

Namibia CPI

February 2025

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

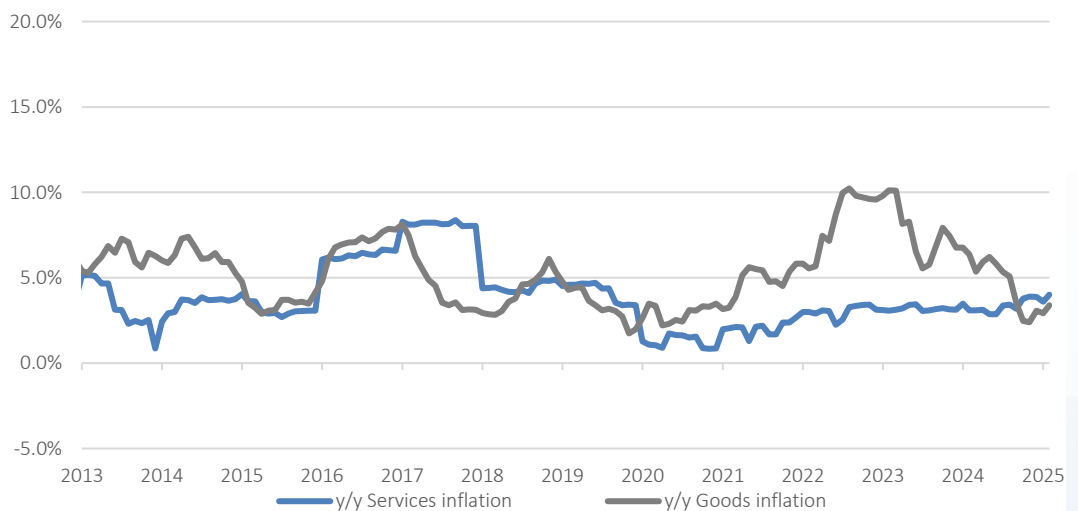
Overview

| Category | Weight | Feb-25 m/m % | Jan-25 y/y % | Feb-25 y/y % | Direction |
|---------------------|-------------|-----------------|-----------------|-----------------|-----------|
| Food | 16.4% | 0.9% | 5.3% | 5.9% | ↗ |
| Alcohol & Tobacco | 12.6% | 0.4% | 3.5% | 3.7% | ↗ |
| Clothing | 3.0% | 0.2% | 2.6% | 2.4% | ↘ |
| Housing & Utilities | 28.4% | 0.0% | 2.9% | 3.6% | ↗ |
| Furniture | 5.5% | -0.1% | 2.3% | 2.1% | ↘ |
| Health | 2.0% | 0.2% | 3.8% | 3.5% | ↘ |
| Transport | 14.3% | 1.4% | 0.3% | 1.3% | ↗ |
| Communications | 3.8% | 0.0% | -0.4% | -0.1% | ↗ |
| Recreation | 3.6% | -0.1% | 4.8% | 4.2% | ↘ |
| Education | 3.6% | 0.0% | 4.7% | 4.3% | ↘ |
| Hotels | 1.4% | -0.1% | 8.2% | 7.6% | ↘ |
| Miscellaneous | 5.4% | 0.2% | 3.1% | 3.3% | ↗ |
| All Items | 100% | 0.4% | 3.2% | 3.6% | ↗ |

Source: Namibia Statistics Agency, IJG Securities

The consumer price index (CPI) for February rose to 3.6% y/y, up from 3.2% in January 2025. This 0.4% m/m increase was primarily driven by higher inflation in food and non-alcoholic beverages, housing and utilities, fuel prices, and alcohol and tobacco. However, the overall impact of rising inflation was somewhat tempered by softer clothing and health costs, as well as monthly deflation in hotel and recreation. While services prices saw a 4.0 y/y increase, the highest since August 2019, they remained relatively benign on a month-to-month basis. Goods prices rose by 0.8% m/m and 3.4% y/y in February.

