

NCPI

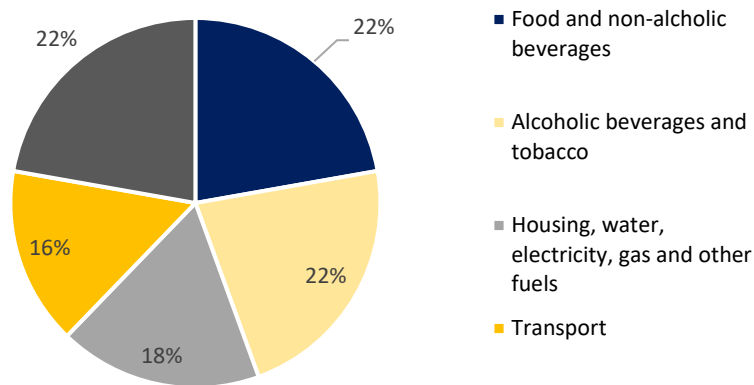
APRIL 2024

1. Executive Summary

In April 2024 Namibia experienced a slowdown in the annual inflation rate, which decreased to 4.8% compared to the 6.1% recorded in April 2023. However, on a monthly basis inflation rose to 0.7% in April from 0.0% in March 2024. This increase in monthly inflation in April 2024 goes against the downward monthly trend observed since beginning of the year 2024.

The main contributors to the annual inflation in Namibia were the categories of Food and Non-Alcoholic beverages, Alcoholic beverages and tobacco, Housing, water, electricity, gas & other fuels, and the Transport category. These factors played a significant role in shaping the inflation rate in Namibia during the period under review.

Figure 1: Annual Inflation Rate contributors by percentage, Namibia April 2024



Source: NSA & HEI Research

2. Analysis

The Housing, water, electricity, gas, and other fuels component accounts for 28.4 % of the Namibian consumer basket. The annual inflation rate for this category increased by 3.6 % during April 2024 compared to 2.6 % observed in April 2023. This was predominantly caused by changes in the following subcategories of 'Electricity, gas and fuels' (from 4.9% to 8.2%); as a result of high prices recorded for coal and charcoal, Water supply, sewerage service and refuse collection' (from 2.5% to 3.4%) and 'Rental payments for dwelling' (from 2.1% to 2.6%) due to high rent prices.

On a monthly basis, the inflation rate for 'Housing, water, electricity, gas, and other fuels' stood at 0.1 %, compared to 0.0 % observed in March 2024. This was influenced by high price levels of products for maintenance and repair of buildings and coal and charcoal.

Food and non-alcoholic beverages which accounts for 16.5 % of the NCPI basket, registered an annual inflation rate of 4.9 % in April 2024, compared to 13.5 % witnessed during April 2023. This slowdown was mainly caused by low prices for Bread and cereals which declined from 19.8% recorded in April 2023 to 0.5 % for April 2024, fruits from 28.5% in April 2023 to 10.9% in April 2024 and Oils and fats which declined to 1.5% from 10.7% recorded in April 2023.

The downward trend in the breads and cereals category was largely driven by several product categories. These include Maize, meal/grain, which experienced a significant decrease from 31.6% to -8.0% this could be influenced by an increase in South African maize harvest estimates, resulting in projections that sufficient maize will be available in the region including Namibia as a result Namib mills also reduced their prices. Bread and cake flour saw a reduction from 26.3% to -5.8%; Macaroni, spaghetti, and noodles, declined from 23.1% to -5.1%; Mealie rice/malt, dropped from 20.1% to 2.1%; and Bread, which fell from 16.0% to 6.7%.

The Fruits slow increase was mainly reflected in the price levels of 'Avocados' (from 71.2% to 9.9%); 'Watermelons' (from 29.3% to -1.6%) and 'Citrus fruits' (from 30.7% to 15.6%).

On average, Oils, and fats price levels of 'Butter' (from 27.1% to 2.9%); 'Cooking oil' (from 7.6% to -4.1%); 'Margarine and margarine spreads' (from 11.4% to 0.7%), and 'Cooking fats' (from 3.1% to -2.4%).

