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FOR IMMEDIATE RELEASE

REPO RATE UNCHANGED AT 6.50 PERCENT

The Monetary Policy Committee (MPC) of the Bank of Namibia decided to keep the Repo rate unchanged at 6.50 percent. The MPC took this decision in order to continue supporting domestic economic activity and to maintain the one-to-one link between the Namibia Dollar and the South African Rand.

RECENT ECONOMIC DEVELOPMENTS

Global economic growth slowed during the third quarter of 2019 according to preliminary data. Inflation rates in most monitored countries remained low, resulting in generally accommodative monetary policy stances.

1. Global economic growth continued to slow during the third quarter of 2019 as observed in both the Advanced Economies (AEs) and Emerging Market and Developing Economies (EMDEs). Growth in the global economy is projected to slow to 3.0 percent in 2019, before recovering to 3.4 percent in 2020.
2. Most AEs recorded lower growth rates during the third quarter of 2019, compared to the previous quarter. Lower growth was observed in the Euro Area and the United Kingdom (UK), whereas growth ticked higher in the United States (US) and Japan. Economic growth in the monitored EMDEs also slowed during the third quarter of 2019, with the exception of Russia. Going forward, the growth rate for AEs is projected to slow down to 1.7 percent for 2019 compared to 2.3 percent in 2018, while EMDEs growth is also projected to slow to 3.9 percent compared to 4.5 percent over the same period. Key risks to the global outlook remain, amongst others, unresolved trade and geopolitical tensions, as well as Brexit.

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3. Inflation rates declined in the AEs in October 2019, except in the US where it increased slightly. Among the EMDEs, inflation also declined in several economies, except for India and China.
4. Following the above developments, monetary policy stances of central banks in the AEs and EMDEs remained generally accommodative since the previous MPC meeting in October 2019. The central banks of the US, Brazil, Russia and India cut their policy rates while those of South Africa, Angola and China maintained their policy stances.

Domestic economic activity slowed during the first ten months of 2019. The inflation rate remained low, while the growth rate of Private Sector Credit Extension (PSCE) was broadly flat over the first ten months of 2019. The stock of international reserves continued to be sufficient to support the currency peg.

5. Domestic economic activity continued to slow during the first ten months of 2019, compared to the corresponding period of 2018. The slowdown was mainly reflected in sectors such as mining, manufacturing, construction, wholesale and retail trade and agriculture. Going forward, the domestic economy is projected to remain weak in 2019.
6. The inflation rate declined further to an average of 4.0 percent during the first ten months of 2019. The moderation was mainly due to a decline in housing and transport inflation. In October 2019, the inflation rate also declined further to 3.0 percent down from 3.3 percent in September 2019 and its recent peak of 5.6 percent, observed in November 2018. Overall inflation is projected to average 3.8 percent in 2019.
7. Annual average growth in PSCE increased marginally to 6.8 percent during the first ten months of 2019, compared to 6.2 percent in the corresponding period of 2018. The increase in PSCE growth was mainly due to a higher uptake of credit by businesses in the retail, real estate, financial and other services sectors. In contrast, growth in credit extended to individuals slowed during the first ten months of 2019 compared to the same period in 2018. Since the previous MPC meeting, the annual growth in PSCE remained unchanged at 6.4 percent in October 2019, the same rate as reported in the previous MPC statement.
8. As at the 31st of October 2019, the stock of international reserves remained almost unchanged at N\$32.5 billion, compared to N\$32.3 billion reported in the previous MPC statement. This amount of international reserves is estimated to cover 4.3 months of

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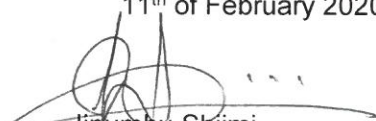


imports of goods and services. At this level, the reserves are sufficient to protect the peg of the Namibia Dollar to the South African Rand and meet the country's international financial obligations.

9. In its August 2019 MPC Statement, the Bank of Namibia announced the moderate easing of the loan-to-value ratios applicable to non-primary property loans. The new *Regulation relating to restrictions on loan-to-value ratios* issued in terms of the *Banking Institutions Act, 1998* as approved by the Minister of Finance was gazetted on the 7th of November 2019.

Monetary Policy Stance

10. On the 3rd of December 2019, the Monetary Policy Committee (MPC) of the Bank of Namibia held its bi-monthly meeting and decided to keep the Repo rate unchanged at 6.50 percent. This decision was taken following a review of global, regional and domestic economic and financial developments. The next meeting of the MPC will be held on the 11th of February 2020.



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GOVERNOR

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