

NCPI

January 2026

1. Executive summary

Namibia's headline inflation eased to 2.9% in January 2026, down from 3.2% in both December 2025 and January 2025. The moderation was driven primarily by lower inflation in food and non-alcoholic beverages, hotels, cafés and restaurants, and education categories. These downward pressures were partially offset by accelerating inflation in a few key categories, notably housing, water, electricity, gas and other fuels, transport, and health, reflecting rising utility costs, higher transport operating expenses, and increased outpatient healthcare service charges.

Core inflation remained slightly above headline inflation at 3.2% in January 2026, but declined from 3.7% a year earlier, reinforcing the view that underlying price pressures are gradually easing across the economy. Overall, this outcome marks the lowest inflation level recorded during the period under review.

The zonal inflation rates for show that Zone 2 (Komas region) registered the highest annual inflation rate at 3.8%, followed by Zone 3 (Karas, Erongo, Hardap, and Omaheke regions) at 3.2%. Zone 1 (Kavango East, Kavango West, Kunene, Ohangwena, Omusati, Oshana, Oshikoto, Otjozondjupa, and Zambezi regions) recorded the lowest annual inflation rate at 1.9%.

2. Analysis

Food and non-alcoholic beverages

Food and non-alcoholic beverages, which account for a substantial 16.45% of the consumer basket, recorded a sharp slowdown in annual inflation, easing from 5.3% in January 2025 to 1.9% in January 2026, driven by broad-based moderation across staple items.

Key subcategories contributed to this moderation:

- Bread and cereals fell to -1.6% from 5.4%, with bread declining from 6.4% to -3.0% due to lower maize meal and bread prices, and bread cake flour easing to -2.5% from 0.5%.
- The vegetables, including potatoes and other tubers category, fresh beans recorded the most pronounced decline, falling from 6.4% to -11.2%, while potatoes declined from 9.7% to -7.9%, and carrots eased to 1.4% from 18.5%.
- Sugar, jam, honey, syrups, chocolate, and confectionery, inflation slowed to 0.6% from 5.8%, reflecting lower prices for sugar and confectionery items.

These movements were supported by improved domestic supply conditions, base effects from the previous year, and generally lower international commodity prices, highlighting that the easing in food prices was broad-based and largely driven by essential dietary staples.

Hotels, Cafes and Restaurants

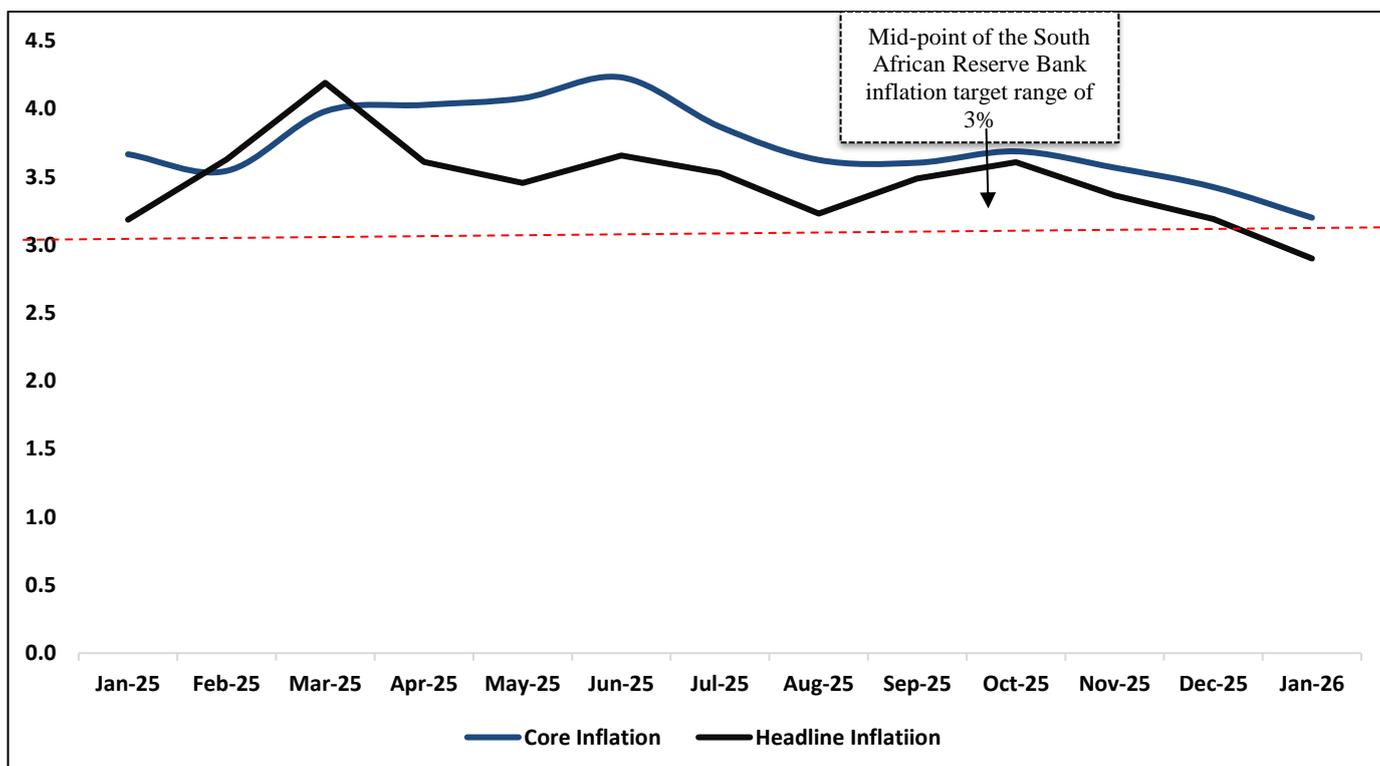
Hotels, cafes, and restaurants, which constitute 1.39% of the consumer basket, recorded a moderation in annual inflation, easing from 8.2% in January 2025 to 3.6% in January 2026. Within this category, catering services slowed to 3.4% from 6.2%, while accommodation services eased to 3.8% from 10.3%. The slowdown reflects lower price pressures in both dining and lodging services, supported by stable input costs, contributing to a moderation in overall headline inflation.

