



Belt tightening or choking?

**MPC TIGHTENS
FURTHER!!!**

**MPR = 26.25%p.a.
UP BY 150BPS**

DECISIONS – SQUEEZING BANK LIQUIDITY

MPR = 26.25% p.a.

CRR = 45%

LIQUIDITY RATIO = 30%

ASYMMETRIC CORRIDOR = +100bps/-300bps



GUIDANCE



01

02

Inflation to fall to 21.4%
by December 2024

03

Naira to appreciate to
N1,300/\$ by year end

04

National savings ratio to increase
to 25.8% from 24.1% by year end

Explicit inflation targeting
framework

WHICH COMES FIRST?



Inflation

**Up 33.69% in April
2024**

OR



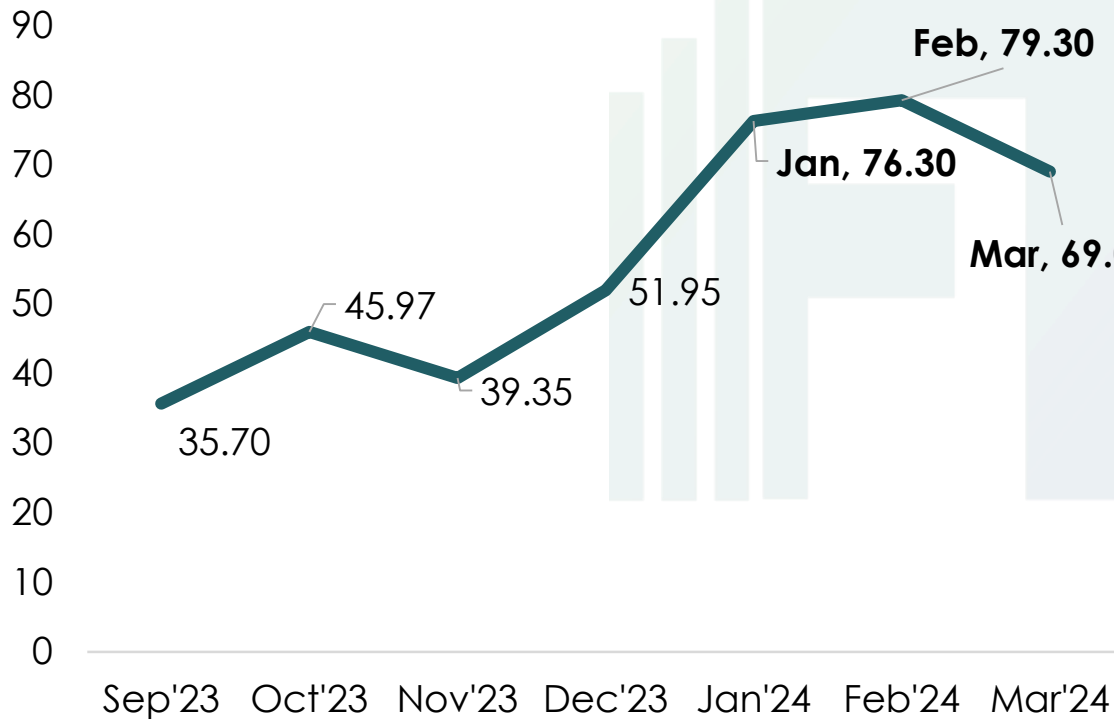
Exchange Rate

**Down 30.36% to
N1,515/\$ in May 2024**

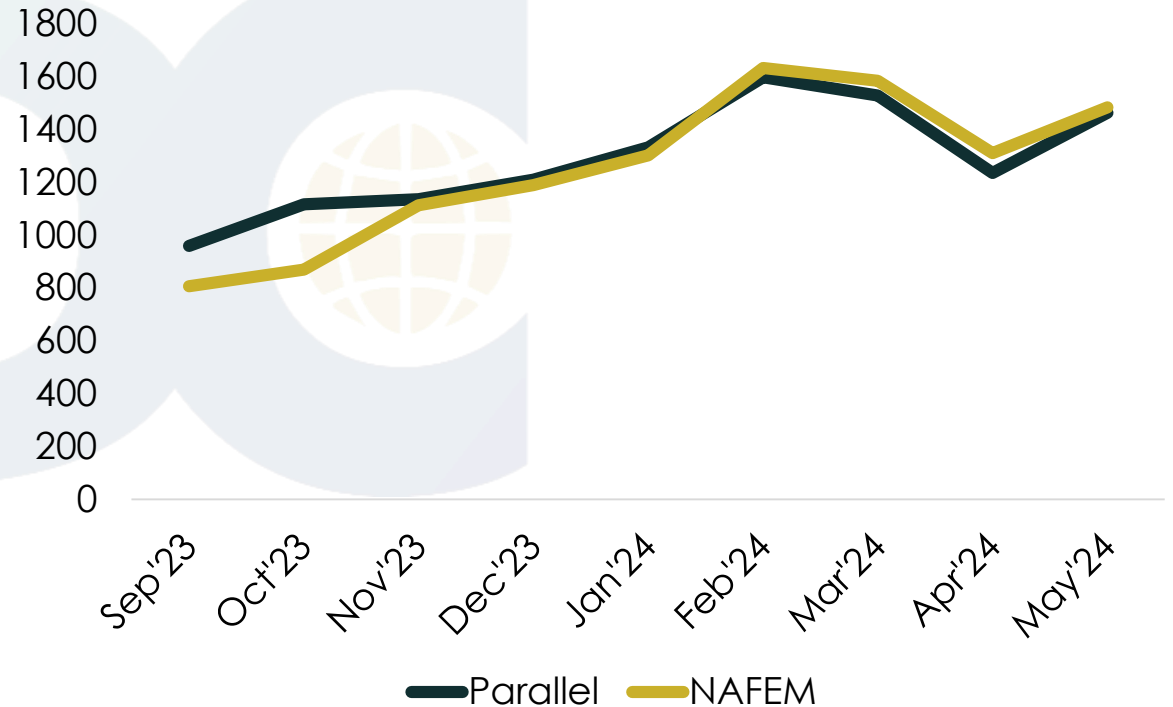
ARE THE POLICIES WORKING?

