BANK OF GHANA

MONETARY POLICY COMMITTEE DECISION

SUBMISSIONS BY MEMBERS

MARCH 2026

At the 129th Monetary Policy Committee (MPC) meetings held from 16—18 March 2026, the Committee, by a majority decision, reduced the Monetary Policy Rate (MPR) by 150 basis points to 14.0 percent. Below are the submissions by the MPC Members.

POLICY DECISION SUBMISSIONS BY MPC MEMBERS

MEMBER 1

Macroeconomic conditions continued to strengthen, supported by steady disinflation, improved external buffers, and resilient domestic growth. While the outlook remains broadly positive, emerging risks — specifically, the escalating geopolitical tensions — warrant continued vigilance.

Global growth remains resilient but has moderated across major advanced and emerging economies. Near-term indicators suggest a modest pickup over the forecast horizon. However, escalating geopolitical tensions—particularly the US-Israel-Iran conflict—pose significant downside risks, including higher energy prices, disrupted trade routes, and increased financial market volatility. These developments could elevate global inflation and tighten external financing conditions with potential spillovers to the Ghanaian economy.

Domestic conditions remain stable, supported by strong external buffers and sustained economic activity. The 2025 current account surplus strengthened to US$9.4 billion, reflecting robust commodity exports and solid remittance inflows. The strong performance of the external sector has continued into 2026. The trade surplus rose to US$3.7 billion for January–February 2026, driven by favourable gold prices and lower non-oil imports. Gross International Reserves (GIR) reached US$14.5 billion (5.8 months of import cover) at end-February 2026. This should provide sufficient external buffers against potential spillovers from the ongoing geopolitical tensions in the Middle East.

Domestic economic activity remained strong, with provisional real GDP growth reaching 6.0 percent in 2025, up from 5.8 percent in 2024. Early indications suggest continuing robust growth, evidenced by the Bank's Composite Index of Economic Activity (CIEA), which grew by 8.4 percent year-on-year in January 2026. This performance was supported by increased private sector credit, higher industrial consumption, improved export activity, and a recovery in port and tourism services. Business and consumer confidence similarly improved.

Headline inflation has declined for fourteen consecutive readings, driven by easing food inflation and continued moderation in core inflation. Model-based projections and survey-based inflation expectations continued to decline. Inflation is expected to remain below the medium-term target band in the near term and return within the band in the coming months, absent any unexpected external shocks. Key risks to the inflation outlook include:

- Upside risks: possible significant ex-pump petroleum price adjustments and other effects from the heightened geopolitical tensions.
- Downside risks: continued fiscal consolidation and a persistence of pass-through of recent cedi appreciation.

On growth, the potential supply chain disruptions from the ongoing geopolitical tensions constitute the major downside risk, while the emerging signs of recovery in private sector credit, driven by easing credit conditions, constitute upside risks.

Given the sustained improvement in macroeconomic indicators—strong reserve buffers, relative currency stability, and robust domestic activity—and the favourable inflation outlook, conditions support a recalibration of the monetary policy stance.

To reinforce disinflation, support the recovery, and better align market rates, I vote for a measured 150 basis points reduction in the MPR to 14.0 percent. Continued vigilance remains essential to safeguard macroeconomic stability.

MEMBER 2

At the start of the year, global economic conditions reflected continued resilience, moderating inflation, and broadly accommodative financial conditions. However, recent geopolitical tensions—particularly involving disruptions to critical global trade routes such as the Strait of Hormuz and the Suez Canal—have significantly heightened uncertainty around the global outlook.

These routes account for a substantial share of global crude oil shipments and containerised trade. Prolonged disruptions have already exerted upward pressure on energy prices, with crude oil prices exceeding US$100 per barrel and remaining highly volatile. These developments pose renewed upside risks to global inflation and could trigger a tightening of global financial conditions, with adverse spillovers to emerging markets and developing economies, including Ghana.

Notwithstanding these risks, Ghana's external sector position remains robust. Preliminary data for the first two months of 2026 indicate a trade surplus of US$3.7 billion, compared to US$2.1 billion over the same period in 2025, largely driven by higher gold export earnings. Gross international reserves increased to US$14.47 billion at end-February 2026, up from US$13.83 billion at end-December 2025.

