

# *MPC thinks twice*

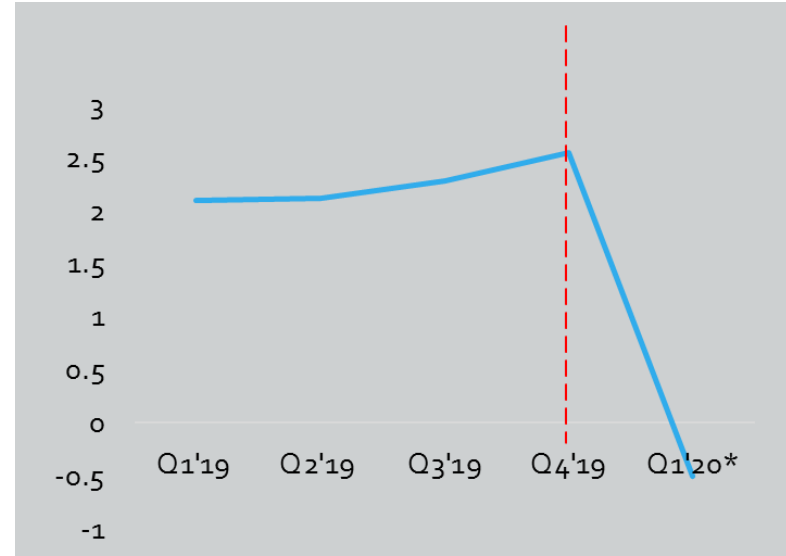
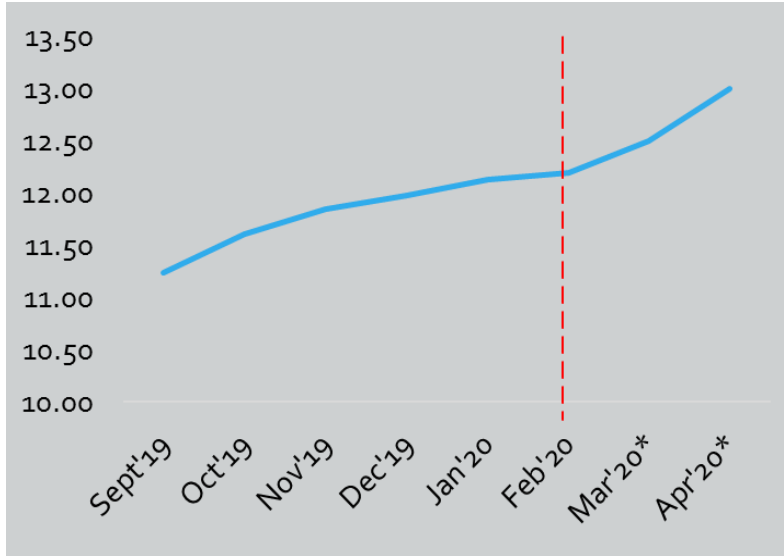


*Maintains Status Quo*

**Rationale:**

*Economy Fragile*

*Inflation Up*



*Growth Negative*

# Status Quo: *Part of a Bigger Picture*

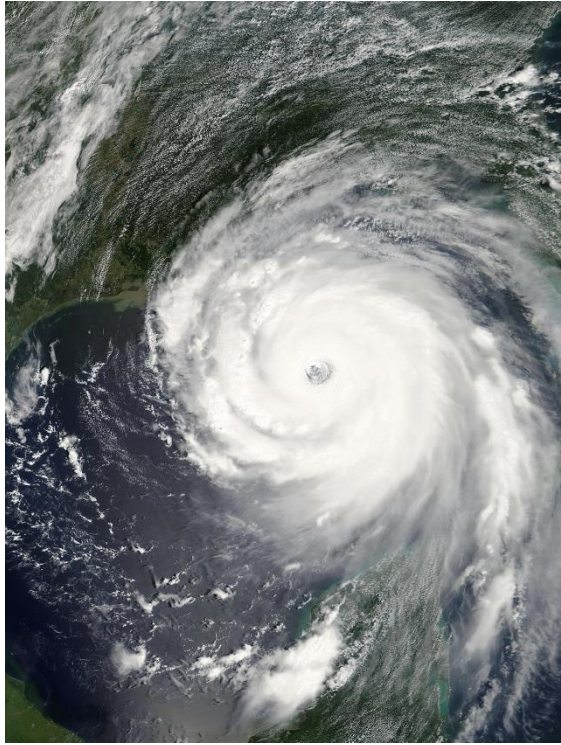
## Fiscal

- **Supplementary budget:**
  - **Size:** from N10.59trn to N9.09trn
  - **Oil price benchmark:** from \$57pb to \$30pb
- **Petrol rebate** – N20 cut = \$1.2bn savings (0.3% of agg. consumption)

