Review of Macroeconomic Development in the First Quarter of 2022

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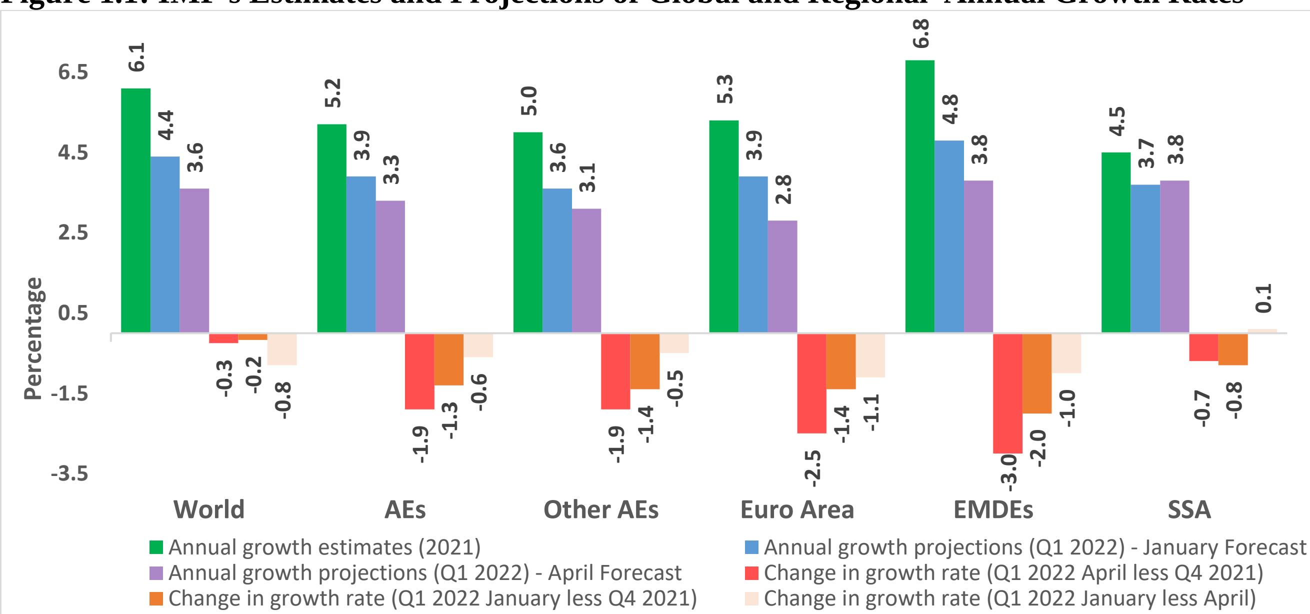
1.1 Global Economic Conditions

In the first quarter of 2022, the global economic growth and recovery process suffered a significant setback, largely owing to the geopolitical tensions in Europe that emanated from the Russia-Ukraine war. Consequently, the annual growth rate forecast for the global economy in 2022 was downgraded by the IMF on the back of negative spill-overs from the regional conflict to the global economic network. As a result of the war and its impact on growth dynamics, the fragile recovery from pandemic-occasioned retardation weakened, with the consequence that output and employment in many countries may consequently remain below the pre-pandemic levels for many years ahead.

Global economic growth in 2022 declined, according to IMF's projections in its April 2022 World Economic Outlook (WEO) report, by 2.5 percentage points from 6.1 per cent in 2021 to 3.6 per cent, lower than 4.4 per cent annual growth estimated in January 2022 (Figure 1.1). The decline of 2.5 percentage points in global growth had two components: 1.7 percentage points (6.1 per cent less 4.4 per cent January growth forecast) mostly due to COVID-19-related downside risks, and 0.8 percentage points largely owing to the war effects.

Figure 1.1: IMF's Estimates and Projections of Global and Regional Annual Growth Rates



AE= Advanced Economies; EMDEs = Emerging Markets and Developing Economies; SSA= Sub-Saharan Africa

Source: IMF April 2022 WEO

The COVID-19-related downside risks that partially explain the growth slowdown in 2022 included continuing supply disruptions arising from mobility restrictions, border closures, and other policies to contain the resurgence of more transmissible Omicron variant, for example, the zero-tolerance COVID-19 policy in China. Other downside risks included the withdrawal of fiscal and monetary policy supports by many advanced economies (AEs), as well as emerging markets and developing economies (EMDEs) despite the enduring yoke of the COVID-19 pandemic on economic progress due to thinning fiscal space, increasing debt levels and rising inflation.

The decline in global economic growth by 0.8 percentage points from January 2022 to April 2022 largely derived from the spill-over effects of the Russian invasion of Ukraine. While the impact of the war on Russia and Ukraine may, according to IMF's April 2022 WEO, have had small direct effects on the global economy, given that both countries account for about 2 per cent of the global GDP, the indirect effects through commodity, trade, and financial linkages, have been significant.

The European region may though be more affected by the war due to geographical proximity and its impact on socio-economic interdependency; other regions are not spared from the economic spill-overs from the military actions of Russia in Ukraine. Figure 1.1 shows that in the January-April 2022 period, annual growth rates of AEs and Other AEs (excluding G7 and the Euro Area) were revised downwards by 0.6 percentage points and 0.5 percentage points, respectively; while the Euro Area lost 1.1 percentage points growth over the same period, due to the war in Ukraine (IMF's April 2022 WEO). With these war-induced negative growth revisions, AEs, Other AEs, and Euro Area were projected by IMF in April 2022 to grow by 3.3 per cent, 3.1 per cent, and 2.8 per cent in 2022, lower than 5.2 per cent, 5.0 per cent, and 5.3 per cent recorded in 2021, respectively.

The EMDEs' growth forecast for 2022 was revised downwards by 1.0 percentage points to 3.8 per cent in April 2022, from 4.8 per cent in January 2022, lower than the 6.8 per cent growth recorded in 2021. The downward revision largely derived from a growth loss of 11.3 per cent in Russia, whose projected growth for 2022 declined from 2.8 per cent in January 2022 to -8.5 per cent in April 2022. Conversely, the Sub-Saharan African (SSA) region had a positive growth revision of 0.1 percentage points in the first quarter of 2022 to 3.8 per cent in April 2022, from 3.7 per cent in January 2022, which was lower than the 2021 annual growth of 4.5 per cent.

