Namibia Statistics Agency

NAMIBIA PRODUCER PRICE INDEX BULLETIN

SECOND QUARTER 2025

Mission Statement

"Leveraging on partnerships and innovative technologies, to produce and disseminate relevant, quality, timely statistics and spatial data that are fit-for-purpose in accordance with international standards and best practice"

Vision Statement

"To be a high performing and sustainable institution in quality statistics and spatial data delivery for research, planning and decision-making"

Core Values

Integrity
Excellent Performance
Professionalism
Accountability
Partnership
Customer-focused

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PREFACE

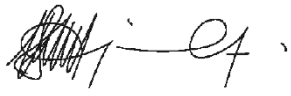
This report provides a comprehensive analysis of the Producer Price Index (PPI) for the second quarter of 2025 (Q2 2025), offering a detailed examination of the trends and changes in various sectors of the Namibian economy. The PPI serves as a key indicator of price movements at the wholesale level, reflecting the prices producers receive for goods and services sold domestically and internationally. By tracking these price changes, the PPI offers valuable insights into economic conditions and inflationary pressures across different industries.

In this report, we explore the overall performance of the PPI for Q2 of 2025, including sector - specific trends for Mining and Quarrying, Manufacturing, Electricity Generation, Transmission and Distribution, and Water Collection, Treatment and Supply. Each section outlines both quarterly and annual changes in prices, shedding more light on the underlying dynamics and the factors driving these shifts. For instance, significant price increases in the manufacturing sector, as well as stability in the electricity generation, transmission and distribution sector, are highlighted as key observations in the quarter under review.

Additionally, the report includes technical notes that outline the definitions, scope, methodology, and classification system used to compile the PPI. These notes provide clarity on how the data is collected and processed, as well as the adjustments made to ensure the accuracy and relevance of the index.

This analysis is intended to serve as a valuable resource for policymakers, industry stakeholders, and analysts seeking a deeper understanding of price trends within the Namibian economy. By reviewing the PPI data and trends, readers can gain insights into economic performance and make informed decisions regarding business strategies, pricing, and investment.

It is the intention of the Namibia Statistics Agency (NSA) to expand this publication by including more industries as the data become available. In line with the foregoing, I would like to extend my gratitude and appreciation to all stakeholders who assisted in the production of this bulletin by providing data to the Agency. In the same vein, I would like to urge our users of statistical information to send to us any comments that may enhance the quality of this report at info@nsa.org.na.



