

Namibia Consumer Price Index

June , 2015



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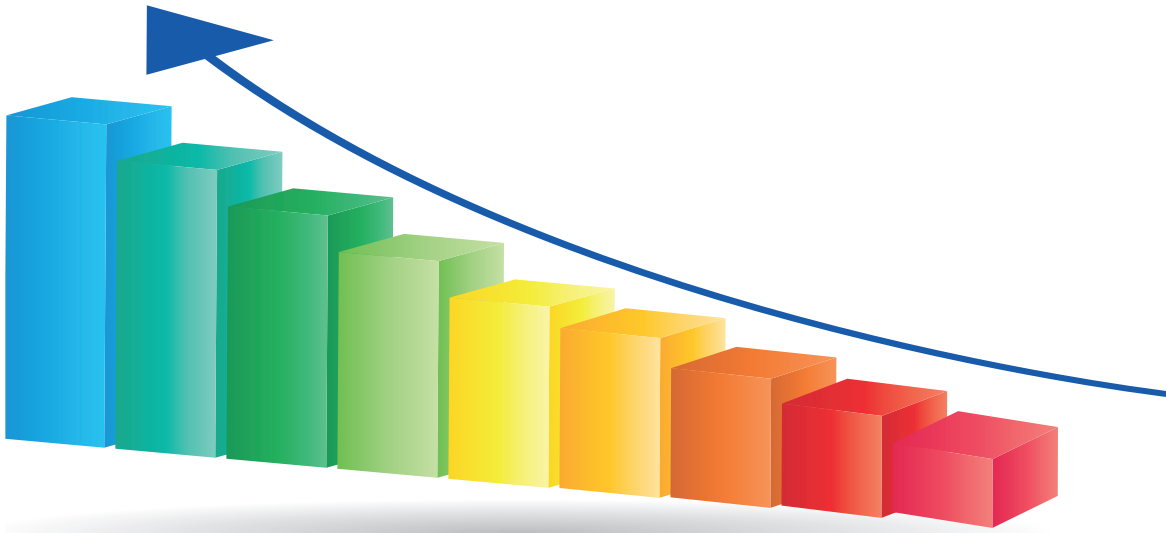
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Headline inflation

For June 2015, the annual inflation rate remained unchanged at 3.0 percent as compared to the previous month.

Summary

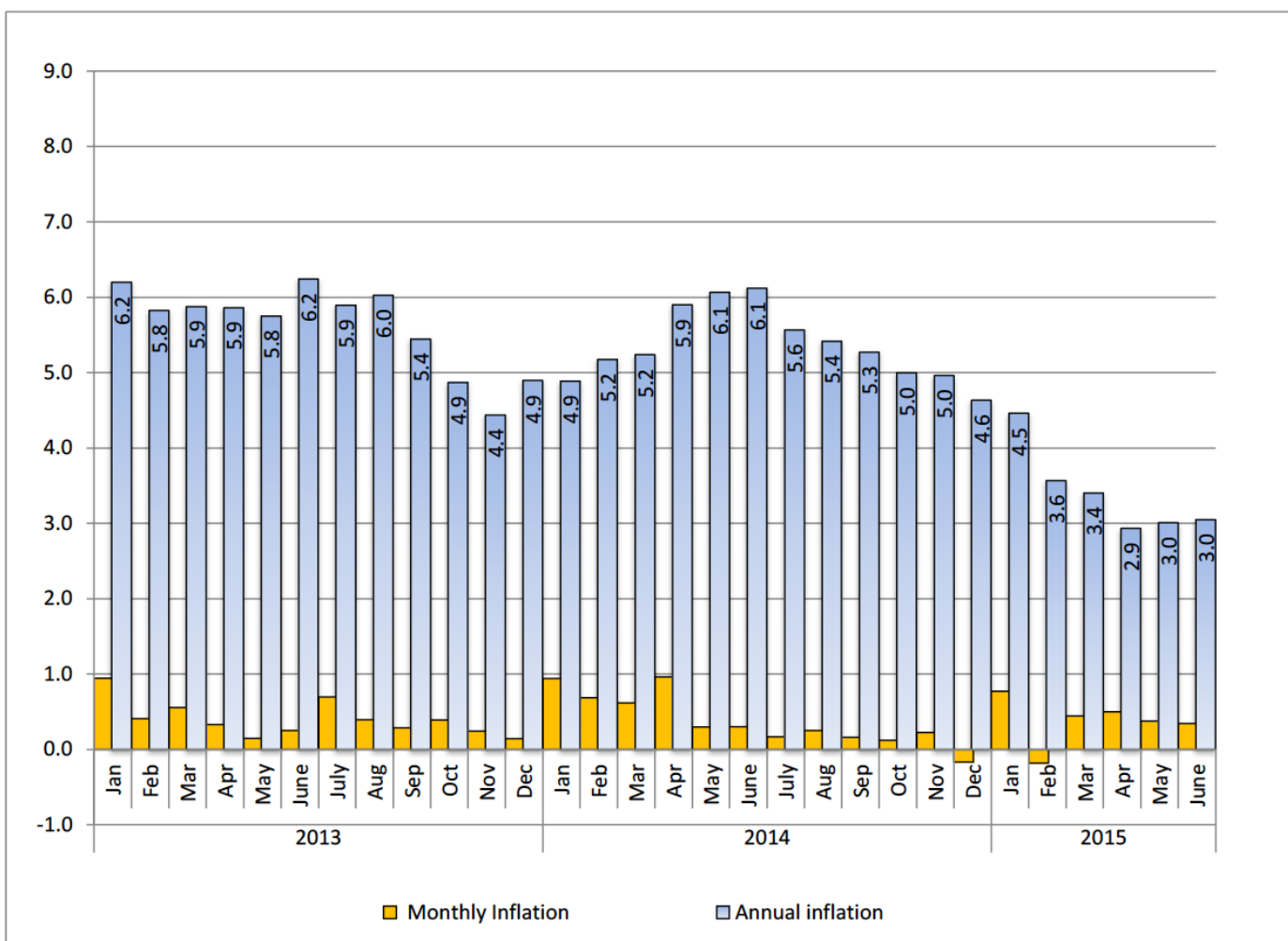
For June 2015, the annual inflation rate remained unchanged at 3.0 percent as compared to May 2015 however on a monthly basis, inflation rate slowed down to 0.3 percent. The moderate slow down on monthly inflation rate came about as a result of decreases in prices of food and non-alcoholic beverages as well as clothing and footwear which dropped to 0.1 and 0.5 percent as compared to 0.5 and 0.7 percent registered in the preceding month.

