

3.3 Monetary developments

Lower growth in banking sector assets

Annual growth in banking sector assets decreased from 6.5 percent in January 2018 to 4 percent in February 2018 (Chart 3.5). This was partly due to a decrease in the Bank of Botswana's rate and a slowdown in the growth of balances due from foreign banks.

Chart 3.5: Year-on-Year Commercial Banks' Growth in Total Assets



Source: Commercial Banks

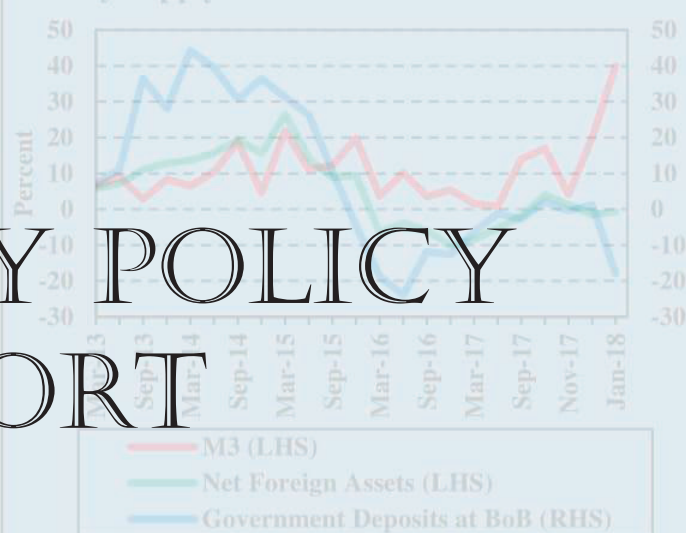
Credit growth remains stable

Annual growth in commercial banks' credit remained the same (4.9 percent) in December 2018 as in the previous month (Chart 3.6). This was reflected by stable growth in lending to the business sector (mainly due to the steady growth in credit extended to resident businesses) and a negligible decrease of 0.1 percent in growth in lending to households.

Bank Rate unchanged

At the August 2017 MPC meeting, the Bank Rate was maintained at 5.5 percent on account of a positive medium-term inflation outlook, which reflected moderate domestic demand pressures and the modest increase in foreign prices. The policy stance was also assessed to be supportive of economic activity.

Chart 3.: Year-on-Year Growth in Money Supply



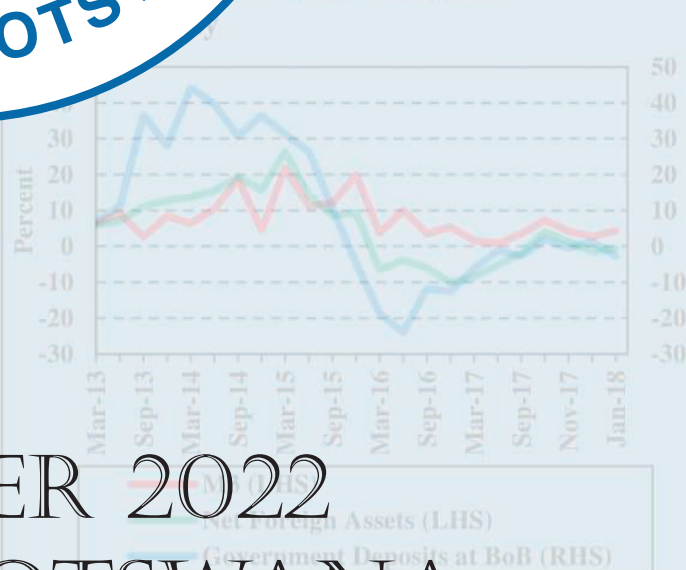
Source: Commercial Banks, Bank of Botswana



Money supply accelerates

Annual growth in money supply (M3) accelerated to 40 percent in December 2018 from 37 percent in January 2018 (Chart 3.7). This was due to the expansionary effect of the growth of Government Deposits at BoB, which was offset by a decline in growth of net

Chart 3.7: Year-on-Year Growth in Money Supply



Source: Commercial Banks, Bank of Botswana

DECEMBER 2022
BANK OF BOTSWANA

STRATEGIC INTENT STATEMENTS

VISION

The Bank aspires to be a world-class central bank with the highest standards of corporate governance and professional excellence.

MISSION

The mission of the Bank is to contribute to the sound economic and financial well-being of the country. The Bank seeks to promote and maintain:

- monetary stability;
- a safe, sound and stable financial system;
- an efficient payments mechanism;
- public confidence in the national currency;
- sound international financial relations; and to provide:
 - efficient banking services to its various clients; and
 - sound economic and financial advice to Government.

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1. PREFACE

1.1 Purpose of the report

The Monetary Policy Report (MPR) is the main medium through which the Bank of Botswana (the Bank) informs the public about the conduct of monetary policy on a regular or timely basis. It serves to meet the public's expectation of a transparent and accountable central bank in fulfilling the monetary policy mandate set out in the Bank of Botswana Act (Cap 55:01).

The MPR presents the Bank's review of economic and inflation trends as well as policy performance. The report also provides an assessment of economic and financial developments that are likely to influence the inflation path in the medium term and, in turn, the Bank's future policy choices. In this respect, the MPR promotes an understanding of the conduct of monetary policy to anchor public expectations of a low, predictable and sustainable level of inflation.

1.2 Monetary policy framework

The primary objective of the Bank's monetary policy is to achieve price stability. For Botswana, price stability is defined as a sustainable level of annual inflation, as measured by the consumer price index (CPI), that is within the Bank's medium-term objective range of 3–6 percent. The policy is also formulated with a view to safeguarding the stability of the financial system. The monetary policy framework is anchored on the crawling band exchange rate mechanism, which seeks to maintain a stable real effective exchange rate (REER) conducive for macroeconomic stability and the international competitiveness of domestic producers of tradeable goods and services. The Ministry of Finance (MoF), in consultation with the Bank, makes a recommendation on the parameters of the exchange rate mechanism (weights of currencies that comprise the Pula Basket and the rate of crawl) that determine the value of the Pula, for approval by His Excellency, the President. In addition, the Bank has traditionally used the Bank Rate (uses the Monetary Policy Rate (MoPR) as of April 2022)¹ to influence short-term interest rates to steer the economy through the business cycles, thus contributing to sustainable economic growth.

In evaluating policy options, the Bank implements a forward-looking monetary policy framework with a central role for a medium-term inflation forecast. The Bank sets the policy to direct projected movements of inflation towards the medium-term objective, while considering the prevailing rate of crawl of the exchange rate mechanism, prospects for economic growth and developments relating to the stability of the financial system. The policy horizon is up to 3 years, and evaluated on a rolling basis, because monetary policy affects price developments with a lag estimated at up to four quarters. A proactive approach to setting policy necessitates a continuous review of the inflation outlook.

The monetary policy stance is signalled by the MoPR. To support this signal, the Bank uses open market operations, which entail, primarily, auctioning of the Bank of Botswana Certificates (BoBCs) using fixed rate full allotment system, engaging in Repo/Reverse Repo transactions with commercial banks (primary dealers), and a one-month BoBC paper to help address some of the structural liquidity positions and support the construction of the short-end of the yield curve.

1.3 Decision-making process

Monetary policy is implemented in line with the decisions of the Monetary Policy Committee (MPC). The Committee comprises: the Governor (Chairman); Deputy Governors; the Chief Operating Officer; Director and Deputy Directors of the Research and Financial Stability Department responsible for

¹ Effective April 28, 2022, the MoPR is used as the new policy signaling rate in place of the Bank Rate (see Box 1 for further details).

monetary policy and financial stability; Director and Deputy Director of the Financial Markets Department responsible for the domestic market operations; and Director of the Banking Supervision Department. However, with the promulgation of the Bank of Botswana (Amendment) Act, 2022, the MPC shall comprise senior management of the Bank including the Governor, Deputy Governors and other senior staff from departments responsible for research, monetary policy implementation and market surveillance and supervision, as well as four external additional members appointed by the Minister (See Box 3 for further details). The MPC holds six pre-scheduled meetings or more per year, as necessary, during which the monetary policy stance is determined. Prior to the commencement of the year, the dates for the MPC meetings for the ensuing year are announced.

1.4 Announcement of the monetary policy decision

The monetary policy decision is announced through a Press Release shortly after each MPC meeting. The Press Release informs the public of the Committee's decision regarding the MoPR and the reasons for the policy choice. The Governor holds a Press Briefing to allow for interaction with members of the media and to promote understanding of the Bank's economic analysis and policy stance (Box 4).

The first MPC meeting of the year, held in February, is accompanied by the issuance of the Monetary Policy Statement, through which the Bank reports on inflation trends, policy performance and the likely policy posture for the ensuing year. Subsequently, the MPR is produced for the April, August and December meetings. The MPR is published on the Bank website (www.bob.bw) within a week of the announcement of a policy decision.

2. EXECUTIVE SUMMARY

In 2022, monetary policy is being implemented in the context of projections for elevated inflation in the near term, associated with upward adjustment of administered prices, a modest recovery in domestic demand resulting from the easing of containment measures due to deployment of effective COVID-19 vaccines, and projected relatively high foreign prices in the short term. Overall, the current state of the economy is characterised by high inflation, and elevated short-term inflation outlook that partly emanates from the second-round effects and entrenched expectations for higher inflation. However, the economy is projected to operate below full capacity in the short to medium term and, therefore, not creating any demand driven inflationary pressures. Thus, the MPC maintained the MoPR at 2.65 percent at the October 2022 meeting to support economic recovery. This followed a cumulative 151 basis points policy rate increase at the MPC meetings of April, June and August 2022.

The Bank's formulation and implementation of monetary policy focuses on entrenching expectations of low, sustainable and predictable level of inflation through a timely response to price developments. The Bank remains committed to responding appropriately to preserving price stability without undermining economic activity.

The world economy continues to suffer from multiple shocks stemming from the COVID-19 pandemic, lockdowns in China, subdued consumer spending amid heightened inflation, as well as the Russia Ukraine war and its associated negative spillovers. The war resulted in exorbitantly high commodity prices and elevated inflationary pressures which have, thus, contributed to tighter financial conditions, and slowdown in global economic activity. Output growth in the United Kingdom (UK) slowed down, quarter-on-quarter, from 0.8 percent in the first quarter of 2022 to 0.2 percent in the second quarter of 2022, due to slower growth in the services sector. Meanwhile, the euro area output slowed quarter-on-quarter, from 0.7 percent in the second quarter of 2022 to 0.2 percent in the third quarter of 2022, reflecting the negative impact of elevated inflationary pressures and interest rate hikes at the recent meetings. In contrast, China's economy expanded significantly from an annualised growth of 0.4 percent in the second quarter of 2022 to 3.9 percent in the third quarter, owing to the various measures implemented by the Chinese government to support businesses amid the COVID-19 pandemic. Likewise, in the United States of America (US), real gross domestic product (GDP) grew by an annualised 2.9 percent in the third quarter of 2022, following a contraction of 0.6 percent in the second quarter, exiting the technical recession, mainly due to an increase in exports and consumer spending.

The global economic outlook for 2022 was unchanged in the International Monetary Fund (IMF)'s October 2022 World Economic Outlook (WEO), but remains broadly restrained, largely due to tightening financial conditions in most regions to contain elevated inflationary pressures. The elevated inflationary pressures continue to erode purchasing power, while lockdowns in China to contain the spread of the COVID-19 virus also continue to weigh heavily on the global economic outlook. Thus, prospects for growth in both advanced economies and emerging economies remain broadly restrained and forecast to moderate from 5.2 percent and 6.6 percent in 2021 to 2.4 percent and 3.7 percent in 2022, respectively. Overall, the global economy is also forecast to slow down from an expansion of 6 percent in 2021 to 3.2 percent in 2022.

Global commodity prices decreased in the third quarter of 2022, but remained above pre-pandemic levels, in part, due to reduced demand associated with lockdowns in China to contain COVID-19 virus, as well as the appreciation of the US dollar. In addition, aggressive interest rate hikes by major central banks to combat high inflation, have resulted in the decline in demand for commodity prices, particularly oil. Thus, international oil prices decreased, averaging below USD100 per barrel in the third quarter of 2022. Similarly, diamond prices decreased in the third quarter of 2022 mainly due to the decline in demand by China. Likewise, the United Nations' Food and Agriculture Organisation (FAO) food price index decreased during the same period, mainly because of prospects for increased export supply from the signed grain supply deal between Ukraine, Russia, Turkey, and the United Nations.

Domestically, headline inflation averaged 14.2 percent in the third quarter of 2022, higher than the 8.7 percent in the third quarter of 2021, mostly accounted for by broad-based increases in prices of most categories of goods and services, particularly the increases in domestic fuel prices effected on June 28, 2022. Inflation is forecast to remain above the Bank's 3–6 percent objective range into the medium term, but to trend downwards from the fourth quarter of 2022 and to revert to within the objective range in the third quarter of 2024. Compared to the October 2022 forecast, inflation is projected to be slightly lower in the short term, mainly reflecting the impact of the recent decrease in domestic fuel prices and the appreciation of the Pula against the South African rand.

There is significant risk that inflation could remain elevated owing to factors that include the potential increase in international commodity prices beyond current forecasts; persistence of supply and logistical constraints to production; the adverse economic and price effects of the ongoing Russia-Ukraine war; the uncertain COVID-19 profile; and the tension between China and Taiwan. On the domestic front, the risks for higher inflation than currently projected relate to possible annual adjustments of administered prices not included in the forecast; short-term consequences of import restrictions; second-round effects of the recent increases in administered prices; upward pressure on wages across the economy emanating from the increase in public service salaries; and entrenched expectations for higher inflation, which could lead to higher general price adjustments. These risks are, however, moderated by the possibility of weaker-than-anticipated domestic and global economic activity due to geo-political tensions and possible restrictions in response to any emergence of new COVID-19 variants. Lower international commodity prices than currently projected could also result in lower inflation, as would capacity constraints in implementation of projects, including the Economic Recovery and Transformation Plan (ERTP) initiatives.

Botswana's real GDP grew by 6.7 percent in the twelve months to June 2022, compared to the growth of 5.1 percent in the year to June 2021. The increase in output was mainly attributable to the expansion of production in the mining sector, while the non-mining sector output growth decelerated. The increase in output resulted from an improved economic performance from a low base in the corresponding period in the previous year, emanating from the negative output effects of the COVID-19 pandemic containment measures. The prevailing accommodative monetary conditions, reforms to further improve the business environment, and government interventions against COVID-19, including vaccine rollout and implementation of the ERTP, should generally be positive for economic activity in the medium term. The domestic economy is forecast to expand by 4.2 percent in 2022, from a higher expansion of 11.4 percent in 2021.

In the year to September 2022, commercial bank credit growth decelerated to 6.4 percent, from 7.4 percent in September 2021, reflecting, in part, the effects of the recent monetary policy tightening by the Bank, which has a dampening effect on demand. Money supply (M2) accelerated by 10.5 percent in the year to September 2022, compared to 3.6 percent in September 2021.

At the end of September 2022, the official foreign exchange reserves amounted to P54.5 billion, an increase of 4.6 percent from P52.1 billion in September 2021. The current account of the balance of payments (BoP) is estimated to have recorded a surplus of P6.2 billion in the second quarter of 2022, compared to a revised deficit of P3 billion in the corresponding period in 2021.

Following the annual exchange rate policy review in December 2021, an annual downward rate of crawl of 2.87 percent was maintained for 2022, with a view to enhancing domestic industry competitiveness in response to the adverse impact of the COVID-19 pandemic on the economy. Consequently, the nominal effective exchange rate (NEER) of the Pula depreciated by 2.8 percent in the twelve months to November 2022. Against the basket currencies, the Pula depreciated by 3.8 percent against the South African rand and 2.1 percent against the SDR in the twelve months to November 2022. In the year to October 2022, the REER appreciated by 1.9 percent, because of a higher positive inflation differential (4.9 percentage points) between Botswana and trading partner countries than the downward rate of crawl (2.8 percent).

3. RECENT ECONOMIC DEVELOPMENTS

3.1 Recent global economic developments

Global growth improved

According to the October 2022 WEO, the global economy is estimated to have expanded by 6 percent in 2021, compared to a contraction of 3.1 percent in 2020 (Table 3.1). The improved global economic performance in 2021 was on the backdrop of recovery in demand resulting from the easing of the COVID-19 pandemic containment measures, as countries rolled out effective vaccines and reopened. However, the recovery in 2021 was followed by gloomy developments in 2022, because of multiple shocks stemming from the slowdown in economic activity in China due to frequent lockdowns to contain the spread of COVID-19 virus, a cost-of-living crisis caused by persistent and broadening inflationary pressures, as well as the Russia Ukraine war, resulting in exorbitantly high commodity prices and inflation worldwide. Persistent and broadening inflationary pressures have triggered a rapid and synchronised tightening of monetary conditions, alongside the appreciation of the US dollar against most other currencies.

The US economy expands

The US output grew by an annualised 2.9 percent (higher than the initial estimate of 2.6 percent) in the third quarter of 2022, following a contraction of 0.6 percent in the second quarter, and higher than the market expectation of 2.4 percent. The increase in output in the third quarter was mainly due to the increase in exports, consumer spending and non-residential fixed investment, which more than offset the decrease in residential investment due to soaring mortgage rates.

