

Namibia Consumer Price Index

NOVEMBER, 2015



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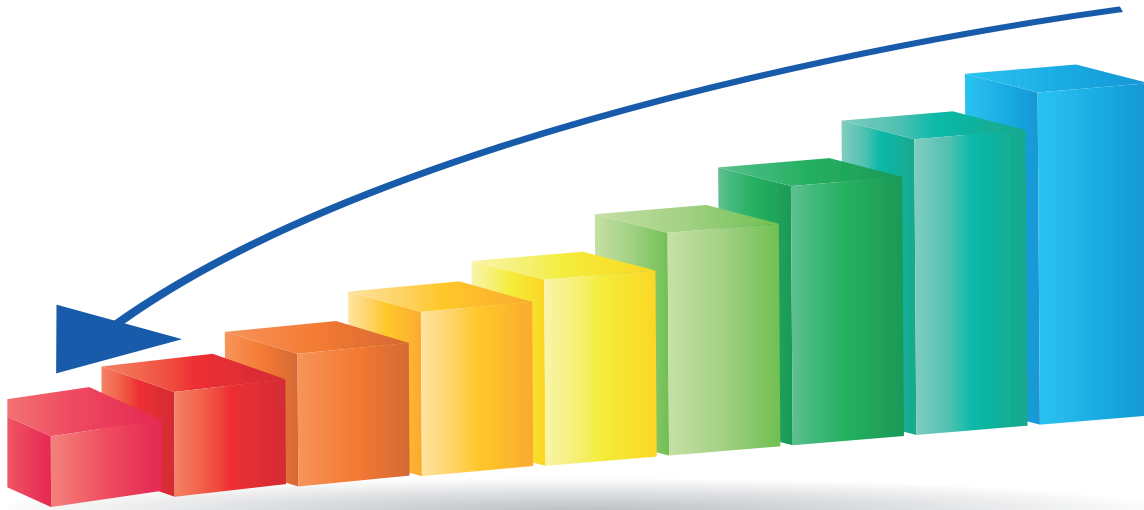
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Headline inflation

Headline inflation for November 2015 subsided from 3.4 per cent to 3.3 per cent on an annual basis but remained unchanged at 0.2 per cent on monthly basis.

Summary

The November 2015 annual inflation rate slowed down to 3.3 percent from 3.4 percent as compared to the previous month. This drop resulted mainly from Transport inflation which decreased to -1.6 percent compared to 3.9 percent and Clothing and footwear which decreased to -0.7 percent from 3.5 percent recorded during the same period last year.

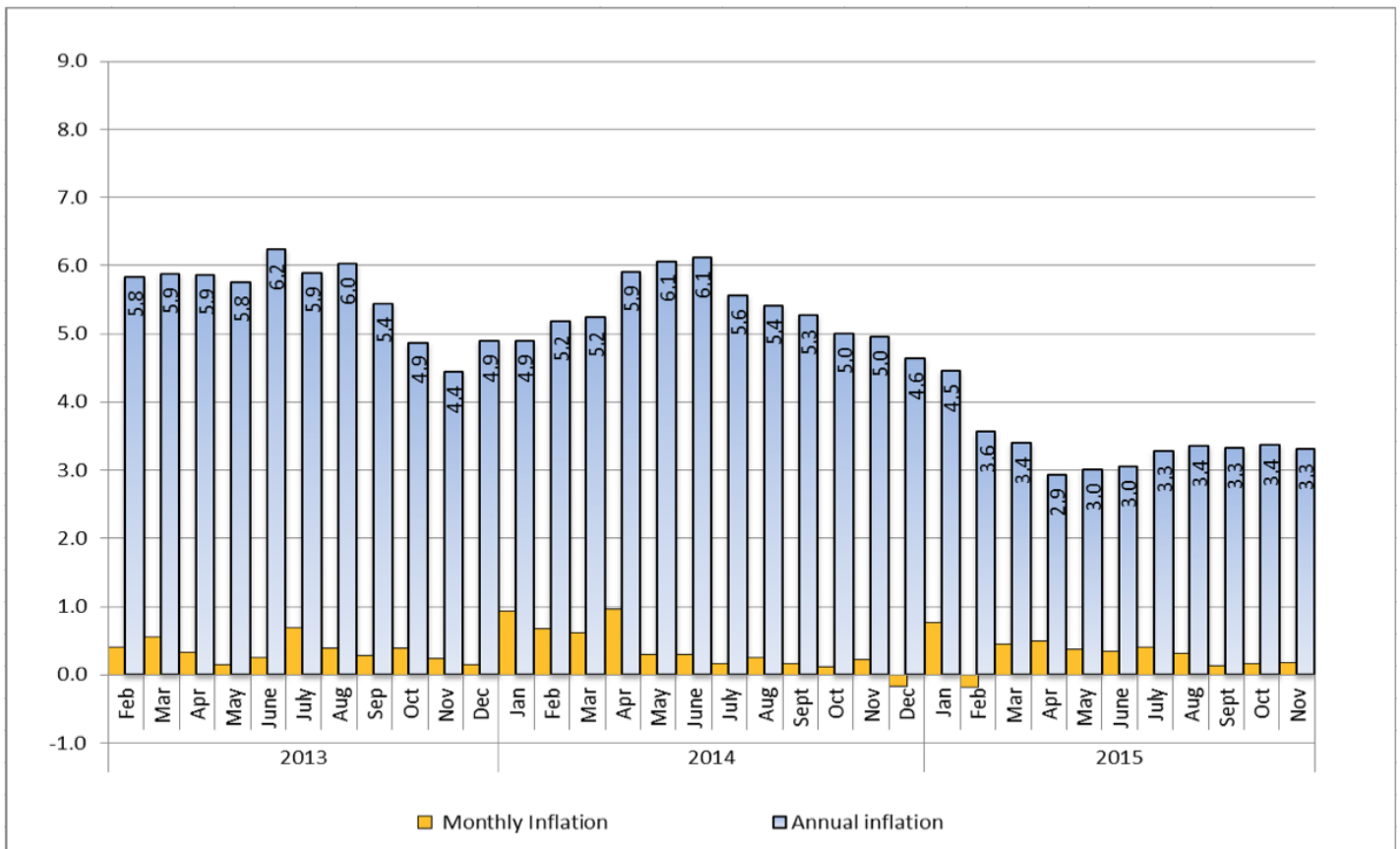
On a monthly basis, the general level of prices in Namibia remained unchanged at 0.2 percent compared to a month earlier.

