

1. Executive Summary

Namibia's annual inflation rate held steady at 3.0% in November 2024, unchanged from October 2024. This marks a significant decline from the 5.7% recorded in November 2023. Key contributors to this decline included *Transport, Recreation and Culture, and Food and Non-alcoholic Beverages*.

Both headline and core inflation rates have shown stability. Headline inflation has remained at 3.0%, while core inflation eased slightly to 3.9%, down from 4.0%. These figures represent a notable improvement compared to November 2023, when headline and core inflation stood at 5.7% and 4.5%, respectively. This sustained decline reflects favorable inflationary trends over the past year.

Analysis

Transport

The Transport category which accounts for 14.3% of the consumer basket, experienced a significant drop in its annual inflation rate, from 5.1% in November 2023 to -3.5% in November 2024. The decline was driven primarily by a reduction in prices for personal transport equipment, with vehicle purchase costs significantly decreasing between October and November 2024. This contributed to the monthly inflation rate falling from -2.9% to -3.5%.

Recreation and culture

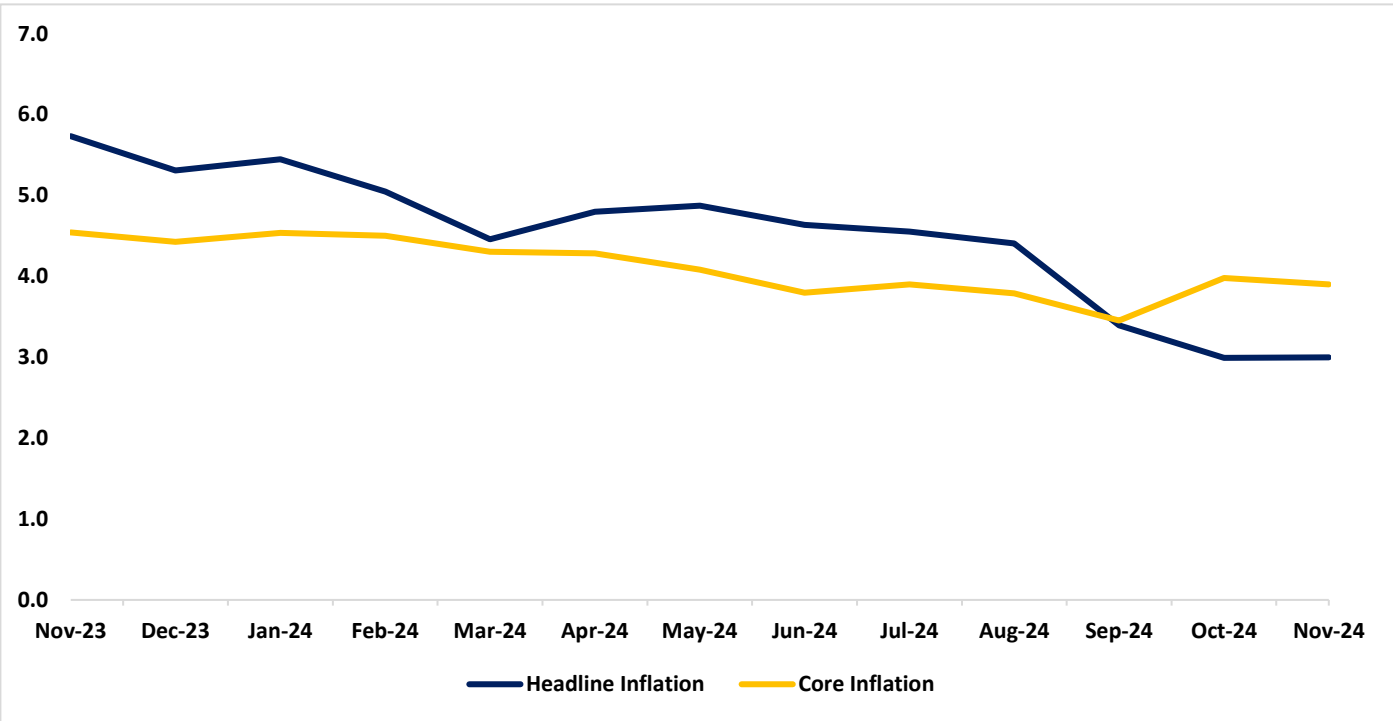
The Recreation and Culture category, comprising 3.6% of the consumer basket, also recorded a notable annual decrease, with inflation falling from 10.1% in November 2023 to 5.5% in November 2024. Reductions across all subcategories, particularly Package Holidays, drove this decline. However, between October and November 2024, the category's inflation rate rose slightly from 4.7% to 5.5%, likely due to increasing Package Holiday prices as the festive season approached.

