

# Private Sector Credit Extension

June 2024

## Overview

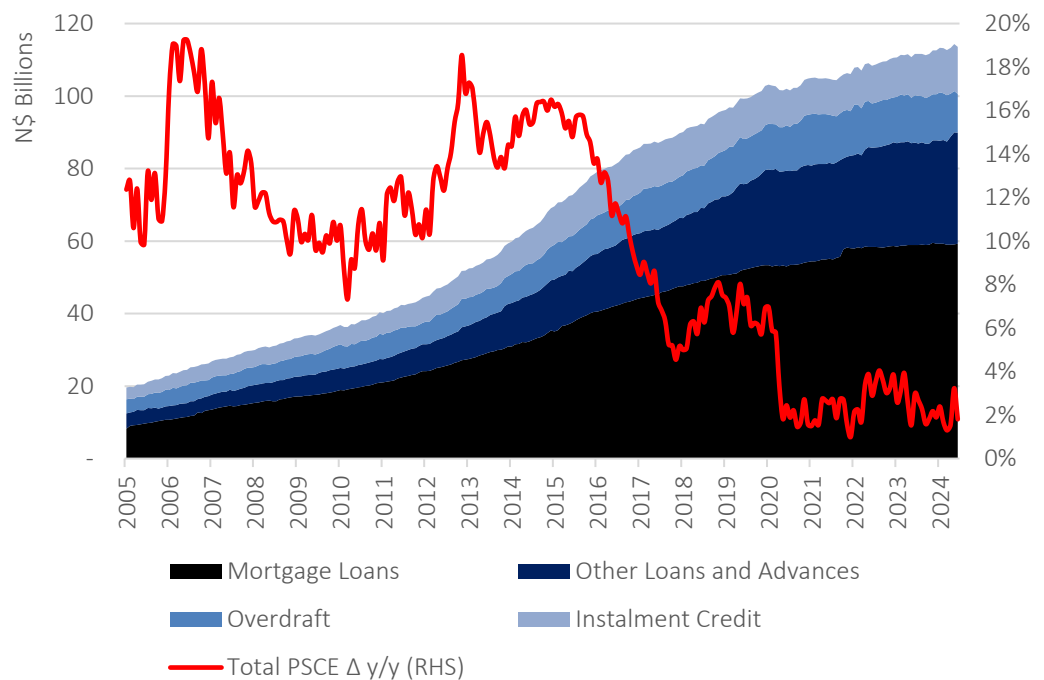
Category	N\$ Millions Outstanding	Change in N\$ Millions		% Change	
		One Month	One Year	m/m	y/y
Corporates	46,019.4	(1,017.8)	241.0	-2.16%	0.53%
Individuals	67,585.3	285.3	1,774.1	0.42%	2.70%
Mortgage Loans	59,277.9	217.4	371.8	0.37%	0.63%
Other Loans & Advances	30,637.6	(288.6)	2,373.8	-0.93%	8.40%
Overdrafts	10,631.7	(770.1)	(2,431.9)	-6.75%	-18.62%
Instalment Credit	13,057.5	108.6	1,701.4	0.84%	14.98%
<b>Total PSCE*</b>	<b>113,604.7</b>	<b>(732.6)</b>	<b>2,015.1</b>	<b>-0.64%</b>	<b>1.81%</b>

\*Normalised for claims on non-resident private sectors

Source: Bank of Namibia, IJG Securities

Growth in credit remains subdued. **Private sector credit extension (PSCE) fell by 0.64% m/m in June, translating to an annual growth of 1.81%.** The normalised cumulative credit outstanding amounted to N\$113.6bn (removing the interbank swaps the Bank of Namibia (BoN) accounts for in non-resident private sector claims). A net amount of N\$732.6m was repaid to creditors during June, driven by a net repayment of N\$1.0bn by business, which was partially offset by individuals borrowing a net amount of N\$285.3m.

Credit Outstanding by Type and Annual PSCE Growth



Source: Bank of Namibia, IJG Securities

Overdraft lending fell 18.62% y/y, which is the largest decline in this credit type since 2005 and the 5<sup>th</sup> consecutive month that the credit type contracted. Repayments by businesses in the commercial and services sector and the manufacturing sector drove overdraft lending down. However, the other credit types recorded growth.