Mr. Sikongo Haihambo
Acting Statistician General

Overall Inflation

For the period between November 2014 and November 2015, the annual inflation rate fluctuated between 5.0 and 2.9 percent (Chart 1). The highest annual inflation rate recorded during the period was 5.0 percent, recorded in November 2014 and the lowest of 2.9 percent was registered in April 2015. The average monthly and average annual inflation rates for November 2015 were estimated at 0.3 and 3.4 percent respectively. Corresponding rates recorded during the same period in the preceding year stood at 0.4 and 5.4 percent respectively.

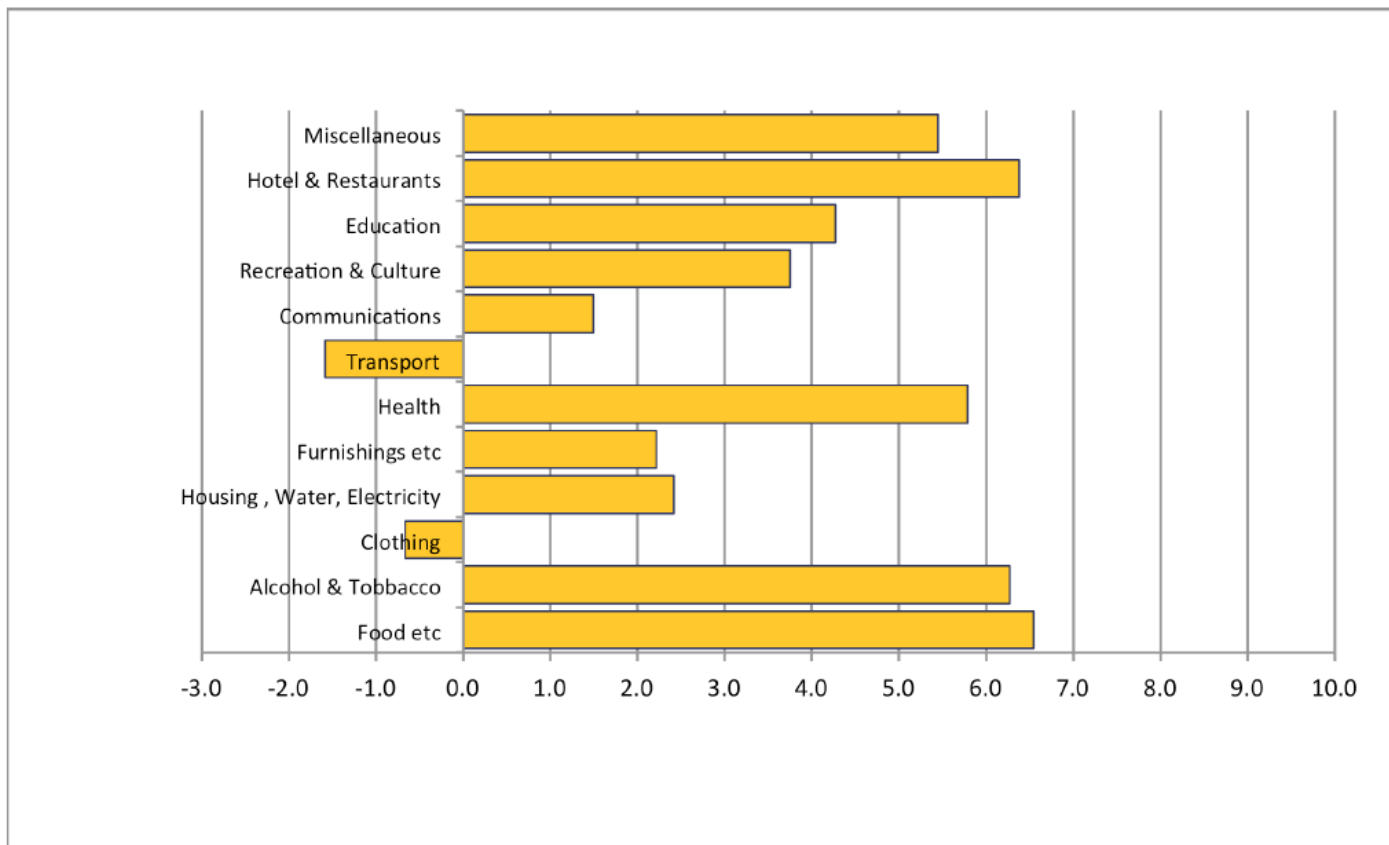
Chart 1: NCPI; Monthly and Annual percentage changes (Dec 2012 = 100)



