

SECOND QUARTER GDP 2012



Est. by Statistics Act 9 of 2011

**Namibia Statistics
Agency**

Forth coming issue

Expected release date

3rd Quarter GDP

13 December 2012

PREFACE

This publication presents an overview of economic developments in Namibia during the second quarter of 2012. Quarterly GDP estimates are meant to assist in the analysis of the short term movements of the economy. Other economic indicators such as the volume indices of production, distributive trade indices and levels of employment can also be used for that purpose; however, national accounts aggregates such as the GDP are more comprehensive as compared to the latter.

The seasonally adjusted GDP for second quarter of 2012 recorded a growth of 1.6 percent compared to the preceding quarter. Year to year, the unadjusted GDP registered a growth of 8.9 percent during the period under review compared to the corresponding quarter of 2011. This growth was mainly due to primary industries and secondary industries that recorded growths of 29.4 percent and 14.7 percent, respectively. The tertiary industries registered a slow growth of 1.5 during the period under review.

I would like to emphasize the importance of accurate and timely delivery of data to the Namibia Statistics Agency (NSA), on which the compilation of quarterly GDP depends. In this regard, I wish to express my appreciation to all data providers both institutions and individuals without whose assistance the publication would not have been possible.



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John Steytler
Statistician-General

Windhoek, September 2012

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INTRODUCTION

The main purpose of quarterly national accounts is to provide a picture of current economic development that is more timely and frequent than provided by annual national accounts. Quarterly data serves to determine the short-term movements in the series, while the annual data determine the overall level and long term movements in the series.

In principle, the only difference between quarterly and annual national accounts is the reference period, quarter and calendar year, respectively. The definitions and conceptual frameworks, as well as the accounts and accounting identities of the 1993 SNA are equally valid for the two accounts. In practice, the constraints of data availability and resources would mean that quarterly national accounts are usually less complete than annual national accounts. The Namibia Statistics Agency has made the compilation of quarterly GDP at constant prices as a first step in embarking on quarterly national accounts compilation.

Because quarterly and annual estimates are often based on different kinds of source data, the annual total derived as the sum of four quarterly will differ from the same annual estimate based on more comprehensive source data. Therefore, it is necessary to align the quarterly estimates with their annual estimates. The process to achieve this is described as benchmarking. Benchmarking deals with the problem of combining a time series of high frequency data with less frequent but more accurate data.

Quarterly estimates quite often show very short term variations due to weather, habits, etc. usually defined as seasonal fluctuations. Although seasonality is an integral part of quarterly data, it is often an impediment to the correct identification and analysis of the business cycle and trend. Therefore, quarterly estimates needs to be seasonally adjusted in addition to the unadjusted estimates. Seasonal adjustment is an analytical technique to break down a series into its components. The purpose is to identify the different components of the time series and thus provide a better understanding of the behavior of the time series. Both unadjusted and seasonally adjusted quarterly estimates serve their own purposes. Unadjusted estimates show the actual economic events while seasonally adjusted estimates show characteristics that seasonal movements tend to mask, especially changes in the direction of the series.

Revisions

Revisions are essential part of good quarterly national accounts compilation practice because they provide users with data that are as accurate as possible. Revisions provide the possibility to incorporate new and more accurate information, and thus to improve the accuracy of the estimates, without introducing breaks in the time series. Due to the availability of more comprehensive data, revisions are made of estimates for the latest quarters.

