



## Capricorn Corner earns green status

We are pleased to announce a significant milestone for **Capricorn Asset Management** and **Capricorn Private Wealth**: Our new office, **Capricorn Corner**, has become the first operational building in Namibia to receive the prestigious **EDGE Advanced Green Building Certification** from the International Finance Corporation (IFC).

This certification, presented by the EDGE certification partner Green Business Building Certification Inc. (GBCI), underscores Capricorn Group and its entities' commitment to environmental stewardship and sustainability.

Capricorn Corner, located in Klein Windhoek at the intersection of Nelson Mandela Avenue and Hofmeyer Street, embodies our collective dedication to green building practices. Designed to meet world-class standards, our office prioritises energy efficiency, water conservation, and reduced carbon emissions. Through meticulous planning and collaboration with Windhoek Consulting Engineers and Solid Green Consulting, Capricorn Corner achieved remarkable results: 100% energy savings, 36% water savings, and a 46% reduction in embodied carbon in materials.

Janus van der Merwe, Director of Mechanical, Fire & Green Buildings at Windhoek Consulting Engineers, emphasised the significance of this achievement, stating that our certification sets an exceptional standard for environmental performance in Namibia.

Lenore Cairncross, Green Building Lead for IFC in Africa, commended the Group for setting a precedent in sustainable development and that our commitment to green building has the potential to create local employment opportunities and add value to our customers, all while minimising operational carbon impacts.



## Our Bank Details

Our bank details are available on the following 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

Please always ensure that you have verified our banking details on these platforms.

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)



## Capricorn Online: View your investment on the go

With Capricorn Online, managing your investment portfolio has never been easier. Through a secure digital login you are able to easily view and transact on your investment portfolio.

Some of the features include:



View the latest Fund balances and Unit Prices




View statements & tax statements with ad-hoc dates



Change personal details (limited options)

To register for Capricorn Online, simply send and email to [cam.service@capricorn.com.na](mailto:cam.service@capricorn.com.na).



Capricorn Corner's journey to sustainability began amidst the challenges of the COVID-19 pandemic. Despite economic uncertainties, Capricorn Group's bold decision to invest in this project secured jobs and injected N\$110 million into the economy, demonstrating our dedication to driving sustainable growth.

The business benefits of green building includes the reduction of operational costs and the enhancement of asset values. Our commitment to sustainable development is reflected through this achievement and as such the EDGE Advanced certification aligns with our strategic imperatives and enhances our contribution to Namibia's communities.

Capricorn Corner stands as a testament to our Group's values and vision for a sustainable future. As a proudly Namibian building, it represents our longstanding commitment to our people and our country.

## Economic Update

The case for interest rate cuts is fading, as the global consensus starts to crack. In light of the latest real economic data, inflation readings, and "hawkish Fed speak", a higher for longer mantra is developing. Simply considering the Fed's dual mandate, unemployment remains at multi-decade lows, while inflation remains sticky above the 2% target with little prospect of hitting it anytime soon. Furthermore, fiscal policy is too stimulatory, all of which keeps the Fed's foot on the brakes. In light of this, our base case has shifted for the Fed, to implement cuts later than what we previously expected.

The South African Reserve Bank (SARB) does not necessarily have to wait for the Fed before it acts and the Bank of Namibia (BoN) does not necessarily have to wait for the SARB, but they probably will. Therefore, we anticipate that the SARB will hold for the next two meetings and cut in September. The new, still to-be-introduced, midpoint inflation target of 3.5% is complicating matters. Nevertheless, BoN is likely to cut in October. Along with higher for longer, one could term the outlook "later and shallower".

The International Monetary Fund (IMF) in its April World Economic Outlook (WEO) revised the global growth outlook up to 3.2%, mainly as a result of better growth in the USA (+2.7%) and Emerging Markets (EM's +4.2%). China (+4.2%), Brazil (+2.2%), Russia (+3.2%) and India (+6.8%) are all lower compared to last year, but better than previously expected. The outlook for most Developed Markets (DM's +1.7%) was revised down, except for the USA, with its "Goldilocks" scenario intact – not too hot and not too cold. However, forward looking indicators are troubling. The composite leading indicator spells trouble ahead. Yet, the labour market remains tight with strong wages and low unemployment, which do not make a case for lower interest rates.

Economic growth in Namibia reached 4.4% YoY in 4Q23, resulting in an overall growth rate for the year of 4.2%. The extremely strong quarterly growth rates for the mining sector that were initially published, were revised down significantly, in the absence of which real GDP was on track to grow by 7%+. The economy appears set to grow at a robust rate of 4% plus for several years, including 2024. SA continues to flirt with



a contraction in economic activity, but the leading indicator is signaling a possible bottom. The WEO indicates that growth in Botswana is likely to be below average for several years facing a not-so-rosy global diamond market.

The WEO revised the global inflation outlook up a little to 5.9%, following two years (+8.7% and +6.8%) of high inflation, with DM's at 2.6% and EM's at 8.3% in 2024. Generally speaking, DM inflation is expected to reach 2%, on average, starting in 2025. In our view, USA inflation will drift down to 2% only by the middle of next year. Chinese inflation is expected to behave much like that of the DM's over the next several years. In fact, currently, China is flirting with deflation with Producer Price Index (PPI) at -2.8% YoY and Consumer Price Index (CPI) at 0.1% YoY and, combined with a weaker yuan will assist in global disinflation. USA inflation measures have, generally, stabilised with CPI at 3.5% YoY, the Personal Consumption Expenditure (PCE) deflator at 2.5% YoY and PPI at 2.1% YoY. In Europe, CPI is at 2.6% YoY and PPI at 1.3% YoY. UK inflation continues to drift down with CPI at 3.2% and PPI at 0.6% YoY. German PPI is in deflation at -5.1% YoY, down from eye-watering levels of around 40% in 2023. These trends have cemented the view that the European Central Bank (ECB) is likely to lower rates earlier than the Fed, probably by June.

