

December 2013

# MONEY AND BANKING STATISTICS

*"Striving to deliver accurate, reliable and timely statistics"*



## HIGHLIGHTS

- ⇒ **The growth in domestic demand as measured by private sector credit extension increased moderately at the end of December 2013.** This growth in domestic demand was mainly driven by an increase in demand for credit from both business and household sectors.
- ⇒ **Growth in broad money supply (M2) slowed at the end of December 2013.** This slow growth is reflected in both domestic claims and Net Foreign Assets (NFA) of the banking sector.
- ⇒ **The overall liquidity position of the Namibian banking sector declined during December 2013.** The overall liquidity was relatively high throughout the month, and only declined sharply towards the end of the month, mainly due to companies corporate tax payments.
- ⇒ **Namibia's annual inflation increased during December 2013.** The month-on-month inflation rate increased to 4.9 percent in December 2013 from 4.4 percent registered in the previous month. However, on an annual basis, inflation rate of 4.9 percent is 1.5 percentage points lower than the rate registered the same month last year.

VARIABLE	PERCENT
Repo rate	5.50
Prime lending rate	9.25
Average lending rate	8.20
Average deposit rate	3.96
VARIABLE	ANNUAL PERCENTAGE CHANGE
NCPI	4.90
RSA CPI	5.40
Broad money (M2)	12.8
PSCE	14.3
Business credit	13.2
Individual credit	15.0
Mortgage loans	13.2
Installment credit	15.4

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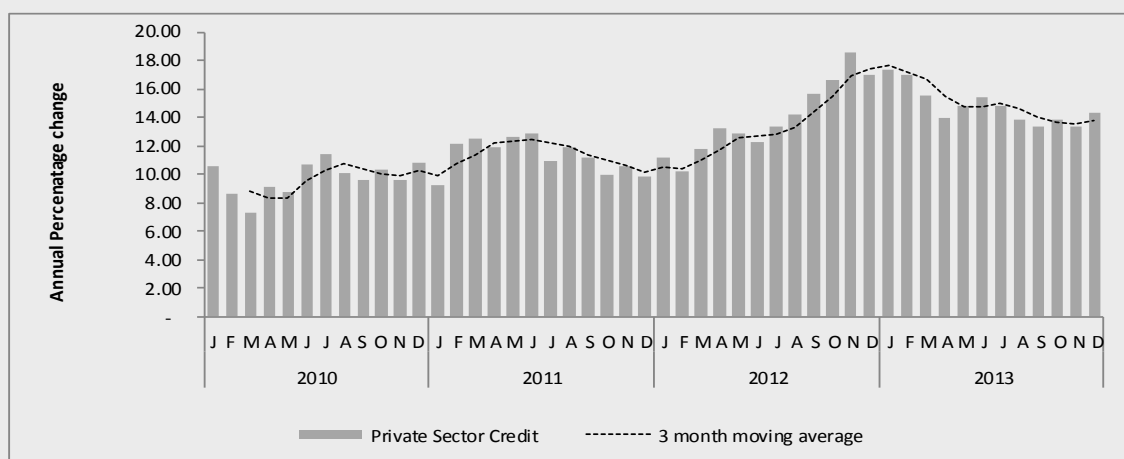
# MONEY SUPPLY & DOMESTIC DEMAND

## Monetary and Credit Aggregates

⇒ **The 12<sup>th</sup>-month growth in M2 slowed at the end of December 2013 as reflected in both the domestic claims and Net Foreign Assets (NFA) of the banking sector.** The annual growth in M2 weakened to 12.8 percent at the end of December 2013 from 14.1 percent recorded at the end of the previous month. The subdued growth resulted from a downward movement in the NFA and domestic claims, which slowed to 22.3 percent and 18.3 percent, respectively, at the end of the review period. The slow growth in domestic claims emanated from a reduction in net central government claims at the end of December 2013.

