



September NCPI

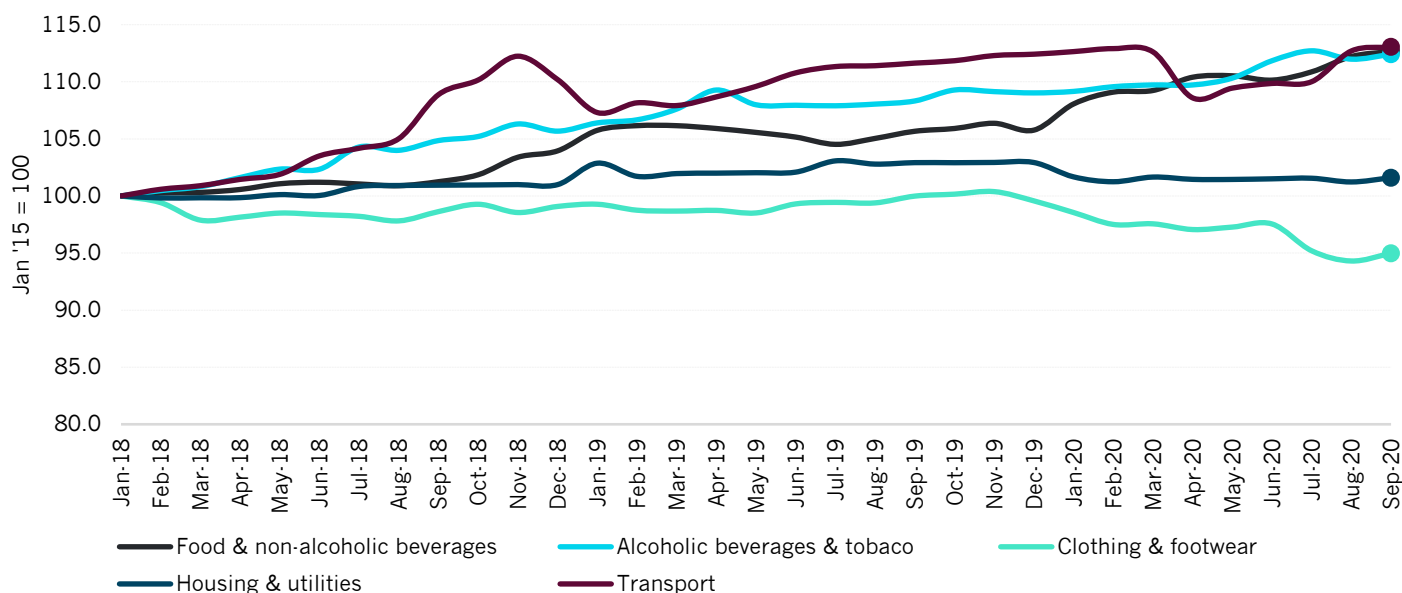
15 Oct '20

Annual inflation for September 2020 came in at 2.4%, a slowdown from the 3.3% in 2019 and identical to the annual inflation rate for August. On a monthly basis, price levels increased 0.3%. Two of the 12 main lines remained deflationary, namely Housing and utilities, and Clothing and footwear.

The largest component of the NCPI basket, rental payments, remains as a drag on inflation with prices declining 2.3%, as has been the case since February this year. Rent prices will remain under pressure for the foreseeable future, as household incomes remain under pressure. As a result, the Housing and utilities reported deflation of 1.3%, down from the 1.5% deflation in August as maintenance costs increased. Clothing and footwear has remained deflationary since February this year, unsurprising given strained household incomes and thus more prudent discretionary spending.

Inflation indexed – selected items

Housing and utilities, as well as clothing and footwear prices have remained flat or negative since Jan 2015



Source: Namibia Statistics Agency

The Transport line also aided in keeping inflation low, reporting price increases of just 1.3%. This was driven by the higher public transport (taxi) fees compared to a year ago, although to a large extent is mitigated by lower fuel pump prices. Inflation for the Hotels, cafes and restaurants main line ticked up to 2.5% y/y, down from 3.5% a year prior but a larger change from the -0.9% in August. Accommodation services remain deflationary for the fifth consecutive month, as local establishments offer competitive prices to attract domestic visitors who are more price sensitive than their foreign counterparts.

Food price inflation rose to 6.6% y/y, compared to 4.4% a year prior and 6.8% in August. This is the third consecutive month of relatively higher food inflation. The products driving higher food prices are meat, fish, and fruit, all of which have noticeably higher price increases than a year ago.



