Economic Outlook Update

- September 2012 -

Bank of Namibia

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GLOBAL ECONOMY

- The global economy is projected to grow by 3.9 percent in 2013 and 3.5 percent in 2012 (IMF).
- Global economic recovery is expected to be driven by continued reconstruction in Japan, recovery in the United States, and a gradual projected recovery of financial constraints and debt burdens in Europe.
- Risks to the outlook remain large and tilted to the downside. These include: a protracted resolution of the Euro Area crisis resulting in depressed economic activity in advanced economies with negative spill overs onto emerging market economies, and uncertainties in the international oil market due to geopolitical tensions.

REGIONAL ECONOMY

- For the Sub-Saharan Africa region, growth is projected at around 5.4 percent in 2012, although downside risks for exports have increased in the recent past.
- South Africa's real GDP is projected to decelerate from 3.1 percent in 2011 to 2.6 percent in 2012, on account of sluggish domestic and external demand growth.

DOMESTIC ECONOMY

- The Namibian economy is projected to grow within a range of 4.0 – 4.6 and 4.3 – 5.0 percent in 2012 and 2013, respectively, depending on the scope and pace of deceleration of the world economy.
- A deceleration embracing Europe and China would increase the external current account deficit from 1.9 percent of GDP in 2011 to 3.0 percent of GDP in 2012, thus reducing the import coverage of international reserves from 3.4 months to 3.0 months of imports of goods and services. Import reserve coverage may drop to about 2.4 months in 2013.

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GLOBAL OUTLOOK 2012

Region	Proj.		Developments
	2012	2013	
Advanced economies	1.4	1.9	
United States	**2.0**	**2.3**	• During 2011, the US economy grew by 1.7 percent, and is expected to grow by 2.0 and 2.3 percent in 2012 and 2013, respectively. • The outlook, however, remains dependent on both government and household deleveraging over coming months. • The risks that continue to face the economy include: the on-going weakness in the housing market, expected fiscal tightening in 2013 as a result of the potential “fiscal cliff” and spill over effects from the Euro Area.
Euro area	**-0.3**	**0.7**	• The Euro Area grew by 1.4 percent in 2011, but is expected to go into a recession in 2012, as a result of the high public deficits and debts, bank deleveraging, increased austerity and escalating financial market tensions.
Germany	1.0	1.4	• Germany, the biggest economy in the Euro Area, is projected to expand by 1.4 percent in 2013, after the 1.0 percent projection for 2012. The intensification of the sovereign debt crisis in the Euro Area and signs of a global slowdown within the monetary area make this outlook uncertain.
Spain	-1.5	-0.6	• Spain’s economy, which is the main importer of Namibian fish products, grew by 0.7 percent in 2011. • The economy is expected to go into recession in 2012 and 2013, as a result of the on-going fiscal consolidation, problems in the domestic banking sector and deleveraging in the households sector. • The economy continues to experience financial markets’

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			volatility and increasing spreads in bond prices.
United Kingdom	**0.1**	**1.4**	• The UK economy is projected to barely stave off recession, growing by 0.1 percent in 2012 and 1.4 percent in 2013. • The hosting of the Olympics games is expected to temporarily boost economic activity in 2012. • At the same time, contagion risk from the Euro Area remains a concern.
Japan	**2.4**	**1.5**	• The economy is projected to expand by 2.4 percent in 2012, from the 0.7 percent decline in 2011. • The decline in 2011 was as a result of output losses stemming from last year's earthquake and tsunami. • The reconstruction spending in disaster-hit areas is continuing to boost output in the Japanese economy. • Weak external demand, especially from Europe, continues to be the main downside risk to the growth of the economy.
Developing Asia	**7.1**	**7.5**	
China	**8.0**	**8.5**	• Growth is projected to slow to 8.0 percent in 2012 from 9.2 percent in 2011, before recovering to 8.5 percent in 2013. • The expected growth deceleration is linked to weak global demand, particularly from the Euro Area.
India	**6.1**	**6.5**	• GDP growth is projected to slow to 6.1 percent in 2012, from 7.2 percent in 2011, before rising to 6.5 percent in 2013. • The slowdown in growth is linked to weak external demand, amongst others.
Russia	**4.0**	**3.9**	• With weakened activities in Europe, growth in Russia is likely to moderate somewhat to 4.0 percent in 2012 (from 4.3 percent in 2011) and further slowdown to 3.9 percent during 2013. • Downside risks to growth include spill over effects from Europe resulting in weaker exports, a slowdown in domestic industrial production, and volatility in international oil prices.

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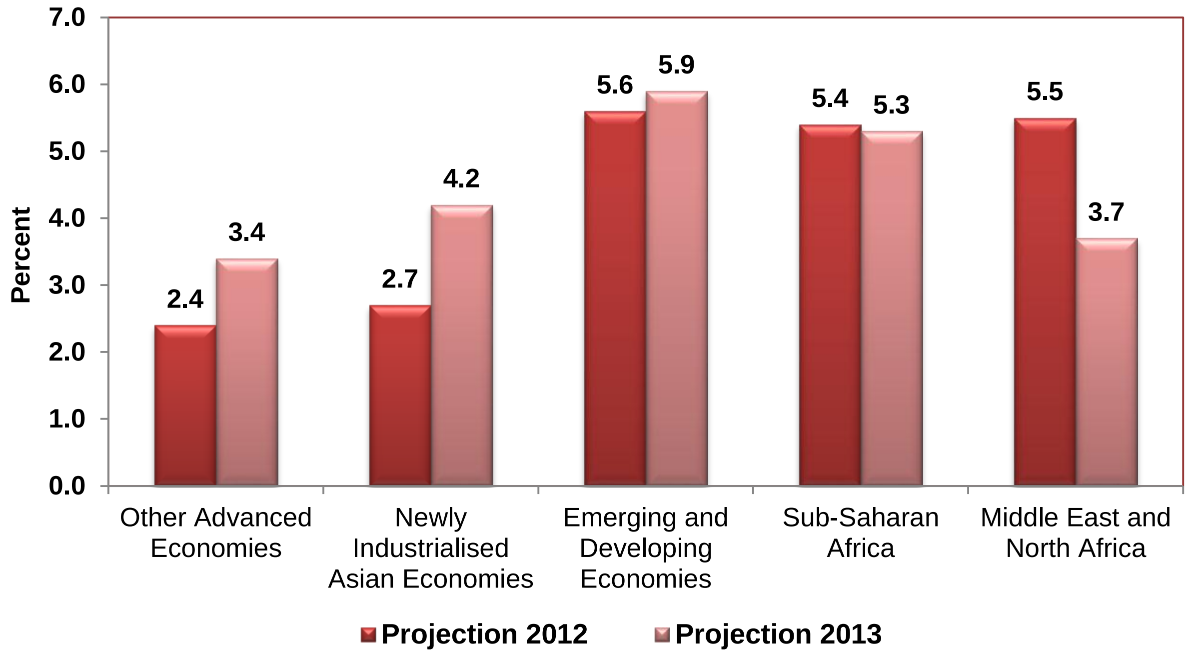
Other economies			
Brazil	**2.5**	**4.6**	• Economic growth is projected to slow to 2.5 percent in 2012 from 2.7 percent in 2011, before increasing to 4.6 percent in 2013. • The slowdown in growth is attributed to weakening global demand.

