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FOR IMMEDIATE RELEASE

ECONOMIC OUTLOOK - DECEMBER 2024

THE NAMIBIAN ECONOMY IS EXPECTED TO GROW BY 3.5 PER CENT IN 2024

1. Introduction

The Bank of Namibia released the Economic Outlook update for December 2024. The domestic economy is estimated to expand by 3.5 per cent in 2024 and 4.0 per cent in 2025.

2. Global and Regional Outlook

Global economic growth is projected to remain unchanged between 2024 and 2025. World GDP growth is projected to moderate downwards from 3.3 per cent in 2023 to 3.2 per cent for both 2024 and 2025. According to the IMF's World Economic Outlook (WEO) for October 2024, the anticipated moderation in growth is attributed to sustained inflationary pressures and increased geopolitical risks. The projected global growth for 2024 remained unchanged from the July 2024 WEO update, while the growth rate for 2025 was revised downwards by 0.1 percentage points.

Growth in emerging markets and developing economies (EMDEs) is projected at 4.2 per cent for 2024 and 2025, with a slowdown from 4.4 per cent in 2023. The anticipated moderation in growth for EMDEs reflects a sustained slowdown in the region's two largest countries, China and India. Growth in the Chinese economy is projected to slow down gradually, mainly due to persistent weaknesses in the real estate sector and low consumer confidence. In India, growth is expected to moderate to 7.0 per cent in 2024 and 6.5 per cent in 2025, from 8.2 per cent in 2023. The downward moderation in India's growth is attributed to normalisation, as the 2023 growth rate was influenced by base effects.

Growth in the Sub-Saharan African economies is estimated to slow in 2024 before improving in 2025. In Sub-Saharan Africa, growth is projected to slow down to 3.6 per cent in 2024 before improving to 4.2 per cent in 2025 as adverse impacts of prior weather shocks subside and supply constraints gradually ease. The latest projection for 2024 largely reflects slower growth in Nigeria amid weaker-than-expected activity in the first half of the year.

3. Domestic Economic Outlook

Namibia's GDP growth is estimated to slow down in 2024, mainly due to subdued growth in the global economy, affecting demand for our minerals and the effects of drought. Real GDP growth is projected to moderate downwards to 3.5 per cent in 2024, from 4.2 per cent registered in 2023. The moderation in growth is ascribed to the weak performance in the primary industry, particularly the anticipated contractions in the sub-sectors of diamonds and crop farming. This projection, however, marks an upward revision from the initial 3.1 per cent estimate published in the August 2024 Economic Outlook. The 2024 growth estimate was upgraded due to better performances for metal ores (gold), livestock farming (marketing), health, information and communication, wholesale and retail trade, and taxes on products.

The main risks to Namibia's domestic growth projections stem from the adverse effects of the drought and weakened global commodity demand. Persistent drought conditions pose a threat to agricultural output during and beyond 2024, while the recovery in diamonds hinges on several external factors, namely, recovery in global demand for natural diamonds, a clear distinction between natural diamonds and lab-grown diamonds by consumers, and the end of trade wars which currently is negatively affecting diamonds.

The Economic Outlook update for December 2024 is accessible online at

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

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