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FOR IMMEDIATE RELEASE

ECONOMIC OUTLOOK UPDATE - APRIL 2019

THE NAMIBIAN ECONOMY IS EXPECTED TO GROW BY 0.3 PERCENT IN 2019

The Bank of Namibia released the April 2019 Economic Outlook Update with the domestic economic growth expected to recover marginally in 2019, before improving further in 2020.

- 1. Global economic growth is projected to slow during 2019 before rising back to the 2018 level in 2020.** According to the IMF's World Economic Outlook (WEO) for April 2019, global growth is projected at 3.3 percent in 2019 and 3.6 percent in 2020. The 3.3 percent projected for 2019 represents a 0.3 percentage point decline from the 3.6 percent growth estimated for 2018. The slowdown in global output growth is largely attributed to waning cyclical forces in advanced economies as output gaps have been largely closed, US fiscal stimulus which is expected to diminish and the impact of higher import duties between the United States and China. Furthermore, a decline in business confidence and higher policy uncertainty across many countries will hinder growth.
- 2. The balance of risks to the outlook remains mainly on the downside.** Risks to the global growth outlook remain and include the possible collapse of the China/US trade negotiations, escalation of trade tensions to other countries and a no-deal withdrawal of the UK from the European Union. Over the medium term, the key risks include climate change and political discord in the context of rising inequality.
- 3. The domestic economy is projected to recover to positive growth in 2019, before improving further in 2020.** Namibia's real GDP growth is projected to recover slightly to 0.3 percent in 2019, before improving to 1.9 percent in 2020. The expected recovery during 2019 will be supported mainly by anticipated improvements in the construction and

hotels and restaurants sectors. Furthermore, a smaller contraction for wholesale and retail trade represents a reduced drag on overall growth when compared to the last two years. The latest overall growth projection of 0.3 percent for 2019 represents a downward revision from 1.5 percent published during December 2018. More information about economic activities for 2019 is now available and it is clear that growth estimates for diamonds, uranium and metal ores are lower than what was anticipated in the December 2018 Update.

4. **Risks to domestic growth are mainly in the form of persistently low uranium price and unpredictable rainfall.** The low uranium price increases uncertainty about expected production from uranium mines, while the erratic rainfall may continue to negatively affect the performance of the agriculture sector beyond 2019. Furthermore, the China/US trade tensions may negatively affect the demand for Namibian minerals.

The Economic Outlook Update for April 2019 is accessible online at

<http://www.bon.com.na/Publications/Economic-Outlook.aspx>

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