

GDP Q2 2026

Quarter 2 2026

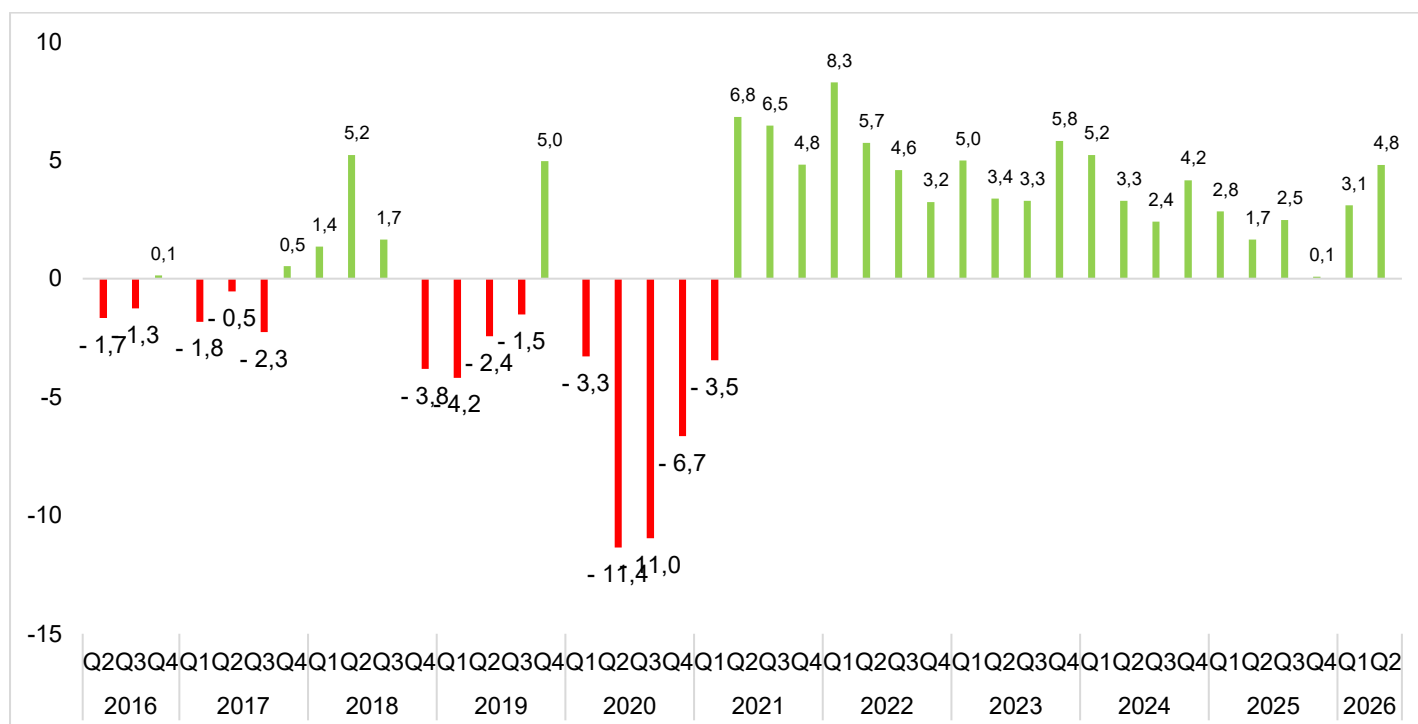
OVERVIEW

Namibia's economic growth accelerated in the second quarter of 2026, with Real GDP expanding by 4.8% year-on-year, up from 1.7% recorded in the corresponding quarter of 2025. Growth also strengthened from the revised year-on-year rate of 3.1% recorded in the first quarter of 2026.

In nominal terms, the size of the economy increased to N\$70.6 billion, compared to N\$65.3 billion in quarter 2 of 2025. This translated into a 8.1% increase year on year.

Growth was supported by strong performances across key sectors, particularly Agriculture and Forestry, Health, and Wholesale and Retail Trade. The acceleration marks a notable improvement in economic activity following the softer growth recorded in the first quarter of 2026.

Figure 1: Real GDP Growth Rates (2016Q2 - 2026Q2)



Source: NSA

SECTORAL PERFORMANCE ANALYSIS

Primary Industries: Agricultural Rebound vs. Persistent Mining Weakness

The industries expanded by 3.0% in real value added in Q2 2026, reversing the 2.4% contraction recorded in the corresponding quarter of 2025.

