

Namibia Consumer Price Index

OCTOBER, 2015



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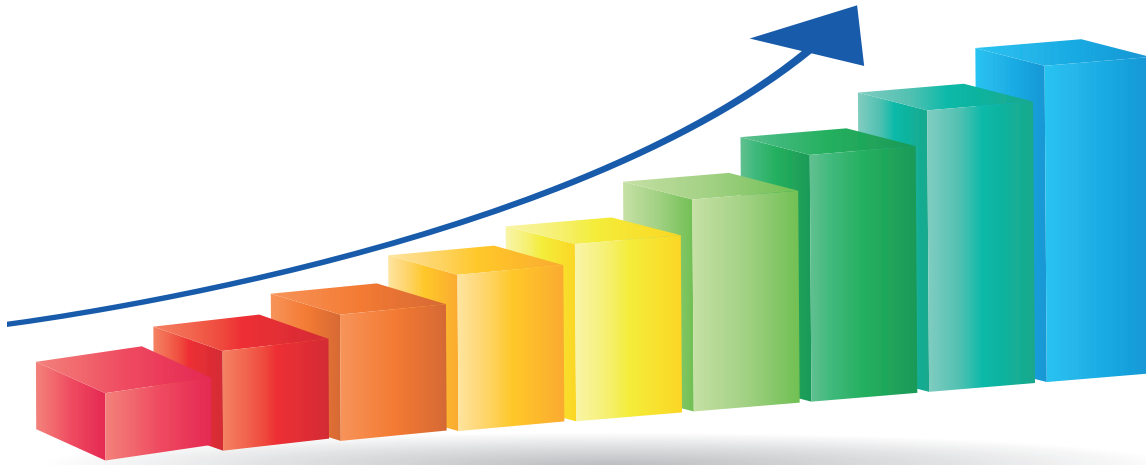
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Headline inflation

The annual inflation rate for October 2015 increased moderately to 3.4 per cent from 3.3 per cent in the previous month.

Summary

The annual inflation rate for October 2015 increased moderately to 3.4 percent from 3.3 percent in the previous month. The moderate increase in the annual inflation rate emanated mainly from increases in the price levels of the categories “Food and Non-alcoholic beverages”; “Housing, water, electricity, gas and other fuels”; “Health” and “Hotels, cafés and restaurants” which respectively increased to 6.4; 2.8; 5.8 and 6.4 percent from 5.7; 2.3; 5.4 and 5.9 percent recorded in September 2015.

The average annual and average monthly inflation rates for the period January to October 2015 were estimated at 3.4 and 0.3 percent, while the corresponding rates registered during the same period a year earlier (2014) stood at 5.5 and 0.4 percent respectively.

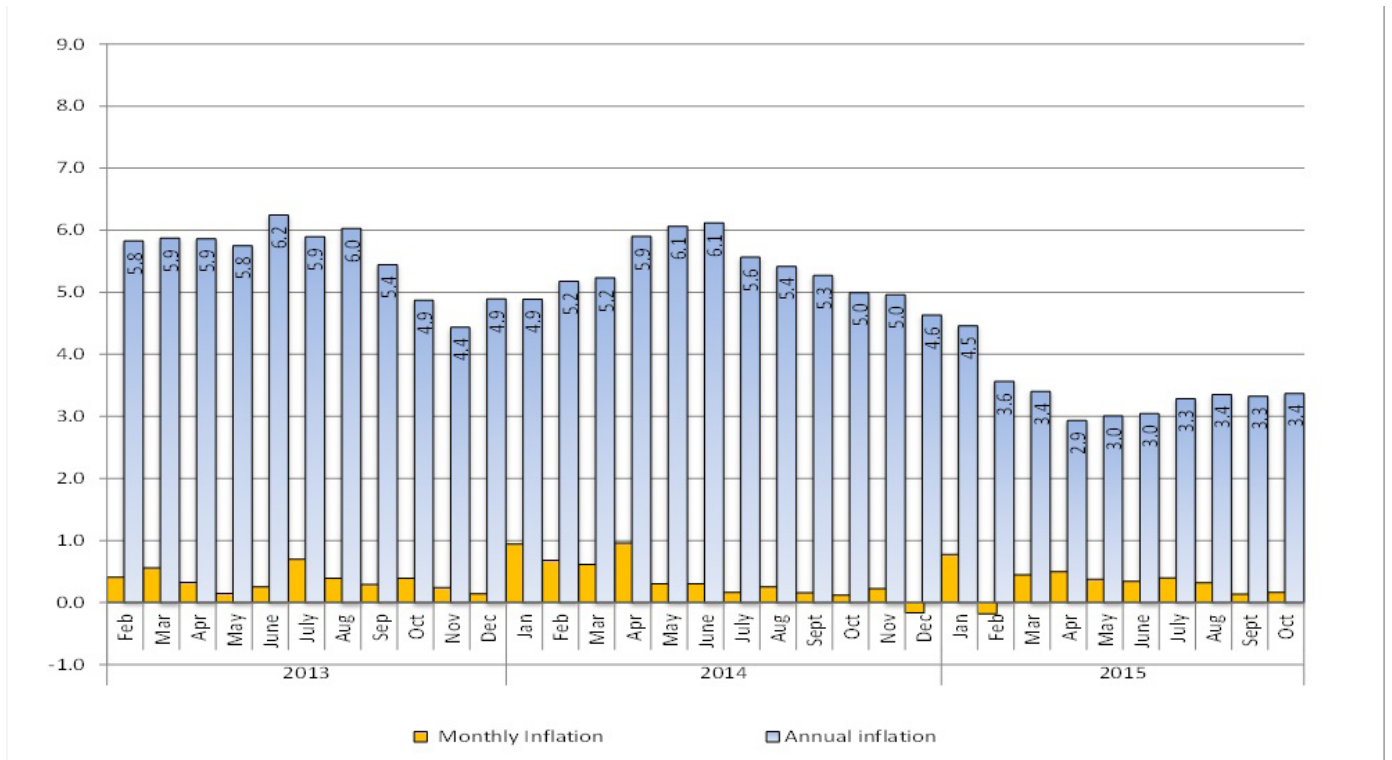
The monthly inflation rate for October 2015 increased to 0.2 percent from 0.1 percent recorded in the previous month.

