

First Capital Food Price Monitor

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NAMIBIA

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About Us

First Capital Namibia is a financial services company specialized in providing treasury and asset (investment) management services. Established in August 2009, First Capital have in-depth, personal knowledge of the Namibian capital markets and the resulting insight enables us to manage Namibian assets across different spectrum including cash management, equity, fixed income, specialist agriculture and property mandates. We are licensed to manage money for private investors, pension funds, insurance groups, public (government) sector, and charities.

Our credibility as an asset manager is governed by the Namibia Financial Institutions Supervisory Authority (NAMFISA). We are a Namibian based investment team and focus exclusively on the Namibian market and we add value to portfolios through offering specialized Namibian mandates.

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Acronyms

AMTA	: Agro-Marketing and Trade Agency
ATF	: Agricultural Trade Forum
BoN	: Bank of Namibia
bp	: Basis Points (1 Percentage Point=100 Basis Points)
CPI	: Consumer Price Index
FAO	: Food and Agriculture Organization
FC	: First Capital
G	: Grams
IMF	: International Monetary Fund
KG	: Kilogram
L	: Litres
LCD	: Least Developed Country
N\$/NAD	: Namibia Dollar
NAMFISA	: Namibia Financial Institutions Supervisory Authority
NSA	: Namibia Statistics Agency
OPEC	: Organization of the Petroleum Exporting Countries
(Q/Q)	: Quarter on Quarter Change
RSA	: Republic of South Africa
US	: United States
Y/Y	: Year on Year Change

NOTE TO THE READER

We welcome you to our publication of the First Capital (FC) Food Price Monitor report where we monitor trends of food prices. This report is one of our contributions to research on issues affecting society and the economy. Through this report we provide more insight into previous trends of prices and the impact of price changes on households. Furthermore, the report analyses factors that influence food prices. Using current information and other leading indicators, we also present our view on the likely scenarios of prices in the short to medium term. This report is published every quarter. Through this publication we believe every agent of the economy will be informed.

1. First Capital Food Price Monitor

1.1. Introduction

Food inflation refers to the consistent and gradual increase in the value of all food products. While the Namibia Statistics Agency (NSA) measures and produces inflation statistics, First Capital's Food Price Report examines the relative price increases at the retail level (supermarkets). The First Capital Food Price Report is a bi-annual publication compiled and produced by First Capital's Research Department in collaboration with various stakeholders. The research team monitors and collects historical prices of main food items in Namibia and calculates the overall First Capital Food Price Index. In addition to discussing historical food price trends, the report also provides readers with predictions on the direction of future food prices. This helps consumers take precautionary measures and allows entrepreneurs and businesses in the food sector to take advantage of anticipated future food price increases. This edition reviews price developments in the latter half of 2024.

1.2. Overview of the Global Food Situation

Global food prices and production in 2024 are influenced by several factors, including supply chain disruptions, weather-related events, trade restrictions, technological advancements, and changing consumer preferences. According to the Food and Agriculture Organization (FAO), the Food Price Index (FFPI) stood at 120.4 points in May 2024, representing a 0.9% increase from April 2024. This rise was driven by higher prices for cereals and dairy products, despite declines in sugar and vegetable oils. The Cereal Price Index increased by 6.3% due to concerns about crop conditions and infrastructure damage in key exporting regions. This highlights the vulnerability of global food production systems to shocks caused by extreme weather events and geopolitical tensions. On the other hand, the Vegetable Oil Price Index decreased by 2.4%, mainly due to lower palm oil prices. The Dairy Price Index increased by 1.8% due to higher demand and lower production expectations. The Meat Price Index remained relatively unchanged, reflecting mixed price movements across different types of meat. Notably, the Sugar Price Index dropped by 7.5%, driven by a strong start to Brazil's harvest season following poor rainfall in the area.

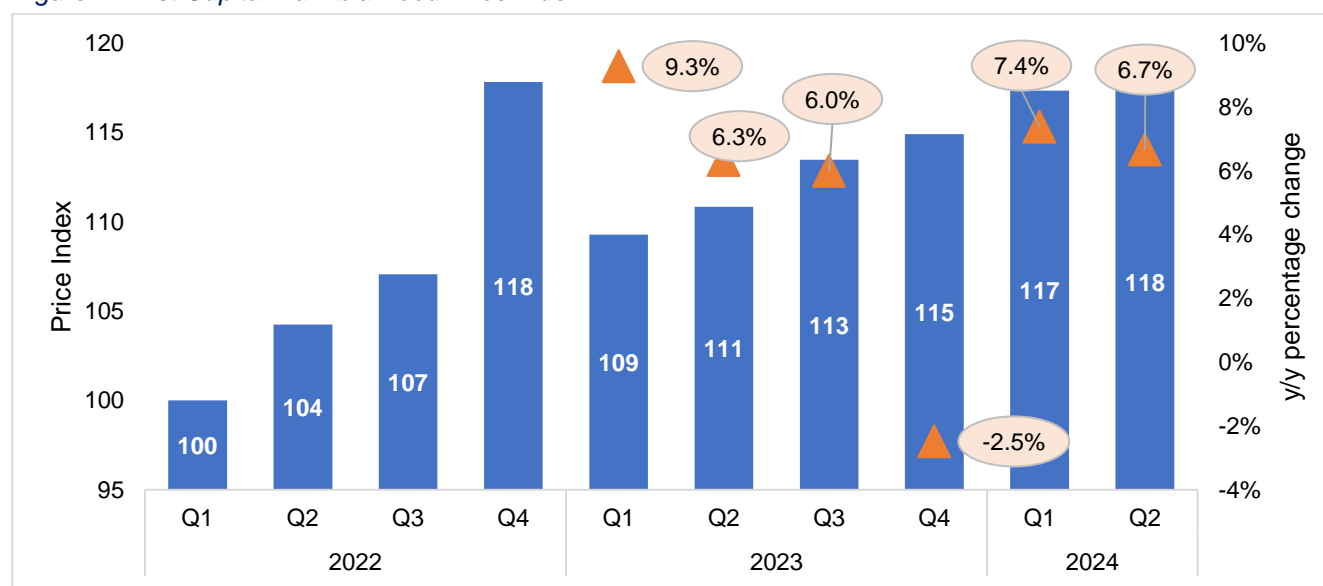
Overall, the FFPI is 3.4% lower than a year ago and 24.9% below its peak in March 2022, indicating ongoing volatility in global food prices. Despite forecasts pointing to increases in production and higher closing stocks across several basic commodities, the delicate demand-supply balance remains vulnerable to various risks, including extreme weather events, geopolitical tensions, and policy changes. These challenges emphasize the need for continued efforts to invest in sustainable agriculture practices and enhance resilience in global food production systems. This is crucial to ensure food security and stability in the years to come.

Additionally, changes in exchange rates, fuel prices, and global economic conditions have also affected the prices of food commodities. For instance, inflation in many countries has been fueled by supply chain disruptions, rising input costs, and higher transportation costs, all of which have led to higher food prices. As a small economy, Namibia has not been able to escape the impact of global food chain disruptions and persistent global price increases. The main drivers of food inflation in Namibia include supply shocks such as droughts, rising fuel costs, and global food chain disruptions. To address this, the Central Bank (Bank of Namibia) has implemented demand management policies, such as tightening monetary policy by raising interest rates, to control the ongoing rise in inflation.

1.3 The First Capital Food Price Index

Figure 1 presents the First Capital Food Price Index, which is calculated using prices from the first quarter of 2022 as the base period. The index shows a general upward trend from the first quarter of 2022 to the second quarter of 2024, with some fluctuations. In 2022, the index increased from 100 in the first quarter to 118 in the third quarter, indicating a significant rise in food prices by the end of the year. This upward trend in the fourth quarters of the year can be attributed to high demand for food during festive seasons. In 2023, the index dropped to 109 in the first quarter but then steadily climbed to 115 by the third quarter. In 2024, the index continued to rise, reaching 117 in the first quarter and 118 in the second quarter, matching the peak index value from the third quarter of 2022. This data suggests periods of significant inflationary pressure on food prices, particularly in late 2022 and mid-2024. This translates into a 6.7% increase from the second quarter of 2023 (year over year) and a 13.4% increase compared to the second quarter of 2022. The drop in the first quarter of 2023 may reflect a temporary adjustment before prices resumed their upward trajectory.

Figure 1: First Capital Namibia Food Price Index



Source: FC Research

1.4. Year on Year Price (2nd Quarters Price Comparisons)

Table 1 displays the prices of various food items during the second quarter over a span of three years (2022, 2023, and 2024). It also includes the percentage changes from the previous year and the current percentage change from 2022. These figures indicate a continued rise in the cost of living. During this period, both white and brown bread experienced significant price increases, with prices rising by 25.0% from 2022 to 2024. Beef, on the other hand, saw a slight decrease, while mutton, pork chops, and chicken saw notable price increases, with pork chops rising by 25.1% from 2022 to 2024. Although most food items have seen price increases, sunflower oil prices have significantly decreased over this period. The average price of a basket of First Capital food items increased by 6.3% in 2022, 6.7% in 2023, and 13.4% by 2024 compared to 2022. These numbers further indicate an increase in the cost of living.

Table 1: First Capital Basket of Food (Quarter Two Comparisons)

