



Economic recovery amid persistent challenges and uncertainties



GLOBAL ECONOMIC growth is expected to pick up from 3.1 per cent estimated in 2015 to 3.6 per cent in 2018. The pickup in world economic growth is mainly driven by emerging market and developing economies while advanced economies are projected to grow moderately over the period 2016—2018. In particular, advanced economies are expected to register an average growth rate of 2.0 per cent in the medium term. In emerging market and developing economies, growth is projected to increase from 4.0 per cent in 2015 to 4.8 per cent in 2018. This is driven primarily by domestic demand as well as a gradual normalisation of distress conditions in a number of large emerging market economies (including Brazil and Russia).

Despite positive growth prospects in the world economy, uncertainty has increased and risks of weaker growth have become more salient. These include, among others, stagnation with persistent negative output gaps and excessively low inflation in advanced economies. In emerging market and developing economies, further exchange rate depreciation, low commodity prices, tighter external financial conditions including normalisation of United States (US) monetary policy, rebalancing process in China and economic distress related to geopolitical factors in a number of emerging market and developing economies may put strains to growth prospects.

Domestic economy is projected to recover gradually amid uncertainties and challenges in the manufacturing, particularly textiles and clothing industry, and agricultural sectors. Real Gross Domestic Product (GDP) is expected to accelerate steadily from 2.9 per cent in 2015 to 4.6 per cent in 2018, mainly supported by mining industry as well as services sector. Advance infrastructure development associated with the second phase of the Lesotho Highlands Water Project (LHWP) is also set to boost economic growth starting from 2018. Nevertheless, gradual erosion of the country's competitiveness in the US market is set to restrain growth in textile and clothing industry while regional drought conditions are likely to curtail crop production.

Lesotho's inflation rate is set to accelerate from 3.2 per cent in 2015 to an average rate of 6.6 per cent in the medium term as scorching regional drought conditions exert upward pressure on food prices and domestic currency continues to remain under pressure. In line with the current trajectory of South African Customs Union (SACU) revenue, government budgetary operations are expected to deteriorate and dip into deficit equivalent to 6.3

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Continues: Economic recovery amid persistent challenges and uncertainties

per cent GDP in 2016 before improving to a deficit of 1.1 per cent of GDP in 2018. Together with the expected deterioration of the external sector, gross official reserves are projected to decline from 6.4 months of import cover to approximately 3.9 months in 2018.

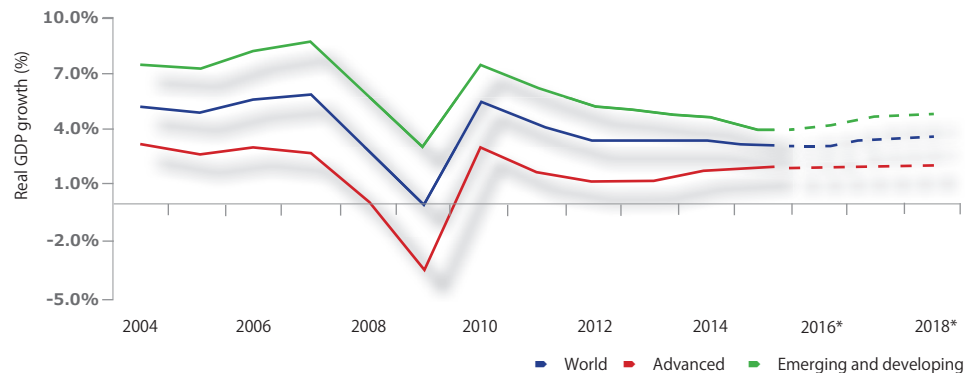
The main risks to domestic economic outlook include uncertainties surrounding SA growth prospects, adverse weather conditions, possible delays in the implementation of major capital investment projects and recently signed Trans-Pacific Partnership (TPP) agreement. All these may put strains on domestic economic prospects including the country's external position and fiscal outlook.

Global economy *Global economy*

Global Economy expected to pickup in the medium term ...

The world economic growth is projected to accelerate from 3.1 per cent estimated in 2015 to 3.2 per cent in 2016. In 2017 and 2018, global growth is expected to accelerate by 3.5 per cent and 3.6 per cent, respectively. The pickup in global growth is mainly supported by emerging market and developing economies, as conditions in distressed economies gradually normalize and their domestic demand conditions improve.

Figure 1: Global Economic Outlook



Source: IMF World Economic Outlook (April 2016), + Estimates, * Projections

In advanced economies, growth is expected to remain modest and register an average growth rate of 2.0 per cent in the medium term. The underlying drivers of the modest growth include accommodative monetary policy, modest fiscal expansion, lower energy (particularly oil) prices, currency depreciation in some cases, and improving labour and housing markets conditions. However, weak external demand and productivity growth, further exchange rate appreciation in the US, and legacies from the global financial crisis (e.g. high private and public debt and low investment) continue to weigh on global recovery.



Amongst advanced economies, the United States (US) economic growth is projected to continue at a moderate pace; increasing at an average growth rate of 2.4 per cent over the period 2016—2018. Key to the recovery in the US is strengthening balance sheets and improving fiscal conditions and housing market. Euro Area is expected to recover marginally supported largely by lower energy prices, a modest fiscal expansion, and supportive financial conditions. Economic growth in United Kingdom (UK) is projected to accelerate from 1.9 per cent in 2016 to 2.2 per cent in 2018 largely supported by domestic demand and buoyant property market. In Japan, growth is set to remain subdued at an average growth rate of 0.3 per cent in the medium term as the increase in consumption tax rate takes effect.

US continues to grow at the moderate pace while Euro Area recovers ...

In emerging market and developing economies, growth is projected to pick up from 4.0 per cent in 2015 to 4.8 per cent in 2018 driven primarily by domestic demand (particularly private consumption) consequent upon higher real income and lower energy prices. Furthermore, a gradual normalization of conditions in a number of emerging market and developing economies (e.g. Brazil, Russia and some countries in Latin America and Middle East), currently under stress, will boost growth going forward. Needless to say, weak external demand, particularly secular slowdown and rebalancing of the Chinese economy, low commodity prices, tighter external financial conditions including normalisation of US monetary policy are set to weigh on growth prospects in emerging market and developing economies.

Rebalancing in China continues to weigh on growth prospects in emerging market and developing economies ...