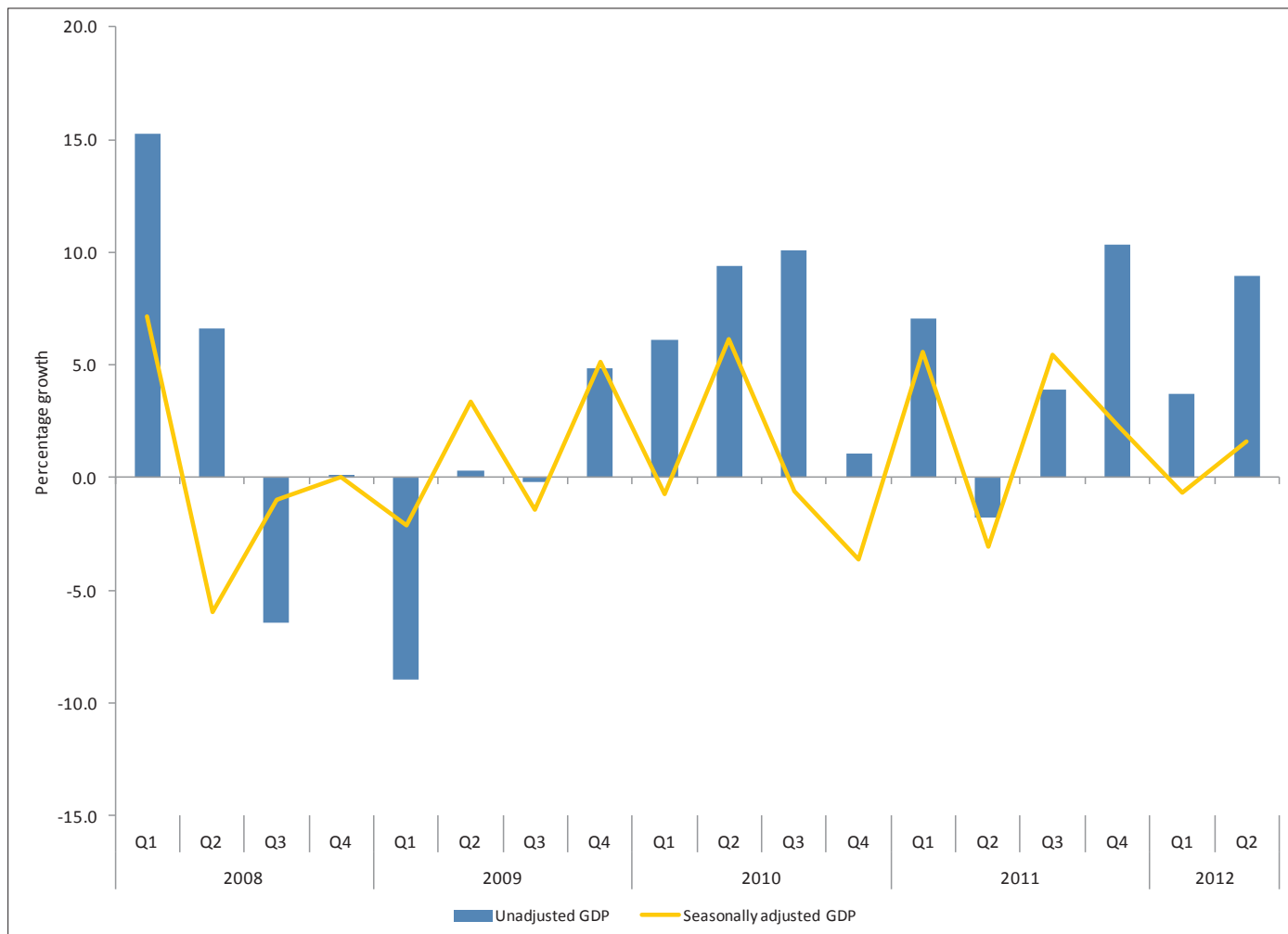
Sources and timeliness

The sources for quarterly national accounts are quarterly economic surveys and administrative data. Quarterly GDP estimates are released with a time lag of 90 days from the reference quarter.

Key findings

The second quarter seasonally adjusted GDP which allows comparison of consecutive quarters recorded a growth of 1.6 percent compared to a decline of 0.7 percent registered in the preceding quarter (Figure 1). Year-on-year, the unadjusted GDP for the second quarter of 2012 registered a growth of 8.9 percent compared to a decline of 1.8 percent recorded in the same period of 2011.

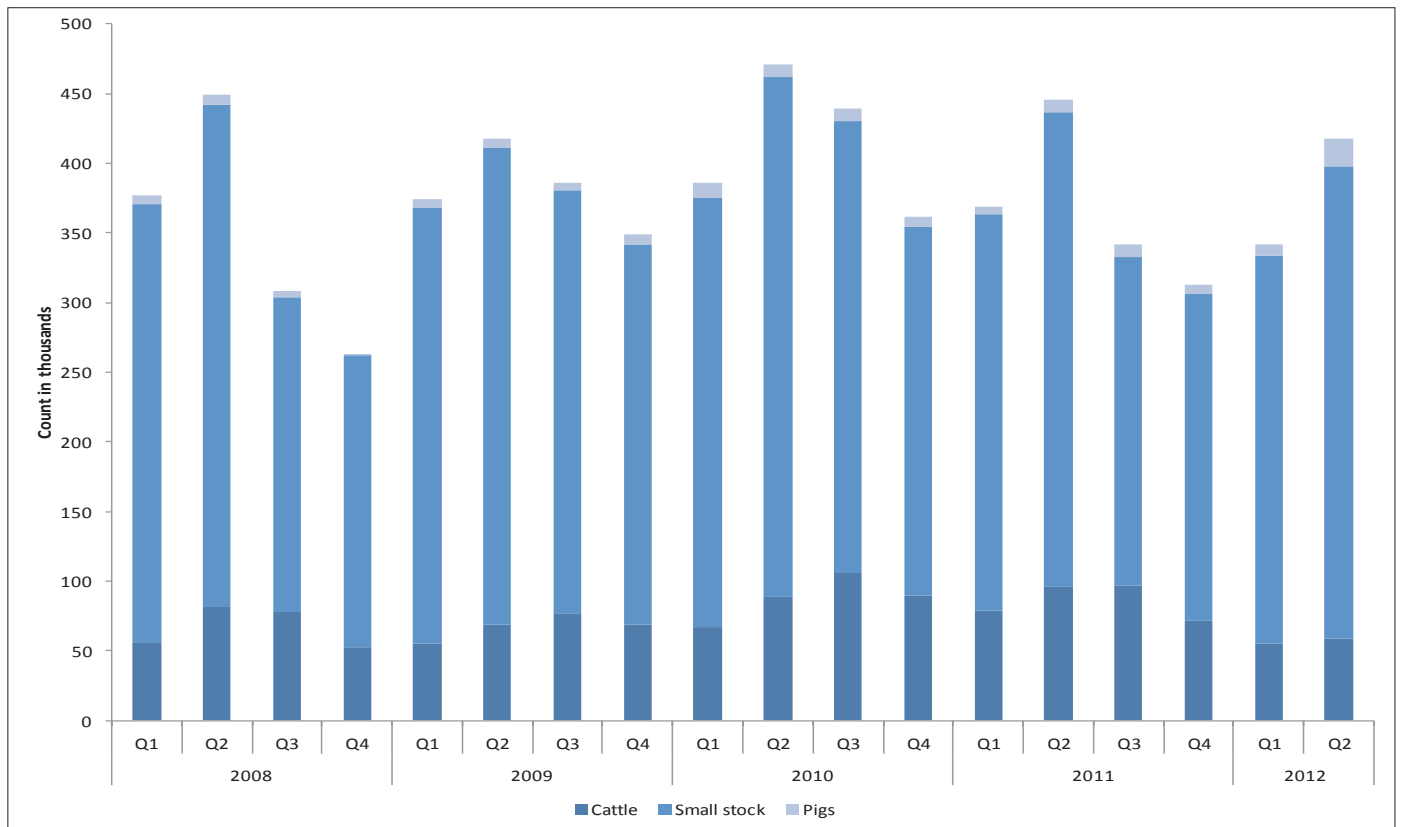
Figure 1: Adjusted and unadjusted GDP growth



Agriculture and forestry

The agricultural sector recorded a decline of 12.7 percent in real value added during the second quarter of 2012 compared to the 7.0 percent growth registered in the corresponding quarter of 2011. The decline in the activities of agriculture was mainly due to the livestock subsector that registered a decline of 30.4 percent in real value added during the period under review. The decline in livestock was mainly due to the number of livestock marketed that declined by 9.6 percent.

