

MPC - Status Quo Again

No change!

(English)

Pas de changement !!

(French)

Nihil se mutare!!!

(Latin)

14 times out of 17 meetings

(3 years)

Status Quo – Déjà vu

Decision



MPR **11.5% p.a**

CRR **27.5% p.a**



Considerations

Inflation – 14.23% 

Forex pressure – N483/\$ 

GDP growth – 3.36% 

Unemployment – 27.1% 

Other Considerations



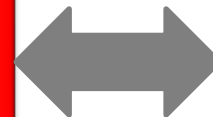
M3 growth

3.53%

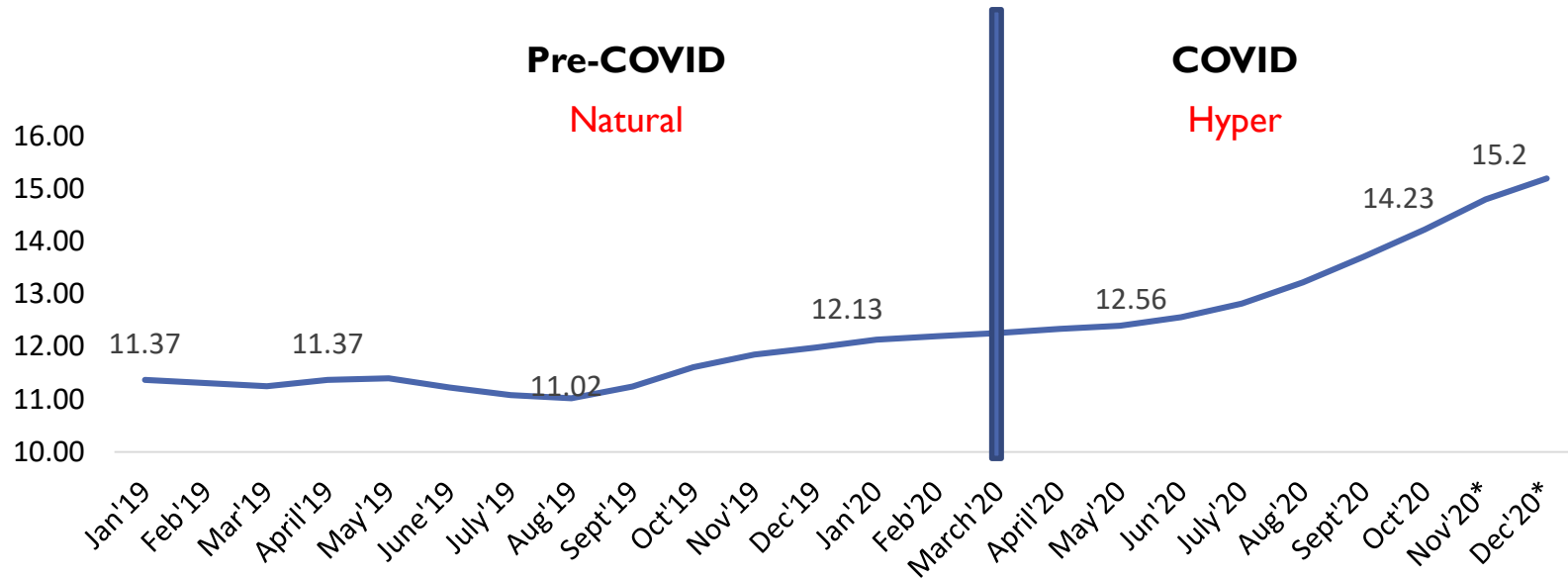


Total banking credit

₦19.5trn

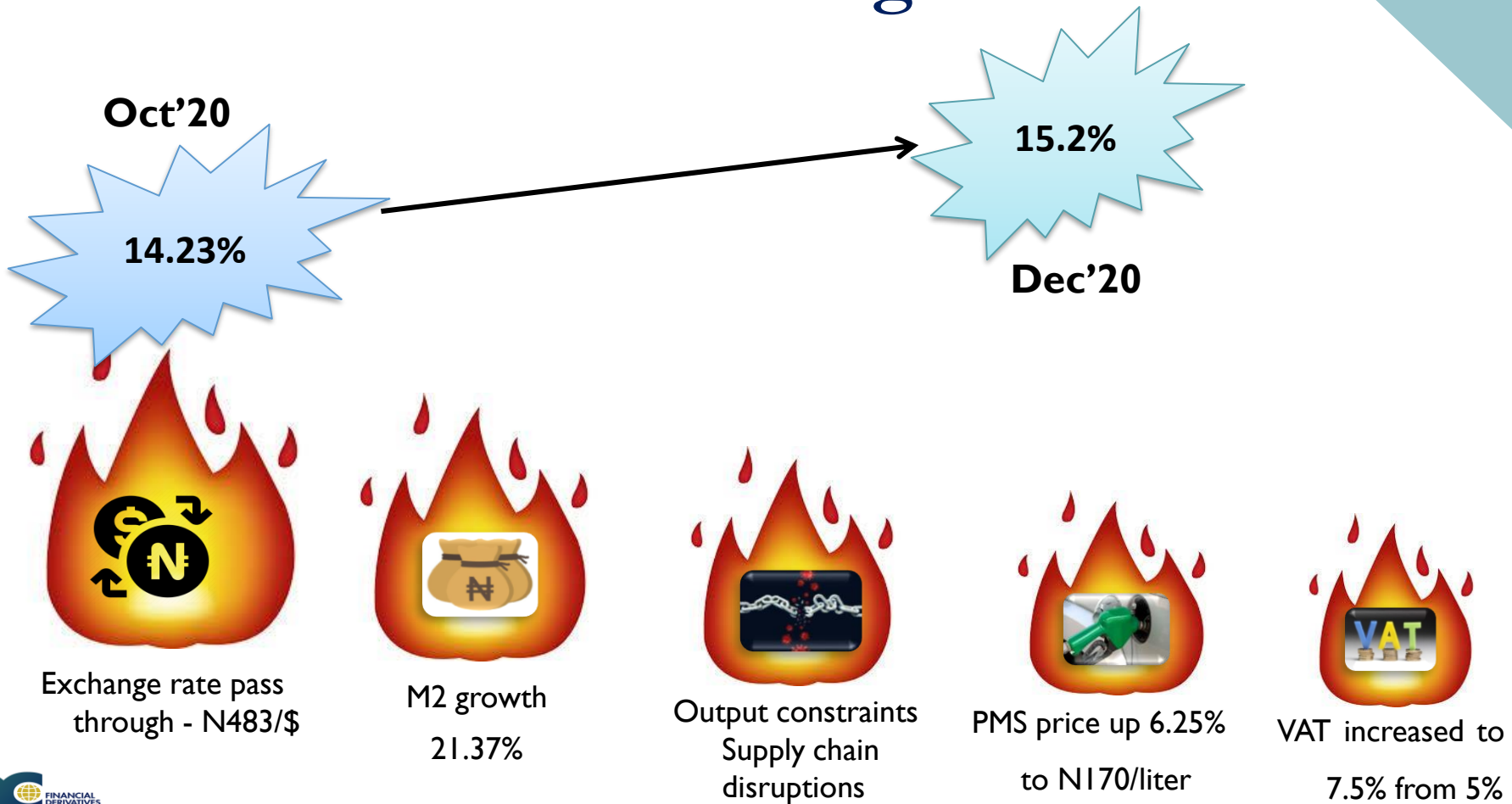


Hyper-inflation or Natural Rate?

