Media Release

UPDATE ON ECONOMIC STATISTICS

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The Namibia Statistics Agency (NSA) is pleased to deliver the results of key economic statistics. Those are the Revised National Accounts 2018, Namibia Consumer Price Index for November and Third Quarter Trade Bulletin 2019. Furthermore, the Agency is releasing the Third Quarter GDP for 2019 and for the first time will be introducing the Quarterly Current Price GDP (Nominal).

1. National Accounts Revision

1.1   It is our distinct honour to inform the general public of the results of the Revision of National Accounts exercise which started in 2018. This clearly demonstrate that a lot of work has gone into the compilation of the latest results for 2018 as well as for the latter years.

1.2 I know the public, and our users in particular have been eagerly anticipating these results with keen interest, as these outcomes are used for research, economic forecasting and policy making decisions.

1.1The exercise undertaken by the NSA to revise the National Accounts is part of the routine exercise to update the national accounts estimates as per the International Monetary Fund (IMF) recommendations.

It is good international practice that the national accounts estimates should be rebased every five years if not every year.

1.2 Now, allow me, to come back to the issue of revision of national accounts to provide more clarity. The revision process involves re-referencing and re-benchmarking of data. Re-reference is a process of moving the base year from an old fixed year to a new or more recent year, whereas the re-benchmarking process involves aligning the quarterly national accounts estimates to the annual estimates because the annual estimates are considered to be more comprehensive and the coverage is wide (in terms of more data sources and variables), therefore, more reliable.

1.3 Therefore, the new reference points to which future values of GDP will be compared for the compilation of national accounts statistics moved from 2010 to 2015. In simplicity, the reference point or the base year is now 2015.

1.4 As you may know, nothing remains constant, and evolution is part of the process for compilation of statistics. *As part of the process of revision which include re-referencing and re-benchmarking, the national accounts have also migrated to the latest compilation System of National Accounts (SNA) 2008, which is the latest version for methodological compilation of GDP estimates*. This means, that Namibia's latest

economics results are compiled fully according to the SNA 2008, where possible.

1.5 Furthermore, to fully comply with the SNA 2008 compilation, it requires the adoption and implementation of the latest International Standard of Industrial Classification revision 4 (ISIC rev.4), which is used to classify economic activities.

1.6 Apart from adoption of SNA 2008 and ISIC rev.4, the latest national accounts estimates will feature nominal quarterly GDP apart from the constant QGDP we have been compiling, in order to meet the request of our users which will be released together with the re-referenced and re-benchmarked estimates.

1.7 The Revision of National Accounts exercise provides an opportunity to review and improve the compilation methodologies for existing sectors and new sectors, correct errors and omissions in the system, introduce new data sources, ensure harmonisation of SNA(2008) with other frameworks, improve the correlation between the annual and the quarterly GDP estimates to mention but a few.

Other reason for revision of National Accounts were as follows:

- Improve the capturing of changes in the structure of the economy
- Improve the capturing of changes within products in the economy
- Improve the changes in prices of products in the economy
- Improve the scope of surveys data to be used for compilation

2 With that said, allow me to reflect on the results of the Revision of National by highlighting the main changes observed during the exercise:

2.1 **Nominal GDP** has shrunk than previously estimated. In 2018 is now estimated to have recorded N$ 177,020 million compared to N$ 192,138 million released in the Preliminary National Accounts (PNA) 2018 based on 2010 prices. This shows a decline of N$ 15,118 million, representing a decline of 7.9 percent.

2.2 **Real GDP in 2018**, when referenced to 2015 prices, has shown a marginal improvement, recording a growth of 0.3 percent when compared to the contraction of 0.1 percent results released in the Preliminary National Accounts (PNA) 2018 based on 2010 prices.

2.3 The marginal growth of 0.3 percent in the economy in 2018 compared to a decline of 0.1 percent of 2017. This shows a slight improvement in economic activities, relative to the previous year, however, the activities remain supressed for now, although recovering.

2.4 This improvement is attributed to the secondary industries that recorded an improved performance which is ascribed to the recovery in "Manufacturing" and "Water and Electricity" sectors that recorded growth of 0.3 percent and 6.6 percent compared to a declines of 1.5 percent and 14.9 percent in real value added recorded in 2017, respectively.

2.5 The recovery in the Manufacturing sector is attributed to increases in economic activities in the food processing subsectors such as "Beverages" and "Other food products" that posted growths of 4.7 percent and 5.1 percent in real value added, respectively.

2.6 Contractions were registered in "Diamond processing", "Basic non-ferrous metals", "Chemical and related products" subsectors posting 1.1 percent, 4.0 percent and 7.2 percent in real value added, respectively.

2.7 The Primary industries performances slowed down, posting a growth of 8.4 percent compared to a strong growth of 11.0 percent in real value added in 2017. The slow growth is predominantly driven by the slow performance in "Agriculture, forestry and fishing" sector that recorded a

contraction of 2.0 percent compared to a strong growth of 6.9 percent in real value added in 2017.

