



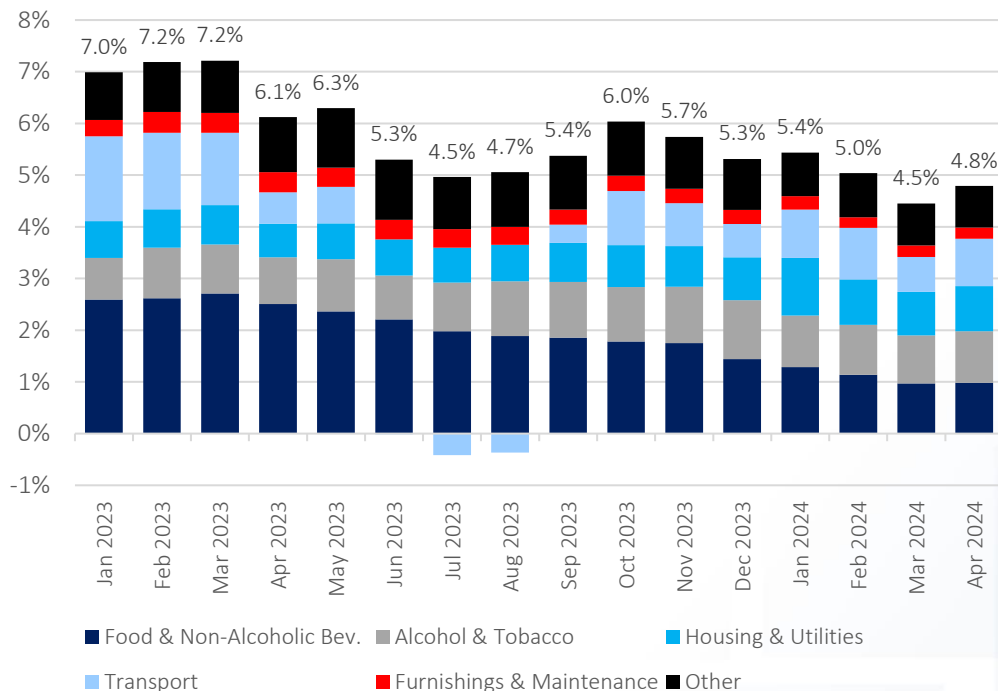
Overview

Category	Weight	Apr-24 m/m %	Mar-24 y/y %	Apr-24 y/y %	Direction
Food	16.4%	0.5%	4.9%	4.9%	→
Alcohol & Tobacco	12.6%	1.1%	6.8%	7.3%	↗
Clothing	3.0%	0.1%	2.2%	2.3%	↗
Housing & Utilities	28.4%	0.1%	3.4%	3.6%	↗
Furniture	5.5%	0.5%	4.2%	4.0%	↘
Health	2.0%	0.5%	3.6%	4.0%	↗
Transport	14.3%	2.0%	4.3%	5.9%	↗
Communications	3.8%	0.6%	-0.2%	0.5%	↗
Recreation	3.6%	2.0%	9.6%	8.3%	↘
Education	3.6%	0.0%	1.7%	1.7%	→
Hotels	1.4%	0.3%	8.0%	8.2%	↗
Miscellaneous	5.4%	0.2%	3.4%	3.4%	→
All Items	100%	0.7%	4.5%	4.8%	↗

Source: Namibia Statistics Agency, IJG Securities

Namibia's annual inflation rate ticked up to 4.8% y/y in April 2024, from the 4.5% y/y recorded in March. The uptick was expected following the recent fuel price hikes by the Ministry of Mines and Energy. Prices in the overall NCPI basket rose by 0.7% m/m. On an annual basis, overall prices in seven of the twelve basket categories rose at a quicker rate in April than in March, two recorded slower rates of inflation and three recorded steady inflation. Services inflation was steady at 3.1% y/y while goods inflation accelerated to 5.9% y/y (from 5.4% in March).

Namibian Annual Inflation



Source: Namibia Statistics Agency, IJG Securities

In April, the **recreation and culture** category recorded the highest inflation for an 8th consecutive month, at 8.3% y/y, although lower than the 9.6% y/y recorded in March.

