

# Namibia Consumer Price Index

March , 2015



## 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

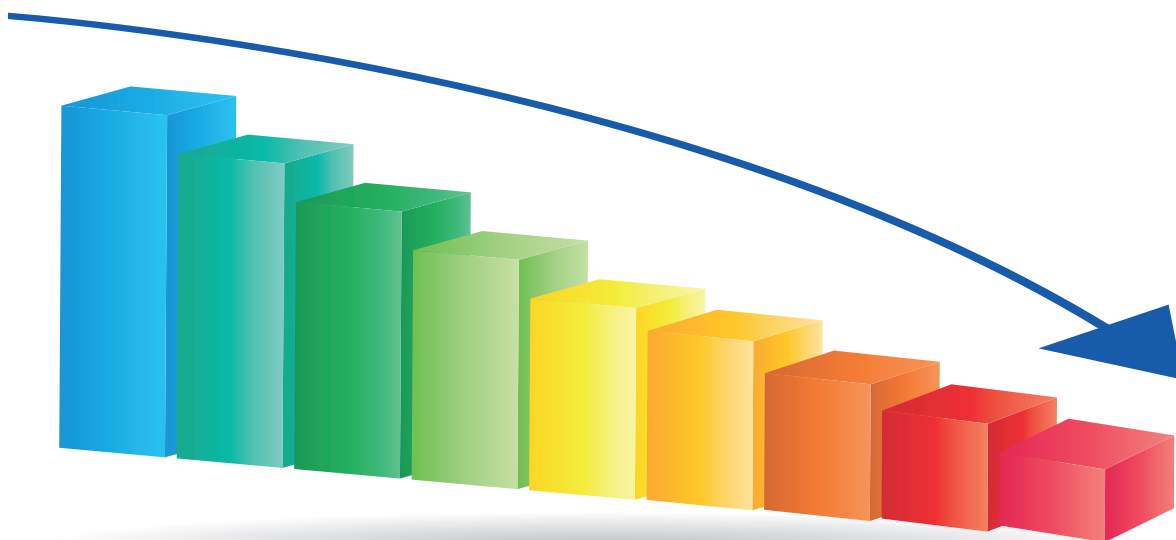
Integrity

Service focus

Transparency

Accuracy

Partnership



## Annual inflation continues to slow

The annual rate of inflation for the month of March 2015 slowed down to 3.4 percent from 3.6 percent recorded a month earlier. On a monthly basis inflation went up by 0.4 percent compared to a decrease of 0.2 percent in the previous month.

## Summary

The annual rate of inflation for March 2015 slowed down to 3.4 percent from 3.6 percent a month earlier. This drop mainly resulted from Transport inflation which decreased to 3.7 percent during the month under review compared to 7.4 percent recorded in the same period last year.

On a monthly basis, the general level of prices in Namibia moderately increased by 0.4 percentage points, after a decline of 0.2 percentage points in the previous month.

