



MONETARY POLICY COMMITTEE

Press Release

May 21, 2026

The Monetary Policy Committee (MPC) of the Central Bank of The Gambia (CBG) met on May 20 and 21, 2026. After assessing domestic and global economic conditions and the near-term outlook, the Committee decided to maintain the Monetary Policy Rate (MPR) at 14 percent. The following is an overview of deliberations that informed the Committee's decision.

1. Global economic activity is expected to moderate in 2026 amid rising geopolitical tensions, renewed inflationary pressures, and persistent policy uncertainty. In its April 2026 World Economic Outlook report, the International Monetary Fund (IMF) projects global growth at 3.1 percent in 2026, a 0.2 percentage point downward revision compared to the January 2026 forecast. The weaker outlook reflects the adverse impact of geopolitical tensions, elevated energy prices, and increased uncertainty on global trade, investment, and financial conditions.
2. Growth prospects continue to vary across regions, with advanced economies projected to expand by 1.8 percent, while emerging markets and developing economies are expected to grow by 3.9 percent in 2026. Growth in Sub-Saharan Africa is forecast to slightly moderate from 4.5 percent in 2025 to 4.3 percent in 2026, due to the impact of the ongoing war in the Middle East, tight fiscal space and currency depreciations in some economies.
3. Global inflation is expected to rise temporarily, driven by higher energy and transport costs associated with the ongoing war and trade

disruptions. The IMF projects global headline inflation at 4.4 percent in 2026, representing an upward revision by 0.6 percentage points from the January 2026 estimates, before moderating to 3.7 percent in 2027. Inflation dynamics, however, continue to diverge significantly across economies, with commodity-importing developing countries remaining particularly vulnerable to imported inflationary pressures arising from elevated global commodity prices and exchange rate volatility.

4. International commodity prices remain broadly elevated amid renewed geopolitical tensions and supply disruptions linked to the conflict in the Middle East. The International Monetary Fund (IMF) All-Commodity Price Index increased by 28.1 percent in April 2026 relative to January 2026, reflecting the sharp rise in global oil prices from US\$60 per barrel in January 2026 to US\$100 in April 2026. The increase largely mirrors heightened geopolitical uncertainty and disruptions to maritime transport and global supply routes.
5. On the domestic front, the Gambian economy continues to demonstrate strong resilience despite increasing global uncertainties and adverse geopolitical developments. Economic activity remained robust in 2025 and is expected to maintain strong momentum in 2026, supported by sustained growth in tourism, construction, trade, and financial services. The Central Bank Composite Index of Economic Activity points to a positive start to 2026, with activity averaging at 3.5 percent in the first three months of the year.
6. Against this backdrop, the Central Bank, in its latest forecast round, projects real GDP growth at 5.7 percent in 2026, representing a 0.5 percentage points downward revision. This revision is precipitated by the adverse impact of escalating geopolitical tensions in the Middle East, which contributed to higher domestic energy prices, elevated

inflationary pressures, and increased uncertainty in the global economic environment.

7. The Central Bank's Business Sentiment Survey for the first quarter of 2026 indicates continued positive optimism among firms, supported by festive demand, the peak tourism season, and strong performance in the construction and digital financial services sectors. Despite the positive business outlook, inflation and exchange rate expectations remain elevated, while concerns over geopolitical spillovers and election-related uncertainty continue to weigh on confidence in the domestic economic outlook.

8. Preliminary Balance of Payments estimates indicate a weakened external position in the first quarter of 2026, amid rising import demand and elevated global uncertainties surrounding commodity prices and trade conditions. Consequently, the current account deficit widened to US\$20.83 million (0.8 percent of GDP) in the first quarter of 2026, compared to US\$13.19 million (0.5 percent of GDP) in the corresponding period of 2025. The deterioration in the current account mirrors higher imports of printing-related materials, mineral fuels and oil, cereals, and vehicles, despite continued improvements in tourism receipts and stronger remittance inflows.

