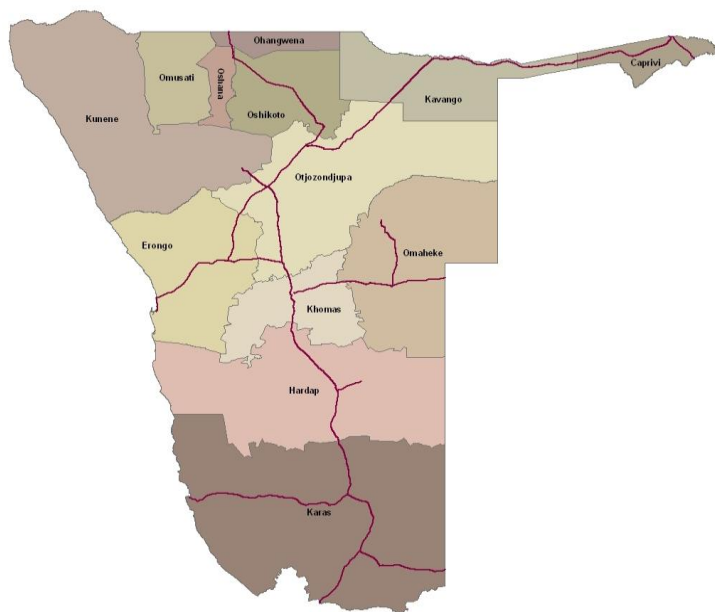




Republic of Namibia

Second Quarter Gross Domestic Product 2010



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National Planning Commission

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Mission Statement

As the producer and coordinator of official statistics in Namibia, the CBS's mission is to:

“Produce and make publicly available objective, relevant, comparable, reliable, timely and easily accessible official statistics in most subject-matter areas of national interest and relevance”

“Co-ordinate and oversee the production of all official statistics in Namibia”

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Preface

This publication presents an overview of the economic development for the second quarter of 2010. The publication examines quarterly trends in GDP by industry. 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 quarterly estimate has shown that the Namibian economy has recorded an increase of 11.1 percent as compared to a decline of 0.7 percent recorded in the same period of 2009. The growth in the economy is mainly attributable to the mining and quarrying; and manufacturing sectors. The diamond mining continues to recover from the global financial crisis recording an increase of 79.5 percent in value added. Furthermore the processing of diamond and basic metal also performed well. The seasonally adjusted real GDP measuring the change from the first quarter of 2010 to the second quarter of 2010 has registered an increase of 7.3 percent.

Finally, let me emphasize the importance of accurate and timely delivery of data to the Central Bureau of Statistics (CBS), without which the compilation of quarterly GDP cannot proceed. I would therefore like to take this opportunity to urge all data providers to timely transmit data to CBS and in the same manner, I wish to express my appreciation to all data provider institutions and individuals who have assisted the CBS staff in meeting their data collection requirements.



F. S. M. Hangula
Government Statistician

February 2011

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Introduction

Quarterly national accounts main purpose 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 framework 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 Central Bureau of Statistics has made the compilation of quarterly GDP at constant prices as a first step in embarking on quarterly national accounts.

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 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, legislations, 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 as an 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.

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

The sources for quarterly national accounts are quarterly economic surveys and administrative data.

