



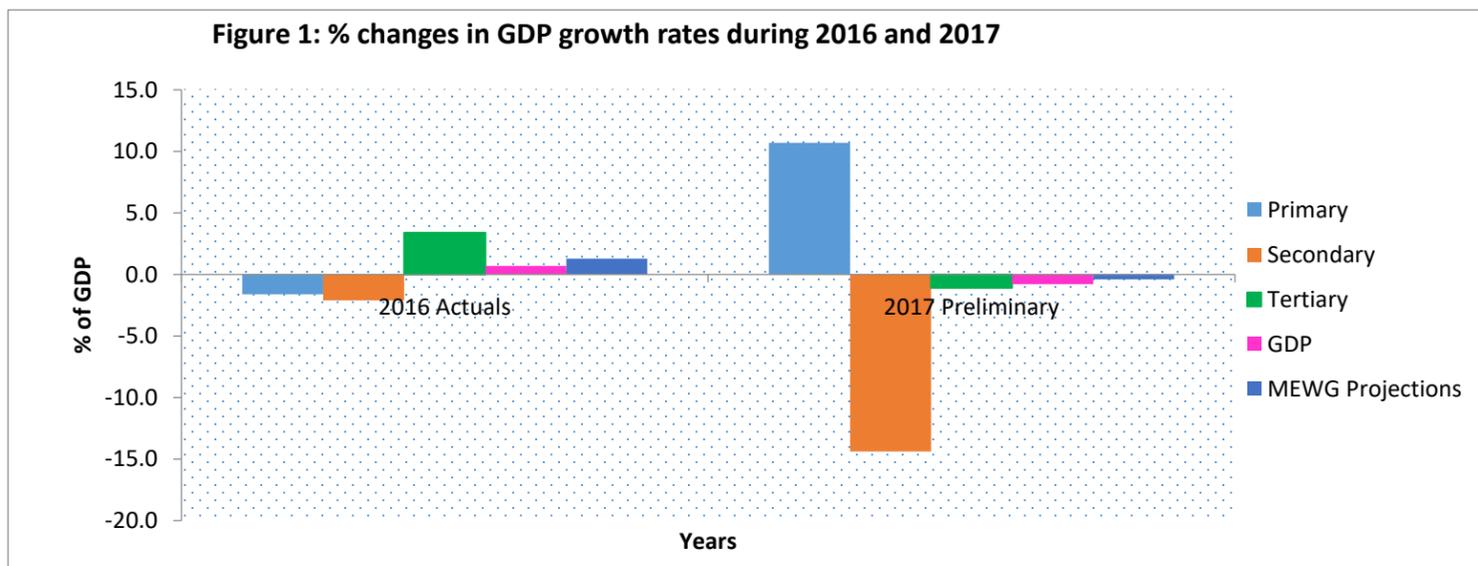
Summary of the Preliminary National Accounts 2017

- Drivers of growth in 2016 and 2017
- MEWG's GDP projections versus the actual GDP growth rates
- Inflation

DRIVERS OF GROWTH IN 2016 AND 2017

According to the Preliminary National Accounts 2017, the GDP contracted by 0.8%, compared to the marginally higher growth rate of 0.7% in 2016 (revised down from 1.1%). The contraction in GDP was attributable to contractions of 6.7% and 1.1% in the secondary and tertiary industries, respectively. (Figure 1)

The **primary industries** recorded robust growth of 10.7% in 2017 on the back of vigorous growth rates of 12.7% and 12.8% recorded in *agriculture and forestry* and *mining and quarrying*, respectively. The good performance of *agriculture and forestry* was attributed to high growth rates of 12.7% in *livestock farming* due to restocking and 11.4% in *crop farming and forestry* as a result of the good rainy season. The high growth of *mining and quarrying* was premised on the robust performances of *diamond* and *uranium mining* at 12.0% and 23.4%, respectively. Growth in uranium mining was due to increased production despite subdued uranium prices.



