

LABOUR RESEARCH SERVICE

INFLATION MONITOR

FEBRUARY 2023

Community House
41 Salt River Road, Salt River
Cape Town

0214681100
lrs@lrs.org.za
www.lrs.org.za

The Consumer Price Index increased to 7% in February 2023

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, February 2022 to February 2023). A falling rate of inflation means that prices are rising at a slower rate.

The headline annual inflation rate increased to 7% in February 2023 from 6.9% in January 2023. The Consumer Price Index (CPI) increased by 0.7% month-on-month in February 2023.

The food price increased to 14% in February 2023 from 13.8% in January 2023.

Transport inflation declined to 9.9% February 2023 from 11.1% in January 2023.

Public transport inflation decreased to 15.8% in February 2023 from 18% in January 2023.

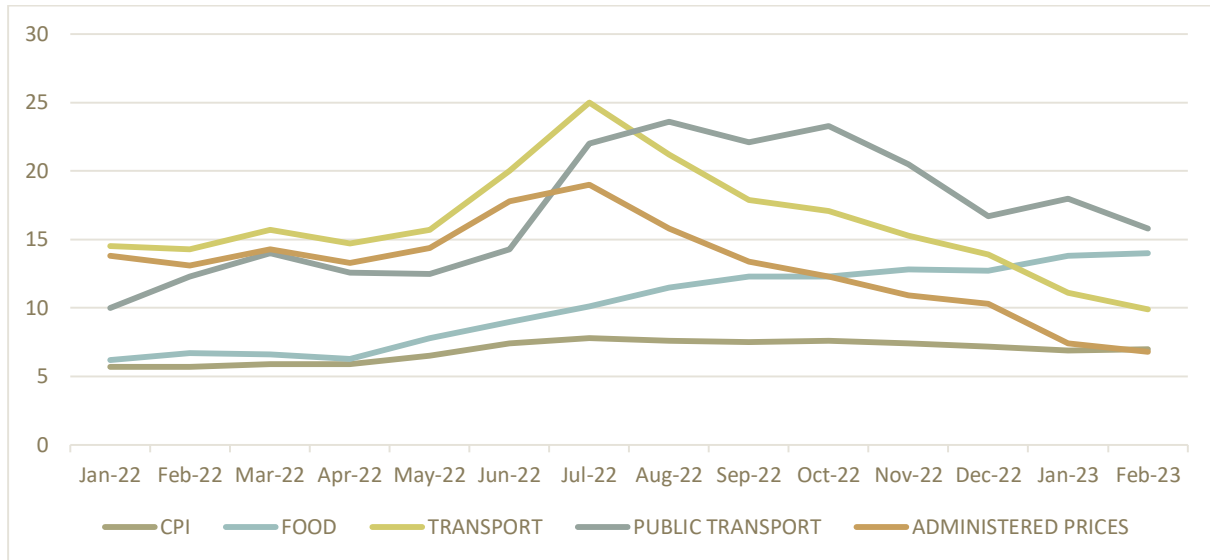
The administrator's price (school, telephone fees, electricity, trains, and petrol/paraffin) declined to 6.8% in February 2023 from 7.4% in January 2023.

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

	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23
CPI	5.7%	5.9%	5.9%	6.5%	7.4%	7.8%	7.6%	7.5%	7.6%	7.4%	7.2%	6.9%	7%
Food	6.7%	6.6%	6.3%	7.8%	9%	10.1%	11.5%	12.3%	12.3%	12.8%	12.7%	13.8%	14%
Transport	14.3%	15.7%	14.7%	15.7%	20%	25%	21.2%	17.9%	17.1%	15.3%	13.9%	11.1%	9.9%
Public Transport	12.3%	14%	12.6%	12.5%	14.3%	22%	23.6%	22.1%	23.3%	20.5%	16.7%	18%	15.8%
Administration Prices	13.1%	14.3%	13.3%	14.4%	17.8%	19%	15.8%	13.4%	12.3%	10.9%	10.3%	7.4%	6.8%

