



Date: Tuesday, 20 May 2025

Ref: CBN/MPC/COM/157/300

Attention: News Editors/Gentlemen of the Press

MONETARY POLICY RATE RETAINED AT 27.50 PER CENT

The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) held its 300th meeting on the 19th and 20th of May 2025. The Committee reviewed developments in the global and domestic economies including the risks to the outlook. All twelve members of the Committee were in attendance

Decisions of the MPC

The Committee was unanimous in its decision to hold policy and thus decided as follows:

1. Retain the MPR at 27.50 per cent.
2. Retain the asymmetric corridor around the MPR at +500/-100 basis points.
3. Retain the Cash Reserve Ratio of Deposit Money Banks at 50.00 per cent and Merchant Banks at 16 per cent.
4. Retain the Liquidity Ratio at 30.00 per cent.

Considerations

The MPC noted the relative improvements in some key macroeconomic indicators which are expected to support the overall moderation in prices in the near to medium term. These include the progressive narrowing of the gap between the Nigeria Foreign Exchange Market (NFEM) and Bureau De Change (BDC) windows, the positive balance of payments position, and easing price of PMS. Members also noted with satisfaction the progressive moderation in food inflation and, therefore, commended the government for implementing measures to increase food supply as well as stepping up the

fight against insecurity, especially in farming communities. The MPC, thus, encouraged security agencies to sustain the momentum while government provides necessary inputs to farmers to further boost food production.

The Committee, however, acknowledged underlying inflationary pressures driven largely by high electricity prices, persistent foreign exchange demand pressure and other legacy structural factors. The MPC noted new policies introduced by the Federal Government to boost local production, reduce foreign currency demand pressure, and thus, lessen the pass-through to domestic prices.

Given the relative stability observed in the foreign exchange market, Members urged the Bank to sustain the implementation of the ongoing reforms to further boost market confidence. The Committee also called on the fiscal authority to strengthen current efforts at enhancing foreign exchange earnings, especially from gas, oil and non-oil exports.

The MPC, however, expressed concerns about the recent decline in crude oil prices, attributable to increased production by non-OPEC members as well as uncertainties associated with U.S. trade policy, which present new challenges for fiscal receipts and budget implementation.

The Committee reaffirmed the continued stability of the banking system following notable improvements in key performance indicators and observed the appreciable progress in the ongoing recapitalization exercise. Members, thus, called on the Bank to sustain its effective oversight of the industry to ensure compliance with regulatory and macroprudential guidelines.

On the strength of these considerations, and driven by the continued uncertain policy environment, exacerbated by ongoing global shocks, members weighed the available policy options and were unanimous in their decision to hold policy to enable a better understanding of near-term developments. Members reaffirmed their commitment to prioritise policies targeted at anchoring inflation expectations and easing exchange rate pressure.

Key Developments in the Domestic and Global Economies

According to the National Bureau of Statistics (NBS), headline inflation (year-on-year) declined to 23.71 per cent in April 2025, compared with 24.23 per cent in March 2025. On a month-on-month basis, it also declined to 1.86 per cent in April 2025, from 3.9 per cent in the previous month.

Both food and core components contributed to the decline in inflation in the period. Food inflation eased further to 21.26 per cent in April 2025 from 21.79 per cent in the previous period. Core inflation also declined to 23.39 per cent in April 2025, compared with 24.43 per cent in March.

Real GDP (year-on-year) grew by 3.84 per cent in the fourth quarter of 2024, compared with 3.46 per cent in the preceding quarter. This improvement was driven by both the oil and non-oil sectors, with the services sector being the major contributor.

Gross external reserves increased by 2.85 per cent to US\$38.90 billion as at 16th May 2025, from US\$37.82 billion at end-March 2025. This represents an import cover of 7.6 months for goods and services. The balance of payments (BOP) recorded a surplus of US\$1.10 billion in the fourth quarter of 2024, compared with US\$4.21 billion in the preceding quarter, on account of moderation in current account surplus.

Although global output growth is expected to remain positive despite existing and emerging headwinds, the International Monetary Fund (IMF) downgraded its global growth forecast to 2.8 per cent in 2025 and 3.0 per cent in 2026, compared with 3.3 per cent in 2024 due to the uncertain policy environment.

Members were, thus, unanimous in their resolution to maintain close surveillance of developments in both the domestic and global environments to enable appropriate policy response to emerging shocks.

The next meeting of the Committee is scheduled to hold on the 21st and 22nd of July 2025.

Thank you.

Olayemi Cardoso

Governor,

Central Bank of Nigeria

20th May 2025.

**PERSONAL STATEMENTS BY
THE MONETARY POLICY COMMITTEE MEMBERS
MPC MEETING MAY 19 – 20, 2025**

1. AKU PAULINE ODINKEMELU

I vote to retain the Monetary Policy Rate (MPR) at 27.50 per cent, the asymmetric corridor around the MPR at +500/-100 basis points, Cash Reserve Ratio of Deposit Money Banks at 50.00 per cent and Merchant Banks at 16 per cent, and the Liquidity Ratio at 30.00 per cent. My decision is influenced by the following developments:

Global Economic Developments

Global economic prospects continue to weaken due to geopolitical tension such in the Middle East, the Russia-Ukraine conflicts, pervasive policy uncertainty which diminishes market confidence, tight financial conditions, and escalating trade war between the United States and its major trading partners. Theoretically, trade war, especially, in a form of tariff hike is a source of supply shock to the global economy with the attendant loss of productivity due to resource reallocation to non-competitive goods. According to the International Monetary Fund (IMF)'s World Economic Outlook of April 2025, the US tariff hike and countermeasures by their trading partners have pushed US and global tariff rates to 'centennial highs'.

Regrettably, this evolves at a time the world has made significant progress in integrating the financial sector and supply chain. Though, the scheduled tariff hike is currently on pause, the headwinds are projected to slow down global output. The IMF outlook for April 2025 projects global growth slowing to 2.8 per cent in 2025 and 3.0 per cent in 2026 from 3.3 per cent in 2024. The slowdown is expected to manifest more in developed economies like the United States, Canada, Mexico, and China, with downward adjustments to other economies too. Growth in Advanced Economies is projected to moderate from 1.8 per cent in 2024 to 1.4 and 1.5 per cent in 2025 and 2026, respectively. Growth in Emerging Markets and Developing Economies (EMDEs) is also expected to moderate from 4.3 per cent in 2024 to 3.7 and 3.9 per cent in 2025 and 2026, respectively. Growth forecast for Sub-Saharan Africa was also revised downward to 3.8 per cent in 2025 from 4.0 per cent in 2024, with expected recovery to 4.2 per cent in 2026.

Global inflation is projected to sustain its decline and ultimately converge back to the central banks of the Advanced Economies's targets of 2.2 per cent in 2026, due to expected easing of supply chain disruptions, fall in

energy prices, and labour market normalisation. Global inflation is projected to moderate from 5.7 per cent in 2024 to 4.3 and 3.6 per cent in 2025 and 2026, respectively. This is slightly higher than the January 2025 outlook due to the increasing upside risks to inflation. The Advanced Economies inflation is forecast to moderate from 2.6 per cent in 2024 to 2.5 and 2.2 per cent in 2025 and 2026, respectively. The Emerging Markets and Developing Economies inflation is also projected to sustain its descent from 7.7 per cent in 2024 to 5.5 and 4.6 per cent in 2025 and 2026, respectively. The upside risks to inflation in these economies remain the factors I highlighted in my February 2025 Statement such as exchange rate pressures, inadequate transport infrastructure, energy shortages, geopolitical tension, and climate risks.

I, therefore, vote to hold interest rate while encouraging the Bank to remain vigilant in monitoring the potential implication of the trade tension and declining global inflation on the domestic economy in terms of the trade costs and inflationary pressure. The declining domestic inflation and more stable exchange rate has afforded the Bank the rare privilege of effectively anchoring inflation expectation and promoting price stability during this period of heightened global uncertainty.

Domestic Economic Developments and Outlook

The domestic economy expanded by 3.84 per cent (year-on-year) in the last quarter of 2024 from 3.46 per cent in the preceding quarter. The drivers of the growth are the services, industry, and agricultural sectors. Though positive, growth is still fragile and subdued consumer demand and elevated interest rates pose significant risks to the Nigeria's economy. The Bank needs to keep reviewing its tools to effectively transmit monetary policy.

Year-on-Year headline inflation declined to 23.71 per cent in April 2025 from 24.23 per cent in March 2025. The decline in inflation is attributed to average decline in food inflation - Maize (Corn) Flour, Wheat Grain, Okro Dried, Yam Flour, Soya Beans, Rice, Bambara beans, Brown Beans – and core inflation.

Other factors that weighed on my decision are as follows:

There is a need to monitor the outlook to domestic inflation, which is projected to decline gradually due to improved economic and exchange rate stability, relatively lower PMS prices, and the government temporary waiver on import duties and levies on several essential food items. There is no better time than now to sustain the easing of the inflationary pressure. The monetary and fiscal authorities, therefore, must continue to strengthen collaboration in order to find lasting solutions to food prices. While I applaud the waiver of duties and levies on essential food items, the effect is transitory and must be properly managed. Decisive and urgent policy action is

required to stimulate domestic production, which is effective in anchoring long-term inflation expectation.

2. ALOYSIUS UCHE ORDU

Global Economic Developments: The May 2025 MPC meeting took place against the backdrop of the U.S. President's *"Liberation Day Tariff,"* with consequential implications for the global trading system. Designed as a sweeping tariff targeting key imports from strategic economic rivals, particularly China, the measure aimed to reinvigorate domestic manufacturing and signal a hardline nationalist economic agenda. Some of the tariff increases were temporarily paused, though still well above previous levels and the future tariff decisions remained highly unpredictable.