Geopolitical tensions have further strengthened gold prices, reflecting increased demand for safe-haven assets. This has bolstered Ghana's balance of payments through improved export receipts. In addition, elevated crude oil prices are expected to support export revenues, partially offsetting imported inflation pressures.

On the domestic front, economic activity continues to recover. The CIEA recorded an annual growth of 8.4 percent in January 2026, up from 6.4 percent in January 2025. Business and consumer confidence indicators remain positive, underpinned by improving macroeconomic conditions and favorable sectoral prospects.

Private sector credit growth is gradually strengthening, supported by the easing monetary policy stance and declining lending rates. This is expected to further support real sector activity in the coming months.

The banking sector remains stable, with strong asset growth driven primarily by increased investments. Financial Soundness Indicators point to improvements in profitability, solvency, and operational efficiency. Asset quality has also improved, although it remains elevated, with the Non-Performing Loan (NPL) ratio declining to 18.7 percent in February 2026 from 22.6 percent a year earlier. Ongoing regulatory measures aimed at resolving legacy loans and strengthening credit underwriting standards are expected to further enhance asset quality. Inflation dynamics have evolved more favorably than anticipated. Headline inflation declined sharply from 5.4 percent in December 2025 to 3.8 percent in January 2026 and further to 3.3 percent in February 2026, largely driven by disinflation in food prices. Non-food inflation, however, registered a marginal uptick, reflecting recent utility tariff adjustments.

Inflation expectations across consumers, businesses, and the financial sector remain broadly anchored. Nonetheless, emerging geopolitical risks—particularly the Iran/US-Israel conflict—pose potential upside risks to the inflation outlook through higher energy and imported costs.

In the near term, staff projections indicate that inflation will remain below the lower bound of the medium-term target band (6–10 percent) through May 2026, before gradually reverting toward the target range in the second half of the year. Forecasts suggest inflation will average 3.2 percent in March, 4.0 percent in April, and 5.2 percent in May, albeit with a wide distribution of risks.

Despite the disinflation trend, a significant gap persists between the policy rate and evolving inflation dynamics, resulting in elevated real interest rates. This indicates a relatively tight monetary policy stance, which may constrain the pace of economic recovery if maintained for an extended period.

I note that while the balance of risks warrants continued vigilance—particularly in light of global uncertainties—there is scope for a measured recalibration of the policy stance to better align with prevailing macroeconomic conditions.

In light of these considerations, I vote to reduce the Monetary Policy Rate by 150 basis points to 14.0 percent. This adjustment seeks to narrow the real interest rate gap, support credit expansion, and strengthen the monetary policy transmission mechanism, while maintaining vigilance against emerging inflationary risks.

MEMBER 3

At the time of the policy decision in January 2026, I indicated that the inflation outturn for the first quarter, which, by all forecasts, was expected to decline, would influence my decision. The inflation outcome has been rapid, and the macroeconomic indicators are holding well. Inflation continues to ease, and reserve build-up in the first two months has been strong, with international reserves increasing from the December 2025 level of US$13.8 billion (5.7 months of import cover) to US$14.5 billion (5.8 months of import cover) by February 2026, and there are early indications that the fiscal policy stance will continue to complement monetary policy. What has changed since the last meeting is the materialisation of external sector risks, which have led to increases in crude oil prices with potential implications for inflation.

This policy meeting is being conducted within the context of the materialisation of external shocks to a domestic economy with ample buffers (on the fiscal and monetary sides) and enough policy space to adjust with current inflation conditions.

Here are my reasons for a measured policy rate cut:
Inflation has fallen for fourteen consecutive months to 3.3 percent in February 2026 — more than 450 basis points below the lower bound of the 8±2 percent medium-term target band. Food inflation stands at 2.4 percent. The near-term forecast path shows that inflation will remain below the band through at least mid-year under the baseline scenario. With the real policy rate at 12.2 percent, monetary policy is deeply restrictive relative to actual inflation outcomes—a configuration that, if sustained unnecessarily, risks suppressing credit, investment, and output recovery.

