

Inflation Monitor

CPI SLOWS TO 5.5% IN OCTOBER 2013

Inflation is when the prices of most goods and services continue to creep upward. When this happens, your standard of living falls. That's because each Rand buys less, so you have to spend more to get the same goods and services.



The Consumer Price Index slowed to 5.5% year-on-year in October 2013 after rising to 6.0% in September 2013. According Stats South Africa price increased by 0.2% between September and October 2013. The latest figures confirm that inflationary pressures remain relatively benign despite rand weakness. Inflation is expected to average 5.8 % this year compared with 5.6 % in 2012.

The food and non-alcoholic beverages index moderated to 4, 3% in October 2013 from 5, 9% in September 2013 and contributing 0.6% to the annual Consumer Price Index increased compared with 0.9% in the previous month.

The transport index decreased by 0.3% between September and October 2013, mainly due to a 19c/litre decrease in the price of petrol. The annual rate decreased to 6, 2% in October 2013 from 6, 9% in September 2013.

The Annual Inflation Rate (CPI) and selected price categories

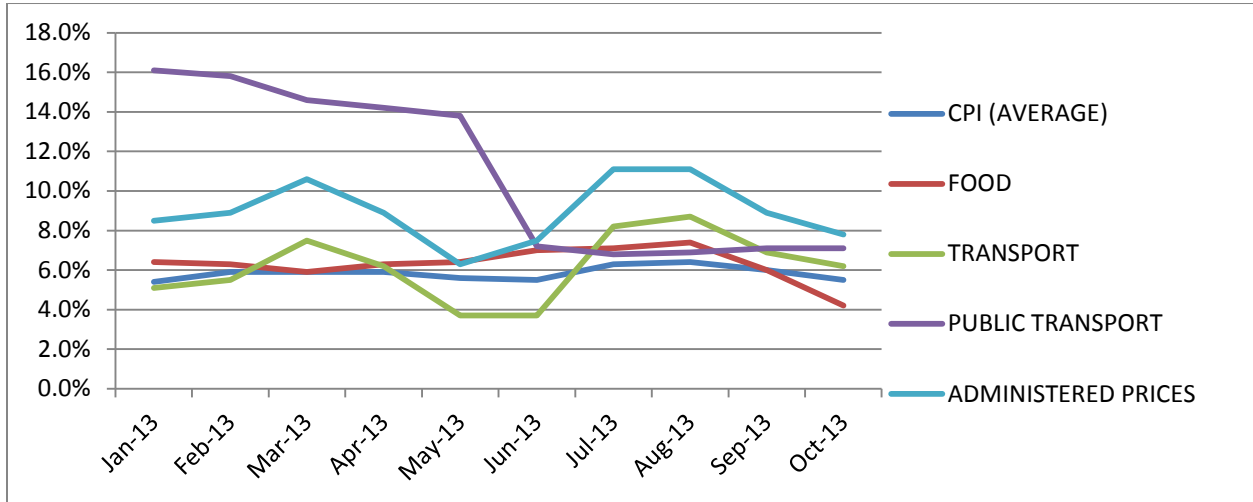
	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13
CPI	5.4%	5.9%	5.9%	5.9%	5.6%	5.5%	6.3%	6.4%	6.0%	5.5%
Food	6.4%	6.3%	5.9%	6.3%	6.4%	7.0%	7.1%	7.4%	6.0%	4.2%
Transport	5.1%	5.5%	7.5%	6.2%	3.7%	3.7%	8.2%	8.7%	6.9%	6.2%
Public Transport	16.1%	15.8%	14.6%	14.2%	13.8%	7.2%	6.8%	6.9%	7.1%	7.1%
Administered Prices	8.5%	8.9%	10.6%	8.9%	6.3%	7.5%	11.1%	11.1%	8.9%	7.8%

Statistics South Africa

The inflation forecast remains uncomfortably close to the upper level of the inflation target range but our central forecast remains within the target. Given the increased upside risks to the outlook, we do not see room for further monetary accommodation. We will continue to monitor developments carefully on an ongoing basis and remain committed to act as required. The MPC has decided to keep the repurchase rate unchanged at 5,0 per cent per annum at this stage. MPC 21 November 2013

INSIDE INFLATION

Let us look inside inflation into price movements within average CPI. We see that public transport, administered prices and transport 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.

