

NCPI September 2024



1. Executive Summary

Namibia's inflation landscape has shown notable changes in September 2024, with the core inflation rate at 3.5% and the headline inflation rate slightly lower at 3.4%. This indicates a general easing of inflationary pressures compared to previous months, where the headline rate was higher, peaking at 4.4% in August 2024.

The key contributors to the decline in annual inflation rate for September 2024 witnessed in the categories of 'Food and non-alcoholic beverages', 'Recreation and culture', and 'Alcoholic beverages and tobacco'. These categories have seen a reduction in prices, contributing significantly to the overall decline in the inflation rate. For instance, while food prices had been rising, they showed signs of stabilisation, which is crucial given their substantial weight in the consumer price index (CPI) at 16.5%.

The easing from 4.4% in August to 3.4% in September 2024 marks a significant shift, indicating that price increases are slowing down across multiple sectors.

2. Analysis

Food and Non-Alcoholic Beverages

The annual inflation rate for food and non-alcoholic beverages was 5.1%, a significant drop from 9.8% in September 2023. On a month-to-month basis, prices rose by 0.3%, down from 0.7% in the previous month.

Within the food segment, several subcategories saw notable changes. 'Bread and cereals', which constitutes 4.8% of the food category, experienced a price increase of 4.1%, down from 9.9% in September 2023. Items like 'macaroni, spaghetti, and noodles' shifted from a 12.6% price increase to a 2.2% decrease.

The inflation rate for fish dropped sharply to 0.1% in September 2024, down from 16.9% in September 2023. Dried or salted fish prices declined by 6.4% after a previous increase of 12.8%, while fresh and frozen fish prices rose by 0.7%, down from 18.9%.

Similarly, vegetable prices, including potatoes and tubers, increased by 6.4%, a steep decline from the 16.4% rise in September 2023. Key items such as onions saw a price drop from 32.4% to a 20.5% decrease, and cabbage prices decreased from 44.4% to 8.5%.

Mineral water, soft drinks, and juices saw price increases slow to 3.8% in September 2024, compared to 10.5% in September 2023. The inflation rate for 'fruit juices and squashes' and 'water and soft drinks' also slowed to 1.0% and 5.2%, respectively.

Alcoholic Beverages and Tobacco

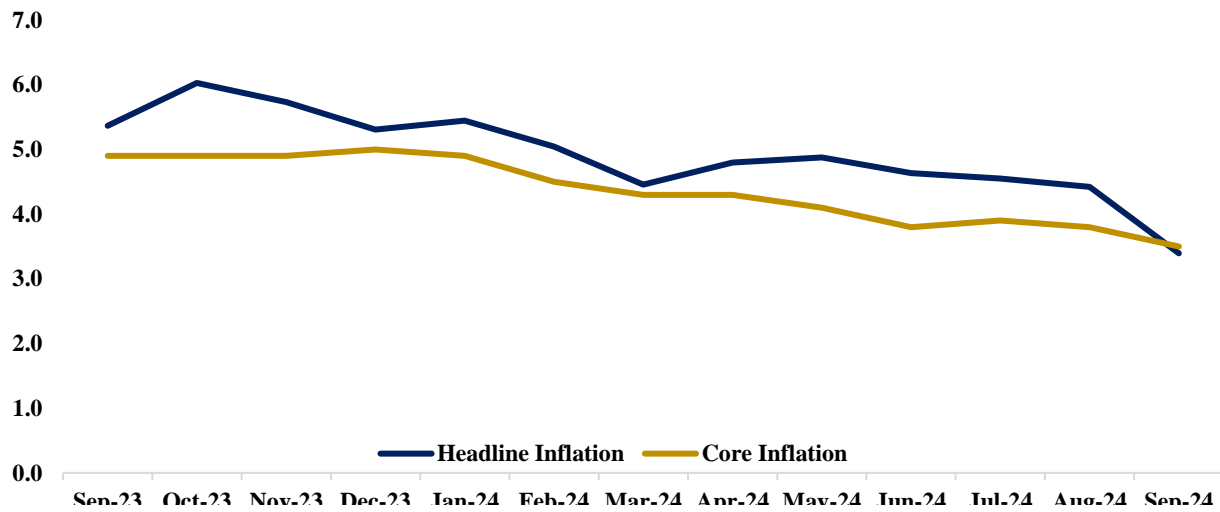
The annual inflation rate for 'Alcoholic Beverages and Tobacco', which accounts for 12.6% of the consumer basket, stood at 4.0% in September 2024, down from 7.9% in September 2023. Month-on-month inflation in this category remained steady at 0.3%.