In China, growth is projected to slowdown from 6.9 per cent in 2015 to 6.0 per cent in 2018 as the economy transits to a more balanced growth path largely supported by domestic demand. Indian economic growth is set to accelerate from 7.3 per cent in 2015 to 7.6 per cent in 2018 largely supported by private consumption (due to lower energy prices and higher real incomes) and recovery in private investment. Growth in Brazil and Russia is expected to contract further in 2016 due to severe macroeconomic conditions. Nevertheless, these economies are set to recover from 2017 as distress conditions gradually normalise.

South Africa (SA), the second largest economy in the Sub-Saharan region, is facing a rather subdued economic outlook. Real GDP is set to decelerate from 1.3 per cent in 2015 to 0.8 per cent in 2016 before recovering to 1.8 per cent in 2018. Gloom growth prospects in SA reflect electricity shortages, falling commodity prices (and hence terms of trade due to weak foreign demand), drought conditions and low credit expansion consequent upon declining business and household confidence.

Domestic economic outlook Domestic economic outlook

Overview of the current forecasts

A number of developments have shaped the current Bank's Economic Outlook since the release of the Bank's 2015 November Economic Outlook. Relative to the Bank's 2015 November Economic Outlook, domestic growth

Domestic Economy: Overview of the current forecasts

has been revised down by 0.2, 0.9 and 1.0 percentage points for 2015, 2016 and 2017, respectively, as shown in Table 1.

The revisions largely reflect reassessment of prospects in agriculture sub sector, mining industry, and building and construction sub sector as well as inflation outlook in the wake of heightened exchange rate and food price risks. Services sector remain broadly unchanged. In the primary sector, the impact of El-nino had proven to be severe than previously expected; recent data from the International Research Institute (IRI) for Climate and Society classified it as one of the “very strong” episodes. In the mining industry, the current forecasts exclude production from Lemphane and Mothae mining projects as uncertainty surrounding financing of these projects is yet to be resolved by prospective developer/s.

Growth prospects in the secondary sector have been marked down. The downward revision was mainly in line with recent government capital budget estimates and revised implementation schedule of major capital projects. In the textiles industry, previous forecasts in 2015 had incorporated uncertainty surrounding the renewal of African Growth and Opportunity Act (AGOA). This turns out to have been offsetted by competitive gain due to exchange rate depreciation as well as the new entrants in the industry from Swaziland following its removal from AGOA. Going forward revisions are mainly due to base effect. The current inflation outlook reflects increasing risks from food prices and currency depreciation.

	Actual	Estimate	July 2016 projections			Differences from November 2015 projections		
	2014	2015+	2016*	2017*	2018*	2015*	2016*	2017*
Economic growth	3.6	2.9	3.1	3.5	4.6	-0.2	-0.9	-1.0
Primary Sector	9.3	-4.0	0.2	15.3	5.3	-3.3	-5.7	2.7
Agriculture	4.7	-3.8	-7.6	5.1	3.3	-5.2	-8.6	2.6
Mining & Quarrying	15.5	-4.2	9.6	25.7	7.0	-1.0	-2.6	1.5
Secondary Sector	-2.6	4.4	0.9	-4.4	4.6	4.0	0.2	-4.1
Manufacturing	1.8	4.7	0.6	0.8	1.0	8.8	3.0	2.3
Textiles & Clothing	6.8	5.2	-1.1	-0.9	-0.6	13.6	5.1	4.2
Building and Construction	-10.0	4.4	-1.8	-16.4	11.2	-0.6	-3.5	-15.5
Services Sector	4.4	4.1	4.5	4.2	4.5	-1.0	-0.3	-0.3
Inflation rate %	5.4	3.2	6.9	6.7	6.0	-0.1	1.1	1.0

Source: CBL, + Estimates, * projections.

Following a slow down in 2015, growth is set to recover in the medium term amid some challenges and uncertainties ...

Real Sector Outlook

Domestic economic growth is projected to recover from the growth rate of 2.9 per cent estimated in 2015 to 4.6 per cent in 2018. The growth recovery is largely supported by strong growth anticipated in mining industry and moderate growth expected in the services sector. Despite a dip anticipated over the period 2016 – 2017 following the completion of major construction



projects (notably Liqhobong mining plant), a strong recovery in building and construction activities largely supported by the implementation of the second phase of the LHWP is set to boost domestic growth prospects. Textiles and clothing industry as well as crops production are expected to remain under pressure in the medium term.

Following a dip in 2015, the primary sector is expected to rebound in the medium term and register a robust growth of 15.3 per cent in 2017 before subsiding to 5.3 per cent in 2018. The sector is expected to benefit from strong growth prospects in the mining industry which will see the engagement of full production capacity of existing mines (Letšeng and Kao Diamond mines following expansion works at the latter) and the full scale commencement of production at the Liqhobong mine. Liqhobong mine is set to start production in late 2016 following the establishment of its main treatment plant, with full production (of approximately 1.1 million carats per year) to be achieved in 2017. In the agricultural sub sector, prevailing drought conditions are estimated to restrain growth in 2016. However, the sub sector is set to recover in 2017 on the prospects of better rainfall as weather pattern improves during the course of the year 2016.



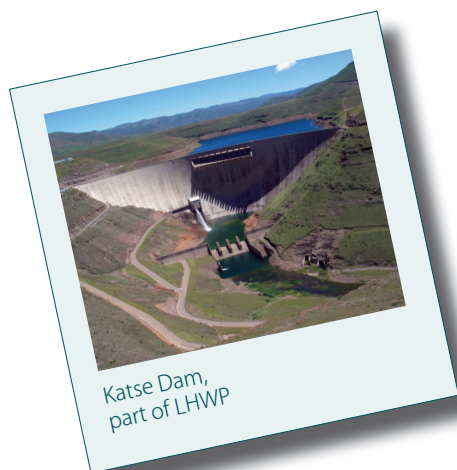
Table 2: Domestic Economic Outlook (Growth Rates)

	Actuals			Projections		
	2013	2014	2015+	2016*	2017*	2018*
Economic growth	4.5	3.6	2.9	3.1	3.5	4.6
Primary Sector	2.4	9.3	-4.0	0.2	15.3	5.3
Agriculture	13.2	4.7	-3.8	-7.6	5.1	3.3
Mining & Quarrying	-9.2	15.5	-4.2	9.6	25.7	7.0
Secondary Sector	0.4	-2.6	4.4	0.9	-4.4	4.6
Manufacturing	-12.9	1.8	4.7	0.6	0.8	1.0
Textiles & Clothing	-17.4	6.8	5.2	-1.1	-0.9	-0.6
Building and Construction	21.7	-10.0	4.4	-1.8	-16.4	11.2
Tertiary Sector	6.6	4.4	4.1	4.5	4.2	4.5
Wholesale & retail	10.9	10.1	4.4	6.1	6.4	6.7
Transport & Comm.	6.1	6.7	6.6	6.7	6.6	6.7
Financial intermediation	15.7	3.6	6.3	5.8	5.0	5.7
Real Estate & business services	5.5	6.5	3.3	3.4	3.5	3.5

Source: CBL, + Estimates, * projections.

