

Private Sector Credit Extension

November 2023

0.0005	4.85%
1.003	13.04%
0.0001	50.00%
0.0003	14.29%
0.0005	12.50%

Overview

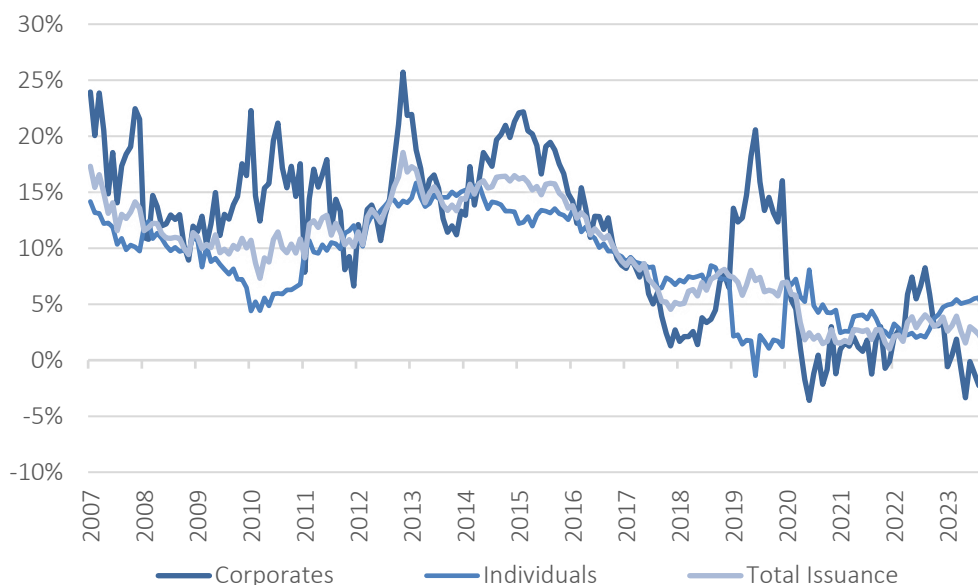
Category	N\$ Millions Outstanding	Change in N\$ Millions		% Change	
		One Month	One Year	m/m	y/y
Corporates	46,212.3	1,029.8	320.9	2.28%	0.70%
Individuals	66,171.9	(255.1)	1,873.7	-0.38%	2.91%
Mortgage Loans	59,360.0	396.4	770.6	0.67%	1.32%
Other Loans & Advances	28,224.5	262.9	133.0	0.94%	0.47%
Overdrafts	12,704.9	(239.3)	15.0	-1.85%	0.12%
Instalment Credit	12,094.9	354.7	1,276.1	3.02%	11.79%
Total PSCE*	112,384.2	774.7	2,194.7	0.69%	1.99%

**Normalised for claims on non-resident private sectors*

Source: Bank of Namibia, IJG Securities

Private sector credit (PSCE) grew by 0.69% m/m, translating to a meagre annual growth of 1.99% November 2023. The normalised cumulative credit outstanding amounted N\$112.4 billion (removing the interbank swaps the Bank of Namibia (BoN) accounts for in non-resident private sector claims). Over the past twelve months, N\$2.19 billion worth of credit was extended to the private sector, which is 36.5% less than the N\$3.45 billion issued over the same period a year ago. Individuals took up N\$1.87 billion worth of credit over this period, while corporates took up N\$321.0 million.

PSCE Issuance
Growth (% y/y)



Source: Bank of Namibia, IJG Securities

Credit Extension to Individuals

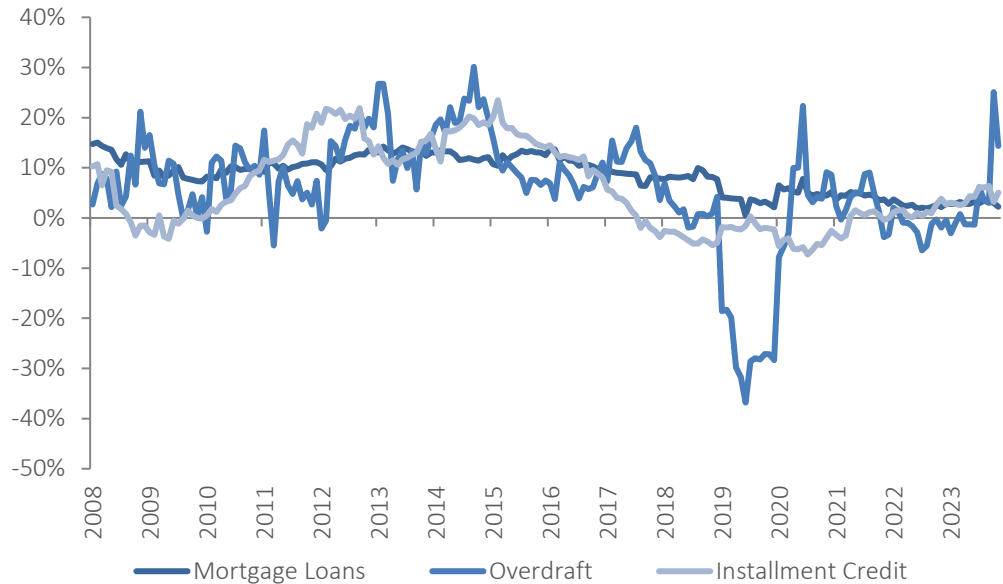
In November 2023, credit extended to individuals experienced its most modest annual growth since September 2022, recording a modest 2.91% y/y increase. This overall annual increment was primarily propelled by a surge in overdraft facilities (↑ 14.34% y/y), followed by leasing and instalment credit (↑ 5.05% y/y), mortgage loans (↑ 2.26% y/y), and other loans and advances (↑ 1.90% y/y).

