



**Bank of Namibia**

# Brent Crude, Inflation Outlook

June, 2022

# Presentation Road Map

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# Brent crude forecasts Consensus

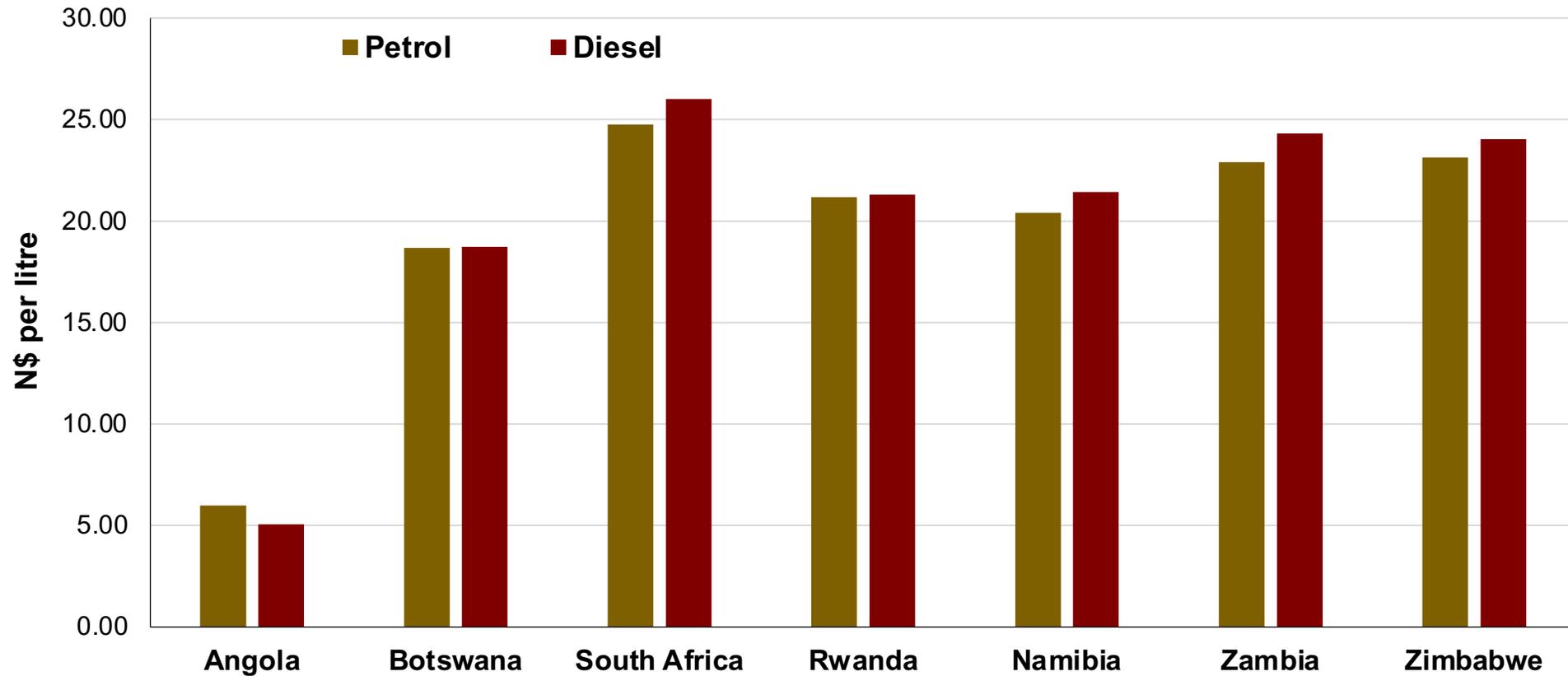


On average, institutions are projecting the Brent crude price to average **US\$105** per barrel in 2022 and **US\$94** per barrel in 2023

<b>U\$/Barrel</b>	<b>2022</b>	<b>2023</b>
IEA	103	97
World Bank	100	92
IMF	107	93
OPEC	110	98
Bloomberg	104	92
JP Morgan	104	94
<b>Average</b>	<b>105</b>	<b>94</b>

# Regional fuel prices

Angola and Botswana have the lowest fuel prices, Namibia and Rwanda have similar fuel prices, while South Africa has the highest amongst the 7 countries.



