



BANK OF GHANA
MONETARY POLICY COMMITTEE
PRESS RELEASE
18 March 2026

The Monetary Policy Committee (MPC) held its 129th regular meetings from 16 to 18 March 2026 to review recent economic developments and assess risks to the outlook for inflation and growth. This statement summarises the key discussions and the Committee's decision on the Monetary Policy Rate.

At the previous meeting in January, global growth was resilient, supported by accommodative monetary policy stance in advanced economies, stronger consumer and business confidence, and increased investment spending, especially by technology firms. However, the global environment has since changed drastically, largely due to the Middle East conflict.

The conflict has disrupted global supply chains, increased crude oil market volatility, raised financial stability concerns, and heightened global uncertainty. Although global headline inflation has been on a downward trajectory, the recent surge in oil prices has renewed inflation concerns and may compel some central banks to reassess their monetary policy stance. Consequently, global financing conditions, which remain broadly accommodative, could tighten in the near term. Depending on the intensity and duration of the conflict, these developments could weigh on the global economic outlook.

On the domestic front, provisional data released by the Ghana Statistical Service indicated that real GDP grew by 6.0 percent in 2025, compared with 5.8 percent in 2024. Non-oil GDP growth accelerated to 7.6 percent from 6.1 percent over the same period, largely driven by the services and agriculture sectors.

The Bank's high frequency real sector indicators pointed to a sustained pickup in economic activity. The real Composite Index of Economic Activity recorded an annual growth of 8.4 percent in January 2026 compared to 6.0 percent for the corresponding period of 2025. Increased credit to the private sector by banks, industrial production, international trade activities, and consumption of goods and services by households and firms contributed to the improvement in economic activity.

The Bank's confidence surveys conducted in February 2026, reflected positive consumer and business sentiments. Consumer confidence improved on account of easing inflationary pressures and optimism about future economic conditions. Similarly, business confidence strengthened on the back of realisation of operational targets and optimism about industry prospects amid improving macroeconomic conditions.

Headline inflation declined further to 3.3 percent in February 2026, from 5.4 percent in December 2025, driven by both food and non-food inflation. Core inflation, which excludes energy and utility items, also declined, indicating muted underlying price pressures. Additionally, inflation expectations among consumers, businesses and the financial sector remained broadly anchored. The strong disinflation during the past 14 months has been supported by the relatively tight monetary policy stance, cedi appreciation, and improved food supply conditions.

Growth in monetary aggregates continued to slow in February 2026, reflecting the relatively tight monetary policy stance. Reserve money contracted by 0.5 percent year-on-year in February, compared to 68.8 percent growth a year earlier. Also, broad money supply growth eased to 16.0 percent, from 33.1 percent over the same period.

Interest rates on short-term bills declined sharply in the first two months of 2026 on the back of easing inflation expectations and fiscal restraint. Yield on the benchmark instrument, the 91-day Treasury bill, declined sharply in February. Also, average bank lending rates declined to 19.2 percent in February 2026, from 30.1 percent same month last year, leading to a gradual increase in private sector credit.

Provisional data showed that fiscal outturn for the period January to December 2025 was marked by constrained government spending due to commitment control measures amid shortfalls in revenue. In the review period, the overall fiscal deficit on commitment basis was 1.0 percent of GDP, below the budget target deficit of 2.8 percent. On commitment basis, the primary balance recorded a surplus of 2.6 percent of GDP, exceeding the target of 1.5 percent. At the end of December 2025, the provisional public debt stock was equivalent to 45.3 percent of GDP, down from 61.8 percent at the end of December 2024.

The banking sector performance improved in February 2026. Total assets increased supported by domestic deposits, domestic borrowings, and shareholders' funds. The asset growth was mainly driven by investments, which rose by 57.5 percent, compared to 8.6 percent growth in February 2025. The financial soundness indicators in terms of profitability, liquidity, solvency, asset quality, and efficiency, all improved over the period. The Non-Performing Loan (NPL) ratio declined to 18.7 percent in February 2026 from 22.6 percent a year earlier, driven by a pickup in bank credit and a contraction in the NPL stock. Despite improvement in asset quality, the NPL ratio remains a key risk to the banking sector. Going forward, the Bank has put in place measures for the full implementation of the regulatory guidelines aimed at reducing NPLs in the banking industry.

The external sector remained strong at the start of the year. The trade surplus improved to US\$3.7 billion in the first two months, compared with US\$2.1 billion during the same period in 2025, driven by higher gold export earnings and modest import growth. Gross International Reserves increased to US\$14.5 billion (equivalent to 5.8 months of import cover) as at end-February 2026, up from US\$13.8 billion (5.7 months of import cover) at end-December 2025. Reflecting the strong external sector, the cedi has remained relatively stable. Looking ahead, reserve accumulation is expected to strengthen further under the Ghana Accelerated National Reserve Accumulation Programme, which aims to increase the import cover to 15 months by 2028.

In taking the policy decision, the Committee noted continued improvements in domestic macroeconomic conditions during the first two months of the year. However, rising geopolitical tensions in the Middle East have deepened uncertainty in the external sector.

The Bank's latest forecast suggested that headline inflation will remain within the medium-term target. Upside risks to the inflation outlook include the likely pass-through of higher crude oil prices and escalating geopolitical tensions. In the view of the Committee, despite these upside risks to the inflation profile, the favourable domestic macroeconomic conditions and high prevailing real interest rates provide scope to ease the policy rate further.

Consequently, the Committee decided to reduce the monetary policy rate by 150 basis point to 14.0 percent.

The Committee will continue to closely monitor developments in the Middle East and its potential implications on the inflation outlook. The Committee stands ready to take appropriate policy actions as needed to safeguard price stability.

Informational Note

The next Monetary Policy Committee (MPC) meeting is scheduled for May 18-20, 2026. The meeting will conclude on May 20, 2026, with the announcement of the policy decision.