

# INFLATION MONITOR JANUARY 2016

## The Consumer Price Index (CPI) increased to 6.2% in January 2016

The term inflation means a sustained increase in the general level of prices for goods and services. It is measured as an annual percentage increase (for example January 2015 to January 2016).

The year-on-year inflation rate as measured by the Consumer Price Index (CPI) rose to 6.2% in January 2016 up from 5.2% recorded in December 2015.

The **Food price** increased to 7.0% in January 2016 from 5.8% in December 2015.

**Transport inflation** increased to 5.5% in January 2016 from 1.9% in December 2015.

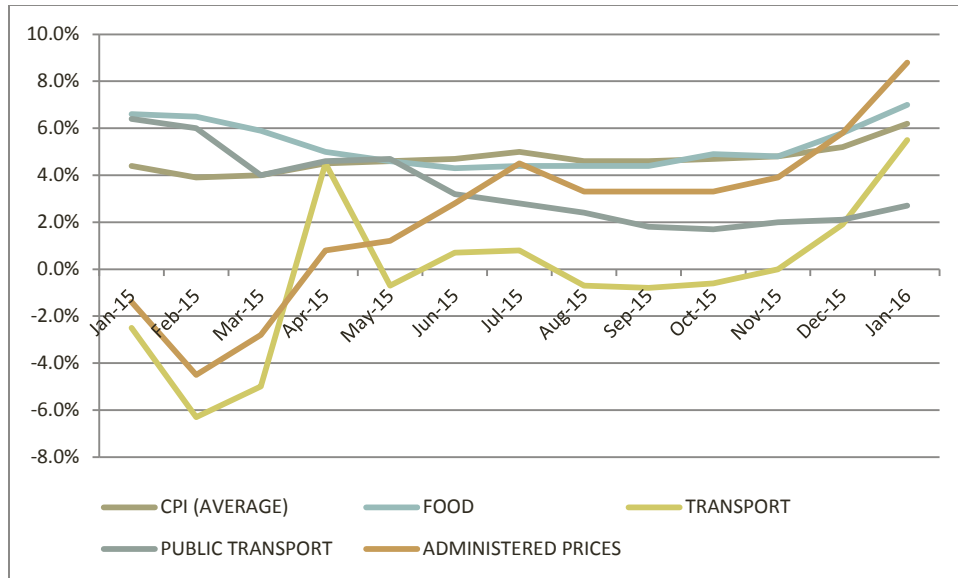
**Public transport inflation** increased to 2.7% in January 2016 from 2.1% in December 2015. (Buses, trains, and other forms of transport that are available to the public, charge set fares, and run on fixed routes).

**Administrator's price** (school fees, telephone fees, electricity, trains, and petrol/paraffin) was 8.8% in January 2016 compared to 5.8% recorded in December 2015.

## The Annual Inflation Rate (CPI) and Selected Price Categories

	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16
<b>CPI</b>	4.5%	4.6%	4.7%	5.0%	4.6%	4.6%	4.7%	4.8%	5.2%	6.2%
<b>Food</b>	5.0%	4.6%	4.3%	4.4%	4.4%	4.4%	4.9%	4.8%	5.8%	7.0%
<b>Transport</b>	-1.1%	-0.7%	0.7%	0.8%	-0.7%	-0.8%	-0.6%	0.0%	1.9%	5.5%
<b>Public Transport</b>	4.6%	4.7%	3.2%	2.8%	2.4%	1.8%	1.7%	2.0%	2.1%	2.7%
<b>Administered Prices</b>	0.8%	1.2%	2.8%	4.5%	3.3%	3.3%	3.3%	3.9%	5.8%	8.8%