The secondary sector is projected to slowdown and ultimately dips by 4.4 per cent in 2017 before rebounding strongly in 2018. The manufacturing sub sector is set to remain subdued over the period 2016 – 2018, mainly due to a decline anticipated in the textiles and clothing industry. While textiles and clothing exports to non-AGOA destinations are expected to grow, exports to US markets are set to remain under pressure due to continuous erosion of the country's competitiveness in the US market. Whether the SA-based value chain can offset these challenges is yet to be seen. Furthermore, the recent signing of the TPP agreement between several pacific rim countries and the US poses a threat to Lesotho's manufacturing exports.

Textiles and clothing industry set to remain under stress in the medium term ...



The building and construction sub sector is projected to dip over the next two years and rebound in 2018. With major construction works, especially construction works associated with the development of Lihobong mining plant, expected to be completed in 2016, the sub sector is set to dip by 16.4 per cent in 2017. However, in the subsequent year building and construction activities are set to recover largely supported by the commencement of advance infrastructure development (particularly access road to Polihali Dam, accommodation facilities, power supply and telecommunication infrastructure) associated with the second phase of LHWP. The electricity and water sub sector is projected to grow by an average of 4.7 per cent per annum in the medium term. The sub sector is expected to benefit from an increase in domestic water supply following the completion of Metolong Dam project. Furthermore, the energy sector is likely to see the increase in domestic production of electricity by the private sector following the establishment of the Lesotho Energy Policy, thereby boosting the sub sector.

The tertiary sector, which accounts for the largest share of GDP, is expected to grow steadily at an annual average growth rate of 4.3 per cent over the period 2016—2018. This steady growth path is largely supported by relatively strong growth anticipated in wholesale and retail trade, transport and communications as well as financial and insurance services. A rebound in general economic growth, (which is expected to boost domestic demand), is set to provide impetus to consumer spending, boosting wholesale and retail trade services. Transport services are set to benefit from low oil prices as well as prospects in the mining and construction industries. Telecommunication services are projected to continue to benefit from the on-going enhancement of telecommunication products including increased coverage of internet services (following the construction of 3G and 4G sites) and mobile money services by mobile operators. Facilities to enable cross-border fund transfers through mobile money services will also have positive effects on this sector. On-going reforms including the establishment of the national identification card system, credit reference bureau and implementation of the Land Act of 2010 are expected to give impetus to financial and insurance services. The implementation of the Land Act of 2010 is expected to improve security of tenure and the use of land as collateral to access credit. In the process, real estate and business services are set to benefit too.

As inflationary pressures from food prices build up, domestic inflation is expected to accelerate faster...

Inflation Outlook

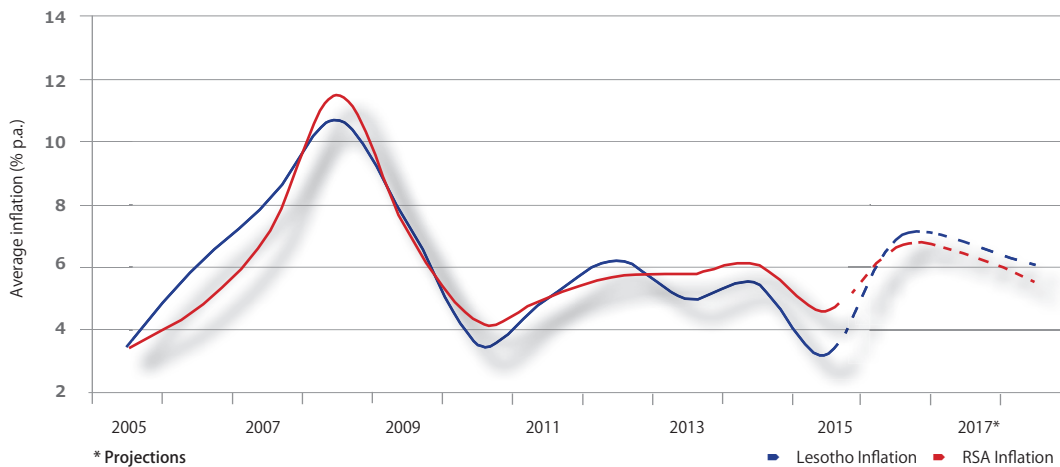
Following a deceleration in 2015, Lesotho's inflation rate is set to rebound and accelerate in the medium term as inflationary pressures from food prices builds up. Domestic inflation is expected to accelerate from 3.2 per cent in 2015 to an average rate of 6.5 per cent in 2016 and 2017 (6.9 per cent and 6.6 per cent in 2016 and 2017, respectively) before subsiding to 6.0 per cent in 2018. Due to economic ties between Lesotho and SA, domestic inflation rate is expected to move broadly in line with its SA counterpart.



The SA inflation rate is set to average 6.7 per cent and 6.2 per cent in 2016 and 2017, above the upper limit of the SA inflation target band, before decelerating to 5.4 per cent in 2018. SA's inflation trajectory is mainly shaped by real exchange rate depreciation anticipated in the medium term, including the effect of higher food prices due to drought conditions. In the region, weather-related risks to crop production in the midst of the current El Niño weather patterns, are set to have curtailed crop production exerting upwards pressure on food prices. Consequently, food prices are set to increase by more than 10 per cent in 2016 through to the first half of 2017. Owing to the importance of food prices in the domestic CPI basket, Lesotho's inflation rate is therefore expected to rebound at a faster pace compared to its SA counterpart.

With scorching drought conditions exerting upward pressure on food prices, domestic inflation is set to accelerate...

