

# Namibia Consumer Price Index

November, 2014



Namibia Statistics  
Agency

# **Our Mission**

**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**

# **Our Shared Values**

**Excellent Performance**

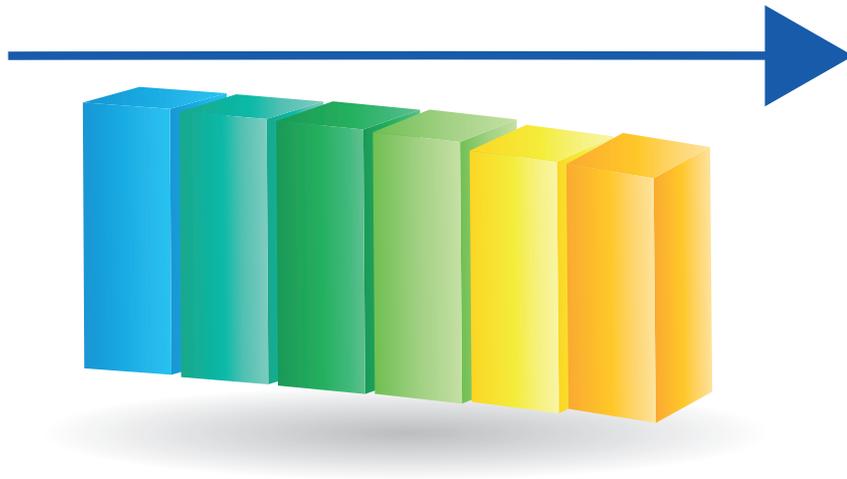
**Integrity**

**Service focus**

**Transparency**

**Accuracy**

**Partnership**



## Annual Inflation Remained Unchanged

Headline Inflation for November 2014 remained unchanged at 5.0 percent on an annual basis, however increased by 0.2 percent on a monthly basis.

## Summary

The inflation rate for November remained unchanged at 5.0 percent on an annual basis; however increased by 0.2 percent on a monthly basis. On a monthly basis, inflation was driven by increases in the prices of good in the category of *alcohol beverages and tobacco* recorded 0.8 percent, *food and non-alcohol beverages* and *furnishing, household equipment and routine maintenance of the house*, both of which expanded by 0.5 percent when compared to the previous month.

On an annual basis however, inflation remains driven by prices in the categories of *alcohol beverages and tobacco* and *food and non-alcohol beverages*, which have expanded by 7.8 and 7.2 percent respectively. The all items index stands at 109.6 points from 104.7 points in November 2013

