


# CBN RESOLUTE !!!



## AS MPC HOLDS RATE

# MPC DECISION

MPR = **UNCHANGED**  at 27.50%p.a

ALL OTHER PARAMETERS = **UNCHANGED** 

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IN THE LAST 17 MONTHS



**HIKE**  
**6 TIMES**



**STATUS QUO**  
**1 TIME**



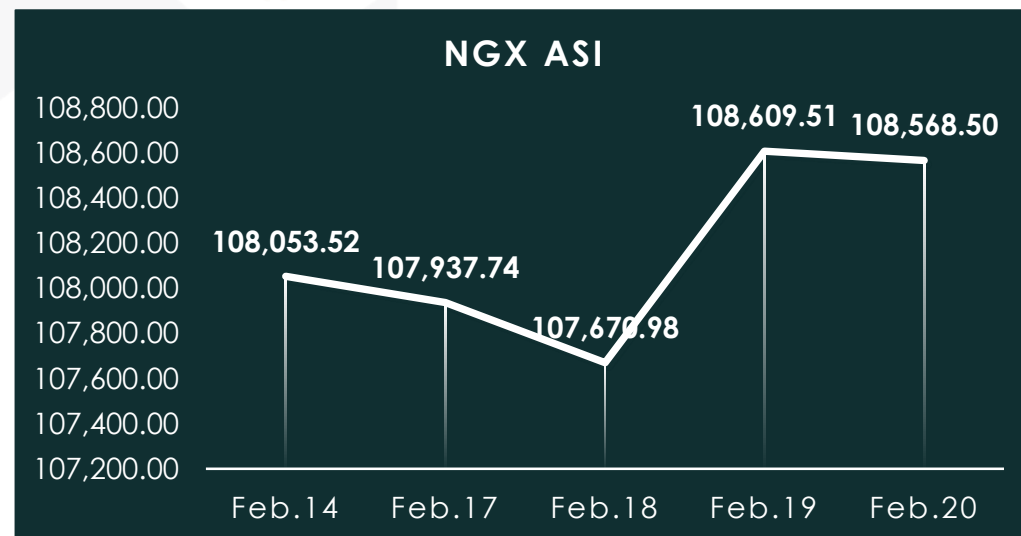
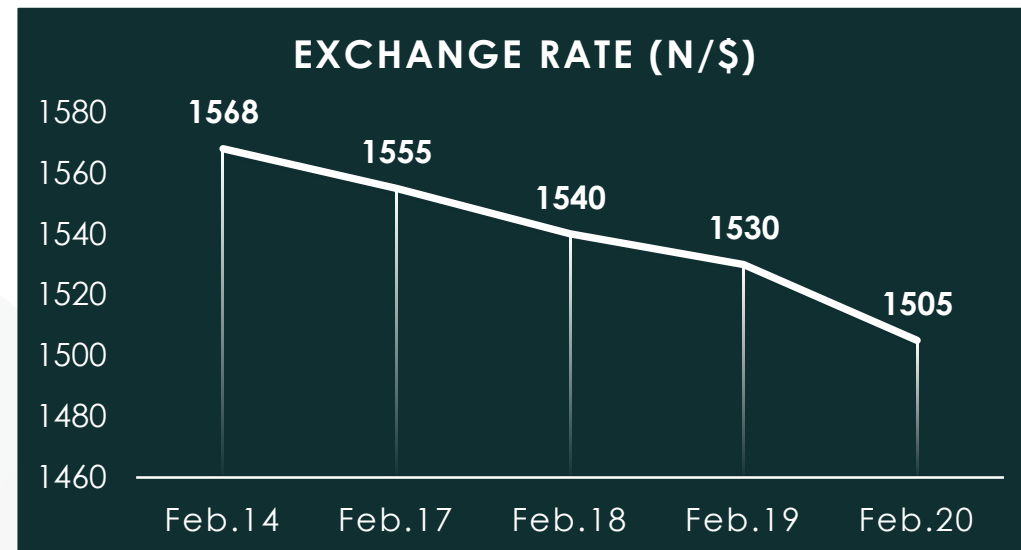
**REDUCTION**  
**0 TIME**



**8.75%**

# INITIAL MARKET REACTIONS

- Parallel rate appreciated by 1.66% to ₦1,505/\$
  - PPP fair value - ₦1,102/\$
- Interbank interest rates flat
- NGX was flat, loosing 0.04%
- ADTV – fell 3% to ₦8.42bn



