

# Namibia CPI

## August 2023

|        |        |
|--------|--------|
| 0.0005 | 4.85%  |
| 0.0003 | 13.04% |
| 0.0001 | 50.00% |
| 0.0003 | 14.29% |
| 0.0005 | 12.50% |

## Overview

| Category           | Weight      | Aug-23<br>m/m % | Jul-23<br>y/y % | Aug-23<br>y/y % | Direction |
|--------------------|-------------|-----------------|-----------------|-----------------|-----------|
| Food               | 16.4%       | 0.3%            | 10.5%           | 10.0%           | ↘         |
| Alcohol & Tobacco  | 12.6%       | 0.5%            | 6.9%            | 7.9%            | ↗         |
| Clothing           | 3.0%        | 0.3%            | 1.8%            | 2.0%            | ↗         |
| Housing, Utilities | 28.4%       | 0.4%            | 2.7%            | 2.8%            | ↗         |
| Furniture          | 5.5%        | 0.6%            | 7.0%            | 6.6%            | ↘         |
| Health             | 2.0%        | 0.2%            | 4.1%            | 4.2%            | ↗         |
| Transport          | 14.3%       | 0.5%            | -2.5%           | -2.2%           | ↗         |
| Communications     | 3.8%        | 0.3%            | 0.6%            | 1.3%            | ↗         |
| Recreation         | 3.6%        | 0.5%            | 9.9%            | 9.7%            | ↘         |
| Education          | 3.6%        | 0.0%            | 3.8%            | 3.8%            | →         |
| Hotels             | 1.4%        | 1.9%            | 5.3%            | 7.8%            | ↗         |
| Miscellaneous      | 5.4%        | 0.3%            | 5.6%            | 5.5%            | ↘         |
| <b>All Items</b>   | <b>100%</b> | <b>0.4%</b>     | <b>4.5%</b>     | <b>4.7%</b>     | <b>↗</b>  |

Source: Namibia Statistics Agency, IJG Securities

Namibia's annual inflation rate ticked up to 4.7% in August, from 4.5% y/y in July. Prices in the overall NCPI basket rose by 0.4% m/m. On an annual basis, overall prices in seven of the twelve basket categories rose at a quicker rate in August than in July, four recorded slower rates of inflation and one recorded steady inflation. Services inflation remained steady at 3.1% y/y while goods inflation ticked up to 5.8% y/y (from 5.5% in July).

### Goods vs Services Inflation (y/y %)



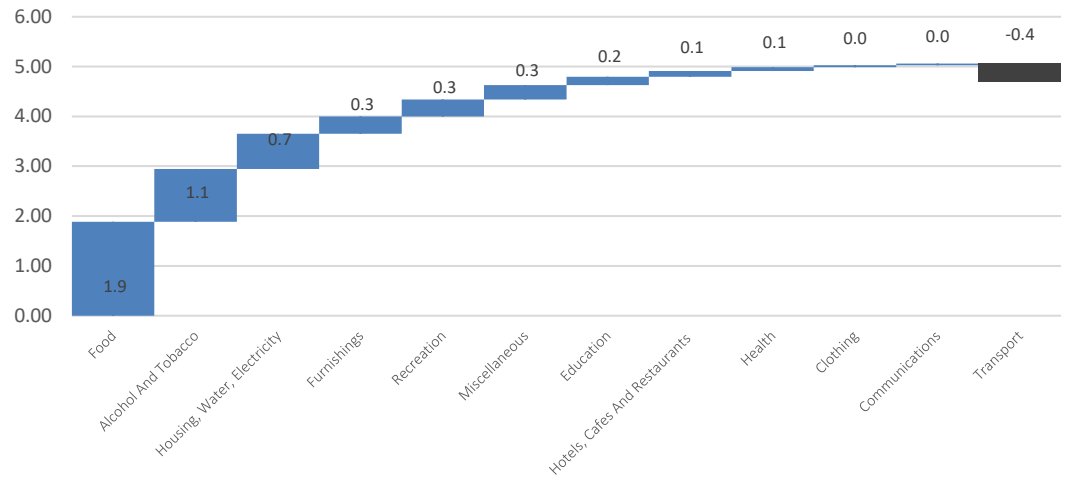
Source: Namibia Statistics Agency, IJG Securities

## Inflation Contributors

The **food and non-alcoholic** beverages basket item, with a weighting of 16.4%, was unsurprisingly the largest contributor to the overall inflation rate in August, contributing 1.9 percentage points. The **alcohol and tobacco** category contributed 1.1 percentage points, while **housing and utilities**, which has the heaviest weighting at 28.4% again contributed 0.7 percentage point.

