

## Educational

### **Objectives and Targets of Monetary Policy**

In the Nigeria the major objectives of policy are the attainment of price stability and sustainable economic growth. Associated objectives are those full employment and stable long-term interest rates and real exchange rates. In pursuing these objectives, the CBN recognises the existence of conflicts among objectives necessitating at some point some sort of trade-offs. The targets of monetary policy are in the case of the CBN are the operational target, the intermediate target and the ultimate targets. The Bank manipulates the operating target (reserve money) over which it has substantial direct control to influence the intermediate target (broad money supply, M2) which in turn impacts on the ultimately or final objective of monetary policy, i.e., inflation and output. The broad money supply (M2) comprises narrow money (M1) and quasi money while the operating targets, reserve money is made up of currency in circulation and bank deposits with the central bank.