

Inflation Monitor

A resource for trade union negotiators
in South Africa

JUNE 2021



The Consumer Price Index accelerated to 4.9% in June 2021.

The term inflation means a sustained increase in the general level of prices of goods and services. It is measured as an annual percentage increase (for example, June 2020 to June 2021). Take note that a falling rate of inflation means that prices are rising at a slower rate.

The headline annual inflation rate was 4.9% in June 2021, compared with 5.2% in May 2021. The Consumer Price Index (CPI) increased by 0.2% month-on-month in June 2021.

The food price increased to 7% in June 2021 from 6.8% in May 2021.

Transport inflation decreased to 12.3% in June 2021 from 15.3% in May 2021.

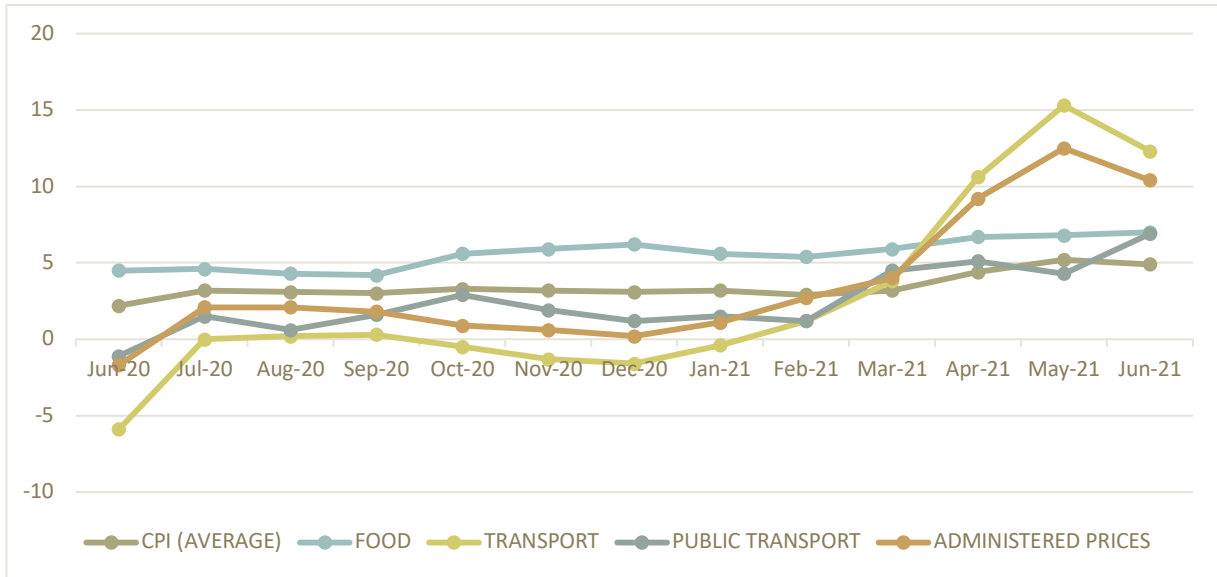
Public transport inflation increased to 6.9% in June 2021 from 4.3% in May 2021. (Buses, trains and other forms of transport that are available to the public charge set fares and run on fixed routes.)

The administrator's price (school, telephone fees, electricity, trains, and petrol/paraffin) decreased to 10.4% in June 2021 from 12.5% in May 2021.

	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
CPI	2.2%	3.2%	3.1%	3%	3.3%	3.2%	3.1%	3.2%	2.9%	3.2%	4.4%	5.2%	4.9%
Food	4.5%	4.6%	4.3%	4.2%	5.6%	5.9%	6.2%	5.6%	5.4%	5.9%	6.7%	6.8%	7%
Transport	-5.9%	0.0%	0.2%	0.3%	-0.5%	-1.3%	-1.6%	-0.4%	1.2%	3.8%	10.6%	15.3%	12.3%
Public Transport	-1.1%	1.5%	0.6%	1.6%	2.9%	1.9%	1.2%	1.5%	1.2%	4.5%	5.1%	4.3%	6.9%
Administration Prices	-1.7%	2.1%	2.1%	1.8%	0.9%	0.6%	0.2%	1.1%	2.7%	4%	9.2%	12.5%	10.4%

Source: Statistics South Africa

Figure 1: Consumer Price Index (CPI) and selected price categories | June 2020 to June 2021



Source: Statistics South Africa

Table 2: Contributions of the different groups to the annual percentage change in the CPI headline | June 2021

Group	Contributions	
	June-21	
Transport	1.7%	
Food and non-alcoholic beverages	1.2%	
Miscellaneous goods and services	0.7%	
Housing and utilities	0.6%	
Alcoholic Beverages and Tobacco	0.3%	
Clothing & Footwear	0.1%	
Household contents and services	0.1%	
Health	0.1%	
Recreation and culture	0.1%	
Education	0.1%	
Restaurants and hotels	0.1%	
Residual	-0.2%	
All items	4.9%	