# Namibia CPI August 2023

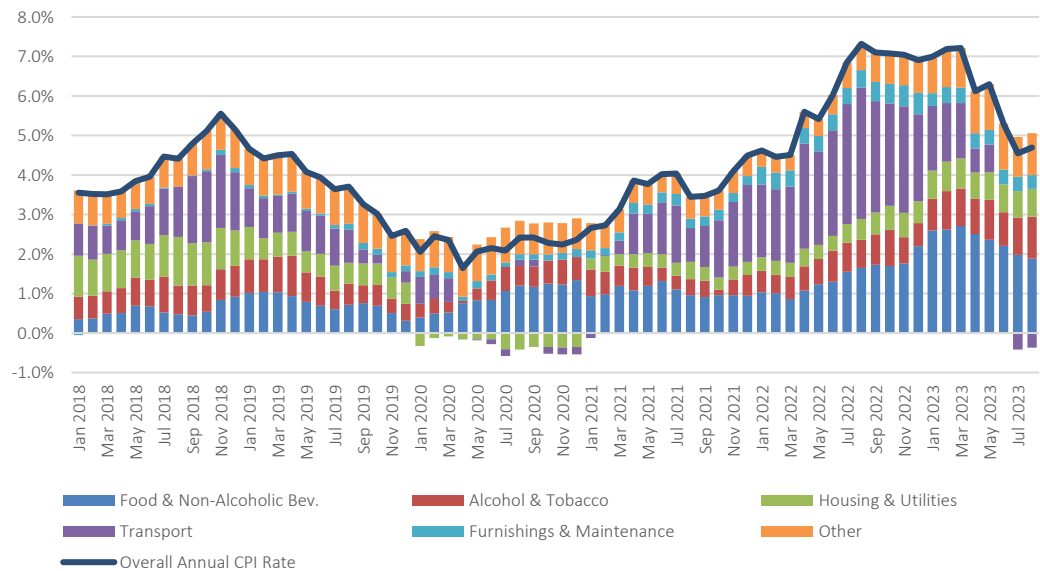
## Contribution to the Annual Inflation Rate



Source: Namibia Statistics Agency, IJG Securities

Fuel prices were 13.1% lower in August than they were a year ago, resulting in the **transport** category continuing to have a deflationary effect on the NCPI rate. The category contributed -0.37 percentage point to August's NCPI rate. The Ministry of Mines and Energy's decision at the beginning of September to increase petrol and diesel prices by 120- and 170 cents per litre, respectively, means that local fuel prices are still 3.4% lower on average than they were a year ago, meaning that we should still see the transport category having a deflationary effect in September, just to a smaller extent.

## Historic NCPI Contribution Breakdown

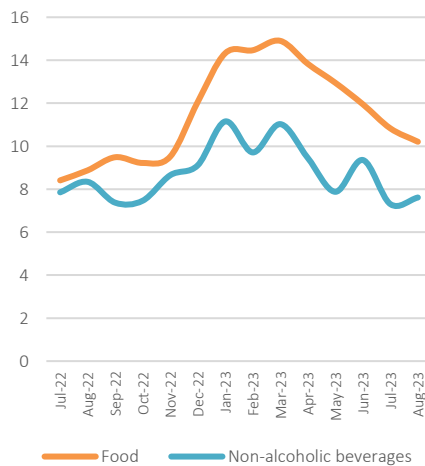


Source: Namibia Statistics Agency, IJG Securities



## Food & Non-Alcoholic Beverages

Historic Food & Non-Alcoholic Beverages Inflation (% y/y)



Food & non-alcoholic beverage prices rose by 0.3% m/m and 10.0% y/y, the slowest year-on-year increase since November 2022.

