

INFLATION MONITOR FEBRUARY 2017

The Consumer Price Index (CPI) rose to 6.3% in February 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 February 2016 to February 2017).

The year-on-year inflation rate as measured by the Consumer Price Index (CPI) slowed down to 6.3% in February 2017 from 6.6% recorded in January 2017.

The **Food price** decreased to 10% in February 2017 from 11.8% recorded in January 2017.

Transport inflation increased to 7.2% in February 2017 from 6.7% in January 2017.

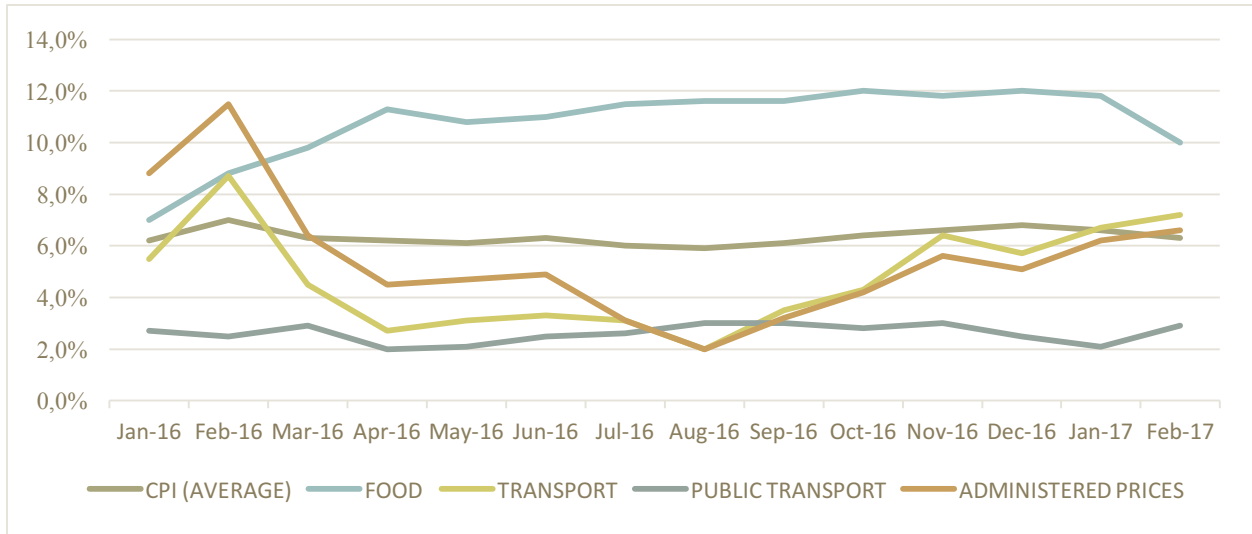
Public transport inflation increased to 2.9% in February 2017 from 2.1% in January 2017. (Buses, trains, and other forms of transport that are available to the public, charge set fares, and run on fixed routes.)

Administrator's price (school fees, telephone fees, electricity, trains, and petrol/paraffin) increased to 6.6% in February 2017 from 6.2% in January 2017.

The Annual Inflation Rate (CPI) and Selected Price Categories

| | May-16 | Jun-16 | Jul-16 | Aug-16 | Sep-16 | Oct-16 | Nov-16 | Dec-16 | Jan-17 | Feb-17 |
|----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| CPI | 6.1% | 6.3% | 6.0% | 5.9% | 6.1% | 6.4% | 6.6% | 6.8% | 6.6% | 6.3% |
| Food | 10.8% | 11% | 11.5% | 11.6% | 11.6% | 12% | 11.8% | 12% | 11.8% | 10% |
| Transport | 3.1% | 3.3% | 3.1% | 2% | 3.5% | 4.3% | 6.4% | 5.7% | 6.7% | 7.2% |
| Public Transport | 2.1% | 2.5% | 2.6% | 3% | 3% | 2.8% | 3% | 2.5% | 2.1% | 2.9% |
| Administered Prices | 4.7% | 4.9% | 3.1% | 2% | 3.2% | 4.2% | 5.6% | 5.1% | 6.2% | 6.6% |

