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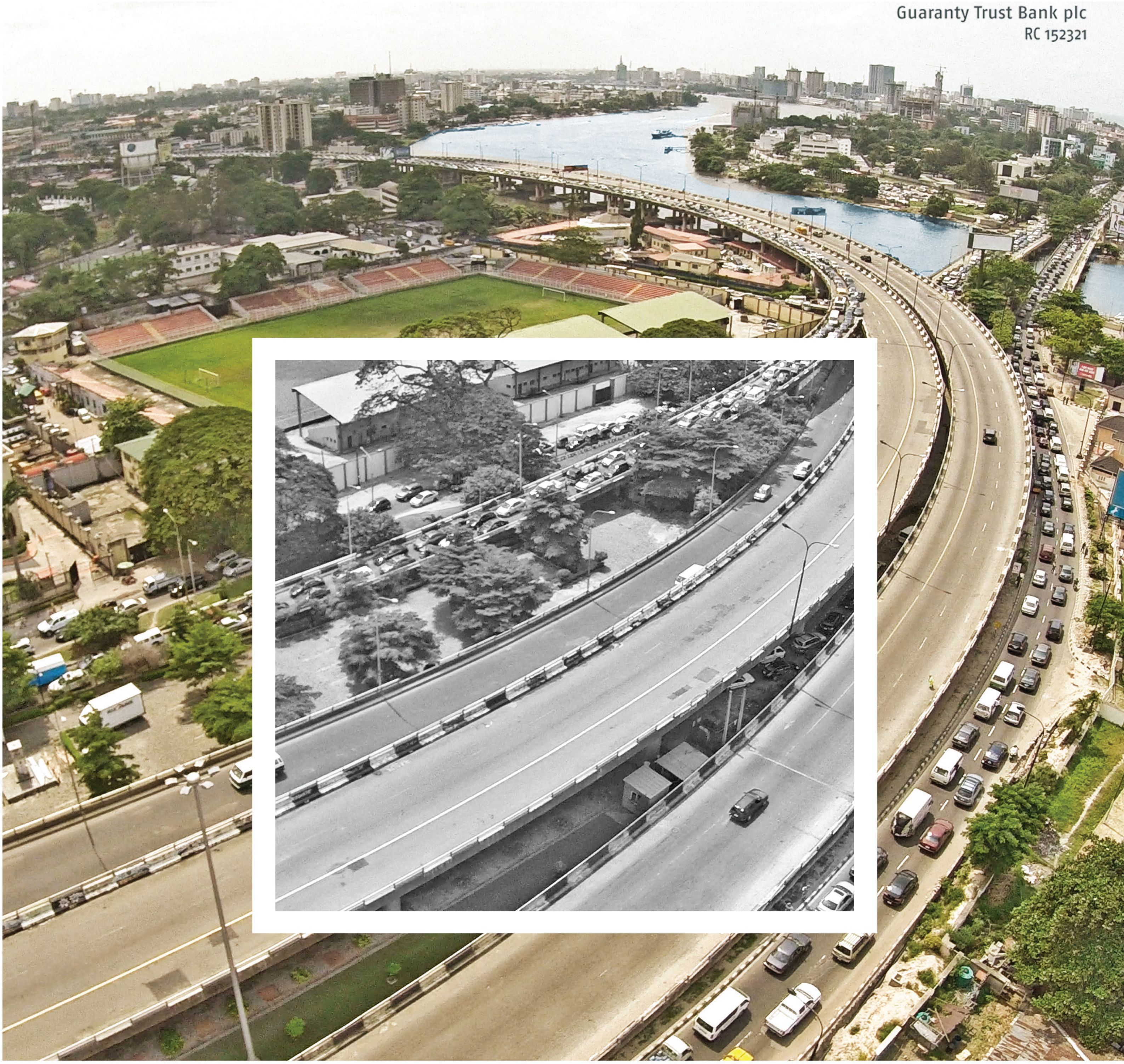

NIGERIA

MACROECONOMIC AND BANKING SECTOR THEMES FOR 2016

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This article presents our forecasts and opinions of the broad Nigerian macroeconomic and banking sector trends that we expect would shape the economic landscape in 2016.

