



CIRRUS

Namibia Macro Overview

November 2021

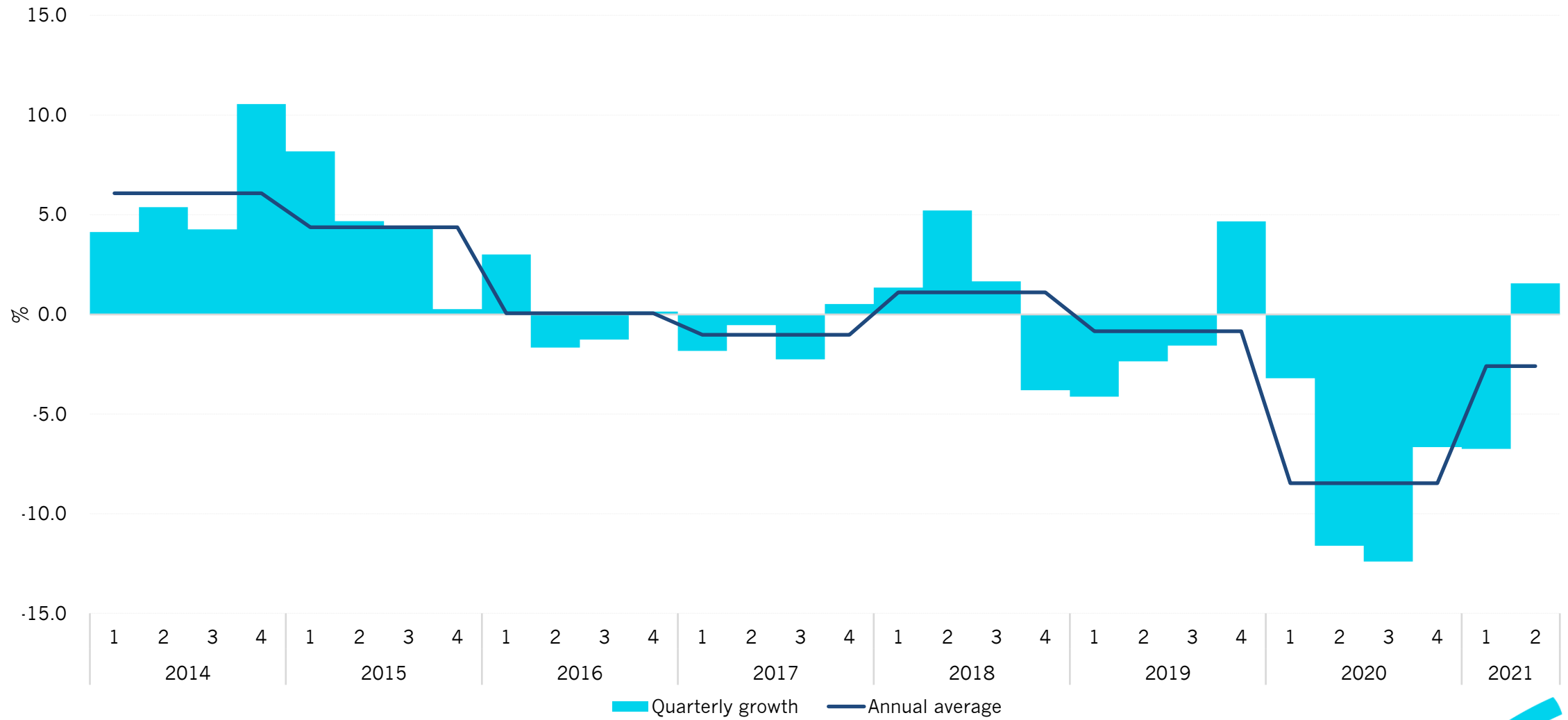
The best way to predict the future is to **create** it.



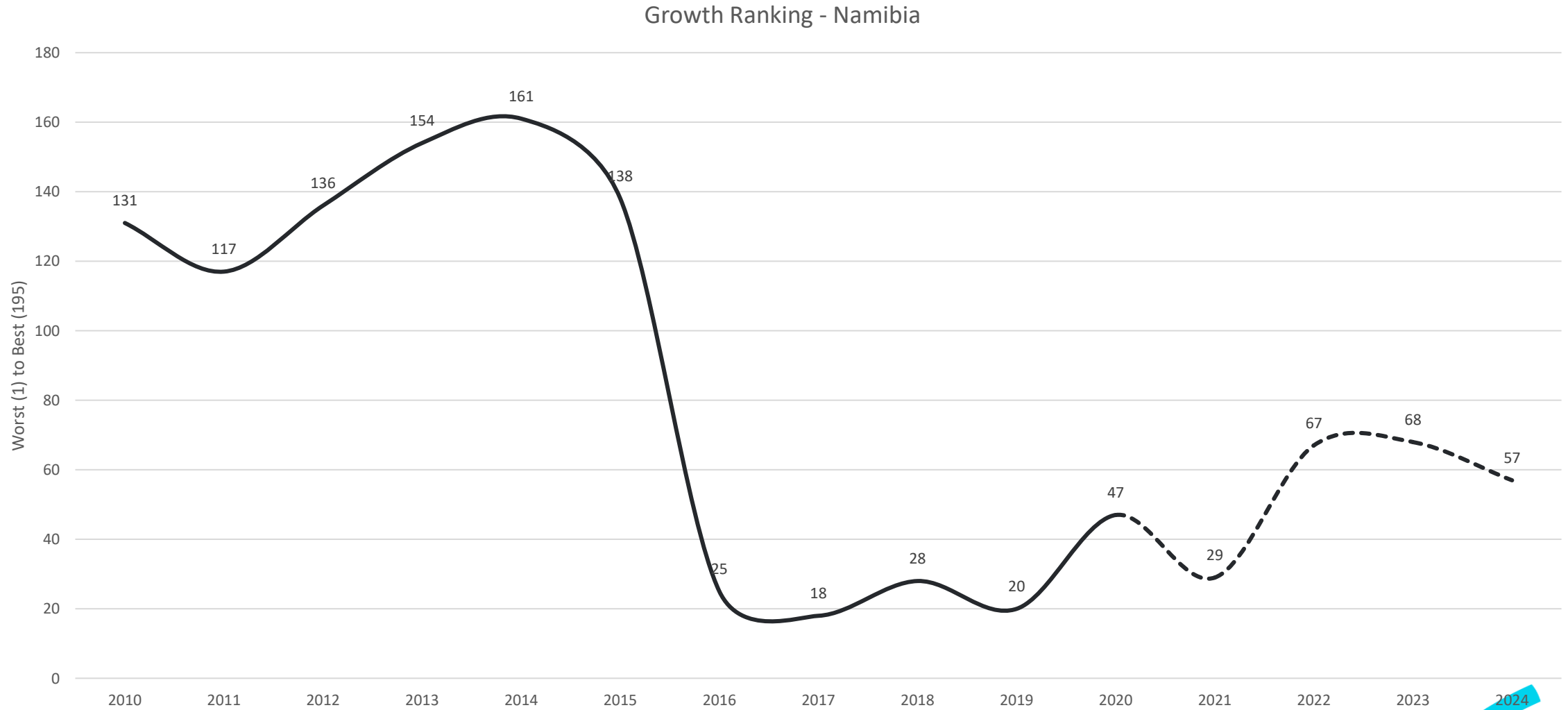
Background



Quarterly GDP (real)



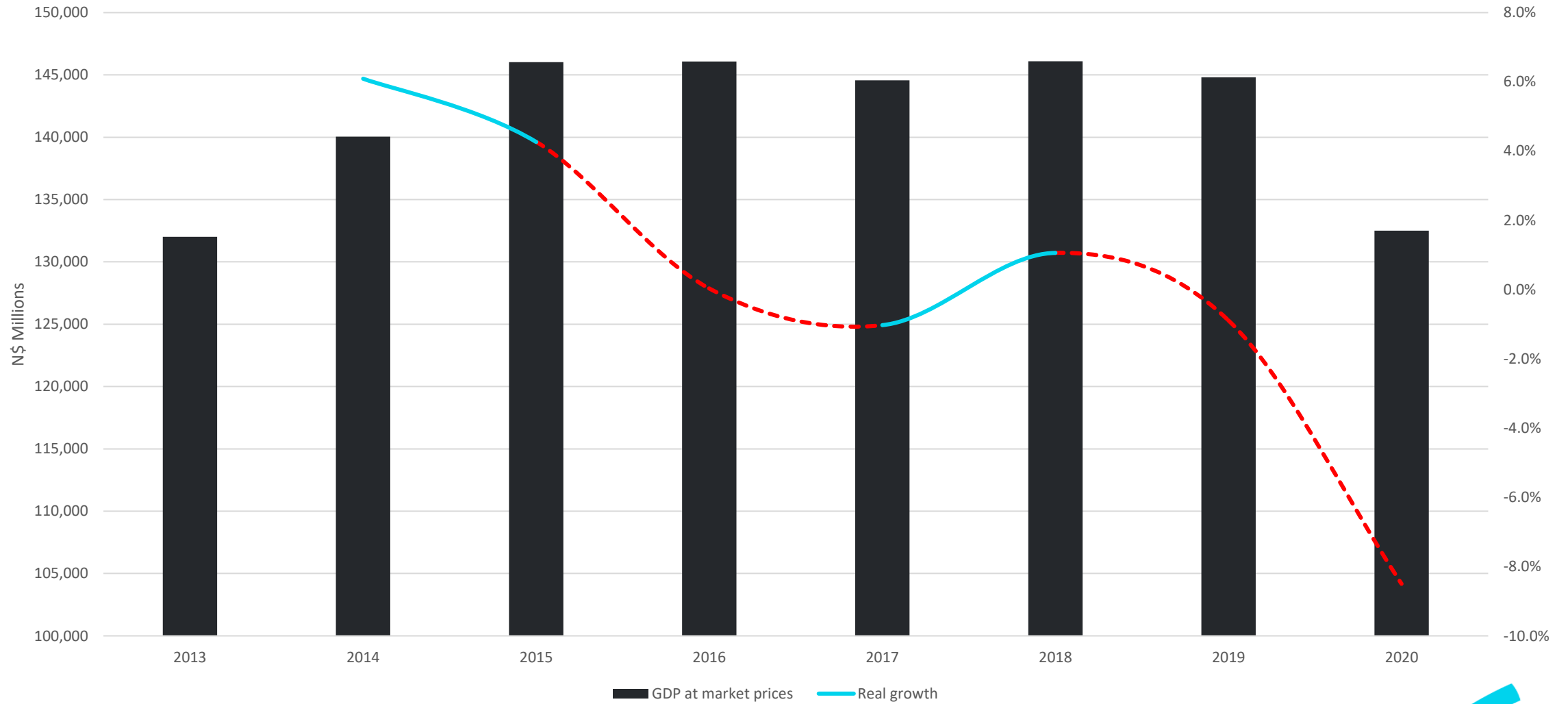
Namibia growth rankings: Global



The best way to predict the future is to create it.



Growth (real)



The best way to predict the future is to create it.

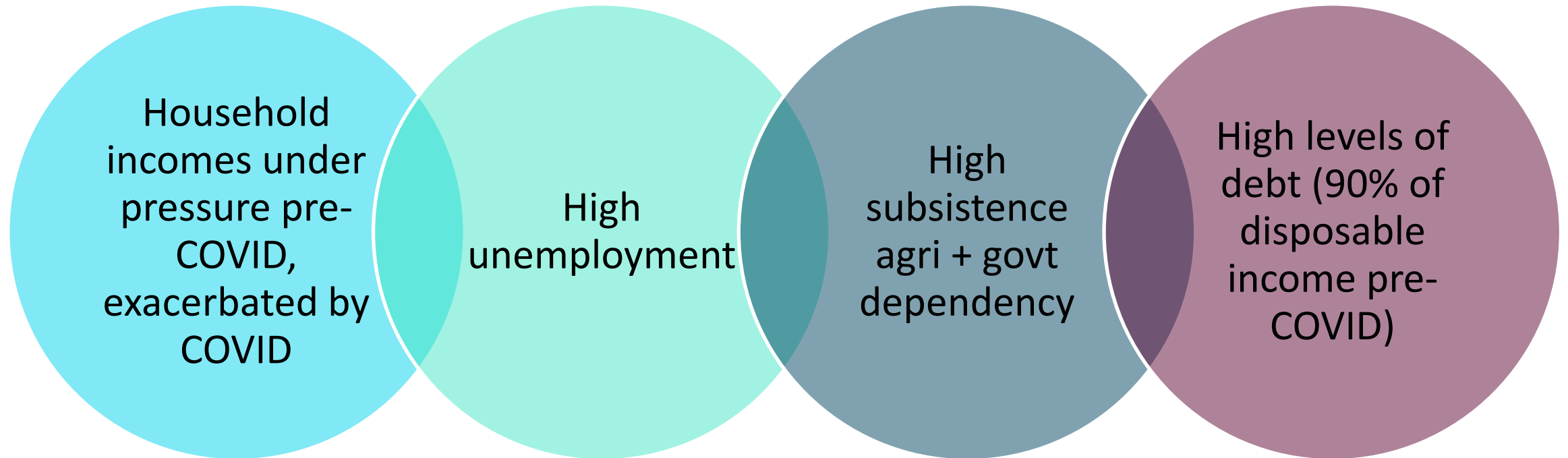




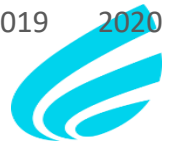
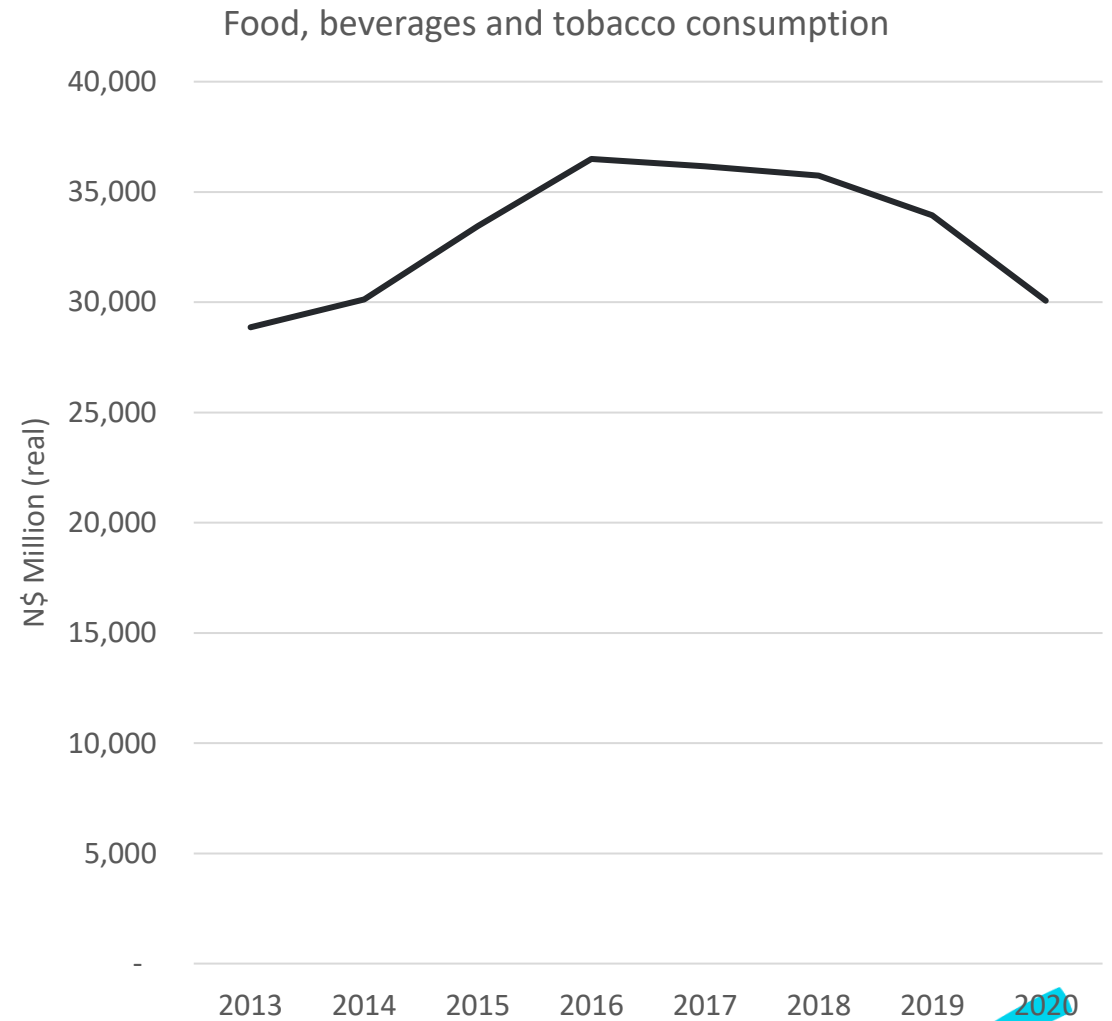
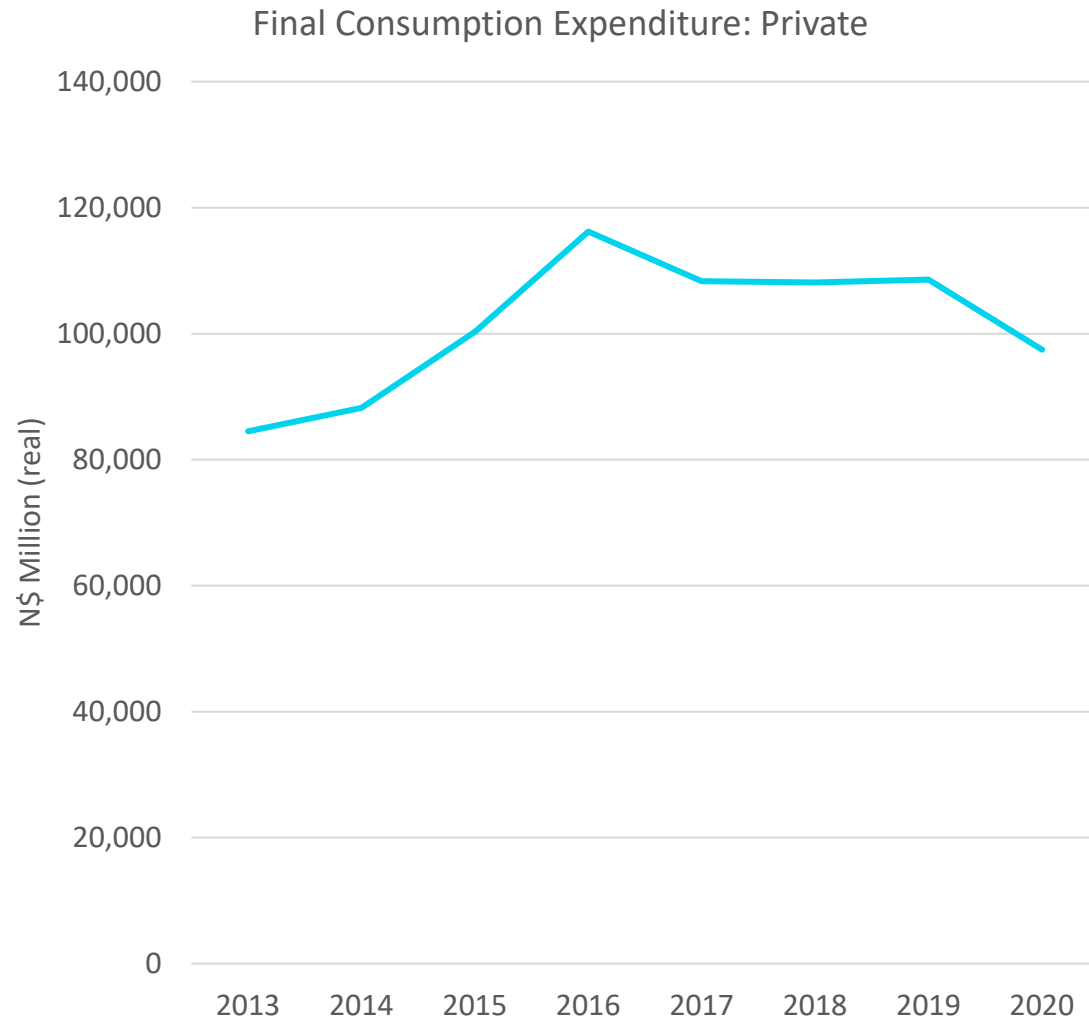
Households



