

Namibia CPI

July 2024

0.0005	4.85%
0.1003	13.04%
0.0001	50.00%
0.0003	14.29%
0,0005	12.50%

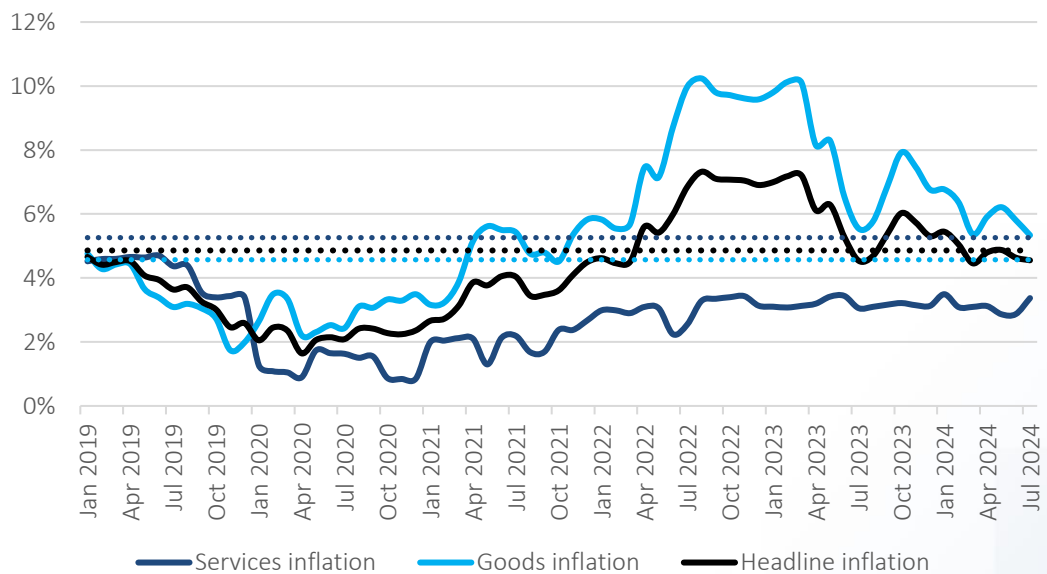
Overview

Category	Weight	July 2024 m/m %	June 2024 y/y %	July 2024 y/y %	Direction
Food & NAB	16.4%	0.3%	4.3%	4.8%	↗
Alcohol & Tobacco	12.6%	0.7%	5.3%	4.9%	↘
Clothing	3.0%	0.0%	2.6%	2.4%	↘
Housing & Utilities	28.4%	0.9%	3.6%	4.1%	↗
Furniture	5.5%	0.1%	3.7%	3.6%	↘
Health	2.0%	0.1%	4.1%	4.0%	↘
Transport	14.3%	-1.0%	8.3%	6.7%	↘
Communications	3.8%	-0.1%	-0.4%	-0.4%	→
Recreation	3.6%	-0.5%	6.7%	5.6%	↘
Education	3.6%	0.0%	1.7%	1.7%	→
Hotels	1.4%	0.2%	8.4%	8.4%	→
Miscellaneous	5.4%	0.0%	2.8%	3.2%	↗
All Items	100%	0.2%	4.6%	4.6%	→

Source: Namibia Statistics Agency, IJG Securities

Annual inflation in Namibia remained steady in July, holding at 4.6% y/y, consistent with the 4.6% y/y recorded in June. Goods inflation stood at 5.3% y/y in July, down from 5.8% y/y in June. Conversely, services inflation accelerated to 3.4% y/y in July, compared to 2.9% y/y in May and June. While the IMF notes that global services price inflation is hampering disinflation efforts, this is not the case in Namibia, where services inflation remains subdued, well below the 2015-19 average.

Headline, Services and Goods Inflation (y/y %)

