry benchmarks, showing resilience despite a volatile global financial market.***

#### 2.3.2.1 Money Market Developments

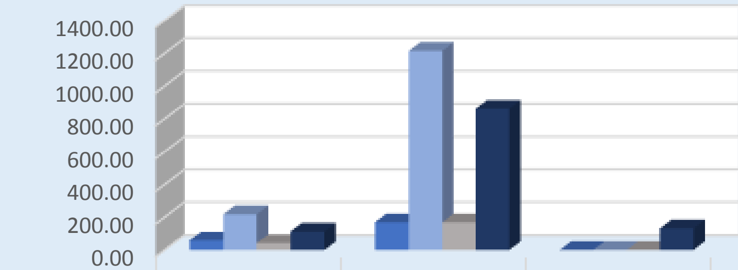
*Banking System Liquidity*

***There was liquidity squeeze in the banking system during the period under review owing to the auction of FX swaps and cash reserve ratio debits from the banking system.*** The average net industry balance stood at ₦156.30 billion, representing a 44.3 per cent decline from ₦280.45 billion in March 2022.

*Open Market Operations*

There was no OMO auction in April 2022 as the perceived liquidity in the banking system was deemed adequate to moderate price levels. However, total repayments stood at ₦133.39 billion.

Figure 17: Open Market Operations (₦' Billion)




| | April. 21 | Mar-22 | Apr-22 |
|---|---|---|---|
| Offer | 60.00 | 170 | 0 |
| Subsciption | 218.61 | 1,216.02 | 0 |
| Allotment | 43.19 | 170 | 0 |
| Repayment | 114 | 863.14 | 133.39 |

***Source:*** *Central Bank of Nigeria*

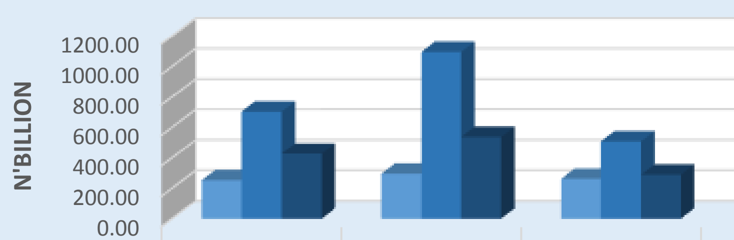
*Standing Facilities Window Operations*

***Activities at the standing facilities window reflected the low banking system liquidity during the review period.*** The total transactions at standing deposit facilities window (SDF) decreased by 46.4 per cent to ₦320.55 billion from ₦597.70 billion in March 2022. Conversely, transactions at the standing lending facility (SLF) increased significantly by 99.6 per cent to ₦612.43 billion from ₦306.83 billion in the preceding month.

*Primary Market*

At the primary market segment, a total of ₦262.23 billion, ₦509.90 billion and ₦289.09 billion worth of NTBs were offered, subscribed to, and allotted, respectively, in the review period, compared with ₦295.33 billion, ₦1,095.16 billion and ₦538.33 billion in the preceding period. The stop rate for the 364-day instrument stood at 4.7 per cent, 0.5 percentage points above the previous month's level.

Figure 18: Primary Market NTBs (₦' Billion)




| | April. 21 | Mar-22 | Apr-22 |
|---|---|---|---|
| **Offer** | **253.70** | **295.33** | **262.23** |
| **Subscription** | **702.92** | **1,095.16** | **508.9** |
| **Allotment** | **427.67** | **538.33** | **289.09** |

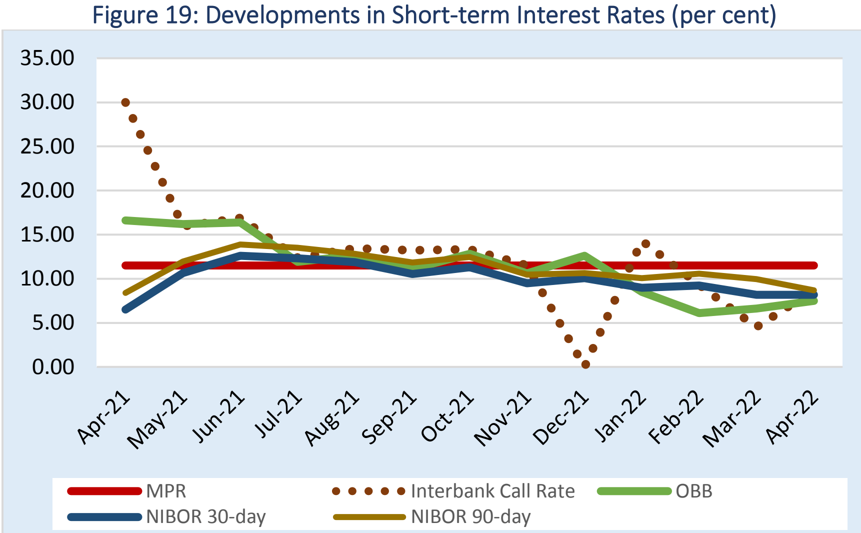
***Source****: Central Bank of Nigeria*

Tranches of the 10- and 20-year FGN bonds were offered for sale with rates trending upward, thus bearing a steep yield curve at the end of the review period. A total of ₦225.00 billion, ₦409.41 billion and ₦219.88 billion worth of FGN bonds were offered, subscribed to, and allotted, respectively. The bid rate stood at 11.1 per cent (± 2.9), while the marginal rates stood at 11.5 per cent (± 1.4).

