

Namibia CPI

May 2024

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

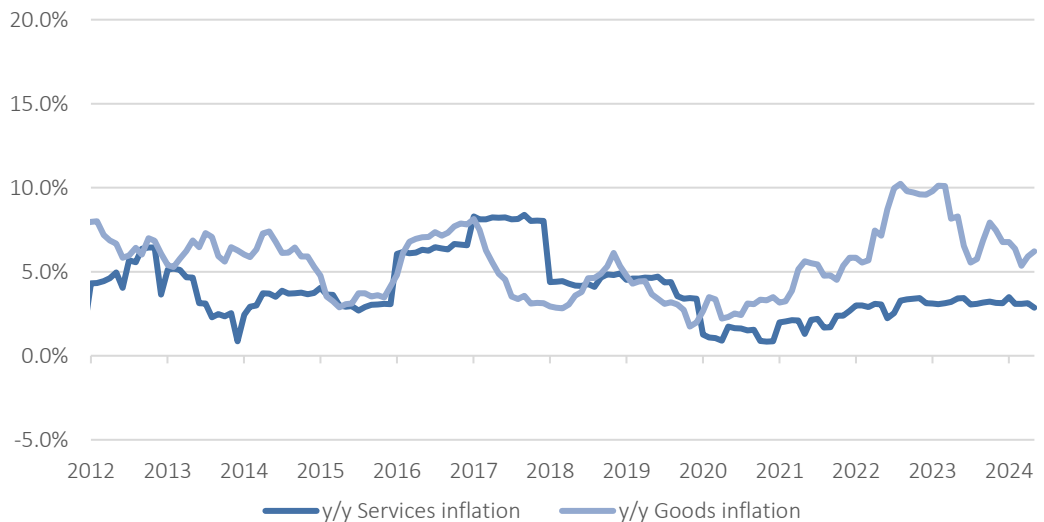
Overview

Category	Weight	May-24 m/m %	Apr-24 y/y %	May-24 y/y %	Direction
Food	16.4%	0.5%	4.9%	4.7%	↘
Alcohol & Tobacco	12.6%	0.1%	7.3%	6.6%	↘
Clothing	3.0%	0.4%	2.3%	2.4%	↗
Housing & Utilities	28.4%	0.0%	3.6%	3.7%	↗
Furniture	5.5%	0.2%	4.0%	4.1%	↗
Health	2.0%	0.4%	4.0%	4.3%	↗
Transport	14.3%	1.1%	5.9%	7.7%	↗
Communications	3.8%	-0.3%	0.5%	0.2%	↘
Recreation	3.6%	0.4%	8.3%	6.2%	↘
Education	3.6%	0.0%	1.7%	1.7%	→
Hotels	1.4%	0.4%	8.2%	7.9%	↘
Miscellaneous	5.4%	0.1%	3.4%	3.2%	↘
All Items	100%	0.3%	4.8%	4.9%	↗

Source: Namibia Statistics Agency, IJG Securities

Namibia's annual inflation rate edged up to 4.9% in April 2024, from the 4.8% y/y recorded in April. On a month-on-month basis, prices in the overall NCPI basket rose by 0.3% m/m. On an annual basis, overall prices in five of the twelve basket categories rose at a quicker rate in May than in April, six categories recorded slower rates of inflation while the education category posted steady inflation. Both goods and services inflation edged higher in May, with goods inflation coming in at 6.2% y/y (Apr: 5.9%) and services inflation at a much more subdued 2.9% y/y (Apr: 2.9%).

Goods vs Services Inflation (y/y %)