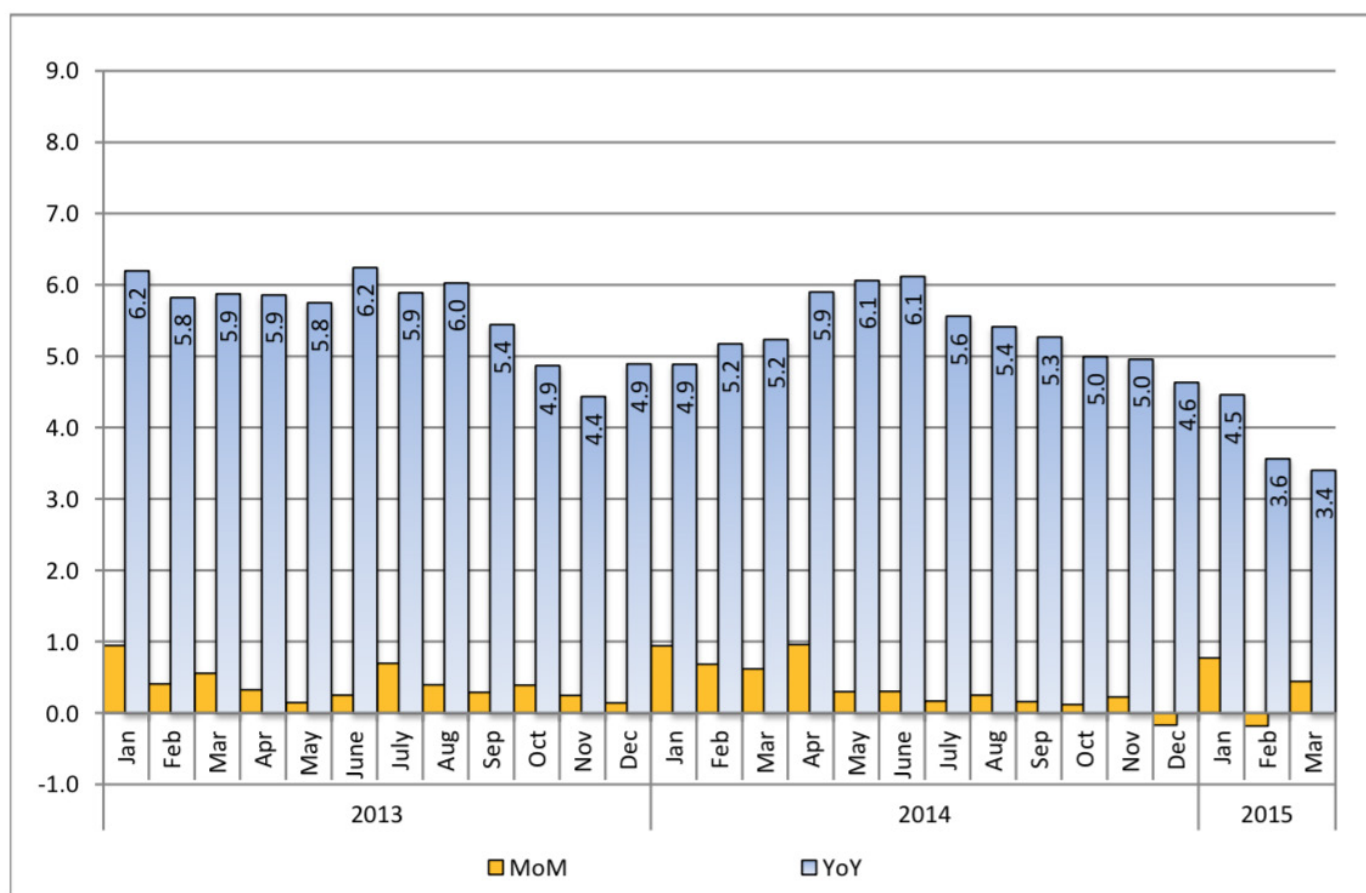
The increase in monthly inflation was mainly brought by increases in the prices of goods and services in all the groups of the consumption basket with the exception of the group of communication which declined by 0.1 percent.

Mrs. Liina Kafidi, Acting Statistician General

# Overall Inflation

Inflationary pressures in Namibia continued to subside in the month of March 2015; a trend that has been observed since July 2014. The downward trend in annual inflation is mainly attributable to a deceleration in inflation in the categories of Food and Non-alcoholic beverages, Transport, Communications and Recreation and culture.