In practice, the tariff disrupted international supply chains, raised input costs for U.S. manufacturers, and sparked retaliatory measures from affected trading partners. These developments intensified trade tensions, increased market volatility, and complicated recovery efforts in a global economy still grappling with post-pandemic inflationary pressures and geopolitical tensions in Europe and the Middle East.

As a consequence, the Peterson Institute for International Economics projected a significant deterioration in the global economic outlook. Global GDP growth is projected to slow to 2.7% in 2025 and 2.8% in 2026, down from 3.2% in 2024. This slowdown primarily results from the policy uncertainty that has made it challenging for businesses to plan and invest, further dampening economic activity.

In the U.S., economic growth is expected to stall, and projected to decline from 2.5% in 2024 to just 0.1% in 2025. Inflation is anticipated to peak at around 4.5% later in the year, and unemployment is expected to rise slightly above 5% before improving in 2026. Financial markets have reacted negatively to these policy changes, although consumer spending and employment data remain relatively stable, possibly due to households and businesses accelerating purchases in anticipation of higher prices on account of the new tariffs regime.

In its May 2025 meeting, the Fed kept US interest rates on hold at 4.25% to 4.5% for the third consecutive meeting. The decision was based on the heightened uncertainty with both sides of the Fed's dual mandate — to foster maximum employment and to tame inflation — seriously challenged. It noted that the risks of higher unemployment and higher inflation had increased since its last meeting in March.

Outside the U.S., the economic picture is mixed. Canada and Mexico are experiencing significant impacts from new U.S. trade actions, with Mexico facing additional challenges from weaker economic fundamentals and potential revisions to the trade pact between the three countries – the

USMCA. In Europe and the UK, moderate growth is expected, supported by coordinated debt issuance and increased defense spending.

Implications for Emerging Market Economies: For emerging market and developing economies, the IMF's April 2025 World Economic Outlook projects growth of 3.7% in 2025, a slight decrease from previous years. This slowdown is a consequence of the heightened global trade tensions which have disrupted supply chains and dampened investor confidence. Additionally, tighter global financial conditions have led to increased borrowing costs, posing challenges for the EMDEs with significant external debts. Despite these headwinds, these economies are still expected to outpace advanced economies, which are forecast to grow at 1.4% in 2025.

However, within emerging market economies, regional performances vary. India remains an outlier with a robust growth projection of 6.5% for 2025, driven by strong domestic demand, infrastructure investments, and digital advancements.

In contrast, China's growth is expected to moderate to 4.0%, hindered by weak household consumption, a sluggish property sector, and the adverse effects of trade policy developments. In view of softening demand, China eased monetary policy – cutting its benchmark interest rate on May 7, the same day that the US Fed held interest rates steady. The Chinese government also increased liquidity by reducing the amount of money banks are required to hold in capital reserves.

Other Southeast Asian countries are anticipated to benefit from trade reorientation and regional supply chain shifts, while Latin America and Sub-Saharan Africa face more modest growth prospects due to debt vulnerabilities and low productivity.

Domestic Developments in Nigeria: CBN Staff economic report for the 300th MPC meeting and the World Bank's Nigeria Development Update provide detailed overview of recent domestic developments. Nigeria's economic performance has improved modestly, driven primarily by strong growth in the services sector, especially ICT and finance, and a recovery in oil production. Real GDP grew by 3.4% in 2024 and is projected to reach 3.7% in 2025.

However, growth remains uneven, with agriculture still lagging due to insecurity and high input costs. The Purchasing Managers' Index (PMI) readings suggest continued expansion in business activity into early 2025 (52.3 index points in March versus 51.4 in February), reflecting moderate optimism among firms despite persistent challenges. Government has largely maintained a stable macroeconomic policy mix, which has helped stabilize

the economy, though challenges remain in ensuring that growth is inclusive and sustainable.

Monetary policy has remained tight in response to persistent inflation, which, despite easing slightly, remains elevated and sticky. In particular, month-to-month inflation was 24.48% in January 2025; it eased slightly to 23.18% in February; it edged up again to 24.23% in March; and eased a bit in April. Overall, inflation is projected to average 22.1% in 2025.

The financial and monetary sectors showed signs of tightening liquidity. Broad money growth moderated, and private sector credit experienced a marginal decline. The monetary base contracted, partly due to restrained central bank liquidity injections and increased cash reserve requirements. Money market rates trended upward, aligning more closely with the monetary policy rate, indicating improved transmission of policy decisions. The stock market performed positively, supported by foreign portfolio inflows and improved investor sentiment following foreign exchange reforms.

Nigeria's external sector exhibited notable resilience in early 2025, as detailed in the CBN Staff reports. Gross external reserves increased by 2.85% to US\$38.90 billion as of May 16, 2025, up from US\$37.82 billion at the end of March 2025. This level of reserves provides an import cover of approximately 7.6 months for goods and services, indicating a relatively strong buffer against external shocks.

The balance of payments recorded a surplus of US\$1.10 billion in the fourth quarter of 2024, a decline from the US\$4.21 billion surplus in the preceding quarter. This moderation was primarily due to a decrease in the current account surplus, reflecting changes in trade dynamics and external economic conditions.

In the foreign exchange market, the naira demonstrated relative stability, attributed to the CBN's implementation of market-reflective exchange rate policies. These measures have contributed to the narrowing of the gap between official and parallel market rates, enhancing investor confidence, and promoting transparency in the forex market. The CBN's continued efforts to bolster market liquidity and maintain exchange rate stability are key to sustaining external sector resilience.

On fiscal policy, CBN Staff assessments reflect continued improvement in Nigeria's fiscal position, supported by increased revenue mobilization efforts and enhanced oil receipts. Total federally collected revenue rose during the review period, driven by improved performance in both oil and non-oil sectors. Higher crude oil prices and stable production levels boosted oil

revenue, while non-oil revenue gains were attributed to reforms in tax administration and enforcement, including improvements in VAT and company income tax collections.

Expenditure levels also rose, largely due to increased recurrent spending, particularly on wages, interest payments, and security-related expenses. Although capital expenditure saw a slight uptick, it remains constrained by limited fiscal space. The resulting fiscal deficit, while still present, was narrower than in previous periods, reflecting improved revenue performance and tighter control over discretionary spending. The government continued to rely heavily on domestic borrowing to finance the deficit, leading to a rise in public debt levels.

Despite the improved fiscal outlook, structural challenges persist such as low revenue-to-GDP ratio, inefficient spending, and a growing debt service burden. The fiscal authorities are encouraged: (a) to sustain ongoing reforms aimed at broadening the tax base, enhancing public financial management, and promoting fiscal transparency; (b) to strengthen fiscal buffers and improve the efficiency of public spending; and (c) to revisit the 2025 budget parameters (e.g., oil production of 2.0 million barrels per day and crude price of US\$75 per barrel) which are no longer realistic under the current circumstances.

Overall, there has been noteworthy improvements in the economy in the recent past. The gap between the official and parallel foreign exchange markets has narrowed; external reserves have increased; and headline inflation declined in April. And, on account of the improving macroeconomic fundamentals, Nigeria's credit rating has been upgraded.

Nevertheless, global economic developments, marked by heightened trade tensions, rising geopolitical uncertainty, and tighter global financial conditions pose significant challenges for Nigeria's macroeconomic stability and growth outlook. With global output growth projected to slow and trade volumes under pressure, Nigeria's export revenues, especially from oil, face downside risks, which could constrain foreign exchange earnings and fiscal revenues. And, inflation remains a major concern.

Therefore, we need to remain vigilant and monitor the data, especially at this time of heightened global uncertainty. I vote to hold the MPR, the CRR, the Asymmetric corridor and the liquidity ratio at their current levels.

3. BALA MOH'D BELLO *MoN*

Opening Statement

At the 300th Monetary Policy Committee (MPC) meeting, which was held on May 19 and 20, 2025, **I voted to hold all policy rates at their current levels** as follows:

1. Retain the Monetary Policy Rate (MPR) at 27.50 per cent.
2. Retain the asymmetric corridor around the MPR at +500/-100 basis points.
3. Retain the Cash Reserve Ratio of Deposit Money Banks at 50.00 per cent and Merchant Banks at 16 per cent.
4. Retain the Liquidity Ratio at 30.00 per cent.

My decision to hold all the policy rates is hinged on the need to continue monitoring and evaluating unfolding global economic developments. The evolving dynamics of global trade, financial markets, and persistent geopolitical tensions necessitate a cautious and evidence-based approach. Notably, the Nigerian economy remains resilient as key macroeconomic indicators continue to move broadly in the desired direction with a positive short-to-medium term outlook, despite persistent shocks.

Key Considerations

Recent data from the National Bureau of Statistics (NBS), indicate a moderation in inflationary pressures. Headline inflation (year-on-year) declined to 23.71 per cent in April 2025, from 24.23 per cent in the preceding month. On a month-on-month basis, inflation also decelerated to 1.86 per cent in April 2025, from 3.9 per cent in March. Both food and core components also moderated, with food inflation easing to 21.26 per cent in April 2025 from 21.79 per cent in March and core inflation declining to 23.39 per cent, from 24.43 per cent in the previous month.

The current policy rate ensures positive real yields (MPR less headline inflation) which would bolster investor confidence and help anchor inflation expectations of economic agents. Sustained fiscal and monetary policy coordination, with improvements in domestic agricultural output, are expected to further moderate price pressures. Additionally, the relative stability in the foreign exchange market supports the outlook for inflation through reduced pass-through effects.

