BANK OF GHANA

MONETARY POLICY COMMITTEE DECISION SUBMISSIONS BY MEMBERS

NOVEMBER 2025

At the 127th Monetary Policy Committee meetings held from 24 to 26 November 2025, the Committee, by a majority decision, reduced the Monetary Policy Rate (MPR) by 350 basis points to 18.0 percent. In addition, the Bank will revert to the use of the 14-day bill as its main instrument for conducting Open Market Operations.

POLICY DECISION SUBMISSIONS BY MPC MEMBERS

MEMBER 1

The global economy remains resilient despite ongoing trade and geopolitical uncertainties. The IMF projects global output growth of 3.2 percent in 2025 and 3.1 percent in 2026. Headline inflation is moderating, supported by lower oil and food prices, although core inflation remains elevated. Oil prices have declined on subdued demand and increased OPEC+ supply, but geopolitical risks could reverse these gains. Inflation is expected to ease from 4.2 percent in 2025 to 3.7 percent in 2026. Global financial conditions have strengthened, reflecting accommodative monetary policies by major central banks, lower long-term yields, buoyant equity markets, renewed portfolio inflows to emerging markets, and a weaker US dollar. Under the circumstances, maintaining a cautious policy stance is still warranted, going forward.

Domestic economic conditions have continued to strengthen, supported by the favourable global developments. The Ghanaian cedi appreciated in October, headline inflation declined to within the medium-term target band of 8.0 percent, and GDP growth reached 6.3 percent in the second quarter. International reserves increased to US$11.4 billion, equivalent to 4.8 months of import cover. These improvements, aided by easing global financing conditions, have enhanced currency stability and reduced financing risks. Nonetheless, vulnerabilities persist, particularly from potential shifts in US Federal Reserve policy and geopolitical disruptions. Policy priorities should focus on consolidating external buffers and maintaining exchange rate stability to mitigate risks to the outlook.

The current macroeconomic conditions provide scope for a further recalibration of monetary policy. With inflation expectations firmly anchored, disinflation broadening, and demand pressures easing, I vote to reduce the MPR by 300 basis points to 18.5 percent. In addition, I recommend shifting monetary operations to the Bank's 14-day instrument from the 56-day instrument, while a temporary widening of the policy corridor by 200 basis points is further proposed to align with prevailing market conditions, with a commitment to reverse this adjustment once conditions normalise.

MEMBER 2

Global economic activity has steadily improved despite major policy shifts and increased uncertainty. The outlook remains fragile with risks still tilted to the downside reflecting the volatile global trade and geopolitical environment. In contrast, global headline inflation continues to gradually ease supported by declining oil and food prices. Although core inflation remains persistent due to higher services inflation, long-term inflation expectations remain anchored. On foreign interest rates, the change in tone of the US Federal Reserve has put some upward pressure on the US dollar, with implications for the cedi.

Domestic economic activity has been robust with a 6.3 percent GDP growth in the first half year, driven by the services and agricultural sectors. Further to this, the Bank's high frequency indicators affirmed these growth trends in the economy over the first three quarters. The Q3 Composite Indicator of Economic Activity (CIEA) recorded a 9.6 percent year-on-year growth, compared to 2.9 percent growth in prior year. Additionally, the latest business and consumer confidence survey pointed to continued optimism about economic growth prospects. Private sector credit growth has picked up marginally, supported by declining interest rates in tandem with the policy rate cuts.

Fiscal consolidation firmed up during the year, supported by tight expenditure controls. This led to a better-than-projected budget deficit outcome as of September 2025. In the outlook, reforms proposed in the 2026 Budget to boost revenues while maintaining tight expenditure controls will further strengthen the commitment to fiscal discipline.

