

Policy Rate

6.75%

The Central Bank of Lesotho (CBL) raised the policy rate by 25 basis point to 6.75

NIR Target

Net International Reserve (NIR) stood at US\$1.227 million on 19th May 2026, representing a buffer of US\$217 million above the target floor of US\$1.010 million.

Prime Lending Rate

Banks are expected to ensure that the prime lending rate is not more than the CBL rate plus 350 basis point.

Inflation

3.1%

Headline inflation rose to 3.1% in April from 2.7% in February 2026

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

29th May 2026



The Monetary Policy Committee (MPC) of the Central Bank of Lesotho met on 29 May 2026 to assess global and domestic economic developments and to determine the appropriate monetary policy stance consistent with maintaining price stability, safeguarding external reserves and supporting sustainable economic growth.

The global economy is currently clouded by heightened uncertainty arising from multiple shocks, with the Middle East conflict taking centre stage. The war triggered a near-complete closure of the Strait of Hormuz and caused a dramatic spike in crude oil prices. Shipping traffic through the Strait fell to near zero, delivering a significant supply-side shock to global energy markets. In the meantime, gold prices increased, reflecting elevated safe-haven demand amid deteriorating global risk sentiment and rising geopolitical uncertainty.

Against this backdrop, the IMF's April 2026 World Economic Outlook revised global growth downward to 3.1 per cent in 2026 and 3.2 per cent in 2027 compared to an earlier projection of 3.3 per cent. The current uncertainty has resulted in global headline inflation being projected to rise to 4.4 per cent in 2026 before receding in 2027. Major risks to the global economy are expected to emanate from a looming food supply crisis as shortage of fertiliser increases and the potential occurrence of Super El Niño, as well as the Middle East conflict.

The impact of the recent shock is expected to be highly uneven across countries, hitting commodity-importing low-income countries and emerging market economies mainly through energy and food prices. Consequently, major central banks maintained a cautious stance since the last meeting, opting to assess the second-round inflationary effects of higher energy costs before adjusting their stances.

Within the Common Monetary Area (CMA), South Africa (SA)'s near-term growth prospects were downgraded mainly due to higher global uncertainty and lower disposable income. Meanwhile, higher energy prices pushed headline inflation to 4.0 per cent in April 2026, mainly through transport inflation. As a result, the SARB raised the policy rate to 7.00 per cent per annum.

Lesotho's external position has remained strong since the last MPC meeting. Net International Reserves (NIR) stood at US\$1,227 million on 19 May 2026, representing a buffer of US\$217 million above the target floor of US\$1,010 million, indicating that the exchange rate peg remains well capitalised against potential currency pressures. The near-term NIR outlook remains broadly positive.

Headline inflation rose to 3.1 per cent in April 2026 mainly due to the global energy shock, mainly reflecting the knock-on effect on transport costs as the dominant driver of inflation. Meanwhile, the medium-term inflation outlook has been revised upward, with headline inflation projected to reach 4.8 per cent in 2026 and 5.0 per cent in 2027 before moderating to 4.4 per cent in 2028. Other risks to the inflation outlook include exchange rate and imported cost pressures, and the potential reinstatement of fuel levies.

Domestic economic activity remains subdued, with the Composite Indicator of Economic Activity (CIEA) recording a modest expansion in early 2026. This was mainly supported by domestic demand, recovery in textile exports facilitated by the AGOA extension and improved performance in financial services. Elevated fuel prices, if sustained, risk dampening household purchasing power and business confidence, particularly in transport-intensive sectors.

After considering the balance between maintaining external stability and supporting domestic economic activity, the MPC decided to:

- **Raise the CBL Rate by 25 basis points to 6.75 per cent per annum**

The Committee considers this level appropriate as a modest interest rate differential of 25 basis points relative to the SARB repo rate of 7.00 per cent per annum. It is deemed enough to sustain the exchange rate peg and support domestic economic activity.

The MPC will continue to closely monitor global developments especially the evolution of the recent energy price and climate shocks, inflation and developments in Lesotho's external position. Should the reserve adequacy come under threat, the MPC stands ready to take decisive action to defend the peg. Future policy decisions will remain data-dependent while continuing to safeguard reserves and preserve macroeconomic stability.

