



## Economic Update

"The time has come". These, by now, well known words of Jerome Powell of the Fed (Federal Reserve), are reminiscent of the famous turn of phrase that "...we will do whatever it takes...", which Mario Draghi uttered in defence of the euro at the height of the eurozone debt crisis in 2012. However, this time round, Powell meant that it is time to loosen monetary policy. The Fed promptly did so on the 18<sup>th</sup> of September and by a significant margin of 50bp at that.

It served as validation of the actions by several other Central Banks that had already started to lower interest rates prior to the Fed, such as the BOE (Bank of England) currently at 5.0%, and the ECB (European Central Bank) currently at 3.65%, as well as the BoN (Bank of Namibia) who lowered its repo rate by 25bp to 7.5% on the 14<sup>th</sup> of August in anticipation of the Fed and the SARB (South African Reserve Bank), that both acted in September. The Fed cutting by 50bp to 5.0% and the SARB by 25bp to 8.0%.

We observe a globally synchronised and concerted effort to lower borrowing costs for businesses and consumers in order to avert an economic "hard landing" that grew increasingly likely, had interest rates remained at multi-decade highs, brought about by the inflation shocks of the early 2020's.

For example, the global oil price rose from U\$9 per barrel in 2020 to U\$133 in 2022, driven by the pandemic and Ukraine invasion. Over the same period global maize prices rose from U\$3 per pound to U\$8, an increase of 170%. Other grain prices were similarly affected. These shocks reverberated throughout economies and were worsened further by widespread supply chain disruptions on the supply side and fiscal stimulus on the demand side.



## Ongoing Reverification

As an accountable institution, we are required to adhere to the Financial Intelligence Act (FIA) 13 of 2012 of the Republic of Namibia.

In response to the increased levels of fraud occurring globally and locally, our administration team proactively conducts reverification of all our clients. You may be contacted via email by our reverification officers to provide the necessary documents to comply. We kindly ask for your cooperation with these information requests.

For enhanced security only submit these documents via the following means:

- Via email to [cam.reverification@capricorn.com.na](mailto:cam.reverification@capricorn.com.na)
- In person at the Capricorn Asset Management office
- At any Bank Windhoek branch for Attention: Capricorn Asset Management



## Making a Deposit

You can make a deposit into your Investment via:

- Capricorn Online (automated debit order for N\$ 1 mill and under)
- Electronic Funds Transfer (amounts over N\$ 1 mill)

Our official bank details are available on these platforms:


- Capricorn Asset Management website at [www.cam.com.na](http://www.cam.com.na)
- Capricorn Online accessed via our website
- Bank Windhoek Internet Banking Platform via Third Party payments

Always verify our banking details on these platforms.

Please only use **your unique Client and Account number** as reference to ensure the correct allocation of funds e.g. E\*\*\*\*\*A\*\*\*\*\*.

Once you make a deposit, please always **email your proof of payment** and **documentary proof of source of funds** to [cam.service@capricorn.com.na](mailto:cam.service@capricorn.com.na)

Our team may contact you telephonically to request or confirm your proof of source of funds. Only submit this via email or in person as indicated above. If you have any doubts or fraudulent concerns, contact our official office number, **061-299 1950**, to verify the validity of the contact.



The worst of these shocks are now working themselves out of the system so to speak. The turnaround was equally dramatic. Oil prices are down 44% from its eye watering peaks, trading currently at US\$ 71, while maize is down 50%. In most economies, inflation has cooled to such an extent that the loosening of policy is now eminently suitable, especially when other macroeconomic trends are considered, such as rising unemployment rates and slowing growth. It is crucial that economic growth is not allowed to take too much of a dip, because the economic ship turns slowly.

Furthermore, the fiscal trajectory is intricately intertwined with the macro cycle. Healthy economic growth supports strong tax revenue for Governments, lowering deficits and helping to fund critical expenditures. It contributes significantly to the credit worthiness of the sovereign borrower. This in itself lowers the interest rate structure in the economy, thereby lowering the cost of capital economy wide. This happens when fiscal policy is complimentary to monetary policy, the one reinforcing the other.

Specifically focusing on Namibia, one could conclude that the following forces play a role in the appropriateness of monetary policy:

- The currency link (the “peg”) continues to be the overarching policy determinant. The MPC (monetary policy committee) of the BoN has to ensure that policy actions do not endanger the peg. Thus far they are comfortable that the interest rate differential is of such a nature that it does not.
- The global and regional policy determined interest rate cycles are firmly entering a down trend.

- The growth in demand for credit by domestic consumers and businesses, commonly referred to as PSCE (private sector credit extension) remains exceptionally weak. The latest number amounted to 1.8% yoy. This justifies lower rates in order to stimulate aggregate demand for credit.
- Inflation is close to the 4.5% mid-point target – officially in SA and unofficially in Namibia.
- The Namibian money market is highly liquid, meaning that money supply (deposits) is growing faster than PSCE.
- The Namibian fiscal trajectory is improving noticeably. Revenue performance is strong, and projections of the debt-to-GDP ratio has turned lower to 60.1% for 2024/25.

These forces are likely to be in play for an extended period, in our view:

1. the peg will be maintained for the foreseeable future,
2. the global easing cycle is only starting now,
3. a recovery in PSCE requires a sustained period of lower interest rates,
4. inflation is likely to surprise to the downside into year end, assisted by a strong currency and a weak oil price,
5. the liquid state of the money market is likely to be maintained for several more months, and
6. the fiscal position is moving in the right direction, lessening upward pressure on bond yields.

