IPPR

NAMIBIA QER Q2 2024

NAMIBIA QUARTERLY ECONOMIC REVIEW APRIL - JUNE 2024

Quarter Summary	Special Feature: Tourism is Back	News Highlights	Key Economic Variables	Data Trends
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Written and compiled by independent economist Robin Sherbourne

Macroeconomic Situation

Namibia's economic recovery, which started in the second quarter of 2021, continued with twelve consecutive quarters of positive growth culminating in robust growth of 4.7% in the first quarter of 2024. In its Economic Outlook of March 2024 the Bank of Namibia forecast GDP growth of 3.7% in 2024, 4.1% in 2025 and 4.3% in 2026.

For a third consecutive quarter the Bank of Namibia held its key repo rate constant at 7.75% over the quarter, which included two Monetary Policy Committee meetings, whilst the South African repo remained 8.25% throughout the same period. The Bank of Namibia's last MPC statement in June stated that "average inflation is projected to moderate from 5.9% in 2023 to 4.9% in 2024 and 4.5% in 2025." Credit extension remains subdued and Non-Performing Loans remain high by historical standards.

The Bank of Namibia Monetary Policy Announcement Dates for 2024

14 February 2024
17 April 2024
19 June 2024
14 August 2024
23 October 2024
4 December 2024

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Special Feature: Tourism Is Back

Introduction

Clearly Namibia's tourism sector was hard hit by the Covid pandemic. The IPPR QER's Special Feature in Q2 2021 reviewed some of the data on the role the sector had played in the national economy prior to lockdown and summarised some of the conclusions from three important international authorities on tourism: the World Travel and Tourism Council (WTTC), the Organisation of Economic Cooperation and Development (OECD), and the United Nations Conference on Trade and Development (UNCTAD), all of which have published important work on the future of the international tourism industry. A main finding was that globally the tourism industry would take several years to recover from the pandemic and was only likely to return to its pre-pandemic state sometime in 2024. This feature provides updated information on Namibia's tourism sector to examine to what extent this holds for Namibia too.

Tourism Satellite Accounts

Since Independence, tourism has played an important role in the development of Namibia's economy. Because tourism involves so many different activities from handicraft manufacturing to a wide variety of retail, travel, hospitality and leisure activities, it is often hard to quantify the size of the industry in all its dimensions. Furthermore, because all these activities give rise to further activity within the economy, the overall indirect impact of the industry is much greater than just the direct impact. However, since 2006, the Government has contracted an international consultancy company to do just this by combining local statistics with internationally accepted modelling techniques to quantify both the direct and indirect contributions the industry makes in the shape of Tourism Satellite Accounts (TSA).

	2006	2009	2011	2012	2015	2022
Direct contribution to GDP (N$bn)	N$1.7bn	N$3.0bn	N$3.6bn	N$3.8bn	N$5.2bn	N$14.3bn
Direct contribution to GDP (%)	3.8%	4.0%	3.9%	3.8%	3.5%	6.9%
Direct and indirect contribution to GDP (N$bn)	N$7.0bn	N$12.1bn	N$14.3bn	N$15.5bn	N$15.1bn	
Direct and indirect contribution to GDP (%)	14.2%	14.0%	15.7%	15.5%	10.2%	
Direct contribution to employment	20,000	21,100	21,892	22,857	44,729	57,571
Direct and indirect contribution to employment	79,100	83,700	86,700	88,200	100,720	
Spending by foreign visitors (N$bn)	N$4.0bn	N$6.5bn	N$5bn	n/a	N$7.6bn	N$12.4bn

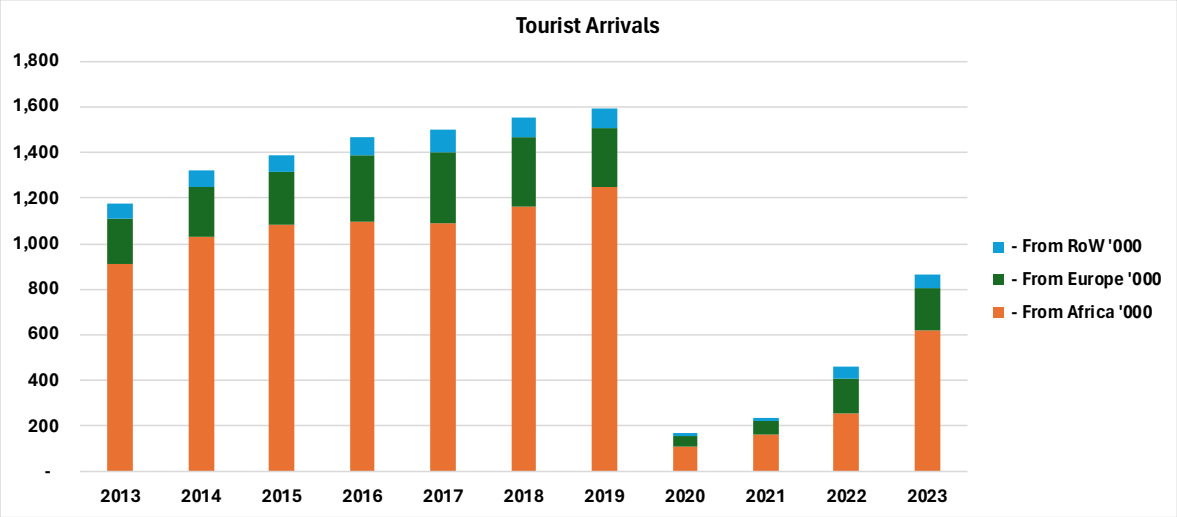
Source: Tourism Satellite Accounts

The last such exercise was conducted in 2022 and published in 2023. It is the work of the Ministry of Environment, Forestry and Tourism as well as the Namibia Statistics Agency with financial and technical support of the United Nations Economic Commission for Africa (UNECA) using the UNWTO Tourism Satellite Account methodology. The findings of the latest TSA estimates that tourism directly contributed over N$14.3 billion to Namibia's economy or 6.9% of GDP. Some 57,571 people were employed in the industry. Further joint work by the Bank of Namibia and the Namibian Tourist industry (Report on Foreign Exchange Abuse in the Tourism Industry December 2019) suggested that, contrary to widespread perception, leakage from Namibia's tourist industry was relatively limited meaning more benefits ended up accruing to the local economy.

