

Namibia Inflation Forecast Report

Research & Financial Sector Development, Bank of Namibia



Updated - August, 2022

Inflation Overview

Domestic Inflation - Domestic annual headline inflation accelerated to 6.8 percent in July 2022 (from 6.0 percent in June), which translates into a monthly inflation rate of 1.0 percent. The biggest contributors towards the annual rise in prices were the Food & Non-Alcoholic Beverages (8.4 percentage points) and Transport (20.9 percentage points) categories.

Short Term Forecasts - The short-term inflation forecast is presented in Table 2, with annual inflation expected to decrease to 6.7 percent and 6.3 percent in August and September and thereafter slowing further to 6.2 percent in October 2022, respectively.

Medium Term Forecasts - Through the medium term, our baseline estimates suggest that inflation will average 5.8 percent and 4.7 percent in 2022 and 2023 respectively (see Figures 1 and 2).

Table 1: International Price Forecast Summary

Category	2022 Q3	2022 Q4	2023 Q1	2023 Q2
Brent Crude (USD/barrel)	108.1	95.0	92.2	86.3
Maize (US Cents/bushel)	606.0	591.3	597.1	601.0
Wheat (US Cents/bushel)	819.4	838.3	850.3	849.2
Gold (USD/oz)	1696.2	1707.3	1727.3	1747.2
USD/ZAR	16.5	16.2	16.2	16.3
SA Inflation (Annual %)	7.0	7.0	6.8	5.9

Note:

*Source - Bloomberg, SARB

**Forecasts as at 02 August 2022

Short and Medium Term Forecasts

Table 2: 3 Month Inflation Forecasts, by Components

Category	Weight	Jul 2022 (A)	Aug 2022 (F)	Sep 2022 (F)	Oct 2022 (F)	Trend
Food	16.4%	8.4%	8.4%	7.7%	8.6%	↗
Alcoholic B&T	12.6%	5.4%	5.3%	5.2%	6.5%	↗
Clothing	3.0%	0.3%	0.4%	0.6%	0.2%	↘
Housing	28.4%	1.8%	1.7%	1.8%	2.1%	↗
Furnishings	5.5%	7.9%	8.6%	8.5%	8.0%	↗
Health	2.0%	1.7%	1.7%	1.8%	2.1%	↗
Transport	14.3%	20.9%	19.9%	17.5%	14.2%	↘
Communication	3.8%	-0.7%	-0.7%	-0.1%	0.4%	↗
Recreation	3.6%	5.1%	4.8%	5.2%	5.3%	↗
Education	3.6%	3.1%	3.1%	3.1%	3.1%	→
Hotels	1.4%	9.8%	9.0%	9.8%	9.5%	↘
Misc	5.4%	3.0%	3.1%	3.0%	3.0%	↘
All Items	100.0%	6.8%	6.7%	6.3%	6.2%	↘

