



BANK OF GHANA

MONETARY POLICY COMMITTEE DECISION

SUBMISSIONS BY MEMBERS

SEPTEMBER 2026

At the 132nd meeting of the Monetary Policy Committee (MPC) held from 23 to 24 September 2026, the Committee unanimously voted to keep the Monetary Policy Rate (MPR) unchanged at 14.0 percent. The submissions by Members of the Committee that led to the decision are presented below.

POLICY DECISION SUBMISSIONS BY MPC MEMBERS

MEMBER 1

The macroeconomic environment has remained broadly favourable, supported by robust economic activity, strong fiscal consolidation, stable debt dynamics, and sustained improvements in business and consumer confidence. Since the previous MPC meeting, inflation has increased moderately from 4.6 percent in July to 5.0 percent in August 2026, driven largely by non-food inflation. Although headline inflation remains below the medium-term target band, the increase reflects emerging price pressures amid a more challenging external environment. Most measures of underlying inflation and inflation expectations, however, remain broadly contained. At this stage, policy should continue to safeguard disinflation gains while supporting sustained economic growth. The external environment has become less favourable, reflecting heightened geopolitical tensions, rising global energy and food prices, and tighter financial conditions. This could be exacerbated by potential weather-related disruptions associated with El Niño. These developments pose upside risks to the inflation outlook and warrant a cautious monetary policy stance.

Global economic activity remains resilient but faces increasing headwinds. Global growth is projected at 3.0 percent in 2026 amid elevated geopolitical uncertainty, largely stemming from ongoing tensions in the Middle East. At the same time, global headline inflation is rising, driven by higher energy and food prices. Tighter global financial conditions also increase the risk of capital outflows from emerging market economies. Furthermore, the anticipated El Niño event adds upside risk to commodity prices and global inflation. For Ghana, these developments could lead to higher imported inflation and renewed pressure on the exchange rate and external sector.

Domestic economic activity remains robust. Real GDP growth stood at 6.0 percent in the second quarter of 2026, while the Composite Index of Economic Activity (CIEA) expanded by 14.9 percent year-on-year in July, signalling continued growth momentum. Business and consumer confidence remain near historical highs, and private sector credit growth has accelerated. In addition, the negative credit-to-GDP gap suggests scope for further credit expansion without generating significant inflationary pressures.

Fiscal policy performance remains strong. The primary balance recorded a surplus of 1.4 percent of GDP, exceeding the fiscal target, while public debt has remained broadly stable at about 45 percent of GDP. These developments reinforce macroeconomic stability and strengthen confidence in the economy's medium-term prospects.

Headline inflation increased to 5.0 percent in August 2026 from 4.6 percent in July. The recent increase was driven primarily by non-food inflation, while food inflation moderated. Importantly, most core inflation indicators eased or remained stable, suggesting that underlying inflationary pressures remain limited. Inflation expectations among businesses, consumers, and market participants have also declined, reflecting confidence in the inflation outlook and the credibility of monetary policy.

The baseline forecast indicates that inflation will gradually move towards the medium-term target range over the forecast horizon. Monetary conditions remain tight, while the output gap is expected to support continued growth without generating inflationary pressures. Nonetheless, risks to the inflation outlook remain tilted to the upside, reflecting rising crude oil prices, utility tariff adjustments, transport fare increases, geopolitical developments, and the potential adverse effects of El Niño. Better-than-expected harvests, the government's diesel subsidy programme, and stronger fiscal consolidation remain the main downside risks to inflation.

On balance, domestic macroeconomic conditions remain supportive of macroeconomic stability. Economic growth is robust, fiscal performance remains strong, public debt is stable, inflation expectations are falling, and underlying inflationary pressures remain contained. These developments suggest that disinflation gains are well anchored and the process remains broadly on track.

Notwithstanding, it is important to pay attention to the increased risks emanating from the external environment. Rising global energy and food prices, heightened geopolitical uncertainty, tighter global financial conditions, and the possibility of adverse weather-related shocks could transmit to the domestic economy through higher import prices and renewed inflationary pressures. While current domestic conditions support some policy easing, prevailing external risks warrant caution until there is greater clarity regarding developments in the Middle East and their implications for the medium-term inflation outlook.

