



IJG ECONOMIC UPDATE

Q1 2021 GDP Update

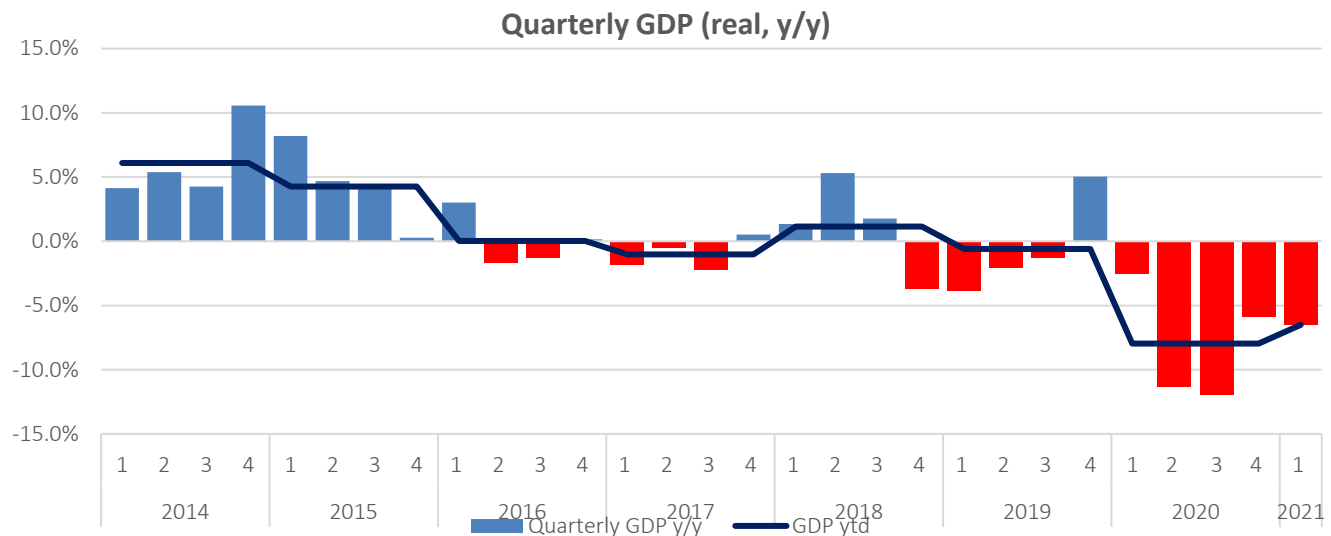
Research Analyst:

Danie van Wyk
danie@ijg.net
+264 61 383 534

0.0005	4.85%
0.0003	13.04%
0.0001	50.00%
0.0003	14.29%
0.0005	12.50%

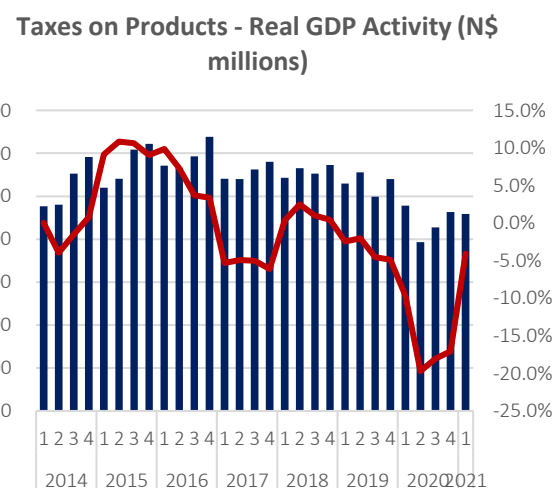
Namibia Q1 GDP Update

The Namibia Statistics Agency (NSA) released Q1 GDP data earlier today. The release shows Q1 GDP contracted by 9.3% q/q and 6.5% y/y. Revisions were made to data dating back to 2018. 2020's GDP data have also been revised, although not materially so, as the NSA now reports that the economy contracted by 7.97% in 2020, compared to the 7.98% contraction previously reported. The data shows that Namibia has now experienced five consecutive quarters of contraction on a year-on-year basis. The revised data also shows that twelve of the last seventeen quarters, or since the start of 2017, have posted contractions on an annual basis, separated by five quarters of very subdued growth.



