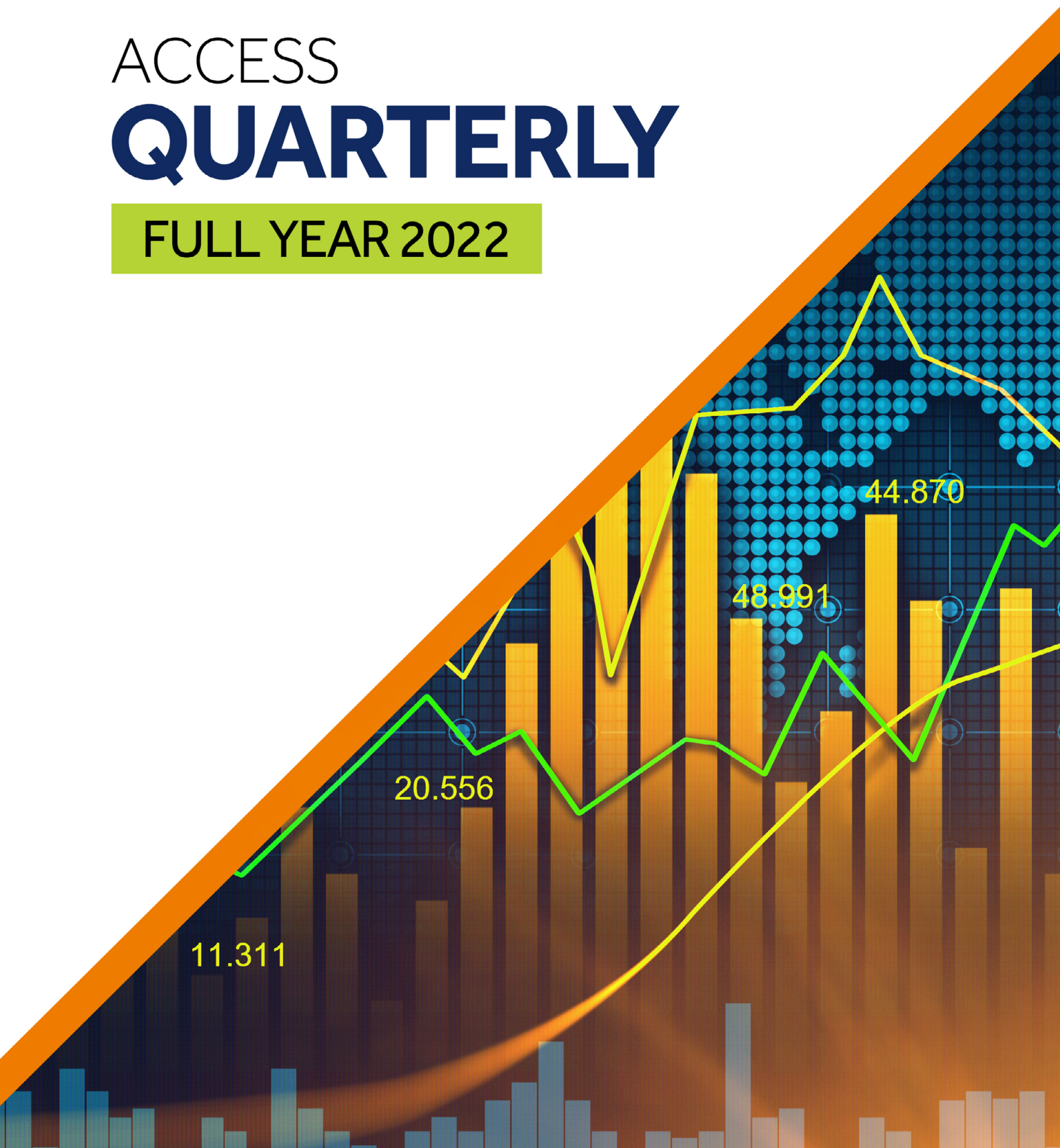


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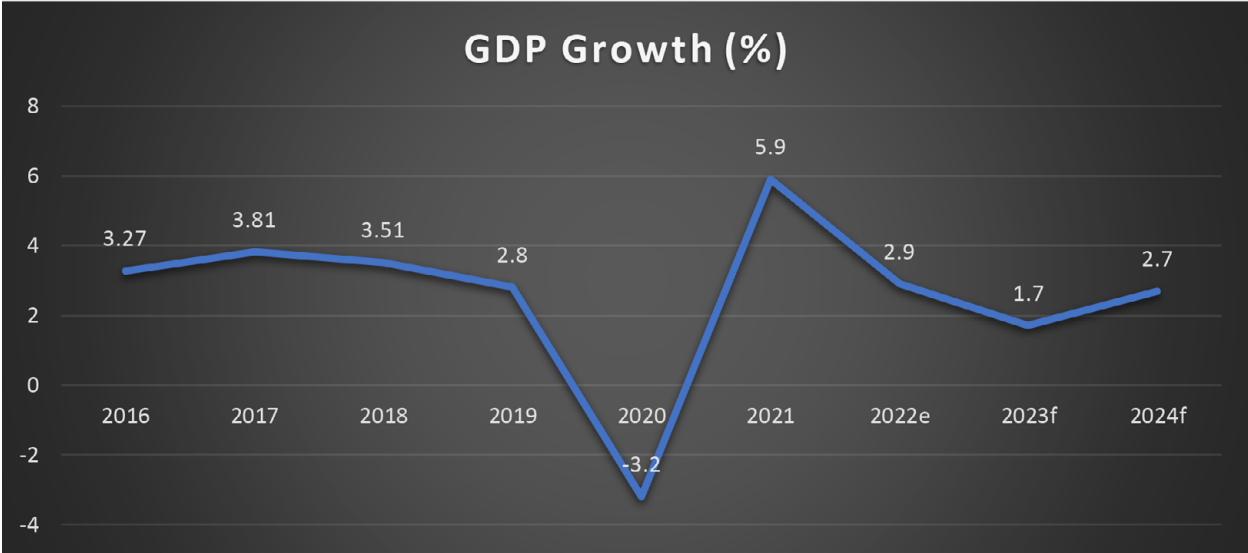
Section 0.1

GLOBAL ECONOMY

The globaleconomy encountered significant impediments, primarily attributable to the Russia-Ukraine conflict, lingering effects of the COVID-19 pandemic, and disruptions in the global supply chain. The slowdown was also experienced by major economies, while emerging and developing economies faced an array of downward indicators as a result of the spillover effects of the global economic turbulence. These effects are evident in terms of declining capital flows, adverse external conditions, surging inflation rates, currency depreciation, and decelerating economic growth. Nonetheless, various economies managed to stay resilient in the year 2022.

According to the International Monetary Fund (IMF), the global economic growth rate stabilized at 2.9% in 2022. The IMF predicts a growth rate of 1.7% for 2023, which is expected to improve to 2.7% in 2024.