Mrs. Liina Kafidi, Acting Statistician General

Overall Inflation

For the period between June 2014 and June 2015, annual inflation rate fluctuated between 6.1 and 2.9 percent (Chart 1). The highest annual inflation rate recorded during the period was 6.1 recorded in June 2014 and the lowest of 2.9 percent was registered in April 2015.

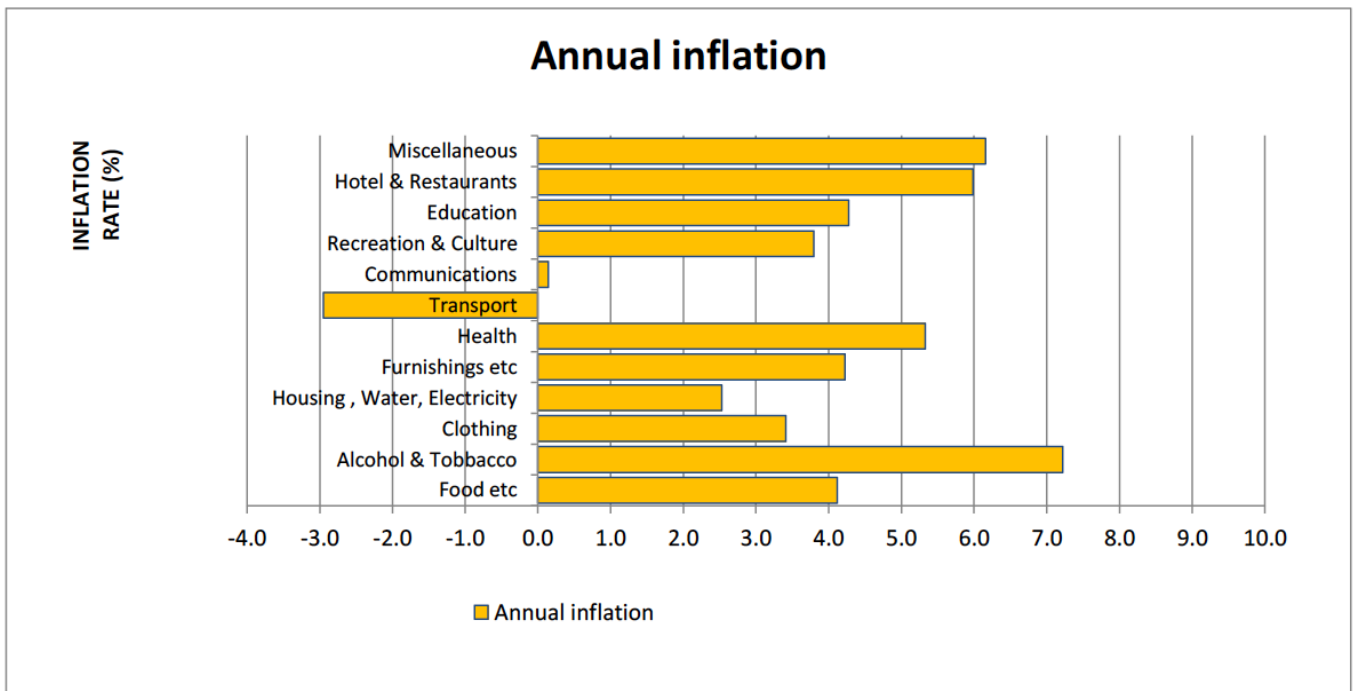
Chart 1: Namibia Consumer Price Index; June 2015 (Dec 2012 =100)



