

Inflation Monitor

October 2010

Annualised inflation at October 2010 was slightly high than the previous month. Average CPI inflation rate was 3.4% at October compared to 3.2 % in September. On average, prices increased by 0.2% between September 2010 and October 2010. The increase in the transport component was mainly due to a 1.4% in the price of new vehicle and a 4cl increase in the price of petrol.

	Mar 10	April 10	May 10	June 10	July 10	Aug 10	Sep 10	Oct 10
CPI (AVERAGE)	5.1%	4.8%	4.6%	4.2%	3.7%	3.5%	3.2%	3.4%
FOOD	0.5%	0.3%	0.1%	0.0%	1.1%	1.5%	1.2%	0.5%
TRANSPORT	4.2%	4.0%	3.5%	2.2%	1.1%	1.1%	0.0%	1.8%
PUBLIC TRANSPORT	2.2%	3.4%	2.8%	2.0%	2.0%	2.6%	2.0%	2.6%
ADMINISTERED PRICES	11.2%	11.6%	12.1%	10.8%	8.6%	8.3%	7.1%	8.4%

AVERAGE CPI INFLATION BY PROVINCE

Province	Annual rate of inflation October 2010
Western Cape	+ 3.5%
Eastern Cape	+ 3.7%
Northern Cape	+ 2.9%
Free State	+ 4.2%
Kwazulu-Natal	+ 2.6%
North West	+ 2.9%
Gauteng	+ 3.3%
Mpumalanga	+ 3.2%
Limpopo	+ 3.5%

The following Provinces recorded an annual inflation rate lower than or equal to headline were KZN (2.6%) N.C (2.9%) N.W (2.9%) Mpumalanga (3.2%) and Gauteng (3.3%). The Provinces with an annual inflation rate higher than headline inflation were W.C (3.5%) Limpopo (3.5%) E.C (3.7%) and Free State (4.2%)

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 October 2010 was 3.4%, we mean that prices increased by 3.4% from October 2009 to October 2010.

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 SEPTEMBER 2010 INFLATION FIGURES WILL BE RELEASED ON THE 14th DECEMBER 2010
All information available at www.statssa.gov.za

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SELECTED ANNUALISED INFLATION INDICES 2007-2010

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%			

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%			

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%			

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%			

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%			

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.

