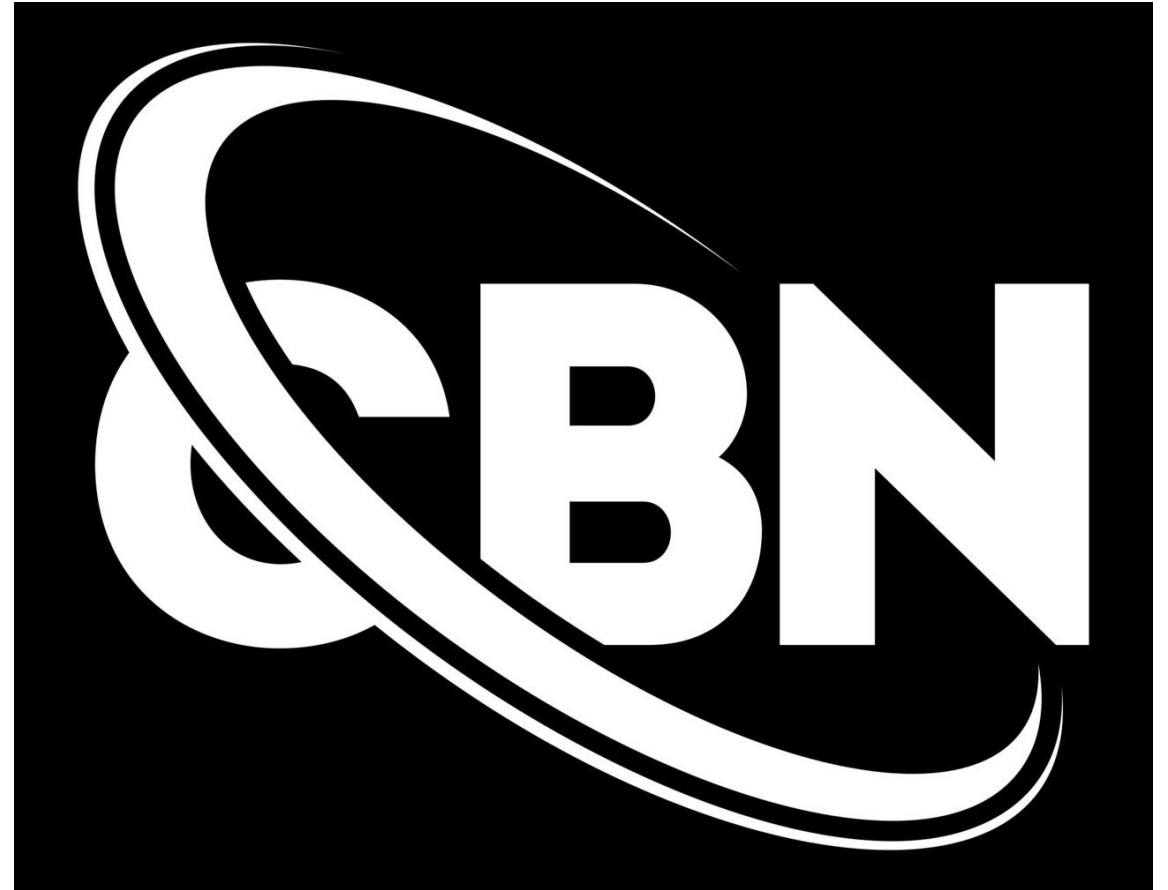


KEEPING UP THE PRESSURE

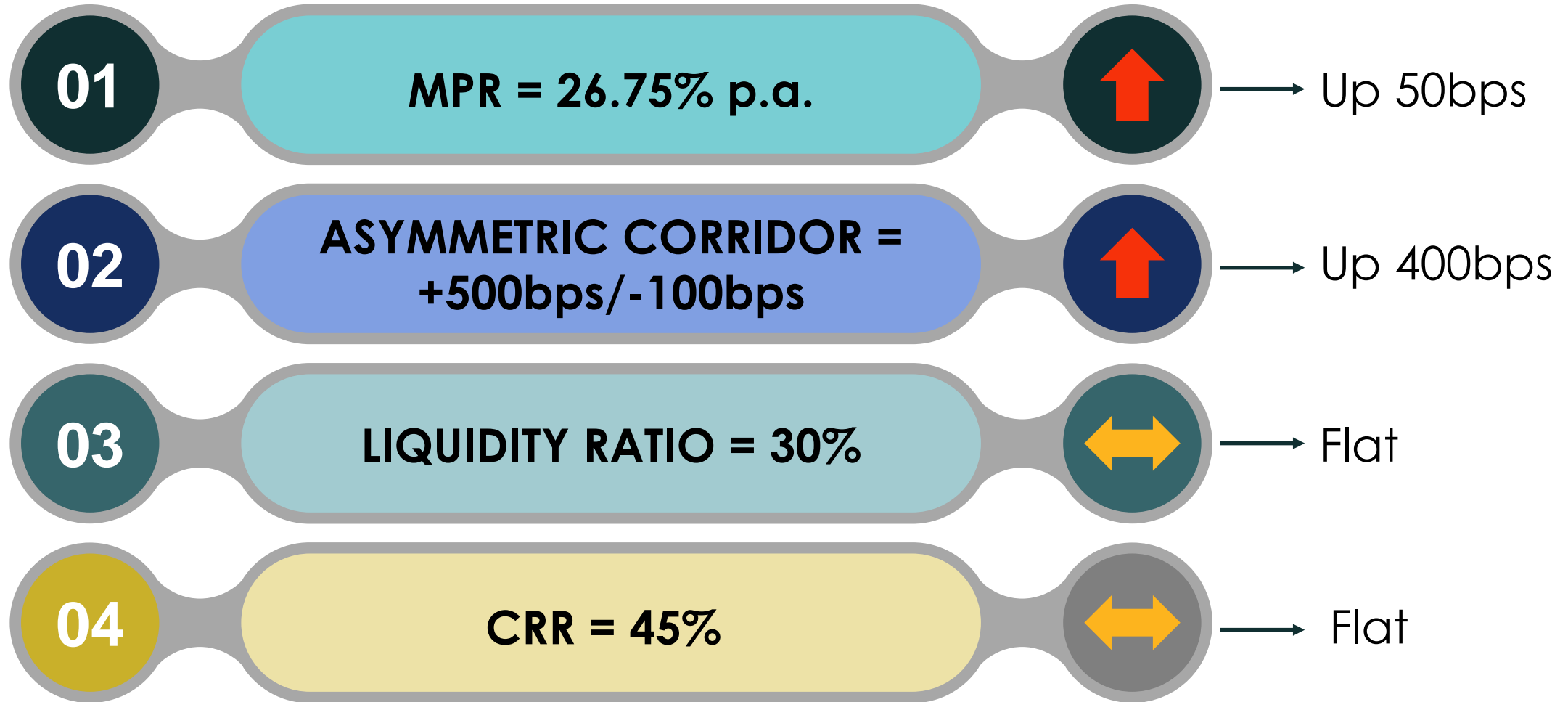


Presented by Bismarck Rewane
July 23, 2024





DECISION



IN THE LAST 3 YEARS...

