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NCPI

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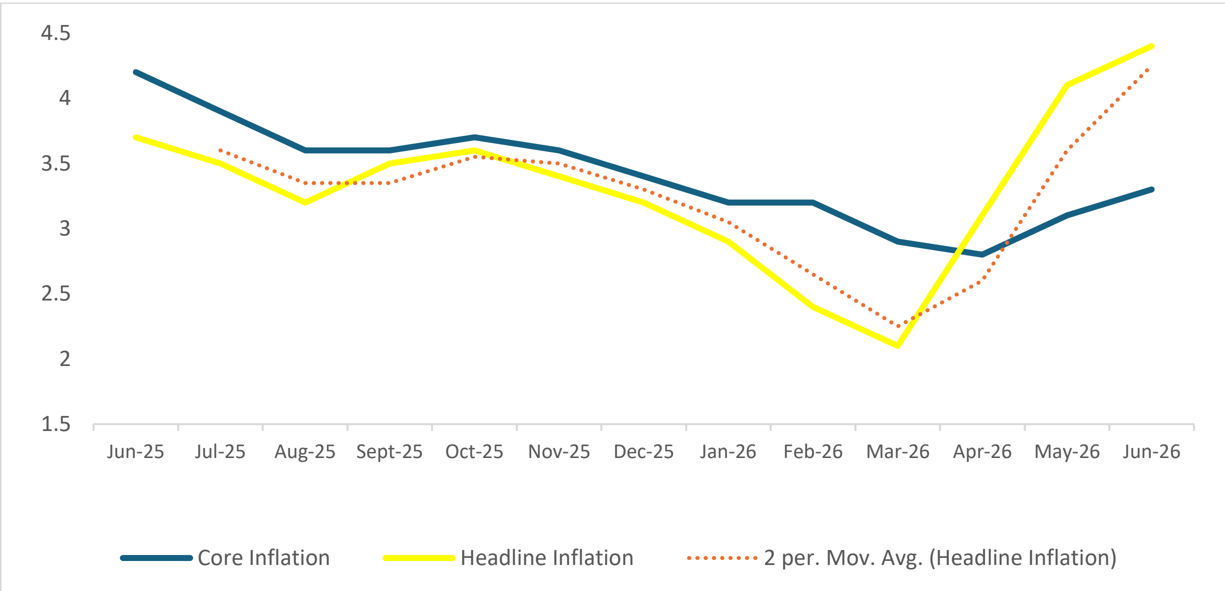
Executive summary

Namibia's headline inflation increased to 4.4% in June 2026, up from 4.1% in May 2026 and 3.7% in June 2025. Core inflation which excludes volatile food and energy prices stood at 3.3% a slight increase from 3.1% in May 2026. However lower than the 4.2% recorded in June 2025. The increase in inflation was primarily driven by a sharp acceleration in transport, alongside moderate increases in housing, water, electricity, gas and other fuels.

Khomas recorded inflation of 5.8% well above the national average, reflecting stronger price increases than any other region. By comparison, Zone 3, covering the //Kharas, Erongo, Hardap and Omaheke regions, recorded annual inflation of 4.0%, while Zone 1, comprising Kavango East, Kavango West, Kunene, Ohangwena, Omusati, Oshana, Oshikoto, Otjozondjupa and Zambezi, recorded the lowest rate at 3.3%.

An analysis of average retail prices for selected products in June 2026, revealed that consumers in Zone 3 paid the highest price for Rooibos tea bags (100g) at N$34.71, followed by Zone 2 at N$34.10, while Zone 1 consumers paid the lowest price at N$32.87. Moreover, Zone 1 consumers paid the highest for Petrol per litre at N$ 24.16, followed by Zone 3 at N$24.09, while Zone 2 consumers paid the lowest price at N$23.97.

