

Economists predict repo rate cut

Economists have predicted that the Monetary Policy Committee (MPC) will announce a 100 basis point cut at the least in the repo rate on Tuesday, 24 March 2009, after their two-day meeting.

By [Neo Semono](#) 24 Mar 2009

The MPC will this afternoon, following a review of the current monetary policy, announce their decision.

“We're looking for a 100 basis cut for tomorrow (Tuesday),” said Econometrix economist George Glynos, adding that a lot had changed in the country's economic climate.

“We need guidance from the bank on how they are going to run policy, whether they will prioritise growth against inflation. We're in favour of a basis cut, we wait with baited breath,” Glynos told *BuaNews* on Monday.

Last week, the Reserve Bank indicated that committee would hold its regular meetings more often to allow for more effective planning and quicker reactions to changes in the economy.

The committee will from now on meet every month, except for July, instead of bimonthly.

Nedbank economist Isaac Matshego said they were also expecting a 100 basis point cut.

“We are calling for a cut; we believe that is what we are going to get tomorrow. We believe it's the right thing to do in these challenging times. We are calling for a proactive bank,” said Matshego.

He said that Nedbank expects another 100 basis point cut when the committee meets again in May.

South Africa's Gross Domestic Product (GDP) figure contracted by 1.8% in the third quarter of last year. The economy has come under increasing pressure with growth in the mining and motor manufacturing sectors slowing as a result of the global economic recession.

The sectors that led to a reduced GDP figure in the fourth quarter include the manufacturing industry, electricity, gas and water industry, while wholesale and retail trade, hotels and restaurants did not contribute to economic growth at all.

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