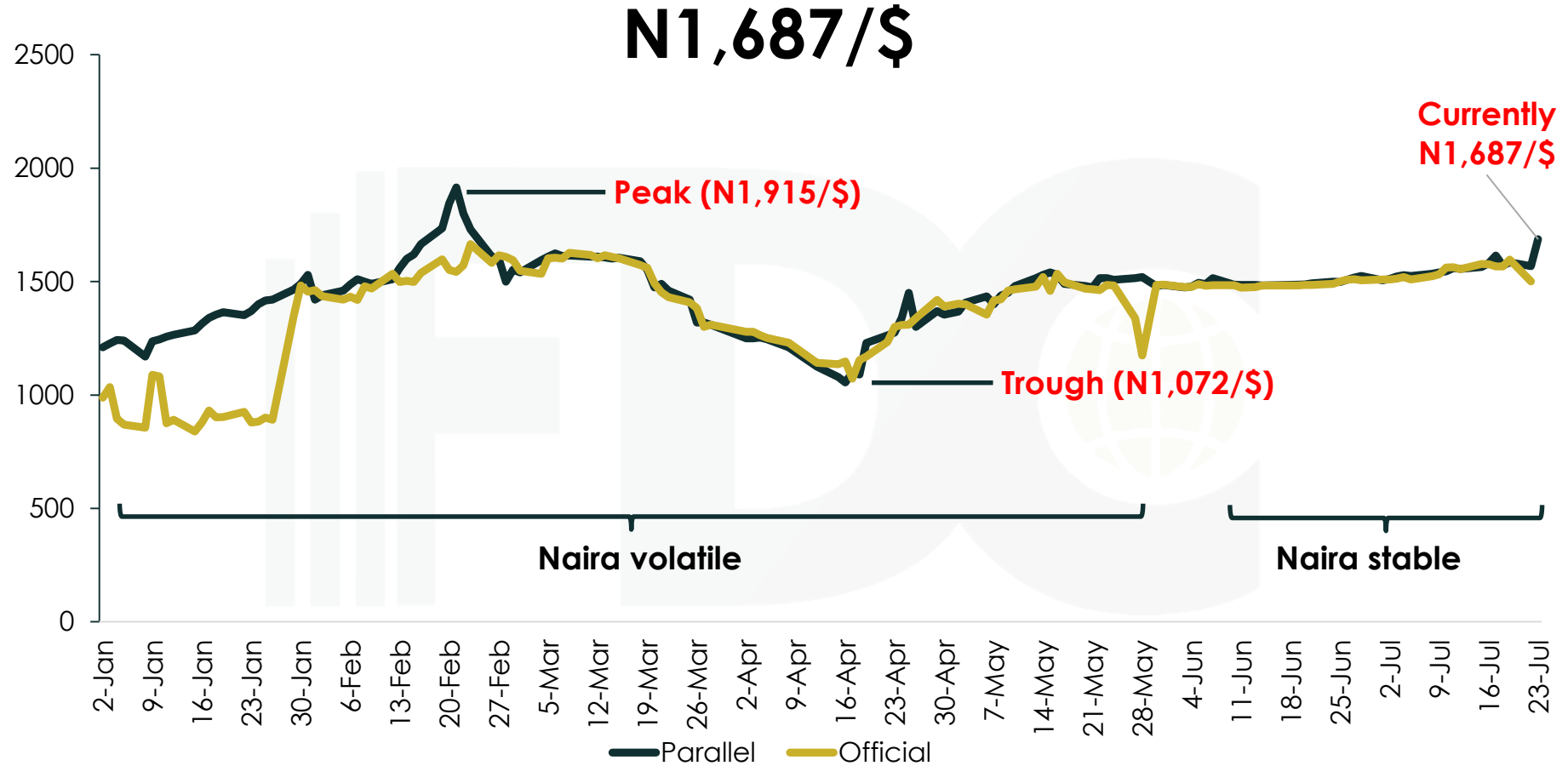
MPR → **HIKE** 12 TIMES **STATUS QUO** 5 TIMES **RATE CUT** 0 TIMES

