Mission Statement
“Leveraging on partnerships and innovative technologies, to produce and disseminate relevant, quality, timely statistics and spatial data that are fit-for-purpose in accordance with international standards and best practice”

Vision Statement
“Be a high performance institution in quality statistics delivery”

Core Values
- Integrity
- Excellent Performance
- Accuracy
- Team Work
- Accountability
- Transparency
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Preface

This bulletin presents updates to the quarterly Producer Price Indices (PPI) for three industries namely: Manufacture of cement, lime and plaster; Electric power generation, transmission and distribution; and Water collection, treatment and supply.

I am pleased to inform our esteemed stakeholders and the public at large that the Namibian Statistics Agency (NSA) is now able to supplement the previously produced indices with a further seven NPPI Indices namely: Mining of uranium and thorium ores; Mining of other non-ferrous metal ores; Other mining and quarrying n.e.c.; Processing and preserving of meat; Manufacture of malt liquors and malt; Manufacture of soft drinks; production of mineral water and other bottled water and, Manufacture of basic precious and other non-ferrous metals. This bulletin outlines the Producer Price Index for the period covering the third quarter of 2020 (July to September 2020).

The Producer Price Index (PPI) measures the rate of change in the prices of goods and services bought and sold by local producers. The PPI is designed to measure the average change in the price of goods and services either as they leave the place of production or as they enter the production process and it does not include imported products. Thus, the prices for monitoring changes in the PPI behavior are measured from the perspective of the local producer.

The PPI is part of a suite of price indices in Economic Statistics, Consumer Price Indices included, which are key and important price monitoring macroeconomic indicators. Price instability introduces uncertainty into economic analysis and decision making, so the main use of the PPI is to minimize such uncertainty. The other significant uses of PPI inter-alia include: monitor short-term inflationary trends; deflator in the compilation of the National Accounts; and contract price adjustments as well as wage negotiations.

It is the intention of the Namibia Statistics Agency (NSA) to expand this publication by including more industries as and when the data become available. It is at this juncture that I would like to extend my gratitude and appreciation to all stakeholders who assisted in the production of this bulletin.

Alex Shimuafeni
Statistician-General & CEO
KEY HIGHLIGHTS

1. **PPI for Manufacture of cement, lime and plaster (ISIC 2394)**
   The Producer Prices for Manufacturing of cement, lime and plaster continues to be stagnant at 0.0 percent in the third quarter of 2020 when compared to a decline of 3.7 per cent recorded in the same quarter of 2019 (Chart 1). The index continued to remain constant at 98.1 basis points since the fourth quarter of 2018.

   **Chart 1: Annual percentage change in PPI for Manufacturing of cement, lime and plaster; (Dec 2015=100)**

2. **PPI for Electric power generation, transmission and distribution (ISIC 3510)**
   The annual inflation rate for local Electric power generation, transmission and distribution improved from a decline of 23.9 percent recorded in the third quarter of 2019 to record a decline of 7.9 percent in the third quarter of 2020 (Chart 2). During the third quarter of 2020, the index for local Electric power generation, transmission and distribution decreased to 106.9 basis points from 116.1 basis points registered during the same quarter of 2019.

   **Chart 2: Annual percentage change in PPI for Electric power generation, transmission and distribution; (Dec 2015=100)**
3. **PPI for Water collection, treatment and supply (ISIC 3600)**

The annual percentage change in Producer Prices for Water collection, treatment and supply was 0.0 percent during the third quarter of 2020 down from 6.1 percent registered during the same period last year (Chart 3). The respective index remained constant at 144.3 basis point in the third quarter of 2020 when compared to the same quarter of the preceding year.

![Chart 3: Annual percentage change in PPI for Water collection, treatment and supply](image)

4. **PPI for Mining of uranium and thorium ores (ISIC 0721)**

The index for Mining of uranium, and thorium ores measures the producer prices in this class. The index for Mining of uranium, and thorium ores stood at 93.9 basis points in quarter three of 2020 compared to 67.2 basis points registered during the same period of the preceding year (Chart 4). The producers’ price index fell gradually during 2016 and 2017 but spiked up in the second half of 2018. The index fell back sharply at the start of 2019 but has been increasing steadily since then (Chart 5). The annual percentage change in this class stood at 39.7 percent during the third quarter of 2020 compared to 5.4 percent recorded during the same period of 2019.