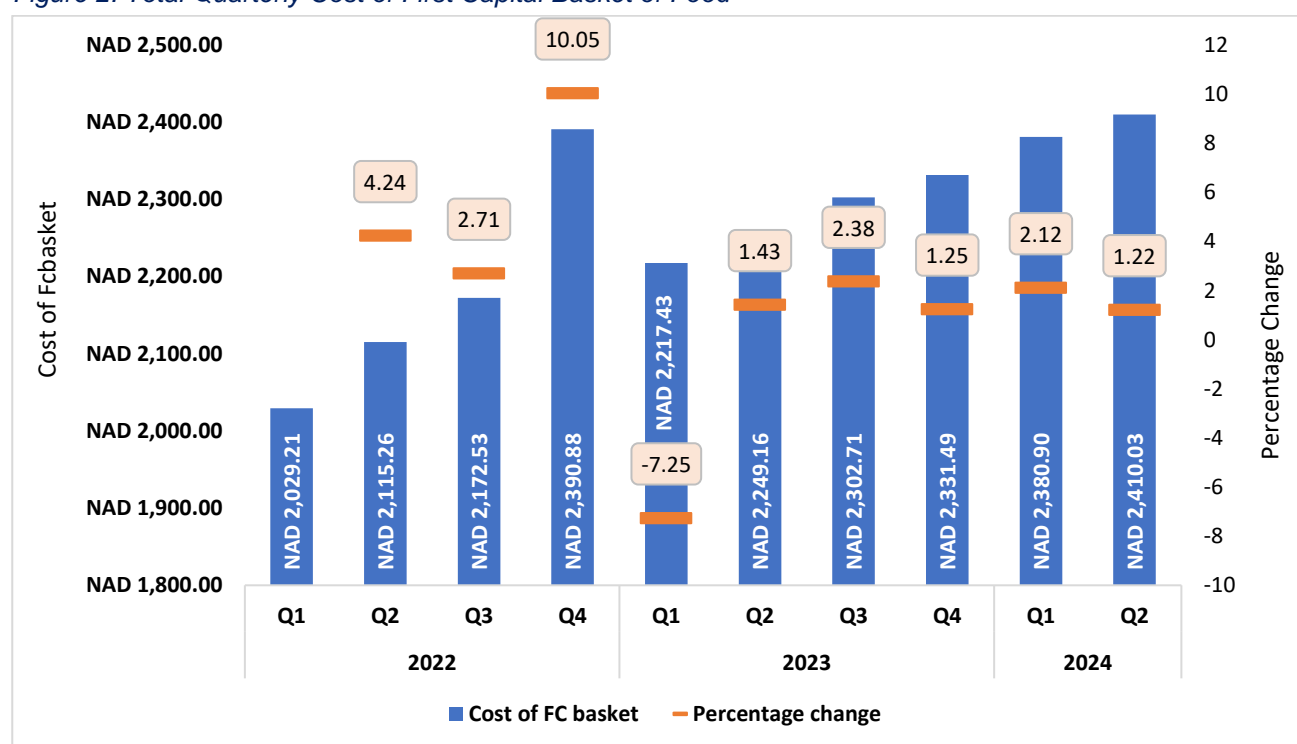
Food Items		2022		2023		2024	
		2nd quarter	% Change	2nd quarter	% Change	2nd quarter	Current % Change from 2022
Bread	White	11.68	20.8 ▲	14.11	3.4 ▲	14.59	25.0 ▲
	Brown	11.68	20.8 ▲	14.11	3.4 ▲	14.59	25.0 ▲
Meat	Beef stew (Per Kg)	109.18	20.6 ▼	86.66	25.8 ▲	108.99	.2 ▼
	Boerewors	100.55	1.9 ▼	98.66	8.9 ▲	107.39	6.8 ▲
	Mutton, Bulk B Grade(Per Kg)	122.49	15.9 ▲	141.99	3.2 ▲	146.49	19.6 ▲
	Pork Chops(Per Kg)	92.08	37.0 ▼	57.99	98.6 ▲	115.19	25.1 ▲
	Chicken, Real Good Mixed Portion(1.5 kg)	68.18	22.1 ▲	83.24	7.4 ▲	89.39	31.1 ▲
	Chicken, Real Good (2 kg) Braai cuts	95.85	8.5 ▲	103.99	17.5 ▲	122.19	27.5 ▲
Fish	Lucky Star Pilchard(400g)	29.49	11.9 ▲	32.99	9.7 ▲	36.19	22.7 ▲
	Mamas Pilchard(400g)	29.99	10.8 ▼	26.74	28.0 ▲	34.24	14.2 ▲
	Horse Mackerel Maasbanker, Efuta(400g)	28.90	11.1 ▲	32.11	7.4 ▲	34.49	19.3 ▲
Mealie Meal	Top score(5 kg)	60.49	23.1 ▲	74.49	11.7 ▼	65.79	8.8 ▲
	Top score(10 kg)	108.91	26.5 ▲	137.74	12.7 ▼	120.19	10.4 ▲
Rice	Tastic(2 Kg)	39.99	20.6 ▲	48.24	12.3 ▲	54.19	35.5 ▲
	Rice King Long Rain Parboiled rice (2 Kg)	33.90	3.9 ▲	35.24	24.8 ▲	43.99	29.8 ▲
	Rice Mamas Classic	33.73	23.7 ▲	41.74	7.8 ▲	44.99	33.4 ▲
Macaroni	Polana Macaroni (3 kg)	79.58	20.6 ▲	95.99	13.1 ▼	83.39	4.8 ▲
	Polana Elbow s (3 kg)	77.33	22.8 ▲	94.99	12.2 ▼	83.39	7.8 ▲
Vegetables	Tomato(Per Kg)	26.89	22.7 ▲	32.99	9.7 ▼	29.79	10.8 ▲
	Onion(Per Kg)	19.66	56.4 ▲	30.74	18.1 ▼	25.19	28.1 ▲
	Potato(Per Kg)	19.74	12.7 ▲	22.24	21.4 ▲	26.99	36.7 ▲
	Cabbage (each)	23.82	38.5 ▲	32.99	10.1 ▲	36.32	52.5 ▲
Fruits	Banana(Per Kg)	30.18	2.3 ▼	29.49	8.5 ▲	31.99	6.0 ▲
	Oranges(Per Kg)	17.34	71.5 ▲	29.74	19.3 ▼	23.99	38.4 ▲
	Apples, Grannys(Per Kg)	26.49	13.2 ▼	22.99	17.4 ▲	26.99	1.9 ▲
Margarine	Rama Brick Original(500g)	28.09	2.1 ▼	27.49	9.1 ▲	29.99	6.8 ▲
	Sunshine Butter, Lite(500g)	19.32	12.5 ▲	21.73	25.1 ▲	27.19	40.8 ▲
Eggs	6 Large eggs	19.62	7.6 ▲	21.11	2.3 ▲	21.59	10.1 ▲
	18 Large eggs (Valdschmidt)	57.87	8.9 ▲	63.02	2.5 ▼	61.41	6.1 ▲
Milk	Clover Long Life Full Cream(1L)	21.34	24.1 ▲	26.49	5.7 ▼	24.99	17.1 ▲
	Farmfresh Long Life Full Cream(1L)	22.64	11.4 ▲	25.23	4.1 ▼	24.19	6.8 ▲
	Nam Omaere Sweet(2L)	49.51	4.0 ▲	51.49	3.3 ▲	53.19	7.4 ▲
Sugar	White Marathon (2 kg)	35.82	8.1 ▲	38.74	11.0 ▲	42.99	20.0 ▲
	White Sugar Kig(2 Kg)	35.29	5.5 ▲	37.24	16.0 ▲	43.19	22.4 ▲
	Brown Marathon(2 kg)	33.95	.8 ▲	34.24	19.7 ▲	40.99	20.7 ▲
	Brown Sugar Kig(2 Kg)	33.81	2.8 ▲	34.74	17.4 ▲	40.79	20.7 ▲
Cooking oil	Sunflower (2 L)	100.26	23.0 ▼	77.24	8.6 ▼	70.59	29.6 ▼
	Sunflower (750 ml)	40.34	26.9 ▼	29.49	5.1 ▼	27.99	30.6 ▼
Soup	Knorr Minestrone(50g)	5.27	13.7 ▲	5.99	20.0 ▲	7.19	36.4 ▲
Cereal	Oats(Jungle), Original 1 kg	41.54	1.9 ▲	42.32	15.8 ▲	48.99	17.9 ▲
Tea	Five Roses (250 g)	53.21	9.5 ▲	58.24	11.6 ▲	64.99	22.1 ▲
	Freshpark Rooibos(200g)	44.72	16.2 ▲	51.99	10.4 ▲	57.39	28.3 ▲
Coffee	Ricoffy(250 g)	53.77	13.1 ▼	46.74	56.2 ▲	72.99	35.7 ▲
Flour	Cake(Bakpro) White bread(2.5Kg)	51.51	15.0 ▲	59.24	5.8 ▼	55.79	8.3 ▲
Cool drink(2L)	Tropizone Aqua, Still water(1L)	11.12	1.1 ▼	10.99	8.2 ▲	11.89	7.0 ▲
	Bonaqua, Still Water(1.5L)	14.69	3.8 ▲	15.24	3.0 ▼	14.79	.7 ▲
	Coke(2L)	21.73	10.4 ▲	23.99	4.2 ▼	22.99	5.8 ▲
	Fanta Orange(2L)	21.73	10.4 ▲	23.99	4.2 ▼	22.99	5.8 ▲
Average Price of a basket		2115.3	6.3 ▲	2249.2	6.7 ▲	2399.03	13.4 ▲

Source: First Capital Research

1.5. Average Cost of the First Capital Basket of Food by Quarter

Figure 2 illustrates the average cost of the First Capital food basket (in NAD) and the percentage change over different quarters from 2022 to 2024. The cost consistently rose from NAD 2,029.21 in Q1 2022 to NAD 2,390.88 in Q3 2022, with Q3 2022 having the highest cost and a significant increase of 10.05%. In 2023, the cost fluctuated, reaching its peak at NAD 2,302.71 in Q2 before slightly decreasing and then rising again to NAD 2,380.90 in Q3. The percentage change in 2022 showed moderate increases in Q1 and Q2, while 2023 experienced more volatility, with a notable decrease of 7.25% in Q1 followed by positive changes in subsequent quarters. By Q2 2024, the cost continued to rise, reaching NAD 2,410.03, with smaller percentage increases of 2.12% in Q1 and 1.2% in Q2. Overall, there is a clear upward trend in the cost of the food basket from 2022 to 2024. Despite some fluctuations, this indicates that the cost of living related to food generally increased over this period.

Figure 2: Total Quarterly Cost of First Capital Basket of Food



Source: First Capital Research

1.6. Quarterly Price Review by Products

Table 2 presents an overview of price trends for essential food items in the First Capital food basket from the second quarter of 2023 to the second quarter of 2024. Bread prices remained relatively stable, with a slight increase from NAD 14.11 to NAD 14.59, while meat prices saw significant increases, with pork chops rising sharply from NAD 57.99 per kg to NAD 115.19 per kg, and chicken (Real Good Braai cuts) increasing from NAD 103.99 per kg to NAD 122.19 per kg. In contrast, mealie meal prices decreased steadily, with Top Score maize meal dropping from NAD 137.74 to NAD 112.49, as rice and macaroni prices trended

upward, exemplified by Tastic rice (2 kg) rising from NAD 48.24 to NAD 54.19 and Polana Elbows (3 kg) from NAD 94.99 to NAD 104.39. Vegetable prices fluctuated, with tomatoes peaking at NAD 44.32 before dropping to NAD 29.79, while cabbage prices increased from NAD 32.99 to NAD 36.32. Similarly, fruit prices varied, with bananas rising from NAD 29.49 per kg to NAD 35.32 per kg before slightly decreasing to NAD 31.99 per kg, and apples increasing from NAD 22.99 per kg to NAD 29.99 per kg. Milk prices, on the other hand, showed a moderate decrease, with Clover Long Life Full Cream Milk (1L) dropping from NAD 26.49 to NAD 24.99. Sugar prices followed an upward trend, with White Marathon sugar (2 kg) rising from NAD 38.74 to NAD 42.99, while oats (Jungle, Original 1 kg) also experienced a steady price rise from NAD 42.32 to NAD 48.99. Tea and coffee prices saw significant fluctuations, with Ricoffy (250 g) notably increasing from NAD 46.74 to NAD 72.99, and Freshpak Rooibos tea also showing a general upward trend. Overall, the period witnessed a general increase in the prices of most essential food items, reflecting broader economic conditions such as inflation, supply chain challenges, and market demand.

Table 2: Quarterly Prices Review by Product

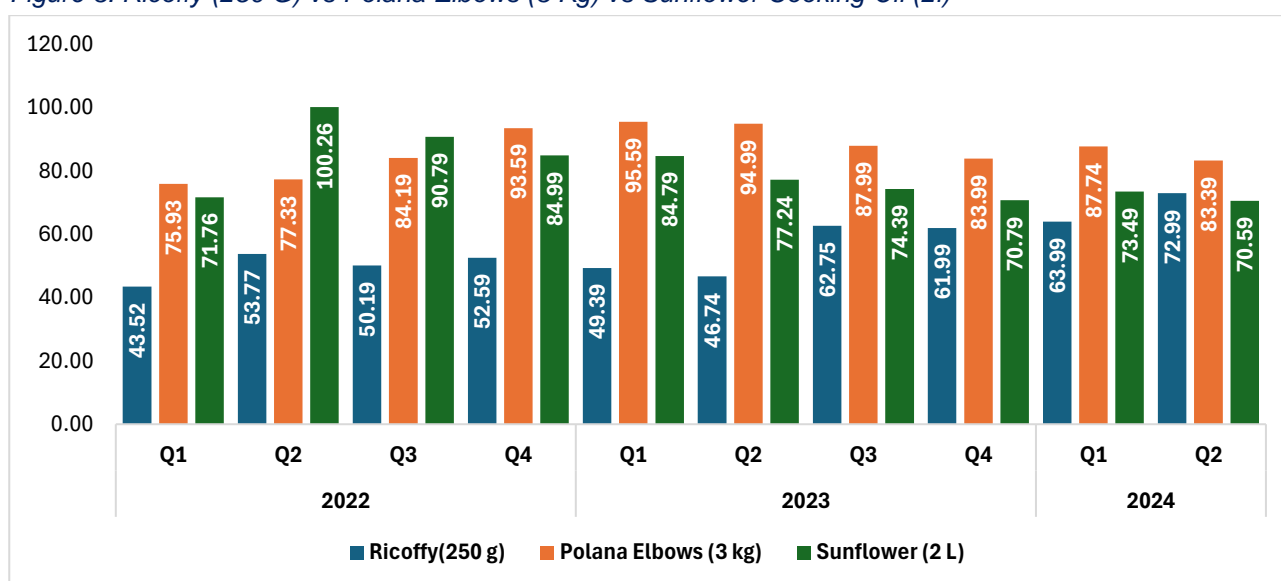
Food Items		2023			2024	
		2nd quarter (N\$)	3rd quarter (N\$)	4th quarter (N\$)	1st quarter (N\$)	2nd quarter (N\$)
Bread - The price remained relatively stable, with a slight increase from NAD 14.11 in second quarter 2023 to NAD 14.59 in second 2024	White	14.11	14.18	14.59	14.49	14.59
Meat - Pork chops exhibited a steep increase from NAD 57.99 in second quarter 2023 to NAD 115.19 in second quarter 2024. While, Chicken (Real Good Braai cuts) prices increased consistently from NAD 103.99 in second quarter 2023 to NAD 122.19 in second quarter 2024.	Beef stew (Per Kg)	86.66	121.79	110.99	96.24	108.99
	Pork Chops(Per Kg)	57.99	87.39	121.59	112.49	115.19
	Chicken, Real Good (2 kg) Braai cuts	103.99	101.97	109.39	120.49	122.19
Mealie Meal - Top score (10 kg) experienced a drop from NAD 137.74 in second quarter 2023 to NAD 112.49 in first quarter 2024 before rising to NAD 120.19 in second quarter 2024.	Top score(5 kg)	74.49	64.59	65.59	64.24	65.79
	Top score(10 kg)	137.74	119.39	113.19	112.49	120.19
Rice and Macaroni - Tastic rice (2 kg) increased steadily from NAD 48.24 in second quarter 2023 to NAD 54.19 in second quarter 2024. while, Polana Elbows (3 kg) decreased from NAD 94.99 in second quarter 2023 to NAD 83.39 in second quarter 2024.						
	Tastic(2 Kg)	48.24	48.99	48.79	52.24	54.19
	Polana Elbows (3 kg)	94.99	87.99	83.99	87.74	83.39
Vegetables - Tomato prices fluctuated significantly, peaking at NAD 44.32 in first quarter 2024 before dropping to NAD 29.79 in second quarter 2024. Potato prices steadily increased from NAD 22.24 in second quarter 2023 to NAD 26.99 in second quarter 2024. Cabbage prices showed an upward trend, increasing from NAD 32.99 in second quarter 2023 to NAD 36.32 in second quarter 2024. It translated into a biggest increase of the vegetables recorded by First Capital Namibia.	Tomato(Per Kg)	32.99	28.74	44.19	44.32	29.79
	Onion(Per Kg)	30.74	22.99	18.97	30.49	25.19
	Potato(Per Kg)	22.24	25.59	31.74	26.99	26.99
	Cabbage (each)	32.99	23.74	26.99	28.32	36.32
Fruits - Banana prices showed an increasing trend from NAD 29.49 in second quarter 2023 to NAD 35.32 in first quarter 2024 before decreasing slightly to NAD 31.99 in second quarter 2024. on the other hand, Orange prices were volatile, peaking at NAD 37.19 in fourth quarter 2023 before dropping to NAD 23.99 in second quarter 2024. Apples saw a significant price increase from NAD 22.99 in second quarter 2023 to NAD 38.79 in fourth quarter 2023, then decreasing to NAD 26.99 in second quarter 2024.	Banana(Per Kg)	29.49	29.79	33.59	35.32	31.99
	Oranges(Per Kg)	29.74	23.19	37.19	28.32	23.99
	Apples (Per Kg)	22.99	30.59	38.79	28.66	26.99
Milk - Clover Long Life Full Cream milk (1L) saw a decrease from NAD 26.49 in second quarter 2023 to NAD 24.99 in second quarter 2024.	Clover Long Life Full C	26.49	26.79	27.19	21.99	24.99
Sugar - White Marathon sugar (2 kg) prices increased from NAD 38.74 in second quarter 2023 to NAD 42.99 in second quarter 2024. While, Brown Sugar Kig (2 kg) also showed an upward trend from NAD 34.74 in second quarter 2023 to NAD 40.79 in second quarter 2024.	White Marathon (2 kg)	38.74	41.39	40.39	40.99	42.99
	Brown Sugar Kig(2 Kg)	34.74	37.19	38.99	38.49	40.79
Cereal - Oats (Jungle, Original 1 kg) prices increased from NAD 42.32 in second quarter 2023 to NAD 48.99 in second quarter 2024.	Oats(Jungle), Original	42.32	43.79	41.39	41.66	48.99
Tea and coffee - Ricoffy (250 g) coffee prices significantly increased from NAD 46.74 in second quarter 2023 to NAD 72.99 in second quarter 2024. In similar vein, Five Roses tea (250 g) and Freshpark Rooibos (200g) experienced fluctuations but ended with a general upward trend in second quarter 2024.	Five Roses (250 g)	58.24	68.59	57.59	66.74	64.99
	Freshpark Rooibos(20	51.99	56.19	56.79	60.74	57.39
	Ricoffy(250 g)	46.74	62.75	61.99	63.99	72.99

