

Post-MPC Report

May 2026





The MPC maintained the MPR at 27.0%

At its 305th meeting held on 19th and 20th May 2026, the Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) retained its Monetary Policy Rate (MPR) at 26.50% while holding all other primary policy parameters intact.

The decision reflects the Committee’s cautious and data-dependent stance amid renewed inflationary pressures arising primarily from external shocks, particularly the ongoing Middle East crisis and its impact on global energy prices.

Here is the current MPC decision at a glance:

Policy Parameters	As of May 2026
Monetary Policy Rate	26.50%
Asymmetric Corridor	+50/-450
Cash Reserve Ratio (Commercial Banks)	45%
Cash Reserve Ratio (Merchant Banks)	16%
Cash Reserve Ratio (Non-TSA public sector deposits)	75%
Liquidity Ratio	30%

CBN, Norrenberger Research

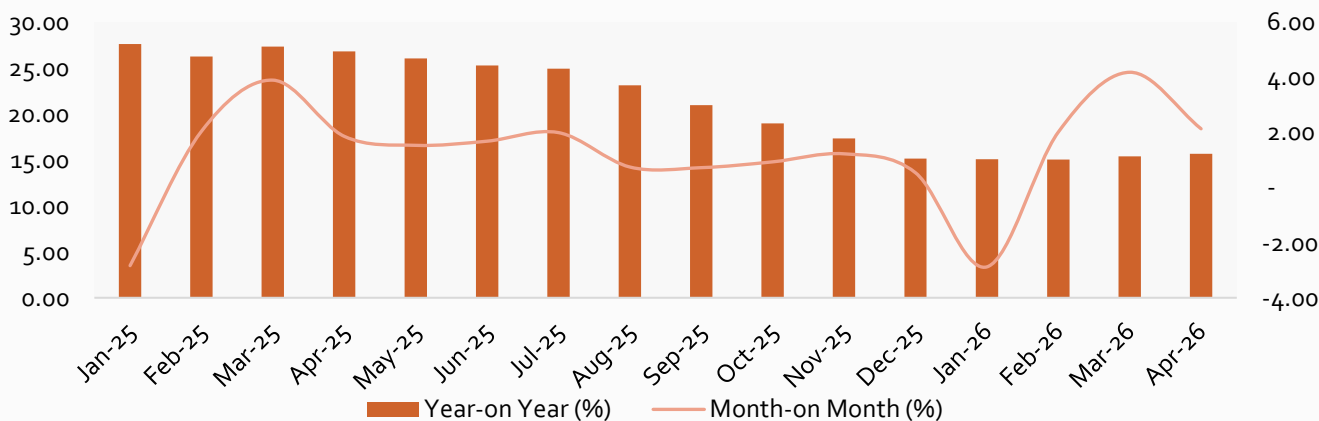
Considerations:

Inflation: Domestic consumer prices experienced a slight upward tick for two straight months, with the headline inflation moving to 15.69% in April 2026 (up from 15.38% in March). This slight reversal was heavily influenced by the food sector, which climbed to 16.06% due to elevated transport and logistics costs. Despite this short-term pressure, the underlying disinflationary momentum remains structural as the 12-month moving average inflation fell for the sixth consecutive month, down to 19.16%.

Month-on-month headline inflation dropped sharply to 2.13% in April compared to 4.18% in March, showing a cooling off in both food and core segments.

The committee views the recent price bumps as temporary, driven by outside shocks rather than weak domestic fundamentals.

