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FOR IMMEDIATE RELEASE

ECONOMIC OUTLOOK UPDATE - DECEMBER 2017

THE NAMIBIAN ECONOMY IS EXPECTED TO GROW BY 0.6 PERCENT IN 2017

The Bank of Namibia released its December 2017 Economic Outlook Update with the domestic economic growth expected to slow down in 2017, before improving in 2018. The weak growth forecast for 2017 is based on steeper-than-previously-expected contractions in the construction and the wholesale and retail trade sectors, as well as slower growth rates for manufacturing, electricity and water, and the public sector.

- 1. Global growth is projected to improve in 2017 and 2018, supported by better growth in both advanced economies and in emerging and developing economies (EMDEs).** According to IMF's World Economic Outlook for October 2017, global output is projected to grow by 3.6 percent and 3.7 percent in 2017 and 2018, respectively, which is an improvement from 3.2 percent for 2016. The upward momentum is supported by stronger-than-previously-expected growth in advanced economies and robust growth in emerging market and developing economies. The expected growth in 2017 will be reinforced by improved investment, trade and industrial production, coupled with strengthening business and consumer confidence in the medium term. Growth in Sub-Saharan Africa is projected to increase to 2.6 percent and 3.4 percent in 2017 and 2018, respectively, compared to 1.4 percent for 2016. Furthermore, growth in South Africa is projected to increase marginally from 0.3 percent in 2016, to 0.7 percent and 1.1 percent in 2017 and 2018, respectively.

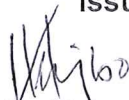
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2. **Risks to the short-term outlook are now generally balanced, but risks of a slowdown in the medium term remain.** The chances of advanced economy policies turning inward appear to be lower in the short term while other risks from geopolitical conflicts and regional tensions can potentially undermine global output going forward. Risks to the global outlook in the medium term remain more pronounced and include low inflation in some advanced economies, weak governance, more rapid and sizeable tightening of global financial conditions and weather-related disasters.
3. **The domestic economy is expected to remain weak in 2017, but growth is projected to improve in the medium term.** Domestic growth for 2017 is estimated to slow down to 0.6 percent, from 1.1 percent in 2016. This slowdown is mainly on account of deeper than previously expected contractions in sectors such as construction and wholesale and retail trade, as well as, slower growth rates for manufacturing, electricity and water, and the public sector. Growth is expected to improve to 2.2 percent and 3.1 percent in 2018 and 2019, respectively. This growth will be supported mainly by anticipated improvements in uranium mining, wholesale and retail trade, manufacturing, transport and communication sectors.
4. **Risks to the domestic economic outlook remain, although somewhat moderated, but the persistently low uranium price remains a major risk.** Risks to the domestic outlook include persistently low international prices for uranium, slow growth amongst some of Namibia's key trading partners and challenges associated with the implementation of fiscal consolidation. Furthermore, weather conditions remain a risk for the future rain seasons and may adversely affect performance in the agricultural sector.

The Economic Outlook Update for December 2017 is accessible online at:

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

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