# Regional fuel prices...



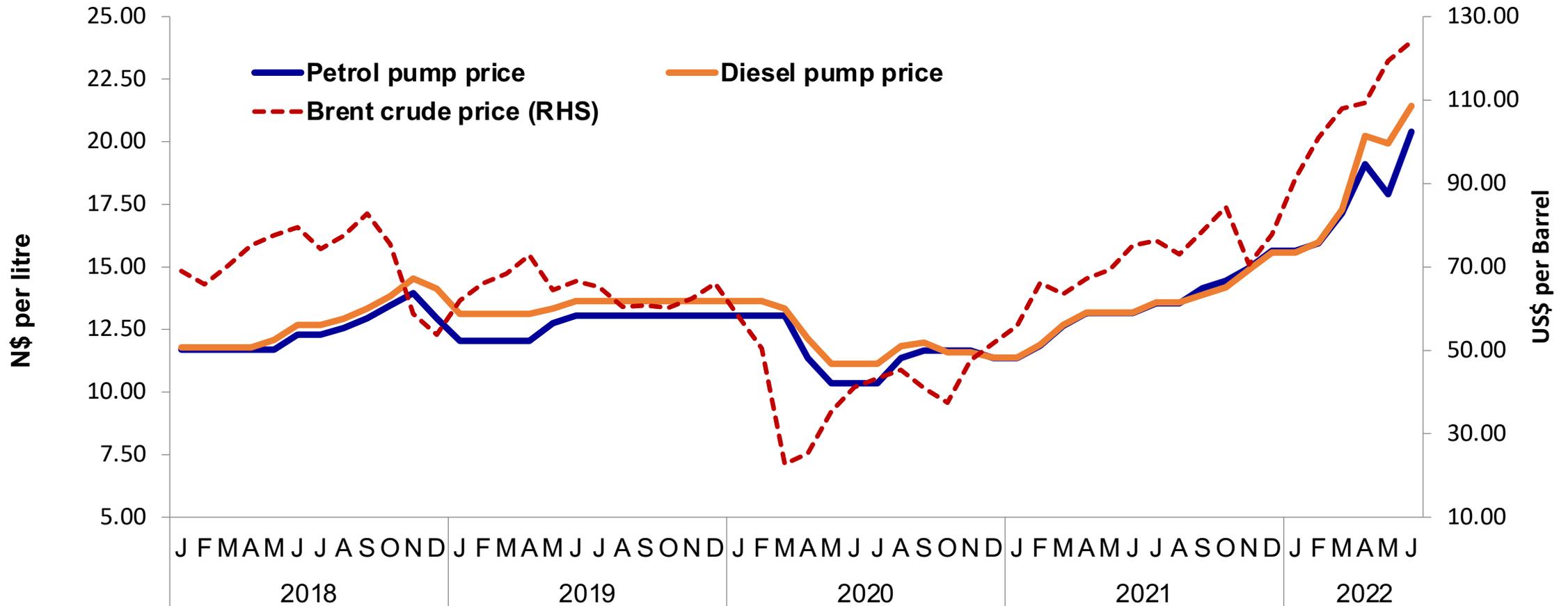
Prices for petrol and diesel averaged N\$19.58 and N\$20.12, respectively

		<b>US\$/litre</b>	<b>N\$/litre</b>
Angola	Petrol	0.37	5.99
	Diesel	0.32	5.06
Botswana	Petrol	1.17	18.69
	Diesel	1.17	18.73
South Africa	Petrol	1.55	24.76
	Diesel	1.62	26.01
Rwanda	Petrol	1.32	21.17
	Diesel	1.33	21.31
Namibia	Petrol	1.27	20.40
	Diesel	1.34	21.43
Zambia	Petrol	1.43	22.90
	Diesel	1.52	24.31
Zimbabwe	Petrol	1.44	23.13
	Diesel	1.50	24.02

