MONETARY POLICY COMMITTEE

Press Release **November 26, 2026**

The Monetary Policy Committee (MPC) of the Central Bank of The Gambia (CBG) convened on November 25 and 26, 2026. Following its assessment of global and domestic economic developments and the near-term outlook, the Committee decided to maintain the Monetary Policy Rate (MPR) at 14 percent. The following is an overview of the developments informing the Committee's decision.

1. Global economic activity is projected to moderate amid heightened geopolitical tensions, renewed inflationary pressures and elevated policy uncertainty. According to the October 2026 World Economic Outlook of the International Monetary Fund (IMF), global growth is projected to slow to 3.1 percent in 2026, from 3.5 percent in 2025, before recovering to 3.4 percent in 2027. This represents an upward revision of 0.1 percentage points relative to the July 2026 World Economic Outlook update, reflecting stronger-than-expected economic resilience in several major and emerging markets and developing economies despite a challenging global environment.

2. Growth prospects remain uneven across regions. Advanced economies are projected to grow by 2.1 percent in 2026, while emerging markets and developing economies are expected to expand by 3.7 percent in 2026 and 4.4 percent in 2027. Growth in Sub-Saharan Africa is forecast to remain broadly stable at around 4.5 percent over 2025–2027, supported by resilient domestic demand and ongoing structural reforms

in several economies. Nevertheless, this positive regional outlook continues to face significant headwinds, with elevated debt-servicing burdens, as well as vulnerability to commodity price shocks, posing significant downside risks to growth prospects.

3. Global disinflation has stalled, with global inflation projected to rise from 4.1 percent in 2025 to 4.7 percent in 2026, before easing to 4.1 percent in 2027. This renewed inflationary pressure largely reflects higher energy, food and transport costs associated with the ongoing war in the Middle East and persistent trade disruptions. Against this backdrop, major central banks have maintained a cautious monetary policy stance, balancing the need to contain inflationary pressures with concerns over weakening global growth and heightened economic uncertainty.

4. International commodity markets remain vulnerable to geopolitical developments and supply-side disruptions. Ongoing tensions have continued to affect global energy supply chains, contributing to elevated shipping costs and higher insurance premiums, which have sustained upward pressure on energy and transportation prices. For commodity-importing economies such as The Gambia, these developments pose significant external risks, as further disruptions could increase import costs, fuel domestic inflationary pressures, and widen external imbalances.

5. The FAO Food Price Index averaged 133.9 points in October 2026, representing a 5.9 percent increase compared with the same period a year earlier. Notably, the FAO All Rice Price Index rose to 112.3 points, an increase of 14.1 percent year-on-year, reflecting renewed pressures in international rice markets despite recent easing.

6. On the domestic front, the Gambian economy continues to demonstrate resilience, and the medium-term prospects remain favourable. High-frequency indicators also point to sustained economic activity into the third quarter of 2026, with the Bank's Composite Index of Economic Activity (CIEA) indicating an average growth of 3.4 percent during the period.

7. The Central Bank projects real GDP growth at 5.5 percent in 2026, supported by strong activity in the tourism, construction, and manufacturing sectors, alongside continued implementation of targeted public investment projects. The forecast represents a downward revision of 0.3 percentage points relative to the August projection, primarily reflecting the moderation in domestic demand associated with ongoing fiscal consolidation efforts and a slower pace of private sector activity.

8. The growth outlook, however, remains subject to significant downside risks arising from the dragging war in the Middle East and its implications for energy and food prices, climate-related shocks and declining concessional financing. This could dampen growth prospects in 2026.

9. The results of the latest Central Bank Business Sentiment Survey indicate that business confidence remained positive, although sentiments on production, capital expenditure and employment were subdued. Surveyed firms were somewhat cautious in their assessment of domestic and global economic conditions. However, they expect both to improve in the fourth quarter of 2026. Most firms remained concerned about persistent inflation and exchange rate pressures.

10. Preliminary balance of payments estimates indicate an improvement in the current account balance in the third quarter of 2026. The deficit narrowed to US$21.9 million (0.7 percent of GDP), from US$23.2 million in

the preceding quarter and US$29.8 million a year earlier. This improvement was supported by significant inflows of official budget support and remittances, as well as a gradual recovery in re-export trade receipts.

11. Nonetheless, the goods account deficit widened marginally to US$233.1 million (7.3 percent of GDP), from US$231.1 million in the preceding quarter and US$210.7 million a year earlier. The persistent trade deficit underscores the economy's narrow export base and significant dependence on imports.

12. The domestic foreign exchange market continues to function smoothly, characterised by improved foreign currency supply conditions. Aggregate foreign currency purchases and sales amounted to US$670.9 million in the third quarter of 2026, compared with US$773.7 million in the preceding quarter and US$550.8 million a year earlier. Private remittance inflows remained substantial at US$753.0 million for the first nine months of 2026, higher than the US$641.2 million recorded in the corresponding period in 2025.

13. The exchange rate remained broadly stable during the third quarter, supported by improved foreign exchange liquidity conditions and prudent policy management. Notwithstanding, strong demand for foreign currency to finance imports of essential commodities continued to exert depreciation pressures. On a quarterly basis, the Dalasi depreciated marginally by 0.3 percent against the US dollar. However, it appreciated by 0.4 percent against the euro, 0.2 percent against the British pound and 0.6 percent against the CFA franc during the review period.

14. Gross official international reserves remained strong, amounting to US$546.84 million at end-October 2026, equivalent to 4.2 months of prospective imports of goods and services. The Central Bank remains committed to maintaining a strong external reserve buffer to cushion the economy against future shocks.

