THE OUTLIER BRIEF

Business Intelligence · Finance · Strategy · Governance · AI Advisory

Volume 1, Edition 8 • Monday, 28 September 2026 • Lagos | Abuja

THIS WEEK

The Cost of Money Just Turned. Now Comes the Discipline.

KEY TAKEAWAY

The MPC's 350-basis-point cut to 23% is the clearest sign yet that the tightening cycle has ended. But the policy rate is not your lending rate, and cheaper money rewards the disciplined, not the eager. The businesses that gain most will map their debt, reprice deliberately, and resist the temptation to borrow into the cut rather than borrow better.

INSIDE THIS ISSUE

01 CEO IN 60 SECONDS

THE WEEK IN FOUR LINES

What happened. The CBN cut the Monetary Policy Rate by 350 basis points to 23% — its first cut in years and the largest single move since 2006.

Why it matters. The cost of borrowing is set to fall, but commercial lending rates follow the policy rate with a lag and a spread — the benefit is coming, not instant.

What to do today. List every facility you hold, its rate and its reset terms, so you are ready to act as lending rates move.

Biggest mistake. Treating a rate cut as a signal to borrow more, rather than to borrow better.

02 EDITOR'S NOTE

Welcome to this week's Outlier Brief. On Monday the Monetary Policy Committee did what it had signalled for months: it cut the policy rate, and cut it hard — 350 basis points, from 26.5% to 23%. After two years of tightening, the direction of money has turned.

This week is about responding well. A rate cut is an opportunity, but an undisciplined one is how good businesses over-extend. We set out what the cut does and does not change, how to position for cheaper credit without chasing it, and — with the quarter closing on Tuesday — how a clean Q3 review sets you up to act on the numbers.

Rafiu Olawuyi, FCA — *Lead Consultant, Outliers Professionals*

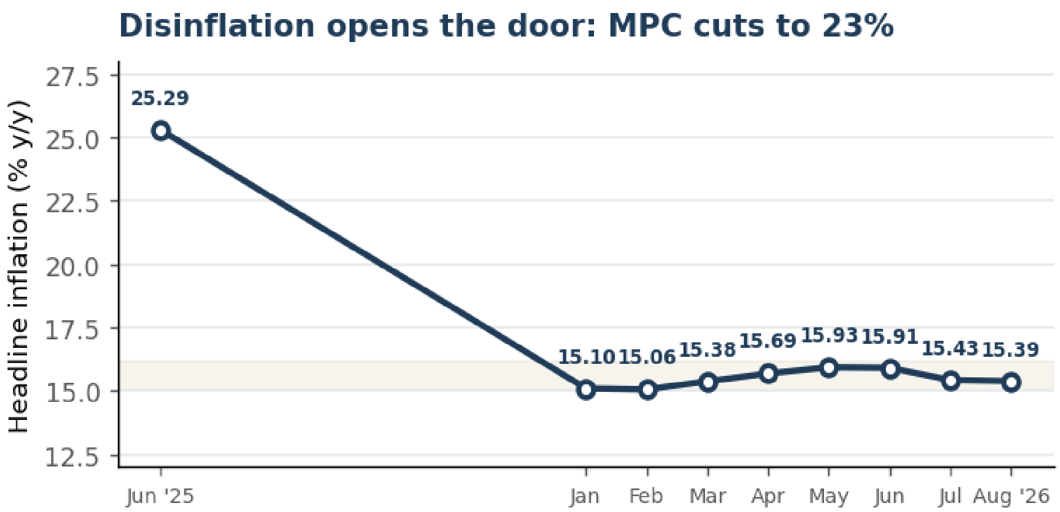
03 EXECUTIVE SUMMARY — WHAT YOU NEED TO KNOW THIS WEEK

- **The MPC cut rates to 23%.** A 350-basis-point reduction from 26.5% — the first cut in years and the largest single move since 2006, on the back of five months of disinflation.
- **But the policy rate is not your lending rate.** Commercial borrowing costs follow the MPR down with a lag and a spread. Plan for cheaper credit over the coming months, not overnight.
- **Inflation held at 15.39%.** August's fifth straight monthly easing gave the Committee its room. The September print, due mid-October, will test whether the trend holds.
- **Quarter-end is Tuesday.** Q3 closes on 30 September; a clean, timely close gives you the numbers to respond to the new rate environment with confidence.

04 BUSINESS INTELLIGENCE DASHBOARD

Key indicators for Nigerian businesses, current at preparation (week of 22–26 September 2026).

