

Inflation Monitor

CPI AT JUNE 2012

The inflation rate recorded 5.5% year on year in June 2012. This rate was 0.2% lower than the 5.7% which was recorded in May 2012. On average, prices increased by 0.2% between May 2012 and June 2012.

The Annual Inflation Rate (CPI) and Selected Price Categories

	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12
CPI	+6.1%	+6.1%	+6.3%	+6.1%	+6.0%	6.1%	5.7%	5.5%
Food	11.1%	+11.6%	10.7%	10.1%	8.9%	9.1%	6.8%	6.0%
Transport	6.9%	+7.0%	6.8%	6.8%	6.6%	6.9%	6.7%	6.2%
Public Transport	9.6%	+11.7%	13.0%	11.7%	13.6%	13.8%	14.8%	16.3%
Administered Prices	13.4%	+12.7%	11.6%	11.7%	11.2%	11.6%	11.4%	10.1%

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Food, transport and administered prices increased more slowly in June 2012, although the cost of public transport continued to increase at faster rate. Between May and June of 2012 there was a 10.7% increase in taxi fares and a 4.6% in long distance bus fares.

Although Statistics SA reports that the price of petrol decreased by 55c/litre in June 2012, the petrol price is up 14.2% compared to the same time last year.

REMEMBER: If prices increase more slowly this does not mean that prices are low. The rate of increase may slow while the price level remains high. Just like driving a vehicle, you may stop accelerating, but still be going 100 kilometres/hour.

INSIDE INFLATION

The table below 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 6.7%, higher than headline inflation rate of 5.5%, while the very high expenditure group had an inflation rate of 5.1% compared to 5.5% CPI. Remember the very low expenditure group spends a large proportion of their wages on food and transport than the high income earners.

Inflation rate by expenditure group

Quintiles	Groups	Monthly expenditure	Inflation rate June 2012
	Average		5.5%
1	Very low	Up to R1213 per month	6.7%
2	Low	R1213 up to R1939 per month	6.5%
3	Middle	R1940 up to R3062 per month	6.4%
4	High	R3063 up to R6596 per month	6.2%
5	Very high	R6596 and more	5.1%

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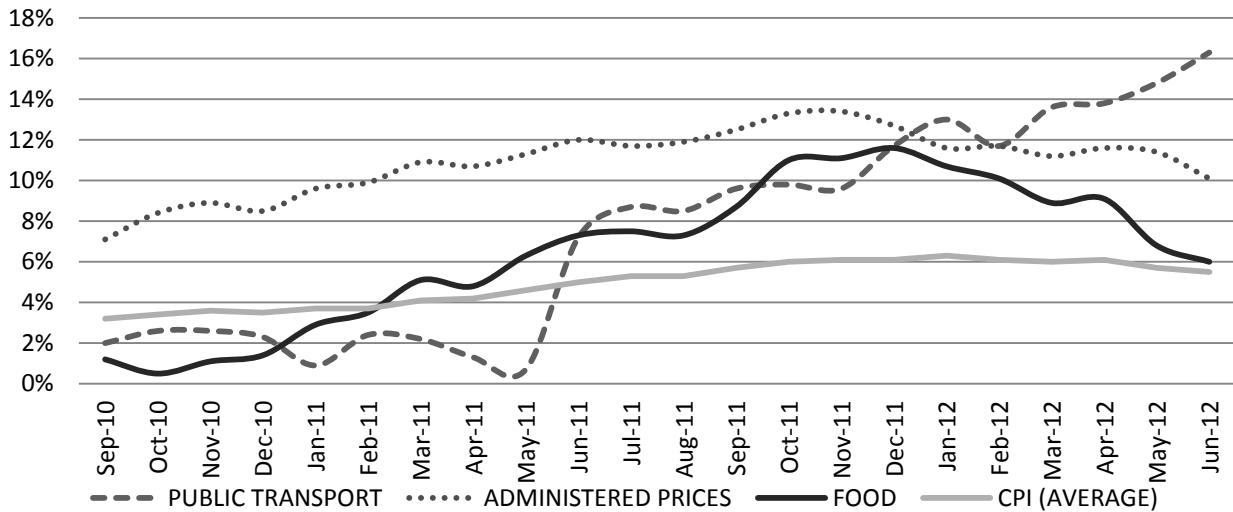
The only Provinces which recorded an annual inflation rate lower than or equal to headline inflation were Gauteng Limpopo, Gauteng and the Western Cape