# NAIRA STILL UNDERVALUED

Purchasing Power Parity			
	=N=	US \$	PPP ('=N=/US\$)
Bottle of Pepsi (50cl)	500	0.67	751.88
Heinekin Beer (60cl)	1,200	1.62	740.74
Hamburger (Burger King)	10,200	6.99	1459.23
Movie tickets (blockbuster)	8,000	9.99	800.80
HP Pavilion 14 X360 (12 gen, core i13, 512gb)	1,450,000	850.94	1704.00
Diesel Price (1 litre)	1,090	0.95	1147.37
Vegetable oil (5 litres)	19,500	37.75	516.56
Indomie (1 unit)	500	1.10	454.55
Nestle Bottled Water (60cl 1 unit)	250	0.28	892.86
Big Loaf Bread	1,800	4.35	413.79
Corrola (2023 Model)	50,000,000	21700.00	2304.15
Irish Spring Soap (3 bars)	3,645	3.51	1038
Chicken Breasts ( 1 kg)	5,500	2.00	2750.00
Trolley	2,500	6.02	415.28
Peak evaporated milk (pack of 24)	18,000	36.00	500.00
Uncle Ben's rice (5.44kg 1 pack)	29,000	21.85	1327.23
Eggs (30 large eggs)	7,200	23.50	306.38
Medicine (Panadol extra 50 caplets)	11,700	12.47	938.25
Andrex toilet paper (24)	41,850	16.88	2479.27
Average PPP			<b>1102.15</b>
Naira Price at NAFEM			1500.52
PPP (%)			
Decision: Naira is		Undervalued	<b>-26.55%</b>
Spot Rate (Parallel)			1505
Outcome: Compared to NAFEM rate of N1,500.52/\$1, the Naira is undervalued by 26.55%			

**MARKET VALUE**

**N1,505.00/\$**



**OFFICIAL VALUE**

**N1,500.52/\$**



**FAIR VALUE**

**N1,102.15/\$**

There is a 26.55% undervaluation of the naira



## WHAT WE SAID

Nov. 2024

- November Inflation to reach 34%
- National assembly budget approval in December
- Another bond issue under a US\$2bn programme
- Constant and periodic FX auction
- Naira to appreciate by 10% to ₦1,550/\$ in Q1'25

## WHAT HAPPENED

Feb. 2025

- November Inflation – 34.6%
- Budget Approved in February
- \$2.2bn Eurobond Issuance in Dec.
- \$25,000 weekly FX sales to BDCs
- Naira currently trades at ₦1,505/\$



# Q1'25: THE BRIGHT AND DARK SIDES...

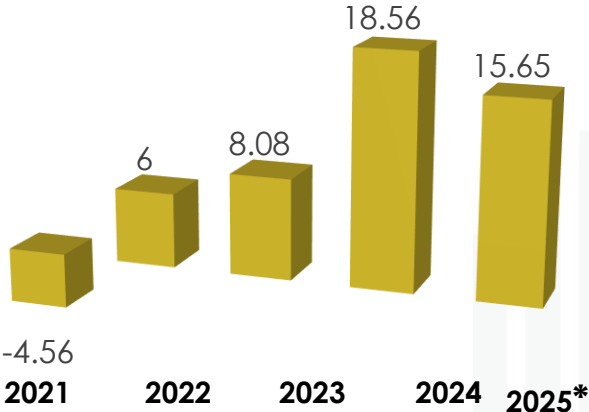


- Naira has appreciated: 9% (2025)
- Inflationary pressures are easing
- GDP growth is positive
- Petrol and diesel prices are cooling
- PMI is expanding

- Money supply growth is still high (17%)
- Interest rates are elevated
- Borrowing costs are up
- Telco and electricity tariff hikes
- ATM & POS fees are up

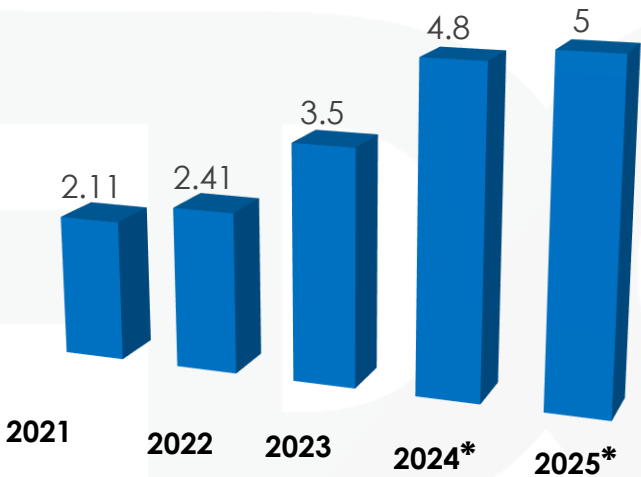
# EXTERNAL POSITION – LESS WINDOW DRESSING

Trade Balance (\$'bn)



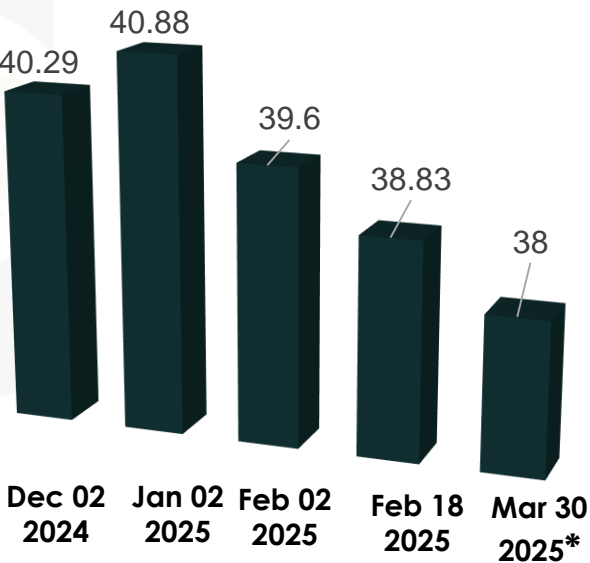
Nigeria's trade balance improving

External Debt Service (\$'bn)



