

Date: 13 July 2017

NSA releases Consumer Price Index for June 2017

The Namibia Statistics Agency (NSA) has released the Consumer Price Index for June 2017 today. Inflation continued its downward trend that started in February 2017. Herewith a few highlights:

- Inflation slowed down to 6.1 percent compared to June 2016;
- Slowest price increases since February 2016;
- 2.1 percentage points below the inflation rate in January 2017 (8.2 percent), which was the highest since October 2009;
- Main driver was transport inflation that dropped from 7.1 percent in May 2017 to 5.0 percent in June 2017. Transport accounts for 14.3 percent of the overall inflation rate.
- The main contributor to lower transport inflation was the drop in price increases for the operation of personal transport equipment, which refers mainly to fuel. The inflation rate for this category decreased from 9.3 percent in May to 5.8 percent in June.
- Vehicle prices also increased at a slower pace of 7.0 percent compared to 7.6 percent in May.
- Food prices on the other hand reversed the price trend and increased by 4.6 percent compared to 3.7 percent in May. Food and non-alcoholic beverages account for 16.5 percent of the overall inflation rate – the second largest contribution after housing (28.4 percent).
- Food price inflation accelerated because of stronger price increases for the items ‘meat’ (up from 6.6 percent in May to 8.5 percent in June) and for fruits (up from 1.5 percent to 6.3 percent in June).
- Prices for health services increased from 5.4 percent in May to 6.1 percent in June. The increase was caused by stronger price increases for the category ‘medical products, appliances and equipment’.
- Price increases for the category ‘Housing, water, electricity, etc.’ remained on the same level as in May, namely at 9.8 percent. Housing etc. accounts for the largest share of the consumption basket, namely for 28.4 percent and has, therefore, a substantial influence on the inflation rate.

The annual inflation rate averaged 7.0 percent over the first half of 2017, which is above the average inflation rate for the first half of 2016 of 6.3 percent. We expect, however, that the annual inflation rate for 2017 will stay slightly below the inflation rate of 6.7 percent in 2016. The expected good crop harvests will help stabilise food price inflation even though meat prices might remain under pressure. This is due to less livestock being slaughtered because of improved grazing conditions. Transport inflation will slow down further in July, because of another drop in fuel prices by 0,50NAD per litre.