YES & NO

Money supply growth (%) moderates



Parallel and official exchange rates (N/\$) converge

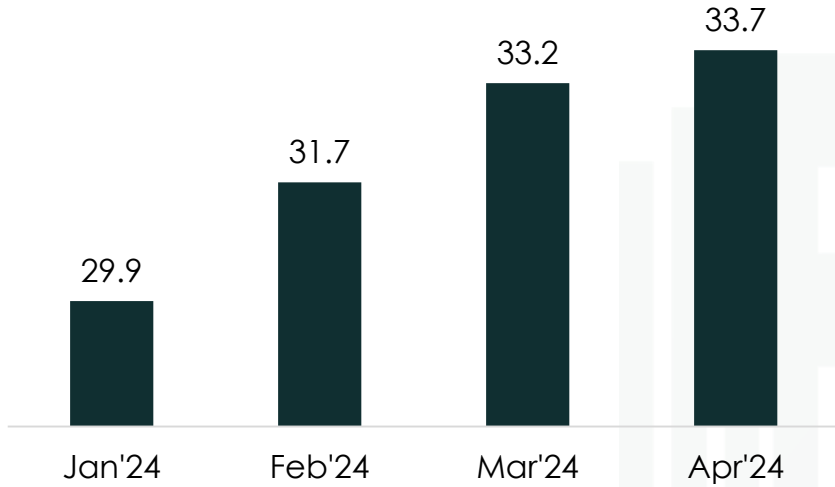


Muddling through is expensive!

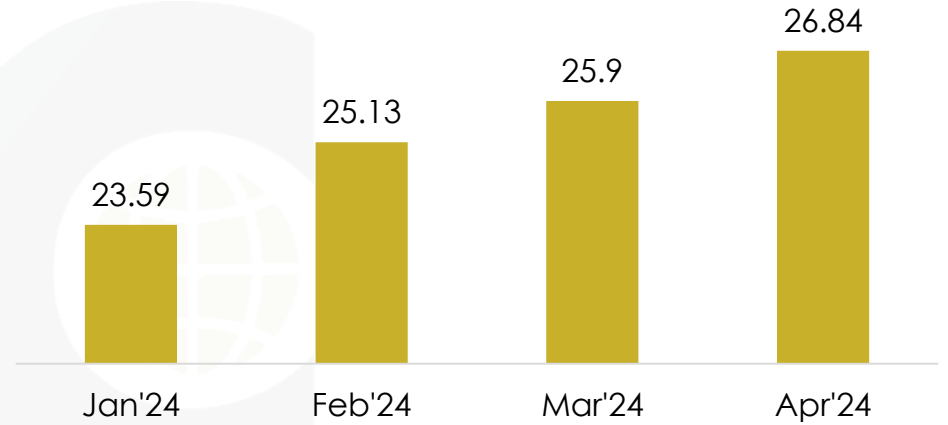


INFLATION – WHAT GOES UP CAN GO HIGHER

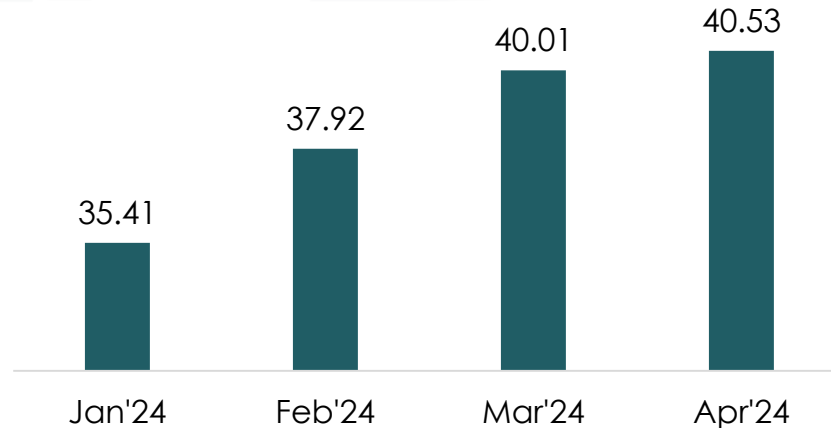
Headline Inflation remains elevated (%)