Source: IMF World Economic Outlook April 2012. 2010-2011 Actual, 2012-2013 projections

Fig. 1: Average projected growth rates by regions



Source: IMF World Economic Outlook April 2012

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REGIONAL OUTLOOK 2012

Region	Proj. 2012	Proj. 2013	Developments
Sub-Saharan Africa	**5.4**	**5.3**	• According to the July 2012 latest available IMF projections, the region's economic performance remains somewhat resilient to the global economic crisis. • However, for 2012, growth projections for the region were revised downwards to 5.4 percent, compared to earlier growth projections of 5.8 percent. Furthermore, growth is projected to marginally slow to 5.3 percent in 2013. • The downward revisions underpin weaker outlook for South Africa, which has strong trading ties with Europe. • Downside risks to growth include, amongst others, global economic uncertainty, spill over effects through trade links and higher international oil prices.
Angola	**9.7**	**6.8**	• Primary contributions to growth stemmed from the coming on stream of new oil fields and the prevailing relatively high oil prices.
South Africa	**2.6**	**3.3**	• The South African economy is expected to slow to 2.6 percent growth in 2012, before picking up to 3.3 percent growth in 2013. • The South African economy appears to be the most exposed economy in Sub Saharan Africa to Euro Area spillovers through significant direct trade with the Europe. • The weaker growth is likely to be transmitted to other states in the region, especially, the SACU states, through common revenue pool receipts. However, the effect will not be immediate due to the time lag in SACU revenue sharing formula.

Source: IMF World Economic Outlooks April and July 2012. 2010-2011 Actual, 2012-2013 projections

DOMESTIC OUTLOOK 2012

Forecasting Assumptions The revised domestic projections are based on the assumptions listed below. Where no revisions are made, it suggests that the assumptions made in the December 2011 Outlook (presented in the Appendix) still stand.

The current outlook includes real GDP growth projections, as well as analysis of the savings-investment balance, under alternative balance of payments scenarios. Balance of payments projections are preliminary and are mainly intended to assess the broad direction of the country's external position.

Primary Industries

- Diamond output is expected to increase on the backdrop of the reopening of the Elizabeth Bay mine in 2012 and the return to production of a vessel that was discontinued in 2009.
- Uranium mining is expected to increase production, owing mostly to the expansion by the mines in 2012.
- Increased production expected from the copper mines.
- Crop farming production is expected to grow due to favourable harvest conditions and improved rainfall.
- Increased quotas are expected to bolster fishing sector performance.

Secondary Industries

- Manufacturing industries are expected to grow in 2012 and 2013, due to new investments and increased exports in beverages and dairy produce. Additionally, increased manufacturing activities are expected from the newly established poultry sector and from the processing of minerals.
- Electricity generation is expected to increase due to the upgrading of two power stations that will boost generation capacity in the near term.
- Expansion is expected in the construction industry, including amongst others; construction of airport infrastructure, roads, railway and bridges, shopping malls, development of hotels and other apartment complexes, and public projects attached to TIPEEG.

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Tertiary Industries

- The on-going European debt crisis may continue to affect tourism. Although, non-European streams of tourism are continuously increasing, these inflows are small in comparison to the tourist numbers from Europe.

DOMESTIC OUTLOOK

The economy is estimated to expand within a range of 4.0 - 4.6 percent in 2012. For 2013, the economy is expected to grow further, in a range of 4.3 – 5.0 percent (see Appendices **I** to **III**). The projected growth is accredited to an expected increase in mining activities, mainly diamond and uranium supported by an upsurge in infrastructural investments.

The upper-bound growth estimates are based on a scenario of slow growth in Europe arrested by resilient growth of the Chinese economy. The lower-bound estimates are based on a scenario in which Europe experiences a recession, while China's growth also slows significantly.

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PRIMARY INDUSTRIES[1]

	Proj. 2012	Proj. 2013	Developments
Agriculture and Forestry	0.8	1.8	• The sector is estimated grow by 0.8 percent in 2012, which represents a downward revision from the 1.2 percent growth projected in December 2011. The risks to the industry outlook are tilted on the downside. This is as a result of the anticipated slowdown in live stock production, mainly cattle marketed. • The number of cattle marketed is expected to decline, particularly, in the live export sector. This decline is due to the fall in weaner prices which is as a result of increases in yellow maize prices[2], cheaper meat substitution, and low spending by South African consumers. Further, contributing to the decline in prices is the entrance of Botswana beef into South Africa, leading to oversupply of beef. • A decline in small stock production and prices was experienced in 2011 due to producers diversifying farming activities to other animal farming and the reportedly restrictive policy on sheep exports. This trend is expected to continue in 2012. • Livestock farming is estimated to decline by 2.0 percent in 2012 from 7.9 percent in 2011. It is however expected to grow by 1.5 percent in 2013. • Crop production is projected to grow by 2.5 percent in 2012 and by 2.0 percent during 2013. This is driven by assumed improved rainfall and favourable harvest conditions.
Fishing and fish processing on board	2.0	2.5	• During 2011, the sector is estimated to have recorded a growth of 6.2 percent, owing to good fisheries management. • Going forward, the outlook is driven by the expected increase in landings as a result of the increased Total Allowable Catches (TAC) for the 2012/2013 fishing season. • However, fluctuating exchange rates and increasing international oil prices remain major challenges for the industry.

