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NCPI Report

July 2026

Executive summary

Namibia's headline inflation held at 4.4 percent in July 2026, unchanged from June 2026 and up from 3.5 percent in July 2025. Core inflation, which excludes volatile food and energy prices, rose to 3.5 percent from 3.3 percent in May and June, but remained below the 3.9 percent recorded in July 2025. The stability of the headline rate conceals a clear rotation in its composition: transport inflation eased sharply while housing, utilities and food inflation accelerated, leaving the overall rate broadly unchanged.

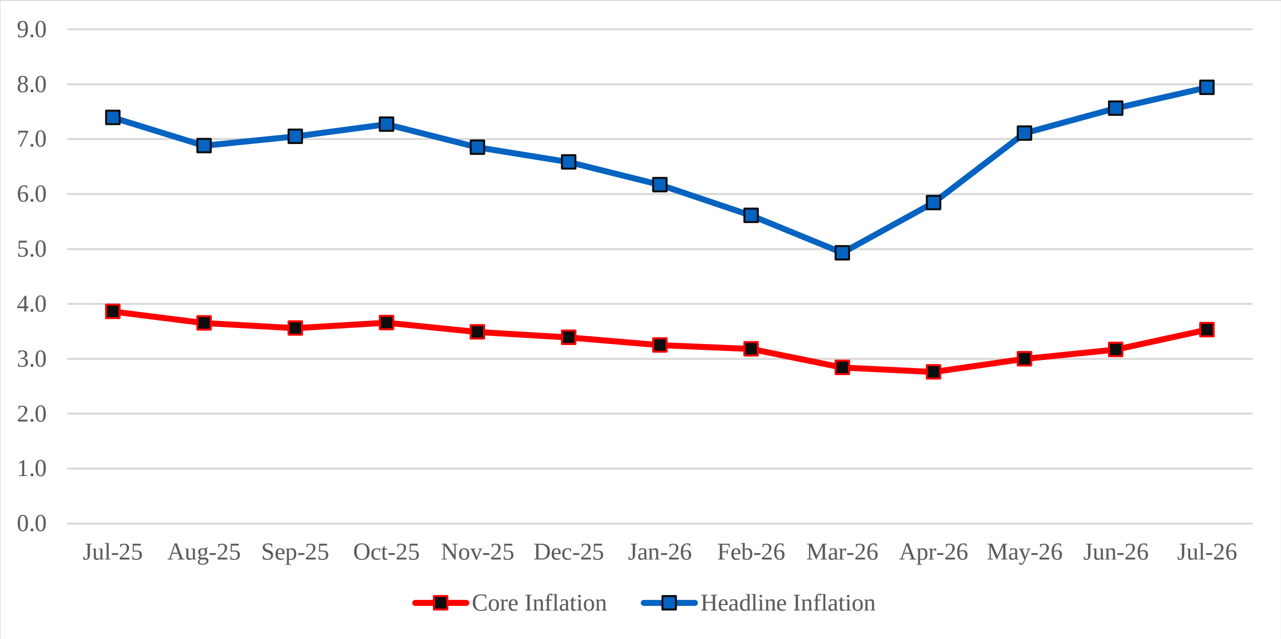
On a monthly basis, prices rose by only 0.1 percent in July 2026, down from 0.3 percent in June and 1.2 percent in May, the slowest monthly increase since February 2026. Transport prices fell by 3.1 percent over the month, the first monthly decline of the year, as fuel prices retreated. This was largely offset by a 0.8 percent monthly increase in housing, water, electricity, gas and other fuels and a 1.1 percent increase in food and non-alcoholic beverages.

