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# CORPORATE DIGEST

Macroeconomic  
Update

Nigeria's Q1 2021  
GDP Growth Report

The New  
Consumer

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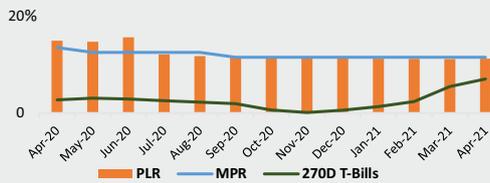


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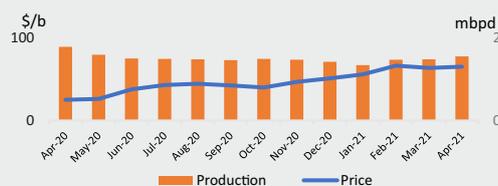
## Macroeconomic Update

### Lending & Investment Rates(%)



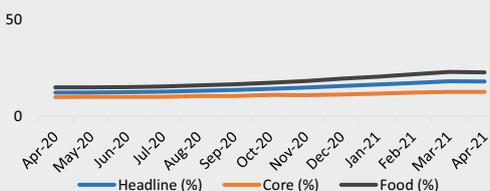
- The Monetary Policy Committee (MPC), after its third meeting for 2021, left the Monetary Policy Rate (MPR) and other rates unchanged.
- The MPR was retained at 11.5% in May 2021, to enable previous policy measures penetrate the economy.
- Prime Lending Rate (PLR) rose to 11.24% in April 2021 from 11.13% recorded in March 2021.
- The 270-Day Treasury Bills (T-Bills) rate progressed further closing at 7.98% in May 2021 from 7.05% in April 2021.

### Bonny Light Oil



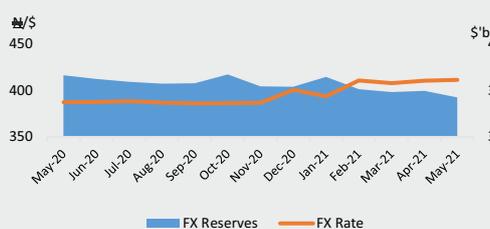
- Oil prices edged further in May 2021 to close at \$68.21 per barrel from \$65.12 per barrel posted in April 2021
- Nigeria pumped 1.55 million barrels per day (mbpd) in April 2021, higher than 1.48mbpd pumped in March 2021.
- With a global oil demand recovery in sight, the OPEC and its allies reconfirmed their existing commitment to gradually return 2 mbpd of the adjustments to the market, with the pace being determined according to market conditions.

### Inflation Rate (%)



- Headline inflation rate declined for the first time in 20 months, by 0.05% posting 18.12% in April 2021.
- Food inflation rate declined slightly to 22.72% in April 2021 from 22.95% in March 2021 while core inflation rate rose to 12.74% from 12.67% for the same reference period. Increased fuel prices, spare parts, pharmaceutical products amongst others, pushed core inflation higher
- Declining headline inflation rate will create some cushioning effect on consumers' real income, leaving room for more sales by businesses.

### FX Reserves, FX Rate



- External reserves dropped slightly in May 2021 to \$34.23 billion from \$34.94 billion posted in April 2021.
- The CBN has officially adopted the NAFEX rate for government transactions. The official exchange rate of ₦379/\$ was replaced with the NAFEX rate which hovers around ₦410/\$.
- NAFEX rate closed at ₦411.00/\$ in May 2021 reflecting a N0.76 depreciation relative to the figure recorded in April 2021

# Nigeria's Q1 2021 GDP Growth Report

## Slow but Steady

### The Nigerian Devaluation Story (Since COVID-19)

#### March 2020



Economic activities plunged in Nigeria due to the COVID-19 pandemic. Both public and some private revenue took a hit as economies worldwide went on lockdown

Oil earnings, which accounts for over 50% of Government revenue, plummeted. The CBN devalued the official exchange rate to ₦360/\$1 from ₦307/\$1 to soothe the fall in oil revenue. This was the first devaluation in 2020.

