BANK OF NAMIBIA

Minutes of the Monetary Policy Committee (MPC) Meeting

Windhoek, 10 - 11 August 2026

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

MPC MEMBERS PRESENT

Ebson Uanguta	Governor (Chairperson)
Leonie Dunn	Deputy Governor
Nicholas Mukasa	Deputy Governor
Emma Haiyambo	Director: RFSDD[1]
Helvi Fillipus	Economic Advisor: Governor's Office
Anthea Angermund	Director: Financial Markets Department

SECRETARY

Doughlas Ndana	Senior Economist: RFSDD

APOLOGIES

John Steytler	External MPC Member

OTHERS PRESENT

Israel Zemburuka (Director: Strategic Communications and International Relations (SCIRD)); Postrick Mushendami (Deputy Director: RFSDD); Sanette Schulze

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

Struchtrup (Deputy Director: RFSDD); Abigail Nainda (Deputy Director: RFSDD); Naufiku Hamunime (Deputy Director: SCIRD); Reinhold Kamati (Economic Advisor: RFSDD); Daisy Mbazima-Lando (Principal Economist: RFSDD); Gerson Kadhikwa (Technical Expert: RFSDD); Elifas Iiyambula (Principal Economist: RFSDD); Gracianu Kavaleka (Senior Economist: RFSDD); Kennedy Stephanus (Senior Economist: RFSDD); Hileni Shifotoka (Senior Economist: RFSDD); Helena Nghipunya (Economist: RFSDD).

PARTIAL ATTENDANCE

Mukela Mabakeng (Technical Expert: RFSDD); Erwin Naimhwaka (Deputy Director: RFSDD); Rehabeam Shilimela (Technical Expert: RFSDD); Grace Hamauka (Principal Economist: RFSDD); Daniel Kavishe (Principal Economist: FMD).

ECONOMIC DEVELOPMENT REPORT

Following the established tradition, staff presentations on economic developments were split into global and domestic components.

THE GLOBAL ECONOMY

1. **The MPC was apprised that despite moderating, global economic activity held firm during the second quarter of 2026.** Accordingly, available indicators suggest that growth held firm in several monitored economies during the quarter under review, specifically in the United States (US) and China, while economic activity improved in the Euro Area.

2. **Global economic prospects remained broadly stable relative to the previous forecast.** The RFSDD stated that the International Monetary Fund (IMF), in its July 2026 World Economic Outlook, projected global growth to slow from 3.5 percent in 2025 to 3.0 percent in 2026 before recovering to 3.4 percent in 2027. This represented revisions of -0.1 percentage point and 0.2 percentage point, to the 2026 and 2027 global growth respectively, compared to previous projections. Risks to the outlook remain tilted to the downside, particularly stemming from potential re-escalation of geopolitical tensions in the Middle East. Moreover, it was noted that commodity price volatility, eroded policy buffers, and supply shortages could further weigh on global growth.

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3. **Global trade was forecast to slow down in 2026 before recovering in 2027 but remaining below the level recorded in 2025.** The MPC was apprised that world trade volume growth was forecast to ease sharply from 5.0 percent in 2025 to 3.5 percent in 2026 before recovering to 4.3 percent in 2027. The projected 2026 dip was primarily attributed to weaker global growth amid geopolitical uncertainty. Moreover, the US' announced Section 301 tariffs were expected to weigh on trade volumes in the near-to-medium term.

4. **The price of Brent crude oil remained elevated over the inter-MPC meeting period.** The Committee was informed that Brent crude oil prices initially declined to levels below US$80 per barrel. However, following the re-escalation of the conflict in the Middle East, prices soared close to US$100 per barrel before retreating to around US$88 per barrel on the 10th of August 2026.

5. **Diamond prices remained subdued.** The Zimnisky Global Rough Diamond Price Index declined since the previous MPC sitting, mainly due to weak demand precipitated by competition from lab-grown diamonds. The MPC noted that prices of high-volume, low-value diamonds remained under pressure, while higher-value carats exhibited sustained resilience.

6. **Gold and uranium prices remained elevated since the June 2026 MPC meeting.** In this regard, the price of gold stood at US$4,420 per ounce on the 10th of August 2026, higher than US$4,354 per ounce at the previous MPC meeting. The rise was ascribed to safe-haven demand amid reduced optimism regarding higher US interest rates. Likewise, uranium spot prices ticked up to approximately US$87 per pound, representing a 1.3 percentage point increase during the period under review, mainly due to sustained demand for clean energy.

7. **Conversely, zinc and copper prices rose further during the inter-MPC meeting period.** The price of zinc was approximately US$3,734 per tonne on the 10th of August 2026, while that of copper traded at around US$14,159 per metric tonne. These levels were 4.2 percentage points and 2.9 percentage points above those recorded at the previous MPC meeting, respectively, largely reflecting supply-demand imbalances.

8. **Inflationary pressures diverged across monitored economies since the previous MPC meeting.** In this regard, inflation moderated in most monitored economies, including the US, the Euro Area, the United Kingdom, Brazil and China, while it rose in

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Japan, India, Russia and South Africa. Looking ahead, the IMF projected global inflation to accelerate from 4.1 percent in 2025 to 4.7 percent in 2026 before receding to 3.9 percent in 2027, 0.3 percentage point and 0.2 percentage point, respectively, above the April 2026 forecast.

9. **The MPC noted that monetary policy rates remained broadly steady across the key central banks over the inter-MPC meeting period.** The RFSDD reported that policy rates were broadly unchanged across monitored central banks, including the South African Reserve Bank. The exceptions were the central banks of Brazil and Russia, which lowered their rates, while the Bank of Japan hiked its policy rate. Overall, monetary policy stances were foreseen to remain moderately restrictive across major economies.

