

# GROSS DOMESTIC PRODUCT

3<sup>rd</sup> QUARTER OF 2020



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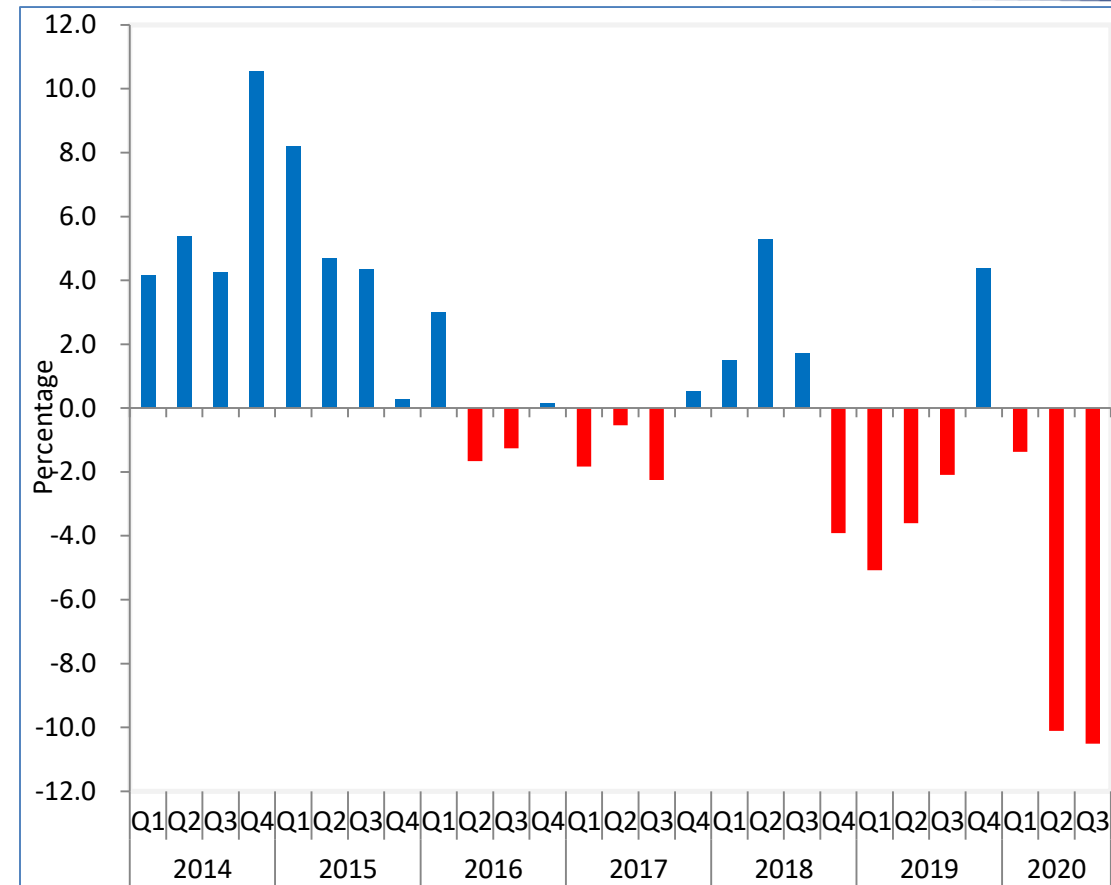
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# ECONOMIC PERFORMANCE OVERVIEW

# Economic Performance

## GDP Growth

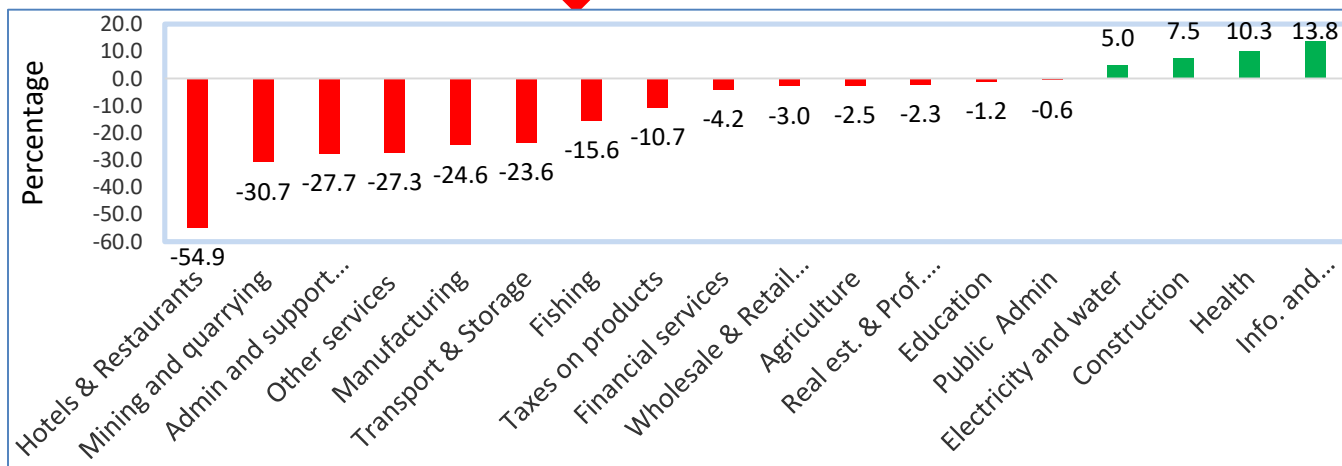
- Domestic economy slides into deeper recession
- Year-on-year Real GDP growth contracted by **↓ 10.5%** in 3Q20 compared to **↓ 2.1%** in 3Q19
- RGDP stood at N\$ 32.1 billion compared to 35.9 billion in 3Q19. RGDP declined by N\$3.7 billion
- Nominal GDP stood at N\$ 44.7 billion compared to N\$ 45.8 billion in 3Q19