Alex Shimuafeni

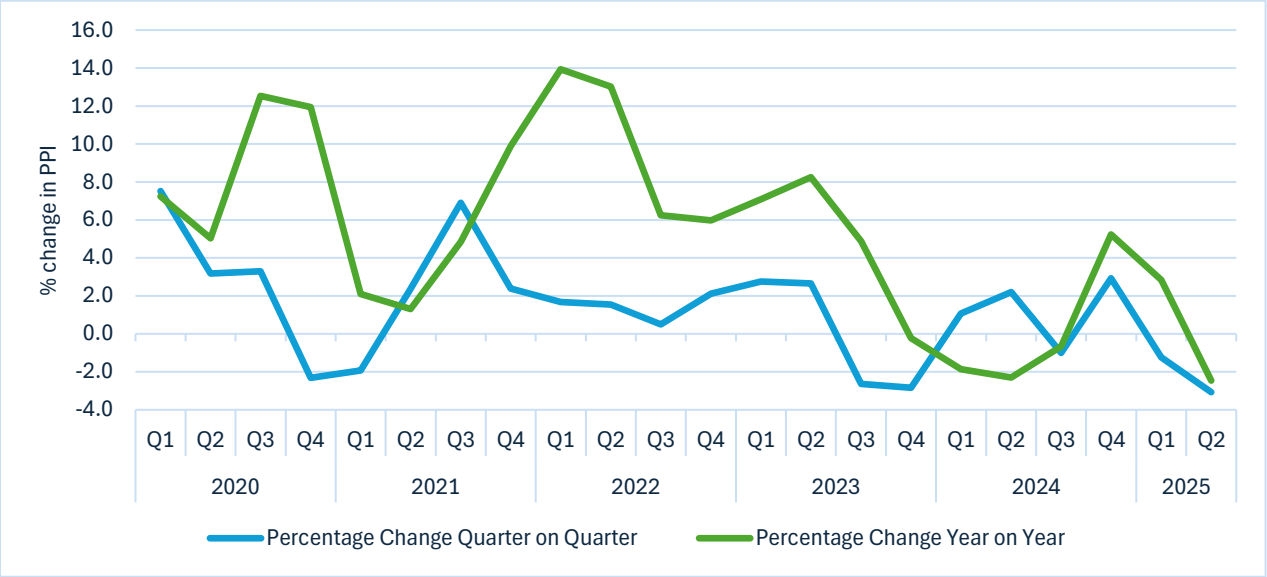
Statistician-General & CEO

SECTION 1: PPI ANALYSIS FOR Q1 2025

1.1 Overall Producer Price Index (PPI) Trend

The decline in the overall PPI for production continued in quarter two of 2025 (Q2 2025) for both quarter on quarter (-3.1%) and year-on-year (-2.5%). This downward trend mainly emanated from falling prices of Manufacturing products (-9.3%) quarter on quarter. On annual basis the decline was mostly reflected in the prices of products from the Mining and quarrying sector (-5.1%).

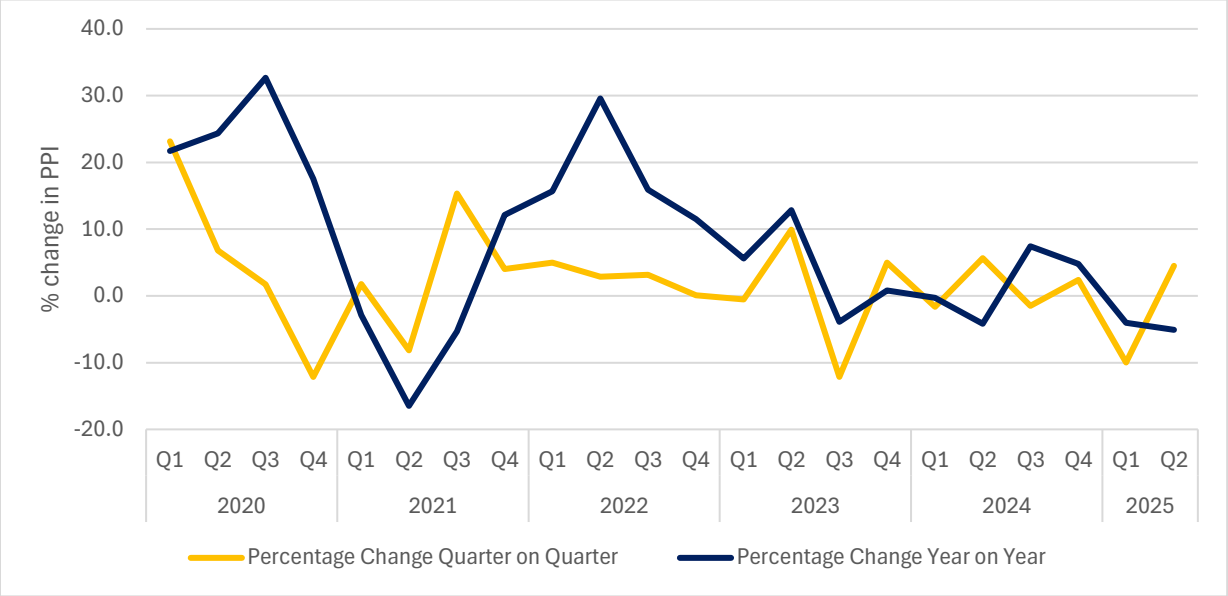
Chart 1: Percentage change in overall PPI (Q1 2020 - Q2 2025)



1.2 Mining and Quarrying

The index for Mining and Quarrying saw a 4.5% growth in Q2 2025. The index rose to 96.3 basis points after recording 92.2 basis points during the previous quarter. This indicates a positive shift in prices within the sector, mainly attributed to the price increase in key commodities such as salt (29.0%), gold (16.0%) and uranium (8.8%).