[1] Sectoral value added growth rates reflect assumptions under the upper bound scenario.
[2] A rise in yellow maize prices increases the cost of production for feedlots (mostly in SA) and lowers their profit margin. They, in turn, offer lower purchase prices to weaner producers in order to minimize input costs.

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			• Additionally, the expected output contraction in the Euro Area, particularly in Spain, is expected to affect the fishing sector negatively as Spanish consumers may resort to substituting Namibian hake with cheaper substitutes from other markets.
Mining and Quarrying	9.2	6.3	• The sector is projected to increase by 9.2 percent in 2012 after declining by 8.5 percent in 2011 (see Chart 2). • The revised projection is driven by a recovery in both diamond mining and other mining and quarrying. • Increased copper output and mine expansion at the uranium mines are expected to increase overall mineral production in 2012, relative to 2011.
Diamond Mining	7.5	5.6	• After the decline in 2011, diamond mining activities is estimated to increase by 7.5 percent to 1.35 million carats in 2012 before slowing to 5.6 percent growth in 2013 (see Chart 3). • The expected growth is supported by increases in production from onshore mining as well as offshore mining. • Onshore mining production is expected to improve due to the reopening of an old mine, while offshore operations are expected to improve due to the reinstatement of an offshore mining vessel. • Looking ahead, the uncertainty in the global economic recovery remains a risk to demand and international diamond prices.
Other Mining	15.0	8.6	• Other mining activities are projected to grow by 8.6 percent in 2013 from an estimated 15.0 percent during 2012; this is after the decline of 24.4 percent recorded in 2011. • After the heavy rainfalls and industrial action during 2011, uranium production is improving on the back of expansions at the mines (see Chart 4). Uranium prices are still depressed following the Fukushima disaster coupled with the uncertainty in the recovery of the global economy. • Downside risks to uranium production exist however, particularly the availability of water due to water shortages in the coastal area, arising from water level shortfalls at the Omdel dam. • Zinc production is expected to remain stable. One of the zinc mines' lifespan is coming to an end in 2016/17 and the mine plans to maintain production at capacity until closure.

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Chart 1: Primary Industries Performance

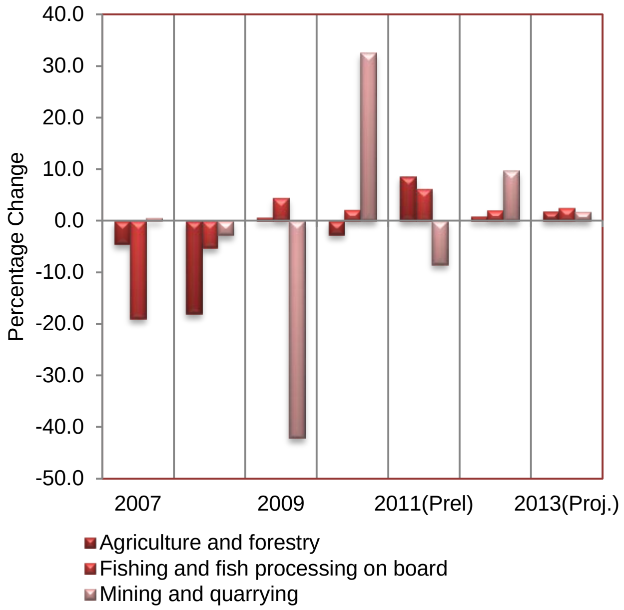


Chart 2: Mining and Quarrying Performance

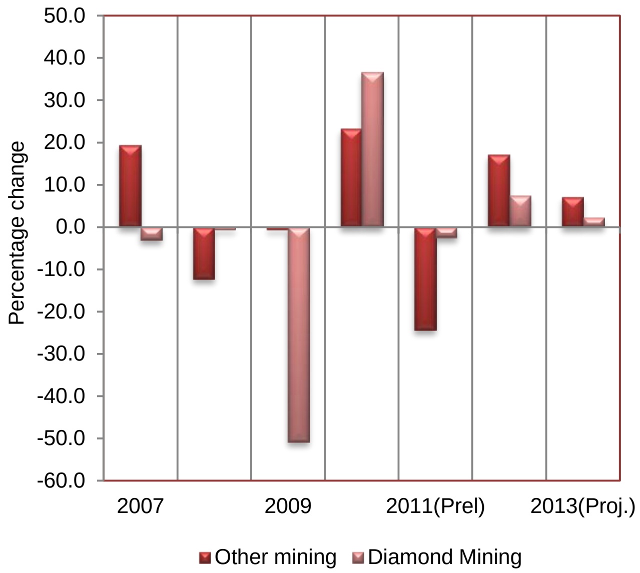


Chart 3: Total Diamond Production and Growth

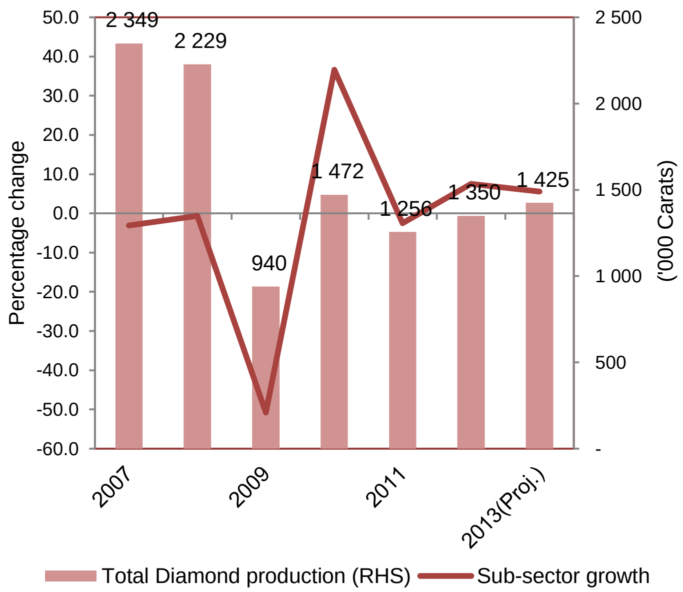
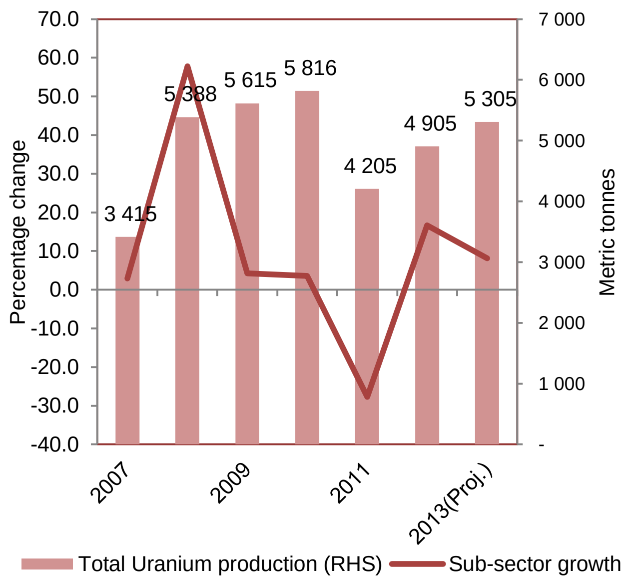


