

MEDIA STATEMENT



Bank of Namibia

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FOR IMMEDIATE RELEASE

ECONOMIC OUTLOOK – AUGUST 2025

THE NAMIBIAN ECONOMY IS EXPECTED TO GROW BY 3.5 PERCENT IN 2025

1. Introduction

The Bank of Namibia released the Economic Outlook for August 2025. The domestic economy is estimated to expand marginally by 3.5 percent in 2025 and by 3.9 percent in 2026.

2. Global and Regional Outlook

Global economic activity is expected to slow in 2025 due to heightened policy uncertainty, before improving slightly in 2026. The latest forecasts anticipate that growth will slow to 3.0 percent for 2025 before picking up marginally to 3.1 percent in 2026, from 3.3 percent in 2024. This is according to the IMF's World Economic Outlook (WEO) update for July 2025. These projections represent upward revisions by 0.2 and 0.1 percentage points, respectively, when compared to the forecasts published in the April 2025 WEO.

Real GDP Growth in Advanced Economies is expected to slow in 2025 before slightly edging up in 2026. Growth in Advanced Economies is projected to slow to 1.5 percent in 2025 before marginally increasing to 1.6 percent in 2026 from 1.8 percent in 2024. Significant upward revisions for the Euro Area, the United Kingdom, and the United States led to an improved growth forecast for the Advanced Economies, when compared to earlier forecasts during April 2025.

Real GDP Growth in Emerging Markets and Developing Economies (EMDEs) is projected to decrease, both in 2025 and in 2026. Growth in EMDEs is projected to drop from 4.3 percent forecasted in 2024 to 4.1 percent in 2025 and to 4.0 percent in 2026. The latest growth estimate for 2025 is 0.4 percentage points lower than the growth estimate in the April 2025 WEO for the same year.

The Sub-Saharan African (SSA) region is expected to experience steady economic growth during 2025, followed by an improvement in 2026. Economic growth within the SSA region is estimated at 4.0 percent in 2025, unchanged from 2024, before rising to 4.3 percent in 2026. The stable growth for 2025 is mainly attributed to the impact of a combination of positive and negative factors. Lower global oil prices represent a positive factor for most of the SSA economies, while protectionist trade policies constitute a negative factor for the region. The latest forecast for 2025 reflects an upward revision by 0.2 percentage points from the corresponding projection contained in the April 2025 WEO. This adjustment was mostly due to an improved growth outlook for Nigeria.

3. Domestic Economic Outlook

Namibia's economic growth is projected to decelerate in 2025 before regaining momentum in 2026. Real GDP growth is expected to moderate to 3.5 percent in 2025, slightly below the 3.7 percent for 2024. The deceleration is mainly attributed to a contraction in primary industries, particularly the livestock subsector, stemming from reduced herd sizes, which continues to be impacted by the drought conditions experienced in 2024. Additionally, the diamond mining sector is expected to continue its declining path, reflecting weak global demand coupled with headwinds from the imposition of trade tariffs and rising competition from lab-grown alternatives. The manufacturing sector is also set to weigh negatively on growth, with notable contractions anticipated in meat processing and basic non-ferrous metals. Growth is, however, estimated to recover to 3.9 percent in 2026, supported by a rebound in agriculture, continued strength in construction, and improved output in uranium and metal ores. The latest growth projections for 2025 and 2026 have been revised

downward by 0.3 and 0.1 percentage points, respectively, compared to estimates in the April 2025 Economic Outlook update.

Downside risks remain for the domestic economy, specifically related to a reduction in diamond export earnings, driven by price pressures and the rise of lab-grown alternatives, which pose a significant threat. Furthermore, potential trade disruptions stem from protectionist trade policies and inflationary pressures arising from ongoing global conflicts. 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 for August 2025 is accessible online at <http://www.bon.com.na/Publications/Economic-Outlook.aspx>

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