Interest rates Development

***Key short-term interest rates inched higher, reflecting the moderation in banking system liquidity.*** Average inter-bank call and open-buy-back rates were 8.67 per cent (±4.00) and 7.49 per cent (±3.44), compared with 4.50 per cent and 6.62 per cent in the preceding period, respectively. Also, NIBOR call rate rose by 0.49 percentage points to 8.40 per cent, while NIBOR 30-day and NIBOR 90-day declined by 0.01 percentage point and 1.26 percentage points, respectively.

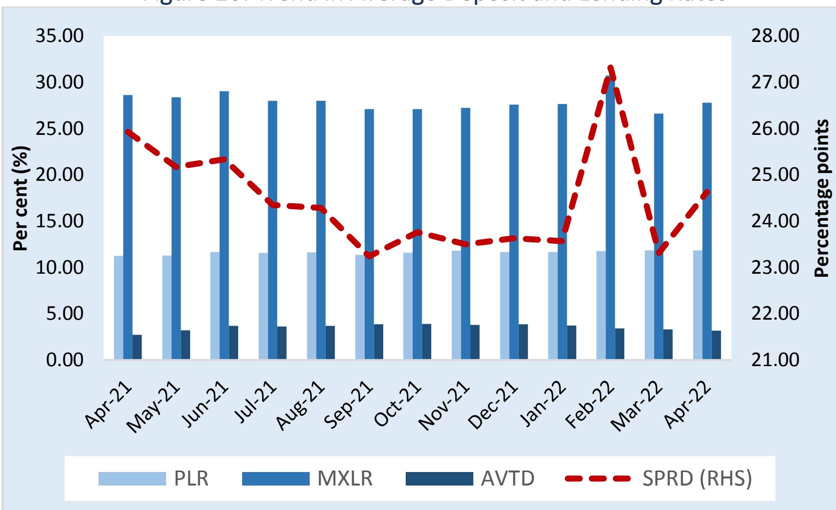
Figure 19: Developments in Short-term Interest Rates (per cent)




**Source:** *Central Bank of Nigeria*

The average term deposit rate dropped by 0.14 percentage point to 3.16 per cent from 3.30 per cent in the preceding month. Similarly, prime lending rate fell marginally by 0.01 percentage point to 11.83 per cent, from 11.84 per cent in the preceding period, while the maximum lending rate rose by 1.18 percentage points to 27.79 per cent from 26.61 per cent in March 2022. This culminated in a wider spread between maximum lending and average term deposit rate by 24.63 percentage points. The increase in maximum lending rate served as a minor disincentive to borrowers, as the value of transactions in the segment decreased to ₦357.74 billion, compared with ₦528.40 billion in the preceding month. However, the value of transactions at the prime lending segment increased by 2.5 per cent to ₦24,428.40 billion, compared with ₦23,819.64 billion in the preceding month.

Figure 20: Trend in Average Deposit and Lending Rates




***Source:*** *Central Bank of Nigeria;* ***Note****: PLR = Prime lending rate, MXLR = Maximum lending rate, AVTD = Average term deposit rate, SPRD = Spread between AVTD and MXLR*

### 2.3.2.2 Capital Market Developments

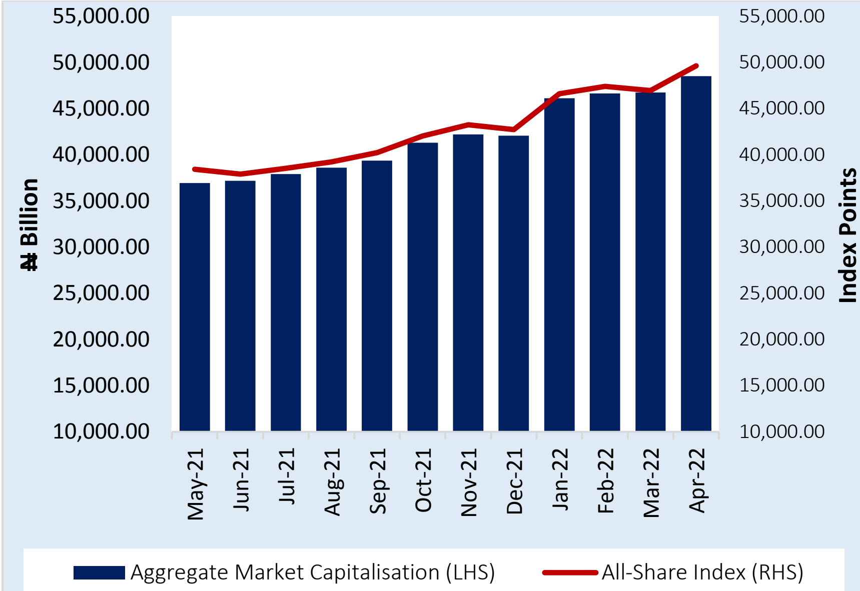
*Market Capitalisation*

***Activities on the Nigerian Exchange (NGX) Limited sustained a bullish stance in April 2022 owing to investors' positive sentiments occasioned by favourable 2022Q1 corporate results coupled with favourable growth outlook of the economy.*** The aggregate market capitalisation appreciated by 3.8 per cent to ₦48, 5 23.47 billion in the review month, relative to the ₦46, 756.70 billion at end-March 2022. Similarly, all the components of the aggregate market capitalisation appreciated. The equities, bonds, and Exchange Traded Fund (ETF) appreciated by 5.7 per cent, 1.5 per cent, and 1.4 per cent, to ₦26,760.86 billion, ₦21.755.47 billion and ₦7.14 billion, relative to the ₦25,311.83 billion, ₦21,427.83 billion and ₦7.04 billion at end-March 2022, respectively.

