



Bank of Namibia

**Monetary Policy Announcement
17 August 2022**

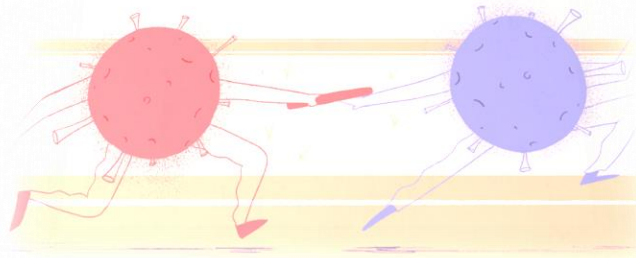
Deputy Governor Ebson Uanguta



**Developments
in the Domestic
Economy**

**Developments
in the Global
Economy**

**Monetary
Policy
Decision**

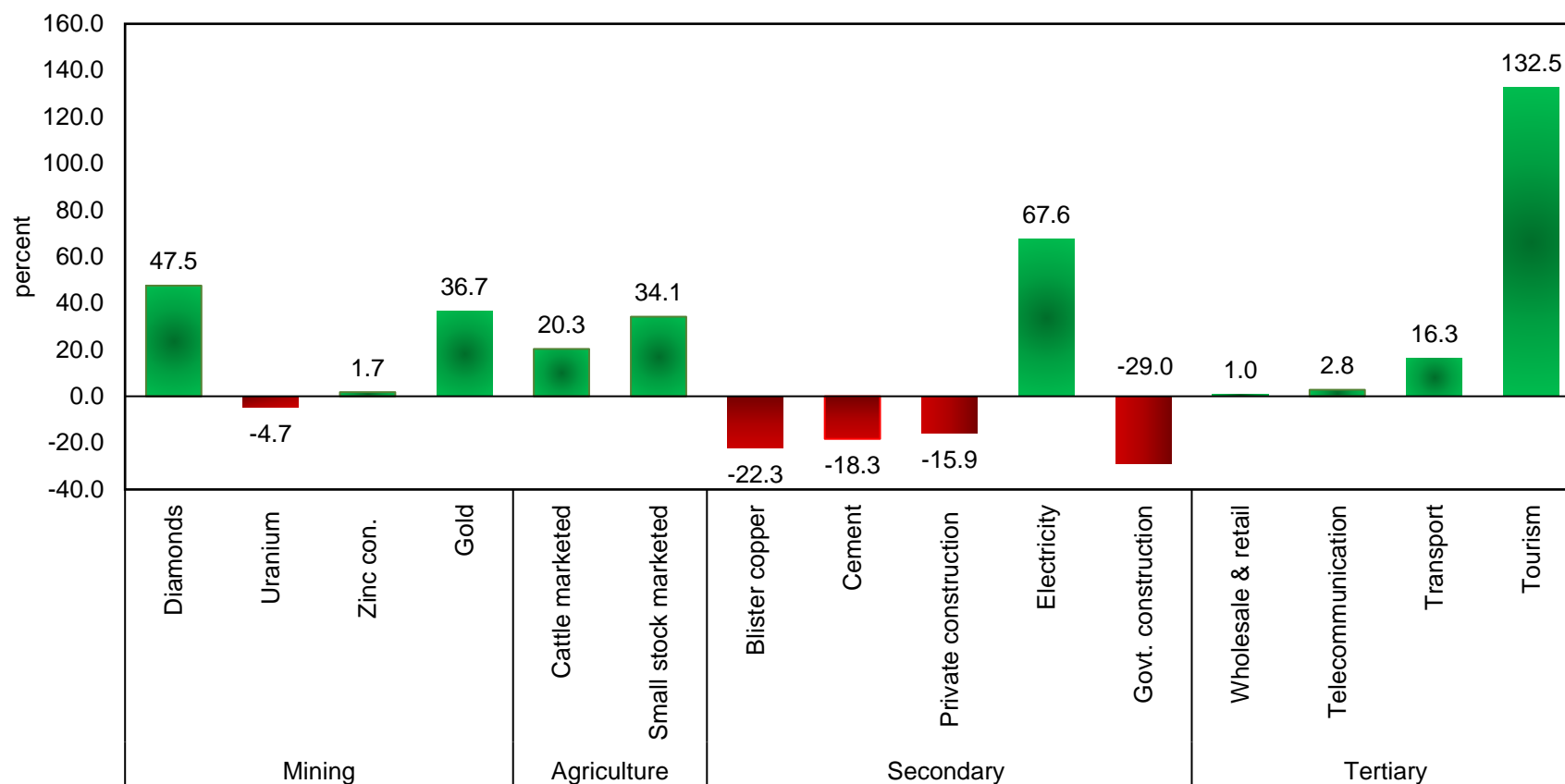




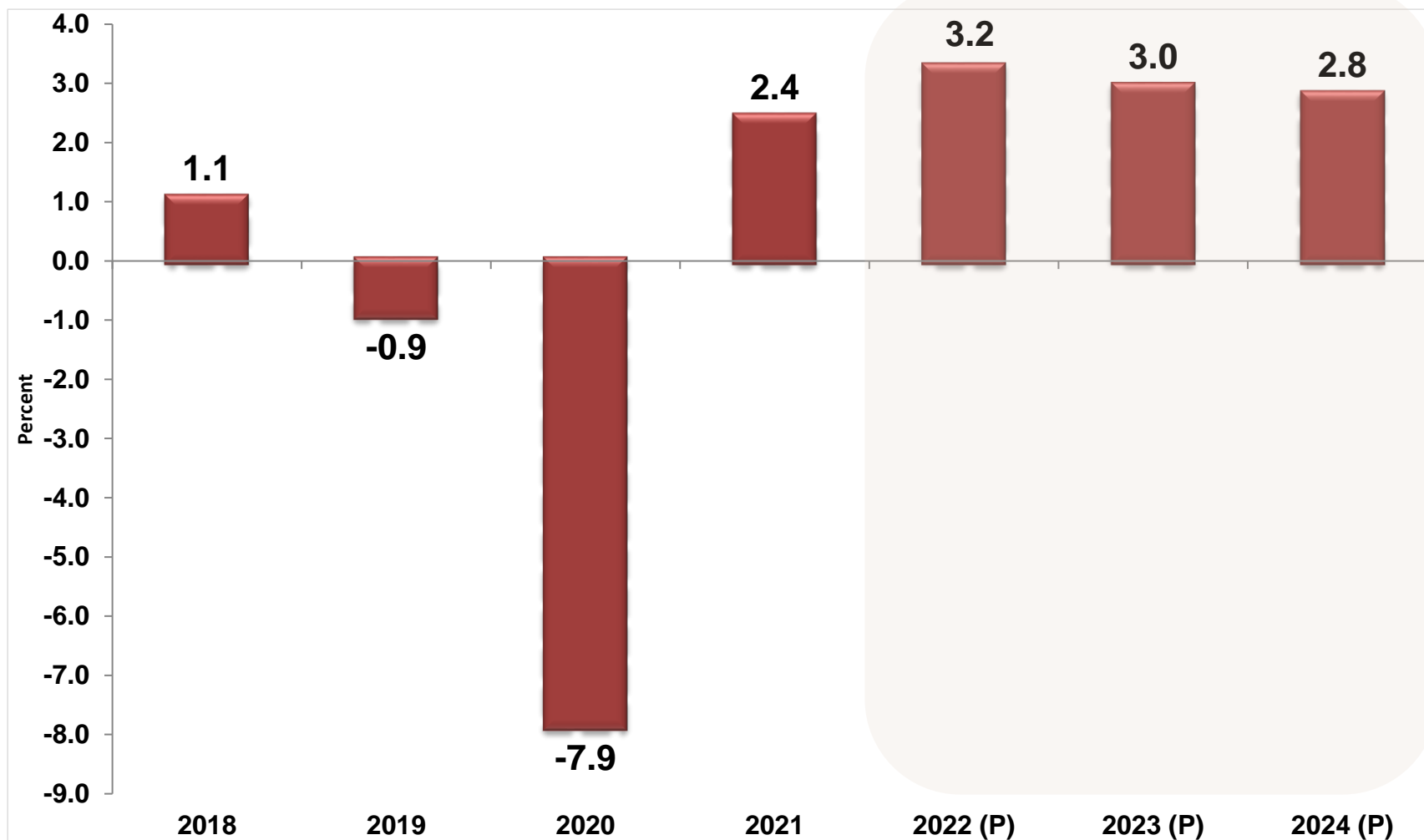
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Namibian Economy

