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NSA releases the Consumer Price Index for August 2017

The Namibia Statistics Agency (NSA) has released the Consumer Price Index for August 2017 on 14 September 2017. The annual inflation rate remained unchanged compared to July 2017. Herewith a few highlights:

- The annual inflation rate remained at 5.4% compared to August 2016. It remains the lowest annual inflation rate since January 2016 (5.3%).
- The monthly inflation rate increased to 0.09% compared to July 2017, up from a monthly inflation rate of 0.04% in the previous month.
- **Housing, water and electricity** was the category driving inflation. It carries the highest weight in the consumption basket (28.4%) and recorded an inflation rate of 8.3%. Price pressure in this category dropped from 9.1% in July 2017 and is the lowest so far this year.
- The costs of electricity and other fuels as well as the costs for water supply etc. rose by 1.8% and 8.4% respectively compared to stronger increases during July (6.9% and 9.4% respectively).
- Rental payments continue to increase at an annual rate of 9.6%, while the cost of maintenance of dwellings increased stronger in August (6.3%) than in July (6.0%).
- **Food prices** increased stronger in August 2017 at 4.6% compared to July 2017 (4.3%). Food prices carry the second highest weight in the consumption basket with 16.5%.
- Food price inflation was driven by higher inflation rates for fruits (up from 2.6% in July to 6.8%), dairy products (up from 4.1% to 5.3%) and meat (up from 7.9% to 8.9% in August 2017).
- Prices for bread and cereals as well as for vegetables continued to contract in August although at a slower pace. Prices for vegetables were 0.2% lower in August than in July, while they declined by 1.8% in July. Bread and cereals cost 0.5% less than in July.
- **Transport inflation** dropped slightly from 2.4% in July to 2.0% in August. Transport is the third largest consumption category with a weight of 14.3%.
- While purchasing prices for vehicles increased at a slower pace than in July (6.4%), namely at 4.2% in August, the costs for the operation of transport equipment (mainly referring to the cost of fuel) rose faster, namely by 1.9%, in August than in July (1.6%).
- The costs for **health services** rose also at a slower pace, namely at 5.8% in August, while they increased by 6.3% in July. This is due to lower price increases for the category of medical products and equipment. Prices for this category increased by 6.1% (July: 7.4%), while price increases for outpatient services remained unchanged at 6.3% compared to July.
- Looking at inflation from a different angle, prices for **services** remain the main driver of inflation. Costs for services increased by 8.1% as in July. In contrast, prices for **goods** increased by only 3.4%, the lowest increase since June 2015 (3.1%).

Annual inflation for 2017 is set to end up lower than in 2016, when it averaged at 6.7%. This is good news for the consumer in times of high unemployment who benefits already from lower interest rate – at least if

s/he is a net borrower. It is also good news for Government meeting its fiscal targets such as the budget deficit since slower cost increases for purchasing goods and services makes it easier to stay within the budget ceilings.