Debt service increasing

Gross External Reserves (\$' bn)



as Gross external reserves declines

# INFLATION – 3 METHODS, 3 OUTCOMES



**Old Method**

**34.8%**

Official inflation (Dec 2024). Estimate is based on the 2009 inflation basket



**New Method**

**24.48%**

Official inflation (Jan 2025). Estimate is based on the 2024 inflation basket



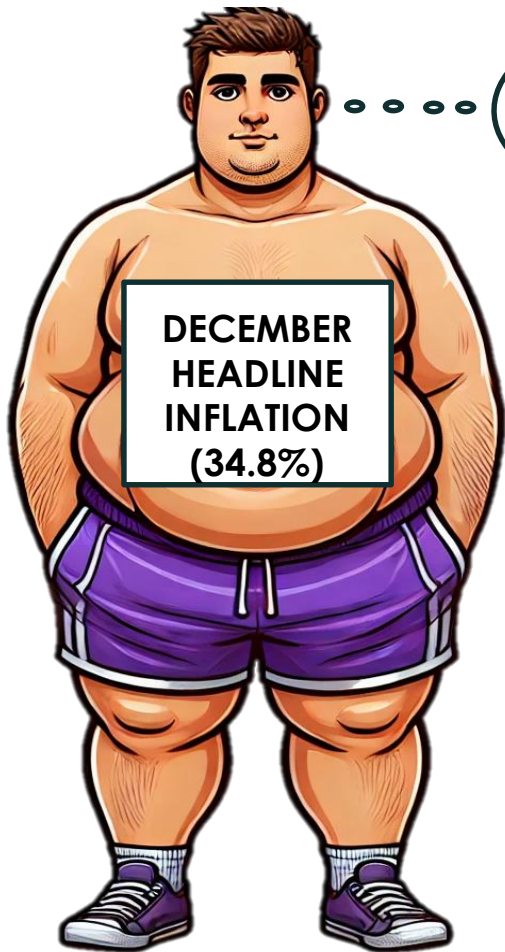
**Real Method**

**33.35%**

FDC's survey and reconstituted synthetic basket. Estimate is based on the 2009 inflation basket



# DID HEADLINE INFLATION JUST SHED SOME WEIGHT?



Option A  
Dieting



Lose 1.45% of its weight to  
**33.35%**

Option B  
Cosmetic  
surgery



Lose 10.32% of its weight to  
**24.48%**

NOT ALL THAT GLITTERS IS GOLD

# FOOD INFLATION BASKET...DISINFLATION KICKS IN

Commodity	August 2024 (₦)	January 2025 (₦)	% Change
Yam (3 tubers)	18,000	12,000	-33%
Eggs (crate)	5,500	6,000	9%
Beef (1 kilo)	4,000	8,200	105%
Beans (bag)	150,000	100,000	-33%
Rice (50kg bag)	85,000	100,000	18%
Garri (50kg bag)	43,000	35,000	-19%
Tomatoes (basket)	50,000	35,000	-30%
Soft Drinks (24pcs)	12,000	14,000	17%
<b>Average</b>	<b>45,937.50</b>	<b>38,775</b>	<b>15.59</b>

# NON-FOOD INFLATION BASKET...PRICES ARE HIGHER

Commodity	August 2024 (₦)	January 2025 (₦)	% Change
Cement	7,500	9,700	29%
Cooking Gas (12.5kg)	15,000	16,250	8%
Electricity Tariff (Band A)	209.50	209.50	
Transport fare (Lagos - Ibadan) (standard)	3,600	3,600	
Petrol (1 litre)	600	925	54%
Data	4500	6500	44%
<b>Average</b>	<b>5,234.92</b>	<b>6,197.41</b>	<b>18.39</b>

# DEVELOPMENTS BETWEEN NOW AND EASTER

## Economic



- Rebased GDP (according to the old calendar)



- February & March inflation report



- Capital importation



- World Bank/IMF Spring Meeting

## Religious & Social



- Ramadan & Eid al-Fitr



- Lent



- Easter

# WILL YOU BE BETTER OFF BY EASTER?? **YES, BUT SLIGHTLY**

## SURVIVORS

Food



Transport Fare



House Rent



Utilities



## CORPORATES

Utilities



Diesel



Borrowing costs



Salaries



## ELITES

Airline tickets



Int'l school fees



Luxury goods



# OUTLOOK



- Oil prices to fall towards \$72pb, as the Russia-Ukraine war cools
- PMS & diesel prices to increase towards ₦1,000/litre
- Inflation to moderate towards 25-26% (old method)
- Naira to remain stable, trading between ₦1,550- ₦1,600/\$ (parallel)
- Next MPC meeting on May 19/20
- Traders & investors on tenterhooks





**THANK  
YOU**