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NSA releases the National Accounts for 2016

The Namibia Statistics Agency (NSA) released the Final National Accounts 2016 on 17 August 2017. Overall economic growth in 2016 was stronger (1.1 percent) than initially estimated in the Preliminary National Accounts (0.2 percent).

Following are some of the highlights:

- Gross Domestic Product in current prices increased from NAD147,635 million to NAD161,030 mln in 2016 and from NAD108,573 mln to NAD109,748 mln in 2010 constant prices.
- The Namibian economy grew by 1.1 percent in 2016 compared to 6.0 percent (2015) and 6.4 percent in 2014.
- Per-capita income in constant prices declined from NAD47,605 in 2015 to NAD47,216 in 2016. This is the second drop in per-capita income in constant prices over the past ten years. Per-capita income dropped by 1.2 percent in 2009 and 0.8 percent in 2016.
- Value addition in the Primary Industries declined by 2.0 percent in 2016, the fourth consecutive annual decline. Diamond mining as well as other mining and quarrying recorded negative growth rates of 9.6 and 19.8 percent respectively, while uranium mining grew by 13.6 percent. Value addition of the mining sector as a whole dropped by 5.7 percent.
- Both the agriculture and fishing sectors showed growth of 0.8 and 7.7 percent respectively. Despite the drought, the output of livestock farming increased by 0.8 percent compared to 2015 because of the low basis. Crop farming experienced another year of decline – 1.2 percent.
- Value addition of the manufacturing sector declined by 7.8 percent mainly caused by the construction sector's decline by 26.5 percent. The construction sector grew strongly during the three preceding years by 32.4 percent on average. Output of the Metal fabrication sector declined by 1.1 percent, which can be explained by the contraction in the construction sector.
- Among others, Meat processing (-2.1 percent), Beverages (1.6 percent) and Other manufacturing (13.9 percent) contracted in 2016 like in the two previous years.
- Diamond processing displayed a strong recovery growing by 65.9 percent after declines during three of the four previous years.
- The tertiary sector prevented the economy from a recession due to a growth of 3.9 percent that was sufficient to mitigate the contractions in the primary and secondary sectors. Health (10.5), Transport and communication (6.1 percent) and Hotels and restaurants (5.1 percent) showed the strongest performances in the tertiary sector.
- Gross Fixed Capital Formation dropped to NAD39,080 mln compared to NAD50,315 mln (2015) and NAD46,370 mln (2014).
- The value of imports amounted to NAD106,192 million, while the value of exports stood at NAD68,005 mln leaving a negative trade balance of NAD38,187 mln.

EAN comments

- Economic growth surpassed expectations for 2016 since quarterly GDP data recorded negative growth rates for three of the four quarters. However, it remained below the 1.3 percent anticipated in the budget statement.
- Stronger than expected growth could result in lower budget deficit to GDP and total public debt to GDP ratios depending on which growth projections have been used so far to calculate the ratios.
- The decline in per capita income in constant prices by 0.8 percent is caused by population growth of 1.9 percent compared to GDP growth of 1.1 percent. The Population and Housing Census 2011 however, stated a population growth rate of 1.4 percent over the period of 2001 to 2011.
- Gross Fixed Capital Formation (investment) declined in particular because of lower investment in the sector mining and quarrying. This is not surprising, since the development of the new mines (B2Gold, Husab uranium and Tschudi copper) had to a large extent been completed in 2016.
- Despite budget cuts announced in October 2016, public investment increased further to NAD10,168 mln compared to NAD9,756 mln in 2015 and NAD2,313 mln in 2007.
- Investment in mineral exploration (NAD650 mln) dropped to its lowest level since 2007 (NAD540 mln), which could negatively impact on future growth prospects in the mining sector.
- The trade balance recorded the second highest deficit only exceeded in 2015 (NAD45,497 mln). The deficit accounted for 56.2 percent of exports. The foreign exchange reserves (EAN Commentary – Monetary Policy Statement 17 Aug2017) improved strongly over the past few months, but only due to the repatriation of funds by financial institutions and due to the African Development Bank loan. Without addressing the negative trade balance, the foreign exchange reserves will return to precarious levels.
- The annual change of the overall GDP deflator for 2015 moved from minus 0.2 percent into positive territory (1.4 percent) because of sector-specific deflator adjustments.