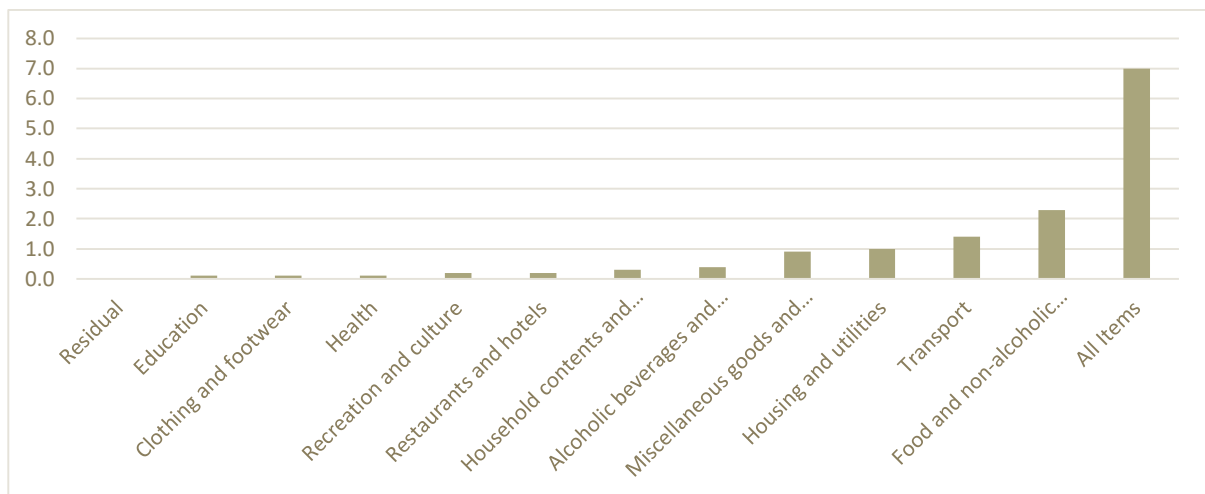
Source: Statistics South Africa

Figure 1: Consumer Price Index (CPI) and selected price categories | February 2022 to February 2023



Source: Statistics South Africa

Figure 2: Contributions of the different groups to the annual percentage change in the CPI headline | February 2023



Source: Statistics South Africa

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

Table 2: Annualised inflation by expenditure group | February 2023

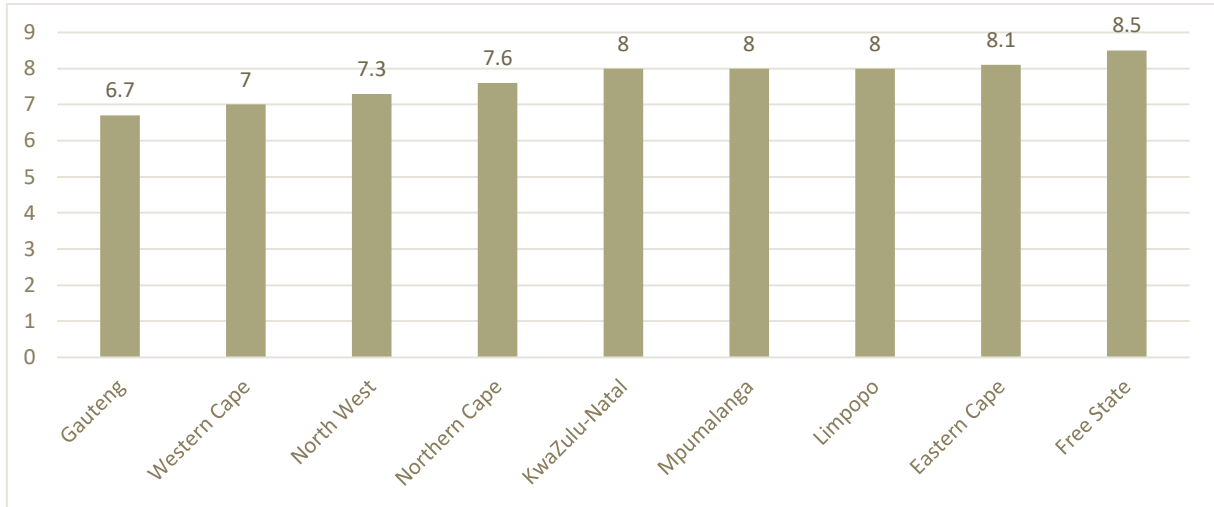
	Monthly expenditure	Inflation Rate Feb-23
Average annual CPI		7%
Decile 1	Up to R1 678 per month	11%
Decile 2	R1 678 up to R2 802 per month	10.4%
Decile 3	R2 802 up to R4 056 per month	9.0%
Decile 4	R4 056 up to R5 434 per month	7.9%
Decile 5	R5 435 up to R7 058 per month	7.5%
Decile 6	R7 058 up to R9 097 per month	7.3%
Decile 7	R9 097 up to R11 931 per month	7.2%
Decile 8	R11 931 up to R16 660 per month	7.1%
Decile 9	R16 660 up to R26 021 per month	7.2%
Decile 10	R26 021 and more...	6.4%