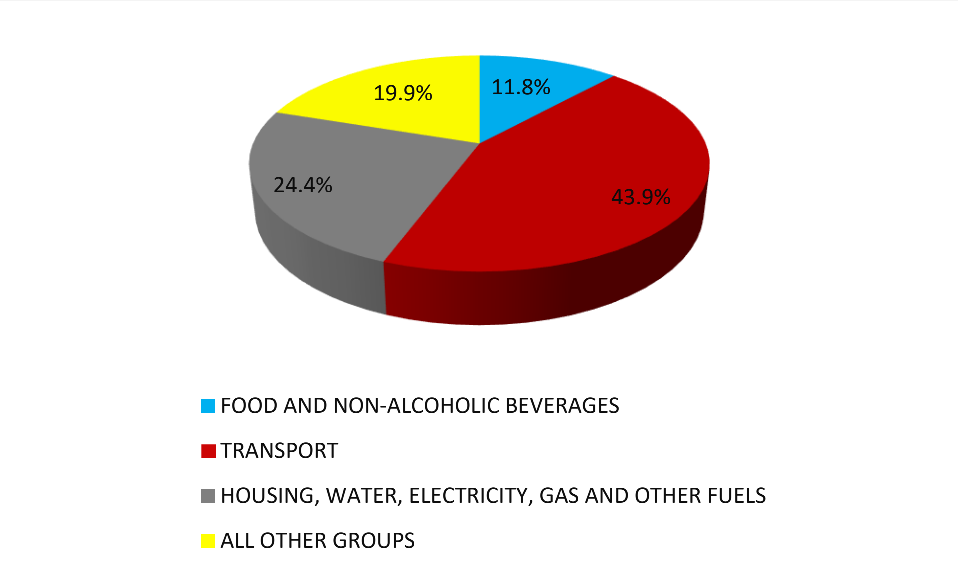
Figure 1: Core Inflation vs Headline Inflation, June 2025 to June 2026



Source: NSA

Inflationary pressures moderated through March 2026 before headline inflation accelerated sharply from April, outpacing the more gradual increase in core inflation and signalling renewed price pressures.

Figure 2: Main Contributors to the Annual Inflation Rate (June 2025 – June 2026)



Source: NSA

Transport

Transport remained the largest contributor to overall inflation in June 2026, accounting for 1.9 percentage points of the country's 4.4 percent annual inflation rate. This represents an increase from May 2026, when the category contributed 1.7 percentage points to the overall inflation rate of 4.1 percent. The sustained increase in Transport inflation was largely driven by rising fuel prices, which continued to place upward pressure on transportation costs across the economy.

The Transport category, which carries a 14.3 percent weight in the consumer basket, recorded an annual inflation rate of 12.9 percent in June 2026, a significant increase from the 2.2 percent deflation recorded in June 2025. The sharp turnaround from deflation to strong inflation reflects rising costs in both private and public transportation services. On a monthly basis, however, Transport inflation moderated to 0.4 percent in June 2026, compared to 6.3 percent in May 2026, suggesting a slower pace of price increases during the month.

Sub-Category Analysis

1. Operation of Personal Transport Equipment

The Operation of Personal Transport Equipment sub-category recorded the highest inflationary pressure within the Transport category, registering an annual inflation rate of 17.4 percent in June 2026, compared to a 4.7 percent deflation in June 2025.

- Petrol and Diesel: inflation increased from -10.0 percent to 27.1 percent.
- License and Registration Fees: inflation rose from 0.0 percent to 8.7 percent.
- Spare Parts and Accessories: inflation accelerated from 1.1 percent to 4.8 percent.

The substantial rise in fuel prices was the primary driver of inflation in this sub-category, increasing the cost of operating private vehicles and contributing significantly to overall Transport inflation.

2. Public Transportation Services

The Public Transportation Services sub-category recorded an annual inflation rate of 13.1 percent in June 2026, substantially higher than the 1.3 percent recorded in June 2025.

- Taxi Transportation: inflation rose from 0.0 percent to 14.6 percent.
- Rail Transportation: inflation increased from 0.5 percent to 13.1 percent.
- Bus Transportation: inflation accelerated from 3.4 percent to 7.3 percent.

The rise in public transport charges is likely linked to increased operating costs, particularly those associated with fuel and maintenance expenses, which were passed on to commuters through higher fares.

3. Purchase of Vehicles

In contrast to the other transport sub-categories, Purchase of Vehicles recorded a relatively low annual inflation rate of 1.0 percent in June 2026, down from 2.5 percent in June 2025.

Overall, the continued increase in transport inflation was primarily driven by rising fuel prices and their transmission into both private vehicle operating costs and public transportation fares. The persistence of these cost pressures highlights the largely supply-side and fuel-driven nature of transport inflation during June 2026, although the moderation in monthly inflation suggests that the pace of fuel-related price adjustments may be easing.

4. Housing, water, electricity, gas, and other fuels

Housing, Water, Electricity, Gas and Other Fuels, which accounts for 28.4% of the consumer basket, recorded an annual inflation rate of 4.4% in June 2026, up slightly from 4.1% in June 2025.

