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FOR IMMEDIATE RELEASE

ECONOMIC OUTLOOK 2014-2016

THE NAMIBIAN ECONOMY IS EXPECTED TO GROW BY 5.4 PERCENT IN 2014

The Bank of Namibia released the Economic Outlook for 2014 - 2016 with global economic growth expected to strengthen in 2014 and 2015, whereas the domestic economy is expected to strengthen in 2014 before moderating in 2015.

- **The Economic Outlook based on IMF projections highlights that the global economy is expected to strengthen during 2014-15.** Global economic growth is expected to improve from 3.0 percent in 2013 to 3.6 percent and 3.9 percent in 2014 and 2015, respectively. The expansion in global output is supported by invigorating growth in all type of economies: advanced, emerging and developing economies, as well as those economies of Sub-Saharan Africa. The Sub-Saharan Africa region continues to expand at a solid pace from 4.9 percent in 2013 to 5.1 percent and 5.9 percent in 2014 and 2015, respectively. Much of the growth is underpinned by sizeable investments in infrastructure and mining, coupled with maturing investments. South Africa is a notable exception where growth could be lower than the projected 2.3 percent and 2.7 percent in 2014 and 2015, respectively. The country is marred by labour issues alongside a still fragile external environment.
- **The Outlook further highlights that domestic economy is expected to grow by 5.4 percent in 2014, compared to 4.4 percent growth in 2013, before moderately expanding by 4.8 percent in 2015.** Growth will be supported by domestic economic activities, such as construction of some relative mega projects in the mining sector, public sector programs and the energy sector that will spur domestic consumption and

investment. Growth is expected to moderate in 2015, as some of mining projects near completion.

- **Risks to growth are tilted downwards.** On the *global front*, risks are emanating from low inflation and protracted low growth due to large output gaps, especially in the Euro area. Among *emerging economies*, commodity export growth would be adversely affected by a deceleration of the Chinese economy, while international terms of trade would deteriorate as prices of raw materials remain depressed having consequences on the export-led sectors in the domestic economy. Moreover, reversal of capital flows, depending on the timing of the normalization of the US monetary policy, could weaken the domestic currency and put upside pressure on the Namibian inflation.
- Risk to *domestic growth* mainly stems from the recently introduced stringent conditions by South Africa on the export of livestock may further slowdown the volume of livestock marketed and weaken growth in the livestock sector than under the baseline scenario. If the above risk is prolonged, the domestic economy under the downside scenario is expected to slow to 5.0 percent in 2014. Other risk include further moderation of growth in the Namibian economy on account of depressed mineral prices, particularly of uranium with consequences for future investment and economic growth.

The Economic Outlook is available upon request and can be accessed at

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

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