BANK OF GHANA

MONETARY POLICY COMMITTEE DECISION

SUBMISSIONS BY MEMBERS

JANUARY 2026

At the 128th Monetary Policy Committee (MPC) meetings held from 26 to 28 January 2026, the Committee, by a majority decision, reduced the Monetary Policy Rate (MPR) by 250 basis points to 15.5 percent.

POLICY DECISION SUBMISSIONS BY MPC MEMBERS

MEMBER 1

Global economic activity remained solid in 2025 and is projected to grow by 3.3 percent in 2026. Inflation has eased across major economies, prompting most central banks to loosen monetary policy. Improved global financial conditions—supported by a softer US dollar and lower global yields—provide a favourable backdrop, although geopolitical tensions, disorderly tariff adjustments, and oil price volatility continue to pose risks.

Domestically, macroeconomic conditions have strengthened further. Inflation declined for the twelfth consecutive month to 5.4 percent in December 2025, driven by stable exchange rate conditions, improved supply dynamics, and earlier policy measures. Inflation expectations among consumers, firms, and financial market participants as well as economic experts have also fallen, reinforcing the disinflation trend.

The external sector remains robust, underpinned by a sizable current account surplus, strong foreign reserves, culminating in the robust performance of the currency. Real sector indicators—including GDP trends, Compositive Index of Economic Activity (CIEA), Purchasing Managers' Index (PMI), and sentiment measures—point to continued economic expansion. Monetary and financial conditions are gradually normalising, with improving liquidity and early signs of recovery in private sector credit.

Risks to the inflation outlook are broadly balanced. Potential upward pressures from utility tariff adjustments, agricultural supply disruptions, and global commodity price movements are offset by downward risks from a strong currency, expected reductions in transport fares, and lower VAT and fuel prices. Near term forecasts indicate inflation will remain within or below the lower bound of the target band.

Given the sustained disinflation, anchored expectations, and strengthened external fundamentals, maintaining the previous degree of monetary tightness could unduly constrain economic activity and delay credit recovery. Current conditions provide room for a measured easing of the policy stance.

The economy is now at a stage where disinflation is well established, expectations are firmly anchored, and external conditions are favourable. A cautious adjustment in the policy rate will help align real rates with current inflation dynamics, support confidence, stimulate credit growth, and reinforce the ongoing economic recovery, while keeping inflation within the medium term target range.

I therefore vote to reduce the policy rate by 250 basis points to 15.5 percent, while reaffirming the Committee's commitment to act swiftly if inflation risks emerge.

MEMBER 2

The information reviewed at this MPC meeting indicates that global and domestic macroeconomic conditions ended 2025 on an improved footing. Global economic activity proved more resilient than anticipated, remaining broadly within the IMF's projected growth rate of 3.3 percent, despite earlier concerns around tariff escalation, trade fragmentation, geopolitical tensions, and heightened policy uncertainty.

Global inflation has continued to moderate toward major central bank targets, creating space for gradual monetary policy easing and improving global financial conditions. A weaker US dollar and elevated commodity prices, particularly gold, have further supported Ghana's external position and reinforced the domestic recovery.

Ghana's economy recorded notable gains in 2025, supported by a credible macroeconomic policy framework anchored on fiscal consolidation and disciplined monetary policy. Real GDP expanded by 5.5 percent, driven by the services and agriculture sectors. Fiscal outcomes were broadly aligned with budget targets, supported by revenue mobilisation and expenditure rationalisation. The external sector strengthened significantly, underpinned by record gold export receipts. The current account surplus improved to US$9.1 billion, compared with US$1.5 billion in 2024, contributing to a balance of payments surplus of US$3.98 billion. As a result, gross international reserves increased to US$13.8 billion, equivalent to 5.7 months of import cover, up from 4.1 months at end-2024, strengthening Ghana's external buffers and foreign exchange resilience.

The banking sector continued to recover, with strong asset growth driven by increased investments in securities. Capital adequacy, profitability, and efficiency improved, while the Non-Performing Loan (NPL) ratio declined to 18.9 percent from 21.8 percent, indicating gradual improvement in asset quality. However, private sector credit growth remains constrained by high lending rates, despite easing financial conditions.

