



MINISTRY OF FINANCE

Quarterly Economic Update

This Issue...

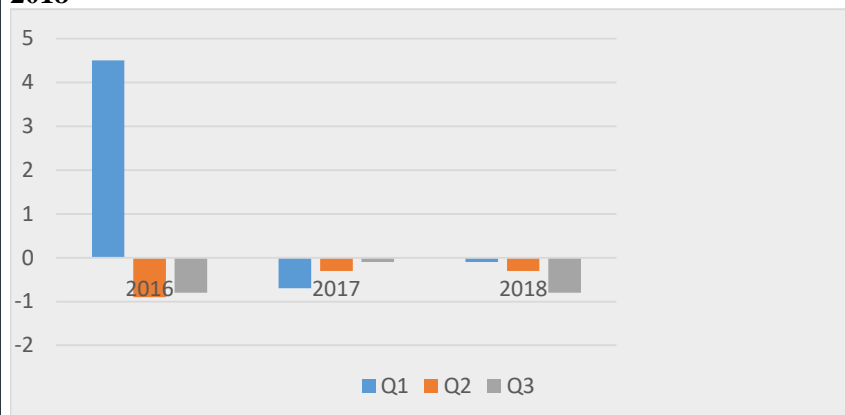
Regular Updates

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OVERVIEW OF NAMIBIA'S QUARTER 3 2018 GDP PERFORMANCE

The domestic economy recorded a contraction of 0.8 percent third quarter of 2018 compared to lesser contractions of 0.1 percent and 0.3 percent in the first quarter and second quarters, respectively, both revised down from equivalent contractions of 0.2 percent. (Figure 1)

Figure 1: Real GDP growth rates for the first three quarters of 2018



Source: EPAS, Ministry of Finance, December 2018

The contraction in the third quarter marks the tenth consecutive quarter of negative growth that essentially signifies the entry of the domestic economy into the state of depression. During the said quarter, growth was dragged down by lower quarter-to-quarter growth in agriculture and forestry 0.8 percent (from 9.4 percent), manufacturing -0.6 percent (from 6.7 percent), financial intermediation 1.0 percent (from 3.8 percent) and hotels and restaurants -0.6 percent (from 9.4 percent).

The following sectors recorded moderate to high quarter-to-quarter growth: Mining and quarrying 7.8 percent (from 5.7 percent), utilities 13.5 percent (from 3.7 percent), construction -6.5 percent (from -23.7 percent), wholesale and retail trade -5.8 percent (from -8.3 percent), transport and communication 2.5 percent (from 5.7 percent).

The performances of the different sectors during the third quarter of 2018 are highlighted below.

PRIMARY INDUSTRIES

Agriculture and Forestry

The agriculture and forestry sector performed moderately during the third quarter of 2018, which led to a decelerated growth of 0.8 compared to a strong growth of 9.4 percent recorded during the corresponding quarter of 2017. (Table 1)

The moderate performance in the sector emanates from the decline in the livestock subsector which declined to 1.9 percent relative to a robust growth of 7.4 percent in the corresponding quarter of 2017. This stems from a decline in the volumes of live cattle exported to South African abattoirs and butchers.

Fishing and fish processing on board

The fishing and fish processing on board sector is estimated to have contracted further, registering a decline of 10.6 percent in real value added during the third quarter of 2018 compared to a growth of 8.6 percent recorded during the corresponding quarter of 2017. Declining fish landings coupled with rising input costs continue to suppress the performance of the sector. Consequently, landings in both demersal and midwater fisheries registered declines of 0.1 and 4.0 percent, respectively.

Mining and quarrying

Mining and quarrying sector is estimated to have registered a growth of 7.8 percent in real value added during the third quarter of 2018 compared to a growth of 5.7 percent recorded in the corresponding quarter of 2017. The performance in the mining and quarrying sector is attributed to the uranium subsector that registered a strong growth in real value added of 55.3 percent.

In the third quarter of 2018, uranium subsector is estimated to have registered a strong growth of 55.3 percent in real value added compared to a growth of 34.5 percent recorded in the corresponding quarter of 2017. The performance in the subsector is attributed to an increase in uranium production.

However, metal ores subsector recorded a decline in real value added of 10.1 percent compared to a decline of 5.9 percent recorded in the same quarter of 2017. The performance in the subsector is attributed to reduction in gold and lead production.

Other mining and quarrying subsector is estimated to have recorded a recovery, albeit a decline of 13.4 percent in real value added, compared to a decline of 26.5 percent recorded in the same quarter of 2017. The performance is attributed to the production of marble that recorded an increase of 3.6 percent compared to a decline of 27.7 percent recorded in the corresponding quarter of 2017.



