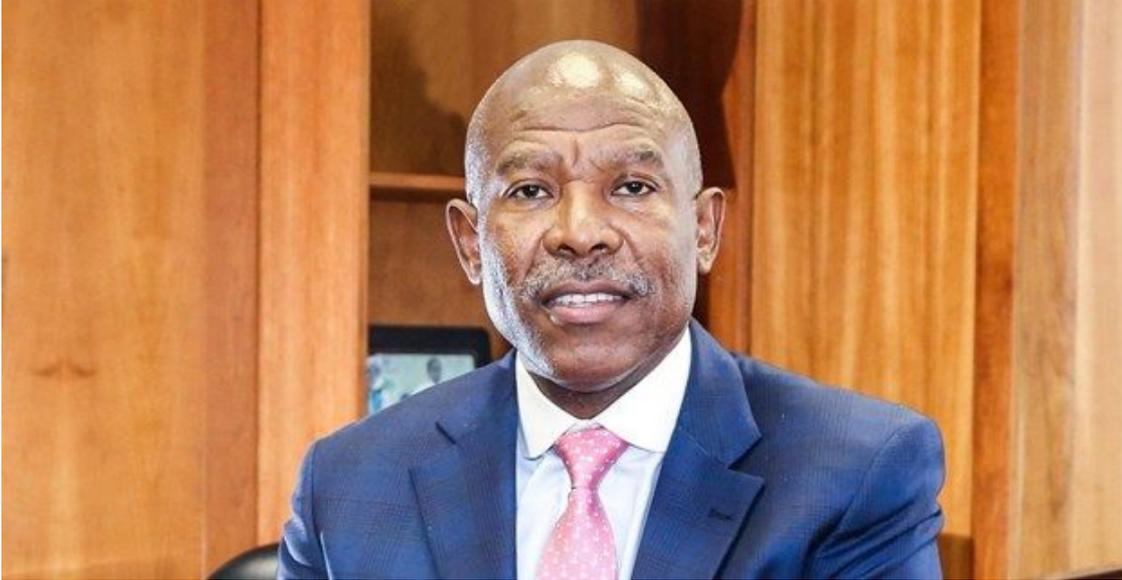


# Repo rate remains unchanged at 3.5%

The repo rate remains unchanged at 3.5% per annum, South African Reserve Bank (Sarb) governor, Lesetja Kganyago, said during a virtual media briefing on Thursday.



Lesetja Kganyago, Sarb governor

In the third quarter of 2020, the South African economy grew by 66.1% quarter on quarter, seasonally adjusted and annualised, compared to the bank's expected 50.3% growth. The growth rate for the full year is now expected to be -7.1%, compared to the contraction of 8.0% expected at the time of the November meeting.

"However, our projection for the fourth quarter of 2020 is expected to be lower than previously forecast. And while lockdown restrictions currently in place are considerably less restrictive than in 2020, we expect growth in the first quarter of 2021 to remain muted," he said.

The gross domestic product (GDP) is now expected to grow by 3.6% in 2021 and by 2.4% in 2022; GDP growth of 2.5% is expected in 2023.

## Second wave

Kganyago said the meeting of the Monetary Policy Committee (MPC) took place at a time when the second wave of Covid-19 infections had peaked in South Africa and in many other countries.

“It is expected that these waves of infection will continue until vaccine distribution is widespread and populations develop sufficient immunity to curb virus transmission. Although the virus will continue in new waves, the rollout of vaccines is expected to boost global growth prospects generally. We have therefore revised global growth for 2021 higher.”

However, global distribution of vaccines is likely to be slow, creating an uneven pace of global economic recovery in 2021.

The International Monetary Fund (IMF) had forecast global GDP to have contracted by about 4.4% in 2020 and to expand by 5.2% in 2021.

The governor said the new forecasts will be released on 26 January 2021.

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