KEY THEMES / TRENDS FOR 2016 INCLUDE:

- Economic growth
- Social welfare scheme
- Economic diversification and reforms
- 2016 FG Budget
- Exchange rate policy and market liquidity

This report merely represents our views of the banking and macroeconomic landscape for 2016 and should not be relied upon for making investment decisions. Please consult qualified professionals for such investment decisions.

2015 Overview

According to the Chinese astrological tradition, 2016 is the year of the Monkey. Monkeys are seen to be intelligent, ambitious, witty, brave and possess a great sense of competition. There would be high demand for these attributes as thoughts turn to 2016. With the inability of OPEC to reach an agreement amongst member countries on oil output level and Non-OPEC producers (such as the US) showing no signs of cutting back on oil supply, it is difficult to rule out the possibility of a challenging outlook for oil exporting countries and the world economy in general. Secondly, Iran's nuclear deal which will re-introduce oil supply of approximately 1million bpd into an already over-supplied market suggests that the downward pressure on crude oil prices would continue in the first half of 2016. Like Saudi Arabia, Iran revealed that it would not cut its oil production levels but instead intends to intensify production until it reaches its pre-sanctions level of 4 million bpd.

The interest rate hike by the US Federal Reserve by 25 bps and concerns about the Chinese economic slowdown have the potential to cause periodic panic on a global scale in 2016. Some political commentators have cited the lack of will of the West to tackle the over 4-year Syrian civil war, as the cause of the double impact of increased migrants into Europe and the rise of redefined terrorist attacks by the Islamic State (ISIS) which undoubtedly would modify the economy of Europe and trading relationships between emerging economies and Europe, and the world in general.

On a brighter note, the UN Climate change agreement which will see developed and developing countries limit their emission to relatively safe levels was signed in Paris in December 2015. In a deal that was referred to as 'The World's Greatest Diplomatic Success', the Paris Climate Change agreement, as it is often called, will provide finance for poor countries to help them cut emissions and cope with extreme weather conditions. The agreement will also undergo regular reviews to ensure compliance by over 190 countries.

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Of the predictions that were made about 2015, none seems more appropriate than referring to the year as one with four distinct quarters, with each quarter posing its own hurdle for the economy. The 2015 Nigeria Economic Report (NER) of the World Bank described 2015 as a momentous year for Nigeria. The myriad of monetary policies, the reeling out of circulars by the Central Bank of Nigeria (CBN) as well as the unprecedented highly charged atmosphere that preceded the 2015 General election, ensured that 2015 was indeed an interesting year in the economic history of Nigeria. The economy posted an average GDP growth of 3.05% for the first three quarters of 2015 (6.33% for the comparative period in 2014). The weak performance has been attributed to steeply declining international oil prices, falling investor confidence owing to the delay in appointing a cabinet by the Buhari-led federal government and the refusal to devalue the naira. Following the country-specific challenges faced by the Oil sector even before the fall in oil prices began in June 2014, the non-oil sector became the main growth driver of the economy. The progressive quarter-on-quarter decline in the non-oil sector that started in the third quarter of 2014, has raised some concerns about the new administration's reform agenda for jobs creation and revenue generation away from oil, as it witnessed a growth of 3.05% in Q3 2015 (against 7.51% growth in the 2014 comparative year).

With the exception of oil, politics dominated the first half of the year. The presidential elections which was the most keenly contested election in the country's history, created uncertainties that spawned volatility in the financial market which resulted in an all-time increase in yields across all tenors of Fixed Income securities. The continuous decline in fiscal revenue and shortage of FX in the economy has witnessed a major fiscal contraction and resulted in significant slowdown in economic growth. In response, the CBN deployed a vast range of policy interventions with a view to reducing FX demand and avoiding naira devaluation. Some of these policies include the harmonization of CRR on public and private deposits to 31%, ban on banks from accepting FX cash deposits from customers and restriction on accessing FX from the official market for 41 items. Inspite of the measures put in place by the CBN, the external reserve of the country dipped to US$ 29.04 billion in December 2015 which further lends credence to the argument against the CBN's continuous defence of the naira. Another factor in favour of naira devaluation, is the fall of naira to its weakest value, since it was first introduced 42 years ago, as the greenback was exchanged for as high as $1/ N282 in the parallel market in December 2015. While it is generally believed that a free trading naira might be the panacea for the shortage of FX in the economy, the CBN has insisted on holding the official exchange rate at $1/ N197 since the naira was devauled from $1/ N168 in February 2015.