Accordingly, I vote to maintain the monetary policy rate at 14.0 percent. Keeping the policy rate unchanged will help anchor inflation expectations, preserve disinflation gains, support exchange rate stability, and provide adequate policy insurance against elevated external inflation risks. Maintaining the current stance will also allow the Committee to assess the persistence of recent inflation developments and the potential impact of external shocks on the medium-term inflation path before considering further policy adjustments.

Global economic conditions have remained broadly unchanged since the renewal of the Middle East conflict. The closure of the main trading route continues to constrain global supply chains, keeping energy and food prices elevated. Inflationary pressures have intensified since the last MPC meeting, driven largely by higher energy costs, and major central banks have responded with gradual policy rate increases, which could tighten global financial conditions in the outlook. Climate conditions add further uncertainty. A strong El Niño is expected to emerge in the last quarter of the year, with possible implications for food and other commodity prices, including cocoa.

Domestic economic activity remained resilient in the first half of the year. GDP grew by 6.0 percent in the second quarter, supported by the services and industry sectors. The Bank's Composite Index of Economic Activity grew by 14.9 percent in July 2026, compared with 6.1 percent a year earlier. Growth is expected to remain strong in the third quarter, partly supported by continued credit expansion.

Headline inflation eased from 5.3 percent in June to 4.6 percent in July, before rising to 5.0 percent in August, driven mainly by non-food inflation. Despite the uptick, headline inflation remains below the medium-term target band of 8 ± 2 percent. Core inflation, which excludes food and utilities, eased moderately. Inflation expectations also moderated across all segments: consumers (from 10.4 to 7.2 percent), businesses (from 8.4 to 6.4 percent) and the financial sector (from 8.7 to 6.1 percent). Underlying price pressures therefore remain broadly stable, and expectations remain anchored.

Reserve money grew by 29.7 percent year-on-year in August 2026, compared with 4.5 percent in August 2025. The expansion was driven by growth in net domestic assets, reflecting the impact of the change in reserve requirements, and was partly offset by a decline in net foreign assets. Broad money supply grew by 20.4 percent, up from 16.6 percent a year earlier.

Interest rates on short-term government instruments moderated further in August 2026. The 91-day Treasury bill rate fell to 5.4 percent from 10.3 percent a year earlier, while the average bank lending rate declined to 15.9 percent from 24.2 percent. Lower interest rates, easier credit stances and stronger credit demand lifted private sector credit growth to 35.5 percent year-on-year in August 2026, from 13.3 percent a year earlier. In real terms, private sector credit grew by 29.0 percent, compared with 1.7 percent over the same period last year. This trajectory supports growth in the near term.

The banking sector remained sound, supported by adequate liquidity and improving asset quality. The continued improved performance was driven by relatively strong growth in total assets, deposits mobilisation, and profitability. Total assets grew by 20.5 percent in August 2026, driven primarily by strong growth in deposits and other funding sources, but marginally lower than the 22.4 percent growth recorded in the same period last year. Growth in assets is reflected mainly by the strong credit extension backed by positive sentiments on credit stance, credit demand and macroeconomic expectations. Financial soundness indicators, that is, asset quality, efficiency, and profitability remained broadly healthy in August.

The external sector continued to strengthen, supported by higher production volumes and favourable commodity prices. The trade surplus rose to US\$8.9 billion in the first eight months of 2026, on higher export earnings from gold (up by 32.9 percent year-on-year), crude oil (up 32.8 percent) and cocoa beans (up 20.1 percent). Gross international reserves declined amid rising external payment pressures but remain broadly adequate to provide buffers for the local currency.

The latest forecast indicates that headline inflation will return to and remain within the medium-term target band over the forecast horizon. However, the recent increase in inflation, together with the re-escalation of the Middle East crisis and its impact on energy markets, present upside risks to this outlook. These risks are both external and domestic.

Key external risks include:

- Persistently elevated oil prices, with average petroleum prices projected at around US\$100 per barrel.
- Higher fuel and shipping costs, with implications for imported inflation.
- Rising food prices from higher energy, fertiliser and transportation costs.
- The impact of the Fed rate increase and a strengthening US dollar on the local currency.
- A decline in dollar gold prices and the potential impact of El Niño on cocoa proceeds.
- Tighter global financial conditions from rising inflation expectations and less accommodative monetary policies, which could trigger portfolio outflows and pressure emerging market currencies.

