



# IJG ECONOMIC UPDATE

## Q1 2022 GDP Update

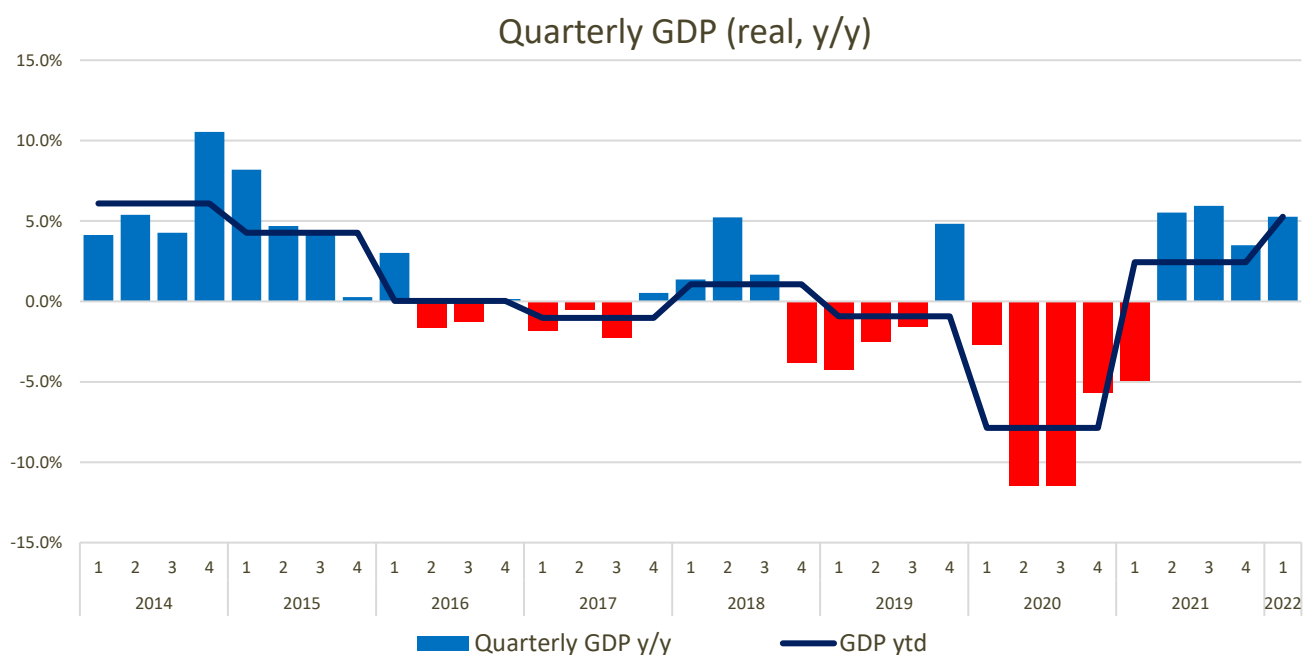
*Research Analyst:*

*Suzette Agustinus*  
*suzette@ijg.net*  
*+264 81 958 3500*

0,0005	4,85%
0,0003	13,04%
0,001	50,00%
0,0003	14,29%
0,0005	12,50%

## Namibia Q1 2022 GDP Update

The first quarter (Q1) data from the Namibian Statistic Agency (NSA) shows that Namibia's Real Gross Domestic Product (GDP) grew by 5.3% y/y in Q1. On a quarter-on-quarter basis, however, GDP contracted by 6.6% in Q1. Data for prior periods were revised as far back as 2019. Most of the revisions were relatively minor, except for Q2 2021 GDP growth which was revised up to 5.5% y/y, compared to the 3.0% y/y growth previously reported. The data shows that Namibia has now experienced 4 consecutive quarters of growth on a year-on-year basis. This is unsurprising given the depressed base set during the Covid-19 pandemic and poor economic performance preceding the pandemic. Overall output in Q1 is expected to have been in line with Q1 2020, the last pre-pandemic first quarter, and 2.6% down from Q1 2019.



Source: NSA, IIG Securities

14 of the 17 sectors expanded during the first quarter of the year. The sectors which recorded the quickest growth were mining & quarrying, up 23.5% y/y and manufacturing, up 7.5% y/y. Further above trend growth was contributed by Transport & storage, Agriculture & forestry, and Financial service activities, which grew by 6.3% y/y, 5.9% y/y and 5.1% y/y, respectively. In real terms, output in all three sectors is however still down from 2019 levels.

