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'THE REAPPOINTMENT OF SARB GOVERNOR LESETJA KGANYAGO FOR A FURTHER FIVE-YEAR TERM IS A WELCOME AND HIGHLY CONFIDENCE-BUILDING DECISION FOR THE SA ECONOMY', SAYS NWU BUSINESS SCHOOL ECONOMIST PROF RAYMOND PARSONS.

'The reappointment of South African Reserve Bank (SARB) Governor Lesetja Kganyago for a further five years as head of the SARB is a welcome and highly confidence-building decision at a tough time for the South African economy. Not only is Kganyago a widely respected central banker both nationally and internationally, but his reappointment sends a strong message that the independence of the central bank is being upheld and reinforced. It remains essential that the SARB continues to be seen with enough autonomy and credibility to maintain a stable financial environment within which the economy can achieve maximum growth, and also when the country has to boost investor confidence.

The filling of the two Deputy Governor posts by well-qualified individuals is also welcome and now brings the Monetary Policy Committee (MPC) up to its full strength of seven members. The regular decisions by the MPC on monetary policy in general and interest rates in particular will continue to enjoy wide debate and interrogation. In June, the MPC signalled a preparedness to cut interest rates, suggesting that inflationary trends over the last few months meant that monetary policy had not been as accommodative as it could have been over that period. The MPC meeting next week should see whether there will indeed be a move towards lower interest rates, given the latest domestic and global economic trends pointing in that direction.'

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