

# Namibia Consumer Price Index

April , 2015



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To in a coordinated manner produce and disseminate relevant, quality and timely statistics that are fit-for-purpose in accordance with international standards and best practice.

## OUR VISION

To be a high performance institution in statistics delivery

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Excellent Performance

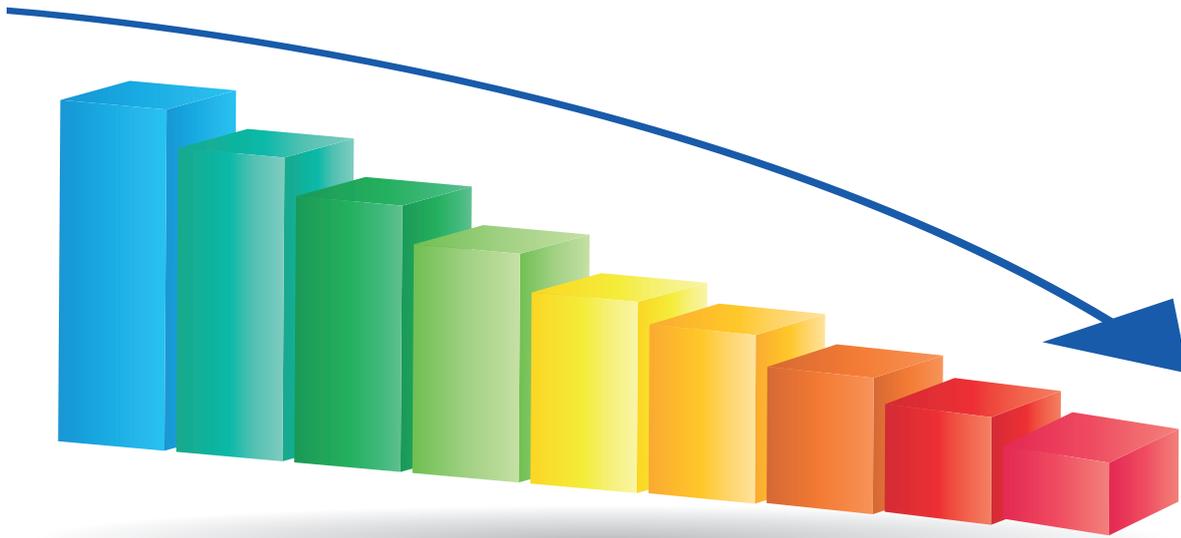
Integrity

Service focus

Transparency

Accuracy

Partnership



## Annual inflation slow down

Headline inflation for April 2015 subsided from 3.4 percent to 2.9 percent on an annual basis but increased from 0.4 to 0.5 on a monthly basis.

## Summary

The inflation rate for April 2015 fell from 3.4 to 2.9 percent on an annual basis however, it has increased from 0.4 to 0.5 percent on a monthly basis. This fall continued mainly as a result of Transport inflation which decreased to 4.2 percent compared to 9.4 percent recorded in the same period last year.

On a monthly basis, the average price level in Namibia moderately increased by 0.5 percent, as compared to 0.4 percent in the previous month.

