

Overview

Category	Weight	Nov-23 m/m %	Oct-23 y/y %	Nov-23 y/y %	Direction
Food	16.4%	0.5%	9.4%	9.2%	↘
Alcoholic B&T	12.6%	0.5%	7.7%	8.0%	↗
Clothing	3.0%	-0.3%	1.9%	1.1%	↘
Housing utilities	28.4%	0.0%	3.3%	3.2%	↘
Furniture	5.5%	0.2%	5.6%	5.3%	↘
Health	2.0%	0.0%	3.2%	3.4%	↗
Transport	14.3%	0.6%	6.6%	5.1%	↘
Communications	3.8%	-0.1%	0.8%	0.6%	↘
Recreation	3.6%	-0.2%	10.4%	10.1%	↘
Education	3.6%	0.0%	3.8%	3.8%	→
Hotels	1.4%	0.4%	7.5%	7.7%	↗
Miscellaneous	5.4%	0.1%	5.4%	5.2%	↘
All Items	100%	0.3%	6.0%	5.7%	↘

Source: Namibia Statistics Agency, IJG Securities

Namibia's annual inflation rate moderated to 5.7% in November, from 6.0% y/y in October. Prices in the overall NCPI basket rose 0.3% m/m. On an annual basis, overall prices in eight of the twelve basket categories recorded slower rates of inflation than in October, three rose at a quicker rate and only the education category remained steady. Services inflation slowed to 3.1% y/y (from 3.2% in October) and goods inflation moderated to 7.5% y/y (from 7.95%).

Goods vs Services Inflation (y/y %)



Source: Namibia Statistics Agency, IJG Securities

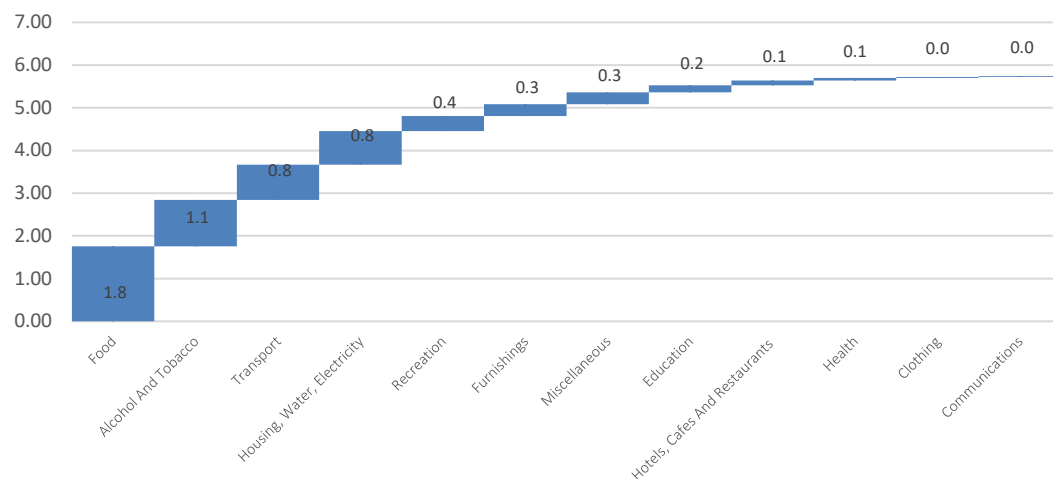
Inflation Contributors

The **food and non-alcoholic** beverages basket item, with a weighting of 16.4%, remained the largest contributor to overall inflation in November, contributing 1.8 percentage points. The **alcohol and tobacco** category contributed 1.1 percentage points, making it the second largest contributor, surpassing the transport category.

Fuel prices were 4.2% higher in November than they were a year ago, resulting in the **transport** category contributing 0.8 percentage point to November's NCPI rate. The decision of the Ministry of Mines and Energy to reduce fuel prices by 130 cents each per litre in December means that fuel prices are now only 1.2% higher on average than they were in December 2022, which should result in the transport category having a smaller inflationary effect in December.

Namibia CPI November 2023

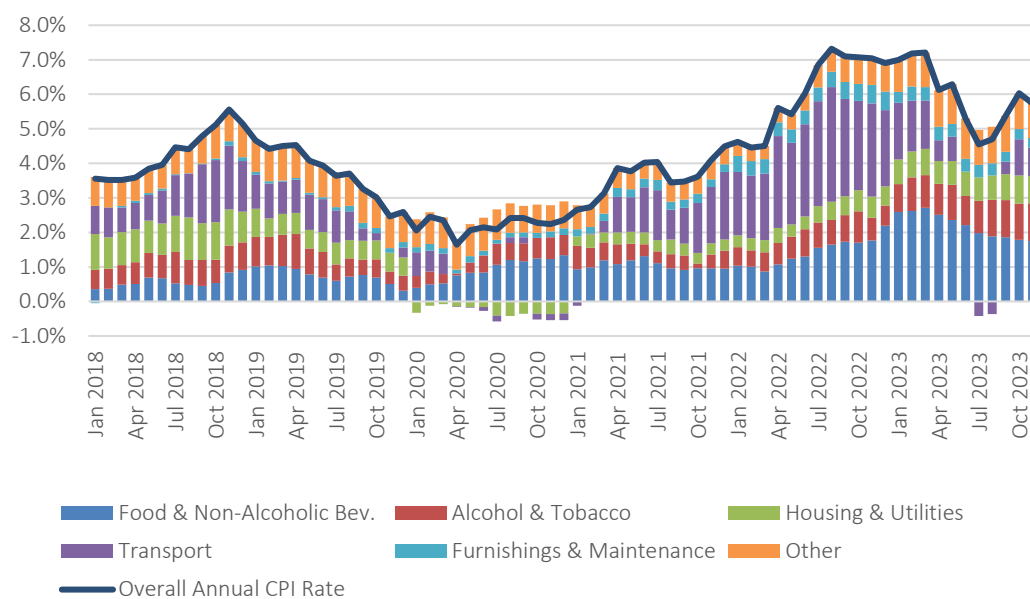
Contribution to the Annual Inflation Rate



Source: Namibia Statistics Agency, IJG Securities

The **housing and utilities** basket only contributed 0.8 percentage point, despite having the heaviest weighting at 28.4%. The **recreation** and **furnishings** baskets contributed 0.4 and 0.3 percentage points, respectively, in November.