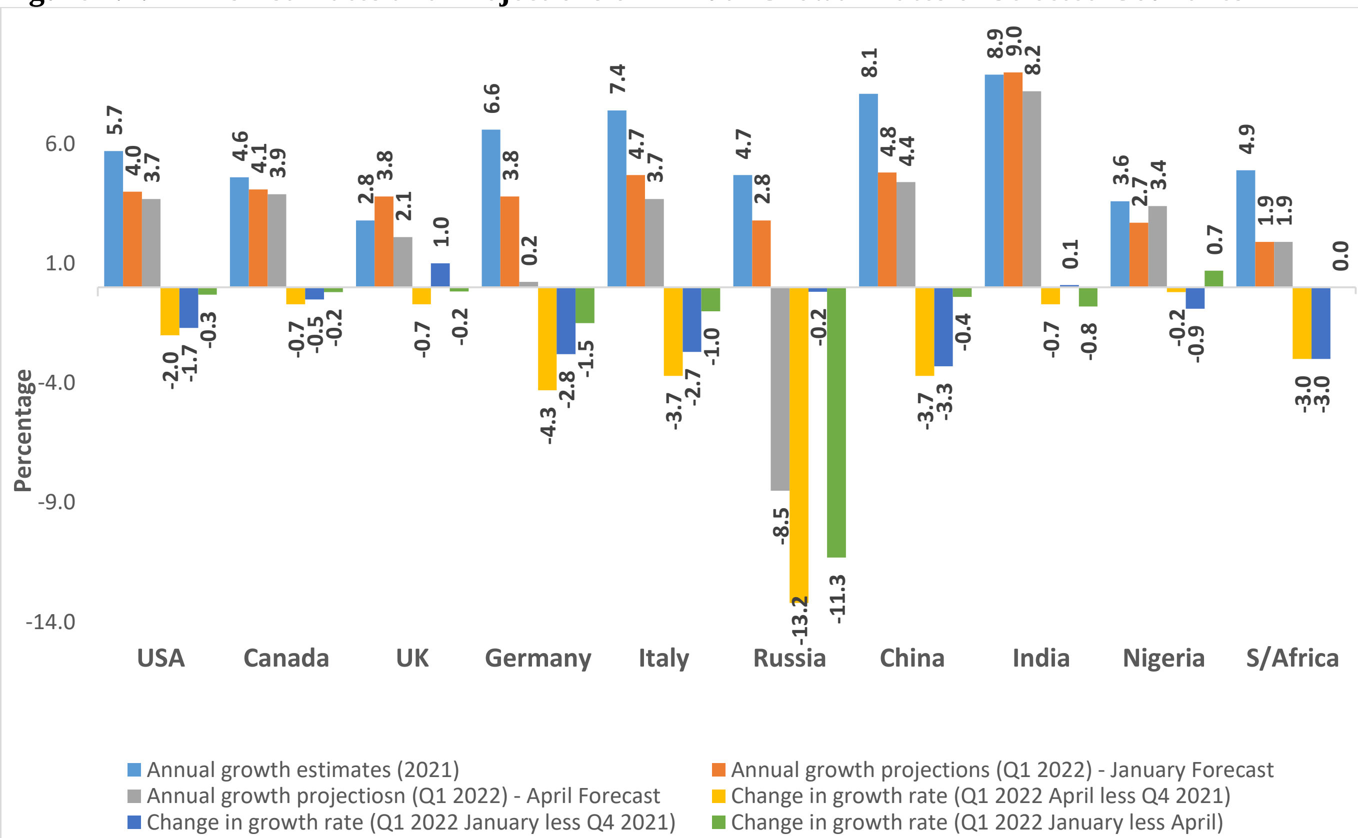
The regional performance arose from that of the constituent countries. While countries in advanced economies outside the Euro Area suffered a limited economic setback, countries within the Euro Area suffered much larger growth declines. According to the IMF's April 2022 WEO report, annual growth projections for USA and Canada declined in the first quarter of 2022 (as shown in Figure 2) by -0.3 percentage points and -0.2 percentage points from 4.0 per cent and 4.1 per cent in January 2022 to 3.7 per cent and 3.9 per cent in April 2022, lower than 5.7 per cent and 4.6 per cent recorded in 2021, respectively.

Figure 1.2 further shows that those in the Euro Area had larger growth revisions: Germany, Italy, and the United Kingdom had growth declines of 1.7 percentage points, 1.5 percentage points, and 1.0 percentage points, respectively, in the first quarter of 2022, to 2.1 per cent, 2.3 per cent, and 3.7 per cent in April 2021 from 3.8 per cent, 3.8 per cent and 4.7 per cent in January 2022, respectively. Similarly, growth projections in China and India were revised downwards by 0.4 percentage points and 0.8 percentage points from 4.8 per cent and 9.0 per cent in January 2022 to 4.4 per cent and 8.2 per cent in April 2022, respectively.

Much of the growth declines witnessed in these countries stemmed from linkages to Russia and Ukraine through commodity, trade, and financial flows. Through supply disruptions and the resulting demand-supply imbalance occasioned by the war, commodity prices spiked and negatively tilted the terms of trade against net-importing countries. The war also led to the re-pricing of financial risks, an increase in interest rate spreads, and an exacerbation of financial volatility.

In contrast, South Africa's growth projection for the first quarter of 2022 remained the same at 1.9 per cent as of April 2022, while Nigeria had a positive growth revision of 0.7 percentage points from 2.7 per cent in January 2022 to 3.4 per cent in April 2022. The 2022 annual growth forecasts were, however lower than the growth recorded in 2021: 3.6 per cent and 4.9 per cent for Nigeria and South Africa, respectively. The absence of negative growth revision in these countries may have been derived from the benefit of favourable terms of trade arising from being net exporters of commodities whose prices rose on the back of the ongoing geopolitical conflict in Europe.

Figure 1.2: IMF's Estimates and Projections of Annual Growth Rates of Selected Countries



Source: IMF April 2022 WEO

1.1.1 International Trade

International trade slowed down in the first quarter of 2022. The volume of global trade declined by 6.1 per cent from 10.1 per cent in 2021 to 5.0 per cent at the end of the first quarter of 2022, lower than the 6.0 per cent estimated by the IMF in January 2022. This plunge stemmed from 3.4 percentage points and 3.6 percentage points declines in AEs' import and export, as well as 7.9 percentage points and 8.2 percentage points declines in EMDEs' import and export, respectively, from end-2021 to end-April 2022.

