

Inflation Monitor

(CPI) CONSUMER PRICE INDEX ROSE BY 5.9% IN FEBRUARY 2014



The Consumer Price Index increased by 5.9% in February from 5.8% recorded in January 2014. The 5.9% was just 0.1% below the South African Reserve Bank target ceiling of 6%. On average, price increased by 1.1% between January and February 2014. Food, Petrol and health insurance contributed to the increased of inflation this month.

The **food** inflation annual rate increased to 5.6% in February 2014 from 4.3% in February 2013. Bread and cereal products increased by 7.4%, meat 3.4%, fish 7.4%, milk, eggs and cheese 6.3%, vegetables 7.2% and alcohol and beverages 7.0%.

The **transport** index increased by 1.5% between January 2014 and February 2014, mainly due to the petrol price increased by 39c/l in February resulting in a 2,9% monthly increase in the petrol index. This takes annual petrol inflation to 14,0% for the past 12 months. The annual rate increased to 8,0% in February 2014 from 7,8% in January 2014. The public transport price index rose by 4.6% in February from 4.4% recorded in January 2014.

The administrator's price decreased by 9.1% compared to 9.3% recorded in January 2014.

Miscellaneous goods and services index rose by 4.7% between January and February 2014, mainly due to an 8.3% increase in health insurance. The annual rate decreased to 6.2 per cent in February 2014 from 7.0 per cent in January 2014.

The Annual Inflation Rate (CPI) and selected price categories

	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
CPI	5.9%	5.9%	5.9%	5.6%	5.5%	6.3%	6.4%	6.0%	5.5%	5.3%	5.4%	5.8%	5.9%
Food	6.3%	5.9%	6.3%	6.4%	7.0%	7.1%	7.4%	6.0%	4.2%	3.7%	3.5%	4.3%	5.6%
Transport	5.5%	7.5%	6.2%	3.7%	3.7%	8.2%	8.7%	6.9%	6.2%	5.8%	6.3%	7.8%	8.0%
Public Transport	15.8%	14.6%	14.2%	13.8%	7.2%	6.8%	6.9%	7.1%	7.1%	5.7%	4.5%	4.4%	4.6%
Administered Prices	8.9%	10.6%	8.9%	6.3%	7.5%	11.1%	11.1%	8.9%	7.8%	7.3%	7.8%	9.3%	9.1%

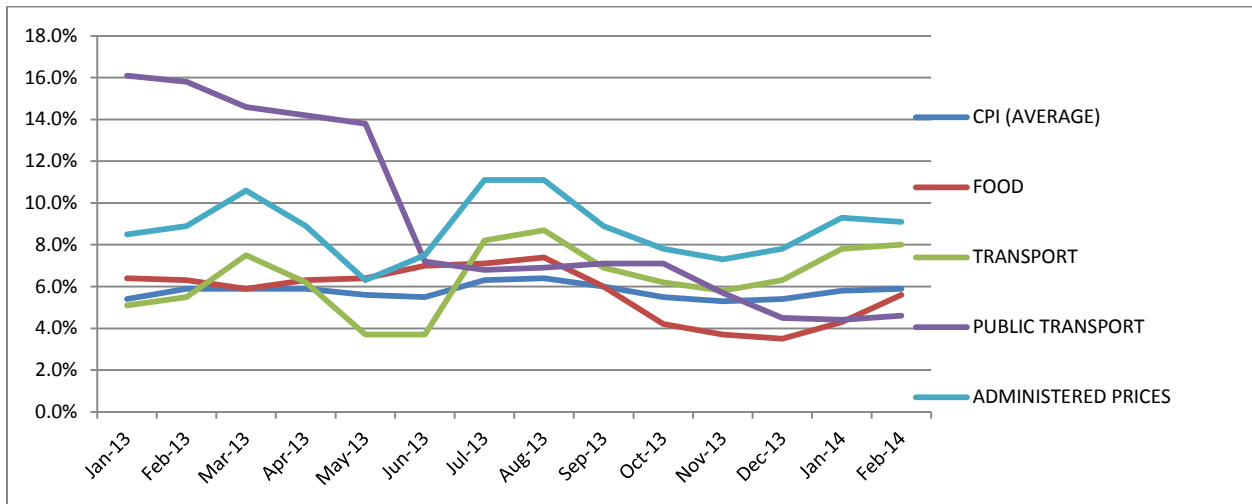
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*The inflation outlook remains poor with CPI expected to breach the upper end of the Reserve Bank's target range in next month's figure. CPI is expected to remain above the range into the first half of 2015 due to a weaker rand and higher food prices. **Nedbank***

