



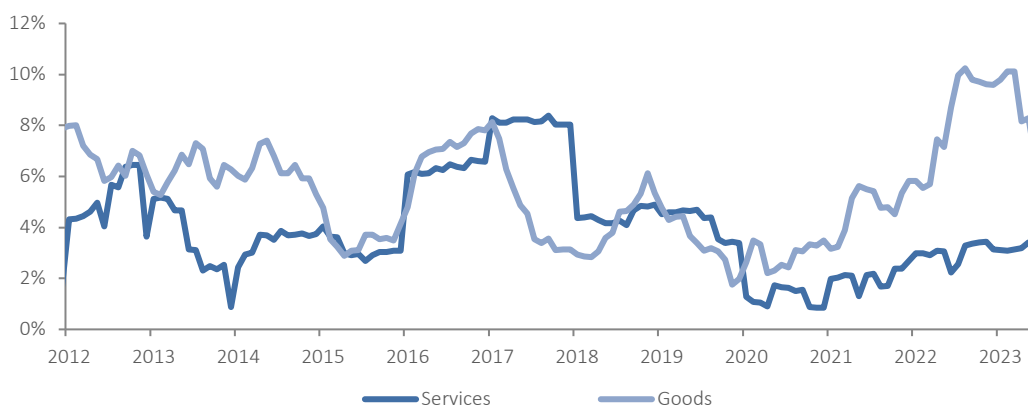
## Overview

Category	Weight	Jul-23 m/m %	Jun-23 y/y %	Jul-23 y/y %	Direction
Food	16.4%	-0.2%	11.7%	10.5%	↘
Alcohol & Tobacco	12.6%	1.1%	6.2%	6.9%	↗
Clothing	3.0%	0.2%	2.1%	1.8%	↘
Housing, Utilities	28.4%	0.3%	2.8%	2.7%	↘
Furniture	5.5%	0.1%	7.2%	7.0%	↘
Health	2.0%	0.2%	3.8%	4.1%	↗
Transport	14.3%	0.5%	-0.1%	-2.5%	↘
Communications	3.8%	0.0%	0.4%	0.6%	↗
Recreation	3.6%	0.5%	10.1%	9.9%	↘
Education	3.6%	0.0%	3.8%	3.8%	→
Hotels	1.4%	0.1%	6.7%	5.3%	↘
Miscellaneous	5.4%	-0.3%	8.1%	5.6%	↘
<b>All Items</b>	<b>100%</b>	<b>0.3%</b>	<b>5.3%</b>	<b>4.5%</b>	<b>↘</b>

Source: Namibia Statistics Agency, IJG Securities

Namibia's annual inflation rate moderated to 4.5% in July, from 5.3% y/y in June. Prices in the overall NCPI basket rose by 0.3% m/m. On an annual basis, overall prices in three of the twelve basket categories rose at a quicker rate in July than in June, eight recorded slower rates of inflation and one recorded an inflation rate consistent with that of June. Services inflation moderated to 3.1% y/y (from 3.4% in June) and goods inflation slowed to 5.5% y/y (from 6.5%).

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

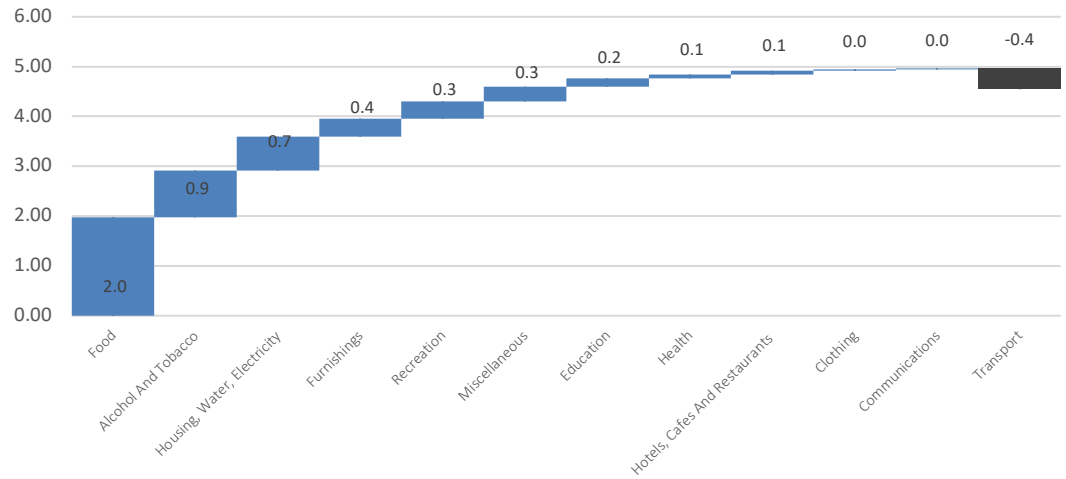


Source: Namibia Statistics Agency, IJG Securities

## Inflation Contributors

The top contributors to the NCPI rate were largely unchanged from last month. The **food and non-alcoholic beverages** basket item contributed 2.0 percentage points to July's overall inflation rate, again making it the largest contributor. The **alcohol and tobacco** category, with a weighting of 12.6%, contributed 0.9 percentage point, while **housing and utilities**, which has the heaviest weighting in the inflation basket at 28.4%, contributed 0.7 percentage point.

