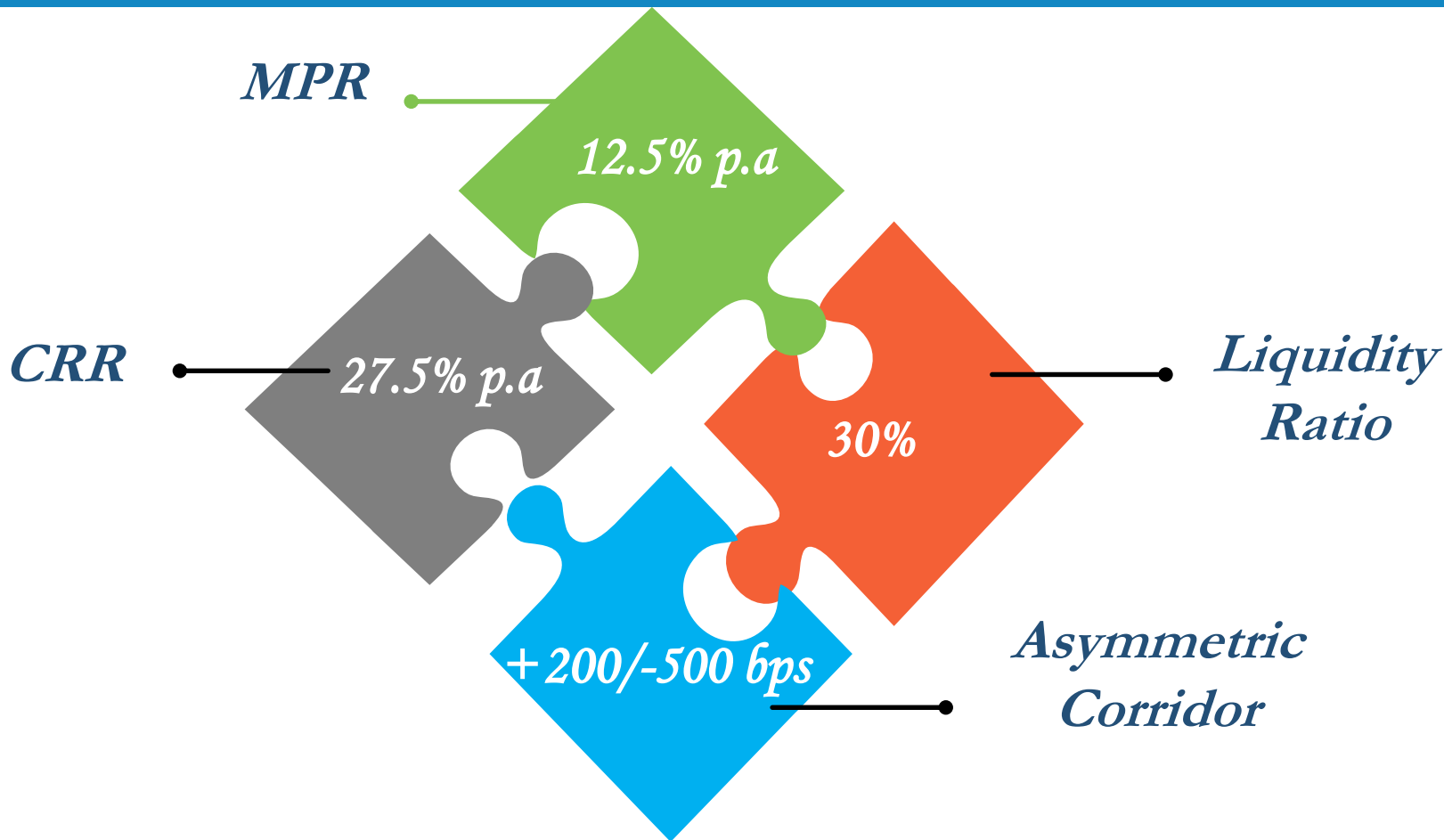


# *Anchor Rate Slashed to 12.5%pa*



# Decision - *MPR Down 100bps, Others Unchanged*



# History of Rate Cuts



Last rate cut:  
March 2019

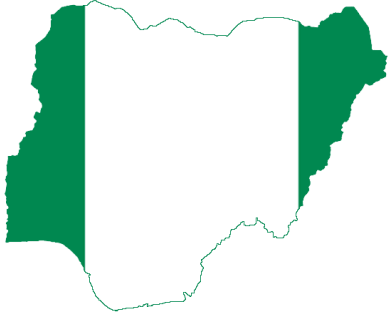


Impact: Mute



Purpose of MPR

- Signaling
- Anchor Expectations






**Nigeria**



**Rest of the  
World**

# Implications- *Sending a Signal to the Markets*



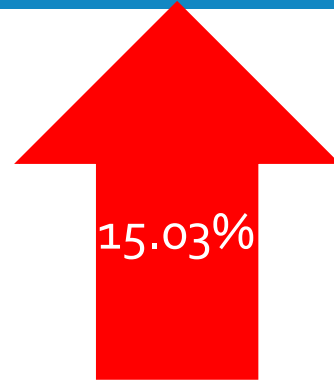
Countries	Inflation	Interest Rates	Return
US 	0.3%	0.14% pa	-0.16%
South Africa 	4.1%	4.12% pa	+0.02%
Nigeria 	12.34%	2.45% pa	-9.89%

