

BANK OF BOTSWANA

Press Release

MONETARY POLICY DECISION

At the meeting held today, the Bank of Botswana Monetary Policy Committee decided to reduce the Bank Rate by one percent, from 15 percent to 14 percent.

Although inflation remains above the Bank's medium-term objective range of 3 – 6 percent, it is anticipated that inflation will move towards it in 2009. However, there is a threat to the inflation outlook due to a possible significant increase in administered prices. On the other hand, continued deterioration in the global economic performance, as well as weaker domestic economic activity, would further dampen inflationary pressures.

In reducing interest rates the Bank recognises the favourable inflation outlook, which provides scope for an easing of monetary policy to support domestic economic activity. The Bank remains committed to responding appropriately to all economic and financial developments to maintain inflation within the medium-term objective range, which is supportive of long-run sustainable economic growth.

February 27, 2009

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