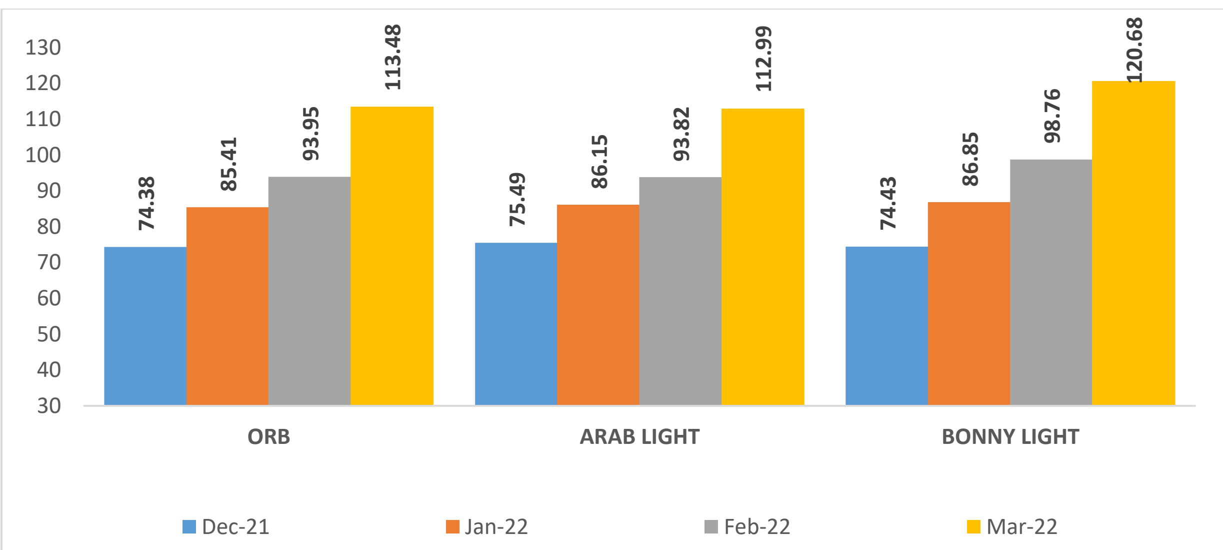
The dip in international trade flows was due to downward moderation in global demand, as well as a direct effect of war-induced supply disruptions, which negatively hampered production as the distribution of inputs was hindered. The combined effects of input-constrained reduction of finished products (supply) softened global demand, while the disruption in trade channels suppressed international trade in the first quarter of 2022. The balance of demand and supply forces against international trade tilted in favour of rising prices of commodities.

1.1.2 Crude Oil Price Trajectories

According to the Organization of Petroleum Exporting Countries (OPEC), the OPEC Reference Basket (ORB), a weighted average of prices for petroleum blends produced by OPEC member countries rose, as depicted in Figure 1.3, from $74.38 in December 2021 to $85.41 and $94.22 in January and February 2022, before ascending to $113.48 in March 2022 amidst supply disruptions arising from escalating geopolitical tensions in Eastern Europe. In addition, Arab Light and Bonny light respectively rose from $75.49 and $74.43 in December 2021 to $86.15 and $86.65 in January 2022, $93.82 and $98.76 in February, and later to $112.99 and $120.68 in March 2022, respectively.

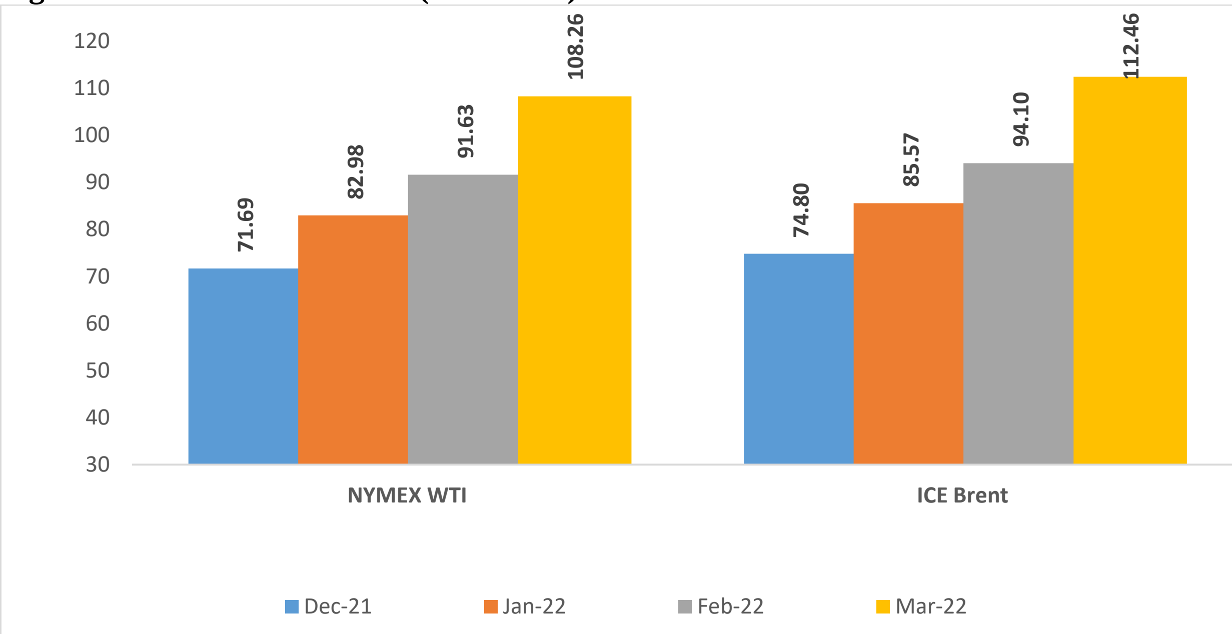
Similarly, the futures price of the West Texas Intermediate crude oil on the New York Mercantile Exchange (NYMEX WTI) rose, as shown in figure 1.4, from $71.69 in December 2021 to $82.98 and $91.63 in January and February 2022 and later to $108.26 in March 2022. The futures price of Brent crude on the Intercontinental Exchange (ICE Brent) also steeply rose from $74.8 in December 2021 to $85.97 and $94.10 in January and February 2022 before jumping to $112.46 in March 2022.

Figure 1.3: Crude Oil Price ($' / barrel)



Source: OPEC Monthly Reports

Figure 1.4: Crude Oil Futures ($/contract)



Source: OPEC Monthly Reports

1.1.3 Global and Regional Inflation

Inflation continued to surge on the back of rising commodity prices that trail the Russia-Ukraine war, consequent disruption to supply chains arising from disturbance to global trade, constrained flows of manufacturing inputs, occasioned reduction in production, as well as policy-induced factors in many countries before the war such as an increase in consumer demand stemming from fiscal supports against COVID-19 and withdrawal of monetary policy supports. Inflation in AEs and EMDEs rose from 3.1 per cent and 5.9 per cent in 2021 to 5.7 per cent and 8.5 per cent at the end of the first quarter of 2022, higher by 1.8 percentage points and 2.8 percentage points than IMF's January 2022 estimates of 3.9 per cent and 5.9 per cent, respectively.

1.1.4 Global Economic Outlook

Downside risks against growth were expected to prevail in the medium to long term. These risks include, among others, the depressive effects of the COVID-19 pandemic arising from pockets of outbreaks of new variants and production inhibiting containment measures, disruption to trade and supply chain, and the resulting losses of efficiency and productivity.

