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FOR IMMEDIATE RELEASE

REPO RATE REMAINS UNCHANGED AT 5.50 PERCENT

Economic conditions across the globe remain weak; however, the outlook for the medium term is seen to be improving. Despite Namibia posting relatively robust growth in the first quarter of 2013 given global economic conditions, growth is expected to remain below the targeted level in NDP4 for the remainder of the year. Inflation remains at tolerable levels despite the recent Namibia Dollar depreciation against major currencies, while international reserve levels continue to be sufficient. The Monetary Policy Committee is of the view that the repo rate should remain low to support economic activities and mitigate the impact of slow growth in many of our trading partners. The Monetary Policy Committee has therefore decided to keep the repo rate unchanged at the current level of 5.50 percent.

Weak growth outcomes in advanced economies signal continuing challenges to global economic recovery, which may continue to negatively affect demand, commodity prices and the output of the Namibian economy.

1. Economic growth in key trading partners continues to be weak, with growth in the Euro Area contracting at an ever increasing pace. However, growth in the US has picked up in the first quarter of 2013, when compared to the final quarter of 2012. Growth performance in emerging market economies has been generally favourable with the exception of Russia and South Africa, both of which saw growth of less than 2 percent in first quarter of 2013.
2. Global food prices have stabilised somewhat since the last meeting of the MPC, however, energy and metals prices continue to decline. Despite falling global food and fuel prices, imported food and fuel prices remain high when compared to historic levels, largely on account of Rand and Namibia Dollar weakness

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against major currencies. Despite the expected slow global recovery, global growth for 2013 is expected to surpass that of 2012, before increasing in 2014.

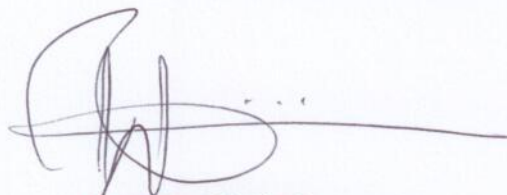
While the global economy remains fragile, the domestic economy continues to perform relatively well, with inflation remaining low.

3. Domestic economic growth in 2013 is expected to be positive and driven by increased output in the mining, manufacturing and construction industries.
4. Inflation has remained unchanged at 6.1 percent in April and May 2013, as declining transport prices have offset increases in the cost of utilities and food. Inflation excluding food and energy prices has remained at 3.4 percent, thus suggesting an absence of underlying inflationary pressures. Going forward, Namibia Dollar depreciation against major currencies may present an inflation risk.
5. Private sector credit extension continued to experience high growth. This growth, however, moderated in April 2013 to 14.0 percent. Growth in credit extension to both individuals and businesses slowed in April when compared to March 2013. Growth in credit extension in the form of mortgage loans remained almost unchanged and instalment sales increased slightly in April, however, both remain at subdued levels when compared with the same period of last year.
6. The continued widening of the trade deficit may further affect the level of reserves, and warrants monitoring. Nevertheless, the official international reserve position, in May 2013, remained adequate to protect the fixed currency arrangement as well as meeting other international obligations.

Monetary Policy Meeting

7. On the 18th of June 2013, the Monetary Policy Committee (MPC) of the Bank of Namibia held its bi-monthly meeting to decide on the monetary policy position for the next two months. The meeting reviewed the global, regional and domestic economic and financial developments since the last meeting, held on the 23rd of

April 2013, and the decision was taken to keep the repo rate unchanged at 5.50 percent. The next meeting of the MPC will be held on the 20th of August 2013.



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