Monetary Policy Statement 2021

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;
- safe, sound and stable financial system;
- efficient payment 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.

MONETARY POLICY STATEMENT 2021

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Governor

February 23, 2021

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1. INTRODUCTION

1.1 The Monetary Policy Statement (MPS) is the main medium through which the Bank of Botswana (the Bank) informs stakeholders about the framework for the formulation and implementation of monetary policy. In this regard, the Bank, through the MPS, reviews inflation trends and policy performance and articulates the policy choices for the ensuing year. The Statement also serves to fulfil the public's expectation of a transparent and accountable central bank in pursuit of its monetary policy mandate, as set out in the Bank of Botswana Act (CAP 55:01).

1.2 The 2021 MPS, therefore, reports on the previous year's economic and policy developments and evaluates the determinants of changes in the level of prices and their impact on inflation in Botswana. This entails an assessment of economic and financial developments that are likely to influence the inflation path in the medium term and the Bank's policy choices in 2021. Price developments and policy options are evaluated in the context of a forward-looking monetary policy framework, the Bank's medium-term inflation objective range of 3 – 6 percent and the financial stability objective. In this respect, the MPS promotes an understanding of prospective conduct of monetary policy in order to anchor public expectations on the objective of a low, predictable and sustainable level of inflation.

1.3 The global economic performance and sentiment were negatively affected by the outbreak and spread of the COVID-19 virus which constrained demand and disrupted supply chains on an unprecedented scale. The global economy is estimated to have declined by 3.5 percent in 2020 (compared to an expansion of 2.8 percent in 2019), markedly lower than the 0.1 percent contraction recorded in the 2008/09 financial crisis, and the worst contraction since the Great Depression of the 1930s. Furthermore, for the first time, all regions experienced negative growth in 2020. Meanwhile, there continues to be uncertainty with respect to the magnitude and duration of the adverse impact of the pandemic on the global economy, even as vaccines are being administered in some countries. In the circumstances, global inflation eased slightly from 3.5 percent in 2019 to 3.2 percent in 2020.[1] Taking into account the negative effects of the pandemic on demand and inflation, central banks in both advanced and emerging market economies reduced policy rates in 2020 to stimulate economic activity, with some providing extra liquidity support to the financial sector through asset purchase programmes.

1.4 In Botswana, real Gross Domestic Product (GDP) contracted by 6.4 percent in the twelve months to September 2020, compared to a growth of 3.7 percent in the year to September 2019; the contraction was mainly attributable to a decline in output of the mining and non-mining sectors resulting from the adverse impact of the COVID-19 pandemic on the economy. Inflation was below the lower bound of the Bank's medium-term objective range in 2020, averaging 1.9 percent for the year. Overall, price developments were in the context of subdued domestic demand resulting from the adverse effects of lockdowns occasioned by the outbreak and subsequent spread of COVID-19, restrained increase in personal incomes and modest increase in foreign prices.

[1] In advanced economies, inflation decreased from 1.4 percent in 2019 to 0.7 percent in 2020, and from 5.1 percent to 5 percent for emerging market economies in the same period.

1.5 The Bank maintained an accommodative monetary policy stance during 2020 in view of the positive inflation outlook in the medium term. The Bank Rate was, therefore, reduced twice by a cumulative 100 basis points from 4.75 percent to 3.75 percent in 2020. The Bank also implemented annual downward rates of crawl of 1.51 percent and 2.87 percent of the nominal effective exchange rate (NEER) of the Pula effective January and May 2020, respectively, while the Pula basket weights of 45 percent for the South African rand and 55 percent for the Special Drawing Rights (SDR) were maintained. Bilaterally, the Pula depreciated against the SDR[2], while appreciating against the South African rand. The real effective exchange rate (REER) depreciated by 1.9 percent in the twelve months to December 2020, due to the larger downward rate of crawl (2.4 percent) than the positive inflation differential (0.5 percent) between Botswana and trading partner countries.

1.6 Inflation is forecast to be within the 3 – 6 percent objective range in the medium term. Benign domestic demand pressures and the modest increase in foreign prices contribute to the positive inflation outlook. This outlook is subject to upside risks emanating from the potential increase in international commodity prices beyond current forecasts, aggressive action by governments and major central banks to bolster demand, as well as the anticipated supply constraints due to travel restrictions and lockdowns. Domestically, accelerated implementation of the Economic Recovery and Transformation Plan (ERTP) and the likely increase in government levies and charges (that are not yet determined and, therefore, not included in the current inflation forecast) could lead to higher inflation. These risks are moderated by weak domestic and global economic activity, which could be exacerbated by periodic lockdowns due to emergence of new COVID-19 variants, and the possible decline in international commodity prices. Furthermore, in the event of implementation capacity constraints, the effectiveness of policy stimulus and ERTP initiatives could be hindered, thus resulting in lower inflation.

2. MONETARY POLICY FRAMEWORK

2.1 The primary objective of the Bank's monetary policy is to achieve price stability, which is defined as a sustainable level of inflation that is within the medium-term objective range of 3 – 6 percent. The policy is also formulated with a view to safeguard the stability of the financial system. A low and predictable level of inflation and conducive monetary and financial conditions foster savings mobilisation, productive investment and international competitiveness of domestic producers which, in turn, contribute towards the broader national objectives of sustainable economic development and employment creation.

2.2 The monetary policy framework is forecast-based, with a medium-term outlook that primarily guides the Bank's response to projected movements in inflation, while taking into account prospects for economic growth and developments relating to stability of the financial system. To this end, in formulating an appropriate policy stance, the

[2] The SDR is the unit of account of the International Monetary Fund (IMF) that comprises the United States dollar, euro, Chinese renminbi (yuan), Japanese yen and British pound. Effective October 1, 2016, the respective weights are 41.73 percent, 30.93 percent, 10.92 percent, 8.33 percent and 8.09 percent.

Bank factors in projections of real monetary conditions[3] in the context of other relevant domestic and international economic and financial developments, and their impact on the output gap[4] and, ultimately, inflation.

2.3 The Bank 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. In this regard, besides the MPS, the Bank publishes three Monetary Policy Reports annually, following the April, August and December Monetary Policy Committee (MPC) meetings. 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.

3. IMPLEMENTATION OF MONETARY POLICY AND RELATED ECONOMIC DEVELOPMENTS IN 2020

(a) External Developments

3.1 At the global level, monetary policy was generally accommodative to stimulate economic activity that had deteriorated due to the outbreak of COVID-19 and the resultant adverse effects of extreme social distancing and other disease containment measures across countries and regions. Policymakers continued to focus on the need to achieve sustainable economic growth through facilitating access to finance in an uncertain environment, with majority of central banks in both advanced and emerging market economies aggressively reducing policy rates earlier in the year in response to the pandemic and, in some instances, expanding or launching asset purchase programmes to support the financial sector (Table 3.1).

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3 The real monetary conditions index (RMCI), which reflects the state of real monetary conditions, measures the relative looseness or tightness of monetary conditions and gauges the likely effect that monetary policy has on the economy through changes in the exchange rate and interest rates. The RMCI combines, through a weighted average, the deviations of the real exchange rate and real interest rate from their respective trend values.

4 The output gap refers to the difference between actual output and long-term trend output (as an indicator of the productive capacity of the economy). A negative (positive) output gap means the actual level of output for a given period is below (above) the trend level for that period, thus indicating that the economy is operating below (above) its estimated potential.

Table 3.1: 2020 Monetary Policy Decisions

Central Bank	Policy Rate as at December 2020	Policy Change from Previous Year	Asset Purchase Programmes
United States Federal Reserve	0 – 0.25 percent	Decreased by 1.5 percent	● Launched quantitative easing worth USD700 billion: Holdings of Treasury securities increased by at least USD500 billion; Holdings of agency mortgage-backed securities increased by at least USD200 billion ● Extension of its dollar swap lines and the temporary repurchase agreeemnt facility for International Monetary authorities until March 31, 2021
Bank of England	0.1 percent	Decreased by 0.65 percent	● Increased its holdings of UK government and corporate bonds to £895 billion (includes the stock of sterling non-financial investment-grade corporate bond purchases at £20 billion and government bond purchases worth £875 billion, both financed by the issuance of central bank reserves) ● Introduced a new Term Funding Scheme with additional incentives for Small and Medium-sized Enterprises (TFSME), financed by the issuance of central bank reserves
European Central Bank	0.0 Percent	No change	● Introduced a series of new targeted pandemic emergency longer-term refinancing operations (PELTROs) ● Conducted purchases under a new pandemic emergency purchase programme (PEPP), increased from €750 billion to €1 850 billion ● Net purchases under the asset purchase programme (APP) continued at a monthly pace of €20 billion, with additional net asset purchases of €120 billion until the end of the year
Bank of Japan	-0.1 percent	No change	● Pledged to buy risky assets such as exchange traded funds at an annual pace of ¥12 trillion and Japanese real estate trust funds (J-REIT) at an annual pace of ¥180 billion
Bank of Botswana	3.75 percent	Decreased by 1 percent	Not applicable
South African Reserve Bank	3.5 percent	Decreased by 3.25 percent	Not applicable
People's Bank of China	3.85 percent	Decreased by 0.3 percent	Not applicable
Central Bank of Brazil	2 percent	Decreased by 2.5 percent	Not applicable
Reserve Bank of India	4 percent	Decreased by 1.15 percent	Not applicable
Central Bank of Russia	4.25 percent	Decreased by 0.75 percent	Not applicable

Source: Surveyed central banks' websites.

3.2 The spread of the COVID-19 pandemic in 2020 brought unprecedented economic disruption around the world, resulting in weaker economic performance across countries and regions. In advanced economies, economic activity deteriorated significantly in 2020, as most economies entered into recession in the second quarter of the year following containment measures employed to avert the spread of infections. The US output is estimated to have contracted by 3.4 percent in 2020 from a growth of 2.2 percent in 2019. Similarly, economic performance in the euro area fell significantly from a growth of 1.3 percent in 2019 to an estimated contraction of 7.2 percent in 2020. All major economies in the economic bloc are estimated to have registered negative growth rates. Output expansion in the emerging market economies also decreased from 3.6 percent in 2019 to a contraction of 2.4 percent in 2020, influenced by larger contractions in India and South Africa, as a result of prolonged imposition of lockdowns than envisaged. In the circumstances, global GDP growth for 2020 is estimated to have contracted by 3.5 percent, from 2.8 percent growth in 2019 (Table 3.2).

