

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

## Overview

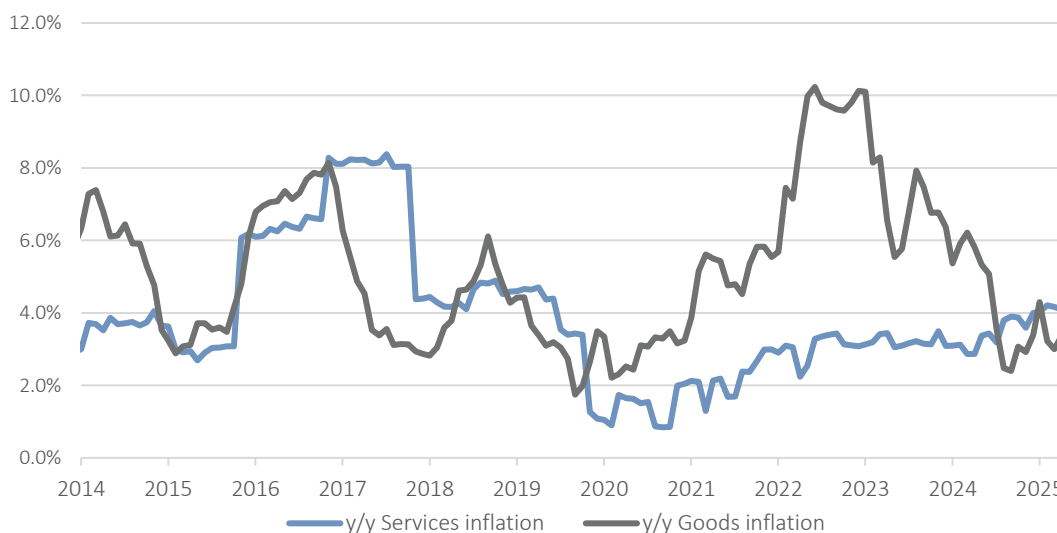
Category	Weight	Jun-25 m/m %	May-25 y/y %	Jun-25 y/y %	Direction
Food	16.4%	0.1%	5.8%	6.4%	↗
Alcohol & Tobacco	12.6%	0.1%	5.8%	6.9%	↗
Clothing	3.0%	0.1%	1.8%	1.8%	→
Housing & Utilities	28.4%	0.5%	3.6%	4.1%	↗
Furniture	5.5%	0.4%	2.4%	2.9%	↗
Health	2.0%	0.2%	3.0%	3.1%	↗
Transport	14.3%	-0.8%	-1.3%	-2.2%	↘
Communications	3.8%	0.0%	-0.6%	0.0%	↗
Recreation	3.6%	-0.6%	4.2%	2.5%	↘
Education	3.6%	0.0%	4.3%	4.3%	→
Hotels	1.4%	0.1%	5.7%	5.3%	↘
Miscellaneous	5.4%	0.1%	3.6%	3.5%	↗
<b>All Items</b>	<b>100%</b>	<b>0.0%</b>	<b>3.5%</b>	<b>3.7%</b>	<b>↗</b>

Source: Namibia Statistics Agency, IJG Securities

The Namibian annual inflation rate rose to 3.7% y/y in June, up from 3.5% y/y in May. Seven of the twelve CPI basket categories recorded a quicker annual increase in June than in May, three recorded a slower pace, and two categories recorded steady inflation.

Services prices moderated to 4.1% y/y, down slightly from 4.2% y/y in May, while the annual goods inflation rate rose to 3.4% y/y, up from 3.0% y/y in the previous month. Since October 2024, the pace of service price increases has consistently outpaced that of goods. Services inflation has trended upward each month since September 2024, with June marking the first instance of a modest moderation, while goods inflation continues to lag behind its ten-year average of 5.1% y/y.