Real GDP (year-on-year) grew by 3.84 per cent in the fourth quarter of 2024, compared with 3.46 per cent in the preceding quarter. This improvement was driven by both the oil and non-oil sectors, with the services sector being the

major contributor. The growth momentum is expected to persist over the medium-term, driven by the coordinated mix of ongoing fiscal reforms and monetary policy initiatives. This growth trajectory is also evident in the robust leading economic indicators released by the CBN and NBS.

External sector performance has also improved, with gross external reserves recording a significant increase and the balance of payments returning to a surplus in the fourth quarter of 2024. Banking sector indices also show robustness with sound financial indicators and improved credit to the real sector of the economy despite the tight stance of monetary policy. The growth in credit is expected to further boost productive activities, create jobs, and strengthen domestic resilience.

On the global front, headwinds persist and must not be ignored. The International Monetary Fund (IMF) in recognition of the uncertain global policy environment and emerging risks, downgraded its global output growth forecast to 2.8 per cent in 2025 and 3.0 per cent in 2026, compared with 3.3 per cent in 2024, due to the uncertain policy environment. As I noted in my February 2025 statement, continued implementation of policies that reinforce Nigeria's macroeconomic stability remains a priority, to enhance resilience against external shocks.

Concluding Remarks

The positive trajectories of key economic variables such as inflation, output growth and exchange rate are encouraging and should be preserved. In my view, it is imperative to sustain and build on these gains, especially in the face of ongoing global headwinds. This underscores the need for balanced policy decisions that uphold price stability while fostering economic growth. Given the current dynamics, I am convinced that any adjustments to the existing stance of monetary policy at this time could trigger unnecessary disruptions. Therefore, I vote to maintain the current stance of monetary policy.

4. BANDELE A.G. AMOO

Having reviewed the recent empirical developments in both the domestic and external economies, I hereby vote as follows:

- (a) Retain the Monetary Policy Rate (MPR) at 27.50 per cent.
- (b) Retain the asymmetric corridor around the MPR at +500/-100 basis points.
- (c) Retain the Cash Reserve Ratio (CRR) at 50.0 per cent for Deposit Money Banks (DMBs) and 16.0 per cent for Merchant Banks.
- (d) Retain the Liquidity Ratio (LR) at 30.00 per cent.

My decision was influenced by the following considerations:

1. Global Economic Developments

The resilience witnessed within the global economies in the recent past continued through the first quarter in 2025. The uncertainty in the global growth outlook was further heightened during the past few months of 2025 due to geopolitical tensions, elevated global interest rates, and the trade frictions coming from the on-going tariff war. Global economic uncertainty has increased since the introduction of reciprocal Tariff Policy by the United States. The trade frictions have exacerbated global economic fragmentation and drastically reduced world trade volume. The prevailing global uncertainty has led some Central Banks to opt for a cautious approach to the future path of monetary policy. However, the outlook is subject to downside risks, including the dampening effect of monetary tightening on economic activity, resurgence of protectionism, and heightened geopolitical tensions. Other likely impact of the global economic development uncertainty may include decline in fiscal revenue and space; decreased demand for Nigerian exports; rise in capital outflows; reduced capital inflows and high debt overhang.

The current global disinflation path was constrained by imposition of additional tariffs initially by the US and retaliatory responses which jointly pushed up long-term inflation expectations in some Emerging Market Economies (EMEs). The downside risks have, however, persisted as escalating geopolitical tensions continue to further disrupt commodity prices, and increase fragmentation of trade networks.

2. Domestic Macroeconomic Developments and Outlook

Domestically, growth continued to be moderate as expected. Data from the National Bureau of Statistics (NBS) showed that Nigeria's Gross Domestic Product (GDP) grew by 3.84% (year-on-year) in real terms in the fourth quarter of 2024. This growth is higher than the 3.46% recorded in the fourth quarter of 2023. The GDP performance in the fourth quarter of 2024 was driven mainly by the Services sector, which recorded a growth of 5.37% and contributed 57.38% to the aggregate GDP.

The banking sector performance continued to be strong and resilient. Total bank assets recorded 22.35 percent growth (₦30.83 trillion) as at the end of April 2025 relative to April 2024. Industry credit also increased by ₦5.99 trillion or 10.89 percent during the same period. Bank liquidity remained adequate in April 2025, as reflected by a high ratio of liquid assets to third-party funds at 50.6%. The Capital Adequacy Ratio (CAR) increased to 15.55% in April 2025 from 10.81% in April 2024, thereby enabling banks to adequately manage their risk-weighted assets and support credit growth. Meanwhile, non-performing loans (NPL), as a proxy of credit risk, rose by 0.1% to 5.6% in April 2025. The latest stress tests indicated solid banking industry resilience against various risks, supported by efficient macro-prudential framework for ensuring profitability as the CBN continue to strengthen synergy with other regulatory entities in the financial sector. Overall, the financial soundness indicators (FSI) trend for both banks and other financial institutions showed strong safety levels in terms of asset growth, solvency, liquidity, profitability and service efficiency.

The improved sector performance engendered positive investor sentiments for the Nigerian economy, particularly within the fixed income instruments' corridor. The Nigerian equities market was bullish for the second continued month in May 2025, with the benchmark NGX All-Share index (ASI) appreciating by 5.62% on monthly basis. This feat emphasized strong investor appetite for domestic equities especially in sound corporate stocks, stimulated by impressive dividend pay-out by blue-chip companies. Accordingly, there appeared to be a shift to selective duration plays by investors, as they interrogate a blend of liquidity dynamics, auction outcomes and macro signals. In the medium term, we expect the prevailing trend to persist, as investors continue to realign their portfolios as situation unfold in monetary, fiscal and macroeconomic developments, specifically Nigeria's Q1 2025 GDP numbers.

The strong external sector performance continued, indicating an improvement in the accumulation of reserves. Nigeria's Balance of Payments (BOP) position remains stable to support our external sector stability. Portfolio inflows remained high, recording positive net inflows as at end-April 2025. The

exchange rate has remained broadly stable with some minor upside and downside movements. External reserves stood at US\$39.01billion at mid-May 2025, from US\$38.35billion at mid-Feb 2025, mainly, due to improved crude oil production and stability in the FX market arising from the Bank's on-going policy reforms. Other factors include expected reduction in import demand pressures arising from the full deregulation of the downstream oil sector, reduced petroleum products importation regime, increased inflows and other subsisting measures deployed by the CBN.

Data from the NBS showed that the year-on-year headline inflation rate for April 2025 decelerated to 23.71% from 24.23% in March 2025 due to a slowdown in food and core inflation. Food inflation slowed to 21.26% while core inflation dropped to 23.39 in April 2025. Driving factors for food inflation were improved security around the farming communities; seasonal factors; moderation in transport costs; as well as slowdown in processed food imports.

The commitment of the government to improvements in basic infrastructure, managed fiscal balance, provision of energy and electricity stock, social safety programme, and poverty reduction, security upgrade, efficient management of domestic and foreign debt levels will continue to moderate inflation trends. Lower energy prices would also help to fasten the disinflationary process, potentially facilitating monetary policy easing, which may further support sector investments. Monetary policy restraint is hereby required given the government's recently demonstrated commitment to fiscal consolidation.

3.0 My Concern

In my view, the May 2025 composite PMI points data sent a mixed signal. On the one hand, stronger demand, rising output, and increased purchasing activity - all point to a recovery taking shape. On the other hand, persistent inflation, cost pass-through limitations, wage pressure, and vacillating sentiment raise red flags about the durability of that recovery. The growing gap between output and input prices is becoming a structural threat to corporate profit margins and, eventually, to employment, wealth creation, corporate social responsibility and investment. With a composite PMI at 52.2 index points, Nigeria's economy is indeed growing. However, if margin pressures are not addressed through fiscal support, FX stability, and productivity reforms; growth may come at the cost of corporate resilience and macroeconomic stability. Consequently, this is a moment to recalibrate policy. This is one of the reasons I took the decision to hold the policy rates.

It's gladdening to note that the Nigerian economy continues to witness positive macro-economic developments in recent time across different sectors. Some of which include: sector-wide drop in general prices, especially

food; stability in the foreign exchange market resulting in reduced speculative activities, lower premium to the BDC exchange rate; gradual moderation in the prices of Premium Motor Spirit (PMS) and AGO; planned recapitalisation of the Bank of Agriculture; increase in social safety programmes to further boost aggregate demand to reduce manufacturers' outcry of unsold stocks; growth in the capital market ASI and equity portfolios; improved payment system infrastructure as well as improved coordination between the fiscal and monetary policy authorities.

Given the above-mentioned, I believe that the MPC actions will continue to contain demand-side pressures and moderate the second-round effects coming from supply shocks. I also submit that the current policy rates remain appropriate to maintain a tight monetary stance until a significant and sustained decline in inflation is achieved. Working with the MPC team, the duration and extent of monetary policy restrictiveness will be monitored, and it must be outlook dependent and data driven. As inflation becomes firmly anchored, the MPC will reassess the possibility for a gradual easing in the current policy stance.

4.0 Conclusion

The on-going positive innovations in the financial sector will help to promote digital payments efficiency and provide fintech solutions to enhance financial inclusion and reduce reliance on cash-based transactions. This will help to strengthen the transmission mechanism of monetary policy and help improve CBN monitoring and management of system liquidity. It will also help to determine when to augment our existing sterilization toolkit depending on the banks' net open positions. The fiscal authority, hopefully, will complement all these by doing more in tackling security challenges and further upgrading infrastructure facilities to promote domestic food production and other economic activities.

5. EMEM USORO

At the Monetary Policy Committee (MPC) held on May 19 -20, 2025, I voted to:

- i. **Retain** the MPR at 27.50%
- ii. **Retain** the Asymmetric Corridor at +500/-100 basis points around the MPR.
- iii. **Retain** the CRR at 50% for commercial banks and 16% for merchant banks;
and
- iv. **Retain** the LR at 30.0%.

