

Namibia Inflation Forecast Report

Research & Financial Sector Development, Bank of Namibia



Updated - October, 2022

Inflation Overview

Domestic Inflation - Domestic annual headline inflation decelerated to 7.1 percent in September 2022 (from 7.3 percent in August), which translates into a monthly inflation rate of 0.1 percent. The biggest contributors towards the annual rise in prices were the Food & Non-Alcoholic Beverages (9.3 percentage points), Transport (19.5 percentage points) and Hotels (11.0) categories.

Short Term Forecasts - The short-term inflation forecast is presented in Table 2, with annual inflation expected to decrease by 0.2 percentage points from 7.1 percent to 6.9 percent in October 2022 before increasing to 7.3 percent in November 2022 and thereafter slowing to 7.2 percent in December 2022.

Medium Term Forecasts - Through the medium term, our baseline forecasts for annual headline inflation are revised upward from 5.8 to 6.1 percent in 2022 and 4.7 to 5.2 percent in 2023. (see Figures 1 and 2).

Table 1: International Price Forecast Summary

Category	2022 Q4	2023 Q1	2023 Q2	2023 Q3
Brent Crude (USD/barrel)	83.0	79.0	77.0	81.0
Maize (US Cents/bushel)	668.0	673.0	670.0	684.0
Wheat (US Cents/bushel)	873.0	886.0	883.0	879.0
Gold (USD/oz)	1632.0	1655.0	1673.0	1672.0
USD/ZAR	18.0	17.7	16.8	16.9
SA Inflation (Annual %)	6.6	6.4	5.8	4.4

Note:

*Source - Bloomberg, SARB

**Forecasts as at 24 October 2022

Short and Medium Term Forecasts

Table 2: 3 Month Inflation Forecasts, by Components

Category	Weight	Sep 2022 (A)	Oct 2022(F)	Nov 2022 (F)	Dec 2022(F)	Trend
Food	16.4%	9.3%	9.5%	11.3%	11.1%	↗
Alcoholic B&T	12.6%	5.6%	5.9%	5.1%	4.6%	↘
Clothing	3.0%	0.9%	0.5%	0.5%	0.6%	↘
Housing	28.4%	2.1%	2.3%	2.3%	2.3%	↗
Furnishings	5.5%	9.4%	8.9%	9.4%	9.3%	↘
Health	2.0%	2.0%	2.3%	1.7%	1.8%	↘
Transport	14.3%	19.5%	17.5%	18.2%	18.3%	↘
Communication	3.8%	-0.3%	0.2%	-0.0%	0.2%	↗
Recreation	3.6%	5.5%	5.6%	5.4%	5.9%	↗
Education	3.6%	3.1%	3.1%	3.1%	3.1%	→
Hotels	1.4%	11.0%	10.7%	11.0%	10.6%	↘
Misc	5.4%	3.8%	3.7%	3.6%	3.5%	↘
All Items	100.0%	7.1%	6.9%	7.3%	7.2%	↗