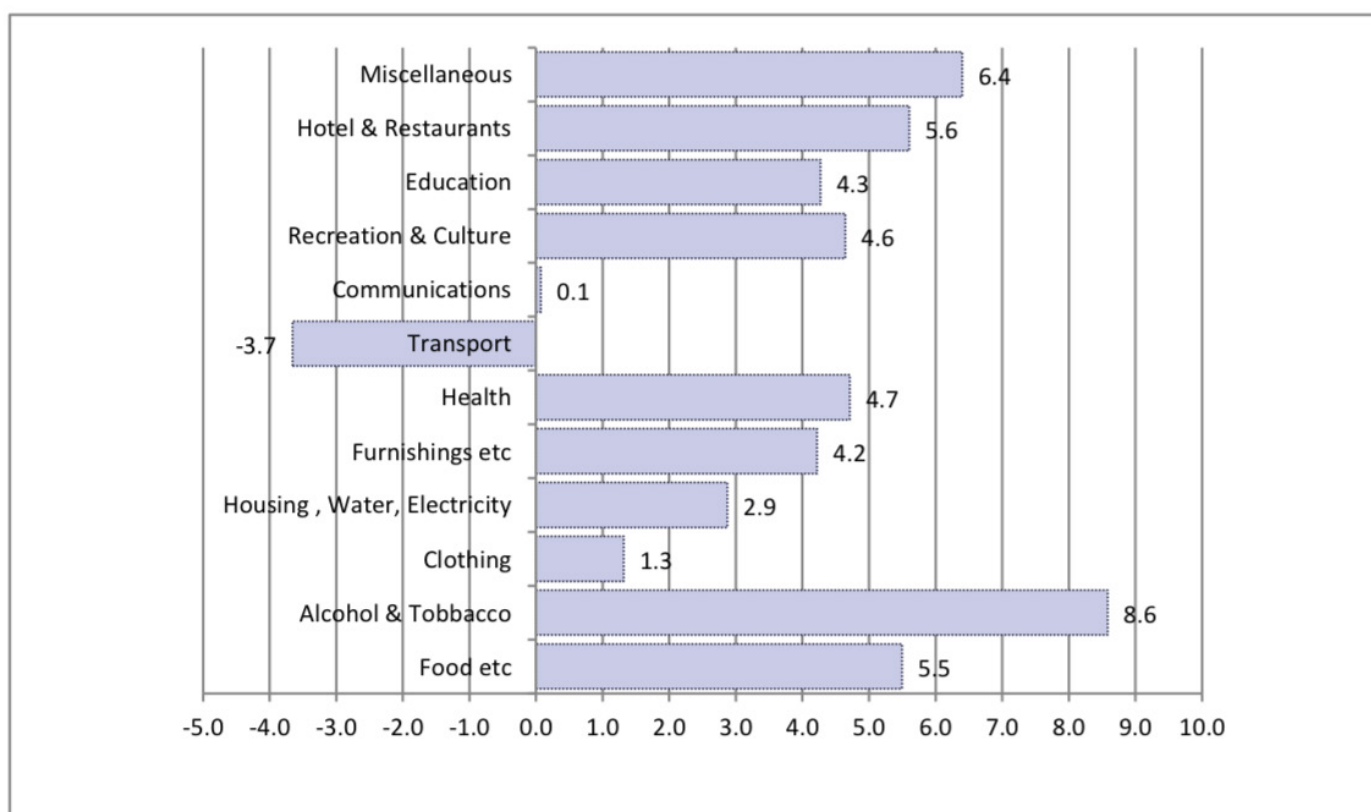
**Chart 1: Namibia Consumer Price Index; March 2015 (Dec 2012 = 100)**



# Main Drivers of Inflation

The major drivers of the annual inflation during the month of March 2015 were recorded in the groups of Transport which declined from -2.6 percent registered during the preceding month to -3.7 percent. Inflation in the groups of Communication (0.1 percent), Clothing and footwear (1.3 percent), Food and non- alcoholic beverages (5.5 percent) and Miscellaneous goods and services (6.4 percent) also slowed during the month of March 2015 as compared to the preceding month.

