

CENTRAL BANK OF THE GAMBIA



MONETARY POLICY COMMITTEE

MINUTES OF MEETING NO.97

February 25-26, 2026

The Monetary Policy Committee (MPC) of the Central Bank of The Gambia (CBG) convened on February 25-26, 2026. The Committee reviewed developments in the domestic economy and emerging risks to inflation and growth outlook and decided to cut the monetary policy rate by 200 basis points to 14.0 percent. All nine Members of the Committee attended the meeting.

MPC Members Present

Name	Role
Mr. Buah Saidy	Chairman
Dr. Abdoulie Sireh Jallow	Member
Dr. Paul Mendy	Member
Mrs. Halima Singhateh	Member
Mr. Karamo Jawara	Member
Dr. Momodou O. Jallow	Member
Mr. Amadou Ceesay	Member
Mr. Mohamed Gillen	Member
Mr. Lamin Bojang	Member
Dr. Foday Joof	Secretary

Report Presenters

Name	Designation
Mr. Alagie B. Sowe	Principal Economist, Economic Research Department
Mr Yaya Jatta	Banking Officer, Banking and Payment Systems Department
Mr. Adama Joof	Bank Examiner, Banking Supervision Department
Ms. Ya Maram Sosseh	Principal Bank Examiner, Banking Supervision Department
Mr. Mamadou Saidou Jallow	Bank Examiner, Banking Supervision Department
Mr. Alkali Barrow	Officer, Other Financial Institutions Supervision Department
Oumie Saho	Cadet Officer, Other Financial Institutions Supervision Department
Mrs. Amie Ndure Njie	Cadet Officer, Financial Markets and Reserve Management Department
Ms. Rohey B. Cham	Cadet Economist, Economic Research Department
Mr. Eliman Ceesay	Cadet Economist, Economic Research Department
Mr. Ansou Manneh	Statistician, Economic Research Department
Mr. Saikou Jammeh	Economist, Economic Research Department
Mr. Macodou Njie	Statistician, Economic Research Department
Mrs. Mariama Ceesay	Economist, Economic Research Department
Mr. Modou Joof	Officer, Fintech Department

Agenda

1. The meeting agenda was adopted as presented below:
 - Adoption of the agenda

- Opening remarks by Chairman
- Review of minutes of the previous meeting and matters arising
- Presentation and deliberation of reports
- Lunch Break
- Presentation and deliberation of reports
- Closing

Opening Remarks by the Chairman

2. In his opening statement, the Governor and Chairman of the Committee welcomed Members to the first Monetary Policy Committee Meeting (MPC) for the year 2026.
3. Beginning with the global economic environment, the Chairman noted that, despite global uncertainties, economic conditions remain broadly stable, supported by prudent economic management. He emphasised the importance of a forward-looking approach to ensure that the ongoing domestic macroeconomic policy and reform measures are able to weather external headwinds and translate into durable economic stability in the medium to long term.
4. The Chairman underscored the need to sustain exchange rate stability and strengthen financial system resilience, highlighting their critical role in anchoring inflation expectations and supporting economic activity. In this regard, he reiterated the importance of ongoing efforts to modernise the financial system, including the advancement of the national payments system, which is expected to accelerate digitalisation, enhance efficiency, and deepen financial inclusion. He further highlighted that these structural reforms are critical not only to enhancing financial intermediation, but also to reducing transaction costs and fostering private sector development. This will contribute to the Bank's broader objective of supporting sustained

economic growth within the medium-term target range of 7– 8 percent necessary to advance the economy toward middle-income status.

5. On inflation, the Chairman observed that, although still above the Bank's medium-term target, inflationary pressures have continued to ease, with recent developments indicating a further decline toward 6.4 percent. He stressed the need to build policy buffers to enable the Bank to respond effectively to future shocks, while also contributing to a reduction in the overall cost of capital.
6. In conclusion, the Chairman emphasised that achieving the Bank's strategic objectives requires strong collaboration across departments. He also reaffirmed the Bank's commitment to maintaining macroeconomic stability, strengthening policy credibility, and supporting sustainable economic growth. The Chairman thanked staff and MPC Members for their support and commitment to delivering the Bank's mandate in a very challenging global economic environment.