Core Inflation rising at a faster pace than food inflation (%)

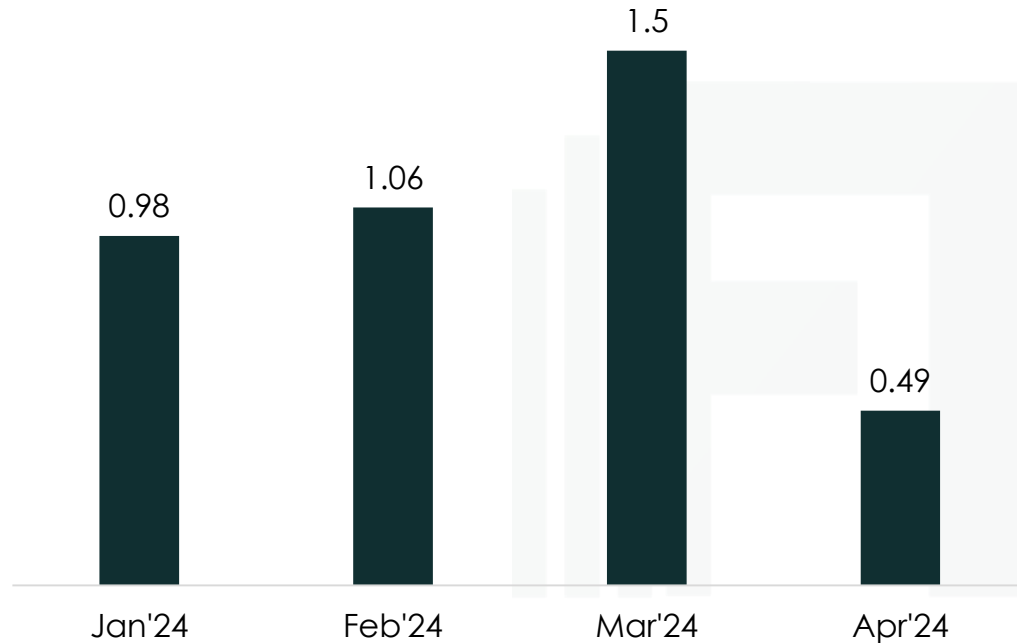


Food Inflation at an inflection point (%)

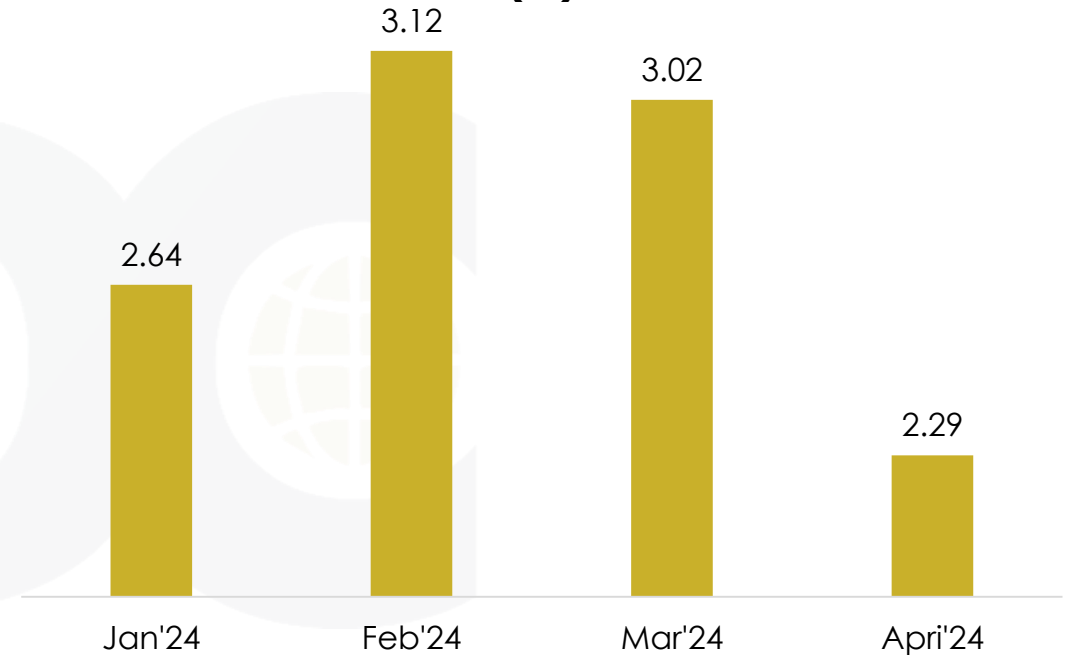


APPROACHING A POINT OF INFLECTION

The rate of change in headline inflation is falling (%)

