

Monetary Policy Outlook

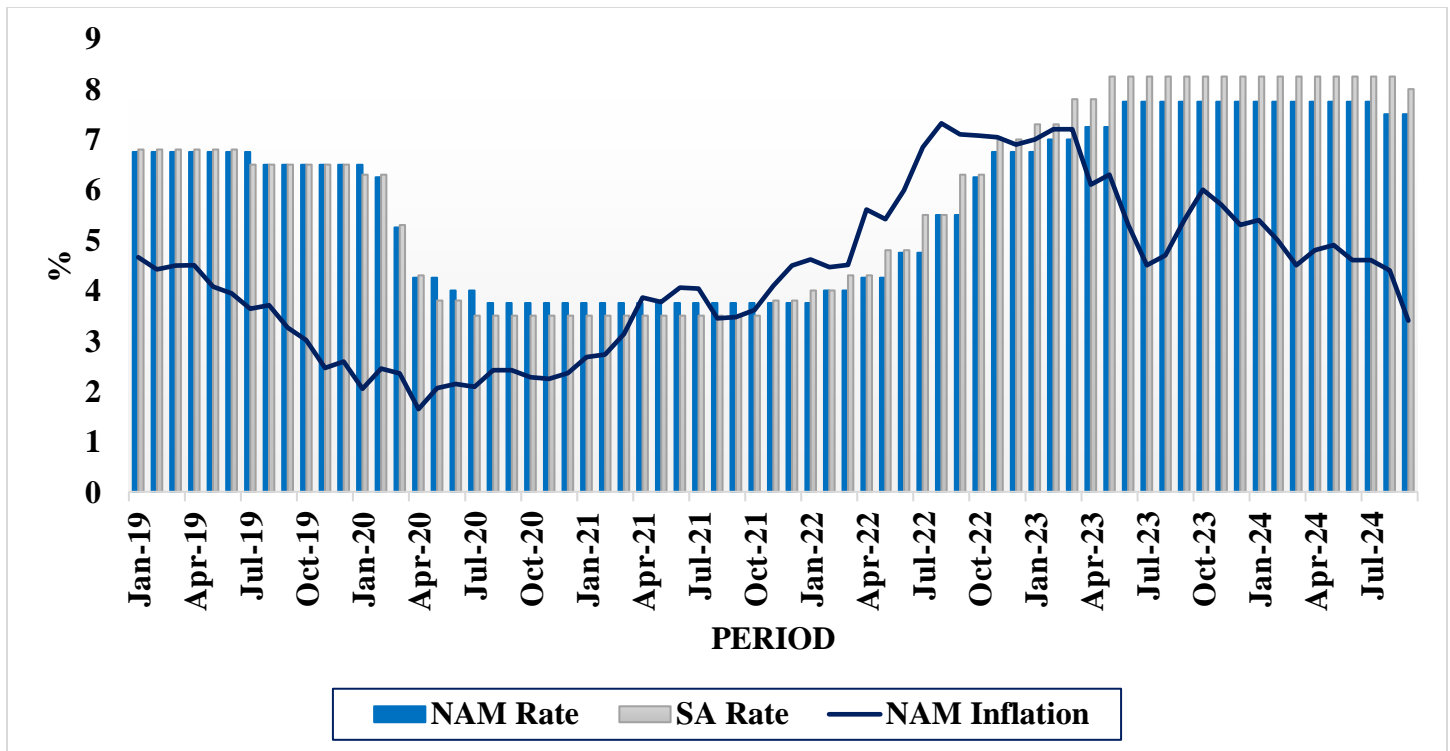
15 October 2024

Namibia’s inflation rate has been steadily declining since the end of Quarter 2 (2024Q2), recording a headline inflation rate of 3.4% in September 2024, down from 5.4% in September 2023. This reduction follows the Monetary Policy Committee’s announcement of a repo rate decrease from 7.75% to 7.5% at the beginning of September (see Figure 1).