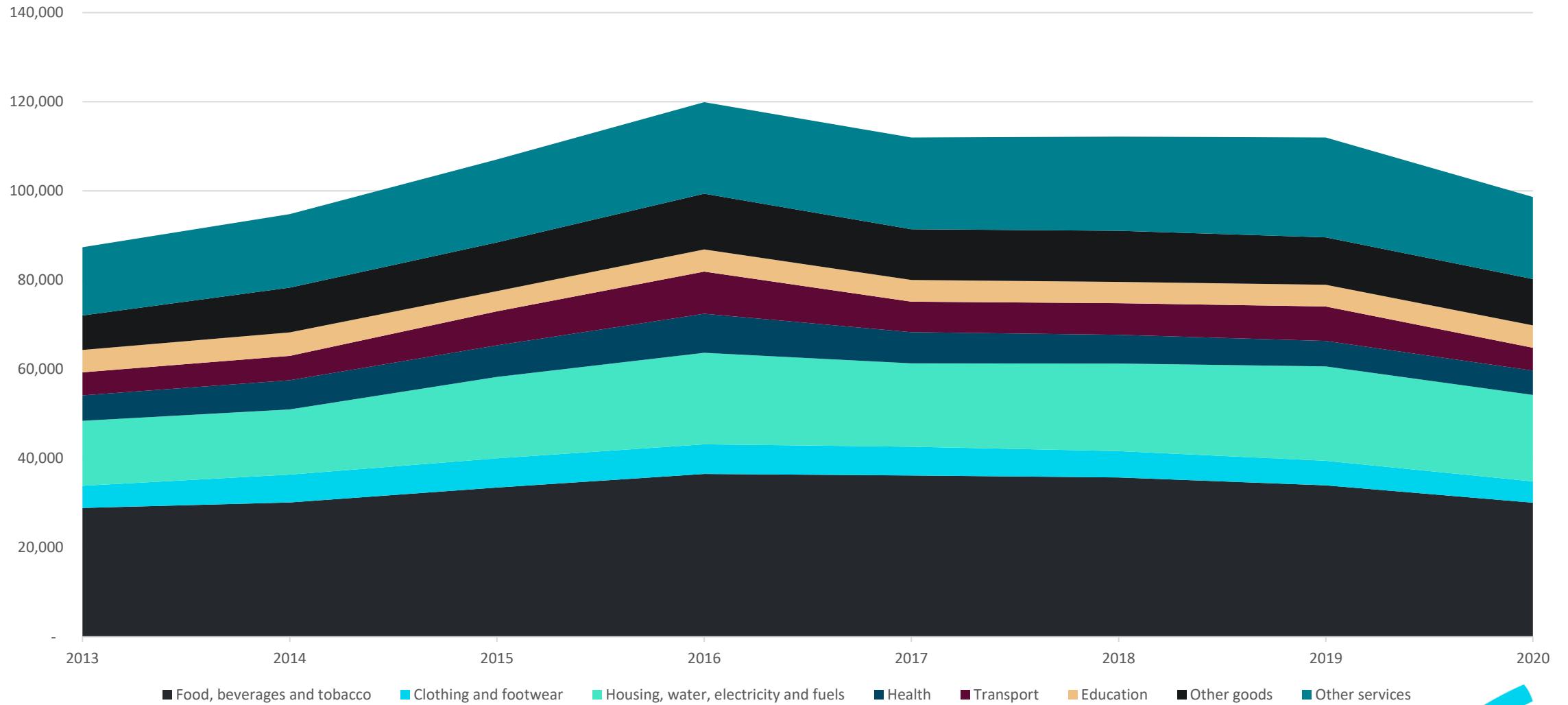
Household Summary



Household consumption contracting



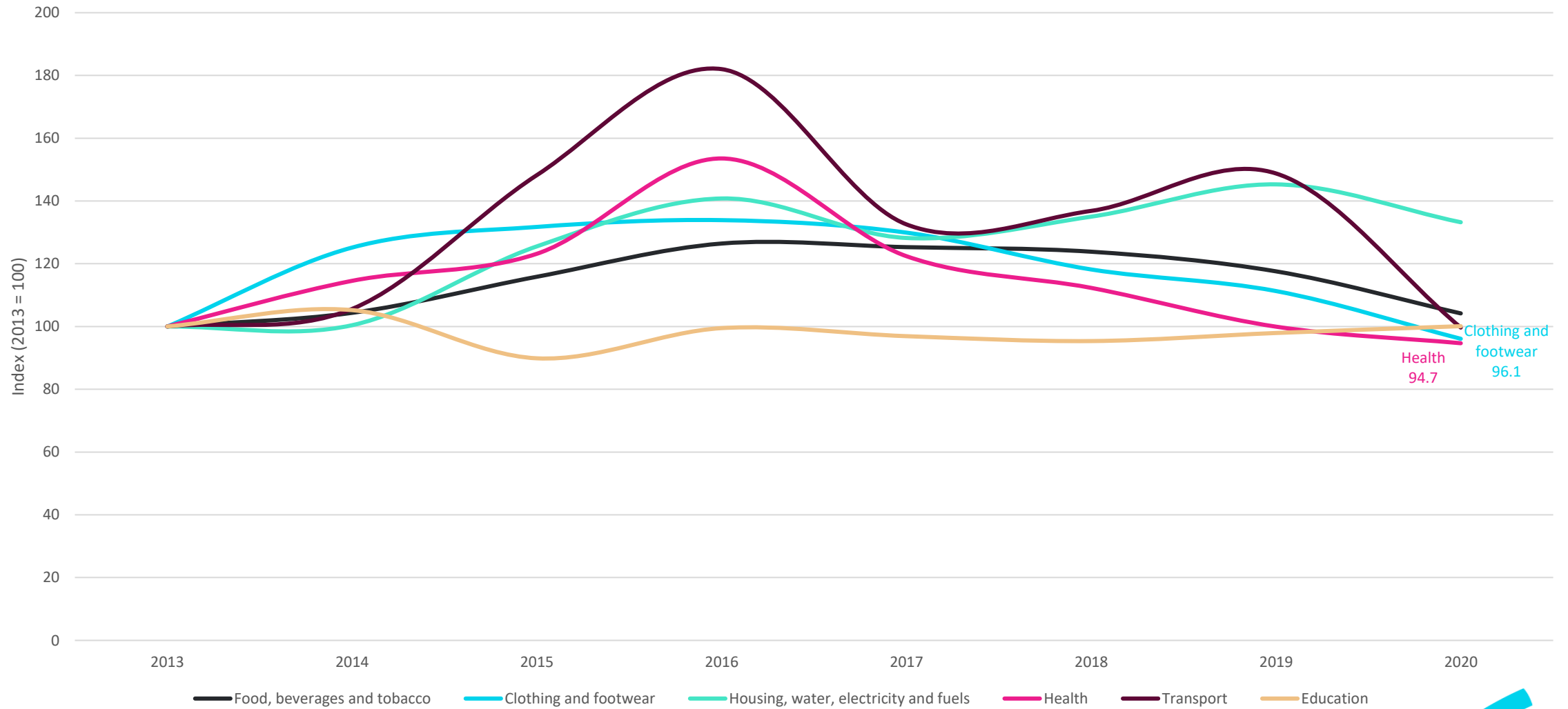
Total household consumption



The best way to predict the future is to create it.



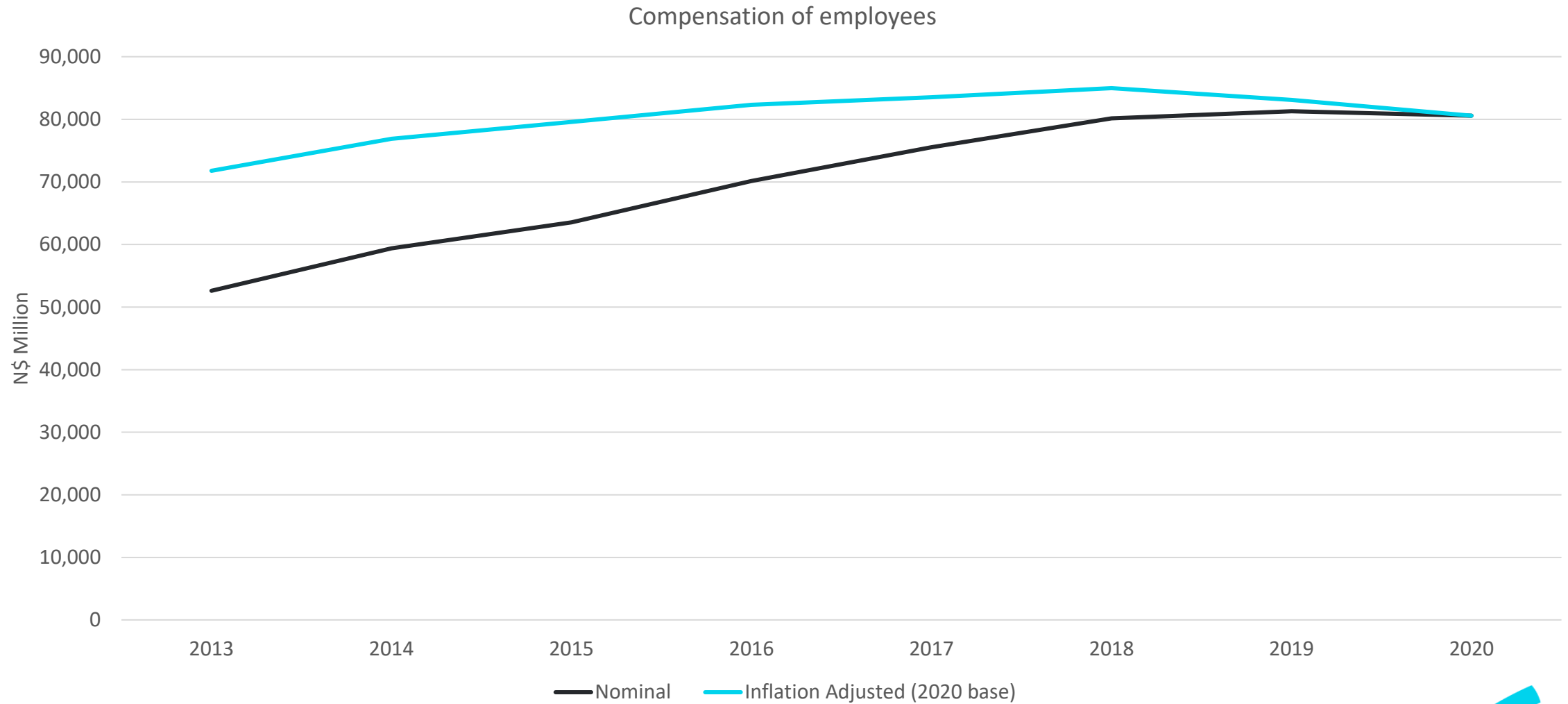
Household consumption - indexed



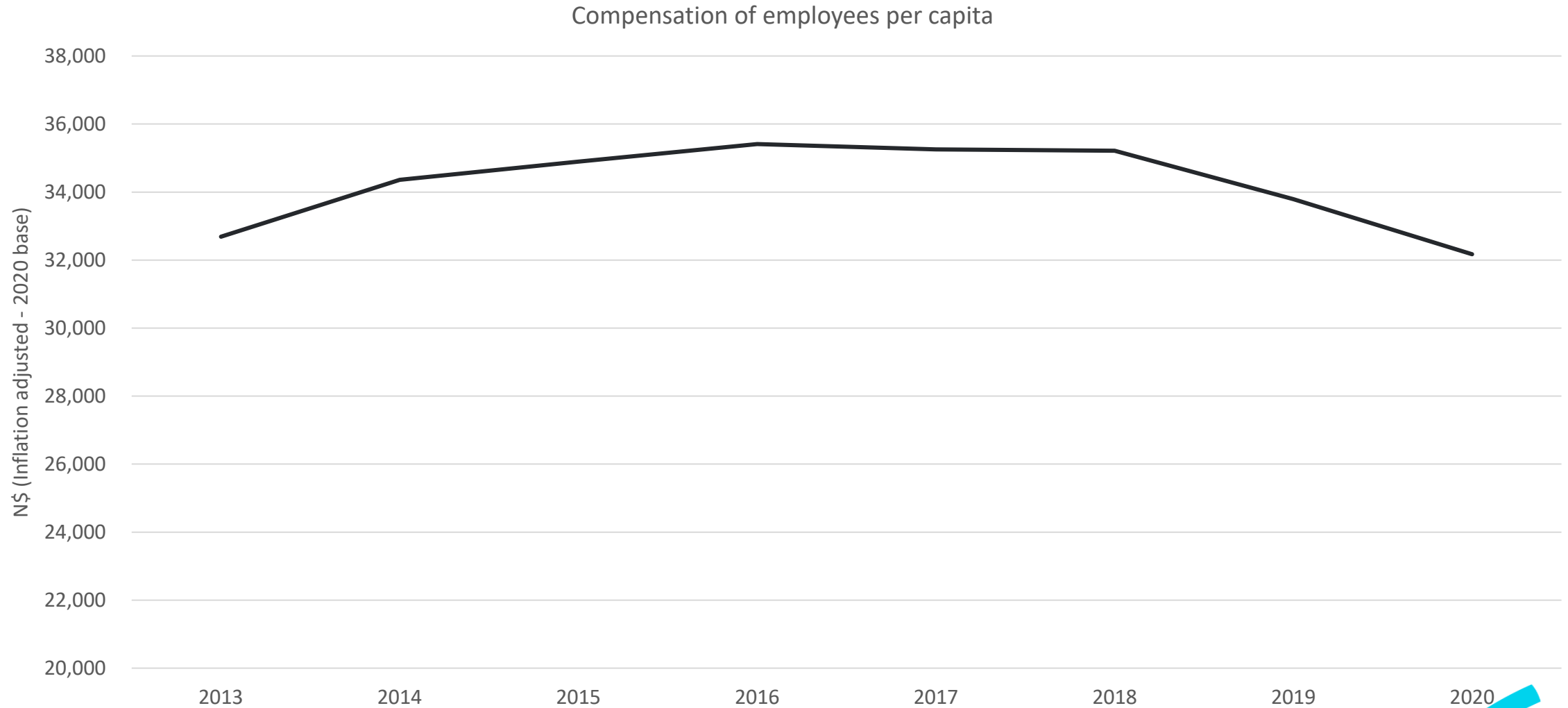
The best way to predict the future is to create it.



Compensation of employees



Compensation of employees

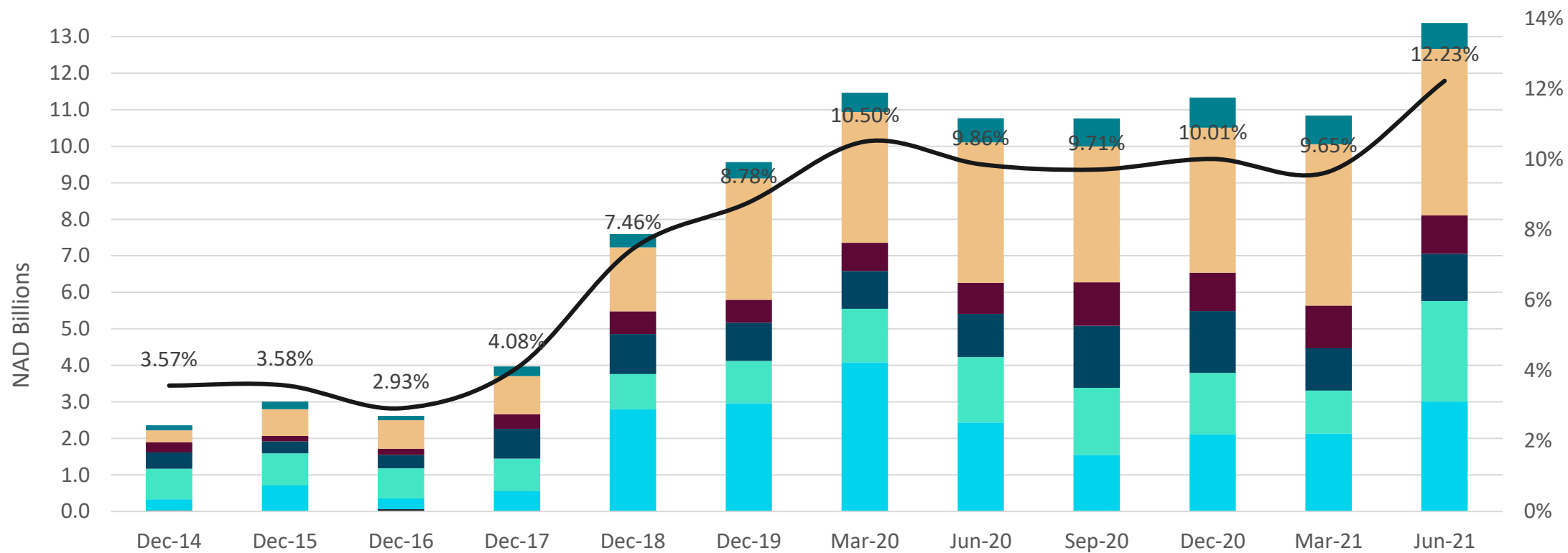


~ N\$2600/month, and falling for the past 4 years

The best way to predict the future is to create it.



