

BANK OF BOTSWANA

PRESS RELEASE

ADJUSTMENT OF BANK RATE

The Bank of Botswana reduced the Bank Rate today by one quarter percentage point (25 basis points) to 14 percent. The last change in the Bank Rate was in October and December, 2003 when the Rate was reduced, by 50 basis points each time.

The reduction in the Bank Rate reflects the generally positive outlook for inflation, although there are some risks that might undermine the expected outcome. International inflationary pressures remain relatively benign and the rates of growth of commercial bank credit and government expenditure are also currently consistent with the Bank's inflation objective for 2005.

In line with the underlying policy objective of a low and sustainable rate of inflation, the Bank will continue to closely monitor financial and price developments in the coming months and take whatever action may be necessary to meet its policy objectives.

In the context of the reduction in the Bank Rate, it is expected that financial institutions will ensure that commercial lending rates are not punitively high.

April 25, 2005

**For further information please contact:**

**Mr Chepete Chepete**

**Public Relations Officer**

**Tel. 360 6580**