	December 2012	October 2013	November 2013	December 2013
Net Foreign Assets	-11.7	19.5	25.7	22.3
Domestic Claims	14.7	18.9	20.6	18.3
Money Supply (M2)	4.1	14.8	14.1	12.8

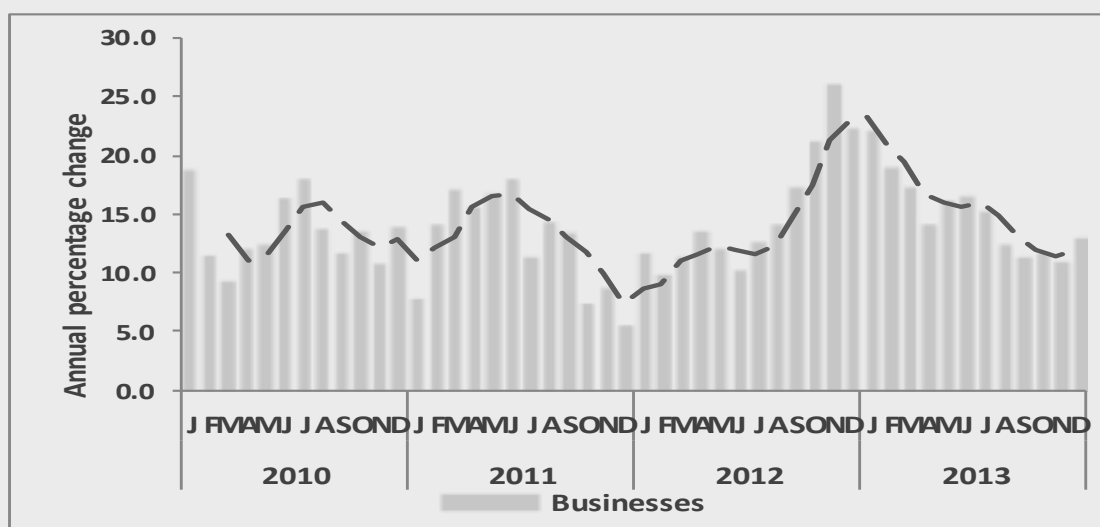
## Private sector credit extension (PSCE)



⇒ **Growth in Private Sector Credit Extension (PSCE) increased at the end of December 2013, due to increased demand for both businesses and individual credit.** Growth in PSCE increased to 14.3 percent at the end of December 2013 from 13.3 percent at the end of November 2013. The improved growth in PSCE partly attributed to increased demand for credit by both corporations and household sectors. On a 12 month basis, growth in PSCE was lower than the 17.0 percent recorded at the end of the corresponding month in 2012.

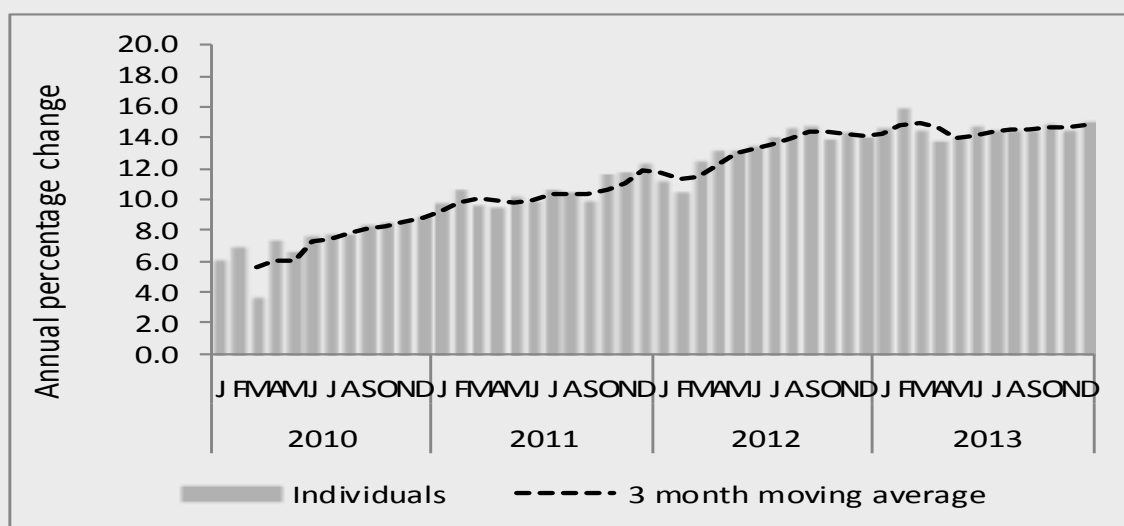
## Lending to Individuals and Businesses

### Credit to businesses



- ⇒ **Growth in credit advanced to the corporate sector increased at the end of December 2013, reflected in most credit categories.** Credit extended to the corporate sector grew by 13.2 percent at the end of December 2013, compared to 11.1 percent recorded at the end of November 2013. This increase was mainly reflected in the credit categories; mortgage loans and loans and advances.