Figure 2: Inflation Outlook



Source: CBL and SARB

Domestically generated inflation (mainly administered prices and aggregate demand conditions) is less likely to exert inflationary pressures on overall inflation within the economy. With weak economic prospects in Lesotho, aggregate demand pressures are less likely to have substantial inflationary pressures. Furthermore, administered prices, (particularly electricity, water, and transport services prices) are expected to increase without significant impact on domestic inflation.

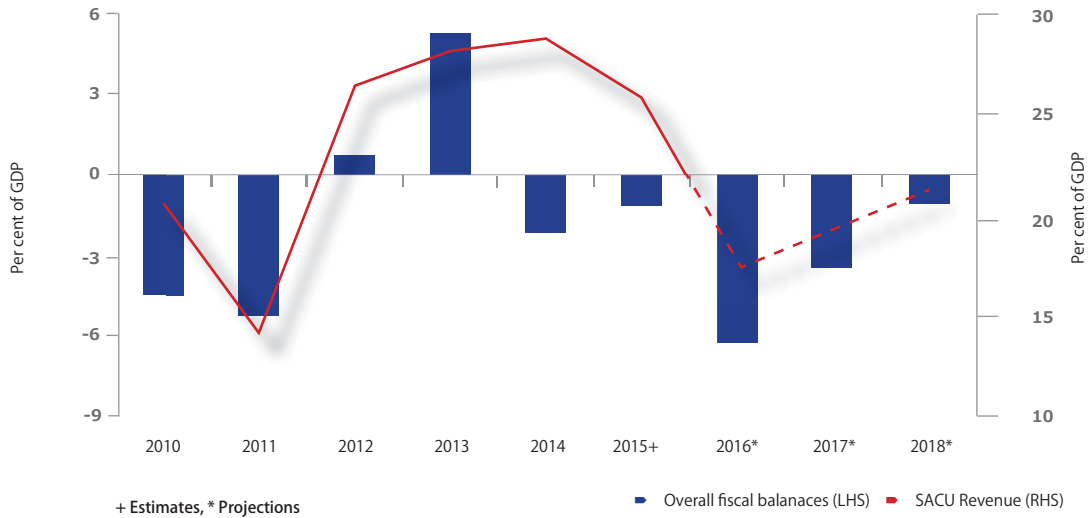
Fiscal Outlook

Following an improvement in 2015, government budgetary operations are expected to deteriorate and dip into deficit equivalent to 6.3 per cent of GDP in 2016 before improving to a deficit of 1.1 per cent of GDP in 2018. The fiscal deterioration in 2016 is mainly at the back of a substantial drop in SACU receipts of 25 per cent (and the overall decline in total government revenue by 3.3 per cent) while government expenditures, particularly recurrent expenditures, are set to remain fairly elevated.

Fiscal operations to deteriorate in the medium term ...

Domestic Economy:
Fiscal Outlook

Figure 3: SACU Revenue and Overall Fiscal Balance

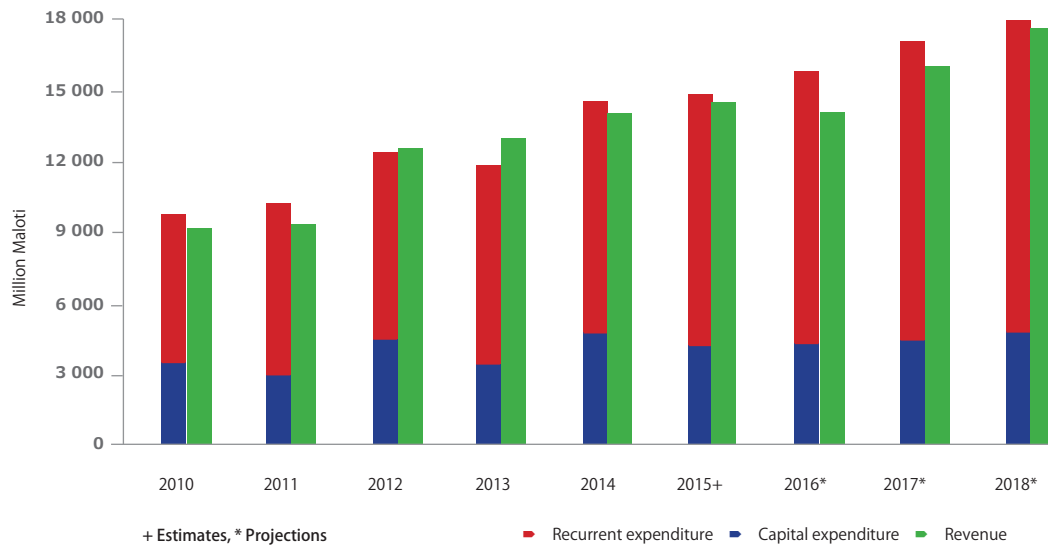


Source: CBL

Fiscal operation continues to remain vulnerable to SACU revenue ...

Looking further into the future, fiscal operations are expected to improve; with fiscal deficit narrowing to 3.4 per cent of GDP and 1.1 per cent of GDP in 2017 and 2018, respectively. These improvements are largely supported by anticipated increases in total revenues, particularly the recovery in SACU revenue. SACU revenue is expected to recover due to positive effects of currency depreciation on customs duties, and several tax reforms proposed by SA government, especially the proposed hike in excise taxes. On the expenditure side, recurrent spending is projected to remain fairly elevated while capital spending will remain subdued over the period 2016 – 2018.

Figure 4: Government revenue and expenditures



Source: CBL



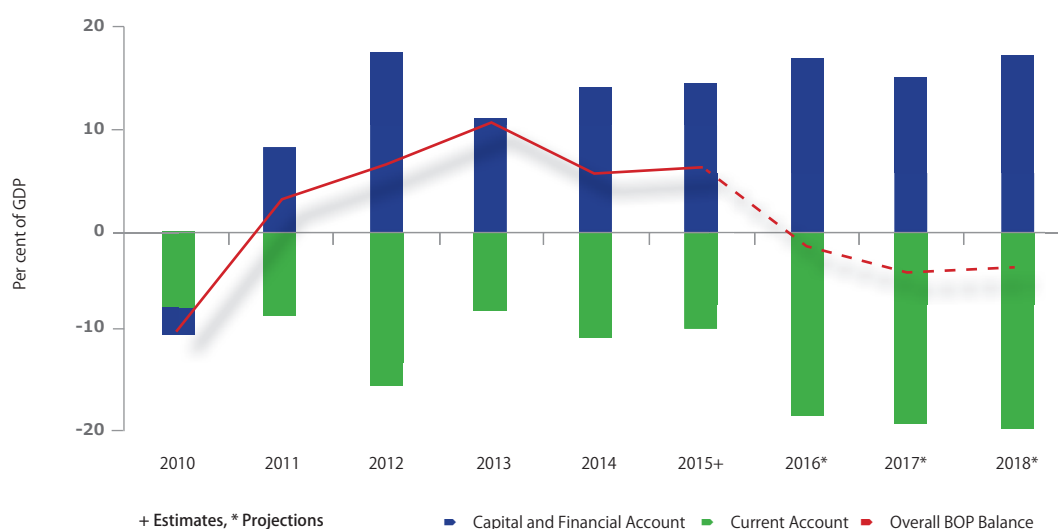
Net external and domestic borrowing are estimated to remain short of fiscal financing needs over the medium term. As a result, the government will ultimately be forced to drawdown its deposits at the CBL to meet additional financing needs. This is likely to have negative implications for foreign reserves.