*NGX All Share Index*

The NGX All-Share Index (ASI) opened at 46,842.86 index points at the beginning of the review month and closed at 49,638.94 index points at end-April 2022, showing an appreciation of 5.7 per cent. The increase in the NGX ASI was attributed to gains recorded by many blue-chip companies, including Oando, Eterna, Meyer, WAPCO, Fidelity Bank Plc, Transnational Corporation of Nigeria Plc, Access Holdings Plc, Zenith Bank Plc, Guaranty Trust Holding Company Plc and Honeywell Flour Mills Plc.

Figure 21: Market Capitalisation and All-Share Index




***Source:*** *Nigeria Exchange (NGX) Limited.*

In the review period, all the sectoral indices appreciated except for the NGX-Growth and the NGX-AseM which remained unchanged relative to the levels in the preceding month.

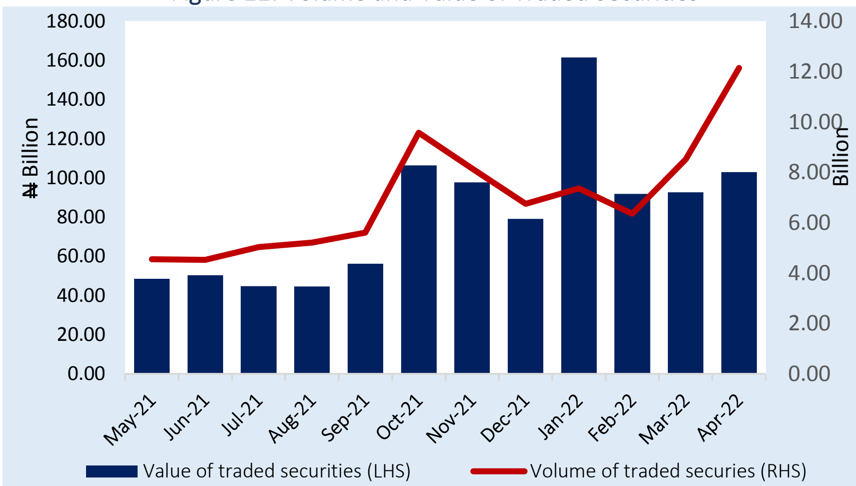
Table 12: Nigerian Exchange (NGX) Limited Indices

| NGX Indices | End-March 2022 | End-April 2022 | Changes (%) |
|---|---|---|---|
| NGX-Oil & Gas | 440.44 | 524.38 | 19.1 |
| NGX-Afri Div Yield | 2,965.93 | 3,390.48 | 14.3 |
| NGX-Meri Growth | 2,045.57 | 2,289.22 | 11.9 |
| NGX-Consumer Goods | 554.16 | 618.11 | 11.5 |
| NGX-Meri Value | 2,127.56 | 2,333.79 | 9.7 |
| NGX-Pension | 1,704.43 | 1,858.37 | 9.0 |
| NGX-Premium | 4,494.12 | 4,818.13 | 7.2 |
| NGX_CG | 1,276.56 | 1,367.90 | 7.2 |
| NGX-Afri Bank Value | 968.26 | 1,033.18 | 6.7 |
| NGX-Banking | 409.28 | 434.82 | 6.2 |
| NGX-Mainboard | 1,973.01 | 2,093.19 | 6.1 |
| NGX-30 | 1,791.07 | 1,886.26 | 5.3 |
| NGX-Insurance | 186.16 | 193.06 | 3.7 |
| NGX-Industrial | 2,116.51 | 2,185.28 | 3.2 |
| NGX-Lotus | 3,092.84 | 3,170.16 | 2.5 |
| NGX-Sovereign Bond | 858.28 | 860.96 | 0.3 |
| NGX-Growth Index | 1,446.50 | 1,446.50 | 0.0 |
| NGX-ASeM | 658.99 | 658.99 | 0.0 |

***Source:*** *Nigeria Exchange (NGX) Limited.*

The total volume and value of traded shares grew by 42.5 per cent and 11.0 per cent to 12.15 billion shares and ₦103.01 billion, respectively, traded in 100,300 deals, compared with the 8.53 billion shares and ₦92.81 billion, in 105,717 deals, at end-March 2022.

Figure 22: Volume and Value of Traded Securities




***Source:*** *Nigeria Exchange (NGX) Limited.*

There were three new and two supplementary listings in the review period.