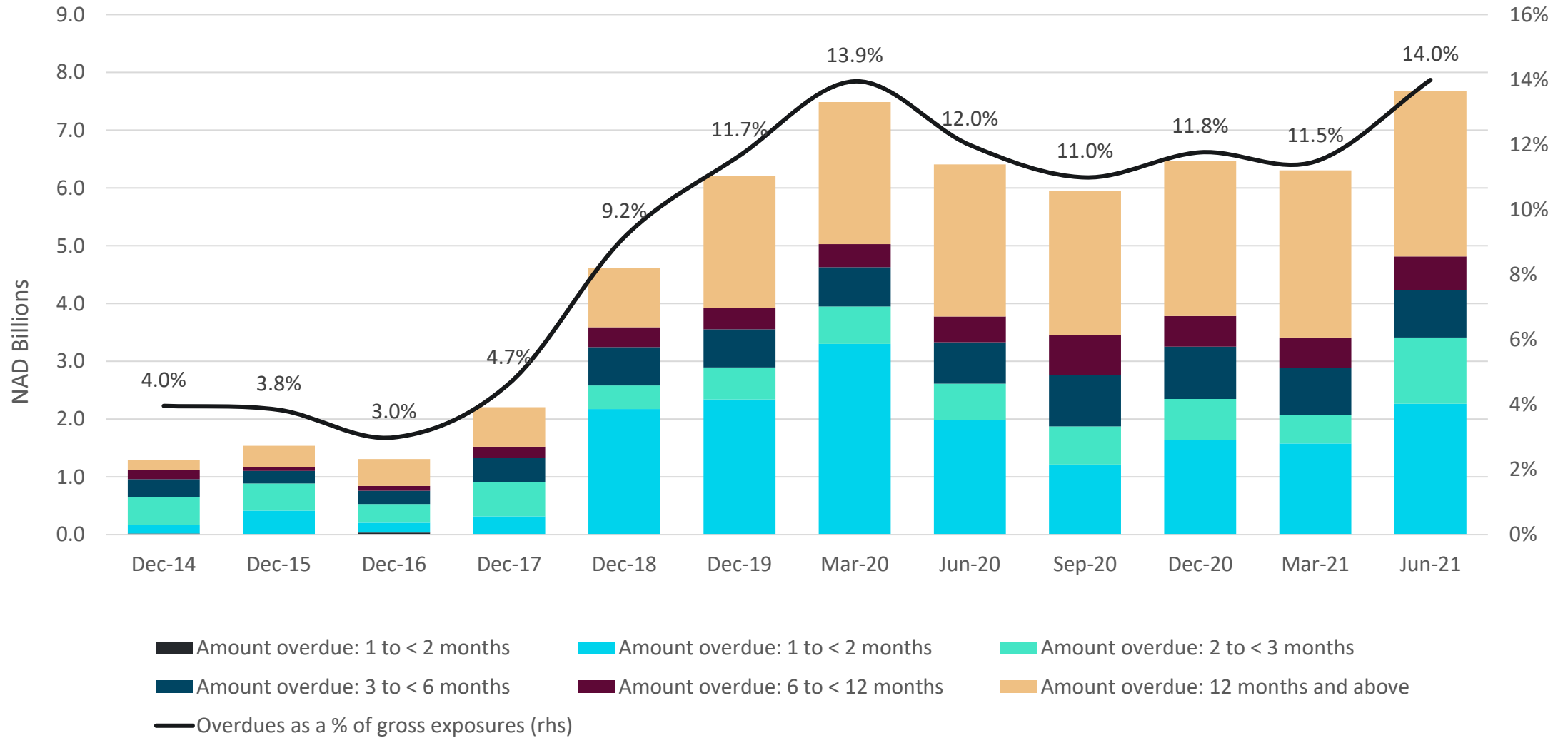
Total Industry Arrears



- Amount overdue: 1 to < 2 months
- Amount overdue: 2 to < 3 months
- Amount overdue: 3 to < 6 months
- Amount overdue: 6 to < 12 months
- Amount overdue: 12 months and above
- 12 Month Specific loan loss provisions-
- Overdues as a % of gross exposures (rhs)



Total Mortgage Loan Arrears

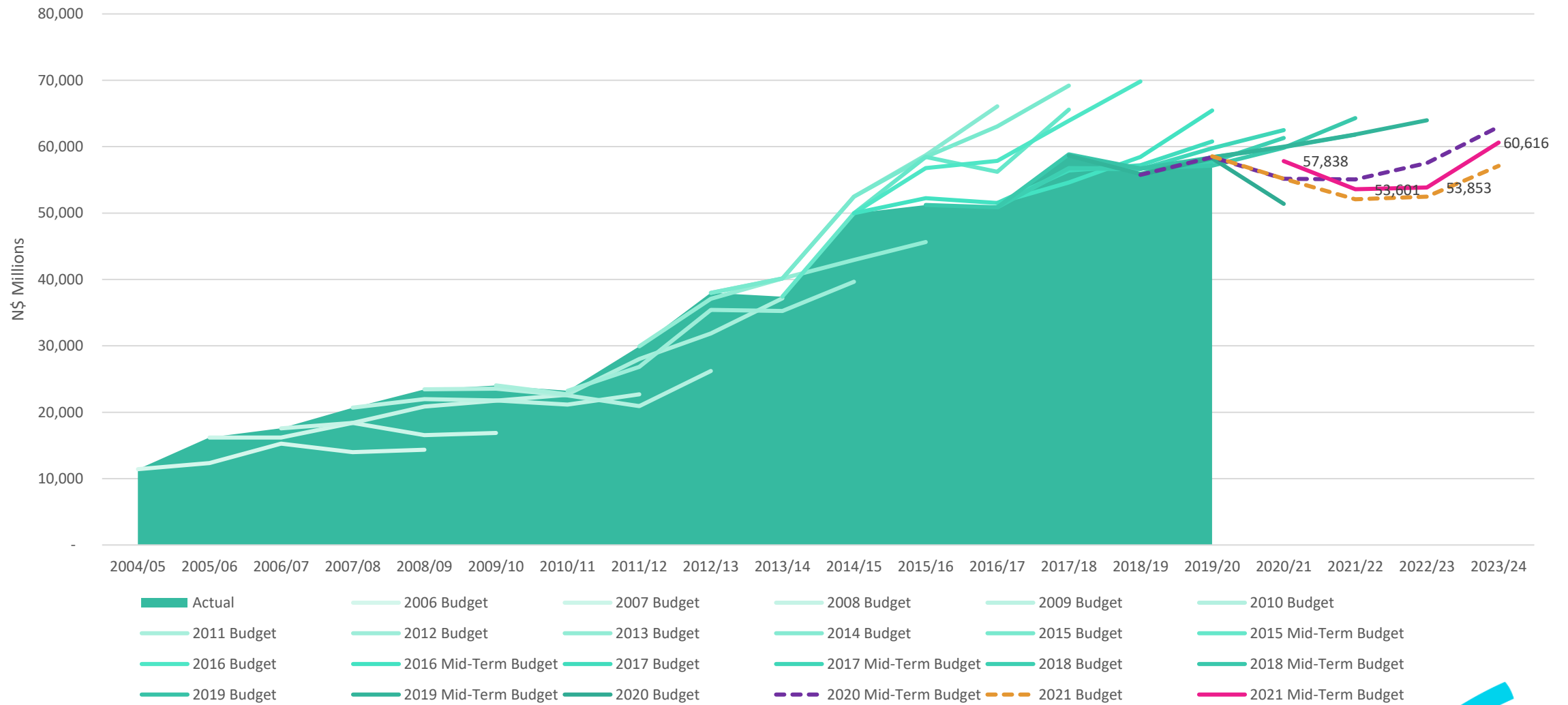




Government



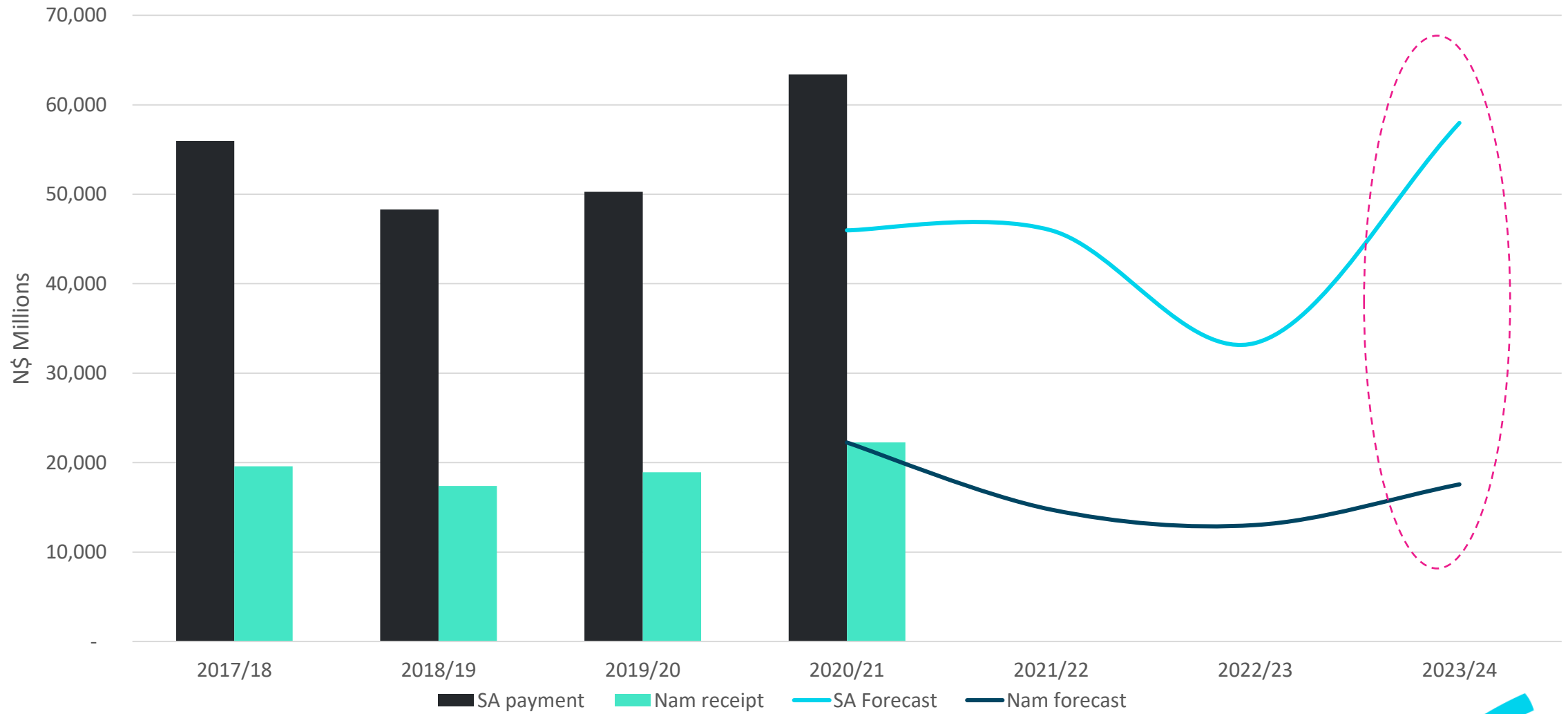
Revenue



The best way to predict the future is to create it.



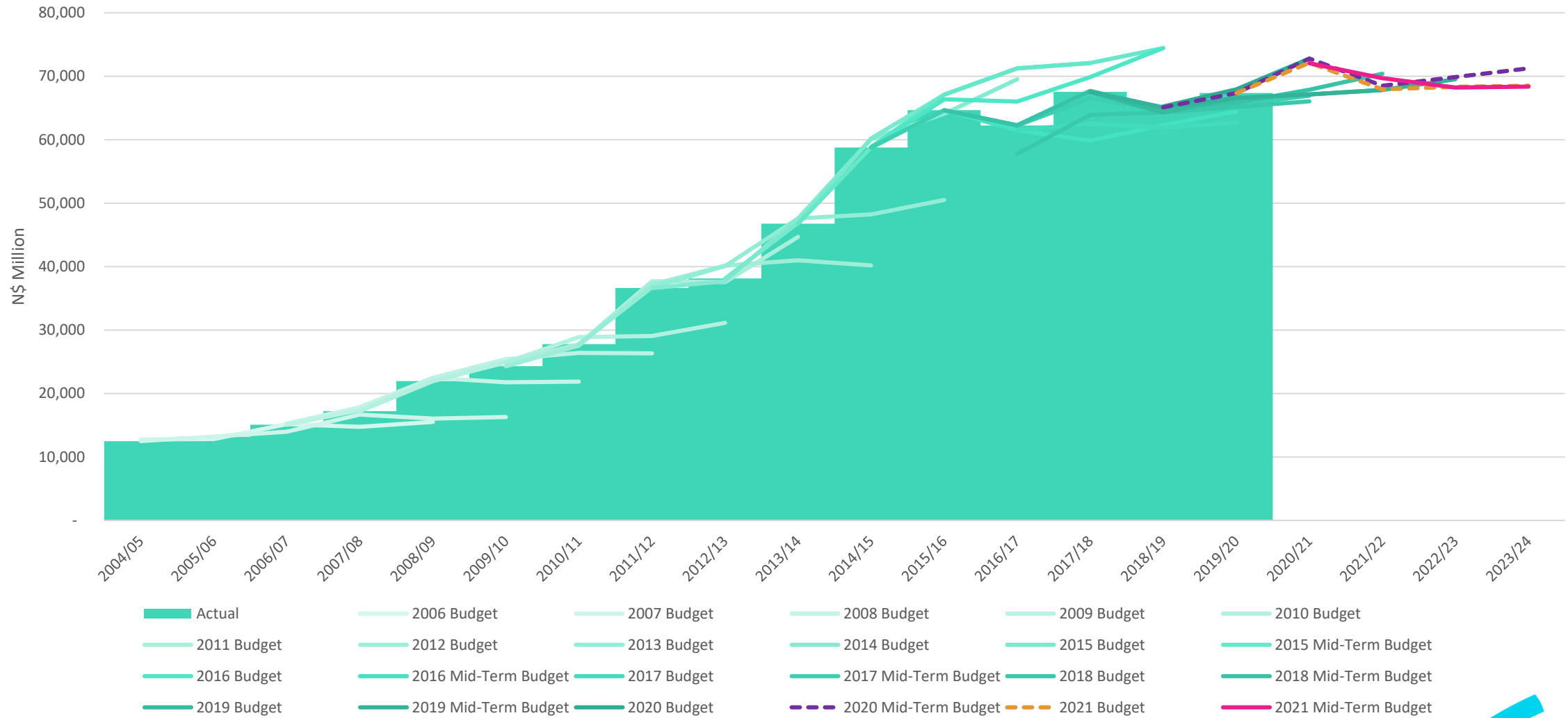
SACU



The best way to predict the future is to create it.



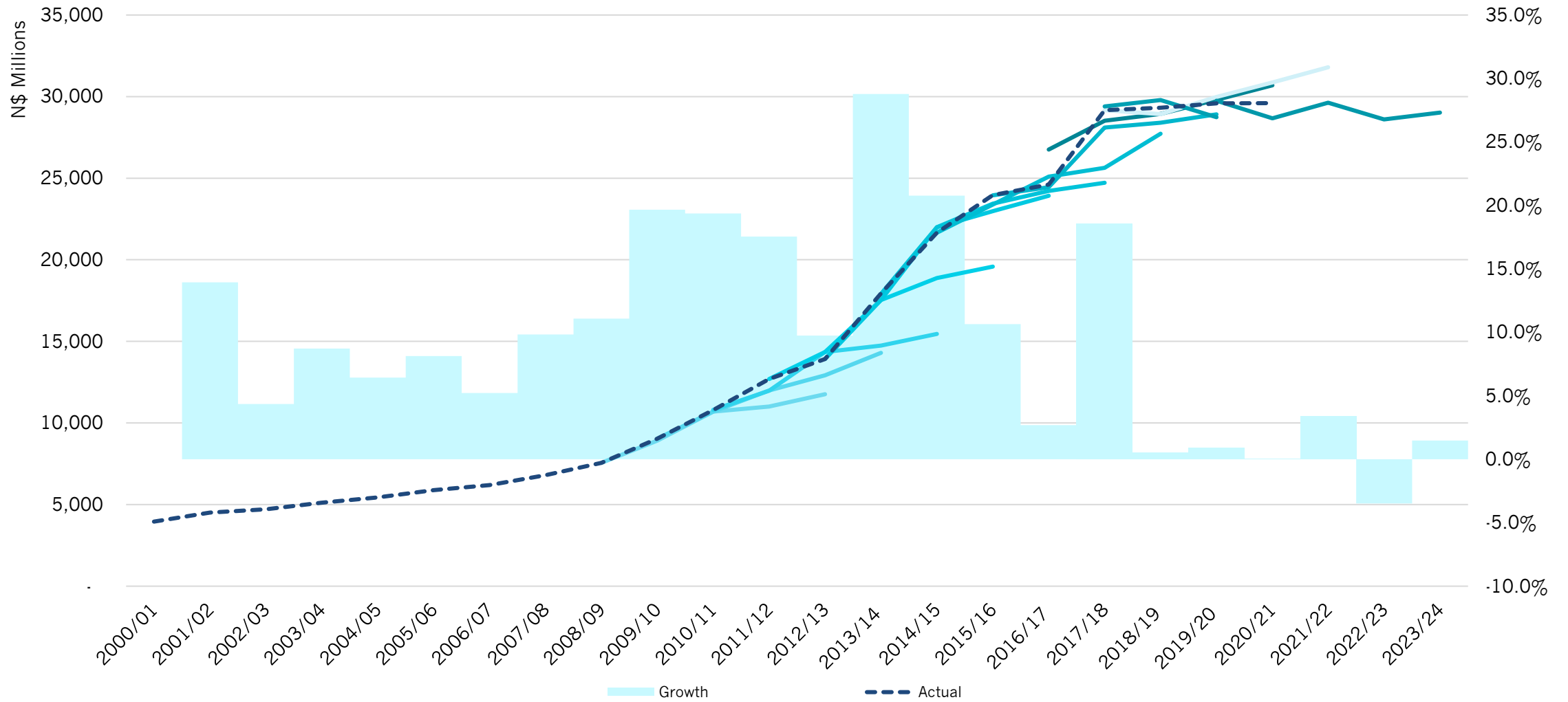
Expenditure



The best way to predict the future is to create it.



