

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

Overview

Category	Weight	May-25 m/m %	Apr-25 y/y %	May-25 y/y %	Direction
Food	16.4%	0.7%	5.7%	5.8%	↗
Alcohol & Tobacco	12.6%	0.9%	4.9%	5.8%	↗
Clothing	3.0%	0.2%	2.1%	1.8%	↘
Housing & Utilities	28.4%	-0.4%	4.1%	3.6%	↘
Furniture	5.5%	0.2%	2.4%	2.4%	→
Health	2.0%	0.2%	3.1%	3.0%	↘
Transport	14.3%	0.1%	-0.3%	-1.3%	↘
Communications	3.8%	-0.1%	-0.7%	-0.6%	↗
Recreation	3.6%	-0.1%	4.6%	4.2%	↘
Education	3.6%	0.0%	4.3%	4.3%	→
Hotels	1.4%	-0.1%	6.3%	5.7%	↘
Miscellaneous	5.4%	0.0%	3.7%	3.6%	↘
All Items	100%	0.2%	3.6%	3.5%	↘

Source: Namibia Statistics Agency, IJG Securities

The Namibian annual inflation rate moderated to 3.5% y/y in May, down from 3.6% y/y in April, while monthly inflation remained steady at 0.2% m/m. Three of the twelve CPI basked categories recorded a quicker annual increase in May than in April, seven recorded a slower pace, and two categories recorded steady inflation.

Services prices declined by a marginal 0.1% m/m in May, resulting in an annual rate of 4.2% y/y. In contrast, goods prices rose by 0.3% m/m, with the annual inflation rate easing to 3.0%, down from 3.2% y/y in April. In addition, the pace of service price increases outpaced that of goods in both April and May. While goods prices have been rising since November 2024, the pace of increase appears to have peaked in March, with subsequent months showing a gradual slowdown.

Goods vs Services Inflation (y/y %)



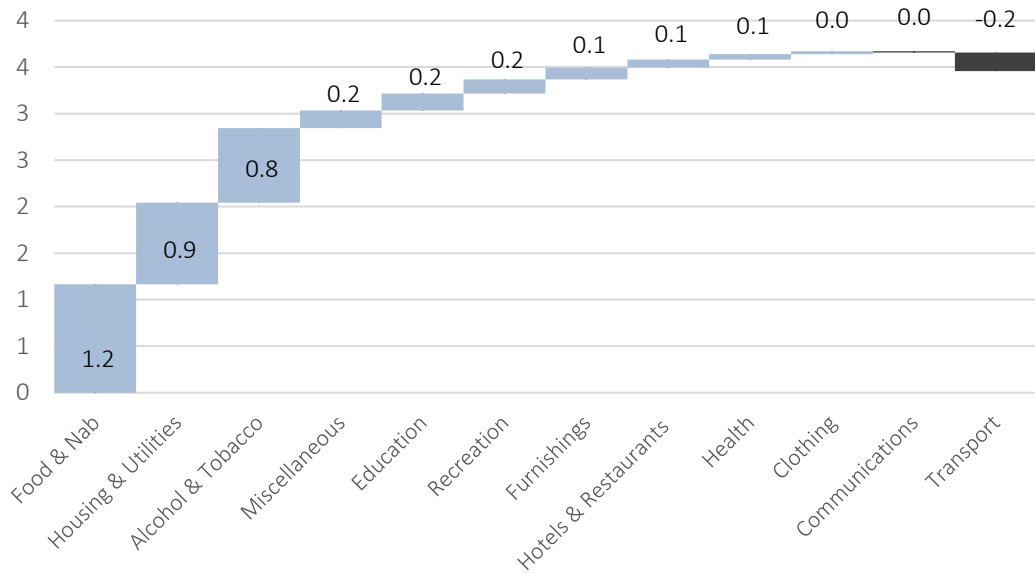
Source: Namibia Statistics Agency, IJG Securities

4,85%
13,04%
50,00%
14,29%
12,50%

Inflation Contributors

Food and non-alcoholic beverages, the third largest basket item by weighting, emerged as the leading driver of annual inflation in May, contributing 1.2 percentage points to the overall 3.5% y/y rate. **Housing & utilities** followed as the second-largest contributor, adding 0.9 percentage points. The third largest contributor to the annual inflation rate in May was the **alcohol and tobacco** basket item, accounting for 0.8 percentage points. By contrast, the **transport** category, which holds a 14.3% weighting in the basket, exerted downward pressure, subtracting 0.2 percentage points from the annual inflation print. Persistent vehicle price deflation and softer costs in the operation of personal transport equipment resulted in this category contracting by 1.3% y/y.