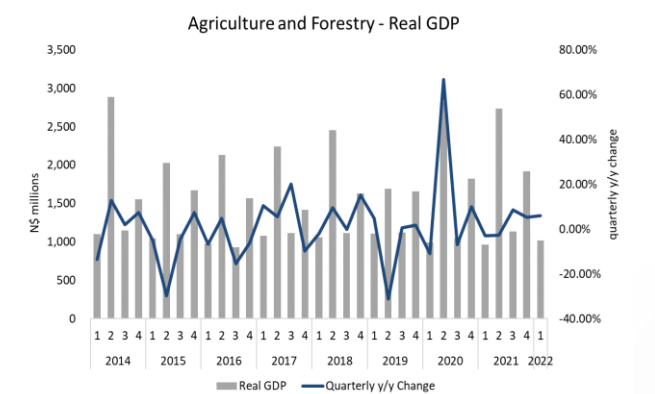
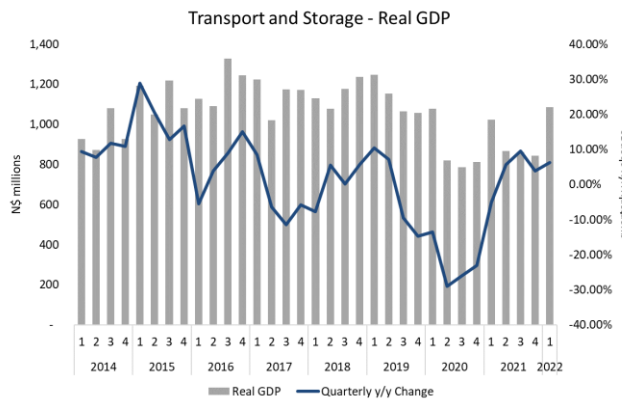
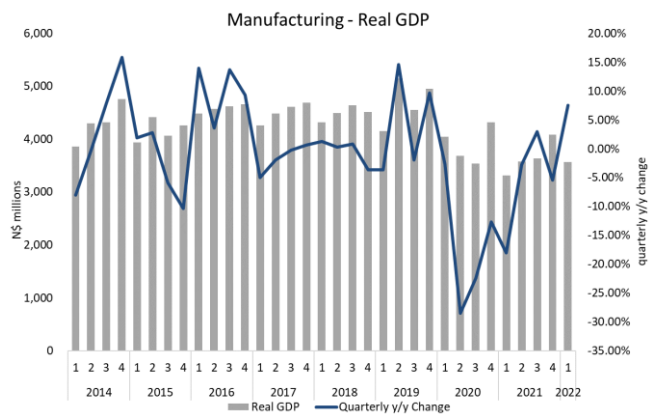
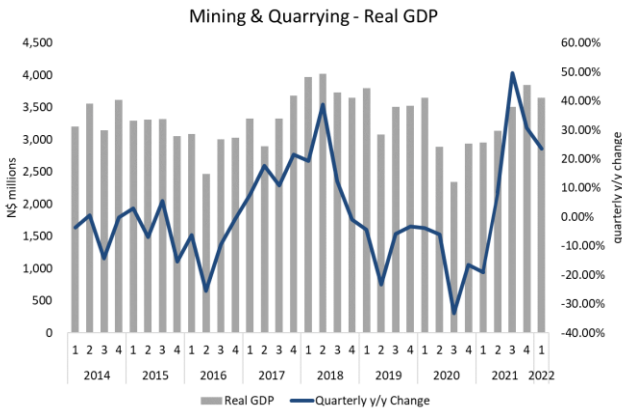
Mining & quarrying was the largest contributor to GDP growth, contributing 2.2 percentage points, followed by taxes on products which contributed 0.9 percentage points to the 5.3% GDP growth rate. Wholesale and retail trade, historically one of the largest contributors to GDP, only contributed 0.1 percentage points to GDP growth. This is the first Q1 growth in Wholesale and retail trade since Q1 2016. Additionally, manufacturing, health and financial services contributed 0.8, 0.5 and 0.4 percentage points, respectively.