Table 13: Listings on the Nigerian Exchange (NGX) Limited at end-April 2022

| *Company* | *Shares Units* | *Remarks* | *Listing* |
|---|---|---|---|
| *Capital Trust Investments & Asset Management Limited* | *2,000,000 units of Capital Trust Investment & Asset Management Limited's Capital Trust Halal Fixed Income Fund of ₦1,000.00 each* | *Mutual Fund* | *Memorandum* |
| *NGX30 INDEX Future Contract* | | *Derivatives* | *New* |
| *NGX PENSION INDEX Future Contract* | | *Derivatives* | *New* |
| *12.50% FGN JAN 2026* | *127,635,000 units* | *Savings Bond* | *Supplementary* |
| *13.00% FGN JAN 2042* | *169,371,681 units* | *Savings Bond* | *Supplementary* |

***Source:*** *Nigeria Exchange (NGX) Limited.*

### 2.3.2.3 Financial Soundness Indicators

***The financial sector was stable in the review period as key financial soundness indicators remained resilient.*** . The industry Capital Adequacy Ratio (CAR) rose marginally by 0.04 percentage point to 14.62 per cent in April 2022, compared with 14.58 per cent in the preceding month, occasioned by a tepid increase in total qualifying capital and slight reduction in risk weighted assets. The ratio was above the minimum threshold of 10.00 per cent.

In the review period, banks' loan quality indicator[3] at 5.3 per cent, rose slightly by 0.3 percentage point relative to the preceding month and remained above the 5.0 per cent prudential requirement, respectively. The slight increase in the non-performing loan ratio (NPLr) was due to the reclassification of the credit portfolio. The industry liquidity ratio[4] (LR) was above the regulatory benchmark of 30.0 per cent. At end-April 2022, the LR fell by 1.3 percentage points to 54.5 per cent, compared with 55.8 per cent in the preceding month, showing a decrease in the stock of liquid assets held by banks.

[3] *Measured by the ratio of Non-Performing Loans to industry Total Outstanding Loans*
[4] *Measured by the ratio of Liquid Assets to industry Current Liabilities*

## 2.4. External Sector Developments

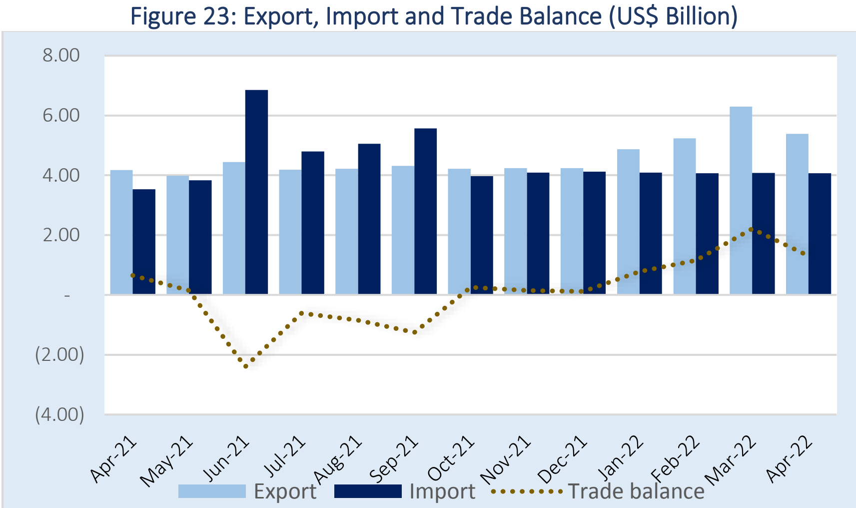
Summary

*The COVID-19 lockdown in China's largest economic centre, Shanghai, and the commitment of the US and IEA members to release 240 million barrels of crude oil from their strategic reserves, led to a decline in crude oil and gas prices at the international market. In the review period, Nigeria recorded a lower crude oil export receipt, moderating the trade surplus. However, the inflow of foreign capital improved because of increased returns on financial market instruments. Furthermore, reduced demand pressure in the foreign exchange market led to an appreciation of the naira.*

### 2.4.1 Trade Performance

***Weaker global growth concerns amid global inflation pressures and uncertainties in the international crude oil market, led to a decline in general trade performance in April 2022.*** Consequently, Nigeria's total trade declined by 8.4 per cent to US$10.79 billion from US$11.78 billion in March 2022. The development led to a decline in the trade surplus by 50.8 per cent to US$0.93 billion in the review period from US$1.89 billion in the preceding month. A disaggregation showed that aggregate export receipts fell by 14.3 per cent to US$5.38 billion from US$6.29 billion in March. Similarly, merchandise import fell marginally by 0.3 per cent to US$4.07 billion, from US$4.08 billion in the preceding month.

Figure 23: Export, Import and Trade Balance (US$ Billion)




**Source:** *Central Bank of Nigeria*

Crude Oil and Gas Export

***The release of crude oil from strategic reserves by the US and IEA members, led to a decline in crude oil and gas prices resulting to a reduction in crude oil export receipts during the review period.*** Accordingly, aggregate crude oil and gas export receipts of US$5.12 billion was recorded, compared with US$5.92 billion in March, indicating a decrease of 13.6 per cent. A disaggregation shows that crude oil export receipts fell by 15.3 per cent to US$4.51 billion, relative to USS$5.32 billion in March, driven, majorly, by the decrease in the price of Nigeria's reference crude, the Bonny Light. Gas export receipts, however, grew by 1.2 per cent to US$0.61 billion, compared with the US$0.60 billion in the preceding month. Crude oil and gas export continued to dominate total export, as it constituted 87.4 per cent of total exports, with oil accounting for 77.0 per cent, while gas export represented 10.4 per cent.

