

# Namibia Inflation Forecast Report

Research & Financial Stability Department, Bank of Namibia

Updated - December, 2021

## Inflation Overview

**Domestic Inflation** - Domestic annual headline inflation edged higher to 3.6 percent in October (from 3.5 percent in September), which translates to a monthly increase of 0.2 percent. The biggest contributors towards the annual rise in prices were the Food & Non-Alcoholic Beverages and Transport Categories.

**Short Term Forecasts** - The short-term inflation forecast is presented in Table 2, with annual inflation expected to rise to 4.0 percent in November, 3.7 percent in December and 3.9 percent in January. The categories that are expected to contribute heavily to the forecasted inflation are price increases in Food, Alcoholic Beverages & Tobacco, and Transport given the significance of these categories within the CPI basket.

**Medium Term Forecasts** - Through the medium term, our baseline estimates suggest that inflation will average 3.6 percent and 4.3 percent in 2021 and 2022 respectively (see Figures 1 and 2).

**Summary** - Although long term inflation expectations remain well anchored, the recent spike in exchange rate volatility, energy prices and supply chain woes have increased the uncertainty surrounding the short term inflation outlook. As such, the Bank will continue to monitor these risks carefully heading into 2022.

Table 1: International Price Forecast Summary

Category	2021 Q4	2022 Q1	2022 Q2	2022 Q3
<b>Brent Crude (USD/barrel)</b>	82.0	74.0	72.0	71.0
<b>Copper (USD/ton)</b>	9470.0	9441.0	9421.0	9402.0
<b>Gold (USD/oz)</b>	1804.0	1821.0	1813.0	1814.0
<b>Maize (US Cents/bushel)</b>	568.0	575.0	579.0	559.0
<b>Wheat (US Cents/bushel)</b>	848.0	859.0	854.0	842.0
<b>USD/ZAR</b>	15.2	15.4	15.6	15.7
<b>SA Inflation (Annual %)</b>	5.3	4.6	4.3	4.1

Note:

\*Source - Bloomberg, SARB

\*\*Forecasts as at 06 December 2021

## Short and Medium Term Forecasts

Table 2: 3 Month Inflation Forecasts, by Components

Category	Weight	Oct 2021 (A)	Nov 2021 (F)	Dec 2021 (F)	Jan 2022 (F)	Trend
Food	16.4%	5.2%	6.0%	5.4%	6.9%	↗
Alcoholic B&T	12.6%	1.0%	1.2%	0.9%	0.7%	↘
Clothing	3.0%	-1.9%	-2.0%	-1.9%	-1.8%	↗
Housing	28.4%	1.1%	1.2%	1.1%	2.5%	↗
Furnishings	5.5%	5.3%	5.2%	4.7%	4.5%	↘
Health	2.0%	3.1%	3.0%	2.9%	2.4%	↘
Transport	14.3%	10.7%	11.7%	11.3%	9.3%	↘
Communication	3.8%	-0.7%	-0.6%	-0.8%	-0.8%	↘
Recreation	3.6%	2.2%	2.8%	3.0%	2.3%	↗
Education	3.6%	0.8%	0.8%	0.8%	6.6%	↗
Hotels	1.4%	1.4%	1.2%	1.5%	1.7%	↗
Misc	5.4%	6.6%	6.6%	6.6%	4.3%	↘
<b>All Items</b>	<b>100.0%</b>	<b>3.6%</b>	<b>4.0%</b>	<b>3.7%</b>	<b>4.1%</b>	↗

