BANK OF NAMIBIA

Minutes of the Monetary Policy Committee (MPC) Meeting

Windhoek, 13 - 14 October 2025

"Our Vision is to be a leading central bank committed to a prosperous Namibia"

MPC MEMBERS PRESENT

Johannes !Gawaxab	Governor (Chairperson)
Leonie Dunn	Deputy Governor
Nicholas Mukasa	Director: Financial Markets Department (FMD)
Johan van den Heever	Technical Expert: RFSDD
Romeo Nel	Technical Advisor to the Governor

SECRETARY

Doughlas Ndana	Senior Economist: RFSDD

APOLOGIES

Ebson Uanguta	Deputy Governor
Emma Haiyambo	Director: RFSDD[1]

[1] Research and Financial Sector Development Department (RFSDD).

OTHERS PRESENT

Israel Zemburuka (Director: Strategic Communications and International Relations (SCIRD)); Erwin Naimhwaka (Deputy Director: RFSDD); Sanette Schulze Struchtrup (Deputy Director: RFSDD); Daisy Mbazima-Lando (Principal Economist: RFSDD); Reinhold Kamati (Economic Advisor: RFSDD); Helvi Fillipus (Economic Advisor: RFSDD); Rehabeam Shilimela (Technical Expert: RFSDD); Brian Mbazuvara (Technical Expert: RFSDD); Elifas Iiyambula (Principal Economist: RFSDD); Gracianu Kavaleka (Senior Economist: RFSDD); Daniel Kavishe (Principal Economist: FMD); Helena Nghipunya (Economist: RFSDD).

PARTIAL ATTENDANCE

Abigail Nainda (Deputy Director: RFSDD); Naufiku Hamunime (Deputy Director: SCIRD); Mukela Mabakeng (Technical Expert: RFSDD); Gerson Kadhikwa (Technical Expert: RFSDD); Grace Hamauka (Principal Economist: RFSDD); Saara Mukumangeni-Kashaka (Principal Economist: RFSDD); Heinrich Namakalu (Senior Economist: RFSDD); Mutu Katjiuanjo (Senior Economist: RFSDD); Metilda Ntomwa (Senior Economist: RFSDD); Charlotte Tjeriko-Katjiuanjo (Senior Economist: RFSDD); Hileni Shifotoka (Senior Economist: RFSDD); Hilya Lazarus (Senior Economist: RFSDD); Vejama Mootu (Senior Economist: RFSDD); Isabel Nghinamupika (Senior Economist: RFSDD); Kennedy Stephanus (Senior Economist: RFSDD); Sevelia Nakalemo (Senior Economist: RFSDD); Loise Katanga (Senior Economist: FMD); Merrinah Siboli (Economist: RFSDD); Joel Kagola (Economist: RFSDD); Lina Heita (Economist: RFSDD); Maria Ngolo (Economist: RFSDD).

ECONOMIC DEVELOPMENTS REPORT

Following the established tradition, economic developments were split into global and domestic components. First, a report on global economic developments was presented.

THE GLOBAL ECONOMY

1. **The MPC noted that the global economy had remained fairly resilient, with the global growth for 2025 projected to slow modestly.** The Committee was informed that, since the previous MPC sitting, global economic activity continued to exhibit resilience. According to the Organisation for Economic Co-operation and Development, growth in the Group of Twenty economies edged up slightly in the second quarter of

2025, largely sustained by the United States (US), India and China. Looking ahead, the International Monetary Fund (IMF) projected global growth to moderate from 3.3 percent in 2024 to 3.2 percent in 2025 and 3.1 percent in 2026. The 2025 growth forecast was 0.2 percentage point higher than previously projected, reflecting gradual adaptation to prevailing trade tensions.

2. **The MPC noted that the price of Brent crude oil had eased further since the previous MPC meeting.** The Brent crude price receded to approximately US$63 per barrel on 13 October 2025, from US$66 per barrel on 12 August 2025. The sustained fall in oil prices was primarily due to increased global oil supply, amid concerns regarding a weaker demand outlook.

3. **Diamond prices moderated relative to the previous MPC meeting.** The Zimnisky global rough diamond price index moderated in September 2025, retreating from the uptick observed at the August 2025 MPC sitting. Diamond prices remained weak, primarily due to softer global demand and sustained competition from lab-grown diamonds.

