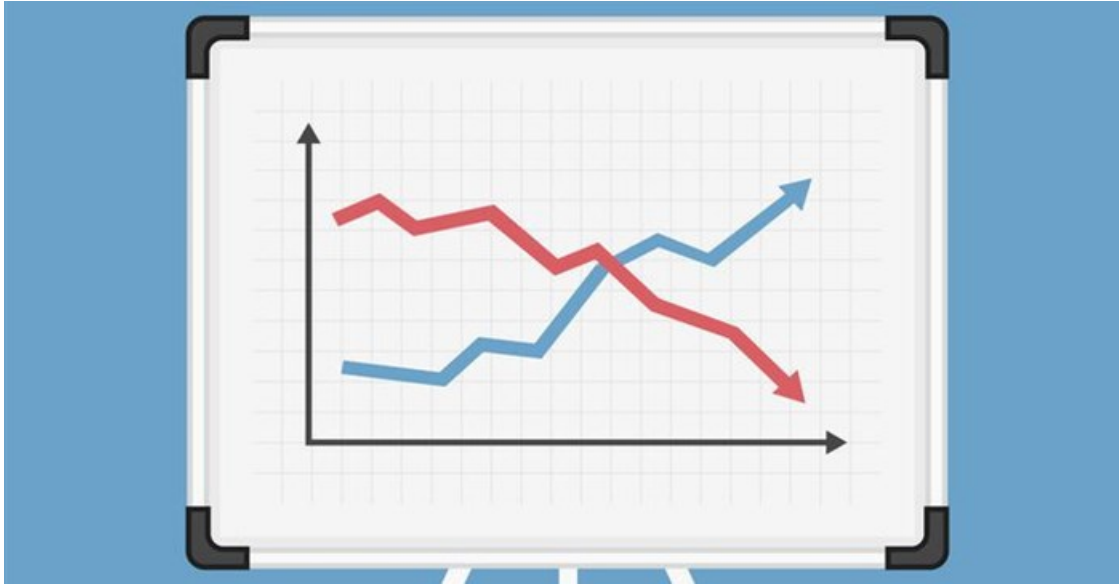


Economists split over repo rate increase

The South African Reserve Bank's (Sarb's) Monetary Policy Committee (MPC) has a lot to ponder this week at its last scheduled meeting of 2021 as inflation pressures build while the economy's performance remains stunted with unemployment at appalling levels



Source: ©bryljaev [123rf](#)

The jury is certainly out on its next move. The repo rate is currently at a historic low of 3.5%, and the prime lending rate at 7%, after Sarb aggressively slashed 300 basis points last year in the face of the economic upheaval sparked by the pandemic and the lockdowns to contain it.

Finder.com, a global financial platform, said its panel of 20 economists is almost split down the middle on the issue, with 55% expecting the MPC to raise rates this week and 45% forecasting a hold.

“The panel flips on what the MPC should do, with 45% recommending an increase and 55% a rate hold,” it said. Looking further down the road, 30% see the first rate hike coming early next year and the rest expect such a move late in 2022 or 2023.

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