

## NCPI

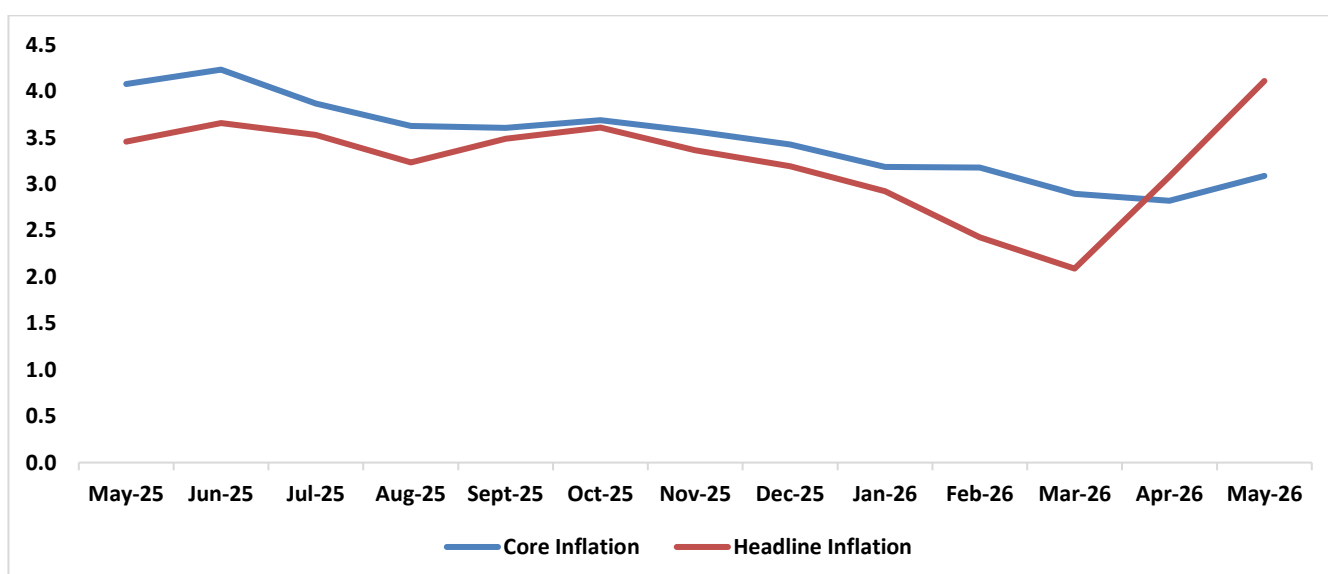
May 2026

### 1. Executive summary

Namibia's headline inflation increased to 4.1% in May 2026, up from 3.1% in April 2026 and 3.5% in May 2025. The increase was primarily driven by a sharp acceleration in transport inflation, alongside moderate increases in housing, water, electricity, gas and other fuels. These upward pressures were partially offset by relatively contained inflation in food and non-alcoholic beverages, communications, and several discretionary spending categories, reflecting a clear divergence between transport-driven cost pressures and broadly stable underlying price dynamics. Core inflation remained slightly below headline inflation at 3.1% in May 2026, up from 2.8% in April 2026, but lower than 4.1% in May 2025. This indicates that underlying price pressures remain contained, and that the recent uptick in inflation is largely driven by volatile components, particularly fuel-related transport costs rather than broad-based demand pressures.

The zonal inflation rates show that Zone 2 (Khomas region) recorded the highest annual inflation rate at 5.4%, followed by Zone 3 (Hardap, ||Kharas, Omaheke and Erongo regions) at 3.6%. Zone 1 (Kunene, Otjozondjupa, Oshikoto, Oshana, Omusati, Kavango East, Kavango West and Zambezi regions) recorded the lowest annual inflation rate at 3.2%. The higher inflation in Khomas reflects stronger exposure to transport-related costs and urban housing pressures, while rural zones remained comparatively more contained. This pattern is further supported by retail price data for selected commodities in May 2026, which shows that Zone 3 consumers paid the highest price for maize meal (5kg) at N\$73.53, followed by Zone 1 at N\$70.14, while Zone 2 recorded the lowest price at N\$68.22. In addition, Zone 1 recorded the highest diesel price at N\$28.94 per litre, closely followed by Zone 3 at N\$28.89, while Zone 2 again recorded the lowest price at N\$28.75, reinforcing the presence of clear regional price differentials across key food and fuel items.