15. Preliminary estimates of government fiscal operations indicate an improvement in the fiscal position during the first nine months of 2026. The overall deficit, including grants, narrowed to D5.2 billion (2.3 percent of GDP), from D8.1 billion (4.1 percent of GDP) a year earlier. Excluding grants, the deficit narrowed to D15.2 billion (6.8 percent of GDP), from D16.8 billion (8.4 percent of GDP). Revenue and grants increased by 7.1 percent to D32.2 billion in the first nine months of 2026. This resulted in a primary balance surplus of D718.5 million for the same period, from a deficit of D949.5 million in the corresponding period in 2025.

16. The stock of domestic debt increased to D55.6 billion (24.8 percent of GDP) at end-September 2026, from D52.0 billion (23.2 percent of GDP) at end-2025. Short-term government securities, with a maturity of one year or less, accounted for 53.9 percent of the domestic debt portfolio. The weighted average interbank rate fell from 9.4 percent in January to 5.0 percent in September 2026. The yields on 91-day, 182-day and 364-day Treasury bills stood at 3.2 percent, 5.6 percent and 9.1 percent, respectively, at end-September 2026.

17. On monetary aggregates, annual broad money growth stood at 17.0 percent in September 2026, relative to 16.4 percent in September 2025. Credit to the private sector rose by 5.2 percent during the third quarter compared with 1.6 percent in the second quarter of 2026. Reserve money, the Bank's operating target, contracted by 5.9 percent during the quarter. Results from the Bank's Financial Lending Survey indicate stronger corporate and MSME lending during the period, with lending

conditions expected to remain expansionary in the fourth quarter of 2026.

18. The banking sector remained sound and stable, characterised by robust financial soundness indicators. The industry total assets increased during the quarter to D137.8 billion (61.5 percent of GDP), representing annual growth of 17.6 percent. Similarly, customer deposits, which remain the main source of funding for banks, rose by 5.6 percent to stand at D91.5 billion (40.8 percent of GDP) as of September 2026.

19. The industry capital adequacy ratio stood at 24.5 percent in September 2026, compared with 25.5 percent in June, and remained above the regulatory minimum of 10 percent. The sector also continues to hold ample liquidity buffers. The liquidity ratio for the industry stood at 75.8 percent, well above the minimum requirement of 30 percent. Nonetheless, the non-performing loan ratio rose to 9.8 percent from 7.8 percent in June 2026, largely reflecting an increase in restructured loans. Stress test results indicate aggregate resilience, although credit concentration, institution-specific liquidity and capital vulnerabilities warrant continued supervisory vigilance.

20. On domestic price developments, headline inflation edged up to 6.3 percent in October 2026, from 6.1 percent in September 2026, ending three consecutive monthly declines. Despite the recent uptick, inflation remained well below its 2026 peak of 7.6 percent, indicating that underlying price pressures have eased compared to earlier periods in the year. Nevertheless, inflation is forecast to average at 6.4 percent in 2026, before gradually converging to the Bank's medium-term target of 5 percent in 2027.

21. Food inflation increased to 5.4 percent in October 2026, from 5.1 percent in September, reflecting higher prices of oils and fats, meat and fish. Non-food inflation remained unchanged at 7.6 percent, as renewed transport price pressures were offset by moderation in other categories including recreation, hotels and restaurants, and communication.

22. Underlying inflationary pressures also increased in October 2026. Core 1 inflation rose to 5.6 percent in October from 4.8 percent in September 2026, while Core 2 increased to 5.4 percent from 5.3 percent in the same review period. Although near-term inflation outlook remains favourable, this is subject to significant upside risks, including the spillover effects of the dragging war in the Middle East, climate-related shocks and continuing supply chain disruptions from trade tensions.

23. **The committee observed as follows:**

The global economy remains resilient, but the outlook is subject to downside risks from geopolitical tensions, trade uncertainty and disruptions to energy markets. Global inflationary pressures have re-emerged, limiting the scope for monetary policy easing.

- For The Gambia, elevated international energy prices, food and transport costs pose upside risks to inflation through import prices and domestic production and distribution costs. Tighter external economic conditions could also weigh on tourism, investment and remittance inflows, limiting the supply of foreign currency, with consequential effects on the exchange rate.

- Domestic economic activity remains solid, with real GDP growth projected at 5.5 percent in 2026. The steady inflows of remittances, targeted public investments and higher tourism activity, alongside

renewed business confidence will continue to support domestic demand and economic growth in the near to medium term.

- The current account deficit narrowed, and the Dalasi remained broadly stable. However, the persistent import dependence underscores the need to strengthen external buffers. Fiscal consolidation is expected to progress, prioritising debt sustainability and domestic resource mobilisation to preserve fiscal and macroeconomic stability.

- Although significant gains have been made in maintaining inflation under the single digits for the past 20 months, the recent increase in headline and core inflation, alongside persistent transport costs, indicates that the disinflation process remains fragile. Risks to the inflation outlook are tilted to the upside, particularly from imported food and energy prices and potential second-round effects from domestic fuel price adjustments.

- Against this backdrop, the Committee believes that monetary policy should stay resolute to ensure that the disinflation process gets back on track and inflation converges back to the Bank's medium-term target.

Policy Decisions

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

I. Maintain the Monetary Policy Rate (MPR) at 14 percent.
II. Maintain the Required Reserve (RR) Ratio at 13 percent
III. Maintain the Standing Lending Facility Rate at 15 percent
IV. Maintain the Standing Deposit Facility Rate at 5 percent

The Committee remains committed to its price stability mandate and to ensuring that inflation returns to its target over the medium term. It will continue to closely monitor domestic and external developments and stands ready to respond as warranted.

Information Note

Date for the Next MPC Meeting

The date of the next Monetary Policy Committee meeting and policy announcement will be held on February 24, 2027, followed by announcement of the policy decision on February 25, 2027.