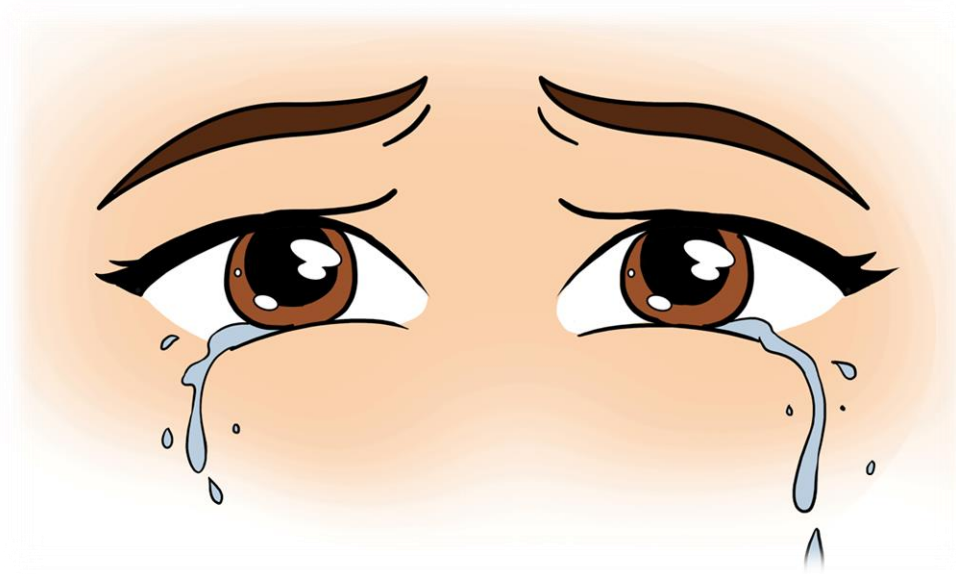


# MPC Bites The Bullet!



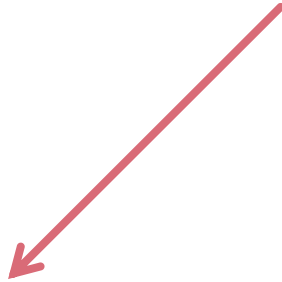
Raises MPR by 100bps (17.5%p.a)

Interest Rate Hike -5<sup>th</sup> time in 10 months

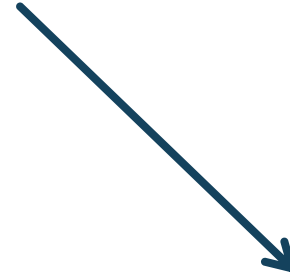


Inflation is still a canker worm

# Candour vs Humour



- Inflation still biting
- Growth tepid
- Naira embattled



- Status quo in the dustbin
- Loosening in the Atlantic ocean
- T/bill rates crash