# Brent crude & Domestic pump prices



As a net importer of fuel, Namibia's Domestic pump prices are highly dependent on external factors such as international prices for crude oil

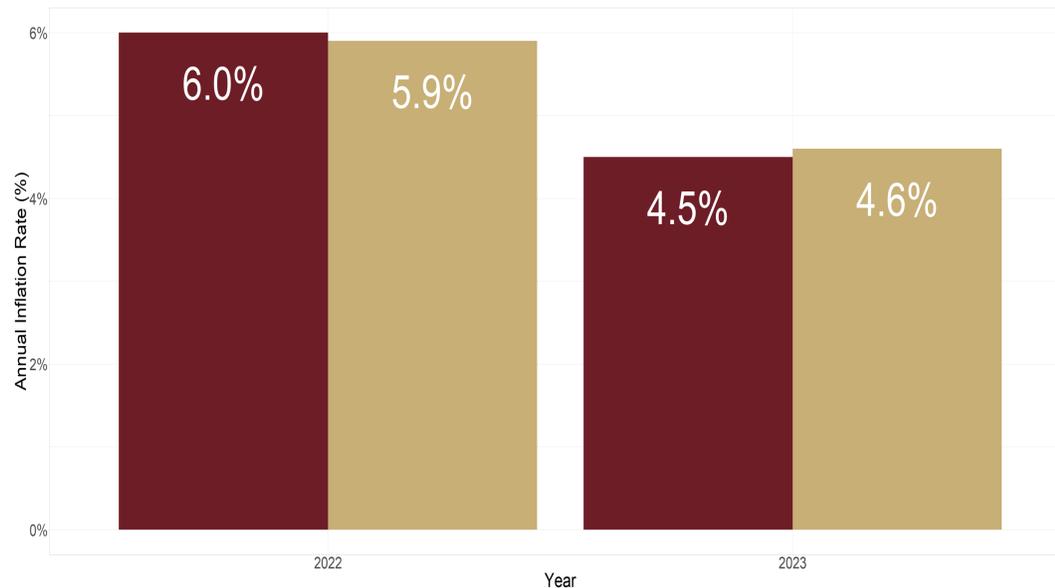


# Medium Term Inflation Forecasts



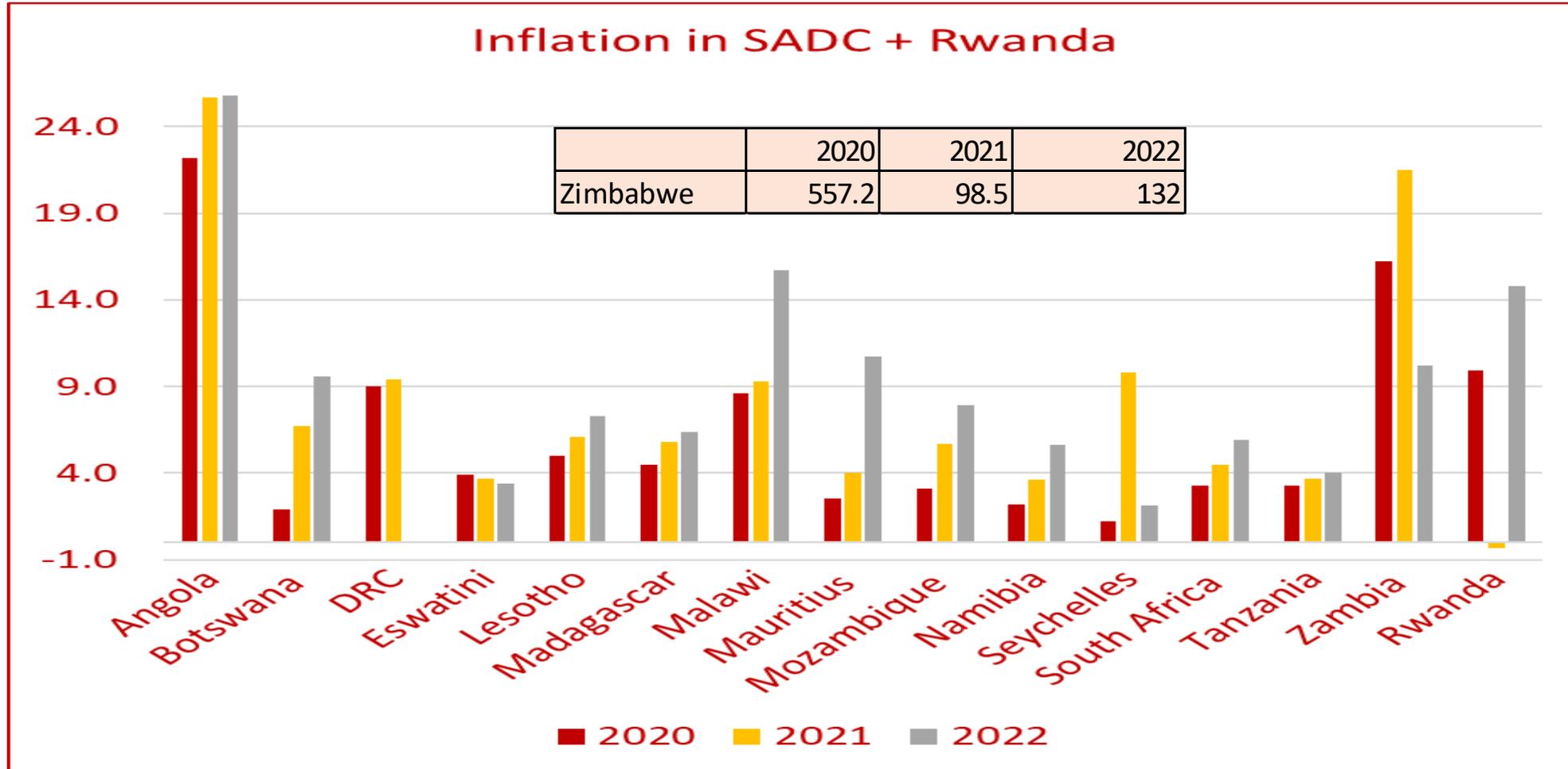
Category	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4
<b>Baseline</b>	<b>6.4%</b>	<b>6.5%</b>	<b>6.1%</b>	<b>5.7%</b>	<b>4.5%</b>	<b>4.4%</b>	<b>4.0%</b>
<b>Alternate</b>	<b>6.6%</b>	<b>6.7%</b>	<b>6.3%</b>	<b>5.9%</b>	<b>4.8%</b>	<b>4.7%</b>	<b>4.6%</b>

