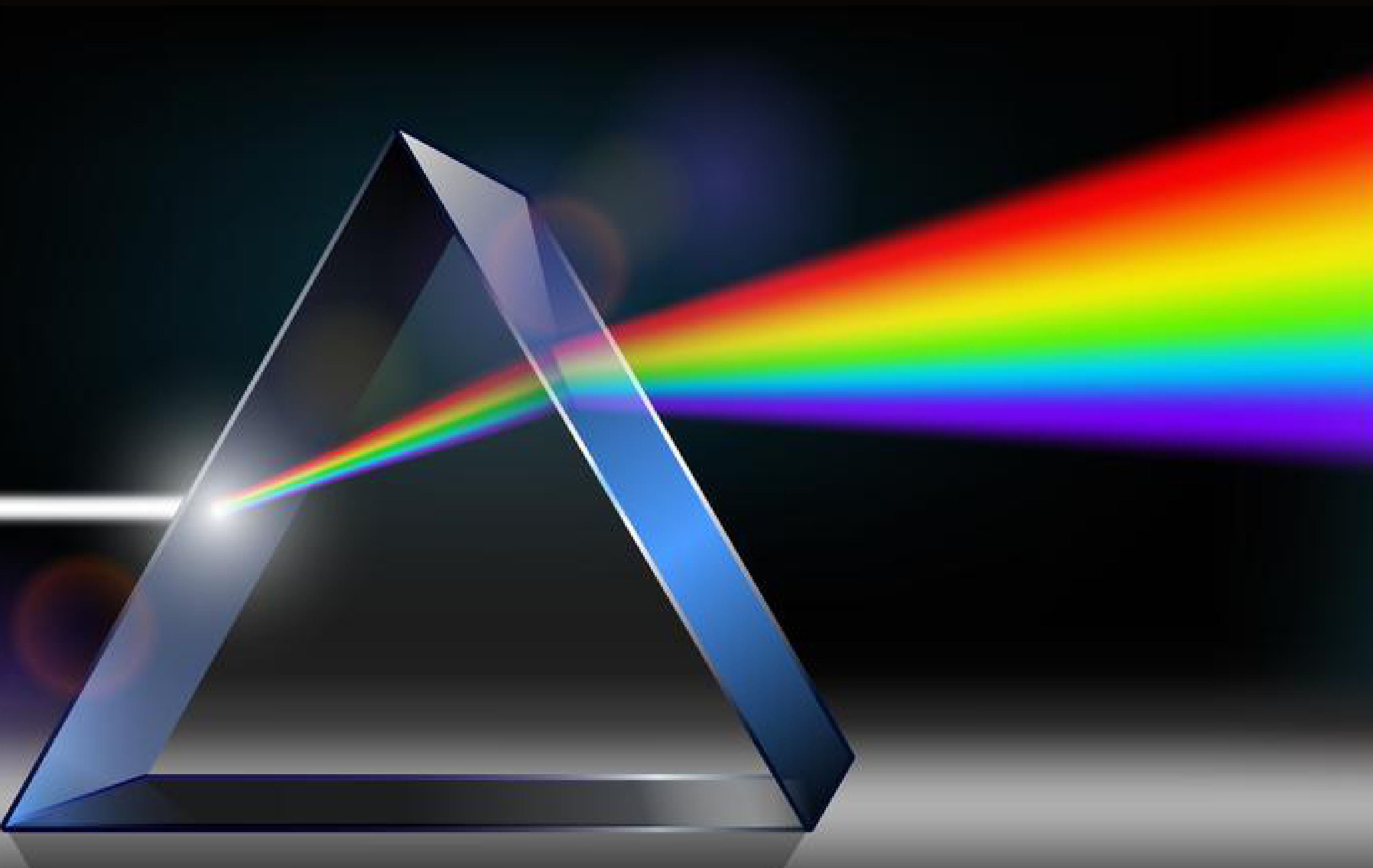
FDC

May 22, 2025

PRISM



BIZNOMICS

CONTENTS

THE PRISM (BIZNOMICS)

OVERVIEW

The sprint is over, the marathon begins.

Nigeria began its reform journey like a man on fire. In 2023, with public finances in tatters and exchange rate misalignment widening like a fault line, bold reforms were not optional, they were the only way! Petrol subsidies were scrapped, FX rates were unified, and the CBN rediscovered its monetary compass. The results were swift and encouraging as FX liquidity improved, investment inflows trickled back, and growth began to stir from its long slumber.