Chart 4: Total Uranium Production and Growth



<u>For all charts on the page</u> Source: NSA (2007 – 2011) Bank of Namibia (2012-2013)

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SECONDARY INDUSTRIES[3]

	Proj. 2012	Proj. 2013	Developments
Manufacturing	3.8	4.7	• The *other food products and beverages* subsector is expected to expand by 4.0 percent in 2012, when compared to the estimated growth of 1.2 percent during 2011 (Chart 6). • The expected growth is due to increased production of beverages, which is a result of renovations and extensions, as well as a growing export market. • Dairy production is expected to rise due to investment outlays in new machinery that will support volume and market growth. • The entrance of a new poultry producer, which has been granted infant industry protection, is expected to support an increase in manufacturing activities. • The growth in the *other manufacturing* subsector is expected to be reinforced by the processing of minerals including diamond beneficiation.
Electricity and Water	3.5	4.5	• The sector is forecasted to grow by 3.5 percent in 2012 and 4.5 percent in 2013. • The growth will be driven by additional power generation from the existing power stations. Further, the power utility company has embarked on projects that are expected to guarantee new power supply in the near-term.
Construction	12.5	13.5	• Construction is amongst the sectors expected to lead domestic growth. The sector is anticipated to grow by 12.5 percent and 13.5 percent in 2012 and 2013, respectively. • Looking ahead, the strong growth is underpinned by increased investments in real estate development, road, water supply and airport and port development. This expectation is also partly supported by the increased government spending on public works projects, through the Targeted Intervention Programme for Economic and Empowerment Growth (TIPEEG).

[3] Sectoral value added growth rates reflect assumptions under the upper bound scenario.

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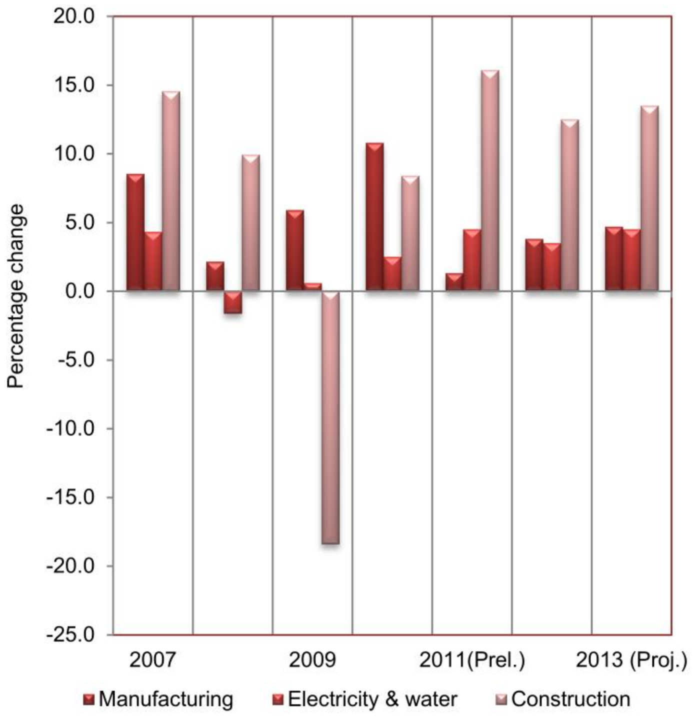
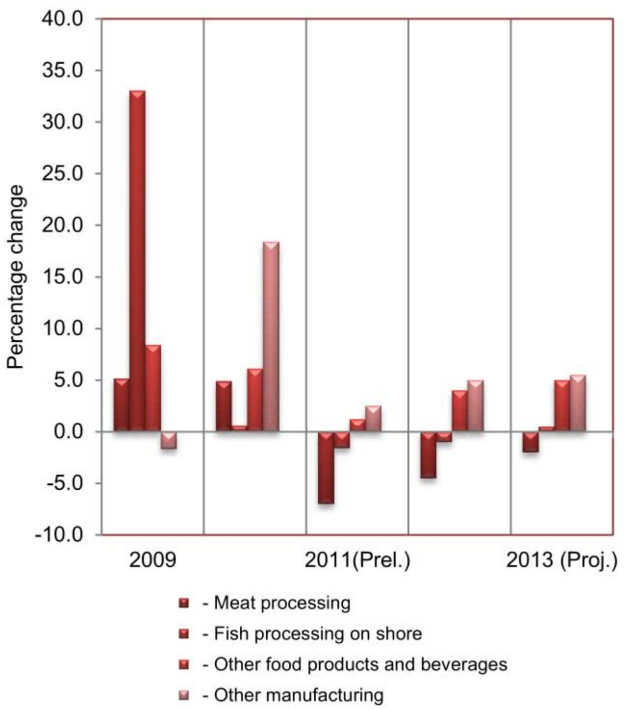
Chart 5: Real |Growth of Secondary Industries



Source: NSA (2007 – 2011) BON (2012-2013)

Chart 6: Real Growth by Manufacturing Subsectors



Source: NSA (2009 – 2011) BON (2012-2013)

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TERTIARY INDUSTRIES [4]

	Proj. 2012	Proj. 2013	Developments
Wholesale and Retail Trade, Repairs	4.0	5.0	• In the December 2011 forecasts, the *wholesale and retail trade* sector was estimated to continue producing the high growth rates as those registered in 2010. However, the preliminary growth numbers indicate a 3.3 percent growth in 2011. The sector is forecasted to grow by 5.0 percent in 2013, from an estimated 4.0 percent during 2012. • The low interest rates observed in recent years continue to benefit the domestic economy by improving consumer appetite and spending.
Hotels and Restaurants	1.5	2.0	• The December 2011 Outlook anticipated that the negative growth registered in the *hotels and restaurants* category would be extended to 2013 due to the European crisis. However, according to the preliminary data, the sector registered growth of 2.0 percent in 2011. Further, the sector is projected to expand by 1.5 percent in 2012. • This projection is backed up by advanced bookings made so far, as well as increasing local and regional tourism (see Chart 8). • Uncertainties in the Euro Area economy led to preference of cheaper accommodation due to lower spending power for Euro Area tourists. • Going forward, the sector is not expected to fare as well as it did before the global financial crisis of 2008/09, but efforts to attract visitors from North America and Asian markets continue.
Transport and Communication	3.7	4.2	• The sector is expected to expand to 3.7 percent in 2012 from 3.2 percent in 2011. • Going forward, the sector is expected to grow by 4.2 percent in 2013. • The expected improvement is on the backdrop of increased economic activities, most notably in the mining and manufacturing sectors.