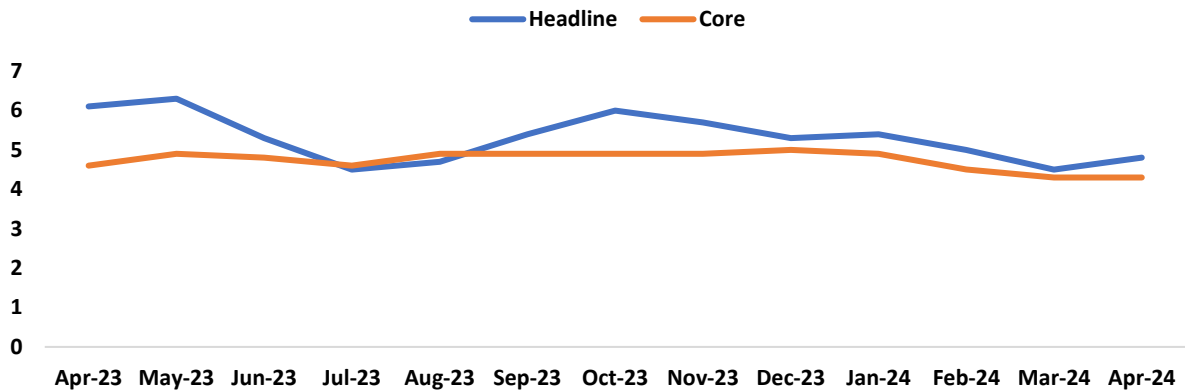
Monthly, price levels for 'Food and non-alcoholic beverages' rose by 0.5 % in April 2024, compared to 0.1 % that was recorded in March 2024. The monthly inflation was mainly attributed to increased prices of Chocolate and beetroot.

The transport category, which constitutes 14.3% of the consumer basket, experienced an annual inflation rate of 5.9% for April 2024. This marked an increase from the 3.8% inflation rate observed in April 2023. The primary contributor to this rise in the annual inflation rate was the subcategory of Personal Transport Equipment Operation, which saw an inflation increase from 3.6% to 7.0%. This surge was attributed to the elevated prices of spare parts and fuel.

On a monthly basis, inflation for the transport category increased to 2.0 % in April 2024 from a decline of 0.2 % recorded in March 2024. This resulted from an increase in the price levels of fuel. (See figure 3).

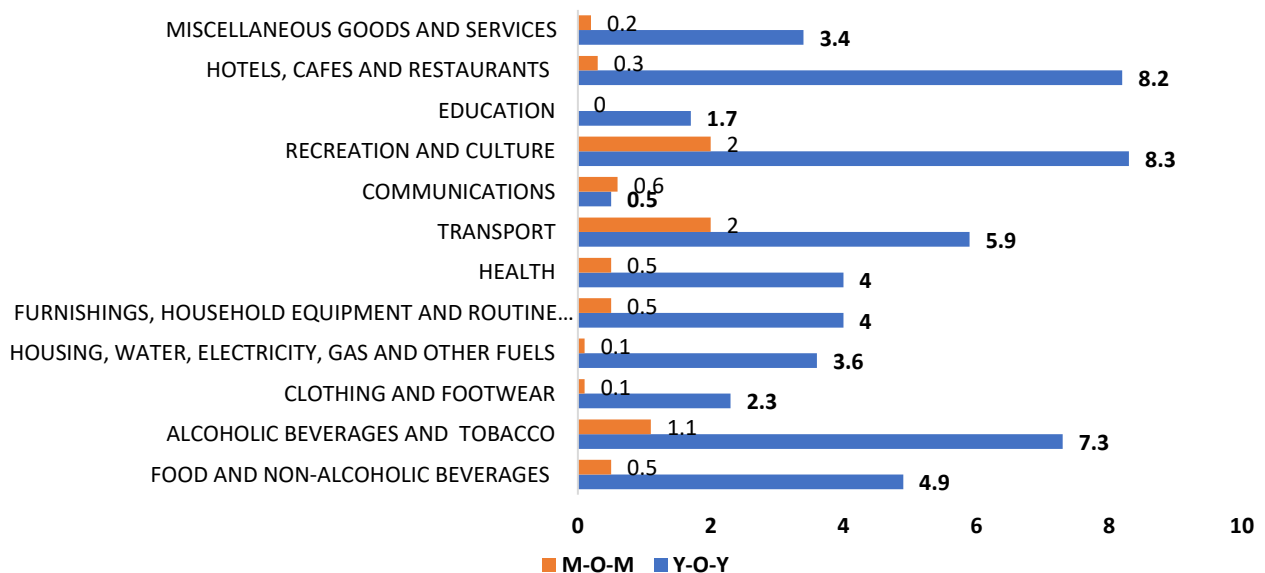
In April 2024, the core inflation rate was registered at 4.3%. This signifies a drop from the 4.6% rate observed in March 2023, yet it's an escalation from the rate in March 2024. Simultaneously, the headline inflation rate was recorded at 4.8%, resulting in a 0.5% gap between the core and headline inflation rates. During the period under review, Core inflation has been trending below headline inflation. In July 2023, there was a slight dip in core inflation compared to 2022 due to the base effect. (As depicted in Figure 2).

Figure 2: Annual Inflation Rate, Namibia (April 2023 – April 2024)



Source: NSA & HEI Research

Figure 3: Sub-Categorical analysis (%) change Year on Year (April 2023 – April 2024)



Source: NSA & HEI Research

3. Outlook

We anticipate that the trend of weakening inflation will continue. However, uncertainties and external factors such as fluctuations in oil prices and the global demand for commodities could contribute to fluctuations in inflation rates for Namibia throughout the year, necessitating close monitoring and adaptability in response to changing economic conditions.



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