2. SECONDARY INDUSTRIES

Manufacturing

The manufacturing sector is estimated to have recorded a decline of 0.6 percent in real value added during the third quarter of 2018 compared to a growth of 6.7 percent recorded in the corresponding quarter of 2017.

The poor performance is observed mainly in the subsectors diamond processing, chemicals and chemicals products and non-metallic minerals that recorded declines in real value added of 9.9 percent, 5.2 percent and 30.7 percent, respectively. Similarly, subsectors such as grain mill products, basic non-ferrous metals and fabricated metals have decelerated and registered slow growths in real value added of 0.1 percent, 3.6 percent and 7.1 percent compared to strong growth rates of 11.2 percent, 35.5 percent and 18.7 percent registered during the same period last year.

On the other hand, subsectors such as beverages and dairy products performed relatively well and registered strong growths in real value added of 5.5 percent and 13.0 percent compared to declines of 12.1 percent and 5.0 percent recorded in the corresponding quarter of 2017, accordingly.

Utilities (electricity and water)

The utility sector posted a double digit growth of 13.5 percent in real value added compared to a 3.7 percent growth recorded in the corresponding quarter of 2017

The notable performance in the sector is attributed to the electricity subsector that recorded a growth of 17.6 percent in comparison to a growth of 4.8 percent recorded in the corresponding quarter of 2017. The noteworthy performance in the subsector is primarily driven by a decline in electricity imports coupled by an increase in exports during the quarter under review.

However, the water subsector declined by 3.1 percent in real value added in the third quarter of 2018 compared to a decline of 0.7 percent recorded in the corresponding quarter of 2017. In terms of volumes of electricity, the country imported 855 million KWH of electricity during the third quarter of 2018, posting a decline of 21.3 percent in the imports of electricity.

Construction

The construction sector is estimated to have contracted, recording a decline of 6.5 percent in real value added in the third quarter of 2018 compared to a contraction of 23.7 percent registered in the corresponding quarter of 2017.

The performance in the sector is attributed to real value of government expenditure on construction that recorded a decline of 17.2 percent compared to a decline of 36.2 percent registered in the corresponding quarter of 2017. In contrast the value of buildings completed posted a strong growth of 22.1 percent compared to 13.9 percent in the same quarter of 2017.

The increase in the value of buildings completed is mainly observed in the central region that registered a strong growth of 123.3 percent compared to a growth of 45.4 percent recorded in the corresponding quarter of 2017. In contrast, the western and northern regions have registered declines of 26.3 percent and 33.1 percent compared to an increase of 3.7 percent and 15.2 percent recorded in the third quarter of 2017, respectively.

1. TERTIARY INDUSTRIES

Wholesale and retail trade

The wholesale and retail trade sector is estimated to have registered a decline of 5.8 percent in real value added during the third quarter of 2018 compared to a decline of 8.3 percent recorded in the corresponding quarter of 2017.

The recovery of the sector is observed in vehicles sales that recorded a decline of 6.6 percent as well as the strong growths sales in supermarkets and furniture. The vehicle sales recorded a decline of 6.6 percent compared to a decline of 27.9 percent recorded in the same quarter of 2017.

The growth in the wholesalers' sales in the third quarter of 2018 increased to 11.2 percent from a growth of 4.8 percent recorded in the corresponding quarter of 2017.

Clothing revenue declined by 1.9 percent from an increase of 0.6 percent recorded in the third quarter of 2017, while the revenue of supermarkets slowed to 2.1 percent from an increase of 5.9 percent recorded in the same quarter of 2017. The total sales of wholesale and retail trade declined to 1.1 percent in the third quarter of 2018, compared to an increase of 0.4 percent recorded in the same quarter of 2017.

Hotels and restaurants

The hotels and restaurants sector is estimated to have recorded a decline in real value added of 0.6 percent in the third quarter of 2018 compared to a strong growth of 5.6 percent registered in the same quarter of 2017.

The performance in the sector stems from the number of bed nights sold that declined with 4.9 percent compared to a strong growth of 19.5 percent recorded in the corresponding quarter of 2017. In addition, the growth in the number of room nights sold increased to 5.6 percent during the period under review compared to a strong growth of 12.0 percent during the third quarter of 2017.

Transport and communication

The transport and communication sector is estimated to have recorded a strong growth in real value added of 2.5 percent compared to a growth of 0.4 percent recorded in the same quarter of 2017.

The performance of the sector is mainly attributed to port services and air transport subsectors that recorded a strong growths rates of 10.8 percent and 7.9 percent in real value added respectively. Port services subsector is estimated to have recorded a strong growth in real value added of 13.0 percent compared to a decline of 4.7 percent registered in the same quarter of 2017. This is due to the increase in the cargo handled at the ports.