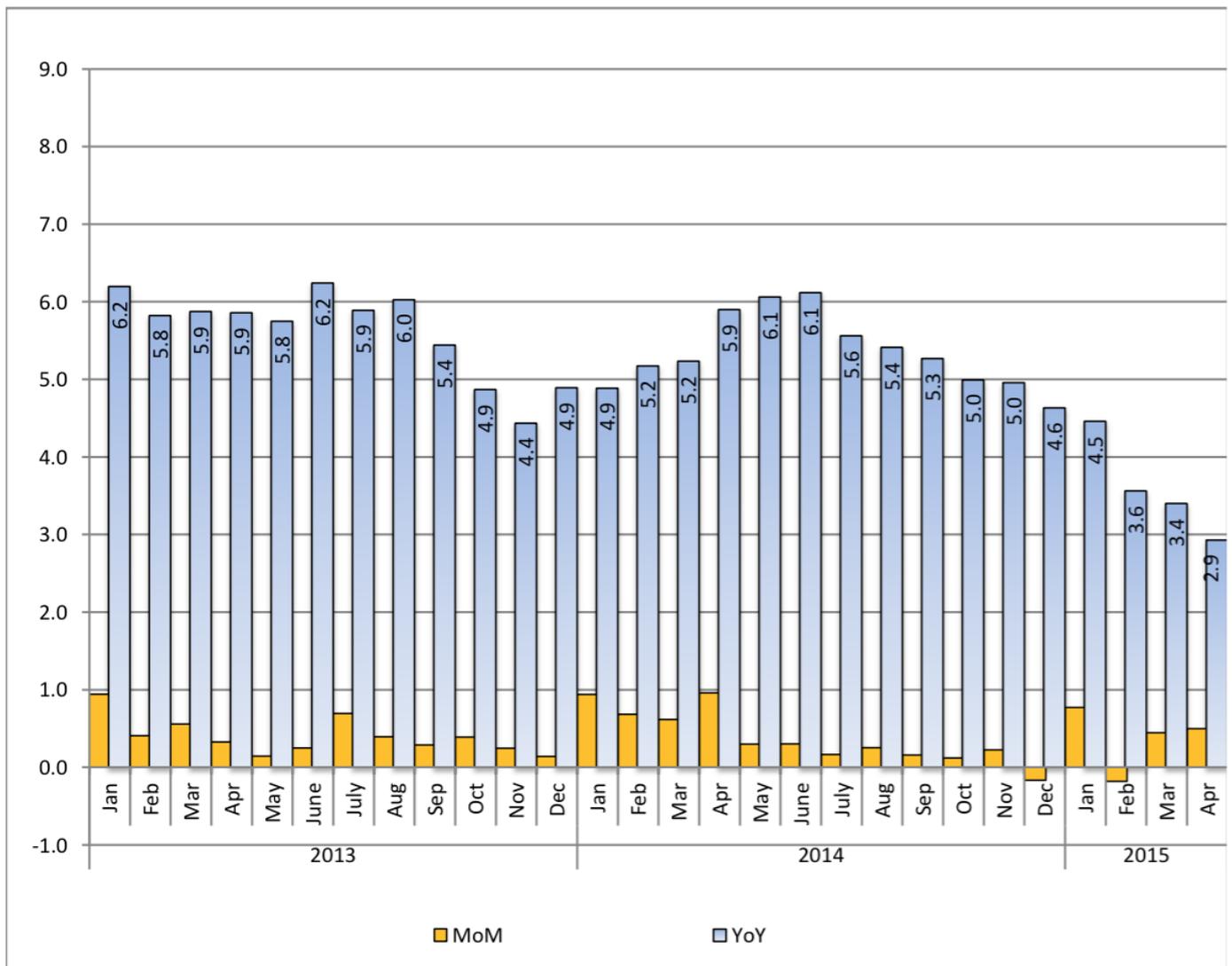
The increase in monthly inflation was mainly brought by increases in the prices of goods and services in all the groups of the consumption basket with the exception of the group of clothing and footwear and Furnishing, household equipment and routine both of which declined by 0.2 while Housing, water, electricity, gas and other declined by 0.1 percent.

Mrs. Liina Kafidi, Acting Statistician General

# Overall Inflation

Annual inflationary pressures in Namibia continued to slowdown in the month of April 2015; a trend that has been observed since July 2014. The downward trend in April annual inflation is mainly attributable to a deceleration in price movements in the categories of Food and Non-alcoholic beverages, Transport, Communications and Recreation and culture.

