

Policy Rate

6.50%

The Central Bank of Lesotho (CBL) kept the policy rate at 6.50%

NIR Target

The NIR target floor has been increased to US\$860 million from US\$830 million.

Prime Lending Rate

Banks are expected to ensure that their prime lending rate is not more than the CBL Rate plus 350 basis points

Inflation

4.1%

Declined to 4.1% in December 2025 from 4.3% in November 2025.

Domestic economy

The domestic economic activity show a rebound from October to November 2025, driven by strong domestic demand and financial sector performance, reflected in higher private sector credit and increased imports of consumer goods and construction materials. Nonetheless, contractions in the manufacturing and transport subsectors, driven primarily by weak textile exports to the US and lower fuel consumption, moderated this growth.

Government Budgetary Operations (GBO)

The GBO recorded a deficit of 4.5% of GDP in November 2025, stemming from weak revenue collection combined with elevated expenditures. Public debt declined to 53.9% of GDP, largely due to favourable exchange rate movements that reduced the domestic currency value of external debt.

CENTRAL BANK OF LESOTHO

Statement of the Monetary Policy Committee

30th January 2026



Global growth projections have been revised slightly higher than earlier forecasts since the last MPC meeting. According to the IMF, growth is expected to be resilient, supported by surging technology investment in North America and Asia, alongside fiscal and monetary support and favourable financial conditions, which offset trade policy headwinds. Global inflation is expected to moderate further. Nonetheless, risks to growth could emanate from escalating trade tensions, domestic or geopolitical disruptions, and elevated public debt or large fiscal deficits that could adversely affect financial conditions.

At the end of 2025, global labour markets showed mixed trends. Unemployment moderated in the US, the euro area, Russia and Brazil, primarily supported by job gains in key sectors. Unemployment rates remained broadly stable in Japan, the UK, and China, constrained by structural labour factors. India saw a slight increase due to higher labour force participation.

Inflation rates varied across the selected economies. Lower energy costs kept prices steady in the US, while moderating services inflation offset rising food and alcohol costs in the euro area. Energy and transport costs pushed prices higher in some economies, while easing goods and services prices moderated inflation in others. Against this backdrop, major central banks eased policy rates.

At the regional level, signs of recovery in South Africa were emerging, particularly in the last quarter of 2025. South Africa's composite coincident business cycle indicator rose by 0.3 per cent in October 2025, reflecting modest gains in industrial production and trade, signalling a gradual strengthening in current economic activity. Prices continued to ease, aided by a stronger rand and lower oil prices, with transportation and recreation costs declining despite rising meat prices following a foot-and-mouth outbreak. As a result, the South African Reserve Bank (SARB) maintained its policy rate at 6.75 per cent.

The latest data on domestic economic activity show a rebound from October to November 2025. This improvement was primarily driven by strong domestic demand and financial sector performance, reflected in higher private sector credit and increased imports of consumer goods and construction materials. Nonetheless, contractions in the manufacturing and transport subsectors, driven primarily by weak textile exports to the US and lower fuel consumption, moderated this growth. Looking ahead, growth is expected to be modest, supported temporarily by AGOA renewal and higher SACU revenues, while risks from trade uncertainty linger.

The inflation rate eased to 4.1 per cent in December from 4.3 per cent in November 2025. This mainly reflected lower food and fuel prices, supported by a stronger exchange rate. In the medium term, inflation is expected to remain elevated at 4.7 per cent.

The overall fiscal balance recorded a deficit of 4.5 per cent of GDP in November 2025. This deficit stemmed from weak revenue collection combined with elevated expenditures. The shortfall was financed mainly through a drawdown of government deposits. Public debt declined to 53.9 per cent of GDP, largely due to favourable exchange rate movements that reduced the domestic currency value of external debt.

The level of CBL's NIR increased by approximately US\$108.73 million to US\$1,222.27 million as at 21 January 2026, from US\$1,113.54 million recorded on 14 November 2025. The increase mainly reflected the inflow of SACU receipts in January 2026. At this level, the NIR remains comfortably above the previous target floor of US\$830 million, providing a strong buffer against external shocks.