Goods vs Services Inflation (y/y %)



Source: Namibia Statistics Agency, IJG Securities

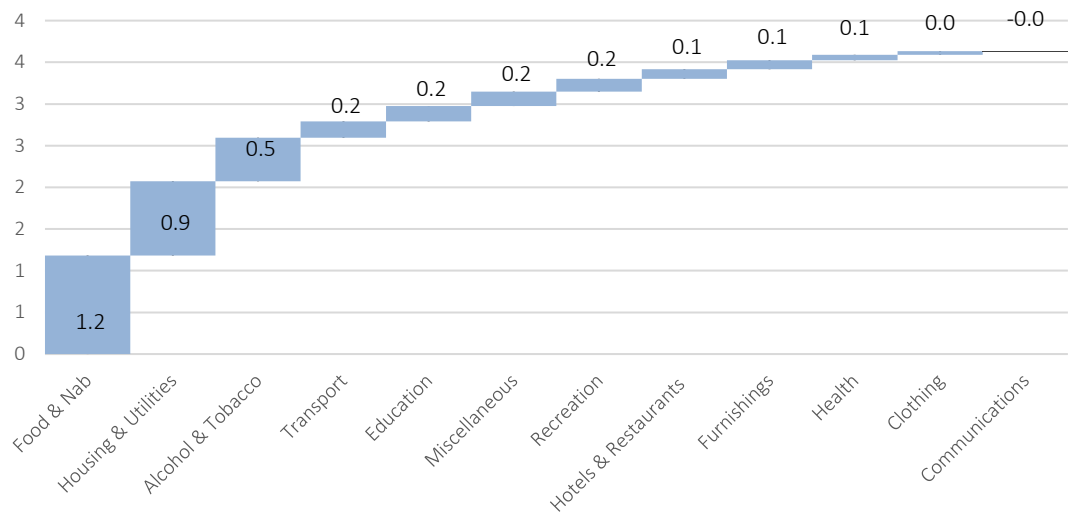


Inflation Contributors

Food and non-alcoholic beverages with a basket weight of 16.4%, emerged as the largest contributor to the rise in CPI, accounting for 1.2 percentage points of the overall 3.6% y/y inflation increase. **Housing and utilities**, with a significant basket weight of 28.4%, added 0.9 percentage points to the total inflation, reflecting a 3.6% y/y increase in this category. **Alcohol and tobacco** remained the third-largest inflation contributor, contributing 0.5 percentage points. The **transport** category, with a basket weight of 14.3%, were the fourth largest contributor to February’s CPI, adding 0.2 percentage points to the overall 3.6% inflation rate.

The transport category reversed its three-month disinflationary trend, showing a 1.3% y/y increase in inflation. The Ministry of Mines and Energy announced a 50-cent hike in fuel prices. As a result, we foresee upward inflationary pressure in the transport sector for March, due to the hike in fuel prices, which took effect 5 March. While a stronger currency has made oil prices cheaper, the increase in fuel prices was driven by minimum wage adjustments and the necessary funds for maintaining national road network.

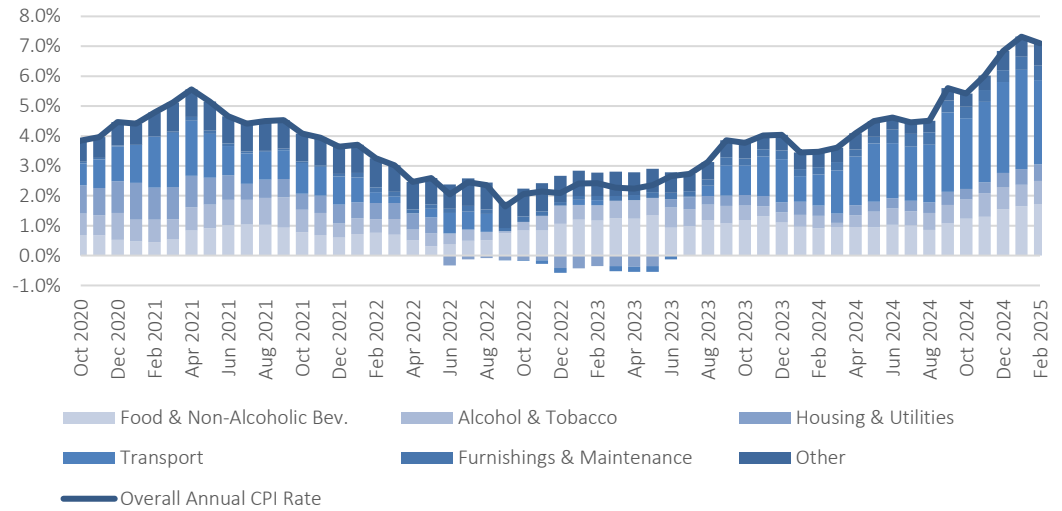
Contribution to the Annual Inflation Rate (percentage points)