Source: First Capital Research

1.7. Quarterly prices review of some food items from 2022

Figure 3 illustrates the average prices of Ricoffy (250g), Polana Elbows (3kg), and Sunflower (2L) cooking oil over the past 10 quarters. The data shows that the price of Sunflower (2L) cooking oil experienced a significant surge, peaking at NAD 100.26 in the second quarter of 2022, before stabilizing around NAD 70.53 by the second quarter of 2024. In contrast, the price of Ricoffy (250g) exhibited a steady increase from NAD 43.52 in the first quarter of 2022 to NAD 72.99 by the second quarter of 2024. Meanwhile, the price of Polana Elbows (3kg) fluctuated, starting at NAD 75.93 in the first quarter of 2022 and reaching NAD 83.39 in the second quarter of 2024, after some intermediate variations. Overall, the graph highlights the upward trend in the prices of these staple items, particularly for Ricoffy and Polana Elbows, while Sunflower oil stabilized after an initial spike.

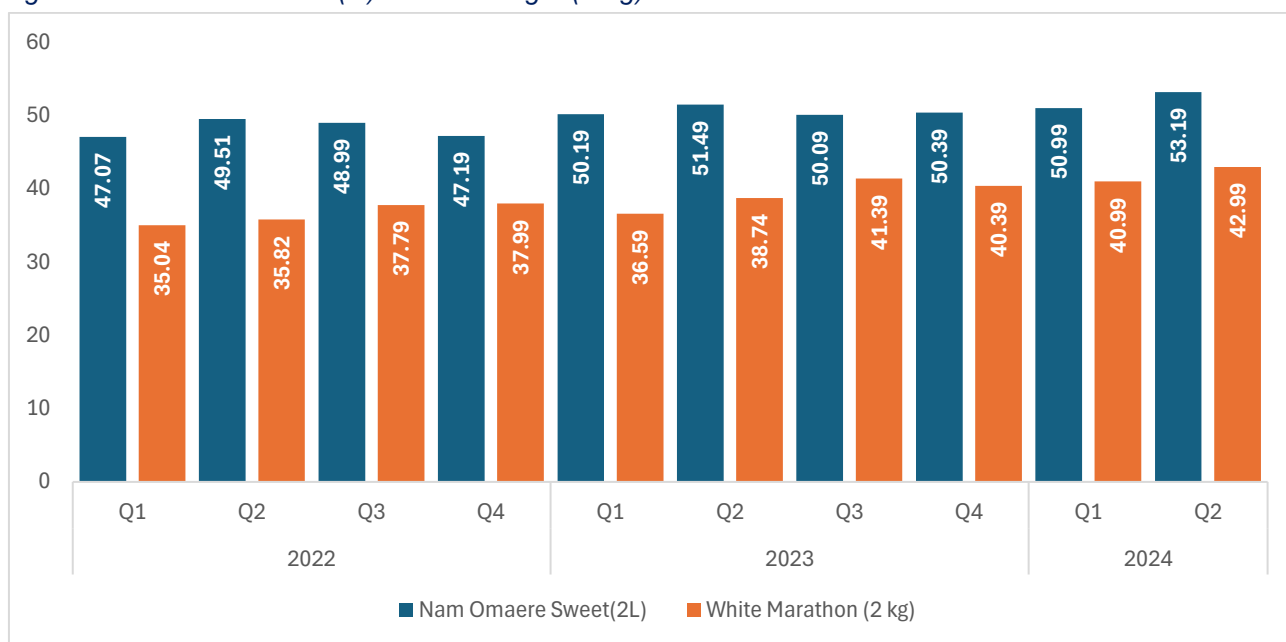
Figure 3: Ricoffy (250 G) vs Polana Elbows (3 Kg) vs Sunflower Cooking Oil (2l)



Source: First Capital Research

Figure 4 displays the average prices of Nam Omaere (2L), and White Marathon sugar (2kg), over the course of 10 quarters from the first quarter of 2022 to the second quarter of 2024. The data reveals a consistent upward trend across all three items. White Marathon sugar also saw a notable rise, climbing from NAD 35.04 to NAD 42.99 during the same period. Similarly, the price of Nam Omaere (2L) rose from NAD 47.07 to NAD 53.19. This pattern reflects the general inflationary trend affecting staple food items, leading to higher costs for consumers over time.

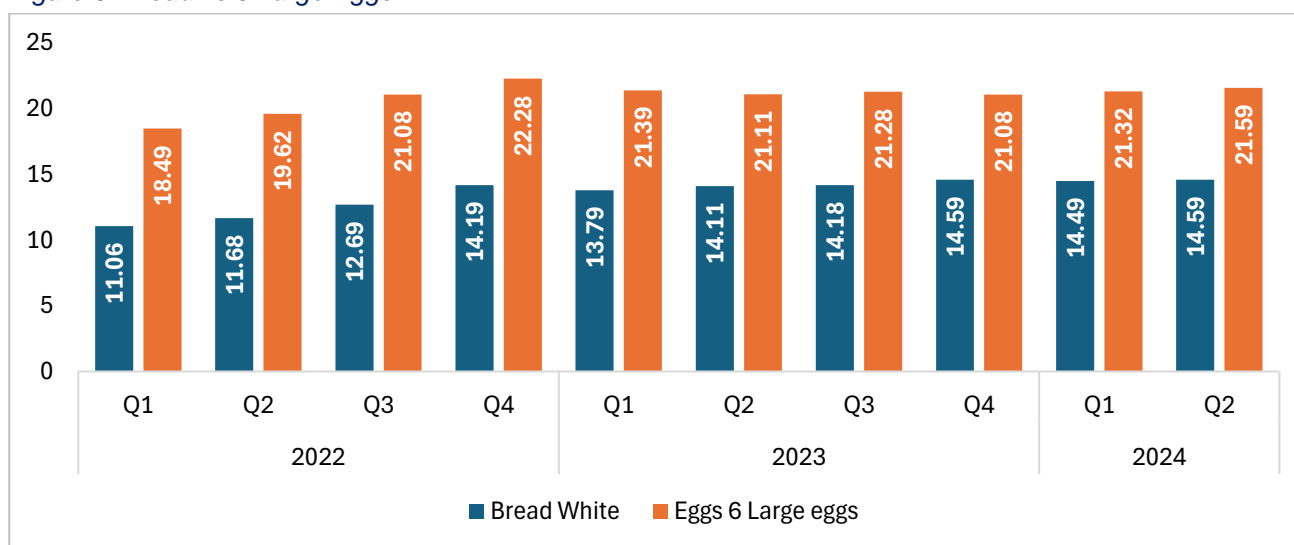
Figure 4: Nam milk Omaere (2l) vs White Sugar (2 Kg)



Source: First Capital Research

Figure 5 displays the average prices of White Bread, and 6 Large Waldschmidt Eggs, over the course of 10 quarters from the first quarter of 2022 to the second quarter of 2024. The data reveals a consistent upward trend across all three items. The price of White Bread increased steadily from NAD 11.06 in the first quarter of 2022 to NAD 14.59 in the second quarter of 2024, while that of eggs increased from NAD 18.49 to 21.59 in the same period.

Figure 5: Bread vs 6 Large Eggs

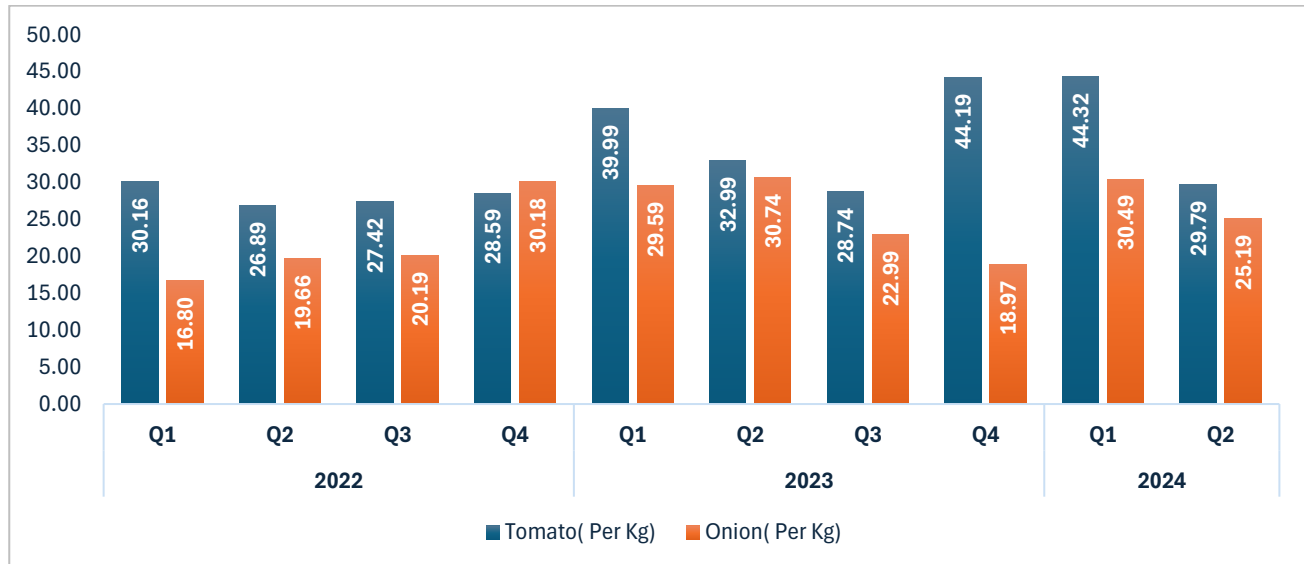


Source: First Capital Research

Figure 6 presents the price trends for tomatoes and onions in Namibia over the past 12 quarters, as recorded by First Capital Namibia. The price of tomatoes shows significant fluctuations, peaking at NAD

44.32 per kg in the first quarter of 2024, the highest price observed in the period. In contrast, the price of onions, while also fluctuating, remained more stable compared to tomatoes, with a peak price of NAD 30.49 per kg in the first quarter of 2024. Overall, the data highlights considerable volatility in the price of tomatoes, particularly towards the end of the observed period, while onion prices demonstrated more moderate changes.