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 11%, which was higher than the headline annualised inflation rate of 7%, while the very high expenditure group (Decile 10) had an inflation rate of 6.4%, which was 0.6% lower than the inflation rate of 7% in February 2023.

Figure 3: Annualised inflation rate (%) by province | February 2023



Source: Statistics South Africa

The provinces with an annual inflation rate **lower than or equal to headline inflation** were Gauteng (6.7%) and Western Cape (7%). The provinces with an annual inflation rate **higher than headline inflation** were North West (7.3%), Northern Cape (7.6%), KwaZulu-Natal (8%), Mpumalanga (8%), Limpopo (8%) Eastern Cape (8.1%) and Free State (8.5%).

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	4.6	4.9	5	5	5.5	5.9	4.5
2022	5.7	5.7	5.9	5.9	6.5	7.4	7.8	7.6	7.5	7.6	7.4	7.2	6.9
2023	6.9	7											

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	7	7.4	7	6.7	6	5.9	6.5
2022	6.2	6.7	6.6	6.3	7.8	9	10.1	11.5	12.3	12.3	12.8	12.7	9.5
2023	13.8	14											

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	8	9.9	10.1	10.9	15	16.8	9.5
2022	14.5	14.3	15.7	14.7	15.7	20	25	21.2	17.9	17.1	15.3	13.9	17.1
2023	11.1	9.9											

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	3.7	5.3	6.7	6	8,3	9.9	5.3
2022	10	12.3	14	12.6	12.5	14.3	22	23.6	22.1	23.2	20.5	16.7	17
2023	18	15.8											

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	9.1	10.3	10.4	11.2	14.1	15.6	9.2
2022	13.8	13.1	14.3	13.3	14.4	17.8	19	15.8	13.4	12.3	10.9	10.3	14
2023	7.4	6.8											

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 2023 CPI figures are expected on 19th April 2023

For more information contact: George Mthethwa | george@lrs.org.za | Tel: 082 336 4533