*Non-Oil Export*

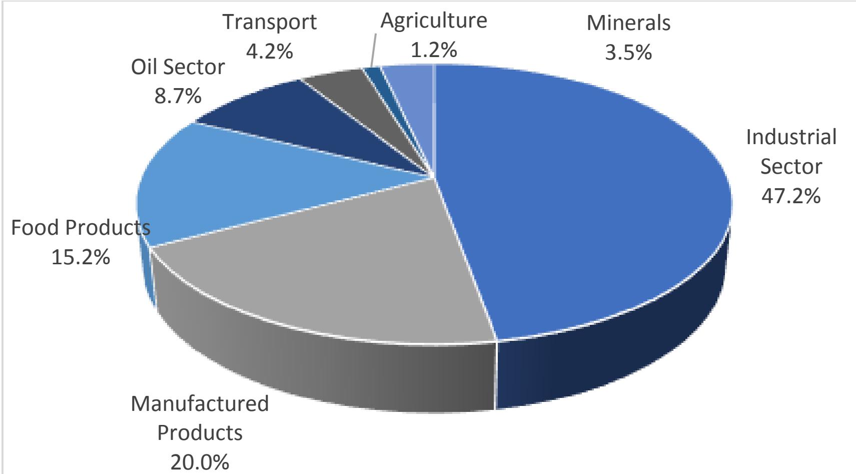
*The performance of non-oil export was dampened by weakened global demand following uncertainties in Eastern Europe.* Hence the data reflected 18.5 per cent reduction in non-oil export receipts to US$0.74 billion, relative to its value in March. The development was driven, largely, by the 59.3 per cent and 19.9 per cent decline in re-exports and other non-oil exports to US$ 0.09 billion and US$0.54 billion, respectively.

*Import*

*Growing supply chain disruptions and attendant commodity price increases moderated merchandise import during the review period.* Aggregate import decreased marginally by 0.3 per cent to US$4.93 billion in April 2022, compared with US$4.94 billion in March. This was driven, largely, by decline in informal cross-border trade by 64.2 per cent to US$0.19 billion in the review period, relative to US$0.53 billion in March 2022. However, to bridge the domestic supply gap, petroleum products import rose by 106.4 per cent to US$1.45 billion, relative to US$0.70 billion in the preceding month. Non-oil import remained dominant as it accounted for 70.7 per cent of total import bills, while oil import constituted the balance of 29.3 per cent.

Sectoral utilisation of foreign exchange for visible imports showed that import of industrial sector products constituted the largest share of 47.2 per cent, followed by manufactured products with 20.0 per cent, while imports of food products accounted for 15.2 per cent. Of the remainder, oil, transport, and agricultural sectors accounted for 8.7 per cent, 4.2 per cent, and 1.2 per cent, respectively, while mineral imports accounted for 3.5 per cent.

Figure 24: Import by Sector, April 2022 (per cent)




**Source:** *Central Bank of Nigeria*

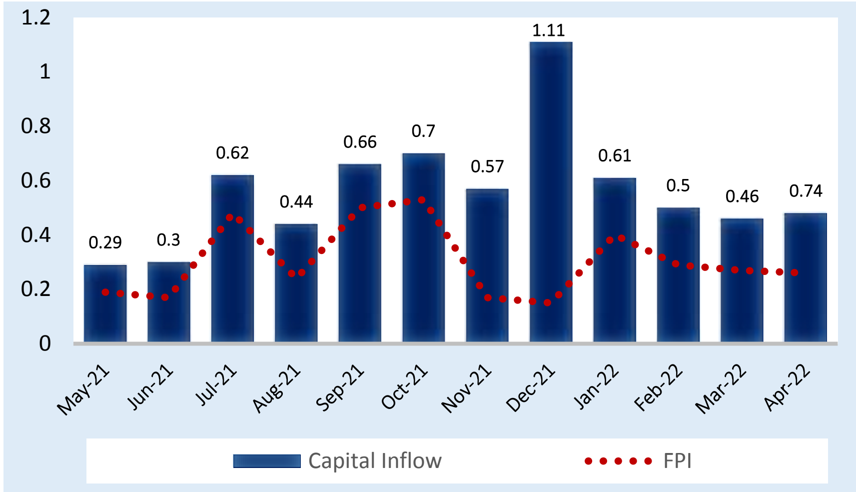
*Capital Importation*

***Sustained attractive financial market returns resulted in increased foreign capital inflow during the review period.*** New capital imported into the domestic economy was US$0.48 billion, compared with US$0.46 billion in March, indicating a moderate increase of 4.3 per cent. A breakdown of capital imported by type of investment indicates that portfolio investment, at US$0.26 billion, constituted 53.2 per cent. The inflow of other investment capital, mainly loans, at US$0.20 billion, constituted 41.9 per cent. Foreign direct investment inflow in the form of equity, at US$0.02 billion, accounted for 4.9 per cent of the total. A disaggregation of total portfolio inflow reveals that money market instruments, at US$0.20 billion, constituted 76.2 per cent, while capital inflow for the purchase of bonds, at US$0.06 billion, was 23.4 per cent of the total, and the inflow of portfolio equity accounted for the remaining 0.4 per cent.

In terms of capital imported based on the nature of business, 41.8 per cent was directed to banking, followed by financing, 14.6 per cent; shares, 14.4 per cent; telecommunications 9.3 per cent; production/manufacturing, 6.3 per cent; trading, 3.1 per cent; and servicing, 1.3 per cent. Other sectors accounted for the balance.

