

Private Sector Credit Extension

October 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	45,182.5	(99.2)	(660.9)	-0.22%	-1.44%
Individuals	66,427.1	459.2	2,661.4	0.70%	4.17%
Mortgage Loans	58,963.7	51.5	561.1	0.09%	0.96%
Other Loans & Advances	27,961.6	80.7	(108.4)	0.29%	-0.39%
Overdrafts	12,944.2	329.2	539.9	2.61%	4.35%
Instalment Credit	11,740.1	(101.5)	1,007.9	-0.86%	9.39%
Total PSCE*	111,609.6	360.0	2,000.5	0.32%	1.83%

*Normalised for claims on non-resident private sectors

Source: Bank of Namibia, IJG Securities

Private sector credit (PSCE) grew by N\$360.0 million or 0.32% m/m in October, 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). On a year-on-year basis, PSCE growth ticked up slightly to 1.83% in October from 1.59% in September. Over the past twelve months, N\$2.0 billion worth of credit was extended to the private sector, which is 37.8% less than the N\$3.21 billion issued over the same period a year ago. Individuals took up N\$2.66 billion of credit over this period, while credit extended to corporates continue to decline, they repaid N\$660.9 million.

PSCE Issuance
Growth (% y/y)



Source: Bank of Namibia, IJG Securities

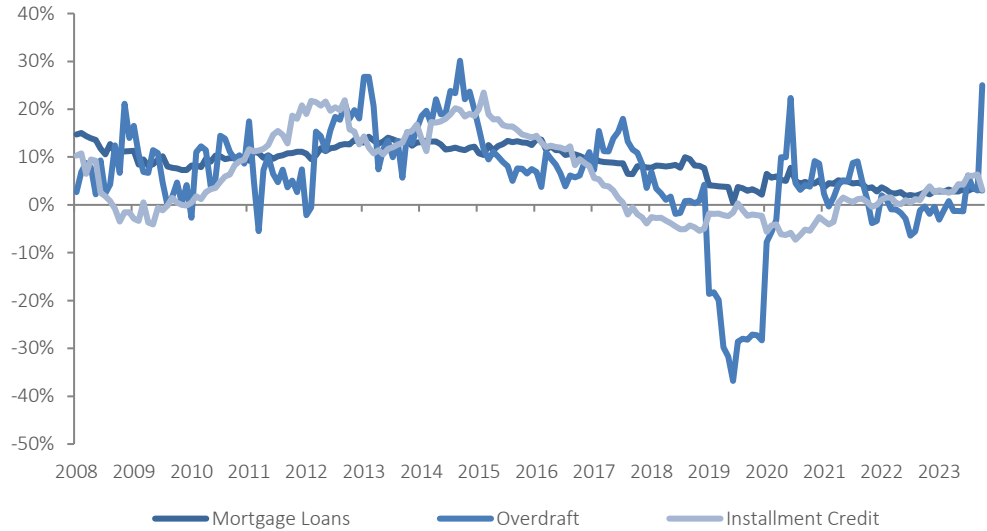
Credit Extension to Individuals

Credit extended to individuals rose by 0.70% m/m and 4.17% y/y in October. Overdraft facilities attributed to most of the growth in credit extension to individuals during the month, with the sub-category growing by 19.8% m/m and 25.1% y/y. 'Other loans and advances', primarily made up of credit card debt and personal- and term loans grew by 0.4% m/m and 5.1% y/y in October. Mortgage loans grew by a subdued 0.2% m/m and 3.0% y/y. Instalment credit to individuals meanwhile contracted by 2.2% m/m but rose 3.2% y/y.



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Annual Credit Growth (Individuals)

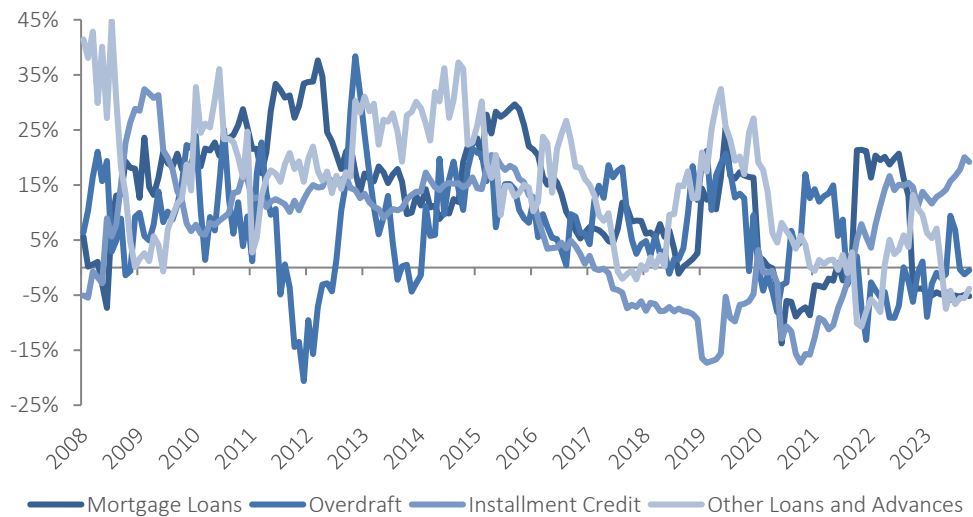


Source: Bank of Namibia, IJG Securities

Credit Extension to Corporates

Credit extension to corporates fell 0.2% m/m and 1.4% y/y in October. The month-on-month contraction was primarily driven by a 1.5% m/m decrease in overdraft facilities and a 0.4% m/m decrease in loans and advances. Mortgage loans continued to decline for a sixth consecutive month, contracting by 0.2% m/m and 5.2% y/y. On a year-on-year basis, mortgage loans have been declining since October 2022. Instalment credit grew by 1.0% m/m and 19.2% y/y, however, it worth noting that the growth is from a relatively low base. Overall credit demand by corporates in Namibia remains weak.

