

1. Executive Summary

In October 2024, the annual inflation rate fell to 3.0%, a significant decrease from the 6.0% recorded in October 2023, reflecting a continued easing of inflationary pressures. Compared to previous months, where inflation was at 3.4%, October showed further deceleration. Key contributors to this decline were *Transport, Recreation and culture, Food and non-alcoholic beverages*.

Core inflation, which excludes food and energy prices, increased slightly to 4% in October 2024, up from 3.5% recorded in September 2024 but lower than the 4.5% observed in October 2023. This indicates some underlying inflationary pressures, though they are generally declining on an annual basis.

Analysis

Transport

The transport category, which comprises 14.3% of the consumer basket, saw a substantial drop in its annual inflation rate, falling to 2.9% in October 2024 from 6.6% in October 2023. This decrease was mainly driven by the operation of personal transport equipment, which fell to 6.6% from 7.5% a year earlier, largely due to a sharp 21.3% reduction in petrol and diesel prices.

Recreation and culture

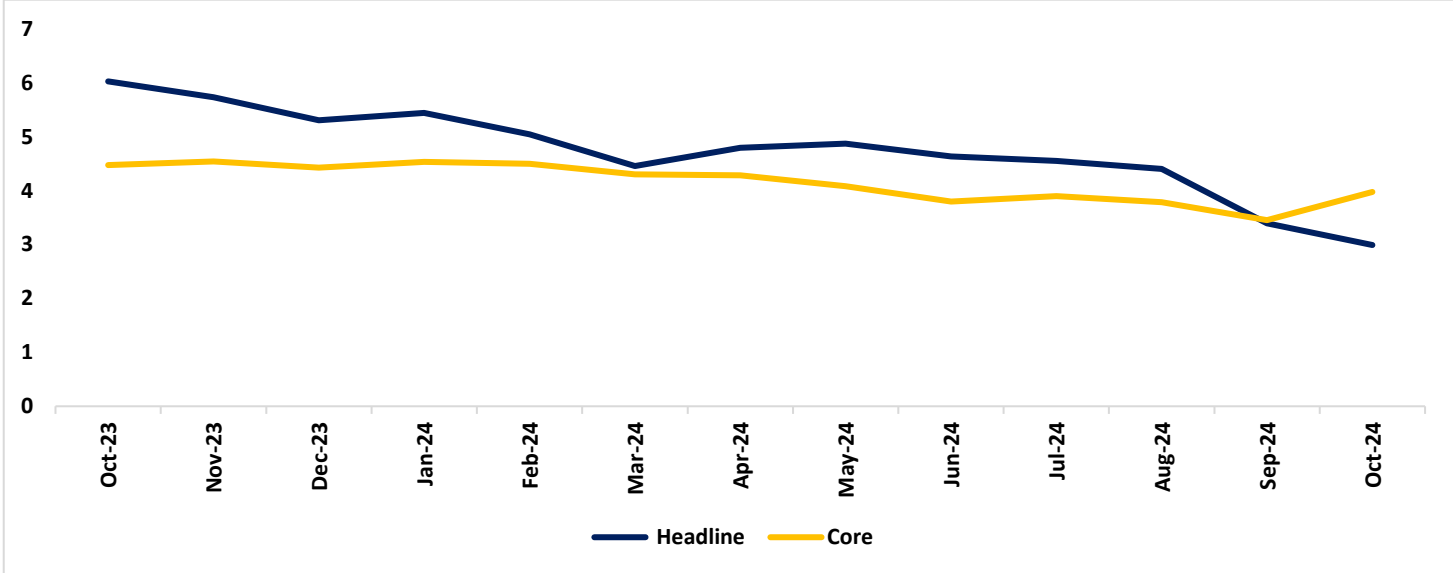
This category, accounting for 3.55% of the consumer basket, registered a 4.7% annual inflation rate in October 2024, down from 10.4% in October 2023. All subcategories saw declines with a significant decline in package holidays, which fell by 73.6%. This reduction likely reflects a normalization in holiday package prices following pandemic-related disruptions, along with more competitive pricing as travel and tourism activities continue to recover.

