

Inflation Monitor

February 2011

The Inflation rate at February 2011 was 3.7%. This rate was unchanged from January 2011. On average, the price increased by 0.7% between the two months. The following items recorded the highest inflation rate at February 2011. Oil and fats 15.2%, petrol price increased by 12.3%, electricity and other fuels 18.6%, telecommunication equipment 31% and primary/secondary education at 10.2%.

	Sep 10	Oct 10	Nov 10	Dec 10	Jan 11	Feb 11
CPI (AVERAGE)	3.2%	3.4%	3.6%	3.5%	3.7%	3.7%
FOOD	1.2%	0.5%	1.1%	1.4%	2.9%	3.5%
TRANSPORT	0.0%	1.8%	2.1%	1.6%	2.5%	2.6%
PUBLIC TRANSPORT	2.0%	2.6%	2.6%	2.3%	0.9%	2.4%
ADMINISTERED PRICES	7.1%	8.4%	8.9%	8.5%	9.6%	9.9%

MONTH ON MONTH INFLATION RATE AVERAGE CPI INFLATION BY PROVINCE

Province	Annual rate of inflation January 2011
Western Cape	+ 3.7%
Eastern Cape	+ 4.5%
Northern Cape	+ 3.8%
Free State	+ 4.4%
Kwazulu-Natal	+ 3.2%
North West	+ 3.5%
Gauteng	+ 3.6%
Mpumalanga	+ 3.7%
Limpopo	+ 2.9%

The following Provinces recorded an annual inflation rate lower than or equal to headline inflation were KZN (3.2%) Limpopo (2.9%) North West (3.5%) and Gauteng (3.6%)

The Provinces with an annual inflation rate higher than headline inflation were Free State (4.4%) Eastern Cape (4.5%) Northern Cape (3.8%) Western Cape (3.7%) and Mpumalanga (3.7%)

HOW TO READ INFLATION RATES

The inflation rate is generally presented as an annualised rate. This means that it records the change in prices over a period of 12 months. So when we say that the inflation rate in February 2011 was 3.7%, we mean that prices increased by 3.7% from February 2010 to February 2011.

Inflation rates tell you what has happened to prices already. They are not forecasts of future inflation. Having said that, looking at past inflation trends together with an understanding of what is happening to prices now can assist in making short term predictions.

(The March 2011 Inflation Figures will be released on the 20th April 2011)

All information available at www.statssa.gov.za

For more information please contact:

George Mthethwa

021 447 1677

084 423 5231

george@lrs.org.za

www.lrs.org.za

SELECTED ANNUALISED INFLATION INDICES 2007-2011

THE CONSUMER PRICE INDEX (CPI)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
2007	6%	5.7%	6.1%	7%	6.9%	7%	7%	6.7%	7.2%	7.9%	8.4%	9%	7.1%
2008	9.3%	9.8%	10.6%	11.1%	11.7%	12.2%	13.4%	13.7%	13.1%	12.1%	11.8%	9.5%	11.5%
2009	8.1%	8.6%	8.5%	8.4%	8.0%	6.9%	6.7%	6.4%	6.1%	5.9%	5.8%	6.3%	7.1%
2010	6.2%	5.7%	5.1%	4.8%	4.6%	4.2%	3.7%	3.5%	3.2%	3.4%	3.6%	3.5%	4.3%
2011	3.7%	3.7%											

Statistics South Africa

The consumer Price Index is known as the headline inflation rate and is also referred to as the official inflation rate. The month to month prices of over a thousand goods and services go into the calculation of CPI.

THE FOOD PRICE INDEX

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
2007	8.3%	7.9%	7.8%	8.7%	9.1%	9.4%	10.2%	11.3%	12.0%	12.4%	13.3%	13.9%	10.4%
2008	13.6%	14.4%	15.6%	15.8%	16.9%	18.2%	18.5%	19.2%	17.9%	17.2%	16.9%	16.8%	16.7%
2009	16.1%	15.8%	14.9%	13.6%	12.1%	9.8%	7.6%	6.1%	4.9%	4.9%	4.0%	2.7%	9.3%
2010	1.6%	1.0%	0.5%	0.3%	0.1%	0.0%	1.1%	1.5%	1.2%	0.5%	1.1%	1.4%	0.8%
2011	2.9%	3.5%											

Statistics South Africa

The food price index shows the increase in the price level of food products only, on a monthly basis. This rate is incorporated in the overall CPI inflation rate (CPI).

THE TRANSPORT PRICE INDEX

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
2007	4.5%	2.1%	4.3%	7.4%	7.1%	6.3%	4.2%	1.4%	3.1%	6.6%	8.1%	11.4%	5.5%
2008	10.7%	13.2%	16.1%	15.6%	16.7%	18.8%	23.5%	22.7%	20%	17.5%	14.5%	2.2%	15.9%
2009	0.1%	1.5%	0.9%	0.9%	0.5%	2.1%	3.4%	2.7%	-1.3%	-1.8%	0.6%	3.4%	1.6%
2010	6.2%	5.1%	4.2%	4.0%	3.5%	2.2%	1.1%	1.1%	0.0%	1.8%	2.1%	1.6%	
2011	2.5%	2.6%											

Statistics South Africa

The transport price index provides an indication of the increase in then price level of transport items in the basket of goods and services that make up the inflation index. This rate is incorporated in the overall CPI inflation rate.

THE ADMINISTERED PRICE INDEX

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
2008	12.7%	15.0%	16.6%	16.0%	16.7%	16%	21.3%	22%	20%	19.8%	17.4%	8.0%	16.7%
2009	1.4%	2.8%	2.8%	1.7%	0.0%	1.2%	0.4%	0.2%	3.2%	2.7%	4.0%	9.9%	2.5%
2010	14.5%	12.9%	11.2%	11.6%	12.1%	10.8%	8.6%	8.3%	7.1%	8.4%	8.9%	8.5%	10.2
2011	9.6%	9.9%											

Statistics South Africa

An administered price is defined as the price of a product, which is set consciously by an individual producer or group of producers and/or any price, which can be determined or influenced by government, either directly or through one or other government agencies/institution without reference to market forces. For example, school fees, telephone fees, electricity, trains petrol/paraffin, cell calls and public transport. This rate is incorporated into the overall CPI inflation rate.

OWNER'S EQUIVALENT RENT

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
2009	8.2%	8.9%	9.1%	8.8%	8.3%	7.1%	6.9%	6.6%	6.4%	6.0%	5.9%	6.5%	7.3%
2010	6.5%	5.8%	5.2%	4.9%	4.7%	4.4%	3.7%	3.4%	3.1%	3.4%	3.6%	3.5%	4.3%
2011	3.6%	3.7%											

Statistics South Africa

Owners' equivalent rent is measured by tracking actual rentals paid for dwelling. This rate is incorporated into the overall CPI inflation rate.