Mr. Sikongo Haihambo
Acting Statistician General

Overall Inflation

During the period October 2014 to October 2015, the annual inflation rate fluctuated between 5.0 and 2.9 percent with the highest annual inflation rate of 5.0 percent observed in October and November 2014 and the lowest of 2.9 percent registered in April 2015 (Chart 1).

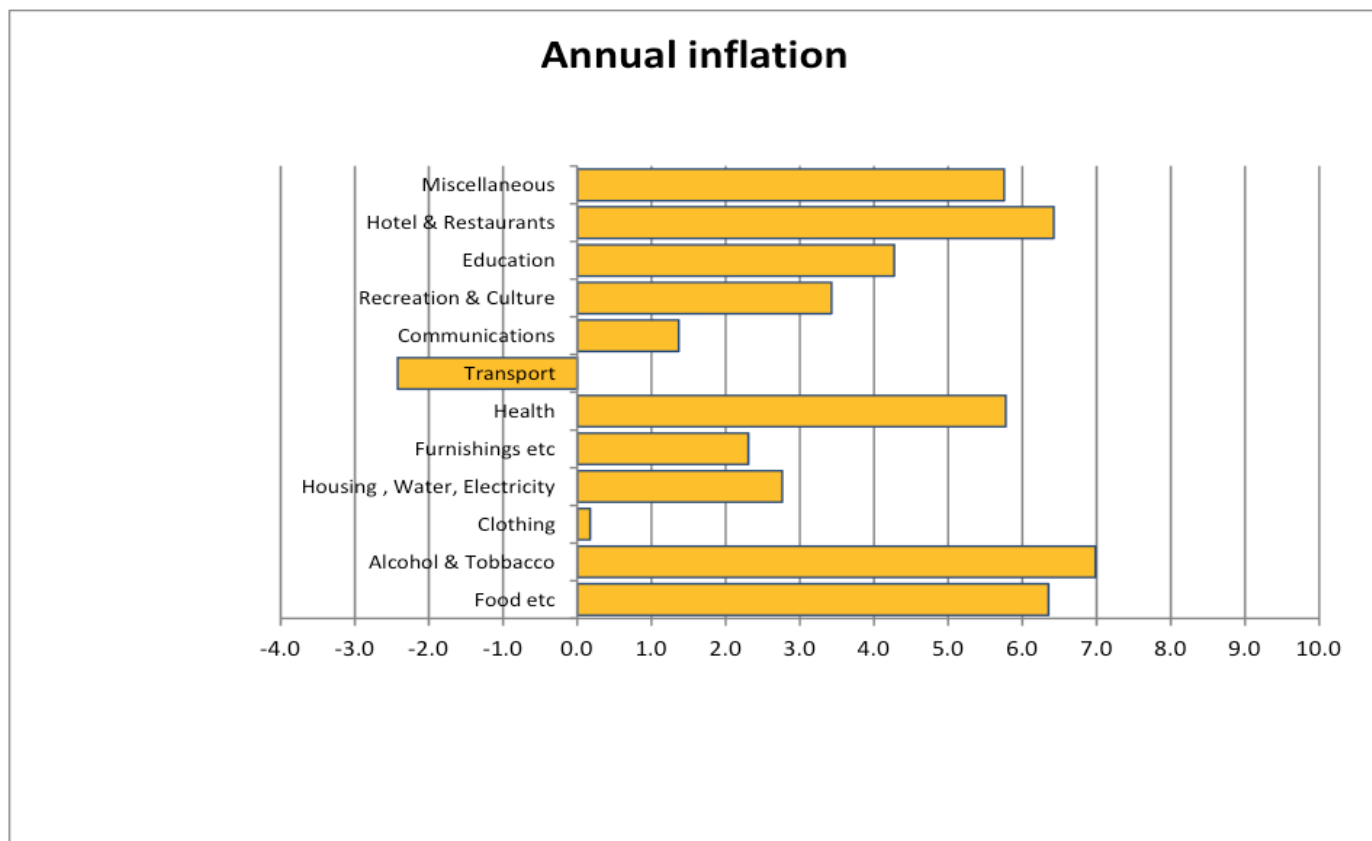
Chart 1: NCPI; Monthly and Annual percentage changes (Dec 2012 = 100)