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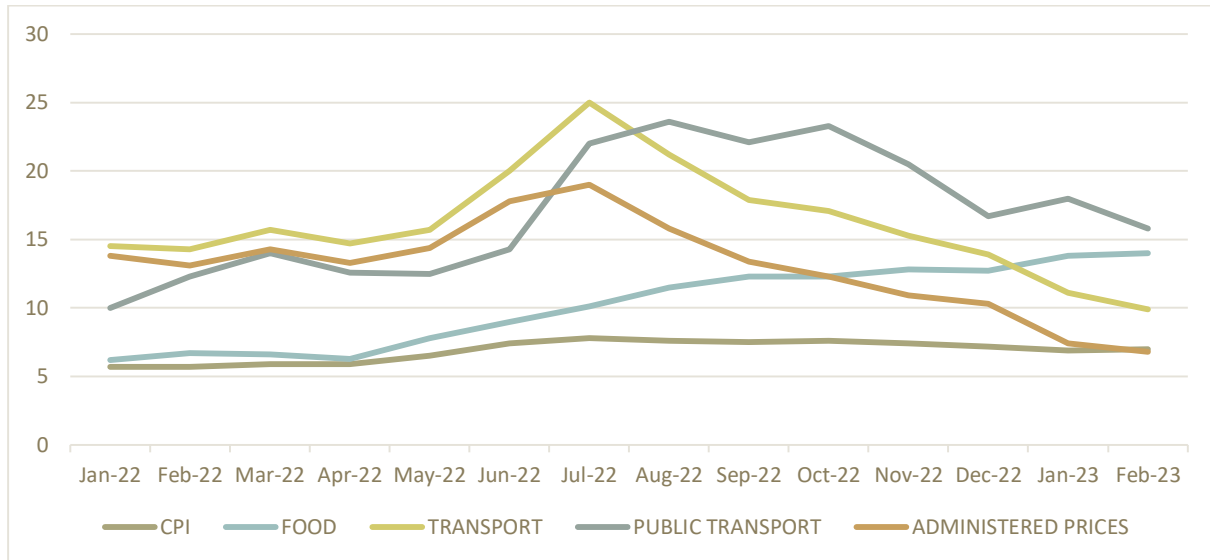
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	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23
CPI	5.7%	5.9%	5.9%	6.5%	7.4%	7.8%	7.6%	7.5%	7.6%	7.4%	7.2%	6.9%	7%
Food	6.7%	6.6%	6.3%	7.8%	9%	10.1%	11.5%	12.3%	12.3%	12.8%	12.7%	13.8%	14%
Transport	14.3%	15.7%	14.7%	15.7%	20%	25%	21.2%	17.9%	17.1%	15.3%	13.9%	11.1%	9.9%
Public Transport	12.3%	14%	12.6%	12.5%	14.3%	22%	23.6%	22.1%	23.3%	20.5%	16.7%	18%	15.8%
Administration Prices	13.1%	14.3%	13.3%	14.4%	17.8%	19%	15.8%	13.4%	12.3%	10.9%	10.3%	7.4%	6.8%

