

## MONETARY POLICY STATEMENT

The Monetary Policy Committee (MPC) of the Bank of Sierra Leone (BSL) held an emergency meeting on 24 July 2025 to assess recent global and domestic macroeconomic developments since the quarterly meeting held on 23 June 2025, to determine whether any adjustment of the current monetary policy stance is warranted. Following the deliberations, the MPC recommended that the Monetary Policy Rate (MPR) be reduced by 2 percentage points to 21.75% and the Standing Lending Facility Rate (SLFR) and Standing Deposit Facility Rate (SDFR) by 3 percentage points each to 23.75% and 14.25%, respectively. This was duly approved by the Board of Directors on 28 July 2025.

The recommendation of the Committee is premised on the following:

- 1. Inflationary pressures continued to ease with headline inflation declining to 7.10% in June 2025, from 7.55% in May 2025, as reported in the June MPC meeting.
- 2. There has been a further reduction in the 364-day Treasury Bill rate, from 20.40% as at 12 June 2025 to 15.17% as at 17 July, 2025, due to on-going fiscal consolidation efforts by the Government.
- 3. Although Real GDP growth is projected to increase to 4.5% in 2025 from 4.4% in 2024, the BSL's Composite Index of Economic Activity (CIEA) showed a slight slowdown in economic activity in 2025Q2.
- 4. There was also a decline in private sector credit from 3.72% of GDP in March 2025 to 3.69% of GDP in May 2025.
- 5. The Leone/US Dollar exchange rate continued to be relatively stable, due to monetary and fiscal policy coordination and improved market sentiment.
- 6. Uncertainty in the global environment is gradually waning but risks remain.

The MPC acknowledged improvements in the domestic macroeconomic environment, and that the balance of risks to the inflation outlook is tilted to the downside. Therefore, the MPC considered a further ease of the monetary policy stance to align with developments in the money market, ensure policy consistency, stimulate private sector credit and investment without compromising the price stability objective of the BSL. Consequently, the Committee recommended a reduction of 2 percentage point in the MPR and a 3 percentage point reduction in both the SLFR and SDFR, which was duly approved by the Board of Directors on 28 July 2025.

Therefore, effective 29 July 2025, the following rates are published for the information of the public:

- Monetary Policy Rate (MPR): 21.75 percent
- Standing Lending Facility Rate (SLFR): 23.75 percent
- Standing Deposit Facility Rate (SDFR): 14.25 percent

The Committee is committed to its mandate of price stability and willing to recommend adjustments to the monetary policy stance before the next MPC meeting, should market conditions change significantly.

The next MPC meeting is scheduled for 25 September 2025.

Ibrahim L Stevens, PhD

Governor