Gross Domestic Product

Q2 2026

Key Focus Points

- **Real GDP grew by 4.8% year-on-year, the fastest pace since Q1 2024.**
- Growth was broad-based, with 14 of 17 industries expanding in real terms.
- The non-mining economy grew by 4.4%, its fastest pace since at least 2016.
- Households and investment rebounded, however imports absorbed most of the demand.
- Mining and Construction remained the main drags on growth.

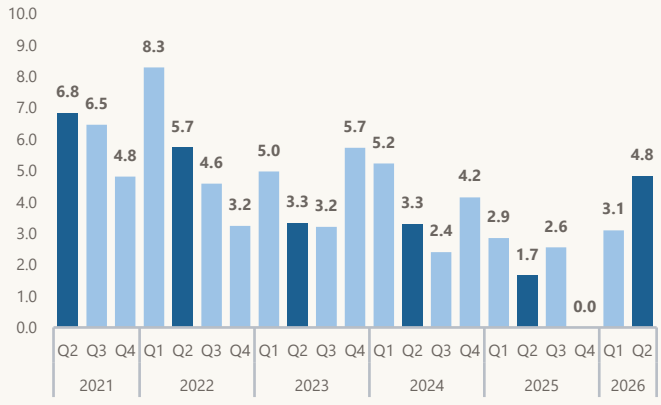
Overview

Namibia's real GDP grew by 4.8% year-on-year in Q2 2026, up from 1.7% in Q2 2025, as strong growth in the services industries and a recovery in agriculture more than offset contractions in mining and construction.

The underlying economy continues to strengthen. The non-mining economy grew by 4.4% on a rolling four-quarter basis, its fastest pace since at least 2016 and well above the population growth rate of Namibia, while taxes on products rose by 6.6% in real terms.

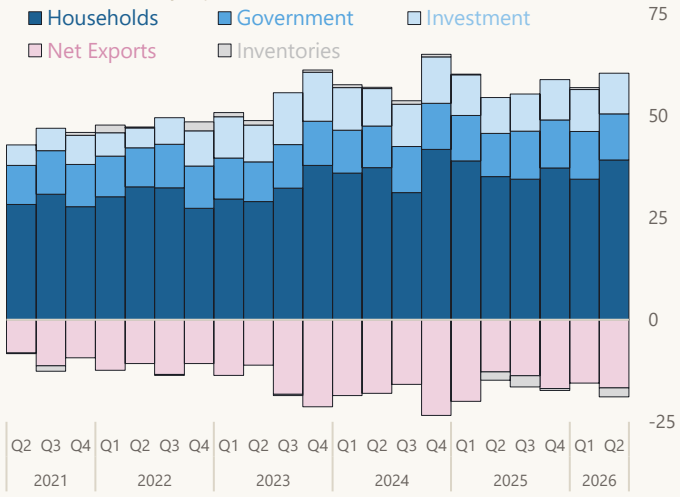
Growth accelerated to 4.8%, the fastest since Q1 2024

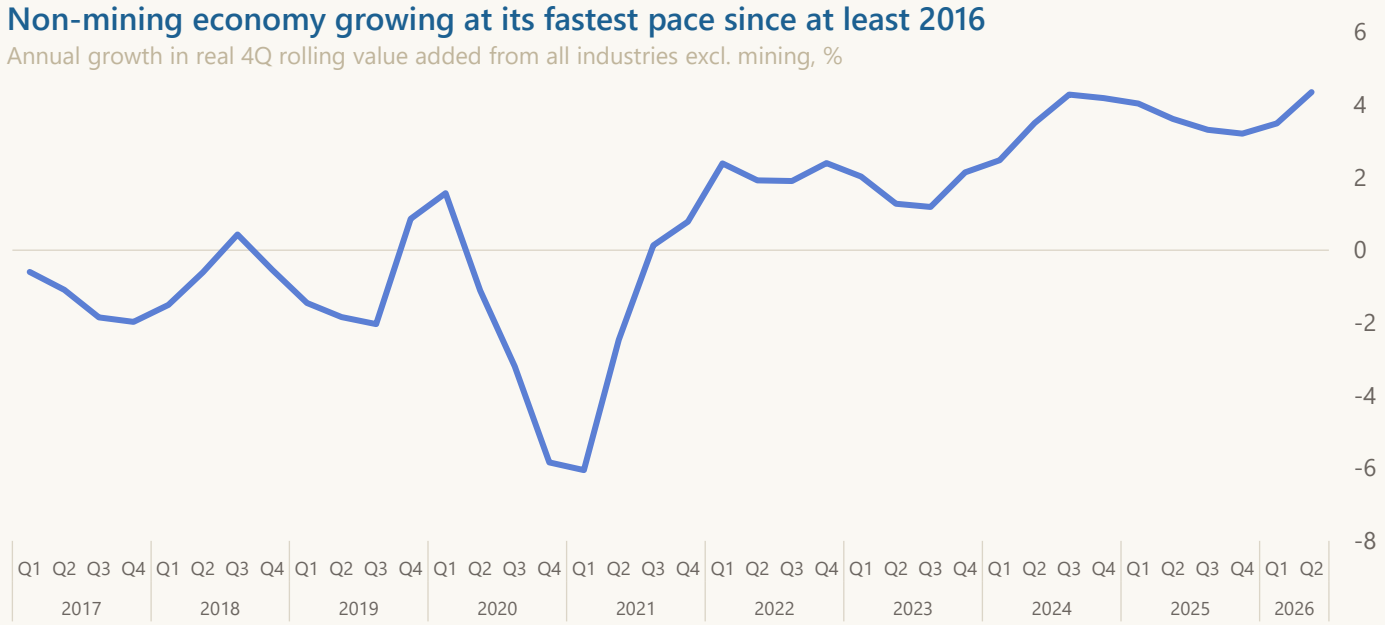
Annual real GDP growth, %



Domestic demand rebounded strongly

Real value added by expenditure, N$ Billions





Source: Namibia Statistics Agency; IJG Securities

The exchange rate remained a cross-cutting variable. The Namibian dollar averaged N$16.48/US$ in Q2 2026, around 11% stronger than the N$18.29/US$ of Q2 2025. This helped contain household consumption prices (deflator: -0.5% y/y), supporting real household spending, but compressed the NAD value of mining output, as nominal Mining & Quarrying value added fell by 14.3% against a 3.1% real decline.

Namibia's tertiary industries grew by 6.1% in real terms, up from 3.8% a year earlier. Wholesale & Retail Trade was the largest contributor, growing by 9.0% off a high base of 6.5% and adding 0.9 percentage points to real GDP growth, as sales volumes rose at supermarkets (+13.8%), wholesalers (+4.5%) and clothing stores (+2.0%). Financial Services grew by 5.5% (from -0.7%) on the back of a 10.0% expansion in banking, with total deposits rising from N$156.0bn to N$174.0bn, while ICT (+8.2%), Hotels & Restaurants (+5.5%) and Real Estate & Professional Services (+5.2%) also posted solid gains.

The government economy also played a notable role, as Health (+17.6%), Education (+4.0%) and Public Administration (+3.6%) together contributed 1.5 percentage points to real GDP growth, supported by an increase in health and public sector personnel.

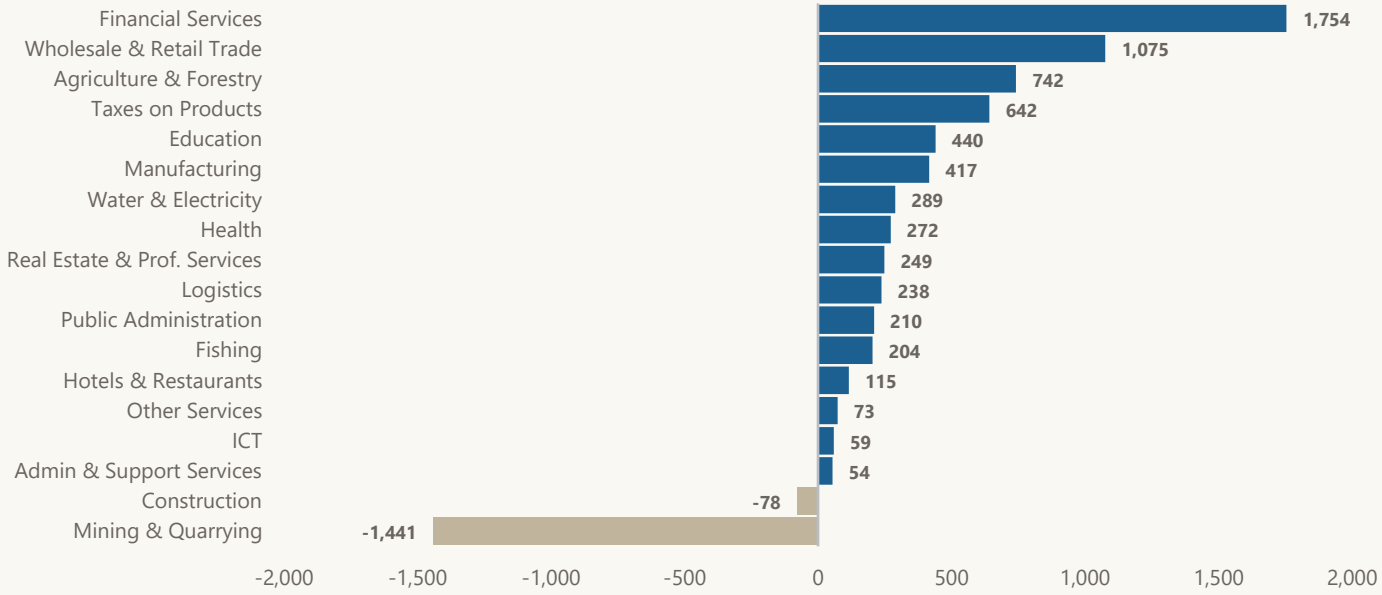
Both the primary and secondary industries returned to growth. The primary industries grew by 3.0% (Q2 2025: -2.4%), as Agriculture & Forestry recovered by 17.8% on favourable rainfall, which lifted maize and millet production, and more cattle marketed to export abattoirs. This more than offset a 3.1% contraction in Mining & Quarrying, where Uranium (-12.0%), Metal Ores (-20.1%, on lower gold, copper and manganese output) and Diamond Mining (-0.2%) all declined. The secondary industries grew by 0.8%, as Manufacturing (+3.9%) benefited from a 76.5% jump in Diamond Cutting & Polishing, while Construction (-15.5%) contracted on a 55.1% real decline in government construction spending and Electricity & Water (-2.6%) was weighed down by lower electricity output (-8.4%).