The disinflation process in 2025 was substantial and sustained. Headline inflation fell sharply from 23.8 percent in January to 5.4 percent in December, reflecting tight monetary policy, fiscal discipline, improved supply conditions, and exchange rate stability. The ex-ante real interest rate remains elevated, indicating continued monetary tightness and providing scope for further easing.

Inflation expectations remain firmly anchored, and current projections indicate that inflation is likely to remain within the medium-term target band, barring major shocks. Despite expected energy and utility price adjustments, wage pressures, and external risks, the strengthened external position and increased reserve buffers provide a good anchor for macroeconomic stability through the first half of 2026, as upside risks do not appear material enough to derail the inflation path away from target.

Considering these, I vote to reduce the policy rate by 250 basis points to 15.5 percent. This adjustment is intended to begin normalising real interest rates, support credit expansion and investment, sustain anchored inflation expectations, and preserve exchange rate and financial stability, while maintaining a data-dependent approach to future policy decisions.

MEMBER 3

My decision will be based on three main factors: the first is on the state of the macroeconomic indicators as at the end of 2025; the second is on the level of real interest rates in the economy and the strategy for reducing these real interest rates in a manner that will not dislodge inflation expectations; and the third is on risks in the outlook and how they will affect macroeconomic conditions going forward.

On the state of the economy, I agree that the macroeconomic indicators have all moved in a manner consistent with expectations. We have seen massive accumulation of reserves, inflation has decelerated sharply from 23.8 percent to 5.4 percent, and the debt metrics have all come down faster than anticipated which may call for a rework of the debt sustainability analysis going forward. On top of that, the sound macroeconomic conditions have been supported by an appropriate fiscal-monetary policy mix, which have coordinated in a way to ensure that inflation decelerated while growth also picked up.

The central issue at this MPC is whether, in the outlook, these macro conditions will continue to hold and continue to deliver stable macroeconomic outcomes. In my judgment, and looking at the data presented and commitments thereof, I am of the view that the monetary and fiscal policy mix will hold in 2026. Engagements with the Ministry of Food and Agriculture on their policies going forward indicated that stable food prices would be sustained. I envisage that the agriculture sector interventionist policies outlined in the 2026 budget to deal with potential adverse food supply conditions, which could exert additional inflationary pressures, will be followed through. Steadfastness in the pursuit of these policies, combined with expectations for favourable climatic conditions and a stable exchange rate environment, should help stabilise food prices.

I am inclined to go with the assumption of a ramp up in the gold-for-reserve programme in 2026 to provide the central bank with sufficient reserve buffers. The combination of an appropriate fiscal-monetary policy mix, continued buildup of reserves and stable food price conditions should work together to deliver stable prices for 2026. The latest forecast indicates that inflation will settle within the medium-term band by the end of 2026.

On my second point, I maintain that real interest rates are a bit high and will have to come down looking forward to the end of the year. Therefore, going by the inflation forecast of 7.5 percent for 2026, the current monetary policy rate of 18 percent implies a real interest rate of around 11 percent. This is high by international standards but risks in the outlook warrants a measure of caution in the rate cut. In addition, credit growth remains weak and I would want to see an increase in demand for credit. Although credit delivery in the last quarter of 2025 picked up, there is still work to be done on the credit front.

My last point looks at risks to the outlook. On the downside, the expectation for a reduction in transport fares, the sharp rise in gold prices which is providing support for reserve accumulation and currency stability, the second round effects of the abolition of the COVID-19 Health Recovery Levy, the reduction in the VAT rate, and expectations for reduction in ex-pump prices of petroleum products will support lower inflation going forward. On the upside, expected quarterly adjustment in utility tariffs, potential volatility in commodity prices on the back of global geopolitical tensions, and US tariff-related price pressures will have to be monitored closely for the appropriate monetary policy responses. In my judgement, the downside factors outweigh the upside factors, and the balance of risks is tilted to the downside.

Based on these, I vote to lower the policy rate by 250 basis points to 15.5 percent. I however want to add that should inflation conditions continue to improve through to June 2026, I will reassess my stance with consideration for a further ease in the policy rate.

MEMBER 4

Growth in the global economy was strong despite trade barriers and heightened policy uncertainty. Inflation eased closer to central banks' targets with country specific variations partly reflecting declining oil prices and subdued demand. Notwithstanding upside risks from trade and geopolitical tensions, inflation is expected to remain broadly subdued in 2026. In line with the easing global inflation, financing conditions improved significantly driven by the policy easing cycle, strong risk appetite, and the weakening of the US dollar. Global financing conditions are expected to ease further, especially with the US dollar remaining subdued in the short term. These global developments bode well for Ghana's exports, imported inflation, foreign capital inflows, and in turn, support the local currency.

