

Namibia Business Forecast Report Q2 2014

<https://marketpublishers.com/r/N5B64A2B48FEN.html>

Date: March 2014

Pages: 44

Price: US\$ 1,195.00 (Single User License)

ID: N5B64A2B48FEN

Abstracts

Core Views

Despite persistent external headwinds, we predict that the Namibian economy will experience a modest pickup in growth in 2014. Favourable credit conditions and a recovery in the agricultural sector will support solid private consumption growth, while a major government housing programme and several new mining projects will see fixed investment growth remain robust.

The expansionary FY2014/15 budget announced in February contains few major surprises. In an election year, a public sector wage hike will be politically popular but will add to persistent recurrent spending pressures. Given our slightly more cautious outlook for the economy, we believe the budget shortfall of 5.4% of GDP projected by the government could prove ambitious.

With inflation likely to be contained and with economic growth still below trend levels, albeit picking up, we expect interest rates to stay at current levels through 2014. The key risk to the inflation outlook continues to come in the form of imported price pressures stemming from a weak currency.

Major Forecast Changes

The latest balance of payments data published by the Bank of Namibia have prompted changes to our forecasts for Namibia's current account. We now predict a current account shortfall equal to 2.2% of GDP in 2014 and 3.1% of GDP in 2015 (compared to 2.3% and 3.0% previously).

Key Risks To Outlook

Namibia's small, open economy is highly exposed to events on the world stage. While we have incorporated the ongoing global malaise into our economic forecasts, if the situation abroad deteriorates (or, conversely, improves) more than we anticipate, we would have to adjust our forecasts accordingly.

Much of the economy remains closely tied to agriculture, and weather poses substantial risks, as illustrated by the ongoing drought which has threatened yields and food security. Changing weather conditions pose both upside and downside risks to a number of our forecasts, including for growth, inflation, and trade.

Contents

Executive Summary
Core Views
Major Forecast Changes
Key Risks To Outlook

CHAPTER 1: POLITICAL OUTLOOK

SWOT Analysis

BMI Political Risk Ratings

Domestic Politics

Ruling Party Set To Be Returned To Power

The November 2014 general election will dominate the political landscape in the coming months, and should see Namibia's ruling SWAPO party reaffirm its dominance with a comfortable victory. Even so, a short-term and politically expedient budget and an overreliance on the public sector may yet offer a glimmer of hope to the political opposition in the longer term.

Table: Political Overview

Long-Term Political Outlook

Stability Likely To Prevail Over The Coming Decade

While Namibia's enormous income inequality poses some risks to political stability, we believe the population is likely to continue supporting the South West Africa People's Organization (SWAPO) government for the next 10 years, ensuring broad political stability and continuity.

CHAPTER 2: ECONOMIC OUTLOOK

SWOT Analysis

BMI Economic Risk Ratings

Economic Activity

Economy Picking Up Despite External Headwinds

Despite persistent external headwinds, we predict that the Namibian economy will experience a modest pickup in growth in 2014. Favourable credit conditions and a recovery in the agricultural sector will support solid private consumption growth, while a major government housing programme and several new mining projects will see fixed investment growth remain robust. We are forecasting real GDP growth of 4.3% in 2014, quickening to 4.5% in 2015.

Table: GDP BY EXPENDITURE

Table: CURRENT ACCOUNT**Balance of Payments****Exports Picking-Up, But High Imports Keeps C/A In Deficit**

Despite a modest rebound in exports, we expect Namibia's current account deficit to widen modestly in 2014 on the back of resilient import demand driven by developments in the mining sector. We forecast a shortfall in the current account equivalent to 2.2% of GDP in Monetary Policy

Balanced Risks To See Rates Remain Steady

The Bank of Namibia's decision to keep its key repo rate unchanged at 5.50% is in line with our expectations and reflects an evenly weighted balance of risks for interest rates in 2014. With inflation likely to be contained and with economic growth still below trend levels, albeit picking up, we expect interest rates to stay at current levels through 2014.

Table: MONETARY POLICY**Fiscal Policy****Recurrent Spending Pressures To The Fore In Election Year**

The expansionary FY2014/15 budget announced in February contains few major surprises. In an election year, a public sector wage hike will be politically popular but will add to persistent recurrent spending pressures. Given our slightly more cautious outlook for the economy, we believe the budget shortfall of 5.4% of GDP projected by the government could prove ambitious.

Table: FISCAL POLICY**CHAPTER 3: 10-YEAR FORECAST****The Namibian Economy to 2023****Resource Powered Growth**

Thanks to the country's strong primary sector, we expect growth to prove relatively robust in the long run, averaging around 4.6% annually over 2013 to 2022. With a stable political environment, the main risks are the limited size of the domestic market, rising income inequality and global demand for the country's primary exports.

Table: Long-Term Macroeconomic Forecasts**CHAPTER 4: BUSINESS ENVIRONMENT****SWOT Analysis****BMI Business Environment Risk Ratings****Business Environment Outlook****Institutions****TABLE: BMI BUSINESS AND OPERATION RISK RATINGS**

Table: BMI LEGAL FRAMEWORK RATING

Table: LABOUR FORCE QUALITY

TABLE: ANNUAL FDI INFLOWS

Market Orientation

Table: TRADE AND INVESTMENT RATINGS

Infrastructure

Operational Risk

CHAPTER 5: KEY SECTORS

Autos

Table: Automotives Historical Data & Forecasts

Other Key Sectors

Table: Pharma Sector Key Indicators

Table: Telecoms Sector Key Indicators

Table: Infrastructure Sector Key Indicators

CHAPTER 6: BMI GLOBAL ASSUMPTIONS

Global Outlook

Global Growth Optimism Turning To Disappointment

Table: Global Assumptions

Table: Developed States, Real GDP Growth, %

Table: BMI VERSUS BLOOMBERG CONSENSUS REAL GDP GROWTH
FORECASTS, %

Table: Emerging Markets, Real GDP Growth, %

I would like to order

Product name: Namibia Business Forecast Report Q2 2014

Product link: <https://marketpublishers.com/r/N5B64A2B48FEN.html>

Price: US\$ 1,195.00 (Single User License / Electronic Delivery)

If you want to order Corporate License or Hard Copy, please, contact our Customer Service:

info@marketpublishers.com

Payment

To pay by Credit Card (Visa, MasterCard, American Express, PayPal), please, click button on product page <https://marketpublishers.com/r/N5B64A2B48FEN.html>