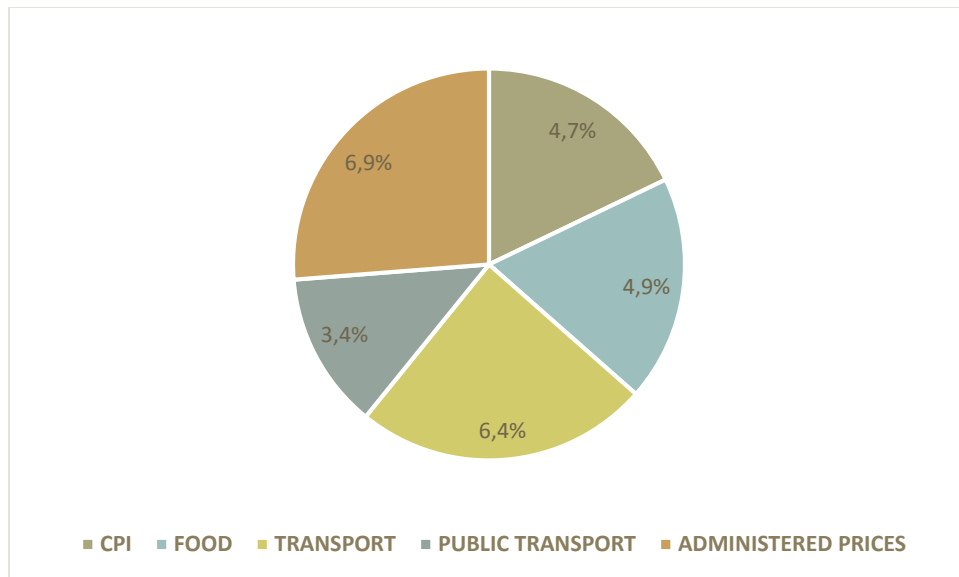


# LRS Labour Research Service

## INFLATION MONITOR DECEMBER 2017



## The Consumer Price Index (CPI) increased to 4.7% in December 2017

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 December 2016 to December 2017). Take note that a falling rate of inflation means that prices are rising at a slower rate.

The inflation rate as measured by the Consumer Price Index (CPI) increased to 4.7% in December 2017 from 4.6% in November 2017.

**The Food price** declined to 4.9% December 2017 from 5.2% in November 2017

**Transport inflation** increased to 6.4% in December 2017 from 4.4% in November 2017.

**Public transport inflation** increased to 3.4% in December 2017 from 2.5% in November 2017. (Buses, trains, and other forms of transport that are available to the public, charge set fares, and run on fixed routes.)

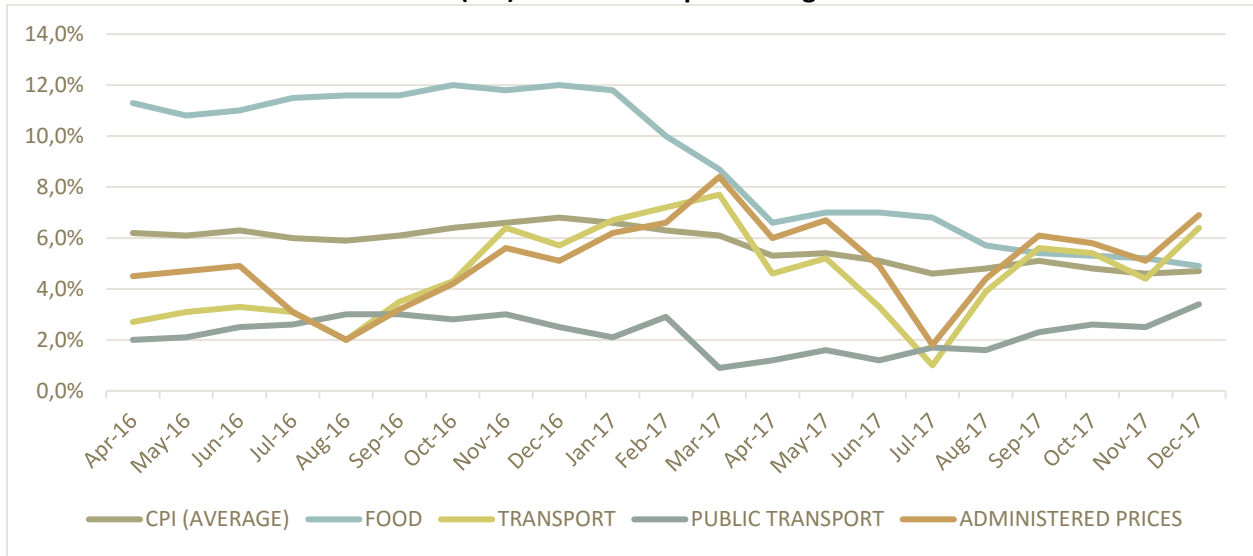
**Administrator's price** (school fees, telephone fees, electricity, trains, and petrol/paraffin) declined to 6.9% in December 2017 from 5.1% in November 2017.