GDP Growth Rate & Forecast – Global Economy



Source: World Bank

GLOBAL ECONOMY

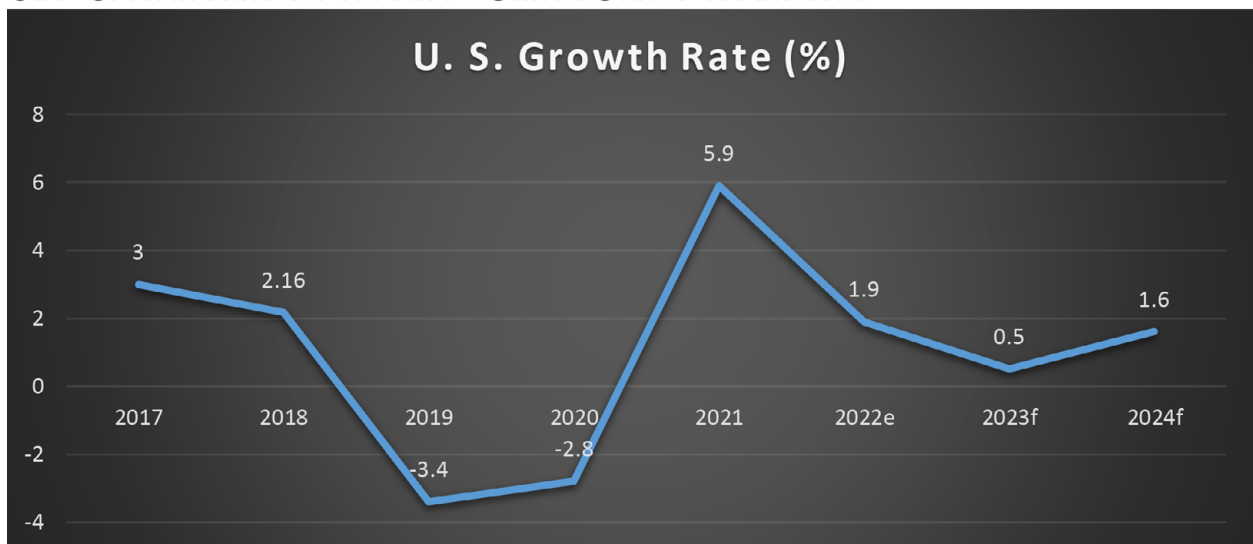
UNITED STATES/EURO AREA

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

United States

The United States' economy recorded pockets of quarterly growth in 2022 as well as a recessionary period mid-year. Gross Domestic Product (GDP) grew by 2.7% in Q4 of 2022, which was a slight decline from 3.2% in Q3 of the same year. On an annual basis, the growth has continued its northward trend from December 2021 till date. The inflation rate has witnessed a consistent downward trend in recent months, with the annual inflation rate standing at 6.5% in December 2022, compared to 7.7% in October 2022, the start of the quarter. This represents the lowest inflation rate recorded in 2022. However, despite this, policymakers at the Federal Reserve have continued to increase interest rates, given that the inflation rate remains above their target range. During its December meeting, the Fed raised the federal funds rate by 50 basis points (bps), pushing it to the highest level in 15 years, at the 4.25%-4.50% range.

GDP Growth Rate & Forecast – United States of America



Source: World Bank

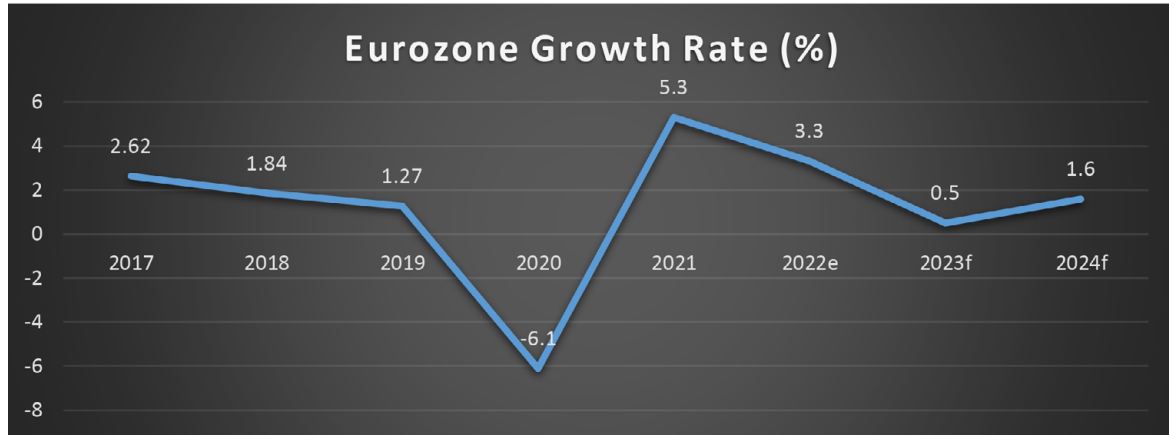
In December 2022, the unemployment rate in the United States decreased to 3.5% from 3.7% in November. However, the World Bank's projection for 2022 and 2023 is expected to be weak, with growth rates of 0.5% and 1.6%, respectively. These forecasts indicate that the growth rate may be the weakest since the recession levels of the 1970s.

Euro Zone

EUROZONE

The Eurozone economy contracted by 1.9% year-on-year in the three months to December 2022, a marginal decline from 2.3% in the same period in 2021 and 2.3% in Q3 2022. It marks a seventh straight quarter of expansion, but the weakest in the current sequence. Overall, Growth in 2022 was downcast as the spike in energy prices suppressed economic growth amongst others.

GDP Growth Rate & Forecast – Eurozone



Source: World Bank

The Euro Area's annual inflation rate decelerated to 9.2% in December 2022, marking the second consecutive month of decline since October 2022. Inflation in the Euro Area hovered around an average of 0.8% in the year 2022. Among the countries in the Eurozone, Spain, Luxembourg, and France reported the lowest annual rates. However, the Eurozone's inflation rate remained significantly higher than the European Central Bank's target of approximately 2%, leading policymakers to increase rates to the range of 2% to 2.75%. The World Bank's projections for 2023 and 2024 are expected to be weak, with growth rates of 0.5% instead of the previously projected 1.6%, due to the severe energy supply disruptions and persistent price hikes.

BRICS



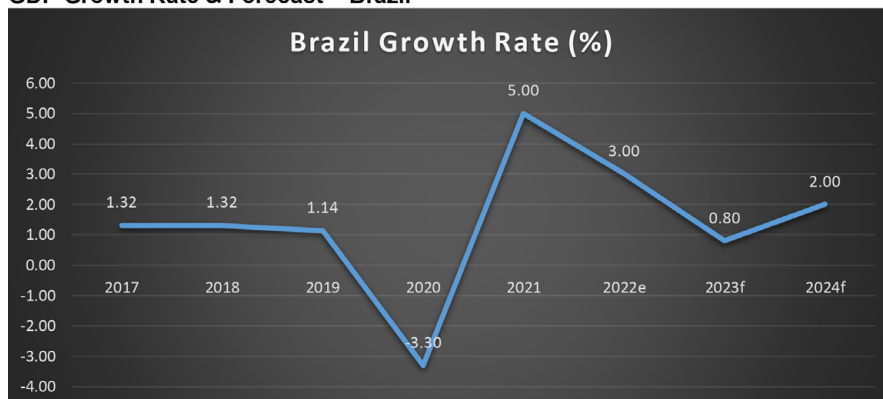
The BRICS economy gained traction in 2022 as economic activities picked up post covid however, this tepid recovery was hampered by the residual effects of the ongoing crisis, high energy prices and currency depreciation amongst others. In Q4 2022, the BRICS economies, with the exception of South Africa, experienced a contraction. The decline in these markets was primarily due to global inflationary pressures, residual impacts of the Russia-Ukraine crisis, and trade disruptions. The BRICS economies continue to suffer from higher inflation rates that surpass the target range, and the increased monetary policy rates that negatively impact their growth prospects.



Brazil

In 2022, economic growth decelerated across the quarters from an annual growth of 5% in 2021. The economy of Brazil contracted by 1.9% year-on-year in Q4 2022, down from the 3.6% recorded in Q2 2022. Brazil's inflation ended 2022 with a sharp slowdown from double-digit peaks seen throughout the year on the back of fiscal measures and an aggressive monetary policy tightening, but once again missed the government's official target. The inflation rate fell to 5.79% in December 2022. This marked the least inflation figure recorded in the year for the Brazilian economy.

GDP Growth Rate & Forecast – Brazil



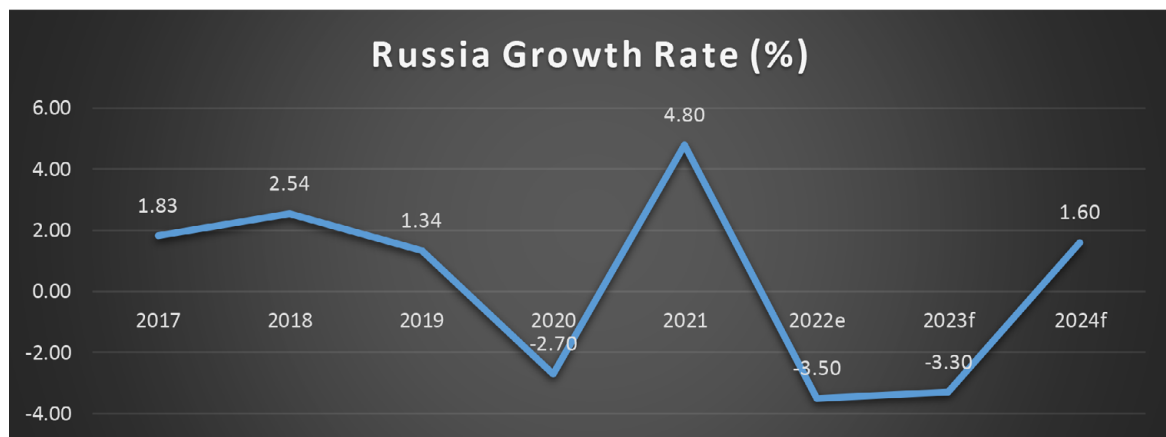
Source: World Bank

The Central Bank of Brazil left rates unchanged at 13.75% at the end of Q4 2022 as Brazil's inflation rate eased further to 5.79%. The Brazilian economy is forecasted to grow by 0.8% in 2023 and 2% in 2024 according to the World Bank on the back of further fiscal policy headwinds.