2.8 However, despite these improved and slow performances being observed in the secondary and primary industries respectively, the tertiary industries performance took a downward trajectory. The tertiary industries performance decelerated further, recording a contraction of 1.6 percent compared to a decline of 0.1 percent in real value added registered in 2017.

2.9 The poor performance in the tertiary industries is observed across the entire sectors except for Hotels and Restaurants, Real estate activities, Public administration and Education sectors.

2.10 Consolidated fiscal policy being pursued by the government are yielding mixed results. Education sector surged to a positive performance, recording growth of 1.2 percent from a decline of 2.0 percent in real value added in 2017. However, the Health sector activities deteriorated, posting a contraction of 5.8 percent in real value added in 2018 compared to the 6.1 percent registered in 2017.

3 **Namibia Consumer Price Index for November 2019**

3.1 Based on the November 2019 price movements, the annual inflation rate slowed to 2.5 percent compared to 5.6 percent recorded in November 2018, registering a decrease of 3.1 percentage points. On a monthly basis, the inflation rate stood at 0.1 percent compared to 0.2 percent registered a monthly earlier.

3.2 The decrease emanated from decreases registered mainly in: Transport (from 13.8 percent to 0.1 percent), Alcoholic beverages and tobacco (from 5.7 percent to 2.7 percent), Health (from 4.8 percent to 2.8 percent), Food and non-alcoholic beverages (from 4.7 percent to 2.9 percent), Housing, water, electricity, gas and other fuels (from 3.7 percent to 1.9 percent), and Miscellaneous goods and services (from 3.6 percent to 2.3 percent)

3.3 The twelve months annual average and monthly average inflation rates from December 2018 to November 2019 stood at 3.9 percent and 0.2 percent. Corresponding rates recorded during the same period a year earlier stood at 4.3 percent and 0.5 percent respectively.

3.4 For the month of November 2019, the Food and non-alcoholic beverages annual inflation rate stood at 2.9 percent compared to 4.7 percent

registered during the same period last year, resulting in a decrease of 1.8 percentage points. The decrease in this group emanated mainly from annual price decreases recorded in Meat (from 4.7 percent to -0.3 percent), Sugar, jam, honey, syrup, chocolate and confectionery (from 4.3 percent to -0.1 percent), Bread and cereals (from 6.0 percent to 2.3 percent), Oil and fats (from 3.8 percent to 0.5 percent) and Mineral waters, soft drinks and juices (from 3.0 percent to 0.9 percent).

3.5 The Index for Goods and Services for the month of November 2019 stood at 140.1 and 136.8 respectively, compared to the corresponding indices of 137.2 and 132.2 recorded during the same period last year. The monthly and annual inflation rates for November 2019 for Goods stood at 0.2 and 1.7 percent, while for Services were estimated at 0.0 and 3.4 percent respectively.

3.6 The main contributors to the November 2019 annual inflation rate were: Education (12.0 percent), Recreation and culture (4.9 percent), Hotels, cafes and restaurants (3.5 percent), Food and non-alcoholic beverages (2.9 percent), Health (2.8 percent), Alcoholic beverages and tobacco (2.7 percent) and Furnishing, household equipment and routine maintenance of the house (2.6 percent).

Zonal Consumer Price Index, November 2019

4.1 The annual inflation rate for **Zone 1 (covering Northern part of the country)** went down from 5.9 percent to 2.2 percent, a decrease of 3.7 percentage points. The decrease resulted mainly from declines in the price levels of Transport (from 12.9 percent to -0.2 percent); Housing, water, electricity, gas and other fuels (5.9 percent to 0.9 percent); Alcoholic beverages and tobacco (from 5.6 percent to 3.5 percent), Hotels, cafes and restaurants (from 2.2 percent to 0.2 percent) and Communications (from 1.3 percent to -0.7 percent) respectively. On a monthly basis the inflation rate increased to 0.5 percent compared to 0.1 percent recorded last month.

4.2 The annual inflation rate for **Zone 2 (covering Windhoek area)** declined from 5.1 percent to 1.9 percent, a decrease of 3.2 percentage points. The decrease resulted mainly from decreases in Transport (from 15.7 percent to -1.2 percent), Alcoholic beverages and tobacco (from 6.0 percent to -0.9 percent), Food and non-alcoholic beverages (from 5.5 percent to 0.3 percent), Miscellaneous goods and services (from 4.4 percent to 1.6 percent) and Clothing (from 2.3 percent to 0.5 percent). On a monthly basis the inflation rate decreased to -0.1 percent from 0.2 percent recorded in previous month.