Khomas, which forms Zone 2, again recorded the highest annual inflation at 5.3 percent, although this was down from 5.8 percent in June. Zone 3, covering the //Kharas, Erongo, Hardap and Omaheke regions, recorded 4.3 percent, up from 4.0 percent. Zone 1, comprising Kavango East, Kavango West, Kunene, Ohangwena, Omusati, Oshana, Oshikoto, Otjozondjupa and Zambezi, recorded the lowest rate at 3.6 percent, up from 3.3 percent. The gap between the highest and lowest zone narrowed to 1.6 percentage points from 2.5 percentage points in June.

An analysis of average retail prices for selected products in July 2026 revealed that consumers in Zone 3 paid the highest price for Rooibos tea bags (100g) at N$34.27, followed by Zone 2 at N$33.77, while Zone 1 consumers paid the lowest price at N$33.14. Zone 1 consumers paid the highest price for petrol per litre at N$23.16, followed by Zone 3 at N$23.11, while Zone 2 consumers paid the lowest price at N$22.97. Petrol prices fell across all three zones relative to June 2026.

Headline inflation accelerated sharply between March and June 2026 before flattening in July, while core inflation has climbed steadily since March. The narrowing gap between the two series indicates that price pressures are broadening beyond fuel into the wider consumer basket.

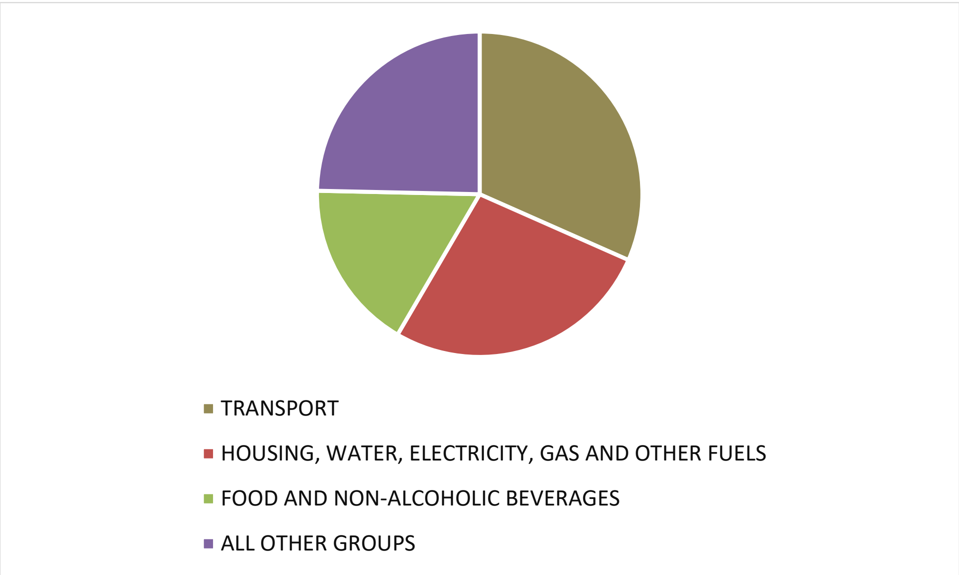
Figure 1: Annual Inflation Rate, July 2025 to July 2026



Source:NSA

Analysis

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



Source:NSA

Transport

Transport remained the largest single contributor to overall inflation in July 2026, accounting for 1.4 percentage points of the country's 4.4 percent annual inflation rate, or 31.6 percent of the total annual change. This represents a decline from June 2026, when the category contributed 1.9 percentage points. The reduction reflects a marked easing in fuel price pressure rather than any weakening in the rest of the basket.

The transport category, which carries a 14.3 percent weight in the consumer basket, recorded an annual inflation rate of 9.3 percent in July 2026, down from 12.9 percent in June 2026, but still a sharp reversal from the 1.2 percent deflation recorded in July 2025. On a monthly basis, transport prices fell by 3.1 percent, compared with an increase of 0.4 percent in June 2026 and 6.3 percent in May 2026. This is the first monthly decline recorded in the category in 2026 and confirms that the fuel price shock of the second quarter has begun to unwind.