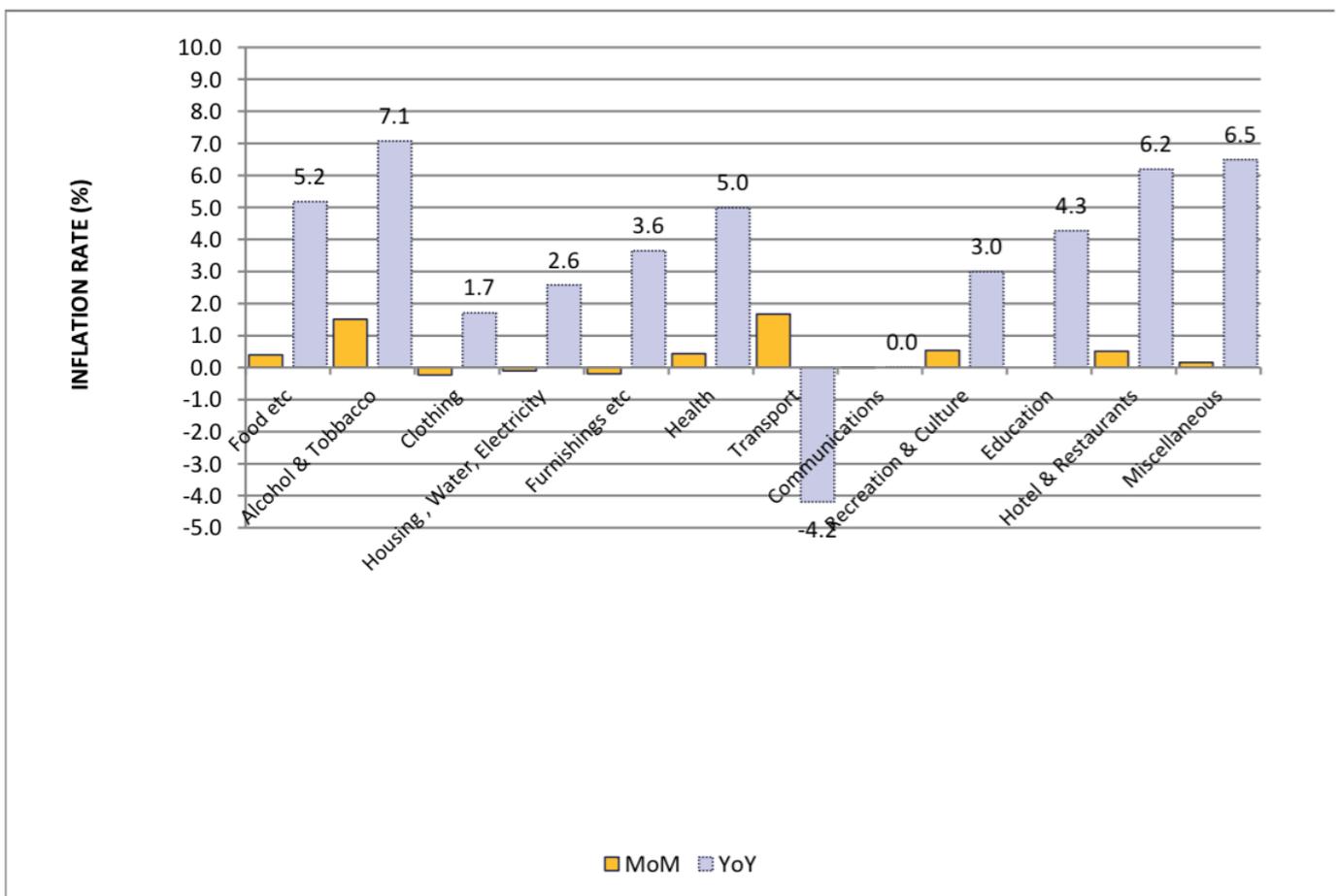
**Chart 1: Namibia Consumer Price Index; April 2015 (Dec 2012 = 100)**



# Main Drivers of Inflation

During the month of April 2015, a decline in annual inflation rate was recorded in the group of Transport (- 4.2 percent). The slowdown movements were recorded in the groups of Alcoholic beverages and tobacco (7.1 percent), Food and non-alcoholic beverages (5.2 percent), Furnishings, household equipment and routine (3.6 percent) and Recreation and culture (3.0 percent). Corresponding rates recorded in the previous month were estimated as Transport (-3.7 percent), Alcoholic beverages and tobacco (8.6 percent), Food and non-alcohol beverage (5.5 percent), Furnishings, household equipment and routine (4.2 percent) and Recreation and culture (4.6 percent).

**Chart 2: NCPI; April 2015 percent changes by main groups, annual percentage change (Dec 2012 = 100)**



# Box 1: NCPI Basket Weighting

Inflation is calculated based on a basket of goods and services, containing a representative sample of the goods and or services commonly consumed in a country, and weighted in accordance to the relative percentage of expenditure allotted to each of the said goods at household level. The price of these goods and services are then tracked over time, to illustrate the change in the cost of living over time. As spending patterns change, new products and services are added to the basket, and the basket reweighted so as to better capture the current spending patterns of the consumer at the current point in time. As such, the inflation basket is generally reconstituted every five years. In Namibia, the basket was last rebased in 2013, using household expenditure data collected in the 2009/10 Household Income and Expenditure Survey. As such, the basket now contains over 350 items, grouped into 12 categories and 55 sub-categories, for which prices are collected on a monthly basis from more than 900 retail outlets.