Although inflation eased slightly to 23.71% in April, it remains uncomfortably high. Reflecting this concern, the MPC held the policy rate steady at 27.50% in May, signalling that the fight against inflation is far from over.

Now here's the kicker, early wins don't guarantee a happy ending. Reform is not a sprint. It's a grueling marathon. Now is the time to deepen the reforms, else, reform fatigue will set in.

The warning signs are blinking

History teaches us that reform fatigue has been the undoing of many well-intentioned recoveries, from Argentina's neoliberal overhaul in the '90s to Greece's post-2008 austerity spiral. Nigeria is no exception. We've seen this movie before: the SAPs of the '80s, the U-turns of the post-2015 FX liberalization, and the policy rollbacks that followed every bout of public discontent. Today, Inflation remains above 23%, and cost-of-living protests are brewing. Investors are asking: will Nigeria hold the line and stay the course?

No pain, no gain: the case for second-tier reforms

If first-tier reforms were about survival, second-tier reforms must focus on institutions. Institutional reforms are essential because without them, chronic capitalization will persist, leading to exploitation and bribery. The next core reform agenda must prioritize building institutional credibility, fiscal transparency, and targeted social protection. This is how countries like Chile and Estonia avoided reform fatigue, and how Nigeria can do the same. Only when institutions are reformed can we ensure sustainability.

The oil price crash only sharpens the urgency. With projections threatening to remain below $70pb, fiscal space is narrowing fast. The economy can't afford a policy wobble.

As always, we're tracking these developments with a keen eye on the macro risks and policy inflection points. In this latest edition of Prism, the FDC Think Tank takes a deep dive into recent economic developments and their impact on your business and corporate strategy.


Fidelity
*770#
Start now. Dial *770#
Buy Data
Pay bills
Transfer
Check Balance
FastLoan
Open Account
Cardless Withdrawal
Buy airtime
Contact Us: trueserve@fidelitybank.ng
Branch
ATM
Online Banking
Instant Banking
POS
True Serve
Fidelity Bank Plc
RC 103022
FOLLOW US:
www.fidelitybank.ng

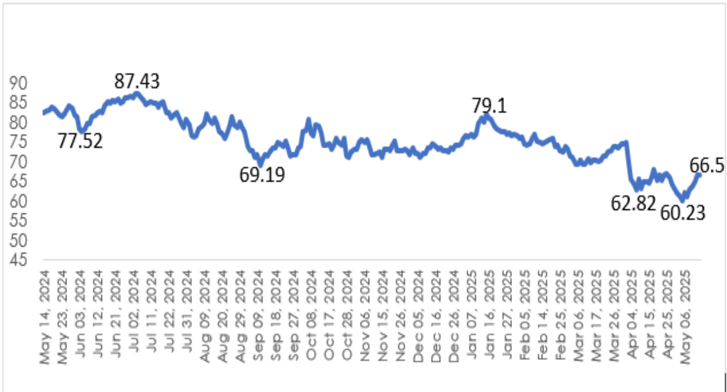
OIL PRICE SHOCK AND KEY MACROECONOMIC VARIABLES - IS A RECESSION ON THE HORIZON?

Oil-dependent economies like Nigeria have been hard hit recently by the burst of the global crude oil bubble. The sudden crash in oil prices has reignited age-old anxieties about the fragility of resource-reliant nations and how they might weather this tempest, both in the short and long run. Nigeria is one of the countries that has been heavily affected by the sharp decline in revenue vis-à-vis the fall in oil prices.

Trump's policies favouring brown energy, and the significant shift in the policy objectives of OPEC due to pressure from non-OPEC+ members to increase oil production, have led to a plunge in oil prices. Compounding the woes was the shockwave of Trump's sweeping tariff hikes, which introduced fresh layers of uncertainty into global trade and stifled economic momentum. Hence, a reduction in global activities means a drop in oil prices as demand declines.

Figure 1 below shows that the oil price has continued to oscillate, trading between $80pb and $70bp in 2024, whereas in 2025 the global oil price has dipped to below $70bp. It is projected to remain under downward pressure through 2025 due to oversupply and tepid demand growth.