INFLATION **15.39%** ▼ eased 5th month	POLICY RATE (MPR) **23%** ▼ CUT 350bps · 22 Sep	NAIRA / US$ (OFFICIAL) **₦1,329** ▬ steady after cut
NAIRA / US$ (PARALLEL) **₦1,390** ▬ gap ~₦61	PETROL (PMS) **₦1,385** ▲ Lagos · risen sharply	BRENT CRUDE **$103** ▬ elevated · Mideast
EXTERNAL RESERVES **$54.8bn** ▲ 18-year high	TRADE BALANCE **₦12.6tn** ▲ surplus · Q2 2026	FDI **$135m** ▬ Q1 2026 · 1.3% of inflows



Actual NBS readings. Headline inflation eased to 15.39% in August — a fifth consecutive month of moderation.

05 THE NUMBERS BEHIND THE NEWS

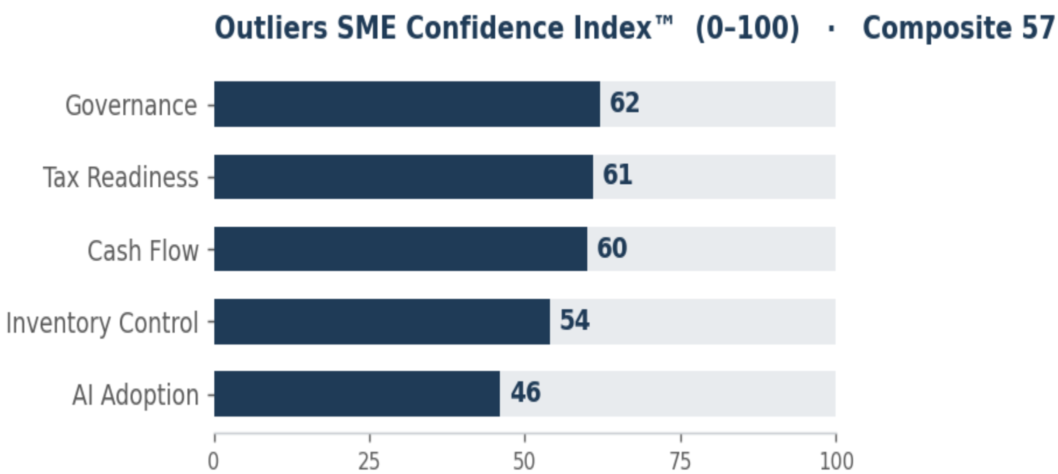
WHAT A 350-POINT CUT IS ACTUALLY WORTH

The headline is dramatic, but the arithmetic is measured. On a ₦100 million facility, a 3.5-percentage-point fall in your rate is worth ₦3.5 million a year — real money, but it arrives only as your lender actually reprices, which typically lags the MPR by weeks or months and rarely matches it one-for-one.

The lesson: treat the cut as a trend you position for, not a windfall you spend. The business that maps its facilities now will capture the saving the moment it lands; the one that assumes an instant 3.5% will be disappointed.

06 OUTLIERS INDEX™

The Outliers SME Confidence Index™ is our proprietary weekly read of operating conditions for Nigerian small and mid-sized businesses, scored from 0 to 100 across five dimensions. It is an expert index maintained by the Outliers editorial office.



How to read the index: The Composite Index is the average of the five dimensions shown above. The underlying average is 56.6, rounded to 57.

Governance again led at 62, with Tax Readiness at 61. The overall Composite Index rose to 57 — another new high — as the rate cut lifted the Cash Flow outlook to 60, though Inventory Control and AI Adoption remained the lower two.

> **WHAT CHANGED THIS WEEK**
> Confidence rose to 57, a fresh high, as the MPC's cut to 23% brightened the cost-of-money outlook. Cash Flow led the move, up to 60 on the prospect of cheaper credit; AI Adoption edged to 46. The watch item is whether lower rates eventually feed back into inflation.

07 FEATURE: THE COST OF MONEY JUST TURNED

After two years of tightening, the direction has reversed. The Monetary Policy Committee's 350-basis-point cut to 23% is the clearest signal yet that the era of ever-dearer money is ending. For businesses that have spent two years defending margins against the cost of credit, this is genuinely good news — handled well.

