

## NCPI

December 2025

### 1. Executive summary

Namibia's annual inflation eased further to 3.2% in December 2025, down from 3.4% in November 2025 and lower than the 3.4% recorded in December 2024. The deceleration reflects broad-based moderation in food prices, complemented by contained health-related costs and easing inflation in hotels, cafés and restaurants. Core inflation, stood at 3.4%, a decline from the 3.8% recorded in December 2024. Throughout the period from December 2024 to December 2025, core inflation consistently remained above the headline rate, indicating more persistent underlying price pressures. The divergence reflects the moderating influence of volatile items particularly food and energy. Namibia's annual inflation rate for the year 2025 averaged 3.5% compared to 4.2% in 2024, this indicates a significant return towards price stability, with inflationary pressures easing closer to the central bank's target range.

Regional inflation trends remained relatively contained in December 2025, with Zone 2 (Khomas) registering the highest annual inflation rate at 3.3%, down from 4.3% previously, reflecting a significant moderation in price pressures. Zone 3 recorded an inflation rate of 3.2%, up from 2.9%, while Zone 1 experienced the lowest inflation at 3.0%, increasing from 2.8%.

### 2. Analysis

#### Food and non-alcoholic beverages

Food and non-alcoholic beverages, which account for a substantial 16.45% weight in the consumer basket, were the primary driver of the decline in headline inflation in December 2025. Annual inflation in this category slowed to 2.6% in December 2025, from 5.9% in December 2024, exerting a strong downward influence on overall inflation.

The disinflation was driven by pronounced moderation across several key food sub-groups. Bread and cereals recorded a deflation of -0.5% in December 2025, from 6.7% in December 2024. Similarly, fish inflation decelerated significantly to 2.2% from 6.0%. Oils and fats inflation declined from 6.9% in December 2024 to 2.9% in December 2025. Inflation in sugar, jam, honey, syrups, chocolate and confectionery also slowed sharply, easing from 6.6% to 2.4%, further contributing to lower food inflation. In addition, coffee, tea and cocoa inflation moderated from 8.2% to 4.8%.

#### Health

The health category, which holds a 2.0% weight in the consumer basket, contributed to the moderation in headline inflation through contained and easing price pressures. Annual health inflation slowed to 2.7% in December 2025, from 4.2% in December 2024.

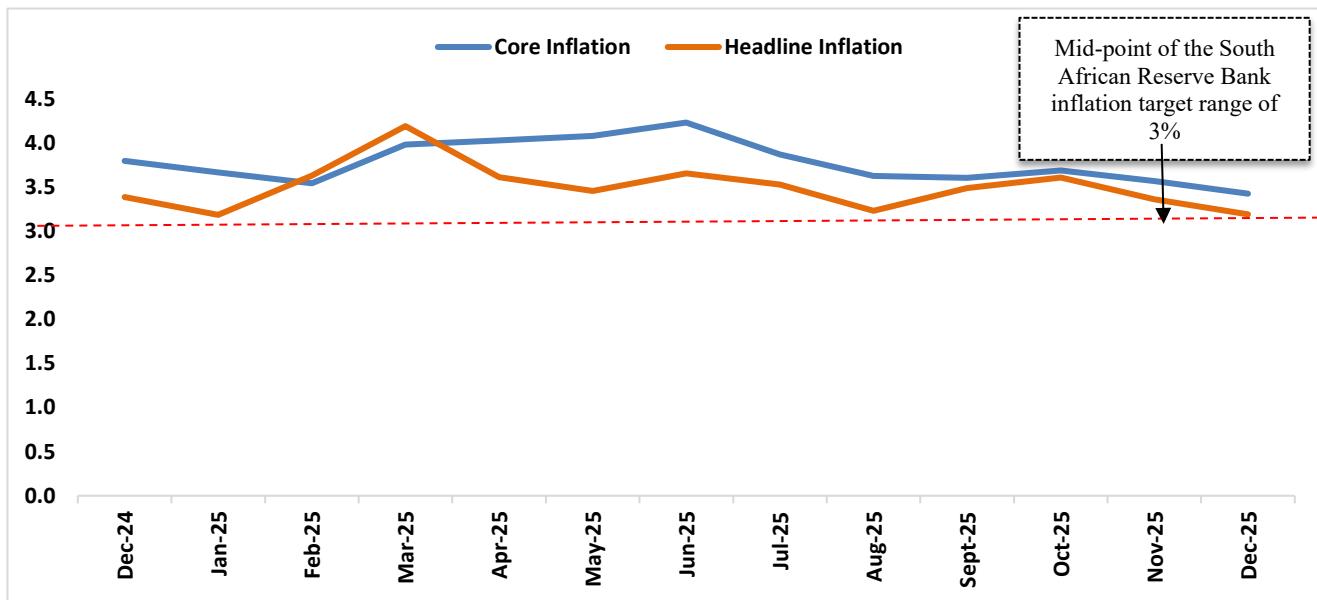
The deceleration was driven primarily by lower inflation in medical products, appliances and equipment, where price growth eased from 5.8% in December 2024 to 3.4% in December 2025. Similarly, inflation in outpatient services, including medical, dental and paramedical services, moderated from 3.3% to 2.4%, indicating contained cost adjustments in private healthcare services.

