MPC HIGHLIGHT SEPTEMBER| 2026

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The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) held its 307th meeting on September 21 and 22, 2026, where it reviewed key developments in the domestic and global economic environment.

After detailed deliberations, the Committee eased the policy stance for the first time since February 2026, cutting the benchmark rate by 350 basis points and narrowing the standing facility corridor, while leaving all liquidity ratios unchanged.

- **Monetary Policy Rate (MPR) Cut by 350bps to 23.00%:** The MPC lowered the benchmark interest rate from 26.50% to 23.00%, its largest single reduction of the current cycle, reflecting sustained disinflation, harvesting period and a stronger external position.
- **Asymmetric Corridor Retained at +50/-300 Basis Points**: The corridor around the MPR was set at +50/-300 basis points, narrowing the lower bound from -450 basis points to tighten interbank rate guidance as the policy rate falls.
- **Cash Reserve Ratio (CRR) Retained:** The CRR was maintained at 45% for Deposit Money Banks (DMBs), 16% for Merchant Banks, and 75% on non-TSA public sector deposits, keeping structural liquidity tight even as the policy rate eases.
- **Liquidity Ratio (LR) Maintained at 30%:** The Liquidity Ratio was kept unchanged at 30%, ensuring banks retain sufficient liquidity to meet short-term obligations and sustain financial system resilience.

The decision follows three consecutive months of slowing headline inflation and a firmer external position. Gross external reserves rose from about US$51.92 billion at end-July to above US$54 billion in September, while the naira strengthened to N1,329.80/US$ on September 21 from N1,375.31/US$ on July 21. Real GDP grew 4.43% year-on-year in Q2 2026, up from 3.89% in Q1.

While the scale of the cut exceeded market expectations. Risks to the outlook remain, including the rebound in global crude prices above US$100 per barrel and election-related spending ahead of 2027, both of which could slow the pace of disinflation.