

Inflation Monitor

THE CONSUMER PRICE INDEX UNCHANGED AT 5.9% IN APRIL 2013

The headline Consumer Price Index for all urban areas annual inflation rate in April 2013 was 5.9%. This rate was the same as the corresponding annual rate of 5.9% in March 2013. On average, prices increased by 0.4% between March 2013 and April 2013. The inflation rate of 5.9 per cent in April 2013 was lower than the upper limit of the inflation target zone of 6 per cent.

Analyst had expected inflation rate to come down to 5.6 or 5.7% in April 2013.

The food and non-alcoholic beverages index decreased by 0, 5% between March 2013 and April 2013. The annual rate increased to 6.2% in April 2013 from 5.7% in March 2013.

Transport index increased by 0.5 percent, mainly due to a 12c/litre increase in the price of petrol. The annual rate decreased to 6.2 percent in April from 7.5 percent in March. Public transport annual rate decreased to 14.2% in April from 14.6% in March 2013.

Administered prices annual rate decreased to 8.9% in April from 10.6% in March 2013.

The Annual Inflation Rate (CPI) and selected price categories

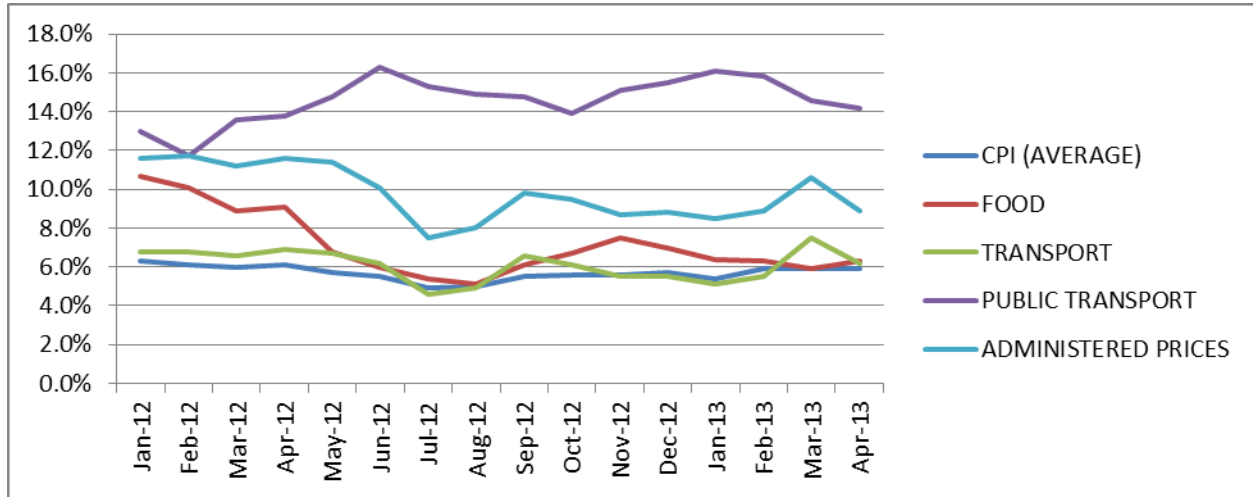
	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13
CPI	4.9%	5.0%	5.5%	5.6%	5.6%	5.7%	5.4%	5.9%	5.9%	5.9%
Food	5.4%	5.1%	6.1%	6.7%	7.5%	7.0%	6.4%	6.3%	5.9%	6.3%
Transport	4.6%	4.9%	6.6%	6.1%	5.5%	5.5%	5.1%	5.5%	7.5%	6.2%
Public Transport	15.3%	14.9%	14.8%	13.9%	15.1%	15.5%	16.1%	15.8%	14.6%	14.2%
Administered Prices	7.5%	8.0%	9.8%	9.5%	8.7%	8.8%	8.5%	8.9%	10.6%	8.9%

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The Monetary Policy Committee (MPC) meeting in March 2013, expected inflation rate to average 5.9% in 2013 compared to the previous forecast of 5.8% in January 2013. The main upside risk to the inflation outlook is the currency which has been quiet volatile in recent weeks. Inflation may, however, be contained to some extent by the oil price, which has been declining the past few weeks

INSIDE INFLATION

Let us look inside inflation into price movements within average CPI. We see that public transport, administered prices, have been increasing at a faster rate than average inflation.



We see that the rise in the cost of housing and utilities is clearly being driven by rising water and electricity prices. The rise in transport costs is being driven by rising petrol and public transport prices. The cost of living still remains high and these cost increases is exceeding the inflation rate. Poor household are still under great pressure from the below increases.

<i>Product Groups</i>	<i>Weighting in CPI (%)</i>	<i>Increase</i>	<i>Sub-group (weighting), increase</i>
Food	14.20	+6.3%	Price increases are generalised in the food group, although the price of meat and oils & fats increased at the fastest rate.
Housing & Utilities	24.52	+5.8%	Water (2.85) +9.2%, Electricity (4.18) +10.0%
Transport	16.43	+6.2%	Petrol (5.68) +10.4% Public Transport (3.20) +14.2%
Education	2.95	+9.0%	Primary, secondary and tertiary education
Restaurants & Hotels	3.50	+5.9%	Restaurants (2.54) +6.2% Hotels (0.96) +5.5%
Miscellaneous	14.72	+7.5%	Insurance (9.92) +8.5%

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The table below shows how the different product groups contributed to the average inflation rate of 5.9% April 2013.

