BANK OF NAMIBIA

Minutes of the Monetary Policy Committee (MPC) Meeting

Windhoek, 15 - 16 June 2026

Bank of Namibia

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

MPC MEMBERS PRESENT

Ebson Uanguta	Governor (Chairperson)
Nicholas Mukasa	Deputy Governor
Emma Haiyambo	Director: RFSDD[1]
Helvi Fillipus	Economic Advisor: Governor's Office
Anthea Angermund	Director: FMD
John Steytler	External MPC Member

SECRETARY

Doughlas Ndana	Senior Economist: RFSDD

APOLOGIES

Leonie Dunn	Deputy Governor

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); Daisy Mbazima-Lando (Principal Economist: RFSDD); Mukela Mabakeng (Technical Expert: RFSDD); Gerson Kadhikwa (Technical Expert: RFSDD); Elifas Iiyambula (Principal Economist: RFSDD); Gracianu Kavaleka (Senior Economist: RFSDD); Kennedy Stephanus (Senior Economist: RFSDD); Helena Nghipunya (Economist: RFSDD).

PARTIAL ATTENDANCE

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

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 growth across the monitored economies was mixed since the April 2026 MPC meeting, while uncertainty remained relatively elevated.** It was noted that economic activity exhibited varied performance across key economies during the period under review. While growth was relatively firm in the United States (US), China, India, and South Africa during the first quarter of 2026, it remained subdued in most other key economies.

2. **Global economic activity was anticipated to remain under pressure in 2026, before somewhat recovering in 2027.** The RFSDD reported that the International Monetary Fund (IMF), in its April 2026 World Economic Outlook, projected global growth to decelerate from an estimated 3.4 percent in 2025 to 3.1 percent in 2026 and 3.2 percent in 2027. Similarly, the Organisation for Economic Co-operation and Development projected global growth at 2.8 percent for 2026 and 3.1 percent in 2027. Downside risks remained, including the re-escalation of geopolitical tensions, energy price pressures, potential El Niño conditions, and growing fiscal vulnerabilities.

3. **Global fiscal debt was forecast to remain elevated over the medium term, while global trade was projected to decline.** Global debt was forecasted to rise from 94

percent of GDP in 2025 to 100 percent by 2030, primarily due to persistent fiscal pressures. Regarding global trade, growth was anticipated to decelerate from 5.0 percent in 2025 to 3.1 percent in 2026 and 2.9 percent in 2027, owing particularly to supply constraints stemming from geopolitical tensions in the Middle East.

4. **The price of Brent crude oil had declined relative to the previous MPC meeting.** The Brent crude oil price receded from triple-digit levels at the previous MPC meeting to a three-month low of approximately US$78 per barrel on the 16th of June 2026. This decline was attributable to the announcement of a US-Iran interim peace agreement aimed at extending the ceasefire and reopening the Strait of Hormuz. It was further noted that prices may not return to pre-war levels in the near term, due to lags in the resumption of energy production and logistic flows.

5. **Diamond prices remained subdued since the preceding MPC sitting.** The Zimnisky Global Rough Diamond Price Index was lower since the previous MPC sitting, despite the most recent signs of stabilisation. However, prices remained subdued due to competition from lab-grown diamonds, whose share of the global diamond jewellery market increased over recent years to around 45 percent.

6. **Despite remaining relatively firm, gold and uranium prices were lower compared to their levels at the previous MPC sitting.** The price of gold remained on a downward path, falling from US$4,741 per ounce at the previous MPC meeting to US$4,354 per ounce on the 16th of June 2026, reflecting a stronger US Dollar, profit-taking and prospects of higher interest rates. Turning to uranium, the spot price eased to US$85 per pound, down from US$87 per pound previously reported. Notwithstanding this moderation, the spot price remained firm on the back of sustained global demand.

7. **Conversely, zinc and copper prices traded somewhat higher since the previous MPC meeting.** The price of zinc rose to approximately US$3,566 per tonne on the 16th of June 2026, up from US$3,400 per tonne at the April 2026 meeting. Similarly, the price of copper was higher at US$13,813 per metric tonne on the 16th of June 2026, compared with US$13,217 per metric tonne that prevailed at the previous MPC meeting. The upward momentum in both metal prices was primarily attributed to sustained demand.