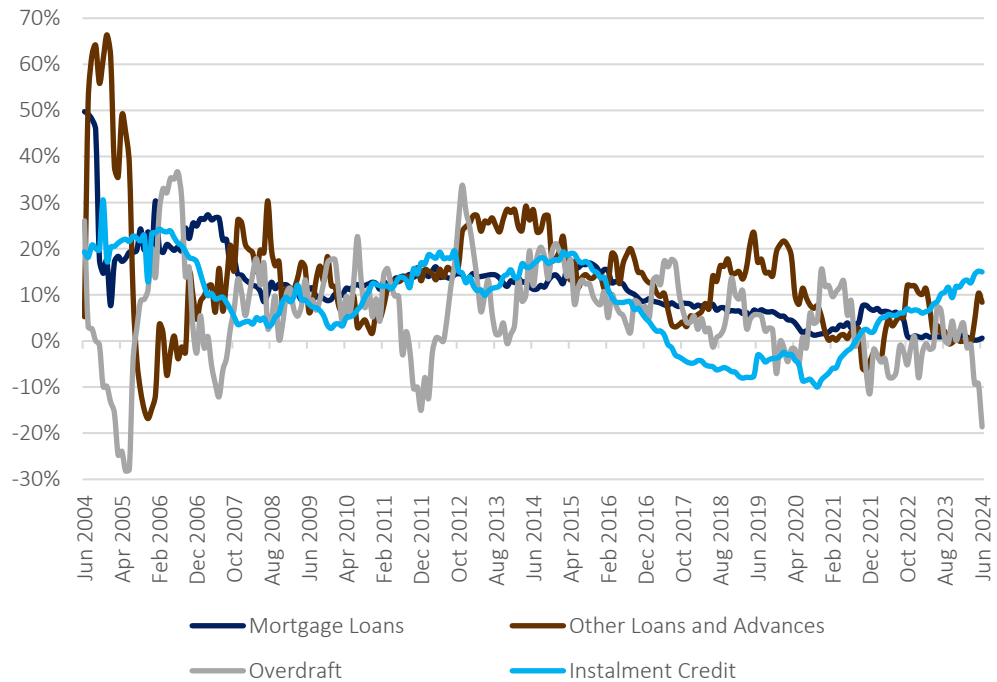
Instalment credit has been the fastest growing credit sector. The sector grew by 14.98% y/y in June, slightly slower than the 15.13% y/y in May. The growth of the tourism sector benefits instalment credit extension as rental companies are buying vehicles to meet volumes demanded.

0,0005	4,85%
0,0003	13,04%
0,201	50,00%
0,0003	14,29%
0,0005	12,50%

Other loans and advances grew by 8.40% y/y in June, lower compared growth of 10.29% y/y in May. Repayments made by the fishing industry drove the lower growth rate, but other industries remain net borrowers of other loans and advances, while individuals minimally drove growth.

The annual growth rates of mortgage loans remained flat in June. The credit type grew by a meagre 0.63% y/y, slighter faster than the 0.26% y/y growth in May. Elevated interest rates have diminished the demand for mortgage loans, as businesses were net repayers of mortgage loans for the 21<sup>st</sup> consecutive month and individuals remained net borrowers, but at a very low level.