## Yearly Inflation Forecasts

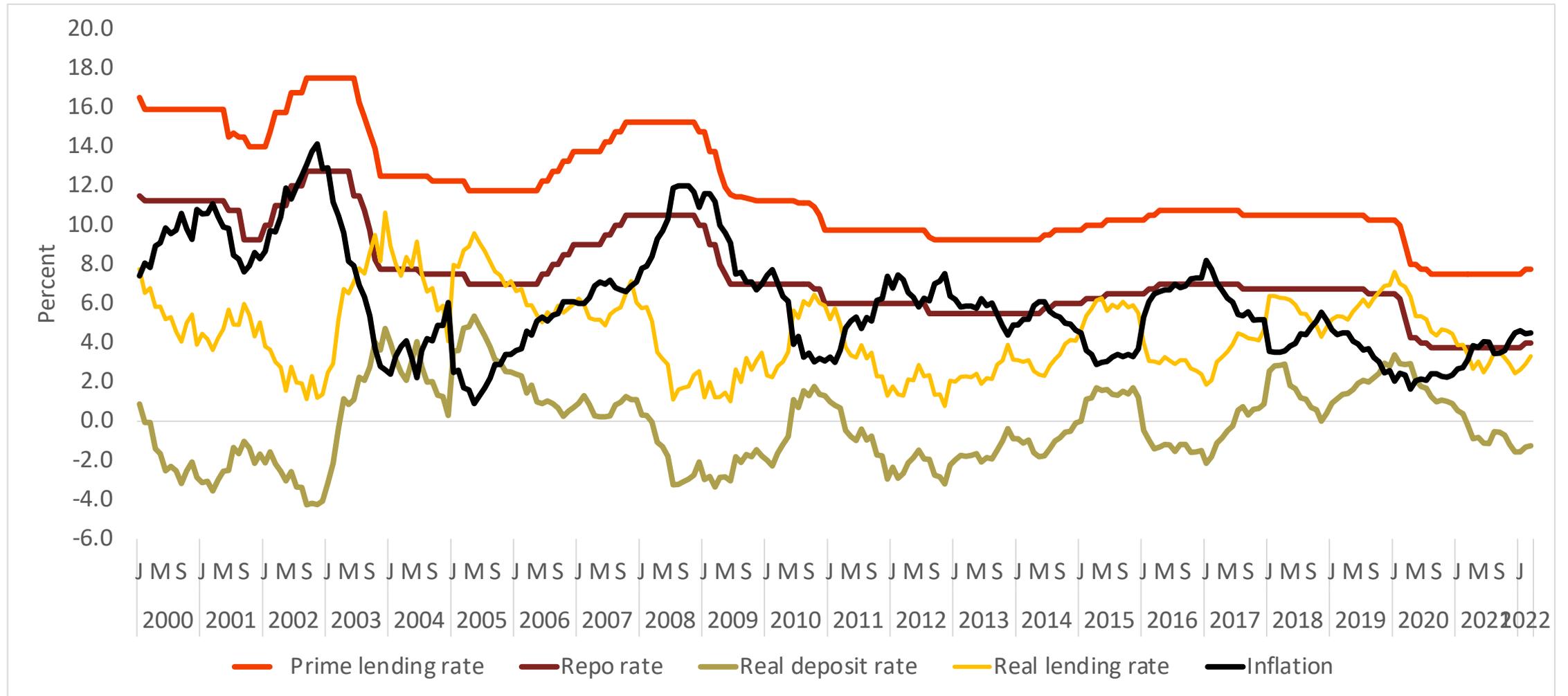


### Factors that may change the forecast drastically:

- Housing & Utilities
- Geopolitics
- OPEC+



# Interest rates since 2000



# Interest rates since 2000: Period averages

The Repo rate averaged 7.51 percent.