The Bank of Namibia (BoN) is expected to adopt monetary policies similar to those of the South African Reserve Bank (SARB), which lowered its repo rate from 8.25% to 8% in September 2024. This alignment is anticipated due to the currency peg within the Common Monetary Area (CMA).

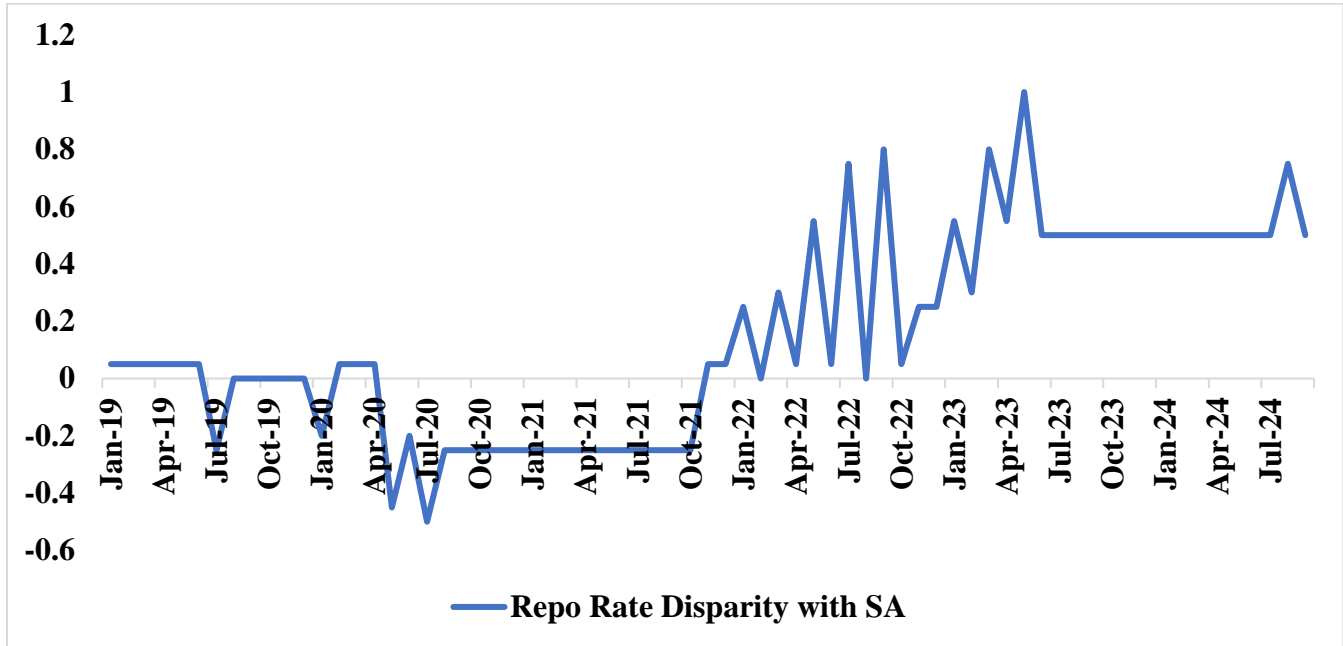
Since January 2019, there has been a consistent disparity between the repo rates of Namibia and South Africa, ranging from -0.5% to 1% (see Figure 2). On October 16, 2024, the Monetary Policy Committee will announce its decision regarding the repo rate. We anticipate that the Bank of Namibia will likely reduce the repo rate by 25 basis points to continue stabilizing inflation around the midpoint of the 3%–6% target range.

Figure 1: Namibia and South Africa rates



Source: Bank of Namibia, South African Reserve Bank & HEI Research

Figure 2: Namibia and South Africa repo rate disparity (RSA repo rate minus NAM repo rate)



Source: Bank of Namibia, South African Reserve Bank & HEI Research