Asymmetric Corridor → **ADJUST** 4 TIMES (3 TIMES IN 2024) **RETAIN** 13 TIMES

IMPACT

	JULY 2021	JULY 2024		
INTEREST RATE	11.5%	26.75%	Σ	15.25%
INFLATION	17.38%	34.19%	Σ	16.81%

IMMEDIATE REACTION – NAIRA FALLS AGAIN



Source: FMDQ, FDC Think Tank

- The exchange rate has had little impact on price inflation since May 2024

IMPORTANCE OF AN ASYMMETRIC CORRIDOR

CURRENT

+500/-100

PREVIOUS

+100/-300

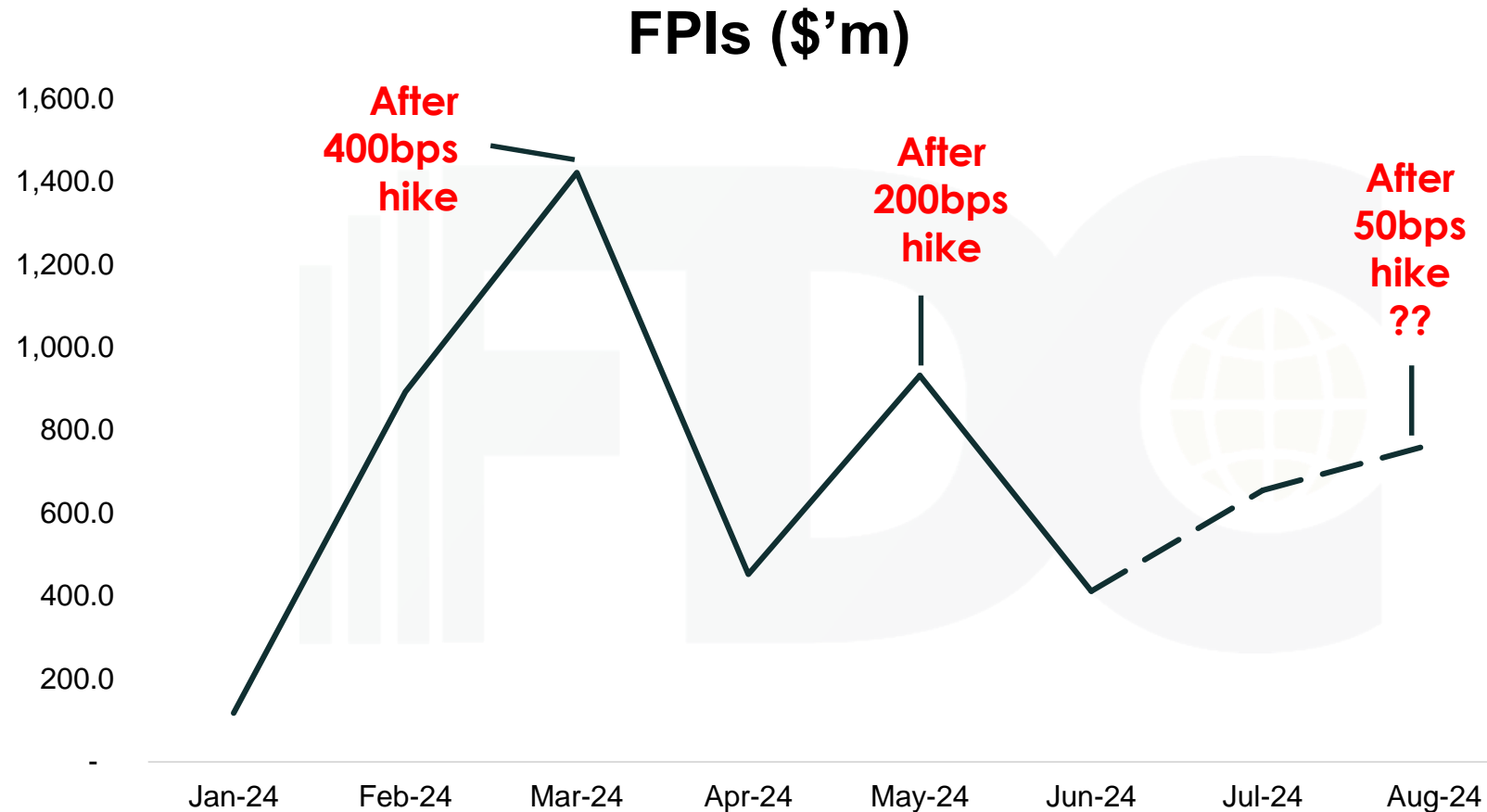
DIFFERENCE

+400/-200

IMPLICATIONS

- Banks robbing Peter to pay Paul
- Will reduce pressure on the naira

RATE HIKE MAY INCREASE PORTFOLIO INFLOWS (FPI)