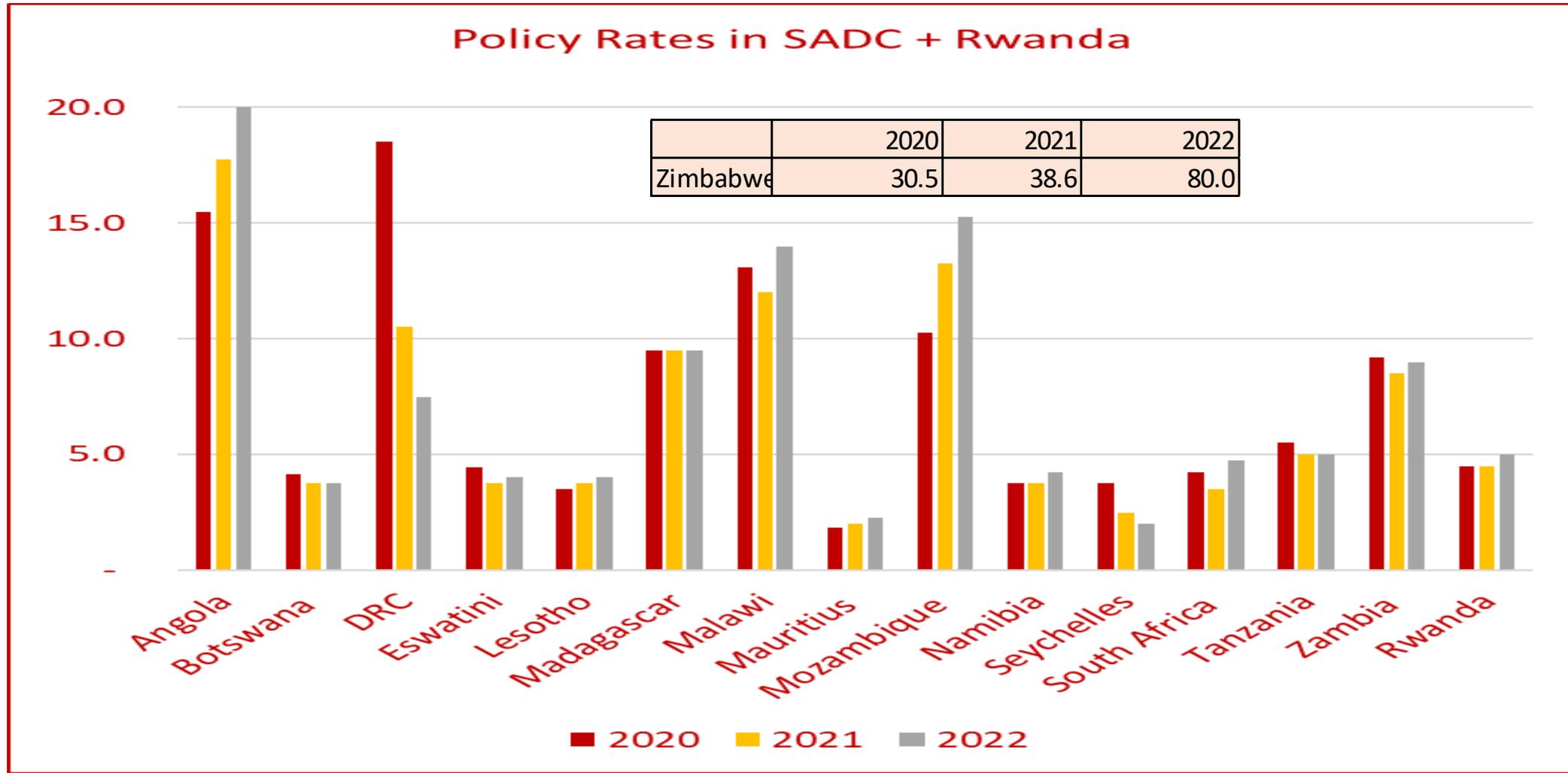
The Prime lending rate averaged 11.71 percent.

Real deposit rate were negative -0.13 percent on average.