Figure 1: Quarterly Inflation Forecasts

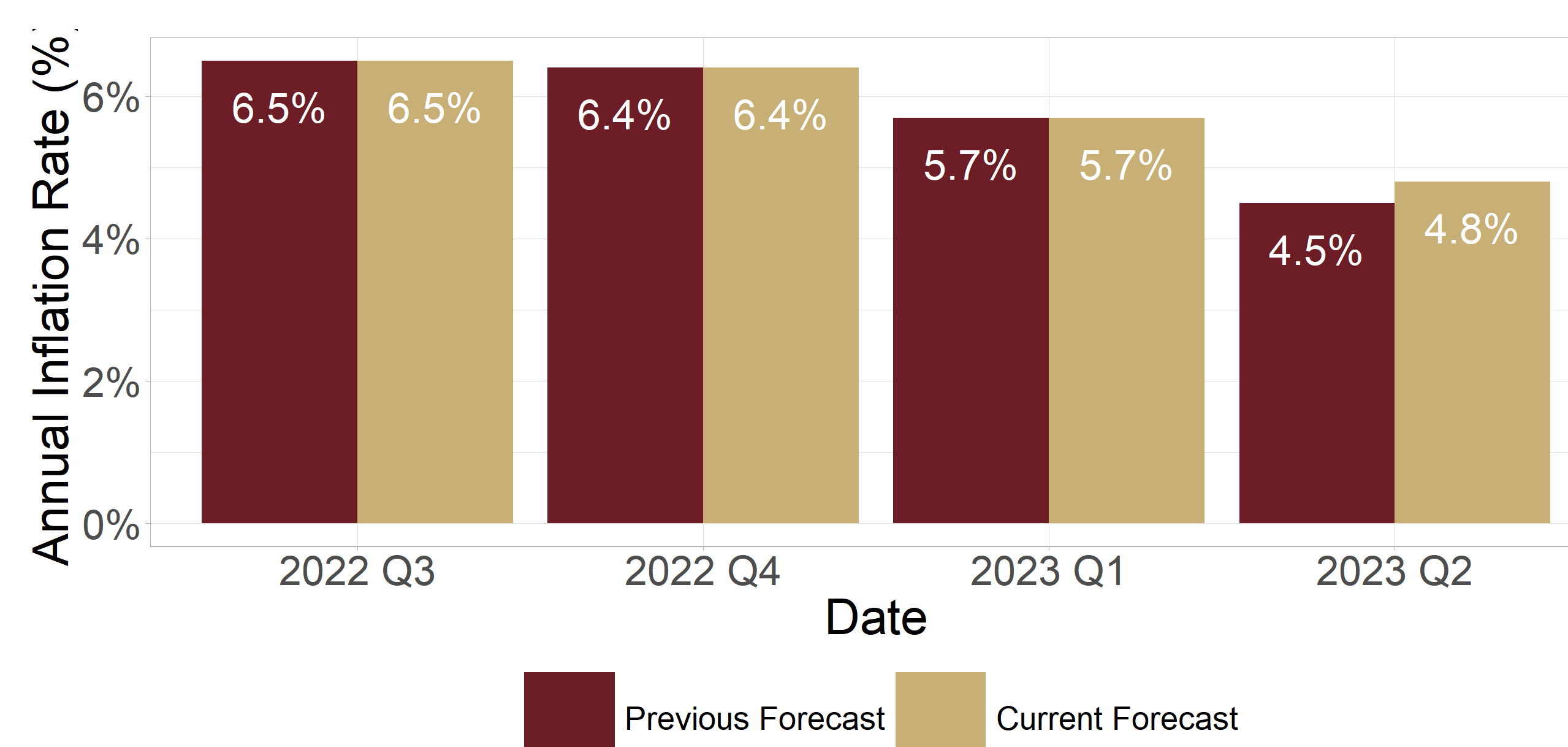


Figure 2: Yearly Inflation Forecasts

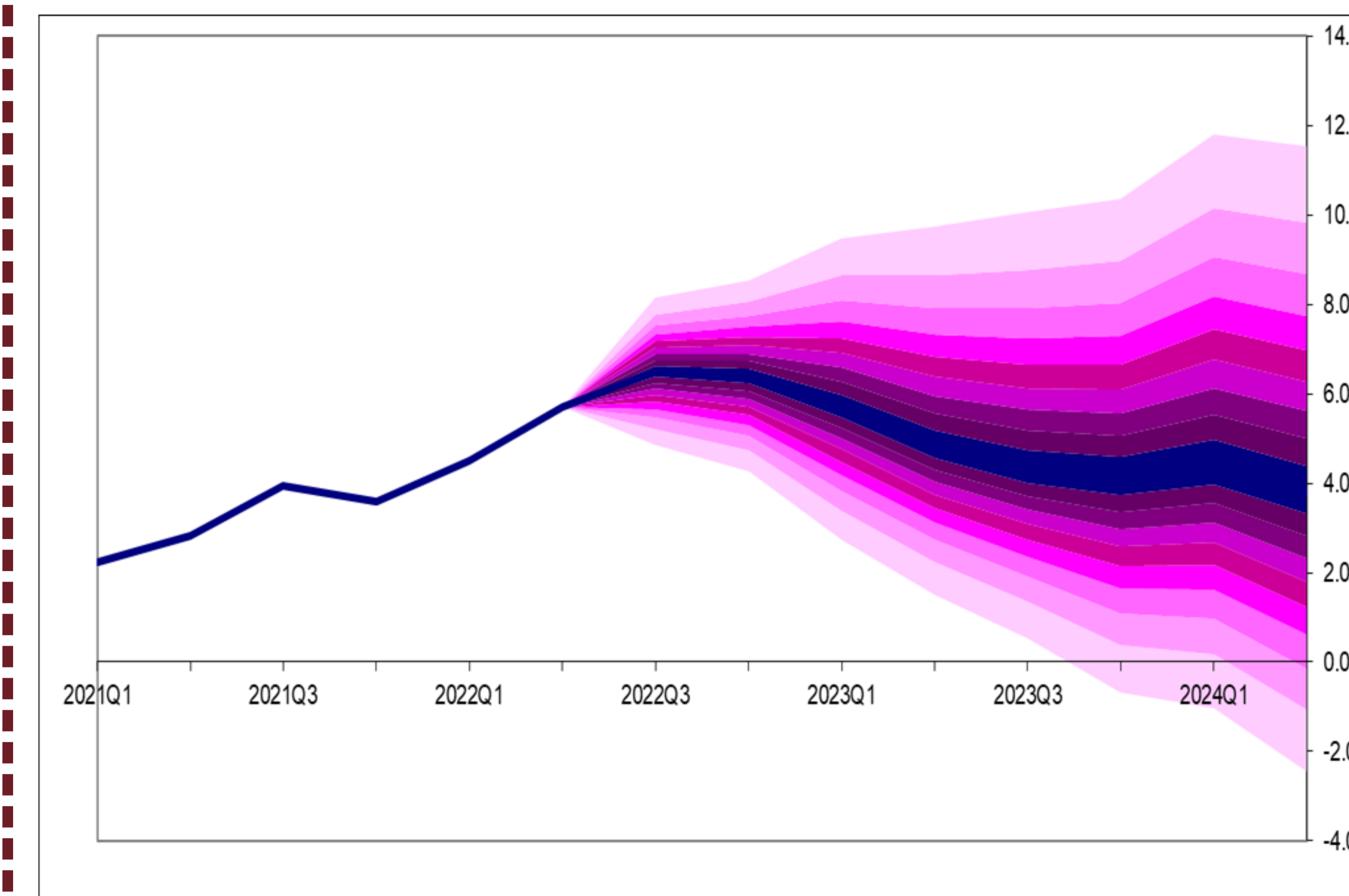