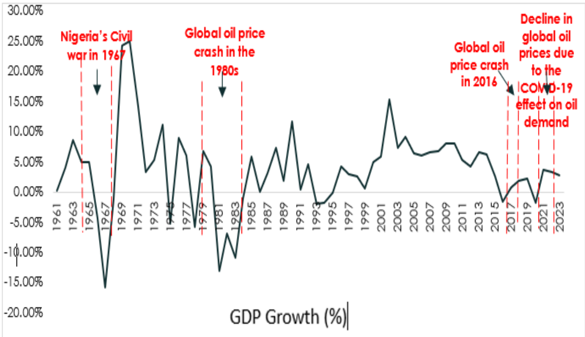
Figure 1. Crude Oil Price Trend



Source: EIU, FDC Think Tank

Nigeria's periods of economic recessions are mostly tied closely to global oil price crashes (see figure 2 below). This could trigger another round of economic slowdown or recession, as recorded in the 1980s and 1916, when the combined effect of global oil prices and oil production crashed, resulting in severe contraction of oil GDP. This underperformance in the oil sector spilled over to the non-oil sector through the monetary and exchange rate channels. This is underpinned by oil revenue being the main source of fiscal revenue and finance for government expenditure.

Figure 2. Impact of global oil crash on Nigeria's economic stability



Source: Sources: WDI, FDC Think Tank

Specifically, on average, 70% of government revenues come from oil exports. This has exposed the country to both internal and external shocks affecting macroeconomic performance. As such, the budget is usually affected by a sudden negative global oil price. The 2025 budgeted crude oil benchmark was $75pb, and the fiscal breakeven point stands at $60bp. In real terms, oil prices trade between $60pb and $65pb and could go below $50pb at the end of 2025, according to The Wall Street Journal.

Thus, an oil price of $50pb coupled with an oil production level below 1.5 mbpd implies a decline below its fiscal breakeven point and a sharp fall in oil revenue by almost 10%. The fiscal deficit could rise to 6–7% of GDP. The crisis has drained Nigeria's excess crude account (ECA), which ought to serve as a buffer and countercyclical reserve against any unexpected shocks.

Unfortunately, Nigeria is an import-dependent economy, depending heavily on foreign exchange through crude oil exports to finance its enormous importation. This has created a serious dip in the foreign reserves, which now stands at $38.12bn (on May 09), 6.75% below the 2024 peak of $40.88bn. The persistent crisis is perceived to continue negatively impacting all macroeconomic indicators of an emerging economy like Nigeria, including the exchange rate, interest rates, and inflation, among others.

Given these, Nigeria has lost track in meeting spending commitments in many areas, which could put upward pressures on government borrowing (both local and foreign) as the government seeks to fund additional deficit positions. Could it be that the effect would depend on how prolonged the current downtrend persists, bearing in mind that the country's ability to withstand shocks is fizzling out?

Another Recession? Nigeria Might Just Ghost the Growth Charts Again

As global market whispers turn into loud forecasts of a potential oil price crash to as low as $50 per barrel, the Nigerian economy stands on the edge of a familiar precipice. Because its fiscal lifeline is deeply tied to global oil shocks, and such a plunge would be nothing short of catastrophic.

The clouds of recession loom ominously in this scenario. Historical patterns are stark reminders. In 2016, when oil prices collapsed, Nigeria slipped into a painful recession – the first in over two decades. A similar downturn occurred in 2020, triggered by the pandemic-induced crash in oil demand and prices. In both cases, economic growth plummeted, inflation soared, and unemployment reached record highs.

With inflation already elevated at over 24%, debt service burdens mounting, and investor confidence shaky, a fresh oil price shock could tip the scales once again. While diversification has long been the anthem, real structural transformation remains elusive.

Unless Nigeria moves swiftly to broaden its revenue base, stimulate non-oil sectors, and build economic resilience, the projected oil crash could ignite another full-blown recession. The time for rhetoric has passed. The storm clouds are gathering, and history warns that this may not be just a passing drizzle, but a deluge.

Dangote Sugar has a NEW LOOK

Same Great Quality!

DANGOTE
SUGAR

www.dangotesugar.com.ng facebook.com/dangotesugarrefinery
@dangote_sugar dangotesugar Dangote Sugar Refinery Plc +DangotesugarNG

FROM REFORM TO FATIGUE: WILL NIGERIA SUSTAIN THE MOMENTUM?

"The greatest enemy of reform is not opposition, but exhaustion"

... Woodrow Wilson, the 28th president of the United States

Economic reform is like a marathon—those who start with enthusiasm often tire before reaching the finish line. As governments implement critical structural changes, enthusiasm initially runs high, but over time, resistance builds, or exhaustion sets in. This exhaustion that follows a reform is called reform fatigue.

