

MPC Maintains Status Quo

Being Boring



is now Cool!!!

When in Doubt???

Oh No...



Do Something

DO NOTHING

Take more time

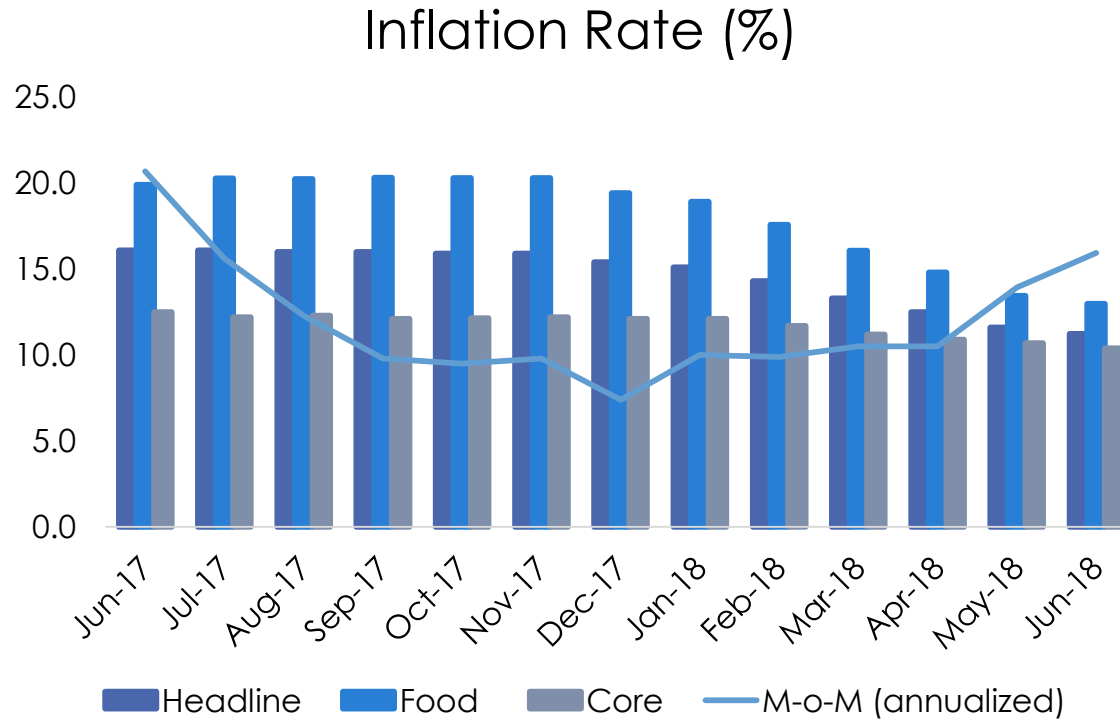
Risk it

Factors

- Ⓜ Anticipated year-end inflation- 13%
- Ⓜ Month on month inflation annualized- 15.94%
- Ⓜ Marginal increase in money supply (M2)
- Ⓜ Dripping external reserves
- Ⓜ \$4bn outflow in 3 months
- Ⓜ Higher US interest rates



Inflation! Inflation!! Inflation!!!