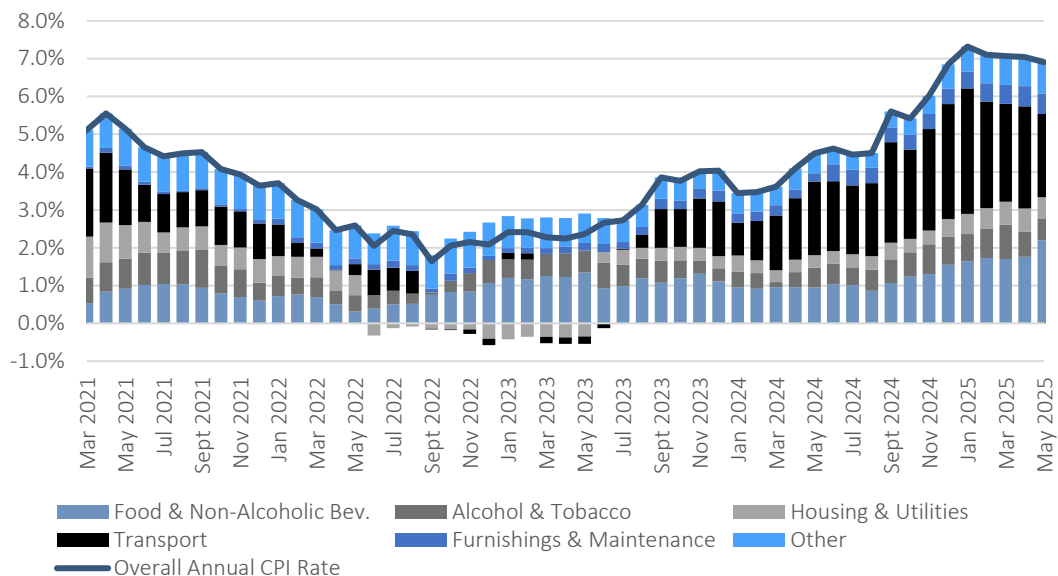
Contribution to the Annual Inflation Rate (percentage points)



Source: Namibia Statistics Agency, IJG Securities

The **miscellaneous**, **education** and **recreation** categories each contributed 0.2 percentage points to the overall annual inflation rate in May. Inflation within the miscellaneous goods and services basket remained steady across four of its five components on an annual basis, while prices for personal effects eased to 3.1% y/y. The education category also showed consistent inflation across all three its subcomponents. Recreation inflation softened to 4.2% y/y, down from 4.6% y/y in April. This moderation was mainly driven by slower inflation in major durables related to recreation and culture (increasing by 1.0% y/y), other recreational items and equipment (rising by 1.4% y/y) and a notable decline in package holiday inflation, which rose just 0.6% y/y compared to 5.3% y/y in April. In addition, the furnishing, hotels & restaurants, and health categories each contributed 0.1 percentage point to the annual inflation rate. The accommodation and restaurant category saw price inflation decelerating from 6.3% y/y in April to 5.7% y/y in May, continuing a downward trend observed since January 2025. The furnishing category posted steady inflation at 2.4% y/y, while prices for medical products, appliances and equipment within the health basket edged slightly lower.

