

Namibia Inflation Forecast Report

Research & Financial Sector Development, Bank of Namibia



Updated - February, 2023

Inflation Overview

Domestic Inflation - Domestic annual headline inflation declined to 6.9 percent in December 2022 (from 7.0 percent in November 2022), which translates into a monthly increase of 0.3 percent. The biggest contributors towards the annual increase in prices were the Transport (2.2 percentage points), Food and Non-Alcoholic Beverages (2.2 percentage points) and Alcoholic beverages & Tobacco (0.6 percentage points) categories.

Short Term Forecasts - The short-term inflation forecast is presented in Table 2, with annual inflation expected to remain flat at 6.9 percent in January before slowing to 6.6 percent and 6.4 percent in February and March 2023 respectively.

Medium Term Forecasts - Through the medium term, our baseline estimates suggest that inflation will average 5.3 percent and 4.3 percent in 2023 and 2024 respectively (see Figures 1 and 2).

Table 1: International Price Forecast Summary

Category	2023 Q1	2023 Q2	2023 Q3	2023 Q4
Brent Crude (USD/barrel)	85.3	84.4	83.2	81.6
Maize (US Cents/bushel)	680.0	672.0	615.6	597.2
Wheat (US Cents/bushel)	788.0	797.5	807.4	820.0
Gold (USD/oz)	1883.1	1886.2	1914.5	1939.0
USD/ZAR	17.2	17.0	16.8	16.5
SA Inflation (Annual %)	6.5	5.9	4.9	4.6

Note:

*Source - Bloomberg, SARB

**Forecasts as at 13 February 2023

Short and Medium Term Forecasts

Table 2: 3 Month Inflation Forecasts, by Components

Category	Weight	Dec 2022 (A)	Jan 2023 (F)	Feb 2023 (F)	Mar 2023 (F)	Trend
Food	16.4%	11.8%	12.3%	12.3%	12.2%	↗
Alcoholic B&T	12.6%	4.2%	3.9%	4.5%	4.2%	↘
Clothing	3.0%	1.8%	1.2%	0.9%	1.2%	↘
Housing	28.4%	2.1%	2.2%	1.5%	1.6%	↘
Furnishings	5.5%	10.6%	7.4%	8.0%	7.9%	↘
Health	2.0%	2.0%	2.9%	3.5%	3.0%	↗
Transport	14.3%	14.8%	14.6%	12.8%	11.5%	↘
Communication	3.8%	0.1%	0.3%	0.7%	0.5%	↗
Recreation	3.6%	5.6%	4.9%	5.1%	5.3%	↘
Education	3.6%	3.1%	3.4%	4.1%	4.1%	↗
Hotels	1.4%	11.7%	6.5%	7.3%	7.2%	↘
Misc	5.4%	4.5%	8.7%	8.3%	8.3%	↗
All Items	100.0%	6.9%	6.9%	6.6%	6.4%	↘