Source: Statistics South Africa



Source: Statistics South Africa

### Consumer Price Index (CPI) Per Expenditure Quintile

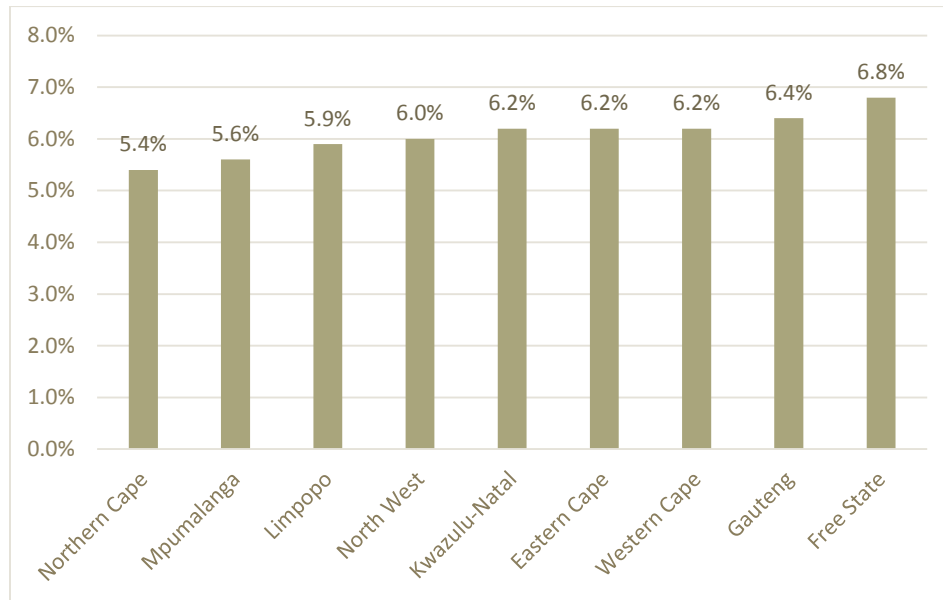
Statistic South Africa divides household monthly expenditure into five quintiles.

Quintiles	Groups	Monthly expenditure	Inflation Rate Jan-2016
<b>Average annual CPI</b>			<b>6.2%</b>
1	Very low	Up to R1783 per month	6.6%
2	Low	R1783 up to R2979 per month	6.3%
3	Middle	R2979 up to R5135 per month	6.2%
4	High	R5135 up to R11840 per month	6.3%
5	Very high	R11840 and more	6.2%

Source: Statistics South Africa

The table above shows that there's a different inflation rate for different groups of quintiles. Inflation is higher in the 'very low' quintile at 6.6% followed by the 'low' at 6.3%. This is higher than the average inflation rate of 6.2%. Thus the inflationary effect for lower income household is greater than household that earn 'high' and very high income.

### Regional Inflation Rate January 2016



Source: Statistics South Africa

The province with annual inflation rate **lower than or equal to headline inflation** were Northern Cape (5.4%), Mpumalanga (5.6%), Limpopo (5.9%), North West (6.0%), KwaZulu-Natal (6.2%), Eastern Cape (6.2%), and Western Cape (6.2%).

The provinces with an annual inflation rate **higher than headline inflation** were Gauteng (6.4%) and Free State (6.8%).

### HISTORICAL INFLATION TABLES

#### The Consumer Price Index (CPI)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
2015	4.4%	3.9%	4.0%	4.5%	4.6%	4.7%	5.0%	4.6%	4.6%	4.7%	4.8%	5.2%	4.6%
2016	6.2%												

Source: 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.
2015	6.6%	6.5%	5.9%	5.0%	4.6%	4.3%	4.4%	4.4%	4.4%	4.9%	4.8%	5.8%	5.8%
2016	7.0%												

Source: 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**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
2015	-2.5%	-6.3%	-5.0%	4.5%	-0.7%	0.7%	0.8%	-0.7%	-0.8%	-0.6%	0.0%	1.9%	1.9%
2016	5.5%												

Source: 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.
2015	-1.4%	-4.5%	-2.8%	0.8%	1.2%	2.8%	4.5%	3.3%	3.3%	3.3%	3.9%	5.8%	1.7%
2016	8.8%												

Source: 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.

**THE FEBRUARY 2016 CPI DOCUMENT WILL BE RELEASED ON THE 23 MARCH 2016**