

Dr. Olayemi Cardoso, the Governor of the Central Bank of Nigeria, highlighted that the recent Monetary Policy Committee (MPC) deliberations heavily weighed on inflationary pressures and exchange rate fluctuations. The committee was confronted with the choice of either raising interest rates further or maintaining them at their current levels. Surprisingly, the outcome of the meeting diverged from expectations, especially considering the previous meeting, which concluded with a substantial 400 basis points increase in interest rates. Below are the key decisions of the committee:

- MPR increased by 200bps from 22.75% to 24.75%
- Asymmetric corridor adjusted to +100/-300 basis points from +100/-700 around the MPR
- Adjust CRR of Merchant Banks from 10% to 14%
- Retain CRR of Deposit Money Banks at 45%
- Retain Liquidity ratio at 30.00%

The CBN expressed contentment with the stability observed in the foreign exchange market. However, concerns were raised regarding the persistently high inflation rate, which has eroded the purchasing power of the naira. The next MPC meeting is scheduled for May 20th and 21st, 2024.

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