[4] Sectoral value added growth rates reflect assumptions under the upper bound scenario.

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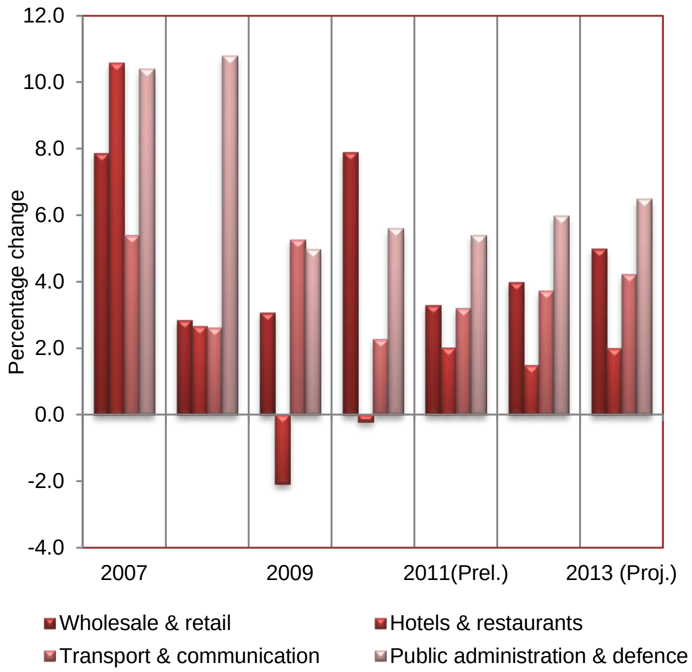
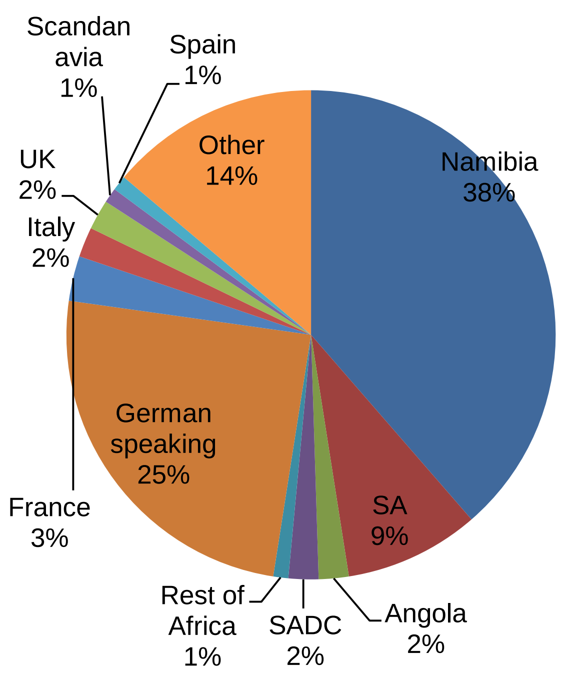
Public Administration and Defence	6.0	6.5	• The improvements in *Central Government Administrative* and *Local Government* activities are largely due to the drive to increase jobs. • Real value added in the Government services is expected to be supported by the expected increase in public employment as per the budget. • Overall Government employment is estimated to be increased by 5.6 percent, with 15.8 percent earmarked for the health sector during 2012/13 fiscal year. This trend is expected to continue over the coming years.

Chart 7: Tertiary Industries performance



Source: NSA (2007-2011), Bank of Namibia (2012-2013)

Chart 8: Tourists, by nationality (2011)



Source: Namibia Tourism Board

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This section summarizes two alternative balance of payments scenarios (Appendix V). The difference between the two scenarios refers to the performance of the Chinese economy during 2012/2013 that impairs Namibia's external trade balance. Similarities between the two scenarios include sizeable SACU receipts (i.e., current transfers) consistent with the 2002 Revenue Sharing Formula and key assumptions about the behavior of the capital and financial accounts. The latter includes (i) the placement of about US$120 million of government paper through the Johannesburg Stock Exchange (JSC) per year over the next three years, (ii) capital outflow of about US$100 million, as commercial banks further increase their net foreign asset positions in 2012 and 2013, and (iii) outflows by the non-financial intermediaries (pension funds, insurance companies, etc.) that add to the capital outflows by commercial banks.

Upper-bound scenario:

- Assumes that a substantial deceleration of economic activity in the Euro zone, that is largely offset by somewhat resilient growth of the Chinese economy. International commodity prices (metals and manufactured goods) are projected to grow in line with the latest IMF projections, while uranium prices remain resilient in the context of long-term contracts. Diamond prices are projected to grow in line with U.S. inflation (i.e., remain constant in real terms during 2012/2013).
- Exports values in US dollars are projected to increase by 3.1 percent in 2012 and 4.0 percent in 2013. In 2012, import values are projected to grow by 15.6 percent (compared to an average growth rate of 16.1 percent during 2008-2011) before slowing down to around 7.1 percent in 2013.
- The performance of the export sectors (resulting from resilient economic growth in China despite the Euro crisis) leads to an increase in central bank net international reserves of about US$240 million and US$60 million in 2012 and 2013, respectively. The import coverage of gross international reserves remains constant at around 3.4 months of imports of goods and services by end-2011 and end-2012, before sliding to 3.3 months of coverage by end-2013.