## Monetary

- **N3.5trillion intervention** in sectors
- **MPR unchanged**
- **Exchange rate adjustment:** 15%
- **Credit to the private sector:** N2.35trn since August 2019

*Storm*



*Lagos & Abuja*

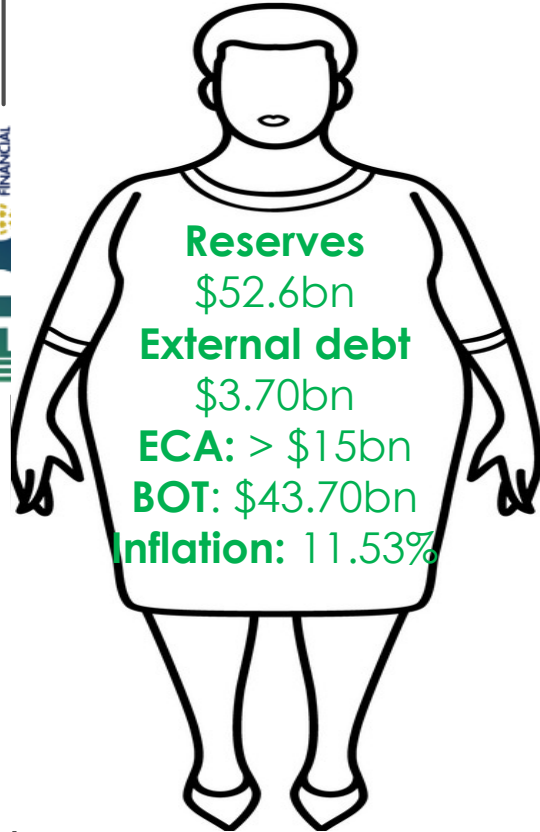


*Covid-19*

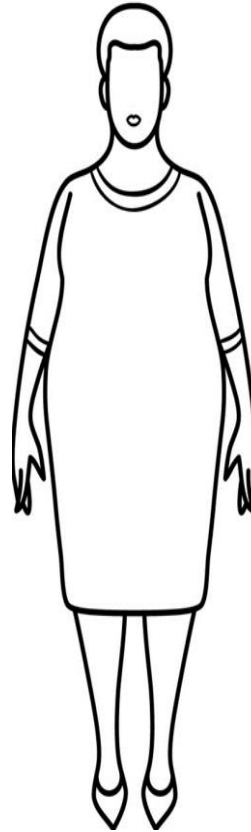
*Impact on the economy*

# Nigeria – *Lost all Buffers in a Decade*

Huge Buffers (2008)

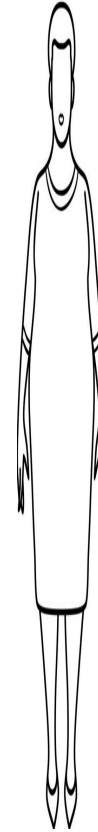


Slim Buffers (2016)



Reserves  
\$25.84bn  
External debt  
\$11.26bn  
ECA: < \$5bn  
BOT: \$-0.5bn  
Inflation: 15.63%

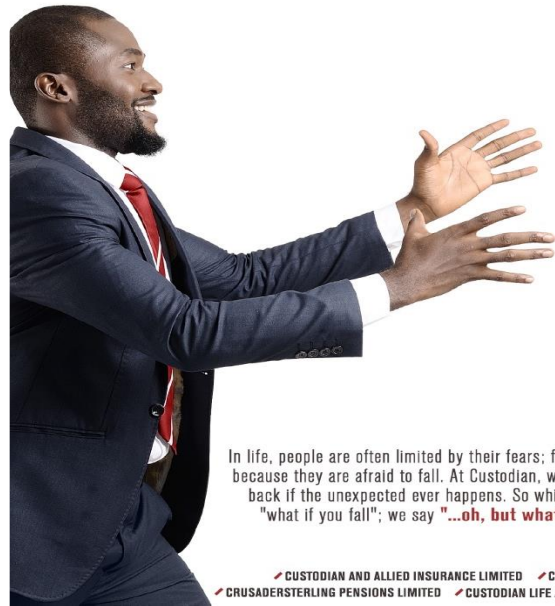
No Buffers (2020)