**Chart 2: NCPI; February 2015 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 (%)
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

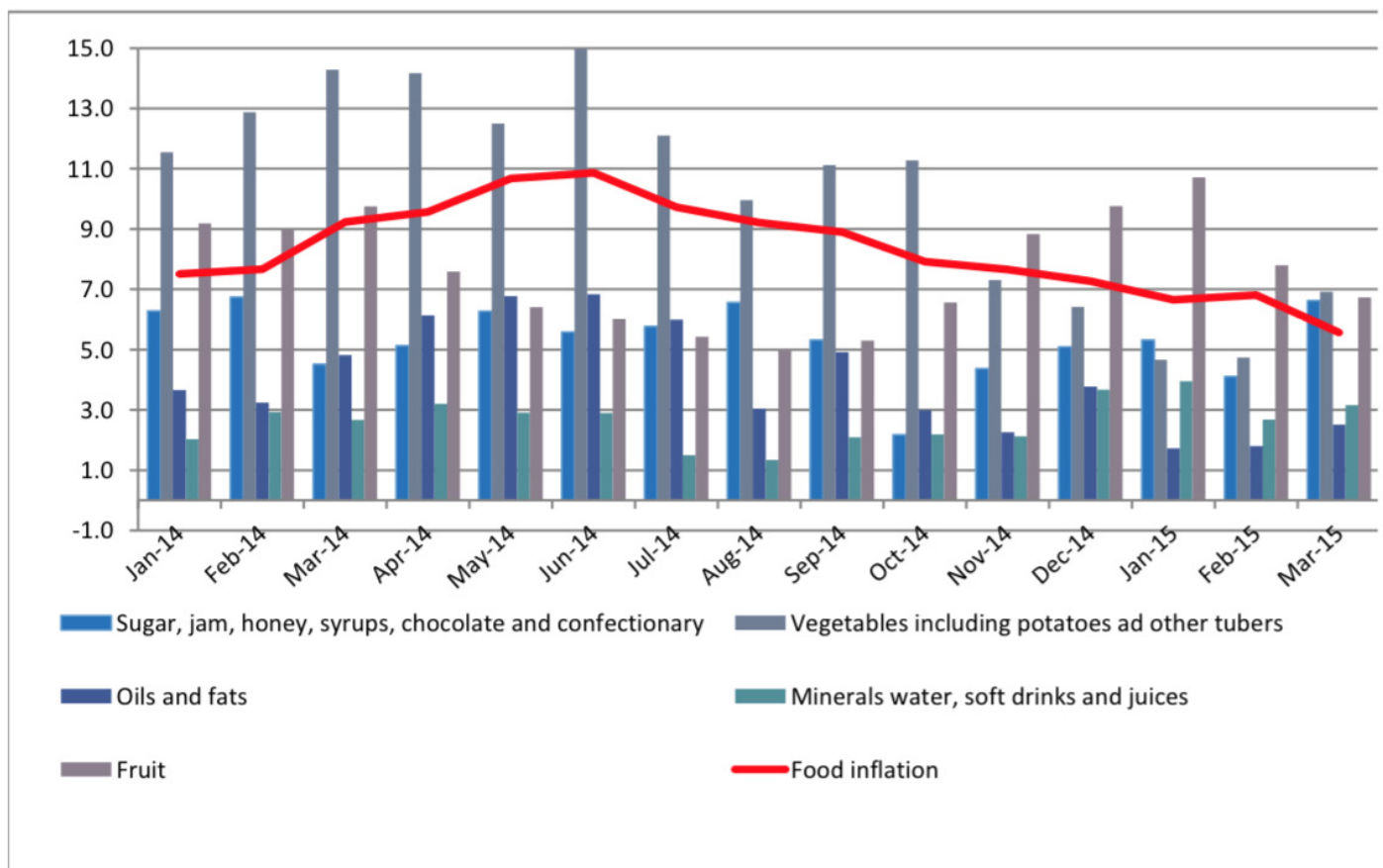
# Key Components

## Food and non alcoholic beverages

The annual inflation for food and non-alcoholic beverages category stood at 5.5 percent in March 2015, a 1.1 percentage point decrease from 6.6 percent recorded in the previous month.

