



NIGERIA

ECONOMIC

UPDATE

**Weekly
Snapshot**

Inflation Hits 15.93% in May 2026

According to the [National Bureau of Statistics \(NBS\)](#), Nigeria's headline inflation rate increased to 15.93% year-on-year in May 2026, up from 15.69% the previous month. The Consumer Price Index (CPI) rose from 138.3% in April 2026 to 140.7% in May 2026. Food inflation stood at 16.96% year-on-year, while core inflation, which excludes volatile agricultural produce and energy, reached 16.82%. On a month-on-month basis, however, headline inflation moderated to 1.75% from 2.13% in April, indicating a slower pace of average price increases. Similarly, month-on-month food inflation decreased to 2.98% from 3.63%. Core inflation rose monthly to 1.94% from 1.03%. The persistent rise in year-on-year inflation indicates that price pressures remain elevated, largely driven by food prices. Nevertheless, the deceleration in month-on-month headline and food inflation suggests some easing of immediate price momentum. The sharp increase in monthly core inflation reveals that underlying structural costs and non-food price dynamics remain significant hurdles, which could continue to erode households' purchasing power and raise production costs for firms. Therefore, the government must tackle structural bottlenecks driving core inflation, particularly energy and transport costs. Simultaneously, targeted interventions in agricultural value chains are essential to sustain the downward trend in monthly food inflation. At the same time, the Central Bank should maintain its focus on stabilising the currency to mitigate imported inflation.

FAAC Disburse ₦2.63 Trillion in April 2026

The [Federation Account Allocation Committee \(FAAC\)](#) disbursed a substantial ₦2.63 trillion in April 2026, from the total revenue generated in March 2026. The amount disbursed comprised ₦1.70 trillion from the statutory account, ₦664.42 billion from Value Added Tax (VAT), ₦200 billion from non-oil revenue, and ₦68.10 billion from solid minerals revenue. The federal government received an allocation of ₦820.37 billion, state governments received ₦673.43 billion, and local governments received ₦481.03 billion. Additionally, ₦129.61 billion was shared among the oil-producing states from the 13% derivation fund. This significant disbursement reflects robust government revenue generation, heavily bolstered by high statutory and VAT collections. Consequently, the injection of ₦2.63 trillion into the economy equips all three tiers of government with considerable fiscal liquidity, which can undoubtedly support public sector consumption and ease fiscal pressures at the state and local levels. If effectively managed, it possesses the potential to stimulate broader economic activity. Therefore, the federal, state, and local governments should channel these allocations towards critical capital expenditures and infrastructure projects rather than simply expanding recurrent expenditures. Ultimately, enhanced transparency and strict accountability mechanisms must be institutionalised to ensure that these funds translate into meaningful developmental outcomes.

VAT Collections Surge to ₦2.42 Trillion in Q1 2026

[Value Added Tax \(VAT\)](#) collection for the first quarter of 2026 reached an impressive ₦2.42 trillion, representing a 9.98% increase on a quarter-on-quarter basis from the ₦2.20 trillion recorded in Q4 2025. On a year-on-year basis, VAT collections grew by 17.06%, comprising ₦1.11 trillion in local payments, ₦830.47 billion in Foreign VAT Payments, and ₦477.55 billion in import VAT. On a sectoral level, manufacturing led the contributions with a 29.75% share, followed closely by information and communication at 20.61% and mining and quarrying at 12.32%. The steady increase in VAT collections indicates improved tax administration efficiency and increased domestic consumption, amid an inflationary environment. However, the heavy reliance on manufacturing, ICT, and mining indicates that tax generation remains highly concentrated in that formal economic activity, leaving significant untapped potential in other economic sectors. Therefore, revenue authorities should broaden tax collection across under-taxed sectors while leveraging technology to curb leakages and improve collection efficiency. This can be done by intensifying efforts to formalise the informal sector. This approach would reduce the concentration of the tax burden on a few high-performing sectors and promote more balanced and inclusive economic growth.

ECONOMIC SNAPSHOT		
Quarterly Indicators	'25Q4	'26Q1
GDP Growth Rate (%)	4.07	3.89
Oil GDP Growth Rate (%)	6.79	9.31
Non-oil GDP Growth Rate (%)	3.99	3.94
Unemployment Rate (%)	NA	NA
Foreign Direct Investment (US \$ Million)	357.8	135.1
Portfolio Investment (US \$Millions)	5,486.03	9,862.34
Other Investment (US \$Million)	599.65	374.48
External Debt (FGN & States- N'Trillion)	74,426,735	NA
Domestic Debt (FGN + States & FCT N'Trillion)	84,849,333	NA
Manufacturing Capacity Utilization (%)	NA	NA
Imports (N'Billion)	17.25	13.62
Exports (N'Billion)	18.96	21.17
Total trade (N'Billion)	36.21	34.79
Trade balance (N'Billion)	1.71	7.55
Crude oil Export (N'Billion)	9.702	NA
Non-Crude Oil Export (N'Billion)	9.26	NA
Non-Oils Export (N'Billion)	3.145	NA
Monthly Indicators	April 26'	May 26'
Headline Inflation (%)	15.69	15.93
Food Sub-Index (%)	3.63	2.98
Core Sub-Index (%)	1.03	1.94
External Reserves (End Period) (US\$ Billion)	48.36	49.58
Official Rate Approx. (N/US\$)	1,374.94	1,373.25
BDC Rate Approx. (N/US\$)	1,474	1,373
Manufacturing PMI	52.4	54.1
Non-Manufacturing PMI	48.8	49.3
Average Crude Oil Price (US\$/Barrel)	108.79	114.55
Petrol (PMS-N/litre)	1,531.93	NA
Diesel (AGO -N/Litre)	2,474.69	NA
Kerosene (HHK -N/Litre)	2,976.94	NA
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	8,706.93	NA
MPR (%)	26.50	26.50
CRR of Deposit Money Banks (%)	45	45
T-Bill Rate (%)	15.95	15.95
Savings Deposit Rate (%)	7.34	7.24
Prime Lending Rate (%)	18.87	19.10
Maximum Lending Rate (%)	35.17	34.78
Narrow Money (N'Trillion)	44.62	43.76
Broad Money (N'Trillion)	124.99	129.21
Net Domestic Credit (N'Trillion)	120.18	121.42
Credit to the Government (Net) (N'Trillion)	39.60	40.38
Credit to the Private Sector (N'Trillion)	80.59	81.04
Currency in Circulation (N'Trillion)	5.65	5.69
FAAC (N'Trillion)	2.63	NA

NA: Not Available

1. Inflation Hits 15.93% in May 2026 report from:

[CPI_MAY_2026.pdf](#)

2. FAAC Disburse ₦2.63 Trillion in April 2026 report from:

[FAAC_Report_April_2026.pdf](#)

3. VAT Collections Surge to ₦2.42 Trillion in Q1 2026 report from:

[VAT_Report_Q1_2026.pdf](#)