Russia economy maintained slow growth regime in 2022. The economy of Russia contracted by 3.7% in Q3 2022, revised downwards from the 4% contraction earlier published. This was a slightly lower than 4% growth recorded a year ago.

GDP Growth Rate & Forecast – Russia



Source: World Bank

The annual inflation rate in Russia eased to 11.9% in December 2022 from 12% in the preceding month. It is the lowest inflation rate since March 2022. The Central Bank of Russia unanimously left its key interest rate unchanged at 7.5% in 2022. Unemployment remained unchanged at 3.7% in December 2022. The spillovers from the Russia-Ukraine war, and expected continued disruptions to oil exports amongst others, according to the World Bank, are reasons for its downward forecast revision to -3.50% for 2022 and -3.30% for 2023.



In 2022, the Indian economy is set to grow to 6.9% from 8.7% in 2021. India's Gross Domestic Product (GDP) slowed to 4.4% in Q4 2022 from 6.3% recorded in Q3 2022 and 5.2% recorded in January 2022 with the peak of growth seen in July at 13.2%. The decline was driven by higher financing costs and weaker public expenditures. Annual inflation eased to 5.72% in December 2022 from 5.9% recorded at the beginning of the year 2022. Whilst depicted as the lowest inflation rate in 2022, it remained higher than the Reserve Bank of India (RBI) target range of 2% - 6%. The RBI left its key interest rate unchanged at 5.9% in 2022 in a bid to foster economic growth. The World Bank outlook for India has also been trimmed by 0.5 percentage points to 6.6% in 2023 mainly reflecting less favourable external conditions. Despite the possible slowdown, India is expected to be the fastest-growing economy of the seven largest EMDEs according to World Bank.

GDP Growth Rate & Forecast – India

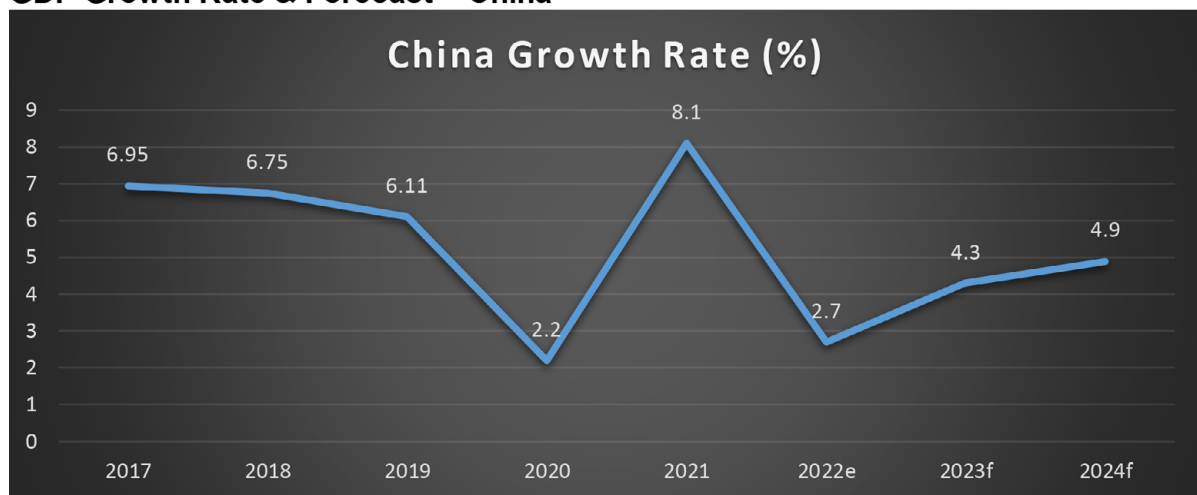


Source: World Bank



China economy wobbled between periods of positive and negative growth in 2022 starting from 1.3% in January. The Chinese economy slowed to 2.9% year-on-year in Q4 2022, a decline from a 3.9% growth in Q3, bolstered by a decline in industrial output and retail sales, the frequent lockdown as a result of the China zero covid policy and the residual impact of the property sector crisis which spurred a slowdown in economic activities. In November, economic activities picked up as the covid restrictions were lifted.

GDP Growth Rate & Forecast – China



Source: World Bank

The People's Bank of China kept steady its key rates for corporate and household loans at December fixing, amid a rapid decline in the yuan. The one-year loan prime rate (LPR) was held unchanged at 3.65%; while the five-year rate, a reference for mortgages, was maintained at 4.3%.

Inflation rose to 1.8% in December 2022 from 1.6% in November 2022 mainly due to a sharp jump in the cost of food. China's growth forecast for 2023 has been revised by the World Bank to improve following the loosening of covid-19 restrictions and the expected uptick in economic activities.

GLOBAL ECONOMY

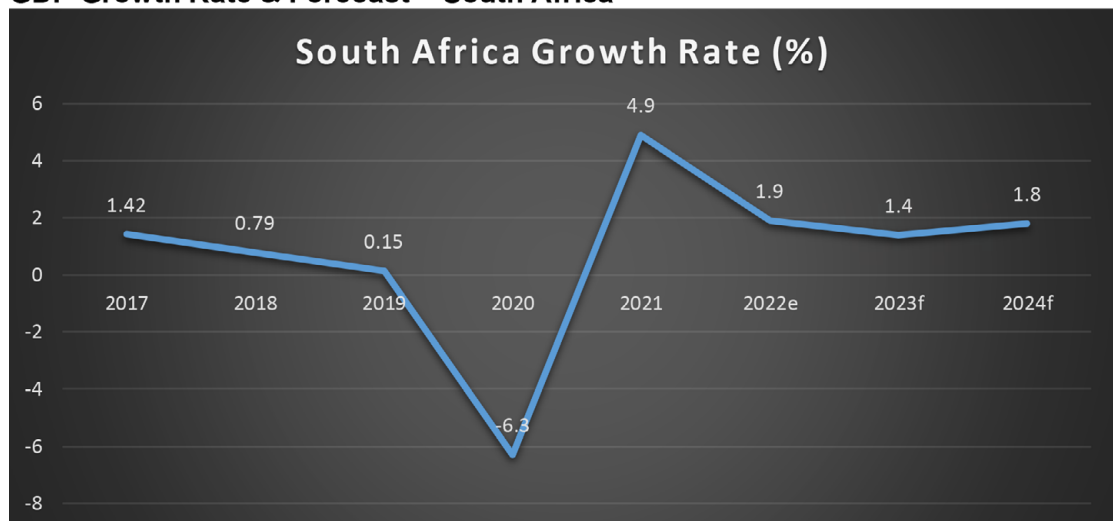
AFRICA



South Africa

South Africa economic growth decelerated from 2.7% in January 2022 to about 11.8% in December 2022, following a downwardly revised 1.7% growth in the previous period. It was the weakest growth rate since the first quarter of 2021. Sectors that yielded growth were Agriculture, Transport & construction. The annual inflation rate eased to 7.2% in December of 2022 from 7.4% in the prior month, above the upper limit of the South African Reserve Bank's target range of 3%-6%. The South African Reserve Bank hiked its benchmark repo rate by another 75 bps to 7% at its November 2022 meeting. This is the 7th consecutive hike since policy normalization started in November 2021, to anchor inflation expectations more firmly around the mid-point of the target band and achieve the inflation target in 2024. The unemployment rate declined to 32.7% in Q4 2022, down from 32.9% in the prior period. This was the lowest jobless rate since the first quarter of 2021. Overall, the structural challenges such as high unemployment, poor investment infrastructure, and fiscal challenges amongst others were largely responsible for a slowdown in the economic growth in 2022. World Bank revised the economic projection of South Africa was lower to 1.4% and 1.8% for 2023 and 2024 respectively.

