

Rwanda's central bank (BNR) has increased the Central Bank Rate (CBR) to ensure inflation decelerates to the 5 percent benchmark in 2024.

The raise in lending rates from 7.0 percent to 7.5 percent came after inflation fell to 11.9 percent year-on-year in July down from the 13.7 percent recorded in June.

Rwanda's economy has fared better than many of its African peers in the face of tightening global financial conditions, but the central bank said on Thursday that growth seemed to be slowing down partly due to geopolitical tensions that could influence international commodity prices and climate change that continuously affect our agriculture sector performance.

The Governor, John Rwangombwa linked the increase in the central bank rate to a desired range below 8% by the end of 2023 and around 5% by the end of 2024.

In addition, BNR announced that in the second quarter of 2023, both exports and imports continued to grow in value, but at a slower pace due to falling international commodity prices.

Rwanda's exports increased by 5.3 percent in 2023Q2. The increase was driven by higher quantities exported, especially manufactured goods.

Due to the continued growth in economic activity, imports increased by 9.9 percent, resulting in a 12.7 percent trade deficit.

Also, the franc depreciated against the US dollar by 8.76 percent in June 2023 compared to December 2022. Gross official foreign exchange reserves are expected to remain adequate, covering 4 months of prospective imports of goods and services due to an increase in service exports and remittances.