

BANK OF BOTSWANA

Press Release

MONETARY POLICY DECISION

At the meeting held today, the Bank of Botswana Monetary Policy Committee decided to maintain the Bank Rate at 14.50 percent.

However, the Committee noted that inflation remains way above the Bank's upper limit of six percent, in the main due to the impact of higher fuel and food prices. Inflation is expected to decline in the second half of 2008 and be close to seven percent by the first quarter of 2009. The Committee noted that there are significant risks to this outlook, in particular the uncertainty with respect to food, fuel and other administered prices and the impact of a wage-induced increase in demand. Against this background, the Bank has adopted a tightening monetary policy bias with the objective of sustaining the medium-term inflation path and expectations of low inflation.

To this end, the Bank remains committed to responding appropriately to all economic and financial developments to keep inflation under control.

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