Main Drivers of Inflation

The moderate rise in annual rate of inflation during the month of October 2015, was driven by the following sub-categories in the inflation basket: “Food and non- alcoholic beverages” that increased from 5.7 to 6.4 percent), “Housing, water, electricity, gas and other fuels” that increased from 2.3 to 2.8 percent, “Health” that increased from 5.4 to 5.8 percent and “Hotels, cafés and restaurants” that increased from 5.9 to 6.4 percent.

Chart 2: NCPI; September 2015 annual percentage changes by main groups (Dec 2012 = 100)



BOX 1: NCPI BASKET WEIGHTS

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 with 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. The basket now contains over 350 items, grouped into 12 categories and 55 subcategories, 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: (i) Housing, water, electricity, gas and other fuels, (ii) Food and non-alcoholic beverages and (iii) 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, a large increase in inflation in these categories has a greater impact on the 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	Weights (%)
Housing, Water, Electricity, Gas and Other Fuels	28.36
Food and Non- Alcoholic Beverages	16.45
Transport	14.28
Alcoholic Beverages and Tobacco	12.59
Furnishings, Household Equipment....	5.47
Miscellaneous Goods and Services	5.39
Communication	3.81
Education	3.65
Recreation and Culture	3.55
Clothing and Footwear	3.05
Health	2.01
Hotels, Cafés and Restaurants	1.39