On a monthly basis, individuals demonstrated a net repayment behaviour, resulting in a 0.4% m/m decrease in their overall credit, equating to a net repayment of N\$255 million. Specifically,



overdrafts experienced a decline of 9.9% m/m, while mortgage loans decreased by 0.7% m/m. Conversely, individuals were net borrowers of instalment and leasing credit, witnessing a 2.6% m/m increase, and in 'other loans and advances', which saw a 0.3% m/m rise during November 2023.

Annual Credit Growth (Individuals)



Source: Bank of Namibia, IJG Securities

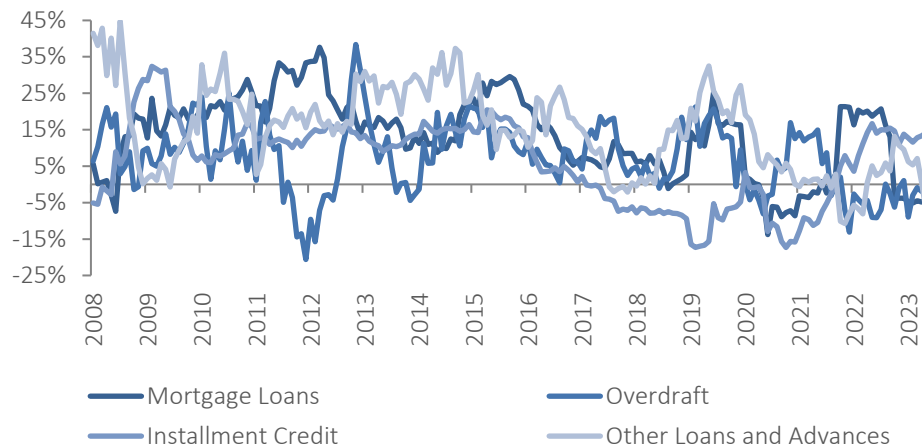
Credit Extension to Corporates

After seven consecutive months of being annual net repayors of credit, corporates transitioned to being annual net borrowers in November 2023. In November 2023, corporate credit experienced an annual increase of 0.70%. This growth was predominantly propelled by growth of 22.5% y/y in instalment and leasing credit. Industry experts explain this heightened demand for instalment and leasing credit to be partially due to strategic actions taken by rental companies. These companies expanded their fleets in anticipation of the impending peak season and to mitigate potential price hikes in January 2024. Additionally, wholesale and retail and construction companies drove demand for instalment and leasing credit, according to the Bank of Namibia (BoN).

Further, corporates remained net repayors of their overdraft facilities (\downarrow 3.1% y/y), mortgage loans (\downarrow 1.6% y/y) and other loans and advances (\downarrow 0.5% y/y). According to the BoN, overdrafts facilities decreased due to lower demand from mining, services, wholesale and retail trade sectors. On a monthly basis, corporates were net borrowers, increasing their credit uptake by 2.3% m/m in November – higher compared to the decrease of 0.2% m/m in October 2023.

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Annual Credit Growth (Corporates)

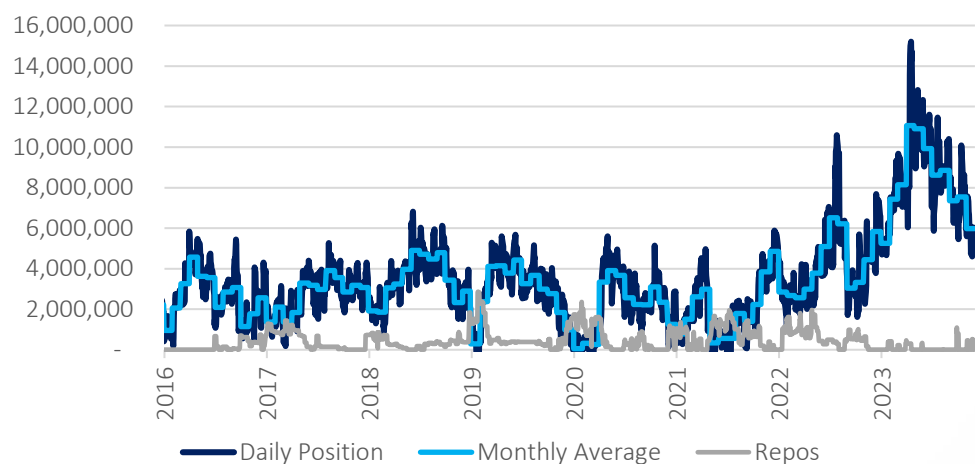


Source: Bank of Namibia, IJG Securities

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.