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



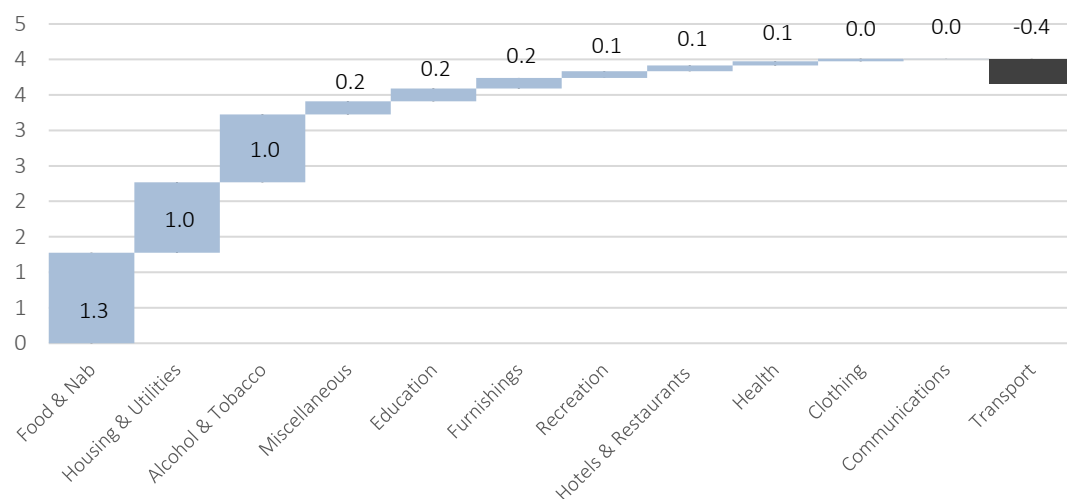
Source: Namibia Statistics Agency, IJG Securities

## Inflation Contributors

The **food and non-alcoholic beverages** category were the largest contributor to the annual inflation rate in June, accounting for 1.3 percentage points of the total 3.7% annual inflation rate. The **housing & utilities** category, with the largest basket weight, contributed 1.0 percentage point. **Alcohol & tobacco** prices, which comprise approximately 12.6% of the overall inflation basket, was the third highest contributor, also adding 1.0 percentage point to the annual inflation rate.

By contrast, the **transport** category exerted downward pressure on overall inflation, reducing the annual rate by 0.4 percentage points. Persistent vehicle price deflation and softer costs in the operation of personal transport equipment resulted in this category contracting by 2.2% y/y.

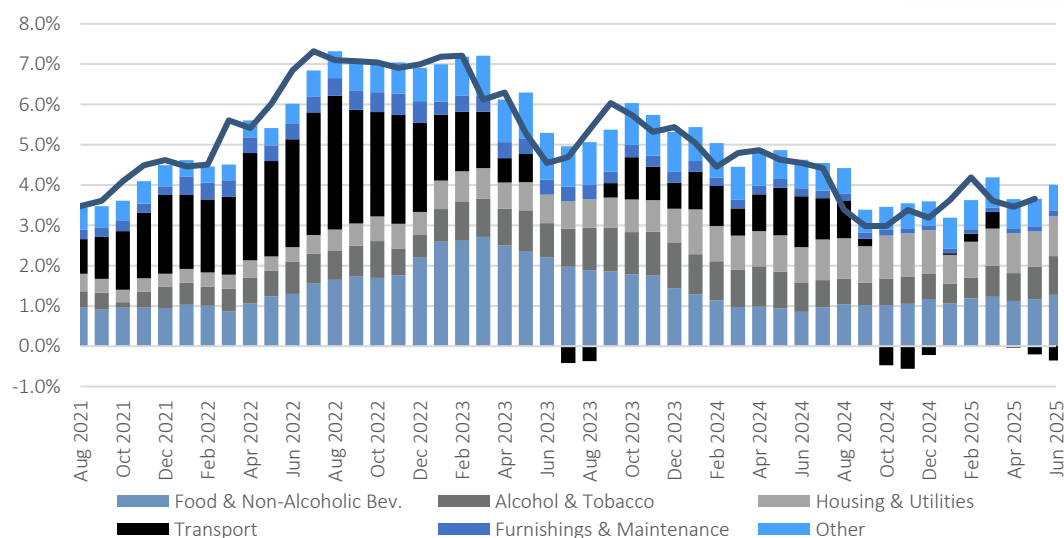
Contribution to the Annual Inflation Rate (percentage points)



Source: Namibia Statistics Agency, IJG Securities

The **miscellaneous**, **education** and **recreation** categories each contributed 0.2 percentage points to the overall annual inflation rate. Inflation for miscellaneous goods and services cooled to 3.5% y/y from 3.6% y/y in May, driven by softer personal effects prices in June. Inflation within the education category remained steady in June. Recreation inflation slowed to 2.5% y/y, down substantially from 4.2% y/y in May, with prices of all the subcategories within the category recording a deceleration. In addition, price increases within the accommodation and restaurant category also moderated.