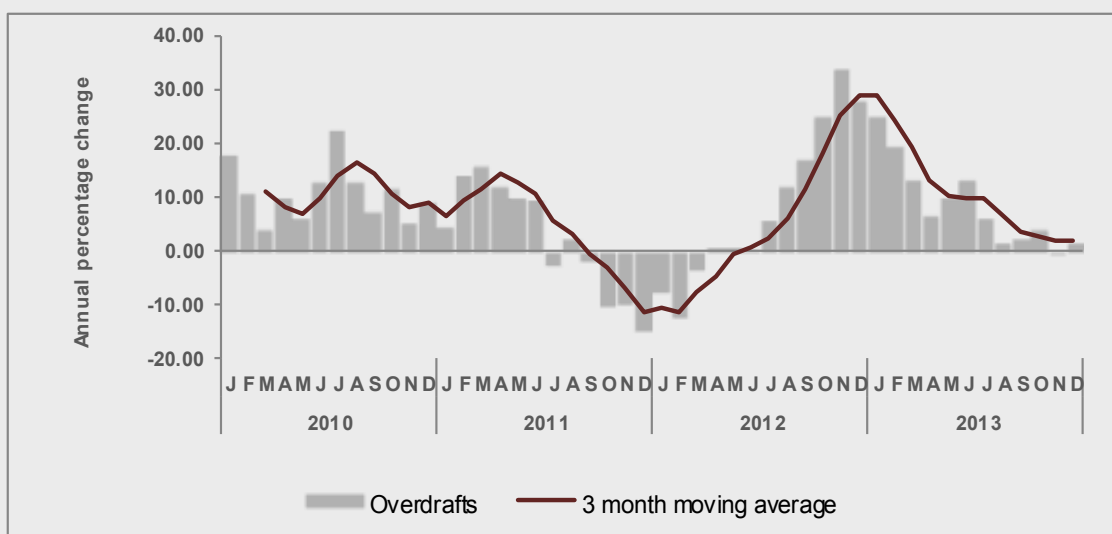
### Credit to individuals



- ⇒ **The annual growth in credit extended to individuals increased at the end of December 2013.** Credit extended to individuals recorded an annual growth of 15.0 percent at the end of December 2013, compared to 14.7 percent at the end of the preceding month. On a 12 month basis the current growth is, higher than the 14.0 percent recorded at the end of the corresponding month in 2012. The increase in credit extended to individuals was primarily reflected in mortgage and overdraft categories, while instalment credit remained robust at the end of the review period.

