MAGEN DOXA UMERIM CAPITAL LIMITED

Building Sustainable Wealth

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307TH MPC MEETING

TUESDAY, SEPTEMBER 22, 2026

MPR Reset to 23%

A calibrated move to align the policy rate with market rates.

MONETARY POLICY RATE (MPR)

23%

Previous Rate	Change
26.50%	-350 bps

STANDING FACILITIES CORRIDOR (SFC)

Lending Facility (Around MPR)	Deposit Facility (Around MPR)
+50 bps	-300 bps
23.5%	20%

CASH RESERVE REQUIREMENT (CRR)

Deposit Money Banks	Merchant Banks	Non-TSA Public Sector Deposits
45%	16%	75%

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The Conventional Monetary Policy Transmission Mechanism

How changes in the policy rate influence the real economy

1. Policy Action

Central Bank changes the policy rate (e.g. MPR)

2. Transmission Channels

Interest Rate Channel
Policy rate affects market interest rates (money market, lending and deposit rates)

Credit Channel
Affects bank lending, credit availability and balance sheets

Exchange Rate Channel
Affects the exchange rate and net exports

Asset Price Channel
Affects asset prices (equities, bonds, property) and household wealth

Expectations Channel
Shapes expectations about future inflation, interest rates and economic activity

3. Intermediate Outcomes

Market Interest Rates
Money market, lending and deposit rates adjust

Bank Lending & Credit
Changes in credit supply and borrowing costs

Exchange Rate
Currency value adjusts, affecting import and export prices

Asset Prices & Wealth
Changes in equity, bond and property prices

Expectations
Inflation and growth expectations adjust

4. Final Outcomes

Aggregate Demand
Changes in consumption, investment, government spending and net exports

Inflation and Economic Growth

Feedback Effects
Outcomes influence future policy decisions

The Implication of the MPR Reset to 23%

Seven key channels through which the MPC decision supports monetary transmission, macro stability and market confidence.

Exchange Rate Stability

FX reforms have removed the distortions created by multiple exchange rates. The implicit FX subsidy once estimated near 3% of GDP, versus 2.2% of GDP for fuel subsidy, has largely been eliminated.

Banking Recapitalisation

The recapitalisation drive is strengthening financial intermediation and resilience. Key thresholds have moved higher, including international commercial banks from N90bn to N500bn and national commercial banks from N25bn to N200bn.

External Reserve Rebuild

Stronger policy credibility and FX reforms have helped rebuild gross external reserves to about $55bn, an 18-year high, reinforcing external buffers and confidence.

Price Stability

Resetting the MPR closer to prevailing market rates should improve monetary policy transmission, anchor expectations and enhance the CBN's ability to deliver broad price stability.

Financial System Stability

The new corridor settings support market discipline and liquidity management, with the Standing Deposit Facility at 20.0% and the Standing Lending Facility at 23.5%.

Macro Stability & Growth

A more credible policy framework supports macroeconomic stability, capital formation, sustainable growth and the broader wellbeing of the economy.

Investor Sentiment Restored

Policy consistency is helping rebuild confidence in Nigerian assets, supporting improved capital-market sentiment, FTSE Russell equity-market recognition and renewed prospects for benchmark bond-index inclusion.

MDU Capital View: | *A better alignment between policy rates and market rates should lead to more effective and efficient monetary-policy transmission.*

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THANK YOU

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