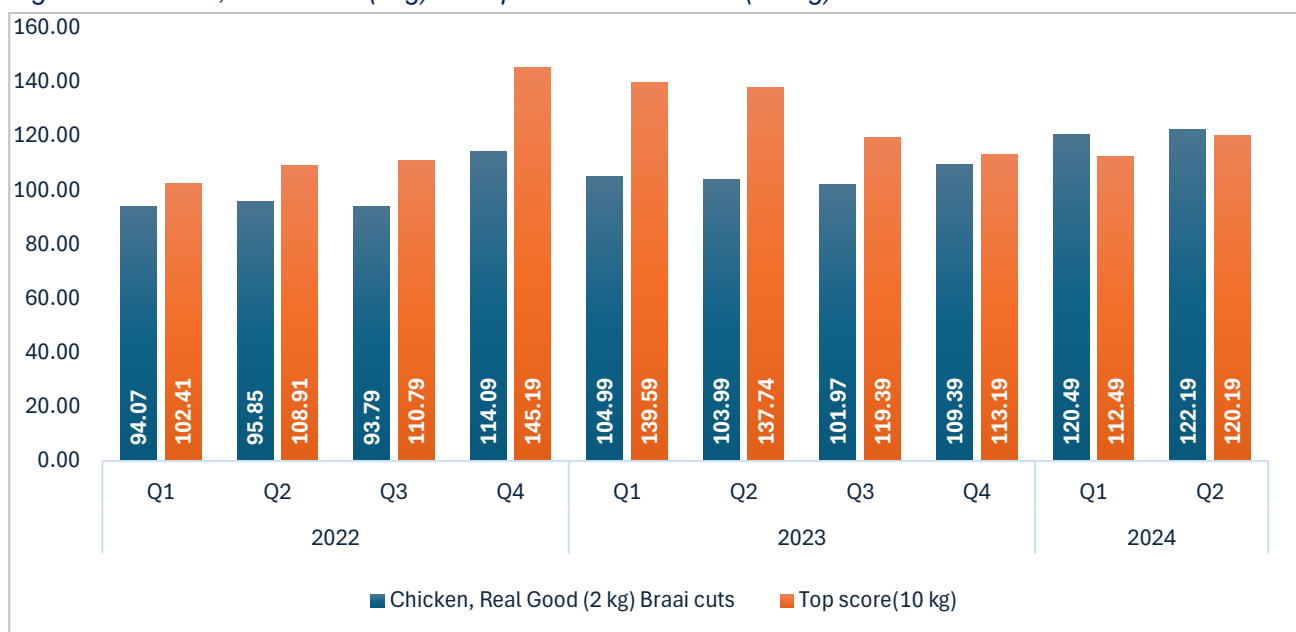
Figure 6: Tomatoes vs Onions



Source: First Capital Research

Figure 7 depicts the price trends for Real Good chicken braai cuts (2kg) and Top Score maize meal (10kg) from the first quarter of 2022 to the second quarter of 2024. The price of Real Good chicken braai cuts started at NAD 94.07 in the first quarter of 2022 and steadily increased to reach its highest point of NAD 122.19 by the second quarter of 2024. On the other hand, the price of Top Score maize meal (10kg) began at NAD 102.41 in the first quarter of 2022, experienced a significant peak at NAD 145.19 in the last quarter of 2022, and then showed a gradual decline, stabilizing around NAD 120.19 by the second quarter of 2024. This comparison highlights a general upward trend in the prices of both items, with Top Score maize meal experiencing more volatility, especially towards the end of 2022.

Figure 7: Chicken, Real Good (2kg) vs Top Score Maize Meal (10 Kg)



Source: First Capital Research

2. An Analysis of the Namibia food industry

2.1 Demand and Supply Analysis of the Horticultural Products (Imports Excluded)

Table 3 presents the anticipated production of horticultural produce from July 2024 to November 2024, focusing on both local and export markets. The data highlights varying production levels across different crops, emphasizing the need for strategic planning to meet local demand. Carrots are expected to be produced exclusively for the local market, with production peaking at 389 tons in August 2024 before declining to 179 tons by November 2024. Sweet potatoes are also forecasted for local consumption, with production continuing until it ceases by November 2024. Garlic shows minimal production, anticipated only in October 2024, exclusively for the local market.

In terms of dual-market crops, butternuts are projected to have significant production, with the highest local output expected in July 2024 at 3,557.2 tons. This high production level underlines the importance of managing both local and export demands efficiently. Overall, these projections underscore the critical need for strategic planning in horticulture to ensure that local demand, especially for high-demand crops like potatoes and butternuts, is met while balancing export opportunities. The variations in production levels across different months and crops suggest a careful allocation of resources and market focus to maximize the efficiency and profitability of the horticultural sector.

Table 3: Expected Production of Special Controlled Products Per Crop Per Area

	Jul-24		Aug-24		Sep-24		Oct-24		Nov-24	
	local	Expor	Local	Expor	Local	Expor	Local	Expor	Local	Expor
Beetroots	140	0	132	0	190	0	42	0	23	0
Carrots	356	0	389	0	317	0	213	0	179	0
Onions	3535	1335	1916	1029	1336	425	881	425	468	0
Potatoes	1982	0	623	0	961	0	1	0	0	0
Sweet potatoes	170	0	81	0	20	0	5	0	0	0
Garlic	0.595	0	0	0	0	0	1.488	0	0	0
Tomato Round	1316.4	134.7	1660	174.6	2279.3	248.1	33.68	0	2.2	0
Tomato Jam	233.18	0	211.72	0	170.06	0	92.22	0	71.7	0
Green Pepper	11.07	0	16.24	0	17.99	0	11.74	0	10.9	0
Coloured Pepper	64	0	64	0	64	0	64	0	61	0
English Cucumber	48	0	48	0	48	0	48	0	48	2
Cherry Tomato	45.54	3.1	95.72	8.7	100	9.2	114.4	10.8	17.2	0
Butternuts	3557.2	0	733.5	0	745.5	0	337.5	625	0	625
Pumpkins	173.5	0	70	0	0	0	0	105	0	105
Watermelon	0	0	127.3	0	25.3	0	31.3	0	0	0
Sweetmelon	3.1	0	0	92	0	0	0	0	0	0
Gemsquash	44	0	14	0	0	0	0	0	0	0
Mushroom	0	0	0	0	0	0	0	0	0	0

Source: Namibia Agronomic Board

Table 4 provides a detailed analysis of the demand and supply of various horticultural products in Namibia from July 2024 to November 2024. The table compares projected local tonnages with average demand, highlighting surpluses and shortages across different crops.

Key findings include:

- **Butternuts:** A consistent surplus is projected across all months, with a total surplus of 4,284 tons by November 2024.
- **Cabbage:** A similar surplus is observed, totaling 3,047 tons over the period.
- **Gem Squash:** Shows minor surpluses, amounting to a total of 39 tons.
- **Onions:** Significant surpluses are projected, reaching a total of 3,333 tons.
- **Potatoes:** Despite fluctuations, potatoes show an overall surplus of 3,567 tons.
- **Pumpkins:** A substantial and consistent shortage is projected, with a total deficit of 17,674 tons.
- **Tomato Round:** Exhibits an overall surplus of 3,891 tons.
- **Tomato Jam:** Also shows a surplus, totaling 1,475 tons.
- **Carrots:** Face a steady shortage, with a total deficit of 1,037 tons.
- **Green Pepper:** A small overall shortage is projected, totaling 65 tons.
- **Other Vegetables:** Crops like spinach, beetroot, and sweet potatoes show varying degrees of surplus, while English cucumber, watermelon, and sweet melon face consistent shortages.

Overall, the table reveals a mixed scenario, with some crops showing consistent surpluses, while others, particularly pumpkins and watermelons, are expected to face significant shortages. This analysis underscores the importance of managing production and distribution to balance supply with demand effectively.

Table 4: Demand and Supply Analysis of The Horticultural Products

Numbers in this table represents tonnage							
Crops	Expected Surplus or Shortage	Jul-24	Aug24	Sep -24	Oct- 24	Nov -24	Total
Butternuts	Projected local tonnages	3,558	734	746	338	-	5,190
	Average Demand	202	201	201	201	201	906
	Surplus/shortage	3,356	532	544	136	- 201	4,284
Cabbage	Projected local tonnages	2,067	1,871	1,209	355	64	5,566
	Average Demand	196	183	183	183	183	916
	Surplus/shortage	184	1,688	1,026	172	- 119	4,651
Gem Squash	Projected local tonnages	1,884	14	-	-	-	39
	Average Demand	44	20	20	20	20	92
	Surplus/shortage	20	- 6	- 20	- 20	- 20	- 53
Onions	Projected local tonnages	24	1,916	1,336	881	468	8,137
	Average Demand	3,535	761	761	761	761	3,804
	Surplus/shortage	760	1,155	576	121	- 293	4,333
Potatoes	Projected local tonnages	2,775	623	961	1	-	3,567
	Average Demand	1,982	4,248	4,248	4,248	4,248	21,240
	Surplus/shortage	4,248	- 3,625	- 3,288	- 4,247	- 4,248	- 17,674
Pumpkins	Projected local tonnages	- 2,266	70	-	-	-	194
	Average Demand	174	88	88	88	88	395
	Surplus/shortage	88	- 18	- 88	- 88	- 88	- 201
Tomato Round	Projected local tonnages	86	1,660	2,279	34	2	5,292
	Average Demand	1,316	280	280	280	280	1,400
	Surplus/shortage	280	1,380	1,999	- 246	- 278	3,891
Tomato Jam	Projected local tonnages	1,036	212	170	92	72	779
	Average Demand	233	101	101	101	101	504
	Surplus/shortage	101	111	69	- 8	- 29	275
Carrot	Projected local tonnages	356	389	317	213	179	1,453
	Average Demand	398	397	397	397	397	1,987
	Surplus/shortage	- 41	- 8	- 80	- 185	- 219	- 533
Green Pepper	Projected local tonnages	11	16	18	12	11	68
	Average Demand	13	13	13	13	13	65
	Surplus/shortage	- 2	3	5	- 1	- 2	3
Colour Pepper	Projected local tonnages	100	100	90	90	90	469
	Average Demand	51	51	51	51	51	255
	Surplus/shortage	49	49	39	39	39	214
Cherry Tomato	Projected local tonnages	46	96	100	114	17	373
	Average Demand	3	3	3	3	3	16
	Surplus/shortage	42	93	97	111	14	357
Spinach	Projected local tonnages	22	22	16	8	4	73
	Average Demand	26	26	26	26	26	129
	Surplus/shortage	- 4	- 4	- 10	- 17	- 21	- 56
Beetroot	Projected local tonnages	140	132	190	42	23	528
	Average Demand	82	83	83	83	83	414
	Surplus/shortage	58	50	108	- 41	- 60	114
English Cucumber	Projected local tonnages	48	48	48	48	48	240
	Average Demand	35	35	35	35	35	174
	Surplus/shortage	13	13	13	13	13	66
Sweet Potato	Projected local tonnages	170	81	20	5	-	276
	Average Demand	104	104	104	104	104	518
	Surplus/shortage	66	- 23	- 84	- 98	- 103	- 242
Watermelon	Projected local tonnages	-	127	25	31	-	184
	Average Demand	216	216	216	216	216	971
	Surplus/shortage	- 216	- 89	- 191	- 185	- 216	- 788
Sweet melon	Projected local tonnages	3	-	-	-	-	-
	Average Demand	84	83	83	83	83	374
	Surplus/shortage	- 80	- 83	- 83	- 83	- 83	- 374
Lettuce Iceberg	Projected local tonnages	86	75	64	38	22	285
	Average Demand	102	103	103	103	103	515
	Surplus/shortage	- 18	- 28	- 38	- 65	- 80	- 230
Sweetcorn	Projected local tonnages	10	46	-	-	-	57
	Average Demand	22	22	22	22	22	108
	Surplus/shortage	- 12	25	- 22	- 22	- 22	- 52

Source: Namibia Agronomic Board

Despite a projected local production of 3,567 tons, the average demand is expected to be 21,240 tons, resulting in a significant shortage of 17,674 tons. The report indicates that there will be substantial volumes of Special Controlled Products (SCP) crops such as onions (11,300 tons), cabbage (5,566 tons), round tomatoes (5,291 tons), potatoes (3,566.60 tons), and butternuts (5,566 tons) harvested. The projected local production of cabbage is expected to be 5,566 tons, with an average demand of 916 tons, resulting in a surplus of 4,651 tons. Despite the large volume of potatoes, local demand is not expected to be met, leading farmers to increase their production to meet the needs of the local market. This comprehensive projection underscores the importance of strategic planning to balance supply and demand, efficiently manage surplus crops, and address anticipated shortages in critical areas such as potatoes.

2.2. Staggered Price Floor of Maize

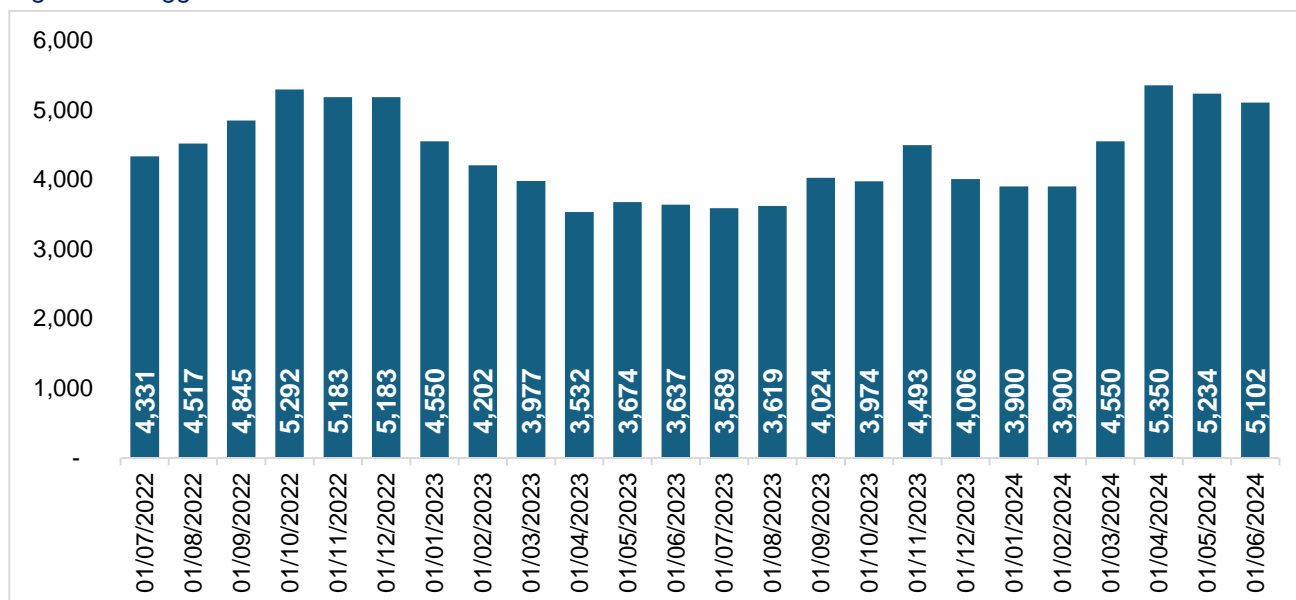
The data presented in Figure 8 illustrates the staggered price floor of white maize grain from July 2022 to June 2024. The price floor, which represents the minimum price at which maize can be sold, is designed to ensure that farmers receive a baseline income for their produce, particularly in times of market instability or adverse conditions.

