



This Issue...
Balance of Payments Q3

BALANCE OF PAYMENTS

The current account deficit improved to N\$1.1 billion in the third quarter of 2019, compared to a deficit of N\$1.3 billion in the same period of 2018. This was due to an improvement in the merchandise trade deficit, coupled with increased inflows in the secondary income account as SACU receipts were higher than expected.

The **merchandise trade deficit** narrowed. On annual basis, the trade deficit narrowed by 7.9 percent to N\$5.6 billion from N\$6.1 billion in 2018. The deficit was attributed to lower merchandise imports, which declined by 5.9 percent y-o-y from 21.1 billion in 2018 to N\$19.8 billion in 2019. The decline in merchandise imports was mainly observed in the imports of mineral fuel, vehicles and machinery, which is in line with the weak domestic economic activity and lower global oil prices. Merchandise exports decreased on annual basis by 5.1 percent to N\$14.2 billion. This was driven by rough diamonds coupled with decreased earnings from food and live animals, as the export of live animals declined due to lower prices. On a quarterly basis, the merchandise trade deficit also improved by 8.1 percent from N\$6.1 billion to N\$5.7 billion, due to improved exports earnings while imports remained steady.

The **capital account** balance decreased on an annual basis to N\$433 million from N\$438 million during the same period in 2018. Inflows on the capital account declined slightly by 1.3 percent. The annual deceleration is mainly due to decline in capital transfers received from the rest of the world.

The **financial account** balance recorded net borrowing from the rest of the world on an annual basis amounting to N\$825 million during the third quarter of 2019, when compared to a net borrowing of N\$753 during the corresponding quarter of 2018. The financial account inflow widened mainly due to a modest decline in reserve assets which was also supported by other investment inflows.

Source: Bank of Namibia 2019