Chart 2: Percentage change in Mining & Quarrying PPI (Q1 2020 - Q2 2025)

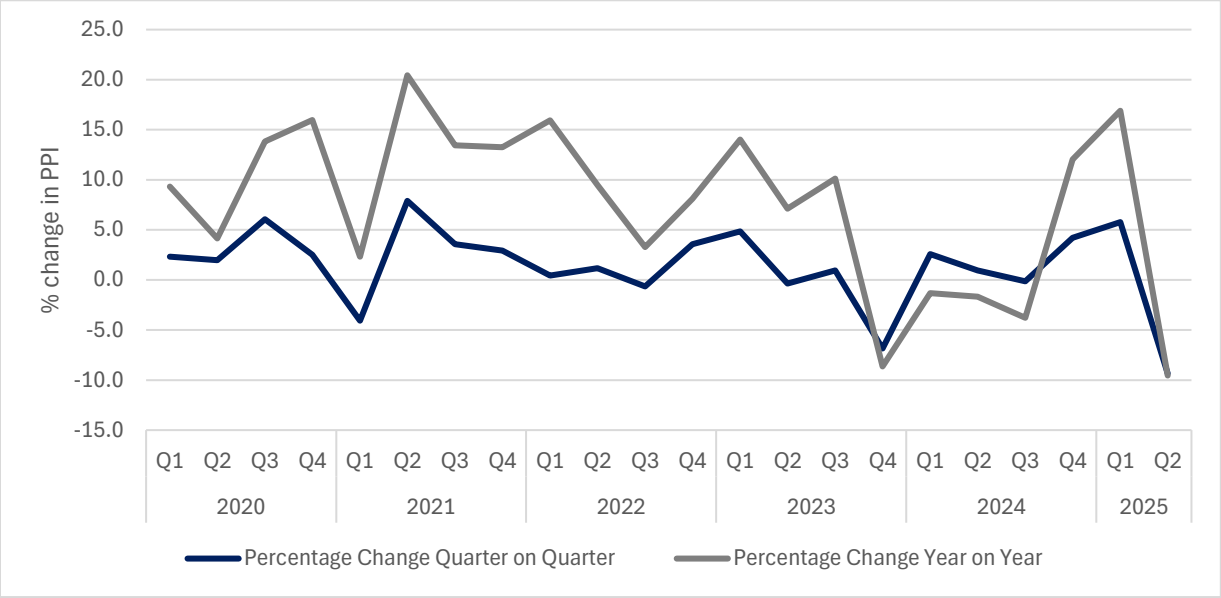


The year-on-year analysis saw the index for Mining and Quarrying declining by 5.1 percent in Q2 2025 compared to the same quarter of 2024, falling from 101.5 basis points to 96.3 basis points. While this indicates an overall decline in prices within the sector, there was a notable growth in the index for gold (63.0%) as shown in table 1.

1.3 Manufacturing

The Manufacturing index dropped by 10.7 basis points in Q2 2025 compared to the previous quarter, Q1 2025, from 114.6 basis point to 103.9 basis points, resulting a decline in the quarterly growth of 9.3 percent. This decline was largely driven by substantial price declines in sub-sectors such as diamond cutting and polishing (-40.5%) and the manufacture of non-metallic mineral products such as cement (-29.9%).

Chart 3: Percentage change in manufacturing PPI (Q1 2020 - Q2 2025)

