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Attention: News Editors/Gentlemen of the Press

MONETARY POLICY COMMITTEE RESETS THE MONETARY POLICY RATE AT 23.00 PER CENT AND RECALIBRATES THE CORRIDOR

The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) held its 307th meeting on September 21 and 22, 2026. The Committee examined recent trends in the global and domestic economic environment, considered emerging risks to the outlook, and evaluated their potential implications for monetary policy.

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

Decisions of the MPC

The Committee decided as follows:

1. Reset the Monetary Policy Rate at 23 per cent.

2. Recalibrate the Standing Facilities Corridor to +50/-300 basis points around the MPR.

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 decided to reset the MPR and recalibrate the policy corridor as an important operational realignment aimed at strengthening monetary policy transmission and reinforcing the primacy of the monetary policy rate. The MPC emphasized that the recalibration of the corridor does not constitute a change in the current monetary policy stance, but rather an operational reset to enhance the effectiveness of monetary policy and support the transition to an inflation targeting framework. Members are of the view that the current macroeconomic environment remains supportive of such a recalibration without undermining the disinflation process.

Considerations

In arriving at its decision, the Committee noted that the observed divergence between the MPR and the prevailing market rates had weakened the effectiveness of monetary policy transmission. Members noted that the Bank's ongoing repair of the monetary policy implementation framework, including the adoption of NOFR as a transaction-based operational benchmark, has improved the transparency of money market operations. The Committee therefore considered a reset of the MPR and recalibration of the corridor appropriate to better align the monetary policy implementation framework with market realities. This would strengthen policy transmission and restore the MPR as the principal signal of monetary policy. Members emphasized that the recalibration represents an operational realignment of the framework and should not, in itself, be construed as a change in the underlying policy stance.

The MPC broadly observed the increasing resilience demonstrated by the Nigerian economy, reflected by the moderating inflation, robust external reserve buffers, improved external sector fundamentals and strengthening investor confidence. The Committee acknowledged the considerable improvement in the balance of payment surplus of US$3.51 billion in Q2 2026, compared with US$2.38 billion in Q1 2026. Similarly, the current account surplus increased by 67.92 per cent to US$7.54 billion in Q2 2026, from US$4.49 billion in Q1 2026.

The Committee particularly noted with satisfaction the progress of the disinflation process, evidenced by three consecutive months of decline in headline inflation despite the lingering geopolitical tensions in the Middle East and the associated increase in global energy prices. Members observed that the moderation in inflation indicated the effectiveness of previous policy tightening measures, sustained exchange rate stability, and improved inflation expectations. In addition, the MPC welcomed the Presidential Initiative on National Affordable CNG Transit Programme which is expected to lower transportation costs and support the continued decline in inflationary pressures.

Furthermore, the MPC acknowledged the renewed commitment to policy coordination following the signing of the Memorandum of Understanding on fiscal-monetary coordination between the Federal Government of Nigeria (represented by the Federal Ministry of Finance) and the Central Bank of Nigeria. This development, amongst others, would provide a structured framework to strengthen policy harmonisation towards the achievement of low and stable inflation.

Members noted the strengthening of the banking industry, following the successful recapitalisation programme, which has enhanced banks' capital

buffers, resilience and capacity to finance long-term projects in critical sectors of the economy.

In the Committee's assessment, these positive macroeconomic developments, taken together, reaffirmed the appropriateness of the timing and created sufficient headroom for the reset of the policy rate corridor.

Price and Other Domestic Developments

Headline inflation (year-on-year) slowed to 15.39 per cent in August 2026 from 15.43 per cent in the preceding month, driven by both the food and core measures.

Food inflation declined to 19.57 per cent in August 2026 from 20.31 per cent in July 2026, largely reflecting moderation in prices of palm oil, vegetables and meat amongst others. Similarly, core inflation moderated to 13.29 per cent in August 2026 from 14.97 per cent in July 2026, driven by lower cost of transport and health care services. The 12-month moving average headline inflation rate continued its decline to 16.30 per cent in August 2026 from 16.89 per cent in July 2026, marking twenty (20) consecutive months of moderation, an indication of sustained easing in the underlying price pressures. On a month-on-month basis, headline inflation slowed to 0.71 per cent in August 2026 from 1.57 per cent, driven mainly by the moderation in food inflation.

Real GDP grew by 4.43 per cent in the second quarter of 2026, from 3.89 per cent in the preceding quarter, reflecting improved performance in both the non-oil and oil sectors. The non-oil sector expanded by 4.31 per cent, compared with 3.94 per cent in the first quarter of 2026, driven largely by increased activities in information and communications technology, crop production, real estate, livestock, financial services and trade subsectors. Similarly, growth in the oil sector accelerated by 7.31 per cent, compared with 2.57 per cent in the preceding quarter, supported by increased production and investment in the sector. The composite Purchasing Managers' Index rose to 52.7 index points in August 2026 from 51.1 index points in July, suggesting further economic expansion.

Gross external reserves stood at US$55.25 billion on September 18, 2026, the highest in the last 18 years and sufficient to finance approximately 11.3 months of imports of goods and services.

Global Developments

Global growth projection remains at 3.0 per cent in 2026 compared with 3.5 per cent in 2025, reflecting the shocks from the Middle East conflict, persistent trade policy uncertainty and constrained fiscal space. The slowdown is, however, expected to be partly offset by stronger technology-related investment. Growth prospects remain uneven, with energy importing and

low-income economies facing greater pressures from elevated energy costs and weaker fiscal buffers.

Risks to global inflation remain tilted to the upside, as persistent supply chain disruptions, elevated crude oil & other commodity prices, and increasing trade fragmentation could intensify price pressures. These pressures, combined with the possibility of renewed geopolitical tensions, could delay the normalisation of monetary policy.

Outlook

Domestic output growth is expected to remain resilient for the rest of 2026, supported by the continued improvement in crude oil production, expansion in agriculture and other business activities, as suggested by the Purchasing Managers' Index.

Inflation is projected to moderate further in the short-to-medium term, underpinned by stability in the foreign exchange market, the lagged impact of earlier monetary policy tightening and expectations of improved food supply as the harvest season progresses.

Overall, the outlook for the domestic economy remains positive, although prolonged geopolitical tensions in the Middle East and election-related spendings could present upside risks to price development.

The Committee expressed its commitment to evaluating the effectiveness of the recalibrated interest rate corridor and ensure that it supports the intended objective of strengthening policy transmission. The MPC also reaffirmed its resolve to ensure that future decisions remain data-dependent towards sustaining disinflation.

The next meeting of the Committee is scheduled for Monday, 23rd and Tuesday, 24th November 2026.

Thank you.

Olayemi Cardoso

Governor,

Central Bank of Nigeria

September 22, 2026.

1. AKU PAULINE ODINKEMELU

INTRODUCTION

I thank the Governor and Management of the Central Bank of Nigeria for the comprehensive briefing and analysis of recent global and domestic economic developments.

- My vote at this meeting was guided by the significant progress made in restoring macroeconomic stability, moderating inflationary pressures, improving foreign exchange market conditions, and strengthening economic activities.
- After carefully reviewing the available data, I voted to:
  - Reset the Monetary Policy Rate (MPR) at 23.00 per cent;
  - Recalibrate the asymmetric corridor to +300/-50 basis points around the MPR;
  - Retain the Cash Reserve Ratio (CRR) at 45.0 per cent for Deposit Money Banks, 16.0 per cent for Merchant Banks, and 75.0 per cent for non-TSA public sector deposits; and
  - Retain the Liquidity Ratio at 30.0 per cent.

ECONOMIC AND FINANCIAL CONTEXT
GLOBAL DEVELOPMENTS

The global economy in the period leading to the September 2026 MPC meeting remains fragile, shaped by the ongoing Middle East conflict, elevated energy prices, and a stalling disinflation process.

Middle East Crisis and Energy Security

The fragile US-Iran ceasefire collapsed in early July, reigniting hostilities and disrupting energy flows through the Strait of Hormuz. Traffic through the Strait, which normally carries one-fifth of global oil supply, fell to one-third to one-fifth of pre-conflict levels. Brent crude briefly exceeded US$90 per barrel, and the IMF has noted concerns that the full pass-through of higher energy costs to consumer prices is yet to materialise.

Russia-Ukraine War and Commodity Supply

The conflict remains unresolved, with continued strikes on energy, industrial, and logistics infrastructure. The IEA reported that Russia's gasoline output is down 20 per cent compared with 2025, while diesel production has fallen by

30 per cent, contributing to higher international diesel prices. Additional sanctions have further fragmented commodity supply chains.

Trade Fragmentation and AI Investment

Governments increasingly use tariffs, sanctions, and localisation requirements to advance economic security. The World Economic Forum estimated that existing restrictions could curb global growth by at least 0.2 percentage points, with worst-case escalation costing as much as 6.4 percentage points. Meanwhile, AI-related investment contributed approximately 0.5 percentage points to US GDP growth in 2025, with global private-sector AI investment potentially exceeding US$2 trillion in 2026. The IMF has cautioned, however, that returns on large, debt-financed AI investments may fall short of expectations, posing financial stability risks.

Stalling Disinflation and Persistent Price Pressures

The IMF revised global headline inflation upward to 4.7 per cent for 2026, from 4.1 per cent in 2025, with a projected easing to 3.9 per cent in 2027. The revision reflects higher energy and food prices, less supportive monetary policy, and elevated geopolitical uncertainty. Disinflation, which had appeared well entrenched earlier in the year, has lost momentum.

Divergence in Monetary Policy Paths

Major central banks have shifted toward tightening or cautious holds. The Federal Reserve raised its target range by 25 basis points to 3.75–4.00 per cent in September, its first hike since 2023. The European Central Bank raised rates by 25 basis points, taking the deposit facility rate to 2.50 per cent. The Bank of Japan lifted its policy rate to 1.25 per cent, a 31-year high, while the Bank of England held at 3.75 per cent, though three of its nine members voted to tighten immediately. The common thread is caution: central banks are preserving optionality rather than committing to a path.

Outlook

Global Growth

The July 2026 WEO projects global growth at 3.0 per cent in 2026 and 3.4 per cent in 2027, down from 3.5 per cent in 2025. The IMF's September assessment confirmed the global economy has weathered the energy shock better than feared, with output on track to expand by about 3.0 per cent in 2026.

Advanced economies are projected to grow by 1.7 and 1.8 per cent in 2026 and 2027, with the United States expanding by 2.3 per cent in 2026.

Emerging market and developing economies (EMDEs) are projected to contract by 3.8 per cent in 2026 before recovering to 4.5 per cent in 2027, with the Middle East and Central Asia facing the steepest contraction at 0.7 per cent. Sub-Saharan Africa is projected at 4.3 per cent in 2026 and 4.5 per cent in 2027, driven by structural policy reforms, stabilising macroeconomic conditions, and resilient non-resource sector momentum.

Global Prices

Global inflation is projected to rise to 4.7 per cent in 2026 from 4.1 per cent in 2025 before easing to 3.9 per cent in 2027, marking an upward revision from April and confirming a stall in the disinflation trend in place since early 2024.

In advanced economies, inflation is expected to increase from 2.5 per cent in 2025 to 3.0 per cent in 2026 before declining to 2.4 per cent in 2027. The United States is projected at 3.6 per cent in 2026 and 2.4 per cent in 2027, the euro area at 2.9 per cent and 2.3 per cent, and Japan at 2.3 per cent and 2.5 per cent.

In EMDEs, inflation is projected to rise from 5.2 per cent in 2025 to 5.8 per cent in 2026 before easing to 4.8 per cent in 2027. Inflation across EMDEs remains uneven, with energy-importing economies facing higher pressures from elevated commodity prices, exchange-rate vulnerabilities, and supply-chain disruptions.

