



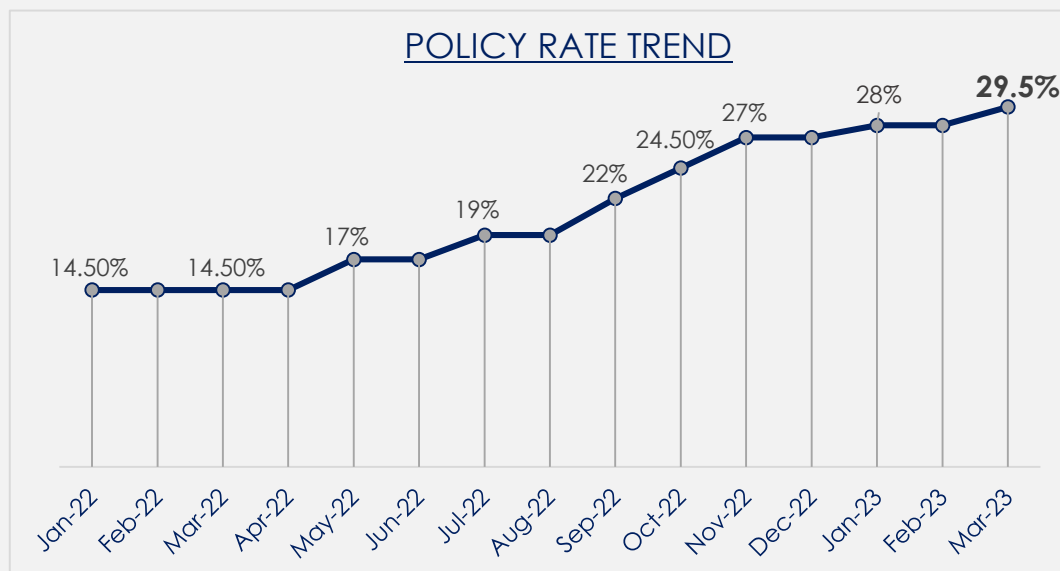
The Bank of Ghana sustains Rate Hike by 150bps in March 2023; MPR rises to 29.5%

The Monetary Policy Committee ("MPC" or "the Committee") of the Bank of Ghana (BoG) increased the benchmark policy rate by 150 basis points to 29.5% from the previous rate of 28% in effort to return Inflation towards the medium term target 8 ± 2 percent.

The MPC's decision to increase the policy rate is on the back of emerging risk in the global financial system and heightened uncertainty in the outlook of the global economy. This follows from the recent banking sector turmoil in advanced economies. Current price developments on the domestic scene have suggested a peak in headline inflation after two consecutive declines were recorded from December 2022.

Private sector credit contracted by 15.3% in real terms in February 2023, a consequence of high inflation levels and the high cost of borrowing households and businesses are faced with. The Ghana cedi on the back of positive sentiments following the DDEP has also recorded some stability in its year-to-date losses averaging 22.9% against the major trading currencies.

The MPC will also increase the liquidity reserves of banks from 12% to 14%, this is expected to reduce the money stock available to banks and in effect reduce money supply. In addition, the BoG will set up liquidity management operations to absorb excess liquidity in the market.



The next MPC meeting is scheduled for May 17th – 19th, 2023. The meeting will conclude on Monday, May 22, 2023 with the announcement of the policy decision.

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