Review and Adoption of Minutes of MPC Meeting No. 97

7. The minutes of the MPC Meeting No.97 were reviewed and adopted after minor adjustments.

Matters Arising

8. The Committee noted the ongoing collaboration between the Economic Research Department (ERD) and the Ministry of Finance and Economic Affairs (MoFEA) on the study relating to the fuel pricing mechanism and structural inflation dynamics and directed ERD to provide updates upon completion of the exercise.

9. The Committee acknowledged the findings of the 2023 Fiscal Multiplier Study conducted by ERD and requested the Department to further refine the analysis in collaboration with MoFEA and identify additional policy-oriented research areas.
10. The Committee welcomed the expansion of the Business Sentiment Survey coverage and encouraged ERD to continue strengthening the survey framework to support economic surveillance.
11. The Committee noted updates from the Microfinance Supervision Department on the ongoing monitoring of affected institutions and directed the Department to expedite the capital augmentation process for the affected finance companies.
12. The Committee noted the ongoing efforts of the Financial Markets Department regarding stablecoins and directed the Department to continue stakeholder engagements and prepare a policy paper on their implications for the Gambian financial system by 2026.

Presentation of Reports

13. Presentations and discussions of reports took place in the following order:
 - Staff Assessment and Outlook
 - Assessment of the current economic conditions
 - Baseline forecasts
 - Alternative scenarios
 - Developments in the Global Economy
 - Banking Sector Development
 - Banking Sector Stress Test
 - Non-Bank Financial Sector Developments
 - Non-Bank Financial Stress Test
 - Government Fiscal Operations

- Domestic Debt Market Developments
- Balance of Payment
- Development in Fintech and Exchange Bureaus Sector
- Exchange Rate Development
- Monetary Developments
- Business Sentiment Survey
- Real Sector Developments
- Price Developments (Inflation)

Staff Assessment and Economic Outlook

14. Staff assessment indicates that inflationary pressures moderated in the fourth quarter of 2025, with both year-on-year and quarter-on-quarter inflation declining, reflecting a broad-based easing in contributions from food and non-food components. This development suggests that the disinflation process remains on track, supported by tighter monetary conditions and improved supply-side dynamics. The output gap, while remaining positive, continued to narrow during the period, reflecting the combined effects of fiscal consolidation and restrained demand conditions. Nonetheless, external demand remained supportive, helping to sustain domestic economic activity.

15. On monetary and financial conditions, staff noted that monetary policy remained moderately tight, largely driven by elevated real interest rates and a modest appreciation in the real exchange rate. Liquidity conditions remained adequate, with money supply growth broadly aligned with the liquidity needs of the financial system. The nominal exchange rate remained relatively stable during the quarter, albeit with some depreciation pressures. Looking ahead, staff project real GDP growth at 6.4 percent in 2025 and 6.2 percent in 2026, supported by strong domestic

demand and favourable external conditions. Inflation is expected to average around 5.8 percent in 2026 before gradually converging to the medium-term target of 5 percent in 2027. In this context, monetary policy easing is expected to proceed cautiously and at a slower pace than previously anticipated, supported by active liquidity management to ensure that the disinflation path remains firmly anchored.

16. The assessment concluded that risks remain broadly balanced. On the upside, strengthened monetary policy operations through a faster withdrawal of excess liquidity could enhance policy transmission and accelerate the disinflation process, albeit with a modest impact on growth. On the downside, a favourable cropping season could boost domestic food supply, support rural incomes, and strengthen growth prospects, although the impact on inflation is expected to be limited given the relatively small weight of domestically produced goods in the CPI basket. In this context, monetary policy easing is expected to proceed gradually, supported by active liquidity management to ensure inflation remains on a sustained downward trajectory while preserving macroeconomic stability.

17. Reacting to the medium-term macroeconomic outlook, the Committee acknowledged the baseline projections and noted that planned large-scale infrastructure developments, including the proposed US\$80-100 million road projects and NAWEC electricity expansion financed through bond issuance, could have significant implications for growth dynamics. Members observed that these developments, if effectively implemented, could support stronger-than-projected economic activity and advised the Economic Research Department (ERD) to adequately reflect these in the baseline scenario.

