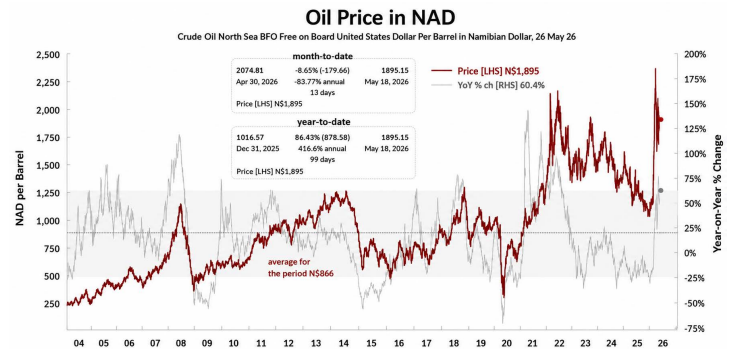




## May 2026 Economic Review

This month, we focus on the inflationary consequences of the USA-Israel-Iran war. It is by no means the only consequence. However, it will be one of the major impacts over the next twelve months. Commodity prices and inflation rates, as discussed below, could turn around if peace breaks out. However, much damage has been done to oil and fuel infrastructure, as well as consumer and business confidence.

- Oil price:** Brent crude in USD terms is up by 78% ytd and 65% yoy. In NAD and BWP, respectively, it is up by 76% ytd, 85% ytd, 52% yoy and 75% yoy. At the time of writing, some relief has come through, with crude in different currencies declining by between 12% and 14% mtd in May. The eye-watering speed of increase and the levels it reached constitute a major shock, akin to three prior instances. Here we refer to 2007-2008, 2011-2014 and 2021-2022. One estimate puts global oil spending at US\$2tn more than usual ytd.
- Fuel:** The most direct impact is on fuel. In SA, diesel is up around 65% ytd to R32/l, and petrol is up about 25% to R26/l. In Namibia, diesel rose by 40% ytd to N\$28.30/l, and petrol rose by 14% to N\$23.50/l. It has been a feature of the crisis that diesel rose much more than petrol. This can be due to the following:
  1. The crude blocked in Hormuz is especially suited to diesel production
  2. The demand for diesel is more inelastic and much broader, reaching into trucking, freight, rail, shipping, agriculture, construction and heavy industries
  3. Diesel inventories were already low before the war, whereas petrol were better provided for
  4. Oil typically yields less diesel than petrol in the refining process.
- Other commodities:** Tungsten (+650%), Sulphuric acid (+241%), Helium (+100%), Liquid natural gas (+58%), Thermal coal (+42%), Polyethylene (+40%), and Polypropylene (+35%) are just some of the eye-watering jumps that we have seen. Therefore, it is not only an oil story. Furthermore, base metals have also been affected, admittedly not only by the Hormuz crisis. Nevertheless, Copper (+41% yoy), Aluminium (+51% yoy), Tin (+99% yoy) and Zinc (+31% yoy) are some of the base metal inputs that push up industrial production costs. These metals peaked at even more extreme levels during the 2022 Ukraine crisis.
- Other sources of inflationary pressures:** Shipping rates have surged – the Baltic Dry index, the most widely followed measure of such costs, is up by 127% yoy. The copper price is up 40% yoy. Grain prices have not yet reacted to the surge in cost of fertiliser inputs – monoammonium phosphate, ammonia, urea, and potash. In recent months, grain prices in SA have dropped sharply, helping keep food inflation in check. However, a surge in input costs, such as fertiliser and diesel, does not augur well for grain and cereal inflation going forward.
- El Niño:** Climate watchers are warning of a high probability of an El Niño later in the year. This will prove to be a second leg of the inflation shock. Thus far, amid the current malaise, food inflation has remained low due to plentiful global harvests. This is the key difference with the 2022 Ukraine crisis, when there was severe food inflation alongside the energy crisis.