This decision reflects a prudent and forward-looking assessment of prevailing economic reality and risk. In reaching this decision, I was guided by the need to balance the goal of price stability and safeguard the momentum of macroeconomic recovery.

My considerations are as follows:

- **Recent global economic dynamics** reflect slower trade and investment flows, triggered by policy uncertainties, trade frictions, and geopolitical tensions. Consequently, business activities have softened, especially in the services sector, and global growth forecasts have been revised downward. Hence, the International Monetary Fund (IMF) now projects a slower pace of global expansion in 2025.
- **While global inflation has eased in some advanced economies** due to tighter monetary policies and lower energy costs, disinflation has been uneven across emerging markets. In many jurisdictions, such as Nigeria and peers like Egypt and Kenya, inflation remains elevated driven by structural factors.
- **Global commodity markets have presented mixed signals.** Particularly, crude oil prices remain under pressure due to increased supply and weak demand, posing risk to Nigeria's fiscal revenue projection, public debt profile, and external position.
- **Looking ahead, the balance of risks to the global economic outlook is tilted to the downside.** Inferences on the likely implications for the domestic economy reveal several external headwinds, including trade protectionism, regional conflicts and other macro-financial vulnerabilities.
- **Domestically, the economy is showing signs of relative stability** with inflation appearing to decelerate, stability in the foreign exchange market, banking system resilience, easing financial conditions, and narrowing output gap. However, several risks still persist.

- **For instance, despite observed moderation in headline inflation** on the back of sharp drop in food inflation, core inflation has edged higher, reflecting pass-through from FX pressures and higher utility costs, a clear indication of lingering underlying supply-side inflation risks.
- **In addition, inflation expectations remain elevated due to structural constraints**, particularly food supply and energy infrastructure, potential second-round effects from fiscal surprises. These uncertainties reinforce the need to maintain a cautious monetary stance.
- **Threats to fiscal sustainability amid tightening fiscal space still exist**, given declining oil production, volatile oil prices and rising debt service costs. More so, additional dollar-denominated debt issuance in the global environment could compound foreign currency risk unless appropriately hedged or linked to export generating assets.
- **The outlook for the domestic economy is moderately positive**, with near-term output expected to remain positive and upward-trending with support from fiscal and FX reforms. However, inflation is expected to rise on the back of seasonal factors, heightening insecurity and exchange rate pass-through. The level of external reserves is projected to increase due to reduced external debt service and the resumption of naira-for-crude agreement.
- **Albeit this outlook is beclouded with headwinds**, including energy supply challenges, especially the recurring collapse of the national electricity grid, and supply chain disruptions. All these could constrain business activities, transportation and trade, and thus exacerbate inflationary pressures. The decline in global oil prices could negatively impact oil export revenues, reducing the oil sector's contribution to growth. Thus, continued efforts to boost investors' confidence, both external and domestic, will be critical to sustaining momentum.
- **In light of the complex interplay between global shocks, domestic price, and FX stability, expansionary fiscal impulses and fragile debt dynamics**, my colleagues and I are committed to an agile approach in our policy responses, and work with other arms of government to ensure that macroeconomic policy works in concert towards Nigeria's economic recovery. Accordingly, the rationale behind retaining the current policy stance rests not only in accommodating complementary fiscal efforts but also to guard against sudden capital outflows and the de-anchoring of inflation expectations.

6. LYDIA SHEHU JAFIYA

Global growth has remained relatively stable. However, ongoing geopolitical crises and trade tensions, particularly the implementation of a new tariff regime by the United States and reciprocal measures by the affected countries have heightened concerns about a potential deterioration in growth fundamentals over the near to medium term. As global uncertainties persist, growth is projected to decline from 3.3 per cent in 2024 to 2.8 per cent in 2025, before edging up to 3.0 per cent in 2026 (World Economic Outlook (WEO), April 2025). Similarly, output in Advanced Economies is forecast to moderate in 2025 reflecting increasing policy uncertainties and trade tensions. In Emerging Markets and Developing Economies (EMDEs), growth is also expected to decelerate, driven by elevated inflation, exchange rate pressures, and infrastructural challenges.

On global inflation, central banks have leveraged their credibility to guide expectations back towards target levels. In the Advanced Economies, inflation continues to trend downward towards the long-run objectives. However, the ongoing retaliatory tariffs and geopolitical disruptions could affect supply chains, potentially leading to renewed inflationary pressures. Consequently, global headline inflation is projected to moderate more slowly, reaching 4.3 per cent and 3.6 per cent in 2025 and 2026, respectively, down from 5.7 per cent in 2024. In EMDEs, price moderation is expected to proceed at a slower pace, due to the impact of exchange rate pressures and structural rigidities.

Global trade is projected to dip sharply to 1.7 per cent in 2025, before recovering to 2.5 per cent in 2026 compared to 3.8 per cent in 2024.

The significant downgrade, as reported in April 2025 WEO, reflects intensified tariff barriers and increasing policy uncertainties, which are adversely affecting global trade flows.

THE DOMESTIC ECONOMY

Real Gross Domestic Product (GDP) (year-on-year) increased by 3.84 per cent in Q4 2024 from 3.46 per cent in Q3 2024. The growth in output was led by non-oil GDP which rose to 3.96 per cent in Q4 2024 from 3.37 per cent in Q3 2024. Oil GDP growth slowed to 1.48 per cent in Q4 2024 from 5.17 per cent in Q3 2024. Overall, growth was supported by strong performance across Agriculture, Industry and Services sectors. Business activities remained upbeat in April 2025, as the Composite Purchasing Managers' Index (PMI) stood at 52.2 index points from 52.3 index points in the preceding month. The

overall expectations index also revealed strong optimism by firms in the economy, promising an improved growth outcome in Q1 2025.

Crude oil production declined due to heightened concerns over global demand, driven by intensifying US-China trade tensions and fears about potential excess supply. Domestic crude oil production stood at 1.49 million barrels per day (mbpb) in April 2025, approaching the OPEC production quota of 1.50 mbpd. This performance reflects enhanced security measures and recent upgrades to crude oil mining infrastructure.

Headline inflation (year-on-year) declined to 23.71 per cent in April 2025 from 24.23 per cent in March 2025, owing to the slowdown in food and core inflation. Core inflation dropped to 23.39 per cent in April 2025 from 24.43 percent in March, driven mainly by seasonal factors, while Food inflation (year-on-year) slowed to 21.26 per cent in April 2025 from 21.79 per cent in March. The future path of food inflation will depend on the sustained impact of the 150-day tariff exemption on staple grain imports, as well as improved farm access driven by better security in key agricultural zones. For core inflation, the expected strengthening of the exchange rate and declining energy costs are likely to be influential factors.

Monetary aggregates showed an uptick with Broad Money (M3), increasing by 5.07 per cent year-to-date in April 2025. The external reserves stood at US\$39.01 billion on May 14, 2025, up from the US\$38.72 billion attained at end-April 2025. The reserves position could support 7.91 months of import of goods and services and 11.64 months of import of goods only.

Financial Soundness Indicators (FSIs) remained within macroprudential thresholds, suggesting that the system is stable, sound and resilient.

CONSIDERATIONS FOR VOTING

The 300th meeting of the Monetary Policy Committee (MPC) held at the backdrop of declining Headline inflation (year-on-year), including its components of Food and Core inflation; upward growth trajectory; stability in the foreign exchange market; and resilient external sector despite falling crude oil prices.

It is evident that the lagged effects of the restrictive monetary policy stance over the past one year have begun to kick-in with notable impact on the disinflation process and helping to anchor inflation expectations. Despite the progress with disinflation, persistent risks to inflation remain, stemming from both monetary and structural factors that continue to affect both demand and supply side dynamics.

While inflation is gradually returning to target levels in Advanced Economies, the inflationary consequences of ongoing tariff wars pose significant upside risks. In response, central banks may recourse to further restrictive measures in a bid to safeguard their price stability mandate, with adverse implications for capital flows into Emerging Markets and Developing Economies, including Nigeria.

The recent global developments particularly the trade tensions are expected to weigh on global growth. Although Nigeria has not been directly impacted on account of the proactive structural reforms that had taken place, it has however, been indirectly affected by falling crude oil prices – the main foreign exchange earner and source of fiscal revenue.

Indeed, fiscal policy remains aligned to structural transformation of the economy, inward looking strategies, and enhanced coordination with the monetary authority in reducing inflation and accelerating economic growth. Efforts to diversify the economy and exploit regional trade opportunities are being strengthened to boost trade.

The focus of Government is on accelerated domestic revenue mobilization, crowding-in of the private sector, greater push for diaspora remittances, financial inclusion, and increasing investment in infrastructure, including the real and digital economies, amongst others. Also, the imminent passing of the tax reform bill has the potential to increase tax revenues and help close fiscal gaps.

It is noteworthy, that the country's commitment to macroeconomy stability has earned Nigeria a B-stable rating from the Fitch Ratings during its last assessment, a testament to investors' confidence in Nigeria's macroeconomic management.

In the light of the foregoing, I voted to maintain policy parameters at their extant levels, while monitoring the risks and uncertainties around domestic price developments.

Specifically, I voted to:

1. Retain the MPR at 27.50 per cent.
2. Retain the asymmetric corridor around the MPR at +500/-100 basis points.
3. Retain the Cash Reserve Ratio of Deposit Money Banks at 50.00 per cent and Merchant Banks at 16 per cent.
4. Retain the Liquidity Ratio at 30.00 per cent.

