BANK OF NAMIBIA

Minutes of the Monetary Policy Committee (MPC) Meeting

Windhoek, 1 - 2 December 2025

Bank of Namibia

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

None.

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

OTHERS PRESENT

Israel Zemburuka (Director: Strategic Communications and International Relations (SCIRD)); Postrick Mushendami (Deputy Director: RFSDD); Sanette Schulze Struchtrup (Deputy Director: RFSDD); Naufiku Hamunime (Deputy Director: SCIRD); 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); Grace Hamauka (Principal Economist: 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); Anthea Angermund (Deputy Director: FMD); Mukela Mabakeng (Technical Expert: RFSDD); Gerson Kadhikwa (Technical Expert: 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); Kennedy Stephanus (Senior Economist: RFSDD); Isabel Nghinamupika (Senior Economist: RFSDD); Sevelia Nakalemo (Senior Economist: RFSDD); Loise Katanga (Senior Economist: FMD); 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. **Despite remaining somewhat resilient, global economic growth had moderated since the previous MPC meeting.** Available third-quarter GDP data suggested that economic activity had slowed across the monitored economies. A notable exception was India, which maintained an upward growth trajectory. Looking ahead, the International Monetary Fund (IMF), in its October 2025 World Economic Outlook,

projected global growth to slow from 3.3 percent in 2024 to 3.2 percent and 3.1 percent in 2025 and 2026, respectively.

2. **In a special insert, the Committee was apprised of key developments from selected monitored economies.** Beginning with China, encouraging macroeconomic rebalancing efforts by the Chinese government were noted, with the economy likely to grow above expectations. Meanwhile, while higher US tariffs were noted to have filtered through to labour-intensive export industries, high-tech exports remained solid. Closer to home, particularly in South Africa, a flurry of positive news was highlighted. Specifically, growth was expected to increase to 1.2 percent for 2025. Moreover, the country had announced a reduction in its inflation target from the 3-6 percent range to a single-point target of 3 percent, with a one percentage point tolerance band. The bond market continued to rally, while the South African Rand strengthened against major trading currencies, including the US Dollar.

3. **The MPC noted a continued softening in the price of Brent crude oil since the previous MPC sitting.** Although the price of Brent crude fluctuated somewhat, it retreated on balance to approximately US$62 per barrel on 2 December 2025 relative to US$63 per barrel at the previous MPC meeting. The moderate downward trend was primarily sustained by increased global oil supply, a trend anticipated to continue into 2026.

4. **Diamond prices remained under pressure.** Despite a slight uptick in the Zimnisky global rough diamond price index since the October 2025 MPC meeting, diamond prices remained subdued, underpinned by weaker global demand and competition from lab-grown diamonds.

5. **Gold and uranium prices remained firm since the last MPC meeting.** The price of gold increased modestly to approximately US$4,275 per ounce on 1 December 2025, from US$4,133 per ounce on 13 October 2025. Gold prices continued to be sustained by safe-haven demand from both institutional and retail investors. Conversely, the uranium spot price fell to approximately US$76 per pound on 1 December 2025, from about US$79 per pound on 13 October 2025. Although remaining firm, the reduction in the spot price was mainly ascribed to an improved supply outlook.

6. **Copper and zinc prices continued their ascent since the previous MPC meeting.** Copper prices continued to rally, reaching US$11,263 per metric tonne on 1 December

2025, relative to US$10,919 per metric tonne on 13 October 2025. This increase continued to reflect supply concerns, amid rising demand. The price of zinc also rose to approximately US$3,101 per tonne during the same period, mainly driven by supply challenges.

7. **Consumer price inflation appeared generally contained across most of the monitored economies since the preceding MPC meeting.** Among the key Advanced Economies, inflation was lower in the United Kingdom and the Euro Area, while it rose modestly in the United States and Japan. Furthermore, inflation slowed in most of the monitored Emerging Market and Developing Economies, except in China and South Africa, where it increased marginally, although South Africa expected inflation to remain contained over the medium term. Looking ahead, the IMF projected global inflation to decline from 5.8 percent in 2024 to 4.2 percent in 2025 and 3.7 percent in 2026.

8. **The South African Reserve Bank reduced its policy rate, while other monitored monetary policy authorities mostly maintained their policy rates steady.** Most of the monitored central banks continued to hold policy rates steady since the previous BoN MPC meeting. The exceptions were the US Federal Reserve, the Bank of Russia and the South African Reserve Bank, which had reduced policy rates at their most recent meetings.

9. **The MPC took note of 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 domestic economic activity expanded modestly during the first ten months of 2025.** High-frequency indicators showed that the pace of expansion in domestic economic activity slowed during the first ten months of 2025 compared to the same period in 2024. This was primarily driven by contractions in *manufacturing*, *diamond mining*, *livestock farming*, and *transport*. Consistent with the sluggish year-to-date economic activity, growth was projected to moderate from 3.7 percent in 2024 to 3.0 percent in 2025, 0.5 percentage point lower than the forecast at the previous MPC sitting.

11. **For 2026 and 2027, however, growth was anticipated to rebound.** Real GDP growth was forecast to reach 3.8 percent in 2026 and 4.3 percent in 2027. The recovery was

expected to be primarily underpinned by a rebound in the *agriculture* sector, a sustained upturn in *construction*, robust *electricity generation* and stronger output from the *uranium* subsector. Downside risks to the outlook remained and included the possibility of renewed drought conditions, infrastructure constraints, and sluggish global demand.