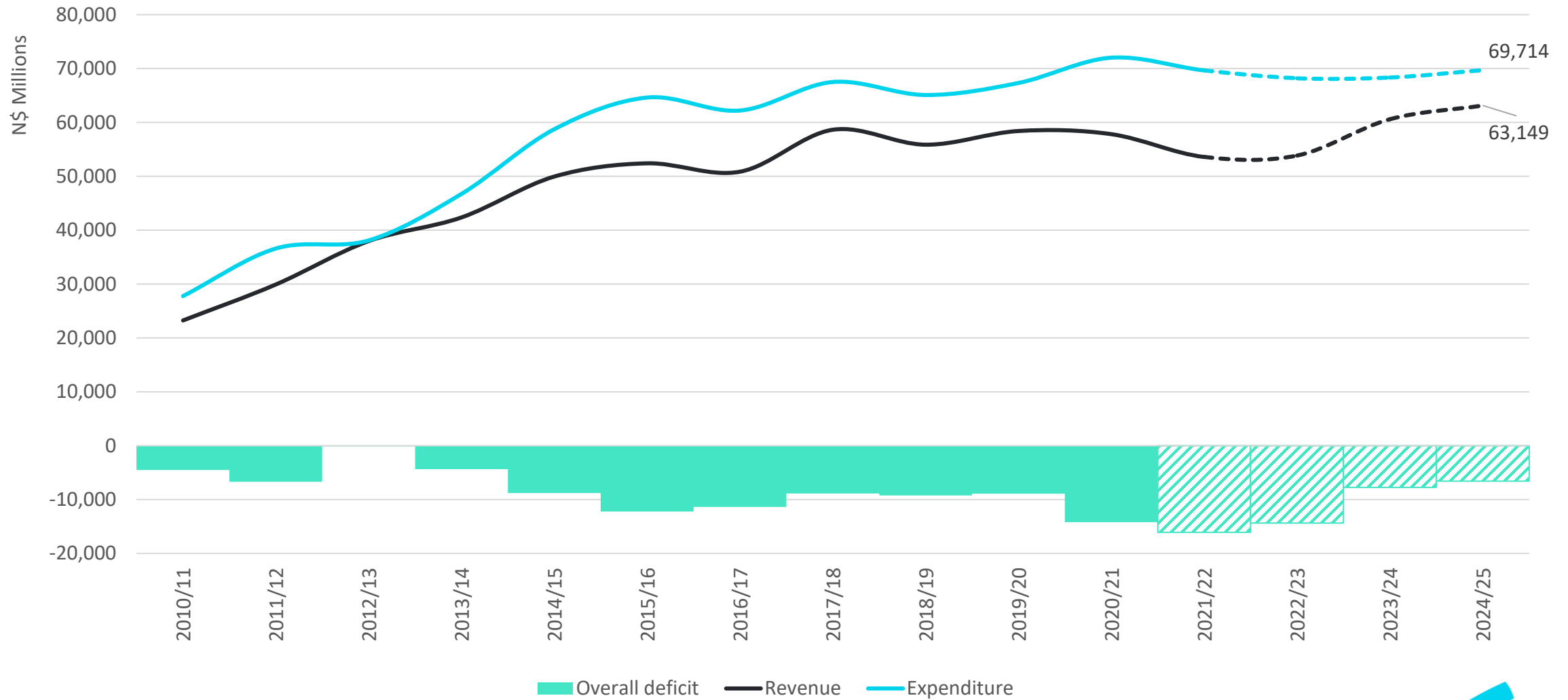
Personnel Expenditure



The best way to predict the future is to create it.



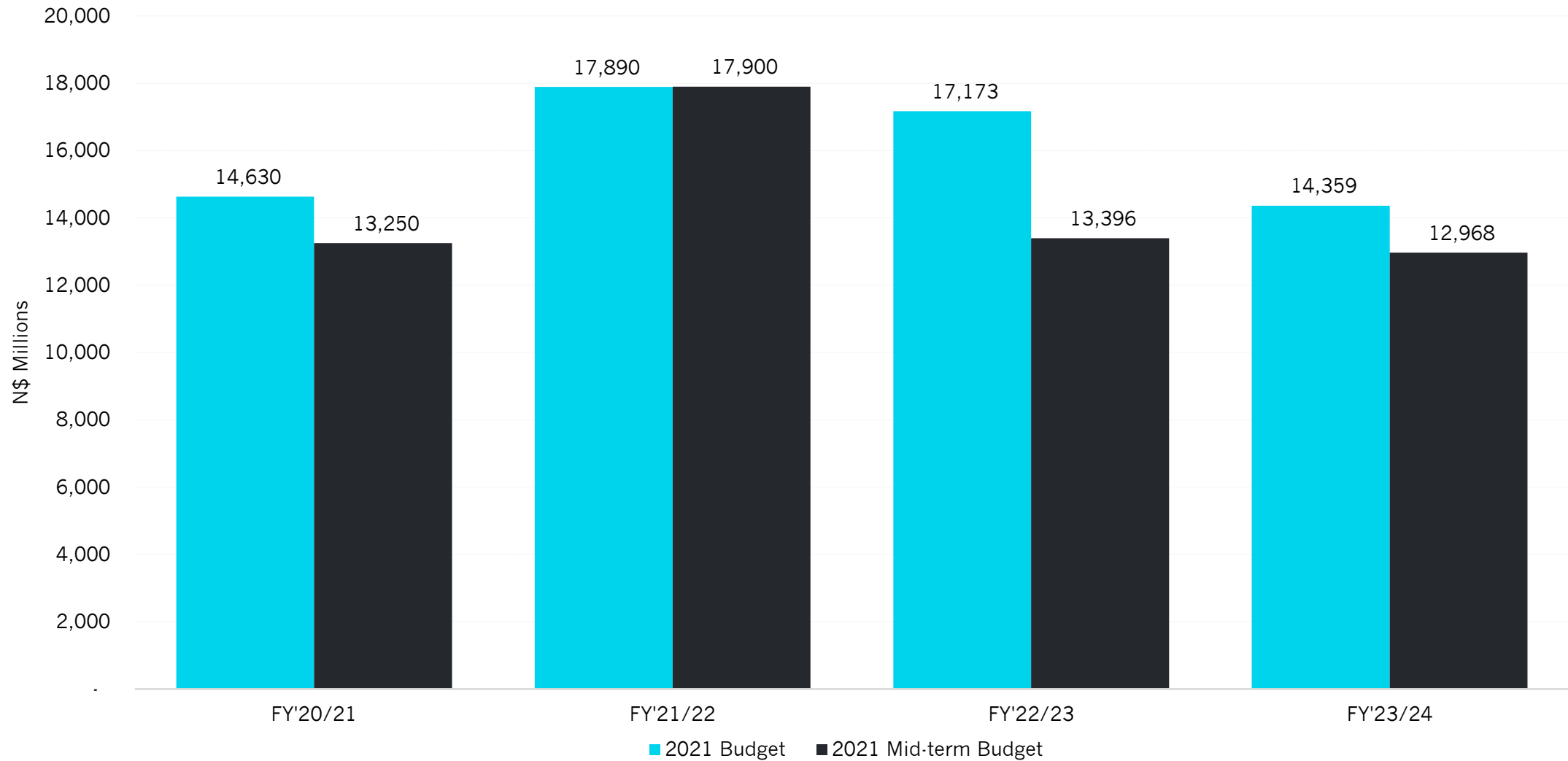
Budget Deficit



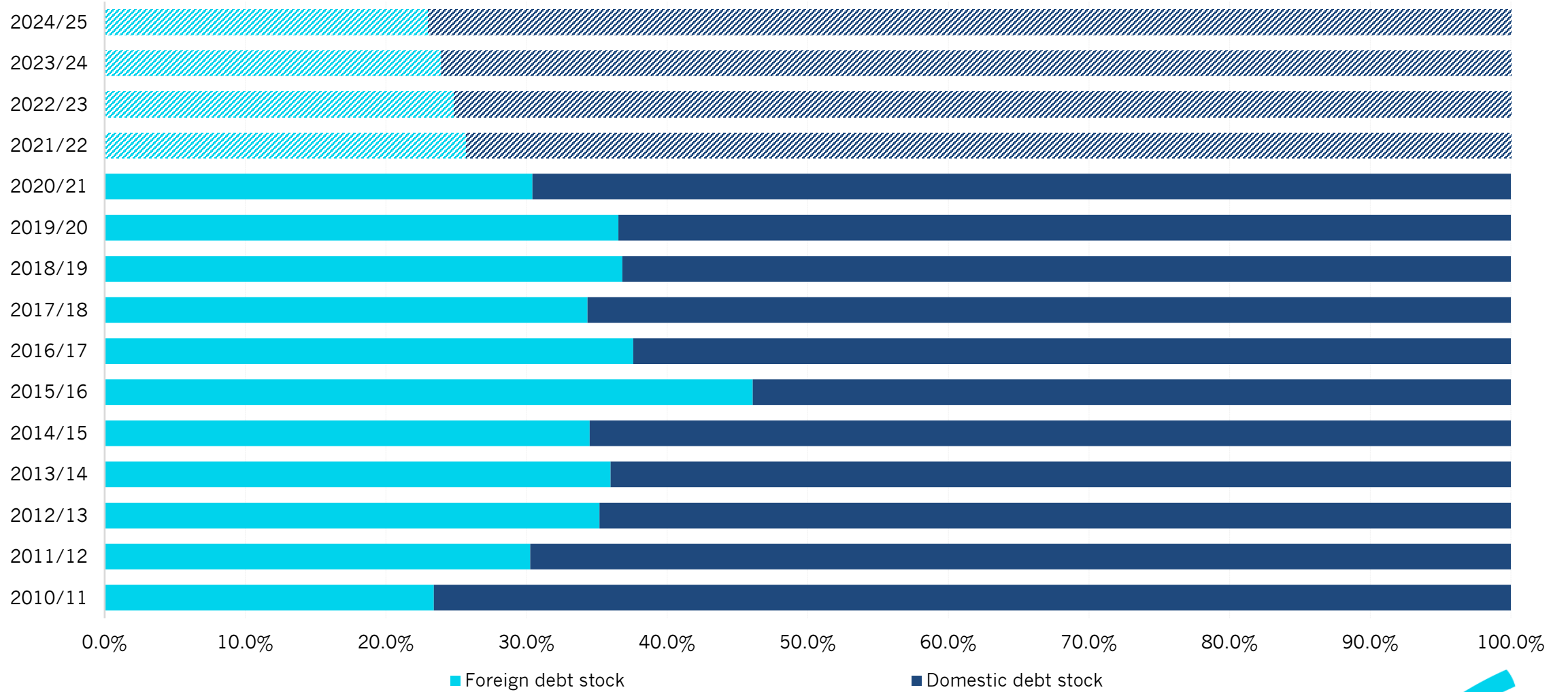
The best way to predict the future is to create it.