Euro area growth slowed

In the euro area, quarter-on-quarter GDP grew by 0.2 percent in the third quarter of 2022, lower than 0.7 percent growth for the second quarter of 2022. This was the weakest growth since the rebound from COVID-19 restrictions in the second quarter of 2021, as inflation continues to erode household spending and the central bank's efforts to control it through interest rate hikes pushed costs of borrowing to a record high. Among the bloc's largest economies, output in Italy and Germany expanded by 0.5 percent and 0.3 percent, respectively, while France and Spain both grew by 0.2 percent in the same period.

UK growth declines

GDP in the UK contracted, quarter-on-quarter, by 0.2 percent in the third quarter of 2022, and was lower than the expansion of 0.2 percent in the second quarter of 2022. The decline in growth was mainly due to slower growth in the services sector, while construction activity declined.

Emerging markets' growth slowed

Output growth in emerging markets slowed down in the second quarter of 2022, primarily due to negative spill over effects from the Russia-Ukraine war, continued supply disruptions and elevated commodity prices, particularly for food and fuel. The lower growth for the economic group also reflects the continued withdrawal of monetary policy support leading to tighter financial conditions.

China's economy expanded significantly from an annualised growth of 0.4 percent in the second quarter of 2022 to 3.9 percent in the third quarter of 2022, and higher than the market expectation of 3.4 percent. This was the highest quarterly growth since the second quarter of 2020, buoyed by various policies and packages from Beijing to revive economic activity.² However, the Chinese economy is still facing challenges, including the COVID zero strategy which results in the ongoing lockdowns to contain the virus, a moderation in exports, persistent property crisis, as well as the risk of a global slowdown due to tightening path from major central banks.

In India, year-on-year GDP grew by 6.3 percent in the third quarter of 2022, from a growth of 13.5 percent in the second quarter of 2022, but slightly higher than the market expectation of 6.2 percent, as high prices and interest rates and slowing global demand weighed on the domestic economy. The lower expansion was mainly driven by decline in investment and the slowdown in private spending.

South African economy contracts

Regionally, output in South Africa contracted, quarter-on-quarter, by 0.7 percent in the second quarter of 2022, from an expansion of 1.7 percent in the first quarter of 2022, as devastating floods in

² On May 31, 2022, the Chinese government released a policy package containing 33 measures to boost the economy in the wake of COVID-19 lockdowns. These included among others, expansion of tax relief and fee reduction policies, deferment of social security premiums, and investment in infrastructure spending.

KwaZulu-Natal and power rationing had a negative impact on several industries. The contraction in output in the second quarter was mainly due to a decline in agriculture; manufacturing; mining and quarrying; as well as trade, catering and accommodation sectors, as they contracted by 7.7 percent, 5.9 percent, 3.5 percent and 1.5 percent, respectively.

Table 3.1: Growth Estimates and Projections

	Estimate		Projection	
	2020	2021	2022	2023
Global	-3.0	6.0	3.2	2.7
Advanced economies	-4.4	5.2	2.4	1.1
USA	-3.4	5.7	1.6	1.0
Euro area	-6.1	5.2	3.1	0.5
UK	-9.3	7.4	3.6	0.3
Japan	-4.6	1.7	1.7	1.6
EMDEs	-1.9	6.6	3.7	3.7
China	2.2	8.1	3.2	4.4
Brazil	-3.9	4.6	2.8	1.0
India	-6.6	8.7	6.8	6.1
Russia	-2.7	4.7	-3.4	-2.3
South Africa	-6.3	4.9	2.1	1.1
Botswana	-8.7	11.4	4.1 (4.2)	4.0 (4.1)

Source: IMF WEO October 2022 and MoF for Botswana.

Note: EMDEs stands for emerging market and developing economies, while figures in parentheses are forecasts from the MoF.

Global commodity prices

Diamond prices decreased in the third quarter of 2022

The global rough diamond price index decreased by 3 percent from 197.80 points in the second quarter of 2022 to 191.82 points in the third quarter, mainly due to a decline in demand by China, following lockdowns to contain the spread of the COVID-19 virus. In November 2022, the global rough diamond price index averaged 183.60 points.

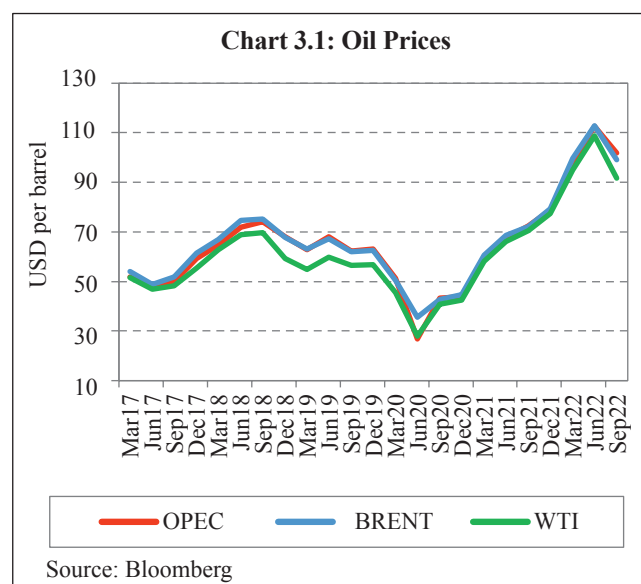
The global polished diamond price index also decreased by 0.8 percent from 230.16 points in the second quarter of 2022 to 228.33 points in the third quarter, amid a rise in inventory levels due to weaker demand and global economic outlook. Thus, jewellers are cautious about buying large amounts of inventory. In November 2022, the global polished diamond price index averaged 225 points.

Oil prices decreased in the third quarter of 2022

International oil prices decreased in the third quarter of 2022, although remaining above the pre-pandemic levels (Chart 3.1). The price of OPEC's reference crude oil basket, Brent crude and West Texas Intermediate (WTI) decreased by 9.5 percent, 12.1 percent and 15.6 percent, from an average of USD112.62 per barrel, USD112.85 per barrel and USD108.77 per barrel in the second quarter of 2022 to an average of USD101.92 per barrel, USD99.23 per barrel and USD91.76 per barrel, respectively, in the third quarter.

The decrease in international oil prices in the third quarter of 2022 was due to reduced demand associated with lockdowns in China, the world's biggest oil importer, as well as the appreciation of the US dollar. Moreover, fears of a recession that have intensified in both the US and Europe, as well as aggressive interest rate hikes by most central banks to combat high inflation have resulted in the decline in demand for oil.

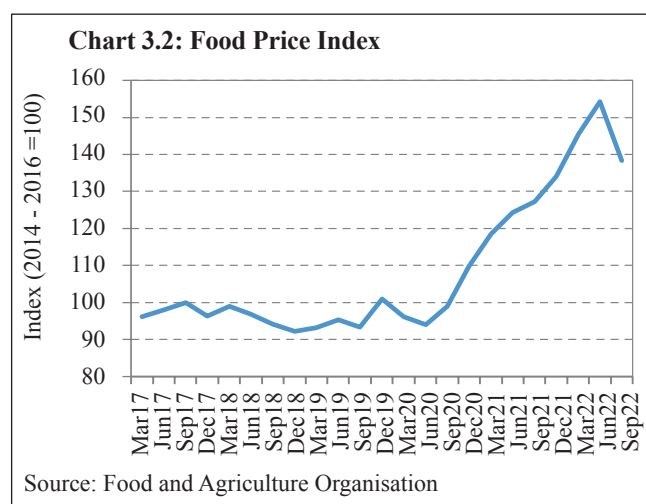
International oil prices decreased, month-on-month to November 2022, although remaining above the pre-pandemic levels. The OPEC reference crude oil basket, Brent crude and WTI decreased by 4.2 percent, 2.2 percent and 2.8 percent to an average of USD89.73 per barrel, USD91.07 and USD84.78, respectively. The decrease in oil prices was mainly driven by reduced global demand for oil associated with the lockdowns in China, the world's largest oil importer, as well as recessionary forces unfolding across the world, particularly in advanced economies. Moreover, the resumption of crude oil exports by Libya and appreciation of the dollar weigh on oil prices.



Food prices decreased in the third quarter of 2022

According to FAO, the global food price index averaged 138.3 points in the third quarter of 2022, a 10.3 percent decrease from an average of 156.9 points in the second quarter of 2022 (Chart 3.2). The decrease was attributable to prospects for increased export supply from the signed grain supply deal between Ukraine, Russia, Turkey and the United Nations, as well as the easing in international oil prices as oil is used as input in food production.

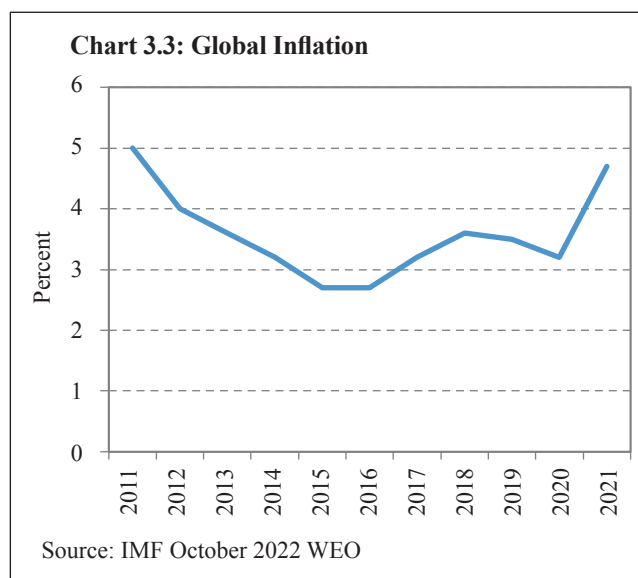
The global food price index averaged 135.7 points in November 2022, virtually unchanged from 135.9 points in October 2022 (0.2 percent decrease). The decrease in cereal, dairy and meat prices was countered by increases in the prices of vegetable oils and sugar.



Inflation rose across the regions

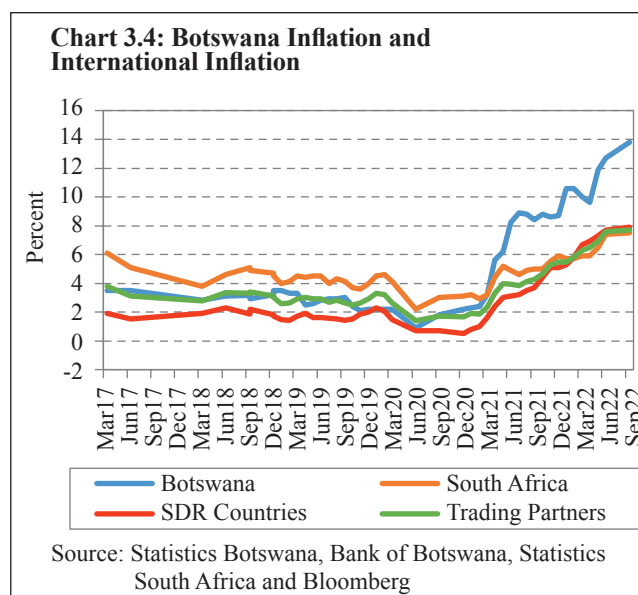
Inflation increased, globally, in the third quarter of 2022, ignited by the increase in commodity prices amid the Russia-Ukraine war, as well as improving global economic demand as most economies eased movement restrictions and deployed effective COVID-19 vaccines. Moreover, bottlenecks in global supply chains also contributed to the increase in inflation. For advanced economies, inflation increased from 8.8 percent in the second quarter of 2022 to 9.2 percent in the third quarter of 2022, consistent with higher energy and food prices resulting from the disruptions caused by the Russia-Ukraine war. Similarly, inflation increased from 5.3 percent to 5.5 percent in emerging market economies in the same period.³ Global inflation increased from 3.2 percent in 2020 to 4.7 percent in 2021 (Chart 3.3).

³ The quarterly inflation estimates are sourced from Bloomberg.



In South Africa, headline inflation increased from 6.6 percent in the second quarter of 2022 to 7.6 percent in the third quarter of 2022. Meanwhile, inflation increased slightly from 7.5 percent in September 2022 to 7.6 percent in November, remaining above the South African Reserve Bank (SARB)'s target range of 3–6 percent.

Consequently, the average trade-weighted inflation for Botswana's trading partners increased from 7 percent in the second quarter of 2022 to 7.7 percent in the third quarter (Chart 3.4). Meanwhile, trade-weighted inflation for Botswana's trading partners was 7.8 percent in October 2021.



Monetary policy stance tightening across the globe

In the most recent policy decisions in advanced economies (Table 3.2), the European Central Bank (ECB) increased the deposit rate, refinancing rate and lending rate by 75 basis points to 1.5 percent,

2 percent and 2.25 percent, respectively, in October 2022, the third consecutive increase, to combat inflationary pressures. The ECB explained that further increase in the policy interest rates at future meetings will be appropriate to control inflationary pressures and anchor expectations. In addition, the ECB changed the terms and conditions of the third series of Targeted longer-term refinancing operations (TLTROs) III, by adjusting the interest rates applicable from November 23, 2022, and offering banks additional voluntary early repayment dates.

In November 2022, the US Federal Open Market Committee (FOMC) increased the target policy rate range by 75 basis points to 3.75–4 percent, the sixth consecutive increase in 2022, pushing borrowing costs to the highest level since 2008, as inflation remained elevated, reflecting supply and demand imbalances related to the pandemic, as well as higher food and energy prices. The Russia Ukraine war was deemed to be creating additional upward pressure on inflation and weighing on global economic activity. Employment had shown further improvement, while growth in spending and production remained modest. The FOMC signalled that an increase in the target rate at its next meetings might be appropriate to return inflation to the Committee's target of 2 percent.

The Bank of England (BoE) increased the Bank Rate by 75 basis points to 3 percent in November 2022, the eighth consecutive hike since December 2021, to combat elevated inflationary pressures. In addition, the BoE agreed to reduce the stock of UK government bond purchases, financed by the issuance of the BoE reserves, by £80 billion over the next twelve months. The Committee also noted that uncertainty around the outlook for retail energy prices had fallen, following the announcement of relief measures including the Energy Price Guarantee⁴.

The Bank of Japan (BoJ) kept the key short term interest rate unchanged at -0.1 percent and maintained the long-term government bond yield at around zero percent at the October 2022 meeting. In addition, the BoJ announced that it will make changes to the way it buys exchange-traded funds (ETFs) effective December 2022, by considering the holding cost of each ETFs and selecting those

with the lowest trust fee ratio in making purchases. The BoJ also reiterated that it will not hesitate to take extra easing measures if needed, indicating that the Japanese economy had improved despite some weaknesses due to the impact of COVID-19 and surging commodity prices.

In emerging market economies, the Central Bank of Brazil maintained the policy rate at 13.75 percent in October 2022, as inflation eased further in September. In addition, the Central Bank of Brazil noted that the Brazilian economy remained resilient, while the most recent indicators continued to indicate growth. Similarly, the Central Bank of Russia (CBoR) maintained the key rate at 7.5 percent at its October 2022 meeting, as inflationary pressures eased amid subdued consumer demand. Meanwhile, the CBoR noted that inflation expectations of both households and businesses remain elevated, while the external environment for the Russian economy remains challenging, invariably putting significant constraints on economic activity.

The People's Bank of China (PBoC) maintained the one-year and five-year Loan Prime Rates (LPR) at 3.65 percent and 4.30 percent, respectively, in November 2022, to support the economy that has been severely affected by the COVID-19 containment measures.

The SARB increased the repo rate by 75 basis points to 7 percent in November 2022, the seventh consecutive hike since November 2021, to anchor inflation expectations more firmly around the mid-point of the 3–6 percent target range and to increase confidence of achieving the inflation target in 2024. The SARB considered risks to the inflation outlook to be on the upside and expected headline inflation to average 6.7 percent (previously 6.5 percent) in 2022 and 5.4 percent (previously 5.3 percent) in 2023.

In September 2022, the Reserve Bank of India (RBI) raised the policy rate by 50 basis points to 5.9 percent, the fourth-rate hike in a row, to ensure inflation remains within target going forward, while supporting growth. Headline inflation in India was 7.4 percent in September 2022, remaining above the RBI's target range of 2–6 percent for the eighth consecutive month. The RBI indicated that going forward, it would focus on withdrawal of monetary policy accommodation to contain inflationary pressures.

⁴ The Guarantee ensures that each UK household will pay up to an average of £2 500 a year on their energy bill for the next two years.

