



MONETARY POLICY COMMITTEE

Press Release

February 26, 2026

The Monetary Policy Committee (MPC) of the Central Bank of The Gambia (CBG) met on February 25 and 26, 2026. After assessing domestic and global economic conditions and the near-term outlook, the Committee decided to cut the Monetary Policy Rate (MPR) by 200 basis points to 14 percent. The following is an overview of deliberations that informed the Committee's decision.

1. The global economy continues its strong momentum, despite significant headwinds arising from trade disruptions and heightened geopolitical tensions. The International Monetary Fund (IMF) projects global growth at 3.3 percent in 2026, a 0.2 percentage point upward revision compared to October 2025 estimates, although this is below the pre-pandemic average of 3.7 percent. This higher-than-expected momentum reflects easing trade tensions, robust fiscal stimulus and softer financial conditions that mitigated the effect of trade disruptions.
2. Performance continues to vary across regions, with advanced economies expected to grow by 1.8 percent, while emerging markets and developing economies will

expand by 4.2 percent. Growth in Sub-Saharan Africa is forecast to strengthen from 4.4 percent in 2025 to 4.6 percent in 2026, supported by ongoing macroeconomic stabilisation, reforms implementations in key economies and a recovery in domestic demand.

3. Global inflation is also expected to continue easing, although divergence across economies remains, driven by softer global demand, lower energy prices and continued normalisation of supply conditions. Headline inflation, which averaged 4.1 percent in 2025, is projected to decline to 3.8 percent in 2026 and further to 3.4 percent in 2027. In Asia and the Euro area, headline inflation is close to its target levels, and core inflationary pressures are gradually subsiding. However, inflation dynamics remain more challenging in Sub-Saharan Africa, where currency depreciation, high transport costs and fiscal vulnerabilities continue to drag on the disinflation process.
4. International commodity prices are broadly contained, with energy and oil prices expected to further ease in 2026. The IMF All-Commodity Price Index declined by 5.4 percent in January 2026 compared to December 2025, mirroring the drop in oil prices from US\$ 69 per barrel in 2025 to an average of US\$ 60 per barrel in 2026. This decline reflects tepid global demand growth and robust supply conditions. International food prices have also stabilised, with the FAO Food Price Index

declining by 0.4 percent in January 2026, compared to December 2025, marking the fifth consecutive monthly decline of the index. This decline was precipitated by the fall in the price indices of dairy products, meat and sugar, which offset the moderate increase in cereals and vegetable oil.

5. On the domestic front, the Gambian economy continues to demonstrate strong resilience in 2025 and is projected to further strengthen in 2026 despite heightened global uncertainties. The Central Bank forecasts growth at 6.4 percent in 2025, moderating slightly to 6.2 percent in 2026. These projections are premised on robust private and public investment, stable remittance inflows, and improved performance across key sectors, particularly services, construction and agriculture. Similarly, the Central Bank Composite Index of Economic Activity (CIEA) points to a solid start for the Gambian economy in 2026.

6. The Central Bank's Business Sentiment Survey for the fourth quarter of 2025 indicates growing optimism among firms regarding the near-term outlook. Majority of the respondents reported higher level of business activity in the fourth quarter of 2025. Businesses also express optimism in the near-term, with the majority of surveyed firms expecting further improvements in economic conditions in the first quarter of 2026. Although inflation and exchange rate expectations remain elevated, they are gradually declining, broadly in line with the

moderation observed in headline inflation and the exchange rate in recent months.

7. Preliminary Balance of Payments estimates indicate an improved external position, despite heightened uncertainties surrounding trade and capital flows. This is largely supported by the ongoing recovery in tourism, stable remittance inflows and budget support, lower global commodity prices, and the improved efficiency of the Banjul port. As a result, the current account deficit narrowed to US\$75.9 million (3.2 percent of GDP) in 2025, relative to a deficit of US\$103.9 million (4.4 percent of GDP) in 2024.
8. The goods account deficit also improved, narrowing to US\$962.8 million (40.1 percent of GDP) in 2025, from US\$1.03 billion (43.8 percent of GDP) in 2024. The moderation in goods account deficit benefited from a 1.3 percent decline in total imports and a 12.2 percent growth in exports during the review period.
9. The domestic foreign exchange market continues to function smoothly, recording an increase in volumes of transactions in the reviewed period. Aggregate foreign currency purchases and sales amounted to US\$2.4 billion in 2025, from US\$ 2.2 billion in 2024, reflecting improved foreign exchange supply conditions. In addition, private remittance inflows reached

US\$872.1 million in 2025, a 12.4 percent increase relative to the previous year, further strengthening market liquidity.

