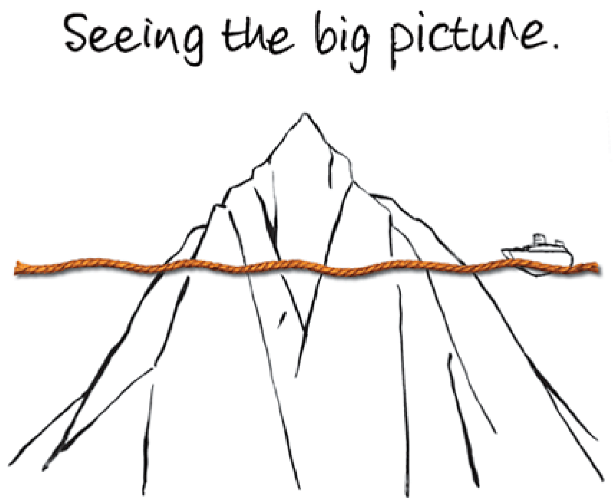

RisCUpdate

Namibian Overview

1 April 2012 – 30 June 2012

More Information:

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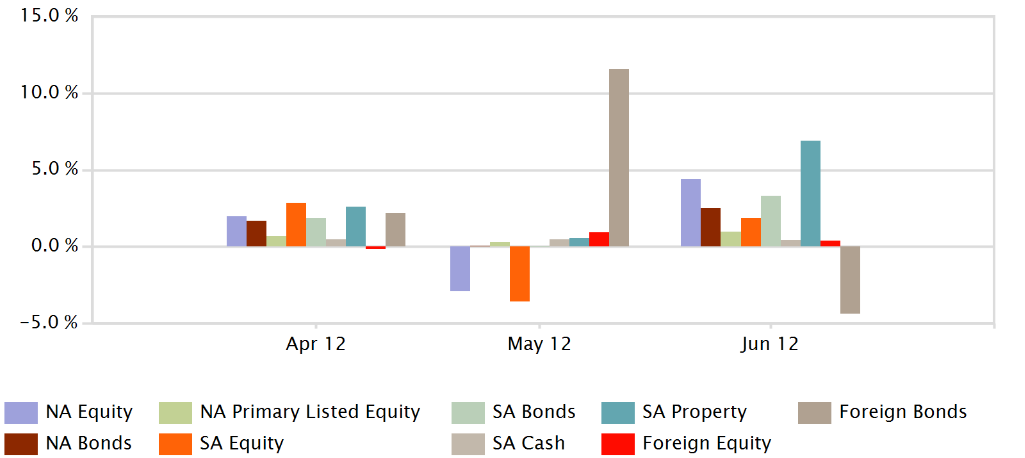
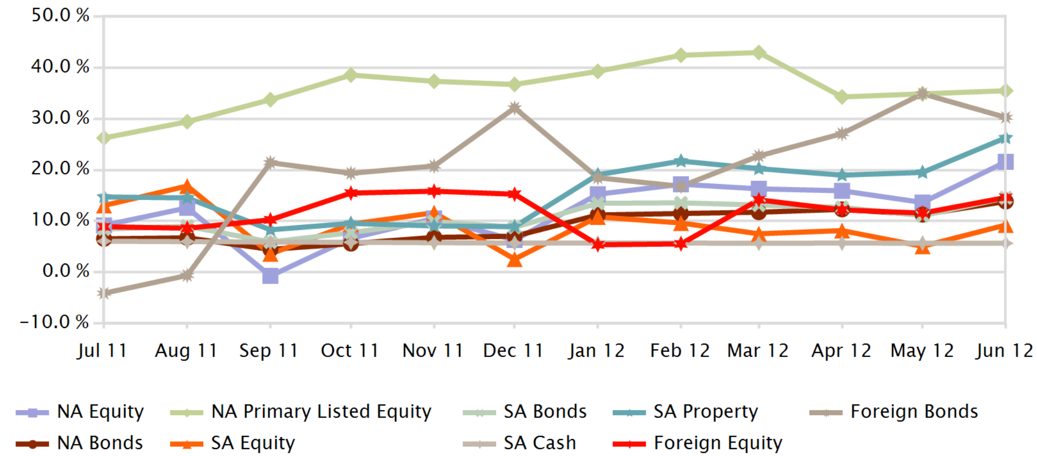
How the different asset classes performed