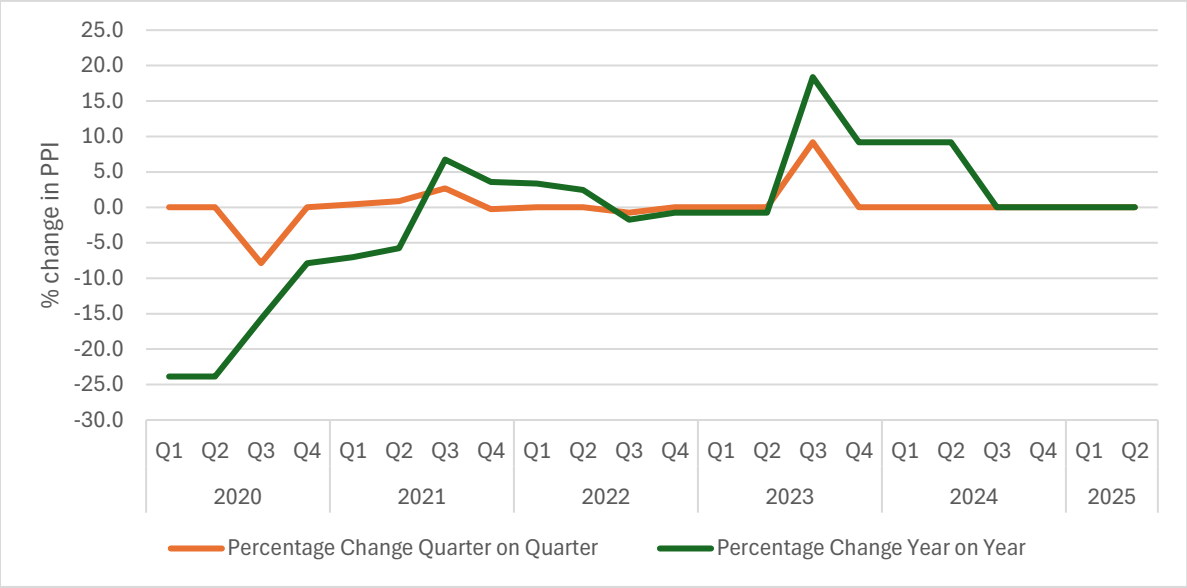


On the year- on- year (YoY) basis, the Manufacturing index saw slight decline of 0.2 percent, dropping to 103.9 basis points in this quarter when compared to 104.1 basis recorded in the corresponding quarter of 2024. The YoY decline in the price growth was notably influenced by a decline in the prices of diamond cutting and polishing (-26.8%) and manufacture of non-metallic mineral products like cement (-16.9%) as shown in Table 1.

1.4 Electricity Generation, Transmission and Distribution

During the period of review, the Electricity Generation, transmission and distribution index remained constant at 100.0 basis points, showing a 0.0 percent growth since Q3 2024. Similarly, on annual basis, the index for this sector remained constant at 0.0 percent, maintaining the same level since Q3 2023.

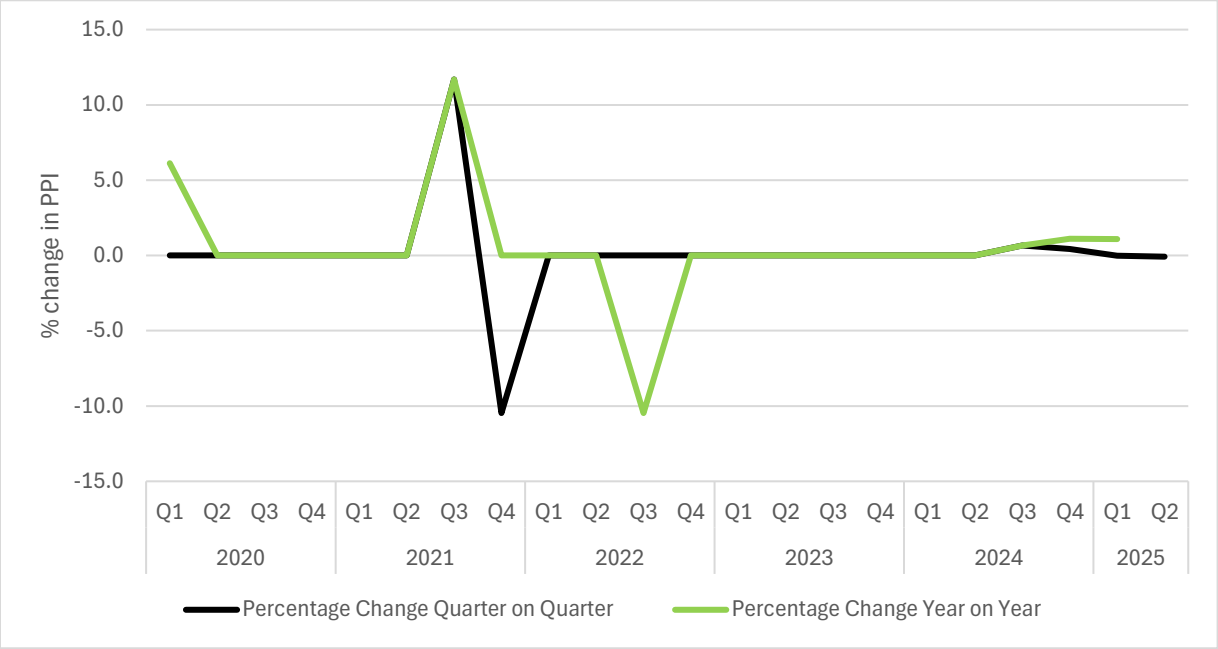
Chart 4: Percentage change in electricity generation, transmission and distribution PPI (Q1 2020 -Q2 2025)