**Figure 1: Core Inflation vs Headline Inflation, March 2025 to March 2026**



Source: NSA

## 2. Analysis

### Transport

Transport, which accounts for approximately 14.3% of the consumer basket, recorded a sharp acceleration in annual inflation, rising to 11.5% in May 2026 from 5.0% in April 2026 and -1.3% in May 2025. This reflects a clear reversal from earlier disinflationary conditions, with transport emerging as the main driver of headline inflation

Key subcategories contributed to this acceleration:

- **Operation of personal transport equipment** rose sharply to 15.4% from -3.3% a year earlier, driven primarily by fuel-related costs. Within this category, petrol and diesel prices surged to 24.1% from 10.3% in April 2026 and -7.8% in May 2025, reflecting the full pass-through of recent fuel price increases.
- **Public transportation services** increased to 11.5% from 0.7% in April 2026 and 1.3% a year earlier, reflecting rising operating costs linked to fuel pressures. Within this subgroup, taxi transport rose to 13.0% and rail transport to 10.8%, indicating broad-based increases in fare-based transport services.
- **Air transport** moderated to 6.7% from 15.6% in May 2025, while vehicle purchases remained relatively subdued at 1.2%, suggesting that the inflationary pressure was concentrated in fuel-intensive components rather than asset acquisition.

These movements were driven primarily by higher global oil prices and the full transmission of fuel cost adjustments into domestic pump prices and transport fares, highlighting that the acceleration in transport inflation was largely supply-side and fuel-driven rather than demand-driven.

### Housing, Water, Electricity, Gas and Other Fuels

This category accounts for approximately 28.4% of the consumer basket, recorded annual inflation of 4.9% in May 2026, up from 4.4% in April 2026 and 3.6% in May 2025. It remained the second-largest contributor to overall inflation.

Rental inflation remained stable at 4.7%, broadly unchanged from the 4.6% recorded a year earlier. Electricity, gas and other fuels rose sharply to 7.0%, reversing from -1.1% in May 2025, reflecting higher energy input costs. Water supply, sewerage and refuse collection eased to 1.3%, while maintenance and repair of dwellings increased to 3.1%. Overall, housing-related costs remain sticky and continue to provide an underlying floor to inflation.

### These upward pressures were partially offset by easing inflation in selected categories:

**Food and non-alcoholic beverages**, which account for approximately 16.5% of the consumer basket, recorded annual inflation of 2.0% in May 2026, unchanged from April 2026 and significantly lower than 5.8% in May 2025. This reflects sustained moderation in food price pressures.

The slowdown was broad-based across key categories. Bread and cereals remained in deflation at -0.7%, meat slowed to 3.5%, fish recorded mild deflation at -0.3%, and oils and fats eased to 1.2%. Fruit remained elevated at 12.4% and vegetables at 4.9%, although these categories did not materially alter the overall moderation trend. Overall, food inflation continues to provide a stabilising offset to transport and housing pressures.

**Alcoholic beverages and tobacco**, which account for approximately 12.6% of the consumer basket, recorded annual inflation of 1.4% in May 2026, down from 5.8% in May 2025, reflecting a broad-based moderation in excisable goods. The slowdown was observed across both key components:

- **Alcoholic beverages** inflation eased significantly to 0.9% in May 2026, down from 5.5% in May 2025, reflecting subdued price increases across beer, wine, and spirits, and relatively stable retail pricing conditions.
- **Tobacco** inflation also moderated, slowing to 3.8% in May 2026 from 7.1% in May 2025, indicating reduced upward price adjustments in tobacco products compared to the previous year.

Overall, inflation dynamics in May 2026 reveal a clear divergence between goods and services components across



### 3. Outlook

Headline inflation is expected to remain moderately elevated in the near term following the fuel-driven acceleration in May 2026. The composition of the increase suggests a supply-side shock concentrated in transport rather than broad-based demand-driven inflation. Core inflation remains contained, indicating limited second-round effects at this stage. The near-term trajectory will depend on the extent of pass-through from fuel costs into logistics, freight, and food distribution channels. Early evidence shows some spillover into public transport fares, although broader transmission into core inflation remains limited.

Housing-related costs are expected to remain sticky, particularly rentals and electricity, continuing to exert upward pressure on the CPI. In contrast, food inflation is likely to remain contained and continue to provide a cushioning effect on household purchasing power. Regionally, inflation remains highest in Khomas due to greater exposure to transport and urban cost structures, while other regions remain relatively moderate.

Overall, the May 2026 outcome signals the end of the earlier disinflation phase at the headline level, while underlying inflation remains stable. The balance of risks is tilted slightly to the upside, driven primarily by energy-related developments and potential second-round effects through transport and logistics channels.