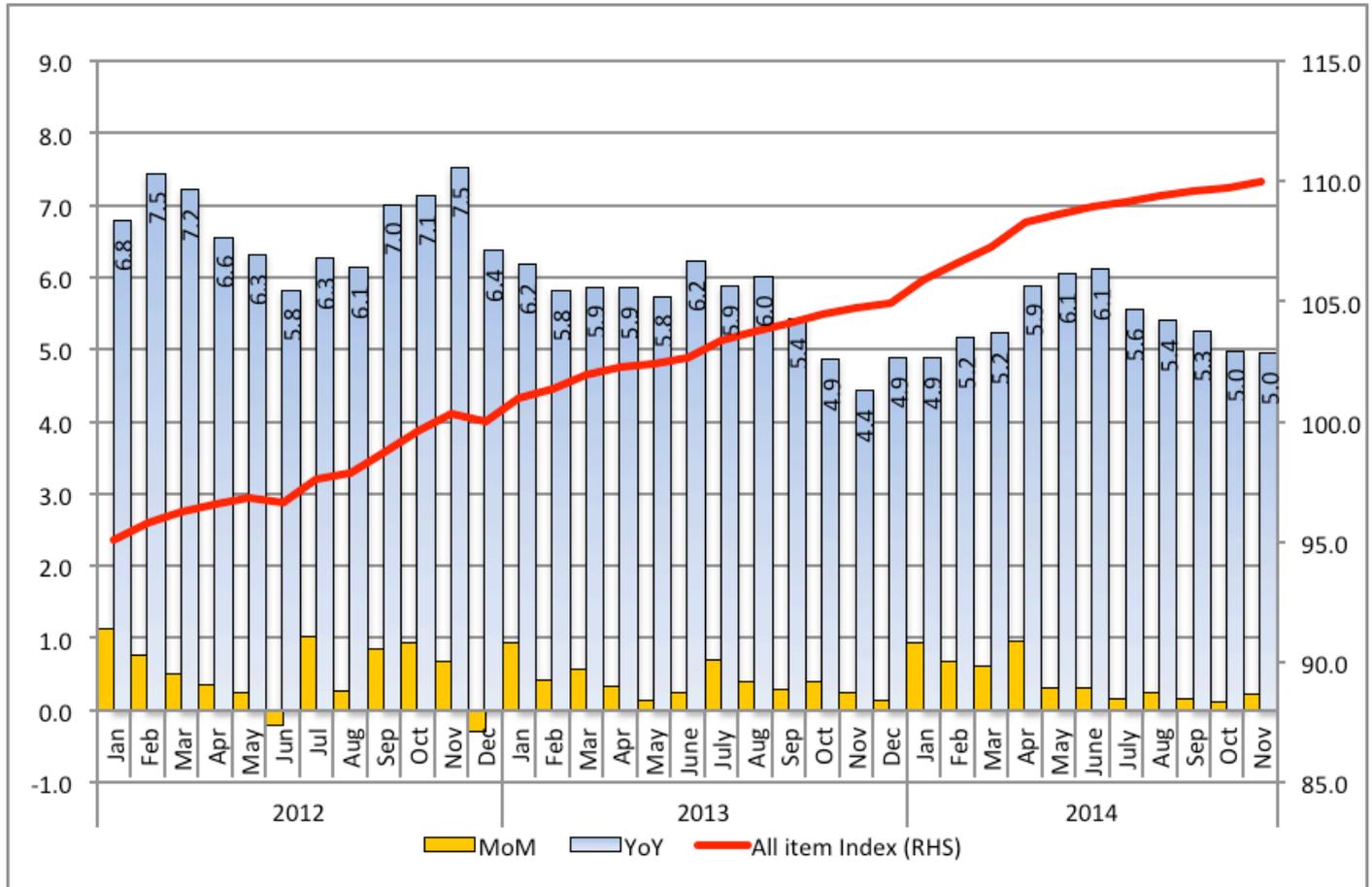
ulted from food and non-alcoholic beverages, transport, clothing and footwear, health as well as communication which dropped to 7.5 , 5.3, 3.8, 1.2 and,-1.1, percent compared to 8.4, 6.6, 4.1, 1.6 and -1.0 percent respectively, recorded a month earlier. The all items index for October 2014 stood at 109.7 as compared to 104.5 recorded in the same period last year.

John Steytler

# Overall Inflation

November annual Inflation rate stood at 5.0 percent showing a continuation of the general downward trend in inflation seen since May 2014. The period between November 2013 and November 2014, the inflation fluctuated between 6.1 and 4.4 percent. This fluctuation in inflation is largely on account of fluctuation in global commodity prices, more on food, exacerbated by a weakening of the Namibia Dollar against major currencies.