Table 3.2: Real GDP Growth Rates (Percent)

	Estimate		Projections
	2019	**2020**	**2021**
Global	**2.8**	**-3.5**	**5.5**
Advanced economies	**1.6**	**-4.9**	**4.3**
US	2.2	-3.4	5.1
Euro area	1.3	-7.2	4.2
UK	1.4	-10.0	4.5
Japan	0.3	-5.1	3.1
EMDEs	**3.6**	**-2.4**	**6.3**
China	6.0	2.3	8.1
Brazil	1.4	-4.5	3.6
India	4.2	-8.0	11.5
Russia	1.3	-3.6	3.0
South Africa	0.2	-7.5	2.8
Botswana	**3.0**	**-9.6 (-7.7)**	**8.7 (8.8)**

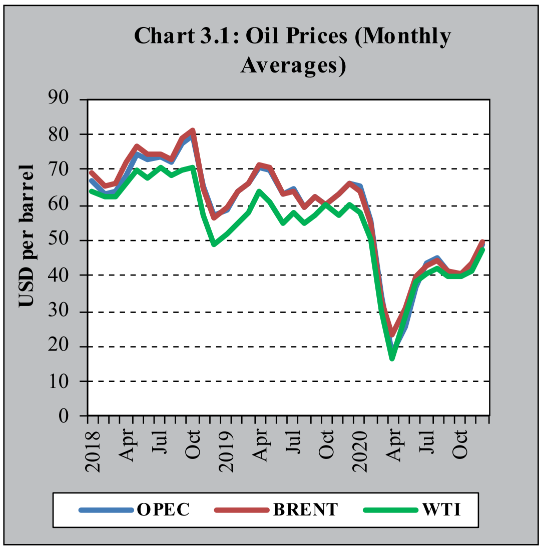
Source: IMF World Economic Outlook (WEO) January 2021 Update and Ministry of Finance and Economic Development (MFED) for Botswana.

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

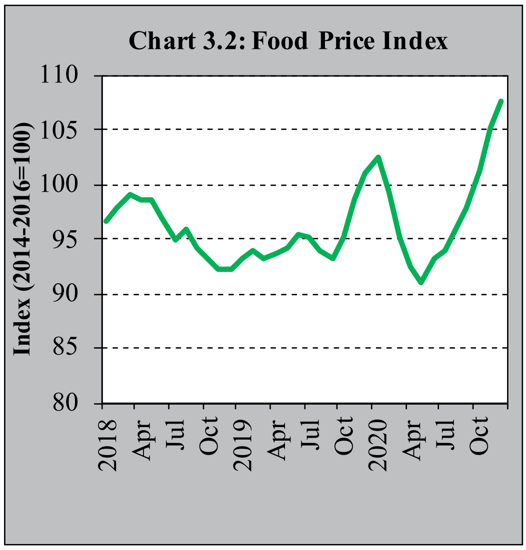
3.3 In 2020, global inflation decreased, partly due to subdued global demand and declining international oil prices caused by nationwide lockdowns across the world and other containment measures put in place to combat the spread of the COVID-19 virus. Global inflation is estimated to have decreased from 3.5 percent in 2019 to 3.2 percent in 2020. The decrease in oil prices was mainly a result of excess supply and reduced demand for crude oil amid the COVID-19 pandemic. Thus, the price of the Organisation of the Petroleum Exporting Countries (OPEC) reference crude oil basket, Brent crude and West Texas Intermediate (WTI) fell by 35.3 percent, 34 percent and 32.8 percent to an average of USD41.41 per barrel, USD42.28 per barrel and USD38.60 per barrel in 2020, respectively (Chart 3.1).[5] Overall, developments in international oil prices exerted modest downward pressure on domestic inflation in 2020. Meanwhile, international food prices increased by 3 percent in 2020 compared to a decline of 0.9 percent in 2019 (Chart 3.2), driven by a significant rise in prices of vegetable oils and cereals. The increase in the price of vegetable oil was mainly due to spikes in palm oil prices, as

5 The price of OPEC crude, Brent crude and WTI reached a low of USD14.19 per barrel, USD25.41 per barrel and minus USD37.30 per barrel, respectively, on April 20, 2020.

well as further rises in soy, rapeseed and sunflower oil, while prices of cereals rose as a result of reduced harvest prospects in Argentina and expected lower maize harvest in the US and Ukraine. Overall, international food prices exerted modest upward pressure on domestic inflation in 2020.

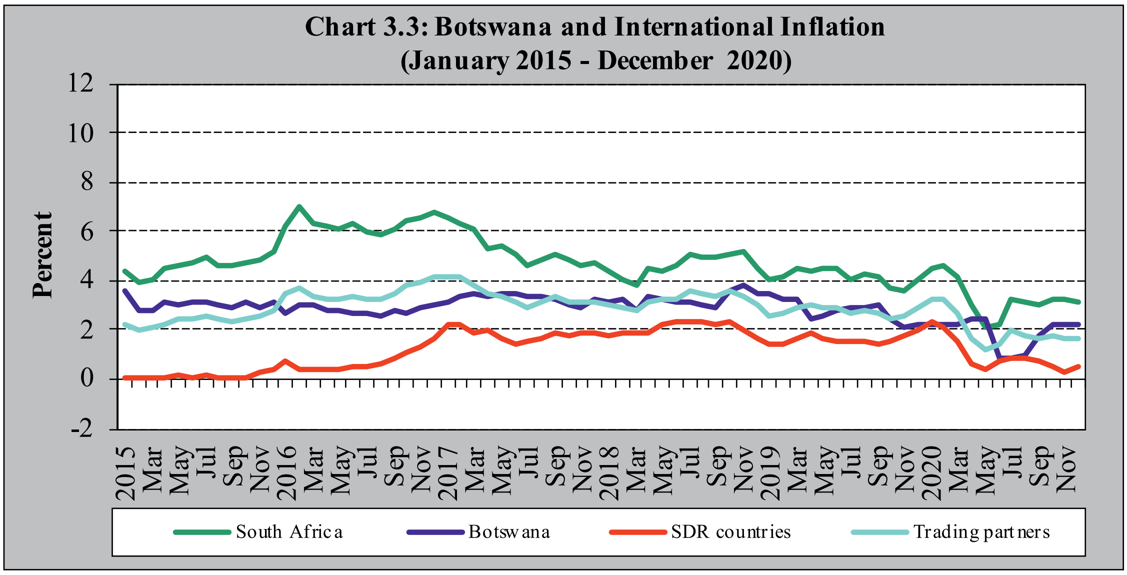


Source: OPEC and US Energy Information Administration.



Source: Food and Agriculture Organisation.

3.4 Inflation was subdued in the SDR countries, decreasing from an average of 2 percent in December 2019 to 0.5 percent in December 2020. Similarly, headline inflation in South Africa decreased from 4 percent in December 2019 to 3.1 percent in December 2020 (averaging 3.3 percent for the year) and was within the target range of 3 – 6 percent. Consequently, the trade-weighted average inflation[6] for Botswana's trading partner countries decreased from 2.9 percent in December 2019 to 1.7 percent in December 2020 (Chart 3.3).



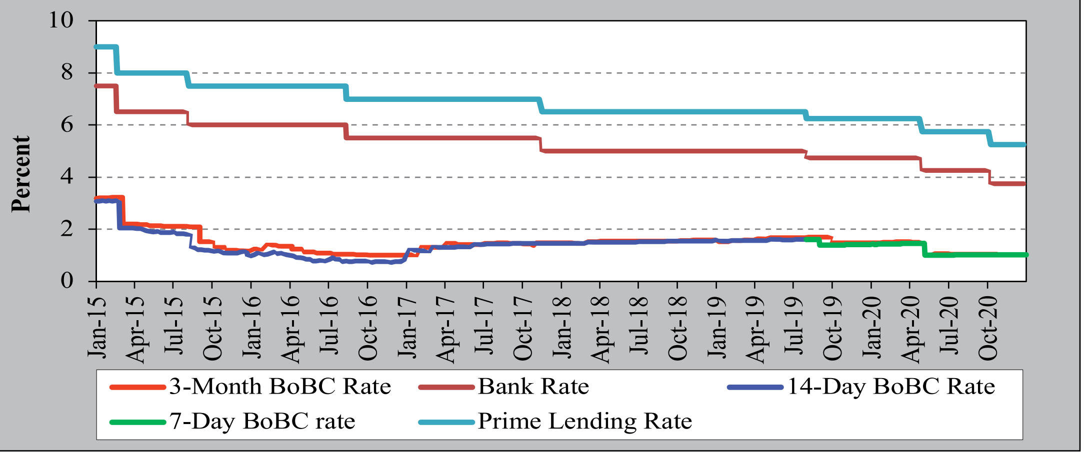
Source: Statistics Botswana and Bloomberg.

6 The trade-weighted average inflation comprises South Africa's headline inflation and average SDR countries' inflation.

(b) Monetary Policy Implementation in Botswana

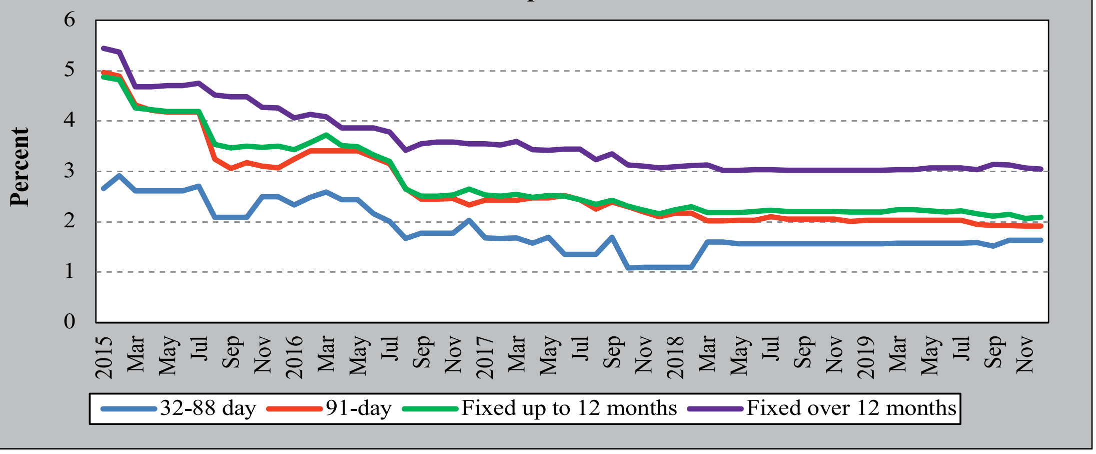
3.5 During 2020, monetary policy in Botswana was conducted in the context of projected low inflation in the short to medium term, associated with subdued domestic demand resulting from the adverse effects of the lockdowns occasioned by the outbreak and subsequent spread of COVID-19,[7] restrained increase in personal incomes and expected modest increase in foreign prices. These conditions provided scope for an accommodative monetary policy stance in support of stronger output growth (see Table A2 in Appendix). Hence, the Bank Rate was reduced by a cumulative 100 basis points to 3.75 percent in 2020,[8] and the primary reserve requirement (PRR) lowered from 5 percent to 2.5 percent in the same period. Consequently, the prime lending rate of commercial banks declined from 6.25 percent to 5.25 percent, while deposit interest rates also decreased (Charts 3.4 and 3.5).