#### April 2020



The Federal Government borrowed from the International Monetary Fund (IMF) and World Bank to resuscitate the economy from the pangs of the pandemic. The lenders urged for the unification of the multiple exchange rates operated in Nigeria.

#### August 2020



Four months after the first devaluation of 2020, moving with the suggestions of its lenders, The CBN took a step closer to the Nigerian Autonomous Foreign Exchange (NAFEX) rate which was hovering around ₦380/\$1. The Naira was devalued for the second time in 2020, at ₦379/\$1.

#### February - May 2021



In February 2021, the CBN announced plans to replace the official exchange rate with the NAFEX rate. In May 2021, the CBN made it official by changing the official exchange rate to the NAFEX rate, which currently hovers around ₦410/\$1, on its website.

#### Key Takeaways

- Adopting the NAFEX rate for government transactions connotes more Naira in the pockets of the government.
- This will enable the government meet up its expenditures and potentially reduce borrowings
- This move will promote transparency in the Forex market and also attract Foreign Direct Investment (FDI) into the country.
- More money for government expenditure and increased inflow of FDI are beneficiary to businesses and the economy.

## A look at the Sectors :

### Recession, Resilience, Recovery & Volatility

|   |  |
|---|--|
| <p><b>Sectors In Recession:</b><br/><i>These are sectors with Two (2) Or More Consecutive Quarterly Negative Growth in Real GDP</i></p>             | <p><b>Resilient Sectors:</b><br/><i>These are sectors with Two (2) or More Consecutive Quarterly Positive Growth in Real GDP</i></p>                   |
| Oil Refining  | Water Supply, Sewage & Waste Management  |
| Air Transport   | Telecommunications & Information Services  |
| Water Transport   | Human, Health & Social Services  |
| Accommodation & Food Services   | Motor Vehicles & Assembly  |
| Textile, Apparel & Footwear   | Post & Courier Services  |
| Professional, Scientific & Technical Service  | Crop Production  |
| Trade   | Real Estate  |
| Crude Petroleum & Natural Gas   | Livestock  |
| Publishing  | Forestry   |
| Administrative & Support Services   | Cement   |
| Pulp, Paper & Paper Products  | Food, Beverage & Tobacco   |
| Road Transport  | Non-Metallic Products  |
| Rail Transport & Pipelines  | Broadcasting   |
| Education   | Motion Pictures, Sound Recording & Music   |
| Insurance   | Plastic & Rubber Products  |
| Electrical & Electronics  | Construction   |
| Other Services  | <p><b>Sectors in Recovery:</b><br/><i>These are sectors whose Real GDP Growth Rate Moved Into The Positive Space between Q4 2020 &amp; Q1 2021</i></p> |
| Wood & Wood Products  | Metal Ores   |
| Basic Metal, Iron & Steel   | Electricity, Gas, Steam & Air Conditioner  |
| Arts, Entertainment & Recreation  | Chemical & Pharmaceutical Products   |
| Transport Services  | Other Manufacturing  |
| <p><b>Volatile Sectors:</b><br/><i>These are sectors whose Real GDP Growth Rate Moved Into The Negative Space between Q4 2020 &amp; Q1 2021</i></p> | Fishing  |
| Quarrying & Other Minerals  | Coal Mining  |
| Public Administration   | Financial Institutions   |