Main Drivers of Inflation

November 2015 registered a slowdown in annual inflation rate which emanated from declining prices in the categories of Transport (-1.6 percent) and Clothing and footwear (-0.7 percent). The slowdown in price movements were recorded in all the groups comprising the Namibia CPI with the exception of Health and Communication components which increased from 1.1 percent to 5.8 percent and -1.4 percent to 1.5 percent respectively between November 2014 and November 2015.

Chart 2: NCPI; November 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 the 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.

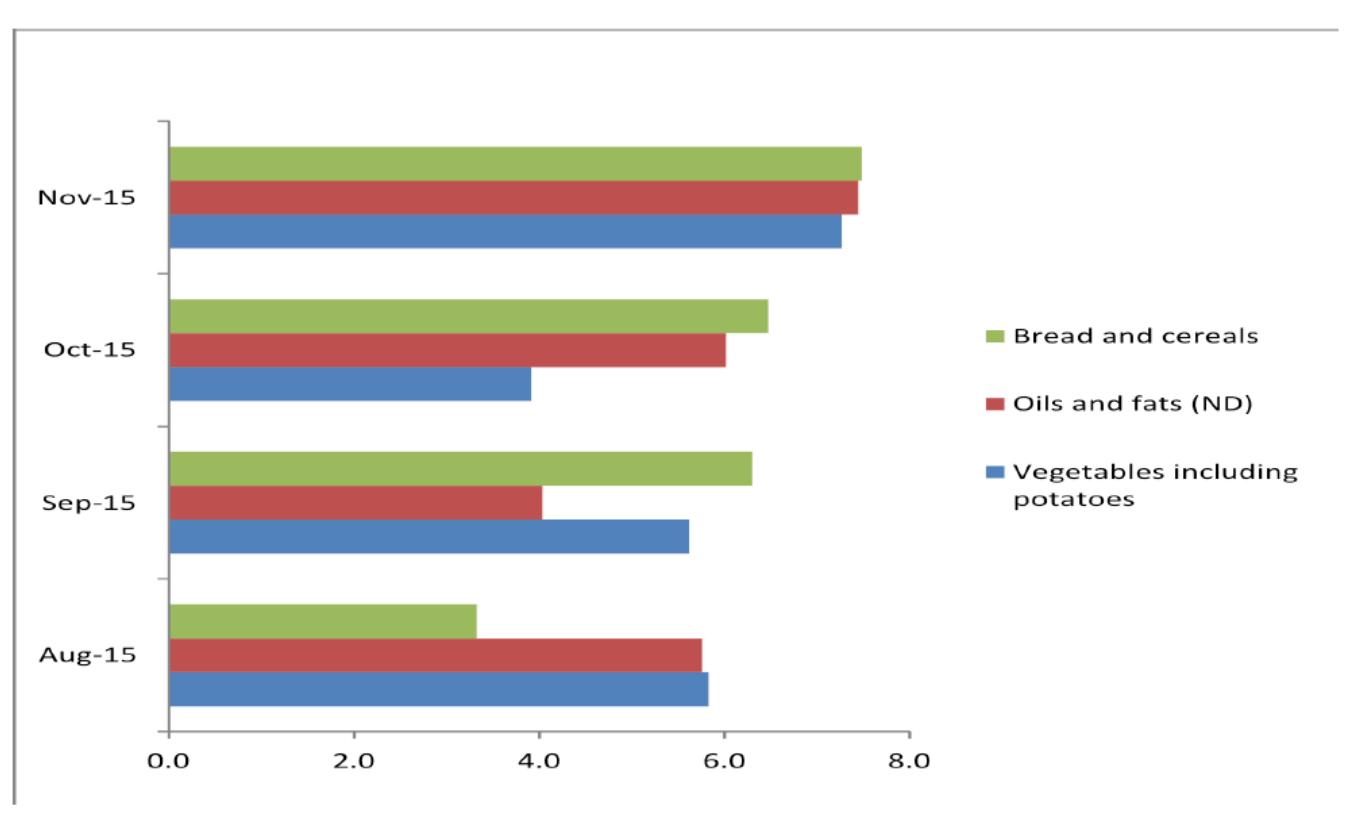
Category	Weights (%)
Housing, Water, Electricity, Gas and Other Fuels	28.36
Food and Non- Alcoholic Beverages	16.45
Transport	14.28
Alcoholic Beverages and Tobacco	12.59
Furnishings, Household Equipment....	5.47
Miscellaneous Goods and Services	5.39
Communication	3.81
Education	3.65
Recreation and Culture	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 the Food and non-alcoholic beverages category stood at 6.5 percent in November 2015, a 0.1 percentage point slight increase from 6.4 percent recorded in the previous month. Notable changes in annual Food and non-alcoholic beverages prices during the month of November 2015 were mainly reflected in the sub-components of Vegetables including potatoes and other tubers 7.3 percent as compared to 3.9 percent and Oils and fats 7.4 percent as compared to 6.0 percent registered during the preceding month. Other changes in the Food and non-alcoholic beverages group (1 percent and above) were witnessed in the sub components of Bread and cereals, and Mineral water, soft drinks and juices.