The sectors that reported contractions in the first quarter were construction, down 7.5% y/y, public administration, down 2.8% y/y and fishing down 2.0% y/y. Notably revisions to the 2021 data resulted in a growth of 12.8% y/y in construction in Q2 2021, compared to the 16.9% y/y contraction that was



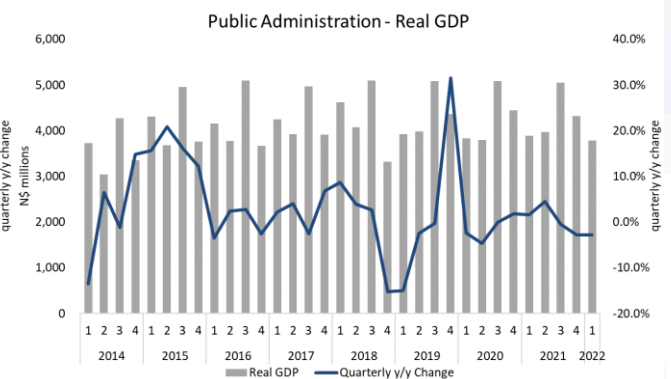
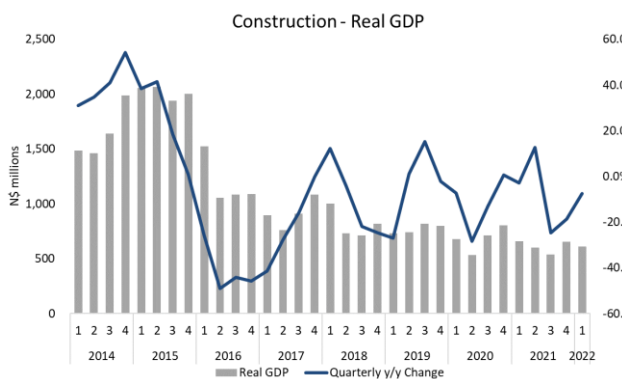
previously recorded. The contraction in the construction sector in Q1 2022 corresponds with the high frequency economic data on building plan statistics for Windhoek which shows a contraction in the value of completed plans in Q1. The construction sector has been posting annual contractions in output in every year post 2015, and thus the further slowdown in activity recorded in Q1 2022 is reflective of the difficulties in the sector not yet alleviating despite a low base.

