



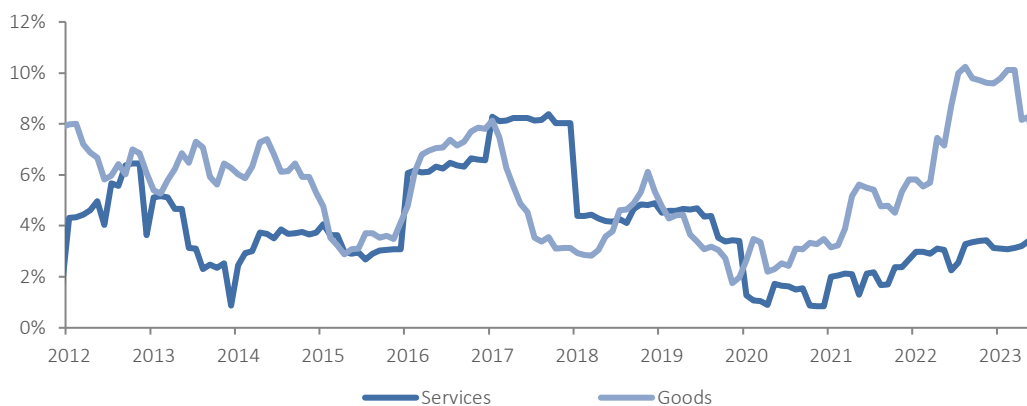
Overview

Category	Weight	Jun-23 m/m %	May-23 y/y %	Jun-23 y/y %	Direction
Food	16.4%	0.0%	12.5%	11.7%	↘
Alcohol & Tobacco	12.6%	0.2%	7.5%	6.2%	↘
Clothing	3.0%	-0.1%	2.6%	2.1%	↘
Housing, Utilities	28.4%	0.1%	2.7%	2.8%	↗
Furniture	5.5%	0.3%	7.1%	7.2%	↗
Health	2.0%	0.2%	3.7%	3.8%	↗
Transport	14.3%	-0.4%	4.5%	-0.1%	↘
Communications	3.8%	0.0%	0.3%	0.4%	↗
Recreation	3.6%	0.5%	9.9%	10.1%	↗
Education	3.6%	0.0%	3.8%	3.8%	→
Hotels	1.4%	0.1%	6.7%	6.7%	→
Miscellaneous	5.4%	0.5%	7.7%	8.1%	↗
All Items	100%	0.1%	6.3%	5.3%	↘

Source: Namibia Statistics Agency, IJG Securities

Namibia's annual inflation rate slowed to 5.3% in June, from 6.3% y/y in May, to the lowest level since March 2022. Prices in the overall NCPI basket rose by 0.1% m/m. On an annual basis, overall prices in six of the twelve basket categories rose at a quicker rate in June than in May, four recorded slower rates of inflation and two recorded inflation rates consistent with those in May. Services inflation remained steady at 3.4% y/y while goods inflation moderated from 8.3% y/y in May to 6.5% y/y in June.

Goods vs Services Inflation (y/y %)