The decline in monthly food price inflation is recorded in the sub-groups of food n.e.c and meat which dropped to 0.6 and 0.4 percent from 1.1 and 0.7 percent registered a month earlier. The Inflation for food and non-alcoholic beverages stood at 0.7 percent. Price increases in this category were mainly observed in the sub components of sugar, honey, jam, syrup etc. (3.3 percent), vegetables including tubers (2.7 percent), oils and fats (1.4 percent), mineral water, soft drinks and juices (0.9 percent) and fruit 0.6 percent.

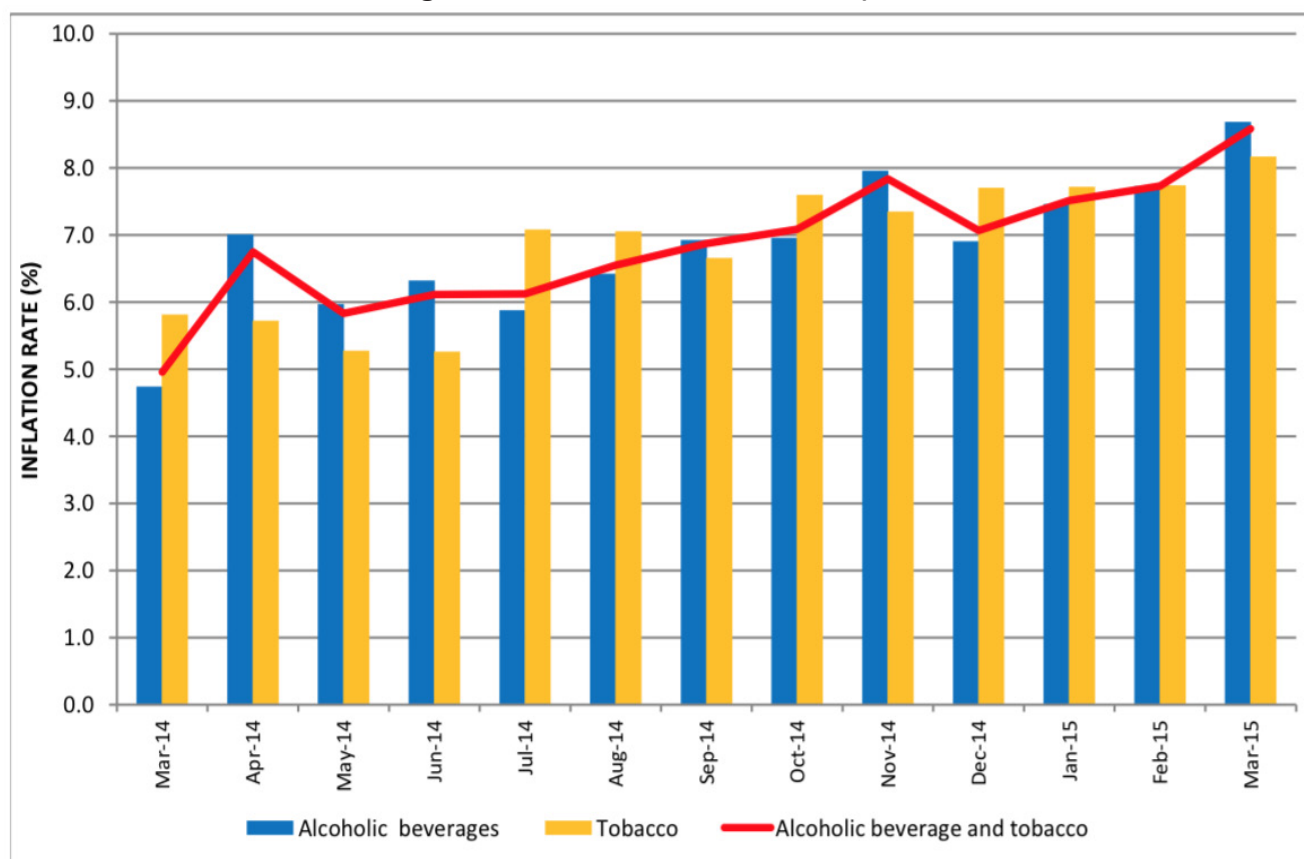
**Chart 3: NCPI; Selected food and non-alcoholic beverage sub-category annual inflation (Dec 2012 = 100)**