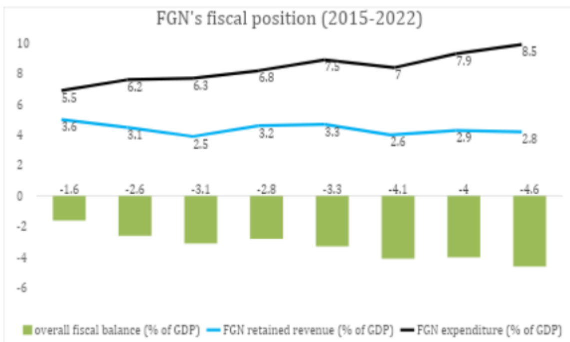
Reform fatigue emerges when political, economic, and social forces resist continued policy adjustments. It often manifests as policy reversals, growing public discontent, and eroding investor confidence. Historically, countries like Argentina, Greece, and Brazil have encountered reform fatigue, particularly when economic adjustments impose short-term hardship without immediate visible gains. In Latin America during the 1990s, market-oriented reforms initially gained traction but later faced resistance as inequality and unemployment rose. Similarly, Greece's post-2008 austerity measures triggered widespread protests, ultimately leading to policy rollbacks.

Nigeria, like many economies before it, embarked on bold reforms in 2023/24 aimed at stabilizing its macroeconomic fundamentals. However, economic reforms are rarely smooth, and the road to sustainable growth is often littered with setbacks.

Historically, the risk of reform fatigue sets in from the second or third year of starting a reform agenda. Although reform fatigue is not yet visible in Nigeria, the question remains—can the country maintain its current reform drive, or will it succumb to reform fatigue?

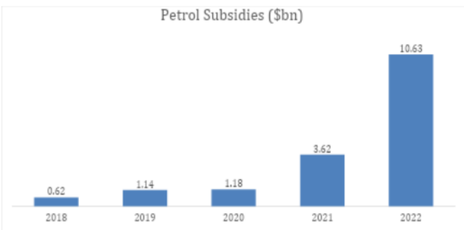
The 2023/24 reform was a child of necessity

The 2023/24 reforms were forged in the anvil of crisis and shaped not by desire but by demand. In 2023, Nigeria was at a breaking point. Key economic indicators painted a sobering picture.

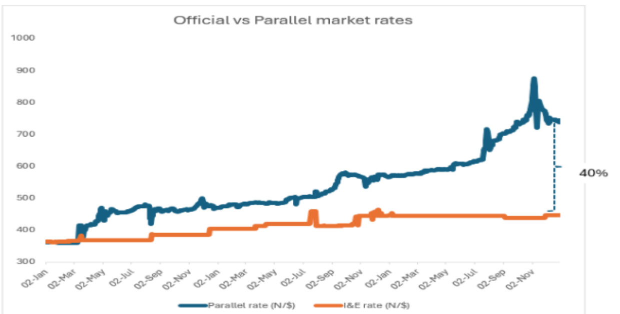


Source: University of Michigan, FDC Think Tank

Nigeria's fiscal strain, exacerbated by surging expenditures and stagnating revenues, underscored the urgency of comprehensive fiscal reforms. Federal government revenue, as a share of GDP, declined from 3.6% in 2015 to 2.8% in 2022, while the fiscal deficit tripled over the same period, widening from -1.6% of GDP to -4.6%. Public debt surged, doubling from nearly 20% of GDP in 2015 to 40% by the end of 2022, with debt servicing costs consuming over 90% of current government revenue. The country teetered on the edge of a fiscal cliff. Among the most unsustainable expenditures was the petrol subsidy, which ballooned from $620 million in 2018 to a staggering $10.6 billion in 2022, further deepening Nigeria's fiscal distress.



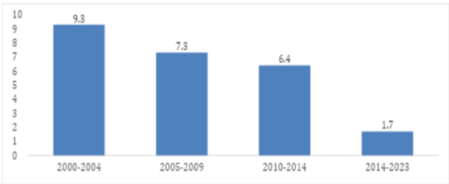
Multiple currency practice: Before the recent FX reform, Nigeria had a multiple exchange rate regime —comprising the I&E window, parallel market, IATA, and SME rates. This created economic distortions, exacerbated FX scarcity and discouraged investments. The gap between the parallel and official markets was over 40% as at the end of 2022. The misalignment fosters arbitrage, eroding confidence in monetary policy while inflating costs for businesses reliant on imported inputs. Investors face uncertainty, deterring capital inflows and complicating financial planning. In fact, investment inflows plummeted by 84% to $3.9bn in 2023 from $24bn in 2019.