18. The Committee further noted that risks to the growth outlook remain tilted to the downside, particularly in the context of evolving global geopolitical tensions and potential domestic uncertainties, including election-related developments. Members emphasised that these risks could affect both external stability and investor confidence and therefore underscored the importance of incorporating well-defined alternative scenarios in the forecasts.
19. Members emphasised the need to strengthen the analytical framework underpinning the projections, including the incorporation of additional indicators such as consumer sentiment expectations. The Committee recommended that such indicators be validated against complementary data sources, including academic and institutional indices, to enhance robustness and reliability.
20. The Committee further recommended that greater emphasis should be placed on incorporating external competitiveness indicators, particularly the Real Effective Exchange Rate (REER), into the forecasting framework to improve the assessment of external sector dynamics and policy relevance.

Global Economic Developments

21. The presentation on the Global Economic Developments report highlighted key developments in the global economy since the last MPC and the near-term outlook. The presentation was based on the January 2026 Update of the World Economic Outlook (WEO) published by the International Monetary Fund (IMF).

22. The report highlighted that global economic recovery continues to lose momentum, while growth remains fragile, and long-term challenges are increasingly weighing on the outlook. The IMF projected global growth at 3.3 percent in 2025 and is expected to remain at a similar pace in 2026, before moderating slightly thereafter. Growth in advanced economies remains modest, while some emerging market economies have remained more resilient, supported by domestic demand and exports. Global inflation continues to decline, though at varying speeds. Headline inflation is projected to fall from 4.1 percent in 2025 to 3.8 percent in 2026, with faster disinflation in the euro area and parts of Asia, while inflation in the United States remains more persistent, reflecting services inflation and tariff pass-through.
23. Commodity price developments have been mixed, with oil prices relatively contained, while agricultural prices remain exposed to climate-related shocks. Risks to the outlook remain two-sided. Upside risks to inflation stem from persistent services inflation, geopolitical tensions, and potential commodity price shocks, while downside risks to growth reflect tighter financial conditions, weaker global demand, and increased policy uncertainty.
24. Commenting on the presentation, the Committee noted that the sustained easing of global energy prices continues to support the domestic disinflationary process. Notwithstanding, the Committee cautioned that the ongoing geopolitical tensions could pose downside risks to the inflation trajectory.
25. The Committee also observed that the prevailing global interest rate environment presents opportunities for reserve management, particularly in optimising short-term investment strategies. In this regard, Members

highlighted the need to position external reserves to benefit from relatively elevated international interest rates, while maintaining adequate liquidity buffers.

Domestic Macroeconomic Developments

Banking Sector Developments and Stress Test

26. The presentation on the Banking Sector report provided key updates in the industry since the last MPC. The report covers developments in the industry for the fourth quarter of 2025 relative to the corresponding period in 2024.

27. According to the report, the banking industry continues to function smoothly, characterised by healthy financial soundness indicators. The capital adequacy ratio stood at 24.0 percent in December 2025, lower than the 28.5 percent recorded in December 2024. The liquidity ratio of the industry increased slightly to 78.8 percent in December 2025, from 76.5 percent reported in December 2024. Total industry assets stood at D128.6 billion (67.0 percent of GDP) in December 2025, compared to D104.8 billion (52.2 percent of GDP) a year earlier. Total deposits increased by 15.6 percent year-on-year to D76.4 billion (46.5 percent of GDP). However, the report noted that financial intermediation remains low, with the loan-to-deposit ratio declining from 25.2 percent to 22.6 percent. Notwithstanding, the presentation showed significant improvement in the industry's non-performing loans (NPLs), which declined to 8.1 percent at end December 2025 from 14.6 percent in the same period in 2024.

28. The presentation on the results of the industry-wide stress test suggests that the banking system remains broadly resilient under current macroeconomic conditions, supported by adequate capital and liquidity

buffers. Asset quality has improved, and foreign exchange risk exposures have stabilized. However, resilience is uneven across institutions. Structural vulnerabilities persist, including elevated borrower concentration, reliance on large depositors in smaller banks, continued sovereign exposure, and sensitivity to correlated macro-financial shocks. Stress scenarios indicate that a combination of credit deterioration, exchange rate pressures, and funding stress could materially weaken capital positions in some banks.

29. Reacting to the presentation, the Committee observed that recent developments in the banking sector remain broadly supportive of financial stability, noting that capital injections have contributed to strengthening the resilience of the sector. In this regard, Members acknowledged that improved capital buffers have supported the sector's capacity to absorb shocks and sustain growth.

30. The Committee further highlighted the importance of strengthening internal capital generation, noting that banks should be encouraged to rely more on retained earnings rather than external support from parent companies, in order to promote sustainability and reduce external dependencies. Members further emphasised the importance of improving earnings efficiency and recommended BSD intensify supervisory engagement to support stronger operational performance across institutions.

