Namibia Trade Statistics
December 2023

Overview

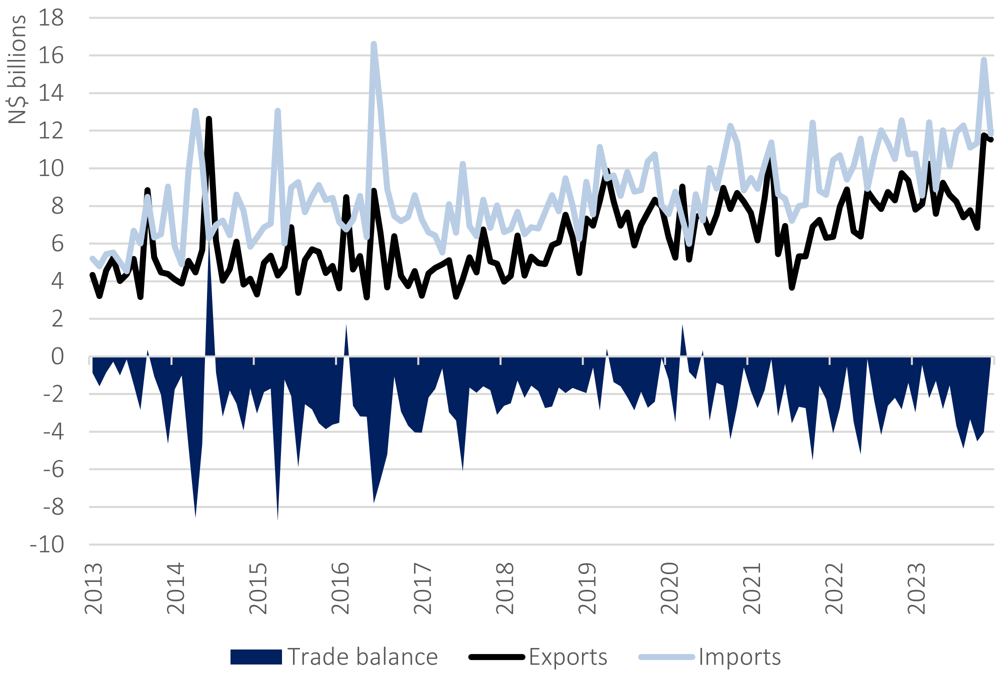
Category	Dec-23	Nov-23	Dec-22	m/m	y/y
Exports (N$ m)	11,525	11,752	9,348	-1.9%	23.3%
Imports (N$ m)	11,824	15,770	10,748	-25.0%	10.0%
Trade Balance (N$ m)	**(299)**	**(4,018)**	**(1,400)**	**-92.6%**	**-78.6%**
Exports Weight (t)	289,541	339,314	289,395	-14.7%	0.1%
Imports Weight (t)	420,569	546,732	426,795	-23.1%	-1.5%

Source: Namibia Statistics Agency, IJG Securities

Namibia's trade deficit narrowed substantially to N$299.1 million in December from N$4.02 billion in November, marking the smallest deficit since June 2022. The export bill declined by 1.9% m/m to N$11.5 billion, while the import bill fell by 25.0% m/m to N$11.8 billion.

The export bill for the year amounted to N$105.0 billion, while imports totalled N$136.9 billion, resulting in a trade deficit of N$31.8 billion, compared to N$31.6 billion in 2022. Namibia's export bill increased by 7.8% y/y in 2023, outpacing the growth rate of imports, which stood at 6.1% y/y.

Trade Balance
(N$ billion)

