BANK OF GHANA
MONETARY POLICY COMMITTEE
PRESS RELEASE
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The Monetary Policy Committee (MPC) held its 128th regular meeting from January 26 – 28, 2026, to evaluate recent economic developments and assess risks to the outlook for inflation and growth. This briefing summarises the key discussions and the Committee's decision on the Monetary Policy Rate.

The global economy proved more resilient than expected in 2025. Growth was broadly supported by fiscal stimulus in some countries, rising real wages amid declining price pressures, and increasing Artificial Intelligence-related investments, especially in the US and Asia. These factors are expected to continue to provide broader support to demand in the near-term. Against this backdrop, the IMF projects global growth to remain steady at 3.3 percent in 2026.

Global headline inflation has gradually shifted towards central bank targets. This reflected a sustained drop in oil prices, lower food prices, declining underlying inflation, and anchored inflation expectations. Based on these developments, global financing conditions have eased considerably in both advanced and emerging-market economies, supported by expectations of policy easing by central banks, increased risk appetite, and the depreciation of the US dollar. These global dynamics are expected to be favourable for the domestic economy going forward.

On the domestic front, growth recovery gained momentum in the year. The latest data from the Ghana Statistical Service showed that overall Real GDP expanded at an annual rate of 6.1 percent during the first three quarters of 2025, relative to 5.8 percent during the corresponding period in 2024. Similarly, non-oil GDP grew by 7.5 percent from 5.8 percent over the same comparative period. The growth outturn was mainly driven by the services and agriculture sectors.

The Bank's Composite Index of Economic Activity (CIEA) registered further improvement in the last quarter of 2025. The Index recorded 8.8 percent growth in November 2025, compared to 1.5 percent growth in November 2024. International trade activities, credit to the private sector, industrial production and consumption contributed to the improvement in the CIEA during the period. Furthermore, the latest consumer and business confidence surveys continued to point to improved sentiments on macroeconomic conditions. Most survey respondents cited easing inflation conditions, stable currency, prospects for lower borrowing costs, short-term realisation of industry prospects, and attainment of company targets as reasons for the optimism.

Headline inflation declined sharply from 23.8 percent in December 2024 to 5.4 percent in December 2025. The disinflation process was broad-based and supported by tight monetary policy, fiscal consolidation, and currency appreciation. Inflation expectations across all sectors (consumers, businesses and the financial sector) remained well anchored. The Bank's core inflation measure, which excludes energy and utility prices, also eased, indicating muted underlying inflationary pressures.

Growth in monetary aggregates moderated, reflecting the relatively tight policy stance in the year. Reserve money grew by 12.5 percent, significantly lower than the 47.8 percent recorded in 2024, mainly due to increased sterilisation efforts. Broad money supply growth also declined to 16.5 percent from 31.9 percent over the same comparative period.

Money market rates declined sharply, with the 91-day Treasury bill rate falling to 11.08 percent in December 2025 from 27.73 percent a year earlier. The easing of the monetary policy rate by 900 basis points during the year led to a reduction of average lending rates to 20.45 percent from 30.25 percent. This supported a rebound in real private-sector credit growth to 13.1 percent from 2.0 percent in 2024.

Fiscal operations for the period to November 2025 reflected continued consolidation. The overall fiscal deficit on commitment basis stood at 0.5 percent of GDP, significantly below the target of 3.5 percent. The primary balance on commitment basis recorded a surplus of 2.8 percent of GDP, compared with a target of 0.6 percent. Public debt declined to 45.5 percent of GDP at end-November 2025, down from 63.1 percent a year earlier.

The banking sector recorded a strong performance in 2025. Total assets increased in the year, driven by growth in domestic deposits, domestic borrowings and shareholders' funds. The asset growth was primarily reflected in investments which increased significantly. The latest financial soundness indicators show that the banking sector was solvent, profitable, and efficient. The Non-Performing Loan (NPL) ratio improved to 18.9 percent in December 2025, from 21.8 percent in 2024, although it remained elevated. Ongoing policy measures aimed at resolving legacy loans, enforcing strict credit underwriting standards, and addressing wilful defaults are expected to further improve asset quality. The easing of the policy rate is expected to support credit conditions and strengthen financial intermediation, going forward.

The external sector recorded a robust performance. The year ended with a provisional current account surplus of US$9.1 billion, up from US$1.5 billion in 2024, driven by strong gold export earnings, increased private transfers, and moderation in the services and income payments. These developments, together with high capital inflows resulted in a provisional balance of payments surplus of US$3.98 billion. Gross International Reserves increased to US$13.8 billion, equivalent to 5.7 months of import cover, at end-December 2025, compared to US$9.1 billion, equivalent to 4.1 months of import cover at end-December 2024.

Improved reserve accumulation provided buffers for the local currency. The cedi strengthened against the major trading currencies in 2025 and has remained relatively stable in the first few weeks of 2026. The currency's strong performance reflected favourable global conditions, prudent monetary policy, effective liquidity management, and significant reserve buildup. In 2025, the cedi recorded an appreciation of 40.7 percent against the US dollar, compared with a depreciation of 19.2 percent in 2024.

In taking the policy decision, the Committee acknowledged that macroeconomic conditions have improved significantly. This was supported by the tight monetary policy stance, fiscal consolidation, and significant build-up of reserves. Inflation has declined faster than anticipated, expectations remain well anchored, and growth has strengthened. With stability largely achieved, the focus of policy is gradually shifting toward consolidating these gains and supporting stronger real sector recovery, job creation, and improved financial intermediation.

The latest forecast and six-months ahead survey-based inflation expectations indicate that headline inflation is broadly expected to be within the medium-term target, barring potential spillover risks from upward adjustments in utility prices and commodity market volatility. GDP growth is expected to remain strong in 2026, with the output gap narrowing. While this may introduce moderate demand-side pressures, the Committee judged that current monetary conditions remain tight relative to prevailing inflation dynamics. Sustaining Ghana’s macroeconomic gains will hinge on disciplined fiscal policy, strong policy coordination, and targeted agricultural interventions to contain food inflation, while remaining vigilant to heightened geopolitical tensions.

Based on the foregoing considerations, the Committee, by a majority decision, voted to lower the Monetary Policy Rate by 250 basis points to 15.50 percent. The Committee will continue to monitor developments closely and take appropriate policy actions to ensure that the gains from macroeconomic stability are translated into sustainable growth.

Informational Note

The next Monetary Policy Committee (MPC) meeting is scheduled for March 16-18, 2026. The meeting will conclude on March 18, 2026, with the announcement of the policy decision.