The first thing to be clear about is what the cut is not. The 23% figure is the Central Bank's policy rate — the anchor around which banks price their own lending. It is not the rate at which your business borrows. Commercial lending rates sit above the MPR by a spread that reflects your bank, your facility and your risk, and they follow the policy rate down with a lag. The benefit is real and coming, but it is measured in weeks and months, not the morning after the announcement.

How to position for cheaper money

- **Map your facilities.** List every loan and overdraft, its rate, and — crucially — whether and when it reprices. Fixed-rate debt will not move; variable facilities will, on their own schedule.
- **Talk to your lenders.** A falling-rate environment is the moment to renegotiate terms, not to wait passively. Ask when and how your rate will reflect the cut.
- **Reassess your projects.** Investments that could not clear a 26.5% hurdle may clear a lower one. Revisit the plans you shelved when money was dear — but test them at a realistic lending rate, not the policy rate.
- **Resist the easy temptation.** A cut makes borrowing more attractive, which is exactly why discipline matters more, not less. Cheaper debt used to fund a weak plan is still a weak plan.

The businesses that gain most from a turning cycle are not those that borrow first, but those that borrow best — with a clear purpose, a realistic cost, and the discipline to say no to debt that does not earn its place.

> **WHAT THIS MEANS FOR YOUR BUSINESS**
> If you carry variable-rate debt, the coming months will hand you a saving you have done nothing to earn — but only if you are positioned to capture it. Map every facility this week: its rate, its reset terms, and who at your bank you need to call. The businesses that treat the cut as a prompt to act will bank the benefit; those that treat it as a headline will watch it pass.

08 THE RATE-CUT RESPONSE

A rate cut rewards preparation, not reflex. Review the debt you hold and what it truly costs; reprice facilities as lenders move; reassess the projects that a lower cost of capital now justifies; and hold the discipline to borrow better, not simply more.

Cheaper money is an opportunity for the disciplined and a trap for the eager.

09 OUTLIERS INTELLIGENCE™

ONE INSIGHT · ONE DECISION

A rate cut feels like a reason to borrow. For most businesses, the sharper move is to first make the debt they already hold cheaper — repricing existing facilities as the cut feeds through usually beats taking on new ones, and costs nothing but a conversation with the bank.

The decision this week: list your facilities, identify which will reprice as the MPR falls, and book the call with your lender before the quarter closes.

10 BUSINESS NUMBERS THAT MATTER

Indicator	Latest	Why it matters
Inflation	**15.39%**	Impacts pricing power and real purchasing power
Policy rate (MPR)	**23%**	Cut 350bps — borrowing set to get cheaper
Naira / US$ (official)	**~₦1,329**	Steady after the cut — eases import costs
Naira / US$ (parallel)	**~₦1,390**	Signals retail FX pressure and demand
Petrol (PMS), pump	**~₦1,385–1,456**	Risen sharply — lifts logistics and energy costs
Brent crude, per barrel	**~$103**	High oil aids reserves but lifts energy costs
External reserves	**~$54.8bn**	An 18-year high — signals currency stability
Trade balance (Q2 2026)	**₦12.6tn**	Surplus nearly doubled on surging exports
FDI (Q1 2026)	**$135.1m**	Direct investment — a small share of capital inflows

11 WHAT WE'RE SEEING

Across the Nigerian market this month, post-cut patterns are already visible among small and mid-sized businesses — shared at market level, without reference to any individual client:

- Owners assuming their lending rate fell 350 points overnight — it did not.
- Shelved expansion plans being dusted off as the cost of capital eases.
- Little clarity on which facilities are fixed and which will reprice.
- Renewed appetite for borrowing, not yet matched by renewed discipline.
- Boards asking how the cut changes the investment case for delayed projects.

12 FINANCE SCHOOL

LESSON 8 OF AN ONGOING SERIES

> **Ratios turn raw numbers into a health check.**

> A set of accounts is data; ratios are the diagnosis. A handful — the current ratio for liquidity, gross and net margin for profitability, debt-to-equity for leverage, and interest cover for resilience — tell you, in seconds, whether a business is healthy, and where the strain is. As money gets cheaper, interest cover and leverage are the two to watch most closely.
>
> The skill is not calculating them but reading them together, and tracking their direction over time. One ratio is a fact; a trend of ratios is a story. Next lesson: forecasting — turning the story forward.