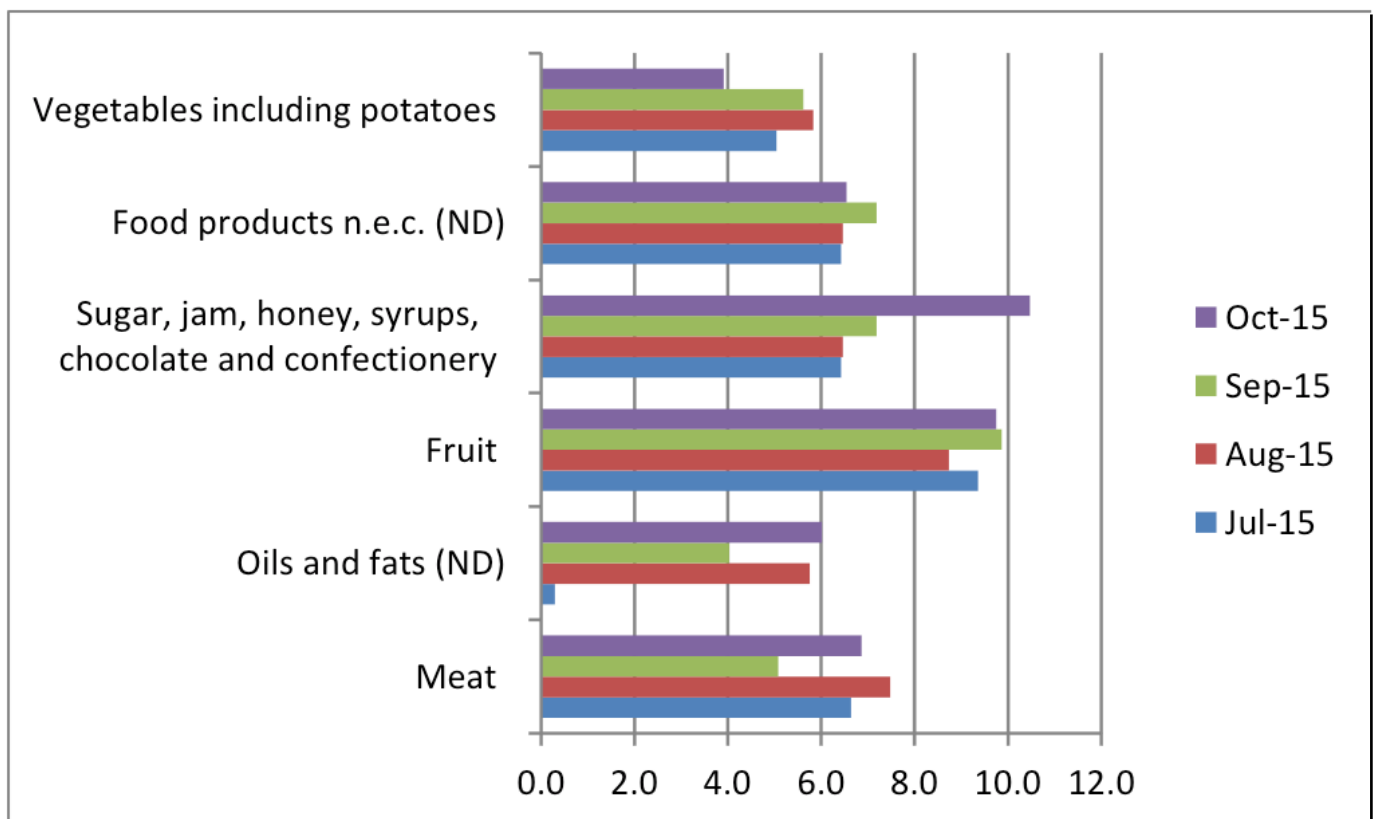
Food and non alcoholic beverages

The annual inflation rate for “Food and non-alcoholic beverages” for the month of October 2015 stood at 6.4 percent, a 0.7 percentage points increase from 5.7 percent recorded in September 2015.

This increase emanated from the sub-categories of “Sugar, jam, honey, syrups, chocolate and confectionery”, 10.5 percent; “Fruit”, 9.8 percent; “Meat”, 6.9 percent; “Coffee, tea and cocoa”, 6.7 percent; “Bread and cereals”, and “Food products” n.e.c 6.5 percent each.

The monthly inflation rate for this category stood at 0.8 percent as compared to 0.4 percent recorded in the previous month.

Chart 3: NCPI; Annual inflation for selected food sub-categories (Dec 2012 = 100)

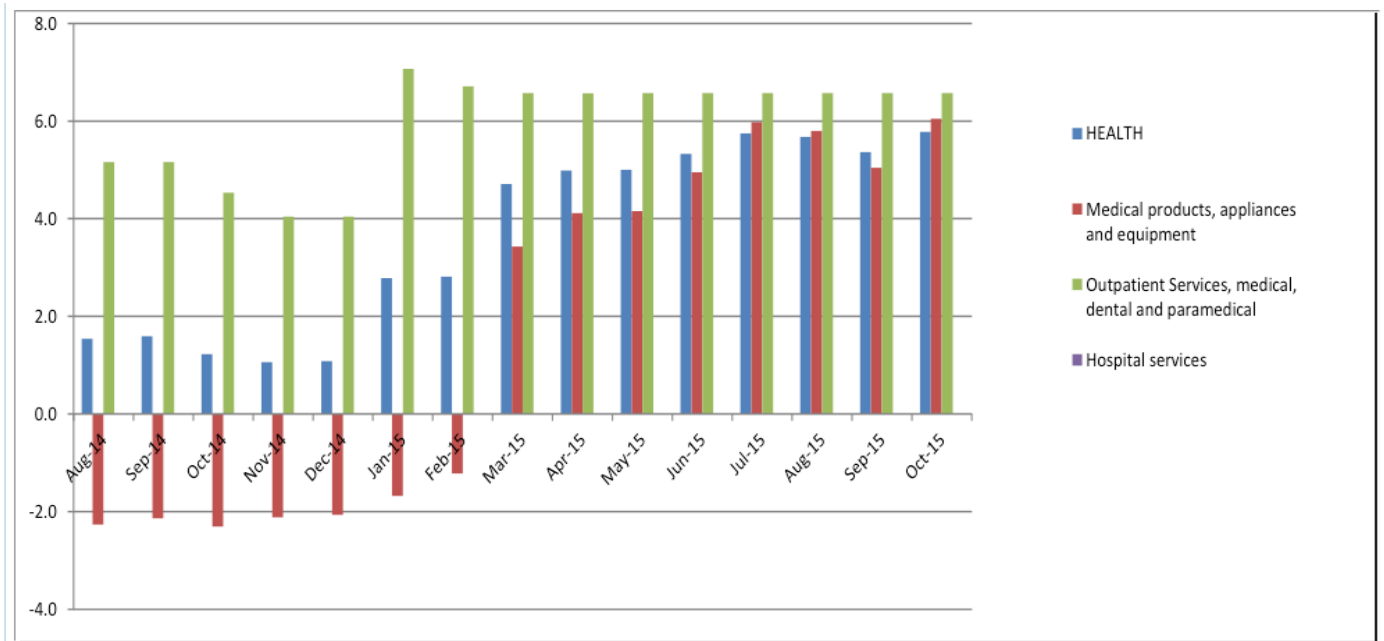


Health

In October 2015, the annual inflation rate for the group “Health” stood at 5.8 percent, an increase of 0.4 percentage points above the 5.4 percent recorded last month. “Medical products, appliances and equipment” increased from 5.0 percent to 6.0 percent.

The monthly inflation for this group stood at 0.5 percent during the month under review as compared to the -0.2 percent recorded last month.