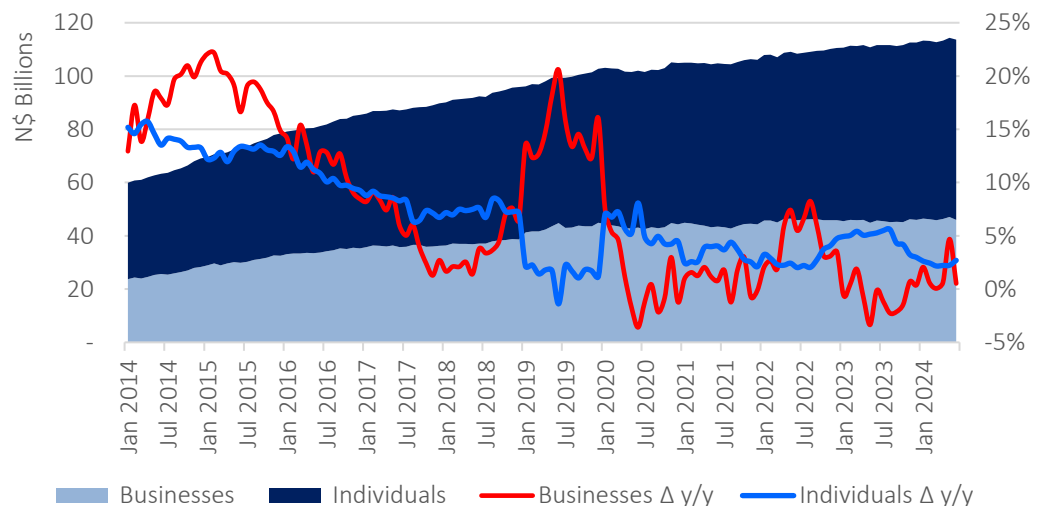
Annual Credit Growth by Type



Source: Bank of Namibia, IJG Securities

Total credit extended to businesses fell by 2.16% m/m in June, the steepest monthly decline since May 2023. On an annual basis, credit extended to business grew by 0.53% y/y in June, much lower than the 4.69% y/y recorded in May. The primary drivers were the increased repayments by corporates in the commercial and services, fishing, manufacturing, and energy sectors. Credit extended to individuals grew by 2.70% y/y in June, the highest annual growth rate year-to-date, driven by overdraft lending and instalment credit.

Credit Outstanding by Businesses and Individuals and Annual Credit Growth



Source: Bank of Namibia, IJG Securities

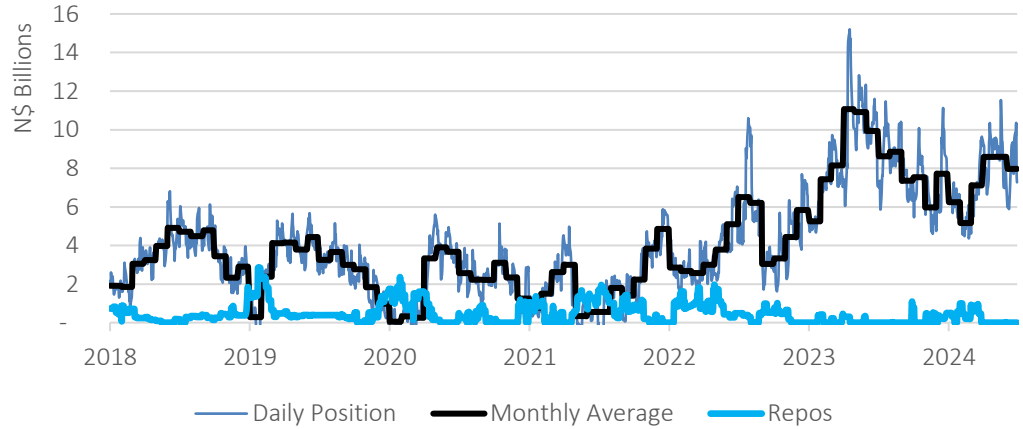


0,0005	4,85%
0,0003	13,04%
0,001	50,00%
0,0003	14,29%
0,0005	12,50%

## Banking Sector Liquidity

The average banking sector liquidity dropped by N\$625.5m in June to N\$7.97bn. Indeed, this is in line with the BoN's expectation for corporates to free up long-term deposits on the back of expected corporate tax payments that were due end of June. However, liquidity remains high, supported by proceeds from diamond sales.