Release calendar

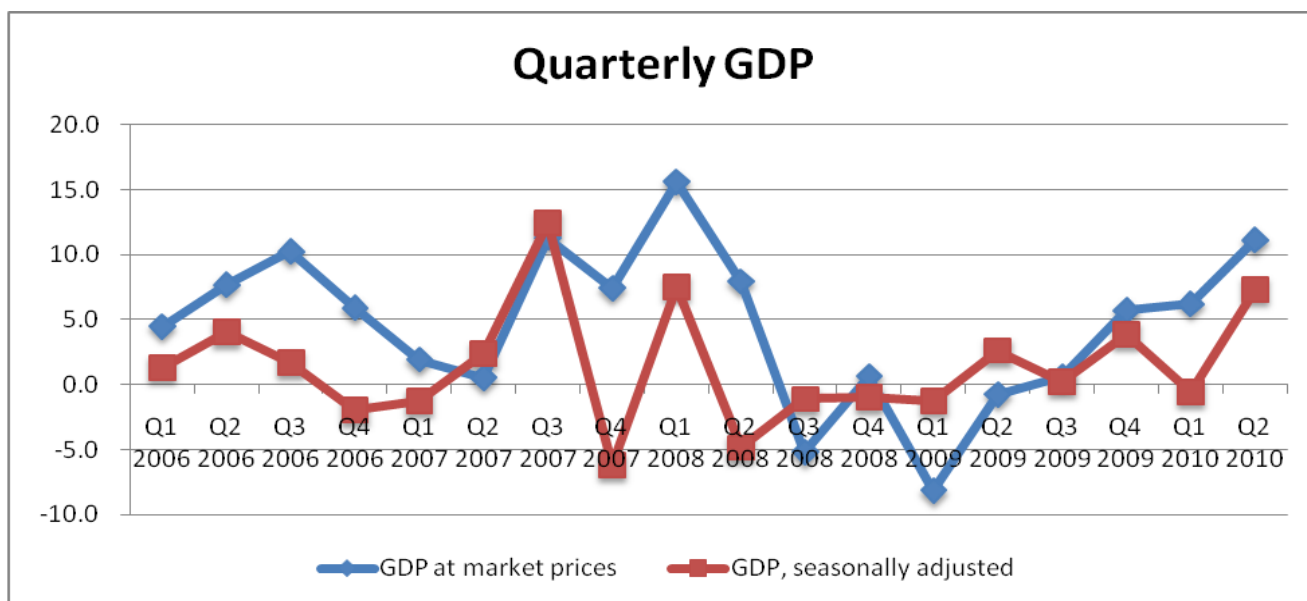
Quarterly GDP estimates are released with a time lag of 90 days from the reference quarter.

Key findings

The unadjusted real GDP at market prices has recorded an increase of 11.1 percent in the second quarter of 2010 as compared to a decline of 0.7 percent recorded in the same quarter of 2009. The increase in real GDP can be attributed mainly to the increase in the mining and quarrying; manufacturing; transport & communication and financial intermediation sectors.

The seasonally adjusted real GDP at market prices allows comparison of consecutive quarters. The second quarter of 2010 has recorded an increase of 7.3 percent compared to a decline of 0.6 percent recorded in the first quarter of 2010. Figure 1 below shows the development in unadjusted and adjusted GDP on quarterly basis from the first quarter of 2006 until the second quarter of 2010.

Figure 1



PRIMARY INDUSTRIES

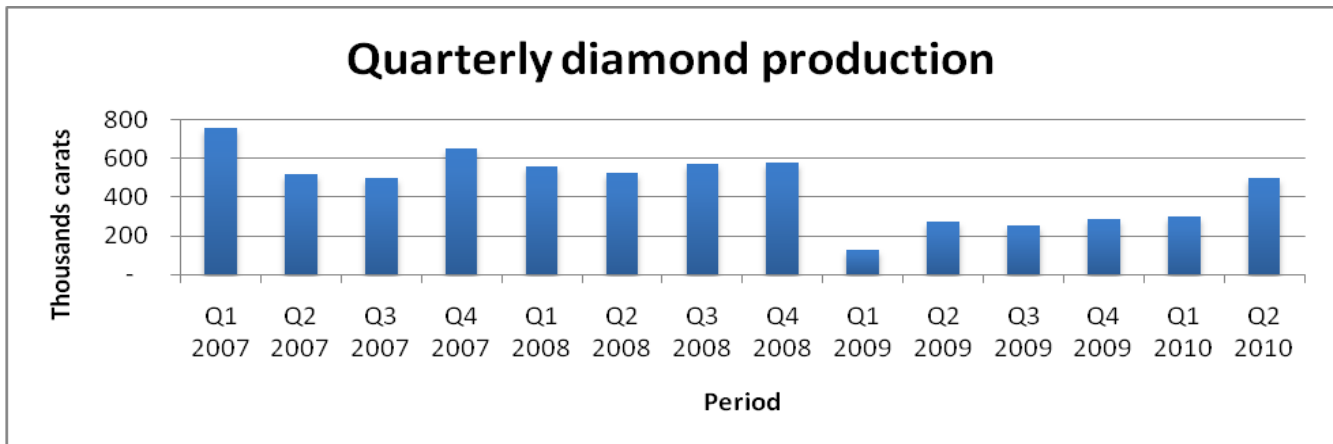
Real value added in the agricultural sector increase to 6.2 percent compared to the decline of 9.1 percent registered in 2009. The strong growth registered in the value added is attributable to an increase in the number of cattle exported on hoof to South Africa.

The real value added by the fishing and fish processing on board for the second quarter of 2010, has recorded an increase of 8.6 percent as compared to a decline of 32.9 percent recorded in the same quarter of 2009. The increase is mainly attributed to the pelagic and midwater trawling fisheries that registered increases in their landings.