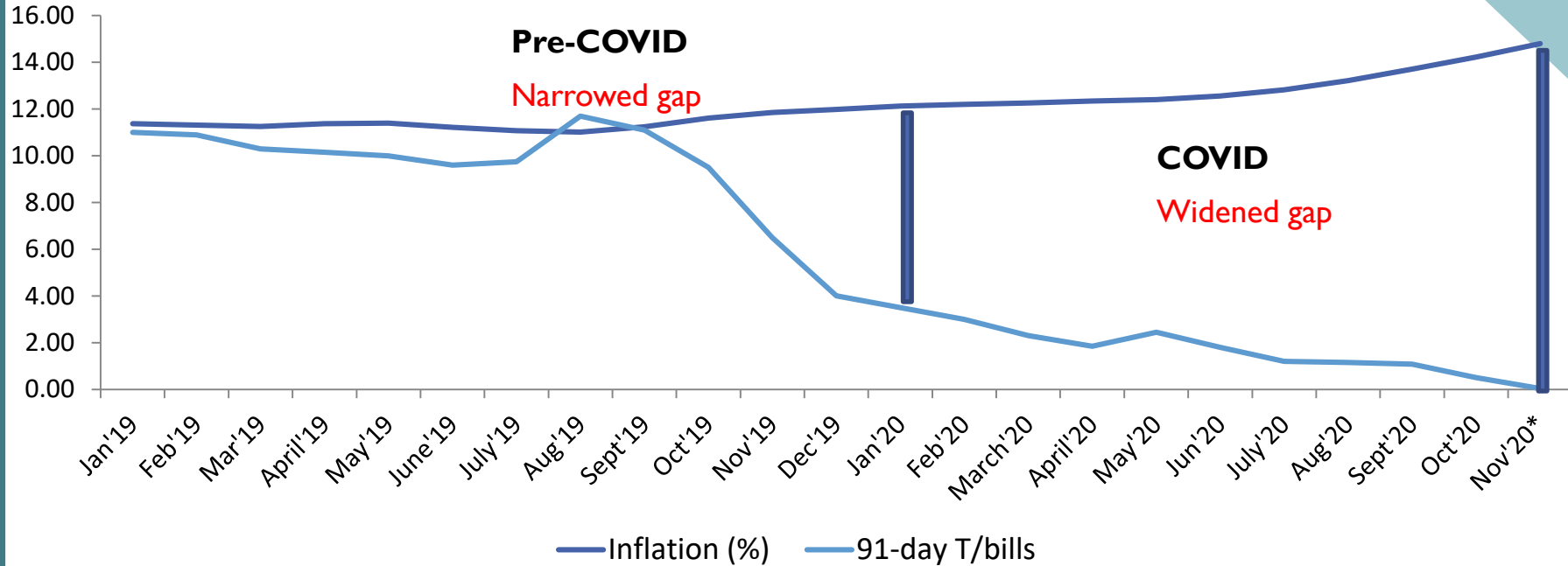


- Heightened inflationary pressures due to COVID-induced economic crisis

Inflation Stoking Factors



Inflation-Interest Rate Differential



- ❑ Rising inflation at a time of low interest rates
- ❑ To widen negative rate of return



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...exceeding expectations

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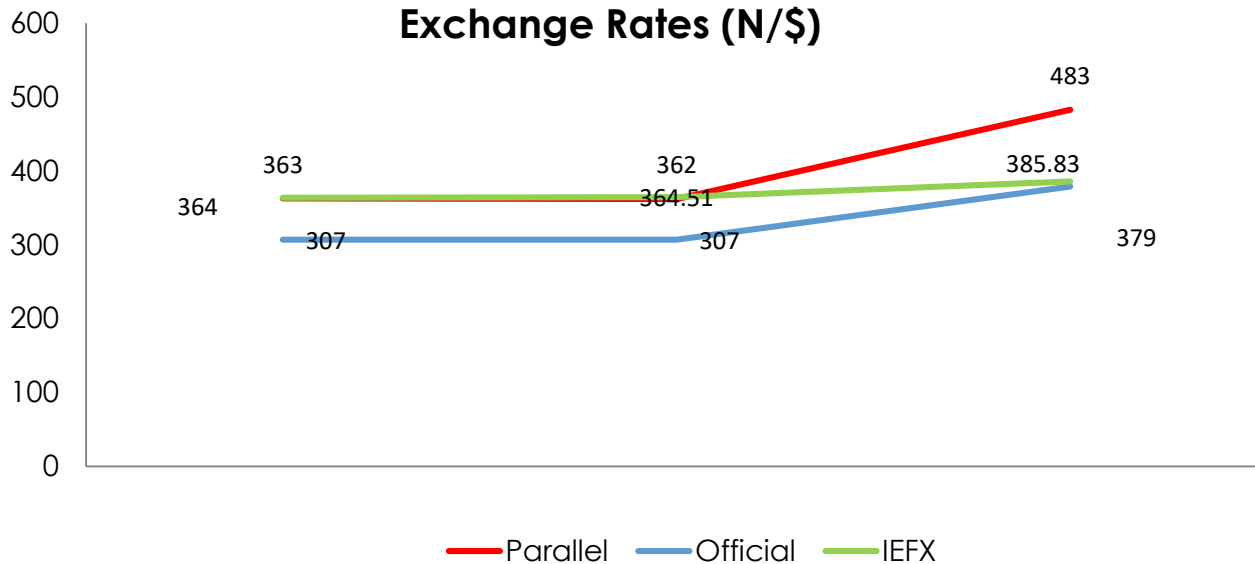
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Naira Under Pressure