We foresee around 100bp of further interest rate cuts from the Fed, the SARB and the BoN by mid-2025, thus seeing 4.00%, 7.00% and 6.50%, respectively, which implies prime rates of 7.00%, 10.50% and 10.25%. Therefore, for example, the monthly payments on a N\$2m mortgage over 20 years should decline by about 8% or N\$1,660 pm from N\$21,126 pm to N\$19,467 pm should one borrow at prime.





By the end of August, the returns of the major asset classes year-to-date, in Namibia dollar terms, were as follows:

Global Equities	13.7%	MSCI World
Domestic Equities JSE	11.0%	JSE All Share
Domestic Equities NSX	6.7%	NSX Local Index
Domestic Property	24.0%	JSE SAPY Index
Domestic Bonds RSA	13.1%	Reuters All Bond
Domestic Bonds NAM	10.3%	IJG Namibian ALBI
Domestic Cash RSA	5.6%	RSA STEFI
Domestic Cash NAM	6.2%	Capricorn Enhanced Cash Fund
Commodities: Gold	16.9%	Bloomberg Gold Total Return Index
Commodities: Overall	-2.0%	Bloomberg Commodity Total Return Index

## Capricorn Group Integrated Annual Report

Capricorn Group, a proudly Namibian financial services group listed on the Namibian stock Exchange with diversified operations and business interest in Namibia and Botswana, released its annual financial results for the year ended 30 June 2024.

Capricorn Group delivered a strong financial performance with year-on-year growth of 9.9% in profit after tax to N\$1.74 billion (2023 restated: N\$1.58 billion). Return on equity ("ROE") increased to 17.9% from the 17.6% reported in the previous financial year.

This positive outcome can be attributed to excellent results and solid all-round performances across the Group's portfolio of businesses which includes Bank Windhoek, Bank Gaborone, Capricorn Asset Management, Entrepo Group, Peo Finance and our associates.

David Nuyoma, Group CEO, emphasised that the Group remains focused on working towards a sustainable future for the Group and its stakeholders. He stated, "As responsible corporate leaders, we must challenge our relevance to stakeholders and continuously re-evaluate how we

make an impact. I am pleased that our commitment to improving lives through leadership in financial services by being Connectors of Positive Change has positively impacted many lives this past financial year, resulting in noteworthy value creation."

The positive financial performance of the Group for the period ending 30 June 2024 enabled the Group to create value for all our stakeholders, contributing to the socio-economic development of Namibia and Botswana. The Group increased its value created by 15.9 % to N\$5.1 billion compared to the previous financial year. Of the total value of N\$5.1 billion created, N\$1.3 billion is represented by staff remuneration and benefits, N\$924 million was paid to suppliers, and N\$1.2 billion was contributed to the government in the form of direct and indirect taxes.

For 2024 Capricorn Asset Management's (CAM) assets under management amounted to a total of N\$ 46.6 billion, an increase of 20.7% from 2023, and with an approximate market share of 34.6%, with 16 unit trusts covering all major asset classes including cash, bonds, property and international equities.

Thus reinforcing CAM as the largest asset manager in Namibia as well as being one of the only truly Namibian-based asset managers in the country.



### CAM Market Share Unit Trusts

34.60%  
(2023: 33.70%)



### CAM Value of Assets Under Management

N\$ 46.6 billion  
(2023: N\$ 38.6 billion)



### CAM & CUTM Direct Contribution to CSR

N\$ 1,037,008  
(2023: N\$ 931,593)



Click the link to view the full [2024 Integrated Annual Report](#).

## Launch of the 2024 Social Value Report

As a leading financial services provider in Namibia and Botswana, Capricorn Group prides itself on creating value for its communities and bringing about positive change. This year's Social Value Report showcases the Group's unwavering dedication to transparency and accountability in its Corporate Social Responsibility (CSR) efforts.

"Our Group's CSR vision is **To Be an inspiring Connector of Positive Change in our communities by creating economic value in a responsible way that will unlock sustainable opportunities for advancing and improving economic and social conditions.** Our communities benefit from the Group's success, which enables us to create and preserve value for all our stakeholders. Therefore, our approach to being a responsible corporate citizen is built into the DNA of all our businesses." said Gerhard Fourie, Capricorn Group Chairperson.

For the period ending 30 June 2024, Capricorn Group, including the Capricorn Foundation and

its subsidiaries Bank Windhoek, Capricorn Asset Management, Entrepo and Bank Gaborone, have invested **N\$25.8 million** (2023: N\$21.7 million) in social responsibility programmes and projects in Namibia and Botswana.

CAM is proud to be a funding member of the Capricorn Foundation. Since the launch of the Capricorn Foundation in 2020, it has grown from strength to strength.

The Capricorn Foundation invested N\$11.1 million in projects across its five focus areas:

- **Education and Training** – N\$5.1 million
- **Economic Advancement** – N\$2.1 million
- **Vulnerability Initiatives** – N\$2.6 million
- **Health** – N\$300,000.00
- **Sustainability Programmes** – N\$1 million

The Foundation, now in its fourth year of establishment, has a social footprint that spans across Namibia. Its role as a CSR thought leader in Namibia has been fully cemented and is best reflected in its collaborations and impactful engagements with international, national, and local stakeholders.



Click the link to view the full [2024 Social Value Report](#) and follow our journey of being Connectors of Positive Change.