



**Bank of Zambia**

## MONETARY POLICY COMMITTEE STATEMENT

[This Statement is issued pursuant to Section 29(1) of the Bank of Zambia Act, 2022]

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At its August 12-13, 2024 Meeting, the Monetary Policy Committee **decided to maintain the Monetary Policy Rate at 13.5 percent**. *While actual and projected inflation remain elevated relative to the 6-8 percent target band, the Committee judged that the current monetary policy stance is appropriate. This decision took into account the impact of the drought as well as that of the past successive increases in the Policy Rate, upward adjustments in the statutory reserve ratio, and the recent reforms in the foreign exchange market.*

Inflationary pressures have persisted, with inflation rising to an average of 14.6 percent in the second quarter of 2024 from 13.5 percent in the first quarter. In July, inflation increased to 15.4 percent from 15.2 percent in June. The persistent depreciation of the Kwacha against major currencies, as well as rising prices of food (maize grain, maize products, and vegetables) and energy, particularly fuel, due to constrained supply continued to drive inflation in the second quarter. These factors remain key upside risks to the inflation outlook, exacerbated by extended hours of electricity load management, as well as continued geopolitical conflicts and tight global financial conditions.

For 2024, as a whole, inflation is projected to average 15.3 percent, higher than the 13.7 percent reported at the May 2024 MPC Meeting. It is, however, forecast to moderate to 12.7 percent in 2025, albeit higher than the 9.8 percent reported in the *May 2024 Monetary Policy Report*. In the first half of 2026, inflation is expected to average 10.8 percent.

In taking the decision to maintain the Policy Rate as opposed to raising it, the Committee also took into account the impact on the stability of the financial system and growth, particularly in 2024, in the wake of the drought. The continued implementation of fiscal consolidation measures, including completion of the external debt restructuring, and structural reforms remains critical to lowering inflation, maintaining financial stability, and creating an environment that promotes growth and resilience of the economy against shocks. In this regard, to safeguard macroeconomic stability, the need for concerted efforts and strengthened collaboration among all stakeholders to effectively address current and emerging shocks can hardly be overemphasised.

**Decisions on the Policy Rate will continue to be guided by inflation outcomes, forecasts, and identified risks, including those associated with financial stability. The Bank stands ready to take appropriate action should inflation persist above the 6-8 percent target band.**

The *August 2024 Monetary Policy Report* will be published on the Bank of Zambia website ([www.boz.zm](http://www.boz.zm)) by the end of the month. The *Report* contains detailed information on recent macroeconomic developments and the inflation outlook over the forecast horizon covering the third quarter of 2024 to the second quarter of 2026.

August 14, 2024



The next MPC Meeting will take place on November 11 and 12, 2024.

Issued by,

A handwritten signature in black ink, appearing to read 'D.H.K.', is positioned above the printed name of the Governor.

Dr. Denny H. Kalyalya  
**GOVERNOR**

August 14, 2024