Namibian inflation, however, is largely determined by three categories of the overall NCPI basket, namely housing, water, electricity, gas and other fuels, food and non-alcoholic beverages and transport, which cumulatively make up just under 60 percent of the total inflation basket. Additionally, following the rebasing of the NCPI basket in 2013, alcoholic beverages and tobacco make up an additional 12.6 percent of the basket, meaning that the four largest categories represent well over 70 percent of the total basket. As such, large increases in inflation in these categories has a greater impact on overall inflation than do increases in the lower weighted categories. Thus, it is rare to see major increases in overall inflation attributed to the lower weighted categories, despite the fact that these categories may have seen relatively high inflation in their own right.

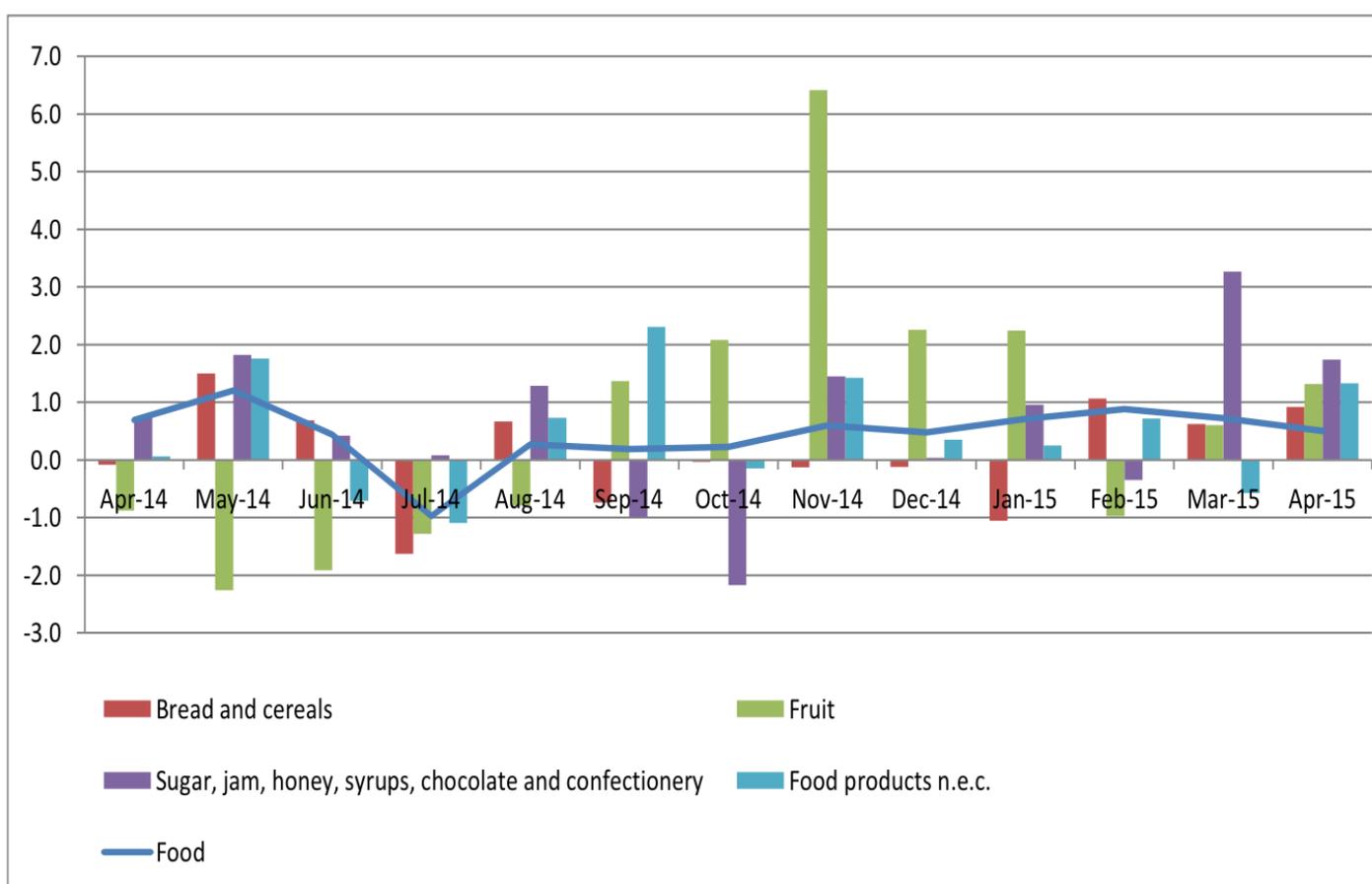
Category	Weighting (%)
<b>Housing, Water, Electricity, Gas and Other Fuels</b>	<b>28.36</b>
<b>Food and Non-Alcoholic Beverages</b>	<b>16.45</b>
<b>Transport</b>	<b>14.28</b>
<b>Alcoholic Beverages and Tobacco</b>	<b>12.59</b>
<b>Furnishings, Household Equipment...</b>	<b>5.47</b>
<b>Miscellaneous Goods and Services</b>	<b>5.39</b>
<b>Communications</b>	<b>3.81</b>
<b>Education</b>	<b>3.65</b>
<b>Recreation and Culture</b>	<b>3.55</b>
<b>Clothing and Footwear</b>	<b>3.05</b>
<b>Health</b>	<b>2.01</b>
<b>Hotels, Cafes and Restaurants</b>	<b>1.39</b>

