

**LRS INFLATION MONITOR FEBRUARY 2015**



## CPI DECLINED TO 3.9% IN FEBRUARY 2015

### KEY FINDINGS

South Africa consumer inflation slowed slightly to 3.9% year-on-year in February from 4.4% in the month before. On a month-on-month basis, prices rose 0.6% in February 2015.

This is the lowest CPI result for over four years and has largely been driven by February's 8.5% decrease in the petrol price. This decline in inflation does not mean that those prices are lower but it means that the pace at which prices are rising is slower than the previous year/month.

**Food inflation** has also slowed down to (6.5%) in February 2015 from (6.6%) in January 2015. The main driver of the declining food inflation were fruits (-7,3%) and meat (-0,1%). The following component in the food index increased: fish (1.9%), bread and cereals (1.4%), oil and fats (1.4%), vegetables (0.5%), eggs and cheese (0.7%) and other food products (0.4%)

Alcohol, beverages and tobacco index increased by 1.0% between January and February 2015. The annual rate increased by 8.2% in February 2015 from 7.4% in January 2015

**The transport price** decline by 2.5% between January 2015 and February 2015 mainly due to a 93c litre decrease in the price of petrol. The annual rate decreased to -6.3% in February 2015 from -2.5% in January 2015.

**The miscellaneous good and service** index increased by 5.2% between February 2015 and January 2015 mainly due to a 9.0% increase in health insurance. The annual rate increased to 7.8% in February 2015 from 7.3% in January 2015

**The Restaurant and Hotels index** increased by 0.2% between January and February 2015. The annual rate declined to 7.0% in February 2015 from 7.4% in January 2015.

### THE ANNUAL INFLATION RATE (CPI) AND SELECTED PRICE CATEGORIES

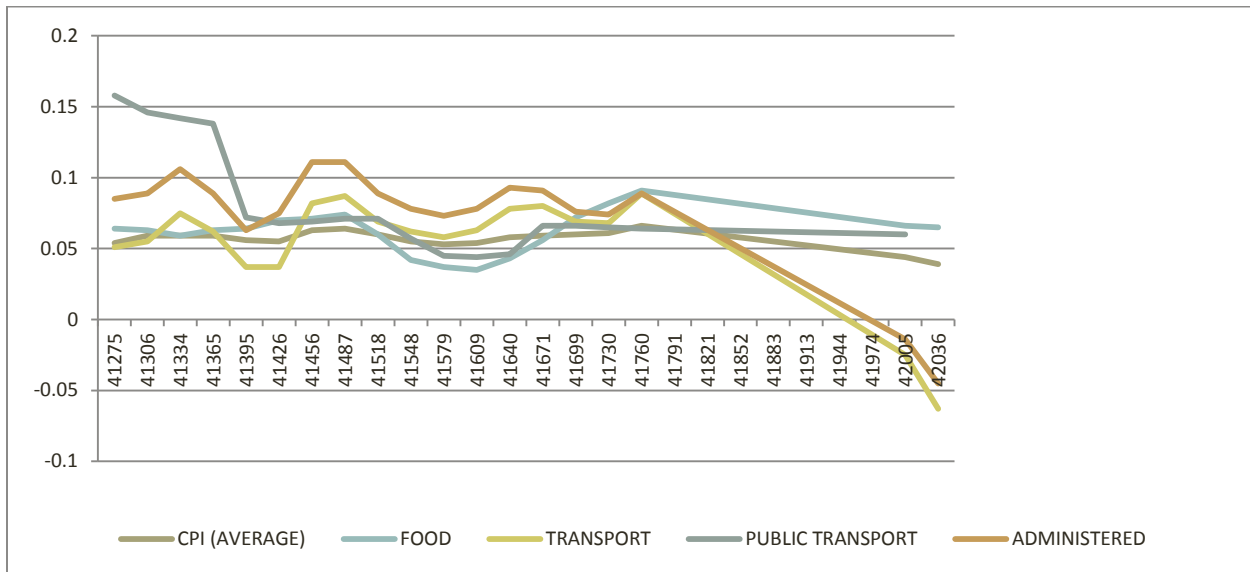
	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
<b>CPI</b>	5.9%	6.0%	6.1%	6.6%	6.6%	6.3%	6.4%	5.9%	5.9%	5.8%	5.3%	4.4%	3.9%
<b>Food</b>	5.6%	7.2%	8.2%	9.1%	9.2%	9.0%	9.5%	8.7%	8.0%	7.7%	7.4%	6.6%	6.5%
<b>Transport</b>	8.0%	6.9%	6.8%	8.9%	8.6%	6.9%	6.1%	4.2%	4.8%	4.2%	1.7%	-2.5%	-6.3%
<b>Public Transport</b>	4.6%	6.6%	6.6%	6.5%	6.6%	6.8%	6.7%	7.5%	7.8%	7.8%	6.7%	6.4%	6.0%
<b>Administered Prices</b>	9.1%	7.6%	7.4%	8.9%	8.6%	7.0%	6.2%	4.7%	5.1%	4.8%	2.6%	-1.4%	-4.5%