Revisions to previous quarters: Q1 2026 growth was revised up from 2.0% to 3.1%, mainly due to updated source data for Mining & Quarrying (revised from -12.2% to -7.1%), Agriculture, ICT and Manufacturing. Q4 2025 was revised down from 0.1% to a flat 0.0% (-0.001% before rounding), strictly ending the post-COVID run of positive growth at 18 quarters, although in practical terms the economy was flat rather than contracting.

Financial Services, Wholesale & Retail Trade and Agriculture & Forestry accounted for two-thirds of the N$5.3bn increase in nominal GDP to N$70.6bn (+8.1%). Financial Services alone added around N$1.75bn, with nominal value added up 30.6% against real growth of 5.5%, while Mining & Quarrying subtracted around N$1.44bn.

The Financial Services industry drove 33% of the value created in Q2 2026

Annual growth in value added at current prices, N$ Millions



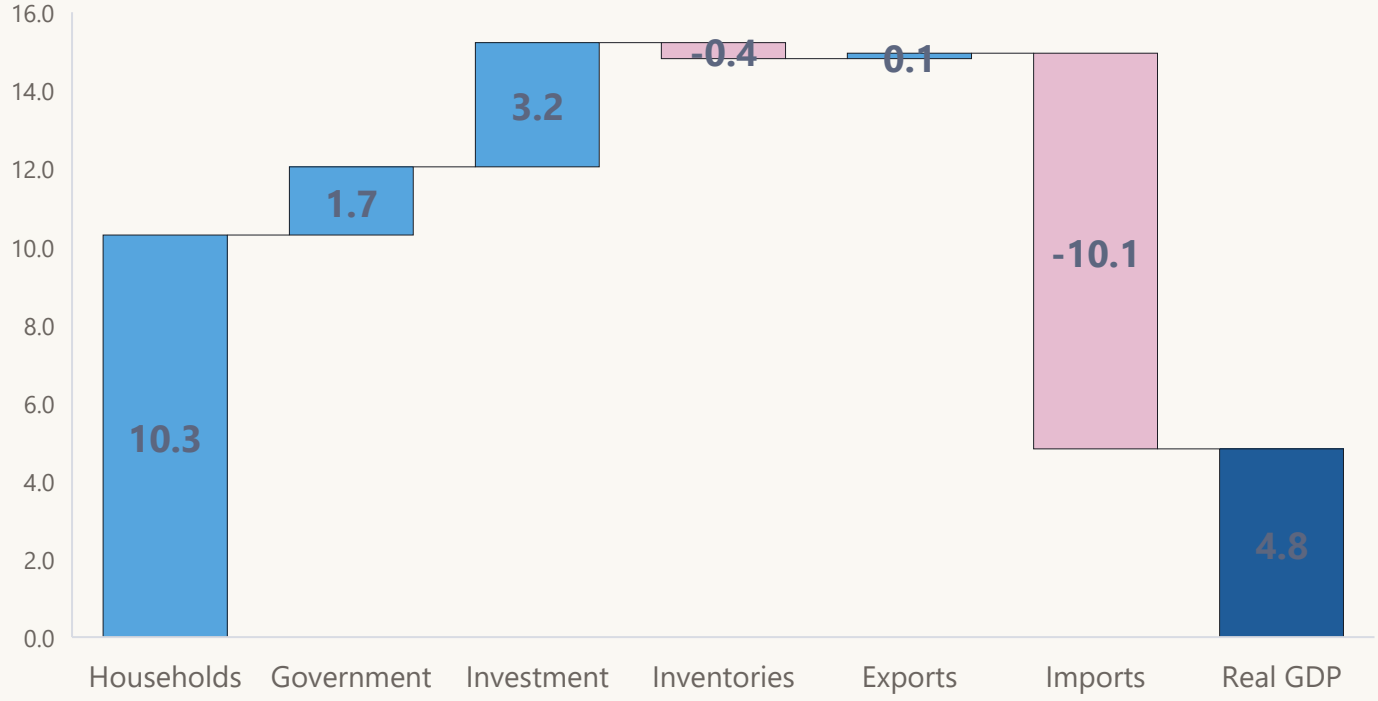
Source: Namibia Statistics Agency; IJG Securities

Demand Side (C + I + G + X – M)

Economic growth was largely driven by a strong rebound in household consumption, which contributed 10.3 percentage points to real GDP growth. Investment also supported growth, contributing 3.2 percentage points, while government consumption added a further 1.7 percentage points. However, much of this additional domestic demand was met by imports, which trimmed 10.1 percentage points off total growth, while exports were broadly flat (+0.1pp) and a drawdown in inventories subtracted a further 0.4pp.

Households drove growth, while imports absorbed most of it

Percentage point contribution to real GDP growth



Source: Namibia Statistics Agency; IJG Securities

Real Gross Domestic Expenditure (C + I + G + Δ Inventories) grew by 11.2%, reversing an 8.1% contraction one year prior, while Final Domestic Expenditure (which excludes inventories) grew by 11.1%, from -3.9%. However, with more than two-thirds of the increase met by imports, the pass-through to real GDP was far smaller.

Expenditure Components – Annual Growth Rates, %

Year	Quarter	Households	Government	Investment	Exports	Imports	Real GDP
2024	Q1	21.4	4.8	3.2	-11.1	10.7	5.2
	Q2	**28.8**	**4.7**	**1.2**	**-5.0**	**22.6**	**3.3**
	Q3	-3.5	6.4	-18.7	20.8	1.6	2.4
	Q4	10.5	4.5	-5.6	-4.8	3.5	4.2
2025	Q1	8.2	6.4	-4.8	14.1	10.6	2.8
	Q2	**-5.9**	**4.1**	**-4.4**	**20.1**	**-6.7**	**1.7**
	Q3	10.7	3.6	-11.2	5.5	-3.4	2.5
	Q4	-10.9	3.6	-12.2	8.8	-13.0	0.0
2026	Q1	-11.5	4.5	3.4	1.8	-11.7	3.1
	Q2	**11.6**	**6.6**	**14.4**	**0.3**	**12.9**	**4.8**

Source: Namibia Statistics Agency; IJG Securities

Private household consumption recorded a strong 11.6% annual increase, coming off a low base of -5.9% in Q2 2025. The NSA attributes this increase to a higher volume of goods sold by supermarkets and clothing retailers, as well as a rise in imports of finished goods.

Government consumption grew by 6.6% in real terms, up from 4.1% in Q2 2025. The NSA attributes this to a rise in the number of public servants as well as increased government expenditure on goods and services.

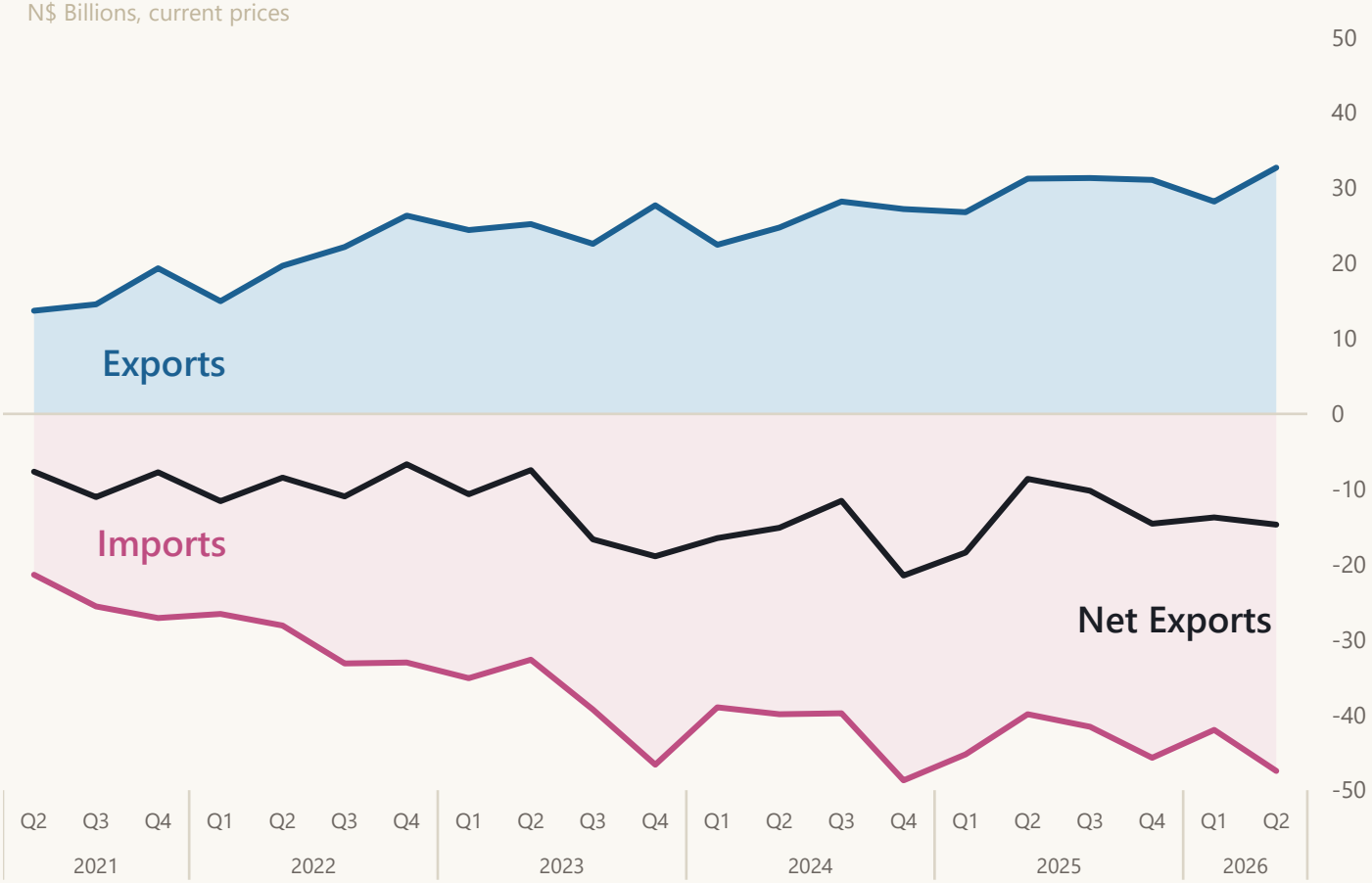
Household consumption in nominal terms increased by N$5.3bn to N$53.3bn (+11.1%). This was entirely driven by a volume effect of N$5.6bn, with a small negative price effect of N$264m, consistent with the stronger exchange rate containing consumer prices. Government consumption in nominal terms increased by N$1.0bn to N$13.9bn (+7.9%), mostly through a volume effect of N$842m and a modest price effect of N$179m.