8. **Inflation across monitored economies had increased since the previous MPC meeting.** Inflationary pressures intensified relative to the preceding MPC, reflecting the

effects of the energy price shock and supply chain disruptions. Notably, inflation rose sharply in South Africa from 3.1 percent in March 2026 to 4.0 percent in April 2026. With energy and food prices expected to remain notably higher in 2026, the IMF projected global inflation to increase from 4.1 percent in 2025 to 4.4 percent in 2026, before decelerating to 3.7 percent in 2027.

9. **The MPC noted signs of monetary policy tightening across monitored central banks.** The RFSDD stated that monetary policy stances had shifted from the generally cautious approach at the previous MPC meeting towards a tightening stance, attributed to rising inflationary pressures. In this regard, the South African Reserve Bank, the European Central Bank, and the Bank of Japan increased their policy rates at their latest monetary policy meetings. Meanwhile, interest rates were expected to remain steady in the US and the United Kingdom.

10. **Finally, the RFSDD highlighted several key implications for Namibia, considering the global economic environment.** Specifically, while Government measures aimed at mitigating the impact of elevated global energy prices on Namibians were welcomed, it was noted that such efforts could not be sustained over the medium term. Moreover, although firm international prices for gold, copper and uranium continued to support export earnings, these gains were insufficient to offset the decrease in Government revenue primarily attributed to the subdued diamond sector. It was also stated that rising bond yields, alongside a stronger US Dollar, could exert depreciation pressure on the South African Rand and, by extension, the Namibian Dollar. Furthermore, the MPC discussed growing El Niño conditions and underscored the imperative to raise awareness regarding their potential implications for Namibia.

11. **The MPC noted the global economic developments**.

THE DOMESTIC ECONOMY

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

12. **The MPC noted that domestic economic activity remained weak over the first four months of 2026 relative to the same period in 2025.** Specifically, high-frequency indicators pointed to broad-based sluggishness in economic activity, but this was most pronounced in the *mining*, *manufacturing*, *tourism*, *electricity generation*, *construction*, and *communication* sectors. Meanwhile, activity in the *agriculture sector* improved notably, owing particularly to strong crop production during the period under review.

13. **Looking ahead, growth was forecast to recover in 2026, albeit remaining weak.** The RFSDD reported that the Namibian economy was projected to recover from 1.7 percent in 2025 to 2.6 percent in 2026, supported by anticipated stronger activity in *uranium mining*, *wholesale and retail trade*, financial services and *public administration and defense* sectors. Downside risks nevertheless remained, including continued geopolitical tensions, weaker global demand, and the looming El Niño conditions.

14. **Domestic consumer price inflation accelerated markedly since the last MPC meeting.** The war-induced inflationary pressures noticeably filtered through to domestic inflation. Accordingly, headline inflation accelerated from 2.1 percent in March 2026 to 4.1 percent in May 2026, primarily due to higher prices in the *transport* category. Year-to-date, however, inflation averaged 2.9 percent, lower than the 3.6 percent recorded in the corresponding period of 2025.

15. **The domestic inflation outlook was revised upward, relative to the previous forecast.** Headline inflation was projected to increase from 3.5 percent in 2025 to 4.0 percent in 2026 before falling to 3.6 percent in 2027, 0.3 percentage points and 0.2 percentage point higher than the previous forecast, respectively. The upward revision reflected a higher oil price assumption. Risks to the domestic inflation outlook remain tilted to the upside, driven primarily by potential increases in administered prices, currency fluctuations, and the potential re-escalation of the conflict in the Middle East.

16. **Growth in Private Sector Credit Extension (PSCE) rose moderately relative to the previous MPC meeting.** Annual growth in PSCE stood at 4.8 percent in April 2026, 0.1 percentage point above its level at the February 2026 MPC meeting, due to a rise in credit uptake by *households*, while credit to *businesses* slowed. Similarly, PSCE growth was marginally higher on a year-to-date basis, averaging 4.5 percent compared to 4.4 percent during the same period in 2025.

