BANK OF GHANA
MONETARY POLICY COMMITTEE
PRESS RELEASE
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The Monetary Policy Committee (MPC) held its 131st regular meetings from 20 to 22 July 2026 to review recent economic developments and assess risks to the outlook for inflation and economic growth. This statement summarises the key discussions and the Committee's decision on the Monetary Policy Rate.

On the global front, the easing of geopolitical tensions around mid-June proved short-lived. The renewed escalation of the conflict has led to another closure of the Strait of Hormuz, and triggered instability in energy markets.

Notwithstanding these developments, global economic activity has remained resilient, supported by substantial investments related to artificial intelligence, particularly in the United States and China, as well as the drawdown of crude oil inventories to ease supply pressures arising from the conflict. Consequently, the IMF projected global growth at 3.0 percent in July 2026, broadly unchanged from the April 2026 forecast of 3.1 percent. A further escalation of the conflict could, however, weaken the near-term growth outlook.

Crude oil prices have rebounded above US$85 per barrel following the renewed conflict. Together with supply chain disruptions, this is expected to further slow the pace of disinflation across several countries. In response, most central banks have paused their monetary policy rate cuts. Global financing conditions remain broadly accommodative in both Advanced and Emerging Market Economies. However, with heightened uncertainty and emerging inflationary pressures, financing conditions could tighten in the near-term, with adverse implications for Emerging Developing Economies, including Ghana.

Domestically, economic activity remained resilient in the first quarter of 2026. Real GDP growth was 6.4 percent, driven by the services and industry sectors, compared with 6.2 percent growth recorded in the same quarter of 2025. The Bank's Composite Index of Economic Activity (CIEA), which tracks high-frequency real sector indicators, pointed to a sustained increase in economic activity. The CIEA recorded annual growth of 13.4 percent in May 2026 compared with 4.4 percent in May 2025. Credit to the private sector, international trade activities, industrial production, and tourist arrivals all contributed to the improved economic performance during the period. The latest confidence surveys, conducted in June 2026, showed positive consumer and business sentiments, supported by optimism about growth prospects, subdued inflation, and declining lending rates.

Headline inflation increased to 5.3 percent in June 2026 from 3.7 percent in May. The uptick was driven by increases in both food and non-food inflation. Food inflation rose to 3.9 percent in June 2026 from 3.3 percent in the preceding month. Similarly, non-food inflation increased to 6.3 percent from 4.1 percent over the same period. Despite the increase, inflation remained below the lower bound of the medium-term target band of 8±2 percent. The June inflation outturn was driven primarily by base effects and a temporary increase in transport fares, following the surge in crude oil prices experienced during the period. The Bank's core inflation measure, which excludes energy and utilities, also increased in line with headline inflation. In addition, survey-based inflation expectations among consumers, businesses, and the banking sector rose broadly but remained anchored within the target band.

Growth in monetary aggregates strengthened significantly in June 2026 compared with the previous year. Reserve money recorded annual growth of 31.7 percent in June 2026, compared with 2.0 percent a year earlier. This reflected an increase in the net foreign assets of the central bank and the effect of changes in reserve requirements on banks' reserves. Similarly, broad money supply (M2+) grew by 28.5 percent in June 2026, compared with 15.6 percent in June 2025. The expansion was driven mainly by a buildup in net foreign assets of the banking system.

In the money market, interest rates on government short-term instruments moderated. The yield on the 91-day benchmark Treasury bill declined to 5.3 percent in June 2026 from 14.7 percent a year earlier. In the same direction, the Ghana Reference Rate eased to 10.0 percent, from 23.8 percent over the same period. Average lending rates for the banking sector also declined to 15.6 percent from 27.0 percent. In response to the eased cost of credit and stronger demand, private sector credit grew sharply by 41.2 percent in June 2026, compared with 8.6 percent in June 2025. In real terms, private sector credit growth stood at 34.1 percent, year-on-year.