#### Hotels, Cafés and Restaurants

The hotels, cafés and restaurants category, representing 1.39% of the consumer basket, also contributed to the moderation in headline inflation toward the end of 2025. Annual inflation in this category eased to 4.2% in December 2025, from 6.7% in December 2024.

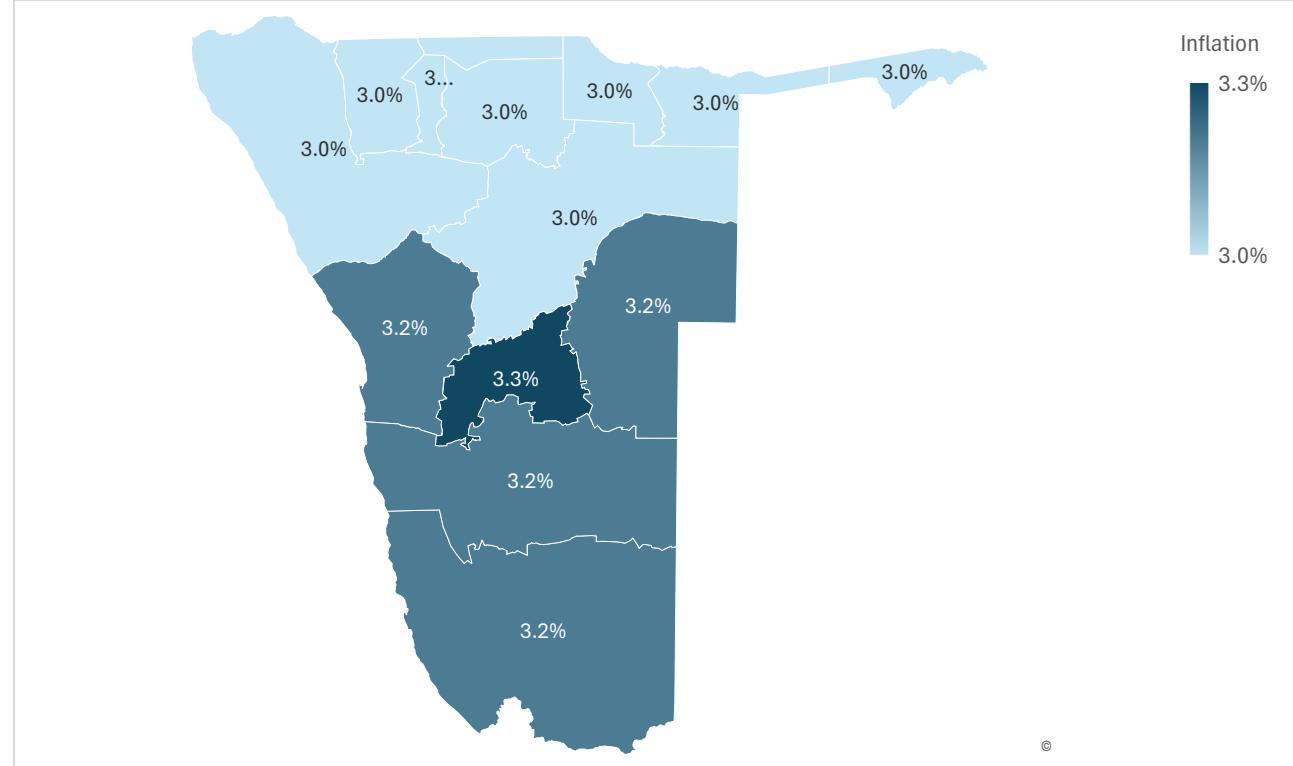
The slowdown was driven mainly by catering services, where inflation decelerated from 6.4% in December 2024 to 3.5% in December 2025. This reflects the pass-through of lower food input costs, increased competition, and more contained pricing strategies despite heightened seasonal demand during the festive period. Similarly, accommodation services inflation moderated from 7.0% to 5.1%, indicating easing price pressures in lodging services compared to the previous year.