Investment expenditure rose by 14.4% in real terms, its strongest growth since Q4 2023, following a 4.4% contraction in Q2 2025. Nominal investment expenditure grew by N$2.8bn to N$16.1bn (+21.3%), with a volume effect of N$1.9bn and a price effect of N$914m. The NSA attributes the increase to higher investment in machinery and transport equipment.

The external balance (X - M) worsened by N$6.1bn to -N$14.7bn, primarily driven by imports of intermediate and capital goods. The import value of goods and services increased by N$7.5bn to N$47.4bn (+18.8%), while the import volume increased by 12.9%. The export value of goods and services increased by N$1.5bn to N$32.7bn (+4.7%), primarily driven by exports of final and capital goods, while export volumes were largely flat (+0.3%).

External Balance (X - M)

N$ Billions, current prices



Source: Namibia Statistics Agency; IJG Securities

The Resource Economy

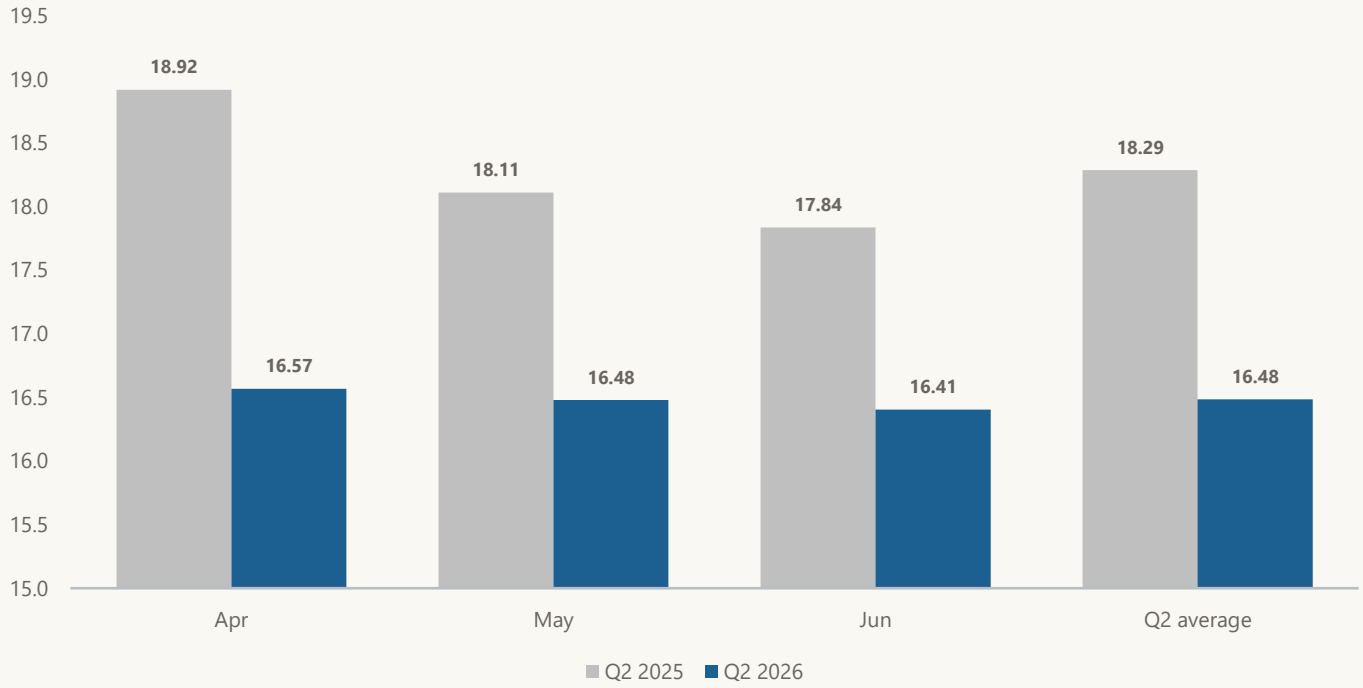
Agriculture & Forestry was the second-largest contributor to real GDP growth in Q2 2026, adding 0.8 percentage points, while Mining & Quarrying was the only primary industry to contract, subtracting 0.3 percentage points. Manufacturing added a further 0.4 percentage points as it returned to growth.

In nominal terms, Namibia's raw resource industries (agriculture, fishing and mining) reduced their value added by N$0.5bn YoY, as the N$1.44bn fall in mining value added more than offset gains in agriculture (+N$0.74bn) and fishing (+N$0.20bn).

The Namibian dollar appreciated from an average NAD/USD of 18.29 in Q2 2025 to 16.48 in Q2 2026, an appreciation of 10.9%. The stronger currency compressed the NAD value of mineral output, with nominal mining value added falling by 14.3% against a 3.1% real decline, while manufacturing held up despite weaker export price competitiveness.

Namibian dollar 10.9% stronger in Q2 2026 relative to Q2 2025

USD-NAD exchange rate, monthly average



Source: Bloomberg; IJG Securities

Agriculture & Forestry grew by 17.8% YoY in real terms in Q2 2026, supported by higher output across livestock, horticulture and agronomy. Crop farming expanded by 28.5% YoY (prev. +37.3%), and livestock farming recovered to 7.2% growth (prev. -28.4%). Agronomic production rose by 46.8%, YoY to 52,515 tonnes, all of it white maize, whose output increased by 47.1% from 35,698 tonnes a year earlier. No wheat or pearl millet was produced during the quarter.

Livestock auction activity increased by 9.3% YoY to 110,996 animals, as higher sheep (+82.9%) and goat (+16.2%) auctions more than offset a 9.2% decline in cattle auctioned. Average weighted auction prices rose for all three: sheep by 5.6% (N$38.06 per kg), cattle by 3.5% (N$34.10 per kg) and goats by 2.3% (N$38.09 per kg).