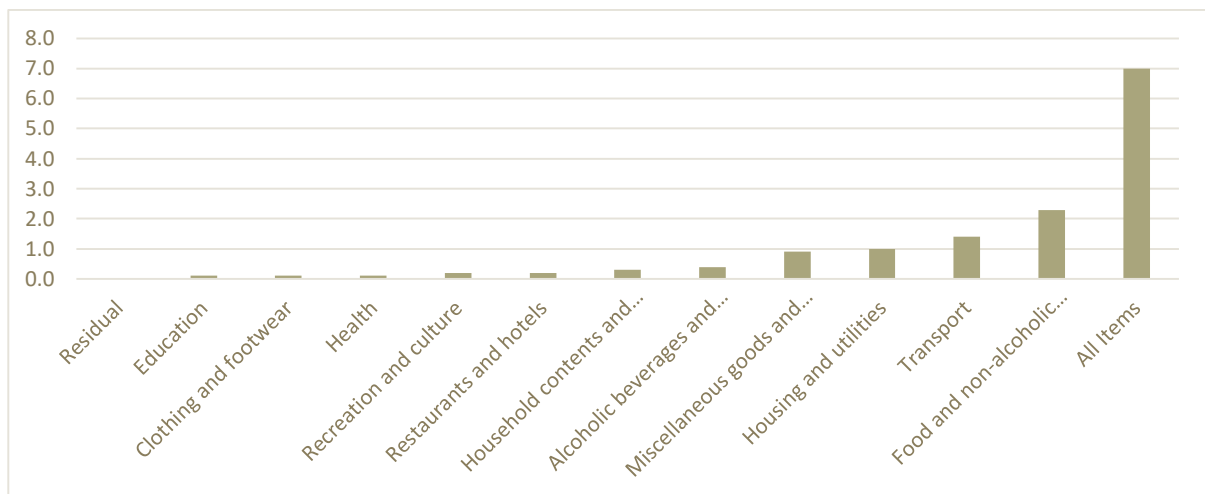
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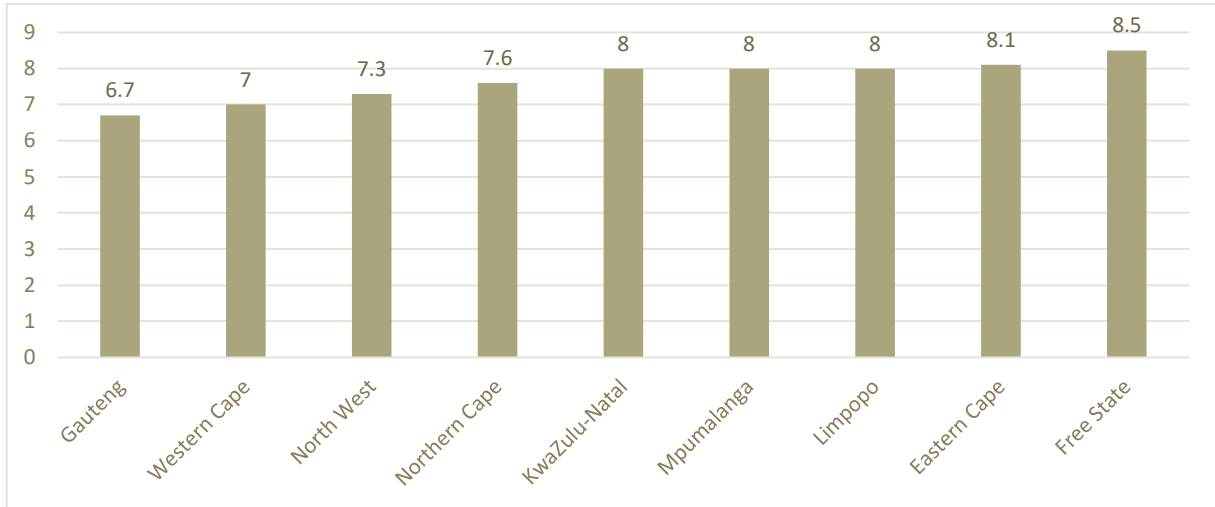
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Table 4: The Consumer Price Index

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	4.6	4.9	5	5	5.5	5.9	4.5
2022	5.7	5.7	5.9	5.9	6.5	7.4	7.8	7.6	7.5	7.6	7.4	7.2	6.9
2023	6.9	7											

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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	7	7.4	7	6.7	6	5.9	6.5
2022	6.2	6.7	6.6	6.3	7.8	9	10.1	11.5	12.3	12.3	12.8	12.7	9.5
2023	13.8	14											

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	8	9.9	10.1	10.9	15	16.8	9.5
2022	14.5	14.3	15.7	14.7	15.7	20	25	21.2	17.9	17.1	15.3	13.9	17.1
2023	11.1	9.9											

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	3.7	5.3	6.7	6	8,3	9.9	5.3
2022	10	12.3	14	12.6	12.5	14.3	22	23.6	22.1	23.2	20.5	16.7	17
2023	18	15.8											

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	9.1	10.3	10.4	11.2	14.1	15.6	9.2
2022	13.8	13.1	14.3	13.3	14.4	17.8	19	15.8	13.4	12.3	10.9	10.3	14
2023	7.4	6.8											

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