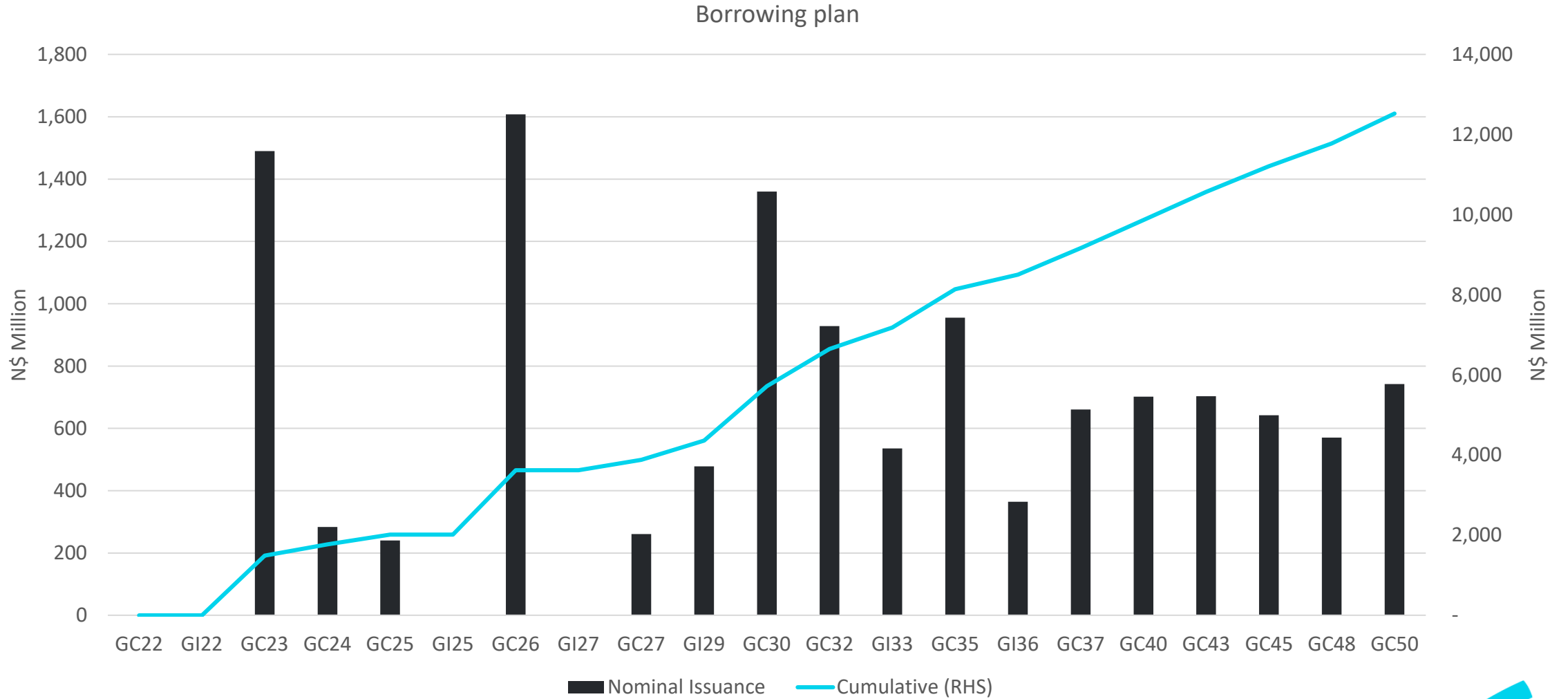
Domestic borrowing requirement



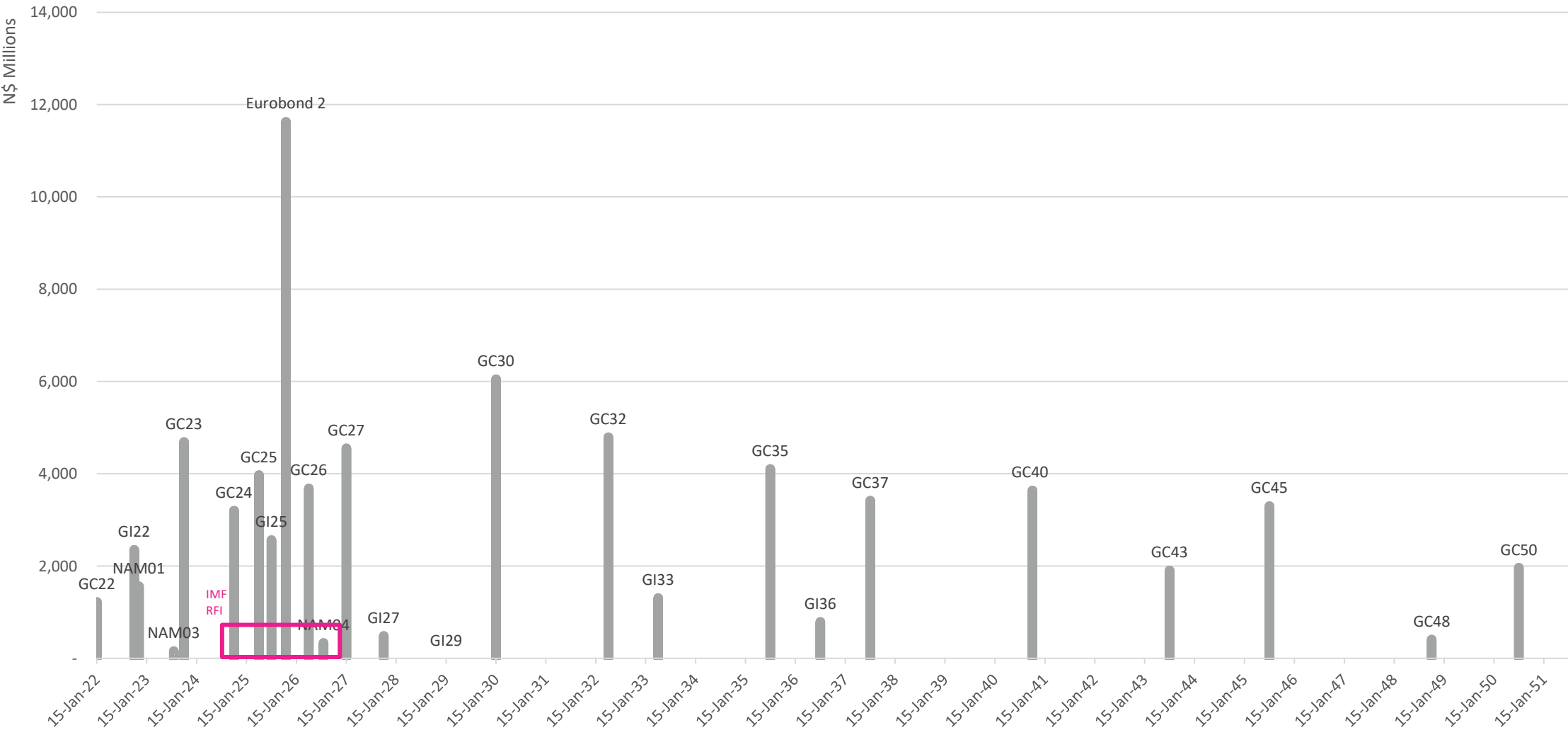
Public debt composition



Borrowing plan



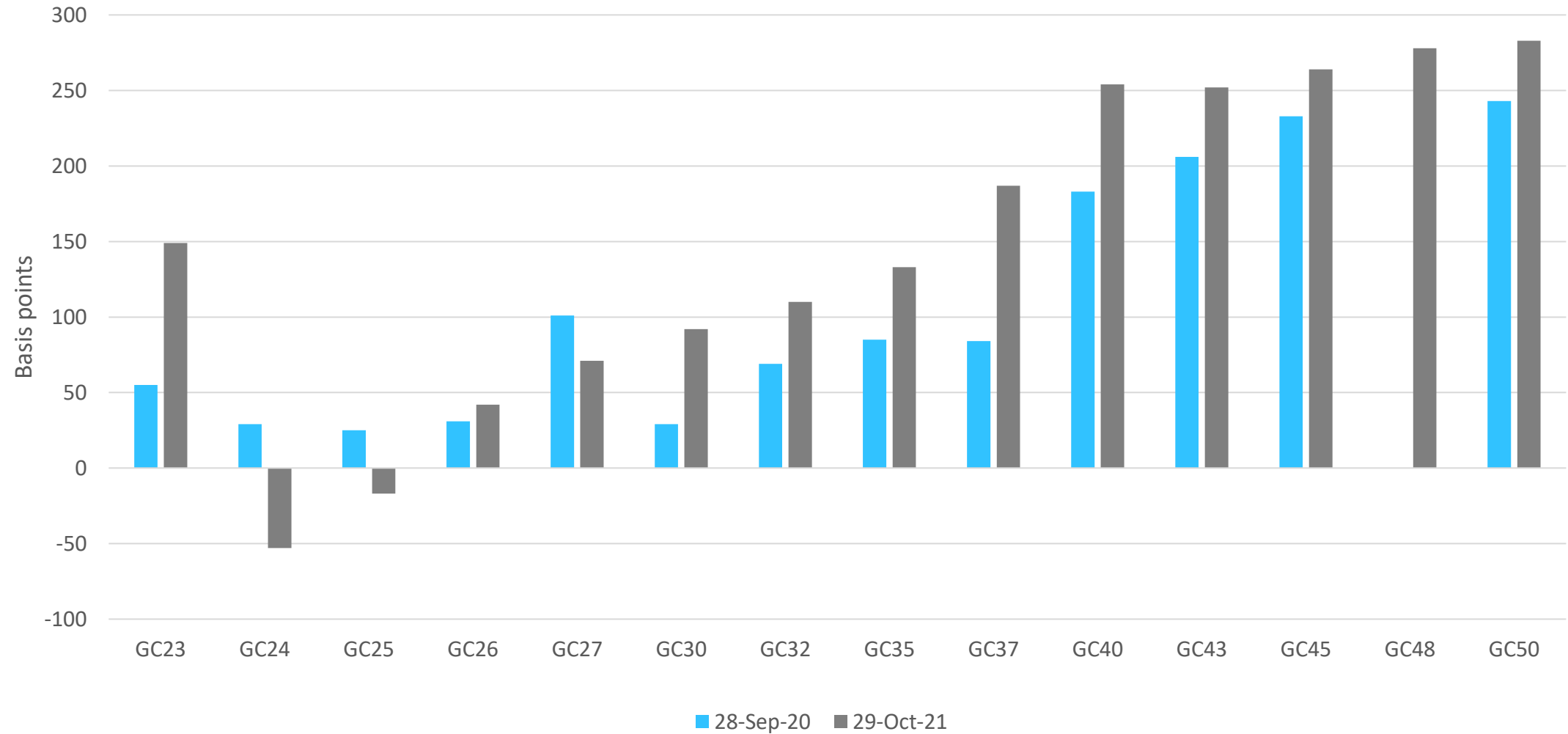
Maturity Profile



The best way to predict the future is to create it.



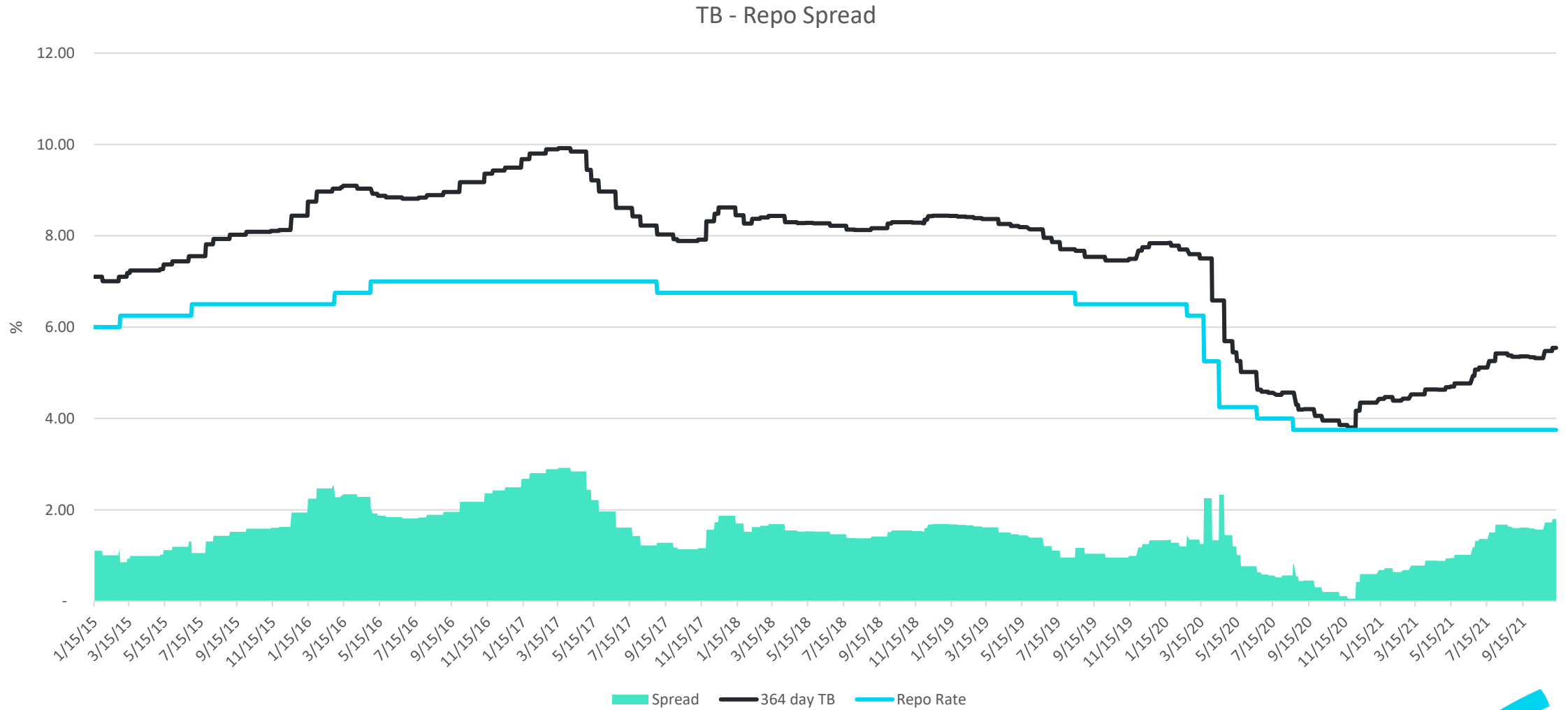
Spread movements



The best way to predict the future is to create it.



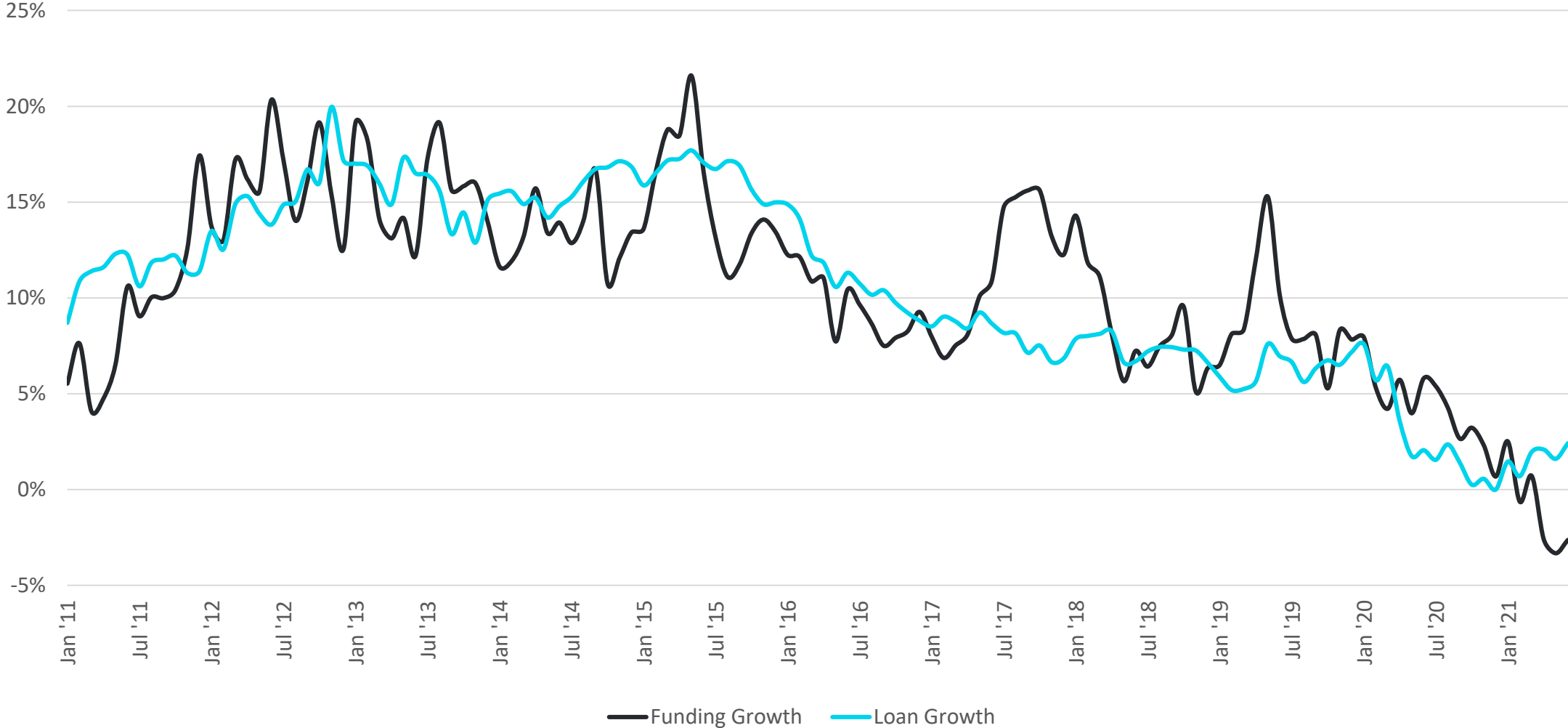
364-day TB less Repo



The best way to predict the future is to create it.



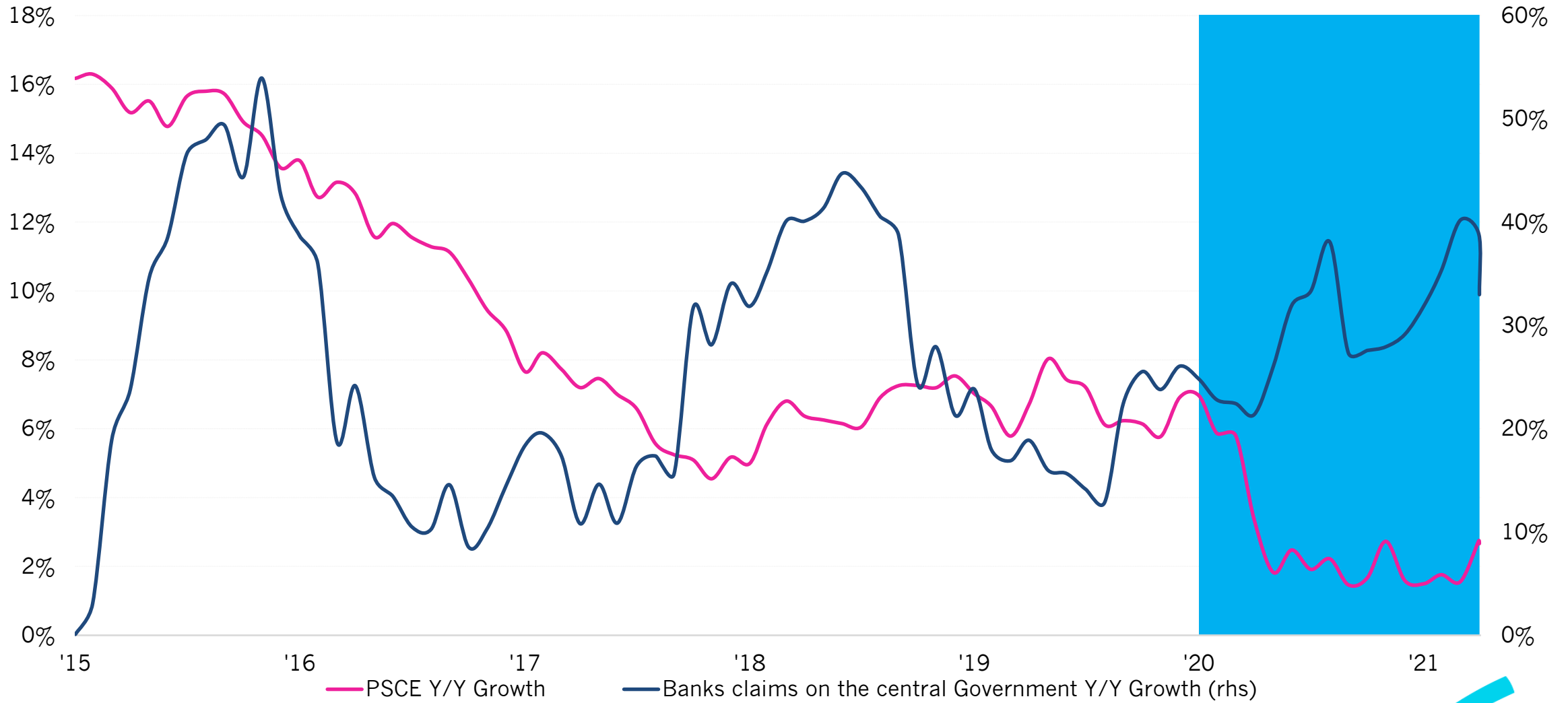
Banking Sector - Loan versus Funding Growth



The best way to predict the future is to create it.



Crowding out effect



Government Summary

Extended periods of deficit

Debt/deficits exacerbated by COVID

Deficit funding the biggest current question....