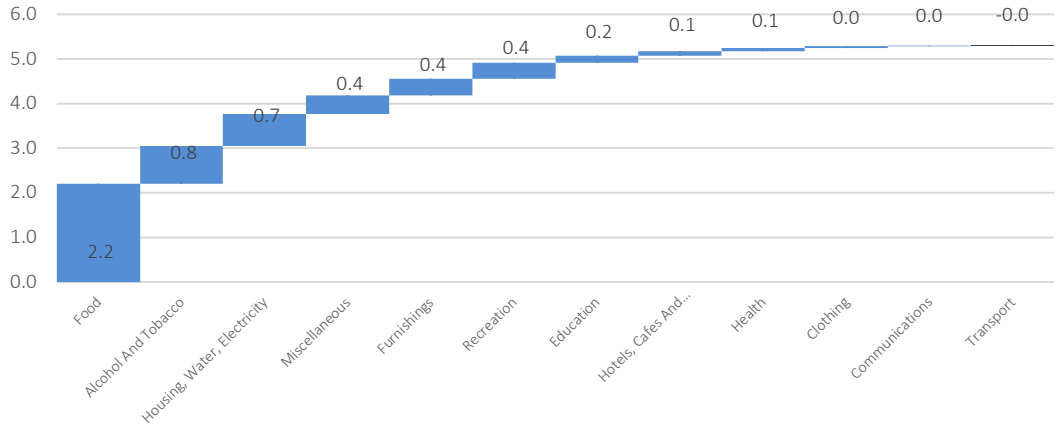


Source: Namibia Statistics Agency, IJG Securities

Inflation Contributors

The **food and non-alcoholic beverages** basket item continued to be the largest contributor to the annual inflation rate, contributing 2.2 percentage points to June's figure. The **alcohol and tobacco** category was the second largest contributor at 0.8 percentage points. **Housing and utilities**, which has the heaviest weighting in the inflation basket at 28.4%, followed close behind, contributing 0.7 percentage points.

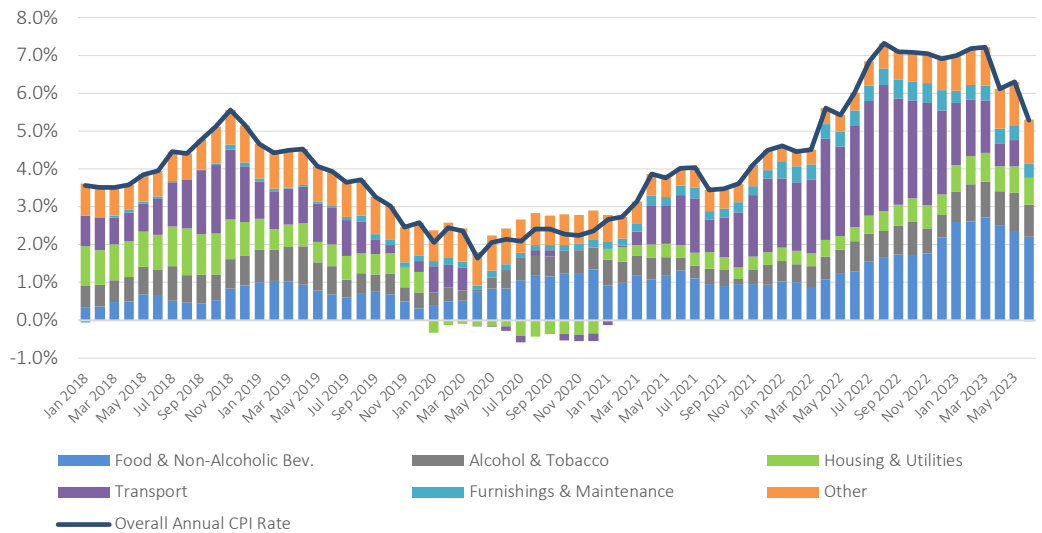
Contribution to the Annual Inflation Rate



Source: Namibia Statistics Agency, IJG Securities

The **transport** category (depicted in purple in the chart below), which has consistently been the largest driver of inflation in the country between September 2021 and December 2022, is now no longer contributing to the annual inflation rate. As explained in last month's report, this primarily has to do with base effects, as fuel prices are now 7.0% lower than they were a year ago.

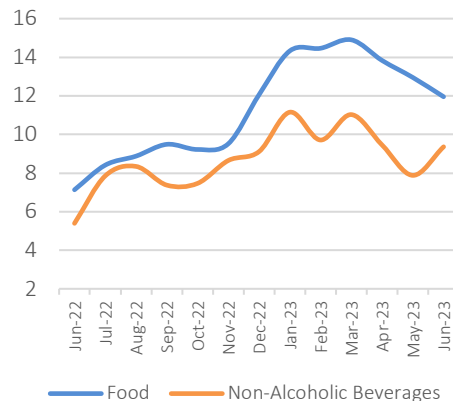
Historic NCPI Contribution Breakdown



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 remained steady month-on-month but rose 11.7% y/y in June. The category's annual inflation rate has been trending down consistently since March.