Historic NCPI Contribution Breakdown



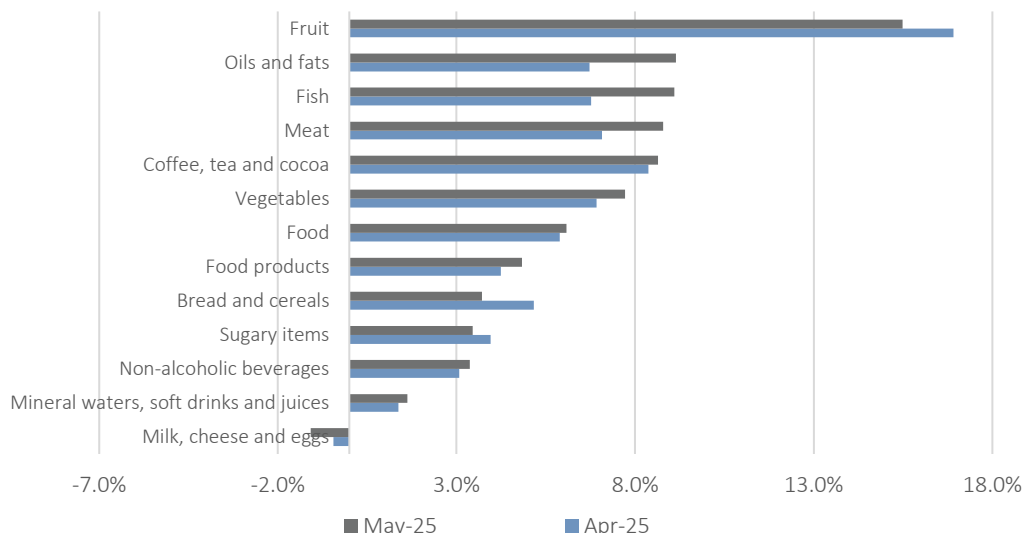
Source: Namibia Statistics Agency, IIG Securities

Food & Non-Alcoholic Beverages

The food and non-alcoholic beverages category recorded quicker inflation in May, rising by 0.7% m/m and 5.8% y/y. The sharpest price increases were recorded in the fish and oils & fats subcategories, with both subcategories increasing by 9.1% y/y. The meat subcategory also saw a notable rebound, with annual inflation accelerating to 8.8% y/y, the highest since July 2023, following two months of slower inflation. In total, nine of the twelve subcategories saw upward inflationary pressures, while milk, cheese & eggs, sugary items and bread & cereals posted softer inflation rates in May.

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

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

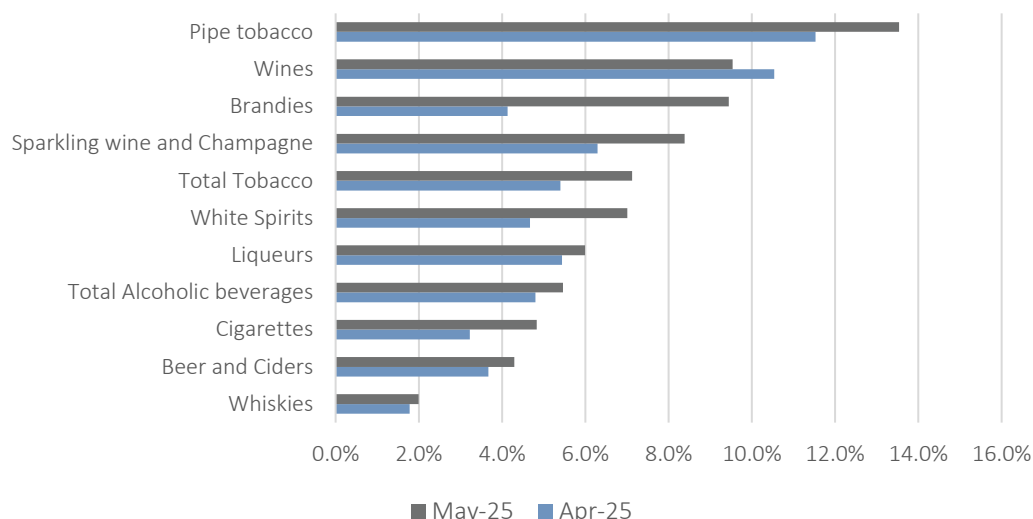


Source: Namibia Statistics Agency, IIG Securities

Alcohol & Tobacco

The alcohol and tobacco category recorded price increases of 0.9% m/m and 5.8% y/y in May. This is also the highest recorded annual inflation since May 2024. The most notable price increase was observed in the brandies subcategory, which rose by 9.4% y/y, up from 4.1% y/y in April. Nearly all subcategories within the basket category recorded price increases, with the exception of wines, which saw a slight deceleration in annual inflation from 10.5% y/y in April to 9.5% y/y. Additional upward momentum came from cigarette prices, which rose by 4.8% y/y, tobacco products, which increased by 7.0% y/y and sparkling wine and champagne which accelerated to 8.4% y/y – well above the two-year monthly average of 7.4% y/y.

