

# Private Sector Credit Extension

## August 2023

0.0005	4.85%
0.1003	13.04%
0.0001	50.00%
0.0003	14.29%
0.0005	12.50%

## Overview

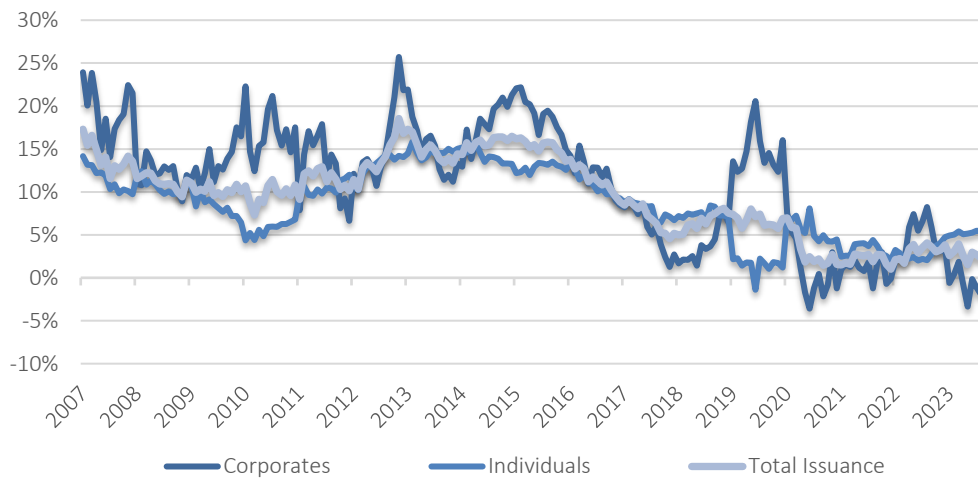
Category	N\$ Millions Outstanding	Change in N\$ Millions		% Change	
		One Month	One Year	m/m	y/y
Corporates	45,319.6	(230.3)	(915.1)	-0.51%	-1.98%
Individuals	66,302.7	259.8	3,393.6	0.39%	5.39%
Mortgage Loans	58,982.4	70.1	728.0	0.12%	1.25%
Other Loans & Advances	28,290.1	340.1	587.8	1.22%	2.12%
Overdrafts	12,652.9	(549.0)	43.9	-4.16%	0.35%
Instalment Credit	11,696.9	168.2	1,118.9	1.46%	10.58%
<b>Total PSCE*</b>	<b>111,622.3</b>	<b>29.4</b>	<b>2,478.5</b>	<b>0.03%</b>	<b>2.27%</b>

\*Normalised for claims on non-resident private sectors

Source: Bank of Namibia, IJG Securities

Private sector credit (PSCE) growth was muted again in August, rising by just N\$29.4 million, bringing the normalised cumulative credit outstanding to N\$111.6 billion (removing the interbank swaps the Bank of Namibia (BoN) accounts for in non-resident private sector claims). The year-on-year growth slowed to 2.27% from the 2.67% recorded in July. On a twelve-month cumulative basis, N\$2.48 billion worth of credit was extended to the private sector, which is 41.6% less than the N\$4.25 billion issued over the same period a year ago. Individuals took up N\$3.39 billion worth of credit over this period, while corporates deleveraged by N\$915.2 million.

PSCE Issuance  
Growth (% y/y)



