

# Monetary Policy Outlook

## 07 February 2025

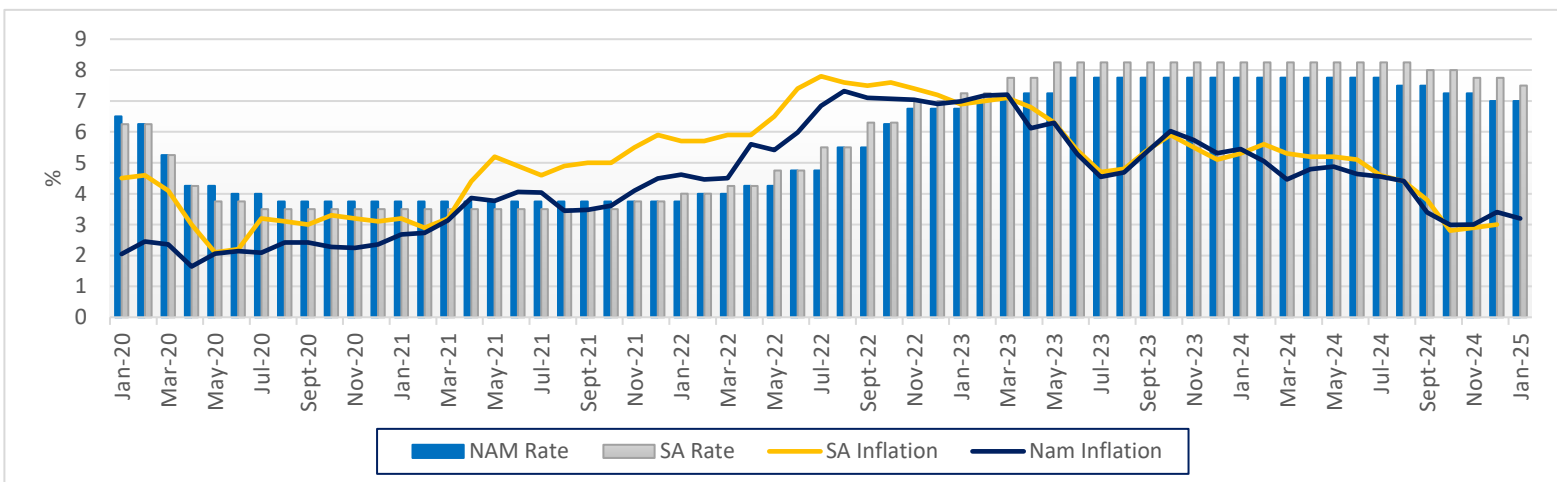
Namibia’s inflation has remained relatively constrained since mid-2023, averaging within or below the 3–6% range since June 2023. Monetary policy has been relatively subdued, with the repo rate unchanged since the Monetary Policy Announcement (MPA) in June 2023. Since the last repo announcement in December, inflation has slightly increased from 3.0% in November 2024 to 3.2% in January 2025.

Growth in Private Sector Credit Extension (PSCE) improved to 4.0% in December 2024, up from 3.3% in November 2024. Meanwhile, the stock of international reserves rose to approximately N\$63 billion as of the end of December 2024, compared to N\$60.8 billion at the end of November. This level of reserves should be sufficient to cover several months of imports, ensuring the stability of the currency peg between the South African Rand and the Namibian Dollar.

Additionally, on January 30, the South African Reserve Bank (SARB) announced a 25-basis point (bp) cut in the repo rate to 7.5%, reducing the interest rate disparity with Namibia back to 0.5% (Figure 2). The cut aligns with South Africa’s inflation rate, which reached 3.0% in December, the lower bound of its 3–6% inflation target. The SARB also highlighted concerns over the exchange rate outlook for the Rand but, in the long term, expects the repo rate to stabilize near 7.25%—25 bp below the current rate.

The Bank of Namibia is scheduled to hold its first Monetary Policy Announcement of the year on **February 12, 2025**. The BoN is likely to keep the rate steady or cut the repo rate by 25 bp to 6.75% given the prevailing inflation.

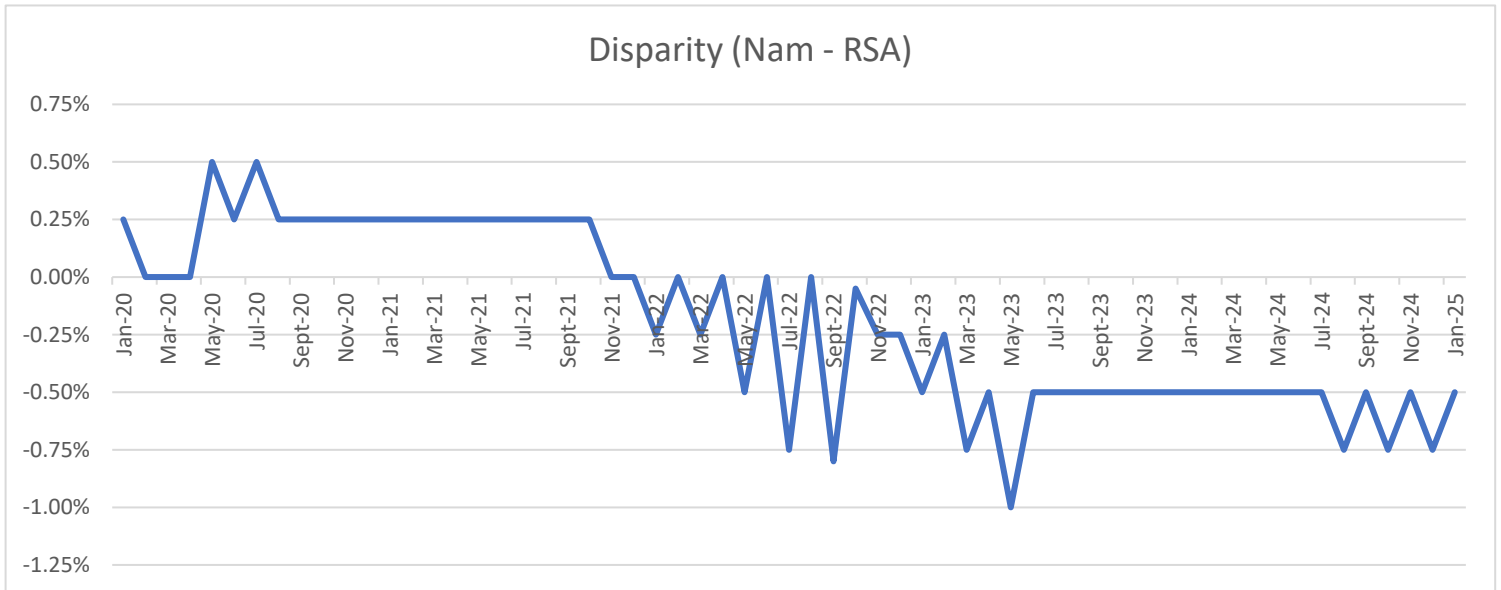
**Figure 1: Namibia and South Africa Repo Rates, January 2020 – January 2025**



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

**Figure 2: Namibia vs South Africa Repo Disparity (January 2020 – January 2025)**



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