Throughout the period, the price floor remained relatively stable, fluctuating between NAD 4,331 per ton in July 2022 and reaching NAD 5,183 per ton by December 2022. The prices then experienced a gradual decline through 2023, reflecting seasonal market adjustments and potentially more favorable growing conditions, before bottoming out at NAD 3,532 per ton in April 2023.

However, as 2024 approached, the price floor began to increase steadily, with a significant and sharp rise to NAD 5,350 per ton in April 2024. This spike is indicative of market concerns over poor harvests, likely driven by ongoing drought conditions that severely impacted maize yields. The increase in April 2024 can be directly correlated with the end of the rainy season, where the continuation of drought likely exacerbated fears of crop failure, leading to increased production costs and heightened market volatility.

Following the peak in April 2024, prices slightly decreased to NAD 5,102 per ton by June 2024. This reduction may reflect some market adjustments as supply levels became more apparent; however, the overall high price floor through the first half of 2024 underscores the lingering effects of prolonged drought on maize production. The ongoing drought has not only led to poor yields but has also driven up production costs, contributing to the observed price volatility. These high prices throughout the period highlight the direct correlation between severe drought impacts and increased maize prices, underscoring the importance of establishing a price floor to support farmers during such challenging times.

Figure 8: Staggered Price Floor of Maize Per Ton



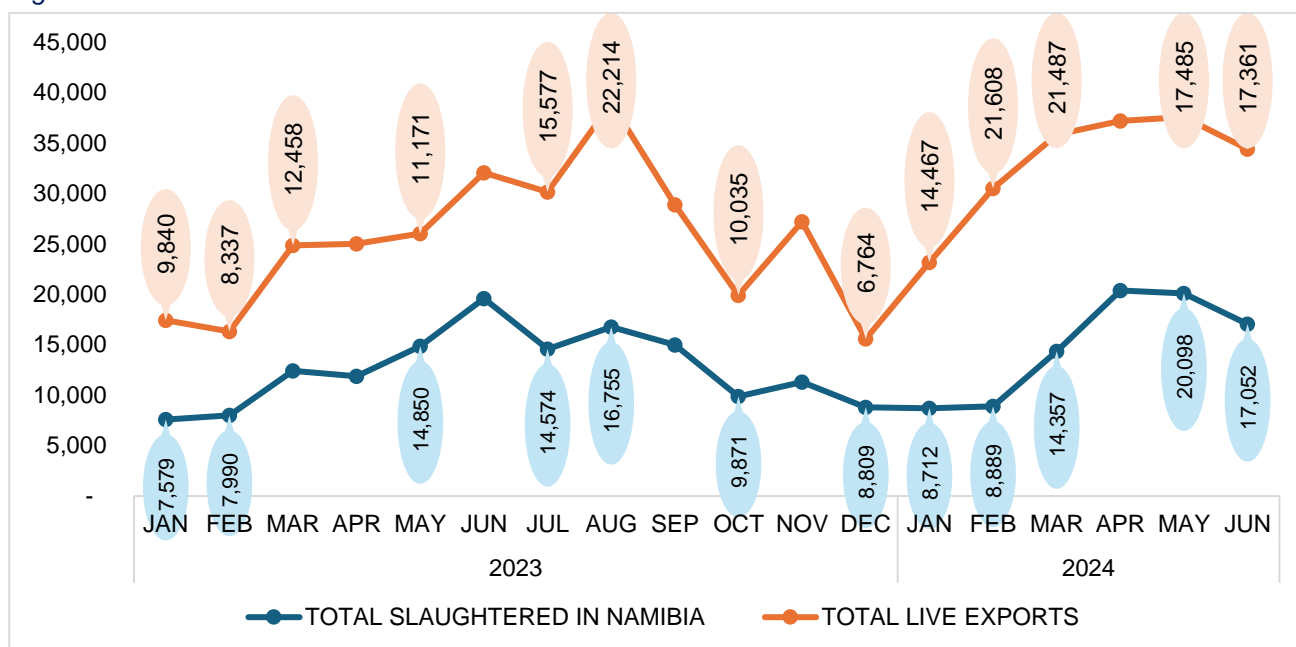
Source: Namibia Agronomic Board

2.3 Marketed Livestock

2.3.1 Total Cattle Marketed

Figure 9 displays the monthly totals for livestock slaughter and live exports in Namibia from January 2023 to June 2024. It is evident that in May 2024, there was a 39% increase (year over year) in total live exports, while slaughtered livestock saw a 13% decline (year over year) during the same period. The rise in live exports in January to February 2024, compared to the same months in 2023, suggests that the ongoing drought situation is persisting or worsening, leading farmers to continue selling their livestock. In February, live exports rose by 157%. Due to the scarcity of grazing and water caused by the drought, it is challenging for farmers to sustain large herds. Consequently, farmers may increase their rate of slaughtering and live exports to reduce their herd sizes to more manageable levels. However, there is a concerning trend between January 2023 and June 2024, where the number of cattle slaughtered domestically exceeded the number exported as live cattle. This trend is worrisome as it means the economy is missing out on value addition.

Figure 9: Cattle Marketed in Namibia



Source: Livestock and Livestock Products Board of Namibia

2.3.2 Total Sheep Marketed

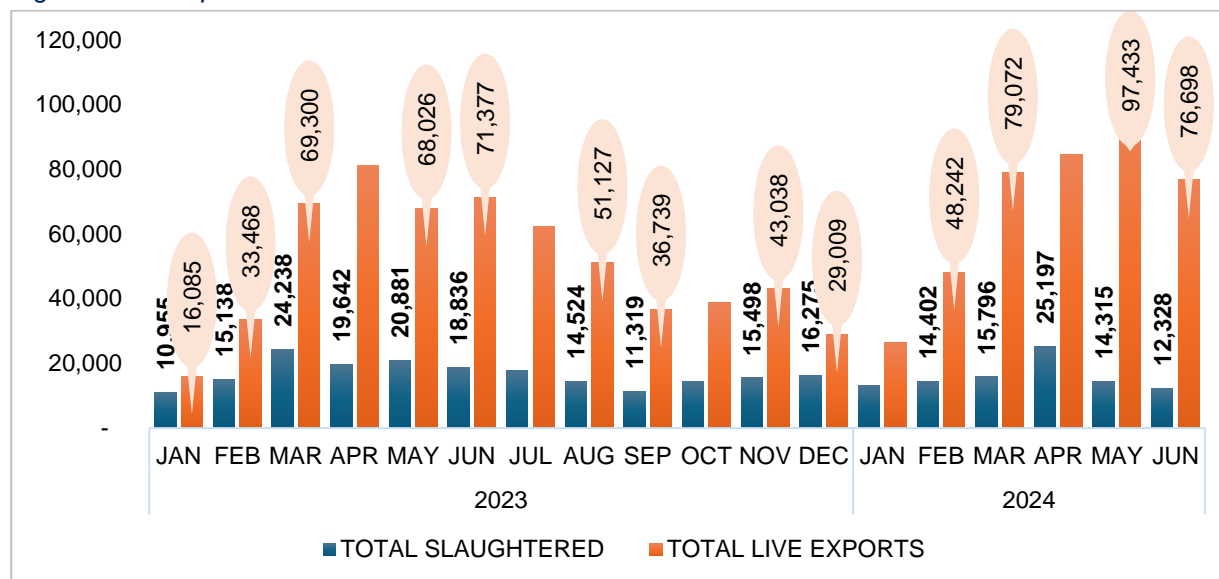
Figure 10 illustrates the total number of sheep marketed, including both live exports and local slaughtering, from January 2023 to June 2024. The data reveals a notable trend in the sheep market, with a significant increase in live exports compared to the previous year. In January 2024, the total number of live sheep exported was 64% higher year-on-year (y/y), while the total number of sheep slaughtered domestically increased by 19% y/y. Despite this initial increase in domestic slaughtering, the total number of slaughtered animals has been on a downward trend throughout the period, contrasting sharply with the upward trend in live exports.

Live exports consistently outpaced domestic slaughtering, peaking at 97,433 heads in May 2024. This pattern suggests a strong preference for exporting live sheep, which has several implications for the domestic economy. When sheep are exported live, the exporting country essentially sends out its raw commodity without any processing or value addition, such as meat processing or the production of wool and leather products. This approach limits the economic benefits that could be gained through domestic processing, which could create jobs, increase income for farmers, and contribute more significantly to the country's GDP.

The growing reliance on live exports reflects potential challenges in the domestic processing industry, such as limited capacity, higher costs, or logistical difficulties. This trend highlights the need for strategic interventions to strengthen domestic processing capabilities and encourage value addition, ensuring that the country maximizes its economic gains from its livestock resources. Addressing these challenges could

involve investing in processing facilities, improving infrastructure, and providing incentives for local value-added production, which would enhance the overall economic contribution of the sheep industry.

Figure 10: Sheep Marketed



Source: Livestock and Livestock Products Board of Namibia

2.3.3 Total goats Marketed.

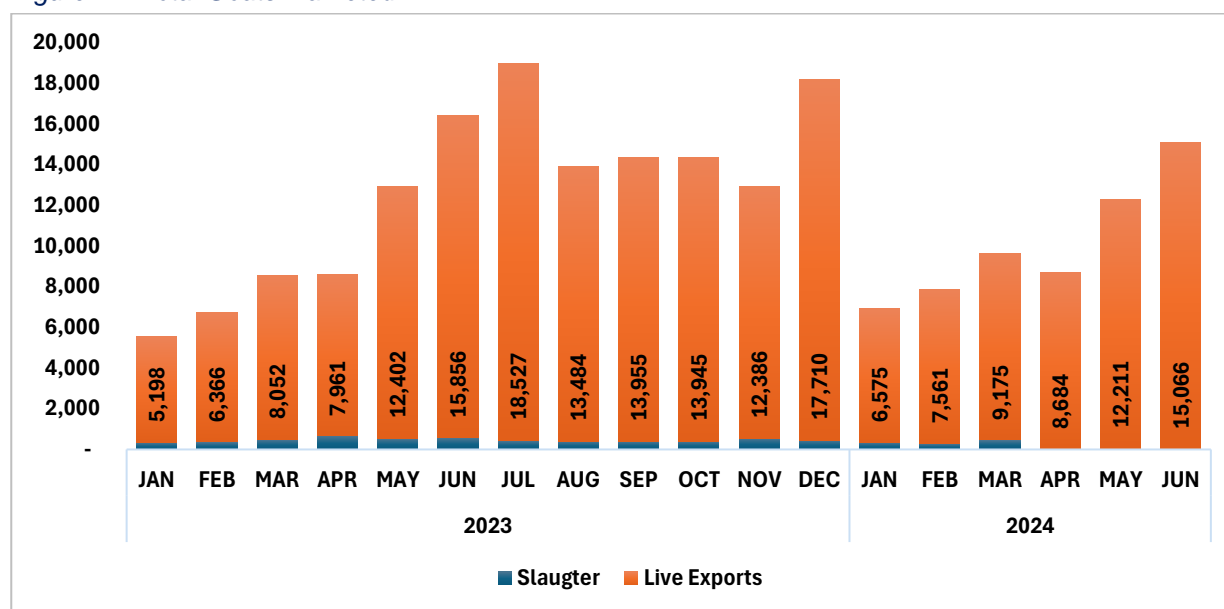
Figure 11 illustrates the total number of goats marketed, including both live exports and local slaughtering, from January 2023 to June 2024. The data reveals significant trends in the goat market, particularly the increasing reliance on live exports over domestic slaughtering. In January 2024, the total number of live goat exports saw a substantial year-on-year (y/y) increase of 26.4%, while the number of goats slaughtered domestically recorded only a marginal increase of 0.3% y/y. However, the months following January 2024 showed a marked decline in the number of goats slaughtered locally, with the most significant decreases occurring from April 2024, where slaughter numbers plummeted by 99% and 91% y/y, respectively. This steep decline in domestic slaughtering contrasts sharply with the continuous rise in live exports during the same period.

The trend indicates a growing preference for exporting live goats rather than processing them domestically. On average, less than 5% of the total goats marketed were slaughtered within the country, with the overwhelming majority being exported live. This pattern mirrors the broader livestock export trends observed in the region, where live exports dominate due to various factors, including higher market prices abroad, logistical challenges, and limited processing capacity domestically.

The heavy reliance on live exports has significant economic implications. By exporting live goats, the country is foregoing potential value addition through meat processing and the production of related products such as goat cheese, leather, and other by-products. This strategy limits the domestic economic benefits that could be realized through job creation, increased revenues, and a stronger local market for processed goods.