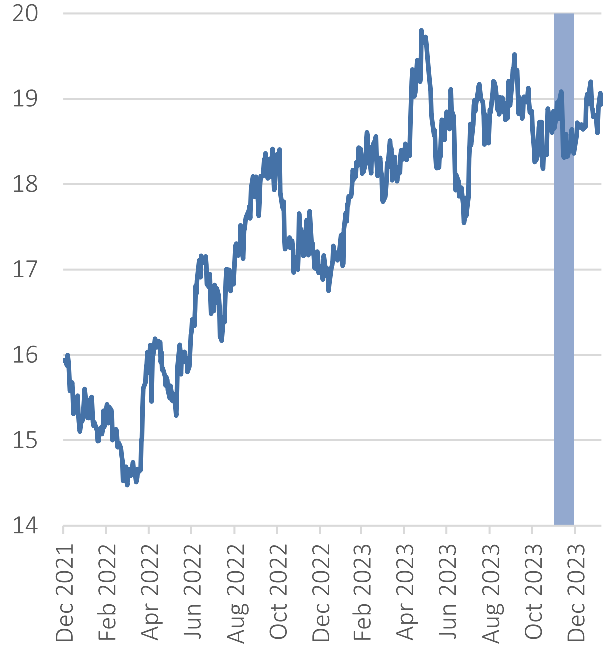


Source: Namibia Statistics Agency, IJG Securities

Imports have become costlier in 2023 due to the rand weakening by 7.8% against the US dollar during the year. 2023 was a particularly volatile year for the rand, with the USDZAR hitting a high of 19.80 and low of 16.75. The rand has depreciated by a further 1.8% in January 2024. The average rand exchange rate against the US dollar was 18.62 in December 2023 and 18.81 in January 2024. The rand depreciation benefits Namibia's export bill but emits inflationary pressures through the import bill. The Rand remains is an upside risk for imports to Namibia and inflation rates. Namibia is a net importer of goods, which exposes consumers to import inflation.

During December, the Baltic Dry Index (BDI), which tracks dry bulk shipping costs, decreased by 28.7% m/m, indicating a decline in shipping prices following spike caused by the Israel-Hamas conflict. However, the month prior to that, the BDI surged by 101.3% m/m which could have added to the higher import bill in December 2023. Although the BDI has retraced to a relatively normal level in January, the Freightos Balitic Index, which tracks container freight rates, remains elevated at US$3,392.2 per 40-foot container during the last week of February, compared to US$1,346.2 per container in the last week of December 2023. This could further dampen the already weak global demand for commodities, in turn, decreasing Namibian exports of mined materials.

Rand Exchange Rate *(USDZAR)*



Source: Bloomberg, IJG Securities

Baltic Dry Index

Source: Bloomberg, IJG Securities

Trade by Products

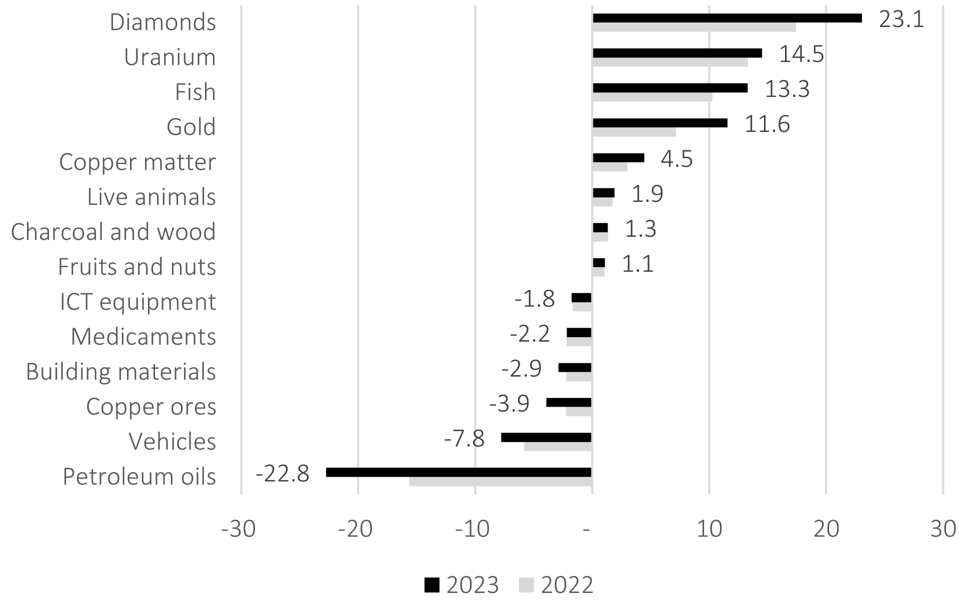
Diamonds (N$25.1 billion) were the top exported product in 2023, followed by uranium (N$14.5 billion), fish (N$13.7 billion), gold (N$11.6 billion), petroleum oil (N$5.4 billion), copper (N$4.6 billion) and live animals (N$2.0 billion). These 7 items account for 73.2% of the export bill.

Many of the country's top export items saw their individual cumulative export bills increase by double digits growth figures. Gold increased by 61.3% y/y, copper by 47.2% y/y, fish by 24.3% y/y, and diamonds by 15.6% y/y.

At the same time, Namibia imported N$28.2 billion worth of petroleum oils, N$8.9 billion of vehicles, N$4.6 billion of copper ores, and N$3.8 billion of building materials in 2023. These products only account for 33.2% of the import bill. Namibia's import basket is more diversified than the export basket.

The figure below shows the trade balances of selected commodities. Namibia is a net exporter of diamonds, uranium, fish, gold, copper matter, live animals, charcoal and wood, and fruit and nuts. At the same time, the country is reliant on petroleum oils, vehicles, copper ores, building materials, medicaments, and ICT equipment.

