BANK OF GHANA

MONETARY POLICY COMMITTEE DECISION

SUBMISSIONS BY MEMBERS

JULY 2026

At the 131st Monetary Policy Committee (MPC) meetings held from 20 to 22 July 2026, the Committee unanimously voted to keep the Monetary Policy Rate (MPR) at 14.0 percent.

Below are the submissions by the MPC Members that resulted in the policy decision.

POLICY DECISION SUBMISSIONS BY MPC MEMBERS

MEMBER 1

The macroeconomic environment has remained broadly favourable, underpinned by strong economic growth, improved fiscal outcomes, and a resilient external sector. Since the previous MPC meeting, however, inflation has risen for three consecutive months, but broadly in line with expectations. Although inflation remains below the medium-term target band, recent increases reflect both statistical base effects and the re-emergence of domestic and external price pressures.

At this stage, policy would need to focus on preserving the significant disinflation gains achieved over the past year while supporting the ongoing economic recovery. In addition, heightened uncertainty stemming from the Middle East conflict and its attendant rising energy prices and renewed global inflationary pressures pose risks to the inflation outlook and medium-term growth prospects. These developments warrant a cautious policy stance.

Global economic activity remains resilient but uneven across countries and regions. The escalation of tensions in the Middle East has increased uncertainty and contributed to a downward revision of global growth projections to 3.0 percent in 2026. Rising crude oil prices, higher fertiliser costs, and increasing transportation expenses have contributed to renewed inflationary pressures. Also, food prices are expected to rise as higher energy and input costs feed through production and distribution chains. Consequently, central banks may become less accommodative as inflation pressures re-emerge, with implications for global financial conditions, capital flows, borrowing costs, and exchange rate developments. For Ghana, these shocks could transmit through the trade and financial channels, raising import costs and instigating potential pressures on inflation and the balance of payments.

Domestic economic activity remains robust. Real GDP growth reached 6.4 percent in the first quarter of 2026, and leading indicators suggest sustained growth momentum. Model-based estimates indicate that the output gap remains negative but is projected to close over the forecast horizon, suggesting that economic activity is operating below its long-run trend and productive capacity. This points to the presence of residual slack in the economy, although the continued recovery is expected to gradually reduce this gap. As growth converges towards its potential rate, the output gap should narrow, supporting a balanced expansion while limiting inflationary pressures.

Fiscal operations continued to consolidate, recording a primary surplus higher than expected, placing public debt on a continued sustainable trajectory. The external sector remained favourable, with the current account surplus increasing to US$5.1 billion (3.8% of GDP) in the first half of 2026. The cedi experienced pressure in May but subsequently recovered, while gross international reserves declined to US$12.9 billion, equivalent to 5.0 months of import cover, reflecting the combined effect of higher energy costs from the geopolitical tensions and lower gold prices alongside other external financing obligations. Credit growth strengthened, and financial sector conditions remain supportive of economic activity.

Headline inflation increased from 3.7 percent in May to 5.3 percent in June 2026. Both food and non-food inflation contributed to the increase, while core inflation measures also rose, suggesting broader underlying price pressures. Inflation expectations among households, businesses, financial institutions, and economists moved upward, although broadly consistent with the medium-term target framework. Near-term forecasts suggest inflation could rise further in July and August before stabilising. The baseline projection indicates that inflation will return to the medium-term target band over the forecast horizon. Nevertheless, risks remain tilted to the upside, reflecting higher petroleum prices associated with the Middle East tensions, utility tariff adjustments, supply chain disruptions, and weather-related pressures on food supply. A bumper harvest remains the main downside risk.

On balance, economic growth remains robust, supported by favourable fiscal and external sector developments. However, the recent uptick in headline and core inflation, alongside elevated external risks and rising inflation expectations, calls for a cautious policy approach. Premature monetary easing could reverse progress towards restoring price stability and risk de-anchoring inflation expectations, while tightening could undermine the easing of credit conditions and weaken growth momentum. Accordingly, I vote to maintain the MPR at 14.0 percent. Keeping the policy rate unchanged will help anchor inflation expectations, support exchange rate stability, preserve the gains achieved in disinflation, and facilitate a gradual return of inflation toward the medium-term target.