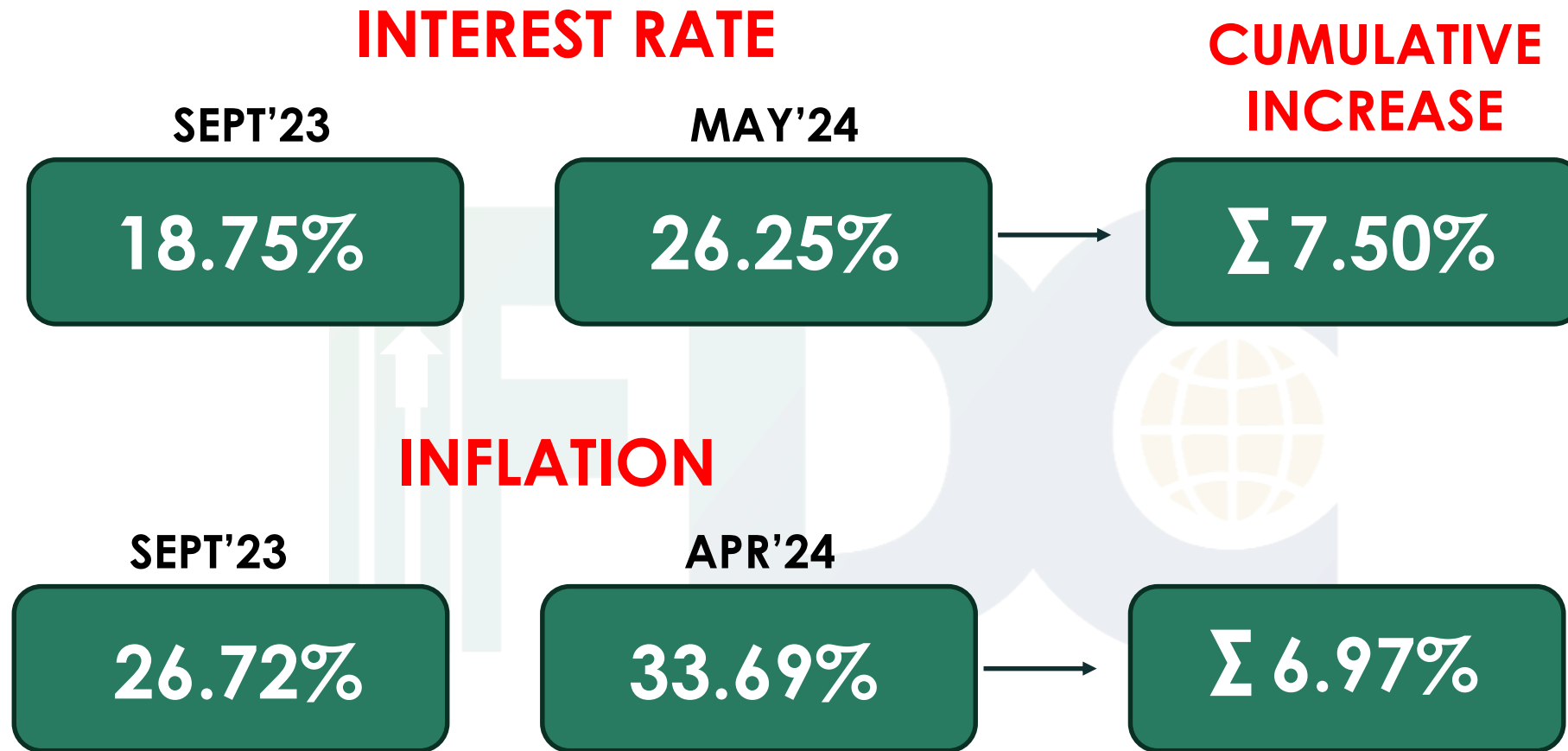


Month-on-Month inflation is decelerating (%)



