

# NCPI July 2024

## 1. Executive summary

In July 2024, the annual headline inflation rate stood at 4.6%, up from 4.5% recorded in July 2023 (See Figure 1). The slight uptick in inflation was primarily driven by an increase in the prices of transport, hotels, cafes and restaurants, housing, water, electricity, gas and other fuels categories. On a monthly basis, the headline inflation rate recorded 0.2% increase compared to -0.2% witnessed in June 2024.

Furthermore, core inflation, which excludes certain volatile components, typically food and energy prices, to provide a more stable view of underlying inflation trends, stood at 3.9% in July 2024, higher than the 3.8% observed in June 2024. The relative stability of the annual inflation rate was mainly influenced by the consistency across different categories.

## 2. Analysis

### *Housing, Water, Electricity, Gas, and Other Fuels*

The annual inflation rate for the “Housing, Water, Electricity, Gas, and Other Fuels” category stood at 4.1% in July 2024, up from 2.7 percent in July 2023. This increase was largely driven by the “Regular Maintenance and Repair of Dwellings” subcategory, which rose from 2.1% to 3.7%, and “Water Supply, Sewerage Services, and Refuse Collection,” which increased from 0.3% to 3.1%.

### *Food and Non-alcoholic Beverages*

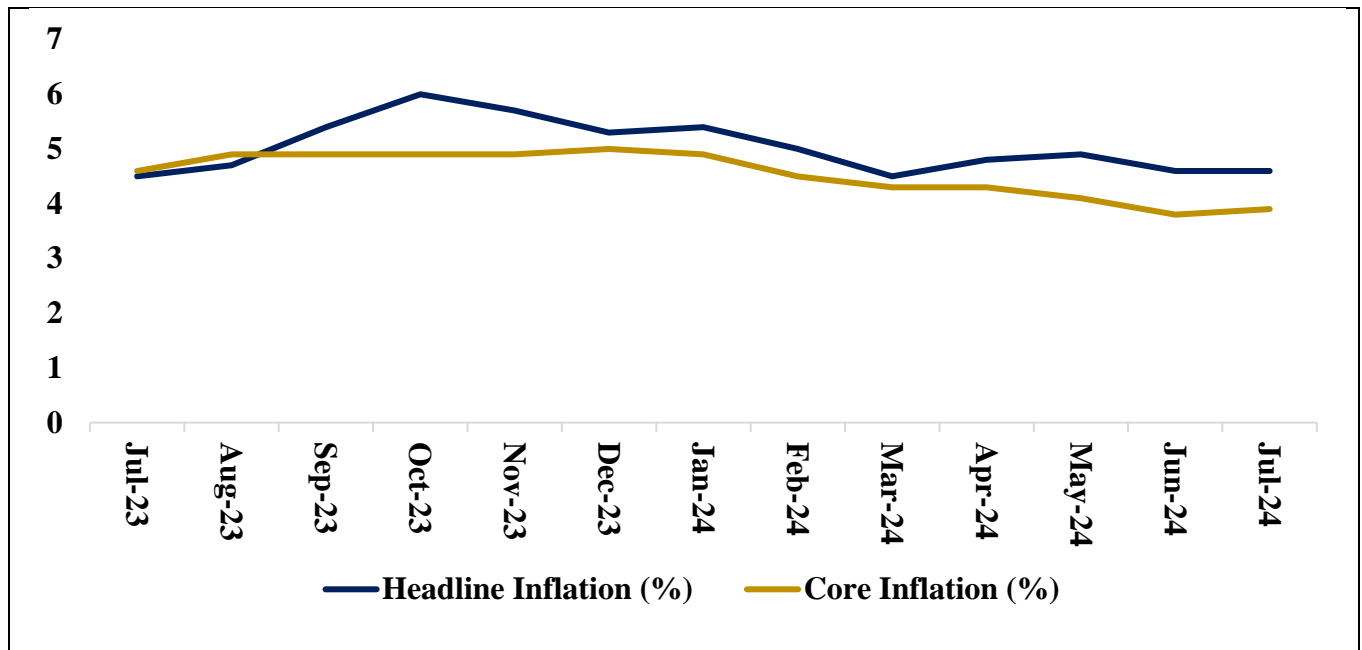
The “Food and Non-alcoholic Beverages” category, which accounts for 16.5% of the NCPI basket, registered an inflation rate of 10.8% in July 2023. However, by July 2024, this rate had dropped to 4.8%—a decrease of 6%points. On a monthly basis, price levels in this category rose by 0.3% in July 2024, following a 0.4% decrease in the previous month.

