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FOR IMMEDIATE RELEASE

THE NAMIBIAN ECONOMY IS EXPECTED TO GROW BY 4.5 PERCENT IN 2015

ECONOMIC OUTLOOK 2015-2017

The Bank of Namibia released the Economic Outlook for 2015 - 2017 with both global and domestic economic growth rates expected to slow down in 2015 before improving in 2016.

- **The World Economic Outlook, based on IMF projections, indicates that the global economy is expected to slow down during 2015, before improving in 2016.** According to the IMF's World Economic Outlook for October 2015, the global economy is expected to grow at 3.1 and 3.6 percent during 2015 and 2016, respectively, from 3.4 percent in 2014. Growth is expected to strengthen amongst advanced economies relative to 2014, but to remain weaker in emerging market economies, reflecting subdued prospects in some large emerging market economies and oil exporters. GDP growth in the Sub-Saharan African region is expected to moderate to 3.8 percent in 2015, before picking up to 4.3 percent in 2016. This slowdown is attributed to falling commodity prices, weakening exports to China and other key emerging market economies. Growth for the South African economy is expected to slow down to 1.4 and 1.3 percent for 2015 and 2016, respectively. This weak growth is attributed to low commodity prices, drought, low business and consumer confidence and uncertainty from electricity load shedding. These economic factors are expected to keep a lid on economic growth for the foreseeable future.
- **Risks to the global economic outlook remain and include, exchange rate volatility, the adverse impact from increasing the US interest rate, low commodity prices and geopolitical tension.** In the advanced economies, risks are diverse, ranging from low inflation, negative output gap and low aggregate demand. Furthermore, the start of

contractionary monetary policies in the advanced economies is expected to increase exchange rate volatility and capital outflows from emerging markets. Lower commodity prices and the continuing geopolitical tension remains a risk to global growth going forward.

- **The domestic economy is projected to slow down in 2015 and in 2016 before improving in 2017.** Namibia's real GDP growth is projected to slow down to 4.5 and 4.3 percent for 2015 and 2016, respectively, before rising to 5.9 percent in 2017. Strong performance in the mining and quarrying is expected to drive growth in 2015. Contraction in the agricultural sector, slower growth in wholesale and retail trade, as well as construction, is expected to strain economic growth in 2015. Over the medium-term, growth will be supported by increased mining output from new mines, recovery in agriculture and sustained growth in wholesale & retail trade.
- **Risks** to the domestic outlook include low commodity prices that may lead to deterioration in the country's external position and exert pressure on both the current account balance and the international reserves. Electricity supply constraints that started in South Africa could worsen further and spill over to the Namibian economy and restrain growth. Increasing uncertainties in the South African economy, mainly in the form of low growth and drought conditions, are likely to increase exchange rate volatility further, with consequential effects on inflation. Finally, the negative impact of the decline in oil prices on the Angolan economy is likely to have a dent on Namibia's growth, mainly through wholesale and retail trade.

The Economic Outlook is available upon request and can be accessed at
<http://www.bon.com.na/Publications/Economic-Outlook.aspx>

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