Alcoholic beverages saw an annual inflation increase of 3.7% in September 2024, down from 8.5% a year earlier. This was due to slower price growth in items like 'White Spirits', 'Sparkling Wines/Champagnes', and 'Beer/Ales/Ciders'. Tobacco prices, on the other hand, recorded a 5.2% annual increase, matching the rate from September 2023.

Recreation and culture

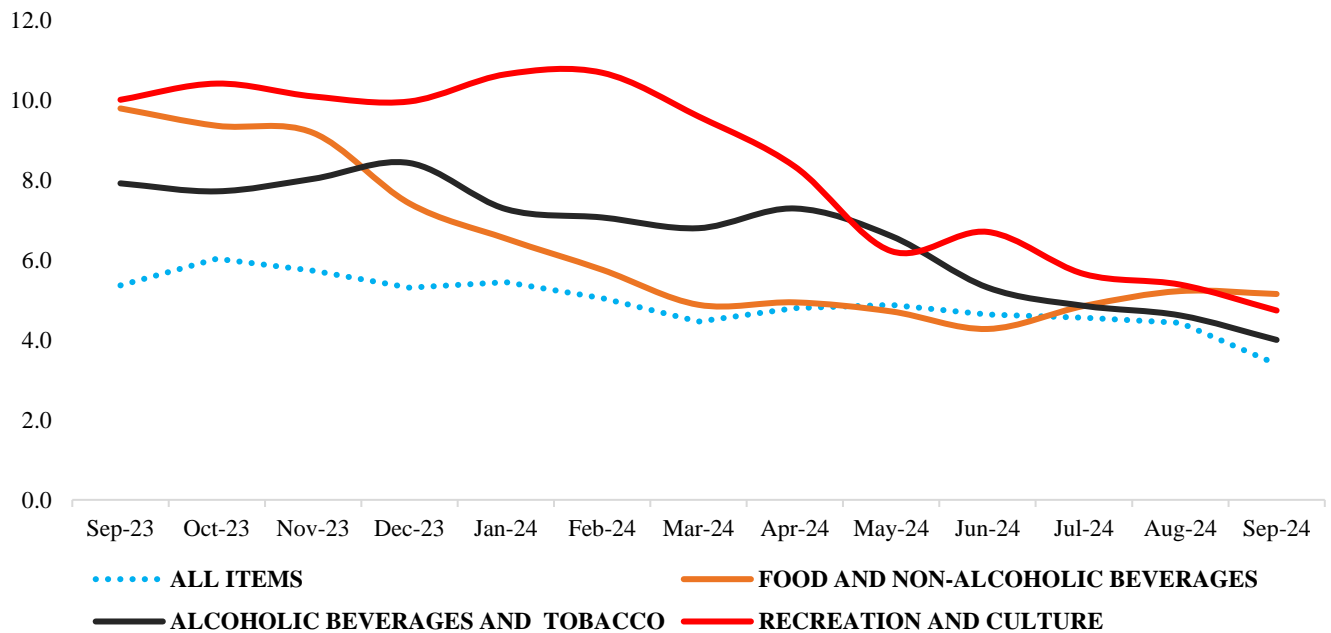
The annual inflation rate for recreation and culture which accounts for 3.55% of the consumer basket, registered an inflation rate of 4.7% in September 2024, compared to 9.7% observed during September 2023. This was attributed to a decline in package holidays of 11% influenced by a decrease in the national occupancy rate.