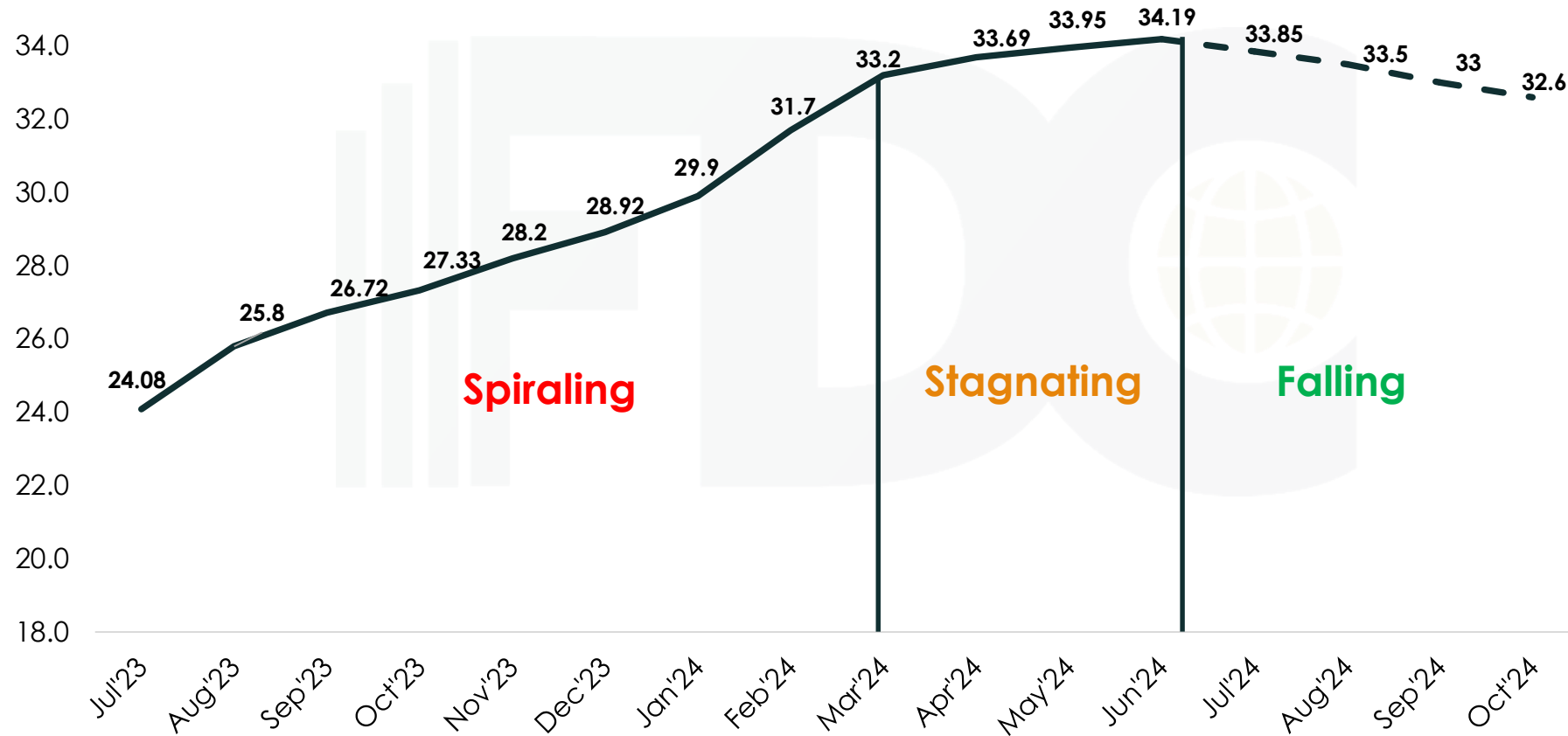


Source: FMDQ, FDC Think Tank

- The hike in interest rate is expected to boost FPIs in August 2024

HEADLINE INFLATION – AFTER SPIRALING, NOW STAGNATING

Headline inflation (%) July 2023 – October 2024