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# The New Consumer

## The State of Consumerism

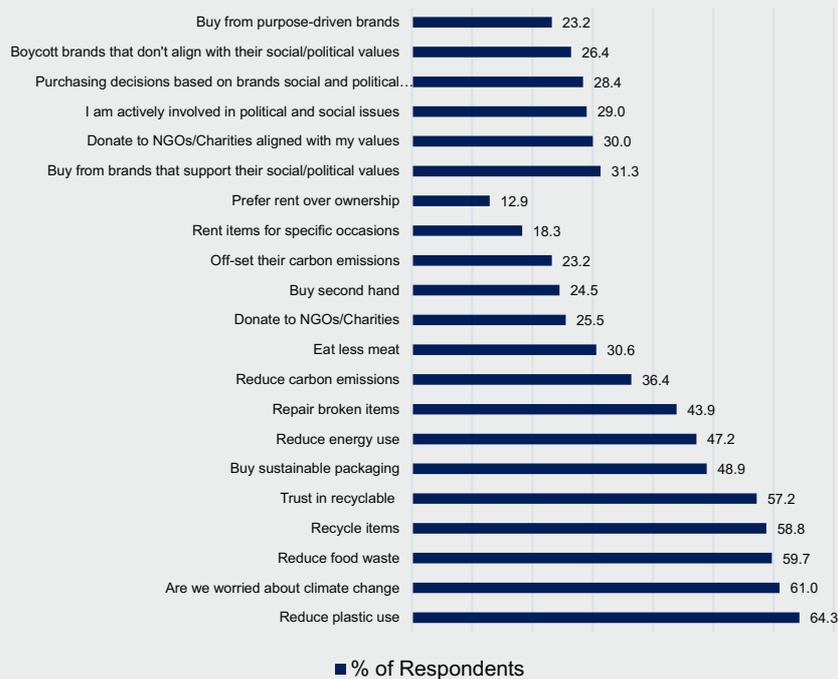
- Global systems were redefined in 2020 following the COVID-19 effect. Emerging habits were accelerated, behavioral, consumption and expenditure patterns have been altered forever.
- The health-induced disruption has increased the tempo for an accelerated attention for better environmental management as the new consumer seeks ways to make life both convenient and safe, inside and outside.
- Resilience and adaptability are the driving forces behind the top global consumer trends in 2021 as the world adjusts to meet new realities, translating into differentiated and conflicting consumer preferences.
- The pandemic presented, influenced each of these nine (9) trends, forever changing consumer behavior.



### 1: Build Back Better: A Second Chance to Create a Sustainable Future

- Social capitalism is becoming a key determinant of consumer patronage and affiliation to companies product.
- Society, health and environment considerations are leading the charge for a value-driven economy turning the tide on social inequity and environmental damage.
- Consumers increasingly expect brands to protect the health and wellbeing of their workforce while helping local communities.
- There is an increased request for brands with a strong sense of social responsibility.
- Consumers are now more focused on making the world better, cleaner, and safer when seeking brands to patronize. Concerns around plastic usage is a top priority
- In a 2020 survey carried out by Euromonitor, 69% of Professionals expect consumers to be more concerned about sustainability than they were before the onset of COVID-19.