Mining and quarrying sector for the second quarter of 2010 continue to record a massive increases of 79.5 percent in real value added as compared to a decline of 37.3 percent registered same quarter in 2009. The diamond mining production continues to pick from a depression experienced in 2009 recording a significant increase of 84.9 percent. Mining of metal ores including uranium have also recorded increases; however the other mining and quarrying registered a decline.

Figure 2 below shows the development of diamond production on a quarterly basis during the period of 2007 to 2010. The graph shows that the diamond production has increased from 270 225 carats during the second quarter of 2009 to 499 513 carats in the second quarter of 2010.

Figure 2



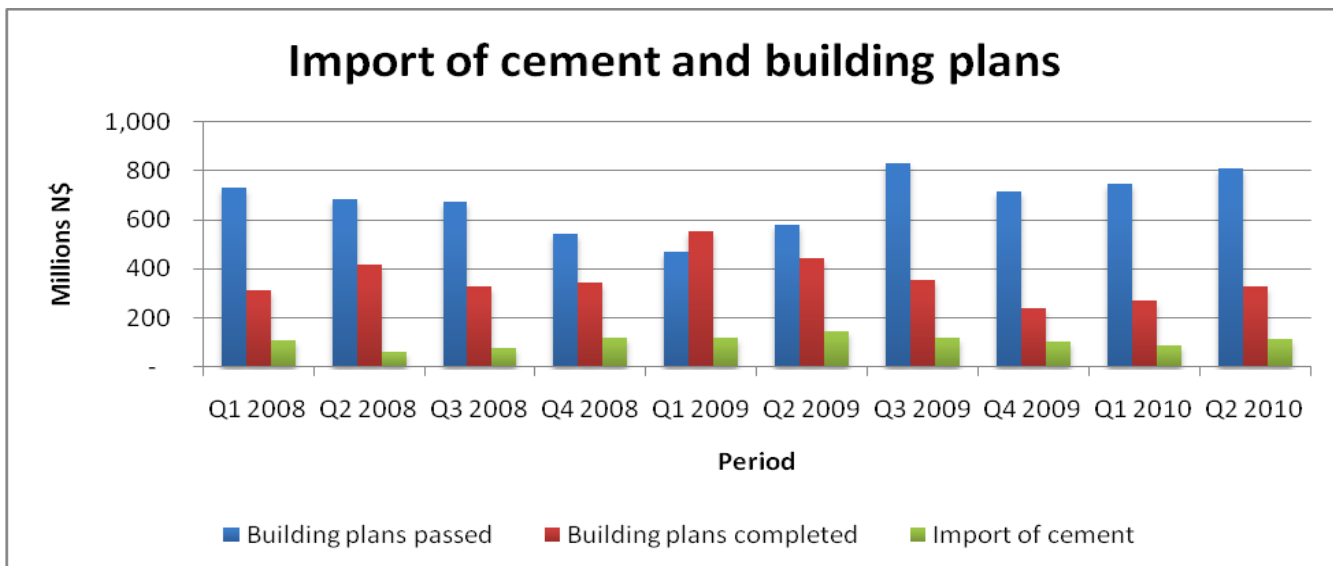
SECONDARY INDUSTRIES

Manufacturing sector recorded a robust increase of 46.8 percent in real value added of the second quarter of 2010 as compared to the contraction of 1.8 recorded for the same quarter of 2009. The main contributors to this huge increase are fish processing on shore, diamond processing and manufacture of basic metals.

The water and electricity sector recorded a decline in real value added of 4.9 percent in the second quarter of 2010 when compared to the 10.0 percent registered in 2009 for the same period. This decline is due to the electricity sub-sector which registered a decline in value added of 5.7 percent.

The real value added by construction sector for the second quarter of 2010 recorded a decline of 11.7 percent compared to a growth of 5.3 percent recorded in the second quarter of 2009. The decline is reflected in building plans completed and the import of cement that have recorded declines. Figure 3 below show the performances of cement import; and building plans passed and completed.

Figure 3



TERTIARY INDUSTRIES

The real value added by the wholesale and retail trade sector recorded an increase of 0.5 percent in the second quarter of 2010 when compared to a 0.9 percent registered for the same quarter of 2009. The slow growth can be attributed to wholesale and furniture sub-sectors that have performed poorly.

Hotel and restaurants sector value added recorded a decline of 47.5 in the second quarter of 2010 compared to a 2.8 percent recorded in the same quarter of 2009. This decline is reflected in the room and bed nights sold.

