The National Bank of Rwanda (BNR) decided to keep its interest rate at the current rate of 6.5% as it assesses the country's Agricultural A season calling this decision due to a situation where Eastern Rwanda received rains late possibly contributing to the harvest of maize and beans being low.

John Rwangombwa, Governor of BNR addressed this concern in a press conference that took place on Thursday, November 21, 2024. The aim of this conference was to brief the press on the related facts connected to the decisions that were reached during meetings of the Monetary Policy Committee and the Economic Stability Committee.

BNR indicated, the economy of Rwanda is faring well, having increased by growth rate of 9.8 percent in quarter two of this year. But development of inflationary processes slowed at 4.1 % down from 5.1% in the second quarter.

He stated that in some areas food prices have increased as a result of late rains in the country, food prices of maize and beans in particular. Therefore, BNR has decided to keep the interest rate at 6.5% (August's setting) until it is able to assess the trends in food prices according to agricultural yields.

"Given the late rains in parts of the country, we foresee that food prices will rise, particularly for maize and beans during season A. Thus we revised the interest rate from 5% to 8%, because we forecast that inflation will settle at 8% in 2025," Rwangombwa stated.

Rwangombwa went on to outline the thought behind not changing the interest rate. He also remarked that late rains have damaged the food they sow, and this will, consequently, lead to prices rising in the near term.

"We initially wanted to reduce the interest rate, however, because of the weather conditions, we decided not to do it and keep it at 6.5%. We would like to determine the evolution of food prices and the course of the harvest ahead of making any further decisions," he said.

BNR also addressed the country's trade balance. The governor said that exports have grown by 13.5% compared to an 8.5% increase in imports.

The trade deficit has increased because of a large cost of imports which rose by 5.7%.

The inflation rate in the 3rd quarter of 2024 declined to 4.1% from the 5.1% reported in the recent quarter.

Forward Looking, BNR predicts that the financial system will remain underspent, sustained by strong financial reserves and a stable foreign exchange reserve. This will make it possible to route GTs through global economic uncertainties and facilitate investment in economic development.