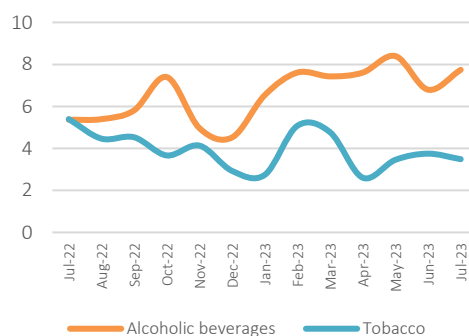
Food price inflation continued to moderate in August to 10.2% y/y, from 10.8% in July. Four of the nine food sub-categories recorded quicker annual inflation than in July. Vegetable prices, while increasing at a slower rate, still recorded the category's quickest inflation rate at 16.9% y/y. Fish prices continued to tick up, with the sub-category's annual inflation rate reaching 16.2% in August, from 7.1% in March. The prices of oils and fats, meanwhile, fell by 6.1% y/y.

Non-alcoholic beverage inflation ticked up to 7.6% y/y, from 7.3% previously.

Source: Namibia Statistics Agency, IJG Securities

## Alcohol & Tobacco

Historic Alcohol & Tobacco Inflation (% y/y)



The alcohol and tobacco category posted inflation of 0.5% m/m and 7.9% y/y, the highest annual rate since February 2016. Prices of alcoholic beverages rose by 0.4% m/m and 8.4% y/y, while prices of tobacco products are up 1.0% m/m and 5.5% y/y.

Source: Namibia Statistics Agency, IJG Securities

## Housing, Water & Electricity

The housing and utilities basket item recorded inflation of 0.4% m/m and 2.8% y/y, in line with the trend we have been witnessing since April. Rental inflation, which is typically only adjusted in January, remained steady at 2.1% y/y. Regular maintenance and repair of dwelling inflation slowed materially to 0.1% y/y (from 3.1% in July), while water supply and sewerage service inflation rose to 2.4% y/y (from 0.3% in July). Electricity, gas and other fuels posted inflation of 6.7% y/y, relatively steady from the prior two months.

## Conclusion & Forecast

IJG's inflation model continues to forecast that Namibia's annual inflation rate will remain relatively steady at around its current level until the end of the year, and to slow to around 4.3% in 2024. We see the rising Brent crude price, coupled with the strong US\$, as the biggest upside risk to inflation at present. The OPEC+ alliance has been restricting supply in order to support oil prices, especially in light of weak demand indicators from China, a major consumer of oil.

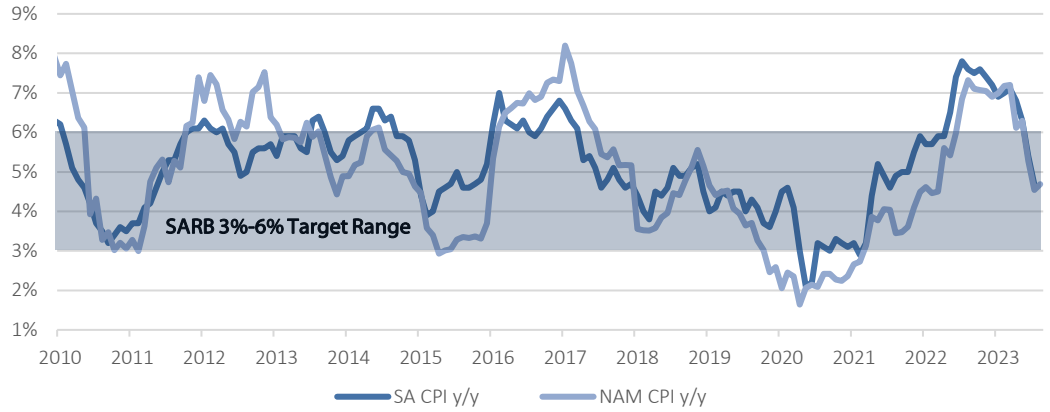
In neighbouring South Africa, inflation expectations declined for the first time in two years in Q3, according to the Bureau for Economic Research, suggesting price pressures have peaked and



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strengthens the argument that the SARB (and by extension the BoN) could leave rates unchanged at their next MPC meetings.

**Namibia vs South Africa CPI (y/y)**



Source: Namibia Statistics Agency, IJG Securities

**NCPI Forecast (y/y)**



Source: Namibia Statistics Agency, IJG Securities

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