Further analysis of capital by originating country showed that the United Kingdom remained the dominant source of capital inflow, accounting for 38.3 per cent of the total inflow. Singapore, Nigeria, United Arab Emirates, the Netherlands, Togo and Mauritius followed in that order with shares of 15.1 per cent, 8.0 per cent, 6.4 per cent, 6.1 per cent, and 5.0 per cent and 4.9 per cent, respectively.

Figure 25: Capital Inflow (US$ Billion)

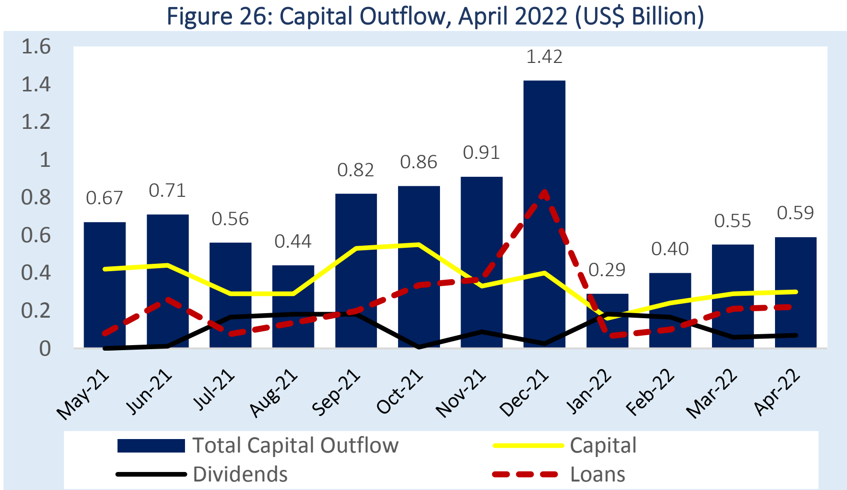



**Source:** *Central Bank of Nigeria.*

Capital Outflow

***Capital outflow from the domestic economy increased significantly, as loans and dividends outflows inched up in the review period.*** Capital outflow increased by 34.0 per cent to US$0.74 billion, from US$0.55 billion in March. A disaggregation reveals that outflow in the form of loans (mainly from production/ manufacturing and telecommunications) was US$0.28 billion, or 38.1 per cent, while the repatriation of dividends (mainly telecommunications and oil & gas), at US$0.24 billion, accounted for 31.7 per cent. Outflow in the form of capital reversal (mainly from banking, and financing sectors) was US$0.22 billion, constituting 29.7 per cent.

Figure 26: Capital Outflow, April 2022 (US$ Billion)



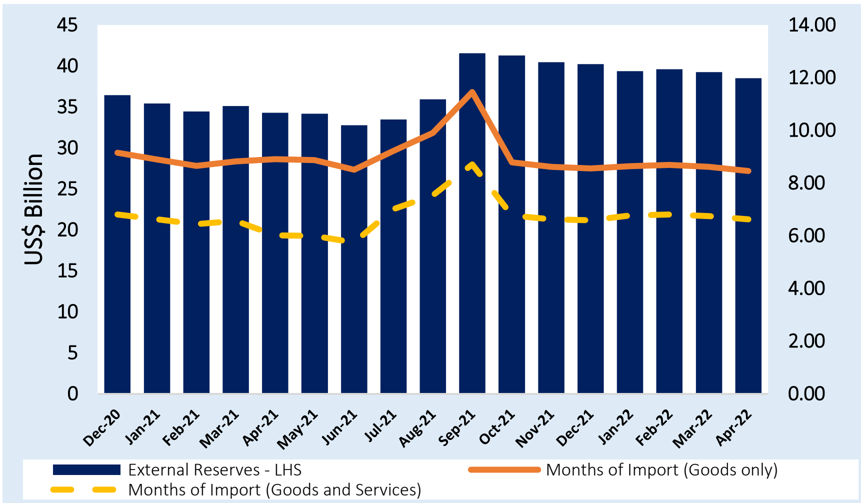

**Source:** *Central Bank of Nigeria.*

### 2.4.2 International Reserves

International Reserves

***The external reserves decreased due, largely, to lower inflows amid forex interventions at the I & E, SME and the Invisibles forex windows.*** The external reserves stood at US$38.54 billion as at end-April, 2022, from US$39.28 billion at end-March 2022. The external reserves could cover 6.6 months of import for goods and services or 8.5 months of import for goods only.

Figure 27: External Reserves and Months of Import Cover




**Source:** *Central Bank of Nigeria*

### 2.4.3 Foreign Exchange Flows through the Economy

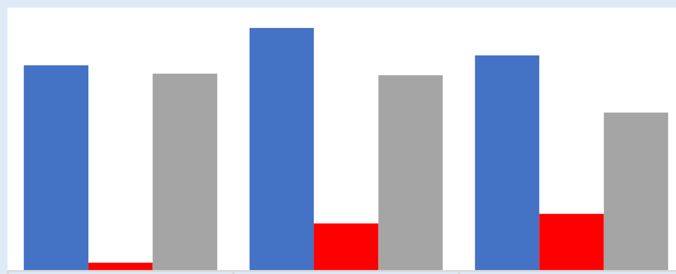
Foreign Exchange Flows through the Economy

***The economy recorded a lower net foreign exchange inflow of US$2.63 billion, from US$3.53 billion in the preceding month.*** Aggregate foreign exchange inflow into the economy fell by 17.3 per cent to US$6.58 billion in April 2022, compared with US$7.95 billion in March. Similarly, total foreign exchange outflow decreased by 11.3 per cent to US$3.95 billion, from US$4.45 billion in the preceding month.