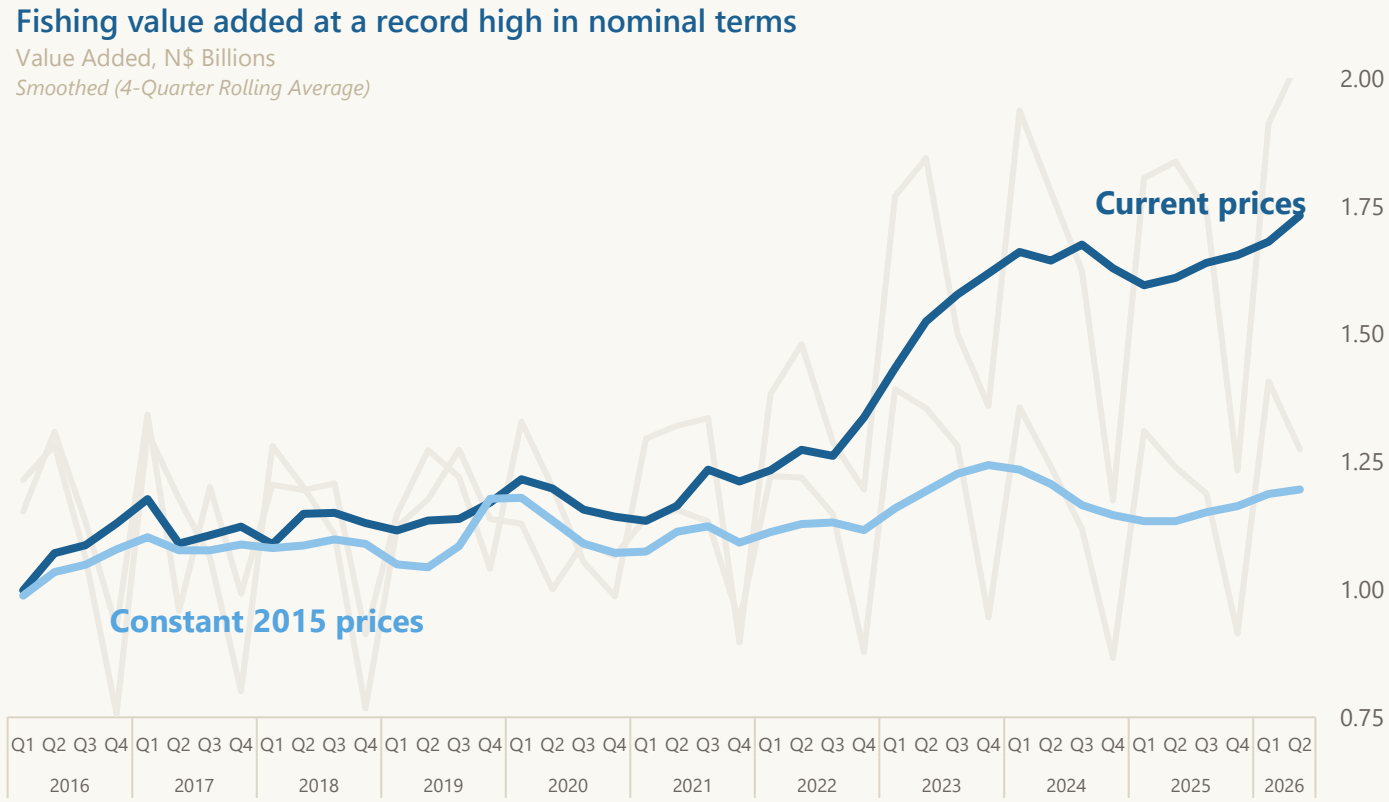
Livestock Auction Activity

Year	Quarter	Cattle	Goats	Sheep	Total Animal Auction
2025	**Q2**	**65,209**	**21,922**	**14,382**	**101,513**
	Q3	76,029	20,382	15,360	111,771
	Q4	59,498	33,850	21,641	114,989
2026	Q1	68,155	26,685	23,335	118,175
	Q2	**59,211**	**25,482**	**26,303**	**110,996**
	YoY %	**-9.2**	**16.2**	**82.9**	**9.3**

Source: Namibia Statistics Agency; IJG Securities

Export earnings rose in all three subsectors, but horticulture and agronomy remained net importers. Their trade deficits did narrow, though, as exports grew faster than imports. Horticultural exports increased by 51.3% YoY to N$226.3m, led by dates, which accounted for 70.0% of the total, followed by tomatoes at 10.8%. South Africa took 55.3% of horticultural exports. Horticultural imports rose 4.6% YoY to N$332.1m, leaving a net import bill of N$105.8m. Potatoes (N$51.9m) and apples (N$31.3m) were the largest imports, and South Africa supplied 92.6% of the total. Agronomic exports rose to N$122,000 from N$15,900 a year earlier, mainly oats (82.1%) destined for Angola. Agronomic imports of N$674.8m (+59.9%) were dominated by wheat (72.9%), resulting in a net import bill of N$674.7m.

The fishing sector grew 2.8% YoY in real terms in Q2 2026. That was up from a 0.1% contraction in Q2 2025, but slower than the 7.4% growth recorded in Q1 2026. Export earnings from fish rose 12.2% YoY to N$4.6bn, with Spain (mainly frozen hake fillets) and Zambia (mainly frozen horse mackerel) accounting for more than half of the total.



Source: Namibia Statistics Agency; IJG Securities

The landings data, however, gives a mixed picture of the sector's performance. Total landings declined by 1.1% YoY to 101,546 tonnes, as hake landings dropped by 30.7% and tuna landings by 61.8%. On a quarterly basis, landings rose by 4.1%, supported by horse mackerel (+14.6% QoQ) and crab (+24.0% QoQ). The NSA associates the growth to its

weighted fish landings index, which rose by 0.5% YoY (prev. -1.9%). A weighted index can rise while tonnage falls if higher value species make up a larger share of the catch, and crab (+60.1%), monk (+52.4%) and horse mackerel (+30.7%) all recorded higher landings. Nonetheless, the sharp decline in hake, the sector's most valuable species, makes the source of the growth difficult to reconcile with the landings data.

Landings of fish quota species in metric tonnes

Year	Quarter	Horse Mackerel	Hake	Monk	Tuna	Crab	Cape Rock Lobster	Total
2025	Q1	51,457	42,436	2,936	1,027	446	86	98,388
	Q2	**46,837**	**52,898**	**1,582**	**701**	**627**	**13**	**102,658**
	Q3	29,839	46,104	2,823	320	623	0	79,709
	Q4	35,945	18,485	1,839	199	2,058	87	58,613
2026	Q1	53,418	39,442	2,855	933	810	99	97,557
	Q2	**61,221**	**36,633**	**2,411**	**268**	**1,004**	**9**	**101,546**
	YoY %	**30.7**	**-30.7**	**52.4**	**-61.8**	**60.1**	**-30.8**	**-1.1**

Source: Namibia Statistics Agency; IJG Securities

Mining & Quarrying experienced poor performance during the quarter under review, with real value added declining by 3.1% YoY, marking the sixth consecutive annual contraction due to poor performance in the uranium mining, diamond mining and metal ores subsectors. In current prices, mining & quarrying value added decreased by N$0.98bn from the first quarter of 2026 and by N$1.44bn on an annual basis (-14.3% YoY).

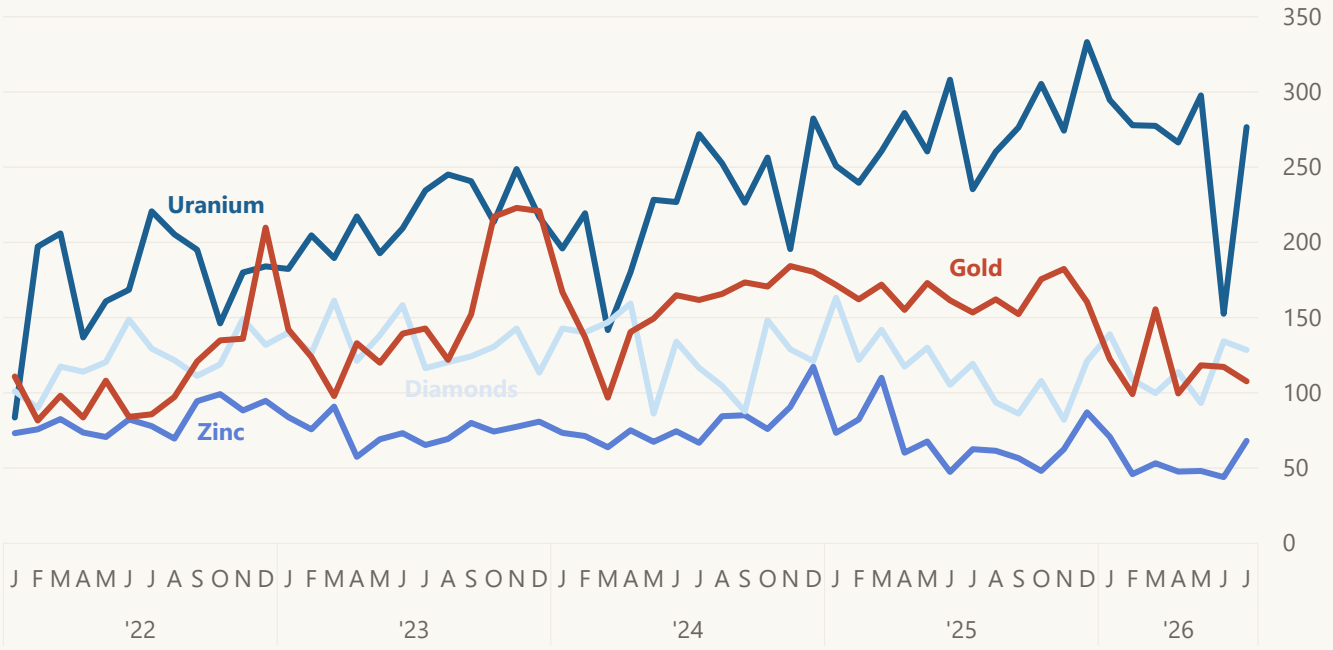
Diamond mining contracted by 0.2% YoY (prev. -4.5%), owing to persistent weakness in global diamond demand and continued downward pressure on diamond prices which adversely affected production levels. However, local participation in rough supply is improving. Namdia selected five Namibia-based companies for its new sales cycle, up from two in the previous cycle: Avalon Diamonds Namibia, Fine Star Jewellery and Diamonds Namibia, Gayane Trading, Sinco Investments and Stargems Manufacturing Namibia. This will provide support in Namibia's diamond data in future quarters. Namdia also said the high number of applications reflects continued international confidence in the quality and value of Namibian natural diamonds.

Metal ores production posted a strong 20.1% YoY contraction (prev. -13.5%), attributed to a decline in gold, copper and manganese production. Uranium, which was the star performer in the previous quarter, recorded a decline of 12.0% YoY (prev. +43.6%), its first contraction following seven consecutive periods of growth. The decline is attributed to lower uranium ore production.

The 'other mining and quarrying' subsector registered growth of 12.9% YoY (prev. -28.0%) in real value added, mainly due to an increase in the production of granite and marble.