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The recent increase in the petrol price in March and possible increases in April might cause the inflation rate to rise again. Most economists expect inflation rate to be between 3.5% and 4% in June 2015.

### INSIDE INFLATION

Let us look inside inflation into price movements within average CPI. We see that in February 2015, **food (6.5%)** and **public transport (6.0%)** inflation rate were higher than the annual average **inflation (3.9%)**

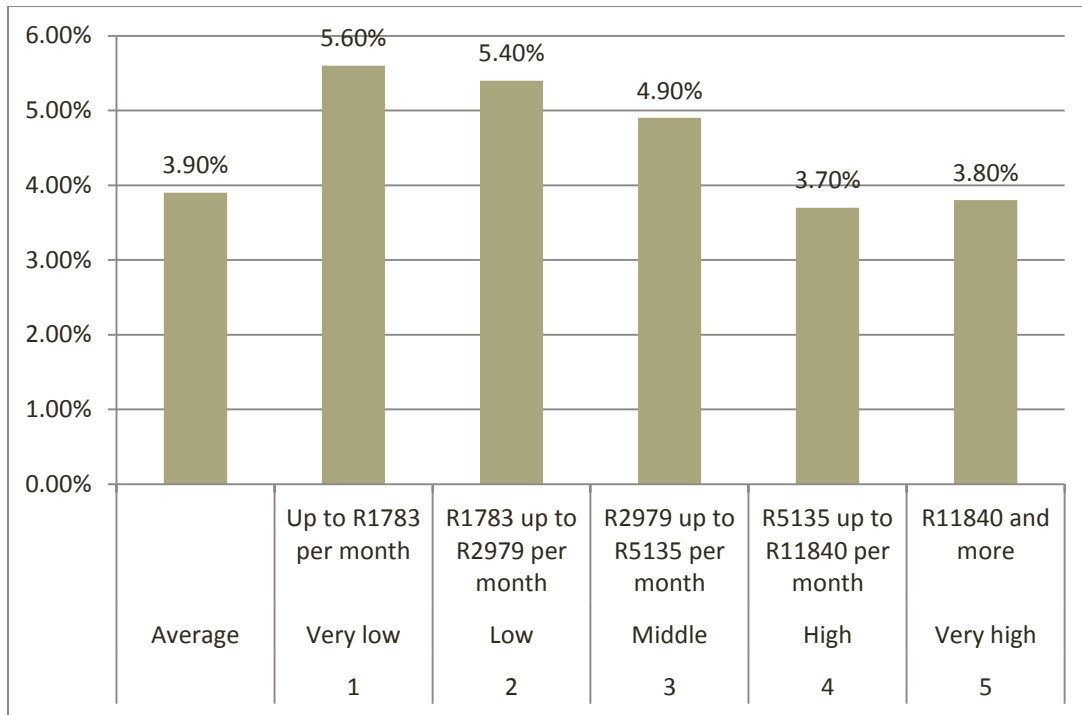


We see that education had the highest annual inflation rate followed by restaurant and miscellaneous. Transport annual inflation rate slowed down due decreased in petrol price.