The increase in annual inflation was mainly driven by higher prices for Electricity, Gas and Other Fuels, which accelerated from 1.6% to 4.0%, as well as Regular Maintenance and Repair of Dwellings, which increased from 3.1% to 3.6%. However, on a monthly basis, the category remained stable, recording 0.0% inflation for the second consecutive month, suggesting that while housing and utility costs remain elevated compared to a year ago, short-term price pressures have largely stabilized.

5. Food and Non-Alcoholic Beverages

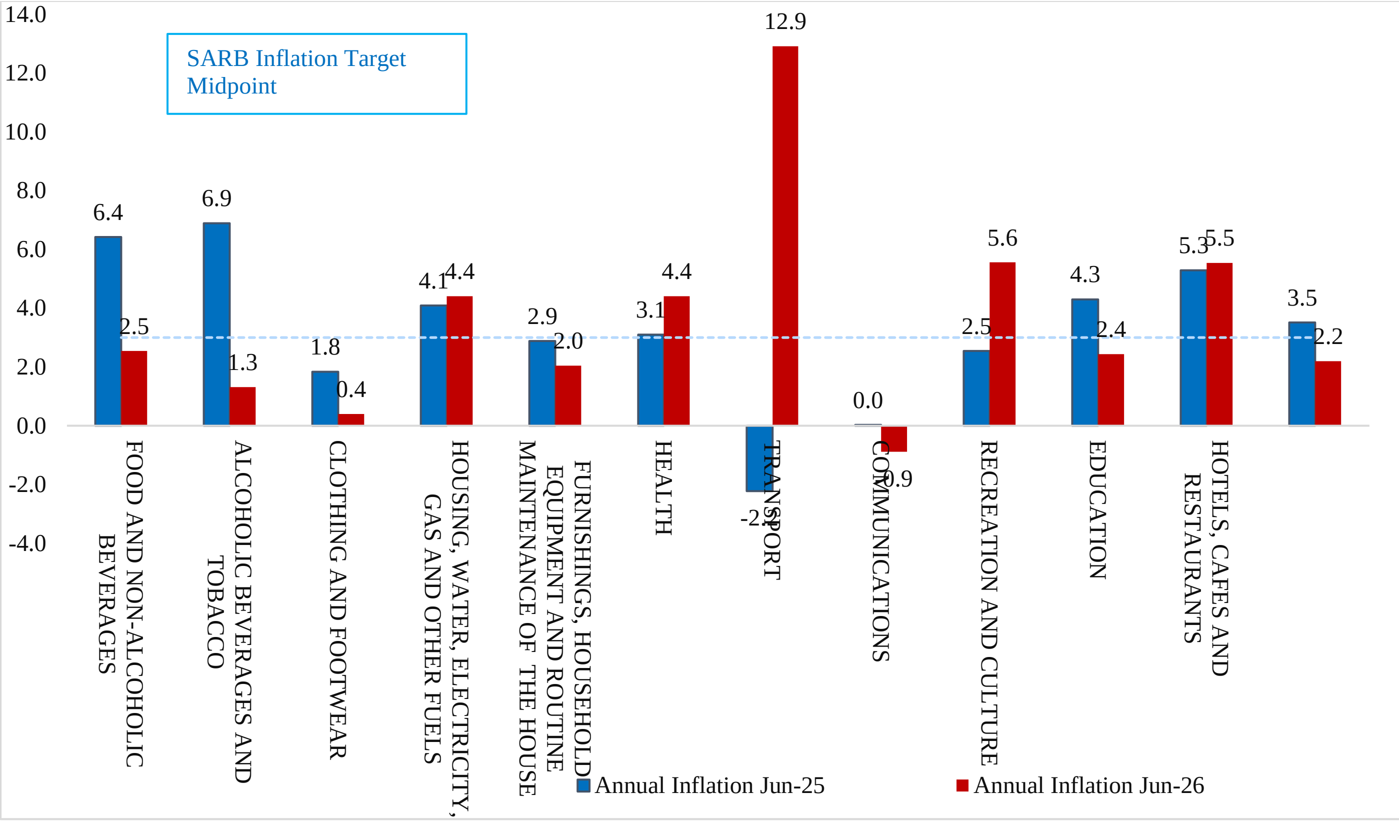
Food and Non-Alcoholic Beverages, which accounts for 14.8% of the consumer basket, continued to show easing price pressures in June 2026, driven by slower inflation across several key food categories. The moderation was broad-based, particularly in staple food items such as meat, vegetables, fish, and coffee, tea and cocoa, indicating improved price stability compared to the high inflation rates observed in June 2025.

