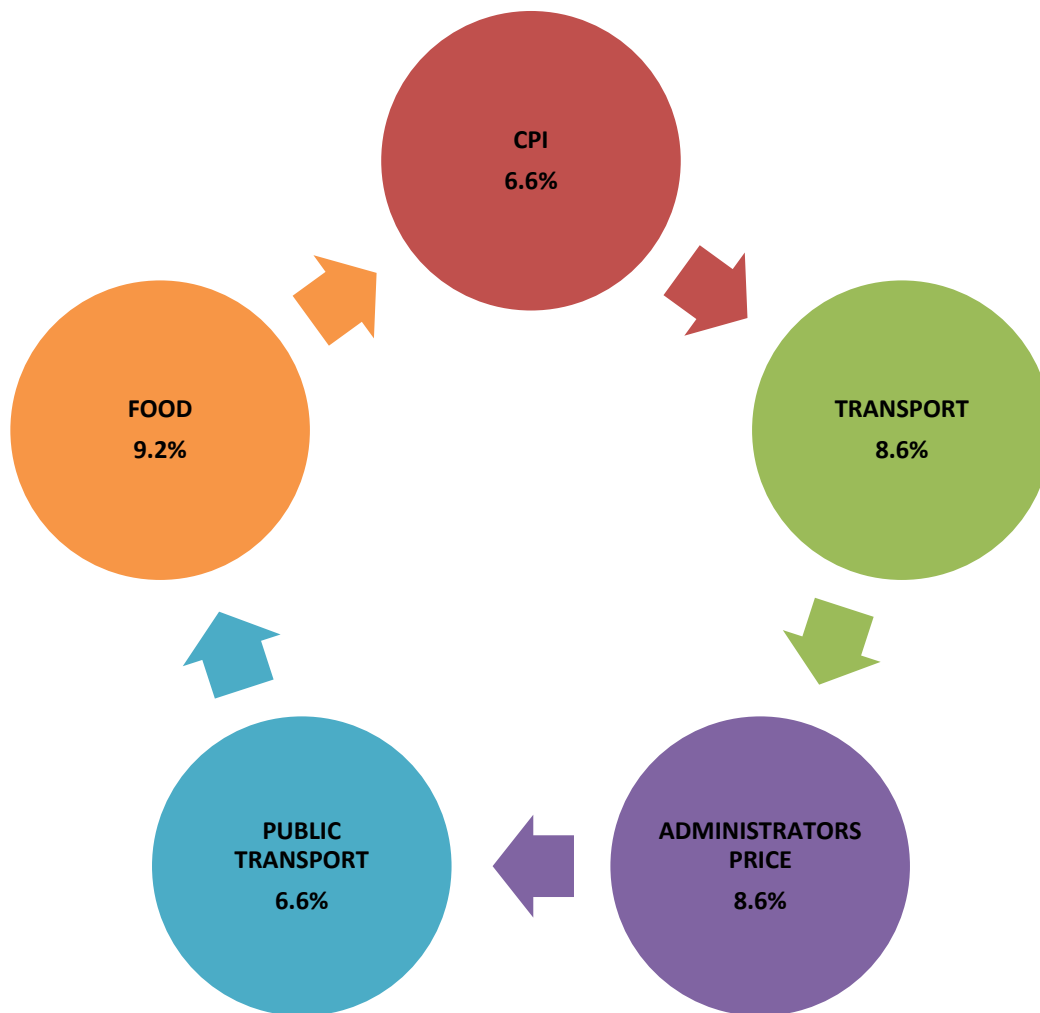


LRS INFLATION MONITOR

JUNE 2014



KEY FINDINGS

CONSUMER PRICE INDEX UNCHANGED IN JUNE 2014

The year-on-year inflation rate as measured by the Consumer Price Index (CPI) for all urban areas came unchanged at 6.6% in June 2014. This rate was the same as the corresponding annual rate of 6.6% in May 2014. Prices increased by 0.3% between May and June 2014. Inflation has exceeded the upper end of the target range of 3%-6% mainly due to rising of food prices and the exchange rate. The Reserve Bank's Monetary Policy Committee (MPC) raised the repo rate by 25 basis points to 5.57% per year in an effort to strike a balance between increasing inflation and a weakening economy.

Food inflation rose to 9.2% in June 2014 from 9.1% in May 2014. The most significant price rise in the food component were bread & cereal which increased by (10.5%), meat (8.7%), milk, eggs & cheese (10.1%), vegetables (12.1%).

The transport index declined by 0.1% between May 2014 and June 2014, mainly due to a 22c/litre decrease in the price of petrol. The annual rate decreased to 8.6% June 2014 from 8.9% May 2014.

The housing and utilities index increased by 0.9% between May and June 2014, mainly due to a 1.5% increase in actual rentals for housing and a 1.3% increase in owners' equivalent rent. The annual rate increased to 5.8% in June 2014 from 5.7% in May 2014.