Source: NSA, IJG Securities

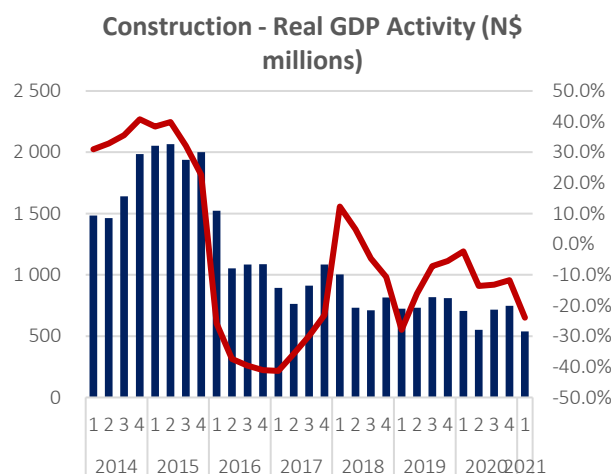
The sectors that reported the largest contractions in the quarter were construction, down 23.9% y/y, manufacturing, down 22.3% y/y, and mining and quarrying, down 19.0% y/y. The wholesale and retail trade sector recorded a decline of 8.2% y/y, reflecting continued consumer weakness. This is the fifth consecutive year where this sector has contracted in Q1, and real GDP contributed by the sector is now barely above the level reported in Q1 2013. The sector has now recorded eleven consecutive quarters of decline on an annual basis. Unsurprisingly, real GDP contributed by taxes on products contracted by 4.1% when compared to Q1 2020, as shown below.



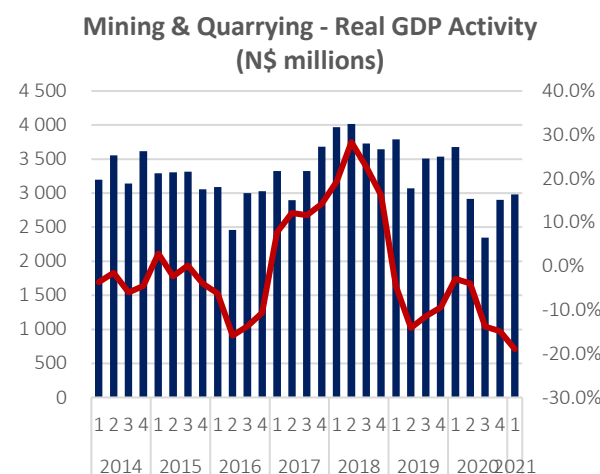
Source: NSA, IJG Securities

0.0005	4.85%
0.0003	13.04%
3	50.00%
0.0001	14.29%
0.0003	12.50%
0.0005	

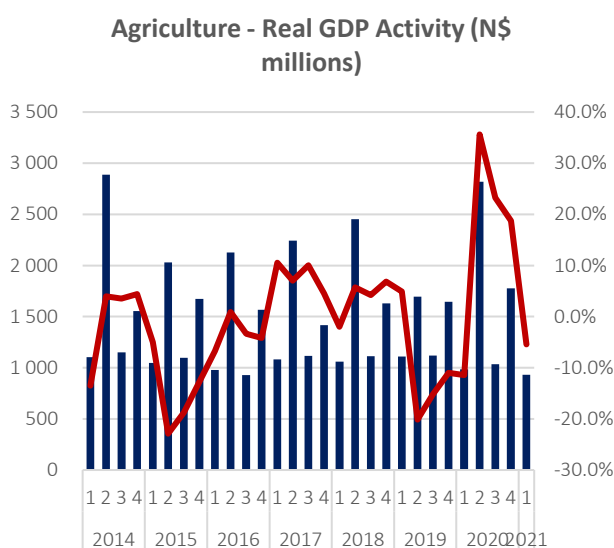
Construction is one of the sectors that have been in an almost constant decline since 2015. Activity in Q1 2021 was around half of what it was in Q1 2018.



