



130th Monetary Policy Committee Meeting

Opening Remarks

by

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Good morning and welcome to the 130th Monetary Policy Committee(MPC) Meeting. I also extend a warm welcome to our external members and to the staff team whose analytical work underpins our deliberations today. We are meeting at a moment of heightened policy complexity. The initial conditions of the Ghanaian economy have improved meaningfully since our last meeting in March 2026, a testament to the sustained reform efforts of recent years. At the same time, a deteriorating external environment, characterised by the ongoing conflict in the Middle East and its effects on global energy and commodity prices, is introducing new headwinds that must be weighed carefully. Over the next three days, the Committee will consider a range of issues reflecting both domestic economic progress, external risks and their impact on the economy and on how to sustain the gains made so far.

At the time of our 129th MPC Meeting, the outbreak of hostilities in the Middle East in February 2026 was at a nascent stage. The key issue the Committee dealt with at the time, and which influenced the policy decision, was whether the conflict would be short-lived or protracted. We presented scenarios accordingly – ranging from a swift resolution, with Brent crude prices returning to approximately US\$75 per barrel, to a protracted conflict sustaining prices around US\$100 per barrel through year-end. Inflation outcomes under those scenarios were varied.

Since then a clearer picture of the Middle East Crises and its potential effects are emerging. The conflict has not abated, and its economic consequences are now visible in the global data. The closure of the Strait of Hormuz has triggered a sustained surge in global energy prices. The IMF has revised its 2026 global growth projection downward to 3.1 per cent from an initial estimate of 3.3 per cent, citing the adverse demand and supply effects of the conflict. Early indicators point to a re-acceleration of headline inflation in several advanced and emerging market economies, prompting several central banks that had commenced easing cycles to pause or reverse course. For a commodity-exporting, energy-importing economy such as Ghana, the transmission channels of this external shock are multiple and material – through fuel prices, transportation costs, import bills, and ultimately consumer price dynamics.

The domestic economy is evolving and continues to undergo economic and structural changes. Let me outline some of these developments:

- Inflation has ticked up, marking the first increase since December 2024;
- The April 2026 IMF World Economic Outlook reports an expansion in Ghana's economy;

- The Q1 2026 current account surplus exceeded the Q1 2025 outturn by approximately US\$652 million;
- The Government has successfully issued a 7-year bond instrument, and steps are being taken to lengthen the maturity profile of existing GoG instruments. The successful resumption of domestic T-bond issuance earlier in 2026 signals a return of investor confidence;
- The Government has announced its intention to raise US\$1 billion through local-currency bonds to fund cocoa purchases for the 2026/27 crop season, in a significant shift to reduce reliance on dollar funding and foreign lenders;
- To mitigate the direct impact of rising crude oil prices on domestic inflation, the Government has announced a temporary reduction in regulatory margins on petroleum products; and
- We have also had an IMF mission visit Accra during 29 April to 15 May 2026, to conclude the sixth and final ECF review, conduct an Article IV Consultation and discuss negotiations on a 36-month non-financing Policy Co-ordination Instrument (PCI). The mission's statement noted that the ECF programme has delivered substantial stabilisation gains – sharply lower inflation, higher external buffers, improved cedi confidence, and marked debt sustainability gains – while cautioning that the global environment remains uncertain and that the Middle East conflict is expected to transmit through higher energy, food, and fertiliser prices.

That being said, the overall picture since end-March is one of a domestically resilient economy navigating an increasingly difficult external environment – with the energy price shock from the Middle East conflict now the central risk shaping the near-term outlook.

The Monetary Policy Committee has several substantive issues to address at this meeting.

These issues range from realigning the entire interest rate structure in the economy as inflation remains low to addressing policies to ensure inflation expectations do not become dislodged, as the combination of domestic energy supply disruptions and external commodity price pressures could create a dual-channel inflation expectations problem. Looking forward, the economy will need a strong banking sector, and steps will be needed to ensure that the financial stability concerns are protected and the banking system is made to deliver on credit expansion.

Let me touch on the risks as we go into this meeting. There are a number of risks in the outlook of concern. Some of these risks are already materialising and there are those that remain contingent. The protracted Middle East conflict and sustained energy price elevation, the convergence of domestic energy supply disruptions and external cost-push pressures risks, which if not addressed could dislodge inflation expectations before they are firmly anchored. Current account and reserve vulnerability issues, fiscal risks from external revenue compression and the domestic power crises, although showing signs of abatement, has elevated business costs and consumer inflation expectations. These risks will be central to the discussions this week.

Before I conclude, let me touch on the IMF's post-ECF engagement with Ghana. The IMF staff team concluded a joint Article IV Consultation and the sixth and final review of the Extended Credit Facility (ECF) in Accra on 15 May 2026. The IMF's concluding statement also touched on a staff-level agreement for a 36-month non-financing Policy Coordination Instrument (PCI). The PCI represents a considered and credible next step in Ghana's institutional engagement with the international financial architecture. It preserves the signaling benefits of Fund engagement while asserting Ghana's reform ownership and reducing our financial dependence on IMF resources.

The 36-month PCI is a signalling instrument that reflects policy ownership and will be organised around six pillars:

- Sustaining growth-friendly fiscal adjustment;
- Safeguarding debt sustainability;
- Strengthening fiscal transparency and governance, particularly for state-owned enterprises and quasi-fiscal activities;
- Enhancing the monetary and exchange-rate policy framework;
- Reinforcing financial sector stability; and
- Supporting economic diversification and inclusive growth.

Of particular relevance to the Bank of Ghana, the PCI will incorporate commitments relating to the Bank of Ghana's monetary policy framework, improve on the transmission mechanism, enhance the liquidity forecasting framework, and maintain conditionality around the inflation targeting regime, with continued emphasis on forward-looking policies and the anchoring of inflation expectations. The corridor reform under discussion at this meeting is directly consistent with the PCI's monetary framework pillar. The PCI will also focus on strengthening the BoG's balance sheet over the medium term by limiting quasi-fiscal activities, improving transparency and oversight of the Domestic Gold Purchase Programme(DGPP). Addressing the operational constraints related to the DGPP and the broader foreign exchange intermediation architecture will be part of the reform agenda in this future engagement. The Foreign Exchange framework and reserve management objective will continue to be assessed.

With these few remarks, I declare the 130th Monetary Policy Committee Meeting open.