The slowdown was most evident in meat inflation, which declined from 9.8% to 3.2%, supported by lower price increases for beef, pork and processed meat products. Similarly, vegetable inflation eased from 10.2% to 4.5%, reflecting slower price growth for products such as spinach, mushrooms, pumpkins and carrots. Further moderation was observed in fish, where inflation fell sharply from 10.3% to 0.6%, and in coffee, tea and cocoa, which slowed from 9.0% to 2.0%. These developments suggest that food inflation remained relatively contained during June 2026, helping to ease overall consumer price pressures.

6. Alcoholic Beverages and Tobacco

Alcoholic Beverages and Tobacco, which accounts for 12.6% of the consumer basket, recorded an annual inflation rate of 1.3% in June 2026, down significantly from 6.9% in June 2025, indicating a marked easing in price pressures within the category. On a monthly basis, inflation remained unchanged at 0.0%, compared to 0.5% in May 2026, suggesting stable prices during the month under review.

Figure 3: Contributors to the Annual Inflation Rate (June 2025 – June 2026)



Source: NSA & Hei Research

The moderation in inflation was driven by both major sub-categories. Alcoholic beverages recorded annual inflation of 0.7%, down from 6.7% a year earlier, reflecting slower price increases across most alcoholic products, despite higher inflation for whiskies (from 1.1% to 2.1%). Similarly, tobacco inflation slowed to 4.2% from 7.6% in June 2025, as price increases moderated across all tobacco products. Overall, the category exerted limited inflationary pressure in June 2026, reflecting broad-based price stability in both alcoholic beverages and tobacco products**.**

Overall, the June 2026 inflation profile indicates that inflationary pressures were concentrated in fuel-related and utility-related components, while food and other consumer goods experienced more moderate price movements. This suggests that the current inflation environment remains largely cost-push in nature, with higher transport and energy costs continuing to be the main sources of upward pressure on consumer prices.

