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NCPI Report

August 2026

Executive summary

Namibia's headline inflation accelerated sharply to 5.0 percent in August 2026, up from 4.4 percent in July 2026 and well above the 3.2 percent recorded in August 2025. Core inflation, which excludes volatile food and energy prices, rose to 3.8 percent from 3.7 percent in July, but remained above the 2.9 percent recorded in August 2025. The widening gap between headline and core inflation indicates that the August acceleration was driven primarily by developments outside the core basket, particularly transport and fuel prices.

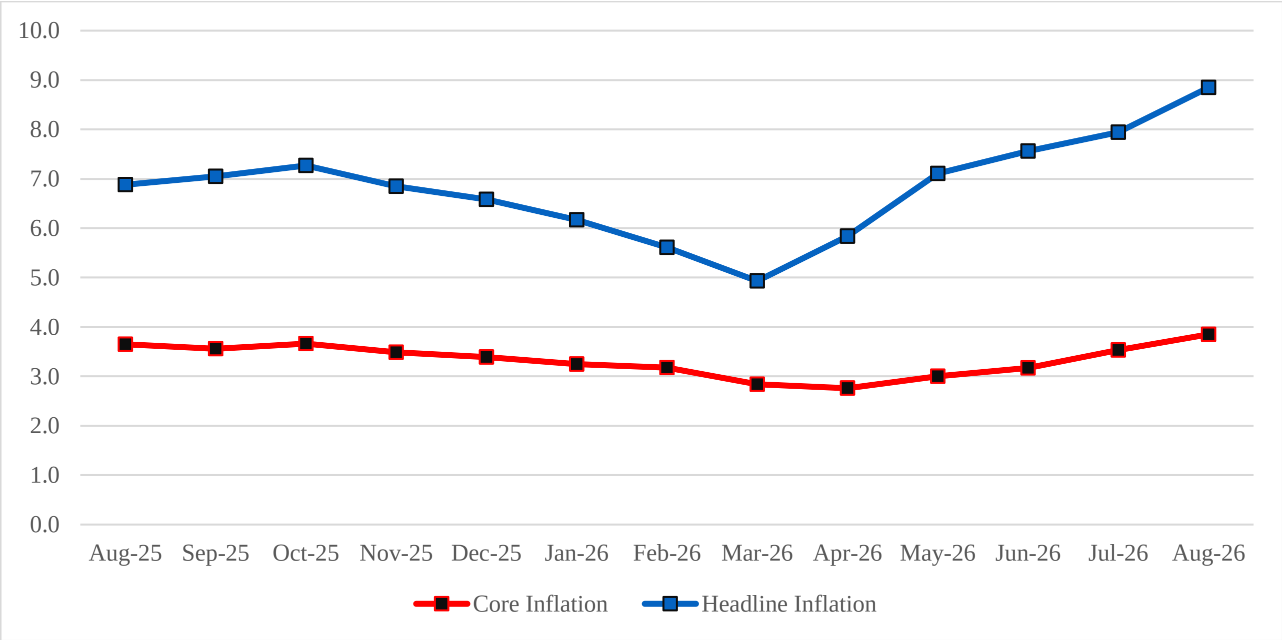
On a monthly basis, prices increased by 0.6 percent in August 2026, up from 0.1 percent in July and representing the fastest monthly increase since May 2026. Transport prices rose by 3.7 percent over the month, reversing the 3.1 percent monthly decline recorded in July as fuel prices rebounded. This more than offset a 0.4 percent monthly decline in housing, water, electricity, gas and other fuels, the first monthly decline in the division since May 2026.

Zone 2 (Khomas) again recorded the highest annual inflation rate at 5.9 percent, up from 5.3 percent in July 2026. Zone 3, covering the //Kharas, Erongo, Hardap and Omaheke regions, recorded an annual inflation rate of 5.2 percent, up sharply from 4.3 percent in July. Zone 1 recorded the lowest rate at 4.0 percent, up from 3.7 percent. Consequently, the gap between the highest and lowest zones widened to 2.0 percentage points from 1.6 percentage points in July.

An analysis of average retail prices for selected products in August 2026 showed that consumers in Zone 1 paid the highest price for petrol at N$25.16 per litre, followed by Zone 3 at N$25.11, while Zone 2 consumers paid the lowest price at N$24.97. For Rooibos tea bags, Zone 3 consumers paid the highest average price at N$35.12, followed by Zone 2 at N$33.99, while Zone 1 consumers paid the lowest price at N$32.89.