On the domestic front, the real sector recorded a robust growth. The CIEA signalled a strong pick in economic activity in November 2025, and both consumer and business confidence surveys improved. The external sector recorded a robust performance in 2025 with the current account recording a surplus of US$9.1 billion at end December 2025, compared with US$1.5 billion surplus same time last year, mainly driven by gold exports. Consequently, the Gross International Reserves increased to US$13.8 billion, equivalent to 5.7 months of import. This supported the strong performance in the local currency, and the cedi appreciated cumulatively by 40.7 percent against the US dollar at end December 2025.

Annual growth in reserve money and broad money supply declined in 2025 compared with the previous year reflecting strong sterilisation efforts in the year. Market interest rates generally trended downwards, with real rates remaining positive. This supported the gradual pickup in private sector credit growth towards the end of the year.

In terms of fiscal policy implementation, revenue performance improved in 2025 although the outturn fell below target, and expenditure also fell short of target. This resulted in a much-improved fiscal deficit on commitment basis than projected. The primary balance on commitment basis recorded a surplus of 2.8 percent of GDP at end November 2025, higher than the target of 0.6 percent surplus.

The banking sector was profitable in the year. Solvency, profitability, and efficiency indicators improved while the industry capital gap narrowed. Though the NPL ratio improved, overall industry asset quality remains a concern.

Headline Inflation trended downwards for the twelve consecutive months in 2025 and ended at 5.4 percent in December. Economic activity remains below full potential, but closing and monetary conditions remain tight. Headline inflation is expected to ease further in the near term and inflation expectations are well anchored, providing scope for continuation in the easing cycle. The current real interest rate gap of 12.6 percent, which is expected to widen further due to projected lower inflation in the first quarter of 2026, is high. In addition, risks to the inflation outlook are tilted to the downside, outweighing potential upside risks.

Under the current prevailing conditions of declining headline inflation, wide real interest rate gap, strong reserve buffers, and an improving negative output gap, there is scope to ease further to support the real sector. I therefore vote to reduce the policy rate by 300 basis points to 15.0 percent.

MEMBER 5

The global economy was more resilient than anticipated in the year 2025, despite the difficult trade barriers and policy uncertainty. Global headline inflation continued to ease gradually towards central bank targets on account of declines in oil and food prices. Global inflation is expected to trend downwards on the back of softening labour markets, subdued growth and falling energy prices. Most central banks, as a result, have begun easing monetary policy with global financial conditions easing. These developments have favourable implications for trade and financing conditions and eventually support the local currency.

The external sector has remained strong, posting significant surplus of US$9.1 billion at end of 2025 compared with US$1.5 billion at end of 2024. The increase in the current account was on the back of the trade account, which recorded a surplus of US$13.7 billion compared to US$3.8 billion in 2024. Developments in the external sector supported the accumulation of reserve assets to the tune of US$3.98 billion at end-December 2025. This pushed the GIR to US$13.8 billion at end-December 2025, representing 5.7 months of import cover compared with US$9.1 billion recorded at end-December 2024, which was equivalent to 4.1 months of import cover. The outlook for the external sector remains positive for 2026.

The real CIEA signalled a pick-up in economic activity in November 2025. Both consumer and business sentiments improved. The continued pickup in economic activity implies the economy continues to be on a strong path of recovery, pointing to better growth prospects.

With respect to monetary and financial development, the observed moderation in growth in broad money supply is supportive of the tight policy stance throughout 2025. Market interest rates have trended downwards, but for the 91-day bill, which showed a marginal uptick in December. Real rates, however, remain positive. The interbank weighted average rate has gradually inched closer to the lower bound of the policy corridor, signalling increasing market liquidity. Despite an uptick in private sector credit growth from the second half of 2025 in tandem with easing monetary policy stance, in nominal terms, the year-on-year pace of growth remains sluggish.

