

**Bank of Botswana**  
**Press Release**  
**Monetary Policy Decision**

At the meeting held today, the Bank decided to reduce the Bank Rate by half a percentage point from 11.5 to 11 percent.

Since December 2008, inflation has declined continuously to reach the upper limit of the Bank's medium term objective range of 3 – 6 percent in July 2009. Although inflation is likely to fluctuate in the short-term, it is expected to stabilise around the objective range over the medium-term. Underlying the positive inflation outlook is the subdued global economic activity and the projected below-trend performance of the domestic economy. The upside risks to this outlook include the possibility of an increase in administered prices and the uncertainty with respect to international oil prices. However, the low domestic economic growth should contribute to a low inflationary environment, in the context of the weak global economic performance and the associated low inflationary pressures.

The decision is based on the recognition that the favourable inflation outlook continues to exist in the medium term, which is the relevant time frame for monetary policy to have an effect. The Bank remains committed to responding appropriately to all economic and financial developments to achieve medium-term price stability, which contributes to long run sustainable economic growth.

The Mid-Term Review of the 2009 Monetary Policy Statement, which provides a detailed analysis of economic developments, medium-term outlook for inflation and risks and an evaluation of the monetary policy stance, will be available on the Bank's website (<http://www.bankofbotswana.bw>) shortly.

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