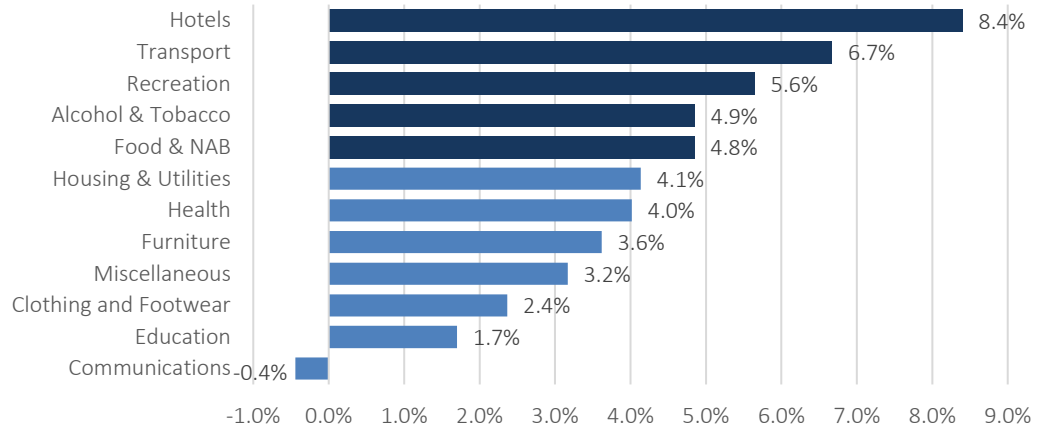


Source: Namibia Statistics Agency, IJG Securities

All categories in the NCPI basket recorded positive annual inflation, except for the communications category, which experienced deflation of 0.4% y/y for the second consecutive month. The dark blue bars in the accompanying chart represent inflation drivers, while the light blue bars indicate categories with inflation below the overall rate.

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

Annual Inflation per Category (July)



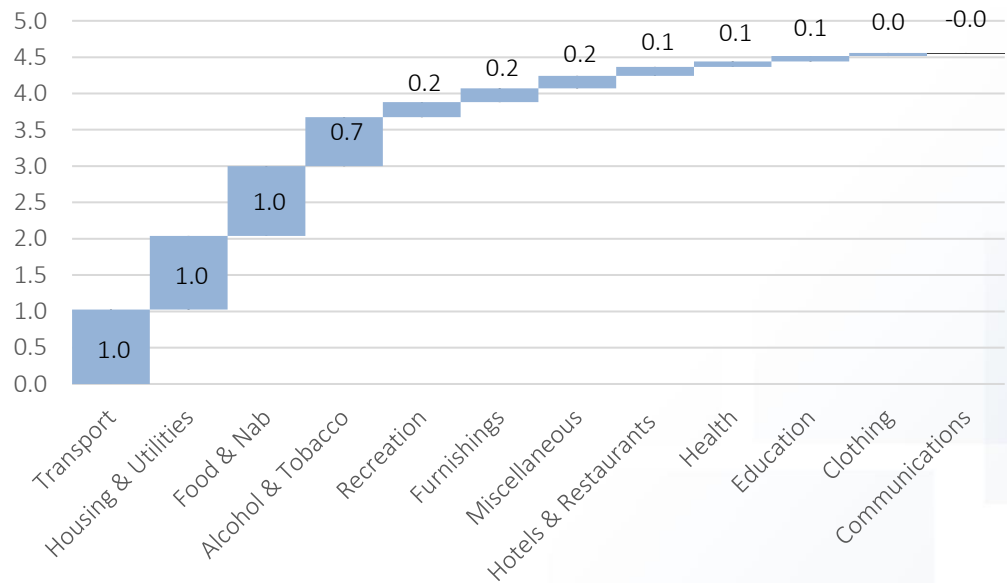
Source: Namibia Statistics Agency, IJG Securities

The highest annual inflation rate was recorded in the hotels and restaurants category at 8.4% y/y, the highest since January 2023. The tourism industry's strong performance has driven up prices due to higher demand. However, the hotels and restaurants industry was only the 8th largest contributor to overall inflation.

Transport, Housing and Utilities, and Food and NAB were the largest contributors to inflation in July. Transport was the most significant driver, with a 14.28% weight in the basket and an 6.7% y/y rate, though this was slower than June's 8.3% y/y. Base effects in fuel prices, which resulted in the subcategory posting inflation of 12.5% y/y in July, drove inflation in the overall Transport category. The Ministry of Mines and Energy announced that petrol prices would remain at N\$22.20 per litre and diesel at N\$21.57 per litre. Despite the price stability, these figures are still 12.2% and 13.2% higher than in July last year, respectively, continuing to exert upward inflationary pressure.

Though Housing and Utilities hold the largest weight in the basket (28.4%), the category was the second-largest contributor to July's annual inflation. Inflation in this category stood at 4.1% y/y in July, up from 3.1% in June, marking the second-highest inflation rate for this category this year.

