WEEKLY ECONOMIC AND FINANCIAL HIGHLIGHTS

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Highlights:

- OPEC Says Global Oil Sector Needs $12.6trn Investment
- Fidelity Bank Issues Largest Tier II Local Bond
- Nigeria needs N22.7trn to Meet 15% Revenue to GDP Target
- How Digitization can Boost Nigeria's Tax Revenues- Endurance Okafor
- SEC Reacts to CBN's Ban on Crypto Transactions

Rate Monitor

Inflation Rate →	16.47
GDP Rate →	2.9%
MPR →	11.5%

Global Economy: The Organisation of Petroleum Exporting Countries (OPEC) says the Global Oil Sector needs about US$ 12.6 trillion Investment to enable it to contribute to achieving future global oil demand. Dr Mohammad Barkindo, the Secretary-General of OPEC disclosed this at the Virtual 11th IEA-IEF-OPEC Symposium on Energy Outlooks. "The Global primary energy demand is forecast to continue growing in the medium and long term, rising by a hefty 25 per cent by 2045."Oil will remain the largest contributor to the energy mix in 2045 at 28 per cent. "To meet this future demand, the global oil sector will need a cumulative investment of US$ 12.6 trillion in the upstream, midstream and downstream through to 2045. "These Investments are essential for both Producers and Consumers,'' he said. According to him, underinvestment remains one of the greatest challenges for the Industry and has been exacerbated by the COVID-19 pandemic.He noted that over the course of 2020, Investments declined by 30 per cent, adding that there was the need to work towards creating an Investment-Friendly Climate.

Domestic Economy: Fidelity Bank Plc has successfully issued a 10-year N41.21 billion in fixed rate Unsecured Subordinated Bond at 8.5 percent coupon rate due in 2031. The Bond issuance, which was fully subscribed given that Total Investors interest and commitments in the bonds were N56.6 billion, adds to the portfolio of landmark transactions structured by the Bank, underscoring its capacity to successfully execute debt capital market transactions. The bonds are unsecured and subordinated, which will qualify as Tier II Capital in line with the Central Bank of Nigeria (CBN) Guidance Notes on Regulatory Capital for Commercial banks in Nigeria.

Zainab Ahmed, Nigeria's Minister of Finance, Budget and National Planning said the Government was targeting to grow income earned as a fraction of total economic output – revenue as a percentage of GDP to 15 percent by 2023. The new set target according to the Minister, would be achieved following strict implementation of a raft of policies in new Strategic Growth Revenue Initiative (SGRI) 2.0, alongside the

Finance Act that will help in diversifying the country's revenue sources away from oil. According to BusinessDay analysis data, a 15 percent revenue to GDP of that size would mean Nigeria would need to rake in over N22.7 trillion gross revenue in 2023 alone which is more than the entire gross federally collected revenue for the year 2018 and 2019 combined. ''I do not think 15 percent revenue to GDP by 2023 will be possible given that the Nigerian economy is not diversified" noted Boboye Olaolu, sub Saharan Africa Economist at Securities Trading Firm, CSL Stockbrokers.

Nigeria with the largest economy in Africa has one of the World's lowest tax to GDP ratios even though the Federal Inland Revenue Service (FIRS) collected 98 percent of the tax target of N5.076 trillion in 2020. Due to the slim tax net as many businesses are operating in the informal space, Nigeria's 2021 budget deficit of N5.60 trillion is expected to be financed mainly by borrowings of N4.69 trillion, privatization proceeds of N205.15 billion and finally project linked bilateral & multilateral loans of N709.69 billion. On how government can grow tax revenue through digitalization, a tax experts in one of the big four said: "if I have a business, for instance, the government should be able to tell in this digital age that I'm generating income and thus, should be able to check if i'm tax complaint. Government has the resource and data to be able to track my transactions, and then tax me if need be. The government will make much progress in its technology driven tax revenue growth journey if its collaborates with other agencies like CBN, NCC, etc. if the government can tighten all the loose ends and do not waste resources going after everyone, like those that are economically vulnerable, analysts say, it will be able to broaden the country's tax net while also increasing revenue.

The Securities and Exchange Commission (SEC) said it has received several comments and inquiries from the Public on a perceived Policy Conflict between the SEC Statement on Digital Assets and their classification and treatment of September 11, 2020 and the CBN circular of February 5, 2021. "We see no such contradictions or inconsistencies" the SEC said in recent statement. The SEC said it made its statement at the time, to provide regulatory certainty within the digital asset space, due to the growing volume of reported flows. Subsequently, in its capacity as the regulator of the banking system, the CBN identified certain risks, which if allowed to persist, will threaten investor protection, a key mandate of SEC, as well as Financial System Stability, a key mandate of CBN.