

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 certificate and a slow down 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

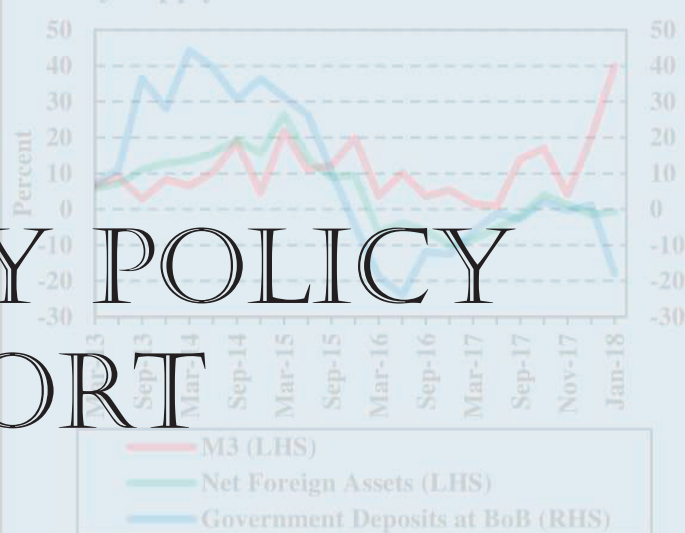
Annual growth in commercial bank credit remained the same (4.9 percent) in December 2018 as in the previous month (Chart 3.6).

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 Monetary Policy 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



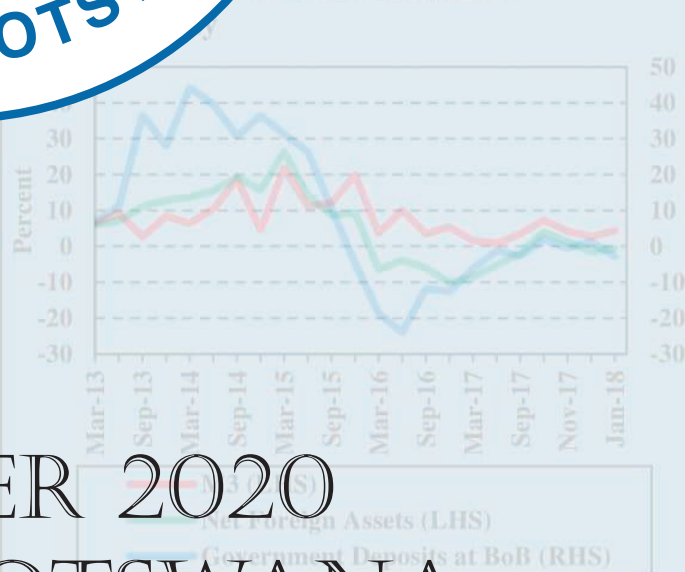
Source: Commercial Banks, Bank of Botswana



Money supply accelerates

Annual growth in money supply (M3) increased 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

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