*"The inflation outlook remains poor in the short term, as the rand is still vulnerable despite its recent strengthening. However, we believe that the weaker growth picture may convince the MPC [Reserve Bank's Monetary Policy Committee] to keep rates on hold this week, but there is a possibility of another 50 basis points hike towards mid-year as inflation rises above the 6% upper target," **Nedbank***

INSIDE INFLATION

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

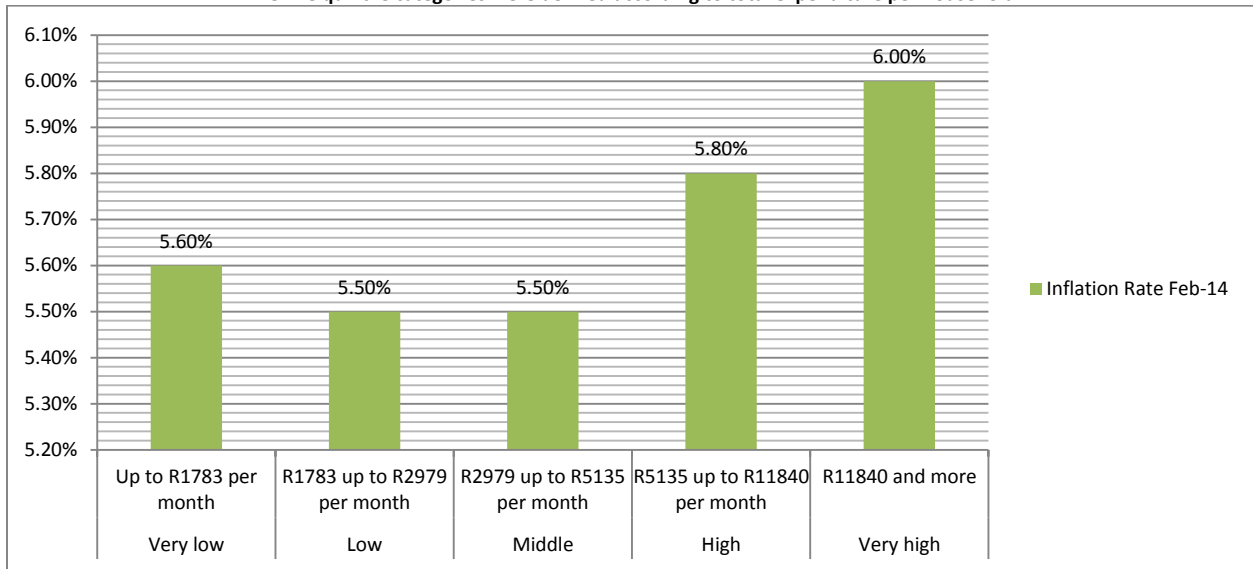


We see that the rise in the cost of housing and utilities is clearly being driven by rising water and electricity prices. The rise in transport costs is being driven by rising petrol and public transport prices.

