



**Date:** 13 June 2018  
**Attention:** News Editor  
**Ref:** 9/6/2

**FOR IMMEDIATE RELEASE**

---

## REPO RATE MAINTAINED AT 6.75 PERCENT

---

*The Monetary Policy Committee (MPC) of the Bank of Namibia left the Repo rate unchanged at 6.75 percent. This decision was taken to safeguard the level of foreign reserves and support domestic economic growth, while maintaining the one-to-one link between the Namibia Dollar and the South African Rand.*

---

### RECENT ECONOMIC DEVELOPMENTS

The global economy slowed during the first quarter of 2018; however, it is projected to record a slightly higher growth rate in 2018 compared to 2017. Monetary policy stances in key economies generally remained accommodative during April and May 2018.

1. Global economic activity moderated during the first quarter of 2018, compared to the preceding quarter. The slower growth is reflected in most of the monitored Advanced Economies (AEs), which registered lower growth rates during the first three months of 2018. Going forward, the global economy is projected to grow by 3.9 percent in 2018, on account of marginally higher projected growth in both AEs and the Emerging Market and Developing Economies (EMDEs) than the previous year.
2. Most advanced economies (AEs) recorded slower growth rates during the first quarter of 2018, mainly due to lower consumer spending and industrial production. Going forward, economic activity growth in the AEs as a whole is projected to improve to 2.5 percent in 2018 compared to 2.3 percent in 2017. Among the EMDEs, economic activity in China, Russia and India registered a slightly higher growth rate during the first quarter of 2018. The economy of Brazil recorded a significantly lower growth, while South Africa contracted during the same period. EMDEs are projected to grow by 4.9 percent on average in 2018, mainly due to positive prospects from external demand. Key risks to the global outlook remain and include higher levels of trade protectionism and geopolitical tensions.

A handwritten signature in black ink, appearing to be 'L. J.' or similar, located in the bottom right corner of the page.

3. Since the previous MPC meeting in April 2018, monetary policy stances in both the monitored AEs and EMDEs generally remained accommodative. Central banks in both the AEs and EMDEs left their policy rates unchanged at their last monetary policy committee meetings during April and May, although the central bank of India raised its policy rate by 25 basis points early in June 2018.

**Activity in the domestic economy remained slow during the first four months of 2018. Inflation and the rate of growth in private sector credit extension (PSCE) declined compared to a year ago, while the stock of international reserves remained sufficient.**

4. Domestic economic activity remained slow during the first four months of 2018, despite improvements in some key sectors. This slow activity was largely reflected in the wholesale and retail trade and fishing sectors. The mining, agriculture, as well as transport and communication sectors, however, performed positively. Despite the slow economic activity for the first four months, the domestic economy is expected to perform slightly better in 2018 compared to 2017.
5. Annual inflation fell to 3.6 percent during the first four months of 2018 from 7.4 percent during the corresponding period in 2017. The lower inflation rate was mainly due to the decline in inflation of the food and non-alcoholic beverages as well as housing categories. Inflation for the transport category rose on average during the same period, mainly on account of higher fuel prices. On a monthly basis, the inflation rate rose slightly to 3.6 percent during April 2018, from 3.5 percent in the previous month. Inflation is expected to average around 4 percent in 2018.
6. Annual growth in PSCE slowed during the first four months of 2018 compared to the corresponding period in 2017. The average annual growth rate of PSCE stood at 5.7 percent, lower than the 7.8 percent recorded over the same period in 2017. The slower growth in PSCE is due to reduced demand for credit by both the household and corporate sectors, especially in the form of mortgage, overdraft and instalment credit. Since the last MPC meeting, the growth in PSCE rose moderately to 5.8 percent at the end of April 2018 from 5.7 percent reported in the previous MPC statement.
7. As at the 31<sup>st</sup> of May 2018, the official stock of international reserves stood at N\$28.1 billion, representing a decline of N\$2.6 billion on a monthly basis. At this level, the stock of international reserves is projected to cover 4.7 months of imports of goods and

**Contact:**

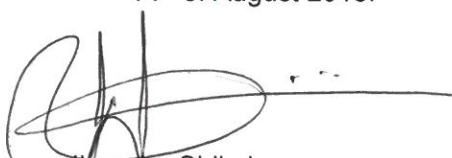
Department of Strategic Communications and Financial Sector Development  
Bank of Namibia, Tel: (061) 283 5114, Fax: (061) 283 5546 or email: [info@bon.com.na](mailto:info@bon.com.na)

71 Robert Mugabe Ave, P.O. Box 2882, Windhoek, Namibia, Tel: +264-61-283 5114, Fax: +264-61-283 5254, [www.bon.com.na](http://www.bon.com.na)

services. Although reserves remain sufficient to sustain the currency peg between the Namibia Dollar and the South African Rand, it is relatively low compared to Namibia's peers in the region.

### **Monetary Policy Stance**

8. On the 12<sup>th</sup> of June 2018, the Monetary Policy Committee (MPC) of the Bank of Namibia held its bi-monthly meeting and decided to maintain the Repo rate unchanged at 6.75 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 14<sup>th</sup> of August 2018.



Ilpumbu Shiimi  
**GOVERNOR**

#### **Contact:**

Department of Strategic Communications and Financial Sector Development  
Bank of Namibia, Tel: (061) 283 5114, Fax: (061) 283 5546 or email: [info@bon.com.na](mailto:info@bon.com.na)