The real value added by the transport and communication sector for the second quarter of 2010 increased by 6.3 percent compared to a 5.5 percent recorded in the same quarter of 2009. This is mainly due to the telecommunication sub-sector which has registered an increase of 12.3 percent. The transport sub-sector has recorded a slight growth of 0.2 percent.

The real value added by the financial intermediation sector for the second quarter of 2010 increased by 5.6 percent compared to 7.3 percent recorded in the second quarter of 2009. Both the financial intermediation (excluding insurance) and the insurance sectors have recorded increases of 6.4 percent and 4.9 percent respectively.

Other services such as real estate activities and business services; public administration and defense; education and health have recorded some improvements.

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
2007		2,564	1,059	4,742	6,400	1,234	1,833	5,904	936	3,161
2008		2,636	1,003	4,606	6,538	1,274	2,127	6,072	961	3,246
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	487	417	1,129	1,491	309	385	1,216	174	717
	2	720	373	1,153	1,547	319	380	1,294	216	731
	3	555	324	1,294	1,624	285	436	1,419	250	775
	4	924	193	1,141	1,234	269	401	1,543	206	776
2007	1	505	307	1,443	868	338	447	1,310	238	761
	2	710	269	1,042	1,120	325	490	1,432	207	801
	3	550	251	995	2,802	340	463	1,527	229	818
	4	798	231	1,263	1,611	230	432	1,635	261	780
2008	1	490	390	1,099	2,160	321	710	1,404	293	779
	2	742	278	1,068	1,488	386	461	1,492	279	785
	3	563	228	1,187	1,504	315	460	1,577	177	837
	4	840	107	1,252	1,384	252	479	1,600	212	846
2009	1	519	290	390	1,586	349	641	1,482	224	821
	2	674	187	670	1,514	425	485	1,505	271	828
	3	575	256	683	1,730	269	450	1,579	269	879
	4	860	130	789	2,131	307	381	1,692	245	892
2010	1	520	300	747	1,913	395	398	1,466	173	877
	2	716	203	1,203	2,223	404	429	1,513	142	880

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 less FISIM	FISIM	All indust. at basic prices	Taxes on products	GDP at market prices	GDP, seasonally adjusted
2007		2,267	4,669	4,213	3,365	1,546	2,086	652	45,326	4,047	49,373	49,307
2008		2,488	4,875	4,707	3,576	1,738	2,106	670	47,283	4,208	51,491	51,488
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	10,890
	3	493	1,055	911	767	351	504	131	10,002	917	10,920	10,857
	4	494	1,062	913	767	306	508	133	10,227	1,012	11,239	11,170
2006	1	492	1,066	928	794	379	512	141	10,357	897	11,254	11,315
	2	500	1,075	943	794	341	514	150	10,751	911	11,662	11,773
	3	507	1,089	962	794	375	516	150	11,057	982	12,038	11,971
	4	524	1,110	983	794	366	518	152	10,830	1,070	11,900	11,735
2007	1	530	1,140	1,007	841	391	520	161	10,486	985	11,472	11,587
	2	545	1,161	1,036	841	399	521	156	10,745	976	11,720	11,860
	3	594	1,178	1,068	841	410	522	170	12,420	978	13,397	13,337
	4	598	1,190	1,102	841	345	523	166	11,675	1,108	12,783	12,514
2008	1	609	1,197	1,139	893	471	524	171	12,308	951	13,259	13,456
	2	612	1,209	1,169	893	453	526	168	11,674	977	12,651	12,804
	3	625	1,225	1,192	893	447	528	170	11,588	1,111	12,699	12,664
	4	643	1,245	1,207	893	367	532	162	11,697	1,169	12,867	12,540
2009	1	647	1,270	1,215	928	499	536	163	11,235	942	12,177	12,387
	2	657	1,289	1,221	928	476	540	165	11,506	1,050	12,556	12,712
	3	660	1,301	1,225	928	460	542	164	11,643	1,129	12,773	12,743
	4	688	1,307	1,240	928	375	543	175	12,334	1,267	13,601	13,237
2010	1	700	1,307	1,227	947	511	543	180	11,845	1,087	12,932	13,162
	2	694	1,307	1,227	947	487	537	174	12,738	1,213	13,952	14,127