1.5 Water Collection, Treatment and Supply

The index for the water collection, treatment and supply sector recorded a slight price decline. On a quarterly basis the index dropped by -0.1 percent to 101.0 basis points from 101.1 basis points recorded in the previous quarter while on year-on-year terms the index increased to 101.0 basis points from 100.0 basis points registered in the same quarter in 2024 showing a price growth of 1.0 percent as shown in table 1.

Chart 5:Percentage change in Water Collection, Treatment and Supply PPI (Q1 2020 -Q2 2025)



SECTION 2: TECHNICAL NOTES

2.1 Definition

The Producer Price Index (PPI) measures the average changes in the prices of goods and services received by domestic producers for the output which is sold on the domestic market as well as on export market. The PPIs that are produced by NSA are based on output indices. The concepts and definitions of the PPI largely follow the guidelines provided in the "IMF Producer Price Index Manual Theory and Practice".

2.2 Scope of PPI

The NPPI covers establishments falling under the following of the International Standard Industrial Classification (ISIC) Rev.4.

a) **Mining and quarrying:** Cover class indices for Mining of uranium, Non-ferrous metals (copper, gold, lead and zinc), Extraction of salt as well as other mining and quarrying not elsewhere classified (diamonds).

b) **Manufacturing**: Encompasses class indices for processing and preserving of meat; Fish processing onshore; Manufacture of dairy products; Manufacture of grain mill products; Manufacture of other food; Manufacture of alcohol beverages; Manufacture of Non-alcoholic beverages; Manufacture of rubber and plastic products and Manufacture of other non-metallic mineral products; Diamond cutting and polishing.

c) **Electricity generation, transmission and distribution:** Cover index for Electric power generation, transmission and distribution

d) **Water collection, treatment and supply activities:** Water collection, treatment and supply are covered under this category.

2.3 PPI data sources and weights

The weights for PPI were derived from National Account data for 2022, whereas the turnovers, products and prices for compilation of PPI were sourced from a selection of establishments within the above-mentioned sectors.

2.4 Selection of establishments (producers)

In the absence of a complete Statistical Business Register (SBR) in Namibia, the selection of establishments was based on a judgmental sample from a list of known businesses maintained by NSA (National Accounts Sub-Division). Expert opinion and practical knowledge of the market were also considered during establishments selection process.

2.5 Selection of products to be priced

The selection of items was done using a cumulative cut -off of 80 percent, whereby products were ranked in ascending order of the value of sales per category and contribution to the gross output or turnover of the selected establishments. All the products that fall within 80 percent cut-off brackets are selected for pricing and in the cases of establishments producing ten products and below, all products have been selected for the index compilation.

2.6 Price collection

Prices collected for the compilation and production of the NPPI are the basic prices received by the producers for the sale of the products on the local market as well as at international markets (exports). These prices exclude all taxes on products such as excise duty, Value Added Tax (VAT) as well as insurance and transport costs. Prices are requested from establishments quarterly through a self-administered questionnaire, which should be submitted to the NSA not later than the 15th day after the reference period.

2.7 Weights and reference periods

Weights are essential components in the construction of PPIs, helping to determine the impact of price changes on the overall index. They represent the relative importance of each item in the basket based on its revenue value. Weights are typically expressed as percentages, with the total sum of all weights equaling 100. In addition to the weights reference period, the PPI uses two other reference periods: the price reference period, which serves as the basis for measuring price changes (set to June 2024) and the index reference period, which sets the index value to 100. Similarly to the price reference period, the index reference period is also set to June 2024 = 100.