The data underscores the need for strategic interventions to enhance the domestic processing industry and reduce the economy's dependence on raw commodity exports. This could involve investments in processing infrastructure, incentives for local businesses to engage in value addition, and policies aimed at promoting domestic consumption of processed goods. By addressing these challenges, the country could better leverage its goat farming industry to generate greater economic value and stability.

Figure 11: Total Goats Marketed



Source: Livestock and Livestock Products Board of Namibia

2.3.4 Total Pigs Marketed.

Figure 12 presents data on the total number of pigs marketed in Namibian abattoirs from January 2023 through June 2024. The graph reveals fluctuations in the number of pigs marketed over the period, with notable trends in early 2024. In January 2024, the number of pigs marketed increased by 13.6% year-over-year (y/y), reflecting a significant growth compared to January 2023. Additionally, there was an 8.8% increase in January 2024 compared to December 2023, indicating a strong start to the year in terms of pig marketing.

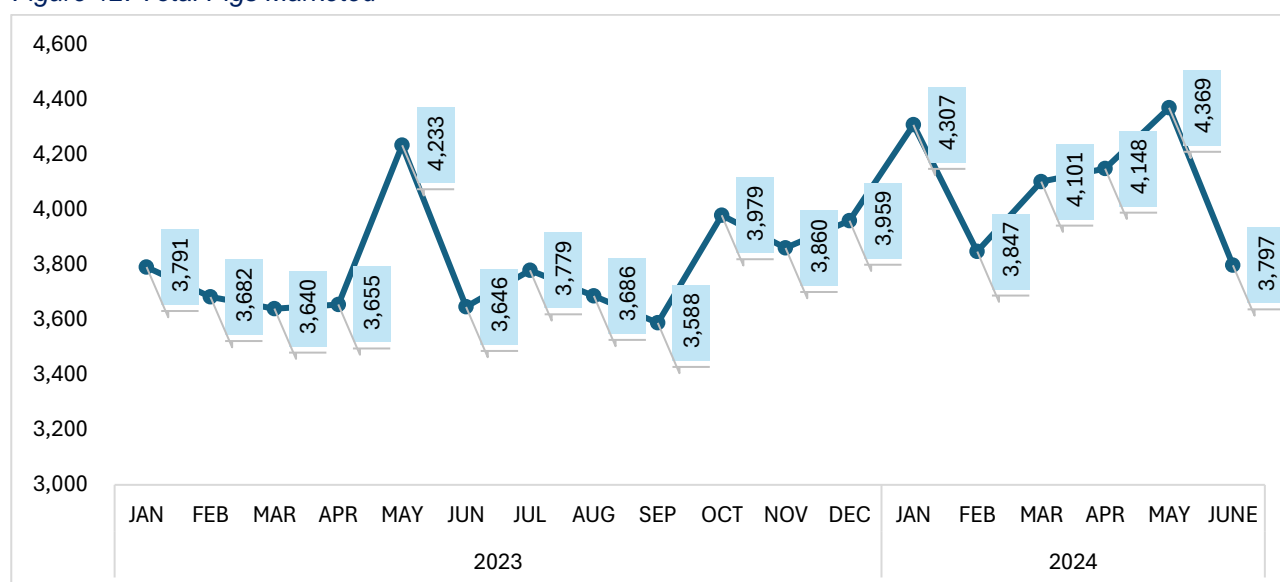
Throughout the first five months of 2024, the graph shows a general upward trend in the number of pigs marketed, with each month surpassing the figures from the corresponding months in 2023, except for May

2024. In May 2024, there was a slight decline of 1.2% y/y, marking a small deviation from the otherwise positive trend seen earlier in the year.

The data suggests a recovery or expansion in the pig market during the early months of 2024, potentially driven by increased demand, improved market conditions, or better production practices. The consistent growth in the number of pigs marketed from January to May 2024 highlights a period of increased activity in the sector, with abattoirs handling more pigs than in the previous year.

However, the major decline in June 2024 could indicate a temporary slowdown or seasonal fluctuation, which might require closer monitoring to understand its implications fully. Overall, the first five months of 2024 show promising growth in the pig market, with the industry performing better than in the previous year, despite the minor setback in May.

Figure 12: Total Pigs Marketed

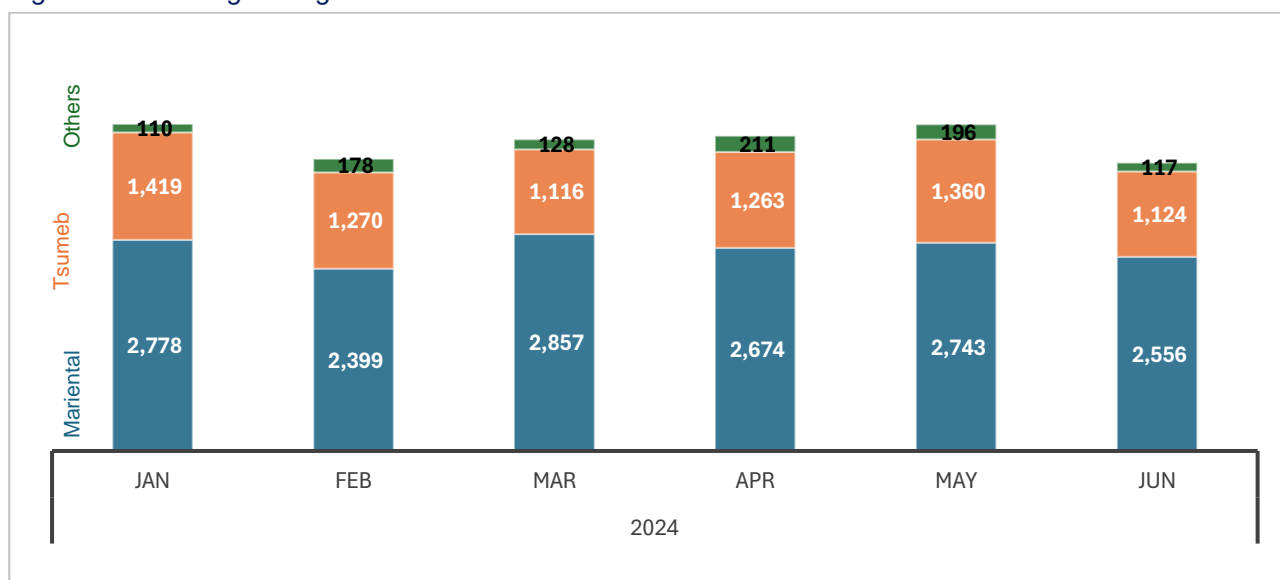


Source: Livestock and Livestock Products Board of Namibia

2.3.5 Total Pigs Slaughtered in Namibian Class Abattoirs

Figure 13 illustrates the total number of pigs slaughtered in Namibian abattoirs during the first half of 2024. The Mariental and Tsumeb abattoirs lead in pig slaughtering, handling over 96% of all slaughtered pigs. Their slaughtering numbers are evenly distributed over the 6 months period depicted in the figure.

Figure 13: Total Pigs Slaughtered in Namibian Class Abattoirs



Source: Livestock and Livestock Products Board of Namibia

2.4 Meat Exports Destination First Six Months Of 2023 Vs 2024

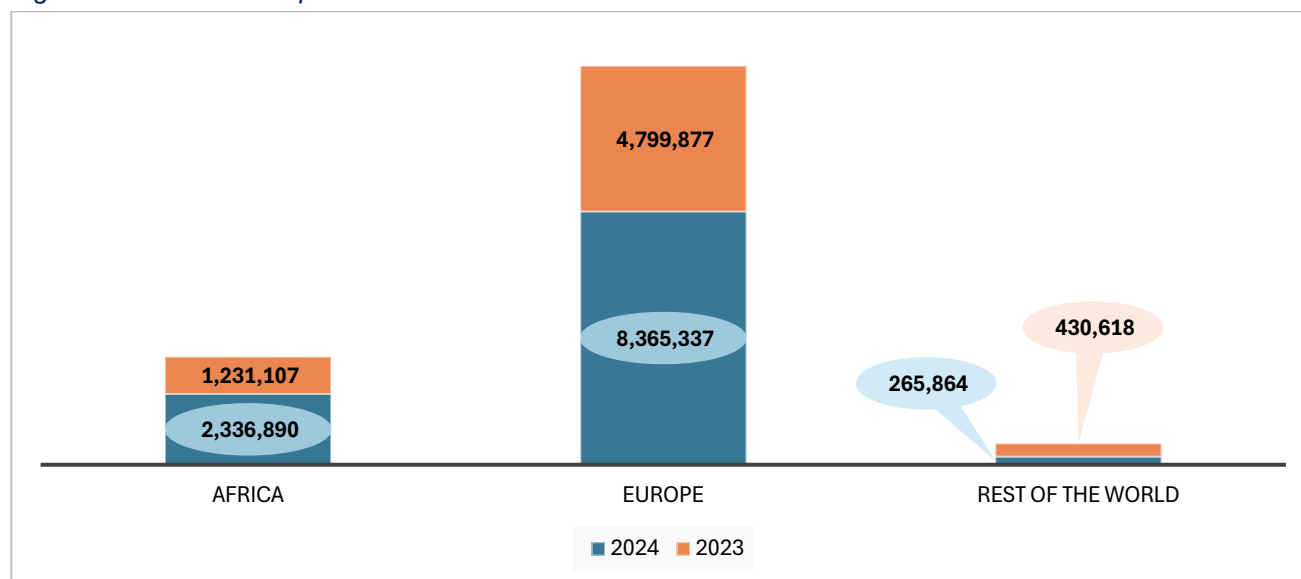
Figure 14 compares Namibia's beef exports for the first six months of 2023 with the same period in 2024, focusing on three key regions: Africa, Europe, and the Rest of the World. The data is presented in kilograms (kg) and highlights significant shifts in export volumes to these regions. In the first half of 2024, Namibia exported 2,336,890 kg of beef to various African countries, compared to 1,231,101 kg in the same period of 2023. This represents a remarkable 89.8% increase in beef exports to Africa, indicating a substantial rise in demand or successful market expansion within the continent. This surge in exports to African countries suggests that Namibia is strengthening its trade ties within the region, possibly benefiting from trade agreements or increased demand for Namibian beef in neighboring countries.

In contrast, beef exports to Europe remained dominant but showed a more moderate growth. Namibia exported 8,365,337 kg of beef to Europe in the first five months of 2024, compared to 4,799,877 kg in the same period of 2023. This increase highlights Europe's continued importance as a major destination for Namibian beef, accounting for the largest share of exports. The significant volume exported to Europe underscores the region's strong and consistent demand for Namibian beef, likely driven by Namibia's reputation for high-quality meat and established trade relations.

However, the Rest of the World category, which includes destinations outside Africa and Europe, experienced a decline in beef exports. In the first six months of 2024, Namibia exported 265,864 kg of beef to these regions, down from 430,628 kg in 2023. This decrease indicates a shift in Namibia's export strategy or a reduction in demand from these markets, which may be attributed to factors such as changing market conditions, competition from other beef-exporting countries, or logistical challenges.

Overall, the graph highlights a significant increase in beef exports to Africa, solidifying the continent as a growing market for Namibian beef. Meanwhile, Europe remains a key export destination, although the growth rate is more stable. The decline in exports to other regions suggests a need for strategic adjustments to regain or strengthen market presence outside Africa and Europe.

Figure 14: Total Beef Exported to Destinations Outside



Source: Livestock and Livestock Products Board of Namibia

Figure 15 presents a comparison of Namibia's beef exports by destination for the first six months of 2023 and 2024, expressed as percentages. The pie charts reveal shifts in the distribution of beef exports among Africa, Europe, and the Rest of the World during this period. In 2023, Europe was the dominant destination for Namibian beef exports, accounting for 74% of total exports. This share increased to 76% in 2024, indicating a strengthening of Namibia's trade relationship with Europe and the continent's continued importance as the primary market for Namibian beef. The growth in exports to Europe suggests sustained or growing demand for Namibian beef in European markets, possibly driven by factors such as quality standards, established trade agreements, or consumer preferences.

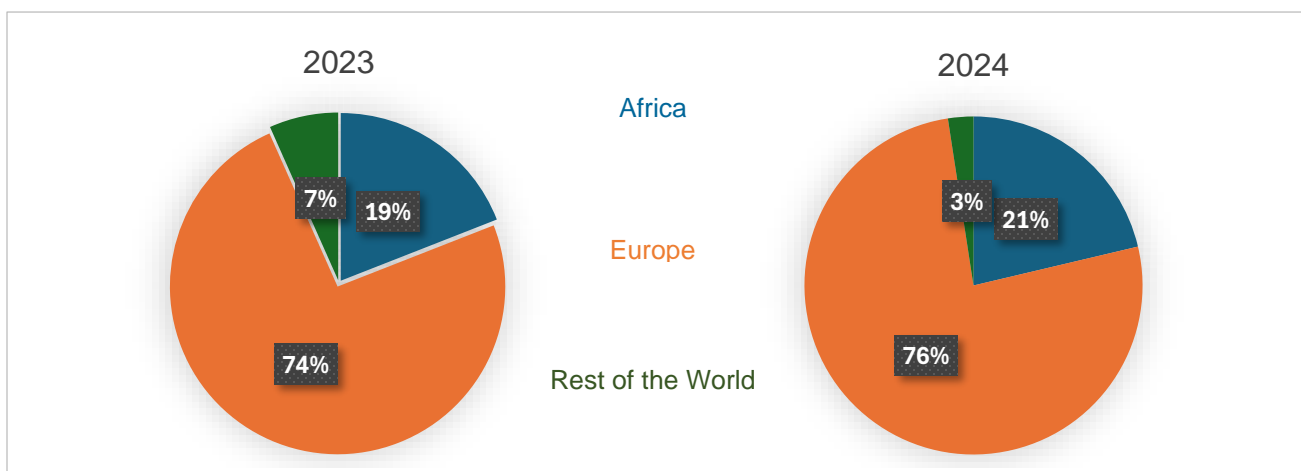
Conversely, the share of beef exports to the Rest of the World decreased significantly from 7% in 2023 to just 3% in 2024. This sharp decline indicates a reduction in market presence or demand from regions outside Africa and Europe. The reasons for this decline could include increased competition from other beef-exporting countries, changes in trade policies, or logistical challenges that may have hindered Namibia's ability to maintain its market share in these regions.