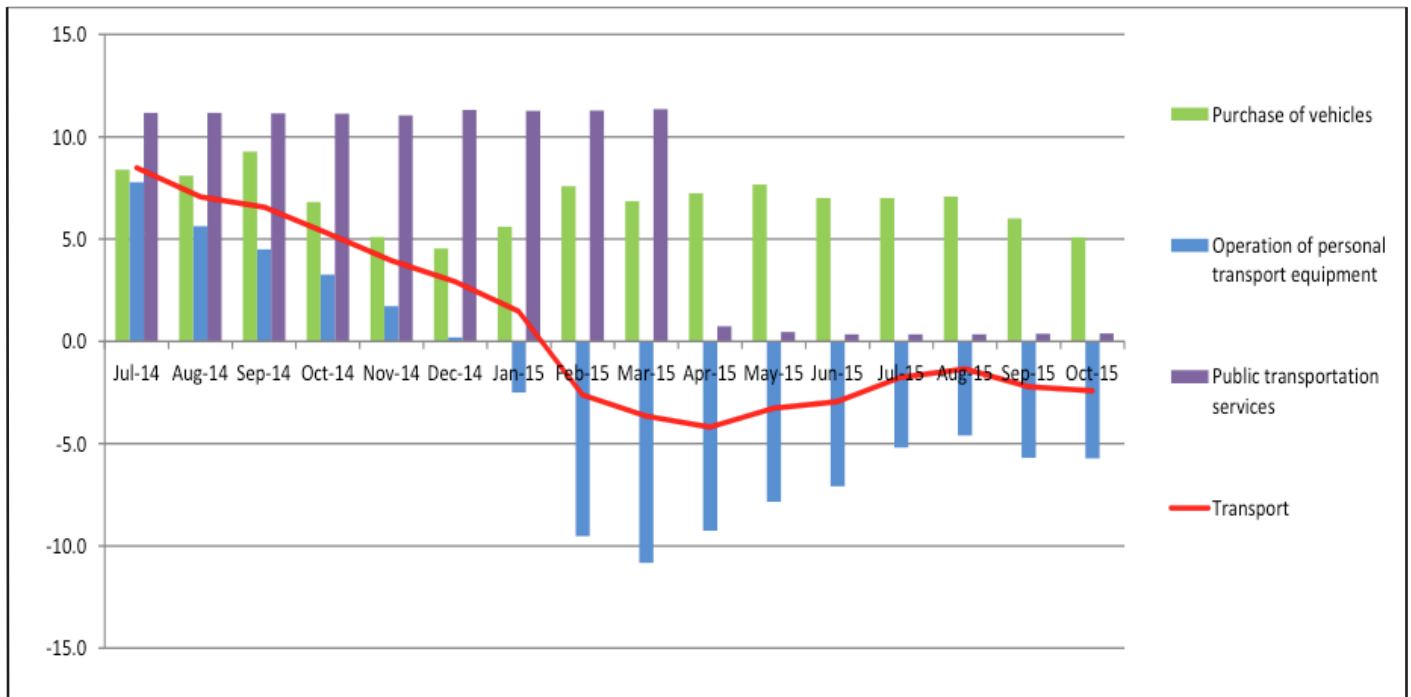
Chart 4: NCPI; Annual inflation for Health (Dec 2012 = 100)



Transport

The annual inflation rate for the group “Transport” was recorded at -2.4 percent in October 2015, representing a decrease of 4.6 percentage point over the month of September 2015 which recorded a rate of -2.2 percent. This decrease was brought about by a decline in the level of prices of goods and services in the category of “Operation of personal transport equipment”.