Figure 1: Quarterly Inflation Forecasts

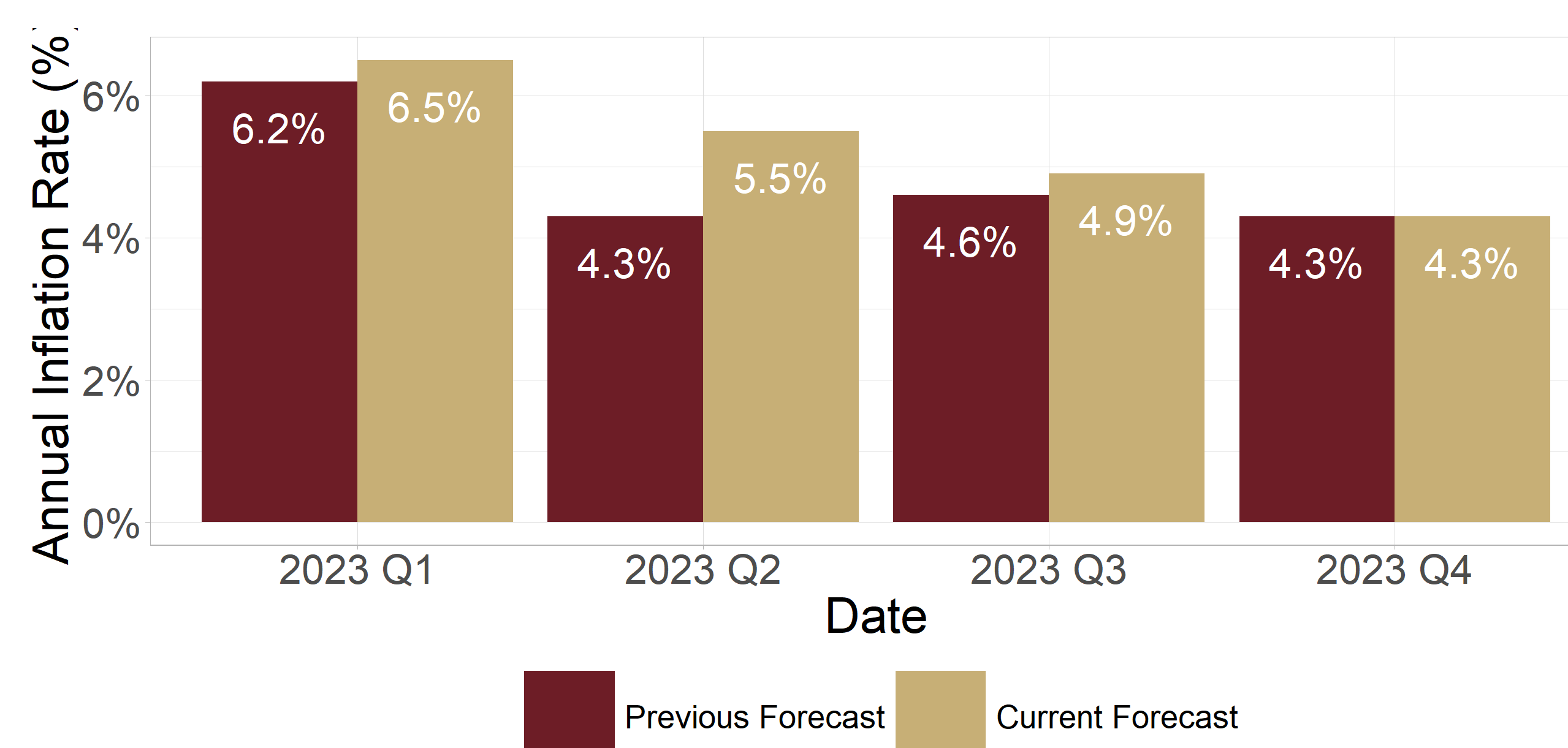


Figure 2: Yearly Inflation Forecasts

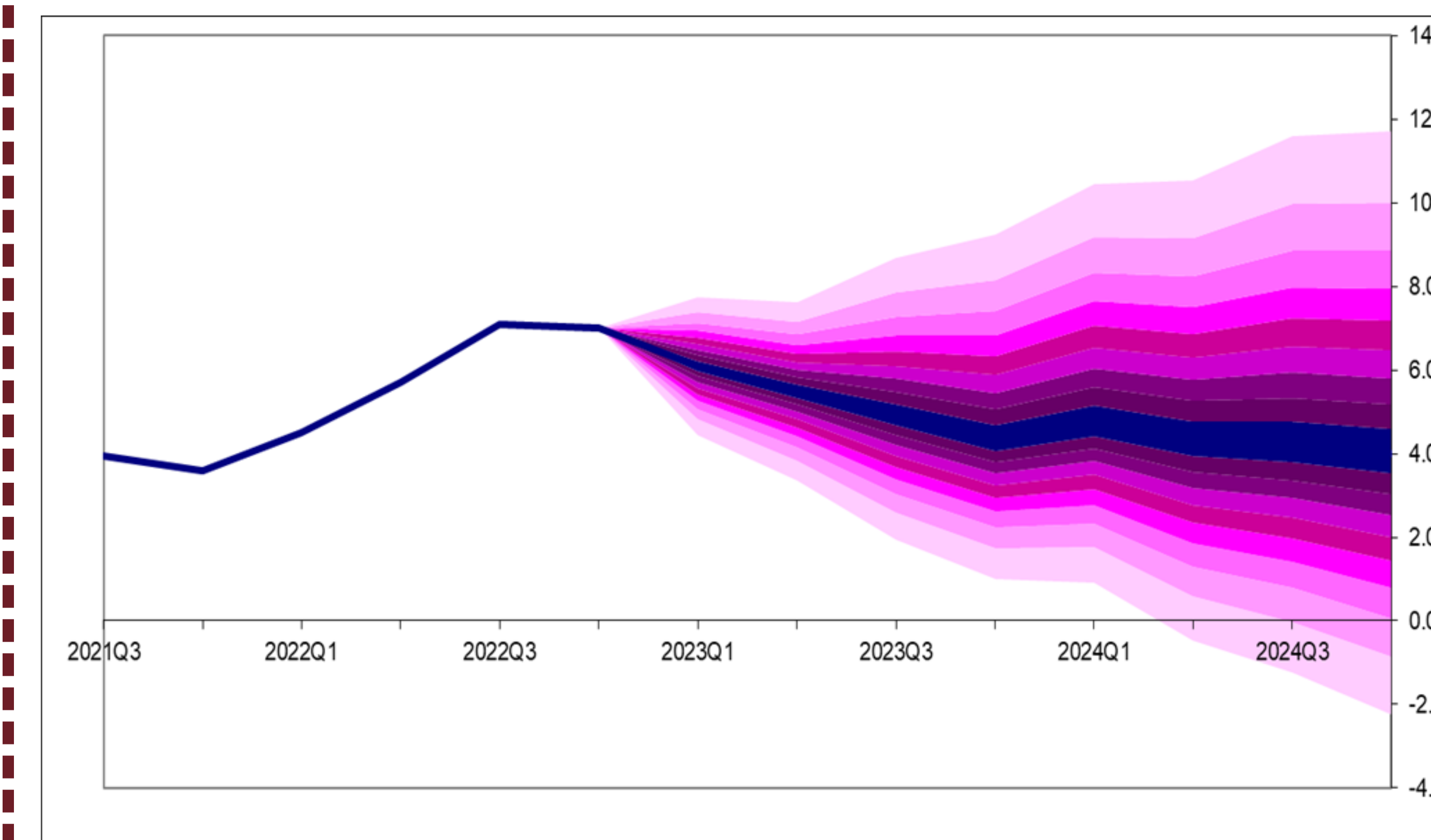