The recent global inflation numbers published for April are, in our view, the early indications of what is to come. There is already a surge evident in Producer (PPI) input prices – in the US, it jumped to 6.0% yoy, in the UK to 7.75% yoy, in Japan to 4.9% yoy, and in China to 5.6% yoy. With the exception of the 2021-2022 price shocks, these PPI numbers are the highest in 10 years, and in some instances longer. Consumer inflation in the US reached 3.8% in April on the back of sharp increases in gasoline (+57% ytd) and diesel (+60% ytd). We expect US inflation to remain in the 4%+ ballpark for several months and that there is a chance of getting close to the 2% target only late in 2027. The following is a summary of recent inflation numbers closer to home.

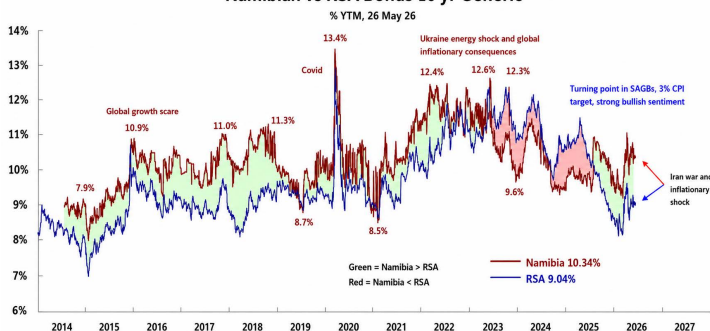


- Namibia:** The April CPI registered 3.1% yoy, up from 2.1% yoy in March. Transport climbed by 5.8% in the month and in 5.0% yoy, resulting from the fuel price hikes of, on average, 18% in April. Air Transportation was up by 16% yoy. In May, there were further fuel price hikes averaging 15%. We have a nagging suspicion that there are more fuel price hikes on the cards, perhaps not in June, but later. We foresee that inflation will continue to drift up, reaching 6.6% by year-end and peaking at 7.8% yoy by March 2027.
- Botswana:** CPI surged to 10.3% yoy in April. Transport soared to 28.5% yoy as fuel prices spiked by around 43% yoy, while Transport Services climbed by 16.6% mom. Inflation will climb further over the next several months to 13% plus in July. The inflation picture looks more and more like the 2022 spike during the Ukraine war. We foresee a rate of 11% by year-end followed by a sharp drop in the yoy rate in 2Q27 due to exceedingly strong base effects.
- SA:** CPI jumped from 3.1% yoy in March to 4.0% in April. Transport inflation climbed by 5.5% mom and 4.9% yoy. The latter swung from -1.6 yoy in March. Fuel inflation specifically climbed by 18.2% mom and 11.4% yoy. We foresee that inflation will climb to 5.8% yoy by year-end and peak at 6.6% in 1Q27.

For them to maintain credibility, they will be forced to look and sound hawkish, i.e. watchful and on guard, ready to raise rates to head off these second order effects, lest we experience a bond market tantrum.

- Global:** “CB speak” (public comments by policy makers) have turned decidedly hawkish. This ranges from Federal Open Market Committee (FOMC) dissenters, ECB MPC members, BOE economists and policy makers, the RBA’s chair, as well as EM CB’s. The FOMC might not raise the Fed Fund Rate as such and rely more on bond yields, which have climbed and the 30 year mortgage rate of 6.5% to have a dampening effect on the economy and inflation.
- SA:** The SARB is likely to start a hiking cycle soon, perhaps as early as the May MPC meeting. We expect at least two hikes that will lift the repo rate to 7.25% and Prime to 10.75%. Several SA economists expect more hikes than these.
- Namibia:** The BoN is likely to follow suit. Inflation outcomes appear to be worse for Namibia than for SA. Therefore, MPC should hike on the 17th of June and the 12th of August, because by then, inflation is set to be around 6.0%.
- Botswana:** With inflation running in double digits, the BoB, in our view, will be forced to hike its MoPR – most likely to 6.75%. Long-term rates are at 13%-14% and the BoBC is at 9.7%-10%. This signals that the market expects significantly higher policy rates.

