

## **PRESS RELEASE**

### **CENTRAL BANK OF NIGERIA A COMMUNIQUE (NO. 22) OF THE MONETARY POLICY COMMITTEE FOR THE MONTH OF MARCH 2003**

In line with its policy of transparency in the conduct of monetary and financial policies, the Central Bank of Nigeria (CBN) hereby publishes the summary of deliberations and major decisions taken by the Monetary Policy Committee (MPC) in March 2003, as follows:

The Committee met twice during the month, on March 11 and 25, 2003, to review developments in the financial markets and the macroeconomy. It welcomed the continued downward movement in the inflation rate observed since March, 2002, but cautioned that the trend could be reversed, should the current supply shortage of petroleum oil products and the incessant power outages persist.

The growth in monetary aggregates during the month, however, moderated, as broad money (M2) and narrow money (M1) rose by 0.9 and 0.7 per cent, respectively, compared with the 1.9 and 2.3 per cent increases recorded, in the preceding month. Also, the growth in aggregate bank credit to the domestic economy remained low at less than 2.0 per cent. Reflecting the surfeit of liquidity in the financial system, money market rates showed further moderation. Moreover, there were some encouraging developments in the foreign exchange market during the month, as the demand in the Dutch Auction System (DAS) segment of the market fell substantially by 29.05 per cent. Consequently, the Naira/US Dollar exchange rate appreciated marginally by 0.11 per cent.

In the continued effort to address the problem of excess liquidity in the banking system on a sustainable basis, the Committee welcomed Federal Government approval of the National Savings Certificate (NSC) scheme during the

month, and expressed optimism that the scheme will encourage increased financial savings and enhance the effectiveness of monetary policy.

In view of the continued improvement in monetary conditions, the existing monetary policy measures were retained. The CBN will, however, continue to monitor macroeconomic developments closely, with a view to taking appropriate monetary policy action as the need arises.



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Secretary  
Monetary Policy Committee  
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March 31, 2003