The domestic economy continued to improve in the first half of 2022, though output level remains below pre-COVID-19 levels



Overall growth outlook

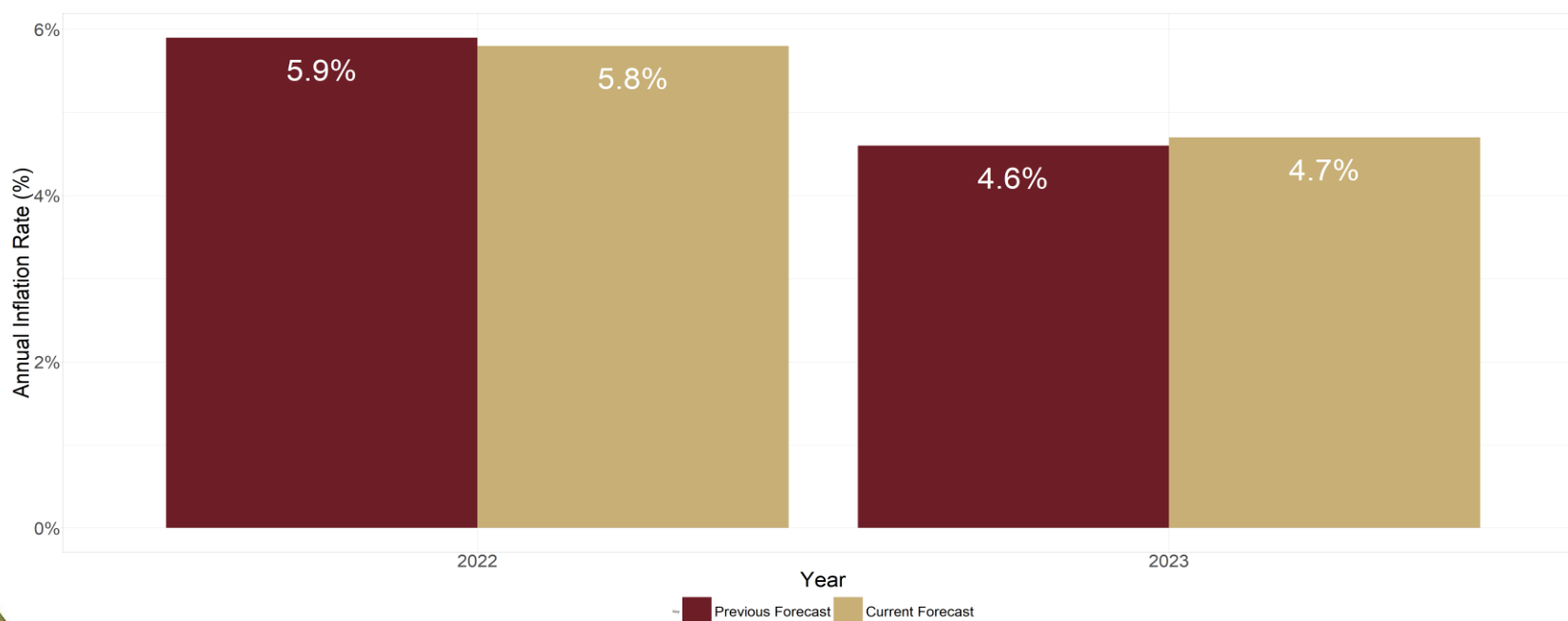




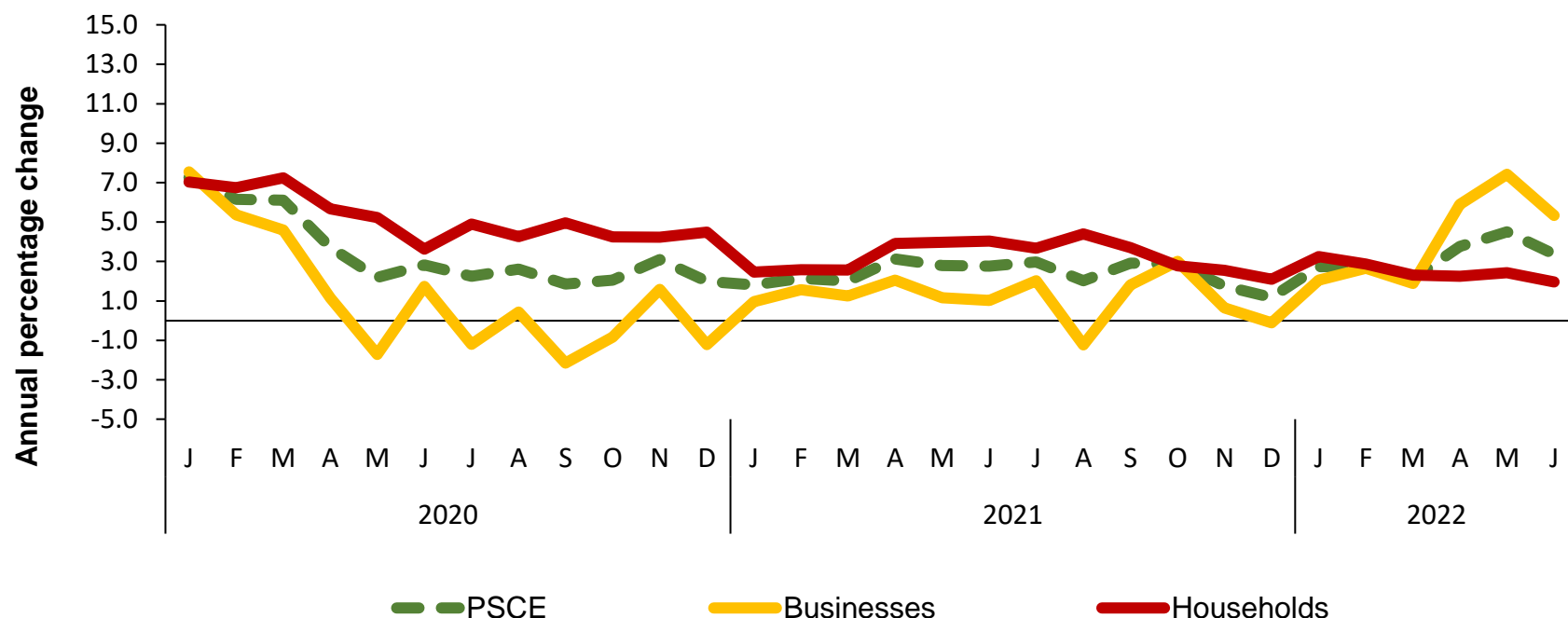


Category	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4
Baseline	5.7%	6.5%	6.4%	5.7%	4.8%	4.3%	4.1%
Alternate	5.7%	6.9%	6.7%	6.1%	5.3%	4.7%	4.6%

Yearly Inflation Forecasts

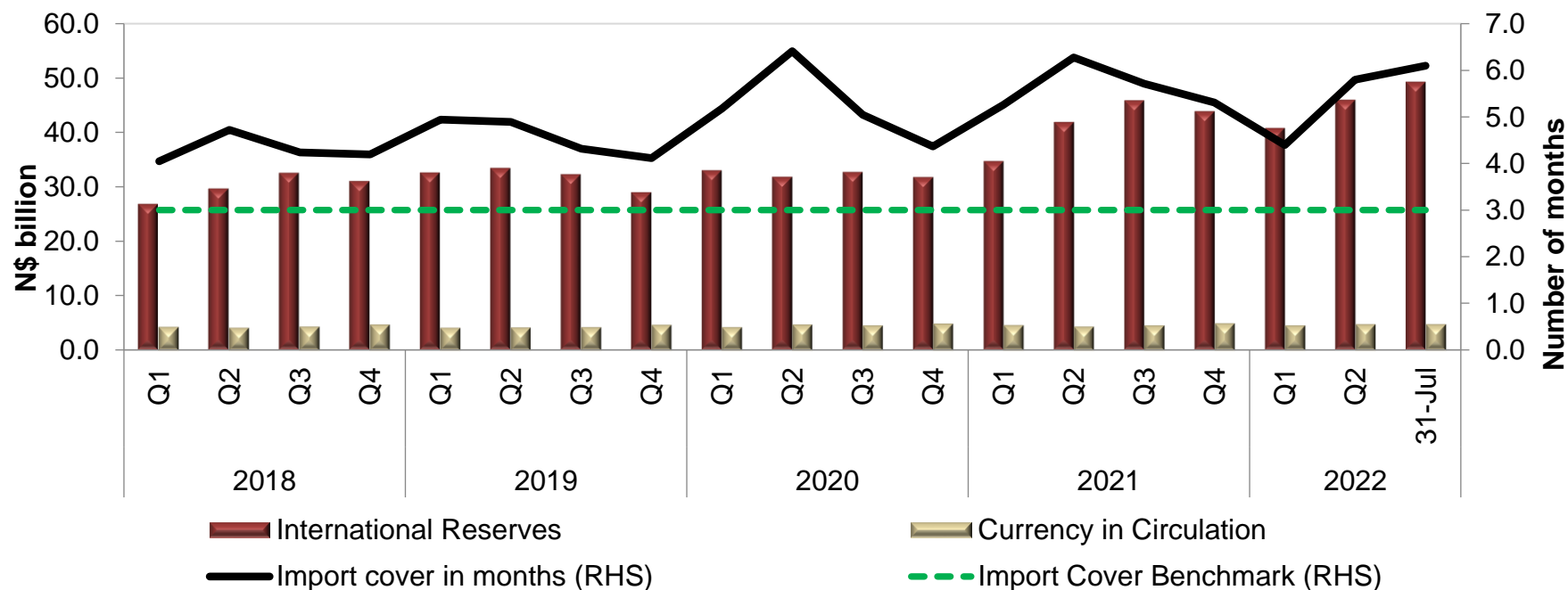


Growth in private sector credit extension (PSCE) moderated during June 2022 relative to April 2022



	Year-to-date		Month-on-month		
	PSCE (Annual Percentage Growth)				