Food and Non-Alcoholic Beverages

Inflation in the Food and Non-alcoholic Beverages category decreased to 5.3% in November 2024 from 9.2% in November 2023, largely due to significant price drops in Fish, Vegetables, Dairy, and Eggs over the year. However, the category saw a marginal increase in monthly inflation, rising from 5.1% in October 2024 to 5.3% in November 2024, primarily influenced by:

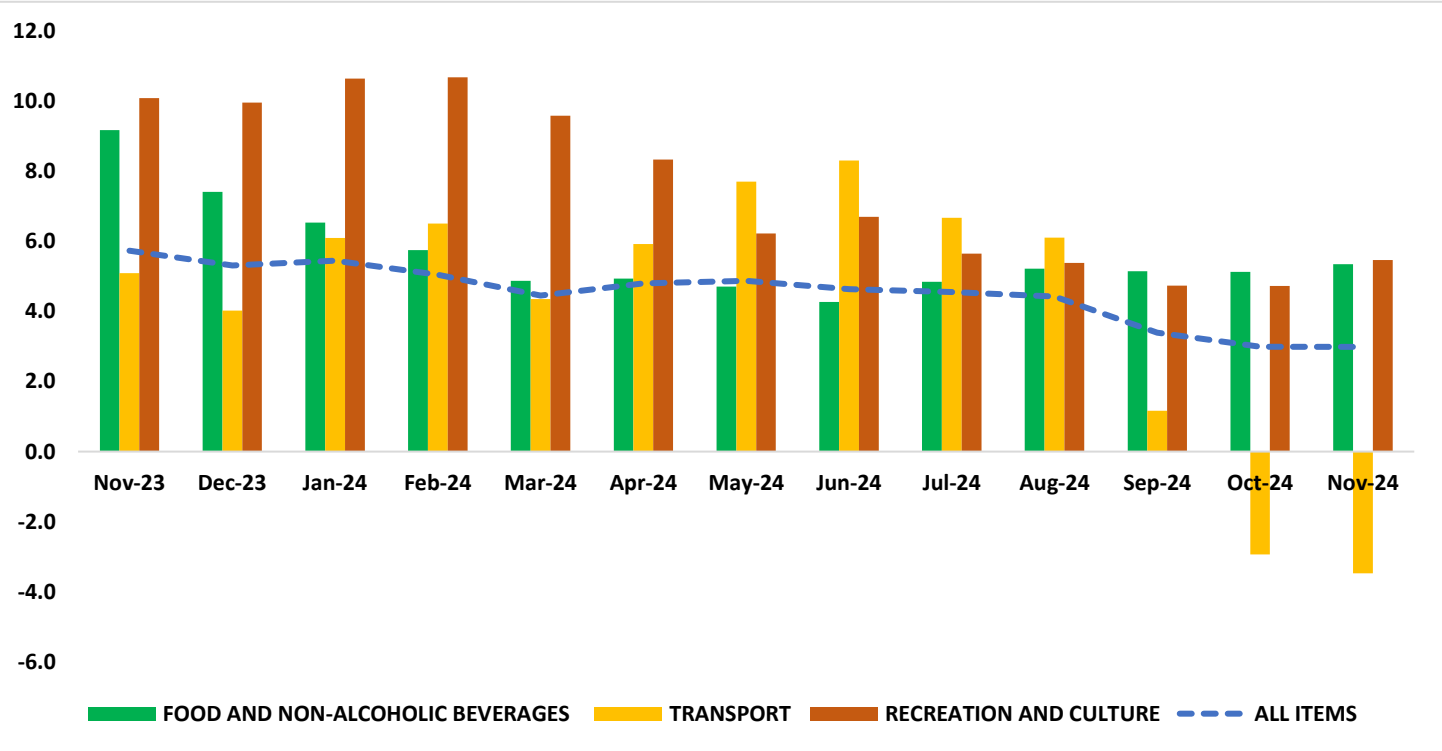
- Bread and Cereals: Inflation rose from 3.9% to 5.6%, driven by higher wheat prices.
- Coffee, Tea, and Cocoa: Inflation increased from 9.6% to 10.7%, reflecting growing costs in these commodities.