Key domestic risks include:

- Quarterly utility tariff adjustments and rising domestic petroleum prices.
- Elevated energy prices and possible supply chain disruptions linked to geopolitical tensions.
- Adverse weather effects, including El Niño-related impacts on food harvests.
- Potential exchange rate pressures arising from heightened external uncertainty.

On the downside, favourable harvests (weather permitting), government diesel subsidies and ongoing fiscal consolidation could moderate price pressures. Taking these considerations together, I vote to maintain the policy rate at 14 percent.

MEMBER 3

The technical presentations at the meetings showed that global growth proved more resilient than anticipated in the first half of 2026. The energy shock from the Middle East conflict has weighed less on output than earlier feared, and the boom in artificial intelligence-related investment has supported activity in major economies. The growth outlook, however, remains uncertain amid persistent geopolitical tensions. Headline inflation is picking up across major economies on account of high energy costs as the lingering conflict drives crude oil prices above US\$100 per barrel. Food prices are also on the increase and a strong El Niño may worsen the outlook. These developments could translate to the domestic economy through weak export prices, higher fuel and food import costs, pressure on portfolio flows, and disruption to agriculture and hydro power. This indicates that external risks to growth, inflation and the exchange rate have heightened since the last MPC meeting.

Domestic conditions remain supportive of growth. In the second quarter, the economy expanded by 6.0 percent, a moderation from the first quarter but still strong, and leading indicators point to sustained activity in the second half of the year. Consumer and business confidence indices remain close to historical highs. The cedi is expected to remain stable. The output gap is negative but closing, which means the economy can grow further without creating demand pressures on prices. However, lower cocoa production in the upcoming season, higher fuel prices, and supply chain disruptions could weigh on the growth outlook.

The external sector recorded strong export performance over the first eight months of the year, sustaining the wide trade surplus. However, elevated payment obligations have led to a drawdown in the reserve position to US\$12.0 billion as of 22 September 2026, from US\$13.8 billion at end December 2025. Buffers remain adequate, but the drawdown deserves close attention, particularly as completion of the debt restructuring will raise external debt service in the period ahead.

Fiscal implementation remains disciplined. Revenue is broadly on target, spending has been restrained, and the primary balance is on course to meet the surplus of 1.5 percent GDP target. Fiscal performance so far poses downside risks to inflation.

Headline inflation rose to 5.0 percent in August 2026 but remains below the end-2025 level and below the lower bound of the medium-term target band. Non-food items, mainly services such as housing and transport, drove the increase, while food inflation continued to ease. The shift towards services and domestic costs warrants monitoring, but it does not yet signal a broad-based resurgence in prices. Inflation is projected to rise gradually into the target band over the forecast horizon. Risks however remain. On the upside, uncertainties in the global environment due to the geopolitical tensions, utility tariff adjustments, higher petroleum prices, expected transport fare adjustments, and El Niño phenomenon pose risks. A good harvest, the government diesel subsidy, and stronger-than-expected fiscal consolidation are expected to moderate the upside risks to the outlook. Overall, the risks are broadly balanced. Based on these considerations, I vote to keep the policy rate unchanged at 14 percent.

MEMBER 4

A review of macroeconomic data and technical discussions during the meeting showed that while domestic conditions are generally favourable, risks to inflation from the external environment have increased and remain elevated. Key macro variables in Ghana remain generally stable; real GDP growth remains robust; inflation expectations are falling, suggesting real rates are increasing; private sector credit improving in both nominal and real terms. However, the credit-to-GDP gap remains negative, suggesting room for growth that is not inflationary; budget execution remains on track; the external sector remains strong with significant reserve buffers and the exchange rate remains largely stable. My decision, therefore, reflected a balance of the risks of inflation against growth taking into consideration the domestic and global developments.

Global growth has been resilient in the first half of 2026 supported by a boom in artificial intelligence investments. Growth is however projected to slow to 3.0 percent in 2026 from 3.5 percent in 2025 due to heightened geopolitical uncertainties. The persistent tension between US and Iran, and the closure of the Strait of Hormuz has resulted in elevated energy costs, hence a pickup in headline inflation across major economies. Subsequently, some central banks have begun to tighten monetary policy with its attendant tight financing conditions and slower growth outlook. Global climatic conditions reveal an emergence of a strong El-Nino, which could further drive up food prices and exert inflationary pressures. Persistence of the Middle East crisis in particular could lead to further disruptions in global trade and adversely impact Ghana through a number of channels – high shipping cost due to rerouting of vessels, high fuel prices and hike in transport fares, pressure on foreign reserves to meet high energy import bill, resultant pressure on exchange rate and its pass-through to inflation.

