Monetary Policy Review at a Glance

March 2026

What did we decide?

We have kept the Overnight Policy Rate ***unchanged***

7.75%

Why did we take this decision?



- Global uncertainties heightened amidst the ongoing Middle East conflict
- Inflation remained low in February 2026, providing space to accommodate the impact of higher energy prices
- The economy recorded strong growth of 5% in 2025, with signs of post cyclone recovery
- The external sector remained robust, with Gross official reserves increasing to USD 7.3 bn by end February 2026

What does the future hold for the economy?

- Inflation is expected to reach the 5% target in Q2-2026, earlier than previously anticipated and stabilise around the target thereafter
- The economy is expected to sustain its recovery momentum, contingent upon a de-escalation of the Middle East conflict



We are closely monitoring domestic and global developments and stand ready to take action to ensure that inflation stabilises around the target of 5% while supporting sustainable growth

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