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FOR IMMEDIATE RELEASE

REPO RATE REMAINS UNCHANGED AT 5.50 PERCENT

Since the last meeting of the Monetary Policy Committee (MPC) in August 2013, global growth has remained weak. Despite some signs of recovery in advanced economies, in October, the IMF revised down their global growth prospects from 3.2 to 2.9 percent. Growth in the emerging markets economies, albeit slower than the previous levels, has helped to sustain global economic growth. In line with the global growth outlook, economic growth in Namibia is expected to slow in 2013 when compared to 2012. Inflation slowed in September, and is expected to remain within tolerable levels for the remainder of the year. Though lower than at the time of the last MPC, reserve levels remain adequate to maintain the fixed currency arrangement and meet other international obligations. Given the above, the MPC is of the view that the repo rate needs to be maintained at the current level to support the domestic economy, and mitigate the impact of suppressed prices for key Namibian exports. The MPC has therefore decided to keep the repo rate unchanged at the current level of 5.50 percent.

Global growth remains weak and driven by emerging market economies, while some signs of recovery are being seen in advanced economies.

1. Growth in emerging market economies remains resilient, despite a marginal growth slowdown in India and Russia in recent quarters. Advanced economies are starting to show some signs of recovery, however such recovery remains weak. As such, the IMF, in October 2013, revised their global growth forecast for 2013 down from 3.2 to 2.9 percent.

2. Metals and other mineral prices remained depressed but stable since the last meeting of the MPC, due to slowing global growth. Over the same period, global food prices have experienced a decline. Similarly, energy prices that had experienced an upward movement to the end of September due to heightened global uncertainty surrounding the

Middle East, have abated somewhat through October. Despite marginal relief on import costs, weak metal prices continue to put pressure on Namibia's export earnings.

In line with global economic growth, selected indicators suggest that economic growth in Namibia will be lower in 2013 than in 2012.

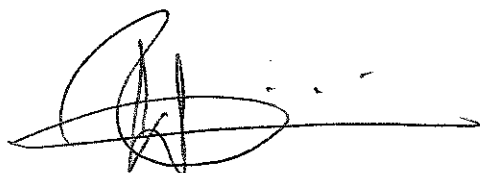
3. In line with the global growth outlook, economic growth in Namibia is expected to slow in 2013 when compared to 2012. Indicators in the primary sector suggest that mining sector output is increasing, while the agricultural sector remains embattled with the current drought. In the secondary industries, construction activities remain fairly strong, with a mixed picture being seen in the manufacturing sector. Tertiary sector activities are positive with regards to wholesale and retail trade, while tourism and transport activities have experienced a slowdown year- to-date.
4. Inflation fell to 5.5 percent in September, from 6.0 percent in the preceding month. The fall was mainly attributed to lower inflation in the food and beverages category. This decline was driven by lower inflation for bread and cereals, meat, and dairy products and eggs. Electricity and other fuels, and transport inflation, however, remain high. Inflation is expected to remain stable, around current levels for the remainder of the year.
5. The annual growth in the Private Sector Credit Extension (PSCE) slowed at the end of August 2013 compared to the preceding month. Growth in PSCE slowed to 13.8 percent at the end of August 2013 from 14.8 percent at the end of July 2013. The slower growth in PSCE was attributed to the lower demand for credit by businesses. However, growth in credit extension to individuals remains elevated and requires monitoring.
6. The stock of foreign reserves stood at N\$14.3 billion as of the end of September 2013. Though lower than in July, reserve levels remain adequate to maintain the fixed currency arrangement and meet other international obligations. Nevertheless, the situation will receive continuous oversight going forward.

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Monetary Policy Meeting

7. On the 22nd of October 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 20th of August 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 11th of December 2013.



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