Sub-Category Analysis

1. Operation of Personal Transport Equipment

The Operation of Personal Transport Equipment sub-category recorded an annual inflation rate of 11.3 percent in July 2026, down from 17.4 percent in June 2026 but still well above the 3.0 percent deflation recorded in July 2025.

- Petrol and Diesel: inflation eased from 27.1 percent to 15.5 percent, while prices fell 5.2 percent on the month.
- Spare Parts and Accessories: inflation accelerated from 4.8 percent to 6.0 percent.
- Service and Repair Charges: inflation rose from 3.5 percent to 4.7 percent.
- License and Registration Fees: inflation remained unchanged at 8.7 percent.
- Lubrication: inflation increased from 8.3 percent to 9.7 percent.

The deceleration in this sub-category was driven entirely by fuel. Every other component recorded either stable or rising inflation, indicating that the cost pressures already absorbed by motorists earlier in the year are still feeding through into maintenance and servicing charges even as pump prices retreat.

2. Public Transportation Services

In contrast to private transport, the Public Transportation Services sub-category continued to accelerate, recording an annual inflation rate of 14.7 percent in July 2026, up from 13.1 percent in June 2026 and 1.3 percent in July 2025. Monthly inflation in the sub-category was 1.5 percent, matching June.

- Rail Transportation: inflation rose from 13.1 percent to 15.4 percent.
- Taxi Transportation: inflation increased from 14.6 percent to 15.4 percent.
- Bus Transportation: inflation accelerated from 7.3 percent to 12.3 percent.
- Air Transportation: inflation eased from 13.4 percent to 11.5 percent.

The continued rise in public transport charges despite falling fuel prices reflects the lagged nature of fare adjustments. Operators typically revise fares only after cost increases have persisted, and once revised, fares are rarely reduced when input costs fall. This asymmetry means the earlier fuel shock will continue to raise measured transport inflation for several months after pump prices have stabilised.

3. Purchase of Vehicles

Purchase of Vehicles recorded an annual inflation rate of 1.0 percent in July 2026, broadly unchanged from 1.0 percent in June 2026 and down from 2.3 percent in July 2025. Motor car prices rose 1.0 percent over the year, confirming that durable goods pricing remains subdued and that transport inflation is a fuel and fares phenomenon rather than a broad-based one.

4. Housing, Water, Electricity, Gas and Other Fuels

Housing, Water, Electricity, Gas and Other Fuels, which accounts for 28.4 percent of the consumer basket and is the largest division by weight, recorded an annual inflation rate of 4.8 percent in July 2026, up from 4.4 percent in June 2026 and 3.6 percent in July 2025. The category contributed 1.2 percentage points to the headline rate, or 26.8 percent of the total annual change, making it the second largest contributor and the fastest growing one.

The acceleration was driven mainly by Electricity, Gas and Other Fuels, where annual inflation rose from 4.0 percent to 6.9 percent, with coal and charcoal inflation reaching 8.9 percent. Water Supply, Sewerage Service and Refuse Collection also accelerated sharply, from 1.3 percent to 3.3 percent, following a 2.3 percent monthly increase as municipal tariff adjustments took effect. Regular Maintenance and Repair of Dwelling rose from 3.6 percent to 4.3 percent. Rental payments, which carry the largest weight within the division, eased slightly from 4.7 percent to 4.5 percent.

Unlike June, when the category recorded zero monthly inflation for a second consecutive month, July saw a monthly increase of 0.8 percent. This marks the point at which annual utility and municipal tariff revisions entered the index, and it is the principal reason the headline rate did not fall despite the transport correction.

5. Food and Non-Alcoholic Beverages

Food and Non-Alcoholic Beverages, which accounts for 16.4 percent of the consumer basket, recorded an annual inflation rate of 3.7 percent in July 2026, up from 2.6 percent in June 2026 but still well below the 6.1 percent recorded in July 2025. The category contributed 0.7 percentage points to the headline rate. Monthly inflation of 1.1 percent was the highest recorded in the category this year.