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 29 'Mesa 2026

MORUO OA LEFATSE

Komiti ea Leano la Lichelete (MPC) ea Banka e Khōlō ea Lesotho e kopane ka la 29 Motšeanong 2026 ho lekola maemo a moruo oa lefatše le oa naha, le ho etsa qeto mabapi le boemo bo nepahetseng ba leano la lichelete bo lumellanang le ho boloka botsitso ba litheko, ho sireletsa matlotlo a kante ho naha le ho tšehetsa kholo ea moruo e tsitsitseng.

Moruo oa lefatše hajoale o aparetsoe ke ho se tsitse ho bakoang ke lintlha tse ngata, moo ntoa ea Middle East e leng eona e ka sehloohong. Ntoa ena e bakile ho koaloa hoo e batlang e le ka botlalo ha Strait of Hormuz mme ea baka keketseho e kholo ea litheko tsa oli e tala. Ka nako e tšoanang, sephethephethe sa likepe se fetang Strait seo se ile sa theohela haufi le lefela, e leng se bakileng tšitiso e kholo phepelong ea matla lefatšeng ka bophara. Ho sa le joalo, litheko tsa khauta li ile tsa nyoloha ka lebaka la tlhokahalo e phahameng ea matsete a sireletsehileng har'a keketseho ea matšoenyeho a kotsi ea lefatše le ho se tsitse ha lipolotiki tsa machaba.

Ka lebaka la maemo ana, tlaho ea IMF ea World Economic Outlook ea Mmesa 2026 e theotse kholo ea moruo oa lefatše ho ea ho liphesente tse 3.1 ka 2026 le liphesente tse 3.2 ka 2027 ha li bapisoa le khakanyo ea pejana ea liphesente tse 3.3.

IMF pele e ne e lebelletse hore sekhahla sa matla a theko se tla theoha, empa ho se tsitse hona ho entse hore sekhahla sa matla a theko ea lefatše e hakanyetsoe ho nyolohela ho liphesente tse 4.4 ka 2026 pele e theoha hape ka 2027. Likotsi tse kholo moruong oa lefatše li lebelletsoe ho tsoa mathateng a phepele ea lijo ka lebaka la khaello ea manyolo le tšokelo e atamelang ea Super El Niño. Ho se tsebe hore na ntoa ea Middle East e tla fela neng le hona ho eketsa likotsi tsa kholo e tlase ea moruo oa lefatše le inflation e phahameng.

Tšusumetso ea moruo ea tšitiso ena ea morao-rao e lebelletsoe ho ama linaha ka tsela e sa lekanang, haholo-holo linaha tse kenang thepa e ngata kante ho naha tse nang le meputso e tlase le mebaraka e ntseng e hola, ka litsela tse tharo tse kholo: keketseho ea litheko tsa matla le lijo, ho tsoela pele ha keketseho ea meputso le litheko, le ho fokotseha ha tšepo ea sechaba ka kakaretso. Ka lebaka leo, libanka tse kholo tsa lefatše li ile tsa boloka boemo bo hlokolosi ka Mmesa 2026, li khetha ho lekola litlamorao tsa bobeli tsa inflation tse bakoang ke litšenyehelo tse phahameng tsa matla pele li fetola maano a tsona.

MAEMO A MORUO TIKOLOHONG E KA BOROA HO AFRIKA

Boemong ba tikoloho, haholo-holo ka hare ho Common Monetary Area (CMA), menyetla ea kholo ea moruo ea Afrika Boroa ea nako e khuts'oane e ile ea fokotsoa haholo-holo ka lebaka la ho se tsitse ho phahameng ha lefatše le chelete e tlase e fumanehang ho batho. Ho sa le joalo, litheko tse phahameng tsa matla li ile tsa phahamisa inflation ho ea ho liphesente tse 4.0 ka Mmesa 2026, haholo-holo ka inflation ea lipalangoang. Ka lebaka leo, South African Reserve Bank (SARB) e ile ea phahamisa sekhahla sa eona sa leano la lichelete ho liphesente tse 7.00 ka selemo.