31. The Committee raised concerns regarding the level of non-performing loans (NPLs) in the banking sector and emphasised the need to strengthen credit risk management practices. In this context, Members recommended the establishment of appropriate benchmarks or thresholds for NPLs to guide supervisory assessments and enhance early warning mechanisms.

32. Members raised concerns about concentration risks within banks' loan portfolios, particularly exposures linked to sectors with seasonal patterns and high exposure to the sovereign. The Committee emphasised that such concentration could amplify vulnerabilities and underscored the need for greater portfolio diversification and strengthened loan syndication practices to mitigate risk.
33. Furthermore, the Committee commended the BSD for ongoing efforts to align the regulatory framework with international standards and welcomed progress toward the implementation of Basel II and III, emphasising that this would further strengthen risk management practices and enhance the resilience of the financial system.

Developments in Other Financial Institutions and Stress Test

34. The presentation on Non-Bank Financial Institutions (NBFIs) provided key highlights of the performance of Finance Companies (FCs) and Credit Unions (CUs) since the last MPC. The sector consisted of seven Finance Companies, two of which were Islamic microfinance institutions, and fifty-six Credit Unions.
35. The report highlighted that the industry's asset size expanded by 5.1 percent in December 2025 to reach D10.5 billion, from D9.99 billion reported in September 2025. This was supported by strong deposit growth and increased lending activities. Moreover, of the total industry asset base, Finance Companies continued to account for 58.4 percent, while Credit Unions (CUs) contributed the remaining 41.6 percent. Finance companies recorded improved profitability, driven by higher lending, investment income, and foreign exchange earnings, alongside a decline in the cost-

to-income ratio. Credit unions also showed steady balance sheet growth, with increases in deposits, capital reserves, and lending. All institutions recorded capital adequacy ratios well-above the regulatory minimum capital requirements.

36. On the stress test, the results suggest that the microfinance sector remains broadly resilient, with risks largely concentrated at the individual institutional level rather than systemic. Several institutions continue to demonstrate strong capital and liquidity buffers across stress scenarios, supported by relatively diversified portfolios and stable funding structures.

37. Reflecting on the report, the Committee observed that microfinance institutions (MFIs) do not operate under a uniform capital requirement framework, which may pose challenges for effective supervision and comparability across institutions. In this regard, Members emphasised the need to standardise capital requirements and a committee to be set up to look into the issue in order to enhance regulatory consistency and financial soundness.

38. Notwithstanding these developments, the Committee expressed concern regarding variations in capital adequacy across institutions, particularly in light of stress test results indicating pockets of vulnerability. The Committee therefore recommended that the MSD engage NBFIs on strengthening capital positions, including through appropriate capital injections where necessary.

Government Fiscal Operations

39. The presentation on the government fiscal report provided key highlights on fiscal operations for 2025, compared with 2024. Preliminary fiscal

estimates for 2025 indicate an improvement in fiscal performance relative to 2024, supported by strong revenue mobilisation and higher grant inflows. Domestic revenue increased markedly, reflecting strong performances in both tax and non-tax revenue. Tax revenue rose by 21.6 percent, reflecting gains from tax administration reforms, digitalisation (improved compliance & collection efficiency), and the broadening of the tax base. Non-tax revenue also increased by 28.6 percent to stand at D28.6 billion (15.4 percent of GDP) in 2025 from D22.6 billion (13.9 percent of GDP) in 2024, pointing to the continued improvements in compliance and collection efficiency.

40. Government expenditure increased moderately, driven mainly by higher current spending, including wages, goods and services, and transfers, while capital spending rose slightly on the back of increased externally financed investment. Although the fiscal balance excluding grants improved, the overall deficit widened, highlighting continued reliance on external support. Risks to the outlook stem from persistent pressures in current expenditure and grant dependency, underscoring the need for sustained fiscal consolidation efforts.

41. Reacting to the presentation, the Committee welcomed the strong achievement in domestic revenue mobilisation, citing the ongoing reforms in tax administration and non-tax measures as a strong fiscal commitment to improving efficiency and stopping revenue leakages. However, Members raise concerns on the high dependency on external budgetary support to finance critical fiscal operations, noting this poses a significant risk to fiscal sustainability given the uncertainties surrounding cuts in development assistance. The Committee calls for well-calibrated fiscal consolidation efforts, focusing on critical reforms to boost domestic

resource mobilisation, while strategically investing in critical sectors to increase long-term economic growth.