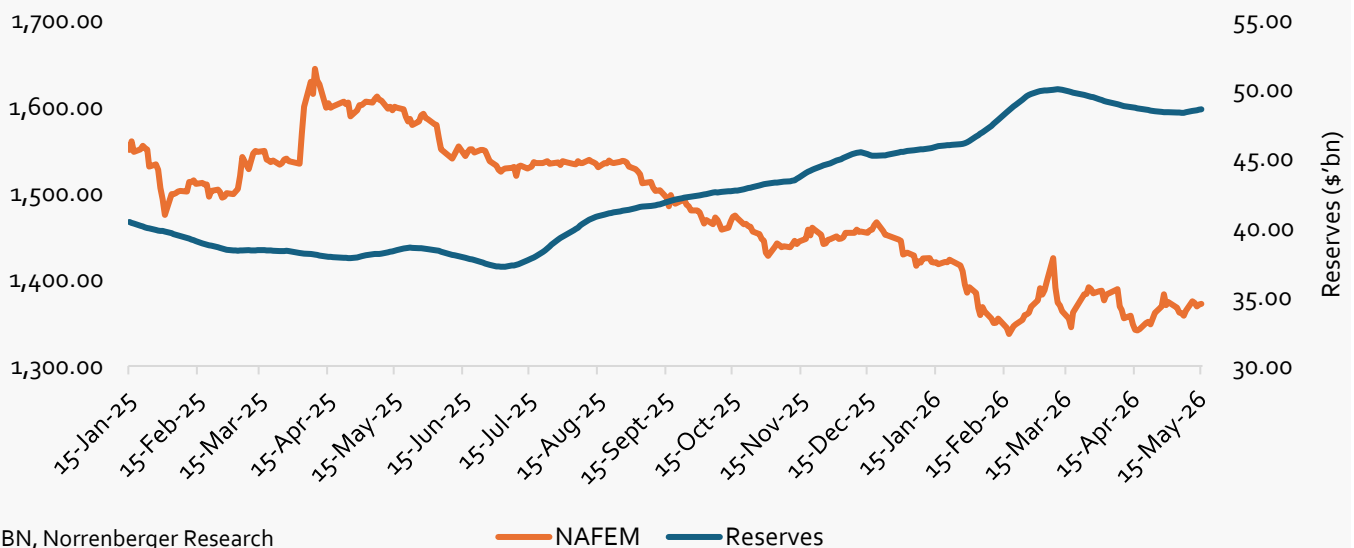
Headline vs Monthly Inflation



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- Economic Growth and Output:** The domestic economy continues to show resilience. Real GDP expanded by 4.0% in the final quarter of 2025, ticking up from 3.98% in the previous quarter. Non-Oil Sector grew by 3.99%, fuelled by strong momentum in services, particularly information technology, communication, transport, and storage. Oil Sector also accelerated to a 6.79% growth rate, bolstered by a turnaround and improved refining capacity within the downstream sector.
- External Reserves and the Naira:** Gross external reserves stood robust at \$48.72 billion as of May 19, 2026 which is critical in cementing foreign investors' trust and maintaining a stable naira which has remained below ₦1,400 since late January 2026.
- Banking Sector Soundness:** The committee celebrated the smooth wrap-up of the banking recapitalization program, which has left Nigeria with 33 well-capitalized banks boasting elevated financial health metrics. While a few institutions are still navigating specific regulatory or legal hurdles, the CBN remains actively engaged in guiding them forward, ensuring business continues as usual without system risk.
- Global Developments:** The global economy is facing cooling growth prospects for 2026, pressured by tight financial conditions and supply grid disruptions. Geopolitical friction in the Middle East has notably pushed global energy and commodity prices upward. In response, central banks of major economies are hitting the brakes on monetary easing, adopting cautious, data-reliant strategies to keep global inflation at bay.

Exchange Rate vs External Reserves



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— NAFEM — Reserves

Bottom Line

While global disruptions may bring minor, short-term inflation blips in the immediate future, the lagging power of previous rate hikes, steady currency markets, and better food logistics are expected to pull the economy back toward a disinflationary path. Moving forward, the MPC remains firmly dedicated to an evidence-backed framework centered on price stability and a secure financial ecosystem.

The next meeting of the Monetary Policy Committee is set for Monday, July 20 and Tuesday, July 21, 2026.



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