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



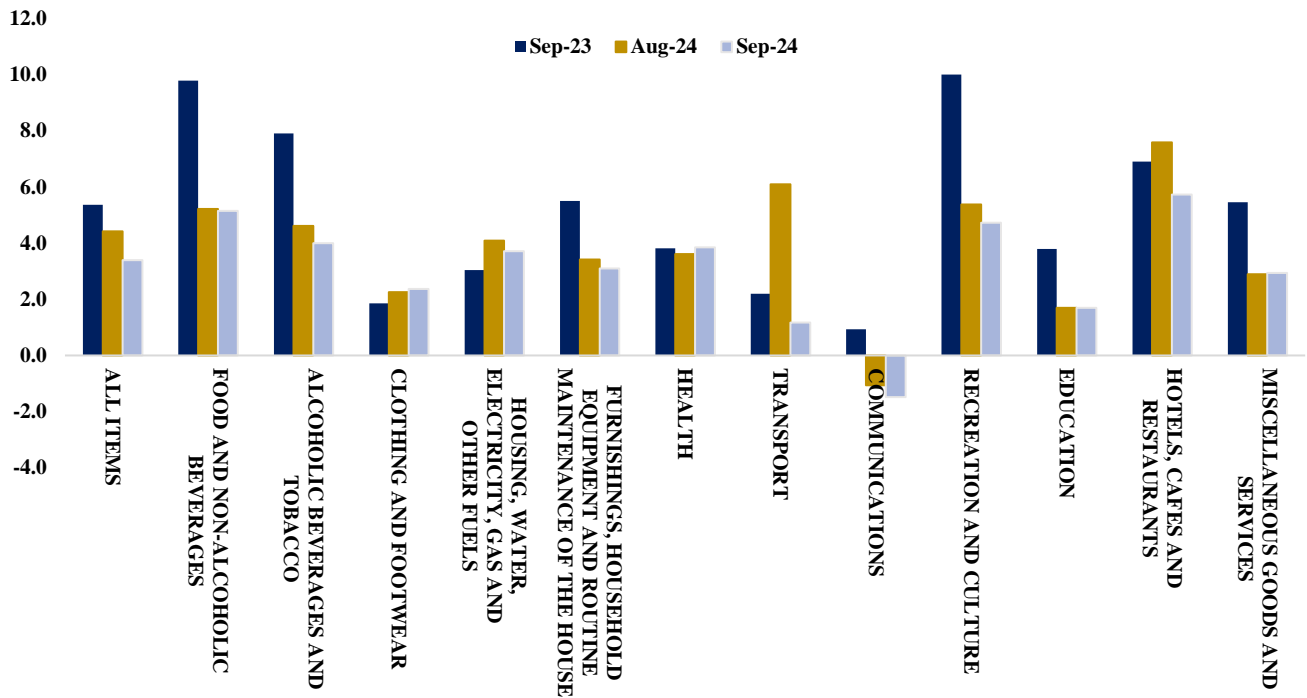
Source: NSA, HEI Research

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



Source: NSA, HEI Research

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



Source: NSA, HEI Research

3. Outlook

Core inflation being slightly higher than headline inflation in Namibia for September 2024 suggests that underlying inflationary pressures—excluding volatile elements such as food and energy—remain persistent despite recent overall declines. Namibia's inflation outlook is expected to remain subdued in the short term, with the inflation rate continuing its downward trajectory. In September 2024, inflation fell to 3.4%, down from 4.4% in August 2024 and 5.4% in September 2023, marking its lowest level in over three years. This notable reduction is primarily driven by declining prices in key categories such as food, particularly bread, cereals, and non-alcoholic beverages, which have experienced significant price stabilization. Additionally, lower inflation in the transportation sector has contributed to this trend.

However, despite this overall positive development, upward price pressures persist in the housing, water, electricity, gas, and other fuels categories, with housing costs increasing by 3.7% annually. Nevertheless, the inflation outlook remains favorable, with further reductions anticipated for October 2024, driven by declining fuel prices.



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