

INFLATION MONITOR

JUNE 2020

The Consumer Price Index (CPI) increased to 2.2% in June 2020

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, June 2019 to June 2020). Take note that a falling rate of inflation means that prices are rising at a slower rate.

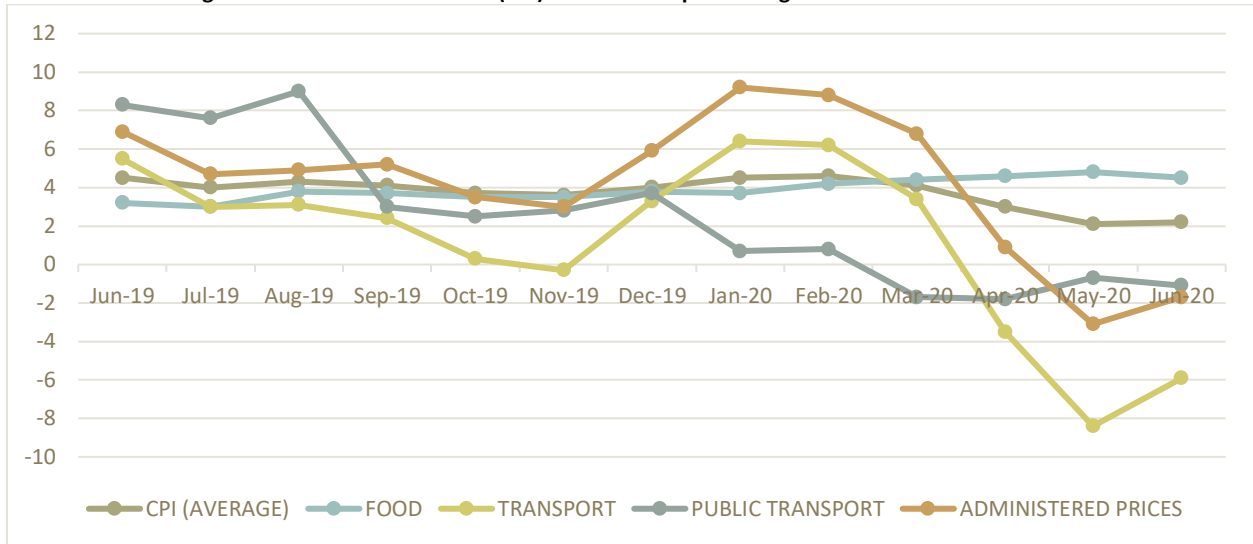
The headline annual inflation rate accelerated to 2.2% in June 2020 from 2.1% in May 2020. On average, prices increased by 0.5% month-on-month in June 2020. **The food price** declined to 4.5% in June 2020 from 4.8% in May 2020. **Transport inflation** decreased to -5.9% in June 2020 from -8.4% in May 2020. **Public transport inflation** increased to -1.1% in June 2020 from -0.7% in May 2020 (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, telephone fees, electricity, trains, and petrol/paraffin) declined to -1.7% in June 2020 from -3.1% in May 2020.

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

	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
CPI	4.5%	4%	4.3%	4.1%	3.7%	3.6%	4%	4.5%	4.6%	4.1%	3%	2.1%	2.2%
Food	3.2%	3%	3.8%	3.7%	3.5%	3.5%	3.8%	3.7%	4.2%	4.4%	4.6%	4.8%	4.5%
Transport	5.5%	3%	3.1%	2.4%	0.3%	-0.3%	3.3%	6.4%	6.2%	3.4%	-3.5%	-8.4%	-5.9%
Public Transport	8.3%	7.6%	9%	3%	2.5%	2.8%	3.7%	0.7%	0.8%	-1.7%	-1.8%	-0.7%	-1.1%
Administered Prices	6.9%	4.7%	4.9%	5.2%	3.5%	3%	5.9%	9.2%	8.8%	6.8%	0.9%	-3.1%	-1.7%

Source: Statistics South Africa

Figure 1: Consumer Price Index (CPI) and selected price categories June 2019 to June 2020



Source: Statistics South Africa

Table 2: Contributions of the different groups to the annual percentage change in the CPI headline June 2020

Group	Contributions
	Jun -2020
Housing and utilities	1.0
Miscellaneous goods and services	1.0
Food non-alcohol beverages	0.7
Education	0.2
Alcohol beverages and tobaccos	0.1
Household content	0.1
Health	0.1
Recreation and culture	0.1
Transport	-0.9
Residual	-0.2
All Items	2.2

Source: Statistics South Africa

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.