7. LAMIDO ABUBAKAR YUGUDA

Global Macroeconomic Developments

Owing to continuing uncertainty associated with the implementation of US trade tariffs, the IMF has revised its forecast of global growth to 2.8 percent in 2025 and 3.0 percent in 2026.

Inflation continues to fall across the major economies, albeit at a slower than expected rate, and forecasts for global inflation have been slightly revised downward to 4.3 percent and 3.6 percent in 2025 and 2026, respectively, on account of the possible effects on global trade of the ongoing tariff negotiations between the US and many of its trading partners. The US Fed has retained its policy rate, while the ECB and the BoE adjusted their rates downward by 25 basis points each. Crude oil prices are expected to soften on account of slower global growth forecast.

Investor concerns over the relative risk profile of US government bonds led to increased financial market volatility in early April 2025 as larger than expected US trade tariffs were announced and investors priced in the prospects for higher inflation and weaker output growth over a longer horizon. These worries and the subsequent downgrade of US credit rating by Moody's Ratings are beginning to weigh down on the US dollar's safe haven status. At the end of April 2025 sovereign bonds of many euro area countries posted negative yield spreads, with Germany being the highest at minus 173.60 basis points, versus US sovereign debt of similar maturities.

Domestic Economic Developments

Real output grew by 3.84 percent in Q4 2024 and is projected to grow by 4.17 percent in 2025 owing to improvements in the oil sector and the expected impact of ongoing fiscal reforms. The composite PMI increased to 52.3 index points in March 2025 up from 51.4 points in February 2025, buoyed by expansion in agriculture, industry and services.

Headline inflation declined to 23.71 percent in April 2025 from 24.23 percent in March. Both food and core inflation moderated to 21.26 percent and 23.39 percent respectively, as food and fuel prices continued to decline. This is a welcome development. However, these levels are too high and the concerted efforts of both the monetary and fiscal authorities are required to reduce inflation significantly.

Broad Money (M3) declined in March 2025 by 0.77 percent to ₦114.22 trillion relative to end-December 2024. M1 declined by 0.68 percent while M2

increased by 0.76 percent to ₦38.55 trillion and ₦114.20 trillion, respectively. Net foreign assets increased by 14.34 percent while net domestic assets decreased by 15.16 percent as both net claims on Government and claims on other sectors decreased by 4.73 percent and 2.25 percent, respectively.

The current account surplus moderated in Q4 2024 to \$3.80 billion owing to a decline in the goods account caused by an increase in non-oil imports and a decline in oil export receipts. The external reserves increased to \$38.72 billion at end-April 2025, enough to cover 7.60 months of imports of goods and services.

Government revenue has recorded a significant increase during the first two months of 2025, rising by 28.5 percent over the corresponding period in 2024. Expenditure rose by 32.49 percent during the same period and the corresponding deficit widened by 33.94 percent.

Policy Discussion and Key Risk Factors

The improvement in Nigeria's macroeconomic situation highlighted earlier in the year continues into the second quarter of 2025. Gross external reserves have increased, buoyed by improving receipts from diaspora remittances. The current account of the balance of payments remains in surplus, while the stability of the foreign exchange market is further enhanced by the progressive tightening of the spread between the official and bureaux de change windows. Monetary conditions have also improved significantly, and inflation is beginning to trend down.

While this paints a gradually improving picture on the domestic front, the risk outlook on the global front remains a concern. Significant concern and uncertainty have continued to trail the implementation of the new US trade policy that has seen across the board increases in trade tariffs as well as pauses, announcements of bilateral negotiations and unilateral imposition of additional tariffs on selected industries and countries.

While many of the countries targeted for higher tariffs had announced retaliatory measures, the implementation pauses from the US side have, for the most part, been reciprocated to allow bilateral negotiations determine a more reasonable tariff policy. It is still very unclear what the tariff situation is going to look like at the end of 2025 and what the macroeconomic implication for various countries and the global economy will be. Understandably the trade policy uncertainty has spooked financial markets, forced international investors to reassess the US market, exacerbated the weakness of the US dollar against major trading currencies, and earned the US a credit rating downgrade from one of the top global credit rating

agencies. Consequently, US bond yields have risen significantly, forcing global investors to reassess and realign their portfolios.

Added to these concerns are the developments in the oil market where supply considerations and slower global growth forecast are dampening oil price expectations with potential significant implications for government revenues and foreign exchange supply.

Given all these moving parts, how should monetary policy respond given the not too subtle role played by foreign capital flows in stabilizing the foreign exchange market in Nigeria? In my opinion, the Monetary Policy Committee (MPC) needs to sustain the current tight monetary policy to address the underlying inflationary pressure and ensure that all available tools are used to address the primary causes of excess liquidity in the system. In addition, the MPC must encourage, enhance, and deepen the current policy coordination between the monetary and fiscal authorities, while also ensuring that monetary policy continues to be data driven. Finally, the MPC must commend the current efforts to boost external buffers by growing the foreign exchange reserves through strategic investment in locally produced gold as well as by attracting remittances from Nigeria's large diaspora community.

Decision

In view of the foregoing, I voted to keep all the monetary policy parameters unchanged as follows:

1. Retain the MPR at 27.50 per cent.
2. Retain the asymmetric corridor around the MPR at +500/-100 basis points.
3. Retain the Cash Reserve Ratio of Deposit Money Banks at 50.00 per cent and Merchant Banks at 16 per cent.
4. Retain the Liquidity Ratio at 30.00 per cent.

8. MUHAMMAD SANI ABDULLAHI

My Vote

The 300th meeting of the Monetary Policy Committee (MPC) marks a pivotal institutional milestone, reflecting the historical evolution and trajectory of monetary policy implementation in Nigeria. Its significance is underscored by shifts in policy and implementation frameworks, as well as broader macroeconomic recalibrations driven by both global and domestic developments over the past decades.

Notable progress has been made in efforts to rein in inflation and stabilize the foreign exchange market. Recent data confirm improving inflation dynamics and bolster confidence in the current policy direction. While persistent inflationary pressures and exchange rate volatility persist as core policy challenges, the Committee remains committed to a forward-looking stance, continuously calibrating its policy to ensure stability. This commitment is evidenced by the continued application of targeted monetary and complementary fiscal interventions aimed at mitigating macroeconomic instability and supporting a path toward sustainable recovery.

Evidence of broad-based inflation moderation is emerging, with improved headline inflation across states in Nigeria. The exchange rate has largely stabilized; money market rates have been sufficiently anchored within the standing facility corridor and Nigeria's external sector posted favourable outcomes for two consecutive quarters. The lagged effects of previous monetary policy tightening are still permeating through critical sectors of the economy and influencing macroeconomic indicators.

In this context, while the objective of ensuring long-term macroeconomic stability remains paramount, I believe that further tightening may be counterproductive at this stage. With the Monetary Policy Rate at 27.5% and the Cash Reserve Ratio at an elevated 50%, a prudent course of action would be to pause and allow the full effects of prior interventions to materialize over the medium to long term. In effect, I voted to hold all parameters constant. This decision is supported by current inflation forecasts and trends in consumer expectations. It also aligns with conventional monetary policy principles, which advocate caution when early indicators of macroeconomic stability begin to emerge.

Specifically, I voted to:

1. Retain the MPR at 27.50 per cent.

2. Retain the asymmetric corridor around the MPR at +500/-100 basis points.
3. Retain the Cash Reserve Ratio of Deposit Money Banks at 50.00 per cent and Merchant Banks at 16 per cent.
4. Retain the Liquidity Ratio at 30.00 per cent.

My Considerations

To provide an overview of the prevailing economic landscape that informs my policy decision, key macroeconomic indicators are presented in Table 1.

Table 1: Overview of Key Macroeconomic Indicators (April 2025)

Indicator	Value (April 2025, unless otherwise specified)
Headline Inflation (Year-on-Year)	23.71% (down from 24.43% in March 2025)
Month-on-Month Inflation	2.66% (down from 2.98% in March 2025)
Composite PMI	52.2 (5th consecutive month of expansion)
Overall Business Confidence Index	Current Month: 42.8; Next Month: 35.8; Next 3 Months: 25.3; Next 6 Months: 22.3
Overall Household Sentiment Index	-15.3 (worsening from March)
Overall Capacity Utilization	56.9%
Gross External Reserves	US\$38.90 billion (as at May 16, 2025; up 2.85% from end-March 2025)
Non-Performing Loans (NPLs)	5.6% (above prudential threshold of 5.0%)

Inflation Trends and Dynamics

In 2025, inflationary dynamics differ from 2024's demand-side pressures and supply shocks. The MPC has continued to deepen its evaluation and decomposition of the structural and cyclical components of Nigeria's inflation and recalibrating its policy mix accordingly. This enhanced inflation

decomposition has supported more targeted policy measures and improved policy transmission. The principal objective remained the decisive anchoring of inflation expectations and the pursuit of a sustained disinflationary path. Accordingly, the Committee adopted a broad-spectrum policy response tightening monetary conditions to dampen aggregate demand while the FGN simultaneously deployed structural and administrative measures to address supply-side rigidities.

Despite varying transmission speeds, disinflation was observed across headline, core, food, and imported inflation, indicating policy effectiveness despite persistent divergent drivers. The data from the National Bureau of Statistics, using the 2024 base year, showed that headline inflation (year-on-year) moderated slightly to 23.71% in April 2025, down from 24.43% in March 2025, marking a continuous downward trend. The food and core components stood at 21.26% and 223.39%, respectively in April 2025, reflecting current economic realities. Month-on-month inflation also decreased to 2.66% in April 2025, down from 2.98% in March. Imported food inflation also moderated to 20.20% in April from 21.46% in March 2025. Imported food inflation has continued to moderate since December 2024, largely reflecting the lagged effects of foreign exchange market stability that began in May 2024. In addition, there have been increased foreign exchange turnover signalling deepening of the FX market following the adoption of the B-Match system and the FX Code of Conduct.