4. **Gold and uranium prices remained firm relative to the previous MPC meeting.** In particular, the price of gold had rallied to a new record-high of approximately US$4,133 per ounce on 13 October 2025. The spike was buoyed by safe-haven demand from central banks and a coterie of institutional and high-net-worth individuals. Similarly, the uranium spot price fluctuated upwards, reaching US$79.10 per pound on the 13th of October 2025 from US$72.37 per pound at the previous MPC meeting. The increase was mainly supported by supply constraints and rising demand.

5. **Copper and zinc prices were higher relative to the previous MPC meeting.** Copper prices continued towards an upward trajectory, ascending from US$9,733 per metric tonne on 11 August 2025 to US$10,919 per metric tonne on 13 October 2025. This increase was mainly ascribed to concerns regarding supply shortages, amid disruptions at key copper mines. Similarly, the price of zinc rose by 10.1 percent to US$3,022 per tonne over the same period, largely driven by tight global supply conditions.

6. **The MPC was informed that inflation patterns had diverged across monitored economies since the previous MPC meeting.** Among the key advanced economies, inflation was higher in the US, the United Kingdom and the Euro Area, while it continued to moderate in Japan. In contrast, inflation generally slowed in the monitored Emerging

Market and Developing Economies, except in South Africa, where consumer prices edged up. Meanwhile, China recorded deflation during the same period. Looking ahead, the IMF's global inflation projection was broadly unchanged, with inflation forecast to decelerate from a revised 5.8 percent in 2024 to 4.2 percent in 2025 and further to 3.7 percent in 2026.

7. **Pivoting to policy rates, most key monetary policy authorities had maintained rates steady since the last MPC meeting.** The MPC was informed that most of the monitored central banks, including the South African Reserve Bank, kept their policy rates unchanged since the August 2025 MPC meeting. Notably, however, the US Federal Reserve implemented its first policy rate reduction for 2025 in September, similarly the Bank of Russia continued to ease.

8. **The MPC took note of the recent global economic developments and requested further indulgence on specific issues.** The MPC particularly sought clarity on the lagged impact of tariffs on goods inflation in the US. Furthermore, the MPC queried about the disparity between the Federal Open Market Committee's 2025 and 2026 policy rate cut expectations and those of the market, which priced in higher reductions. In this regard, the Committee asked which of these expectations could most likely materialise. Finally, the MPC enquired about the quantitative impact on Namibia's diamonds arising from higher US tariffs on Indian imports.

9. **The MPC noted the recent global economic developments.**

THE DOMESTIC ECONOMY

A presentation on domestic economic developments was delivered to the MPC.

10. **The MPC was apprised that the domestic economy had weakened.** Accordingly, real GDP growth surprised to the downside, falling to a post-pandemic low of 1.6 percent year-on-year in the second quarter of 2025 from 2.8 percent in the preceding quarter and 3.3 percent during the corresponding period of 2024. This poor performance was primarily observed in the *manufacturing*, *fishing*, and *agriculture* sectors. This was further corroborated by high-frequency indicators, which suggested that the pace of expansion in economic activity during the first eight months of 2025 had slowed compared to the same period in 2024. Looking ahead, real GDP growth for 2025 was expected to decline from 3.7 percent registered in 2024, with downside risks being more pronounced.

11. **Domestic inflation had remained contained since the last MPC meeting.** Annual inflation averaged 3.6 percent during the first eight months of 2025, compared to 4.6 percent during the same period in 2024. This disinflation was primarily reflected in the categories of housing and alcoholic beverages, augmented by deflation in the transport category. Moreover, consumer price inflation stabilised at 3.5 percent in September 2025 relative to its level in July 2025, despite temporarily dipping to 3.2 percent month-on-month.

12. **Inflation projections for 2025 and 2026 were adjusted downward.** The 2025 and 2026 inflation projections were both revised downward by 0.2 percentage point to 3.6 percent and 4.0 percent, compared to the previous forecast. This revision was principally due to a stronger exchange rate assumption and a downward revision to the oil price outlook. Risks to the forecast remained exchange rate volatility and potential upticks in administered and oil prices.

