

1. Executive Summary

In August 2024, the annual headline inflation rate stood at 4.4%, down from 4.7% recorded in August 2023 (See Figure 1). The primary drivers of the decline in annual inflation rate were the ‘food and non-alcoholic beverages’ and ‘alcoholic beverages and tobacco’, ‘furnishings, household equipment and routine maintenance of the house’ and ‘recreation and culture’ categories. On a monthly basis, the headline inflation rate decreased by 0.2% compared to the previous month.

Namibia recorded a core inflation rate of 3.8%, lower than the 3.9% recorded in July 2024. Core inflation excludes certain volatile components, typically food and energy prices, to provide a more stable view of underlying inflation trends.

2. Analysis

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 5.2% in August 2024, compared to 10.0% witnessed during August 2023. This decline was mainly due to the fish and vegetables subcategory.

The Fish subcomponent recorded an annual inflation rate of 0.1% in August 2024, significantly lower than the 16.2% observed in August 2023. Price declines were noted across all items in this category: ‘Dried, smoked, or salted fish & seafood’ dropped from 12.9% to -6.4%, ‘Fresh, chilled & frozen fish’ decreased from 18.7% to 0.6%, and ‘Bottled/Tinned fish’ slowed from 7.5% to 3.6%. This decline may have been driven by an increase in fish landings, which boosted the availability of fish in domestic markets, resulting in lower prices.

Vegetables, including potatoes and other tubers, saw a price decline of 5.0% in August 2024, down from a 16.9% increase in August 2023. Notable declines were observed in the prices of: ‘Onions’ (from 44.5% to -25.6%), ‘Cabbage’ (from 50.4% to 7.7%), ‘Cucumber’ (from 10.9% to -17.8%), and ‘Broccoli & Cauliflower’ (from 38.1% to 16.6%).

Alcoholic Beverages and Tobacco

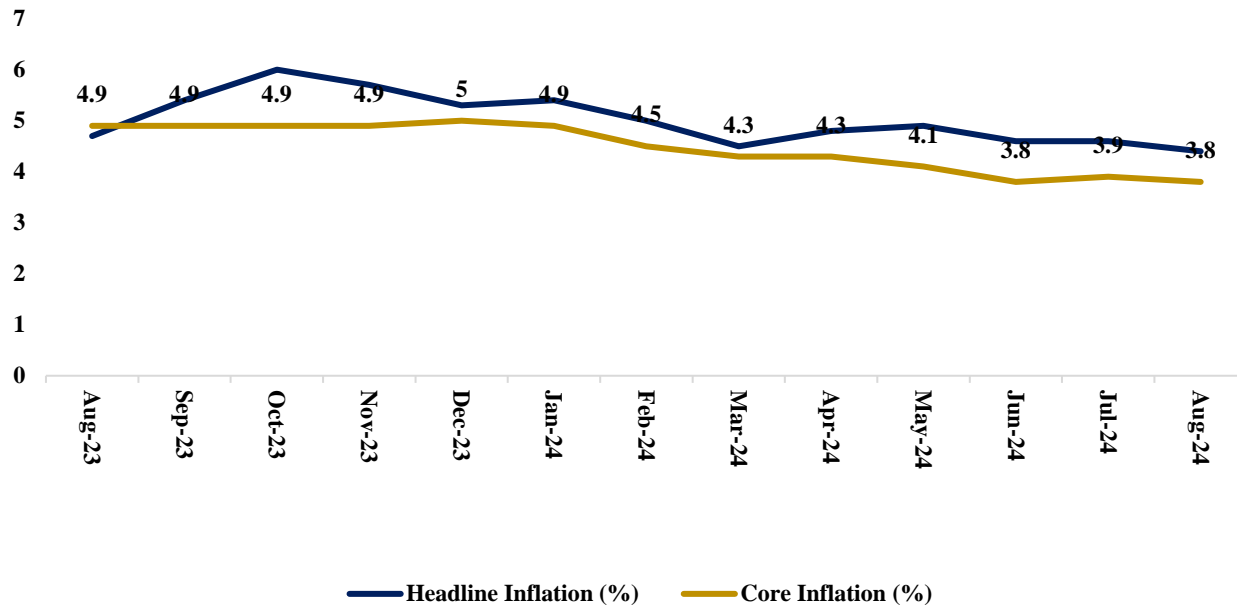
The annual inflation rate for Alcoholic beverages and tobacco category, which accounts for 12.6% of the consumer basket, recorded an inflation rate of 4.6% in August 2024, compared to 7.9% observed during August 2023. Alcoholic beverages experienced an annual inflation rate of 4.4%, down from 8.4% recorded in August 2023, reflecting low prices of ‘White Spirits’ (from 22.8% to 2.3%); ‘Sparkling wines/Champagnes’ (from 11.8% to 3.7%) and ‘Whiskies’ (from 7.5% to 1.2%).