Despite this moderation in the rebased headline inflation rate, analysis of Staff Household Expectation Survey (HES) and Business Expectation Survey (BES) for April 2025, showed that a notable disparity exists between the inflation figures and public perception. Most households (69.4%) and businesses (70.5%) still perceive current inflation as "High". This indicates that disinflation, while present, has not yet translated into a public perception of "low" or "moderate" prices, as the cumulative impact of past increases remains deeply felt. This analysis cautions against premature monetary easing, as it risks reinforcing negative perceptions and undermine the disinflationary path.

The economy faces significant cost-push pressures that monetary policy alone cannot fully address. Energy, transportation, foreign exchange rates, and interest rates are consistently cited as key inflation drivers by both households and businesses. Firms also identify insecurity and raw materials as significant drivers. PMI data confirms input prices exceed output prices across all sectors, indicating businesses are absorbing higher costs.

This suggests monetary policy's direct leverage over these structural/supply-side factors is limited. Further tightening risks disproportionately burdening businesses and households through increased borrowing costs, without

effectively addressing these root causes. Maintaining current policy parameters avoids exacerbating existing constraints and highlights the need for complementary fiscal and structural measures.

Looking ahead, improvements in the domestic supply of food, petroleum products, and energy inputs could provide additional support for the Committee's disinflation agenda, particularly on the cost-push front. Furthermore, scaling up targeted initiatives such as upstream investment incentives, trade facilitation, export financing, and FX repatriation frameworks will enhance foreign exchange earnings, particularly from oil and gas exports and an increasingly diversified base of non-oil exports. These measures are expected to strengthen external sector buffers, bolster FX market liquidity, and foster a more stable and predictable exchange rate environment. Expanding the supply of autonomous FX inflows can contribute to the anchoring of market expectations, reduce pressure on the official FX window, and improve the effectiveness of monetary policy transmission through enhanced exchange rate credibility.

As we enter the second half of 2025 and prepare for 2026, maintaining the downward trajectory of headline inflation will remain a key priority for monetary policy.

Global Developments

The International Monetary Fund (IMF) has reviewed global growth projections downwards to 2.8% in 2025 and 3% in 2026, from an earlier estimate of 3.3% in both 2025 and 2026, compared with 3.2% in 2024, reflecting increasing policy uncertainties and trade tensions. Output growth is forecast to also moderate in both AEs and EMDEs. Global headline inflation is projected to moderate at a slower pace to 4.3 and 3.6 per cent in 2025 and 2026, respectively, from 5.7 in 2024. Oil prices have continued to moderate because of U.S. trade policies. A major risk to oil price development is the likely increase in supply by the US. For non-oil commodities, the increased attraction to gold underscores its importance considering heightening global uncertainty and the risk of a rebound of global prices.

Domestic Economic Developments

External Sector

The balance of payments (BOP) recorded a surplus of US\$1.10 billion in the fourth quarter of 2024, compared with US\$4.21 billion in the preceding quarter, on account of moderation in current account surplus. Gross external reserves increased by 2.85 per cent to US\$38.90 billion as at 16th May 2025, from US\$37.82 billion at end-March 2025, providing an import cover of 7.6

months for goods and services and highlighting the stability of the external reserves at this time. Despite the potential risks posed by global economic fragmentations to key corridors of foreign exchange inflows to Nigeria the outlook for the naira exchange rate shows that decline in crude oil prices could exert additional pressure on the exchange rate.

Other Developments in the Economy

In the fourth quarter of 2024, real GDP expanded by 3.84 percent year-on-year, up from 3.46 percent in Q3 2024. This growth was primarily driven by the Services sector, which saw robust growth of 5.37 percent, significantly boosting overall output. The composite Purchasing Managers' Index (PMI) indicated that business activities expanded at a slower pace in April 2025, with respect to the benchmark index, as the Composite Purchasing Managers' Index (PMI) was 52.2 index points, compared with 52.3 index points in March 2025. This is attributed majorly to growth in industry, services and agriculture sectors, despite marginal input cost pressures. Thus, continued growth in overall economic activities, as reflected in industry and services sectors, indicates a positive outlook for GDP growth in Q2 2025. The relative stability in the foreign exchange market is expected to mitigate the impact of high input costs on businesses and enhance competitiveness.

Monetary base and Broad Money liabilities rose by 5.07% to ₦119.11 trillion at end-April 2025, relative to the level at end-December 2024. This expansion reflects rising liquidity in the banking system, which could feed into aggregate demand. We have taken proactive liquidity sterilization measures to address the prevailing liquidity conditions in the banking system and to reinforce the impact of the prevailing high Monetary Policy Rate (MPR). This is germane in order not to risk undermining the effectiveness of monetary policy transmission. Additionally, improved coordination with fiscal authorities could mitigate inflation from the supply side.

The banking sector remains robust, continuing to support economic activities, with non-Performing Loans (NPLs) at 5.6 per cent, which is above the prudential threshold of 5.0 per cent. The rise in NPLs is attributable to the reclassification of loans during the annual risk assets examination. Notwithstanding, the Central Bank remains vigilant in ensuring the banking system's stability and soundness.

The fiscal outlook remains stable, underpinned by ongoing efforts to rebuild fiscal buffers and supported by improved oil production, favourable crude oil prices, and recent structural reforms including fuel subsidy removal and exchange rate unification which have collectively enhanced nominal revenue performance. These measures have contributed to a more resilient

fiscal framework. However, considering prevailing uncertainties in the global oil market and potential price volatility, strategic prioritization of public expenditure will be critical to achieving improved budget execution and fiscal consolidation in 2025.

In conclusion, my decision to vote to maintain all policy parameters is reinforced by current economic indicators, specifically, trends in core and food inflation, inflation expectations, and a firm commitment to ensuring price stability and fostering long-term economic growth, which collectively suggest that the existing policy stance remains appropriate. Although inflation remains elevated, the real interest rate remains positive. In this context, maintaining the current policy parameters would provide the Monetary Policy Committee with the necessary headroom to assess the lagged effects of prior rate adjustments, consistent with the well-established lags in monetary policy transmission. This decision would also facilitate a period of consolidation for businesses and households, which are currently contending with elevated borrowing costs and persistent price pressures. This pause would allow for a more complete evaluation of the cumulative impact of earlier tightening measures, particularly as headline inflation continues to moderate gradually but remains above the target range.

9. MURTALA SABO SAGAGI

Context

Nigeria continues to grapple with the large-scale economic mismanagement of the last decade. Today, even though global inflation and growth prospects are on positive trajectory, recent moderation of inflation in Nigeria is still fragile. However, the resolve of the MPC to use available tools to tame inflation has begun to generate international recognition leading to the recent country's upgrade by JP-Morgan and Fitch Ratings. The renewed confidence in the country when backed by coherent monetary-fiscal coordinated responses are likely to further insulate the economy from shocks and lay solid foundation for stability and sustainable inclusive growth.

Global and Domestic Environments

Trade tensions linked to US tariff and regional conflicts are significant sources of global volatility since the beginning of 2025. In particular, the effect of the tariff war is widespread with projected global growth expected to moderate to 2.8 per cent in 2025, lower than the 3.3 per cent projected by the IMF. Dynamics in the two biggest economies- USA and China, will continue to shape global growth and inflation expectations. The US economy contracted by 0.2% in Q1 2025, indicating low government and consumer spendings as well as productivity related challenges. This, potentially, would result in a weaker dollar which is expected to reduce debt service costs for Dollar-denominated debts in developing countries, thereby improving fiscal space if properly managed. In spite of the trade tension, China's GDP is expected to grow by 4.5% in 2025, slightly higher than earlier projected while its exports is projected to increase by 1.1%. For the Emerging Market Developing Economies (EMDCs), growth is projected at 3.7 lower than the 4.2 per cent earlier projected.

The relative stability in energy prices and noticeable improvement in supply chain largely shaped global inflation expectations. The IMF projected global inflation to moderate to 4.3 per cent in 2025 from 5.7 per cent in 2024. In the Advanced Economies, Inflation is forecast to decline while moderation is expected in the US and China. In the EMDCs, inflationary pressures is also expected to decline in 2025 mainly due to the effects of the previous tight monetary responses. It is therefore reasonable to assert that even with the global tensions and new headwinds, the global outlook in terms of growth and inflation will likely to remain positive in 2025. This assessment inform the recent accommodative policy actions of many central banks. In Africa, Nigeria, South Africa, Egypt, Kenya, and Ghana have all maintained positive real interest rates in the first quarter of 2025 due to the past rate hikes. What is critical at the moment is whether African countries, especially Nigeria, can

effectively utilize this momentum to address past legacy issues and deal with emerging headwinds to unlock growth potentials needed for long term stability and prosperity.

At the moment, even with the recent rebasing exercise in Nigeria, inflation, even though moderating, still remains elevated. Nigeria's year-on-year headline inflation rose to 24.23 per cent in March 2025 from 23.18 per cent in February before it subsided to 23.71 in April. Also, the Real GDP grew by 3.84 per cent (year-on-year) in the fourth quarter of 2024 from 3.46 per cent in the preceding quarter indicating a measure of economic resilience. In essence, the rate of growth is inadequate to guarantee medium to long term stability and revenues. Consequently, debt accumulation has become a norm. The total public debt increased in Q4 2024 to US\$94,225.10 million compared with US\$88,892.43 million in Q3 2024. Debt servicing for this massive stock of foreign debt, places significant pressure on foreign exchange and reduces fiscal space to stimulate growth. In spite of this, there were certain gains from the ongoing reform that should be consolidated and concerted efforts are required to overcome legacy issues.

