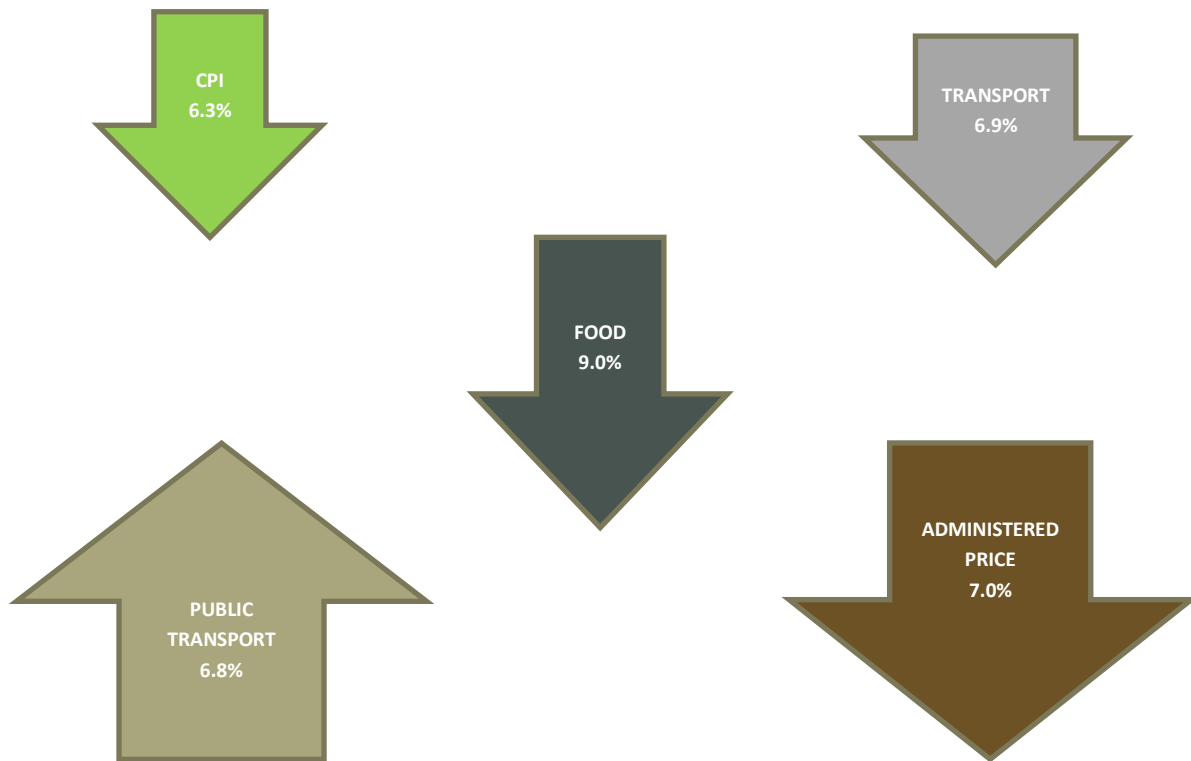


LRS INFLATION MONITOR

JULY 2014



KEY FINDINGS

CONSUMER PRICE INDEX SLOWS TO 6.3% IN JULY 2014

The Consumer Price Index fell to 6.3% in July 2014 from 6.6% in June 2014, exceeding the central bank's target for a fourth month. A breach of the upper target band over a long period would undermine economic growth and consumer demand. Poor consumers will continue to be under pressure as high inflation erodes the buying power of wages.

On average, price increased by 0.8% between June 2014 and July 2014

Rising food prices have been a concern for the Bank for a while given that they have the potential to drive up inflation. Food-price inflation moderated to 9% year on year in July from 9.2% in June 2014. The following component in the food increased, milk, eggs and cheese (1.6%) other food (1.4%) vegetables (0.1%). The following component of food decreased in July oils and fats (-1.4%) bred and cereals (-1.0%) fruits (-1.0%) meat (-0.3%) and fish (-0.1%)

The transport index increased by 0.9% between June and July 2014 due to a 29 cent a litre increase in the price of petrol. The annual rate decreased to 6.9% in July 2014, from 8.6% in June 2014. The public transport index increased to 6.8% in July 2014 from 6.6% in June 2014.

The housing and utilities index increased by 2.1% between June and July 2014, mainly due to a 8.3% increase in water and other services and a 6.9% increase in electricity and other fuels. The annual rate increased to 5.9% in July 2014 from 5.8% in June 2014.

The miscellaneous goods and services index increased by 0.4% between June 2014 and July 2014, the annual rate increased to 7.1% in July 2014 from 6.9% in June 2014.

Administrator's index excluding petrol decreased to 8.6% in June 2014 from 8.9% in May 2014

INFLATION OUTLOOK

The Reserve Bank forecast for the headline inflation rate is to average 6.3% year-on-years 2014, 5.9% year-on-years 2015 and 5.5% year-on-year 2016.