Figure 2: Number of livestock marketed

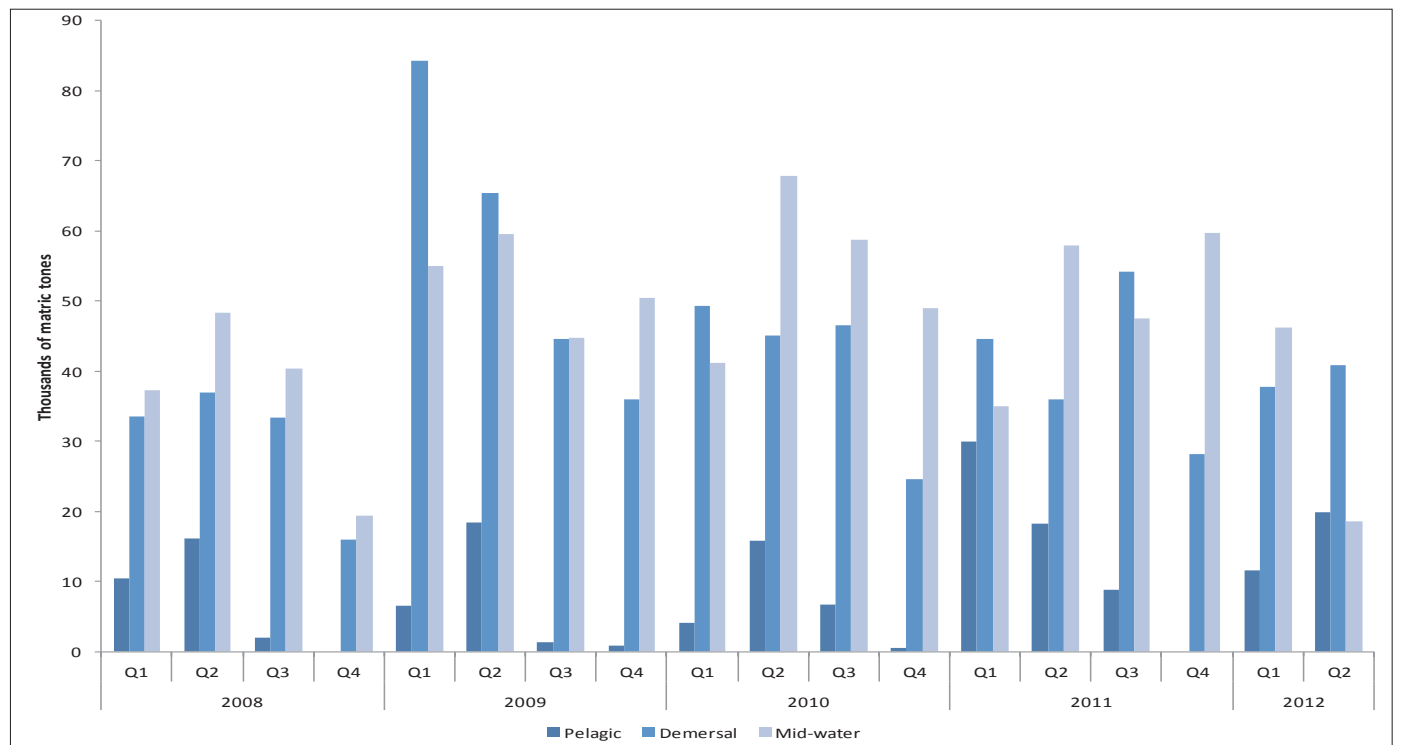


Source: Meat Board

Fish and fish processing on board

Fish and fish processing on board is estimated to have recorded a decline of 7.4 percent in real value added in the second quarter of 2012 compared to a decline of 9.1 percent registered in the same period of 2011. The sector was mainly influenced by landings of mid-water fisheries that declined by 68.1 percent (Figure 3).