Major Considerations

- i. **Foreign reserve:** Gross external reserves rose to US\$40.19 billion at end-December 2024 compared to US\$33.22 billion at the close of 2023. At the end of April, 2025 the external reserves increased to US\$38.72 billion which could effectively cover up to 7.60 months of import for goods and services.
- ii. **Debt servicing:** There has been a reduction in debt service from 97 percent to 68 percent, with commitment to further reduce debt-to-revenue ratio and free up resources for critical investments.
- iii. **Inflation:** the rate of increase in inflation has been moderated.
- iv. **External Balance:** a Balance of Payments (BOP) surplus of US\$6.83 billion was recorded for the 2024 financial year, from the deficits of US\$3.34 billion in 2023, and US\$3.32 billion recorded in 2022. The current and capital account also recorded a surplus of US\$17.22 billion in 2024, driven by a goods trade surplus of US\$13.17 billion.
- v. **Remittance inflows:** In 2024, personal remittances rose by 8.9 percent to US\$20.93 billion. International Money Transfer Operators (IMTOs) inflows rose by 43.5 percent to US\$4.73 billion, up from US\$3.30 billion in 2023, reflecting stronger engagement from the Nigerian diaspora.
- vi. **Value of currency:** the value of the naira has been relatively stable even though it is still considered undervalued. It is projected that the naira would appreciate to N1, 450 per US dollar by the end of 2025.

Conclusions

On the whole, a measure of successes from the ongoing fiscal and monetary policy changes have begun to manifest. The recent country's assessment by JP-Morgan and Fitch Ratings were both positive. With the current tight monetary stance, there is a likelihood of further moderation in inflation. Therefore, I voted to:

- Retain the Monetary Policy Rate (MPR) at 27.50 per cent
- Retain Asymmetric Corridor around the MPR to +500-100 basis points.
- Retain the Cash Reserve Ratio of Deposit Money Banks at 50 per cent.
- Retain the Cash Reserve Ratio of Merchant Banks at 16.0 per cent.
- Retain the Liquidity Ratio at 30.0 per cent.

Recommendations

Fiscal policy actions are needed to translate moderation in inflation into tangible results in terms of growth and jobs. There is the urgent need to look inward to generate stable and inclusive economy using a combination of the following:

- Stimulating Agricultural Productivity:** The current Agricultural Development Policy termed the "National Agricultural Technology and Innovation Policy: 2022-2027" should be aligned, costed and implemented in collaboration with states.
- Stimulating non-oil exports:** Zero Reject Programme, Zero Oil Plan and other non-oil export drive should be better coordinated and oversighted.
- Wealth creation drive:** an integrated approach to enterprise development at state and local government levels should be pursued with clear focus on developing 21st century skills and innovation. Empowered households and flourishing enterprises guarantee jobs and sustainable tax revenues.
- Reducing cost of governance and improved transparency:** accumulation of government debts, increase in recurrent expenditure and leakages should be effectively tamed.
- Fiscal-Monetary policies coordination:** a well-coordinated macroeconomic governance framework that is responsive, transparent, and accountable should be in action before the end of the year.

10. MUSTAPHA AKINKUNMI

Context

Recent data integration into Nigeria's historical macroeconomic dataset reveals a strengthening correlation, estimated at approximately 0.9 between the Monetary Policy Rate (MPR) and key indicators such as the exchange rate, inflation, and money supply.

The exchange rate shows a correlation coefficient of 0.92, highlighting the MPR's critical role in influencing currency valuation. This strong relationship underscores the centrality of monetary policy in guiding Nigeria's macroeconomic stability and overall economic performance.

Domestic Economic Developments

As of April 2025, Nigeria's inflation rate eased to 23.71%, reflecting the impact of sustained interventions by the Central Bank of Nigeria (CBN). Throughout 2024, the CBN implemented comprehensive monetary and foreign exchange reforms aimed at restoring macroeconomic stability. These efforts successfully narrowed the gap between official and parallel exchange rates, bolstering confidence in the naira. The stronger currency and improved market alignment have contributed to stabilizing inflation, demonstrating the effectiveness of the CBN's coordinated policy approach.

Despite these domestic gains, the International Monetary Fund (IMF) has revised Nigeria's 2025 growth forecast downward by 0.2 percentage points to 3.0%. The adjustment reflects persistent structural challenges and ongoing global trade uncertainties. Nevertheless, Nigeria is still projected to lead Sub-Saharan Africa in economic growth, signalling the resilience of its economy and the positive momentum from ongoing reforms.

These developments highlight the need for continued proactive monetary policy to bolster investor confidence and ensure a competitive, stable exchange rate regime. Additionally, improving transparency and deepening liquidity in the foreign exchange market remain critical to achieving long-term currency stability and macroeconomic resilience.

Externally, Nigeria faces risks, where divisions persist over President Trump's trade tariffs, with ongoing implications for global markets. Compounding these challenges are volatile commodity prices, especially crude oil and evolving U.S. immigration policies, which threaten Nigeria's diaspora foreign exchange inflows.

In the foreign exchange market, despite progress in exchange rate unification, the naira depreciated by 6.05%, reaching ₦1,598.72/US\$ as of May 16, 2025. Similar depreciations were observed in South Africa and Egypt,

reflecting broader regional currency pressures. In the banking sector, Nigerian banks have shown resilience and growth, with Liquidity Ratio improving from 50.6% in January to 55.4% in March 2025, and Capital Adequacy Ratio (CAR) rose to 15.6%, exceeding regulatory thresholds. Net interest margin increased to 67.0% in April, supported by lower operating costs, and total bank assets grew by 22.35% (N30.83 trillion) year-on-year. Similarly, industry deposits rose 23.58% (N19.93 trillion), while credit availability increased 10.89% (N5.99 trillion). With 19,504 new facilities worth N417.1 billion issued between March and April.

The increase in CAR from 10.81% in April 2024 to 15.55% in April 2025 is largely attributed to ongoing bank recapitalization efforts. So far, 19 banks have raised additional capital, and 7 have met new requirements. However, Nigeria's CAR still lags international benchmarks, necessitating further strengthening to enhance systemic resilience.

Meanwhile, the Non-Performing Loans (NPL) ratio rose to 5.62% in April 2025, exceeding the 5% prudential threshold, largely due to loan reclassifications following annual risk assessments. 11 banks were above the NPL limit, up from 6 a year earlier. The CBN may consider temporary forbearance measures for sectors such as oil and gas, which are exposed to external shocks, to avoid systemic risk.

A further concern is the financing of critical infrastructure across Africa such as the U.S. administration's proposed cut of its \$600 million contribution to the African Development Fund (ADF), which could have serious repercussions. As the fund's largest shareholder, Nigeria is particularly vulnerable. A reduction in ADF resources could impede essential infrastructural development, which is vital for boosting economic growth, creating jobs for Nigeria's growing youth population, raising living standards, and advancing export diversification.

Global Economic Developments

Global economic growth forecasts have been revised downwards, with projections for 2025 and 2026 reduced by 0.5 and 0.3 percentage points, respectively. A key outlier is Spain, whose economy continues to outperform its peers. For emerging market economies (EMEs), growth is now projected at 3.7% in 2025, down from 4.3% in 2024, due to weaker external demand and tightening global financial conditions.

Among the advanced economies, growth contracted in the first quarter of 2025, most notably in the United States, where persistent trade tensions and policy uncertainty, largely stemming from President Trump's trade policies, have dampened economic activities. In Europe, recovery remains sluggish, with growth stagnating at 0.2%. This is attributed to high energy costs, subdued consumer demand, and intensifying trade frictions.

Conversely, the United Kingdom and Japan recorded modest gains, with growth of 0.5% and 0.4%, respectively, driven mainly by strong private consumption. On average, advanced economies are expected to expand by 2.8%, supported by resilient household spending, strength in the services sector, and continued advances in technology.

Emerging Market and Developing Economies (EMDEs) are projected to grow at a slower pace in 2025, with aggregate GDP expansion estimated at 3.7%, down from 4.3% in 2024. Despite this moderation, EMDEs are expected to continue outpacing the advanced economies, supported by structural advantages such as favorable demographics, expanding labor markets, and accelerating urbanization.

However, these economies remain exposed to key vulnerabilities, including rising external debt, volatile commodity prices, and persistent institutional and governance challenges, which could constrain their medium-term growth prospects and increase susceptibility to global shocks.

In contrast, the advanced economies are expected to grow modestly, averaging 1.5% through 2026, constrained by ongoing trade frictions, aging populations, and slow productivity growth. The United States is forecast to grow by 1.8% in 2025, supported by resilient consumer demand, innovation, and a strong labor market. However, Spain is projected to lead the advanced economies with 2.5% growth, reflecting regional disparities in economic performance.

EMDEs are expected to outperform advanced economies by more than 2.5 percentage points, driven by ongoing structural reforms, rising domestic consumption, and supportive demographics. India remains the fastest-growing major economy, with growth projected at 6.5% in 2025, underpinned by investment, reforms, and digital expansion. In Africa, Nigeria is expected to grow by 3%, significantly above South Africa's forecast of 1%. However, Nigeria's growth remains challenged by high inflation, oil sector volatility, and security concerns.

Inflation dynamics are expected to diverge. In advanced economies, inflation is projected to ease to 2.2% by end-2026, down from 2.5% in 2025. EMDEs will see higher but declining inflation, with forecasts of 5.5% in 2025 and 4.6% in 2026, indicating gradual normalization across regions.