The MPC, therefore, resolved to:

- 1. Revise Net International Reserves (NIR) target floor to US\$860 million from US\$830 million, which is deemed adequate to underwrite the peg.**
- 2. Maintain the CBL policy rate at 6.50 per cent per annum.**

The Committee will continue to monitor global and regional developments and stand ready to take necessary measures to safeguard the credibility of the loti-rand peg.

E M Letete (Ph.D.)
GOVERNOR

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

Statement of the Monetary Policy - Sesotho Version)

POLELO EA KOMITI E PHETHAHATSANG LEANO LA LICHELETE (MONETARY POLICY COMMITTEE)



Ka: Dr. Emmanuel Maluke Letete – La 30 Pherekhong 2026

Tulong ea pele ea Komiti e Phethahatsang Leano la Lichelete ea Banka e Kholo ea Lesotho, monongoaha, litho li lekotse boemo ba kholo ea moruo oa lefatše. Komiti e bonnts'itse ha, Letlole la Lefatse (International Monetary Fund), le lepile hore moruo oa lefats'e o tla tsitsa ka lebaka la bo tseteli ba marang-rang linaheng tsa North America le Asia, lits'ehetso tsa Lichelete, le maemo a matle a lichelete. Le ha ho le joalo, likhohlano tse teng khoebong le khoebisanong machabeng, lintoa tsa lehae le tsa machabeng, le mokoloto oa lefats'e, li tla ama moruo.

Mafelo a selemo sa 2025, maemo a moruo a bontšitse liphethoho tse fapaneng linaheng tse itseng haholo khirong. Lefats'eng la Amerika, Euro area, Russia le Brazil, khiri e bonahetse e tlase ka lebaka mesebetsi ho tsoa mafapheng a khethehileng. Ha linaheng tse kang Japan, UK le China, khiri e bonahala e tsitsitse. India teng, khiri e phahame haholo.

Moruo oa lefats'e o bonahala o ntse ole ka tlasa khatello e kholo. Lebaka la khatello ena ke libata tsane tse etsahalang lefatse ka bophara tsa ho hohla-hohlana hoa linaha ka litaba tsa theko le thekisano. Empa, le ha hole joalo, moruo oa lefats'e ho bonahala o saka oa theoha, mme o setse o ntse ole boemong bo khothatsang le hoja o ne o le tlasa khatello kotareng ea ho qetela, ngoahola. Haele Japan le China le teng, re ile ra bona litaba li le setloaeling. India ke hona moo ho bonahetseng ho hola ha tlhokahalo ea mesebetsi ka sekhahla.

Se khahla sa matla a theko se ile sa fapana linaheng tse 'maloa. Ha re sheba taba ea litjeo lefats'eng ka bophara, re elelloa hore litjeo li qaleletse ho theoha, re bone li theoha haholohali, li tlase hona joale. Litjeo tseo tse theohang lefats'e ka bophara le mona ho rona Afrika Boroa le Lesotho li batla li theohile ha holoanyane. Ka hocho joalo, libanka tse kholo tsa lefats'e, li ile tsa qetella li tlohelletse sekhahla sa tsoala sele moo se neng se le teng pele kapa se theotse sekhahla sa tsoala e ntse ele taba ena ea ho loants'a taba ea litjeo.

Haele Afrika Boroa, ka kotloloho e leng eona eo re leng ka hare ho eona, ke moo re bonang hore hona le mats'oao a ho hola le hoja kholo ens ele tlase haholo. Afrika Boroa e hola ka 1% hoisa ho 1.5%, empa le ha e hola hakalo moruong, re le komiti re hlokometse hore tabeng ea litjeo li ntse li tsoela pele ho theoha. Ha joale litjeo tsa Afrika Boroa li ho 3.6%, mme sekepele seo e ipheletseng sona e le 3%. Ka lebaka lena, Banka e Kholo ea Afrika Boroa e ile ea qetella e sa fetola sekhahla sa tsoala, ea se tlohella ho 6.75%

