126 MPC Meetings

Opening Remarks

by

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Good morning, colleagues.

Distinguished guests, colleagues from government, captains of industry, the financial press, and fellow Ghanaians. Allow me to set the context for our discussions today. Ghana's recovery is gaining momentum even as the global environment remains uncertain. Worldwide, growth is easing, and financial conditions are still tight amid trade tensions and geopolitical risks; yet domestically, improved fundamentals have strengthened confidence in our outlook.

Real activity has firmed. Provisional data show GDP growth accelerated to 6.3 percent in Q2 2025, led by services and agriculture, with non-oil GDP expanding by 7.8 percent. High-frequency indicators confirm this momentum: the Bank's Composite Index of Economic Activity was up 6.1 percent year-on-year in July, and recent PMI readings alongside our business and consumer surveys point to improving sentiment. On the price front, headline inflation fell further to 11.5 percent in August, its lowest since October 2021 supported by a tight monetary stance, fiscal consolidation, and better food supplies; core measures and expectations continue to re-anchor.

External buffers have strengthened. For the first eight months of the year, Ghana recorded a trade surplus of US$6.2 billion, underpinned by robust gold exports and higher cocoa receipts. Gross international reserves stood at US$10.7 billion in August, covering about 4½ months of imports. Despite seasonal pressures and a moderation in remittance inflows in recent weeks, the cedi remains among the strongest currencies globally year-to-date, appreciating by about 21 percent as of September 12. It now ranks alongside high performers such as the Russian ruble, Swedish krona, Norwegian krone, Swiss franc, Euro, and British pound. This outperformance reflects prudent monetary policy, effective liquidity management, fiscal consolidation, and increased foreign-exchange inflows.

The banking sector remains stable and improving, with the capital adequacy ratio (without reliefs) rising to 19.5 percent in July; while NPLs remain elevated at 21.7 percent, they drop to 8.4 percent when fully provisioned losses are excluded, underscoring ongoing resilience as recapitalisation and strict underwriting continue. On the fiscal side, execution in the first half of 2025 signalled consolidation: the deficit on commitment basis was contained at 0.7 percent of GDP, below target, contributing, together with cedi strength and external restructuring to a decline in the public debt ratio by mid-year. Against this backdrop of easing inflation pressures, anchored expectations, and stronger buffers, the MPC in July reduced the policy rate by 300 basis points to 25.0 percent, while reiterating our readiness to adjust as the disinflation process evolves and risks, such as global trade disruptions or prospective utility tariff adjustments are assessed. Our commitment remains firm: maintain price stability, safeguard financial stability, and create the conditions for inclusive, sustainable growth.

Thank you.