Exports to Africa also saw a change, albeit more modest, with the share slightly increasing from 19% in 2023 to 21% in 2024. This growth reflects the positive trend observed in the previous data, where there was a substantial increase in the volume of beef exported to African countries. The steady or slightly

increased share suggests that Africa remains a vital and growing market for Namibian beef, with opportunities for further expansion in regional trade.

Overall, the data highlights a clear shift towards European markets as the primary destination for Namibian beef exports, with a declining focus on markets outside Africa and Europe. This trend underscores the importance of Europe to Namibia's beef export strategy while also signaling potential challenges or opportunities in diversifying export markets beyond these two regions. Strengthening trade relations and addressing barriers in the Rest of the World could be crucial for Namibia to regain market share and ensure a more balanced distribution of its beef exports globally.

Figure 15: Namibia Beef Export Markets: Namibia Beef Export Markets



Source: Livestock and Livestock Products Board of Namibia

3. Analysis Of The Global Food Industry

3.1. FAO Price Indices

Figure 16 presents the FAO (Food and Agriculture Organization) Price Indices, tracking the trends in various food categories from July 2022 to June 2024. The indices include the Food Price Index, Meat Price Index, Dairy Price Index, Cereals Price Index, Oils Price Index, and Sugar Price Index, each reflecting the average price level of these commodities over the period. In June 2024, the FAO Food Price Index (FFPI) remained stable at 120.6 points.

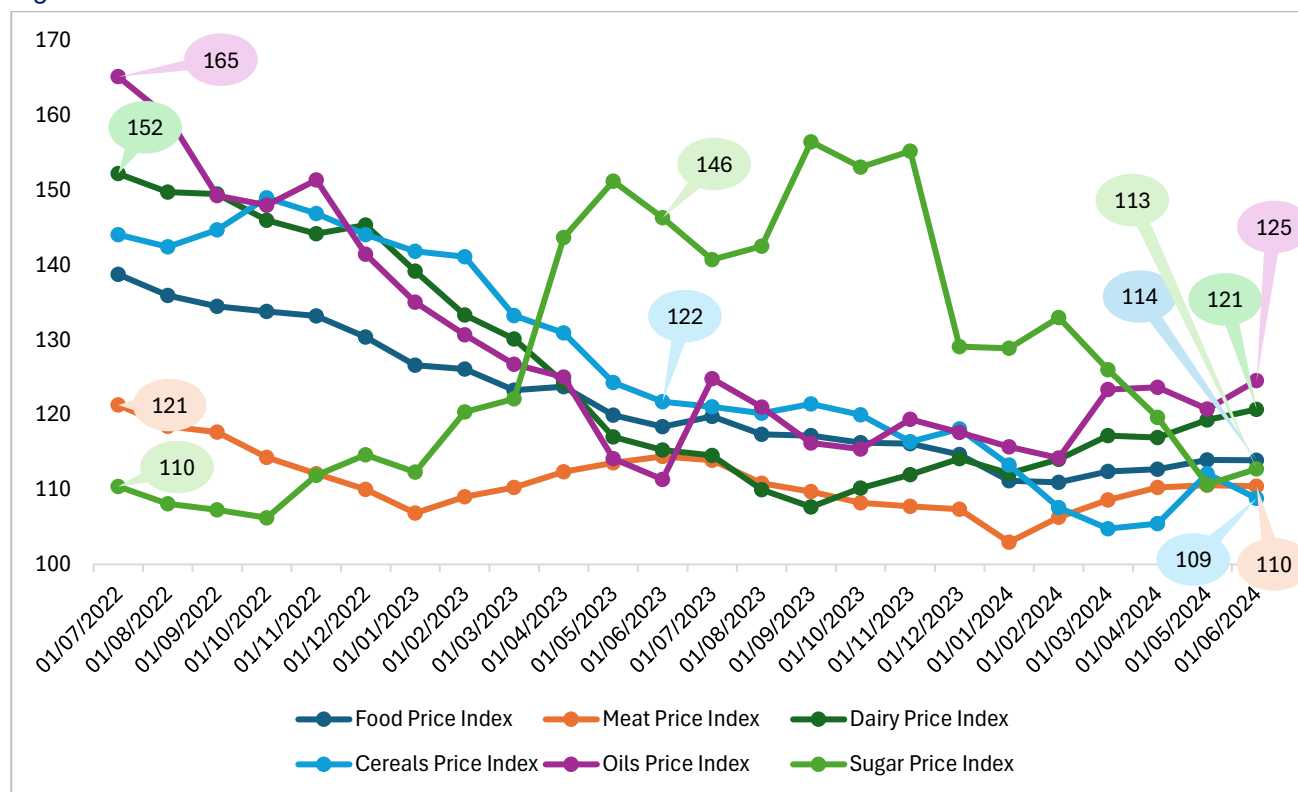
Key Observations:

- Food Price Index:** The overall Food Price Index experienced a gradual decline from 152 in July 2022 to 114 by June 2024. The index shows some fluctuations, but the general trend indicates a decrease in food prices over this period.

- **Meat Price Index:** Starting at 121 in July 2022, the Meat Price Index showed a relatively steady decline, reaching 110 by June 2024. This reflects a consistent reduction in meat prices across the observed period.
- **Dairy Price Index:** The Dairy Price Index was more volatile, starting at 110 in July 2022, peaking at 146 in May 2023, and then declining to 113 by June 2024. The fluctuations indicate varying market conditions affecting dairy prices, with a significant spike in mid-2023.
- **Cereals Price Index:** This index saw a steady decrease from 165 in July 2022 to 125 by June 2024. The drop suggests a reduction in cereal prices, despite some intermediate fluctuations.
- **Oils Price Index:** The Oils Price Index began at 122 in July 2022, fluctuated throughout the period, and eventually settled at 109 by June 2024. This indicates a general downward trend in oils prices, with some periods of volatility.
- **Sugar Price Index:** The Sugar Price Index also displayed fluctuations, starting at 121 in July 2022 and increasing slightly to 121 by June 2024, with a notable dip in between.

Overall, the indices suggest a downward trend in food prices across most categories over the two-year period, with some indices like Dairy and Cereals experiencing more volatility than others. The general decline in these indices could be attributed to various factors, including changes in global supply and demand, economic conditions, and possibly improved production and distribution efficiencies.

Figure 16: FAO Price Indices



Source: FAO

3.2. Fertilizer Prices

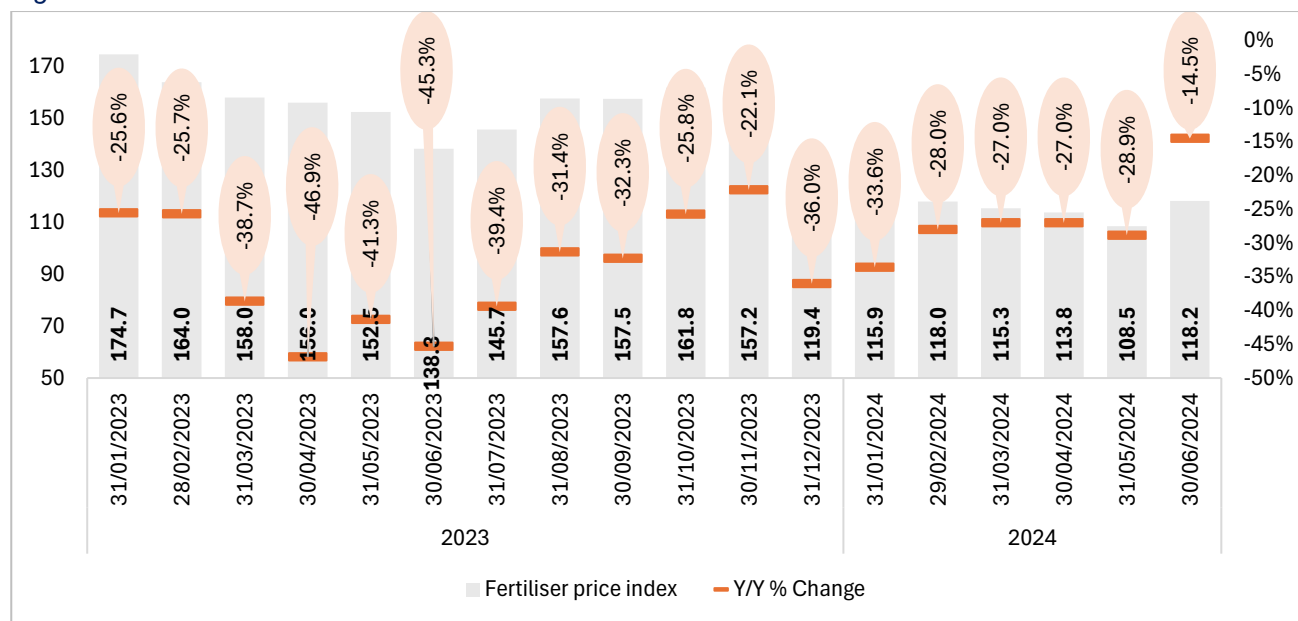
Figure 17 illustrates the Fertilizer Price Index and the year-on-year (y/y) percentage change for each month from January 2023 to June 2024. The graph shows a consistent decline in fertilizer prices throughout this period, reflecting a stabilization after the price surges experienced in 2022.

In January 2023, the Fertilizer Price Index was 174.7, with a significant year-on-year decrease of 25.5%. This downward trend continued over the year, with the index dropping to 138.3 by June 2023, representing a 45.3% decrease compared to June 2022. The most substantial decreases were observed in the first half of 2023, where the index showed reductions of over 40% year-on-year, indicating a sharp correction in fertilizer prices.

As the trend progressed into 2024, the Fertilizer Price Index continued to decline, albeit at a slower rate. By May 2024, the index had decreased to 108.5, marking a 28.9% reduction compared to May 2023. In June 2024, the index was recorded at 118.2, reflecting a 14.5% decrease year-on-year.

Overall, the consistent decline in the Fertilizer Price Index suggests that fertilizer prices are stabilizing after the significant increases seen in 2022. This stabilization is likely due to improved supply conditions, lower demand, or other market adjustments, providing some relief to agricultural producers who faced higher input costs during the peak price periods. The trend is positive for the agricultural sector, as it may lead to lower production costs and enhanced profitability.

Figure 17: Fertilizer Price Index



Source: World Bank

4. Risks to The Outlook of Prices

4.1 Confronting Inflation and Low Growth

The global economy proved to be more resilient than expected in the first half of 2023, but the growth outlook remains weak. With monetary policy becoming increasingly visible and a weaker-than-expected recovery in China, global growth in 2024 is projected to be lower than in 2023. While headline inflation has been declining, core inflation remains persistent, driven by the services sector and still relatively tight labour markets. Risks continue to be tilted to the downside. Inflation could continue to prove more persistent than anticipated, with further disruptions to energy and food markets still possible. A sharper slowdown in China would drag on growth around the world even further. Public debt remains elevated in many countries.

4.2. Energy Prices

A related risk is that adverse supply shocks in global commodity markets might reoccur. Food and energy prices have a large weight in the consumer price indices of many countries and are an important determinant of households' inflation expectations. Energy prices are a long way from their peaks in 2022 in the wake of geopolitical tensions between Russia and Ukraine, but energy markets remain tight and the potential for disruptions to supply in oil, coal and gas markets remains high. A renewed spike in energy prices would give new impetus to headline inflation and hurt growth in commodity-importing economies like Namibia. There is also a risk that a resurgence of food prices and shortages could worsen food security in several emerging which are not self-sufficient.

4.3 Exchange Rate Risks

Namibia is a net importer of food, meaning the price of these products is significantly influenced by the prevailing exchange rate, especially the rate between the Namibian dollar (NAD) and the US dollar (USD), a major trading currency. When the NAD appreciates, imports become relatively cheaper because fewer units of the domestic currency are needed in exchange for USD. Conversely, when the NAD depreciates, more NAD units are required for the same trade, making imports more expensive. Table 5 below presents the exchange rate between the USD and NAD monthly from January 2023 to the fifth month of 2024. In May 2024, the exchange rate had decreased to 18.42 USD/NAD as shown by figure 18, reflecting a 3.3% decrease compared to May 2023, and a month-on-month decrease of 2.4%. This follows a 19.05 USD/NAD, which was recorded in May 2022.