**Namibian vs RSA Bonds 10 yr Generic**

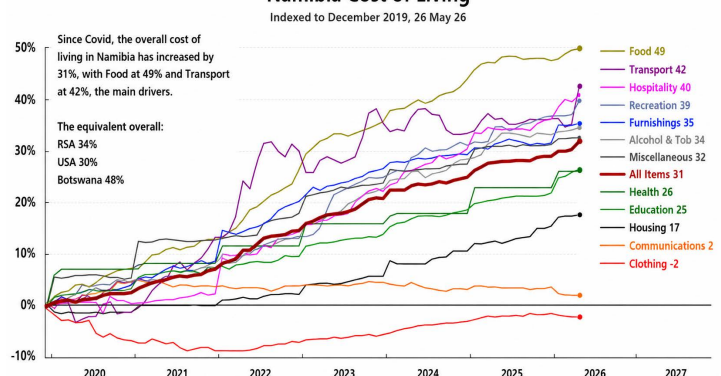


People experiencing poverty will be especially hard hit due to fuel, transport services, paraffin and food. There is little fiscal room to mitigate the cost of living shock via subsidies and cuts to fuel levies. Therefore, political pressure on incumbents will flare up once more.

## Monetary Policy

Bond markets are increasingly concerned about inflation. A drawn out conflict that results in \$100+ oil for longer could yet prove to be the trigger that tips the world economy back into recessionary conditions. The same goes for Namibia, SA and Botswana. Such a spike in fuel prices acts like a tax, dragging down businesses' profits and draining consumers' disposable income. This makes monetary policy especially tricky amid slowing growth and rising inflation. However, Central Banks (CB's) will emphasise the dangers of second round effects.

**Namibia Cost of Living**





Data



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## Fraud Prevention in a Changing World

### The One Golden Rule Every Client Should Remember

Clients today are far more aware of fraud risks than they were a few years ago. Despite this greater awareness, people still fall victim to fraud and financial crime.

One of the reasons for this is that modern banking and investment services require more direct client contact than in the past.

At Capricorn Asset Management and Bank Windhoek, we may, from time to time, contact clients for legitimate and necessary reasons, including:

- To confirm whether a transaction was genuinely authorised by the client
- To verify unusual activity on an account
- To request outstanding documentation
- To enquire about the source of funds in terms of the Financial Intelligence Act (FIA)
- To obtain feedback on service delivery or client experience

Ironically, these processes, which are put in place specifically to protect clients, also create opportunities for fraudsters to pretend they are calling from a trusted institution.

### So what should clients do now?

Should one simply stop answering the phone? Unfortunately, that is not practical in the world we live in today.

Financial institutions have introduced multiple layers of protection, monitoring and security processes. But there is one thing against which no institution can fully protect a client:

### **Human behaviour.**

And this is exactly where awareness becomes important.

### The Golden Rule

There is one simple golden rule that every client should follow: **If someone calls you and claims to represent your bank or investment institution, politely say that you will call them back yourself.**

Then:

- End the call
- Go to the official website of Capricorn Asset Management or Bank Windhoek
- Use the official contact number listed there
- Call the institution back yourself

The institution will immediately be able to confirm whether the call was genuine or not.

### Never Share Sensitive Information Over the Phone

The most important practical rule is simple:

**Do not give sensitive personal or banking information to someone who has called you.**

This includes:

- Card numbers
- PIN codes
- CVV numbers on the back of your card
- Internet banking usernames or passwords
- OTPs (one-time codes)
- Verification codes sent by SMS
- Security questions or login details

If someone asks you for these details by phone, your warning lights should come on immediately.

A legitimate institution should already know who you are and why they are contacting you.

### How Fraudsters Usually Operate

Fraud today is often more psychological than technical. Criminals use pressure, confusion, urgency and fear.