Ha retla naheng ea Lesotho, re hlokometse hore re koetse selemo re bona moruo oa naha o boetse hape o batla o hola fela o hola ka sekhahla se tlase haholo. Moruo o holile mohlomong ka 1.5% mme re elelloa hore ke kholo e sa etseng mesebetsi e mengata. Kholo ena e tlisitsoe haholo ke taba ea khoebo le khoebisano le ts'ebetso mmarakeng oa lichelete (domestic demand le performance ea financial sector). Taba ena e boetse e bonahala ka sekhahla se phahameng sa likalimo tsa lichelete ke likhoebo le malapa. Leha hole joalo re elelloetsoe hore re ntse rele tlasa khatello e kholo ka hara mesebetsi e mehola ea liphahlo (manufacturing, textile industry) le lipalangoang. Litaba tsena li angoa haholo ke phetoho ea litaba tsa Amerika. Ts'epo e sale teng, ka ha AGOA e nchafalitse konteraka ka selemo se le seng.

Ha re sheba pele re bona eka moruo oa naha o tla tsoela pele ho hola, re shebile SACU, ts'ebeliso ea lichelete ke 'muso le kaho ea letamo la Polihali. Lekala la lits'ebeliso, libanka and financial sector le tsona lika kenya letsoho haholo moruong oa naha.

Litabeng tsa litjeo, hoa thabisa hore Komiti e etse hloko hore li theohile ho tloha ho 4.3% ho isa ho 4.1 %, mme taba ena ke e monate haholo ho rona rele Basotho ha tsela eeo litjeo li holing ka eona e theoha. Har'a tse ling, ho theoha hona ho tlisitsoe ke taba ea "exchange rate" eleng taba ea theko le thekisano ea Loti le US\$ le tse ling. Ha re sheba pele, re elelloa hore litjeo li tla sala lile holiminyana, ho 4.7%.

Litabeng tsa 'muso, ha re koala selemo sa Komiti (annual calendar) ka Pulungoana, 2025, "deficit" ene e le 4.7% ea GDP ka lehlakoreng la mmuso mme taba ena e tlosoa ke taba ea hose be le pokello e ntle ea Lichelete le ho nyoloha hoa tsebeliso ea lichelete lehlakore la 'muso.

Ha re sheba litaba tsa mokoloto oa muso o theohile hoesa ho 53.9 %, me hoa thabisa ho bona joalo, taba ena ea ho theoha hoa mokoloto oa 'Muso ke litla morao oa exchange rate ea Loti le US\$.

Ka hona, komiti e Phethahatsang Leano la Lichelete (MPC) e nkile qeto ea ho:

- Ho fetola tebello ea Kakaretso ea Letlole Kantle ho Naha (Net International Reserves (NIR) ho tloha ho limilone tse US\$830 ho isa ho limilone tse US\$860. Sena se nkoa se lekane ho boloka Loti le Ranta ea Afrika Boroa li ntse li lekana ka sekhahla sa 1:1.
- Sekhahla sa kalimo sa Banka e Kholo ea Lesotho (CBL) ha sea fetoha ho 6.50% lekholong ka selemo. Taba ena e thusa ho boloka maemo a lichelete a tsoana le a Afrika Boroa le ho boloka matla a theko mebarakeng a lekana le a Afrika Boroa, moo Loti le Ranta li lekanang ka sekhahla sa 1:1.

Banka e Kholo ea Lesotho e tiisa boitlamo ba eona ho boloka Kakaretso ea Letlole Kantle ho Naha e le boemong bo khotsofatsang ho boloka Loti le Ranta li lekana ka sekhahla sa 1:1 le ho etsa bonnete ba hore matla a theko a lula a lekalekana le a Afrika Boroa. Komiti e tla tsoela pele ho beha leihlo tšebetso ea meruo ea lefatše le tikoloho le ho ba malala-a-laotsoe ho nka mehato e hlokalang ho boloka boemo ba Loti bo lekana le ba Ranta ka sekhahla sa 1:1.

E M Letete (Ph.D.)
GOVERNOR

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