# Economic Performance

## Key drivers

- 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%



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Economic  
Performance

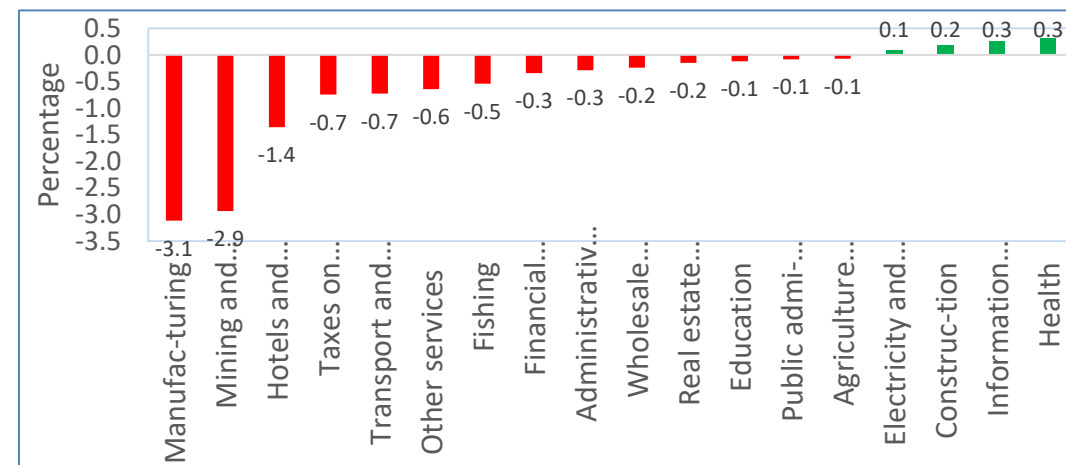
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## Sectoral share to growth rate

- 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

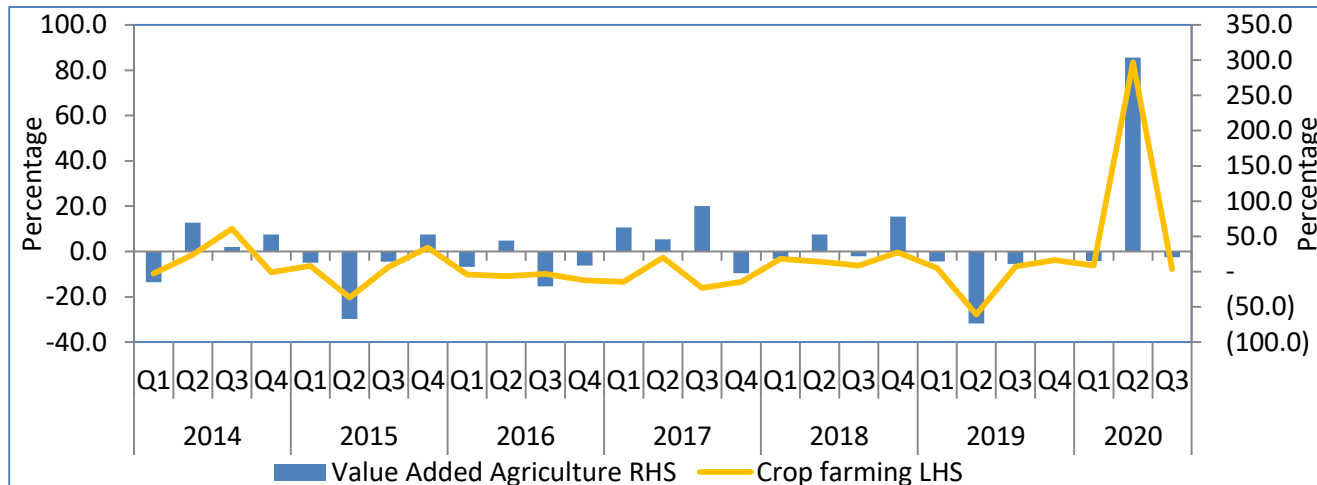
# Primary Industry overview

## 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 reduce timber harvesting
- Livestock subsector ↓ 1.0% vs ↓ 7.6% in 3Q19  
Reduced animal slaughter and weak export demand, restocking