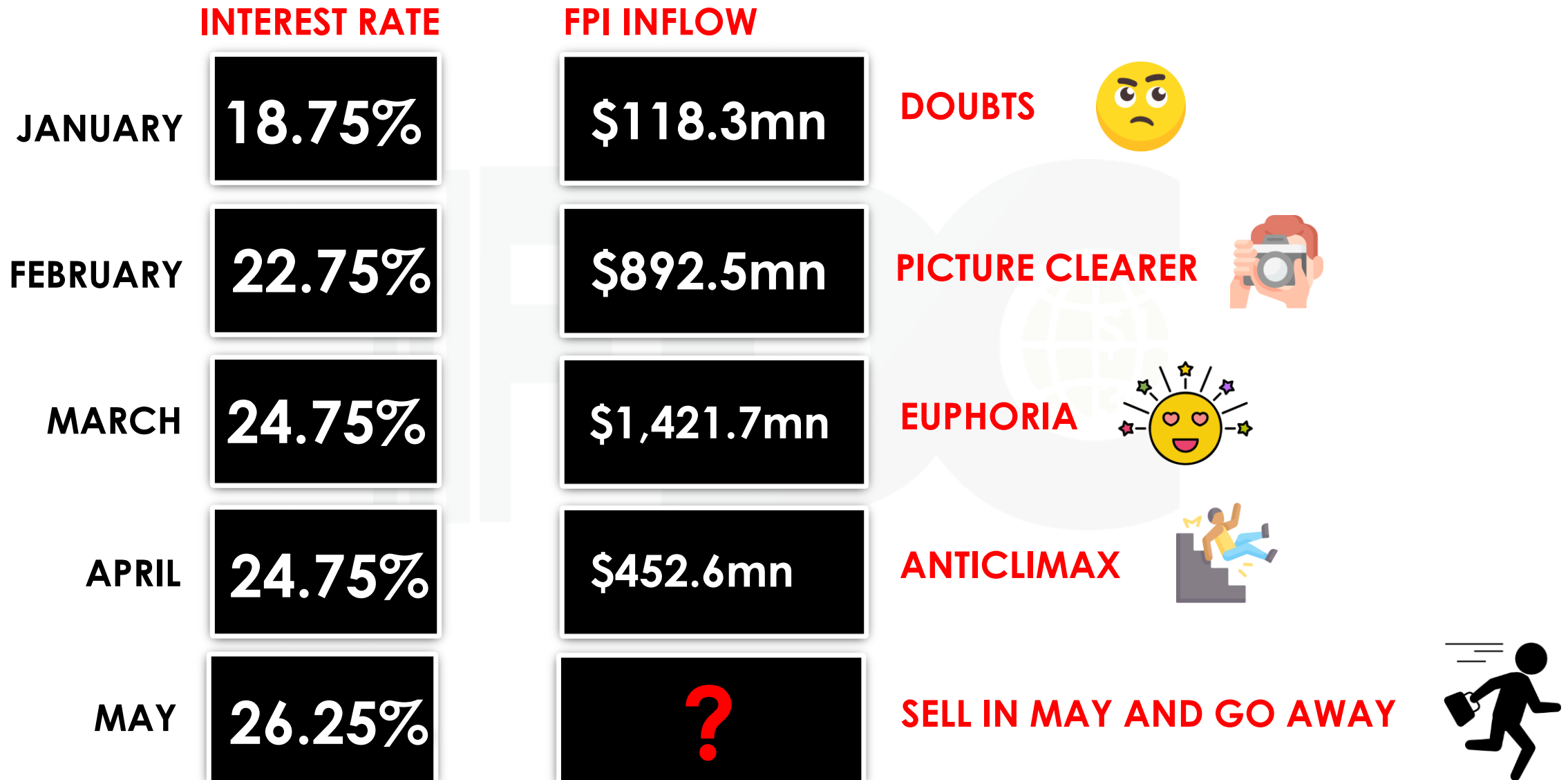
- Headline inflation rising at a slower pace
- Month-on-month inflation declining
- Minimum wage could be a spoiler

IMPACT OF HIGHER INTEREST RATE – INFLATION



- Interest rate hike alone is not sufficient to tame inflation in Nigeria
- Due to persistent structural challenges

IMPACT ON HIGHER INTEREST RATE – HOT MONEY (FPI)