Energy prices remain approximately 25 per cent higher than before the conflict began on February 28 and are expected to stay elevated.

Risks to the Outlook

Risks to the outlook remain skewed to the upside. A prolonged energy supply disruption extending into 2027 would push global growth down to 2 per cent and inflation above 6 per cent under the severe scenario.

Vulnerable commodity-importing emerging markets and developing economies with pre-existing fragilities remain most exposed. Beyond geopolitical escalation and commodity price volatility, key risks include trade frictions, fiscal constraints from elevated public debt, and threats to central bank independence. Global public debt is projected to approach levels not seen since the Second World War by 2028, while debt servicing costs have risen sharply.

Against this backdrop, monetary authorities are maintaining a guarded posture, with most holding or tightening rates. Clear forward guidance remains critical to anchoring expectations.

DOMESTIC ECONOMIC DEVELOPMENTS AND OUTLOOK

The disinflation process gained additional traction, with headline inflation easing for a third consecutive month to 15.39 per cent in August 2026 from 15.43 per cent in July. Core inflation fell more sharply to 13.29 per cent from 14.97 per cent, reflecting exchange rate stability and sustained policy discipline. In spite of the lingering stickiness in food inflation, there was a slight decline from 20.31 per cent in July to 19.57 per cent in August, with the month-on-month number recording a sharp decline from about 5.56 per cent in July to 1.02 per cent in August. The 12-month average headline inflation rate declined to 16.30 per cent, extending the moderation streak to twenty consecutive months.

Growth momentum also accelerated. Real GDP grew by 4.43 per cent in Q2 2026, the strongest quarterly performance in five years, driven by both the non-oil sector, which grew by 4.31 per cent, and the oil sector, which accelerated by 7.31 per cent. The composite Purchasing Managers' Index rose to 52.7 index points in August 2026 from 51.1 index points in July, pointing to further expansion in economic activities.

The external position remains a source of strength. Gross external reserves rose to US$55.25 billion as of September 18, 2026, the highest in 18 years and sufficient to finance approximately 11.3 months of imports. The current account surplus increased by 67.92 per cent to US$7.54 billion in Q2 2026, while the balance of payments surplus improved to US$3.51 billion. These buffers provide considerable insulation against external shocks.

The banking system remains safe and sound, with key prudential indicators above regulatory benchmarks post-consolidation. Its capacity to absorb shocks has improved. The price of stability is eternal vigilance. Therefore, sustained surveillance remains critical to preserve these gains and mitigate emerging risks.

RATIONALE FOR DECISION & POLICY IMPLICATIONS

The global environment is still unsettled. The Middle East conflict continues to weigh on activity across major economies, keeping inflation pressures elevated and complicating the policy choices facing central banks. Most have chosen to preserve optionality rather than commit to a path.

On the domestic front, economic activities gained further momentum in Q2 2026, with real GDP expanding by 4.43 per cent, the strongest quarterly outturn in five years supported by broad-based gains in agriculture, telecommunications, and the oil sector. On prices, headline inflation eased for a third consecutive month to 15.39 per cent in August, while core inflation fell to 13.29 per cent and the 12-month average declined to 16.30 per cent, extending the moderation streak to twenty months. External buffers strengthened further, with gross reserves reaching US$55.25 billion, an 18-year high, equivalent to 11.3 months of import cover, while the banking system has strengthened post-consolidation.

The proper response, in my view, is an operational reset of the MPR. A clear disconnect emerged between the policy rate and effective market rates: the interbank and Standing Deposit Facility rates hovered around 22 per cent while the MPR stood at 26.5 per cent. The MPR had become the de jure rate, while the SDF was the de facto rate. This divergence had diluted the MPR's influence over market pricing. Resetting the MPR and recalibrating the corridor are therefore necessary steps to realign the framework with market realities and support the transition to an inflation-targeting framework.

The simultaneous strengthening of output and broad-based moderation in inflation is particularly significant. The coexistence of accelerating economic activities and disinflation suggests that recent macroeconomic adjustment is becoming more balanced, providing greater scope to recalibrate the monetary policy implementation framework without abandoning the commitment to price stability.

I recognise that this decision will invite scrutiny and, for many market participants, surprise. A 350-basis point adjustment is extraordinary by any measure, and I acknowledge the gravity of this moment. Let me be unequivocal: this is not a pivot to accommodative monetary policy. It is a strategic realignment of our operational framework. With headline inflation at 15.39 per cent in August 2026 and the MPR at 23 per cent, the real policy rate stands at approximately 7.6 per cent. The stance stays firmly in restrictive territory. What has changed is not the direction of policy, but the clarity of its signal.

The IMF has cautioned that poverty and food insecurity remain elevated, with 34.7 million Nigerians projected to face acute food insecurity during the 2026 lean season. This is the reality behind the inflation numbers. A reset that strengthens transmission and supports the disinflation process is not a technocratic exercise; it is how policy protects household purchasing power. The decision today serves that end.

The recent Memorandum of Understanding between the Federal Ministry of Finance and the Central Bank of Nigeria marks an important institutional step. By formalising coordination between fiscal and monetary authorities, it reduces the gap that has historically complicated disinflation and provides structured support for the transition to an inflation-targeting framework, where credibility depends on fiscal discipline. It is a pointer to positive days ahead.

CONCLUSION

Three facts frame this decision. Output is expanding at its fastest pace in five years. Inflation has moderated for three consecutive months. Reserves stand at an 18-year high. The IMF's growth forecast for Nigeria is 4.1 per cent in 2026, and 4.3 per cent in 2027, reinforcing this picture.

The operational reset of the MPR follows from this evidence. It is grounded in relevant data, consistent with our mandate, and aligned with sound practice. It will strengthen transmission, reinforce price and financial system stability, and preserve the flexibility to respond as conditions change.

To conclude, after a careful assessment of prevailing conditions, I am convinced that the MPR requires realignment. Market rates had gravitated toward 22 per cent, leaving the 26.5 per cent policy rate detached from actual pricing in the banking system. This reset closes that gap, restoring the MPR's primacy as the principal signal of monetary policy and strengthening its transmission to the real economy, without altering the restrictive stance.

2. ALOYSIUS UCHE ORDU

Introduction

At this meeting, I voted to:

1. Reset the Monetary Policy Rate (MPR) by 350 basis points to 23.00 per cent;
2. Recalibrate the Standing Facilities Corridor around the MPR to +50/-300 basis points;
3. Retain the Cash Reserve Ratio (CRR) at 45.00 per cent for Deposit Money Banks, 16.00 per cent for Merchant Banks, and 75.00 per cent for non-TSA public sector deposits; and
4. Keep the Liquidity Ratio unchanged at 30.00 per cent.

Let me be direct about what this decision is, and what it is not. It is a recalibration of our policy settings to reflect the substantial progress we have made. It is not a declaration that the job is done. Inflation has come down meaningfully, but it remains too high. Policy remains restrictive, and I believe it should remain so until we are confident that inflation is moving sustainably toward single digits. We are well positioned to respond to the risks ahead, and we will do so.

Economic and financial developments

Global developments

The global environment remains challenging. The conflict in the Middle East and the prolonged closure of the Strait of Hormuz continue to disrupt oil supplies and global shipping. That adds to inflationary pressures and makes the work of central banks more difficult. At the same time, the global economy has proven more resilient than many expected. Activity has held up well in the United States, the euro area, Japan and the United Kingdom, and optimism about artificial intelligence continues to support investment and trade in digital services. But the hostilities are pushing up long-term bond yields in advanced economies, and that is raising borrowing costs for emerging markets and developing economies (EMDEs).

Central banks are no longer moving together. The Federal Reserve, the European Central Bank and the Bank of Japan have raised rates, while the Bank of England has held. Among EMDEs, the central banks of Ghana, Kenya, Egypt and Turkey held their rates, and South Africa raised by 25 basis points. Each is responding to its own circumstances, as it should. For Nigeria, higher energy prices and tighter global financial conditions pose upside risks to inflation and to external financing costs. But stronger oil receipts, robust reserves, attractive real returns and a broadly stable macroeconomic environment give us room to make a careful adjustment.

Domestic developments

Output. Growth is firming. According to the National Bureau of Statistics, real GDP grew 4.43 per cent in Q2 2026, up from 3.89 per cent in Q1 and 4.23 per cent a year earlier. Growth was broad-based: services expanded to 4.60 per cent, agriculture 4.39 per cent and industry 3.96 per cent. Non-oil GDP grew 4.31 per cent and continues to account for the bulk of output. Oil GDP grew 7.31 per cent as crude production rose from 1.55 to 1.72 million barrels per day, in line with Nigeria's OPEC quota. The oil sector contributes less than 5 per cent of real output, but it matters a great deal for reserve accumulation and for stability.

More timely indicators tell a similar story. The Purchasing Managers' Index rose to 52.7 in August from 51.1 in July, which points to improving business sentiment. Full-year growth is projected at 4.68 per cent by the Federal Ministry of Budget and Economic Planning and 4.57 per cent by the Central Bank of Nigeria. I expect growth to be sustained in the coming quarters, though structural bottlenecks and global uncertainty remain real risks.

Inflation. Disinflation is under way. Headline inflation eased to 15.39 per cent in August, from 15.43 per cent in July and 15.91 per cent in June. More tellingly, month-on-month inflation slowed sharply to 0.71 per cent from 1.57 per cent. That suggests underlying price pressures are easing faster than the annual figures show. The improvement is broad-based: food inflation has eased on both an annual and a monthly basis, and core inflation fell to 13.29 per cent. This is the tightening cycle doing its work.

But inflation is still in double digits, and Nigerian households and businesses continue to feel its effects every day. We understand the hardship that high inflation causes, especially for those least able to bear it. Restoring price stability remains our first responsibility.

With the MPR at 26.50 per cent, the real policy rate was about 11 percentage points above headline inflation. That is a very restrictive stance. Risks remain, particularly from energy prices and from climate-related disruptions to food supply, and we must stay vigilant. But the wide gap between interest rates and inflation gives us room to adjust policy carefully. As inflation continues to decline and real returns on financial assets stay comfortably positive, we can begin to give more weight to supporting activity and credit, without putting at risk the gains we have made on price stability or the confidence of investors.

Monetary and financial conditions

Monetary and financial conditions remain restrictive. Broad money grew 9.91 per cent in August, below the programmed 11.47 per cent, so monetary aggregates remain contained. Open Market Operations remain our main

tool for managing liquidity, and stop rates have been closely aligned with interbank conditions. However, sudden and recurring liquidity injections continue to make forecasting harder and raise the cost of sterilisation. The fiscal-monetary coordination agreement signed on 18 September 2026 should improve liquidity forecasting, strengthen policy transmission and lower the cost of managing liquidity.

The 30-year sovereign yield curve remained inverted as of 31 August. That reflects tight monetary conditions and investors' expectation that inflation will be lower over the medium term. The banking system has also been materially strengthened by recapitalisation. Banks are now better able to absorb shocks and to extend credit on a sustainable basis. What remains is to address the structural obstacles that keep funding costs high and hold back lending to small businesses, agriculture, manufacturing and housing. The capital market has continued to rally. Market capitalisation reached a record ₦162.16 trillion on 18 September, supported by better investor sentiment, stronger liquidity and the successful Dangote Refinery IPO. Overall, the financial system is stable, resilient and well capitalised, and it can support a gradual recalibration of policy.

Fiscal position

Fiscal discipline is essential as we move toward target inflation. Gross federation revenue rose steadily from ₦3.772 trillion in June to ₦5.524 trillion in August, which means larger allocations to all three tiers of government. Revenue is still short of target, but the improvement reflects early gains from the Nigeria Tax Acts 2025, higher domestic crude production and favourable oil prices.

