

Snapshot GDP Quarter 2

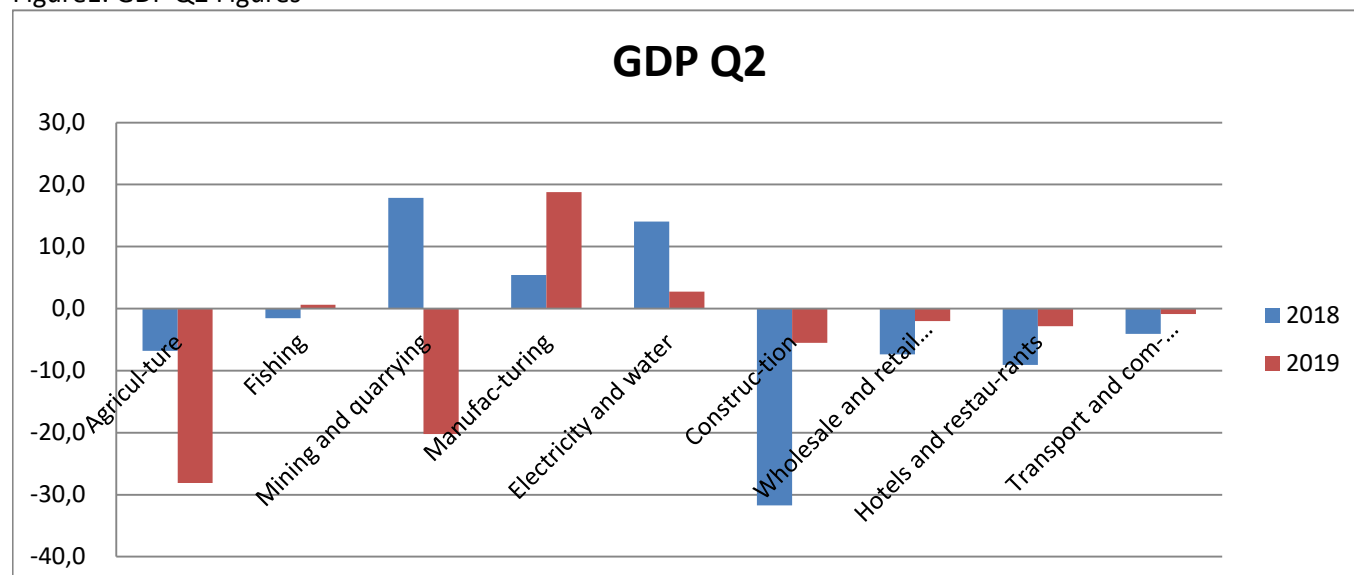


2019-Q2 GDP UPDATE

The Namibian economy remained in recession as economic activities contracted during the second quarter of 2019. GDP contracted by 2.6 percent compared to a growth of 0.6 percent recorded in the corresponding quarter of 2018. Year on year, inflation increased, recording a 4.2 percent compared to 3.8 percent recorded in 2018. The weakening in economic activities was fuelled by the contraction in Agriculture, Mining and Quarrying, and Hotels and Restaurants.

The agriculture sector contracted by 28.1 percent compared to growth of 2.7 percent recorded in the same quarter of 2018. The decline is a result of the drought that affected both livestock and crop farming negatively. The livestock subsector registered a contraction of 23.8 percent in the second quarter of 2019 in comparison to a contraction of 9.8 percent recorded in the corresponding quarter of 2018.

Figure1. GDP Q2 Figures



Source NSA, September 2019

Mining and Quarrying contracted by 20.2 percent compared to a relatively high growth of 34.5 percent in 2018. The contraction in mining and quarrying sector is attributed to diamond, uranium and other mining quarrying subsectors that recorded declines.

Diamonds subsector is estimated to have recorded a negative growth of 34.3 percent in the second quarter of 2019, compared to a strong growth of 36.7 percent in the corresponding quarter of 2018. The performance of this subsector is attributed to the decline growth in the production of carats produced.

Uranium subsector is estimated to have registered a decline of 6.4 percent in real value added compared also to a strong growth of 75.1 percent registered in the corresponding quarter of 2018. The decline is attributed to decline in production in the second quarter of 2019.

Other mining and quarrying, also estimated to have recorded a decline of 5.3 percent in real value added compared to a decline of 12.8 percent recorded in the second quarter of 2018. The performance in the subsector is attributed to the reduction in granite and salt production.

Despite these negative growth being observed, other sectors such as Manufacturing and Electricity & Water' registered positive growth rates. Manufacturing is estimated to have recorded strong growth of 18.8 percent in the second quarter of 2019 compared to a decline of 8.7 percent recorded in the corresponding quarter of 2018. The growth of the sector is observed in real value added of almost all the subsectors such as; **beverages, basic metals, and diamond processing** which posted growths of 20.1 percent, 54.1 percent and 22.4 percent compared to declines of 12.8 percent, 28.1 percent and 3.2 percent, respectively



Wholesale and retail trade sector is estimated to have recorded an improved growth as compared to the same quarter of 2018, with a decline of 2.0 percent during the second quarter of 2019 compared to a decline of 7.3 percent registered in the corresponding quarter of 2018.

The *construction* sector improved slightly recording a contraction of 5.5 percent for the second quarter of 2019 compared to 7.5 percent registered in the corresponding quarter of 2018.

Furthermore, *financial intermediation* sector posted a growth of 1.9 percent in the second quarter of 2019, compared to a growth of 0.7 percent recorded in the same quarter of 2019. The performance is attributed to the banking subsector that grew by 3.4 percent compared to a growth of 0.3 percent estimated in the same quarter of 2018.