

# CENTRAL BANK OF LESOTHO

## Statement of the Monetary Policy Committee



04 February 2025

### Policy Rate

# 7.25%

The Central Bank of Lesotho (CBL) lowered the policy rate from 7.50 to 7.25 per cent.

### NIR Target

Increased the NIR target floor to US\$840 million from US\$770 million.

### Inflation

# 3.7%

Domestic inflation eased to 3.7 per cent in December from 4.4 per cent in November 2024.

### Domestic economy

Domestic economy estimated to have expanded by 3.1% in November, up from 1.5% in October 2024. This resulted from stronger domestic demand supported by both consumer and government spending and strong exports growth.

### Government Budgetary Operations (GBO)

GBO recorded a deficit of 4.8% of GDP in November 2024, driven by a decline in revenue that outpaced the reduction in expenditure.

1. The Monetary Policy Committee (MPC) of the Central Bank of Lesotho (CBL) held its 111th meeting on the 4th of February 2025. The Committee assessed recent global, regional, and domestic economic and financial market developments to guide its policy decisions.
2. The January 2025 World Economic Outlook (WEO) update by the IMF projects global economic growth to be 3.3 per cent for both 2025 and 2026. This projection is based on modest upward adjustments to US growth, driven by strong wealth effects and a less restrictive monetary policy stance. However, weakened manufacturing activity and policy uncertainties, particularly in Germany and France, are expected to weigh on these projections. Additionally, risks to growth persist due to trade policy uncertainties, renewed inflationary pressures from potential trade tariffs, intensifying geopolitical tensions, and subsequent increases in commodity prices.
3. In the fourth quarter of 2024, economic activity varied across selected advanced and emerging market economies. Both the UK and the US economies slowed down due to weaker investment and external demand. The Euro area stagnated due to weaker consumer demand and trade challenges. Conversely, Japan's economic recovery was underpinned by stronger wage growth. China's economic activity expanded mainly due to stimulus packages and strong domestic demand, while robust services and infrastructure investment supported India's growth. South Africa's economy was expected to rebound, mainly supported by normal agricultural production and stronger consumer spending.
4. Labour market developments remained relatively stable in selected economies during the fourth quarter of 2024. Unemployment rate in the US stayed at 4.1 per cent, reflecting balanced gains from healthcare with layoffs from manufacturing. Meanwhile, overall unemployment in the euro area remained stable, although youth unemployment remained a persistent concern.
5. In December 2024, inflation rose in the US and in Japan mainly due to higher energy, food and housing costs. Meanwhile, the rise in inflation in South Africa and the euro area was primarily due to rising costs of services and utilities. Most central banks kept policy rates unchanged, except for the European Central Bank and the South African Reserve Bank, which cut their policy rates, while the Bank of Japan raised its policy rate. Short-term yields fell due to lower interest rates, while long-term yields rose.
6. Domestic economic activity was estimated to have expanded by 3.1 per cent in November 2024, up from 1.5 per cent in the previous month. This growth was primarily driven by stronger domestic demand, supported by both consumer spending and robust export growth. Despite challenges in the construction subsector, expansion was broad-based. Looking ahead, growth is expected to remain steady but uneven in the medium term, amid uncertainty in the export market.
7. The domestic inflation rate eased to 3.7 per cent in December 2024 from 4.4 per cent in the preceding month. This mainly reflected declining food and fuel prices in the international market, which were supported by stronger currency.
8. Broad money supply increased in the fourth quarter of 2024, driven mainly by a rise in transferable deposits held by the business sector. Private sector credit also expanded, reflecting higher lending to both households and business enterprises.
9. Government budgetary operations recorded a deficit of 4.8 per cent of GDP in November 2024, driven by a decline in revenue that outpaced the reduction in expenditure. Meanwhile, the public debt stock as a percentage of GDP rose to 56.2 per cent from a revised 55.7 per cent in the previous quarter, reflecting disbursements for ongoing foreign-funded projects.
10. Between the previous meeting in November and today's sitting, the CBL's Net International Reserves (NIR) increased by approximately US\$42 million. This was mainly driven by higher SACU receipts during the review period. At current levels, the stock of reserves provides for 4.7 months of import cover. The NIR position is projected to remain steady and strong in the near to medium term.
11. In summary, global growth showed moderate progress in 2024 that is set to be maintained looking ahead into 2025. However, the intensification of protectionist policies remains a major risk. Domestically, growth is expected to be underpinned by construction-related activities in the medium term, amid growing uncertainty on the global stage.

12. Against this backdrop, the MPC took the following decisions:

- i. To increase the NIR target floor from US\$770 million to US\$840 million, to ensure sufficient reserves for sustaining the one-to-one peg between the loti and the rand; and
- ii. To lower the CBL rate by 25 basis points to 7.25 per cent per annum, to align with prevailing domestic economic conditions and the broader regional monetary policy environment.

13. The Committee will continue to monitor global economic developments and their impact on the domestic economy, with a particular focus on the net international reserves (NIR) and will respond as necessary.