The recovery was largely driven by Agriculture and Forestry, which grew by 17.8%, supported by a 28.5% expansion in crop production following favourable rainfall and increased maize and millet output. This improvement, however, was partly offset by continued weakness in Mining and Quarrying, which contracted by 3.1%, with declines in uranium, diamond and metal ore mining. In particular, uranium mining fell by 12.0%, while diamond mining declined marginally by 0.2%, reflecting lower production volumes and continued pressure from weaker global demand. Overall, the primary sector's return to growth was therefore largely anchored by the agricultural recovery, while mining remained a drag on sectoral performance.

Secondary Industries: Manufacturing rebound vs. Construction weakness

Secondary industries returned to growth in Q2 2026, expanding by 0.8% in real value added compared to a 1.5% contraction in the corresponding quarter of 2025.

The improvement was primarily driven by Manufacturing, which grew by 3.9%, supported by a significant 76.5% rebound in diamond cutting and polishing. However, momentum remained constrained by weakness in Electricity and Water and Construction, which contracted by 2.6% and 15.5%, respectively. The decline in construction was associated with reduced government construction activity, while the electricity sector continued to face weaker sales and greater reliance on imports. Overall, the recovery in secondary industries was modest, with manufacturing gains partly offset by continued weakness in construction and electricity.

Tertiary Industries: Services Continue to Drive Growth

The Tertiary industries remained the key driver of economic growth in the second quarter of 2026, expanding by 6.1% in real value added, up from 3.8% in the corresponding quarter of 2025. Growth was broad-based across major service activities, led by Health, Wholesale and Retail Trade, Information and Communication, Financial Services, Hotels and Restaurants, and Real Estate and Professional Services.

- **Wholesale and Retail Trade (+9.0% vs 6.5% in Q2 2025):** Continued to benefit from stronger domestic trading activity, with sales increasing across supermarkets, wholesalers and clothing. Real revenue growth also accelerated to 8.6% from 4.0% a year earlier.
- **Financial Services (+5.5% vs -0.7% in Q2 2025):** Marked a strong turnaround, supported by a 10.0% expansion in the banking subsector compared to a 4.1% contraction in Q2 2025.
- **Health (+17.6% vs 2.7% in Q2 2025):** Recorded the strongest growth among the major service sectors, supported by increased health personnel and a pickup in sectoral activity.
- **Education (+4.0% vs 5.7% in Q2 2025):** Maintained positive growth, although at a slower pace, with Primary and Secondary Education expanding by 4.1%.

Expenditure On GDP: Demand-Side Dynamics

The Demand-side activity strengthened significantly in the second quarter of 2026, supported by a broad-based recovery in domestic consumption and investment.

Private final consumption expenditure rebounded by 11.6%, following a 5.9% contraction in Q2 2025, while government consumption increased by 6.6%. Gross fixed capital formation also recorded strong growth of 14.4%, reversing the 4.4% decline recorded a year earlier, driven mainly by increased investment in machinery and transport equipment.

The improvement in domestic demand was accompanied by a weakening external balance. Exports of goods and services grew by only 0.3%, a sharp moderation from the 20.1% expansion recorded in Q2 2025, while imports accelerated by 12.9%. This divergence points to stronger domestic absorption being met partly through higher imports, contributing to a widening external balance deficit.

OUTLOOK

The Q2 performance reflects a stronger and more diversified growth environment, but sustaining this momentum will depend on improvements in productive capacity, investment, export performance and the resilience of key primary industries.

Looking ahead, improved crop production and continued growth in services could support economic activity. Stronger performance in trade, financial services and health, together with increased investment in machinery and transport equipment, also points to potential gains in productive capacity.

The agricultural outlook is nevertheless subject to significant livestock-sector risk following the September 2026 foot and mouth disease outbreak in the //Kharas Region. Disease-control measures may disrupt livestock movement, marketing, slaughter and meat exports, depending on how quickly the outbreak is contained and restrictions are lifted. Crop recovery therefore provides a source of support, but the contribution of agriculture as a whole will depend partly on the duration and extent of the disruption to livestock production and trade.

However, downside risks remain. Persistent weakness in Mining and Quarrying, the sharp contraction in Construction, and continued reliance on electricity imports highlight underlying supply-side constraints. Externally, the sharp slowdown in export growth alongside faster import growth points to continued pressure on the external balance.