Product Groups	Weighting in CPI (%)	Increase	Sub-group (weighting), increase
Food	14.20	+5.6%	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	+5.5%	Water (2.85) +8.0%, Electricity (4.18) +7.5%
Transport	16.43	+8.0%	Petrol (5.68) +14.0% Public Transport (3.20) +4.6%
Education	2.95	+9.0%	Primary, secondary and tertiary education
Restaurants & Hotels	3.50	+7.7%	Restaurants (2.54) +6.7% Hotels (0.96) +10.8%
Miscellaneous	14.72	+6.2%	Insurance (9.92) +7.0%

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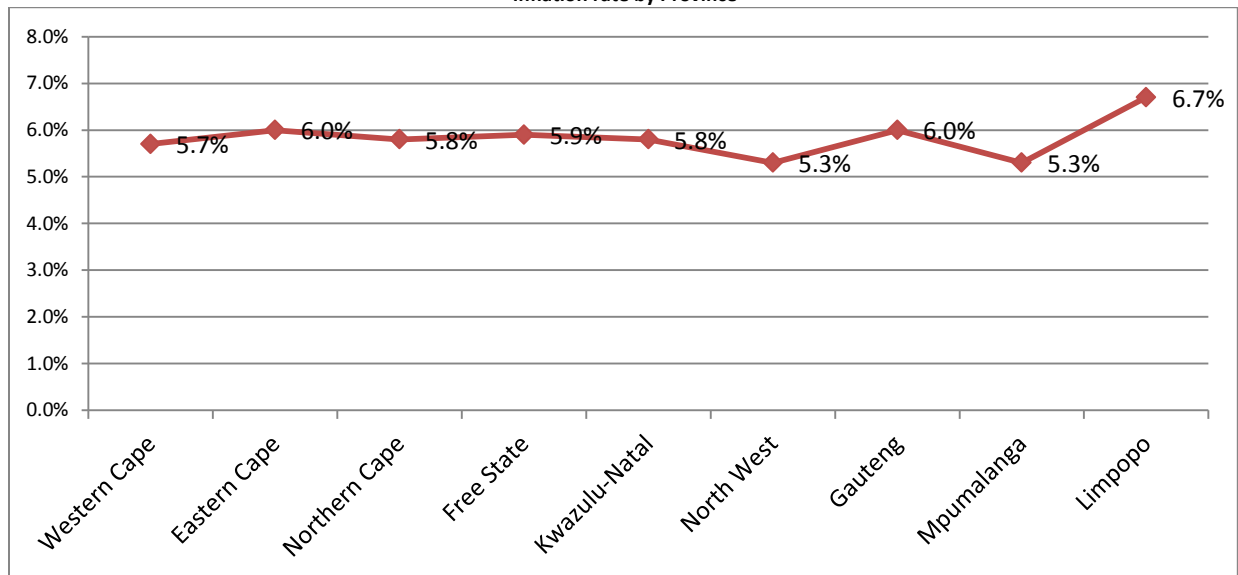
The five quintile categories were defined according to total expenditure per household



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The boundaries of the quintiles were obtained by calculating the quintiles (five equal groups) of the total number of households in South Africa and selecting the total expenditure of the top household (ranked according to expenditure) as the expenditure cut-off point in each of the quintiles.

Inflation rate by Province



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The provinces with an annual inflation rate lower than or equal to headline inflation were Free State (5,9%), Northern Cape (5,8%), Kwazulu-Natal (5,8%), Western Cape (5,7%), North West (5,3%) and Mpumalanga (5,3%).

The provinces with an annual inflation rate higher than headline inflation were Limpopo (6,7%), Eastern Cape (6,0%) and Gauteng (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%	5.6%	5.5%	6.3%	6.4%	6.0%	5.5%	5.3%	5.4%	5.7%
2014	5.8%	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%	6.4%	7.0%	7.1%	7.4%	6.0%	4.2%	3.7%	3.5%	5.8%
2014	4.3%	5.6%											

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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%	3.7%	3.7%	8.2%	8.7%	6.9%	6.2%	5.8%	6.3%	6.1%
2014	7.8%	8.0%											

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

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%	6.3%	7.5%	11.1%	11.1%	8.9%	7.8%	7.3%	7.8%	8.7%
2014	9.3%	9.1%											

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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 March 2014 CPI document will be released on the 23rd April 2014.

All information available at www.statssa.gov.za

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