Chart 3.4: Interest Rates (January 2015 - December 2020)



Source: Bank of Botswana and commercial banks.
Note: The 7-day BoBC was introduced on April 30, 2019, replacing the 14-day BoBC, while the issuance of the 91-day BoBC was discontinued in October 2020.

Chart 3.5: 32-88 day, 91-day, Fixed up to 12 months and Fixed over 12 months Deposit Rates



Source: Commercial banks.

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7 The lockdowns resulted in restricted mobility which throttled both domestic and external economic activity and, thus, subdued domestic demand.

8 The Bank Rate was reduced by 50 basis points from 4.75 percent to 4.25 percent in April 2020. This was followed by another 50 basis points cut from 4.25 percent to 3.75 percent in October 2020.

3.6 Open market operations were used to manage liquidity in the domestic market, as well as to implement decisions of the Monetary Policy Committee. This entailed the use of Bank of Botswana Certificates (BoBCs) to mop-up excess liquidity[9] in order to maintain interest rates that are consistent with the monetary policy stance. Repurchase Agreements (repos) and reverse repos were used during the year to manage liquidity between auctions. The operations were conducted in an environment of excess liquidity supported mainly by sustained Government spending. However, to pre-empt liquidity constraints that could be engendered by the adverse impact of the COVID-19 pandemic on the economy and financial markets, the Bank, in addition to reduction in the PRR, introduced measures to enhance access to liquidity by commercial banks in April 2020, as follows:

(a) the cost of accessing overnight lending to licensed banks through the Bank of Botswana Credit Facility was reduced by doing away with the punitive 6 percentage points above the Bank Rate that hitherto prevailed. Henceforth, the intraday and overnight borrowing from the Bank by commercial banks is provided at the prevailing Bank Rate;

(b) repo facilities that were available only on overnight basis were extended and offered against eligible securities (collateral) with maturity of up to 92 days;

(c) the collateral pool for borrowing by licensed commercial banks from the Bank of Botswana was extended to include all corporate bonds listed and traded on the Botswana Stock Exchange, subject to completing regulations and arrangements relating to valuation (haircuts) and acceptable custody arrangements; and

(d) the minimum regulatory capital adequacy ratio was reduced from 15 percent to 12.5 percent of risk-weighted assets, to provide additional capacity for banks to support economic activity.

3.7 The Bank discontinued the issuance of the 91-day BoBCs effective October 2020, as the Government reintroduced the 3-month Treasury Bill (T-Bill) following the decision, as authorised by Parliament, to increase the ceiling of the bond issuance programme from P15 billion to P30 billion. The discontinuation of the issuance of the 91-day BoBCs is intended to avoid competition with the 3-month T-Bill and, therefore, supports the building up of the Government T-Bill market. In addition, the discontinuation of the 91-day BoBCs allows for a clear separation between monetary policy operations and debt management, in line with best international practice. Meanwhile, since the introduction of the Primary Reserve Requirement Averaging (PRRA) in 2019, most commercial banks continued to actively use it as a tool for effective management of liquidity. The Bank envisages that this will, over time, lead to reduced demand for excess reserves held by commercial banks for precautionary purposes, thus freeing up additional resources for productive lending. In the circumstances, outstanding BoBCs amounted to P7.8 billion in December 2020, a decrease from P8.6 billion in December 2019, reflecting

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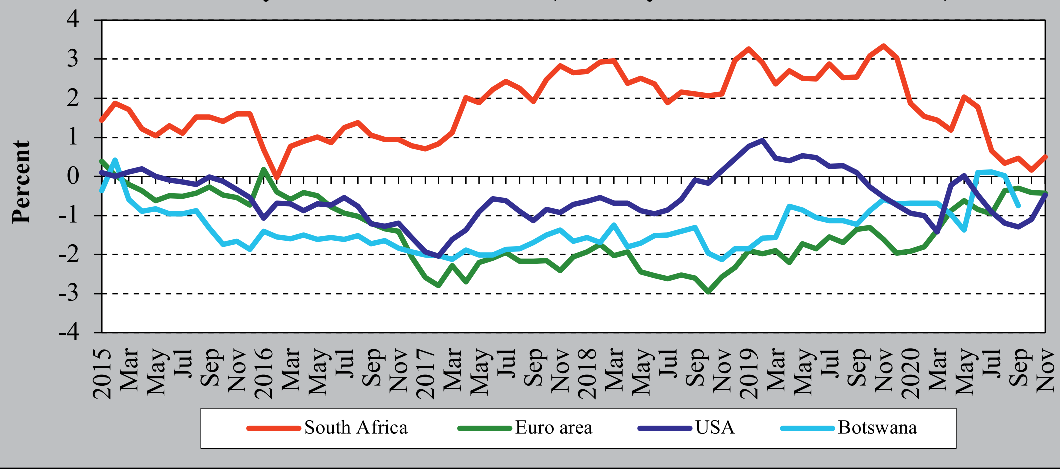
9 Excess liquidity is the sum of commercial banks' overnight deposits with the Bank (current account), money absorbed through BoBCs and outstanding reverse repos, less both repos and borrowing from the Bank's Credit Facility. This is 'excess' in the sense that it is the net liquidity that the central bank has to absorb (take out of the system), over and above the structural liquidity that is held by the banks in the Primary Reserve Requirement accounts.

a decline in liquidity resulting mainly from settlement of government securities and foreign exchange sales.

3.8 BoBC yields decreased in 2020, reflecting the reduction in the Bank Rate. Thus, the stop-out yield for the 7-day BoBC eased from 1.43 percent in December 2019 to 1.03 percent in December 2020. Similarly, due to the larger fall in nominal interest rates compared to the fall in inflation between December 2019 and December 2020, the real rate of interest for the 7-day BoBC decreased from -0.75 percent to -1.14 percent. Meanwhile, the 91-day BoBC stop-out yield was 1.04 percent in September 2020, the last auction before its discontinuation, compared to 1.49 percent in December 2019. Consequently, the 91-day BoBC real interest rate decreased from -0.69 percent in December 2019 to -0.75 percent in September 2020 (Chart 3.6).

3.9 A comparison of Government bond and BoBC yields as at the end of December 2020 and December 2019 indicated that yields were generally lower at the shorter-end and virtually unchanged in the mid-section of the yield curve but decreased slightly on the longer-end of the curve (Chart 3.7).

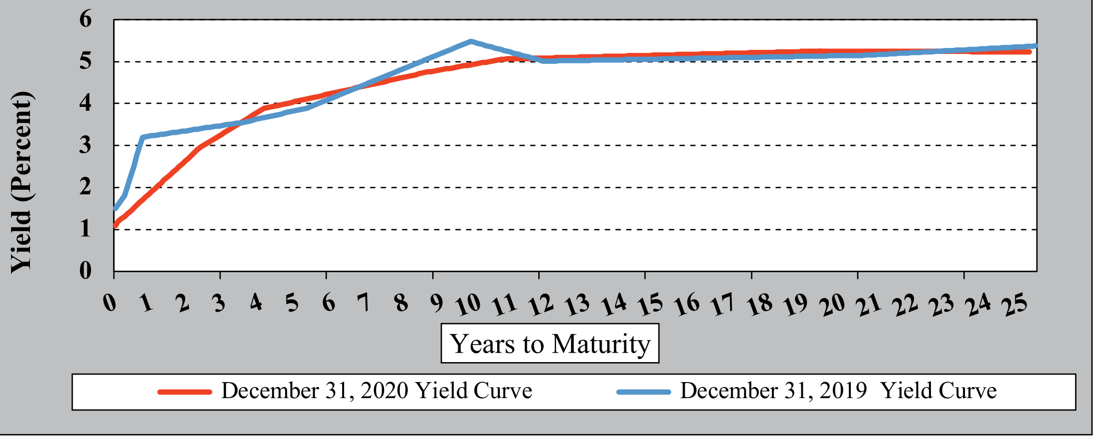
Chart 3.6: Real Interest Rates: International Comparisons for 3-Month Money Market Instruments (January 2015 - December 2020)



Source: Bank of Botswana, South African Reserve Bank and Bloomberg.

Note: The 7-day BoBC was introduced on April 30, 2019, replacing the 14-day BoBC, while the issuance of the 91-day BoBC was discontinued in October 2020.

Chart 3.7: Yeild curves for January 2015 - December 2020



Source: Bank of Botswana.

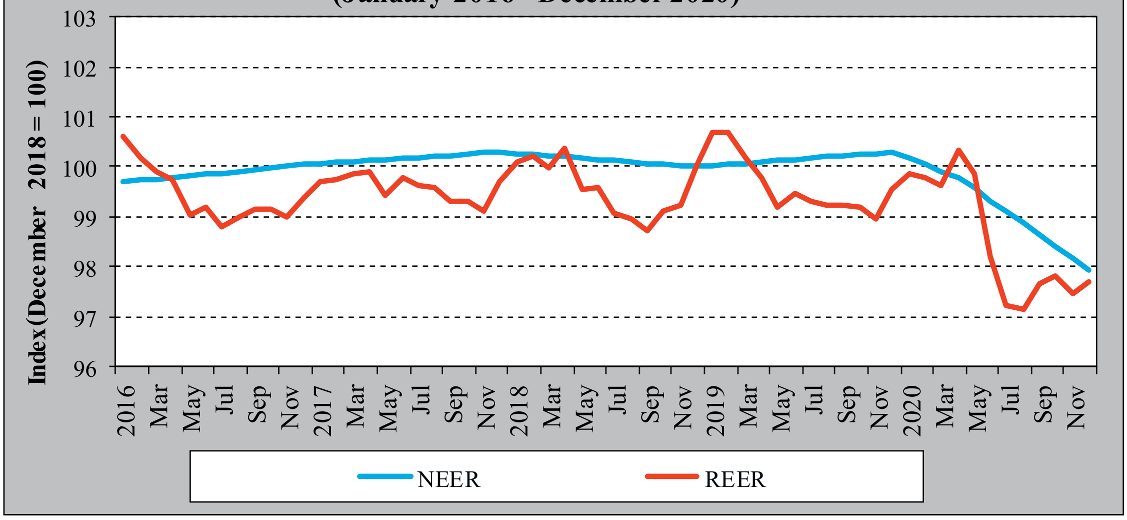
(c) Implementation of Exchange Rate Policy

3.10 Implementation of the exchange rate policy was in line with the objective of maintaining a stable inflation-adjusted trade-weighted exchange rate of the Pula. This entailed the Pula basket weights of 45 percent for the South African rand and 55 percent for the SDR, as well as annual downward rate of crawl of 1.51 percent implemented effective January 1, 2020. On May 1, 2020, the rate of crawl was further adjusted from -1.51 percent to -2.87 percent with a view to enhance domestic industry competitiveness in response to the adverse impact of the COVID-19 pandemic on the economy.

