Rwanda’s central bank has opted to maintain its accommodative monetary policy stance, keeping its key lending rate at 5%, its Monetary Policy Committee announced on Thursday.

The rate remains unchanged from the last quarter in order to bring back inflation to its target and to support economic recovery.

The commit noted that the continued increase of global commodity prices is leading to rising inflationary pressures prompting the central bank to tighten its monetary policy stance

Even with the rise in inflation which is projected to exceed 8 percent, Rwanda’s economy has continued to recover from the COVID-19 shock, with output in the first quarter of 2022 rising above pre-pandemic levels.

The aggregate index of economic activities increased by 13.7 percent year on year in the first quarter of this year from 11.9 percent recorded in the first quarter of 2021.

The committee noted that the global economic outlook will remain uncertain, because of the ongoing Russia-Ukraine conflict, sanctions on Russia, and an increase in Covid-19 cases, especially in China, due to its strict zero-Covid-19 strategy.

“The conflict is likely to have a prolonged impact on commodity prices affecting oil, gas, and food prices more severely in 2022 before they reduce in 2023” the committee pointed out.

Rwanda’s current-account deficit lessened by 2.6 percent in the first quarter of 2022, and exports have remained strong, rising by 44.6 percent compared to the same period last year.

The increase in exports is mainly attributed to rising commodity prices for coffee, tea, and minerals.

Regarding foreign exchange markets, the Rwanda Francs depreciated against the US dollar at a relatively slow pace (0.89 percent) as of the end of March.