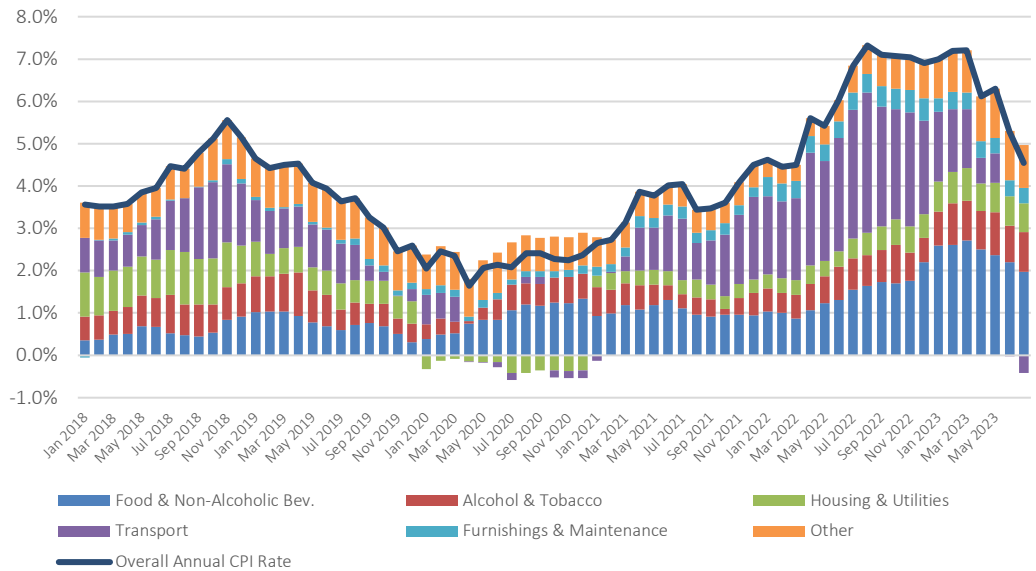
Contribution to the Annual Inflation Rate



Source: Namibia Statistics Agency, IJG Securities

Fuel prices were 13.1% lower in July than they were a year ago, resulting in the **transport** category now having a deflationary effect on the NCPI rate. The category's contribution to the NCPI rate was -0.42 percentage point.

Historic NCPI Contribution Breakdown



Source: Namibia Statistics Agency, IJG Securities

Food & Non-Alcoholic Beverages

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



Source: Namibia Statistics Agency, IJG Securities

Prices of the food & non-alcoholic beverages category fell by 0.2% m/m but rose 10.5% y/y in July. This was the first month this basket category recorded deflation on a month-on-month basis since, July 2021.

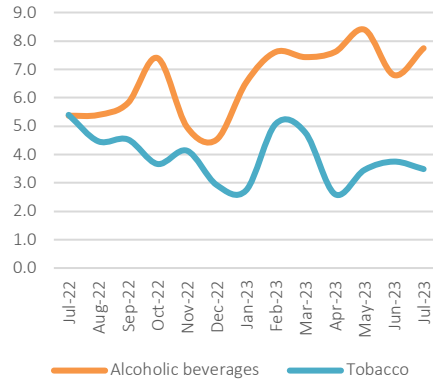
Food price inflation moderated from 12.0% y/y in June to 10.8% y/y in July, while non-alcoholic beverage inflation slowed from 9.4% to 7.3%. Six of the nine food sub-categories recorded slower annual inflation than in June, with the exception of Fish, Meat, and Sugar, Jam, Honey and Syrups. The highest disinflation was witnessed on the Breads and Cereals and Fruit sub-categories.





### Alcohol & Tobacco

Historic Alcohol & Tobacco Inflation (% y/y)



The alcohol and tobacco category posted inflation of 1.1% m/m and 6.9% y/y. Prices of alcoholic beverages are up 1.3% m/m and 7.7% y/y, while prices of tobacco products rose by 0.3% m/m and 3.5% y/y.

