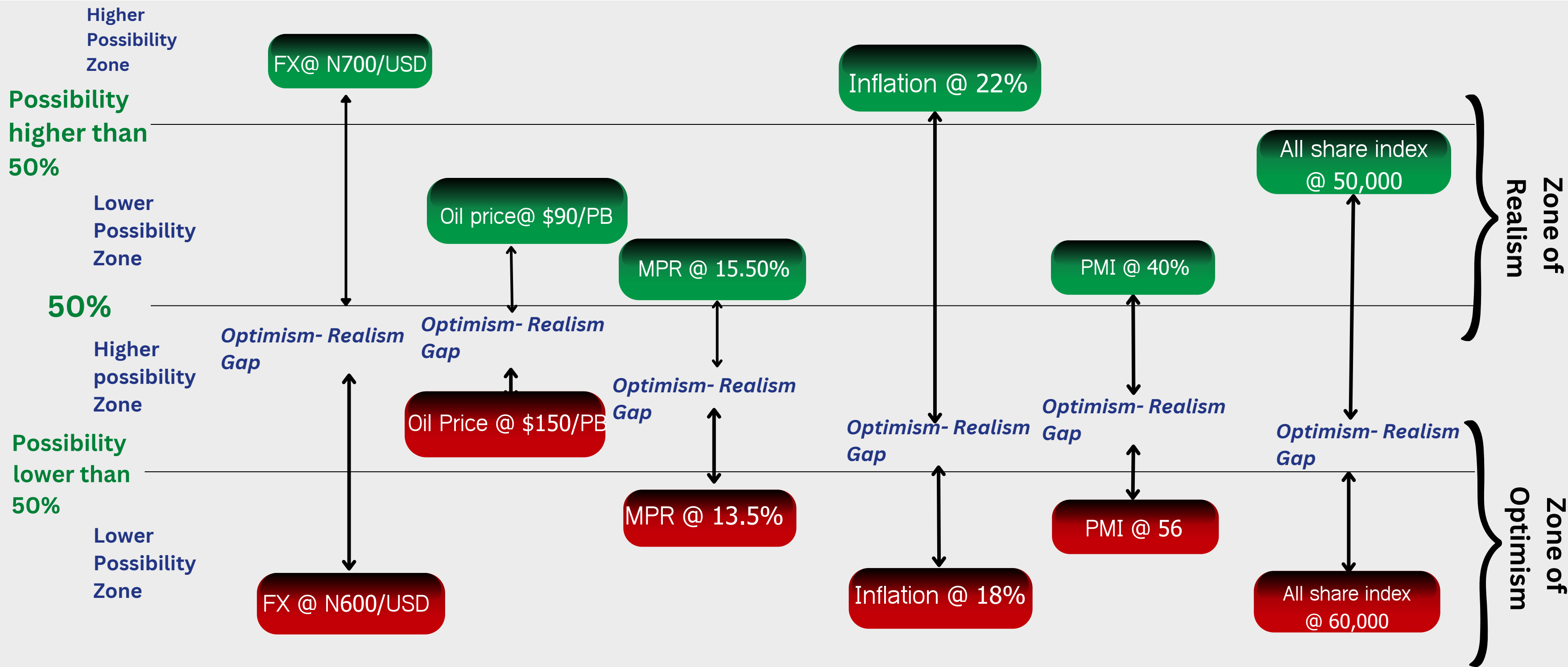




H1 2023 Projections (Average)



FX Rate - Parallel Market
 Oil Price - Brent Crude
 MPR - CBN's Monetary Policy Rate

Inflation Rate - National Bureau of Statistics
 PMI - CBN's Purchasing Manager's Index
 ASI - Nigerian Stock Exchange's All Share Index



FX @ N700/USD (Bases for Projections)

- CBN's contractionary policy stance likely to yield results in reducing money supply to ease demand pressure on the dollar.
- The measure above is likely to be complemented by the effect of the naira redesign policy which should bring some cash into the formal financial system.
- Continuing war in Ukraine will retain pressure on energy prices as the supply side challenge in oil trades persists.
- Emergence of new government will likely inject some new blood into central bank management, directly or otherwise.

Oil Price @ \$90/PB (Bases for Projections)

- Though the war in Ukraine will persist to keep oil price high, political diplomacy with alternative energy sources like Saudi Arabia and other oil producing countries will result into moderating effects on supply challenges.

Monetary Policy Rate @15.50% (Bases for Projections)

- CBN likely to implement a slight downward review of MPR once its contractionary policy stance shows some results.
- Though rates have been rising in many developed markets, likely conclusion of the Nigerian election will force a drop in policy rate to ease credit access and engender economic growth, a populist stance which a new administration will be strongly disposed to.

Inflation @ 22% (Bases for Projections)

- Liquidity contraction will moderate price increases as the naira redesign policy works its way through the monetary system.
- Though likelihood of imported inflation remains high as a result of rate high in many developed markets, policy measures aimed at lowering FX and interest rates will tame price increases.

All Share Index @ 50,000 (Bases for Projections)

- Lower rates in the short end of the market will attract investors to equities ultimately in the near to medium term.
- The conclusion of the General Elections should also improve the horizon for long term investment as uncertainties around the outcome are finally cleared.

Purchasing Manager's Index @ 40% (Bases for Projections)

- Challenge in obtaining raw materials from local sources due to flooding, insecurity and infrastructure will hinder production.
- Weak aggregate demand which would lead to a recession which will lead to reduction in production level to catch up with poor demand.
- FX challenge will also remain an impediment from sourcing raw materials from abroad.