# Key Components

## Food and non alcoholic beverages

The Food and non-alcoholic beverages index for the month of April 2015 stood at 116.6 as compared to 116.1 registered in the previous month resulting in an increase of 0.5 percentage points. These increases were shown in the subcomponents of sugar, jam, honey, syrups, chocolate and confectionary (1.7 percent), food products n.e.c and fruits both stood at (1.3 percent) and bread and cereals (0.9 percent). The corresponding rates witnessed in the previous month were 3.3, -0.6, 0.6 and 0.6 percent respectively.

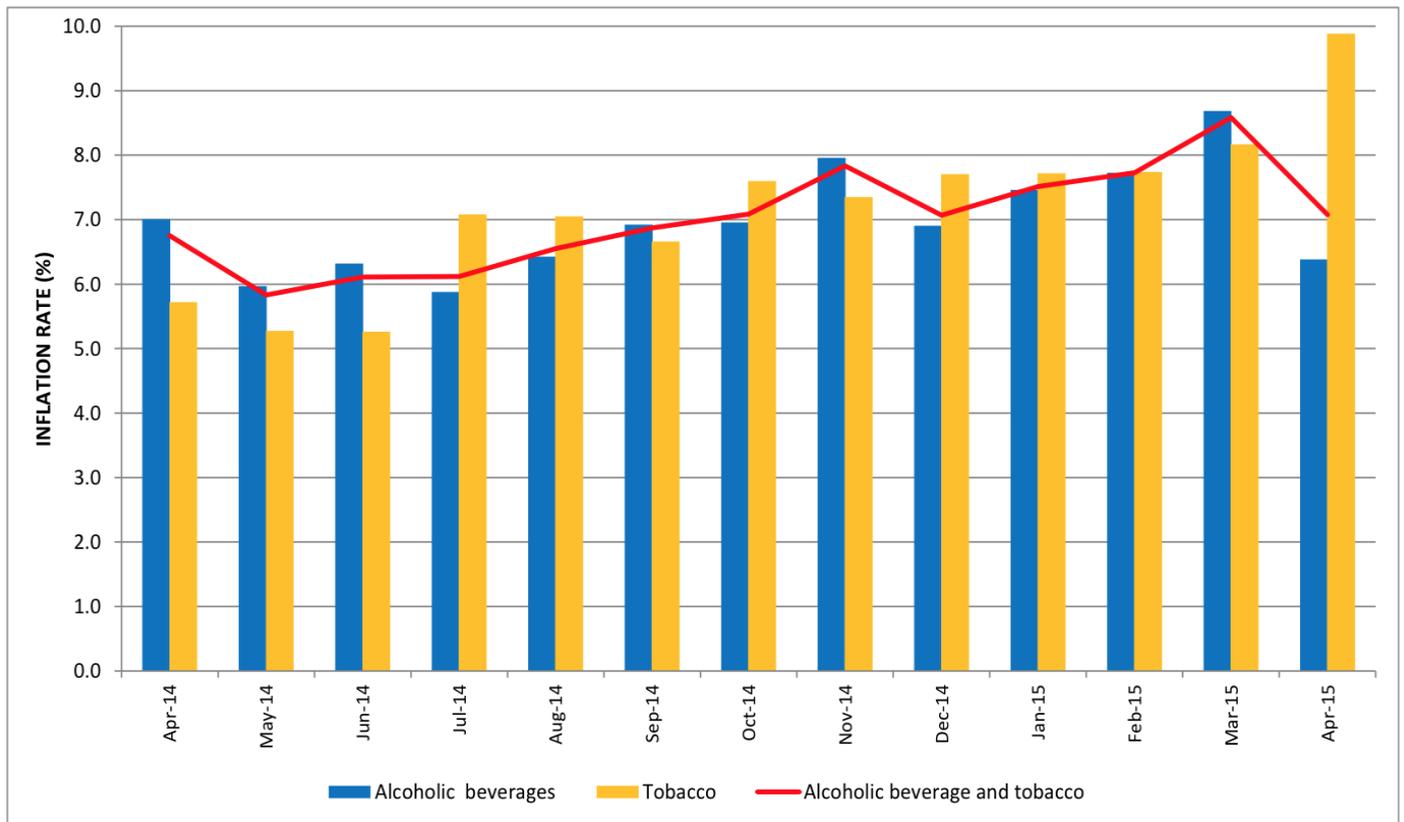
**Chart 3: NCPI; Selected food and non-alcoholic beverage sub-category annual inflation (Dec 2012 = 100)**



