BANK OF GHANA
MONETARY POLICY COMMITTEE
PRESS RELEASE
20 May 2026

The Monetary Policy Committee (MPC) held its 130th regular meetings from 18 to 20 May 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.

Since March 2026, global economic conditions have been shaped by the ongoing geopolitical tensions in the Middle East. The conflict has disrupted maritime and air traffic, increased energy prices, and heightened policy uncertainty. Against this backdrop, the IMF has revised down its 2026 global growth projection to 3.1 percent from an initial estimate of 3.3 percent. The IMF also noted that further downward revisions are likely if the conflict is prolonged.

The disruption to trade flows following the blockade of the Strait of Hormuz has led to a sharp increase in international crude oil prices and reignited inflationary pressures in both advanced and emerging market economies. Early indicators suggest that global headline inflation is beginning to accelerate, fuelled by higher energy and food prices and rising inflation expectations. The expected resurgence in inflation may prompt central banks to raise policy rates, which could push long-term bond yields higher, tighten global financing conditions, and reverse portfolio flows to emerging market and developing economies.

Domestically, economic activity strengthened in the first quarter of 2026. The Composite Index of Economic Activity (CIEA), which tracks the Bank's high-frequency indicators of real sector activity, expanded by 12.6 percent year-on-year in March 2026, up from 2.3 percent in March 2025. The main drivers of the growth in the Index were credit to the private sector, consumption, industrial production, and international trade activities. The latest surveys conducted in April 2026, however, indicated that both consumer and business confidence, though high, have softened, compared with the February survey results. This was largely due to concerns about the domestic implications of the ongoing Middle East conflict. Similarly, Ghana's Purchasing Managers' Index declined to 50.3 in April 2026 from 51.4 in March 2026, mainly reflecting higher input costs.

Headline inflation inched up marginally to 3.4 percent in April 2026, from 3.2 percent in March, marking the first increase since December 2024. The uptick was driven by non-food inflation, which increased to 4.2 percent in April 2026 from 3.9 percent in the preceding month largely on account of base effects. Core inflation, which excludes energy and utility items, declined, indicating that underlying inflationary pressures continued to ease. However, inflation expectations among consumers, businesses, and the financial sector edged up marginally but remained broadly anchored within the medium-term inflation target band.

Growth in monetary aggregates moderated further in April 2026, largely reflecting the tight monetary policy stance. Reserve money growth slowed significantly to 3.6 percent in April 2026, compared to 38.0 percent growth a year earlier. Similarly, broad money supply expanded at a slower pace by 22.2 percent, down from 26.7 percent over the same period.

On the money market, interest rates on short-term instruments declined further, reflecting easing inflation expectations and the monetary policy stance. Yields on the benchmark 91-day Treasury bill fell to 4.9 percent in April 2026, from 15.5 percent a year earlier. Similarly, the Ghana Reference Rate eased to 10.06 percent in April 2026, compared to 23.99 percent a year earlier. Average bank lending rates declined to 16.3 percent from 27.4 percent. In line with this, private sector credit rebounded strongly in April, up by 28.7 percent in nominal terms, compared with a 19.9 percent growth in April 2025. In real terms, this represents a growth of 24.5 percent compared to a contraction of 1.1 percent over the same comparative period.

Provisional data showed that fiscal performance for January to March 2026 reflected strong expenditure containment measures amid revenue shortfalls. On commitment basis, the fiscal balance recorded a surplus of 0.1 percent of GDP, against the target deficit of 1.2 percent. The primary balance also recorded a surplus of 1.2 percent of GDP, against a surplus target of 0.2 percent. The public debt stock of central government and guaranteed debt rose to GH¢674.1 billion (42.2% of GDP) at end-February 2026 from GH¢641.1 billion (44.7% of GDP) at end-December 2025.

Banking sector performance improved significantly. Total assets expanded by 26.6 percent year-on-year to GH¢493.9 billion in April 2026, supported by deposits, domestic borrowings, and shareholders' funds. Asset growth was largely driven by investments, which rose sharply by 52.6 percent in April 2026 relative to 27.8 percent in the same period last year. Credit growth also rebounded as financial intermediation improved. The banking sector's solvency position strengthened, alongside improvements in asset quality. The Capital Adequacy Ratio increased to 22.3 percent in April 2026 compared with 17.5 percent a year earlier. The Non-Performing Loan (NPL) ratio also declined to 18.0 percent from 23.6 percent over the same comparative period, reflecting a rebound in bank credit and reduction in the stock of NPLs. Nonetheless, elevated credit risk remains a key concern and requires banks' strict adherence to the regulatory guidelines aimed at reducing non-performing loans in the industry.

The external sector remained resilient despite the early impact of heightened geopolitical tensions, which temporarily slowed gold export shipments in March and April 2026. In the first quarter of 2026, the current account surplus improved to US$3.10 billion, from US$2.43 billion in the same period in 2025. This was primarily driven by robust gold and cocoa export earnings, alongside stable remittance inflows, despite the rise in payments for services and investment income. Gross International Reserves (GIR) increased to US$14.4 billion as at May 18, 2026, equivalent to 5.7

months of import cover for goods and services, up from US$13.8 billion in December 2025. Reserve accumulation continued to provide buffers to the foreign exchange market. In the interbank market, the cedi depreciated by 8.4 percent against the US dollar in the year to May 15, 2026, largely due to demand from the energy sector and dividend payments by some corporate entities.

In taking the policy decision, the Committee acknowledged that ongoing geopolitical tensions in the Middle East have broadly weakened the global growth outlook, stoked inflationary concerns, and heightened policy uncertainty, with potential implications to the domestic economy through the trade and financial channels. The data showed that although inflation had started rising in Advanced Economies, the spillovers to the domestic economy through the trade channel remained muted.

The Committee also noted that the domestic economy continues to recover, as evidenced by the strong outturn in the CIEA during the first quarter. Growth is projected to remain strong, supported by an expansion in private sector credit. However, commodity price volatility and supply chain disruptions could pose downside risks to growth.

Regarding price dynamics, inflation remained well below the lower limit of the medium-term target band. Although headline inflation and expectations indicators picked up marginally, core inflation declined, indicating continued easing of underlying inflationary pressures. The latest forecast suggested that inflation is expected to trend upward into the medium-term target band largely due to base drift effects related to exchange rate movements, food supply conditions, and transport fares. Upside risks to the inflation outlook included the protracted Middle East crises, which could keep crude oil prices above US$100 per barrel and raise the prospect of petroleum price pass-through into domestic transport and utility costs. The quarterly adjustment mechanism for utility tariffs could exert upward pressure on non-food inflation in the coming months. However, relative exchange rate stability, increasing reserve buffers, and continued fiscal discipline are expected to help moderate these upside risks.

Based on the above considerations, the Committee assessed risks in the outlook to inflation and growth as broadly balanced and decided to maintain the Monetary Policy Rate at 14.0 percent.

The Committee will continue to monitor incoming data, in particular relating to potential spillover of the geopolitical tensions to the domestic economy and take appropriate policy actions when necessary.

Additional Measure

The Committee decided to amend the dynamic Cash Reserve Ratio to a uniform ratio of 20 percent, maintained in the domestic currency, effective June 4, 2026.

Informational Note

The next Monetary Policy Committee (MPC) meeting is scheduled for July 20 - 22, 2026. The meeting will conclude on July 22, 2026, with the announcement of the policy decision.