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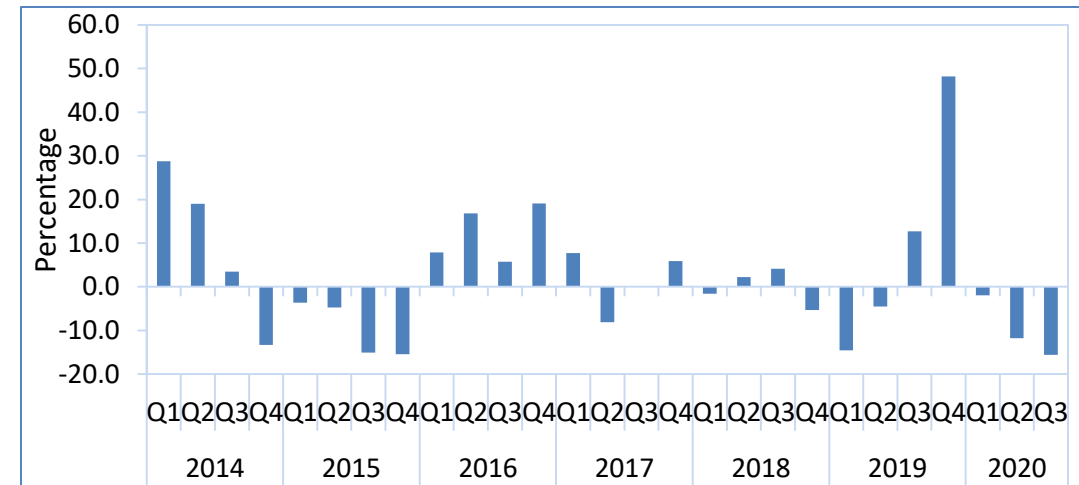
Primary industry

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## Fish and fish processing on board

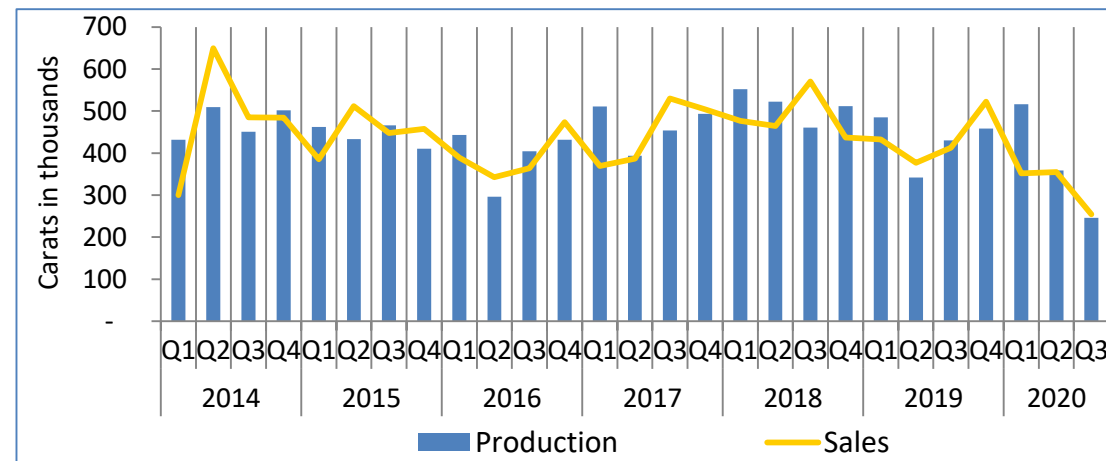
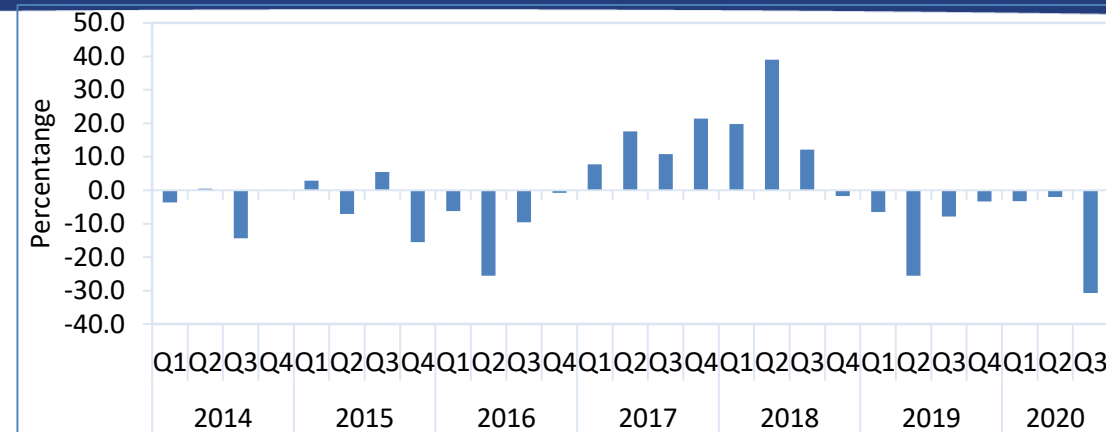
- Fishing sector registered a decline of 15.6% in real value added compared to a growth 12.7% in 3Q19
- **Key driver to poor performance:**
  - Poor landings in fisheries:
    - ✓ Demersal
    - ✓ Mid-water