Source: FMDQ

IT'S TIME TO
CARE
ABOUT
YOUR SALT

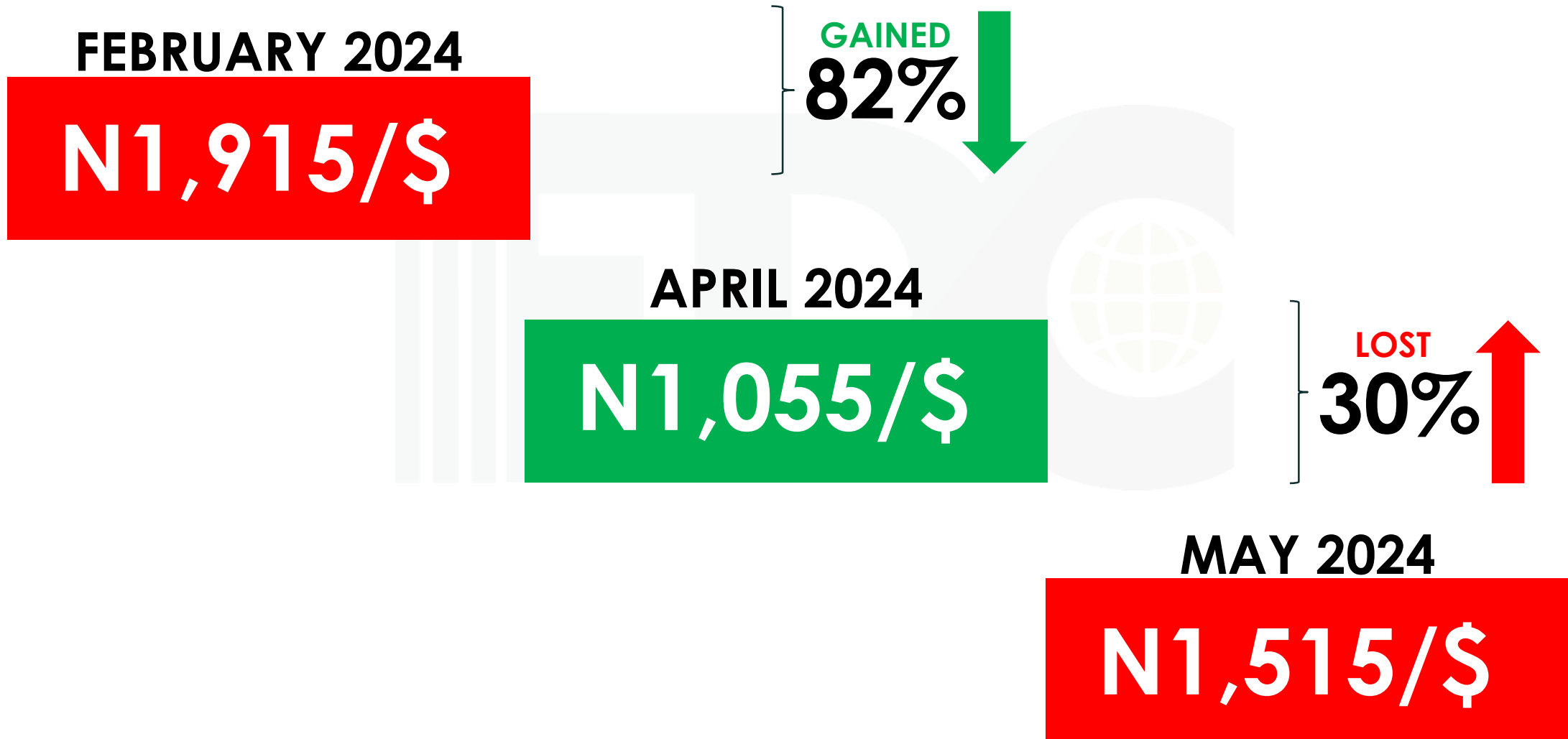
Refined, Iodized & Purified



CHOOSE QUALITY, CHOOSE DANGOTE SALT

www.nasconplc.com

NAIRA - FROM BEST TO THE WORST IN A MONTH (BLOOMBERG)