Debt service remains a heavy burden. It absorbs more than half of current government revenue and limits the room for productive spending. According to the Debt Management Office, ₦2.14 trillion and US$870.7 million went to domestic and external debt service, respectively, in Q2 2026. Public debt stood at ₦166.79 trillion, or 36 per cent of GDP, at end-June, well within the 60 per cent and 70 per cent thresholds of the DMO and the IMF. Revenue reform needs to move faster, through full implementation of Executive Order 9, 2026, and through stronger tax effort and sound public financial management. Timely publication of budget information matters for good policymaking, and it will matter even more as Nigeria moves to an inflation-targeting framework.

External sector

External buffers are strong. The balance of payments recorded a surplus of US$3.51 billion in Q2 2026, up from US$2.38 billion in Q1 and from a deficit a year earlier. That reflects sustained fiscal and monetary reforms, stronger oil

export earnings and improving investor confidence. The current account surplus reached US$7.54 billion, or 5.49 per cent of GDP, supported by higher exports and lower import payments.

Gross external reserves rose to US$55.25 billion as of 18 September, the highest level in more than 18 years. That gives Nigeria a strong buffer against external shocks and a stronger capacity to meet its external obligations. Domestic refining has reduced foreign exchange demand for petroleum imports. Higher crude output, progress on Executive Order 9, the formalisation of artisanal mining and the emerging US-Nigeria minerals partnership should add further to reserves. The naira appreciated to ₦1,333.94/US$ from ₦1,368.22/US$ at end-July, supported by reserve accumulation, stronger autonomous inflows and greater market confidence. Our external position is stronger and more sustainable than it was a year ago.

Risks and outlook

The outlook is uncertain, and the risks are real. The continued closure of the Strait of Hormuz, with no political resolution in sight, is disrupting global trade and keeping inflationary pressure elevated. Broad tightening by advanced economies could trigger capital outflows from EMDEs, including Nigeria. Higher sovereign yields could raise borrowing costs further, with consequences for fiscal sustainability. And higher import prices could pass through to domestic prices and slow our disinflation. These shocks are unlikely to fade quickly. We will remain vigilant, and we are prepared to act as appropriate to preserve macroeconomic stability. Higher oil receipts are helping public finances, but we will need to watch closely that the monetisation of FX proceeds does not undermine the progress on inflation. And as the election cycle approaches, stronger safeguards against fiscal slippage and pro-cyclical spending will be important.

Rationale for my vote

This meeting marked the third anniversary of the current Committee and comes at an important moment in Nigeria's economic transition. After three years of difficult but necessary adjustments, the fundamentals are considerably stronger. Growth has picked up, inflation is moderating, reserves are at historic highs, the foreign exchange market has stabilised, and the banking system is more resilient. The reforms of the past three years have also improved market transparency, strengthened policy credibility and raised investor confidence. They have laid the foundation for more durable growth.

Four considerations shaped my decision. First, headline inflation has declined for three consecutive months, and both food and core inflation are trending down. The sharp fall in month-on-month inflation suggests underlying pressures are easing faster than the annual numbers show. Second, policy

was very tight. At 26.50 per cent, the policy rate exceeded headline inflation by more than 11 percentage points, among the most restrictive real rates in our recent history. Third, despite heightened global uncertainty, our external buffers have strengthened substantially. Fourth, the banking sector has come through recapitalisation stronger and is better placed to support productive lending.

The challenge now is to turn hard-won stability into stronger investment, more jobs, better living standards and restored purchasing power for Nigerians. Holding policy at a very restrictive setting for too long would impose unnecessary costs on credit, private investment and growth, at a time when inflation expectations appear better anchored and conditions are improving. Moving too slowly carries risks, just as moving too quickly does. We must balance the two.

For that reason, I supported a front-loaded recalibration, not a change in the overall stance: resetting the MPR by 350 basis points to 23 per cent, recalibrating the Standing Facilities Corridor to +50/-300 basis points, and keeping all other parameters unchanged. The experience of other emerging markets informed my judgement. Kenya and India both adjusted their rate corridors so that the policy rate would steer market rates. Kenya narrowed its corridor in stages, from ±250 basis points in 2023 to ±50 basis points in 2026, so that interbank rates would track the policy rate. In 2022, India restored its corridor to 50 basis points by raising the floor 40 basis points while holding the repo rate.

One lesson stands out. When banks hold surplus liquidity, the floor of the corridor sets the effective stance of policy. The combination we adopted lowers the cost of capital for productive activity. It keeps real interest rates positive enough to anchor expectations and support capital inflows. And it leaves us the flexibility to respond quickly if inflation or external risks intensify. Nigeria remains exposed to shocks, but it is no longer vulnerable in the way it once was.

Looking ahead, we are not on a preset course. We will make our decisions meeting by meeting, based on the incoming data, the evolving outlook and the balance of risks. If inflation proves more persistent, we are prepared to keep policy restrictive for longer. If disinflation continues as expected, we will have room to adjust further. Either way, our commitment to price stability is unwavering, because sustained growth and broadly shared prosperity depend on it.

3. BANDELE A.G. AMOO

Given the recent domestic and international economic developments since the last meeting of the MPC, I voted to:

a) Reset the Monetary Policy Rate (MPR) at 23.0 per cent;

b) Re-calibrate the Standing Facility Corridor around the MPR to +50/-300 basis points;

c) Retain the Cash Reserve Ratio (CRR) at 45.0 per cent for Deposit Money Banks and 16.0 per cent for Merchant Banks;

d) Retain the 75.0 per cent CRR on non-TSA public sector deposits; and

e) Retain the Liquidity Ratio (LR) at 30.0 per cent.

My decision was based on the following considerations.

1. Global Economic Developments

The global economic environment remains uncertain. The short-term outlook continues to be clouded by factors which include: ongoing geopolitical tensions, especially in the Middle East, the Russia-Ukraine War, European security concerns, elevated energy prices, and supply disruptions to international trade. Nevertheless, global growth is estimated at 3 per cent and 3.4 per cent in 2026 and 2027, respectively, from 3.5 per cent in 2025.

The global composite PMI expanded to 53.5 index points in August 2026 from 52.7 index points in the preceding month. The global manufacturing and services PMI also expanded to 53.0 and 53.7 index points, respectively, in August 2026 compared to 52.6 and 53.0 in July 2026.

Although inflation has eased across many jurisdictions, upside risks have not disappeared, and financial markets remain vulnerable to sudden shifts in sentiment. Consequently, financial conditions remain relatively tight, and capital flows to emerging and developing economies are likely to remain sensitive to shifts in global risk sentiment.

2. Domestic Macroeconomic Developments

The domestic economy has shown encouraging signs of improvement. Some of the positive economic developments include the fact that Nigeria returned to the emerging market bond index of J.P. Morgan; sustained stability in the exchange rate; stronger accretion to the nation's external reserves; an increase in the real policy rate; and the Balance of Payments (BOP) and Current Account Balance (CAB) recorded surpluses in the second quarter of 2026.

The National Bureau of Statistics data showed that Nigeria's headline inflation slowed to 15.39 per cent in August 2026 from 15.43 per cent in July, marking the third consecutive month of moderation. Food inflation also declined to 19.57 per cent from 20.31 per cent, while core inflation moderated significantly to 13.29 per cent from 14.97 per cent. Equally important, the 12-month moving average of headline inflation has declined consistently for twenty consecutive months, suggesting that underlying price pressures are easing sustainably.

The external sector has continued to strengthen. The balance of payments surplus improved to US$3.51 billion in the second quarter of 2026 from US$2.38 billion in the preceding quarter, while the current account surplus expanded significantly to US$7.54 billion. Gross external reserves reached US$55.25 billion as of September 18, 2026, sufficient to finance approximately 11.3 months of imports, which represented the highest level recorded in a long time. These developments have contributed to improved exchange rate stability and enhanced investor confidence.

Domestic output growth also remained robust. Real GDP expanded by 4.43 per cent in the second quarter of 2026, compared with 3.89 per cent in the preceding quarter. Growth was broad-based, with strong contributions from both the oil and non-oil sectors. The continued expansion in the non-oil sector and improvements in crude oil production underscore the resilience and diversity of economic activity. Furthermore, the Purchasing Managers' Index increased to 52.7 points, indicating sustained expansion in business activity.

The banking sector also remained safe, stable and strong. Recent recapitalisation efforts have improved liquidity and profitability indicators despite minor concerns. The solid institutional resilience has expanded the sector's ability to support long-term economic activity. The challenge now is ensuring that financial strength translates into greater support for productive sectors of the economy. Moreover, improvements in the monetary policy implementation framework, including the adoption of more market-reflective operational benchmarks, would continue to support greater transparency and effectiveness in policy transmission.

3.0 My Belief in the Policy Reset

My support for resetting the MPR and recalibrating its corridor is predicated on my conviction that the operational framework of monetary policy should evolve in response to changing economic realities. Over time, a disconnect has emerged between the policy rate and financial markets' operational fundamentals. Of more concern has been the sub-optimal standing facility corridor around the MPR which our financial market stakeholders manipulate

to help their set vision daily. When policy signals are not effectively reflected in market behaviour, the ability of central bank actions to influence economic outcomes becomes weakened. In such circumstances, recalibrating the framework becomes necessary to restore clarity and improve policy effectiveness.

I, therefore, view the decision mainly as an effort to make monetary policy more intelligible, more transparent, and ultimately more influential in shaping market outcomes. It is an adjustment designed to strengthen communication between the central bank and financial markets rather than an attempt to stimulate demand aggressively.

At the same time, I believe caution still remains our watchword. While inflation has moderated significantly over three periods, the underlying drivers of price instability have not been completely eliminated. Consequently, it was appropriate to maintain other key aggregate monetary parameters, foreign reserves, headline inflation anchors, productive capacity indicators, and sectoral productivity, amidst national security, in order to safeguard the progress already achieved.

4.0 My Concern

My primary consideration at this meeting is the limited responsiveness of productive sectors to improvements in macroeconomic conditions. It is my fervent hope that the renewed fiscal-monetary co-operation will address many structural supply-side constraints over time. While Nigerians witnessed a notable deceleration of 0.86 percentage points in headline inflation month-on-month in August 2026 compared to the preceding month, the moderation in the rate of price increases may result in greater price stability if the current momentum in widespread agricultural harvest is sustained. Inflation deceleration, if sustained, can foster a more conducive environment for savings, investment, foreign inflow and long-term decision-making.

Another area of concern is food inflation. While recent moderation is encouraging, food prices remain vulnerable to structural challenges that monetary policy alone cannot resolve. Agricultural productivity continues to be affected by infrastructure gaps, logistics inefficiencies, social insecurity, inadequate storage facilities, and limited irrigation coverage. Attainment and sustenance of price stability will depend on sustained actions, which may be boosted by the recent MOU signed by the CBN and FMF on September 18, 2026. Better coordination of fiscal and monetary policy can further enhance policy consistency and reduce conflicting signals. For instance, the risk of fiscal pressures linked to budget implementation and forthcoming general elections will be suppressed. Nevertheless, coordination should not be mistaken for convergence of responsibilities. The credibility of

monetary policy is strongest when decisions remain firmly anchored on objective empirical evidence and medium-term price stability considerations.

