

LRS Labour Research Service

Knowledge is too important to leave in the hands of the bosses



INFLATION MONITOR

NOVEMBER 2018

The Consumer Price Index (CPI) rose to 5.2% in November 2018

The term inflation means a sustained increase in the general level of prices for goods and services. It's measured as an annual percentage increase (for example, November 2017 to November 2018). Take note that a falling rate of inflation means that prices are rising at a slower rate.

The headline Inflation rate came in at 5.2% in November 2018, higher than 5.1% in October 2018. On average, prices increased by 0.5% between September 2018 and October 2018. The inflation rate of 5.2% is still within the 3%-6% target range of the reserve bank.

The food price was 2.8% in November 2018, lower than 2.9% in October 2018.

Transport inflation was 10.7% in November 2018, higher than 10.5% in October 2018.

Public transport inflation came in at 6.8% in November 2018, lower than 6.7% in October 2018. (Buses, trains and other forms of transport that are available to the public charge set fares and run on fixed routes.)

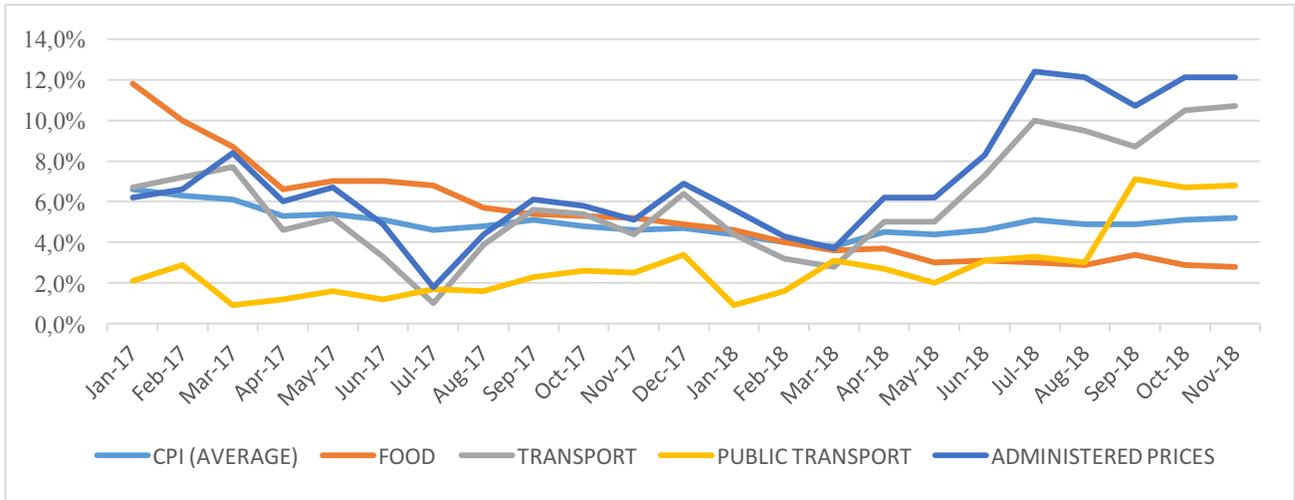
Administrator's price (School fees, telephone fees, electricity, trains, and petrol/paraffin) remained unchanged at 12.1%.

Table 1: The Annual Inflation Rate (CPI) and Selected Price Categories

	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18	Jul 18	Aug-18	Sep-18	Oct-18	Nov-18
CPI	4.8%	4.6%	4.7%	4.4%	4%	3.8%	4.5%	4.4%	4.6%	5.1%	4.9%	4.9%	5.1%	5.2%
Food	5.3%	5.2%	4.9%	4.6%	4%	3.6%	3.7%	3.0%	3.1%	3%	2.9%	3.4%	2.9%	2.8%
Transport	5.4%	4.4%	6.4%	4.4%	3.2%	2.8%	5%	5.0%	7.3%	10%	9.5%	8.7%	10.5%	10.7%
Public Transport	2.6%	2.5%	3.4%	0.9%	1.6%	3.1%	2.7%	2.0%	3.1%	3.3%	3%	7.1%	6.7%	6.8%
Administered Prices	5.8%	5.1%	6.9%	5.6%	4.3%	3.7%	6.2%	6.2%	8.3%	12.4%	12.1%	10.7%	12.1%	12.1%

Source: Statistics South Africa

Figure 1: Consumer Price Index (CPI) and selected price categories - January 2017 to November 2018



Source: Statistics South Africa

Table 2: Annualised increase in prices November 2018 by expenditure category

CPI	5.2%
fuel	23.1%
Private transport operation	19.2%
Water and other services	11%
Cold Beverages	10.8%
Non-Alcoholic Beverages	8.4%
Vegetables	7.7%
Electricity & Other Fuel	7.7%
Primary & Secondary School	7.7%
Insurance	6.8%
Medical Services	6.6%
Financial Services	6.5%
Books, newspapers and stationery	6%
Fish	6%
Alcoholic Beverages	5.9%
Tertiary	5.3%

Statistics South Africa divides household monthly expenditure into 10 decile. The table shows that decile 10 expenditure was higher than decile 1 expenditure, indicating a high level of inequality.