Source: Namibia Statistics Agency, IJG Securities



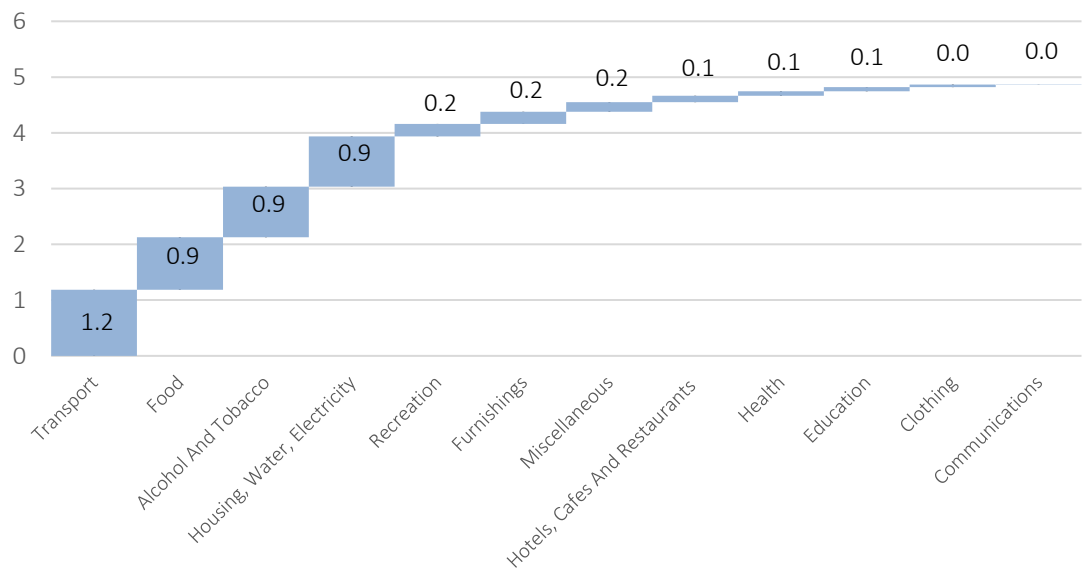
Inflation Contributors

The **transport** category, with a weighting of 14.3% was the largest contributor to overall inflation in May, contributing 1.2 percentage points. This large contribution by the transport category was somewhat expected as fuel prices in May were 14.0% higher on average than they were a year ago, with petrol prices up 16.3% y/y and diesel up 11.7% y/y.

The decision of the Ministry of Mines and Energy to keep fuel prices unchanged in June, means that fuel prices are now 16.3% higher on average than they were in June 2023, which should result in the transport category having an even bigger inflationary effect in June.

The **food and non-alcoholic beverages** basket item, with a weighting of 16.4% was the second largest contributor to May's NCPI rate, contributing 0.94 percentage point. The **alcohol and tobacco** category contributed 0.91 percentage point, making the category the third largest contributor to the annual inflation rate.

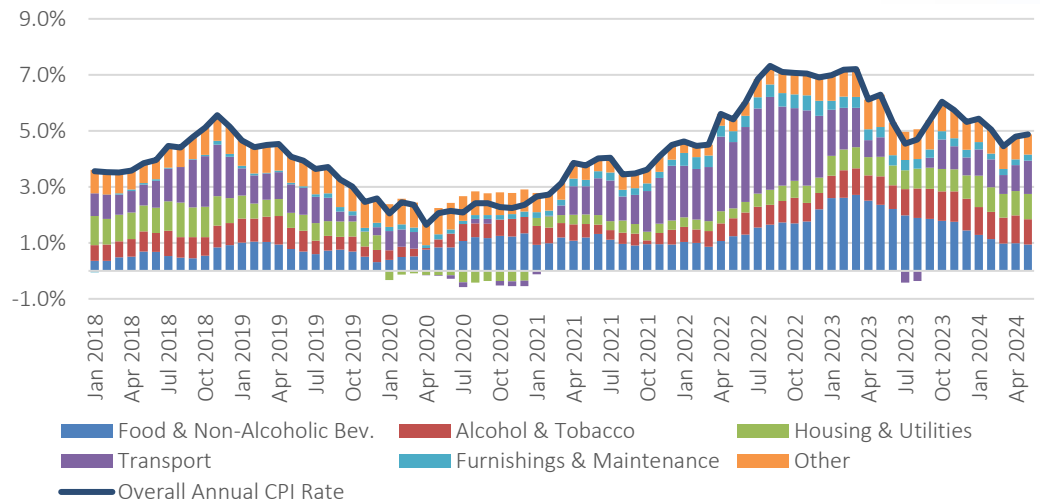
Contribution to the Annual Inflation Rate (percentage points)



Source: Namibia Statistics Agency, IJG Securities

The **housing and utilities** basket item only contributed 0.9 percentage point, despite having the heaviest weighting at 28.4%. The **recreation** and **furnishings** basket categories contributed 0.23 and 0.22 percentage points, respectively, in May.