2015 at a glance

JAN

- Global Oil prices declined to $46.59 per barrel, a YoY decrease of 55.5%.
- Inflation increased y-o-y to 8.23% at the end of January 2015.
- FX trading position limit for banks reviewed to 0.1% and back to 0.5%.

FEB

- CBN introduced Incremental Averaging for the computation of CRR on a fortnightly basis
- CBN closed RDAS window, conducts a special auction at the interbank market (at ₦197/$1) resulting in a tacit devaluation of the Naira.
- CBN introduced trading curbs around the naira

MAR

The implementation of the Treasury Single Account (TSA) commenced. It automated funds from Ministries, Departments and Agencies (MDAs) into a Consolidated Revenue Fund (CRF)

The 2015 General Elections adjudged fairly credible saw Muhammedu Buhari returning to power after three decades.

APR

- The CBN released a circular to address the rising trend of currency substitution and reiterated that the Naira currency remains the only legal tender in Nigeria.
- CBN reviewed the limit on the usage of the naira denominated cards for international transactions downwards from $150,000 to $50,000 per person per annum.

MAY

- The MPC harmonised CRR to 31% for both Private and Public funds.
- There was a smooth handover from the Goodluck Jonathan led PDP to the newly elected APC led government of Muhammadu Buhari.

JUN

The CBN revalued the naira by 5 kobo each on the Ist and 8th of June (from N197/$1 to N196.90/$1 and then, N196.95/$1).

The CBN banned 41 items from all Nigerian FX markets.

CBN extended the deadline for BVN registration from June 30th to October 31st, 2015.

President Buhari dissolved the Board of the Nigerian National Petroleum Corporation (NNPC).

JUL

- The CBN instituted a limit of $300 international daily ATM withdrawals.
- Cash-less policy was rolled out in the remaining 30 states of the federation.

AUG

- CBN suspended acceptance of FX cash deposit by Deposit Money Banks (DMB)
- CBN prohibited Foreign Currency lending to customers without foreign currency receivables.

SEP

The MPC reduced CRR from 31% to 25%.

The deadline of the Treasury Single Account (TSA) remittance witnessed partial compliance by banks.

OCT

- The CBN permitted sale of FX for LCs approved before exclusion circular of 41 items
- The CBN released a circular making BVN mandatory for all FX transactions.
- Inclusion of more items to the exclusion items labelled not valid for FX.

NOV

- The MPC reduced MPR from 13% to 11% as well as a conditional decrease of CRR from 25% to 20%.
- President Buhari inaugurated his Executive Cabinet after successful senate screening.
- Inflation increased to 9.4% from 9.3% in Oct. 2015.
- The CBN increased General Loan Loss Provisions (GLLP) from 1% to 2%.

DEC

US Federal Reserves hiked interest rates by 25 bps.

The federal government revealed the 2016-2017 Medium Term Expenditure Framework (MTEF) and Fiscal Policy Strategy (FPS).

Naira exchanged for N282 to the US dollar in the parallel market.

Outlook for 2016: The year of change

Given expectations for depressed crude oil prices in 2016, Nigeria will need to undergo a rapid fiscal adjustment that reduces the dependence of government on oil revenue to finance the proposed N6 trillion budget for 2016. With Brent oil price averaging $46.1 per barrel in the fourth quarter of 2015, then crashing to a seven-year low of $27.7 per barrel in January 2016 and the Iranian crude on the horizon this year, we expect that oil prices will remain depressed at below $40 per barrel, for the first half of 2016.

Other prospects of macroeconomic importance for 2016 include:

Economic Growth

Despite the decline in oil revenue, the economy accelerated in Q3 driven by stronger oil output and increased domestic demand. Q3 2015 GDP growth stood at 2.8%, up from 2.4% growth recorded in Q2 2015. The overall economy was negatively affected by an "artificially" strong naira and lingering FX scarcity. The shortage of FX has fuelled a slowdown of commerce and general trading activities in the economy. A softer year-on-year contraction in the industrial sector was the main reason for Q3's acceleration as the agricultural sector was stable at Q2's 3.5% increase. Although the woes from declining oil prices, FX scarcity and security threats continues to affect the Nigerian economy, it is our belief that a more stable political environment and increase in government infrastructural spending are expected to aid significant growth in 2016. The ambitious reform agenda and policy direction of the new administration will play a huge role in restoring confidence to the economy. The government will have to implement import substitution programmes in view of expectation of lower average oil prices in the near future. Overall, we expect the economic growth to remain relatively low in the first half and gradually pick up in the second half of the year.

