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Bank of Namibia Corporate Charter

MISSION

The mission of the Bank of Namibia is to promote monetary and financial stability in the interest of the Nation's sustainable economic growth and development.

VISION

Our vision is to be a centre of excellence - a professional and credible institution, a leader in the areas of economics, banking and finance, driven by competent and dedicated staff.

VALUES

We are committed to service excellence.

We uphold integrity, impartiality, open communication and transparency.

We care for our staff, their well being and their contribution to the organisation.

We value teamwork.

NAMIBIAN ECONOMIC INDICATORS

	1992	1993	1994	1995	1996	1997	1998	1999
Economic Indicators								
Population (Millions)	1.4	1.49	1.54	1.59	1.64	1.69	1.75	1.8
Namibia Dollar per US Dollar	2.85	3.26	3.55	3.63	4.27	4.60	5.49	6.11
Gini Coefficient						0.7	0.7	0.7
Real Sector								
GDP (N$ mil.) (current prices)	8050	8587	10576	11694	13421	14901	16826	18737
% Change		6.7	23.2	10.6	14.8	11.0	12.9	11.4
GDP (N$ mil) (constant prices)	7017	6897	7335	7607	7770	7975	8165	8410
% Change		-1.7	6.4	3.7	2.1	2.6	2.4	3.0
GDP per capita (N$) (constant Prices)	4830	4601	4744	4772	4729	4702	4666	4680
% Change		-4.7	3.1	0.6	-0.9	-0.6	-0.8	0.3
Inflation	17.7	8.5	10.8	10.0	8.0	8.8	6.2	8.6
Monetary & Financial Indicators								
Broad Money (M2) Annual Growth Rate	28.5	21.5	29.7	23.4	24.3	7.6	10.7	20.4
Narrow Money (M1) Annual Growth Rate	28.5	53.7	17.9	5.5	64.0	1.1	30.1	24.1
Domestic Credit (N$ millions)	3477.0	4357.3	5398.1	6713.5	8431.9	9257.7	10537.8	12356.0
Private Sector Credit (N$ millions)	3082.9	3854.2	4916.9	6262.3	7016.2	7956.1	8752.8	9233.7
% Change	30.2	25.0	27.6	27.4	12.0	13.4	10.0	5.5
Prime Rate	18.9	16.5	15.8	18.3	19.8	20.5	21.8	19.43
Bank Rate	17.9	15.4	14.8	16.9	17.5	17.3	18.5	14.08
Treasury Bill Rate	13.9	12.2	11.3	13.9	15.2	15.7	17.3	13.3
Call Account Rate	-	-	-	-	14.1	14.5	15.7	12.7
Average Deposit Rate	11.4	9.6	9.2	10.8	12.6	12.7	13.0	10.82
External Sector								
Trade Balance	-221.9	-136.8	-304.7	-470.5	-390.3	-1285.2	-1579.8	-1090.6
Current Account Balance	142.9	359.8	305.3	724.3	718.9	393.7	446.6	940.2
Overall BoP Balance	-18.7	298.4	266.3	87.3	98.5	312.3	309.4	348.7
Net Foreign Assets	-99.0	-132.3	-208.0	-335.6	943.6	876.9	1332.3	2262.1
Gross Official Foreign Reserves	142.4	455.6	719.6	809.3	907.7	1219.0	1527.2	1877.0
Import Cover in Weeks	1.6	4.3	6.0	5.5	5.2	6.3	7.3	8.3
Public Sector								
Government Budget Surplus/Deficit as % of GDP		-2.4	-1.8	-3.9	-6.4	-2.8	-4.8	-4.5
Domestic Borrowing (Millions)	757.4	1285.5	1551.5	2059.4	2755.4	2514.9	3365.5	4112.3
External Borrowing (Millions)	465.6	490.0	475.0	496.6	487.8	353.8	545.3	729.0
As % of Exports	12.4	11.6	10.1	9.7	8.1	5.7	8.2	9.6
Total Public Debt	1223.0	1775.5	2026.5	2556.0	3243.2	2868.7	3910.8	4841.3
As % of GDP	14.3	13.7	18.6	21.1	23.7	19.0	24.0	27.0

Source: Central Bureau of Statistics
Bank of Namibia
Ministry of Finance

CONTENT

1. REVIEW OF ECONOMIC CONDITIONS

The global economic conditions seem to have recovered strongly in sharp contrast to the slowdown witnessed in 1997-98. The latest economic outlook of the IMF places global output growth at 4.4 per cent in 2000. The optimistic outlook could partly be attributed to the somewhat stronger growth witnessed in the United States of America and the emerging market countries in Asia. The economic activity in the Euro zone, which picked up in the third quarter of 1999, continued into the first quarter of 2000 in the wake of stronger demand for exports. The growth rate of Africa is expected to recover to a level of over 4 per cent in 2000. While the global scenario presented an optimistic note GDP growth in South Africa increased only marginally i.e. by 0.3 per cent during the first quarter of 2000, though recent evidence suggest that growth could be higher at 2.5 per cent.

The Namibian economy seems to have recorded a recovery in the first quarter of 2000 as shown by the economic indicators. The real GDP in the first quarter recorded a growth rate of 1.2 per cent as compared with a modest growth of 0.2 per cent in the first quarter of 1999. The improved growth performance was on account of higher growth registered by government followed by transport and communication. Agriculture, construction and fishing sectors have also recorded moderate growth rates. The tourist recorded the lowest growth. On the other hand output of the manufacturing, mining and retailing sectors declined. Inflation this year started off relatively low at 7.7 per cent in the first quarter form 8.8 per cent in the last quarter of the previous year.

The monetary policy stance of Namibia continues to be the pursuance of price stability with growth. The Namibian Bank rate remained at 11.5 per cent since November 1999. Broad money supply (M2) and narrow money supply (M1), declined over the first quarter of 2000 after a slight increase in the fourth quarter of 1999. The decline in M2 is partly attributable to a fall in the net foreign assets of the banking system and claims on the central government. The private sector credit on the other hand had an expansionary effect on the money supply. During the quarter under review, Namibia's international reserves declined by N$ 161 million to N$ 1.7 billion at the end of March 2000, representing an import coverage of about 8 weeks.

The upward trend in the growth of private sector credit, covering credit of commercial banks and other banking institutions, which manifested in the fourth quarter of 1999, continued its course in the first quarter of 2000, recording a quarterly growth of 3.5 per cent. This signals an expansionary trend in the private sector credit, in particular credit to the businesses in response to relatively low real rates of interest prevailing since the middle of 1999. The growth in private sector credit was also reflected in the tight liquidity conditions of the commercial banks as reflected in the changes in their net foreign assets position and the credit to deposit ratio.

The Namibian Stock Exchange (NSX) picked up dramatically during the first quarter of 2000, as against a moderate trading in the preceding quarter. The buoyancy in the market is also reflected in rising volumes traded both in the local and overall segments of the market.

The total revenue and grants during the fourth quarter of fiscal year 1999/2000 (i.e. first quarter calendar year) declined by 25.7 per cent (from N$ 1.7 billion) over the preceding quarter. The decline in revenue was mainly on account of a fall in the tax revenue from N$ 1.6 billion to N$ 1.1 billion. The total expenditure on the other hand recorded an increase of 17 per cent over the preceding quarter of 1999/2000 fiscal year i.e. fourth quarter of the calendar year 1999. The treasury bills and government stock issued during the first quarter of the year 2000 amounted to N$ 1.9 billion compared to an issue of N$ 1.6 billion in the corresponding quarter of the preceding year. The Internal registered stock amounted to N$ 41 million in the first quarter of 2000 representing an increase of 14 per cent over the corresponding quarter of the preceding year.

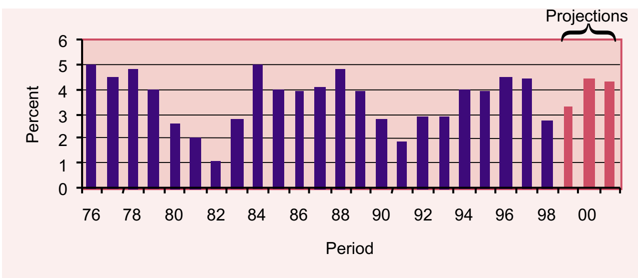
The total value of exports in Namibia during the first quarter of 2000 have been adversely affected by the decline in the value of diamonds; the value of diamonds having declined from N$ 811.6 million in the fourth quarter of 1999 to N$ 636.7 million in the first quarter of 2000. The value of other minerals also declined from N$ 272.9 million to N$ 172.4 million during the same period. The decline in the value of diamonds exported in the first quarter of 2000 occured in the wake of a simultaneous decline in the volume of diamond carats exported (0.7 per cent) and in the diamond market selling price (20.9 per cent).

On the trade front, the value of the Namibia dollar as indicated by the export weighted nominal effective exchange rate (NEER) depreciated by 0.65 per cent during the first quarter of 2000, whereas the export-weighted Namibia dollar depreciated in real terms by 9.35 per cent as compared to the preceding quarter.

2. INTERNATIONAL OUTLOOK

Global economic and financial services recorded a dramatic recovery during 1999. The signs of a strong recovery are still in evidence in recent months. It is noteworthy that the momentum of the recovery from the 1997-98 slowdown has proven to be much stronger than anticipated. The latest economic outlook of the IMF places the global output growth at 3.3 per cent in 1999 compared with a projected level of only 2.2 per cent at the end of 1999. The world GDP growth for 2000 is now estimated at 4.4 per cent. The positive turnaround may be attributed to a stronger growth witnessed in the United States of America and the emerging market economies in Asia, apart from contributions from other regions. The growth in the US economy was primarily driven by the domestic demand and gains in productivity. In the Euro zone the growth in economic activity, which picked up in the third quarter of 1999 persisted in the first quarter of 2000 in the wake of stronger demand for exports. Economic growth for Africa is estimated at 2.3 per cent in 1999 and is projected to recover to a level of over 4 per cent in 2000. While the global scenario presented an optimistic note, the GDP growth in South Africa increased only marginally by 0.9 per cent during the first quarter of 2000. The slowdown in growth was mainly attributable to the weak performance of the agricultural sector, which declined by 17 per cent. Nevertheless, growth prospects for 2000 seem to be brighter, the expected rate of growth being at 2.5 per cent. Growth prospects for Namibia also improved during 1999, as domestic output is expected to increase by 3 per cent as compared with 2.4 per cent in 1998. It is expected to record a higher level of growth in the range of 3-4 per cent during the current year.

Chart 2.1 World GDP Growth (per cent)



Source: ABN AMRO

The prospects on the external front however, seem to depend much on the outcome of emerging developments on the global front, particularly in the USA. There are concerns about possible misalignment of several key currencies relative to what would be consistent with medium term fundamentals, notably with the emergence of the US dollar as a strong currency via a vis the euro. Closer home, the impact of the US dollar was seen on the South African Rand. Since the beginning of this year up to the end of May, the Rand (and the Namibia dollar) lost about 13 per cent of its value against the US dollar. Another concern is the very high stock market valuation in certain parts of the world particularly in the US economy. Property prices have also been rising sharply in some economies. Experience shows that such asset price inflation can be very destabilising, because it may encourage households and the business sectors to over consume and over invest. In addition, there is a danger that the financial system may become vulnerable to an eventual downward correction in asset prices. This in turn may lead to a rise in US interest rates and a slower growth in the US. Slower US growth and higher US rates would have ramifications for other regions. Latin America would be hit hard and Asia would suffer as it's exports would be adversely affected. Hong Kong and Argentina would have to hike their rates in line with the US given their currency arrangements, the spill over effects of which would eventually be felt on the Southern African sub-region.

The recovery of the global economy has been offset slightly by the doubling of oil prices since early 1999. The price of oil reached a record high of US$ 32.5 per barrel in the first quarter of 2000[1]. Expectations are, however, that the price of oil will continue to fall during the course of the year and, according to international commodity analyst, it is expected to average about US$ 23 per barrel in 2000 and US$ 20 per barrel in 2001. Although the sharp increase in the oil price led to an improvement in economic conditions of some oil exporting countries, the oil importing countries however, suffered in terms of rising inflationary pressures. There was an increase in the headline inflationary conditions in many

[1] In the local currency it is N$ 227.5 per barrel.

economies in the world, including economies in the southern part of the African continent. With the risk of inflation on the upside monetary authorities in the major financial centres, with the exception of Japan, are expected to tighten monetary policy in the second and third quarters of 2000. There were already signs of inflationary pressures in the first quarter of 2000 in South Africa.

In the wake of expectations about inflationary pressures persisting, the adoption of a tight monetary policy stance by the South African Reserve Bank in a bid to contain the price level is not altogether ruled out. Simultaneously, the renewed weakness of the Rand seems to suggest a firming of interest rates in Namibia and South Africa in the second half of the year.

3. REAL SECTOR AND PRICE DEVELOPMENT

3.1 Gross Domestic Product

The namibian economy seems to have restored its growth path in the first quarter of 2000. The real GDP in the first quarter recorded a growth rate of 1.2 per cent as compared with a modest growth of 0.2 per cent in the first quarter of 1999. The higher growth performance was achieved in the wake of higher growth registered by government and the transport and communication sectors. The agriculture construction and fishing sectors have also recorded moderate growth while tourism recorded the lowest growth. On the other hand, the output of the manufacturing, mining and retailing sectors recorded declines.

3.2 Performance of the Primary Sector

The primary sector consists of three sub sectors, namely agriculture, fishing, and mining. In the first quarter, growth in this sector was dominated by the agriculture and fishing. The mining sector, however, registered a negative growth.

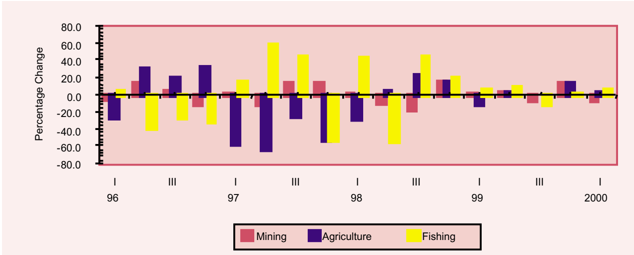
Mining

Output in the mining sector decreased by 4.1 per cent in the first quarter of 2000 as compared to growth of 12.2 per cent in the first quarter of 1999. This decline stems mainly from declines in the production of diamond and uranium, which fell by 5.3 per cent and 2.6 per cent respectively. The lower uranium output reflects deliberate cutbacks by Rossing Uranium in response to low uranium prices. It also reflects operational difficulties faced by the company at the mine.

The output of gold recorded a substantial improvement in the wake of somewhat stable gold price in the international markets. Of late the market as well as price of gold are volatile. In view of this, further improvement in output depends mainly on the continuing good performance of Japan and South East Asian countries.

A significant development during the first quarter of 2000 in the mining industry has been the take over of the TCL mines by the Ongopolo Mining Company, the latter being a consortium formed by the former TCL managers and the Mine Workers Union (MUN). Operations at the TCL mines will resume during the second quarter of 2000. This is expected to boost the output of the mining industry.

Chart 3.1 Growth in Primary Sector Output



Agriculture

The agriculture sector recorded a growth of about 1.8 per cent in the first quarter of 2000 compared with a decline of 11.6 per cent in the corresponding quarter of 1999. The improvement was due to the increase in small stock marketed which more than offset the decline in the number cattle marketed. The number of small stock marketed increased substantially by 46.0 per cent, following the unusually good rainfall, which aided their fast maturity. In contrast, the number of cattle marketed declined by 18.0 per cent.

According to the early warning unit of the Ministry of Agriculture, the forecast for the production of cereals is expected to be lower than that of last year's due to the stormy rainfall that destroyed some crops. The communal harvest for white maize is estimated to be at 15 794 tons and 73 376 tons of millet. The commercial millet harvest is estimated to be at 32 060 while yellow maize will be 488 tons and 95 tons for millet.

Ostrich production remained stable in the quarter under review despite the devastating floods this year. It is however expected that the slaughter of the birds will double in the next slaughtering season, which starts from July 2000 to June 2001. The effects of the floods during the first quarter might only be felt in the year after since the birds that were destroyed were expected to be slaughtered for the 2001/2002 season.

Fishing

The output in the fishing industry recorded a growth of 5.7 per cent in the first quarter of 2000 as compared with an output growth of 6.8 per cent registered in the corresponding quarter of 1999. The growth in output was mainly attributable to increases in the catches of hake, horse mackerel and orange roughy. There were no catches for pilchards in the first quarter of 2000, because the season for pilchards starts from the second quarter and ends in the third quarter. The outlook for the pelagic industry remains bleak due to the low total allowable catches (TAC) allocated and the low announcement of the TAC. It is expected that the decline in landings in the pelagic industry will, however, be offset by the good performance in the landings of other species.

The surveys conducted by marine scientists to determine the stock of the pelagic fish biomass were only concluded in March 2000, and therefore the announcement of the (TAC) allocation was only announced in May. The results from the surveys established that there was 180 000 tons of biomass and out of this figure 130 000 tons were juvenile fish and the remaining 50 000 tons were adults. Due to the low stock the TAC for pelagic was reduced from 42 000 tons in 1999 to 15 000 tons in 2000. This reduction in the TAC allocated for the pelagic industry will have a negative impact on the manufacturing sector as this forms a big input of the manufacturing process. The operators in the industry on the other hand expected a TAC of between 25 000 to 35 000 tons in order to sustain their operations. The survey conducted by the Bank of Namibia in the first quarter of 2000, found that the marketing problem experienced by the pelagic industry in 1999 is no longer there as they have managed to sell their entire stockpile both in their big South Africa market, the UK, and the floodstricken Mozambique. Despite the increase in fishing TAC allocated to companies in South Africa, the pelagic industry strongly feels that the 15 000 tons allocated to them is not enough and will create uncertainty of supply in the market and will hamper their efforts to penetrate international markets.

Table 3.1 Provisional Allocated Total Allowable Catches by Major Fish Species

Species	1997	1998	1999	2000	% Change
Crab	2 000	2 000	2 000	2 000	0
Alfonsino	10 000	N/A	N/A	N/A	-
Horse Mackerel	350 000	375 000	375 000	410 000	9.3
Rock Lobster	260	260	300	350	16.6
Hake	120 000	165 000	195 000	194 000	-0.5
Pilchard	25 000	65 000	55 000	15 000	-72.7
Orange Roughy	12 000	12 000	9 000	2 400	-73.3

3.3 Performance of the Secondary Sector

Three sub sectors namely, manufacturing, construction, electricity and water make up the secondary sector. The sector recorded a negative growth due to the poor performance of the manufacturing sector and water and electricity. The construction sub-sector has, however recorded a slight growth.

Construction

Construction's value added expanded by 1.2 per cent compared with a substantial contraction of 12.9 per cent in the same quarter last year. The expansion in construction activities is also reflected in the total credit extended by the commercial banks to the construction sector. Credit extended to this sector increased by N$ 38.9 million or by 4.0 per cent. The value of building plans passed fell by 3.3 per cent, while the value of building plans completed experienced a positive growth rate of 5.0 per cent. The prospects for 2000 looks bright as major projects are in the pipeline. The skorpion construction activity is scheduled to commence soon, and the Naval Base at Walvis Bay and desalination plant would further add to growth. The Northern Railway Network valued at around N$ 400 million will have a significant positive impact on the industry. The increase in capital expenditure of government to N$ 1.3 billion and also the low level of interest rate, if sustained, may boost the construction sector.

Electricity and Water

The value added in respect of electricity and water declined by 9.0 per cent during the quarter under review against a growth rate of 10 per cent in the same quarter of last year as well as a substantial growth of 42 per cent in the fourth quarter of 1999. In this quarter, the nominal turnover for the sector increased slightly by 0.5 per cent. The decline in this sector is recorded in the water sub-component as it has contracted 22 per cent in the first quarter of 2000 against a growth rate of 6 per cent in the corresponding quarter of the preceding year. The contraction occurred despite a tariff hike of 8 per cent in the mid of last year. The heavy rainfall experienced in most parts of Namibia at the beginning of the year contributed significantly to the low demand for water. In other words the farmers, especially in the south and in the north were not getting water from the water supplier to irrigate their crops, instead they used rainwater for irrigation.

Manufacturing

Overall, the manufacturing sector recorded a negative growth rate of 11 per cent in the first quarter of 2000 as against negative growth rates of 6.9 and 28.9 per cent in the first and fourth quarters of 1999, respectively. The poor performance is chiefly attributed to the fishery sector, which is still bottoming out of last year doldrums. Fish processing displayed better performance in the first and the fourth quarters of the previous year. The thousands of tons of stock reported stockpiled in the fourth quarter of 1999 have now been reduced with reported sales to the Democratic Republic of the Congo and Mozambique. Meat processing did not do that well to offset a subdued growth in the fish processing. The construction-support-industry had a dismal per-formance while, chemicals had an outstanding growth during the first quarter of 2000. The value added of leather products recorded a robust growth due to an improvement in prices on the international market, which had been down in the last couple of quarters. On the other hand, the demand for jewelry products was very low on account of higher prices. The beverages industry, normally the driving force in the sector, recorded a moderate growth.

3.4 Performance of the Tertiary Sector

The tertiary sector consists of the wholesale, retail, tourism, transport and communication, financial intermediation and government services. The sector is heavily dominated by government services accounting for about 49 per cent of it.

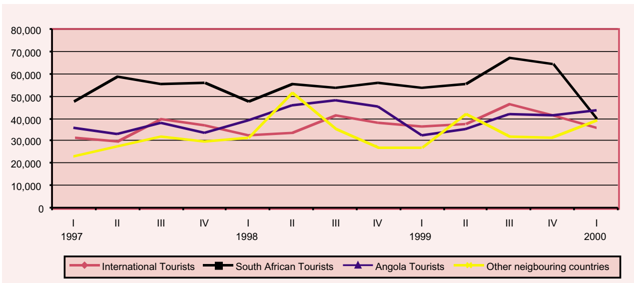
Retail Sector

The retail sector's value added fell by 7.5 per cent during the first quarter of 2000 as compared to a decline of 3.7 per cent in the first quarter of 1999. The decline in value added of the retail sector is particularly reflected in the sharp decline of 57.7 per cent in the furniture retailing sector. However, the clothing, supermarkets and vehicle sectors recorded a positive growth rates of 19.9, 1.1 and 12.1 per cent, respectively.

Tourism

The tourism sector recorded a lower growth of 0.5 per cent in the quarter under review as compared to 0.9 per cent in the corresponding quarter of the preceding year. The value added for hotels and restaurants recorded a growth of 4.3 per cent while the number of international and South African tourists declined by 1.3 per cent and 6.5 per cent respectively. The slow growth in the tourism industry was attributable to the perceived continued situation of unrest on the Namibia - Angola borders.

Chart 3.2 Number of Tourist Arrivals



Financial Intermediation

The value added for the banking industry contracted by 48.2[1] per cent during the quarter under review as compared to 30.4 per cent during the corresponding quarter of 1999 and a decline of 14.8 per cent in the fourth quarter of 1999. The decline can

[1]The output of financial intermediaries is measured as: interest income minus income from own funds minus interest expenses plus fees and commissions equal output.

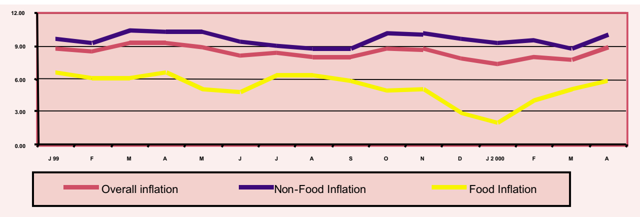
be attributed to a substantial decline in overdraft facilities (29.8 per cent), installment debt, hire purchase and suspense sales and other fixed term loans (27.7 per cent) and mortgage loan of 4.0 per cent. As a result of falling interest rates, interest income went down by 19.8 per cent. Trading and investment income increased substantially from N$ 42.4 million or by 44.3 per cent. Trading and investment income for the final quarter of 1999 was N$ 42 million.

3.5 Price Developments[2]

Inflation this year started off relatively low at 7.7 per cent in the first quarter from 8.8 per cent in the last quarter of the previous year *(Chart 3.3).* The corresponding rate during the first quarter of 1999 was 8.9, which marked the highest increase during that year.

On a quarterly basis, inflation increased in the first quarter of this year by 0.73 per cent. This rate is slightly lower than the corresponding quarterly rate of 0.75 per cent, but higher than the rate of 0.50 per cent recorded in the last quarter of the previous year.

Chart 3.3 Price Trends

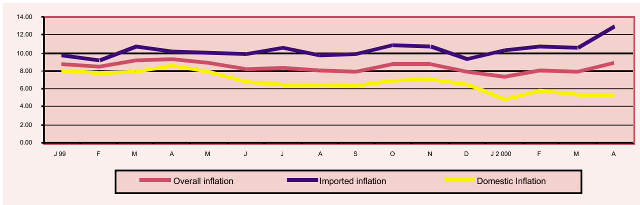


The increase in fuel price in the world market, has been the main source of inflationary pressure in the last half of 1999. In the first quarter of 2000, inflation was mainly spurred by increases in the recreation index (particularly due to a large increase in school and related fees) and the beverage & tobacco index (following the increase in “sin” taxes of these items in South Africa as per announcement in the Budget in February).

Food inflation (which accounts for 28.4 per cent of the total CPI weight) recorded an increase of 3.8 per cent in the first quarter of 2000 *(Chart 3.3).* This marked the lowest increase for food inflation since the fourth quarter of 1998, and was attributed to good rainfall experienced during 1999/2000 rainy season. The non-food inflation stood at 9.3 per cent, 1.6 percentage point higher than the overall inflation recorded in the quarter under review.

The overall domestic inflation was relatively low, as it stood at 5.4 per cent in the first quarter of this year. The corresponding rate in the same period of last year was relatively higher at 8.0 per cent. However, imported inflation recorded high at 10.6 per cent in the first quarter of this year, compared with a rate of 9.9 per cent recorded in the same period of last year *(Chart 3.4).*

Chart 3.4 Overall, Imported and Domestic inflation



Inflation in South Africa rose from 1.9 per cent in the fourth quarter of 1999 to 2.8 per cent in the first quarter of 2000. This increase is largely attributed to increases in the transport index (due to a rise in the local petrol price), the food index (due mainly to flood damage, which created shortages in certain food types) and tobacco index. The monthly data reveal a rising trend, recording 2.6 per cent in January to reach 4.5 per cent in April.

In view of the two consecutive increases in the local fuel price in April and May this year and the current instability of the domestic currency, a noticeable inflationary pressure could be foreseen. The fuel increase in April has already found expression in high inflation of 8.9 per cent. It also influenced the imported inflation substantially, recording 13.0 per cent during this month *(Chart 3.4).*

[2]The percentage changes are calculated by comparing the current quarter to the corresponding quarter of the previous year, unless otherwise stated.