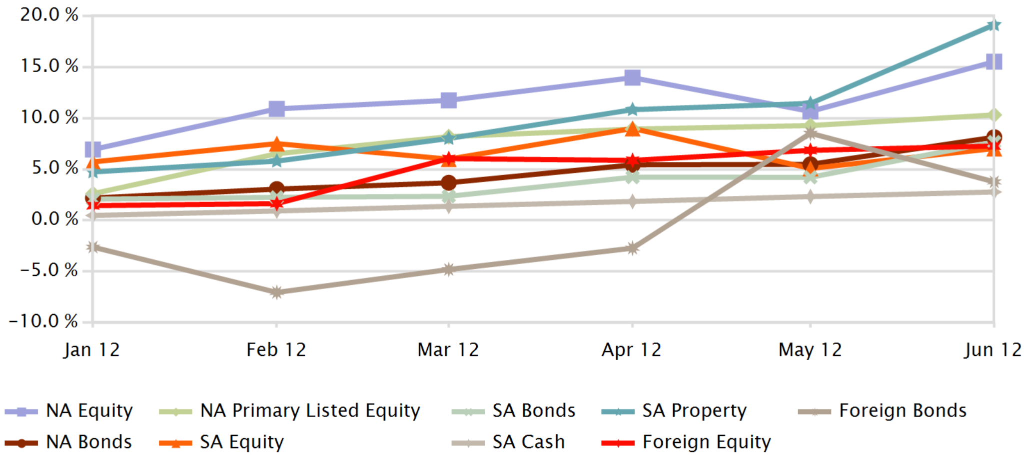
Asset class monthly returns



Asset class rolling 12-month performance



Asset class performance – year to date

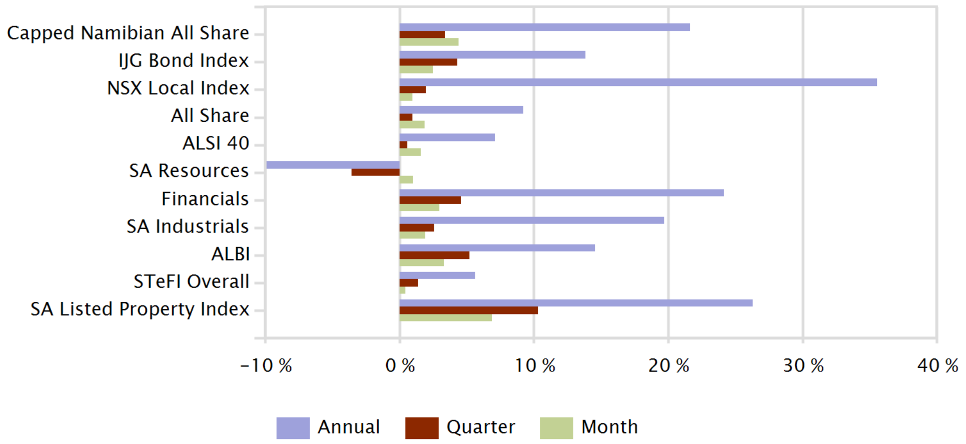


Sector Indices

Asset Class	Index
NA Equity	Capped Namibian All Share
NA Bonds	IJG Bond Index
NA Primary Listed Equity	NSX Local Index
SA Equity	All Share Index
SA Bonds	ALBI
SA Cash	STeFI Overall
SA Property	SA Listed Property
Foreign Equity	MSCI World Index
Foreign Bonds	JPM Global Aggregate Bond Index

