



Post-MPC FAQs

Frequently Asked Questions (FAQs) on the November 2025 MPC Meeting

1. Why did the Monetary Policy Committee (MPC) decide to retain the Monetary Policy Rate (MPR) at 27.00 percent in the November 2025 Meeting?

*The decision to **retain the Monetary Policy Rate at 27.0 percent** reflects the MPC's commitment to sustain the disinflationary trend recorded in recent months. Recall that inflation recorded the largest pace of decline (month-on-month) in the last two months (September and October) since the seven consecutive months of deceleration. This suggests that additional time could be necessary to allow the impact of previous tightening measures to continue to transmit effectively to the economy. Therefore, a hold was considered appropriate to further rein in inflation.*

2. What progress has been made in moderating Inflation rate in recent months?

*Headline inflation declined to **16.05 percent in October 2025**, from **18.02 percent in September 2025**. This marks the seventh consecutive month of disinflation, driven mainly by tight monetary policy, stable exchange rates, and improved food supply conditions including seasonal harvest effects, and enhanced domestic food supply. Inflation is projected to continue its downward trajectory in the near term, driven by the lagged impact of previous monetary tightening, stable foreign exchange conditions, and seasonal improvements in food supply.*

3. Were any changes made to the Standing Facility corridor?

*Yes. The MPC adjusted the symmetric corridor to an asymmetric type. It has changed from **+250/-250** to **+50/-450 basis points** around the MPR. This means that the banks can now borrow from the CBN as a lender of last resort at 27.5% (MPR+0.5) which is the new standing lending facility (SLF) rate and is cheaper than the previous rate of 29.5% (MPR+2.5). Similarly, the new standing deposit facility implies that banks' excess funds deposited overnight with the CBN would be remunerated at a cheaper rate of 22.5% (MPR-4.5) compared with the previous SDF rate of 24.5%. The adjustment aims to enhance the efficiency of liquidity management while ensuring effective monetary policy transmission.*

4. What is the current Cash Reserve Requirement (CRR)?

Cash Reserve Requirements (CRR) represent a statutory mandate for deposit money banks to maintain a prescribed proportion of their total deposits with the Central Bank of Nigeria. The CRR serves as both a prudential measure and a key instrument for liquidity management within the financial system. The higher the CRR, the lower, the available funds for banks to create credit, and vice versa

The MPC maintained the CRR at **45.00 percent for Deposit Money Banks, 16.00 percent for Merchant Banks, and 75.00 percent for non-TSA public sector deposits**. These levels are intended to manage banking system liquidity and support price stability objectives.

5. How strong is Nigeria's external sector?

Nigeria's external reserves has increased by **9.19 percent to US\$46.70 billion** as of mid-November 2025, from US\$42.77 billion at end-September 2025. This level provides import cover of goods and services for approximately **10.3 months**, reinforcing external sector stability and investor confidence. Similarly, the current account surplus improved to US\$5.28 billion in Q2 2025, from US\$2.85 billion in Q1, indicating stronger external sector resilience. Furthermore, the upgrade of Nigeria's sovereign credit rating by Fitch and S&P rating agencies as well as the removal from the FATF grey list have strengthened the country's external position. This would boost investor confidence and attract more capital inflows.

6. What is the assessment of the health of the Nigerian banking sector?

The banking sector remains sound, with key financial indicators performing within regulatory thresholds. Progress in the ongoing recapitalization programme is notable, with sixteen **(16)** banks having achieved full compliance with revised capital requirements, thus, strengthening systemic stability. The recapitalization initiative, aimed at raising banks' minimum capital requirements, is designed to create a more resilient institution capable of supporting the Federal Government's vision for a \$1 trillion economy. This development strengthens the banking system and enhances its capacity to support economic growth through increased lending. The MPC emphasized the need for successful implementation and conclusion of the programme to ensure long-term financial stability and maintain confidence in the sector.

7. How is Nigeria's GDP performing?

*Real GDP growth rose to **4.23 percent year-on-year in Q2 2025**, from **3.13 percent in Q1 2025**. This expansion underscores the resilience of the domestic economy, supported by improved manufacturing activity and stronger aggregate demand. In addition, the monthly Purchasing Managers Index (PMI) (a leading indicator of future economic activity) increased to **56.4 points in November 2025**, the highest level in five years. This indicates a robust expansion in business activity and suggests a positive outlook for growth in the remaining quarters of 2025.*