4. MONETARY DEVELOPMENTS

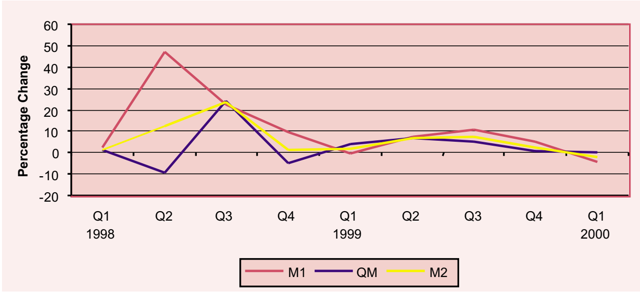
The quarterly growth rate of both broad money supply (M2) and narrow money supply (M1), declined over the first quarter of 2000 after a slight increase in the fourth quarter of 1999. However, on an annual basis, the growth rate of money supply accelerated from 12.6 per cent at the end of March 1999 to 15.7 per cent at the end of March 2000. The decrease in M2 during the first quarter of 2000 is attributable to decreases in the net foreign assets of the banking system and claims on the central government. Private sector credit on the other hand had an expansionary effect on the money supply. During the quarter under review, Namibia's international reserves declined by N$ 161 million to N$ 1.7 billion at the end of March 2000, representing an import coverage of about 8 weeks.

4.1 Monetary Aggregates

The growth rate of broad money supply (M2) declined slightly by 2 per cent or N$ 188 million in the first quarter of 2000, compared to an increase of 2.6 per cent in the last quarter of 1999 and 2 per cent during the corresponding quarter of 1999, respectively. For the year ending March 2000, M2 increased by 15.7 per cent compared with an increase of 12.6 per cent in the previous year. The decrease in M2 during the first quarter of 2000 was totally reflected in narrow money (M1), which decreased by 4.5 per cent during the first quarter compared to an increase of 4.9 per cent in the previous quarter and decline of 0.3 per cent during the corresponding quarter of the previous year. On an annual basis, the growth rate of M1 decelerated from 29 per cent at the end of March 1999 to 18.9 per cent at the end of March 2000. Quasi money, the other component of M2, increased on a quarterly basis, by 0.2 per cent compared to 0.8 per cent in the last quarter of 1999.

Narrow money supply (M1), which consist of currency in circulation and demand deposits decreased by N$ 199 million to N$ 4.2 billion at the end of March 2000. This decrease in M1 over the quarter was reflected in decreases in both its components, i.e. currency in circulation and demand deposits, which declined on a quarterly basis by 2 per cent and 3.5 per cent, respectively.

Chart 4.1 Money Supply (Quarterly Growth Rates)



Determinants of Money Supply

The decline in money supply during the first quarter of 2000, emanated from decreases in claims on the central government and net foreign assets of the banking system, which declined by N$ 206 million and N$ 190.6 million, respectively. This represents declines of 2.2 per cent and 2 per cent, respectively. The rise in the claims on the private sector had an expansionary effect on the money supply to the tune of N$ 294.5 million or 3.1 per cent over the first quarter of 2000. The overall result was a decrease of N$ 188 million or 2 per cent in money supply during the first quarter. On an annual basis, private sector credit, net foreign assets and claims on the central government exerted an expansionary effect on money supply.

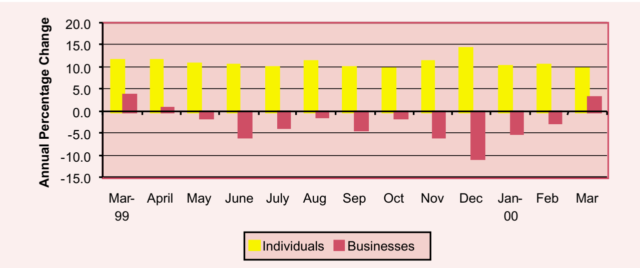
Table 4.1 Determinants of Money Supply (N$ Million)

	Q4 99	Q1 00	% Contribution to M2
Net Foreign Assets	133.2	-190.6	-2.0
Claims on the Private Sector	287.9	294.5	3.1
Net Claims on Government	96.2	-206.0	-2.2
Other Items Net	-80.3	-85.7	-0.9
Broad Money Supply	**244.7**	**-188.0**	**-2.0**

4.2 Credit to the Private Sector

The upward trend in the growth rate of private sector credit, i.e. combined credit of commercial banks and other banking institutions, that started in the fourth quarter of 1999, continued in the first quarter of 2000, with a quarterly growth of 3.5 per cent. On an annual basis, credit to the private sector increased by 7.6 per cent. The biggest increase was posted by the category, mortgage loans which increased on an annual basis, by 27 per cent. This signal that private sector credit, in particular credit to the businesses sector, is beginning to respond to relatively low real interest rates. The increase in private sector credit was reflected in increases in credit to both business and individuals, which grew by 7.9 per cent and 1.6 per cent over the quarter, respectively. This increase in credit to businesses is of significance when compared to the decrease of 2.7 per cent recorded in the last quarter of 1999.

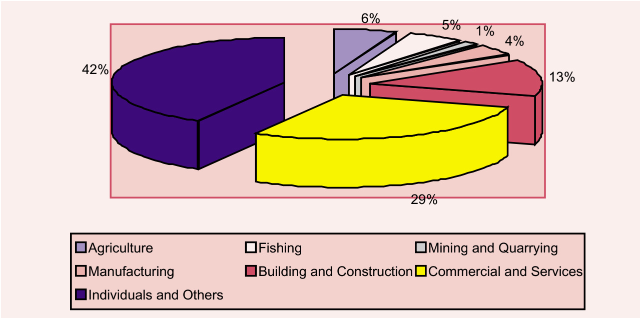
Chart 4.2 Credit to Individuals and to Business Sector



Analysis of credit by type reveals that mortgage loans continued to benefit from prevailing low interest rates as it grew by 3.4 per cent during the first quarter of 2000, compared to 3 per cent recorded during the previous quarter. The growth rate of other loans and advances increased slightly from 0.5 per cent in the last quarter of 1999 to 0.7 per cent in the first quarter, while the quarterly growth rate for installment credit increased from 1.3 per cent to 3.7 per cent during the same period.

The most significant development in the sectoral allocation of commercial bank credit to the private sector was the substantial increase of 75.9 per cent in credit allocated to manufacturing activities, compared to a decline of 0.5 per cent during the previous quarter. This was followed by credit to the mining and quarrying industry, which increased by 18 per cent over the quarter, compared to a decline of 34.3 per cent in the previous quarter. Credit allocated to the building and construction sector and to commercial and services activities increased by 1.7 per cent and 6.9 per cent, respectively. Credit to the fishing sector declined by 10.3 per cent mainly on account of decreased activities in the pelagic industry. Credit to the agricultural sector increased slightly by 1.6 per cent.

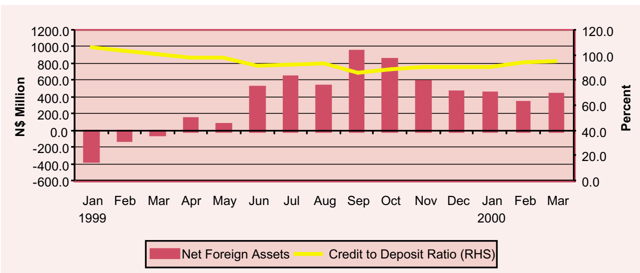
Chart 4.3 Composition of Commercial Bank Credit



Liquidity of Commercial Banks

The liquidity of commercial banks as measured by the change in their net foreign assets and the credit to deposit ratio deteriorated slightly during the first quarter of 2000 compared with the last quarter of 1999. During the first quarter of 2000, commercial banks in Namibia increased their foreign assets by N$ 157.7 million to N$ 1,035.5 million, representing an increase of 18 per cent. At the same time, however, commercial banks increased their foreign liabilities by N$ 172.2 million to N$ 459.4 million. As a result the net foreign asset position of commercial banks declined from N$ 459.4 million at the end of December 1999 to N$ 4444.9 million at the end of March 2000. This is however still significantly more than the net foreign liability position of N$ 47.6 million in the preceding year. The decline in the liquidity position of the commercial banks was also reflected in the increase in the credit to deposit ratio from 90.4 per cent at the end of December 1999 to 95.4 per cent at the end of March 2000.

Chart 4.4 Net Foreign Assets Position of Commercial Banks



Bank's Sources of Funds

Total deposits of commercial banks declined by N$ 128.3 million or 1.6 per cent to N$ 8.1 billion during the first quarter of 2000, compared with a decline of the similar magnitude in the last quarter of 1999. This was reflected in the demand and savings deposits declining by N$ 88.4 million and N$ 55.2 million, respectively. Time deposits on the other hand recorded a slight increase of N$ 15.4 million or 2.3 per cent over the previous quarter.

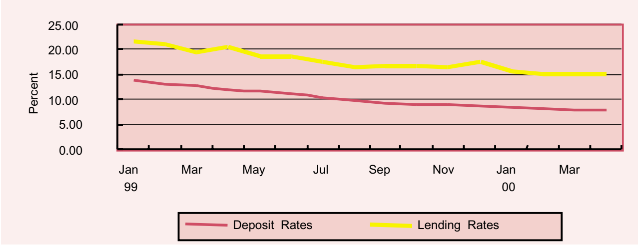
A sectoral breakdown of the deposits of commercial banks reveals that the financial sector[3] was mainly responsible for the decline in total deposits. Financial sector deposits declined by 9.2 per cent (N$ 98.5 million) over the first quarter of 2000, compared to an increase of 3.2 per cent in the fourth quarter of 1999. Deposits by the private sector, which is composed of deposits by individuals and businesses, remained unchanged at N$ 5.8 billion.

A closer examination of private sector deposits reveal that deposits by individuals declined by 1.6 per cent (N$ 49.6 million) during the first quarter of 2000, compared to a 0.8 per cent decline during the previous quarter. Deposits of businesses increased by N$ 51.3 million or 1.9 per cent compared to a decline of 4.0 per cent in the previous quarter. The relative share of individuals in total deposits remained unchanged at 37.6 per cent, while that of businesses gained 1.1 percentage points to account for 33.8 per cent of total deposits. The share of the financial sector deposits in total deposits remained unchanged and that of central government increased slightly to 1.1 per cent from 1 per cent in the previous quarter.

4.3 Money Market

Monetary policy in South Africa and Namibia remained unchanged during the first quarter of 2000, despite the tight monetary policy pursued by the US Federal Reserve Bank, the ECB, and the depreciation of the rand. The Namibian Bank rate remained at 11.5 per cent since November 1999. The average prime-lending rate of commercial banks declined by almost 100 basis points to 15.9 per cent during first quarter of 2000. The corresponding mortgage rate followed suite and was reduced to 15.7 per cent over the same period.

Chart 4.5 Namibian Money Market Interest Rates



The quarterly average nominal lending rates declined from 16.9 per cent in the preceding quarter to 15.4 per cent during the quarter under review, while the average deposit rate was adjusted to 8.1 per cent from 8.8 per cent during the same period. This caused the nominal interest rate spread between lending rates and deposit rates to decrease from 8.1 percentage points to 7.3 percentage points in the first quarter of 2000. In real terms, the spread narrowed down to 6.8 percentage points from 7.5 percentage points.

Table 4.2 Selected Interest Rates

	Deposit Rate	Lending Rate	3-Month BA	Money Market Rate[4]
Sep-99	9.4	16.9	14.0	11.5
Oct-99	9.0	16.7	13.4	10.5
Nov-99	8.7	16.4	13.3	10.5
Dec-99	8.6	17.5	13.3	10.4
Jan-00	8.4	15.7	12.9	9.6
Feb-00	8.0	15.2	12.3	9.3
Mar-00	7.8	15.2	12.2	9.3
Apr-00	7.4	15.3	12.1	9.2

The favourable conditions in the money market were reflected in the cost of government funding. The average effective yield for 91-day treasury bills (T-Bills) declined from 12.5 per cent in the fourth quarter of 1999 to 11.5 per cent in the quarter under review. For the 182-day T-Bills, the average effective yield also decreased from 12.8 per cent to 12 per cent over the same period.

[3]Financial sector refers to other banking institutions and non-bank financial institutions.

[4]Refers to the interbank rate

4.4 Capital Markets

Trading on the Namibian Stock Exchange (NSX) picked up dramatically during the first quarter of 2000, in comparison to the fairly quiet preceding quarter. The buoyancy in the market was reflected in the volume traded and market turnover on both the local and overall segments of the market. The overall and local share prices recorded a decrease over the first quarter. The overall index decreased by 9.9 per cent from 292 at the end of 1999 to 263 at the end of the first quarter. The local index decreased by 7 per cent, from 157 to 146 during the same period.

In line with the above developments, overall market capitalisation decreased from N$ 333.9 billion at the end of the fourth quarter of 1999, to N$ 301.1 billion by the end of the ensuing quarter, while local market capitalisation decreased by 6.9 per cent from N$ 4.3 billion to N$ 4 billion. However, volumes traded on both the overall and local markets increased to N$ 228.9 million and N$ 4.9 million, respectively. Trading in the financial, industrial and retail shares pushed the overall turnover up to N$ 343.2 million during the quarter under review, whereas the mining shares helped the local turnover to increase by N$ 0.4 million to N$ 4.9 million over the same period.

Chart 4.6 NSX Indices

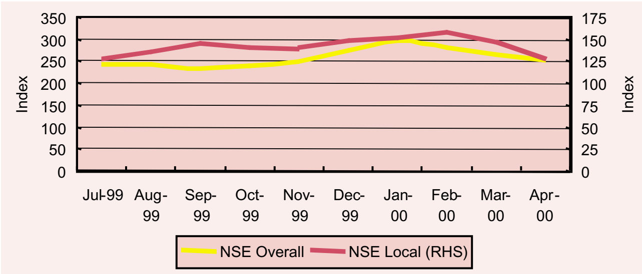
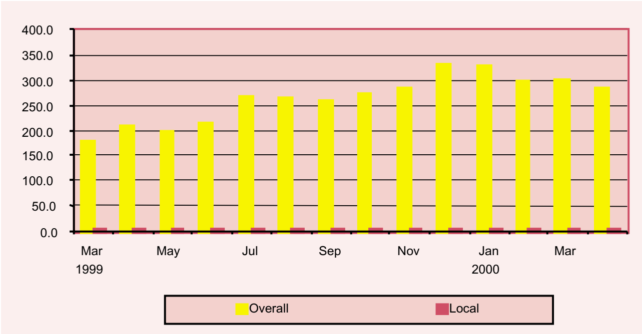


Chart 4.7 NSX: Overall and Local Market Capitalisation



Box 1 Efficiency of the Namibia Stock Exchange

Background

Amongst the prime motives to establish the stock exchange in Namibia was the need to strengthen domestic financial markets, to diversify sources of funds for long-term or capital investment and to complement the role of commercial banks in economic development. The establishment of the bourse would also help investors diversify their investment portfolio in the Namibian economy.

In addition, the NSX, like other stock exchanges, is expected to perform and achieve numerous other functions and objectives. Being an organised institution, the stock exchange is expected to create a regulated market for equity and debt instruments and to create a platform through which long-term capital is channelled to most efficient uses, whilst concurrently ensuring investor protection. As a prerequisite, efficient allocation of capital requires liquidity in listed securities and the supply of reliable, timely and quality information by the exchange. Market participation on the stock exchange, like in any other market, would principally depend on market confidence. Thus, the stock exchange is expected to instill market confidence through, amongst others, the provision of acceptable settlement, clearance and delivery facilities to market participants. These facilities are expected to reduce the counterpart (or credit), operational and systemic risks.

Prices on the stock exchange play a vital role in signaling and conveying economic and company specific information and hence enhance the channelling of capital to the most productive and profitable investments. In addition, share prices are instrumental in reading the market perception on the macroeconomic situation and the state of the economy. Thus, price indices on the stock exchange are crucial in providing information to current and potential investors.

Other roles that stock exchanges perform include facilitating wider ownership of productive assets in the economy. Moreover, with privatisation, stock exchanges are expected to be vehicles for transferring public assets to the general public. This article assesses the performance of the NSX, since its establishment, against above-mentioned functions and objectives.

Performance

The NSX provides a forum for listing various securities including Equity (ordinary and preference shares), debt and derivatives. Companies with dual-listings on the JSE and other stock exchanges are listed on this bourse in addition to local companies, i.e., those that are only listed on the NSX and those listed elsewhere but registered for primary business in Namibia. Listings are classified into five sectors namely financial, retail, mining, fishing and industrial sectors.

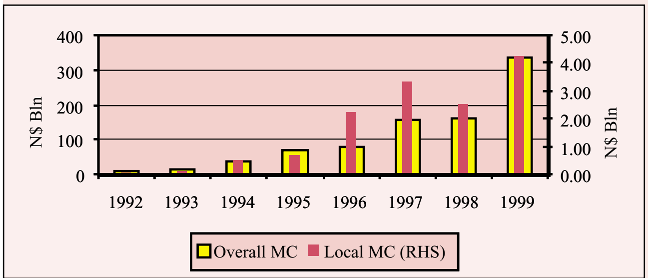
In addition to three government bonds, two parastatals namely the Agricultural Bank of Namibia and Air Namibia have their debentures currently listed. Amongst the expired securities are the National Housing Enterprises debentures and derivative securities Fredi Bull and Bear issued by First Derivatives. Trading in debentures and government bonds is sporadic and limited in volumes and values. For that reason, analysis in subsequent parts focuses on the equity market.

The growth in the number of companies listed on the Namibian Stock Exchange has been rapid. The number of companies listed increased by more than 900 per cent from 4 companies in 1992 to 41 companies in 1999, while the number of local companies recorded a substantial increase of 400 per cent to 15 companies in 1998 from 3 companies in 1992. However, these growth rates stagnated during the past two years. A de-listing of a local mining company reduced the number of local companies to 14 at the end of 1999.

The size of the bourse as measured by total market capitalisation (a product of shares in issue and their respective prices), has been growing fast *(Chart 1).* The biggest share of the total market capitalisation, since the inception of the stock exchange, has been taken up by the financial sector (72 per cent). The mining sector took the second largest share (13 per cent), followed by the industrial (12 per cent) sector. Shares taken by the retail (3 per cent) and fishing sectors are minimal.

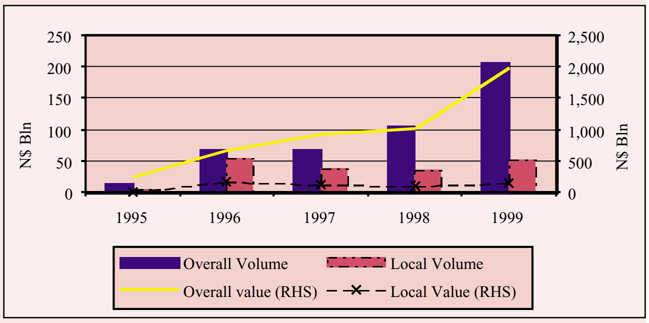
Local market capitalisation has also displayed an increasing trend during the past seven years. However, this figure is far smaller than the overall market capitalisation. Unlike the distribution in overall market capitalisation, the distribution in local market capitalisation is more even. The mining sector took the largest share (31 per cent) followed by the industrial (29 per cent) and financial (21 per cent) sectors.

Chart 1 NSX Market Capitalisation



The number of deals also recorded an increase during the past eight years. In 1993 the total number of deals recorded were 75, and this increased over the years to 4,582 at the end of 1999. Annual volumes and values traded have been fluctuating, but have generally displayed an upward trend. Most of the trading takes place in dual listed shares, partly due to the fact that those shares are listed and exposed on a bigger stock exchange - JSE *(Chart 2).* Reflecting this bias, volumes and values of local shares traded have been very small and there has been a declining trend in the annual volumes of local shares traded from 1996 to 1998. This decline cannot be separated from the 1998 worldwide adverse conditions in global financial markets particularly in emerging market and a twin problem of low liquidity and quality of some shares currently in supply on the NSX. However, 1999 saw a significant reversal in this trend due to several factors. First, boosted by the emerging markets economic activity expansion, investors' confidence in emerging economies was revived and many investors returned to emerging markets taking advantage of low share prices. Second, in addition to improved market sentiment, NSX trading activity increased with the additional listing of a financial giant.

Chart 2 NSX Volumes and Values Traded



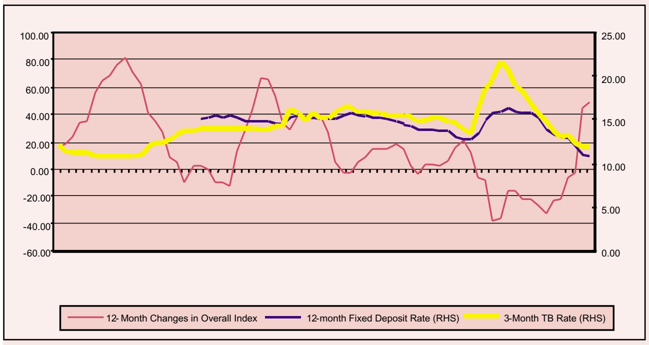
The number of new shares issued on the NSX and the JSE, over these years, indicate that a large amount of capital has been raised on these stock exchanges[5]. Since the establishment of the NSX in 1992, the total number of shares issued increased from 140 million to 22 billion in 1999, while shares issued by local companies increased from 21 million to 1.4 billion. However, the share issues by local companies hardly exceeded 18 per cent of the total shares issued on the NSX. In addition, the financial deepening or market capitalisation ratio[6] seems to suggest that the NSX has been contributing to economic growth and diversification of risk in the economy. The ratio for overall shares rose from 103.1 per cent in 1993 to 1023.9 per cent in 1997 before declining to 983.5 per cent in 1998 after which it jumped to 1875.2 per cent in 1999. The corresponding ratios for local shares were 0.8 per cent (1993), 22.2 per cent (1998), 15.5 per cent (1998) and 23.9 per cent (1999). Adverse developments in global financial markets, more especially in emerging markets have contributed to the slowdown witnessed 1998. However, due to the large number of dual-listed companies, uncertainty regarding end use of the capital raised on the NSX still persist.

Available evidence reveals that shares listed on the NSX provided attractive returns to investors during various periods. In most cases investments in shares provided capital gains over the period of 12 months[7] greater than returns from some alternative

[5]Available information does not provide details on how much has been raised from each exchange.
[6]Market Capitalisation divided into GDP.
[7]This is measured as changes in the share prices (i.e. the whole index) over the period of 12 months. This measure is crude, because it excludes dividends paid and focuses on capital gains (or losses) over 12 months only.

investments such as 12 month fixed deposit rates and 91-day TB's *(Chart 3)*. However, returns from investments in shares are volatile and vary in line with the prevailing market conditions. Sometimes returns significantly fall and capital losses have been incurred.

Chart 3 Returns on Investments



Econometric analyses conducted by the Research Department of the Bank of Namibia[8] to ascertain whether share prices behave in a manner that allows the NSX to achieve its function of conveying information efficiently, show that the local index on the NSX has the characteristics that make the price determination process efficient. This implies that share prices display characteristics that enhance price discovery process. In light of this it could be deduced that share prices on the NSX do indeed reflect the economic fundamentals and can be used to read the market sentiment, the state of the economy and developments in the international arena affecting our local economy. Moreover, in terms of pricing the analysis suggests that the pricing process is efficient and, given the available information, the financial resources mobilised are channelled to most efficient and profitable companies listed on the NSX.

A closer look at the results, however, suggests that the situation could be much better. Low levels of liquidity to some extent limit the extent of responsiveness of the local index to changes in economic fundamentals. In addition, this problem considerably reduces the speed at which the local index aligns back to the long-run equilibrium relationship with the economic variables. This problem is intensified by low levels of liquidity on the exchange and by very high levels of market concentration. These do not only render the index less responsive, but also somehow what in exact.

[8]Unpublished paper titled "Efficiency of the Namibian Stock Exchange". Mimeo, Bank of Namibia

The NSX has recorded commendable growth; however there are a few areas that are yet to improve. First, liquidity in shares is extremely low compared to a norm of 30 per cent. The first measure of liquidity, i.e. a ratio of turnover to market capitalisation for local shares merely stood at 3.4 per cent in 1999 and was highest in 1996 at 8 per cent. The corresponding ratio for all shares on the exchange hardly exceeded 1 per cent. The highest recorded was 0.87 per cent in 1996. The second measure, turnover to GDP, for overall shares was highest at 11.1 per cent in 1999.

Second, low trading volumes and values responsible for low liquidity in securities at the NSX could be attributed to insufficient shares listed. The excess demand for shares on the bourse is attributable to amongst others the high demand by pension and insurance companies that are compelled to invest 35 per cent of Namibian Assets locally.[9] Low free float of shares on the NSX also makes the problem worse i.e. listed companies avail only a small portion of their issued shares for trading.

The short supply of shares is aggravated as the growth rate of listings, more especially local shares, declines. This problem either results from inadequate and/or inefficient promotion of the NSX or absence of profitable and good companies in the economy or a lack of demand for capital by companies. Whatever, the reason might be, this problem clearly poses a challenge to all relevant public and private sectors of the economy to put effective policies and appropriate strategies in place to curb this problem. Privatisation of viable public enterprises could significantly contribute to the solution of this problem, while meeting other broader objectives.

In addition, the promotion of venture capital companies could significantly contribute to increased liquidity on the NSX. Although listing requirements on the NSX are already generous or relatively low

[9]Regulation 143 under the Short-term Insurance Act no. 4/1998 and Regulation 145 under the Long0term Insurance Act no. 5/1998, replacing Regulation 34 under the Insurance Act no. 27/1943 (as amended in no. 59/1995); Regulation 28 under the Pension Fund Act no. 24/1956 (as amended in no. 103/1994).

compared to other exchanges in the region, the encouragement of the second board of trading could afford “good, but risky companies” an opportunity to list. A step has already been taken at the NSX in that there is a special provision for the so-called Greenfield projects[10] including mining companies and investment trusts. Institutions identified as eligible by the NSX are subjected to less stringent listing requirements. For example a three-year record is not a prerequisite.

Third, dual-listings have been instrumental in growth of the NSX, but have also presented some disadvantages to the bourse. These companies are dual-listed on larger, well-established, more sophisticated and liquid bourses. This leads to a tendency of participants over looking the local trading board in favour of other trading boards such as the JSE. However, recently the Executive Committee of the NSX set up a rule that compels all the stockbrokers to expose orders on the Namibian trading board for at least five minutes before taking a portion to another bourse. The portion remaining on the NSX will only be removed if the portion of order on another exchange has been fully matched. This is expected to alleviate the problem and contribute to increasing liquidity on this exchange.

Conclusion

The NSX has successfully established itself as an institution that provides an orderly and well-regulated market with acceptable clearing and settlement facilities providing investor protection and enhancing market confidence. in addition, this bourse is successful in diversifying risks and sources of capital in the economy and in providing alternative attractive investments in equity, debt and derivative instruments. However, a number of issues need attention to enable the bourse to maximise its potential. Amongst these issues is the twin problem of low levels of liquidity and inadequate supply of quality shares on the NSX. One of the potential solutions to this issue is increasing the number of good companies listed. This would not only increase liquidity in listed shares, but would also increase and diversify profitable investments on the NSX and enhance a more efficient price discovery process.

[10]These are projects or companies exempted from normal NSCX listing criteria such as share capital of N$ 1 million; minimum of 1 million shares and a profitable trading record of 3 years with N$ 500 000 profit before tax and interest. Exemption is granted to these companies on two conditions. First, the project or product must be fully researched. Second, the management should have 10 per cent of the ownership of the company from their own resources.

5. PUBLIC FINANCE

5.1 Government Revenue

Total revenue and grants for the fourth quarter of fiscal year 1999/2000 i.e. first quarter calendar year amounted to N$ 1.3 billion representing a decrease of 25.7 per cent from N$ 1.7 billion over the preceding quarter. The decline of revenue was mainly due to a fall in the tax revenue, which decreased from N$ 1.6 billion to N$ 1.1 billion as compared with the third fiscal quarter of 1999/2000.