External Sector Outlook

The external sector is projected to deteriorate from a surplus equivalent to 6.4 per cent of GDP in 2015 to an average deficit of 3.1 per cent of GDP over the period 2016 - 2018, as illustrated in Figure 6. The deterioration is primarily due to the widening of the current account deficit consequent upon the expected decline in SACU revenue, particularly in 2016. Gloomy economic prospects in SA, due to current electricity crisis and weak global demand, are expected to have negative effect on SACU revenue pool.

The external sector position is expected to deteriorate, due to the decline in SACU revenue ...

Figure 5: Outlook for Balance of Payments of Lesotho



Source: CBL

Merchandise exports are expected to grow by approximately 16 per cent in 2016 before subsiding and increasing at an average growth rate of 4.0 per cent per annum over the period 2017—2018. Depreciation of the loti against the US dollar, particularly in 2016, is set to benefit domestic exports. While textile and clothing exports are set to remain under pressure, diamond mining exports are expected to rebound strongly with the full scale commencement of production at Lihobong diamond mine in the medium term. With economic recovery in the medium term, domestic demand is likely to rebound therefore boosting consumption and investment of imported goods and services. Imports of goods and services are set to increase at an average growth rate of 9.0 per cent per annum for the period 2016 - 2018.

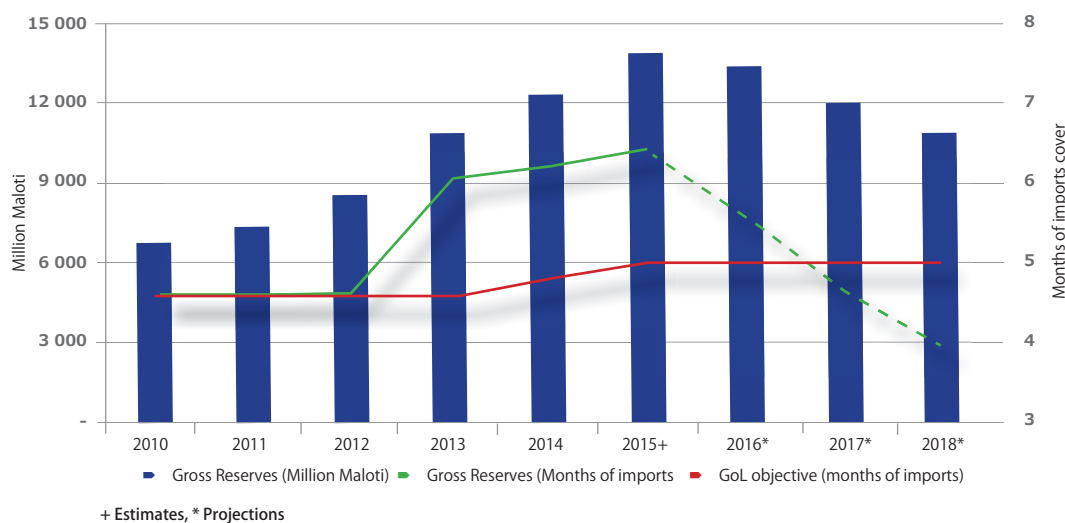
Net receipts of income and current transfers from abroad are expected to decline in the medium term. In line with the trajectory in SACU revenue,

With deteriorating external sector position, gross official reserves (in months of import cover) are expected to decline to approximately 3.9 months in 2018 ...

net current transfers are set to decline in 2016 before increasing in 2017 and 2018. Net receipts of income from abroad are expected to decline as the number of Basotho migrant mineworkers gradually falls over the medium term.

The gap in the current account balance is expected to be financed mainly by net capital and financial inflows equivalent to an average of 16.5 per cent of GDP over the period 2016 – 2018. This will be complemented by a drawdown in Central Bank’s foreign reserves as net capital and financial inflows fall short of the financing needs of current account balance. Consequently, gross official reserves (in months of import cover) are expected to decline from 6.4 months of import cover in 2015 to approximately 3.9 months in 2018. The experience in 2010 and 2011, when SACU revenue dipped, suggests that it is inevitable for the country to have sufficient buffers of foreign reserves. Had the government not build sufficient buffers prior to 2010, a dip in SACU revenue following the global downturn, could have caused major turmoil within the economy; threatening the country’s ability to preserve the currency peg between the loti and SA rand.

Figure 6: Gross Official Reserves



Source: CBI

Monetary and Financial Sector Outlook

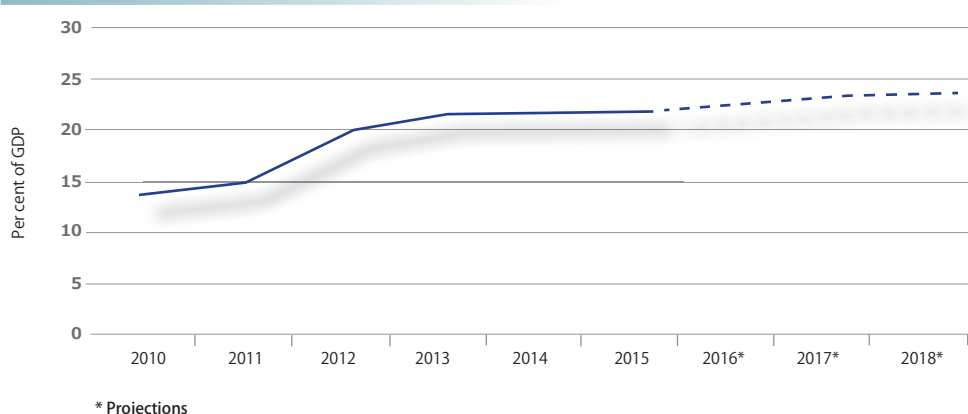
The monetary and financial sector is expected to continue to support economic growth. Money supply is projected to increase at an average growth rate of 7.0 per cent in the medium term. Private sector credit is set to remain the main driving force behind the increase in money supply. It is projected to continue to register strong growth albeit lower rates compared to those observed over the period 2009 – 2013. Private sector credit is set to increase at an average annual growth of 14.2 per cent in the medium term. This reflects the acceleration in overall economic growth anticipated in the medium term, particularly the expected growth in household and