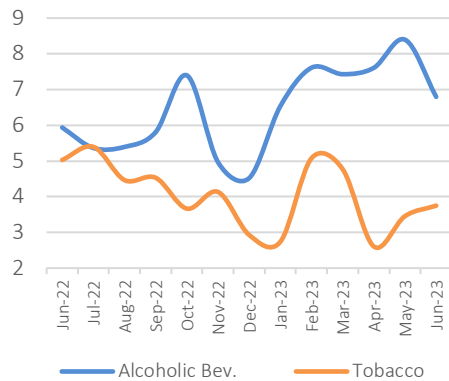
The annual food inflation rate slowed from 13.0% y/y in May to 12.0% y/y in June, while non-alcoholic beverage inflation ticked up from 7.9% to 9.4%. Seven of the nine food sub-categories recorded slower annual inflation than in May, whereas non-alcoholic beverage sub-categories recorded quicker inflation. Vegetable prices are 18.5% higher than they were a year ago and bread & cereals prices are 17.3% higher.





Alcohol & Tobacco

Historic Alcohol & Tobacco Inflation (% y/y)



The alcohol and tobacco basket item posted inflation of 0.2% m/m and 6.2% y/y. Prices of alcoholic beverages are up 0.2% m/m and 6.8% y/y, while prices of tobacco products rose by 0.2% m/m and 3.7% y/y.

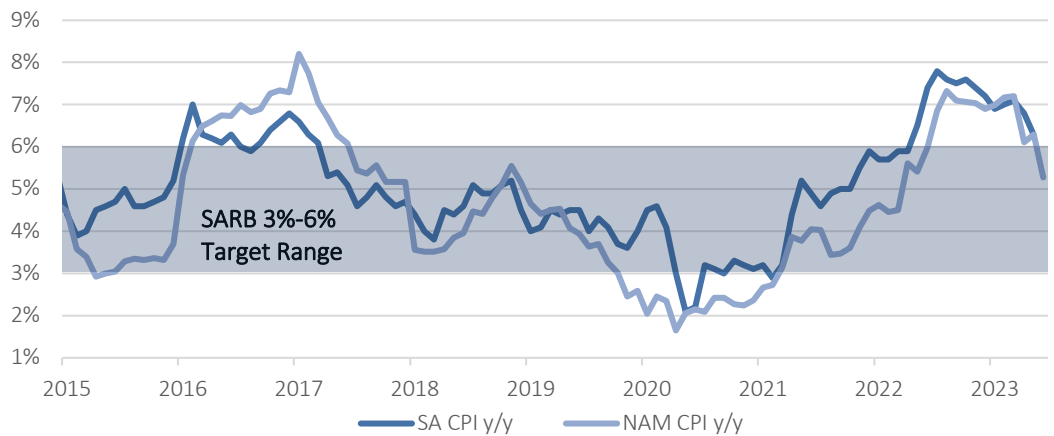
Source: Namibia Statistics Agency, IJG Securities

Housing, Water & Electricity

Housing and utilities prices rose by a relatively subdued 0.1% m/m and 2.8% y/y. Rental inflation, which is typically only adjusted in January, remained steady at 2.1% y/y. Electricity, gas and other fuels recorded quicker inflation at 6.4% y/y (from 5.9% in May), while regular maintenance and repair of dwelling inflation slowed to 3.3% y/y (from 6.3% in May).

Conclusion & Forecast

Namibia vs South Africa CPI (y/y)



Source: Namibia Statistics Agency, IJG Securities

As the chart above indicates, the Namibian annual inflation rate has been slowing since August 2022, and has been tracking the South African CPI rate relatively closely since December.

Fuel prices are now 7.0% lower than they were a year ago, resulting in the transport category no longer contributing to the overall inflation rate. Food inflation continues to be the largest contributor to the annual rate but has been trending down March. Inflation should continue to roughly trend at around current levels for the rest of the year, provided that the trend continues, and fuel prices remain around current levels.

IJG’s inflation model is currently forecasting that the annual inflation rate will end the year between 4.1% and 5.2%, and slow to around 4.2% in 2024.



Namibia CPI June 2023

NCPI Forecast
(y/y)



Source: Namibia Statistics Agency, IJG Securities



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