

*Maintains Status Quo??*



*Oh! Oh!!*

*Not Again!!!*

# *MPC Decides – The Fallout*



*Wait & See*



*Back to the Future*

*or*



*Blame it on me*

# Back to Status Quo Syndrome??

- 23 months of no change
- Downward move of 50bps ↓
- Back to status quo syndrome



*MPR 13.5% p.a*

*CRR 22.5% p.a*



*Asymmetric  
Corridor*

*200/-500 bps*

*Liquidity Ratio*

*30%*

# Policy Concerns



Inflation inflection point  
(11.37% → 12.47%)



Monetary policy / fiscal policy  
divergence

Shrinking external buffers  
Down from \$24bn to \$17bn



Slowing GDP growth fragile & job  
inelastic sectors (from 2.38% to  
2.01%)

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# GDP Slow & Uneven



## Winners



Expanding sectors (Q1'19)	Growth rate (%)	Share of labour force (%)
Transport	19.5	3.21
Electricity	8.47	0.01
Accommodation	4.15	1.36
Construction	3.18	2.25
Agriculture	3.17	48.19
Real estate	0.93	0.09

## Losers

Slowing sectors (Q1'19)	Growth rate (%)	Share of labour force (%)
Manufacturing	0.81	6.98
ICT	9.48	0.55
Trade	0.85	13.97

Source: NBS

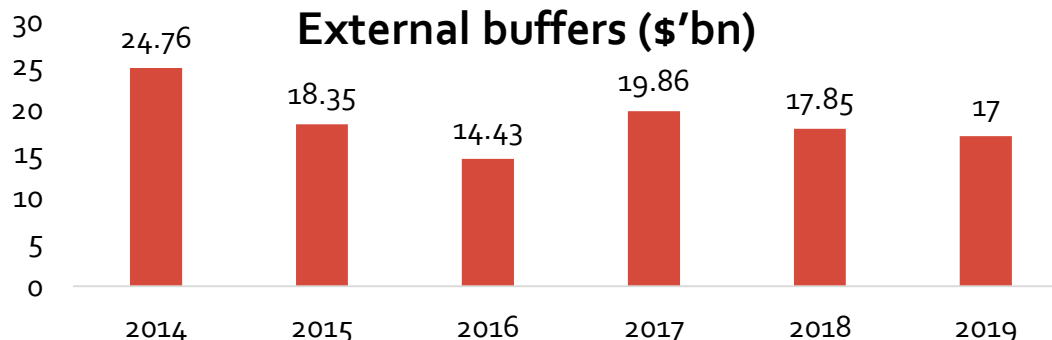
- Slower growth in labour intensive sectors
- Growth is primarily a fiscal policy issue
- Monetary policy to maintain price stability

# Shrinking External Buffers - \$17bn

*External reserves – External debt = External buffers*

	External reserves (\$'bn)	External debt (\$'bn)	External Buffers (\$'bn)
2014	34.47	9.71	24.76
2015	29.07	10.72	18.35
2016	25.84	11.41	14.43
2017	38.77	18.91	19.86
2018	43.12	25.27	17.85
2019	45	28	17

Source: CBN, DMO, FDC Think Tank



# Impact

## *Corporate - Static*

- Credit squeeze continues
- Higher borrowing rates
- Default rates increase
- CBN intervention to increase
- More market debt – CPs & bonds
- Stock market will slide

## *Economy - Better*

- Growth will increase marginally
- Supplementary budget inevitable
- Fiscal adjustments to address minimum wage
- New excise duties
- New import levies

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# Consumer Impact – Inflation + Wage Review



Commodities		Current Prices	Previous Month	% Change
Tomatoes (50kg)		13,000	6,000	116.67
Rice (50kg)		17,000	14,000	21.43
Pepper (bag)		7,000	6,000	16.67
Indomie (1 carton)		2,300	2,000	15
Yam (Old yam) (medium size)		900	800	12.50
Semovita (10kg)		3,000	2,850	5.26
Garri (50kg) Yellow		6,250	6,250	-



- 30k minimum wage (Aggregate impact = N2trn)
- Translates into 1.1% inflation ( $11.37\% + 1.1\% = 12.47\%$ )
- Higher unemployment (25% - 28%)

# Q3'19 Outlook.....So So



- Q2 GDP to slow to 1.9%
- Inflation pressures to persist (12.47%)
- Naira flat (N363/\$ - N365/\$)
- Unemployment up to 25%-28%
- Supplementary budget with higher investment & spending
- Likely VAT adjustments

Comsi-Comsa



*Thank  
you*