MEMBER 2

Global growth has moderated amid renewed geopolitical tensions, particularly the conflict in the Middle East, prompting a slight downward revision of the 2026 global growth forecast to 3.0 percent from 3.1 percent. Even so, growth outcomes have proven more resilient than previously anticipated, supported in part by the acceleration in artificial intelligence-related investment and technological innovation. This notwithstanding, the resurgence of hostilities in early July has heightened uncertainty around the near-term global outlook. Oil prices remain elevated and volatile, contributing to a pickup in headline inflation across various economies, while supply disruptions have pushed up fertiliser prices and, together with higher energy costs, are exerting upward pressure on global food prices. Against this backdrop, the global disinflation process has slowed, and inflation expectations have edged higher in major economies, leading central banks to keep monetary policy less accommodative for longer as they respond to these emerging inflationary pressures.

Notwithstanding these global headwinds, domestic economic activity remained robust in the first quarter of 2026, with real GDP growth increasing to 6.4 percent, from 6.2 percent in the corresponding period of 2025, supported by the services and industry sectors. Ghana's external sector performance also remained strong through the first half of the year despite elevated global uncertainty. The trade balance recorded a surplus of US$8.8 billion in the first half of 2026, significantly higher than the US$5.8 billion surplus recorded in the first half of 2025, translating into an improved current account surplus of US$5.1 billion, relative to US$4.1 billion over the same comparative period.

Despite this favourable external position, the exchange rate came under pressure during the second quarter, reflecting increased external payment obligations associated with higher oil prices and imports. The country's reserve buffers, however, provided support to the foreign exchange market, contributing to a 3.3 percent month-on-month appreciation of the Ghana cedi in June 2026. Gross International Reserves stood at US$12.9 billion at end-June 2026, equivalent to 5.0 months of import cover.

The Bank's Composite Index of Economic Activity (CIEA), which tracks high-frequency indicators of economic performance continued to signal strong momentum, recording annual growth of 13.4 percent in May 2026 compared with 4.4 percent a year earlier. The growth was supported by increased private sector credit, stronger international trade activity, higher industrial production, and improved tourist arrivals. This positive momentum reflected in business and consumer confidence surveys conducted in June 2026, with respondents citing optimism about growth prospects, subdued inflation, and declining lending rates as key supporting factors. Businesses, however, flagged concerns over rising input costs and exchange rate pressures — concerns consistent with Ghana's Purchasing Managers' Index, which declined to 47.7 in June from above the neutral 50-point benchmark in May, primarily reflecting rising production costs.

Against this supportive macroeconomic environment, the banking sector continued to demonstrate resilience and improved financial soundness. Total assets expanded by 30.7 percent to GH¢502.4 billion in June 2026, supported by growth in deposits, borrowings, and shareholders' funds, while solvency indicators improved significantly, with the Capital Adequacy Ratio rising to 20.4 percent from 10.6 percent in June 2025. Asset quality also strengthened, with the industry-wide Non-Performing Loan (NPL) ratio declining to 16.1 percent from 23.1 percent over the same period last year. While these developments are encouraging, credit risk remains elevated, and continued adherence to prudential and regulatory measures will be necessary to sustain improvements in asset quality and further reduce NPL levels.

It is against this backdrop of robust growth and a resilient banking sector that inflation developments must be assessed. Headline inflation increased to 5.3 percent in June 2026, from 3.7 percent in May, reflecting higher food and non-food inflation: food inflation rose to 3.9 percent from 3.3 percent, and non-food inflation increased to 6.3 percent from 4.1 percent over the same period. Despite this increase, headline inflation remains below the lower bound of the medium-term target band of 8 ± 2 percent. Primarily, the June outturn reflected base effects and a temporary increase in transportation costs following the sharp rise in global crude oil prices. The Bank's core inflation measure, which excludes energy and utility costs, also edged higher, broadly in line with headline inflation. Survey-based measures indicate that inflation expectations among consumers, businesses, and financial institutions have increased but remain broadly anchored within the medium-term target range.

These inflation dynamics have unfolded alongside broadly accommodative monetary and financial conditions. Reserve money growth moderated on a year-on-year basis, reflecting the impact of active liquidity sterilisation operations; however, relative to the previous MPC round, reserve money growth increased owing to inflows from net foreign assets and the effect of changes in reserve requirements on banks' reserves. Broad money growth (M2+) remained subdued on an annual basis, consistent with the prevailing monetary policy stance, although month-on-month growth accelerated.