# Impact & Implications

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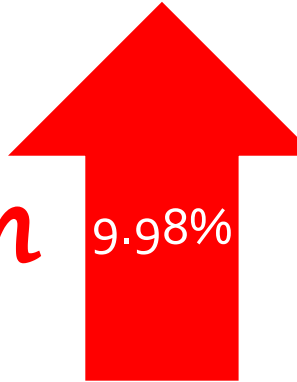
*Food Inflation*



15.03%



*Core Inflation*



9.98%

# Inflation is Still a Problem

*Upwards (15%)*

M2 Growth (%)



*Up 7.2% to N30.85trn  
in March*

Exchange rate pass through  
*Imported inflation estimated to  
rise to 17%*



Palliative demand by  
corporates



*Commodity prices spiked by  
an average of 33%*

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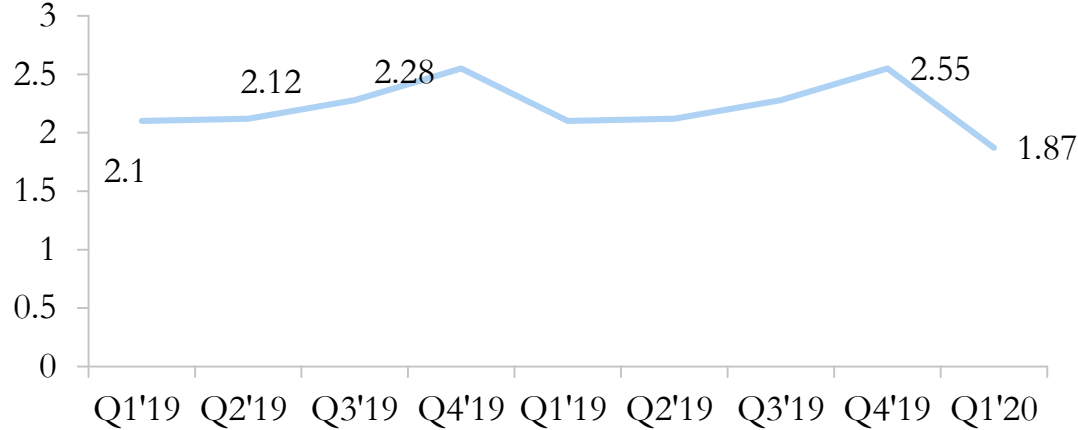
[true.serve@fidelitybank.ng](mailto:true.serve@fidelitybank.ng)





# Limping Growth

GDP Growth (%)



Source: NBS, FDC Think Tank



# Of the 46 activities



**9 outperformed GDP growth (>1.87%)**

Average growth: **+6.3%**



**37 underperformed GDP growth (<1.87%)**

Average growth: **-5.07%**



# Disruptive Impact of Covid-19

# Economic Indicators: *The Covid Effect*

















	Mar'20	May'20	Sept'20*
Growth (%)	2.55 (Q4'19)	1.87 (Q1'20)	-3.5 (Q2'20)
Inflation (%)	12.26	12.34	15
Oil price (\$'pb)	22.74	34.98	40-45
Gross external reserves (\$'bn)	35.16	35.77	38
Exchange rate (N/\$) (parallel market)	415	460	500

Source: NBS, CBN, FDC Think Tank

# Domestic Commodity Prices



Commodities	May 2019	May 2020	% Change
Tomatoes (50kg) 	13,000	12,000	7.69 
Rice (50kg) 	17,000	27,000	58.82 
Pepper (bag) 	7,000	13,000	85.71 
Indomie (1 carton) 	2,000	2,000	- 
Yam (medium size) 	900	1,200	33.33 
Semovita (10kg) 	3,000	3,400	13.33 
Garri (50kg) Yellow 	6,250	14,500	132.00 

*Commodity prices have jumped over the last 12 months*

# Things to Cheer

1

*Economic recovery in Q1'2021*

2

*Petrol Price Rebate (N500bn)*

3

*Palliatives (Government & corporates) (N3.5trn)*



# Things to Fear



**1**

## Exchange rate pressure

Official: N361/\$

Parallel: N460/\$

PPP: N400/\$

**2**

## Inflation Pressure

(up to 15%)

**3**

## Rising Unemployment

(up to 35%)



*Thank  
you*