## The Annual Inflation Rate (CPI) and Selected Price Categories

	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
<b>CPI</b>	6.8%	6.6%	6.3%	6.1%	5.3%	5.4%	5.1%	4.6%	4.8%	5.1%	4.8%	4.6%	4.7%
<b>Food</b>	12%	11.8%	10%	8.7%	6.6%	7%	7%	6.8%	5.7%	5.4%	5.3%	5.2%	4.9%
<b>Transport</b>	5.7%	6.7%	7.2%	7.7%	4.6%	5.2%	3.3%	1.0%	3.9%	5.6%	5.4%	4.4%	6.4%
<b>Public Transport</b>	2.5%	2.1%	2.9%	0.9%	1.2%	1.6%	1.2%	1.7%	1.6%	2.3%	2.6%	2.5%	3.4%
<b>Administered Prices</b>	5.1%	6.2%	6.6%	8.4%	6.0%	6.7%	4.9%	1.8%	4.4%	6.1%	5.8%	5.1%	6.9%

Source: Statistics South Africa

**Consumer Price Index (CPI) and selected price categories December 2017**



Source: Statistics South Africa

## Consumer Price Index (CPI) Per Expenditure Decile

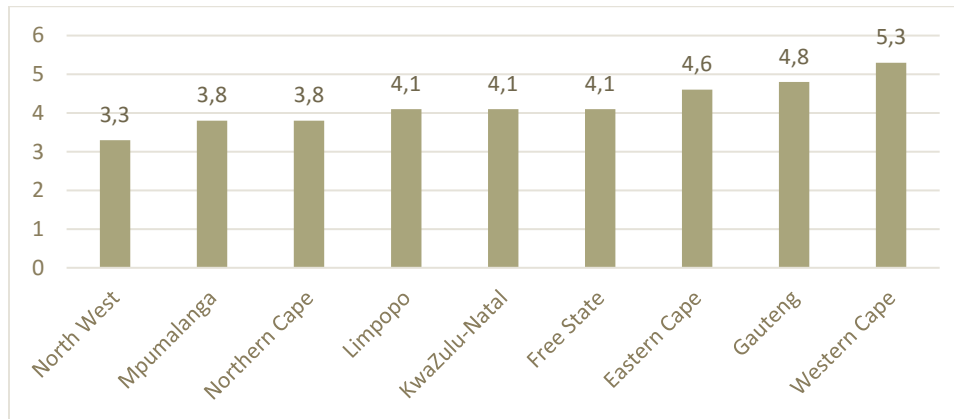
Statistic South Africa divides household monthly expenditure into 10 decile. The table shows that decile 10 expenditure was higher than decile 1 expenditure, indicating a high level of inequality.

	Monthly expenditure	Inflation Rate Dec-17
<b>Average annual CPI</b>		<b>4.7%</b>
Decile 1	Up to R1477 per month	1.6%
Decile 2	R1477 up to R2456 per month	2.4%
Decile 3	R2456 up to R3549 per month	3%
Decile 4	R3549 up to R4742 per month	3.4%
Decile 5	R4742 up to R6151 per month	3.6%
Decile 6	R6151 up to R7907 per month	3.8%
Decile 7	R7907 up to R10352 per month	4.3%
Decile 8	R10352 up to R14419 per month	4.6%
Decile 9	R14419 up to R22492 per month	5.1%
Decile 10	R22492 and more...	4.9%

Source: Statistics South Africa

The table above shows that there's a different inflation rate for different groups of quintiles. Inflation is lower in the 'very low' decile (1) at 1.6% followed by the 'low' decile (2) at 2.4%, Decile 9 and 10 had the highest inflation rate of 5.1% and 4.9%. This is higher when compared to the annualise inflation of 4.7%

## Provincial Inflation Rate December 2017



Source: Statistics South Africa

The province with annual inflation rate **lower than or equal to headline inflation** were North West (3.3%), Mpumalanga (3.8%), Northern Cape(3.8%), Limpopo (4.1%), KwaZulu-Natal (4.1%), Free State(4.1%) and Eastern Cape (4.6%).

The provinces with an annual inflation rate **higher than headline inflation** was Gauteng (4.8%) and Western Cape 5.3%.

**HISTORICAL INFLATION TABLES**

**The Consumer Price Index (CPI)**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
<b>2016</b>	6.2%	7%	6.3%	6.2%	6.1%	6.3%	6%	5.9%	6.1%	6.4%	6.6%	6.8%	<b>6.4%</b>
<b>2017</b>	6.6%	6.3%	6.1%	5.3%	5.4%	5.1%	4.6%	4.8%	5.1%	4.8%	4.6%	4.7%	<b>5.3%</b>

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.
<b>2016</b>	7%	8.8%	9.8%	11.3%	10.8%	11%	11.5%	11.6%	11.6%	12%	11.8%	12%	<b>11%</b>
<b>2017</b>	11.8%	10%	8.7%	6.6%	7%	7%	6.8%	5.7%	5.4%	5.3%	5.2%	4.9%	<b>0.5%</b>

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.
<b>2016</b>	5.5%	8.7%	4.5%	2.7%	3.1%	3.3%	3.1%	2%	3.5%	4.3%	6.4%	5.7%	<b>4%</b>
<b>2017</b>	6.7%	7.2%	7.7%	4.6%	5.2%	3.3%	1.0%	3.9%	5.6%	5.4%	4.4%	6.4%	<b>1%</b>

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.
<b>2016</b>	8.8%	11.5%	6.4%	4.5%	4.7%	4.9%	3.1%	2%	3.2%	4.2%	5.6%	5.1%	<b>5%</b>
<b>2017</b>	6.2%	6.6%	8.4%	6%	6.7%	4.9%	1.8%	4.4%	6.1%	5.8%	5.1%	6.9%	<b>6%</b>

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 JANUARY 2018 CPI DOCUMENT WILL BE RELEASED ON THE 21<sup>st</sup> FEBRUARY 2018**

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