

# Macroeconomic Update

July 2025

## Monetary Policy Committee (MPC) Rate - Largest Rate Cut In Bank Of Ghana History

**28%** → **25%**  
May July

### What It Measures

The Monetary Policy Committee (MPC) Rate is the major interest rate set by the Bank of Ghana (Ghana's central bank) for commercial banks. It is essentially the 'base' interest rate for the entire economy. This is the interest rate at which commercial banks borrow from the central bank which influences their interest rate to consumers.

### Current Trend and Implications

The Monetary Policy Committee (MPC) of the Bank of Ghana has announced a significant reduction of 300 basis points in the policy rate. This marks the largest single rate cut in the Bank of Ghana's history, primarily driven by the sustained and sharp disinflationary trend in the economy.

Historically, a reduction in the policy rate is anticipated to stimulate economic growth by lowering borrowing costs, thereby encouraging businesses to increase borrowing, investment, and expenditure.

However, given the current relatively low inflation rate of 13.7% and other subdued macroeconomic indicators, this rate cut may be insufficient to significantly boost economic activity.

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