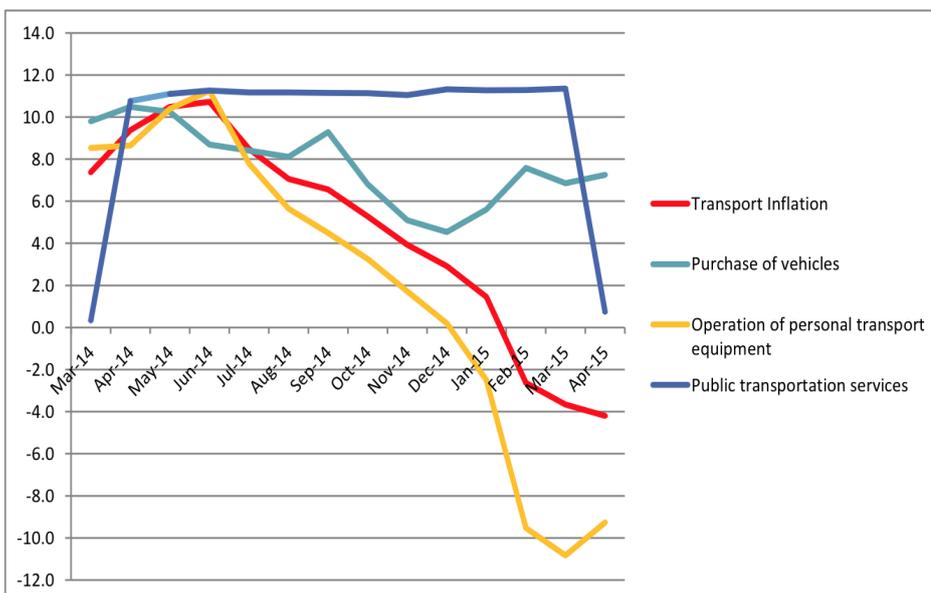
# Alcoholic beverages and Tobacco

In April 2015 the annual inflation rate for the group Alcoholic beverages and tobacco recorded a rate of 7.1 percent, which shows a decrease of 1.5 percentage points when compared to 8.6 percent recorded in the previous month but showed an increase when compared to the corresponding rate recorded during the same period a year earlier which stood at 6.8 percent. The upward movement of inflation in this category between April 2014 and April 2015 was due to price increases in the tobacco subcomponent (see chart 4).