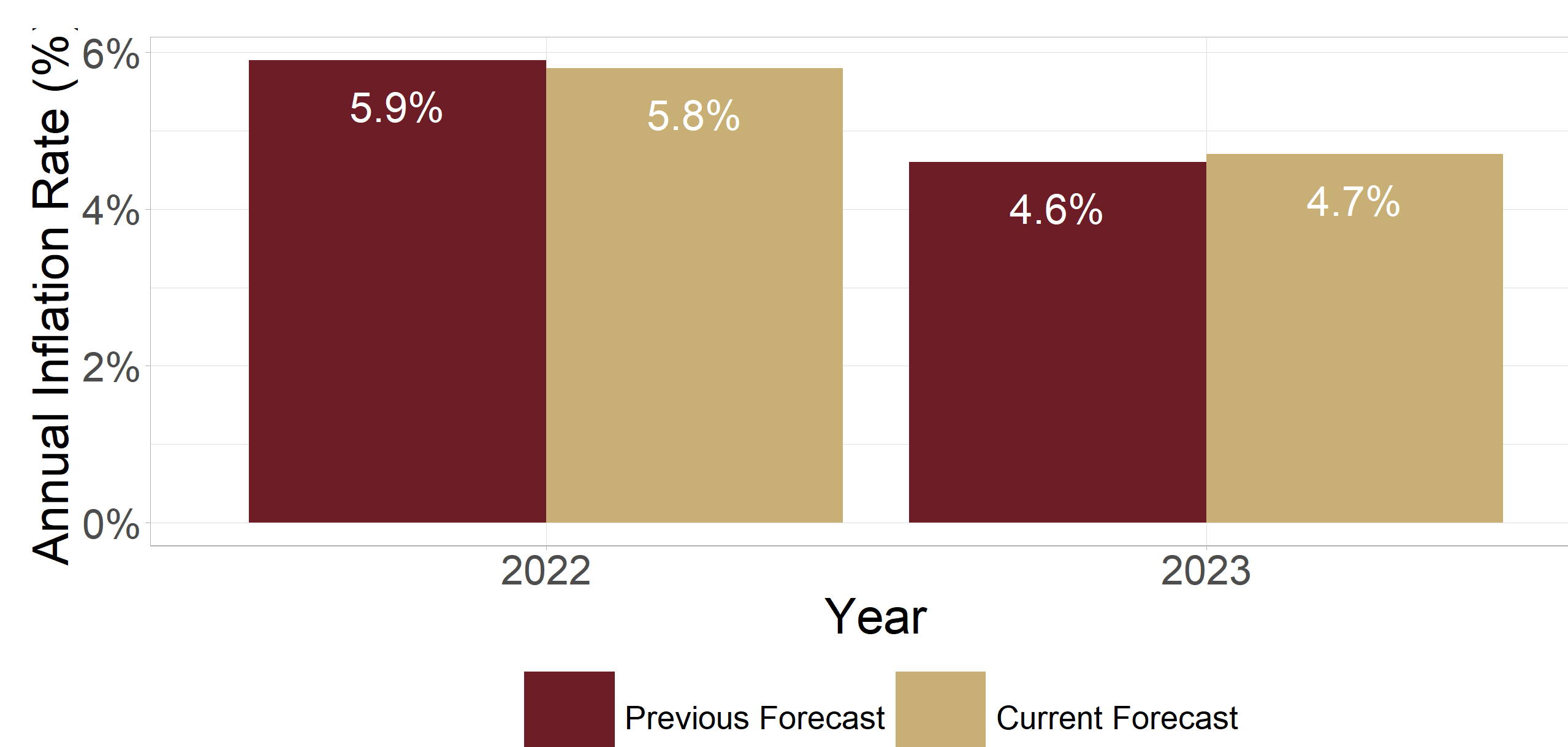


Figure 3: Inflation Forecast Fan Chart

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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