5.0 Conclusion

The outlook for the Nigerian economy is more favourable today than it was, a year ago. Inflation is easing, investor confidence is strengthening, and growth remains positive. The next agenda for Nigeria is to ride on the existing macroeconomic stability to fast growth which will eventually promote shared prosperity for Nigerians. Patience is required here to allow these economic and social processes to evolve over time. Nonetheless, optimism must not give way to complacency. As global uncertainty remains elevated, domestic political activities may introduce new spending pressures, and supply-side vulnerabilities continue to pose risks to the inflation outlook. We must therefore continue to evaluate incoming data carefully and remain prepared to respond promptly should circumstances change.

4. EMEM USORO

At the Monetary Policy Committee (MPC) meeting held on **September 21–22, 2026**, I voted to:

1. **Reset** the Monetary Policy Rate (MPR) by 350 basis points, from 26.50 per cent to 23.00 per cent;
2. **Recalibrate** the asymmetric corridor around the MPR from +50/–450 basis points to +50/–300 basis points, placing the Standing Lending Facility (SLF) rate at 23.50 per cent and the Standing Deposit Facility (SDF) rate at 20.00 per cent; and
3. **Retain** the Cash Reserve Ratio (CRR) at 45 per cent for commercial banks, 16 per cent for merchant banks, and 75 per cent for non-TSA public sector deposits.

This decision is a one-off reset of the policy rate and a recalibration of the standing facilities, not the start of an aggressive easing cycle. Persistent structural liquidity surpluses have kept the overnight financing rate near the lower bound of the corridor, reducing the effectiveness of the MPR as the principal operating anchor of monetary policy. The adjustment, therefore, seeks to realign the policy rate with prevailing money market conditions and market expectations, thereby restoring the transmission and signalling role of the policy framework. Importantly, the recalibrated corridor limits the extent of effective monetary accommodation, ensuring that the real policy rate remains positive and the overall stance remains restrictive. Given the long and variable lags of monetary policy and the considerable distance of policy settings from neutral levels, a decisive 350-basis-point adjustment provides clarity to markets, curbs speculation about protracted small cuts, and reinforces the Bank's continued commitment to price stability.

Additional considerations underpinning the policy reset and recalibration included the sustained disinflation, strengthening growth momentum, and the improved anchoring of inflation expectations. Inflation has moderated considerably from previous highs, while underlying monthly price dynamics have remained broadly stable. Consequently, the ex-ante real policy rate has become increasingly restrictive, remaining firmly positive and materially above estimates of the neutral rate. Furthermore, growth momentum has strengthened and broadened across key sectors of the economy. Against this backdrop, improving confidence in the disinflation process and firmer economic fundamentals have led market participants to price in a lower interest-rate trajectory, widening the gap between the policy stance and prevailing market rates.

The residual inflation is predominantly cost-push in nature and, therefore, has low sensitivity to further monetary tightening. Food supply constraints, logistics bottlenecks, elevated energy costs and structural weaknesses in agricultural value chains continue to account for a significant share of price pressures. Monetary policy influences aggregate demand, so attempting to offset supply shocks through further restriction implies a high sacrifice ratio (i.e. a large loss of output for little additional disinflation). Beyond that, a persistently high real cost of capital depresses investment and capital accumulation, thereby constraining the growth of potential output and the very supply-side capacity required to reduce inflation durably over the medium term.

The interest rate and credit channels of monetary policy transmission remain impaired, with credit conditions tighter than macroeconomic fundamentals warrant. Elevated interest rates have tilted the investment preference of banks significantly towards risk-free assets and remunerated placements at the Standing Deposit Facility (SDF) window, over private sector intermediation. Consequently, credit to the productive sectors has grown sluggishly, and heavy issuance of government securities continues to crowd out private sector credit. In this environment, changes in the policy rate are transmitted only weakly to retail lending and deposit rates.

In parallel, the external environment provides scope to recalibrate domestic policy, although continued vigilance is warranted. Risks associated with geopolitical tensions, commodity price volatility and global trade uncertainty persist. Nonetheless, the economy is better positioned to absorb such shocks on the back of a relatively stable exchange rate, which limits the risk of pass-through to domestic prices; adequate external reserve buffers; and improved investor confidence. With the real policy rate remaining positive after this adjustment, the yield differential should remain supportive of portfolio inflows and exchange rate stability.

Looking ahead, disinflation is expected to continue, albeit at a measured pace. This inflation outlook is conditioned on sustained exchange rate stability, continued implementation of reforms, improved food supply and broadly favourable external financing conditions. On balance, the risks have tilted towards supporting growth given that external spillovers appear contained, pass-through from recent geopolitical tensions has been limited, and the domestic growth outlook has improved. However, the high cost of capital continues to weigh on interest-sensitive sectors, notably manufacturing, housing, and small and medium-sized enterprises. Lowering the cost of capital would help convert the gains in macroeconomic stability into broader, investment-led growth.

In sum, resetting the MPR, recalibrating the asymmetric corridor and retaining the CRR constitute a prudent step towards a more effective and balanced policy framework. The monetary policy mix preserves a positive real interest rate, aligns the policy rate with money market conditions and market expectations, strengthens monetary policy transmission, and supports sustainable growth while keeping inflation firmly in check. Future decisions will, therefore, remain strictly data-dependent and contingent on continued evidence that the disinflation process is durable, particularly the evolution of core and food inflation, inflation expectations and exchange rate developments.

I wish to underscore, however, that monetary policy alone cannot secure lasting disinflation. Sustained progress will require effective coordination with the fiscal authorities, including prudent deficit financing that does not undermine liquidity management, and complementary structural policies to ease supply constraints, particularly in food production, security, logistics and energy. The Committee, therefore, remains prepared to act decisively should inflationary risks re-emerge.

5. LAMIDO ABUBAKAR YUGUDA

At the 307th meeting of the Monetary Policy Committee held on September 21 and 22, 2026, I voted in support of the Committee's decision to:

- Reset the Monetary Policy Rate (MPR) by 350 basis points to 23.00 per cent;
- Recalibrate the Standing Facilities corridor to +50/−300 basis points around the MPR; and
- Retain the Cash Reserve Requirement (CRR) at 45 per cent for Deposit Money Banks, 16 per cent for Merchant Banks, and 75 per cent for non-TSA public sector deposits.

This substantial rate adjustment represents a deliberate recalibration of our monetary policy stance, reflecting the confluence of improved macroeconomic conditions, enhanced external resilience, and the imperative to restore the signalling effectiveness of the policy rate.

Rationale for the Decision

Confirmed Disinflation Trajectory

Headline inflation has declined to 15.39 per cent in August 2026, the third consecutive month of decline after the temporary disruption caused by geopolitical shocks. This moderation is accompanied by easing in both food and core inflation, validating the Committee's earlier assessment that the inflation uptick was transitory rather than structural. The persistence of the disinflation process over this extended period, underpinned by exchange rate stability and the lagged effects of our prior tightening cycle, confirms that the macroeconomic environment has stabilised sufficiently to support gradual monetary easing.

Robust Economic Growth and Sector Performance

Real GDP growth accelerated to 4.43 per cent in the second quarter of 2026 from 3.89 per cent in the first quarter, reflecting broad-based economic expansion. The Purchasing Managers' Index continues to trend in expansionary territory, signalling sustained private sector dynamism. The economy is not suffocating under current policy settings, but it could benefit from measured support to unlock its full growth potential. The Committee has always maintained that monetary policy would begin to ease as soon as disinflation is sufficiently robust and macroeconomic stabilisation is restored. Now seems the right time to begin redeeming that pledge.

Strengthened External Position

Our external sector fundamentals are quite strong. Gross external reserves exceed $55 billion, supported by improved oil production, sustained diaspora remittances, and the increasingly visible benefits of Executive Order 9, which has bolstered government revenue flows. Nigeria's return to a major JP Morgan bond index and reclassification by FTSE Russell as a frontier market, coupled with recent credit rating upgrades from multiple agencies, attest to the strength of our reform trajectory and the growing confidence of the international investment community in the Nigerian economy.

The Necessity of Policy Rate Recalibration

In recent months, excessive system liquidity stemming from the banking sector recapitalisation, secondary market OMO trading, and improved external inflows has induced a significant divergence between the policy rate and prevailing money market rates. Money market yields, interbank rates, overnight financing rates, and open market operation rates have adjusted substantially below the MPR. This divergence, which is reflective of both liquidity conditions and market participants' subdued expectations of inflation, suggests a need to improve the transmission effectiveness of the policy rate.

The high MPR has successfully signalled our anti-inflationary commitment over several years, anchored inflation expectations, supported external reserve accumulation, and established Nigeria's credibility in international markets. However, the current configuration of system liquidity has somewhat reduced the potency of the policy rate as the anchor on money market conditions as the corridor and the effective midpoint of monetary operations have shifted materially away from the MPR.

The recalibration of the MPR and the tightening of the Standing Facilities corridor address this structural shift. By adjusting the policy rate to more closely align with prevailing money market conditions, we restore the effectiveness of the MPR as a meaningful signal of monetary policy stance. This is a technical recalibration born of changed market structure, not a retreat from our commitment to price stability.

Real Interest Rates at Unsustainable Levels

The ex-post real policy rate had risen significantly, approximately 11 percentage points. While Nigeria requires a positive real rate to support the naira and attract capital inflows, excessively high real rates suppress investment, discourage productive borrowing, and create perverse incentives. The current reset reduces the real rate to a more sustainable level

that can support investment without jeopardising exchange rate stability or capital attraction.

Now is the Optimal Timing

The convergence of multiple positive developments creates the ideal environment for this adjustment. We have achieved three months of confirmed disinflation, built substantial external reserves, secured both domestic and international validation of our reform programme through increasing output indicators, credit rating upgrades, bond index readmission and reclamation of frontier market status, and created policy space through stabilised exchange rates and reduced imported inflation.

Risks and Safeguards

Geopolitical risks remain elevated and warrant continued vigilance. However, the resilience we have built through prior reforms, our substantially strengthened external position, and improved domestic stability provide adequate buffers. The retention of our elevated CRR at 45 per cent and the recalibrated corridor maintain sufficiently restrictive overall conditions to anchor inflation expectations even as the policy rate declines.

Looking Forward

The critical question going forward is whether monetary policy transmission improves materially, in other words, whether the recalibration has fully addressed the anomaly it sought to eliminate. The real test of this decision will be whether interbank rates, NOFR, OMO rates, bank lending rates, and credit growth converge more closely around the new 23 per cent MPR. If market yields continue to diverge significantly from the policy rate, the Committee should stand ready to make further appropriate adjustments in order to normalise the market.

Conclusion

The Committee has conducted a prolonged and effective tightening cycle. The high MPR has successfully anchored inflation expectations and supported our external stabilisation over several years. We have built substantial buffers. The economy has stabilised significantly. Inflation has moderated. Growth is accelerating. International confidence has been restored. These achievements alone create the foundation for prudent easing

In addition, the current configuration of system liquidity has created a structural divergence between the policy rate and money market operations, requiring us to realign the MPR with prevailing money market conditions to restore its operational relevance. The 350-basis-point reset

accomplishes this in a measured manner that respects the need for continued monetary restraint while supporting economic activity.

6. MUHAMMAD SANI ABDULLAHI

My Vote

At this 307th meeting of the MPC, I note that the cumulative effect of our earlier policy tightening is becoming increasingly evident. Headline inflation moderated to 15.39 per cent in August 2026, from 15.43 per cent in July and 15.91 per cent in June. I am also encouraged by the strengthening of output conditions: real GDP expanded by 4.43 per cent year-on-year in the second quarter of 2026, while the composite PMI increased to 52.7 points in August, reflecting growth in output, employment and new orders. Notwithstanding these positive developments, I remain mindful that inflation is still elevated, with persistent food, energy and imported-cost pressures continuing to pose material risks to price stability.