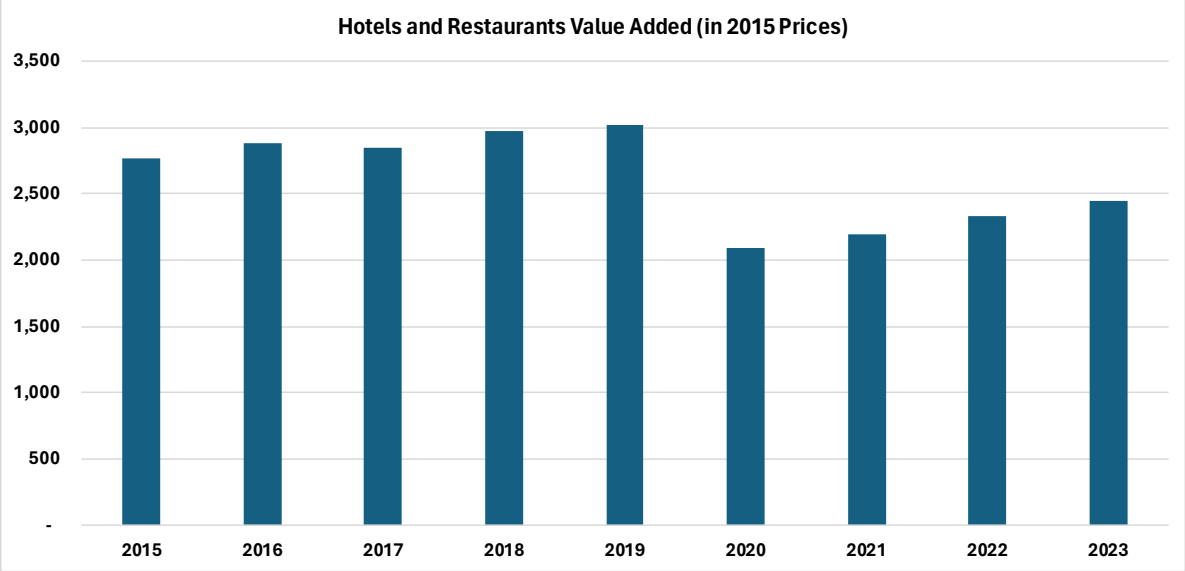
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The next important set of data is the tourist arrival statistics which is available for 2023. These statistics are compiled by the Ministry of Environment, Forestry and Tourism in collaboration with the Ministry of Home Affairs, Immigration, Safety and Security. The chart shows just how hard tourist arrivals from abroad were hit by the pandemic. Total arrivals fell from 1,596,000 in 2019 to just 170,000 in 2020 (the year of lockdown) and subsequently recovered to 233,000 in 2021, 461,000 in 2022 and 864,000 in 2023, so still some way below the figure for 2019.



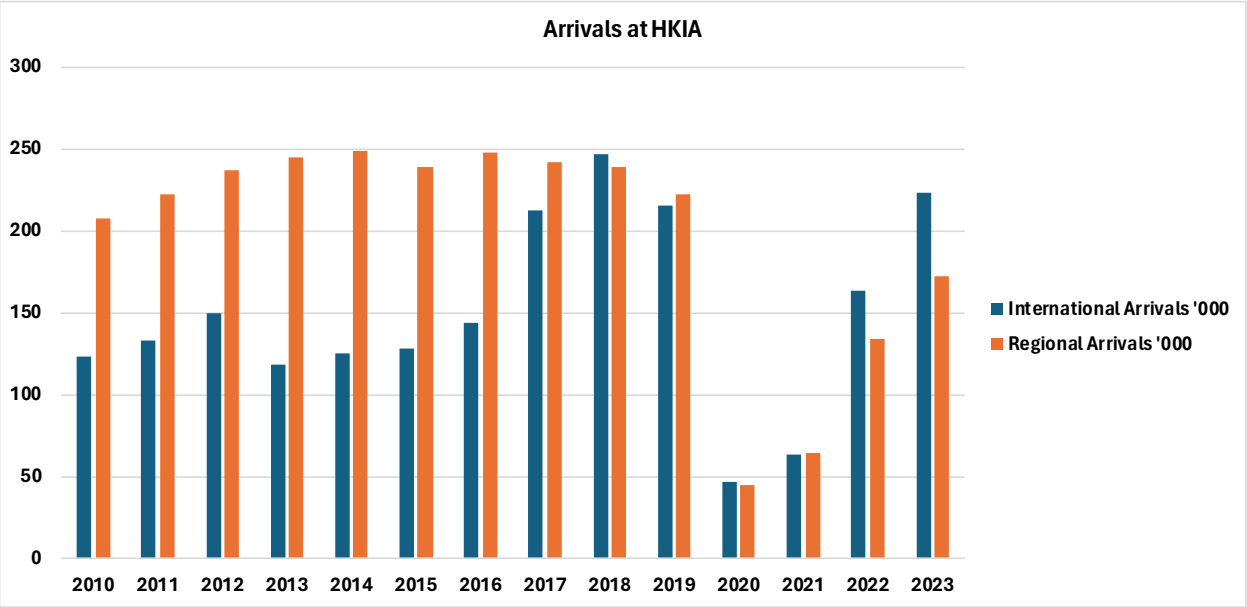
The next set of numbers come from the National Accounts compiled by the Namibia Statistics Agency. The chart shows value added from the Hotels and Restaurant Sector (not the same as the tourism sector but closely related) in constant 2015 prices (which strips out the effect of price rises). These numbers show a 30.8% fall in "real" value added between 2019 and 2020 followed by steady growth. However, it is clear that by 2023 the sector had made a far from full recovery from the blow dealt by the pandemic with real value added in 2023 still some 20% below value added in 2019.



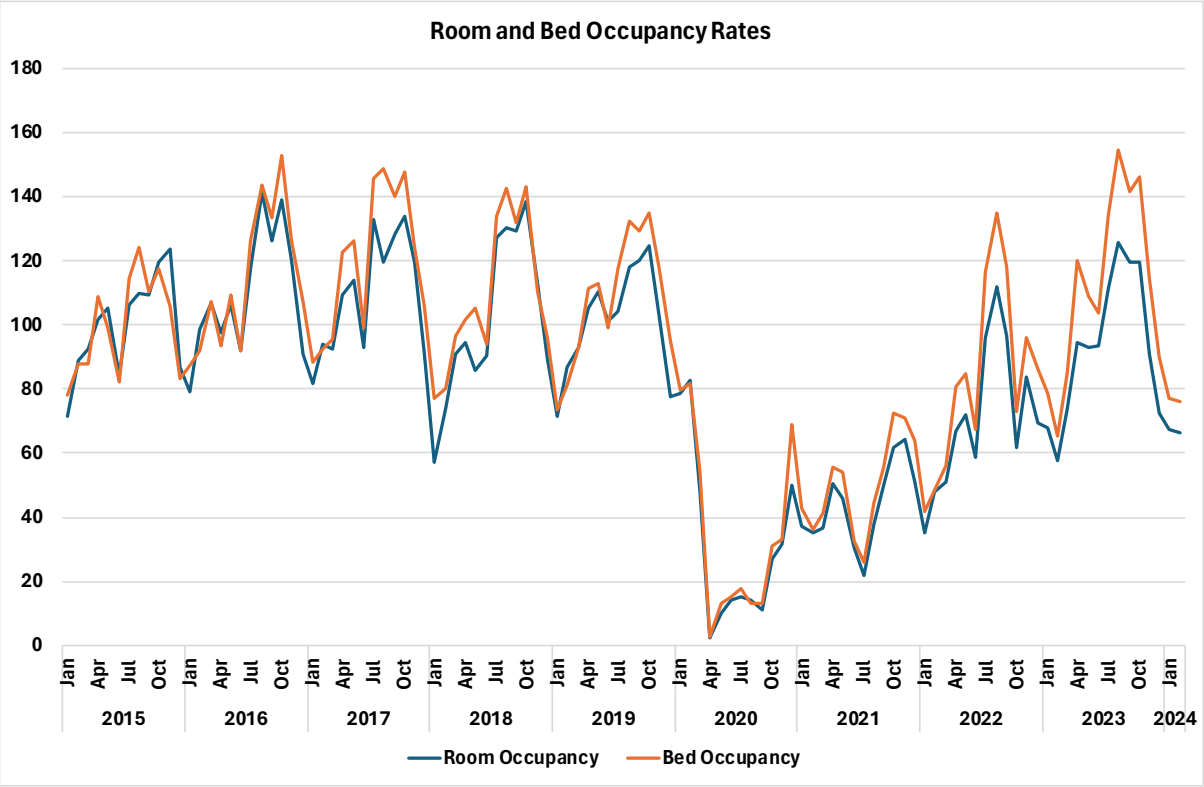
A further indicator is the number of international and regional arrivals to Hosea Kutako International Airport compiled by the Namibia Airports Company. These numbers show that international arrivals had fully recovered to pre-pandemic levels by 2023 but that regional arrivals were still some way below those of 2019. This could also be related to the more limited regional flight availability following the liquidation of Air Namibia in 2020 and the problems faced by South African Airways.