Financial conditions continued to ease over this period: the yield on the benchmark 91-day Treasury bill declined to 5.3 percent in June 2026, from 14.7 percent a year earlier, while the Ghana Reference Rate declined to 10.0 percent from 23.8 percent over the same period. Consequently, average lending rates fell to 15.6 percent from 27.0 percent a year earlier. Supported by these lower borrowing costs, private sector credit growth accelerated sharply to 41.2 percent in June 2026, compared with 8.6 percent a year earlier — and an expansion of 34.1 percent in real terms, year-on-year.

Taken together, the recent increase in inflation, alongside renewed geopolitical tensions in the Middle East and their impact on energy markets, presents upside risks to the inflation outlook. These risks are both external and domestic in nature.
Key external risks include:

- Persistently elevated oil prices, with average petroleum prices projected to remain around US$89 per barrel — approximately 9 percent higher than assumed in the April 2026 baseline forecast;
- A projected 26 percent increase in global fertiliser prices;
- Rising food prices resulting from higher energy, fertiliser, and transportation costs;
- Potential weakening in external demand for Ghana's major exports, particularly gold and cocoa;
- Increased import costs, particularly for fuel and other essential commodities, with implications for imported inflation; and
- Tighter global financing conditions emanating from rising inflation expectations and less accommodative monetary policies could

trigger portfolio outflows and exert pressure on emerging market currencies.

Key domestic risks include:

- Quarterly utility tariff adjustments;
- Elevated global and domestic energy prices and supply chain disruptions linked to geopolitical tensions;
- Adverse weather-related effects, including lingering El Niño-related impacts on bumper food harvests;
- Gradual firming in inflation expectations; and
- Potential exchange rate pressures arising from heightened external uncertainty.

Taken together, these factors suggest a less favourable inflation outlook than was anticipated at the previous MPC meeting. Having carefully assessed the balance of these risks, I note the following:

- The current environment is characterised by heightened uncertainty and increasing upside risks to inflation;
- Although headline inflation remains below the lower bound of the medium-term target band, recent developments suggest that inflation could return to the target range more quickly than previously projected; and
- Global and domestic cost pressures have become more pronounced, warranting continued vigilance.

Accordingly, I vote to maintain the MPR at 14.0 percent and five key considerations guide this decision:

1. Anchoring Inflation Expectations - while inflation remains low relative to the medium-term target, early signs of increasing inflation expectations require a cautious policy response to preserve credibility and maintain price stability;
2. Heightened External Risks - renewed geopolitical tensions and elevated oil prices present significant upside risks to inflation and could rapidly alter the current disinflation trajectory;
3. Domestic Cost Pressures - utility tariff adjustments and higher fuel prices are likely to have direct and indirect passthrough effects on consumer prices in the near term;
4. Exchange Rate Vulnerabilities - potential disruptions to trade and export earnings could weaken foreign exchange inflows and increase exchange rate volatility; and
5. Emerging Foreign Exchange Demand Pressures - rising demand in the foreign exchange market, if sustained, could contribute to imported inflation and complicate the inflation outlook.

The decision to hold the policy rate for the second time is to preserve macroeconomic stability amid a more uncertain global and domestic environment. This affords the opportunity to:

- Monitor developments in the global commodity and energy markets;
- Assess the persistence of domestic energy-related and supply-side shocks;
- Closely track inflation expectations and underlying inflation dynamics; and
- Strengthen liquidity management operations to enhance monetary policy transmission.

At this stage, maintaining the current policy stance provides the appropriate balance between supporting economic growth and ensuring that inflation remains firmly anchored within the medium-term target.

MEMBER 3

The conditions that justified the last decision have not materially changed. At the 130th Meeting, the Committee maintained the rate on account of crude oil prices at historically elevated levels, rising inflation, and a range of risks clouding the outlook. Those considerations remain in place today. In my assessment, the case that supported a hold in May 2026 supports a hold now, and I see no development since that meeting sufficient to warrant a change of policy stance in either direction.

Inflation has risen for three consecutive months, and core inflation is firming. The persistence of this trend, rather than the level of any single inflation outcome, is what concerns me. All measures of inflation expectations compiled by the Bank — those of businesses, consumers, and the banking sector — rose over the review period. A reduction in the policy rate against rising expectations and firming core inflation would risk signalling a complacency the Committee does not hold.

The external buffer has thinned. Gross international reserves have fallen by about one billion United States dollars since the beginning of the year. Easing the policy stance in a declining reserve position while external payment pressures persist, would in my judgment be imprudent.

