

LABOUR RESEARCH SERVICE

INFLATION MONITOR

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The Consumer Price Index dropped to 5.4% in June 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, June 2022 to June 2023). A falling rate of inflation means that prices are rising at a slower rate.

The headline annual inflation rate decreased to 5.4% in June 2023 from 6.3% in May 2023. The Consumer Price Index (CPI) increased by 0.2% month-on-month in June 2023.

The food price declined to 11.1% in June 2023 from 12% in May 2023.

Transport inflation declined to 1.8% June 2023 from 7% in May 2023.

Public transport inflation declined to 9.7% in June 2023 from 14.2% in May 2023.

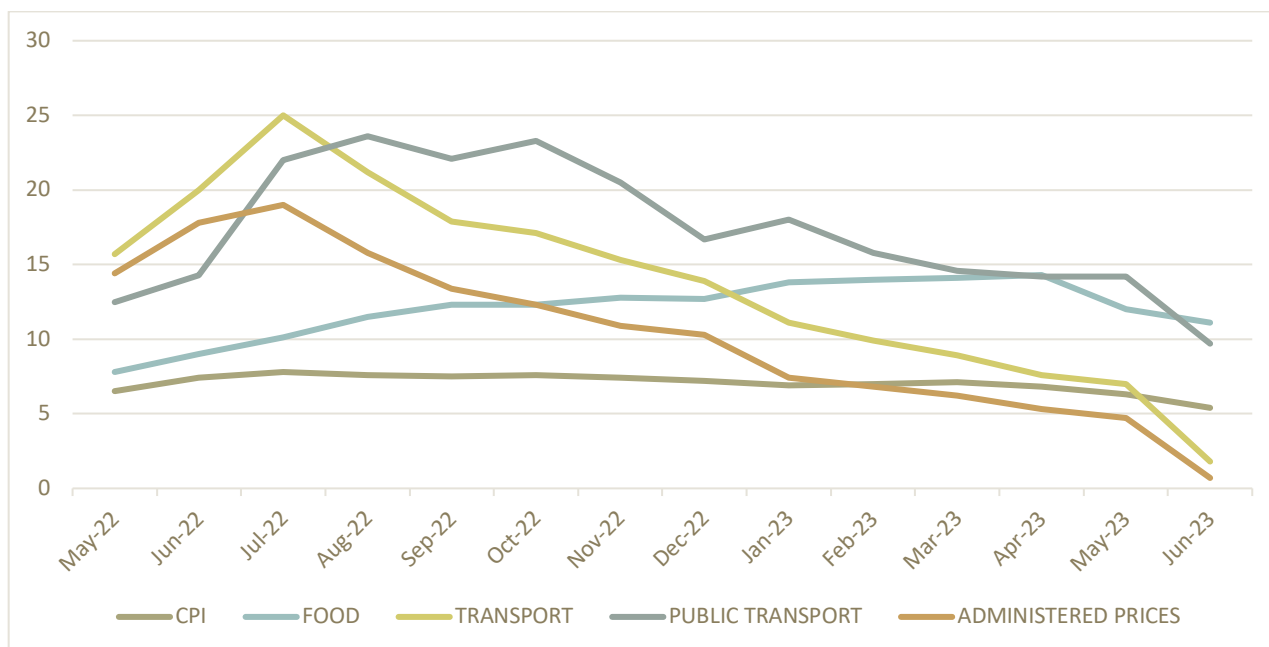
The administrator's price (school, telephone fees, electricity, trains, and petrol/paraffin) declined to 0.7% in June 2023 from 4.7% in May 2023.)

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

	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23
CPI	7.4%	7.8%	7.6%	7.5%	7.6%	7.4%	7.2%	6.9%	7%	7.1%	6.8%	6.3%	5.4%
Food	9%	10.1%	11.5%	12.3%	12.3%	12.8%	12.7%	13.8%	14%	14.4%	14.3%	12%	11.1%
Transport	20%	25%	21.2%	17.9%	17.1%	15.3%	13.9%	11.1%	9.9%	8.9%	7.6%	7%	1.8%
Public Transport	14.3%	22%	23.6%	22.1%	23.3%	20.5%	16.7%	18%	15.8%	14.6%	14.2%	14.2%	9.7%
Administration Prices	17.8%	19%	15.8%	13.4%	12.3%	10.9%	10.3%	7.4%	6.8%	6.2%	5.3%	4.7%	0.7%

Source: Statistics South Africa

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



Source: Statistics South Africa

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

Group	Contribution	
	May-23	Jun-23
Food and non-alcoholic beverages	2.1	1,9
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	0.2	0.2
Health	0.1	0.1
Transport	1.0	0.3
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	6.3	5.4

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.