The acceleration was broad-based across staples. Fish inflation rose from 0.6 percent to 3.1 percent, with prices up 3.0 percent on the month. Milk, cheese and eggs accelerated from 1.4 percent to 3.6 percent, driven by fresh and long-life milk at 5.9 percent. Bread and cereals rose from 1.5 percent to 3.0 percent, reflecting higher prices for bread, mahangu meal and rice. Fruit inflation remained the highest of any food sub-group at 15.3 percent, led by avocados at 25.4 percent, bananas at 21.7 percent and water melons at 20.8 percent. Vegetables accelerated from 4.5 percent to 5.6 percent, with tomatoes at 19.6 percent and cucumber at 28.5 percent.

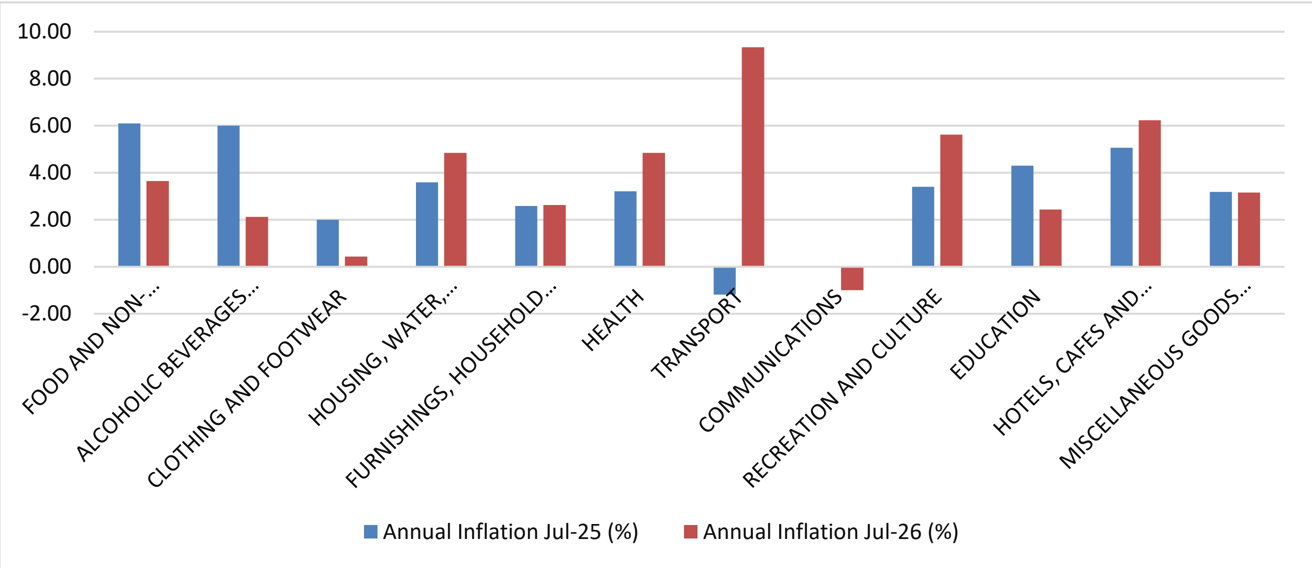
Meat inflation was the exception, remaining broadly stable at 3.3 percent compared with 3.2 percent in June, a substantial moderation from 10.4 percent a year earlier. The overall picture is that the disinflation in food observed through the first half of 2026 has stalled, and the base effects that flattered the annual comparison earlier in the year are now fading.

6. Alcoholic Beverages and Tobacco

Alcoholic Beverages and Tobacco, which accounts for 12.6 percent of the consumer basket, recorded an annual inflation rate of 2.1 percent in July 2026, up from 1.3 percent in June 2026 but well below the 6.0 percent recorded in July 2025. Monthly inflation was 0.6 percent, compared with zero in June.