On the back of these downside risks, global economic growth was projected by the IMF in its April 2022 WEO to remain at 3.6 per cent in 2023, lower by 0.2 percentage points projection than its January 2022 forecast of 3.8 per cent. Growths in AEs and the Euro Area were expected to moderate downwards from 3.3 per cent and 2.8 per cent to 2.4 per cent and 2.3 per cent in 2023, lower by 0.3 percentage points and 0.2 percentage points than the January 2022 projection of 2.7 per cent and 2.5 per cent, respectively.

However, the growth projection for EMDEs in 2023 was 4.4 per cent, higher than the 3.8 per cent projected for 2022. That forecast was, however, lower than the growth rate forecasted in January

2022 by the IMF by 0.3 percentage points, owing to the effects of the war. Similarly, Sub-Saharan Africa was projected to experience a more favourable economic outlook in 2023 than in 2022 as it was forecasted to grow at 4.0 per cent, higher than 3.8 per cent in 2022. Many AEs within and outside the Euro Area, including Germany, France, United Kingdom, USA, and Canada, were projected to grow in 2023 at a lower rate than in 2022.

1.2 Domestic Economic Conditions

1.2.1 Nigeria's Real GDP Growth and Sectoral Contributions

In real terms, the national output grew by 3.11 per cent during the quarter that ended on March 31, 2022. The sixth consecutive positive quarterly growth since a contraction in the second and third quarters of 2020 assured of continuous economic recovery and stability in the country. The first quarter of 2022 real GDP growth rate was by 2.60 percentage points, higher than the 0.51 per cent growth recorded in the first quarter of 2021 and by 0.88 percentage points lower than the 3.98 per cent assessed in the fourth quarter of 2021.

The non-oil sector drove the 2022 first-quarter growth by 6.08 percentage points, higher than the 4.73 per cent recorded in quarter four of 2021. The oil sector shrank by 26.04 per cent in the quarter in review against an 8.06 per cent contraction recorded in Quarter four of 2022, while the average daily crude oil production consecutively declined from 1.72 million barrels per day (mbpd) in the first Quarter of 2021 to 1.61, 1.57, 1.50 and 1.49 mbpd in second, third, fourth quarters of 2021 and first quarter of 2022, respectively. Table 1.1 presents Nigerian Real GDP growth rates and contributions by the constituent sectors from the first quarter of 2021 to the first quarter of 2022.

Table 1.1: Trajectory of Macroeconomic Indicators in Nigeria over the 2021-22 period

Macroeconomic Indicators	2021				2022
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter
Oil Production (MBPD)	1.72	1.61	1.57	1.50	1.49
Real GDP (N' Trillion)	16.83	16.69	18.54	20.33	17.35
Real GDP Growth (%)	0.51	5.01	4.03	3.98	3.11
Oil Growth Rate (%)	-2.21	- 12.65	- 10.73	-8.06	-26.04
Non-Oil Growth Rate (%)	0.79	6.74	5.44	4.73	6.08
Contribution of the Oil Sector to RGDP (%)	9.25	7.42	7.49	5.19	7.24
Contribution of the Non-Oil Sector to GDP (%)	90.75	92.58	92.51	94.81	92.76
Contribution of Agriculture to RGDP (%)	22.35	23.78	29.94	26.84	22.36
Contribution of Industries to RGDP (%) (Mining & Quarrying, Manufacturing, Construction, etc.)	23.75	20.57	20.41	18.05	21.47
Contribution of Services to RGDP (%) (Trade, Health, education, finance ICT, etc.)	53.90	55.66	49.65	55.11	56.17

Source: NBS Nigerian Gross Domestic Product Report

The non-oil sector contributed 92.76 per cent to the real GDP in the first quarter of 2022, higher than 90.75 per cent in the corresponding Quarter one, 2021, and lower than 94.81 per cent contributions in the fourth quarter of 2021. The oil sector contributed 7.24 per cent to total real

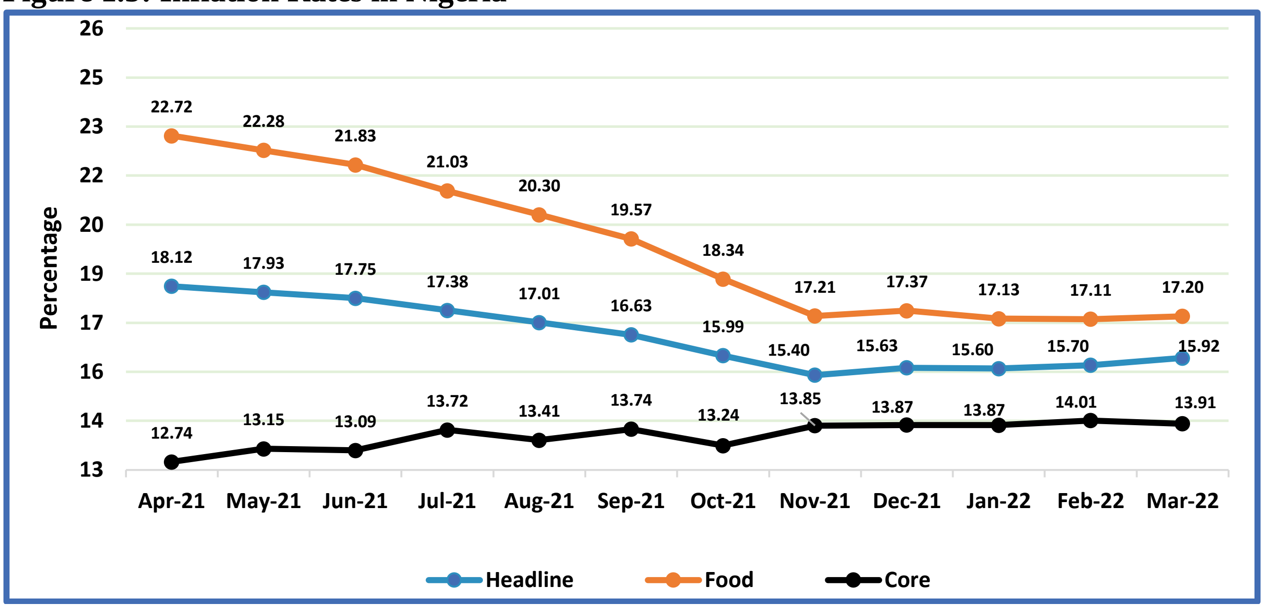
GDP in the first quarter of 2022, up from 5.19 per cent in quarter four of 2021 but lower than the 9.25 per cent recorded in the first quarter of 2021.

1.2.2 Consumer Price Indices (Inflation)

The headline inflation (year-on-year) rose by 22 basis points to 15.92 per cent in March 2022 from 15.70 per cent in February, up from 15.60 per cent in January 2022. The core inflation, which excluded prices of volatile agricultural produce, increased, as shown in Figure 1.5, from 13.87 per cent in January to 14.01 per cent in February and down to 13.91 per cent in March 2022.

