



Bank of Zambia

MONETARY POLICY COMMITTEE STATEMENT

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

At its February 9-10, 2026 Meeting, the Monetary Policy Committee decided to reduce the Monetary Policy Rate by 75 basis points to 13.5 percent. In arriving at this decision, the Committee took into account the further decline in inflation in the fourth quarter of 2025, the projected faster fall of inflation into the 6-8 percent target band than was forecast in November 2025, and the need to maintain an appropriate monetary policy stance.

Inflation continued to decelerate in the fourth quarter of 2025, with overall inflation declining to 11.2 percent in December 2025 from 12.3 percent in September 2025. In January 2026, inflation fell sharply to 9.4 percent. The decline in inflation has largely been driven by the continued impact of the maize bumper harvest from the 2024/25 farming season and the appreciation of the Kwacha against major currencies.

The current projection is that inflation will fall into the 6-8 percent target band at a faster pace than was forecast in November 2025. Further, it is expected to be within the band by the second quarter of 2026 and move to the lower bound by the second quarter of 2027. On average, inflation is forecast to be 6.9 percent in 2026 compared to 7.6 percent projected in November 2025. It is expected to ease further to 6.3 percent in 2027. The more positive outlook largely reflects the impact of the lagged effects of the recent appreciation of the exchange rate and expected favourable agricultural output.

The risks to the inflation outlook remain tilted to the downside. These include favourable weather conditions; supportive external sector conditions, reflected in higher copper prices; and continued macroeconomic stability.

In view of the recent sharp drop in inflation and projected further decline over the forecast horizon¹, improving market expectations of inflation, and the need to maintain an appropriate monetary policy stance, the **Committee decided to reduce the Policy Rate by 75 basis points to 13.5 percent**.

Decisions on the Policy Rate will continue to be guided by inflation outcomes, forecasts, and identified risks, including those associated with financial stability.

The *February 2026 Monetary Policy Report* will be published on the Bank of Zambia website (www.boz.zm) by the end of the month. It contains detailed information on recent macroeconomic developments and the inflation outlook over the forecast horizon.

The next MPC Meeting will take place on May 11 and 12, 2026.

Issued by,.

Dr. Denny H. Kalyalya
GOVERNOR

¹ The forecast horizon is from the first quarter of 2026 to the fourth quarter of 2027.