



## International News

**US MBA Mortgage Applications** rose 2.7% w/w in the week of 22 May, as per the Mortgage Bankers Association.

**US Richmond Fed Manufacturing Index** rose 26 points to -27 in May, above market.

## Local News

**Finance minister Ipumbu Shiimi has tabled a N\$64.3 billion budget, with a whopping extra N\$8.4 billion, or 16.4% of revenue, earmarked for the payment of interest on government loans.** Therefore, total expenditure, including interest payments for the 2020/21 financial year, amounts to N\$72.8 billion. The medium-term expenditure framework (MTEF) released last year had estimated a N\$60.4 billion budget this year, but that was before the coronavirus pandemic hit. The budget deficit will be financed through a combination of savings and domestic and external borrowing. "Taking into account the total financing requirements, the debt stock is estimated to rise to N\$117.5 billion, corresponding to 68.7% of GDP, from 54.8% estimated for 2019/20." Shiimi described his 2020/21 offering as single-year budget, reflecting the commensurate urgency of addressing the elevated once-off needs arising from the impact of the pandemic. With a yellow rose adorning his suit pocket, Shiimi painted a bleak picture of the economic impacts of the coronavirus globally, continentally and regionally. "The sub-Saharan African region has also not escaped from the macroeconomic fallout of Covid-19. The sub-regional economy is projected to contract by 1.6%, from an expansion of 3.1% in 2019." Shiimi said closer to home, real GDP contraction for South Africa is now estimated at 5.8%, and the Angolan economy is projected to contract by 1.4%. "Notably, these are the two largest neighbouring economies and key trading partners for Namibia." - Namibian Sun

**Namibia has reported another positive Covid-19 case, bringing the total cases to 22.**

The 63-year-old patient is in a critical condition and is on a ventilator at a Walvis Bay hospital. Health minister Kalumbi Shangula made this announcement at the Covid-19 communication centre in Windhoek this morning, and said the patient had been on a fishing vessel that had returned from the Democratic Republic of Congo to export products. - The Namibian

**Despite the ban on alcohol imposed to contain the spread of the coronavirus, sin taxes will increase for the current financial year, finance minister Ipumbu Shiimi announced in his maiden budget delivered yesterday.** As a consequence, a 340ml cider will now cost eight cents more, 750ml of wine will cost an extra 14 cents and 750ml of sparkling wine will cost an extra 61 cents while a bottle of spirits, which include whiskey, gin, brandy and vodka, will cost N\$2.89 more. Smokers will also feel the pinch, with a packet of 20 cigarettes costing 74 cents more while 25 gram of piped tobacco will cost an extra 74 cents and a 23-gram cigar will cost a whopping N\$6.73 more. Commenting on the revised taxes, Shiimi said it acted as a deterrent to spending on alcohol and tobacco products on the part of customers. "The current ban on the sale of alcohol products due to the coronavirus saves consumers from sin taxes," he added. Shiimi noted no new tax increases for the current financial year. - Namibian Sun

**Namibia's power utility NamPower will invest 10 billion Namibian dollars (about 575 million U.S. dollars) in energy generation and transmission projects over the next three years, Finance Minister Ipumbu Shiimi announced on Wednesday.** Presenting his maiden 72.8 billion Namibian dollars budget speech in parliament, Shiimi said the investment would boost the provision of affordable and reliable domestic power generation and improve the balance of payments. "Nampower is rolling out investment in energy generation and transmission, particularly solar and wind power generation over the next five years, with investment of about 10 billion Namibian dollars over the next three years," the minister said. Namibia is a net importer of electricity with more than 60 percent of its power coming mainly from neighbouring South Africa. - Xinhua

## SA Economic News

**South Africa plans to announce a US\$20.5 billion infrastructure program after talks with the private sector and multilateral lenders as part of its attempt to recover from the coronavirus epidemic.** The program will focus on "network industries such as rail and ports, energy, broadband connectivity, water, sanitation and human settlements," Paul Mashatile, the treasurer-general of the ruling African National Congress, said in a speech to London's Chatham House. "About 1.8 million jobs will be lost during this period, mostly among the youth," Mashatile said. "This is why we will have to push for massive infrastructure spending within labour-intensive sectors."