The robust external sector performance on the back of high gold and cocoa export earnings has persisted. Over the first three quarters, the current account improved significantly based on the large trade surplus and improved private transfers. The current account surplus, together with other capital inflows resulted in a balance of payments surplus of US$1.8 billion at end-September 2025. Consequently, the country's reserve levels increased to 4.8 months of import cover, providing strong buffers for the economy. The foreign exchange market has remained stable, with the currency appreciating against the US dollar by 32.2 percent in the year to 21st November. The cedi is projected to continue the steady performance against the backdrop of the new FX framework introduced recently to give the market monthly notice of intermediation expectations.

The banking sector remains solvent and liquid with solid earnings. Banks' performance reflects continued improvement in efficiency indicators, profitability, and asset quality. Since the last meeting, the capital gap has narrowed marginally through profit and capital injections, and efforts are underway to ensure the capitalisation of the few undercapitalised banks to sustain financial stability.

Headline inflation has continued to decline, landing on the Bank's central inflation target of 8.0 percent in October, from 11.5 percent in August. Cumulatively, inflation has eased by about sixteen percentage points since January, on the back of tight monetary policy stance, fiscal consolidation, cedi appreciation, and favourable food prices. In addition, the core inflation measures reflected significant ease in underlying price pressures alongside anchored inflation expectations. With price pressures moderating, the latest projections indicate inflation could decline further to lower bound of the medium-term target of 8± 2 percent.

At this last MPC meeting for 2025, I note that domestic macroeconomic conditions have

significantly improved, and the prevailing real interest rate of 13.5 percent warrants a rate cut to boost the growth recovery process. I therefore vote to lower the MPR by 400 basis points to 17.5 percent.

MEMBER 3

Over the past three days, we have listened to staff analysis on the state of the macroeconomy and their views of forecasts into 2026. Discussions centred on three main areas bordering on (i) the pace of inflation slowdown and whether this will be sustained in 2026; (ii) the foreign exchange market, intervention issues, reserve buffer adequacy levels and the real movement of the exchange rate and (iii) on the nexus between high real interest rates and commercial bank credit to the rest of the economy.

Let me start with the pace of disinflation and forecasts for 2026:
At the March 2025 MPC round, when the forecast for 2025 and 2026 were generated, the indication was for inflation to get to the medium-term target in the first quarter of 2026 and then stabilise thereafter. The outcome is that inflation has declined faster than anticipated and is on target, at 8.0 percent in October 2025, from 23.8 percent at the end of 2024, following a 10-month persistent decline. The slowdown in inflation has been broad-based, covering both food and non-food categories. Food inflation is at 9.5 percent and non-food inflation is at 6.8 percent. This has been achieved on the back of prudent monetary policy, a stable currency, and improved food supply-side conditions. Underlying inflationary pressures have also been well contained, with core inflation falling in line with the decline in headline inflation, reinforced by well-anchored inflation expectations. Core inflation was reported at 7.5 percent in October 2025.

The near-term forecasts suggest a further drop in headline inflation to between 5 and 6 percent in November and by year-end, signalling a strong and sustained disinflationary trend for the year. With continued tightness in the monetary policy stance, significant build-up of reserves which is providing anchor for exchange rate stability and improved food supply conditions the expectation is that inflation will remain within the medium-term target band at the end of the year and well into 2026, absent any unexpected shocks.

The foreign exchange market, intervention issues, reserve buffer adequacy levels and the real movement of the exchange rate:
On the domestic foreign exchange market, the cedi recovered in October following the introduction of the new FX operations framework, which has enhanced transparency, amidst a weaker US dollar. The currency appreciated strongly from the beginning of the year to date, and the new framework of enhanced transparency will provide further anchor to the stability. International reserves, currently at 4.8 months of import cover, remain adequate at this stage and will provide further boost to confidence and stability.

On the nexus between high real interest rates and commercial bank credit to the rest of the economy:
Although the MPC has already cut policy rates substantially – by about 650 basis points this year – there is anticipation of further reduction given easing inflationary pressures and the passthrough effects of recent currency appreciation. Despite the significant moderation in inflation, real interest rates remain relatively high at around 14.0 percent, constraining credit growth and investment.