## Social Activism

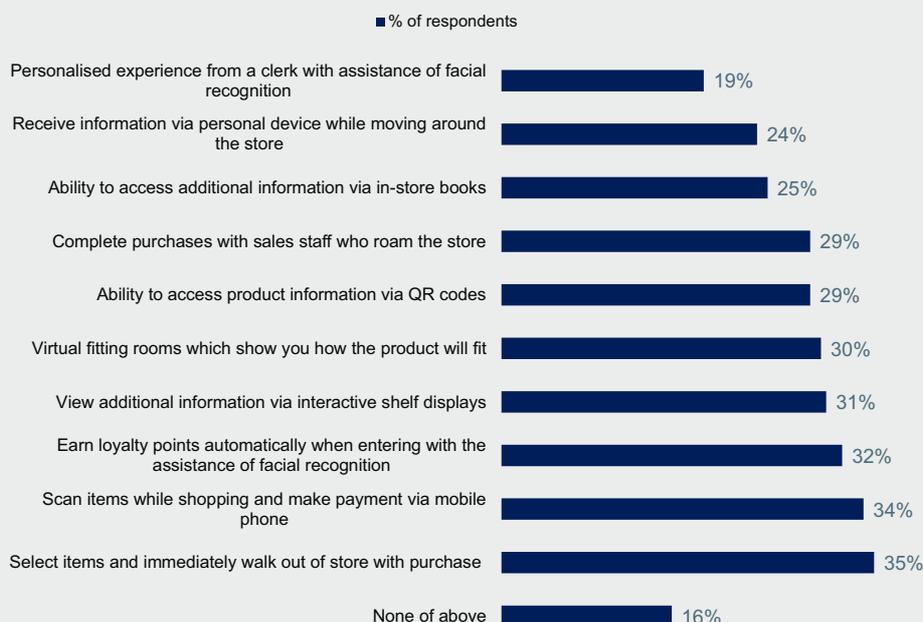


Source: Euromonitor, Fitch

## 2: Craving Convenience: Experience Over Everything

- According to the 2020 survey carried out by Euromonitor, Consumers expect convenience to become a key part of their experience for brand affiliation.
- The pandemic accelerated digital adoption. Digital commerce provides a seamless experience without the in-person component that consumers are familiar with
- Whilst younger consumers prefer digital interactions, older consumers show preference for more human interaction - talking to human customer service representatives
- COVID-19 disrupted supply chains, overwhelmed customer service and caused delivery delays. "Out-of-stock products, limited store hours and long queues were the leading barriers to click-and-collect service usage."
- Consumer expenditure is expected to shrink alongside an economic downturn, so convenience will play a pivotal role in purchasing decisions.
- COVID-19 served as a trial period. High-touch and relationship-driven businesses had an opportunity to test self-service, touchless or unattended operations. Solution-based products and services will thus drive Craving Convenience forward.

## Preferred In-Store Shopping Features



Source: Euromonitor, Fitch

## 3: Outdoor Oasis: Restrictions elevated the value of Freedom

- Health threats, mobility restrictions and the rise of remote working results in consumers turning to an Outdoor Oasis for leisure and recreation, to support their mental and physical wellbeing
- Consumers still desire socializing and human connections, despite health hazards associated with large gatherings.
- As remote work becomes the new normal, exchanging time in the city for rural life is appealing.
- Rural communities are less polluted, offering a healthier environment, and moving out of costly cities helps ease the financial burden endured during an economic slowdown.
- 64% of professionals think work from home will become a long-term change.
- Open-air activities remain beneficial, especially the therapeutic effects of the outdoors on mental wellbeing.
- Adopting business models to suit adverse weather conditions and addressing health concerns will be major business tactics to cater to Outdoor Oasis consumers.
- Creating both indoor and outdoor offerings will ensure business continuity.