Source: Bank of Namibia, IJG Securities

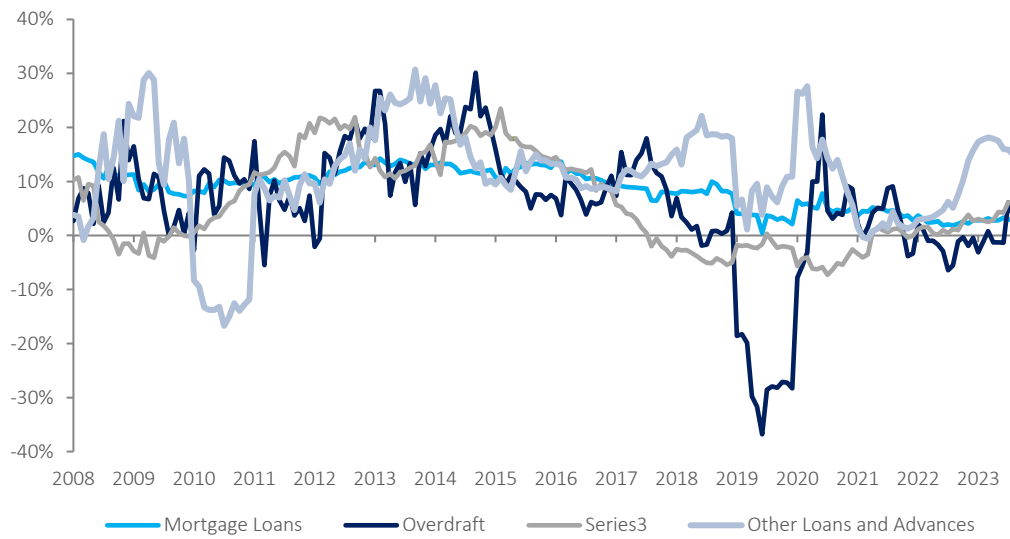
## Credit Extension to Individuals

Credit extended to individuals rose by 0.4% m/m and 5.4% y/y in August. The month-on-month increase was primarily driven by mortgage loan uptake, which rose by 0.5% m/m and 3.1% y/y. Growth in 'other loans and advances', consisting of credit card debt and personal- and term loans, continues to slow, coming in at 0.2% m/m and 14.9% y/y. Instalment credit grew by 0.9% m/m and 6.1% y/y. Overdraft facilities to individuals meanwhile contracted by 1.4% m/m but rose by 3.5% y/y.



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Annual Credit Growth (Individuals)

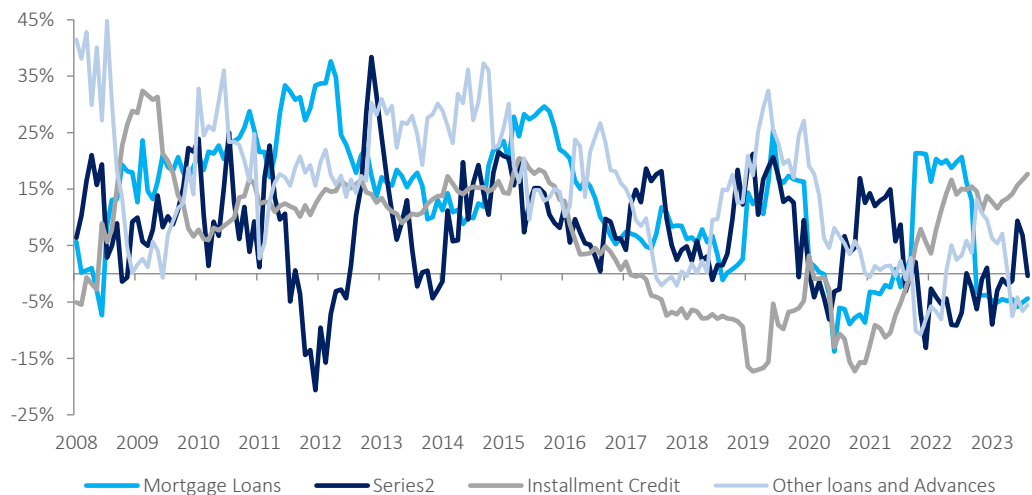


Source: Bank of Namibia, IJG Securities

## Credit Extension to Corporates

Credit extension to corporates fell by 0.5% m/m and 2.0% y/y in August. The month-on-month contraction was driven by a relatively large 4.8% m/m decline in overdraft facilities to corporates, bringing the sub-sector’s year-on-year growth down from 6.8% in July to a contraction of 0.4% in August. Mortgage loans recorded yet another month-on-month decline (of 1.0%), resulting in a year-on-year contraction of 4.4%. ‘Other loans and advances’ rose by 2.0% m/m but fell 5.5% y/y. Instalment credit grew by 2.3% m/m and 17.7% y/y, although this is from a low base. Overall credit demand by Namibian corporates remain weak.