The main sources of revenue during the fourth quarter of fiscal year 1999/00 was direct taxes constituting 55.2 per cent or N$ 621 million of tax revenue of which N$ 516 million or 83 per cent is from personal income tax. In the third quarter of the year direct taxes contributed only 38.3 per cent to total revenue. Company tax contributed 13 per cent to direct taxes, while the remaining 4 per cent fall under the category of other taxes. The share of indirect taxes was 44.8 per cent or N$ 505 million of total tax revenue, as compared to a share of 62 per cent in the third quarter.

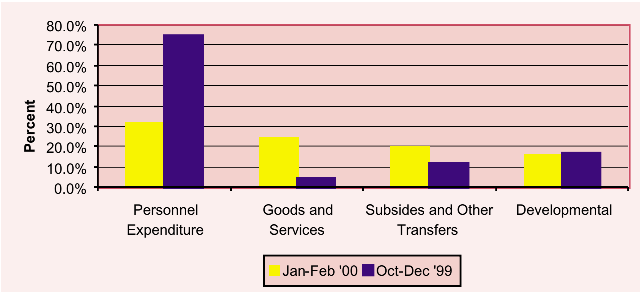
There were some increases in other categories of non-tax-revenue, which stood at N$ 147.2 in this quarter, representing an increase of N$ 49.2 million or 50.2 per cent. This included diamond royalties which increased from N$ 49 million in the third quarter of fiscal year 1999/2000 to N$ 69 million in the fourth quarter of fiscal year 1999/2000.

5.2 Expenditure

Total expenditure for the fourth quarter of fiscal year 1999/2000 amounted to N$ 1.5 billion showing an increase of 17 per cent over the preceding quarter of 1999/2000 fiscal year i.e. fourth quarter of the calendar year. Increase in expenditure was a result of the purchases of goods and services which rose from N$ 61 million in the third quarter of 1999/2000 fiscal year to N$ 382 million in this quarter, as well as by development expenditure which increased by 9.8 per cent from N$ 224 million to N$ 246 million in the quarter under review. Subsides and transfers surged substantially by 109 per cent from N$ 151 million in the preceding quarter to N$ 315 million in the quarter under consideration. Current expenditure constituting about 84 per cent of total expenditure, representing an increase of 19 per cent over the previous quarter. As a result, the quarter recorded a deficit of N$ 268 million as compared to a surplus of N$ 402 million of the preceding quarter of 1999/2000 fiscal year.

[11] The third quarter in this section refers to the period October to December and the fourth quarter to the period January to November, since the financial year of the Ministry of Finance ends in March each year.

Chart 5.1 Percentage Shares of Expenditure, Quarter 4 and 3



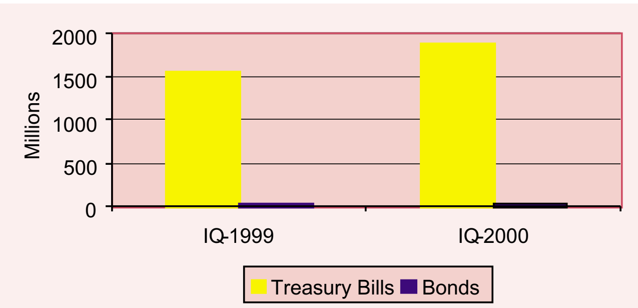
The major share of expenditure was on current consumption subsequently leaving less to spend on capital projects. This trend has serious repercussions for Namibia in the long run. Current spending which is not self-sustaining and does not generate any kind of monetary return to the government will continue preempt a sizable share of government revenue in the foreseeable future. On the other hand, capital spending which has been steadily declining has been a cause for concern.

The government is aware of the status quo as the Minister of Finance have indicated when he tabled the budget statement for the 2000/01 financial year in the National Assembly early this year. The Minister reiterated that the government is very much aware that the previous five budgets began deviating considerable from the objectives and strategies set forth in the NDP1 and would like all the coming budgets to be more development oriented. Thus, total capital spending was increased from N$ 1.2 billion in 1999/2000 budget to N$ 1.3 billion in 2000/01 budget.

5.3 Financing of the Budget Deficit

A total deficit of N$ 268 million was recorded on government budgetary operations during the fourth quarter. The greater part of the deficit was financed through the selling of treasury bills and bonds, while only a small withdrawal was made on the government account with the Bank of Namibia during this period. A total of N$ 1.9 billion treasury bills and bonds were issued and an amount of N$ 1.7 billion worth of securities was redeemed. The result was a net issue of about N$ 200 million, which was used to finance part of the deficit together with a withdrawal from the government cash balances at the Bank of Namibia to the tune of N$ 15 million.[13]

Chart 5.2 Allotment of Treasury Bills and Bonds



As in the past, banking sector took up the major share of allotments, namely 60 per cent for the fourth quarter of 1999/2000, compared with 53.6 per cent in the fourth quarter of 1998/1999 and 60 per cent in the third quarter of 1999/2000. Private individuals reduced their involvement with a share of 23.8 per cent, down from 42.8 per cent. On the other hand, non-banking financial institutions increased their share from 1.6 per cent in the fourth quarter 1998/1999 to 9.7 per cent in the quarter under review. The reliance of government on the banking system to finance the deficit raises some concern, as this could have adverse effects on the price level and the balance of payment.

5.4 The 2000/01 Budget Statement

The 2000/01 national budget was presented on 5 April 2000, and marks the last budget under the first National Development Plan (NDPI). In his presentation of the budget, the Minister of Finance emphasised that the NDPI was a policy framework within which government pursued its priorities and objectives. He stressed that the current and future budgets will have to be formulated within a broad framework of medium and long-term development goals as outlined in national development plans and future development plans. Previous and the current budget failed to meet the fiscal targets stipulated in NDPI due to factors beyond government control, and sometimes owing to unrealistic targets.

In his speech the Minister announced some policies underpinning the current and future budgets. To make the budget more development oriented and to meet targets in NDPS the Minister announced the introduction of the Medium-term expenditure framework (MTEF) or rolling budget in order to give effect to policy objectives enunciated in NDP2 and to prevent the extreme narrow one-year planning horizon in which the current budget is formulated and executed.

The introduction of a MTEF will ensure that:

- Government adheres to the principles of sound government finances;
- Ministries would evaluate their policy proposals continuously within realistic budget projections;
- Ensure a fiscal policy stance that is in general supportive of overall macroeconomic stability.

The Minister also introduced the following Tax Proposals:

- A significant change occurs in the composition of fuel levies that were incorporated in the fuel price paid by all buyers of fuel. With the establishment of the Road Fund Administration on 1st April 2000, an agreement has been reached on the apportionment of fuel levies. As from May last year, 80 cents per litre were charged on petrol, while 70 cents per litre were charged on diesel and paraffin. From 1st April 2000 a road user charge has been introduced which will levy 68 cents per litre on petrol and 60 cents per litre on diesel, but not on paraffin, to be paid by all road users. The introduction of road user charges has the implication that fuel levies will be reduced. From April 2000 the fuel

[13] The deficit calculated from the financing figures could differ from the number calculated using the ledger accounts because of several reasons, for example, due to outstanding cheques and the fact that nominal values for T-Bills and Bonds are used to calculate the deficit

levy on petrol will be 12 cents per litre and on diesel 10 cents per litre.

- Paraffin, which is not subject to a road user charge, as it is not regarded as an automotive fuel, will continue to attract a higher fuel levy, with the sole reason to prevent diesel consumers to avoid road user charges by mixing paraffin with diesel. However, since paraffin is already subject to sale tax of 10 per cent, it was decided to reduce the fuel levy on paraffin from 70 to 47 cents per litre to put it on par with the effective fuel levy/road user charge on diesel.

- With the introduction of road user charges and the substantial lowering of fuel levies, all non-road fuel consumers will not be subject to road user charges, but only to fuel levies.

- Because diesel levy has been brought down to only 10 cents per litre, it was decided tot to entertain any refunds on the diesel levy. The rationale for this is that the bulk of fuel levies have now intentionally been converted into road user charges to levy a toll on all users of fuel who are actually using public roads. The principle, that has to be accepted by all who physically consume the comfort of our road infrastructure, is that they are required to contribute towards the upkeep of these assets and the further expansion of road network. In practice, this implies that agriculture, which had been allowed a small refund on the levy on diesel purchases in the past, will no longer enjoy the extent of the refund. Any road user charges paid on off-road use of diesel by Namibian farmers and also by mining companies will, when proven, be fully refunded by the Road Fund Administration.

- The implementation date for the VAT, which is soon to be passed by the National Council, is expected to be 30 October 2000.

- Also certain Income Tax Amendments are being formulated and will be promulgated during the current parliamentary session. These include the provision for a more simplified and transparent incentives for investors in manufacturing, which will give a much clearer representation of our tax regime to existing and potential investors.

- The standard livestock values for the purpose of calculating taxable income for farmers will be abolished. livestock farmers will, as a result, experience a tax benefit during the 2000/2001 year of assessment. Also, these amendments will ensure that farmers' tax liabilities are aligned to their cash flows.

The 2000/01 budget estimate makes a lower growth of 9 per cent in expenditure as against 14.4 per cent in 1999/2000. With the moderation in expenditure, the expenditure to GDP ratio would decline, although marginally from 40.8 per cent in 1999/2000 to 40 per cent of GDP in 2000/01. The reduction in expenditure in mainly due to outsourcing of some government function, and consolidation of some ministries. The pattern of government expenditure however, still reflects that 85 per cent or N$ 7.2 billion out of government would be for current expenditure and the remaining 15 per cent or N$ 1.3 billion will be for capital expenditure. The increase in capital expenditure could help to boost the productive capacity of the economy.

The 2000/01 budget projected a growth in revenue of 10 per cent up from the estimate in the previous fiscal year. in relation to GDP, total revenue will slightly fall from 36.6 per cent to 36 per cent. Tax revenue as usual will contribute the bulk of total revenue of N$ 7.7 billion, and N$ 2.8 billion is a contribution from SACU receipts. Total SACU revenue as a per cent of total revenue increased from 32 per cent in 1999/2000 to 37 per cent in 2000/01.

Macroeconomic stability and economic growth were the key objectives in the 2000/01 budget. The budget also aimed at limiting and prioritising public expenditure through improved allocation and management of resources. To maintain macro-economic stability the government has made an attempt to reverse the deterioration in fiscal position over the previous years. To this end the budget deficit was brought down from 4.6 per cent of GDP in 1999/2000 to 3.6 per cent of GDP in 2000/01 fiscal year. This was welcome news by market actors who had expected the fiscal position to deteriorate further. By not raising tax rates and by reducing the fuel levy, the budget provided a fiscal stimulus to the private sector to accelerate growth. In addition, increased allocation of resources to social services such as education, health, water and sanitation and an increase in old age pension from N$ 160 to N$ 200 will help towards governments poverty alleviation program.

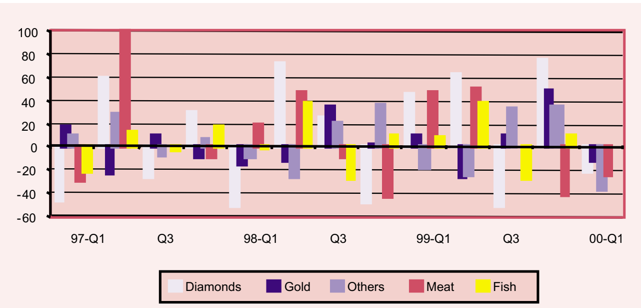
The 2000/01 budget is good for macroeconomic stability and accelerated economic growth. The lower than expected budget deficit should result from good expenditure management, and will instill confidence in the financial markets. For fiscal policy to be sustainable fiscal consolidation process need to be strengthened by concerted efforts to boost revenue from sources, other than SACU. The current tendency to rely on SACU revenue is a matter for concern and all efforts need to be geared towards finding new revenue sources.

6. BALANCE OF PAYMENTS AND EXCHANGE RATE DEVELOPMENTS

6.1 Current Account Developments

The total value of exports in Namibia during the first quarter of 2000 have been adversely affected by the decline in the value for diamonds, which fell from N$ 811.6 million in the fourth quarter of 1999 to N$ 636.7 million in the first quarter of 2000. The value for the other minerals also declined from N$ 272.9 million to N$ 172.4 million during the same period. Attributing to this decline in the value for diamonds exported in the first quarter of 2000 was a simultaneous decline of 20.9 per cent and 0.7 per cent for the volume of diamond carats exported and the diamond market selling price, respectively.

Chart 6.1 Composition of Major Exports[14]

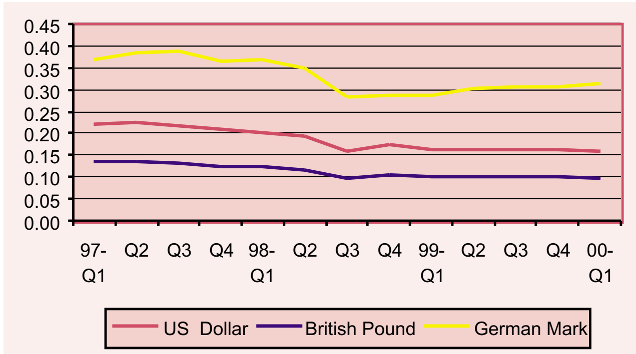


Despite an increase in the price of gold by 2.6 per cent in the first quarter of 2000, the value of gold exported declined by 12.2 per cent. This could be attributed to market volatility, which led to a decline of 14.5 per cent in the volume of gold exported. The value of meat that was exported, the value declined by 24.8 per cent to reach N$ 130 million in the quarter under review. The price of meat during the quarter under review increased by 2.2 per cent while the volume decreased by 26.4 per cent. The volume of meat exported during the quarter declined as the sector was biased towards restocking in response to the good rainfall.

6.2 Exchange Rate Developments

The Namibia dollar which is pegged on a one to one basis against the South African rand deteriorated in the first quarter of 2000. After trading at an average of US$ 0.1640 cents (N$ 6.0976 per US dollar) in the third quarter of 1999, the value of the Namibia dollar depreciated by 0.24 per cent to reach US$ 0.1636 per Namibia dollar (N$ 6.1125 per US dollar) in the fourth quarter of 1999 *(Chart 6.2).*

Chart 6.2 Foreign Currencies per Namibia Dollar



The value of the currency depreciated further by 3.02 per cent to trade at N$ 6.2972 cents per US dollar during the first quarter of 2000. When compared with the fourth quarter of 1999, the depreciation in the value of the namibia dollar during the first quarter of 2000 represents a loss of N$ 2.08 cents for each Namibia dollar traded in the currency market. The value of the Namibia dollar declined from US$ 0.1634 per Namibia dollar (N$6.1199 per US$) in January 2000 to average at US$ 0.1548 per Namibia dollar (N$ 6.4641 per US$) over February-April period before a further decrease to US$ 0.1424 per Namibia dollar (N$ 7.0225 per US$) in May. This represents a depreciation of 12.85 per cent during the first five months of 2000.

The Namibia dollar also depreciated against the British pound over the first five months of 2000. The value was trading at N$ 9.7560 (i.e. £ 0.10 per N$ 1) per British pound in the third quarter of 1999. I then depreciated to trade at N$ 10.00 (i.e. £ 0.10 per N$ 1) and N$ 10.12 (i.e. £ 0.09 per N$ 1) per British pound in the fourth quarter of 1999 and first quarter of 2000, respectively *(Chart 6.2).* During the five months period it depreciated by 4.42 per cent to reach N$ 10.5042 per British pound in may 2000. However, it seems to have been appreciating against the German mark since the first quarter of 1999.

[14] Fish export data was not available for the first quarter of 2000 at the time of publication.

On the trade front, the value of the Namibia dollar as indicated by the export weighted nominal effective exchange rate (NEER) depreciated by 0.65 per cent during the first quarter of 2000, whereas the export-weighted Namibia dollar depreciated in real terms by 9.35 per cent as compared to the preceding quarter (table 6.2).

Table 6.2 (Export-Weighted) Nominal and Real Effective Exchange Rates.

		NEER	REER
1998	Q1	74.51	91.46
	Q2	72.57	89.11
	Q3	63.71	79.79
	Q4	65.59	82.64
1999	Q1	63.59	82.10
	Q2	64.43	83.49
	Q3	64.36	85.54
	Q4	63.23	85.25
2000	Q1	62.82	77.28

7. SPEECH BY THE GOVERNOR

7.1 Namibia's Current Exchange Rate Arrangement, November 17, 1999

Introduction

I would like to welcome you all to this first Annual Speech by the Governor of the Bank of Namibia. It is common in many countries that the Central Bank takes the opportunity once a year to inform the most important stakeholders of economic issues the Bank considers to be of particular importance. The intention is to also make this an annual event in Namibia.

The Annual Speech shall not be a review of economic developments in Namibia and abroad; that you will find in our Annual Reports. I will rather try to give the Central Bank's views and outlook on selected topics. Today, I will mostly deal with Namibia's exchange rate arrangement. At the outset, I would like to stress that here are no other reasons for this choice, other than the fact that it is important for many of our stakeholders to fully understand the current exchange rate arrangement. The issues involved are many and complicated, and it is my intention to give a comprehensive overview of the current arrangement and its implications for monetary policy in Namibia.

The CMA Arrangement

As you all know, Namibia is a member of the Common Monetary Area (CMA). Within a monetary area, exchange rates between the participating countries are fixed and there are no payment restrictions. The CMA has many of the characteristics of a monetary union, as the exchange rates vis-à-vis other member states are fixed and capital flows are free. As a consequence, interest rates and the money supply cannot be directly influenced by the individual country. Monetary policy in such a system is at best subordinated to exchange rate policy, as domestic credit creation must be kept within limits in order to ensure a sufficient volume of net foreign assets of the banking system. In monetary unions there is usually also a high degree of policy coordination, which in my opinion could be improved in the current CMA arrangement. This is an issue I will return to later.

The Formal Agreement

Namibia's membership of the CMA was formalised by the accession to both the multilateral agreement with Lesotho, Swaziland and the Republic of South Africa in 1990 and a separate bilateral agreement with the Republic of South Africa in 1992. Two dominant features of this arrangement are:

A commitment by the Bank of Namibia to exchange the domestic currency for a specified amount of the reserve currency -the Rand- "without restriction subject to a normal handling charge" at a fixed exchange rate, and an explicit requirement that at least a major proportion of its monetary liabilities be backed by the reserve currency or other foreign assets. More specifically, Article 4, Section 1, of the Bilateral monetary agreement states that, and I quote:

> *"Against the aggregate amount of Namibia dollar currency issued by the Bank of Namibia, the Bank of Namibia shall maintain a reserve equivalent thereto in the form of Rand assets and freely usable foreign currencies in such proportion as the Bank of Namibia considers appropriate..."*

In addition, the bilateral agreement also provides that either contracting party has the right to issue its own national currency. It is also a part of the agreement that either party may introduce measures for domestic resource mobilisation in the interest of the development of their respective countries.

I will in particular draw your attention to two issues in the provisions cited above. First, there is under no circumstances room for changing the exchange rate, and second, the backing rules of the currency must be observed at all times. These two characteristics remain both the source of the strength as well as the most limiting aspects of the present monetary arrangement. The fixed exchange rate and the backing rule confer a degree of credibility that is usually not found in the conventional pegged exchange rate arrangements. However, we must also clearly state that this credibility is obtained at a cost. In monetary policy decisions, as in most other aspects of life, there is “no free lunch”!

The decision to join the CMA was influenced by the long economic relationship with South Africa, and was perceived as the most appropriate arrangement under the prevailing circumstances. The extent to which the country has benefited from this arrangement will depend on a careful assessment of its merits and constraints.

Benefits of the CMA Arrangement

Let me start by first analysing the benefits.

Price Stability

By far one of the greatest benefits of a fixed exchange rate arrangement is that it provides price stability in the domestic economy. It is now widely accepted that the main objective of the monetary authorities in most countries is to achieve price stability. By pegging the domestic currency to the currency of a low-inflation country, its ability to maintain price stability is enhanced, provided there is a strong commitment on the part of the authorities to maintain the exchange rate. The arrangement constrains monetary expansion, restrains excessive government spending, and sends out credible signals to private agents about prospects for inflation. This is normally achieved when money growth in the peg currency country approximates that in the anchor currency country. The measured inflation rate may diverge because of the price of non-tradable goods, but in most cases they are co-integrated. In Namibia, the available evidence seems to support this conclusion. Since 1993 the domestic inflation rate has closely mirrored the prevailing rate in South Africa.

Credibility

Many governments in developing and developed countries have for a number of reasons experienced difficulties in making their policies generally credible. The credibility problem arises from the fact that when the authorities announce a monetary policy objective in one period, they may have an incentive to deviate from the policy in subsequent periods. This is so because private agents have formed their expectations and entered into wage and other contracts. There may be possibilities for government to engage in surprise monetary expansion, even if that was considered not to be the best long-term solution. Another credibility problem arises from the fact that even if the current government is pursuing prudent macroeconomic policies, investors may fear future governments will not have the same preferences. Changes in government can bring forward interest groups, whose demands for subsidies could lead to a relaxation of fiscal policy.

Acquiring a reputation for fiscal prudence in a longer-term perspective is a lengthy process. Therefore, tying governments hands by either creating a policy rule or delegating control of certain policy instruments to an independent agent is a welcome arrangement , especially during the period when the country is passing through the learning curve and institutions are being put in place. Under these circumstances, membership of the CMA and the rule-based policies, such as the restrictions placed on government borrowing from the Bank of Namibia, are instrumental in raising the government’s credibility and therefore making its policies time-consistent. A time consistent policy is a policy that will be sustained as circumstances change over time. Time consistency bears the advantage of credibility because of the predictability of the future. It therefore reduces monetary disturbances and eliminates the doubts for the financial and real sector markets, thus creating a healthy and attractive environment for investment and economic growth.

Exchange Rate Fluctuations

Another major advantage of the current arrangement is that it helps to avoid exchange rate fluctuations and reduces the unfavourable effects of exchange rate uncertainty on trade and investment. As South Africa is Namibia’s main trading partner, a major benefit of CMA membership for Namibia is the elimination of uncertainty associated with exchange rate variability. Since Namibia is a net importer of goods and services from South Africa, the benefits derived from CMA membership may in this respect be large.

The emphasis here is on exchange rate volatility, which is of a short-term nature and is not due to the flexibility of exchange rates by itself. market determined exchange rates are prone to excessive volatility that can be damaging to the real economy. Overshooting of the exchange rate could have some real negative economic effects. The elimination of such fluctuations promotes economic stability. This is particularly important given the volume of Namibian trade with South Africa. Overshooting of the exchange rate between countries doing little trade may not matter much, but between countries engaged in substantial trade, does. A stable exchange rate will ensure the stability of the prices of traded goods and hence eliminate volatility - not only in the exchange rate - but also in wages and prices and hence enhance economic performance.

The advantage here is derived from the benefits of a fixed exchange rate arrangement and the suitability of the exchange rate as a nominal anchor. But this goes beyond that. At independence in 1990, the nation gained from this linkage to the rand as it ensured confidence in the fledging domestic financial system and the economy given its historical and trade association with South Africa.

Reduction of Transaction Costs

A related benefit is the reduction of transaction costs associated with the fixed exchange rate between the Namibia dollar and the South African rand. Transactions costs include the spread between the buying and selling price, computed as the difference between the rate at which banks buy foreign currency and the rates they charge for sales of foreign currency. Other costs involve the commission charges for engaging in foreign exchange transactions. The commission varies with the size of transactions, and there are usually different rates for various forms of foreign currency transfers.

The gains from the elimination of transaction costs are a function of trade flows between members of a monetary union. With high volumes of trade, the gains are substantial. Furthermore, if the country's direction of trade was highly diversified, fixing the exchange rate against the currency of only one of the trading partners would not eliminate all the transactions costs. Elimination of exchange rate risks removes the hedging of exchange rates as an argument in a firm's decisions regarding the geographical concentration of activities. It is difficult to arrive at precise estimates of the magnitude of savings involved. For small economies that are highly dependent on international trade and investments, these savings could be substantial.

This is the case for Namibia. Due to its member of the CMA, Namibia saves on the transaction costs involved in exchanging the Namibia dollar into the South African rand and the spread between rates charged for sales and purchases of foreign currency. This benefit is increased due to the fact that the rand is legal tender in Namibia and there are no costs involved in converting the Namibia dollar into the south African rand. An estimated saving of 3.8 per cent of GDP has been suggested in a previous study. Compared to an estimated saving of 0.5 per cent of GNP from the common currency in the EU, the magnitude of this advantage for Namibia appears to be quite sizeable. This is to be understood given the fact that close to 90 per cent of Namibian imports come from South Africa.

Access to Financial Markets

Though not the least important, a major benefit from the CMA arrangement is the free flow of capital between the member countries. This provides wider access to financial markets and thus helps in satisfying extraordinary financial requirements for the infrastructural projects in the country. It is a challenge for the private sector in Namibia to make full use of this advantage.

COSTS

Against these benefits of the CMA arrangement, we shall now consider the costs which can be associated with the present system.

Loss of Autonomy in Monetary Policy

By far the most often discussed setback of the arrangement is the loss of autonomy in monetary policy. A major cost of CMA membership to Namibia is foregoing the use of nominal exchange rate or interest rate policy as an instrument of macroeconomic adjustment. The Central Bank cannot control the supply of money because the money supply is determined wholly by the balance of payments. With increased capital mobility, there exists limited scope for influencing the interest rate. These two conditions also apply to any fixed but adjustable peg arrangement.

The exchange rate is a key determinant of the balance of payment, and can serve as a nominal anchor for the price level. Therefore, movements of exchange rates in response to balance of payments shocks affects output and price stability. For instance, a country may experience faster growth in productivity, say in agriculture due to more abundant rainfall compared to other countries, or the discovery of new mines that bring in additional export revenues or save on imports . In such cases, a real appreciation of the exchange rate is called for. Under the present arrangement, the country cannot use the exchange rate as a policy tool to control the increase or decrease i the supply of money. This has often been a source of resentment against this exchange rate arrangement as economic management is taken out of the hands of the domestic monetary authorities.

Related to this, is the whole issue of the ability of the Namibian economy to absorb external shocks. Namibia is a highly open economy and given its membership of the CMA, it can hardly use exchange rates or interest rates to mitigate the impact of external shocks. Namibia has had a number of unfavourable shocks in the past 20 years. The cumulative net loss in income due to the terms of trade shocks is estimated to have amounted to an average of 2.1 per cent of GDP. The export earnings and investment were also negatively affected.

From time to time a country could also suffer shocks that are specific to it. The inability of the country to embark on appropriate and timely policies, through for instance the use of exchange rate policy, to escape such shocks, creates a feeling of frustration. But there can also be a trade off between monetary policy credibility and smooth economic adjustments promoted by the exchange rate. The question is whether this trade off exists in the case of Namibia and South Africa. Flexible exchange rates hasten a country's adjustment to country specific economic shocks by facilitating rapid changes in the terms of trade. However, when two countries experience broadly similar economic shocks, changes if any, in the bilateral terms of trade may not significantly aid adjustments of specific economic shocks in any one country.