On cash basis, fiscal performance in the first quarter broadly reflected strong expenditure restraint amid revenue shortfalls, resulting in better-than-targeted balances. The public debt stock stood at GH¢720.8 billion (45.1% of GDP) at end-May 2026 from GH¢641.1 billion (44.7% of GDP) at end-December 2025.

The banking sector recorded robust performance in June 2026, with strong asset growth, improved solvency, and enhanced asset quality. Total assets increased by 30.7 percent to GH¢502.4 billion, supported by growth in deposits, borrowings, and shareholders' funds. Banks' solvency improved, with the Capital Adequacy Ratio at 20.4 percent in June 2026 from 10.6 percent in June 2025. Asset quality also strengthened, with the Non-Performing Loan (NPL) ratio declining to 16.1 percent from 23.1 percent over the same period. Notwithstanding these improvements, elevated credit risk remained a key vulnerability, and continued adherence to prudential and regulatory measures are expected to further strengthen asset quality and reduce the level of NPLs across the industry.

The external sector recorded a strong performance in the first half of 2026, bolstered by robust export earnings, despite a sharp rise in the import bill due to higher energy and related costs associated with the Middle East conflict. The trade surplus improved significantly to US$8.8 billion, up from US$5.8 billion in the corresponding period of 2025, reflecting strong growth in gold and cocoa export proceeds. The current account surplus expanded to US$5.1 billion from US$4.1 billion in the same period last year. The stronger current account outturn, together with a larger capital account surplus, strengthened the overall balance of payments position.

At the end of June, Gross International Reserves stood at US$12.9 billion, equivalent to 5.0 months of import cover, down from US$13.8 billion, equivalent to 5.7 months of import cover, at end-December 2025. The decline in reserves reflected elevated energy-related payments arising from the Middle East crisis. Notwithstanding the decline, the current level of reserves provides adequate buffers for the economy to withstand external shocks. In the interbank market, the cedi came under demand pressures in May but has since recovered. In the year to 17 July 2026, the cedi cumulatively depreciated by 9.5 percent against the US dollar.

In taking the monetary policy decision, the MPC noted that the renewed Middle East conflict and associated disruption of trade routes have reignited volatility in energy markets. These developments could disrupt global supply chains and dampen global growth. Disinflation trends in several countries have stalled as energy prices have risen sharply, prompting many central banks to pause their monetary policy easing cycles in response to emerging inflationary risks. Although global financing conditions remain relatively accommodative, the persistence of these external shocks could result in tighter conditions, with adverse effects transmitted through the trade and financial channels of emerging market and developing economies.

The MPC acknowledged that domestic growth has strengthened during the year, as evidenced by robust first-quarter GDP growth and the latest CIEA outcomes. Positive business and consumer sentiments, an easing credit environment, and the significant increase in private sector credit growth are expected to boost economic activity going forward. Continued improvements in the trade balance and adequate reserve buffers are also expected to enhance the economy’s capacity to navigate heightened global uncertainty.

Recent price developments indicate that inflation has edged closer to the lower bound of the medium-term target band, driven largely by base drift effects. Inflation expectations and core inflation measures have also increased but remain broadly within the target band. The July forecast remains broadly unchanged from the previous MPC round, with headline inflation projected to rise gradually into the target band. Potential upward adjustments in utility tariffs, together with escalating geopolitical tensions in the Middle East and the associated increase in crude oil prices, present upside risks to the inflation outlook. On the downside, continued fiscal consolidation and an appropriately calibrated monetary policy stance should help moderate these risks.

Given these considerations, the Committee, by unanimous decision, maintained the Monetary Policy Rate at 14.0 percent. The Committee judged that the current policy stance remains appropriate to guide inflation into the medium-term target band, while allowing time to assess the evolving geopolitical developments and their potential impact on the domestic economy.

Informational Note

The next Monetary Policy Committee (MPC) meeting is scheduled for 22 – 24 September, 2026. The meeting will conclude on 24 September, 2026, with the announcement of the policy decision.