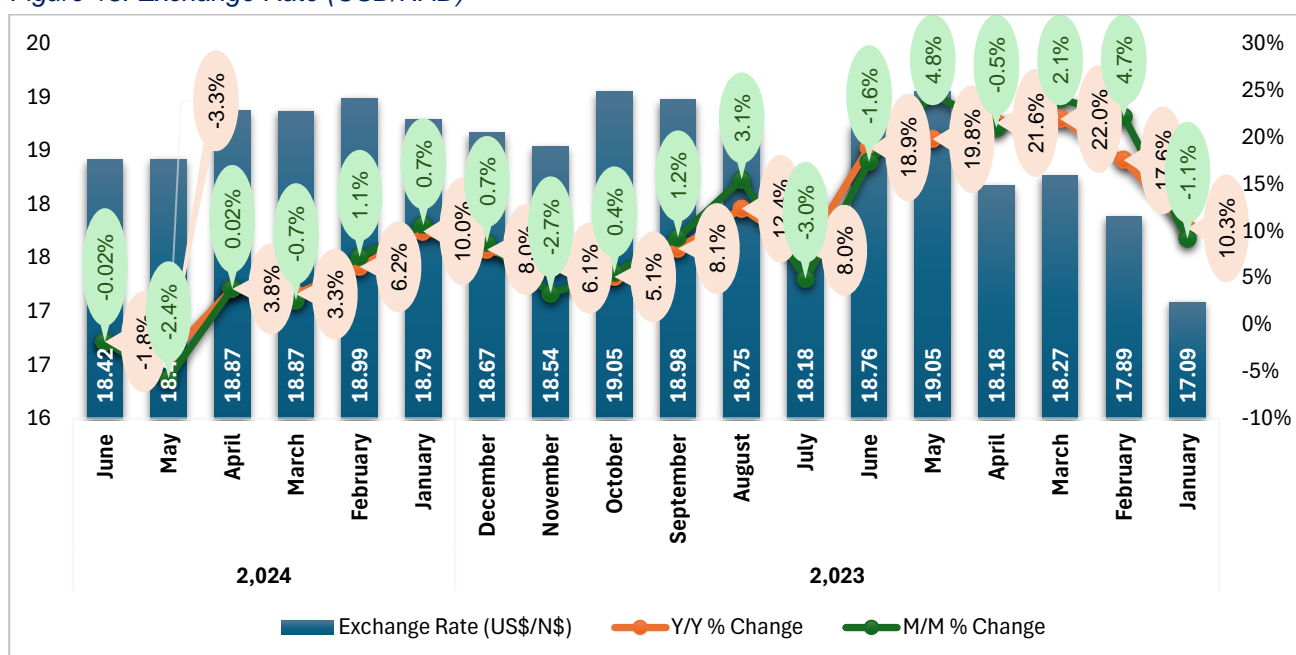
Figure 18 illustrates the exchange rate trends between the US Dollar (USD) and the Namibian Dollar (NAD) from January 2023 to June 2024, along with the percentage change in the exchange rate on a monthly basis.

Key Observations:

- **Exchange Rate Levels:** The exchange rate fluctuated between 17.06 and 19.89 NAD per USD over the period. The exchange rate was relatively stable during the first half of 2023, hovering around 18.3 NAD per USD, with minor monthly fluctuations. However, by December 2023, the exchange rate peaked at 19.89 NAD per USD, reflecting a significant depreciation of the Namibian Dollar against the US Dollar.
- **Percentage Changes:** The graph shows both positive and negative percentage changes, indicating periods of appreciation and depreciation of the NAD against the USD. The most notable appreciation occurred in December 2023, where the exchange rate increased by 21.6%. This was followed by a slight depreciation in January 2024 (-0.5%) and a further decrease in subsequent months, ending with a 1.1% drop in June 2024 when the exchange rate stood at 17.06 NAD per USD.
- **Volatility:** The exchange rate exhibited considerable volatility, particularly from the second half of 2023 onward. The sharp increases and subsequent decreases in the exchange rate indicate fluctuating market conditions, which could be influenced by various factors such as economic policies, global market trends, and domestic economic performance.

Overall, the graph depicts a period of significant exchange rate volatility, with the Namibian Dollar experiencing both appreciation and depreciation against the US Dollar. The peaks and troughs in the exchange rate suggest that the Namibian economy faced varying pressures during this time, which influenced the value of its currency relative to the US Dollar.

Figure 18: Exchange Rate (USD/NAD)



Source: BoN

5. Namibia Grapples with Intensifying Drought Conditions

Southern Africa is facing a severe drought crisis, with Namibia being one of the countries significantly affected. Prolonged high temperatures and minimal rainfall have caused critical soil moisture deficits and stressed vegetation across Southern Africa. The situation is so dire that several countries, including Namibia, Zimbabwe, Zambia, and Malawi, have declared states of emergency. Record-breaking temperatures, some of the highest since 1960, have exacerbated the situation by causing critically low water levels in the Zambezi River and disrupting vital ecosystems.

Namibia's Recurring Challenge

Drought is a recurring challenge for Namibia. The country has battled severe droughts in 2013, 2016, 2019, and now again in 2024. Each instance has resulted in significant economic impacts, particularly on the agricultural sector, which is the backbone of Namibia's economy. The 2019 drought alone caused nearly 100,000 livestock deaths and record-low agricultural production. This highlights the urgency of effective drought management and relief efforts.

Understanding the historical impact of droughts, the Namibian government is taking proactive measures. The Ministry of Agriculture, Water and Land Reform suggests that they are currently engaged in negotiations with South Africa regarding the revised veterinary import requirements for unprocessed

livestock feed such as hay and forage. This will be subject to the requirements as prescribed by the World Organisation for Animal Health (WOAH) and will allow farmers to supplement their animals' diet during dry periods. Furthermore, The Ministry has launched a drought mitigation plan running from July 1st, 2024, to June 30th, 2025. This plan aims to safeguard livelihoods and alleviate the impact on affected communities and farmers.

Figure 19: Drought Situation



Source: SARCOF-27 Seasonal Rainfall Outlook

6. What to Expect In 2024/2025: Food Security and Affordability

Food security and affordability continue to be significant concerns for consumers and governments in Namibia and many other countries, particularly in Africa, in 2024. The persistently high food prices, coupled with ongoing increases, pose challenges exacerbated by disruptions in food production, escalating interest rates, and a depreciating currency, leading to costly food imports. Namibians should brace themselves for challenging times unless there is government intervention. While First Capital can offer insights and forecasts based on historical data and current trends, it is crucial for readers to acknowledge that the accuracy of these predictions may vary due to unforeseen events, such as natural disasters, political instability, or pandemics, which can significantly impact global food and commodity prices and production.

Looking ahead to 2024 and beyond, the FAO predicts that global food prices are likely to remain elevated due to several factors:

Weather-Related Events: Extreme weather events, including droughts, floods, and wildfires, are expected to affect crop yields and food production. Climate change is likely to intensify the frequency and severity of such events, contributing to higher food prices.

Input Costs: The costs of energy (oil/fuel prices), fertilizers, and other inputs essential for food production have risen in recent years and are anticipated to continue increasing, exerting upward pressure on food prices.

Trade Restrictions: Limitations on global food and agricultural commodity availability due to trade restrictions, such as export bans and tariffs, can lead to higher prices.



Technology and Innovation: Advances in agricultural technology and innovation, such as precision farming and genetic engineering, have the potential to enhance food production and yields. However, factors like cost, access, and public perception may restrict the widespread adoption of these technologies.

7. Acute Food Insecurity Current Situation Overview

Between April and June 2024, about 1.2 million people in Namibia, or 40 percent of the population analysed, are expected to face severe food shortages and will need urgent help. Of these, around 34,000 people are in a state of emergency, while 1.2 million are in a crisis. Another 934,000 people are struggling but not in immediate danger, and 885,000 people have enough food for now.

In the same way, the food situation in Namibia is quite dire between July to September 2024. No one is expected to be at the worst level of starvation (Phase 5), but 85,000 people are in an emergency (Phase 4) and 1,350,000 people are in a crisis (Phase 3). Additionally, 842,000 people are struggling but not in immediate danger (Phase 2), while 745,000 people have enough food (Phase 1). This means nearly half the population needs urgent help, with many others also needing support to prevent their situation from getting worse. See figure 19 below.

Table 5: Integrated Food Security Phase Classification (IPC) Acute Food Insecurity Analysis April - September 2024

CURRENT SITUATION: APRIL– JUNE 2024		PROJECTED SITUATION: JULY – SEPTEMBER 2024	
 1.2M 40% of the population analysed People facing high acute food insecurity (IPC Phase 3 or above) IN NEED OF URGENT ACTION	Phase 5	0	People in Catastrophe
	Phase 4	34,000	People in Emergency
	Phase 3	1,169,000	People in Crisis
	Phase 2	934,000	People Stressed
	Phase 1	885,000	People in food security
 1.4M 48% of the population analysed People facing high acute food insecurity (IPC Phase 3 or above) IN NEED OF URGENT ACTION	Phase 5	0	People in Catastrophe
	Phase 4	85,000	People in Emergency
	Phase 3	1,350,000	People in Crisis
	Phase 2	842,000	People Stressed
	Phase 1	745,000	People in food security

Source: IPC acute food insecurity analysis April – September 2024

7.1 Acute food insecurity projections (July to September 2024)

Between July and September 2024, the projected food insecurity in Namibia indicates several regions will face severe challenges. In Erongo, half the population is projected to struggle but not be in immediate danger, while 20% will be in a crisis. Hardap is projected to have 40% in crisis and 10% in emergency conditions. Kavango East is projected to have 55% in crisis and 10% in emergency, while Kavango West will have 60% in crisis and 10% in emergency. Kharas is projected to have 45% in crisis but no emergencies. In Khomas Region, 35% will be in crisis, and another 35% will be stressed. Kunene is projected to have 50% in crisis and 5% in emergency. Ohangwena is projected to have 45% in crisis and 5% in emergency. Omaheke is projected to have 55% in crisis and 10% in emergency. Omusati is projected to face 55% in crisis. Oshana is projected to have 45% in crisis. Oshikoto is projected to have 50% in crisis. Otjozondjupa is projected to have 40% in crisis, while Zambezi will have 55% in crisis and 5% in emergency.

Table 6: IPC Acute Food Insecurity Analysis July – September 2024

Region	Population Analysed	Phase 1		Phase 2		Phase 3		Phase 4	
		#People	%	#People	%	#People	%	#People	%
Erongo	240,206	72,062	30	120,103	50	48,041	20	0	0
Hardap	106,680	26,670	25	26,670	25	42,672	40	10,668	10
Kavango East	218,421	32,763	15	43,684	20	120,132	55	21,842	10
Kavango west	123,266	18,490	15	18,490	15	73,960	60	12,327	10
Kharas	109,893	38,463	35	21,979	20	49,452	45	0	0
Khomas Region	494,605	148,382	30	173,112	35	173,112	35	0	0
Kunene	120,762	18,114	15	36,229	30	60,381	50	6,038	5
Ohangwena	337,729	84,432	25	84,432	25	151,978	45	16,886	5
Omaheke	102,881	15,432	15	20,576	20	56,585	55	10,288	10
Omusati	316,671	79,168	25	63,334	20	174,169	55	0	0
Oshana	230,801	57,700	25	69,240	30	103,860	45	0	0
Oshikoto	257,302	77,191	30	51,460	20	128,651	50	0	0
Otjozondjupa	220,811	55,203	25	77,284	35	88,324	40	0	0
Zambezi	142,373	21,356	15	35,593	25	78,305	55	7,119	5

Source: IPC acute food insecurity analysis April – September 2024

7.2 Acute food insecurity projections (April to June 2024)

From April to June 2024, the food security situation in Namibia showed significant challenges across various regions. In Erongo, half the population was struggling but not in immediate danger, while 20% were in a crisis. Hardap had 40% in crisis and 5% in emergency conditions. In Kavango East and West, 50% were in crisis, with 5-10% in emergency. Kharas, Khomas, and Oshana regions had around 30-40% of their populations in crisis but no emergencies. Kunene and Ohangwena had 35-45% in crisis. Omaheke

and Oshikoto had 45% in crisis and 5% in emergency. Omusati faced the highest crisis percentage at 50%. Otjozondjupa and Zambezi had about 30-45% in crisis. Overall, the data revealed that while a portion of the population was secure, a substantial number were in crisis or facing severe food shortages, highlighting the need for urgent intervention.

Table 7: IPC Acute Food Insecurity Analysis July – September 2024

Region	Population Analysed	Phase 1		Phase 2		Phase 3		Phase 4	
		People	%	People	%	People	%	People	%
Erongo	240,206	72,062	30	120,103	50	48,041	20	0	0
Hardap	106,680	26,670	25	32,004	30	42,672	40	5,334	5
Kavango East	218,421	43,684	20	54,605	25	109,211	50	10,921	5
Kavango West	123,266	24,653	20	24,653	20	61,633	50	12,327	10
Kharas	109,893	38,463	35	27,473	25	43,957	40	0	0
Khomas Region	494,605	173,112	35	173,112	35	148,382	30	0	0
Kunene	120,762	24,152	20	42,267	35	54,343	45	0	0
Ohangwena	337,729	101,319	30	118,205	35	118,205	35	0	0
Omaheke	102,881	20,576	20	30,864	30	46,296	45	5,144	5
Omusati	316,671	95,001	30	63,334	20	158,336	50	0	0
Oshana	230,801	80,780	35	57,700	25	92,320	40	0	0
Oshikoto	257,302	90,056	35	51,460	20	115,786	45	0	0
Otjozondjupa	220,811	66,243	30	88,324	40	66,243	30	0	0
Zambezi	142,373	28,475	20	49,831	35	64,068	45	0	0
								33,726	1

Source: IPC acute food insecurity analysis April – September 2024

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