Historic NCPI Contribution Breakdown



Source: Namibia Statistics Agency, IJG Securities

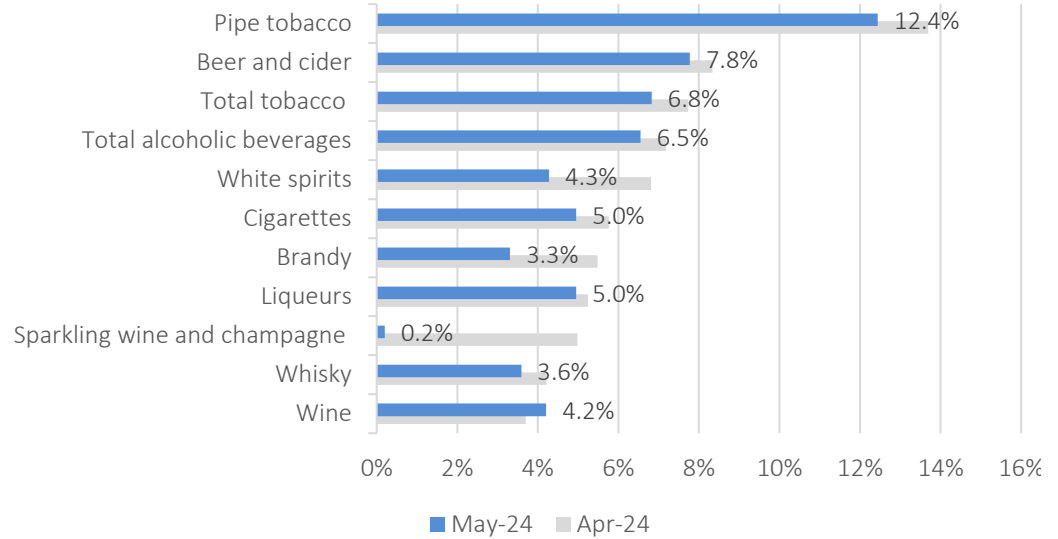




Alcohol & Tobacco

The alcohol and tobacco category posted inflation of 0.1% m/m and 6.6% y/y in May, moderating from the 8.0% y/y recorded in April. Prices of alcoholic beverages rose by 0.1% m/m and 6.5% y/y, while tobacco prices rose by 0.1% m/m and 6.8% y/y.

Alcohol & Tobacco Inflation (y/y)

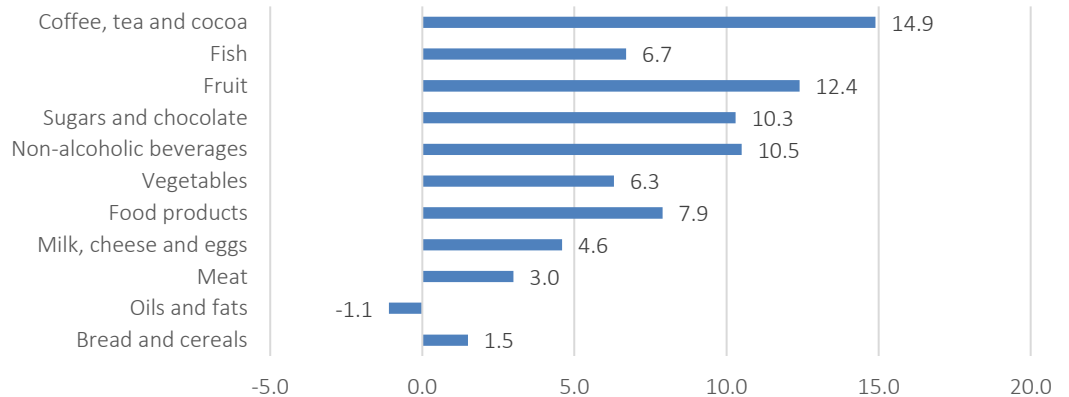


Source: Namibia Statistics Agency, IIG Securities

Food & Non-Alcoholic Beverages

Food and non-alcoholic beverages inflation slowed to 4.7% y/y in May. This growth is the slowest since March 2022, where the growth was 4.6% y/y, and well off its peak of 14.6% in May 2023. The category posted inflation of 0.5% m/m. Food prices rose 4.2% y/y in June. Four of the sub-food categories recorded quicker inflation than in April. Fruit prices rose 12.4% y/y in May (from 10.9% y/y in April). Prices of sugar products rose 10.5% y/y in May, from the 9.7% witnessed in April. The prices of oils and fats continued to fall, declining by 1.1% y/y.

