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FOR IMMEDIATE RELEASE

## ECONOMIC OUTLOOK - JULY 2017

### THE NAMIBIAN ECONOMY IS EXPECTED TO GROW BY 2.1 PERCENT IN 2017

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The Bank of Namibia released the July 2017 Economic Outlook with the domestic economic growth expected to improve by 0.2 percent to 2.1 percent in 2017.

- 1. The World Economic Outlook indicated that growth for the global economy is expected to improve during 2017 and 2018.** According to the IMF's World Economic Outlook (WEO) of April 2017, the global economy is expected to grow by 3.5 percent and 3.6 percent during 2017 and 2018, respectively, from 3.1 percent in 2016. The upward momentum in global growth will be driven by recovery in both the advanced economies and the emerging market and developing economies during 2017 and 2018. Growth in the Sub-Saharan African region is expected to improve to 2.6 percent and 3.5 percent in 2017 and 2018, respectively, from 1.4 percent in 2016. This improvement in growth will be driven by recovery in commodity prices, normalisation of rainfall following earlier drought and improved macroeconomic conditions in the region. Similarly, growth for the South African economy is expected to improve moderately to 0.8 percent in 2017, before rising to 1.6 percent in 2018. This projected recovery will largely be driven by firmer commodity prices, improved electricity supply and eased drought conditions.
- 2. Risks to the global economic outlook remain and include anti-globalisation positions and uncertainties regarding the direction of policies in some major economies.** There is a rise in anti-globalisation sentiment that could trigger protectionist policies and lead to increases in tariffs or other trade barriers and similar retaliatory responses from other countries. Another source of uncertainty pertains to the direction of the US policy agenda, particularly the likely impact of the planned fiscal policy expansion. It is currently unclear exactly how US fiscal policy will unfold and how it will influence global exports to the US,

and ultimately the exchange rates between the US Dollar and emerging market currencies. Furthermore, the shift towards protectionism could also trigger tightening of financial conditions in large emerging market economies. China, India and Russia could also employ capital controls to protect their capital accounts.

3. **The domestic economy is projected to register a moderate growth rate in 2017, before rising further in 2018.** Namibia's real GDP growth is projected to recover to 2.1 percent in 2017, before improving to 3.8 percent in 2018. These growth rates are an improvement compared to the growth of 0.2 percent in 2016. The recovery in 2017 is mainly due to projected improvements in agriculture and mining as well as in the electricity and water sectors. Over the medium term from 2018 onward, GDP growth will be supported by an expansion in uranium mining and slower pace of contraction in construction activity.
4. **Risks to domestic growth include a slow recovery in Namibia's trading partners and low uranium prices.** Fragile global trade and a slow recovery in some of the advanced economies and leading emerging market economies remain a risk to a resource-based country like Namibia. Furthermore, weak global demand for minerals such as uranium, copper and zinc coupled with a slow recovery of international commodity prices may slow production at some of the mines in Namibia. Climate-related risks also remain, particularly for agriculture.

The Economic Outlook July 2017 is accessible online at  
<http://www.bon.com.na/Publications/Economic-Outlook.aspx>

Issued by:

**Kazembire Zemburuka**  
Deputy Director Corporate Communications  
Department of Strategic Communication and Financial Sector Development at the Bank of  
Namibia,  
Tel: (061) 283 5114, Fax: (061) 283 5546 or email: [info@bon.com.na](mailto:info@bon.com.na)