Food and Non-Alcoholic Beverages

The annual inflation rate for food and non-alcoholic beverages decreased to 5.1% in October 2024, from 9.4% in October 2023. Most subcategories within this segment saw declines, except for oils and fats, which rose by 10.2% due to increasing cooking oil prices. Major declines were observed in the fish, milk, cheese, eggs, and vegetable subcategories, including potatoes and other tubers.

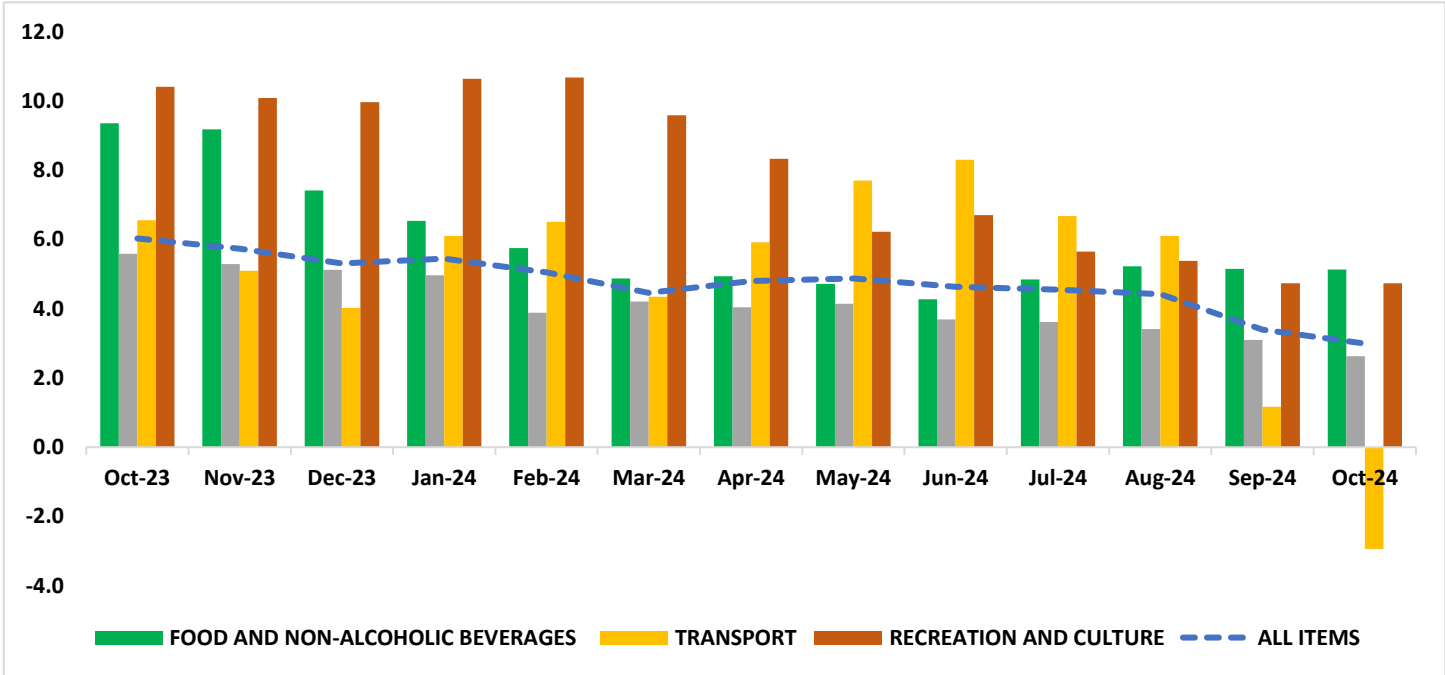
- Fish: Inflation for fish dropped sharply to 2.7% in October 2024 from 15.5% a year earlier, influenced by a 20.5% reduction in dried or salted fish prices.
- Milk, Cheese, and Eggs: Inflation in this category declined to 2.0% from 12.4%, driven by a 15.7% decrease in baby milk powder prices.
- Vegetables (including potatoes and tubers): Inflation decreased to 5.5% from 15.4%, with notable reductions in cabbage (from 44.9% to 3.4%) and potatoes (from 40% to 3.6%).