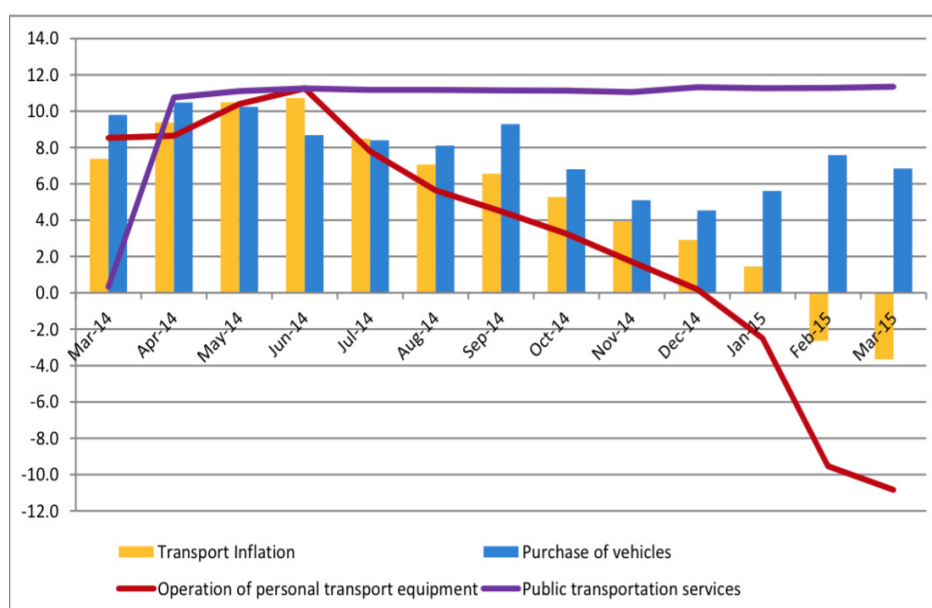
## Alcoholic beverages and Tobacco

The annual inflation rate for the group of alcoholic beverages and tobacco stood at 8.6 percent in March 2015, a 0.9 percentage points increment from 7.7 percent recorded in the previous month. Corresponding rates recorded during the same period a year earlier stood at 5.0 percent. The upward movement of inflation in this category was due to price increases in alcoholic beverage and tobacco (see chart 4).