Source: Statistics South Africa

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

Table 3: Annualised inflation by expenditure group | June 2021

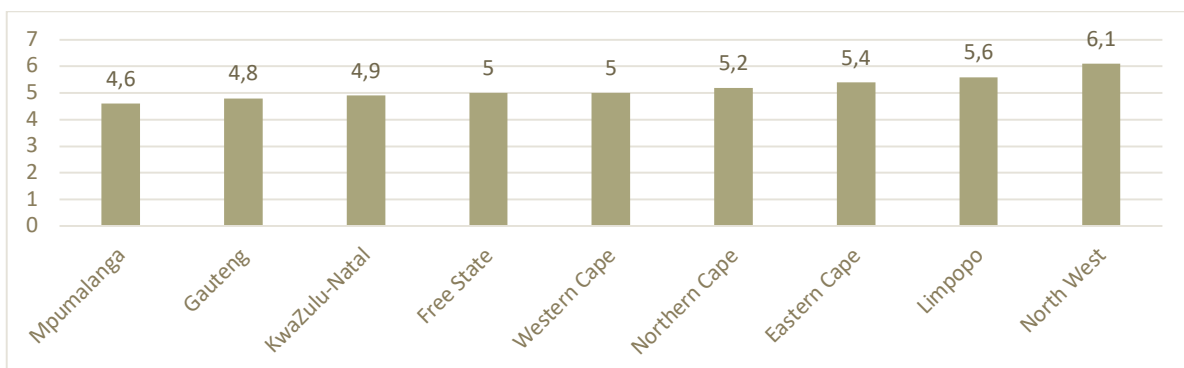
	Monthly expenditure	Inflation Rate June-21
Average annual CPI		4.9%
Decile 1	Up to R1477 per month	5.2%
Decile 2	R1477 up to R2456 per month	5.1%
Decile 3	R2456 up to R3549 per month	4.7%
Decile 4	R3549 up to R4742 per month	4.4%
Decile 5	R4742 up to R6151 per month	4.3%
Decile 6	R6151 up to R7907 per month	4.2%
Decile 7	R7907 up to R10352 per month	4.5%
Decile 8	R10352 up to R14419 per month	4.7%
Decile 9	R14419 up to R22492 per month	5.1%
Decile 10	R22492 and more...	5.1%

Source: Statistics South Africa

There is more than one inflation number. The inflation rate that is 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.

The very low group (Decile 1) experienced an inflation rate of 5.2%, which was higher than the headline annualised inflation rate of 4.9%, while the very high expenditure group (Decile 10) had an inflation rate of 5.1%, which was 0.2% higher than the June 2021 inflation rate of 4.9%.

Figure 2: Annualised inflation rate (%) by province | June 2021



Source: Statistics South Africa

The provinces with an annual inflation rate **lower than or equal to headline inflation** were Mpumalanga (4.6%), Gauteng (4.8%) and KwaZulu-Natal (4.9%). The provinces with an annual inflation rate **higher than headline inflation** were Free State (5%), Western Cape (5%), Northern Cape (5.2%), Eastern Cape (5.4%), Limpopo (5.6%) and North West (6.1%).

Table 4: The Consumer Price Index

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
2019	4	4.1	4.5	4.4	4.5	4.5	4	4.3	4.1	3.7	3.6	4	4.1
2020	4.5	4.6	4.1	3	2.1	2.2	3.2	3.1	3	3.3	3.2	3.1	3.3
2021	3.2	2.9	3.2	4.4	5.2	4.9							

Source: 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.

Table 5: The Food Price Index

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
2019	2.3	2.3	2.3	2.3	2.8	3.2	3	3.8	3.7	3.5	3.5	3.8	3
2020	3.7	4.2	4.4	4.6	4.8	4.5	4.6	4.3	4.2	5.6	5.9	6.2	4.8
2021	5.6	5.4	5.9	6.7	6.8	7							

Source: Statistics South Africa

The food price index shows the increase in the price level of food products only every month. This rate is incorporated in the overall CPI inflation rate.

Table 6: The Transport Price Index

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
2019	2.9	3.6	6.4	7.4	7.1	5.5	3	3.1	2.4	0.3	-0.3	3.3	3.7
2020	6.4	6.2	3.4	-3.5	-8.4	-5.9	0.0	0.2	0.3	-0.5	-1.3	-1.6	-0.4
2021	-0.4	1.2	3.8	10.6	15.3	12.3							

Source: Statistics South Africa

The transport price index indicates the increase in the 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.

Table 7: The Public Transport Price Index

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
2019	9.6	8.9	10.1	10.5	9.5	8.3	7.6	9	3	2.5	2.8	3.7	7.1
2020	0.7	0.8	-1.7	-1.8	-0.7	-1.1	1.5	0.6	1.6	2.9	1.9	1.2	0.5
2021	1.5	1.2	4.5	5.1	4.3	6.9							

Source: Statistics South Africa

The public transport price index shows price increases in taxis, trains, buses, or other public transport that ferry passengers or goods. This rate is incorporated into the overall CPI inflation rate

Table 8: The Administered Price Index

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
2019	5	5.7	7.9	8.3	8.2	6.9	4.7	4.9	5.2	3.5	3	5.9	5.8
2020	9.2	8.8	6.8	0.9	-3.1	-1.7	2.1	2.1	1.8	0.9	0.6	0.2	2.4
2021	1.1	2.7	4	9.2	12.5	10.4							

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 July 2021 CPI figures are expected on 18th August 2021

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