INFLATION STOKING FACTORS ARE POTENT

Exchange rate depreciation

Fell by 30% to N1,515/\$

Diesel prices

Currently selling at N1,200/liter



Supply chain disruption

Money supply growth

Declined to 69% in March 2024

FOOD BASKET PRICES – SLOWLY DECLINING



Rice

1 Bag ↓

April 2024: N95,000
Current Price: N75,000

FELL BY 21.05%

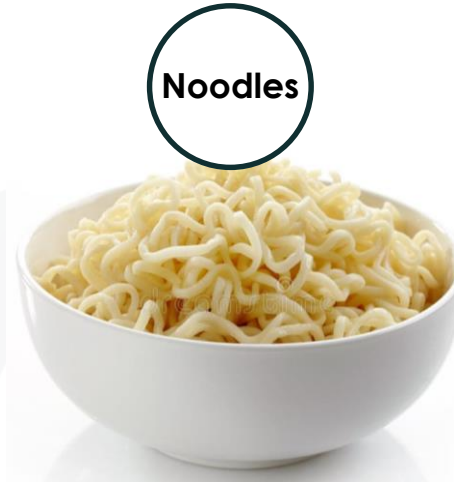


Palm oil

5 Litres ↓

April 2024: N5,500
Current Price: N5,000

FELL BY 9.09%



Noodles

1 Carton ↓

April 2024: N7,800
Current Price: N7,500

FELL BY 3.85%



Beans

1 Bag ↓

April 2024: N100,000
Current Price: N95,000

FELL BY 5.00%

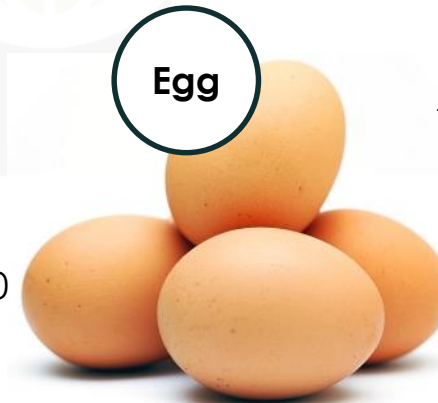


Sugar

50kg ↓

April 2024: N85,000
Current Price: N80,000

FELL BY 5.88%



Egg

1 Crate ↓

April 2024: N4,500
Current Price: N4,000

FELL BY 11.11%

FOOD BASKET PRICES – MIXED DIRECTIONS


Garri
50kg ↑
April 2024: N30,000
Current Price: N50,000
ROSE BY 66.67%



Tomato
1 Bag ↑
April 2024: N35,000
Current Price: N95,000
ROSE BY 171.43%



Yam
3 Tubers ↑
April 2024: N7,500
Current Price: N10,500
ROSE BY 40.00%



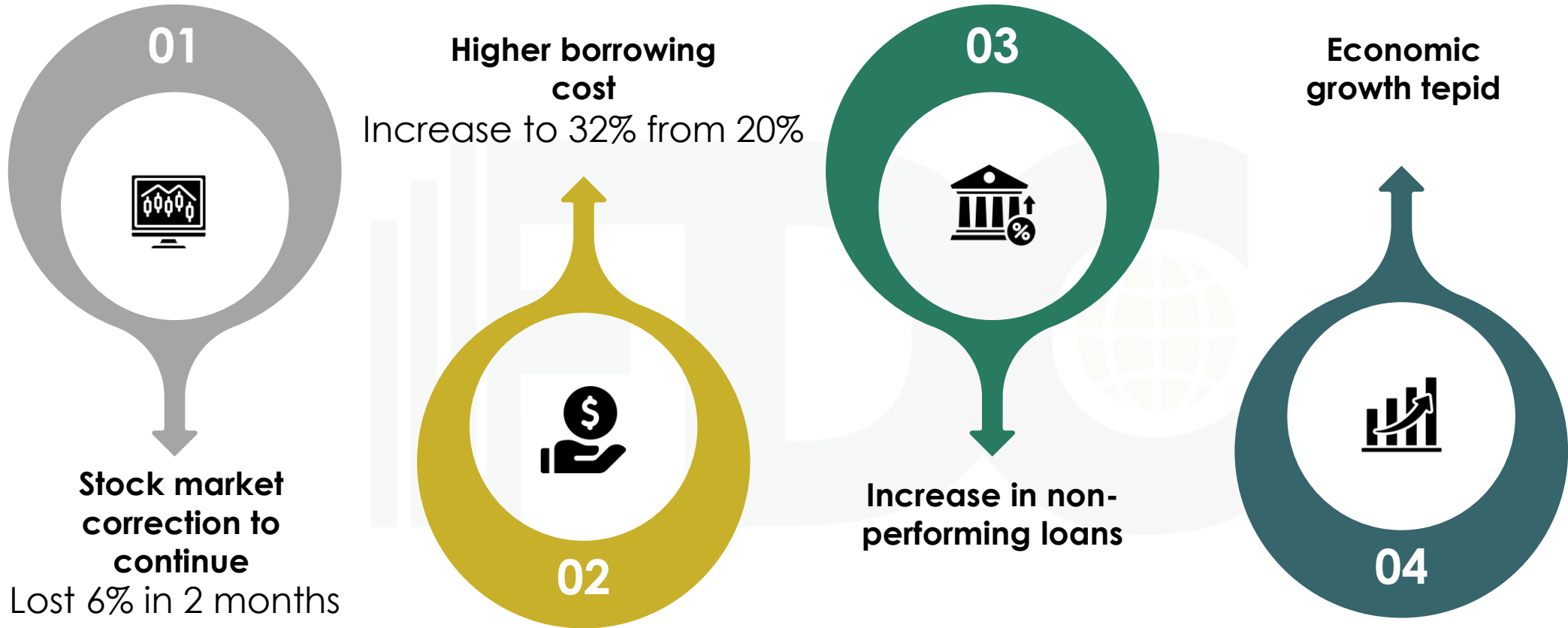
Bread
1 Loaf ↔
April 2024: N1,600
Current Price: N1,600



Wheat
10kg ↔
April 2024: N1,600
Current Price: N1,600



IMPLICATION OF HIGH INTEREST RATES ON THE ECONOMY



→ Marginal propensity to save will increase

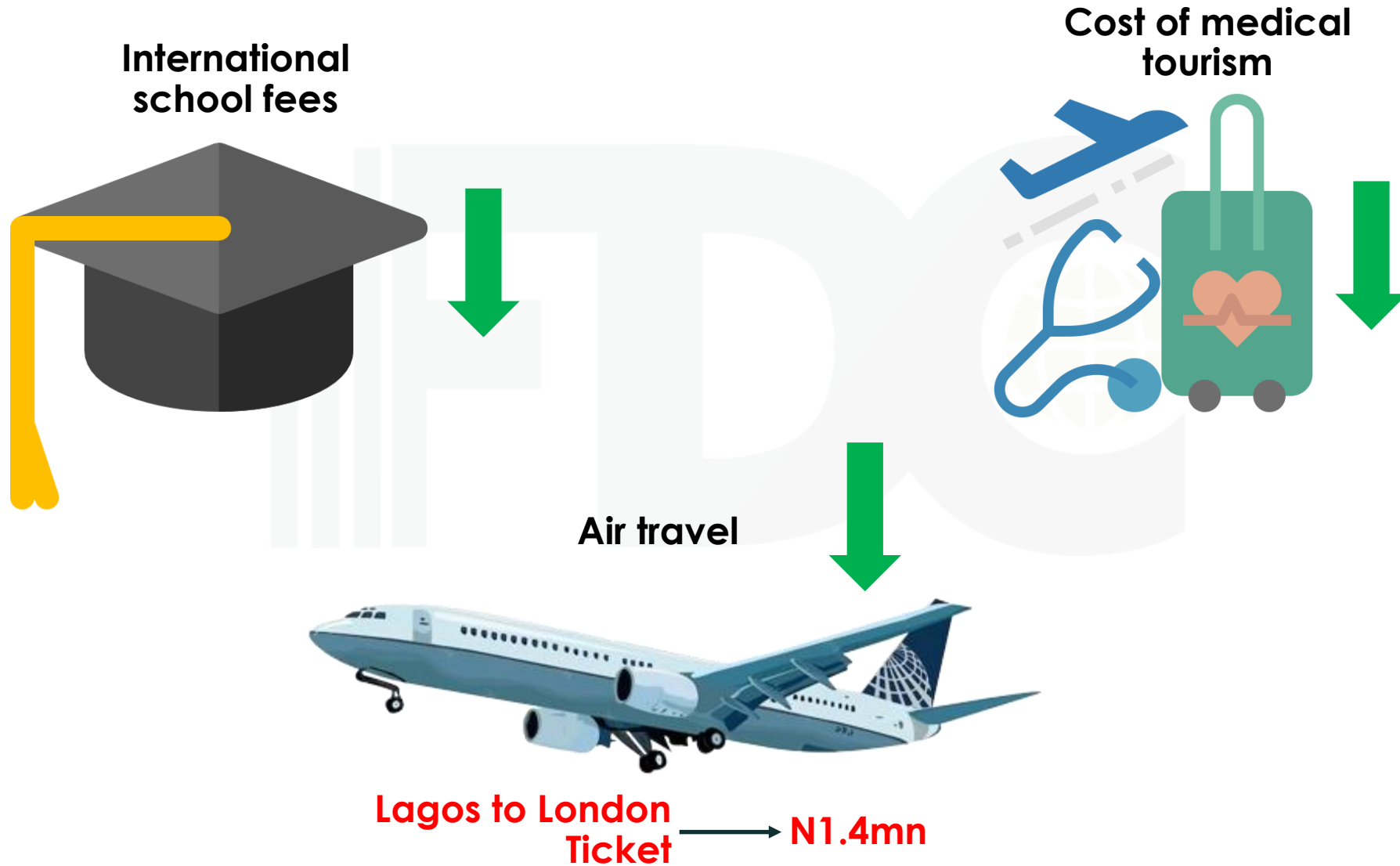
EFFECT LENDING RATE
28-32% p.a.

