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

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## **MONETARY POLICY RATE RETAINED AT 26.5 PER CENT**

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The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) held its 305<sup>th</sup> meeting on May 19 and 20, 2026. The Committee reviewed recent developments in the global and domestic economies and assessed the near-to-medium-term outlook.

Eleven (11) members of the Committee were in attendance.

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### **Decisions of the MPC**

The Committee's decisions are as follows:

1. Retain the Monetary Policy Rate at 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 non-TSA public sector deposits at 75.00 per cent.

The decisions of the MPC were anchored on a comprehensive assessment of risks to the outlook. Although inflation has risen marginally for two consecutive months, largely induced by external shocks, the MPC recognized its transitory nature and remained confident that the current macroeconomic environment is sufficiently robust to support a return to disinflation.

**Considerations**

In reaching its decisions, the MPC particularly noted the spillovers from the Middle East crisis, which have exerted upward pressure on energy prices, cost of transportation and other logistics.

However, available evidence indicates that the impact of the crisis on the Nigerian economy has been largely muted due to the benefits of prior policy reforms. These include exchange rate stability, improvements in external reserve buffers, strengthened monetary policy transmission, well-capitalised banking system, and ongoing fiscal consolidation, which have significantly bolstered the economy's ability to absorb external shocks. As a result, the pass-through of global commodity and energy price shocks to domestic inflation has been significantly mitigated and would have been more pronounced in the absence of these reforms. The MPC was, therefore, convinced that the essential conditions for price stability remain firmly in place.

In addition, the Committee welcomed the recent sovereign rating upgrade amid prevailing external headwinds. This further underscores the strength of the country's macroeconomic fundamentals and reinforces confidence in its reform trajectory and policy credibility. Members were, therefore, of the view that a cautious and vigilant policy stance is necessary to anchor inflation expectations and safeguard macroeconomic stability.

The MPC also noted with satisfaction, the successful conclusion of the banking recapitalisation exercise, which culminated in the emergence of 33 banks with stronger financial soundness indicators, enhancing their capacity to support the economy. It urged the Bank to remain proactive and adopt necessary measures to address potential post-recapitalisation risks towards preserving financial system stability.

**Price and Other Domestic Developments**

Headline inflation (year-on-year) rose marginally for the second consecutive month to 15.69 per cent in April 2026, from 15.38 per cent in the preceding month, largely driven by an increase in the food component. Food inflation rose to 16.06 per cent in April 2026 from

14.31 per cent in March, reflecting the high cost of transportation and other logistics, as well as seasonal factors. Core inflation, however, moderated to 15.86 per cent in April 2026, from 16.21 per cent in March. Similarly, the 12-month average inflation slowed to 19.16 per cent in April 2026, from 20.05 per cent in March, marking the sixth month of consecutive decline. Month-on-month, headline inflation also eased to 2.13 per cent in April 2026, compared with 4.18 per cent in March 2026, reflecting moderation in both food and core components.

Real GDP grew by 4.07 per cent in the fourth quarter of 2025, compared with 3.98 per cent in the preceding quarter, supported by expansion in industry and agriculture sectors. The non-oil sector grew by 3.99 per cent (year-on-year) in Q4 2025 from 3.91 per cent in the preceding quarter, driven by key activities in the Services sector including information & communication, and transportation & storage activities. Growth in the oil sector also increased to 6.79 per cent in Q4 2025 from 5.84 per cent in the previous quarter, on the back of improved refining in the downstream sector.

Gross external reserves remained robust at US\$49.49 billion as of 15th May 2026 compared with US\$48.35 billion at end-March 2026, sufficient to cover 9.04 months of imports for goods and services. This strong buffer continues to reinforce investor confidence in the Nigerian economy and support exchange rate stability.

### **Global Developments**

Global growth is expected to moderate in 2026 compared with 2025, reflecting the impact of heightened geopolitical tensions, energy market disruptions, and tighter financial conditions.

Global inflation is anticipated to edge higher in the near term, driven by elevated energy and agricultural commodity prices, as well as supply chain disruptions. In some advanced economies, persistent core inflation is moderating the pace of disinflation. Similarly, exchange rate pressures in several emerging market economies are expected to sustain elevated price levels in the near to medium term. Consequently, most central banks have

embraced a cautious, data-driven approach, broadly pausing or slowing monetary easing, to address inflationary pressures.

## **Outlook**

Output growth is expected to remain resilient in 2026, despite emerging downside risks associated with the Middle East conflict.

Available projections indicate a moderate increase in inflation in the near term. However, the combined effects of previous policy tightening, exchange rate stability and enhanced food supply are expected to support the return to disinflation.

In the light of evolving domestic and global uncertainties, the Committee reaffirmed its commitment to a forward-looking and evidence-based policy framework, anchored on its primary mandate of achieving price stability, while preserving the soundness and resilience of the financial system.

The next meeting of the Committee is scheduled for Monday, 20<sup>th</sup> and Tuesday, 21<sup>st</sup> July 2026.

Thank you.

**Olayemi Cardoso**

Governor,  
Central Bank of Nigeria  
May 20, 2026.