4.3 The annual inflation rate for **Zone 3 (covering Eastern, Southern and Western parts of the country)** stood at 3.6 percent, recording a decrease

of 2.4 percentage points, compared to 6.0 percent recorded during same period last year. The decrease resulted mainly from decreases recorded in Transport (from 12.8 percent to 1.9 percent), Health (from 6.8 percent to 4.1 percent), Food and non-alcoholic beverages (from 5.9 percent to 4.3 percent) and Clothing and footwear (from 4.5 percent to 2.8 percent). On a monthly basis, the inflation rate decreased to -0.01 percent compared to 0.2percent registered last month.

5 Third Quarter Trade Statistics Bulletin 2019

5.1 The third quarter of 2019 recorded a trade deficit amounting to N$6.8 billion as compared to the deficit of N$4.7 billion witnessed during the same period of last year, implying a substantial deterioration of 4.5 percent. This was mainly driven by exports which weakened by 23.1 percent over the course of the year, while imports declined by a lower margin of 12.4 percent.

5.2 Quarter 3 exports stood at N$19.4 billion from N$25.7 billion in q3-2018 and N$23.7 billion in q2-2019, while imports amounted to N$26.2 billion in quarter 3 of 2018 after recording N$29.9 billion and N$27.4 billion in q3-2018 and q2-2019 respectively.

5.3 Namibia's leading export markets in q3-2019 comprised of China (N$4.6 billion, mainly copper blister and other mineral ores including Uranium), South Africa (N$4.1 billion: precious stones & metals, live animals and fish), Botswana (N$1.6 billion: precious stones and metals), Belgium (N$1.6 billion: copper) and Spain (N$1.2 billion: fish).

5.4 Namibia's imports were mainly sourced from South Africa (N$13.1 billion: motor vehicles & parts, industrial machinery, electrical machinery), Zambia (N$4.1 billion: copper), China (N$1.1 billion: industrial machinery and articles of iron or steel), India (N$769 million: mineral oils & fuel) and Turkey (N$558 million: mineral oils & fuel)

5.5 Namibia's leading export commodities in q3-2019 comprised of copper (N$5.3 billion), precious stones and metals (N$4.3 billion); fish (N$2.4 billion), ores (N$2.1 billion), as well as live animals (N$532 million).

5.6 The leading import commodities were Copper (N$ 4.3 billion), mineral oils and fuels (N$3.6 billion); motor vehicles and parts (N$1.9 billion), industrial machinery (N$1.8 billion) and ores (N$ 1.4 billion)

5.7 In terms of economic blocs, about 29 percent of Namibia's total value of goods exported were destined to SACU, making that region the country's largest export destination in q3-2019. BRIC and the EU occupied second and third positions, accounting for 25 percent and 23 percent shares of total exports, respectively. These three blocks accounted for 77 percent of all exports.

5.8 SACU remained the largest source of domestic imports, accounting for 51 percent share of the total import bill, followed by COMESA and SADC-Non-SACU with 18 percent each.

5.9 Sea transport was the most used mode of transport in terms of exports, shipping out 54 percent of the total exports. The remaining were transported via air and road transport, accounting for 23 percent each. On the other hand, 66 percent of the total imports to Namibia were transported via road, with the remaining 30 percent and 4 percent of total imports coming in by sea and air transport, respectively.

6 Third quarter Gross Domestic Product 2019

6.1 NSA today is also presenting the economic performance of the third quarter GDP results for 2019. As I mentioned before,

the third quarter GDP results that are being released today consist of nominal and real values. This is an achievement in its own right by the Statistics Office in providing high frequency data by looking at both the level and growth of the economy.

6.2 Now, allow me, to reflect on the result of third quarter for 2019. The performance of the economy contracted by 0.8 percent in real terms when compared to a growth of 0.4 percent recorded in the same quarter of 2018. Based on the 2015 prices, this is the fourth consecutive decline being observed in the economy.

6.3 The poor performances are primarily attributed to the 'Mining and quarrying', "Transport and Storage" and "Electricity and water" sectors posting declines of (8.2 percent), (3.3 percent) and (18.9 percent), respectively.

6.4 Sectors such as "Wholesale and retail trade", "Education", "Health and Other services activities" registered declines in real value added of (5.4 percent), (0.5 percent), (2.1 percent) and (0.8 percent), respectively.

6.5 Further declines were observed in the "Administrative and support services" sector posting a drop of 11.8 percent in real

value added compared to a growth of 3.8 percent registered for the same quarter of 2018.

6.6 Year on year, Year on year, in nominal terms, the aggregate QGDP stood at N$45 825 million, a drop of N$372 million, representing a decline of 0.8 percent in the level of the economy. This clearly shows that the level of the economy is shrinking relative to the same period of 2018.

Conclusion

Finally, let me thank all stakeholders both producers and users of statistics for making it possible for NSA to release these important statistics. I encourage all stakeholders to make use of the released statistics to enhance planning and ensure data-driven decision making at all levels.

I thank you

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