

Central Bank of Nigeria Communiqué No. 76 of the Monetary Policy Committee Meeting, May 23 - 24, 2011

The Monetary Policy Committee (MPC) met on 23rd and 24th May, 2011 to assess current domestic and international economic and financial developments as well as the challenges facing the Nigerian economy in the short- to medium-term.

After considering and deliberating on all the reports, the Committee held that it would be prudent to adopt a monetary policy stance that is consistent with the need to address inflationary expectations associated with excessive liquidity and pressure on foreign exchange market, as well as continuing with the progress toward positive real interest rates. Against this background, the Committee decided as follows:

1. A majority of nine to one (9:1) voted in favour of further tightening of monetary policy. All nine in favour of tightening voted for an increase in CRR from 2 per cent to 4 per cent with effect from June 8, 2011 to align with the next reserve averaging maintenance period; Six (6) members voted for 50 basis points increase in MPR from 7.5 per cent to 8.0 per cent, three (3) voted for 25 basis points increase while one (1) voted for no change; and
2. To maintain the symmetric corridor of +/- 200 basis points around the MPR.