On the domestic front, growth remained robust in the second quarter of 2026 at 6.0 percent compared with 6.5 percent in the same period in 2025. The CIEA recorded a significant growth of 14.9 percent year-on-year in July 2026, compared with 6.1 percent same period in 2025, largely driven by credit to the private sector. Both the consumer and business confidence indices remained largely unchanged at high levels in August 2026 compared with the readings in June, indicating positive sentiments for investment and growth. The majority of economists surveyed expect the local currency to remain stable, while inflation expectations among surveyed economic agents have declined mainly on account of cedi stability.

The external sector remained resilient in the first eight months of 2026. The trade balance recorded a surplus of US\$8.9 billion in August 2026, compared with a surplus of US\$6.7 billion in 2025 underpinned by a strong export performance. The cedi, however, came under some demand pressures emanating from higher energy costs and activities from commerce and manufacturing sectors of the economy. These pressures were contained through the Bank's foreign exchange intermediation and intervention operations. Consequently, the Gross International Reserves decreased to US\$12.0 billion as at 22 September 2026, equivalent to 4.5 months of imports, from US\$13.8 billion as at end-December 2025.

In terms of monetary developments, year-to date, reserve money growth increased due to expansion in Net Domestic Assets (NDA). Net Foreign Assets (NFA), however moderated due to increased forex market operations. Total domestic liquidity growth was below its long-run trend and credit-to-GDP gap remained negative. These developments pointed to some room for measured credit expansion without a significant risk to inflation. Indeed, private sector credit growth in August 2026, improved in both nominal and real terms.

In terms of fiscal performance, budget execution remains strongly on track. Primary balance on commitment basis recorded a surplus of 1.4 percent of GDP surpassing the fiscal anchor target of 0.2 percent in July 2026. Public debt stock as a share of GDP remains relatively stable at 45 percent in June from 44.7 percent in December 2025. The banking sector remained resilient and profitable as at August 2026 across all banks. Solvency, core liquidity, and asset quality measures further strengthened in August 2026, relative to the same period in 2025.

On price developments, headline inflation increased in August 2026 to 5.0 percent from 4.6 percent in July, driven mainly by non-food inflation. However, core inflation broadly eased, whilst measures excluding food remained above headline inflation. Similarly, inflation expectations from economic agents declined in August 2026. In the outlook, inflation is projected to record a marginal increase in September but remain below the lower band and gradually trend up within the medium-term target over the next three months.

A review of the above developments points to the fact that whilst domestic conditions remain favourable to the inflation profile, risks from the external environment remain elevated. I therefore see the need to wait and observe how the developments in the Middle East tensions evolve given that domestic inflation is projected to remain within the target band in the short term. Consequently, I vote to maintain the MPR at 14.0 percent.

MEMBER 5

Global growth was resilient in the first half of 2026, though the outlook for the global economy remains uncertain amid persistent geopolitical tensions. Global headline inflation has begun to pick up across major economies due to increasing energy costs and food prices. Global climate conditions indicate a strong El Niño emerging and this could present an additional layer of uncertainty to the inflation outlook. In the near term, global financial conditions may tighten amid elevated uncertainty as central banks begin to tighten monetary policy. In all I note elevated risks to growth, inflation and exchange rate from the external environment with adverse implications for the domestic economy.

Looking at the domestic economy, the strong export performance in the first eight months of the year supported a widening of the trade surplus. However, preliminary third quarter data show some drawdown in reserves due to higher payment obligations. The risks to the external sector outlook remained heightened due to the prolonged geopolitical tensions in the Middle East.

On real sector development, the economy remains robust with real GDP growth of 6 percent in the second quarter and the leading indicators suggest sustained growth into the second half of year. The CIEA signalled a pick-up in economic activity in August 2026. Both consumer and business confidence remained broadly unchanged, while the positive business and consumer sentiments are supportive of growth. The outlook remains positive but the climate-related agricultural disruptions (from El Niño), rising manufacturing costs and global supply chain disruptions pose downside risks, and could also trigger food inflationary pressures.

