

Namibia CPI

September 2023



Overview

Category	Weight	Sep-23 m/m %	Aug-23 y/y %	Sep-23 y/y %	Direction
Food	16.4%	0.4%	10.0%	9.8%	↘
Alcoholic B&T	12.6%	0.8%	7.9%	7.9%	→
Clothing	3.0%	0.0%	2.0%	1.8%	↘
Housing utilities	28.4%	0.3%	2.8%	3.0%	↗
Furniture	5.5%	0.3%	6.6%	5.5%	↘
Health	2.0%	0.0%	4.2%	3.8%	↘
Transport	14.3%	2.9%	-2.2%	2.2%	↗
Communications	3.8%	0.2%	1.3%	0.9%	↘
Recreation	3.6%	0.6%	9.7%	10.0%	↗
Education	3.6%	0.0%	3.8%	3.8%	→
Hotels	1.4%	1.1%	7.8%	6.9%	↘
Miscellaneous	5.4%	0.3%	5.5%	5.5%	→
All Items	100%	0.8%	4.7%	5.4%	↗

Source: Namibia Statistics Agency, IJG Securities

Namibia's annual inflation rate rose to 5.4% in September, from 4.7% y/y in August. On a month-on-month basis, prices in the overall NCPI basket rose by 0.8%, following the 0.4% m/m increase in August. On an annual basis, overall prices in three of the twelve basket categories rose at a quicker rate in September than in August, six recorded slower rates of inflation and three recorded steady inflation. Services inflation ticked up marginally to 3.2% y/y while goods inflation quickened to 6.9% y/y (from 5.8% in August).

Goods vs Services Inflation (y/y %)



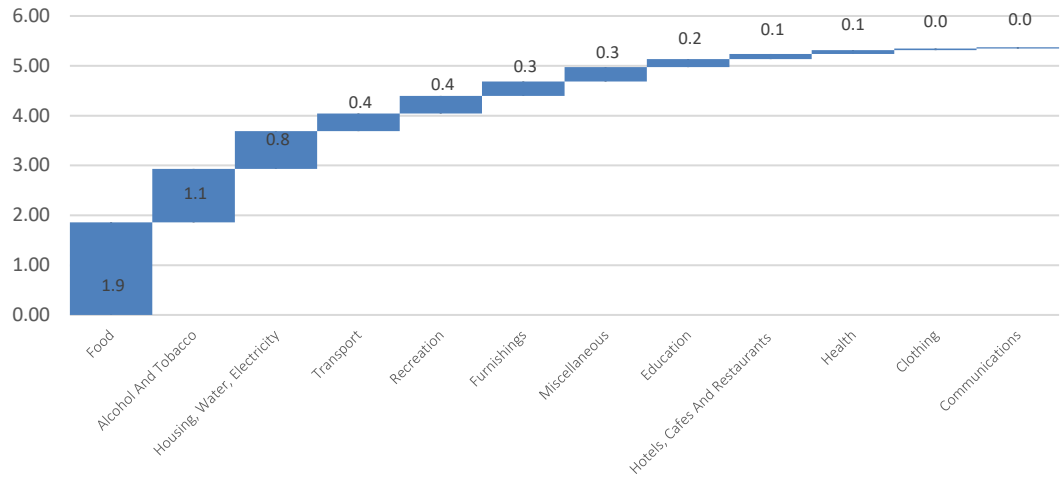
Source: Namibia Statistics Agency, IJG Securities

Inflation Contributors

The top contributors to the NCPI rate were largely unchanged from last month. The **food and non-alcoholic beverages** basket item contributed 1.9 percentage points to September's overall inflation rate, again making it the largest contributor. The **alcohol and tobacco** category contributed 1.1 percentage points, while **housing and utilities**, which has the heaviest weighting at 28.4%, contributed 0.8 percentage point.