**Expanding Sectors**



Source: NSA, IJG Securities

**Contracting Sectors**





Source: NSA, IJG Securities

### 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	-13.6%	28.7%	-3.7%	-8.0%	-6.7%	31.0%	22.6%	13.5%	9.3%	1.6%	13.1%	5.0%	-10.9%	-13.4%	13.4%	48.3%	3.9%	4.5%	0.0%	4.1%
	2	4.0%	23.7%	-1.5%	-4.1%	-1.9%	32.8%	12.1%	12.6%	8.6%	-1.1%	11.9%	2.9%	-4.9%	-5.5%	15.1%	16.0%	5.9%	5.5%	-4.0%	4.8%
	3	3.5%	16.1%	-6.0%	-0.2%	2.2%	35.6%	12.4%	12.8%	9.8%	-1.1%	11.6%	2.8%	-6.0%	-3.9%	10.4%	8.2%	7.1%	5.1%	-1.5%	4.6%
	4	4.4%	9.5%	-4.5%	3.7%	5.1%	40.7%	13.0%	11.1%	10.0%	2.9%	10.7%	3.3%	-0.3%	-0.1%	8.3%	11.2%	7.2%	6.5%	0.8%	6.1%
2015	1	-5.0%	-3.7%	2.9%	1.9%	13.6%	38.4%	7.5%	11.5%	28.8%	17.8%	4.4%	2.4%	1.8%	15.6%	4.3%	13.8%	3.4%	8.1%	9.2%	8.2%
	2	-22.9%	-4.2%	-2.4%	2.4%	8.7%	39.9%	9.3%	9.4%	24.8%	20.0%	3.6%	3.8%	5.3%	17.9%	1.2%	19.1%	2.1%	6.1%	10.9%	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%	11.2%	17.2%	-2.4%	22.0%	1.3%	5.3%	10.6%	5.7%
	4	-12.7%	-9.2%	-4.0%	-3.2%	5.7%	22.7%	7.0%	4.0%	19.4%	11.5%	2.1%	5.1%	6.5%	16.1%	-2.5%	19.5%	1.0%	3.9%	9.0%	4.3%
2016	1	-6.7%	7.9%	-6.2%	13.9%	17.5%	-25.9%	10.3%	4.6%	-5.4%	2.9%	1.5%	5.5%	-1.8%	-3.5%	6.8%	18.2%	1.8%	2.5%	9.8%	3.0%
	2	0.9%	12.3%	-15.9%	8.5%	20.3%	-37.5%	7.5%	1.6%	-1.1%	2.7%	1.1%	4.2%	-14.5%	-0.8%	4.2%	17.1%	2.3%	0.1%	7.2%	0.7%
	3	-3.4%	10.3%	-13.8%	10.2%	20.7%	-39.6%	3.3%	3.4%	2.0%	5.3%	1.0%	2.6%	-20.5%	0.6%	3.6%	13.4%	2.5%	-0.3%	3.7%	0.0%
	4	-4.2%	11.7%	-10.7%	10.0%	21.9%	-41.1%	3.0%	4.3%	5.4%	6.0%	1.1%	1.6%	-16.0%	-0.1%	3.4%	9.8%	2.4%	-0.3%	3.4%	0.0%
2017	1	10.5%	7.7%	7.7%	-5.0%	-4.0%	-41.3%	-5.5%	-3.8%	8.5%	2.4%	2.9%	1.5%	-1.8%	2.1%	-1.9%	-2.9%	0.8%	-1.5%	-5.3%	-1.8%
	2	7.0%	-0.4%	12.1%	-3.5%	-9.4%	-35.7%	-7.1%	1.2%	1.2%	1.6%	3.7%	0.6%	-4.9%	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%	1.2%	-3.5%	3.0%	3.9%	2.0%	1.9%	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%	-1.3%	-4.1%	6.0%	3.7%	1.9%	-2.3%	2.2%	-1.7%	4.4%	-0.3%	-0.6%	-6.1%	-1.0%
2018	1	-1.9%	-2.1%	19.3%	1.3%	7.2%	12.1%	-5.8%	9.1%	-7.8%	4.9%	-1.6%	3.6%	-18.8%	8.7%	-11.4%	-4.0%	0.6%	1.4%	0.6%	1.4%
	2	5.7%	-0.2%	28.3%	0.7%	11.9%	4.7%	-2.0%	4.6%	-1.7%	3.5%	-1.9%	3.9%	-10.5%	6.4%	-5.5%	-4.3%	0.7%	3.3%	2.7%	3.3%
	3	4.3%	1.1%	22.7%	0.8%	12.4%	-4.8%	-3.9%	7.0%	-1.1%	0.7%	-1.3%	2.4%	-3.5%	5.0%	0.3%	-4.2%	0.5%	2.9%	1.1%	2.7%
	4	6.9%	0.1%	16.1%	-0.4%	11.3%	-10.7%	-5.0%	4.6%	0.6%	-2.2%	0.1%	2.2%	-1.0%	0.4%	0.4%	-9.1%	0.0%	1.1%	0.4%	1.1%
2019	1	4.8%	-12.3%	-4.3%	-3.7%	-17.6%	-27.0%	-6.9%	-1.5%	10.4%	3.5%	12.7%	-0.9%	8.0%	-15.0%	-1.3%	-2.8%	-5.1%	-4.4%	-2.8%	-4.3%
	2	-20.4%	-7.3%	-13.9%	5.6%	-11.8%	-15.1%	-6.9%	4.3%	8.8%	7.9%	14.3%	-0.4%	6.4%	-9.1%	-0.2%	-1.8%	-4.5%	-3.4%	-3.1%	-3.4%
	3	-15.3%	-0.4%	-11.4%	3.0%	-11.7%	-6.3%	-8.5%	-1.5%	2.4%	10.8%	14.3%	0.8%	-2.5%	-5.8%	0.4%	-1.9%	-2.5%	-2.5%	-6.6%	-2.8%
	4	-10.9%	8.1%	-9.5%	4.7%	-5.9%	-5.2%	-8.4%	1.5%	-2.2%	11.9%	12.5%	1.8%	-2.9%	1.4%	1.6%	-1.6%	1.0%	-0.3%	-8.3%	-0.9%
2020	1	-11.0%	-0.5%	-3.9%	-2.6%	10.9%	-7.4%	-5.3%	-13.7%	-13.5%	14.8%	-4.9%	5.8%	4.9%	-2.4%	8.1%	-0.6%	27.6%	-1.1%	-22.6%	-2.7%
	2	35.9%	-8.4%	-4.9%	-16.9%	19.1%	-17.9%	-15.8%	-32.2%	-21.0%	16.4%	-8.8%	2.8%	-11.2%	-3.5%	5.4%	-0.2%	-3.3%	-5.2%	-31.6%	-7.2%
	3	23.6%	-10.4%	-14.4%	-18.7%	23.3%	-16.2%	-13.4%	-35.2%	-22.6%	17.8%	-11.4%	2.4%	-10.1%	-2.2%	4.6%	0.7%	-6.8%	-7.0%	-29.7%	-8.6%
	4	19.6%	-9.0%	-15.0%	-17.1%	22.8%	-11.8%	-11.7%	-30.4%	-22.7%	17.4%	-12.8%	1.4%	-10.4%	-1.2%	4.7%	2.3%	-4.3%	-6.4%	-27.1%	-7.9%
2021	1	-2.9%	1.3%	-19.1%	-18.1%	6.2%	-2.9%	-4.7%	-8.7%	-5.1%	14.4%	-7.9%	1.2%	-14.3%	1.6%	2.7%	8.7%	-8.8%	-5.0%	-3.1%	-4.9%
	2	-2.8%	9.9%	-6.9%	-10.8%	-5.5%	4.0%	7.0%	7.9%	-0.4%	11.1%	-9.0%	2.5%	-3.5%	3.1%	2.8%	6.5%	2.0%	-0.6%	12.5%	0.2%
	3	-0.4%	7.6%	8.0%	-6.5%	-4.4%	-6.7%	4.9%	12.3%	2.5%	7.4%	-5.4%	2.5%	-4.1%	1.6%	2.8%	5.7%	2.6%	1.4%	13.1%	2.0%
	4	1.2%	3.2%	13.6%	-6.2%	-5.7%	-10.2%	6.1%	10.4%	2.8%	6.9%	-5.3%	2.4%	-4.1%	0.5%	2.3%	4.5%	1.7%	1.6%	17.1%	2.4%
2022	1	5.9%	-2.0%	23.5%	7.5%	1.0%	-7.5%	1.0%	4.4%	6.3%	4.8%	5.1%	1.2%	4.4%	-2.8%	2.2%	8.9%	4.4%	4.7%	14.3%	5.3%

