

Inflation Monitor

THE CONSUMER PRICE INDEX UNCHANGED AT 5.9% IN MARCH 2013

The headline Consumer Price Index for all urban areas annual inflation rate in March 2013 was 5.9%. This rate was the same as the corresponding annual rate of 5.9% in February 2013. On average, prices increased by 1.2% between February 2013 and March 2013.

The food and non-alcoholic beverages index decreased by 0, 1% between February 2013 and March 2013. The annual rate decreased to 5, 7% in March 2013 from 6.1% in February 2013. The following components in the food and non-alcoholic beverages index decreased: vegetables (-1,9%), hot beverages (-0,9%), other food (-0,7%), bread and cereals (-0,4%), oils and fats (-0,3%) and cold beverages (-0,1%). The following components increased: sugar, sweets and desserts (2, 4%), milk, eggs and cheese (1,1%), fish (0,8%), fruit (0,8%) and meat (0,1%).

The alcoholic beverages and tobacco index increased by 2, 8% between February 2013 and March 2013, mainly due to increases in excise duties. The annual rate decreased to 5, 8% in March 2013 from 7.9% in February 2013.

The transport index increased to 2.7% between February and March mainly due to an 81c litre increase in the price of petrol.

The housing and utilities index increased by 0.8% between February and March mainly due to a 1.2% in actual rentals for housing and a 1.1% increase in owners' equivalent rent.

The Annual Inflation Rate (CPI) and selected price categories

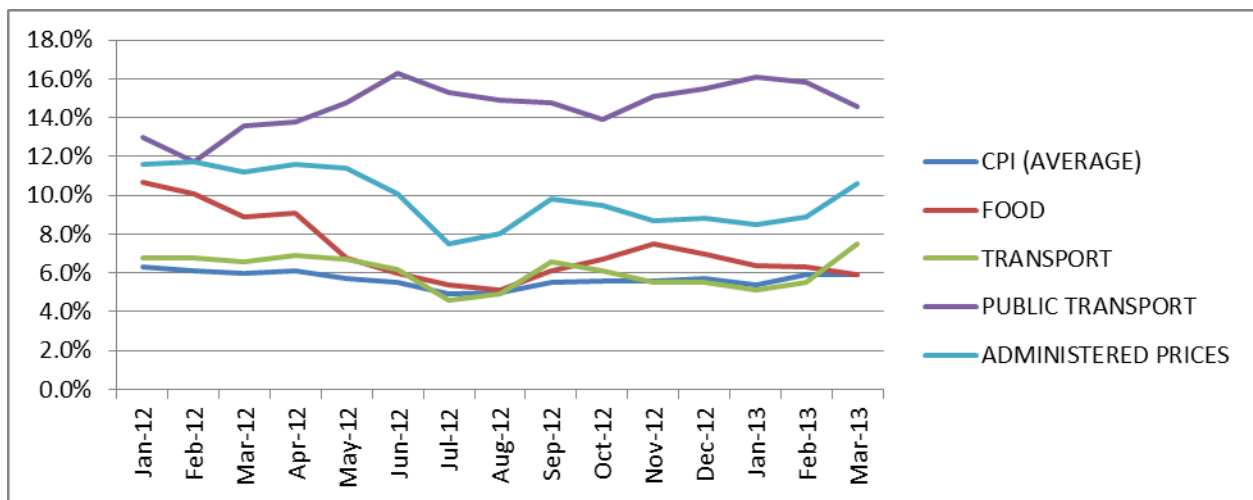
	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
CPI	4.9%	5.0%	5.5%	5.6%	5.6%	5.7%	5.4%	5.9%	5.9%
Food	5.4%	5.1%	6.1%	6.7%	7.5%	7.0%	6.4%	6.3%	5.9%
Transport	4.6%	4.9%	6.6%	6.1%	5.5%	5.5%	5.1%	5.5%	7.5%
Public Transport	15.3%	14.9%	14.8%	13.9%	15.1%	15.5%	16.1%	15.8%	14.6%
Administered Prices	7.5%	8.0%	9.8%	9.5%	8.7%	8.8%	8.5%	8.9%	10.6%

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Analyst Anisha Arora said: "While it's a good thing that CPI remains within the Sarb's 3%-6% target band. Overall, the March CPI print was not much of a surprise given the exogenous pressure of petrol prices, while the majority of other influences were of a seasonal nature." Core CPI, excluding petrol and energy, stands at 5.3% year-on-year, well within the target range. Thus we see little added concern for the MPC aside from possible future impacts from persistent rand weakness and volatility." Economist Christie Viljoen said: "On the month-on-month number, it is a bit higher than what we saw for most of last year and there is an impact from the weaker exchange rate. The fact that it is below consensus isn't that interesting because most expectations remain on the upside." South Africa has changed the weightings in its consumer price index basket to give a greater weight to petrol and electricity prices. Growth in the services sector component of the CPI basket has increased, making it harder for the South African Reserve Bank to pinpoint the source of price pressures. The Reserve Bank expects consumer inflation to temporarily breach the upper end of its 3%-6% target in the third quarter by averaging 6.3%, before slowing to 5.2% in Q4. On Tuesday, the bank said the weaker rand exchange rate had caused a slight deterioration to the inflation outlook, but that price growth would remain within target. The exchange rate, high petrol prices and wage pressures pose upside risks to CPI, the bank has said. **By Reuters**

INSIDE INFLATION

Let us look inside inflation into price movements within average CPI. We see that public transport, administered prices, have been increasing 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. The cost of living still remains high and these cost increases is exceeding the inflation rate. Poor household are still under great pressure from the below increases.