13. **The gradual recovery in the annual growth in Private Sector Credit Extension (PSCE) persisted.** Annual growth in PSCE rose to a post-pandemic high of 5.8 percent in August 2025 and remained above the 5.7 percent recorded in June 2025. Similarly, the improvement in credit to the private sector was observed in the year-to-date average growth rate, which stood at 4.9 percent in the first eight months of 2025 relative to 2.0 percent during the same period in 2024. The overall improvement in PSCE was ascribed to stronger credit uptake by *businesses,* while *households* lagged.

14. **Since the last MPC meeting, the Central Government's debt stock rose further, primarily due to higher domestic borrowing.** Central Government's debt stock stood at approximately N$176 billion at the end of September 2025, 10.5 percent higher than its level a year earlier. The increase reflected higher domestic issuance of both treasury bills and internal registered stock. On the contrary, external debt declined, mainly due to an appreciated exchange rate. By the end of the medium-term expenditure framework, the debt-to-GDP ratio was forecast by the Ministry of Finance to moderate from the prevailing 70 percent to 62 percent.

15. **On the external front, Namibia's merchandise trade deficit improved further during the first eight months of 2025.** The MPC noted that Namibia's merchandise trade deficit narrowed by 16.1 percent to N$17.9 billion during the first eight months of 2025, relative to the corresponding period in 2024. The improved trade deficit was on

account of a faster increase in export earnings, especially from *uranium* and *gold*, compared to the rise in import payments during the period under review. The current account deficit nevertheless remained large as SACU receipts were notably lower from 1 April 2025.

16. **The stock of international reserves remained sufficient to support the currency peg and fulfil Namibia's international financial obligations.** Foreign reserve assets stood at N$54.7 billion at the end of September 2025, retreating from N$58.1 billion recorded at the end of July 2025. This reduction in foreign reserves was mainly ascribed to elevated imports, foreign payments by the Government and a stronger exchange rate. This level of foreign reserves translated to an estimated import cover of 3.6 months, remaining adequate to sustain the currency peg between the Namibia Dollar and the South African Rand and meet the country's international financial obligations.

17. **The MPC took note of the recent domestic economic developments.**

ADOPTION OF THE MONETARY POLICY STANCE

18. **The MPC deliberated on both global and domestic economic developments.** MPC members reflected on the recent developments in the global and domestic economies and noted in summary that:

- The global economy remained resilient, year-to-date, with global growth projected to moderate only slightly in 2025.
- Since the June 2025 MPC meeting, global inflation patterns diverged, while most of the key monetary policy authorities maintained their policy rates steady, including the SARB.
- Prices for most key commodities trended upward since the previous MPC meeting, with gold continuing to reach new heights.
- Domestically, economic activity slowed notably, with downside risks to the growth outlook more pronounced than before.
- Domestic inflation and its outlook remained subdued, thereby providing monetary policy space to support the domestic economy.
- PSCE growth remained on a gradual recovery path.
- Foreign exchange reserves remained sufficient, and the merchandise trade deficit narrowed, attributed to improved export earnings.

19. **In determining the appropriate monetary policy stance, the committee considered several key factors.** In particular, the weaker domestic economic activity, well-contained inflation, and a favourable medium-term inflation outlook all favoured an easier monetary policy stance. Additionally, the orderly year-to-date capital outflows, the relatively high real Repo rate, and adequate foreign reserves were also deemed supportive of a reduction in the nominal Repo rate.

20. **The MPC also debated factors that did not favour a rate cut.** Specifically, the Committee was wary that lowering of the Repo rate would widen the gap between the domestic policy rate and that of the anchor country but was of the view that its magnitude fell within the boundaries where capital movements remained well-contained. Moreover, while there was imminent pressure on foreign reserves due to the forthcoming Eurobond redemption, thorough preparation in anticipation of this event had ensured that Namibia's foreign reserve adequacy was not jeopardised.

21. **Weighing up the above considerations, the MPC decided to reduce the Repo rate by 25 basis points to 6.50 percent.** Commercial banks were accordingly expected to cut their prime lending rates by the same margin to 10.125 percent. This policy stance would support domestic economic activity while safeguarding the one-to-one link between the Namibia Dollar and the South African Rand.