**Chart 1: Namibia Consumer Price Index; November 2014 (Dec 2012 = 100)**

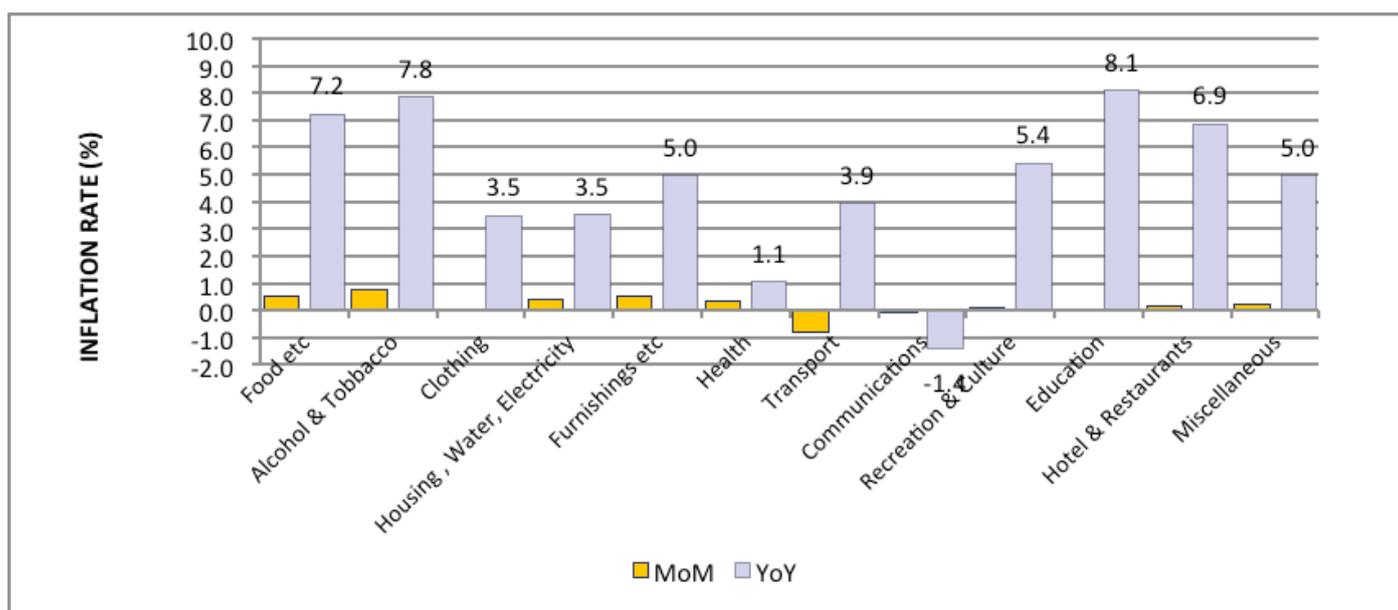


Over the past year, inflation has been driven predominantly by two categories of the overall inflation basket, namely, *transport and food and non-alcoholic beverages*, while only one category has seen prices fall, namely communications.

## Main Drivers of Inflation

The major drivers of the annual inflation were, mainly on account of relatively large weighting of these categories in the overall inflation basket, *food and non-alcoholic beverages* (7.2 percent), *alcoholic beverages and tobacco* (7.8 percent) *transport* (3.9 percent). Additional relatively smaller contributions to inflation were recorded from the minor groups (by basket weighting), such as *recreation and culture* (5.4 percent), *hotels, cafes and restaurants* (6.9 percent) and *miscellaneous goods and services* (5.0 percent).

Chart 2: NCPI; November 2014 percent changes by main groups (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.

