LATEST ECONOMIC UPDATE – NCPI & TRADE STATISTICS

Windhoek – 1 July, 2015 – Release of latest economic statistics by the Namibia Statistics Agency (NSA)

Annual inflation remains unchanged. Trade deficit slows down

For June 2015, the annual inflation rate remained unchanged at 3.0 percent as compared to May 2015. However on a monthly basis, inflation rate slowed down to 0.3 percent. The moderate slow down on monthly inflation rate came about as a result of decreases in prices of food and non-alcoholic beverages as well as clothing and footwear which dropped to 0.1 and 0.5 percent as compared to 0.5 and 0.7 percent registered in the preceding month.

For the period between June 2014 and June 2015, annual inflation rate fluctuated between 6.1 and 2.9 percent. The highest annual inflation rate recorded during the period was 6.1 recorded in June 2014 and the lowest of 2.9 percent was registered in April 2015.

The annual inflation rate for the month of June 2015, was mainly driven by hotels and restaurants, health, recreation and culture as well as clothing and footwear. Hotels and restaurants increased from 5.2 percent to 6.0 percent and health from 5.0 percent to 5.3 percent. Recreation and culture increased from 3.2 percent to 3.8 percent whilst clothing and footwear increased from 2.4 percent to 3.4 percent.

The contraction in transport inflation that was moderate, from minus 3.3 percent on an annual basis in the month of May 2015 to minus 3.0 percent in the month under review, also contributed to the overall increase in consumer price inflation.
Trade statistics

Namibia’s trade deficit slowed down by 22.8 percent to account for N$5.8 billion in quarter 1 of 2015 from N$7.6 billion recorded in quarter 1 of 2014. The decline in the deficit was due to a slight decline in the overall import expenditure to N$19.4 billion recorded during the first quarter of 2015 from N$20.6 billion in the first quarter of 2014.

The overall export revenue for quarter 1 of 2015 remained relatively constant when compared to the same quarter a year ago. It rose only by a mere 3.9 percent to account for N$13.6 billion up from N$13 billion in the corresponding quarter of the preceding year. Namibia’s total exports for quarter 1 of 2015 was valued at N$13.6 billion of which the bulk valued at N$8.6 billion was destined to Botswana, South Africa, Switzerland and Angola, including N$ 739 million which was destined to the Export Processing Zone.

The aforementioned markets accounted for 63.4 percent of Namibia’s total exports when compared to 57.7 percent during the same quarter of 2014. Botswana topped Namibia’s export destination with goods worth N$2.8 billion exported to that country, which is the largest increase of 54.3 percent from N$1.8 billion recorded in quarter 1 of 2014.

Namibia’s exports to Africa’s largest economy-South Africa rose by 16.2 percent to N$2.6 billion in quarter 1 of 2015 when compared to N$2.2 billion in the corresponding quarter in 2014. In addition, exports to the EPZ also rose by 44 percent to N$0.74 billion in quarter 1 of 2015 from N$0.5 billion in the same quarter of 2014.

On the other hand, export revenue from Angola declined by 23 percent, this was the largest decline followed by exports to Switzerland which dropped by 11.8 percent to N$1.6 billion in the reporting quarter from N$1.8 billion in the corresponding quarter of 2014. The overall exports to other countries outside the top five listed markets also dropped slightly by 10 percent to account for N$5 billion in quarter 1 of 2015 from N$5.5 billion recorded in the same quarter of the previous year.

South Africa, China, Switzerland, Botswana and DRC were the main sources of imports for Namibia during the first quarter of 2015. The overall value of imports from these markets increased by 22 percent to N$16.3 billion in the quarter under review as compared to N$13.4 billion in the same quarter a year earlier. These markets accounted for 84.1 percent of total imports in quarter 1 of 2015 in comparison to 65 percent in the same quarter of 2014.
Our data hence shows that Namibia continues to depend on South Africa as a major source of imports, as the import bill from that country continues to rise, this time around it rose slightly by 7.8 percent to account for N$12.6 billion compared to N$11.6 billion in quarter 1 of 2014. Furthermore, the most increase in imports was from Switzerland (238 percent) and China (185 percent). The increase in imports from Switzerland was reflected in Namibia's appetite for articles of plastics, vehicles and ores while the growth in imports from China was mainly reflected by flight simulators, boilers and furniture. Imports from other countries outside the top five listed countries decreased by 133 percent to N$3.1 billion compared to N$7.2 billion recorded in quarter 1 of 2014.

Precious stones (diamonds), fish, copper, ores, and beverages dominated the list of Namibia's major exports during the period of review. The overall export revenue generated from these commodities rose by 22.3 percent to N$9.8 billion compared to N$8.1 billion in the same quarter of 2014. These commodities accounted for 72.5 percent of export revenue in the first quarter of 2015 compared to 61.7 percent in the same quarter of 2014.

The most increase in exports was reflected by copper which rose by a staggering 178 percent to N$1.4 billion, followed by beverages which increased by 62.4 percent to N$0.53 billion, while precious stones (diamonds) rose by more than half to N$4.8 billion in the first quarter of 2015 from N$3.1 billion in the corresponding quarter of 2014. The increase in copper exports is reflected in high demand of this commodity by Switzerland, South Korea and RSA. In addition, the rise in export of beverages is due to increase in foreign demand for this commodity especially by South Africa, Zambia, Viet-Nam and China. The growth in diamond exports can be attributed to the increase in demand for diamonds by Botswana (N$2.6 billion) and South Africa (0.74 billion).

On the other hand, fish export, which is the second major export commodity and the only food item on the list of top five export commodities, fell slightly by 6.8 percent.

During the first quarter of 2015, vehicles, machinery & mechanical appliances; ores, electrical machinery & equipment; and precious stones (diamonds) dominated the list of imports into Namibia. The overall import value declined by 5.8 percent to N$19.4 billion from N$20.6 billion in the same quarter a year ago. The aforementioned commodities accounted for 44.5 percent of import expenditure in quarter 1 of 2015 as compared to 38.3 percent in quarter 1 of 2014.
The decline in imports was mainly pronounced in domestic demand for diamonds; machinery and mechanical appliances which fell by 24 percent and 6 percent respectively. In addition, overall imports of mineral fuels fell by 86 percent from N$2.8 billion in quarter 1 of 2014 to N$0.39 billion in quarter 1 of 2015. However, a significant increase in the import expenditure was observed in the import value of ores as Namibia’s demand for this commodity rose by 151.2 percent from 516 million in quarter 1 of 2014 to N$1.3 billion in quarter 1 of 2015.

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