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



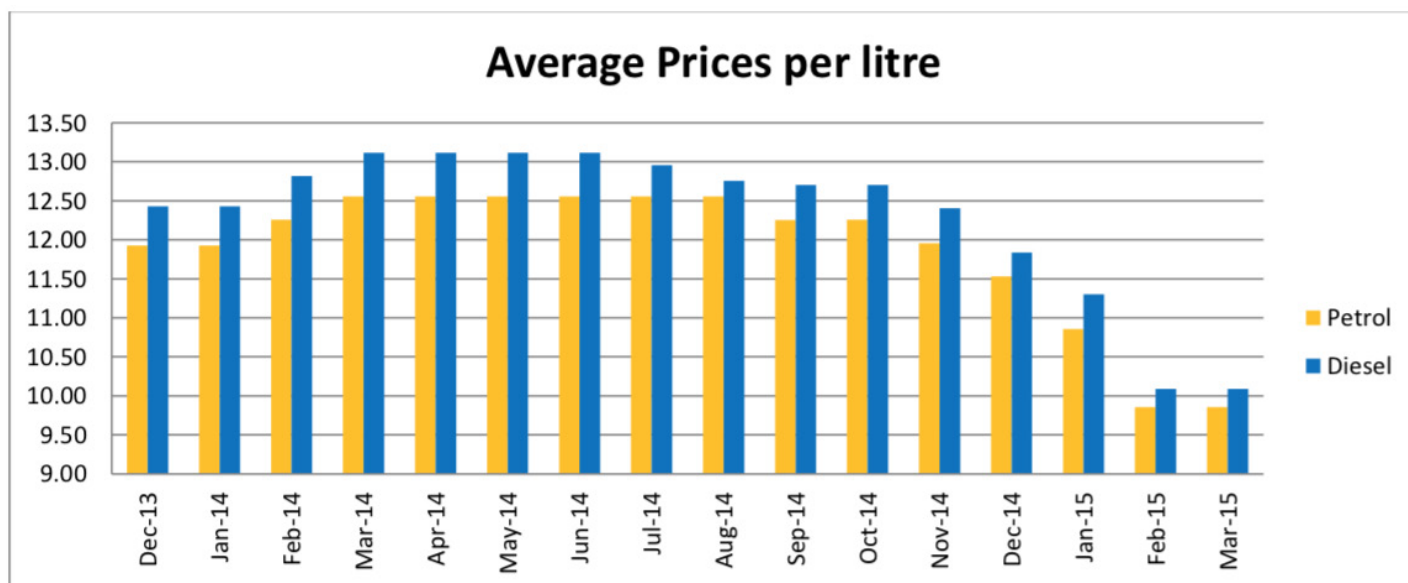
## Box 2: Chart of the Month



The annual rate of transport inflation, which represents 14.28 percent of the overall consumption basket declined by 3.7 percent in March 2015 representing a 11.1 percentage points decrease in prices when compared to an increase of 7.4 percent registered in the same period of 2014. This significant decline in transport inflation over the year has been largely driven by decreases in the subgroup of operation of personal transport equipment, which declined from 8.5 percent in March 2014, to -10.8 percent in March 2015, a movement of -19.3 percentage points over the year. This sharp decline in turn is attributable to the decline in petrol/diesel prices which have been showing a downward trend over the past months due to decline in the price of crude oil. The annual inflation rate of public transportation services has however been constant at around 11 percent.



Chart 5: NCPI; average fuel prices movement per liter: Dec 2013 to March 2015



During the period of December 2013 to March 2015 the petrol and diesel prices increased from January to March 2014, thereafter, no change was recorded for the period March 2014 to June 2014. However, a continuous decline was observed from the month of October 2014 to February 2015 whereby it stayed the same till March 2015.

# Goods and Services Inflation

For March 2015, the monthly and annual inflation rates for Goods were estimated at 0.7 and 3.2 percent while those for Services stood at 0.1 and 3.6 percent. Corresponding rates recorded during the same period a year earlier stood at 1.0 and 6.9 percent and 0.1 and 3.0 percent respectively