Table 3.2: Monetary Policy Decisions

Central Bank	Latest Meeting	Current Policy Rate (Percent)	Change from Previous Meeting	Likely Policy Decision at the Next Meeting
Bank of Botswana	October 2022	2.65	No change	No indication of the direction of policy
SARB	November 2022	7.00	Increased by 75 basis points	Increase in January 2023 but no indication on the magnitude
US Federal Reserve	November 2022	3.75–4.00	Increased by 75 basis points	Increase in December, but by a lesser magnitude. Also, reduce its holdings of treasury securities, agency debt and mortgage-backed securities as described in the plans for reducing the size of the Fed's balance sheet that were issued in May
BoE	November 2022	3.00	Increased by 75 basis points	Further increases in the Bank Rate may be warranted, but by a lower magnitude than currently
ECB	October 2022	2.00	Increased by 75 basis points	Indicated that further interest rates increases are possible and will be based on the evolving inflation and economy dynamics.
BoJ	October 2022	-0.10	No change	Will not hesitate to take additional easing measures if necessary; it also expects short- and long-term policy interest rates to remain at their present or lower levels.
PBoC	November 2022	3.65	No change	Indicated that policy tightening across the globe is limiting China's room for further monetary policy easing
Brazil	October 2022	13.75	No change	Reinforces that future monetary policy steps can be adjusted and will not hesitate to resume the tightening cycle if the disinflationary process does not proceed as expected
India	September 2022	5.90	Increased by 50 basis points	Increase in December, but no indication on the magnitude. RBI remains focused on withdrawal of accommodation to ensure that inflation remains within the target going forward, while supporting growth
Russia	October 2022	7.50	No change	No indication of the direction of policy; will continue to use the latest data to adapt monetary policy in future meetings

Source: Various central banks' websites

3.2 Domestic inflation environment

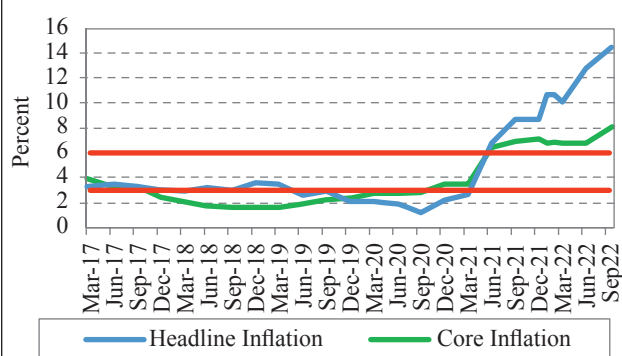
Headline inflation increased in the third quarter of 2022

Headline inflation averaged 14.2 percent in the third quarter of 2022, from 8.7 percent in the third quarter of 2021 (Charts 3.5 and Table 3.3). The higher inflation in the third quarter of 2022 was due to a broad-based increases in prices of most categories of goods and services, particularly the increases in domestic fuel prices effected on June 28, 2022, which more than offset the impact of inflation relief measures⁵ implemented by Government in August 2022 and the decrease in fuel prices in September 2022. Headline inflation decreased from 13.8 percent in September 2022 to

13.1 percent in October, remaining above the Bank's medium-term objective range of 3–6 percent, and significantly higher than the 8.8 percent in October 2021. The fall in inflation between September and October 2022 was mainly because of the base effects associated with the increase in domestic fuel prices in October 2021, which added approximately 0.64 percentage points to headline inflation. Moreover, there were broad-based lower annual price changes of some categories of goods and services, notably the 'Miscellaneous Goods and Services' and the 'Alcoholic Beverages and Tobacco'.

⁵ These included the decrease in value added tax (VAT) and zero-rating cooking oil and liquified petroleum gas.

Chart 3.5: Botswana Headline and Core Inflation



Source: Statistics Botswana and Bank of Botswana

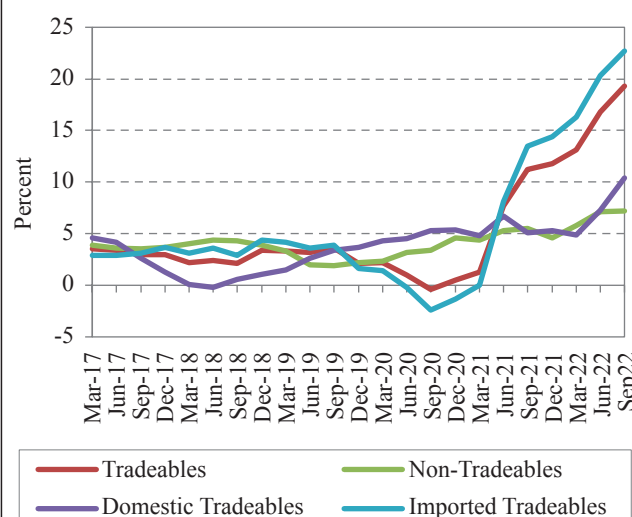
Note: Core Inflation is headline inflation excluding administered prices.

Prices for domestic tradeables and imported tradeables increased in the third quarter of 2022

Inflation for domestic tradeables increased from an average of 5.1 percent in the third quarter of 2021 to an average of 10.4 percent in the third quarter of 2022 (Charts 3.6), largely due to the broad-based increase in prices of food. Similarly, imported tradeables inflation increased significantly from an average of 13.5 percent to an average of 22.7 percent in the same period, mainly due to an increase in domestic fuel prices. As a result, all tradeables inflation increased from an average of 11.2 percent in the third quarter of 2021 to an average of 19.3 percent in the third quarter of 2022, while inflation for non-tradeables also increased from an average of 5.5 percent to 7.2 percent in the same period, in part due to the increase in domestic air passenger fares and insurance premiums.

In October 2022, domestic tradeables inflation increased to 11.5 percent, while non-tradeables inflation, imported tradeables inflation and all tradeables inflation decreased to 6.8 percent, 19.7 percent and 17.5 percent, respectively.

Chart 3.6: Inflation for Tradeables and Non-Tradeables



Source: Statistics Botswana

Generally, there has been an upward trend in non-tradeables inflation since June 2019 and domestic tradeables inflation from June 2018, mainly due to the increase in prices for administered items and food, respectively. The increase in food prices was partly a result of bad weather conditions experienced in the 2018/19 ploughing season, and economic disruptions occasioned by COVID-19 in 2020 and more recently, due to supply disruptions associated with the Ukraine-Russia war, as well as import restrictions set out in 2022 to promote domestic production.

Accordingly, therefore, upward general trends in non-tradeables and domestic tradeables inflation are not a result of domestic demand pressures, as the output gap is estimated to be negative (Section 4.2 refers).

Core inflation measures increased in the third quarter of 2022

The trimmed mean inflation (CPITM) increased to 11.6 percent in the third quarter of 2022, from 8.2 percent in the third quarter of 2021, while inflation excluding administered prices (CPIXA) averaged 7.9 percent, compared to 7 percent in the same period last year (Table 3.3). However, inflation excluding food and fuel⁶ (CPIXFF) averaged 7.4

⁶ Food and fuel inflation have been generally high in 2022, averaging 13.3 percent and 70.1 percent in the third quarter of 2022, from 6.4 percent and 30.1 percent, respectively, in the third quarter of 2021 (Chart 3.7). Meanwhile, in October 2022, food inflation was 14.8 percent, while fuel inflation was 65.5 percent.

percent in the third quarter of 2022, higher than the 6.9 percent recorded in the corresponding quarter in 2021. The increase in core inflation measures partly indicates the second-round effects of the increase in administered prices. In October 2022, CPITM, CPIXA and CPIXFF were 11.1 percent, 8 percent and 6.9 percent, respectively.

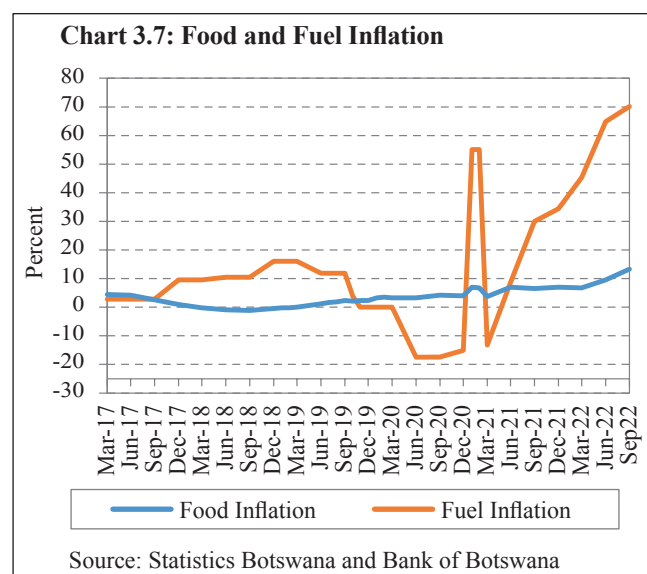


Table 3.3: Annual Price Changes for Categories of Goods and Services (Percent)

Category of commodities	Basket Weights	October 2022	Q3 2022	Q3 2021
Food and non-alcoholic beverages	13.6	15.8	13.3	6.4
Alcoholic beverages and tobacco	4.3	3.2	3.9	8.5
Clothing and footwear	6.0	5.0	4.5	3.6
Housing, water, electricity, gas and other fuels	17.5	5.4	6.1	8.3
Furnishing, h/h equipment and routine maintenance	4.9	5.7	5.7	4.5
Health	3.4	3.1	2.8	2.7
Transport	23.4	32.3	38.4	19.7
Communications	6.9	1.6	1.3	1.6
Recreation and culture	2.8	4.5	4.7	4.3
Education	4.6	1.6	2.3	2.1
Restaurants and hotels	3.7	5.3	5.7	3.6
Miscellaneous goods and services	9.0	9.1	9.6	7.0
Annual Inflation (All items)	100.0	13.1	14.2	8.7
CPITM		11.1	11.6	8.2
CPIXA		8.0	7.9	7.0
CPIXFF		6.9	7.4	6.9

Source: Statistics Botswana and Bank of Botswana calculations

3.3 Recent domestic economic developments

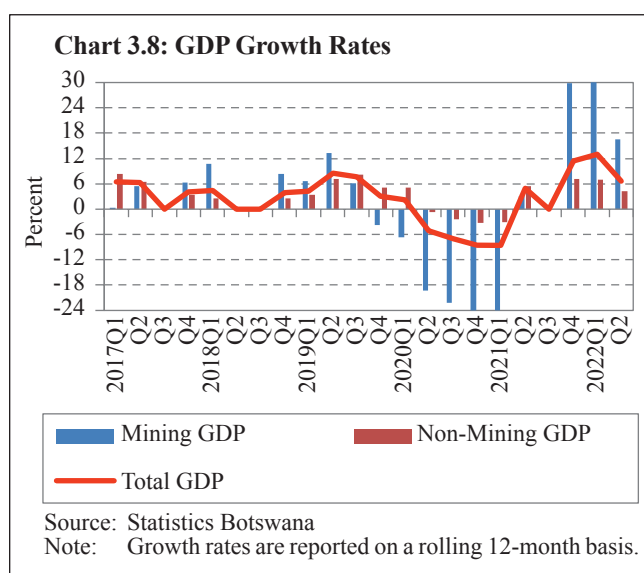
GDP expanded in the twelve months to June 2022

Real GDP grew by 6.7 percent in the twelve months to June 2022, compared to the growth of 5.1 percent in the year to June 2021 (Chart 3.8). The increase in output was mainly attributable to the expansion of production in the mining sector, while the non-mining sector output growth decelerated. Mining output increased by 16.5 percent in the year to June 2022, compared to the lower growth of 3 percent recorded in the corresponding period in 2021. This was largely due to a 16.4 percent increase in diamond mining output, compared to the growth of 3.2 percent in the year to June 2021. Rough diamond demand gained traction after incremental relaxation of COVID-19 travel restrictions, which impeded the sightholder calendar. All other mining sub-sectors also recorded an increase in output, except mining of gold and other metal ores and mining support services activities sub-sectors. The contraction in the mining of gold and other metal ores sub-sector was mainly due to the decrease in production, resulting from resource depletion at the Mupane Gold mine, which is about to reach its lifespan.

Non-mining GDP grew by 4.2 percent in the year to June 2022, compared to the higher growth of 5.6 percent in the corresponding period last year. The deceleration in non-mining GDP growth was mainly due to the slowdown in output growth of most non-mining sectors (water and electricity; wholesale and retail; diamond traders; transport and storage; information and communication technology; finance, insurance, and pension funding; real estate activities; professional, scientific and technical activities; and human health and social work), while growth of the rest of the sectors accelerated.

Meanwhile, Statistics Botswana reported a 5.6 percent increase in real GDP in the second quarter of 2022⁷, as opposed to an increase of 37.1 percent in the second quarter of 2021.

⁷ Calculated as the current quarter over the corresponding quarter in the previous year.



In terms of GDP by expenditure, government final consumption increased by 1.1 percent in the twelve months to June 2022, compared to a higher growth of 7.1 percent in the corresponding period in 2021 (Table 3.4). This was largely due to deceleration in growth of collective consumption and individual consumption. Collective consumption⁸ growth decelerated from 7.8 percent to 0.9 percent, while individual consumption⁹ decelerated from 4.8 percent to 1.8 percent, in the review period.

Meanwhile, household final consumption grew by 1.9 percent in the 12-month period ending June 2022, compared to a higher growth of 6.1 percent recorded in the corresponding period ending in June 2021. The deceleration in household final consumption was mainly due to a slowdown in both household consumption and expenditure and Non-profit Institutions Serving Households (NPISH).

Gross fixed capital formation (GFCF) contracted by 3.1 percent in the year to June 2022, compared to a lower contraction of 2.2 percent in the corresponding period in the previous year. The decline in GFCF was due to the 8.4 percent contraction in investment in transport and equipment, as well as plant,

machinery and other equipment sub-sectors. Meanwhile, other sub-sectors recorded positive growth rates.

Table 3.4: Real GDP Growth by Sector and Expenditure (Percent)

	2021Q2	2022Q1	2022Q2
Total GDP	5.1	13.1 (13.0)	6.7
<i>By Sector:</i>			
Mining and Quarrying	3.0	42.0	16.5
Non-Mining	5.6	6.9	4.2
Agriculture, Forestry & Fishing	-3.8	-1.5 (-1.7)	1.7
Manufacturing	-1.5	13.1 (13.0)	8.4
Water and Electricity	21.0	2.7	18.1
Construction	0.5	8.4 (8.7)	2.2
Wholesale & Retail	13.1	12.4	5.6
Diamond Traders	54.5	31.6 (30.1)	32.2
Transport and Storage	3.1	5.9	2.1
Accommodation & Food Services	-19.2	11.7	4.5
Information & Communication Technology	4.6	4.4	3.7
Finance, Insurance & Pension Funding	5.1	2.2 (2.3)	1.9
Real Estate Activities	4.8	7.8	3.3
Professional, Scientific & Technical Activities	6.1	6.0 (5.9)	3.1
Administrative & Support Activities	2.6	9.7 (9.6)	4.7
Public Administration & Defence	8.1	2.7 (2.8)	1.9
Human Health & social work	5.5	5.9	3.9
Education	0.2	1.7	1.4
Other services	0.9	6.3	2.6
<i>By Type of Expenditure:</i>			
Government Final Consumption	7.1	2.4	1.1
Household Final Consumption	6.1	3.8	1.9
Gross Fixed Capital Formation	-2.2	3.4 (3.6)	-3.1
Exports of Goods and Services	52.1	4.8	-10.5
Imports of Goods and Services	27.1	-7.0	-15.3

Note: The figures in italics are revisions of the figures in brackets, previously reported in the 2022Q1 estimates.

Source: Statistics Botswana and Bank of Botswana Calculations.

Diamond production increased in the third quarter of 2022

Debswana produced 6.6 million carats of diamonds in the third quarter of 2022, 3.8 percent higher than the 6.4 million carats produced in the corresponding period in 2021. The increase in production was due to higher grade ore processed at Orapa mine. Meanwhile, Debswana's production target for 2022 has been set at 23.6 million carats, while production guidance for the

⁸ The collective consumption expenditure of general government covers the sovereign functions (or governing functions or general administrative functions) of government bodies, such as the justice system, defence and police.

⁹ The actual and imputed final consumption expenditure incurred by households on individual goods and services.

larger De Beers Group increased to 32–34 million carats (previously 30–33 million carats).

Production by Lucara Diamond Corporation (Karowe Mine) decreased by 19 percent to 78 879 carats in the third quarter of 2022, from 97 412 carats produced in the corresponding period in 2021. The decrease was mainly attributable to the uncertainty caused by Russia's invasion of Ukraine, and China's lockdowns to contain the spread of COVID-19 virus, thus delaying recovery of demand for diamonds.

Budget surplus recorded in the first quarter of the 2022/23 fiscal year

Government budget was in a surplus of P0.8 billion in the first quarter of the 2022/23 fiscal year (Table 3.5). The surplus was mainly due to the higher mineral revenue from an increase in diamond sales, underpinned by the easing of COVID-19 restrictions on movement of goods and people. Regarding other major revenue streams, SACU revenues and domestic taxes (VAT and Non-Mineral Income Tax) were generally in line with the 2022/23 budget. Total government expenditure and net lending was P19.8 billion, higher than the P18.7 billion anticipated in the proposed budget.

The final budget outturn for the 2021/22 fiscal year (April 2021–March 2022), was a deficit of P104.2 million, significantly lower than the revised budget deficit of P10.2 billion, reflecting better performance in revenue and grants, as well as lower public expenditure. Total public expenditure amounted to P68.7 billion, which is P4.9 billion lower than the revised budget (or 93 percent of the revised budget estimate). For the 2022/2023 fiscal year, the overall budget outcome is expected to worsen, with the deficit increasing to P7 billion or 3.2 percent of GDP. Total revenue and grants, and total expenditure are projected to increase to P67.9 billion and P74.8 billion, respectively in the 2022/23 fiscal year.