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
2007		-0.6	-19.0	0.5	8.4	4.0	14.6	7.9	10.6	5.3
2008		3.0	-12.3	-1.8	-2.6	5.8	15.6	2.9	1.0	5.8
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	-1.1	4.7	8.3	6.9	10.2	40.6	4.5	-13.0	16.0
	2	5.0	-15.8	33.1	4.4	12.9	41.9	10.5	13.1	15.2
	3	-7.5	-0.6	52.4	11.9	-3.6	36.1	9.2	6.5	15.0
	4	14.0	-27.5	21.5	-12.6	3.6	31.3	6.3	27.1	10.8
2007	1	3.6	-26.4	27.8	-41.8	9.4	16.3	7.7	36.7	6.2
	2	-1.3	-27.7	-9.6	-27.6	2.0	29.2	10.7	-4.3	9.6
	3	-0.9	-22.4	-23.1	72.5	19.3	6.3	7.6	-8.4	5.6
	4	-13.6	19.6	10.6	30.5	-14.6	7.8	5.9	27.0	0.5
2008	1	-3.0	26.9	-23.8	148.9	-5.2	58.7	7.2	22.9	2.4
	2	4.5	3.2	2.5	32.9	18.6	-6.0	4.2	34.9	-2.0
	3	2.3	-9.3	19.3	-46.3	-7.2	-0.7	3.3	-22.9	2.3
	4	5.2	-53.6	-0.9	-14.1	9.3	11.1	-2.2	-18.7	8.4
2009	1	6.0	-25.6	-64.5	-26.6	8.8	-9.7	5.6	-23.7	5.4
	2	-9.1	-32.9	-37.3	1.8	10.0	5.3	0.9	-2.8	5.5
	3	2.1	12.1	-42.4	15.0	-14.6	-2.1	0.1	52.0	5.0
	4	2.4	20.9	-37.0	54.0	21.9	-20.6	5.8	15.5	5.5
2010	1	0.2	3.4	91.6	20.6	13.0	-37.9	-1.1	-22.6	6.8
	2	6.2	8.6	79.5	46.8	-4.9	-11.7	0.5	-47.5	6.3

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 less FISIM	FISIM	All indust. at basic prices	Taxes on products	GDP at market prices	GDP, seasonally adjusted
2007		11.9	8.6	7.7	6.2	5.8	1.5	10.1	5.5	5.1	5.5	
2008		10.1	4.3	7.9	5.4	11.1	0.1	2.7	3.3	-1.6	2.9	
2005	1	14.0	7.7	-3.6	-8.0	-17.3	8.2	0.2	2.9	37.3	5.2	2.7
	2	19.8	7.4	-5.6	-8.0	-21.3	6.6	17.3	3.3	10.8	3.9	0.9
	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	-1.5	4.5	1.3
	2	2.3	3.0	2.9	3.5	-3.8	3.0	12.7	7.9	5.0	7.7	4.0
	3	2.9	3.3	5.6	3.5	7.1	2.4	14.7	10.5	7.0	10.2	1.7
	4	6.0	4.5	7.7	3.5	19.3	1.9	14.6	5.9	5.7	5.9	-2.0
2007	1	7.8	6.9	8.5	6.0	3.3	1.6	14.1	1.3	9.9	1.9	-1.3
	2	8.8	8.0	9.8	6.0	17.0	1.3	4.1	-0.1	7.1	0.5	2.4
	3	17.1	8.2	11.0	6.0	9.2	1.1	13.2	12.3	-0.4	11.3	12.5
	4	14.1	7.2	12.1	6.0	-5.7	1.0	9.1	7.8	3.6	7.4	-6.2
2008	1	14.8	5.0	13.1	6.2	20.5	0.7	6.2	17.4	-3.5	15.6	7.5
	2	12.4	4.1	12.8	6.2	13.5	0.9	7.4	8.6	0.1	7.9	-4.8
	3	5.1	3.9	11.6	6.2	9.0	1.2	0.0	-6.7	13.7	-5.2	-1.1
	4	7.6	4.6	9.5	6.2	6.4	1.7	-2.2	0.2	5.5	0.7	-1.0
2009	1	6.2	6.1	6.7	3.9	5.8	2.4	-4.6	-8.7	-0.9	-8.2	-1.2
	2	7.3	6.6	4.5	3.9	5.0	2.7	-1.7	-1.4	7.5	-0.7	2.6
	3	5.6	6.3	2.8	3.9	3.0	2.6	-3.5	0.5	1.7	0.6	0.2
	4	7.1	5.0	2.7	3.9	2.3	2.1	7.7	5.4	8.4	5.7	3.9
2010	1	8.2	2.9	1.0	2.0	2.5	1.2	10.9	5.4	15.4	6.2	-0.6
	2	5.6	1.5	0.5	2.0	2.4	-0.6	5.8	10.7	15.6	11.1	7.3

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.