The global environment remains uncertain, particularly because developments in the Middle East could affect crude oil prices, shipping costs and global risk sentiment. Although oil prices have remained elevated but relatively stable, the balance of risks remains asymmetric: renewed escalation could intensify domestic energy and imported price pressures, while sustained de-escalation would support the Bank's disinflation objective and reduce external-sector volatility.

At the July 2026 MPC meeting, I noted that elevated excess reserves held by deposit money banks, together with substantial Standing Deposit Facility placements, could impair monetary-policy transmission by weakening the responsiveness of unsecured overnight rates to the policy corridor. Accordingly, I support recalibrating the operational framework to maintain the Nigeria Overnight Financing Rate within the intended corridor around the MPR, thereby strengthening the policy rate's broad signalling function and its pass-through to the sovereign yield curve, bank funding costs, lending rates, aggregate demand and inflation expectations.

I recognise that election-related fiscal expansion and other incipient price pressures may propagate through transport, energy and production cost channels, amplifying economy-wide cost-push inflation. However, the cumulative and lagged effects of previous monetary policy tightening are expected to moderate aggregate demand and contain underlying inflationary pressures.

The sequential reductions in the Monetary Policy Rate to 27.00 per cent in August 2025 and 26.50 per cent in February 2026 provide an observable basis for calibrating the policy rate level required to generate an empirically and economically material pass-through to interbank money-market rates, the sovereign yield curve, bank lending and deposit rates, and, ultimately, aggregate demand and inflation expectations.

Conditional on the current information set, a further measured reset in the policy rate would not, in my assessment, materially compromise the restrictive monetary policy stance, provided that the resulting expected real policy rate remains positive relative to the relevant measure of expected inflation and that liquidity operations keep overnight rates aligned with the policy corridor. Staff surveys and market-based indicators suggest that medium term inflation expectations remain comparatively well anchored; exchange rate volatility and foreign exchange market imbalances have moderated; and core and headline inflation exhibit a sufficiently durable downward path. Additionally, at over US$55.25 billion, the gross external reserves provide a substantive 11 months of import cover, buffer against unanticipated balance-of-payments pressures, disorderly portfolio-flow reversals and episodic foreign-exchange liquidity shocks.

Despite the persistence of food, energy and imported cost pressures, the broad-based moderation in headline, core and imported food inflation indicates that the cumulative tightening cycle is generating a measurable disinflationary impulse. With the expected real policy rate remaining positive and liquidity management available to contain excess reserves, a reset of the MPR to 23 per cent would preserve an appropriately restrictive stance while improving transmission to market rates and limiting unnecessary costs to output and financial system stability.

Specifically, I voted to:

- **Reset** the Monetary Policy Rate (MPR) to 23.00 per cent.
- **Recalibrate** the Standing Facilities corridor around the MPR to +50/-300 basis points.
- Retain the Cash Reserve Ratio of Deposit Money Banks at 45.0 per cent and Merchant Banks at 16 per cent.
- Retain a 75 per cent CRR on non-TSA public sector deposits.

My Considerations

The uncertainty around developments in the Middle East and the domestic political transition remains cause for concern. The appropriate policy posture, therefore, is one of coordinated caution: preserving credibility, containing inflation risks, protecting external buffers, and ensuring that fiscal, monetary, and prudential policies reinforce one another. Data from the National Bureau of Statistics (NBS) shows that inflation developments are gradual but still fragile disinflation process. Headline inflation eased for a second consecutive month to 15.39 per cent in August 2026, from 15.43 per cent in July and 15.91 per cent in June, producing a three-month average of 15.58 per cent. Core inflation also moderated markedly to 13.29 per cent in August, compared with 14.97 per cent in July. Imported food inflation declined to

12.82 per cent in August from 13.24 per cent in July, indicating some easing in external price pressures.

The simultaneous moderation in headline and core inflation suggests that earlier policy tightening is gaining traction beyond volatile components, although the persistence of food, energy and imported-cost pressures indicate that the disinflation process remains incomplete. Meanwhile, real GDP growth of 4.43 per cent year-on-year in the second quarter of 2026 and a composite PMI of 52.7 points in August indicate that activity remains resilient, reducing the immediate risk that maintaining a restrictive real policy stance would precipitate a broad-based contraction.

Despite these improvements, the composition of inflation remains a concern. Food inflation stood at 19.57 per cent in August and averaged 19.13 per cent between June and August, substantially above headline and core inflation. Food and non-alcoholic beverages remained the principal contributor to headline inflation, with a 16.06 per cent year-on-year contribution. Persistent food costs, energy-price pass-through to transportation and production, and imported-price pressures could slow further disinflation. These risks warrant maintaining a restrictive monetary policy stance; however, they do not preclude a calibrated reduction in the nominal policy rate if the resulting expected or forward-looking real rate remains positive and active liquidity operations prevent an unintended easing of money-market conditions. Sustained disinflation will also require complementary measures to improve food supply, reduce logistics and energy bottlenecks, manage excess liquidity and anchor inflation expectations.

Further analysis of the available data shows that monetary conditions continue to send mixed signals. Excess deposit money bank reserves and Standing Deposit Facility placements of ₦4.26 trillion could weaken the transmission of the 26.50 per cent Monetary Policy Rate and sustain inflationary pressure. At the same time, the prospective Dangote initial public offering could temporarily absorb about ₦2.15 trillion from system liquidity, although the ultimate effect will depend on the investor mix and the timing and deployment of the proceeds. External reserves of US$55.25 billion provide an important exchange-rate buffer, while Nigeria's inclusion in the J.P. Morgan GBI-EM Edge benchmark, with a 7.4 per cent weighting and qualifying bonds valued at US$17.47 billion, may support capital inflows and lower sovereign borrowing costs. These benefits remain vulnerable to stronger foreign-exchange demand, global oil market disruption and a prolonged standoff in the Strait of Hormuz.

The banking system remains liquid and broadly sound, with the capital adequacy ratio rising to 13.21 per cent and the liquidity ratio at 57.92 per

cent in August 2026. Excessive tightening could suppress productive credit, raise debt-service burdens and further weaken asset quality.

Against this background, I consider a calibrated reset of the Monetary Policy Rate to 23 per cent appropriate at this meeting. The adjustment should be supported by active liquidity management to absorb persistent excess reserves, strengthen monetary-policy transmission and keep short-term market rates aligned with the policy corridor. The Nigeria Overnight Financing Rate should serve as the operational target for money-market conditions, while closer fiscal-monetary coordination should avoid demand-stimulating measures that could amplify election-related spending pressures and weaken price stability.

Outlook

In my assessment, Nigeria's near-term economic outlook for the remainder of 2026 warrants cautious optimism, although I remain attentive to the significant downside risks arising from evolving global conditions. I expect growth momentum to remain resilient, supported by the 4.43 per cent year-on-year expansion in real GDP in the second quarter of 2026, a stable exchange rate, the increase in the composite PMI to 52.7 points in August, improving business confidence, and the post-recapitalisation resilience of the banking sector. I also anticipate that inflation could continue to moderate gradually if the effects of earlier monetary tightening persist and food-supply conditions improve. Nonetheless, I remain concerned that food inflation of 19.57 per cent in August, elevated energy costs, imported inflation, and potential fiscal expansion could sustain underlying price pressures.

Based on my evaluation, liquidity conditions in the near term will be shaped by competing forces. I expect the Dangote IPO to create a temporary liquidity drain, although the subsequent deployment of the proceeds could return funds to the banking system. I remain concerned that continued excess reserves would weaken policy transmission, while an abrupt tightening of liquidity could constrain credit and exacerbate non-performing loans. On the external side, I consider reserve adequacy and prospective portfolio inflows associated with Nigeria's return to a J.P. Morgan bond benchmark supportive of exchange-rate stability; nevertheless, I remain mindful that stronger foreign exchange demand, volatile oil prices and geopolitical disruption around the Strait of Hormuz constitute material downside risks. Accordingly, I favour a data-dependent policy stance, with any future adjustment contingent on sustained disinflation, improved liquidity transmission, stable reserves and clear evidence that financial-system risks are contained.

Against this backdrop, I share the view that a calibrated easing decision would remain consistent with price stability if the post-adjustment expected real policy rate remains positive, liquidity operations keep overnight rates aligned with the policy corridor, and incoming data confirm sustained broad-based disinflation. This conditional approach balances stronger monetary policy transmission with the preservation of external stability, financial system soundness and resilient output growth.

7. MURTALA SABO SAGAGI

CONTEXT

The 307th meeting of the Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) held on September 21 – 22, 2026, against the backdrop of a global economy still contending with the renewed hostilities in the Middle East, and elevated energy prices. Domestically, however, it is glaring that the economy is resilient, relatively stable and its outlook remains positive, largely due to painstaking reforms implemented. Headline inflation declined for the third consecutive month to 15.39 per cent in August 2026, from 15.43 per cent in July, with both food and core inflation moderating; real GDP growth accelerated to 4.43 per cent in Q2 2026; gross external reserves rose to US$55.25 billion, the highest level in 18 years; and the balance of payments remained in surplus. After a thorough assessment of domestic and global conditions, I was convinced that these positive developments cannot be easily ignored, and a measured reset of the Monetary Policy Rate (MPR) and a recalibration of the standing facilities corridor were needed to enhance the effectiveness of monetary policy. The recent shift towards greater fiscal and monetary collaboration is notable. The reset of the MPR has the potential to create the necessary policy alignments to stimulate domestic productivity, especially in the real sector, in addition to unlocking new jobs.

GLOBAL AND DOMESTIC ECONOMIC ENVIRONMENT

Global

Global economic conditions remain challenging. Global growth is projected at 3.0 per cent in 2026, compared with 3.5 per cent in 2025, reflecting the shocks from the Middle East conflict, persistent trade policy uncertainty, and constrained fiscal space in many economies, although stronger technology-related investment is expected to partly offset the slowdown. Risks to global inflation remain tilted to the upside, as persistent supply chain disruptions, elevated crude oil and other commodity prices, and increasing trade fragmentation could intensify price pressures and delay the normalisation of monetary policy in several advanced economies. For Nigeria, imported inflation and higher crude oil prices are concerning. However, improved domestic oil production, external buffers, and an improved balance of payments have positioned the economy to better absorb external shocks. Also, in the short and medium term, there is no likelihood of noticeable capital outflows.

Domestic

Nigeria's real GDP grew by 4.43 per cent in Q2 2026, up from 3.89 per cent in Q1 2026, reflecting improved performance in both the oil and non-oil sectors. The non-oil sector expanded by 4.31 per cent, from 3.94 per cent in the preceding quarter, driven largely by information and communications technology, crop production, real estate, livestock, financial services and trade, while the oil sector grew by 7.31 per cent, from 2.57 per cent, supported by increased production and investments. The composite Purchasing Managers' Index rose to 52.7 index points in August 2026, from 51.1 in July, pointing to further expansion in business activity. This resilience, recorded in spite of a prolonged period of monetary tightening and a renewed conflict in the Middle East, is a creditable outturn. On prices, headline inflation (year-on-year) eased to 15.39 per cent in August 2026, from 15.43 per cent in July, the third consecutive monthly decline. Food inflation declined to 19.57 per cent, from 20.31 per cent, while core inflation fell more sharply to 13.29 per cent, from 14.97 per cent. Importantly, the 12-month moving average headline inflation declined to 16.30 per cent, marking twenty consecutive months of moderation, while month-on-month headline inflation slowed markedly to 0.71 per cent, from 1.57 per cent, a clear indication that underlying price pressures are easing.