GDP Growth Rate & Forecast – South Africa



Source: World Bank

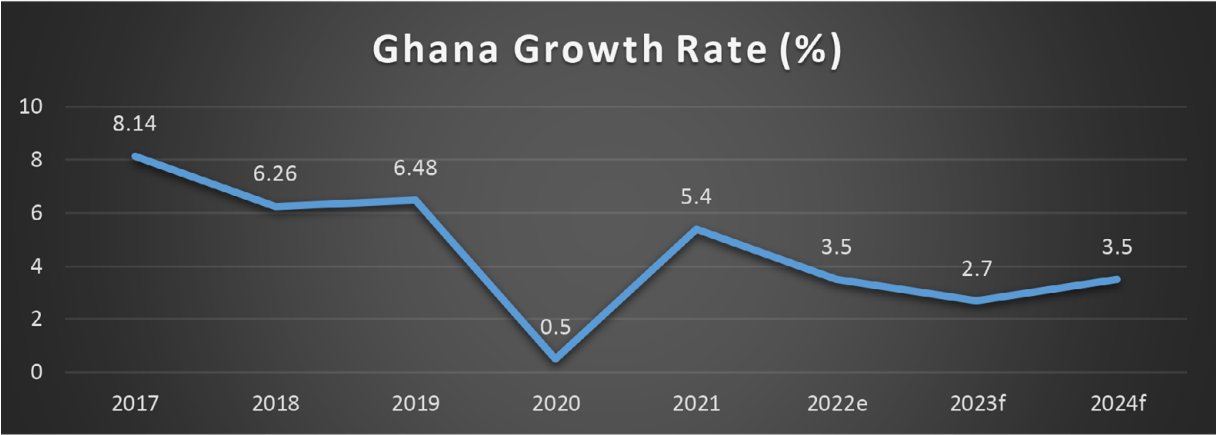


Ghana

The year 2022 began with a beacon of hope for Ghana compared to 2021 as the GDP printed at 7% in January 2022 but eventually waned. Real GDP declined to 2.9% in Q4 2022 from expanded 4.7% year-on-year in Q2 2022, marking the weakest expansion since a contraction in Q3 2020 majorly owing to a debt crisis and spending pressures.

Ghana's annual inflation rate accelerated to 54.1% in December of 2022, from 50.3% in November 2022 pushing inflation to the highest levels since April 2001. As a result of the soaring inflation which is well above the 10% target, the Bank of Ghana raised its benchmark monetary policy rate by a further 250 bps to 27% during its November 2022 meeting, bringing borrowing costs to the highest since 2017. It marks the fifth consecutive hike this year, to contain strong inflationary pressures and exchange rate appreciation. World Bank projected that growth for 2023 will be recorded at 2.7%.

GDP Growth Rate & Forecast – Ghana

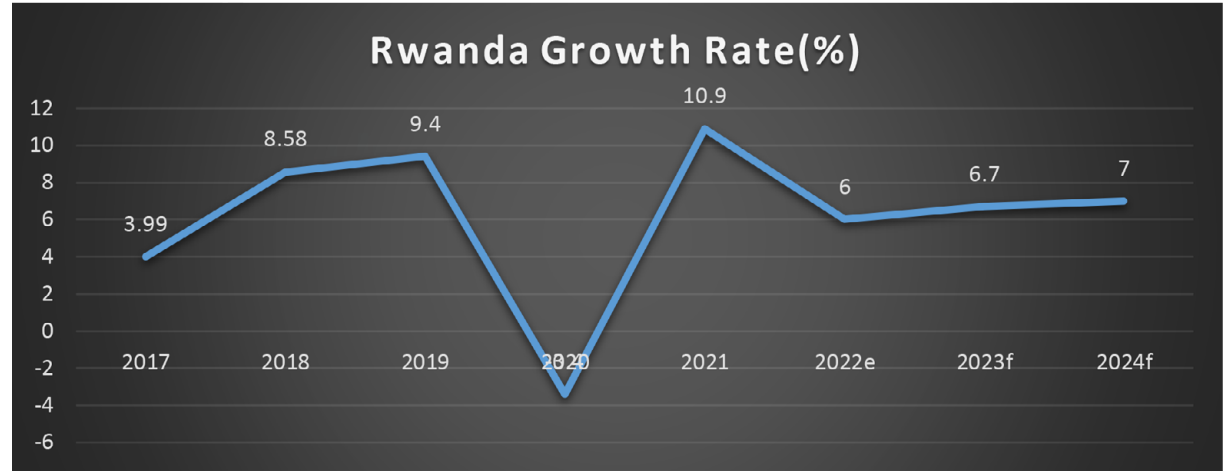


Source: World Bank



Rwanda's economy had a nascent start from a negative growth at the beginning of the year which advanced to around 10% by year end. Growth peaked mid-year to around 20.6% in July. The intensified period of growth marked the fastest growth rate since Q4 2021. Inflation declined slightly to 21.6% in December 2022 from 21.7% in November 2022. The growth was on the back of the services and industrial sectors. During its meeting in November 2022, the National Bank of Rwanda increased its benchmark interest rate by 50 basis points to 6.5% from 6% in the preceding period. The economy is expected to slow to 6% for the full year of 2022 and pick up to 6.7% in 2023.

GDP Growth Rate & Forecast – Rwanda



Source: World Bank



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Section 2

THE NIGERIAN ECONOMY

As with the rest of the world, Nigeria adapted to the COVID-induced new normal. However, the Russia-Ukraine crisis caused everyone to start over. In February 2022, oil prices exceeded \$100 per barrel for the first time since September 2014. Despite this increase, the demand for crude oil was dampened due to China's zero-COVID policy. As a result, the price of Bonny Light crude oil closed the year at \$82.58 per barrel. Although higher oil prices would typically boost Nigeria's external reserves, the country's benefits were limited due to higher subsidy payments and lower oil production. Consequently, Nigeria's external reserves fell by \$3.44 billion to \$37.08 billion by the end of 2022, compared to the previous year's figure. Inflation also rose to a ten-year high of 21.34% due to soaring food and energy prices. To combat inflation, the benchmark interest rate was increased four times in 2022, by a total of 500 basis points, which raised borrowing costs. The primary concern for policymakers is to curb rising inflation, which poses a significant risk to fragile growth.

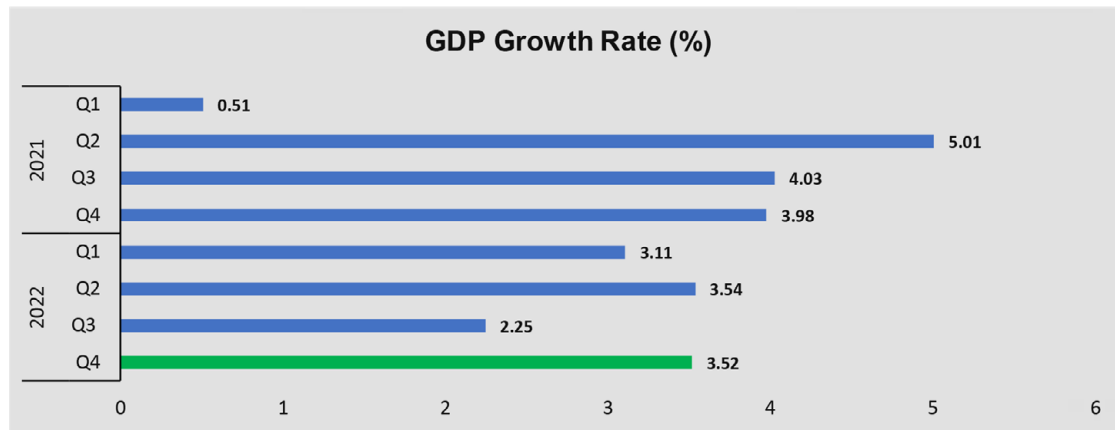
A snapshot of the domestic economy for the Full Year 2022 is presented below:

Real GDP declined to 3.52% in Q4 2022 compared to 3.98% in Q4 2021	Oil prices ascended to \$82.58/b in Dec. 2022 from \$76.25/b posted in Dec. 2021	Exchange rate at the I&E window depreciated to ₦461.1/\$ in Dec. 2022 from ₦424.11/\$ in Dec. 2021
The ASI rose to 51,251.06 points in Dec. 2022 from 42,716.44 points in Dec. 2021	Reserves dipped to \$37.08bn in Dec. 2022 from \$40.52bn in Dec. 2021	Inflation printed at 21.34% in Dec. 2022 compared to 15.63% in Dec. 2021
Manufacturing PMI rose to 47.2 points in Aug. 2022 from 46.9 points posted in Aug. 2021	MPR rose to 16.50% in Nov. 2022 from 11.5% recorded in Nov. 2021	Total public debt increased to ₦44.06trn in Q3 2022 from ₦38.00trn in Q3 2021

2.1. GDP Growth

The Nigerian economy grew by 3.52% year-on-year in Q4 2022, higher than the 2.25% recorded in Q3 2022, and lower than 3.98% in Q4 2021. According to the National Bureau of Statistics (NBS), the increase in growth was driven mainly by the non-oil sector. The non-oil sector expanded to 4.44% in Q4 2022 slightly lower than the 4.73% recorded in Q4 2021. The agricultural sector, which accounts for a significant portion of the non-oil sector, grew by 2.05% in Q4 2022 but its performance was significantly hampered by severe incidences of flood experienced across the country, accounting for lesser growth relative to 3.58% in Q4 2021. Meanwhile, the oil sector grew by -13.38%, after a -22.67% slump in the previous quarter, reflecting higher oil output. On a full-year basis, the economy grew by 3.10% in 2022 from 3.40% recorded in 2021.