The latest projections suggest that the current upside risks are not material enough to shift the path of inflation away from the target. With inflation now firmly on a downward trajectory and expected to fall below the mid-point of the target in the near term, my preference at this meeting is to lower the MPR by a further 350 basis points to 18.0 percent, and provide some forward guidance that should inflation remain on the downward path through to January 2026, I will lean towards a further rate cut at the January 2026 MPC. This will help align the MPR more closely with other market interest rates, consistent with the improved inflation outlook.

MEMBER 4

Global growth remained strong in the first eight months of 2025 despite major trade policy shifts and heightened uncertainty. However, the outlook remains tepid due to volatile trade environment and lingering geopolitical tensions. Headline inflation continued to ease with country specific variations on account of subdued oil prices, increase in crude oil production, and lower food prices. In addition, financial conditions have eased and are expected to improve further as more central banks ease monetary policy. The US dollar remained subdued in response to uncertainties in the global market. The above global developments bode well for Ghana's exports, imported inflation, foreign capital inflows and a strong local currency.

On the domestic front, the real sector continued to grow strongly, up by 5.1 percent in August 2025 compared with a 4.9 percent same time in 2024. Growth is projected to remain on the same trajectory as all the high frequency indicators were favourable. The CIEA recorded a pickup in economic activity in September 2025. The latest consumer and business surveys indicated positive sentiments on the economy and easing inflation expectations over the next six months.

The external sector remained robust, recording a current account surplus of US$3.8 billion at the end of September 2025, compared with US$553.7 million same time last year. At the end of October 2025, gross international reserves amounted to US$11.4 billion, equivalent to 4.8 months of import cover. The continuous reserve buildup supported the exchange rate performance with the local currency appreciating cumulatively by 32.2 percent in the year to 21st November.

The pace of growth in total liquidity (M2+) moderated significantly in October 2025 compared with same period last year, while reserve money recorded 0.1 percent growth on year-to date basis, reflecting the Bank's strong sterilisation. Although private sector credit picked up in the second half of 2025, the pace of growth decreased on year-on-year basis due to commercial banks increased appetite for BoG securities.

The banking sector remained profitable and recorded improvements in solvency, profitability and efficiency, while the industry's capital gap narrowed. Despite some improvement in the Non-Performing Loan (NPL) ratio in October, the overall industry asset quality remains a concern.

Headline Inflation trended downwards for the ten consecutive months to 8 percent in October. All the core inflation measures declined and are projected to decline further in the following months. Risks to inflation outlook are broadly tilted to the downside risks. The sharp deceleration in headline inflation widened the real interest rate gap to 13.5 percent, which

may become even wider due to projected lower inflation and inflation expectations in the following months. Under the current prevailing conditions of declining headline inflation, wide real interest gap, improved growth prospects and favourable exchange rate expectations, I vote to reduce the MPR by 450 basis points to 17.0 percent.

MEMBER 5

We are witnessing some steady global growth though the outlook remains fragile with risks tilted to the downside. Global headline inflation is still on an easing path, but progress remains uneven across regions. Financial conditions have eased, supported by corporate valuations and declining volatility. Central banks also seem to be moving more towards an accommodative stance. These developments suggest that the steady global growth may continue to support Ghana's exports, and the ongoing disinflation in advanced economies may lower imported inflation, ease policy rates, and potentially trigger a search for higher yields in emerging market and developing economies, including Ghana. Also, the weakness in the US dollar may sustain the appreciation of the cedi. However, the recent change in tone by the US Federal Reserve may lead to a stronger US dollar and put some pressure on the cedi.

