

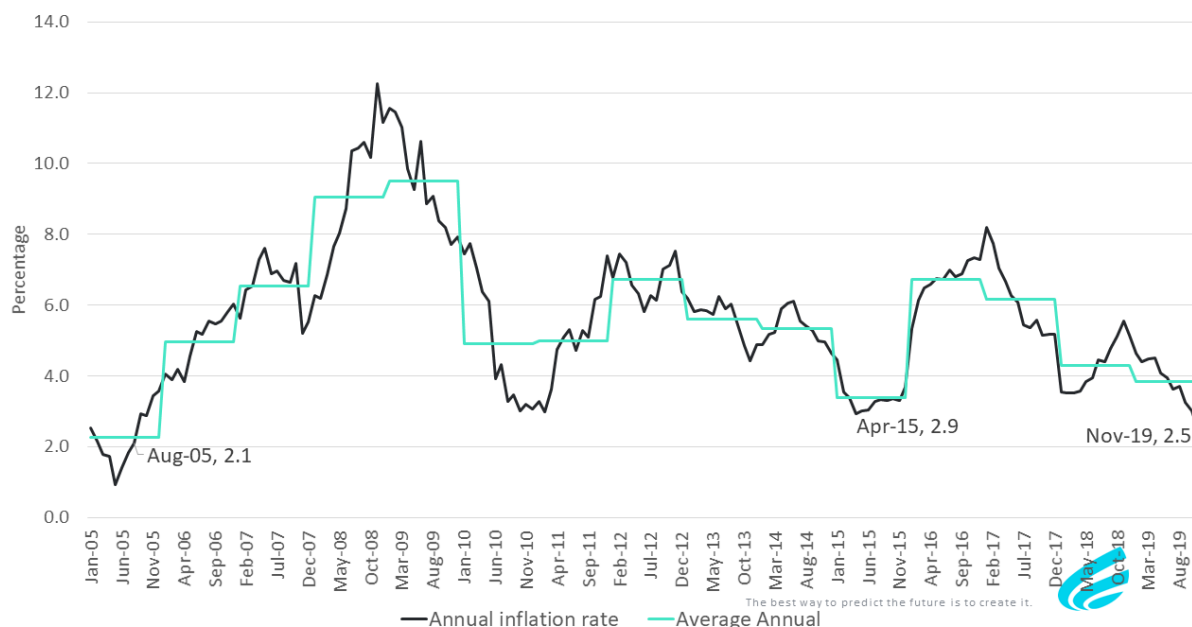


12 December 2019

NCPI Note – November 2019

Annual inflation has continued its downward trend for the year, coming in at just 2.5% for November 2019 – the slowest annual increase in prices since August 2005. This is a 0.5 percentage point slowdown from the annual rate in October, and 3.1 percentage points lower than the annual inflation for November 2018. This brings the annual average down to 3.8%, the lowest annual average since 2015. On a monthly basis, the general price level increased just 0.1%, compared to 0.2% in October.

NCPI



As has been the case for much of the year, the slowdown is attributed to the four largest categories within the NCPI basket which collectively account for 71.7% of the entire basket.

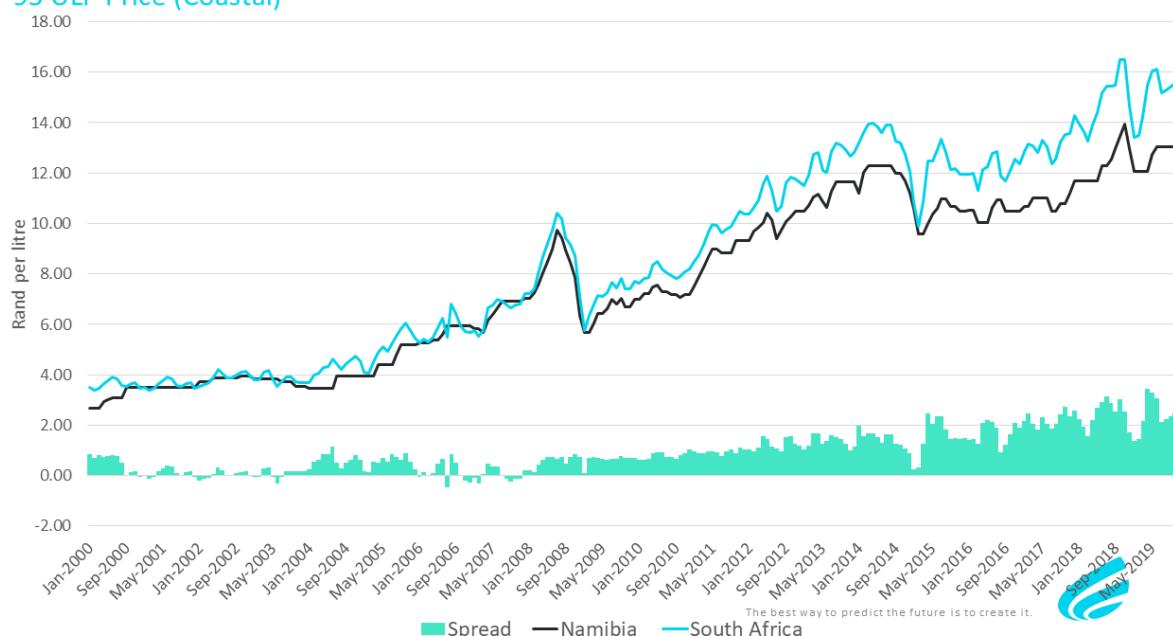
Food and non-alcoholic beverage prices increased just 2.9% on an annual basis, compared to 4.0% last month and 4.7% a year ago. Most major sub-categories saw lower price increases, particularly bread and cereals (thanks to some cheaper inputs being imported once domestic sources were depleted), as well as more deflation in meat prices owing to the drought and farmers reducing herd sizes.

Prices in the Alcoholic beverages and tobacco category increased a meagre 2.7%, significantly lower than the 3.9% last month and the 5.7% recorded last year. Both sub-categories experienced a slowdown in price growth, as the NSA continues to record deflation in the tobacco sub-category for the seventh consecutive month.



Housing, water, electricity, gas and other fuels saw recorded annual inflation of 1.9%, the same as October but lower than the 3.7% in November 2018. This has been anchored down by the single largest component in the overall basket, rental payments, which has remained constant at 2.3% this year. The Namibian housing market, particularly for the middle and upper spectrums, remains deflationary and should continue to keep inflation anchored to a low base.

95 ULP Price (Coastal)



The last of the 'big 4' components, Transport, recorded the largest difference in price growth. Annual inflation in this category is 0.1%, compared to 1.5% in October and 13.8% last year. This is due to no change in taxi fares in well over a year, as well as petrol prices being 90c/l cheaper across all grades.

Zonal inflation remains the lowest in Zone 2 (Windhoek), coming in at 1.9% - down from 2.5% the previous month and 5.1% a year prior. For Zone 1 (northern areas), annual inflation printed at 2.2%, also a decrease from the 2.8% in October and 5.9% in November 2018. Inflation remains the highest in Zone 3 (eastern, southern and western areas) which covers the largest geographic area. Annual inflation for these parts came in at 3.6%, also a slowdown from the 3.6% in October and 6.0% in November 2018. All three zones benefitted from lower fuel prices, being the main driver for the slower inflation rate.

Zonal Inflation (Annual)

