NPPI
Namibia Producer Price Index
Third Quarter of 2021 Statistics Bulletin
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 on the quarterly Producer Price Indices (PPI) for ten industries 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; Manufacture of basic precious and other non-ferrous metals; Manufacture of cement, lime and plaster; Electric power generation, transmission and distribution; and Water collection, treatment and supply. The bulletin outlines the Producer Price Index for the period covering the third quarter of 2021 (July to September 2021).

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 becomes 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. In the same vein, I would like to urge our users of statistical information to send to us any comments that may enhance the quality of this report at info@nsa.org.na

Alex Shimuafeni
Statistician-General & CEO
KEY HIGHLIGHTS

1. **PPI for Mining of uranium and thorium ores (ISIC 0721)**
   The index for Mining of uranium, and thorium ores (ISIC 0721) for the third quarter of 2021 slowed to 69.0 basis points, representing a decline of 26.5 percent from 93.9 basis points recorded during the same period of last year.

   Chart 1: Annual percentage change in PPI for Mining of uranium and thorium ores

2. **PPI for Mining of other non-ferrous metal ores (ISIC 0729)**
   The index for Mining of other non-ferrous metal ores includes mining and preparation of ores valued chiefly for their non-ferrous metal content: for example, aluminium (bauxite), copper, lead, zinc as well as precious metals such as gold, silver and platinum. This category excludes mining and preparation of uranium and thorium ores, reported (ISIC 0721). The index for this sector fell to 149.1 basis points in the third quarter of 2021 compared to 186.6 basis points recorded in the same quarter of 2020. Prices in this sector declined by 20.1 percent in the quarter under review.

   Chart 2: Annual percentage change in PPI for Mining of other non-ferrous metal ores
3. **PPI for Other mining and quarrying (ISIC 08)**

The index for other mining and quarrying includes mining and extraction of diamonds, which is a significant activity in Namibia’s mining sector. For the third quarter of 2021, the index for this category dropped to 98.3 basis points, a decrease of 16.0 basis points when compared to 114.3 basis points recorded during the same quarter a year earlier. The inflation rate for the third quarter of 2021 declined by 14.0 percent as compared to an increase of 28.0 percent recorded in the same quarter of the preceding year.

![Chart 3: Annual percentage change in PPI for Other mining and quarrying](chart)

4. **PPI for Processing and preserving of meat (ISIC 1010)**

The PPI for this category covers output by producers in the processing and preserving of meat sector. This sector includes the operation of slaughterhouses including slaughtering, dressing, packing of meat and the production of fresh, chilled or frozen meat. It also includes the production of dried, salted or smoked meat and other meat products for example, sausages, salami, pâtés, and boiled ham.

During the third quarter of 2021, the PPI for processing and preserving of meat was recorded as 174.9 basis points compared to 133.6 basis points registered during the corresponding period of last year. The inflation rate for this category rose by 30.9 percent in the third quarter of 2021 compared to 16.3 percent recorded in the same period of 2020.

![Chart 4: Annual percentage change in PPI for Processing and preserving of meat](chart)
5. **PPI for Manufacture of malt liquors and malt (ISIC 1103)**

The index for the manufacturing of malt liquors and malt stood at 124.8 basis points during the third quarter of 2021 slightly up from 124.5 basis points recorded in the corresponding quarter of 2020. On annual basis, the inflation rate for manufacturing of malt liquors and malt registered a slow growth of 0.3 percent in the third quarter of 2021 when compared to 4.5 percent recorded in the third quarter of 2020.

![Chart 5: Annual percentage change in PPI for Manufacture of malt liquors and malt](image)

6. **PPI for Manufacture of soft drinks; production of mineral waters and other bottled waters (ISIC 1104)**

This category constitutes the PPI for the manufacture of soft drinks; production of mineral waters and other bottled waters (ISIC 1104). During the third quarter of 2021 the index for this class stood at 115.4 basis points compared to 110.6 basis points registered in the first quarter of 2020. On a yearly basis, the inflation for this category grew by 4.3 percent during the period under review up from to 2.2 percent obtained during the same quarter of 2020.

![Chart 6: Annual percentage change in PPI for Manufacturing of soft drinks; production of mineral waters and other bottled waters](image)
7. **PPI for Manufacture of cement, lime and plaster (ISIC 2394)**

The index for this category stood at 100.6 basis points in the quarter under review compared to 98.1 basis points in the same quarter of 2020. The annual inflation for manufacture of cement, lime and plaster increased by 2.5 percent during the third quarter of 2021 compared to that of 0.0 percent recorded in the corresponding period of preceding year.

![Chart 7: Annual percentage change in PPI for Manufacturing of cement, lime and plaster](chart7)

8. **PPI for Manufacture of basic precious and other non-ferrous metals (ISIC 2420)**

The producer prices index for the manufacturing of basic precious metals and other non-ferrous metals includes the production of basic precious metals such as gold, silver, platinum from ore and scrap excluding extraction of ores, which is covered under the index of mining of other non-ferrous metals. It also covers the production and semi-manufacturing of lead, zinc and tin or their alloys from ores and scrap.

In the third quarter of 2021, the index value for this category was 194.5 basis points compared to 150.8 basis points recorded in the same quarter of the previous year. The annual inflation rate for this class rose by 29.0 percent in the quarter under review compared to 3.5 percent recorded during the same period of last year.

![Chart 8: Annual percentage change in PPI for Manufacturing of basic precious and other non-ferrous metals](chart8)
9. **PPI for Electric power generation, transmission and distribution (ISIC 3510)**

The index for electric power generation, transmission and distribution rose to 108.4 basis points in the third quarter of 2021 from 106.9 basis points registered in the same quarter of 2020. The annual inflation rate for local electric power generation, transmission and distribution increased by 1.3 percent during the third quarter of 2021 as opposed to a decline of 7.9 percent recorded in the same quarter of 2020.

**Chart 9: Annual percentage change in PPI for Electric power generation, transmission and distribution**
10. **PPI for Water collection, treatment and supply (ISIC 3600)**

The index for the PPI for water collection, treatment and supply remained unchanged at 144.3 basis points since the second quarter of 2019. The annual percentage change in the producer prices index for this category remained stagnant at 0.0 percent since the second quarter of 2020.

**Chart 10: Annual percentage change in PPI for Water collection, treatment and supply**
### Table 1: Namibia Producer Price Indices by industries (Dec 2015 = 100)

<table>
<thead>
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<td>Manufacture of soft drinks; production of mineral waters and other bottled</td>
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Table 2: Percentage Change Over the same quarter a year earlier; (December 2015=100)
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 PPIs that are produced by NSA 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 PPI includes all goods and services produced within Namibia economic territory imports excluded. Prices collected for the compilation and production of the PPI 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 was based on a judgmental sample from a list of known businesses maintained by NSA, and experts’ opinion.

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 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 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.

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Next release date: 24 March 2022