Historic NCPI Contribution Breakdown



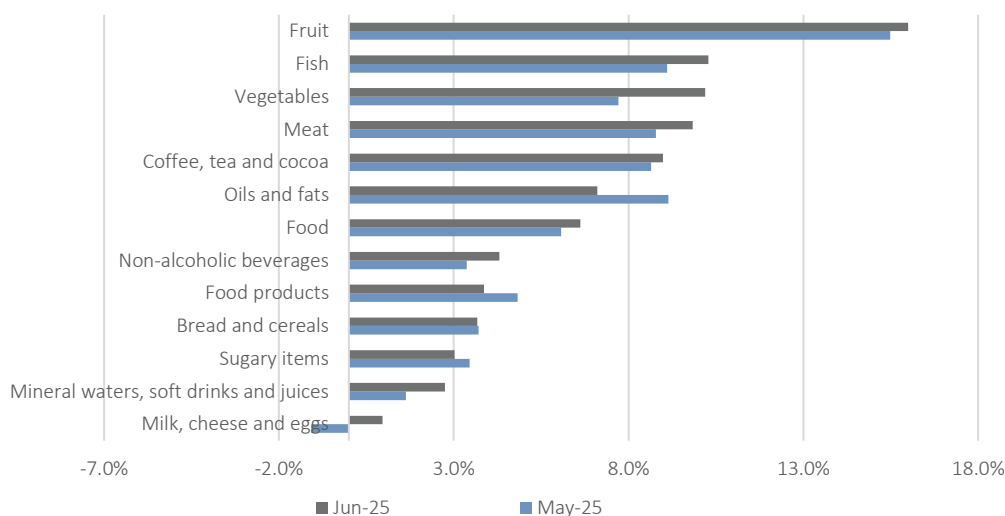
Source: Namibia Statistics Agency, IJG Securities

## Food & Non-Alcoholic Beverages

Prices in the food & non-alcoholic beverages category increased by 0.1% m/m and 6.4% y/y, its quickest year-on-year pace since January 2024. Prices in nine of the thirteen sub-categories recorded increases on a year-on-year basis, with the largest increases being observed in the prices of vegetables which increased by 10.2% y/y and milk, cheese and eggs, which saw a notable rebound, with annual inflation accelerating to 1.0% y/y, up from -1.1% y/y in May. Only processed food within this category posted softer inflation rates in June as prices for sugary items, food products and oils & fats rose at a slower pace than in May. Meanwhile, breads and cereals recorded steady inflation at 3.7% y/y.

The graph below depicts the year-on-year price changes in the sub-categories for May and June.

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

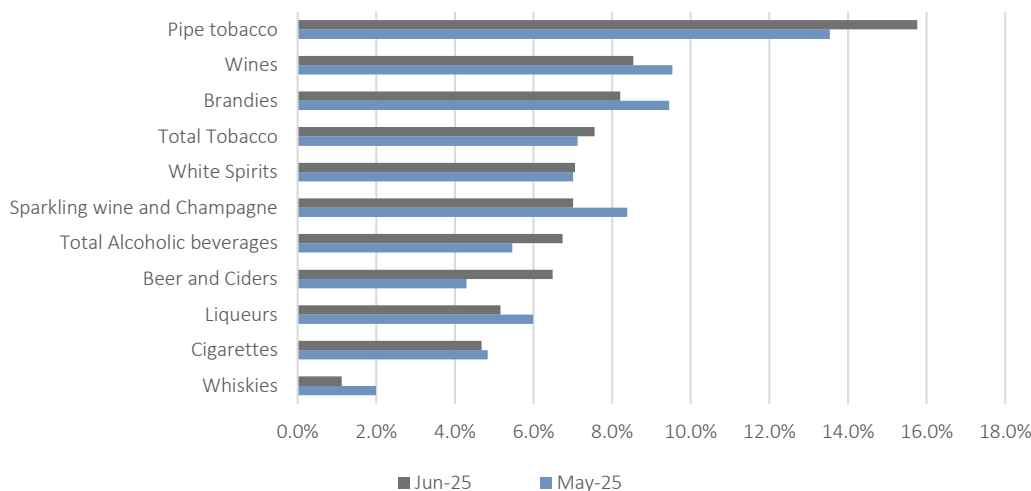


Source: Namibia Statistics Agency, IJG Securities

## Alcohol & Tobacco

The alcohol and tobacco category recorded inflation of 0.1% m/m and 6.9% y/y in June. Alcoholic beverage prices rose to a rate of 6.7% y/y, while tobacco prices accelerated to 7.6% y/y. Inflationary pressures were concentrated in five of the eleven categories, with pipe tobacco yielding the highest annual inflation rate.

### Alcohol & Tobacco Inflation (y/y)



Source: Namibia Statistics Agency, IJG Securities

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## Housing, Water & Electricity

Housing & utilities inflation rose to 4.1% y/y in June, up from 3.6% y/y in May, with prices increasing by 0.5% m/m. The electricity, gas, and other fuels subcategory reversed its disinflationary trend from May, recording an annual increase of 1.6% y/y. By contrast, inflation for the regular maintenance and repair of dwellings slowed to 3.1% y/y, down from 3.7% y/y in the previous month. Rental payments for dwellings and municipal services (including water supply, sewage, and refuse collection) remained steady at 4.6% y/y and 4.2% y/y, respectively.