Figure 3: Fish landings

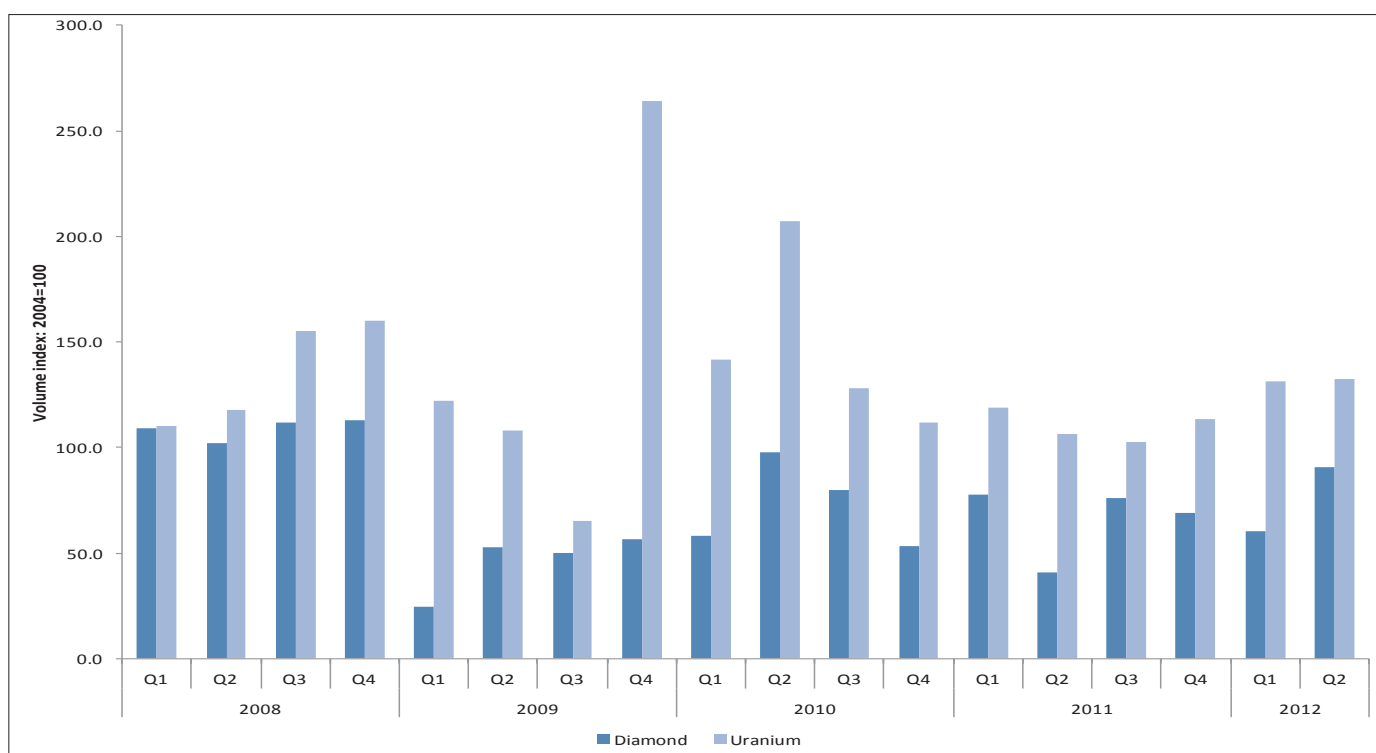


Source: Ministry of Fisheries and Marine Resources

Mining and quarrying

Mining and quarrying recorded an increase of 89.6 percent in real value added for the second quarter of 2012 compared to a decline of 50.0 percent registered in the corresponding quarter of 2011. The growth in the sector was mainly reflected in the diamond subsector that registered an increase of 128.9 percent in real value added. This massive performance resulted from diamond production (Figure 4) that resulted from the recovery of diamond production phenomenon prevailed in the same period of 2011. Uranium and metal ores also depicted strong growths of 24.8 percent and 23.7 percent, respectively. Other mining and quarrying on the other hand recorded a decline of 47.8 percent during the period under review.

Figure 4: Diamond and uranium production index



Source: Ministry of Mines and Energy

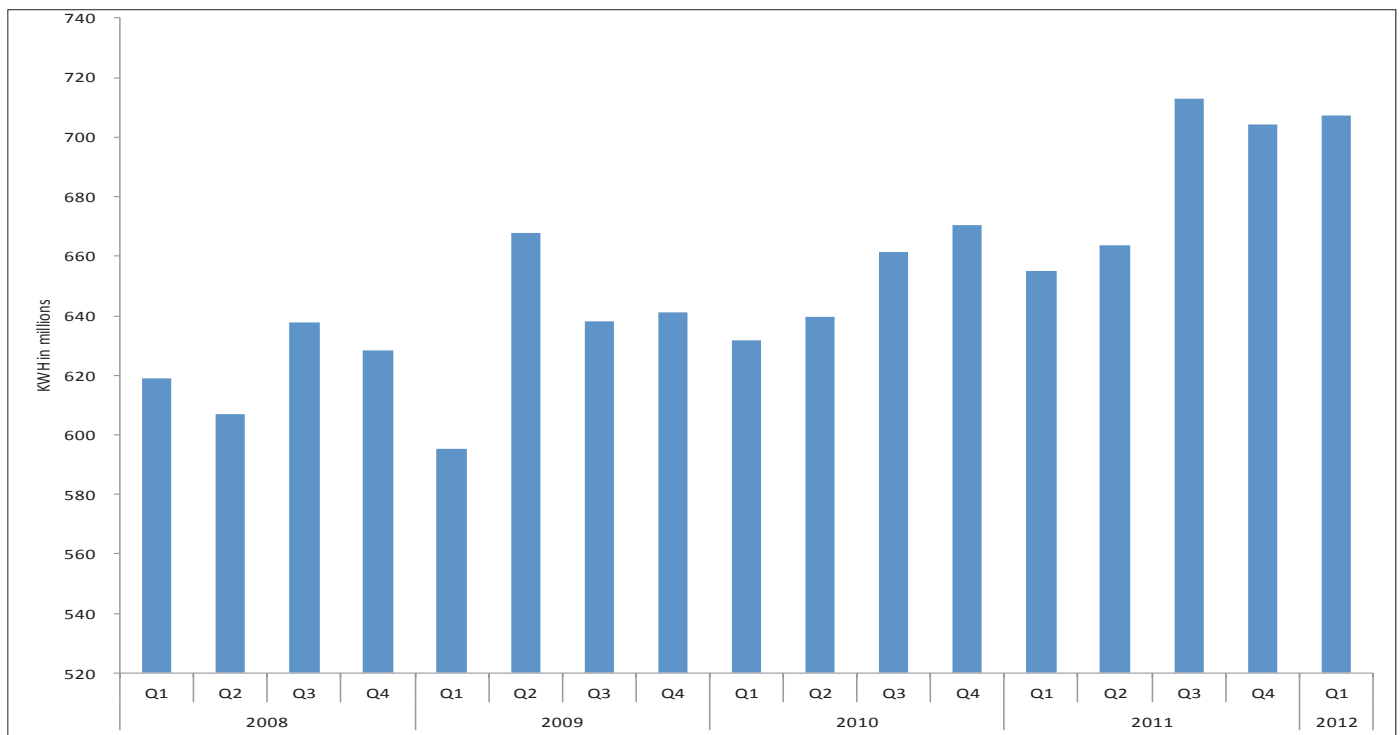
Manufacturing

The manufacturing sector recorded a growth of 14.0 percent in real value added for the second quarter of 2012 compared to a decline of 4.4 percent recorded for the same quarter in 2011. The growth is mainly attributed to the following subsectors; manufacture of beverages and chemical products that recorded growths in real value added of 21.9 percent and 28.0 percent, respectively. Manufacturing n.e.c. that includes diamond cutting and processing also registered a strong growth of 29.0 percent in the period under review. On the other hand, other categories such as basic metals and meat processing recorded declines of 17.6 percent and 7.3 percent, respectively.