Domestic Debt Market Developments

42. The presentation on the domestic debt market provided key highlights on recent developments in debt levels, issuance trends, and overall market conditions since the last MPC.
43. The report highlighted that total domestic debt increased by 12.1 percent year-on-year to reach GMD 51.99 billion at end-December 2025. This expansion was driven mainly by increased issuance of marketable instruments, particularly Treasury Bills and Sukuk Al-Salaam, while non-marketable debt declined. The structure of the debt stock remained skewed toward short-term instruments, which accounted for 53.8 percent of total domestic debt. Although the bond segment expanded to GMD 16.5 billion, mirroring the issuance of new 2-year and 3-year bonds totalling GMD 3.3 billion, refinancing risks remained elevated.
44. Domestic interest payments rose significantly to GMD 5.0 billion, equivalent to 17.5 percent of domestic revenue, with upward pressures expected to persist into 2026. Liquidity conditions tightened during the period, interbank market activity moderated, while yields remained relatively stable compared to 2024. Overall, the domestic debt market remained functional, although vulnerabilities related to maturity concentration and rising debt servicing costs have intensified.
45. In response to the presentation, the Committee expressed concern over the rising domestic debt service obligations, noting that this is largely driven by the structure of the outstanding portfolio, which remains heavily concentrated in short-term securities with maturities of less than one year.

Thus, the Committee stressed the need for portfolio rebalancing to ease refinancing burden and ensure fiscal sustainability in the medium to long term.

46. The Committee also recommended that external debt be comprehensively incorporated into the debt market development presentation, noting that this would enhance the assessment of overall debt sustainability and external vulnerability.

Balance of Payments Developments

47. The presentation on the external sector provided key highlights on developments in the country's Balance of Payments Position in 2025. The initial assessments highlighted that the current account deficit narrowed both quarter-on-quarter and year-on-year, supported mainly by strong tourism-related service receipts, steady remittance inflows, and government budget support inflows. A modest decline in goods imports also contributed to the improvement. The year-on-year moderation in the deficit was further supported by lower global commodity prices and improved operational efficiency at the Banjul Port, which helped reduce import and logistics costs.

48. Furthermore, the presentation noted that the goods account deficit narrowed to US\$962.79 million in 2025, compared to US\$1,025.01 million in 2024. The services account and secondary income balance were estimated to strengthen, reflecting a rebound in tourism activity and continued growth in remittance inflows. Overall, while the external position showed signs of improvement, vulnerabilities were assessed to persist, particularly given the narrow export base. In this regard, the need to

revitalise and diversify exports was emphasised as critical to achieving a more sustainable external position.

49. Reacting to the presentation, the Committee noted that re-export activity remains a key component of external sector dynamics, with significant implications for trade balances and foreign exchange inflows. In this regard, the Committee emphasised the need for the timely implementation of re-export survey to generate critical data for both policymakers and potential investors. Members further recommended that the re-export survey be prioritised and incorporated into the 2026 ERD work plan.

Developments in the Fintech Industry

50. The Fintech industry report provided key highlights of the industry for the fourth quarter of 2025. The presentation on digital financial services highlighted continued growth in fintech adoption, with registered customers increasing from 4.7 million in September 2025 to 5.4 million in December 2025. Active customers rose by 17.8 percent to 2.5 million, representing 53 percent of the total customer base.

51. Transaction activity remained robust, with both cash-in and cash-out volumes increasing significantly during the period, driven largely by the expansion of fintech platforms. On foreign exchange market activity, the U.S. dollar remained the dominant trading currency, accounting for 69.2 percent of transactions, while commercial banks continue to lead market activity.

52. Reflecting on the report, the Committee welcomed the expanding Fintech industry, noting its positive impact on financial inclusion in the country.

Notwithstanding, Members expressed concern over the increase in reported fraud cases during the period, noting a rise in both the number and value of incidents. The Committee emphasised the need for financial institutions to strengthen internal controls, monitoring systems, and risk management frameworks. In this regard, Members recommended that the relevant department engage with Fintech firms to introduce additional layers of security, including enhanced verification processes. The Committee further emphasised the need for the Bank to strengthen regulatory and supervisory oversight to mitigate emerging risks and safeguard confidence in the Fintech sector.