<i>Product Groups</i>	<i>Weighting in CPI (%)</i>	<i>Increase</i>	<i>Sub-group (weighting), increase</i>
Food	14.20	+5.9%	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) +9.2%, Electricity (4.18) +10.2%
Transport	16.43	+7.5%	Petrol (5.68) +16.4% Public Transport (3.20) +14.6%
Education	2.95	+9.0%	Primary, secondary and tertiary education
Restaurants & Hotels	3.50	+6.0%	Restaurants (2.54) +6.7% Hotels (0.96) +5.4%
Miscellaneous	14.72	+7.4%	Insurance (9.92) +8.5%

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The table below shows how the different product groups contributed to the average inflation rate of 5.9% at February 2013.

Contribution of different groups to the monthly % change in CPI headline

	Dec-12	Jan-13	Feb-13	Mar-13
Food and non-alcoholic beverages	0.0	0.1	-0,1	0.0
Alcoholic, Beverages & Tobacco			0.0	0.2
Housing and utilities	0.0	0.0	0.0	0.2
Transport			0.2	0.4
Education			0.0	0.3
Miscellaneous goods and services	0.0	0.1	0.8	0.0
Residual	0.1	0.1	0.1	0.1
All Items	0.2	0.3	1.0	1.2

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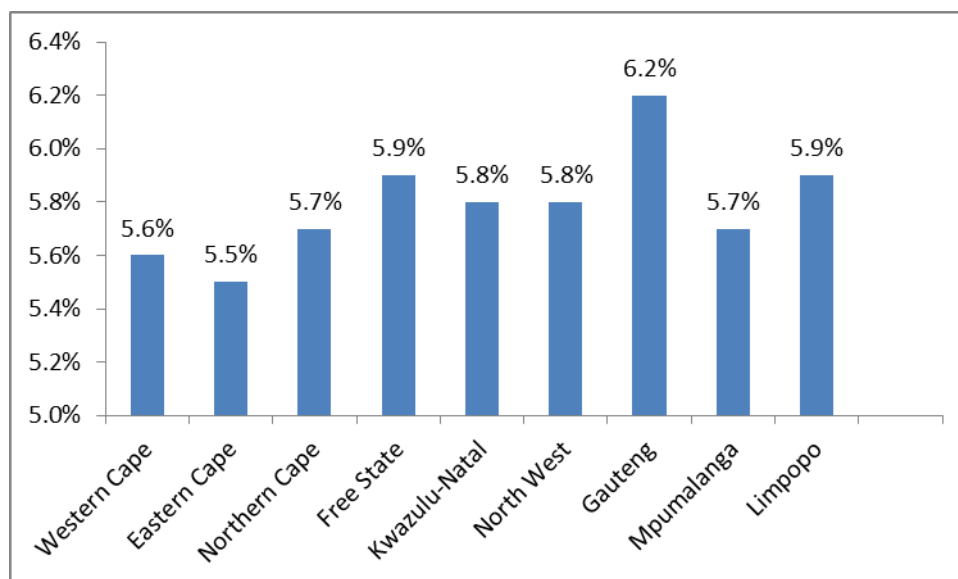
Inflation rate by expenditure group

Quintiles	Groups	Monthly expenditure	Inflation rate March 2013
	Average		5.9%
1	Very low	Up to R1783 per month	6.5%
2	Low	R1783 up to R2979 per month	6.3%
3	Middle	R2979 up to R5135 per month	6.4%
4	High	R5135 up to R11840 per month	6.6%
5	Very high	R11840 and more	5.9%

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The table above 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 6.5%, higher than headline inflation rate of 5.9%, while the very high expenditure group had an inflation rate of 5.6% compared to 5.9% CPI.

Inflation rate by Province



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The following Provinces recorded an annual inflation rate lower than or equal to headline inflation were Free State (5.9%) Limpopo (5.9%) Kwazulu-Natal (5.8%) North West (5.8%) Northern Cape (5.7%) Mpumalanga (5.7%) Western Cape (5.6%) and Eastern Cape (5.5%).

The Provinces with an annual inflation rate higher than headline inflation was Gauteng (6.2%)

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%										

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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.
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%										

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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%										

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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%										

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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 April 2013 inflation rate document will be released on the 22nd May 2013.

All information available at www.statssa.gov.za

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