Inflation rate by Province

Province	Annual rate of inflation June 2012
Northern Cape	7.0%
Mpumalanga	6.2%
Eastern Cape	5.9%
North West	5.9%
Free State	5.8%
Kwazulu-Natal	5.8%
Limpopo	5.5%
Gauteng	5.4%
Western Cape	5.3%

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We see that our main sub-indices have begun to increase at a slower rate than previously, with the exception of public transport.



Product Groups	Weighting in CPI (%)	Increase	Sub-group (weighting), increase
Food	14.27	+6.0%	The price of meat and oils & fats increased at the fasted rate.
Housing & Utilities	22.56	+6.4%	Water (3.31) +9.2%, Electricity (1.87) +17.1%
Transport	18.8	+6.2%	Petrol (3.93) +14.2% Public Transport (2.73) +16.3%
Education	2.19	+9.0%	Primary, secondary and tertiary education
Restaurants & Hotels	2.78	+6.2%	Restaurants (1.85) +7.3% Hotels (0.93) +4.0%
Miscellaneous	13.56	+5.6%	Insurance (7.71) +7.0%

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The table below shows how the different product groups contributed to the average inflation rate of 5.5% at June 2012. We can confirm that the prices of food, transport, housing and utilities and miscellaneous goods and services (insurance and financial services) are the biggest contributors to inflation at present.

Contribution of different groups to annual % change in CPI

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12
Food and non-alcoholic beverages	+1.6	+1.5	+1.4	+1.4	+1.0	+0.9
Alcoholic beverages and tobacco	+0.4	+0.4	+0.5	+0.5	+0.4	+0.5
Clothing and footwear	+0.1	+0.1	+0.1	+0.1	+0.1	+0.1
Housing and utilities	+1.6	+1.5	+1.5	+1.6	+1.5	+1.5
Household contents and services	+0.1	+0.1	+0.1	+0.1	+0.1	+0.1
Health	+0.1	+0.1	+0.1	+0.1	+0.1	+0.1
Transport	+1.2	+1.2	+1.1	+1.2	+1.2	+1.1
Education	+0.2	+0.2	+0.2	+0.2	+0.2	+0.2
Restaurants and hotels	+0.2	+0.2	+0.2	+0.2	+0.2	+0.2
Miscellaneous goods and services	+0.8	+0.8	+0.8	+0.8	+0.8	+0.8
Residual	+0.2	+0.1	+0.0	+0.1	+0.1	0.0
All Items	+6.3	+6.1	+6.0	6.1%	5.7%	5.5%

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HISTORICAL INFLATION TABLES

THE CONSUMER PRICE INDEX (CPI)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
2007	6%	5.7%	6.1%	7%	6.9%	7%	7%	6.7%	7.2%	7.9%	8.4%	9%	7.1%
2008	9.3%	9.8%	10.6%	11.1%	11.7%	12.2%	13.4%	13.7%	13.1%	12.1%	11.8%	9.5%	11.5%
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%							

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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.
2007	8.3%	7.9%	7.8%	8.7%	9.1%	9.4%	10.2%	11.3%	12.0%	12.4%	13.3%	13.9%	10.4%
2008	13.6%	14.4%	15.6%	15.8%	16.9%	18.2%	18.5%	19.2%	17.9%	17.2%	16.9%	16.8%	16.7%
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%							

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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.
2007	4.5%	2.1%	4.3%	7.4%	7.1%	6.3%	4.2%	1.4%	3.1%	6.6%	8.1%	11.4%	5.5%
2008	10.7%	13.2%	16.1%	15.6%	16.7%	18.8%	23.5%	22.7%	20%	17.5%	14.5%	2.2%	15.9%
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%							

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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.
2008	12.7%	15.0%	16.6%	16.0%	16.7%	16%	21.3%	22%	20%	19.8%	17.4%	8.0%	16.7%
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%							

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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 June 2012 Inflation figures will be released on the 22th August 2012

All information available at www.statssa.gov.za

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