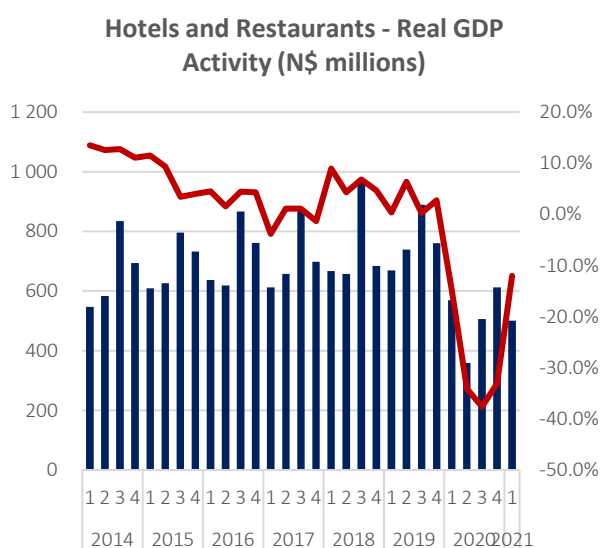
Mining has now posted ten consecutive quarters of decline on an annual basis. Activity was however up 2.7% q/q in Q1.



Despite the above average rainfalls experienced in large parts of the country earlier this year, **Agriculture** contracted by 47.7% q/q and 5.4% y/y in Q1.



Tourism was badly affected by the pandemic, posting a decline in real GDP activity contributed by hotels and restaurants of 18.1% q/q and 12.0% y/y.



Source: NSA, IJG Securities

The information and communications sector saw the strongest growth, as demand for data services and internet connectivity continue to grow steadily. The sector reported growth for the quarter of 0.7% q/q and 17.7% y/y. Other sectors that recorded growth include health, electricity and water, real estate and professional activities, and public administration. At the end of the day however, the positive performance in these sectors only served to dampen the extent of the contraction in Q1.