Namibian Banking Liquidity



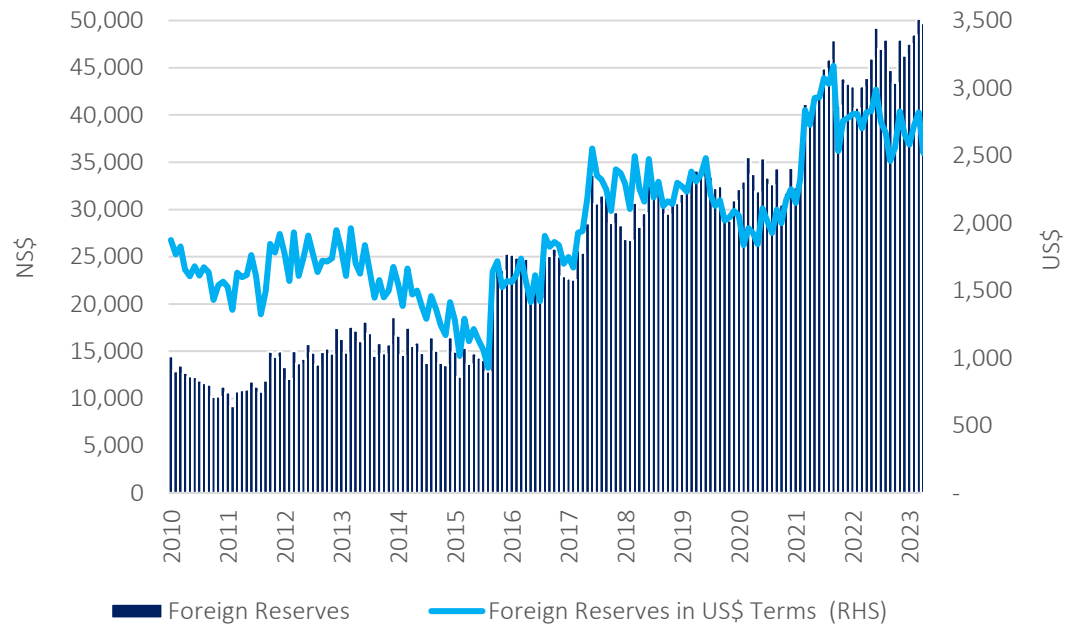
Source: Bank of Namibia, IJG Securities

Money Supply and Reserves

According to the BoN's latest monetary statistics, broad money supply rose by 10.0% y/y in November 2023, compared to 10.1% in October 2023. The stock of international reserves declined for the 3rd consecutive month by 1.5% m/m, from N\$51.4 billion in October, to N\$50.6 billion in November. This translates to 5.1 months of import cover. Similar to the prior month, the decline is attributable to higher commercial bank outflows from higher import bills.

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Foreign Reserves

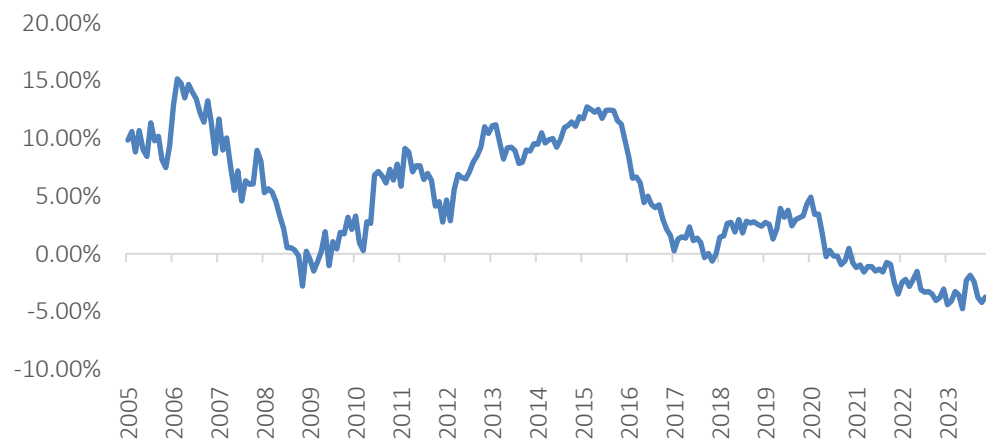


Source: Bank of Namibia, IJG Securities

Outlook

Namibian Private Sector Credit Extension growth exhibited continued weakness in the reviewed month. The subdued demand for credit can be linked to the heightened repo rate of 7.75% and the prime rate of 11.5%. Inflation continues to exceed the repo rate, and thus the monetary policy can be argued to be restrictive. Anticipating the Monetary Policy Committee (MPC) to maintain elevated rates in 1H24, we project that the demand for credit will persist at relatively low levels during this period. However, a shift is anticipated in 2H24, with expectations of the MPC implementing rate cuts. This adjustment is foreseen to rekindle the demand for credit in the latter part of the year.

Annual Real Credit Growth



Source: Bank of Namibia, IJG Securities

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