A common example works like this:

A fraudster first sends an SMS transaction notification to your phone and then calls you immediately afterwards.

They may say:

*“There was a transaction on your account in Outjo. Was that you?”*

Usually, they choose a place where they suspect you are unlikely to be. You look at your phone and see the SMS. Suddenly the situation feels real and urgent.

The caller then reassures you:

*“Don’t worry, we are going to stop or reverse the transaction immediately.”*

They then begin to ask for:

- Usernames,
- Passwords,
- Card details,
- Or OTP codes.

And this is where victims get caught. Another common scam involves bank cards. The person may say:

*“Your card has been flagged or frozen and needs to be reactivated.”*

You might reply:

*“But my card only expires in September 2027.”*

The fraudster then gives a plausible explanation:

*“Yes, but the card has been flagged on the system. We can unlock it remotely if you are unable to come and collect a new one now.”*

They then ask for:

- Your card number,
- The CVV number,
- And finally the OTP sent to your phone.

As soon as you give these details, the fraudster can gain access to your funds.

## You Don’t Have to Know Every Fraud Method

Clients do not need to become experts on every new fraud technique. Criminals constantly change their methods.

Rather remember the one golden rule:

**If someone calls you, say that you will call the institution back yourself.**

## It Is Acceptable to Be Cautious

Many people are afraid of coming across as rude or unfriendly. But in today’s world, being cautious is not impolite; it is good financial discipline.

Learn to say:

*“I am going to end the call now and contact the institution myself.”*

A genuine employee will understand and support this approach.

It is far better to appear slightly cautious for a few minutes than to become a victim of fraud that could affect your finances for years to come.

Namibians are by nature friendly, open and courteous people. We easily trust a friendly voice, especially someone who sounds local and chats comfortably with us.

But in today’s environment, we must learn to remain polite and at the same time vigilant.

**Stay friendly. But stay on your guard.**



## Bedrogvoorkoming in ’n Veranderende Wêreld

### Die Een Goue Reël wat Elke Kliënt Moet Onthou

Kliënte is vandag baie meer bewus van bedrogisiko’s as ’n paar jaar gelede. Ten spyte van hierdie groter bewusheid, bly mense steeds slagoffers van bedrog en finansiële misdaad.

Een van die redes hiervoor is dat moderne bank- en beleggingsdienste vandag meer direkte kontak met kliënte vereis as in die verlede.

By Capricorn Asset Management en Bank Windhoek sal ons van tyd tot tyd kliënte kontak:

- Om te bevestig of ’n transaksie werklik deur die kliënt gedoen is
- Om vreemde aktiwiteit op ’n rekening te bevestig
- Om uitstaande dokumentasie aan te vra
- Om navraag te doen oor die oorsprong van fondse ingevolge die Finansiële Intelligensie Wet (FIA)
- Om terugvoer oor dienslewering of kliënte-ervaring te kry

Ironies genoeg skep hierdie prosesse, wat juis ingestel is om kliënte te beskerm, ook geleenthede vir bedrieërs om voor te gee dat hulle van ’n vertroude instansie afkomstig is.

### So wat moet kliënte nou doen?

Moet mens eenvoudig ophou om die telefoon te antwoord?

Ongelukkig is dit nie prakties in die wêreld waarin ons vandag leef nie.

Finansiële instansies het verskeie vlakke van beskerming, monitering en veiligheidsprosesse ingebring. Maar daar is een ding waarteen geen instansie ’n kliënt volkome kan beskerm nie:

### **Menslike gedrag.**

En dit is juis waar bewusheid belangrik raak.

### Die Goue Reël

Daar is een eenvoudige goue reël wat elke kliënt moet volg:

**As iemand jou bel en beweer hulle verteenwoordig jou bank of beleggingsinstansie, sê eenvoudig dat jy self sal terugbel.**



- Beëindig onmiddellik die oproep
- Gaan na die amptelike webwerf van Capricorn Asset Management of Bank Windhoek
- Gebruik die amptelike kontaknommer
- Skakel die instansie self terug

Die instansie sal onmiddellik kan bevestig of die oproep eg was of nie.

