

LRS Labour Research Service

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



LRS INFLATION MONITOR
NOVEMBER 2019

The Consumer Price Index (CPI) declined to 3.6% in November 2019

The term inflation means a sustained increase in the general level of prices for goods and services. It is measured as an annual percentage increase, for example, November 2018 to November 2019. A falling rate of inflation means that prices are rising at a slower rate.

The headline Inflation rate declined to 3.6% in November 2019 from 3.7% in October 2019. On average, prices increased by 0.1% month-on-month in November 2019.

The food price remains unchanged at 3.5% in November 2019.

Transport inflation declined to -0.3% in November 2019 from 0.3% in October 2019.

Public transport inflation increased to 2.8% in November 2019 from 2.5% in October 2019 (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) declined to 3% in November 2019 from 3.5% in October 2019.

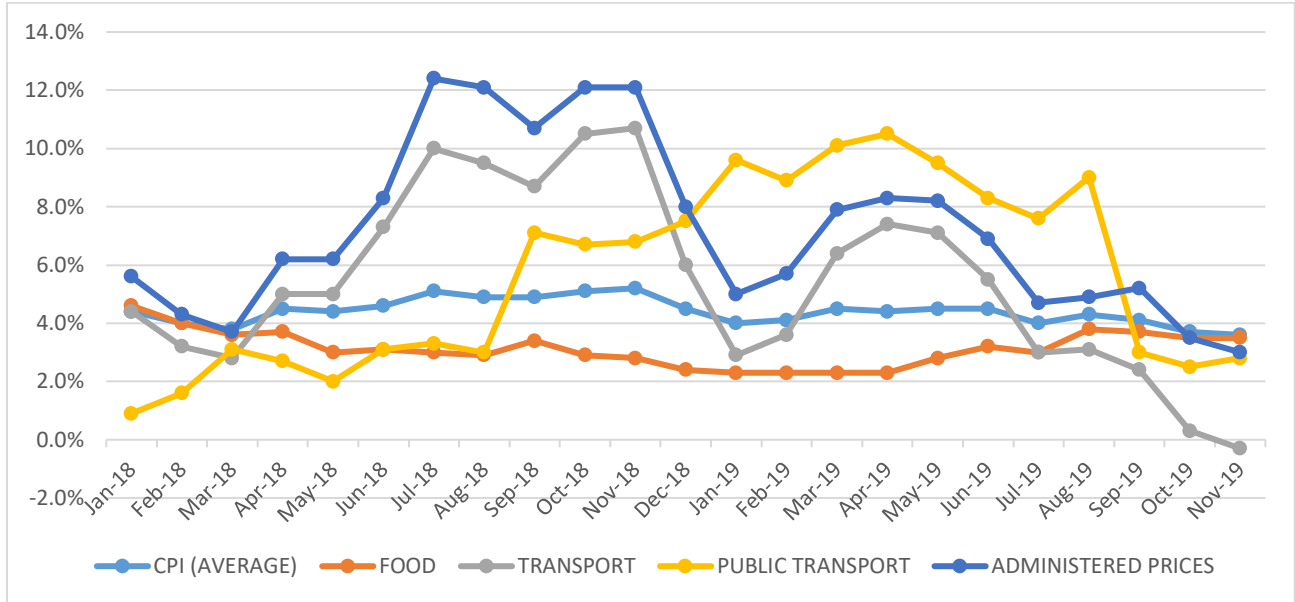
Table 1: The Annual Inflation Rate (CPI) and Selected Price Categories

	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19
CPI	5.1%	5.2%	4.5%	4%	4.1%	4.5%	4.4%	4.5%	4.5%	4%	4.3%	4.1%	3.7%	3.6%
Food	2.9%	2.8%	2.4%	2.3%	2.3%	2.3%	2.3%	2.8%	3.2%	3%	3.8%	3.7%	3.5%	3.5%
Transport	10.5%	10.7%	6%	2.9%	3.6%	6.4%	7.4%	7.1%	5.5%	3%	3.1%	2.4%	0.3%	-0.3%
Public Transport	6.7%	6.8%	7.5%	9.6%	8.9%	10.1%	10.5%	9.5%	8.3%	7.6%	9%	3%	2.5%	2.8%
Administered Prices	12.1%	12.1%	8%	5%	5.7%	7.9%	8.3%	8.2%	6.9%	4.7%	4.9%	5.2%	3.5%	3%

Source: Statistics South Africa

The CPI was 3.6% in November 2019, but some annualized items recorded increases above it, for example, bread and cereal (8%), fish (7.6%), housing and utilities (4.8%), water and other services (7.2%), electricity and other fuels (11.8%), health (4.8%), education (6.7%), books, newspapers/stationery (5.1% and miscellaneous goods and services (5.7%).