### Namibian Banking Liquidity

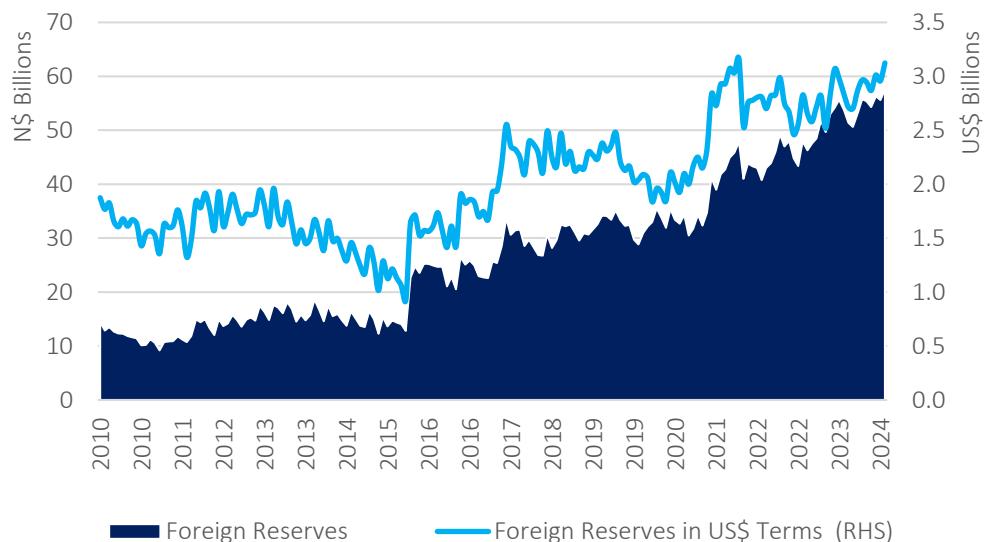


Source: Bank of Namibia, IIG Securities

## Money Supply and Reserves

The stock of international reserves increased by 3.67% m/m, from N\$55.59bn in May to N\$57.63bn in June. The rise was due to higher net commercial inflows, aided by Customer Foreign Currency placements and revaluation gains due to price changes in the market, according to the central bank. These foreign reserves equate to 4.6 months of import cover, persisting above the global standard of 3.0 months and providing sufficient support for the currency peg.

### Foreign Reserves



Source: Bank of Namibia, IIG Securities

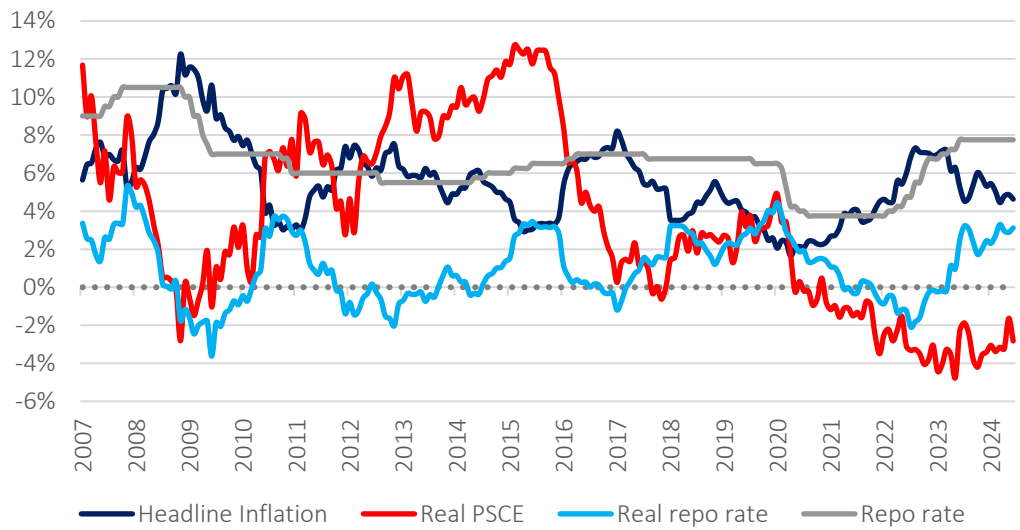


0,0005	4,85%
0,0003	13,04%
0,001	50,00%
0,0003	14,29%
0,0005	12,50%

## Outlook

Real PSCE growth has remained in contractionary territory since mid-2021, indicating that the amount of credit extended to the private sector has been declining after adjusting for inflation. Indeed, the real repo rate has been in positive territory since March 2023, reflecting a tightening of monetary conditions. This environment of higher real borrowing costs, combined with reduced credit availability, remains a concern for economic activity and investment. The persistent contraction in real PSCE growth underscores challenges in stimulating private sector spending and investment, potentially impeding broader economic recovery. Thus, we remain of the view that meaningful expansion in consumer credit usage, which typically precedes broad-based business confidence, has yet to materialise. This indicates that, despite the robust economic growth reflected in real GDP prints, this growth is not broad based.