2.8 Index calculation

The NPPI is calculated using a short term Laspeyres type formula. The Laspeyres index compares the base period revenue for a set of goods to the current period revenue for the same set of goods. The major advantage of using modified Laspeyres is that it allows for substitution in elementary indices. Prices of March 2024 serve as the basis for price comparisons.

The formula used is given below

$$I_c = \frac{\sum W_i * (\frac{P_{ci}}{P_{0i^0}})}{\sum W_i} * 100$$

Where:

Ic = Index for current month

Wi = Weight associated with product i

Pci = Price of product i for the current month

Poi = Price for product i for the base period

Higher-level indices are calculated as weighted arithmetic averages of the item indices. The indices are weighed separately and at this stage, they are combined to produce an aggregate PPI for all industries in the Production sector.

2.9 Index generation

The NPPIs are compiled in MS Excel files. There are files for each respondent where the information provided is validated and checked for errors, missing values, and extreme changes in prices. Missing values prompt the Agency to re-contact the respondent to attempt to obtain missing prices. If a price for an item is unavailable it will be imputed using the average movement in prices for other items within the same establishment, industry class or higher-level aggregate as necessary. Missing prices are allowed to be imputed for three periods only before a replacement item should be sought. Replacement items are introduced to the index after two consecutive price observations.

2.10 Imputation of missing prices

The method for imputing for missing prices is to use a class mean approach, which is a standard and recommended solution. All imputed prices are identified in the compilation systems so compilers can see if the prices contributing to the indices are returned or imputed; this again is good practice. The usual approach when compiling price indices is to use imputation only for a limited number of periods, usually for a maximum of three months in a monthly index, and then to replace the item or find a suitable substitute.

When an item is unavailable and a replacement is made, the replacement is selected and introduced into the sample with great care being taken to identify any differences in quality between the original and replacement product.

Imputed prices (overall, targeted or class mean imputation) are used when no replacement and no information is available to estimate the effect on prices of quality changes. The price change of similar products is assumed to be the same as that for the missing products.

If there is a tangible quality difference between the two products this is corrected to ensure that the difference in quality does not enter as a price effect.

2.11 Data entry

Respondent data on prices are entered into the NPPI calculation system. Prices that are denominated in foreign currencies are converted into Namibia dollars using the relevant exchange rate obtained from Bank of Namibia.

2.12 Replacement of items

When an item is no longer available for pricing by a respondent a replacement item is sought. The prices team selects a replacement using judgmental sampling. Once selected the new item's weight is derived while keeping the base period weight unchanged (base period weights are held stable between re-basing).

2.13 Replacements and substitutes

The introduction of a replacement item to the index results in weights changing for the items but not for the enterprise. This should not be confused with substitution, which is where an item may no longer be produced, and a suitable substitute is available.

In doing so due consideration should be exercised in determining whether the substitute is directly comparable or whether there has been some quality change, as is the case in the Consumer Price Index CPI. If there is no quality change, the new item is directly comparable, and there is no need to make any further adjustments other than changing the name of the item and making a record of the change. If it is not directly comparable then there is a need to make a quality adjustment and introduce the new item with the price amended to reflect the quality adjustment. This is only done for the first period thereafter the interest will be in the month-on-month price relatives so the value of the quality difference is no longer relevant as there will be a comparison of like with like.

2.14 Introducing a new enterprise to the sample

As the economy evolves, it may be necessary to introduce new establishments into an index between re-basing cycles, where updated weights and samples of businesses and enterprises are developed. However, the inclusion of a new business should not occur too frequently, as a new enterprise typically does not capture a significant share of the market in a short time, unless it introduces an innovative product to the market sector. Since the basic index compares a fixed basket of goods with a reference period, the base weights cannot be adjusted, but establishment and item weights can be modified as long as they still sum to the correct totals for their respective categories.

It is important to assess the potential impact of any new establishment on the sector and the sales of other producers. In some cases, it may be necessary to include a new entrant based on assumptions, which can be reviewed and adjusted as the market evolves. The review should focus on whether the new entrant influences the entire sector or just specific products within that sector. These decisions should be made when the change is initially implemented and subsequently confirmed as the market develops.