Notable items with the highest price increases in core inflation were gas, fuels & lubricants for personal transport equipment, and other services in respect of personal transport equipment. The food inflation rose to 17.20 per cent in March 2022 from 17.11 per cent in February 2022.

Figure 1.5: Inflation Rates in Nigeria



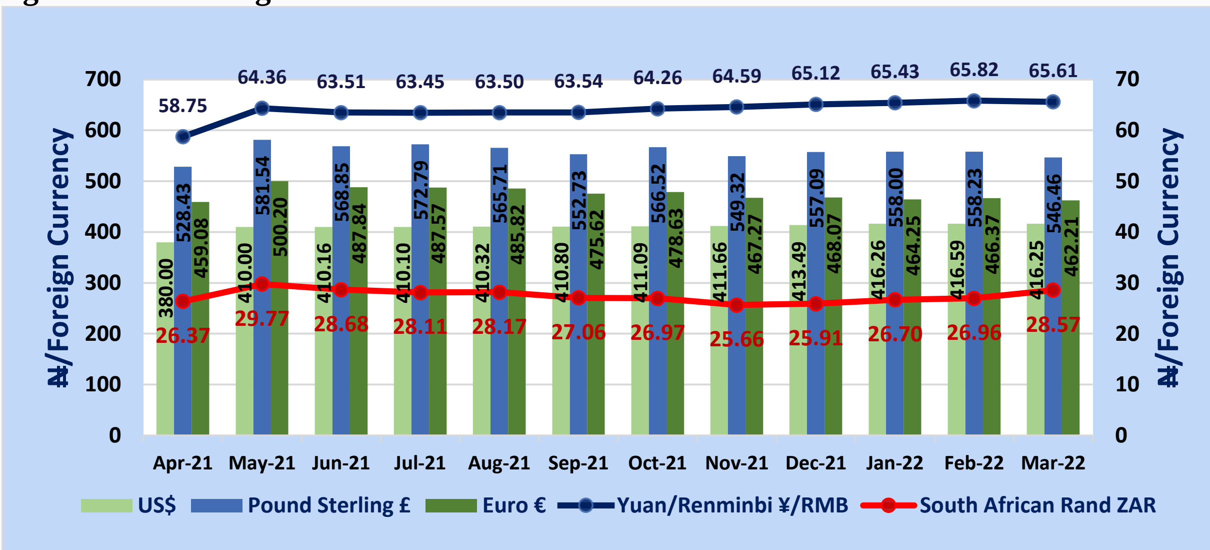
Source: National Bureau of Statistics

1.2.3 Exchange Rate Movement

The Naira exchange rate, though stable, oscillated within narrow limits across the foreign currencies at the Investors’ & Exporters’ Foreign Exchange, FX (I&E) window during the first quarter of 2022. The exchange rate of the Naira to the US dollar, as shown in Figure 1.6, depreciated from ₦413.49/$1 at the end of the fourth quarter of 2021 to ₦416.25 at the end of the first quarter of 2022.

The Naira, however, appreciated against the Pound Sterling from ₦557.09/£ at the end of the fourth quarter of 2021 to ₦546.46/£1 at the end of the first quarter of 2022 respectively. The exchange rate of the Naira to the other currencies on the Investors’ & Exporters’ FX Window are also presented in Figure 1.6.

Figure 1.6: Exchange Rate Movement



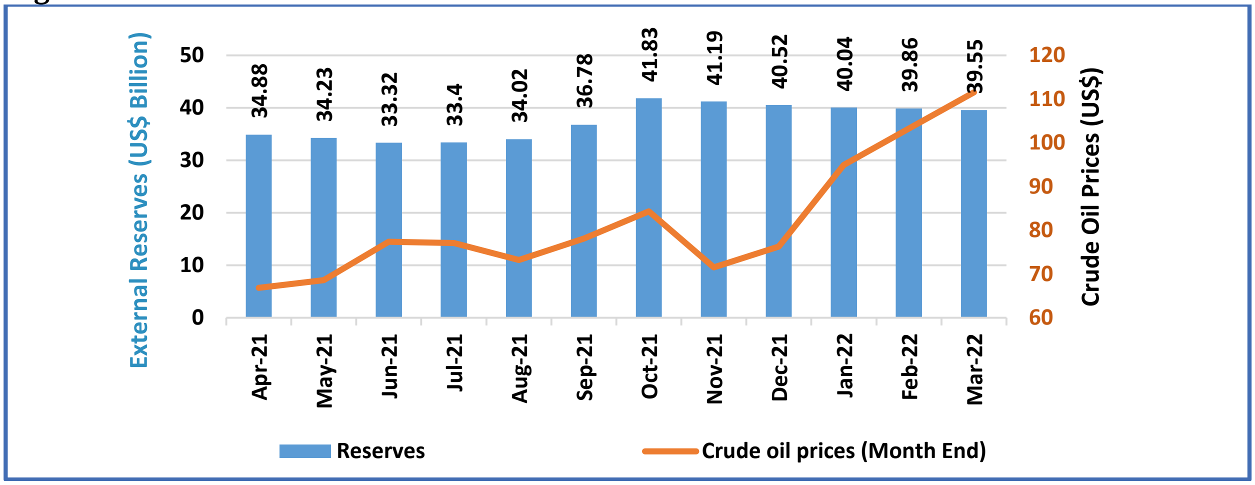
Source: Central Bank of Nigeria

1.2.4 External Reserve Movement

The stock of gross External Reserves declined, as depicted in Figure 1.7, from US$40.52 billion at the end of the fourth quarter of 2021 to US$39.55 billion at the end of the first quarter of 2022, representing a decrease of 2.39 per cent. That was despite notable increases in crude oil price from US$76.25 pb in end-December 2021 to US$111.51 per barrel (pb) in end-March 2022.

However, the decline in reserves could be explained by the impact of the unprecedented rate of oil theft recorded in recent times and the dual status of Nigeria as a crude oil exporter/ refined petroleum products importer compounded by a supply shortage of petroleum products in the first quarter of 2022.

Figure 1.7: External Reserves/Crude Oil Prices



Source: CBN Statistical Database

1.2.5 Nigeria's Public Debt Stock

Nigeria's total public debt rose to ₦41.6 trillion in the first quarter of 2022 from ₦39.56 trillion recorded in the fourth quarter of 2021, representing an increase of ₦2.04 trillion (5.16%). The domestic debt accounted for ₦24.98 trillion (60.06%), and the external debt made up ₦16.62 trillion (39.94%) of the total debt as of the quarter that ended March 31, 2022. Table 1.2 provides the profile of the total public debt stock from the first quarter of 2021 to the first quarter of 2022.