Table 3: Annualised inflation by expenditure group, June 2020

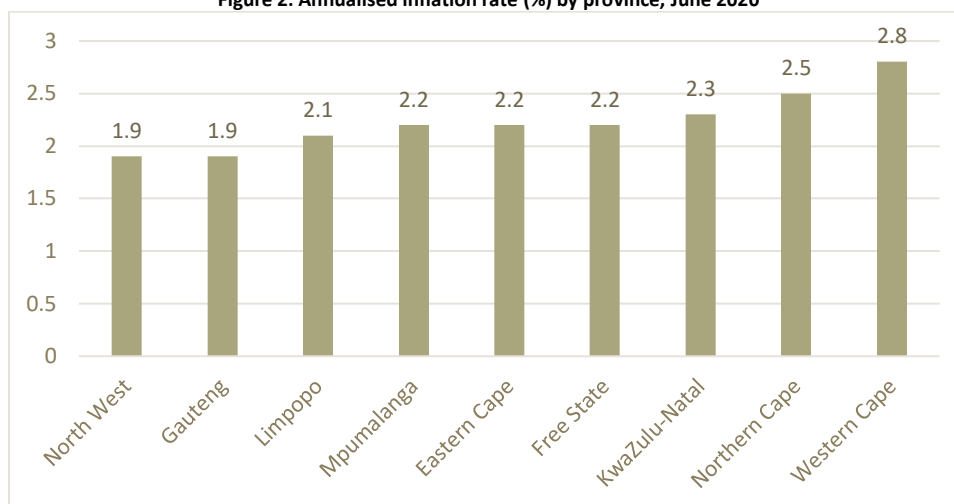
	Monthly expenditure	Inflation Rate Jun-20
Average annual CPI		2.2%
Decile 1	Up to R1477 per month	3.9%
Decile 2	R1477 up to R2456 per month	3.7%
Decile 3	R2456 up to R3549 per month	3.1%
Decile 4	R3549 up to R4742 per month	2.7%
Decile 5	R4742 up to R6151 per month	2.6%
Decile 6	R6151 up to R7907 per month	2.2%
Decile 7	R7907 up to R10352 per month	1.9%
Decile 8	R10352 up to R14419 per month	1.8%
Decile 9	R14419 up to R22492 per month	1.9%
Decile 10	R22492 and more...	2.3%

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 3.9%, higher than headline annualised inflation rate of 2.2%, while the very high expenditure group (Decile 10) had an inflation rate of 2.3, which was higher when compared to the 2.2%.June 2020.

Figure 2: Annualised inflation rate (%) by province, June 2020



Source: Statistics South Africa

The province with annual inflation rate **lower than or equal to headline inflation** were North West (1.9%), Gauteng (1.9%), Limpopo (2.1%). Mpumalanga (2.2%), Eastern Cape (2.2%), Free State (2.2%), KwaZulu-Natal (2.3%), Northern Cape (2.5%) and Western Cape (2.8%) had inflation rates **higher than headline inflation**.

The Consumer Price Index (CPI)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
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%	4%	4.1%
2020	4.5%	4.6%	4.1%	3%	2.1%	2.2%							

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.
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%	3.8%	3%
2020	3.7%	4.2%	4.4%	4.6%	4.8%	4.5%							

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.

The Transport Price Index

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
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%	3.3%	3.7%
2020	6.4%	6.2%	3.4%	-3.5%	-8.4%	-5.9%							

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 Public Transport Price Index

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
2018	0.9%	1.6%	3.1%	2.7%	2%	3.1%	3.3%	3%	7.1%	6.7%	6.8%	7.5%	3.9%
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%							

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.

The Administered Price Index

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
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%	5.9%	5.8%
2020	9.2%	8.8%	6.8%	0.9%	-3.1%	-1.7%							

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.

****CPI figures for May 2020 are expected to be released on 26 August 2020.*

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