

Namibia Inflation Forecast Report

Research & Financial Sector Development Department, Bank of Namibia



Updated - June, 2025

Inflation Overview

Domestic Inflation - Domestic annual headline inflation declined to 3.5 percent in May 2025, translating into a 0.1 percentage point decrease from the previous month. The biggest contributors towards the decrease in annual inflation rate were, *Housing* (0.5 percentage points), *Transport* (1.0 percentage points), *Hotels* (0.6 percentage point), and *Health* contributed 0.2 percentage point.

Short Term Forecasts - The short-term inflation forecast is presented in Table 2, with annual inflation expected to increase to 3.7 percent in June 2025 before rising further to 4.1 and 4.2 percent in July 2025 and August 2025, respectively.

Medium Term Forecasts - Through the medium term, our baseline estimates suggest that inflation will average 3.9 percent and 4.3 percent in 2025 and 2026, respectively (see Figures 1 and 2). This reflects a downward revision from the April 2025 MPC largely due to stronger exchange rate and moderate administered prices assumptions.

Table 1: International Price Forecast Summary

Category	2025 Q2	2025 Q3	2025 Q4	2026 Q1
Brent Crude (USD/barrel)	66.6	71.2	69.7	69.0
Maize (US Cents/bushel)	436.6	424.7	438.0	452.2
Wheat (US Cents/bushel)	522.6	554.1	577.5	595.2
Gold (USD/oz)	3342.1	3416.4	3456.4	3501.2
USD/ZAR	17.9	18.2	18.2	18.0
SA Inflation (Annual %)	2.6	3.3	3.9	3.9

Note:

*Source - Bloomberg, SARB, BoN staff estimates

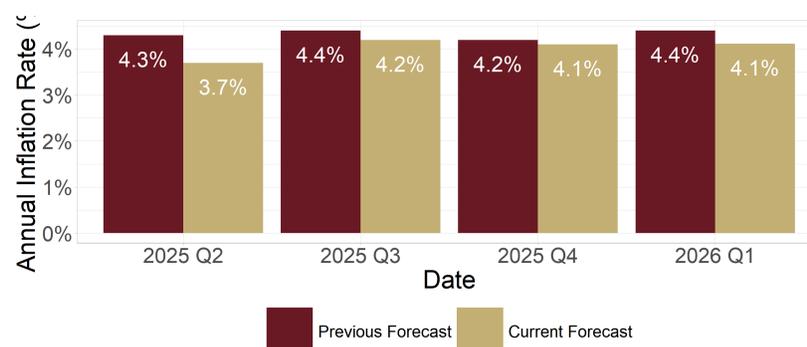
**Forecasts as at 17 June 2025

Short and Medium Term Forecasts

Table 2: Monthly Inflation Forecast, by Component

Category	Weight	May 2025 (A)	June 2025 (F)	July 2025 (F)	August 2025 (F)	Trend
Food	16.4%	5.8%	6.0%	6.1%	6.3%	↗
Alcoholic B&T	12.6%	5.8%	6.0%	6.3%	6.1%	↗
Clothing	3.0%	1.8%	1.9%	2.1%	2.1%	↗
Housing	28.4%	3.6%	3.7%	3.9%	4.0%	↗
Furnishings	5.5%	2.4%	2.7%	2.5%	2.7%	↗
Health	2.0%	3.0%	3.1%	3.0%	3.3%	↗
Transport	14.3%	-1.3%	-0.1%	1.1%	1.4%	↗
Communication	3.8%	-0.6%	-0.2%	-0.2%	-0.0%	↗
Recreation	3.6%	4.2%	4.1%	4.8%	5.1%	↗
Education	3.6%	4.3%	4.3%	4.3%	4.3%	↗
Hotels	1.4%	5.7%	5.8%	6.3%	5.9%	↗
Misc	5.4%	3.6%	3.7%	3.9%	3.8%	↗
All Items	100.0%	3.5%	3.7%	4.1%	4.2%	↗

Figure 1: Quarterly Inflation Forecasts



*Quarterly forecasts may not directly correspond to the components forecasts in Table 2

Figure 2: Yearly Inflation Forecasts

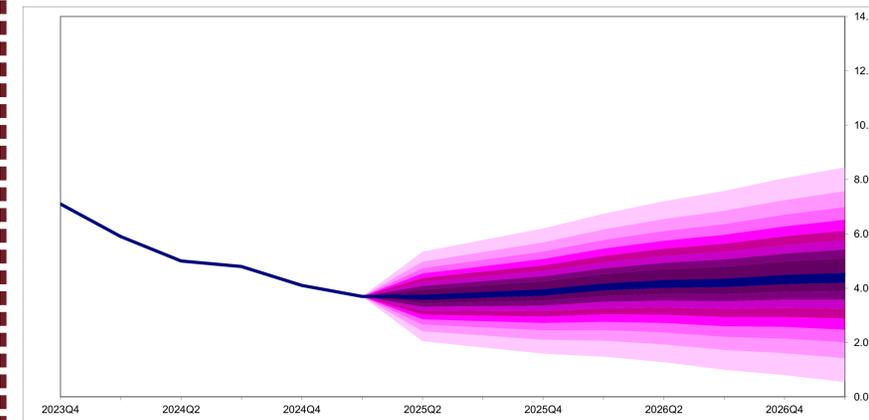
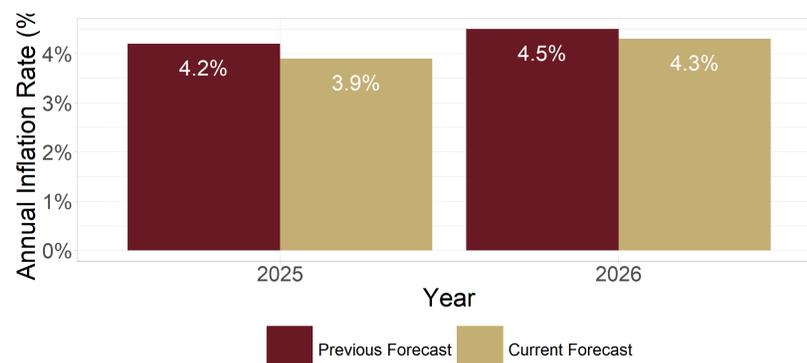


Figure 3: Inflation Forecast Fan Chart

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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