This decline was mainly due to the “Vegetables, including Potatoes and Other Tubers” subcategory, which saw a significant drop from 18.1% in July 2023 to 13.5% in July 2024. Additionally, the “Bread and Cereals” inflation rate fell to 2.5% from 13.3% in July 2023. The “Fish” subcategory experienced an annual inflation rate of 3.0%, down from 12.6% in July 2023, with notable decreases in the prices of “Dried, Smoked, or Salted Fish & Seafood” (from 12.8% to -6.3%) and “Fresh, Chilled & Frozen Fish” (from 13.4% to 4.3%). The “Meat” category also saw a drop from 9.2% in July 2023 to 3.8% in July 2024.

### *Transport*

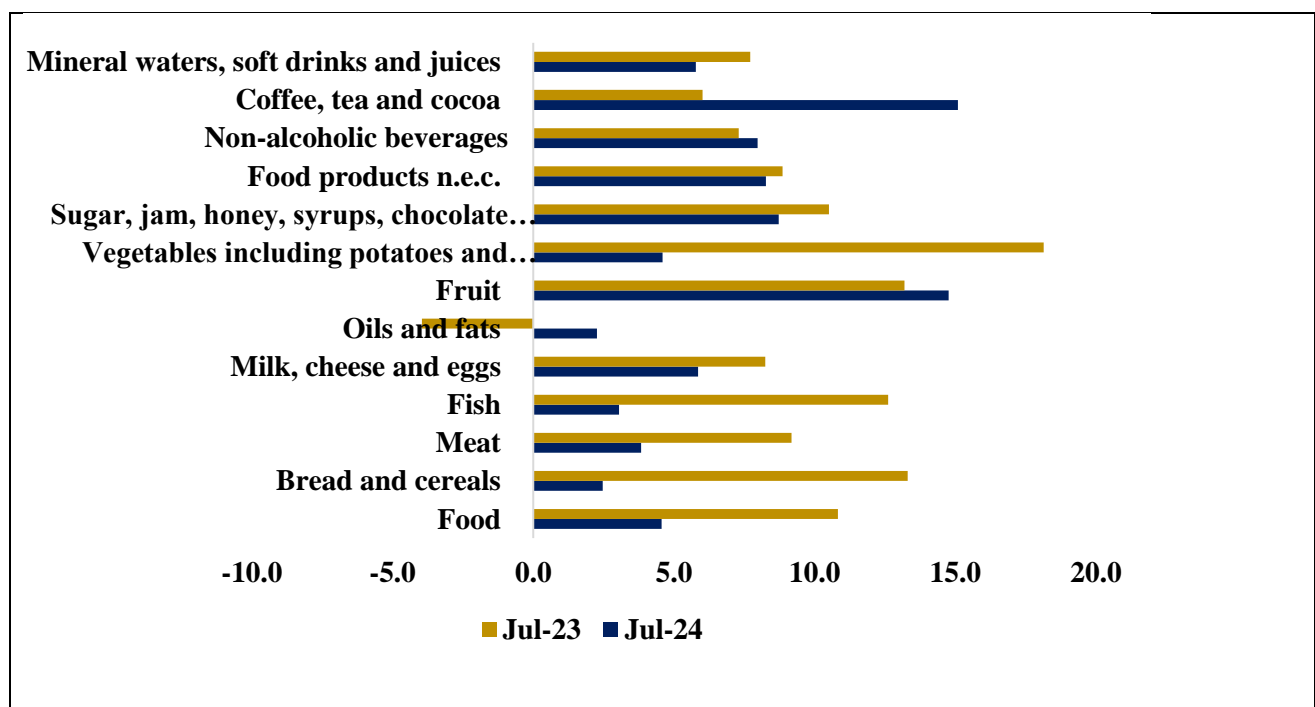
The transport category, comprising 14.3% of the consumer basket, recorded an annual inflation rate of 6.7% in July 2024, a significant increase compared to the 2.5% observed in the same month of the previous year. This rise was primarily driven by the “Operation of Personal Transport Equipment” subcategory, which surged from -6.2% to 8.5%, due to an increase in the prices of fuel.

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



Source: NSA, HEI Research

**Figure 2: Annual inflation rates (%) for the main subcategories of Food and non-alcoholic beverages (July 2023 and July 2024)**



Source: NSA, HEI Research

### 3. Outlook

Inflation in Namibia has moderated in recent months, averaging 4.8% over the first seven months of 2024, a notable decrease from the 6.2% average recorded during the same period in 2023. However, since March 2024, inflation has remained relatively steady, hovering around 4%. This suggests that while overall inflationary pressures have eased, inflation remains sticky.

Looking ahead, these inflationary pressures are expected to persist in the short to medium term. The ongoing stickiness in inflation could influence the Monetary Policy Committee (MPC) to maintain the current interest rate in their upcoming meeting, as they strive to balance the need to manage inflation without hindering economic growth.



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