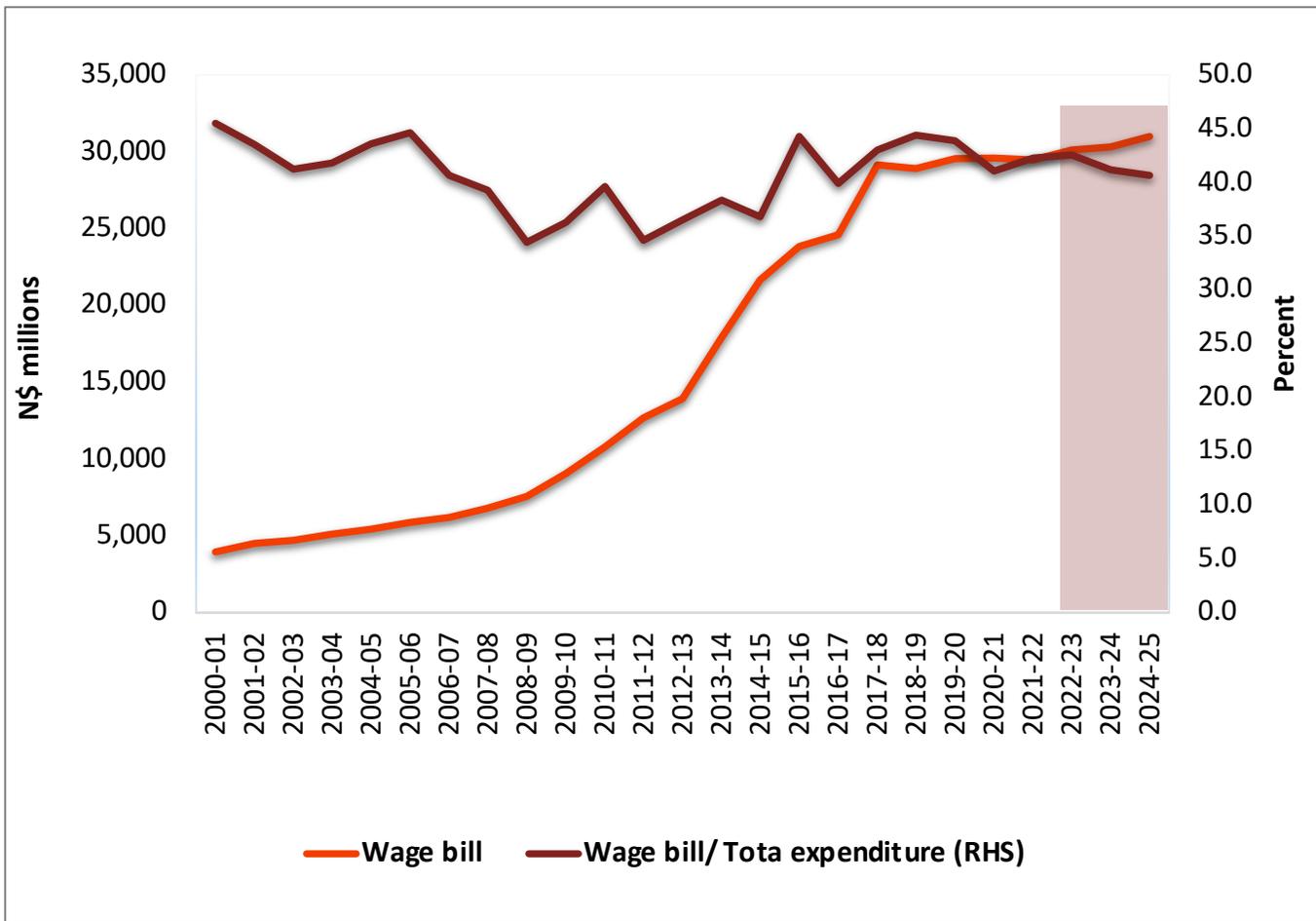
Real lending rate were 4.53 percent on average.

	2000-2004	2005-2009	2010-2014	2015-2019	2020-2022	2000-2022
<b>Repo rate</b>	10.39	8.52	5.98	6.72	4.07	7.51
<b>Prime lending rate</b>	15.11	13.22	9.81	10.47	7.82	11.71
<b>Real deposit rate</b>	-0.66	0.34	-1.11	0.65	0.41	-0.13
<b>Real lending rate</b>	5.34	5.00	3.14	4.79	4.19	4.53
<b>Inflation</b>	8.3	6.6	5.5	4.9	3.1	6.0

# Policy Interest Rates in SADC



The central Government wage bill has been on a steep rise since FY2006/07 to FY2017/18, and has remained fairly stable since then.



- ☼ Central Government wage bill grew on average by 10.7% since FY2000/01.
- ☼ Wage bill as a percent of Total Government expenditure was 40.8% on average since 2000/01 and current stands at 43%.

# Summary

- The price of Brent Crude is expected to decrease in 2023 when compared to 2022.
- Inflation pressures in Namibia remains elevated in 2022; however it is expected to decline in 2023 on the back of oil prices.
- Growth in private sector credit remain subdued.
- Central Government Wage Bill grew by 10.7 percent on average since 2000/01 fiscal year.
- Risks to the inflation outlook in Namibia is attributed to the increase in Brent Crude Prices due to the protracted war between Russia and Ukraine.
- World economic growth has been revised downward.
- Global inflation has increased.