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The final set of official statistics relating to tourism are the Rooms and Bed Occupancy Statistics produced by the Namibia Statistics Agency using data provided by the Hospitality Association of Namibia (HAN). Room and bed occupancy rates depend on the number of rooms and beds sold in a month as a proportion of rooms and beds available in that same month so the rates take no account of changes in the supply of rooms and beds. The latest publication is for February 2024. The seasonality of the accommodation sector is clear with peaks in the second half of the calendar year and troughs in the first half. Room and bed occupancy rates dropped to all-time lows of 2.4% and 2.7% in April 2020 as the country went into lockdown and have climbed steadily ever since, whilst displaying the previous seasonality. By the second half of 2023 room and bed occupancy rates appear to have returned to pre-pandemic levels.



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Visas and Tourism

On 24 May the Ministry of Home Affairs, Immigration, Safety and Security (MHAISS) announced that Namibia's Cabinet had authorised the removal of 31 countries – including the majority of Namibia's top overseas tourism source markets – from the visa-exempt list, citing a lack of reciprocity. The affected countries are as follows:

Armenia, Austria, Azerbaijan, Belgium, Belarus, Canada, Denmark, Finland, France, Germany, Iceland, Ireland, Italy, Japan, Kazakhstan, Kyrgyzstan, Liechtenstein, Luxembourg, Moldova, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Tajikistan, Turkmenistan, Ukraine, United Kingdom, United States and Uzbekistan.

The implementation date was originally intended for October 2024 but has now been pushed back to 1 April 2025. Nationals from the affected countries will be issued visas on arrival, subject to an applicable fee (N$1,600 for citizens of non-AU countries and N$1,200 for citizens of AU member states) and an online visa application, according to the MHAISS's statement. Namibia's departure form will be done away with. The Hospitality Association of Namibia (HAN) stated that the decision flies in the face of significant strides made by the private sector and government to present Namibia as open, easily accessible and welcoming to travellers and investors. Under former President Hage Geingob, the country initiated several progressive measures to boost visitor numbers, including the introduction of a remote work visa and the expansion of visas-on-arrival at border posts. According to HAN, Namibia's bounceback to pre-Covid arrival levels could largely be attributed to this open approach.

"The new requirement for visitors from almost all our main source markets to obtain visas sends an unfortunate message to those markets suggesting that Namibia is not as welcoming to visitors as we have been indicating," according to HAN.

While the Government sees this as an issue of equality between states and the principle of reciprocity, the tourism industry sees it as a matter of business where putting up obstacles such as visas (albeit visas on arrival for N$1,600) has the potential to discourage the marginal tourist from visiting Namibia and going instead to other countries that do not require visas. The question boils down to whether Namibia prefers to make this an issue of principle or to continue to pursue a strategy to maximise the potential of its tourism resource. Simply put, Namibia wants more tourists and the business they bring for the local economy, which in turn creates employment.

Conclusions

The available statistical evidence strongly suggests that Namibia's tourism sector was extremely hard hit by the shock of the Covid pandemic in 2020 but that it has made a steady recovery to a stage where it is now almost back at pre-pandemic levels of business. Many put this down to the exceptional collaboration between Government and the industry over the past four years. The recent revocation of visa free access for tourists from Namibia's major tourist markets seems to fly in the face of this collaboration.

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News Highlights

Date	Highlight	Commentary
30 June	No plans to change oil tax regime *(Namibian Sun)*	Finance Minister Iipumbu Shiimi said Namibia's petroleum taxation law is adequate and the Government has no plans to amend it.
26 June	Alweendo welcomes IMF call *(The Namibian)*	Mines and Energy Minister Tom Alweendo welcomed the IMF's call for Government to publish its petroleum agreements with international oil companies.
26 June	Government approves second desalination plant *(Xinhua)*	Agriculture and Water Minister Calle Schlettwein announced that Government had approved the construction of the country's second desalination plant with a capacity of 20 million cubic metres a year. Construction is expected to commence in January 2025.
26 June	Windhoek property market shows minimal growth *(Windhoek Observer)*	According to Adrian Gläser, an equity associate at Cirrus Capital, Namibia's property market has witnessed minimal growth since the onset of the economic downturn in 2015/16. "When adjusted for inflation, this indicates that the real value of average rents decreased to about 68% of their 2016 levels," he said.
25-27 June	The African Hospitality Investment Forum takes place in Windhoek	The Namibian Investment Promotion and Development Board (NIPDB) said it expected over 460 delegates from 41 countries to attend the African Hospitality Investment Forum taking place at the Mövenpick Hotel in Windhoek.
19 June	Bank of Namibia holds repo rate *(Bank of Namibia)*	The Monetary Policy Committee (MPC) of the Bank of Namibia decided to hold the key repo rate constant at 7.75% for the ninth time in a row.
13 June	Namibia receives N$32 billion of German aid since 1990 *(Windhoek Observer)*	The German Embassy in Windhoek released figures showing German aid has totalled N$32 billion since Independence. On a per capita basis, Namibia is the highest recipient of German development cooperation.
7 June	Namibia performs well on Open Budget Survey	Namibia improved its score on the transparency index of the Open Budget Survey from 42 in 2021 to 54 in 2023 while gaining 20 points on the public participation index.
6 June	Moody upgrades rating *(Windhoek Observer)*	Finance Minister Iipumbu Shiimi told Parliament that Moody's Investor Services has affirmed Namibia's sovereign credit rating at B1 and upgraded the outlook from stable to positive. He said this improvement reflects Namibia's improved growth prospects.
3 June	Government appoints new Namcor board *(Upstream)*	Government has appointed a new Namcor board from 1 July. The newly appointed board members are Florentia Amuenje (Board Chairperson), Tersia Gowases, (Deputy Board Chairperson), Godfrey Ngaisiue, Oscar Capelao, Anna Libana, and Trophimus Hiwilepo.
3 June	FDI reaches highest level in a decade *(New Era)*	According to the Namibia Investment Promotion and Development Board (NIPDB), Namibia attracted N$73 billion of Foreign Direct Investment (FDI) between 2021 and 2023 of which about N$33 billion was in the oil and gas sector. Inflows in Q2 2023 were the highest in ten years.
2 June	Cabinet approves national minimum wage *(Xinhua)*	Cabinet approved the Ministry of Labour's plan to introduce a national minimum wage from January 2025 following a Wages Commission appointed in February 2021. The NMW will come in at N$18 per hour and be reviewed after two years. Currently minimum wages exist in agriculture, construction, security and domestic sectors.
31 May	Fuel prices to remain unchanged *(Namcor)*	The Ministry of Mines and Energy announced that the price of petrol and diesel will remain the same at N$23.00 and N$22.37 respectively.

