

# CBN- Shooting For the Moon(16.50%p.a)



*“Even if you fail, you will be one of the stars”*

# Decision

**MPR –  
16.50%p.a**



**100bps**

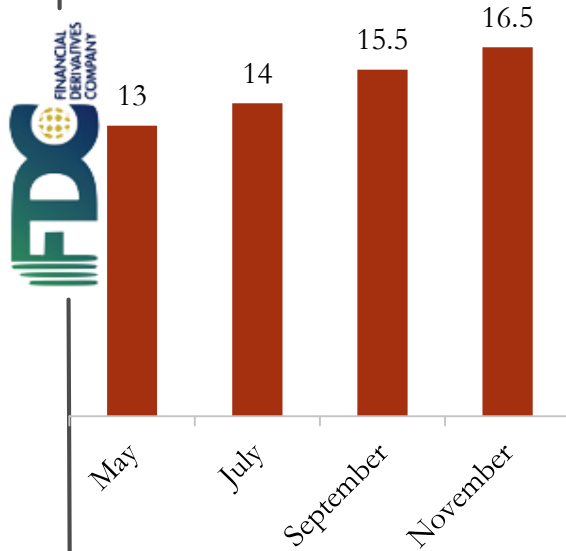
**All Other  
Parameters  
Unchanged**



**Cumulative rate hike  $\Sigma$  5%p.a**

# Cumulative Increase Since May

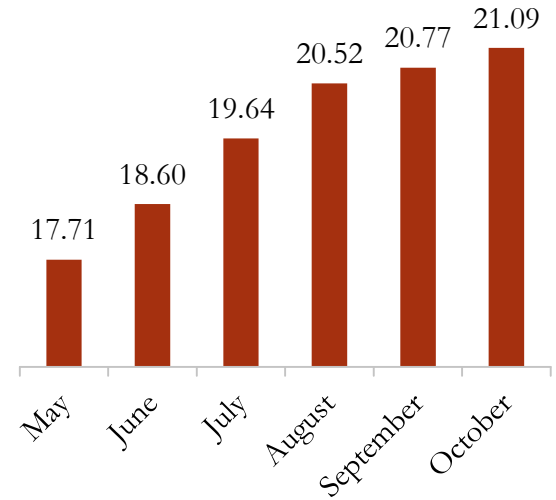
## MPR



Cumulative

5% > 3.4%

## Headline Inflation



# Major Considerations



Spiralling  
Inflation



Interest Rate  
Differential with  
Trading Partners



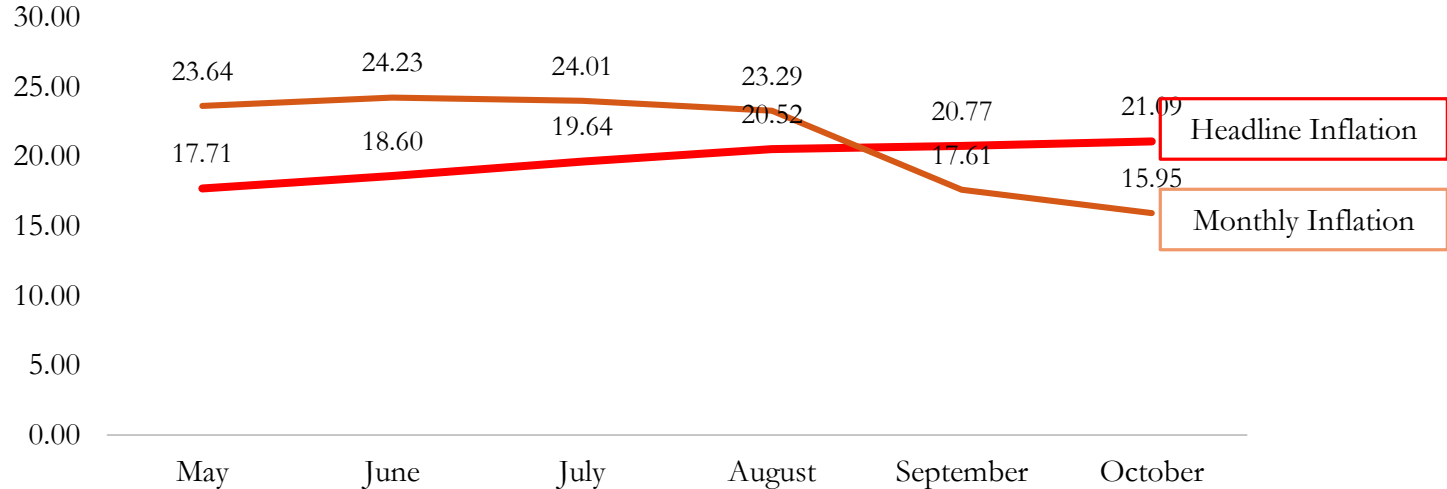
Naira Weakness  
in Forex Market



Reversal of Capital  
Flows

# Nigeria's Inflation at 17-year High – 21.09%

## Inflation



- Headline inflation rising
- Monthly inflation declining

**\*770** 

Start now. Dial \*770#



Contact Us: [trueserve@fidelitybank.ng](mailto:trueserve@fidelitybank.ng)