Alcoholic beverages recorded annual inflation of 1.5 percent, up from 0.7 percent in June, with brandies at 4.3 percent and wines at 3.7 percent showing the strongest increases. Tobacco inflation rose to 5.1 percent from 4.2 percent, driven by pipe tobacco at 11.1 percent while cigarettes rose 2.9 percent. The category remains a modest contributor to headline inflation at 0.3 percentage points, but the direction of travel has turned upward.

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



Source: NSA

Overall, the July 2026 inflation profile shows a handover between drivers. Transport, which accounted for almost 44 percent of the annual change in June, fell to 32 percent in July, while housing and utilities rose to 27 percent and food to 17 percent. Communications remained the only division in deflation at negative 1.0 percent. This rotation is the key development of the month: the inflation impulse is no longer confined to fuel, and it has spread into administered utility tariffs, municipal charges and food.

Zone 2 (Khomas) recorded the highest annual inflation rate at 5.3 percent, down from 5.8 percent in June 2026 but well above the 3.1 percent recorded in July 2025. The moderation was driven by transport, where annual inflation eased from 14.0 percent to 10.1 percent. Offsetting pressure came from Furnishings and Household Equipment at 7.6 percent, Recreation and Culture at

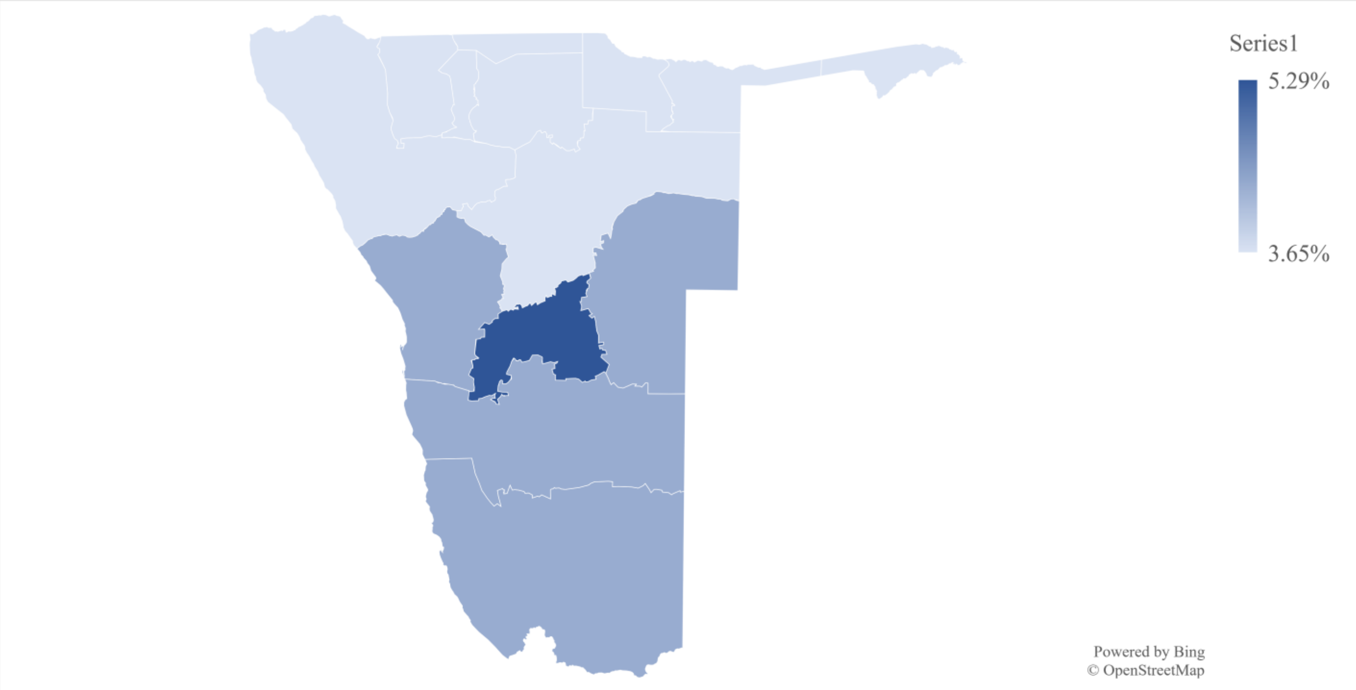
7.3 percent and Health at 6.4 percent. Housing, which carries a 32.7 percent weight in the Khomas basket and is dominated by rentals, recorded 5.0 percent.

