



Festive Season Operating Hours



Our office will close at 12:00 on 22, 27, 28 & 29 December 2023.

Should you wish to make deposits or withdrawals on your investment portfolio on the above mentioned dates, please submit your instruction by 11:00 in order to ensure timely processing.

You may securely submit your instruction via Capricorn Online the Bank Windhoek Mobile App or Internet Banking platform. If you have not yet registered for Capricorn Online or linked your investments to your Bank Windhoek Mobile App or Internet Banking, please contact our sales team at **061 - 299 1950** or cam.service@capricorn.com.na

Fraud Awareness

The holiday season is fast approaching, and our focus tends to turn to spending time with our loved ones and joyous celebrations.

Unfortunately fraudsters may attempt to take advantage of the festive spirit and employ various tactics to gain unauthorized access to your financials and sensitive information.

As your financial partner, we want to ensure that you are well prepared to safeguard your financial assets and want to bring to your attention the importance of fraud awareness with the following tips.



Recognize Common and Seasonal Scams

Be cautious of calls requesting sensitive details, unsolicited emails, or messages. Legitimate organizations will never request your passwords or pins nor request it via such channels.



Be Wary of Phishing Attempts

Phishing became a common technique where scammers impersonate trustworthy sources to trick individuals into revealing their personal information. Verify the legitimacy of email addresses before clicking on links and providing any information.



If You See Something, Say Something

Frequently review your activity and monthly statements to detect any unfamiliar transactions. If you suspect any fraudulent activity on your investments please report it immediately to cam.service@capricorn.com.na and the relevant authorities. Timely reporting can aid in investigations and the prevention of further harm.



Is Your Information compromised? Here's what to do.

If you detect that your information or documentation has been stolen or compromised, you should report it to Capricorn Asset Management (CAM) immediately at **+264 299 1950** or email cam.service@capricorn.com.na. CAM will place an immediate hold on your investment account upon receipt of such a report.



By staying informed and adopting best practices for fraud prevention you play a pivotal role in safeguarding your financial well-being.

2024 Outlook on the main Economic Themes

As we close off another year, we decided to use this opportunity to share our outlook on the main themes for 2024.



Cherish Moments, Invest in Memories

Here's to investing in the things that truly matter this festive season!

May your holidays be filled with laughter, joy and precious family moments.

Season's greetings and the warmest wishes for the new year from the Capricorn Asset Management Team.



- **Geopolitical Tensions**

The next 12 to 18 months will be dominated by political developments. There is a record number of elections scheduled for 2024 in Emerging Markets (EM's) as well as Developed Markets (DM's), not to mention in SA and Namibia. Therefore, a potentially toxic mix is brewing as domestic politics are added to already tense geopolitics. Regarding the Israel-Hamas war, thus far the markets do not perceive that the conflict will draw in other sovereigns. It is a relatively contained war between Israel and Hamas and skirmishes in the north with Hezbollah. The reactions of the oil price and the gold price have been relatively muted. It is perhaps useful to think in terms of three possible scenarios, courtesy of Bloomberg: 1. Confined war (limited to the Palestinian territories) 2. Proxy war (Lebanon and Syria drawn in) 3. Direct war (Iran drawn in) as a worst case, which means oil rises by \$60 plus.

- **Global Economic Growth**

A growth recession is still on the cards, with 2024 DM and EM growth outlooks at 1.4% and 4.0%, respectively, i.e. below average. Trends in the major economies are diverging – the USA is strongly positioned, whereas Europe and the UK are weak, and China is patchy with risks. The headwinds of geopolitics and high interest rates will slow down growth and earnings. Forward-looking indicators in the USA remain deeply negative, such as the USA leading indicator and the inverted yield curve. China's macro numbers are still reasonable, but serious problems in the property sector have re-emerged as a major risk. Europe is also showing weakness. Composite PMI's that encapsulate manufacturing as well as services are mostly below

the 50 level that divides expansion from contraction – UK 48.7, EU 47.1 and Germany 46.2. Overall economic sentiment in the latter is especially weak. Unemployment rates, overall, remain surprisingly low, but a small margin of slack is emerging in the USA.

- **Domestic Economic Growth**

In SA, the outlook for headline GDP growth is still marginally positive, but it is flirting with a contraction in economic activity. We expect the Namibian economy to expand by quite a robust rate of 3% plus for several years, including 2023. The mining sector continues to experience a surge in activity, while Agriculture & Forestry and Construction are proving to be a drag on growth. Growth in Botswana appears set to be below average for several years, but nevertheless in the 4% to 5% range.

- **Global Inflation**

China is flirting with deflation. PPI (Producer Price Index) and CPI (Consumer Price Index) are now in negative yoy. This, together with a weaker Yuan, makes Chinese goods cheaper on world markets, which will assist in a, generally global, disinflation trend. Recent developments in energy markets have injected renewed uncertainty. However, the oil price has, counterintuitively, declined sharply throughout November. In the USA, inflation will remain above 3% for several months, which will be a discomfort to the Fed. The latest readings for the PCE (Personal Consumption Expenditure Price Index) deflator and PPI inflation are 3.4% and 1.3% respectively. In Europe, consumer inflation is down sharply from its peak in double digits, that is 10%+, last year. CPI is at 2.9% yoy in the Eurozone, but PPI remains stubbornly above 5%



yoy. UK CPI is at 4.6% and PPI at -0.6% yoy. German PPI is in deflation at -11% yoy, down from eye-watering levels of above 45% reached last year.

