

At its 10th May, 2023 meeting, the Central Bank of Rwanda decided to hold the benchmark lending rate steady at 7.0 % as inflationary pressures are projected to ease.

The Bank has indicated that inflationary pressures are on a declining trend, although still high. Inflation is expected to continue decelerating towards the target band below 8 % before the end of this year.

The decision was announced on Thursday, May 11, during the release of the quarterly Monetary Policy Committee and Financial Stability Statement.

The Bank also judged the country's exports to have remained strong, with a growth of 17.4 % in Q1, owing to high export quantities, and supported by the good performance of domestic manufacturing activities.

In the external sector performance, the bank indicated that the Rwanda franc depreciated against the US dollar by 3.07 % at the end of March 2023.

In addition, service exports are projected to increase mainly in tourism and air transport while remittance inflows will help moderate exchange rate pressures.

Central Bank Governor John Rwangombwa said that given the monetary policy measures taken so far, they are confident that inflation will go down below 5 percent by 2024.

He noted that there is no need for further increase yet and is not ready for any reduction because inflation is still high.

The Bank last increased the key repo rate in February from 6.5 percent to 7 percent.