					Last MPC meeting in June 22
	Jan-Jun 2022	Jan-Jun 2021	Jun 22	Jun 21	
PSCE	3.2	2.4	3.4	2.8	3.8 (April)
Business	4.2	1.3	5.3	1.0	5.9 (April)
Household	2.5	3.3	2.0	4.0	2.2 (April)

As at the end of July 2022, the stock of international reserves stood at N\$49.2 billion.



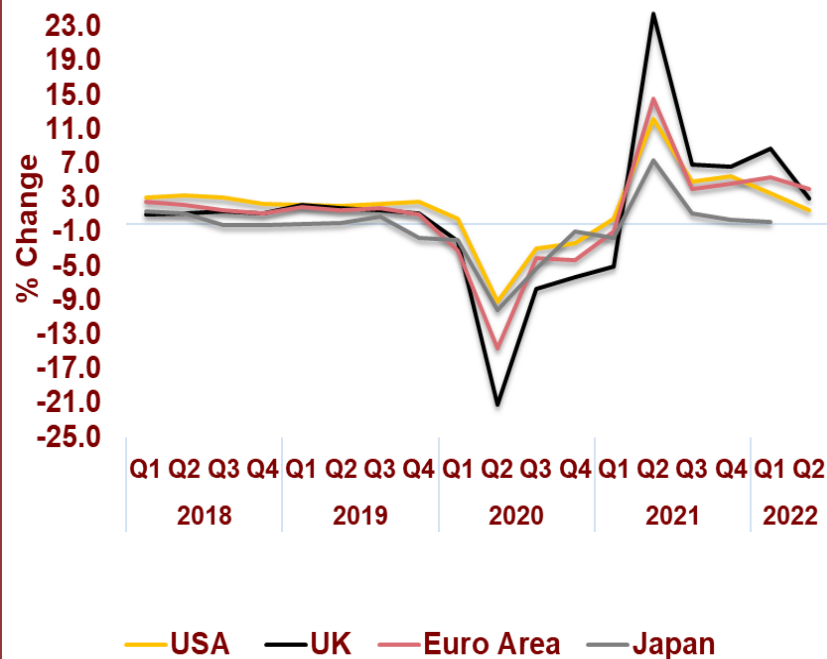
- The stock of international reserves rose by 12.2 percent from N\$43.9 billion when compared to the previous MPC.
- Increase in the stock level is boosted partly sustained by SACU inflows worth N\$3.6 billion, diamond proceeds and portfolio flows.
- At this adequate level import cover translates into 6.1 months.