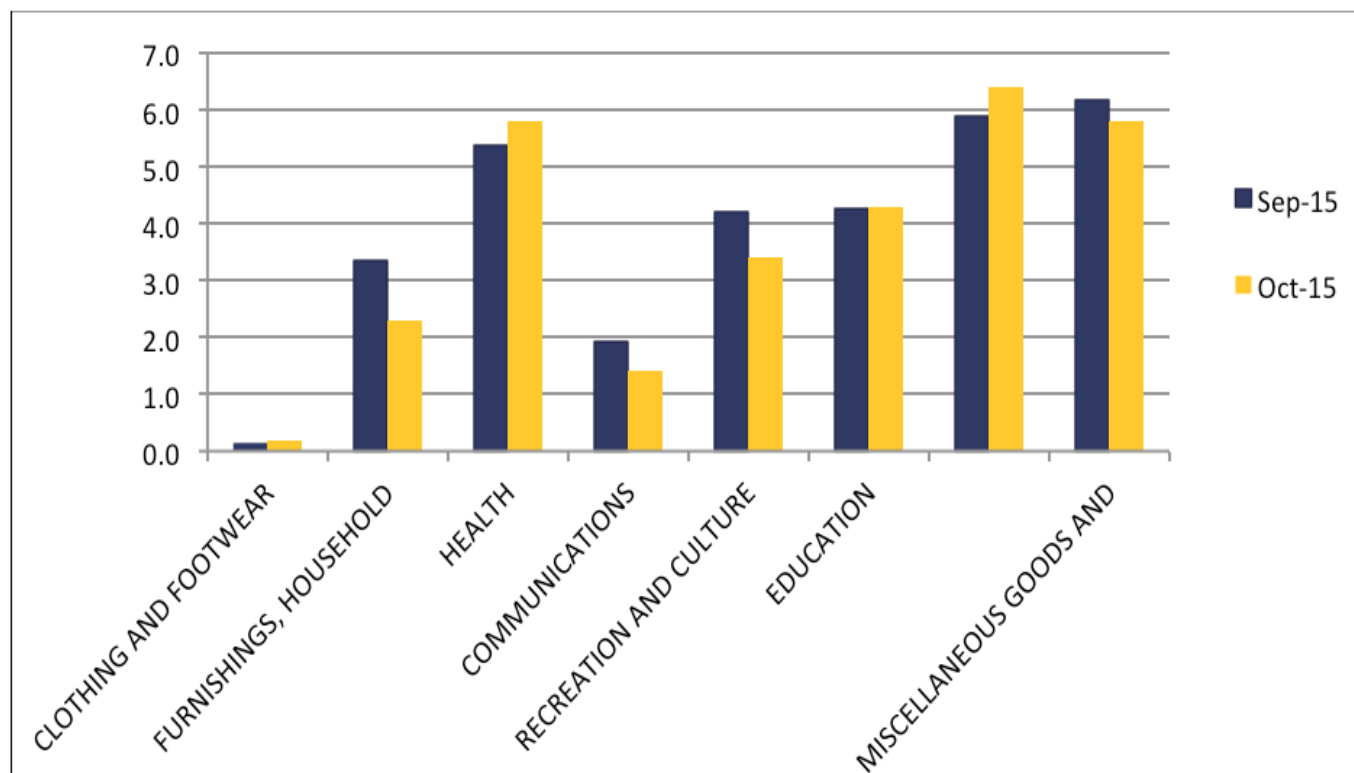
Chart 5: NCPI; Annual inflation for Transport (Dec 2012 = 100)



Minor Groups

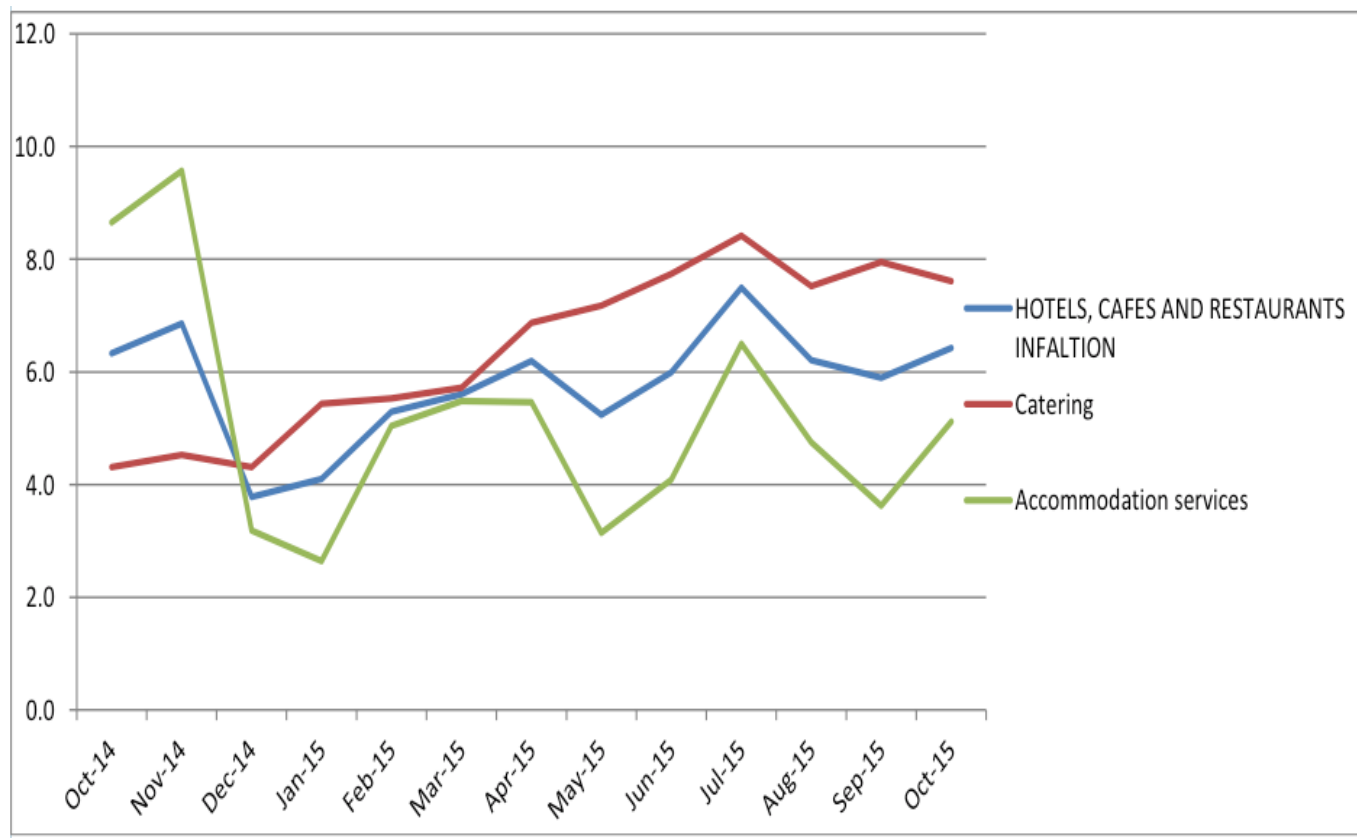
For the minor groups, high annual inflation rates were observed in the groups of “Hotels, cafés and restaurants” (6.4 percent); “Miscellaneous goods and services” (5.8 percent), “Health” (5.8 percent), while “Education and Recreation and culture” recorded rates of 4.3 and 3.4 percent respectively. “Communication” and “Clothing and footwear” groups registered the lowest annual inflation rates of 1.4 and 0.2 percent respectively.