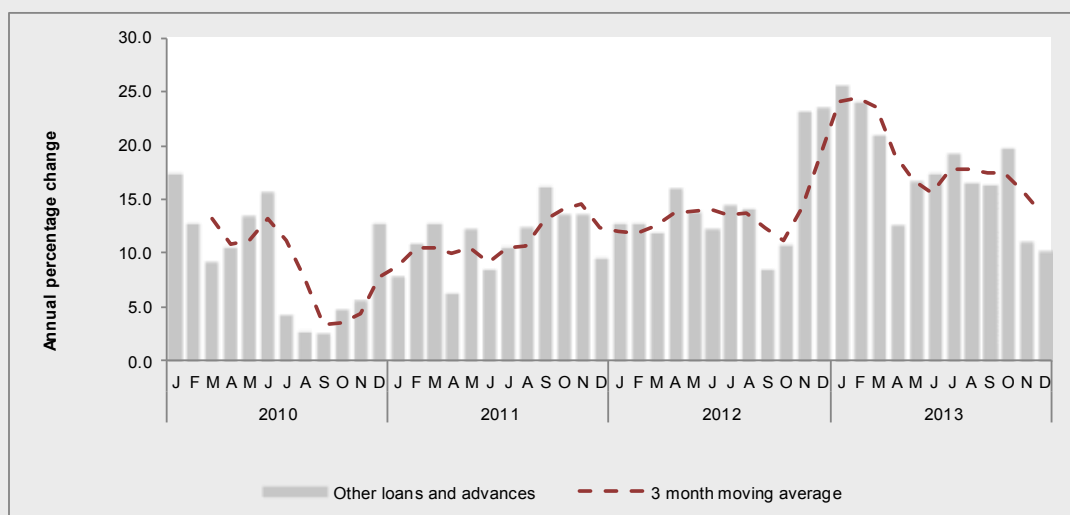
## OTHER CREDIT EXTENDED

### Overdraft lending



⇒ **Growth in overdraft lending increased at the end of the review period.** The annual growth in overdraft credit increased by 1.7 percent at the end of December 2013 from a contraction of 0.4 percent at the end of the preceding month. The positive growth emanated from increased borrowing by household sectors at the end of the review period. However, this expansion is lower than the 28.0 percent recorded in the corresponding month in 2012.

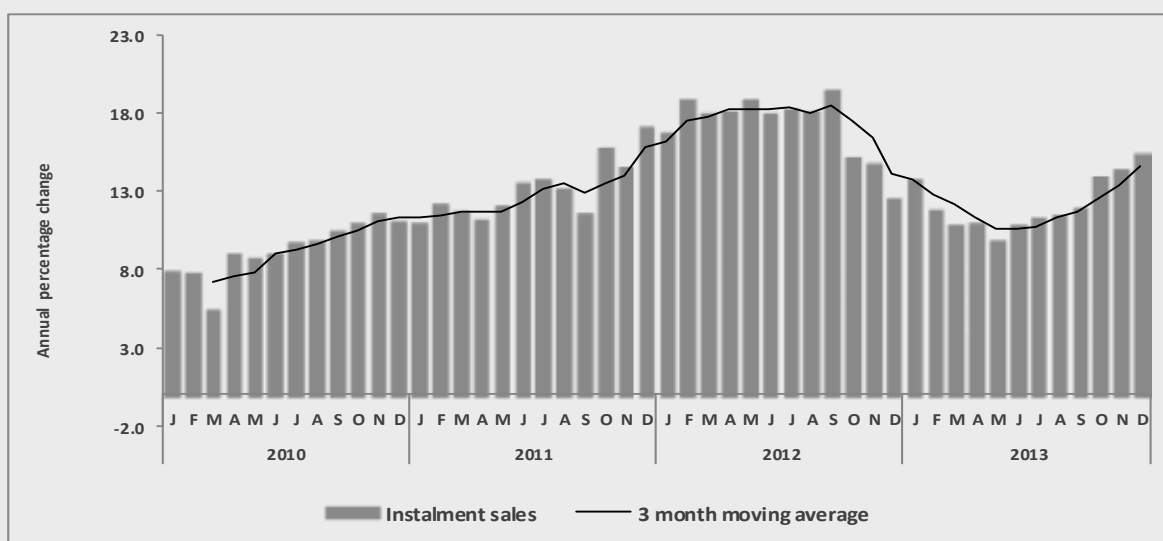
### Other loans and advances



⇒ **The annual growth in other loans and advances (i.e. *personal loans and credit card advances*) slowed at the end of December 2013.** Growth in other loans and advances, recorded a slower growth of 10.2 percent at the end of December 2013, compared to 11.3 percent recorded at the end of the previous month. This slow growth was mainly attributed to a decline in borrowings by the corporate sector.