Reserves  
\$35.71bn  
External debt  
\$26.94bn  
ECA: <  
\$100mn  
BOT: \$18.7bn  
Inflation:  
12.2%

# Trust

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



In life, people are often limited by their fears; falling 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."**

# *Impact Significant - Recovery Rapid*



	January 2020	April 2020*	June 2020*(recovery)
Growth (%)	2.55 (Q4'19)	-0.5 (Q1'20)	-0.2 (Q2'20)
Inflation (%)	12.13	13	12.25
Oil price (\$'pb)	63.68	28.0	40.0
Gross external reserves (\$'bn)	38.01	34.0	36.0
Terms of trade	30.8 (2019)	19	25
Balance of trade (\$'bn)	-1.9 (Q4'19)	-3.0	-1.5
Fiscal deficit (N'trn)	2.17	4.00	4.00



# Impact on You – *Everyone Feels the Burn!*

WORKER

Suffering & Smiling



*Planting*



Domestic Food Prices

*Up*



Unemployment



*Increase sharply*



House rent

*High default rate*



Medical



*Sky high*

MIDDLE CLASS

So - So



School Fees

*Schools Closed*



House rent

*High default rate*



Medical

*Sky high*



Domestic Food Prices



*Up*

ELITE/ AFFLUENT

Wait & See



Plane ticket

*Airports closed*



Intl School Fees

*Schools Closed*



House rent

*High default rate*



Medical

*Sky high*



Domestic Food Prices



*Up*





# Domestic Commodity Prices: *Panic Buying!*



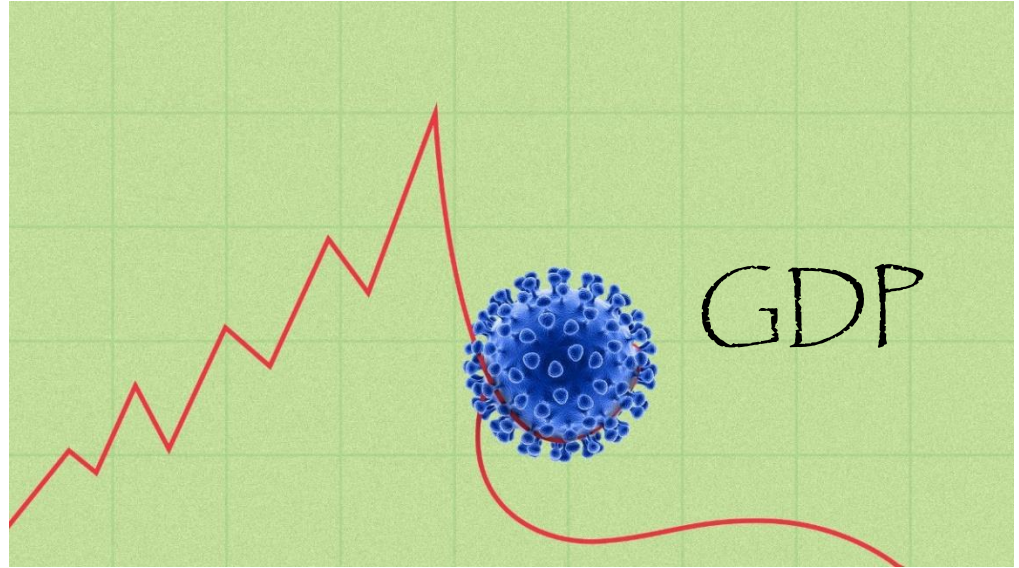
Commodities	February 2020	March 2020	% Change
Tomatoes (50kg) 	6,000	9,000	50 
Rice (50kg) 	27,500	27,500	- 
Pepper (bag) 	8,000	10,000	25 
Indomie (1 carton) 	2,000	2,000	- 
Yam (New yam) (medium size) 	700	900	28.57 
Semovita (10kg) 	2,850	2,850	- 
Garri (50kg) Yellow 	8,900	9,200	3.37 

