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NSA releases the Consumer Price Index for October 2017

The Namibia Statistics Agency (NSA) has released the Consumer Price Index for October 2017 on 15 October 2017. The annual inflation rate for October 2017 dropped again after an increase last month. Herewith a few highlights:

- The **annual inflation** rate (October 2017 compared to October 2016) decreased to 5.2%, the lowest annual inflation rate since December 2015 when it stood at 3.7%.
- The **monthly inflation** rate (October 2017 compared to September 2017) dropped back to 0.1% after an increase to 0.4% in September 2017. During five of the ten months this year the monthly inflation rate was 0.1%.
- Annual price increases decelerated for both services (down from 8.4% in September to 8.0% in October) and goods (down from 3.6% to 3.1%). However, price increases for services remain clearly the main driver of inflation accounting for 3.2 percentage points of the inflation of 5.2%.
- **The category of 'housing, water, electricity, etc.'** recorded again the highest inflation rate of the main twelve categories although price increases slowed down from 8.9% in September to 8.6% in October. It is the second lowest inflation rate for housing this year after 8.3% in August.
- The costs of maintenance of dwellings continue to increase at a slower pace, which could be attributed to the contraction in the construction and related industries. Prices for maintenance rose by 4.7% in October – the lowest since January 2014 (4.4%) – compared to 5.9% in September 2017.
- Prices for water supply grew by only 7.2% in October compared to double-digit figures over most of the past two years, while price increases for electricity showed some strong fluctuations over the past few months and slowed to 4.1% in October.
- At the other end of the scale, **prices for clothing and footwear dropped** by 5.0% compared to October 2016 implying that these items were less expensive in October this year than October 2016.
- Similarly, **costs for communication services** were also lower in October 2017 compared to the same month last year. They dropped by 0.3%
- The consumer also continues to benefit from **low food-price inflation**. Prices for food items increased by 3.7% in October compared to 4.2% in September 2017 and 11.9% in October 2016. Bread and cereals are again less expensive than a year ago declining by 2.7%, while fruits (1.6%) and vegetable (2.1%) prices increased below average.
- Meat prices, however, remain under pressure increasing by 9.2% after an increase by 9.4% in September 2017 and 5.3% in October 2016. Strong price rises for meat can be explained with better grazing conditions and strong exports that compete with local demands.
- Costs for transport rose stronger in October (4.4%) than in September 2017 (3.9%), because of increased prices for new vehicles (up by 6.5% compared to 3.9% in September).
- Prices for alcoholic beverages and tobacco also rose stronger than in previous months. Prices were 5.7% higher in October 2017 than in October 2016.

Overall, the current trend of the inflation rate supports our view that this year's annual inflation rate will remain below last year's inflation rate of 6.7%. Consumers continue to benefit from lower prices for basic food items such as bread and cereals and relatively modest increases for food items in general. However, inflation is expected to pick up for November due to the increase in fuel prices by NAD0.40 per litre for petrol and NAD0.60 per litre for diesel. Since transport accounts for the third largest category in the consumption basket (14.3%), any price increases within this category influences the overall inflation rate.