Table 3.5: Quarterly Budget Outturns (P Million)

	Total Revenues and Grants	Total Expenditure and Net Lending	Budget Surplus/ Deficit
2021/22 Q1	16 224	17 662	-1 438
2021/22 Q2	15 614	16 453	-839
2021/22 Q3	15 603	16 606	-1 003
2021/22 Q4	21 012	17 740	3 272
2022/23 Q1	20 631	19 793	838

Source: Cash Flow Unit, Ministry of Finance

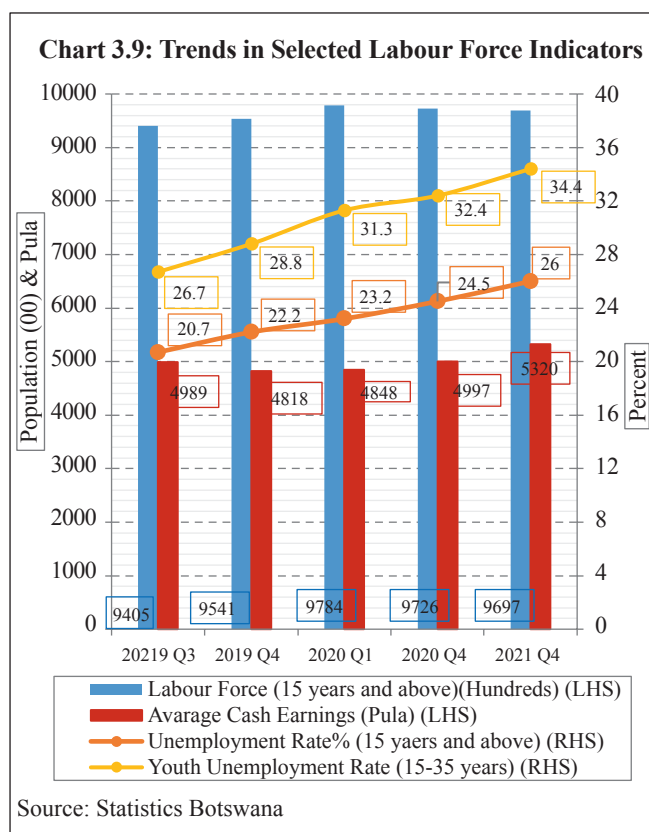
Labour Force and Wage Developments Trends¹⁰

According to the Quarterly Multi-Topic Survey (QMTS) Report for the fourth quarter of 2021, the unemployment rate was 26 percent in the fourth quarter of 2021, compared to 24.5 percent in the corresponding period in 2020 (youth unemployment rate rose to 34.4 percent from 32.4 percent). The fourth quarter of 2021 survey also indicates that formal sector employment increased by 3.5 percent to 494 457, from 477 716 recorded in the fourth quarter of 2020. Regarding other indicators, the survey showed that the Government continued to be the single largest employer, with employment in public administration constituting 22.9 percent of total formal sector employment. In this regard, personal emoluments constitute the largest share in the government recurrent budget, consistently averaging more than 40 percent and about 10 percent of GDP. Meanwhile, formal sector average earnings per month were estimated at P6 219 for citizens, P9 275 for non-citizens and P6 299 for all employees in the fourth quarter of 2021. The average monthly earnings for all employees are estimated to have increased by 4.7 percent or P285, from P6 014 estimated for the fourth quarter of 2020.

A longer-term trend analysis of the QMTS data since the third quarter of 2019 indicates that the total labour force (15 years and above) increased by 3 percent to 969 734 persons in the fourth quarter of 2021, from 940 546 persons in the third

¹⁰ The QMTS is conducted by Statistics Botswana. Since its inception in the third quarter of 2019, Statistics Botswana published the first QMTS (July-September 2019) Report in January 2020. This was followed by reports for the fourth quarter of 2019, first and fourth quarters of 2020 and the fourth quarter of 2021. However, the conduct of the rest of the quarterly surveys for 2020 and 2021 was hampered by the outbreak of COVID-19 and subsequent movement restrictions to contain the pandemic, resulting in data gaps.

quarter of 2019. Over the same period, the unemployed population rose by 29.4 percent, while the employed labour force declined by 3.8 percent. The overall unemployment rate is estimated at 26 percent in the fourth quarter of 2021, compared to 20.7 percent recorded in the third quarter of 2019. Youth labour force (15–35 years) increased by 1.1 percent, to 486 706 persons in the fourth quarter of 2021 from 481 441 persons in the third quarter of 2019. The youth unemployment rate, which continues to be a national concern, rose to 34.4 percent in the fourth quarter of 2021, compared to 26.7 percent in the third quarter of 2019. The advent of the COVID-19 pandemic has impacted the labour force in both negative and positive ways (some people lost, while others gained employment). The total number of persons who lost jobs or businesses due to COVID-19 stood at 64 347 in the fourth quarter of 2021. On the contrary, 17 770 persons gained employment during the COVID-19 period. Meanwhile, average earnings for all employees increased by P331, from the P4 989 estimated for the third quarter of 2019.

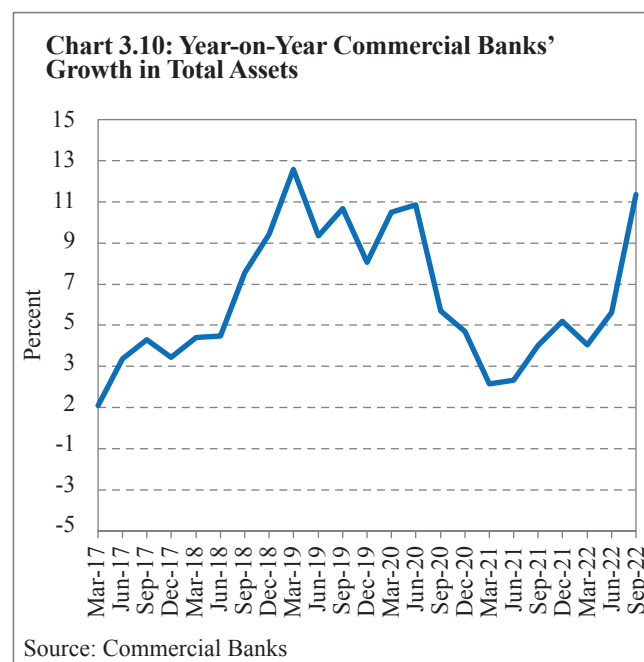


3.4 Monetary developments

Banking sector assets growth accelerated in September 2022

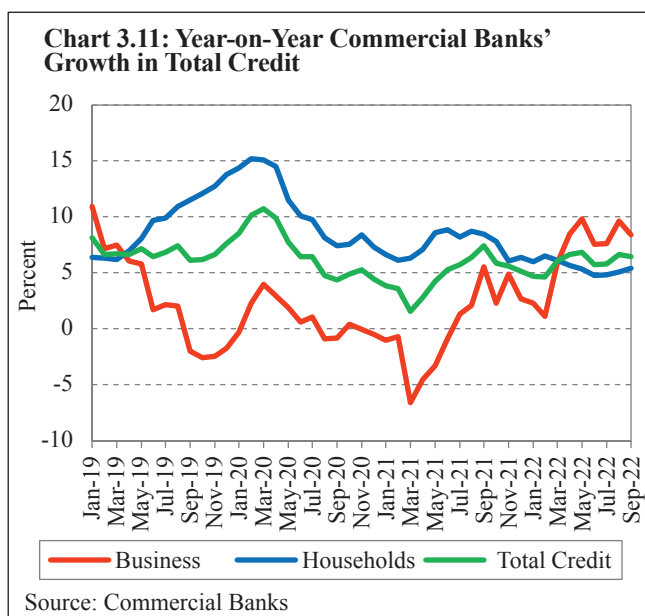
Annual banking sector assets' growth increased from 4 percent in September 2021 to 11.3 percent

in September 2022 (Chart 3.10). This was mainly due to the increase in balances due from foreign banks, balances at Bank of Botswana and holdings of treasury bills. Meanwhile, growth in loans and advances, which accounted for the largest proportion of commercial banks' assets (61 percent), declined in September 2022. The annual credit growth remains lower than the pre-COVID-19 rates. Overall, the growth in the banking sector assets was mainly funded through customer deposits, which rose by 11.2 percent in September 2022.



Credit growth decelerated in the year to September 2022

Commercial bank credit decreased from a growth of 7.4 percent in September 2021 to 6.4 percent in the twelve-month period to September 2022 (Chart 3.11). The slow growth in commercial bank credit was, in part, indicative of the decrease in loan uptake by households, and a possible reflection of the effects of the recent policy tightening by the Bank, which has a dampening effect on demand. On the other hand, business credit increased, indicative of the economic recovery from the low base effects associated with the impact of the COVID-19 pandemic in 2020/21.

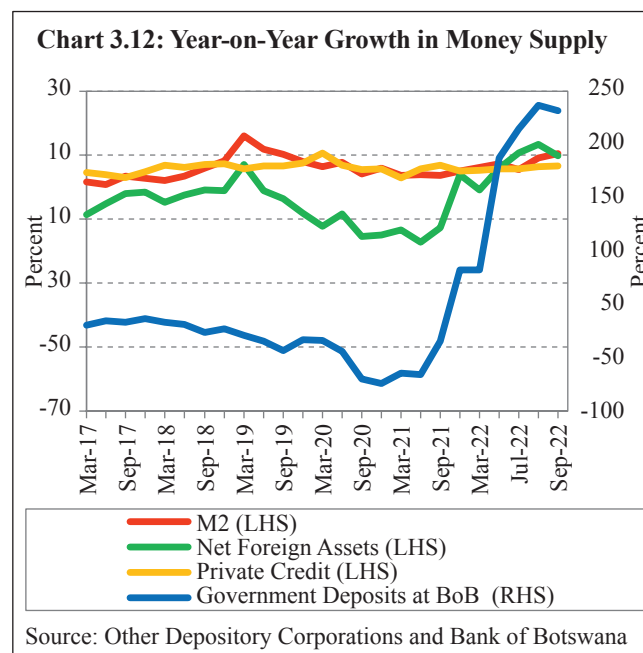


Year-on-year growth in household loans decreased from 8.5 percent in September 2021 to 5.4 percent in September 2022. The lower growth in household credit was mainly attributable to the decrease in growth of personal unsecured lending and the contraction in motor vehicle loans in the year to September 2022. Meanwhile, property and credit card loans increased during the period under review. The share of the household sector in total lending by commercial banks decreased from 65.4 percent in September 2021 to 64.8 percent in September 2022.

Lending to the business sector increased by 8.4 percent in the year to September 2022, higher than the 5.5 percent expansion in the corresponding period in 2021. Credit to businesses excluding parastatals also increased by 11.2 percent in the year to September 2022, compared to 3.9 percent increase in September 2021. The annual increase in credit to businesses excluding parastatals was mainly due to utilisation of loan and overdraft facilities by some companies in the real estate, manufacturing, agriculture, finance, business services and trade, as economic activity opened, following the end of the State of Public Emergency in September 2021. Meanwhile, credit to parastatals decreased by 22.1 percent in the year to September 2022, compared to the 28.4 percent expansion in the twelve months to September 2021, due to payment of overdraft facilities that were extended in August 2022.

Money supply growth increased in September 2022

Money supply (M2) grew by 10.5 percent in September 2022, compared to 3.6 percent in the corresponding period in 2021 (Chart 3.12). The accelerated growth in money supply was mainly due to the increase in annual growth of credit to the private businesses and parastatals sector. Meanwhile, there was an annual increase in net foreign assets (on account of the increase in foreign exchange reserves particularly in July 2022) and Government deposits at the Bank of Botswana.



The 7-day nominal BoBC yield increased in the third quarter of 2022

The 7-day nominal BoBC yield increased from an average of 1.08 percent in the third quarter of 2021 to an average of 2.48 percent in the corresponding period in 2022, following the Bank's decision to increase the MoPR in August 2022. Meanwhile, the real rate of interest decreased from an average of -7.01 percent in the third quarter of 2021 to an average of -11.06 percent in the third quarter of 2022, due to the higher increase in the inflation rate than the nominal interest rate in the same period.

The stop-out yield for the 7-day BoBC was constant at 2.65 percent between October and November 2022. Meanwhile, the real rate of interest for the 7-day paper increased from -9.80 percent in September to -9.24 percent in October 2022.

On June 28, 2022, the Bank introduced the

one-month BoBC which is aimed at addressing some of the structural liquidity positions and support the construction of the short-end of the yield curve. Subsequently, the stop-out yield on the 1-month paper decreased from 3.04 percent in October 2022 to 2.94 percent in November. Meanwhile, the real rate of interest for the 1-month paper increased from -9.52 percent in September to -8.89 percent in October 2022.

S&P Global Ratings affirmed Botswana's credit rating and maintained stable economic outlook

In September 2022, S&P Global Ratings (S&P) maintained Botswana's sovereign credit rating for long and short-term foreign and domestic currency bonds at "BBB+", and "A-2" and the stable outlook. S&P indicated that the affirmation of the ratings was underpinned by the country's robust institutional frameworks (compared with that of regional peers), which have supported the prudent management of the country's natural wealth; strong monetary policy framework; proactive and independent central bank; and strong mineral revenues that will support broadly balanced fiscal outcomes; all of which support durable macroeconomic stability. Meanwhile, the stable economic outlook was maintained on account of S&P's expectation that the demand for Botswana's diamonds will remain robust against downside risks presented by the weakening global economic activity. A rating upgrade could occur if there is a significant increase in Botswana's economic growth, along with the diversification of the export base, that could lead to greater economic resilience.

Moody's downgrades Botswana's sovereign credit rating but changed Botswana's outlook from negative to stable in April 2021

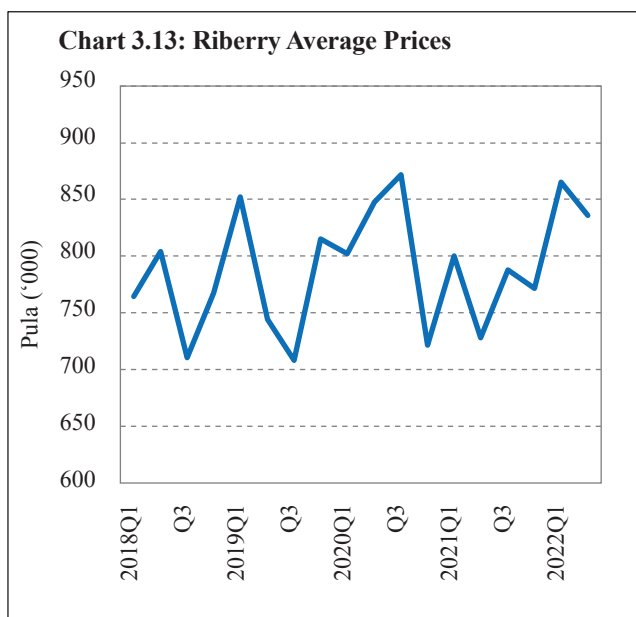
In April 2021, Moody's Investors Service downgraded Botswana's sovereign credit rating for long-term bonds, denominated in both domestic and foreign currency, from 'A2' to 'A3'. However, the economic outlook was changed from negative to stable. The downgrade was due to the reduction in the capacity of government to absorb future shocks as a result of the erosion of fiscal buffers, occasioned by the COVID-19 pandemic, and relatively weaker economic resilience, reflecting the less diversified economy. The revision of the outlook reflects broadly balanced risks, the continued strong financial position despite downside risks to the post-pandemic fiscal consolidation path, low political risk, prudent

policy making, limited risks pertaining to government liquidity and external vulnerability. The ratings could be revised upwards if there is improved resilience to shocks, reduced vulnerability of the budget structure and notable progress on economic diversification.

3.5 Asset markets

Property market generally remained weak in the second quarter of 2022

According to the latest (2022Q2) Riberry Report¹¹, the average price for residential properties sold in the second quarter of 2022 decreased by 3 percent to P836 062, compared to the previous quarter (Chart 3.13), reflecting a decrease in the number of high-valued properties traded in the quarter under review. Similarly, the residential rental market continued to show signs of weakness in the second quarter of 2022 compared to the first quarter of 2022, indicating a decline in supply for both rentals and sales of low-end and mid-level properties. Nevertheless, the rental market continued to enjoy good demand and supply for low-end properties. Middle-end houses for rent experienced weaker demand and supply.



The market for office space remained weak due to increasing supply from completed construction developments such as the Innovation Hub, Pinnacle Park and Botswana Accountancy College North campus. Furthermore, demand remains weak and uncertain due to generally subdued business conditions following the advent of

¹¹ This is a quarterly report produced by independent valuers, Riberry Botswana (Pty) Ltd.