Fiscal consolidation remains strong. Though total revenue for the first seven months of 2026 was lower than the target by 0.01 percent of GDP, total expenditure was constrained with a shortfall of 1.81 percent of GDP from target. Primary balance on commitment basis recorded a surplus of 1.4 percent of GDP, exceeding the fiscal anchor target of 0.2 percent of GDP as of July 2026. Public debt stock as a share of GDP remains relatively stable at 45.0 percent of GDP in June 2026 from 44.7 percent of GDP in December 2025. Developments on the fiscal front so far present downside risks to inflation. However, concerns remain regarding the need to increase investment in infrastructure development to support economic activity.

In terms of monetary and financial developments, year-to-date growth in reserve money increased on the back of expansion in Net Domestic Assets (NDA) while Net Foreign Assets (NFA) moderated due to increased foreign exchange market support. Growth in broad money supply increased on year-to-year basis on the back of increased domestic credit growth. Private sector credit growth improved in both nominal and real terms. With money supply still below its long-run trend and the negative credit-to-GDP gap, the indicators signal some room for measured credit expansion. The Interbank Weighted Average Rate (IWAR) continues to trend close to the lower bound of the policy corridor, suggesting increased market liquidity at the floor level. Developments in the stock market continue to signal improved macroeconomic conditions.

The banking sector remained resilient, with the strong performance supported by relatively strong growth in total assets, deposit mobilisation, and profitability. The sector's financial soundness indicators remained broadly strong. Banks' compliance with the Non-Performing Loan (NPL) guidelines will be critical to ensure that the NPL ratio declines to meet the industry's benchmark. Addressing the asset quality issue will help spur private sector credit growth to support growth.

On price development, headline inflation increased in August to 5 percent from 4.6 percent in July, driven by non-food inflation. Core inflation broadly eased, while measures excluding food remained above headline inflation. Inflation in September is projected to pick up marginally but remain within the medium-term target.

In the outlook, I note that the downside risks to inflation include the good harvest, government diesel subsidy and stronger than expected fiscal consolidation. But the upside risks include quarterly adjustment in utility tariffs, higher petroleum prices due to re-escalation in Middle East tensions, and El Nino effect.

On the growth side, the downside risks include re-escalation of Middle East tensions, El Nino effect and quarterly adjustment in utility tariffs, while the upside risks include discovery of new oil wells, plans to refine commodity exports, good harvest and expansion of digital infrastructure.

I note that there are favourable domestic conditions, however, on the global front, risks to domestic inflation remains elevated. Therefore, at the MPC round, the balance of risks appears slightly tilted to the upside of inflation relative to growth requiring the need to maintain a relatively tight monetary policy stance to anchor inflation expectations. I therefore opt to maintain the monetary policy rate at 14.0 percent.

MEMBER 6

The September MPC convenes as headline inflation has inched up, the cedi has weakened, and global financial conditions have tightened. It is also the first meeting since the International Monetary Fund (IMF) completed the final review of the Extended Credit Facility (ECF) and approved a 36-month Policy Coordination Instrument on 27 July 2026. While global growth projections remain anchored at 3 percent, headline inflation has begun to rise across major economies as energy costs climb. Financial conditions have also tightened after the US Federal Reserve raised its policy rate by 25 basis points to 4 percent. At the same time, escalating Middle East tensions continue to exert upward pressures on crude oil prices. A wider conflict risks damaging energy infrastructure, disrupting key maritime supply routes, worsening supply shortages, and adding to exchange rate pressures. While slower global output growth may constrain underlying demand, the near-term global inflation trajectory remains tilted firmly to the upside. Improved domestic conditions are likely to lessen the impact of any negative global growth prospects on the Ghanaian economy.

On the domestic front, high-frequency indicators point to sustained growth momentum. The CIEA expanded by 14.9 percent in real terms in July 2026, while business and consumer confidence remain broadly stable. Ghana's Purchasing Managers Index (PMI) also rose, indicating strong growth in output and new orders. The near-term outlook is resilient, supported by private sector credit growth and higher oil output, although growth is concentrated in services and the slowdown in non-oil activity deserves attention.