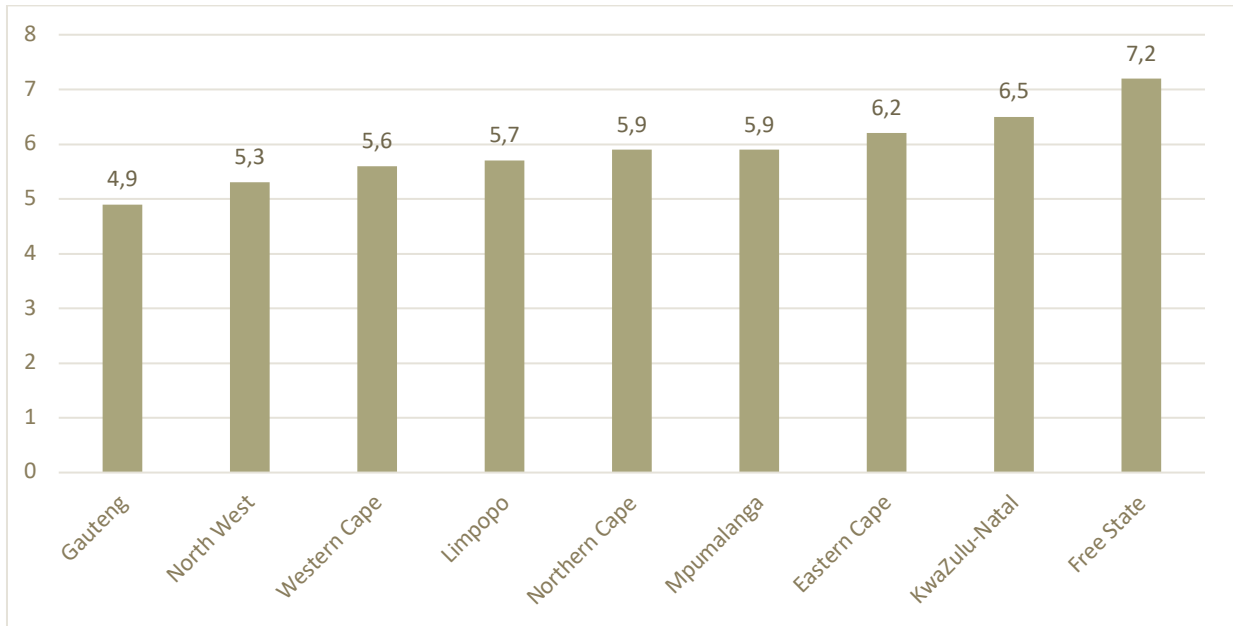
Table 2: Annualised inflation by expenditure group | June 2023

	Monthly expenditure	Inflation Rate Jun-23
Average annual CPI		5.4%
Decile 1	Up to R1 678 per month	9.1%
Decile 2	R1 678 up to R2 802 per month	8.6%
Decile 3	R2 802 up to R4 056 per month	7.6%
Decile 4	R4 056 up to R5 434 per month	6.5%
Decile 5	R5 435 up to R7 058 per month	6.5%
Decile 6	R7 058 up to R9 097 per month	6%
Decile 7	R9 097 up to R11 931 per month	5.8%
Decile 8	R11 931 up to R16 660 per month	5.4%
Decile 9	R16 660 up to R26 021 per month	5.3%
Decile 10	R26 021 and more...	4.9%

Source: Statistics South Africa

There is more than one inflation number. Different groups of people, from the very poor to the very rich, can experience different rates of inflation because they buy different things. The very low spending group (decile 1) experienced an inflation rate of 9.1%, which was higher than the headline annualised inflation rate of 5.4%, while the very high spending group (decile 10) had an inflation rate of 4.9%, which was lower than the inflation rate of 5.4% in June 2023.

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



Source: Statistics South Africa

The provinces with annual inflation rates lower than or equal to the headline rate were Gauteng (4.9%) and North West (5.3%). The provinces with annual inflation higher than headline inflation were Western Cape (5.6%), Limpopo (5.7%), Northern Cape (5.9%), Mpumalanga (5.9%), Eastern Cape (6.2%), KwaZulu-Natal (6.5%) and Free State (7.2%).

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	5.4							

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 CPI is calculated using the monthly prices of over a thousand goods and services.

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	11.1							

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	1.8							

Source: Statistics South Africa

The transport price index is a measure of 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 included 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	9.7							

Source: Statistics South Africa

The public transport price index shows price increases for taxis, trains, buses or other public transport carrying passengers or goods. This rate is included 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	0.7							

Source: Statistics South Africa

An administered price is defined as the price of a product that is consciously set by an individual producer or group of producers and/or any price that can be set or influenced by government, either directly or through one or more government agencies/institutions, without reference to market forces. Examples include school fees, telephone charges, electricity, trains, petrol/paraffin, mobile phone calls and public transport. This rate is included in the overall CPI inflation rate.

The July 2023 CPI figures are expected on 23rd August 2023

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