Year-to-Date Growth Rates in Real GDP

Year	Quarter	Agriculture	Fishing	Mining and quarrying	Manufacturing	Electricity and water	Construction	Wholesale and retail trade	Hotels and restaurants	Transport and communication	Information and communication	Financial intermediation	Real estate activities and business services	Administrative and support services	Public administration	Education	Health	Other private services	All indust. at basic prices	Taxes on products	GDP at market prices
2014	1	-13.5%	28.8%	-3.7%	-8.0%	-6.5%	31.0%	22.6%	13.5%	9.4%	1.6%	13.0%	4.9%	-11.0%	-13.4%	13.4%	48.3%	3.9%	4.5%	0.0%	4.1%
	2	4.0%	23.8%	-1.5%	-4.1%	-1.8%	32.8%	12.1%	12.6%	8.6%	-1.1%	11.9%	2.9%	-4.9%	-5.5%	15.0%	16.0%	5.9%	5.5%	-3.9%	4.8%
	3	3.5%	16.1%	-6.0%	-0.2%	2.3%	35.6%	12.4%	12.7%	9.8%	-1.1%	11.6%	2.8%	-6.1%	-3.9%	10.4%	8.2%	7.1%	5.1%	-1.5%	4.6%
	4	4.4%	9.5%	-4.5%	3.7%	5.2%	40.8%	13.0%	11.1%	10.1%	2.9%	10.7%	3.3%	-0.4%	-0.1%	8.3%	11.2%	7.2%	6.5%	0.8%	6.1%
2015	1	-5.0%	-3.6%	2.9%	1.9%	13.6%	38.4%	7.5%	11.5%	28.7%	17.8%	4.4%	2.4%	1.9%	15.6%	4.4%	13.9%	3.4%	8.1%	9.1%	8.2%
	2	-22.9%	-4.2%	-2.4%	2.4%	8.7%	39.8%	9.3%	9.4%	24.8%	20.1%	3.6%	3.8%	5.3%	17.9%	1.2%	19.1%	2.0%	6.1%	10.8%	6.4%
	3	-18.8%	-7.9%	0.1%	-0.5%	5.4%	32.1%	8.7%	3.4%	20.3%	13.6%	2.6%	4.6%	11.3%	17.2%	-2.4%	22.1%	1.2%	5.3%	10.6%	5.7%
	4	-12.7%	-9.2%	-4.0%	-3.2%	5.8%	22.7%	7.0%	4.0%	19.4%	11.6%	2.1%	5.1%	6.6%	16.1%	-2.5%	19.5%	0.9%	3.9%	9.0%	4.3%
2016	1	-6.8%	7.9%	-6.2%	13.9%	17.5%	-25.8%	10.3%	4.5%	-5.4%	3.0%	1.5%	5.5%	-1.9%	-3.5%	6.8%	18.2%	1.9%	2.5%	9.9%	3.0%
	2	0.9%	12.3%	-15.9%	8.5%	20.2%	-37.5%	7.5%	1.6%	-1.1%	2.7%	1.1%	4.2%	-14.6%	-0.8%	4.2%	17.1%	2.4%	0.1%	7.2%	0.7%
	3	-3.4%	10.2%	-13.8%	10.2%	20.7%	-39.6%	3.3%	4.4%	2.5%	5.3%	1.0%	2.6%	-20.6%	0.6%	3.6%	13.4%	2.6%	-0.3%	3.7%	0.0%
	4	-4.2%	11.7%	-10.7%	10.0%	21.8%	-41.1%	3.0%	4.3%	5.5%	6.0%	1.1%	1.6%	-16.1%	-0.1%	3.4%	9.8%	2.5%	-0.3%	3.4%	0.0%
2017	1	10.5%	7.8%	7.7%	-5.0%	-4.0%	-41.3%	-5.5%	-3.8%	8.5%	2.4%	2.9%	1.5%	-1.8%	2.1%	-2.0%	-2.9%	0.7%	-1.5%	-5.3%	-1.8%