The real policy rate is exceptionally high. A nominal MPR of 15.5 percent against inflation of 3.3 percent yields a real rate of approximately 12.2 percent — among the most restrictive stances in the Bank's inflation targeting history relative to prevailing inflation. The real interest rate gap is firmly in positive (tight) territory and, per the Quarterly Projection Model, is not projected to return to neutral until end-2026. Monetary conditions are also tight on the exchange rate dimension: the real exchange rate is below its long-run trend, reflecting cedi appreciation, which is itself exerting additional disinflationary pressure through import price pass-through. A 75-basis point cut brings the real rate to approximately 11.45 percent — still decisively positive and well above neutral, preserving the credibility of the Inflation Targeting framework.

The output gap supports easing. Economic activity, although strong, remains below potential, though the gap is closing. The CIEA expanded 8.4 percent year-on-year in January 2026 (versus 6.0 percent a year earlier), and business and consumer confidence are strengthening. Critically, the credit-to-GDP gap remains negative, meaning the economy can absorb additional credit without triggering financial stability risks. Private sector credit in real terms has more than doubled year-on-year, but from a compressed base, and the interbank rate has been trending toward the lower bound of the corridor — signalling excess liquidity that is not yet fully feeding through to real economic stimulus. A rate cut reinforces this easing signal and narrows the gap between wholesale money market conditions and retail lending rates, improving monetary transmission.

Fiscal consolidation provides policy space. The primary fiscal balance swung from a deficit of 3.9 percent of GDP in 2024 to a surplus of 2.6 percent in 2025. The cash deficit of 0.6 percent of GDP in January–February 2026 is well within the 1.0 percent target. Fiscal discipline reduces the risk that monetary easing reignites inflation through demand-side pressures and it diminishes the financing pressure on the central bank, lowering the risk premium embedded in long-term interest rates.

The case for cutting is strong at this MPC round, but material upside risks to inflation warrant a calibrated, rather than aggressive move. These risks are real, not hypothetical:

- **Geopolitical shock via oil prices.** The war in Iran has disrupted the Strait of Hormuz and the Suez Canal routes that handle roughly one-third of global seaborne crude. The baseline oil price assumption has been revised to US$85/barrel with a high-risk scenario of US$100/barrel. A sustained oil price at US$100 would push domestic petroleum prices sharply higher, directly feeding non-food inflation through transport and production costs, and potentially reversing the cedi's recent gains. It is not yet clear how long the war will last, but the impact is already being felt globally, and a long-drawn-out war will have severe inflationary consequences for the domestic economy.
- **Non-food inflation uptick.** Non-food inflation edged up to 4.0 percent in February from 3.9 percent in January, and the share of non-food CPI items growing below 10 percent declined from 89.5 to 85.2 percent — a warning signal. Month-on-month inflation has risen, driven primarily by non-food items. Some core measures are diverging from the headline. This warrants vigilance since non-food inflation is stickier and harder to reverse once entrenched.
- **Utility tariff adjustments and wage pressures.** Quarterly utility tariff adjustments represent a known, recurring upside risk. Concurrent salary negotiations — potentially triggered or compounded by tariff-related cost-of-living pressures — could generate second-round wage-price effects that complicate the inflation path in the second half of the year.
- **Gold Accelerated National Reserve Accumulation Programme (GANRAP) implementation risks.** GANRAP's 15-month import cover target by 2028 requires active gold purchasing and FX market intervention with material cost implications for the Bank's balance sheet. Heavy-handed implementation could create unintended monetary tightening or signal a shift in the Bank's operational priorities.
- **Global financial tightening.** If geopolitical escalation forces major central banks to pause or reverse their easing cycles, global financial conditions could tighten sharply, triggering capital outflows from frontier markets, cedi depreciation, and imported inflation — thereby reversing the exchange-rate channel gains that have anchored disinflation.

Taken together, these risks justify a 75-basis-point cut rather than a larger move. At 14.75 percent (real rate ~11.45%), the MPR remains comfortably restrictive — providing meaningful insulation against the upside risks materialising — while beginning the process of normalisation that the macroeconomic data clearly support. I want to signal that I will monitor developments closely in the coming months and vote for further cuts in the policy rate depending on how the current geopolitical situation spills over to domestic inflation and convergence toward the medium-term target.