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



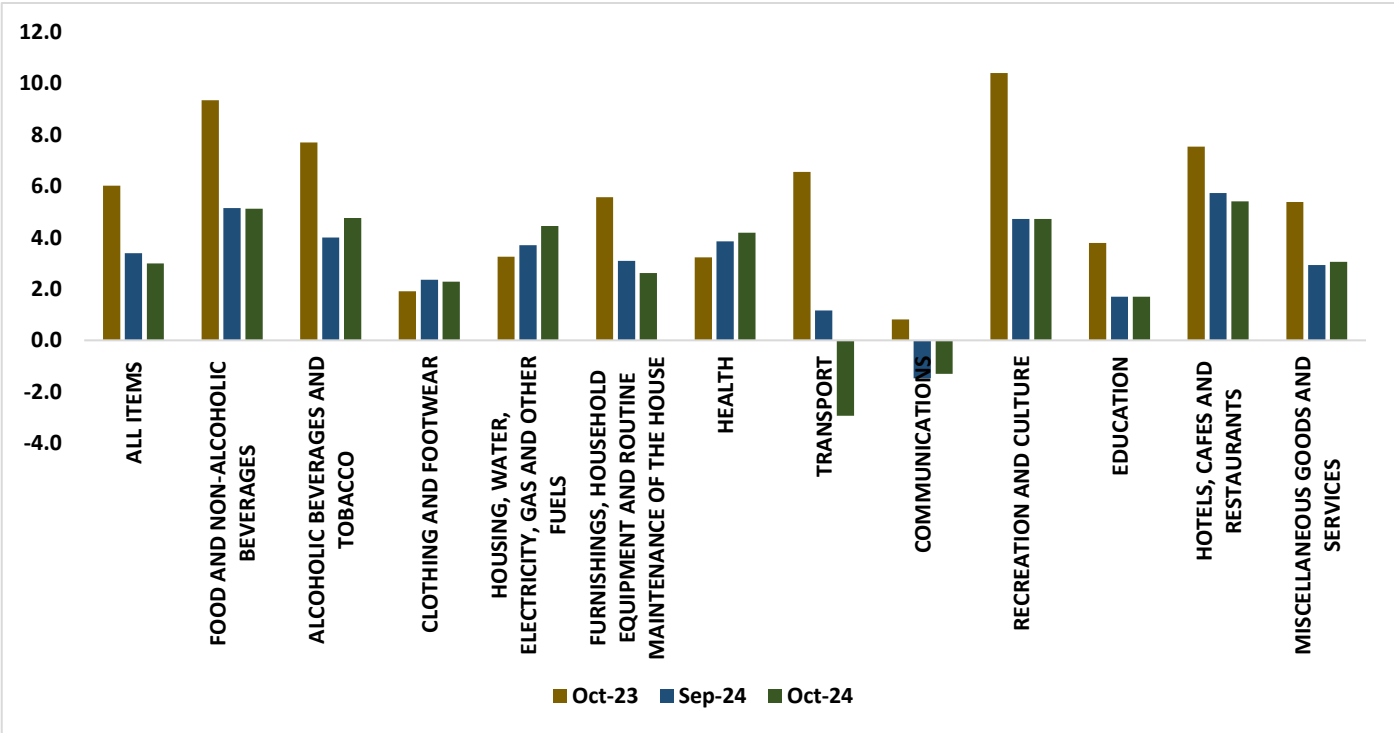
Source: NSA, HEI Research

Figure 2: The main contributors to the annual inflation rate of October 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 subdued in the short term, with inflation likely to continue its downward trend. Inflationary pressures are expected to remain relatively stable, particularly as the Transport sector benefits from low fuel prices. However, as the Ministry of Mines and Energy recently absorbed under-recoveries through the National Energy Fund, current fuel price levels may not be sustainable in the long-term. Overall, this easing of inflation should support consumer spending and may provide the central bank with flexibility to maintain favorable monetary policies, assuming external conditions remain stable.



15 Harold Pupkewitz Street | Eros | Windhoek 

P.O Box 24867 | Windhoek 

+264 61 307 728 

info@hei.com.na 

www.hei.com.na 