Hotels, cafés and restaurants followed closely with an annual inflation rate of 8.2% – the highest since December 2022. This is mainly due to an increase in accommodation services prices of

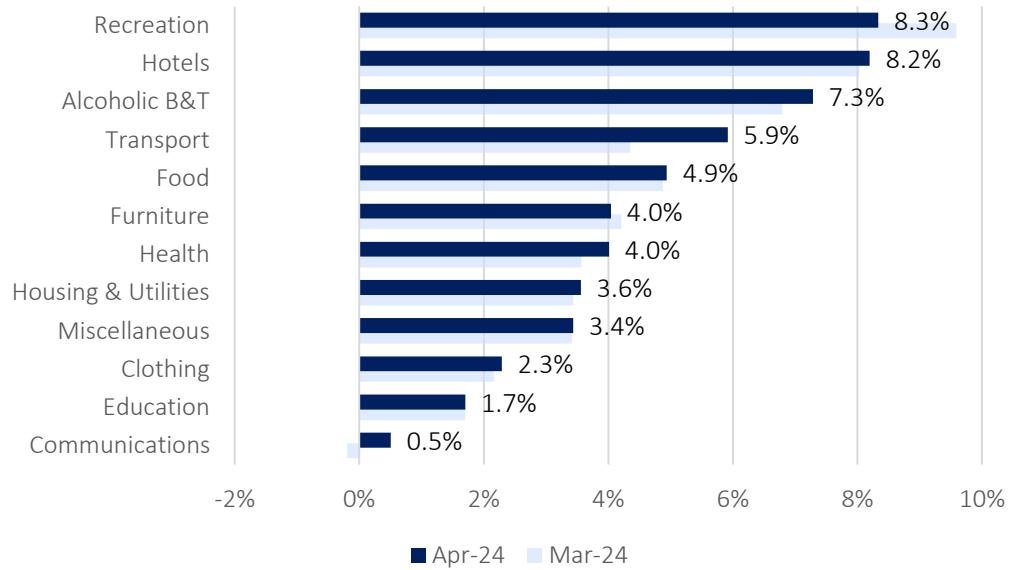


10.1% y/y and catering services prices of 6.6% y/y. The **alcoholic beverages and tobacco** and **food** categories posted inflation rates of 7.3% y/y and 4.9% y/y, respectively.

Transport inflation accelerated to 5.9% y/y in April, compared to the 4.3% y/y recorded in March. Air transportation (22.1% y/y), fuel (8.9% y/y), and the purchase of motor cars (↑ 8.0% y/y) prices recorded the highest increases in the category.

The Ministry of Mines and Energy announced price increases of N\$0.70 per litre for petrol and N\$0.40 per litre for diesel (50ppm) for May resulting in petrol being N\$23.00 per litre and diesel N\$22.37 per litre at pumps in Walvis Bay. This translates to fuel prices being 14.0% higher on average than they were a year ago, with petrol prices up 16.3% y/y and diesel 11.7% y/y.

Annual Inflation per Category (y/y)