12. **Relative to the previous MPC meeting, domestic inflation remained contained.** In particular, annual inflation averaged 3.6 percent during the first ten months of 2025, notably lower compared to 4.5 percent during the same period in 2024. The disinflation was primarily reflected in the categories of *housing*, *transport*, and *alcoholic beverages*. Notwithstanding, inflation had ticked up marginally to 3.6 percent in October 2025 from 3.5 percent in September 2025.

13. **Domestic inflation for 2025 was expected to remain stable compared to the previous forecast, while that of 2026 was adjusted downward.** For 2025, inflation was projected to remain unchanged at 3.6 percent, while that for 2026 was revised downward by 0.2 percentage point to 3.8 percent compared to the previous forecast. The 2026 revision reflected a stronger exchange rate assumption and a favourable oil price outlook. Risks to the forecast remain the exchange rate volatility and potential increases in administered and oil prices.

14. **Growth in Private Sector Credit Extension (PSCE) had slowed since the previous MPC meeting.** The annual growth in PSCE moderated to 4.7 percent in October 2025, relative to 5.8 percent recorded in August 2025. The slowdown reflected a reduction in credit extended to the corporate sector. Conversely, the year-to-date annual growth rate was higher compared to the same period in 2024, attributable to increased borrowing from the corporate sector. Credit extended to households remained subdued, with mortgage advances particularly remaining weak.

15. **The Central Government's debt stock declined at the end of October 2025.** The stock of Central Government debt declined to N$171 billion at the end of October 2025, down from N$176 billion at the end of September 2025, but remained above the level recorded a year ago. The month-on-month reduction was mainly due to the Eurobond redemption. It was further highlighted that while foreign debt had declined, domestic debt had risen. Overall, debt as a percentage of GDP stood at 67 percent, with the Ministry's expectations for it to fall to around 62 percent by the end of the Medium-Term Expenditure Framework.

16. **Turning to the external front, Namibia's merchandise trade deficit improved during the first ten months of 2025.** The MPC noted that Namibia's merchandise trade deficit narrowed by 14.5 percent to N$25.8 billion during the first ten months of 2025, compared to the corresponding period in 2024. The improved trade deficit continued to be primarily driven by higher export earnings, particularly from *uranium* and *gold*, relative to import payments during the period under review.

17. **The stock of international reserves remained sufficient to support the currency peg and fulfil Namibia's international financial obligations.** International reserves stood at N$48.6 billion at the end of October 2025, a decline from N$54.7 billion recorded at the end of September 2025. The reduction in foreign reserves was predominantly due to foreign debt repayments, including the Eurobond redemption, and higher import payments. The level of foreign reserves translated to an estimated import cover of 3.2 months, which remained adequate to sustain the currency peg between the Namibia Dollar and the South African Rand and meet the country's international financial obligations.

The MPC noted 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 somewhat resilient, with global growth having slowed slightly in the third quarter of 2025 and projected to inch slightly further downward through 2026.
- Since the previous MPC sitting, inflation remained relatively contained across monitored economies, while monetary policy rates were broadly steady. However, the SARB cut its policy rate at its latest MPC sitting.
- Prices for key commodities exhibited divergent trends, with gold and uranium prices remaining elevated.
- On the domestic front, economic activity continued to show signs of weakness, with the growth projection for 2025 revised downward, although a recovery was anticipated from 2026.
- Domestic inflation remained contained, with the 2025 projection unchanged, while that for 2026 was revised downward. Upside risks to the outlook, however, remained.

- Since the previous MPC meeting, PSCE growth had slowed, with mortgage credit remaining a source of concern.
- Foreign exchange reserves remained sufficient even after the Eurobond redemption, thereby sustaining the currency peg and fulfilling the country's international financial obligations, while the merchandise trade deficit improved, year-to-date, relative to the corresponding period in 2024.

19. **In determining the appropriate monetary policy stance, the committee considered several key factors.** Particularly, the Committee noted the prolonged global policy uncertainty and potential risks to the domestic economy. Moreover, the formal adoption of the 3 percent inflation target by South Africa was assessed to necessitate additional vigilance by the Namibian authorities in managing domestic inflation to ensure the continued smooth functioning of the exchange rate peg. Nevertheless, the slowdown in the pace of economic growth alongside weaker credit extension and a lowering of the inflation projection for 2026 were factors in favour of considering a further reduction of the Repo rate.

20. **The MPC further considered factors in favour of a pause.** Despite a deceleration in the pace of domestic economic activity, it was noted that the overall environment remained positive, with both current and projected inflation rates well-contained and growth set to recover over the medium term. While capital flows were assessed to be orderly and the MPC was gratified by the smooth redemption of the Eurobond, locking in a narrower interest rate differential with South Africa brought about by the SARB's rate reduction in November 2025 was equally deemed essential. The normalisation of the prime-repo rate spread, anticipated by year-end, was expected to already provide further support to the domestic economy, bringing the level of the prime rate to 10.00 percent.

21. **Weighing up these considerations, the MPC decided to maintain the Repo rate at its current level of 6.50 percent.** Commercial banks were accordingly expected to keep their prime lending rates at 10.125 percent (and at 10.00 percent from year-end onward). This policy stance was deemed appropriate for safeguarding the one-to-one link between the Namibia Dollar and the South African Rand, while remaining supportive of domestic economic activity.