Global Economy

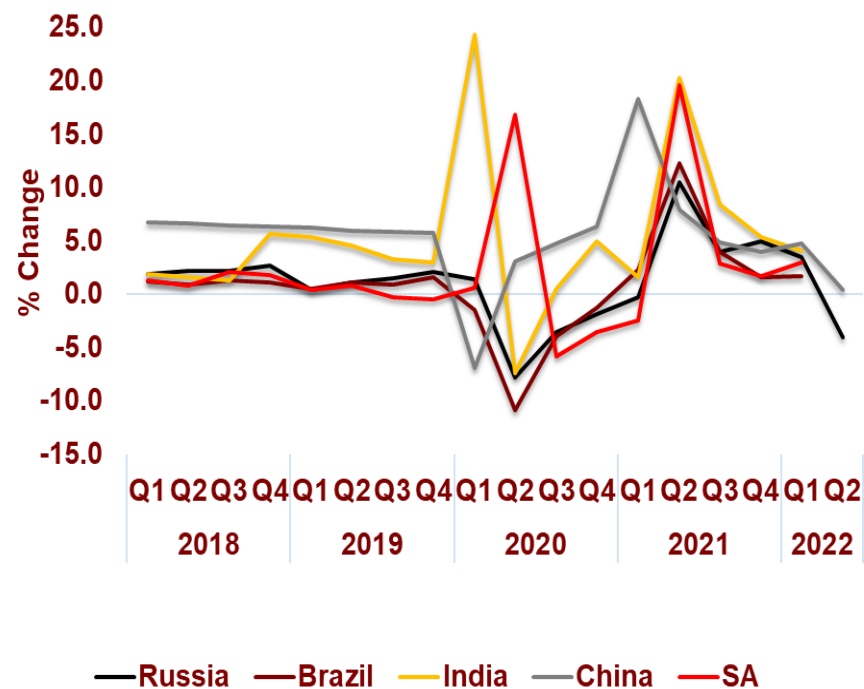




Y-on-Y GDP growth rates for AEs

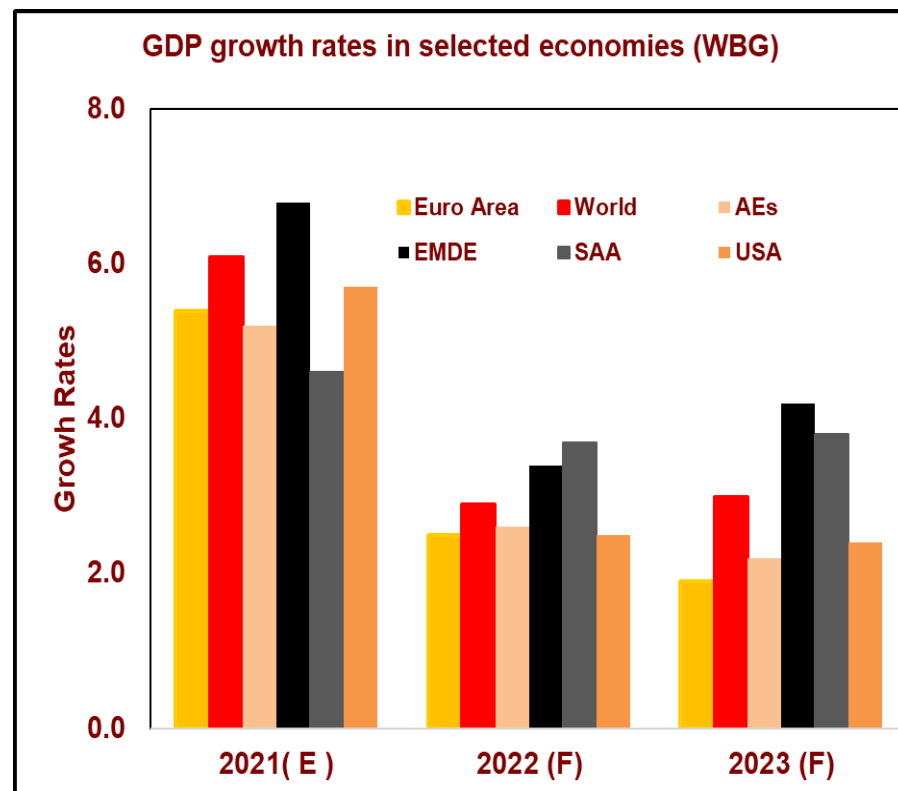
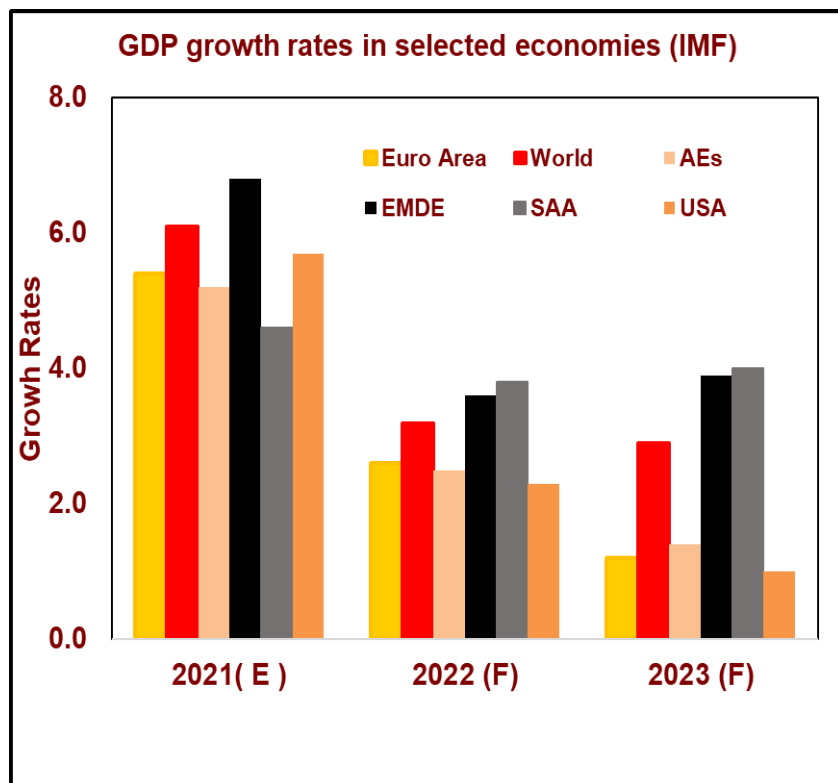


