

MPC

HIGHLIGHT

SEPTEMBER
2022

The Monetary Policy Committee (MPC) concluded its 2-day meeting today and raised the benchmark interest rate by 150bps, from 14.00% to 15.50%.

Please see below, a summary of the committee's decisions:

- MPR increased to 15.50% from 14.00%
- CRR increased to 32.50% from 27.50%
- Retain Liquidity ratio at 30%
- Maintain an asymmetric corridor at +100/-700 basis points around the MPR.

The effort to contain the increasing inflationary pressures and narrow the negative real returns in the economy, has allowed the MPC members to take a more aggressive stance on pushing interest rates upwards.

We anticipate monetary policymakers to stay consistent in controlling inflation due to the projected increase in consumer spending and the election season.

In the fixed income market, we expect a full-blown bearish affair with long position holders coerced to offload their exposures.