2.15 Product specifications

The specification of a product selected for the index is important and should define both the item and the terms of its transaction. For example, the quantity purchased in the transaction should be defined and the same quantity should be priced each month. Any discount that applies to the product, for example for a bulk purchase, should also be identified. When collecting the price subsequently, the respondent should be asked to provide a price that includes the discount and confirm that the discount noted (25%, for example) is still valid. The payment terms should also be consistent. Ideally all payment terms should be made within 30 days. This avoids any interest charges. Interest charges are not price changes, and these should be avoided. The payment terms should be held constantly from month to month.

Even if quantities and payment may differ for the customer from month to month in reality, the specification should be fixed, and the respondent asked to provide a price based on the specification. This allows statistical agencies to make meaningful comparisons of price changes across time that are not affected by quality or other changes in specification. In this sense, the prices collected can still be considered as transaction prices even if the customer did not purchase according to the previous specification. It is a transaction price because it reflects the price that would be charged if the defined customer purchased on that basis.

Release date:

27 August 2025

Next release date:

21 November 2025

Table 1:Namibia Producer Price Indices by Industry (June 2024=100)

Division/Industry	Quarterly Indices										% change	
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	QoQ	YoY
Production (B+C+D+E)	**102.5**	**105.3**	**102.5**	**99.6**	**100.6**	**102.8**	**101.8**	**104.8**	**103.5**	**100.3**	**-3.1**	**-2.5**
Mining and quarrying	**96.3**	**105.9**	**93**	**97.7**	**96.1**	**101.5**	**100**	**102.4**	**92.2**	**96.3**	**4.5**	**-5.1**
Uranium	78.4	92.2	80.1	82	91.6	102.1	100.9	103.8	83.6	90.9	8.8	-10.9
Zinc	-	-	-	-	-	100	109.8	113.3	110.0	106.3	-3.4	6.3
Gold	77.8	83.5	85.8	85.5	88.9	91.6	109.7	118.8	128.8	149.3	16.0	63.0
Diamonds	114.2	127.2	104.6	111.4	101.5	100	95.7	92.7	82.7	77.4	-6.4	-22.6
Salt	-	-	-	-	-	100	83.8	119.4	82.8	106.8	29.0	6.8
Manufacturing	**107.3**	**106.9**	**107.9**	**100.5**	**103.1**	**104.1**	**104.0**	**108.3**	**114.6**	**103.9**	**-9.3**	**-0.2**
Meat processing	106.5	108	106.6	92.9	97.2	108	105.8	111.7	109.1	113.4	4.0	5.0
Fish processing on shore	-	-	-	-	-	100	113.1	119.5	123.7	134.4	8.6	34.4
Manufacture of dairy products	-	-	-	-	-	100	140	140.2	141.0	142.0	0.7	42.0
Manufacture of grain mill products	-	-	-	-	-	100	107.7	108.4	114.7	115.4	0.6	15.4
Manufacture of other food products	-	-	-	-	-	100	99.6	105.8	98.3	100.1	1.7	0.1
Manufacture of alcoholic beverages	88.7	88.7	99.3	99.3	99.3	100	101.2	102.4	101.8	101.3	-0.4	1.3
Manufacture of Non-alcoholic beverages	93.7	93.7	99.8	99.8	100	100	104.8	104.8	104.8	104.8	0.0	4.8
Manufacture of rubber and plastic products	-	-	-	-	-	100	127.8	126.4	124.7	126.2	1.2	26.2
Manufacture of other non-metallic mineral products	93.4	93.4	100.9	100.9	100.9	95.5	82.1	93.7	113.2	79.3	-29.9	-16.9
Diamond cutting and polishing	121.1	105.6	101.4	119.2	120.5	102.7	99.9	104.3	126.4	75.2	-40.5	-26.8
Electric power generation, transmission and distribution	**91.6**	**91.6**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**0.0**	**0.0**
Electric power generation, transmission and distribution	91.6	91.6	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	0.0	0.0
Water collection, treatment and supply	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.7**	**101.1**	**101.1**	**101.0**	**-0.1**	**1.0**
Water collection, treatment and supply	100.0	100.0	100.0	100.0	100.0	100.0	100.7	101.1	101.1	101.0	-0.1	1.0

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