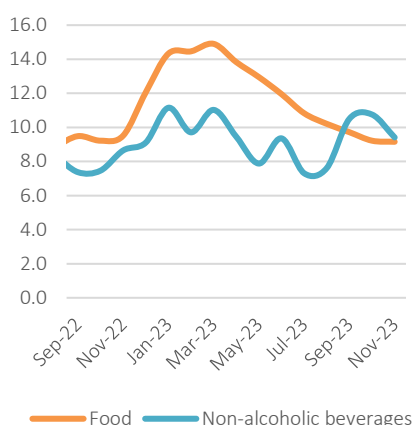
Historic NCPI Contribution Breakdown



Source: Namibia Statistics Agency, IJG Securities

Food & Non-Alcoholic Beverages

Historic Food & Non-Alcoholic Beverages Inflation (% y/y)



Food and non-alcoholic beverage price inflation slowed for an eighth consecutive month in November on an annual basis, with the 9.2% y/y growth being the slowest for the current year. The category posted inflation of 0.5% on a month-on-month basis.

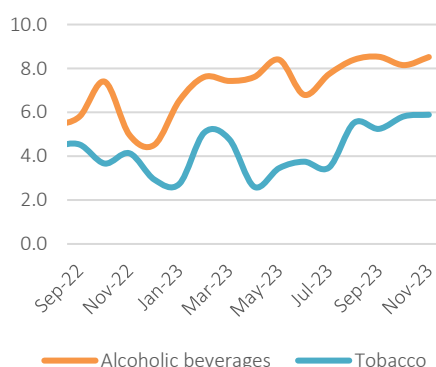
Food prices remained steady at 9.2% y/y in November. Five of the nine sub-food categories recorded slower inflation than in October. Fruit prices rose 10.3% y/y in November (from 10.5% in October). Both fish and vegetables prices rose 16.9% y/y in November, from the 15.5% and 15.4%, respectively witnessed in October. The prices of oils and fats continued to fall, declining by 1.1% y/y.

Non-alcoholic beverages inflation slowed to 9.4% y/y, from 10.8% in October.

Source: Namibia Statistics Agency, IIG Securities

Alcohol & Tobacco

Historic Alcohol & Tobacco Inflation (% y/y)



The alcohol and tobacco category posted inflation of 0.5% m/m and 8.0% y/y, marginally quicker than the 7.7% y/y recorded in October. Prices of alcoholic beverages and tobacco rose 8.5% y/y and 5.9% y/y, respectively.

Source: Namibia Statistics Agency, IIG Securities

Housing, Water & Electricity

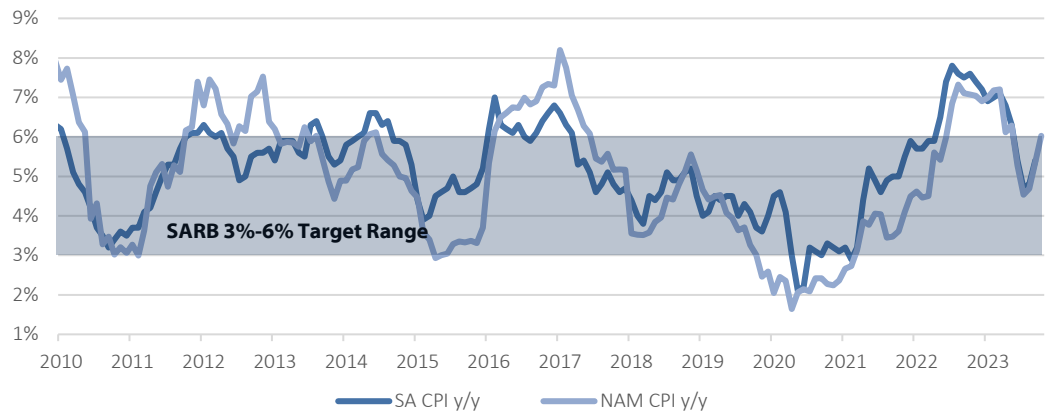
Three of the housing and utilities basket item's sub-category recorded steady annual inflation in November, while 'electricity gas and other fuels' recorded slower inflation in November than in October, resulting in the category logging slower inflation of 3.2% y/y in November (from 3.3% in October). Rental inflation remained steady at 2.1% y/y, as it is typically only adjusted in January. Regular maintenance and repair dwelling inflation remained steady at 1.9% y/y, while water supply, sewage services and refuse collection inflation also remained steady at 2.8% y/y.

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

Conclusion & Forecast

Slowing food and transport inflation were the main drivers for the slower inflation rate in November. The Bank of Namibia's MPC left Namibia's repo rate unchanged at 7.75% at their December meeting. The MPC justified their decision by stating that despite the uptick in the CPI rate in recent months, they are expecting it to ease in the coming months.

Namibia vs South Africa CPI (y/y)



Source: Namibia Statistics Agency, IJG Securities

IJG's inflation model is currently forecasting the NCPI rate to end 2023 between 5.6% and 6.4%, and for it to slow to around 4.3% in 2024.

NCPI Forecast (y/y)



Source: Namibia Statistics Agency, IJG Securities

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