GROSS DOMESTIC PRODUCT

3rd QUARTER OF 2020

Released on 17 December 2020
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| Financial services            |                             |
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ECONOMIC PERFORMANCE OVERVIEW
Economic Performance

GDP Growth

- Domestic economy slides into deeper recession
- Year-on-year Real GDP growth contracted by **10.5%** in 3Q20 compared to **2.1%** in 3Q19
- RGDP stood at N$ 32.1 billion compared to 35.9 billion in 3Q19. RGDP declined by N$3.7 billion
- Nominal GDP stood at N$ 44.7 billion compared to N$ 45.8 billion in 3Q19
Poor performance across major sector of economy:
- “Hotels and Restaurants” lead the pack with 54.9%
- “Mining and quarrying” registered 30.7%
- “Administrative & support services” recorded 27.3%
- Manufacturing recorded 24.6%
- “Transport and storage” recorded 23.6%
- Fishing sector 15.6%

Key drivers

From large to smallest contributor to GDP growth rate of 10.5%
- Manufacturing sector contributed 3.1%
- Mining and Quarrying 2.9%
- Hotels and restaurants 1.4%

Despite declining by 54.9%, Hotels and Restaurants contribution is smaller to the overall contraction when compared to overall GDP growth rate.
PRIMARY INDUSTRY OVERVIEW
Primary Industry overview

Agriculture and forestry

Agriculture and forestry sector posted a decline in real value added of 2.5% compared to 5.5% in 3Q19

- **Key driver to weak performance:**
  - Forestry subsector 25.0% vs 0.9% in 3Q19  
    - Due to reduced timber harvesting
  - Livestock subsector 1.0% vs 7.6% in 3Q19  
    - Reduced animal slaughter and weak export demand, restocking

Fish and fish processing on board

- **Fishing sector** registered a decline of 15.6% in real value added compared to a growth 12.7% in 3Q19

- **Key driver to poor performance:**
  - Poor landings in fisheries:
    - ✓ Demersal
    - ✓ Mid-water
Primary Industry overview

Mining and quarrying

• Mining and quarrying drop by 30.7% in real value added compared to a decline of 7.9%

• **Key drivers:**
  ✓ Diamond mining subsector
    - Registered 43.0% in real value added compared to 6.7% in 3Q19
    - Reduced production due to closure of a mine
  ✓ Metal ores subsector
    - Posted 13.3% in real value added compared to positive growth of 3.4% in 3Q19
    - Reduced production of gold and zinc: COVID-effect lockdown and mine closure
  ✓ Other mining and quarrying subsector
    - Recorded 36.3% compared to 13.3% in 3Q19
    - 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 5.0% compared to a decline of 12.2% in 3Q19

• **Key driver to strong performance:**
  - Electricity subsector recorded **4.6%** vs **23.1%** in 3Q19
  - Water subsector **5.5%** vs **5.8%** in 3Q19

Electricity and water supply sub-sector

• Both Electricity and water sub-sectors posted strong performance of 4.6% and 5.5% in real value added

• **Key driver to strong performance:**
  - Increase in own generation
  - Reduction in imported electricity
  - Increase in water usage by industry
  - Increase in irrigation programs
Secondary Industry overview

Manufacturing

- Manufacturing sector decline by 24.6% in real value added compared to decline of 3.5% in 3Q19. Declines across all sectors except diamond processing and “leather and related products”

- **Key drivers:**
  - Beverages subsector
    - Recorded 39.4% in real value added compared to 11.4% in 3Q19
    - Reduced production of alcoholic beverages due to alcohol ban
  - Basic metals subsector
    - Posted 63.7% in real value added compared to 18.6% in 3Q19
    - Zero production of zinc processed, temporary closure of mine
  - “other foods products subsector
    - Recorded 12.2% compared to 7.6% in 3Q19
    - Poor performance due to reduced production of animal feed
Secondary Industry overview

Construction

• Growth in real value added slowed to 7.5% compared to strong growth of 23.3% in 3Q19.

• **Key drivers:**
  - Government construction
    - In real terms, government construction posted 3.6% relative to 21.6% in 3Q19
    - Slower expenditure by government on construction related projects
  - Buildings completed
    - In real terms, buildings completed jumped by 89.1% relative to 4.6% in 3Q19
    - More residential properties coming onboard
TERTIARY INDUSTRY OVERVIEW
Tertiary Industry overview

Wholesale and retail sector

Wholesale and retail sector recorded a decline of 3.0% in real value added relative to a contraction of 12.8% in 3Q19

- **Key driver to strong performance:**
  - In nominal terms, Vehicle subsector posted -3.3%
  - In nominal terms, Clothing subsector -9.9%

Hotels and restaurants sector

- Hotels and restaurants sectors posted a decline in real value added by 54.9% compared to a decline of 8.1% in 3Q19
- **Key driver to weak performance:**
  - Reduced demand domestically and internationally
  - Reduced conferencing activities
Tertiary Industry overview

Transport and storage sector

Transport and storage sector recorded a decline of 23.6% in real value added relative to a contraction of 1.5% in 3Q19

- **Key driver to weak performance:**
  - All sector subsector of transport except “Port services” and “other transport support services” posted decline
  - Air Transport service subsector drop by 93.5%
  - Airport service subsector drop by 65.7%

Financial service activities sector

- Financial services contracted by 4.2% in real value added relative to a growth of 7.4% in 3Q19.
- **Key driver to weak performance:**
  - Banking subsector posted decline of 3.4%
    - Due to reduced demand for loans
  - Insurance & others subsector recorded decline of 5.1%
    - Shortcoming in short and long term policies
Tertiary Industry overview

Information and Communication sector

- Information and communications sector recorded a strong growth of 13.8% in real value added relative to a growth of 10.6% in 3Q19

- **Key driver to improve performance:**
  - Improve performance in the number of minutes used
  - Growth in demand for data services and internet connectivity

“Real Estate” and “Prof. services” activities

- Real estate and professional service activities posted a decline of 2.3% in real value added compared to a growth of 3.0% in 3Q19.

- **Key driver to weak performance:**
  - Real estate activities subsector posted 2.3%
    - Reduced demand for real estate activities
  - Professional service subsector recorded 2.5%
    - Temporary closure and reduce revenue of businesses
Tertiary Industry overview
Public administration, Health and Education

- The sector Public administration and defense recorded 0.6% in real value added relative to 0.5% in 3Q19
- **Key driver to weak performance:**
  - Increase in resignations and retirees relative to new recruits
- Education sector posted 1.2% in real value added relative to 2.6% in 3Q19
- **Key driver to weak performance:**
  - Poor performance from “primary and secondary education” and tertiary subsector
- Health sector posted 10.3% in real value added relative to 5.7% in 3Q19
- **Key driver to weak performance:**
  - Increase number of health personnel

Conclusion
- The domestic economy was characterized by partial to full lockdown during the third quarter of 2020 depending on the region and the severity of the COVID-19 pandemic.
- Lockdown measures had a negative impact on the production of businesses
- Economy slides into deeper contraction, posting a decline of 10.5% relative to a 2.1% decline in 3Q19
- Poor performance observed across major sectors except for “Information and communications”, Construction, “Electricity and water” and Health sectors that posted positive performances.
3Q20 GDP