Tepid Growth: Over the past decade, Nigeria's economic growth plummeted, averaging just 1.7% between 2014 and 2023—down sharply from 9.3% in 2000–2004. This stagnation was driven by deep-seated structural constraints, persistent macroeconomic instability, and heightened external vulnerabilities.

By 2023, Nigeria's economic trajectory had become unsustainable, necessitating bold policy interventions to restore stability, enhance productivity, and reposition the economy for sustained growth. Nigeria had no choice but to embark on a painful but necessary path of fiscal reform.

Nigeria's growth trajectory



Source: IMF, FDC Think Tank

A spark has been lit, but the fire needs tending

Needless to say, the reforms were painful, but the results are outstanding. President Tinubu removed petrol subsidy on day 1 of his resumption. A month later, the FX market reforms began. Monetary policy reforms followed, and tax reforms are also on the table. The reforms led to improvement in fiscal headroom with fiscal deficit moderating to -4.8% of GDP and it is expected to further moderate to -3.5% in 2025-26.

FX liquidity has significantly improved, and the gap between the parallel and official exchange rates has narrowed to less than 4%, down from over 40% before the reforms. The naira has stabilized at ₦1,600/$ after a sharp depreciation of about 70% in 2023–24 and a bout of volatility that saw the currency fall to ₦1,915/$ and later rebound to ₦1,100/$ within two months. Foreign investment inflows have nearly tripled, and economic growth is rebounding—printing 3.4% in 2024 and projected to reach about 4% in 2025–26.

But it is not hurray yet. There is still work to be done. Fiscal deficit is still above the legal limit of 3%. Inflation is still at 24% with the IMF projecting that it could accelerate to 30% by the end of 2025. Economic growth is still below the 2000-2014 averages, FDI inflows is below $1bn. The ease of doing businesses ranking is still low and institutional bottlenecks are still entrenched.

Causes of Reform Fatigue

Nigeria has seen reform fatigue before. Structural Adjustment Programs (SAPs) in the late 1980s were met with public opposition, forcing reversals in trade liberalization and currency adjustments. In the early 2000s, efforts to reform state-owned enterprises stalled due to vested interests and political constraints. A similar pattern played out post-2015, when exchange rate reforms were abandoned in the face of economic pressures and elite resistance.

Several factors contribute to reform fatigue:

Economic hardship and slow gains - Citizens endure higher costs before benefits materialize. Argentina's economic liberalization in the 1990s initially attracted investment but later led to social unrest as unemployment rose.

Political cycles and short-termism - Politicians often prioritize electoral gains over long-term stability. Greece's austerity fatigue in the early 2010s resulted in policy rollbacks under electoral pressure.

Social resistance and public mistrust - Reforms lacking broad public buy-in tend to collapse. Nigeria's history of reversing fuel subsidy removals due to labour strikes exemplifies this.

Policy inconsistency and weak institutional support - Reforms without strong institutional backing often falter. Brazil's pension and labour market reforms faced setbacks due to weak enforcement mechanisms.

Nigeria now faces similar warning signs. The cost-of-living crisis has intensified protests against subsidy removal, while calls for exchange rate interventions are growing louder. Rising inflation, unemployment, and declining real incomes could erode public patience, creating pressure for policy reversals.

Remedies for Reform Fatigue: Advancing to Second-Generation Reforms

First-generation reforms—focused on macroeconomic stabilization—are necessary but insufficient. To sustain reform momentum, Nigeria must transition to second-generation reforms, which enhance institutional capacity, improve governance, and drive inclusive growth. Key priorities include:

Strengthening social protection mechanisms - Expanding targeted cash transfers, healthcare access, and job creation programs will mitigate short-term hardships, sustaining public support for reforms.

Enhancing institutional reforms - Strengthening regulatory frameworks in key sectors—such as governance, judiciary, energy and infrastructure—will improve reform credibility and long-term sustainability.

Deepening fiscal transparency - Addressing corruption and improving public financial management will enhance trust in economic policies. Countries like Chile and Estonia successfully navigated reform fatigue by instituting strong fiscal discipline and governance.

Diversifying the economy - Moving beyond oil dependence through industrial policy and export-led growth strategies will reduce external vulnerabilities. Malaysia's successful transition from commodity reliance to manufacturing illustrates this pathway.

