132nd MPC Meetings

Opening Remarks

by

Dr Johnson Pandit Asiama

Governor, Bank of Ghana

Bank Square, Bank of Ghana | 23 September 2026

Good morning. I welcome all Committee members and the staff team to the 132nd MPC meeting.

This meeting carries a particular institutional significance. It is the first MPC meeting convened under Ghana's 36-month Policy Coordination Instrument (PCI), which the IMF Executive Board approved on 27 July 2026. The PCI marks our transition from crisis stabilisation to the consolidation phase. Our deliberations today, and the credibility with which we conduct our policy, will send an early signal to markets and the international community about the quality of our policy ownership in this new chapter.

Before inviting staff presentations, let me set out the global context, assess where the domestic economy stands relative to our last meeting in July, and flag the key issues before the Committee.

Let me begin with developments since the Last MPC Meeting. At the 131st meeting in July, the Committee unanimously voted to maintain the Monetary Policy Rate at 14.0 percent. The Committee judged that the stance remained appropriate to guide inflation back into the target band, while giving us time to assess how the Middle East conflict would filter through to the domestic economy. In addition, maintaining the policy rate allowed the Committee to observe how previous decisions transmitted to the broader economy, especially the revision to the cash reserve ratio (CRR) regime. Two months on, that transmission is still ongoing; the banks are reallocating resources, and the Middle East conflict has not eased; it is taking on different dimensions. The Committee's task during this meeting is to judge whether the balance of risks has shifted enough to warrant a different policy response, or whether there remains a case for still maintaining the policy rate at its current level.

Within the Global economy, the dominant issue has been how the Middle East crisis has taken a different turn. Global economic developments continue to be dominated by the Middle East crisis, which is now entering its seventh month. Hopes of a permanent ceasefire have faded, while renewed hostilities between the United States and Iran continue to disrupt trade flows through the Strait of Hormuz. Attacks on Saudi Arabia's oil infrastructure have also shut down one of the few alternative export routes. The conflict's trajectory has become highly uncertain, and risks to global growth and inflation have become more pronounced.

Beyond the crude oil price shock, all forecasts show that the global growth outlook has deteriorated considerably since the conflict began. Growth forecasts have been downgraded, and the World Bank and UN now project global growth at 2.5 percent, well below pre-pandemic norms and the IMF's April estimate of 3.1 percent. Incoming data still points to a less favourable path. Emerging market and developing economies face particularly weak per capita income growth, while the Middle East and North Africa region has recorded cumulative growth revisions of nearly three percentage points.

At the same time, global headline inflation is picking up as energy and agricultural input prices have risen. Brent crude, which was above US$85 per barrel when the Committee last met, rose to about US$107 per barrel last week, its highest level in four months. The latest price increase is occurring against a backdrop of depleted global inventories, leaving markets with less capacity to absorb further supply shocks. Several central banks that had commenced easing cycles have consequently paused or reversed course, while markets now anticipate even higher US interest rates. Tighter global financial conditions and a stronger US dollar have also weighed on emerging market currencies, including the cedi.

For Ghana, the global shock is double-edged. Higher gold prices provide support for export earnings, reserve accumulation, and government revenue, while higher energy and fertiliser import costs could feed through quickly to transport, production costs, and consumer prices. These opposing channels will require close monitoring as the Committee assesses the implications for domestic inflation and growth.

Domestic macroeconomic conditions remain stable and broadly positive. Headline inflation, at 5.0 percent in August, is well below the lower bound of the 8±2 percent band despite domestic cost pressures in housing, transport and services, with exchange rate stability containing imported inflation and expectations easing across all surveyed groups. Real GDP grew by 6.0 percent in the second quarter, led by services and ICT, while private sector credit accelerated sharply, a pace that warrants close monitoring. The fiscal position is stronger than programmed, with a primary surplus above target, debt at 45 percent of GDP, upgrades from all three rating agencies, and debt distress risk reassessed from high to moderate; the banking sector is sound, liquid and profitable. Externally, however, gross international reserves fell to US$11.07 billion, 4.2 months of import cover, and the current account is projected to record a deficit in the third quarter as gold shipments slowed and service payments went up. The domestic position affords policy space; the external position determines how much of it can safely be used. Rebuilding net foreign assets must therefore remain the priority heading into the fourth quarter.

The committee faces issues and key domestic risks that it must weigh carefully. Three issues will shape our discussions during this meeting, each carrying its own risks. Let me touch on them briefly.

- **The first is the inflation trajectory.** Headline inflation has risen from its March low of 3.2 percent to 5.0 percent in August, a cumulative increase of 1.8 percentage points in five months. The level remains well below the lower bound of the target band, but the direction has been upward, and the question before the Committee is whether the expected rise over the coming months will be a one-off adjustment to higher energy prices and administered tariffs, or the start of more persistent pressure that could unsettle expectations.

- **The second is the external position.** The weaker current account, the decline in reserves and the pause in gold exports by GoldBod since mid-August call for a careful look at our buffers ahead of the usual rise in foreign exchange demand in the fourth quarter. Rebuilding reserves will be a key priority for the Bank in the coming months.
- **The third is how fiscal developments in the rest of the year will interact with monetary policy.** Spending is set to rise, the share of short-term domestic debt is rising, and completion of the external debt restructuring will raise debt service obligations, each with implications for liquidity and the exchange rate.

Permit me to touch on the Policy Coordination Instrument (PCI), which affects what we do here this week. The IMF Board's decision in July brought the ECF to a successful close and opened a new phase of engagement with the Fund. This is a policy signalling instrument, and the markets will watch the behaviour of monetary and fiscal policy for credibility. We need to show the same discipline in conducting monetary policy as we did with the ECF. The first PCI review in October approaches with its attendant accountability demands.

The question before us, as it was in July, is whether the current policy rate of 14 percent remains the appropriate anchor for inflation expectations given this balance of forces, and whether any adjustment is warranted. I trust that the staff presentations and the Committee's deliberations will bring the full weight of their analytical rigour to address some of these issues.

With these remarks, I declare the 132nd Monetary Policy Committee Meeting open.

Thank you.