**Chart 4: NCPI; Alcoholic beverages and tobacco annual inflation (Dec 2012 = 100)**



## Box 2: Chart of the Month

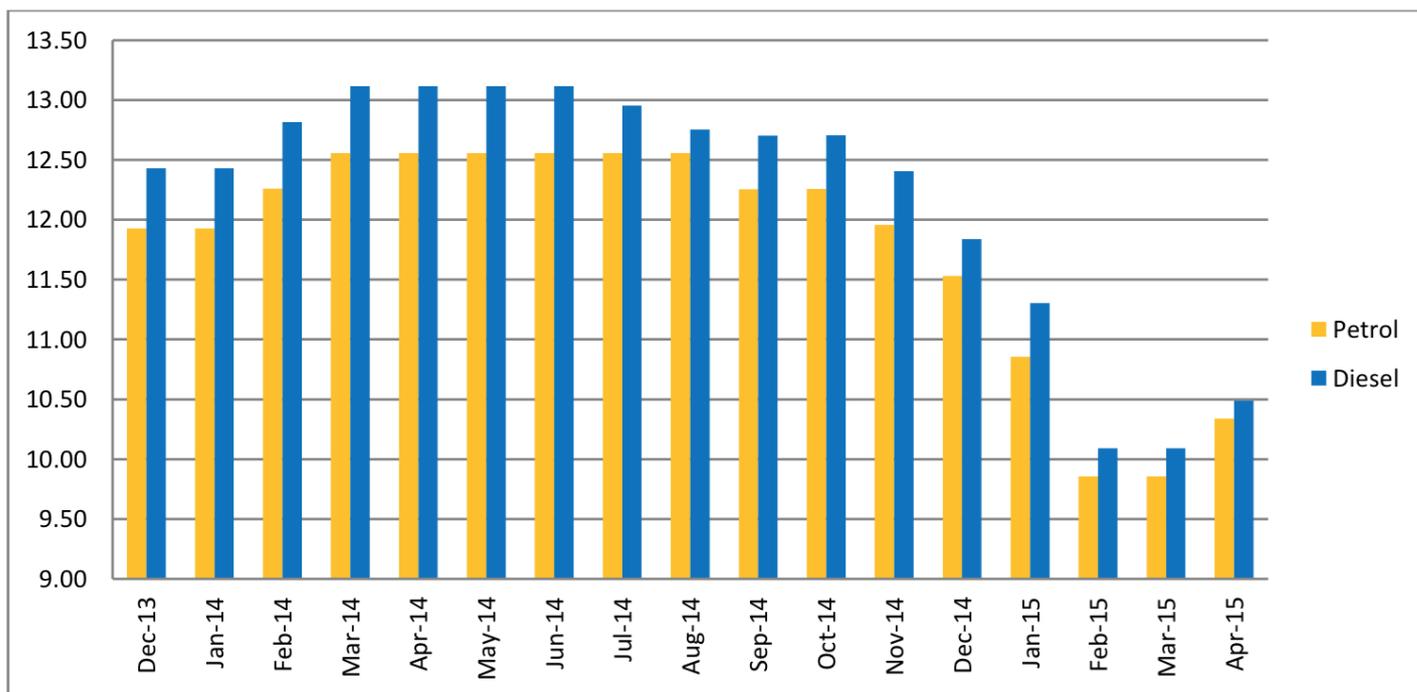


The transport annual inflation rate declined by 4.2 percent in April 2015, as compared to 9.4 percent recorded during the same period of last year.

This significant decline in transport inflation over the year has been largely driven by decreases in the subgroup of operation of personal transport equipment, which declined from 8.6 percent in April 2014, to -9.3 percent in April 2015.

The decline of 3.7 percent on annual basis in subcategory of Public transportation services were observed in the sale of air tickets.