Nigeria's external sector has strengthened further. Gross external reserves stood at US$55.25 billion as at September 18, 2026, the highest in 18 years and sufficient to finance approximately 11.3 months of imports of goods and services. The balance of payments recorded a surplus of US$3.51 billion in Q2 2026, up from US$2.38 billion in Q1, while the current account surplus rose by 67.92 per cent to US$7.54 billion. The foreign exchange market transparency and liquidity continue to strengthen the Naira over time.

It is worth noting that the reforms implemented from 2023, even though painful for citizens, are gradually restoring the nation's economic fundamentals. Accordingly, there must be deliberate shift towards credible and transparent people-oriented development policies to sustain stability and promote inclusive growth.

MAJOR CONSIDERATIONS

A Firmer and More Sustained Disinflation Trajectory

At our last meeting, I considered the marginal decline in headline inflation insufficient to justify any adjustment to the policy stance. Currently, the data appears more convincing: headline inflation has declined for three consecutive months, food inflation has reversed its earlier uptick, core inflation has fallen by 1.7 percentage points in a single month, and the 12-

month moving average of headline inflation has moderated for twenty consecutive months. The sharp deceleration in month-on-month inflation further confirms that the disinflation process is becoming broad-based rather than transitory. The outlook also remains favourable, underpinned by exchange rate stability, the lagged impact of earlier tightening, improved fiscal and monetary collaboration, expected improvements in food supply as the harvest season progresses, and the Presidential Initiative on the National Affordable CNG Transit Programme, which should lower transportation costs.

Growth Resilience despite Tightening and External Headwinds

The acceleration of GDP growth to 4.43 per cent in Q2 2026, together with an expanding PMI, demonstrates that the economy is resilient despite a prolonged tight monetary stance and the renewed conflict in the Middle East. This resilience, however, should not be mistaken for sufficiency. Growth still remains below 5.0 per cent, which is grossly inadequate to create massive new jobs and reduce poverty in the country.

Strong External Buffers and a Positive Balance of Payments

External reserves of about US$55 billion, covering more than eleven months of imports, together with a positive balance of payments and a rising current account surplus, have significantly strengthened Nigeria's buffers against external shocks. At our last meeting, I viewed the external position as a buffer rather than a trigger for easing. With the disinflation process now more firmly established, these strong buffers provide the Committee with the confidence that the reset of the monetary policy rate (MPR) will not undermine exchange rate stability or reignite imported inflation.

A Stronger Banking System and an Appreciating Naira

The successful recapitalisation programme has enhanced the capital buffers and resilience of the banking system and has expanded its capacity to finance long-term projects in critical sectors of the economy. A well-capitalised banking system and a stable, appreciating currency together create a supportive environment for policy fine-tuning to translate into increased credit to the real sector, especially agriculture, manufacturing and small businesses.

Improving Confidence and Improved Sovereign Ratings

Confidence in the Nigerian economy has improved considerably, as reflected in investors' growing willingness to accept lower yields on domestic instruments. This has been reinforced by improved ratings from multiple rating agencies, signalling that the reforms of the past period have strengthened the country's fundamentals. The observed divergence between the MPR and

prevailing market rates also weakened the transmission of monetary policy. Resetting the MPR closer to market realities, alongside a recalibration of the corridor, will restore the primacy of the policy rate as the principal signal of monetary policy and support the transition to an inflation targeting framework.

Election Spending and Fiscal-Monetary Coordination

I remain mindful that election-related spending has historically exerted pressure on demand and prices. On this occasion, however, I do not expect election spending to disrupt monetary conditions significantly, given the strength of the Bank's liquidity management tools, the sustained tight Cash Reserve Requirement, and, importantly, the signing of the Memorandum of Understanding (MoU) on fiscal-monetary coordination between the Federal Ministry of Finance and the CBN. This MoU provides a structured framework for harmonising fiscal and monetary actions towards low and stable inflation.

The Case for Recalibrated Easing

Overall, the developments above are positive and cannot be easily ignored. In my view, a reset of the MPR and the recalibration of the corridor at this meeting is justified for three reasons. First, the economy is shown to be resilient and stable, and the sacrifices of the reform and tightening period are yielding tangible results. Second, confidence in the growth potential of the economy has been visible among both domestic and foreign investors. Third, and most importantly, the combination of these positives will help stimulate lending to the productive sectors of the economy, and, in turn, raise productivity, generate employment and reinforce the supply-side foundations of the disinflation process. Indeed, channelling credit to the productive sectors may not happen automatically. Hence, the recalibrated policy must be backed by deliberate policy actions and engagements with critical stakeholders, especially banks, insurance companies, credit guarantee agencies and others.

A Note of Caution

Monetary policy resetting and recalibration alone cannot deliver the growth the economy requires. The productive capacity of the economy remains weak on account of inadequate infrastructure, clashes in farming and mining communities, weak governance, and increasing public debt burden. This underscores the need for complementary fiscal, structural and governance reforms to make central and sub-national governments more responsible and responsive.

MY VOTE

- **MPR:** Reset at 23.00 per cent;
- **Standing Facilities Corridor:** Recalibrated to +50/−300 basis points around the MPR;
- **Cash Reserve Requirement (CRR):** Retained at 45.00 per cent for Deposit Money Banks; 16.00 per cent for Merchant Banks; and 75.00 per cent for non-TSA public sector deposits.

POLICY RECOMMENDATIONS

Looking ahead, I recommend the following:

I. Incentivising Credit to the Productive Sectors: The CBN should design incentives that encourage banks to direct credit to the productive sectors of the economy, thereby reducing the concentration of lending in a few sectors and ensuring that the recalibrated easing translates into increased output and employment.

II. Single-Digit Credit for Agriculture: Development Finance Institutions should work closely with the CBN to deliver single-digit credit to farmers, agro-processors and agricultural input suppliers, to boost food production, strengthen agricultural value chains and sustain the moderation in food inflation.

III. Sanitising and Regulating the Mining Sector: The relevant authorities should sanitise and effectively regulate the mining sector to unlock its considerable potential for growth, foreign exchange earnings and revenue, while curbing illegal mining activities that fuel insecurity in rural and farming communities.

IV. Accountability and Transparency: A fresh national conversation on strengthening accountability and transparency in the management of public resources is urgently needed to ensure that the fiscal space created by improved macroeconomic conditions is deployed efficiently towards growth-enhancing investments.

8. MUSTAPHA AKINKUNMI

1. Introduction

At this meeting, I depart from the policy posture I have maintained consistently since joining the Committee in 2024 and vote to reset the MPR at 23 per cent from 26.50%.

Furthermore, I vote to recalibrate the asymmetric corridor around the MPR to +50/-300 basis points, while retaining all other policy parameters such as the CRR at 45.00% for Deposit Money Banks, 16% for Merchant Banks, and 75% for non-TSA public sector deposits, alongside the Liquidity Ratio at 30%.

This vote aligns with the decision of the 307th MPC meeting on September 21–22, 2026, and follows the Committee's consensus at the 306th meeting in July 2026 to hold the policy rate at 26.50%.

Throughout my tenure on this Committee, I have consistently maintained that Nigeria's inflationary dynamics are persistently entrenched and that monetary easing should be contemplated only when disinflation exhibits clear breadth and durability.

At this meeting, I judge that this empirical threshold has finally been crossed. Headline inflation has now decelerated for three consecutive months, reaching its lowest level since March 2026, while food inflation has contracted for the first time in six months, interrupting a five-month upward trajectory. Accompanied by a materially strengthened external position, these combined developments provide for the first time in this tightening cycle sufficient evidence that the disinflationary process is consolidating. This warrants a decisive recalibration of our policy stance rather than a merely incremental adjustment.

2. Economic and Financial Context

The global macroeconomic environment presents a nuanced picture. According to the IMF's July 2026 World Economic Outlook Update, global output growth is projected at 3.0% in 2026 and 3.4% in 2027, while global inflation is expected to pick up to 4.7% in 2026 before moderating to 3.9% in 2027. Meanwhile, financial conditions across advanced economies have tightened further, highlighted by the US Federal Reserve's 25 basis point rate hike on September 16, 2026, to a target range of 3.75–4.00%. While this adjustment narrows the yield differential in Nigeria's favour, its implications for cross-border capital flows necessitate continued vigilance as the Committee pivots toward policy easing.

Domestically, Nigeria's external position has fortified significantly since our July meeting. Gross external reserves expanded to approximately $55.25billion as of September 18, 2026, up from roughly $51.90billion in mid July 2026, underpinned by robust export receipts, stronger foreign exchange inflows, and sustained investor confidence. Hydrocarbon output continued its upward trajectory, with combined crude oil and condensate production

rising to 1.68 mbpd in August 2026 from 1.67 mbpd in July. Notably, crude oil production alone reached 1.50 mbpd, fulfilling Nigeria's OPEC quota for the fourth consecutive month and providing crucial tailwinds for reserve accretion, fiscal revenues, and external liquidity.

Banking system liquidity remains abundant. Average liquidity stood at approximately ₦2.86 trillion in the week preceding this meeting. A 15.97% increase from ₦2.46 trillion the previous week, with projected weekly inflows of ₦2.47 trillion dominated by OMO maturities at 91.8% of the total. Though this reflects a degree of normalisation from the heightened liquidity levels observed earlier in the year, prudent liquidity management remains paramount to ensure effective policy transmission as the monetary stance is recalibrated.

Crucially, the disinflationary process has demonstrated genuine broad-based momentum. Headline inflation decelerated for the third consecutive month to 15.39% in August 2026 from 15.43% in July, registering its lowest reading since March 2026. Food inflation, the primary driver of consumer price dynamics, contracted to 19.57% year-on-year in August down from 20.31% in July, breaking a five-month acceleration trend, while month-on-month food price growth moderated sharply to 1.02% from 5.56%. Core inflation likewise eased markedly to 13.29% year-on-year, compared with 22.93% a year prior. For the first time in the current cycle, headline, food, and core inflation measures have aligned in a decisive downward trajectory, supported by stabilising energy costs and early harvest season arrivals feeding through to retail prices.

Fiscal conditions, however, exhibited nominal volatility. The September 2026 FAAC distribution disbursed ₦2.338 trillion from August revenues. A 22% contraction from the ₦3.007 trillion allocated for July, driven by a decline in gross statutory revenue to ₦2.850 trillion from ₦4.359 trillion, which was only partially offset by stronger gross VAT collections of ₦834.84 billion up from ₦793.97 billion. This fiscal moderation highlights the imperative of continued fiscal restraint to complement the easing of our monetary stance.

3. Rationale for the Vote

The empirical landscape has shifted fundamental parameters since our July session. Headline inflation has moderated for three consecutive cycles, food inflation has recorded its first contraction in six months, external buffers have expanded by more than US$3 billion, and upstream hydrocarbon output has met the OPEC target for four consecutive months. This confluence of data satisfies the exact criteria I specified for a policy pivot, which is widespread and persistent disinflation complemented by a resilient foreign exchange reserve position capable of buffering capital flow volatility.

Prior to this meeting, an MPR of 26.50% against August headline inflation of 15.39% yielded a real ex-post policy rate of approximately +11.11%. In my assessment, this level of policy tightness had become overly restrictive relative to the underlying disinflationary momentum. Even after today's 350-basis-point easing, the real policy rate remains substantially positive at roughly +7.61%, preserving monetary discipline while easing debt-service pressures on productive real-sector investment. This adjustment is already reflected in the

yield curve, where a downward and flatter shift signals market confidence in our macro stabilisation path.

Placing this decision within a regional comparative framework remains instructive. Across peer central banks, the Bank of Ghana lowered its policy rate to 14% as headline inflation reached single digits; the South African Reserve Bank held its repo rate at 7% with inflation anchoring around 5%; and the National Bank of Ethiopia maintained a 16% rate to curb persistent pressures. Nigeria's real policy rate following the MPR reset remains attractive relative to regional benchmarks, confirming that a bold, front-loaded adjustment is fully consistent with prudent policy management rather than a series of prolonged, piecemeal reductions.

