



MPC Update: July 2021

June '21 Annual Inflation: 17.75%
Q1 '21 Real GDP Growth Rate: 0.51%

Update on the Monetary Policy Committee (MPC) Meeting Held on July 26 and 27, 2021

At the end of today's Monetary Policy Committee (MPC) meeting, members unanimously voted to:

Retain MPR at 11.50%

Retain asymmetric corridor at +1%/-7%

Retain CRR at 27.50%

Retain liquidity ratio at 30%

Also, the MPC observed the abuse of regulations by BDC operators and frowned at the rent seeking behaviors and therefore moved to arrest the situation.

Consequently, members decided the following:

CBN to stop forex sale to BDC operators

CBN to suspend licensing of more BDCs in the country

CBN to re-channel forex sales to commercial banks to meet PTA, BTA needs of customers

Commercial banks to dedicate teller points in every branch for sale of forex to customers

Customers to report banks who fail to sell forex to them despite meeting requirements.

Furthermore, CBN promised to come down hard on commercial banks who were found to have connived with foreign embassies, missions and institutions who have conducted their forex businesses illegally and in flagrant abuse of local regulations. The apex banks would also report such errant institutions to the relevant authorities in their home countries in an effort to redirect forex business to the I&E FX window.

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