9. The goods account deficit widened to US\$284.37 million (11.2 percent of GDP) in the first quarter of 2026, from US\$248.07 million (10.2 percent of GDP) in the corresponding period of 2025. The deterioration in goods account deficit largely reflects a 20.6 percent increase in total imports, which rose to US\$424.65 million (16.7 percent of GDP) in the first quarter of 2026. Although exports rose to US\$140.28 million during the same period, supported by stronger re-export activity, they continued to linger well-below the rising imports.

10. The domestic foreign exchange market remained stable in the first quarter of 2026, recording an increase in transaction volumes. Aggregate foreign currency purchases and sales amounted to US\$644.19 million compared to US\$590.8 million in the fourth quarter of 2025. In addition, total remittance inflows from January to March 2026 amounted to US\$246.08 million, an increase of 17.2 percent compared to the same period in 2025. The improved foreign currency liquidity conditions partly reflect steady private remittance inflows, a rebound in re-export trade and the gradual recovery of the tourism sector.
11. The Dalasi remained broadly stable during the first quarter of 2026, recording marginal appreciation against the US Dollar and British Pound by 0.3 percent and 0.5 percent, respectively, while depreciating modestly against the Euro by 1.2 percent, 3.5 percent against the Swiss Franc, and 0.6 percent against the CFA franc.
12. The Central Bank continues to maintain adequate international reserves to provide a strong buffer against external shocks and exchange rate pressures. As at end-April 2026, gross international reserves stood at US\$556.5 million, equivalent to 4.3 months of prospective imports.
13. Preliminary estimates of government fiscal operations in the first quarter of 2026 indicate an improvement in the fiscal position relative to 2025. The overall deficit, including grants, narrowed to D2.3 billion (1.2 percent of GDP), compared to D2.7 billion (1.4 percent of GDP) in the same period in 2025. Similarly, overall deficit, excluding grants, improved to D5.0 billion (2.5 percent of GDP) in the first quarter of 2026 from D5.5 billion (2.8 percent of GDP) in the corresponding quarter of 2025. This positive trend reflects stronger domestic revenue mobilisation,

supported by ongoing improvements in tax administration and fiscal consolidation efforts.

14. Government's domestic debt stock increased to D53.3 billion (24.0 percent of GDP) at end-March 2026, from D51.99 billion (23.4 percent of GDP) in the corresponding period in 2025. The composition of domestic debt remained concentrated in short-term instruments, accounting for 54.8 percent of the portfolio.
15. Money market rates remained relatively stable between January and March 2026, although generally higher than in the corresponding period of 2025, reflecting tighter liquidity conditions in the financial system and sustained government borrowing requirements. In March 2026, the interbank weighted average rate and the 91-day Treasury bill yield increased to stand at 6.3 percent and 6.2 percent respectively, compared to 5.7 percent and 6.0 percent in March 2025.
16. Annual money supply growth accelerated to 23.2 percent in March 2026, from 11.3 percent in the same period a year earlier, reflecting increased contribution from domestic credit conditions. Credit to the private sector continues to expand, recording a growth of 35.4 percent in the first quarter of 2026 compared to the previous year. Similarly, reserve money grew by 17.2 percent, a reversal from the 0.9 percent contraction recorded in the same period last year. This expansion mainly reflects the increased holding of foreign assets as foreign currency inflows strengthened during the period.
17. The banking sector remains stable and resilient, supported by strong balance sheet growth and sustained depositor confidence. Total industry assets increased to D129.9 billion (67.6 percent of GDP) in the first quarter of 2026, from D104.8 billion (52.6 percent of GDP) a year

earlier. Total customer deposits, the main source of funding for banks, increased by 20 percent to D84.2 billion (43.2 percent of GDP) in the first quarter of 2026.