Electricity and water

The electricity and water sector recorded an increase in real value added of 15.9 percent in the second quarter of 2012 compared to 0.8 percent registered in same period of 2011. The exceptional growth was mainly due to the electricity sub-sector that registered a growth in value added of 19.9 percent. This growth was reflected in the units of electricity sales that were up by 23.6 percent during the second quarter of 2012 (Figure 5).

Figure 5: Sales of electricity

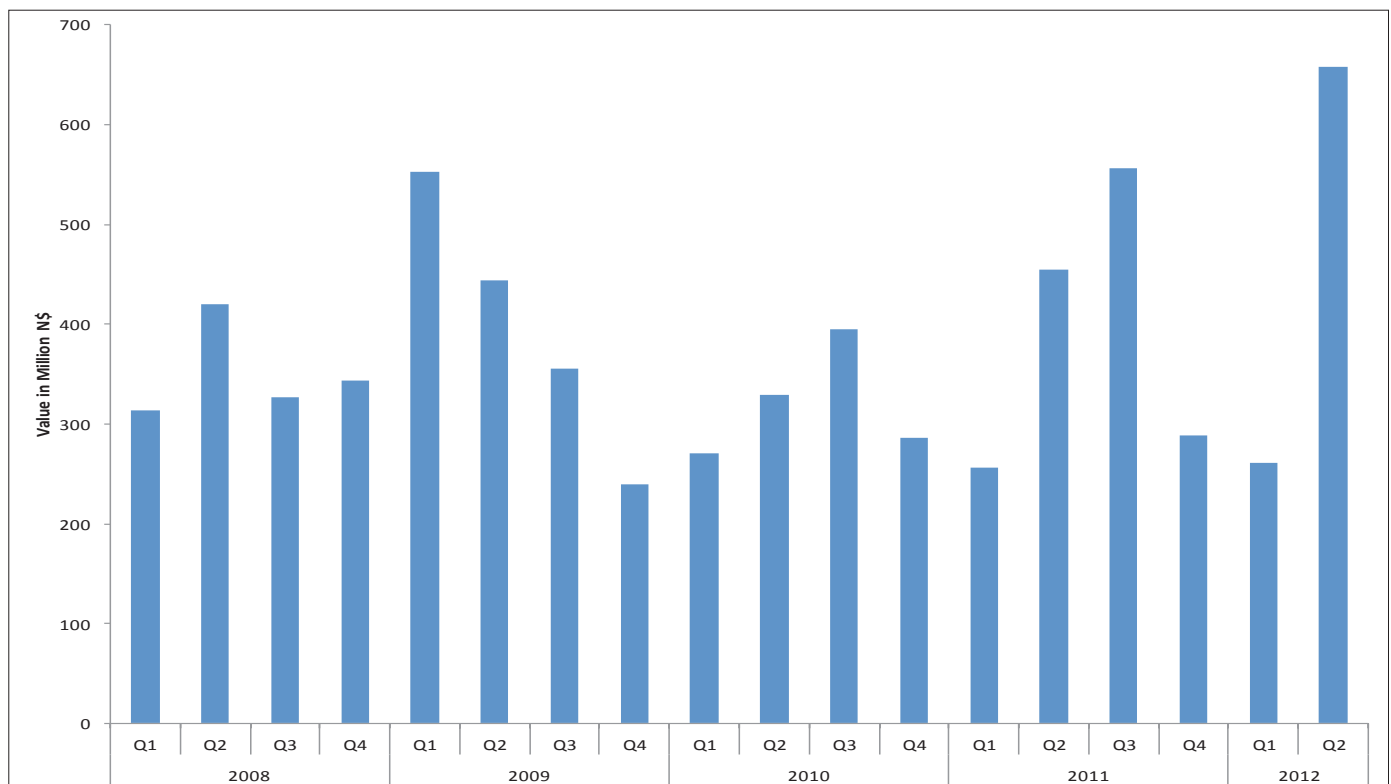


Source: Nampower

Construction

The real value added for the construction sector registered a growth of 16.4 percent in the second quarter of 2012 compared to an increase of 18.2 percent recorded in the same quarter of 2011. This performance is attributable to the value of building plans completed that recorded an increase of 44.8 percent (Figure 6). The increase in the building plans was driven by residential buildings. The value of construction works for general government also registered a growth in real value of 18.3 percent during the period under review.