Foreign Exchange Market Developments

53. The presentation provided key highlights of the foreign exchange market since the last MPC. The report indicated that total transaction volumes (aggregate purchases and sales) increased to US\$2.4 billion in 2025, from US\$2.2 billion in 2024, reflecting improved market activity. Foreign currency supply conditions improved during the year, with total FX supply rising to US\$1.3 billion, relative to demand of US\$1.1 billion, resulting in an excess supply of US\$0.7 billion, compared to an excess demand position in 2024. This improvement was supported in part by higher remittance inflows, which increased by 12.4 percent to US\$872.1 million.

54. On exchange rate developments, the exchange rate of the Dalasi remained broadly stable during the period, albeit with depreciation pressures. On a quarterly basis, the Dalasi depreciated modestly against the US dollar by 0.5 percent, pound sterling by 0.1 percent, and CFA franc by 2.2 percent, while appreciating slightly against the euro by 0.9 percent. On a year-on-year basis, the Dalasi depreciated against all major

currencies, reflecting both domestic demand pressures and global currency dynamics.

55. Reacting to the presentation, the Committee welcomed the positive developments in the domestic foreign exchange market, noting that the improved liquidity conditions and favourable policy environment continue to support the stability of the exchange rate. To sustain this momentum, Members emphasised the need for prudent reserve management and continued monitoring of market developments to ensure market orderliness in line with broader macroeconomic objectives.

Monetary Developments

56. The presentation on Monetary Developments provided key highlights on recent trends in monetary aggregates and the stance of monetary policy since the last MPC. According to the report, the MPC decided to cut the monetary policy rate, which is consistent with economic fundamentals and allows for policy buffers for any contingencies.

57. The presentation indicated that broad money growth increased significantly to 26.2 percent in 2025, compared to 7.8 percent in 2024, driven largely by a stronger contribution from net foreign assets (NFA). Reserve money growth also rose to 18.4 percent, from a contraction of 5.6 percent in the previous year, reflecting an increase in the NFA position of the Central Bank. Credit to the economy continued to expand at a moderate pace during the period, contributing to the overall growth in monetary aggregates.

58. Liquidity conditions were reported to have remained volatile, influenced in part by government fiscal operations. The presentation showed that

Central Bank claims on government remained elevated, raising concerns regarding potential implications for exchange rate dynamics and monetary policy credibility.

59. Commenting on the presentation, Members noted that while monetary aggregates have expanded, underlying liquidity conditions continue to reflect structural fiscal pressures. To ensure sustainability and macro-fiscal stability, the Committee reiterated the need for close policy coordination between the monetary and fiscal fronts.

Business Sentiment Survey

60. The presentation of results from the 2025Q4 Private Business Sentiment Survey assessed business perceptions and short-term expectations regarding key macroeconomic conditions since the last MPC meeting. The presentation on the Business Sentiment Survey indicated an improvement in business activity, supported by festive demand, tourism activity, agriculture, remittance inflows, and government spending. Respondents were broadly optimistic about near-term economic prospects, with the majority expecting stronger growth in 2026Q1. Sentiment on Central Bank performance also improved significantly, reflecting enhanced confidence in monetary stability, regulatory oversight, and policy support.

61. The survey further showed that majority of respondents believed the Dalasi depreciated in 2025Q4 compared to 2025Q3, citing strong import demand and trade imbalances as key drivers. Majority of surveyed businesses expect the dalasi to continue to be under pressure in the near-term, as global uncertainties persist and import demand remains elevated. At the same time, businesses reported higher lending rates in 2025Q4 compared

to 2025Q3, suggesting tighter financing conditions, although the outlook for 2026Q1 was viewed as broadly stable.

62. Commenting on the presentation, the Committee commended the Economic Research Department (ERD) for expanding the coverage of the business sentiment analysis. Moreover, the Committee recommend for ERD also conduct a consumer sentiment survey, noting its relevance in capturing evolving demand-side dynamics and inflation expectations.

63. Furthermore, the Committee observed that business sentiment developments appear to be broadly aligned with the Bank's near-term inflation projections, suggesting that expectations remain relatively anchored. Nonetheless, Members cautioned that shifts in sentiment could pose upside risks to inflation, particularly if not adequately managed through appropriate policy responses.

