

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

- **July 2022 MPC Meeting: Monetary Policy Rate (MPR) raised further to 14.00 per cent**
 - To curb the continuous rise in inflation
 - Effect:
 - Attractive money market interest rates and fixed income bonds
 - Increased cost of borrowing and likely increase in fundraising in the capital market
- **Preponderance of demand for Government securities**
 - Appetite for safe-haven assets and investment choices
- **Concessionary interest rate of 5.00 per cent on CBN intervention facilities extended until March 1, 2023**
 - Support economic growth and job creation in the aftermath of COVID-19
- **Kickoff 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, so far, made to 48 projects, comprising 26 in manufacturing, 17 in agriculture, 3 in healthcare and 2 in the services sector at end-July 2022



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
 - Total non-oil FX repatriation of \$67.40 million by 9 banks as at end-June 2022 and expected to increase

- **Roll-over of CBN Special Bills**
 - To sustain effective liquidity management

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



Challenges / Steps Taken

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

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

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

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



Issues for CMC Deliberations

- **Sustenance of innovative financial products in the financial markets**
- **Continued financial market intelligence and monitoring of emerging risks and vulnerabilities combined with a proactive timely response**
- **Adoption of effective Public-Private Partnerships in project financing and 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!