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29 May	Fitch affirms Namibia's credit rating *(Fitch Ratings)*	Fitch Ratings affirmed Namibia's Long-Term Foreign-Currency Issuer Default Rating (IDR) sovereign credit rating at BB- with stable outlook.
28 May	Government declares Genocide Remembrance Day *(Xinhua)*	Cabinet proclaimed 28 May as Genocide Remembrance Day, marking a significant move in the nation's journey toward acknowledging and addressing its painful past.
28 May	Visa regime harms tourism *(The Namibian)*	The Economic Policy Research Association (EPRA) says the decision by Government to impose a visa regime on 31 tourist market countries will hit Namibia's tourism sector and increase unemployment.
27 May	Namibia declares drought emergency *(The Namibian)*	President Mbumba declared a state of emergency regarding the drought effective 22 May.
26 May	Green hydrogen development a dangerous gamble *(The Namibian)*	Quoting a report from the Namibia Chamber of the Environment, The Namibia argued that developing green hydrogen plants in the Tsau // Khaeb (Sperrgebiet) national park – one of the few global biodiversity hotspots in an arid area was a "dangerous gamble".
24 May	Namibia to impose visas on non-reciprocating countries *(The Namibian)*	Cabinet gave approval to the Ministry of Home Affairs to impose visas for countries that did not reciprocate the good gesture granted to their nationals by Namibia.
22 May	Namibia declines in Fraser Institute rankings *(Namibia Economist)*	The 2023 Fraser Institute Survey of Mining Companies reported that Namibia Investment Attractiveness Index had fallen from 59 to 56 and its ranking had fallen from 38th out of 62 to 42nd out of 86 mining jurisdictions.
15 May	De Beers sale will not affect Namibian operations *(The Namibian)*	Following the announcement that Anglo American was to demerge from or sell De Beers, 50% shareholder of Namdeb Holdings, Anglo American spokesman James Wyatt-Tilby said any sale would not affect any of De Beers' operations in Botswana, Canada, Namibia or South Africa.
14 May	Namport handles record cargo *(Namibia Economist)*	Namport announced it had handled 8 million tonnes of cargo in the year to 31 March 2024, a new record while the number of vessels arriving in Namibia reached 2,115.
14 May	Namibia attends World Hydrogen Summit *(Namibia Economist)*	President Mbumba highlighted the role of green hydrogen in economic growth at the World Hydrogen Summit held in Rotterdam in the Netherlands.
7 May	Otjikoto mine produces 45,416 ounces of gold in Q1 2024 *(B2Gold)*	B2Gold reported that its Otjikoto mine produced a quarterly record of 45,416 ounces of gold in Q1 2024 above expectations due to higher than expected mill feed grade.
6 May	World Bank approves US$138.5 million loan *(World Bank)*	In a first loan to an energy project in Namibia, the World Bank approved a US$138.5 million loan for a transmission and energy storage project.
4 May	Construction starts on Namibia's first salmon farm *(The Namibian)*	Vice President Netumbo Nandi-Ndaitwah presided over a groundbreaking ceremony of Namibia's first Atlantic salmon farm in Luderitz by Benguela Blue Aqua Farming. The project could see 35,000 tonnes of salmon produced using underwater pens and create 600 jobs.
3 May	Namibia's press freedom ranking drops *(The Namibian)*	Namibia dropped to second place behind Mauritania in Reporters Without Frontiers Press Freedom Rankings for 2023. Namibia dropped from 22 in the world to 34.
3 May	Anglo American rejects BHP bid *(The Namibian)*	Anglo American plc, 85% owner of De Beers which is a 50% shareholder in Namdeb Holdings, rejected a merger bid by Australia-listed BHP. The all-share offer involved Anglo American divesting two South African subsidiaries.

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2 May	Fuel prices to rise *(Namcor)*	The Ministry of Mines and Energy announced that the price of petrol will rise by 70c and 10ppm diesel will rise by 40c per litre to N$23.00 and N$22.37 respectively from 2 May.
2 May	Antwerp to build Namibian green hydrogen harbour *(Bloomberg)*	The port of Antwerp announced it planned to build a €250 million green hydrogen and ammonia storage and export facility at Walvis Bay.
2 May	CMB expects first green hydrogen by year end *(Bloomberg)*	During a tour of the plant side with the King of Belgium, Alexander Saverys CEO of CMB, the joint venture partner of Cleanergy with Ohlthaver and List Group, said he expected to see the plant outside Walvis Bay produce its first green hydrogen in the fourth quarter of this year. The company expects the plant to generate 400kg of green hydrogen daily.
30 April	DBN has made N$20 billion of loans in 20 years *(The Namibian)*	At the 20th anniversary of the Development Bank of Namibia (DBN) on 29 April 2024 it was revealed the bank had made a total of N$20.38 billion worth of loans.
29 April	NamPower completes first phase of new lines *(The Namibian)*	NamPower announced it had completed the first phase of its 400kv power line Aus-Gerus expansion programme. The company confirmed that the two remaining lines Obib-Oranjemund and Auas-Kokerboom are progressing well.
15 April	Van Jaarsveld takes over at TransNamib *(The Namibian)*	Desmond van Jaarsveld has been appointed as CEO of commercial public enterprise TransNamib replacing Jonny Smith who resigned a year ago and Webster Gonzo who was acting CEO. Van Jaarsveld will start on 17 April.
25 April	BW postpones Kudu decision *(Reuters)*	BW Energy has postponed its final investment decision (FID) on the Kudu gas-to-power project until 2025. BW had previously stated that it would take the FID in September 2024.
23 April	Namdeb produced 633,000 carats in Q1 2024 *(AA)*	Anglo American (AA) reported that Namdeb Holdings produced 633,000 carats in Q1 2024 compared to 566,000 carats in Q4 2023 and 619,000 carats in the same quarter of 2023. Out of the latest quarterly total 128,000 carats came from land-based operations.
23 April	Namibia ranked 2nd in World Economics Governance Index *(Namibia Economist)*	Namibia was ranked 2nd in Africa in the World Economics Governance Index after Mauritius.
21 April	Galp says Namibia could hold 10 billion barrels *(Reuters)*	Portugal's Galp announced it had concluded the first phase of exploration in its offshore Mopane 1X and 2X field and estimated it could contain 10 million barrels of oil. Later Galp CEO Filipe Silva said it would need a partner to help develop the field.
19 April	Namibia introduces visas on arrival in Walvis Bay *(Xinhua)*	The Ministry of Home Affairs announced the introduction of visas on arrival at the port of Walvis Bay with immediate effect to boost tourism and trade.
17 April	Bank of Namibia holds repo rate *(Bank of Namibia)*	The Monetary Policy Committee (MPC) of the Bank of Namibia decided to hold the key repo rate constant at 7.75% for the sixth time in a row.
16 April	Namibia expects final investment decision on oil by the end of 2024 *(Bloomberg)*	In an interview with Bloomberg, Finance Minister Iipumbu Shiimi said he expected oil companies Shell and TotalEnergies to reach a final investment decision their Namibian offshore oil finds by the end of this year. Shiimi said no decisions would be taken on joining OPEC until the commercial viability of the discoveries was clear.