The principal source of uncertainty has eased but not resolved. The factor that most clouded the outlook at the 130th Meeting was the price of crude oil, then hovering around US$100 per barrel. Prices have since retreated by twenty to twenty-two dollars per barrel, but at around US$90 they remain elevated by any historical standard. Moreover, the economy expects further increases in energy prices during the third quarter. This is an improvement at the margin; it is not a resolution, and it does not yet justify a change of course.

The Committee also considered the latest inflation forecast, which showed a gradual rise in inflation, back to target by the end of the third quarter. The main factors expected to push prices up are the quarterly adjustment in utility tariffs, higher petroleum prices linked to the Middle East conflict, and food supply constraints arising from heavy rains associated with the El-Niño effect. On the other hand, a good harvest could help hold food prices steady. Although on balance the risks are tilted to the upside, inflation is expected to remain within the target band over the forecast horizon.

A forecast that returns inflation to target by the end of the third quarter, with risks tilted to the upside, is not a forecast that calls for easing. My judgment is to stay put and allow inflation to realign within the medium-term target band. I therefore vote to maintain the MPR at 14 percent, and I would have the Committee remain vigilant, standing ready to respond should inflation expectations continue to rise or should the energy and food price outlook deteriorate further.

MEMBER 4

A review of the latest macroeconomic data and technical discussions at the meetings showed that the global economy has absorbed the shock from the US-Iran war better than anticipated. However, the re-escalation in the Middle East war has dimmed the growth outlook and resulted in a pick-up in inflation expectations. In turn, monetary policy is expected to be less supportive, given the inflationary pressures. Though the key macro variables remain stable, the elevated risk of inflation from the external environment, especially the Middle East conflict is concerning. My decision will, therefore, reflect a balance of the risks of inflation against the need to support economic growth.

Global growth has been resilient due to significant investments in artificial intelligence, supportive fiscal stimulus, de-stocking of crude inventories, and supportive financial conditions in both advanced and emerging countries. Higher oil prices have contributed to a pickup in headline inflation in various countries and may compel central banks to pause or even reverse recent monetary policy easing. The US dollar may strengthen and add to exchange rate pressures in Ghana and other emerging economies. The accompanying tighter financial conditions together with the uncertainty associated with the Middle East war, may also weigh on growth outlook.

On the domestic front, growth remained robust in the first quarter of 2026 at 6.4 percent compared with 6.2 percent same time 2025. The CIEA recorded a significant growth of 13.4 percent year on year in May 2026, compared with a growth of 4.4 percent in May 2025. Broadly, the consumer and business confidence surveys remained unchanged in June 2026, compared with the readings in April 2026 suggesting real growth will remain resilient into the second half of the year.

The external sector remained resilient in the first half of 2026. The trade balance recorded a surplus of US$8.78 billion mid-year 2026, compared with a surplus of US$5.8 billion in 2025. The trade surplus position translated into an improved current account surplus of US$5.1 billion from a surplus position of US$4.1 billion in the first half of 2025. The cedi, came under elevated demand pressures emanating from the energy, commerce, and manufacturing sectors due to the ongoing war in the Middle East. It however, recovered in June after the Bank's interventions to contain the excessive volatility. Consequently, the Gross International Reserves decreased to US$12.94 billion in June 2026, equivalent to 5.0 months of imports, from US$13.8 billion at end-December 2025.

In terms of monetary developments, annual growth in reserve money increased due to expansion in net foreign assets acquired and a switch from Open Market Operations stock into account balances following the change in the Cash Reserve Ratio. Private sector credit improved in both nominal and real terms. The interbank market activity picked up in June following the adjustment in the CRR policy. However, the interbank weighted average rate remained close to the lower bound of the policy corridor, an indication of excess liquidity conditions in the market.

In terms of fiscal performance, budget execution remains on track. The banking sector remained profitable, solvent, and efficiency indicators improved while the industry capital gap further narrowed. Headline inflation increased in June, driven by both food and non-food inflation and is projected to increase over the next three months potentially moving into the medium-term target band by August.