Annual Credit Growth (Corporates)



Source: Bank of Namibia, IJG Securities

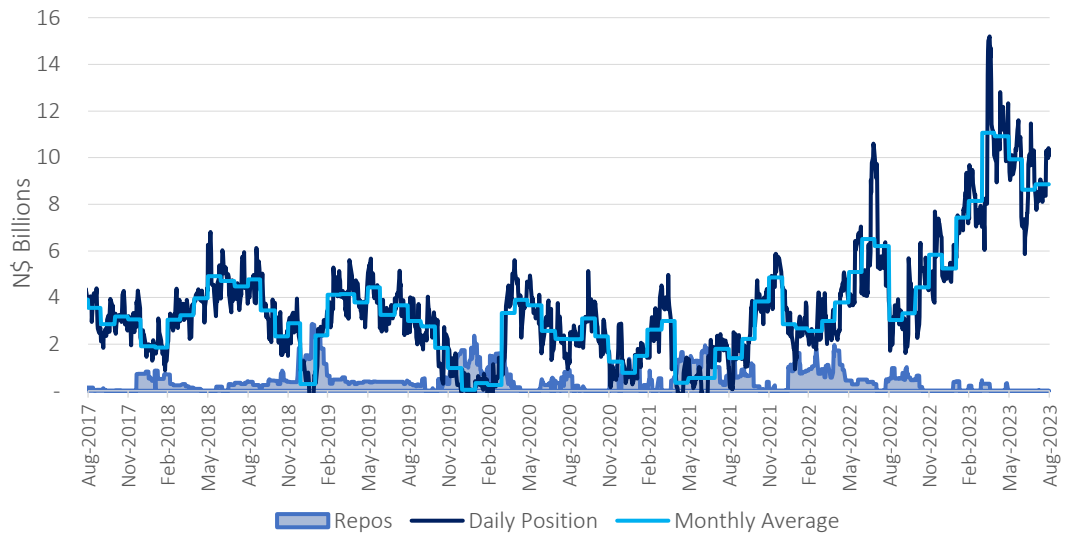
## Banking Sector Liquidity

The commercial banks’ overall liquidity position improved slightly during August, increasing by N\$234.8 million to an average of N\$8.86 billion. The BoN ascribed the increase to an increase in government payments and diamond sale proceeds.





Namibian Banking Liquidity

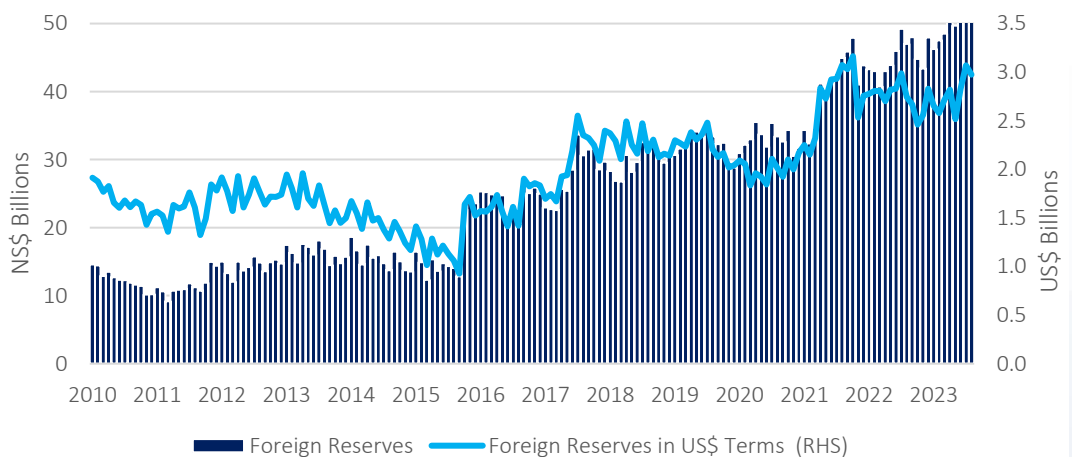


Source: Bank of Namibia, IJG Securities

## Money Supply and Reserves

Broad money supply (M2) rose by N\$12.3 billion or 9.6% y/y in August, according to the BoN’s latest monetary statistics. The stock of international reserves increased by 2.7% m/m or N\$1.47 billion to N\$55.7 billion, translating to 5.6 months of import cover. According to the BoN, the increase was due to commercial bank inflows, Customer Foreign Currency (CFC) placements as well as revaluation gains.

Foreign Reserves



Source: Bank of Namibia, IJG Securities

## Outlook

Namibian PSCE growth remained lacklustre in August, as the credit uptake by individuals during the month was almost entirely offset by repayments by corporates. PSCE growth has been muted since the pandemic started in 2020 and has been trending below inflation for little three years now.





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Relatively high interest rates and subdued economic activity have made the private sector (particularly corporates) hesitant to commit to long-term, expensive debt. We remain of the view that we do not anticipate overall PSCE growth to pick up materially in the short- to medium term.

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