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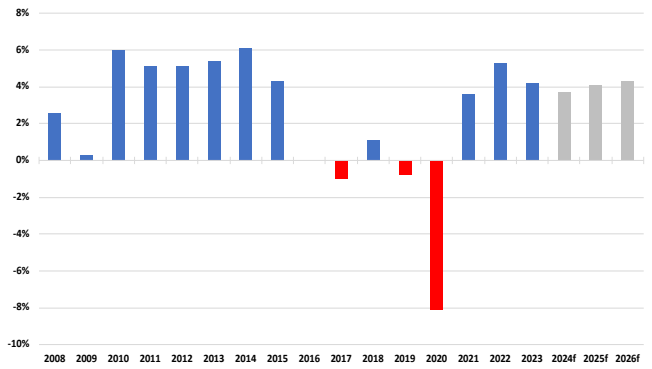
Date	Highlight	Commentary
15 April	Paratus launches fibre optic cable between Europe and Johannesburg *(Business Day)*	Namibia's Paratus launched a fibre optic connection between Johannesburg and Europe using Google's recently installed Equiano undersea cable. Paratus has just completed a 1,890km fibre link from Swakopmund to Johannesburg via Botswana.
12 April	Namibia accuses EU of poll interference *(APA News)*	State media reported that SWAPO presidential candidate Netumbo Nandi-Ndaitwah had criticised the EU for a meeting it hosted at the German ambassador's residence with IPC presidential candidate Panduleni Itula.
9 April	President inaugurates Hyphen wind masts *(Hydrogen Insight)*	President Nangolo Mbumba inaugurated ten new 120m high wind measuring masts belonging to Hyphen Hydrogen Energy, developer of the 3GW green hydrogen plant south of Lüderitz.
8 April	Ministry awards tourism contract to About Africa.co *(The Namibian)*	Public Enterprise Namibia Wildlife Resorts reportedly stands to lose out to the tune of N175 million after the Ministry of Environment, Forestry and Tourism awarded a 25-year contract to About Africa.co, owned by Heiko Dorgeloh, to take tourists into the Namib Desert.
8 April	Namibia Investment Promotion and Facilitation Bill will be promulgated this year *(Allgemeine Zeitung)*	In her budget speech to the National Assembly, Trade and Industrialisation Minister Lucia Iipumbu announced that the long-awaited Namibia Investment Promotion and Facilitation Bill is expected to be promulgated this year. Likewise the new Special Economic Zone and regulations have been finalised and will also be promulgated before the end of the 2024/25 financial year and replace the EPZ legislation which will be phased out by 2025.
4 April	Horse mackerel auction completed *(Seafood Source)*	The Ministry of Finance has completed the latest auction of over 25,000 tonnes of horse mackerel.
4 April	Telecom Namibia deactivates 200,000 SIM cards *(Developing Telecoms)*	Telecom Namibia announced that it had deactiviated 191,598 unregistered prepaid subscriber SIM cards to comply with CRAN regulations which came into effect on 1 April 2024 and which had been extended from 31 December 2023. This has left Telecom with 250,812 registered prepaid subscribers. MTC has reported 1,613,893 registered subscribers.
3 April	FlyNamibia granted licence *(Xinhua)*	Private airline FlyNamibia has renewed its air service licence following a High Court ruling that set aside the Transport Commission's decision not to renew its licence for five years due to a missed deadline. The company initiated a flight from Hosea Kutako to Victoria Falls.
3 April	Langer Heinrich restarts production *(Mining Technology)*	Paladin Energy has restarted the production and drumming of uranium concentrate at its Langer Heinrich mine which was placed under care and maintenance in 2018 as a result of low uranium prices.
3 April	Fuel prices to rise *(Namcor)*	The Ministry of Mines and Energy announced that the price of petrol will rise by 152c and 10ppm diesel will rise by 72c per litre to N$22.30 and N$21.97 respectively from 3 April.
2 April	Bank of Namibia forecasts inflation at 4.8% for 2024 *(Bank of Namibia)*	At the launch of the Bank's Annual Report for 2023, Bank of Namibia Governor Johannes !Gawaxab forecast average inflation at 4.8% for 2024, down from 5.9% in 2022 and up on last year's 4.2%.
2 April	Concern at rise in rhino poaching *(Reuters)*	In a statement the Ministry of Environment, Forestry and Tourism said it was investigating the increase in rhino poaching which reached 28 rhinos so far this year, 19 in the country's leading Etosha national park. This comes after 67 rhinos were poached in 2023, a reduction from the all-time high of 87 in 2022.