Moreover, if factors of production, particularly capital, are highly mobile, the use of the terms of trade as an adjustment mechanism may prove to be inadequate. Finally, where the reserve currency country is also the peg currency country's major trading partner, as in the case of South Africa and Namibia, exchange rate flexibility as a policy tool becomes less effective.

Stability of the Rand as a Reserve Currency

The issue of a choice of reserve currency is very crucial in deciding to peg the domestic currency. Among factors that may have determined the choice of the rand as a reserve currency are the direction of trade flows, the denomination of imports and exports, deep financial market offered by South Africa and the correlation among cyclical movements between the economy of Namibia and South Africa. One other important consideration, which in recent times has become a source of deep concern, is the stability in the value of the Rand. South Africa has in recent years experienced rapid deterioration of the rand: the Namibia dollar has depreciated in tandem with the rand, particularly during the financial crisis that engulfed South Africa in the early part of 1998. The exit by investors out of the emerging markets, South Africa inclusive, led to a speculative attack on the rand. The subsequent depreciation affected the Namibia dollar. The response to the crisis by the South African monetary authorities translated into high interest rates, which led to an increase in the cost of borrowing.

Generally, we would expect a depreciating rand to translate into increased exports for the Namibian economy as domestic goods become more competitive in the international markets. These benefits have been limited as Namibian exports consist mainly of commodities whose prices are determined in the international commodity markets.

The answer to the question about the stability of the rand is not obvious. First, events since the crisis that shook the rand in 1998 have proved the resilience of that currency as witnessed by the rapid rate of recovery of the South African economy and the present stability of the rand. International experiences tell us that most currencies undergo periods of strength and weaknesses. It is their ability to survive such tremors that determine their relevance. Secondly, even if the Namibia dollar is not pegged to the rand, it would still have to occasionally undergo shocks that could lead to its depreciation like any other national currency. The fact that such depreciation cannot be translated to windfall gains for the economy has more to do with the export structure than the pegging to the rand.

Persistence of Capital Outflows

One other disadvantage of the present arrangement, is the persistence of capital outflows in favour of South Africa. Inter-country movement of labour is minimal, but market related net movements of capital tend to be one-sided in favour of South Africa. Among the CMA countries, South Africa has by far the most sophisticated financial markets, suggesting that capital flows are likely to be concentrated in that market to the detriment of the countries at the periphery, where financial markets are still at the early stages of development.

This, in turn, could hamper the development of financial markets in Namibia. For example, Namibian pension and portfolio funds are channelled to South Africa, which deprives the local economy of investable funds and makes the the regional disparities even worse. This, however, has to be balanced against the advantage of the pooling of risk and the availability of investment opportunities created by the free flow of funds within the CMA, which eventually could also give depth to financial markets in Namibia. Moreover, a significant portion of Namibia's foreign direct investment inflow has been coming from South Africa, thus partly offsetting the outflows in the long term funds. Further, Namibia's savings continue to be in excess of the country's present investment demand, implying that efforts must be made to create investment opportunities in order to increase the level of investment. Here, the government and the private sector have a joint responsibility.

Loss of Seignorage

Joining the CMA has also involved costs such as the loss of seignorage. The issue could be viewed from two perspectives. In a growing economy, there is a need for individuals and businesses that participate in economic activities to increase their holdings of financial balances for economic transactions. A part of these balances will be in the form of currencies issued by the Central Bank, for which the Central Bank pays no interest. Secondly, the government may "tax" existing real balances by creating additional money and causing inflation. Inflation tax, as it is often called, is a kind of forced savings, which enables the government to acquire goods and services. in a number of countries, inflation tax revenue is an important part of government income.

As a member of the CMA, the scope for inflationary financing is limited. Based on our discussions earlier, the ability to increase real balances in line with growing productivity, and hence generate seignorage, could be constrained by strict backing rules. The second aspect of seignorage payment has to do with the payment to Namibia for the circulation of the rand in their territory. With the decline in the circulation of the rand after the introduction of the Namibian national currency, the compensation derived by Namibia for the use of the rand has also contracted significantly. However, this second factor may not have contributed to the overall contraction in the earnings from seignorage. Nevertheless, the crucial question to ask here is whether inflation tax, or the benefits from earning seignorage, are significant enough to warrant foregoing the advantages of a stable financial system. Inflation tax has been a major source of financial instability in many countries since it constitutes a tax on the financial system.

Lender of Last Resort

One principal criticism against the present arrangement, is that it limits the ability of the Bank of Namibia to perform the role of "lender of last resort". Though the system guarantees the convertibility of domestic currency at a fixed exchange rate, and thus enhances monetary credibility, a guarantee of the convertibility of bank deposits is not explicitly dealt with in the formal agreement. As we all know, no country can fully protect itself from a banking crisis that could lead to substantial macroeconomic shocks. I do not intend to spend too much time on this argument for a number of reasons. There is nothing in the CMA arrangement that precludes the Bank of Namibia from undertaking an appropriate lender of last resort function should the need arise. All that is needed is an adjustment in its foreign reserve coverage beyond the current 100 per cent minimum. Secondly, the Bank of Namibia Act specifically empowers the bank to undertake a lender of last resort function if there is a need for it. Third, a major antidote for bank failures is an adequate prudential and supervisory arrangement. In the past few years, the Bank Supervision Department together with commercial banks have been engaged in standardising prudential requirements. Commercial banks have also complied with these requirements. To us, this is a more relevant factor in the bank failures.

Issues Emerging from the Present Arrangement

Let me now turn to a discussion of some broader economic issues that emerge in relation to the present arrangement.

Stability at the Expense of Development

An important question to be asked is whether the relative stability achieved through the current exchange rate regime has been obtained at the expense of development.

Slower Economic Growth?

It has been argued that this arrangement in ensuring price stability tends to constrain domestic growth. The arrangement can impose a contractionary bias to domestic money supply, as this may not expand in step with growing domestic production. The question we must ask is whether price stability necessarily constrains long term economic growth. Strong empirical evidence abounds to show that the long-run trade off between price stability and growth does not exist. On the contrary, increasing empirical evidence is emerging which suggests that a reduction in the rate of inflation is beneficial to economic growth. If it is the case that stable prices can help to generate a faster trend rate of economic growth, whatever short run costs a country may initially incur in attaining the objectives of price stability, would have to be balanced against the long run benefits of economic growth.

In a recent study, comparisons made on macroeconomic performance between countries with this kind of monetary arrangement and less extreme forms of exchange rate arrangements show that inflation is about 2 percentage points lower in the former. On average data from countries with this arrangement over a ten year period show that these countries are growing faster than countries with either pegged or floating arrangements. It is true that an exchange rate arrangement alone could not have been responsible for the observed differential, but at the same time, the evidence does not lend credence to the assertion that this exchange rate arrangement leads to sluggish growth.

Impediments to Trade Diversification

There are however, other aspects of this potential conflict between stability and development. In this regard, I would like to draw on experiences from the Irish currency arrangement, which has strong similarities with our CMA arrangement. The Irish Pound was introduced in 1927 at a one-for-one parity with Sterling and the arrangement lasted until Ireland decided to participate in the European Monetary Arrangement in 1979. Full convertibility with Sterling was ensured and all notes issued were to be backed 100 per cent by a reserve consisting of gold and sterling balances.

One consequence of the sterling link was that trade to a large extent was directed toward the sterling area. It has been argued that for this reason Ireland did not benefit from the "post-war dynamism" in Europe following the Second World War. Having the alternative to avoid the costs of currency risk and foreign exchange transaction, the Irish exporting enterprises were reluctant to establishing trading relationships with other markets in continental Europe and elsewhere. Because of the one-for-one link, trade with the Sterling Area involved no greater financial complexity than internal trade.

The analogue to the Namibian situation is striking. As mentioned, Namibia is still importing close to 90 per cent from the CMA countries. The arrangement therefore requires vigilance and determination to diversify our pattern of trade and commerce.

Capacity Building

A similar argument can be made with regard to the financial system. The limited use of monetary policy instruments under the currency board arrangement and the use by the local banks of the London money market for their liquidity needs, were not conducive to the development of risk management and trading skills in Ireland. The acquisition of such skills was largely delayed until the emergence of a domestic money market in the early 1970's and of a foreign exchange market even later.

Again, these are relevant points when analysing the Namibian situation. One point that is often overlooked by those arguing for an adoption of an independent monetary policy, is the issue of preparedness. The development of active interbank market and secondary markets as well as local capacity in liquidity forecasting and management is a pre-requisite for the successful implementation of monetary and exchange rate policy. This process requires active promotion and assistance by the Central Bank. While some progress has been made in this direction by the consolidation of government bonds, the fine-tuning of reserve requirements and the introduction of a call account facility at the Bank of Namibia, more needs to be done to equip the bank to intervene in the domestic money market. The capacity of the Bank to formulate and implement appropriate and timely monetary policy measures also needs to be built up. The appropriate channel for the transmission of monetary policy has to be investigated. There is a need to examine carefully the choice of intermediate and ultimate targets of monetary policy, and other operational variables that are appropriate to the local economy. Building adequate capacity to undertake the aforementioned functions in the bank takes time and effort. Thus, there is a need for caution in this regard until appropriate institutional capacity is put in place.

Regional Cooperation

The experience of the 14 sub-Saharan African countries belonging to the CFA franc zone can provide some interesting lessons with regard to the benefits and short-comings of regional cooperation in the area of exchange rate management. Since 1948, these countries have made up a monetary union with a fixed exchange rate against the French franc. The French Treasury guarantees the convertibility of the CFA franc into French franc, which is effectuated through the establishment by regional central banks of an operational account with the French Treasury with market related yields and charges.

Initially, this arrangement appeared to work well. Following some thirty years of strong growth and low inflation compared with other sub-Sahara African countries, the growth performance of the CFA franc zone countries began to weaken from mid 1980, mainly due to a sharp deterioration of the terms of trade. Moreover, fiscal imbalances and external public debt increased substantially in relation to GDP. These countries also experienced a major weakening of the soundness and financial position of the banking system.

Against this background, a decision was made in January 1994 to devalue the CFA franc by 50 per cent and to implement restrictive incomes and credit policies and a range of structural and institutional reforms. This policy package has contributed to a resumption of growth in real per capita incomes and a reduction in inflation and fiscal imbalances. Despite the progress made since 1994, the CFA countries are still struggling with heavy external debt burdens and their economies are suffering under structural rigidities.

A relevant question for us here is why these countries have not managed to take more advantage of the stability provided through the fixed exchange rate regime. One important limitation has been that until 1994, the degree of economic and financial interaction and regional cooperation among the countries of the CFA franc zone was relatively limited. There are surely many reasons for this, partly related to various administrative restrictions, different tax treatments and protectionist trade policies. But also political considerations, influenced by a perceived need to maintain special economic and political links to France, appear to have dominated at the expense of regional economical consideration. After 1994, efforts have been made to strengthen regional economic and monetary integration. The objective is to establish a common market based on a customs union and the harmonisation of the tax system. Economic policy coordination through regional surveillance has also been put on the agenda.

One overriding lesson I will draw from these experiences is that the current exchange rate regime can be a basis for stability and economic growth. However, economic development does not follow automatically from this monetary policy arrangement.

Consequences of Inflation Targeting in South Africa

As monetary conditions in Namibia are so closely linked with those in South Africa, the conduct of monetary policy in that country is naturally of special interest to us. The adoption of a *formal inflation targeting framework* for monetary policy is a move which the monetary authority and the financial community in Namibia has to follow closely.

First, it is important for us to understand what inflation targeting is all about. Under this system, a specific target for inflation in the medium term is publicly announced. Inflation targeting is therefore a monetary policy framework that explicitly recognises price stability as a medium term objective. With inflation targeting, monetary policy decisions are guided by expected future inflation relative to the announced inflation target. This system has been adopted in a number of countries in recent years, replacing either a formal intermediate monetary target or an exchange rate target.

Second, we have to ask ourselves whether the adoption of an inflation targeting system will have any consequences for monetary conditions in the CMA countries. One important reason given by the South African authorities for the change, is that an explicit inflation targeting framework will be more transparent than the previous framework. To the extent the inflation targeting system and the monetary policy decision making process is perceived by market participants to be more transparent, this will be a positive development for the other CMA countries and for Namibia. This should reduce unwarranted market reactions, which at times result in disruptive movements in exchange rates and interest rates, with negative consequences for trade and other economic activities.

It is also important for us to note that the adoption of inflation targeting will not in any significant way change the practical implementation of monetary policy. The main operational instrument will continue to be the repo mechanism and the Reserve Bank does not foresee any need to change the instruments used today for the fine tuning of the liquidity and interest rates in the South African market.

There is, however, one possible consequence which we should be aware of and prepared for. In the economic literature on inflation targeting, a concern has been expressed that direct inflation targeting could easily lead to excessive short term, and even medium term, fluctuation in the nominal (and real) exchange rate. This has been a common experience in inflation targeting countries. There are many causes for the observed fluctuations in the exchange rates. In some countries strong fiscal and structural policy adjustments have given a support to such changes, as well as portfolio shifts. In the case of South Africa, the exchange rate is included as an important element in the macroeconomic monetary policy model used by the Reserve Bank. Exchange rate changes come out as a result of the policy process and not as an independent objective.

Greater nominal exchange rate changes, if these should materialise, is a concern for Namibia for reasons I already have touched upon. However, these consequences are not likely to be severe. Exchange rate fluctuations are nothing new to the financial and commercial community in Namibia. It should also be emphasised that an inflation target could in itself promote considerable stabilisation of the nominal exchange rate. So far, experiences with inflation targeting regimes indicate that the largest fluctuations are prompted by a lack of credibility of the regime. As credibility improves, the exchange rate variability should generally be limited to normal fluctuations in the real exchange rate.

International Trends in Exchange Rate Arrangements

As we are entering a new decade, fixed exchange rate systems seem generally to be replaced with floating exchange rates. The international foreign exchange market are now dominated by three major currencies, the US dollar, the Yen and the Euro, which are floating against each other. None of these three will have explicit inflation targets as the objective for monetary policy, but in practice their orientation of monetary policy is one of implicit inflation targeting. In the US, for example, the Federal Reserve has made it very clear that it is its assessment of inflationary pressures and the outlook for inflation that is the major determinant of any monetary policy adjustment. Although the European Central Bank has adopted a system of monetary targeting, in practice the monetary policy regime resembles inflation targeting quite closely. It is more difficult to classify monetary policy in Japan, but the fact is that inflation has been brought down to very low levels. The trend among industrial countries and emerging economies appears to be the adoption of formal inflation targeting.

Although it hardly can be characterised as a trend, some countries still adopt a pegging of their exchange rate and groups of countries are opting for co-operation in a currency area or monetary union.

Alternatives for Namibia

Namibia is indirectly linked to what appears to be the present norm in exchange rate arrangements. This is because the Namibia dollar is linked to the rand, which is floating and its fluctuations will in the future be influenced by a monetary policy based on inflation targeting. If for some unknown reasons the present arrangement should be terminated sometime in the future, the most relevant alternative would be that Namibia adopt a floating exchange rate by its own. It is the Bank of Namibia’s view that the benefits of the present membership of the CMA outweigh the costs. A peg arrangement will also continue to remain the optimum as the country battles with an attempt to reduce fiscal deficit. For the foreseeable future, therefore, namibia should not take any initiatives for terminating its membership.

But there is another alternative. The present arrangement should, to the extent possible, be managed in such a way that the stability is utilised in promoting the development of the national economy. In my opinion, Namibia would benefit from a evolution of the CMA arrangement toward a full monetary union. As mentioned earlier, this would require a closer co-ordination of economic policy in the currency area. Political structures would have to be established and made operational. The group of countries that comprise the CMA could be extended to include countries in our region with similar economic structures and development priorities.

I am fully aware that the realisation of this objective can only be achieved in a long term perspective. In the meanwhile, Namibia’s benefits from the CMA arrangement could be increased by extended consultations between the member countries. For example, the adoption of the inflation targeting framework in South Africa would be a good occasion for extending the discussion on the framework itself and, later, on the implementation of monetary policy in response to the monetary authorities’ expectation of future inflation. Such extended consultations should not be limited to monetary matters, but apply to other areas of economic policies as well.

In the end, the achievement of a monetary union will require that countries in the region commit themselves to confront the process of solving conflicting national interests in a fair and democratic manner. In order to reach a common objective of monetary stability and economic prosperity, a regional solution may also be the route to go for us here in Southern Africa.

Conclusion

In conclusion, I hope that my explanation of this complex issue has raised your awareness of the problems involved and given you a basis for further discussions. It is also my hope that this explanation will create a better understanding of the actions of the Bank of Namibia with regard to monetary policy related matters.

Table I.1 AGGREGATE ECONOMIC INDICATORS

	1995	1996	1997	1998	1999
Current Prices					
GDP (N$ mil.)	11760	13481	15037	16598	17807
% Change	10.5	14.6	11.5	10.4	7.3
GNI (N$ mil.)	12341	13804	15356	17091	18029
% Change	13.9	11.9	11.2	11.3	5.5
GDP per capita (N$)	7378	8205	8866	9485	9865
% Change	7.2	11.2	8.1	7.0	4.0
GNI per capita (N$)	7742	8402	9045	9766	9988
% Change	10.5	8.5	7.7	8.0	2.3
Constant 1990 Prices					
GDP (N$ mil.)	7611	7771	7970	8212	8453
% Change	3.2	2.1	2.6	3.0	2.9
GNI (N$ mil.)	7945	7943	8126	8439	8547
% Change	6.0	0.0	2.3	3.9	1.3
GDP per capita (N$)	4775	4730	4699	4693	4683
% Change	0.1	-0.9	-0.7	-0.1	-0.2
GNI per capita (N$)	4984	4834	4791	4822	4735
% Change	2.8	-3.0	-0.9	0.6	-1.8

Source: Central Bureau of Statistics

Table I.2 GROSS DOMESTIC PRODUCT AND GROSS NATIONAL INCOME

	1995	1996	1997	1998	1999
Current prices - N$ millions					
Compensation of employees	4831	5610	6217	6915	7123
Consumption of fixed capital	1686	2089	2234	2302	2771
Net operating surplus	3643	4113	4598	5597	5881
Gross domestic product at factor cost	**10161**	**11812**	**13049**	**14813**	**15776**
Taxes on production and imports	1689	1809	2017	1935	2183
Subsidies	-156	-199	-164	-151	-152
Gross domestic product at market prices	**11760**	**13481**	**15037**	**16598**	**17807**
Primary incomes					
- receivable from the rest of the world	1568	1359	1026	1014	1118
- payable to the rest of the world	987	1036	706	521	896
Gross national income at market prices	**12341**	**13804**	**15356**	**17091**	**18029**
Current transfers					
- receivable from the rest of the world	1569	1939	2164	2492	2873
- payable to the rest of the world	87	90	83	86	88
Gross national disposable income	**13823**	**15653**	**17438**	**19497**	**20814**
Current prices - N$ per capita					
Gross domestic product at market prices	7378	8205	8866	9485	9865
Gross national income at market prices	7742	8402	9054	9766	9988
Constant 1990 prices - N$ millions					
Gross domestic product at market prices	7611	7771	7970	8212	8453
- Annual percentage change	3.2%	2.1%	2.6%	3.0%	2.9%
Real gross national income	7945	7943	8126	8439	8547
- Annual percentage change	6.0%	0.0%	2.3%	3.9%	1.3%
Constant 1990 prices - N$ per capita					
Gross domestic product at market prices	4775	4730	4699	4693	4683
- Annual percentage change	0.1%	-0.9%	-0.7%	-0.1%	-0.2%
Real gross national income	4984	4834	4791	4822	4735
- Annual percentage change	2.8%	-3.0%	-0.9%	0.6%	-1.8%

Source: Central Bureau of Statistics

Table I.3 NATIONAL DISPOSABLE INCOME AND SAVING

Current prices - N$ millions	1995	1996	1997	1998	1999
Disposable income and saving					
Gross national disposable income	**13823**	**15653**	**17438**	**19497**	**20814**
Consumption of fixed capital	1686	2089	2234	2302	2771
Net national disposable income	**12137**	**13563**	**15204**	**17195**	**18042**
All other sectors	8454	9122	9840	11102	10973
General government	3683	4441	5363	6093	7069
Final consumption expenditure	10507	11739	14205	15542	16297
Private	6770	7314	9317	10219	10698
General government	3738	4425	4888	5323	5599
Saving, net	1630	1824	999	1652	1745
All other sectors	2940	3167	2015	2647	2229
General government	-1310	-1343	-1016	-995	-484
Financing of capital formation					
Saving, net	1630	1824	999	1652	1745
Capital transfers receivable from abroad	148	183	156	254	254
Capital transfers payable to foreign countries	-2	-2	-2	-2	-2
Total	**1775**	**2005**	**1153**	**1904**	**1997**
Capital formation					
Gross fixed capital formation	2599	3201	2731	3002	3444
All other sectors	1890	2467	1974	2122	2519
General government	709	734	757	880	925
Consumption of fixed capital	-1686	-2089	-2234	-2302	-2771
All other sectors	-1155	-1491	-1587	-1612	-2020
General government	-531	-598	-647	-690	-752
Changes in inventories	-115	-137	-72	315	-75
Net lending (+) / Net borrowing (-)	821	832	498	648	1161
All other sectors	2192	2204	1554	1670	1775
General government	-1372	-1372	-1056	-1022	-614
Total					

Source: Central Bureau of Statistics

Table I.4 GROSS DOMESTIC PRODUCT BY ACTIVITY
Current Prices - N$ Millions

Industry	1995	1996	1997	1998	1999
Agriculture and forestry products	900	1029	968	874	959
Commercial	535	651	560	555	602
Subsistence	365	378	408	319	358
Fishery products	376	476	481	675	698
Mining and quarrying	1146	1654	1783	1875	1927
Diamond mining	763	1169	1251	1371	1638
Other mining and quarrying	383	485	532	504	289
Primary industries	**2422**	**3159**	**3232**	**3424**	**3584**
Manufacturing	1625	1550	1851	2368	2543
Meat processing	85	85	96	85	88
Fish processing	550	354	495	884	928
Other manufacturing	989	1111	1260	1398	1527
Electricity and water	225	265	261	326	360
Construction	343	404	319	337	358
Secondary industries	**2193**	**2218**	**2431**	**3031**	**3261**
Wholesale and retail trade, repairs	833	916	1054	1105	1156
Hotels and restaurants	223	226	309	371	410
Transport and communication	496	438	604	529	564
Transport and storage	283	181	302	254	154
Post and telecommunications	213	257	302	275	410
Finance, real estate, business services	979	1129	1319	1480	1686
Financial intermediation	385	536	666	774	811
Financial services indirectly measured	-352	-457	-554	-634	-688
Real estate and business services	946	1049	1207	1340	1564
Owner-occupied dwellings	580	642	751	841	959
Other real estate and business services	366	407	456	499	605
Community, social and personal services	127	148	164	187	232
Producers of government services	2738	3333	3688	4018	4166
Other producers	267	294	319	351	385
Tertiary industries	**5663**	**6484**	**7457**	**8040**	**8599**
All industries at basic prices	**10278**	**11861**	**13120**	**14495**	**15445**
Import duties	89	99	152	168	179
Other taxes on products	1327	1462	1765	1935	2183
GDP at market prices	**11694**	**13421**	**15037**	**16598**	**17807**

Source: Central Bureau of Statistics

Table I.5 GROSS DOMESTIC PRODUCT BY ACTIVITY
Constant 1990 Prices - N$ Millions

Industry	1995	1996	1997	1998	1999
Agriculture and forestry products	521	573	509	477	493
Commercial	304	352	294	307	319
Subsistence	217	221	215	170	174
Fishery products	305	303	308	370	386
Mining and quarrying	1291	1339	1391	1342	1388
Diamond mining	904	940	939	955	1042
Other mining and quarrying	386	400	452	388	346
Primary industries	**2117**	**2215**	**2208**	**2189**	**2267**
Manufacturing	944	886	972	1008	1001
Meat processing	50	51	53	53	54
Fish processing	261	175	228	243	228
Other manufacturing	634	659	692	711	719
Electricity and water	103	85	56	76	93
Construction	221	238	175	153	157
Secondary industries	**1269**	**1209**	**1222**	**1237**	**1251**
Wholesale and retail trade, repairs	478	487	515	508	531
Hotels and restaurants	128	120	151	171	174
Transport and communication	394	422	469	497	509
Transport and storage	238	240	253	259	264
Post and telecommunications	156	182	216	237	245
Finance, real estate, business services	562	600	645	681	680
Financial intermediation	230	262	291	309	314
Financial services indirectly measured	-211	-220	-235	-244	-262
Real estate and business services	543	558	589	616	628
Owner-occupied dwellings	333	341	367	387	406
Other real estate and business services	210	216	223	229	222
Community, social and personal services	65	66	65	63	63
Producers of government services	1685	1717	1768	1846	1896
Other producers	153	156	159	161	163
Tertiary industries	**3466**	**3569**	**3771**	**3925**	**4016**
All industries at basic prices	**6852**	**6993**	**7181**	**7351**	**7534**
Import duties	45	32	26	71	72
Other taxes on products	710	767	763	790	847
GDP at market prices	**7611**	**7771**	**7970**	**8212**	**8453**

Source: Central Bureau of Statistics

Table I.6 EXPENDITURE ON GROSS DOMESTIC PRODUCT
Current Prices - N$ Million

Expenditure category	1994	1995	1996	1997	1998
Final consumption expenditure	9077	10519	11919	14172	15133
Private	5771	6781	7494	9285	9840
General government	3307	3738	4425	4887	5293
Gross fixed capital formation	2298	2599	3201	2731	3043
Changes in inventories	227	-115	-137	-72	301
Gross domestic expenditure	**11625**	**13022**	**15015**	**16861**	**18498**
Exports of goods and services	5608	6288	7485	7942	8875
Imports of goods and services	6656	7615	9080	9901	10547
Gross domestic product at market prices	**10576**	**11694**	**13421**	**14901**	**16826**

Source: Central Bureau of Statistics

Table I.7 EXPENDITURE ON GROSS DOMESTIC PRODUCT
Constant 1990 Prices - N$ Million

Expenditure category	1994	1995	1996	1997	1998
Final consumption expenditure	5559	6177	6351	6445	6363
Private	3301	3918	4053	4091	3930
General government	2257	2259	2298	2354	2433
Gross fixed capital formation	1639	1696	1834	1493	1612
Changes in inventories	200	-70	-57	-44	169
Gross domestic expenditure	**7416**	**7818**	**8141**	**7906**	**8153**
Exports of goods and services	4313	4788	5013	5075	5029
Imports of goods and services	4395	5000	5384	5007	5017
Gross domestic product at market prices	**7335**	**7607**	**7770**	**7975**	**8165**

Source: Central Bureau of Statistics

Table I.8 GROSS FIXED CAPITAL FORMATION BY ACTIVITY
Current Prices - N$ Million

Industry	1994	1995	1996	1997	1998
Agriculture	114	126	139	158	156
Fishing	11	12	13	15	17
Mining and quarrying	219	304	569	439	502
Manufacturing	148	136	128	134	132
Fish processing	58	33	19	11	6
Other manufacturing	90	103	109	123	125
Electricity and water	80	67	163	147	263
Construction	113	124	135	152	156
Wholesale and retail trade; hotels, restaurants	173	331	227	199	183
Transport and communication	235	205	213	252	265
Finance, real estate and business services	518	562	848	455	525
Community, social and personal services	33	22	33	22	33
Producers of government services	654	709	734	757	810
Total	**2298**	**2599**	**3201**	**2731**	**3043**