Figure 6: Building plans completed



Source: Municipalities and town councils

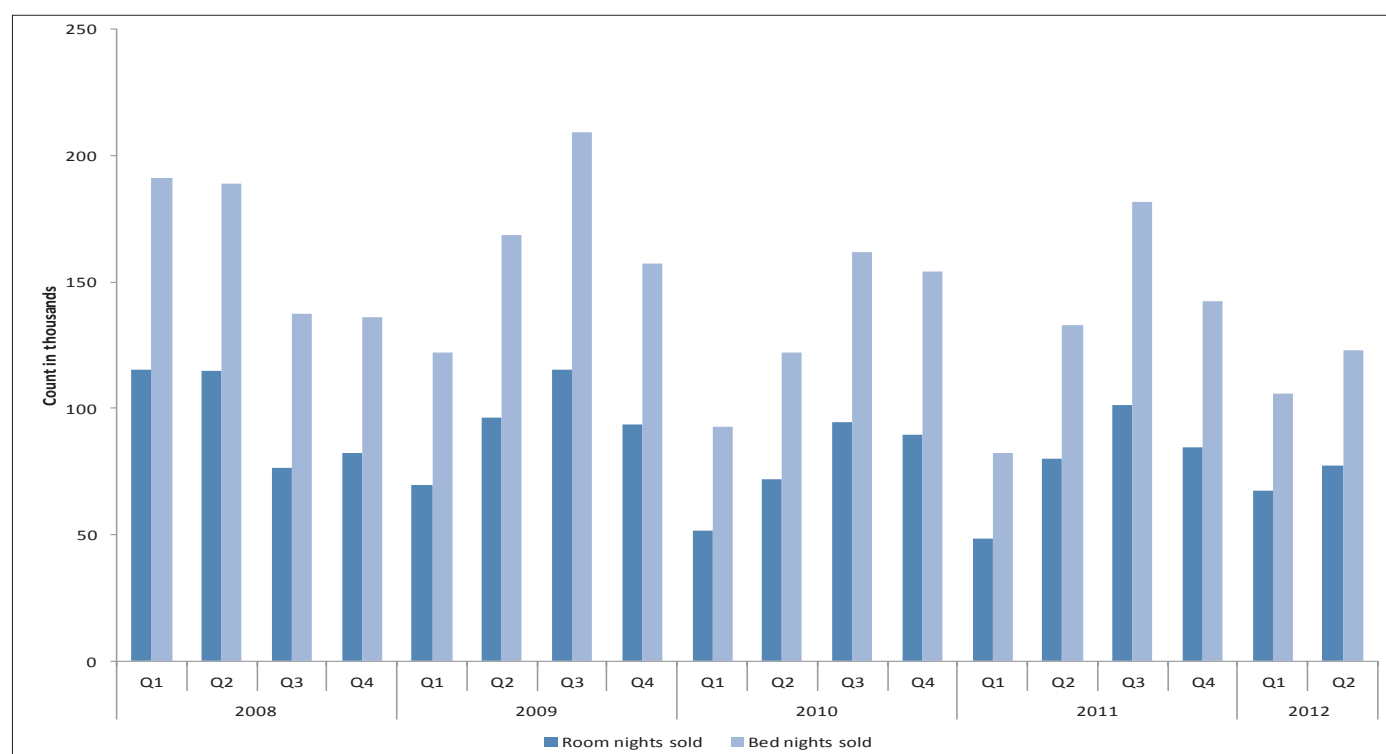
Wholesale and retail trade

The wholesale and retail trade sector recorded a growth of 0.3 percent in real value added during the second quarter of 2012 compared to a decline of 1.0 percent registered in the corresponding quarter of 2011. This poor performance can mainly be attributable to clothing subsector that recorded a decline of 23.7 percent during the period under review. Supermarkets have also not performed well during the second quarter of 2012 and as result only registered a small growth of 1.7 percent in real sales value. In contrast to the poor performances, wholesalers, furniture and vehicle subsectors registered growths in real value of 39.2 percent, 8.9 percent and 3.4 percent, respectively.

Hotels and restaurants

The hotels and restaurants' real value added recorded a decline of 7.5 percent in the second quarter of 2012 compared to an increase of 10.4 percent registered in the same quarter of 2011. This performance in the sector was reflected in the number of bed nights sold and room nights sold that decline by 7.4 percent and 3.6 percent, respectively (Figure 7).*

Figure 7: Number of bed nights and room nights sold



Source: Hospitality Association of Namibia (HAN)

Transport and communication

The transport and communication sector recorded a growth of 13.1 percent in real value added during the second quarter of 2012 compared to decline of 2.3 percent recorded in the same quarter of 2011. This growth was mainly observed in telecommunication and air transport subsectors that registered growths of 9.2 percent and 32.9 percent, respectively. Other transport subsectors also recorded growths in their real value added during the period under review. The increase in telecommunication is reflected in the number of subscribers that have increase in the period under review.

Financial intermediation

The financial intermediation sector performance for the second quarter of 2012 was sluggish recording a decline of 8.2 percent compared to a growth of 5.2 percent of the corresponding quarter of 2011. The decline originated from the banking sector that has declined by 18.3 percent in the period under review.

*The figure for hotels and restaurants must be interpreted with caution as they are based only on HAN membership

METHODOLOGICAL NOTE

System of National Accounts 1993:

The SNA 1993 is an internationally agreed methodology used for compilation of national accounts estimates published by the United Nations in co-operation with other international organizations. This means that the methodology, concepts and classifications, are in accordance with the latest guidelines of an internationally agreed system of national accounts.

Quarterly GDP estimates:

Quarterly estimates of value added in real terms were based on the annual real estimates. Short-term indicators are used to estimate the quarterly GDP, however, they are by their nature in terms of coverage and annual changes output measured through them are generally not as reliable as in instances where the results of annual surveys are used. Therefore, the quarterly estimates must be adapted to the independent annual estimates when such estimates become available. To this extent, the Proportional Denton Method is used. It is a technique that generates a series of the quarterly estimates as proportional to the indicator as possible subject to the restrictions provided by the annual data.

Seasonal adjustment:

Quarterly estimates often show very short-term variations due to seasonal variations. Although seasonality is an integral part of quarterly data; it is often an impediment to the correct identification and analysis of the business cycle and trend. Therefore, quarterly estimates need to be seasonally adjusted as an addition to the original estimates. The seasonally adjusted data intend to show the short-term movements after the effects of seasonality have been taken away. The remaining short-term movements include trend, business cycle and irregular changes. The effect of the latter can have a huge impact on the overall growth rate in a small and open economy like Namibia's. Only total GDP has been seasonally adjusted and not its components, the values added, making up, GDP. The X-12 program released by the U.S. Bureau of the Census is used for seasonal adjustment.

Classifications:

The estimates of value added by industry are classified according to the third revision of the International Standard Industrial Classification of all Economic Activities (ISIC), with suitable adaptations for Namibian conditions.