MEMBER 4

A thorough review of macroeconomic data during this MPC round showed that both the external and domestic indicators were positive and headed in the right direction. However, the emergence of the Middle East conflict has disrupted global supply chains, resulting in a surge in crude oil prices amid heightened global uncertainty. This has changed the global inflation dynamics and heightened inflation risks. My decision, therefore, will reflect a cautious approach to the implications of the Middle East conflict, weighing the risks of inflation against the need to support economic growth.

Data showed that global growth was resilient, but the momentum is likely to slow going forward. Global inflation was on a downward trajectory, although the pace had slowed in recent months. However, recent geopolitical events in the Middle East may reverse this trend. Indeed, some central banks have been compelled to pause or even reverse the recent easing cycle at their recent meetings. Financial conditions remain accommodative but could face possible upside risk associated with the Iran war. While it is too early to quantify the impact on the Ghanaian economy, a prolonged war and its associated disruptions in the global supply chain could partially erode the recent economic gains.

On the domestic front, the economy remains on a strong recovery path. The CIEA grew by 8.4 percent in January 2026 compared with 6.0 percent in the previous year. Both consumer and business confidence improved supported by easing inflation and optimism about macroeconomic conditions.

The external sector continued its strong performance in the first two months of 2026. The trade balance recorded a surplus of US$3.7 billion at end-February 2026, compared with US$2.1 billion surplus same time last year, driven mainly by higher gold exports. The GIR increased to US$14.5 billion, equivalent to 5.8 months of import cover, from US$13.8 billion in December 2025, providing a strong reserve buffer for the local currency.

In February 2026, reserve money contracted year-on-year, and total liquidity growth moderated due to the strong sterilisation. Money market interest rates generally trended downwards. Real rates, however, remain positive. In real terms, private sector credit growth more than doubled compared to the previous year supported by the disinflation process. Provisional estimates indicate that fiscal performance remains largely on target in the first two months of the year. The banking sector remained profitable, alongside improved solvency and efficiency indicators, while the industry capital gap further narrowed.

Headline Inflation trended downwards for the fourteenth consecutive month since December 2024, ending at 3.3 percent in February 2026. The recent decline was driven mainly by food. Surveys and model-based inflation expectations have all declined and the core inflation measures showed varying trends.

My key takeaways at this MPC session include the following:

- Monetary conditions remained tight.
- The real policy rate is currently high at 12.2 percent compared to peer central banks like Uganda, Kenya, and South Africa whose inflation readings are close to the current inflation rate of 3.3 percent. In fact, most of the peers maintain a real rate of about 6 percent.
- The output gap is negative indicating that economic activity remains below full potential but closing. This suggests the economy needs further support.
- Credit-to-GDP gap remains negative, signalling room for increased credit growth to support the real sector without significant risks to financial stability.
- The policy rate signal appeared muted at 15.5 percent with the interbank weighted average rate and the depo rates currently at 12.0 percent and 11.5 percent, respectively, requiring some realignment with market expectations.
- The external sector remains strong with significant reserve buffers.
- The Ghana cedi remains relatively stable against its major trading currencies.
- Near-term forecasts show that headline inflation will remain below the medium-term target.

It is clear from the above takeaways that the macroeconomic indicators are pointing in the right direction. However, I recognise that the recent global developments could pose some risks to the inflation outlook via the surge in crude oil prices and weakened supply chains, among others. Consequently, care is needed in order not to risk de-anchoring inflation expectations; therefore, I cautiously vote to reduce the MPR by 150 basis points to 14.0 percent.

MEMBER 5

At this MPC round, I note that the momentum for the global economic resilience has waned in recent months. Though global headline inflation was on a downward path, recent geopolitical tensions in the Middle East may reverse this trend. Consequently, global inflation dynamics will reflect the recent surge in oil prices in the near term. While global financing conditions remain accommodative, possible risks related to the geopolitical events remain. In the domestic foreign exchange market, the local currency recovered in February 2026 following the demand pressures in January.