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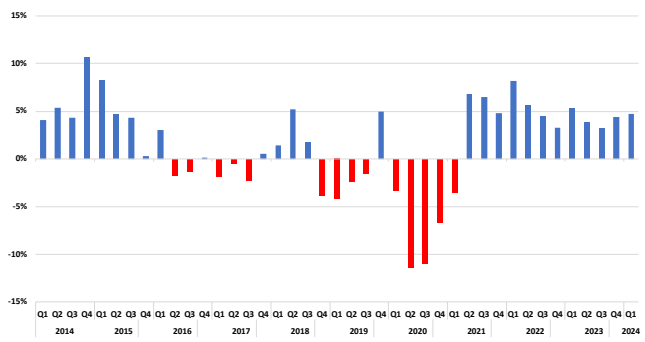
Key Economic Variables

GDP Growth (%)



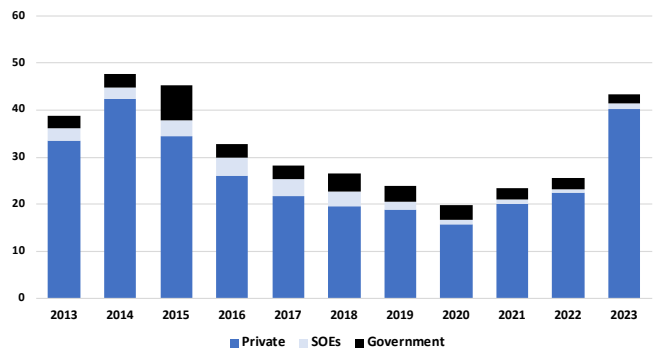
The NSA published its estimates of GDP for 2023 which showed that GDP grew by 4.2% in 2023 after growing by 5.3% in 2022. The Bank of Namibia Economic Outlook for March 2024 forecasts GDP to grow by 3.7% in 2024, 4.1% in 2025 and 4.3% in 2026.

GDP Quarterly Growth (%)



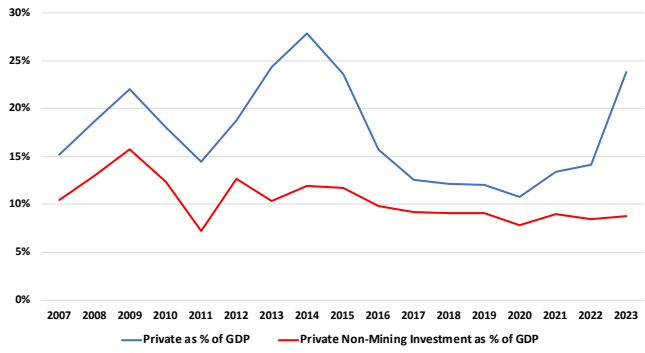
GDP grew by 4.7% in the first quarter of 2024, the twelfth successive increase in economic activity after the last quarterly contraction experienced in Q1 2021.

Fixed Investment (N$bn in 2015 prices)



Investment by the private sector rose significantly in 2023 on the back of oil and gas exploration.

Private Fixed Investment (% of GDP)



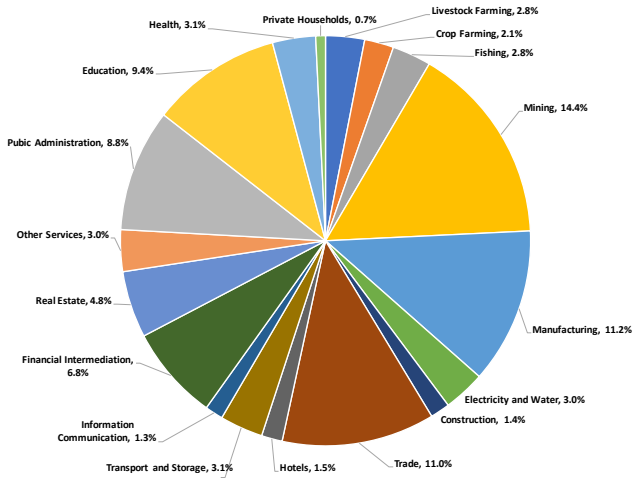
Total private fixed investment rose significantly as a percentage of GDP in 2023 but private non-mining investment remained stagnant.

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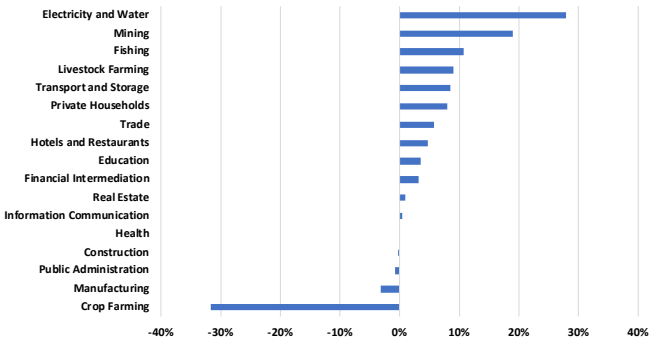
Key Economic Variables

Sectoral Breakdown of GDP in 2023 (%)



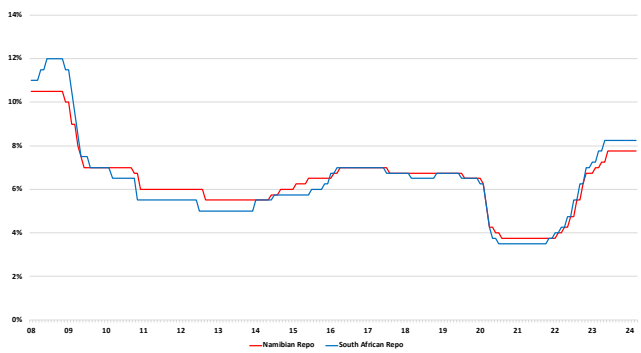
The chart shows the contributions made to overall economic activity in 2023 by the different sectors of the economy according to the full national accounts. Service sectors contributed 53.5% while primary and secondary sectors contributed 22.1% and 15.6% respectively.

Sectoral Growth in 2023 (%)



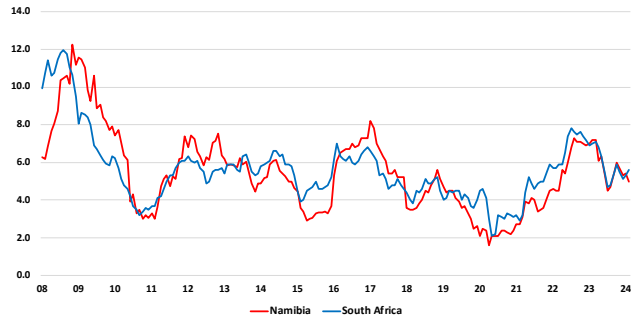
Most sectors of the economy experienced positive growth in 2023 led by the electricity and water, mining and fishing sectors. However, the hard-hit construction sector is struggling to recover while crop farming suffered a significant contraction.

Namibian and SA Repo Rates (%)



In response to higher inflation primarily due to a more inflationary global environment, the Bank of Namibia started raising the repo rate in early 2022 but since June 2023 the rate has remained constant for the past seven MPC meetings at 7.75% in Namibia, slightly lower than 8.25% in South Africa.