Furnishings, household equipment, and routine maintenance of the house

The annual inflation rate for furnishings, household equipment, and routine maintenance of the house which accounts for 5.5% of the consumer basket, registered an inflation rate of 3.4% in August 2024, compared to 6.6% observed during August 2023. This was attributed to a decline in

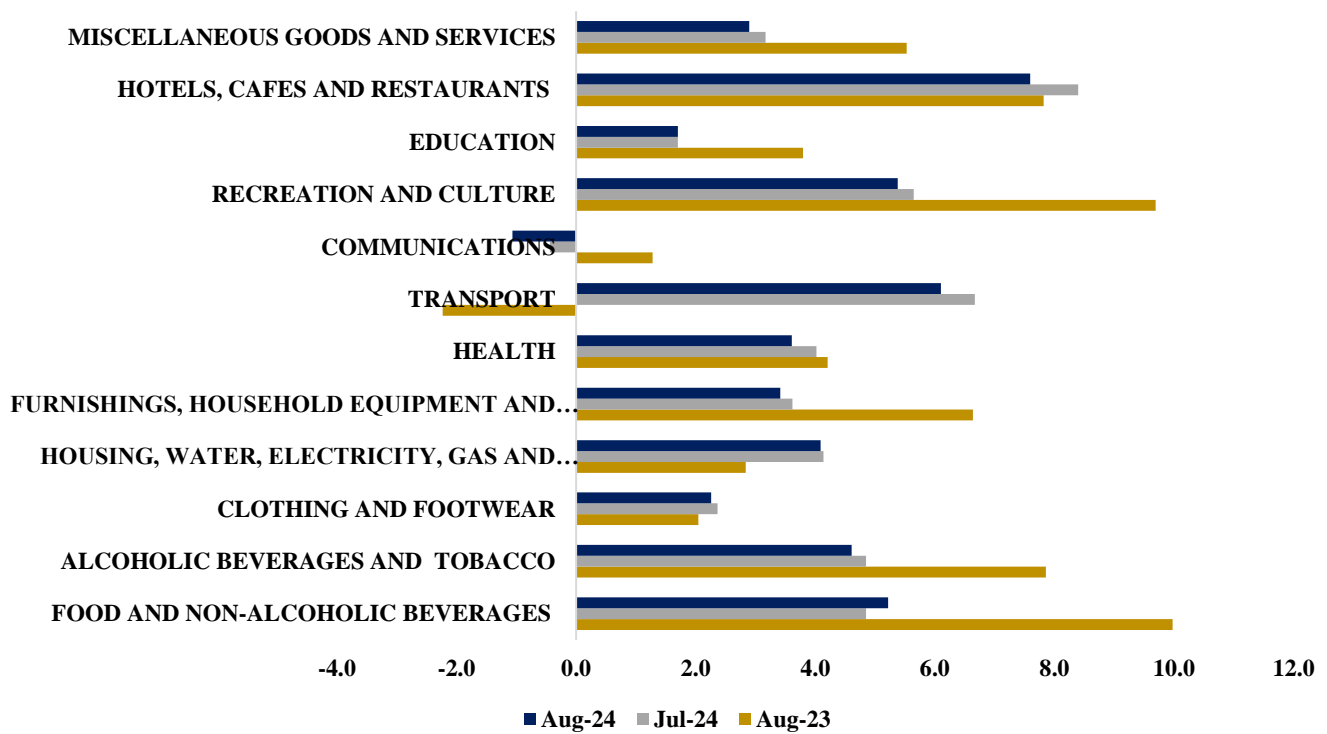
the price levels of heating and cooking appliances, refrigerators, washing machines and similar major household appliances which declined to 2.6% compared to 15.1% recorded in August 2023.