## Company News

**Woolworths** may give its Australian businesses up to R1.1 billion in funding support to survive the impact of Covid-19, after its Country Road stores were forced to close during that country's lockdown while David Jones suffered from lower numbers of people coming to shop. The clothing and food retailer said in a trading update on Wednesday it is looking at providing about R871 million of funding support to its Australian businesses but has also made provision to further "in-principle support" of R290 million should they need it. "A review of the capital structure of the Australasian entities has been initiated and will include the restructuring of its borrowings to ensure a more sustainable funding structure. UBS Australia has been appointed to support this process and will conduct a full review of options relating to the Australasian property portfolio," said Woolworths in a statement. Woolworths has been struggling with the Australian operations even before Covid-19. The group had to write down its stake in David Jones few times since 2014, losing multi billions of Rands in the process. - Fin24

Investment holding company **PSG Group** said on Wednesday it would offload 28.11% of its stake in Capitec Bank to its shareholders. In April the South African firm, the largest shareholder in Capitec Bank with a 30.7% stake, said new laws could lead its holding to be defined as a conglomerate and this would substantially increase the administrative burden on the company. The unbundling will also assist in reducing "the discount at which PSG Group shares trade to the company's sum-of-the-parts value and to unlock value for PSG Group," it said in a statement. Read: How will PSG fix its 'Capitec problem'? It said the unbundling would be implemented based on the distribution ratio of 14 Capitec shares for every 100 PSG Group shares held in the Group by shareholders. It will distribute 32.5 million Capitec shares at an attributable value of R125.48 per share. After the unbundling it will retain a 4.3% shareholding in Capitec, the statement added. - Moneyweb

**Pepkor** will miss its debt reduction targets due to the coronavirus-induced economic contagion, the latest company showing signs of distress as it stares down the barrel of one of the deepest economic downturns in recent memory. Pepkor has R14.1bn in net debt, putting its net debt to core earnings — or earnings before interest, taxes, depreciation, and amortisation (ebitda) — ratio at 1.7 times, well above its three-year target of one times. The ratio, which shows how well a company's earnings covers its debts, is often used by banks in calculating how much interest it charges on a firm's borrowings. CFO Riaan Hanekom said on Wednesday reducing debt levels remains their objective even if it does not take place quickly. They don't expect to meet the ebitda to debt ratio of one times in three years, Hanekom said. - Business Day

If the idea of the cigarette ban is to preserve the health of the nation, it's not having much of an impact. Smokers are getting their fix, albeit it three times the usual price. And they're trading down. Marlboro smokers are finding the much cheaper RG brand quite acceptable. A carton of 200 RG goes for R650 on the black market, but that price is going up as stock becomes harder to source. When the ban is eventually lifted — either by government fiat or on the instructions of a high court judge — the cigarette market will likely be forever changed. Some of the 11 million smokers in SA may have ditched the habit, but others will have permanently switched brands, which should be good for lower-cost producers such as **Gold Leaf**, but not so good for higher-end producers such as **BAT**. - Moneyweb

## SADC

**Zambia's** corn production expanded by about 70% this year after good rains followed a historic drought in the previous season, making agriculture the one economic sector that might grow in 2020. Production of the staple crop probably rose to 3.4 million metric tons in the 2019-2020 season from 2 million tons the previous one, meaning the southern African nation is food secure, Agriculture Minister Michael Katambo told reporters Wednesday in Lusaka. A topsy-turvy climate has for the past decade wrecked havoc for Zambian farmers, the country's biggest employers, with often drastic changes in rainfall patterns. The worst drought in at least four decades decimated crops in Zambia's southwest in the previous season. This year, the rains that feed the vast majority of its farmers' fields have been abundant.