Further analysis shows that foreign exchange inflow through the Bank declined by 25.6 per cent to US$2.47 billion, from US$3.32 billion, attributed mainly to 54.3 per cent decrease in non-oil components as a result of an inflow of US$1.25 billion proceeds from Government debts in the preceding month, as well as TSA, Third-party receipts and other official receipts. Autonomous inflow also decreased by 11.4 per cent to US$4.11 billion from US$4.63 billion, due to a decline in invisible purchases: ordinary domiciliary account (US$1.33 billion) and non-oil export receipts (US$0.49 billion).

Foreign exchange outflow through the Bank declined by 19.3 per cent to U$2.86 billion from US$3.54 billion in March, due, largely, to decreases in foreign exchange sales at the Investors and Exporters window (I&E), Small and Medium Enterprises (SME) intervention and interbank/invisible foreign exchange windows, Drawings on Letters of Credits (LCs), as well as Public Sector/ Direct Payments. Autonomous outflow, increased by 20 per cent to US$1.09 billion from US$0.91 billion in March, on account of increased invisible imports. Consequently, a net outflow of US$0.39 billion was recorded through the Bank in April 2022, compared with a net outflow of US$0.23 billion in the previous month.

Figure 28: Foreign Exchange Transactions through the Economy (US$ Million)

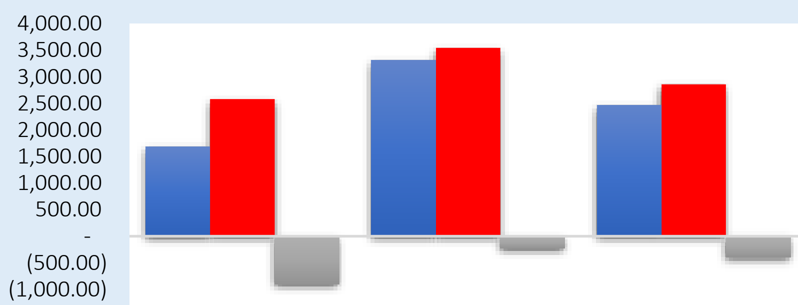


| | April 21 | March 22 | April 2022 |
|---|---|---|---|
| Inflow | 3922.988 | 4634.908 | 4108.752 |
| Outflow | 158.342 | 905.836 | 1087.774 |
| Netflow | 3764.646 | 3729.072 | 3020.978 |

Inflow  Outflow  Netflow

***Source:*** *Central Bank of Nigeria*

Figure 29: Foreign Exchange Transactions through the Bank (US$ Million)




| | April 21 | March 22 | April 2022 |
|---|---|---|---|
| Inflow | 1,683.06 | 3,316.65 | 2,468.19 |
| Outflow | 2,582.46 | 3,544.99 | 2,860.85 |
| Netflow | (899.40) | (228.34) | (392.66) |

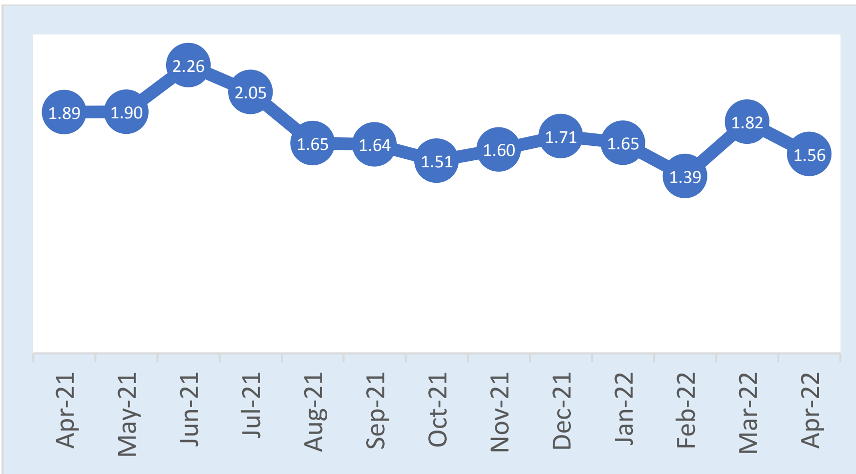
Inflow  Outflow  Netflow

***Source:*** *Central Bank of Nigeria*

### 2.4.4 Foreign Exchange Market Developments

***Interventions in the foreign exchange market decreased, driven, largely, by lower forex sales in the I&E window.*** Total foreign exchange sales to authorised dealers by the Bank was US$1.56 billion in April, a decrease of 14.0 per cent, relative to US$1.82 billion in March. A breakdown shows that foreign exchange sales at the I&E, the interbank/invisible foreign exchange Sales, and the SME windows fell by 52.8 per cent, 12.8 per cent and 25.9 per cent to US$0.26 billion, US$0.16 billion and US$0.11 billion, respectively, in the month under review. In contrast, the Secondary Market Intervention Sales (SMIS) windows and matured swaps contracts rose by 1.3 per cent and 31.7 per cent in April to US$0.69 billion and US$0.35 billion, respectively, relative to the amounts in March.