3.11 Consequently, the trade-weighted NEER of the Pula depreciated by 2.4 percent in 2020. Meanwhile, the REER depreciated by 1.9 percent in the twelve months to December 2020 (Chart 3.8), because of a larger downward rate of crawl (2.4 percent) than the positive inflation differential (0.5 percent) between Botswana and its trading partner countries, suggesting gains in international competitiveness of domestic firms.

3.12 The current exchange rate policy framework is anchored on a strong performance of the foreign exchange reserves, which have, however, recently fallen from P65.2 billion and 12.1 months of import cover in December 2019 to an estimated P53.4 billion and 9.9 months of import cover in December 2020 due to the adverse impact of COVID-19 on domestic economic performance. Thus, the importance of the flexibility inherent in the exchange rate framework that facilitates adjustments necessary to generate improvements in international competitiveness of the domestic industry and, therefore, better balance of payments outcomes that support maintenance of adequate level of foreign exchange reserves.

Chart 3.8: Nominal and Real Effective Exchange Rates (January 2016 - December 2020)



Source: Bank of Botswana.

(d) Fiscal Policy

3.13 Monetary policy was conducted within a fiscal policy environment where some public expenditure was either deferred and/or redirected to COVID-19 containment measures. Government expenditure and net lending contracted by 10.1 percent in the eleven months to November 2020 compared to a 15.4 percent expansion in the prior year. Recurrent expenditure increased by 2.7 percent in the first eleven months of 2020, compared to an increase of 14.4 percent in 2019, while development expenditure declined by 48.1 percent in the eleven months to November 2020, against an expansion of 14 percent in 2019.

3.14 Government revenue contacted by 17.9 percent in the eleven-month period to November 2020, compared to a smaller decline of 2.5 percent in 2019. The lower public sector revenue (P45 billion) compared to total expenditure (P60.9 billion), resulted in a cumulative deficit of P15.9 billion in the eleven months to November 2020 compared to a deficit of P13.1 billion in 2019. Given the deficit financing needs, now in the context of a P30 billion domestic bond issuance programme, yields have tended to increase recently, signifying the tendency for the market to price debt at a higher rate, as the supply of bonds exceeds the demand.

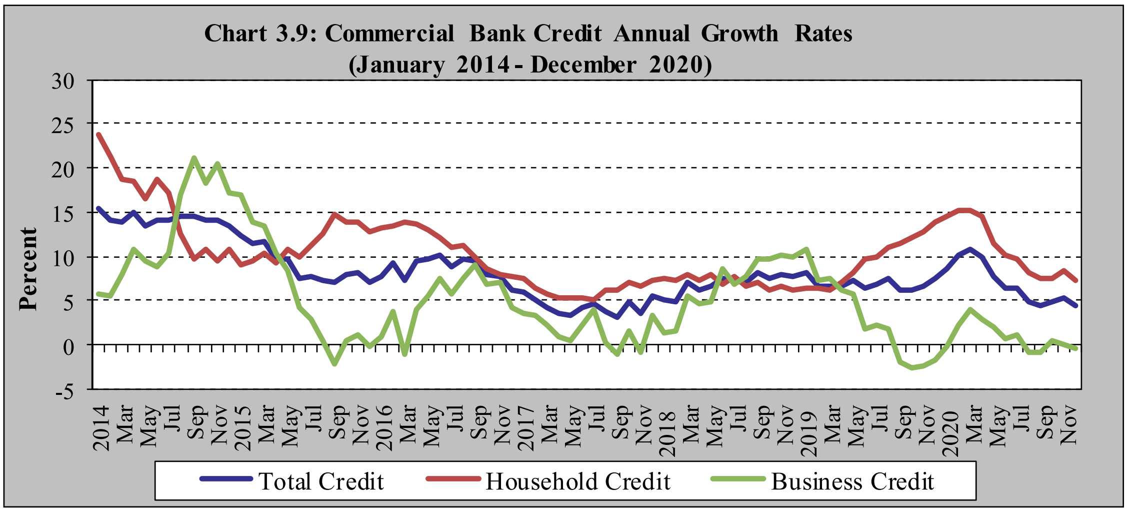
(e) Employment and Wage Developments

3.15 Meanwhile, according to Statistics Botswana's quarterly labour force survey, the unemployment rate was 24.5 percent in the fourth quarter of 2020 compared to 23.2 percent in the first quarter of 2020 (youth unemployment rate rose to 32.4 percent from 31.3 percent). Thus, reinforcing the assessment of below potential economic performance of the economy, restrained demand and, consequently, subdued pressure on inflation. The survey also indicates that formal sector employment decreased by 3.1 percent to 477 716 from 492 914 in the review period.

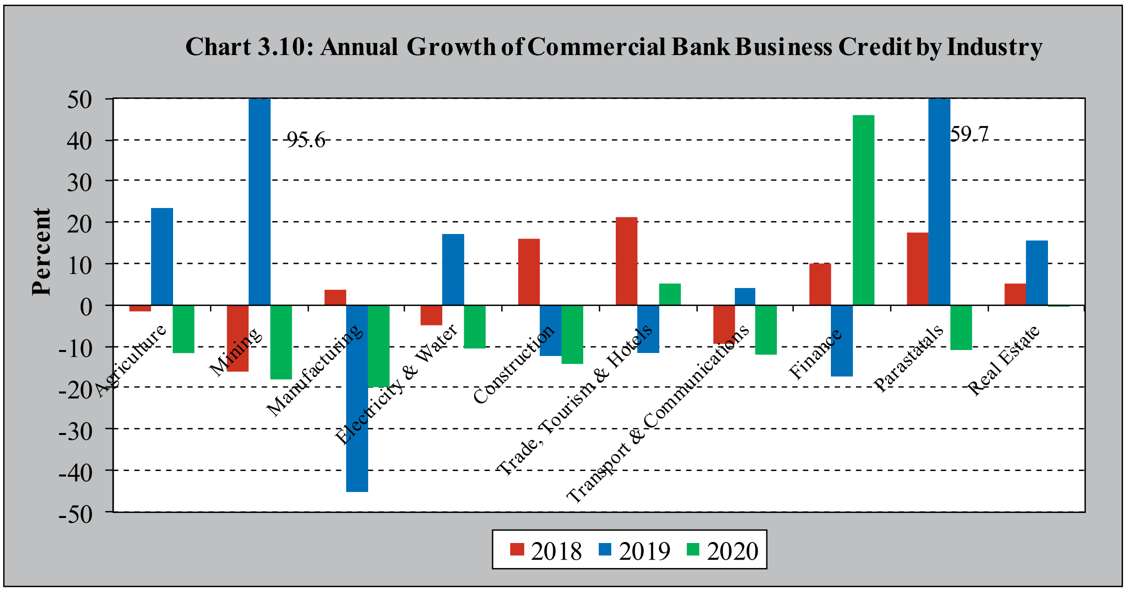
3.16 Regarding other indicators, the fourth quarter labour force survey showed that Government continued to be the single largest employer, with employment in public administration constituting 27.7 percent of total formal sector employment. In this regard, personal emoluments constitute the largest share in the government recurrent budget, consistently averaging more than 40 percent and about 10 percent relative to GDP. Meanwhile, formal sector average earnings per month were estimated at P5 583 for citizens, P13 355 for non-citizens and P6 014 for all employees in the fourth quarter of 2020. The average earnings for all employees are estimated to have increased by 11.5 percent or P622 from P5 392 estimated for the first quarter of 2020.

(f) Credit and Financial Stability Review

3.17 Annual growth in commercial bank credit decreased from 7.6 percent in December 2019 to 4.5 percent in December 2020 (Chart 3.9). The deceleration in credit growth is, in part, indicative of the somewhat timid demand for credit, as well as the restrictive supply of credit by banks on account of uncertainty related to the COVID-19 pandemic. The annual growth in lending to the business sector contracted by 0.5 percent in December 2020, following a 1.7 percent decrease in the corresponding period in 2019. Meanwhile, credit to businesses excluding parastatals accelerated by 0.4 percent, annually, in December 2020, compared to an annual contraction of 5 percent in December 2019. The improvement in credit to businesses excluding parastatals was mainly due to loans extended to companies in the trade industry, which was partly offset by decreased utilisation of overdraft facilities by some companies in manufacturing, mining, and construction (Chart 3.10).



Source: Commercial banks.



Source: Commercial banks.

3.18 For households, annual credit growth decelerated from 13.7 percent in December 2019 to 7.3 percent in December 2020. This is consistent with restrictive supply of credit by banks on account of the uncertainty related to the COVID-19 pandemic. Meanwhile, annual growth for unsecured loans[10] decreased from 18.7 percent to 9.8 percent in the same period. The annual growth in mortgage loans fell from 3 percent in December 2019 to 2.1 percent in December 2020. Consequently, the share of mortgages in total bank credit to households decreased from 24.9 percent to 23.6 percent in the same period.

3.19 In general, the level and rate of increase of credit continue to be supportive of economic activity. Notably, the credit to GDP ratio increased (Table 3.3), indicating the steadily growing importance of credit in supporting economic activity, albeit remaining comparatively low by global standards (Appendix Table A1).

[10] Unsecured loans include personal loans and credit card loans.