## Overall Index

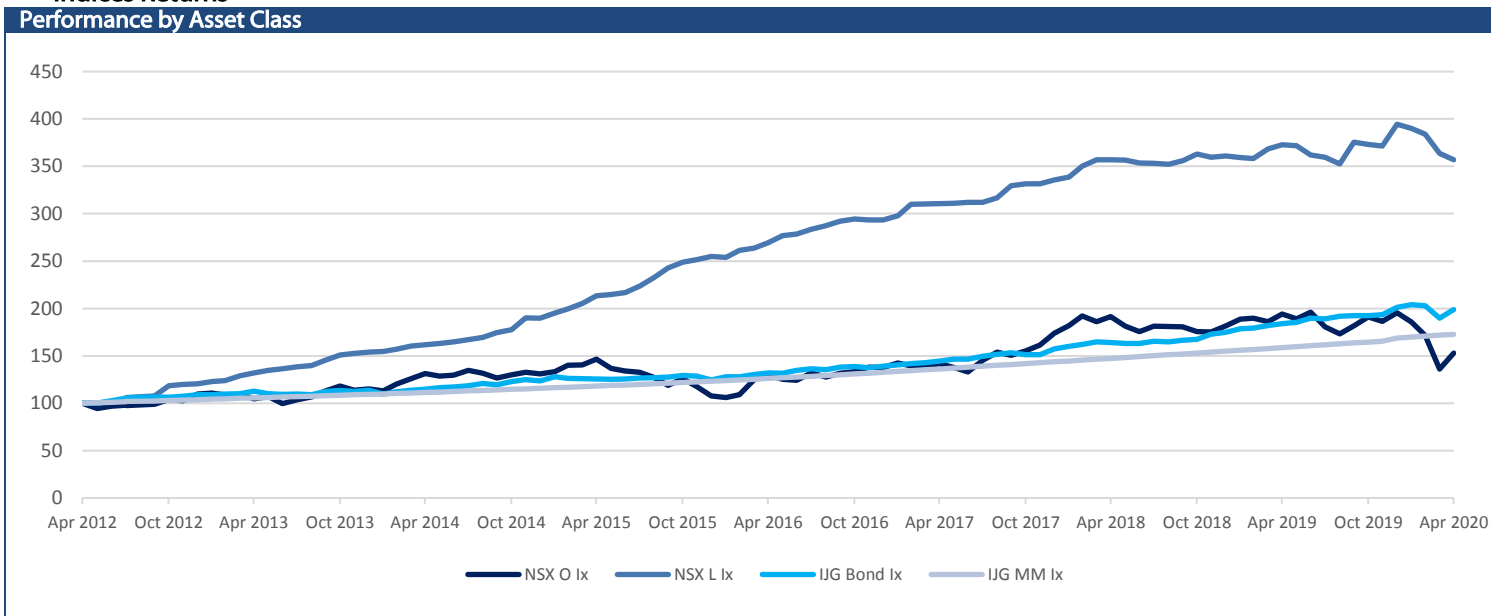
Ticker	Shares Traded	Current Price (c)	Net Change	d/d %	mtd %	ytd %	52Wk High	52Wk Low
ANM	77,197	35,523	833.0	2.40	7.94	(10.93)	42,529	21,095
AOX		1,659	9.0	0.55	0.42	(22.87)	2,314	1,505
B2G		8,931	(582.0)	(6.12)	(7.56)	66.28	10,526	71
CGP		1,470	-	-	(1.93)	(3.61)	1,604	1,470
BWL		6,700	100.0	1.52	(1.41)	(39.23)	13,026	5,530
FNB		3,330	-	-	(0.15)	(0.33)	3,663	3,081
FST	8,650	3,969	8.0	0.20	(1.93)	(36.80)	7,140	3,343
IVD		3,390	290.0	9.35	(11.70)	(42.48)	6,659	2,711
KFS		720	(6.0)	(0.83)	(5.88)	(24.21)	1,018	456
LHN		299	-	-	25.10	(9.12)	373	230
MEP		5,816	126.0	2.21	0.73	(24.63)	7,780	5,211
MIM		1,744	56.0	3.32	(0.34)	(20.15)	2,235	1,372
NAM		65	-	-	-	18.18	65	55
NBK		9,250	590.0	6.81	(13.72)	(56.84)	26,725	7,306
NBS		3,850	-	-	(1.26)	(20.24)	4,842	3,849
NHL		160	-	-	-	-	160	160
OCS		5,900	(51.0)	(0.86)	(3.28)	(4.14)	7,400	4,904
OMM		1,300	36.0	2.85	(3.13)	(33.88)	2,228	959
ORY		1,749	-	-	-	(13.59)	2,060	1,749
PNH		1,019	-	-	0.20	(0.97)	1,058	1,017
SILP		12,791	-	-	-	0.01	12,791	12,129
SLA		5,885	341.0	6.15	(0.73)	(25.60)	8,408	4,544
SNB	2	9,768	(1.0)	(0.01)	(4.36)	(41.97)	20,631	8,441
SNO		841	-	-	(0.24)	(8.59)	980	775
SNM	2	27,200	352.0	1.31	(1.11)	(6.25)	31,119	22,475
SRH	109,773	10,471	416.0	4.14	(2.26)	(16.84)	17,460	10,055
TRW		3,143	18.0	0.58	6.58	(36.12)	7,558	2,490
TTO		270	-	-	0.75	(55.74)	1,050	161
VKN	2	579	29.0	5.27	7.02	(70.15)	2,121	484