Approaching an inflection point



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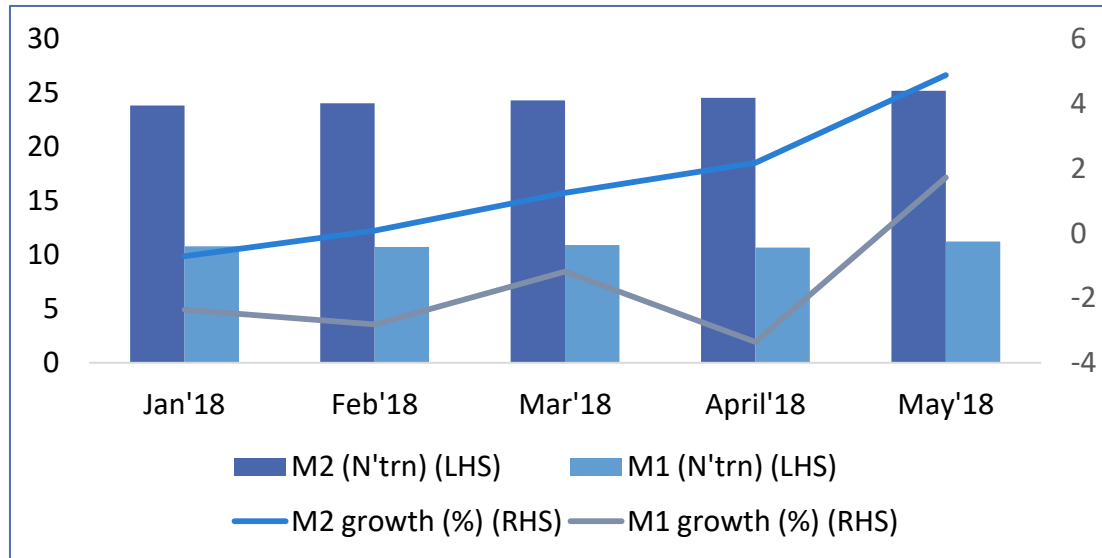
WAVE

Lending Incentivization

- ☒ CBN to reduce lending rates for employment elastic sectors
 - ☒ By commercial issuance
 - ☒ Thus encouraging financial disintermediation
- ☒ CRR refund with a golden handcuff
 - ☒ Banks can access CRR provided they lend for 7 Years and a 2-year pass
 - ☒ Not available for refinancing of existing deals



Money Supply Creeping Up



Pre-election spending time!

Potential External Imbalances



% US interest rates



% Possible decline in oil prices



% Unlikely disruption in production

Impact on Consumers

Price Elastic

Price Inelastic

Commodities	Current Prices	Jan'17	July'16	% Change 2018/2016	Direction
Palm Oil (5L) 	N2,000	N3,000	3,000	33.3	
Semovita(10kg) 	N2,900	N2,500	2,500	16	
Old Yam(large tuber) 	N1,900	N1,800	1,900	-	
Tomatoes (50kg) 	N20,000	N10,000	17,000	17.65	
Garri (50kg) (Yellow) 	N15,000	N13,500	22,000	31.82	
Rice (50kg) 	N16,000	N19,000	19,000	15.79	
Flour (50kg) 	N11,000	N18,000	18,500	40.54	
Sugar (50kg) 	N14,900	N16,000	18,000	17.22	
Beans (Oloyin) (50kg) 	N27,000	N18,000	17,000	58.82	
Cement (50kg) 	N2,550	N2,750	2,700	5.56	

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Impact on You

WORKER

Struggling



Domestic Food Prices



Higher



Unemployment



Stay High



House rent



Increase



Medical



Increase

MIDDLE CLASS

Squeezed



School Fees



Flat lining



House rent



Flat lining



Medical



Increase

ELITE/ AFFLUENT

No shaking



Summer Ticket



Higher



Intl School Fees



Marginally Higher



House rent



Increase













Medical



Increase

SSA- Macroeconomic Scorecard

Country	GDP Growth Rate (Q4'17)	Inflation (Jun'18)	Monetary Policy Rate
Nigeria	1.95%(Q1'18)	11.23% 	14% 
Ghana	2.1%	10% 	17% 
Kenya	1.3%	4.28% 	9.5% 
Angola	-4.3%	19.52% 	16.5% 
South Africa	3.1%	4.6% 	6.5% 

 Most Central Banks are adopting a wait and see approach

Outlook

Supplementary budget & spending

Declining private sector lending ↓

Increased unemployment + underemployment (40%)

Q2 GDP growth estimated at 1.7%-1.9%

July inflation ↔
August inflation higher ↑



Thank you!