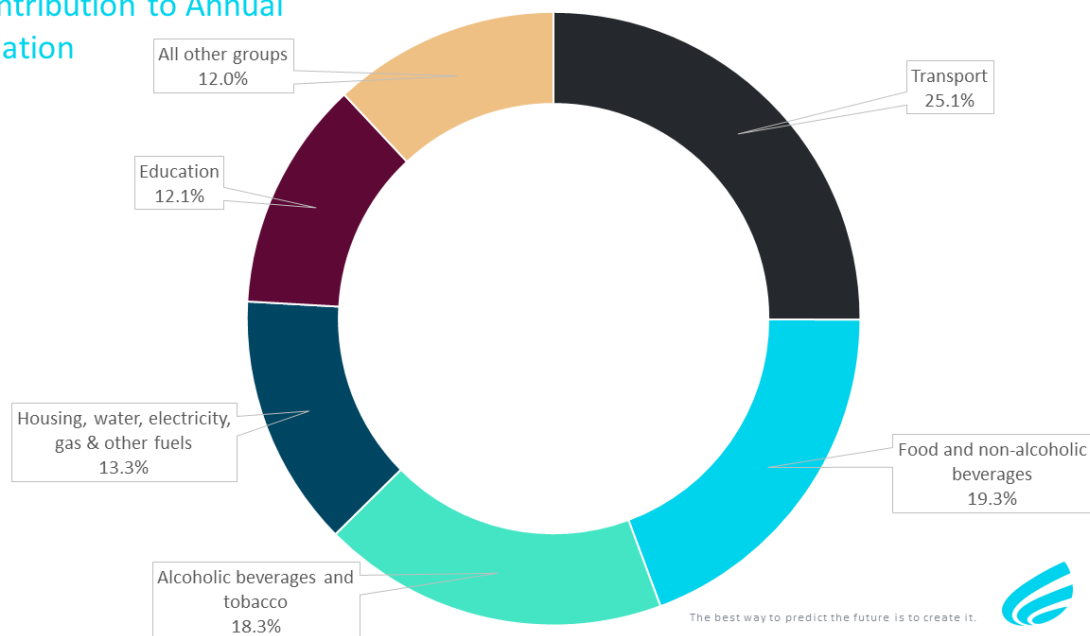


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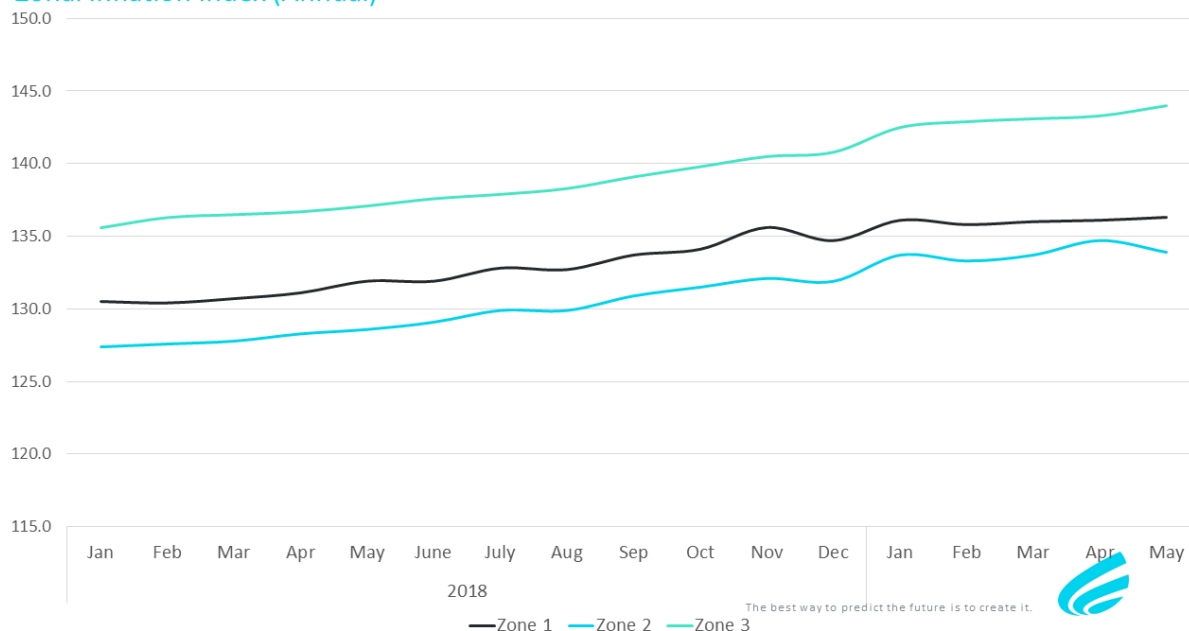
Annual inflation for May 2019 came in at 4.1%, up from the 3.8% print in May 2018. This increase is attributed to the four largest components of the NCPI basket, namely Transport, Food and non-alcoholic beverages, Alcoholic beverages and tobacco, and Housing, water, electricity and other fuels. This is the lowest annual print for the year so far, down from the 4.5% annual inflation recorded in both March and April.

Contribution to Annual Inflation



Annual inflation for the Transport component accelerated to 7.6%, compared to 5.6% a year ago. This is reportedly driven by higher price levels in public transportation services (up 20% annually compared to 1.8% a year prior). Food price inflation increased to 4.4% from 3.9% last year, owing primarily to increases for bread and cereals, vegetables, and sugars & confectionaries. The NSA recorded annual deflation for meat and fish, likely owing to increased supply as farmers try to reduce herd sizes in the midst of another devastating drought. Prices for alcoholic beverages increased by 7.6% on an annual basis, compared to 6.2% in May 2018, while tobacco prices are reported to have deflated by 3.4% on an annual basis.

Zonal Inflation Index (Annual)



Turning to zonal inflation, Zone 1 (comprising of northern areas of the country) recorded slower price growth, from 4.3% a year ago to 3.3% in May 2019 (and down from the 3.8% in April 2019). This region continues to print the lowest inflation of the three zones monitored.

The annual inflation print for Zone 2 (the Khomas region) came in at 4.1%, up from just 2.9% in May 2018. However, the 4.1% for last month is the lowest annual print in Zone 2 for the year so far, down from the 5.0% recorded in April.

Zone 3 (encompassing the //Karas, Hardap, Erongo and Omaheke regions) recorded annual inflation of 5.1% for May 2019, the same as May 2018 and up marginally from the 4.8% the prior month. This zone printed the highest average inflation in 2018 and is on track to repeat this in 2019.