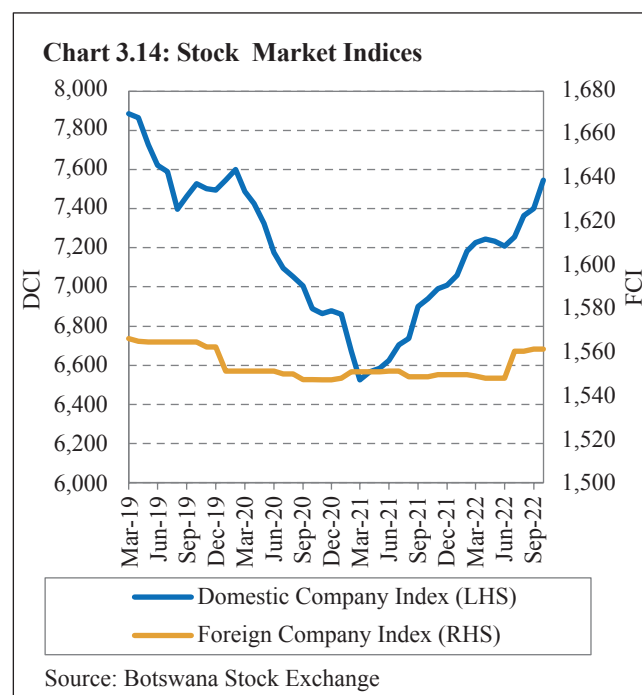
COVID-19 pandemic. Despite the negative impact of the pandemic and generalised weak demand for office space, there has been continued good office enquiries and/or uptake in the Gaborone Central Business District (CBD) and Showgrounds. Going forward, there is a possible likelihood for a slowdown in uptake at the CBD should Government institutions remain in their current premises and location. In addition, the supply of office space is projected to increase further, given the ongoing construction projects and planned office buildings at the Gaborone Central Business District, such as by the Botswana Stock Exchange and Botswana Building Society. These will further exert downward pressure on rentals, especially in the decentralised office locations.¹²

Similar to the previous quarter, the demand for retail space remained fair across all market segments, while the supply is expected to increase following completion of The Fields Mall in the CBD, while two other malls are proposed for Mogoditshane. In addition, other centres with good demand for retail space are Jwaneng, Selibe Phikwe, Maun, Molepolole, Francistown, Mahalapye and Ramotswa. Most of these locations have a few retail schemes, to be anchored by reputable supermarkets, at planning and/or construction stage. Regarding industrial property, the supply of unoccupied big warehouse space has decreased, while the demand has improved.¹³ Meanwhile, the availability of prime location in industrial space is expected to improve going forward.

Stock market indices increased

The Domestic Companies Index (DCI) increased by 8.7 percent in the twelve months to October 2022, compared to an increase of 0.7 percent in the year to October 2021 (Chart 3.14). The increase was mainly due to the higher share prices for First National Bank of Botswana, Standard Chartered Bank and Letlole, which increased by 31.7 percent, 43.8 percent and 26.5 percent, respectively, in the same period. The higher share prices were because of increased trading activity following the low base arising from the impact of the COVID-19 pandemic in 2020.

The Foreign Companies Index (FCI) increased by 0.8 percent in the year to October 2022, higher than the increase of 0.1 percent in the corresponding period in 2021 (Chart 3.14). This was largely due to the year-on-year increase in the share prices for Botswana Diamonds PLC (BOD) (27.3 percent) on account of higher trading activity and liquidity.



¹² Prime rentals are about P100/m². However, rentals in secondary areas such as Gaborone International Finance Park (also known as Kgale Mews), situated at the foot of Kgale Hill, adjacent to Game City Shopping Mall, cost P75/m², while prime industrial areas like Gaborone International Commerce Park cost P65/m².

¹³ Investors prefer bigger warehouses, but available warehouse space is limited.

Box 1: Reforms to Monetary Operations Framework

The Bank evaluates monetary policy implementation framework on a regular basis with the aim of better policy transmission, getting the desired market response and liquidity management. Excess liquidity in the banking system has significantly reduced but continues to remain adequate. The 2022 Monetary Policy Statement announced a wide range of reforms to introduce further improvements and changes to monetary policy, with three key objectives. Firstly, to enhance policy transmission and the desired market response to monetary policy and monetary operations adjustments. Second, to designate an anchor policy rate capable of affecting liquidity management decisions, and thus providing a direct link to policy changes. Lastly, to achieve an interest rate structure that influences commercial bank decisions and market responses, fostering an active interbank market and effectively reflecting the policy stance and desired impact of monetary operations. These reforms effected immediately following the April 28, 2022 MPC meeting. The changes as outlined in the 2022 Monetary Policy Statement are as follows:

- (a) adopt the yield on the main monetary operations instrument (currently the 7-day BoBCs as the anchor policy interest rate (in place of the Bank Rate); this new policy signalling rate will be called Monetary Policy Rate (MoPR);
- (b) change the auction format for the main monetary operations instrument (7-day BoBCs) from the current multiple price system to a fixed rate full allotment system;
- (c) establish an interest rate corridor, with a 200-basis points margin, comprising a new Standing Deposit Facility at the Bank of Botswana at 100 basis points below the anchor policy rate and a new Standing Credit Facility at 100 basis points above the anchor policy rate;
- (d) retain the Credit Facility at a Credit Facility Rate (CFR) to be anchored on the policy rate with the margin to be determined by the Bank;
- (e) undertake liquidity absorption or injection (fine tuning operations) on a less frequent basis (two to three times within the Primary Reserves Averaging maintenance period), conducted at the policy rate;
- (f) introduce a one-month paper (BoBC), auctioned once a month, that will help address some of the structural liquidity positions and support the construction of the short-end of the yield curve, especially since government treasury bills are not issued for this tenor; The one-month BoBC will be issued at fixed-amount flexible-price auctions for price discovery. The fixed amount would be much lower than the main seven-day operation to keep traction of the seven-day rate as the main market rate;
- (g) allow commercial banks to independently determine their own Prime Lending Rates (PLR) to facilitate market competition. However, in order to ensure a smooth and orderly transition and treatment of pricing of existing products/financial contracts, the PLR should not be more than 5.25 percent for the period of a year except in the event of an adjustment of the anchor policy rate.

3.6 Balance of payments (BoP)

The interpretation of the BoP statistics, especially on the financial account, have been revised to meet the latest international reporting standards. See Box 2 for details.

Current account recorded a surplus in the second quarter of 2022

The current account is estimated to have recorded a surplus of P6.2 billion in the second quarter of 2022, compared to a revised deficit of P3 billion during the corresponding period in 2021 (Chart 3.15). The surplus was primarily attributable to

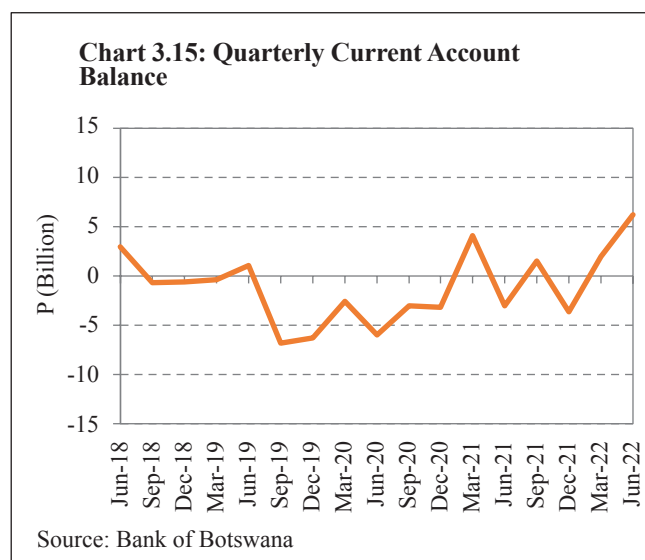
positive balances in both the merchandise trade and secondary income accounts. Exports increased by 52.9 percent from P17 billion to P26 billion, while imports increased by 7.9 percent from P21.6 billion to P23.3 billion, leading to a surplus of P2.8 billion in the merchandise trade account. SACU revenues, which dominates the secondary income account, amounted to P3.6 billion in the second quarter of 2022.

Diamond exports accounted for 87.3 percent of total exports of goods in the second quarter of

2022 and increased to P22.7 billion from P15.5 billion in the second quarter of 2021. During the same period, diamond imports reduced from P7.7 billion to P5.5 billion. The increase in diamond exports mainly stemmed from growing demand by major rough diamond markets in the United Arab Emirates (UAE), Belgium and India. This was driven by consumer demand for diamond jewellery in key markets, such as the US and China, due to easing of both global travel restrictions and movement of goods across borders, which were implemented in 2020 to contain the spread of the COVID-19 pandemic.

The other commodities that contributed to the increase in exports include hides and skins (134.2 percent), vehicle and transport equipment (106.9 percent), as well as textiles (78 percent). In addition, copper and nickel exports increased from P8 million to P939.4 million owing to the commencement of copper sales by the US private equity company Cupric Canyon, which started production at Khoemacau Copper Mine in 2021. Imports were mainly driven by increases in fuel (80.9 percent), food, beverages and tobacco (63.3), machinery and electrical equipment (27.7 percent), as well as chemicals and rubber products (11.7 percent).

In the first half of 2022, the current account recorded a surplus of P8.2 billion, compared to a surplus of P1 billion during the same period in 2021. For the twelve-month period to June 2022, the current account recorded a surplus of P6.1 billion compared to a deficit of P5.1 billion during the corresponding period in 2021.



The financial account recorded a negative net balance in the second quarter of 2022

The financial account is estimated to have recorded a negative net balance of P5.4 billion during the second quarter of 2022, implying that the country was a net debtor to countries abroad, borrowing more than its savings, compared to a positive net balance of P1.6 billion in the second quarter of 2021. The negative net balance was mainly attributable to a substantial fall in equity assets held abroad by local pension fund managers. The decline in offshore equity was a result of poor performance in the international equity markets from the increased risks and disruptions from the war in Ukraine.

The financial account recorded a negative net balance of P12.9 billion in the first half of 2022, compared to a surplus of P4.3 billion in the same period the previous year. In the twelve months to June 2022, the financial account recorded a negative net balance of P11.7 billion, compared to a positive net balance of P10.3 billion corresponding to the same period in 2021.

The balance of payments was in surplus in the second quarter of 2022

The overall BoP recorded an estimated surplus of P3 billion during the second quarter of 2022, from a deficit of P3.3 billion during the corresponding period in 2021. The surplus was mainly attributable to diamond exports and SACU revenue inflows.

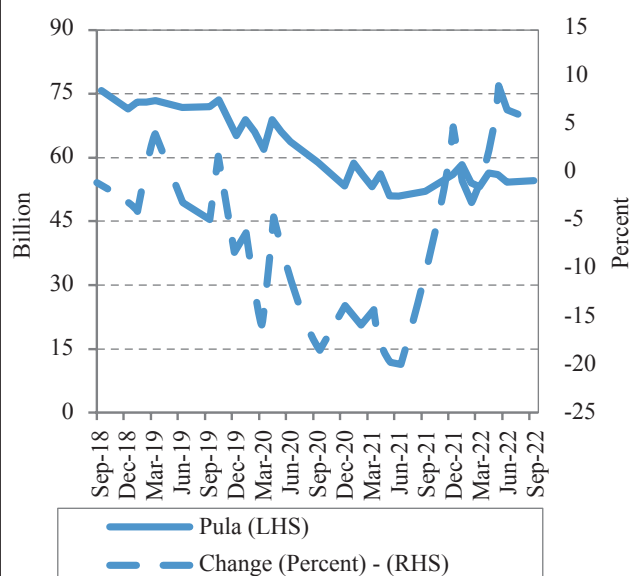
During the first half of 2022, the overall BoP recorded a surplus of P5.2 billion, compared to a deficit of P4.2 billion in the same period of 2021. In the twelve months to June 2022, the surplus was P6.5 billion from a deficit of P16.4 billion during the corresponding period in 2021.

Foreign exchange reserves increase

As at the end of September 2022, foreign exchange reserves amounted to P54.5 billion, an increase of 4.6 percent from P52.1 billion in September 2021. (Chart 3.16).

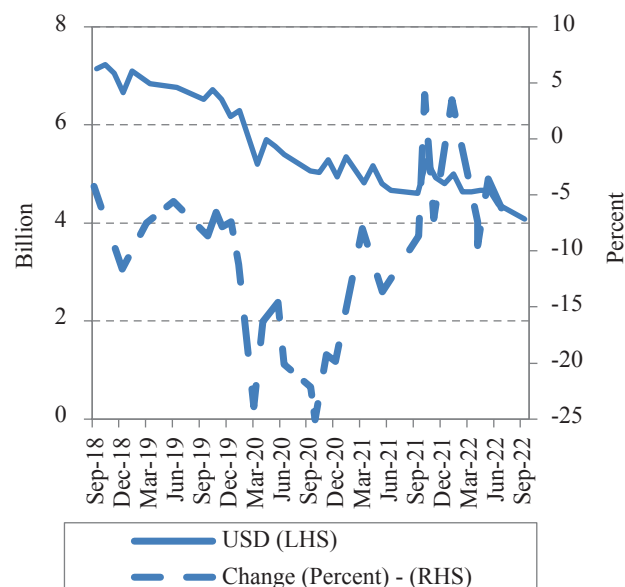
In foreign currency terms, the level of foreign exchange reserves decreased by 10.9 percent from USD4.6 billion in September 2021 to USD4.1 billion in September 2022, and by 3 percent from SDR3.3 billion to SDR3.2 billion over the same period (Chart 3.17). The level of foreign exchange reserves in September 2022 was equivalent to 8.8 months of import cover of goods and services.

Chart 3.16: Foreign Exchange Reserves in Pula and Annual Percentage Change



Source: Bank of Botswana

Chart 3.17: Foreign Exchange Reserves in US Dollars and Annual Percentage Change



Source: Bank of Botswana

Box 2: Adoption of Balance of Payments (BoP) and International Investment Position Manual Six (BPM 6)

The compilation of BoP is guided by the IMF compilation manuals with a view to ensuring standardisation, hence international comparability of external sector statistics. The manuals and compilation guidelines evolve overtime in response to change in methodologies and data, economic and financial developments, analytic interest and technological advancement. In this regard, the IMF has, thus far, released six editions of the Balance of Payments Manual (BPM) and the International Investment Position (IIP) Manual, the latest being the BPM6, released in 2009. BPM6 introduced methodological and classification changes, with most of the amendments occurring in the goods and services account. Other noticeable changes are sign conversions in the financial account.

Botswana adopted the BPM6 reporting in 2018, through the IMF's yearbook submission. Locally, the dissemination of data reported in the BPM6 format commenced with the Botswana Financial Statistics (BFS) publication of September 2020. Generally, the changes brought about by BPM6 have not affected net balances of BoP accounts, except for the change in signs in the financial account. However, the migrants' transfers have been removed from the BoP and placed under the IIP. Migrant transfers consist of personal effects, financial assets and liabilities of individuals changing their residence. Tables 3.6 and 3.7 provide a summary of the changes made pertaining to signs and classification.

Sign Changes and Interpretation

The rationale for changing the signs in the financial account was to bring the BoP interpretation in line with the IIP, as well as to harmonise the financial account presentation with other macroeconomic datasets, such as the system of national accounts SNA and government finance statistics. In this case a positive sign now represents an increase in either an asset or liability account while a negative sign represents a decrease in an asset or liability account, in both the BoP and the IIP. The balances on the different components within the financial account are now calculated by subtracting net incurrence of liabilities from net acquisition of assets instead of adding them. The net balance on the financial account has the opposite sign in BPM6 compared to BPM5. In BPM 6, a positive net balance represents a net outflow, while a negative net balance represents a net inflow, in contrast to the BPM5 interpretation.

Table 3.6: Sign Changes and Interpretation

Account	BPM5 Interpretation	BPM6 Interpretation
Current and Capital Balance from current and capital account	Credits were positive (+) Debits were negative (-) Balance = credits plus debits Surplus +, deficit -	Both credits and debits recorded as positive (+) values Balance = credits minus debits Surplus +, deficit - + net lending - net borrowing
Financial Balance	+ net borrowing - net lending Balance = Assets + Liabilities	+ net lending - net borrowing Balance = Assets - Liabilities
Net acquisition of Financial Assets (NAFA)	Increases in foreign assets – Decreases in foreign assets +	Increases in foreign assets + Decreases in foreign assets -
Net Incurrence of Liabilities (NIL)	Increases in liabilities to non-residents + Decreases in liabilities to non-residents -	Increases in liabilities to non-residents + Decreases in liabilities to non-residents -
Reserve Assets	Increase – Decrease +	Increase + Decrease -
Net private sector capital inflows/outflows	Capital inflows + Capital outflows -	Capital inflows - Capital outflows +

Table 3.7: Classification Changes (of highlighted items in BPM5)

BPM5 Item Classification	BPM6 Item Reclassification
‘Goods for processing’ recorded in the goods account	Reclassified to services, renamed ‘manufacturing services on physical goods owned by others’
‘Repairs on goods’ recorded in the goods account	Reclassified to services, renamed “maintenance and repair services”
‘Goods procured in ports by carriers’ recorded separately in the goods account	Recorded as part of general merchandise within the goods account
‘Merchanting’ recorded as a service	Renamed as ‘Net exports of goods under merchanting’ and recorded under goods
‘Postal and courier services’ reported as part of communication services	Moved to ‘transport services’
‘Royalties and licence fees’	Renamed as ‘charges for use of intellectual property’
Interest on loans and deposits recorded in the income account on a gross basis	Split to service and income components Pure interest recorded in primary income The services part termed ‘Financial intermediation services indirectly measured’ (FISIM) recorded under services
High value goods acquired by travellers recorded under travel services	Moved to merchandise goods

3.7 Exchange rate developments

For 2022, the Bank’s implementation of the exchange rate policy entailed the maintenance of an annual downward rate of crawl of 2.87 percent. This downward rate of crawl was implemented from May 1, 2020 with a view to enhancing domestic industry competitiveness in response to the adverse impact of the COVID-19 pandemic on the economy. The Pula basket weights were also maintained at 45 percent for the South African

rand and 55 percent for the SDR, guided by Botswana’s trade pattern and international transactions.