Lower-bound scenario:

- Assumes a substantial slowdown of economic activity in Europe <u>and</u> China that translates in lower export volumes and prices for Namibia's exports than in the upper-bound scenario.
- The scenario yields consecutive declines in international reserves in 2012 and 2013. The import coverage of international reserves declines from 3.4 months at end-2011 to 3.0 and 2.4 months of imports of goods and services by end-2012 and end-2013, respectively.

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SAVINGS AND INVESTMENT

This section summarizes the investment-savings balances in recent years and the projections consistent with the upper- and lower-bound balance of payments scenarios described above (see Appendix VI):

- The ratio of investment to GDP averaged 22.2 percent during the period 2008 - 2011, while the ratio of gross savings to GDP averaged 22.7 percent of GDP. This implied a positive savings-investment gap, as the external current account registered an average overall surplus of about 0.5 percent of GDP during the period. The key driver of domestic investment was capital investments, mainly in the primary industry. Private sector savings, on the other hand, were mainly dominated by contractual institutional savings. Savings by the general government were generally low at about 1.3 percent of GDP, on average, determined mostly by relatively large receipts from the SACU revenue pool.
- Looking ahead, under the upper bound scenario, domestic investment is expected to average between 19.9 and 20.0 percent of GDP during 2012-2013, compared to 19.8 percent of GDP in 2011. The projected domestic investment is attributed to a slight increase in private and public sector investment outlays, particularly those of State Owned Enterprises.
- During 2012/13, the contribution of external and domestic savings to the financing of domestic investment will change vis-à-vis past trends. Domestic savings (as a share of GDP) are likely to decline, while the contribution of external savings to the financing of domestic investment will increase, as the economy registers persistent external current account deficits. As in the past, the private sector is expected to remain the dominant source of domestic savings, while public sector savings remaining low and rapidly declining by 2013.

CONCLUSION

Alternative economic growth and balance of payments scenarios were developed in the context of heighten uncertainties about Namibia's external outlook. Central to the analysis has been the deceleration of economic activity in advanced economies that is likely to put pressure on Namibia's export volumes and prices. The performance of the Chinese economy, either compounding or arresting the deceleration in Europe, has been the control variable for assessing the upper-bound (China continues to grow) or the lower-bound (China slows down along Europe) scenarios. All in all, Namibia's real GDP growth rate is projected to decline from 4.9 percent in 2011 to 4.6 percent in 2012, if China's growth remains resilient despite an economic deceleration in advanced economies. By contrast, if China's growth decelerates following economic trends in Europe, Namibia's growth will drop below trend, to about 4.0 percent in 2012. Under either scenario, projections suggest that Namibia will register an external current account deficit in 2012 (and 2013).

As in previous years, the financing of domestic investment will continue to rely mainly on private sector savings, while public sector savings will likely increase in 2012 and then decline the following year, along sizeable SACU receipts. Investment outlays will likely increase slightly on account of increase investment outlays by SOE's.

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Appendix I: Real GDP Growth (Upper Bound)

Industries	2009	2010	2011	2012	2013
	Actual		Preliminary	Estimate	Projection
Agriculture and forestry	0.6%	-2.7%	8.6%	0.8%	1.8%
Fishing and fish processing on board	4.4%	2.1%	6.2%	2.0%	2.5%
Mining and quarrying	-42.2%	32.6%	-8.5%	9.2%	6.3%
- Diamond mining	-50.8%	36.6%	-2.5%	7.5%	5.6%
- Other mining and quarrying	-0.6%	23.2%	-24.4%	15.0%	8.6%
Primary industry	**-24.5%**	**14.3%**	**-0.9%**	**5.1%**	**4.2%**
Manufacturing	5.9%	10.8%	1.3%	3.8%	4.7%
Electricity and water	0.6%	2.5%	4.5%	3.5%	4.5%
Construction	-18.4%	8.4%	16.1%	12.5%	13.5%
Secondary industry	**0.2%**	**9.4%**	**4.2%**	**5.4%**	**6.4%**
Wholesale and retail trade, repairs	3.1%	7.9%	3.3%	4.0%	5.0%
Hotels and restaurants	-2.1%	-0.2%	2.0%	1.5%	2.0%
Transport, and communication	5.3%	2.3%	3.2%	3.7%	4.2%
Financial intermediation	12.3%	5.4%	5.0%	5.5%	6.0%
Real estate and business services	6.0%	1.7%	3.1%	3.9%	4.1%
Community, social and personal service activities	2.5%	-3.3%	7.1%	2.3%	3.0%
Public administration and defence	5.0%	5.6%	5.4%	6.0%	6.5%
Education	4.1%	5.3%	8.5%	5.9%	5.5%
Health	2.9%	2.4%	0.5%	1.5%	2.0%
Private household with employed persons	4.4%	2.2%	2.7%	3.5%	4.0%
Tertiary industry	**4.8%**	**4.1%**	**4.4%**	**4.3%**	**4.8%**
GDP at market prices	**-1.1%**	**6.6%**	**4.9%**	**4.6%**	**5.0%**

Source: NSA (2009-2011), Bank of Namibia (2012-2013)

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Appendix II: Real GDP Growth (Lower Bound)

Industries	2009	2010	2011	2012	2013
	Actual		Preliminary	Estimate	Projection
Agriculture and forestry	0.6%	-2.7%	8.6%	0.8%	1.8%
Fishing and fish processing on board	4.4%	2.1%	6.2%	1.0%	2.0%
Mining and quarrying	-42.2%	32.6%	-8.5%	2.9%	1.6%
- Diamond mining	-50.8%	36.6%	-2.5%	1.5%	0.0%
- Other mining and quarrying	-0.6%	23.2%	-24.4%	7.7%	6.7%
Primary industry	-24.5%	14.3%	-0.9%	1.9%	1.7%
Manufacturing	5.9%	10.8%	1.3%	3.7%	4.5%
Electricity and water	0.6%	2.5%	4.5%	3.5%	4.5%
Construction	-18.4%	8.4%	16.1%	12.0%	13.0%
Secondary industry	0.2%	9.4%	4.2%	5.2%	6.2%
Wholesale and retail trade, repairs	3.1%	7.9%	3.3%	3.5%	3.0%
Hotels and restaurants	-2.1%	-0.2%	2.0%	-1.5%	1.0%
Transport, and communication	5.3%	2.3%	3.2%	3.7%	4.2%
Financial intermediation	12.3%	5.4%	5.0%	5.5%	5.0%
Real estate and business services	6.0%	1.7%	3.1%	3.9%	4.1%
Community, social and personal service activities	2.5%	-3.3%	7.1%	2.3%	3.0%
Public administration and defence	5.0%	5.6%	5.4%	6.0%	6.5%
Education	4.1%	5.3%	8.5%	5.9%	5.5%
Health	2.9%	2.4%	0.5%	1.5%	1.5%
Private household with employed persons	4.4%	2.2%	2.7%	3.5%	3.5%
Tertiary industry	4.8%	4.1%	4.4%	4.2%	4.3%
GDP at market prices	-1.1%	6.6%	4.9%	4.0%	4.3%