Source: Central Bureau of Statistics

Table I.9 GROSS FIXED CAPITAL FORMATION BY ACTIVITY
Constant 1990 Prices - N$ Million

Industry	1994	1995	1996	1997	1998
Agriculture	82	85	87	90	94
Fishing	7	7	7	7	8
Mining and quarrying	161	197	240	213	239
Manufacturing	108	93	84	79	79
Fish processing	42	22	12	6	4
Other manufacturing	67	72	72	73	75
Electricity and water	56	43	97	81	137
Construction	82	85	88	89	91
Wholesale and retail trade; hotels, restaurants	121	215	137	111	99
Transport and communication	162	128	123	134	133
Finance, real estate and business services	369	366	506	253	277
Community, social and personal services	25	15	22	13	20
Producers of government services	466	462	442	422	436
Total	**1639**	**1696**	**1834**	**1493**	**1612**

Source: Central Bureau of Statistics

Table I.10 GROSS FIXED CAPITAL FORMATION BY THE TYPE OF ASSET
Current Prices - N$ Million

Type of Asset	1994	1995	1996	1997	1998
Buildings	919	1083	1300	881	981
Construction works	513	540	624	556	685
Transport equipment	316	331	394	481	504
Machinery and other equipment	509	548	763	714	748
Total exclusive of mineral exploration	**2258**	**2502**	**3081**	**2632**	**2917**
Mineral exploration	40	97	120	99	126
Total	**2298**	**2599**	**3201**	**2731**	**3043**

Source: Central Bureau of Statistics

Table I.11 GROSS FIXED CAPITAL FORMATION BY THE TYPE OF ASSET
Constant 1990 Prices - N$ Million

Type of Industry	1994	1995	1996	1997	1998
Buildings	656	704	776	489	517
Construction works	362	345	366	302	359
Transport equipment	196	196	209	223	217
Machinery and other equipment	397	387	411	424	451
Total exclusive of mineral exploration	**1610**	**1633**	**1762**	**1438**	**1544**
Mineral exploration	29	63	72	55	68
Total	**1639**	**1696**	**1834**	**1493**	**1612**

Source: Central Bureau of Statistics

Table I.12 GROSS CAPITAL FORMATION BY THE TYPE OF OWNERSHIP
Current Prices - N$ Million

Industry	1994	1995	1996	1997	1998
Public	911	922	1097	1291	1563
Producers of government services	654	709	734	757	810
Public corporations and enterprises	257	213	364	534	753
Private	1387	1677	2104	1440	1480
Total	**2298**	**2599**	**3201**	**2731**	**3043**

Source: Central Bureau of Statistics

Table I.13 GROSS FIXED CAPITAL FORMATION BY THE OWNERSHIP
Constant 1990 Prices - N$ Million

Industry	1994	1995	1996	1997	1998
Public	648	603	661	720	830
Producers of government services	466	462	442	422	436
Public corporations and enterprises	183	141	219	298	394
Private	991	1093	1173	773	782
Total	**1639**	**1696**	**1834**	**1493**	**1612**

Source: Central Bureau of Statistics

Table I.14 FIXED CAPITAL STOCK BY ACTIVITY
Current Prices - N$ Million

Industry	1994	1995	1996	1997	1998
Agriculture	3296	3594	3903	4324	3835
Fishing	292	313	325	351	375
Mining and quarrying	2976	3171	4510	3806	3800
Manufacturing	881	1016	1132	1250	1299
Fish processing	306	346	372	390	391
Other manufacturing	576	670	760	860	908
Electricity and water	2282	2492	2783	3036	3319
Construction	237	331	425	543	610
Wholesale and retail trade; hotels, restaurants	933	1235	1434	1583	1666
Transport and communication	2776	3071	3337	3613	3809
Finance, real estate and business services	4185	4995	6110	6816	7479
Community, social and personal services	220	246	277	303	318
General government	17697	19622	21523	2330	24621
Total	**35776**	**40086**	**45759**	**48925**	**51129**

Source: Central Bureau of Statistics

Table I.15 FIXED CAPITAL STOCK BY ACTIVITY
Constant 1990 Prices - N$ Million

Industry	1994	1995	1996	1997	1998
Agriculture	2360	2373	2387	2401	2416
Fishing	181	178	176	174	172
Mining and quarrying	2155	2064	1999	1915	1836
Manufacturing	635	675	699	712	717
Fish processing	219	228	226	219	209
Other manufacturing	415	447	473	493	508
Electricity and water	1608	1595	1633	1653	1725
Construction	172	226	275	317	354
Wholesale and retail trade; hotels, restaurants	663	803	858	879	880
Transport and communication	1944	1953	1952	1955	1956
Finance, real estate and business services	2984	3251	3648	3786	3943
Community, social and personal services	159	163	172	172	177
General government	12514	12629	12709	12770	12835
Total	**25375**	**25910**	**26507**	**26733**	**27011**

Source: Central Bureau of Statistics

Table I.16(a) INTERIM CONSUMER PRICE INDEX (DECEMBER 1992 = 100)

	Food	Beverage & Tobacco	Housing, Fuel & Power	Clothing & Footwear	Household Goods etc.	T/port & Communication	Recreation etc.	Medical Health Care	Misc. Goods etc.	All Items	South African Inflation Rates
Weights	**28.36**	**4.10**	**19.94**	**4.39**	**10.22**	**20.67**	**4.14**	**1.35**	**6.88**	**100.00**	**100.00**
1995											
AVG	**12.21**	**14.32**	**12.83**	**8.69**	**6.06**	**5.56**	**8.20**	**8.94**	**12.69**	**10.06**	**8.67**
1996											
AVG	**6.69**	**11.60**	**7.24**	**4.12**	**6.42**	**8.95**	**12.85**	**7.65**	**12.51**	**8.00**	**7.39**
1997											
AVG	**7.82**	**17.76**	**9.45**	**13.71**	**3.05**	**8.27**	**20.19**	**17.09**	**8.27**	**8.85**	**8.90**
1998											
Q1	1.92	16.06	6.33	12.56	3.66	2.14	4.95	15.82	11.05	5.18	5.47
Q2	1.50	17.15	7.28	7.33	4.62	1.18	4.10	10.59	10.16	4.80	5.10
Q3	2.74	17.14	9.20	12.31	6.99	3.96	6.38	9.45	12.09	6.85	7.77
Q4	4.63	16.32	10.52	10.30	7.52	5.41	7.56	6.59	12.96	7.93	9.13
AVG	**2.70**	**16.67**	**8.33**	**10.63**	**5.69**	**3.17**	**5.75**	**10.62**	**11.57**	**6.19**	**6.87**
1999											
Jan	6.67	17.05	10.92	9.75	7.08	8.93	11.04	5.63	6.33	8.85	8.90
Feb	6.19	18.36	10.66	9.72	6.92	8.59	9.82	6.94	4.79	8.47	8.60
Mar	6.20	19.42	10.91	9.54	6.42	9.13	10.53	6.28	12.14	9.31	7.90
Q1	**6.35**	**18.28**	**10.83**	**9.67**	**6.81**	**8.88**	**10.46**	**6.28**	**7.75**	**8.88**	**8.47**
Apr	6.65	18.36	10.91	9.41	6.11	9.19	10.68	5.90	11.74	9.33	7.70
May	5.07	12.73	10.91	9.43	5.68	12.03	10.34	4.99	10.20	8.95	7.71
Jun	4.84	10.61	8.89	4.57	5.11	14.38	9.77	0.85	7.66	8.19	7.73
Q2	**5.52**	**13.90**	**10.24**	**7.80**	**5.63**	**11.87**	**10.26**	**3.91**	**9.86**	**8.83**	**7.71**
Jul	6.36	12.04	8.22	3.22	5.31	15.01	9.20	0.27	4.92	8.37	4.90
Aug	6.32	12.26	8.19	2.85	4.99	14.82	7.07	0.02	3.94	8.08	3.20
Sep	5.88	14.85	7.63	3.12	5.67	14.09	7.52	2.76	4.09	8.02	1.90
Q3	**6.19**	**13.05**	**8.02**	**3.06**	**5.32**	**14.64**	**7.93**	**1.02**	**4.32**	**8.16**	**3.33**
Oct	5.01	14.87	7.65	2.71	5.77	19.03	9.80	3.32	3.54	8.77	1.70
Nov	5.12	13.41	8.12	3.94	5.85	19.08	9.51	3.55	2.58	8.78	1.90
Dec	2.96	15.31	6.94	4.50	5.64	17.43	9.33	4.28	3.82	7.89	2.20
Q4	**4.36**	**14.53**	**7.57**	**3.72**	**5.75**	**18.51**	**9.55**	**3.72**	**3.31**	**8.48**	**1.93**
AVG	**5.60**	**14.94**	**9.16**	**6.06**	**5.88**	**13.47**	**9.55**	**3.73**	**6.31**	**8.58**	**5.36**
2000											
Jan	2.12	12.40	6.92	4.74	6.41	15.85	10.54	1.56	5.00	7.41	2.60
Feb	4.12	12.19	7.60	4.26	6.36	15.84	10.88	1.95	4.88	8.07	2.40
Mar	5.11	11.65	7.74	3.67	7.98	15.44	10.55	1.56	-0.92	7.84	3.40
Q1	**3.78**	**12.08**	**7.42**	**4.22**	**6.92**	**15.71**	**10.66**	**1.69**	**2.99**	**7.77**	**2.80**
Apr	5.79	12.46	8.13	4.04	8.54	19.19	10.10	1.64	-0.64	8.94	4.50

*Calculated as a percentage change of the all items index for a given month in relation to that of the same month of the preceding year.
Source: Central Statistics Office

Table I.16(b) CONSUMER PRICE INFLATION

This table classifies goods and services in the index by source: imported tradeables referes to imported goods, domestic tradeables

	Monthly Index					Annual Inflation Rate (%)*				
	Domestic			Imported Tradeables	All Items	Domestic			Imported Tradeables	All Items
	Non-Tradeable	Tradeable	Total			Non-Tradeable	Tradeable	Total		
Weights	**32.00**	**20.11**	**52.11**	**47.89**	**100.00**	**32.00**	**20.11**	**52.11**	**47.89**	**100.00**
1997										
AVG	**156.88**	**152.07**	**155.02**	**145.29**	**150.36**	**9.30**	**7.36**	**8.52**	**9.28**	**8.85**
1998										
Q1	164.69	154.35	160.70	148.51	154.86	7.53	2.11	5.46	4.88	5.19
Q2	165.96	154.55	161.56	151.67	156.82	7.74	1.95	5.53	3.98	4.80
Q3	174.64	155.50	167.25	156.90	162.29	9.03	2.27	6.49	7.27	6.85
Q4	175.49	157.55	168.56	160.70	164.80	9.59	2.68	6.99	9.04	7.94
AVG	**170.20**	**155.49**	**164.52**	**154.45**	**159.69**	**8.47**	**2.25**	**6.12**	**6.29**	**6.20**
1999										
Jan	181.18	160.98	173.38	162.35	168.10	10.63	3.98	8.15	9.67	8.85
Feb	181.37	160.03	173.13	162.52	168.05	9.99	4.02	7.79	9.28	8.47
Mar	184.01	158.32	174.09	164.88	169.68	11.24	2.54	8.02	10.81	9.30
Q1	**182.19**	**159.78**	**173.53**	**163.25**	**168.61**	**10.62**	**3.51**	**7.99**	**9.92**	**8.87**
Apr	184.01	159.68	174.62	164.42	169.73	11.04	4.49	8.63	10.16	9.34
May	183.87	159.29	174.38	166.45	170.58	10.85	3.04	7.97	10.09	8.95
Jun	181.91	159.86	173.40	169.73	171.64	9.39	2.32	6.77	9.82	8.19
Q2	**183.26**	**159.61**	**174.13**	**166.87**	**170.65**	**10.43**	**3.28**	**7.79**	**10.02**	**8.83**
Jul	187.60	161.03	177.34	172.20	174.88	7.53	4.50	6.44	10.63	8.38
Aug	187.86	162.97	178.25	172.18	175.34	7.67	4.82	6.65	9.75	8.09
Sep	187.17	165.03	178.62	173.93	176.38	6.97	5.17	6.32	9.96	8.01
Q3	**187.54**	**163.01**	**178.07**	**172.77**	**175.53**	**7.39**	**4.83**	**6.47**	**10.11**	**8.16**
Oct	189.08	165.01	179.79	176.64	178.28	8.05	5.11	6.99	10.82	8.77
Nov	189.08	165.93	180.14	177.77	179.01	7.95	5.39	7.02	10.79	8.78
Dec	189.29	166.50	180.49	177.43	179.03	7.36	5.23	6.59	9.36	7.89
Q4	**189.15**	**165.81**	**180.14**	**177.28**	**178.77**	**7.79**	**5.24**	**6.87**	**10.32**	**8.48**
AVG	**185.54**	**162.05**	**176.47**	**170.04**	**173.39**	**9.06**	**4.22**	**7.28**	**10.10**	**8.59**
2000										
Jan	191.35	166.85	181.89	179.09	180.55	5.61	3.66	4.91	10.31	7.41
Feb	192.54	168.13	183.12	180.01	181.63	6.16	5.06	5.77	10.76	8.08
Mar	193.25	168.38	183.65	182.30	183.00	5.02	6.35	5.49	10.57	7.85
Q1	**192.38**	**167.79**	**182.89**	**180.47**	**171.73**	**5.60**	**5.02**	**5.39**	**10.55**	**7.78**
Apr	193.25	169.52	184.09	185.79	184.90	5.02	6.16	5.42	13.00	8.94

*Calculated as a percentage change of the all items index for a given month in relation to that of the same month of the preceding year.
Source: Central Statistics Office

Table II.2(b) DEPOSIT MONEY BANKS: DETAILED ACCOUNT
(end of period in N$ million)

LIABILITIES

Period		Demand Deposits	Time and Savings Deposits: For. Curr.	Time and Savings Deposits: Time Dep.	Time and Savings Deposits: Savings	Time and Savings Deposits: **Sub-Total**	Money Market Instr.	Bonds	Foreign Liabilities: Banks	Foreign Liabilities: Non-Banks	Foreign Liabilities: **Sub-Total**	Central Govt. Deposits	Credit from BON	Capital Accounts	Other Items (NET)	**TOTAL**
1997	I	2439.4	0.0	2761.2	534.0	**3295.2**	0.0	7.8	291.3	90.1	**381.4**	71.4	0.0	670.0	205.50	**7070.7**
	II	2689.4	0.0	3092.5	548.9	**3641.4**	0.0	3.9	197.2	63.0	**260.2**	172.0	0.0	703.5	223.10	**7693.5**
	III	2652.1	0.0	2943.4	572.8	**3516.2**	0.0	5.9	626.9	84.6	**711.5**	212.8	0.0	735.1	212.00	**8045.6**
	IV	2562.5	0.0	3026.5	576.5	**3603.0**	0.0	7.0	768.7	70.0	**838.7**	217.6	0.0	782.7	204.40	**8215.9**
1998	Jan	2578.6	0.0	2926.5	582.0	**3508.5**	0.0	6.5	638.2	72.1	**710.3**	365.0	0.0	806.1	256.60	**8231.6**
	Feb	2712.5	0.0	2887.9	588.8	**3476.7**	0.0	6.6	555.7	72.8	**628.5**	305.3	1.4	823.8	258.07	**8212.8**
	Mar	2556.5	0.0	3026.4	592.4	**3618.8**	0.0	6.3	694.3	79.5	**773.7**	250.1	0.0	827.2	187.59	**8220.1**
	Apr	2691.7	0.0	3091.9	596.4	**3688.3**	0.0	6.4	648.4	79.6	**728.0**	253.3	7.9	814.2	179.11	**8368.8**
	May	2626.3	0.0	2882.7	593.4	**3476.1**	0.0	6.5	902.1	101.9	**1003.9**	203.3	7.7	843.2	108.52	**8275.5**
	Jun	2843.0	0.0	2945.0	594.0	**3539.0**	0.0	4.4	806.3	81.1	**887.4**	182.0	7.7	846.3	170.14	**8479.9**
	Jul	2947.0	0.0	3118.0	608.1	**3726.1**	0.0	5.7	435.5	97.7	**533.2**	180.6	12.7	869.6	188.78	**8463.7**
	Aug	2996.3	0.0	3139.6	613.9	**3753.5**	0.0	5.1	421.8	100.4	**522.2**	247.3	8.5	897.8	175.56	**8606.2**
	Sep	2997.7	0.0	3121.6	628.2	**3749.8**	0.0	4.0	567.9	95.5	**663.4**	232.0	7.8	880.3	209.63	**8744.6**
	Oct	3254.4	0.0	2959.1	614.4	**3573.6**	0.0	5.7	651.2	92.8	**744.0**	210.0	13.0	891.6	208.75	**8901.1**
	Nov	3264.5	0.0	2897.1	640.2	**3537.3**	0.0	5.9	526.6	99.1	**625.7**	176.7	7.7	914.1	226.89	**8758.7**
	Dec	3315.9	0.0	2902.0	622.9	**3524.9**	0.0	5.5	579.9	101.0	**680.9**	173.2	7.7	909.0	194.00	**8821.1**
1999	Jan	3209.8	0.0	2958.9	614.1	**3573.0**	0.0	6.8	607.4	85.3	**692.7**	187.6	7.7	951.8	86.76	**8716.2**
	Feb	3196.7	0.0	3010.9	623.0	**3633.9**	0.0	4.7	463.2	78.3	**541.5**	201.8	9.8	947.6	221.50	**8757.5**
	Mar	3306.7	0.0	3030.9	629.4	**3660.4**	0.0	0.0	590.3	102.7	**693.0**	246.5	9.9	967.2	174.29	**9057.8**
	Apr	3451.1	0.0	2982.1	636.4	**3618.5**	0.0	13.5	351.4	104.1	**455.6**	259.5	9.9	997.6	167.09	**8973.0**
	May	3386.8	0.0	3040.4	637.8	**3678.2**	0.0	15.1	407.3	104.9	**512.2**	194.7	0.0	996.3	258.40	**9041.7**
	Jun	3679.1	0.0	3177.8	650.3	**3828.1**	0.0	9.4	301.8	114.9	**416.7**	184.3	10.0	987.9	265.53	**9381.1**
	Jul	3627.5	0.0	3207.5	677.3	**3884.8**	0.0	7.0	321.0	104.0	**425.0**	182.8	15.0	1011.0	278.70	**9431.8**
	Aug	3507.2	0.0	3294.0	702.5	**3996.5**	0.0	7.8	338.7	111.8	**450.5**	180.8	97.9	1032.0	198.64	**9471.3**
	Sep	4026.1	0.0	3340.2	695.7	**4035.9**	0.0	7.7	327.9	99.0	**426.9**	142.0	100.3	1040.1	47.31	**9826.2**
	Oct	4133.2	0.0	3241.0	696.3	**3937.3**	0.0	8.4	349.1	129.6	**478.7**	147.5	107.1	1060.9	100.6	**9973.7**
	Nov	3985.0	0.0	3249.0	706.4	**3955.4**	0.0	8.3	379.8	116.4	**496.2**	171.6	20.5	1082.5	128.3	**9847.8**
	Dec	4166.2	0.0	3369.4	667.3	**4036.7**	0.0	8.3	137.5	280.9	**418.4**	89.2	120.3	1080.7	86.4	**10006.2**
2000	Jan	4169.6	0.0	3205.5	661.8	**3867.3**	0.0	8.2	426.2	133.0	**559.2**	217.4	19.2	1107.9	60.3	**10009.2**
	Feb	4036.5	0.0	3117.2	677.9	**3795.1**	0.0	8.2	390.9	108.6	**499.6**	148.0	19.2	1129.4	174.9	**9811.0**
	Mar	4020.3	23.7	3301.0	682.7	**4007.4**	0.0	8.3	402.6	188.0	**590.6**	146.2	19.2	1134.9	148.6	**10075.5**
	Apr	4325.9	26.3	3185.3	682.8	**3894.4**	0.0	8.1	438.9	180.0	**618.9**	156.4	32.4	1159.6	152.9	**10348.6**

Table II.3 MONETARY SURVEY
(N$ million)

End of Period	Foreign Assets (Net) 1	Domestic Credit: Central Gov't (Net) 2	Financial Sector 3	Private Sector 4	Other 5	TOTAL (1-5)	Currency in Circulation	Demand Deposits	Savings Deposits	Time Deposits	Other Items (Net)	Broad Money M2	TOTAL
1997 I	660.1	418.7	12.2	5906.9	88.5	**7086.4**	311.7	2439.4	534.0	2761.2	1040.0	6046.3	**7086.3**
II	1208.2	337.5	12.6	5990.2	142.3	**7690.8**	292.4	2689.4	548.9	3092.5	1067.6	6623.2	**7690.8**
III	957.3	230.3	0.7	6278.1	150.8	**7617.2**	305.4	2652.1	572.8	2943.4	1143.5	6473.7	**7617.2**
IV	891.8	67.8	24.3	6553.5	166.3	**7703.7**	335.6	2562.5	576.5	3026.5	1202.6	6501.1	**7703.7**
1998 Jan	1226.2	-319.0	24.8	6627.0	150.7	**7709.7**	331.3	2578.6	582.0	2926.5	1291.3	6418.4	**7709.7**
Feb	1117.0	-71.7	28.9	6636.0	153.7	**7864.0**	340.9	2712.5	588.8	2887.9	1333.9	6530.1	**7864.0**
Mar	795.2	106.4	21.1	6689.4	164.7	**776.8**	316.3	2556.5	592.4	3026.4	1287.4	6491.5	**7778.9**
Apr	1187.6	-154.7	21.0	6762.7	157.1	**7973.7**	321.0	2691.7	596.4	3091.9	1272.8	6700.9	**7973.7**
May	997.4	-355.3	15.4	6863.1	166.2	**7686.8**	349.7	2626.3	593.4	2882.7	1234.6	6452.2	**7686.8**
Jun	877.9	170.2	15.4	6897.0	171.2	**8131.8**	329.8	2843.0	594.0	2945.0	1420.1	6711.7	**8131.8**
Jul	1687.4	-196.0	1.4	6873.3	169.9	**8535.9**	353.2	2947.0	608.1	3118.0	1509.6	7026.3	**8535.9**
Aug	1753.6	-69.5	0.6	6854.4	173.7	**8712.7**	356.1	2996.3	613.9	3139.6	1606.9	7105.9	**8712.7**
Sep	1288.0	209.4	11.1	6941.8	187.6	**8637.9**	348.5	2997.7	633.1	3116.7	1541.8	7096.1	**8637.9**
Oct	1541.9	-40.8	14.6	7018.5	209.9	**8744.1**	364.7	3254.4	614.4	2959.1	1551.5	7192.6	**8744.1**
Nov	1437.3	-25.3	16.7	7119.3	210.4	**8758.5**	383.6	3264.5	640.2	2897.1	1573.1	7185.4	**8758.5**
Dec	1355.8	112.3	15.1	7129.3	161.5	**8774.0**	364.9	3315.9	622.9	2902.0	1568.3	7205.7	**8774.0**
1999 Jan	1533.0	-356.9	15.4	7309.9	169.4	**8670.8**	355.5	3209.8	614.1	2958.9	1532.5	7138.3	**8670.8**
Feb	1568.9	-143.5	11.8	7205.2	240.7	**8882.9**	367.9	3196.7	623.0	3010.9	1684.5	7198.5	**8882.9**
Mar	1450.1	82.8	11.4	7208.6	224.7	**8977.6**	361.0	3306.7	629.4	3030.9	1649.5	7328.1	**8977.6**
Apr	1680.6	-61.5	11.6	7198.1	209.0	**9037.7**	375.3	3451.1	636.4	2982.1	1592.8	7444.9	**9037.7**
May	1654.4	116.7	1.6	7190.2	190.2	**9153.2**	364.5	3386.8	637.8	3040.4	1723.8	7429.5	**9153.2**
Jun	1802.6	268.2	6.4	7092.2	194.0	**9563.4**	359.3	3679.1	650.3	3177.8	1697.0	7866.4	**9563.4**
Jul	2414.2	6.3	5.5	7113.8	134.1	**9673.9**	396.2	3627.5	677.3	3207.5	1765.5	7908.5	**9673.9**
Aug	1942.6	358.8	15.7	7241.7	140.8	**9699.6**	403.2	3507.2	702.5	3294.0	1792.6	7907.0	**9699.6**
Sep	2157.0	591.2	8.9	7188.7	164.3	**10110.2**	395.8	4026.1	695.7	3340.2	1652.5	8457.8	**10110.2**
Oct	2371.0	347.2	12.4	7335.5	168.8	**10234.9**	412.5	4133.2	696.3	3241.0	1751.8	8483.0	**10234.8**
Nov	2055.0	416.3	36.4	7385.3	158.6	**10051.6**	423.2	3985.0	706.4	3249.0	1688.0	8363.6	**10051.6**
Dec	2287.8	459.0	11.4	7434.2	153.0	**10345.4**	422.7	4166.2	667.3	3369.4	1719.7	8625.6	**10345.3**
2000 Jan	2546.0	-136.9	9.2	7549.8	160.4	**10128.5**	389.1	4169.6	661.8	3205.5	1702.5	8426.0	**10128.5**
Feb	2268.5	61.8	11.6	7580.5	135.6	**10058.0**	399.7	4036.5	677.9	3117.2	1826.7	8231.3	**10058.0**
Mar	2103.1	315.5	1.3	7714.8	142.6	**10277.2**	414.2	4020.3	682.4	3324.7	1835.5	8441.7	**10277.2**
Apr	2622.1	-8.3	1.3	7786.6	138.9	**10540.6**	436.9	4325.9	682.8	3211.6	1883.4	8657.2	**10540.6**

Note: Financial Sector refers to:
- Other Banking Institutions
- Nonbank Financial Institutions

Other refers to:
- Non-financial Public Enterprise
- Local Authority and Regional Councils

Table II.4(a) OTHER BANKING INSTITUTIONS: DETAILED ACCOUNT
(end of period N$ million)