While a 350 basis point rate reduction is an unusually large adjustment in a single meeting, it reflects the scale of the structural shift in our inflation metrics. With headline, food, and core inflation moving decisively in tandem for the first time in the current cycle, a decisive recalibration aligns policy with economic reality while avoiding unwarranted constraints on real activity. Crucially, the continued sterilisation of excess liquidity via OMO ensures that the Central Bank retains total operational capacity to maintain monetary neutrality and absorb excess banking system liquidity as required.

4. Policy Implications and Outlook

Nigeria's growth trajectory presents a cautiously positive outlook, balanced against clear downside risks. The IMF's July 2026 World Economic Outlook forecasts real GDP growth at 4% in 2026, marking Nigeria as a leading performer among Emerging Market and Developing Economies, trailing only India at 6.4% and China at 4.6%, while expanding faster than Brazil at 2.4% and Saudi Arabia at 1.7%. This expansion reflects structural tailwinds from rising oil output, steady service sector performance, exchange-rate convergence, and ongoing policy reforms. However, persistent global inflation projected at 4.7% for 2026, and elevated interest rates in advanced economies require rigorous oversight of imported inflation and external capital flow dynamics.

Food price mechanics remain the central variable in our inflation path. Although August's deceleration is a positive indicator, it represents a single data point breaking a five-month inflationary trend and must not be mistaken for a permanent elimination of supply shocks.

Effective liquidity management is vital to preserving monetary control alongside this rate adjustment. Given substantial banking system liquidity and large upcoming OMO maturities, active sterilisation operations are required to ensure the lower policy benchmark reduces real borrowing costs without triggering excess demand. Additionally, we must remain alert to liquidity expansions driven by fiscal injections and cycle-dependent public expenditure. Ultimately, monetary easing cannot act in isolation; its success depends on strong monetary-fiscal synergy, sustained upstream production, and infrastructure investments that resolve persistent supply-chain bottlenecks.

5. Conclusion

In summary, I vote in favour of resetting the Monetary Policy Rate to 23% and narrowing the Standing Facility Corridor to +50/–300 basis points, while holding the Cash Reserve Ratio parameters and Liquidity Ratio firm.

The domestic economy has delivered the first synchronised, broad-based disinflationary signal of the current cycle, underpinned by a resilient external buffer. This macro alignment justifies a bold, front-loaded policy shift. However, monetary policy must remain conditional and alert, ensuring that the recent moderation in food price dynamics consolidates into a permanent trend rather than a transient seasonal reprieve.

Accordingly, I vote to:

- Reset the Monetary Policy Rate to 23%;
- Recalibrate the Standing Facility Corridor around the MPR to +50/–300 basis points;
- Maintain the Cash Reserve Ratio at 45% for Deposit Money Banks, 16% for Merchant Banks, and 75% for non-TSA public sector deposits; and
- Retain the Liquidity Ratio at 30%.

9. PHILIP IKEAZOR

Over the past three months, monetary policy has increasingly restrained persistent price pressures. At the same time, real interest rates have continued to rise, while credit growth remains weak and concentrated in the energy sector. In line with my position at the July MPC meeting, sustained disinflation now provides scope to reset the policy rate to be less restrictive, market-aligned, and support the real sector without compromising the Bank's anti-inflationary stance. Accordingly, I voted to:

(1) Reset the MPR at 23.00 per cent.

(2) Recalibrate the Standing Facility corridor around the MPR at +50/-300 basis points.

(3) Retain the CRR for Commercial Banks at 45.0 per cent.

(4) Retain CRR for Merchant Banks at 16.0 per cent.

(5) Retain the CRR for non-TSA public sector at 75.0 per cent.

Global and Domestic Developments

Despite renewed geopolitical tensions, energy-supply disruptions, and tighter fiscal space, the global economy has avoided a severe downturn. Growth remains subdued and risks elevated, though strong investment in artificial intelligence continues to support economic activity and financial conditions. On average, the IMF, World Bank, and UNCTAD forecast global growth of about 2.90 per cent in 2026 and 3.03 per cent in 2027. The IMF further projects inflation to rise sharply to 4.7 per cent in 2026 before moderating to 3.9 per cent in 2027, largely due to conflict-related pressures on energy and food prices.

Amid heightened global uncertainty, domestic inflation eased in both rural and urban areas, although urban inflation remained elevated; rural core inflation fell to 9.9 per cent in August. Economic activity also remained strong, expanding by 4.43 per cent in Q2 2026, the strongest growth since Q3 2021. However, the outlook remains fragile due to constrained fiscal space, a large deficit, and the balance of payments' exposure to geopolitical shocks. Nigeria's trade structure compounds these risks, as expenditure on PMS and crude-oil imports far exceeds investment in machinery. This imbalance

restricts fiscal capacity, weakens domestic production, and hinders the efficient allocation of foreign exchange.

Taken together, global and domestic conditions remain mixed. While easing inflation and stronger output provide grounds for cautious policy recalibration, rising domestic energy costs and heightened global uncertainty continue to pose upside risks. The policy stance must therefore remain responsive to inflation, trade fragmentation, geopolitical tensions, and related geoeconomic vulnerabilities.

My Considerations

Statistics show that, at end-August 2026, money supply had risen by a further 0.22 percentage point from July, potentially reversing the contractions recorded in Q1 2026, and stood 3.40 percentage points above the annual benchmark. Although this stronger-than-expected expansion warrants closer scrutiny of its pace and composition, contractions in transferable deposits and currency outside depository corporations may point to tighter liquidity or broader demonetisation. Meanwhile, broad-based inflation moderation over the preceding three months, together with exchange-rate stability, indicates stronger policy traction and supports a moderately restrictive stance conducive to productive borrowing.

The composition of credit growth further reinforces the case for policy resetting. Credit to the core private sector rose by 12.23 per cent, only 1.03 percentage points more than credit to the non-core private sector (states and local governments). Although this expansion supports core private sector-led growth, the narrow differential points relative to the non-core private sector indicates the pressure on productive sectors and partial crowding out. A rate cut would therefore help strengthen private-sector credit and reduce the risk of partial crowding from intensifying.

To preserve price stability, however, any reduction in the benchmark rate should be accompanied by a narrower standing facility corridor, as persistent excess liquidity indicates that the corridor remains insufficiently restrictive. Recalibration is therefore necessary to safeguard price stability. The Nigerian Overnight Financing Rate (NOFR), the operational target of monetary policy, stood only 0.04 percentage point above the Standing Deposit Facility (SDF) rate and near the corridor's lower bound. This position reflects excess liquidity and weak interbank activity, reinforcing the need to reset the corridor following the policy-rate reduction and contain inflationary pressures.

With this safeguard in place, real-sector conditions provide additional support for balanced policy recalibration. Sustained disinflation under monetary restraint has increased the real interest rates but also raised the opportunity cost of real-sector investment, making the persistence of real interest rate, central to the timing of policy normalisation. While the broad-based expansion in the purchasing managers' index (PMI) reflects lower input costs, stronger consumer demand, and increased domestic production, these gains may weaken if restrictive conditions persist. Prolonged restraint could therefore dampen growth and make it more difficult to balance price stability with economic expansion.

Against this backdrop, the transition from prolonged monetary restraint to a moderately restrictive stance should support economic recovery while remaining responsive to persistent structural inflation risks, particularly amid global uncertainty and weak domestic industrial growth. As inflation continues to ease, complementing this recalibration with coordinated policies, sustained structural reforms, and stronger domestic productivity can lower living costs, revive industries, and preserve disinflation in the face of fiscal constraints and volatile oil revenues.

Although the recalibration may raise valid concerns about foreign investment, it is unlikely to significantly weaken inflows or trigger capital reversals. The real interest rate would remain above 7.0 per cent after the adjustment and competitive with those of comparable economies. Combined with strong reserves and stable exchange rate, this should continue to attract and sustain foreign capital inflows into the domestic economy.

In conclusion, with core inflation largely contained, a less restrictive policy stance should expand credit to the real sector and help ease supply-driven non-core inflation.

Its effectiveness, however, will depend on sustained fiscal action to remove structural impediments to monetary policy transmission. In particular, all three tiers of government should restructure the fiscal framework to provide dedicated funding for rural infrastructure, complementing the Federal Government's zero-duty food-import policy. Consolidated measures to address supply pressures from farm produce, food, and energy will be essential to sustain disinflation and strengthen growth.

10. RAYMOND O. OMACHI

1. Introduction

I voted as follows:

i. Reset the Monetary Policy Rate to 23.0 per cent.
ii. Recalibrate the Standing Facilities Corridor around the MPR to +50/-300 basis points.
iii. Retain the Cash Reserve Requirement (CRR) for Deposit Money Banks at 45.0 per cent, Merchant Banks at 16.0 per cent, and non-TSA public sector deposits at 75.0 per cent.

2. Rationale for my Voting Decision

The Committee met amid sustained moderation in inflation and improved domestic macroeconomic conditions, providing compelling evidence that the prevailing monetary policy stance has continued to contain price pressures. Despite elevated external risks, available data indicate that inflation is easing and that foreign exchange market conditions have improved, with sufficient reserve buffers.

These developments provide a comfortable basis to refocus on a new phase of reforms; one that will not only improve the implementation and transmission of monetary policy within the domestic financial market but also propel investment in the real sector and drive strong output growth in line with the Federal Government's trillion-dollar economy objective. In this regard, I am convinced that carefully adjusting policy parameters would consolidate the macroeconomic gains achieved so far.

Global growth remains subdued amid elevated geopolitical tensions. Tensions in the Middle East and persistent supply-side risks continue to push global inflation higher, leading to an uneven disinflation path. Despite this, the Nigerian economy has proved resilient. Recent inflation outcomes indicate that the disinflation process is becoming more firmly established. More reassuringly, food inflation has moderated after rising throughout the year. It is expected to ease further as the harvest season approaches.

Recent reforms by the monetary and fiscal authorities have laid a solid foundation for macroeconomic stability. Restrictive monetary policy, coupled with the Federal Government's economic reforms, has significantly reduced inflation. Foreign exchange market reforms have also improved liquidity and reduced exchange-rate volatility compared with earlier periods. Foreign reserves have improved, and market confidence has strengthened, supported by credible policies and the reclassification of Nigeria's credit

rating by several rating agencies. A reduction in policy rates is thus less likely to trigger significant capital outflows or destabilise the exchange rate, particularly with clear policy communication.

Although growth remains positive, the policy decision outlined at the last meeting will further improve domestic demand and investment, which are necessary to shore up Nigeria's productive base. A reset of the policy rate reflects a better adjustment of the policy parameters to the improving inflation dynamics, while lowering financing & debt-servicing costs. An adjustment to the asymmetric corridor would also improve policy transmission and financial market intermediation, increase credit access to the productive sector, and enable both the private and fiscal sectors to negotiate better terms for their facilities. These will support output growth with minimal demand-side pressures.

While the Committee remains committed to low and stable inflation, it must balance risks with sustained and gradual economic growth. Excessively tight monetary conditions for an extended period may become less effective at reducing inflation, while imposing increasing costs on growth and economic activity. A modest reduction in the Monetary Policy Rate, accompanied by a clearly communicated and gradual easing path, would strike an appropriate balance between supporting growth and ensuring that inflation continues on a sustainable downward trajectory.

In this regard, I voted to reset the MPR to 23 per cent and adjust the asymmetric corridor to +50/-300. I believe this decision will improve policy transmission, support output growth, and strengthen macroeconomic stability. A balanced policy mix that supports growth while preserving price and financial stability will be essential to sustaining the gains already achieved and to strengthening Nigeria's long-term economic resilience. Nonetheless, we must remain responsive to evolving domestic and global conditions.