Boemo ba Lesotho ba matlotlo a kante ho naha bo ile ba tsoela pele ho ba matla ho tloha kopanong ea ho qetela ea MPC. Net International Reserves (NIR) e ne e eme ho limilione tse 1,227 tsa lidolara tsa Amerika ka la 19 Motšeanong 2026, e emelang buffer ea limilione tse 217 tsa lidolara tsa Amerika kaholimo ho revised NIR target floor ea limilione tse 1,030 tsa lidolara tsa Amerika. Sena se bontša hore peg ea sekhahla sa phapanyetsano ea chelete e ntse e tšehelitsoe hantle khahlanong le khatello efe kapa efe ea lichelete. Tebello ea NIR ea nako e haufi e ntse e le ntle ka kakaretso.

MAEMO A MORUO KA HARE HO NAHA EA LESOTHO

Kholo ea Moruo

Ka hare ho naha, inflation e ile ea nyolohela ho liphesente tse 3.7 ka Mmesa 2026 haholo-holo ka lebaka la tšitiso ea matla ea lefatše, e bontšitsoeng haholo-holo ke tšusumetso ea inflation ea lipalangoang e le eona e ka sehloohong.

Litjeo (Inflation)

Ho sa le joalo, tebello ea inflation ea nako e mahareng e ntlafalitsoe ho ea holimo, moo inflation e hakanyetsoang ho fihla ho liphesente tse 4.8 ka 2026 le liphesente tse 5.0 ka 2027 pele e theohela ho liphesente tse 4.4 ka 2028. Likotsi tse ling tebello ea inflation li kenyelletsa khatello ea sekhahla sa phapanyetsano le litšenyehelo tsa thepa e tsoang kante ho naha, monyetla oa ho khutlisoa ha fuel levies le tlhokahalo e fokolang ea ka hare ho naha.

Kholo ea moruo oa naha e ntse e le maemong a tlase, moo Composite Indicator of Economic Activity (CIEA) e bontšitseng keketseho e nyane mathoasong a 2026. Sena se tšehelitsoe haholo-holo ke tlhokahalo e matla ea ka hare ho naha, keketseho ea thepa ea masela e romelloang kante ho naha ka lebaka la katoloso ea AGOA le ts'ebetso e ntlafetseng ea litšebeliso tsa lichelete. Haeba litheko tse phahameng tsa mafura li ka tsoela pele, li ka fokotsa matla a malapa a ho reka le tšepo ea likhoebo, haholo-holo mafapheng a itšetlehileng haholo ka lipalangoang.

LIQHOLOTSO

Kamora ho hlahloba ka hloko tekano lipakeng tsa ho boloka botsitso ba kante ho naha le ho tšehetsa mesebetsi ea moruo oa ka hare ho naha, MPC e hlokometse:

- Matlotlo a kante ho naha a ntse a le matla.
- Ho se tsitse ha maemo a kante ho naha ka lebaka la maemo a Middle East.
- Ho phahama hape ha inflation le ntlafatso ea tebello ea nako e mahareng ho ea holimo.
- Maemo a fokolang a moruo oa ka hare ho naha a hlohang tlhokomelo khahlanong le leano la lichelete le thata haholo.

QETO EA KOMITI

Ka hona, komiti ea Phethahatso ea Leano la Lichelete e nkile qeto ea ho:

- Nyolla sekhahla sa leano la Banka e Khōlō ea Lesotho ho tloha ho liphesente tse 6.50 ho isa ho 6.75 ka selemo.**

Komiti e nka boemo bona bo loketse kaha phapang e nyane e mpe ea sekhahla sa tsoala ea lintlha tse 25 ha e bapisoa le sekhahla sa repo sa SARB sa liphesente tse 7.00 ka selemo e nkuoa e lekane ho boloka Loti le Ranta li lekana ea sekhahla sa 1:1 mme ka hona e tšehetsa mesebetsi ea moruo oa ka hare ho naha.

Komiti e tla tsoela pele ho beha leihlo tsebetso ea meruo ea lefatše le tikoloho le ho ba Malala-a-laotse 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