Figure 1: Consumer Price Index (CPI) and selected price categories January 2018 to November 2019



Source: Statistics South Africa

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

Group	Contributions	
	October 2019	November 2019
Food and non-alcoholic beverages	0.6	0.6
Alcoholic beverages and tobacco	0.3	0.3
Clothing and footwear	0.1	0.1
Housing and utilities	1.2	1.2
Household contents and services	0.1	0.1
Health	0.1	0.1
Transport	0.1	0.0
Recreation and culture	0.1	0.1
Education	0.2	0.2
Restaurants and hotels	0.1	0.1
Miscellaneous goods and services	0.9	0.9
Residual	-0.1	-0.1
All Items	3.7	3.6

Source: Statistics South Africa

Statistics South Africa divides household monthly expenditure into 10 decile. 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, November 2019

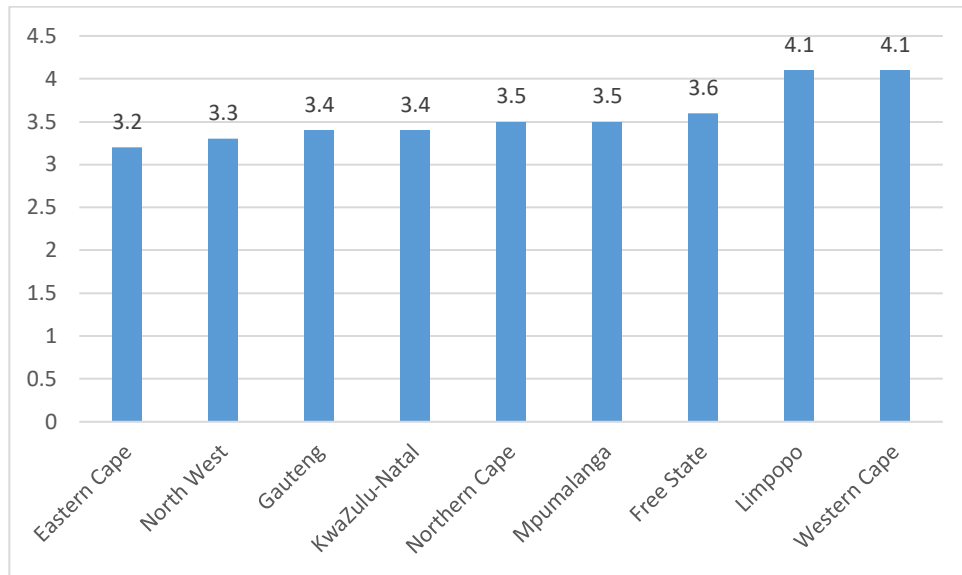
	Monthly expenditure	Inflation Rate Nov-19
Average annual CPI		3.6%
Decile 1	Up to R1477 per month	5.1%
Decile 2	R1477 up to R2456 per month	4.6%
Decile 3	R2456 up to R3549 per month	4.1%
Decile 4	R3549 up to R4742 per month	4%
Decile 5	R4742 up to R6151 per month	3.8%
Decile 6	R6151 up to R7907 per month	3.4%
Decile 7	R7907 up to R10352 per month	3.3%
Decile 8	R10352 up to R14419 per month	3.2%
Decile 9	R14419 up to R22492 per month	3.4%
Decile 10	R22492 and more...	3.6%

Source: Statistics South Africa

There is more than one inflation number. The inflation rate that is reported by the media is the average inflation rate. Different groups of people can experience different rates of inflation because they buy different things.

The very low group (Decile 1) experienced an inflation rate of 5.1%, which is higher than the headline inflation rate of 3.6%. The very high expenditure group (Decile 10) had an inflation rate of 3.6%.

Figure: Annualised inflation rate (%) by province, November 2019



Source: Statistics South Africa

The province with annual inflation rate **lower than or equal to headline inflation** were Eastern Cape (3.2%), North West (3.3%), Gauteng (3.4%), KwaZulu-Natal (3.4%), Northern Cape (3.5%), Mpumalanga (3.5%) and Free State (3.6%).

The provinces with an annual inflation rate **higher than headline inflation** were Limpopo (4.1%) and Western Cape (4.1%).

The Consumer Price Index (CPI)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
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%	4.5%	4.7%
2019	4%	4.1%	4.5%	4.4%	4.5%	4.5%	4%	4.3%	4.1%	3.7%	3.6%		

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.

The Food Price Index

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
2017	11.8%	10%	8.7%	6.6%	7%	7%	6.8%	5.7%	5.4%	5.3%	5.2%	4.9%	7%
2018	4.6%	4%	3.6%	3.7%	3%	3.1%	3%	2.9%	3.4%	2.9%	2.8%	2.4%	3.3%
2019	2.3%	2.3%	2.3%	2.3%	2.8%	3.2%	3%	3.8%	3.7%	3.5%	3.5%		

Source: Statistics South Africa

The food price index shows the increase in the price level of food products only and on a monthly basis. This rate is incorporated in the overall CPI inflation rate.

The Transport Price Index

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
2017	6.7%	7.2%	7.7%	4.6%	5.2%	3.3%	6.8%	3.9%	5.6%	5.4%	4.4%	6.4%	5.6%
2018	4.4%	3.2%	2.8%	5%	5%	7.3%	10%	9.5%	8.7%	10.5%	10.7%	6%	6.5%
2019	2.9%	3.6%	6.4%	7.4%	7.1%	5.5%	3%	3.1%	2.4%	0.3%	-0.3%		

Source: Statistics South Africa

The transport price index provides an indication of 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.

The Administered Price Index

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
2017	6.2%	6.6%	8.4%	6%	6.7%	4.9%	1.8%	4.4%	6.1%	5.8%	5.1%	6.9%	5.7%
2018	5.6%	4.3%	3.7%	6.2%	6.2%	8.3%	12.4%	12.1%	10.7%	12.1%	12.1%	8%	8.5%
2019	5%	5.7%	7.9%	8.3%	8.2%	6.9%	4.7%	4.9%	5.2%	3.5%	3%		

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.

Release date of December 2019 CPI figures is 22nd January 2020

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