**Chart 5: NCPI; average fuel prices movement per liter: Dec 13 to April 15**



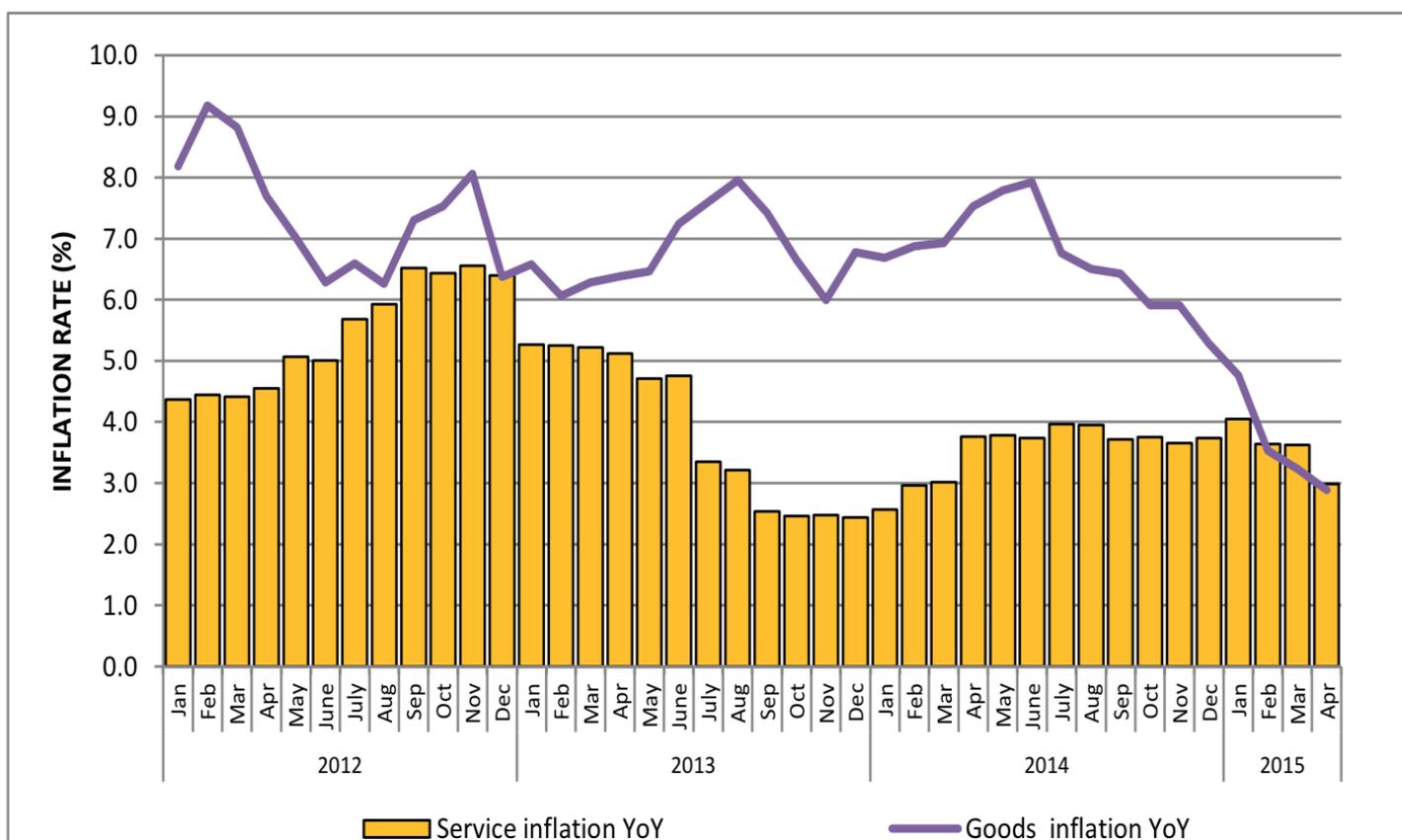
The period from June 2014 to February 2015 generally recorded decreases in prices of petrol and diesel. The downward trend was reversed in April 2015 when an increase in this subcomponent was recorded. This increase was mainly caused by a slight increase in the price of global crude oil.

# Goods and Services Inflation

In April 2015 the Index for Goods and Services stood at 113.6 and 108.7 respectively as compared to the corresponding indices of 110.4 and 105.6 recorded during the same period last year.

During the month of April 2015, the monthly and annual inflation rates for Goods were 0.8 and 2.9 percent while those for Services stood at 0.1 and 3.0 percent. Parallel rates recorded during the same period in the previous year stood at 1.1 and 7.5 percent and 0.7 and 3.8 percent respectively

**Chart 6: NCPI; Goods and Services (Dec 2012 = 100)**



**Table 1: Namibia CPI: All-Items Index, monthly and annual percentage changes (Dec 2012 =100)**

Period	CPI	m-o-m	y-o-y
<b>2013</b>			
Jan	100.9	0.9	6.2
Feb	101.4	0.4	5.8
Mar	101.9	0.6	5.9
Apr	102.3	0.3	5.9
May	102.4	0.1	5.8
June	102.7	0.2	6.2
July	103.4	0.7	5.9
Aug	103.8	0.4	6.0
Sep	104.1	0.3	5.4
Oct	104.5	0.4	4.9
Nov	104.7	0.2	4.4
Dec	104.9	0.1	4.9
<b>An. Av</b>	<b>103.1</b>	<b>0.4</b>	<b>5.6</b>
<b>2014</b>			
Jan	105.9	0.9	4.9
Feb	106.6	0.7	5.2
Mar	107.3	0.6	5.2
Apr	108.3	1.0	5.9
May	108.6	0.3	6.1
June	108.9	0.3	6.1
July	109.1	0.2	5.6
Aug	109.4	0.3	5.4
Sep	109.6	0.2	5.3
Oct	109.7	0.1	5.0
Nov	109.9	0.2	5.0
Dec	109.8	-0.2	4.6
<b>An. Av</b>	<b>108.6</b>	<b>0.4</b>	<b>5.4</b>
<b>2015</b>			
Jan	110.6	0.8	4.5
Feb	110.4	-0.2	3.6
Mar	110.9	0.4	3.4
Apr	111.5	0.5	2.9

## Namibia Statistics Agency

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