

Namibia CPI

August 2024

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

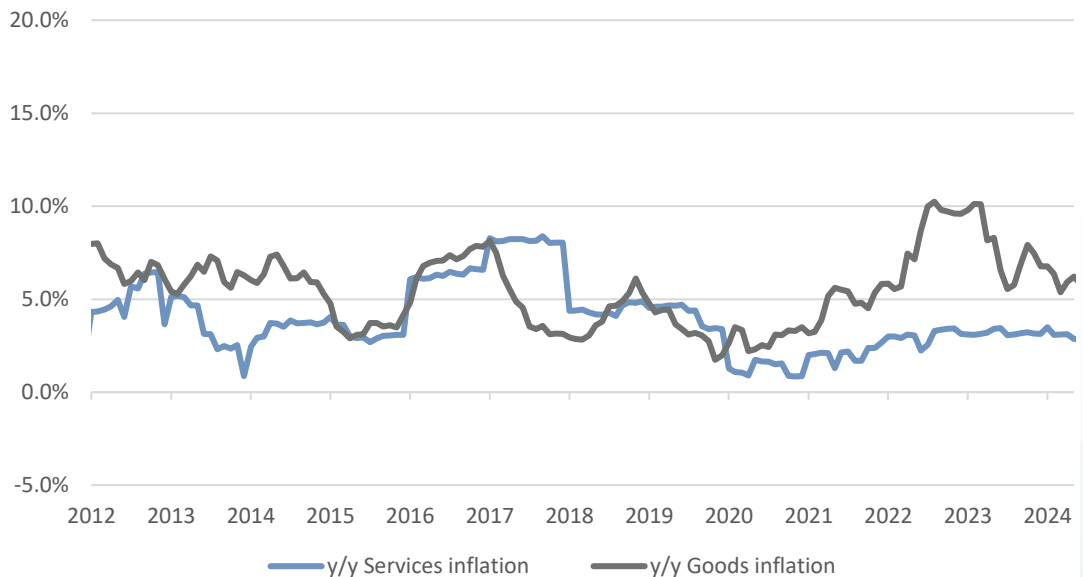
Overview

Category	Weight	Aug-24 m/m %	Jul-24 y/y %	Aug-24 y/y %	Direction
Food	16.4%	0.7%	4.9%	5.2%	↗
Alcohol & Tobacco	12.6%	0.3%	4.9%	4.6%	↘
Clothing	3.0%	0.2%	2.4%	2.2%	↘
Housing & Utilities	28.4%	0.4%	4.1%	4.1%	→
Furniture	5.5%	0.4%	3.6%	3.4%	↘
Health	2.0%	-0.2%	4.0%	3.6%	↘
Transport	14.3%	0.0%	6.7%	6.1%	↘
Communications	3.8%	-0.3%	-0.4%	-1.1%	↘
Recreation	3.6%	0.3%	5.6%	5.4%	↘
Education	3.6%	0.0%	1.7%	1.7%	→
Hotels	1.4%	1.2%	8.4%	7.6%	↘
Miscellaneous	5.4%	0.0%	3.2%	2.9%	↘
All Items	100%	0.3%	4.6%	4.4%	↘

Source: Namibia Statistics Agency, IIG Securities

Namibia's annual inflation rate moderated to 4.4% in August, from 4.6% y/y in July. Prices in the overall NCPI basket rose by 0.3% m/m. On an annual basis, overall prices in nine of the twelve basket categories recorded slower rates of inflation in August than in July, two recorded an inflation rate consistent with that of July and only the food category rose at a quicker rate. Services inflation remained steady at 3.4% y/y and goods inflation slowed to 5.1% y/y (from 5.3%).

Goods vs Services Inflation (y/y %)



Source: Namibia Statistics Agency, IIG Securities

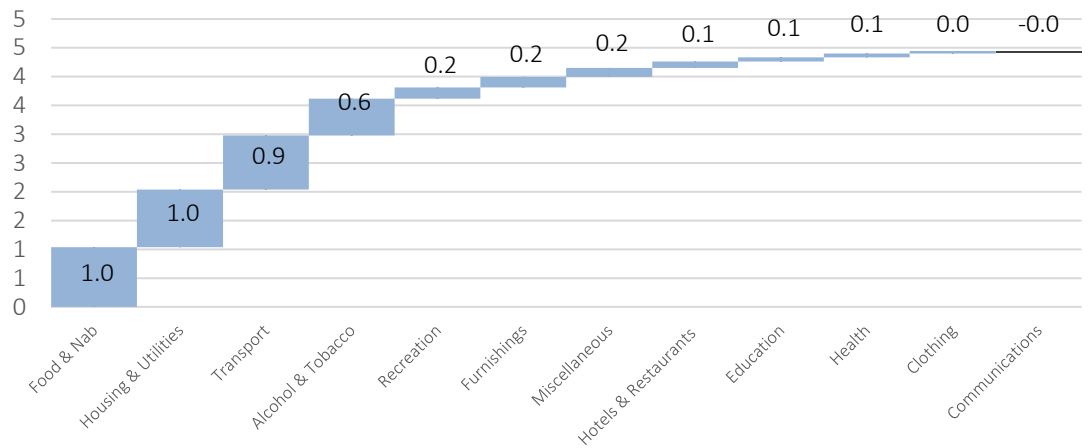


Inflation Contributors

The **food and non-alcoholic** beverages basket item, with a weighting of 16.4%, was the largest contributor to August's NCPI rate, contributing 1.04 percentage points. **Housing and utilities**, which has the heaviest weighting in the inflation basket of 28.4%, contributed 1.0 percentage point. The **transport** category followed by contributing 0.94 percentage points to the annual inflation rate.