17. **Public debt remained elevated in May 2026, mainly on account of higher domestic debt issuance.** Central Government debt stood at N$180.7 billion as at the end of May 2026, representing an annual increase of 6.5 percent, largely driven by the higher issuance of both treasury bills and internal registered stocks. Consequently, public debt-to-GDP was at approximately 65 percent, and it was estimated to average 67.0 percent of GDP over the medium-term expenditure framework.

18. **On the external front, Namibia's merchandise trade deficit deteriorated, notwithstanding a faster increase in export receipts.** The merchandise trade deficit widened to N$11.7 billion during the first four months of 2026, up from N$11.3 billion in the corresponding period in 2025. The wider trade deficit was attributed to higher import payments, predominantly in the category of *mineral fuels,* consistent with the notable rise in global fuel prices. Despite rising at a faster pace, export earnings could not offset the impact of the rise in import payments on the deficit during the period under review. Furthermore, the trade deficit was anticipated to remain under pressure, as prices of energy, sulphur and urea imports were expected to remain elevated in the near-term.

19. **The stock of international reserves remained sufficient to support the currency peg and fulfil Namibia's international financial obligations**. Official reserve assets rose to N$55.4 billion at the end of May 2026 from N$51.8 billion at the end of March 2026, mainly due to SACU receipts, customer foreign currency placements and monetary gold acquisition. At this level, foreign reserves translated to an estimated import cover of 3.5 months, which remained sufficient to support the currency peg and meet the country's international financial obligations.

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

ADOPTION OF THE MONETARY POLICY STANCE

21. **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:

- Despite somewhat slowing , global economic uncertainty remained elevated, precipitated by geopolitical tensions in the Middle East.
- Consequently, global growth was forecast to remain under pressure in 2026, before somewhat recovering in 2027.
- Moreover, the global disinflationary trend had been disrupted, with the inflation outlook revised upward since the preceding MPC meeting.
- Global public debt remained a concern, and it was projected to reach 100 percent of GDP by 2030.
- Trends in key commodity markets diverged, with Brent crude oil having retreated to a three-month low most recently, while diamond prices remained subdued.

- Turning to the domestic economy, year-to-date, economic activity slowed relative to the same period in 2025. Nevertheless, growth was forecast to recover in 2026, despite significant downside risks.
- Inflationary pressures had risen, particularly emanating from the energy price shock introduced by the war in the Middle East. Accordingly, the medium-term inflation outlook was revised upward relative to the previous forecast, with upside risks remaining.
- Despite ticking up somewhat since the previous MPC meeting, PSCE growth had remained subdued.
- Foreign exchange reserves remained sufficient to sustain the currency peg and fulfil the country's international financial obligations. Meanwhile, the trade deficit had deteriorated and was expected to remain under pressure in 2026, as import prices for key items such as *mineral fuels* were anticipated to remain elevated.

22. **Against this backdrop, the MPC decided to increase the Repo rate by 25 basis points to 6.75 percent.** This increase effectively brought the Prime lending rate to 10.25 percent. This policy stance was deemed appropriate to mitigate against inflationary risks, support the stock of international reserves and safeguard the one-to-one link between the Namibia Dollar and the South African Rand.

23. **In determining the appropriate monetary policy stance, the MPC considered several key factors.** In this regard, the MPC noted rising global and domestic inflationary pressures over the near term, despite the ensuing peace agreement between the United States and Iran. The Committee was mindful of the subdued domestic economic activity and sluggish credit extension to the private sector. However, balancing these against the imperative to maintain the currency peg and mitigate second-round effects of the energy shock, a moderate tightening of monetary policy was deemed appropriate. The Bank will closely monitor economic data, particularly developments in inflation expectations and capital flows, and will respond appropriately to contain second-round effects and safeguard the currency peg. The MPC also considered a 50-basis point increase, primarily to close the negative interest rate differential with South Africa.