My key takeaways during this MPC session include the following:

- Global growth projection for 2026 remained broadly unchanged at 3.0 percent, reflecting the ongoing war in the Middle East;
- Headline inflation increased both on monthly and quarterly basis in June;
- All core inflation measures increased but remained within the target band;
- Inflation expectations of consumers, businesses and economists increased;
- Monetary conditions remain tight but easing. However, the real interest rate gap turned negative;
- Growth was strong in the first quarter of 2026 and projected to remain resilient in the second half. However, output gap is negative but closing, indicating that economic growth remains below its full potential;
- The real policy rate decreased from 10.3 percent in May to 8.7 percent in July;
- Private sector credit improved in both nominal and real terms. However, credit-to-GDP gap remains negative reflecting slower-than-expected credit growth;
- The excess liquidity condition on the interbank market is moderating; and
- The external sector remains strong with adequate reserve buffers.

A review of all these external and domestic developments suggests that the balance of risk to the inflation outlook is tilted to the upside. Both inflation expectations indicators and core measures increased but remained within the target band, which gives comfort, coupled with the fact that the headline inflation for June, though increased, was below the lower target bound of 6 percent. In the outlook, escalation in the Middle East crisis and its implications for foreign exchange reserves and exchange rate movements require cautious and deliberate calibration of the MPR. I see the need to wait and observe how this new escalation in the Middle East war evolves given that the latest forecast indicates that inflation will remain within the target band in the short term. Consequently, I vote to maintain the MPR at 14 percent.

MEMBER 5

The global economy has witnessed weak growth due to the ongoing conflict in the Middle East, while rising energy prices have slowed the decline in global inflation. Recent projections indicate that global inflation will rise, broadly driven by higher energy and food prices. Global financial conditions remain accommodative in both advanced and emerging market economies, but these have begun tightening since the start of the conflict. In all, risks to the outlook for inflation remain elevated driven by these global developments.

In the domestic economy, the external sector remained resilient in the first six months of the year on the back of strong improvement in the trade balance surplus of US$8.8 billion compared with US$5.8 billion in the prior year. International reserves, however, declined over the period to US$12.9 billion (representing 5.0 months of import cover) but provided adequate buffers. In the foreign exchange market, the cedi experienced significant pressures in May 2026, but has since recovered, supported by the Bank's forex operations. The outlook for the external sector remains firm amidst heightened global uncertainty.

The real sector showed an increase in the CIEA, signalling a pickup in economic activity in May 2026, with GDP growth projected at about 6.2 percent for the second quarter of the year. Both consumer and business confidence remained broadly unchanged, supporting a positive outlook for private sector investment and economic activity. However, inflation expectations among all the surveyed economic agents have increased, indicating growing concerns about future price pressures. Though the outlook for growth remains positive, emerging risks from climate-related agricultural disruptions – El Niño drought related conditions, rising manufacturing costs, and global supply chain challenges could weigh on growth prospects.

Fiscal (narrow basis) developments witnessed weak performance across most revenue lines with total revenue and grants falling short of target. Government's spending remained contained within target, reflecting the effects of revenue shortfalls. The stock of public debt increased from 42.2 percent of GDP in February 2026, to 45.2 percent of GDP in June 2026, on account of domestic and external borrowing. The fiscal outcomes present downward risk to inflation. However, there are concerns regarding enhanced spending to address the infrastructure gaps to spur economic activity.

On monetary and financial developments, annual growth in reserve money increased on the back of expansion in Net Foreign Assets (NFA) and rebalancing of the bank's portfolio following a change in the Cash Reserve Ratio (CRR) regime. Growth in broad money supply (M2+) increased year-on-year, driven by expansion in NFA. Private sector credit growth improved in both nominal and real terms. Interbank market activity picked up following the change in the CRR. The interbank weighted average rate continues to trend close to the lower bound of the policy corridor, indicating increased market liquidity at the floor level. Year-to-date, the stock market witnessed robust performance due to improved macroeconomic indicators, increased investor appetite, increased liquidity, and profitability of financial sector stocks.

The banking sector continues to show robust performance, supported by strong asset growth on account of improved funding inflows, increased investments, and net advances. The sector remained profitable, while solvency indicators improved and the industry's capital gap further narrowed. Asset quality improved, though the NPL ratio remains elevated. The outlook for the banking sector remains positive, underpinned by sustained profitability, ongoing recapitalisation efforts, regulatory measures to contain NPLs, and continued expansion of private sector credit to support economic growth.