## 4: Phygital Reality: Blended Realities Drive Sales and Data Collection

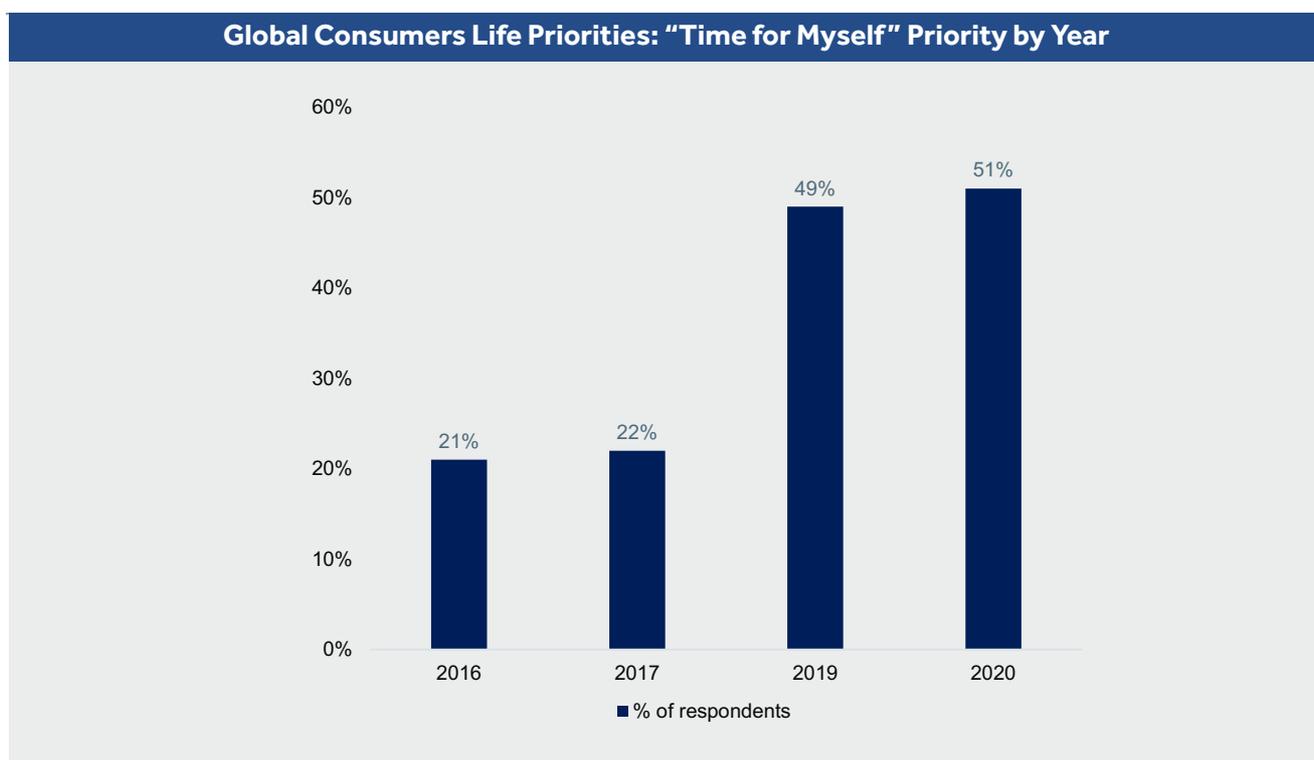
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- Phygital Reality is a hybrid of physical and virtual worlds where consumers can seamlessly live, work, shop and play both in person and online.
- Consumers embraced internet-connected devices to maintain their daily routines amidst COVID-19 lockdowns. Video conferencing, smart appliances and technologies.
- Brick-and-mortar businesses are using technologies to achieve Phygital Reality, implementing processes that encourage customers to safely visit onsite with the help of smart devices.
- Businesses that were forced to close temporarily, found it imperative to integrate the virtual world into their physical spaces to bring customers back. Delivering virtually enabled, at-home experiences remains imperative to drive e-commerce sales and gather data.
- Brands can deliver new and existing solutions, both in person and virtually, in order to reach a wide audience, offering services like personal shopping appointments through video conferencing, VR travel experiences and crafting cosmetics, beverages and other personal goods through Artificial Intelligence (AI).
- Newly developed habits will keep consumers engaged in virtual events and interactions for both convenience and entertainment.

## 5: Playing With Time: Newfound Flexibility Switches Up Schedules

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- Consumers are now both able and forced to be more creative with their time in order to get everything done.
- Businesses should provide solutions that address the consumer's desire to maximize time, offering increased flexibility, especially with products and services that can be accessed from or near the home.
- Managing work, family, social and personal lives is both a challenge and an opportunity.
- In a 2020 survey conducted by Euromonitor, 51% of consumers chose "Time for myself" amongst their top three life priorities.
- At the same time, consumers have the capability to multitask more throughout the day, from attending an appointment to dropping children off at school to running errands, at a time that suits their schedule.
- Consumers are reprioritizing home life to have greater flexibility.