Source: NSA (2009-2011) Bank of Namibia (2012-2013)

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Appendix III: GDP at Current Prices (N$ millions, Upper Bound)

Industries	2009	2010	2011	2012	2013
	Actual		Preliminary	Estimates	Projection
Agriculture and forestry	**2 989**	**3 360**	**3 772**	**4 003**	**4 316**
- Livestock farming	1 527	1 805	2 165	2 253	2 424
- Crop farming and forestry	1 462	1 555	1 607	1 749	1 891
Fishing and fish processing on board	**2 428**	**2 539**	**2 709**	**2 934**	**3 188**
Mining and quarrying	**8 003**	**6 882**	**8 659**	**10 051**	**11 328**
- Diamond mining	2 749	4 042	6 567	7 497	8 388
- Other mining and quarrying	5 254	2 840	2 092	2 554	2 940
Primary industry	**13 420**	**12 781**	**15 140**	**16 988**	**18 832**
Manufacturing	**10 142**	**10 581**	**11 000**	**12 161**	**13 526**
- Meat processing	229	181	189	192	199
- Fish processing on shore	951	60	548	576	614
- Other food products and beverages	4 211	4 410	4 790	5 290	5 888
- Other manufacturing	4 751	5 930	5 473	6 103	6 825
Electricity and water	**1 850**	**2 077**	**2 509**	**2 758**	**3 055**
Construction	**2 465**	**2 709**	**3 224**	**3 852**	**4 634**
Secondary industry	**14 457**	**15 367**	**16 733**	**18 771**	**21 215**
Wholesale and retail trade, repairs	**8 610**	**9 711**	**10 538**	**11 639**	**12 954**
Hotels and restaurants	**1 399**	**1 449**	**1 573**	**1 696**	**1 833**
Transport, and communication	**3 800**	**4 526**	**4 533**	**4 993**	**5 516**
- Transport and storage	1 671	2 261	1 952	2 156	2 388
- Post and telecommunications	2 129	2 265	2 581	2 837	3 127
Financial intermediation	**3 648**	**4 262**	**4 717**	**5 285**	**5 938**
Real estate and business services	**5 986**	**6 363**	**7 164**	**7 902**	**8 718**
- Real estate activities	4 166	4 468	5 160	5 699	6 313
- Other business services	1 820	1 895	2 004	2 203	2 405
Community, social and personal service activities	**2 446**	**2 510**	**2 800**	**3 042**	**3 321**
Public administration and defence	**7 100**	**8 180**	**9 264**	**10 429**	**11 773**
Education	**5 948**	**6 825**	**7 291**	**8 200**	**9 170**
Health	**2 437**	**2 721**	**2 853**	**3 075**	**3 325**
Private household with employed persons	**559**	**597**	**643**	**707**	**779**
Tertiary industry	**41 933**	**47 144**	**51 376**	**56 967**	**63 327**
All industries at basic prices	68 796	74 112	81 988	91 307	101 772
GDP at market prices	**75 071**	**81 118**	**90 834**	**101 058**	**112 522**

Source: NSA (2009-2011), Bank of Namibia (2012-2013)

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Appendix IV: GDP at Constant 2004 Prices (N$ millions, Upper Bound)

Industries	2009	2010	2011	2012	2013
	Actual		Preliminary	Estimate	Projection
Agriculture and forestry	**2 114**	**2 057**	**2 234**	**2 252**	**2 292**
- Livestock farming	838	788	850	833	845
- Crop farming and forestry	1 276	1 269	1 384	1 419	1 447
Fishing and fish processing on board	**1 047**	**1 069**	**1 135**	**1 158**	**1 187**
Mining and quarrying	**2 663**	**3 532**	**3 231**	**3 528**	**3 749**
- Diamond mining	1 877	2 564	2 499	2 686	2 835
- Other mining and quarrying	786	968	732	842	914
Primary industry	**5 824**	**6 658**	**6 600**	**6 937**	**7 228**
Manufacturing	**6 920**	**7 670**	**7 772**	**8 066**	**8 442**
- Meat processing	163	171	159	152	149
- Fish processing on shore	821	826	813	805	809
- Other food products and beverages	2 877	3 052	3 089	3 213	3 373
- Other manufacturing	3 059	3 621	3 711	3 897	4 111
Electricity and water	**1 221**	**1 251**	**1 307**	**1 353**	**1 414**
Construction	**1 644**	**1 782**	**2 069**	**2 328**	**2 642**
Secondary industry	**9 785**	**10 703**	**11 148**	**11 746**	**12 497**
Wholesale and retail trade, repairs	**6 259**	**6 754**	**6 977**	**7 256**	**7 619**
Hotels and restaurants	**941**	**939**	**958**	**972**	**992**
Transport, and communication	**3 415**	**3 493**	**3 605**	**3 740**	**3 899**
- Transport and storage	1 613	1 682	1 741	1 811	1 892
- Post and telecommunications	1 802	1 811	1 864	1 929	2 006
Financial intermediation	**2 793**	**2 943**	**3 089**	**3 259**	**3 454**
Real estate and business services	**5 167**	**5 254**	**5 418**	**5 628**	**5 859**
- Real estate activities	3 780	3 906	4 026	4 187	4 375
- Other business services	1 387	1 348	1 392	1 441	1 484
Community, social and personal service activities	**1 771**	**1 712**	**1 834**	**1 876**	**1 932**
Public administration and defence	**4 901**	**5 176**	**5 456**	**5 783**	**6 159**
Education	**3 705**	**3 901**	**4 233**	**4 483**	**4 729**
Health	**1 777**	**1 820**	**1 830**	**1 857**	**1 895**
Private household with employed persons	**406**	**415**	**426**	**441**	**459**
Tertiary industry	**31 135**	**32 407**	**33 826**	**35 296**	**36 997**
All industries at basic prices	46 078	49 044	50 808	53 167	55 858
GDP at market prices	**50 480**	**53 792**	**56 439**	**59 012**	**61 937**

Source: NSA (2009-2011), Bank of Namibia (2012-2013)

Forecasting Assumptions as in Economic Outlook December 2011

Primary Industries

- Diamond mining onshore operations continue to be dwindling, with output expected to be below 1.3 million carats going forward.
- Uranium mining is expected to increase owing mostly to the completion of the expansion phase of one mine.
- Expected good rainfalls could have an adverse impact on the uranium mining as experienced in 2011.
- Copper mines are expected to increase production.
- Expected good rains for 2012; the building of silos in the regions; continuous investments in the Green Scheme project and the steady increment in domestic sourcing of horticulture produce is expected to improve crop production. However, restocking by farmers due to good rains is expected to reduce livestock marketing in 2012.
- Fishing sector is expected to improve slightly on the back of increased Total Allowable Catches (TAC).