Annual inflation

	Annual inflation rate (%)			% points of Sep '20 total
	Sep '19	Aug '20	Sep '20	2.4%
Food and non-alcoholic beverages	4.4	6.8	6.6	1.2
Alcoholic beverages and tobacco	3.3	3.6	3.8	0.5
Clothing and footwear	1.4	-5.1	-5.0	-0.1
Housing, water, electricity, gas and other fuels	2.0	-1.5	-1.3	-0.4
Furnishings, household equipment and routine maintenance	3.1	2.6	2.7	0.1
Health	3.2	2.8	2.7	0.1
Transport	2.5	1.2	1.3	0.2
Communication	2.5	3.2	2.2	0.1
Recreation and culture	4.0	6.3	4.8	0.2
Education	12.0	7.0	7.0	0.3
Hotels, cafes and restaurants	2.8	-0.9	2.5	0.0
Miscellaneous goods and services	2.7	5.8	5.1	0.3

Source: Namibia Statistics Agency

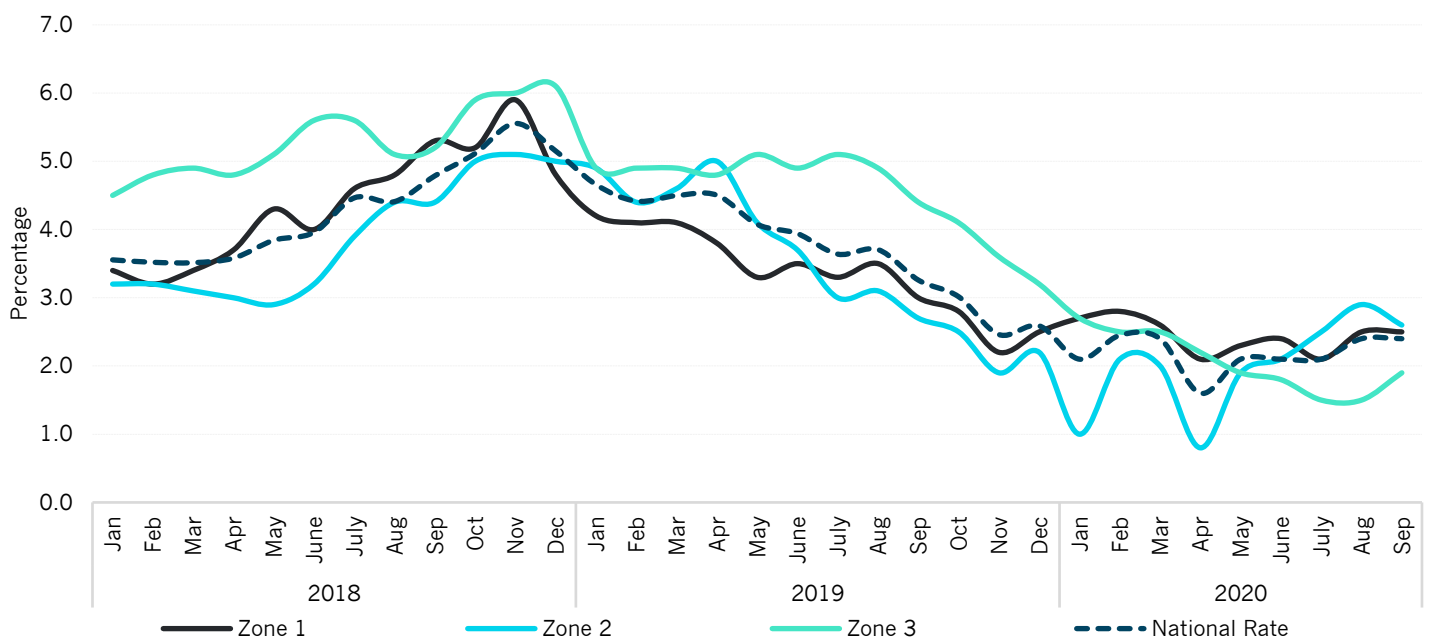
Turning to the zonal inflation, Zone 1 (the northern areas) reported annual inflation of 2.5%, down from 3.0% a year prior, and identical to the 2.5% seen in August. The slower inflation was driven by deflation in Clothing and footwear (-9.0%), and Housing and utilities (-2.7%).

Annual inflation for Zone 2 (Windhoek) came in at 2.6%, down slightly from the 2.7% in September 2019 and August's 2.9%. The slowdown was due to deflation experienced in the Housing and utilities line (-1.1%), as well as slower price increases for Education (from 15.2% to 6.4%) and Hotels, cafes and restaurants (from 5.0% to 3.1%).

Zone 3 (eastern, southern, and western areas) saw annual inflation of 1.9% in September, down from 4.4% a year ago, however up from 1.5% in August. The y/y slowdown was attributed to decreases in all sub-groups, except in Recreation and culture.

Zonal inflation

Converging towards the national rate



Source: Namibia Statistics Agency

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