Developments in the external sector continued to show strong performance. The trade surplus was higher at US$3.7 billion during the first two months of 2026 compared with US$2.1 billion during the same period in 2025. This was driven by higher gold prices and volumes of exports, with imports remaining relatively stable. The strong external sector was also reflected in the increased stock of GIR to US$14.5 billion from US$13.8 billion in December 2025, representing 5.8 months of import cover. The external sector is expected to remain resilient and strongly positioned to provide adequate buffers for the economy.

On the real sector, the CIEA signalled a pickup in economic activity in January. Consumer confidence improved largely on account of easing inflationary pressures and optimism about future economic conditions. Business confidence increased due to the improvement in macroeconomic conditions, the realisation of short-term targets as well as favourable company and industry prospects. However, it is important to observe how the next survey round would reflect any potential shifts in expectations.

Monetary and financial developments show that annual growth in broad money supply slowed on account of a decline in Net Foreign Assets. Growth in the money stock remained below the long-run trend in January 2026, underpinned by the relatively tight policy stance. Private sector credit continued to grow but at a slower pace compared to last year. Currently, the interbank weighted average rate is trending close to the lower bound of the policy corridor, signalling increasing market liquidity. Though market interest rates have generally trended downwards, real rates, however, remain positive.

The banking sector performance continued to improve, with increased growth in assets supported by the robust growth in investments. The sector remained profitable with improved solvency and efficiency indicators. Asset quality improved year-on-year, however, the NPL ratio remained elevated. In response, the Bank has instituted measures to improve asset quality to sustain the stability and soundness of the banking sector.

With respect to fiscal developments, provisional estimates indicated that the budget deficit fell below target for the first two months of January and February. Total revenue and grants fell short of target due to underperformance of tax and non-tax revenues. Except for compensation of employees, goods and services, and other payments, most expenditure line items were contained within target. On cash flow basis, therefore, the deficit was estimated at 0.6 percent of GDP, below the target of 1.0 percent.

Headline Inflation declined in January and February driven mainly by food inflation. Core inflation measures had varying trends. Inflation is projected to remain below the lower bound of the medium-term target in March 2026 but could move into the target band by the second quarter of the year. In the outlook, the geopolitical tensions and transport fares could pose significant upside risks to inflation, while fiscal discipline, lagged effect of the recent appreciation of currency, and the recently announced downward utility tariff adjustment could moderate the risks. On balance, risks to the inflation outlook are tilted on the upside. However, given that the real interest rates remain tight at 12.2 percent, there is sufficient room for a further reduction in the policy rate. I therefore vote for a cut in the MPR by 150 basis points to 14.0 percent at this MPC round.

MEMBER 6

The 129th MPC meeting was held amid heightened global economic uncertainty, following the start of the US-Israel-Iran war, which has escalated into a broader Middle East conflict. Not only has it led to an increase in world oil prices (hovering around US$100 per barrel), but it has also disrupted global supply chains and led to an appreciation of the US dollar over the past three weeks. The disruption of global supply chains due to blockages of the two major trading routes (the Strait of Hormuz and the Suez Canal), together with rising oil prices, is expected to affect global inflation dynamics. In response, central banks in advanced economies and emerging markets and developing economies are likely to moderate or pause their easing cycles to reassess the global outlook. Global financing conditions will tighten further, which has the potential to trigger portfolio outflows from emerging market economies, increase borrowing costs in global financial markets, and raise long-term bond yields. The continued uncertainty is also likely to reduce consumer spending and weaken global growth.

For the domestic economy, these developments could weaken the cedi and import inflation through increased input costs and higher consumer goods prices and exert inflationary pressures. The conflict could also disrupt Ghana's gold exports and undermine support for the cedi's stability, with implications for the ongoing easing of monetary policy, although domestic economic conditions have improved significantly.

There has been further improvement in the domestic economy since the January MPC Meeting. Headline inflation, which fell from 5.4 percent in December 2025 to 3.8 percent in January 2026, continued to decline to 3.3 percent in February 2026. The cedi, which started the year depreciating by 4.6 percent in January on a month-on-month basis, appreciated by 2.5 percent in February 2026. Year to date, the cedi has remained broadly stable. The output gap has narrowed, although activity remains below potential, with the 2025 real GDP growth outturn of 6.0 percent, compared with 5.8 percent in 2024. The Bank's high-frequency real sector indicators showed continued improvement in economic activity, with 8.4 percent annual growth in the CIEA, up from 6.0 percent in January 2025. The Purchasing Managers' Index, as well as consumer and business confidence, improved amid better growth prospects in 2026. Although consumers and businesses are becoming less worried about inflation, which is a positive sign, the experts have slightly raised their short-term inflation outlook due to ongoing geopolitical risks, reflecting cautious optimism amid global uncertainties.