business investment spending. The expected growth in wholesale and retail trade, transport and communication, and building and construction activities is expected to give thrust to credit growth. Reforms aimed at addressing obstacles to credit, in accordance with the Financial Sector Development Strategy (FSDS), including the establishment of credit reference bureau and the on-going implementation of the Land Act of 2010 are also expected to have a positive effect on credit growth.

Private sector growth underpin the increase in money supply ...

Figure 7: Private Sector Credit Relative to GDP



* Projections

Source: CBL

Risks to Domestic Growth Prospects

Domestic economic outlook is subject to a number of risks. On the downside, the most significant risks come mainly from the external environment. Uncertainties surrounding SA growth prospects in the wake of electricity supply constraints, regional drought conditions, Chinese economic rebalancing (hard landing) and low commodity prices are likely to put strains on domestic economic prospects including the country's external position and fiscal outlook. Electricity supply constraints in SA could persist in the short to medium term with negative spill over effects on domestic economy. US monetary policy normalisation (and subsequent returns of capital to the US from riskier investment destinations) could exert further pressures on rand/loti exchange rate. Combined with higher food prices, this may have consequential effects on inflation outlook.

On the domestic side, the main risks to the outlook include adverse weather conditions, possible delays in the implementation of major capital investment projects and recently signed TPP agreement. Unfavourable weather conditions constitute a major risk to agricultural growth prospects, with the possibility of a delay in recovery if sufficient rainfalls are not received well in time at beginning of agriculture year. Lesotho's competitive edge in the US market, under AGOA provision, is likely to erode due to the implementation of TPP, threatening Lesotho's textile and clothing industry.

*Domestic Economy:
Risks to Domestic Growth Prospects*

On the upside though, on top of the already favourable outlook for mining industry, commencement of production at Lemphane and Mothae mining plant may further boost the growth outlook. Furthermore, implementation of major capital projects in the pipeline has potential to boost growth prospects. Further depreciation of domestic currency may boost domestic export sector. On balance, the likelihood of the actual outcome turning out worse than the forecasts is greater than that of turning out better, particularly in the outer years.

Conclusion Conclusion



Global economic growth is expected to accelerate from 3.1 per cent estimated in 2015 to 3.6 per cent in 2018. The increase in world economic growth is mainly driven by emerging market and developing economies while advanced economies are projected to grow moderately over the period 2016—2018. Emerging market and developing economies are expected to pick up in the medium term driven primarily by domestic demand as well as a gradual normalisation of distress conditions in a number of emerging market economies (including Brazil and Russia).

Following a subdued performance estimated in 2015, domestic economic growth is projected to pick up and increase gradually to an average growth rate of 4.6 per cent in 2018. Key to the recovery is strong growth anticipated in the mining industry and recovery in building and construction activities in 2018. Moderate growth anticipated in the services sector is also expected to boost domestic growth prospects. With scorching regional drought conditions exerting upward pressure on food prices, domestic inflation is set to accelerate from 3.2 per cent in 2015 to an average rate of 6.6 per cent in the medium term.

In line with the current trajectory of SACU revenue, government budgetary operations are expected to deteriorate and dip into deficit equivalent to 6.3 per cent of GDP in 2016 before improving to a deficit of 1.1 per cent in 2018. Together with the expected deterioration of the external sector, gross official reserves are projected to decline from 6.4 months of import cover to approximately 3.9 months in 2018.



Appendix I: Selected Macroeconomic Indicators						
	Projections					
	2013	2014	2015+	2016*	2017*	2018*
Output - Constant 2004 prices						
Gross Domestic Product (% p.a.)	4.46	3.64	2.94	3.06	3.53	4.63
Per capita GDP (% p.a.)	4.10	3.25	2.52	2.61	3.05	4.14
Gross National Income (% p.a.)	3.32	1.01	4.32	0.77	1.94	3.25
Per capita GNI (% p.a.)	2.96	0.63	3.90	0.33	1.46	2.76
Gross Domestic Product (M Million)						
Gross Domestic Product	12,036	12,474	12,840	13,233	13,701	14,335
Per Capita GDP	6,304	6,509	6,672	6,847	7,055	7,347
Gross National Income (M Million)	14,075	14,217	14,831	14,946	15,236	15,731
Per Capita GNI	7,372	7,418	7,707	7,733	7,846	8,062
Output - Current prices						
Nominal GDP (% p.a.)	9.42	10.54	7.45	11.71	9.64	9.64
Nominal GNI (% p.a.)	8.22	7.74	8.89	9.24	7.95	8.20
Nominal GDP (M Million)	21,416	23,673	25,436	28,416	31,156	34,161
Nominal GNI (M Million)	25,043	26,981	29,381	32,094	34,646	37,486
Sectoral Growth rates (% p.a.)						
Primary Sector	2.41	9.32	-3.97	0.16	15.25	5.30
Crops	-1.82	-6.54	-17.19	-31.11	16.12	-1.80
Mining and Quarrying	-9.23	15.48	-4.23	9.60	25.70	7.04
Secondary Sector	0.37	-2.64	4.40	0.88	-4.39	4.56
Manufacturing	-12.87	1.78	4.72	0.64	0.83	1.03
Construction	21.66	-10.00	4.42	-1.75	-16.42	11.18
Tertiary Sector	6.60	4.36	4.07	4.54	4.17	4.48
Wholesale and retail trade,repairs	10.92	10.05	4.45	6.09	6.42	6.69
Financial intermediation	15.71	3.58	6.32	5.82	5.01	5.70
Savings and Investment - Per cent of GNI						
National Savings	20.55	19.60	18.11	10.88	12.49	14.73
Of which Government Savings	11.54	10.28	8.23	1.79	4.13	5.97
Of which Private Sector Savings	9.02	9.33	9.88	9.09	8.36	8.76
Investment	27.27	28.93	26.64	27.40	29.75	33.67
Of which Government Investment	9.42	12.39	9.53	9.11	8.91	8.61
Of which Private Sector Investment	17.86	16.54	17.12	18.29	20.84	25.07
Resource Balance	-6.72	-9.32	-8.53	-16.52	-17.26	-18.94
Inflation rate % (CPI)	5.00	5.44	3.20	6.87	6.74	6.05
Loti/US Dollar exchange rate (Annual averages)	9.65	10.85	12.81	-	-	-