GDP Growth Rate – Nigeria

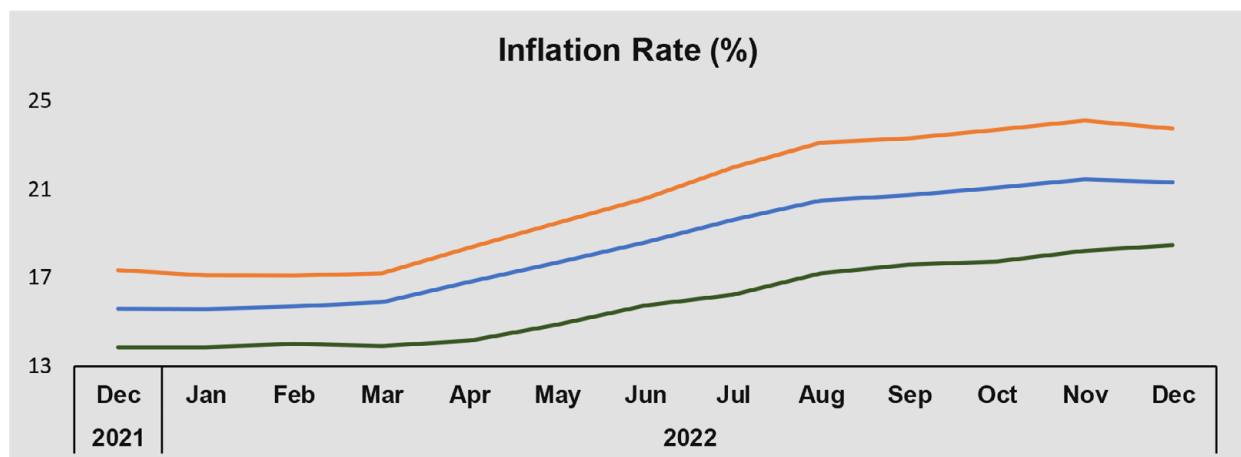


Source: NBS

2.2 Inflation

The annual inflation rate for the Nigerian economy printed at 21.34% in December 2022, higher than 15.63% recorded a year ago, rising for 11 consecutive months (February – December). The main cause was a weaker currency that increased the price of imported goods, supply interruptions brought on by the Russia-Ukraine crisis, severe flooding witnessed in the latter part of 2022, and pre-election spending, amongst other factors. The food inflation rate showed a similar trend settling at 23.75% which was higher than the 17.37% posted in December 2021. On the other hand, the core inflation rate posted a growth of 18.49%, higher than the 13.87% recorded in December 2021.

Inflation Year-on-Year

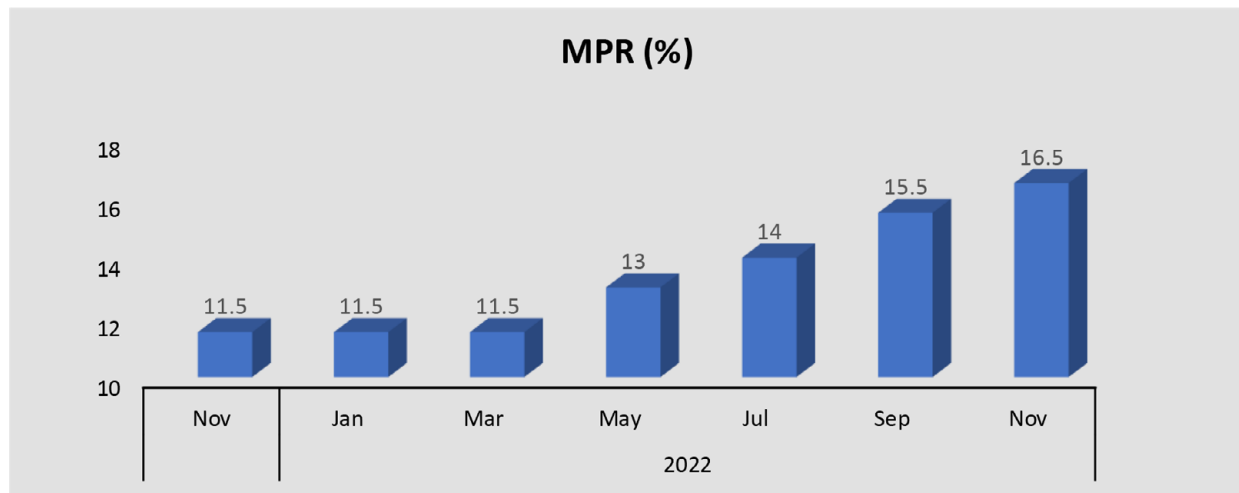


Source: NBS

2.3 Monetary Policy

The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) raised the Monetary Policy Rate (MPR) by 100bps to 16.5% at its November 2022 meeting, aggregating the total hike to 500bps. This reflects the 4th consecutive rate increase in 2022, owing to the risk of slowing growth amid persistent inflationary pressures. Curbing rising inflation which poses a significant risk to fragile growth remains the foremost concern for policymakers.

Trend in MPR

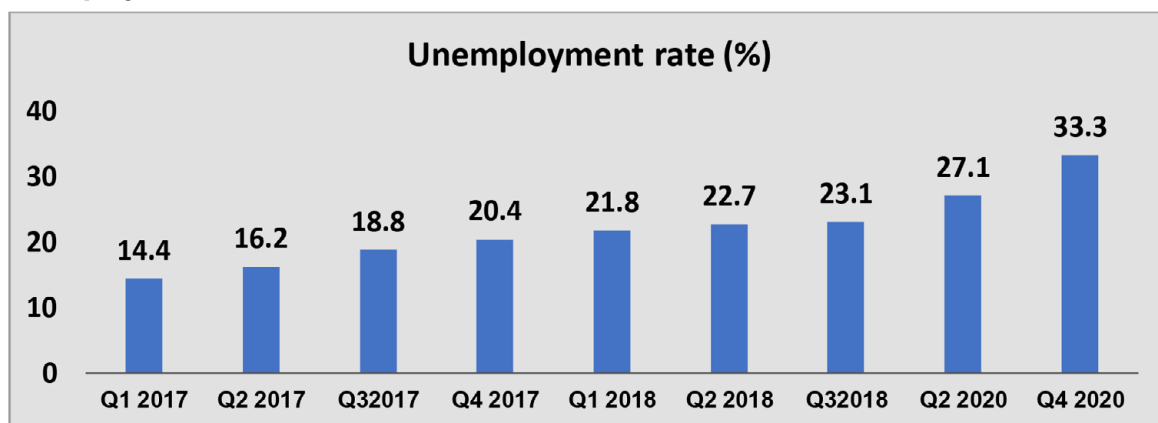


Source: CBN

2.4 Unemployment

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

Unemployment Rate Trend

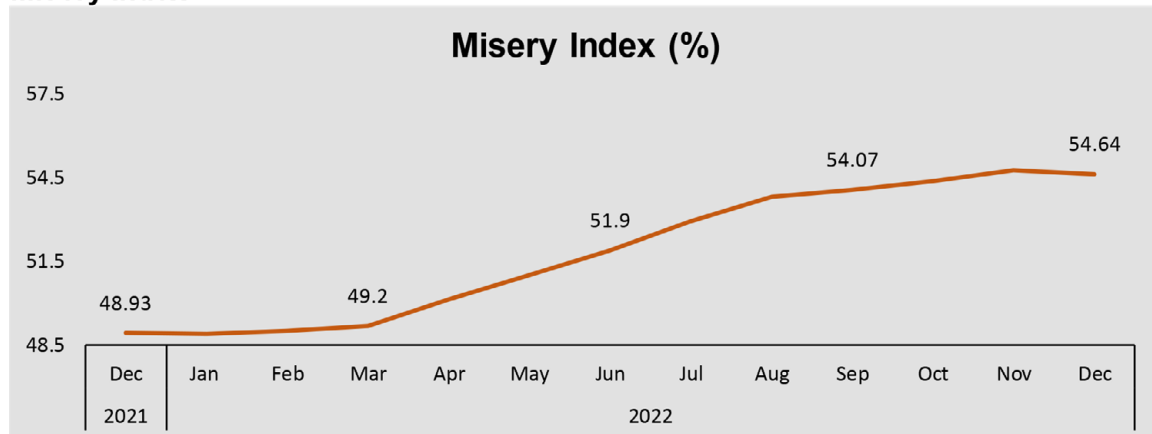


Source: NBS

2.5 Misery Index

The misery index, which is a combination of the inflation rate and unemployment rate, nudged higher by 571bps to sit at 54.64% in December 2022 relative to 48.93% posted a year ago. An increase in the December inflation was mostly driven by higher food and energy prices and weakening currency, thus pushing up the misery index. This increase worsened the living standard of Nigerians in 2022.