Table 1 Quarterly Gross Domestic Product by Activity

Constant 2004 prices – N\$ million

Year	Quarter	Agriculture	Fishing	Mining and quarrying	Manufacturing	Electricity and water	Construction	Wholesale and retail trade	Hotels and restaurants	Transport and communication
2005	1	493	399	1,042	1,394	280	274	1,163	200	618
	2	686	443	866	1,483	283	267	1,172	191	634
	3	601	326	849	1,452	296	320	1,300	235	674
	4	811	267	940	1,413	260	305	1,452	162	701
2006	1	483	417	1,129	1,491	308	384	1,216	174	717
	2	715	373	1,153	1,547	319	379	1,294	216	731
	3	556	324	1,294	1,624	285	436	1,419	250	775
	4	932	193	1,141	1,234	270	402	1,543	206	776
2007	1	528	306	1,445	843	340	449	1,310	237	761
	2	735	269	1,044	1,106	327	492	1,432	206	801
	3	540	252	995	2,842	339	463	1,527	229	818
	4	761	232	1,259	1,610	228	429	1,635	264	780
2008	1	395	395	1,087	2,171	315	706	1,406	302	776
	2	563	280	1,054	1,486	372	448	1,495	285	783
	3	403	225	1,185	1,499	297	432	1,577	174	837
	4	741	103	1,281	1,381	231	429	1,594	199	848
2009	1	398	348	429	1,587	305	538	1,462	206	824
	2	551	282	721	1,624	358	396	1,487	245	832
	3	429	265	673	1,728	232	374	1,579	262	879
	4	736	152	840	1,980	327	336	1,731	229	881
2010	1	389	299	770	1,789	334	388	1,551	193	851
	2	542	299	1,140	1,918	343	458	1,626	221	882
	3	427	289	935	2,061	292	490	1,777	261	890
	4	700	182	687	1,902	283	448	1,800	272	870
2011	1	402	314	908	1,988	342	459	1,591	153	871
	2	580	272	571	1,834	346	541	1,609	244	862
	3	447	334	911	1,848	320	559	1,818	318	910
	4	805	217	841	2,093	299	512	1,959	254	963
2012	1	402	258	788	1,936	363	563	1,723	195	974
	2	506	251	1,082	2,092	401	630	1,613	226	974

Table 1 Quarterly Gross Domestic Product by Activity (Continues)

Constant 2004 prices – N\$ million

Year	Quarter	Financial inter-mediation	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	GDP, seasonally adjusted
2005	1	465	1,029	932	767	434	494	123	9,861	911	10,772	10,788
	2	489	1,044	917	767	355	499	133	9,962	867	10,829	10,893
	3	493	1,055	911	767	351	504	131	10,002	917	10,920	10,856
	4	494	1,062	913	767	306	508	133	10,227	1,012	11,239	11,166
2006	1	492	1,066	928	794	379	512	141	10,351	899	11,250	11,319
	2	500	1,075	943	794	341	514	150	10,745	913	11,658	11,764
	3	507	1,089	962	794	375	516	150	11,058	982	12,040	11,969
	4	524	1,110	983	794	366	518	152	10,841	1,065	11,906	11,741
2007	1	532	1,140	1,009	841	392	520	161	10,491	970	11,461	11,593
	2	546	1,161	1,038	841	400	521	156	10,761	963	11,724	11,843
	3	594	1,178	1,067	841	410	522	170	12,449	978	13,426	13,353
	4	595	1,190	1,098	841	344	523	166	11,625	1,136	12,761	12,519
2008	1	602	1,198	1,133	890	470	524	171	12,198	1,010	13,208	13,417
	2	607	1,209	1,160	890	451	526	168	11,440	1,058	12,498	12,620
	3	625	1,224	1,180	890	443	530	170	11,352	1,206	12,558	12,496
	4	654	1,244	1,195	890	363	535	162	11,526	1,249	12,774	12,502
2009	1	674	1,272	1,206	926	491	544	163	11,048	974	12,021	12,238
	2	693	1,289	1,217	926	466	547	165	11,472	1,060	12,533	12,649
	3	700	1,301	1,231	926	451	546	164	11,410	1,122	12,533	12,465
	4	726	1,306	1,247	926	369	541	175	12,151	1,246	13,397	13,107
2010	1	730	1,305	1,266	975	505	532	180	11,697	1,063	12,759	13,013
	2	720	1,308	1,285	975	482	528	174	12,551	1,158	13,709	13,813
	3	734	1,315	1,305	975	460	529	179	12,561	1,237	13,798	13,730
	4	759	1,326	1,324	975	373	535	191	12,246	1,290	13,536	13,232
2011	1	758	1,342	1,344	1,059	507	545	181	12,401	1,260	13,661	13,968
	2	757	1,353	1,360	1,059	482	554	185	12,237	1,230	13,467	13,539
	3	782	1,360	1,370	1,059	464	559	194	12,864	1,476	14,341	14,276
	4	793	1,364	1,388	1,059	377	562	204	13,282	1,658	14,940	14,601
2012	1	794	1,364	1,375	1,108	511	562	202	12,713	1,451	14,164	14,499
	2	695	1,364	1,375	1,108	488	562	164	13,203	1,468	14,671	14,732