Y-on-Y GDP growth rates for EMDEs



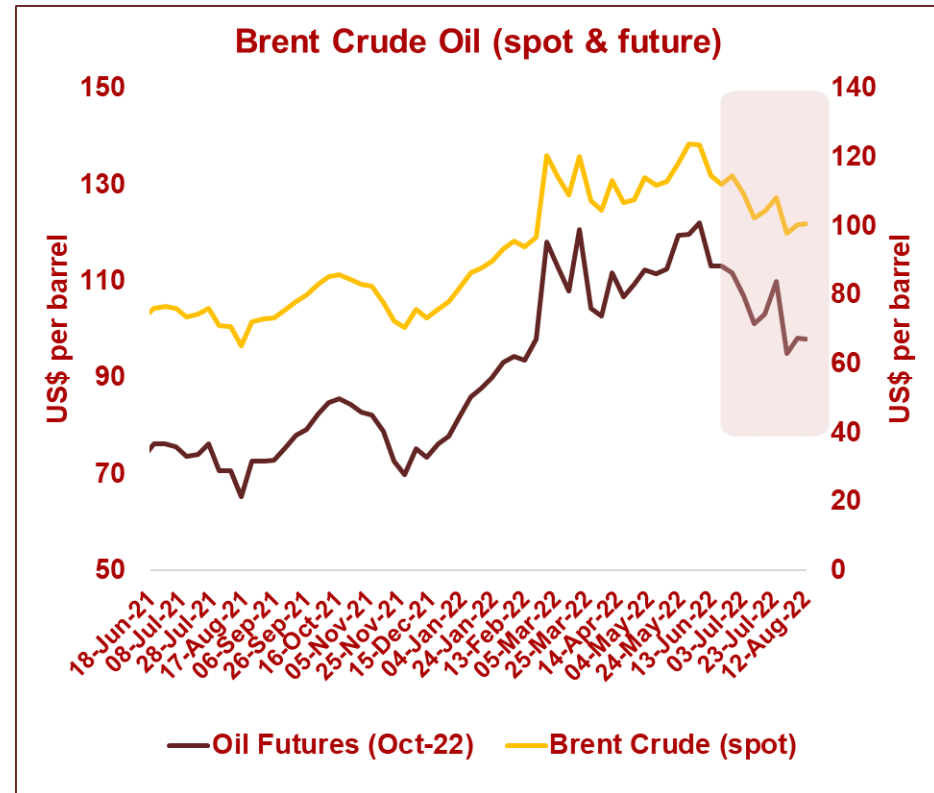
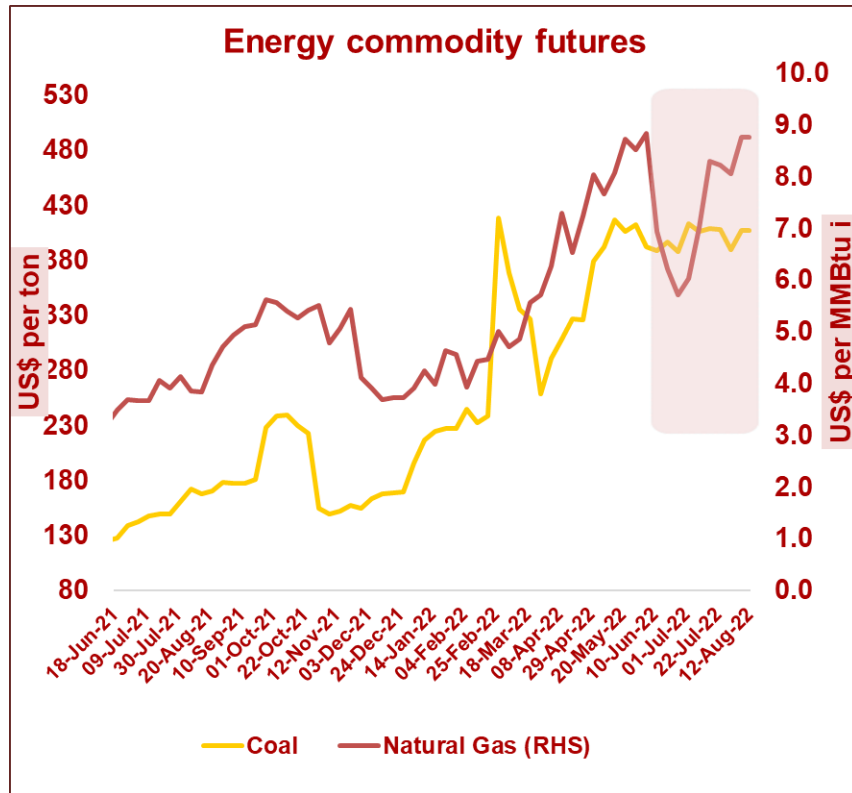
Source: Trading Economics

Near-term global economic prospects have worsened due to the war



Source: IMF WEO, World Bank, OECD

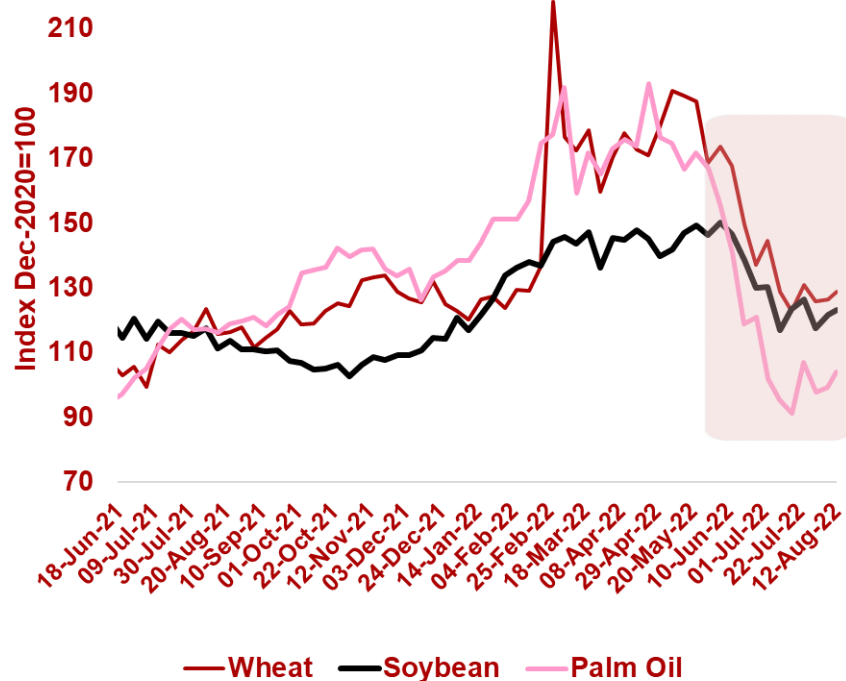
Energy prices have moderated in recent months