The monthly inflation rate for Food and non-alcoholic component stood at 0.7 percent as compared to 0.8 percent recorded in the previous month.

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

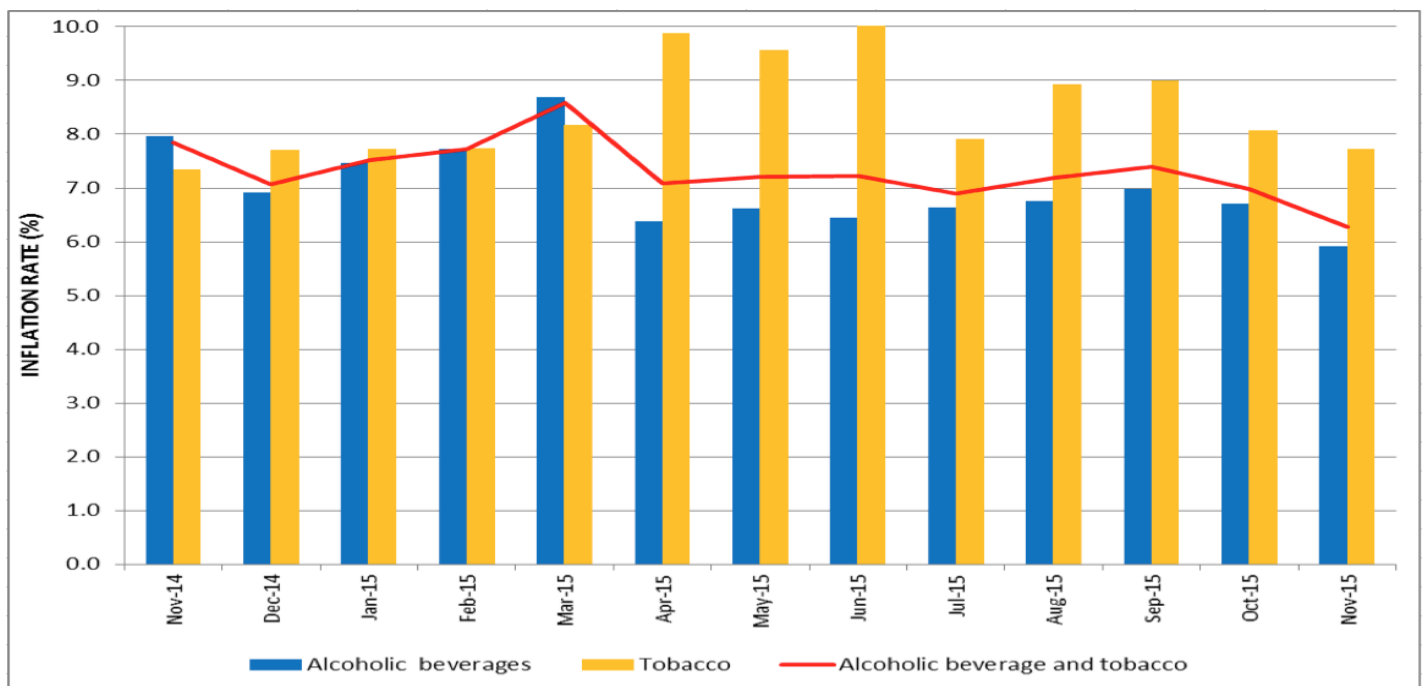


Alcoholic beverages and tobacco

The annual inflation rate for Alcoholic beverages and tobacco stood at 6.3 percent during the month under review, showing a slowdown of 1.5 percentage points when compared to 7.8 percent recorded during the same period a year earlier. The downward movement of inflation in this category between November 2014 and November 2015 was due to the slow movements in the prices of Alcoholic beverages component which fluctuated between 8.7 and 5.9 percent. (see Chart 4)