18. Capital adequacy ratio of the industry marginally declined by 4.0 percent to 24.3 percent in the first quarter of 2026, relative to the same period in 2025. The decline is attributable to an expansion in risk-weighted assets, driven by an increase in loans and advances. The liquidity ratio of the industry stood at 78.3 percent well above the 30 percent regulatory floor. The non-performing loans stood at 7.7 percent in March 2026, down from 8.1 percent in December 2025 and 13.5 percent in the corresponding period of 2025.

19. Fintech and mobile money services continue to expand in scale and usage, reflecting sustained growth in digital financial services. Cash-in transactions increased by 11.7 percent to D27.0 billion, and cash-out grew by 15.2 percent to D30.5 billion between December 2025 and March 2026. The number of registered users stood at 5.4 million, up from 4.7 million in September 2025.

20. Domestic inflationary pressures have shown signs of reversal in recent months, reflecting the impact of rising global energy prices, transport costs, and renewed external price pressures. Headline inflation increased to 7.0 percent in April 2026, from 6.6 percent in December 2025 and 6.4 percent in January 2026. The recent uptick in inflation partly reflects higher food and non-food prices amid amplified geopolitical tensions and elevated import costs.

21. Food inflation rose moderately to 6.7 percent in April 2026, from 6.2 percent in January 2026, reflecting increases in the prices of meat, fish, fruits and nuts. Meanwhile, non-food inflation accelerated to 7.2 percent from 6.4 percent over the same period, reflecting rising prices

of transport, housing and utilities, as well as selected service-related categories.

22. Further assessment indicates that underlying inflationary pressures have also strengthened. Core 1 inflation, which strips out volatile energy prices, increased to 6.6 percent in April 2026, from 3.4 percent in January 2026. Similarly, Core 2 inflation, which further excludes volatile food prices, rose to 6.5 percent from 4.6 percent over the same period, suggesting domestic inflationary pressures are becoming more broad-based and renewed upside risks to the inflation outlook.

23. The Committee observed as follows:

- The global economy continues to demonstrate resilience despite renewed downside risks arising from heightened geopolitical tensions and disruptions in global energy markets. Latest projections indicate that global growth will remain above 3.0 percent in 2026 and 2027, supported by fiscal stimulus measures, easing financial conditions, and resilient private sector activity.
- Nonetheless, rising geopolitical uncertainty and elevated energy prices continue to pose risks to global output, investment, and inflation dynamics. The Committee noted that developments in the global economy will continue to have important spillover effects on the Gambian economy, particularly through tourism, remittance inflows, commodity prices, and trade activities.
- Global disinflation momentum has weakened in recent months following renewed increases in energy and transport costs associated with the conflict in the Middle East. Global headline inflation is expected

to rise temporarily in 2026, reflecting elevated oil prices, supply disruptions, and increased shipping costs.

- Although international food prices remain relatively contained, the Committee noted that commodity-importing developing economies, including The Gambia, remain vulnerable to imported inflation through higher fuel, transport, and exchange rate pass-through effects. Consequently, risks to the domestic inflation outlook have tilted to the upside.
- On the domestic front, the Gambian economy continues to demonstrate resilience amid heightened external uncertainties and rising global inflationary pressures. Economic activity remains robust, supported by strong remittance inflows, recovery in tourism, construction activity, and continued expansion in digital financial services. The domestic foreign exchange market continues to function smoothly, underpinned by improved foreign currency inflows and a strong international reserves position.
- However, the Committee noted the recent increase in headline, food, non-food, and core inflation measures, pointing to renewed domestic price pressures and calls for prudent monetary policy going forward.

Policy Decisions

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

- I. The Monetary Policy Rate (MPR) is maintained at 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 remains at 15 percent, equivalent to MPR plus 1.0 percentage point.

The Committee remains committed to bringing back inflation to target in the medium-term. We will continue to monitor domestic and external developments and stand ready to respond promptly should conditions call for action.

Information Note

Date for the Next MPC Meeting

The next Monetary Policy Committee (MPC) meeting is scheduled for **Wednesday, August 26, 2026**. The meeting will be followed by the policy decision announcement on **Thursday, August 27, 2026**.