Appendix I: Selected Macroeconomic Indicators (continued)

	2013	2014	Projections			
			2015+	2016*	2017*	2018*
External Sector - Per cent of GDP						
Current Account	-7.86	-10.63	-9.85	-18.66	-19.19	-20.78
Imports of Goods	-84.62	-85.18	-87.07	-88.70	-88.54	-87.47
Exports of Goods	38.20	37.86	42.66	45.17	43.96	40.63
Capital Flows (+ means an inflow)	4.55	1.72	2.42	4.08	5.29	6.79
Of which Government	5.30	2.48	3.13	4.75	5.94	7.42
Of which Private Sector	-0.75	-0.76	-0.71	-0.67	-0.65	-0.63
Exports of goods f.o.b. (M Million)	8,181	8,963	10,851	12,836	13,696	13,880
Imports of goods c.i.f. (M Million)	18,121	20,165	22,148	25,204	27,586	29,879
Government Finance - Per cent of GDP						
Revenue (excluding grants)	55.61	57.14	54.68	46.49	48.48	49.10
Tax Revenue	22.61	23.96	23.69	24.01	23.85	23.75
Recurrent Expenditure	39.60	41.49	41.65	40.58	40.24	39.04
Of which compensation of employees	19.57	20.99	21.11	21.81	21.70	21.45
Transaction in non-financial assets	15.98	20.25	16.64	15.20	14.53	13.88
Budget Balance (+ means a surplus)	5.34	-2.12	-1.16	-6.31	-3.43	-1.07
Monetary Aggregates - Nominal growth						
Money supply (M2)	21.16	3.95	12.57	7.36	8.38	5.27
Private Sector Credit	20.59	12.41	7.43	14.23	14.23	14.23
+ Estimate, * Projection						



Appendix II: Real GDP growth rates						
	Projections					
	2013	2014	2015+	2016*	2017*	2018*
Primary Sector	2.41	9.32	-4.0	0.2	15.3	5.3
Agriculture, forestry and fishing	13.22	4.73	-3.76	-7.56	5.13	3.27
Growing of Crops	-1.82	-6.54	-17.19	-31.11	16.12	-1.80
Farming of Animals	-1.41	0.25	-3.92	-8.97	1.14	1.14
Services	31.88	4.75	2.27	3.81	1.40	2.12
Forestry	126.75	28.30	5.59	6.76	7.83	8.79
Mining and Quarrying	-9.23	15.48	-4.2	9.6	25.7	7.0
Secondary sector	0.37	-2.64	4.40	0.88	-4.39	4.56
Manufacturing	-12.87	1.78	4.72	0.64	0.83	1.03
Food products and beverages	-9.29	-3.61	3.31	3.31	3.31	3.31
Textiles, clothing, footwear and leather	-17.40	6.81	5.17	-1.09	-0.87	-0.65
Other manufacturing	3.79	-10.47	4.77	4.77	4.77	4.77
Electricity and water	3.17	1.47	3.49	6.66	3.66	3.83
Electricity	4.27	4.78	4.08	3.96	4.50	4.96
Water	1.18	1.14	3.17	8.17	3.22	3.22
Building and Construction	21.66	-10.00	4.42	-1.75	-16.42	11.18
Tertiary sector	6.60	4.36	4.07	4.54	4.17	4.48
Wholesale and retail trade, repairs	10.92	10.05	4.45	6.09	6.42	6.69
Restaurants and hotels	5.35	2.66	2.77	2.77	2.77	2.77
Transport and Communication	6.10	6.68	6.59	6.71	6.62	6.66
Transport and storage	7.53	8.99	5.38	5.70	5.92	6.26
Post and Telecommunications	5.36	5.46	7.24	7.24	6.98	6.87
Financial intermediation	15.71	3.58	6.32	5.82	5.01	5.70
Real Estate and business services	5.49	6.46	3.34	3.40	3.45	3.50
Real estate	-0.91	4.41	1.79	1.82	1.83	1.84
Business services; renting	20.81	7.75	6.21	6.21	6.21	6.21
Public Administration	-2.64	3.29	2.27	3.81	1.40	2.12
Education	0.75	-1.89	1.51	1.44	1.37	1.30
Health and Social Work	23.79	-4.07	4.33	4.45	4.83	5.21
Community, social and personal services	5.00	2.41	2.68	3.08	3.09	3.25
GDP at factor cost (Unadjusted)	4.39	3.24	3.03	3.09	3.53	4.61
Financial services indirectly measured	2.86	3.58	6.32	5.82	5.01	5.70
GDP at factor cost	4.43	3.12	2.96	3.02	3.50	4.58
Taxes on products	4.44	6.67	2.96	3.02	3.50	4.58
Subsidies on products	1.18	-5.76	5.17	-1.09	-0.87	-0.65
GDP at market prices	4.46	3.64	2.9	3.1	3.5	4.6
+ Estimate, * Projection						

