

INFLATION RATE FOR MAY 2015 RISES TO 4.6%

The year-on-year inflation rate as measured by the Consumer Price Index (CPI) stood at 4.6 per cent in May 2015, up by 0.1% point from the 4.5% recorded in April 2015. This rate of inflation for May 2015 is the percentage change in CPI over the 12-month period, from May 2014 to May 2015.

The Consumer Price Index measures the change over time in the general price level of goods and services that households buy for the purpose of consumption.

The Food index decreased by 0.4 percent between April 2015 and May 2015. The annual rate decreased to 4.6% in May 2015. The components in the food index contributing to the increase were fish (2.6%); bread and cereals (1.9%); other food (1.7%); sugar, sweets and desserts (1.3%); oils and fats (1.2%); milk, eggs and cheese (0.7%). The components which decreased were fruit (-4.6%) and vegetables (-1.4%).

The transport index decreased by -3.8% between April 2015 and May 2015. The annual rate decreased to -0.7% in May 2015.

Public transport index increased by 0.1% between April 2015 and May 2015. The annual rate increased to 4.7% in May 2015.

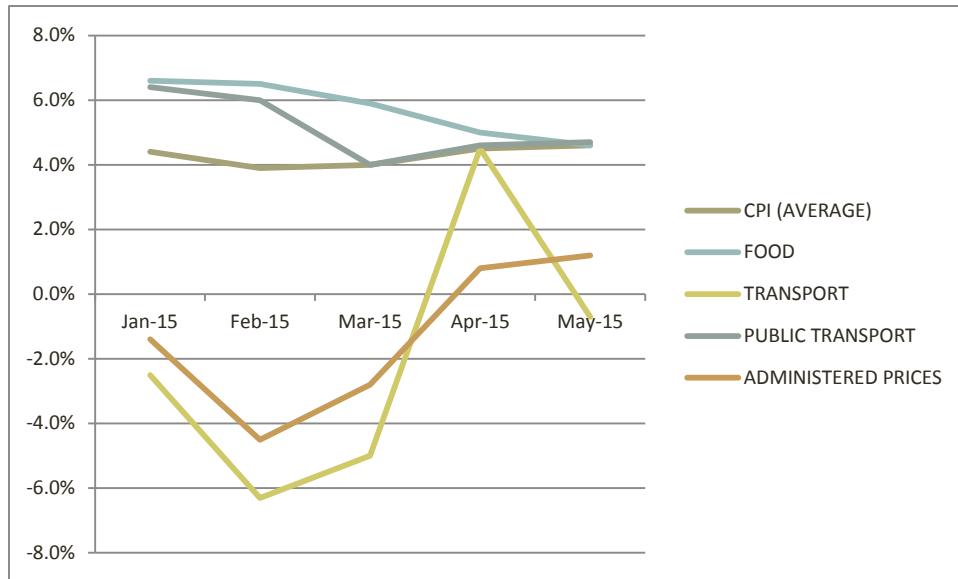
Administrator’s index (school fees, telephone fees, electricity, trains, petrol/paraffin, cell calls and public transport) increased by 0.4% between April 2015 and May 2015. The annual rate increased to 1.2% in May 2015.

The Annual Inflation Rate (CPI) and Selected Price Categories

	Jan-15	Feb-15	Mar-15	Apr-15	May-15
CPI	4.4%	3.9%	4.0%	4.5%	4.6%
Food	6.6%	6.5%	5.9%	5.0%	4.6%
Transport	-2.5%	-6.3%	-5.0%	-1.1%	-0.7%
Public Transport	6.4%	6.0%	4.0%	4.6%	4.7%
Administered Prices	-1.4%	-4.5%	-2.8%	0.8%	1.2%

INSIDE INFLATION

We see that in May 2015, public transport (4.7%) rose faster than the annual inflation rate of 4.6%



According to the forecast, inflation is expected to rise in 2015 and these could result in the Reserve Bank hiking interest rates before the end of 2015. On the 21st May 2015 Committee Meeting, the Reserve Bank Monetary Committee decided to keep the report rate unchanged at 5.75%