Nominal N386/\$, Effective N485/\$

Rationing or free-float

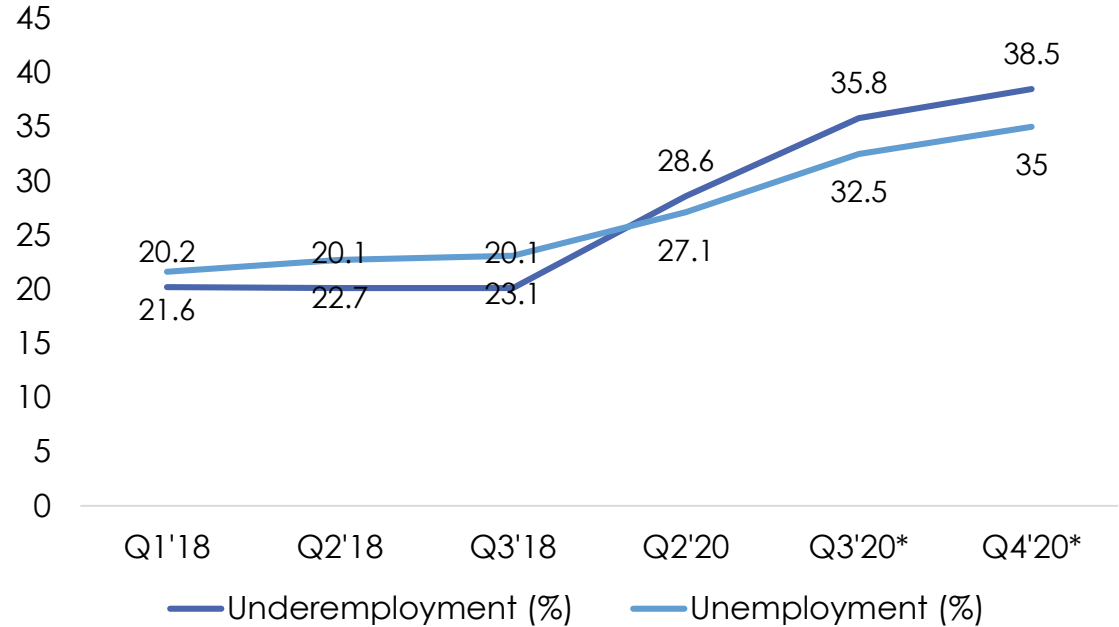
Source: CBN, FDC, FMDQ



External reserves = \$35.49bn

External debt = \$31.48bn

Unemployment/ Underemployment = 32%



Source: NBS, FDC

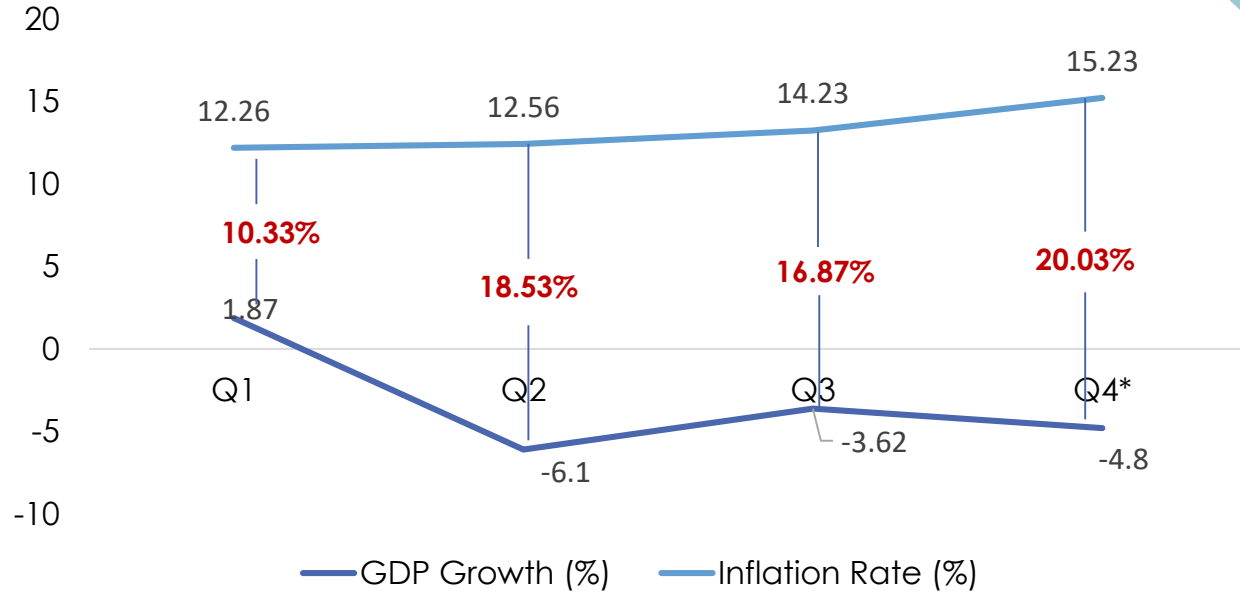
Growth down



Inflation up

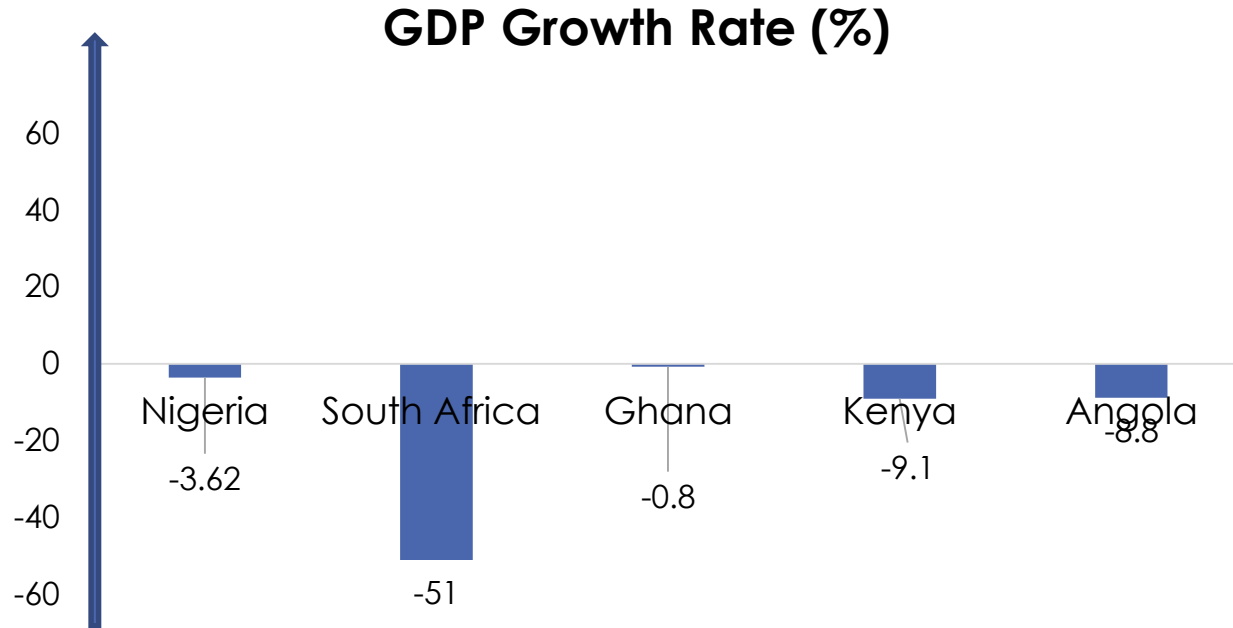


GDP Growth rate Vs Inflation rate



□ GDP-inflation gap widening

Recession : Nigeria not Alone



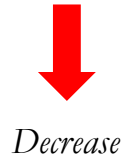
5 Countries = 58% of SSA's GDP

How it Affects You

Corporates (Forex rationing)



Borrowing cost



Decrease



Credit availability



Flat



Forex scarcity



Increase

Consumers (Income under pressure)