Misery Index



Source: NBS

2.6 External Reserves

Shrinking Foreign portfolio investment (FPIs), increasing Dollar demand largely driven by offshore payments for tuition and relocation, accumulating fuel subsidy payments, and lower oil production depressed the growth of external reserves despite the increase in oil price. Reserves lost momentum in Q4 2022, dwindling by 3.06% to sit at \$37.08 billion from \$40.52 billion recorded in Q4 2021. The CBN continues to intensify efforts in garnering higher non-oil proceeds to improve the country's reserves position.

External Reserves

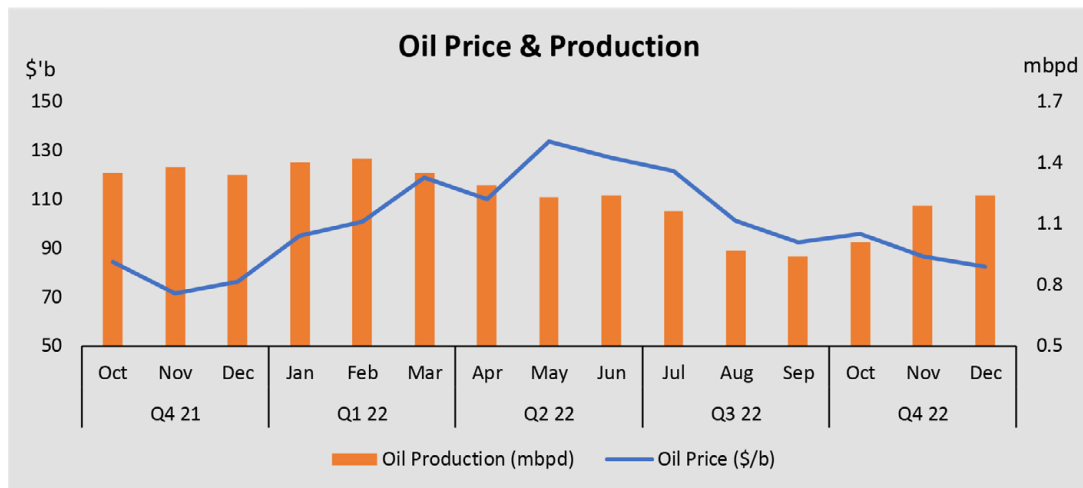


Source: CBN

2.7 Oil Price & Production

In 2022, the global impact of the Russia-Ukraine crisis led to oil prices reaching triple-digit figures. However, China's zero-COVID policy caused oil demand to decline, resulting in prices dropping to double-digit figures. Nigeria's oil benchmark, Bonny Light crude oil, exceeded \$100 per barrel in February 2022 for the first time since 2014, but the year ended with prices at \$82.58 per barrel, higher than the 2021 year-end figure of \$76.25 per barrel. Despite the higher oil prices, Nigeria's external reserves did not reflect the increase, partially due to declining oil production. In September 2022, crude oil production reached its lowest point at 0.92 million barrels per day due to significant crude oil theft that year. However, the government's actions to tackle oil theft helped increase production to 1.24 million barrels per day by the end of the year.

Oil Price & Production

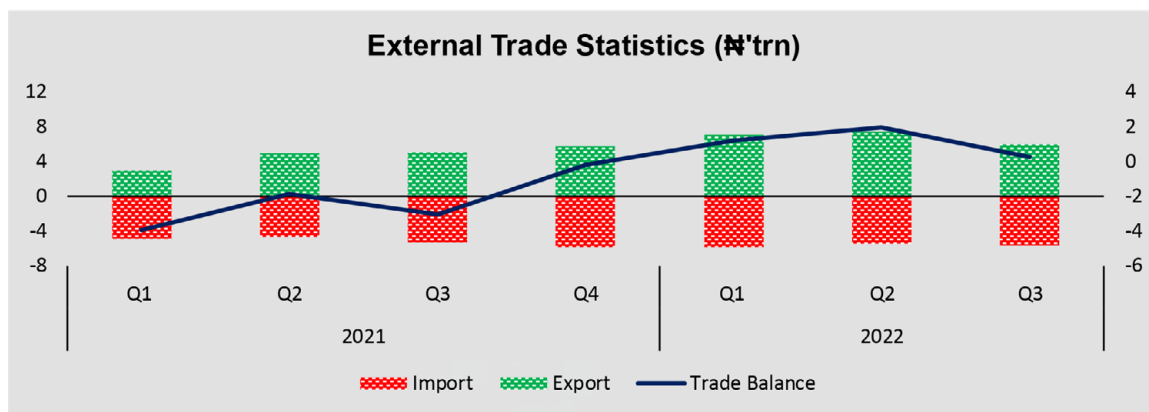


Source: CBN

2.8 External Trade

Nigeria recorded a trade surplus of ₦0.27 trillion as the value of exports in Q3 2022 outperformed the value of imports. This Q3 2022 recorded was higher than the deficit of ₦3.02 trillion recorded a year ago. Data from the National Bureau of Statistics (NBS) revealed that exports rose by 15.37% to reach ₦5.93 trillion compared to ₦5.14 trillion posted in Q3 2021. On the other hand, imports also grew, but at a slower pace, rising by 5.99% to settle at ₦5.66 trillion compared to ₦5.34 trillion recorded for the reference period. Altogether, total trade volume declined by 9.81% to stand at ₦11.59 trillion relative to ₦12.85 trillion posted in the preceding quarter. Nigeria's top 5 export trading partners for Q3 2022 were Spain, India, France, Netherlands, and Indonesia while the top 5 import trading partners were China, Netherlands, India, Belgium, and the USA.

External Trade

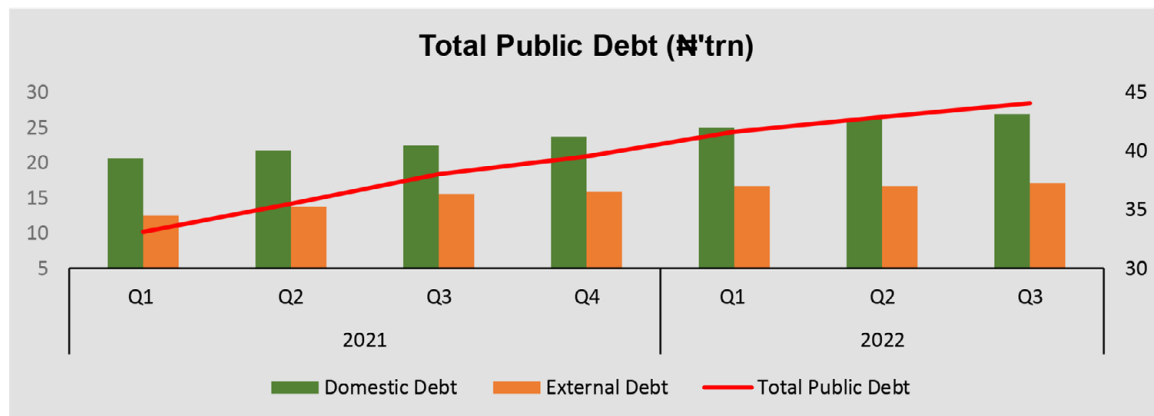


Source: NBS

2.9 Total Public Debt

Nigeria's public debt continues to expand, hitting ₦44.06 trillion in Q3 2022 from ₦38.00 trillion posted in the corresponding quarter for 2021, reflecting a growth of 15.95%. Domestic debt grew faster than external debt as the former grew by 19.97% while the latter grew by 10.15%. According to the Debt Management Office (DMO), domestic debt accounted for 61.08% to settle at ₦26.91 trillion in Q3 2022 from ₦22.43 trillion recorded in Q3 2021 while external debt contributed 38.87% of total public debt, settling at ₦17.15 trillion from ₦15.57 trillion, for the reference period.

