

Namibia Inflation Forecast Report

Research & Financial Sector Development, Bank of Namibia



Updated - April, 2022

Inflation Overview

Domestic Inflation - Domestic annual headline inflation declined marginally to 4.5 percent in February 2022 (from 4.6 percent in January), however rising on a monthly basis by 0.2 percent. The biggest contributors towards the annual rise in prices were the Food & Non-Alcoholic Beverages (1.0 percentage points) and Transport (1.8 percentage points) categories.

Short Term Forecasts - The short-term inflation forecast is presented in Table 2, with annual inflation expected to rise to 4.7 percent in March, 5.2 percent in April and 5.6 percent in May, respectively. The categories that are expected to contribute heavily to the forecasted inflation are price increases in Food, Alcoholic Beverages & Tobacco, and Transport.

Medium Term Forecasts - Through the medium term, our baseline estimates suggest that inflation will average 6.0 percent and 4.5 percent in 2022 and 2023 respectively (see Figures 1 and 2).

Table 1: International Price Forecast Summary

Category	2022 Q2	2022 Q3	2022 Q4	2023 Q1
Brent Crude (USD/barrel)	102.0	98.5	95.7	93.7
Copper (USD/ton)	10352.5	10351.4	10339.0	10320.6
Gold (USD/oz)	1926.7	1959.3	1944.8	1953.8
Maize (US Cents/bushel)	728.2	698.1	688.5	690.7
Wheat (US Cents/bushel)	984.4	974.0	961.6	944.3
USD/ZAR	15.4	15.6	15.5	15.4
SA Inflation (Annual %)	5.8	6.2	5.7	5.4

Note:

*Source - Bloomberg, SARB

**Forecasts as at 04 April 2022

Short and Medium Term Forecasts

Table 2: 3 Month Inflation Forecasts, by Components

Category	Weight	Feb 2022 (A)	Mar 2022 (F)	Apr 2022 (F)	May 2022 (F)	Trend
Food	16.4%	5.4%	5.9%	7.7%	8.3%	↗
Alcoholic B&T	12.6%	3.5%	4.6%	4.8%	4.7%	↗
Clothing	3.0%	-1.6%	-2.1%	-2.0%	-1.7%	↘
Housing	28.4%	1.3%	1.5%	1.5%	1.5%	↗
Furnishings	5.5%	8.2%	8.0%	7.5%	7.6%	↘
Health	2.0%	1.0%	1.4%	1.2%	1.1%	↗
Transport	14.3%	13.2%	13.0%	13.4%	15.4%	↗
Communication	3.8%	-1.2%	-1.2%	-1.2%	-0.7%	↗
Recreation	3.6%	3.4%	3.4%	3.8%	4.1%	↗
Education	3.6%	3.1%	3.1%	3.3%	3.3%	↗
Hotels	1.4%	9.0%	8.7%	8.8%	8.6%	↘
Misc	5.4%	0.9%	1.0%	1.0%	0.8%	↘
All Items	100.0%	4.5%	4.7%	5.2%	5.6%	↗