13 AI & TECHNOLOGY SPOTLIGHT

AI IN FINANCE — PART 8 OF AN ONGOING SERIES

AI for financial analysis and ratio interpretation

AI's eighth role is turning numbers into narrative. Given a set of accounts, modern tools can calculate the standard ratios, benchmark them against prior periods, and explain in plain language what a shift means — flagging, say, that interest cover has weakened even as profit rose. For a quarter-end review, that turns hours of spreadsheet work into a first-draft diagnosis in minutes.

The guardrails hold: keep financial data in secure, business-grade tools, and treat the interpretation as a draft a qualified person confirms. AI reads the dials quickly; the judgement about what they mean for your business remains yours.

> TOOL OF THE WEEK
>
> ### Financial Analysis & Ratio Tools
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> **Examples.** Ratio and analysis modules in your accounting system, Fathom, or a well-built spreadsheet template — increasingly with AI-assisted commentary.
>
> **What it does.** Calculates liquidity, profitability, leverage and efficiency ratios automatically, tracks them over time, and flags adverse trends.
>
> **Who should use it.** Any business that closes its accounts but never turns them into a handful of decision-ready ratios.
>
> **Common mistake.** Calculating ratios once and filing them — their value is in the trend and the action, not the number.
>
> **Business benefit.** A fast, repeatable read on financial health, and early warning while problems are still small.

14 PRACTICAL TOOLKIT — Q3 CLOSE & RATE-RESPONSE CHECKLIST

Work through these this week. Each item closed sharpens how you steer.

- ☐ Close your Q3 management accounts promptly and cleanly.
- ☐ Calculate your key ratios — liquidity, margin, leverage, interest cover — for the quarter.
- ☐ List every facility, its rate, and whether it is fixed or will reprice.
- ☐ Contact your lender about how and when the MPR cut reflects in your rate.
- ☐ Revisit projects shelved when money was dear — test them at a realistic lending rate.
- ☐ Reforecast the final quarter on the new rate environment.
- ☐ Confirm September VAT and PAYE deadlines are in your compliance calendar.

15 COMPLIANCE WATCH

- **This week.** Q3 closes on 30 September — prioritise a clean, timely management-accounts close so your ratios and reforecast rest on reliable numbers.
- **Rates.** The MPR is now 23% (down 350bps). Factor the easing cost of credit into financing and pricing decisions, allowing for the lag before your lending rate moves.
- **This month.** September PAYE is due by 10 October and September VAT by 21 October — build the deadlines into your calendar now.

16 CASE STUDY

ILLUSTRATIVE · ANONYMISED

A mid-sized importer had shelved a warehouse expansion in 2025 when its bank quoted a rate north of 30%. After the MPC's cut, it revisited the plan — but tested it at the rate its bank would actually charge today, not the 23% policy rate.

At a realistic lending rate the project cleared, modestly. By repricing its existing overdraft first and phasing the expansion, it captured the cheaper money without over-committing — the discipline, not the cut alone, made the difference.

17 OUTLIERS RECOMMENDATION

THIS WEEK'S RECOMMENDATION

Before the quarter closes, map every facility you hold and identify which will reprice as the MPR falls — then book the conversation with your lender. Positioning for the cut is worth more than reacting to it.

18 CEO & BOARDROOM QUESTIONS

TWO QUESTIONS WORTH SITTING WITH

CEO question. When your lending rate finally reflects this cut, will you have used the saving to strengthen the business — or simply to borrow more?

Boardroom question. Which projects that failed at a 26.5% cost of capital now deserve a second look at a realistic, lower rate?

19 THE OUTLIERS PERSPECTIVE

A turning rate cycle is a test of temperament. When money was dear, discipline was forced on every business by the cost of credit. As it cheapens, that discipline becomes voluntary — and the gap between businesses that keep it and those that abandon it will widen quietly over the next year.

The cut is good news, genuinely. But the businesses that look back on it well will be those that used cheaper money to do fewer things better, not more things faster. Opportunity, met with discipline, is how a rate cut builds a stronger business rather than a more indebted one.

20 CLOSING INSIGHT

A falling rate is a gift, but only to the prepared. Businesses that map their debt, reprice with intent and borrow with discipline will turn the cut into strength. Those that treat it as licence to load up will discover that cheaper money makes a weak plan fail faster, not slower.

YOUR MOVE THIS WEEK

Run the Outliers Q3 Review this week — close cleanly, read your ratios, and map your facilities for the new rate environment — or book a 45-minute session to position your financing for the cut. outlierspro.com · Lagos | Abuja.

Each week rotates the action: download a checklist · complete an assessment · register for a webinar · read the full guide · book a consultation.