

TITLE PAGE
THE IMPACT OF MONETARY POLICY ON INFLATION IN
NIGERIA (1986 – 2010)

BY

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CERTIFICATION PAGE

This is to certify that the research project titled “the impact of monetary policy on inflation in Nigeria” has been fully supervised and found worthy of acceptance for the award of Bachelor of Science (B.Sc) degree in economics caritas university Enugu.

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DEDICATION

This work is dedicated to the Sacred Heart of Jesus and the Immaculate Heart of Mary. These two hearts gave me the strength and courage all through my academic pursuit; also to my beloved parents Hon. and Mrs. Patrick Okung, whom God blessed to sustain my career to this extent.

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ABSTRACT

One of the main objectives of the government is to control the rate of inflationary pressure in the economy. The government employs a deliberate manipulation of cost and availability of credit and money to achieve this economic objective. The Central bank of Nigeria being the regulatory body combines measures designed to regulate the value, supply and cost of money into economic activities. This is what we call monetary policy (CBN Brief 1996/03). It is against this background that this research is carried out to ascertain the effect on the use of monetary policies such as money supply, interest rate and cash reserve requirement to control the rate of inflation. Also to determine the relationship that exists between the independent variables and inflation rate from the secondary data for the period under study (1986-2010). The ordinary least square (OLS) method was employed for this analysis. This research recommends the stabilization of growth rate in money supply. Also it recommends the increase in the cash reserve requirement of banks so as to reduce the amount of loanable funds available to banks.

CHAPTER TWO

2.1 LITERATURE REVIEW	-	-	-	-	-	-	10
2.1.1 DEFINITION OF INFLATION	-	-	-	-	-	-	10
2.1.2 INFLATION IN NIGERIA	-	-	-	-	-	-	12
2.1.3 THEORIES OF INFLATION	-	-	-	-	-	-	13
2.1.4 DEFINITION OF MONETARY POLICY	-	-	-	-	-	-	16
2.1.5 MONETARY POLICY IN NIGERIA	-	-	-	-	-	-	20
2.1.6 MACROECONOMIC MANAGEMENT IN NIGERIA	-	-	-	-	-	-	24
2.1.7 MONETARY POLICY TARGETS	-	-	-	-	-	-	26
2.1.8 OPERATIONS OF MONETARY POLICY	-	-	-	-	-	-	27
2.1.9 DETERMINANTS OF MONEY SUPPLY IN THE NIGERIAN ECONOMY	-	-	-	-	-	-	30
2.1.10 INSTRUMENTS OF MONETARY POLICY	-	-	-	-	-	-	31
2.1.11 ASSESSMENT OF THE EFFECTIVENESS OF MONETARY POLICY IN AN OPEN ECONOMY	-	-	-	-	-	-	35
2.1.12 MONETARY POLICY AS A CONTROL MEASURE FOR INFLATION IN NIGERIA	-	-	-	-	-	-	39
2.1.13 PROBLEMS OF MONETARY POLICY	-	-	-	-	-	-	39

2.2 EMPIRICAL LITERATURE - - - - - 40

2.3 LIMITATIONS OF PREVIOUS STUDIES - - - - 42

CHAPTER THREE

3.1 RESEARCH METHODOLOGY - - - - - 44

3.2 AREA OF STUDY AND COVERAGE - - - - 45

3.3 MODEL SPECIFICATION - - - - - 45

3.4 METHOD OF EVALUATION - - - - - 46

3.5 DATA REQUIRED AND SOURCES - - - - - 49

CHAPTER FOUR

4.0 PRESENTATION AND ANALYSIS OF RESULT - - - 50

4.1 PRESENTATION OF MODEL RESULT - - - - 50

4.2 EVALUATION OF RESULT - - - - - 50

4.3 STATISTICAL CRITERIA (First Order) - - - - 52

4.4 TESTS FOR AUTOCORRELATION (Second Order) - - 56

CHAPTER FIVE

5.0 SUMMARY, RECOMMENDATION, AND CONCLUSION	-	-	-	-	-	-	-	-	61
5.1 SUMMARY OF FINDINGS	-	-	-	-	-	-	-	-	61
5.2 RECOMMENDATIONS	-	-	-	-	-	-	-	-	62
5.3 CONCLUSION	-	-	-	-	-	-	-	-	63
BIBLIOGRAPHY	-	-	-	-	-	-	-	-	64

APPENDIX