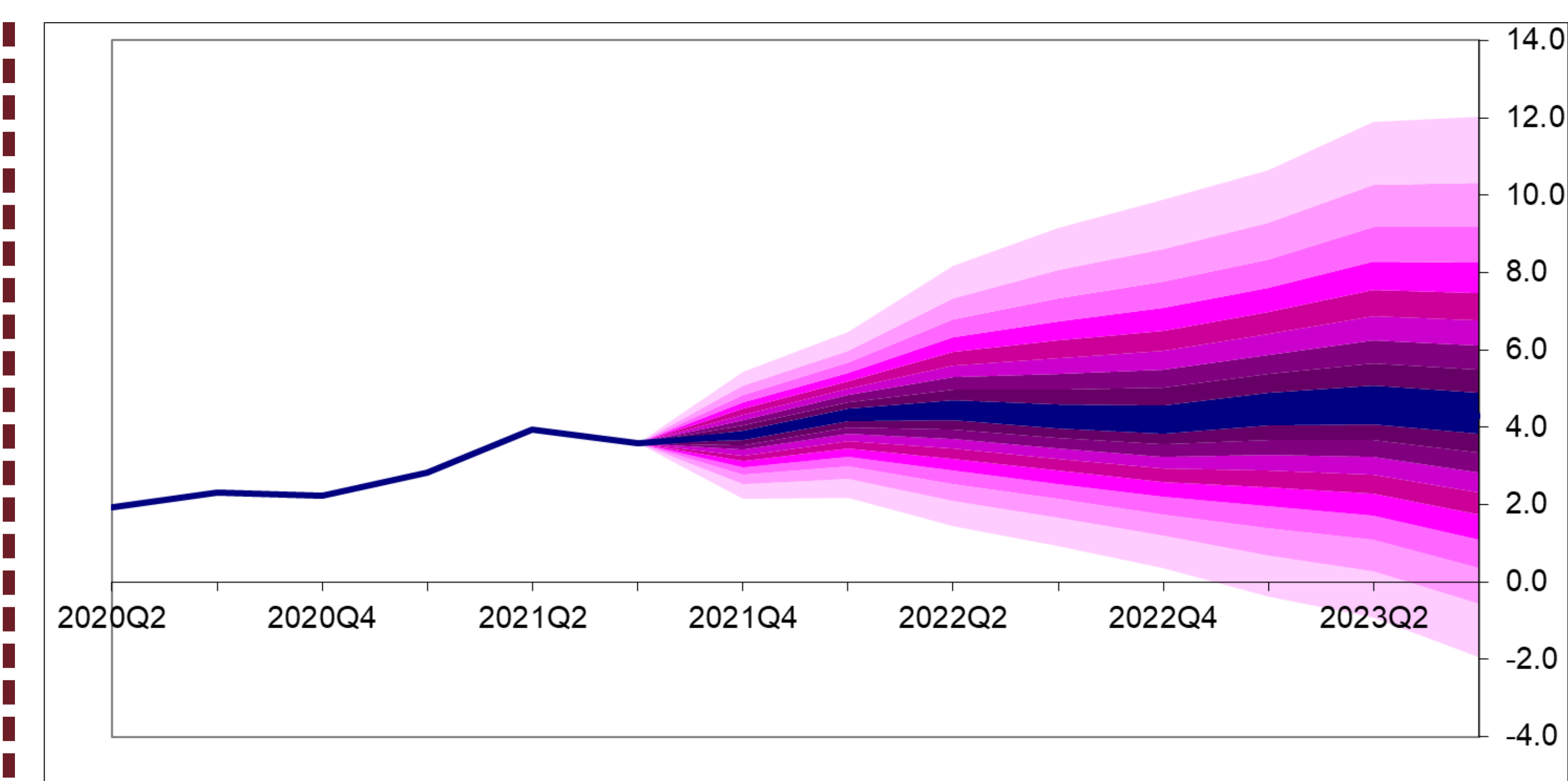


Figure 3: Inflation Forecast Fan Chart

## 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

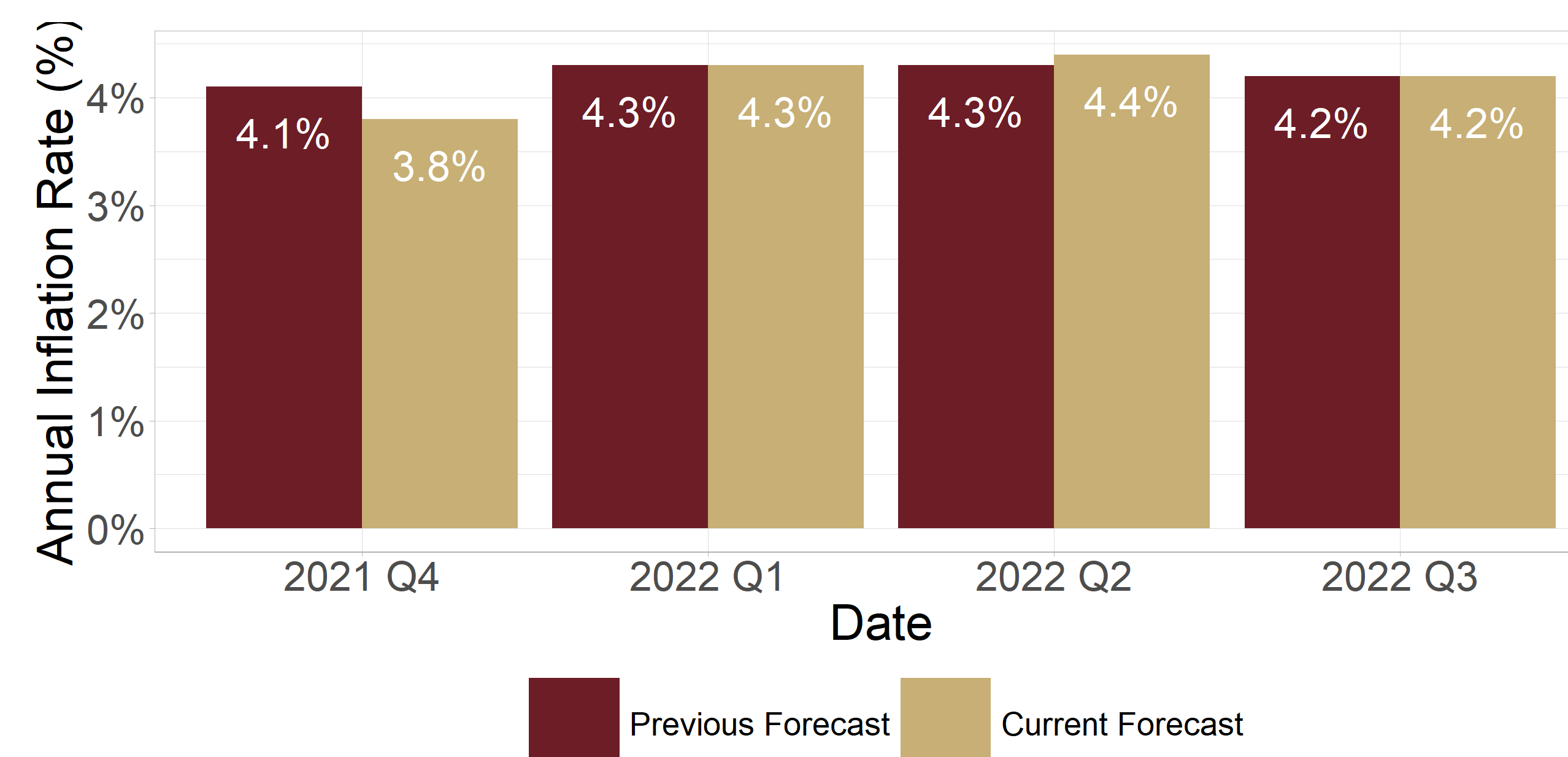


Figure 2: Yearly Inflation Forecasts

