Central Bank of Nigeria

Date: Tuesday, 21st July 2026
Ref: CBN/MPC/COM/163/306
Attention: News Editors/Gentlemen of the Press

MONETARY POLICY RATE RETAINED AT 26.5 PER CENT

The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) held its 306th meeting on July 20 and 21, 2026. The Committee reviewed recent developments in the global and domestic economies, assessed emerging risks to the outlook and considered their implications for monetary policy.

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

Decisions of the MPC

The Committee decided 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 Committee's decision to maintain the current policy stance followed a thorough assessment of the balance of risks. Although the headline inflation moderated marginally in June 2026, global uncertainties have heightened due mainly to the renewed hostilities in the Middle East. In view of the evolving developments, maintaining a cautious monetary policy stance remains appropriate.

Considerations

In arriving at its decision, the Committee noted the recent resurgence of hostilities in the Middle East with particular attention to its spillover effects on global energy prices and the potential pass-through to domestic inflation. Notwithstanding the development, available evidence suggests that the Nigerian economy has remained largely resilient to the external shocks, reflecting the gains from prior reforms implemented by the fiscal and monetary authorities. However, maintaining the current monetary policy stance will provide an opportunity to closely monitor incoming data and assess the trajectory of inflation to guide future policy decisions.

The MPC acknowledged the Federal Government's renewed commitment to strengthening policy coordination, with particular emphasis on the ongoing collaboration with the monetary authority which has helped to moderate the impact of the Middle East crisis on the domestic economy. Members thus, noted that greater alignment between fiscal and monetary policies would enhance policy effectiveness and support the achievement of overall macroeconomic objectives.

To further strengthen macroeconomic fundamentals, the Committee underscored the potential benefits of Executive Order 9. Members further commended Government's renewed efforts in improving crude oil production and encouraged relevant agencies to strengthen the implementation of reforms to maximize the potentials in other sectors, such as solid minerals, to complement Government earnings.

The MPC welcomed the positive outcome of the banking sector recapitalisation exercise, noting the improvement in the resilience of the banking system as reflected in key prudential and financial soundness indicators. It nevertheless urged the Bank to sustain effective surveillance to preserve financial sector soundness and mitigate potential risks to financial stability.

Price and Other Domestic Developments

Headline inflation (year-on-year) eased marginally to 15.91 per cent in June 2026, from 15.93 per cent in May 2026, ending the three consecutive months of uptick in price levels. The decline resulted from a decrease in the non-food component which offset the increase in food inflation.

Food inflation rose to 17.52 per cent in June 2026, from 16.96 per cent in May 2026, reflecting supply constraints. However, core inflation moderated to 15.92 per cent in June 2026, from 16.82 per cent in May 2026, largely on the back of exchange rate stability. Similarly, the 12-month average inflation rate sustained its decline to 17.63 per cent in June 2026 from 18.36 per cent in May 2026, marking the sixth month of consecutive moderation and reflecting a slower pace of price increases over the medium term. On a month-on-month basis, headline inflation declined to 1.66 per cent in June 2026 from 1.75 per cent in May 2026, driven by a slowdown in core inflation.

Real GDP expanded by 3.89 per cent in the first quarter of 2026, compared with 4.07 per cent in the preceding period. This was largely driven by the resilience of the non-oil sector, which grew by 3.94 per cent, supported by improvements in telecommunications, financial services, trade, transportation, and other services sub-sectors. Oil sector GDP growth rate declined to 2.57 per cent in the first quarter of 2026 from 6.79 per cent in the fourth quarter of 2025, due to the maintenance of oil facilities and installations. However, recent data showed improvement in economic activities as composite Purchasing Managers Index (PMI) rose to 50.1 index points in June 2026 from 49.6 index points in May 2026.

Gross external reserves rose to US$52.52 billion as of July 17, 2026, from US$50.47 billion as at end-May 2026, mainly as a result of receipts from crude oil-related taxes and third-party inflows. This is sufficient to finance approximately 11 months of imports of goods and services, surpassing the international benchmark of three months cover.

Global Developments

Recent estimates indicate that global growth is anticipated to slow to 3.0 per cent in 2026 compared to 3.5 per cent in 2025, reflecting the impact of heightened geo-political tensions in the Middle East, trade policy uncertainties and tight fiscal conditions.

Risks to global inflation remain on the upside, driven mainly by the increasing prices of crude oil and other commodities. Inflationary pressures are likely to be further amplified by supply chain disruptions and climate-related shocks inhibiting food production. Additionally, exchange rate volatility and fiscal constraints pose upside risks to inflation in most Emerging and Developing Economies.

Outlook

Output growth is projected to remain resilient in 2026, anchored on the recent improvement in crude oil production, expansionary Purchasing Managers Index and the positive impact of timely policy reforms.

Inflation is projected to moderate further in the medium term on the back of continued stability in the foreign exchange market, lagged effect of previous monetary policy tightening and improved food supply conditions as the harvest season approaches.

The key risk to the outlook, however, remains the severe and prolonged escalation of the Middle East conflict. In the light of these considerations, the Committee reaffirmed its commitment to preserve price and financial system stability and remains prepared to take appropriate policy measures, guided by evolving macroeconomic conditions.

The next meeting of the Committee is scheduled for Monday, 21st and Tuesday, 22nd September 2026.

Thank you.

Olayemi Cardoso

Governor,
Central Bank of Nigeria
July 21, 2026.