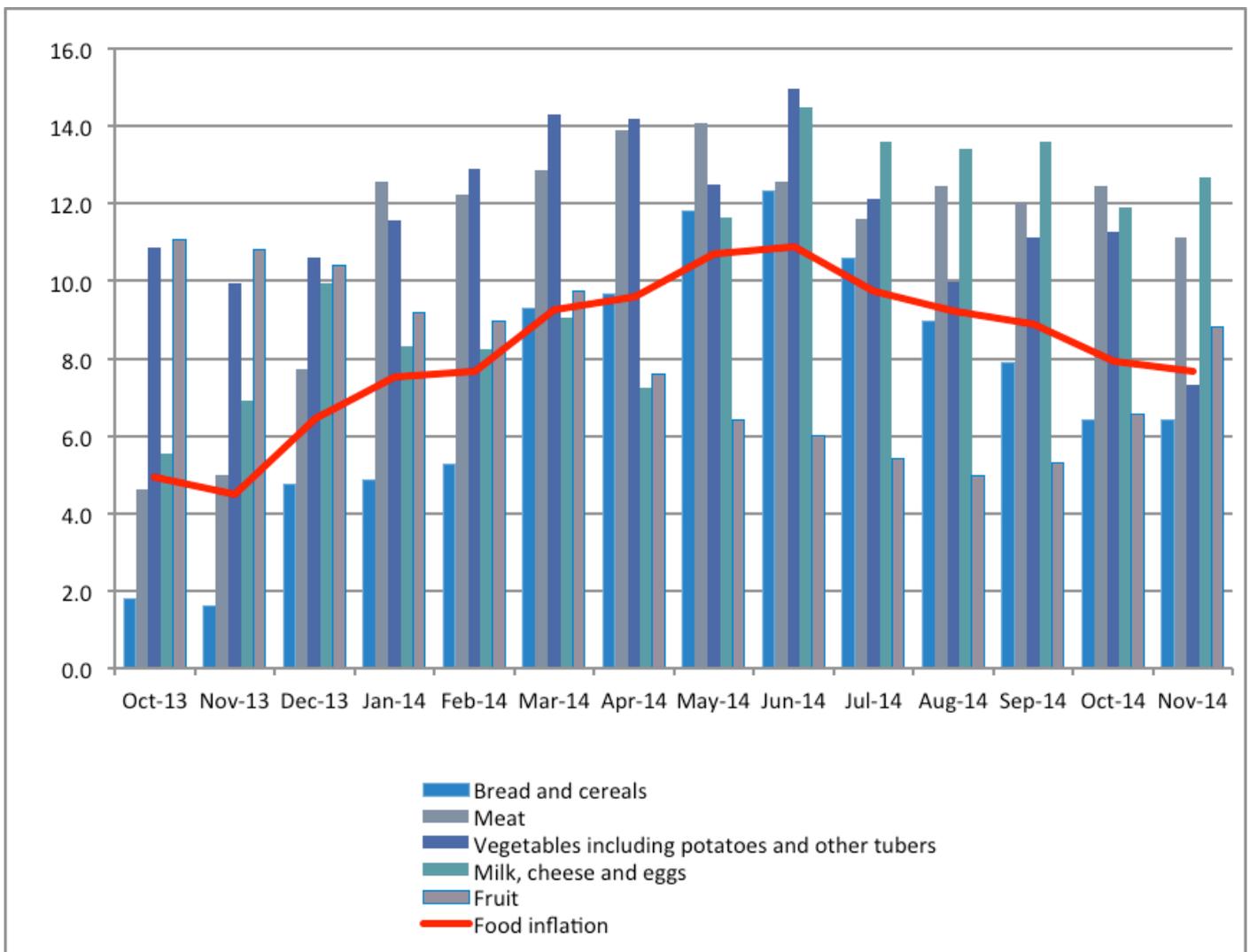
Category	Weighting (%)
<b>Housing, Water, Electricity, Gas and Other Fuels</b>	<b>28.36</b>
<b>Food and Non-Alcoholic Beverages</b>	<b>16.45</b>
<b>Transport</b>	<b>14.28</b>
<b>Alcoholic Beverages and Tobacco</b>	<b>12.59</b>
<b>Furnishings, Household Equipment...</b>	<b>5.47</b>
<b>Miscellaneous Goods 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* category of inflation is usually a key driver of inflation in Namibia due to the fact that it tends to be fairly volatile, usually above average inflation, and represents a large weight in the overall basket. The annual inflation for this category stood at 7.2 percent, following a 0.5 percent increase on monthly basis. The increase in food prices were recorded in most of the sub-groups except vegetables including potatoes and other tubes which dropped to (0.8 percent), Oil and fats (0.6 percent) and bread and cereals (0.1 percent).