Source: Statistics South Africa



Source: Statistics South Africa

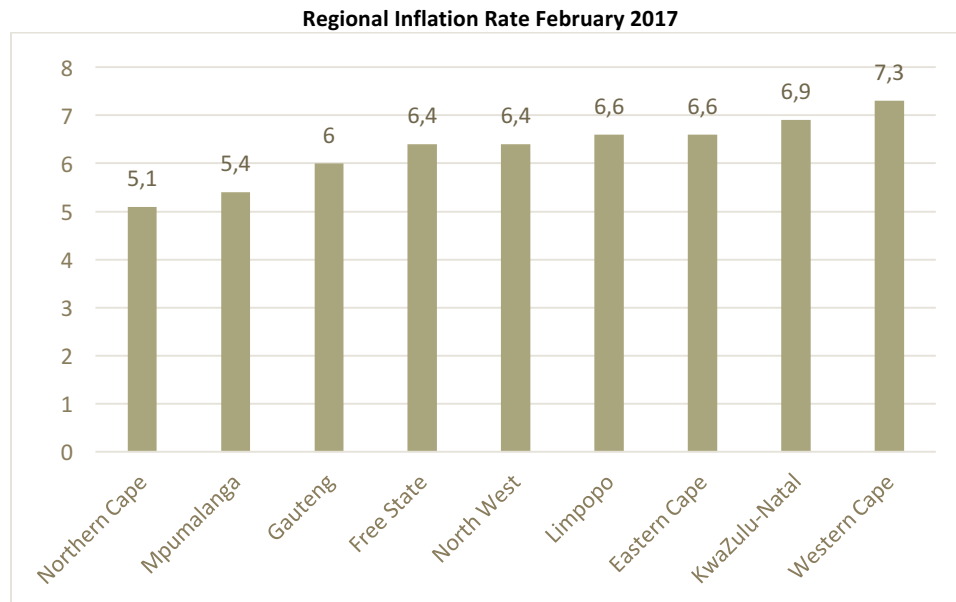
Consumer Price Index (CPI) Per Expenditure Decile

Statistic South Africa divides household monthly expenditure into 10 decile

| | Monthly expenditure | Inflation Rate Feb-17 |
|---------------------------|-------------------------------|--------------------------|
| Average annual CPI | | 6.3% |
| Decile 1 | Up to R1477 per month | 6.8% |
| Decile 2 | R1477 up to R2456 per month | 7% |
| Decile 3 | R2456 up to R3549 per month | 6.6% |
| Decile 4 | R3549 up to R4742 per month | 6.4% |
| Decile 5 | R4742 up to R6151 per month | 6.2% |
| Decile 6 | R6151 up to R7907 per month | 6.1% |
| Decile 7 | R7907 up to R10352 per month | 5.6% |
| Decile 8 | R10352 up to R14419 per month | 6% |
| Decile 9 | R14419 up to R22492 per month | 6.2% |
| Decile 10 | R22492 and more... | 6.6% |

Source: Statistics South Africa

The table above shows that there's a different inflation rate for different groups of quintiles. Inflation is higher in the 'very low' decile (1) at 6.8% followed by the 'low' decile (2) at 7%. This is higher than the average inflation rate of 6.3%. Thus the inflationary effect for a lower income household is greater than a household that earn 'high' and 'very high' income.



Source: Statistics South Africa

The province with annual inflation rate **lower than or equal to headline inflation** were Northern Cape (5.1%), Mpumalanga (5.4%) and Gauteng (6%)

The provinces with an annual inflation rate **higher than headline inflation** were Free State (6.4%), North West (6.4%), Limpopo (6.6%), Eastern Cape (6.6%), KwaZulu-Natal (6.9%) and Western Cape (7.3%)

HISTORICAL INFLATION TABLES

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% | | | | | | | | | | | |

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. |
|-------------|-------|------|------|-------|-------|-----|-------|-------|-------|-----|-------|-----|------------|
| 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% | | | | | | | | | | | |

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% | | | | | | | | | | | |

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% | | | | | | | | | | | |

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 MARCH 2017 CPI DOCUMENT WILL BE RELEASED ON THE 19th APRIL 2017