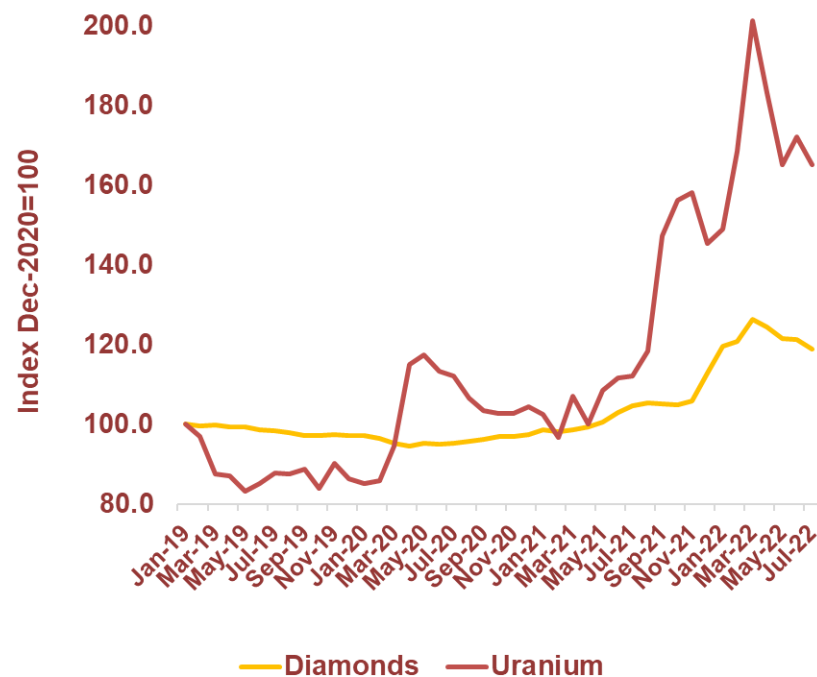
Prices of food, uranium and diamonds have also moderated in recent months



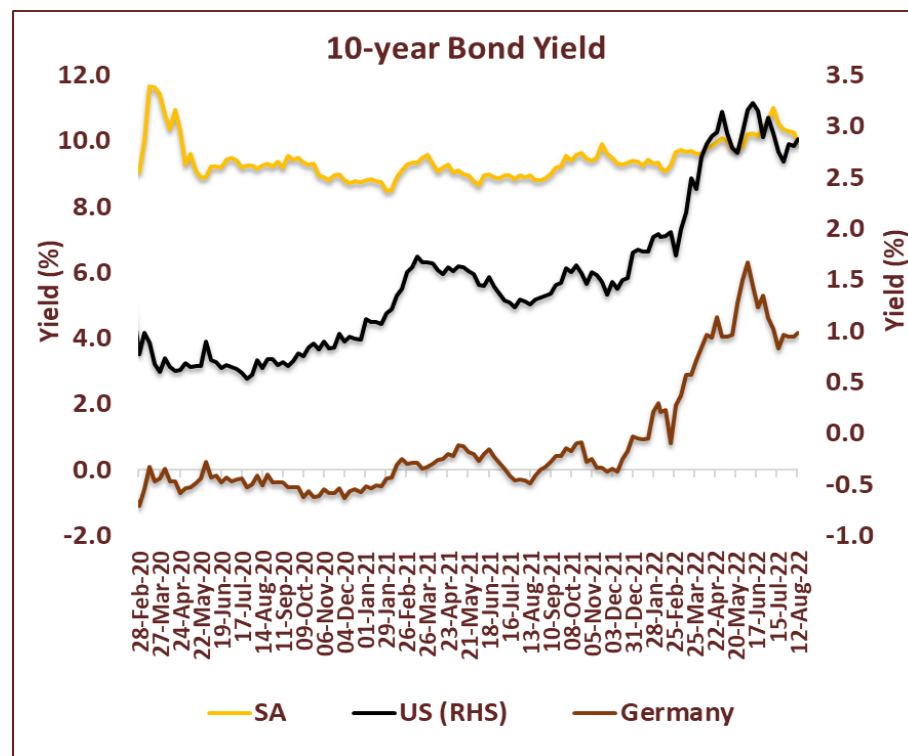
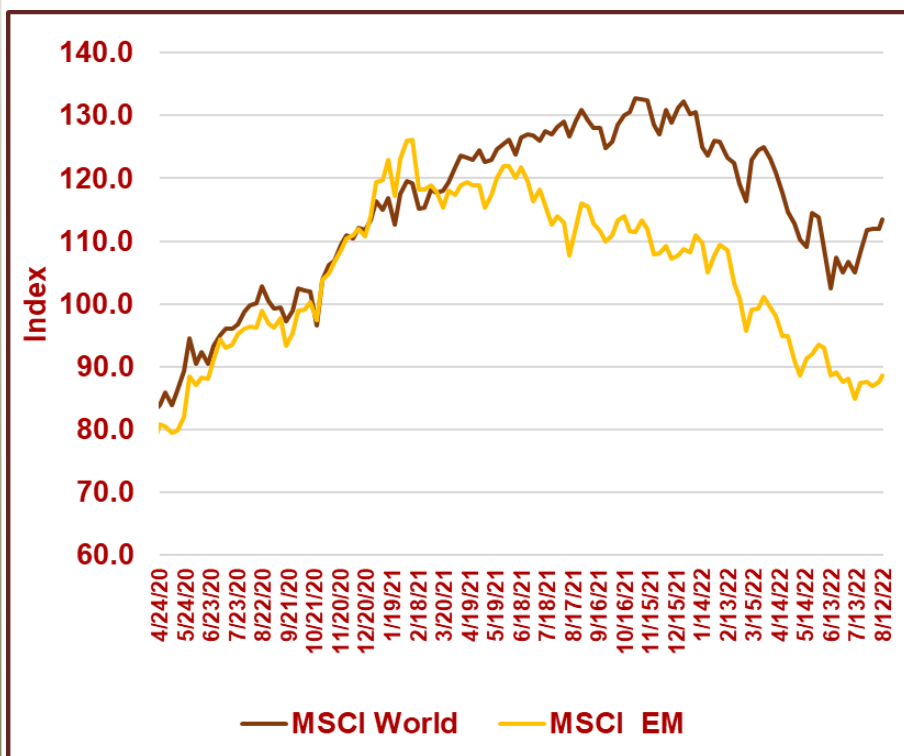
Food Prices