10. The Dalasi remains broadly stable in the fourth quarter of 2025, with moderate depreciation against major international traded currencies in the domestic market. From September 2025 to December 2025, the Dalasi depreciated marginally by 0.5 percent against the US dollar, 0.1 percent against the British pound, and 2.2 percent against the CFA franc. However, it appreciated slightly by 0.9 percent against the Euro during the review period.
11. The Central Bank continues to maintain adequate international reserve buffer, supporting the stability of the dalasi while safeguarding confidence in the economy. As at end 2025, gross international reserves stood at US\$585.3 million, equivalent to 4.5 months of prospective imports of goods and services, contributing to the improved external position seen in the fourth quarter of 2025.
12. Preliminary estimates of government fiscal operations in 2025 indicate an improvement in the fiscal position relative to 2024. The overall deficit, including grants, improved to D5.2 billion (2.8 percent of GDP), compared to D6.8 billion (4.4 percent of GDP) in 2024. This positive trend is primarily driven by stronger domestic revenue mobilisation, supported by ongoing improvements in tax administration and fiscal

consolidation efforts. On the other hand, the overall deficit, excluding grants, increased by 15.2 percent from D18.7 billion (11.4 percent of GDP) in 2024 to D21.4 billion (11.5 percent of GDP) in 2025.

13. Domestic borrowing in 2025 reflected a gradual shift toward more sustainable financing. The stock of domestic debt increased to D52.0 billion (26.0 percent of GDP) in 2025, from D46.4 billion (26.7 percent of GDP) in 2024. The share of medium and long-term instruments continued to grow, accounting for 46.2 percent of the domestic debt portfolio as at December 2025. Nevertheless, short-term instruments still dominated the domestic debt portfolio, accounting for 53.8 percent. This continues to strain the fiscal space, posing significant refinancing risk.

14. Annual money supply growth accelerated to 26.2 percent in 2025, up from 7.8 percent in 2024, reflecting increased contribution from Net Foreign Assets of the banking system. Credit to the private sector also expanded by 7.2 percent in 2025 compared to the previous year. Similarly, reserve money grew by 18.4 percent, reversing the contraction of 5.6 percent registered in 2024. This expansion largely mirrors the increased holding of foreign assets as foreign exchange inflows strengthened during the period.

15. The banking sector remains stable and resilient, underpinned by strong balance sheet growth and rising depositors' confidence. Total industry assets increased to D128.6 billion (67.0 percent of GDP) in 2025, up from D100.1 billion (52.6 percent of GDP) a year earlier. Similarly, total customer deposits, which continue to be the main source of liquidity for banks, increased by 25.6 percent to D83.1 billion (43.2 percent of GDP) in 2025.
16. Capital adequacy ratio of the industry marginally declines by 4.1 percent to 24.4 percent in 2025, relative to 2024. The decline is attributable to an increase in risk-weighted assets, driven by an increase in loans and advances. The liquidity ratio of the industry increased slightly to 78.6 percent in 2025, from 76.5 percent reported in 2024.
17. Fintech and mobile money services continue to expand in scale and usage, reflecting sustained growth in digital financial activity. The number of registered users stood at 5.4 million, up from 4.7 million in September 2025. The number of active users totalled 2.9 million, representing 53 percent of registered accounts. Over the same period, cash-in transactions increased by 16.4 percent to D23.9 billion, and cash-out increased by 19.6 percent to D25.8 billion between September and December 2025.
18. Domestic price pressures continue to ease, indicating a sustained moderation in inflationary pressures. Headline

inflation declined to 6.4 percent in January 2026, down from 6.6 percent in December 2025 and well below the peak of 18.5 percent recorded in September 2023. This moderation is largely due to the decline in food inflation, in line with the sustained easing of international food prices.

19. Food inflation fell to 6.2 percent in January 2026, from 6.4 percent in December 2025, reflecting continued moderation in prices of bread and cereals, oils and fats, sugar, and fish. Meanwhile, Non-food inflation remained broadly unchanged at 6.4 percent.

20. Further assessment indicates that core inflation continues to decline, suggesting that underlying domestic price pressures are abating. In January 2026, core inflation, which excludes energy and volatile food items, fell to 3.4 percent from 3.7 percent in December 2025. On the outlook, the disinflation path is expected to progress, with headline inflation projected to decline closer to the Central Bank's medium-term target by the end of 2026.

21. The Committee observed as follows:

- 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 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 to be 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.

- **Policy Decisions**

In view of the above, the Committee decided as follows:

- I. The Monetary Policy Rate (MPR) is reduced to 14 percent.
- II. The Required Reserve (RR) ratio of commercial banks is maintained at 13 percent.
- III. The interest rate on the standing deposit facility is maintained at 5 percent.
- IV. The interest rate on the standing lending facility will decline to 15 percent, equivalent to MPR plus 1.0 percentage point.

The Committee maintains its commitment to data-driven policy decisions and stands ready to respond promptly should evolving economic conditions call for action.

Information Note

Date for the Next MPC Meeting

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