Table 3.3: Commercial Bank Credit-to-GDP Ratio

	Percent of GDP		
	2018	2019	2020[2]
Total Commercial Bank Credit[1]	30.6	31.8	35.1
Business	12.2	11.5	12.3
Parastatals	0.6	0.9	0.8
Agriculture	0.6	0.8	0.8
Mining	0.2	0.3	0.4
Manufacturing	1.9	1.0	0.9
Construction	0.6	0.6	0.6
Trade	2.7	2.3	2.5
Transport and Communications	0.3	0.3	0.3
Finance and Business Services	2.6	2.3	2.7
Real Estate	2.0	2.3	2.6
Households	**18.5**	**20.2**	**22.7**
Retail Credit[3]	13.4	15.2	17.2
Mortgage	5.1	5.0	5.5

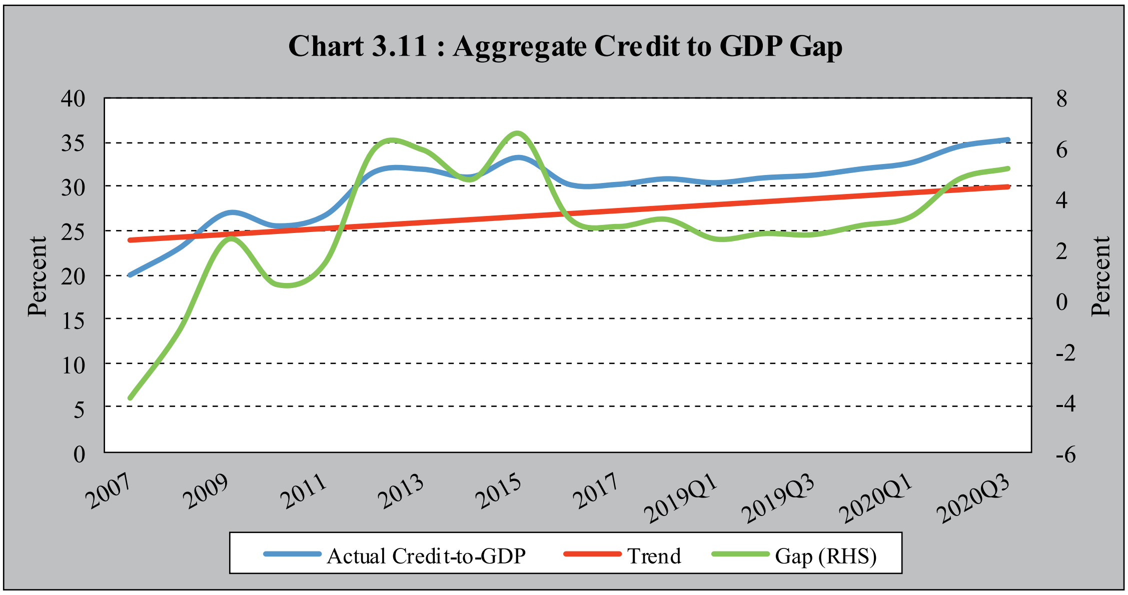
Source: Commercial banks, Statistics Botswana and Bank of Botswana calculations.

Notes: 1. Although not shown in the table, electricity and water, other and non-resident sub-sectors are included in the business credit to GDP ratio.

2. Data covering the twelve months to September 2020.

3. Includes motor vehicle, personal and credit card loans.

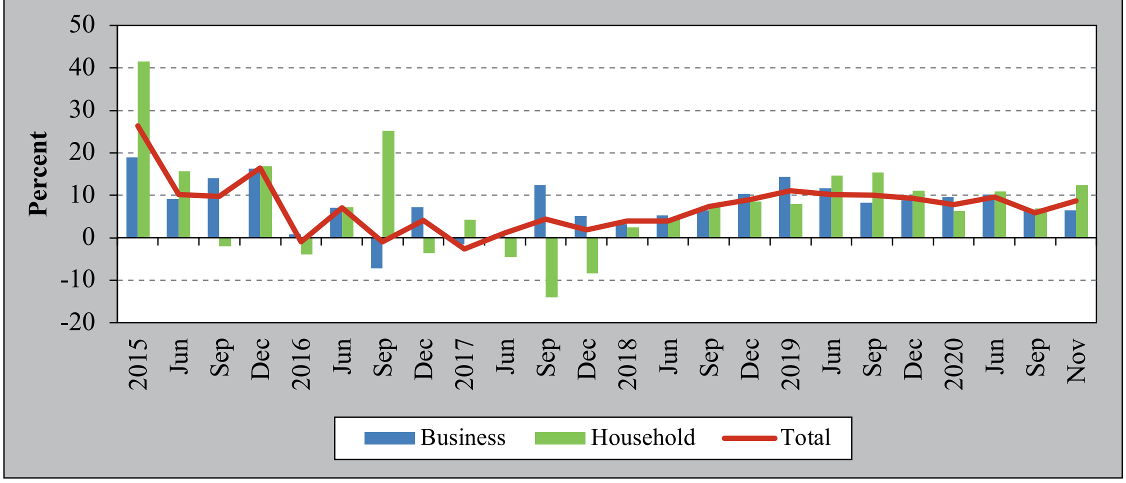
3.20 Moreover, this modest credit growth, which is commensurate with the rate of increase in GDP, as measured by the credit-to-GDP gap (Chart 3.11), signifies that there is room for sustained economic expansion from positive shocks to financial conditions.



Source: Bank of Botswana.

3.21 Notably, household deposits increased by 10.5 percent in December 2020, compared to 11.1 percent in December 2019, while business deposits (excluding parastatals) increased by 7.1 percent in December 2020, the same rate as in December 2019. Overall, deposits at commercial banks increased by 6.4 percent, down from the 9.3 percent growth over the review period (Chart 3.12). Given the higher increase in bank deposits than in bank lending, the financial intermediation ratio declined from 82.9 percent in December 2019 to 81.4 percent in December 2020.

Chart 3.12: Annual Growth in Business and Household Deposits at Commercial Banks



Source: Commercial banks.

3.22 Overall, notwithstanding the challenges engendered by the onset of the COVID-19 pandemic, vulnerabilities that could elevate risks to financial stability remain contained, as reported in the Financial Stability Report published in October 2020. In particular, the sector was assessed to be resilient and characterised by strong capital and liquidity buffers, as well as generalised institutional strength and good business performance. The enduring stability of the financial system is supported by sound macroeconomic environment, efficient and robust market infrastructure, prudently managed banks, effective regulation and supervision. While economic performance is severely constrained by the impact of COVID-19, proactive policy actions, including prevailing accommodative real monetary conditions, availing of additional liquidity channels into the banking system, other measures instituted by non-bank financial institutions to mitigate the negative effects of COVID-19 and expansionary fiscal policy support continue to anchor soundness of the financial sector.

3.23 Banks maintained good quality assets in 2020, with a decline in credit default rates. The ratio of non-performing loans (NPLs) to total credit was 4.3 percent in December 2020, compared to 4.9 percent in December 2019. Nevertheless, there continues to be a risk to asset quality associated with the high proportion of the relatively more expensive unsecured lending (at 71.5 percent of household credit in December 2020) in commercial bank credit. This profile of assets potentially exposes the household sector to any sudden and sharp increase in borrowing costs and loss of employment. The risks are, however, moderated to the extent that credit is widely distributed to a large number of employees in different sectors of the economy, a large proportion of which are in the public sector. Moreover, the extension of credit to salaried individuals enables proper credit evaluation using ascertained income as the basis for determining repayment capacity. Furthermore, credit risk is mitigated in cases of loans that are protected by insurance for loss of employment. Overall, the capital, asset quality, liquidity and profitability levels that meet prudential requirements indicate a generally sound and stable banking system (Table 3.4).

Table 3.4: Selected Performance Indicators of the Banking Sector

Capital Adequacy (Percent)	Dec 2020	Sep 2020	Jun 2020	Dec 2019	Jun 2019
Core Capital to Unimpaired Capital	65.9	68.0	65.5	67.9	69.0
Tier 1 Capital to Risk-Weighted Assets[1]	13.8	13.4	13.3	13.3	13.0
Unimpaired Capital to Risk-Weighted Assets (Capital Adequacy Ratio)[2]	20.0	19.8	18.5	18.4	17.7
Asset Quality (Percent)					
NPLs to Gross Loans	4.3	4.1	4.4	4.9	4.7
NPLs Net of Specific Provisions to Unimpaired Capital	8.3	7.4	8.8	9.4	10.6
Specific Provisions to NPLs	58.7	62.7	58.9	59.0	52.8
Liquidity (Percent)					
Liquid Assets to Deposits (Liquidity Ratio)[3]	20.4	20.8	21.2	18.3	17.7
Advances to Deposits (Intermediation Ratio)	80.9	84.3	85.1	82.9	84.1
Profitability/Efficiency (Percent)					
Return on Average Assets (ROAA)	1.4	2.1	1.8	2.3	2.8
Return on Equity (ROE)	15.1	19.2	15.4	19.4	22.9
Cost to Income	61.3	65.6	69.3	58.1	56.3

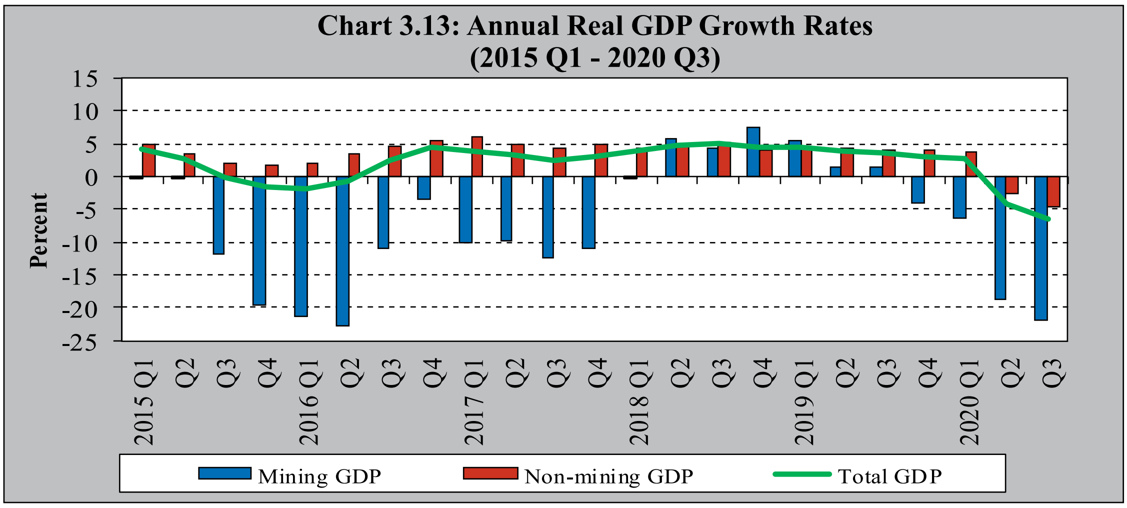
Source: Bank of Botswana.