Headline inflation has now climbed for five consecutive months since bottoming at 2.1 percent in March 2026. The August acceleration marks a resumption of the fuel-led inflationary impulse that had appeared to ease in July. Transport reclaimed its position as the dominant contributor to headline inflation, while housing and utilities remained a significant source of pressure and food inflation continued to rise. The overall picture is therefore one of renewed fuel-related pressure alongside broader, more persistent price pressures across housing, food and services.

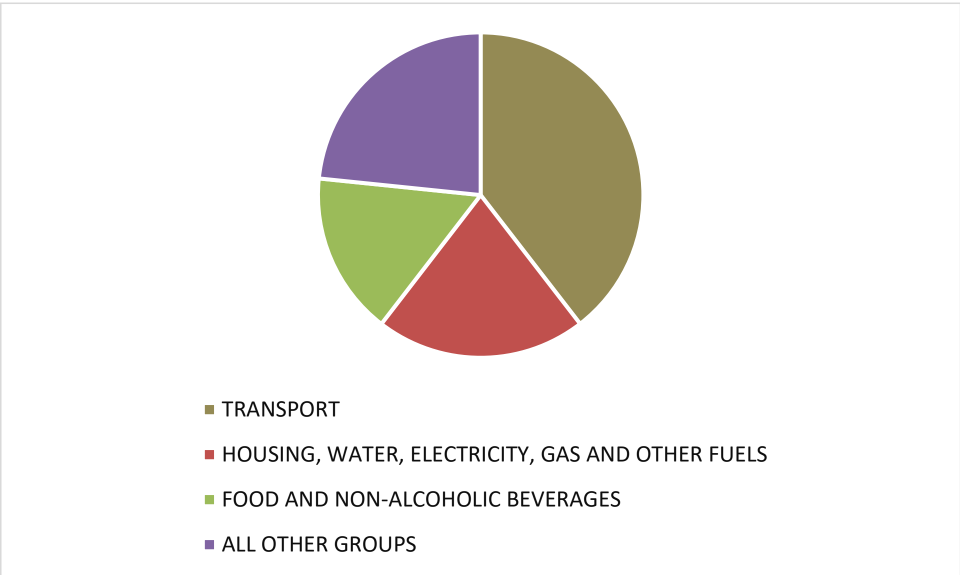
Figure 1: Annual Inflation Rate, August 2025 to August 2026



Source:NSA

Analysis

Figure 2: Main Contributors to the Annual Inflation Rate



Source:NSA

Transport

Transport was again the largest single contributor to overall inflation in August 2026, accounting for 1.98 percentage points of the country's 5.0 percent annual inflation rate, or 39.3 percent of the total annual change among divisions making a positive contribution. This represents a significant increase from July 2026, when transport contributed 1.4 percentage points and accounted for 31.6 percent of the annual change. The renewed contribution reflects the reversal in fuel prices recorded in August.

The transport category, which carries a 14.3 percent weight in the consumer basket, recorded an annual inflation rate of 13.2 percent in August 2026, up from 9.3 percent in July 2026 and sharply above the 1.0 percent deflation recorded in August 2025. On a monthly basis, transport prices rose by 3.7 percent, compared with a 3.1 percent decline in July and a 0.4 percent increase in June. The movement confirms that the fuel-price relief observed in July was short-lived.

1. Operation of Personal Transport Equipment

The Operation of Personal Transport Equipment sub-category recorded an annual inflation rate of 17.1 percent in August 2026, up sharply from 11.3 percent in July 2026 and compared with a 2.8 percent deflation recorded in August 2025.

- **Petrol and Diesel:** inflation accelerated from 15.5 percent to 25.2 percent, as pump prices increased again during the month.
- **Spare Parts and Accessories:** inflation increased from 6.0 percent to 8.0 percent.
- **Service and Repair Charges:** inflation eased slightly from 4.7 percent to 4.6 percent.
- **License and Registration Fees:** inflation remained unchanged at 8.7 percent.
- **Lubrication:** inflation eased from 9.7 percent to 9.1 percent.

The reacceleration in this sub-category was driven almost entirely by fuel. The temporary decline in pump prices observed in July was reversed in August, weakening the case that the second-quarter fuel shock had fully unwound.