Contribution of different groups to the monthly % change in CPI headline

	Feb-13	Mar-13	Apr-13
Food and non-alcoholic beverages	-0,1	0.0	0.1
Alcoholic, Beverages & Tobacco	0.0	0.2	0.1
Housing and utilities	0.0	0.2	0.0
Transport	0.2	0.4	0.1
Education	0.0	0.3	0.0
Miscellaneous goods and services	0.8	0.0	0.1
Residual	0.1	0.1	0.0
All Items	1.0	1.2	0.4

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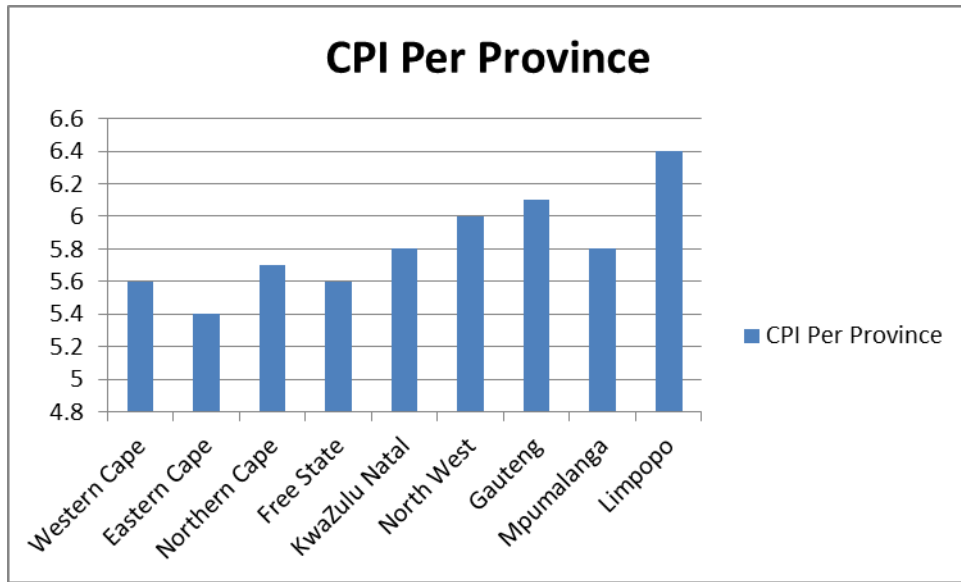
Inflation rate by expenditure group

Quintiles	Groups	Monthly expenditure	Inflation rate April 2013
Headline CPI		Average	5.9%
1	Very low	Up to R1783 per month	6.8%
2	Low	R1783 up to R2979 per month	6.4%
3	Middle	R2979 up to R5135 per month	6.5%
4	High	R5135 up to R11840 per month	6.5%
5	Very high	R11840 and more	5.7%

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The table above provides a picture of the inflation rate for different expenditure groups from the lowest income to highest income and the impact of inflation rate for these groups. The very low group experienced an inflation rate of 6.8%, higher than headline inflation rate of 5.9%, while the very high expenditure group had an inflation rate of 5.7% that was lower than the recorded inflation rate of 5.9%.

Inflation rate by Province



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The following Provinces recorded an annual inflation rate lower than or equal to headline inflation were KwaZulu-Natal (5.8%) Mpumalanga (5.8%) Northern Cape (5.7%) Western Cape (5.6%) Free State (5.6%) and Eastern Cape (5.4%)

The provinces with an annual inflation rate higher than headline inflation were Limpopo (6.4%) Gauteng (6.1%) and North West (6.0%)

HISTORICAL INFLATION TABLES

THE CONSUMER PRICE INDEX (CPI)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
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%	4.1%	4.2%	4.6%	5.0%	5.3%	5.3%	5.7%	6.0%	6.1%	6.1%	5.0%
2012	6.3%	6.1%	6.0%	6.1%	5.7%	5.5%	4.9%	5.0%	5.5%	5.6%	5.6%	5.7%	5/6%
2013	5.4%	5.9%	5.9%	5.9%									

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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.
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%	5.1%	4.8%	6.3%	7.3%	7.5%	7.3%	8.7%	11.0%	11.1%	11.6%	7.2%
2012	10.7%	10.1%	8.9%	9.1%	6.8%	6.0%	5.4%	5.1%	6.1%	6.7%	7.5%	7.0%	7.4%
2013	6.4%	6.3%	5.9%	6.3%									

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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

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
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%	2.7%
2011	2.5%	2.6%	3.3%	3.4%	3.8%	5.2%	5.3%	8.5%	9.6%	6.7%	6.9%	7.0%	5.4%
2012	6.8%	6.8%	6.6%	6.9%	6.7%	6.2%	4.6%	4.9%	6.6%	6.1%	5.5%	5.5%	6.1%
2013	5.1%	5.5%	7.5%	6.2%									

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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

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
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%	10.9%	10.7%	11.3%	12.0%	11.7%	11.9%	12.5%	13.3%	13.4%	12.7%	11.6%
2012	11.6%	11.7%	11.2%	11.6%	11.4%	10.1%	7.5%	8.0%	9.8%	9.5%	8.7%	8.8%	10.0%
2013	8.5%	8.9%	10.6%	8.9%									

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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.

The May 2013 inflation rate document will be released on the 19th June 2013.

All information available at www.statssa.gov.za

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