The external sector continues to show strong performance in 2025, reflecting a strong current account performance in the first nine months. The external reserve buffer was equivalent to 4.8 months of imports cover in October 2025. The developments supported the acquisition of external assets to build reserves, while paying down some liabilities in the financial account. In the exchange rate market, the cedi witnessed some recovery in October, supported by the Bank's FX intermediation under the new Framework, and this should support the disinflation process further.

On the real sector, real CIEA increased to 9.6 percent in September 2025 compared to a growth of 2.9 percent in September 2024. Ghana's Purchasing Managers' Index (PMI) rose marginally to 50.3 in October 2025 from 49.8 in September 2025 mainly due to an uptick in new orders. Both Business and Consumer Confidence remained broadly unchanged, Also, both consumers' and business' inflation expectations continued to ease. Developments in the real sector signal a pick-up in economic activity and the continued pick-up in economic activity generally suggests the economy is on a path of sound recovery.

On monetary and financial development, we witness significant moderation in broad money supply growth, and market interest rates have generally trended downwards following the reduction in the MPR. The Interbank Weighted Average Rate has traded close to the MPR since the last MPC. Private sector credit growth saw a gradual uptick in the second part of 2025, though banks continue to place their deposits in BoG bills. The improved performance of the stock market also confirms the stability in the economy.

The performance of the financial sector continued to improve in October 2025 compared to same period in prior year. Solvency, profitability and efficiency indicators of banks improved relative to last year. There was further improvement in the Non-Performing Loan (NPL) ratio in October, relative to the same period last year. However, asset quality remains a concern. Improving the asset quality position would be important to encourage credit extension going forward.

The ongoing fiscal consolidation presents a downside risk to the inflation outlook. Fiscal

position improved significantly, recording a primary surplus of 1.6 percent of GDP by September 2025, compared to deficit of 2.2 percent same period last year. Revenue performance was affected by shortfalls across all major categories, apart from non-oil, non-tax revenues, which exceeded expectations. Total government expenditure reflects deliberate fiscal restraint and improved expenditure control. Government projects to achieve both the fiscal anchor target of 1.5 percent of GDP for the primary balance on commitment basis and the fiscal consolidation objective of a relatively lower overall budget deficit by the end of 2025.

Headline inflation has declined steadily for ten consecutive months in 2025, driven by both food and non-food inflation, and this is projected to ease further. Core inflation measures continue to ease, and inflation expectations have all declined and the disinflation process is expected to continue. Inflation is on an easing path, and I note significant downside risks to the inflation outlook on the back of ongoing fiscal consolidation, sterilisation efforts, adequate reserves buffers, large allocations to agriculture in the 2026 Budget, and stability of the currency. Also, with the tight monetary policy stance as shown in the high real interest rate of 13.5 percent, there is sufficient room for further reduction in the policy rate. I therefore propose a reduction in the MPR by 350 basis points to 18.0 percent, cutting the real rate to 10 percent.

MEMBER 6

The World Economic Outlook shows that global economic activity is expected to remain steady amid the ongoing decline in headline inflation and increasing uncertainty over major trade policy shifts. Global core inflation remains sticky in advanced and emerging market economies, reflecting persistent service inflation. Global financing conditions have eased since April 2025 and will continue to ease in the near term, as most central banks resume policy easing and long-term bond yields retreat. These developments will have implications for the domestic economy through exports, imported inflation and the exchange rate. Persistence of the US dollar weakness may help sustain the cedi's stability, which has appreciated by over 32 percent year-to-date. Although these global developments and risks to the global outlook have implications for the domestic economy, the current improvement in external-sector risks makes it highly unlikely that the Ghanaian economy will be negatively impacted by an external shock in the near-term.

Provisional data from the GSS indicates that in August 2025, the real sector's growth was 5.1 percent, slightly higher than the 4.9 percent recorded in August 2024. The Bank's updated CIEA also pointed to an uptick in economic activity in September 2025. Meanwhile, the latest confidence surveys, conducted in October, showed that consumer and business sentiment remained positive. Inflation expectations for the next six months have decreased, driven by improvements in key macroeconomic indicators and positive company, industry, and growth prospects. Ghana's Purchasing Managers' Index also rose marginally, due to an uptick in new orders.