![Chart 4: PPI for Mining of uranium and thorium ores (Dec 2015=100)](image)
5. **PPI for Mining of other non-ferrous metal ores (ISIC 0729)**

The index for Mining of other non-ferrous metal ores measures the producer prices in this sector and includes mining and preparation of ores valued chiefly for their non-ferrous metal content: for example, aluminum (bauxite), copper, lead, zinc as well as precious metals such as gold, silver and platinum. This class excludes mining and preparation of uranium and thorium ores as reported above. The index for this sector stood at 186.6 basis points in the third quarter of 2020 compared to 135.1 basis points recorded in the third quarter of 2019, (Chart 6). Prices in this sector have been growing since the beginning of 2019 but the rate of increase has picked up sharply in the second and third quarters of 2020, coinciding with the outbreak of COVID-19 pandemic which started to affect economic activity in countries around the world (Chart 7).
6. **PPI for Other mining and quarrying (ISIC 0899)**

The index for Other mining and quarrying measures the producer prices in this sector and includes mining and extraction of diamonds, which is a significant activity in the Namibian production sector. The index for this class stood at 114.3 basis points during the third quarter of 2020 compared to 89.3 basis points recorded during the same quarter a year earlier (Chart 8). The annual percentage change in Producer Prices for the third quarter of 2020 was 28.0 percent up from a decline of 12.3 percent recorded during the same period of 2019 (Chart 9).
7. **PPI for Processing and preserving of meat (ISIC 1010)**

The PPIs for this class cover output by producers in the processing and preserving of meat sector. This sector includes the operation of slaughterhouses engaged in slaughtering, dressing or packing meat and the production of fresh, chilled or frozen meat, in carcasses, cuts or individual portions. It also includes the production of dried, salted or smoked meat and other meat products for example, sausages, salami, pâtés, and boiled ham.

The PPI for Processing and preserving of meat was estimated at 133.6 basis points in the third quarter of 2020 while the Index registered during the corresponding period of last year was 114.9 basis points (Chart 10). During the third quarter of 2020 the annual percentage change was 16.3 percent up from a decline of 3.3 percent recorded in the same quarter of 2019, which is the highest annual growth rate recorded in the series since the first quarter of 2016 (Chart 11).

![Chart 10: PPI for Processing and preserving of meat; (Dec 2015 = 100)](chart10)

![Chart 11: Annual percentage change in PPI for Processing and preserving of meat; Dec 2015=100)](chart11)
8. **PPI for Manufacture of malt liquors and malt (ISIC 1103)**

The index for the manufacturing of malt liquors and malt in quarter three of 2020 was 124.5 basis points up from 119.1 basis points obtained in quarter three of 2019 (Chart 12). On an annual basis, producer prices for Manufacturing beverages increased to 4.5 percent in the third quarter of 2020 when compared to 5.0 percent recorded in the same quarter of 2019 (Chart 13).

![Chart 12: PPI for Manufacture of malt liquors and malt; (Dec 2015=100)](image)

![Chart 13: Annual percentage change in PPI for Manufacture of malt liquors and malt; (Dec 2015=100)](image)
9. **PPI for Manufacture of soft drinks; production of mineral waters and other bottled waters (ISIC 1104)**

The index in the beverage's category concerns the PPI for the manufacture of soft drinks; production of mineral waters and other bottled waters. In the third quarter of 2020 the index for this class stood at 110.2 basis points, an increase of 2.0 percent from the third quarter of 2019 (Chart 14). On year-on-year percentage change, the PPI for the Non-alcoholic beverages slowed to 1.8 percent during the period under review compared to 2.9 percent obtained during the same quarter of 2019 (Chart 15).

**Chart 14: PPI for Manufacturing of soft drinks; production of mineral waters and other bottled waters; (Dec 2015=100)**

![Chart 14](image)

**Chart 15: Annual percentage change in PPI for Manufacturing of soft drinks; production of mineral waters and other bottled waters; (Dec 2015=100)**

![Chart 15](image)
10. **PPI for Manufacture of basic precious and other non-ferrous metals (ISIC 2420)**

The index for the Manufacturing of basic precious and other non-ferrous metals includes the production of basic precious metals such as gold, silver, platinum from ore and scrap which is different from the extraction of ores, which is covered by the Mining of other non-ferrous metals index. This class also covers the production and semi-manufacturing of lead, zinc and tin or their alloys from ores and scrap. The index for this class was registered at 150.8 basis points in the third quarter of 2020 (Chart 16). The year-on-year percentage change for the third quarter of 2020 was estimated at 3.5 percent compared to a decline of 6.1 percent registered during the corresponding quarter of 2019 (Chart 17).