The monthly inflation rate for this group stood at 0.1 percent during the month under review as compared to -0.2 percent recorded last month.

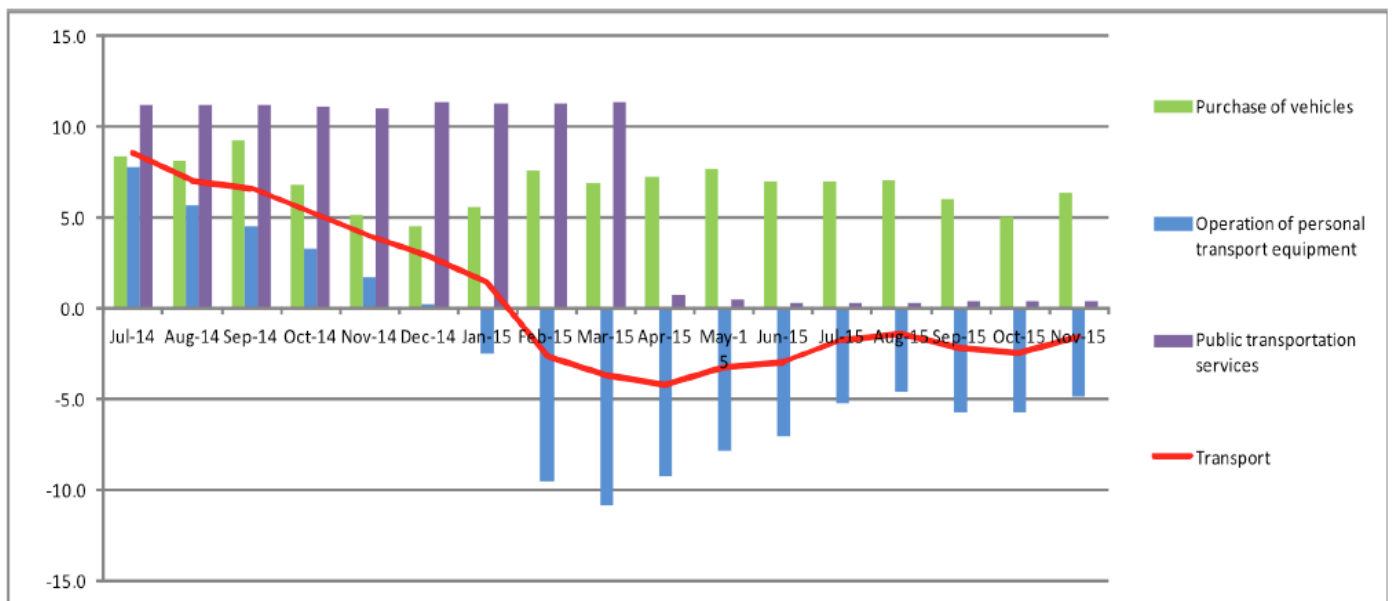
Chart 4: NCPI; Annual inflation for Alcoholic beverages and tobacco (Dec 2012 = 100)



Transport

The annual inflation rate for “Transport” stood at -1.6 percent in November 2015, as compared to 3.9 per cent registered in November 2014. This decrease was brought about by a decline in the level of prices for goods and services in the sub-category of “Operation of personal transport equipment” because of petrol/diesel prices which have been dropping over the past months and commands the highest weight in this category. The monthly inflation rate for the Operation of personal transport equipment dropped from -0.1 to -0.4 percent.