- **Domestic Inflation**

In SA, inflation came within sight of the 4.5% mid-point of the target range in July, but in the wake of fuel price hikes of 11.5%, with more probably coming, bounced to 5.9% in October. It will be firmly above 5% for several months, perhaps until February, whereafter it should resume its downtrend to around the mid-point in mid-2024. Similarly, inflation in Namibia reached 4.5% in July, but then kicked up to 6.0% in October, driven by two months of stiff fuel price hikes. The main risks to inflation are now OPEC (oil), El Niño (food) and Russia/Middle East (oil and food). In Botswana, inflation bottomed at 1.2% in August '23, then spiked to 3.1% in October. We anticipate that inflation will rise to 4.0% by year end 2023, peak in 3Q24 and then decline to 4.5% by year end 2024.

- **Commodity Markets**

The oil price was up sharply during 3Q23. However, for 4Q23, quarter-to-date, it is down 15% in USD and 17% in NAD. It bodes well for lower fuel prices in December. Even after considering recent spikes that threaten to halt the progress made on the inflation front, oil is down 39% and gas is down 82% from their eye-watering peaks of last year. Global maize is down 42% from its peak (-30% yoy), while wheat is down 55% from its peak (-21% yoy). SA yellow maize, white maize and wheat prices are all down by about 24% yoy, which bodes well for lower food inflation..

- **Currency**

The US dollar depreciated by 3% month-to-date, but overall, was firm thus far this year, which is attributable to safe haven demand, economic outperformance, and favourable inflation- as well as interest rate differentials. We anticipate USDZAR at 18.50 and 19.00, EURZAR at 20.55 and 21.75 at y/e 2023 and

2024, respectively.

- **Credit Growth**

Credit demand in SA and Namibia remains weak, with PSCE growth at 3.9% and 2.0% yoy, respectively, while in Botswana it is relatively strong at 10% yoy. Money supply growth rates are running at 6.1%, 7.9%, and 4.6%, for the three geographies, respectively. Demand for credit in Namibia remains anaemic but should pick up somewhat in a "normalising" economic environment. However, it is likely to remain far below par. With money supply growth exceeding credit growth with such a margin in Namibia, the money market remains very liquid.

- **Fiscal Policy**

The Mid-Year Budget Review confirmed that the Namibian fiscal trajectory has improved substantially. The debt-to-GDP ratio is now estimated to have reached a peak and is set to decline to below 60% over the next several years. This establishes clear daylight between Namibia and SA. However, it will be a long and winding road to an improvement in creditworthiness. For Namibia, Botswana and SA, debt-to-GDP ratios are expected to peak at 66%, 20% and 78%, respectively. In SA, fiscal slippage is evident in the upward revisions to deficits and debt.

- **Interest Rates**

The mantra quickly became "higher for longer". Nevertheless, we believe that, in general, the apex has been reached for policy rates. Therefore, one of the most aggressive tightening cycles by the Fed in living memory is ending. The Fed Fund rate was hiked by 525bp over 16 months from 0.25%. The full effect of the surge in interest rates is still to be felt in the real economy, especially in residential property markets. The SARB has hiked non-stop since late 2021, 10 times in varying increments, by a total of 475bp from 3.5% to 8.25%. We expect SARB to continue with its hawkish pause, having established substantial real repo and prime rates. BoN lifted its rate to 7.75% on the 14th of June that re-established a 50bp



“discount” to that of the SARB and has since then paused as well. As in the USA, so in SA and Namibia, CB’s (Central Banks) ought to gradually lower interest rates throughout 2024, most likely in 2H24, and into early 2025. At this stage, a cumulative 150bp (1.5%) seems likely.

Ongoing Enhanced Due Diligence and Reverification

Ongoing Enhanced Due Diligence and reverification is an important part of knowing your client and establishing a financial profile for any accountable financial institution.

1. To comply with FICA regulations

In Namibia, as in many other countries, financial institutions are required to comply and adhere with various regulations and laws designed to combat money laundering, terrorism financing, and other financial crimes. One such regulation is the Financial Intelligence Act 13 of 2012 of the Republic of Namibia, which requires Capricorn Asset Management (CAM), as a financial institution, to conduct ongoing due diligence and to periodically reverify the identity of our clients. Failure to comply with these regulations may result in fines, legal penalties, or reputational damage.

2. Risk management

Verifying the identity of clients is an important part of managing risk in the investment industry. By verifying the identity of clients, financial institutions can ensure that they are dealing with legitimate clients who are not using false identities to engage in illegal activities such as fraud or money laundering.

3. Updating client information

Reverification allows financial institutions to continuously update their records with any

changes in their clients’ information, such as a change of address or contact details. This ensures that they can communicate with their clients as needed and can continue to provide quality service.

4. Protecting the institution and the client

Reverification helps protect both the financial institution and the client from fraud and identity theft. By ensuring that the client’s identity is accurate and up to date, the institution can avoid inadvertently releasing sensitive information to fraudsters or scammers who may be using false identities to gain access to accounts.

CAM, as an accountable financial institution continuously review and reverify our clients’ information. We therefore humbly request your co-operation with regards to client information requests. This will aid in keeping your accounts with us in compliance with the Act and thus making transacting more efficient.

Our Administration Team is continuously busy with reverification for all our clients. If you have received an email from the team regarding reverification and have any uncertainties or questions, please do not hesitate to contact us at cam.reverification@capricorn.com.na



When you are contacted by our office to supply us with the relevant documents regarding the reverification process, please only submit these documents via the following means:

- cam.reverification@capricorn.com.na
- the CAM offices
- At any Bank Windhoek branch for the Attention: Capricorn Asset Management