Lacklustre year for mining

Mining production index, base year 2015 = 100



Source: Namibia Statistics Agency; IJG Securities

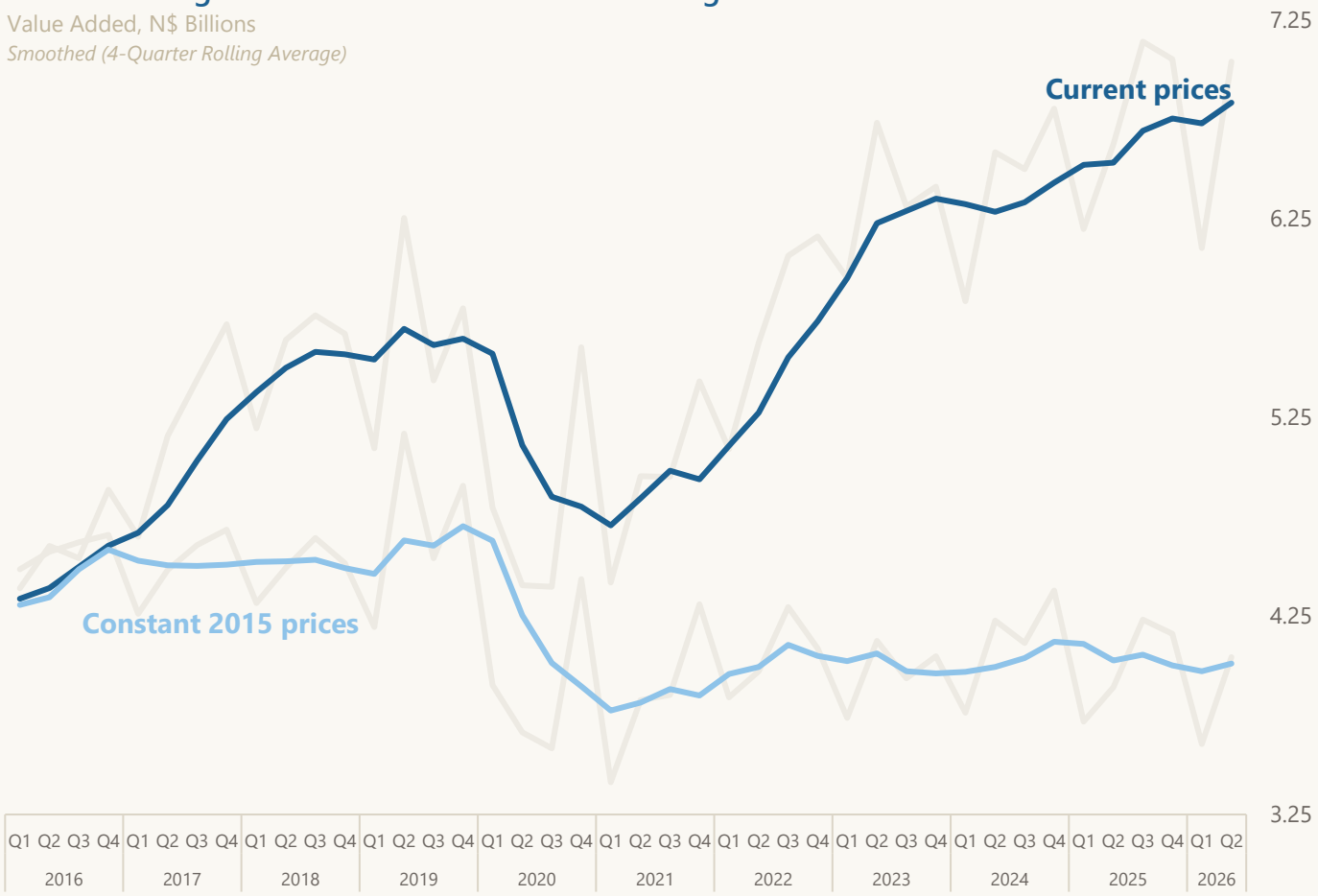
The secondary industries delivered mixed results in Q2 2026. Manufacturing returned to growth, although the gain came mainly off a weak base. Electricity and water contracted, as a heavier reliance on imported electricity outweighed stronger water supply. Construction recorded the sharpest decline, attributable to a steep fall in government construction spending, although private building activity held up.

Manufacturing returned to growth in Q2 2026, but mainly because the comparison base was so low. The manufacturing sector increased by 3.9% YoY (prev. -7.9%). Output remains below its Q2 2024 level in real terms, and the recovery is concentrated in a few volatile subsectors. Nevertheless, this represents a partial recovery, not a return to earlier levels. Despite the Namibian dollar appreciating by 10.9% relative to the comparable quarter in 2025, manufacturing remained resilient, in nominal terms, this was the industry's third best quarter on record.

Manufacturing nominal value added at its third-highest level on record

Value Added, N$ Billions

Smoothed (4-Quarter Rolling Average)



Source: Namibia Statistics Agency; IJG Securities

Within manufacturing, the most significant declines were observed in the manufacturing of non-ferrous metals (-66.3%) and beverages (-3.7%). Furthermore, this marks non-ferrous metals' manufacturing's sixth consecutive contraction, while beverages have contracted for two consecutive periods. The beverage production composite index saw a 4.1% YoY decline, driven by contractions in both alcoholic (-2.5%) and non-alcoholic (-6.2%) segments. The composite export index fell by 12.8%, while the composite import index surged 28.4%, pointing to weakening domestic output and growing reliance on imported beverages to fulfil demand.

Namibia's downstream diamond industry has held up despite the weaker upstream environment. Diamond cutting and polishing output grew 76.5% YoY, among the strongest gains in manufacturing, alongside leather and leather products (+32.9%) and paper products (+12.9%). Separately, the Namibia Diamond Trading Company (NDTC) has deepened its partnership with Ankit Gems to expand downstream capacity. Ankit Gems has enlarged its cutting and polishing facility in Namibia and plans to add jewellery manufacturing and retail, with the aim of completing mining, polishing, production and sales within the country. Its workers were first trained at the company's facilities in India before taking up roles in Namibia. Despite these headwinds, Namibia's high proportion of gem-quality diamonds gives it a way to stand out as the industry adjusts to lower volumes and tighter margins.

The Infrastructure Economy

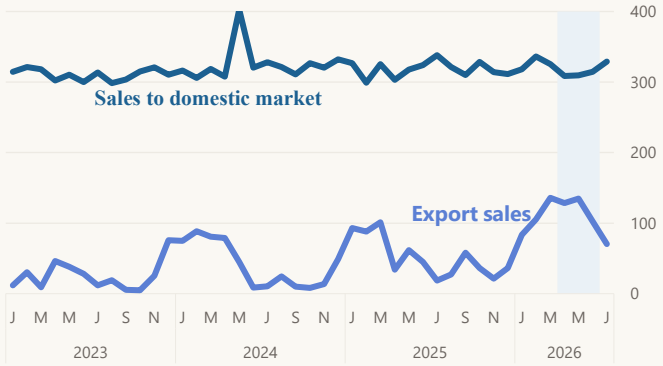
The infrastructure economy (water, electricity, construction, transport and storage) weakened in Q2 2026, subtracting 0.2 percentage points from real GDP growth, as sharp contractions in construction (-15.5%) and water & electricity (-2.6%) outweighed steady growth in transport & storage (+3.0%).

The Water & Electricity sector contracted by 2.6% YoY in Q2 2026 (prev. +12.7%) and subtracted 0.1 percentage points from overall GDP growth. The decline was driven by the electricity subsector, which fell 8.4% YoY (prev. +20.6%) as the country relied more heavily on imported electricity. Electricity imports rose 39.0% YoY to 637 thousand MWh, while own generation increased by 3.6% to 805 thousand MWh, lifting the imported share of total supply to 44.2% from 37.1%. The water subsector partly offset this, expanding 16.1% YoY (prev. -7.1%) on the back of higher volumes of water supplied.

Domestic electricity sales declined by 1.3% YoY to 933 thousand MWh, while export sales surged by 160% to 366 thousand MWh.

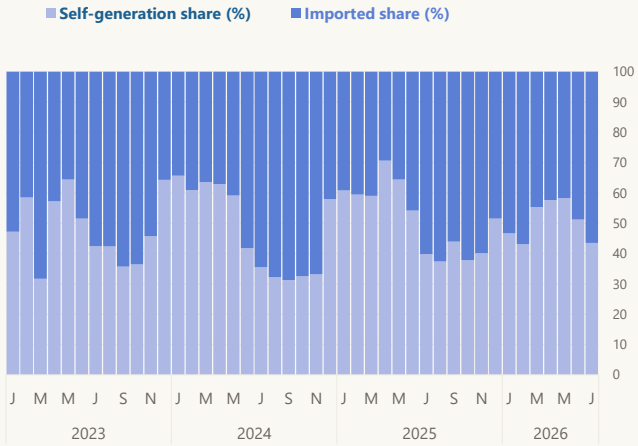
Domestic sales -1.3%, Export sales +160.0%