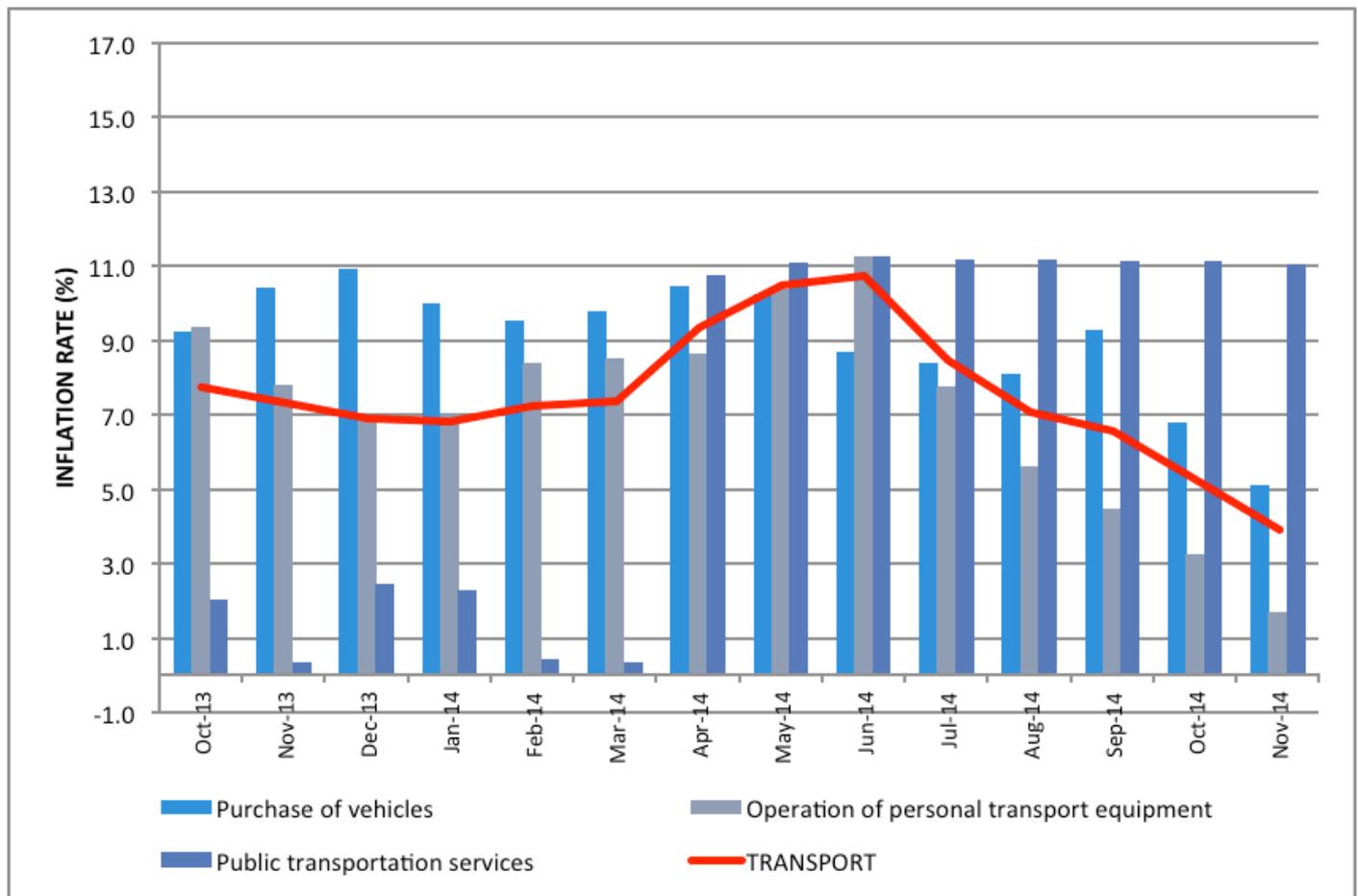
**Chart 3: NCPI; Selected food and non-alcoholic beverage sub-category annual inflation (Dec 2012 = 100)**



# Transport:

An additional driver of inflation is the category of Transport, which represents 14.28 percent of the overall basket, this component recorded 3.9 percent in November 2014, a 3.4 percentage points decrease in prices when compared to 7.3 percent registered in the same period of 2013. This decrease has been largely driven by decreases in the subgroup of operation of personal transport equipment.