The external sector indicated a substantial trade surplus of US$3.7 billion in the first two months of 2026, compared with US$2.1 billion in 2025, and was primarily supported by gold exports, while imports remained relatively steady. The GIR rose to US$14.5 billion, equivalent to 5.8 months of import cover as at the end of February 2026, from US$13.8 billion as at the end of December 2025. The rising global oil prices, currently hovering around US$100 (which could rise further if the conflict persists), will adversely affect the balance of payments through increased oil imports, considering that Ghana is a net importer of oil. However, given the contrasting effects of rising oil prices versus increasing gold prices and the aggressive reserve accumulation projected under the GANRAP, I do not anticipate a negative impact on the balance of payments, and consequently on reserve accumulation in the near term.

The government's fiscal outturn for 2025 revealed substantial fiscal consolidation, driven by rigorous expenditure restraint (supported by tighter commitment controls), which outpaced the revenue shortfalls. This led to an overall fiscal deficit on a commitment basis of 1.0 percent of GDP, well below the 2.8 percent target, and a primary surplus of 2.6 percent of GDP, surpassing the 1.5 percent target. As of December 2025, the provisional public debt stock was 45.3 percent of GDP, a notable decrease from 61.8 percent at the end of December 2024. The main factors driving this reduction were domestic, including the strong performance of the cedi, lower domestic interest rates, prudent fiscal management, and higher GDP in 2025.

Regarding monetary and financial developments, reserve money contracted by 0.5 percent in February 2026, compared to 68.8 percent growth a year earlier, driven by a reduction in Net Domestic Assets, primarily due to enhanced sterilisation efforts to manage liquidity. The annual growth of broad money also decelerated, signifying a relatively restrictive monetary policy stance despite recent easing measures. The commercial banks primarily allocated deposits to Bank of Ghana bills, government securities, and private sector credit. The disinflation process has also facilitated an increase in real private sector credit growth, which more than doubled year-on-year in February 2026.
In line with the reduction in the monetary policy rate, money market rates have broadly declined. Average bank lending rate eased to 19.2 percent compared to 30.1 percent a year ago, with positive real rates. The positive real rates reflect a slower decline in nominal rates relative to the significant decline in inflation since the beginning of 2025. The fiscal consolidation efforts and the low inflation have also led to a sharp decline in the yield on short-term Treasury bills.

Banks remain stable and well-capitalised, with all key prudential indicators within healthy ranges. Solvency, profitability, and efficiency have improved year-over-year, and the NPL ratio decreased from 22.6 percent in February last year to 18.7 percent in February 2026. As the macroeconomic environment continues to strengthen—with lower interest rates and increased private-sector credit backed by banks' enhanced credit assessment frameworks—I anticipate further improvements in the quality of banks' assets.

On inflation, I observed that most items in the Consumer Price Index basket are currently recording inflation within the medium-target range. Furthermore, the results from surveys, yield curve analyses, and model-based inflation expectations have all decreased. These developments have been incorporated into the baseline forecast, which suggests that inflation will remain below the lower band but may enter the medium-term target range of 8 ± 2 percent in the second half of the year. Thus, maintaining the continuous bold cut in the policy rate, as we have done in the previous MPC meetings, would have been compelling under normal circumstances.

However, the Middle East conflict and its potential effects on global inflation—due to rising oil prices and supply chain disruptions—necessitate a cautious monetary policy stance. Given the upside risks to the inflation outlook, especially from the conflict, which has heightened uncertainty, I will adopt a cautious stance by voting to keep the MPR at 15.5 percent. This, I believe, will prevent the de-anchoring of inflation expectations and safeguard the progress made so far. I would further add that should the conflict be resolved sooner rather than later, and oil prices return to pre-conflict levels while global supply chain resumes fully, I will support a bold cut in the policy rate at the next MPC meeting.

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