

**Date:** 5 December 2022

**Attention:** News Editor

**Ref:** 9/6/2

FOR IMMEDIATE RELEASE

**ECONOMIC OUTLOOK UPDATE - DECEMBER 2022**  
**THE NAMIBIAN ECONOMY IS EXPECTED TO GROW BY 3.9 PERCENT IN 2022**

---

**1. Introduction**

The Bank of Namibia released the Economic Outlook update for December 2022, with the domestic economy estimated to expand by 3.9 percent in 2022 from the 2.7 percent growth recorded in 2021.

**2. Global and Regional Outlook**

**Global economic growth is projected to slow down during 2022 and 2023, following stronger growth in 2021.** The expected slowdown in global growth during 2022 and 2023 incorporates the effects of high economic costs emanating from the ongoing Russia-Ukraine war through higher commodity prices, particularly for food and fuel, trade disruptions, and tighter financial conditions resulting from higher inflation rates in major economies. According to the IMF's World Economic Outlook (WEO) for October 2022, global growth is projected to slowdown from 6.0 percent registered in 2021 to 3.2 percent in 2022 and further to 2.7 percent in 2023. The growth projection for 2022 remained unchanged from the July 2022 WEO update. The IMF, however, downgraded its growth forecast for 2023 by 0.2 percentage point.

**Economic activity in Emerging Markets and Developing Economies (EMDEs) is expected to drop in 2022 and 2023.** Growth in EMDEs is expected to slow down to 3.7 percent in 2022 and 2023 from an expansion of 6.6 percent recorded in 2021. EMDEs growth estimate for 2022 was slightly adjusted upwards by 0.1 percentage point, whereas the 2023 estimate was adjusted downwards by 0.2 percentage point from the July 2022 WEO update.

Growth in China is expected to decrease significantly to 3.2 percent in 2022 and thereafter rebound to 4.4 percent in 2023 from 8.1 percent registered in 2021. Similarly, India's growth is projected to moderate down to 6.8 percent and 6.1 percent in 2022 and 2023, respectively, from 8.7 percent recorded in 2021. Activities in other EMDEs, such as Brazil, are expected to remain weak, while Russia is expected to contract by 3.4 percent in 2022 and further by 2.3 percent in 2023 from an expansion of 4.7 percent in 2021.

**Growth in Sub-Saharan Africa is projected to slow down in 2022 before improving in 2023.**

GDP growth in the Sub-Saharan African (SSA) region is expected to slow from 4.7 percent in 2021 to 3.6 percent in 2022 before improving to 3.7 percent in 2023. The latest growth projections were revised downwards from the July 2022 WEO update, which reflects the negative impact of elevated food and fuel prices coupled with sluggish demand for export commodities for most of the countries in the region. Moreover, the weaker growth outlook in Sub-Saharan Africa is predominantly attributed to lower trading partner growth, deterioration in terms of trade, and tighter financial and monetary conditions.

**Risks to global growth are dominated by uncertainties around COVID-19, further implications from geo-political conflicts, volatile commodity prices, and a faster pace of monetary tightening.** The uncertainty regarding the prolonged war between Russia and Ukraine poses a risk to the global outlook, owing to the global increases in food and fuel prices. Further, supply chain disruptions, along with the more stringent financial conditions, pose additional risks to the global growth outlook. Other risks to global growth include increased volatility in international commodity prices and the sustained slowdown of growth in China which would have major global spillovers.

### **3. Domestic Economic Outlook**


**Namibia's GDP growth is projected to improve in 2022 before moderating in 2023.** Real GDP growth is estimated to increase to 3.9 percent in 2022 before moderating slightly to 2.7 percent in 2023, the same as that registered in 2021. The estimated growth for 2022 represents a 0.7 percentage point upward revision from the August 2022 Economic Outlook release. The revision in the 2022 growth is mainly on account of strong growth for diamond mining, based on higher production volumes to date, as well as sustained growth for most industries in secondary and tertiary sectors. Most of the sectors in the secondary and tertiary industries are expected to register positive but low growth rates during 2022 and 2023.

**Risks to domestic economic growth are predominantly in the form of monetary policy tightening around the world and high costs of key import items that are likely to persist in the near term.** Major Central Banks around the world are tightening monetary policies at faster rates than initially anticipated, a trend that could lead to a global recession. Further, the ongoing war between Russia and Ukraine is likely to continue, and as a consequence prices for affected commodities are likely to remain elevated. Other risks include water supply interruptions that continue to affect mining production at the coast and uncertainty around the effects of climate change on agricultural production going forward.

The Economic Outlook update for December 2022 is accessible online at

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

Issued by:



**Mr. Kazembire Zemburuka**

**Director: Strategic Communications and International Relations**

**Bank of Namibia**

**Tel: (061) 283 5114, Fax: (061) 283 5546 or email: [info@bon.com.na](mailto:info@bon.com.na)**