Namibian and SA Inflation (% y-o-y)



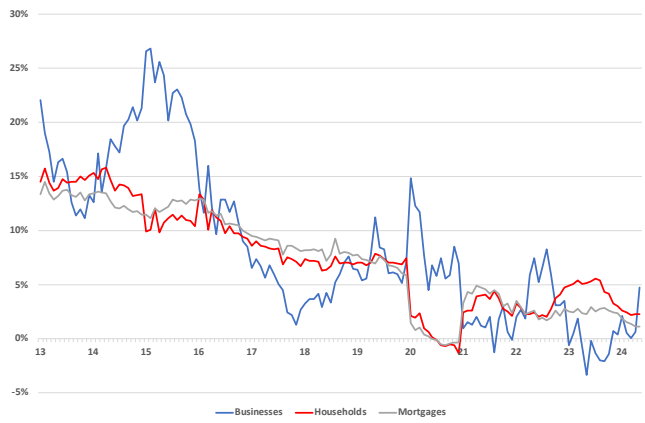
Namibian consumer inflation has fallen steadily from 6.0% in October 2023 to 4.6% in June 2024, slightly lower than the corresponding 5.2% in South Africa for May. The Bank of Namibia forecasts inflation to average 4.8% in 2024.

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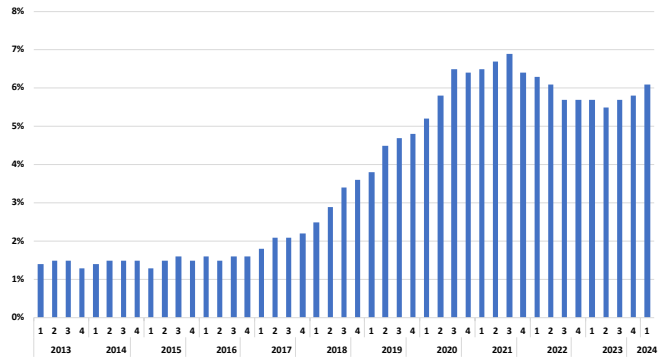
Key Economic Variables

Private Sector Credit Extension (% y-o-y)



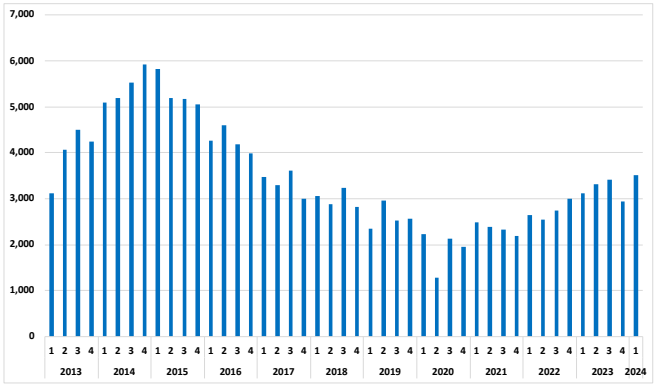
Credit growth to business has risen since the lows of 2021 whilst credit to households has remained subdued as is residential mortgage lending.

Non-Performing Loans (% of Total Loans)



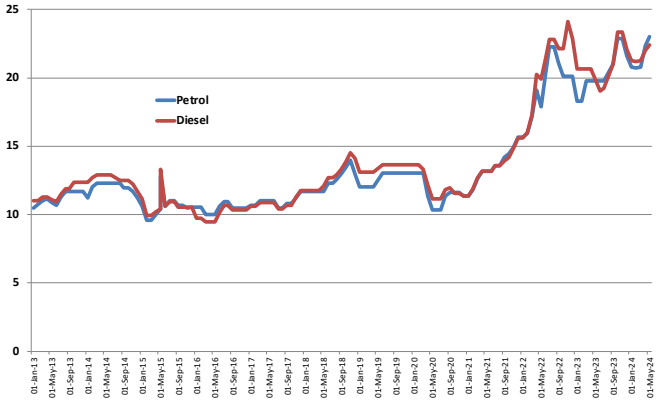
The ratio of Non-Performing Loans (NPLs) reported by the commercial banks to the Bank of Namibia rose for the third successive quarter to 6.1% in Q1 2024.

New Vehicle Sales (Units Sold)



The combined sales of new commercial and private vehicles rose from 2,934 in Q4 2023 to 3,503 in Q1 2024.

Price of Petrol and Diesel (N$/l)



Controlled petrol and diesel prices started Q2 2024 at N$20.78 and N$21.25 per litre respectively and ended the quarter at N$23.00 and N$22.37 for diesel 10ppm per litre.

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Data Trends

	Unit	2017	2018	2019	2020	2021	2022	2023
Annual Economic Growth								
GDP	%	-1.0%	1.1%	-0.8%	-8.1%	3.6%	5.3%	4.2%
GDP current prices	N$m	171,570	181,067	181,211	174,243	183,292	205,549	227,831
Change in Mining Value Added	%	14.2%	16.1%	-8.7%	-15.0%	8.7%	24.0%	18.9%
Change in Manufacturing Value Added	%	-1.6%	-0.4%	4.7%	-17.1%	-1.2%	5.2%	-3.2%
Fixed Investment								
Fixed Investment	% of GDP	17.9%	16.9%	15.8%	13.7%	16.0%	16.7%	26.2%
Change in Fixed Investment	%	-13.7%	-6.0%	-9.5%	-17.7%	18.0%	10.0%	69.3%
Fixed Investment - Government	'000 N$m	5,127	4,858	4,616	3,961	3,536	4,005	3,611
Fixed Investment - SOEs	'000 N$m	4,068	3,678	2,034	1,048	1,263	1,314	1,863
Fixed Investment - Private	'000 N$m	21,570	22,008	21,893	18,802	24,576	29,063	54,295
Prices and Interest Rates								
Average Inflation	%	6.1%	4.3%	3.7%	2.2%	3.6%	6.1%	5.9%
Year End Prime Lending Rate	%	10.50%	10.50%	10.25%	7.50%	7.50%	10.50%	11.50%
Year End Repo Rate	%	6.75%	6.75%	6.50%	3.75%	3.75%	6.75%	7.75%
Trade and Balance of Payments								
Exports - total goods	N$bn	49.8	56.6	57.5	53.7	53.8	75.1	88.6
Exports - total services	N$bn	7.9	8.4	8.4	5.0	4.8	7.9	10.3
Imports - total goods	N$bn	73.8	75.2	77.0	66.5	84.0	108.0	120.9
Imports - total services	N$bn	7.9	7.8	7.3	8.8	10.6	12.8	29.9
Trade Balance	N$bn	-24.0	-18.0	-18.3	-16.7	-36.0	-37.9	-51.9
Balance of Payments	N$bn	-8.0	-6.1	-3.8	5.0	-25.2	-30.1	-38.1
as % of GDP	%	-3.2%	-2.4%	-1.3%	3.8%	-12.6%	-13.8%	-15.7%
Foreign Exchange								
Year End Exchange Rate (N$ to USD)	N$	12.3930	14.4116	14.0418	14.6246	15.8899	16.9831	18.5826
Year End Exchange Rate (N$ to EUR)	N$	14.8063	16.4848	15.7437	17.9897	17.9794	18.1057	20.5839
Year End Exchange Rate (N$ to GBP)	N$	16.6789	18.3424	18.4383	19.9801	21.4752	20.4714	23.6984
Foreign Exchange Reserves	N$bn	30.2	31.0	28.9	31.8	43.9	47.6	52.2
Fitch credit rating (at year end)		BB+(stable)	BB+(stable)	BB	BB (negative)	BB (negative)	BB- (stable)	BB- (stable)
Moody's credit rating (at year end)		Ba1 (-ve)	Ba1 (-ve)	Ba2 (stable)	Ba3(negative)	Ba3(negative)	B1 (stable)	B1 (stable)
Financial Sector								
Private Sector Credit Extension Growth	%	5.1%	6.6%	6.8%	2.0%	1.2%	4.2%	1.9%
Non-Performing Loans	% of total loans	2.9%	3.6%	4.8%	6.4%	6.4%	5.6%	5.9%
NSX Overall Index (at year end)	Index	1,206	1,303	1,306	1,232	1,572	1,639	1,624
NSX Local Index (at year end)	Index	591	621	614	456	529	507	672
New Local Listings		1	0	1	0	1	0	0
Business Indicators								
Namdeb Diamond Production	'000 carats	1,805	2,008	1,700	1,448	1,467	2,137	2,327
Uranium Production	tonnes	4,224	5,525	5,476	5,413	5,753	5,613	n/a
Gold Production	kg	7,272	6,171	6,526	6,254	7,103	6,992	9,800
SHG Zinc Production	tonnes	84,215	65,993	67,295	659	0	0	0
Mining Licences Granted	number	2	3	4	6	11	8	3
Exploration Licences Granted	number	174	259	297	243	97	56	97
Number of Companies Formed	number	1,110	2,851	1,153	852	n/a	1,153	n/a
New Vehicle Sales	number	13,352	11,998	10,379	7,606	9,414	10,919	12,775
Tourist Arrivals	'000	1,499	1,557	1,596	170	233	461	864
- From Africa	'000	1,091	1,164	1,252	112	163	256	621
- From Europe	'000	312	306	256	45	59	155	185
- From RoW	'000	97	87	89	12	11	50	58
International Arrivals at HKIA	'000	213	247	215	46	63	163	223
Regional Arrivals at HKIA	'000	242	239	223	45	64	134	173