Source: Namibia Statistics Agency, IJG Securities

Inflation Contributors

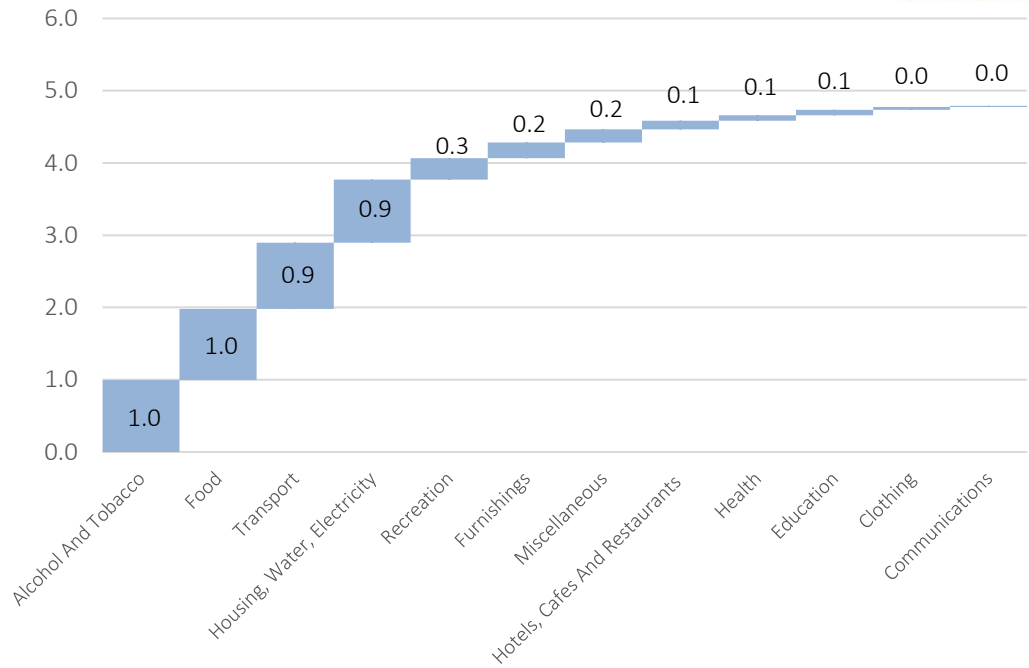
For the first time since January 2023, **food and non-alcoholic beverages** were not the largest contributor to the annual inflation rate. The category was displaced by the **alcohol and tobacco** category, which contributed 1.0 percentage point to the 4.8% annual inflation rate.

The **food and non-alcoholic beverages** basket item, with a weighting of 16.45%, was the second largest contributor to overall inflation in April, contributing 0.98 percentage point. The **transport** category followed, contributing 0.92 percentage point, while the **housing and utilities** category, which carries the largest weighting in the NCPI basket at 28.36%, contributed 0.87 percentage point to March's inflation rate.





Contribution to the Annual Inflation Rate (percentage points)

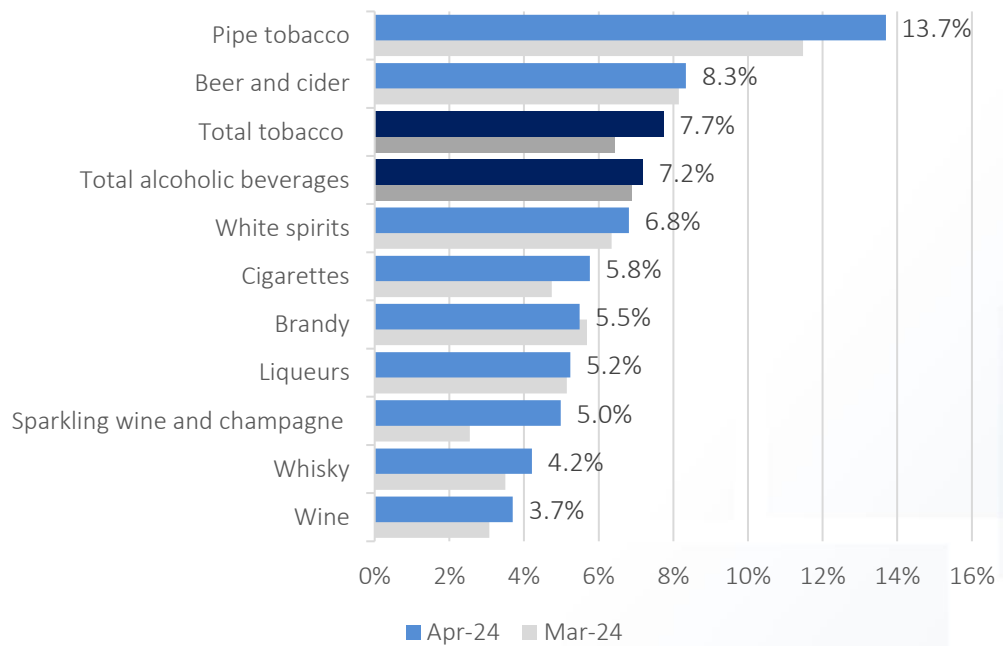


Source: Namibia Statistics Agency, IJG Securities

Alcohol & Tobacco

The alcohol and tobacco basket item witnessed 7.3% y/y inflation during April 2024. Alcoholic beverage prices rose 0.8% m/m and 7.2% y/y in April, faster than the 6.9% y/y recorded in March. At the same time, tobacco inflation logged 2.4% m/m and 7.7% y/y in April, compared to 6.4% y/y in March.

