

The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) held its final meeting for 2024 today and decided to increase the benchmark interest rate by 25 bps to 27.50%. This marks the sixth consecutive rate hike this year as part of ongoing efforts to combat soaring inflation and stabilize the naira.

Below are the key decisions made by the committee:

- Increased the Monetary Policy Rate (MPR) by 25 bps to 27.50%.
- The asymmetric corridor around the MPR was retained, setting the Standing Deposit Facility (SDF) at 26.25% and the Standing Lending Facility (SLF) borrowing rate at 32.25%.
- The Cash Reserve Ratio (CRR) remains at 50.00% for Deposit Money Banks (DMBs) and at 16.00% for Merchant Banks.
- The Liquidity Ratio (LR) remained at 30.00%.

The Central Bank of Nigeria (CBN) decided to intervene in response to ongoing high inflation significantly affecting the economy. This action aims to reduce the inflationary pressures impacting consumers and businesses. Governor Olayemi Cardoso highlighted that this move emphasizes the CBN's dedication to ensuring economic stability amidst rising prices and a declining currency. The rate increase was smaller than some economists expected, indicating that while the CBN is taking steps to address the situation, it is proceeding carefully given the uncertain economic conditions.

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