Fuel prices were 12.7% higher on average in August than they were a year ago. The Ministry of Mines and Energy's decision at the beginning of September to decrease domestic petrol and diesel prices by 120- and 110 cents per litre, respectively, means that local fuel prices are now 0.6% lower on average than they were a year ago, meaning that we could see the transport category having a disinflationary impact on overall inflation in September.

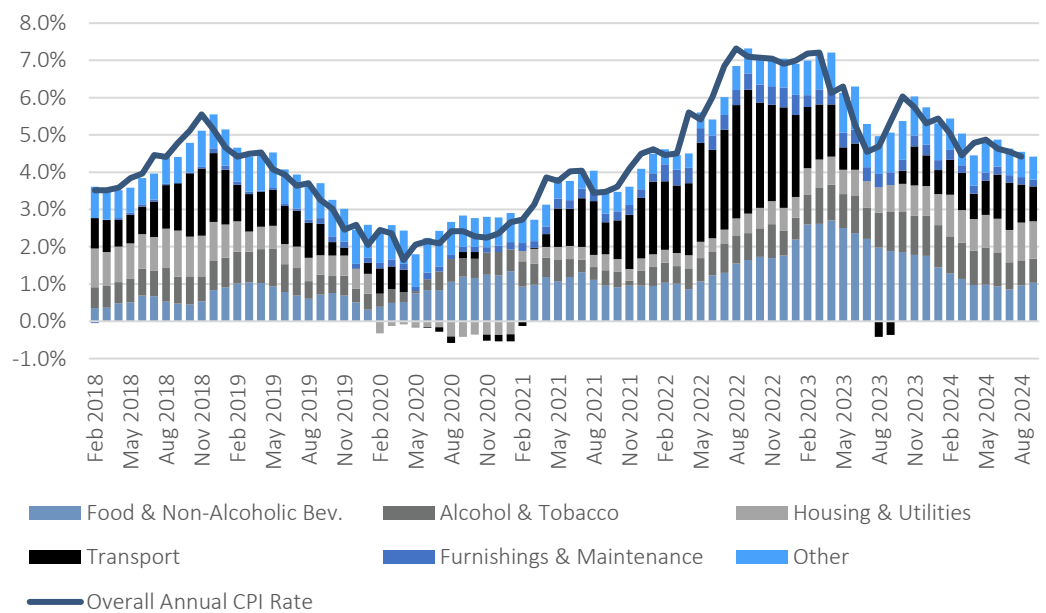
Contribution to the Annual Inflation Rate (percentage points)



Source: Namibia Statistics Agency, IJG Securities

The **alcohol and tobacco** category contributed 0.64 percentage points, followed by the **recreation** and **furnishings** basket categories contributing 0.20 and 0.18 percentage points, respectively, in August.

Historic NCPI Contribution Breakdown



Source: Namibia Statistics Agency, IJG Securities

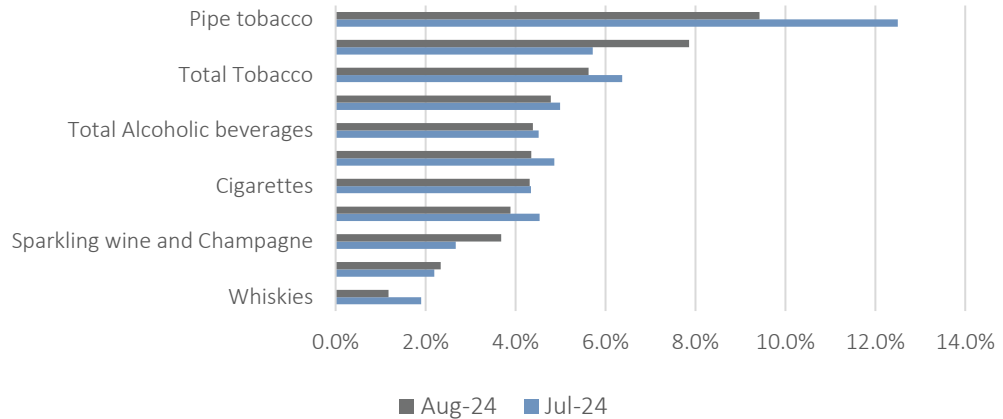




Alcohol & Tobacco

The alcohol and tobacco category posted inflation of 0.3% m/m and 4.6% y/y in August, moderating from the 0.7% m/m and 4.9% y/y recorded in July. Prices of alcoholic beverages rose by 4.4% y/y, while tobacco prices rose by 5.6% y/y.

