MEDIA STATEMENT

Bank of Namibia

Date: 28 December 2025
Attention: News Editor
Ref: 9/6/2

FOR IMMEDIATE RELEASE

ECONOMIC OUTLOOK UPDATE– DECEMBER 2025
THE NAMIBIAN ECONOMY IS EXPECTED TO GROW BY 3.0 PERCENT IN 2025

1. Introduction

The Bank of Namibia released the Economic Outlook update for December 2025, with the domestic economy estimated to slow by 3.0 percent in 2025 before regaining accelerating to a 3.9 percent growth in 2026.

2. Global and Regional Outlook

Global economic growth is projected to decelerate in 2025. The world's real GDP growth is projected to slow from 3.3 percent in 2024 to 3.2 percent in 2025 and further to 3.1 percent in 2026. According to the IMF's World Economic Outlook (WEO) for October 2025, the anticipated moderate growth is primarily attributed to the prevailing forces of protectionism and intensified uncertainty, although the tariff shock is smaller than originally anticipated. Despite this, the projected rate of global growth for 2025 has been revised upward by 0.2 percentage points, while the growth forecast for 2026 was maintained at the level reported in the July 2025 WEO update.

Advanced Economies are projected to register stagnant growth throughout 2025 and 2026. Specifically, growth for advanced economies is estimated to remain steady at 1.6 percent in 2025 and 2026 on the back of slow demand and subdued consumption growth across all key jurisdictions. Furthermore, investment is expected to remain weak, despite minor, transient uptick of activity in major advanced economies that preceded the announcement of the new tariffs in April 2025. The upward adjustment of 0.1 percentage point in the 2025 growth projection stems from positive revisions incorporated throughout a significant proportion of the major advanced jurisdictions, as compared to the figures presented in the July 2025 WEO update.

Real GDP Growth in Emerging Markets and Developing Economies (EMDEs) is expected to show a slight moderation for both 2025 and 2026. This anticipated moderation is reflective of a sustained slowdown observed across the entire region, except for India which is expected to register a stronger growth. The 2025 figure represents an upward revision of 0.2 percentage point relative to the July WEO update, as the carryover momentum from the strong first quarter has more than offset the adverse effects of the increased U.S. effective tariff rate on Indian imports since July 2025.

Growth in the Sub-Saharan African economies is estimated to remain stable in 2025 before improving in 2026. In Sub-Saharan Africa, growth is projected to remain at 4.1 percent in 2025, unchanged from 2024, before improving to 4.4 percent in 2026 as adverse impacts of prior weather shocks subside and supply constraints gradually ease. The latest projection for 2025 and 2026 largely reflects improved growth in Nigeria due to robust domestic support from increased oil production, greater investor confidence, and a supportive 2026 fiscal stance. This positive revision contrasts with the significant downward adjustments seen in many peer economies, which are highly exposed to the adverse changes in the international trade and official aid landscape, unlike Nigeria, which has limited exposure to U.S. tariffs.

3. Domestic Economic Outlook

Namibia's economic growth is projected to slow in 2025 before regaining momentum in 2026, as weaker activity in the manufacturing and primary industries constrains overall output. Real GDP growth is expected to moderate to 3.0 percent in 2025, from 3.7 percent in 2024, reflecting subdued performance across key industrial sectors. The slowdown is primarily driven by a contraction in manufacturing, where output is estimated to decline by 4.6 percent in 2025 following a moderate growth of 2.8 percent in 2024. This decline stems mainly from sharp contractions in basic non-ferrous metals, meat processing, and diamond processing subsectors, with the latter normalising after an exceptional performance in 2024. Similarly, activity in the primary industries is expected to remain weak, with overall output estimated to contract marginally by 0.1 percent in 2025, largely on account of significant declines in livestock farming and continued weakness in diamond mining. The combined effect of these developments, alongside persistent drought conditions and tepid global demand, is expected to weigh on short-term growth prospects. When compared to the August 2025 Economic Outlook, the current projections represent a downward revision by 0.5 percentage points on GDP growth for 2025, reflecting a weaker outlook for the manufacturing sector.

The domestic economy is vulnerable to substantial downside risks, specifically diminished diamond export earnings, driven by price pressures and the rise of lab-grown alternatives, which pose a significant threat. Furthermore, potential trade disruptions stemming from protectionist trade policies and inflationary pressures arising from ongoing global conflicts could reduce demand for Namibia's export commodities. Moreover, the combined effects of declining SACU and diamond revenues could lead to rising debt sustainability risks, potentially necessitating expenditure rationing to restore fiscal space.

The Economic Outlook update for December 2025 is accessible online at
http://www.bon.com.na/Publications/Economic-Outlook.aspx

Issued by:

Mr. Kazembire Zemburuka
Director: Strategic Communications and International Relations
Bank of Namibia
Tel: (061) 283 5114, Fax: (061) 283 5546 or email: info@bon.com.na