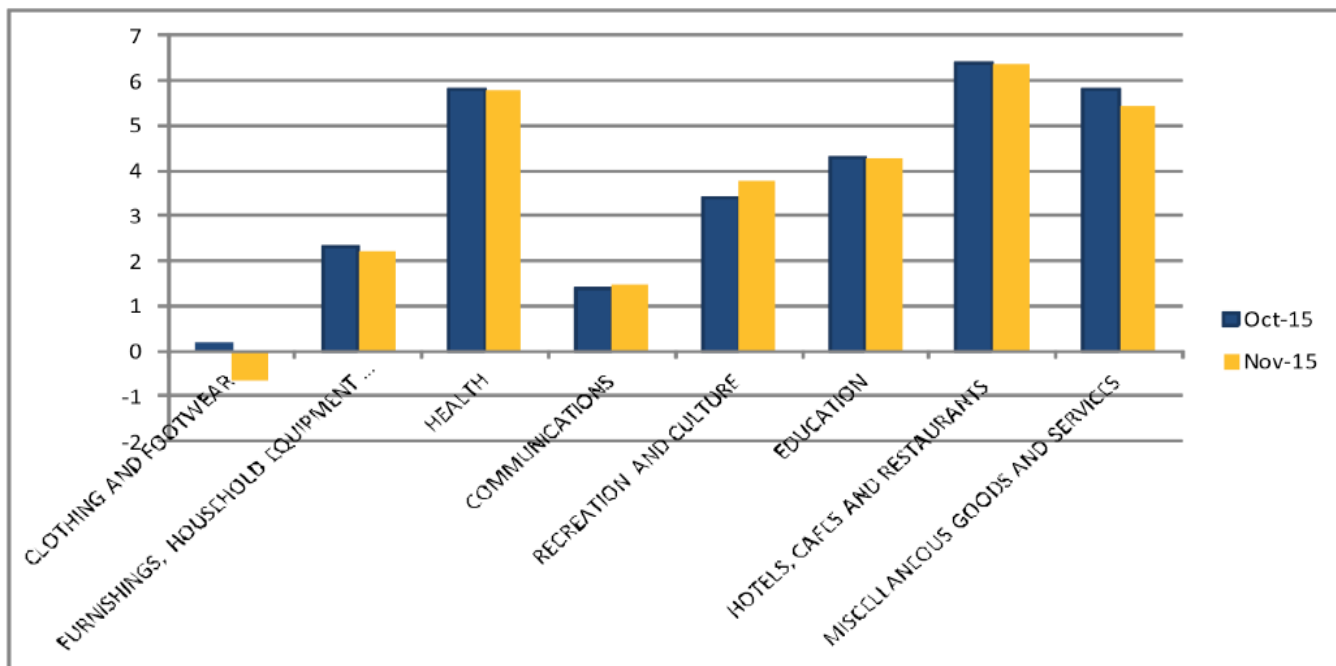
Chart 5: NCPI; Annual inflation for Transport (Dec 2012 = 100)