Electricity sales in megawatt-hours,



Greater import reliance in Q2 2026

Share of total, %



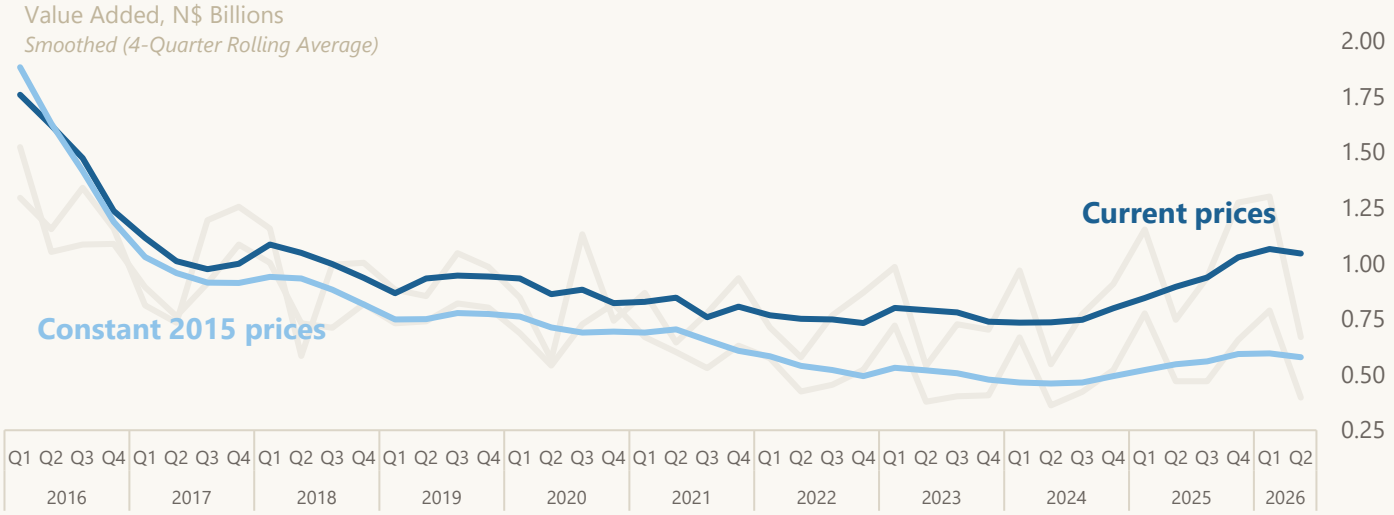
Source: Namibia Statistics Agency; IJG Securities

The construction sector contracted by 15.5% YoY in Q2 2026, its first decline after seven consecutive quarters of growth. Part of the fall reflects a high base: the sector grew 29.9% YoY in Q2 2025. The NSA attributes the contraction to lower construction activity by government. The real value of government spending on construction fell 55.1% YoY over the quarter. Private building activity, by contrast, held up. The average real value of building plans approved and completed rose 5.5% YoY (prev. +6.3%), which suggests the decline was driven by government rather than by the broader construction market.

Construction value added falls to its lowest level since Q2 2024

Value Added, N$ Billions

Smoothed (4-Quarter Rolling Average)



Source: Namibia Statistics Agency; IJG Securities

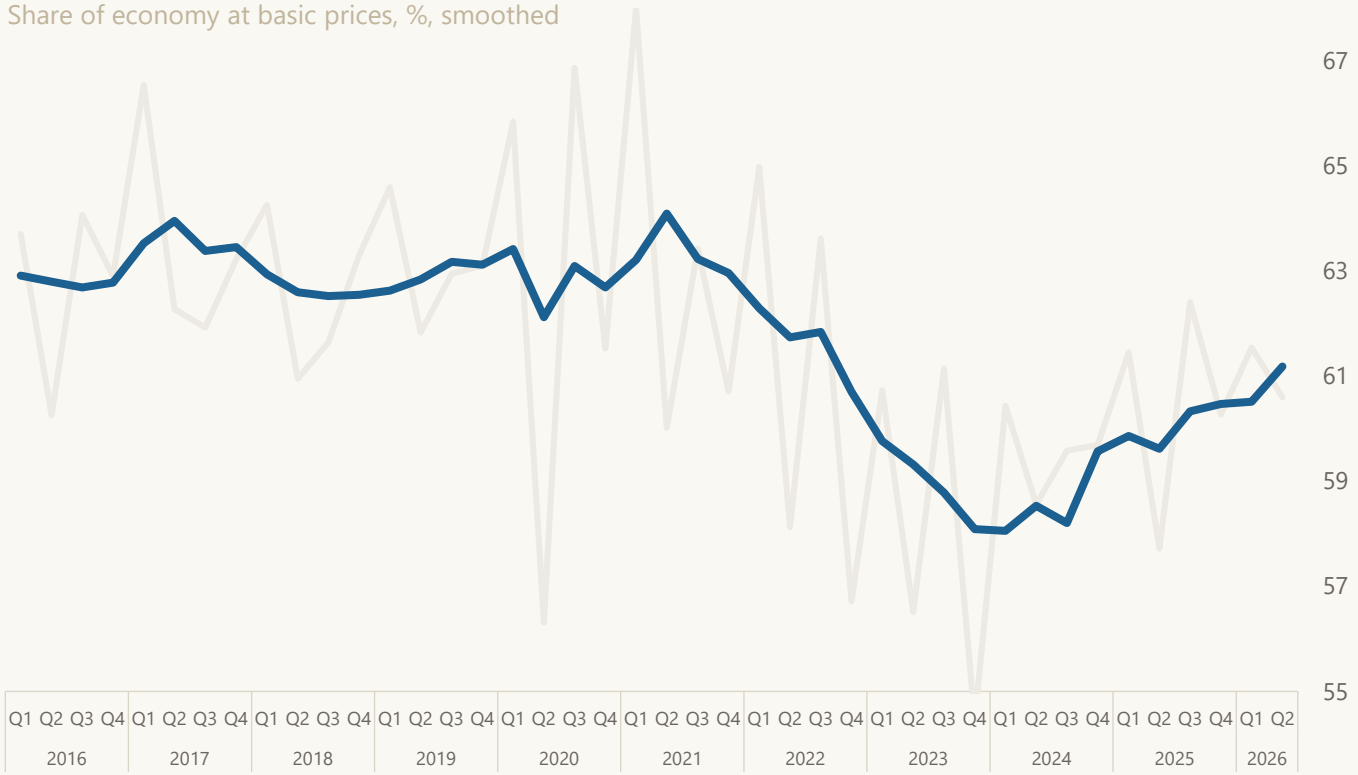
Transport & Storage grew by 3.0% YoY in real terms in Q2 2026 (prev. +2.2%) and added 0.1 percentage points to GDP. Growth was broad-based. Passenger road transport grew by 10.3%, other supporting and auxiliary transport activities by 7.4%, port services 3.5%, post and courier services by 2.5%, and freight road transport by 1.8%. Railway transport was the exception, contracting 15.6% after growing 20.5% a year earlier. Air activity improved slightly, with aircraft movements up 2.4% YoY to 5,846. Nominal value added rose by 10.5% to N$2.51bn.

The Services Economy

The services economy (tertiary industries) made up 60.6% of the total economy at basic prices in Q2 2026. In real terms, the services economy grew by 6.1% YoY, lifting its rolling four-quarter growth rate to 4.8% (from 4.3% in Q1 2026), while its smoothed nominal share rose to 61.2%, the highest since Q2 2022.

Services economy share at its highest since 2022

Share of economy at basic prices, %, smoothed



Source: Namibia Statistics Agency; IJG Securities

Wholesale & Retail Trade again the largest contributor to real GDP growth. It grew by 9.0% YoY (prev. +6.5%) and added 0.9 percentage points, about a fifth of the 4.8% headline expansion. The industry has now grown on an annual basis for 21 consecutive quarters, starting in Q2 2021, a run that spans the entire post-COVID recovery. Growth has held at 7.0% or higher for four consecutive quarters.

Sales volumes rose at supermarkets (+13.8%), wholesalers (+4.5%) and clothing retailers (+2.0%). Real revenue in the sector grew 8.6%, more than double the 4.0% recorded in Q2 2025. The same picture shows up on the demand side. Private final consumption rebounded 11.6%, after falling 5.9% a year earlier. The NSA attributes this increase to a higher volume of goods sold by supermarkets and clothing retailers, as well as a rise in imports of finished goods.

In Q1 2026, the payment data and the NSA's retail figures told different stories. Retail volumes rose, but total card transaction value fell by 4.2% YoY. In Q2 2026, the two sources moved together. Card transaction value rose by 11.4% YoY to N$36.33bn, and card volumes increased by 11.0% to N$60.2 million. The average transaction held steady at about N$604, so the growth came from more frequent purchases rather than larger ones. That matches the higher sales volumes reported by supermarkets and clothing retailers, and it gives the sector's Q2 performance firmer support than it had in Q1.

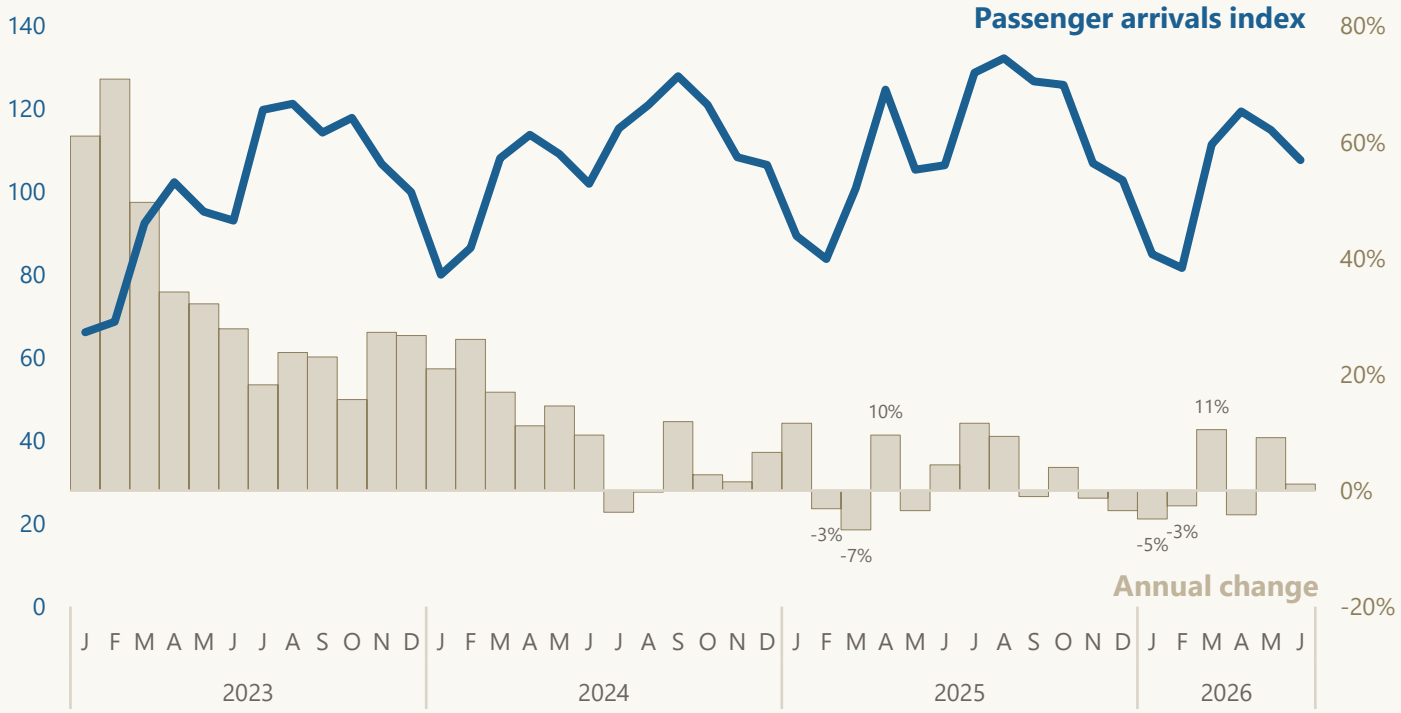
Hotels & Restaurants grew by 5.5% YoY in real terms in Q2 2026 (prev. +5.3%) and added 0.1 percentage points to GDP. Restaurants grew by 14.0%, recovering from a 5.3% contraction a year earlier. Hotels slowed sharply to 2.8%, from 18.1% in Q2 2025.