# 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  13.3% in 3Q19
    - Poor performance due to reduce production of marble, granite & salt



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Primary Industry

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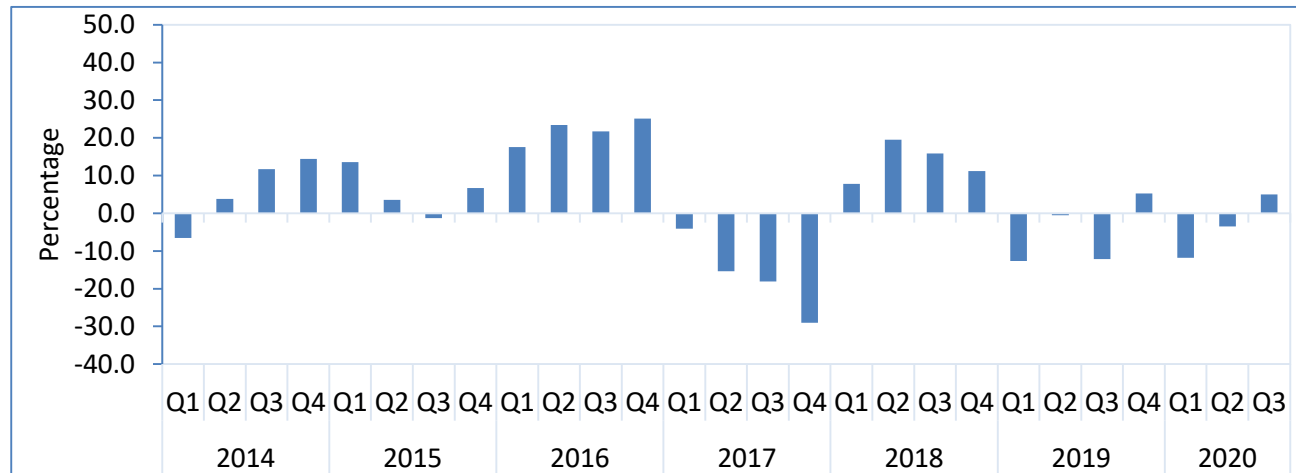


# SECONDARY INDUSTRY OVERVIEW

# 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



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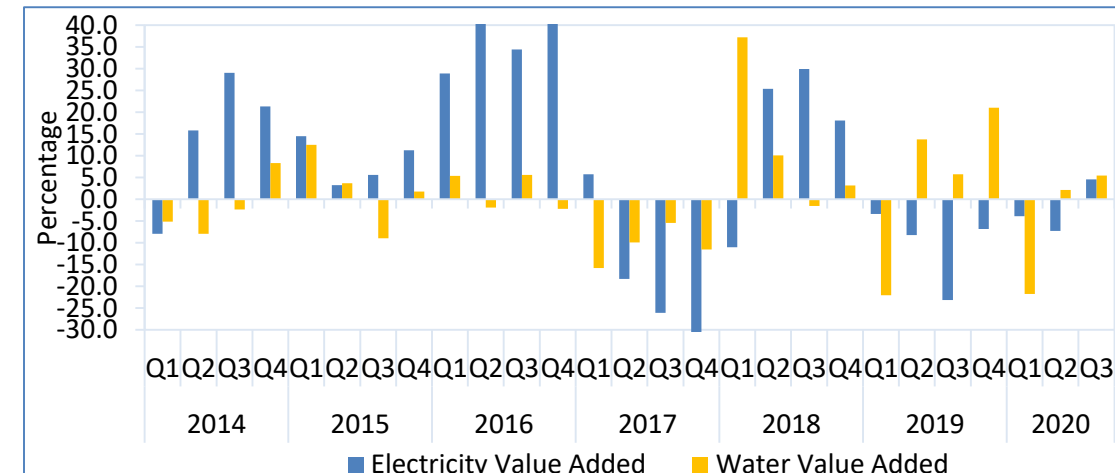
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Secondary Industry

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## Electricity and water supply sub-sector

