

LABOUR RESEARCH SERVICE

INFLATION MONITOR

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The Consumer Price Index slowed down to 6.3% in May 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, May 2022 to May 2023). Take note that a falling rate of inflation means that prices are rising at a slower rate.

The **annual headline inflation rate** decreased to 6.3% in May 2023 from 6.8% in April 2023. The Consumer Price Index (CPI) increased by 0.2% month-on-month in May 2023.

The food price declined to 12% in May 2023 from 14.3% in April 2023.

Transport inflation declined to 7% May 2023 from 7.6% in April 2023.

Public transport inflation remained unchanged at 14.2% in May 2023.

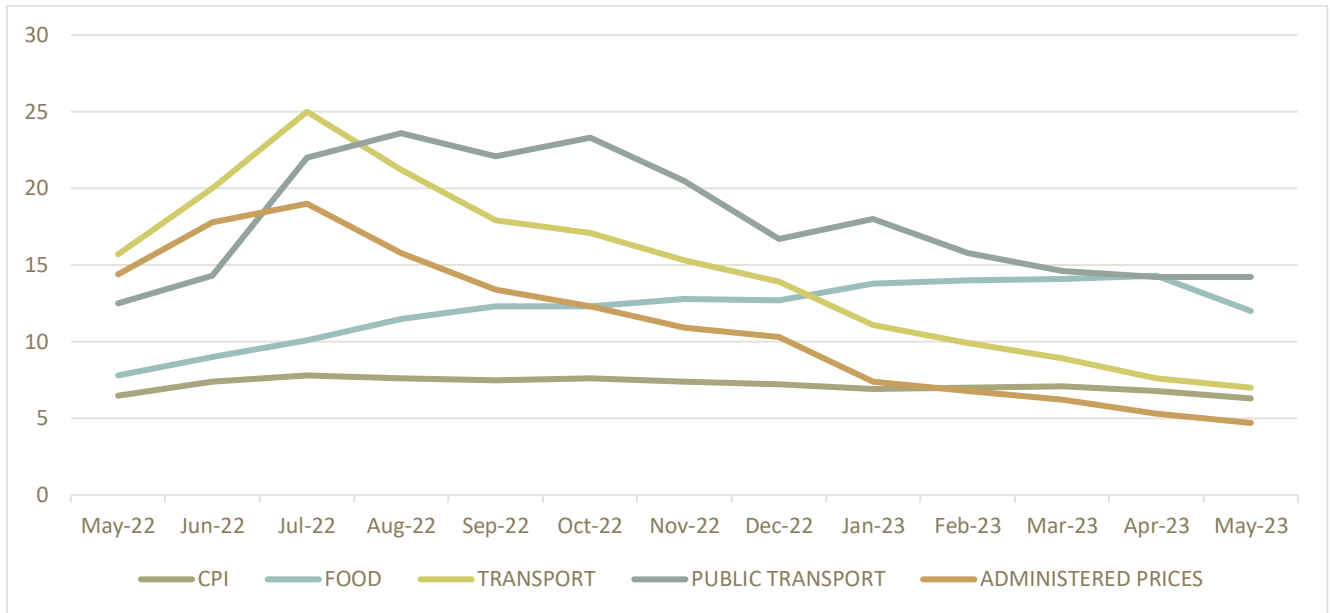
The administrator's price (school, telephone fees, electricity, trains, and petrol/paraffin) declined to 4.7% in May 2023 from 5.3% in April 2023.

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

	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23
CPI	6.5%	7.4%	7.8%	7.6%	7.5%	7.6%	7.4%	7.2%	6.9%	7%	7.1%	6.8%	6.3%
Food	7.8%	9%	10.1%	11.5%	12.3%	12.3%	12.8%	12.7%	13.8%	14%	14.4%	14.3%	12%
Transport	15.7%	20%	25%	21.2%	17.9%	17.1%	15.3%	13.9%	11.1%	9.9%	8.9%	7.6%	7%
Public Transport	12.5%	14.3%	22%	23.6%	22.1%	23.3%	20.5%	16.7%	18%	15.8%	14.6%	14.2%	14.2%
Administration Prices	14.4%	17.8%	19%	15.8%	13.4%	12.3%	10.9%	10.3%	7.4%	6.8%	6.2%	5.3%	4.7%

Source: Statistics South Africa

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



Source: Statistics South Africa

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

Group	Contribution	
	Apr-23	May-23
Food and non-alcoholic beverages	2.4	2.1
Alcoholic Beverages and Tobacco	0.4	0.4
Clothing and footwear	0.1	0.1
Housing and utilities	1.0	1.0
Household Content and Services	0.3	0.2
Health	0.1	0.1
Transport	1.1	1.0
Recreation and culture	0.2	0.2
Education	0.2	0.2
Restaurants and Hotels	0.2	0.2
Miscellaneous Goods and Services	0.9	0.9
Residual	-0.1	-0.1
All Items	6.8	6.3

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.