Crowding out risk - cost of borrowing for corporates likely to rise



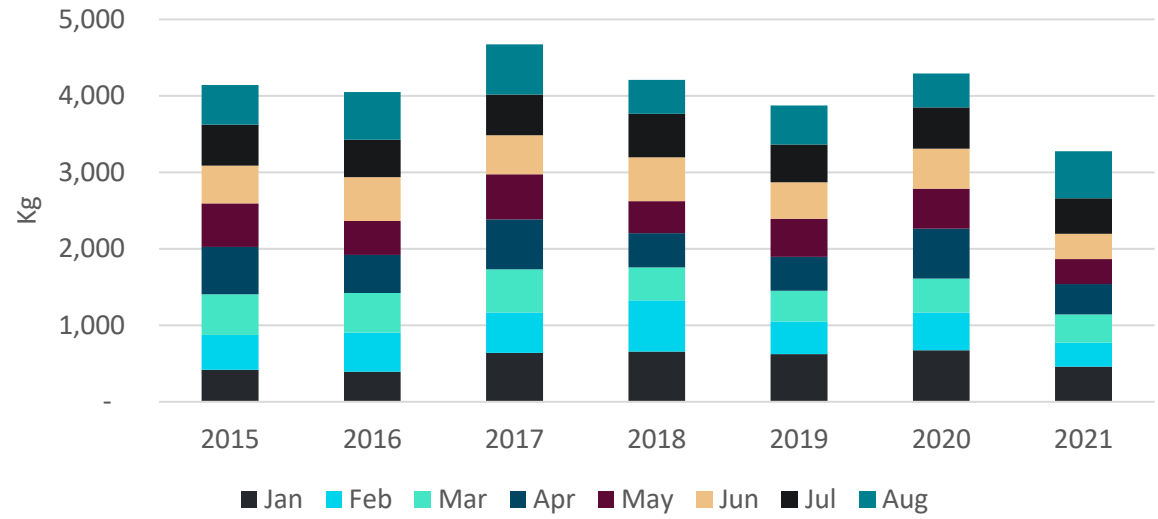


Net Exports

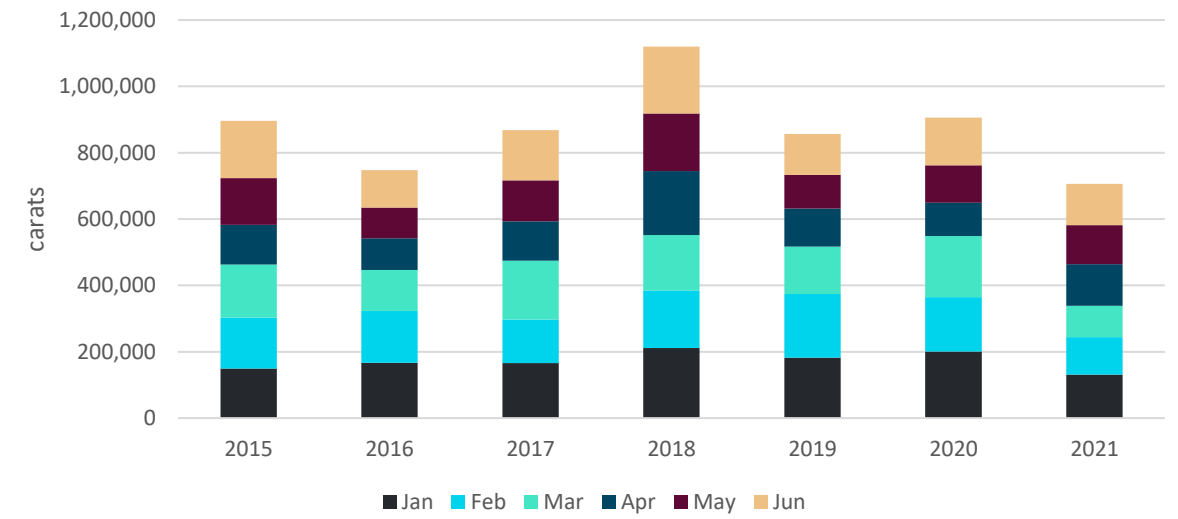


Mining Production

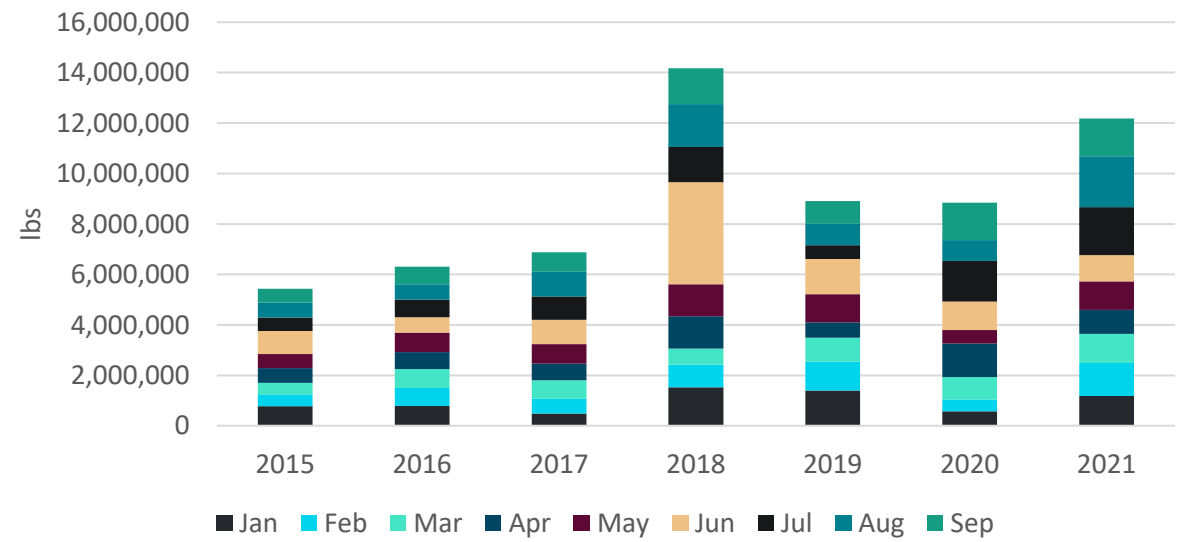
Gold



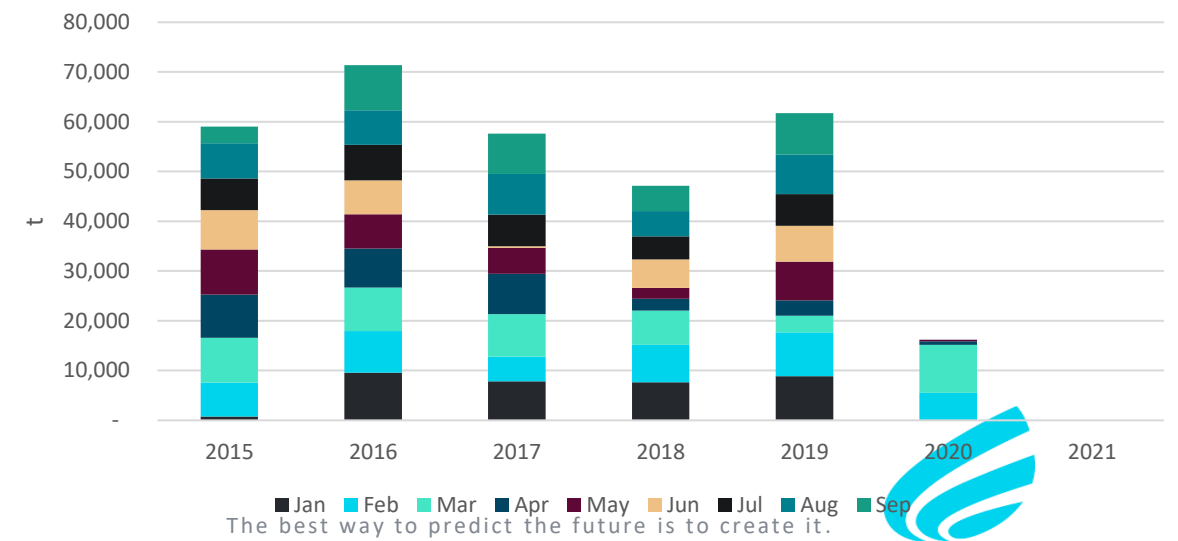
Diamonds



Uranium



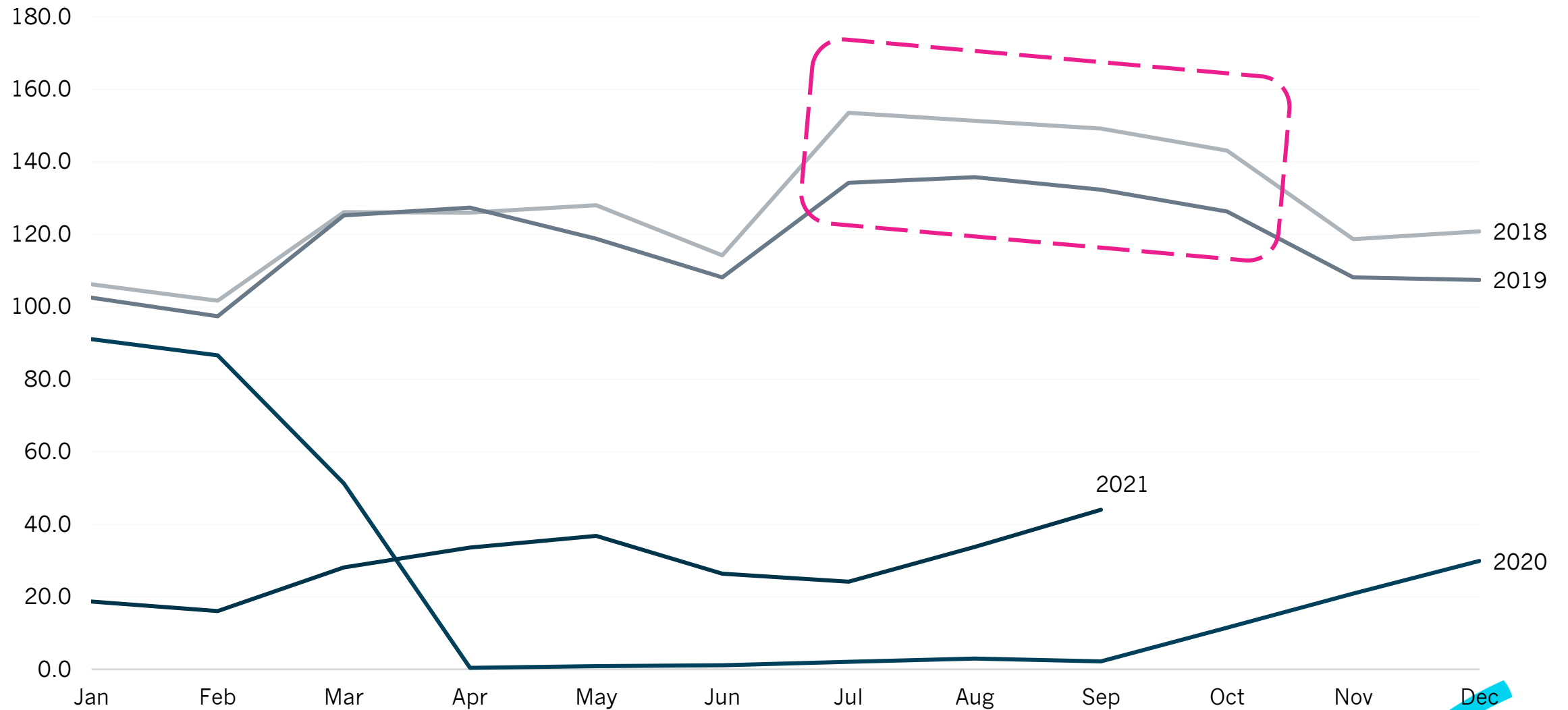
Refined zinc



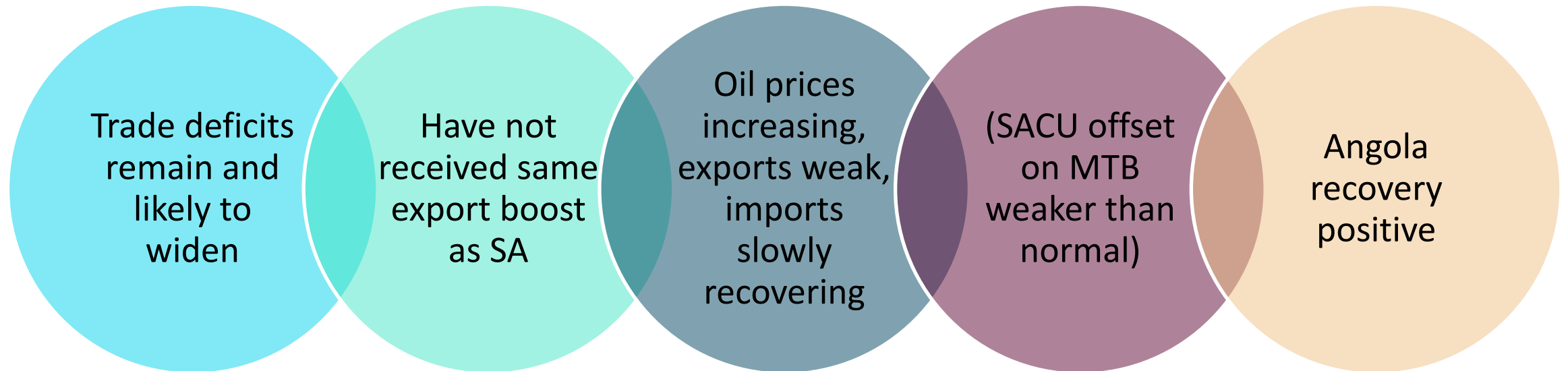
The best way to predict the future is to create it.



Tourist arrivals index



Net-Exports Summary



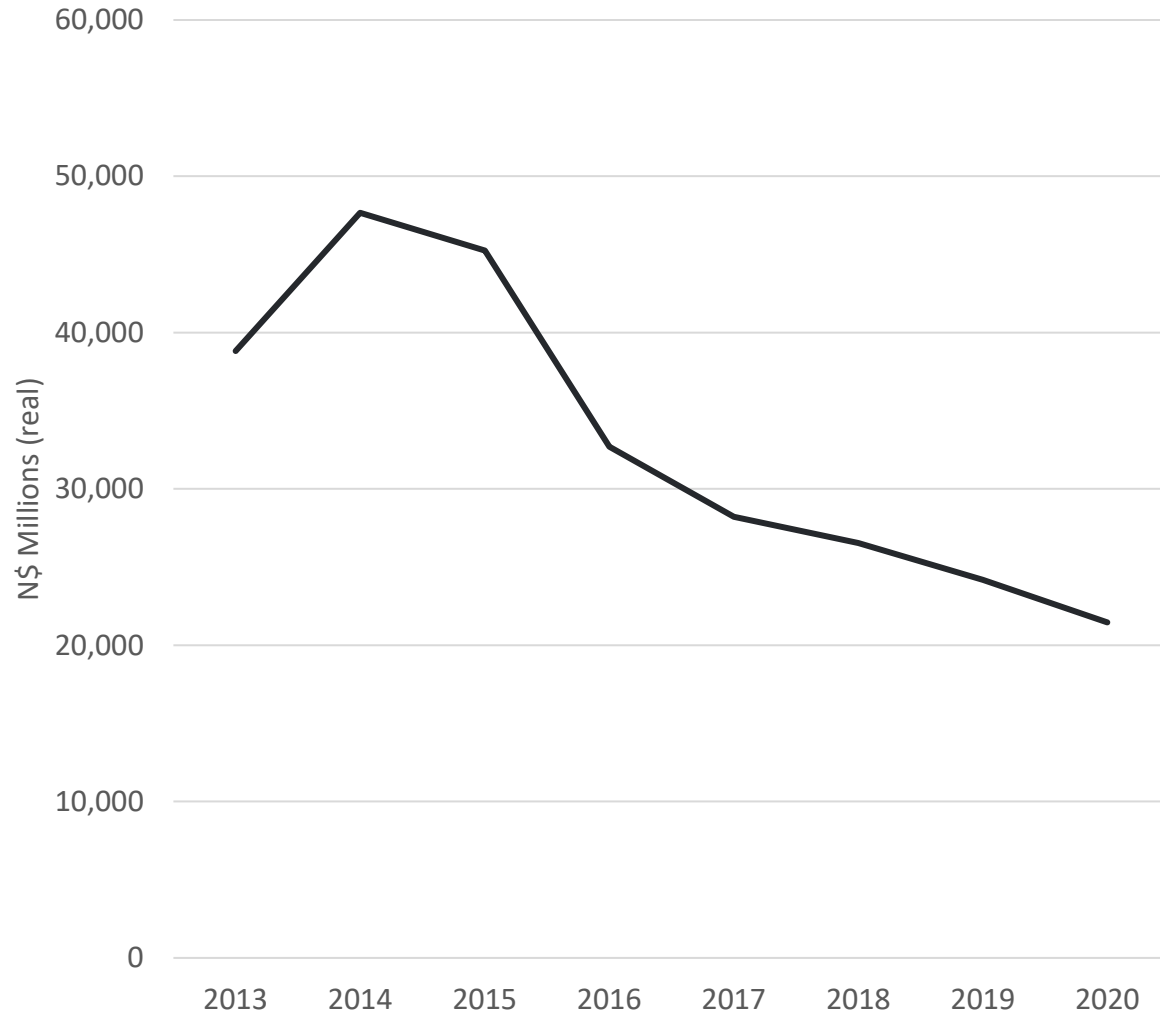


Investment

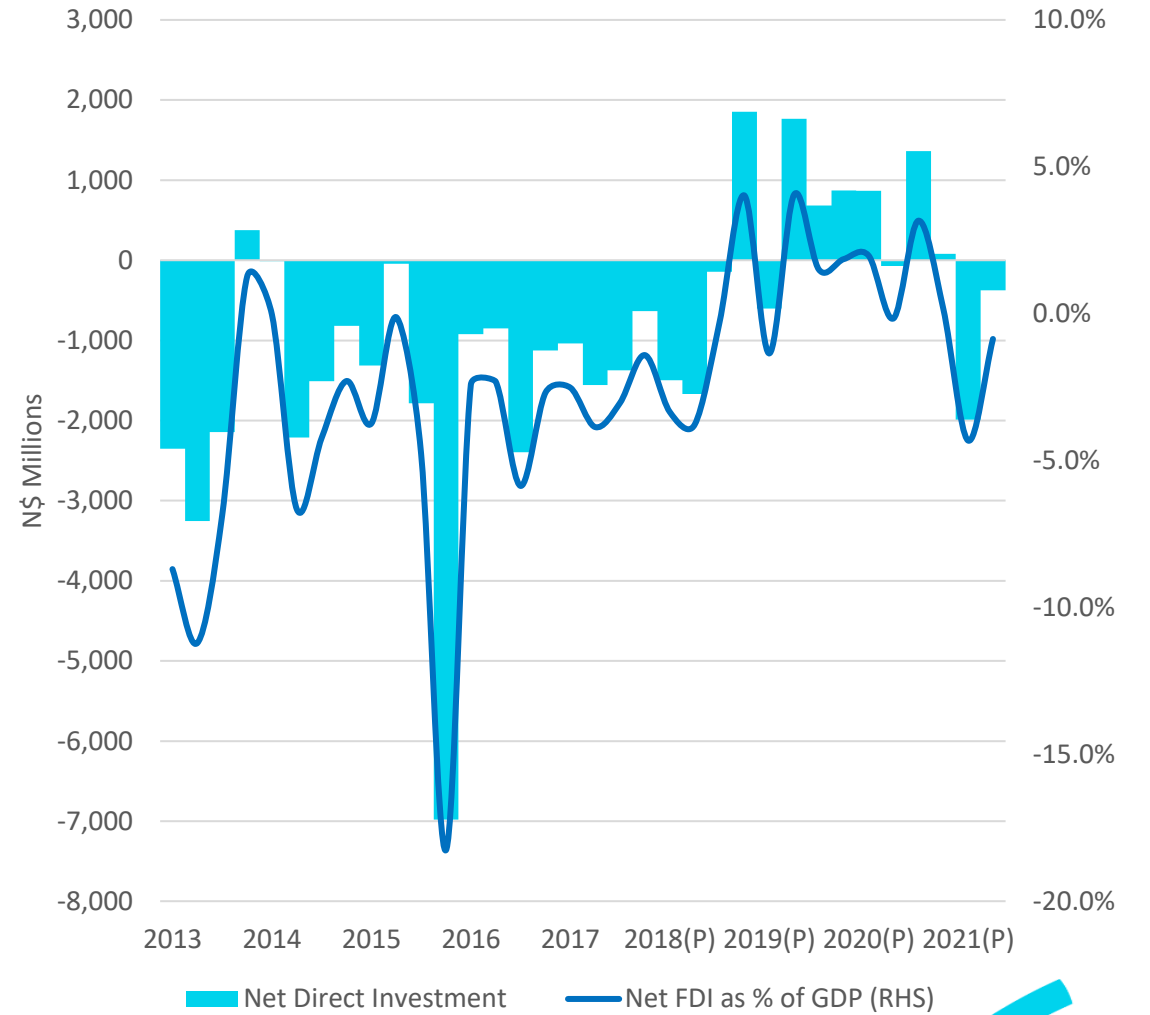


Investment

Gross fixed capital formation



Net Direct Investment [inflow (-)/ Outflow (+)]