<sup>1</sup> Prices quoted in Australian cents. <sup>2</sup> Prices quotes in Canadian Dollars. Source: Bloomberg, NSX, IJG

## ETF's

Ticker	Volume Traded	Current Price (c)	Net Change	d/d %	mtd %	ytd %	52Wk High	52Wk Low
ENXPLD	2	33,073	-26.00	-0.08	-5.68	25.60	42,103	18,801
NFNAMA		1,463	9.00	0.62	7.89	5.03	1,472	1,206
NGNGLD		27,910	-152.00	-0.54	-4.92	38.84	31,080	17,735
NGNPLD		32,793	-536.00	-1.61	-6.23	24.49	41,805	17,658
NGNPLT		13,897	-206.00	-1.46	0.97	5.05	14,833	9,841
SXNEMG		4,367	-28.00	-0.64	-4.27	3.07	4,612	3,547
SXNWDM		4,949	-26.00	-0.52	-2.21	11.84	5,200	3,854
SXNNDQ		9,073	-271.00	-2.90	-1.48	31.97	9,925	5,707
SXN500		5,208	-62.00	-1.18	-2.33	15.58	5,550	3,931

## Indices Returns



\* Based to 100

**Namibian Bonds**

Government Bonds	YTM	Benchmark	Benchmark YTM	Premium Last Trade	All-In-Price	Clean Price	Modified Duration
GC21	5.485	R2023	5.390	10	103.862	102.970	1.295
GC22	6.340	R2023	5.390	95	106.871	103.682	1.469
GC23	6.340	R2023	5.390	95	108.544	107.525	2.896
GC24	8.115	R186	7.715	40	109.842	108.633	3.481
GC25	8.125	R186	7.715	41	102.448	101.470	3.909
GC27	8.255	R186	7.715	54	101.624	98.709	4.913
GC30	9.820	R2030	8.970	85	91.730	88.815	6.192
GC32	10.433	R213	9.380	105	91.378	90.343	6.856
GC35	11.580	R209	10.215	137	88.751	85.290	7.059
GC37	11.814	R2037	10.475	134	86.596	83.134	7.275
GC40	12.235	R214	10.535	170	82.965	81.838	7.602
GC43	12.578	R2044	10.745	183	84.344	80.700	7.365
GC45	12.786	R2044	10.745	204	81.625	78.036	7.352
GC50	12.799	R2048	10.700	210	84.272	80.537	7.410
GI22	4.400				123.128	122.617	2.249
GI25	4.600				122.207	120.476	4.533
GI29	5.975				101.609	99.794	6.829
GI33	6.700				87.288	86.735	9.164
GI36	6.990				82.557	80.769	10.148
Eurobond	5.735	10YUSBond	0.682	505	100.075	99.677	1.347
Eurobond 2	5.659	10YUSBond	0.682	498	98.548	98.111	4.627
NAM01	6.880	R2023	5.390	149	103.367	103.070	2.199
NAM02	5.690	R2023	3.550	214	104.342	100.257	0.074
