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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 activities 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 second quarter of 2019. Inflation rates in key Advanced Economies (AEs) remained low while increasing slightly in a number of Emerging Market and Developing Economies (EMDEs). Monetary policy stances in several key monitored economies eased.

1. Global economic growth slowed during the second quarter of 2019, mainly due to lower growth observed in the AEs, except for Japan. Going forward, growth in the global economy is projected to slow down further to 3.0 percent in 2019 before recovering to 3.4 percent in 2020.
2. Most AEs recorded lower growth rates during the second quarter of 2019, compared to the previous quarter. This low growth was evident in the United States (US), Euro area and the United Kingdom (UK), while the growth rate for Japan improved. Going forward, the AEs growth rate is projected to slow down to 1.7 percent for 2019 compared to 2.3 percent recorded in 2018. On the contrary, economic growth in most of the monitored EMDEs improved slightly during the second quarter of 2019, except for China whose growth rate slowed from the previous quarter. However, GDP growth for the EMDEs is projected to be lower at 3.9 percent for 2019 from 4.5 percent in 2018. 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 slightly in the AEs in September 2019, except in the Euro Area where it was flat. Among the EMDEs, however, inflation picked up slightly over this period.
4. Following the above developments, several central banks in the AEs and EMDEs left their policy rates unchanged, since the previous MPC meeting in August 2019. These include the European Central Bank and the central banks of the UK, Japan, China, South Africa and Angola. Some other central banks, such as those of the US, Brazil, Russia and India cut their policy rates.

Domestic economic activity slowed during the first eight months of 2019. The inflation rate remained low, while the growth rate in Private Sector Credit Extension (PSCE) was broadly flat during the first eight 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 eight months of 2019, compared to the corresponding period of 2018. The slowdown was reflected in sectors such as mining, construction, wholesale and retail trade and agriculture. On the contrary, the manufacturing sector improved during the same period. Going forward, the domestic economy is projected to remain weak in 2019.
6. The inflation rate declined further to an average of 4.1 percent during the first nine months of 2019, down from its recent peak of 5.6 percent observed in November 2018. The moderation was mainly due to a decline in housing and transport inflation. On a monthly basis, the inflation rate declined further to 3.3 percent in September 2019, from 3.7 percent in August 2019. Overall inflation is projected to average 3.9 percent in 2019.
7. Annual average growth in PSCE was slightly higher at 6.9 percent during the first eight months of 2019, compared to 6.0 percent in the corresponding period of 2018. The increase in PSCE was mainly due to a higher uptake of credit by businesses in the retail, real estate, financial and service sectors. In contrast, growth in credit extended to individuals declined during the first eight months of 2019 compared to the same period in 2018. Since the previous MPC meeting, the annual growth in PSCE slowed to 6.4 percent at the end of August 2019, from 7.8 percent reported in the previous MPC statement.
8. As at the 30th of September 2019, the stock of international reserves stood at N\$32.3 billion, compared to N\$35.2 billion reported in the previous MPC statement mainly due to increased foreign outflows. This amount of international reserves is estimated to cover

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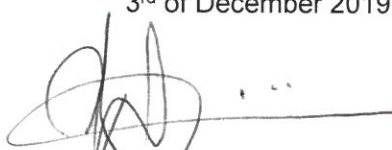
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4.3 months of imports of goods and services. At this level, the reserves are sufficient to protect the peg of the Namibia Dollar to the South African Rand and meet the country's international financial obligations.

Monetary Policy Stance

9. On the 22nd of October 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 3rd of December 2019.



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