ASSETS	1998								1999												2000			
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
1. RESERVES	**102.0**	**97.0**	**87.9**	**90.2**	**96.7**	**97.4**	**94.0**	**120.2**	**129.6**	**143.8**	**118.6**	**174.7**	**159.6**	**231.9**	**230.1**	**217.2**	**208.6**	**174.3**	**171.2**	**189.6**	**217.5**	**179.1**	**214.5**	**178.8**
2. FOREIGN ASSETS	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
a. Banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
b. Non-banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. CLAIM ON CENTRAL GOVERNMENT	**131.2**	**116.7**	**118.4**	**129.7**	**32.9**	**108.0**	**128.5**	**151.9**	**142.5**	**148.5**	**135.1**	**102.9**	**126.5**	**153.7**	**205.0**	**176.3**	**163.9**	**208.5**	**229.2**	**209.5**	**196.2**	**88.8**	**79.1**	**88.4**
a. Treasury bills	131.2	116.7	118.4	129.7	32.9	108.0	128.5	151.9	133.5	139.5	126.0	93.9	103.6	112.3	153.8	134.6	122.2	91.7	108.8	89.4	76.0	75.4	65.7	71.2
b. Government securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
c. Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.0	9.0	9.1	9.1	22.9	41.5	51.2	41.7	41.7	116.8	120.4	120.1	120.2	13.3	13.5	17.1
4. CLAIMS ON LOCAL AUTHORITIES AND REGIONAL COUNCILS	**5.1**	**5.1**	**5.0**	**5.1**	**5.1**	**5.0**	**5.1**	**5.1**	**5.0**	**5.0**	**5.1**	**5.0**	**5.0**	**5.0**	**4.9**	**5.0**	**5.0**	**4.9**	**4.9**	**5.0**	**4.9**	**4.9**	**4.9**	**4.8**
5. CLAIMS ON NON-FIN PUB. ENTERP.	**6.5**	**6.4**	**6.5**	**6.6**	**7.1**	**7.5**	**6.3**	**7.5**	**7.8**	**7.8**	**7.8**	**8.0**	**7.9**	**7.8**	**7.5**	**7.3**	**6.7**	**7.9**	**8.0**	**8.6**	**8.9**	**86.7**	**86.9**	**82.1**
a. Securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
b. Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
c. Leasing transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
d. Other	6.5	6.4	6.5	6.6	7.1	7.5	6.3	7.5	7.8	7.8	7.8	8.0	7.9	7.8	7.5	7.3	6.7	7.9	8.0	8.6	8.9	86.7	86.9	82.1
6. CLAIMS ON NONBANK F. INST.	**18.5**	**17.7**	**17.7**	**17.9**	**17.9**	**17.9**	**17.9**	**18.1**	**17.9**	**17.8**	**18.4**	**18.4**	**18.9**	**18.7**	**14.4**	**14.4**	**14.5**	**14.4**	**14.6**	**14.6**	**14.4**	**14.4**	**13.4**	**13.5**
7. CLIAMS ON PRIVATE SECTOR	**1492.7**	**1509.3**	**1529.5**	**1544.1**	**1575.2**	**1590.3**	**1602.1**	**1623.6**	**1628.0**	**1643.3**	**1671.0**	**1692.9**	**1697.6**	**1718.8**	**1732.6**	**1745.9**	**1759.8**	**1777.8**	**1789.7**	**1799.5**	**1815.3**	**1807.9**	**1824.5**	**1868.8**
a. Individuals	1449.3	1465.9	1486.6	1501.7	1533.4	1548.5	1560.5	1582.2	1587.3	1602.8	1630.5	1653.5	1658.9	1679.9	1693.8	1707.4	1721.3	1739.3	1750.5	1760.3	1776.1	1782.2	1798.8	1843.0
b. Business	43.4	43.4	42.9	42.4	41.8	41.8	41.6	41.4	40.6	40.5	40.5	39.4	38.8	38.8	38.8	38.5	38.5	38.5	39.2	39.2	39.2	25.7	25.7	25.8
8. CLAIMS ON DMB's	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
9. TOTAL ASSETS	**1756.0**	**1752.3**	**1765.0**	**1793.5**	**1734.9**	**1826.1**	**1853.8**	**1926.4**	**1930.7**	**1966.2**	**1956.2**	**2001.9**	**2015.5**	**2135.9**	**2194.6**	**2166.0**	**2158.5**	**2187.7**	**2215.6**	**2206.8**	**2257.2**	**2181.7**	**2223.3**	**2236.4**

TABLE II.4(b) OTHER BANKING INSTITUTIONS: DETAILED ACCOUNT
(end of period N$ million)

LIABILITIES	1998 May	1998 Jun	1998 Jul	1998 Aug	1998 Sep	1998 Oct	1998 Nov	1998 Dec	1999 Jan	1999 Feb	1999 Mar	1999 Apr	1999 May	1999 Jun	1999 Jul	1999 Aug	1999 Sep	1999 Oct	1999 Nov	1999 Dec	2000 Jan	2000 Feb	2000 Mar	2000 Apr
1. TIME, SAVINGS AND FOREIGN C. DEP.	**831.0**	**818.7**	**818.9**	**863.6**	**870.8**	**888.4**	**882.0**	**868.8**	**872.5**	**894.7**	**907.1**	**962.7**	**956.6**	**1046.8**	**1094.3**	**1173.7**	**1085.6**	**1117.1**	**1137.0**	**1123.3**	**1178.1**	**1124.3**	**1163.9**	**1159.1**
a. Time Deposits	180.3	158.7	186.2	184.8	159.9	169.8	161.0	168.1	172.3	176.9	177.9	199.0	190.1	192.4	194.3	190.0	185.8	169.4	185.2	191.4	208.8	214.1	238.3	250.5
b. Savings Deposits	650.7	660.0	632.7	678.8	710.9	718.6	720.9	700.7	700.2	717.8	729.2	763.7	766.5	854.4	900.0	983.7	899.8	947.7	951.8	931.9	969.3	910.2	925.6	908.6
c. Foreign Currency Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. MONEY MARKET INSTRUMENTS	**200.1**	**200.2**	**200.8**	**201.4**	**200.5**	**180.8**	**181.1**	**182.5**	**181.4**	**179.7**	**180.1**	**43.2**	**43.1**	**44.2**	**44.3**	**44.9**	**44.7**	**45.1**	**45.6**	**45.8**	**43.8**	**43.8**	**43.9**	**44.3**
3. BONDS	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
4. FOREIGN LIABILITIES	**24.8**	**33.5**	**29.4**	**32.0**	**32.3**	**30.4**	**27.1**	**23.5**	**21.4**	**26.3**	**26.3**	**27.3**	**29.6**	**36.7**	**31.1**	**26.9**	**28.1**	**30.1**	**29.7**	**25.7**	**28.8**	**35.4**	**31.6**	**48.2**
a. Banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
b. Nonbanks	24.8	33.5	29.4	32.0	32.3	30.4	27.1	23.5	21.4	26.3	26.3	27.3	29.6	36.7	31.1	26.9	28.1	30.1	29.7	25.7	28.8	35.4	31.6	48.2
5. CENTRAL GOVERNMENT DEPOSITS	**3.6**	**3.6**	**3.6**	**3.6**	**3.6**	**3.7**	**3.7**	**3.7**	**3.6**	**3.3**	**3.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
6. CREDIT FROM CENTRAL BANK	**0.5**	**0.5**	**0.5**	**0.5**	**0.4**	**0.4**	**19.1**	**7.9**	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**
7. CREDIT FROM DMB'	**35.2**	**29.1**	**37.2**	**37.0**	**30.6**	**59.4**	**36.4**	**41.0**	**38.4**	**38.9**	**39.2**	**41.8**	**42.7**	**46.5**	**41.5**	**42.0**	**41.4**	**36.4**	**36.4**	**38.0**	**43.1**	**48.3**	**51.8**	**49.9**
8. CAPITAL ACCOUNTS	**916.0**	**923.2**	**930.6**	**937.9**	**940.0**	**924.2**	**940.4**	**960.2**	**969.3**	**979.0**	**985.6**	**1007.4**	**1018.4**	**1027.9**	**1049.9**	**1059.4**	**1064.7**	**1079.9**	**1090.3**	**1099.9**	**1111.5**	**1130.0**	**1147.6**	**1141.2**
9. OTHER ITEMS (NET)	**-255.1**	**-256.4**	**-255.9**	**-282.6**	**-343.2**	**-261.3**	**-235.9**	**-161.2**	**-156.4**	**-156.3**	**-185.9**	**-80.9**	**-75.4**	**-66.6**	**-66.9**	**-106.1**	**-106.4**	**-122.8**	**-123.8**	**-126.4**	**-148.5**	**-200.4**	**-216.1**	**-206.8**
a. Unclassified Liabilities	98.5	92.2	104.9	110.7	138.7	157.4	179.1	204.8	205.3	208.4	180.9	305.3	295.1	328.9	352.1	335.3	322.8	64.3	311.6	323.1	281.7	270.9	271.8	272.9
b. Less: Unclassified Assets	353.6	348.6	360.8	393.3	482.0	418.6	415.1	365.9	361.7	364.7	366.8	386.2	370.4	395.5	419.0	441.3	429.2	187.1	435.4	449.5	430.2	471.4	487.9	479.7
10. TOTAL LIABILITIES	**1756.0**	**1752.3**	**1765.0**	**1793.5**	**1734.9**	**1826.1**	**1853.8**	**1926.4**	**1930.7**	**1966.2**	**1956.2**	**2002.0**	**2015.5**	**2135.9**	**2194.6**	**2241.2**	**2158.5**	**2186.2**	**2215.6**	**2206.7**	**2257.2**	**2181.7**	**2223.3**	**2236.4**

Table II.5 BANKING SURVEY
(end of period N$ million)

End of Period	Net Foreign Assets	Domestic Credit				Total	Money Supply				TOTAL
		To Gov't (Net)	Financial Sector	Private Sector	Other		Monetary Liabilities	Quasi-Monetary Liabilities	Total	Other Items (Net)	
1997 I	644.9	533.8	18.5	7263.1	102.3	**8562.6**	2600.3	4056.2	**6656.5**	1906.1	**8562.6**
II	1195.6	466.5	30.4	7330.6	156.8	**9179.9**	2765.5	4455.3	**7220.8**	1959.1	**9179.9**
III	944.6	362.5	28.9	7633.9	163.5	**9133.4**	2748.2	4310.7	**7058.9**	2074.5	**9133.4**
IV	876.9	230.8	17.7	7956.1	176.2	**9257.7**	2736.3	4448.5	**7184.8**	2072.9	**9257.7**
1998 Jan	1211.1	-144.1	21.7	8033.7	161.0	**9283.3**	2760.4	4345.1	**7105.4**	2177.9	**9283.3**
Feb	1059.6	105.3	17.6	8089.9	164.7	**9437.2**	2908.0	4377.9	**7285.9**	2151.4	**9437.2**
Mar	775.6	277.8	17.2	8152.0	175.9	**9398.6**	2751.2	4459.9	**7211.1**	2187.5	**9398.6**
Apr	1162.6	-28.6	19.3	8241.3	168.3	**9563.0**	2901.1	4519.5	**7420.6**	2142.4	**9563.0**
May	972.0	-227.1	18.5	8355.8	177.7	**9297.0**	2874.1	4307.2	**7181.2**	2115.8	**9297.0**
Jun	844.5	283.4	17.7	8406.3	182.7	**9734.6**	3075.7	4357.6	**7433.3**	2301.2	**9734.6**
Jul	1658.0	-81.2	17.7	8402.8	181.4	**10178.6**	3212.3	4545.0	**7757.3**	2421.3	**10178.6**
Aug	1721.6	56.5	17.9	8398.5	185.4	**10379.9**	3262.2	4617.1	**7879.3**	2500.5	**10379.9**
Sep	1255.7	238.7	17.9	8517.0	199.8	**10229.0**	3249.6	4620.5	**7870.1**	2358.9	**10229.0**
Oct	1511.5	63.5	17.9	8608.8	222.4	**10424.1**	3521.6	4462.0	**7983.6**	2440.5	**10424.1**
Nov	1410.2	99.5	17.9	8721.4	221.8	**10470.8**	3554.1	4419.2	**7973.4**	2497.4	**10470.8**
Dec	1332.3	260.5	18.1	8752.8	174.1	**10537.8**	3560.7	4393.6	**7954.3**	2583.5	**10537.8**
1999 Jan	1511.5	-218.0	17.9	8937.9	182.2	**10431.5**	3435.7	4445.5	**7881.1**	2550.4	**10431.5**
Feb	1542.5	1.6	17.8	8848.4	253.5	**10663.9**	3420.8	4528.6	**7949.4**	2714.5	**10663.9**
Mar	1423.8	214.5	18.4	8879.6	237.6	**10773.9**	3549.0	4567.4	**8116.4**	2657.5	**10773.9**
Apr	1653.3	41.4	18.4	8891.0	221.9	**10826.1**	3651.7	4581.2	**8232.9**	2593.2	**10826.1**
May	1624.9	243.2	18.9	8887.8	203.1	**10977.8**	3591.6	4634.8	**8226.4**	2751.4	**10977.8**
Jun	1765.9	621.9	22.9	8810.9	206.8	**11428.4**	3806.4	4874.9	**8681.3**	2747.1	**11428.4**
Jul	2383.1	211.3	18.6	8846.4	146.5	**11605.9**	3793.6	4979.1	**8772.6**	2833.3	**11605.9**
Aug	1915.7	535.0	6.4	8987.5	153.0	**11597.7**	3693.3	5080.6	**8773.9**	2823.8	**11597.7**
Sep	2128.9	755.1	22.0	8948.5	176.0	**12030.6**	4213.2	5121.5	**9334.7**	2695.9	**12030.6**
Oct	2340.9	555.6	25.4	9113.3	181.6	**12216.8**	4371.4	5054.4	**9425.8**	2791.1	**12216.9**
Nov	2025.3	643.7	49.6	9175.0	171.5	**12065.1**	4237.0	5092.5	**9329.5**	2735.5	**12065.0**
Dec	2262.1	668.5	24.7	9233.7	166.5	**12355.5**	4419.3	5160.0	**9579.3**	2776.2	**12355.5**
2000 Jan	2517.2	59.3	22.3	9365.1	174.1	**12138.1**	4341.2	5045.4	**9386.6**	2751.5	**12138.1**
Feb	2233.1	150.6	24.7	9388.4	227.2	**12023.9**	4257.0	4919.4	**9176.5**	2847.4	**12023.9**
Mar	2071.5	394.7	13.5	9539.4	234.2	**12253.3**	4220.1	5171.3	**9391.4**	2861.9	**12253.3**
Apr	2573.9	80.1	13.5	9655.3	225.8	**12548.6**	4584.0	5053.5	**9637.5**	2911.2	**12548.7**

Note: Other refers to claims on:- Non-financial Public Enterprises
- Local Authority and Regional Coucils by both DMB's and OBI's

Financial sector refers to:- Other Banking Institutions
- Nonbank Financial Institutions

Table II.6 TYPES OF DEPOSIT MONEY BANKS' DEPOSITS
(in N$ million)

Period	Demand Deposits	Savings Deposits	Time Deposits				TOTAL
			Short Term	Medium Term	Long Term	Sub-Total	
1997 I	2497.8	534.0	849.9	1431.4	568.2	2849.5	**5881.3**
II	2844.5	549.0	752.6	1645.1	779.6	3177.3	**6570.8**
III	2886.9	572.8	838.8	1545.6	734.5	3118.9	**6578.6**
IV	2929.1	592.8	674.3	1762.5	557.7	2994.5	**6516.5**
1998 Jan	2783.1	582.0	914.0	1726.8	516.4	3157.2	**6522.3**
Feb	2854.4	588.8	941.1	1667.8	495.1	3104.0	**6547.1**
Mar	2701.5	592.4	852.3	1624.5	707.7	3184.6	**6478.6**
Apr	2824.8	596.4	918.2	1548.1	778.5	3244.7	**6665.9**
May	2740.0	593.4	719.0	1432.8	859.0	3010.8	**6344.2**
Jun	2937.5	594.0	589.3	1525.7	913.8	3028.8	**6560.2**
Jul	3061.6	608.1	831.5	1471.8	880.8	3184.1	**6853.8**
Aug	3116.6	613.9	737.9	1623.7	855.4	3216.9	**6947.4**
Sep	3091.4	628.2	877.1	1633.6	715.1	3225.8	**6945.4**
Oct	3308.2	614.4	835.2	1604.7	598.8	3038.7	**6961.3**
Nov	3326.6	640.2	660.8	1807.7	479.9	2948.4	**6915.2**
Dec	3376.7	622.9	696.2	1918.6	339.2	2954.0	**6953.6**
1999 Jan	3270.1	614.1	897.5	1764.6	351.6	3013.7	**6897.8**
Feb	3299.3	623.0	927.2	1827.9	300.4	3055.5	**6977.9**
Mar	3430.4	629.4	954.9	1802.3	379.0	3136.2	**7196.1**
Apr	3632.1	636.4	861.4	1665.2	539.8	3066.4	**7334.9**
May	3571.9	637.8	819.4	1594.9	700.5	3114.8	**7324.5**
Jun	3830.7	650.3	635.6	1554.7	1060.8	3251.1	**7732.1**
Jul	3767.4	678.0	676.0	1566.3	1053.0	3295.3	**7740.7**
Aug	3702.3	702.5	711.7	1569.4	1094.9	3376.0	**7780.8**
Sep	4254.3	695.7	729.6	1713.0	950.2	3392.8	**8342.8**
Oct	4247.7	696.3	632.5	1731.6	944.9	3309.0	**8253.0**
Nov	4139.6	706.4	610.2	1978.2	756.5	3344.9	**8190.9**
Dec	4174.0	667.4	722.7	2207.1	444.4	3374.1	**8215.5**
2000 Jan	4377.4	661.8	805.5	2037.6	430.2	3273.4	**8312.6**
Feb	4173.8	677.9	722.9	1963.5	479.5	3165.9	**8017.6**
Mar	4085.6	682.7	791.5	1955.7	571.7	3318.9	**8087.2**
Apr	4085.6	682.7	791.5	1955.7	571.7	3318.9	**8087.2**

Table II.7 SOURCES OF DEPOSIT MONEY BANKS' DEPOSITS
(in N$ million)

Period		DEMAND DEPOSITS						SAVINGS DEPOSITS						TIME DEPOSITS						TOTAL
		Private Sector		Financial Sector	Central Govt.	Other	Total	Private sector		Financial Sector	Central Govt.	Other	Total	Private Sector		Financial Sector	Central Govt.	Other	Total	
		Busin.	Indiv.					Busin.	Indiv.					Busin.	Indiv.					
1997	I	1212.2	784.4	261.3	27.1	212.6	2497.6	6.3	527.7	0.0	0.0	0.0	534.0	579.6	1160.5	290.2	34.1	785.3	2849.7	5881.3
	II	1293.0	959.1	324.3	73.0	195.1	2844.5	7.9	541.0	0.0	0.1	0.0	549.0	657.3	1161.2	335.9	23.9	999.1	3177.3	6570.8
	III	1290.0	984.4	299.3	137.0	176.2	2886.9	8.3	564.4	0.0	0.1	0.0	572.8	648.1	1118.7	335.2	33.1	983.8	3118.9	6578.6
	IV	1091.3	992.8	329.7	116.9	171.7	2702.5	8.6	567.5	0.0	0.0	0.1	576.2	674.6	1147.3	339.2	63.6	865.4	3090.1	6368.8
1998	Jan	1067.2	1016.0	392.9	159.9	147.1	2783.1	7.0	563.0	12.0	0.0	0.0	582.0	581.5	1120.7	329.5	164.6	960.8	3157.1	6522.2
	Feb	1137.6	1213.1	294.7	117.1	91.9	2854.4	8.6	575.1	5.0	0.0	0.1	588.8	740.4	1081.4	265.6	145.1	871.5	3104.0	6547.1
	Mar	1040.3	1101.6	319.9	95.5	104.8	2662.1	8.6	575.1	5.0	0.0	0.1	588.8	740.4	1081.4	265.6	145.1	871.5	3104.0	6354.9
	Apr	1127.6	1096.5	364.8	101.7	134.1	2824.8	7.8	588.5	0.0	0.0	0.1	596.4	744.5	1099.1	326.9	101.8	972.4	3244.7	6665.9
	May	1098.7	1162.0	278.7	84.1	116.6	2740.0	8.9	584.4	0.0	0.0	0.1	593.4	620.7	1005.9	335.0	71.6	977.5	3010.8	6344.2
	Jun	1262.1	1182.1	292.0	75.8	125.4	2937.5	8.7	585.2	0.0	0.0	0.1	594.0	665.2	985.0	344.6	27.3	1006.7	3028.8	6560.2
	Jul	1391.8	1055.5	428.8	87.0	98.6	3061.6	7.2	600.8	0.0	0.0	0.1	608.1	716.6	1080.3	302.6	41.1	1043.4	3184.1	6853.9
	Aug	1386.9	1114.5	387.0	111.1	117.0	3116.6	7.4	606.3	0.0	0.0	0.1	613.9	742.5	1057.8	313.3	77.1	1026.2	3216.9	6947.4
	Sep	1289.3	1074.9	538.8	81.8	106.7	3091.4	6.7	621.4	0.0	0.0	0.1	628.2	694.5	1056.2	332.8	85.5	1056.8	3225.8	6945.4
	Oct	1315.5	1197.0	622.5	60.6	112.5	3308.1	7.2	607.2	0.0	0.0	0.1	614.4	653.4	1045.0	286.2	79.5	974.7	3038.8	6961.3
	Nov	1439.6	1124.3	599.9	57.2	105.7	3326.6	7.5	632.6	0.0	0.0	0.1	640.2	589.5	1053.8	287.0	49.7	968.4	2948.4	6915.2
	Dec	1482.2	1160.2	577.7	61.6	95.1	3376.7	8.5	614.3	0.0	0.0	0.1	622.9	613.0	1068.6	309.0	51.4	912.1	2954.0	6953.6
1999	Jan	1382.6	1104.9	595.8	70.2	116.5	3270.1	9.4	604.6	0.0	0.0	0.1	614.1	658.9	1085.3	302.9	53.0	912.8	3012.9	6897.0
	Feb	1433.8	1083.5	553.4	98.0	130.5	3299.3	7.9	615.0	0.0	0.0	0.1	623.0	693.2	1107.7	321.7	36.3	896.6	3055.5	6977.9
	Mar	1597.5	1073.7	561.4	103.3	94.5	3430.4	9.3	620.1	0.0	0.0	0.1	629.4	703.0	1141.6	345.8	73.7	872.1	3136.2	7196.1
	Apr	1614.7	1114.2	676.6	128.0	98.7	3632.1	10.1	626.2	0.0	0.0	0.1	636.4	696.6	1113.7	307.0	74.1	875.0	3066.4	7335.0
	May	1706.0	1034.1	579.5	121.2	131.2	3571.9	9.8	627.9	0.0	0.0	0.1	637.9	651.0	1155.5	287.0	73.2	948.1	3114.8	7324.6
	Jun	1955.2	1032.5	599.4	129.4	114.2	3830.7	9.3	640.9	0.0	0.0	0.0	650.3	687.7	1167.5	283.3	70.9	1041.7	3251.1	7732.0
	Jul	1731.7	1133.5	584.1	102.3	215.9	3767.4	9.4	667.8	0.0	0.0	0.8	678.0	680.5	1197.9	281.6	82.2	1053.1	3295.3	7740.8
	Aug	1578.5	1223.6	570.8	99.7	229.7	3702.3	10.3	692.1	0.0	0.0	0.1	702.5	695.4	1200.0	357.8	81.2	1041.5	3376.0	7780.8
	Sep	2011.2	1208.7	714.0	91.7	228.7	4254.3	10.3	685.3	0.0	0.0	0.1	695.7	774.0	1223.2	319.6	52.6	1023.4	3392.8	8342.8
	Oct	1883.3	1223.6	729.0	82.4	329.4	4247.7	10.2	686.0	0.0	0.0	0.1	696.3	738.9	1185.6	320.7	66.3	995.5	3307.0	8251.0
	Nov	1891.0	1175.0	738.7	79.9	255.0	4139.6	10.7	695.7	0.0	0.0	0.1	706.4	769.4	1203.2	296.4	94.6	981.3	3344.9	8190.9
	Dec	1785.6	1236.1	733.5	86.7	332.1	4174.0	10.3	657.0	0.0	0.0	0.0	667.3	887.5	1199.7	333.7	2.8	950.4	3374.1	8215.5
2000	Jan	1887.6	1195.7	925.2	103.8	265.0	4377.4	10.7	650.7	0.0	0.0	0.4	661.8	870.7	1192.1	262.1	52.4	896.2	3273.4	8312.6
	Feb	1600.0	1259.3	895.5	109.9	309.1	4173.9	9.9	667.7	0.0	0.0	0.4	677.9	888.9	1180.0	166.8	37.7	892.4	3165.8	8017.6
	Mar	1848.7	1190.4	710.8	128.0	207.7	4085.6	10.1	672.2	0.0	0.0	0.4	682.7	875.9	1180.6	257.9	17.7	986.8	3318.9	8087.2
	Apr	1802.6	1358.8	783.5	121.2	274.0	4340.1	10.7	671.7	0.0	0.0	0.4	682.8	852.7	1156.6	222.1	33.8	953.9	3219.1	8242.0

Table II.8 SECTORAL DISTRIBUTION OF DEPOSIT MONEY BANKS' DEPOSITS
(in N$ million)

Period		PRIVATE SECTOR		**Total**	Financial Sector	Central Government	Other	**TOTAL**
		Busin.	Indiv.					
1997	I	1135.5	2032.3	**3167.8**	606.8	33.3	848.8	**4656.7**
	II	1273.9	2121.8	**3395.7**	493.5	38.0	919.9	**4847.1**
	III	1531.8	2335.3	**3867.1**	503.6	67.7	990.7	**5429.1**
	IV	1777.0	2568.8	**4345.8**	569.3	68.4	937.7	**5921.2**
1998	Jan	1655.7	2699.7	**4355.4**	734.4	324.5	1107.9	**6522.2**
	Feb	1886.6	2869.6	**4756.2**	565.3	262.1	963.5	**6547.1**
	Mar	1789.3	2758.1	**4547.4**	590.5	240.6	976.5	**6354.9**
	Apr	1879.9	2784.1	**4664.0**	691.7	203.5	1106.6	**6665.9**
	May	1728.4	2752.3	**4480.6**	613.7	155.7	1094.2	**6344.2**
	Jun	1936.0	2752.2	**4688.2**	636.7	103.1	1132.2	**6560.2**
	Jul	2115.7	2736.6	**4852.2**	731.5	128.2	1142.0	**6853.9**
	Aug	2136.8	2778.7	**4915.6**	700.2	188.2	1143.4	**6947.4**
	Sep	1990.5	2752.5	**4743.0**	871.6	167.2	1163.6	**6945.4**
	Oct	1976.0	2849.2	**4825.2**	908.7	140.1	1087.3	**6961.3**
	Nov	2036.5	2810.7	**4847.2**	886.9	106.9	1074.2	**6915.2**
	Dec	2103.6	2843.0	**4946.6**	886.7	113.0	1007.3	**6953.6**
1999	Jan	2050.9	2794.8	**4845.7**	898.8	123.2	1029.4	**6897.0**
	Feb	2134.9	2806.2	**4941.1**	875.2	134.3	1027.3	**6977.9**
	Mar	2309.8	2835.3	**5145.1**	907.2	177.0	966.7	**7196.1**
	Apr	2321.4	2854.1	**5175.5**	983.6	202.1	973.8	**7335.0**
	May	2366.9	2817.5	**5184.4**	866.5	194.4	1079.3	**7324.6**
	Jun	2652.2	2840.9	**5493.0**	882.7	200.3	1156.0	**7732.0**
	Jul	2421.6	2999.2	**5420.9**	865.7	184.5	1269.8	**7740.8**
	Aug	2284.2	3115.7	**5399.9**	928.6	180.9	1271.3	**7780.8**
	Sep	2795.5	3117.2	**5912.7**	1033.7	144.3	1252.2	**8342.8**
	Oct	2632.5	3095.2	**5727.7**	1049.6	148.7	1325.0	**8251.0**
	Nov	2671.1	3073.9	**5745.0**	1035.1	174.5	1236.3	**8190.9**
	Dec	2683.4	3092.8	**5776.2**	1067.2	89.5	1282.6	**8215.5**
2000	Jan	2769.0	3038.6	**5807.5**	1187.3	156.2	1161.6	**8312.6**
	Feb	2498.8	3107.0	**5605.8**	1062.3	147.6	1201.9	**8017.6**
	Mar	2734.7	3043.2	**5777.9**	968.7	145.8	1194.8	**8087.2**
	Apr	2666.0	3187.1	**5853.1**	1005.6	155.1	1228.3	**8242.2**