The global, domestic, and economic outlook contexts that informed my voting decision are provided as follows:

3. Global Context:

Renewed geopolitical tensions in the Middle East, supply-chain disruptions, and elevated energy prices continue to weigh on the global economic outlook. Escalating tensions between the United States and Iran have increased shipping disruptions, while the Russia–Ukraine conflict remains protracted. These developments have increased concerns about global energy security and renewed pressure on production and transportation costs. Consequently, global growth remains uneven across regions, reflecting

differences in energy dependence, policy responses, and economic resilience. According to the IMF World Economic Outlook (July 2026), global growth is projected at 3.0 per cent in 2026, compared with 3.5 per cent in 2025, while global inflation is projected to rise to 4.7 per cent from 4.1 per cent in 2025.

Major central banks remain cautious, even as the global impact is uneven. Global financial markets have remained broadly resilient, but investor sentiment remains shaped by geopolitical developments and evolving interest-rate expectations. The US dollar continues to benefit from safe-haven demand, although expectations of a slower pace of monetary tightening could moderate further appreciation.

For emerging market and developing economies (EMDEs), higher energy and food prices, a stronger US dollar, and weaker external demand may tighten macroeconomic conditions. However, growth prospects across EMDEs are moderate, with vulnerabilities concentrated in economies with limited fiscal space and policy buffers. For Nigeria, the current macroeconomic stability, sustained policy coordination, prudent monetary management, and strengthened fiscal discipline continue to shield the economy from the effects of the highlighted global developments.

4. Domestic Context:

The domestic economy maintained positive growth in the second quarter, with growth in the second half of 2026 at 4.43 per cent, from 3.89 per cent in the preceding quarter, driven by rapid growth in the oil sector. Growth in the oil and non-oil sectors also reached 7.31 per cent and 4.31 per cent, respectively, from 2.57 per cent and 3.94 per cent in the preceding quarter. Year-on-year headline inflation declined slightly to 15.39 per cent in August 2026, from 15.43 per cent in July. Both food and core components eased to 19.57 and 13.29 per cent, from 20.31 and 14.97 per cent, respectively. The moderation across the inflation measures provides confidence in a return to disinflation.

The external sector remains strong despite global economic uncertainties. The Balance of Payments (BOP) improved in the second quarter relative to the preceding quarter, while the official exchange rate appreciated by 2.65 per cent to ₦1,332.94/US$ at the end of August 2026, from ₦1,368.22/US$ at the end of July 2026. Gross external reserves (GER) also continue to strengthen, boosting confidence. In the fiscal sector, strong oil sector performance and sustained growth in the non-oil sector continue to drive improvements in federal government revenue. The financial system remains well positioned to support the economy and continues to undergo reforms that would safeguard financial stability and strengthen the banking system.

5. Economic Outlook Context

Nigeria's economic outlook remains optimistic, supported by improving macroeconomic fundamentals, moderating inflation, greater stability in the foreign exchange market, stronger external reserve buffers, and continued growth in the oil and non-oil sectors. Recent reforms in the fiscal, monetary, and exchange-rate frameworks have strengthened investor confidence and improved the economy's capacity to withstand external shocks. As these reforms gain traction, domestic economic activity is expected to remain resilient, supported by recovering private-sector confidence and rising investment opportunities.

While inflationary pressures have moderated, the risk of imported inflation from higher food, energy, and transport costs underscores the need for continued policy vigilance and careful monitoring of external developments.

The medium-term outlook is expected to benefit from sustained structural reforms aimed at improving productivity, boosting domestic production, deepening financial inclusion, and enhancing the business environment. Continued investment in infrastructure, agriculture, energy, and technology will be critical to broadening the economy's productive capacity, strengthening competitiveness, and ensuring that growth becomes more inclusive.

On the fiscal front, improved oil production, favourable revenue performance, and stronger domestic financial markets provide an opportunity to enhance fiscal sustainability through increased revenue mobilisation and prudent debt management. Ongoing reforms to strengthen public finance management and revenue administration are expected to further improve fiscal resilience. Specifically, Executive Order (EO9) would continue to enhance revenue mobilisation and improve fiscal transparency and sustainability. Close coordination between fiscal and monetary authorities, however, remains essential to contain inflationary pressures, manage liquidity conditions, and preserve overall macroeconomic stability. The Memorandum of Understanding between the Bank and the Ministry of Finance will go a long way towards achieving this.

Overall, the outlook suggests continued economic expansion and improving macroeconomic stability, as reform momentum is sustained and policy coordination remains strong.

6. Conclusion

Nigeria has made measurable progress in restoring macroeconomic stability. Inflation has continued on a downward trajectory, food price pressures are

moderating, foreign exchange market conditions have stabilised, and external reserves have strengthened. These developments suggest that the current restrictive stance has achieved its primary objective of containing inflationary pressures and stabilising the macroeconomic environment.

Nigeria's economic outlook remains favourable, supported by ongoing economic reforms. While external risks, particularly geopolitical tensions and imported inflation pressures, warrant continued vigilance, the domestic economy is now better positioned to accommodate a gradual recalibration of monetary policy. The medium-term growth outlook is expected to benefit further from structural reforms, infrastructure investment, enhanced productivity, and improved fiscal governance.

Thus, while monetary policy is reassessed to improve transmission to the domestic financial market, it will remain supportive of growth and sustain gains in price and exchange-rate stability. A cautious, well-communicated recalibration of policy parameters at this time would therefore support productive sector growth without undermining macroeconomic stability.

Accordingly, my preferred policy action is to reset the Monetary Policy Rate to 23.0 per cent and adjust the asymmetric corridor to +50/-300 basis points around the MPR. This measured policy adjustment would support output growth, reduce financing costs, strengthen private sector activity, and reinforce the positive economic outlook, while improving policy transmission, keeping inflation on a downward path, and preserving overall macroeconomic stability.

11. OLAYEMI CARDOSO

Governor of the Central Bank of Nigeria and Chairman, Monetary Policy Committee

My Decision

I voted to reset the Monetary Policy Rate to 23.00 per cent, recalibrate the Standing Facilities corridor to +50/-300 basis points around the MPR, and retain all Cash Reserve Requirements at their prevailing levels.

I want it to be clear that this decision does not represent a change in the monetary policy stance. It is an operational realignment to address a weakness in the implementation framework. The real policy rate, measured as the policy rate minus inflation, remains firmly positive. I supported this recalibration because the prevailing conditions allow the Committee to repair the implementation weakness while remaining resolute in its pursuit of disinflation.

The Reset

For some time, the policy rate was no longer anchoring market rates. While the MPR stood at 26.50 per cent, banks transacted with one another at rates close to the Standing Deposit Facility rate of 22.00 per cent. The asymmetric corridor, with its lower end set at 450 basis points below the MPR, allowed this divergence to persist. In practice, the market had moved away from the policy rate, with the floor of the corridor becoming its reference point.

This divergence weakened the implementation of monetary policy and introduced distortions to the transmission mechanism. If left uncorrected, it would have further weakened the signalling effect of the MPR as the anchor for market rates and reduced the effectiveness of monetary policy.

The reset addresses this weakness. It shifts the MPR to 23.00 per cent, closer to prevailing interbank rates, and narrows the corridor around it. Together with the accompanying operational reforms, this should strengthen the transmission of changes in the policy rate to interest rates across the financial system. The recent adoption of the Nigerian Overnight Financing Rate as an operational benchmark based on actual transactions further strengthens the framework.

The key advantage of the reset is that it preserves the existing policy stance. The real policy rate remains firmly positive at 7.61 per cent when measured against August headline inflation. In addition, the Cash Reserve

Requirements, maintained at their prevailing levels, will continue to restrain system liquidity and support the disinflation process.

Inflation Developments

The disinflation process regained momentum over the past quarter. Headline inflation declined for the third consecutive month to 15.39 per cent in August, while month-on-month headline inflation moderated for the fifth consecutive month to 0.71 per cent. Core inflation fell to 13.29 per cent, its lowest reading since the series was rebased. Even food inflation, which had previously proved stubborn, also eased to 19.57 per cent in August, its first decline since January.

The moderation in inflation is broad-based. All measures eased in August, and the momentum indicators show that near-term trends are solidifying. Nevertheless, headline inflation remains above our objective, as structurally driven food-price pressures continue to keep it elevated. These improvements, among other considerations, provided sufficient evidence to support the Committee's decision. We will continue to assess incoming data and respond as appropriate.

Domestic Environment

The domestic economy is stronger and more resilient, with real GDP growth accelerating to 4.43 per cent in the second quarter of 2026, the fastest expansion in ten quarters. Growth was broad-based, with forty-one of the forty-six reported activities expanding and services contributing 59 per cent of growth. The Composite Purchasing Managers' Index rose to 52.7 points in August, its third consecutive month above the expansion threshold.

The external position provides another formidable layer of defence against exogenous shocks. Gross external reserves reached US$55.25 billion on 18 September, their highest level in eighteen years and sufficient to cover 11.3 months of imports. The balance of payments surplus increased to US$3.51 billion in the second quarter, while monthly formal remittance inflows reached a record US$947 million. These developments have broadened our sources of foreign exchange, improved the quantity and quality of inflows, and reduced dependence on short-term portfolio flows.

Fiscal and monetary policy coordination has been institutionalised. The Memorandum of Understanding between the Federal Ministry of Finance and the Central Bank of Nigeria establishes a formal framework for information sharing, liquidity management and the alignment of macroeconomic assumptions. I draw optimism from this enhanced coordination, which will

remove policy inconsistencies and provide a stronger foundation for durable price and macroeconomic stability.

Collectively, these favourable conditions provided the Committee with sufficient policy headroom to act immediately to correct the operational framework without placing price, financial system or exchange rate stability at risk.

Global Environment

Global growth is projected at 3.0 per cent in 2026, weighed down by the continuing conflict in the Middle East and trade policy uncertainty. Risks to global inflation remain tilted to the upside, as elevated energy and commodity prices have prompted some major central banks to raise policy rates. Higher interest rates in the advanced economies could weaken the competitiveness of naira-denominated assets as an investment destination, encouraging capital repatriation. However, our stable naira, stronger reserves and the current account surplus provide adequate cushion against these external pressures. We will remain vigilant to emerging global risks and stand ready to take appropriate action should global pressures spill over into the domestic economy.

Policy Outlook

The Committee will closely assess the effectiveness of the recalibrated corridor. The key measure will be whether interbank rates remain closely aligned with the MPR and trade within the corridor, and whether adjustments to the policy rate transmit more effectively to market interest rates and, ultimately, to the downstream cost of credit across the economy. We will also continue to monitor our policy dashboard, including inflation dynamics, system liquidity, capital flows, external reserves and banking sector asset quality.

Future decisions will remain data-dependent. The reset restores the MPR as our principal monetary policy instrument, and we stand ready to adjust it in either direction, as warranted by the inflation outlook. We remain resolute in our objective to bring inflation firmly and sustainably into single digits.

Therefore, I voted to:

- Reset the Monetary Policy Rate to **23.00 per cent**.
- Recalibrate the asymmetric Standing Facilities corridor to **+50/-300 basis points** around the MPR.

- Retain the Cash Reserve Requirement for Deposit Money Banks at **45 per cent**.
- Retain the Cash Reserve Requirement for Merchant Banks at **16 per cent**.
- Maintain the **75 per cent** Cash Reserve Requirement on non-TSA public-sector deposits.

Olayemi Michael Cardoso
Governor, Central Bank of Nigeria
September 2026