Figure 1: Annual Inflation Rate, Namibia (November 2023 –November 2024)



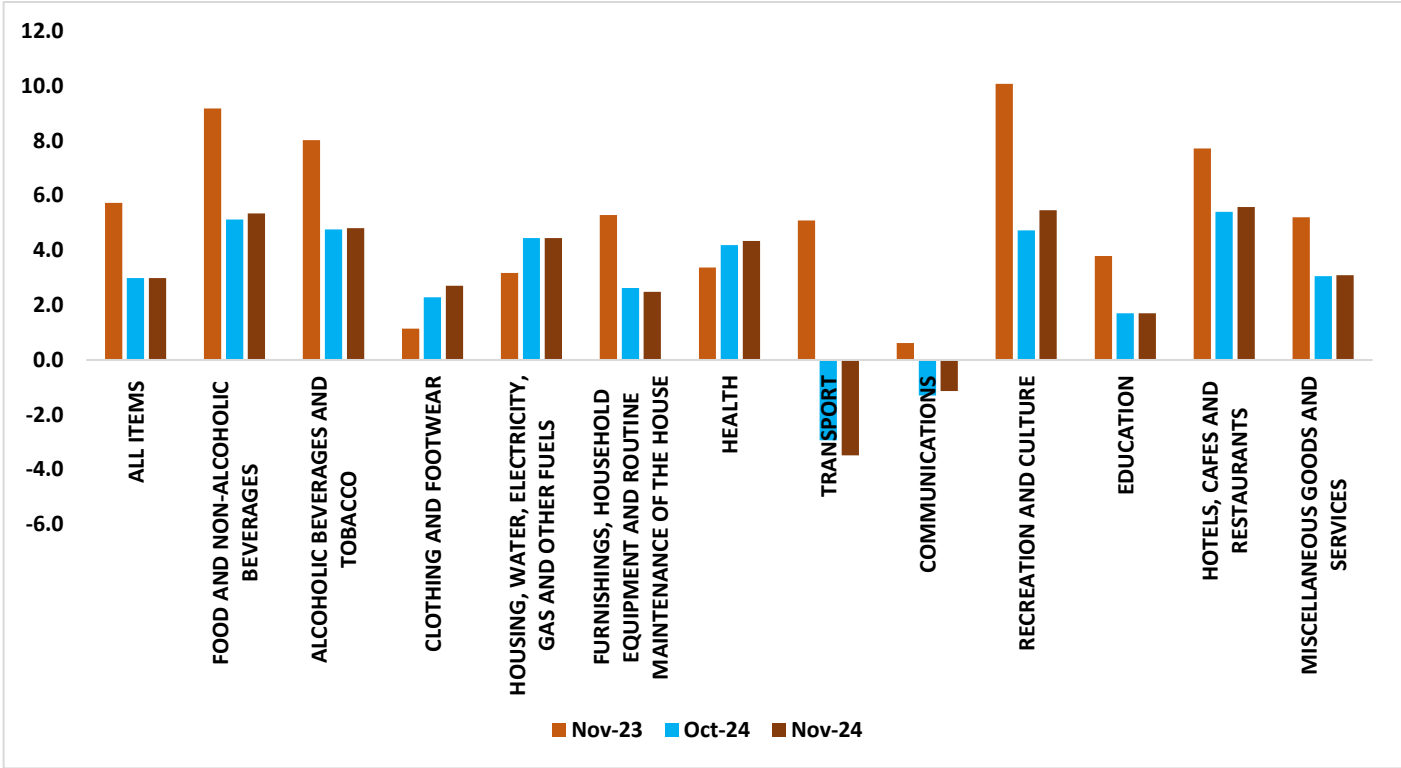
Source: NSA, HEI Research

Figure 2: The main contributors to the annual inflation rate of November 2024



Source: NSA, HEI Research

Figure 3: Comparison of inflation rates for (October 2023, September 2024 and October 2024)



Source: NSA, HEI Research

2. Outlook

Namibia's inflation outlook is anticipated to remain stable. Factors supporting this outlook include stable fuel prices, recent monetary policy decisions, and a favorable inflation environment that is likely to sustain consumer spending. Projections suggest a moderate increase, with inflation likely tilted upwards at the end of Q1 2025.



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