Table II.9 SOURCES OF OTHER BANKING INSTITUTIONS' DEPOSITS
(in N$ million)

Period		SAVINGS DEPOSITS						TIME DEPOSITS						TOTAL DEPOSITS
		Private Sector		Financial Sector	Central Govt.	Other	**Total**	Private Sector		Financial Sector	Central Govt.	Other	**Total**	
		Busin.	Indiv.					Busin.	Indiv.					
1997	I	2.0	530.5	71.1	0.0	0.1	**603.7**	4.2	13.8	88.9	0.0	61.6	**168.5**	**772.2**
	II	2.1	558.1	75.8	0.0	0.1	**636.1**	4.7	33.6	99.6	0.0	73.5	**211.4**	**847.5**
	III	2.1	543.6	73.2	0.0	0.1	**619.0**	5.3	26.9	112.9	0.0	68.5	**213.7**	**832.7**
	IV	2.2	584.7	76.4	0.0	0.1	**663.4**	5.0	21.6	107.4	0.0	84.4	**218.4**	**881.8**
1998	Jan	2.0	571.9	74.1	0.0	0.1	**648.1**	5.4	22.8	116.4	0.0	85.1	**229.6**	**877.7**
	Feb	2.5	638.0	86.7	0.0	0.1	**727.3**	4.8	20.5	103.2	0.0	80.3	**208.8**	**936.1**
	Mar	2.2	587.1	78.4	0.0	0.1	**667.8**	4.8	20.3	102.9	0.0	80.2	**208.2**	**875.9**
	Apr	2.1	574.3	75.9	0.0	0.1	**652.5**	4.8	19.5	102.9	0.0	86.4	**213.6**	**866.1**
	May	2.1	573.1	75.4	0.0	0.1	**650.7**	4.8	19.4	104.0	0.0	87.3	**215.5**	**866.2**
	Jun	2.2	581.4	76.3	0.0	0.1	**660.0**	4.0	16.2	86.1	0.0	81.4	**187.8**	**847.8**
	Jul	2.0	558.8	71.8	0.0	0.1	**632.7**	5.1	19.7	110.0	0.0	88.6	**223.4**	**856.1**
	Aug	2.2	597.2	79.2	0.0	0.1	**678.8**	5.1	19.2	109.5	0.0	88.1	**221.8**	**900.6**
	Sep	2.3	625.5	82.9	0.0	0.1	**710.9**	4.2	16.1	90.4	0.0	79.8	**190.4**	**901.3**
	Oct	2.4	631.9	84.2	0.0	0.1	**718.6**	4.9	18.4	106.0	0.0	76.3	**205.6**	**924.3**
	Nov	2.4	634.1	84.3	0.0	0.1	**720.9**	5.0	18.4	107.8	0.0	66.3	**197.5**	**918.4**
	Dec	2.3	615.9	81.4	0.0	0.1	**699.7**	5.6	20.5	202.6	0.0	61.7	**290.4**	**990.1**
1999	Jan	2.3	616.1	81.7	0.0	0.1	**700.2**	5.3	17.8	113.6	0.0	74.1	**210.7**	**910.9**
	Feb	2.4	631.0	84.3	0.0	0.1	**717.8**	5.4	18.0	115.2	0.0	77.3	**215.9**	**933.7**
	Mar	2.4	641.6	85.1	0.0	0.1	**729.2**	5.4	18.1	116.0	0.0	77.6	**217.1**	**946.3**
	Apr	2.5	672.0	89.1	0.0	0.1	**763.7**	5.8	19.3	123.7	0.0	92.0	**240.8**	**1004.5**
	May	2.5	676.1	87.8	0.0	0.1	**766.5**	5.9	19.7	126.2	0.0	81.0	**232.8**	**999.3**
	Jun	2.8	753.0	98.5	0.0	0.1	**854.4**	6.4	21.5	137.5	0.0	73.5	**238.9**	**1093.3**
	Jul	2.9	792.9	103.9	0.0	0.1	**899.9**	5.7	19.2	122.7	0.0	88.2	**235.8**	**1135.8**
	Aug	2.8	790.1	100.6	0.0	0.1	**893.7**	5.8	19.4	124.2	0.0	83.0	**232.4**	**1126.1**
	Sep	2.8	797.4	99.5	0.0	0.1	**899.8**	5.7	19.1	122.5	0.0	79.9	**227.2**	**1127.0**
	Oct	3.0	838.2	106.5	0.0	0.1	**947.8**	5.0	254.8	107.6	0.0	76.3	**443.7**	**1391.6**
	Nov	3.0	842.1	106.5	0.0	0.1	**951.8**	5.0	257.9	107.7	0.0	92.1	**462.7**	**1414.5**
	Dec	2.9	825.0	103.9	0.0	0.1	**931.9**	5.2	256.6	112.4	0.0	94.2	**468.4**	**1400.3**
2000	Jan	3.1	856.0	110.1	0.0	0.1	**969.3**	5.9	254.9	127.4	0.0	98.6	**486.9**	**1456.2**
	Feb	2.8	806.6	100.6	0.0	0.1	**910.2**	6.6	261.4	142.7	0.0	90.7	**501.4**	**1411.6**
	Mar	2.9	821.5	101.1	0.0	0.1	**925.6**	7.1	275.0	153.2	0.0	53.1	**488.5**	**1414.1**
	Apr	2.8	806.2	99.5	0.0	0.1	**908.6**	6.9	268.1	147.5	0.0	51.1	**473.6**	**1382.2**

Table II.10 SECTORAL DISTRIBUTION OF OBI DEPOSITS
(in N$ million)

Period		PRIVATE SECTOR		**Total**	Financial Sector	Central Government	Other	**TOTAL**
		Busin.	Indiv.					
1997	I	6.2	544.3	**550.5**	160.0	0.0	61.7	**772.2**
	II	6.8	591.7	**598.5**	175.4	0.0	73.6	**847.5**
	III	7.4	570.5	**577.9**	186.2	0.0	68.6	**832.7**
	IV	7.2	606.3	**613.5**	183.8	0.0	84.5	**881.8**
1998	Jan	7.4	594.7	**602.1**	190.5	0.0	85.2	**877.7**
	Feb	7.3	658.5	**665.8**	189.9	0.0	80.4	**936.1**
	Mar	7.0	607.3	**614.4**	181.3	0.0	80.3	**875.9**
	Apr	6.9	593.8	**600.8**	178.8	0.0	86.5	**866.1**
	May	6.9	592.5	**599.4**	179.4	0.0	87.4	**866.2**
	Jun	6.2	597.6	**603.8**	162.4	0.0	81.5	**847.8**
	Jul	7.2	578.5	**585.6**	181.8	0.0	88.7	**856.1**
	Aug	7.3	616.4	**623.7**	188.7	0.0	88.2	**900.6**
	Sep	6.6	641.6	**648.2**	173.3	0.0	79.9	**901.3**
	Oct	7.3	650.3	**657.6**	190.3	0.0	76.4	**924.3**
	Nov	7.4	652.5	**659.9**	192.1	0.0	66.4	**918.4**
	Dec	7.9	636.4	**644.3**	283.9	0.0	61.8	**990.1**
1999	Jan	7.6	633.8	**641.4**	195.3	0.0	74.2	**910.9**
	Feb	7.7	649.0	**656.8**	199.5	0.0	77.4	**933.7**
	Mar	7.8	659.7	**667.5**	201.1	0.0	77.7	**946.3**
	Apr	8.3	691.3	**699.6**	212.8	0.0	92.1	**1004.5**
	May	8.4	695.8	**704.2**	213.9	0.0	81.2	**999.3**
	Jun	9.2	774.5	**783.6**	236.0	0.0	73.6	**1093.3**
	Jul	8.7	812.1	**820.8**	226.7	0.0	88.3	**1135.8**
	Aug	8.6	809.5	**818.1**	224.8	0.0	83.2	**1126.1**
	Sep	8.5	816.5	**825.0**	222.0	0.0	80.0	**1127.0**
	Oct	8.0	1093.0	**1101.0**	214.1	0.0	76.4	**1391.6**
	Nov	8.0	1100.0	**1108.0**	214.3	0.0	92.2	**1414.5**
	Dec	8.2	1081.6	**1089.7**	216.2	0.0	94.4	**1400.3**
2000	Jan	9.0	1110.9	**1119.9**	237.5	0.0	98.7	**1456.2**
	Feb	9.5	1068.0	**1077.5**	243.3	0.0	90.8	**1411.6**
	Mar	10.0	1096.5	**1106.5**	254.3	0.0	53.2	**1414.1**
	Apr	9.7	1074.3	**1084.0**	246.9	0.0	51.2	**1382.2**

Table II.11 COMMERCIAL BANKS CLAIMS ON PRIVATE SECTOR
(end of period in N$ million)

	1998								1999												2000			
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
1. Individuals	**3971.3**	**4002.7**	**4034.7**	**3979.7**	**4019.2**	**4145.7**	**4041.7**	**4080.0**	**4193.4**	**4261.6**	**4360.3**	**4368.1**	**4339.5**	**4359.9**	**4377.4**	**4398.9**	**4386.0**	**4502.0**	**4483.1**	**4709.0**	**4592.1**	**4697.8**	**4758.9**	**4877.4**
a. Loans and Advances	2981.2	3012.2	3039.7	2979.4	2995.9	3125.8	3035.4	3058.9	3058.6	3131.8	3182.9	3192.1	3156.9	3180.9	3194.7	3206.5	3222.2	3293.7	3262.3	3461.6	3379.0	3438.7	3477.7	3581.3
(i) Mortgage loans	1716.8	1715.7	1739.2	1799.3	1763.9	1775.3	1798.6	1815.7	1921.1	1957.7	1975.8	1971.2	1984.2	2013.1	2038.5	2063.0	2062.2	2119.8	2130.4	2239.8	2190.3	2222.2	2265.2	2326.5
(ii) Other loans and advances	1264.4	1296.5	1300.5	1180.1	1232.0	1350.6	1236.9	1243.3	1137.5	1174.1	1207.1	1220.9	1172.6	1167.7	1156.2	1143.5	1160.0	1173.8	1131.9	1221.8	1188.7	1216.5	1212.5	1254.8
b. Instalment credit	944.1	944.5	948.7	950.7	974.5	969.0	957.0	971.5	1075.1	1071.9	1115.2	1113.9	1118.0	1115.9	1115.5	1126.5	1101.3	1145.8	1153.1	1179.7	1149.4	1196.1	1218.7	1229.9
c. Leasing transaction	35.7	37.1	40.4	41.7	42.0	43.8	43.5	43.5	51.3	51.5	53.8	54.5	54.1	53.1	52.1	53.8	53.4	53.5	55.0	55.2	51.8	51.1	51.4	55.2
d. Bills discounted or purchased	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
e. Other claims	10.3	8.9	5.9	7.9	6.8	7.1	5.8	6.0	8.4	6.4	8.4	7.6	10.5	10.1	15.1	12.1	9.1	9.1	12.6	12.4	11.9	11.9	11.2	11.0
2. Business	**2891.8**	**2894.2**	**2838.5**	**2874.7**	**2922.6**	**2872.8**	**3077.5**	**3049.3**	**3116.5**	**2943.5**	**2848.3**	**2830.0**	**2850.7**	**2732.3**	**2736.4**	**2842.8**	**2802.5**	**2833.7**	**2902.1**	**2725.1**	**2957.7**	**2882.6**	**2955.8**	**2909.1**
a. Loans and advances	2423.1	2410.9	2348.5	2414.7	2459.7	2423.9	2605.0	2567.4	2833.2	2611.9	2584.5	2581.2	2565.8	2499.1	2485.8	2566.6	2495.3	2506.2	2562.7	2406.0	2641.8	2587.2	2514.0	2463.1
(i) Mortgage loans	111.4	130.2	132.3	212.7	198.5	209.4	221.5	224.9	211.1	206.7	207.9	236.2	232.0	236.3	235.2	240.2	251.6	241.4	271.6	213.5	276.4	279.6	288.2	262.4
(ii) Other loans and advances	2311.7	2280.7	2216.2	2202.0	2261.2	2214.5	2383.4	2342.5	2622.1	2405.3	2376.6	2345.0	2333.7	2262.8	2250.6	2326.4	2243.7	2264.9	2291.1	2192.5	2365.4	2307.6	2225.8	2200.7
b. Instalment credit	371.6	377.4	377.4	380.3	338.2	335.7	368.2	353.5	198.1	252.6	202.2	197.1	193.0	170.4	166.7	168.9	199.3	159.0	154.8	143.9	187.6	149.0	153.3	150.5
c. Leasing transaction	48.7	47.8	47.2	48.0	50.7	49.7	43.7	41.4	32.0	32.1	29.7	28.9	29.9	28.8	29.5	27.8	28.9	28.0	26.5	26.0	24.3	20.6	19.8	21.1
d. Bills discounted or purchased	9.8	21.2	28.1	27.8	34.2	30.8	31.5	59.6	28.8	24.6	19.3	12.4	11.9	24.1	18.2	10.7	15.0	15.7	31.4	31.8	17.9	11.1	11.8	18.3
e. Other claims	38.6	37.0	37.3	4.0	39.9	32.7	29.1	27.3	24.3	22.4	12.7	10.4	50.1	9.9	36.1	68.8	64.0	124.8	126.7	117.4	86.1	114.7	256.9	256.2
3. (1+2) Total Claims on Private Sector																								
a. Loans and advances	5404.3	5423.1	5388.2	5394.0	5455.5	5549.8	5640.4	5626.4	5891.8	5743.7	5767.4	5773.3	5722.6	5679.9	5680.5	5773.1	5717.5	5799.9	5825.0	5867.7	6020.8	6026.0	5991.7	6044.4
(i) Mortgage loans	1828.2	1845.9	1871.4	2012.0	1962.4	1984.7	2020.1	2040.6	2132.2	2164.3	2183.8	2207.4	2216.3	2249.4	2273.7	2303.2	2313.8	2361.2	2402.0	2453.3	2466.7	2501.8	2553.4	2588.9
(ii) Other loans and advances	3576.1	3577.2	3516.7	3382.0	3493.1	3565.1	3620.3	3585.8	3759.6	3579.4	3583.6	3565.9	3506.4	3430.5	3406.8	3469.9	3403.7	3438.7	3423.0	3414.1	3554.1	3524.2	3438.3	3455.5
b. Instalment credit	1315.8	1321.8	1326.1	1331.0	1312.7	1304.6	1325.2	1325.0	1273.3	1324.5	1317.4	1311.0	1311.1	1286.3	1282.2	1295.4	1300.6	1304.8	1308.0	1323.6	1337.0	1345.1	1372.0	1380.5
c. Leasing Transaction	84.4	85.0	87.6	89.6	92.7	93.5	87.2	84.9	83.3	83.6	83.5	83.3	84.0	81.9	81.6	81.6	82.3	81.5	81.5	81.2	76.1	71.6	71.2	76.3
d. Bills discounted or purchased	9.8	21.2	28.1	27.8	34.2	30.8	31.5	59.6	28.8	24.6	19.3	12.4	11.9	21.1	18.2	10.7	15.0	15.7	31.4	31.8	17.9	11.1	11.8	18.3
e. Other claims	48.9	45.9	43.2	11.9	46.6	39.8	34.9	33.3	32.8	28.8	21.1	18.0	60.6	19.9	51.2	80.9	73.1	133.9	139.3	129.8	98.0	126.7	268.1	267.2
TOTAL	**6863.1**	**6897.0**	**6873.2**	**6854.4**	**6941.8**	**7018.5**	**7119.3**	**7129.3**	**7309.9**	**7205.2**	**7208.6**	**7198.1**	**7190.2**	**7092.2**	**7113.8**	**7241.7**	**7188.5**	**7335.7**	**7385.2**	**7434.1**	**7549.8**	**7580.5**	**7714.8**	**7786.5**

Table II.12 OTHER BANKING INSTITUTION CLAIMS ON PRIVATE SECTOR

(end of period in N$ million)

	1998								1999												2000			
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
1. Individuals	**11449.3**	**1465.9**	**1486.6**	**1501.7**	**1533.4**	**1548.5**	**1560.5**	**1582.2**	**1587.3**	**1602.8**	**1630.5**	**1653.5**	**1658.9**	**1679.9**	**1693.8**	**1707.4**	**1721.2**	**1739.4**	**1750.6**	**1760.3**	**1776.1**	**1782.2**	**1817.0**	**1843.0**
a. Loans and Advances	1457.6	1474.3	1495.1	1510.7	1532.3	1547.5	1559.5	1581.2	1586.4	1601.8	1629.6	1652.4	1657.8	1678.9	1692.8	1706.4	1720.3	1738.2	1749.4	1759.0	1774.8	1780.7	1815.9	1841.9
(i) Mortgage loans	1109.1	1239.8	1258.8	1275.4	1297.7	1314.1	1326.4	1350.0	1351.5	1367.2	1257.0	1277.4	1292.5	1292.7	1307.5	1336.8	1716.9	1720.4	1731.5	1741.2	1756.7	1762.7	1797.7	1823.5
(ii) Other loans and advances	348.5	234.5	236.4	235.3	234.6	233.3	233.1	231.2	234.9	234.6	372.6	375.0	365.2	386.2	385.3	369.6	3.4	17.8	17.9	17.8	18.1	18.0	18.2	18.4
b. Instalment credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
c. Leasing transaction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
d. Bills discounted or purchased	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
e. Other claims	-8.4	-8.4	-8.6	-9.0	1.1	1.0	1.0	1.0	1.0	0.9	0.9	1.1	1.1	1.1	1.0	1.0	0.9	1.2	1.2	1.3	1.3	1.5	1.1	1.1
2. Business	**43.4**	**43.4**	**42.9**	**42.4**	**41.8**	**41.8**	**41.6**	**41.4**	**40.6**	**40.5**	**40.5**	**39.4**	**38.8**	**38.8**	**38.8**	**38.5**	**38.4**	**38.4**	**39.2**	**39.2**	**39.2**	**25.7**	**25.7**	**25.8**
a. Loans and advances	37.5	37.5	36.9	36.4	36.2	36.2	35.9	35.7	35.4	35.4	35.4	34.2	33.7	33.7	33.7	33.3	33.2	33.2	33.2	33.2	33.2	19.6	19.6	19.6
(i) Mortgage loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	33.2	33.2	33.2	33.2	33.2	19.6	19.6	19.6
(ii) Other loans and advances	37.5	37.5	36.9	36.4	36.2	36.2	35.9	35.7	35.4	35.4	35.4	34.2	33.7	33.7	33.7	33.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
b. Instalment credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
c. Leasing transaction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
d. Bills discounted or purchased	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
e. Other claims	5.9	5.9	6.0	5.9	5.7	5.7	5.7	5.7	5.2	5.1	5.1	5.2	5.1	5.2	5.1	5.1	5.2	5.2	6.0	6.0	6.1	6.1	6.2	6.2
3. (1+2) Total Claims on Private Sector																								
a. Loans and advances	1495.1	1511.8	1532.0	1547.2	1568.5	1583.6	1595.4	1616.8	1621.8	1637.2	1665.0	1686.6	1691.4	1712.5	1726.4	1739.7	1753.5	1771.4	1782.5	1792.2	1808.0	1800.3	1835.5	1861.5
(i) Mortgage loans	1109.1	1239.8	1258.8	1275.4	1297.7	1314.1	1326.4	1350.0	1351.5	1367.2	1257.0	1277.4	1292.5	1292.7	1307.5	1336.8	1750.1	1753.6	1764.7	1774.4	1789.9	1782.3	1817.3	1843.0
(ii) Other loans and advances	386.0	272.0	273.2	271.8	270.8	269.5	269.0	266.9	270.3	270.0	408.0	409.2	398.9	419.8	419.0	402.9	3.4	17.8	17.9	17.8	18.1	18.0	18.2	18.4
b. Instalment credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
c. Leasing Transaction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
d. Bills discounted or purchased	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
e. Other claims	-2.4	-2.4	-2.5	-3.1	6.8	6.7	6.7	6.8	6.2	6.0	6.0	6.3	6.2	6.2	6.2	6.2	6.1	6.4	7.2	7.3	7.3	7.6	7.3	7.3
TOTAL	**1492.7**	**1509.3**	**1529.5**	**1544.1**	**1575.2**	**1590.3**	**1602.1**	**1623.6**	**1628.0**	**1643.3**	**1671.0**	**1692.9**	**1697.6**	**1718.7**	**1732.6**	**1745.9**	**1759.6**	**1777.8**	**1789.7**	**1799.5**	**1815.3**	**1807.9**	**1842.7**	**1868.8**

Table III.1 INTEREST RATES

Period		Prime Rate	Bank Rate	Treasury Bills	3 - Months BA Rate (1)	Government Bonds (2)	Money Market Rates (3)	Deposit Rates	Lending Rates
1997	I	20.70	17.75	16.16	17.95	15.34	16.53	13.13	20.31
	II	20.70	17.75	15.83	17.92	15.01	15.73	12.95	20.69
	III	20.65	17.75	15.62	17.88	14.21	14.90	12.58	20.22
	IV	20.00	16.00	15.12	17.17	14.23	14.50	12.13	19.50
1998	Jan	20.00	16.00	15.20	17.16	13.61	14.85	12.25	19.50
	Feb	20.00	16.00	14.97	17.04	13.49	14.52	12.23	19.59
	Mar	19.60	16.00	14.63	15.91	13.11	13.74	11.94	19.54
	Apr	19.20	16.00	14.20	15.40	12.92	13.37	11.05	17.92
	May	19.20	18.00	13.58	15.43	13.46	13.83	11.17	19.33
	Jun	19.70	18.00	16.24	16.63	14.60	17.21	11.88	19.56
	Jul	24.20	20.75	18.73	18.98	15.89	20.05	13.58	21.03
	Aug	24.20	21.25	19.60	21.19	16.95	20.26	14.21	22.93
	Sep	24.20	21.25	21.68	20.25	18.30	20.51	14.28	21.50
	Oct	24.20	20.25	20.87	19.88	16.51	20.29	14.65	23.12
	Nov	23.85	19.50	19.16	19.39	16.05	18.94	14.30	22.30
	Dec	23.55	18.75	18.32	19.17	16.36	18.12	13.76	22.31
1999	Jan	23.35	18.25	17.08	18.98	15.89	17.29	13.72	21.57
	Feb	22.50	17.00	15.93	18.82	14.88	16.55	13.13	21.11
	Mar	21.35	16.00	14.80	17.89	14.54	15.35	12.60	19.61
	Apr	20.75	15.25	13.69	16.64	14.58	14.32	11.95	20.58
	May	20.35	15.00	13.11	16.33	15.14	13.74	11.60	18.77
	Jun	20.15	14.50	13.35	15.98	14.93	13.58	11.26	18.65
	Jul	19.05	13.25	12.50	15.10	14.97	12.50	10.32	17.56
	Aug	17.70	13.00	12.04	14.13	15.28	11.68	9.65	16.42
	Sep	17.70	12.00	12.05	14.01	15.35	11.49	9.38	16.92
	Oct	16.90	11.75	11.58	13.39	15.00	10.52	8.98	16.72
	Nov	16.70	11.50	11.58	13.29	14.30	10.45	8.70	16.40
	Dec	16.70	11.50	11.53	13.25	13.96	10.43	8.57	17.51
2000	Jan	16.50	11.50	11.12	12.88	13.49	9.60	8.35	15.74
	Feb	15.90	11.50	10.62	12.25	13.50	9.32	8.02	15.16
	Mar	15.90	11.50	10.52	12.19	13.92	9.26	7.79	15.17
	Apr	15.90	11.50	10.30	12.14	13.92	9.21	7.40	15.28

(1) from January 1996: Namibian average
(2) South African Reserve Bank for South African government bonds
(3) until December 1995: South African Reserve Bank for South African interbank rates
from January 1996: Namibian average