Main Drivers of Inflation

The annual inflation rate for the month of June 2015, was mainly driven by the following categories in the inflation basket: Hotels and restaurants increases from 5.2 percent to 6.0 percent, Health increases from 5.0 percent to 5.3 percent, Recreation and culture increases from 3.2 percent to 3.8 percent and Clothing and footwear that increases from 2.4 percent to 3.4 percent (Chart 2). The contraction in Transport inflation that was moderate, from minus 3.3 percent on an annual basis in the month of May 2015, to minus 3.0 percent in the month under review also contributed to the overall increase in consumer price inflation in June.

Chart 2: NCPI; June 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 (%)
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
Communications	3.81
Education	3.65
Recreation and Culture	3.55
Clothing and Footwear	3.05
Health	2.01
Hotels, Cafes and Restaurants	1.39

Key Components

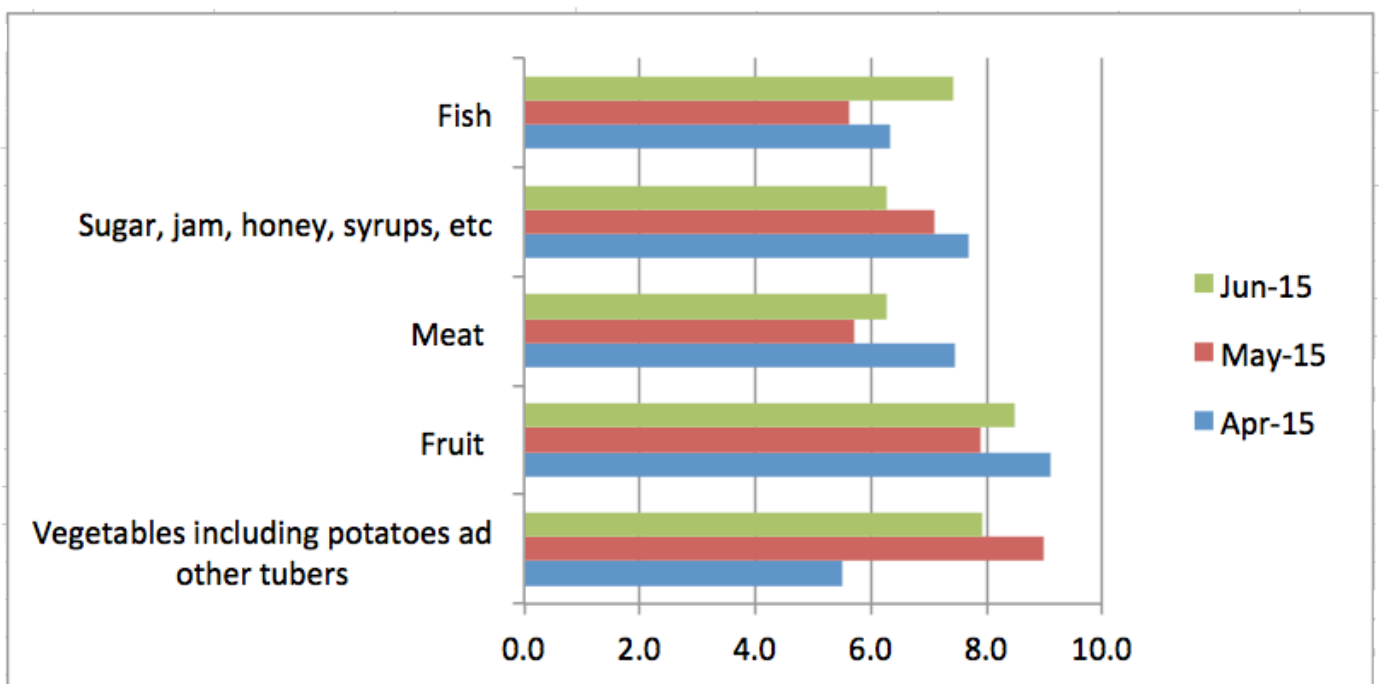
Food and non alcoholic beverages

For the month of June 2015, the annual inflation rate for Food and non-alcoholic beverages stood at 4.1 percent as compared to a year earlier of 10.1 percent.

Notable changes in annual food prices during the month of June 2015 were mainly reflected in the following sub-components Fruit (8.5 Percent), Vegetables including potatoes and other tubers (7.9 percent), Fish (7.4 percent) Sugar, jam, honey, syrups, chocolate and confectionary (6.3 percent), and Meat (6.3 percent).

The group contributed 0.7 percent to the overall annual inflation rate.

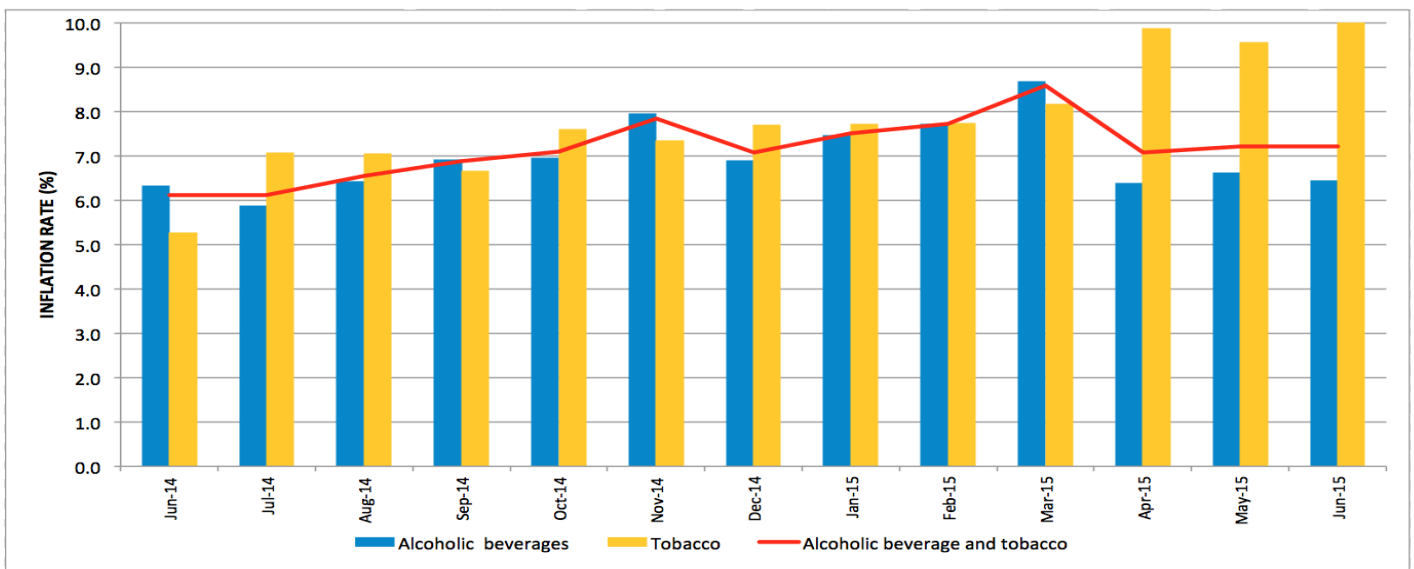
Chart 3: NCPI; Selected food sub-category annual inflation (Dec 2012 = 100)