Alcohol & Tobacco Inflation (y/y)



Source: Namibia Statistics Agency, IJG Securities

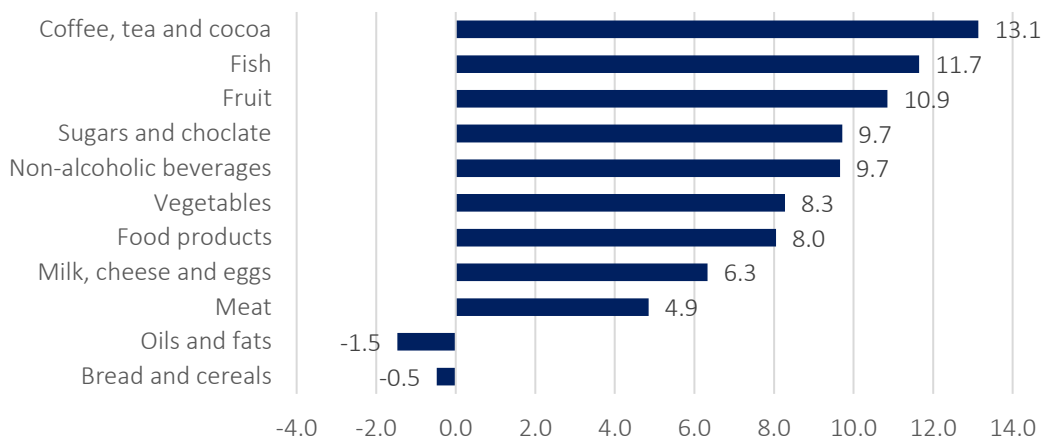




Food & Non-Alcoholic Beverages

Food and non-alcoholic beverages inflation came in at 4.9% in April. Food and non-alcoholic beverage inflation has cooled from its peak of 14.6% y/y in March 2023; however, it still exceeds headline inflation. Coffee, tea and cocoa (+13.1% y/y), fish (+11.7% y/y), fruit (+10.9% y/y), sugars and chocolate (+9.7% y/y) and non-alcoholic beverages (+9.7% y/y) possessed the highest annual inflation in the food and non-alcoholic beverages basket category. At the same time, oils and fats (-1.5% y/y) and breads and cereals (-0.5% y/y) recorded the lowest annual inflation in the food basket.

Annual Headline and Food and Non-Alcoholic Beverages Inflation (y/y %)



