GROSS DOMESTIC PRODUCT
FIRST QUARTER OF 2021
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ECONOMIC PERFORMANCE OVERVIEW
Economic Performance

GDP Growth

- Domestic economy slides into deeper recession when compared to corresponding quarter of 2020.
- Year-on-year Real GDP growth contracted by 6.5% in 1Q21 compared to 2.5% in 1Q20.
- RGDP stood at N$ 31.9 billion compared to 34.2 billion in 1Q20. RGDP declined by N$2.2 billion.
- Nominal GDP stood at N$ 45.9 billion compared to N$ 45.3 billion in 1Q20.
Economic Performance

Key drivers

- Poor performance across major sectors of economy:
  - “Construction” lead the pack with 23.9%
  - “Manufacturing” registered 22.3%
  - “Mining & quarrying” recorded 19.0%
  - “Financial Services” recorded 13.8%
  - “Hotels & Restaurants” recorded 12.0%

From large to smallest contributor to GDP decline of 6.5 %

- Manufacturing sector contributed 2.52%
- Mining and Quarrying 2.04%
- Financial Services 1.12%
PRIMARY INDUSTRY OVERVIEW
Primary Industry overview

Agriculture and forestry

- Agriculture and forestry sector posted a decline in real value added of 5.4% compared to 11.5% in 1Q20

- **Key driver to weak performance:**
  - Livestock subsector ↓7.5% vs ↓15.0% in 1Q20
  - Reduced Cattle and Sheep for slaughter

Fishing sector

- Fishing sector registered a decline of 0.5% in real value added compared to a decline of 1.0% in 1Q20
Primary Industry overview

Mining and quarrying

- Mining and quarrying slumped to a decline of 19.0% in real value added compared to sluggish decline of 2.9% 1Q20
- **Key drivers:**
  - **Diamond mining subsector**
    - Registered 33.8% in real value added compared to 6.4% in 1Q20
    - Reduced production due to maintenance of a vessel
  - **Metal ores subsector**
    - Posted 44.5% in real value added compared to decline of 6.0% in 1Q20
    - Reduced production of gold 35.5% and zinc 37.4%
  - **Other mining and quarrying subsector**
    - Recorded 14.0% compared 2.8% in 1Q20
    - Poor performance due to reduce production of marble, granite & salt
SECONDARY INDUSTRY OVERVIEW
Secondary Industry overview

Electricity and Water sector

- Electricity and water sector posted positive growth of 7.7% compared to a decline of 0.3% in 1Q20
- **Key driver to strong performance:**
  - Water subsector \( \uparrow \) 21.3% vs \( \downarrow \) 22.6% in 1Q20, while
  - Electricity subsector recorded a \( \uparrow \) 0.3% positive growth vs \( \uparrow \) 19.4% in 1Q20

Electricity and Water sector

- Both Electricity and water sub-sectors posted positive performance of 0.3% and 21.3% in real value added
- **Key driver to strong performance:**
  - Increase in irrigation programs
Secondary Industry overview

Manufacturing

- Manufacturing sector declined by 22.3% in real value added compared to decline of 7.8% in 1Q20.

- **Key drivers:**
  - Basic metals subsector
    - Posted 89.3% in real value added compared 30.0% in 1Q20
  - Beverages subsector
    - Recorded 28.4% in real value added compared to 11.1% in 1Q20
  - “other foods products subsector
    - Recorded 24.8% compared a 7.7% in 1Q20
Secondary Industry overview

Construction

- The Construction sector recorded a decline of 23.9% compared to a decline of 2.3% in 1Q20.
- **Key drivers:**
  - Government construction
    - In real terms, government construction posted a 32.6% relative to 3.5% in 1Q20
    - Government expenditure on construction related projects slowed down
  - Buildings completed
    - In real terms, buildings completed 6.4% relative to 56.7% in 1Q20
TERTIARY INDUSTRY OVERVIEW
Tertiary Industry overview

Wholesale and retail sector

• Wholesale and retail sector recorded a decline of 8.2% in real value added relative to a contraction of 4.9% in 1Q20

• Key driver to weak performance:
  ➢ In nominal terms, Clothing posted $23.5\%$
  ➢ In nominal terms, Supermarket Revenue subsector $0.4\%$
  ➢ Subdued demand for consumptive goods

Hotels and restaurants sector

• Hotels and restaurants sectors posted decline in real value added of 12.0% compared to decline of 15.0% in 1Q20

• Key driver to weak performance:
  ✓ Reduced demand domestically and internationally, travel restrictions imposed by other states
  ✓ Reduced conferencing activities
Transport and storage sector

- Transport and storage sector recorded a decline of 8.7% in real value added relative to a contraction of 11.9% in 1Q20

- **Key driver to weak performance:**
  - All sector subsector of transport except “Port services” posted declines
  - ‘Port services’ subsector posted a positive growth of 7.3% in real value added compared to a decline of 11.0%

Financial service activities sector

- Financial services contracted by 13.8% in real value added relative to a decline of 3.6% in 1Q20.

- **Key driver to weak performance:**
  - Banking subsector posted decline of 15.2%
    - Due to reduced demand for loan to Businesses and Households
  - Insurance & others subsector recorded decline of 12.4%
    - Shortcoming in short and long term policies
Tertiary Industry overview

Information and Communication sector

- Information and communications sector recorded a strong growth of 17.6% in real value added relative to a growth of 11.5% in 1Q20

- Key driver to improve performance:
  - Improve performance in the number of minutes used

“Real Estate” and “Prof. services” activities

- Real estate and professional service activities posted a slow growth of 4.6% in real value added compared to a growth of 7.9% in 1Q20.

- Key driver to weak performance:
  - Real estate activities subsector posted a slow growth of 5.3%
• The sector Public administration and defense recorded a growth of 1.6% in real value added relative to a decline of 3.0% in 1Q20

• Health sector remains in a positive trajectory with 12.8% in real value added relative to a marginal growth of 0.8% in 1Q20

• Key driver to weak performance:
  ➢ Increase number of health personnel
  ➢ Increasing demand for Health Services

• Education sector posted a decline of 10.3% in real value added relative to growth of 4.6% in 1Q20

• Key driver to weak performance:
  ➢ Poor performance from tertiary subsector that declined by 9.9%

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Tertiary Industry overview
Public administration, Health and Education

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Conclusion

- Economy slides into deeper recession, posting a contraction of 6.5% relative to a 2.5% decline in 1Q20
- Poor performance observed across major sectors except for “Information and communications”, “Public administration and defense”, “Electricity and water” and Heath sectors posting positive performances.
- The worse declines are observed in construction sector (23.9 percent), followed by manufacturing sector (22.3 percent).
- Furthermore, the following sectors posted declines: mining and quarrying (19.0 percent), financial services activities (13.8 percent), ‘hotels and restaurants’ (12.0 percent), ‘transport and storage’ (8.7 percent) and wholesale and retail sector (8.2 percent).
1Q21 GDP