Source: NBS, FDC Think Tank

***770#**

Start now. Dial *770#



Contact Us: trueserve@fidelitybank.ng

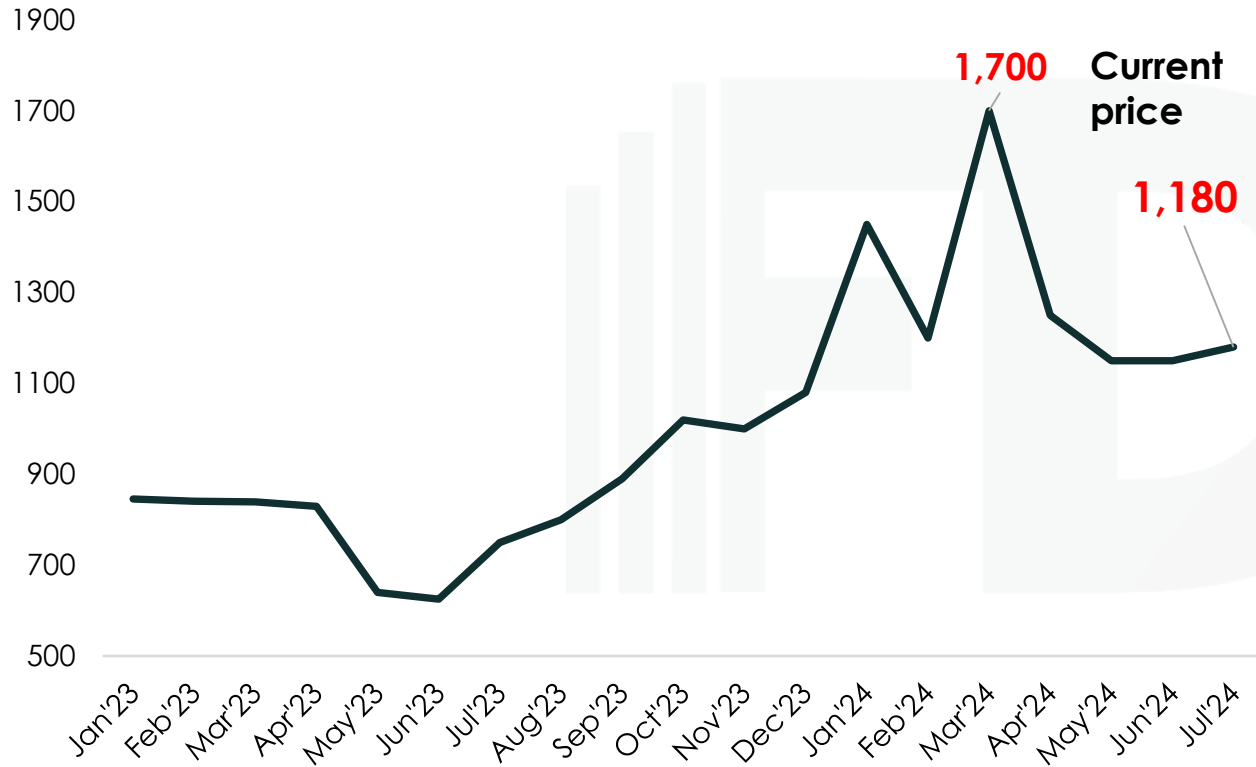


Fidelity Bank Plc
INC 100002

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THE DIESEL EFFECT – DANGOTE TO THE RESCUE