2. Public Transportation Services

Public Transportation Services continued to accelerate, recording an annual inflation rate of 14.9 percent in August 2026, up from 14.7 percent in July 2026 and 1.0 percent in August 2025. Monthly inflation in the sub-category slowed considerably to 0.1 percent, from 1.5 percent in July, suggesting that most of the annual fare increases have already been incorporated into the index.

- **Air Transportation:** inflation accelerated sharply from 11.5 percent to 17.0 percent.
- **Rail Transportation:** inflation rose from 15.4 percent to 15.6 percent.
- **Taxi Transportation:** inflation remained unchanged at 15.4 percent.
- **Bus Transportation:** inflation edged up from 12.3 percent to 12.6 percent.

The renewed acceleration in air fares stands out, while elevated rail, taxi and bus fares indicate that public transportation costs remain on an upward trajectory that is largely independent of the short-term fuel-price cycle.

3. Purchase of Vehicles

Purchase of Vehicles recorded an annual inflation rate of 1.9 percent in August 2026, up from 1.0 percent in July 2026 but still below the 2.8 percent recorded in August 2025. Motor car prices increased by 2.0 percent over the year. This suggests that durable goods pricing remained relatively contained despite the sharp increase in the cost of operating vehicles.

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 4.3 percent in August 2026, down from 4.8 percent in July but still above the 3.4 percent recorded in August 2025. The division contributed 1.04 percentage points to headline inflation, equivalent to 20.8 percent of the total annual change, making it the second-largest contributor.

The deceleration in the annual rate was driven primarily by Electricity, Gas and Other Fuels, where inflation eased sharply from 6.9 percent to 4.1 percent. Within this category, coal and charcoal inflation moderated from 8.9 percent to 4.7 percent. Rental payments, which carry the largest weight within the division, also eased slightly from 4.5 percent to 4.3 percent. In contrast, Water Supply, Sewerage Service and Refuse Collection accelerated from 3.3 percent to 4.1 percent, while Regular Maintenance and Repair of Dwelling eased from 4.3 percent to 4.0 percent.

The division recorded a monthly decline of 0.4 percent in August, its first monthly decline since May 2026, following the 0.8 percent increase recorded in July. The August decline appears to represent a partial reversal of the one-off utility and municipal tariff adjustments that entered the index in July rather than a fundamental change in the underlying trend. The annual rate nevertheless remains well above its year-earlier level.

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 4.0 percent in August 2026, up from 3.7 percent in July but below the 5.2 percent recorded in August 2025. The category contributed 0.81 percentage points to headline inflation. Monthly inflation slowed sharply to 0.1 percent from 1.1 percent in July, which had been the highest monthly increase recorded by the category during 2026.

Vegetables were the main source of acceleration, with annual inflation rising from 5.6 percent to 7.9 percent. Within the category, onion inflation reached 10.7 percent and beetroot 26.7 percent, while tomato inflation eased slightly to 18.5 percent and cucumber inflation to 27.6 percent.

Fish inflation increased from 3.1 percent to 3.7 percent, while bread and cereals accelerated from 3.0 percent to 3.3 percent. Meat inflation also increased, from 3.3 percent to 3.8 percent.

Fruit inflation remained the highest among the food sub-groups, although it moderated from 15.3 percent to 13.8 percent. Avocado inflation eased from 25.4 percent to 22.8 percent, while watermelon inflation fell from 20.8 percent to 14.5 percent. Bananas were an exception, with inflation accelerating sharply from 21.7 percent to 28.7 percent. Milk, cheese and eggs inflation remained broadly stable at 3.5 percent, with fresh and long-life milk easing from 5.9 percent to 5.5 percent.