Chart 16: PPI for Manufacturing of basic precious metals and other non-ferrous metals; (Dec 2015=100)

![Chart 16](image)

Chart 17: Annual percentage change in PPI for Manufacturing of basic precious and other non-ferrous metals; (Dec 2015=100)

![Chart 17](image)
<table>
<thead>
<tr>
<th>ISIC</th>
<th>Description</th>
<th>2016</th>
<th>2017</th>
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<th>2019</th>
<th>2020</th>
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<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
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<tr>
<td>1010</td>
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<td>100.0</td>
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<tr>
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<td>103.2</td>
<td>103.3</td>
<td>97.2</td>
</tr>
<tr>
<td>1104</td>
<td>Manufacture of soft drinks; production of mineral waters and other bottled waters</td>
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<td>103.4</td>
<td>104.7</td>
<td>107.4</td>
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<td>Manufacture of cement, lime and plaster</td>
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<td>101.5</td>
<td>101.7</td>
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<td>Manufacture of basic precious and other non-ferrous metals</td>
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<td>128.2</td>
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<tr>
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<td>110.1</td>
<td>110.1</td>
<td>110.1</td>
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### Table 2: Percentage Change Over the same quarter a year earlier; (December 2015=100)

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<thead>
<tr>
<th>ISIC</th>
<th>Description</th>
<th>2017</th>
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<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
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<td>-0.5</td>
<td>9.3</td>
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<tr>
<td>0899</td>
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<td>-10.7</td>
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<td>1010</td>
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<td>6.2</td>
<td>4.8</td>
<td>10.2</td>
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<tr>
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<td>Manufacture of malt liquors and malt</td>
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<td>-3.3</td>
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<td>11.8</td>
</tr>
<tr>
<td>1104</td>
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<td>4.2</td>
<td>4.2</td>
<td>2.1</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>2394</td>
<td>Manufacture of cement, lime and plaster</td>
<td>3.5</td>
<td>5.8</td>
<td>5.6</td>
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</tr>
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<td>2420</td>
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<td>26.0</td>
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<td>22.2</td>
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<td>-17.6</td>
<td>79.8</td>
<td>79.8</td>
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<tr>
<td>3600</td>
<td>Water collection, treatment and supply</td>
<td>10.1</td>
<td>11.3</td>
<td>11.3</td>
<td>11.3</td>
</tr>
</tbody>
</table>
Namibia Producer Price Index (NPPI): Technical notes

Definition
The Producer Price Index (PPI) measures the average changes in the prices of goods and services received by domestic producers for the output which is sold on the domestic market as well as on export market. The Namibia PPIs are based on output indices. The concepts and definitions of the PPI largely follow the guidelines provided in the “IMF Producer Price Index Manual Theory and Practice.”

Scope of NPPI
The NPPI includes all goods and services produced within Namibia economic territory imports excluded. Prices collected for the compilation and production of the NPPI are the basic prices received by the producers for the sale of the products on the local market as well as at international markets (exports). These prices exclude all taxes on products such as excise duty, value added tax (VAT) and transport. Subsidies on products received by the producers are included. In the absence of a Statistical Business Register in Namibia, the selection of establishments were based on a judgmental sample from a list of known businesses maintained by NSA (National Accountants), expert opinion and practical knowledge of the market.

Classification of selected industries
Industries are classified according to International Standard Industrial Classification of All Economic Activities (ISIC rev 4).

Determination of the weights and items
Establishment weights are based on 2015 production sales values for the sampled establishments. The selection of items was done using a cut off sampling, products were ranked in order of the value of sales by category and below 80% was used to select the products while in the case of establishments producing five products and below all products were selected for inclusion in the NPPI compilation.

Base period
The base period for the Namibia Producer Price Index is December 2015=100.

Methodology
The NPPI is calculated using a short-term Laspeyres formula. The major advantage of using modified Laspeyres is that it allows for substitution in elementary indices. The short–term Laspeyres index compares the previous period sales revenue for a set of goods to the current period revenue for the same set of goods.

The indices are weighted separately and it is not possible to combine them to produce an ‘average’ PPI for all three industries.