

The Rwandan central bank has boosted the benchmark interest rate by 50 basis points from 6.5 percent to 7 percent in an effort to curb soaring consumer prices.

The Monetary Policy Committee made the announcement during the quarterly assertion on Thursday, February 16.

The raised interest rate is the highest level since 2014, as inflation continues to remain in double digits in the first half of the year.

The bank aligns the decision to tame inflationary pressures affecting the purchasing power of consumers.

In line with the interbank rate, the rate rose to 5.92 per cent on average in 2022 from 5.18 per cent in 2021. The average lending rate increased to 16.38 per cent in 2021.

For a second straight month, inflation slightly reduced to 20.7 per cent in January from 21.6 per cent and 21.7 per cent in November and December respectively.

The MPC explains that inflationary pressures continue to remain high mainly due to global economic challenges as well as lower domestic agriculture production caused by weather conditions, more expensive imports and high farm inputs cost.

The Rwandan franc has dropped almost 2 per cent this year against the US dollar.

Trade deficit has widened by 19.1 per cent, with exports rising by 31.4 per cent while imports rose by 23.6 per cent mainly due to high international commodity and fuel prices.