The performance of the banking sector continued to improve in December 2025. Banks remain sound, profitable and well capitalised. Banking sector solvency, profitability, and efficiency indicators are indicative of the year-on-year improvement. Though asset quality continues to improve, NPLs remain high. Policies to enhance the risk management systems of banks would be necessary to sustain the stability in the banking sector to support financial intermediation.

Fiscal consolidation remained on track in the year, presenting a downside risk to the inflation outlook. Fiscal deficit outturn (on commitment basis) was lower than the target for the year. Though 2025 witnessed improvement in revenue performance, it fell below the targets for the year, while expenditures were contained within the set targets.

On recent price developments, headline inflation declined for twelve straight months in 2025, driven by both food and non-food inflation and it is projected to remain below the lower band of the target over the next three months. Core inflation measures and inflation expectations also declined. The sharp drop in inflation from 23.8 percent to 5.4 percent over the year reflected tight monetary conditions, improved fiscal-monetary coordination, improved food supply conditions, stable exchange rate conditions, low fuel prices, and well anchored inflation expectations.

Headline inflation is expected to move back into the medium-term target band in the second half of the year, notwithstanding potential risks emanating from upcoming debt repayments and potential commodity market volatility driven by geopolitical tensions. On balance, the risks to inflation seem tilted to the downside in the horizon. Considering that the real interest rates remain tight at 12.6 percent, there is scope for further easing. I therefore vote for a cut in the policy rate by 300 basis points to 15.0 percent at this MPC round.

MEMBER 6

Disinflation accelerated in the last quarter of 2025, with headline inflation falling from 8 percent in October to 5.4 percent in December, supported by tight monetary policy, fiscal consolidation, a stronger external position, and an appreciating cedi. These gains coincided with improving growth dynamics: the negative output gap narrowed as Non-Agricultural Non-Oil (NANO) activity turned positive, and overall GDP growth for 2025 projected to be 6 percent, above the target of 5.7 percent and the 2024 outturn.

Externally, the global economy grew by 3.3 percent in 2025, with easing global inflation and looser financial conditions, developments that are broadly favourable for Ghana through stronger export demand, lower imported inflation, improved capital flows, and a more supportive environment for the cedi. Ghana's external position improved markedly in 2025, with a large current account and trade surplus—driven by gold and cocoa exports and private transfers—leading to a sharp increase in reserves from US$9.1 billion to US$13.8 billion and stronger import cover (5.7 months). Looking ahead, continued strength in gold and cocoa receipts, higher foreign direct investments, and sustained private transfers, together with the ongoing gold-for-reserves programme and portfolio diversification are expected to further build reserve buffers and reinforce cedi stability, with positive implications for the inflation outlook.

On the fiscal side, spending restraint and improved control of commitments produced substantial consolidation: expenditures came in well below target, the overall deficit remained well below the ceiling, and the primary surplus exceeded its goal, helping to lower the public debt-to-GDP ratio from 61.8 percent in December 2024 to 45.5 percent by November 2025. However, higher external debt service obligations projected for 2026 could pressure reserves and the currency, underscoring the need for close coordination between fiscal and monetary authorities.

Monetary and banking indicators show that base money growth slowed sharply in 2025, due to aggressive sterilisation, while reserve money has recently begun to recover as policy has eased marginally. Banks are expanding credit to the government and the private sector, shifting from central bank bills into treasury bills, and benefiting from improving solvency, profitability, and efficiency. Asset quality has begun to recover from elevated non-performing loan levels, and stronger macroeconomic and credit conditions suggest further gradual improvement.

In the outlook, growth is projected to remain positive in 2026 underpinned by strengthened consumer and business confidence, anchored inflation, and increased economic activity according to the CIEA, although high utility tariffs, taxes, and input costs continue to weigh on firms. The expected stronger growth is likely to push the output gap into positive territory, implying some demand-driven inflation pressure, and surveyed expectations across households, businesses, and experts point to headline inflation remaining within the medium term target—arguing for cautious policy easing to avoid de-anchoring expectations.

With inflation currently just below the lower end of the target-consistent range and expectations broadly anchored, there is room for further monetary policy easing. Nonetheless, upside risks from a potential positive output gap in 2026, higher oil and food prices, fiscal and external pressures, and global geopolitical tensions warrant the exercise of some caution.

Balancing these considerations, I vote for a measured 250 basis points reduction in the policy rate to 15.5 percent, which I deem appropriate to support economic activity without jeopardising price stability.

ENDS.

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