1. Prudential lower limit is 50 percent.
2. Prudential lower limit is 7.5 percent.
3. Prudential lower limit is 12.5 percent.

3.24 Growth in broad money supply (M2) was 7.1 percent in the year to November 2020, compared to 6.2 percent in the corresponding period in 2019. The higher growth in money supply resulted from the decline in net foreign assets mainly occasioned by the decline in foreign reserves and the increase in credit to the private and parastatals sectors, as well as the decline in public sector deposits at the Bank of Botswana to fund government operations. The ratio of money supply to GDP (financial deepening) increased to 49.1 percent in the year to September 2020, compared to 43.6 percent in 2019 signalling availability of liquidity in the economy, to fund growth enhancing opportunities. By component, interest-bearing deposits increased by 2.5 percent, while current account (transferable) deposits increased by 23.7 percent in the year to November 2020. Deposits in foreign currency accounts increased by 19.7 percent in the same period.

(g) Output and Price Developments

3.25 Real GDP in Botswana contracted by 6.4 percent in the twelve months to September 2020, compared to an increase of 3.7 percent in the year to September 2019 (Chart 3.13). The contraction in output is mainly attributable to a decline in output of the mining and non-mining sectors over the same period, mainly resulting from the impact of the strict COVID-19 pandemic containment measures. Mining output significantly declined by 21.9 percent in the year to September 2020, compared to a 1.4 percent growth in the corresponding period in 2019 as diamond production contracted by 23 percent compared to 2.1 percent expansion in the previous year. Output for the mining sub-sectors also contracted. Non-mining GDP contracted by 4.7 percent in the year to September 2020, compared to a growth of 3.9 percent in the corresponding period in 2019. The decline in non-mining GDP was largely due to a contraction in output of the trade, hotels and restaurants; manufacturing; construction; transport and communications; social and personal services; and finance and business services sectors. In addition, the deceleration in growth of general government (3 percent from 3.9 percent) contributed to the overall decline in growth of the non-mining sector. Meanwhile, GDP contracted by 6 percent in the third quarter of 2020, lower than the output growth of 3.1 percent recorded in the corresponding period in 2019.[11]



Source: Statistics Botswana and Bank of Botswana calculations.

3.26 Inflation was below the Bank's inflation objective range of 3 – 6 percent in 2020, against the background of restrained domestic demand, the relative strength of the Pula against the South African rand (therefore, lower import prices), and downward changes in administered prices, in particular, fuel prices, as well as subdued foreign inflation.

3.27 Inflation decreased from an average of 2.8 percent in 2019 to an average of 1.9 percent in 2020, remaining below the lower bound of the Bank's 3 – 6 percent objective range (Chart 3.14). The low inflation in 2020 was mainly due to the persistent impact of the downward adjustment in domestic fuel prices, which was more pronounced relative to the increase in electricity tariffs, public transport fares, fuel prices and postal tariffs in the same year. Inflation was 2.2 percent in December 2020, the same as in December 2019. Meanwhile, food price inflation increased from 3 percent in December 2019 to 3.6 percent in December 2020 (Chart 3.15), as a result of significant price increases for cereals, meat and fruits. In general, the increase in food prices is a result of poor harvest resulting from bad weather conditions experienced in the 2018/19 ploughing season, as well as the effects of the COVID-19 pandemic in 2020[12]. Regarding core inflation measures, the 16 percent trimmed mean inflation increased from 1.8 percent in December 2019 to 2.1 percent in December 2020, while inflation excluding administered prices increased from 2.5 percent to 3.3 percent in the same period due to the increase in prices for food and non-alocholic beverages.

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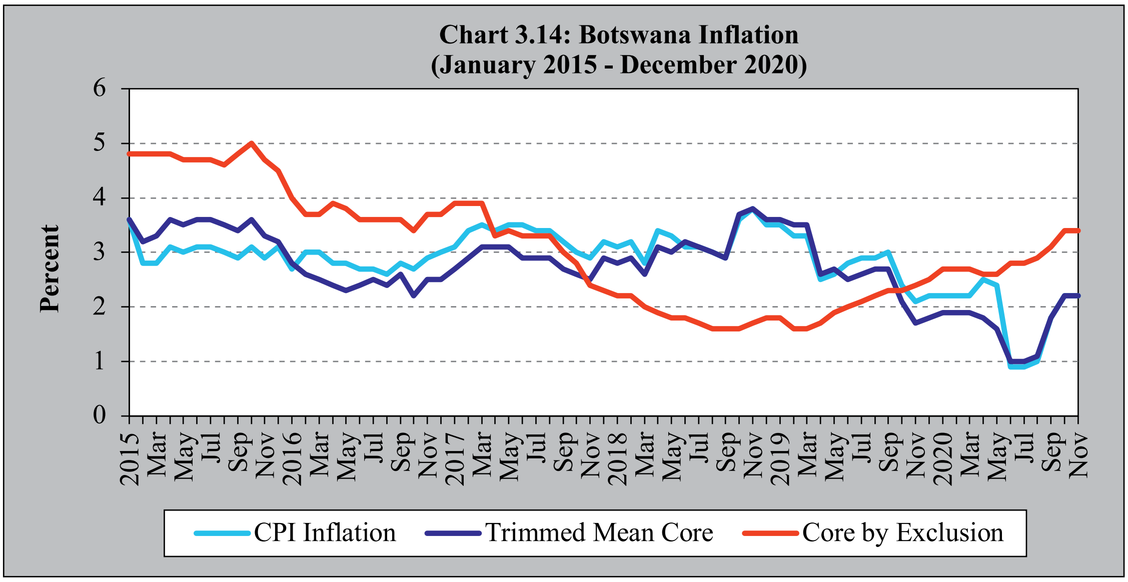
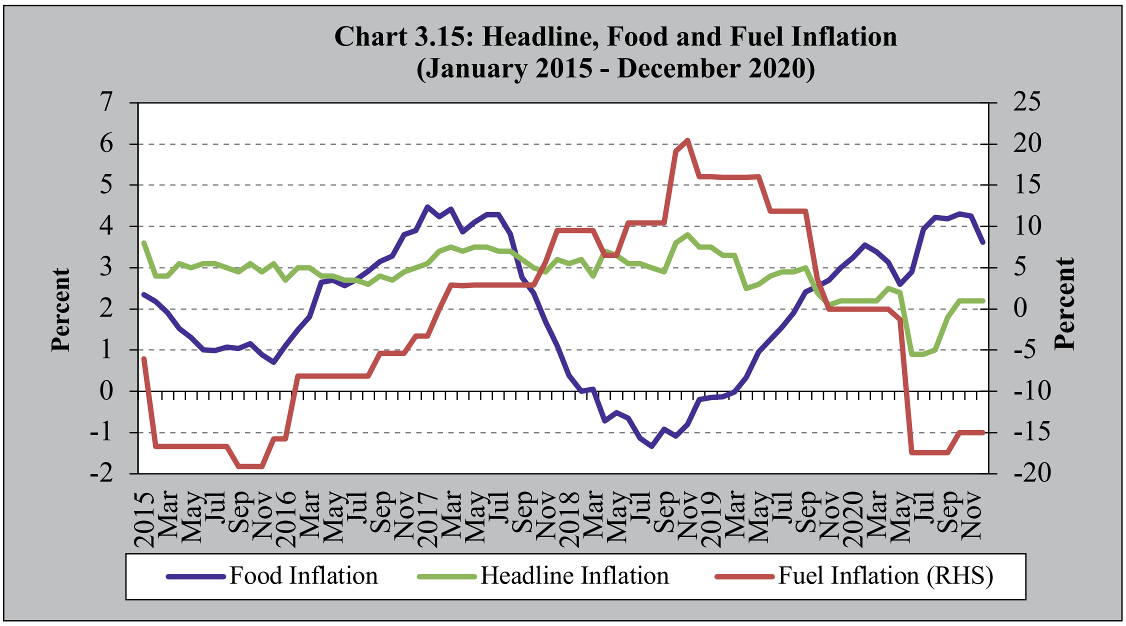
11 The 6 percent annual growth reported in the Statistics Botswana (SB)'s economic briefing release is calculated on the basis of quarterly output compared to the corresponding period the previous year. Thus, SB reports year-on-year growth based on quarterly GDP.

12 Restrictions of movement and COVID-19 testing measures slowed logistics and disrupted supply chains. Moreover, the pandemic slowed down economic activity as manufacturers and producers did not operate with full complement of their workers as they adhered to social distancing measures; as such, demand remained the same or even higher while supply was sluggish thus leading to an increase in prices.



Source: Statistics Botswana.



Source: Statistics Botswana.

4. OUTPUT AND INFLATION OUTLOOK

(a) Global Economic Prospects

4.1 It is expected that economic growth in 2021 would be faster than earlier anticipated, albeit uneven across regions and countries. The recovery is dependent on access to COVID-19 vaccines, effectiveness of policy support, severity of the health crisis, the extent of domestic disruptions to activity related to the structure of the economy and its reliance on contact intensive sectors such as tourism, and the exposure to cross-border spill-overs. An accelerated vaccine rollout should allow removal of movement restrictions, and economic activity to get back on track. According to the January 2021 WEO Update, global output is expected to rebound to 5.5 percent in 2021, from a contraction of 3.5 percent in 2020, consistent with the expectations of successful deployment of effective COVID-19 vaccines, as well as supportive fiscal (particularly in the US and Japan) and accommodative monetary conditions. Growth in advanced economies is projected to expand to 4.3 percent in 2021 from an estimated contraction of 4.9 percent in 2020, mostly reflecting expansion of fiscal support to households and firms. Strong growth is expected in the US economy at 5.1 percent, indicative of carryover from the strong momentum in the second half of 2020 and additional support from the December 2020 fiscal package. The UK economy is projected to grow by 4.5 percent in 2021 from a contraction of 10 percent in 2020, as the surge in infections led to renewed lockdowns. Meanwhile, the euro area is expected to grow by 4.2 percent in 2021, compared to a contraction of 7.2 percent in 2020, although remaining below the pre-COVID activity levels into 2022, amid rising infections and renewed lockdowns.