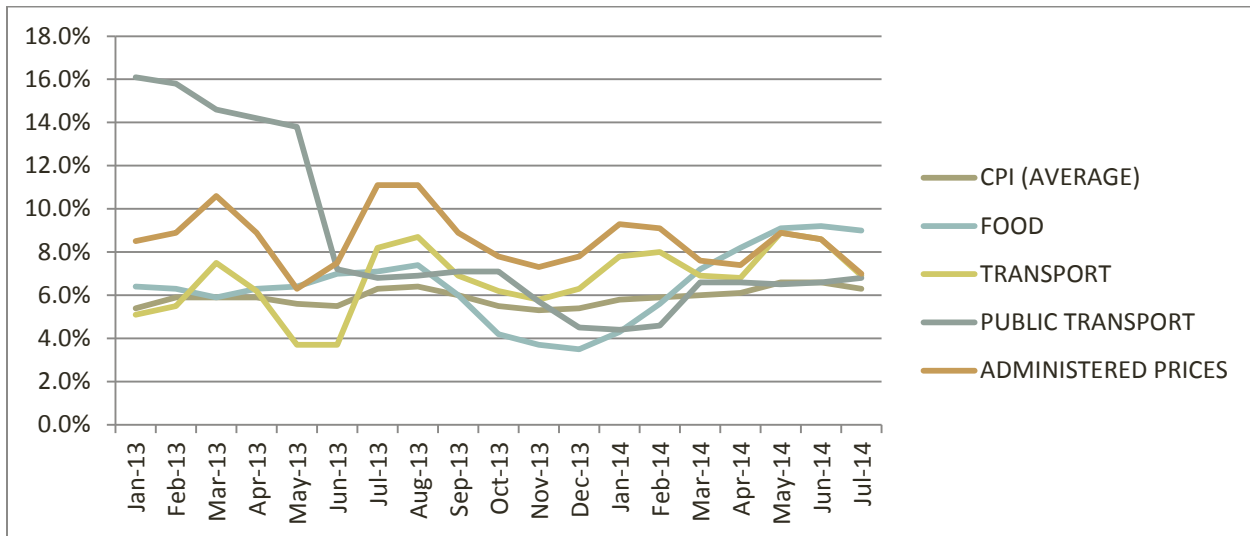
THE ANNUAL INFLATION RATE (CPI) AND SELECTED PRICE CATEGORIES

	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
CPI	6.3%	6.4%	6.0%	5.5%	5.3%	5.4%	5.8%	5.9%	6.0%	6.1%	6.6%	6.6%	6.3%
Food	7.1%	7.4%	6.0%	4.2%	3.7%	3.5%	4.3%	5.6%	7.2%	8.2%	9.1%	9.2%	9.0%
Transport	8.2%	8.7%	6.9%	6.2%	5.8%	6.3%	7.8%	8.0%	6.9%	6.8%	8.9%	8.6%	6.9%
Public Transport	6.8%	6.9%	7.1%	7.1%	5.7%	4.5%	4.4%	4.6%	6.6%	6.6%	6.5%	6.6%	6.8%
Administered Prices	11.1%	11.1%	8.9%	7.8%	7.3%	7.8%	9.3%	9.1%	7.6%	7.4%	8.9%	8.6%	7.0%

Statistics South Africa

INSIDE INFLATION

Let us look inside inflation into price movements within average CPI. We see that in June 2014, food, transport, public transport and administrative prices increased at a faster rate than average inflation.

