

Namibia Markets Overview

– October 2023

November 2023

**M&G Investments**

Facing global and local investor gloom in October amid the scenario of interest rates being “higher for longer”, Namibian assets proved to be more robust than their SA and global counterparts. The NSX All Share Index (Overall) delivered -2.0% for the month, while the FTSE/JSE Capped SWIX returned -2.9%. Both markets were hit by a poor performance from Resources stocks, while Industrials were particularly weak in South Africa. Financials held up best across both exchanges. Year-to-date equity returns for both markets have moved into negative territory, with the NSX Overall at -2.4% and the FTSE/JSE Capped SWIX at -3.2%. Namibian bonds have been the best-performing local asset class, returning 3.0% compared to South Africa's All Bond Index at 1.7% in October, and at 14.6% and 3.2%, respectively, for the year to date.

Global assets produced negative returns in broad terms in October, as the MSCI All Country World Index returned -3.0% and the Bloomberg Global Aggregate Bond Index posted -1.2%, while listed property (the EPRA/NAREIT Global Property Index) delivered -4.8%. Emerging market equities, which had been expected to record a respectable performance in 2023, are now in the red year-to-date with a -2.1% return to 31 October. Developed market equities (MSCI World Index), meanwhile, have returned 7.9% year to date.

Namibian investors welcomed some positive news during the month as the International Monetary Fund (IMF) forecast GDP growth at 3.2% for 2023, moving back above pre-Covid levels, and led by robust mining expansion. While this is slower than the 4.6% expansion recorded in 2022, due to higher interest rates and inflation, as well as slower growth in South Africa and globally, the longer-term growth outlook was quite positive on the back of new mining initiatives and foreign investment, the global finance group noted. It also applauded the country's current economic stability and responsible fiscal management.

In other positive developments, the Bank of Namibia left its repo rate unchanged at 7.75% at its 25 October meeting, still 0.5% below that of South Africa, even as September CPI moved up to 5.4% y/y from 4.7% y/y previously. The Bank reported it had seen no significant capital outflows despite the differential, given the peg of the Namibian dollar to the rand. The rand and Namibian dollar appreciated against the major currencies, up 0.9% against the US dollar, 0.8% versus the UK pound and 0.2% against the euro. However, Private Sector Credit Extension (PSCE), a good indicator of the economy's financial health, slowed further to only 1.6% y/y in September from 2.3% y/y in August.

In the bond market, the NSX introduced a new bond trading system it believes will improve liquidity by facilitating safe and regulated trading. It is expected to bring new traders (namely local banks) onto the public exchange, alongside stockbrokers, and away from the over-the-counter (private) market. Improved liquidity would boost efficiency, price discovery and clarity in the market, and as a market participant we would certainly welcome this.

M&G Investments Namibia celebrates a new office and 27 years

We are pleased to report that we recently celebrated the opening of our new offices in Maerua Mall Office Tower in central Windhoek with some of our long-standing clients and special guests in attendance. The occasion marked 27 years of our operations in Namibia, a testament of our commitment to Namibians. It was wonderful to be able to enjoy the company of M&G clients, staff, stakeholders and supporters on the evening. A special thank you to our guest speakers, the Minister of Finance and Public Enterprises Namibia, Hon. Ipumbu Shiimi, and the Co-founder of Impulse Biomed, Giancarlo Beukes, both of whom shared some very interesting insights. We are looking forward to welcoming more clients to our premises for both formal and informal occasions in 2024.

As a reminder, since our founding in Namibia in 1996 our vision has consistently been to help make the investment industry accessible to everyone, democratising wealth to reach the most underprivileged in our society. Our purpose is to help people manage and grow their savings, doing our best every day so they can live the life they want, while making the world a little better along the way. We invest not only in Namibian businesses, but also in the Namibian people and their future.

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