Product Groups	Weighting in CPI (%)	Increase	Sub-group (weighting), increase
Food	14.20	+4.2%	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	+5.3%	Water (2.85) +8.0%, Electricity (4.18) +3.6%
Transport	16.43	+6.2%	Petrol (5.68) +9.3% Public Transport (3.20) +7.1%
Education	2.95	+9.0%	Primary, secondary and tertiary education
Restaurants & Hotels	3.50	+7.0%	Restaurants (2.54) +6.3% Hotels (0.96) +9.0%
Miscellaneous	14.72	+7.2%	Insurance (9.92) +8.5%

Statistics South Africa

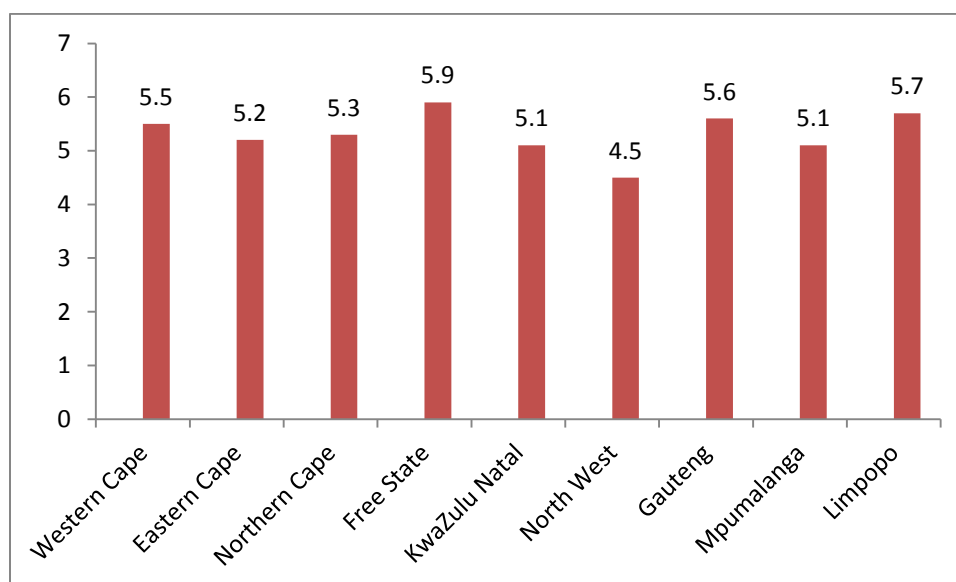
The five quintile categories were defined according to total expenditure per household

Quintiles	Groups	Monthly expenditure	Inflation rate Oct 2013
Headline CPI		Average	5.5%
1	Very low	Up to R1783 per month	5.5%
2	Low	R1783 up to R2979 per month	5.2%
3	Middle	R2979 up to R5135 per month	5.0%
4	High	R5135 up to R11840 per month	5.4%
5	Very high	R11840 and more	5.6%

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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.

Inflation rate by Province



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The provinces with an annual inflation rate lower than or equal to headline inflation were Western Cape (5,5%), Northern Cape (5,3%), Eastern Cape (5,2%), KwaZulu-Natal (5,1%), Mpumalanga (5,1%) and North West (4,5%).

The provinces with an annual inflation rate higher than headline inflation were Free State (5,9%), Limpopo (5,7%) and Gauteng (5,6%).

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%			

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%			

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%			

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%			

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 November 2013 CPI document will be released on the 11th December 2013.

All information available at www.statssa.gov.za

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