Education

Education, which represents 3.65% of the consumer basket, recorded a moderation in annual inflation, easing from 4.7% in January 2025 to 2.4% in January 2026. Within this category, pre-primary education (ages 2 to 6 years) slowed sharply to 0.4% from 8.2%, while primary (private) and secondary education (ages 7 to 17 years) eased to 2.4% from 7.0%.

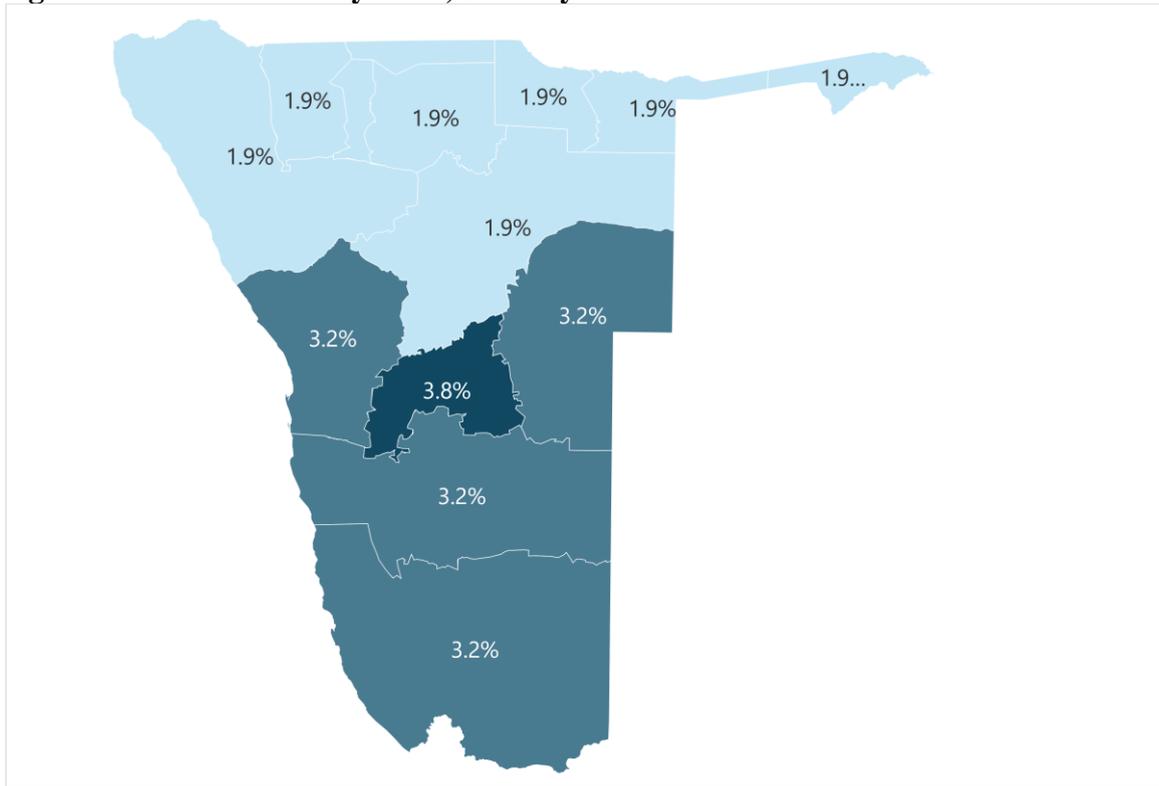
The slowdown was largely driven by lower tuition and service fee increases, reflecting the impact of free education policies implemented in the sector, and was partially offset by a slight uptick in tertiary education, which rose to 2.8% from 2.1%. Overall, the moderation in education costs contributed to the decline in headline inflation while reflecting subdued price pressures across the sector.