Business and Regulatory Environment

Following the unending debate of whether or not the pegged exchange rate policy of the CBN should continue, forecasted decline of oil revenue, retention (or gradual withdrawal) of fuel subsidy with its attendant fuel scarcity, unreliable power supply and proposed hike in electricity tariff, the business environment promises to be tougher for all sectors of the economy, individuals and government at all levels. We expect that businesses will re-strategize their goals and objectives to align with the present economic realities, if they want to keep their heads above water.

In view of the N1billion fine slammed on Stanbic IBTC by the Financial Reporting Council (FRC) for alleged misrepresentation of its financial statements, the CBN's fine on Skye Bank (N4 billion), UBA (N2.94 billion) and First Bank (N1.87 billion) for alleged concealment of government funds, the $5.2 billion (later revised to $3.4 bn and then $3.9 billion) fine on MTN Nigeria by Nigeria Communication Commission (NCC) for alleged breach of SIM deactivation directive for over 5.2 million customers, Guinness Nigeria's N1 billion fine by NAFDAC for alleged revalidation of expired products without requisite approval and unhygienic storage condition of raw materials and the N18 million fine imposed on Abuja Electricity Distribution Company (AEDC) by the Nigerian Electricity Regulatory Commission (NERC) over the electrocution of an eight-year old girl in the FCT, the regulatory environment is changing and the will to sanction defaulting corporates

is apparently loud enough for even a deaf man to hear. We expect that all corporates will endeavour to maintain sound corporate governance doctrines and conduct their businesses according to the dictates of the laws with the highest level of integrity while ensuring full compliance with all regulatory pronouncements.

Exchange Rate

In recent times, the CBN has introduced some policies in a bid to address the issues of speculative FX demand and round tripping. Following the revelation of Sen. Udoma Udo Udoma, Minister for Budget and Planning, regarding the 2016 budget that exchange rate will be held at $1/N198, the CBN remains poised in its decision to defend the naira at present levels. In a contrary view, World Bank's Lead economist, Mr. John Litwack, argued that trying to hold on to the exchange rate when the economic fundamentals have moved can be counterproductive as the country may end up losing a lot of reserves.

Given the forecast that oil prices are set to fall below present levels, which would result in a further decline of external reserves, we believe that the CBN's stance might not hold on for the entire year. If oil price declines further and stays below $40 per barrel for a protracted period of time – say 6 months - we expect that the CBN might be compelled to devalue the naira.

Inflation

Inflation increased from 9.3% in October to 9.4% in November 2015 and then to 9.6% in December 2015. The CBN's restrictive policies on imported goods, the scarcity of FX and surge of food prices attributed to the high level of inflation in 2015. Food accounts for 51.8% of the country's CPI (Consumer Price Index). The acute fuel scarcity of April 2015 contributed to the increase in general pricing – especially food prices – which mounted upward pressure on inflation. Conversely, the fall in global oil prices which resulted in the reduction of administrative pump price from N97 to N87 per litre had a contractionary effect on inflation, thus assisting in keeping inflation at the 9% levels. The CBN's target to keep inflation at single digit is not sustainable, thus we expect to see inflation trend slightly above 10% in the first half of 2016, for two (2) reasons;

- The past through effect of imported inflation arising from FX restrictions (imposed as part of the exchange rate policy) will likely add to inflationary pressure in 2016. We believe that importers will source for FX from the parallel market to meet maturing obligations as they fall due, and then attempt to pass on the effect to consumers – at least – on essential everyday products. Even when they are able to purchase FX from the official market, the prices of goods and services would still be marked up to reflect the prevailing market realities.

- A reoccurrence of fuel scarcity – owing to FX unavailability and possible removal of petrol subsidy – would definitely stimulate more rounds of the April 2015 Fuel Scarcity scenario in the coming months.