Total Public Debt

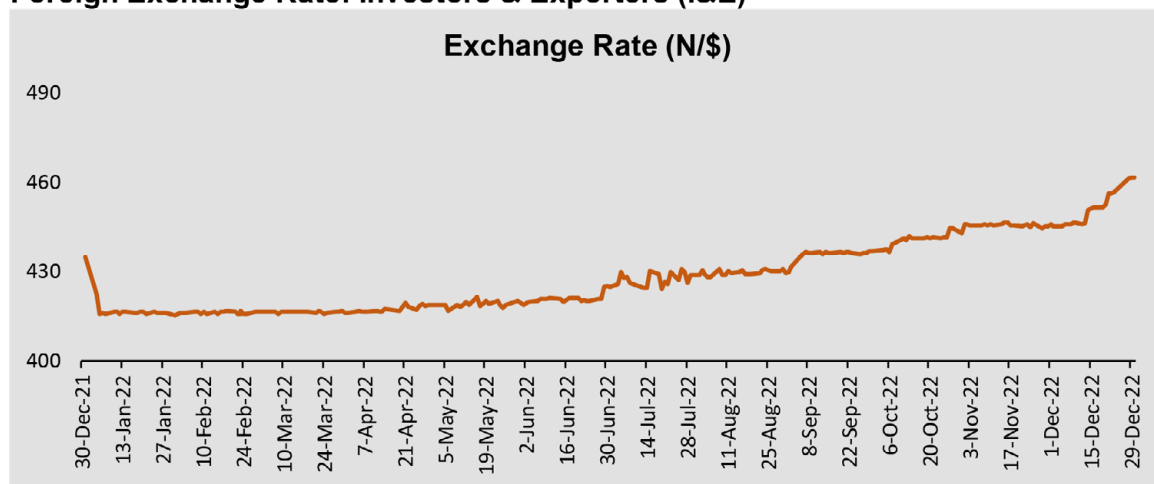


Source: DMO

2.10 Exchange Rate

Across all windows in the foreign exchange (forex) market, the Naira depreciated signalling strong demand for the Dollar amidst a puny inflow of the same. Naira at the Investors & Exporters (I&E) window depreciated against the Dollar at ₦461.5 at the end of Q4 2022 from ₦435 exchanged at the end of Q4 2021. Poor accretion of the reserves made it difficult for the CBN to defend the value of the Naira.

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

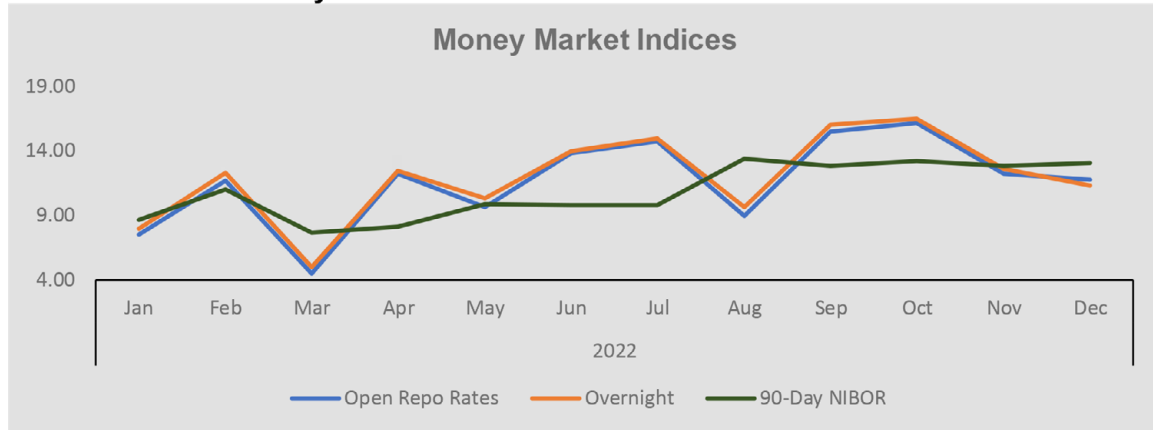


Source: FMDQ

2.11. Money Market

Compared to a year ago, the money market was relatively illiquid as banks funded their obligations amidst the persistent increase of the anchor rate. Short-term instruments such as the Open Repo Rates (OPR) and Overnight (O/N) rates closed at 11.75% and 11.33% at the end of Q4 2022, an increase from 10.00% and 10.50% posted at the end of Q4 2021. Similarly, the slightly longer-dated instruments like the 90-day Nigerian Interbank Offered Rate (NIBOR) increased to 13.06% from 10.11% for the reference period.

The trend in the Money Market



Source: FMDQ

2.12. The Stock Market

At the Nigerian Exchange Group (NGX), investors showed strong buy-interest in Nigerian stocks. The search for alternative high-yield environments and relatively safe investments attracted investors to the local bourse. The All-Share Index (ASI) closed Q4 2022 at 51,251 points compared to 42,716 points posted at the end of Q4 2021, reflecting a 19.98% increase. Similarly, market capitalization ascended, closing the quarter at ₦27.92 trillion compared to ₦21.83 trillion posted at the end of Q4 2021, a 27.9% drop.

Nigerian Exchange Limited: All Share Index and Market Capitalization

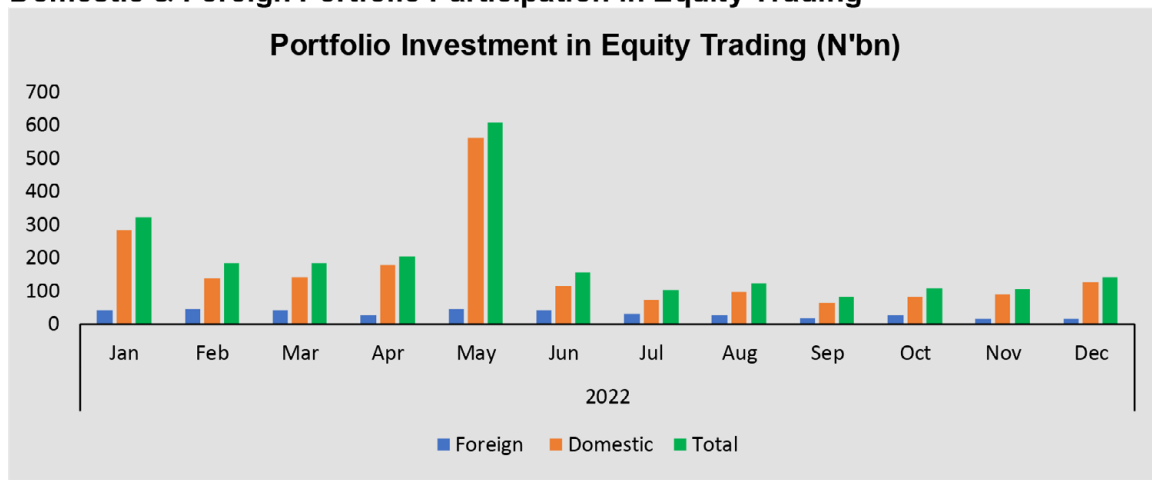


Source: NGX

2.13. Portfolio Investment – NGX

Total transactions from portfolio investments into the nation's equity bourse plummeted in Q4 2022, closing at ₦140.7 billion from ₦158.26 billion posted in Q4 2021. Foreign participation in the Nigerian equity market remained relatively low throughout 2022 owing to exchange rate volatility. Domestic investors increased their stakes in the local bourse, contributing 89.19% to the total transaction recorded at the end of Q4 2022 while foreign investors Portfolio Investment (FPI) contributed 10.81%. The net FPI for equity trading in 2022 remained positive as the inflow outweighed the outflow by ₦12.29 billion.

Domestic & Foreign Portfolio Participation in Equity Trading

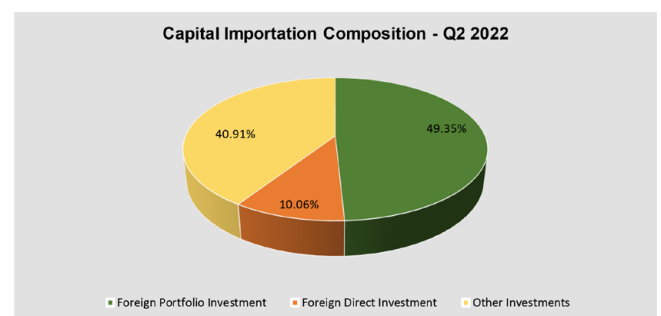
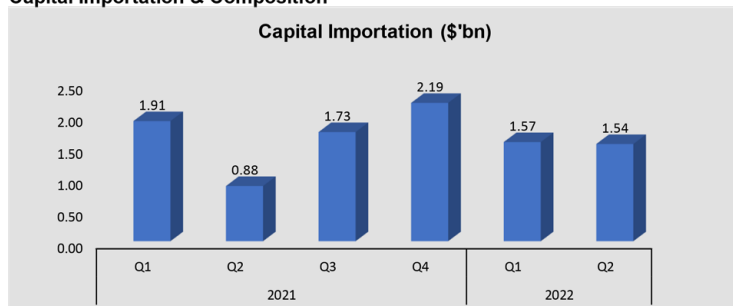


Source: NGX

2.14. Capital Importation

Capital imports into Nigeria increased by 75% to settle at \$1.54 billion in Q2 2022, compared to \$0.88 billion recorded in Q2 2021. Foreign Portfolio Investment (FPI) accounted for 49.35% of total capital imported, settling at \$0.78 billion in Q2 2022. Other Investments and Foreign Direct Investment (FDI) contributed 40.91% and 9.74% to the capital imported in Q2 2022, respectively. In the reference period, the United Kingdom maintained its spot as the leading source of capital import to Nigeria and Lagos remained the top destination for capital import.