In the twelve months to November 2022, the Pula depreciated by 3.8 percent against the South African rand and 2.1 percent against the SDR (Chart 3.18). Against the SDR constituent currencies, the Pula depreciated by 8.1 percent against the US dollar, while it appreciated by 12.4 percent against the Japanese yen, 3 percent against

the Chinese renminbi, 2.3 percent against the British pound and 0.4 percent against the euro.

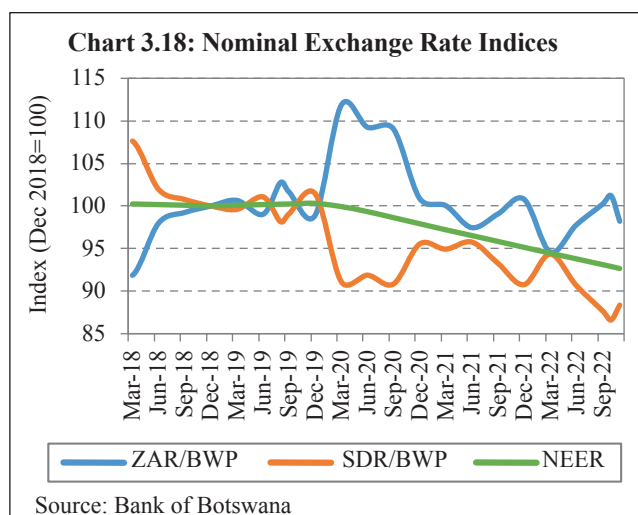
The movement of the Pula against the SDR constituent currencies largely reflects the performance of the South African rand against the SDR constituent currencies. Therefore, in the same review period, the South African rand appreciated by 1.8 percent against the SDR. With respect to the SDR constituent currencies, the South African rand appreciated by 16.7 percent against the Japanese yen, 7.1 percent against the Chinese renminbi, 6.3 percent against the British pound and 4.4 percent against the euro, while it depreciated by 4.6 percent against the US dollar.

The South African rand appreciated against most major currencies on the back of country's improving fiscal position¹⁴, as well as expectations of continued monetary policy tightening by the SARB¹⁵. The prospects of an interest hike were propelled by an acceleration of South Africa's annual inflation rate of 7.6 percent in October 2022 from 7.5 percent in September 2022.

However, the South African rand gains was limited by the impact of the Federal Reserve's monetary policy tightening to tame US inflation, as well as the associated global tide of risk-off sentiment, on the back of the ongoing war between Russia and Ukraine, which has affected global trade flows and commodity prices. On the domestic front, the South African rand weakened as the country grappled with prolonged worker strikes arising from wage disputes and load shedding due to production failures at several Eskom power stations.

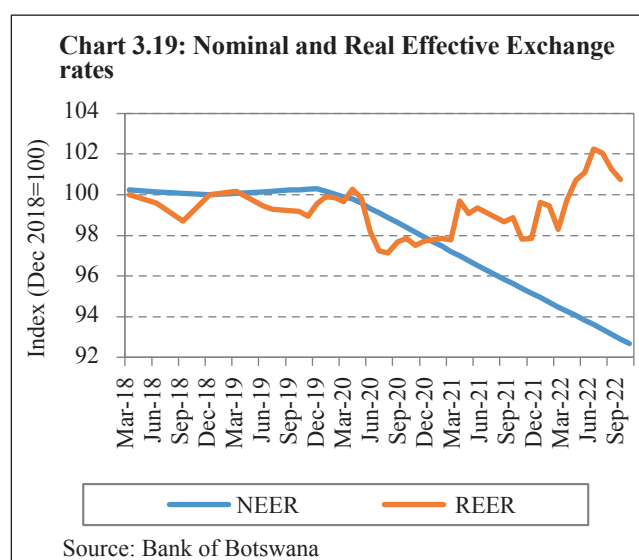
¹⁴ According to the 2022 Medium-Term Budget Policy Statement (MTBPS) tabled by the Finance Minister on October 26, 2022, the consolidated budget deficit in the current 2022/23 fiscal year is projected to narrow down from 6 percent forecast in the main February budget to 4.9 percent of GDP. Meanwhile, the debt ratio will stabilise at 71.4 percent of GDP in 2022/23 compared to the February projection of 75 percent of GDP. The prudent fiscal convergence targets for the SADC region member states are to keep public debt at less than 60 percent of GDP, a budget deficit of less than 3 percent of GDP, and annual GDP growth rate of more than 7 percent.

¹⁵ The SARB Governor hinted that South Africa's borrowing costs will only be lowered when inflation retreats toward the midpoint of the central bank's target range.



NEER depreciated in November 2022

The NEER of the Pula depreciated by 2.8 percent in the twelve months to November 2022 (Chart 3.19), consistent with the downward annual rate of crawl of 2.87 percent.



REER appreciated in October 2022

The REER appreciated by 1.9 percent in the twelve months to October 2022 (Chart 3.19), because of a higher positive inflation differential (4.9 percentage points) between Botswana and the trading partner countries than the downward rate of crawl (2.8 percent). With respect to bilateral movements against the Pula basket currencies, the real Pula exchange rate (using headline inflation) appreciated by 7.1 percent against the South African rand and depreciated by 2.1 percent against the SDR. The domestic currency appreciated against all the SDR constituent currencies except the US dollar against which it depreciated by 11 percent. It appreciated by 20.3 percent against the Japanese yen, 7.3 percent against the Chinese renminbi, 2.6 percent against the British pound and 1.7 percent against the euro.

4. THE ECONOMIC AND POLICY OUTLOOK

4.1 Global economic prospects

The global economic outlook remains broadly restrained, largely due to tightening financial conditions in most regions to contain elevated inflationary pressures. Moreover, the elevated inflationary pressures continue to erode purchasing power, while lockdowns in China to contain the spread of the COVID-19 virus also continue to weigh heavily on the global economic outlook. Regionally, in South Africa, growth is projected to remain subdued, mainly due to the extensive power shortages and tight monetary policy conditions. With regard to price developments, global inflation is projected to remain elevated, influenced by the escalation of the Russia-Ukraine war and its associated impact on food and fuel prices, as well as improved demand conditions.

Global economic growth to slowdown

According to the October 2022 WEO, global output growth is forecast at 3.2 percent and 2.7 percent for 2022 and 2023, respectively, from an estimated expansion of 6 percent in 2021. The growth forecast for 2022 was unchanged from the July 2022 projection but revised downwards by 0.2 percentage points for 2023. The expected lower growth in 2022 is largely due to significant contractions in major economies, particularly the US in the first half of 2022 and Euro area, prolonged COVID-19 outbreaks and lockdowns in China amid a growing property market crisis, as well as the Russia-Ukraine war, and high commodity prices and inflation worldwide. Moreover, higher than expected inflation in advanced economies, especially the US and major European economies, has triggered a faster pace of monetary policy tightening, which has led to a significant squeeze on financial conditions globally and associated distress in emerging and developing economies.

For advanced economies, output is forecast to expand by 2.4 percent in 2022, a moderation from the 5.2 percent in 2021. The 2022 projection was downgraded by 0.1 percentage points from the July 2022 WEO Update, mostly reflecting major downgrade for the US due to lower consumer demand because of higher interest rates.

Risks to the global economic outlook are assessed to be on the downside. These include the possibility of mistakes in inflation forecast and trajectory and, therefore, improper calibration of policy responses and a likely stagflation. The resurgence of COVID-19 could also slow down global economic activity.

UK economic growth to slow down in 2022

The UK economy is expected to grow by 3.6

percent in 2022 (0.4 percentage points higher compared to the July 2022 forecast), from an expansion of 7.4 percent in 2021. The relatively lower output expansion in 2022 reflects weaker-than-expected consumption as elevated inflationary pressures erode real disposable incomes, as well as tighter financial conditions which are expected to reduce investment. Economic activity is forecast to moderate to 0.3 percent in 2023, remaining below the pre-pandemic levels.

Output growth for US to moderate

For the US, output is forecast to grow by 1.6 percent in 2022, a decline from an expansion of 5.7 percent in 2021, before moderating further to an expansion of 1 percent in 2023. The 2022 forecast is 0.7 percentage points lower compared to the July 2022 projection, mainly because of the unexpected real GDP contraction in the second quarter. In addition, declining real disposable income continues to reduce consumer demand, while higher interest rates negatively affect spending, particularly residential investment.

Growth for the euro area to moderate

In the euro area, economic growth is projected to moderate to 3.1 percent in 2022 (0.5 percentage points higher compared to the July 2022 projection), from an expansion of 5.2 percent in 2021, on account of a stronger-than-projected second-quarter outturn in most euro area economies, particularly Spain, due to recovery in tourism-related services and industrial production. Meanwhile, GDP growth for the region is expected to slow further to 0.5 percent in 2023, 0.7 percentage points lower compared to the projection made in July 2022.

Emerging markets GDP growth expected to expand

Economic activity in emerging market and developing economies is projected to expand by 3.7 percent in 2022, an upward revision of 0.1 percentage points relative to the July 2022 WEO Update, from an estimated expansion of 6.6 percent in 2021. The anticipated relative slowdown in economic activity in 2022 is mainly due to the decline of the Chinese economy, the moderation in India's economic growth and, to some extent, the expected contraction in Russia (by 3.4 percent in 2022) owing to the sanctions following invasion of Ukraine.

GDP in India is forecast to grow by 6.8 percent and 6.1 percent in 2022 and 2023, respectively. The 2022 projection is 0.6 percentage points lower than the July 2022 forecast, mainly because of a weaker than expected outturn in the second quarter and more subdued external demand. In China, the frequent lockdowns following a zero COVID-19 policy have adversely affected the economy, especially in the second quarter of 2022. Furthermore, worsening crisis in the property market sector, representing about one-fifth of economic activity in China, have held back economic activity. Given the size of the China's economy and its importance for global supply chains, this will weigh heavily on global trade and activity. Therefore, China's output growth is expected to slow down substantially from 8.1 percent in 2021 to 3.2 percent in 2022 (0.1 percentage points lower than the July 2022 projection).

Growth prospects for the South African economy remain weak

Growth prospects in South Africa are expected to remain restrained on account of tight monetary policy conditions to control inflationary pressures, as well as continued COVID-19 episodes, restrained fiscal support, lingering supply bottlenecks and the long-standing power supply shortage crisis. Thus, South African output is forecast to expand by 2.1 percent and 1.1 percent in 2022 and 2023, respectively, from an expansion of 4.9 percent in 2021. The 2022 projection is 0.2 percentage points lower than the July 2022 WEO Update, and 0.3 percentage points lower for 2023. Meanwhile, in November 2022, the SARB revised forecasts for GDP growth for 2022 and 2023 to 1.8 percent and 1.1 percent, from 1.9 percent and 1.4 percent, respectively. The lower projection for

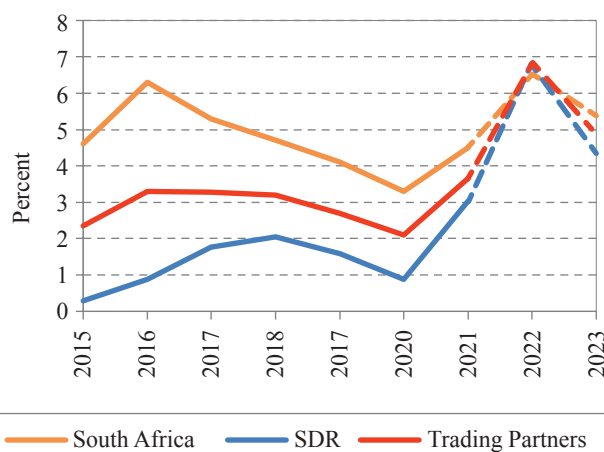
2022 was due to flooding in Kwa-Zulu Natal and more extensive load shedding in the second quarter, which are expected to weigh on economic activity in the remainder of the year.

Global inflation to increase

Globally, inflation is expected to remain elevated in the second half of 2022, driven by the relatively high food and fuel prices (although declining), due to the escalation of the Russia-Ukraine war and subsequent sanctions imposed by some major countries on Russia, as well as improved global demand conditions. The anticipated inflationary pressures also stem from prolonged supply chain disruptions arising from the pandemic and those induced by the war. Thus, inflation for advanced economies is forecast to increase from 3.1 percent in 2021 to 7.2 percent in 2022, while for emerging market and developing economies, it is forecast to increase from 5.9 percent to 9.9 percent. Overall, global inflation is expected to increase from 4.7 percent in 2021 to 8.8 percent in 2022. The forecast is 0.5 percentage points higher than the July 2022 WEO Update projection.

Meanwhile, the SARB forecasts South African inflation to average 6.7 percent and 5.4 percent in 2022 and 2023, respectively. The forecasts for 2022 and 2023 have been revised upwards by 0.2 percentage points and 0.1 percentage points, respectively from the September 2022 projection, due to higher food and core inflation forecasts for next year. Overall, inflation is anticipated to be above the SARB's 3–6 percent target range in 2022, and to revert to within the target range in the third quarter of 2023 (Chart 4.1).

Chart 4.1: South Africa and SDR Headline Inflation



Source: SARB and Bloomberg

Global diamond prices to slow down

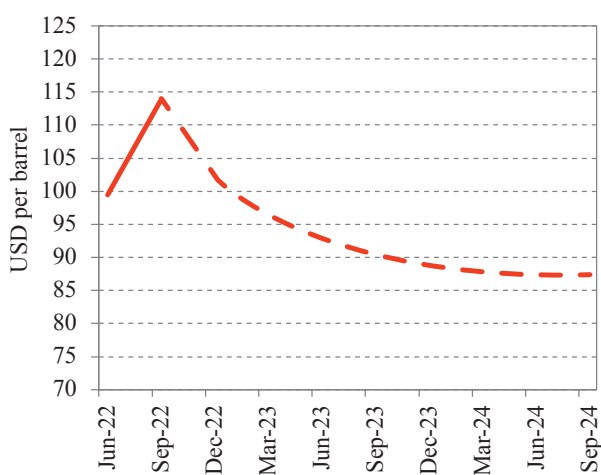
Diamond prices are expected to continue trending downwards in the short term due to the anticipated slowdown in economic activity and decreased demand for the commodity, amid uncertainty in the US market and the ongoing economic weakness in China.

International oil and food prices to slow down but remain relatively high

International oil prices are projected to slow down into the medium term (Chart 4.2). The projected slowdown in oil prices considers the continued lockdowns in China given that China is a major importer and consumer of crude oil, fears of a global recession and the continued appreciation of the US dollar, which could hurt oil demand, as well as the use of alternative sources of energy and the actions of the world's major central banks, which have repeatedly hiked interest rates to fight elevated inflation. Moreover, the US's decision to release 15 million barrels of oil from strategic reserves in November 2022 is expected to exert downward pressure on oil prices. Nevertheless, international oil prices are projected to remain relatively high, amid supply disruptions due to the escalating Russia-Ukraine crisis, as well as OPEC and its allies' decision to cut production by 2 million barrels per day effective November 2022, which could affect the global oil market. Moreover, should there be a complete cessation of exports of Russian gas to European countries, this could contribute to high energy prices and inflation in general.

Overall, developments in the international oil market imply marginal downward pressure on domestic inflation in the short term.

Chart 4.2: International Oil Prices



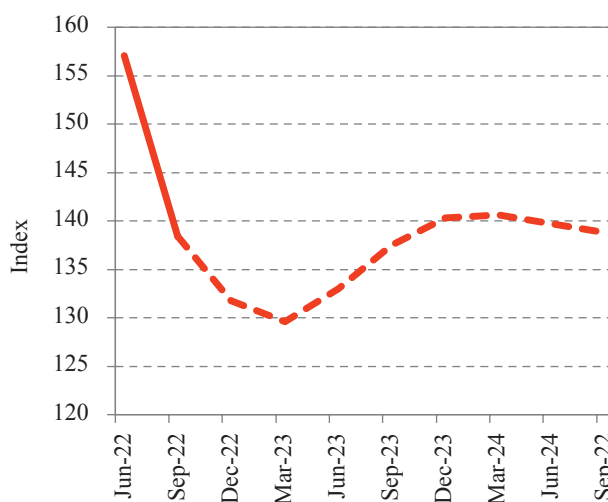
Source: Bloomberg

Global food prices are expected to trend downwards in the short term (Chart 4.3) but remain relatively high. The anticipated relatively high food prices mainly reflect increased demand and cost push pressures arising from supply disruptions caused by the COVID-19 pandemic and the Russia-Ukraine war.

Meanwhile, the anticipated decline in food prices in the short term is because of increased seasonal output of major producer countries, such as Argentina, Brazil and Canada, as well as the expected easing in international oil prices as oil is used as input in food production.

In Southern Africa, food prices are expected to decrease in the short term due to anticipated good climatic conditions brought about by expected good rainfall during the 2022/23 ploughing season. Overall, there is potential downward pressure from international food prices on domestic inflation in the short term.

