

# NCPI May 2025



## 1. Executive Summary

Namibia's annual inflation rate for May 2025 recorded at 3.5%, slightly down from 3.6% in April 2025 and significantly lower than the 4.9% observed in May 2024. The marginal decline was largely driven by reduced price pressures in key categories such as transport, recreation and culture, furnishings and household equipment, and health.

In contrast, food and education inflation remained elevated at 5.8% and 4.3%, respectively, continuing to exert upward pressure on the overall rate. On a monthly basis, inflation showed little movement, indicating a relatively stable price environment despite volatility in education-related costs and seasonal food prices. Core inflation stood at 4.1%, slightly above the previous month, while the headline rate eased to 3.5%.

## 2. Analysis

### Transport

The transport category, which accounts for 14.28% of the consumer basket, recorded an annual inflation rate of 1.3% in May 2025, down from 7.7% in May 2024. This decline was primarily driven by a 3.3% drop in the cost of operating personal transport equipment, largely reflecting lower fuel prices. Meanwhile, public transportation services remained stable at 1.3%. The continued decrease in transport costs played a significant role in easing overall inflationary pressures during the month under review.

### Recreation and Culture

This category, which accounts for 3.55% of the consumer basket, recorded an annual inflation rate of 4.2% in May 2025, down from 6.2% in May 2024. The decline was primarily due to a sharp moderation in package holiday prices, which declined to 0.6% compared to a significant 15.3% in May 2024.

### Furnishings and household equipment

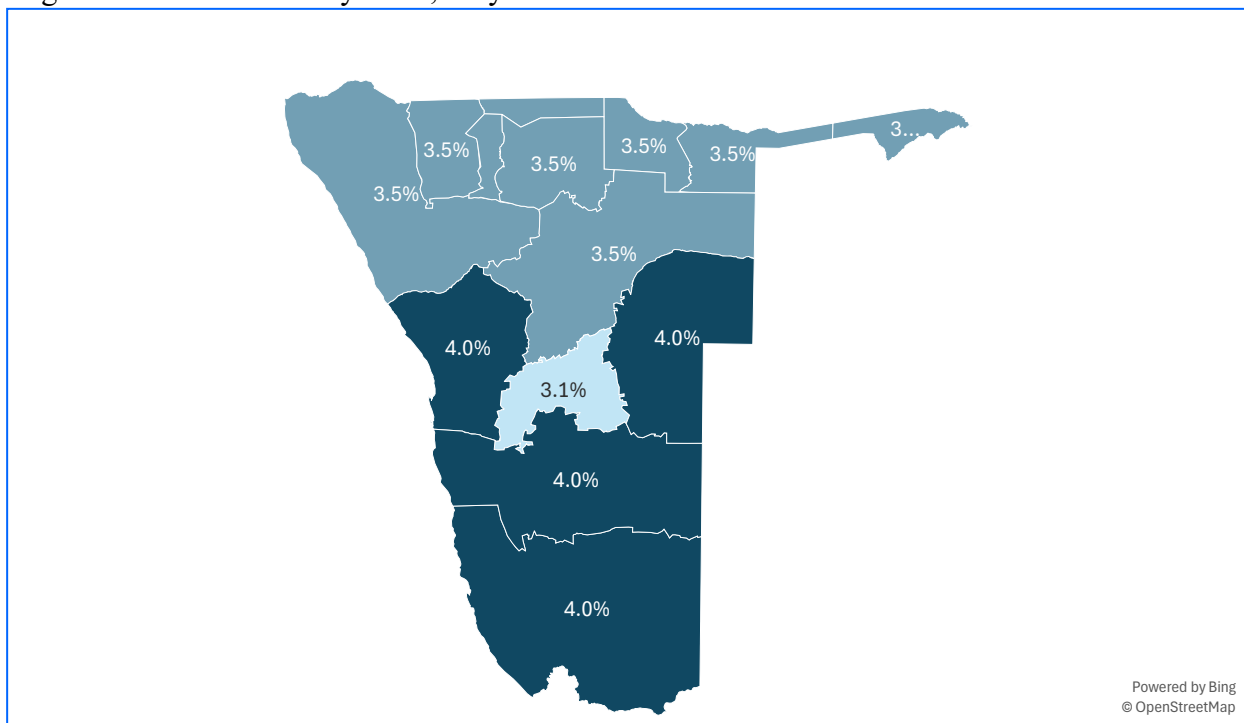
The Furnishings and household equipment category, which makes up 5.47% of the consumer basket, recorded an annual inflation rate of 2.4% in May 2025, down from 4.1% in May 2024. The decline in price was driven by notable declines in the cost of major household items such as furniture and furnishings (-1.4%) and glassware and utensils (-0.6%), both of which had recorded positive inflation rates the previous year.

The health category, accounting for 2.01% of the consumer basket, annual inflation rate eased to 3.0% in May 2025, down from 4.3% in May 2024. The slowdown was mainly due to declines in price levels of medical products, appliances and equipment from 6.2% to 4.0%. Outpatient Services, medical, dental and paramedical also recorded declines from 3.3% to 2.4%.