Table 1.2: Nigeria's Public Debt

Parameters	2021				2022
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter
Total Public Debts (₦' trillion)	33.11	35.46	38.00	39.56	41.60
* Total External Debts (₦' trillion)	12.47	13.71	15.57	15.86	16.62
* Total Domestic Debts (₦' trillion)	20.64	21.75	22.43	23.70	24.98
- FG Only (₦' trillion)	16.51	17.63	18.23	19.24	20.14
- State & FCT (₦' trillion)	4.12	4.12	4.20	4.46	4.84
Share of External Debts in Total Debts (%)	37.67	38.66	40.98	40.08	39.94
Share of Domestic Debts in Total Debts (%)	62.33	61.34	59.02	59.92	60.06
Public Debt growth rate (%)	0.58	7.10	7.16	4.11	5.16
Actual Domestic Debt Service (₦'Billion)	612.71	322.75	808.49	310.50	668.69
Actual External Debt Service (₦'Billion)	382.30	113.91	213.52	118.26	228,159.10
Total Debt Services paid (₦'Billion)	995.01	436.66	1,022.01	428.76	228,827.79
US$/Naira Rate	381	381	410	413	415.75

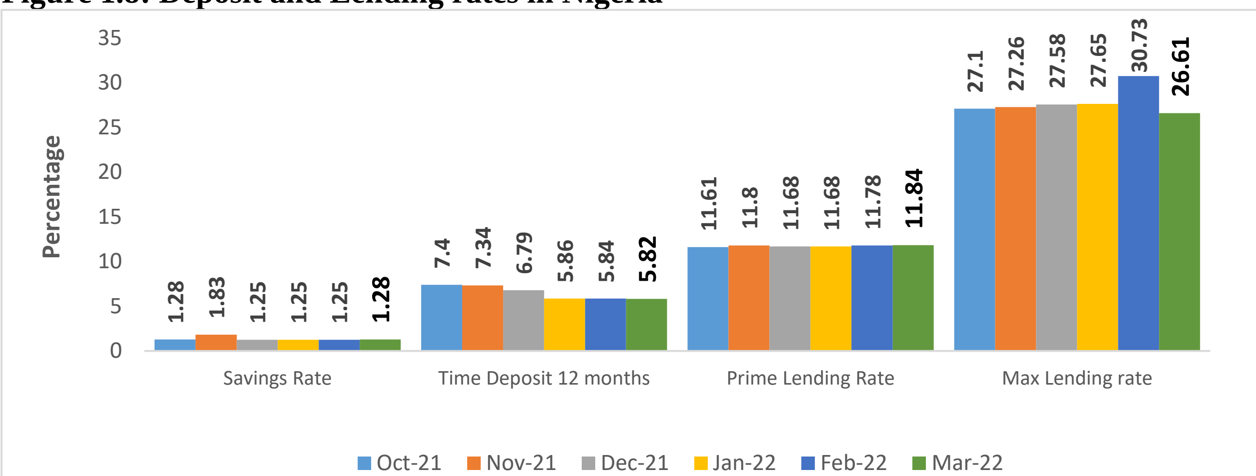
Source: DMO - Total Public Debt, External Debt Services, and Domestic Debt Services

2.0 Financial Market Development
2.1. Money Market Development

Interest rates in the Nigerian money market were relatively stable in the first quarter of 2022, given their minimal volatility over the period. The interest rate on Savings remained at 1.25 per cent from December 2021 to February 2022 but slightly increased to 1.28 per cent in end-March 2022, as shown in Figure 1.8. Interest rates on 12-Month Time Deposit, however, declined slightly, from 6.79 per cent in end-December 2021 to 5.86 per cent, 5.84 per cent, and 5.82 per cent at the end of January, February, and March 2022, respectively.

In contrast, the Prime Lending rate rose from 11.68 per cent in end-December 2021 to 11.78 per cent in end-February 2022 and to 11.84 per cent in end-March 2022. The maximum Lending rate also increased from 27.5 per cent in end-December 2021 to 30.73 per cent in end-February 2022 before declining to 26.61 per cent in end-March 2022, as depicted in Figure 1.8.

Figure 1.8: Deposit and Lending rates in Nigeria

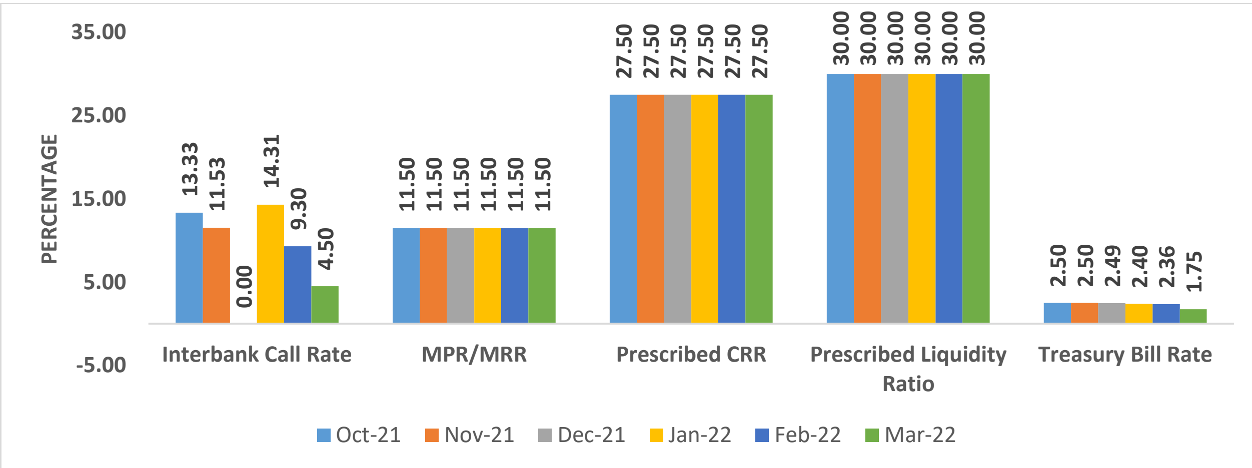


Source: CBN Statistical Database

As shown in Figure 1.9, Monetary Policy Rate (MPR), Prescribed Cash Reserve Ratio (CRR), and Prescribed Liquidity Ratio remained constant at 11.5 per cent, 27.5 per cent, and 30 per cent, respectively, during the first quarter of 2022. Interbank call rate, on the other hand, fell from 14.32 per cent in end-January 2022 to 9.3 per cent in February 2022 and increased to 11.33 per cent at the end of March 2022, while the 91-day T-Bill rate fell from 2.49 per cent in December 2021 to 2.36 per cent in February 2022 and further declined to 1.75 per cent in March 2022.