N1,180/litre



Source: FDC Think Tank



- Improved supply of diesel from Dangote refinery tapered prices from the peak of N1,700/ltr in March 2024

MINIMUM WAGE EFFECT – NO STRIKE, NO DRAMA



MINIMUM WAGE

BEFORE

N30,000

NOW

N70,000

% CHANGE

133.3% 

The Goodies

- Improved standard of living
- Increased consumer spending
- Increased workforce productivity

The Downers

- Inflationary pressure
- Potential job losses
- Strain on public finances

FOOD COMMODITY IMPORT – SAVIOUR OR POISON CHALICE?

Commodity	Current Price (N)	Expected New Price (N)	Derivatives
Rice (50kg) long grain	82,000	70,000	Jollof & fried rice
Wheat flour (50kg)	59,000	50,000	Bread, Pasta & Spaghetti
Cowpea (50kg)	150,000	110,000	Akara, Moin moin
Maize (50kg) yellow	105,000	95,000	Pap & Animal Feed

- 150 days – From August 1, 2024 to January 1, 2025 (Christmas and new year)
- If there are manipulations in the market, prices may remain sticky downwards

HIGHER FOOD PRICES – Q2 VS Q3



Rice

1 Bag ↑

Q2 2024: N80,000
Current Price: N82,000

UP BY 2.44%

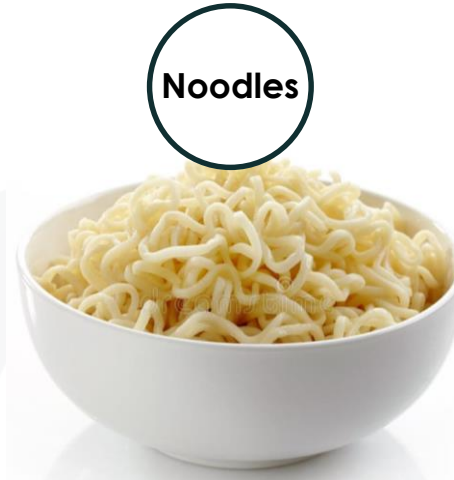


Palm oil

5 Litres ↑

Q2 2024: N5,500
Current Price: N6,000

UP BY 9.09%



Noodles

1 Carton ↑

Q2 2024: N7,500
Current Price: N7,800

UP BY 3.85%

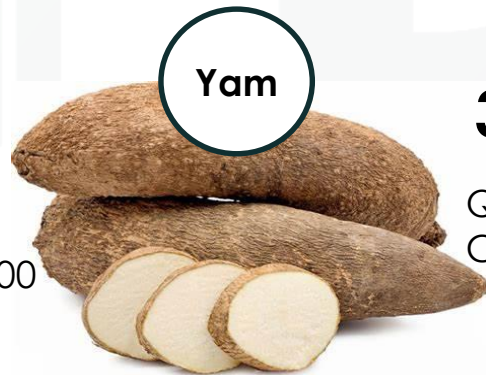


Beans

1 Bag ↑

Q2 2024: N95,000
Current Price: N150,000

UP BY 36.67%

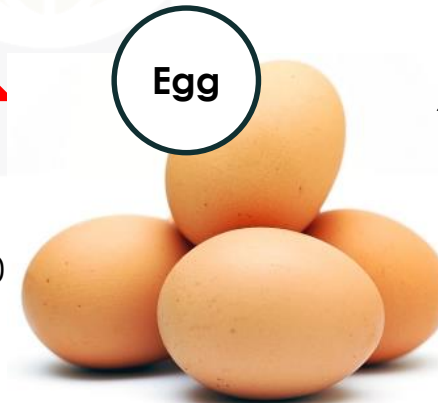


Yam

3 Tubers ↑

Q2 2024: N10,500
Current Price: N18,000

UP BY 41.67%



Egg

1 Crate ↑

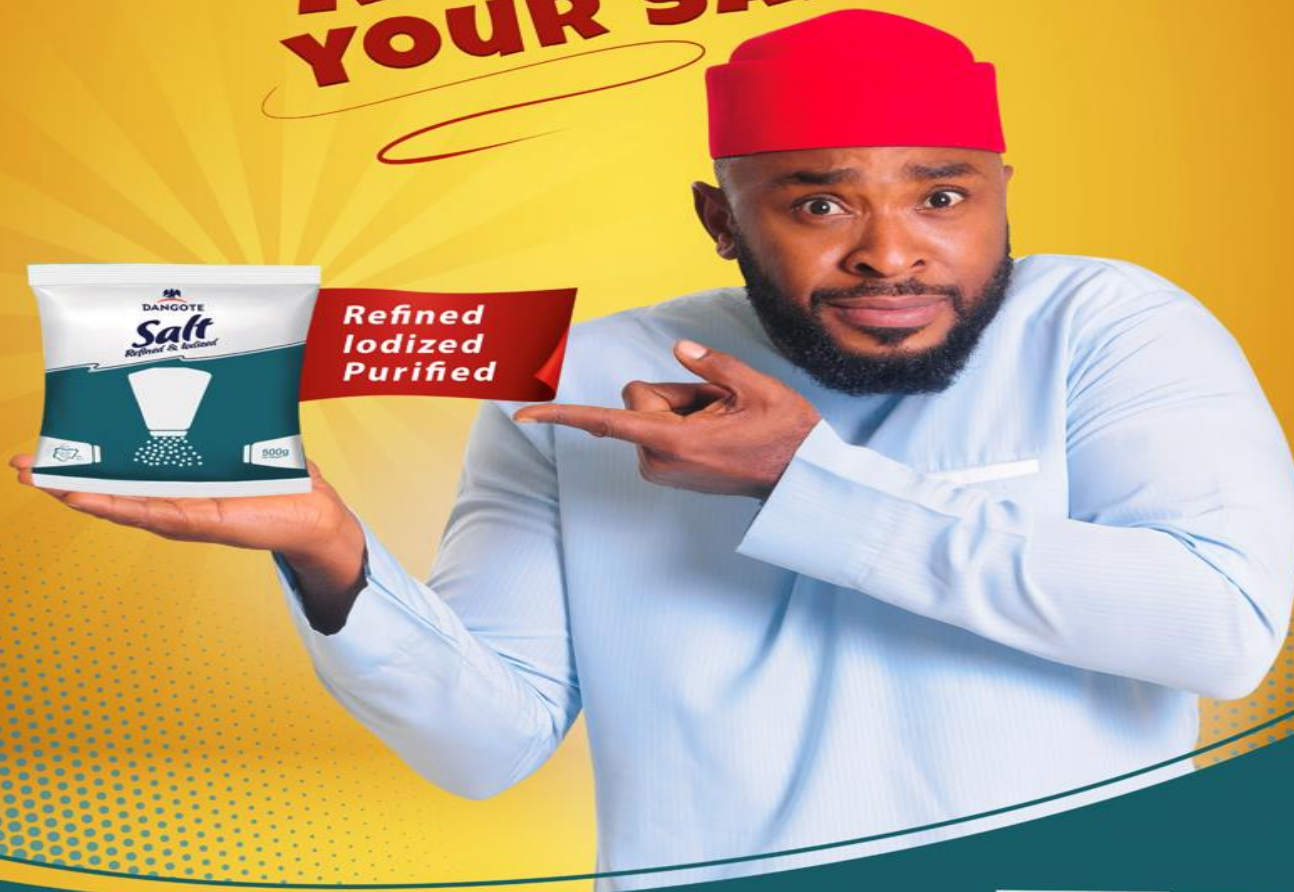
Q2 2024: N4,000
Current Price: N5,500

UP BY 27.27%

IT'S TIME TO
CARE
ABOUT
YOUR SALT



Refined
Iodized
Purified



Choose Quality, Choose Dangote Salt



www.nasconplc.com

AFTER THE DUTY WAIVER - SEPT

Rice



1 Bag



July 2024: N82,000