Figure 1: Quarterly Inflation Forecasts

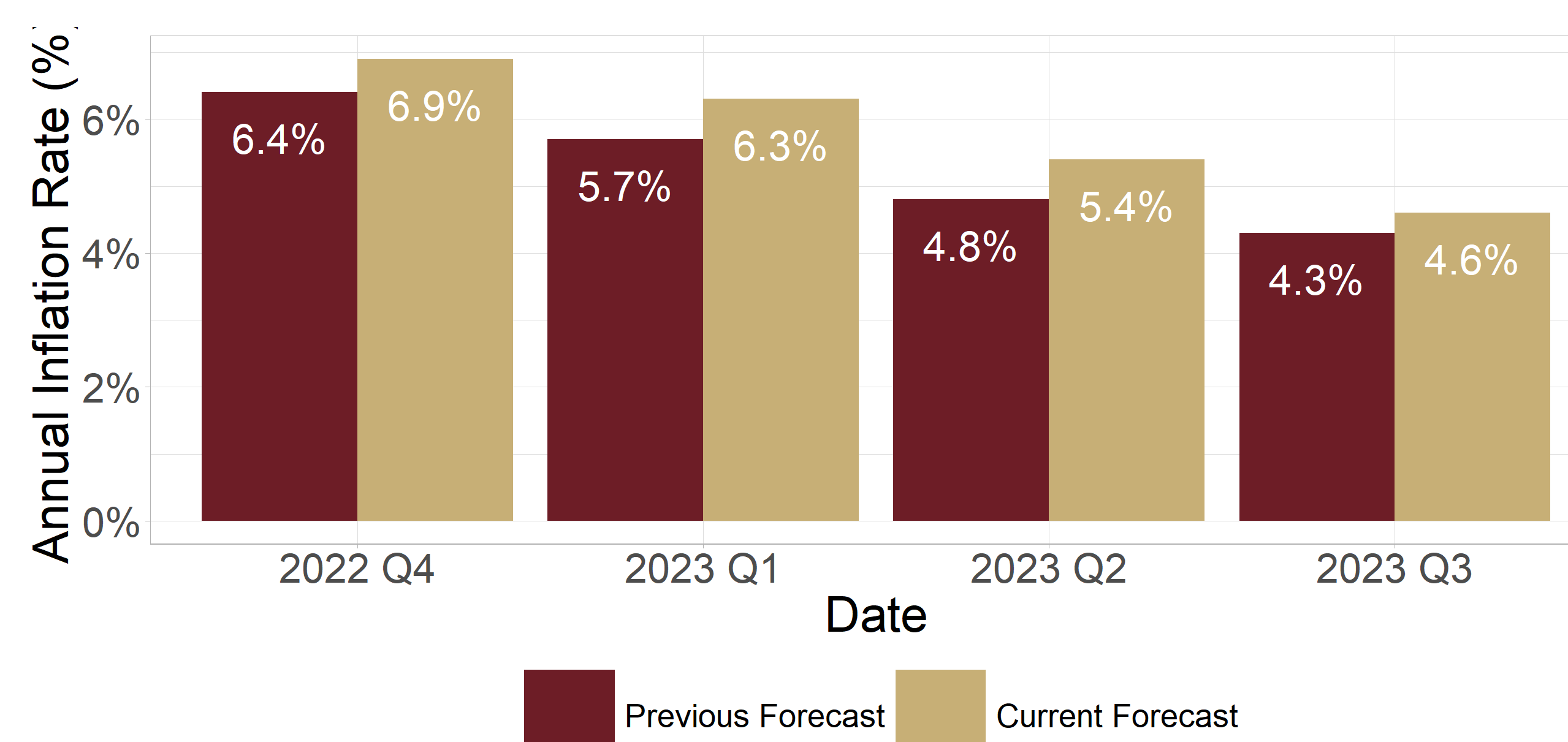


Figure 2: Yearly Inflation Forecasts

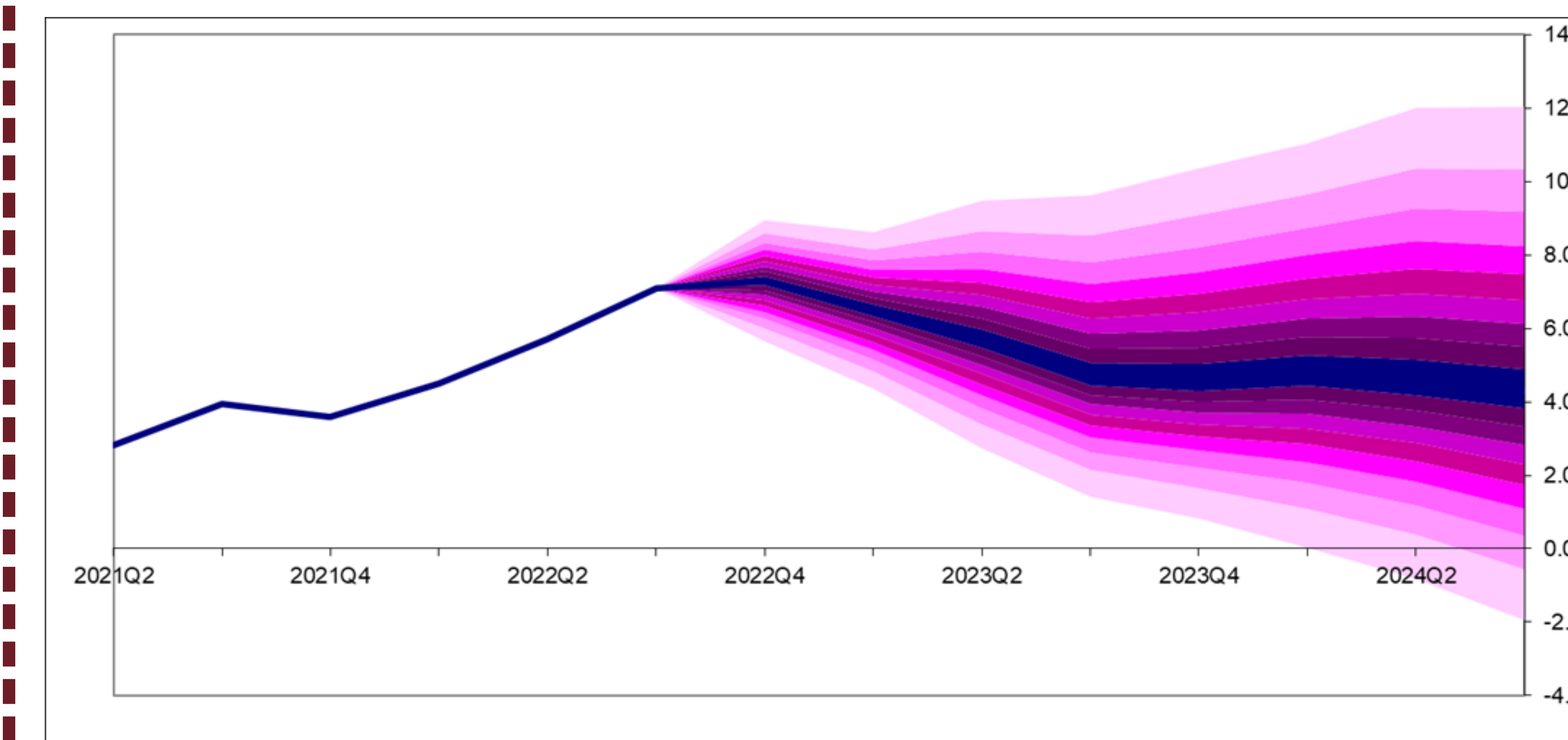
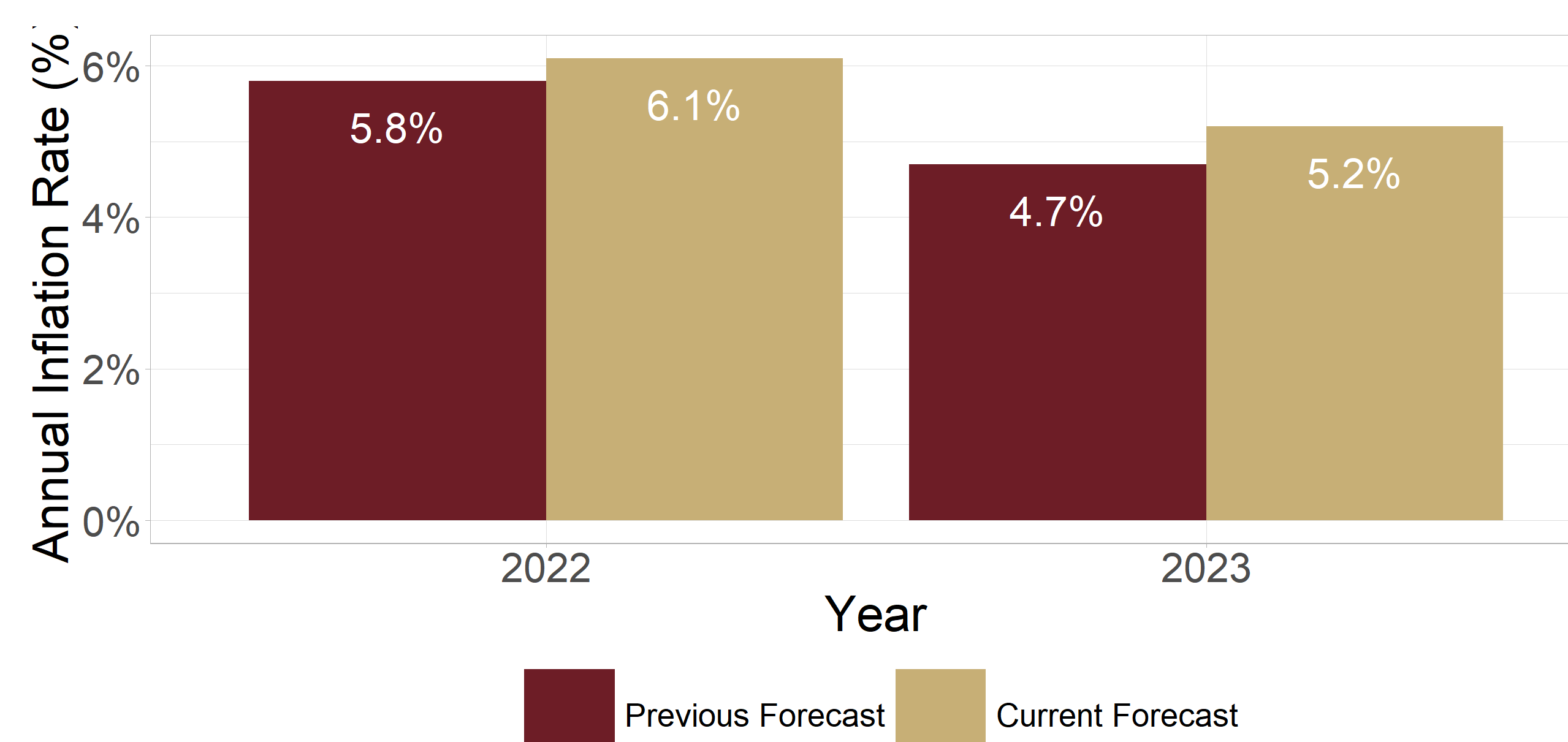


Figure 3: Inflation Forecast Fan Chart

Disclaimer

While best efforts were taken to ensure the accuracy of the data and information in this report, the Bank cannot take any responsibility for consequences resulting from the use of this information.

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