Source: NSA, IJG Securities

### The Bottom Line

GDP growth of 5.3% in Q1 2022 is significant as it means that real output for the quarter was in line with that of Q1 2020, the last pre-Covid quarter. This also marks the fourth consecutive quarter of growth in the Namibian economy, which was last seen in Q3 2018. This indicates that Namibia is in a recovery state. As per the Bank of Namibia’s June Quarterly Bulletin, the BoN expects annual growth to accelerate to 3.4% in 2022. The BoN expects growth from all industries, but overall growth is expected to be driven primarily by diamond mining and the manufacturing sector. Q1 2021 was the last quarterly Covid-19 induced contraction with subsequent quarters posting economic growth off the low base. The base for Q2 to Q4 2022 is thus higher, and growth from this base is likely to be a better reflection of the annual GDP growth we can expect for the year.

However, some sectors such as wholesale and retail trade that contributes 10% to GDP are still lagging behind the BoN’s estimates, mainly due to low consumer and business confidence.





0,0005	4,85%
0,0003	13,04%
0,501	50,00%
0,0003	14,29%
0,0005	12,50%

Following in Moody's footsteps, Fitch Ratings last month downgraded Namibia's credit rating one notch from BB to BB-. The ratings agency cited high, rising government debt levels as one of the reasons for the downgrade and estimates that general government debt will reach 75% of GDP by 2024/25. The ratings agency further stated that the GDP growth of 2.4% recorded in 2021 was less than half the median growth rate experienced by its peers in the 'BB' rating group. Fitch expects economic growth to remain subdued with growth of 2.8% expected in 2022 and 3.1% in 2023, supported by additional increases in mining production and "continued recoveries in secondary and tertiary industries". Furthermore, Fitch believes that the slow pace of recovery, which is partially explained by structural growth constraints, will prevent real GDP from returning to its pre-pandemic level until 2024 and contribute to the trend of growing government debt levels.