Annual Credit Growth (Corporates)



Source: Bank of Namibia, IJG Securities

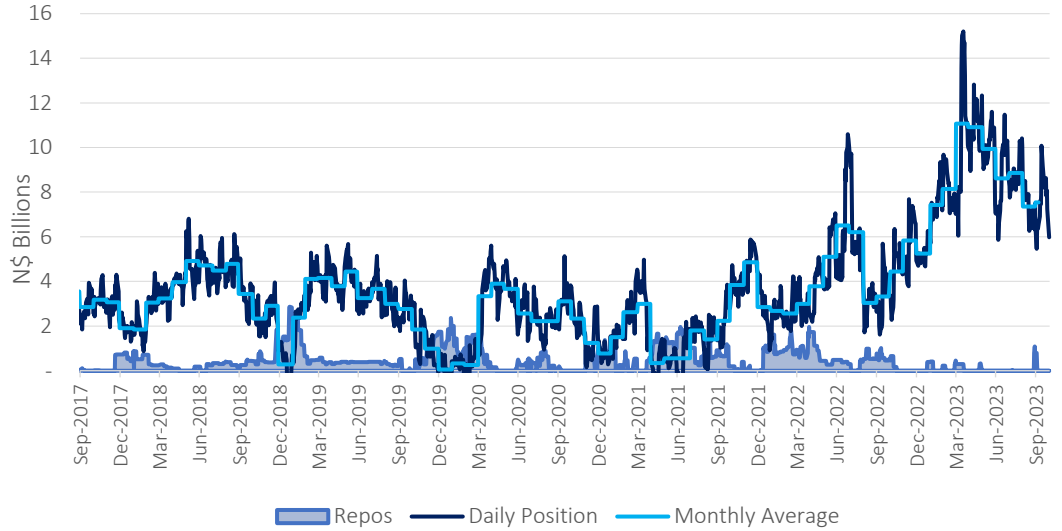
Banking Sector Liquidity

The commercial banks' overall liquidity increased by N\$180.9 million to an average of N\$7.54 billion in October, relative to the N\$7.36 billion recorded in September 2023. The BoN ascribed the increase to an increase in government bond payments during the month.



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Namibian Banking Liquidity

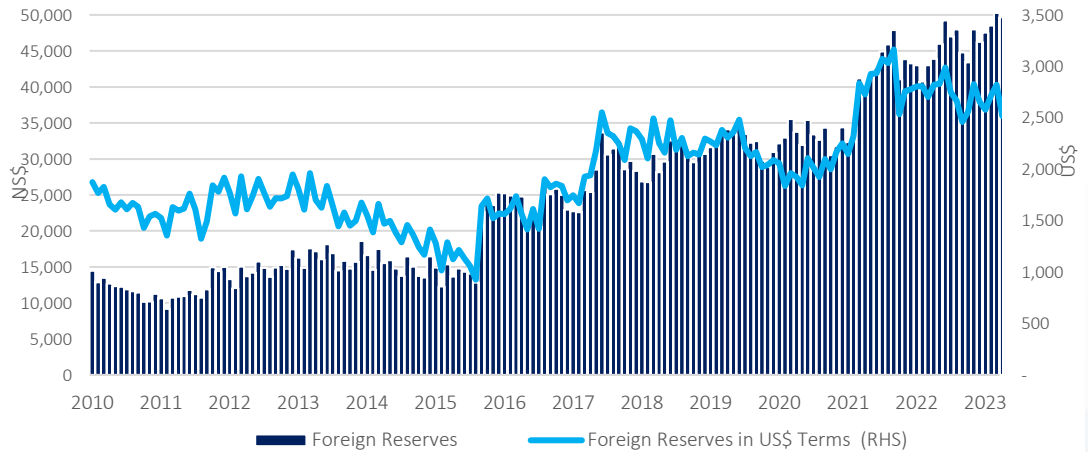


Source: Bank of Namibia, IJG Securities

Money Supply and Reserves

According to the BoN's latest monetary statistics, broad money supply rose by N\$12.9 billion or 10.1% y/y in October. The stock of international reserves declined by 4.4% m/m or N\$2.4 billion to N\$51.4 billion, translating to 5.3 months of import cover. The decline is attributable to higher commercial bank outflows from higher import bills.

Foreign Reserves



Source: Bank of Namibia, IJG Securities





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Outlook

Namibian PSCE growth remained weak in October. The annual growth rate remained at low levels, as corporates continued to de-lever their balance sheets. This suggest that corporates are more reluctant to borrow under the current economic conditions characterised by relatively high interest rate environment and low consumer confidence. Credit extension to individuals is stronger, by comparison, but continues to trend well below inflation. With interest rates unlikely to be cut before mid-2024, we remain of the view that we do not anticipate a significant improvement in overall PSCE growth in the short term.

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