Zone 3 recorded an annual inflation rate of 4.3 percent, up from 4.0 percent in June and 3.6 percent a year earlier. Housing, Water, Electricity, Gas and Other Fuels was the main driver, accelerating from 4.6 percent to 6.2 percent on the back of rental inflation of 7.6 percent, the highest of any zone. Transport eased from 13.1 percent to 9.3 percent, while Public Transportation Services in the zone rose from 11.0 percent to 15.7 percent, the sharpest fare adjustment recorded nationally.

Zone 1 recorded the lowest annual inflation rate at 3.6 percent, up from 3.3 percent in June but below the 3.9 percent recorded in July 2025. Food and Non-Alcoholic Beverages, which carries a 20.4 percent weight in the zone and is the heaviest food weight of the three zones, accelerated from 2.4 percent to 3.6 percent. Electricity, Gas and Other Fuels rose to 8.2 percent. These increases were partly offset by continued deflation in Furnishings and Household Equipment at negative 1.6 percent and Communications at negative 3.4 percent.

Overall, the zonal picture shifted in July. Transport ceased to be the dominant differentiator between zones, and the divergence now rests primarily on housing and rental dynamics, which are strongest in Zone 3 and Zone 2, and on food weights, which matter most in Zone 1.

Figure 4: Inflation Rate by Zone, July 2026



Source: NSA

Outlook

Looking ahead, headline inflation is likely to hold close to current levels in the short term, with the balance of risks now shifting away from fuel and towards administered prices and food. The transport correction observed in July should continue to subtract from the annual rate over the coming months, given the high base established in May and June 2026. However, this mechanical relief will be partly offset by public transport fares, which are still adjusting upward with a lag and rarely reverse.

The more persistent risk lies in housing and utilities. Electricity, water and refuse tariffs are set annually and administratively rather than by market conditions, which means the 0.8 percent monthly increase recorded in July is likely to hold in the index rather than unwind. With the division carrying 28.4 percent of the basket, further tariff pass-through would keep the headline rate elevated even if fuel prices continue to fall.

Food inflation has resumed its upward drift after several months of easing, and the favourable base effects from the high food prices of mid-2025 are now largely exhausted. Fruit and vegetable inflation in particular remains in double digits and is exposed to seasonal and import price conditions. On balance, food is more likely to add to than subtract from inflation over the remainder of 2026.

Core inflation at 3.5 percent, its highest level since October 2025, is the development that warrants closest attention. Core has now risen for three consecutive months. While the level remains contained, the direction indicates that the supply-side shock of the second quarter is passing into the wider price structure rather than remaining confined to fuel. If this continues, the case for treating current inflation as purely cost-push and temporary weakens.

For consumers, the July outturn brings limited relief. Lower fuel prices reduce direct commuting costs for private motorists, but households that depend on taxis, buses and rail have seen fares rise further, and these are precisely the households with the least capacity to absorb the increase. Higher electricity, water and municipal charges affect all households and cannot be avoided through substitution. Combined with renewed food price pressure, the effect is that lower-income households face a higher effective inflation rate than the 4.4 percent headline figure suggests. Pressure on disposable incomes is therefore likely to persist, particularly in Khomas, where inflation remains close to a percentage point above the national average.