**Figure 1: Annual Inflation Rate, December 2024 – December 2025**



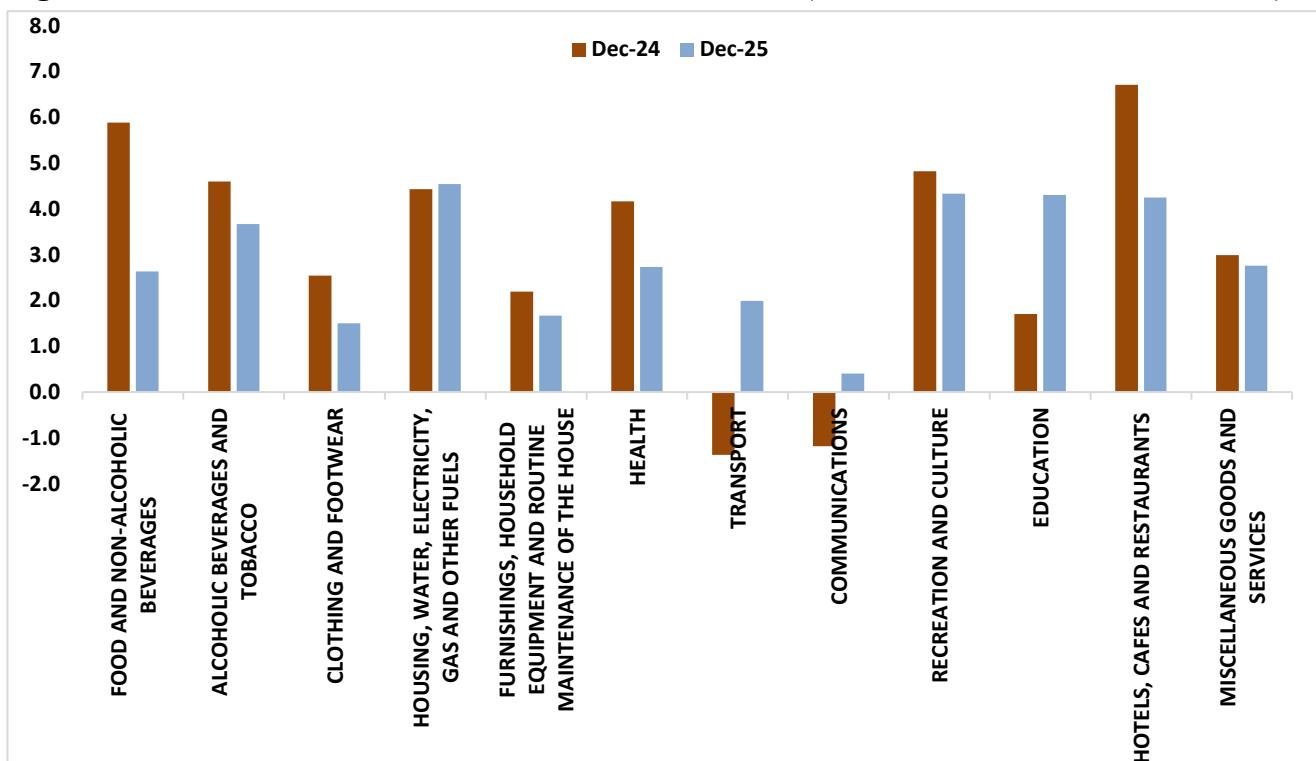
Source: NSA & HEI Research

**Figure 2: Inflation Rate by Zone, December 2025**



Source: NSA & HEI Research

**Figure 3: Main Contributors to the Annual Inflation Rate ( December 2024 – December 2025)**



Source: NSA & HEI Research

### 3. Outlook

Namibia's inflation outlook for early 2026 remains characterized by broad price stability, with headline inflation expected to remain anchored within the 3–4% range. The sustained moderation in food prices continues to serve as a key stabilizing factor, while exchange rate stability and relatively benign external commodity price conditions are expected to contain import-related inflationary pressures.

However, core inflation is likely to remain elevated relative to headline inflation, reflecting persistent price pressures in services, utilities, and seasonal education-related costs associated with the January school and tertiary enrolment period. Education fee adjustments, alongside potential fuel price movements and post-holiday supply and demand normalization, are expected to be key drivers of short-term inflation dynamics.

Notwithstanding the overall moderation in headline inflation, structural constraints, including limited domestic production capacity and Namibia's continued exposure to external cost shocks, are expected to sustain underlying inflationary pressures over the near term