The restaurant rebound fits with the recovery in household spending. Private consumption rose 11.6% in real terms, and card transaction values grew 11.4% over the quarter. Hotel activity, which depends more on international and regional visitors, reflects the softer tourism picture we highlighted in Q1. The NSA indicated that passenger arrivals index rose

just 1.7% YoY in Q2 2026, in line with the 1.6% increase in air passenger arrivals to 146,891. At Hosea Kutako International Airport, the country's main gateway, which handled 81.8% of passenger movements in June, arrivals fell YoY in April (−5.1%) and June (−2.3%) and rose only in May (+5.2%). In June, 37,787 passengers arrived through Hosea Kutako, down from 38,684 a year earlier.

Passenger arrivals 1.7% higher YoY

Passenger arrivals index, base year 2015 = 100



Source: Namibia Statistics Agency; IJG Securities

Information & Communication grew 8.2% YoY in real terms in Q2 2026, slower than the 12.3% recorded in Q2 2025, and added 0.2 percentage points to GDP. This is the industry's eighth consecutive quarter of annual growth. Q1 2026 growth was also revised up sharply, to 3.4% from the 0.4% originally published.

CRAN data shows strong demand for connectivity. Active SIM cards rose 7.1% YoY to 2.79 million, and mobile broadband subscriptions increased 14.0% to 1.82 million. The share of SIM cards used to access the internet rose to 64% from 61%. Fixed broadband subscriptions grew 17.4% to 142,061, led by fibre, which rose 32.5% while older copper-based ADSL lines continued to decline. Mobile data use rose 44.2% YoY to 30.8 million GB, with TikTok the most-used platform on the MTC network, with consumption rising by 21%, the largest increase among the major platforms.

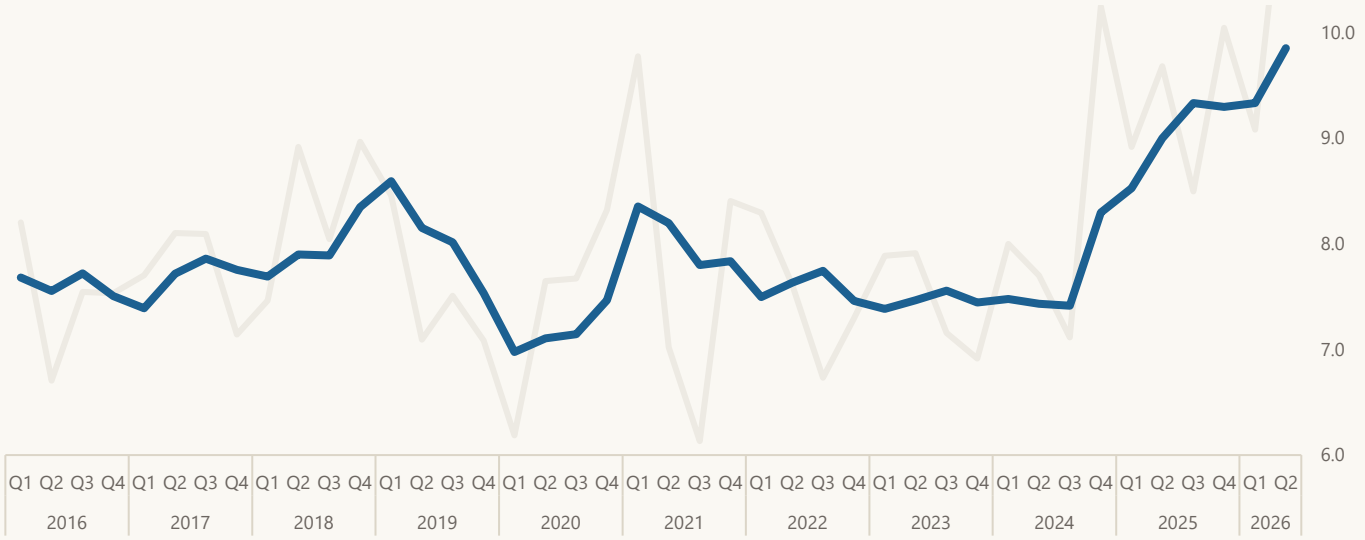
The industry is also earning more. Total ICT revenue rose 11.2% YoY to N$1.93bn, while operating expenses, including salaries and depreciation, grew 9.8% to N$1.64bn. Revenue therefore exceeded costs by N$283m, up 20.4% from N$235m a year earlier.

Financial Services contributed an additional N$1.75bn to the Namibian economy compared with Q2 2025, driving a third of total nominal GDP growth. In real terms, the industry grew 5.5% YoY (prev. −0.7%) and added 0.4 percentage points to headline growth.

Banking led the performance, growing 10.0% in real terms after contracting 4.1% a year earlier. Insurance grew a more modest 1.9%, supported by higher life insurance premiums and an increase in medical aid membership. Total deposits rose to N$174.0bn from N$156.0bn in Q2 2025, an increase of 11.5%.

Financial Services share of the economy at a record high

Share of economy at basic prices, %, smoothed



Source: Namibia Statistics Agency; IJG Securities

The interest rate environment tightened during the quarter. At its April 2026 meeting, the Bank of Namibia kept the repo rate unchanged at 6.50%, citing weak domestic economic activity and credit extension alongside a higher inflation forecast. In June, the MPC raised the repo rate by 25 basis points to 6.75%, pointing to rising inflationary pressure driven by higher oil prices. Inflation had accelerated to 4.1% in May from 3.1% in April. The MPC described the move as moderate tightening, given subdued domestic economic activity.

Private sector credit extension (PSCE) growth edged up to 4.5% YoY in June from 4.3% in May, with total claims on the private sector rising by N$5.39bn over the year to N$125.49bn. Household credit rose N$3.10bn YoY to N$72.30bn, its strongest annual growth (4.5%) since August 2023. Instalment and leasing credit (+N$1.24bn) and mortgages (+N$0.96bn) made up most of that increase. Household mortgage growth reached 2.1% YoY, the fastest since January 2024. Business credit increased N$2.30bn YoY to N$53.19bn (+4.5%). Instalment and leasing credit alone accounted for N$1.70bn of that increase, growing 24.4% YoY to N$8.67bn, as businesses continued to finance equipment and vehicles. Corporate mortgage lending, by contrast, contracted 1.1% YoY.

On the fiscal side, government debt in issued securities increased from N$152.9bn at the end of March 2026 to N$157.2bn at the end of June 2026, a rise of approximately N$4.3bn over the quarter. This was smaller than the N$5.9bn increase recorded in Q2 2025. This reflects continued fiscal deficit financing. Continued issuance contributes to the development and liquidity of the domestic capital market, providing investment opportunities for institutional investors.

Other Services grew 1.7% YoY in real terms in Q2 2026, slightly faster than the 1.4% recorded in Q2 2025, and made no measurable contribution to GDP growth. The industry covers 'Arts, entertainment and recreation', Other services activities and Private households with employees. The NSA attributes the growth to other service activities (+2.7%) and private households with employees (+2.6%).

The Government Economy

The three government services industries added about 1.5 percentage points to GDP growth together. That is nearly a third of the headline 4.8%. Government consumption expenditure rose 6.6% in real terms (prev. +4.1%). According to the NSA, the increase reflects both an expanded public-service workforce and increased government expenditure on goods and services. Taken together with the 55.1% collapse in real government construction spending, it suggests the government is favouring day-to-day spending over capital projects.