# Which Inflation?



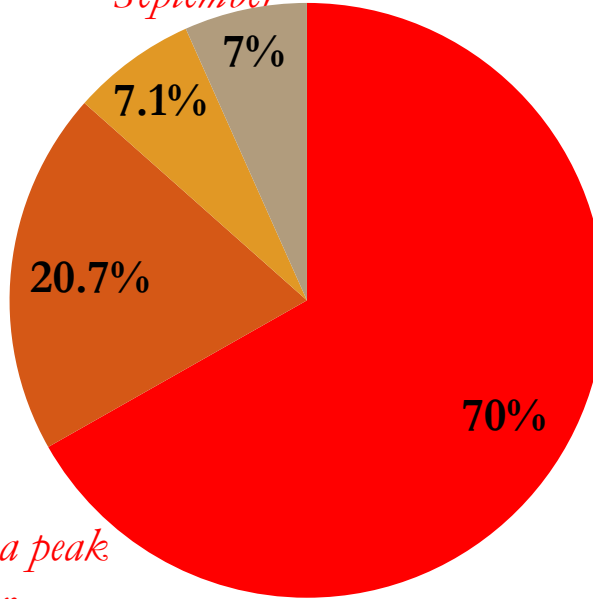
**Official Basket – 21.09%**



**The Real Basket – 45.64%**

# The Drivers of Inflation

*Ways & means advances  
rises to N22.82trn in  
September*



- Exchange Rate Pass-Through
- Diesel and Logistics Cost
- Imported Commodities
- Money supply saturation

*Parallel market rate touched a peak  
of N778/\$ in October*

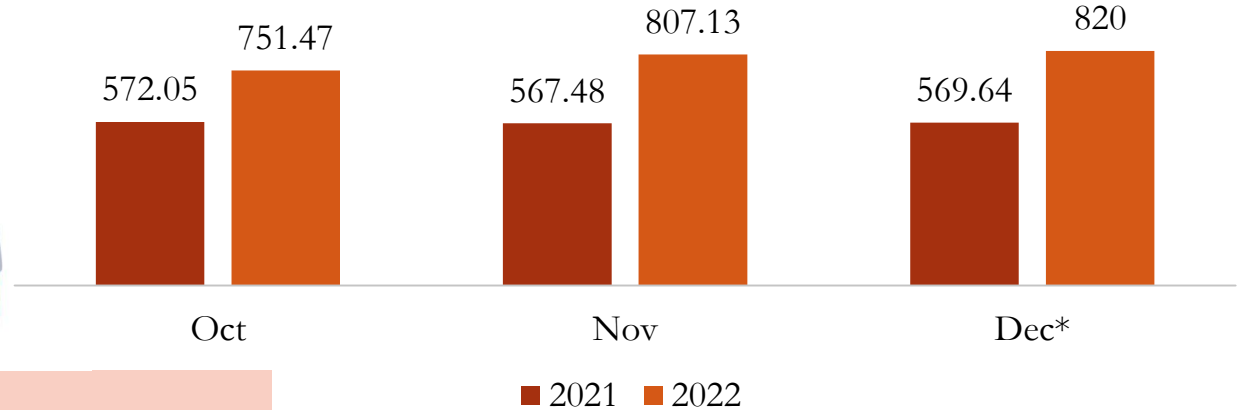
$$\text{MPI} = 0.18$$

*Every % increase in GDP leads to  
18% increase in imports*



# Naira Oscillating But Falling

## Parallel Market Rate



## Why?

- Falling Supply
- Rationing & restrictions
- Speculations

Naira lost approximately 39% in one year

# States with Highest & Lowest Inflation

Highest



Lowest



Kogi — 25.15%

Average  
23.89% > 19.24%

Plateau — 19.02%

Bauchi  
/Ondo — 23.45%

Why?

- Flood
- Logistics
- Consumer resistance

Borno — 19.31%

Bayelsa — 23.09%

Nasarawa — 19.39%

# The Way Forward



Increase forex supply  
into the market



Naira must be  
fairly valued

Official  
N445/\$



Parallel  
N800/\$



# Alpha Morgan Capital

*Growing Your Wealth...*

**FUNDS MANAGEMENT**

**INVESTMENT BANKING**

**FINANCIAL ADVISORY**

**Head Office (Lagos)**

Union Bank Building (2nd floor) Plot 1668b,  
Oyin Jolayemi Street, Victoria Island, Lagos.  
081 51 71 71 71

**Abuja Branch**













Phase 1, 5th Floor, Suite F5, 1 Rivers House,  
Plot 83 Ralph Shodeinde Street, CBD, Abuja.  
+234 09 292 5164

  
[www.alphamorgan.com](http://www.alphamorgan.com)

  
[info@alphamorgan.com](mailto:info@alphamorgan.com)

# Nigeria not Alone

- Most of our major trading partners have raised rates aggressively

	Inflation (%; Jan)	Inflation (%; June)	Inflation (%; Oct)	Cumulative in Interest rate hikes (bps)
US	7.5	9.1 	7.7 	375
UK	5.5	9.4 	11.1 	275
EU	5.1	8.6 	10.6 	200
Ghana	13.9	29.8 	40.4 	1000
South Africa	5.7	7.4 	7.6 	250
Nigeria	15.6	18.6 	21.09 	500

# Before the Next MPC Meeting...

- Q3'22 GDP growth number to be released on November 24th
  - Down to 3.1% (Q2'22: 3.5%)
- November & December inflation – *Above 22%*
- Real estate value and supply will fall but rents will increase
- Naira may fall to N820 before appreciating in 2023
- High interest rate to force down stock market prices
- Airline tickets will be more expensive

# Beary (ish) Xmas .....

## One year change



N45,000



67%

A bag of rice



N32,000



50%

A bag of flour

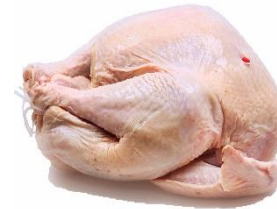


9,000



80%

5 litres of  
Groundnut Oil



N39,000



50%

Turkey

# And Sappy New Year

- 2023 Election in 94 days
- Census in Q1'2023
- New Naira Notes wahala! (Dec 15 – Jan 31)





*Thank you!*