

PRESS RELEASE

2013 ANNUAL NATIONAL ACCOUNTS

2ND QUARTER GDP

AUGUST NCPI

Windhoek – 11 September, 2014 – Update on the latest economic statistics as released today.

As is customary, it gives the Namibia Statistics Agency great pleasure in releasing the latest economic statistics to the nation. Today we are released the 2013 Annual National Accounts, 2nd Quarter GDP as well as the monthly NCPI. The nation is urged to take note that from now on Trade Statistics will be released on a quarterly basis and hence do not form part of today's economic releases.

The Namibian economy is estimated to have recorded a respectable growth rate of 5.1 per cent during 2013

Notwithstanding a severe drought and sluggish global economic environment, the Namibian economy is estimated to have recorded a respectable growth rate of 5.1 per cent during 2013. This better than expected performance, was attributed to the secondary and tertiary industries that recorded growths of 7.6 per cent and 8.1 per cent, respectively. The secondary industries growth was mainly driven by a booming construction sector on the back of improved activity in the mining and public sectors whereas the tertiary sector growth can be attributed to a strong performance by the wholesale, motor and retail sector. In the primary sector, agriculture recorded a decline, which resulted in a contraction of the sector by 6.6 per cent. The agricultural sector declined by 27.5 per cent owing to one of the worst droughts in recent memory. However, both the fishing recovered to record 2.5 per cent while mining sector recorded marginal growth of 0.6 per cent.

Gross National Disposable Income (GNDI) stood at N\$ 140.6 billion in 2013 as compared to N\$ 116.9 billion recorded in 2012. The increase in the GNDI can be ascribed to the increase in current transfers that is caused by SACU revenue recording N\$ 14.5 billion in 2013. Real per Capita Gross National Income for 2013 recorded a growth of 9.5 per cent compared to 8.6 per cent registered in 2012.

Gross Savings only recorded an increase of 5.7 per cent and stood at N\$ 22.1 billion during the period under review. The savings recorded for 2013 was lower than the investment that stood at N\$ 32.5 billion.

The balance of external goods and services deficit widened from N\$ 17.6 billion to N\$ 22.8 billion. The increase in the deficit is owed to the import of goods and services that increased by 20.7 per cent in 2013 while exports of goods and services only increased by 17.4 per cent.

GDP for the 2nd Quarter recorded a growth rate of 3.0 per cent

The GDP for the second quarter of 2014 recorded a growth of 3.0 per cent compared to an increase of 4.2 per cent registered in the corresponding quarter of 2013. The performance during the quarter under review was mainly due to Construction, Transport and Communication, Electricity and water, and Mining and Quarrying sectors that recorded increases in real value added of 32.1 per cent, 7.0 per cent, 6.6 per cent and 6.0 per cent, respectively. Education, Health and Public administration sectors also recording increases in real value added of 14.6 per cent, 12.6 per cent and 11.6 per cent, respectively.

Despite the positive performance of the sectors above, there were other sectors that fared poorly, recording declines, such as Hotels and restaurants, Manufacturing, Fishing and Agriculture recording 16.0 per cent, 12.6 per cent, 9.7 per cent and 4.4 per cent, respectively. Annualized average second quarter inflation rate of 2014 stood at 6.0 per cent compared to the 6.0 recorded in the corresponding quarter of 2013. Second quarter trade deficit widened by N\$ 4.0 billion from N\$ 3.3 billion recorded in 2013 to N\$ 7.3 billion in 2014. This represents a 119.7 per cent increase in trade deficit.

Inflation for August 2014 slowed to 5.4 percent from 5.6 percent recorded a month earlier

The annual Inflation for August 2014 stood at 5.4 percent as compared to 5.6 percent recorded a month earlier. On a monthly basis, the inflation rate increased to 0.3 percent from 0.2 percent in previous month. The annual decline in inflation was primarily on account of base effects, as well as price declines in a number of food category sub-items, and a decline in the cost of operation of personal transport equipment following fuel price decreases. On a monthly basis, the increase resulted from higher recorded prices in most groups comprising NCPI. The all items index for August 2014 stood at 109.4 as compared to 103.8 in August 2013.

The *food and non-alcoholic beverages* category of inflation is a key driver of inflation in Namibia due to the fact that it tends to be fairly volatile, usually above average inflation, and represents a large weight in the overall basket. As of August, the category's annual inflation stood at 8.6 percent, following a 0.3 percent increase on monthly basis. The increase in food prices were recorded in most of the sub-groups except those of oils and fats (2.5 percent), vegetables including potatoes and other tubers (1.3 percent) and fruits (0.8 percent).

An additional driver of inflation is the category of Transport, which represents 14.28 percent of the overall basket, and as of August 2014, has experienced 7.1 percent increase in prices when compared to the same period of 2013. This increase has been largely driven by increases in the public transportation services.

Thank you