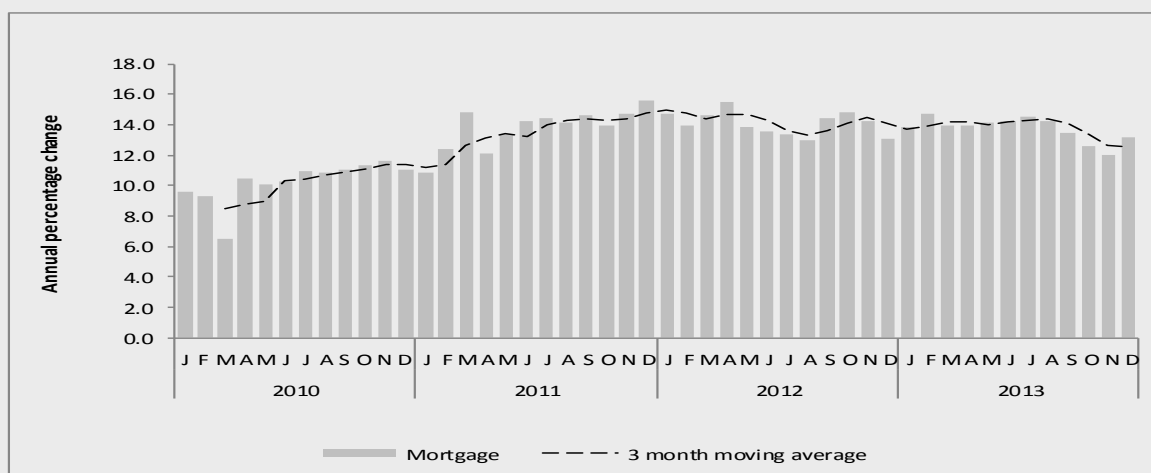
# INSTALMENT & MORTGAGE CREDIT

## Installment sales



⇒ **Instalment credit registered a higher growth rate at the end of December 2013 compared to the previous month.** The annual growth in instalment credit increased to 15.4 percent at the end of December 2013 from 14.5 percent recorded at the end of preceding month. The increase is mirrored in the increase in instalment credit of both the household and corporate sectors, which increased by 16.6 percent and 13.4 percent, respectively, at the end of 2013. However, the average of the 12-months showed a slow growth of 12.6 percent, compared to 17.3 percent recorded over the same in 2012.

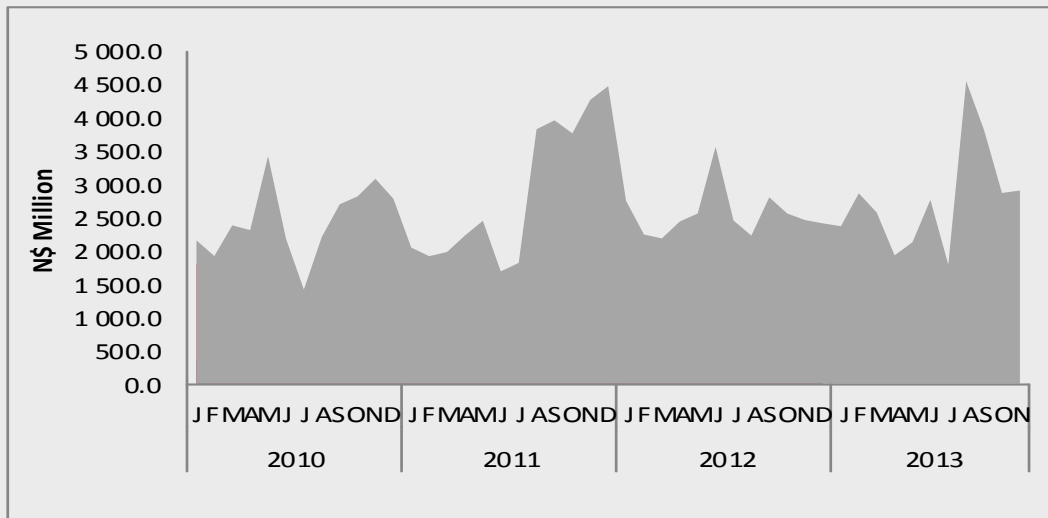
## Mortgage lending



⇒ **The annual growth in mortgage lending increased at the end of December 2013.** Growth in mortgage lending increased to 13.2 percent at the end of December 2013 from 12.0 percent at the end of the preceding month. The higher growth in mortgage lending emanated from mortgage advances to both households and businesses. The category mortgage lending accounted for 52.3 percent of total credit extended to the private sector

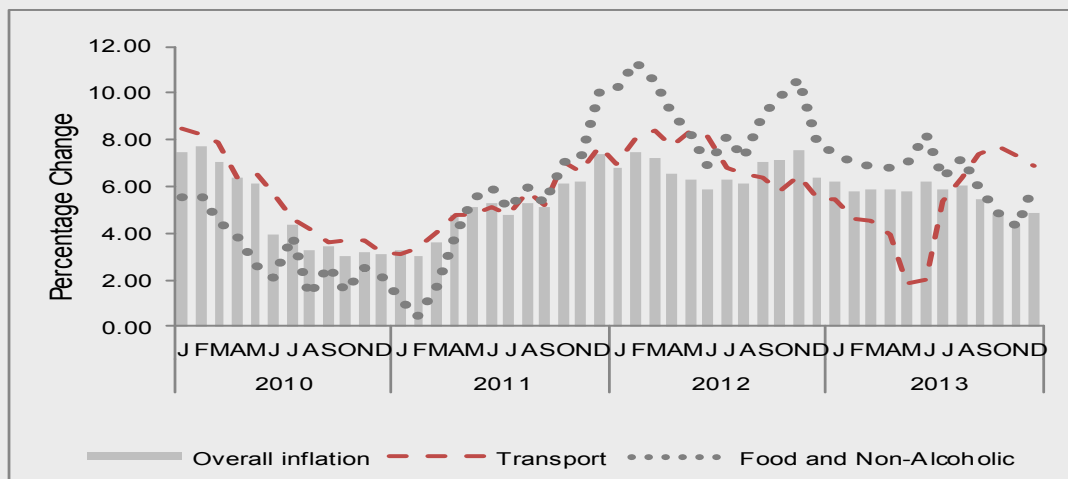
## COMMERCIAL BANK LIQUIDITY POSITION & INFLATION