The external sector remains strong, with notable improvement in the current account at the end of Q3 2025, to a surplus US$3.8 billion from US$0.6 billion at Q3 2024. This was mainly fuelled by sharp rise in the trade surplus to US$7.5 billion, driven by gold and cocoa exports, and increased private transfers. These factors helped boost reserves and reduce some liabilities. As of October 2025, the gross international reserves had reached US$11.4 billion, covering 4.8 months of imports, and is expected to increase further by the end of the year. The net international reserves increased by US$3.5 billion, surpassing the end-of-year target of US$1.45 billion.

The cedi's performance has been robust, recording a year-to-date appreciation of about 32

percent, driven by strong reserve accumulation and adequate support to the forex market. The ongoing buildup of reserve buffers and the strict enforcement of market conduct rules have helped maintain gains in the forex market. This has undoubtedly moderated the exchange rate passthrough to inflation and anchored inflation expectations. In the outlook, the new FX framework is expected to provide adequate market support to help stabilise the cedi with minimal forex intervention.

Broad fiscal operations up to Q3 2025 shows that the economy has regained fiscal discipline. The fiscal position has improved to a primary surplus of 1.6 percent by September 2025, from a primary deficit of 2.5 percent of GDP in 2024. This was despite a revenue shortfall, driven by better revenue buoyancy, and was supported by tighter spending controls through expenditure management measures. The overall fiscal balance on a commitment basis is projected at a deficit of 1.8 percent of GDP, better than the revised target of 2.8 percent by end 2025. For 2026, the budget indicates that fiscal consolidation will continue, aiming to entrench sound fiscal management in the economy.

Monetary aggregates continue to reflect a tight policy stance. Reserve money growth declined in October 2025 due to a contraction in Net Domestic Assets, driven by increased sterilisation efforts, despite higher Net Foreign Assets from Gold-for-Reserves and cocoa proceeds. Broad money supply moderated sharply, indicating restrictive monetary policy. Although real interest rates remain positive, average lending rates and the interbank weighted average rate traded near the MPR, suggesting effective policy transmission. Private sector credit growth has increased only slightly, since June 2025, partly due to banks' appetite for BoG bills and exchange rate influences.

The banking sector has seen positive developments since September 2025. Growth in banks' assets remains robust, and asset quality has improved. Banks remain profitable, with improvements in solvency and efficiency. The NPL ratio improved marginally on the back of reduced NPL stocks and increased credit growth. Additionally, the banking industry's capital gap is closing year-on-year. The rebalancing of banks' portfolios is expected to favour lending in the outlook. This will be further facilitated by the continued improvements in macroeconomic conditions.

Headline inflation has steadily decreased for the 10th consecutive month, falling from 23.8 percent in December 2024 to 8 percent in October 2025. During this period, all core inflation measures also declined, supported by exchange rate stability and easing inflation expectations. Although economic activity is still below potential, the gap is narrowing on the back of increased non-oil economic activities.

The improved macroeconomic situation, the marked decline in inflation to the medium-term target, and expectations of a further decline by the end of 2025, have raised high expectations of a reduction in the MPR at this round of the MPC. Indeed, the continuation of BoG's sterilisation efforts, the realised fiscal consolidation, the building of adequate reserve buffers, and the stability of the cedi should sustain the inflation rate within its medium-run target throughout 2026, making the downside risks to inflation and growth more likely in the near-term.

It is on this basis that I vote for a 350 basis points cut in the MPR to 18.0 percent, while also indicating that if by the end of December 2025 inflation drops further to 5-6 percent, another policy rate cut would be considered in January 2026, to further reduce the relatively high real policy rate.

END.

The next Monetary Policy Decision will be published after the MPC meetings in January 2026.