



**Date:** 13 July 2015

**Attention:** News Editor

**Ref:** 9/6/2

**FOR IMMEDIATE RELEASE**

**THE NAMIBIAN ECONOMY IS EXPECTED TO GROW BY 5.0 PERCENT IN 2015  
ECONOMIC OUTLOOK 2015-2017**

The Bank of Namibia released the Economic Outlook for 2015-2017 with both global and Namibian economic growth rates expected to improve in 2015 and 2016.

- **The Global Economic Outlook based on IMF projections highlighted that the world economy is expected to slowdown in 2015 before strengthening during 2016.** Global economic growth is expected to slowdown to 3.3 percent during 2015 and to improve to 3.8 percent in 2016. The estimated slowdown in world growth during 2015 is driven mainly by the unexpected contraction in the United States during the first quarter of the year attributed to harsh weather conditions. GDP growth in the Sub-Saharan African region is expected to slow to 4.4 percent in 2015 from 5.0 in 2014, before picking up to 5.1 percent in 2016. The projected slower growth in 2015 is attributable to recent declines in commodity prices and the impact of the Ebola epidemic in affected countries. Growth in South Africa was revised downwards to 2.0 percent and 2.1 percent for 2015 and 2016, respectively. The downward revision was supported by worsening electricity supply constraints and tighter fiscal policy.
- **Going forward, the downside risks to global growth have eased somehow, with major economies that remained in recession until 2014 expected to grow positively in 2015.** Short-term risks, however, remain elevated, due to augmented geopolitical tensions and the effects of the normalization of the United States monetary policy. Monetary policy stances around the world are still very accommodative and that is expected to change in 2015, with interest rate hikes expected in the later part of the year. Geopolitical tensions surrounding Russia and Ukraine have not shown signs of dissipating and could intensify further, affecting major economies. The start of contractionary fiscal policies may lead to increased exchange rate volatility and capital outflows from emerging markets and potentially negative impact on growth in those economies. Further, the

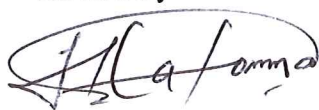
possible exit of Greece from the Euro area and its contagious effects through financial markets would impact negatively on global equity and commodity prices.

- **Namibia's real GDP growth is projected to improve during the 2015-2017 period, supported by better growth prospects in the secondary industry and projected recovery in the primary industry.** The Namibian economy is projected to grow by 5.0 and 5.5 percent during 2015 and 2016, respectively, an improvement from a preliminary 4.5 percent recorded in 2014. Adverse weather conditions are, however, expected to restrain growth in the agricultural sector, which is only expected to grow positively in 2016. Growth will be driven by construction in private and public sectors, increased mining output from new mines and projected increases in manufacturing activities.
- **Downside risks to domestic growth include slow recovery in the country's trading partner economies, coupled with adverse local weather conditions.** The projected recovery in uranium mining is partly dependent on the assumption that international prices for uranium will continue to recover. This will ensure continuation of uranium production and export and entice mines that are on hold to resume with production. Similarly, recovery in agriculture may be delayed if weather conditions do not improve during 2015/16 season. Furthermore, electricity supply constraints that started in South Africa could worsen further and spill over to the Namibian economy and could restrain growth. The negative impact of the decline in oil prices on the Angolan economy is also likely to have a dent on Namibia's growth, mainly through wholesale and retail trade.

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

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

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