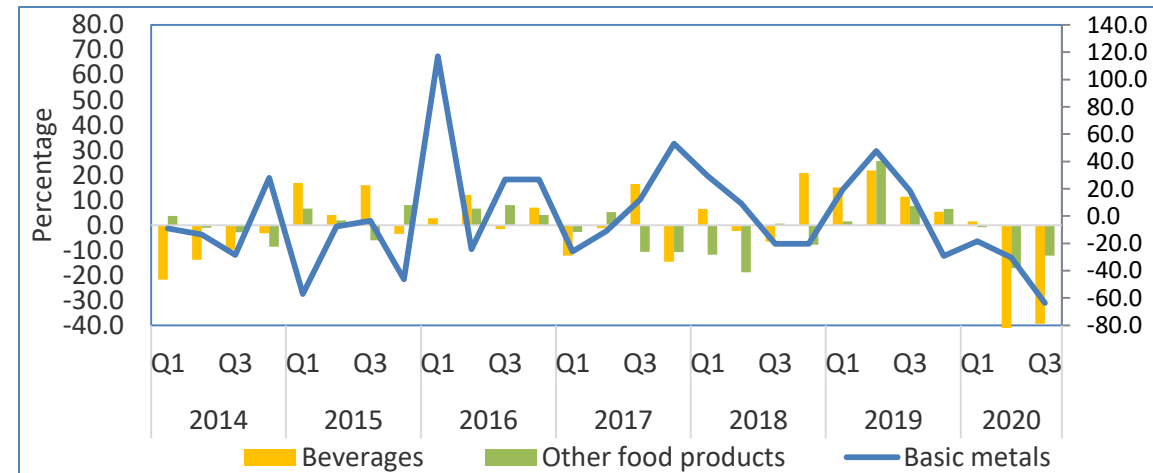
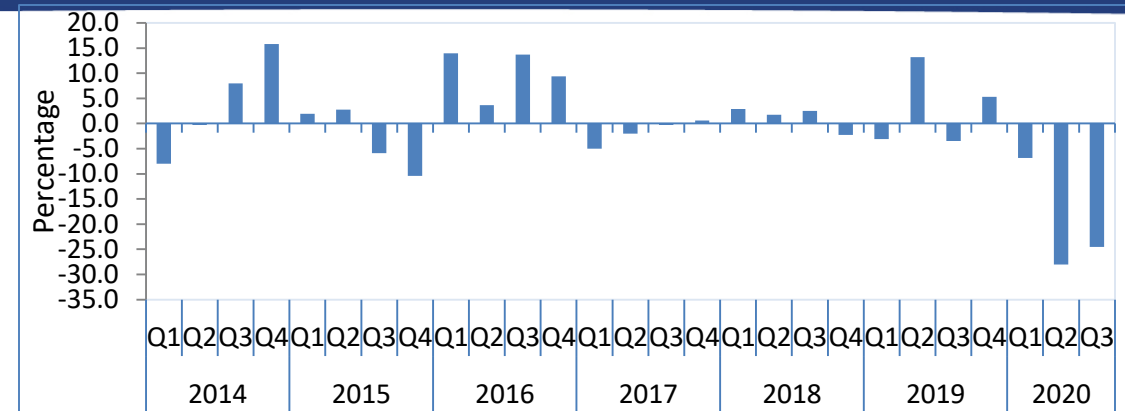
- Both Electricity and water sub-sectors posted strong performance of 4.6% and 5.5% in real value added
- Key driver to strong performance:**
  - ✓ Increase in own generation
  - ✓ Reduction in imported electricity
  - ✓ Increase in water usage by industry
  - ✓ Increase in irrigation programs