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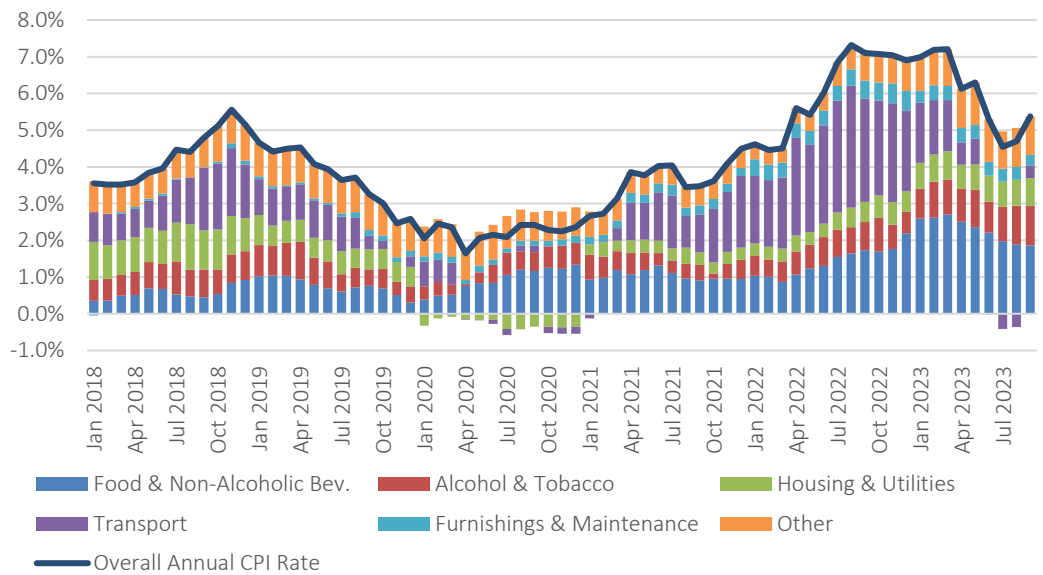
Contribution to the Annual Inflation Rate



Source: Namibia Statistics Agency, IJG Securities

Fuel prices were 3.4% lower in September than they were a year ago but increased by 7.5% m/m in September resulting in the **transport** category no longer having a deflationary effect on the overall NCPI rate. The category contributed 0.35 percentage point to September’s annual NCPI rate. The Ministry of Mines and Energy’s decision at the beginning of October to increase petrol and diesel prices by 190- and 240 cents per litre, respectively, means that local fuel prices are now 9.1% higher on average than they were a year ago. We therefore expect the transport category to have a materially larger contribution to the overall inflation rate in the coming months.

Historic NCPI Contribution Breakdown



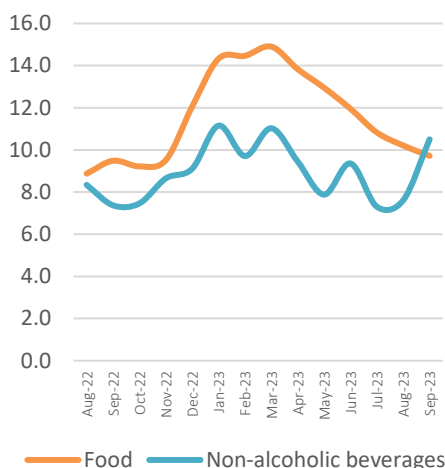
Source: Namibia Statistics Agency, IJG Securities



0,0005	4,85%
0,0003	13,04%
0,001	50,00%
0,0003	14,29%
0,0005	12,50%

Food & Non-Alcoholic Beverages

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



Food & non-alcoholic beverage inflation slowed for a sixth consecutive month in September on an annual basis, with the 9.8% y/y increase in prices the slowest since November 2022. On a month-on-month basis, the basket item posted inflation of 0.4%.