Minor Groups

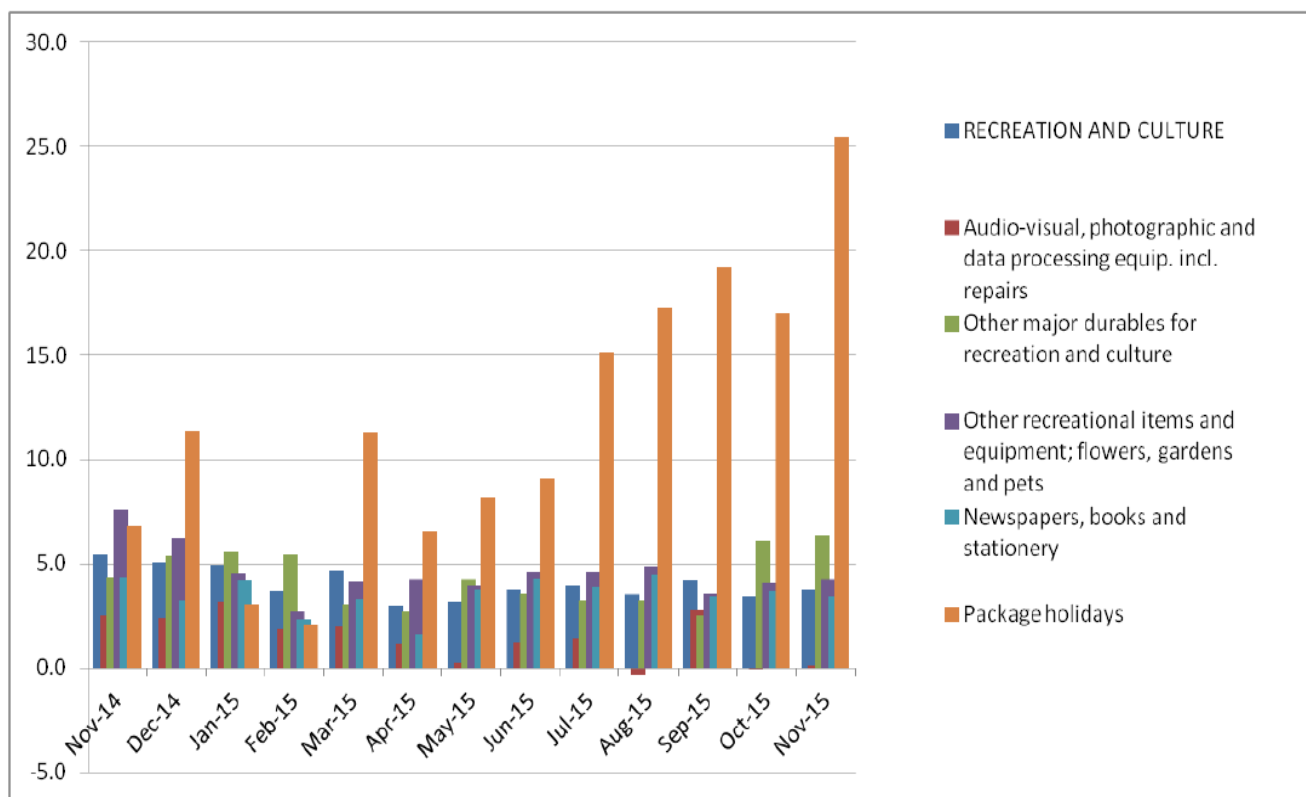
For the minor groups, high annual inflation rates were observed in the groups of “Hotels, cafés and restaurants” (6.4 percent); “Health” (5.8 percent), “Miscellaneous goods and services” (5.4 percent), “Education” (4.3 percent) and “Recreation and culture” (3.8 percent). “Communication” and “Clothing and footwear” groups registered the lowest annual inflation rates of 1.5 and -0.7 percent respectively.

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



BOX 2: CHART OF THE MONTH

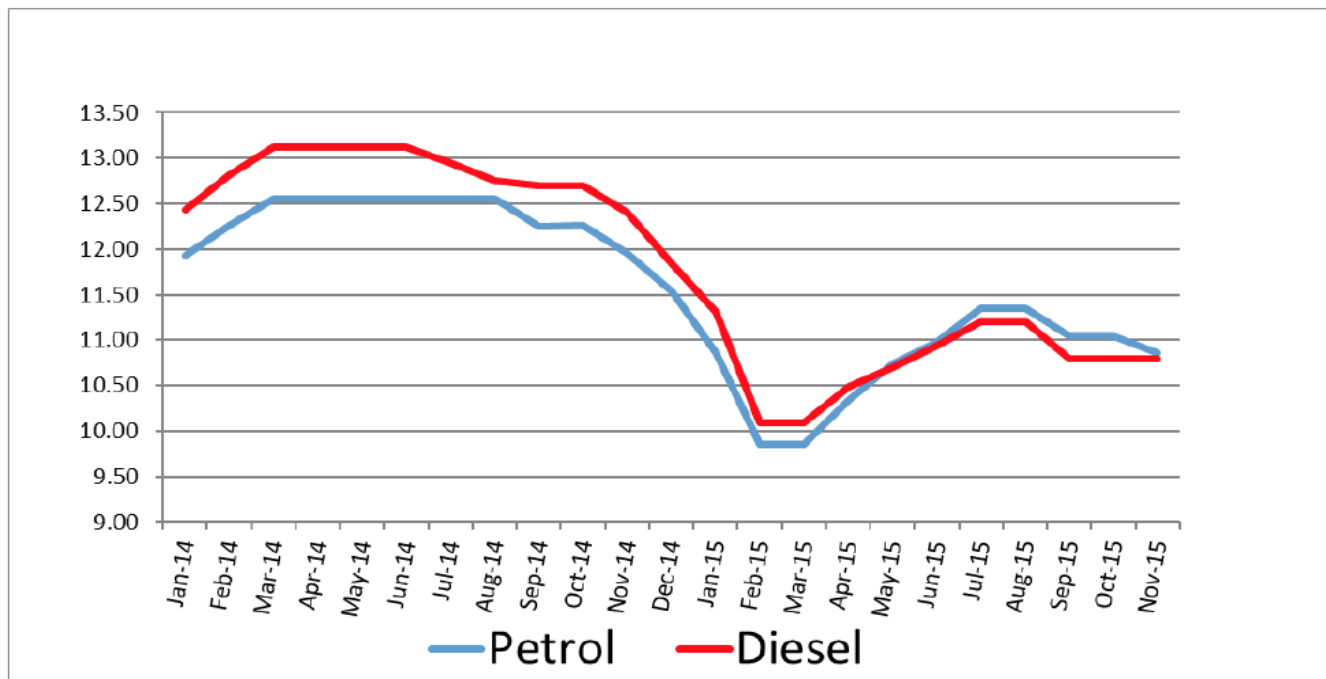
Chart 7: NCPI; Annual inflation for Hotels, Cafes and Restaurants (Dec 2012 = 100)