In the SA, inflation registered 5.3% in March in line with our expectations. We anticipate that it will remain around 5% for the next several months whereafter it should resume its downward trend to around 4% by year-end 2024. Inflation in Namibia reached 4.5% in March, helped by fuel prices that remained unchanged following the cuts in December and January. We anticipate that inflation will rise from here, before drifting down to below 4.0% by year-end 2024, followed by a gradual uptrend to 5% by year-end 2025. In Botswana, inflation bottomed at 1.2% in August '23, rising to close to 4%, before reaching 2.9% in March. We anticipate a rising trend to mid-2024, but it should also be below 4% by year-end. Risks to inflation remain OPEC (oil), El Nino (food), Russia/Middle

East (oil and food) and souring EM sentiment (currency).

Turning to commodity markets. Copper is giving a positive signal on global demand – it is up 14% YTD, while oil in Namibia Dollar (NAD) terms is up 18% YTD. There appear to be “catch-up” adjustments in store for fuel prices in Botswana, SA and Namibia. As such energy remains a dark horse and a volatility driver in the inflation picture. Oil is threatening to halt the progress made on the inflation front globally, albeit oil and gas are still significantly lower than their eye-watering peaks of 2022. Grains are a countervailing force with global maize (-32% YoY) and global wheat (-12% YoY) playing a big role in pegging back food inflation. Domestically, SA maize (white +56% and yellow +22% YoY) and wheat prices (-6.4% YoY) are succumbing to El Nino fears, not boding well for food inflation down the line.

The US dollar (USD) is behaving much like we anticipated at the outset of the year, benefiting from safe haven demand, economic outperformance, capital inflows, and favourable anticipated interest rate differentials, appreciating by 3.6% versus the Euro YTD. Against this background, the ZAR (NAD) is fairly firm so far this year, depreciating by “only” 4.9% YTD versus the strong USD. The ZAR (NAD) is very undervalued and ought to be firm from here, perhaps post-elections. Our year-end targets are as follows: USDZAR at 19.00 and 19.20, and EURZAR at 20.70 and 21.90 at year-end 2024 and 2025, respectively.

Growth in credit demand in SA and Namibia remains weak, with Private Sector Credit (PSCE) at 3.3% and 2.2% YoY, respectively, which make a case for lower interest rates, while in Botswana it is relatively strong at 12% YoY. Money supply growth rates are running at 5.7%, 10.3%, and 8.6%, for the three geographies, respectively. It is difficult to see a catalyst for credit demand in Namibia while interest rates remain as high as they are. Mortgages constitute 50% of the banks' asset “book”. Therefore, total PSCE is likely to grow only if and when the property market swings up convincingly.



The phenomena of growing “daylight” between the fiscal trajectories of SA and Namibia remains in place. In SA, a negative fiscal spiral is looming. The interest bill, Eskom, Transnet and Local Authorities are really problematic, aside from immense pressure to increase social spending. By contrast, the Namibian fiscal trajectory is looking much improved, thanks to SACU revenue and a significant economic recovery. Debt-to-GDP ratios are diverging. For Namibia, Botswana and SA, debt-to-GDP ratios are expected at 60%, 20% and 75%, respectively. Regardless, creditworthiness needs to be higher on the agenda of the Ministers of Finance, in our view. Globally, fiscal policy and high indebtedness remain concerning.

Acrimonious elections in Namibia, SA and the USA are looming, which together with the ebb and flow of global geopolitics, will remain overriding determining factors for the economic and policy outlook. “Noise” will no doubt increase, and the socioeconomic environment will become more tense and volatile, while the political landscape is splintering amongst an increasing number of political parties.

## The future of SA payments

The effective date for the new regulation on cross-border payments (PSD-9), to and from South Africa, has been extended to September 2024.

We will provide details to our South African clients being directly impacted by these new regulations of any changes and potential solutions.

### Please Be Vigilant

Fraudsters may attempt to take advantage of these changes and employ various tactics to gain unauthorized access to your financial and sensitive information. Please note that we will not ask for

your personal information and we request you to not divulge any personal information to anyone.

Should you have any questions please contact us at [cam.service@capricorn.com.na](mailto:cam.service@capricorn.com.na)

## Supporting the future generation of Namibia

As a Connector of Positive Change, Capricorn Asset Management (CAM) is pleased to announce the transition of the partnership of the Class of 20xx Project in collaboration with Beautiful Kidz and Anusa to the Capricorn Foundation, a pivotal step in our ongoing commitment to supporting disadvantaged children. CAM proudly acknowledges the Foundation’s capacity to extend comprehensive aid to Beautiful Kidz Namibia and the children they serve, ensuring a broader and more impactful reach.

CAM’s prior support of the Anusa Project, spanning from 2018 to 2023 through the donation of 2811 school uniforms, has been instrumental. The Capricorn Foundation has now continued with the support by contributing N\$120,000 to the Beautiful Kidz Anusa Project to uplift underprivileged children by donating high-quality school uniforms to 350 disadvantaged children attending public schools in Windhoek and supporting the women who manufacture the uniforms to earn an income. This support addresses the challenges these underprivileged children face which affects their self-esteem, attendance, academic performance, and overall well-being.

The aim of the Anusa Project remains unchanged: to uplift underprivileged children and empower them with the tools they need for a brighter future and enable employment opportunities and support for the local women involved.