Source: Namibia Statistics Agency, IJG Securities

The **education, miscellaneous** and **recreation** categories each contributed 0.2 percentage points to the annual inflation rate, despite the recreation category documenting a slight decline of 0.1% m/m. Miscellaneous goods and services saw a 3.3% y/y increase in inflation, primarily attributable to higher prices in personal care and effects relative to January.

Historic NCPI Contribution Breakdown

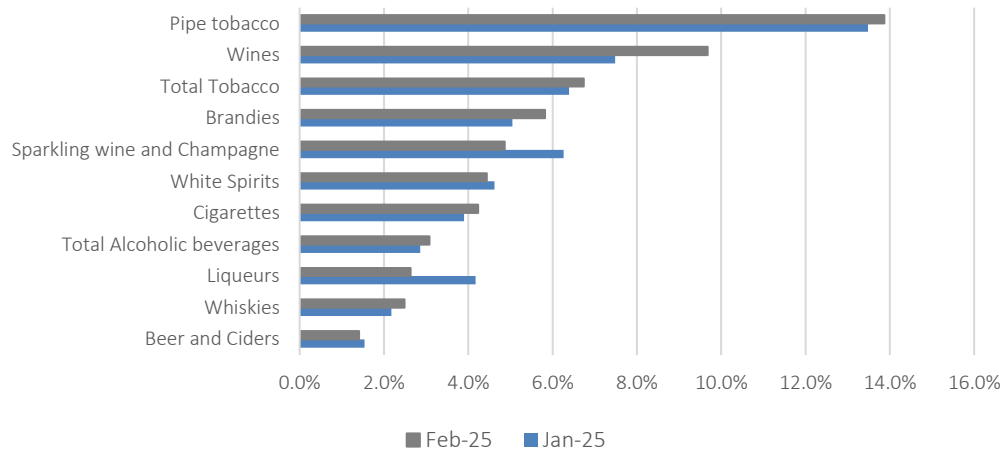


Source: Namibia Statistics Agency, IJG Securities

Alcohol & Tobacco

The **alcohol and tobacco** category saw a 3.7% y/y increase in inflation, rising by 0.4% m/m in February. Pipe tobacco reached its highest inflation rate since April 2024, recording a 13.9% y/y annual increase. Four of the eleven subgroups in this category experienced inflationary increases, with the wine’s subgroup recording the greatest increase in annual inflation by 13.9% y/y. Overall, alcohol prices increased by 3.1% y/y, while tobacco prices rose by 6.7% y/y.

Alcohol & Tobacco Inflation (y/y)