Decision

The CBN's exchange rate reforms and monetary policy adjustments in 2024 have contributed to greater currency stability, eased inflationary pressures, and fostered a more predictable business environment. However, these improvements come with notable risks. Key concerns include the need to

align a stronger naira with underlying economic fundamentals, such as export competitiveness, fiscal revenue constraints, low oil production, and the potential for increased non-performing loans. Additionally, the global outlook remains uncertain, shaped by sluggish but persistent inflation in the advanced economies, trade tensions, and geopolitical instability. These developments warrant close and continuous monitoring. Considering this assessment, I voted to maintain the current Monetary Policy Rate (MPR) and retain the asymmetric corridor at +500 and -100 basis points around the MPR.

11. PHILIP IKEAZOR

The macroeconomic fundamentals remained stable in response to the tight stance of the Bank. However, the uncertainty arising from global trade and geopolitical tensions, could render the domestic economy susceptible to external shocks. In my view, moderation in monetary policy restraint is necessary to signal the continued commitment to stable prices and ensure that the economy operates without excessive pressure from rates hikes.

I therefore voted to:

- (1) Retain the MPR at 27.50 per cent.**
 - (2) Retain the Asymmetric corridor around the MPR at +500/-100 basis points.**
 - (3) Retain the Cash Reserve Ratio (CRR) of DMBs at 50.00 per cent.**
 - (4) Retain the Cash Reserve Ratio of Merchant Banks to 16.00 per cent.**
 - (5) Retain the Liquidity Ratio at 30.00 per cent.**
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Developments in the Global and Domestic Economy

The global economy continues its resilience with uneven momentum and intensified uncertainty, due to rising global debt, escalating trade and geopolitical tensions, rising bond yields, low investors' confidence, and increased fiscal vulnerability.

In response, policy shifts unfold, and countries prioritize agility and shock absorption, to build resilience amid supply disruptions. As the global economy adjusts to a new tariff regime for a more inclusive and resilient economy, the tepid macroeconomic outlook points to a decisive policy action to protect trade, address debt vulnerabilities, ensure price stability, and tackle climate change.

Despite this fragmentation, the global economy is expected to remain within the projected growth rate of 1.5 per cent in 2026, although under the assumption that growth and inflation moderate at 3.3 and 4.2 per cent in 2025, respectively.

As central banks around the world adjust monetary policy towards accommodative measures to stimulate growth amidst global uncertainty, the **domestic economy** remains robust but faces threats of slow growth of Nigeria's exports due to disruptions in the global supply chain. As such, the attendant decline in revenue and the shrinking fiscal space could pressurize monetary policy and intensify the inflation-growth trade-off as inflation expectations remain heightened.

My Considerations

The monetary-fiscal policy mix and the ensuing non-inflationary growth have moderated inflationary pressure as the fiscal authority addresses key stable price enablers like security, agriculture, and legacy infrastructure. Consequently, real output grew by 3.84 per cent in Q4-2024 from 3.46 per cent in Q3- 2024 representing an annual growth rate of 3.40 per cent compared with 2.74 per cent recorded in the same period in 2023.

Headline inflation declined by 2.04 (month-on-month) and 0.56 (year-on-year) percentage points, respectively, between March and April, signaling the much-expected inflation turning point. Notably, the impact of monetary policy on the timely turning point of inflation is reflected in the significant decline in core inflation by 2.4 (month-on-month) and 1.0 percentage points (year-on-year) in the same period.

The premium between NFEM and BDC also remained below the 5 per cent threshold between March and April 2025 signaling relative stability in the rates and efficiency in the FX market, even as the naira depreciated slightly, largely due to increased FX demand pressure.

Despite these significant improvements, the year-on-year growth dynamics declined from 0.96 in Q3-2024 to 0.38 percentage point in Q4-2024, emphasizing relatively slow growth. Imported inflation persists, reflecting pressure on the exchange rate. Generally, inflationary pressure continues to ease but it is concerning that inflation is emerging as a rural phenomenon. Surprisingly, prices of farm produce and food are falling in the urban areas relative to the rural areas.

At the end of the first quarter, 2025, increase in the growth of monetary aggregates by 5.07 per cent, excess liquidity injection in the system, foreign exchange demand pressure, and the shrinking fiscal space of the FGN — which are constraint to the smooth and effective transmission of monetary policy -- would have been a motivation for me to opt for a hike in rates.

My support towards a moderate monetary policy constraint at this time was meant to continue to signal commitment to price and financial stability. Second, the adoption of a wait and see stance, despite policy shifts around the world, in response to the unfolding global macroeconomic environment, is to avoid pressuring the national government into fiscal surprises, that undermines the effectiveness of monetary policy. Finally, growth dynamics is slowing down, requiring support from monetary policy, hence my lean towards moderation, to support growth and manage the complexities in the unfolding global trade policies and escalating geopolitical tension.

In conclusion, the persistence of imported inflation and the emerging rural inflation phenomenon, even as the general price level moderates, requires a concerted effort by the FGN to complement the demand management policy of the Bank to redirect consumption pattern.

12. OLAYEMI CARDOSO

Governor of the Central Bank of Nigeria and Chairman, Monetary Policy Committee

As we convene for the 300th Monetary Policy Committee (MPC) meeting, I want to thank all the members for their hard work and dedication over what has been a very challenging period and also use the opportunity to reflect - with a sense of accomplishment, on what we have been able to collectively achieve since the first meeting of this group at the 293rd meeting held in February 2024. It is pleasing to note that our increasing consensus has stemmed from a deep appreciation of the underlying issues that affect the economy's trajectory and the courage to take tough decisions we deem necessary, even against market expectations.

This independence of the MPC and its members, along with the demonstrated commitment to our mandate of price stability, as seen in our unwavering resolve to combat inflationary pressures, is a key contributor to the increased level of confidence and stability we have witnessed in the economy. The feedback received has been positive and broad-based, spanning independent-minded observers, multilateral financial institutions, and rating agencies, and continues to be reaffirmed by improving macroeconomic indices and data in the public domain.

Despite our tight monetary policy stance, we are seeing improving growth in the economy which underscores the resilience of the non-oil sector, and revenue gains from subsidy removal and exchange rate reforms which have led to improved fiscal conditions. The growth in money supply has been significantly reduced, and the foreign exchange market is being managed within a more transparent framework, leading to better price discovery and reduced volatility in the exchange rate, which in turn is contributing to a robust growth recorded in the foreign reserves position on the back of stronger external sector performance. These developments represent significant macroeconomic achievements and further buttress the importance of our focus on taming inflation in order to lay a solid foundation for sustainable economic growth.

The scale of global and domestic shocks over the past 18 months placed our policy approach in a defensive mode as we sought to find the right responses to the external headwinds that confronted us on the journey to return to orthodoxy. The gains we have recorded thus far have now given us a strong foundation to further build upon, making us better positioned to take a more forward-looking approach and proactively evaluate various possible

scenarios and policy options available for navigating the uncertain and dynamic global environment.

On the global scene, trade wars and threats of unprecedented tariffs dominate the headlines in both the advanced and emerging market economies. The renewed inflationary pressures resulting from increased tariffs on trade have already led to a downward revision in the growth outlook, resulting in a marked decrease in oil prices as energy demand moderates. This heightened level of macroeconomic uncertainty, increased risk of protectionism, and asset price volatility now dictate the adoption of a more cautious approach to policy formulation by monetary authorities across the world.

On the domestic scene, the latest data indicate a continued moderation of inflation, and the staff estimate presented suggests further deceleration in the coming months due to the stability of the exchange rate and lower prices for food, energy, and transportation. Surveyed expectations from both businesses and households indicate increased optimism regarding the economy's trajectory and a positive outlook. The foreign exchange market also continues to exhibit depth and improved liquidity from more diversified sources, which has significantly contributed to the resilience shown by the exchange rate during the recent tariff-induced volatility in global markets.

The stability of the banking system has been strengthened by market reforms and transparent policy environment, as evidenced by key underlying risk and profitability metrics and the progress made on the ongoing recapitalisation exercise. The sustainable growth of our banks, along with their resilience and ability to withstand external shocks, is closely tied to the sovereign aspiration to build a well-diversified and robust economy. We expect the banking system to play a vital role in this phase of economic development for Nigeria.

The macroeconomic outlook, however, is still fraught with elevated risks and uncertainty. Geopolitical tensions and tariff wars have dampened global output and created a pathway to inflationary pressures as prices adjust upward due to higher tariffs on goods. Weaker global demand, driven by slower growth expectations, has already led to softer commodity prices, presenting a challenge to Nigeria's fiscal consolidation efforts due to reduced export earnings and lower foreign exchange inflows.

The importance of the exchange rate as a price anchor for domestic economic agents means that the stability of the foreign exchange markets needs to be guarded to support expectations and investor confidence. We are also confronted with increased liquidity injections into the banking system

from statutory revenue distributions, highlighting the need for tight monetary conditions to avoid renewed inflationary pressures.

Weighing the balance of risks, my decision at this meeting, therefore, leans towards the need for an even more cautious policy stance to monitor global economic challenges and double down on our efforts to build more buffers, thereby increasing the economy's resilience to handle shocks and adverse developments.

In light of these considerations, I am convinced of the need to maintain the current tight monetary stance and hold the policy rate at current levels. I remain confident that, through continued reforms, strategic collaboration with fiscal authorities, and prudent policy implementation, Nigeria's economic prospects will continue to strengthen.

Thus, I voted to:

1. Retain the Monetary Policy Rate (MPR) at 27.50%.
2. Maintain the asymmetric corridor around the MPR at +500/-100 basis points.
3. Retain the Cash Reserve Ratio at 50.00% for Deposit Money Banks and 16.00% for Merchant Banks.
4. Keep the Liquidity Ratio at 30.00%.

OLAYEMI CARDOSO

Governor

May 2025