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

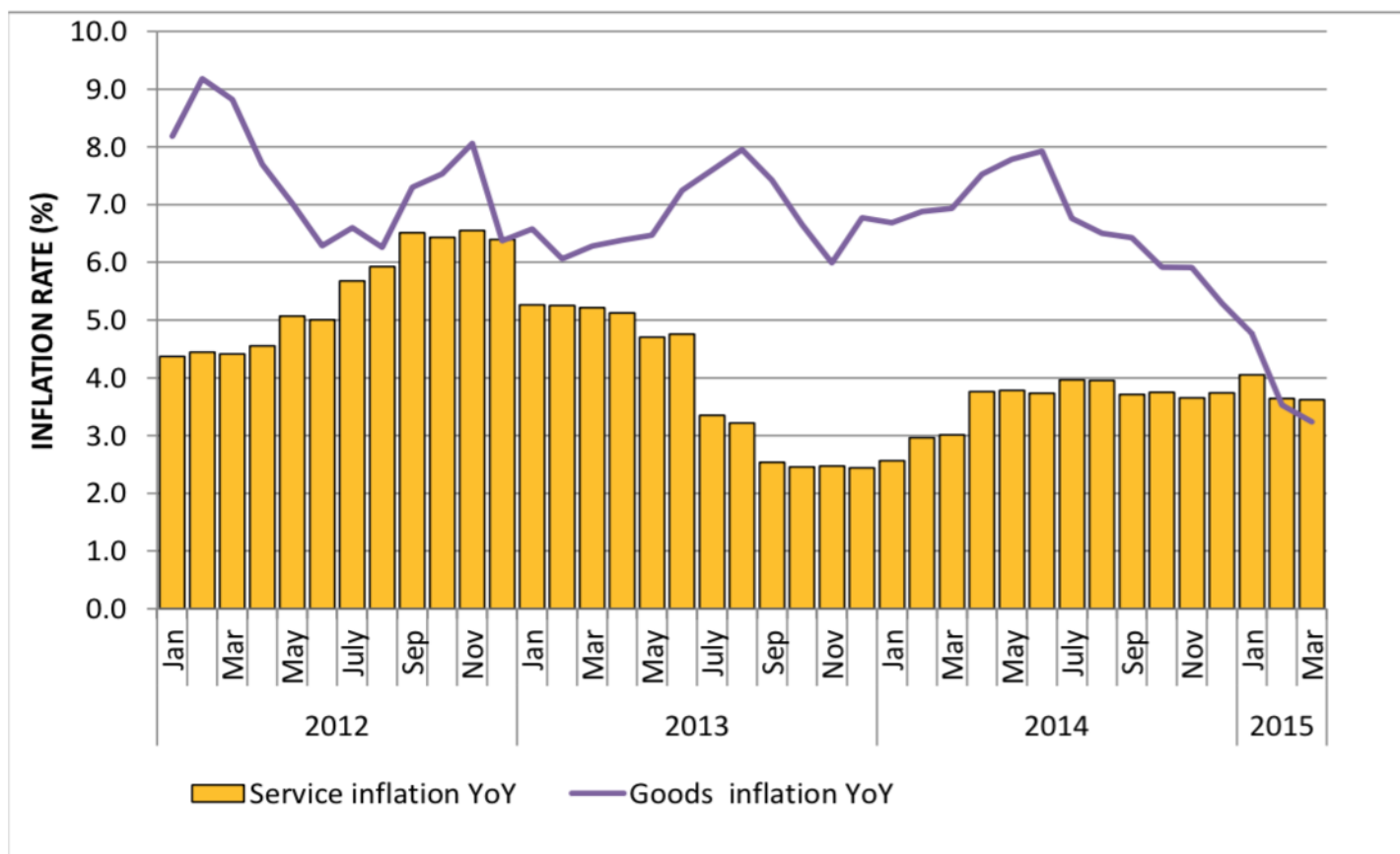


Table 1: Namibia CPI: All-Items Index, monthly and annual percentage changes (Dec 2012 =100)				
Period		Index	Monthly inflation rate	Annual inflation rate
<b>2013</b>	Jan	100.9	0.9	6.2
	Feb	101.4	0.4	5.8
	Mar	101.9	0.6	5.9
	Apr	102.3	0.3	5.9
	May	102.4	0.1	5.8
	June	102.7	0.2	6.2
	July	103.4	0.7	5.9
	Aug	103.8	0.4	6.0
	Sep	104.1	0.3	5.4
	Oct	104.5	0.4	4.9
	Nov	104.7	0.2	4.4
	Dec	104.9	0.1	4.9
	<b>An. Av</b>	<b>103.1</b>	<b>0.4</b>	<b>5.6</b>
<b>2014</b>	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
	<b>An. Av</b>	<b>108.6</b>	<b>0.4</b>	<b>5.4</b>
<b>2015</b>	Jan	110.6	0.8	4.5
	Feb	110.4	-0.2	3.6
	Mar	110.9	0.4	3.4

## Namibia Statistics Agency

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