Alcohol & Tobacco Inflation (y/y)



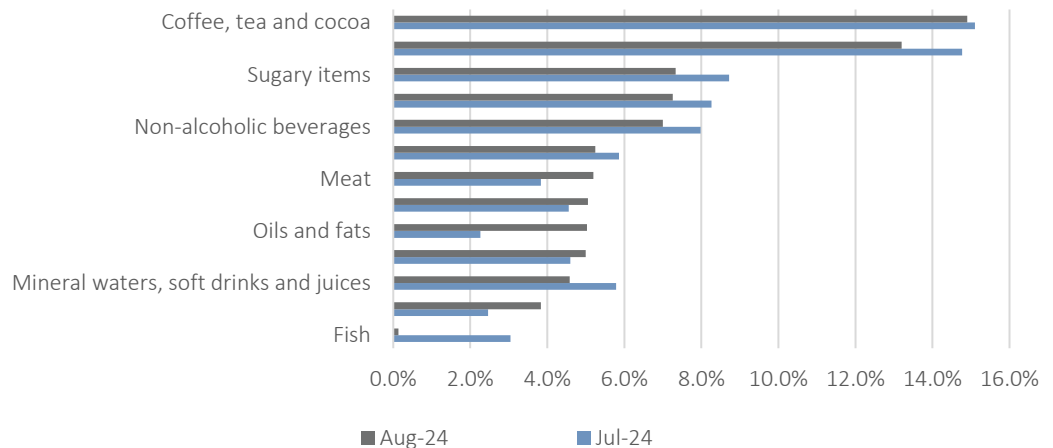
Source: Namibia Statistics Agency, IJG Securities

Food & Non-Alcoholic Beverages

Prices of the **food & non-alcoholic beverages** category rose 0.7% m/m and 5.2% y/y in August, coming in well below the 12-month average of 6.4%.

Coffee, tea and cocoa prices rose 14.9% y/y, followed by fruit prices, which rose 13.2% y/y. As the graph below depicts, both categories, however, posted slower growth in August than in July. The majority of the sub-food categories recorder slower in inflation in August than in July, except for 'bread and cereals', meat, 'oils and fats' and vegetables.

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



Source: Namibia Statistics Agency, IJG Securities

Housing, Water & Electricity

Housing and utilities prices rose by 0.4% m/m and 4.1% y/y, with the annual rate hovering above the 12-month average of 3.6%. Rental inflation, which was typically only adjusted in January, rose 4.2% y/y (from 3.7% in July). Electricity, gas and other fuels posted inflation of 4.4% y/y (from 6.4% in July), while regular maintenance and repair of dwelling posted inflation of 4.3% y/y (from 1.5% in July), the highest level since May 2023.



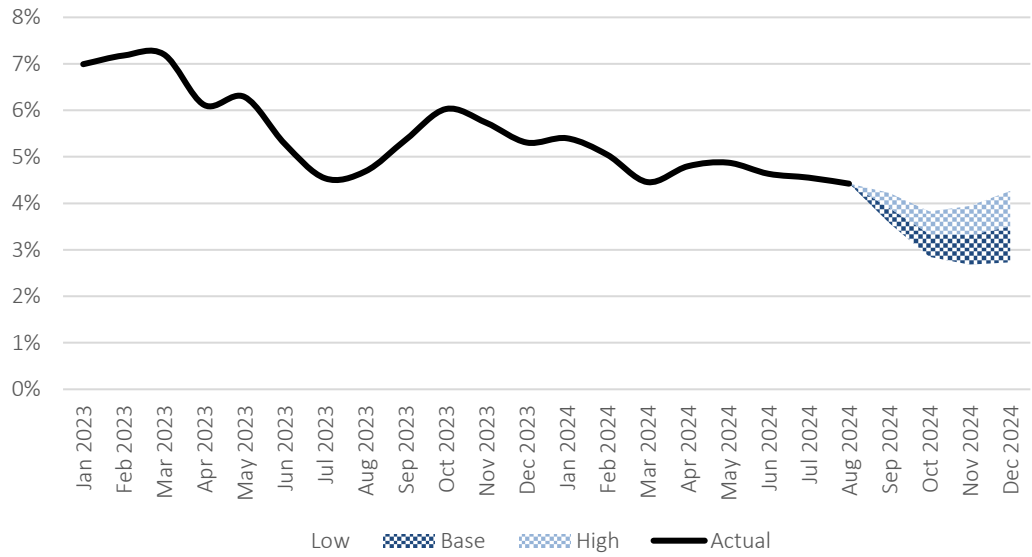
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Conclusion & Forecast

Namibia's inflation rate is gradually moderating, with a slowdown in most categories except for food, which continues to rise. The recent decrease in fuel prices is expected to exert a disinflationary effect on the transport category, potentially easing overall inflation further in September. However, persistent pressures in food and housing could maintain inflationary risks in the near term.

IJG's inflation model is currently forecasting the annual Namibian inflation rate to average between 4.2% and 4.5% in 2024, with our base case being 4.4%.

Annual Inflation Forecast (% y/y)



Source: Namibia Statistics Agency, IJG Securities



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