	2	7.0%	-0.4%	12.1%	-3.5%	-9.4%	-35.7%	-7.1%	1.1%	1.2%	1.5%	3.7%	0.6%	-4.8%	3.1%	1.7%	-2.7%	0.2%	-0.9%	-4.9%	-1.2%
	3	10.0%	-0.3%	11.7%	-2.4%	-12.1%	-29.9%	-8.8%	1.1%	-3.5%	2.9%	3.9%	2.0%	2.0%	0.9%	-2.8%	-1.9%	-0.1%	-1.3%	-5.0%	-1.6%
	4	4.5%	0.8%	14.2%	-1.6%	-16.6%	-23.1%	-9.4%	-1.4%	-4.1%	6.0%	3.7%	1.9%	-2.2%	2.2%	-1.7%	4.4%	-0.3%	-0.6%	-6.1%	-1.0%
2018	1	-2.0%	-2.1%	19.3%	1.1%	8.3%	12.3%	-5.8%	8.9%	-8.4%	3.2%	-1.5%	3.6%	-17.5%	8.9%	-11.3%	-3.8%	0.6%	1.4%	0.4%	1.3%
	2	5.7%	-0.2%	28.3%	0.6%	13.5%	4.8%	-2.0%	4.3%	-2.6%	4.2%	-1.8%	3.8%	-8.9%	6.7%	-5.5%	-4.2%	0.7%	3.4%	2.5%	3.3%
	3	4.2%	1.1%	22.7%	0.7%	14.2%	-4.7%	-3.9%	6.8%	-1.9%	1.4%	-1.2%	2.3%	-1.6%	5.3%	0.4%	-4.0%	0.5%	2.9%	1.0%	2.8%
	4	6.9%	0.1%	16.1%	-0.4%	13.2%	-10.7%	-5.0%	4.7%	-0.1%	-2.2%	0.1%	2.2%	0.9%	0.7%	0.5%	-8.9%	0.0%	1.2%	0.4%	1.1%
2019	1	4.9%	-12.3%	-4.5%	-2.7%	-15.0%	-27.9%	-6.6%	0.4%	11.6%	7.7%	12.2%	-1.1%	7.5%	-14.7%	-0.5%	-2.9%	-4.9%	-4.0%	-2.4%	-3.9%
	2	-20.2%	-7.3%	-14.1%	6.7%	-9.3%	-16.1%	-6.5%	6.4%	10.4%	8.6%	13.8%	-0.7%	5.1%	-8.8%	0.7%	-1.9%	-4.3%	-3.0%	-2.0%	-3.0%
	3	-15.2%	-0.5%	-11.5%	3.5%	-10.0%	-7.1%	-8.0%	0.3%	4.0%	10.6%	14.0%	0.6%	-4.4%	-5.6%	1.0%	-2.0%	-2.4%	-2.2%	-4.5%	-2.4%
	4	-11.0%	8.0%	-9.5%	4.3%	-5.4%	-5.5%	-7.8%	2.8%	-0.6%	11.9%	12.4%	1.9%	-5.6%	1.5%	1.7%	-1.5%	0.9%	-0.2%	-4.9%	-0.6%
2020	1	-11.5%	-1.0%	-2.9%	-7.8%	0.3%	-2.3%	-4.9%	-15.0%	-11.9%	11.5%	-3.6%	7.9%	-1.6%	-3.0%	4.6%	0.8%	25.3%	-1.9%	-9.7%	-2.5%
	2	35.6%	-8.8%	-3.9%	-20.4%	6.8%	-13.6%	-15.5%	-34.1%	-19.8%	14.5%	-7.5%	5.7%	-16.7%	-4.2%	0.8%	1.5%	-4.8%	-6.0%	-19.7%	-7.0%
	3	23.3%	-10.8%	-13.8%	-22.1%	11.1%	-13.2%	-13.2%	-37.6%	-21.8%	17.1%	-10.1%	4.2%	-15.3%	-2.9%	-0.3%	2.7%	-7.8%	-7.9%	-18.0%	-8.7%
	4	18.8%	-9.4%	-14.9%	-19.6%	19.1%	-11.8%	-11.7%	-33.1%	-22.4%	17.4%	-11.7%	1.9%	-14.5%	-1.8%	0.1%	4.8%	-4.4%	-7.2%	-17.1%	-8.0%
2021	1	-5.4%	-0.5%	-19.0%	-22.3%	7.7%	-23.9%	-8.2%	-12.0%	-8.7%	17.6%	-13.8%	4.6%	-7.5%	1.6%	-0.3%	12.8%	-4.3%	-6.7%	-4.1%	-6.5%

