



**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 November 11-12, 2024 Meeting, the Monetary Policy Committee decided **to increase the Monetary Policy Rate by 50 basis points to 14.0 percent**. The increase in the Policy Rate has been necessitated by actual and projected inflation continuing to remain above the 6-8 percent target band. The decision to raise the Policy Rate is aimed at steering inflation back towards the target band and anchoring inflation expectations. In arriving at the decision, the Committee also took into account: (i) complementary liquidity management measures under consideration; (ii) foreign exchange market reforms underway; (iii) the fragility of the economy in the wake of the severe impact of the recent drought; and (iv) the stability of the financial system.*

Annual overall inflation continued to rise in the third quarter of 2024, averaging 15.5 percent from 14.6 percent in the second quarter of 2024. In October, annual inflation rose to 15.7 percent from 15.6 percent in September. The key drivers of inflation were low supply of maize grain, fish and vegetables; increased demand for solid fuels due to sustained electricity load management; and depreciation of the Kwacha against major currencies.

While inflation is projected to remain at an annual average rate of around 15.0 percent in 2024, the projection for 2025 is now higher at 13.9 percent than the 12.7 percent reported in the August MPC Statement. The elevated inflation profile for 2025 is largely due to the recent depreciation of the exchange rate and the increase in electricity tariffs, occasioned by the higher-than-expected impact of the drought on electricity generation. The drought has also resulted in real GDP growth projection for 2024 being significantly revised downwards to 1.2 percent from the 2.3 percent in July.

In the first three quarters of 2026, inflation is expected to decline to 9.0 percent, which will still be outside the 6-8 percent target band. The risks to the inflation outlook are still heavily weighed to the upside and include higher maize grain prices and persistent exchange rate depreciation. **To contain inflationary pressures and anchor expectations, the Committee, therefore, decided to raise the Policy Rate by 50 basis points to 14.0 percent.** The Policy Rate will be complemented by liquidity management measures and ongoing reforms in the operations of the foreign exchange market.

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

The *November 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 fourth quarter of 2024 to the third quarter of 2026.

November 13, 2024



The next MPC Meeting will take place on February 10 and 11, 2025.

Issued by,

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

Dr. Denny H. Kalyalya  
**GOVERNOR**

November 13, 2024