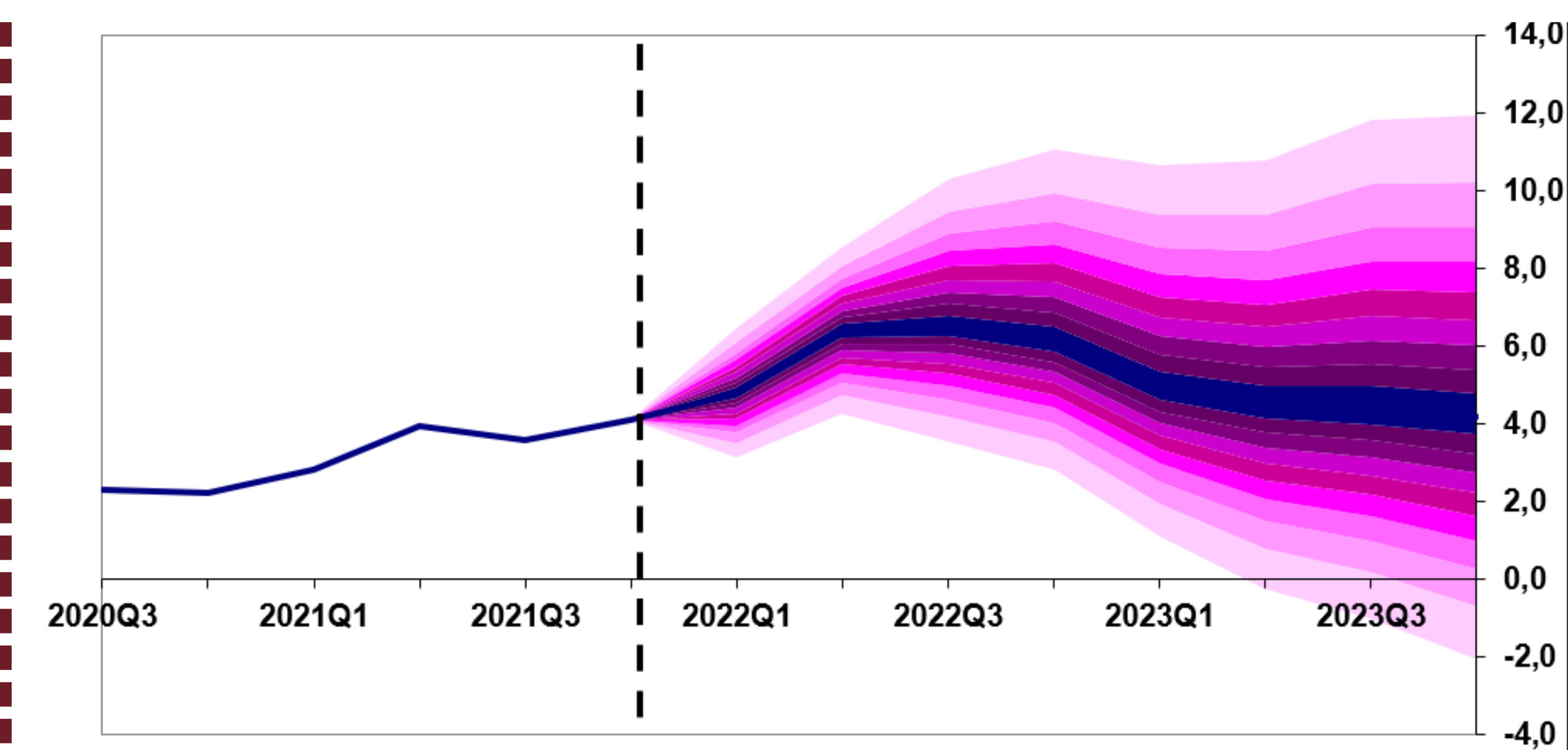


Figure 3: Inflation Forecast Fan Chart

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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Figure 1: Quarterly Inflation Forecasts

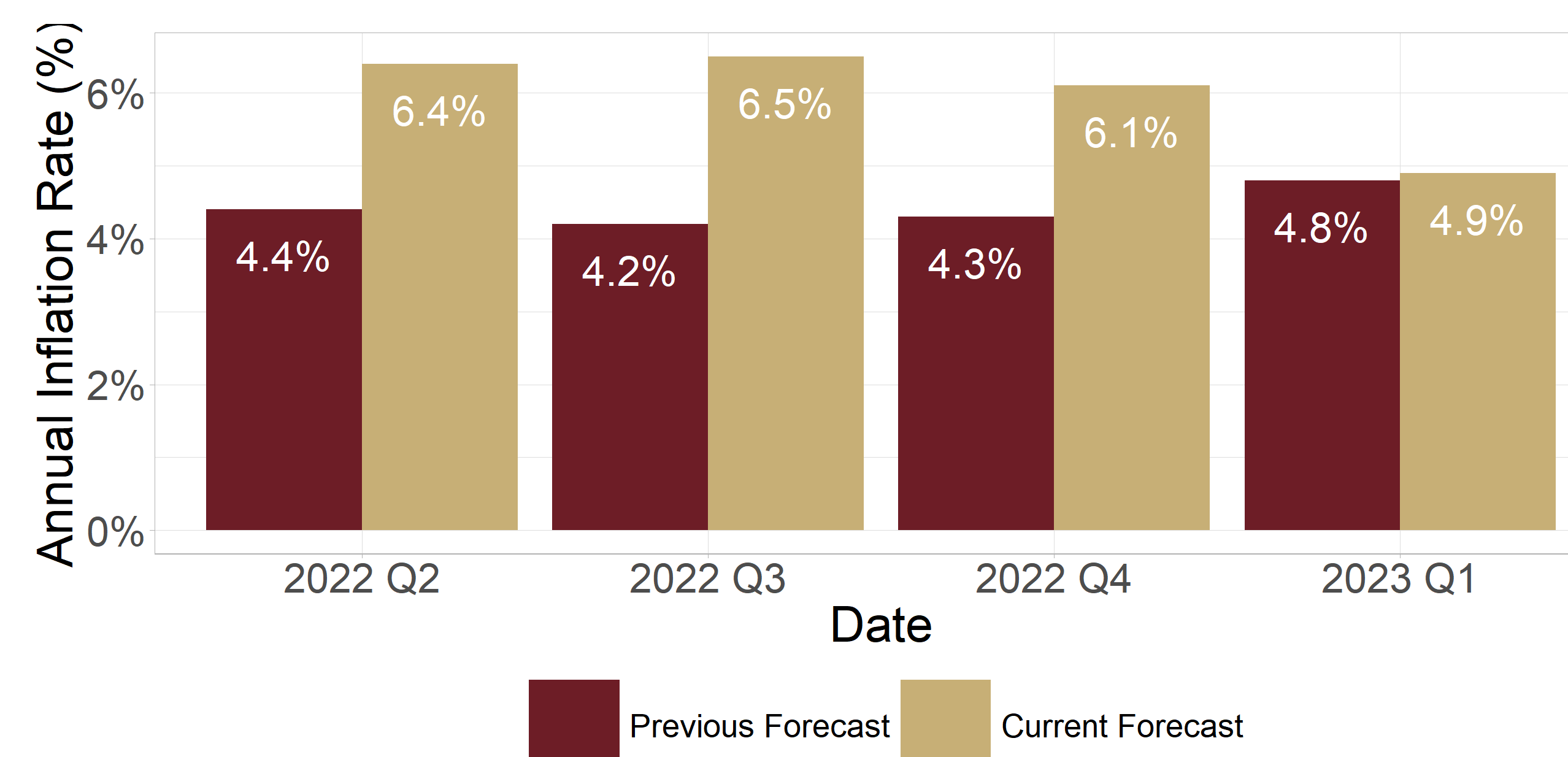


Figure 2: Yearly Inflation Forecasts