**E M Letete (Ph.D.)**  
**GOVERNOR**

**Contact Person:**  
**Ephraim Moremoholo**  
**+266 22232094 / 58880647**  
**emoremoholo@centralbank.org.ls**





# Statement of the Monetary Policy - Sesotho Version)

## Lintlha-kholo tsa polelo ea komiti e phethahatsang leano la lichelete (Monetary Policy Committee)

Ka: Dr. Emmanuel Maluke Letete – La 04 Hlakola, 2025

### 1. Moruo oa lefatše

Komiti e Phethahatsang Leano la Lichelete ea Banka e Kholo ea Lesotho (MPC), e ile ea tšoara kopano ea eona ea lekholo le metso eleshome le motso o mong (111th) ka la 04 Hlakola 2025.

Komiti e ile ea hlahloba maemo a moruo oa lefatše, oa linaha tseo Lesotho le nang le khoebisoano le tsona, oa naha, ekasitana le maemo a mebaraka ea lichelete lefatšeng ka bophara. Sena se etsoa ele ho ananela khahlamelo ea linaha tseo moruong oa naha ea Lesotho boithuto bona ba moruo bo etsoa molemong oa hore komiti e tsebe ho ikeletsa lintlheng tsa maano.

Ho latela likhakanyo tsa IMF, moruo oa lefatše ka kakaretso o lebelletsoe ho hola ka linoko tse 3.3 lekholong ka 2025 ho isa 2026. Kholo ena e tla hemeloa ke moruo oa US o bonahalang o ntso hola. Likhakanyo tsena li lebelletsoe ho feto-fetoha ho latela tlhokahalo ea botsitso mafapheng a tlhahiso ea thepa, maano a tetemang, likhohlano tsa lipolotiki, khoebo esa lokolohang lipakeng tsa linaha, le litjeo tse phahameng tsa lijo le thepa ka hare ho linaha tsa France le Germany, ka mohlala.

Moruo oa lefatše, ka ho otloloha linaheng tsa US le UK, o theohile ha nyenyane ka lebaka la botseteli bo tlase le tlhokahalo ea lihlahisoa e theohileng hotsoa linaheng tse ling (external demands) likhoeling tse tharo tse fetileng. Ka mokhoa o tšoanang, maemo a moruo a ile a hloabaetsa ka hare ho linaha tsa selekane sa Europe. Sesosa mona e bile tlhokahalo e tlase ea baji le liqholotso tsa khoebo kahare le kantele ho tikoloho ena. Ha ele moruo naheng ea Japan, o nyolohile ka lebaka la ntlafalo ea meputso. Haele China teng, moruo o thusitsoe ke khahlametso ea muso (stimulus packages) le tlhoko e phahameng ea thepa. Moruo oa India o phahamisitsoe ke botseteli bo matla mererong e meholo ea ntlafatso ea naha (infrastructure). Haele moruo naheng ea Afrika Boroa o bontšitse ho kikitela ka nako e tšoanang ka lebaka la tlhahiso e tlase lefapheng la temo le maano asa tsitsang.

### 2. Kholo ea moruo ka hare naha

Kholo ea moruo ka hare ho naha ea Lesotho e hakanyetsoa ho linoko tse 3.1% lekholong ka Pulungoana, ho tloha ho linoko tse 1.5% lekholong ka Mphalane, ngoahola. Kholo ena ea moruo, e bakiloe ke tlhoko e nyolohileng ea thepa ka hare ho naha, thekiso e phahameng ea lihlahisoa tsa Lesotho ka ntle ho naha, ekasitana le tšebeliso e phahameng ea chelete ke muso.

### 3. Tšebeliso ea lichelete

Lekeno la 'muso le bile ka tlase ho litsenyehelo ka linoko tse 4.8% lekholong. Haele sekoloto sa naha sona se theohile hanyenyane ho tloha linokong tse 55.2% lekholong ho isa ho tse 54.7% lekholong likhoeling tse tharo tse fetileng.

### 4. Litjeo (Inflation)

Litjeo naheng ea Lesotho, li tsoetse-pele ho theoha khoeling ea Pulungoana papisong le Mphalane ngoahola. Maemo ana a susumelitsoe ke ho theoha hoa litheko tsa mafura, lijo, le ho matlafala hoa Ranta ea Afrika Boroa.

### 5. Ka mor'a boithuto bona, komiti e fihletse liqeto tse latelang:

**a.** Matlotlo a lichelete tsa machaba (Reserves) a nyolohetse ho sekepele sa \$840 million ho tloha ho \$770 million moo ene ele hona teng ka Pulungoana, ngoahola. Sesiua sena, ke bonyane bo lekaneng ho boloka Loti le lekana le Ranta ea Afrika Boroa (1:1).

**b.** Sekhahla sa leano sa kalimo (Policy Rate) se theohile ka 0.25% ho tloha ho 7.50% ho ea ho 7.25% ka nako ea tulo ea komiti. Sena se Bolelang ho Mosotho? Tebello ke hore tsoala e lefuoang mekolotong e tla theoha. Ho libanka, tebello ke hore sekhahla sa tsoala seo li fanang ka sona bakeng sa li polokelo (deposits), le eo li e lefisang e tla theoha.

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