MPC HIGHLIGHT September | 2025

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The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) held its 302nd meeting on September 22–23, 2025, and unanimously decided to cut the Monetary Policy Rate (MPR) after three consecutive holds earlier in the year.

Below is a summary of the outcome and the rationale behind the committee's resolution:

- **Monetary Policy Rate (MPR) Cut by 50bps to 27.00%:** The benchmark interest rate was lowered in response to sustained disinflation, with inflation moderating for five consecutive months. The committee projected further declines in inflation through year-end while supporting economic expansion.
- **Asymmetric Corridor Adjusted:** The corridor was revised to +250/-250 basis points around the MPR to improve interbank market efficiency and strengthen monetary policy transmission.
- **Cash Reserve Ratio (CRR) Reduced:** The CRR for Deposit Money Banks (DMBs) was cut by 500bps to 45.00%, while that of the Merchant Banks was retained at 16.00%. Additionally, a new 75% CRR was introduced on non-TSA public sector deposits to enhance liquidity management.
- **Liquidity Ratio (LR) unchanged at 30.00%:** The Liquidity Ratio was maintained at 30.00% to ensure banks retain sufficient liquidity for short-term obligations.

The committee expressed satisfaction with Nigeria's current macroeconomic stability, supported by stronger output growth, stable foreign exchange, robust external reserves, and continued disinflation (with August recording the sharpest decline). It attributed the easing of inflationary pressures to earlier monetary tightening, exchange rate stability, increased capital inflows, and a surplus current account balance.

However, the MPC also noted the persistent build-up of excess system liquidity from fiscal releases tied to improved government revenues. To address this, it adjusted the asymmetric corridor to +250/-250 around the MPR in order to guide interbank transactions and sustain market stability.