Chart 6: NCPI; Annual inflation for Minor groups (Dec 2012 = 100)



BOX 2: CHART OF THE MONTH

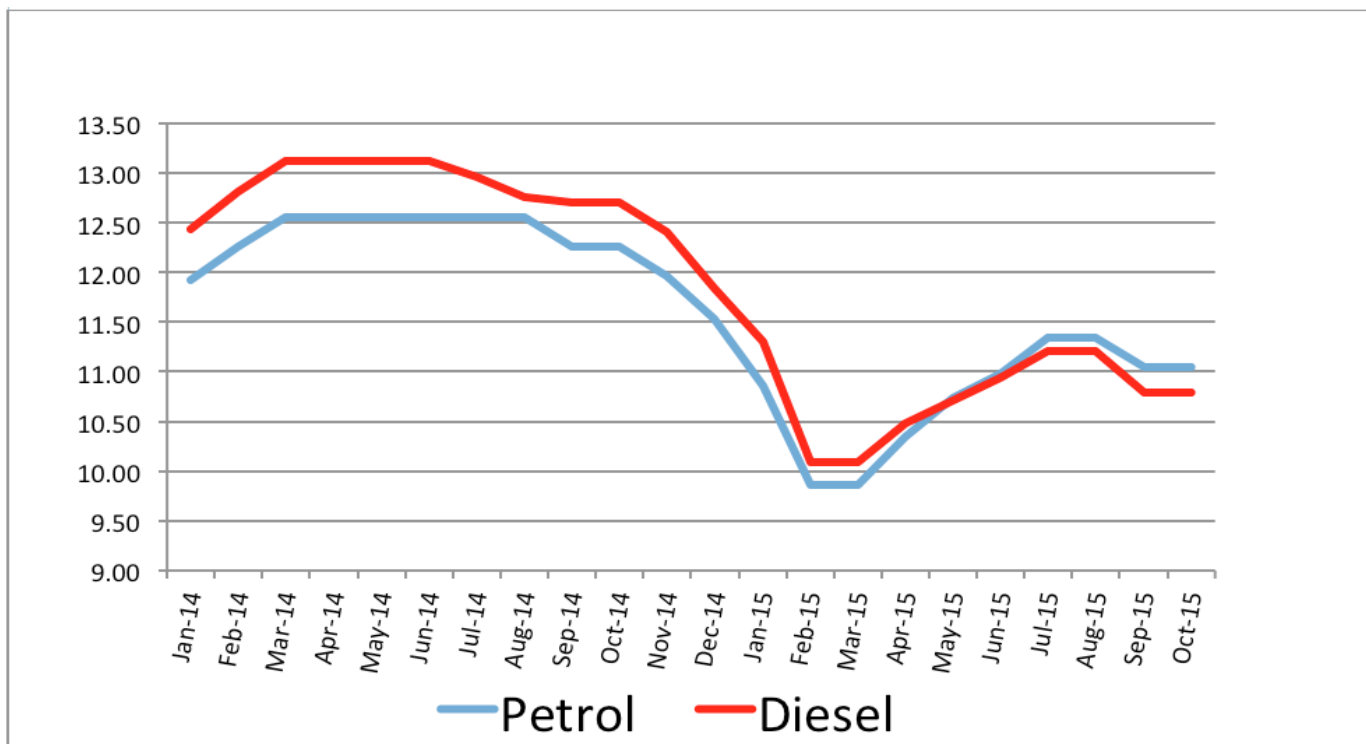
Chart 7: NCPI; Annual inflation for Hotels, Cafes and Restaurants (Dec 2012 = 100)



Hotels, cafés and restaurants

For the month of October 2015, the annual inflation rate for the group “Hotels, cafes and restaurants” increased to 6.4 percent from 5.9 percent recorded in the previous month. This increase emanated from the increasing level of accommodation prices, which increased from 3.6 to 5.1 percent.