Air transport subsector in the third quarter of 2018 is estimated to have recorded a strong growth of 7.9 percent in real value added, compared to a decline of 1.8 percent recorded in the same quarter of 2017. This performance is attributed to the increase in the number of passengers. However, slow growths were observed in rail transport (3.8 percent), telecommunications (1.5 percent) and post and courier services subsectors (0.2 percent).

Financial intermediation

The financial intermediation sector recorded a slow growth of 1.0 percent in real value added during the period under review as compared to the growth of 3.8 percent in the third quarter of 2017. (Table 2)



The performance was largely on account to the tardy growth recorded in the banking and insurance subsectors, estimating 1.4 percent and 0.3 percent in the third quarter of 2018 in comparison to the 3.5 percent and 4.3 percent in the parallel quarter, respectively.

General claims by the private sector grew by 2.4 percent year on year in nominal terms, total stock of claims stood at N\$ 97,312 million during the period under review compared to N\$ 93,116 million recorded during the same period of 2017. The growth is attributed to increase in loans advanced to other non-financial corporations (businesses).

Public Administration and defence, Education and Health

The public administration and defence sector further contracted to 1.8 percent in real value added in the third quarter of 2018 when compared to a decline of 1.1 percent recorded in the corresponding quarter.

The education sector however registered a growth of 0.1 percent during the quarter under review as opposed to a decline of 3.6 percent estimated in the previous quarter. The growth is driven by an increase in the number of employees within the sector relative to the same quarter of 2017.

The health sector estimated a decline of 5.4 percent in real value added in the third quarter of 2018 compared to a growth of 0.5 percent in the corresponding quarter of 2017.

Table 1: Q3 GDP growth rates - % changes ...1/2

Year	Quarter	Agriculture	Fishing	Mining and quarrying	Manufacturing	Electricity and water	Construction	Wholesale and retail trade	Hotels and restaurants	Transport and communication
2016	1	-1.4	3.2	-1.2	11.3	0.2	-13.5	4.9	16.3	7.5
	2	9.0	6.8	-18.8	-2.8	1.3	-33.7	10.2	-0.5	6.2
	3	14.6	0.7	-5.1	-2.4	1.5	-25.1	3.2	9.2	8.4
	4	-11.9	38.8	1.9	16.9	25.5	-32.7	-4.3	-7.9	5.8
2017	1	16.3	5.9	14.0	4.0	16.0	-36.9	-6.4	1.1	1.0
	2	20.9	-4.0	19.6	9.8	9.0	-35.9	-11.4	-6.7	2.5
	3	9.4	8.6	5.7	6.7	3.7	-23.7	-8.3	5.6	0.4
	4	3.6	-5.9	13.1	-12.6	-18.8	-3.8	-4.0	-6.1	-0.8
2018	1	1.4	-13.6	5.3	-2.2	1.9	24.0	-3.3	-7.2	2.5
	2	-1.1	-6.9	21.2	-12.6	16.7	24.6	-5.8	-3.9	1.9
	3	0.8	-10.6	7.8	-0.6	13.5	-6.5	-5.8	-0.6	2.5

Source: NSA, December 2018

Table 2: Q3 GDP growth rates - % changes ... 2/ 2

Year	Quarter	Financial intermediation	Real estate activities and business services	Public administration	Education	Health	Other private services	FISIM	All indust. at basic prices	Taxes on products	GDP at market prices
2016	1	3.3	2.1	8.9	11.1	11.0	2.7	2.3	4.4	5.8	4.5
	2	3.3	1.0	-1.5	0.9	18.8	0.4	-0.6	-1.4	4.7	-0.9
	3	2.8	0.5	-3.4	-0.6	7.0	-0.9	0.0	-0.8	-0.2	-0.8
	4	2.1	0.4	10.2	-0.1	-5.1	-1.1	7.1	0.3	-5.2	-0.2
2017	1	1.8	0.8	-1.3	-1.0	2.7	-0.3	-7.3	-0.3	-5.5	-0.7
	2	3.6	1.0	4.0	-0.5	-2.6	0.2	0.8	0.5	-8.9	-0.3
	3	3.8	1.0	-1.1	-3.6	0.5	0.5	4.1	-0.6	-4.8	-1.0
	4	1.9	0.8	0.7	0.5	-6.2	0.6	2.2	-1.6	-3.2	-1.8
2018	1	1.4	0.5	-0.9	-1.8	-7.6	0.3	0.5	0.0	-2.0	-0.1
	2	0.5	0.2	-1.7	-2.3	-4.5	0.2	-1.0	0.2	-5.7	-0.3
	3	1.0	0.1	-1.8	0.1	-5.4	0.1	-3.8	-0.5	-3.5	-0.8

Source: NSA, December 2018

Source: Q3 2018 GDP data, National Statistics Agency - December 2018



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