**4 Negative, 3 Flat**

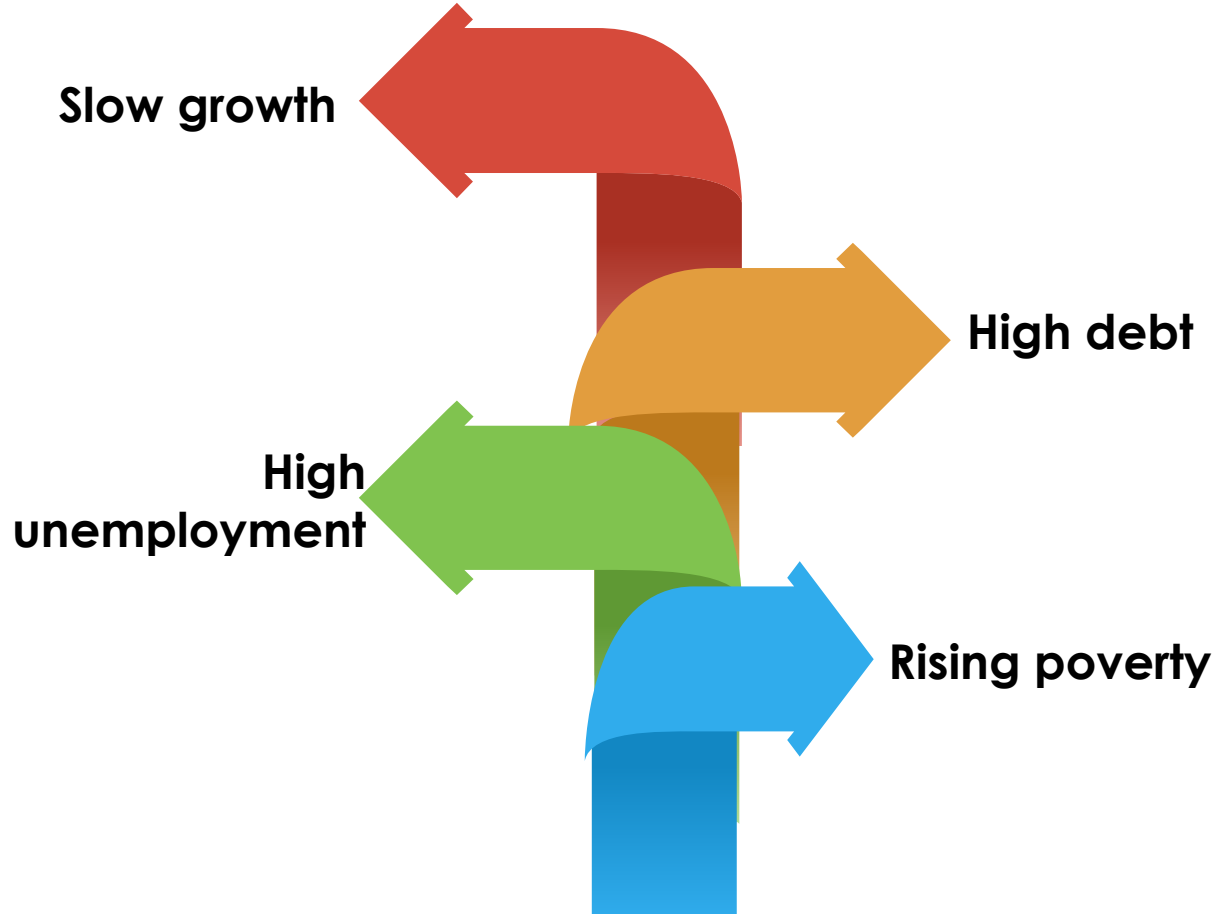
# *Can Nigeria Slip Back to Recession?* (Probability: 45%)



YES



# Economic Sign Posts



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Get amazing offers and value for your pick up/drop off, staff bus/school bus, airport transfers, travels and tours plus escort and protocol services. Your comfort, discretion and safety are guaranteed.

Hertz Franchise is owned and managed by C & I Leasing PLC in Nigeria.

☎ 09060004026; 09060004025; 09060004024

# Negative Total Factor Productivity

- ✓ Total factor productivity is negative (-0.5%)
- ✓ At a time when total debt stock is increasing
- ✓ Labour productivity and factor productivity are predictors of future growth



# Covid-19 in Nigeria: *Scenarios*

	Mild	Moderate	Severe
<b>Duration</b>	February- June	February – August	February - November
<b>Probability</b>	60%	30%	10%
<b>Cases</b>	2,000	50,000	>500,000
<b>Economic cost (GDP growth; %)</b>	-0.2	-0.5	-1.0



# Mild to Moderate Scenario

- **April:** wait and see
- **May – June:** re-opened
  - Airports
  - Factories
  - Schools
  - Borders
  - Local markets

- Growth – flat to negative
- Inflation up before falling
- Unemployment high – 26%
- Fiscal deficit to widen to  
4trn





Road to Recovery:  
Short but Rough

*Thank  
you*