Table 2 Quarterly Gross Domestic Product by Activity

Constant 2004 prices – percentage changes

Year	Quarter	Agriculture	Fishing	Mining and quarrying	Manufacturing	Electricity and water	Construction	Wholesale and retail trade	Hotels and restaurants	Transport and communication
2005	1	26.7	-16.2	0.8	-15.2	34.6	6.7	41.6	21.7	9.4
	2	9.6	-3.9	-13.3	25.6	23.7	-4.4	9.5	-10.9	6.8
	3	29.7	-10.3	-31.7	14.6	30.2	-6.7	-19.6	19.8	14.1
	4	4.6	0.8	7.9	13.2	10.1	17.7	28.6	-16.9	7.2
2006	1	-1.9	4.7	8.3	6.9	10.0	40.3	4.5	-13.0	16.0
	2	4.3	-15.7	33.1	4.4	12.8	41.7	10.5	13.1	15.2
	3	-7.4	-0.6	52.4	11.9	-3.6	36.1	9.2	6.5	15.0
	4	15.0	-27.5	21.5	-12.6	3.9	31.7	6.3	27.1	10.8
2007	1	9.3	-26.7	28.0	-43.5	10.2	16.9	7.7	35.7	6.2
	2	2.7	-27.9	-9.5	-28.5	2.5	29.8	10.7	-4.9	9.6
	3	-2.9	-22.4	-23.1	75.0	19.0	6.3	7.6	-8.3	5.6
	4	-18.4	20.3	10.3	30.4	-15.6	6.7	5.9	28.4	0.5
2008	1	-25.3	29.1	-24.8	157.5	-7.3	57.2	7.4	27.9	1.9
	2	-23.4	4.1	0.9	34.4	13.9	-8.9	4.4	38.7	-2.3
	3	-25.5	-10.4	19.1	-47.3	-12.7	-6.6	3.3	-24.0	2.2
	4	-2.6	-55.7	1.8	-14.2	1.3	0.0	-2.5	-24.7	8.7
2009	1	0.9	-11.8	-60.5	-26.9	-3.2	-23.7	4.0	-31.9	6.1
	2	-2.1	1.0	-31.6	9.3	-3.8	-11.7	-0.5	-14.1	6.3
	3	6.6	17.4	-43.2	15.3	-21.8	-13.5	0.1	50.0	5.0
	4	-0.7	47.5	-34.5	43.4	41.5	-21.6	8.6	14.9	3.9
2010	1	-2.3	-14.2	79.5	12.7	9.5	-27.9	6.1	-6.1	3.4
	2	-1.8	5.8	58.1	18.1	-4.2	15.6	9.3	-9.7	5.9
	3	-0.6	9.2	39.0	19.3	25.9	31.1	12.6	-0.2	1.2
	4	-4.8	20.0	-18.2	-3.9	-13.4	33.2	4.0	18.9	-1.2
2011	1	3.3	5.0	18.0	11.1	2.5	18.3	2.6	-21.1	2.2
	2	7.0	-9.1	-50.0	-4.4	0.8	18.3	-1.0	10.4	-2.3
	3	4.7	15.5	-2.6	-10.3	9.8	14.1	2.3	21.7	2.3
	4	14.9	18.8	22.4	10.0	6.0	14.4	8.9	-6.5	10.6
2012	1	0.0	-17.7	-13.3	-2.6	6.1	22.7	8.3	27.8	11.9
	2	-12.7	-7.4	89.6	14.0	15.9	16.4	0.3	-7.5	13.1

Table 2 Quarterly Gross Domestic Product by Activity (Continues)
Constant 2004 prices – percentage changes

Year	Quarter	Financial inter-mediation	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	GDP, seasonally adjusted
2005	1	14.0	7.7	-3.6	-8.0	-17.3	8.2	0.2	2.9	37.3	5.2	2.8
	2	19.8	7.4	-5.6	-8.0	-21.3	6.6	17.3	3.3	10.8	3.9	1.0
	3	15.3	6.7	-5.8	-8.0	-22.1	5.3	13.0	-3.3	-21.8	-5.2	-0.3
	4	11.6	5.5	-4.1	-8.0	-19.2	4.3	13.0	6.4	14.6	7.1	2.9
2006	1	5.9	3.7	-0.4	3.5	-12.8	3.7	14.8	5.0	-1.3	4.4	1.4
	2	2.3	3.0	2.8	3.5	-3.8	3.0	12.7	7.9	5.3	7.7	3.9
	3	2.9	3.3	5.6	3.5	7.1	2.4	14.7	10.6	7.1	10.3	1.7
	4	6.0	4.5	7.7	3.5	19.4	1.9	14.6	6.0	5.2	5.9	-1.9
2007	1	8.0	6.9	8.8	6.0	3.4	1.5	14.1	1.4	7.9	1.9	-1.3
	2	9.1	8.0	10.0	6.0	17.1	1.3	4.1	0.2	5.4	0.6	2.2
	3	17.1	8.2	11.0	6.0	9.2	1.1	13.2	12.6	-0.4	11.5	12.7
	4	13.6	7.2	11.7	6.0	-5.9	1.1	9.1	7.2	6.7	7.2	-6.2
2008	1	13.2	5.1	12.2	5.8	20.0	0.8	6.1	16.3	4.1	15.2	7.2
	2	11.2	4.1	11.7	5.8	12.9	1.0	7.4	6.3	9.9	6.6	-5.9
	3	5.2	3.9	10.6	5.8	8.2	1.5	0.0	-8.8	23.4	-6.5	-1.0
	4	9.9	4.6	8.8	5.8	5.3	2.3	-2.2	-0.9	9.9	0.1	0.1
2009	1	12.0	6.2	6.5	4.1	4.6	3.7	-4.6	-9.4	-3.6	-9.0	-2.1
	2	14.3	6.7	5.0	4.1	3.4	3.9	-1.7	0.3	0.2	0.3	3.4
	3	11.9	6.2	4.3	4.1	1.7	3.0	-3.5	0.5	-6.9	-0.2	-1.5
	4	11.0	4.9	4.3	4.1	1.6	1.0	7.6	5.4	-0.2	4.9	5.2
2010	1	8.3	2.6	4.9	5.3	2.7	-2.1	10.8	5.9	9.1	6.1	-0.7
	2	3.8	1.5	5.6	5.3	3.3	-3.5	5.6	9.4	9.2	9.4	6.1
	3	4.9	1.1	6.0	5.3	2.1	-3.2	9.1	10.1	10.2	10.1	-0.6
	4	4.5	1.6	6.2	5.3	1.2	-1.2	9.2	0.8	3.5	1.0	-3.6
2011	1	3.8	2.8	6.2	8.6	0.5	2.5	0.6	6.0	18.6	7.1	5.6
	2	5.2	3.4	5.8	8.6	0.0	4.9	6.6	-2.5	6.3	-1.8	-3.1
	3	6.6	3.4	5.0	8.6	0.8	5.8	8.7	2.4	19.3	3.9	5.4
	4	4.4	2.8	4.8	8.6	1.1	5.1	7.3	8.5	28.5	10.4	2.3
2012	1	4.8	1.7	2.2	4.6	0.6	3.0	11.4	2.5	15.2	3.7	-0.7
	2	-8.2	0.8	1.1	4.6	1.2	1.5	-11.8	7.9	19.3	8.9	1.6





P.O.Box 2133
FGI House, Post Street Mall
Windhoek, Namibia
Tel: +264 61 431 3200
Fax: +264 61 431 3253 | +264 61 431 3240
Website: www.nsa.org.na