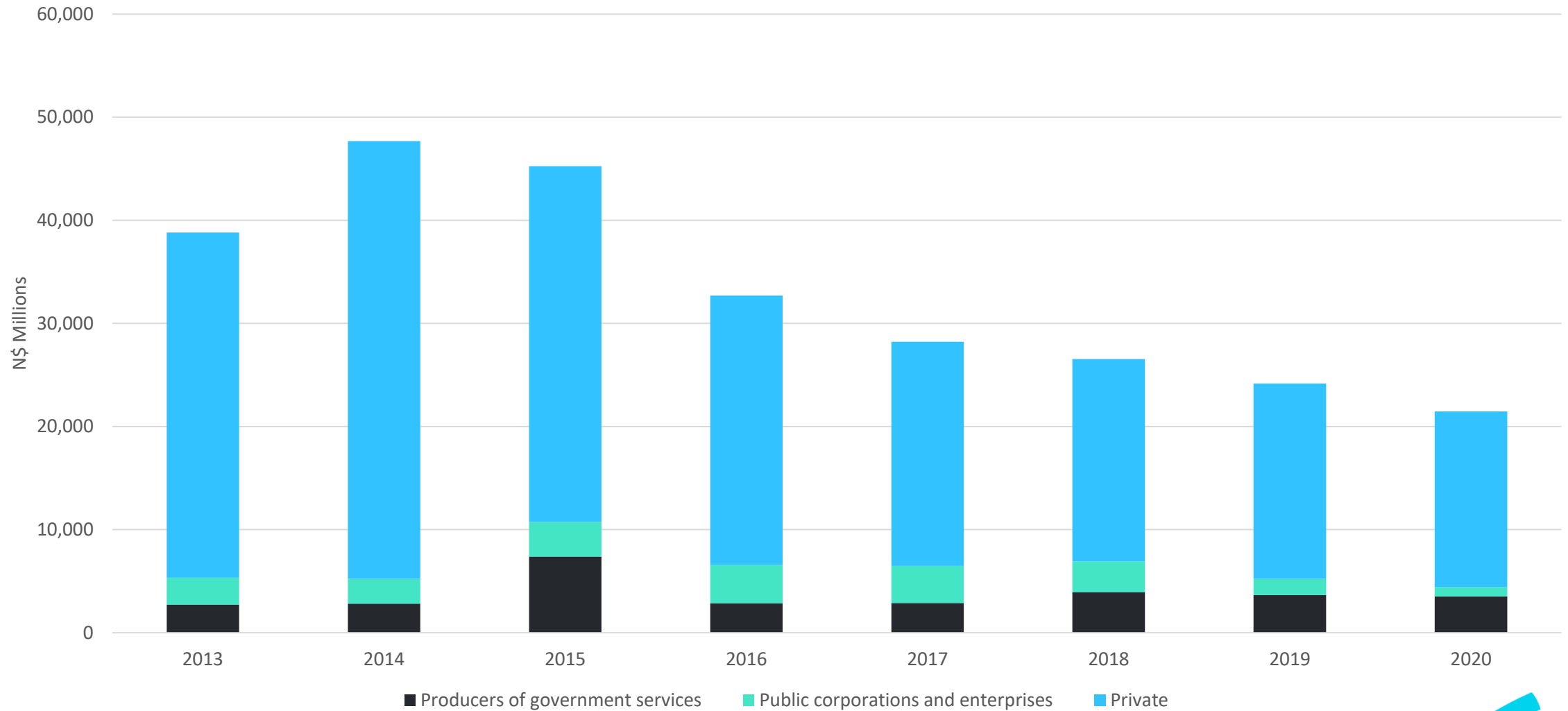


The best way to predict the future is to create it.



GFCF by ownership

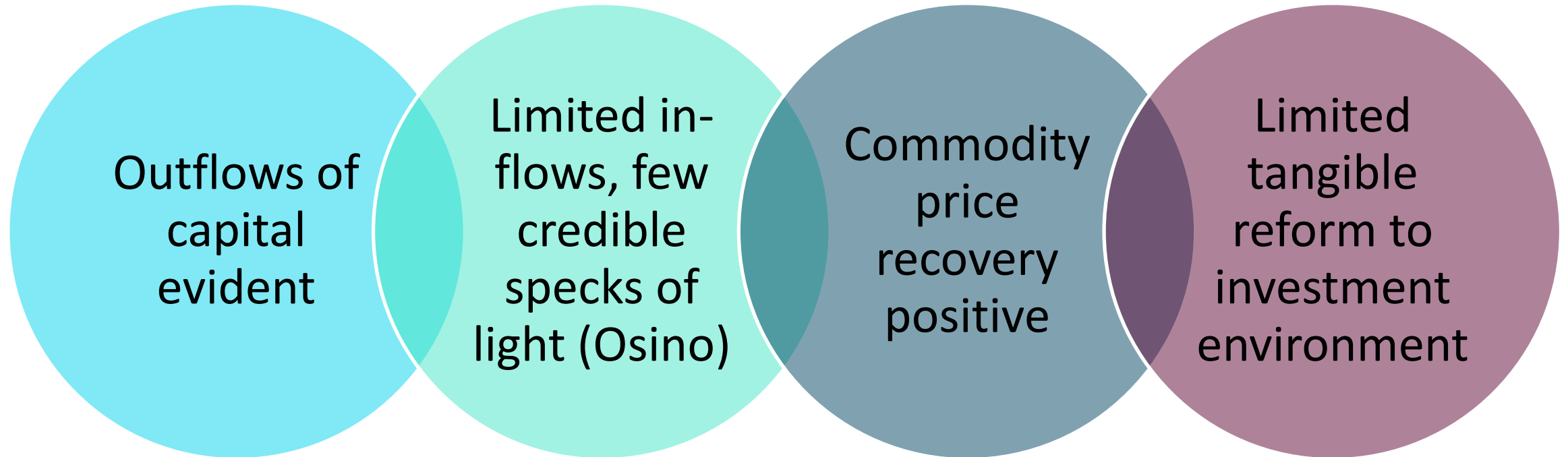
(constant 2015 prices)



The best way to predict the future is to create it.



Investment Summary

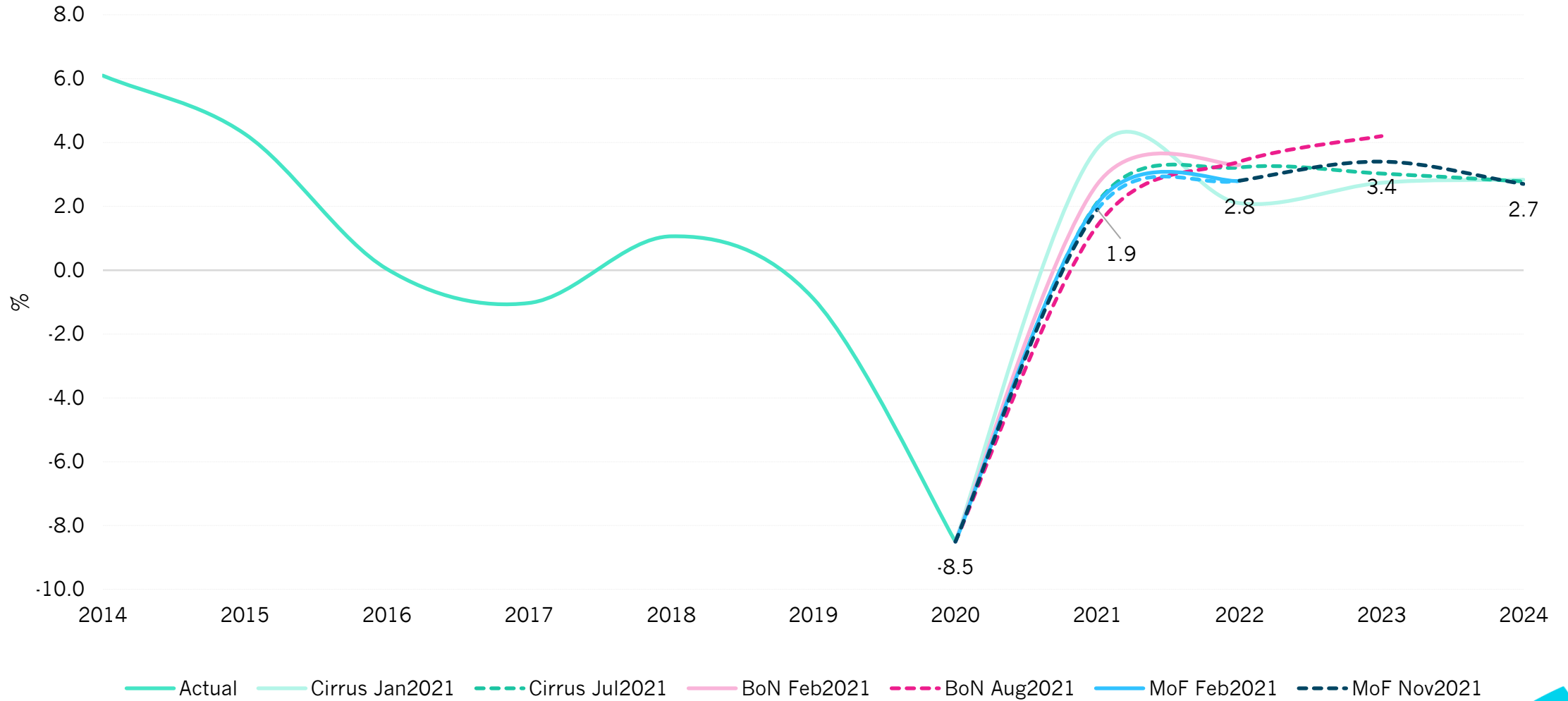




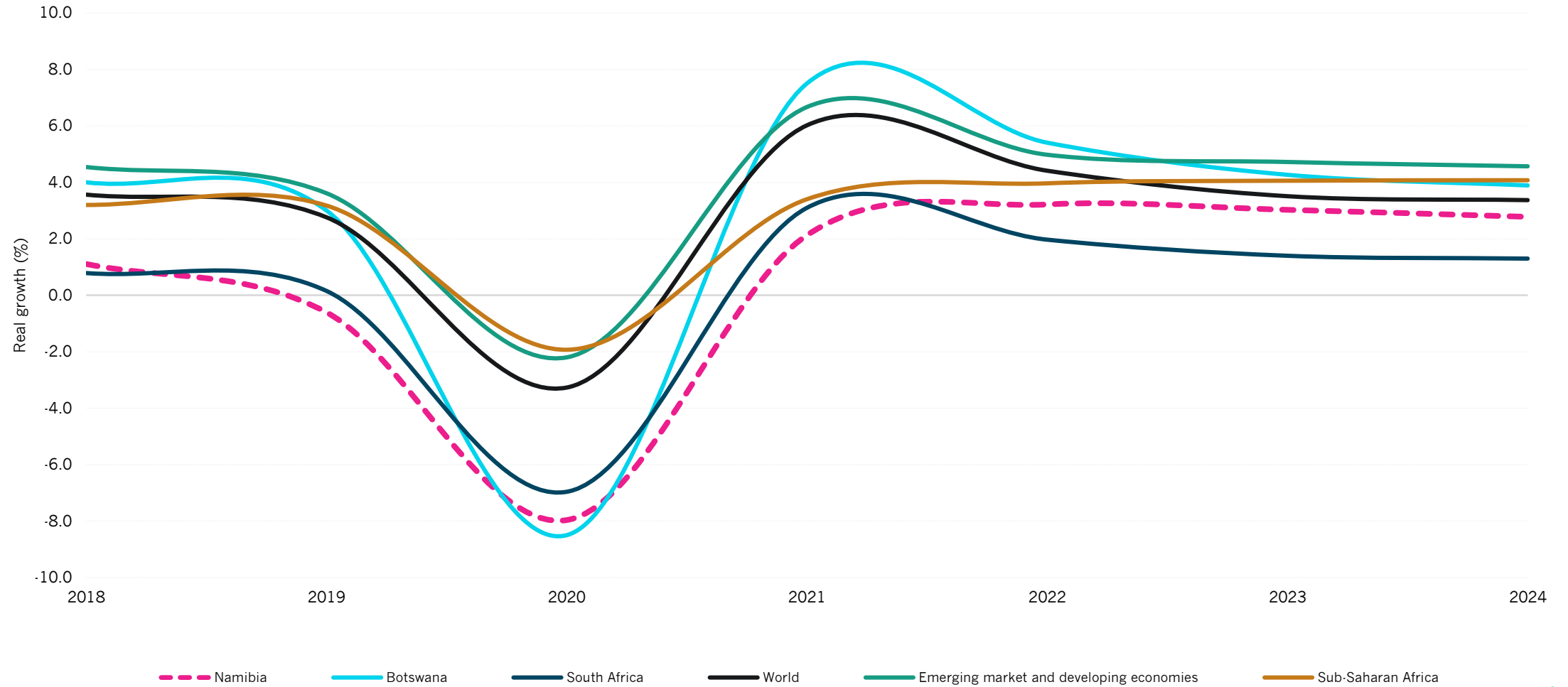
Outlook



Growth forecasts



Growth laggard

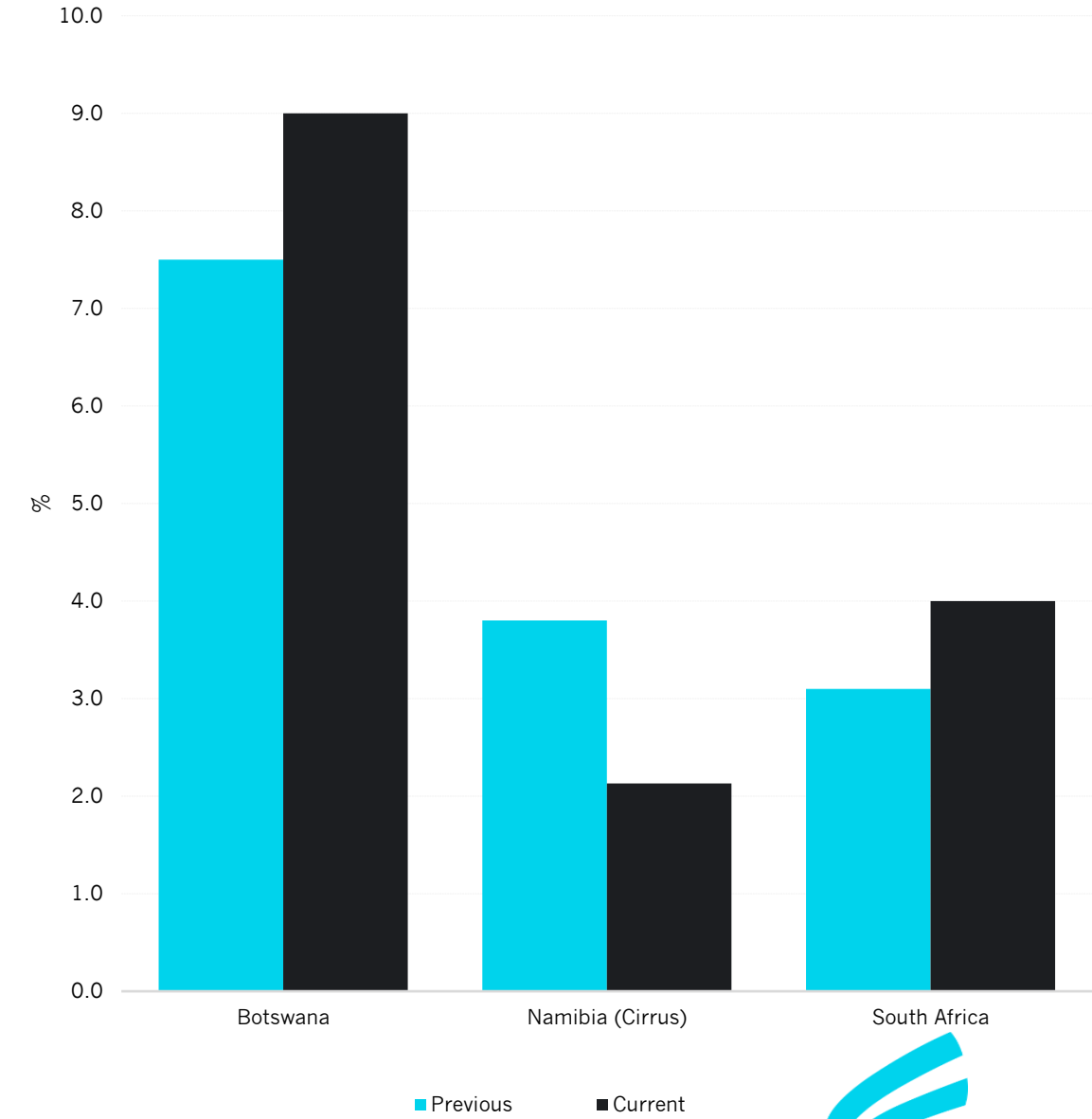
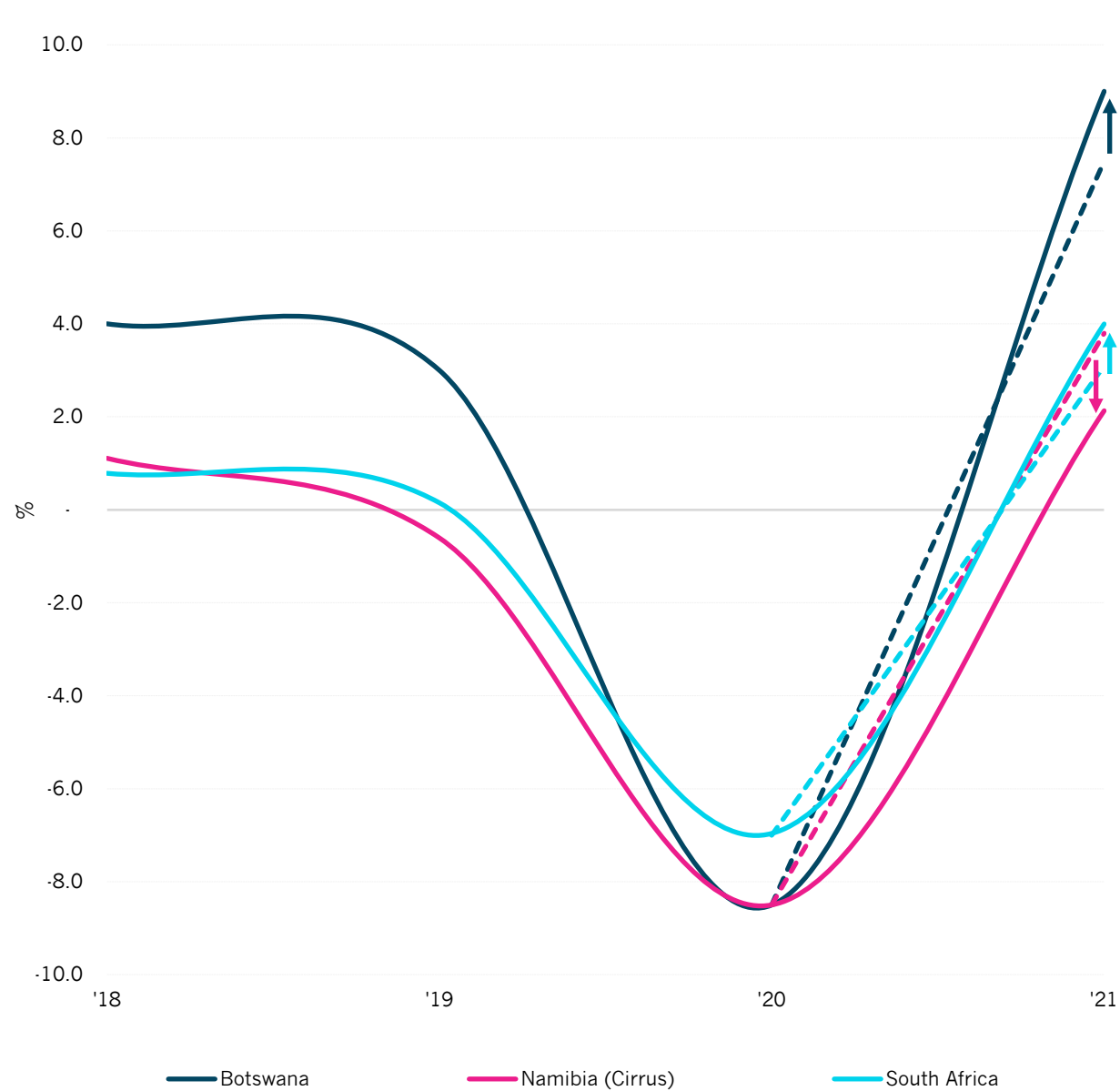


The best way to predict the future is to create it.



