

During today's MPC meeting, Dr. Olayemi Cardoso, the Governor of the Central Bank of Nigeria, reiterated that the MPC's primary focus is to achieve price stability. He also noted the improvement in inflation, particularly the monthly decline in food inflation, which contributed to a drop in monthly headline inflation in April.

The CBN governor attributed the volatility in the NGN/USD exchange rate to seasonal demand, a reflection of the interplay between demand and supply in a freely functioning market. However, he cited the recent marginal increase in external reserves. He mentioned that the committee considered two options: whether to increase the interest rate further or to maintain it and evaluate the full impact. In the end, the MPC chose to raise the benchmark rate by 150 basis points while keeping other parameters unchanged. Below are the key decisions made by the committee:

- MPR increased by 150bps from 24.75% to 26.25%.
- Retain Asymmetric corridor to +100/-300 basis points around the MPR.
- Retain CRR of Deposit Money Banks at 45%.
- Retain Liquidity ratio at 30.00%.

During the Q&A session, the CBN governor reiterated that foreign investors are increasingly gaining confidence in the Nigerian market. He also added that the interest rate hike has impacted the inflation figures, but a bigger impact would take time to materialize. The next MPC meeting is scheduled for July 22nd and 23rd, 2024.

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