4.2 Growth in emerging market and developing economies is projected at 6.3 percent for 2021, substantially higher than a contraction of 2.4 percent for 2020. The higher growth projection mainly reflects the anticipated recovery of severely stressed and underperforming emerging market economies, in particular, India, buoyed by countercyclical policy measures implemented since the beginning of the COVID-19 pandemic. Overall, the projections are fraught with uncertainty, following the recent surge in infections, particularly in Europe, suggesting growth could be weaker than projected in early 2021, while the December 2020 Brexit agreement is expected to positively contribute to growth. Upside risks to the global outlook include further favourable outcomes on vaccine manufacturing, distribution and effectiveness of containment measures generally, which could increase expectations of a faster end to the pandemic than assumed, thus boosting confidence among firms and households. Downside risks include possible recurrence of outbreaks in places that have gone past peak infection and the development of new and more problematic variants of the virus, logistical problems with procurement and distribution of COVID-19 vaccines particularly in emerging market economies, more severe and longer-lasting effects on potential output from the pandemic, as well as financial stress triggered by high debt levels and weak growth.

4.3 Global inflation is expected to pick up in 2021, reflecting anticipated recovery in global demand as most countries deploy effective COVID-19 vaccines. The expected inflationary pressures also stem from the anticipated recovery in commodity prices, particularly oil. Inflationary pressures are anticipated to mount in advanced economies, reflecting the expected faster rollout of COVID-19 vaccines relative to other regions. Emerging market economies are anticipated to face greater constraints in procurement and distribution, therefore inflation for the region is expected to remain subdued, consistent with the slowdown in growth of final demand and lower commodity prices. Thus, inflation for advanced economies is forecast to increase from 0.7 percent in 2020 to 1.3 percent in 2021, but to ease from 5 percent to 4.2 percent in emerging market economies in the same period. Overall, global inflation is forecast to increase from 3.2 percent in 2020 to 3.4 percent in 2021. In this environment, it is anticipated that monetary policy will remain accommodative in most economies, complemented by measures aimed at facilitating financial intermediation and fostering the resilience of the financial sector to support economic activity.

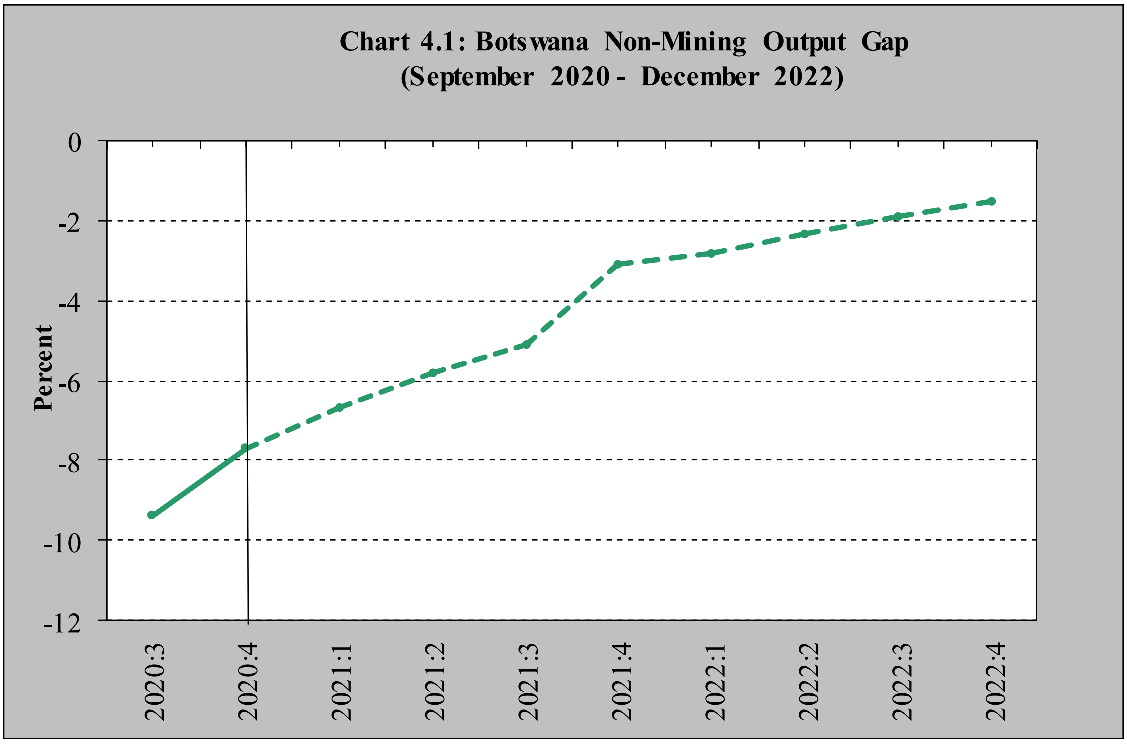
4.4 Inflation is forecast at 1.4 percent and 4 percent in the SDR countries and South Africa, respectively, in 2021. Therefore, average inflation for trading partner countries is forecast to be in the range of 2.5 – 4 percent. Since inflation in Botswana is projected to be around the mid-point of the Bank's inflation objective range in 2021, amidst weak economic activity, the economy could benefit from a measured depreciation of the Pula against trading partners in order to contribute to the easing of real monetary conditions, while supporting competitiveness of the domestic industry in the absence of significant inflationary pressures. Against this background, an annual downward rate of crawl of 2.87 percent of the NEER, based on the mid-point of the objective range has been maintained for 2021. The Pula basket weights were also maintained at 45 percent for the South African rand and 55 percent for the SDR.

(b) Domestic Economic Prospects

4.5 Domestically, real GDP is projected to expand by 8.8 percent in 2021, driven mainly by the expected recovery of mining activity and anticipated improvement in global output. It is also anticipated that performance of the non-mining sectors will improve, underpinned by, among others, the accommodative monetary conditions in the domestic economy, improvements in water and electricity, transport and communications and trade, hotels and restaurants sectors, as well as government interventions against COVID-19, such as implementation of the ERTP to support restoration of economic activity and income, facilitate expansion of productive capacity, accelerate economic transformation and build economic resilience. Although improving, non-mining output is expected to continue operating below potential in 2021 (Chart 4.1). However, given the rapid spread of the new variants of COVID-19 and the downside risks to global economic activity, global demand and commodity prices (including for rough diamonds) could fall, thereby dampening future economic performance. Nonetheless, the Bank's December 2020 Business Expectations Survey (BES) indicates less pessimism about business conditions among firms in 2021.

4.6 As announced in the 2021 Budget Speech, Government continues to face large budget deficits during the second half of NDP 11 to be financed through both domestic and external credit. Domestic borrowing will entail issuance of Government debt securities, while external borrowing will entail loans from development finance partners such as the World Bank and those secured under the Multilateral Investment Guarantee Agency (MIGA) arrangements. Effective April 1, 2021, Government will also put in place additional measures to mobilise domestic revenue sources by improving efficiency in tax collection, introduction of levy on sugar sweetened beverages, as well as through an upward adjustment of some tax rates such as the value added tax from 12 percent to 14 percent and withholding tax on dividends from 7.5 percent to 10 percent. Furthermore, the fuel levy will also be increased by P1 per litre[13].

13 The fuel levy is currently P0.12 and P0.07 per litre for petrol and diesel, respectively.



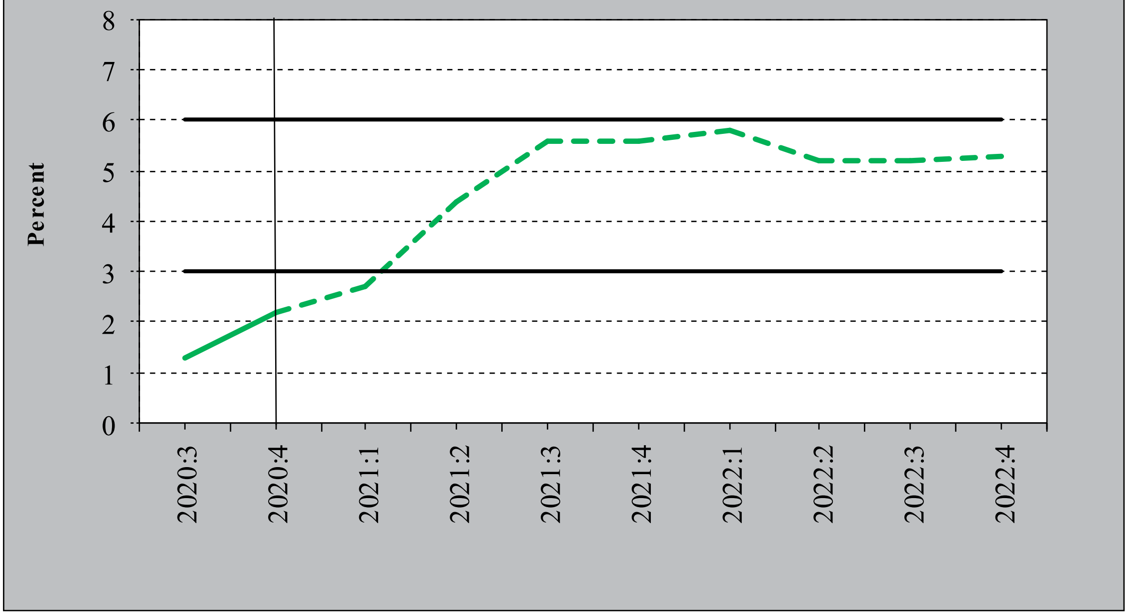
Source: Bank of Botswana.

4.7 Headline inflation is forecast to revert to within the objective range of 3 – 6 percent in the second quarter of 2021, taking into account the expected increase in domestic demand in response to the accommodative monetary conditions; the announced increase in value added tax (VAT) from 12 percent to 14 percent, an additional P1 per litre fuel levy, upward adjustment in electricity tariffs by 5 percent and a substantial upward revision of Botswana Housing Corporation (BHC) rentals as well as the introduction of sugar tax;[14] the likely increase in domestic fuel prices and international commodity prices; the upward revision in the South African inflation forecasts; and the base effects associated with the decrease in fuel prices in 2020.