Diamonds & Uranium

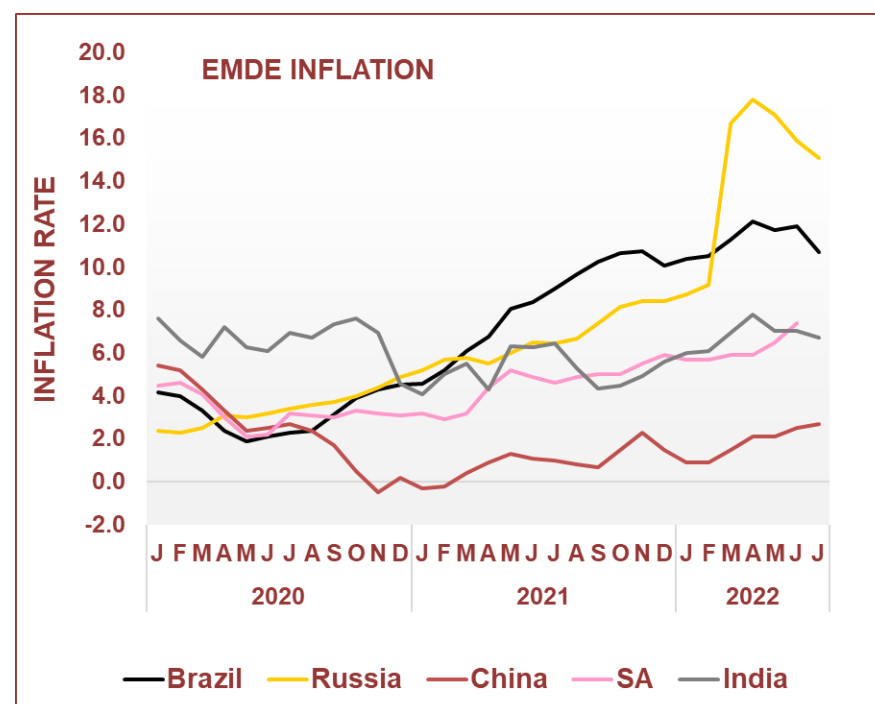
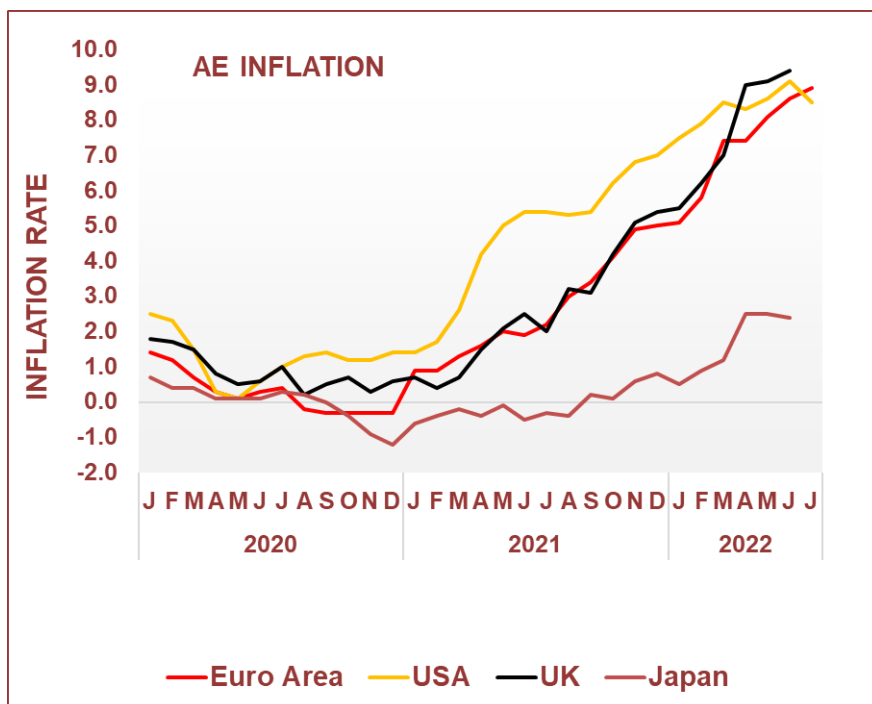


Stock markets declined in the first half of 2022 but ticked higher from July; bond yields trended higher in the first half of the year but softened somewhat thereafter