Figure 1: Annual Inflation Rate, January 2025 – January 2026



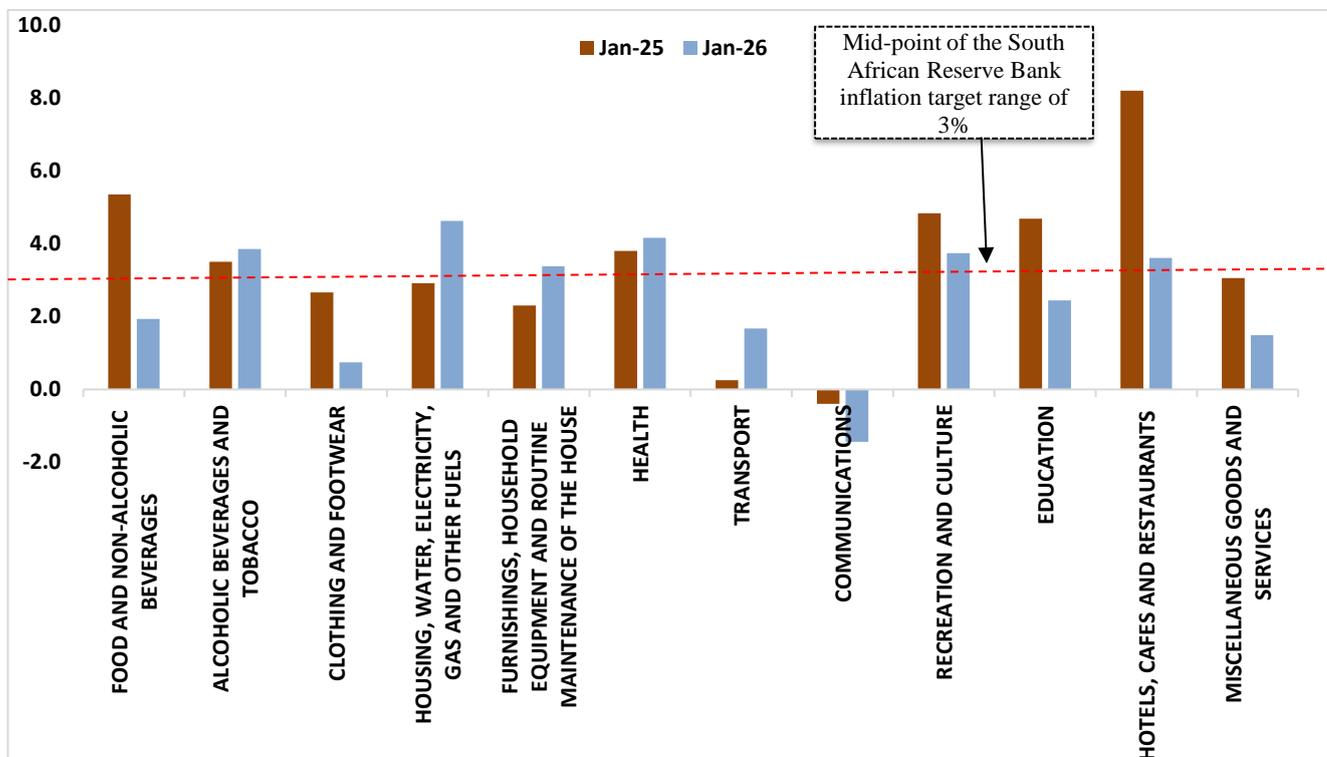
Source: NSA & HEI Research

Figure 2: Inflation Rate by Zone, January 2026



Source: NSA & HEI Research

Figure 3: Main Contributors to the Annual Inflation Rate (January 2026 – January 2026)



Source: NSA & HEI Research

3. Outlook

Namibia's headline inflation is expected to remain moderate in the near term, supported by the broad-based easing of price pressures across the economy. The low-inflation environment offers relief for Namibian households, potentially supporting real incomes and consumer spending, particularly among lower-income groups who allocate a larger share of their budgets to essential goods and services. Despite this moderation, inflationary pressures may persist in certain areas, notably housing, water, electricity, gas, transport, and healthcare, reflecting rising utility costs, fuel-related expenses, and increased service charges. These factors could partially offset the overall moderation, resulting in a gradually stabilizing headline inflation rate in the first half of 2026.

Core inflation, which eased to 3.2% in January 2026, indicates that underlying price pressures are gradually softening. In response, the Bank of Namibia has maintained the repo rate at 6.50%, reflecting a cautious approach aimed at balancing economic growth with price stability while sustaining the Namibian dollar's peg to the South African rand. Regionally, inflation is likely to remain elevated in urban and industrialized zones such as Khomas and Erongo, driven by higher housing and service costs, while rural zones may continue to experience relatively subdued price pressures.

The outlook points to continued moderate inflation, underpinned by subdued underlying price pressures, while selective upward cost factors could sustain headline inflation close to its current level. Maintaining prudent monetary policy and monitoring key cost drivers will be essential for supporting household purchasing power and macroeconomic stability throughout 2026.