Figure 30: Foreign Exchange Sales to Authorised Dealers (US$ Billion)




***Source:*** *Central Bank of Nigeria*

### 2.4.5 Exchange Rate Movement

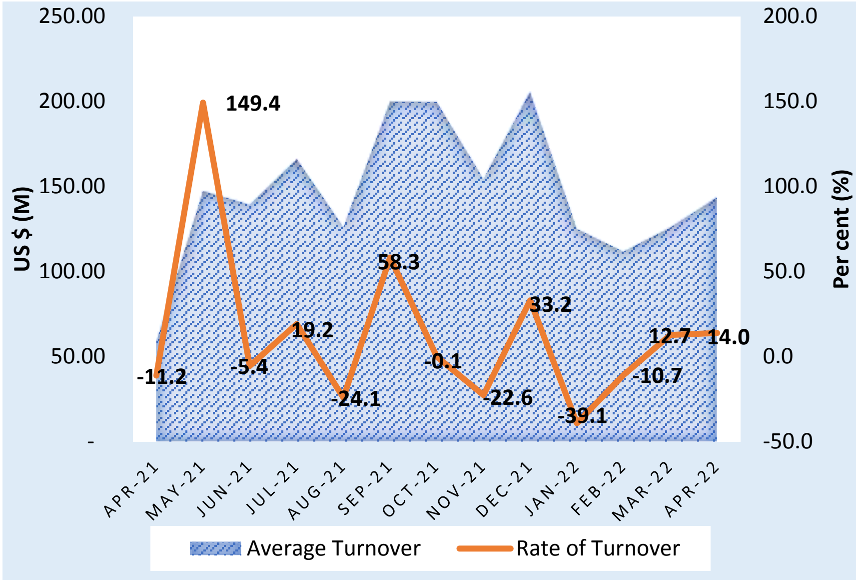
*Average Exchange Rate*

***The naira exchange rate at the I&E window strengthened in the review period on the back of increased turnover.*** The average exchange rate of the naira to the US dollar at the I&E window appreciated by 0.1 per cent to ₦415.53/US$, compared with ₦416.03/US$ in the preceding month.

*Foreign Exchange Turnover*

The average foreign exchange turnover at the I&E window was US$143.55 million in April, an increase of 14.0 per cent, compared with US$125.94 million in the preceding month.

Figure 31: Turnover in the I&E Foreign Exchange Market




***Source**: Financial Markets Derivatives Quotations (FMDQ)*

# 3.0 ECONOMIC OUTLOOK

## 3.1. The Global Economy

*Global Economic Outlook*

***According to the IMF's economic outlook, the growth rate of the global economy is expected to fall from 6.1 per cent in 2021 to 3.6 per cent in 2022.*** Growth in AEs is predicted to decelerate from 5.2 per cent in 2021 to 3.3 per cent in 2022. Also, EMDEs growth is projected to slow to 3.8 per cent from 6.8 per cent in 2021. The deceleration is due to the Russian-Ukraine conflict and the attendant sanctions imposed on Russia, which could negatively impact the global economy. In addition, pandemic-induced supply disruptions, monetary tightening, and financial market volatility are all expected to impede GDP growth. Furthermore, the slow growth in China, due to the rigorous zero-COVID-19 policy, is expected to dampen growth prospects worldwide.

***Global inflation in 2022 is expected to remain elevated in the near term, rising to 5.7 per cent in AEs and 8.7 per cent in EMDEs.*** Inflation is expected to persist in the near term, hinged on the surge in commodity prices, heightened by the war in Ukraine amid the escalation of the pre-existing supply disruptions (IMF World Economic Outlook, April 2022). Increased aggregate demand and tight labour market conditions are also expected to induce inflationary pressures. While energy is expected to be the main driver of price increases in most economies, rising food prices would also play a significant role in most EMDEs, where food constitutes a larger share of consumption.

## 3.2. The Domestic Economy

*Domestic Outlook*

***The growth outlook is positive as the Nigerian economy is projected to maintain its growth trajectory on the back of policy support and rebounding crude oil prices.*** The positive outlook is predicated on the effective implementation of the 2022 Annual Budget and the Medium-Term National Development Plan (MTNDP), as well as the positive impact of CBN interventions on growth-enhancing sectors. However, mounting uncertainties resulting from the ongoing Russia-Ukraine war, as well as significant headwinds, such as rising energy prices, the rising cost of production of goods and services, and the persistence of security and infrastructural challenges, could undermine the positive outlook in the short-to-medium term.

***Inflationary pressures are expected to remain elevated in the near term due to rising energy and food prices.*** Rising transportation costs, disruption of electricity supply, the persistent security challenges and the spill-over effects of the Russia-Ukraine war are possible factors that could put pressure on consumer prices. However, the various interventions of the Bank and FGN are expected to moderate prices in the near term.

*The fiscal outlook in the near term is modestly optimistic as the imposition of new EU sanctions on Russia would continue to rally oil prices, thereby boosting oil earnings*. However, fiscal vulnerability remains elevated with rising public debt and debt service payments, which could dampen the positive effects of the oil revenue inflow.

*The external reserves are projected to remain stable on the back of rising crude oil prices.* The payment of subsidies on petroleum, rising import bills, and increased debt-servicing could, however, impede reserves accretion.