## Conclusion & Forecast

Namibia's annual inflation rate ticked up in May, accelerating to 3.7% y/y. On a year-to-date basis, inflation has averaged 3.6% y/y, surpassing the 4.0% y/y mark only once so far this year. As it has been the case for the majority of the year, upward pressure on the overall inflation rate was primarily driven by the food & non-alcoholic beverages, housing & utilities and alcohol & tobacco categories.

Based on IJG's inflation model, Namibia's average annual inflation rate in 2025 is expected to range between 3.4% and 4.0%, with a baseline forecast of 3.7%.



## IJG Holdings

Mathews Hamutenya	Group Chairman		Tel: +264 (61) 256 699
Mark Späth	Group Managing Director	mark@ijg.net	Tel: +264 (81) 958 3510
Helena Amutenya	Group Financial Director	helena@ijg.net	Tel: +264 (81) 958 3528
Leonie De Klerk	Group Compliance Officer	leonie@ijg.net	Tel: +264 (81) 958 3533
Tashiya Josua	Financial Manager	tashiya@ijg.net	Tel: +264 (81) 958 3511
Benita Windisch	Financial Manager	benita@ijg.net	Tel: +264 (81) 958 3539
Lynnet Sasele	Financial Accountant	lynnet@ijg.net	Tel: +264 (81) 958 3536
Counney Kemp	Group PA	madeline@ijg.net	Tel: +264 (81) 958 3500

## IJG Securities

Leon Maloney	Equity & Fixed Income Dealing	leon@ijg.net	Tel: +264 (81) 958 3512
Maria Amutenya	Settlements & Administration	maria@ijg.net	Tel: +264 (81) 958 3515
Zane Feris	Sales and Research	zane@ijg.net	Tel: +264 (81) 958 3543
Kari Rossouw	Sales and Research	kari@ijg.net	Tel: +264 (81) 958 3530
Robin Sherbourne	Economist	robin@ijg.net	Tel: +264 (81) 958 3500

## IJG Wealth Management

Andri Ntema	Managing Director	andri@ijg.net	Tel: +264 (81) 958 3518
Wim Boshoff	Head Wealth Manager	wim@ijg.net	Tel: +264 (81) 958 3537
Aretha Thiar	Wealth Manager	aretha@ijg.net	Tel: +264 (81) 958 3540
Maunda Rautenbach	Head of Operations	maunda@ijg.net	Tel: +264 (81) 958 3529
Lorein Kazombaruru	Wealth Administration	lorein@ijg.net	Tel: +264 (81) 958 3521
Francoise van Wyk	Wealth Administration	francoise@ijg.net	Tel: +264 (81) 958 3513
Calvin Mwinga	Wealth Administration	calvin@ijg.net	Tel: +264 (81) 958 3514

## IJG Capital

Jakob de Klerk	Managing Director	jakob@ijg.net	Tel: +264 (81) 958 3517
Mirko Maier	Senior Manager: Investments	mirko@ijg.net	Tel: +264 (81) 958 3531
Fares Amunkete	Senior Manager: Investments	fares@ijg.net	Tel: +264 (81) 958 3527
Peterson Mbise	Manager: Investments	peterson@ijg.net	Tel: +264 (81) 958 3532
Veripi Ngapurue	Senior Associate	veripi@ijg.net	Tel: +264 (81) 958 3500
Jacinda Lima	Associate	jacinda@ijg.net	Tel: +264 (81) 958 3500

## IJG Investment Managers & IJG Unit Trusts

Chidera Onwudinjo	Portfolio Manager	chidera@ijg.net	Tel: +264 (81) 958 3523
Danie van Wyk	Portfolio Manager	danie@ijg.net	Tel: +264 (81) 958 3534

## IJG Advisory

Herbert Maier	Managing Director	herbert@ijg.net	Tel: +264 (81) 958 3522
Jolyon Irwin	Director	jolyon@ijg.net	Tel: +264 (81) 958 3500
Hugo van den Heever	Corporate Advisor	hugo@ijg.net	Tel: +264 (81) 958 3542

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4th Floor, 1@Steps, C/O Grove & Chasie Streets, Kleine Kuppe  
P O Box 186, Windhoek, Namibia, Tel: +264 81 958 3500, [www.ijg.net](http://www.ijg.net)

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