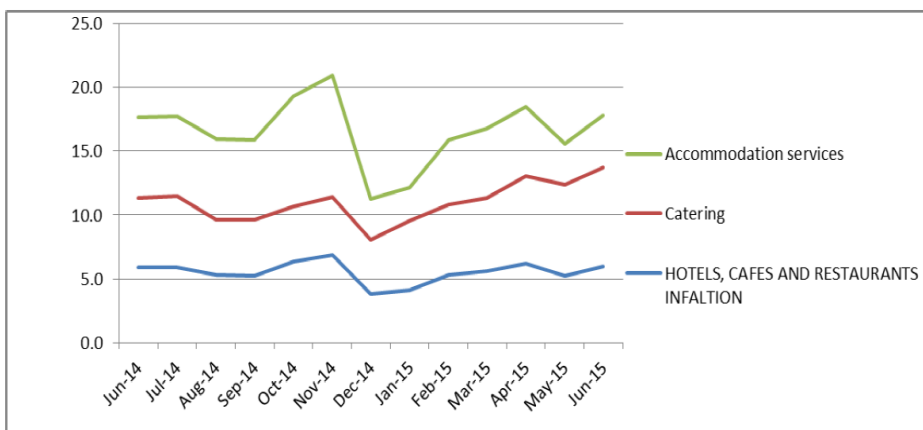
Alcoholic beverages and Tobacco

The annual inflation rate for Alcoholic beverages and tobacco remains unchanged at 7.2 percent in June 2015 as compared to the previous month showing an increase of 1.1 percentage points when compared to 6.1 percent recorded during the same period a year earlier. The upward movement of inflation in this category between June 2014 and June 2015 was due to the increase in the price of tobacco sub-component which moved from 5.3 percent to 10.4 percent. (see chart 4).

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



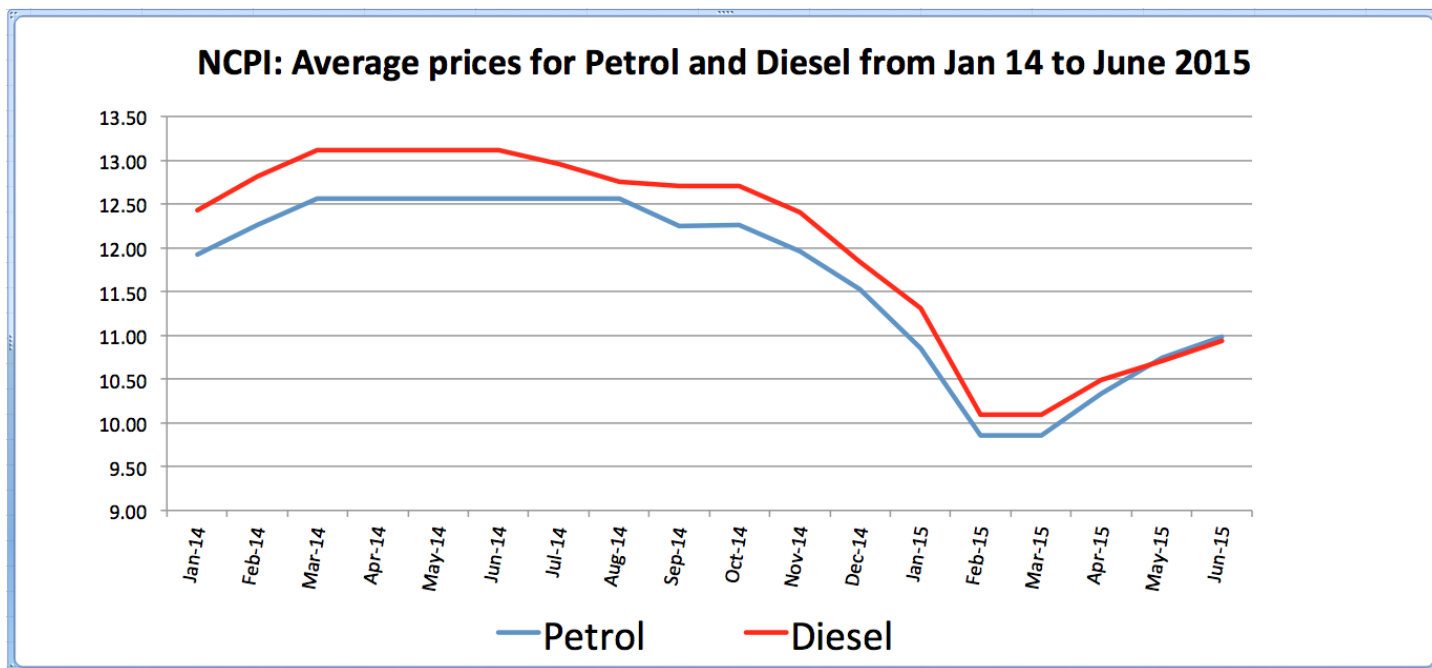
Box 2: Chart of the Month



The annual inflation rate for the group of Hotels and restaurants stood at 6.0 in June 2015 as compared to 5.2 percent recorded last month.