## IJG Holdings

Mathews Hamutenya	Group Chairman		Tel: +264 (61) 256 699
Mark Späth	Group Managing Director	mark@ijg.net	Tel: +264 (81) 958 3510
Helena Shikongo	Group Financial Manager	helena@ijg.net	Tel: +264 (81) 958 3528
Zanna Beukes	Group Compliance Officer	zanna@ijg.net	Tel: +264 (81) 958 3516
Tashiya Josua	Group Financial Officer	tashiya@ijg.net	Tel: +264 (81) 958 3511
Tutaleni Armas	Financial Accountant	tutaleni@ijg.net	Tel: +264 (81) 958 3536
Wetuesapi Mberirua	Assistant Financial Accountant	wetuesapi@ijg.net	Tel: +264 (81) 958 3539
Andri Ntema	Group Business Development	andri@ijg.net	Tel: +264 (81) 958 3518

## IJG Securities

Eric van Zyl	Managing Director Designate	eric@ijg.net	Tel: +264 (81) 958 3530
Leon Maloney	Equity & Fixed Income Dealing	leon@ijg.net	Tel: +264 (81) 958 3512
Maria Amutenya	Settlements & Administration	maria@ijg.net	Tel: +264 (81) 958 3515
Danie van Wyk	Head: Research	danie@ijg.net	Tel: +264 (81) 958 3534
Hugo van den Heever	Sales and Research	hugo@ijg.net	Tel: +264 (81) 958 3500
Suzette Agustinus	Sales and Research	suzette@ijg.net	Tel: +264 (81) 958 3500

## IJG Wealth Management

René Olivier	Managing Director	rene@ijg.net	Tel: +264 (81) 958 3520
Wim Boshoff	Head Wealth Manager	wim@ijg.net	Tel: +264 (81) 958 3537
Aretha Burger	Wealth Manager	aretha@ijg.net	Tel: +264 (81) 958 3540
Katja Greeff	Wealth Manager	katja@ijg.net	Tel: +264 (81) 958 3538
Ross Rudd	Portfolio Manager	ross@ijg.net	Tel: +264 (81) 958 3523
Emilia Uupindi	Money Market & Administration	emilia@ijg.net	Tel: +264 (81) 958 3513
Lorein Kazombaruru	Wealth Administration	lorein@ijg.net	Tel: +264 (81) 958 3521
Madeline Olivier	Wealth Administration	madeline@ijg.net	Tel: +264 (81) 958 3533

## IJG Capital

Jakob de Klerk	Managing Director	jakob@ijg.net	Tel: +264 (81) 958 3517
Mirko Maier	Business Analyst	mirko@ijg.net	Tel: +264 (81) 958 3531
Lavinia Thomas	Business Analyst	lavinia@ijg.net	Tel: +264 (81) 958 3532
Fares Amunkete	Value Add Analyst	fares@ijg.net	Tel: +264 (81) 958 3527

## IJG Investment Managers

Dylan Van Wyk	Portfolio Manager	dylan@ijg.net	Tel: +264 (81) 958 3529
---------------	-------------------	---------------	-------------------------

## IJG Unit Trust

Keshia !Hoa-Khaos	Portfolio Administrator	keshia@ijg.net	Tel: +264 (81) 958 3514
-------------------	-------------------------	----------------	-------------------------

## IJG Advisory

Herbert Maier	Managing Director	herbert@ijg.net	Tel: +264 (81) 958 3529
Jolyon Irwin	Director	jolyon@ijg.net	Tel: +264 (81) 958 3500

## Aldes Namibia Business Brokers

Ursula Gollwitzer	Broker	ursula@aldesnamibia.com	Tel: +264 (81) 958 3535
Richard Hoff	Broker	richard@aldesnamibia.com	Tel: +264 (81) 958 3500

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 (81) 9583 500 [www.ijg.net](http://www.ijg.net)