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



Source: Namibia Statistics Agency, IIG Securities

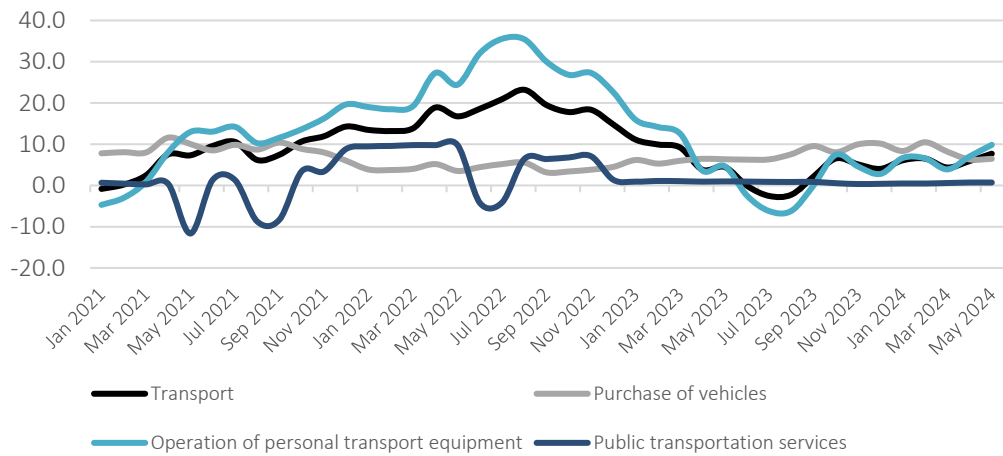
Housing, Water & Electricity

The housing, water and electricity category logged quicker inflation of 3.7% y/y in May (from 3.6% in April). Two of the four sub-categories recorded steady annual inflation in May. ‘Electricity gas and other fuels’ recorded quicker inflation in May than in April while ‘regular maintenance and



repair of dwelling' recorded slower inflation of 1.7% y/y. Rental inflation remained steady at 2.6% y/y, as it is typically only adjusted in the beginning of the year. Water supply, sewage services and refuse collection inflation also remained steady at 2.8% y/y and 'electricity gas and other fuels' logged inflation of 9.0% y/y in May.

Annual Inflation Rate for Housing and Utilities (y/y %)



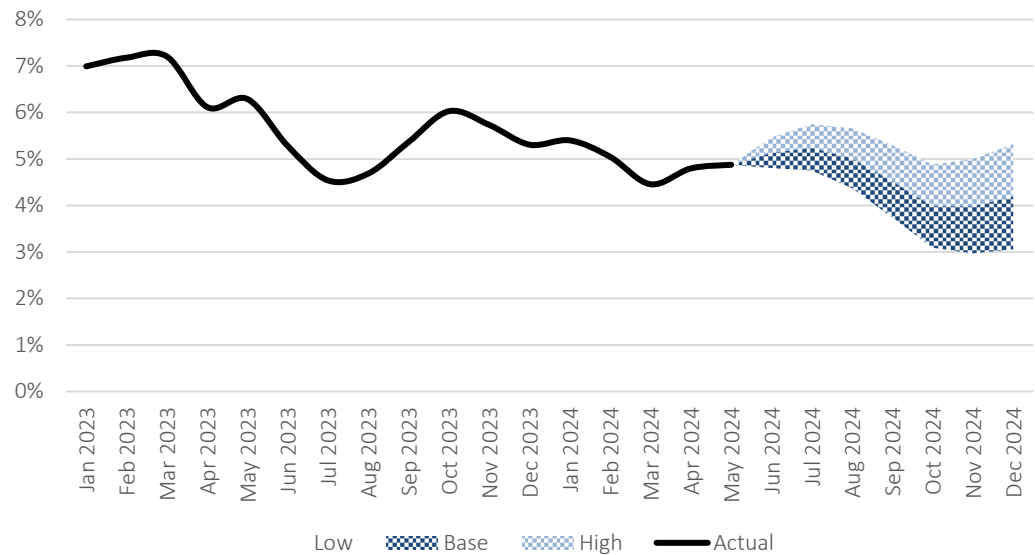
Source: Namibia Statistics Agency, IJG Securities

Conclusion & Forecast

Namibia's inflation rate ticked up moderately in May, primarily driven by the rise in fuel prices in recent months. Elevated fuel prices, currency weakness and volatility, coupled with drought conditions mean inflationary risks remain to the upside.

IJG's inflation model is currently forecasting the annual Namibian inflation rate to average between 4.3% and 5.2% in 2024, with our base case being 4.7%.

Annual Inflation Forecast (% y/y)



Source: Namibia Statistics Agency, IJG Securities

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