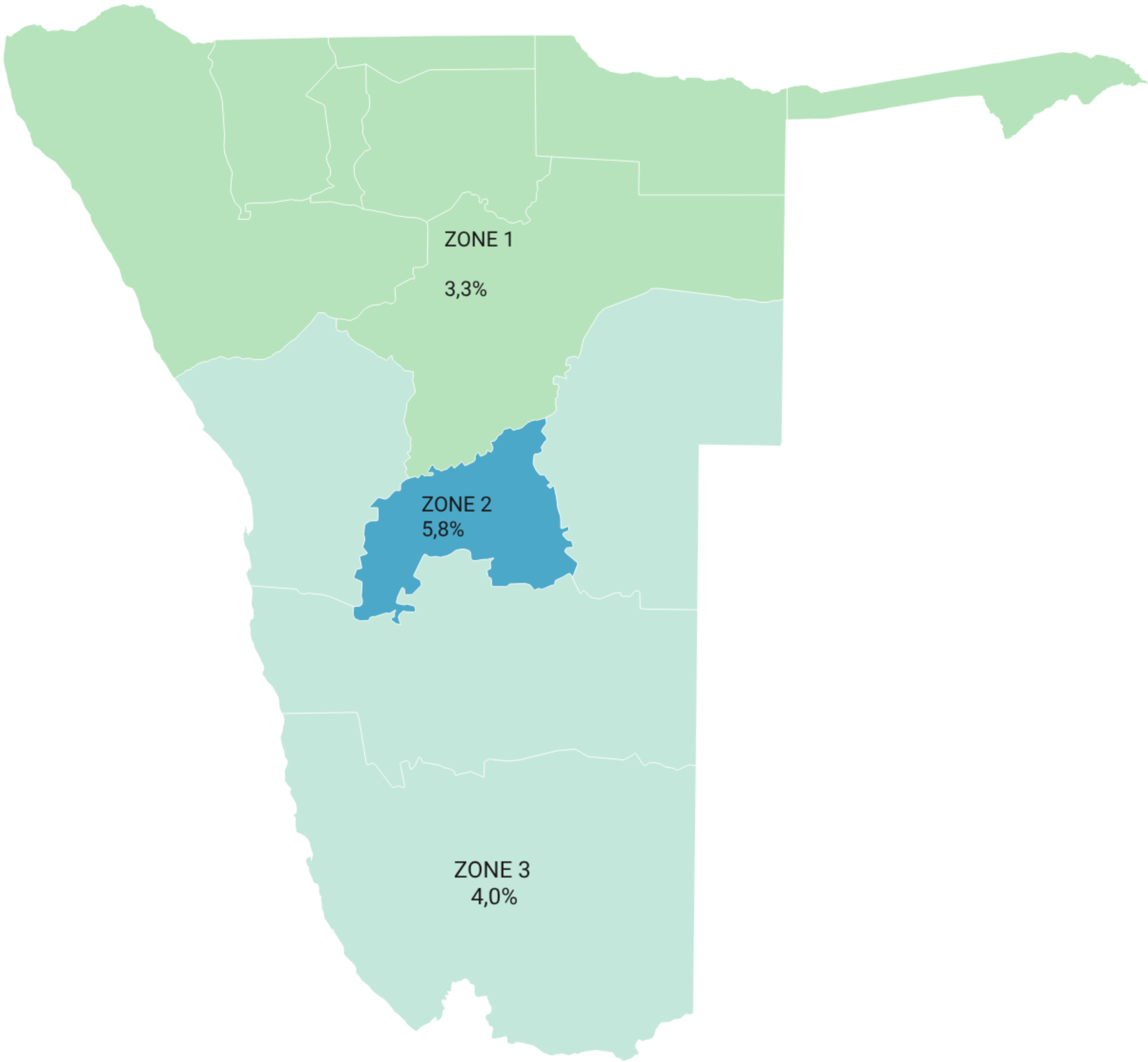
Zonal Analysis

Zone 2 (Khomas) recorded the highest annual inflation rate at 5.8%, up from 3.3% in June 2025. The increase was primarily driven by Transport, which rose sharply from -2.9% to 14.0%, reflecting the impact of higher fuel prices. Additional pressure came from Recreation and Culture, Health, and Furnishings and Household Equipment.

Zone 3 recorded an annual inflation rate of 4.0%, slightly higher than the 3.7% recorded a year earlier. Similar to Zone 2, Transport was the main driver, increasing from -3.4% to 13.1%, while higher inflation in Housing, Water, Electricity, Gas and Other Fuels, Recreation and Culture, and Communication also contributed to the increase.

In contrast, Zone 1 recorded the lowest annual inflation rate at 3.3%, down from 3.9% in June 2025. The slowdown was driven by easing inflation in Food and Non-Alcoholic Beverages, Alcoholic Beverages and Tobacco, Recreation and Culture, and Furnishings and Household Equipment, indicating weaker price pressures compared to the other regions. Overall, transport-related costs remained the dominant inflationary driver across the country, particularly in Zones 2 and 3.

Figure 4: Inflation Rate by Zone, June 2026



Source: NSA & Hei Research

Outlook

Looking ahead, inflation is likely to remain under upward pressure in the short term, although the pace of acceleration may be moderate rather than sharp. The main risk continues to stem from transport costs, particularly fuel prices, which remain the largest contributor to inflation and continue to filter through to public transport fares and the cost of distributing goods and services across the economy. While transport inflation moderated on a monthly basis in June, the annual rate remains elevated, suggesting that fuel-related pressures have not yet fully dissipated. At the same time, housing and utility costs are expected to remain firm, although recent monthly stability indicates that significant increases in these categories may be limited in the near term.

On the positive side, food inflation has continued to ease, with lower inflation observed across key household staples such as meat, vegetables, fish and beverages. This trend, together with the moderation in alcoholic beverages and tobacco inflation, should help contain broader inflationary pressures. Furthermore, the relatively lower core inflation rate of 3.3% suggests that underlying demand-driven price pressures remain subdued, indicating that current inflation is largely being driven by external and supply-side factors rather than excessive domestic demand.

For consumers, particularly those on fixed incomes such as pensioners, low-income households and salary earners without regular wage adjustments, the continued rise in transport and utility costs remains a concern. Higher fuel prices increase commuting expenses and indirectly raise the cost of many goods and services. However, the easing in food inflation should provide some relief, as food remains a key component of household expenditure. Overall, while inflation remains manageable by historical standards, households are likely to continue facing pressure on disposable incomes, particularly in urban areas such as Khomas, where inflation remains significantly above the national average. The outlook therefore points to a period of continued cost-of-living pressures, albeit with some support coming from the moderation in food and other consumer goods inflation.