

According to the NCPI, annual inflation stepped up to 4.6% in July from 4.3% in June on the back of higher food and housing & utilities inflation. Annual inflation averaged 6.0% over the last 12 months compared to 6.3% in the year-ended June 2010. On a monthly basis NCPI accelerated to 1.2% after increasing with 0.06% in June 2010.

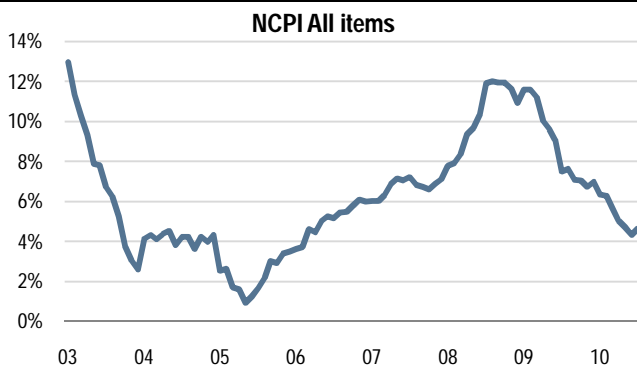
July food and non-alcoholic beverage annual inflation accelerated to 3.9% from 2.5% on higher staples and meat inflation. On a monthly basis the food component increased 1.0%, after reaching the trough in May and increasing 0.2% in June.

July annual transport inflation eased to 5.0% from 6.6% in June. The slowdown in purchase of vehicles (+4.0% from +5.4%) continued. Operation of personal transport equipment continued the downward trend to 6.2% from 10.0% in June and 13.4% May. On a monthly basis the transport component increased by 0.5% after recording deflation of 0.3% in June.

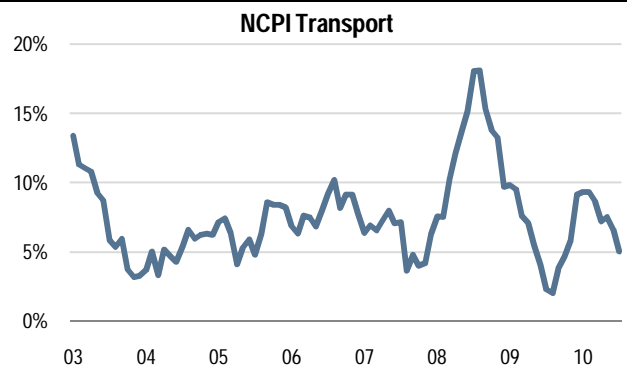
Housing and utilities annual inflation increased to 6.5% from 5.3%. This increase was on the back of the 18% tariff increase by NamPower which was effective from 1 July 2010. This tariff increase led housing and utilities CPI 9.3% higher on a monthly basis.

July annual goods inflation increased to 3.2% from 2.6% in June, while annual services inflation remained flat at 7.2% for the 3rd consecutive month.

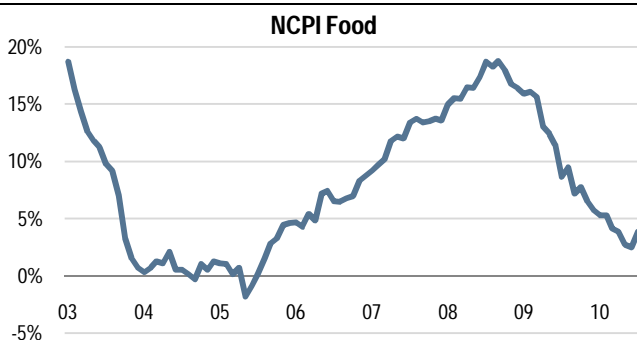
Annual percentage change	July '10	June '10	May '10
All items	4.6	4.3	4.7
Food	3.9	2.5	2.7
Alcohol & Tobacco	11.2	11.0	11.2
Clothing	3.0	4.9	6.5
Housing & Utilities	6.5	5.3	5.4
Hshld equipment & maintenance	1.9	1.8	1.9
Health	4.1	4.4	3.8
Transport	5.0	6.6	7.5
Communication	1.5	1.5	1.5
Recreation	4.1	5.0	5.7
Education	5.3	5.3	5.3
Hotels	7.1	8.7	8.7
Misc. G&S	3.1	3.1	3.7



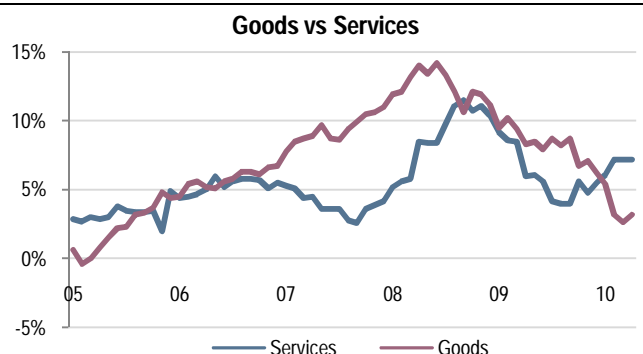
Source: NCP, SSS Research



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