# 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 ↑ 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



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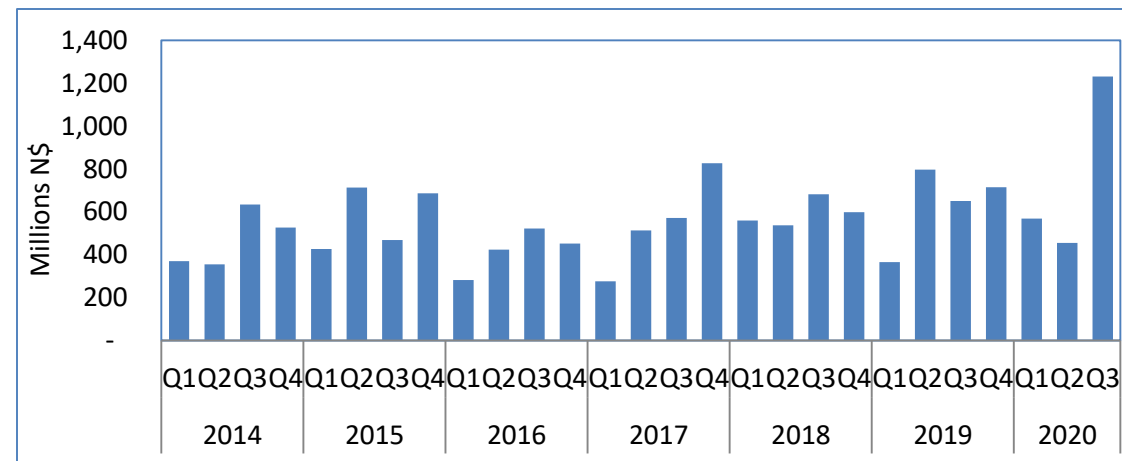
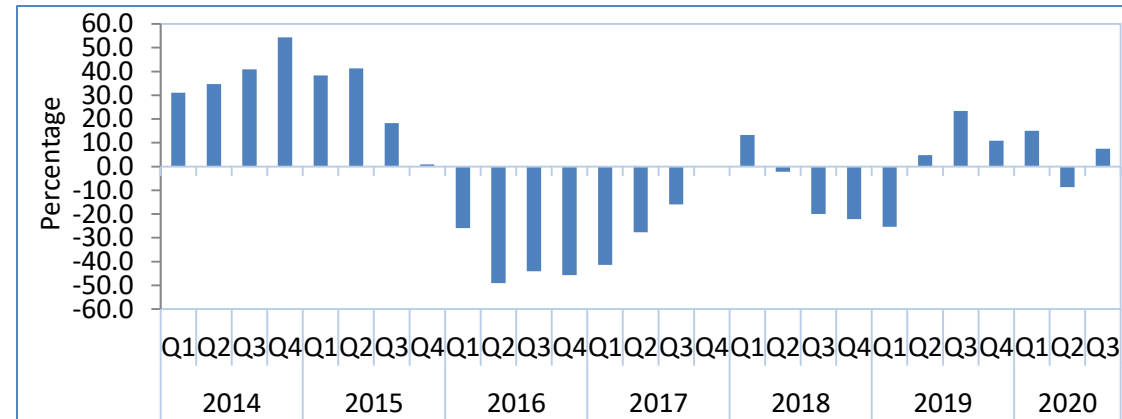
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# Secondary Industry overview

## 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



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# TERTIARY INDUSTRY OVERVIEW