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Data Trends

Employment		2017	2018	2019	2020	2021	2022	2023	2024
Government		n/a	86,587	n/a	n/a	n/a	n/a	n/a	n/a
Parastatals		n/a	30,654	n/a	n/a	n/a	n/a	n/a	n/a
Private Companies		n/a	214,693	n/a	n/a	n/a	n/a	n/a	n/a
Private Households		n/a	70,036	n/a	n/a	n/a	n/a	n/a	n/a
Total		n/a	401,970	n/a	n/a	n/a	n/a	n/a	n/a
Government Finances		**FY 17/18**	**FY 18/19**	**FY 19/20**	**FY 20/21**	**FY 21/22**	**FY 22/23**	**FY 23/24**	**FY 24/25**
Revenue	N$bn	58.7	55.9	58.4	57.8	55.4	64.4	81.1	90.4
Expenditure	N$bn	67.5	65.3	66.6	73.7	71.3	75.4	89.5	100.1
Budget Balance	N$bn	-8.9	-8.4	-8.2	-15.3	-14.8	-11.1	-7.8	-8.9
Public Debt	N$bn	74.5	87.5	100.4	110.5	125.8	142.7	154.2	165.8
Interest Payments	N$bn	5.4	6.3	7.0	7.4	7.7	9.4	11.8	12.8
Public Guarantees	N$bn	11.0	10.9	11.1	10.1	10.3	9.4	9.1	9.3
Revenue	% of GDP	33.7%	30.9%	32.6%	32.8%	29.6%	29.8%	32.9%	32.8%
Expenditure	% of GDP	38.8%	35.5%	37.3%	41.9%	38.1%	35.0%	36.3%	36.3%
Balance	% of GDP	-5.1%	-4.6%	-4.6%	-8.7%	-7.9%	-5.1%	-3.2%	-3.2%
Public Debt	% of GDP	42.8%	48.4%	56.0%	62.7%	67.2%	66.2%	62.5%	60.1%
Interest Payments	% of revenue	9.3%	11.3%	11.9%	12.8%	13.9%	14.7%	14.6%	14.2%
Public Guarantees	% of GDP	6.3%	6.0%	6.2%	5.8%	5.5%	4.4%	3.7%	3.4%
		2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
International Rankings									
Global Competitiveness Index Ranking		99/135	100/140	94/141	n/a	n/a	scrapped	scrapped	scrapped
Global Competitiveness Index		4.0	4.0	54.5	n/a	n/a	scrapped	scrapped	scrapped
Energy Transition Index Ranking		57/120	60/120	43/120	68/120	67/120	71/120	58/120	n/a
Energy Transition Index		53.6	54.4	57.8	53.5	54.2	54.6	55.1	n/a
Ease of Doing Business Ranking		108/190	106/190	107/190	104/190	scrapped	scrapped	scrapped	scrapped
Ease of Doing Business Index		59.57	60.29	60.53	61.4	scrapped	scrapped	scrapped	scrapped
Corruption Perceptions Index Ranking		53/180	52/180	56/180	57/180	58/180	59/180	59/180	n/a
Corruption Perceptions Index		51	53	52	51	49	49	49	n/a
Ibrahim Index of African Governance Ranking		8/54	7/54	7/54	8/54	8/54	n/a	n/a	n/a
Ibrahim Index of African Governance		64.4	64.7	64.3	64.1	64.1	n/a	n/a	n/a
Investment Attractiveness Index Ranking		54/91	60/83	55/76	52/77	59/84	38/62	n/a	n/a
Investment Attractiveness Index		60.67	56.66	58.22	59.72	52.59	59.88	n/a	n/a
Open Budget Index (out of 100)		50	n/a	51	n/a	42	n/a	54	n/a
World Press Freedom Index - Ranking		24/180	26/180	23/180	23/180	24/180	18/180	22/180	34/180

Sources: Anglo American, Bank of Namibia, Business and Intellectual Property Authority, Chamber of Mines of Namibia, Fitch Ratings, Fraser Institute, International Budget Partnership, Ministry of Environment and Tourism, Ministry of Finance, Mo Ibrahim Foundation, Moody's Investor Services, Namibia Airports Company, Namibia Statistics Agency, Namibian Stock Exchange, Reporters Without Frontiers, Transparency International, World Bank, World Economic Forum, World Nuclear Association

Note: On 16 September 2021 the World Bank issued a statement announcing it would discontinue its flagship Doing Business report. This followed a detailed investigation after data irregularities in Doing Business 2018 and 2020 were reported internally in June 2020. We will keep the Index and Rankings in our table for the time being.

Note: From QER Q4 2021 we have included the annual Energy Transition Index and Ranking produced by the World Economic Forum.

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