Headline Inflation, Real PSCE Growth, Real Repo Rate and Nominal Repo Rate



## IJG Holdings

Mathews Hamutenya	Group Chairman		Tel: +264 (61) 256 699
Mark Späth	Group Managing Director	mark@ijg.net	Tel: +264 (81) 958 3510
Helena Amutenya	Group Financial Director	helena@ijg.net	Tel: +264 (81) 958 3528
Leonie de Klerk	Group Compliance Officer	leonie@ijg.net	Tel: +264 (81) 958 3533
Tashiya Josua	Financial Manager	tashiya@ijg.net	Tel: +264 (81) 958 3511
Benita Windisch	Financial Manager	benita@ijg.net	Tel: +264 (81) 958 3539
Lynnet Sasele	Financial Accountant	lynnet@ijg.net	Tel: +264 (81) 958 3536
Counney Kemp	Group PA	reception@ijg.net	Tel: +264 (81) 958 3500

## IJG Securities

Eric van Zyl	Managing Director Designate	eric@ijg.net	Tel: +264 (81) 958 3530
Leon Maloney	Equity & Fixed Income Dealing	leon@ijg.net	Tel: +264 (81) 958 3512
Maria Amutenya	Settlements & Administration	maria@ijg.net	Tel: +264 (81) 958 3515
Angelique Bock	Sales and Research	angelique@ijg.net	Tel: +264 (81) 958 3520
Zane Feris	Sales and Research	zane@ijg.net	Tel: +264 (81) 958 3543

## IJG Wealth Management

Andri Ntema	Managing Director	andri@ijg.net	Tel: +264 (81) 958 3518
Wim Boshoff	Head Wealth Manager	wim@ijg.net	Tel: +264 (81) 958 3537
Aretha Thiar	Wealth Manager	aretha@ijg.net	Tel: +264 (81) 958 3540
Katja Greeff	Wealth Manager	katja@ijg.net	Tel: +264 (81) 958 3538
Maunda Rautenbach	Head of Operations	maunda@ijg.net	Tel: +264 (81) 958 3529
Lorein Kazombaruru	Wealth Administration	lorein@ijg.net	Tel: +264 (81) 958 3521
Francoise van Wyk	Wealth Administration	francoise@ijg.net	Tel: +264 (81) 958 3513
Calvin Mwinga	Wealth Administration	calvin@ijg.net	Tel: +264 (81) 958 3514

## IJG Capital

Jakob de Klerk	Managing Director	jakob@ijg.net	Tel: +264 (81) 958 3517
Mirko Maier	Senior Manager: Investments	mirko@ijg.net	Tel: +264 (81) 958 3531
Fares Amunkete	Senior Manager: Investments	fares@ijg.net	Tel: +264 (81) 958 3527
Peterson Mbise	Manager: Investments	peterson@ijg.net	Tel: +264 (81) 958 3532

## IJG Investment Managers & IJG Unit Trusts

Chidera Onwudinjo	Portfolio Manager	chidera@ijg.net	Tel: +264 (81) 958 3523
Danie van Wyk	Portfolio Manager	danie@ijg.net	Tel: +264 (81) 958 3534

## IJG Advisory

Herbert Maier	Managing Director	herbert@ijg.net	Tel: +264 (81) 958 3522
Jolyon Irwin	Director	jolyon@ijg.net	Tel: +264 (81) 958 3500
Hugo van den Heever	Corporate Advisor	hugo@ijg.net	Tel: +264 (81) 958 3542
Lucas Martin	Corporate Advisory Associate	lucas@ijg.net	Tel: +264 (81) 958 3541

No representation is given about, and no responsibility is accepted, for the accuracy or completeness of this document. Any views reflect the current views of IJG Holdings (Pty) Ltd. The views reflected herein may change without notice. IJG Holdings (Pty) Ltd provides this document to you for information purposes only and should not be construed as and shall not form part of an offer or solicitation to buy or sell securities or derivatives. It may not be reproduced, distributed or published by any recipient for any purposes.



**Independent. Focused.  
Personalised.**