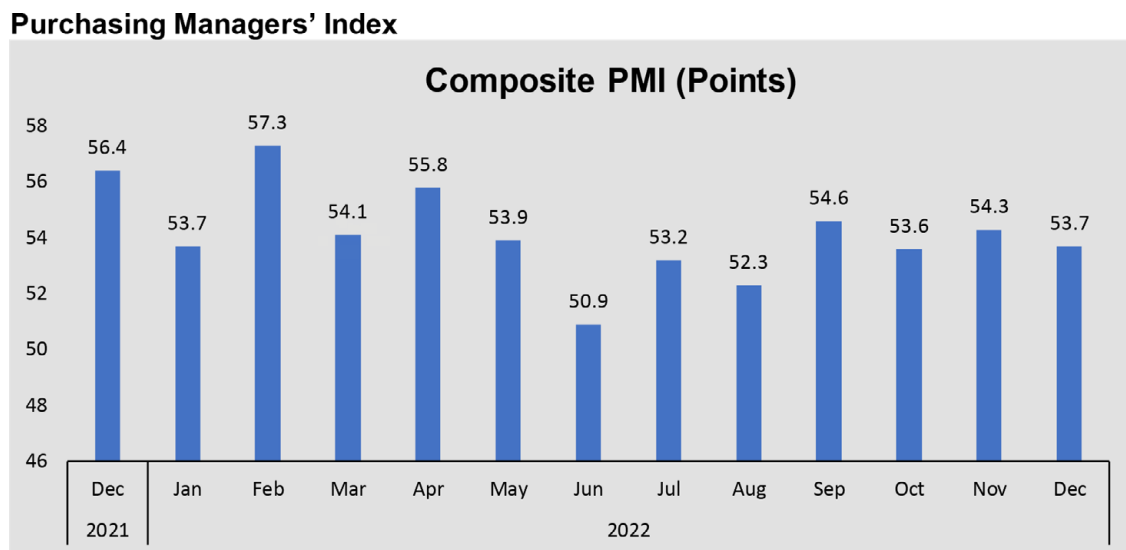
Capital Importation & Composition



Source: NBS

2.15. Purchasing Managers' Index

The composite Purchasing Managers' Index (PMI) closed in December 2022 at 53.7 index points compared to 56.4 points recorded in December 2021, reflecting a decline in private sector business conditions. The decline could be attributed to higher inflation rate which kept costs at higher levels.



Source: Stanbic IBTC

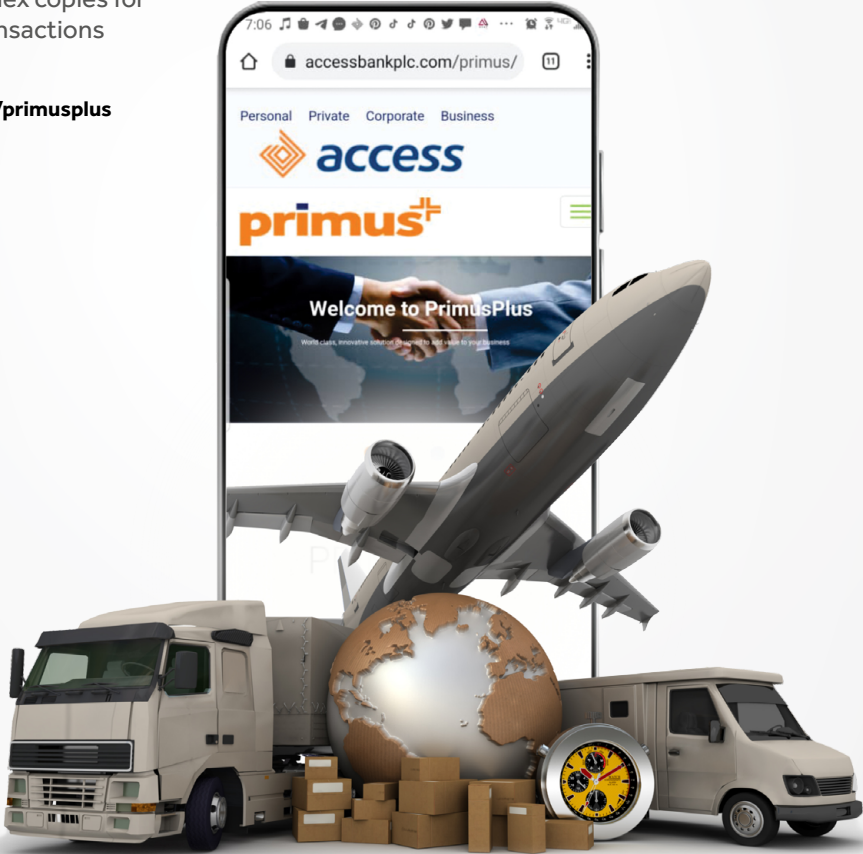
2.16. Credit Ratings

Moody's Investors Service (Moody's), an international credit rating agency, downgraded Nigeria's local currency and foreign currency long-term issuer ratings as well as its foreign currency senior unsecured debt ratings to Caa1 from B3 and changed the outlook to stable. The downgrade was prompted by the risk that the ongoing fiscal and external deterioration accelerates, weakening further the government's capacity to service debt and thereby increasing further its risk of default. Moody's assessment is that these developments are partly the result of long-standing institutional weaknesses and social challenges which, they claim, are likely to persist. The rating agency hinted that the immediate default risk is low, assuming no sudden, unexpected events such as another shock or shift in policy direction that would raise the default risk. S&P Global Rating, an international credit rating agency, revised its outlook for Nigeria from "Stable" to "Negative" while affirming the country's long and short-term foreign and local currency sovereign credit ratings at "B-/B". The downgrade in outlook rode on the increasing risks to the country's debt servicing capacity in coming years. According to S&P, Nigeria's debt servicing capacity has weakened due to high fiscal deficits and increased external pressures. This comes after Moody's, another international credit rating agency, downgraded Nigeria's sovereign rating to Caa1 from B3 while maintaining a stable outlook, driven by the expectation of further deterioration of the government's capacity to service debt.

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2.17. Socio-Economic Landscape

Awareness about voting specific continues as Nigerians prepare to choose their next presidents. According to the Independent National Electoral Commission (INEC), this election has a very high number of first voters reflecting increased participation by the citizen in fulfilling their civic duties. Presidential candidates continue to travel across the country to pitch their manifestos. However, the survey conducted by various civil societies revealed that there are 4 major contenders for the Presidential positions. In no particular order, they include Bola Ahmed Tinubu of the All Progressive Congress (APC), Atiku Abubakar of the People's Democratic Party (PDP), Peter Obi of the Labour Party (LP) and Rabiun Kwankwaso of the New Nigeria People's Party (NNPP). The mandate to choose the next president now lies in the hands of Nigerians.

2.18. Financial Sector Developments

The Monetary Policy Committee (MPC) of the CBN in its last meeting for 2022, held in November, maintained its hawkish stance. The Monetary Policy Rate (MPR) was raised by 100 to 17.5% - the 4th MPR increase in 2022 - as the fight to curb the mulish inflation remained the priority of the committee. The committee remains cautious of protecting fragile economic growth as there is the dilemma of what level of monetary tightening is sufficient to rein in soaring inflation without hurting recovering economic activities given that borrowing costs will rise. All other parameters were left unchanged.

Section 3

OUTLOOK FOR Q1 2023



GDP Growth

The Nigerian economy is expected to record a growth of around 3.5% in 2023 powered by improved brighter prospects for higher oil prices and economic activities



Foreign Exchange

The Naira is expected to hover between N460/\$ and N470/\$. The rising demand for the Dollar amidst alternative sources of strong inflow of the Dollar will negatively impact the value of the Naira



Crude Oil

Oil price is expected to trade above \$80/b as the Organization of the Petroleum Exporting Countries (OPEC) production cuts and demand recovery in China support the upward movement of prices.



Monetary Policy

The CBN is expected to track back, halting its hawkish stance in 2023. There are high expectations that previous rate hikes will feed through the economy, thus bringing down prices.



Foreign Reserves

Foreign reserve is expected to average between \$37 billion - \$39 billion as oil production improves. However, the intervention of the CBN in the forex market without corresponding inflow poses a downside risk to the projection.



Inflation

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