Recreation and Culture

The annual inflation rate for the group of “Recreation and culture” increased to 3.8 percent from 3.4 percent recorded in the previous month. This increase originated from the increasing level of holiday package prices, which rose from 17.0 to 25.4 percent, due to the Namibian dollar weakened against the USA dollar.

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



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 however it declined again in September and November 2015 when the prices dropped. (Chart 8).

GOODS AND SERVICES INFLATION

In November 2015 the Index for Goods and Services stood at 116.7 and 109.5 respectively as compared to the corresponding indices of 112.7 and 106.3 respectively recorded during the same period last year. During the month of November 2015, the monthly and annual inflation rates for Goods were 0.2 and 3.5 percent while those for Services stood at 0.1 and 3.1 percent respectively. Corresponding rates recorded during the same period in the previous year stood at 0.4 and 5.9 percent and 0.0 and 3.7 percent respectively.

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

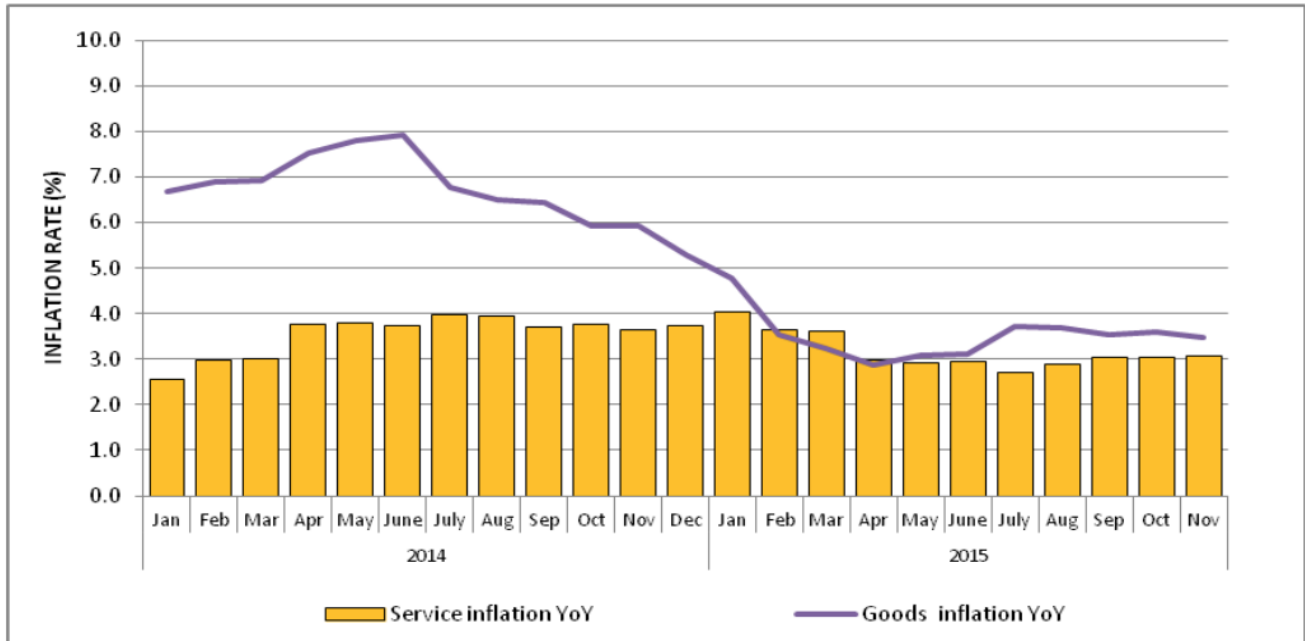


Table 1: Namibia CPI: All-Items Index, monthly and annual percentage changes (Dec 2012 =100)

Period	Index	M - O - M	Y - O - Y	
2013	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
2014	Jan	105.9	0.9	4.9
	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	4.5
	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
	Nov-15	113.6	0.2	3.3

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