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CENTRAL BANK OF NIGERIA

Press Release

Market Fundamentals Do Not Support Naira Devaluation at This Time

The Central bank of Nigeria (CBN) wishes to note with displeasure, the rumours and speculative activities of unscrupulous players in the foreign exchange market, borne out of the impression that the CBN is on the verge of devaluing the Naira, and triggering panic in the FX Market.

These rumours are false, unwarranted and calculated to serve their dubious and selfish ends. We therefore wish to state as follows:

1. We have begun a robust and coordinated investigation in collaboration with the Nigerian Financial Intelligence Unit (NFIU) and related agencies to uncover the unscrupulous persons and FX dealers who are creating this panic, and the full weight of our rules and regulations will be meted out to them, including, but not limited to, being charged for economic sabotage;
2. For nearly four years, the CBN has successfully maintained relative stability in all segments of the foreign exchange market, which has enabled investors, households and other economic agents to plan and to conduct their genuine foreign exchange transactions with relative ease;
3. The introduction of several foreign exchange management measures side-by-side with complementary interventions in food production and manufacturing has drastically reduced food importation, which hitherto constituted a large chunk of the pressure on the foreign exchange market;
4. Although the outbreak of the Coronavirus led to global economic slowdown, fall in the price of crude oil, and less inflow of dollars into Nigeria, the associated public health concerns have also led to factory closures in China, substantial drop in imports, widespread travel restrictions around the world, and cancellation of many conferences, sporting events, business travels, and FX orders;

5. The size of Nigeria's foreign exchange reserves remains robust and comfortable, given the current realities of Nigeria's genuine and legitimate FX demand. As such, the CBN remains able and willing to meet all genuine demand for foreign exchange for legitimate transactions; and
6. For the avoidance of doubt, the CBN is also working with the fiscal authorities to properly and accurately dimension the immediate and expected impacts of the Coronavirus in order to respond comprehensively and at the same time, ensure a sound and stable financial system conducive for job creation and inclusive growth.

In light of current circumstances and macroeconomic fundamentals, the CBN has not devalued the Naira. Consequently, the CBN will invoke the full weight of applicable sanctions on any persons and authorized dealers found to be involved in such disruptive and speculative market behavior.

A handwritten signature in black ink, appearing to read 'Isaac Okorafor', with a large, stylized flourish at the end.

Isaac Okorafor
Director, Corporate Communications

March 12, 2020