Chart 8: NCPI; Average fuel prices movement per liter: January 2014 to September 2015



Between June 2014 and February 2015, generally prices of petrol and diesel recorded a decreasing trend; however this trend was reversed in April 2015 when an increase in this sub-component was recorded and it declined again in September 2015 when the prices dropped (Chart 8).

GOODS AND SERVICES INFLATION

During the month of October 2015, the monthly and annual inflation rates for “Goods” were 0.3 and 3.6 percent while “Services” stood at 0.03 and 3.0 percent respectively. Corresponding rates recorded during the same period in the previous year stood at 0.2 and 5.9 percent as well as 0.0 and 3.8 percent respectively.

Chart 9: NCPI; Goods and Services monthly and annual inflation rates (Dec 2012 = 100)

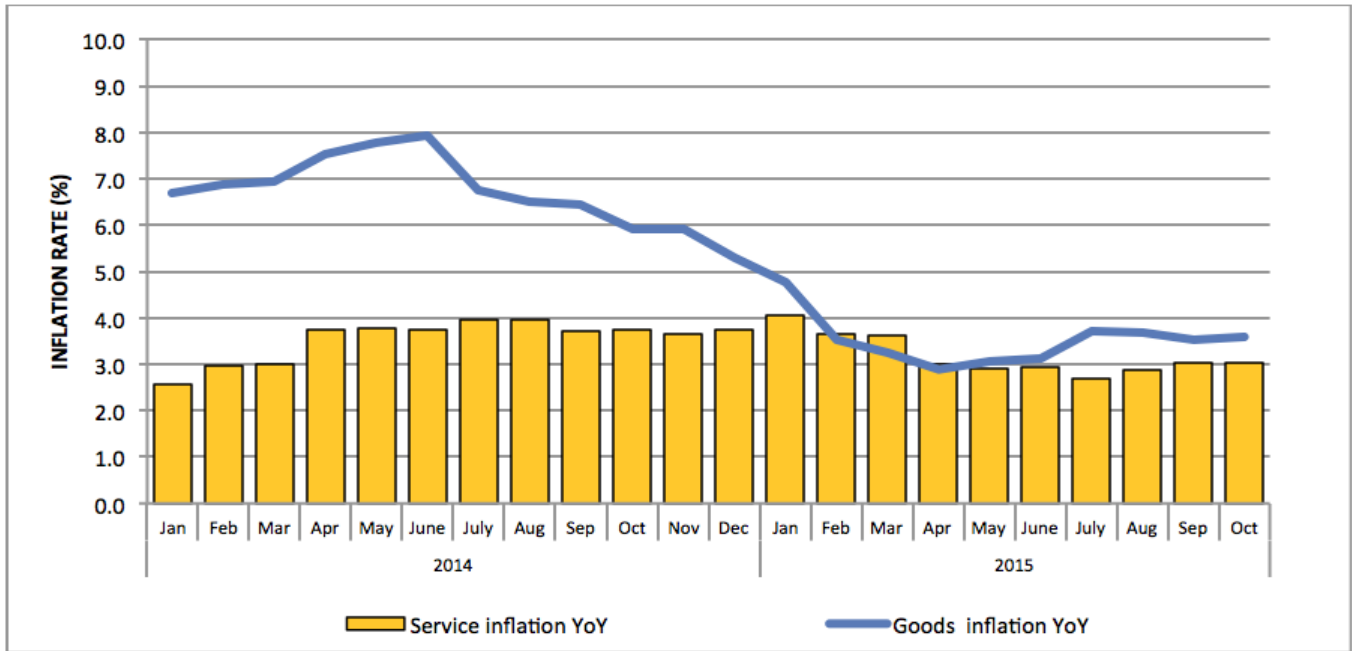


Table 1: Namibia CPI: All-Items Index, monthly and annual percentage changes (Dec 2012 =100)

Period		Index	Monthly inflation rate	Annual inflation rate
2013	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
	An. Av	103.1	0.4	5.6
	2014	Jan	105.9	0.9
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
An. Av		108.6	0.4	5.4
2015		Jan	110.6	0.8
	Feb	110.4	-0.2	3.6
	Mar	110.9	0.4	3.4
	Apr	111.5	0.5	2.9
	May-15	111.9	0.4	3.0
	Jun-15	112.3	0.3	3.0
	Jul-15	112.7	0.4	3.3
	Aug-15	113.1	0.3	3.4
	Sep-15	113.2	0.1	3.3
	Oct-15	113.4	0.2	3.4

Namibia Statistics Agency

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