

Date: 06 July 2018
Attention: News Editor
Ref: 9/6/2

FOR IMMEDIATE RELEASE

JULY 2018 ECONOMIC OUTLOOK UPDATE RELEASED

The Namibian economy is expected to grow marginally by 0.6 percent in 2018, before improving further in 2019.

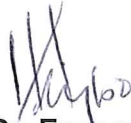
- 1. Global economic growth is expected to improve during 2018.** According to the IMF's World Economic Outlook (WEO) of April 2018, the global economic growth strengthened to 3.8 percent in 2017 and is expected to continue its upward momentum to reach 3.9 percent in both 2018 and 2019. The projected improvement in global growth will be supported by favourable market sentiment, accommodative financial conditions together with international spin-offs resulting from expansionary fiscal policy in the United States. In the Sub-Saharan Africa region, growth came out at 2.8 percent in 2017 and is projected to rise gradually during 2018 and 2019 to 3.4 percent and 3.7 percent, respectively, as the outlook for commodity-exporting economies improves. The projected improvement in the global economic growth may have positive spill overs for the Namibian economy.
- 2. Risks to the short-term global economic outlook are largely balanced.** On the upside, the continuing recovery in investment could nurture a rebound in productivity, implying higher potential growth in the period ahead. In turn, a spurt in potential output might expand the scope for demand to rise before it hits capacity constraints and generates inflationary pressures. Downside risks to growth include a worsening of trade tensions and the imposition of barriers to cross-border trade, which not only have a direct negative impact on economic activity but also weaken confidence. Furthermore, a possible accumulation of financial vulnerabilities and erosion of support for global economic integration that could spur an inward shift in policies remain risks, together with a host of noneconomic risks, including geopolitical worries and climate shocks.

3. **The domestic economy is projected to register a moderate growth rate in 2018, before rising further in 2019.** Namibia's real GDP growth is projected to recover slightly to 0.6 percent in 2018, before improving to 1.9 percent in 2019. These growth projections are an improvement compared to a 0.8 percent contraction in 2017. The expected recovery in 2018 is mainly due to projected improvements in transport and communications, electricity and water and manufacturing, coupled with slower contractions for the construction and the wholesale and retail trade sectors. The mining sector is also set to continue supporting the domestic economy, albeit with less vigour than in the previous year. In 2019 and beyond, GDP growth will be supported by the good performance of uranium mining and improvements in the construction and wholesale and retail trade sectors.

4. **Risks to domestic growth include a slow recovery in Namibia's trading partners and low uranium prices.** Weak global demand and a slow recovery of international commodity prices, if persisting longer, may slow production or even lead to further mine closures, especially uranium mines. Furthermore, undue volatility of the Namibia Dollar and uncertainty about weather conditions could have adverse effects on growth going forward.

The Economic Outlook July 2018 is accessible online at
<http://www.bon.com.na/Publications/Economic-Outlook.aspx>

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