**Chart 4.3: International Food Prices
FAO Index**



Source: Bloomberg

4.2 Outlook for domestic economic activity

Projections by MoF indicate that GDP growth will moderate to 4.2 percent and 4.1 percent in 2022 and 2023, respectively, from a higher expansion of 11.4 percent in 2021. The economy is anticipated to continue operating below its potential into the medium term. However, economic recovery will be supported by the prevailing accommodative monetary conditions, improvements in the diamond industry and water and electricity supply, reforms to further improve the business environment and government interventions against COVID-19, including vaccine rollouts and the implementation of the E RTP initiatives, among others.

Output growth to moderate in 2022

MoF projects GDP to expand by 4.2 percent in 2022, from a higher expansion of 11.4 percent in 2021, as growth in the mining sector moderates. It is also anticipated that the performance of the non-mining sectors will improve, underpinned by, among others, improvements in electricity and water supply, as well as finance, insurance and pension funds sectors. Furthermore, government interventions to mitigate the impact of COVID-19, as well as implementation of the E RTP, are anticipated to restore economic activity and improve incomes, facilitate expansion of productive capacity, accelerate economic transformation and build economic resilience. However, given the downside risks to global economic activity, including the possible resurgence of COVID-19, weaker global demand and adverse impact of the Russia-Ukraine war, the growth trajectory remains uncertain.

rate (26 percent as at the fourth quarter of 2021) and restrained growth in real wages.

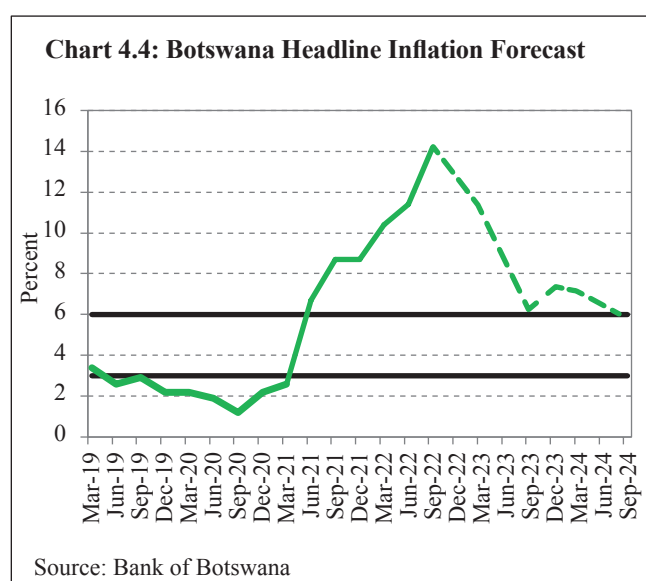
The Bank's September 2022 Business Expectations Survey (BES) indicates that firms are optimistic about business conditions in the third quarter of 2022 compared to the pessimism that prevailed in the second quarter. The optimism in the third quarter is reflected by firms' expectations of positive domestic economic performance, hence some expected improvements in investment in plant, machinery, buildings, vehicles, equipment and other investment, compared to the June 2022 survey. Firms expect GDP to expand by 3.6 percent in the third quarter of 2022, in line with the anticipated improvement in the performance of sectors such as mining and quarrying, finance, professional and administrative activities and manufacturing, as well as the envisaged global economic recovery in 2022. Overall, non-mining economic activity is anticipated to improve in the short term although continuing to operate below potential into the medium term. The below output trend is also consistent with the high unemployment

4.3 Monetary policy and the inflation outlook

Inflation is forecast to remain above the Bank's 3–6 percent objective range into the medium term. The inflation forecast has been revised slightly downwards over the forecast horizon and inflation is expected to continue on a downward trend and to revert to within the objective range in the third quarter of 2024. The downward revision compared to the October 2022 forecast is due to the impact of the recent decrease in domestic fuel prices and the projection of a stronger Pula against the South African rand than the previous forecast.

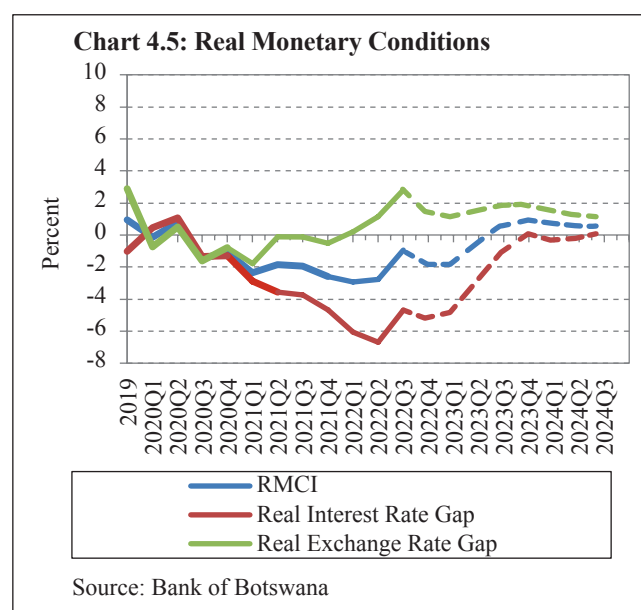
Inflation is projected to be high in the near to medium term

Inflation is projected to remain above the objective range in the near to medium term, mainly because of the impact of supply-side factors. Nonetheless, inflation is expected to continue on a downward trend, mainly due to the dissipating impact of the earlier increases in administered prices, subdued domestic demand, recent decrease in domestic fuel prices, current monetary policy posture, expected decrease in trading partner countries' inflation and international commodity prices, as well as tightening financial conditions. Therefore, inflation is expected to revert to within the objective range in the third quarter of 2024 (Chart 4.4).



The projection considers the anticipated positive growth in domestic output in response to the prevailing monetary conditions (Chart 4.5); the decrease in domestic fuel prices effected on October 27, 2022; the increase in Botswana postal tariffs effective November 1, 2022; the possible increase in electricity tariffs and Botswana Housing Corporation (BHC) rentals in April 2023 and April 2024; the upward revision in forecasts for trading partner countries' inflation the upward revision in forecasts for the Pula against the South African rand; and the base effects associated with adjustments in administered prices.

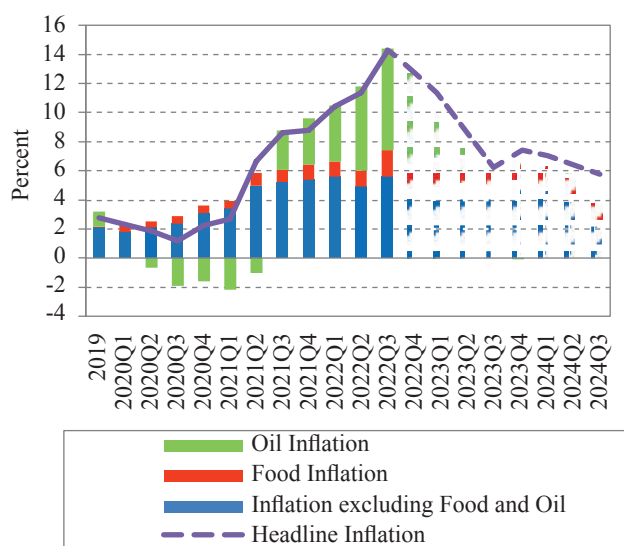
The decrease in domestic fuel prices in October 27, 2022 is expected to reduce inflation by approximately 0.73 percentage points in the fourth quarter of 2022. However, the increase in Botswana postal tariffs is anticipated to add 0.02 percentage points to inflation in the fourth quarter of 2022. The proposed increases in electricity tariffs are anticipated to add approximately 0.30 percentage points to inflation in the second quarters of 2023 and 2024. Similarly, the expected increase in BHC rentals in April 2023 and April 2024 will add approximately 0.21 percentage points, in the second quarters of 2023 and 2024. The December 2022 inflation projection is consistent with the September 2022 BES which indicate that the business community expects inflation (on average) to remain above the Bank's objective range in 2022, at 12.5 percent.



Core inflation to remain high in the short term

Inflation, excluding food and fuel prices, is forecast to remain high in the short term, on account of the second-round effects of the increase in administered prices. Nonetheless, core inflation is expected to decline in the medium term, mainly because of the dissipating impact of the upward adjustment in administered prices in 2022 from the inflation calculation (Chart 4.6).

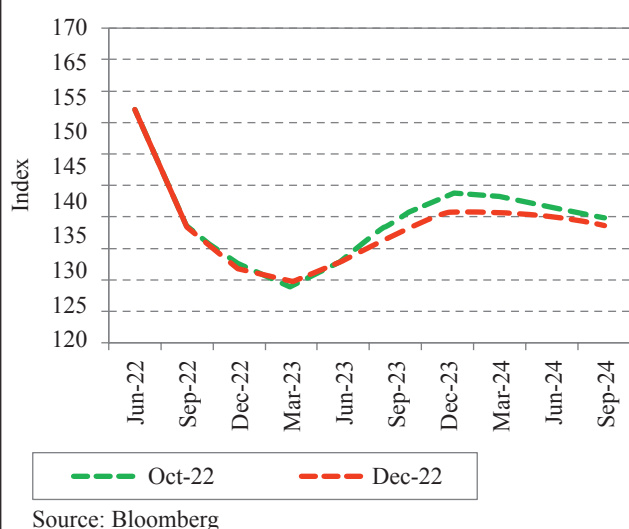
Chart 4.6: Headline Inflation and its Components



International food prices revised downwards

Compared to the October 2022 forecast, international food prices are relatively unchanged in the near term and revised downwards in the medium term (Chart 4.7). The downward revision in the medium term reflects, in part, increased seasonal output of major producer countries and the prospects for continued grain exports facilitated through the grain supply deal signed between Ukraine, Russia, Turkey and the United Nations.

**Chart 4.7: International Food Prices
FAO Index**

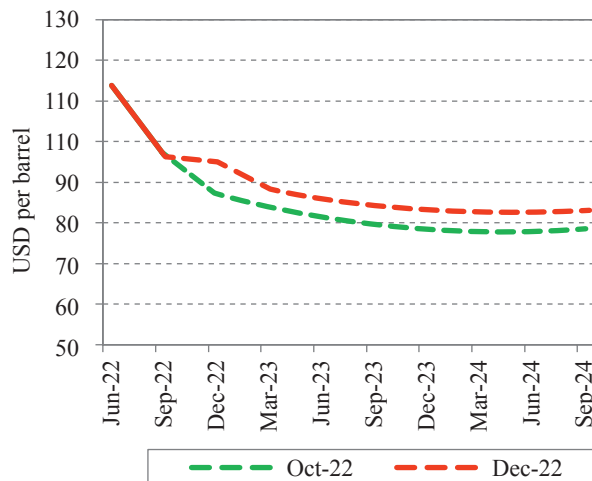


International oil prices revised upwards

Relative to the October 2022 projection, international oil prices have been revised upwards (Chart 4.8), reflecting the decision by OPEC and its allies to cut oil production from November 2022 and concerns over declining crude inventories

in the US. However, forecasts of international oil prices are trending downward, though still elevated, due to the strong US dollar, continued lockdowns in China, which is the world's biggest oil importer, and fears of a global economic recession following an aggressive contractionary monetary policy stance by central banks.

Chart 4.8: International Oil Prices

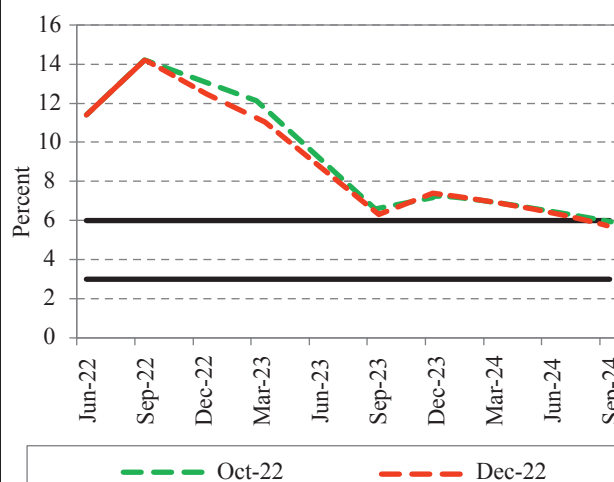


Overall, developments with respect to international oil and food prices imply upward pressure on domestic inflation.

Inflation forecast revised downwards over the forecast horizon

Compared to the October 2022 forecast, inflation is projected to be slightly lower over the forecast horizon, due to the impact of the recent decrease in domestic fuel prices and projection of an appreciation of the Pula against the South African rand than the previous forecast (Chart 4.9).

Chart 4.9: Botswana Headline Inflation Revision



Exchange rate movements

The Pula exchange rate is determined by the performance of the Pula basket currencies and the rate of crawl. Once the basket composition and the rate of crawl (based on inflation differentials) have been determined, the daily changes in the value of the Pula against other currencies are a result of movements in the cross rates of the South African rand and the SDR constituent currencies against each other, and their relative weights in the composite currency basket.

The South African rand is expected to depreciate against the US dollar and the SDR in the next four quarters (Chart 4.10) due to poor economic fundamentals (weak economic growth, high public debt, and high budget deficit), recurring labour strikes, power supply constraints, as well as poor-performing state-owned enterprises, which may limit the growth of domestic economic output in the forecast period. Meanwhile, uncertainty over the developments of the Russia-Ukraine war, the looming global recession on the back of high inflation and aggressive monetary policy in most economies, as well as unfavourable changes in investor sentiment towards emerging market assets (of which the South African rand is part) are expected to continue putting pressure on the South African rand. Moreover, as the Fed is expected to remain hawkish towards achieving a 2 percent inflation target, high interest rates in the US result in capital movement from emerging economies to seek higher yields in the US especially during periods of high uncertainty, and therefore a depreciation of emerging market currencies. However, the South African rand is expected to be supported by rising commodity prices, a projected improvement in the fiscal position, as well as expectations of continued monetary policy tightening by the SARB.

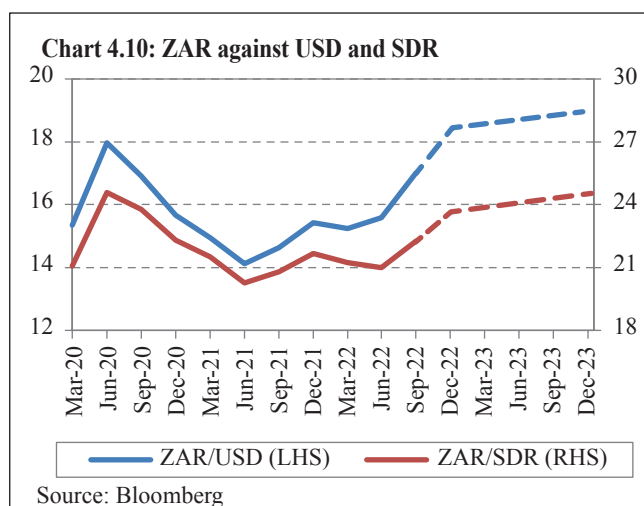


Chart 4.11A: Exchange Rates against USD

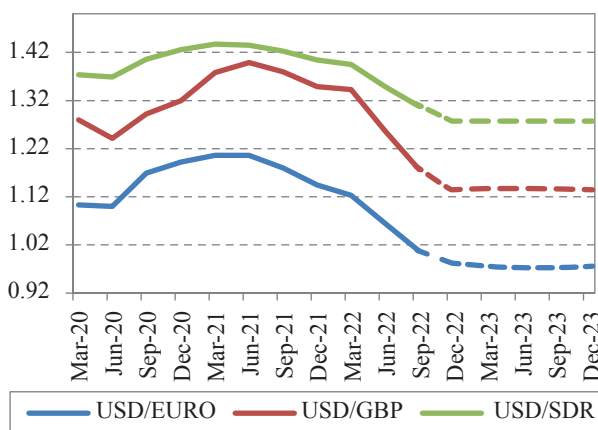
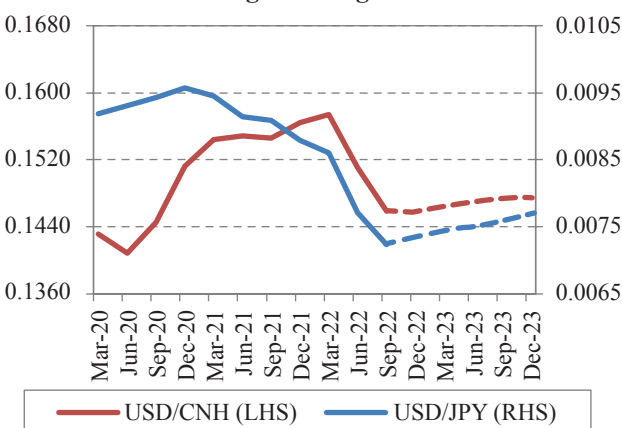


Chart 4.11B: Exchange Rates against the USD



The US dollar is expected to appreciate against most major international currencies in the next four quarters (Chart 4.11A and Chart 4.11B) as heightened uncertainty on the global economic outlook emanating from the geo-political conflict between Russia and Ukraine and fear of a global recession increased the dollar's safe-haven appeal. Moreover, in November 2022, the Fed raised interest rates for the sixth consecutive time and emphasised its commitment to raise interest rates further, to channel inflation towards the central bank's target.