Trade Balance of Selected Commodities (N$ billion)

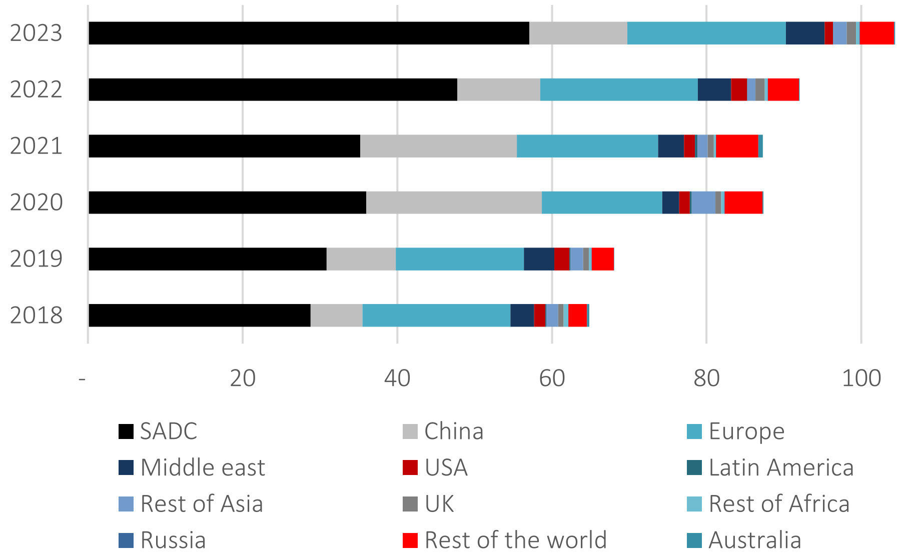


Source: Namibia Statistics Agency, IJG Securities

Export Destinations

Similar to our export basket, Namibia's export destinations are not very diversified, with most of our exports going to SADC countries. Since 2018, 48% of our export bill was paid by SADC countries, followed by Europe (22%), China (16%) and the rest of the world (15%). In 2023, 55% of our exports was destinated to SADC countries, while the remainder was split between Europe (20%), China (12%), the Middle East (4.8%) and the rest of the world (8.7%).

Export Destinations Split (N$ billion)



Source: Namibia Statistics Agency, IJG Securities

Outlook

Looking ahead, we anticipate a sluggish global trade environment in the first half of 2024, attributed to diminished global demand for commodities. Climate change and escalating geopolitical tensions pose risks to supply chains and inflation. A drought in late 2023 has steadily restricted daily Panama canal traffic, with an expected peak reduction of over 40% by February 2024, according to CNBC. Additionally, numerous vessel operators traversing the Red Sea enroute to the Suez Canal, facilitating cargo transport between Asia, the US, and Europe, are opting to avoid the shortcut. Instead, they are navigating the longer southern route around Africa.

Additionally, the emergence of synthetic diamonds presents a growing challenge to the diamond industry, especially considering that diamond exports constituted 22% and 24% of our export bill in 2022 and 2023, respectively. However, in the long term, we project a more diversified export portfolio amongst our other locally mined commodities allowing for a less detrimental effect on our export bill.

The International Monetary Fund (IMF) forecasts indicate a downward revision of 20 basis points in the anticipated growth of global trade volume for 2024, with trade in Emerging Market and Developing Economies expected to grow by 4.5% and Advanced Economies by 2.6% in 2024.Oil prices are anticipated to dip by approximately 2.3% in 2024 which could partially offset the costs of supply chain issues due to geopolitical tensions.

TEAM NAMIBIA MEMBER

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 Shikongo	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	Group Financial Officer	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
Madeline Olivier	Group PA	madeline@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
Danie van Wyk	Head: Research	danie@ijg.net	Tel: +264 (81) 958 3534
Angelique Bock	Sales and Research	angelique@ijg.net	Tel: +264 (81) 958 3543
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 Thiart	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	Business Analyst	mirko@ijg.net	Tel: +264 (81) 958 3531
Letta Nell	Business Analyst	letta@ijg.net	Tel: +264 (81) 958 3532
Lucas Martin	Business Analyst	lucas@ijg.net	Tel: +264 (81) 958 3541
Peterson Mbise	Business Analyst	peterson@ijg.net	Tel: +264 (81) 958 3532
Fares Amunkete	Value Add Analyst	fares@ijg.net	Tel: +264 (81) 958 3527

IJG Investment Managers & IJG Unit Trusts

Chidera Onwudinjo	Assistant Portfolio Manager	chidera@ijg.net	Tel: +264 (81) 958 3523

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
Ursula Gollwitzer	Assistant Corporate Advisor	ursula@ijg.net	Tel: +264 (81) 958 3535