Despite moderation in the second quarter real GDP growth, on the back of the agricultural sector, high-frequency indicators rebounded in the third quarter. Key downside risks include projected declines in cocoa output that could adversely affect agricultural growth, rising fuel prices that could moderate manufacturing growth, and supply disruptions that could cause shortages and raise input prices.

The external sector performance remains strong but has moderated in the third quarter of 2026 due to softer gold exports and elevated payment pressures. Nonetheless, the external sector account recorded a trade surplus of US\$8.9 billion in August 2026, up from US\$6.7 billion in the previous year. Gross International Reserves (GIR) decreased to US\$11.1 billion (4.2 months of import cover) at the end of August 2026 from US\$12.9 billion (5 months of import cover) in June 2026. However, as of 22 September 2026, the GIR improved to US\$12.0 billion, with the Net International Reserves at US\$9.0 billion. The cedi depreciated by 9.5 percent against the US dollar in 2026, trading at GHS11.55 per USD as of 18 September 2026. Given the seasonal fourth-quarter demand pressures and rising debt service commitments following the completion of the external debt restructuring, rebuilding reserves remains a priority.

Data on broad fiscal developments in 2026 show a stronger position than programmed, broadly supported by improved revenue inflows from mineral royalties and corporate income tax. Expenditure was relatively contained, with all major spending categories well within the programme target. The primary balance from the beginning of the year to July 2026 recorded a surplus of 1.4 percent of GDP on a commitment basis, exceeding the surplus target of 0.2 percent of GDP while the overall budget balance also recorded a deficit of 0.2 percent of GDP, lower than the deficit target of 1.9 percent of GDP. The public debt stock rose to 45.9 percent of GDP in July 2026 from 45 percent the previous month, mainly due to a rise in the domestic debt stock to GHS396.7 billion (24.8 percent of GDP). Government spending is expected to rise, with possible implications for liquidity and the exchange rate, while increased short-term debt could raise rollover and refinancing risks.

The monetary presentation showed an increase in the growth of reserve money, driven mainly by the policy effect of the new Cash Reserve Requirement (CRR) that caused banks to leverage on their investments in BoG bills to meet the CRR requirement. Year-on-year, reserve money grew by 29.7 percent compared with a growth of 4.5 percent in the same period in 2025. However, the expansion in reserve money was moderated by a contraction in net foreign assets due to increased forex market support, which adversely impacted the gross reserve position. Total liquidity also grew by 20.4 percent, down from 28.5 percent in June 2026 largely driven by expansion in domestic credit.

The interbank weighted average rate was 10.2 percent in August 2026, 380 basis points below the MPR and still close to the lower bound of the policy corridor, which I believe is indicative of market frictions or ample liquidity and a potentially weaker transmission of the policy rate. Short-term rates on Government of Ghana (GoG) bills remain low while the average lending rates of banks increased to 15.94 percent in August 2026 from 15.64 percent in June 2026.

The banking sector remains sound, liquid and profitable. In August 2026, total assets grew by 20.5 percent to GHS500.2 billion, deposits increased by 20.7 percent to GHS362.2 billion, while advances grew by 35.5 percent to GHS129.2 billion. The Non-Performing Loan (NPL) ratio has declined to 15.7 percent from 20.8 percent a year ago, although it remains elevated. Two trends to monitor going forward are the easing in the capital adequacy ratio alongside a pickup in private sector credit and the softening in banks' profitability. The capital market continued its strong performance, albeit recording some sell-off of stocks in August 2026 as investors expected share prices to decline. That notwithstanding, the market broadly remains buoyant posting a year-to-date and year-on-year gain of 71.9 percent and 105.7 percent, respectively.

Notwithstanding these favourable domestic developments, risks to the inflation outlook remain elevated, and the external position now matters as much as inflation. Rising oil and food prices, higher transport fares, the cedi's depreciation, and expectations of increased

government spending in the fourth quarter, within an ample liquidity environment, could all add to price pressures. However, inflation remains below the target band, non-oil growth is moderating, and the reserve position calls for caution. The seasonal rise in foreign exchange demand and tighter global financial conditions limit how much the domestic position can moderate inflation risks from the external environment. Headline inflation is expected to continue rising over the coming months, and the key judgement is whether this will be a one-off adjustment to higher energy prices and increased import costs or the start of more persistent pressure that could adversely affect inflation expectations.