The increase in this group's inflation rate has been largely driven by increases in the prices of goods and services in the sub-components of catering, mainly plate of sit down meals (1.9 percent while the sub-component of accommodation services, holiday/resort rent recorded an increase of 2.3 percent. Corresponding rates registered during the same period a year earlier were 0.4 and 0.1 percent respectively.

Chart 5: NCPI; average fuel prices movement per liter: Jan 13 to June 15



The period from June 2014 to February 2015 generally recorded a decline in prices of petrol and diesel. The downward trend was reversed in April 2015 when continuous increases in this subcomponent were recorded.

Goods and Services Inflation

In June 2015 the Index for Goods and Services stood at 114.9 and 108.8 respectively as compared to the corresponding indices of 111.4 and 105.7 recorded during the same period last year. During the month of June 2015, the monthly and annual inflation rates for Goods were 0.5 and 3.1 percent while those for Services stood at 0.1 and 2.9 percent. Parallel rates recorded during the same period in the previous year stood at 0.5 and 7.9 percent and 0.0 and 3.7 percent respectively

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

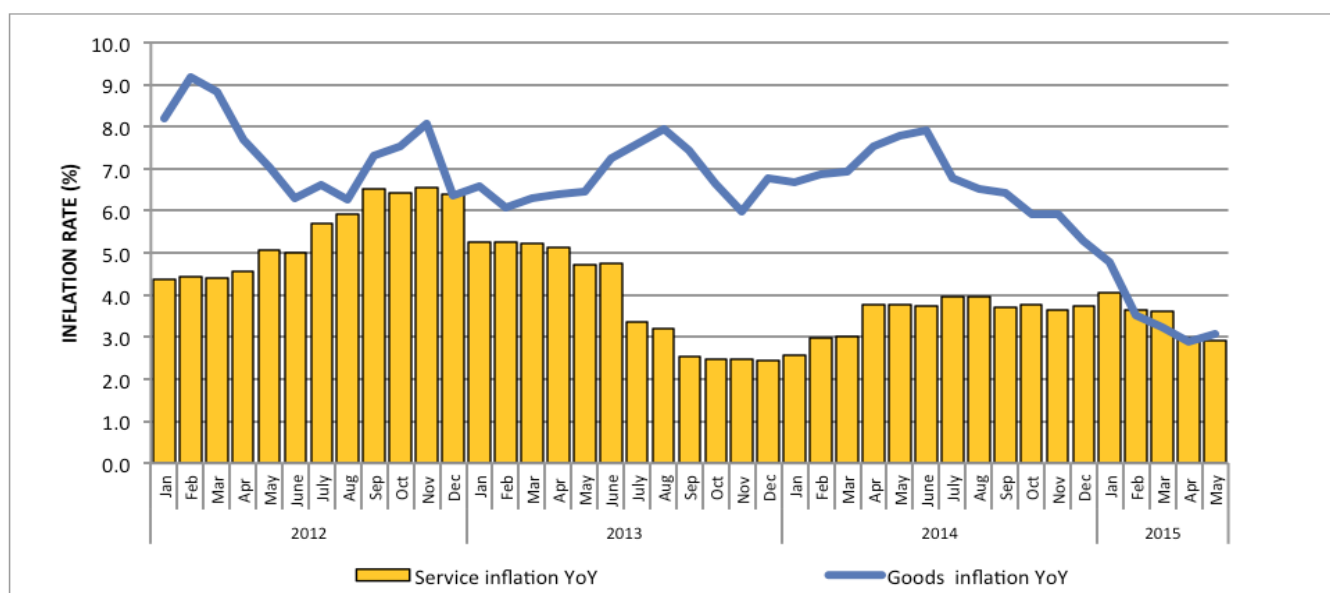


Table 1: NCPI: All-Items Index, monthly and annual percentage changes (Dec 2012 =100)

Period	CPI	m-o-m	y-o-y
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
An. Av	103.1	0.4	5.6
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
Dec-14	109.8	-0.2	4.6
An. Av	108.6	0.4	5.4
Jan-15	110.6	0.8	4.5
Feb-15	110.4	-0.2	3.6
Mar-15	110.9	0.4	3.4
Apr-15	111.5	0.5	2.9
May-15	111.9	0.4	3.0
Jun-15	112.3	0.3	3.0

Namibia Statistics Agency

P. O. Box 2133, Windhoek,
FGI House, Post Street Mall
www.nsa.org.na