# Mixed Signals Across Markets



*My Head says Yes  
but  
My Heart says No!*

Cumulative increase  $\Sigma$  6%

Policy rate



T-bill rate  below 1%p.a

40-year bond at 9%p.a

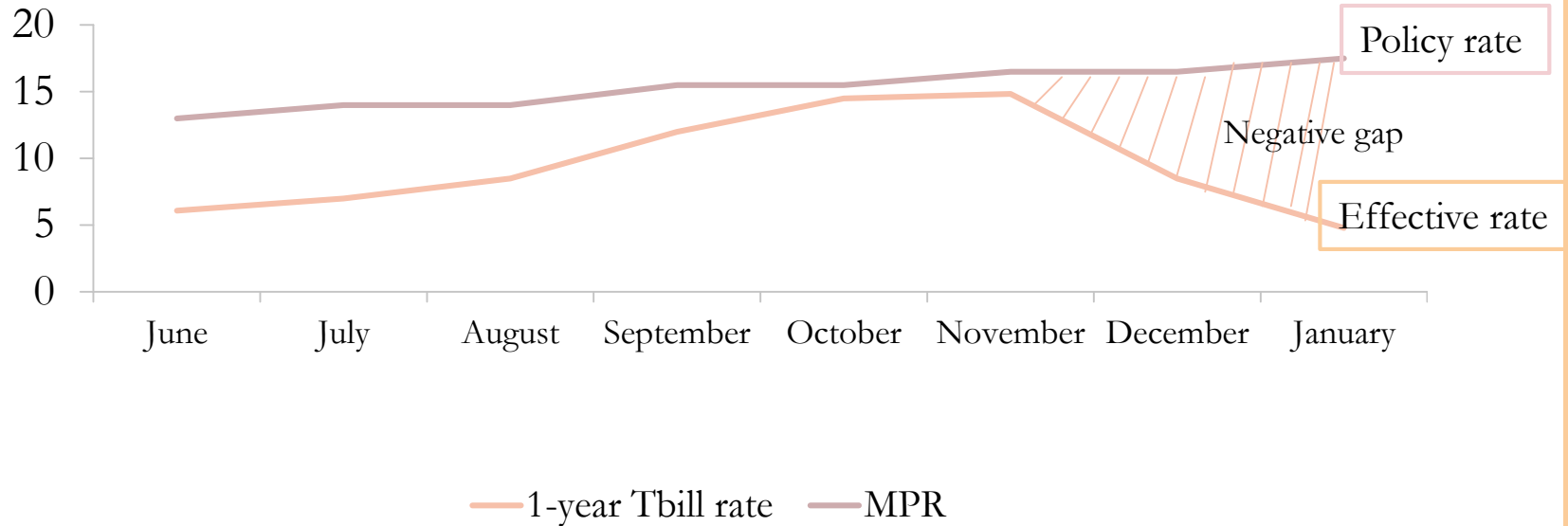
**MPR – 17.5% p.a**

**CRR – 32.5%**

**Liquidity Ratio – 30%**

# Effective Rates are Declining

1-year t-bill rate vs. Inflation rate



○ 1-year t-bill rate now **13%** below **MPR**

○ Negative real rate of return on investments **now 17%**

# Monetary Policy Has Its Limits



- Total Interventions  $\Sigma$  N4.51trn GDP = N176.08trn
- Interventions activities as a % of GDP = 2.6% < 5%

**Impact = Minimal**

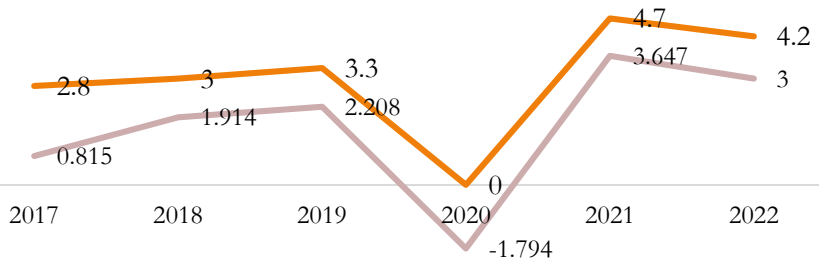
# IT'S TIME TO **CARE** ABOUT **YOUR SALT**

Refined, Iodized & Purified



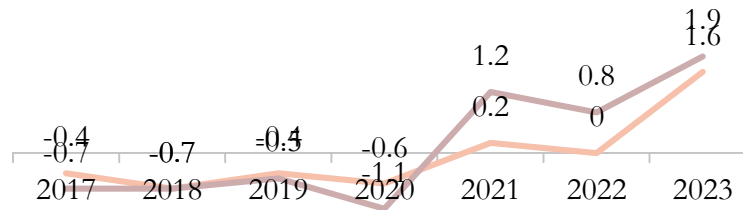
# Structural Problems are Entrenched

## GDP Growth Vs Potential Output Growth



— Growth of real potential output (%) — Real GDP (% change pa)

## Labor & Factor Productivity Growth



— Labour Productivity — Factor Productivity

- The economy has been on a recessionary gap
- Sub-optimal use of capital stock

**Fiscal Imbalances – N23trn  
(CBN ways & means)**

**Debt Overhang –  
N77trn**



# Is Nigeria Going With the Flow?

	Cumulative decline in inflation rate	Cumulative interest rate hikes	Latest interest rate hike from November
US	2.6	4.25	0.5
UK	0.6	3.25	0.5
Rwanda	2.1	2.00	0
Zambia	0.1	0	0
South Africa	0.2	3.0	0.75
Uganda	0.5	3.5	0
Kenya	0.5	1.75	0
Nigeria	0.13	6.00	2.00

- Nigeria's inflation responding less to interest rate hikes

# What Next?



Change in interest rate  
market structure ?



Exchange rate adjustment  
*Likely convergence of IEFX  
and parallel rate*

# Are You Better Off Now?

## Food



A bag of Rice

Jan 2021

N27,500

Jan 2023

N38,000

38%



A bag of beans

N22,000

N32,000

45%



Basket of Tomatoes

N7000

N16,000

129%



A loaf of Bread

Jan 2021

N400

Jan 2023

N900

125%



Chicken

N800

N2,000

150%



# Are You Better Off Now?

## Non-Food



City transport  
(V.I to Oworoshoki)

Jan 2021

N200

Jan 2023

N400

100%



Jan 2021

N5000

Jan 2023

N5000

0%



20gb Data Bundle



Flight Ticket  
(Lagos to Abuja)

N35,000

N100,000

186%





# Alpha Morgan Capital

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# Are You Better Off Now?

## Socio-economic indicators



	2015	2023		2015	2023
Income per capita	\$2718.59	\$2326.23 <b>-14%</b> 	Inflation rate (Average)	9.0%	18.77% <b>9.77%</b> 
External debt per head	\$49.1	\$215.5 <b>339%</b> 	Misery index	38.2%	55.77% <b>17.57%</b> 
Exchange rate	N190/\$	N749/\$ <b>74.52%</b> 	Elite Secondary school fees	N2.5mn	N7.1mn <b>219%</b> 

# Look Out For...



- Q3 Capital importation data – January 27
- January CPI report – February 15
- Q4'22 & full year GDP data – February 22
- Presidential election – February 25
- Governorship elections – March 11
- May 29 - Handover

*Thank you!*