## Moet Nooit Sensitiewe Inligting Oor die Telefoon Deel Nie

Die belangrikste en 'n praktiese reël is eenvoudig: **Moenie sensitiewe persoonlike of bankinligting deel met iemand wat jou gebel het nie.**

Dit sluit in:

- Kaartnommers
- PIN-kodes
- CVV-nommers agter op jou kaart
- Internetbank gebruikersname of wagwoorde
- OTP's (eenmalige kodes)
- Verifikasiekodes wat per SMS boodskap aangestuur word
- Sekuriteitsvrae of aanmeldbesonderhede

As iemand jou telefonies vir hierdie besonderhede vra, moet die waarskuwingsligte onmiddellik aangaan.

'n Wettige instansie behoort reeds te weet wie jy is en waarom hulle jou kontak.

## Hoe Bedrieërs Gewoonlik Werk

Bedrog vandag is dikwels meer sielkundig as tegnies. Kriminele gebruik druk, verwarring, dringendheid en vrees.

'n Algemene voorbeeld werk só:

'n Bedrieër stuur eers 'n SMS-transaksiekennisgewing na jou telefoon en bel jou dan onmiddellik daarna.

Hulle mag sê:

*"Daar was 'n transaksie op jou rekening in Outjo. Was dit jy?"*

Gewoonlik kies hulle 'n plek waar hulle vermoed jy waarskynlik nie is nie.

Jy kyk na jou telefoon en sien die SMS. Skielik voel die situasie werklik en dringend. Die oproepeer stel jou dan gerus: *"Moenie bekommerd wees nie, ons gaan die transaksie onmiddellik stop of terugdraai."*

Dan begin hulle vra vir:

- Gebruikersname,
- Wagwoorde,
- Kaartbesonderhede,
- Of OTP-kodes.

En dit is waar slagoffers gevang word. Nog 'n algemene bedrogspul handel oor bankkaarte.

Die persoon mag sê:

*"U kaart is as verdag gemerk of gevries en moet weer geaktiveer word."*

Jy antwoord dalk:

*"Maar my kaart verval eers in September 2027."*

Dan gee die bedrieër 'n geloofwaardige verduideliking:

*"Ja, maar die kaart is op die stelsel as verdag gemerk. Ons kan dit stop en weer aktiveer indien u nie nou 'n nuwe kaart kan kom afhaal nie."*

Dan vra hulle vir:

- Jou kaartnommer,
- Die CVV-nommer,
- En uiteindelik die OTP wat na jou telefoon gestuur word.

Sodra jy hierdie besonderhede gee, kan die bedrieër toegang tot jou fondse verkry.

## Jy Hoef Nie Elke Bedrogmetode te Ken Nie

Kliënte hoef nie kenners van elke nuwe bedrogtegniek te word nie. Kriminele verander voortdurend hul metodes.

Onthou eerder die een goue reël:

**As iemand jou bel, sê dat jy self die instansie gaan terugskakel**

## Dit Is Aanvaarbaar om Versigtig te Wees

Baie mense is bang om ongeskik of onvriendelik voor te kom.

Maar in vandag se wêreld is versigtigheid nie onbeskof nie, dit is goeie finansiële dissipline.

Leer om te sê:

*"Ek gaan nou die oproep beëindig en die instansie self terugskakel."*

'n Regte werknemer sal hierdie benadering verstaan en ondersteun.

Dit is baie beter om vir 'n paar minute effens versigtig voor te kom as om slagoffer van bedrog te word wat jou finansies vir jare kan beïnvloed.

Namibiërs is van nature vriendelike, oop en hofflike mense. Ons vertrou maklik 'n vriendelike stem, veral iemand wat plaaslik klink en gemaklik gesels.

In vandag se wêreld moet ons leer om waaksaam te wees.

**Bly vriendelik. Maar bly op jou hoede.**