

Capital Market Committee (Webinar) Meeting

Financial Markets Department



Outline

- **Important Developments with Implication on Capital Market Activities**
- **Challenges / Steps Taken**
- **Issues for CMC Deliberation**



Important Developments with Implication on Capital Market Activities

- **March 2022 MPC Meeting: Monetary Policy Rate (MPR) retained at 11.50 per cent**
 - To support the recovery of output growth
 - Maintain a smooth deceleration in inflation rate
 - Real sector's continued access to financing at concessionary rates
- **Preponderance of demand at auctions for Government securities**
 - Appetite for safe-haven assets and investment choices
 - Dearth of alternative securities in the financial markets
- **Concessionary interest rate of 5.00 per cent on CBN intervention facilities extended until March 1, 2023**
 - To sustain accommodative monetary policy and support economic growth and job creation
- **Formal launch of the 100 for 100 Policy for Production and Productivity scheme**
 - To improve revenues through exports and reverse the nation's over-reliance on importation
 - Disbursement of ~~₦~~23.20 billion to 28 companies across the manufacturing, agricultural



Important Developments with Implication on Capital Market Activities

- **Launch of the Race to US\$200 billion in FX Repatriation by the Bankers' Committee**
 - To boost FX inflows through non-oil exports and repatriation, increase liquidity and stabilize rates

- **Roll-over of CBN Special Bills**
 - To deepen the financial markets
 - To avail the monetary authority with additional liquidity management tools

- **Sustenance of “Naira 4 Dollar Scheme” for diaspora remittances**
 - To increase in inflows of diaspora remittances through formal channels



Challenges / Steps Taken

- **Negative rate of real returns on government securities**
 - Tackling inflation through the real sector support and financing
 - Addressing insecurity: improving infrastructure, curtailing imports, etc.

- **Rising debt and cost of debt service**
 - Increased collaboration with fiscal authorities

- **Persistent FX demand pressures**
 - Continuation of “Naira 4 Dollar Scheme”
 - Launch of the RT200 FX Program
 - Promotion of local content consumerism

- **Cybersecurity risks**
 - Cybersecurity awareness
 - Cybersecurity governance
 - Business continuity initiatives



Issues for CMC Deliberations

- Encouragement of creation of novel securities in the financial markets
- Continued financial market intelligence and monitoring of emerging risks and vulnerabilities combined with a proactive timely response
- Adoption of Public-Private Partnership in project financing and commercialization of infrastructural development
- Sustained collaborative efforts to build cyber-security firewalls to protect the financial industry
- Increased sensitization on e-Naira, to facilitate acceptance and usability



Thank you!