Sept. 2024: N70,000

DOWN BY 2.44%

Flour



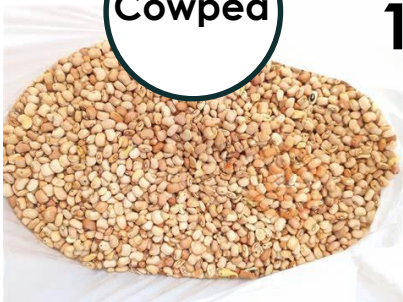
50kg



July 2024: N59,000
Sept. 2024: N50,000

DOWN BY 2.31%

Cowpea



1 Bag



July 2024: N150,000
Sept. 2024: N110,000

DOWN BY 36.67%

Maize



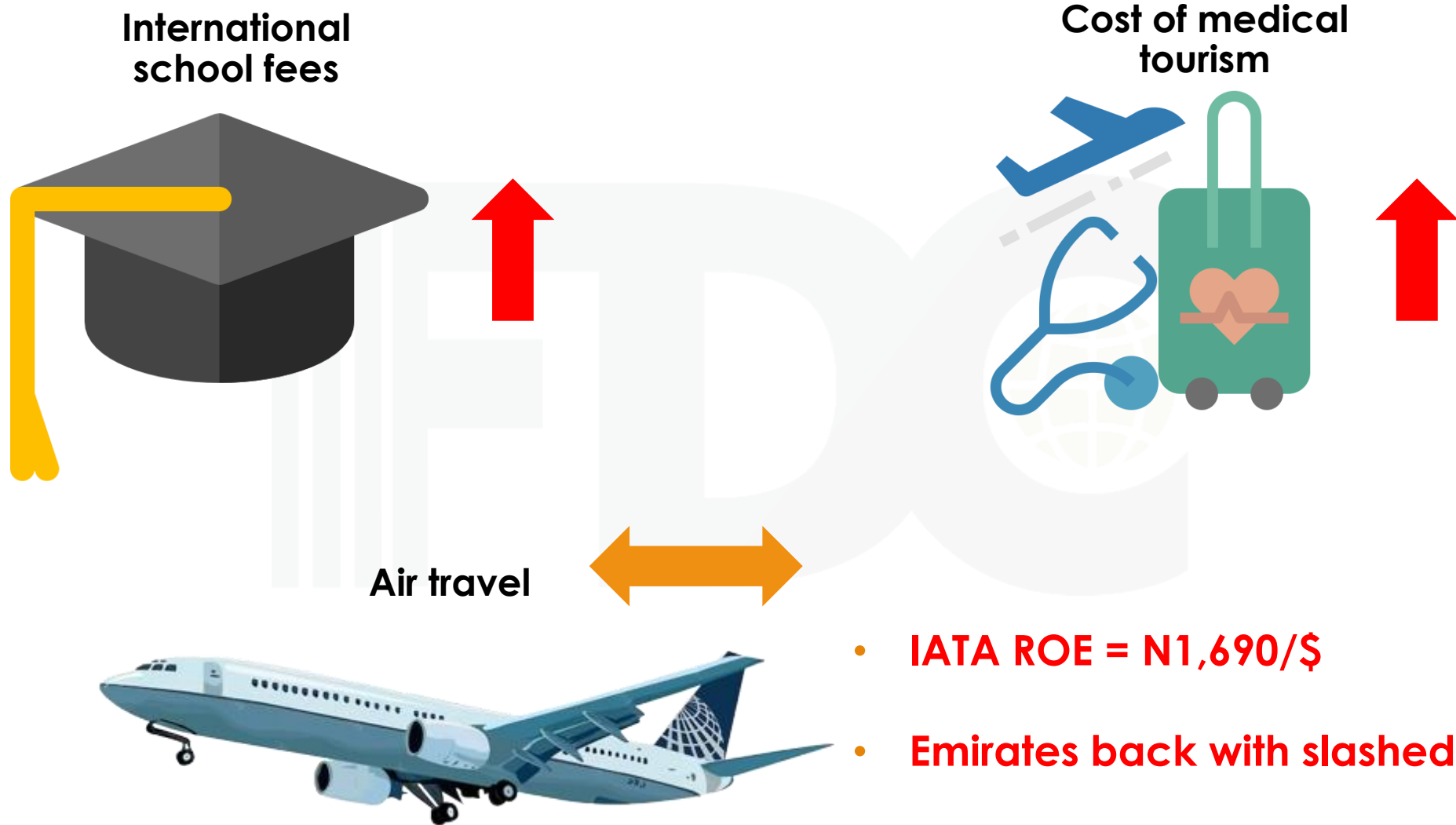
1 Bag



July 2024: N105,000
Sept. 2024: N95,000

DOWN BY 2.31%

IMPACT OF POLICY ON ELITES



- IATA ROE = N1,690/\$
- Emirates back with slashed prices
- Air Peace

IMPACT ON THE COMMON MAN (SURVIVORS)



Transport Fare

Obalende to
Victoria Island



N400



BY 33%



House Rent



BY 20%



WHAT NEXT?

- Food import duty waiver will taper inflation
- Dangote PMS – August 15, guaranteed supply
- New minimum wage will impact inflation marginally
- Higher interest rates will increase savings and help moderate inflationary pressures
- Naira will recover from N1,700/\$ to N1,500/\$ in September





**THANK
YOU**