NAM03	6.990	R2023	5.390	160	111.915	108.573	2.632
NAM04	9.495	R186	7.715	178	108.124	104.638	4.369
<b>Corporate Bonds – Fixed</b>							
BW25	6.455	R2023	5.390	291	103.376	100.705	0.218
NMP20	5.335	R2023	5.390	-6	103.795	100.619	0.155
IFC21	5.547	R2023	5.390	16	107.811	103.522	0.812
FNBX21	6.890	GC22	6.340	55	105.566	104.818	1.312
BWRJ21	6.390	GC21	5.485	91	102.655	101.763	1.289
FBNX27	7.040	GC22	6.340	70	107.278	105.603	1.644
NWC22	7.240	R2023	5.390	185	104.938	104.073	1.718
BWFH22	6.890	R2023	5.390	150	107.871	105.294	1.951
BWFK22	6.930	R2023	5.390	154	107.011	106.847	2.190
BWFI23	6.690	R2023	5.390	130	107.369	105.960	2.849
DBN23	6.040	R2023	5.390	65	110.842	86.886	2.917
NEDNAM01	9.035	GC24	8.115	92	109.524	106.085	3.243
NEDX2030	8.240	GC25	8.125	12	110.037	107.575	3.688
<b>Corporate Bonds – Floating</b>							
BWJi20	5.842	3 month JIBAR	4.042	180	99.649	100.142	0.058
BWJd21	5.892	3 month JIBAR	4.042	185	100.730	100.076	0.144
BWJL21G	5.542	3 month JIBAR	4.042	150	99.848	100.067	0.027
BWJh22	5.862	3 month JIBAR	4.042	182	100.276	100.119	0.222
BWJK22	5.912	3 month JIBAR	4.042	187	100.148	100.047	0.229
BWJi24	5.542	3 month JIBAR	4.042	150	101.249	100.139	0.091
BWJ1e27	6.192	3 month JIBAR	4.042	215	100.223	100.079	0.224
BWJ2e27	4.042	3 month JIBAR	4.042	0	100.177	100.081	0.226
DBN20	5.942	3 month JIBAR	4.042	190	99.935	100.027	0.011
FNBJ21	6.042	3 month JIBAR	4.042	200	100.559	100.090	0.176
FBNJ27	6.542	3 month JIBAR	4.042	250	101.460	100.139	0.087
ORYJ22	6.242	3 month JIBAR	4.042	220	100.199	100.073	0.226
SBNA21	5.642	3 month JIBAR	4.042	160	101.061	100.193	0.126
SBKN20	5.792	3 month JIBAR	4.042	175	100.639	100.083	0.158
SBNA22	6.092	3 month JIBAR	4.042	205	100.060	100.009	0.237
NEDNAM02	6.792	3 month JIBAR	4.042	275	100.611	100.089	0.175
NEDJ2028	6.792	3 month JIBAR	4.042	275	99.981	100.007	0.003

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