The British pound is expected to depreciate marginally against the US dollar (Chart 4.11A) as the Bank of England (BoE) hiked interest rates by 75 basis points (its largest increase since 1989) to 3 percent at its October 2022 meeting and warned that the country will enter a prolonged recession until the first quarter of 2024. The BoE forecasts inflation to decrease to 5.2 percent in a year, compared to the August forecast of 9.5 percent, and eventually falling to below the BoE's 2 percent target in two years. Moreover, expectations of an

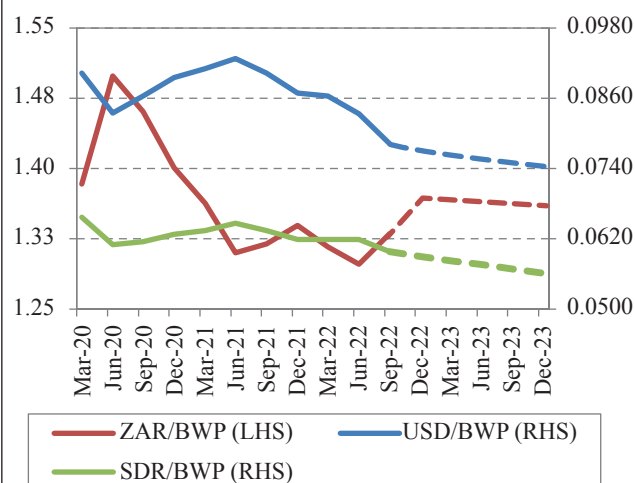
increase in energy prices could prolong monetary policy tightening and the recession. Meanwhile, the euro is also anticipated to depreciate against the US dollar as the ECB maintained a dovish tone, despite monetary policy tightening at its October 2022 meeting. Additionally, the anticipated depreciation of the euro is on the back of a substantial negative terms of trade shock, as the region recorded a trade deficit in the year to August 2022, due to an increase in the cost of imports, particularly gas and oil prices.

The Japanese yen is expected to appreciate against the US dollar amid fears of a global economic recession, despite a growing divergence in the direction of monetary policy between Japan and the US and associated concerns of capital outflows. The BoJ maintained ultra-low interest rates and signalled its commitment to keep monetary policy accommodative despite a global shift toward tighter monetary settings. However, there is mounting pressure for the BoJ to review its ultra-accommodative monetary policy to deter further depreciation of the yen against the US dollar after the Japan finance ministry revealed that it spent about \$43 billion in October 2022 to support its currency. Tightening monetary policy would reduce the interest rate differential between Japanese and US assets, which in turn would boost the yen.

The Chinese renminbi is expected to appreciate against the US dollar in the next four quarters (Chart 4.11B), despite the country's zero-COVID policy which resulted in further restrictions and lockdowns in some cities, raising concerns on the country's growth outlook.

Overall, forecast movements of the SDR constituent currencies imply a marginal depreciation of the SDR against the US dollar (Chart 4.11A). The anticipated depreciation of the South African rand against the SDR is expected to result in a depreciation of the Pula against the SDR constituent currencies in the forecast horizon (Chart 4.12). However, the Pula is expected to be relatively stronger against the South African rand in the short term but to depreciate slightly against the South African rand into the medium term, assuming the current rate of crawl is maintained. The projected appreciation of the Pula against the South African rand is expected to exert marginal downward pressure on domestic inflation.

Chart 4.12: BWP Exchange Rates against ZAR, USD and SDR



Source: Bloomberg and BoB calculations

Risks are skewed to the upside

Overall, risks to the inflation outlook are assessed to be skewed to the upside. These risks include the potential increase in international commodity prices beyond current forecasts; persistence of supply and logistical constraints to production; the adverse economic and price effects of the ongoing Russia-Ukraine conflict; the uncertain COVID-19 profile; and the tension between China and Taiwan. On the domestic front, the risks for higher inflation than currently projected relate to possible annual adjustments of administered prices not included in the forecast; short-term consequences of import restrictions; second-round effects of the recent increases in administered prices; upward pressure on wages across the economy emanating from the increase in public service salaries; and entrenched expectations for higher inflation, which could lead to higher general price adjustments.

These risks are, however, moderated by the possibility of weaker-than-anticipated domestic and global economic activity due to geo-political tensions and possible restrictions in response to any emergence of new COVID-19 variants. Lower international commodity prices than currently projected could also result in lower inflation, as would capacity constraints in implementation of projects, including the ERTIP initiatives.

Box 3: Bank of Botswana (Amendment) Act, 2022

In July 2022, Parliament passed the Bank of Botswana (Amendment) Act, 2022 (the Act), which introduces new provisions to enhance the Bank's powers to achieve the price and financial stability mandates. The new changes are discussed below.

Dual Mandate for the Bank of Botswana

Section 4 (2) of the Act incorporates a financial stability mandate for the Bank in addition to the primary mandate of maintaining price stability. Under the new legislation, the primary objective of the Bank shall be to achieve and maintain domestic price stability. Subject to attaining its primary mandate, the Bank shall contribute to the stability of the financial system and foster and maintain a stable, sound and competitive market-based financial system. In addition to making explicit the twin-mandates of the Bank, the provision further states that the Bank shall have operational independence in pursuit of its primary objectives, and in the performance of its functions under the Act.

Revised Composition of the Monetary Policy Committee

One of the major changes in the Act is the establishment of a statutory Monetary Policy Committee (MPC) under section 19 A of the Act. In contrast to past practice where the composition of the MPC was largely at the discretion of the Governor, the amended Act (Section 19 B) specifies that the MPC shall be composed of the Bank of Botswana Governor, deputy Governors, head of department responsible for economic research and head of department responsible for treasury operations as ex officio members. The Minister shall appoint four additional persons who are not employees of the Bank, with knowledge and experience relevant to the functions of the MPC. The existing MPC comprises only senior management of the Bank including the Governor, Deputy Governors and other senior staff from departments responsible for research, monetary policy implementation, and market surveillance and supervision.

Establishment of a Statutory Financial Stability Council

Section 54 B of the amended Act establishes a statutory body to be known as a Financial Stability Council, which shall be responsible for preserving the stability of the financial system; ensuring cooperation between members with respect to the assessment of the build-up of economic and financial sector systemic risks in Botswana; developing coordinated policy responses to risks including crisis management; and making recommendations, issuing warnings or opinions addressed to regulatory bodies regarding financial institutions. The FSC shall comprise the Governor, who shall be the Chairman, the Permanent Secretary in the Ministry responsible for Finance, Chief Executive Officer of the Non-Bank Financial Institutions Regulatory Authority, Director of the Deposit Insurance Scheme, and the Director General of the Financial Intelligence Agency. The Financial Stability Council is currently not a statutory body and is established by a memorandum of understanding between participating institutions.

Provision for the Establishment of a Deposit Insurance Scheme

Section 43 A of the amended Act provides for the establishment of a Deposit Insurance Scheme to provide insurance against loss of part or all insured customer deposits in a bank. The Deposit Insurance Scheme shall be established and operate in a manner that will contribute to the stability of the financial system in Botswana and minimise exposure to loss for customers.

Box 4: Central Bank Communication on Monetary Policy

The last three decades bear witness to central banks progressively using public communication to support their policy objectives, as well as enhance transparency in the formulation and implementation of effective monetary policy (Robison, 2020). The change has been necessitated by the growing recognition that central bank communication enhances both the transmission of monetary policy and the management of inflation expectations, which are fundamental to effective monetary policy.

As noted by Kahveci and Odabas (2016), the post-crisis transmission in central bank policy from mystery and inscrutability to the era of transparency, as well as the importance of ‘forward-guidance’ demonstrate how rapidly and radically the communication strategy has evolved. Evidently, communication has become a policy tool in its own right. Central bank communication, as defined by Blinder et al. (2008), is the information that the central bank makes available about its current and future policy objectives, current and prospective economic developments pertaining to key policy variables including inflation and output, risks to the inflation outlook and the likely path for future monetary policy decisions. Furthermore, the central bank communicates the rationale for its policy decisions.

The shift towards greater transparency is generally viewed as desirable in so far as it enhances effectiveness of monetary policy in anchoring economic agent’s expectations for future policy changes, safeguarding independence, and legitimacy of central banks against the backdrop of enlarged mandates and greater public scrutiny. Furthermore, greater transparency increases predictability, accountability, and credibility of central banks.

The Bank, like most other central banks, recognises the importance of communication in sustaining and reinforcing transparency, predictability, and accountability with respect to the policy framework and actions; thus, fostering market participation, influencing expectations, policy credibility and, consequently, policy transmission. The Bank’s communication function has evolved with the establishment of the Communications and Information Services Division, which deals with media relations, public education, the Knowledge Centre (Library), administration of the Bank’s website (dissemination of Bank’s information) and records management. A Communications Policy (approved in 2020) was developed to provide a framework for effective coordination of communication activities and dissemination of information. These efforts are aimed at enhancing understanding of the Bank’s mandate and role in the economy by the public.

Through the Monetary Policy Statement, published at the beginning of the year, the Bank informs stakeholders about the framework for the formulation and implementation of monetary policy, where inflation trends and policy performance are reviewed and the policy choices for the ensuing year are articulated. The MPR was introduced in August 2018 and presents the Bank’s review of economic and inflation trends, as well as policy performance. The report also provides an assessment of external and domestic economic and financial developments likely to influence the inflation path in the medium term and, in turn, the Bank’s future policy choices. In this respect, the MPR promotes an understanding of the conduct of monetary policy to anchor public expectations of a low, predictable, and sustainable level of inflation. Furthermore, the Bank publishes the MPC meeting dates for the year ahead and the Governor delivers a statement at a press briefing subsequent to each meeting of the MPC to allow for engagement with the media and dissemination of the Bank’s policy stance. Following each MPC meeting, a Press Release is issued, informing the public of the Committee’s decision regarding the Bank Rate and the reasons for the policy choice.

However, it is worth noting that as new communication technologies increasingly disintermediate traditional media by allowing for new ways of interaction, comprehension of the whole communication process - from the central bank at the sending end, the intermediation and interpretation of central bank messages through markets, media, and analysts, to the perception thereof by the recipients - becomes a crucial input into policy decisions. Thus, the Bank’s communication is expected to adapt to these developments in pursuit of openness and transparency, and to enhance the effectiveness of policy transmission.

5. DECEMBER 2022 MONETARY POLICY COMMITTEE DECISION

At the meeting held on December 1, 2022, the Monetary Policy Committee (MPC) of the Bank of Botswana decided to maintain the Monetary Policy Rate (MoPR) at 2.65 percent.

Inflation decreased from 13.8 percent in September 2022 to 13.1 percent in October 2022, remaining above the Bank's medium-term objective range of 3 – 6 percent. The MPC projects that inflation will continue to trend downwards and fall within the objective range in the third quarter of 2024. The projected decrease in inflation into the medium term is due to the dissipating impact of the earlier increases in administered prices (base effects), subdued domestic demand, current monetary policy posture, expected decrease in global inflation and international commodity prices.

There is a significant risk that inflation could remain elevated owing to the potential increase in international commodity prices beyond current forecasts; persistence of supply and logistical constraints to production; the adverse economic and price effects of the ongoing Russia-Ukraine war; and the uncertain COVID-19 profile. On the domestic front, the risks of higher inflation than currently projected relate to possible annual adjustments of administered prices not included in the forecast; short-term consequences of import restrictions; second-round effects of the increase in administered prices; upward pressure on wages across the economy emanating from the increase in public service salaries; and entrenched expectations for higher inflation, which could lead to higher general price adjustments.

Inflation could also be lower than projected because of the possibility of weaker-than-anticipated domestic and global economic activity due to geopolitical tensions and possible restrictions in response to any emergence of new COVID-19 variants. Lower international commodity prices than currently projected could also lead to a decline in inflation, as would capacity constraints in project implementation.

Real gross domestic product (GDP) grew by 6.7 percent in the twelve months to June 2022, compared with a growth of 5.1 percent in the year to June 2021. The increase in domestic output was mostly attributable to the expansion in output of the mining sector in the review period, while growth in the non-mining sector was comparatively lower.

According to the October 2022 World Economic Outlook, global output growth was 6 percent in 2021, and forecast to slow to 3.2 percent and 2.7 percent in 2022 and 2023, respectively. The South African Reserve Bank projects that the South African GDP will grow by 1.8 percent in 2022, and slow to 1.1 percent in 2023. For Botswana, GDP growth is expected to moderate to 4.2 percent in 2022 and 4.1 percent in 2023, compared to 11.4 percent in 2021.

The MPC notes the growth-enhancing economic transformation reforms and supportive macroeconomic policies being implemented. These include affordable credit, improvement in water and electricity supply, reforms to further improve the business environment and government interventions against COVID-19, including effective vaccination rollout programme. Against this background, enhanced productivity, innovation, production and the resultant competitiveness of domestic firms against imports and in international markets could contribute to lower domestic inflation.

Overall, the MPC projects that the domestic economy will operate below full capacity in the short-to-medium term and, therefore, not generating any demand-induced inflationary pressures. The projected elevated inflation in the short term is primarily due to supply-side factors and related second-round effects as well as entrenched expectations (including through price adjustments by businesses, contractors and property owners), while demand remains modest. In the circumstances, the MPC decided to maintain the MoPR at 2.65 percent to support economic recovery.

Accordingly:

- (a) the 7-day Bank of Botswana Certificates including repos and reverse repos will continue to be conducted at the MoPR of 2.65 percent;
- (b) the Standing Deposit Facility (SDF) Rate will be 1.65 percent (100 basis points below the MoPR); and

- (c) the Standing Credit Facility (SCF) Rate will be 3.65 percent (100 basis points above the MoPR).

On another matter, the Bank of Botswana will, with effect from January 1, 2023, withdraw some of the COVID-19 relief measures introduced on April 1, 2020, as follows.

1. Introduction

The relief measures were announced on April 1, 2020, following extensive consultation with stakeholders, including commercial banks and the Financial Stability Council. When announcing the relief measures, the Bank indicated that the measures would continue to be reviewed as may be necessary and/or expedient to do so, depending on the severity and/or trajectory of COVID-19.

COVID-19 infections continue to be a threat to public health. The health protocols, including the successful vaccination programme, have helped to significantly reduce the incidence of the disease, which alongside economic support and policy, as well as transformative responses, alleviated the impact, over time, on the safety and soundness of the banking industry. Indeed, except for the disruptions caused by the Russia-Ukraine war, economic recovery was well under way at the beginning of 2022. While the possibility of any future infection waves cannot be discounted, globally and here at home, the prevention measures and availability of effective vaccines as well as other mitigation strategies have allowed for reopening of economies and resumption of normal economic activities.

Against this background, the Bank has decided to withdraw some of the COVID-19 relief measures with effect from January 1, 2023, as follows.

2. Liquidity Support

(a) Overnight Borrowing from the Credit Facility
The punitive interest rate for involuntary access to the Credit Facility (CF) by banks, to meet overnight settlement obligations, is set at 8 percentage points above the prevailing Monetary Policy Rate (MoPR). This facility is different from the other overnight facilities offered by the Bank, such as the Standing Credit Facility (SCF), accessed at the

discretion of the individual bank, and the repurchase agreements (repos), offered at the discretion of the Bank. The CF is automatically availed to a bank that is overdrawn at the close of each business day, hence the punitive interest rate since banks are not, by law, permitted to overdraw the settlement accounts held at the Bank of Botswana. The facility is also used for intraday temporary funding without attracting any charges, except that, at close of any trading day, the settlement accounts with the Bank of Botswana must have positive balances.

(b) Repurchase Agreement Maturity

The maturity of repos and reverse repos facility is reduced from 92 days to overnight and, consistent with the announced monetary operations reforms, the Bank's participation in the repo market will be minimal for fine tuning purposes.

(c) Collateral pool

The dispensation to include all securities listed on the Botswana Stock Exchange Limited (BSEL) in the pool of eligible collateral for credit facilities provided to banks by the Bank of Botswana is maintained to support listing on the BSEL as well as liquidity of the market. This is subject to acceptable collateral margin and/or haircuts, as may be announced from time to time by the Bank of Botswana.

3. Provisioning for Non-performing Loans under the Repayment Moratorium

The suspension of provisioning for non-performing loans under the payment moratorium arrangements is hereby rescinded. Therefore, banks are required to implement the normal loan classification criteria in accordance with the normal credit underwriting standards and provisioning methodology as dictated by normal prudence in credit risk management and international financial reporting standards applicable for banks.

3.2 Other measures, as set out in the Media Release on Response to the Impact of COVID-19 Pandemic on April 1, 2020, on the Amendment of the Revised Directive on International Convergence of Capital Measurement and Capital Standards for Botswana, Liquidity Support and Limits for Mobile Money transactions, remain unchanged and may be reviewed as may be necessary, from time to time.

Banks are encouraged to continue to support economic activity and recovery by extending loans and other credit facilities to firms in a cost-effective manner while observing sound credit underwriting standards and practices.

The MPC meetings for 2023 are scheduled as follows:

February 22-23, 2023

April 27-28, 2023

June 14-15, 2023

August 23-24, 2023

October 25-26, 2023

December 6-7, 2023