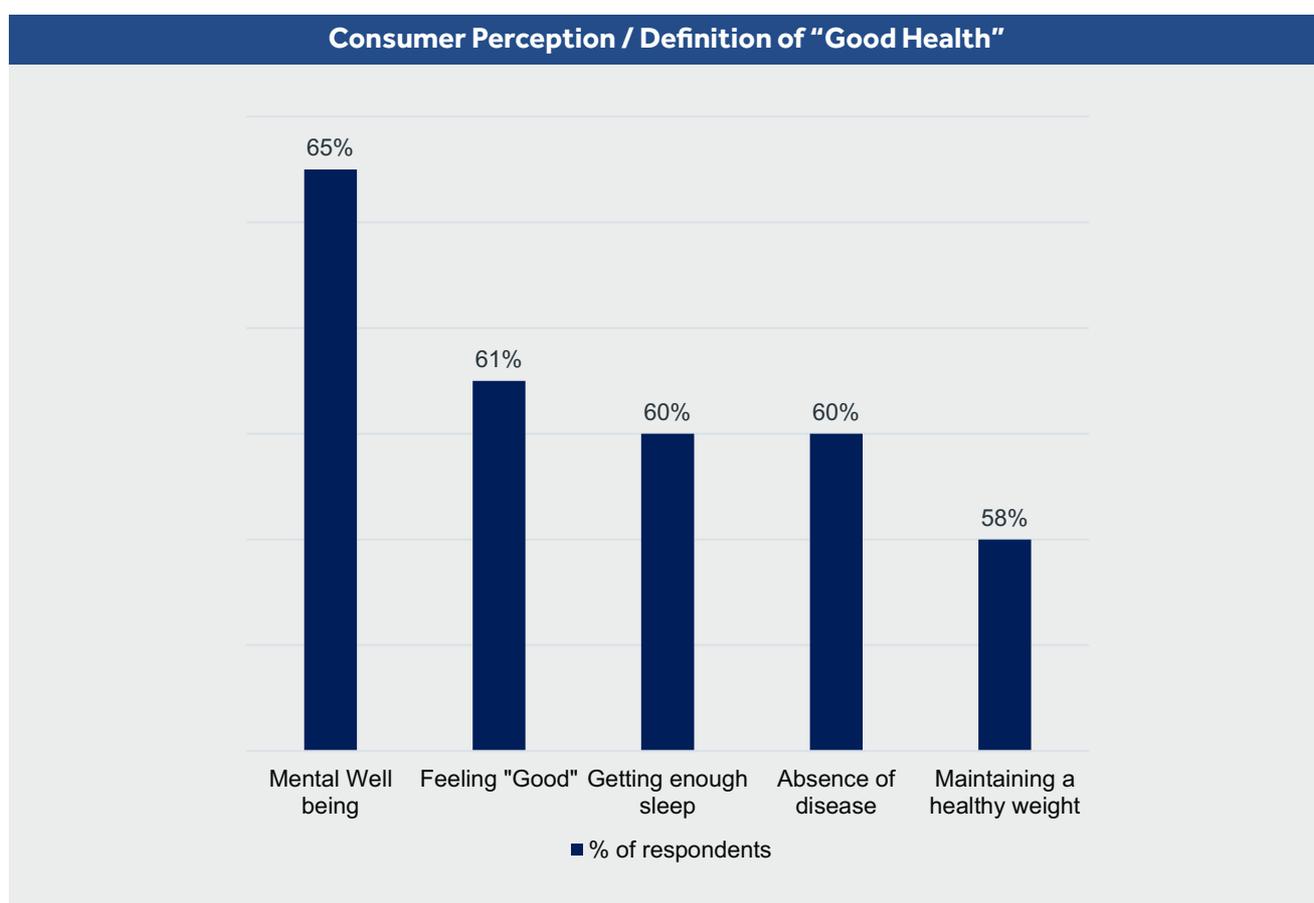
Source: Euromonitor, Fitch

## 6: Safety Obsessed: Less Contact, More Hygiene

- With the advent of COVID, any touchpoint in public can become a source of infection, putting safety and health at the forefront, all around the world. COVID-19 heightened consumers awareness, since the virus can spread through indirect contact.
- Efficiency and cleanliness are no longer trade-offs but expectations amongst Safety Obsessed consumers.
- Contactless payments are growing in prominence, stemming from the fear of handling unclean cash. In a survey conducted by Euromonitor in 2020, 20% of consumers use in-person mobile payments daily and 44% of consumers would be comfortable receiving a delivery via drone or robot.
- Sectors involved in Hygiene products are the main beneficiaries of the Safety Obsessed. Manufacturers are launching value-added products in line with growing health consciousness to meet new hygiene standards.
- Safety and Health will continue to be at the forefront of consumer behaviour for the foreseeable future. Companies across industries should develop robust hygiene initiatives in response to heightened concerns.

## 7: Shaken and Stirred: Rising above Diversity

- The global pandemic reconfigured daily lives, testing mental resilience, restricting experiences and provoking economic shocks. Consumers have a new understanding of themselves and their place in the world in pursuit of a more fulfilled, balanced and self-improved life.
- According to the 2020 survey conducted by Euromonitor, Mental wellbeing has been top of mind for consumers and is the primary indicator of good health.
- The pandemic brought new stress factors, including health risks, unemployment or economic hardships, isolation, upended routines and demands for new roles and skills.
- Consumers are "Shaken and Stirred", reassessing their priorities and identities, reconfiguring work-life balance and exploring new hobbies in a socially distant world.
- Also, according to the survey conducted by Euromonitor, 73% of consumers rate "depression and mental health" as currently having a moderate or severe impact on their everyday life.
- Businesses must provide products and services that support resilience for mental wellbeing and help Shaken and Stirred consumers weather adverse circumstances to gain trust.