Inflation Contributors (pp)



Source: Namibia Statistics Agency, IJG Securities

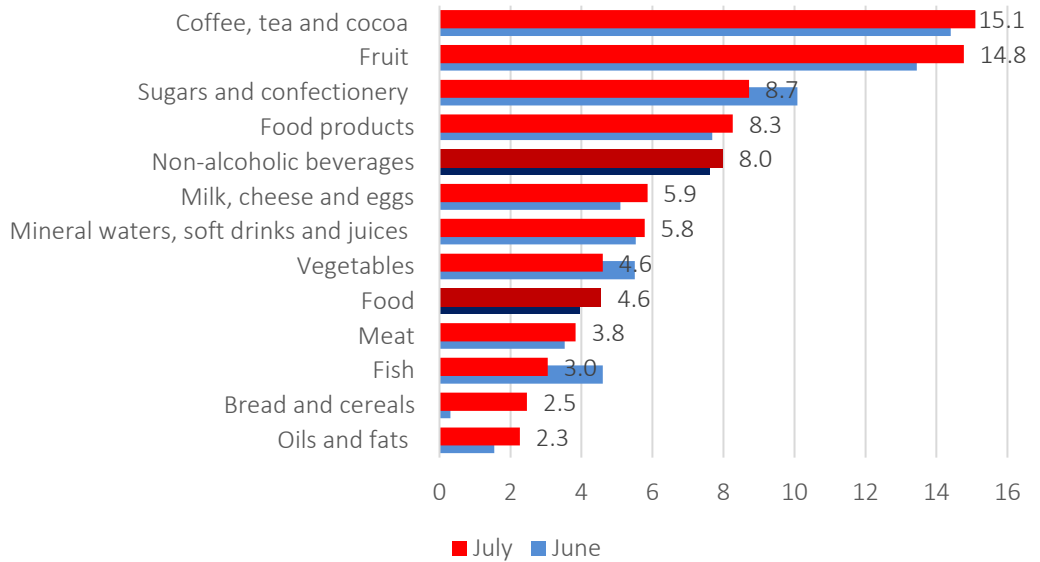
Food and non-alcoholic beverages inflation decelerated from its peak of 14.6% y/y in March 2023 to 4.3% y/y in June 2024, but then accelerated in July to 4.8% y/y. This is significant given its 16.4% weight in the NCPI basket. Food prices rose by 4.6% y/y while non-alcoholic beverages prices





increased by 8.0% y/y in July, both faster than in the previous month. Among the 11 subcategories in the food and non-alcoholic beverages category, 8 experienced higher inflation in July than in June. Coffee, tea, and cocoa inflation stood at 15.1% y/y, driven by a 16.8% y/y rise in coffee prices, 14.1% y/y rise in tea prices, and 10.3% y/y rise in chocolate drink prices. Shortages of coffee and cocoa beans, as well as imported tea inflation from South Africa, have contributed to these increases. Fruit inflation was 14.8% y/y in July, higher than 13.4% y/y in June, with grapes (42.0% y/y), watermelons (25.6% y/y), and citrus fruits (24.7% y/y) showing the highest annual price rises.

Annual Food and NAB Inflation per Subcategory (% y/y)



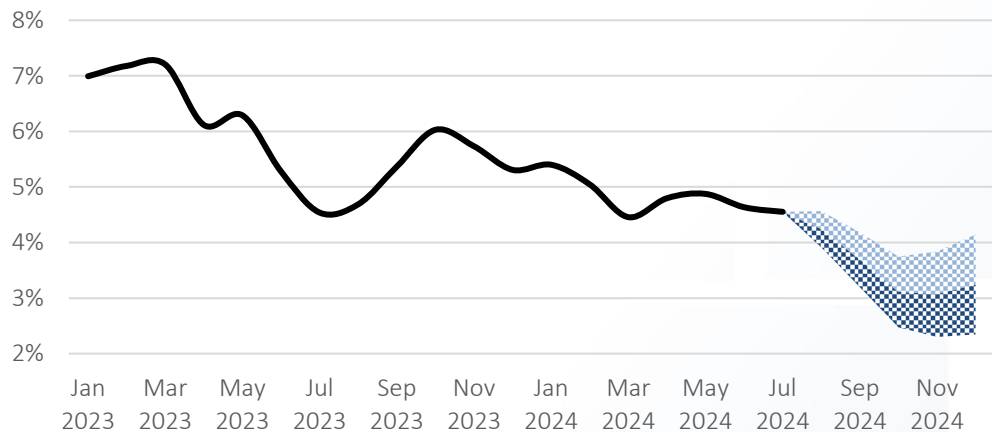
Source: Namibia Statistics Agency, IIG Securities

Conclusion & Forecast

Namibia’s inflation rate slightly declined in July, in line with the overall disinflation trend, suggesting a gradual moderation in inflation over time.

IIG’s inflation model forecasts Namibia’s annual inflation rate to average between 4.0% and 4.5% in 2024, lower than previous predictions.

Annual Inflation Forecast (% y/y)



Source: Namibia Statistics Agency, IIG Securities



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