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

THE ANNUAL INFLATION RATE (CPI) AND SELECTED PRICE CATEGORIES

	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
CPI	5.5%	6.3%	6.4%	6.0%	5.5%	5.3%	5.4%	5.8%	5.9%	6.0%	6.1%	6.6%	6.6%
Food	7.0%	7.1%	7.4%	6.0%	4.2%	3.7%	3.5%	4.3%	5.6%	7.2%	8.2%	9.1%	9.2%
Transport	3.7%	8.2%	8.7%	6.9%	6.2%	5.8%	6.3%	7.8%	8.0%	6.9%	6.8%	8.9%	8.6%
Public Transport	7.2%	6.8%	6.9%	7.1%	7.1%	5.7%	4.5%	4.4%	4.6%	6.6%	6.6%	6.5%	6.6%
Administered Prices	7.5%	11.1%	11.1%	8.9%	7.8%	7.3%	7.8%	9.3%	9.1%	7.6%	7.4%	8.9%	8.6%

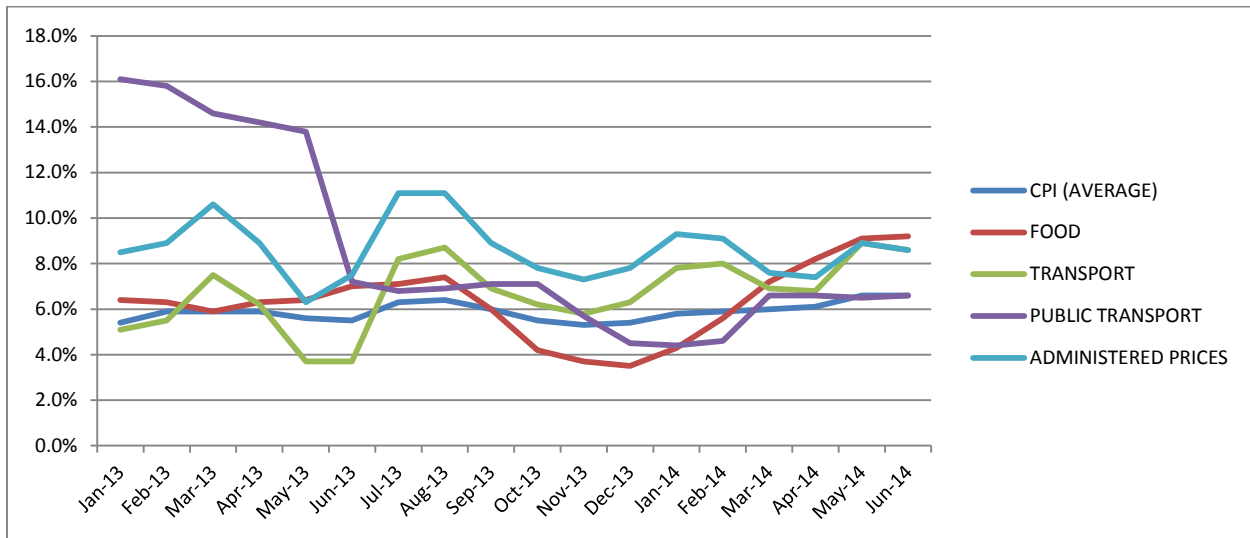
Statistics South Africa

INFLATION OUTLOOK

Inflation is now expected to average 6.3% in 2014, compared with 6.2% previously, with the quarterly peak of 6.6% (previously 6.5%) still expected in the fourth quarter, following a slight moderation in the third quarter. The forecast average inflation in 2015 increased to 5.9% from 5.8%, while the forecast for 2016 increased marginally to 5.6%, and to 5.5% in the final quarter of the year. (Monetary Policy Committee Statement 17th July 2014)

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.