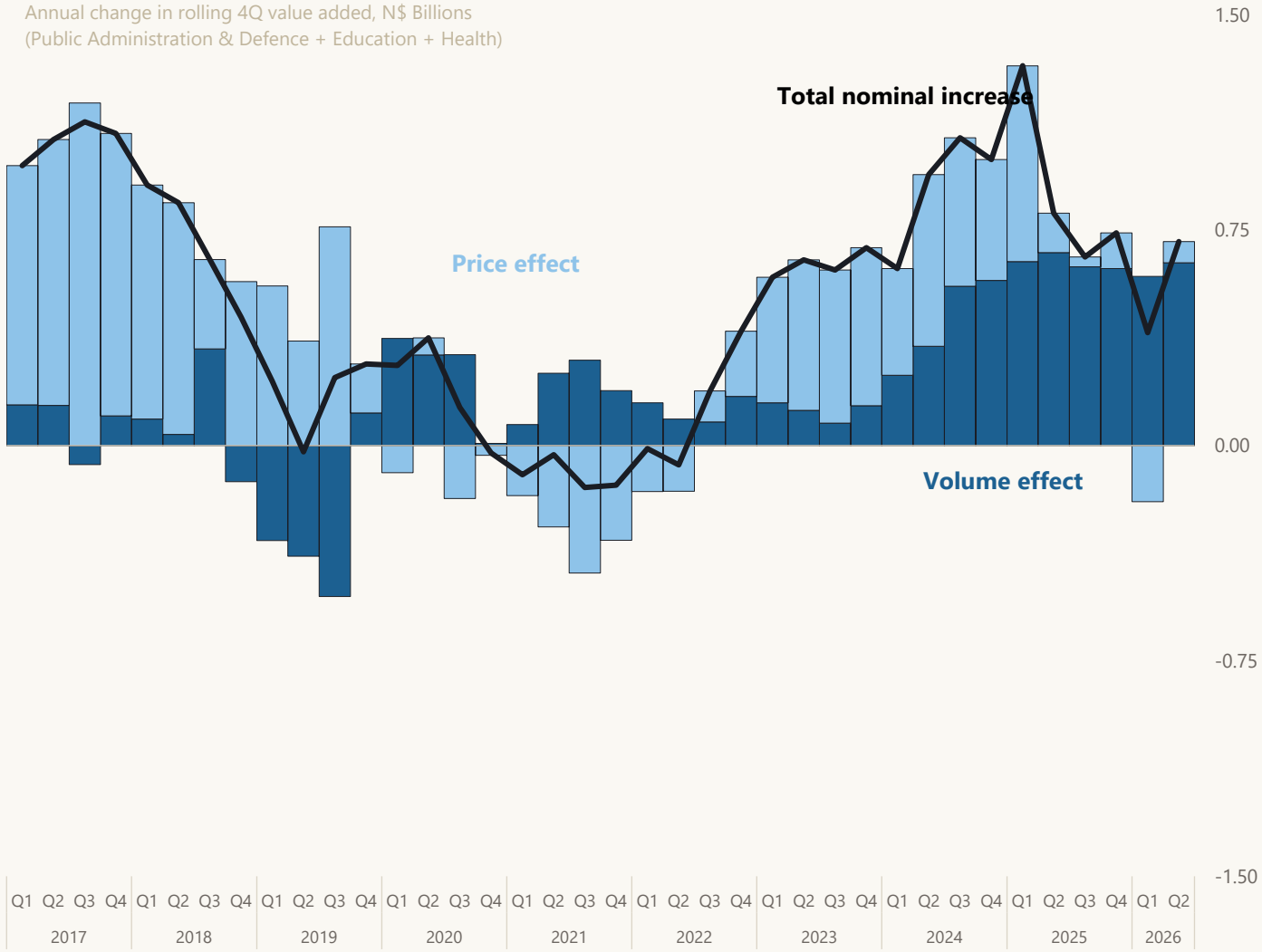
Health was the standout, growing 17.6% YoY (prev. +2.7%) and adding 0.7 percentage points to GDP. That made it the third-largest contributor to growth, behind trade and agriculture. The NSA attributes the growth to more health personnel. In nominal terms, however, value added grew by a slower 13.4% to N$2.30bn. The divergence between nominal and real implies that actual service delivery and output have increased, while the unit cost of delivering those services has declined.

Education grew 4.0% (prev. +5.7%), its sixteenth consecutive quarter of annual growth, and added 0.4 percentage points. Primary and secondary education grew 4.1% (prev. +6.9%). Tertiary education recovered to 3.3% growth after contracting 3.5% a year earlier.

Public Administration & Defence grew 3.6% (prev. +4.2%) and added 0.4 percentage points, again supported by a larger public-service headcount. Nominal value added rose 4.7% to N$4.72bn. Unlike in Q1, when nominal value added fell despite real growth, nominal and real growth moved together this quarter.

Nominal growth in the government economy largely driven by volume

Annual change in rolling 4Q value added, N$ Billions
(Public Administration & Defence + Education + Health)



Source: Namibia Statistics Agency; IJG Securities

Our Take

Q2 2026's 4.8% expansion is the strongest in over two years, and this time the headline and the underlying economy point in the same direction. Growth was broad-based across 14 of 17 industries, and the non-mining economy grew by 4.4% on a rolling four-quarter basis, its fastest pace since at least 2016.

The composition of demand is more mixed. Household spending rebounded strongly off a weak base, but more than two-thirds of the increase in domestic expenditure was met by imports, while export volumes were broadly flat. The stronger Namibian dollar supported household purchasing power, but it also compressed the NAD value of mining output, which fell by 14.3% in nominal terms.

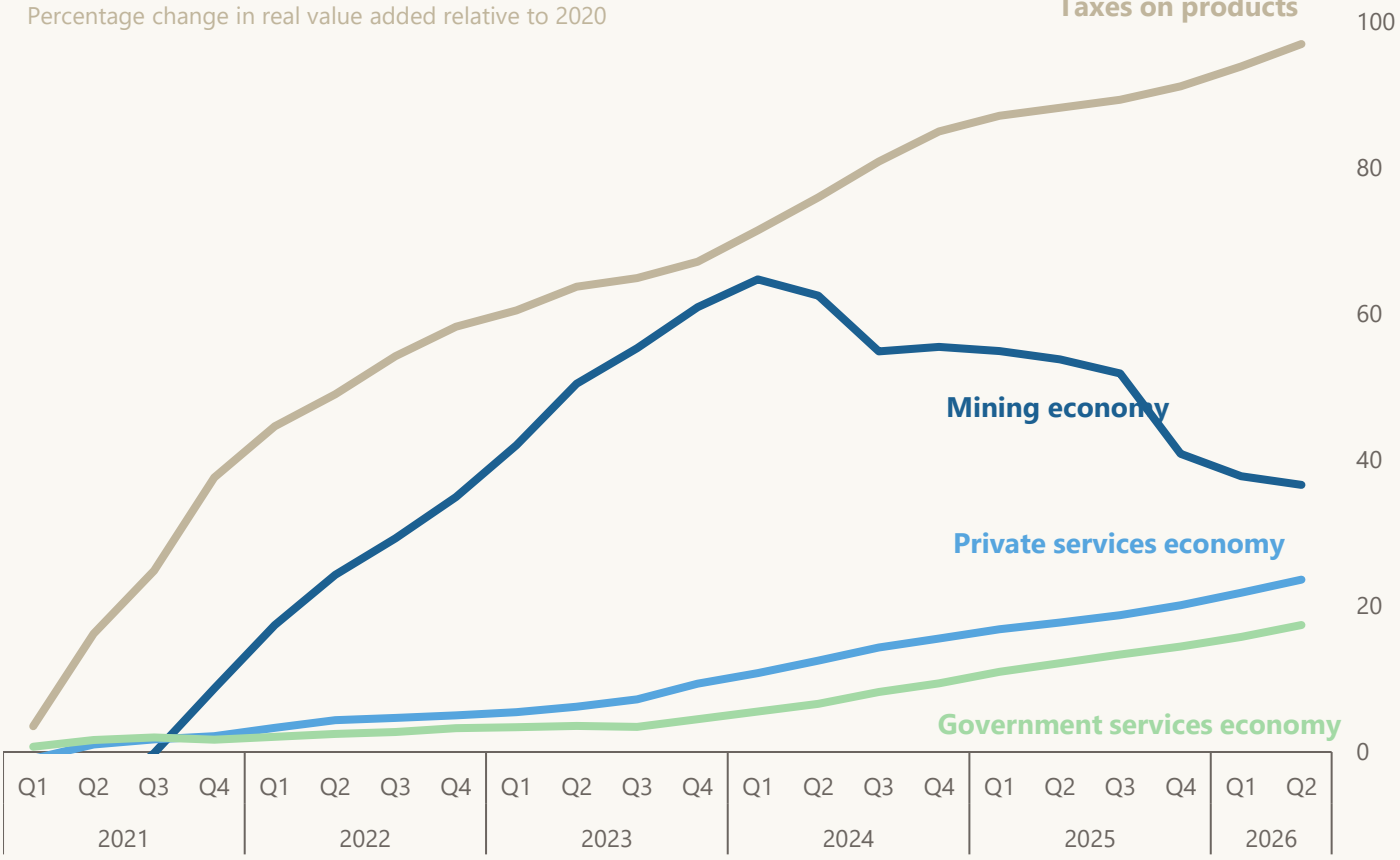
Government remains an important pillar, with the government economy adding about 1.5 percentage points to growth. However, the 55.1% fall in real government construction spending suggests that current spending is being prioritised over capital projects, weighing on the infrastructure economy. With the Bank of Namibia raising the repo rate to 6.75% in June on rising inflation, households may face tighter financial conditions in the second half of the year.

Relative to 2020, real value added from non-government services is 23.6% higher and from government services 17.4% higher, while mining's gain has narrowed to 36.6% from a peak of 64.7% in Q1 2024. The headwinds remain concentrated in uranium, diamonds and metal ores rather than across the broader economy, which leaves the near-term outlook for the non-mining economy constructive.

We expect the economy growth to slow down due to Foot and mouth diease which was announced on 24 September 2026, with the most notable change to be in Q4 2026.

Non-mining economy + taxes still going strong

Percentage change in real value added relative to 2020



Source: Namibia Statistics Agency; IJG Securities

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