Reform fatigue is a real threat, but it is not inevitable. Nigeria's ability to navigate this phase will depend on how well it manages short-term sacrifices while laying the foundation for inclusive, long-term growth. Moving beyond stabilization to deep structural transformation will require unwavering political will, strengthening of institutions, and a sustained commitment to economic diversification. Nigeria must learn from global experiences—proceeding with caution but never retreating from the path of progress.The difficulty is that, however unsatisfactory the hegemon might be, the alternatives look worse

TRUMP'S ASSAULT ON THE GLOBAL DOLLAR - FINANCIAL TIMES

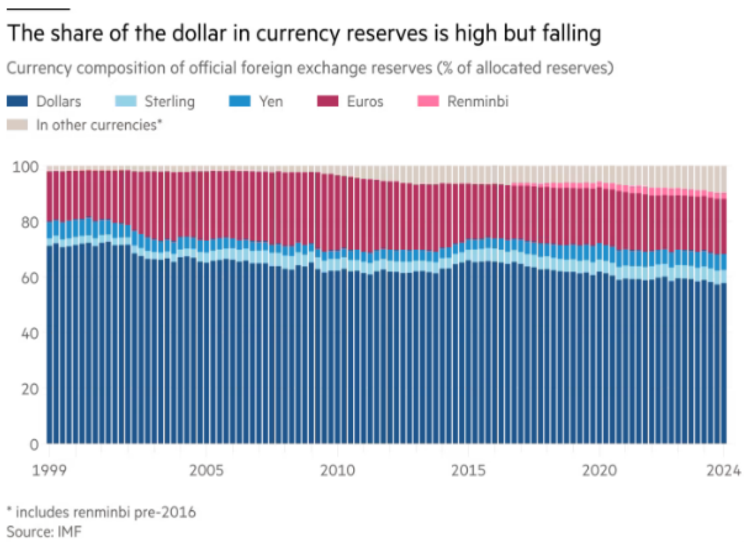
The difficulty is that, however unsatisfactory the hegemon might be, the alternatives look worse

© James Ferguson

Is the dominance of the dollar about to fade away? Donald Trump insists that "if we lost the dollar as the world currency . . . that would be the equivalent of losing a war". Yet he himself could be the cause of such a loss. Reliance on a foreign currency depends on trust in its own soundness and liquidity. Trust in the dollar has been slowly eroding for a while. Now, under Trump, the US has become erratic, indifferent and even hostile: why would one trust a country that has launched a trade war on allies?

Yet, while outsiders might wish to diversify away from the dollar, they lack a compelling alternative. So, what, if anything, might replace its hegemony?

The dollar has been the world's leading currency for a century. Yet the dollar itself replaced the pound sterling after the first world war, as the UK's power and wealth declined. Objectively, the US is not declining as the UK was at that time: according to the IMF, its share in nominal global GDP was 26 per cent in 2024, against 25 per cent in 1980. Given the rise of China's economy during that period, this is remarkable. The US also remains at the frontier of world technological development and the foremost military power. Its financial markets are still much the deepest and most liquid. Moreover, in the fourth quarter of last year, 58 per cent of global reserves were in dollars, down from 71 per cent in the first quarter of 1999, but far ahead of the euro's 20 per cent. According to MacroMicro, 81 per cent of trade finance, 48 per cent of international bonds and 47 per cent of cross-border banking claims are still in dollars.



UBA
United Bank for Africa

Leo
on WhatsApp

Chat on +234-903-000-2455

Check Account Balance?

Top up your airtime?

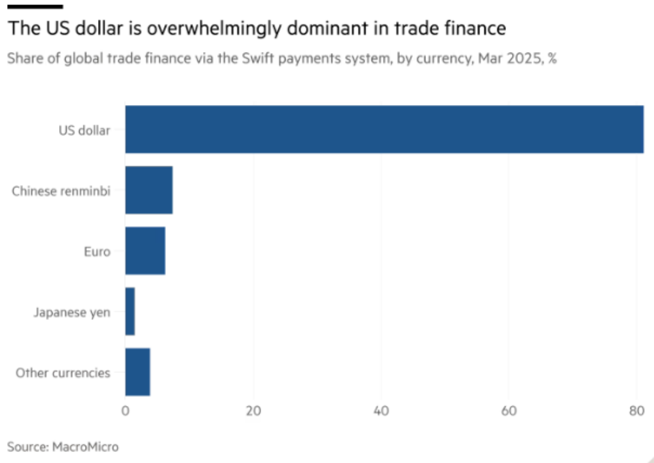
Bank Transfers?