Indeed, over the past month, intensified geopolitical tensions have pushed oil prices marginally above US\$100 per barrel. Meanwhile, the US Federal Reserve has raised its policy rate and indicated the possibility of another rate increase in 2026. Furthermore, lower-than-anticipated export receipts, coupled with a higher import bill, raise concerns about cedi stability. Persistence of these developments could weaken the cedi and, in turn, worsen the inflation outlook.

Given recent external developments and the heightened risks to Ghana's inflation outlook, I was torn between maintaining the current policy rate and endorsing a 50-basis-point increase in the policy rate. Nonetheless, the technical analysis shows that in the worst-case scenario, inflation will stay within the medium-term target by year-end, and so I will vote for the monetary policy rate to remain at 14.0 percent. I believe this level is sufficiently restrictive to mitigate elevated inflationary expectations.

MEMBER 7

Global economic developments continue to be dominated by the protracted Middle East crisis with heightened uncertainty over prospects of a lasting ceasefire. The geopolitical tensions have continued to disrupt trade flows through the Strait of Hormuz, with a negative impact on global economic activity, alongside an uptick in headline inflation in many economies. This underscores the need to maintain a cautious monetary policy stance. Global financial conditions are expected to tighten in the near term amid elevated uncertainty and the US Federal Reserve decision to increase its key interest rate by 25 basis points.

On the domestic front, macroeconomic conditions have remained broadly stable, supported by disciplined policy implementation and relative stability in the exchange rate. Although headline inflation remains below the medium-term target of 8.0 percent, it 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. Inflation expectations, however, declined across all the economic agents surveyed on the back of exchange rate stability. Growth moderated to 6.0 percent in the second quarter of 2026 relative to 6.6 percent in the same period in 2025, while consumer and business confidence remained high and largely unchanged from the last MPC meeting, reinforcing a positive outlook for private sector investment and growth.

External sector performance remained resilient during the first eight months of the year, supported by a strong trade surplus. Despite this strong trade surplus outturn, increased external payments over the period of review is beginning to reflect in slower pace of international reserve accumulation.

Notwithstanding the resilient domestic sector, persistent risks from the global environment and the emerging vulnerabilities in the balance of payments call for caution in the conduct of monetary policy. The global environment remains uncertain and increasingly complex. Geopolitical tensions in the Middle East persist, raising concerns about renewed volatility in global oil and commodity markets. Gold prices, which supported Ghana's external position, have broadly declined since March 2026. In addition, sustained increases in crude oil prices are posing upside risks to inflation and exerting pressures on external buffers.

Against this backdrop, several key risks continue to confront the Ghanaian economy.

First, a prolonged conflict in the Middle East could sustain upward pressure on global energy prices and disrupt supply chains, with spillover effects on domestic inflation through higher fuel, transport, and imported goods prices. These pressures are already evident in rising petroleum-related import bills observed at the foreign exchange auctions. A prolonged conflict could also intensify external inflation pass-through effects.

Second, although headline inflation remains significantly below the medium-term target, rising and increasingly persistent run of inflation outturns could de-anchor inflation expectations, particularly should the external shock prove persistent.

Third, continued global uncertainty could test the resilience of Ghana's external buffers and exchange rate stability. While reserve adequacy remains comfortable by conventional metrics, the recent pace of reserve drawdowns associated with foreign exchange interventions and slower pace of reserve accumulation warrants close monitoring.

Fourth, prospective adjustments in utility tariffs and transport fares, high petroleum prices, and El Niño climate phenomenon, could amplify domestic inflationary pressures, reinforcing what initially emerged as an externally driven inflation shock.

Overall, the assessment indicates that risks in the outlook to inflation and growth are broadly balanced. While the current monetary policy stance remains sufficiently tight, the real interest rate gap has become accommodative due to the recent increase in inflation, warranting heightened vigilance. Accordingly, the Bank should continue to maintain an appropriately tight monetary policy stance and strengthen external buffers to ensure that inflation expectations remain well anchored. Against this backdrop, and consistent with the Bank's mandate to maintain price stability while supporting sustainable economic growth, I vote to maintain the monetary policy rate at 14.0 percent.

ENDS.

The next Monetary Policy Committee Decision will be published after the MPC meetings in November 2026.