The chart displays two inflation metrics over a 13-month period. Headline inflation (blue line) starts at approximately 4.9% in May-24, peaks at 4.2% in March-25, and ends at 3.5% in May-25. Core inflation (orange line) starts at 4.1% in May-24, peaks at 4.0% in March-25, and ends at 4.1% in May-25. The two lines cross in February 2025 at approximately 3.5%.

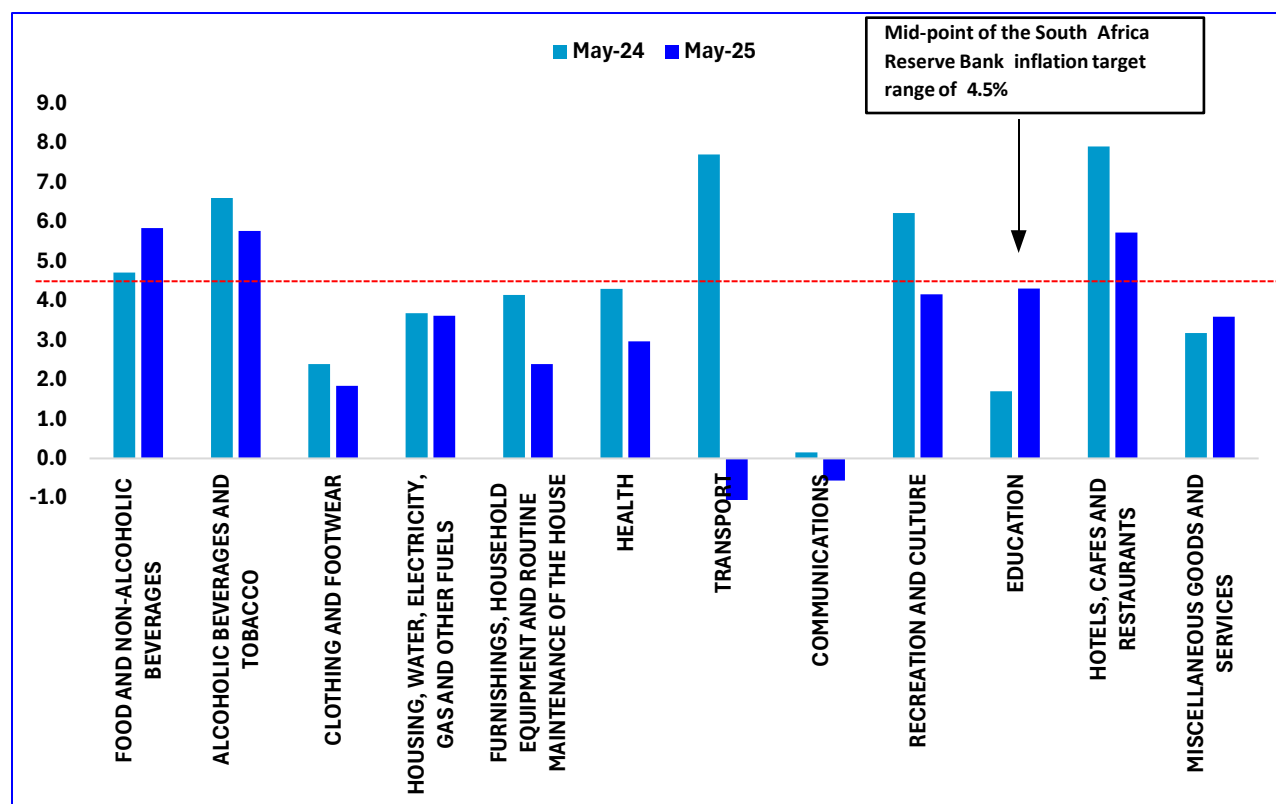
Month	Headline Inflation (%)	Core Inflation (%)
May-24	4.9	4.1
Jun-24	4.6	3.8
Jul-24	4.5	3.9
Aug-24	4.4	3.8
Sep-24	3.4	3.5
Oct-24	3.0	4.0
Nov-24	3.0	3.9
Dec-24	3.4	3.8
Jan-25	3.2	3.7
Feb-25	3.5	3.5
Mar-25	4.2	4.0
Apr-25	3.6	4.0
May-25	3.5	4.1

Figure 2: Inflation Rate by Zone, May 2025



Source: NSA & HEI RESEARCH

Figure 3: Main Contributors to the Annual Inflation Rate (Below and Above the Target Range), May 2024 – May 2025



Source: NSA & HEI RESEARCH

### 3. Outlook

Namibia's inflation has continued to moderate, with annual rates remaining below the 4.5% midpoint of the South African Reserve Bank's target range since September 2024. Transport-driven deflation is expected to persist, provided fuel prices remain subdued. The Bank of Namibia's current monetary stance is likely to stay accommodative as long as inflation trends within the medium-term target range, thereby supporting domestic demand and economic recovery.

However, food inflation remains a key upside risk, driven by rising prices of meat, oils, and fruit, which continue to exert upward pressure on household spending especially given Namibia's high dependence on food imports.