Source: Euromonitor, Fitch

## 8: Thoughtful Thrifters: Thinking with a Recessionary Mindset

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- Consumers are now cautious and frugal with discretionary spending declining due to the uncertain economic environment.
- Thoughtful Thrifters are prioritizing value-added and health-conscious products and services.
- A dampened macroeconomic environment, job insecurity and reduced household incomes will cause consumers to reassess their values and priorities as well as embrace new consumption habits.
- Decreased consumer confidence coupled with inadequate fiscal and monetary stimulus will lead Thoughtful Thrifters to carefully budget spend, as well as increase savings as insurance for the unforeseen.
- Premium players are launching products at more accessible price points, to appeal to price-conscious consumers and improve market competitiveness. Buy now, pay later, is a beneficial option for financially cautious Thoughtful Thrifters to allow these consumers to shop full price and increase their basket size.
- Companies should pivot towards value-for-money propositions, offering affordable options without sacrificing quality.

## 9: Workplaces In New Spaces: Office Environment Recreated Remotely

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- Out of office took a new meaning in 2020. Workplaces in New Spaces had a rippling effect on consumer life, from clothing choices to technology spend to eating habits and beyond.
  - Working from home is not a new concept and has been emerging in developed countries. Understanding the benefits and challenges of working remotely allows companies to bring the best of the office into the home.
  - Businesses must support work-life balance, productivity and communication needs. Focus should be placed on products and services that improve efficiency and productivity without losing the human element. Tools leveraging AI can enhance group work, social interactions and individual time management.
  - Consumers are searching for new ways to define the beginning and end of their workdays, as they struggle to manage their time.
  - On one hand, certain consumers appreciate the additional time gained without having to commute. On the other hand, consumers miss in-person interactions with colleagues.
  - Simplified grooming, dressing and beauty routines are forcing businesses to rethink their product positioning as consumers resort to smart casualwear and natural makeup looks. Purchase decisions will shift towards casualisation in terms of workwear and beauty routines, but affordable premiums will drive food and beverage choices to create restaurant-quality meals at home.
  - Finding the right balance between professional and personal priorities will be critical as business efficiencies and mental wellbeing rely on these Workplaces in New Spaces.
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## In a Nutshell, the New Consumer will cause many businesses to re-adjust their operating models.

- Businesses should offer value-added products and services to accommodate consumers, providing multifunctional and affordable solutions. Innovation has become a way of life. Businesses must continue to evolve, compete and diversify, to avoid becoming a "gone" concern.
- Technologies and virtual experiences are driving customer interactions and facilitating human connections online and in person. Cashless payments and click-and-collect services allow businesses to generate revenue while providing the safety and convenience consumers desire.
- Purpose-driven initiatives will resonate with consumers in 2021. Amidst social unrest, consumers want the facts and expect brands to act. Companies should have a feasible Business Continuity Plan (BCP) in place, to be activated in times of emergencies. Engage Financial and Economic experts for advisory services. Access Bank, through its Account Officers, remains committed to providing its customers with tools necessary in propelling their businesses amidst a volatile macro economic environment.
- Communicating with compassion and supporting mental wellbeing are critical attributes to drive brand loyalty.
- Flexibility, agility, transparency and technology will pave the way forward

### Just for Laughs

A young businessman had just started his own firm. He rented a beautiful office and had it furnished with antiques. Sitting there, he saw a man come into the outer office.

Wishing to appear the hot shot, the businessman picked up the phone and started to pretend he had a big deal working. He threw huge figures around and made giant commitments.

Finally, he hung up and asked the visitor, "Can I help you?". The man said, "Yeah, I've come to activate your phone lines."

*Culled from: jokes4all.net*

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