

Status Quo Maintained - CBN



Nov 22/18

Decision – parameters unchanged

Parameter	Rate (% pa)
Monetary policy rate	14
Cash Reserve Ratio	22.5
Liquidity ratio	30
Asymmetric corridor	+200/-500bps



*After 29 months & 14 meetings
Same old same old*

Unanimous Vote

Why not increase rates?

- ⊖ Nigeria still in a recessionary gap (2.9%)
- ⊖ Oil price – lost 26% since October
- ⊖ Oil revenues to fall to \$8bn-\$9bn this quarter
- ⊖ External reserves down to \$41.6bn – Σ 13% drop in months
- ⊖ Capital flow reversals – Higher US rates
- ⊖ Naira pressure building up in forex market- N364/\$



Why keep rates unchanged?



Inflation flat after a 2 month inflection



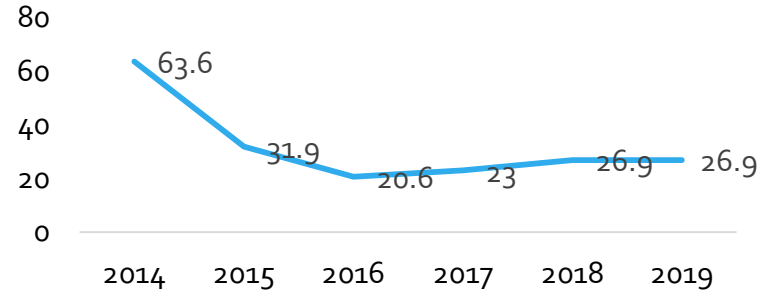
Improved terms of trade (26.9%)

M2 Growing



Money supply growth (3.58%)

Terms of Trade (%)



Source: EIU

Trust

it's not about falling
...it's about helping you fly.



In life, people are often limited by their fears; failing to soar because they are afraid to fall. At Custodian, we've got your back if the unexpected ever happens. So while others say "what if you fall"; we say "**...oh, but what if you fly.**"

✓ CUSTODIAN AND ALLIED INSURANCE LIMITED ✓ CUSTODIAN TRUSTEES
✓ CRUSADERSTERLING PENSIONS LIMITED ✓ CUSTODIAN LIFE ASSURANCE LIMITED


Custodian
...exceeding expectations

Impact on You

Pre-election



WORKER

MIDDLE CLASS

ELITE/ AFFLUENT

Suffering & Smiling

So - So

Wait & See



Domestic Food Prices

Harvest



down



Unemployment

Increase sharply



House rent



Flat



Medical



Flat



School Fees



Flat



House rent



Flat



Medical



Flat



Winter ticket

discount



down



Intl School Fees



Higher



House rent



Flat



Medical

















Flat

Commodity Prices – 3-Year Trend

Price Elastic

Commodities	2016	2017	2018	Direction (2016/2018)
Palm Oil (25L) 	N16,500	N13,000	N10,000	-39.39%  

Price Inelastic

Chicken/Turkey (1kg) 	N1,400	N1,300	N1,200	-14.28%  
Garri (50kg) (Yellow) 	N15,000	N10,500	N6,500	-56.67%  
Rice (50kg) 	N24,000	N15,500	N16,000	-33.33%  
Beans (Oloyin) (50kg) 	N22,500	N28,000	N26,000	15.56%  
Tomatoes (50kg) 	N8,000	N8,000	N12,000	50%  

Of 6 items, 4 prices fell, 2 prices increased

What Next?- Good & Bad

Unemployment data to be released on December 7- estimate 18%-22%

Budget 2019 to be passed (N8.73trn)

\$2.8bn new Eurobond borrowing

Minimum wage review (N30k) to push inflation up to 13%

Fiscal deficit higher to 2.3% of GDP

Naira pressure to increase in forex market



*Thank
you*