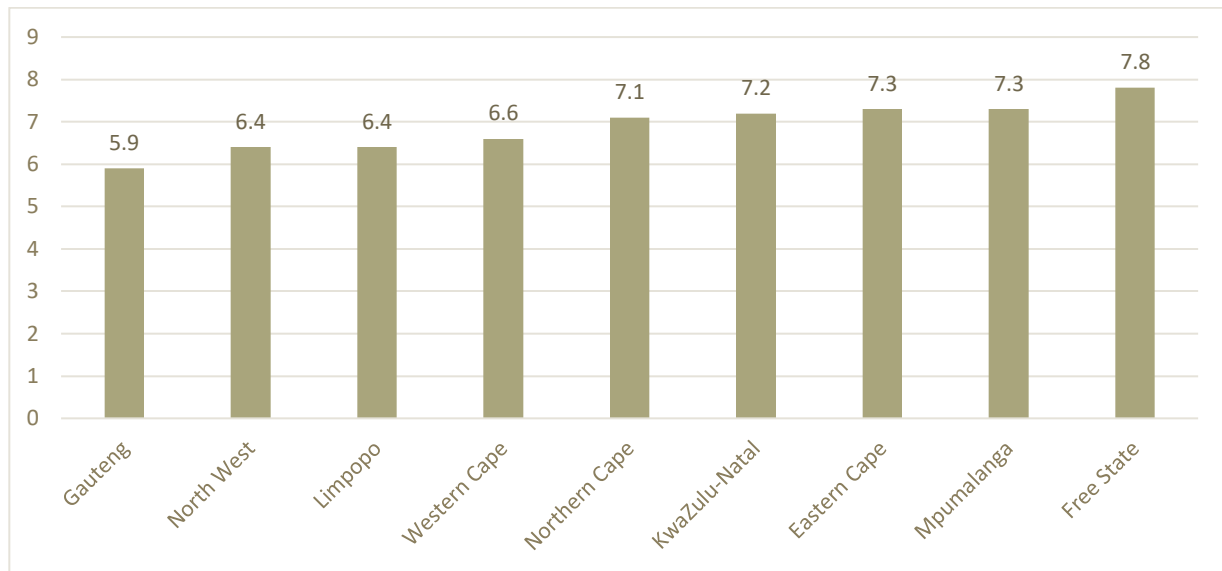
Table 2: Annualised inflation by expenditure group | May 2023

	Monthly expenditure	Inflation Rate May-23
Average annual CPI		6.3%
Decile 1	Up to R1 678 per month	9.9%
Decile 2	R1 678 up to R2 802 per month	9.4%
Decile 3	R2 802 up to R4 056 per month	8.1%
Decile 4	R4 056 up to R5 434 per month	7.2%
Decile 5	R5 435 up to R7 058 per month	7%
Decile 6	R7 058 up to R9 097 per month	6.7%
Decile 7	R9 097 up to R11 931 per month	6.5%
Decile 8	R11 931 up to R16 660 per month	6.3%
Decile 9	R16 660 up to R26 021 per month	6.4%
Decile 10	R26 021 and more...	5.9%

Source: Statistics South Africa

There is more than one inflation number. 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 9.9%, which was higher than the headline annualised inflation rate of 6.3%, while the very high expenditure group (Decile 10) had an inflation rate of 5.9%, which was lower than the inflation rate of 6.3% in May 2023.

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



Source: Statistics South Africa

The province with an annual inflation rate lower than or equal to the headline rate was Gauteng (5.9%). The provinces with annual inflation rates higher than headline inflation were North West (6.4%), Limpopo (6.4%), Western Cape (6.6%), Northern Cape (7.1%), KwaZulu-Natal (7.2%), Eastern Cape (7.3%), Mpumalanga (7.3%) and Free State (7.8%).

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	7.1	6.8	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.

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	14.4	14.3	12								

Source: Statistics South Africa

The Food Price Index shows the monthly increase in the price level of food only. This rate is included 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	8.9	7.6	7								

Source: Statistics South Africa

The transport price index measures 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	14.6	14.2	14.2								

Source: Statistics South Africa

The public transport price index measures the increase in the price of taxis, trains, buses or other public transport that carries people or goods. This rate is incorporated in 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	6.2	5.3	4.7								

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.

We expect the June 2023 inflation data on 19th July 2023

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