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



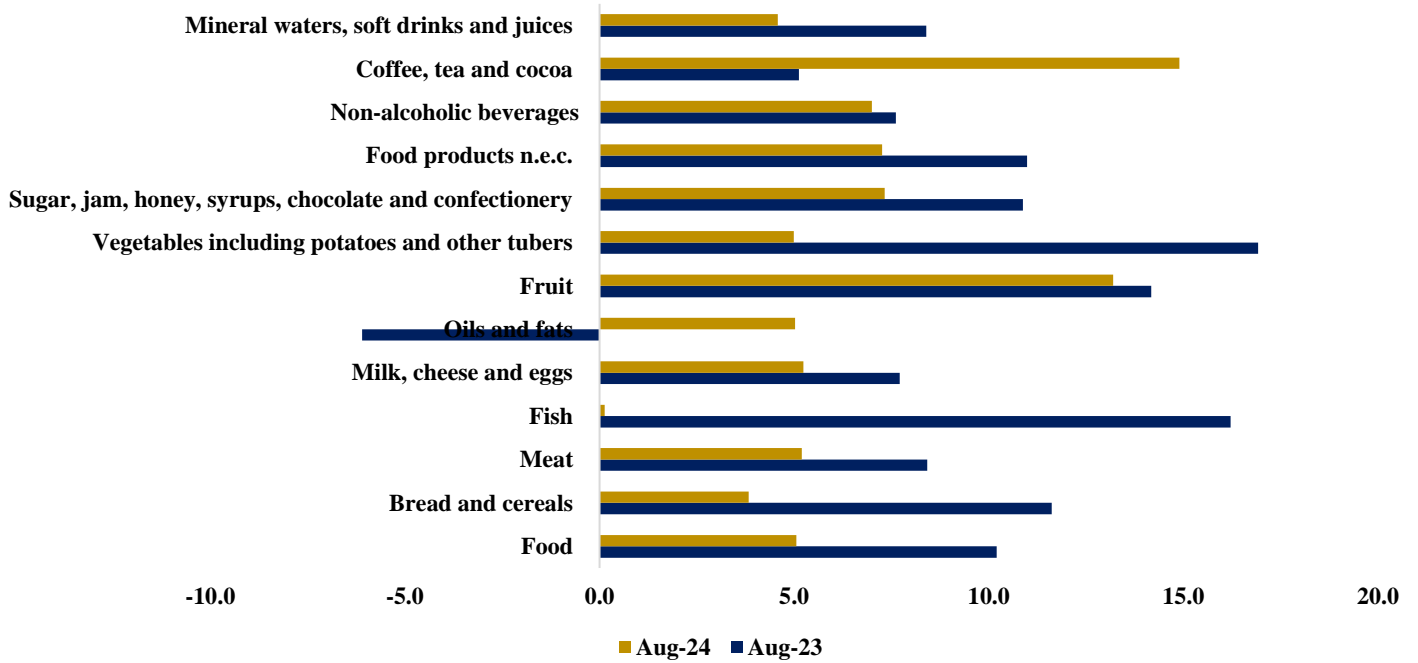
Source: NSA, HEI Research

Figure 2: Comparison of inflation rates for (August 2023, July 2024 and August 2024)



Source: NSA, HEI Research

Figure 3: Annual inflation rates (%) for the main subcategories of Food and non-alcoholic beverages (August 2023 and August 2024)



Source: NSA, HEI Research


3. Outlook

We anticipate inflation rates to continue moderating in the coming months. The recent reduction in fuel prices, announced by the Ministry of Mines and Energy, is expected to have a disinflationary impact on the Transport category, which has been a significant contributor to inflation. This price relief should translate into lower costs for the operation of personal transport equipment, helping to ease pressure on overall inflation levels.



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