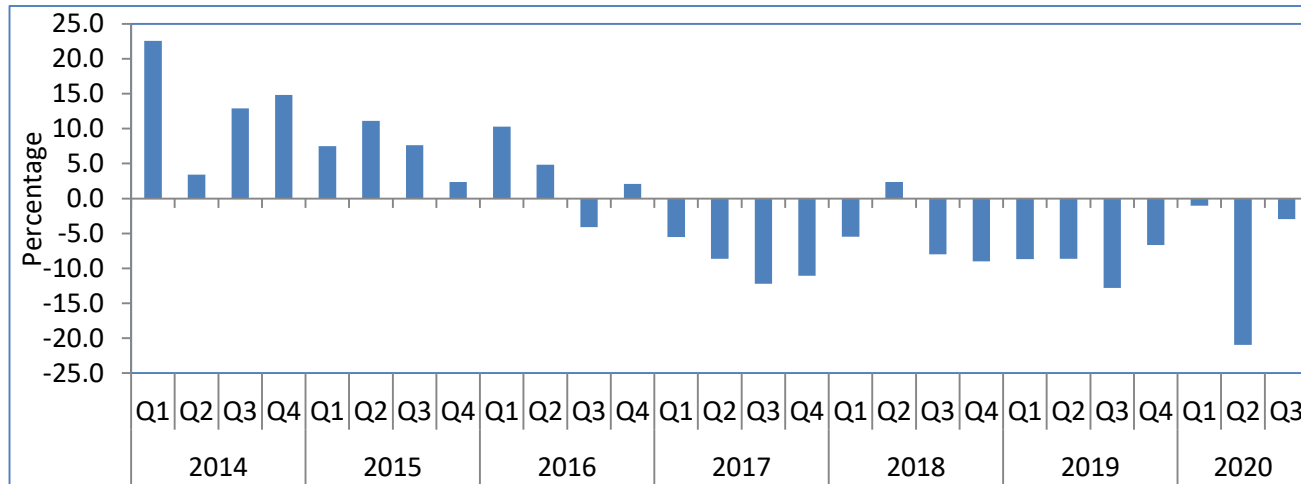
# Tertiary Industry overview

## 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%



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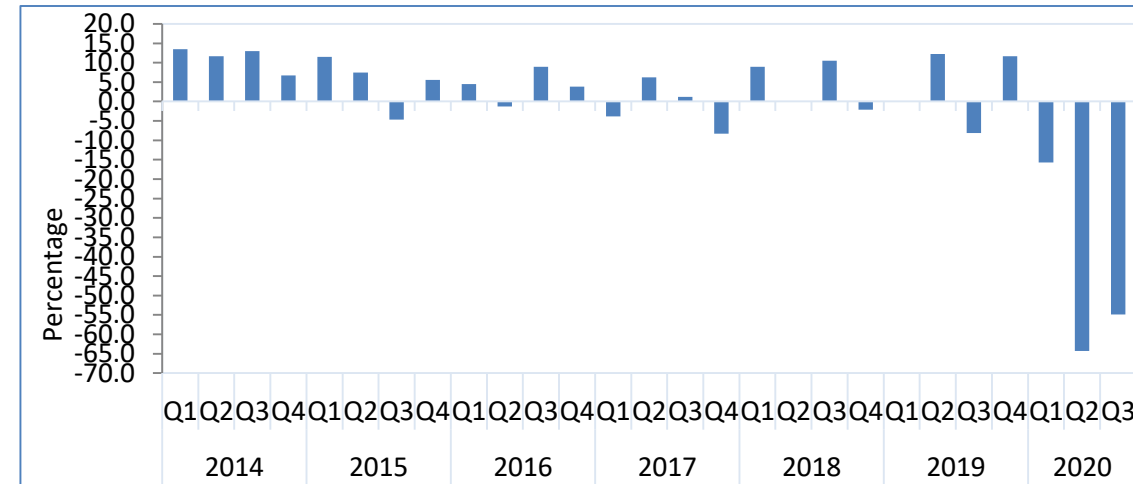
Tertiary Industry

## 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



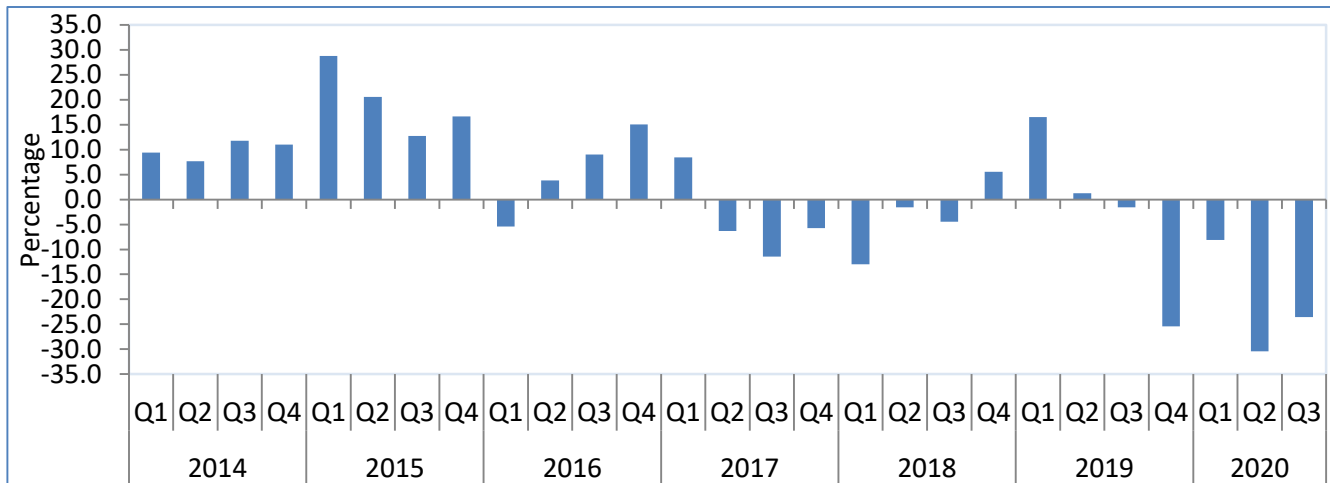
# Tertiary Industry overview

## 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%



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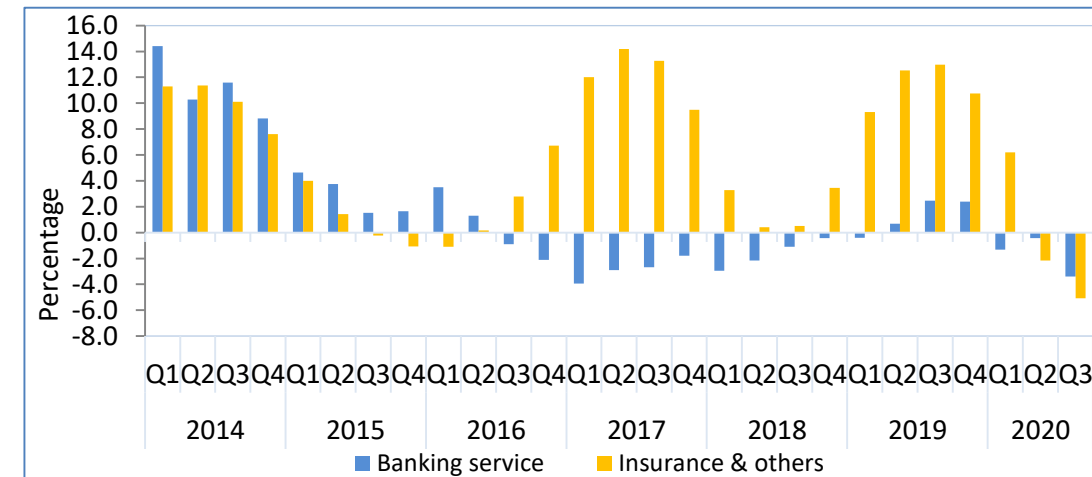
Tertiary Industry