10. **The RFSDD highlighted some key implications for Namibia given the global economic environment.** The Department reiterated that weaker global demand alongside global supply chain disruptions could adversely affect Namibia's external position, while persistent geopolitical tensions could sustain inflationary pressures. Notwithstanding, stronger gold and uranium prices could bolster export growth and Government revenue collections and thereby provide some offsetting relief.

The MPC noted the global economic developments.

THE DOMESTIC ECONOMY

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

11. **The MPC noted subdued economic activity over the first half of 2026 relative to the corresponding period of 2025.** Available high-frequency indicators suggested broad-based sluggish economic performance, particularly in the *mining*, *manufacturing*, *electricity generation*, and *transport* sectors. Notwithstanding, improved activity was observed in the *agriculture* and *wholesale and retail trade* sectors.

12. **Looking ahead, growth was revised downward compared to the earlier projection.** The RFSDD reported that the Namibian economy was projected to recover from a growth rate of 1.7 percent in 2025 to 2.1 percent in 2026, 0.5 percentage point below the previous projections. The downward revision largely reflected contractions in the *primary* industries, alongside moderations in the *secondary* and *tertiary* industries.

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Downside risks to the outlook remained, including slower global growth, the Foot and Mouth Disease outbreak in neighbouring countries, and potential El Niño conditions.

13. **Inflationary pressures remained elevated since the last MPC meeting, although inflation slowed year-to-date compared to the same period in 2025.** Accordingly, annual headline inflation rose to 4.4 percent in June 2026 from 4.1 percent in the preceding month, primarily driven by higher *transport* price inflation. Nevertheless, inflation averaged 3.2 percent during the first half of 2026, lower than 3.6 percent in the corresponding period of 2025, mainly due to lower *food* price inflation.

14. **Looking ahead, annual inflation was expected to remain elevated in both 2026 and 2027.** In this regard, inflation was projected to rise from 3.5 percent in 2025 to 4.0 percent in 2026 before easing slightly to 3.9 percent in 2027. The 2027 projection was 0.3 percentage point above the previous forecast, underpinned by the assumption of protracted geopolitical tensions in the Middle East.

15. **Growth in Private Sector Credit Extension (PSCE) moderated over the inter-meeting period.** Annual PSCE growth decelerated to 4.5 percent in June 2026, 0.3 percentage point below the level recorded in April 2026, as lower credit uptake by *businesses* offset the pick-up in credit extended to *households*. Similarly, PSCE growth eased slightly during the first half of 2026, averaging 4.5 percent compared to 4.6 percent recorded in the corresponding period of 2025.

16. **Public debt remained elevated through the year to the end of June 2026, reflecting higher domestic debt issuance.** Central Government debt was higher at around N$182 billion at the end of June 2026, an increase of 6.1 percent year-over-year. The rise was primarily attributed to increased domestic debt issuance. Going forward, debt was anticipated to rise to approximately N$194 billion, or 67.0 percent of GDP, by the end of the FY2028/29.

17. **Namibia's merchandise trade was noted to have widened further, primarily on account of higher import payments.** The merchandise trade deficit deteriorated to N$19.3 billion during the first six months of 2026 from N$12.8 billion recorded in the same period in 2025. The wider deficit was predominantly driven by elevated *import* payments, particularly for *mineral* fuels. It was further observed that high import prices, coupled with weakness in the *diamond* and *gold* subsectors, could weigh on the external position in the near term.

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18. **The stock of international reserves remained sufficient to support the currency peg and fulfil Namibia's international financial obligations**. The preliminary stock of international reserves rose to N$57.1 billion at the end of July 2026 from an official level of N$55.4 billion at the end of May 2026, buoyed by SACU receipts and customer foreign currency placements. This level of foreign reserves was equivalent to an estimated import cover of 3.5 months and remained adequate to support the currency peg and meet the country's international financial obligations.

19. **The MPC noted the recent domestic and external economic developments.**

ADOPTION OF THE MONETARY POLICY STANCE

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

- The global economic picture remained a source of great concern, despite available indicators suggesting that economic activity held firm across monitored economies.
- Global growth projections were moderately changed relative to the previous forecast, with growth for 2026 revised downward reflecting the effects of the war in the Middle East.
- Most key commodity prices increased in the inter-MPC meeting period, especially the price of Brent crude oil, raising domestic inflation concerns.
- Turning to the domestic economy, available year-to-date indicators suggested that the economy remained subdued, despite a 2026 projected recovery.
- Inflationary pressures remained elevated, with annual inflation having risen through the second quarter, albeit lower on average during the first half of the year relative to the same period a year ago.
- Looking ahead, inflation was projected to stabilise in 2026, before slowing down in 2027, with upside risks remaining.
- PSCE growth moderated in the inter-meeting period, primarily ascribed to lower credit uptake by *businesses*.
- International reserves held by the Bank remained sufficient to sustain the currency peg and fulfil the country's international financial obligations, amid the widening trade deficit.

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21. **The MPC unanimously decided to keep the Repo rate unchanged at 6.75 percent.** Accordingly, the prime lending rate remained unchanged at 10.25 percent. This policy stance was deemed appropriate to support the stock of international reserves and safeguard the one-to-one link between the Namibia Dollar and the South African Rand.

22. **In determining the appropriate monetary policy stance, the MPC considered several key factors.** The MPC noted the need to close the interest rate gap between Namibia and the anchor country to stem capital outflows, alongside elevated inflationary pressures. However, the Committee opted to keep the Repo rate steady, reflecting a balanced assessment of subdued economic activity, a relatively benign inflation outlook and sufficient foreign exchange reserves.

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