### Commercial Bank's liquidity<sup>1</sup> position



⇒ **The overall liquidity position of the banking industry declined in December 2013, when compared to the preceding month.** The liquidity position of the Banks averaged N\$2.7 billion during December 2013, which is lower than the N\$2.9 billion observed during the preceding month. This decrease in overall liquidity is partly explained by the huge corporate tax payments made during December, as such a withdrawal of liquidity from the system into the state account.

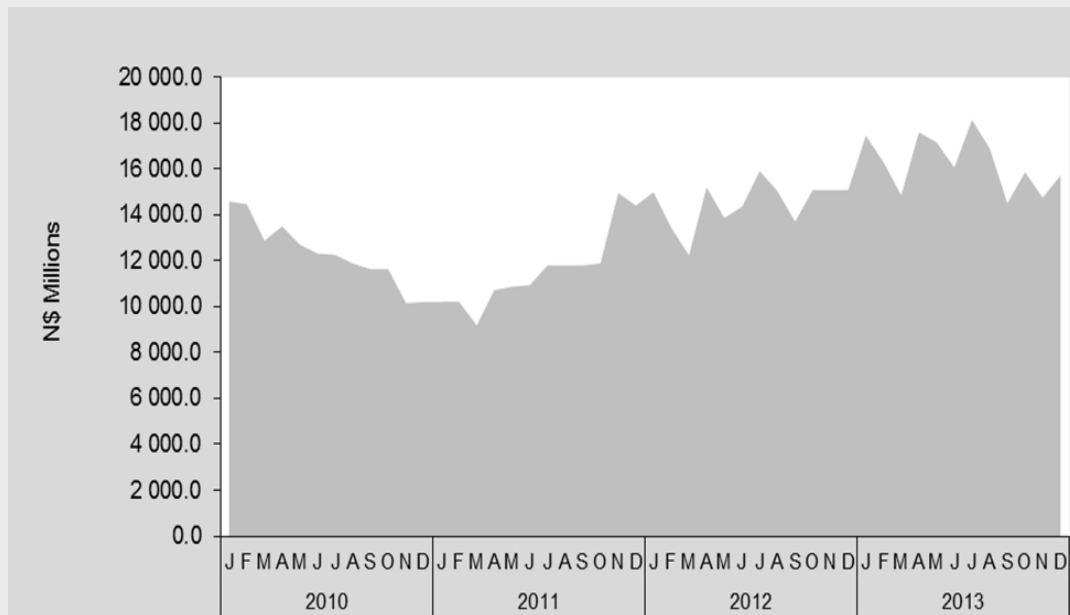
### Inflation



⇒ **Annual inflation for all items decreased in December 2013, driven by a decline in transport inflation.** Namibia's annual inflation for all items declined to 4.9 percent in December 2013 from 6.4 percent recorded in the corresponding month of 2012. However, on a monthly basis, December inflation is 0.5 percentage points higher than inflation in November.

1. Liquidity is defined as the holdings of reserves of the commercial banks with the Bank of Namibia, i.e. their balances of the required reserves account, current account and the call account and their liquid balances held in South Africa.

## Foreign Reserves



⇒ **The stock of foreign reserves increased, month-on-month, by 9.4 percent to N\$15.7 billion (US\$1.4 billion) at the end of December 2013.** The increase in reserve holding is mainly attributed to commercial banks sales of Rands, as well as the depreciation of NAD against major international currencies during the review period.