Bills Payment?

https://m.me/ubachatbanking *Leo@ubagroup.com* *CFC (+234-1-2807400)*

So what could go wrong? In his work on the international system, Charles Kindleberger argued that the stability of an open world economy depended on the existence of a hegemonic power willing and able to provide essential public goods: open markets for trade; a stable money; and a lender of last resort in a crisis. The British provided all three up to 1914. The US was to do so after 1945. But in that intervening period the UK could not — and the US would not — provide these goods. The result was calamitous.

The era of dollar hegemony has seen many shocks. The postwar recovery of Europe and Japan undermined the fixed exchange rate system agreed at Bretton Woods in 1944. In 1971, Richard Nixon, the president most similar to Trump, devalued the dollar. This, in turn, led to high inflation, which ended only in the 1980s. It also led to floating exchange rates and creation of the European exchange rate mechanism and then the euro. While economists tended to think that currency reserves would cease to be important in a world of floating rates, a plethora of financial and currency crises, above all the Asian crisis of the late 1990s, showed the opposite. Loads from the Federal Reserve also proved of continuing importance, notably in the financial crisis of 2008-09.



The Kindleberger conditions are, in short, still relevant. Also relevant is the broader point that network externalities support the emergence and sustainability of dominant global currencies, since all users benefit from using the same currency as others and will continue to do so, if they can. But what if the hegemon uses every economic stick it can, including financial sanctions, to get its way? What if the hegemon threatens invasions of friendly countries and encourages invasions of friendly countries by despots? What if the hegemon undermines its own fiscal and monetary stability and the institutional foundations of its economic success? What if its leader is an unprincipled bully?

Then both countries and individuals will consider alternatives. The difficulty is that, however unsatisfactory the hegemon might be, the alternatives look worse. The renminbi might be the best currency to use in trading with China. But China has capital controls and illiquid domestic capital markets. These, moreover, reflect the strategic priority of the Chinese Communist party, which is in control, both economic and political. China seems quite likely to use economic coercion, too. So, China cannot offer the liquid and safe assets that the US has historically provided.

The euro does not suffer from these handicaps of the renminbi. So, might it not replace the dollar, at least in part, as Hélène Rey of the London Business School argues? Yes, it might. But it too suffers from defects. The Eurozone is fragmented, because it is not a political union, but rather a club of sovereign states. This political fragmentation also shows in financial and economic fragmentation, which constrains innovation and growth. Above all, the EU is not a hegemonic power. Its appeal may surpass that of the US at its current worst, but it is no match for the US at its best.

The price of gold reveals concerns about inflation

Sources: LSEG, FT calculations

We are left then with a competition between three alternatives, with some other options — a global currency or a crypto-based world — surely inconceivable. The first option would be transformation of China or the Eurozone and so the emergence of one of them as issuer of a hegemonic currency. The second would be a world with two or three competing currencies, each dominant in different regions. But network effects would create unstable equilibria in such a world, as people rush from one currency to another. This would be more like the 1920s and 1930s than anything since then. The third would be continued domination by the dollar.

What sort of dollar hegemony might this be? Ideally, a trustworthy US would re-emerge. But this is ever more unlikely, given the damage now being done at home and abroad. In the kingdom of the blind, the one-eyed man is king. Similarly, even a defective incumbent currency might continue to rule the monetary world, given the lack of high-quality substitutes. Trump would like this world. Most of the rest of us would no

Transform Your Planning with IMDT

All-in-One Platform for Smarter Investment Planning

As we gear up for 2025, the financial landscape demands precise and informed planning. With InfoWARE Market Data Terminal (IMDT), you gain exclusive access to tools and insights that make planning seamless and effective, like:

- **2024 12-Month Inflation Chart**
- **Top 10 Best Performing Stocks in 2024**
- **Mutual Fund Performance Insights**
- **Market Forecasting Tools**

Sign up at
www.infowarelimited.com/imdt
or email bizdevteam@infowarelimited.com to get started!

SEE WHAT IMDT CAN DO

CORPORATE FOCUS

UAC of Nigeria Plc

Market Capitalization	N97bn
Industry	Diversified Industries
Market Classification	Main Board
Sector	Conglomerates
Sub Sector	Diversified Industries
Nature of Business	Packaged Foods, Quick Service Restaurants, Real Estate, Logistics and Paints

Company Profile:UAC of Nigeria Plc

UAC of Nigeria PLC (UAC) is a holding company with subsidiary and associate companies operating in the Animal Feeds and Other Edibles; Paints; Packaged Food and Beverages; Quick Service Restaurants; Logistics and Real Estate segments. UAC has been an important part of Nigeria's growth for over 100 years and is focused on becoming the leader in each of its industries.

