

Third Capital Market Committee (Webinar) Meeting

November 2021



Outline

- Key Developments with Implications on the Capital Market
 - Drivers for the Developments
- Challenges / Steps Taken
- Issues for CMC Deliberation



Key Developments with Implication on the Capital Market

- 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 access to financing at concessionary rates
- Activation of the Central Bank Digital Currency (CBDC)
 - Enhance financial inclusion: potential benefits for the un-banked
 - Reduce cost of financial transactions: managing and transferring cash
- Stable yields on Government securities
 - Preponderance of demand at auctions



Key Developments with Implication on the Capital Market

- Roll-over of CBN Special Bills; **new tenors of 35- and 63-day added to the 91-day.**
 - To deepen the financial markets
 - Enhance liquidity management options in the banking system
- Sustenance of the “Naira for Dollar Scheme” for diaspora remittances
 - Stimulate increased in inflows of diaspora remittances through formal channels



Challenges / Steps Taken

- **Negative rate of real returns on government securities**
 - Appropriate monetary policy and fiscal measures
- **Rising debt profile and cost of debt service**
 - Increased collaboration with fiscal authorities
- **Persistent FX demand pressures**
 - Continuation of “Naira 4 Dollar Scheme”
 - Promotion of local content consumerism
 - Real sector support schemes
- **Cybersecurity risks**
 - Cybersecurity awareness
 - **Cybersecurity governance**
 - Business continuity initiatives



Issues for CMC Deliberations

- Strong market intelligence and monitoring of emerging risks and vulnerabilities
- Deepening the financial market
- Sensitization on e-Naira, to facilitate acceptance and usability



Thank you!

