

## 1. Executive Summary

Namibia's annual inflation rate for April 2025 was recorded at 3.6%, showing a significant decline from 4.8% in April 2024 and down from 4.0% in March 2025. The decline in price growth was mainly driven by low prices in key categories such as recreation and culture (-3.7%), largely due to a significant drop in the cost of package holidays (-40.2%). Additionally, hotels, cafés and restaurants saw a decrease of -1.9%, driven by lower prices in catering services (-2.7%), while alcoholic beverages and tobacco declined by -2.4%, with alcoholic beverages alone also falling by 2.4%. These declines helped ease overall inflationary pressure during the month under review. On a monthly basis, consumer prices remained relatively stable. Core inflation stood at 4.0%, slightly above the headline rate of 3.6%, indicating that the decline in overall inflation was largely due to falling prices in volatile components such as fuel prices. See figure 1

Regionally, inflation varied: Zone 3 (Hardap, ||Kharas, Omaheke, Erongo) recorded the highest rate at 4.2%, followed by Zone 1 (Kunene, Otjozondjupa, Oshikoto, Oshana, Omusati, Kavango East, Kavango West, Zambezi) at 3.7%, while Zone 2 (Khomas Region - Windhoek) registered the lowest at 3.2%. These differences reflect varying economic conditions and consumption patterns across regions. See figure 2.

## 2. Analysis

### Recreation and Culture

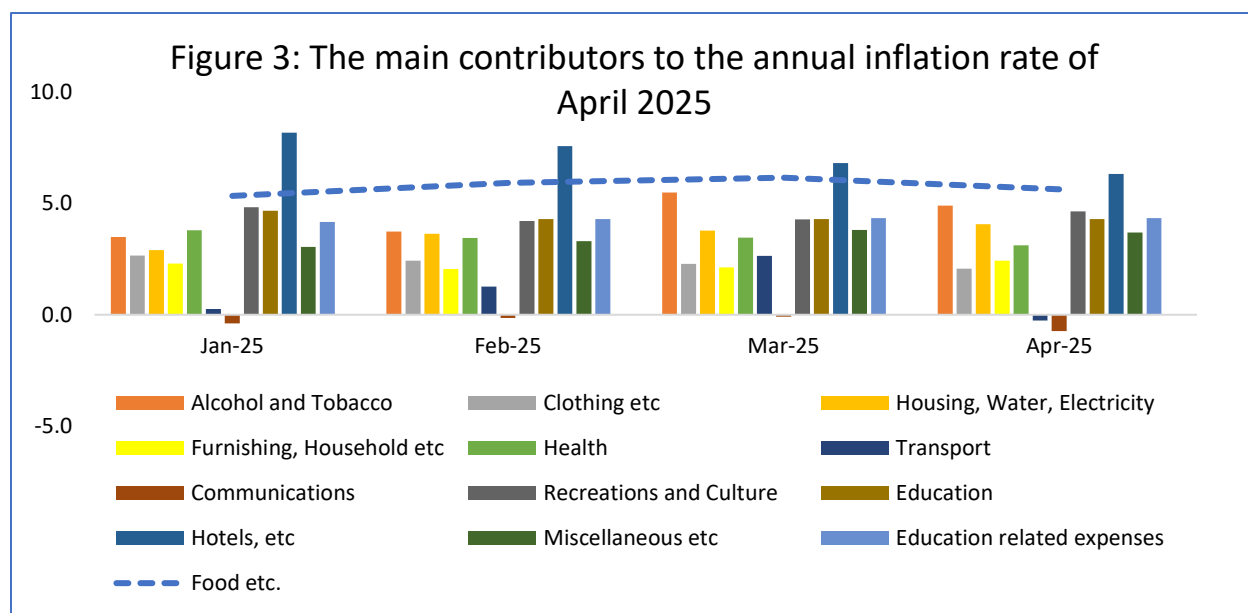
This category, which accounts for 3.55% of the consumer basket, recorded an annual inflation rate of 4.6% in April 2025, declined to 3.7% from 8.3% in April 2024. The decline was primarily driven by a sharp 40.2% drop in prices for package holidays, which significantly eased inflation within this category. This sharp drop not only offset upward pressures from other components within the category but also played a pivotal role in easing overall inflation. The pronounced reduction in package holiday costs may reflect changes in travel demand.

### Transport

Transport, accounting for 14.28% of consumer spending, recorded an annual inflation rate of -0.3% in April 2025, representing a significant decrease of 6.2 percentage points from 5.9% in April 2024. This decline was primarily driven by an 8.9% reduction in the cost of operating personal transport equipment, largely due to a decline in fuel prices.

This category, representing 12.59% of the consumer basket, experienced an annual inflation rate of 4.9% in April 2025, marking a decline of 2.4 percentage points from 7.3% in April 2024. The reduction was primarily driven by a 2.4% decrease in prices of alcoholic beverages, particularly within the Beer, Ales, and Ciders segment, which contributed significantly to moderating inflation within this expenditure group. See figure 3.





Source: NSA & HEI RESEARCH

### 3. Outlook

Namibia's inflation rate for April indicates a slight recovery in inflationary pressures, particularly in the transport sector. Headline inflation dropped from 4.2% to 3.6%, while core inflation remained steady at 4%. The difference between the two highlights that the decline in headline inflation was largely driven by fluctuations in volatile sectors like transport, while the more stable core inflation reflects persistent underlying price pressures. With the repo rate maintained, the central bank aims to stabilize inflationary pressures in the economy. The steady repo rate is expected to help manage inflation, and the recent decline in headline inflation, particularly in discretionary sectors such as recreation, hospitality, and alcoholic beverages, provides some relief to household budgets. Overall, these trends suggest a continued effort toward price stability in the economy.