Alcohol & Tobacco Inflation (y/y)



Source: Namibia Statistics Agency, IJG Securities

Housing, Water & Electricity

The housing, water, electricity, gas and other fuels category saw a slight ease in annual inflation, moderating from 4.1% y/y in April to 3.6% y/y in May. On a monthly basis, prices in this category fell by 0.4%. The downward inflationary pressure within this category was largely driven by a deceleration in the prices of the electricity, gas and other fuels subcategory, which recorded an annual decline of 1.1% y/y – the steepest drop since May 2019. Meanwhile, inflation in 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. In contrast, the regular maintenance and repair of dwellings subcategory saw a slight uptick in inflation, rising to 3.7% y/y from 3.6% y/y in April.

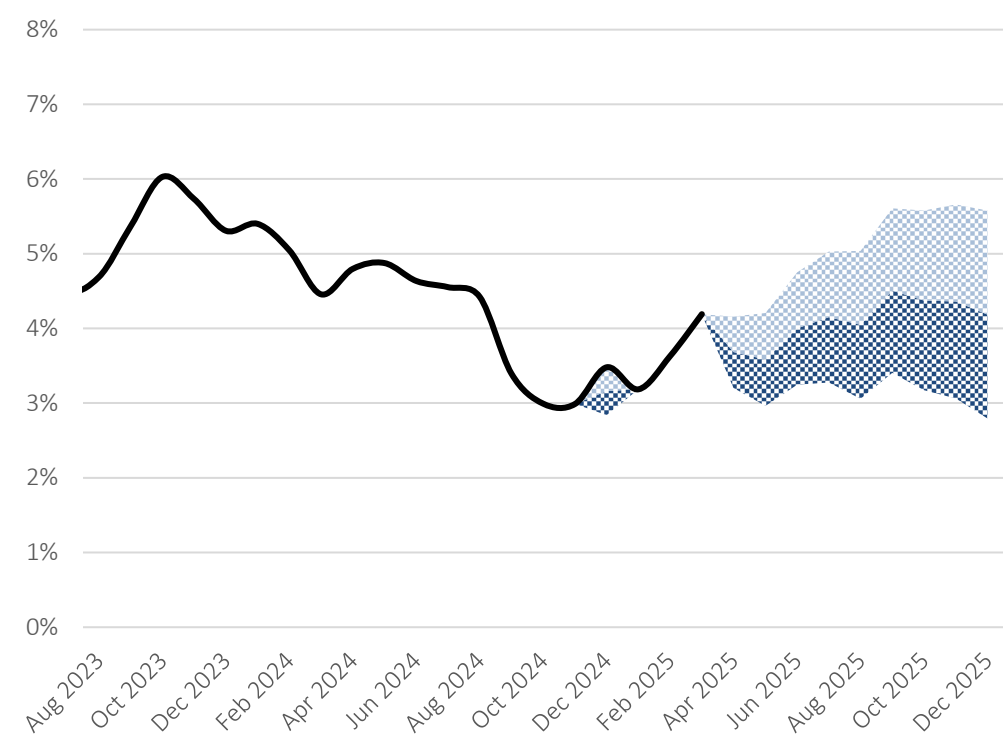
Conclusion & Forecast

Namibia's annual inflation rate eased to 3.5% y/y in May. The slightly softer inflation print was by a slowdown in price increases within the housing & utilities and transport categories. In addition, inflation decelerated across seven of the twelve basket items, with two categories recording steady inflation. By contrast, the food & non-alcoholic beverages and alcohol & tobacco categories ticked up on a monthly, as well as annual basis and experienced quicker price increases in the majority of the subcategories.

Based on IJG's inflation model, Namibia's average annual inflation rate is projected to fluctuate within a range of 3.4% to 4.4% in 2025, with a baseline forecast of 3.9%.

Namibia CPI May 2025

Annual Inflation
Forecast (% y/y)



Source: Namibia Statistics Agency, IJG Securities





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