Appendix III: GDP by sector, 2004 prices (In Million Maloti)						
	Projections					
	2013	2014	2015+	2016*	2017*	2018*
Primary Sector	1,429.27	1,562.43	1,500.39	1,502.76	1,731.99	1,823.73
Agriculture, forestry and fishing	819.32	858.03	825.77	763.38	802.56	828.82
Growing of Crops	178.71	167.02	138.31	95.29	110.65	108.66
Farming of Animals	423.96	425.01	408.36	371.71	375.95	380.23
Services	50.71	53.12	54.33	56.40	57.19	58.40
Forestry	165.93	212.88	224.77	239.98	258.77	281.53
Mining and Quarrying	609.96	704.39	674.61	739.38	929.43	994.91
Secondary sector	2,763.64	2,690.63	2,809.00	2,833.85	2,709.31	2,832.83
Manufacturing	1,264.77	1,287.25	1,348.05	1,356.62	1,367.93	1,382.00
Food products and beverages	280.00	269.88	278.83	288.07	297.62	307.48
Textiles, clothing, footwear and leather	785.50	838.96	882.30	872.71	865.13	859.55
Other manufacturing	199.27	178.40	186.92	195.84	205.18	214.97
Electricity and water	474.43	481.41	498.23	531.40	550.88	571.98
Electricity	163.64	171.45	178.45	185.51	193.85	203.47
Water	306.48	309.96	319.78	345.90	357.02	368.51
Building and Construction	1,024.43	921.97	962.73	945.83	790.51	878.85
Tertiary sector	6,701.47	6,993.90	7,278.23	7,608.74	7,926.02	8,281.02
Wholesale and retail trade, repairs	955.32	1,051.35	1,098.10	1,165.02	1,239.85	1,322.85
Restaurants and hotels	135.58	139.20	143.05	147.02	151.09	155.28
Transport and Communication	992.23	1,058.47	1,128.19	1,203.85	1,283.51	1,369.04
Transport and storage	341.75	372.48	392.52	414.89	439.47	466.99
Post and Telecommunications	650.47	685.98	735.67	788.96	844.04	902.06
Financial Intermediation	874.42	905.75	962.97	1,019.04	1,070.11	1,131.08
Real Estate and business services	1,457.76	1,551.97	1,603.83	1,658.34	1,715.57	1,775.63
Real estate	965.91	1,008.54	1,026.63	1,045.27	1,064.42	1,084.02
Business services; renting	491.85	543.44	577.20	613.06	651.15	691.61
Public Administration	1,013.21	1,046.54	1,070.32	1,111.14	1,126.71	1,150.54
Education	747.26	733.11	744.17	754.88	765.25	775.23
Health and Social Work	409.90	393.23	410.24	428.51	449.23	472.62
Community, social and personal services	115.79	114.28	117.34	120.96	124.69	128.75
GDP at factor cost (Unadjusted)	10,894.38	11,246.96	11,587.61	11,945.35	12,367.32	12,937.58
Financial services indirectly measured	-225.68	-245.74	-261.26	-276.47	-290.33	-306.87
GDP at factor cost	10,668.69	11,001.22	11,326.35	11,668.88	12,076.99	12,630.71
Taxes on products	1,483.37	1,582.24	1,629.00	1,678.26	1,736.96	1,816.60
Subsidies on products	-115.97	-109.29	-114.94	-113.69	-112.70	-111.97
GDP at market prices	12,036.09	12,474.17	12,840.41	13,233.46	13,701.25	14,335.33
+ Estimate, * Projection						



Appendix IV: GDP by sector, at current prices (In Million Maloti)						
	Projections					
	2013	2014	2015+	2016*	2017*	2018*
Primary Sector	3,003.61	3,469.57	3,525.59	3,979.06	4,719.38	5,004.60
Agriculture, forestry and fishing	1,514.15	1,643.10	1,614.16	1,558.72	1,756.04	1,915.00
Growing of Crops	406.90	414.76	354.46	260.97	323.46	336.86
Farming of Animals	763.63	814.14	807.27	785.29	847.76	909.27
Services	86.36	99.00	108.97	120.60	133.79	148.50
Forestry	257.26	315.20	343.45	391.86	451.03	520.37
Mining and Quarrying	1,489.46	1,826.47	1,911.43	2,420.34	2,963.34	3,089.60
Secondary sector	4,535.04	4,746.23	5,300.54	5,981.10	5,920.17	6,397.88
Manufacturing	1,972.19	2,001.92	2,356.08	2,773.20	2,778.42	2,814.37
Food products and beverages	491.83	502.92	536.22	592.03	652.87	715.30
Textiles, clothing, footwear and leather	1,146.46	1,181.00	1,476.03	1,796.19	1,695.01	1,620.72
Other manufacturing	333.90	318.00	343.84	384.98	430.53	478.36
Electricity and water	810.67	1,081.28	1,152.34	1,326.34	1,463.20	1,604.51
Electricity	106.91	118.11	126.86	140.94	157.21	174.98
Water	703.76	963.17	1,025.47	1,185.40	1,305.99	1,429.53
Building and Construction	1,752.17	1,663.02	1,792.11	1,881.57	1,678.55	1,978.99
Tertiary sector	11,701.04	12,719.36	13,712.76	15,276.26	17,010.65	18,875.37
Wholesale and retail trade, repairs	1,869.33	2,140.98	2,307.74	2,616.50	2,972.22	3,362.97
Restaurants and hotels	224.93	200.62	212.77	233.69	256.35	279.39
Transport and Communication	1,266.48	1,512.45	1,657.98	1,885.29	2,141.35	2,419.48
Transport and storage	602.64	828.28	900.77	1,017.48	1,150.39	1,296.34
Post and Telecommunications	663.85	684.17	757.21	867.81	990.97	1,123.14
Financial intermediation	1,289.03	1,370.43	1,503.62	1,700.43	1,906.00	2,136.42
Real Estate and business services	2,411.94	2,645.49	2,818.65	3,111.55	3,432.50	3,763.80
Real estate	1,613.96	1,778.68	1,868.52	2,033.10	2,209.86	2,386.66
Business services; renting	797.98	866.81	950.12	1,078.45	1,222.65	1,377.15
Public Administration	1,929.24	2,063.21	2,270.99	2,513.19	2,788.15	3,094.80
Education	1,841.95	1,903.68	1,994.24	2,161.86	2,339.25	2,513.07
Health and Social Work	675.82	683.69	736.10	821.67	919.45	1,025.82
Community, social and personal services	192.31	198.82	210.67	232.09	255.38	279.63
GDP at factor cost (Unadjusted)	19,239.70	20,935.15	22,538.89	25,236.42	27,650.20	30,277.85
Financial services indirectly measured	-316.97	-324.19	-355.70	-402.26	-450.89	-505.40
GDP at factor cost	18,922.73	20,610.96	22,183.18	24,834.16	27,199.31	29,772.45
Taxes on products	2,493.03	3,061.85	3,253.22	3,581.75	3,956.84	4,388.52
Subsidies on products	0.00	0.00	0.00	0.00	0.00	0.00
GDP at market prices	21,415.76	23,672.81	25,436.40	28,415.91	31,156.15	34,160.97
+ Estimate, * Projection						



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