How the local market indices performed

Returns of FTSE/JSE/NSX sectors and indices

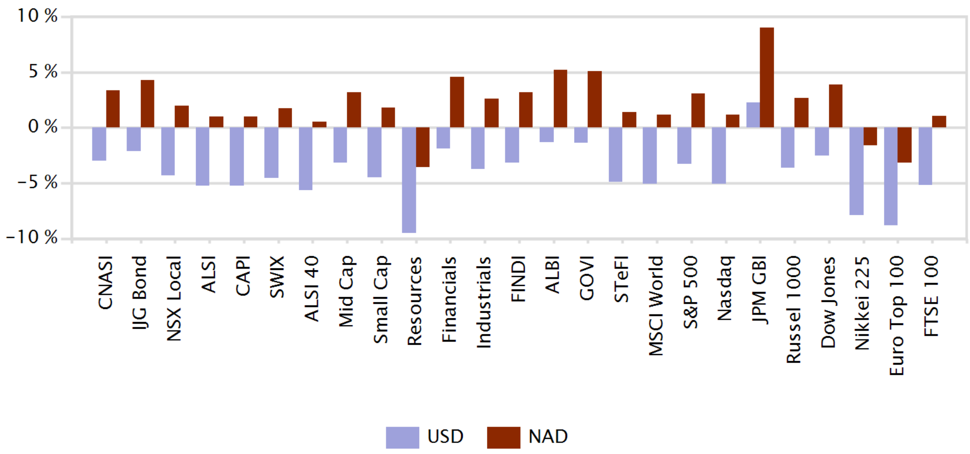


How the currency performed

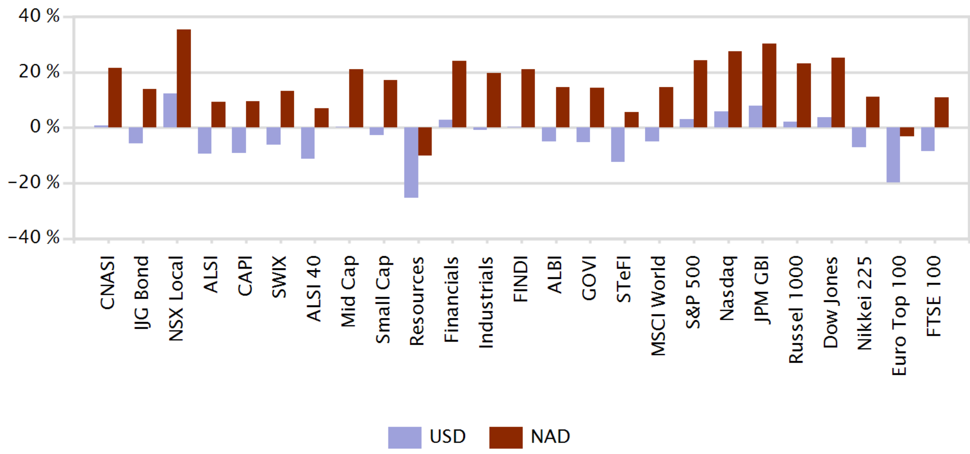
Description	Previous	Current	% Change
NAD/Dollar	7.67	8.18	6.57
NAD/Pound	12.25	12.82	4.63
NAD/Euro	10.21	10.33	1.19
Dollar/Euro	1.33	1.27	-4.70

How the world market indices performed

Quarterly return of major indices



Annual return of major indices



Market and Economic Update

Local comment

Background

- **Inflation**: The annual inflation rate extended its downturn in May, declining another 0.4 percentage points from 6.4% to 6.0%. This drop was a consequence of slumps of 0.6pp and 0.2pp in food and housing utilities respectively. Of the 12 categories in the NCPI, 6 decreased, 4 increased and 2 stayed level. On a monthly basis, the rate of increase eased from 0.4% to 0.2% in May. The 12-month moving average remained at last month's 6.1% level, however. This indicated an increase from 3.9% in May 2011.
- **Vehicle Sales**: Total new vehicles sales in Namibia was recorded at 1 164 in June 2012, reflecting an increase of 3.2% compared to the previous month. The monthly increase was as a result of higher passenger vehicle sales, while most of the other categories were negative. On an annual basis the rate of increase moderated from 31.6% in May to 12.6% in June. The generally weaker trend is also evident in the fact that the indicator has been lower than the 4-month moving average for the third consecutive month. The slower vehicle sales has been expected, given that sales are usually deferred to July in order to benefit from discounts and financing specials at the annual motor shows.
- **Money and banking statistics**: According to the Bank of Namibia's money and banking statistics, there was a slight gain of N$111.5m in credit extended to the private sector during the month of May, with total credit outstanding at N$47.3bn. On an annual basis, growth eased to 12.92% compared to April's 13.62%. Credit extended to individuals increased 1.1% in May to N$29.8bn, mainly a function of mortgage loans and instalment credit. On an annual basis mortgage loans extended to individuals remained above 11% growth at 11.3%, while growth in instalment credit accelerated to 22.9%.
- **Windhoek building statistics**: The City of Windhoek approved a total of 244 buildings in June 2012. This represented a 5% m-o-m increase and an 11.9% increase y-o-y. The total value approved was N$274.5 million in June which represented a 38.2% rise m-o-m and a massive 132.65% y-o-y increase.
- **Interest rates**: We expect the Namibian repo rates to strongly follow that of South Africa and to remain lower for longer given a general view that inflation is moderating and downside risks remain for economic growth.

Outlook

- **Exchange rate and global conditions**: As the Namibian economy is very open, the outlook is very dependent on the global and regional market place and exchange rate developments. In this regard we foresee marginal economic improvements both globally and regionally and due to the strong focus from global investors on risk aversion we foresee a weaker exchange rate which will be supportive for the local economy.
- **Domestic interest rates**: South African interest rates are expected to set the tone for Namibian interest rates as we are in a common monetary area. Our view is that South African interest rates will remain lower for longer due to a synchronised global monetary policy loosening in an effort to kick start a lacklustre global economy while inflation is moderating.
- **Inflation rate**: The inflation forecast has been revised downwards for 2012 and now expect inflation to trend lower to 5.5% by year end. The downward revision is a function of expected declines in transport inflation and a base effect offsetting monthly increases in food and other categories. We forecast annual inflation to average 6.2% in 2012.
- **Public sector**: The public sector is a very dominant sector in the Namibian economy and in previous years, contributed significantly to economic growth. Due to the vibrant state of the global / regional economy in the mid - 2000's, SACU receipts reached very high levels. This has enabled the government to spend large amounts on capital projects without increasing public debt levels. Unfortunately the situation has changed, with SACU receipts significantly lower and other revenue sources also under pressure. As the need for government to stimulate the economy with labour intensive projects is very high and also recognised, government intends to stimulate the economy significantly over the next few years. This will hopefully result in the creation of a large number of jobs. Unfortunately it will also result in significant growth in public debt and the government's share of the economy.
- **Economic growth**: The government will be the main driving force behind economic growth in 2012 with a significant portion of the budget allocation for stimulating the local economy still to be spent. Other developments in the mining and agricultural industries as well as on-going construction projects will result in an above-average economic growth rate for 2012. We expect GDP growth to be around 5% for 2012, compared to an expected 4.9% for 2011 and 6.6% registered in 2010