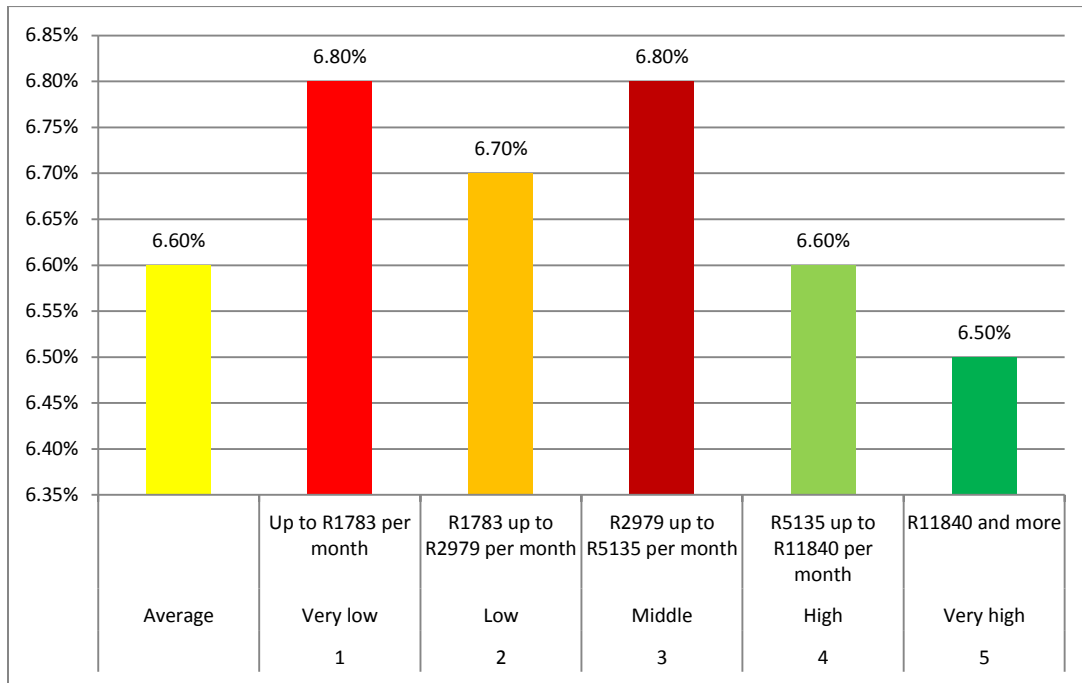


We see that the rise in the cost of housing and utilities is clearly being driven by rising water and electricity prices. The rise in transport costs is being driven by rising petrol and public transport prices.

Product Groups	Weighting in CPI (%)	Increase	Sub-group (weighting), increase
Food	14.20	+9.2%	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	+5.8%	Water (2.85) +8.0%, Electricity (4.18) +7.2%
Transport	16.43	+8.6%	Petrol (5.68) +13.3% Public Transport (3.20) +6.6%
Education	2.95	+8.7%	Primary, secondary and tertiary education
Restaurants & Hotels	3.50	+8.4%	Restaurants (2.54) +7.8% Hotels (0.96) +9.9%
Miscellaneous	14.72	+6.4%	Insurance (9.92) +7.6%

Statistics South Africa

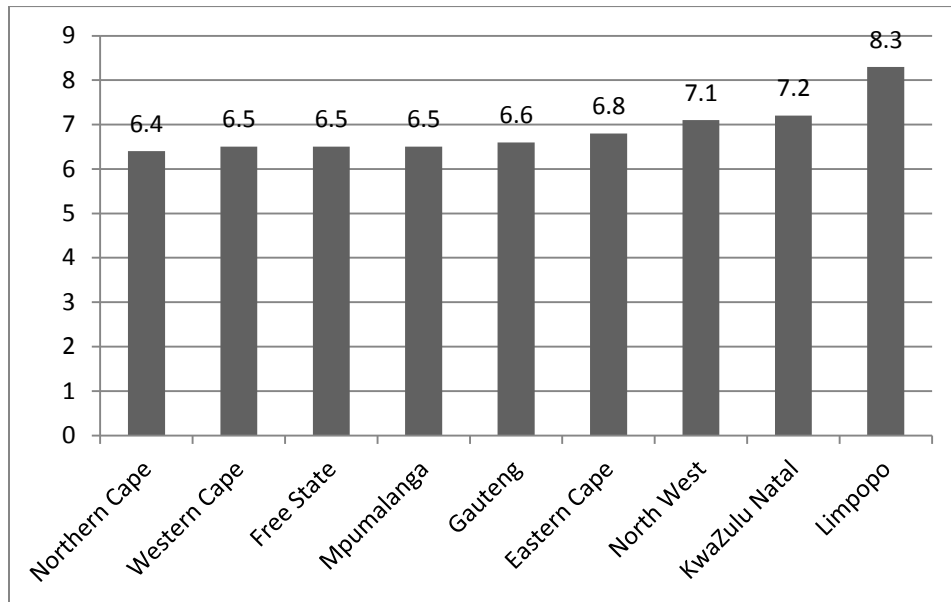
CONSUMER PRICE INDEX (CPI) PER EXPENDITURE QUANTILE



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 an annual inflation rate lower than or equal to headline inflation were Gauteng (6.6%), Western Cape (6.5%), Free State (6.5%), Mpumalanga (6.5%), and Northern Cape (6.4%).

The province with an annual inflation higher than headline inflation were Limpopo (8.3%), KwaZulu-Natal (7.2%), North West (7.1%) and Eastern Cape (6.8%)

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%							

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%							

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%							

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%							

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 JULY 2014 CPI DOCUMENT WILL BE RELEASED ON THE 20th AUGUST 2014.

All information available at www.statssa.gov.za

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