Product Groups	Weighting in CPI (%)	Increase	Sub-group (weighting), increase
<b>Food</b>	14.20	+6.5%	Price increases are generalised in the food group, although the price of meat and oils & fats increased at the fasted rate.
<b>Housing &amp; Utilities</b>	24.52	+5.6%	Water (2.85) +8.5%, Electricity (4.18) +7.0%
<b>Transport</b>	16.43	-6.3%	Petrol (5.68) -26.7% Public Transport (3.20) +6.0%
<b>Education</b>	2.95	+8.7%	Primary, secondary and tertiary education
<b>Restaurants &amp; Hotels</b>	3.50	+7.0%	Restaurants (2.54) +8.3% Hotels (0.96) +3.5%
<b>Miscellaneous</b>	14.72	+7.8%	Insurance (9.92) +8.7%
<b>Health</b>	1.46	+5.9%	Medical Products (0.74) +5.2% Medical Services (0.72) +6.5%

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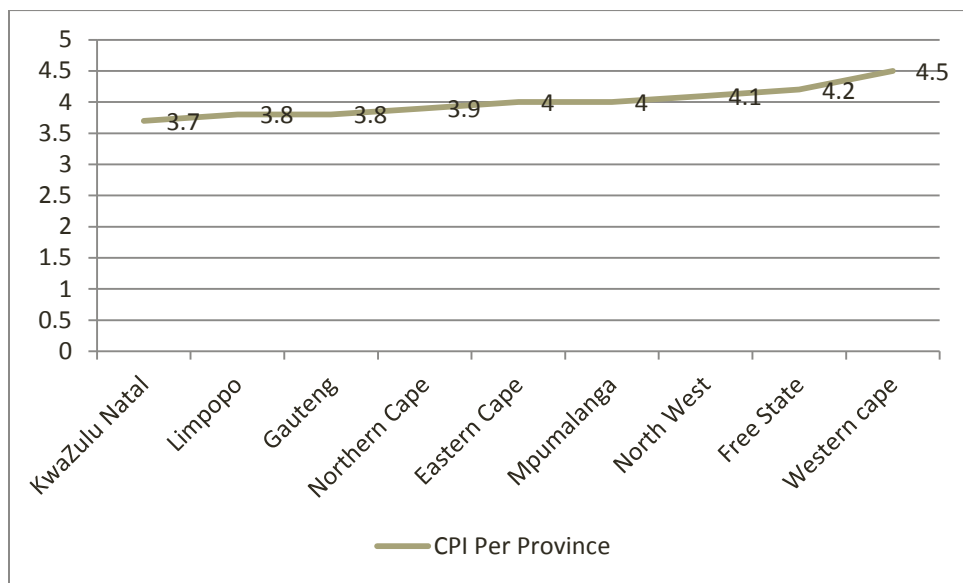
**CONSUMER PRICE INDEX (CPI) PER EXPENDITURE QUANTILE FEBRUARY 2015**



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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. Currently inflation is higher in the very low, low and middle expenditure groups. These are the groups where most lower paid workers are found. The very low expenditure groups spend about 40% to 45% of income on food compared with 10% by the very high expenditure groups.

### PROVINCIAL INFLATION RATE FEBRUARY 2015



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The province with annual inflation rate lower than or equal to headline inflation were Northern Cape 3.9%, Gauteng 3.8%, Limpopo 3.8%, and KwaZulu-Natal 3.7%

The provinces with an annual inflation rate higher than headline inflation were Eastern Cape 4.0%, Mpumalanga 4.0%, North West 4.1%, Free State 4.2% and Western Cape 4.5%

## 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%	6.0%	6.1%	6.6%	6.6%	6.3%	6.4%	5.9%	5.9%	5.8%	5.3%	6.1%
2015	4.4%	3.9%											

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.
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%	7.2%	8.2%	9.1%	9.2%	9.0%	9.5%	8.7%	8.0%	7.7%	7.1%	8.1%
2015	6.6%	6.5%											

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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%	6.9%	6.8%	8.9%	8.6%	6.8%	6.1%	4.2%	4.8%	4.2%	1.7%	6.1%
2015	-2.5%	-6.3%											

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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%	6.3%	7.5%	11.1%	11.1%	8.9%	7.8%	7.3%	7.8%	8.7%
2014	9.3%	9.1%	7.6%	7.4%	8.9%	8.6%	7.0%	6.2%	4.7%	5.1%	4.8%	2.6%	6.5%
2015	-1.4%	-4.5%											

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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 2015 CPI DOCUMENT WILL BE RELEASED ON THE 22<sup>nd</sup> April 2015**

All information available at [www.statssa.gov.za](http://www.statssa.gov.za)

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