Secondary Industries

- Manufacturing industries are expected to increase due to expansion and increased exports in beverages, dairy produce, pasta and wheat milling.
- Ohorongo cement is expected to increase its production on the back of entrance into new markets and Angola lifts the cement importation ban.
- Electricity generation expected to increase ascribed to the Ruacana Fourth unit to be commissioned early 2012.
- Expected increased investment in the construction industry including amongst others, construction airport infrastructures, shopping mall, development of hotel and public projects attached to TIPEEG.

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Tertiary Industries

- The on-going European debt crisis may continue to affect tourism as reflected in the declines of bookings.
- Consumer demand is expected to rise explained partially by the public servants salary increments and favourable interest rates.
- Expansionary fiscal policy stance augmented by TIPEEG bode well for the industry
- The fading off of donor funding in the health sector could distress the industry.

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Appendix V: Alternative Scenarios Balance of Payments, 2009 – 2013

(in US$ million)				Upper bound		Lower bound	
	Actuals			Projections			
	2009	2010	2011	2012	2013	2012	2013
Current account	**-242.8**	**406.7**	**-232.4**	**-80.4**	**-296.5**	**-366.6**	**-650.0**
Goods	-1 225.5	-889.1	-1 219.3	-1 958.5	-2 236.6	-2 169.8	-2 388.6
Exports, f.o.b.	3 114.0	4 010.3	4 374.7	4 509.4	4 689.8	4 150.4	4 195.8
Of which:							
Diamonds	540.2	827.1	876.2	958.9	994.2	906.7	938.4
Other minerals	728.2	938.5	921.2	1 133.9	1 291.0	987.8	1 013.8
Fish	339.9	408.9	446.5	407.7	398.4	436.7	426.8
Imports, f.o.b. (excluding duty)	-4 339.6	-4 899.4	-5 594.0	-6 467.9	-6 926.4	-6 320.3	-6 584.4
Services	50.8	194.0	229.4	199.0	182.8	202.2	208.6
Transportation	-79.1	-82.2	-124.0	-122.4	-136.4	-130.1	-136.1
Travel	281.7	294.2	309.5	321.0	337.8	325.9	349.4
Other services	-151.7	-18.0	33.4	0.4	-18.6	6.4	-4.7
Income	-135.8	-130.5	-556.7	-116.4	-143.0	-111.6	-143.2
Compensation of employees	-4.0	-19.0	-31.9	-18.3	-23.1	-18.3	-23.1
Investment income	-131.7	-111.5	-524.8	-98.1	-119.9	-93.3	-120.2
Current transfers	1 067.7	1 232.3	1 314.2	1 795.5	1 900.3	1 712.7	1 673.3
Of which: SACU receipts 1/	1 015.0	937.0	909.3	1 544.6	1 583.2	1 461.7	1 356.2
Capital and financial account	**-564.1**	**673.7**	**653.9**	**80.4**	**296.5**	**366.6**	**650.0**
Capital account	66.3	110.5	185.3	120.7	138.8	120.7	138.8
Financial account	-630.3	563.2	468.6	-40.3	157.7	245.9	511.1
(Excluding reserve assets)	-105.0	189.6	734.1	198.9	217.3	195.7	210.3
Direct investment	557.1	707.7	1 046.6	1 050.8	1 102.6	1 050.8	1 102.6
Portfolio investment	-590.7	-711.6	-196.9	-775.7	-808.6	-775.7	-808.6
Other investment	-71.4	193.5	-115.6	-76.2	-76.7	-79.3	-83.7
Reserve assets (net; - accumulation) 2/	-525.3	373.6	-265.5	-239.2	-59.6	50.2	300.8
Net errors and omissions	**806.9**	**-1 080.4**	**-421.5**	**0.0**	**0.0**	**0.0**	**0.0**
Memorandum items:							
Trade balance/GDP	-13.7	-8.0	-9.9	-15.2	-14.7	-17.9	-18.6
Current account/GDP							
Including transfers	-2.7	3.7	-1.9	-0.6	-1.9	-3.0	-5.1
Gross International reserves (end of period) 2/	1 918.2	1 541.7	1 799.9	2 039.1	2 098.7	1 749.8	1 449.0
Months of imports of goods and services	4.7	3.3	3.4	3.4	3.3	3.0	2.4
GDP at market prices (US$ millions)	8 931.0	11 119.8	12 372.5	12 873.6	15 226.3	12 094.2	12 843.0

Sources: Namibian authorities; and IMF staff estimates and projections.
1/ Southern African Customs Union.
2/ Includes SDR allocations in 2009.
3/ International investment position.

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Appendix VI: Projected Savings and Investment Balance (% of GDP)

	Actual				Upper		Lower	
	2008	2009	2010	2011	2012	2013	2012	2013
Investment	**25.4**	**22.3**	**21.2**	**19.8**	**19.9**	**20.0**	**19.5**	**17.9**
Gross fixed capital formation	24.5	22.1	22.8	21	19.9	20.0	19.5	17.9
Change in inventories	0.9				0.0	0.0	0.0	0.0
External savings (- External CA)	**-3.1**	**2.7**	**-3.7**	**1.9**	**0.6**	**1.9**	**3.0**	**5.1**
Domestic savings	**28.5**	**19.6**	**24.9**	**17.9**	**19.3**	**18.1**	**16.5**	**12.8**
Public sector	3.6	3.6	-0.1	-1.9	2.5	0.8	1.9	-0.2
Private sector	24.9	16	25	19.8	16.8	17.3	14.5	13.0

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