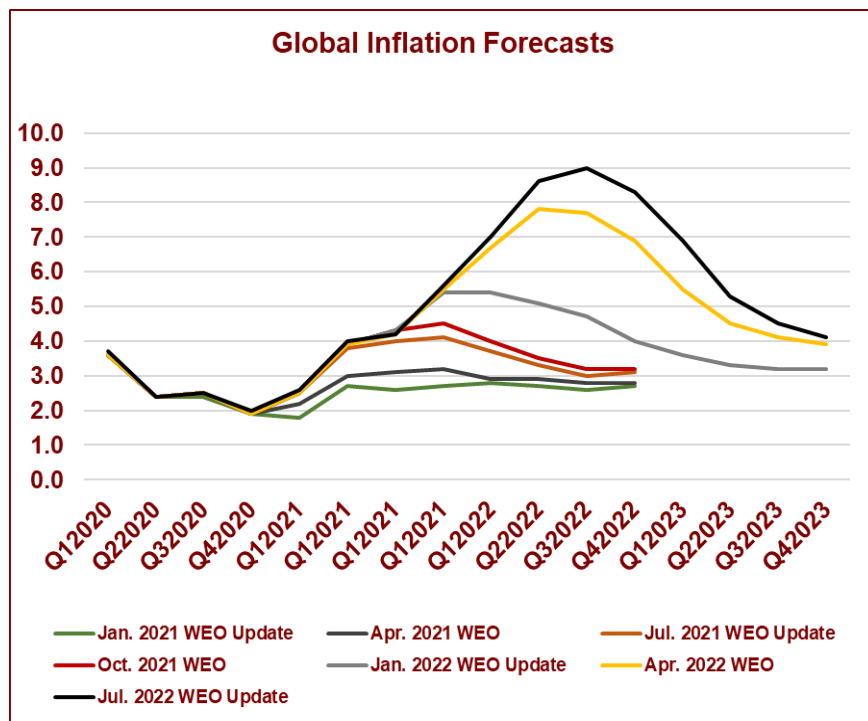
Source: Investing

Inflationary pressures are high, but with some instances of slowing lately

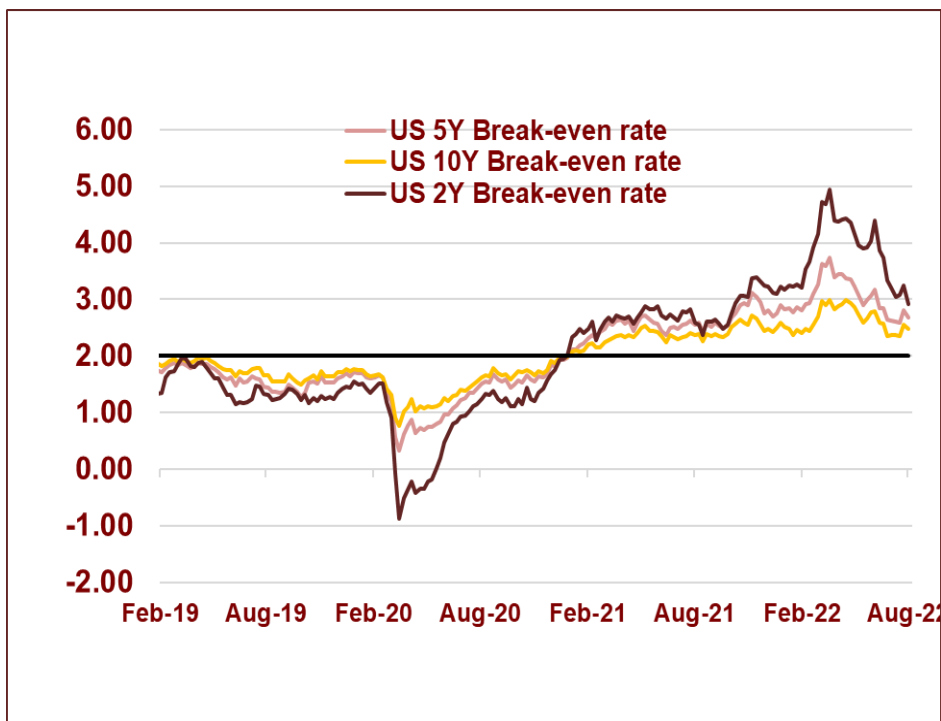


Source: Trading economics

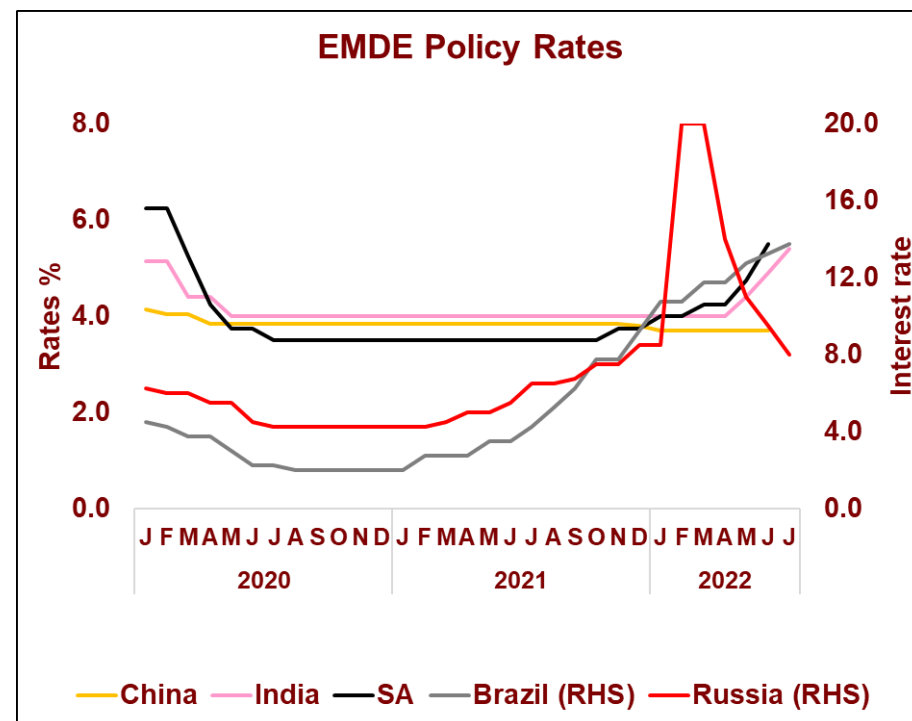
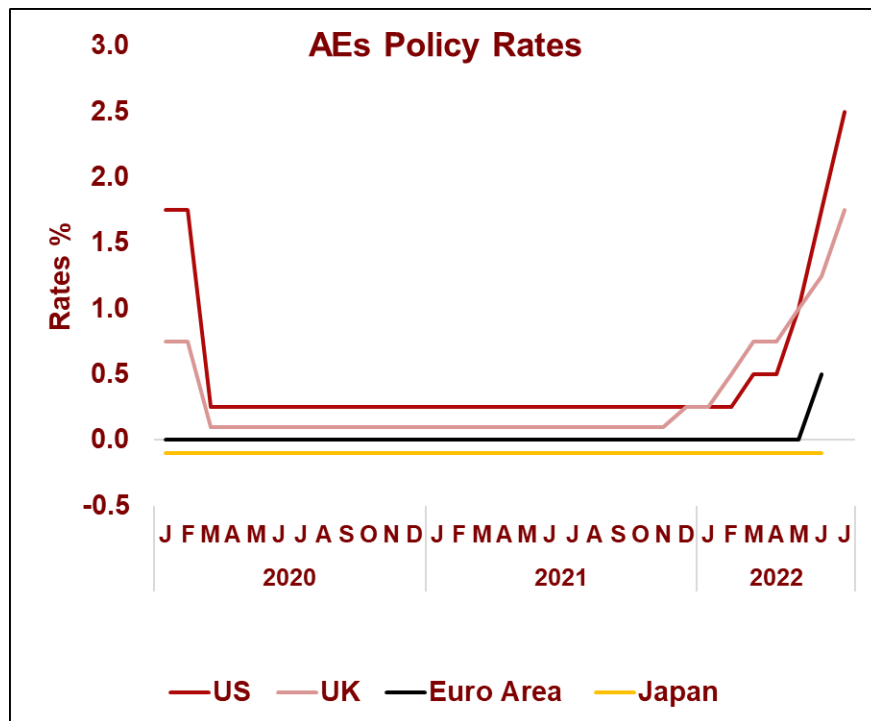
Inflation is expected to remain high in 2022, although easing from the 4th quarter of the year



Source: IMF WEO, Bloomberg



AEs & EMDEs interest rates increased to fight elevated inflation, except for Russia.



Source: Trading Economics

Monetary Policy Decision





- To continue safeguarding the peg arrangement and thus anchoring inflation expectations, while meeting the country's international financial obligations, the MPC decided to increase the Repo rate by **75 basis points** to **5.50 percent**.
- This monetary policy stance is necessary to narrow the current negative real policy interest rate, on the way to restoring a positive real interest rate level that is more conducive to long-term economic growth.
- This policy stance is consistent with that taken around the globe and, in the region, with policymakers acting with resolve to slow and eventually reverse the current acceleration in inflation.
- The next meeting of the MPC will be held on the 24th and 25th of October 2022



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THANK YOU