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Capricorn Asset Management
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The Great Recalibration: Eight “D” Mega Themes Defining 2025

The year 2025 quickly turned into one of structural realignment. Globally, the world is being reshaped by geopolitical shifts in the wake of the 2024 super-election year, technology disruption, climate urgency, and changing population dynamics. Locally, Namibia has entered a new era with the country’s first budget under President Netumbo Nandi-Ndaitwah. The 2025/26 (FY26) National Budget was delivered with the theme “Beyond 35: For a Prosperous Future”, reflecting the urgency of structural reform and investment in the youth, while maintaining debt sustainability.

This edition of our newsletter integrates eight global mega themes with the Namibian situation and the National Budget to help our readers better understand the landscape and position accordingly. We styled the eight global themes with titles that all start with double-barrelled “D’s”. Each title has its associated key phrases and sub-trends.

1. Distancing & Decoupling

Conflict. Geopolitical fragmentation. Bloc formation. De-globalisation. Re-Shoring. On-shoring.

Tensions in global trade and politics have deepened. Countries are shifting toward self-sufficiency and economic blocs are redefining alliances. For Namibia, this means navigating relationships between the BRICS, the West, and regional partners under AfCFTA, SADC, SACU and the CMA.

Namibia continues to prioritise regional connectivity and trade resilience. For FY26, N$2.7 billion has been allocated to transport infrastructure, including roads, rail, and rural access. These investments support Namibia’s role as a logistics and export hub in Southern Africa.

Expected opportunities in logistics, infrastructure bonds, and sectors aligned with regional integration. Namibia’s neutral diplomatic position and export orientation are strategic advantages in a divided world.

2. Disorder & Donald

Fragmented governance. Ideological shifts. Rising political risk. High policy uncertainty.

The world is facing rising political unpredictability, from the 2024 US elections to transitions in Africa and elsewhere. Namibia has managed its own transition quite smoothly, followed by a reform-focused budget that prioritises continuity.

Despite revenue pressure, the FY26 budget delivers operational stability and strategic investments in youth and social protection. The fiscal deficit is relatively contained at 4.6% of GDP, and public debt is forecast to moderate to 62% of GDP.

Namibia remains politically stable with reasonably predictable fiscal and monetary policy. Investors should remain engaged in sectors that benefit from long-term policy commitments, especially education, health and food production.

3. Demographics & Development

Shifting population structures. Urgency of youth empowerment. Developmental challenges.

Ageing in developed markets contrasts starkly with Namibia’s young population. With extremely high youth unemployment, the need for jobs, education, and food security is urgent, but also a powerful opportunity.

For FY26, N$24.8 billion has been allocated to education, and N$1.3 billion toward youth development and sport. Agriculture receives N$2.6 billion, including the expansion of Green Schemes. These are strong signals toward human capital development and food security investment.

Capitalise on themes tied to skills development, agri-tech, and youth finance. There is room for private sector partnerships in vocational education, public-private farming models, and student-focused housing or savings products.

4. Disruption & Discontent

Technological disruption. Climate volatility. Societal discontent. Transformation.

Industries across the board are undergoing rapid change. From payments and retail to healthcare and energy, technology and decentralisation are upending business models, including the delivery of Government services. Climate risks and social unrest add to volatility. Furthermore, a source of discontent is lagging per capita incomes that do not keep pace with the cost of living increases, adding to socioeconomic fragility.

In FY26, Health gets N$12.3 billion, including N$780 million in development projects. Environmental priorities and food resilience are evident in allocations to water (N$956 million) and agriculture. New procurement systems and digital vouchers are also being piloted.

Healthcare infrastructure, digital service delivery, and sustainable food production are long-term trends worth watching. Investors should consider green bonds and blended finance vehicles aligned with climate adaptation.

5. Data & Digitalization

Artificial intelligence. Access to and control of big data. Acceleration of digitalisation.

AI, automation and digital infrastructure are redefining economic reality. Namibia has the opportunity to leapfrog outdated models by embracing fintech, e-government and data-driven service delivery.

ICT receives N$898 million. E-invoicing for VAT-registered entities is set to launch in 2026. VAT on imported digital services will now be collected, creating fairer competition for local providers.

Digital transformation is inevitable, whether in payments, data infrastructure, cybersecurity, or tech-driven education and health solutions. Local companies that build for scale may also find regional demand.

6. Debt & Distress

Fiscal pressure. Rising debt burdens. Constrained funding markets. Bigger Government.

Global debt levels remain high, creating pressure on sovereign funding and risk premiums. Governments appear to have an ever growing appetite for appropriate economic resources, not least of which for defence spending, whilst there are clear pockets of debt distress in some regions.

By comparison, Namibia has proactively managed its liabilities with a balanced debt strategy. Public debt is expected to decline as a percentage of GDP. The Government is preparing to redeem its US$750m Eurobond in October 2025 with a combination of the sinking fund and tapping the domestic capital market for the equivalent of US$125m.

Including the foregoing and the deficit, result in a total domestic funding requirement of N$17bn. For several months now, the Government has enjoyed healthy demand for its Treasury Bills and bonds. Nevertheless, funding its needs in FY26, will take some careful footwork from Government and its agent, Bank of Namibia. We do not foresee a distressed situation. Nevertheless, the resulting high yield curve ought to remain attractive from a risk-adjusted return perspective. Investors should consider duration, inflation-linked instruments and exposure to infrastructure development financing once it becomes an investable option.

7. Deflation & Disinflation

Inflation or deflation. Inflation down from recent peaks. Disinflation, not deflation.

Following the post-COVID inflation and interest rate spikes, central banks have eased considerably while inflation was cooling. The jury is out on if and when economic growth will take a hit that results from some of the themes mentioned in this note. In such a case, there may arise a need for policy driven reflation to pre-empt deflation.

Namibia's inflation rate drifted down steadily to 3.6% by February 2025, creating breathing room for monetary policy to ease. Lower inflation supports consumer recovery and household balance sheets. The Bank of Namibia's dovish stance aligns with the Budget's intent to stimulate domestic demand and investment.

A lower-rate environment may support share prices, property, and longer-duration bonds. Investors should review allocations and consider whether risk appetite should be recalibrated.

8. Discount Rate & Debate

Rising yields. Alternative assets. Shifts in capital allocation thinking. Debate about the risk free rate.

Globally, investors are rethinking traditional asset allocation. Yield-bearing instruments are returning to favour, while interest in alternatives such as private equity, infrastructure, and digital assets, continues to grow.

Namibia's development budget rose to N$12.8bn, still too small and less than what is expended on interest. This underscores the need for the Government to also explore public-private partnerships and off-budget infrastructure funding.

There should be growing scope for investors to participate in infrastructure co-investment down the line, as well as project bonds and private equity aligned with national priorities especially in housing, energy, transport and digital systems.

Turning Realignment into Opportunity

Against the global back-drop as sketched above, Namibia's budget reflects sober realism and forward-looking ambition. With disciplined fiscal targets and focused development goals, the country endeavours to build a stable investment environment.

In this new world of decoupling, disruption, demographic urgency, and digitalisation, we believe the best opportunities lie in understanding the structural shifts, not just reacting to market cycles.

Capricorn Asset Management remains your trusted partner in navigating these changes. Let us help you turn today's recalibration into tomorrow's advantage.