SAVINGS AND DEPOSIT
8-11% p.a.

T.BILLS RATE
17-21% p.a.



IMPACT ON ELITES



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NACOM/CI/Jan/2023/4819

IMPACT ON THE COMMON MAN (SURVIVORS)



Transport Fare

Obalende to
Victoria Island



N300



House Rent





IMPACT OF DANGOTE REFINERY ON DIESEL PRICE



JANUARY 2024

N1,700/LITRE

MAY 2024

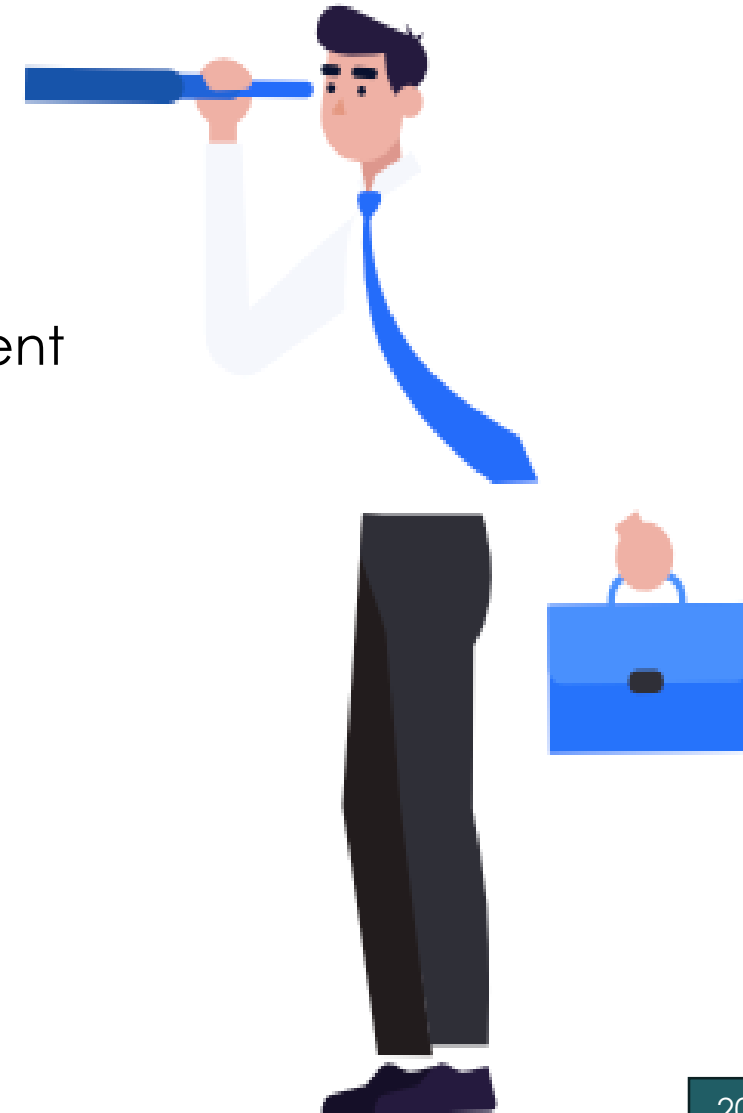
N1,200/LITRE

29%



WHAT NEXT?

- Q1 '24 GDP data to be released on May 24
- Celebrating one year presidential anniversary on May 29
- Stimulus packages to be announced by the federal government
- Naira to trade in N1,350 -1,450/\$ range at the parallel market
- Forex translation losses to increase
- Diesel price to remain stable at N1,200/litre
- After acrimony, expect a minimum wage of N90,000/month





**THANK
YOU**