Source: Namibia Statistics Agency, IJG Securities

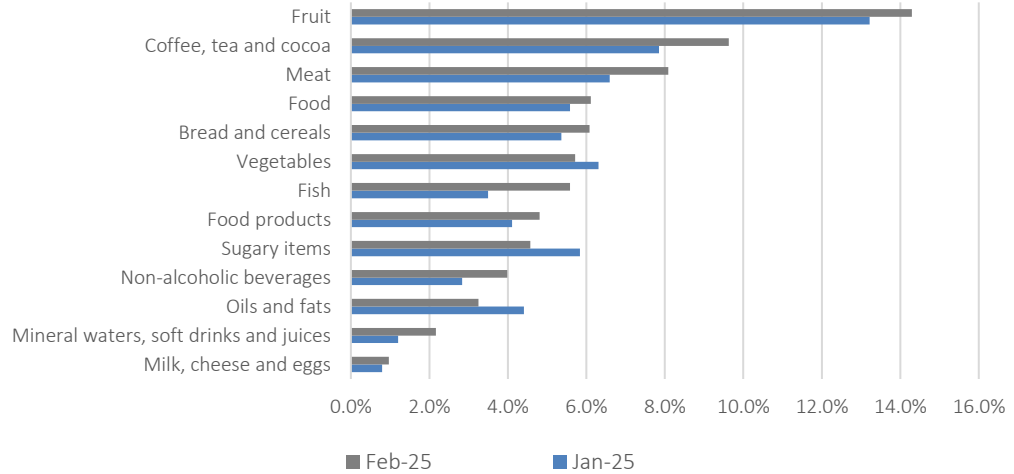
Food & Non-Alcoholic Beverages

Food and non-alcoholic beverages prices are up by 0.9% m/m and 5.9% y/y. There was no notable divergence between processed and unprocessed food as the prices for fruit (14.3% y/y), coffee, tea and cocoa (9.6% y/y), meat (8.1% y/y), and bread and cereals (5.7% y/y) rose at a quicker rate relative to January.

The graph below depicts the year-on-year changes in sub-categories for January and February.



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



Source: Namibia Statistics Agency, IJG Securities

Housing, Water & Electricity

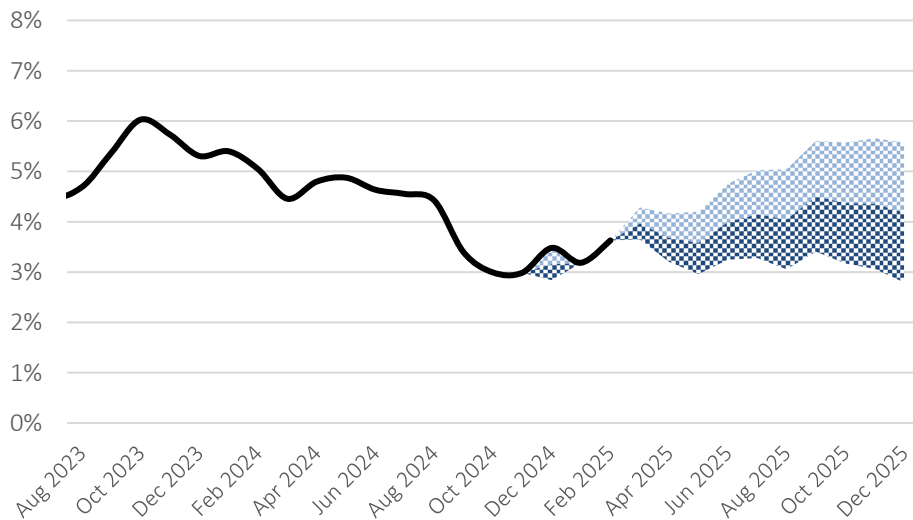
Housing, water, electricity, gas and other fuels’ twelve-month average remained unchanged at 3.8% y/y but recorded a rise in annual inflation of 3.6% y/y compared to January. Housing and utilities were also the second-largest contributor to the annual inflation rate. The **rental payments for dwellings** subcategory rose by 4.2% y/y, while the **water supply, sewage services and refuse collection** subcategory remained unchanged at an annual inflation rate of 4.2% y/y. **Electricity gas and other fuels** rose slightly by 0.1% y/y and **regular maintenance and repair for dwellings** subcategory increased by 3.8% y/y.

Conclusion & Forecast

Namibia’s annual inflation rate advanced to 3.6% y/y in February, marking a slight rise from the 3.2% y/y recorded in January. This uptick was mainly driven by higher inflation in key categories such as food and non-alcoholic beverages, housing and utilities, transport, and alcohol and tobacco. Inflationary risks remain a concern, as upward inflationary pressures in categories such as transport, housing and utilities, and food and non-alcoholic beverages could result in further increases in the annual NCPI rate in the coming months.

According to IJG’s inflation model, Namibia’s average annual inflation rate for 2025 is expected to range from 3.2% to 4.7%, with a baseline forecast of 4.0%.

Annual Inflation Forecast (% y/y)



Source: Namibia Statistics Agency, IJG Securities





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