



**Date: Tuesday, 24<sup>th</sup> February 2026**

**Ref: CBN/MPC/COM/161/304**

**Attention: News Editors/Gentlemen of the Press**

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## **MONETARY POLICY RATE LOWERED BY 50 BASIS POINTS**

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The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) held its 304<sup>th</sup> meeting on February 23 and 24, 2026. The Committee reviewed key developments in the global and domestic economies, as well as the outlook. Eleven (11) members of the Committee were in attendance.

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### **Decisions of the MPC**

The Committee decided as follows:

1. Reduce the Monetary Policy Rate by 50 basis points to 26.5 per cent.
2. Retain the Standing Facilities Corridor around the MPR at +50/-450 basis points.
3. Retain the Cash Reserve Requirement (CRR) for Deposit Money Banks at 45.00 per cent, Merchant Banks at 16.00 per cent, and 75.00 per cent for non-TSA public sector deposits.

The Committee's decision was premised on a balanced evaluation of risks to the outlook, which suggests that the ongoing disinflation trajectory would continue, largely supported by the lagged transmission of previous monetary tightening, sustained exchange rate stability, and enhanced food supply.

**Considerations**

In reaching this policy decision, the Committee took into account the sustained deceleration in year-on-year headline inflation in January 2026, marking the eleventh consecutive month of decline. This downward trajectory in inflation was driven mainly by the continued effects of the contractionary monetary policy, stability in the foreign exchange market, robust capital inflows, and improvement in the balance of payments. The momentum was further reinforced by relative stability in the prices of petroleum products and improved food supply conditions, especially staples. These outcomes have indicated that prior tightening has continued to anchor expectations.

The MPC particularly noted the remarkable performance of Nigeria's external sector, evidenced by the robust accretion to foreign exchange reserves, supported by higher export earnings and increased remittance inflows. This has contributed to greater stability in the foreign exchange market and bolstered investor confidence. Members also welcomed the newly issued Presidential Executive Order 09 which redirects oil and gas revenues into the Federation Account. The Committee acknowledged the potential impact of this Order in improving fiscal revenue and accretion to reserves.

Given these improved macroeconomic conditions, the Committee believed that a moderate easing was consistent with the prevailing inflation dynamics.

Members acknowledged the continued resilience of the banking sector, with most of the key financial soundness indicators remaining within regulatory thresholds. With regards to the ongoing recapitalization programme, the Committee noted that of the thirty-three (33) banks that have raised additional capital, twenty (20) have met the new minimum capital requirement, reaffirming steady progress towards a more robust and well-capitalized financial system.

The MPC reiterated the strategic importance of the recapitalization exercise and urged the Bank to ensure its successful completion. This would reinforce financial system resilience and enhance the sector's capacity to support sustainable economic growth.

**Price and Other Domestic Developments**

Headline inflation (year-on-year) eased to 15.10 per cent in January 2026, from 15.15 per cent in December 2025, reflecting a moderation across both the food and core components. Food inflation declined markedly to 8.89 per cent from 10.84 per cent over the same period, supported by improved domestic food supply, sustained exchange rate stability, and favourable base effect. Similarly, core inflation declined to 17.72 per cent from 18.63 per cent, driven largely by moderation in the average prices of Information & Communication services. Month-on-month, headline inflation declined to -2.88 per cent in January 2026 from 0.54 per cent in the preceding month, indicating a continued softening of price pressures.

In terms of output, the Purchasing Managers' Index (PMI) stood at 55.7 points in January 2026, reflecting continued expansion in economic activities and likely improvement in output in the fourth quarter of 2025.

Gross external reserves rose significantly to US\$50.45 billion as of February 16, 2026, the highest in thirteen (13) years. This provides an import cover of 9.68 months for goods and services.

**Global Developments**

Global economic activities are projected to strengthen in 2026, underpinned by progress in trade negotiations, increased investment in Artificial Intelligence-related technology and gradual monetary policy easing. Notwithstanding this projection, significant headwinds remain, including rising protectionism, deepening geo-economic fragmentations, and the likely escalation of trade disputes.

Global disinflation is anticipated to continue in 2026, driven by the lagged impact of previous monetary policy tightening, further resolution of supply chain disruptions, and improved stability in commodity markets. Near-term inflation is, however, likely to remain above

historical averages, constrained by structural rigidities and divergent pace of disinflation across several economies.

## **Outlook**

The outlook indicates that the current momentum of domestic disinflation will continue in the near term. This is premised on the lagged impact of previous monetary policy tightening, sustained stability in the foreign exchange market and improved food supply. However, increased fiscal releases including election-related spending could pose upside risk to the outlook.

The MPC reaffirmed its commitment to an evidence-based policy framework, firmly anchored on the Bank's core mandate of ensuring price stability, while safeguarding the soundness and resilience of the financial system.

The next meeting of the Committee is scheduled for Tuesday, 19<sup>th</sup> and Wednesday, 20<sup>th</sup> May 2026.

Thank you.

**Olayemi Cardoso**

Governor,  
Central Bank of Nigeria  
February 24, 2026.