4.8 Overall, risks to the inflation outlook are assessed to be balanced. Upside risks relate to the potential increase in international commodity prices beyond current forecasts, aggressive action by governments and major central banks to bolster demand, as well as the anticipated supply constraints due to travel restrictions and lockdowns, though abating. Domestically, accelerated implementation of the ERTP and the likely increase in government levies/taxes could lead to higher inflation. These risks are moderated by weak domestic and global economic activity, which could be exacerbated by periodic lockdowns and other forms of restrictions due to emergence of new COVID-19 variants, and the possible decline in international commodity prices. Furthermore, should there be implementation capacity constraints, this could hinder the effectiveness of policy stimulus and ERTP initiatives, thus resulting in lower inflation. Meanwhile, according to the December 2020 BES, the business community expects inflation to be within the Bank's objective range in 2021, suggesting that inflation expectations are well-anchored.

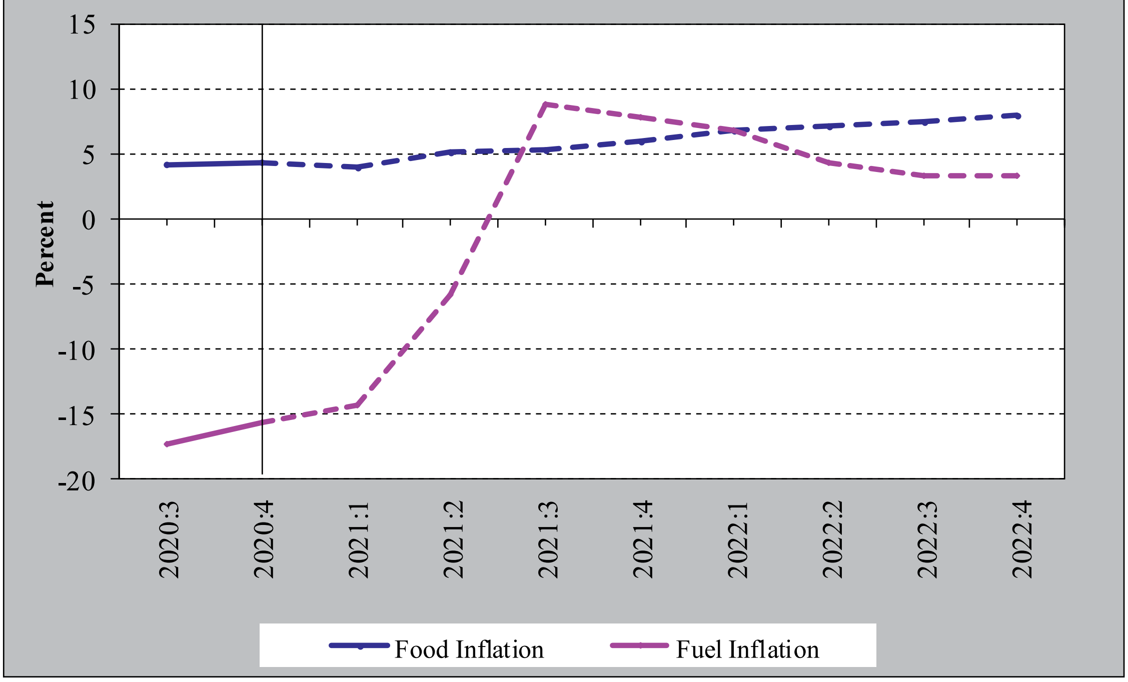
14 The increases in VAT, fuel levy, electricity tariffs and BHC rentals, and the introduction of sugar tax, all with effect from April 1, 2021, are expected to respectively add 1.44 percentage points, 1.23 percentage points, 0.27 percentage points, 0.2 percentage points and 0.04 percentage points to inflation in the second quarter of 2021.

Chart 4.2: Annual Headline Inflation Forecasts for the Medium Term (September 2020 - December 2022)



Source: Bank of Botswana.

Chart 4.3: Domestic Fuel and Food Inflation Forecasts for the Medium Term (September 2020 - December 2022)



Source: Bank of Botswana.

5. 2021 MONETARY POLICY STANCE

5.1 An evaluation of the determinants of inflation and factors affecting financial stability suggests that the level of inflation will continue to be low and predictable into the medium term, in an environment of a sound and stable financial system. Benign domestic demand pressures and modest increase in foreign prices contribute to the positive inflation outlook in the medium term. The current state of the economy and the outlook for both domestic and external economic activity suggest that the prevailing accommodative monetary policy stance is consistent with inflation being within the objective range of 3 – 6 percent in the medium term. In the absence of significant inflationary pressures and in the context of weak economic activity, the assessment is that the economy could benefit from a measured depreciation of the Pula against trading partners in order to contribute to the easing of real monetary conditions, while supporting domestic industry competitiveness; hence the maintenance of the 2.87 percent downward rate of crawl in 2021. Furthermore, the current levels of growth in credit to both businesses and households are considered sustainable. Thus, the recent and prospective developments (positive inflation outlook and a stable financial environment) augur well for maintaining an accommodative monetary policy stance that supports productive lending to businesses and households.

5.2 The Bank will continue to respond appropriately to changes in banking system liquidity conditions through relevant instruments. Overall, the Bank encourages prudent management, investment and productive allocation of financial resources, with a view to promoting growth-supporting intermediation and durable financial stability. In this regard, for effective policy transmission, the Bank guides the determination of the level and direction of market interest rates that are consistent with the monetary policy stance. The Bank also promotes the effectiveness of the interbank market to address liquidity positions of individual banks. In addition, the Bank contributes to financial stability through prudential and market conduct supervision of commercial and statutory banks and promotes, as well as participates in, coordinated regulation of the broader financial system.

5.3 In 2021, the Bank will continue to implement the crawling band exchange rate policy to stabilise the REER. The crawling band exchange rate policy supports international competitiveness of domestic industries and contributes towards macroeconomic stability and economic diversification. Notionally, relatively high interest rates in South Africa and appreciation of the rand would induce related capital outflows. However, short-term capital movements are constrained by the paucity of listed securities (bonds and equities), and relative illiquidity of financial instruments in the Botswana market, as well as uncertainty associated with a volatile rand exchange rate. Moreover, on its own, Botswana represents a stable macroeconomic environment with developmental and business opportunities for inward investment by expanding regional entities.

6. CONCLUSION

6.1 Domestic inflation was below the lower end of the Bank's objective range of 3 – 6 percent in 2020, averaging 1.9 percent, reflecting persistent impact of the downward adjustment in domestic fuel prices, as well as restrained increase in foreign prices. Meanwhile, global inflation is forecast to rise due to anticipated recovery in global demand as most countries deploy effective COVID-19 vaccines.

6.2 It is projected that inflation in Botswana will revert to within the Bank's medium-term objective range from the second quarter of 2021. The Bank's formulation and implementation of monetary policy will focus on entrenching expectations of low and sustainable inflation, through timely response to price developments, while ensuring that credit and other market developments are in line with durable stability of the financial system. The Bank remains committed to monitoring economic and financial developments with a view to ensuring price and financial stability, without undermining sustainable economic growth.

6.3 Broadly, the Bank contributes to macroeconomic stability and policy congruence through the pursuit and attainment of its primary objectives and coordination with relevant institutions with respect to price and financial stability, as well as stability of the inflation-adjusted trade-weighted exchange rate. By focusing and delivering on its specific roles, the Bank contributes to the maintenance of a conducive environment for structural reforms and transformation initiatives to gain traction, potentially leading to higher rates of growth needed to transit the economy to high income status. Given that both monetary policy and fiscal policy are expansionary, immediate implementation of transformation initiatives and structural reforms are expected to raise prospects for faster growth and economic diversification.

APPENDIX

Table A1: Credit to Private Sector by Banks (Percent of GDP)

	2017	2018	2019
United States of America	52.4	52.0	51.9
United Kingdom	133.6	134.2	133.3
India	48.8	50.1	50.2
China	154.9	157.8	164.7
Singapore	121.5	118.9	120.8
Chile	78.6	81.3	86.1
Rwanda	20.4	21.2	21.3
Mauritius	102.3	78.2	80.2
Namibia	53.0	54.1	57.7
Kenya	34.4	32.7	27.5
South Africa	65.6	65.7	66.7
Botswana	**31.4**	**31.6**	**32.7**

Source: World Bank's World Development Indicators.

Notes:
1. Domestic credit to the private sector by banks refers to financial resources provided to the private sector by other depository corporations (deposit taking corporations except central banks), such as through loans, purchases of non-equity securities, and trade credits and other accounts receivable, that establish a claim for repayment. For some countries, these claims include credit to public enterprises.
2. Data for 2020 is not available.

Table A2: 2020 Monetary Policy Decisions

MPC MEETING DATES	MPC DECISION	REASON
February 26	Bank Rate maintained at 4.75 percent	The monetary policy stance assessed to be supportive of the current state of economic activity and consistent with inflation reverting to within the Bank's objective range of 3 – 6 percent in the medium-term.
April 30	Bank Rate cut by 50 basis points to 4.25 percent Primary Reserve Requirement reduced from 5 percent to 2.5 percent, effective May 13, 2020.	To address the adverse developments in the domestic economy arising from the COVID-19 pandemic and consequent containment measures that have severely curtailed activity both globally and domestically as production, supply chains, project implementation and provision of goods and services are halted. To inject liquidity into the banking system, which would allow commercial banks to be unconstrained in performing the necessary financial intermediation to support economic activity.
June 18	Bank Rate maintained at 4.25 percent	Favourable medium-term inflation outlook, in the context of prospects for low inflation in the medium-term, associated with subdued domestic demand and expected modest increase in foreign prices.
August 20	Bank Rate maintained at 4.25 percent	The monetary policy stance assessed to be supportive of the current state of economic activity, in the context of prospects for low inflation in the medium-term, associated with subdued domestic demand resulting from the adverse effects of the COVID-19 disease containment measures, and expected modest increase in foreign prices.
October 8	Bank Rate reduced by 50 basis points to 3.75 percent	To support the economy amid the impact of the global pandemic and comes against a backdrop of low inflationary pressures.
December 3	Bank Rate maintained at 3.75 percent	The monetary policy stance assessed to be supportive of the current state of economic activity, in the context of prospects for low inflation in the medium-term, associated with subdued domestic demand resulting from the adverse effects of the COVID-19 disease containment measures, and expected modest increase in foreign prices.

NOTES

NOTES

MONETARY POLICY COMMITTEE MEETING DATES FOR 2021

Date		Time	Venue
February	25	0830 hours	Bank of Botswana
April	29	0830 hours	Bank of Botswana
June	17	0830 hours	Bank of Botswana
August	19	0830 hours	Bank of Botswana
October	21	0830 hours	Bank of Botswana
December	2	0830 hours	Bank of Botswana