Growth prospects

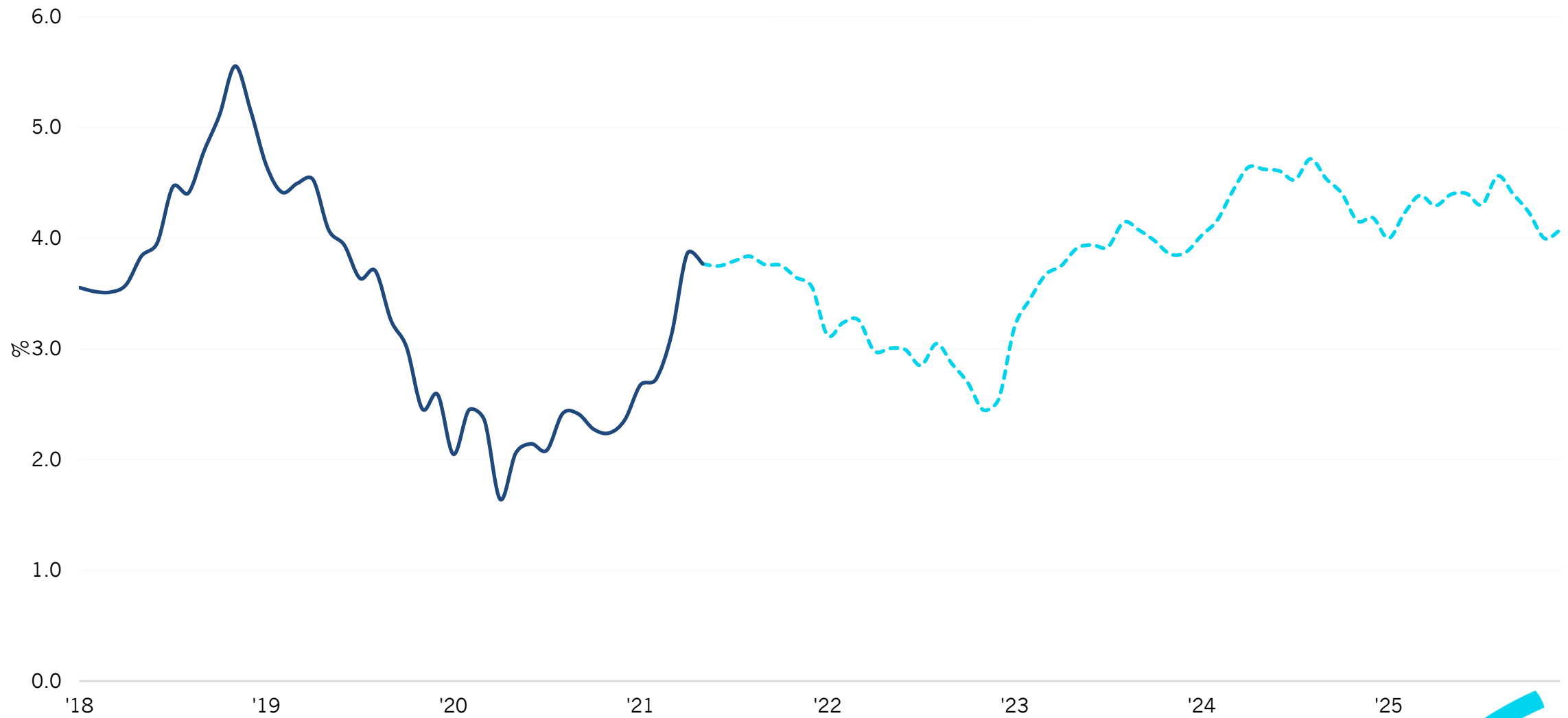
Namibia's growth forecasts for '21 have been revised down, while her neighbours see upgrades.



The best way to predict the future is to create it.



Inflation forecast



The best way to predict the future is to create it.

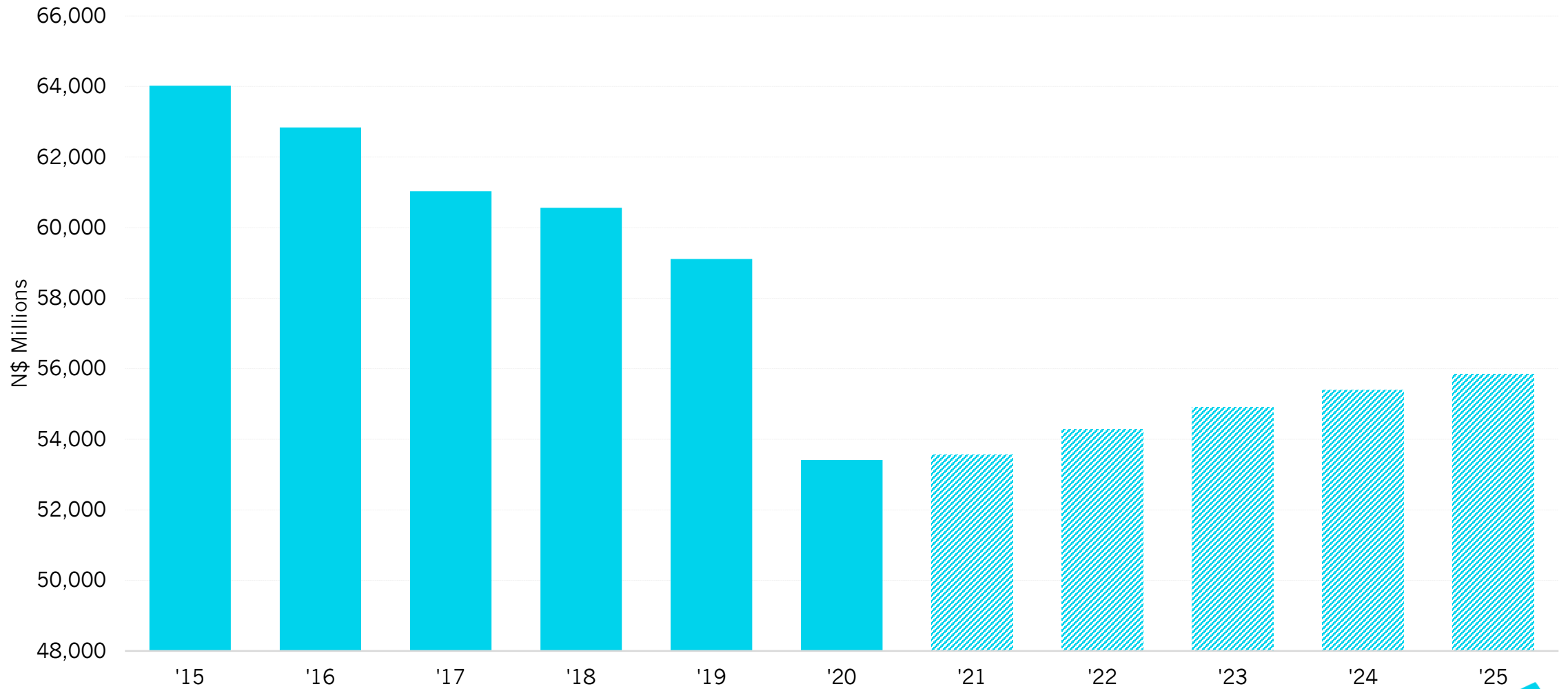




Political Pressure



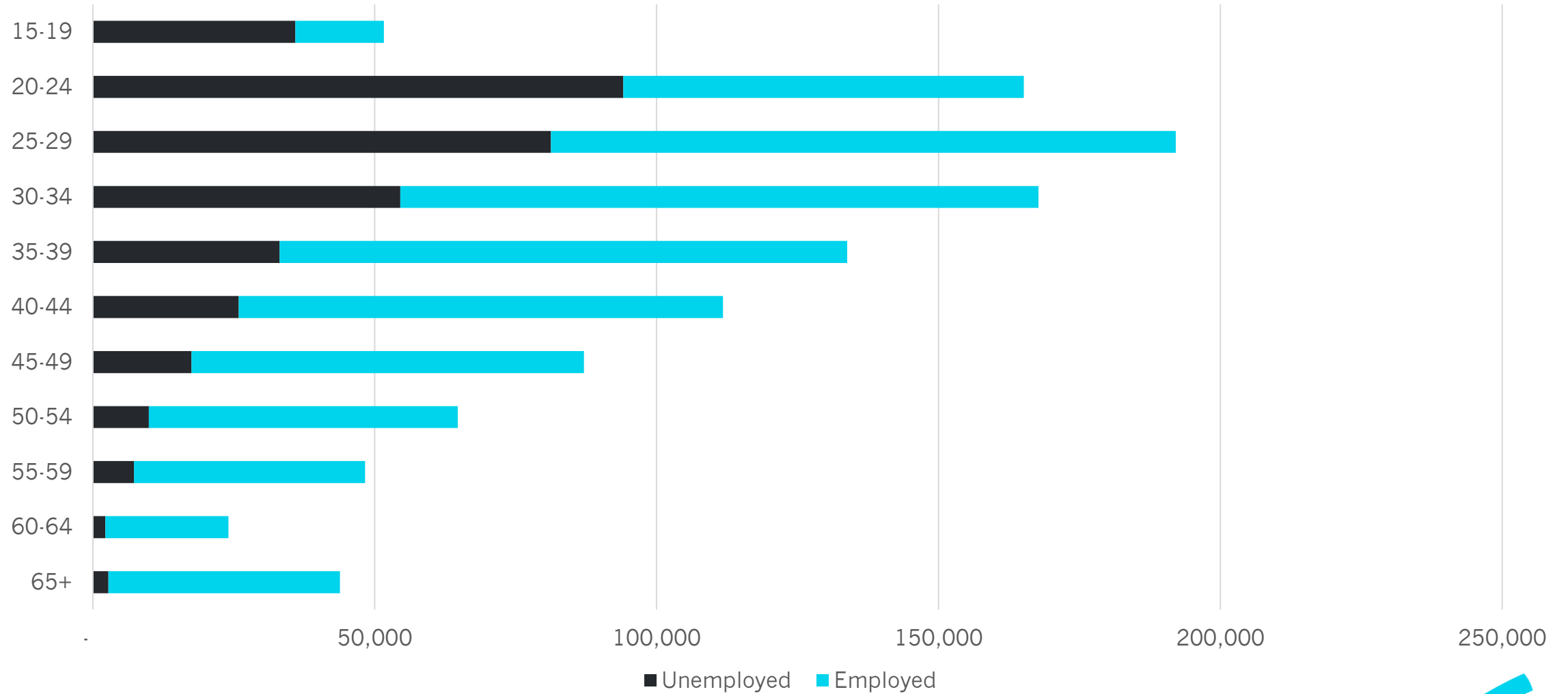
Real GDP per capita



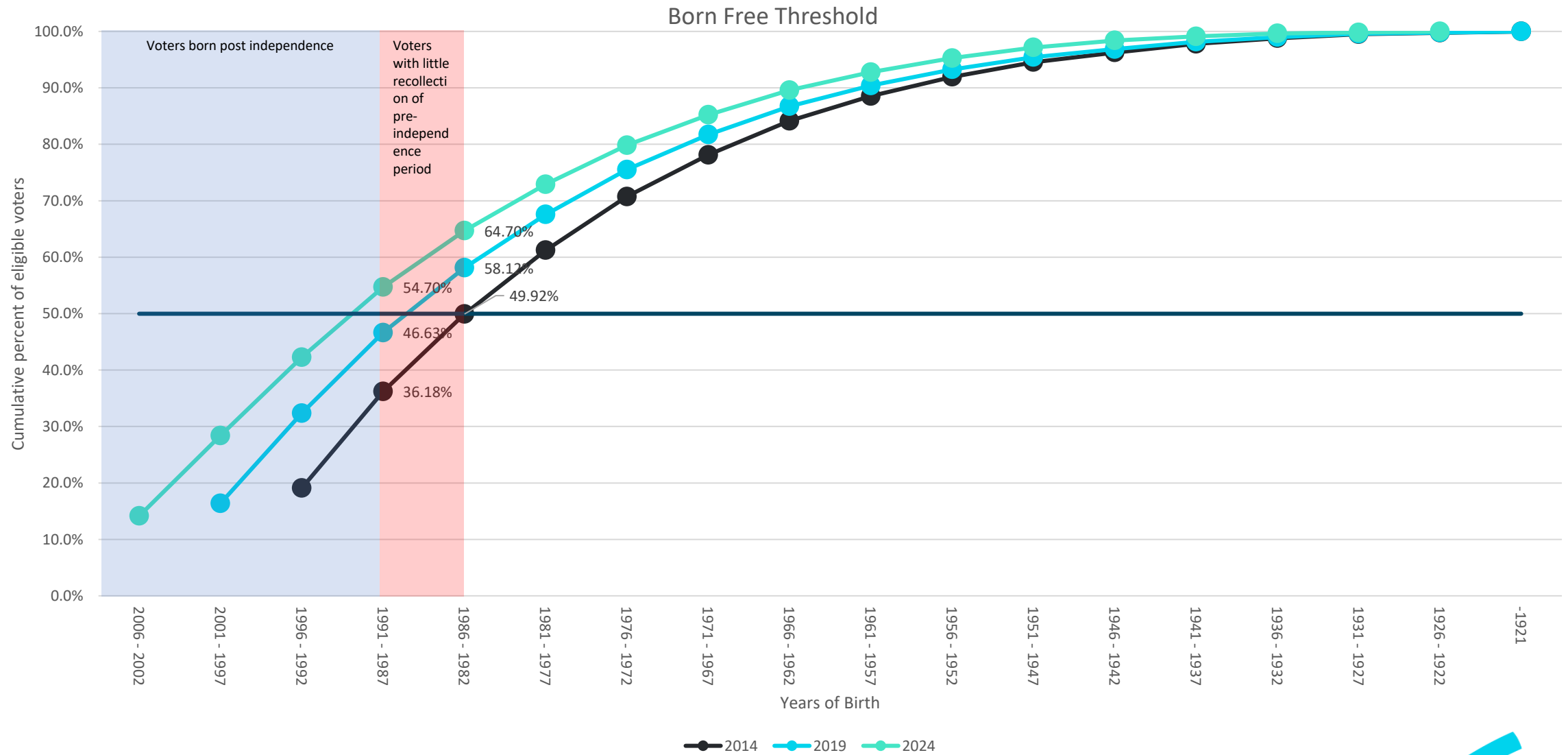
The best way to predict the future is to create it.



Labour force by age (2018)



The "Born Free" Threshold



The best way to predict the future is to create it.

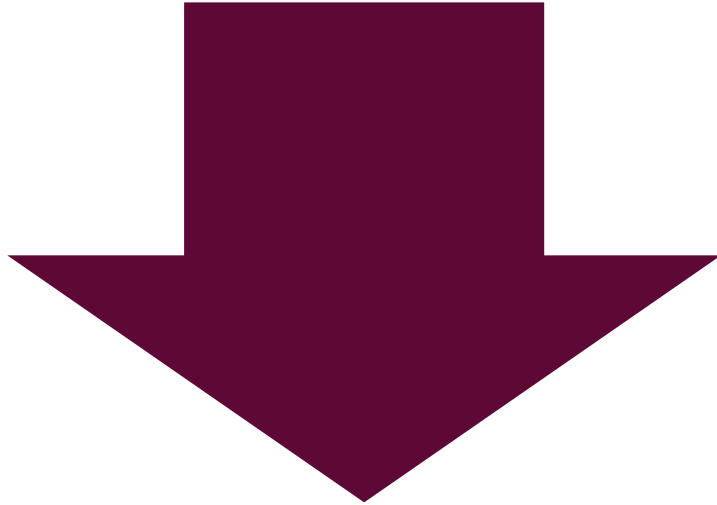




Final thoughts



Pros and Cons



Positive Signs

- Improving commodity prices
- New mining investment
- Angola trajectory
- Public assets and natural resources
- Positive investment rhetoric
- (Some) fiscal reform – deficit stabilisation
- COVID passing?



Downside risks

- Lack of real fiscal reform at expenditure level
- Deficit funding
- Limited realistic plan for growth revival, particularly short term
- Limited clarity on investment-influencing policy
- Increased tax with limited clarity on corporate tax reductions
- Political pressure



The best way to predict the future is to create it.





C I R R U S

Cirrus Capital (Pty) Ltd
35 Schanzen Road, Windhoek, Namibia
e info@cirrus.com.na | c +264 81 606 6438
www.cirrus.com.na