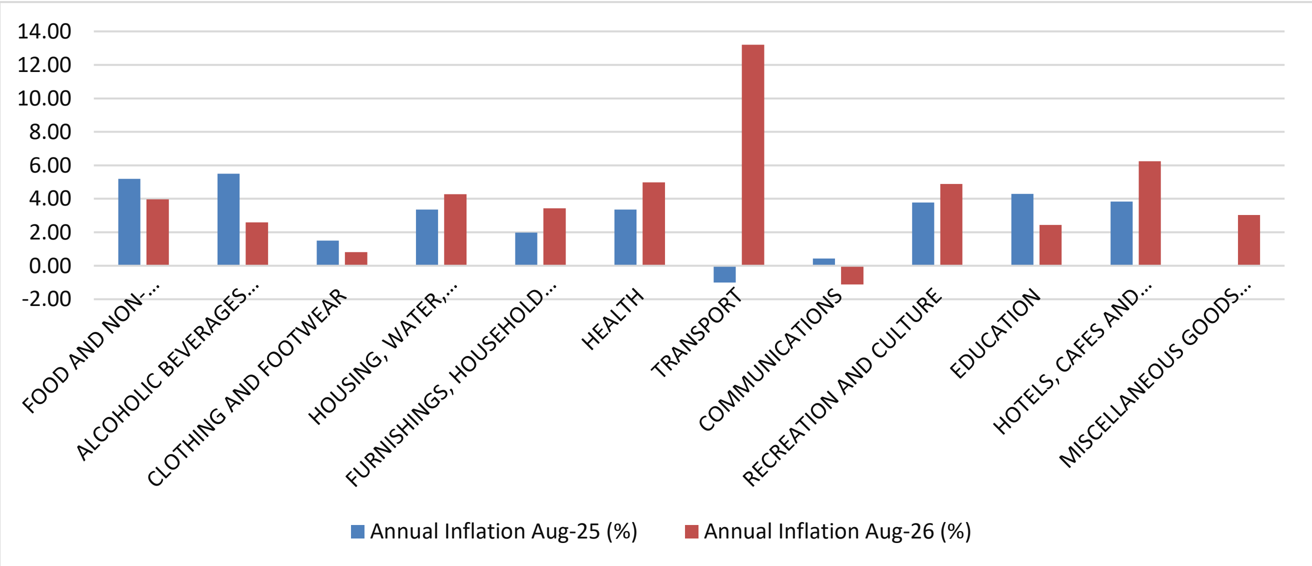
The combination of a much slower monthly increase and a higher annual inflation rate reflects base effects. The comparable August 2025 reading was relatively soft, mechanically lifting the year-on-year rate even as the pace of price increases during August 2026 moderated.

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 2.6 percent in August 2026, up from 2.1 percent in July but substantially below the 5.5 percent recorded in August 2025. Monthly inflation slowed to 0.3 percent from 0.6 percent in July.

Alcoholic beverages recorded annual inflation of 2.0 percent, up from 1.5 percent in July. Within the category, wines accelerated from 3.7 percent to 4.6 percent, while brandies eased from 4.3 percent to 3.2 percent. Tobacco inflation eased marginally to 5.0 percent from 5.1 percent, as pipe tobacco inflation moderated from 11.1 percent to 10.3 percent, while cigarette inflation increased slightly to 2.9 percent.

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



Source: NSA

Source: NSA

Overall, the August 2026 inflation profile marks a resumption of the fuel-led impulse that had appeared to be fading in July. Transport's share of the total annual change rose back to around 39 percent, from a diminished share in July, while housing and utilities eased to 21 percent as the one-off tariff effect began to unwind, and food held at around 16 percent. Communications remained the only division in deflation, easing further to negative 1.1 percent. The key development of the month is that the correction in fuel prices recorded in July did not hold, and transport has reclaimed its position as the dominant driver of headline inflation.

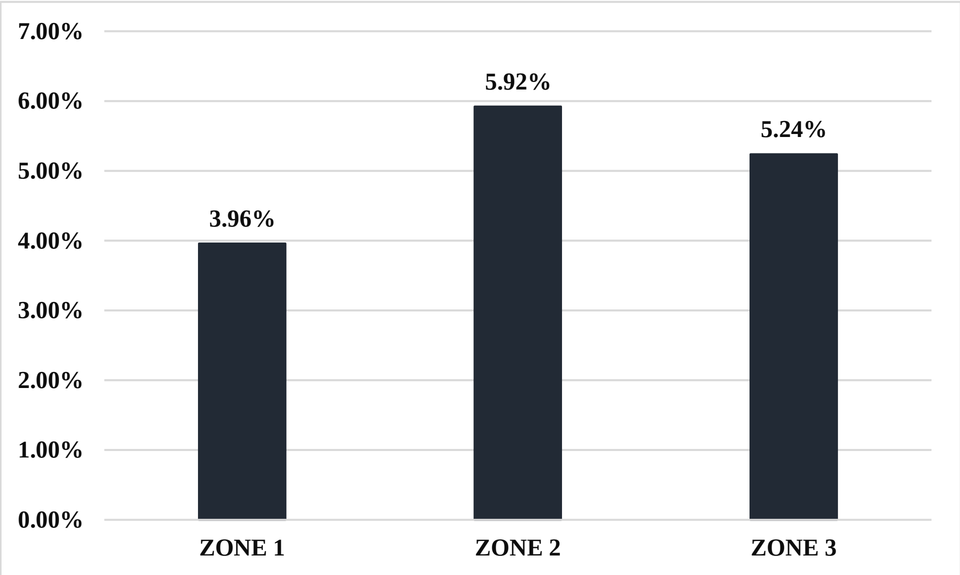
Zone 2 (Khomas) recorded the highest annual inflation rate at 5.9 percent, up from 5.3 percent in July 2026 and well above the 2.9 percent recorded in August 2025. The acceleration was led by transport, where annual inflation rose from 10.1 percent to 14.4 percent. Furnishings and Household Equipment remained elevated at 7.9 percent and Health at 6.5 percent, while Housing, which carries a 32.7 percent weight in the Khomas basket and is dominated by rentals, eased slightly to 4.7 percent.