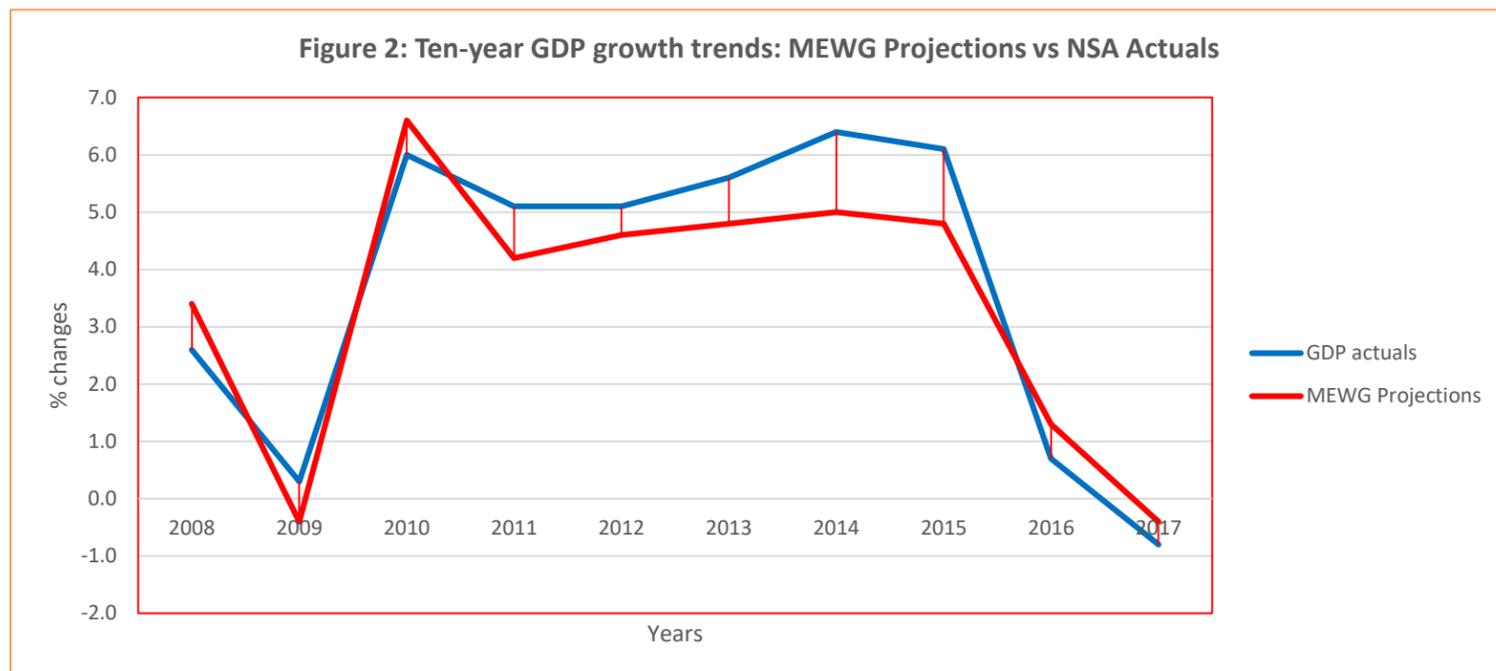
Source: MEWG, April 2018

The **secondary industries** recorded a marginally deeper contraction of 14.4% in 2017 (compared to -6.6% in 2016), mainly on the back of slower growth of 1.4% in *manufacturing* and a profound contraction of 25.6% in *construction*. The slower growth in manufacturing is due to the steep contraction of 14.4% in *meat processing* and slower growth of 14.6% in *diamond processing* (from a robust growth rate of 86.0%).

The **tertiary industries** registered a decline of 1.1%, compared to a growth rate of 3.4% recorded in 2016, marking the first time over the past ten years that the *tertiary industries* recorded a contraction. The contraction of the *tertiary industries* is attributed to contractions of 7.1%, 2.0%, 1.2% and 1.3% in *wholesale and retail trade*, *hotels and restaurants*, *education* and *health* sectors, respectively.

MEWG'S GDP PROJECTIONS VERSUS THE ACTUAL GDP GROWTH RATES

An analysis of the GDP projections of the Macroeconomic Working Group (MEWG) versus those of the actual GDP growth rates produced by the National Statistics Agency (NSA) over a ten-year period indicates that there has been no significant divergence between the two. In fact, the former has been mirroring the latter closely. For example, the 2016 National Accounts reflected an actual GDP growth rate of 0.7% while the MEWG's projection was a close 1.3%. Likewise, the 2017 Preliminary National Accounts reflected a contraction of 0.8% whereas the MEWG's estimate, too, was a close contraction of 0.4%. Thus, it is reasonable to state that the macroeconomic simulations and projections of the MEWG are credible as they are based on a modelling framework that is informed by reliable data sources, information and assumptions. (Figure 2)



Source: MEWG, April 2018

The MEWG is responsible for the production of GDP estimates and projections that are used for the Fiscal Strategy for the three-year Medium Term Expenditure Framework. The MEWG comprises membership of the Ministry of Finance, National Planning Commission, Bank of Namibia and the National Statistics Agency.

INFLATION

According to the NSA 2017 Preliminary National Accounts, the period between 2008 and 2017 witnessed inflation rates hovering between 3.4% and 9.5%, with the year 2009 witnessing the highest inflation rate of 9.5%.

The average inflation rate for 2017 was 6.1%, compared to the average rate of 6.7% recorded for 2016. The main contributors to the lower inflation rate in 2017 were the categories of food and alcoholic beverages (5.6 percent), alcoholic beverages and tobacco (4.6 percent), clothing and footwear (-0.4 percent), furnishing, household equipment and routine maintenance (4.6 percent), health (5.7 percent) and recreation and culture (4.1 percent).



MINISTRY OF FINANCE • Economic Policy Advisory Services (EPAS)
A BRIEF SUMMARY OF THE PRELIMINARY NATIONAL ACCOUNTS 2017



MINISTRY OF FINANCE • Economic Policy Advisory Services (EPAS)
A BRIEF SUMMARY OF THE PRELIMINARY NATIONAL ACCOUNTS 2017