Source: Namibia Statistics Agency, IIG Securities

Transport

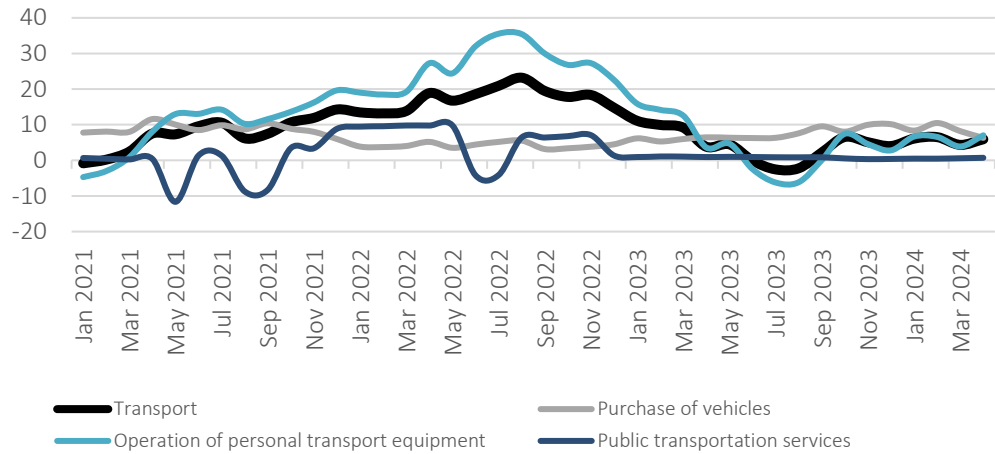
The transport category recorded an accelerated annual inflation rate of 5.9% y/y in April compared to 4.3% y/y in March, with prices rising by 2.0% m/m. Operation of personal transport inflation accelerated from 3.9% y/y in March to 7.0% y/y in April, on the back of fuel inflation (from 3.4% y/y in March to 8.9% y/y April) and driving lessons (from 5.9% y/y to 7.1% y/y), while spare part inflation decelerated from 8.4% to 8.0% y/y and parking fees inflation remained steady at 5.9% y/y.

‘Purchase of vehicles’ prices rose 6.3% y/y in April, lower than the 8.2% y/y in March. Passenger vehicles recorded the largest price increases (of 6.4% y/y), while prices of motorcycles rose 3.4% y/y and bicycles rose 0.7%, with each exhibiting lower inflation rates.

In April, inflation in public transport services stayed low at 0.7% y/y. However, there were increases in specific subcategories in the transport basket. Air transport prices surged by 22.1% y/y, while transport of furniture rose by 6.0% y/y, and rail transport increased by 2.2% y/y. Other subcategories within public transport services experienced inflation rates below 1% y/y.

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

Annual Inflation Rate for Housing and Utilities (y/y %)

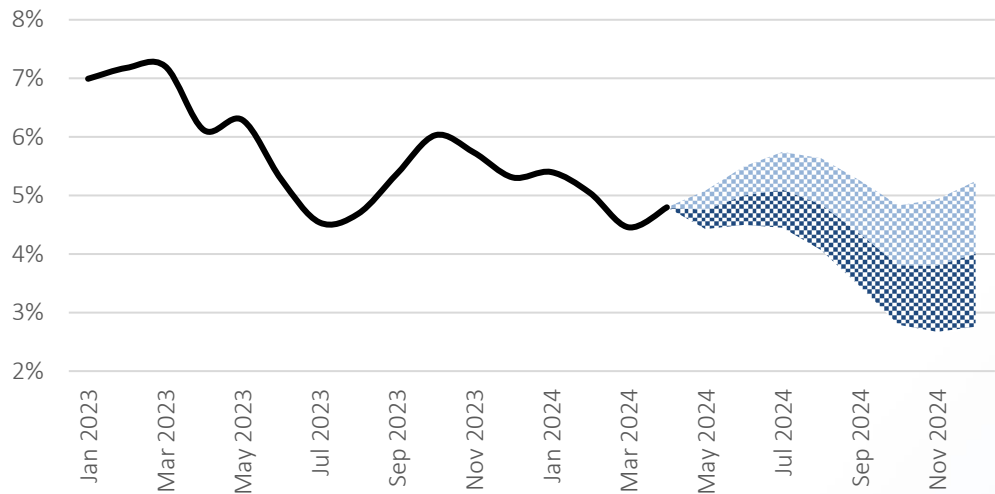


Source: Namibia Statistics Agency, IIG Securities

Conclusion & Forecast

After slowing to its lowest level since February 2022 in March, the Namibian annual inflation rate ticked up in April driven primarily by higher alcohol and tobacco prices, as well as rising transport inflation. Further increases in fuel prices at the start of May should drive Namibian inflation higher, with inflationary risks expected to remain to the upside. IIG’s inflation model is currently forecasting the annual Namibian inflation rate to average between 4.1% and 5.2% in 2024, with our base case being 4.6%.

Annual Inflation Forecast (% y/y)



Source: Namibia Statistics Agency, IIG Securities

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