## 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:**

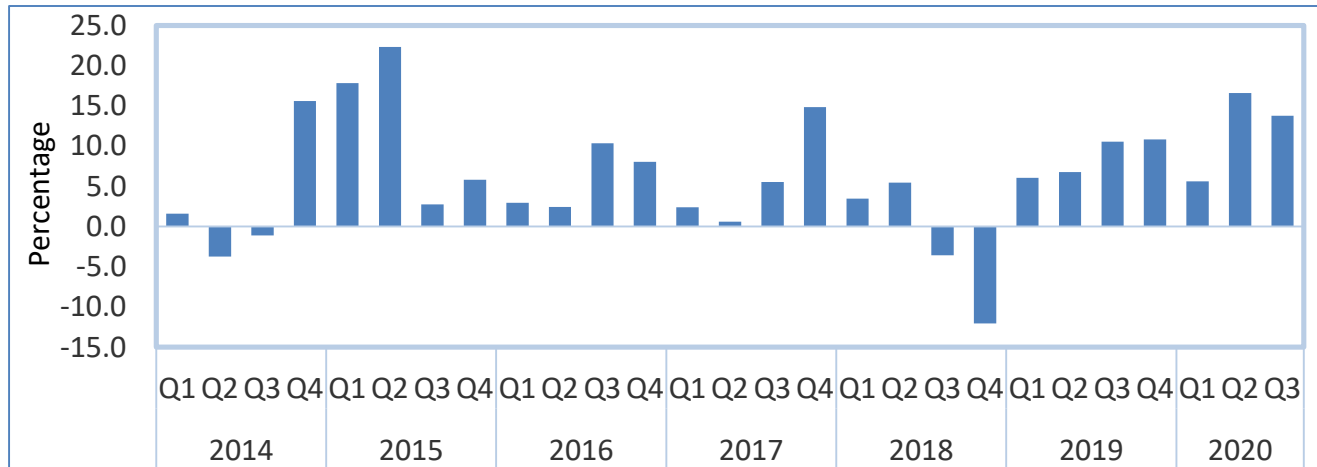
- ✓ Banking subsector posted decline of ↓ 3.4%
  - Due to reduced demand for loans
- ✓ Insurance & others subsector recorded decline of ↓ 5.1%
  - Shortcoming in short and long term policies



# 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



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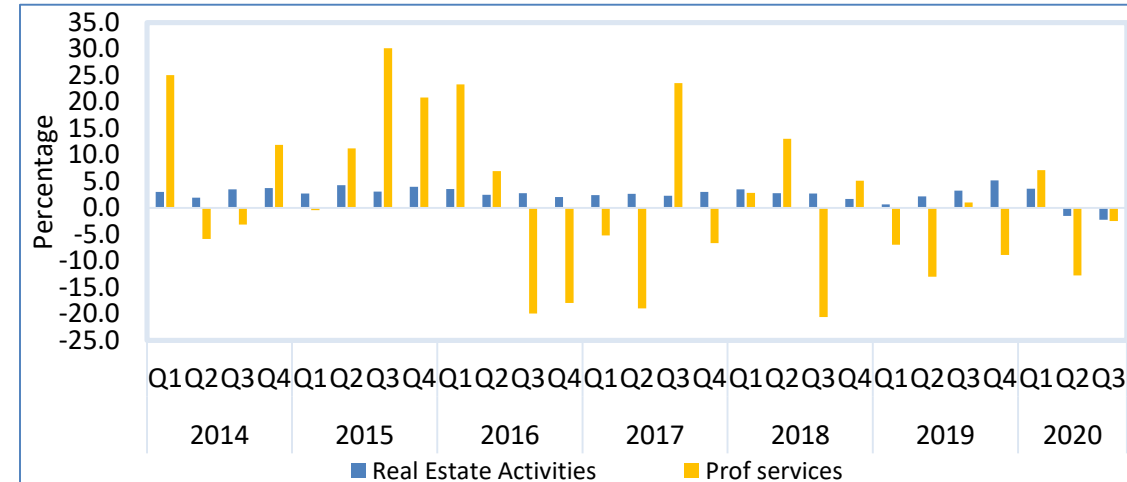
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## “Real Estate” and “Prof. services” activities

- 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



# Tertiary Industry overview

Public administration, Health and Education

Conclusion

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

- ❑ 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.

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Tertiary  
Industry

# 3Q20 GDP



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