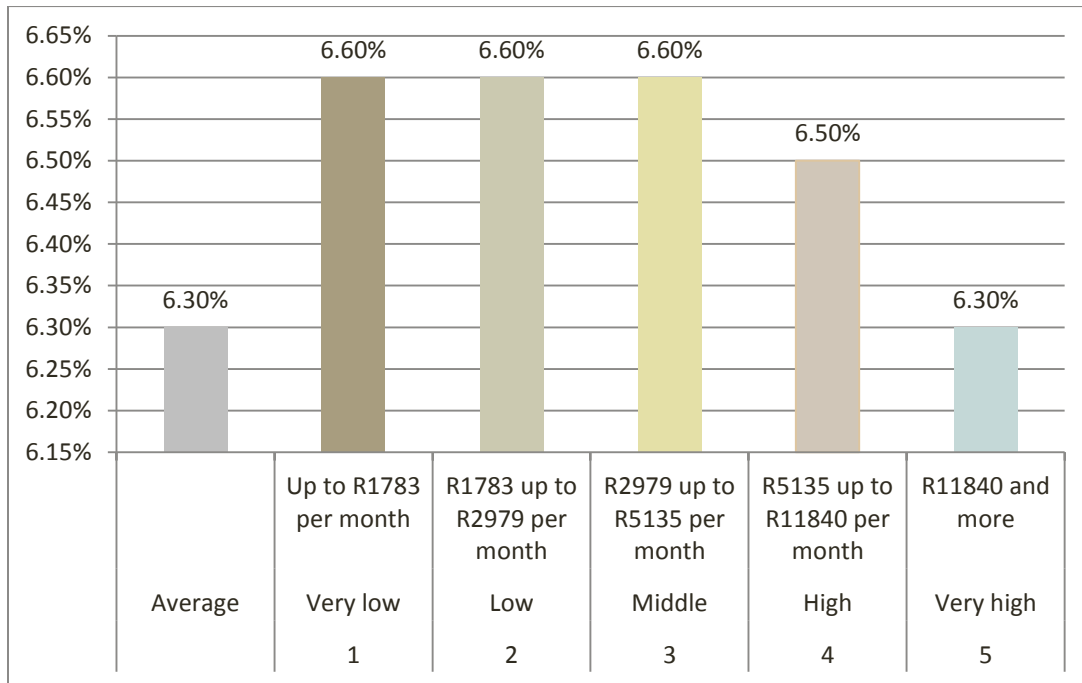


We see that the rise in the cost of housing and utilities is clearly being driven by rising water and electricity prices. The rise in transport costs is being driven by rising petrol and public transport prices.

Product Groups	Weighting in CPI (%)	Increase	Sub-group (weighting), increase
Food	14.20	+9.0%	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	+5.9%	Water (2.85) +8.4%, Electricity (4.18) +7.0%
Transport	16.43	+6.9%	Petrol (5.68) +8.3% Public Transport (3.20) +6.8%
Education	2.95	+8.7%	Primary, secondary and tertiary education
Restaurants & Hotels	3.50	+8.2%	Restaurants (2.54) +8.3% Hotels (0.96) +8.0 %
Miscellaneous	14.72	+7.1%	Insurance (9.92) +7.8%

Statistics South Africa

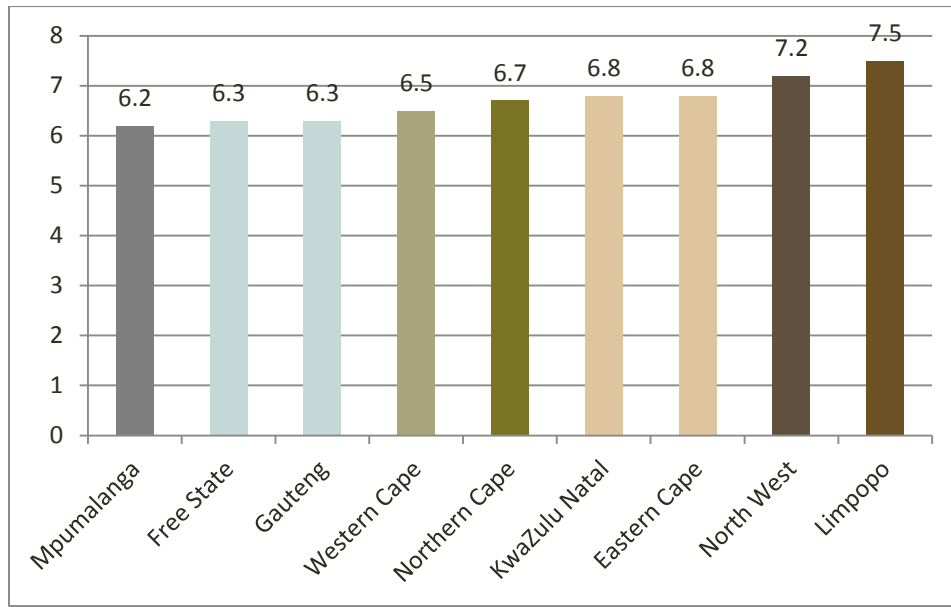
CONSUMER PRICE INDEX (CPI) PER EXPENDITURE QUANTILE



Statistics South Africa

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. Take note, that the consumer inflation impact remains greater on the lower income groups than on the higher income groups, and much of this is due to food price inflation still being above overall CPI inflation, and of course the food component being a far higher weighting in the low income expenditure baskets.

PROVINCIAL INFLATION RATE



Statistics South Africa

The province with annual inflation rate lower than or equal to headline inflation were Free State (6.3%), Gauteng (6.3%) and Mpumalanga (6.2%).

The province with an annual inflation rate higher than headline inflation were Western Cape (6.5%), Northern Cape (6.7%), Eastern Cape (6.8%), KwaZulu-Natal (6.8%), North West (7.2%) and Limpopo (7.5%)

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%						

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%						

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.
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%						

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%	7.6%	7.4%	8.9%	8.6%	7.0%						

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 AUGUST 2014 CPI DOCUMENT WILL BE RELEASED ON THE 17 SEPTEMBER 2014.

All information available at www.statssa.gov.za

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