Source: NSA, IJG Securities

The Bottom Line

According to the NSA, 13 of the 18 sectors recorded contractions in activity in Q1 on an annual basis. It is quite clear from the release that Namibia will likely not see a quick economic recovery. What is further evident from today's data is that a significant uptick in GDP output is needed during the rest of the year for the country to achieve the Bank of Namibia's forecasted economic growth of 2.7% in 2021.

The 8.0% contraction in real GDP in 2020, which followed four years of economic stagnation, has resulted in real economic activity falling to levels last seen in 2013. The compound annual growth rate experienced between 2015 and 2020 was -1.7%.

The poor performance of the wholesale and retail trade sector serves as evidence that consumer confidence remains very low, and that any recovery from here on will likely not be driven by consumer spending. Given the government's weak fiscal position, investment, both foreign and domestic, is crucial to turning the trajectory of the Namibian economy around. Namibia desperately needs policy reform that is dedicated to attracting investment, removing red tape and improves the ease of doing business.

IJG Holdings

Group Chairman

Mathews Hamutenya
Tel: +264 (61) 256 699

Group Managing Director

Mark Späth
Tel: +264 (61) 383 510
mark@ijg.net

Group Financial Manager

Helena Shikongo
Tel: +264 (61) 383 528
helena@ijg.net

Group Compliance Officer

Zanna Beukes
Tel: +264 (61) 383 516
zanna@ijg.net

IJG Securities

Managing Director Designate

Eric van Zyl
Tel: +264 (61) 383 530
eric@ijg.net

Financial Accountant

Tashiya Josua
Tel: +264 (61) 383 511
tashiya@ijg.net

Settlements & Administration

Maria Amutenya
Tel: +264 (61) 383 515
maria@ijg.net

Sales and Research

Danie van Wyk
Tel: +264 (61) 383 534
danie@ijg.net

Equity & Fixed Income Dealing

Leon Maloney
Tel: +264 (61) 383 512
leon@ijg.net

Financial Accountant

Gift Kafula
Tel: +264 (61) 383 536
gift@ijg.net

Sales and Research

Dylan van Wyk
Tel: +264 (61) 383 529
dylan@ijg.net

Sales and Research

Josh Singer
Tel: +264 (61) 383 514
josh@ijg.net

IJG Wealth Management

Managing Director

René Olivier
Tel: +264 (61) 383 520
rene@ijg.net

Portfolio Manager

Ross Rudd
Tel: +264 (61) 383 523
ross@ijg.net

Money Market & Administration

Emilia Uupindi
Tel: +264 (61) 383 513
emilia@ijg.net

Wealth Manager

Andri Ntema
Tel: +264 (61) 383 518
andri@ijg.net

Wealth Administration

Lorein Kazombaruru
Tel: +264 (61) 383 521
lorein@ijg.net

Wealth Administration

Madeline Olivier
Tel: +264 (61) 383 533
madeline@ijg.net

Wealth Manager

Wim Boshoff
Tel: +264 (61) 383 537
wim@ijg.net

IJG Capital

Managing Director

Jakob de Klerk
Tel: +264 (61) 383 517
jakob@ijg.net

Business Analyst

Mirko Maier
Tel: +264 (61) 383 531
mirko@ijg.net

Business Analyst

Lavinia Thomas
Tel: +264 (61) 383 532
lavinia@ijg.net

Value Add Analyst

Fares Amunkete
Tel: +264 (61) 383 527
fares@ijg.net

IJG Advisory

Managing Director

Herbert Maier
Tel: +264 (61) 383 522
herbert@ijg.net

Director

Jolyon Irwin
Tel: +264 (61) 383 500
jolyon@ijg.net

Aldes Namibia Business Brokers

Broker

Ursula Gollwitzer
Tel: +264 (61) 383 535
ursula@aldesnamibia.com

Broker

Richard Hoff
Tel: +264 (61) 383 500
richard@aldesnamibia.com

No representation is given about, and no responsibility is accepted, for the accuracy or completeness of this document. Any views reflect the current views of IJG Holdings (Pty) Ltd. The views reflected herein may change without notice. IJG Holdings (Pty) Ltd provides this document to you for information purposes only and should not be constructed as and shall not form part of an offer or solicitation to buy or sell securities or derivatives. It may not be reproduced, distributed or published by any recipient for any purposes.

Talk to **IJG** today ...

and let us make your money work for you

4th Floor, 1@Steps, C/O Grove and Chasie Street, Kleine Kuppe, Windhoek

P O Box 186, Windhoek, Namibia

Tel: +264 (61) 383 500 www.ijg.net

STOCKBROKING | PRIVATE EQUITY | WEALTH MANAGEMENT | ADVISORY | BUSINESS BROKING