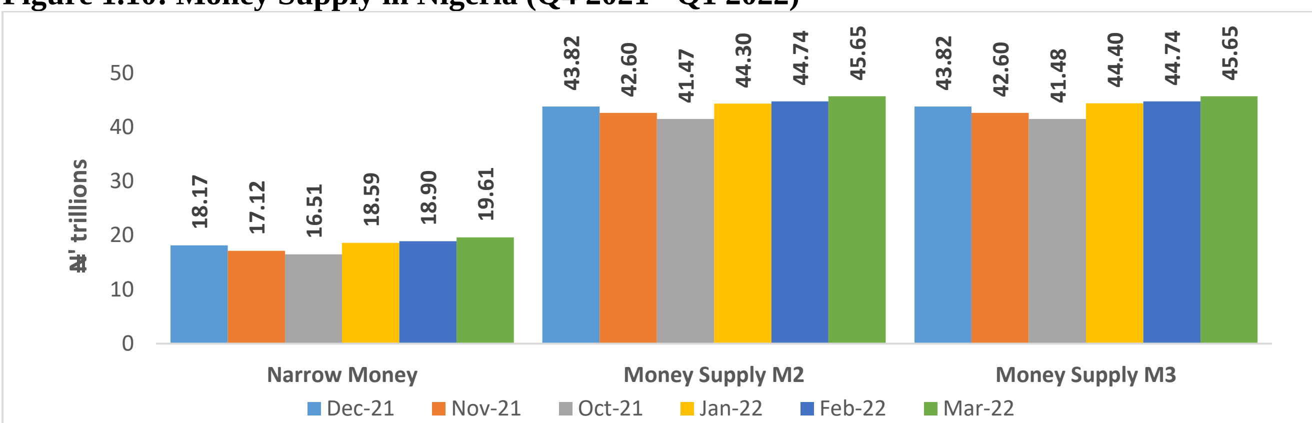
Money Supply increased, as depicted in Figure 1.10, in the fourth quarter of 2021 and the first quarter of 2022. Narrow Money (M1) rose from ₦18.16 trillion in end-December 2021 to ₦19.61 trillion in end-March 2022. Money Supply (M2) also increased from ₦43.94 trillion in end-December 2021 to ₦45.65 trillion in end-March 2022. Similarly, Broad Money (M3) also rose from ₦43.94 trillion in end-December 2021 to ₦45.65 trillion in end-March 2022.

Figure 1.9: Money Market Rates (Q4 2021 - Q1 2022)



Source: Central Bank of Nigeria

Figure 1.10: Money Supply in Nigeria (Q4 2021 - Q1 2022)



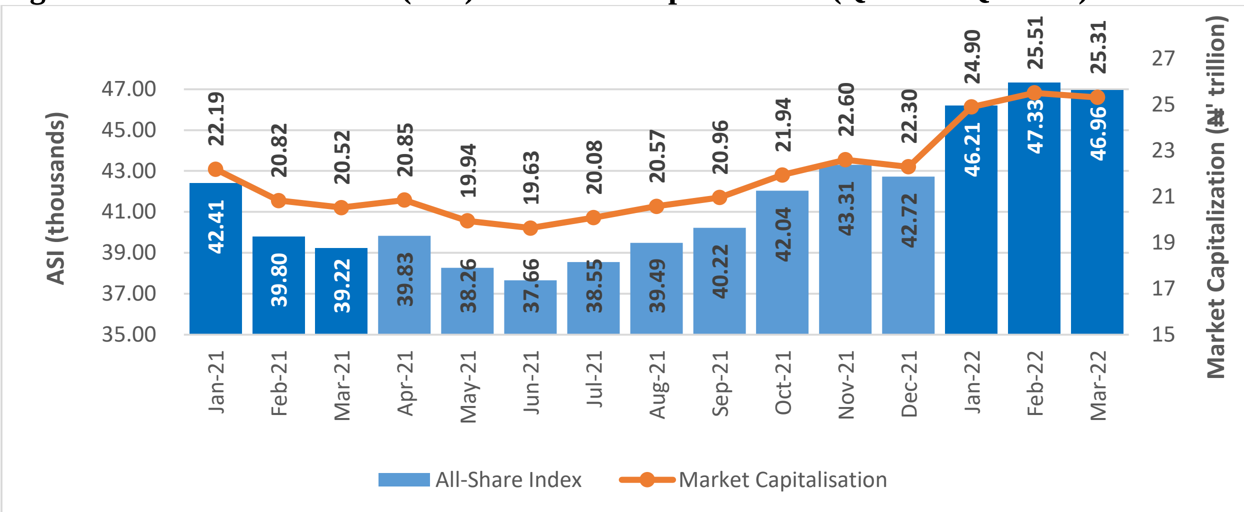
Source: Central Bank of Nigeria

2.2 Capital Market Development

2.2.1 The All-Share Index and Market Capitalisation

The Nigerian Exchange Limited All-Share Index (NGX ASI) and market capitalization for all listed equities increased in the first quarter of 2022, relative to both the corresponding quarter and the last quarter of 2021.

Figure 1.11: All-Share Index (ASI) & Market Capitalization (Q1 2021-Q1 2022)



Source: NGX Market Capitalisation Reports

Figure 1.11 shows that the ASI and market capitalization rose by 9.94 per cent and 13.52 per cent from 42,716.44 and ₦22.30 trillion in end-December 2021 to 46,964.23 and ₦25.31 trillion in end-March 2022, respectively. Relative to the corresponding quarter of 2021, ASI and market capitalization rose, quarter-on-quarter, by 19.78 per cent and 23.36 per cent from 39,216.20 and ₦20.52 trillion at the end of the first quarter of 2021 to 46,964.23 and ₦25.31 trillion at the end of the first quarter of 2022.

2.2.3 Domestic and Foreign Portfolio Investment

Total domestic and foreign transactions in end-March 2021 stood at ₦185.26 billion, with foreign investors executing 22.76 per cent of the value and domestic investors 77.24 per cent of the total transaction flow. The value of total transactions grew by 17.06 per cent from ₦158.26 billion at the end of December 2021 to ₦185.26 billion at the end of March 2022.

Table 1.3: Domestic & Foreign Portfolio Transactions in Equity Trading in 2022 and 2021

Year	Month	Total		Domestic			Foreign		
		₦' Billion	Growth (%)	₦' Billion	% of Total	Growth (%)	₦' Billion	% of Total	Growth (%)
2022	March	185.26	0.93	143.09	77.24	3.59	42.17	22.76	-7.18
	February	183.56	-43.24	138.13	75.25	-51.03	45.43	24.75	9.97
	January	323.38	104.33	282.07	87.23	129.44	41.31	12.77	16.96
2021	December	158.26	-19.31	122.94	77.68	-2.88	35.32	22.32	-49.22
	November	196.14	-7.95	126.58	64.54	-25.82	69.56	35.46	63.98
	October	213.07	80.34	170.65	80.09	81.93	42.42	19.91	74.21

Source: NGX Domestic & Foreign Portfolio Investment Reports

3. CBN Monetary Policy and Circulars

3.1 Monetary Policy

The CBN Monetary Policy Committee (MPC) met twice in the first quarter of 2022: on the 24th - 25th of January and the 21st of March 2022. The highlights of the committee meetings and their decisions are presented hereinafter.