Interest Rates

The federal government has expressed its intention to consciously drive interest rates down to single digit levels. Fixed Income yields on both long and short tenured securities declined by about 500 - 800 bps. The benchmark 91 days Treasury Bills closed at 3.66% in Q4 2015 from 10.78% in Q3 2015. The long tenured secuirities (5 years FGN Bond) closed at 10.95% in December 2015 from 15.95% in September 2015. This can be attributed to excess market liquidity resulting from the reduction of CRR from 31% to 25% and minimal use of the traditional liquidity mop up instrument - OMO- by the CBN. The CBN Governor, Mr. Emefiele, during his opening remark at the 2015 Annual Banker's Retreat revealed that the rate on fixed income securities will remain at present levels. He made it clear that the days of investing in treasury bills and Bonds at high (double digit) yields are over, thus Bank's should grant loans to support the real sector. The government further

confirmed its intention to crash interest rates following the 200 bps and 500 bps decrease in MPR and CRR respectively at the November 2015 MPC meeting. The cut in interest rate is expected to stimulate the economy and prevent economic downturn as it counters recessionary pressure on the economy. We expect rates to remain low for the first half of the year. Banks will have to realign their strategy to focus on increasing volumes rather than high spread in the fixed income space and risk assets portfolio. We expect to see a slight compression of lending rate by an additional 100 – 200 bps in the first half of 2016.

Social Welfare scheme

Highlights of the 2016-2017 Medium Term Expenditure Framework (MTEF) submitted to the National Assembly by the Presidency showed that the federal government has earmarked N500 billion (N300bn – Recurrent, N200bn – Capital) for Special Intervention Fund to implement its social security scheme for unemployed young graduates and most vulnerable persons in the society. The scheme will see the federal government partner with state governments to establish adequately structured social welfare intervention programmes including the school feeding initiatives, conditional cash transfers to the most vulnerable, post-NYSC grants and micro credit loans to market women & SMEs. The interventions will start as a pilot scheme and work towards securing the support of donor agencies and development partners so as to minimise potential risks.

While we applaud the government's good intentions towards the most vulnerable persons in the society, we are eager to know how it would be successfully implemented without the scheme creating an avenue for embezzlement of funds. There are also concerns on how the government intends to effectively finance this scheme in the medium to long term following forecasts of reduced government revenue in the years to come. Overall, we believe that the success of the social security scheme will enhance purchasing power of the citizens, increase savings and reduce crime rate by an appreciable degree.

Fuel Subsidy

According to the Nigerian Economic Report (NER) published by the World Bank, Nigeria has spent $35 billion on fuel subsidy between 2011 and 2014. It argued that the benefits of subsidy in Nigeria appeared very limited relative to the high costs. While there have been numerous calls by economic analysts, market observers and other stakeholders for the complete removal of subsidy on petroleum products thus de-regulating the downstream sector of the oil and gas industry, the 2016 Budget revealed that the federal government will not concede to the subsidy removal calls just yet as the sum of N63.29 billion was allocated for fuel subsidy. More recently, the federal government through the Petroleum Products Pricing Regulatory Agency (PPPRA) approved new pump prices of petrol starting from January 1 to March 31, 2016 under a revised Price Modulation template. Thus, the government has approved two pump prices of petrol; N86 per litre for NNPC outlets and N86.50 per litre for other retail outlets operated by private businesses of the downstream sector. With the 2016 budget predicted on a benchmark oil price of $38 per barrel and forecast that oil prices could fall as low as $20 per barrel, we expect that the payment of subsidy on petroleum products would be completely removed before the end of 2016.

National and Sub-national Debts

Recently, some state governors revealed that they can no longer afford to pay the mandatory monthly minimum wage of N18,000 thus, they are considering either of two options; retrench some workers or reduce salaries of the workers below the minimum wage levels. Already, Labour Unions have promised to greet any attempt to reduce salaries or retrench workers with massive protests in the affected states. The Labour leaders went ahead to call for the resignation of governors who cannot pay the minimum wage to their workers. Of greater concern is the comment credited to the Governor of Osun state,

Ogbeni Rauf Aregbesola, that "…Of the N2.641bn gross FAAC allocation for the month of September 2015, the state received the net sum of N55 million after all statutory deductions for debt service payments were made, which is insufficient to pay the government's electricity bill". Net Domestic debts of the 36 states stood at N1.69 trillion in June 2015. Some of which have now been restructured as commercial bank loans and federal government bonds with duration between 10 to 20 years.