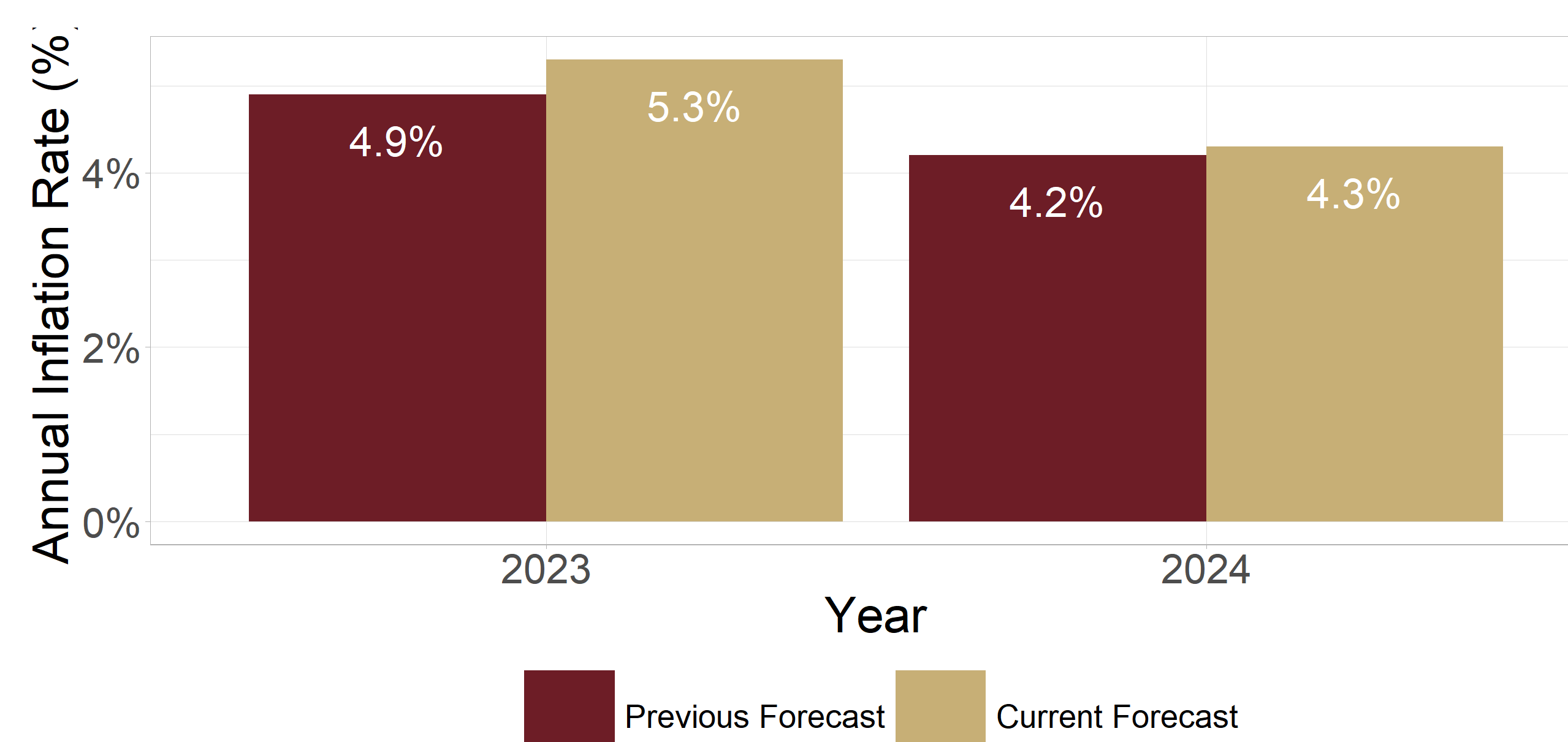


Figure 3: Inflation Forecast Fan Chart

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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