On recent price developments, headline inflation increased to 5.3 percent in June, driven by both food and non-food inflation. This was the third consecutive increase in inflation since April. Inflation is projected to rise again in July, but remain below the lower bound of the medium-term target band and then move into the target by August 2026. All measures of core inflation and inflation expectations have increased but remain broadly within the target band. Upside risks to the inflation outlook include the quarterly adjustment in utility tariffs, higher petroleum prices due to escalation in Middle East tensions, increase in fuel price floors, supply chain disruptions due to closure of the Strait of Hormuz, and the El Niño effect. But the downside risk is a bumper harvest. On growth, the downside risks include excessive cost of raw materials and utilities for businesses, adjustment in utility tariffs, re-escalation of Middle East tensions, and El Niño effect, while the upside risks include high business and consumer confidence, enhanced crude oil production, and high commodity prices.

At this MPC round, the balance of risk to inflation is partially tilted to the upside relative to growth, necessitating the need to maintain a tight monetary stance to anchor inflation expectations. I therefore vote to keep the policy rate at 14 percent.

MEMBER 6

The 131st meeting of the Monetary Policy Committee took place against a backdrop of three consecutive increases in headline inflation and emerging exchange rate pressures amid heightened global uncertainty.

Global growth prospects have softened marginally, with a modest downward revision to 3.0 percent for 2026, from 3.1 percent. This was on the back of heightened global uncertainty following renewed conflict involving the United States and Iran, with the risk of escalation into a broader Middle East conflict. These developments have contributed to a sharp increase in crude oil and energy prices, while disruptions to shipping through the Strait of Hormuz have intensified pressures on global supply chains. Oil prices have risen by about 32 percent above pre-conflict levels and expected to remain high at around US$89 per barrel in the near-term, while fertiliser prices are set to increase by about 26 percent. Inflation expectations have also risen globally, reflecting exchange rate passthrough effects and country-specific tight labour market conditions. While global financial conditions are broadly supportive, the macroeconomic outlook faces downside risks. As inflationary pressures reemerge, monetary policy in Advanced and Emerging Market and Developing Economies is likely to become less accommodating, with implications for financing conditions.

On the domestic front, headline inflation increased to 5.3 percent in June 2026, marking the third consecutive increase since April 2026. This recent uptick suggests a base drift and emerging price pressures which warrant close monitoring. Real GDP growth strengthened to 6.4 percent in the first quarter of 2026, compared with 6.2 percent in the corresponding period of 2025, driven by the services and industry sectors. The Bank's high-frequency real sector indicators also point to sustained momentum in economic activity. In particular, the Composite Index of Economic Activity increased by 13.4 percent in May 2026, supported by strong private sector credit growth, trade-related activity, and higher industrial electricity consumption. Consumer and business confidence remained broadly stable during the review period, although inflation expectations for the next six months edged up. Declining lending rates and continued optimism regarding growth prospects partly offset concerns relating to higher input costs and exchange rate pressures. The outlook for the second quarter of 2026 remains favourable, supported by strong credit expansion to the private sector, easing interest rates, increased oil production, and policy measures aimed at mitigating climate-related agricultural risks, including the distribution of drought-resistant seeds.

The external sector remained resilient in the first half of 2026, supported by strong merchandise trade performance. The current account recorded a surplus, driven by robust gold export receipts. However, the effects of the Middle East conflict are beginning to manifest in the external accounts through higher import prices following the onset of the conflict. These developments contributed to renewed exchange rate pressures in May, during which the domestic currency depreciated by 4.6 percent, on a month-on-month basis. But the currency recovered in June, appreciating by 3.3 percent month-on-month, supported by the Bank's policy actions to smooth excessive exchange rate volatility and support orderly market conditions. Consequently, Gross International Reserves declined to US$12.9 billion at end-June 2026, equivalent to about 5 months of import cover.

On fiscal developments, provisional data on the narrow fiscal operations indicate stronger-than-anticipated underlying fiscal consolidation. The government expenditure restrains during the first half of the year, reflected a combination of revenue shortfalls, lower domestic interest payments arising from improved macroeconomic conditions, and the prioritisation of debt service obligations. Notwithstanding the expenditure restraint, execution of capital expenditure and spending on goods and services improved relative to the corresponding period in 2025, suggesting a stronger policy emphasis on infrastructure delivery and public service provision. As a result of prudent fiscal management, the narrow fiscal deficit and the primary balance remained below the programmed targets. The fiscal authorities are expected to maintain discipline in support of the broader disinflation objective in the second half of the year,.