Over the past seven years, UAC has averaged revenue growth of 14.4%, significantly outperforming Nigeria's GDP growth of 2.21%. In 2024, the company's revenue rose by 63% to ₦197 billion from ₦121 billion in 2023, driven by strong performance across key segments—Packaged Food and Beverages grew by 102%, Animal Feeds and Other Edibles by 54%, and Paints by 52%, supported by volume expansion and strategic pricing. Profit before tax increased by 108% to ₦25.5 billion, while profit after tax rose by 83% to ₦16.3 billion, reflecting improved margins and operational efficiency.

UAC strengthened its balance sheet with a reduction in Net Debt to EBITDA from 0.2x to 0.0x, and an improvement in Current Ratio from 1.2x to 1.5x, indicating better short-term financial stability. However, the Quick Ratio remained low at 0.7x, and Gearing rose from 52% to 62%, highlighting a potential liquidity concern despite improved profitability and reduced net debt.

Financial Analysis

Strong Q1'25 Performance Driven by Volume Growth and Cost Optimisation

In Q1'25, the company delivered a strong top-line performance with revenue rising by 38% year-on-year to ₦56 billion, supported by volume growth in the Packaged Food and Beverages segment and price adjustments across all business lines. Gross profit surged by 57% to ₦14.3 billion, while gross profit margin expanded by 303 basis points to 25.5%, driven by disciplined pricing, volume growth, and improved operational efficiency.

Cost optimisation initiatives introduced in 2024—including reformulation using alternative raw materials and a technology-driven, disciplined procurement strategy—helped contain raw material cost increases amid persistent inflationary pressures.

Q1'25 Operating Profit Doubles Despite Inflationary Pressures

The Group delivered a strong operating performance in Q1'25, with operating profit rising to ₦6.8 billion, up from ₦3.4 billion in Q1'24. Operating profit margin expanded by 381 basis points to 12.2%. Excluding a ₦446 million gain from the disposal of a non-core property asset, underlying operating profit stood at ₦6.4 billion.

Operating expenses rose by 35% to ₦8.1 billion, driven by inflationary pressures. Key contributors to the increase included higher electricity tariffs, diesel prices, personnel costs from cost-of-living adjustments, and marketing expenses related to new product launches. Nonetheless, the Group achieved a modest improvement in the opex-to-sales ratio, which declined by 32 basis points to 14.5%.

Strong Underlying Profitability in Q1'25 Despite Lower Reported PBT

The Group reported a profit before tax (PBT) of ₦5 billion in Q1'25, down from ₦9 billion in Q1'24. However, excluding exceptional items—₦5.9 billion in treasury gains in Q1'24 and a non-recurring property gain in Q1'25—underlying PBT stood at ₦4.6 billion, representing a 48% increase from the Q1'24 underlying PBT of ₦3.1 billion.

Total profit after tax (PAT) for the period was ₦3.3 billion, compared to ₦5.9 billion in Q1'24. On an underlying basis, PAT improved significantly to ₦2.9 billion, up from just ₦2 million in the prior year, highlighting notable progress in core profitability despite the absence of exceptional gains.

Risk and Outlook

UAC faces challenges from persistent inflation, currency depreciation, and rising raw material costs. Despite these, the company is focused on cost optimization through local sourcing and improved procurement practices. Financially, UAC's strengthened balance sheet offers stability, but liquidity risks remain due to a low Quick Ratio. The outlook remains positive, driven by strong performance in key segments, operational efficiency, and strategic growth initiatives.

A PRISM OUTLOOK

- Oil prices are expected to remain between $60 and $65 per barrel in the near term, as OPEC+ plans to raise output in July to keep prices low and challenge U.S. shale producers.
- Lower oil prices threaten export revenues and external reserves, given the 2025 budget benchmark of $75 per barrel.
- The naira depreciated by 1.72% in May, closing at N1,628/$, and is expected to remain under pressure within the N1,600–1,650/$ range. Although headline inflation eased slightly to 23.71% in April, continued currency weakness may keep inflation elevated by increasing the cost of imports.
- In response, the Monetary Policy Committee kept the policy rate at 24.75% on May 20, signaling caution amid inflation and exchange rate concerns. A rate cut was avoided to prevent capital flight and further currency weakening.