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FOR IMMEDIATE RELEASE

AS THE ECONOMY TURNS A CORNER, MONETARY STABILITY IS NEEDED

1. The Governor of the Bank of Namibia, Mr. Johannes !Gawaxab, has said that Namibia's economy has turned the corner and the bleak period marred by contractions is over after the economy suffered negative growth between 2016-2020. For a second consecutive year, the economy is forecast to grow by 3,2 percent in 2022, sustaining the positive growth of 2.7 percent registered in 2021.
2. "The titanic is shifting towards a more positive territory" enthused the Governor. He went to state that monetary stability is the best contribution the Bank of Namibia can make in the long run to contribute towards high levels of employment and sustained economic development for the country as the country exits a gloomy period worsened by the worst contraction in history because of the Covid-19 pandemic which wiped out socio-economic gains and caused massive job losses in key industries.
3. "The role of the central bank of safeguarding macroeconomic stability is becoming more pronounced," the Governor stated in light of inflationary pressures which have been building up since the beginning of the year. Namibia's inflation averaged 2.2% in 2020 and 3.6% in 2021. During this period, crude oil prices were low, particularly due to Covid-related travel restrictions. Inflation is expected to average 6.1% due to international fuel prices and food prices owing to the conflict between Russia and Ukraine and supply chain disruptions.
4. Said the Governor: "The best thing a central bank can do is for any economy is to prevent it becoming the major source of economic disturbance, as the renowned economist Milton Friedman once said. As the monetary authority we can not shy away from our responsibility to fight inflation within the confines of and effectiveness of the instruments at our disposal."
5. For this reason, Namibians needs to fully appreciate the Bank's role on monetary policy as a means of keeping inflation under control. The Bank' Monetary Policy Committee (MPC) adopted an ultra-accommodative monetary policy in 2020 and kept the Repo rate at a record-low level through to early 2022. The MPC of the Bank increased the repo rate to 6.25 in October 2022 from 5.50 in August 2022.

6. The Governor emphasized this during a stakeholder engagement in the Oshana region, which included a number of local authorities and business leaders. The Governor gave an overview of the state of the global and domestic economy and said that while a recession is anticipated globally, the domestic growth is anticipated to pick up in 2023.
7. “Namibia is a country with credible plans and opportunities. Our fortunes are turning, and the central bank is committed to ensuring price stability to provide a foundation for sustained economic recovery and sustainable economic development going forward,” said the Governor.

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