**Chart 4: NCPI; Transport annual inflation (Dec 2012 = 100)**

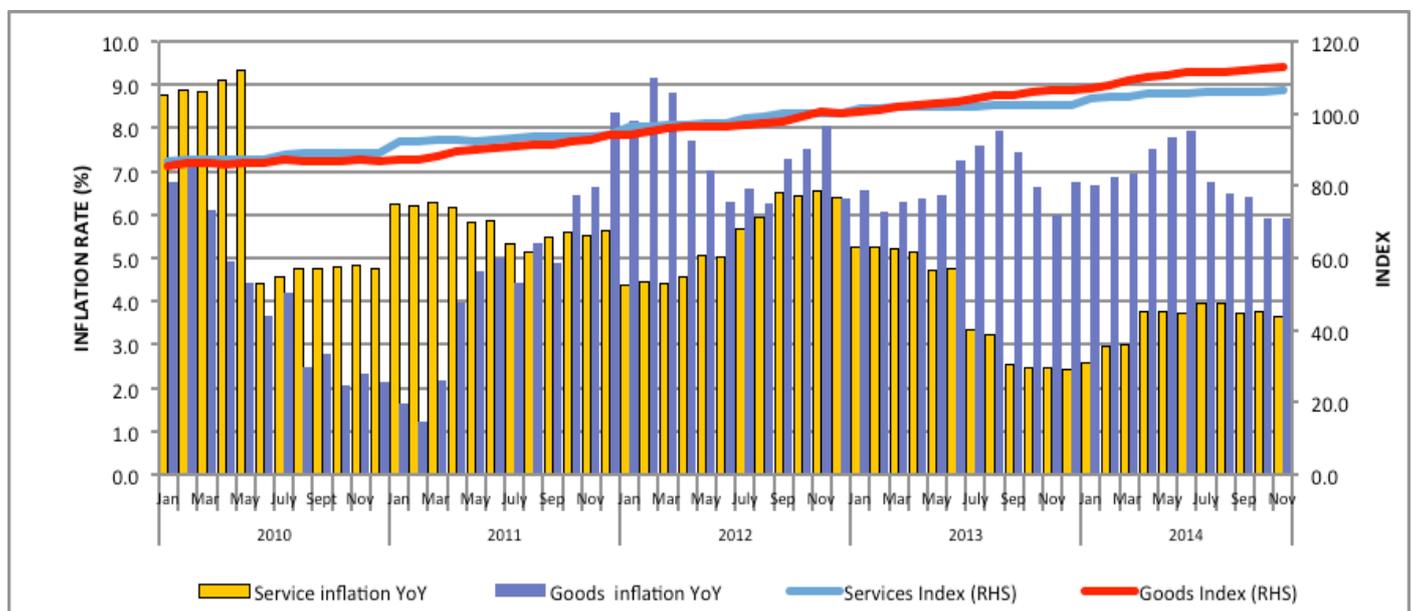


The services annual inflation rate has generally remained fairly low in the year 2014 when compared to goods inflation. The goods inflation fluctuated between 7.9 and 5.9 recorded in the months of June and November 2014.

## Goods and Services Inflation

For the month of November 2014 the Index for Goods and Services stood at 112.7 and 106.3 respectively as compared to the corresponding indices of 106.5 and 102.5 recorded during the same period last year.

**Chart 5: NCPI; All Items, Goods and Services (Dec 2012 = 100)**



For November 2014, the monthly and annual inflation rates for Goods were estimated at 0.4 and 5.9 percent while those for Services stood at 0.0 and 3.7 percent, accordingly indicating that prices of Goods continue accelerating faster than those of Services. Corresponding rates recorded during the same period a year earlier stood at 0.4 and 6.0 percent and 0.1 and 2.5 percent respectively.

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

Period	CPI	m-o-m	y-o-y
Jan-12	95.1	1.1	6.8
Feb-12	95.8	0.8	7.5
Mar-12	96.3	0.5	7.2
Apr-12	96.6	0.3	6.6
May-12	96.8	0.2	6.3
Jun-12	96.6	-0.2	5.8
Jul-12	97.6	1.0	6.3
Aug-12	97.9	0.3	6.1
Sep-12	98.7	0.8	7.0
Oct-12	99.6	0.9	7.1
Nov-12	100.3	0.7	7.5
Dec-12	100.0	-0.3	6.4
<b>An. Av</b>	<b>97.6</b>	<b>0.5</b>	<b>6.7</b>
Jan-13	100.9	0.9	6.2
Feb-13	101.4	0.4	5.8
Mar-13	101.9	0.6	5.9
Apr-13	102.3	0.3	5.9
May-13	102.4	0.1	5.8
Jun-13	102.7	0.2	6.2
Jul-13	103.4	0.7	5.9
Aug-13	103.8	0.4	6.0
Sep-13	104.1	0.3	5.4
Oct-13	104.5	0.4	4.9
Nov-13	104.7	0.2	4.4
Dec-13	104.9	0.1	4.9
<b>An. Av</b>	<b>103.1</b>	<b>0.4</b>	<b>5.6</b>
Jan-14	105.9	0.9	4.9
Feb-14	106.6	0.7	5.2
Mar-14	107.3	0.6	5.2
Apr-14	108.3	1.0	5.9
May-14	108.6	0.3	6.1
Jun-14	108.9	0.3	6.1
Jul-14	109.1	0.2	5.6
Aug-14	109.4	0.3	5.4
Sep-14	109.6	0.2	5.3
Oct-14	109.7	0.1	5.0
Nov-14	109.9	0.2	5.0



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