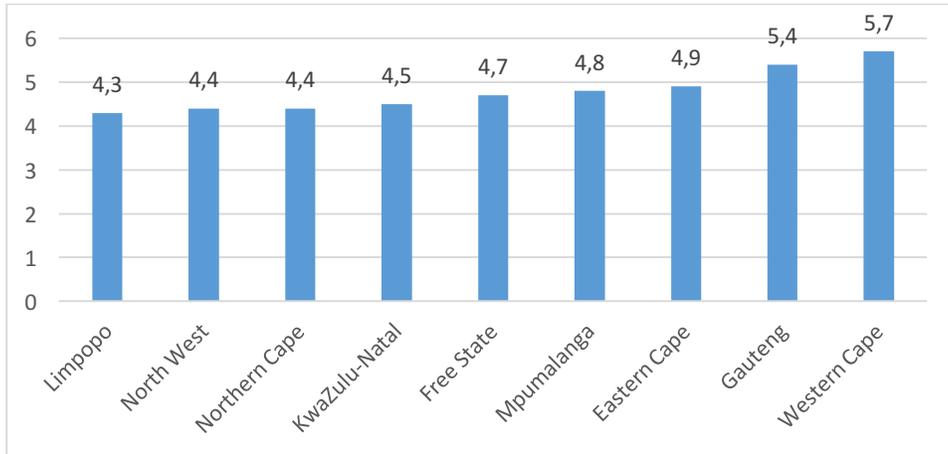
Table 3: Annualised Inflation by expenditure group, November 2018

	Monthly expenditure	Inflation Rate Nov-18
Average annual CPI		5.2%
Decile 1	Up to R1477 per month	4%
Decile 2	R1477 up to R2456 per month	3.9%
Decile 3	R2456 up to R3549 per month	4%
Decile 4	R3549 up to R4742 per month	4%
Decile 5	R4742 up to R6151 per month	4.1%
Decile 6	R6151 up to R7907 per month	4.2%
Decile 7	R7907 up to R10352 per month	4.6%
Decile 8	R10352 up to R14419 per month	5.1%
Decile 9	R14419 up to R22492 per month	5.6%
Decile 10	R22492 and more...	5.7%

Source: Statistics South Africa

There is more than one inflation number. The inflation rate that's reported in mainstream media is the average inflation rate. Different groups, from the very poor to the wealthy, can experience different rates of inflation because they buy different things. At the moment, inflation appears to be higher for wealthier households. This isn't always the case. For example, back in 2009, the inflation rate for the poorest households was 4% higher than inflation for the wealthiest households.

Figure: Annualised inflation rate (%) by province, November 2018



Source: Statistics South Africa

The provinces with annual inflation rate **lower than or equal to headline inflation** were Limpopo (4.3%), North West (4.4%), Northern Cape (4.4%), Northern Cape (4.5%), Free State (4.7%), Eastern Cape (4.9%) and Mpumalanga (5%). Gauteng and Western Cape Provinces saw annual inflation rate **higher than headline inflation**, at 5.3% and 5.4% respectively.

The Consumer Price Index (CPI)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
2016	6.2%	7%	6.3%	6.2%	6.1%	6.3%	6%	5.9%	6.1%	6.4%	6.6%	6.8%	6.4%
2017	6.6%	6.3%	6.1%	5.3%	5.4%	5.1%	4.6%	4.8%	5.1%	4.8%	4.6%	4.7%	5.3%
2018	4.4%	4%	3.8%	4.5%	4.4%	4.6%	5.1%	4.9%	4.9%	5.1%	5.2%		

Source: Statistics South Africa

The CPI 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.
2016	7%	8.8%	9.8%	11.3%	10.8%	11%	11.5%	11.6%	11.6%	12%	11.8%	12%	11%
2017	11.8%	10%	8.7%	6.6%	7%	7%	6.8%	5.7%	5.4%	5.3%	5.2%	4.9%	0.5%
2018	4.6%	4%	3.6%	3.7%	3%	3.1%	3%	2.9%	3.4%	2.9%	2.8%		

Source: 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.
2016	5.5%	8.7%	4.5%	2.7%	3.1%	3.3%	3.1%	2%	3.5%	4.3%	6.4%	5.7%	4%
2017	6.7%	7.2%	7.7%	4.6%	5.2%	3.3%	1.0%	3.9%	5.6%	5.4%	4.4%	6.4%	1%
2018	4.4%	3.2%	2.8%	5%	5%	7.3%	10%	9.5%	8.7%	10.5%	10.7%		

Source: 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.
2016	8.8%	11.5%	6.4%	4.5%	4.7%	4.9%	3.1%	2%	3.2%	4.2%	5.6%	5.1%	5%
2017	6.2%	6.6%	8.4%	6%	6.7%	4.9%	1.8%	4.4%	6.1%	5.8%	5.1%	6.9%	6%
2018	5.6%	4.3%	3.7%	6.2%	6.2%	8.3%	12.4%	12.1%	10.7%	12.1%	12.1%		

Source: 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 DECEMBER 2018 CPI DOCUMENT WILL BE RELEASED ON THE 23rd JANUARY 2019

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