Monetary developments showed a sharp rise in reserve money growth to 31.7 percent in June 2026, from 13.6 percent contraction in June 2025, broadly reflecting the new cash reserve requirement regime. Total liquidity (M2+) grew to 28.5 percent in June 2026 from a 15.6 percent growth in June 2025. Overall, broad money growth seems aligned with trends, indicating that monetary expansion remains structurally grounded. Interbank market activity has strengthened following implementation of the revised cash reserve requirement framework. However, the interbank weighted average rate remained broadly unchanged and hovered near the lower bound of the policy rate corridor, indicative of ample system liquidity and slight moderation in the strength of monetary policy transmission.

The banking sector remains sound, profitable, and resilient. Deposit mobilisation continued to strengthen, reflecting growth in banks' asset holdings, including government securities, foreign assets, and private sector credit. Credit to the private sector rebounded strongly, rising by 41.2 percent in June 2026, compared with 8.6 percent in June 2025, as credit conditions eased and banks rebalanced portfolios in response to lower yields on short-term government securities. Solvency indicators improved further, profitability remained strong, and non-performing loans declined on a year-on-year basis, although the level of impaired assets remain elevated.

Notwithstanding these favourable domestic developments, risks to the inflation outlook remain elevated. Slower global growth could weaken demand for Ghana's exports, while higher crude oil and energy prices, together with rising fertiliser costs, could generate additional pressures on domestic prices. The near-term forecasts indicated increases in headline inflation over the next three months and a shift from below into the medium-term target band by August 2026.

In summary, while domestic macroeconomic conditions remain broadly supportive, I note that the recent increase in inflation, emerging exchange rate pressures, and elevated global uncertainty warrant continued vigilance. The balance of risks suggests the need for a carefully calibrated monetary policy stance to safeguard the disinflation process, while supporting macroeconomic and financial stability. On this basis, I vote for a stay of the MPR at 14 percent.

MEMBER 7

The global economy has contained the shock from the US-Iran war better than initially anticipated on the back of AI-driven investment and fiscal stimulus. However, renewed hostilities around the Strait of Hormuz following the recent ceasefire have reignited volatility in energy markets and exacerbated foreign exchange market pressures. The heightened uncertainty and its negative impact on global economic activity, alongside the pick-up in headline inflation in many economies, underscore the need for policymakers to maintain a cautious policy stance. Global financial conditions, however, remained broadly accommodative yet increasingly fragile.

On the domestic front, macroeconomic conditions have remained broadly stable, supported by disciplined policy implementation and strong external buffers. Although the foreign exchange market came under significant pressure in May 2026, conditions have since stabilised following the Bank's intervention – the first undertaken under the Foreign Exchange Intervention (FXI) framework. Headline inflation has risen for three consecutive months, from 3.2 percent in March to 5.3 percent in June, driven by food and non-food inflation.

Although inflation remains below the central target of 8.0 percent, the recent increases may signal a marked turning point in the disinflation trajectory. Moreover, inflation expectations among surveyed economic agents have edged upwards. While high-frequency indicators point to continued strength in real economic activity, business and consumer confidence have softened amid heightened uncertainty in the external environment.

External sector performance has remained strong during the first half of the year. The trade balance recorded a substantial surplus, driven primarily by gold export receipts; imports, however, increased over the same period, reflecting the surge in energy-related imports. The current account position also improved significantly, supported by the strong trade performance and private transfers. Gross international reserves, although still strong, declined to US$12.9 billion (4.2 months of import cover) at the end of June 2026, from US$13.8 billion (4.9 months of import cover) at the end of December 2025.

Notwithstanding the strong domestic performance, emerging risks 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 passthrough effects.

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

Third, continued global uncertainty could test the resilience of Ghana's external buffers and exchange rate stability. While the level of reserves remains adequate by conventional metrics, the recent pace of drawdowns associated with foreign exchange interventions warrant close monitoring.

Fourth, prospective adjustments in utility tariffs and transport fares, high petroleum prices, and food supply chain constraints due to heavy rains, could amplify domestic inflationary pressures, reinforcing what initially emerged as an externally driven inflation shock.

Overall, the assessment indicates that risks to the inflation and growth outlook are broadly balanced. While the current monetary policy stance remains sufficiently tight, the real interest rate gap has become more accommodative due to the recent increase in inflation, warranting heightened vigilance. Accordingly, the Bank should continue to manage liquidity conditions effectively, 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 MPR at 14 percent.

ENDS.

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