

Summary

2021 Quarter Three (Q3) GDP Growth Rate 4.03%

Inflation Rate (As at December, 2021) 15.63%

Exch. Rate (USD) (NAFEX as at Wednesday, February 09, 2022) ₦415.15

Exch. Rate (USD) (Black market as at Wednesday, February 09, 2022) ₦573

Monetary Policy Rate, MPR (As at Thursday, February 10, 2022) 11.5%

Crude Oil Price in USD (As at Thursday, February 10, 2022) \$92.01

Nigeria's Investment Value Tracked for 2021 Rose to \$23.3bn

The total value of investment announcements tracked in Nigeria for the year 2021 was 23.30bn, representing about 39% more than that of 2020, which was \$16.74bn. Mr. Emeka Ofor, Acting Executive Secretary/CEO of the Nigerian Investment Promotion Commission, NIPC, disclosed this at the Q1, 2022 media parley on investment promotion activities in the country. According to him, the increase in value indicated the growing adaptation to the global 'new normal' after the economic disruption, occasioned by the restriction imposed to check the spread of the COVID 19 pandemic. Available data showed that Lagos, Bayelsa, and Delta emerged as the top 3 states by the value of investment announcements for 2021 with \$8.7bn, \$3.6bn and \$2.9bn respectively. In terms of sectoral distribution, manufacturing had the highest number of projects(20) as well as the highest value \$10.5bn (45%), construction (16%), electricity, gas steam, and air conditioning supply (13%), information and communication (12%), and mining & quarrying (9%).

Cash Reserve Ratio (CRR): What is it?

One of the core functions of a Central Bank, Central Bank of Nigeria (CBN) inclusive is to ensure stability of the financial market through the regulation of the activities financial institutions. For this purpose, Central Banks employ monetary policy instruments ranging from Liquidity ratio, interest rates, open market operations to cash reserve ratio (CRR) and so on. Now, what is CRR and how does it work? CRR is the percentage of cash as against total deposits mandatory for commercial banks to keep in their vaults or deposit with the Central Bank failure for which the bank will be penalized. Though not often CBN has on notable occasions penalized commercial banks for non-compliance with the CRR the most recent being on February 4th 2022 where the apex bank debited Zenith Bank Plc, Providus Bank, First City Monument Bank (FCMB) Limited and 11 other banks N356.1billion for failing to meet the

27.5 per cent Cash Reserve Requirement (CRR) obligation. The CRR is used therefore to provide security against emergencies and coordinate the flow of money in the economy and/or inflation.

Commodity Market

Ginger maintained a 3-week decline on the AFEX Exchange last week, the price of maize and cocoa plummeted marginally, while sorghum and cashew outperformed other commodities, increasing by 7.25% and 6.49% w-o-w (Week-On-Week) respectively. The open market demonstrated same price movement for maize, however, cocoa increased by 1.62%. In the same vein, international price of cocoa increased w-o-w due to the concerns around dry weather in top producing country like Ivory Coast. Ginger dipped for the third consecutive week because of low demand.

Treasury Bills

Last week, the Nigerian Treasury Bills ("NT-Bills") secondary market took a marginal bearish turn. The week started on a quiet note and maintained minimal trading activities despite buoyant system liquidity (N512.3bn long as at Thursday). Consequently, average yield advanced 1bp W-o-W to close 4.15% from 4.14% the previous week. In more details, average yields on the short- and medium-term instruments traded flat throughout the week, while the long-term instruments expanded 2bps W-o-W, with the 25-Aug-2022 (26bps) witnessing the most activity.

FGN BONDS

The bond secondary market traded on a quiet note as investors continued to trade cautiously last week while awaiting clarity on the direction of yields. As a result, average yield remained unchanged at 13.04%. Particularly, average yields on short-, medium-, and long-term maturities closed at 13.87%, 12.68% and 12.53% respectively.

FX

The exchange rate between the naira and the US dollar closed at N416/\$1 at the Investors and Exporters (I&E) window, where forex is traded officially. Naira appreciated against the US dollar on Wednesday with a 0.16% gain to close at N416/\$1 compared to N416.67/\$1 recorded as of the close of trading activities on Tuesday, 8th February 2022. Also, forex turnover at the official market surged by 129.27% to \$170.94 million. On the other hand, Naira fell by 0.7% at the parallel market on Wednesday 9th February 2022, to close at N573/\$1 compared to

N569/\$1 recorded in the previous trading session. This is according to information obtained from BDC operators interviewed by Nairametrics.