The Committee noted the following:

- The heightened geopolitical tensions and persisting macroeconomic uncertainties associated with the recent Russia-Ukraine crisis have led to a rise in energy prices and inflation around the world.
- Inflation, however, remained above the Bank's implicit tolerance corridor of 6 – 9 per cent. The rise in core inflation was mostly due to rising energy prices as a result of the scarcity of Premium Motor Spirit (PMS), the rise in the cost of Automotive Gas Oil (AGO), and the hike in electricity tariff Inflation.
- Capital Adequacy Ratio (CAR) and Liquidity Ratio stood at 14.4 and 43.5 per cent as of end-February 2022, respectively, well above prudential limits. The Non-Performing Loans ratio further moderated to 4.84 per cent as of end-February 2022 from 4.90 per cent as of end-December 2021, below the 5 per cent limit.
- The Manufacturing Purchasing Managers' Index (PMI) remained above the 50-index points benchmark. However, it slightly moderated to 50.1 index points in end-February 2022 from 51.4 index points in end-January 2022. This is attributed to the resilience of the economy in light of persisting headwinds to the recovery. The Non-Manufacturing PMI observed a marginal decline from 49.01 index points in end-January 2022 to 49.00 index points in end-February 2022, as uncertainties persisted around the poor security situation, infrastructural constraints, and ease of doing business in Nigeria.
- The Central Bank's Intervention aimed at stimulating productivity in manufacturing, industry, agriculture, energy, infrastructure, healthcare, and micro, small and medium enterprises (MSMEs) noted that as of end-February 2022, under the Anchor Borrowers Programme (ABP) the Bank had disbursed ₦975.61 billion to 4.52 million smallholder farmers; ₦735.17 billion had been disbursed for 671 projects in agro-production and agro-processing under the Commercial Agriculture Credit Scheme (CACS). Under the Real Sector Facility, the sum of ₦1.75 trillion had been disbursed for 368 projects across the country.
- Under the 100 for 100 Policy on Production and Productivity (PPP), the Bank had disbursed the sum of ₦29.51 billion to 31 projects, comprising 16 in manufacturing, 13 in agriculture, and 2 in healthcare.
- To support the resilience of the healthcare sector, the Bank disbursed ₦116.72 billion for 124 projects, comprising 31 pharmaceuticals, 56 hospitals, and 37 other services.
- To support households and businesses affected by the COVID-19 Pandemic, under the Targeted Credit Facility (TCF), the Bank disbursed the sum of ₦390.45 billion to 797,351 beneficiaries, comprising 660,096 households and 137,255 small businesses.
- To improve access to capital in the power sector, the Bank disbursed ₦11.11 billion to power sector players as of end-February 2022 under the Nigeria Bulk Electricity Trading

Payment Assurance Facility (NBETPAF), bringing the cumulative disbursements under this facility to ₦1.28 trillion. The sum of ₦12.64 billion was also released to Distribution Companies (DisCos) under the Nigeria Electricity Market Stabilisation Facility – Phase 2 (NEMSF-2). The cumulative disbursement under the NEMSF-2 thus stood at ₦232.93 billion. Both interventions were designed to improve access to capital and ease the development of enabling infrastructure in the Nigeria Electricity Supply Industry.

The Committee recommended that:

- Specific actions need to be taken to ameliorate the increase in the price of petroleum. This is to ensure that this trend does not continue, given the adverse consequences an aggressive rising price level could have on the cost of living and purchasing power of Nigerians.
- The NNPC should take urgent steps to ensure an adequate supply of petroleum products in Nigeria so as to reduce the rate of arbitrary increase in the price of petroleum products by oil marketers and its antecedent impact on inflation.
- The CBN Management and the fiscal authorities should take specific and urgent actions to avoid many power generating stations shut down for turn-around maintenance, resulting in the current unwarranted shutdown of generating assets.
- Fiscal authorities should seek innovative ways of addressing the current critical supply-side challenges confronting the economy to enable the unhindered transmission of all the recently deployed fiscal and monetary stimulus to the real economy.
- Though the equities market remained in a strong position, in order to encourage continued investor confidence in the Nigerian economy, monetary and fiscal authorities should improve efforts aimed at sustaining confidence and attracting more Foreign Direct Investment into Nigeria in the face of the progression of an interest rate hike by the US Federal Reserve Bank and Bank of England (BOE).
- Banks should be encouraged to continue to push for increased intermediation as the way forward to reduce unemployment, enhance production, generate wealth, and improve aggregate demand to strengthen the recovery process.
- The various intervention programs have gone a long way in improving the general output position of the nation; however, the Bank is encouraged to continue to further strengthen its interventions to widen the employment-generating capacity of the country.
- The deteriorating and persisting insecurity condition of the country should be tackled proactively to strengthen banks' activities and promote domestic and foreign investment.

The Committee's Decision

The MPC, in its statutory meeting held in the first quarter on 21st March 2022, voted to:

i. Retain the MPR at 11.5 per cent.
ii. Retain the asymmetric corridor of +100/-700 basis points around the MPR.
iii. Retain the CRR at 27.5 per cent.
iv. Retain the Liquidity Ratio at 30 per cent.

3.2 CBN First Quarter Circulars

The CBN issued several circulars and guidelines on the operations of insured deposit-taking financial institutions for the period under review. Highlights of some of the circulars are herein presented:

i. COD/DIR/INT/CIR/001/004

Exposure Draft on Guidelines for Bank Neutral Cash Hubs (BNCH) Operations in Nigeria

The CBN, on 14th March 2022, issued an exposure draft on the requirements and operational procedure for the Bank Neutral Cash Hub. It was conceptualized to offer bank-neutral cash withdrawal and deposit services to high volume/value cash-transacting customers in a one-stop facility. The adoption of BNCH is aimed at mitigating both risk and costs associated with currency management service provision in Nigeria.

ii. FPR/DIR/PUB/CIR/001/040

Re: Regulatory Forbearance for the Restructuring of Credit Facilities Impacted by COVID-19

On 15th March 2022, the CBN issued a circular to all Banks and Other Financial Institutions on the extension of the 5 per cent per annum interest rate on all CBN intervention facilities for one year, effective 28th of February 2022.

iii. FPR/DIR/PUB/CIR/001/039

Re: Global Standing Instruction (GSI) -Individual

The Central Bank of Nigeria, on 19th January 2022, reissued a circular on the guidelines on the Global Standing Instruction (GSI) for individuals. The circular informed all Banks and Other Financial Institutions that the frequency of recovery attempts via the GSI platform had been amended from a specific number to continuous and unrestricted (shall remain perpetually in place throughout the life of the loan/or until the loan is fully repaid).