Petrol price



Increase



Onions



Increase



Flour price (Bread)



Increase



Data bundle



Flat



Transport fares

Bus within cities – **68.8%**

Across cities – **36%**

Bike – **115.5%**



Increase



Air fares



Increase

Food Basket

	Commodities	Sept'20	Nov'20	% Change	Direction
Carbohydrates	New Yam (medium size) 	N1,000	N1,000	-	↔
	Garri (50kg) (Yellow) 	N13,500	N14,500	7.41	↑
	Rice (50kg) 	N28,000	N31,000	10.71	↑
	Beans (Oloyin) (50kg) 	N18,000	N21,000	16.67	↑
Ingredients	Tomatoes (50kg) 	N35,000	N35,000	-	↔
	Onions (50kg) 	N38,000	N80,000	128.57	↑
	Pepper (50kg) 	N15,000	N15,000	-	↔
Proteins	Chicken (1kg) 	N1,500	N1,600	6.67	↑
	Turkey (1kg) 	N1,900	N2,000	5.26	↑
	Mackerel (1kg) 	N1,200	N1,400	16.67	↑

Commodity prices increased by an average of 19.2%



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What Next?

- ❑ Q4 growth – -5.4%
- ❑ Oil prices higher - \$45 per barrel
- ❑ Covid 2nd surge & lockdown in Europe- over 59million Covid Cases
- ❑ AfCFTA to commence in 2021
- ❑ Possible re-opening of the land borders
- ❑ Mild Xmas celebration

Outlook

Likely increase in interest rates in Jan 2021

Economic recovery will be slow and prolonged (1.7% - 2021)

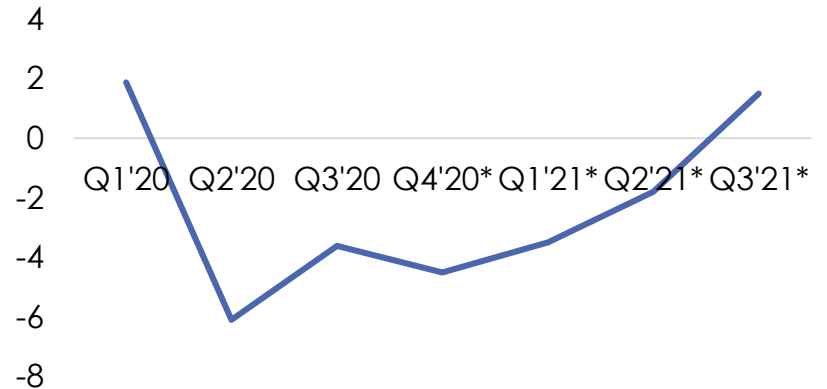
Expanding sectors include ICT, construction, education & transport

Q4 Unemployment will climb to 35%

Money supply growth - 16.7%

Inflation will reach 16.5% in Q1'21

GDP Growth (%)



Thank you!