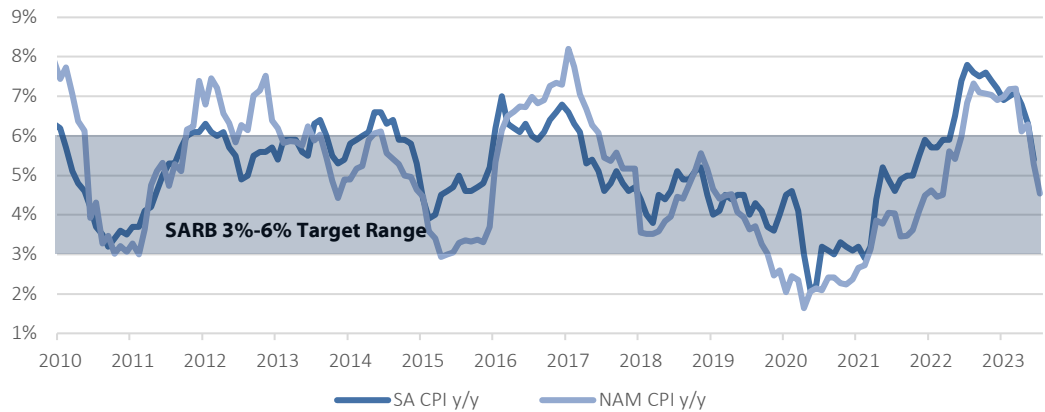
Source: Namibia Statistics Agency, IJG Securities

### Housing, Water & Electricity

Housing and utilities prices rose by 0.3% m/m and 2.7% y/y, with the annual rate trending at a relatively stable level for four consecutive months. Rental inflation, which is typically only adjusted in January, remained steady at 2.1% y/y. Electricity, gas and other fuels posted inflation of 6.5% y/y (from 6.4% y/y in June), while regular maintenance and repair of dwelling inflation slowed to 3.1% y/y (from 3.3% in June), the lowest level since February 2021.

## Conclusion & Forecast

Namibia vs South Africa CPI (y/y)



Source: Namibia Statistics Agency, IJG Securities

Slowing food inflation and the deflationary transport category has resulted in Namibia’s inflation rate slowing materially from its August peak. The NCPI rate has also been tracking the South African CPI rate relatively closely since December and is now at the mid-point of the SARB’s target band.

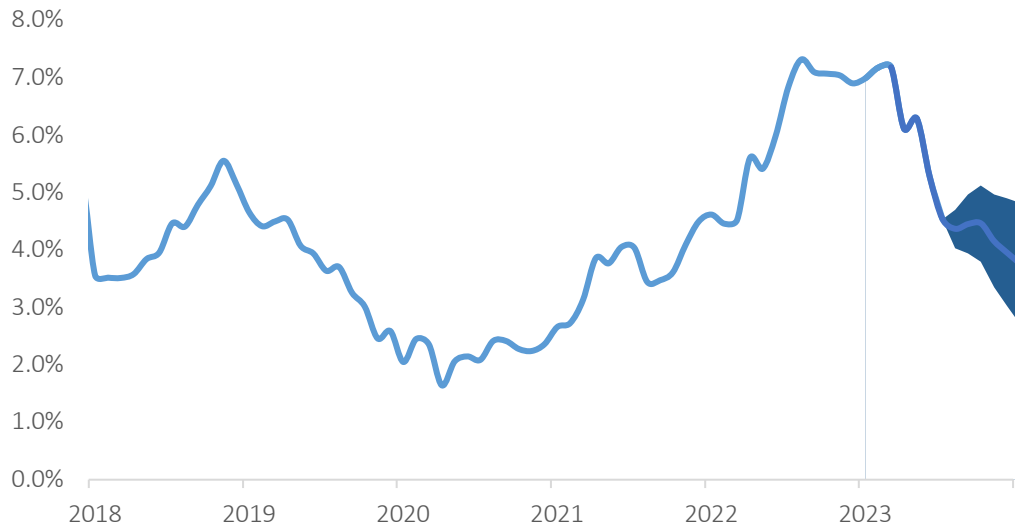
The SARB MPC’s decision in July to leave the repo rate unchanged for the first time since November 2021 was seen by many in the market as a ‘hawkish pause’, indicating inflationary risks could still prompt the SARB to hike rates further, although it seems more likely that this could be the end of the rate hiking cycle in South Africa for now. The BoN’s August MPC meeting will be eagerly watched, as the slowing domestic inflation rate could trigger the central bank to also pause, leaving the 50-basis point ‘buffer’ between Namibia and South Africa’s repo rates in place for the time being. This will however be dependent on Namibia not seeing further capital outflows to South Africa, which is what influenced the BoN’s last rate hike decision.



0.0005	4.85%
0.0003	13.04%
0.001	50.00%
0.0003	14.29%
0.0005	12.50%

IJG's inflation model is currently forecasting that the Namibian annual inflation rate will remain relatively steady at around its current level until the end of the year, and to slow to around 4.1% in 2024.

**NCPI Forecast**  
(y/y)



Source: Namibia Statistics Agency, IJG Securities

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