With oil prices hovering around $30 per barrel and its attendant effect on the revenue of the country. 2016 might witness more debt-restructuring, recurring intervention funds, bail-out packages and pleas for debt reliefs/write-offs for state governments. We expect that most states would implement their Internally Generated Revenue (IGR) policy similar to the IGR model adopted by Lagos and Rivers State.

External Reserves and Capital Flows

The country's external reserves which stood at $34.47 billion as at December 31st, 2014 declined by $5.40 billion (15.67%) to close the 2015 financial year at $29.07 billion on December 31st, 2015. With the price of oil, which accounts for more than 90% of the country's exports, hovering around $28 per barrel in January 2016 and backlogs of unmet FX demand, we expect further depletion of the reserves in 2016.

The crash in yields on Treasury Bills and the uncertainty around the true pricing of the naira will suspend the inflow of capital into the economy. Additionally, the current negative real return in the local economy makes investment in Nigeria's assets by foreign portfolio investors unattractive.

Security

Following the December 2015 deadline directive given to the Nigerian Army by President Buhari to wipe out the Boko Haram menace, the Army has stepped up its fight against the sect and made appreciable progress in dismantling the stronghold of the sect thus causing the fleeing Boko haram members to carry out attacks on soft targets. We believe the security agents will further intensify the counter-insurgency attack in order to contain the threat posed by the terrorists. President Buhari, since being sworn-in in May 2015, has shown enough political will and commitment towards ensuring that these insurgents with their attendant attack on people and businesses are expunged from our economy to pave way for renewed confidence in the economic security of the country.

Fiscal Policy

The federal government has proposed a budget of N6.077 trillion for 2016. A budget 35% higher than the 2015 budget of N4.493 trillion. With a capital expenditure of N1.81 trillion (30% of total budget) compared to N557 billion (12% of budget) in 2015, and projected revenue of N3.82 trillion and recovered misappropriated funds of N350 billion, the budget deficit stood at N2.22 trillion (2.16% of GDP) compared to N1.04 trillion (1.09% of GDP) in 2015. The proposed capital spending of 30% reiterates the commitment of the federal government to plugging the infrastructural gap tormenting the country's economy. The budget also revealed a total debt service cost of N1.362 trillion, an increase of 43% relative to N953.6 billion planned for 2015. Total proposed domestic borrowings stood at N984 billion and N900 billion as foreign borrowings.

Recently, the Minister of Finance; Mrs. Kemi Adeosun revealed that the federal government is in talks for concessionary loans of $3.5 billion from the World Bank and African Development Bank (AfDB) to help finance the 2016 budget. Of concern is the scrapping of kerosene subsidy, and a total of N63.3 billion earmarked for petrol subsidy as well as another N150 billion as arrears for petrol subsidy claims carried over from 2015. With the

budget predicated on an oil price benchmark of $38 per barrel, exchange rate of N198/$1 and projected crude oil production of 2.2 mbpd, the federal government projects GDP growth of 4.37% for 2016.

NNPC Reforms

In December 2015, President Muhammed Buhari – who also doubles up as the Minister of Petroleum Resources - approved the restructuring of the Nigerian National Petroleum Corporation (NNPC), which would see the state oil company divided into four different autonomous profit-oriented companies with quasi-managing directors. According to Dr. Kachikwu, the honourable Minister of State for Petroleum Resources, the firms to emerge from this restructure are the Upstream Company, Downstream Company, Midstream Company and the Refining Group holding Company. All four firms would operate independently and remit profits and taxes to the coffers of the government. These firms will essentially focus on cutting production cost, ramping up crude oil production to 2.4 mbpd, cutting government's subsidy on domestic supply of petrol through market based methods, helping the country exit the onerous cash call regime on joint venture operations, reducing the industry's contracting cycle to six months and reengineering a profitable operational model for the country's refineries.

Additionally, following the call by Dr. Kachikwu during his ministerial screening session for the unbundling of the Petroleum Industry Bill (PIB), it was also reported by Reuters that the bill will be passed in phases. The first bill, Petroleum Industry Governance and Institutional Framework, seeks to split the NNPC into two companies limited by shares rather than a series of units as envisaged by the staled 2012 bill. This would see the state oil giant split into National Oil Company (NOC) and Nigerian Petroleum Asset Management Company (NPAM). The bill also seeks to create a new body; The Nigerian Petroleum Regulatory Commission (NPRC) to oversee oil license bid rounds and fuel prices amongst others.

