

**Date:** 14 December 2018  
**Attention:** News Editor  
**Ref:** 9/6/2

FOR IMMEDIATE RELEASE

**ECONOMIC OUTLOOK UPDATE - DECEMBER 2018**

**THE NAMIBIAN ECONOMY IS EXPECTED TO CONTRACT BY 0.2 PERCENT IN 2018**

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The Bank of Namibia released its December 2018 Economic Outlook Update with the domestic economy expected to contract in 2018, before recovering in 2019. The estimated contraction in 2018 is based on weaker year-to-date performances in sectors such as wholesale and retail trade, real estate and business services, hotels and restaurants, government sectors and taxes on products.

- 1. Global growth is expected to remain steady in 2018 and 2019.** According to the IMF's World Economic Outlook (WEO) for October 2018, growth in global output is projected to remain unchanged at 3.7 percent in both 2018 and 2019, the same as in 2017. Expected global growth for both 2018 and 2019 has been revised down by 0.2 percentage points in October 2018, due to suppressed activity earlier in the year in some advanced economies, the negative effects of the protective trade measures as well as a weaker outlook for some key emerging and developing economies, geopolitical tensions, tighter financial conditions and higher oil import bills. While the pace of overall global growth is forecasted to remain fairly strong, there are indications that the expansion has become less balanced and may have peaked in some major economies.
- 2. Risks to the short-term global growth outlook have become more pronounced, with economic growth turning out lower than the main forecast, due to elevated policy uncertainty.** Risks to the global outlook in the medium term include rising trade barriers and a reversal of capital flows to emerging market economies, increased geopolitical risk and pronounced policy uncertainty.

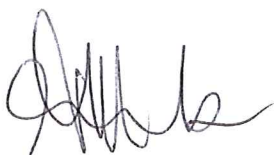


3. **Namibia's economy remained weak and is expected to recover gradually in the medium term.** Real GDP is expected to contract by 0.2 percent in 2018, from a deeper contraction of 0.9 percent in 2017, and thereafter recover to a positive growth rate of 1.5 percent in 2019. These revised growth projections are weaker than the 0.6 percent and 1.9 percent projected earlier in the July 2018, main Economic Outlook. The downward revision in the 2018 growth was mainly reflected in tertiary industries, as growth in sectors such as wholesale and retail trade, real estate and business services, hotels and restaurants, government sectors and taxes on products is likely to be significantly lower than earlier anticipated.
  
4. **Risks to domestic growth include a weak recovery in the country's trading partners and slow recovery in international commodity prices, particularly for uranium.** Should the economic recovery in Angola fail to materialize, the impact would continue to be felt in sectors such as wholesale and retail trade, education and real estate and business services, thereby worsening growth prospects in these sectors. Furthermore, a slowdown in demand for minerals from the country's major trading partners such as France and China will also increase the risk to projected growth for primary industries. International trade wars may also inhibit Namibia's exports, while near-zero growth in South Africa may weigh on the country's recovery prospects, going forward.

The Economic Outlook Update for December 2018 is accessible online at

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

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