Consumer Price Index (CPI) Per Expenditure Quintile

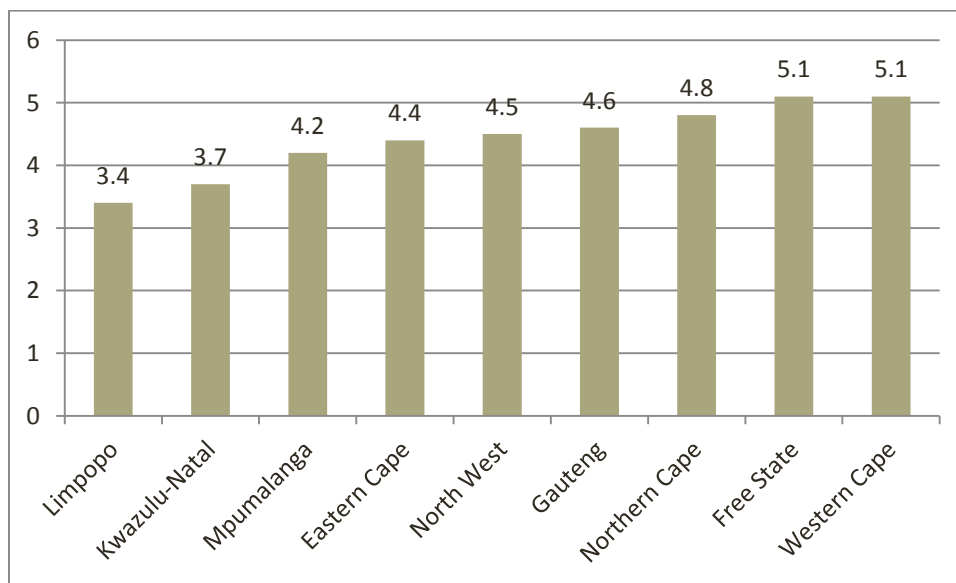
The boundaries of the quintiles were obtained by calculating the quintiles (five equal groups) of the total number of households in South Africa and selecting the total expenditure of the top household (ranked according to expenditure) as the expenditure cut-off point in each of the quintiles.

Quintiles	Groups	Monthly expenditure	Inflation Rate May 2015
Average annual CPI			4.6%
1	Very low	Up to R1783 per month	5.2%
2	Low	R1783 up to R2979 per month	5.1%
3	Middle	R2979 up to R5135 per month	4.9%
4	High	R5135 up to R11840 per month	4.5%
5	Very high	R11840 and more	4.6%

Statistics South Africa

The table above shows that there's different inflation for different groups and an average CPI or inflation is meaningless for the very low and low groups. Inflation is higher in (very low expenditure groups) at 5.2%, followed (low groups) 5.1%. This is higher than the average inflation of 4.6%.

Regional Inflation Rate May 2015



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The province with annual inflation rate **lower than or equal to headline inflation** were Gauteng (4.6%), North West (4.5%), Eastern Cape (4.4%), Mpumalanga (4.2%), Kwazulu-Natal (3.7%) and Limpopo (3.4%).

The provinces with an annual inflation rate **higher than headline inflation** were Western Cape (5.1%), Free State (5.1%) and Northern Cape (4.8%).

HISTORICAL INFLATION TABLES

The Consumer Price Index (CPI)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
2014	5.8%	5.9%	6.0%	6.1%	6.6%	6.6%	6.3%	6.4%	5.9%	5.9%	5.8%	5.3%	6.1%
2015	4.4%	3.9%	4.0%	4.5%	4.6%								

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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.
2014	4.3%	5.6%	7.2%	8.2%	9.1%	9.2%	9.0%	9.5%	8.7%	8.0%	7.7%	7.1%	8.1%
2015	6.6%	6.5%	5.9%	5.0%	4.6%								

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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.
2014	7.8%	8.0%	6.9%	6.8%	8.9%	8.6%	6.8%	6.1%	4.2%	4.8%	4.2%	1.7%	6.1%
2015	-2.5%	-6.3%	-5.0%	4.5%	-0.7%								

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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.
2014	9.3%	9.1%	7.6%	7.4%	8.9%	8.6%	7.0%	6.2%	4.7%	5.1%	4.8%	2.6%	6.5%
2015	-1.4%	-4.5%	-2.8%	0.8%	1.2%								

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 JUNE 2015 CPI DOCUMENT WILL BE RELEASED ON THE 22nd JULY 2015