The authenticity or otherwise of these reports will be revealed in a few months, but one thing remains certain, the NNPC would undergo some level of reforms to ensure efficiency and reduced government expenses in the corporation. This is definitely a welcomed development for us as we believe that the NNPC needs a structural and policy overhaul to increase its production capacity and output.

3

The Banking Industry

Following a weakening macro-economic environment, depressed yields on fixed income securities, deteriorating assets quality, increase in General Loan Loss Provisioning (GLLP) from 1% to 2%, proposed complete implementation of Basel II and ongoing price war amongst tier-1 banks for rating 1-3 corporates, we envisage that the banking industry's bottom-line will be negatively impacted in 2016.

Asset Quality

Although the CBN put the industry Non-Performing Loans (NPL) ratio at 4.6% as at September 2015, we believe that with the weakened macro-economic environment, the level of delinquent assets will rise in 2016, especially for banks that have huge exposure to the middle market and SME sectors of the economy. These sub-sectors of the economy have been the most hit by the shortage in FX. Secondly, the upstream sector of the Oil and gas industry may witness restructuring of some loans following the plummeting oil prices.

The industry loan growth will be driven mainly by naira loans essentially because banks don't have FX to lend. In addition to the unavailability of FX, banks are now mandated to avail FX loans to only customers with foreign currency receivables. The current FX scarcity and backlog of unmet demand for FX will also cause a decline of trade finance and ultimately change the loan book currency mix in favour of local currency loans.

Market Liquidity

Market liquidity for local currency was favourably affected essentially as a result of the decrease in CRR to 25% from 31% in September 2015 after the CRR was harmonized to 31% in May 2015 as well as the reluctance of the CBN to mop up liquidity using regular OMO sale. The market liquidity was hampered by the TSA remittance from banks to the CBN in Q3 2015. Going into 2016, foreign currency liquidity remains a major challenge as a result of the shortage in FX. Most analysts have forecasted an economic downturn for the economy if the CBN continues with its restrictive FX policy and naira devaluation is kept at arm's length.

Capitalization

In addition to the CBN's policy mandating banks to increase GLLP (General Loan Loss Provisions) from 1% to 2%, the apex bank has also revealed that Banks should brace up for the full/complete implementation of Basel II. The full implementation of Basel II implies that only Cash, Equity and Fixed Income securities would be eligible as Qualifying Mitigants thus, Capital Adequacy Ratio (CAR) of most banks will drop by about 150 - 300 bps. This will result in more banks falling short of the CAR minimum requirements and leave the said banks with the option of either raising fresh equity in a rather weak capital market or reduce their dividend pay-out.

Bank Verification Number (BVN) and Financial Inclusion

While it is believed that the BVN initiative is aimed at strengthening the Nigerian banking system through the protection of customers from fraud, and elimination of multiple customer identity within the banking industry, it

was also launched to encourage financial inclusion in the country. According to the Nigeria Interbank Settlement System (NIBSS), about 26.7 million accounts (48.6%) have been successfully linked of the over 54 million active accounts in the industry. In view of the directive by the CBN that banks should continue to register and link accounts of those customers that missed the October 31st deadline, we expect that more accounts will be registered before the end of 2016.

Conclusion

It was Albert Einstein who said that "in the middle of difficulties lie opportunities". Given all the gloomy predictions of 2016, we are hopeful that the year will present numerous opportunities for businesses and households alike. In specific terms, below are a few quick-fix available to the economy:

- The government must come up with fiscal stimulus packages to support non-oil export industry and encourage investments that can cater to the demands of majority of the economy as well as generate foreign exchange for the country aside oil revenue. We expect the federal government to reel out policies that will enhance the supply of FX and/or reduce the demand of FX in the country in a bid to strengthen the value of the naira against the greenback. Thus, the government should come up with sustainable schemes to support the development of the markets to attract foreign investment into the country.

- The CBN must strike a balance between sustainable Interest rate and stable exchange rate to help stimulate economic growth in the short to medium term.

- Businesses should explore ways to eliminate waste, plug leakages so as to optimize earnings. More importantly, businesses must begin to align their overall strategy with the import substitution and export promotion strategy of the government by standardizing their products and services.

- Individuals and households need to start their personal adjustment programmes in a bid to reduce dependence and taste for imported goods and begin to look inwards for domestic alternatives.