Table IV.1 ALLOTMENT OF GOVERNMENT OF NAMIBIA TREASURY BILLS
N$ ‘000

Date Issued	Date Due	Deposit Money Banks	Other Banking Institutions	Banking Sector	Non-banking Financial Instit.	Other Public Enterprises	Private Sector	TOTAL	Amount Outstanding
1999 Jan	4/99	53,000.0	20,000.0	73,000.0	3,500.0	10,000.0	173,500.0	**260,000.0**	1,526,990
Jan*	7/99	90,000.0	0.0	90,000.0	10,000.0	0.0	0.0	**100,000.0**	1,626,990
Jan	4/99	116,440.0	0.0	116,440.0	50.0	0.0	143,510.0	**260,000.0**	1,886,990
Feb	5/99	109,200.0	1,000.0	110,200.0	700.0	10,000.0	28,610.0	**149,510.0**	1,555,120
Feb*	8/99	84,250.0	0.0	84,250.0	10,000.0	0.0	5,750.0	**100,000.0**	1,655,120
Feb	5/99	44,000.0	0.0	44,000.0	0.0	0.0	186,000.0	**230,000.0**	1,885,120
Mar	6/99	110,320.0	0.0	110,320.0	0.0	10,000.0	49,680.0	**170,000.0**	1,569,510
Mar*	9/99	60,980.0	0.0	60,980.0	0.0	0.0	39,020.0	**100,000.0**	1,669,510
Mar	6/99	136,680.0	0.0	136,680.0	0.0	0.0	33,320.0	**170,000.0**	1,839,510
Apr	7/99	67,530.0	0.0	67,530.0	0.0	0.0	162,470.0	**230,000.0**	1,449,510
Apr*	10/99	69,000.0	27,790.0	96,790.0	0.0	10,000.0	13,210.0	**120,000.0**	1,569,510
Apr	7/99	113,100.0	0.0	113,100.0	8,000.0	0.0	108,900.0	**230,000.0**	1,799,510
May	8/99	125,490.0	780.0	126,270.0	0.0	0.0	53,730.0	**180,000.0**	1,500,000
May*	11/99	84,810.0	30,000.0	114,810.0	0.0	0.0	5,190.0	**120,000.0**	1,620,000
May	8/99	55,000.0	0.0	55,000.0	0.0	70,680.0	104,320.0	**230,000.0**	1,850,000
Jun	9/99	154,000.0	5,00.0	159,000.0	0.0	0.0	42,830.0	**201,830.0**	1,611,830
Jun*	12/99	80,000.0	10,000.0	90,000.0	0.0	0.0	7,210.0	**97,210.0**	1,709,040
Jun	9/99	124,000.0	0.0	124,000.0	0.0	11,840.0	64,160.0	**200,000.0**	1,909,040
Jul	10/99	47,620.0	3,000.0	50,620.0	0.0	0.0	179,380.0	**230,000.0**	1,579,040
Jul*	01/00	119,990.0	18,920.0	138,910.0	0.0	0.0	1,090.0	**140,000.0**	1,719,040
Jul	10/99	133,000.0	0.0	133,000.0	0.0	18,990.0	98,010.0	**250,000.0**	1,969,040
Aug	11/99	134,180.0	0.0	134,180.0	0.0	0.0	72,890.0	**207,070.0**	1,666,110
Aug*	02/00	55,000.0	0.0	55,000.0	0.0	0.0	15,680.0	**70,680.0**	1,736,790
Aug	11/99	64,470.0	0.0	64,470.0	0.0	25,000.0	160,530.0	**250,000.0**	1,986,790
Sep	12/99	132,030.0	8,000.0	140,030.0	0.0	0.0	39,260.0	**179,290.0**	1,664,250
Sep*	03/00	95,450.0	10,000.0	105,450.0	0.0	20,000.0	14,550.0	**140,000.0**	1,804,250
Sep	12/99	134,840.0	0.0	134,840.0	0.0	30,000.0	43,900.0	**208,740.0**	2,012,990
Oct	01/00	116,000.0	0.0	116,000.0	0.0	0.0	154,000.0	**270,000.0**	1,682,990
Oct*	05/00	130,500.0	21,760.0	152,260.0	0.0	0.0	7,740.0	**160,000.0**	1,842,990
Oct	01/00	174,470.0	0.0	174,470.0	0.0	0.0	115,530.0	**290,000.0**	2,132,990
Nov	02/00	129,500.0	17,000.0	146,500.0	0.0	25,000.0	129,090.0	**300,590.0**	1,856,510
Nov*	05/00	130,500.0	21,760.0	152,260.0	0.0	0.0	7,740.0	**160,000.0**	2,016,510
Nov	02/00	113,520.0	0.0	113,520.0	0.0	0.0	176,480.0	**290,000.0**	2,306,510
Dec	03/00	115,630.0	0.0	115,630.0	6,170.0	0.0	28,200.0	**150,000.0**	1,971,270
Dec*	06/00	104,980.0	0.0	104,980.0	15,020.0	20,000.0	0.0	**140,000.0**	2,111,270
Dec**	12/00	119,550.0	0.0	119,550.0	30,450.0	0.0	0.0	**150,000.0**	2,261,270
Dec	03/00	101,800.0	0.0	101,800.0	88,200.0	0.0	45,290.0	**235,290.0**	2,496,560
Sub-total		**3,830,830.0**	**195,010.0**	**4,025,840.0**	**172,090.0**	**261,510.0**	**2,510,770.0**	**6,970,210.0**	
2000 Jan	04/00	71,800.0	0.0	71,800.0	37,850.0	0.0	95,110.0	**204,760.0**	2,001,320
Jan	04/00	99,000.0	0.0	99,000.0	13,760.0	0.0	87,240.0	**200,000.0**	2,201,320
Jan*	07/00	139,680.0	0.0	139,680.0	7,930.0	0.0	2,390.0	**150,000.0**	2,351,320
Jan**	01/01	88,980.0	3,720.0	92,700.0	7,300.0	0.0	0.0	**100,000.0**	2,451,320
Feb	05/00	144,790.0	0.0	144,790.0	24,040.0	45,000.0	46,170.0	**260,000.0**	2,050,050
Feb*	08/00	105,000.0	0.0	105,000.0	27,870.0	0.0	5,090.0	**137,960.0**	2,188,010
Feb	05/00	119,000.0	0.0	119,000.0	21,500.0	19,910.0	139,590.0	**300,000.0**	2,488,010
Mar	06/00	129,660.0	0.0	129,6660.0	16,480.0	55,000.0	38,860.0	**240,000.0**	2,202,720
Mar*	09//00	112,100.0	0.0	112,100.0	25,250.0	0.0	2,650.0	**140,000.0**	2,342,720
Mar	06/00	110,770.0	0.0	110,770.0	0.0	0.0	29,230.0	**140,000.0**	2,482,720

* means 182 day treasury bills
** means 365 day treasury bills

Table IV.2 HOLDINGS OF GOVERNMENT OF NAMIBIA INTERNAL REGISTERED STOCK
N$ ‘000

Date Issued	Date Due	Coupon Rate (%)	Deposit Money Banks	Other Banking Institutions	Banking Sector	Non-banking Financial Instit.	Other Public Enterprises	Private Sector	TOTAL	Amount Outstanding
1995										
Jun	06/98	12.00	0.0	0.0	0.0	7,000.0	0.0	100,000.0	**107,000.0**	670,000.0
Sep	09/01	12.00	0.0	0.0	0.0	172,023.0	0.0	0.0	**172,023.0**	842,023.0
Dec	12/00	12.00	5,000.0	0.0	5,000.0	35,710.0	280.0	109,010.0	**150,000.0**	942,023.0
Sub-total			**5,000.0**	**0.0**	**5,000.0**	**214,010.0**	**280.0**	**209,010.0**	**429,023.0**	
1996										
May	05/99	12.00	120,000.0	1,000.0	121,000.0	27,000.0	10,000.0	330.0	**158,330.0**	1,100,353.0
Aug	08/02	12.00	145,000.0	0.0	145,000.0	5,000.0	0.0	0.0	**150,000.0**	1,020,053.0
Nov	11/99	12.00	40,000.0	0.0	40,000.0	24,100.0	0.0	31,470.0	**95,570.0**	1,044,623.0
Sub-total			**305,000.0**	**1,000.0**	**306,000.0**	**56,100.0**	**10,000.0**	**31,800.0**	**403,900.0**	
1997										
Feb	02/02	12.00	0.0	0.0	0.0	20,500.0	0.0	55,780.0	**76,280.0**	1,051,903.0
May	05/99	12.00	77,000.0	0.0	77,000.0	25,000.0	0.0	32,000.0	**134,000.0**	1,185,903.0
Jun	06/00	12.00	56,600.0	0.0	56,600.0	0.0	0.0	550.0	**57,150.0**	1,217,053.0
Aug	08/00	12.00	34,500.0	0.0	34,500.0	1,000.0	0.0	9,400.0	**44,900.0**	1,261,953.0
Sub-total			**168,100.0**	**0.0**	**168,100.0**	**46,500.0**	**0.0**	**97,730.0**	**312,330.0**	
1998*										
Aug	01/10	12.00	41,300.0	0.0	41,300.0	35,200.0	0.0	820.0	**77,320.0**	1,766,452.0
Oct	04/05	12.00	59,560.0	0.0	59,560.0	0.0	0.0	60.0	**59,620.0**	1,803,372.0
Nov	04/02	12.00	14,550.0	0.0	14,550.0	5,000.0	0.0	280.0	**19,830.0**	1,823,202.0
Nov	01/10	12.00	0.0	0.0	0.0	55,000.0	0.0	100.0	**55,100.0**	1,878,302.0
Sub-total			**115,410.0**	**0.0**	**115,410.0**	**95,200.0**	**0.0**	**1,260.0**	**211,870.0**	
1999										
Jan	04/02	12.00	25,000.0	10,000.0	35,000.0	0.0	0.0	870.0	**35,870.0**	1,914,172.0
May	04/02	12.00	15,000.0	5,000.0	20,000.0	0.0	0.0	60.0	**20,060.0**	1,641,902.0
Jun	04/02	12.00	1,500.0	0.0	1,500.0	0.0	0.0	1,800.0	**3,300.0**	1,645,202.0
Aug	04/02	12.00	9,000.0	0.0	9,000.0	0.0	0.0	350.0	**9,350.0**	1,654,552.0
Sept	04/02	12.00	0.0	15,000.0	15,000.0	0.0	0.0	790.0	**15,790.0**	1,670,342.0
Nov	04/02	12.00	5,000.0	3220.0	8,220.0	21,780.0	0.0	0.0	**30,000.0**	1,604,772.0
Dec	04/02	12.00	5,000.0	0.0	5,000.0	5,000.0	0.0	1,040.0	**11,040.0**	1,615,812.0
Sub-total			**60,500.0**	**33,220.0**	**93,720.0**	**26,780.0**	**0.0**	**4,910.0**	**125,410.0**	
2000										
Jan		0.00	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0
Feb	04/02	12.00	340.0	0.0	340.0	29,660.0	0.0	0.0	**30,000.0**	1,645,812.0
Mar	04/02	12.00	10,000.0	0.0	10,000.0	0.0	0.0	1,000.0	**11,000.0**	1,656,812.0

* In May 1998, consolidation of Government Internal Registered Stock was completed, including a total net additional issue of N$ 477.2 million

Table IV.3 GOVERNMENT BUDGETARY OPERATIONS
1998 / 1999 - 1999 / 2000 (Fiscal Quarters)

	Q1 98/99	Q2 98/99	Q3 98/99	Q4 98/99	Q1 99/00	Q2 99/00	Q3 99/00	Q4 99/00
Total Revenue & Grants	**1 307.05**	**1 560.40**	**1 433.05**	**1 369.50**	**1 386.36**	**1 800.43**	**1 714.88**	**1 272.14**
Tax Revenue	1 205.20	1 505.10	1 347.20	1 148.10	1 276.52	1 684.83	1 611.44	1 125.83
Direct Taxes	**464.20**	**632.30**	**502.00**	**374.27**	**416.98**	**686.66**	**617.17**	**621.13**
Personal Taxes	229.30	341.30	293.00	217.40	335.48	391.66	293.48	515.74
Company Taxes	221.70	271.70	193.00	139.97	44.40	273.38	299.14	81.56
Other Taxes on Income and Profits	13.20	19.30	16.00	16.90	37.10	21.62	24.55	23.83
Indirect Taxes	**741.00**	**872.60**	**834.30**	**774.07**	**858.88**	**997.99**	**996.38**	**504.70**
Domestic tax on goods and services	271.10	400.70	360.90	311.00	281.98	415.09	408.98	476.91
Tax on Property	8.20	9.60	10.80	5.40	6.70	10.00	14.93	11.12
Tax on Int. Trade & Transactions	451.30	451.30	451.30	451.30	560.10	560.18	560.19	0.00
Others	10.40	11.00	11.30	6.37	10.10	12.72	12.29	16.67
Non-tax Revenue	**95.35**	**53.04**	**67.74**	**218.30**	**107.60**	**91.50**	**97.69**	**146.31**
Entrepreneurial & Property Income	19.70	62.90	33.00	144.20	83.50	50.73	53.50	87.32
Fines & Forfeitures	1.35	2.14	3.00	2.20	1.50	2.89	2.89	2.20
Administrative Fees & Charges	74.30	-12.00	31.74	71.90	22.60	37.88	31.38	56.79
Grants	**6.50**	**2.26**	**21.41**	**0.46**	**0.42**	**16.23**	**8.65**	**0.19**
Total Expenditure & Net Lending	**1 379.60**	**1 587.30**	**1 600.30**	**1 702.53**	**1 803.59**	**1 831.24**	**1 313.01**	**1 541.91**
Current Expenditure	1 271.70	1 438.30	1 454.20	1 486.54	1 744.90	1 571.37	1 088.93	1 295.89
Personnel Expenditure	700.10	772.20	817.40	820.20	847.00	796.16	978.93	493.69
Goods and Other Services	224.40	320.60	262.30	365.60	344.70	376.34	61.26	381.70
Subsidies and Transfers	206.80	253.10	216.90	190.11	153.40	289.17	151.18	314.86
Interest Charges	140.40	92.40	157.60	110.63	399.80	109.70	-102.44	0.00
Other								105.64
Capital Expenditure	**107.90**	**149.00**	**146.10**	**215.99**	**58.69**	**259.87**	**244.08**	**246.02**
Developmental	**90.90**	**141.90**	**143.90**	**205.30**	**53.69**	**246.67**	**223.78**	**246.02**
Lending & Equity Participation	17.00	7.10	2.20	10.69	5.00	13.20	0.30	0.00
Overall Deficit	**-72.55**	**-26.90**	**-167.25**	**-333.03**	**-417.23**	**-30.81**	**401.87**	**-269.77**

Table V.1 CURRENT ACCOUNT (a)
N$ million

	1994	1995	1996	1997	1998	1999(p)
1. Merchandise Trade Balance (2-3)	**-304.7**	**-470.5**	**-390.3**	**-1285.2**	**-1579.8**	**-1090.6**
2. Exports Fob	**4688.7**	**5144.8**	**6245.4**	**6281.2**	**6655.7**	**7602.0**
Diamonds	1489.2	1766.6	2318.3	2494.8	2161.4	2523.6
Other Mineral Products	838.6	858.1	1069.3	1163.6	1092.5	1183.4
Food and Live Animals	928.9	959.8	1116.2	743.4	1059.3	1182.7
Manufactured Products	1357.3	1450.2	1621.3	1775.8	2232.5	2584.7
Other Commodities	74.7	110.1	120.3	103.6	110.0	127.6
3. Imports Fob - Excluding Duty (b)	**-4993.4**	**-5165.3**	**-6635.7**	**-7566.4**	**-8235.5**	**-8692.6**
4. Services (net)	**-743.3**	**-868.4**	**-1063.0**	**-721.8**	**-872.3**	**-976.2**
Transportation (net)	-684.7	-712.9	-860.7	-830.1	-778.7	-863.7
Travel (net)	528.5	683.0	878.0	1073.7	1094.3	1200.8
Insurance (net)	-109.6	-184.6	-244.3	-330.4	-242.8	-256.0
Other Private Services* (net)	-482.2	-656.4	-837.1	-641.3	-961.1	-1081.3
Other Government Services (net)	4.8	2.5	1.1	6.3	16.0	24.0
5. Compensation of Employees (net)	**0.9**	**0.5**	**-3.8**	**-31.8**	**-13.0**	**-8.5**
6. Investment income (net)	**191.1**	**580.7**	**327.3**	**351.1**	**506.0**	**230.6**
Income Received	736.8	1540.3	1328.6	994.0	981.6	1083.4
Direct Investment	-12.4	14.1	-5.5	3.3	-2.8	-4.0
Portfolio Investment	33.0	46.0	37.7	17.9	27.8	31.4
Other Investment	716.2	1480.2	1296.4	972.8	956.6	1056.0
Income Paid	-545.7	-959.6	-1001.3	-642.9	-475.6	-852.8
Direct Investment	-404.2	-806.3	-828.0	-498.8	-323.2	-720.0
Portfolio Investment	-91.4	-74.1	-98.8	-75.8	-72.6	-74.7
Other Investment	-50.1	-79.2	-74.5	-68.3	-79.8	-58.1
7. Total Goods, Services and Income Balance 92-6)	**-855.9**	**-757.7**	**-1129.8**	**-1687.7**	**-1959.1**	**-1844.7**
8. Transfer in Cash and Kind (net)	**1161.2**	**1482.0**	**1848.6**	**2081.4**	**2405.7**	**2784.9**
Government						
Grants from Foreign Govts, Intl & NGO's	203.0	266.0	365.5	343.1	444.6	401.0
SACU Receipts	868.2	1092.4	1300.5	1560.4	1805.2	2240.7
Withholding Taxes	27.9	31.1	57.9	59.9	48.8	45.2
Other Transfers Received	44.1	47.2	54.5	55.9	67.0	74.0
Transfer Debits (mainly SACU)	-51.7	-58.8	-62.4	-54.7	-57.8	-59.3
Private						
Grants Received by NGO's	64.0	95.0	123.3	106.0	86.9	71.3
Other Transfers (net)	5.7	9.1	9.4	10.8	11.0	12.0
9. Current Account Balance (7+8)	**305.3**	**724.3**	**718.9**	**393.7**	**446.6**	**940.2**

(a) Debit (negative) entries are used to record imports of goods and services, investment income payable, the counterpart to transfers received from non-residents, and a deficit.
Credit (positive) entries record exports of goods and services, income receivable, the counterpart to transfers made to non-residents, and a surplus.
(b) Represents imports after adjustments made to place imports by SACU countries on a similar basis to imports by non-SACU countries. Estimated imports before adjustment were: 1994 = N$ 5 450 million; 1995 = N$ 5 980 million; 1996 = N$ 7 012 million; 1997 = NS 8 022 million; 1998 = N$ 8 418 million and 1999 = N$ 9 218 million.
*Business, administrative, financial and communications services.
(p) Provisional

Table V.2 CAPITAL AND FINANCIAL ACCOUNT (a)
N$ million

	1994	1995	1996	1997	1998	1999(p)
Net Capital Transfers	**153.6**	**145.5**	**180.8**	**154.2**	**251.7**	**271.4**
Direct Investment Abroad	21.7	12.8	93.2	-3.0	7.1	15.0
Equity Capital	2.5	1.0	0.0	0.0	0.0	0.0
Reinvested Earnings	17.2	5.5	12.7	1.1	2.8	5.0
Other Capital	2.0	6.3	80.5	-4.1	4.3	10.0
Direct Investment in Namibia	347.9	554.9	553.3	386.0	427.3	695.0
Equity Capital	96.2	112.9	317.6	357.7	402.0	310.0
Reinvested Earnings	181.6	358.6	340.4	63.0	-108.0	300.0
Other Capital	70.1	83.5	-104.7	-34.7	133.3	85.0
Portfolio Investment	168.0	279.7	134.1	85.7	-55.7	-34.0
Equity						
Assets	-17.5	-13.7	-33.8	-44.4	-96.6	-114.0
Liabilities	133.3	165.9	220.1	132.8	175.0	250.0
Debt						
Assets	-42.6	-4.8	-1.2	0.1	-10.0	-50.0
Liabilities	94.8	132.2	-51.0	-2.8	-124.1	-120.0
Other Investment - Long Term	-1146.6	-1622.6	-1539.5	-991.6	-614.7	-1041.5
General Government	12.4	74.0	114.3	75.0	88.5	88.5
Assets	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0
Drawings on Loans Received	23.9	85.5	125.8	86.5	100.0	100.0
Repayments on Loans Received	-6.5	-6.5	-6.5	-6.5	-6.5	-6.5
Monetary Authorities: Liabilities	101.6	63.7	73.2	0.0	0.0	0.0
Banks: Liabilities	-13.4	-28.6	-5.0	0.0	0.0	0.0
Other Sectors	-1247.3	-1731.7	-1722.0	-1066.6	-703.2	-1130.0
Assets	-1055.6	-1633.3	-1742.3	-1095.2	-1284.1	-1280.0
Liabilities	-191.7	-98.4	20.3	31.6	580.9	150.0
Other Investment - Short Term	348.1	73.5	-93.5	221.1	-189.8	-505.9
General Government: Assets	38.9	0.0	0.0	0.0	0.0	0.0
Banks	250.9	100.2	-414.6	349.4	-169.2	-591.9
Assets	0.5	53.8	-209.0	-187.3	-11.4	-329.4
Liabilities	250.4	46.4	-205.6	536.7	-157.8	-262.5
Other Sectors	58.3	-26.7	321.1	-128.3	-20.6	86.0
Assets	-47.8	11.5	-24.0	-16.0	-14.0	-14.0
Liabilities	106.1	-38.2	345.1	-112.3	-6.6	100.0
Capital and Financial Account Balance, Excluding Reserves (b)	**-107.4**	**-556.1**	**-671.6**	**-147.7**	**-174.1**	**-600.0**
Net Errors and Omissions (c)	68.5	-80.9	51.3	66.3	36.9	8.5
Overall Balance (d)	**266.3**	**87.3**	**98.5**	**312.3**	**309.4**	**348.7**
Reserves	-266.3	-87.3	-98.5	-312.3	-309.4	-348.7

(a) Debit (negative) entries record an increase in foreign financial assets, a decrease in foreign financial liabilities, or a capital outflow (deficit). Credit (positive) entries record a reduction in foreign financial assets, an increase in foreign financial liabilities, or a capital inflow (surplus).
(b) Represents net identified capital transactions other than reserves.
(c) Represents net errors and omissions in the current and capital and financial accounts.
(d) Overall balance is equal to the current account balance, plus all identified capital transactions, excluding changes in reserves, plus net errors and omissions.
(p) Provisional.

Table V.3 BALANCE OF PAYMENTS ESTIMATES 1996 TO 1999 (p): FOREIGN DEVELOPMENT ASSISTANCE TO NAMIBIA
N$ million

	1996 Assistance provided to:			1997 Assistance provided to:			1998 Assistance provided to:			1999 (p) Assistance provided to:		
	Nam Gov't	Other	Total	Nam Gov't	Other	Total	Nam Gov't	Other	Total	Nam Gov't	Other	Total
1. All Grants - Cash and Kind (1+2)	**562**	**127**	**689**	**493**	**112**	**605**	**688**	**92**	**780**	**667**	**74**	**741**
1.1 Cash Grants	**233**	**68**	**301**	**181**	**65**	**246**	**332**	**63**	**395**	**301**	**55**	**356**
1.1.1 Budget Support to Government (i.e. Channelled Through State Revenue Fund	165	0	165	97	0	97	213	0	213	207	0	207
1.1.1.1 For Capital Projects	111	0	111	66	0	66	173	0	173	182	0	182
1.1.1.2 Recurrent Expenditure	44	0	44	25	0	25	40	0	40	25	0	25
1.1.1.3 Other Purpose (not specified)	10	0	10	6	0	6	0	0	0	0	0	0
1.1.2 Non-budget Support to Government Projects (i.e. financed outside of budget)	58	0	58	72	0	72	108	0	108	82	0	82
1.1.2.1 For Capital Expenditure	36	0	36	42	0	42	48	0	48	58	0	58
1.1.2.2 Recurrent Expenditure	10	0	10	5	0	5	6	0	6	8	0	8
1.1.2.3 Other Purpose (not specified)	12	0	12	25	0	25	53	0	53	15	0	15
1.1.3 Grants to Namibian Non-Government Organisations	10	68	78	12	65	77	11	63	74	12	55	67
1.2 In Kind Grants	**309**	**59**	**368**	**312**	**47**	**359**	**356**	**29**	**385**	**366**	**19**	**385**
1.2.1 Goods												
1.2.1.1 Capital Goods	30	3	33	41	6	47	23	5	28	26	2	28
1.2.1.2 Other Goods	14	4	18	8	5	13	4	3	7	0	3	3
1.2.2 Services (including technical assistance)	259	51	310	260	35	295	313	20	333	299	14	313
1.2.3 Educational Scholarships	6	1	7	3	1	4	16	1	17	41	0	41
1.3 Loans	**20**	**0**	**20**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

(p) Provisional

Table V.4 EXPORTS BY VALUE
(N$ Millions)

Period		Diamonds	Gold	Zinc	Other Minerals	Uranium	Copper	Silver	Lead	Meat	Fish
1993	Q1	300.7	16.8	12.1	180.8	107.8	55.8	6.5	10.7	68.9	222.9
	Q2	437.0	14.3	16.4	207.0	146.3	41.5	8.5	10.7	95.0	253.3
	Q3	300.7	19.4	9.8	174.0	99.1	55.6	9.7	9.6	110.3	233.1
	Q4	437.0	23.4	8.6	130.5	75.9	35.0	9.5	10.1	90.2	304.0
1994	Q1	206.8	22.0	10.5	137.5	78.9	38.3	9.1	11.2	131.7	177.1
	Q2	355.2	21.5	21.8	187.0	118.6	48.8	8.0	11.6	183.4	265.9
	Q3	513.1	24.7	8.6	179.1	95.3	63.2	8.8	11.8	185.3	234.9
	Q4	368.2	27.3	9.4	120.3	59.3	37.2	8.9	14.9	115.1	293.7
1995	Q1	460.1	22.7	12.6	169.0	79.8	66.9	8.5	13.8	205.0	272.5
	Q2	462.2	24.6	9.2	147.4	63.4	58.6	12.0	13.4	251.7	306.6
	Q3	309.6	26.6	11.2	181.6	95.2	61.9	11.2	13.3	157.7	224.8
	Q4	502.6	25.4	11.6	157.6	76.6	62.6	9.5	8.9	102.6	283.1
1996	Q1	278.2	27.4	14.1	177.2	88.8	65.0	9.7	13.7	223.8	344.7
	Q2	647.9	28.9	19.7	222.4	103.9	62.7	14.0	41.8	333.1	393.1
	Q3	468.4	31.8	20.2	235.0	149.3	26.3	7.1	52.3	203.5	348.5
	Q4	858.8	30.6	18.9	162.3	156.3	0.3	0.1	5.6	115.1	446.1
1997	Q1	463.4	36.1	19.3	177.8	128.6	44.6	4.2	0.4	81.0	350.6
	Q2	742.9	28.1	25.9	227.8	161.6	57.6	7.6	1.0	161.8	397.9
	Q3	552.8	31.1	30.8	209.9	155.3	54.0	6.8	2.8	163.3	387.6
	Q4	715.7	28.2	39.7	223.8	169.7	47.0	7.1	0.0	147.8	458.7
1998	Q1	349.5	23.8	24.8	203.2	134.8	52.5	15.2	0.7	176.7	452.1
	Q2	603.7	21.0	24.1	149.8	148.8	0.0	0.0	1.0	260.7	620.9
	Q3	756.9	28.3	31.8	180.5	180.5	0.0	0.0	0.0	236.6	455.0
	Q4	400.3	28.8	32.6	246.9	244.3	0.0	0.0	2.6	133.4	503.0
1999	Q1	582.7	31.8	32.3	200.5	195.9	0.0	0.0	4.6	196.5	542.7
	Q2	950.0	23.5	30.4	151.6	147.8	0.0	0.0	3.8	296.5	745.3
	Q3	465.0	25.9	34.1	202.9	202.9	0.0	0.0	0.0	297.9	546.2
	Q4	811.6	38.5	36.2	272.9	272.9	0.0	0.0	0.0	172.8	603.8
2000	Q1	636.7	33.8	16.4	172.4	172.4	0.0	0.0	0.0	130.0	

Fish export figures for the four quarters of 1999 are estimates.
Figures for the first quarter of 2000 were not available at the time of publication.

Table V.5 FOREIGN EXCHANGE RATES
Period Averages

Period		US Dollar	British Pound	German Mark	Japanese Yen	Swiss Franc	Spanish Peseta
1994		0.2818	0.1842	0.4577	28.4215	0.3857	37.7888
1995		0.2757	0.1750	0.3933	25.9388	0.3262	34.3790
1996	I	0.2655	0.1735	0.3898	28.0711	0.3161	32.8109
	II	0.2321	0.1523	0.3532	24.9512	0.2885	29.5588
	III	0.2238	0.1440	0.3351	24.3841	0.2736	28.3373
	IV	0.2157	0.1319	0.3300	24.3263	0.2774	27.8081
1997	I	0.2218	0.1360	0.3680	26.8743	0.3189	31.1001
	II	0.2238	0.1368	0.3831	26.7685	0.3232	32.3281
	III	0.2154	0.1326	0.3894	25.4049	0.3208	32.8298
	IV	0.2081	0.1254	0.3654	26.0698	0.2983	30.8738
1998	I	0.2021	0.1229	0.3675	25.8662	0.2981	31.1526
	II	0.1937	0.1172	0.3473	26.2710	0.2890	29.4985
	III	0.1606	0.0972	0.2831	22.2883	0.2361	24.0430
	IV	0.1729	0.1033	0.2877	20.6767	0.2353	24.4626
1999	I	0.1639	0.1004	0.2854	19.0952	0.2334	24.2804
	II	0.1632	0.1015	0.3019	19.6988	0.2469	25.6710
	III	0.1640	0.1025	0.3060	18.5971	0.2506	25.8222
	IV	0.1636	0.1000	0.3072	17.0502	0.2514	26.1421
2000	I	0.1588	0.0988	0.3143	17.0648	0.2774	26.1742

Source: SARB