Real Sector Developments

64. The presentation on Real Sector Developments provided key highlights of the recent growth performance of the Gambian economy. The report indicated that economic growth has remained relatively stable, despite past volatility arising from external shocks. Revised data from the Gambia Bureau of Statistics showed that growth for 2023 was adjusted upward to 5.9 percent, while growth for 2024 was revised up to 5.6 percent, reflecting stronger-than-previously-estimated performance.

65. The presentation highlighted that growth in 2024 was supported by solid expansion in financial services, distributive trade, construction, and mining and quarrying, alongside stable remittance inflows and sustained public investment, which supported domestic demand. Furthermore, growth in the third quarter of 2025 was reported at 6.8 percent. Against this backdrop,

the CBG staff estimates growth to average at 6.4 percent for 2025, underpinned by continued strength in both public and private consumption and investment.

Inflation Developments

66. The presentation on Inflation Developments provided key highlights of recent price trends and the near-term outlook. The report indicated that headline inflation declined to 6.4 percent in January 2026, from 6.6 percent in December 2025 and 9.4 percent a year earlier, extending the disinflation trend observed throughout 2025. Food inflation eased further to 6.2 percent, reflecting continued moderation in key components such as bread and cereals, oils and fats, sugar, and fish. However, some month-on-month pressures persisted in selected perishables, notably fruits and nuts and meat.

67. Non-food inflation remained broadly unchanged at 6.4 percent, with continued moderation in housing and utilities, while price pressures in hotels and restaurants and selected services remained relatively firm. Core inflation measures continued to ease, with Core 1 at 3.4 percent and Core 2 at 4.6 percent, suggesting limited second-round effects and contained underlying demand pressures. However, upside risks remain, particularly from administered prices, exchange rate developments, and persistent pressures in selected food items and services, warranting continued close monitoring.

68. Reacting to the presentation, Members highlighted the role of administered prices, particularly fuel prices, in shaping inflation dynamics in the near future. In this regard, the Committee noted that addressing inefficiencies in pump price determination could contribute to moderating inflationary

pressures and improving price transmission mechanisms within the economy.

Policy Justification

The global economic growth continues to register remarkable resilience amid significant headwinds. Latest projections indicate global growth will average above 3.0 percent in 2026 and 2027, to be supported by fiscal stimulus, easing financial conditions and strong private sector investment. This is expected to have a positive spillover impact on the Gambian economy, with tourism, private remittance inflows and trade expected to benefit the most.

Global disinflation continues to progress, supported by subdued commodity prices. Both energy and oil prices are forecast to further moderate, owing to tepid global demand and softer supply conditions. In addition, international food prices are generally expected to remain subdued, with rice prices forecast to decline further in 2026. Although risks to the outlook remain pronounced, easing international energy and food prices, coupled with improved domestic policy measures, will likely keep the domestic disinflation path on track in the near-term.

On the domestic front, the Gambian economic performance was solid in 2025, and the outlook is promising. This is supported by strong remittance inflows, which go to finance household consumption and investment demand, a rebound in tourism, and targeted public investment activity. The domestic foreign exchange market is expected to remain stable with improved supply conditions. This, in addition to the strong international foreign reserves buffer, is poised to support the Dalasi in the near to medium term. Against this backdrop, the Committee assessed that there is a need to align monetary policy to the disinflation path, which is necessary to taper inflation expectations and push headline inflation further down. Additionally, Members were of the view that a gradual easing is appropriate to create a policy buffer for future contingency, without compromising the disinflation process.

Decision

69. Based on the above factors and the strong commitment to ensuring inflation returns to the medium-term target, the Monetary Policy Committee further eased monetary policy and cut the policy rate by 200 basis points. The Committee took the following decisions:

1. **Monetary Policy Rate (MPR):** Cut the MPR from 16.0 percent to 14.0 percent.
2. **Required Reserve (RR):** The required reserve of commercial banks was maintained at 13.0 percent.
3. **Standing Deposit Facility (SDF):** The interest rate on the standing deposit facility remains at 5.0 percent.
4. **Standing Lending Facility (SLF):** The interest rate on the standing lending facility stands at 15.0 percent, aligning with the adjusted MPR.

The Committee remains committed to a data-driven policymaking approach and will continue to monitor domestic and international price developments and stands ready to act should the need arise.

Information Note

Date for the next MPC meeting

The next Monetary Policy Committee (MPC) meeting is slated for **Wednesday, May 20, 2026**. The meeting will be followed by the policy decision announcement on **Thursday, May 21, 2026**.