Bangladesh Bank
Head Office
Motijheel, Dhaka
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Monetary Policy Department

Date: 30 July 2026

Minutes of the 13th Monetary Policy Committee Meeting

The 13th Monetary Policy Committee (MPC) meeting chaired by Md. Mostaqur Rahman FCMA, Governor, Bangladesh Bank (BB), held on 30 July 2026 at the Board Room of the BB head office, Dhaka. All members of the MPC, including Dr. Md. Habibur Rahman, Deputy Governor of BB; Dr. Md. Akhtar Hossain, Chief Economist at BB; Dr. Mustafa Kamal Mujeri, Economist; Dr. A. K. Enamul Haque, Director General of Bangladesh Institute of Development Studies; Dr. Firdousi Naher, Chairman of Department of Economics at University of Dhaka; and Dr. Imam Abu Sayed, Executive Director, in charge of Monetary Policy Department, BB attended the meeting. Additionally, Dr. Mohammad Monirul Islam Sarkar, Member Secretary of the MPC and Director of the Monetary Policy Department (MPD), was also present.

02. The Committee reviewed the recent domestic and global macroeconomic developments and observed that Bangladesh's economy remains in a fragile and uneven recovery phase. Economic activity continues to be constrained by subdued GDP growth, elevated inflation, weak private investment and credit expansion, employment challenges, energy supply uncertainties, and persistently high non-performing loans. Geopolitical tensions in the Middle East were also identified as a source of external risk due to potential disruptions to oil and fertilizer supply chains.

03. The Committee highlighted that real GDP growth declined to 2.2 percent in the third quarter of FY26 along with a 0.28 percent contraction in industrial output (Source: BBS). However, BBS estimated 4.14 percent GDP growth for the whole fiscal year (FY26), slightly higher than that of FY25 (3.49). This slowdown in GDP growth poses risks related to investment, employment, household income, export competitiveness, and future economic growth. Considering this sluggishness situation, Bangladesh's FY27 growth projection is downwarded from 4.3 percent (April 2026) to 3.5 percent (July 2026) by the IMF and from 4.0 percent (April 2026) to 3.7 percent (July 2026) by the ADB. The international rating agencies (Standard & Poor's, Moody's and Fitch) also downgrade Bangladesh's macroeconomic outlook from stable to negative.

04. The MPC observed that the strict monetary policy since mid-2024 has played a significant role in reducing inflation, improving the strength of the external sector, stabilizing the exchange rate in a market-based system, and boosting momentum in monetary policy. But inflation is still higher than the medium-term target, and low domestic demand, weak private investment, and worsening growth outlooks indicate that keeping a very strict policy could impact economic recovery more than it would help to reduce prices.

05. The committee also observed that global inflation has largely normalized, international commodity prices have remained broadly stable, and BDT exchange rate stability has substantially reduced imported

inflationary pressures. Therefore, persistent domestic inflation is now driven primarily by structural and supply-side factors including food supply disruptions, administered energy prices, market inefficiencies, and distribution bottlenecks rather than excessive aggregate demand. Consequently, further monetary tightening would likely yield limited additional benefits for inflation while imposing increasing costs on growth and employment.

06. The Committee further observed that exceptionally weak private sector credit growth taking into account the combined effects of elevated borrowing costs and energy constraints will continue to dampen investment and business confidence. Financial market conditions, including interbank rates aligned with the policy rate and a positive real policy rate provide space for a calibrated policy rate adjustment without undermining macroeconomic stability.

07. Based on the above assessment, the MPC opined that a modest instrumental reduction in the policy rate would pose limited inflationary risks while supporting industrial production, employment, and overall economic activity. The Committee therefore endorsed a more balanced monetary policy approach that supports both price stability and economic recovery.

08. To improve the responsiveness, transparency, and effectiveness of BB's monetary policy in a rapidly changing economic environment, the Committee has proposed that the monetary policy be announced through the Monetary Policy Statement (MPS) on a quarterly basis, contrary to the current semiannual schedule.

Resolution

After reviewing the prevailing and changing macroeconomic conditions, the Monetary Policy Committee unanimously resolved to:

1. ***Reduce the policy rate by 50 basis points to 9.50 percent and the Standing Lending Facility (SLF) rate by 50 basis points to 11.00 percent and to keep the Standing Deposit Facility (SDF) rate unchanged at 7.5 percent.***

2. ***Publish a monetary policy statement quarterly instead of semi-annually, as is currently practiced.***

Sd/-
(Md. Mostaqur Rahman FCMA)
Governor
Bangladesh Bank