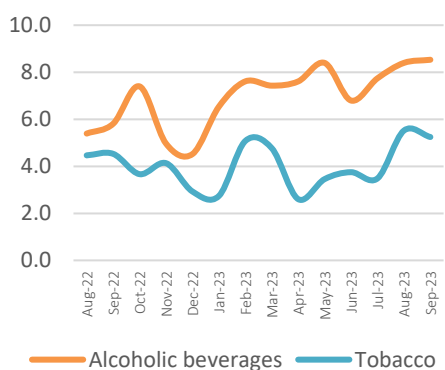
The disinflation was primarily due to food prices which continued to moderate in September to 9.7% y/y, from 10.2% in August. Six of the nine food sub-categories recorded quicker annual inflation than in August. Fish prices continued to tick up, recording the category's quickest inflation rate at 16.9% y/y. Fruit prices rose by 15.3% y/y in September, from 13.2% in August. The prices of oils and fats, meanwhile, fell by 5.1% y/y.

Non-alcoholic beverage inflation ticked up to 10.5% y/y, from 7.6% previously.

Source: Namibia Statistics Agency, IIG Securities

Alcohol & Tobacco

Historic Alcohol & Tobacco Inflation (% y/y)



The alcohol and tobacco category posted inflation of 0.8% m/m and 7.9% y/y, steady from last month on an annual basis, but the highest rate since February 2016. Prices of alcoholic beverages rose by 8.5% y/y, while prices of tobacco products are up 5.2% y/y.

Source: Namibia Statistics Agency, IIG Securities

Housing, Water & Electricity

Three of the housing and utilities basket item's sub-categories recorded quicker annual inflation in September than in August, resulting in the category logging quicker inflation of 0.3% m/m and 3.0% y/y. Rental inflation, which is typically only adjusted in January, remained steady at 2.1% y/y. Regular maintenance and repair of dwelling inflation rose to 1.8% y/y (from 0.1% in August), while water supply and sewerage service inflation ticked up to 2.7% y/y (from 2.4% in August). Electricity, gas and other fuels posted inflation of 7.7% y/y, the quickest since March 2020.

Conclusion & Forecast

Inflationary risks remain to the upside, with higher, volatile, oil and fuel prices and a strong US dollar presenting central banks around the world with fresh challenges in their efforts to keep inflation in check and could result in interest rates remaining higher for longer.

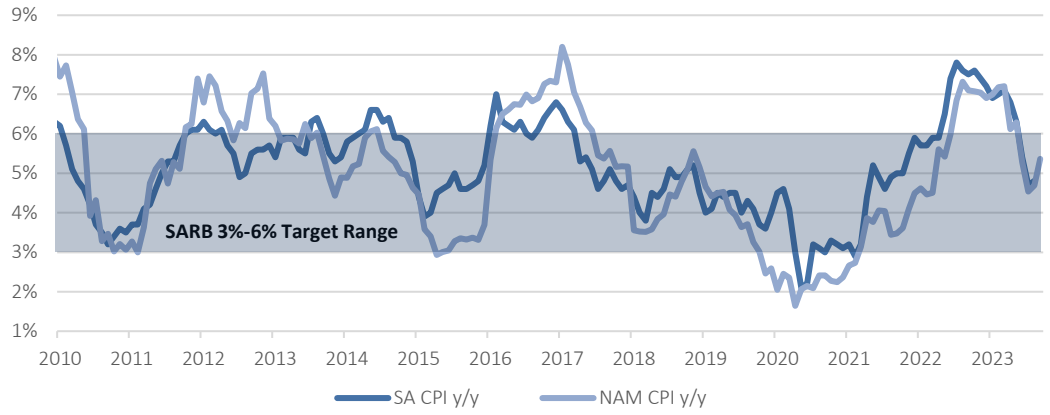
Food & non-alcoholic beverage inflation, while slowing, remains relatively elevated compared to pre-2023 levels, and with rising fuel prices should result in further increases in the annual NCPI



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0,0003	13,04%
0,001	50,00%
0,0003	14,29%
0,0005	12,50%

rate in the coming months. IJG's inflation model is currently forecasting the NCPI rate to end 2023 between 5.3% and 5.8%, although the upper end of this range seems more likely at this stage, and for it to slow to around 4.5% in 2024.

Namibia vs South Africa CPI (y/y)



Source: Namibia Statistics Agency, IJG Securities

NCPI Forecast (y/y)



Source: Namibia Statistics Agency, IJG Securities

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