Zone 3 recorded an annual inflation rate of 5.2 percent, up sharply from 4.3 percent in July 2026 and 3.2 percent a year earlier. Housing, Water, Electricity, Gas and Other Fuels remained the main driver, accelerating from 6.2 percent to 6.4 percent, the highest rate recorded among the three zones. Transport also remained elevated at 13.3 percent, up from 9.3 percent in July, in line with the national rebound in fuel prices.

Zone 1 recorded the lowest annual inflation rate at 4.0 percent, up from 3.7 percent in July and above the 3.6 percent recorded in August 2025. Food and Non-Alcoholic Beverages, which carries a 20.4 percent weight in the zone, held broadly steady at 3.6 percent. Transport accelerated from 8.7 percent to 12.2 percent, while Furnishings and Household Equipment remained in deflation at negative 0.1 percent and Communications at negative 3.8 percent, the deepest deflation of any zone in this category.

Overall, the zonal picture in August reversed the narrowing seen in July. Transport's rebound lifted all three zones, but did so most forcefully in Zone 2 and Zone 3, widening rather than closing the gap between the most and least expensive parts of the country.

Figure 4: Inflation Rate by Zone, July 2026



Source: NSA

Outlook

Looking ahead, the balance of risks to headline inflation has shifted back toward the upside after the brief respite recorded in July. The resumption of fuel price increases in August confirms that the transport correction seen in July was not the start of a sustained decline. With pump prices rising again, transport inflation is likely to remain the dominant swing factor in the headline rate over the coming months.

Housing and utilities inflation eased in August as the one-off electricity and coal tariff adjustments that lifted July's reading began to fade from the monthly comparison. However, the division's annual inflation rate remains well above its year-ago level, while rental, water and maintenance costs continue to drift higher. Any further administered tariff revisions before year-end would keep this division a persistent, although less dramatic, source of upward pressure given its 28.4 percent weight in the consumer basket.

Food inflation is following a similar two-speed path. The annual rate increased again in August even as the pace of monthly price increases slowed sharply, suggesting that base effects rather than fresh price pressure are now contributing substantially to the higher annual reading. Vegetables and bananas remain the main pressure points, while overall fruit inflation has begun to moderate from its earlier highs. Whether food adds further to headline inflation during the remainder of 2026 will depend largely on whether these base effects persist into the final quarter.

Core inflation increased to 3.8 percent in August, its highest level since October 2025. The widening gap between core and headline inflation indicates that the primary driver of the August acceleration was transport and fuel rather than a broad-based surge in underlying price pressures. Nevertheless, core inflation has now risen in five of the last six months. If this trend continues alongside renewed fuel-price pressure, there would be less scope to characterise the current inflation episode as purely transitory.

For consumers, the August outturn is unambiguously negative. Higher fuel prices raise direct costs for private motorists, while public transport users continue to face double-digit fare increases that rarely reverse. Combined with the widening gap between the highest- and lowest-inflation zones and persistent food price pressure in vegetables and fruit, lower-income households and households in Khomas and the southern zones face a materially higher effective cost of living than the 5.0 percent national headline figure suggests. Pressure on disposable incomes is therefore likely to intensify into the fourth quarter of 2026.