

LABOUR RESEARCH SERVICE

INFLATION MONITOR

DECEMBER 2023

Knowledge is too important
to leave in the hands of the
bosses.

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Consumer price index was 5.1% in December 2023

Inflation is a sustained rise in the general level of prices of goods and services. It is measured as an annual percentage increase (e.g. December 2022 to December 2023). A falling rate of inflation means that prices are rising more slowly.

The annual headline inflation rate declined to 5.1% in December 2023 from 5.5% in November 2023. The **Consumer Price Index (CPI)** was unchanged month-on-month in December 2023.

Food prices declined to 8.5% in December 2023 from 9% in November 2023.

Transport inflation declined to 2.6% in December 2023 from 4.3% in November 2023.

Public transport inflation declined to 0.4%% in December 2023 from 0.8% in November 2023.

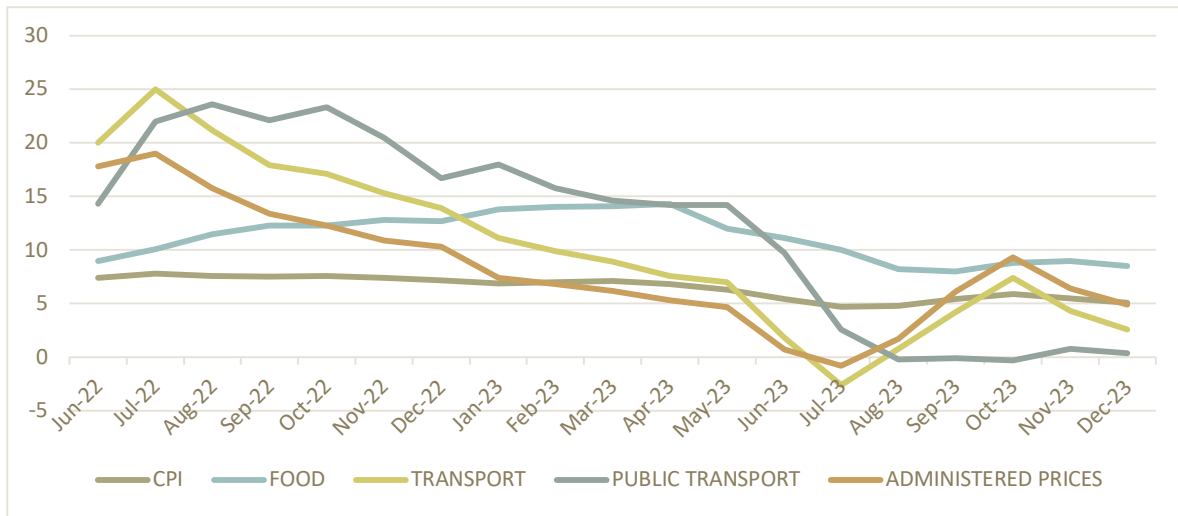
The administrator's price decreased to 4.9% in December 2023 from 6.4% in November 2023.

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

	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
CPI	7.2%	6.9%	7%	7.1%	6.8%	6.3%	5.4%	4.7%	4.8%	5.4	5.9%	5.5%	5.1%
Food	12.7%	13.8%	14%	14.4%	14.3%	12%	11.1%	10%	8.2%	8%	8.8%	9%	8.5%
Transport	13.9%	11.1%	9.9%	8.9%	7.6%	7%	1.8%	-2.6%	0.8%	4.2%	7.4%	4.3%	2.6%
Public Transport	16.7%	18%	15.8%	14.6%	14.2%	14.2%	9.7%	2.6%	-0.2%	-0.1%	-0.3%	0.8%	0.4%
Administration Prices	10.3%	7.4%	6.8%	6.2%	5.3%	4.7%	0.7%	-0.8%	1.7%	6.1%	9.3%	6.4%	4.9%

Source: Statistics South Africa

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



Source: Statistics South Africa

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

Group	Contribution	
	Nov-23	Dec-23
Food and non-alcoholic beverages	1.6	1.5
Alcoholic Beverages and Tobacco	0.3	0.3
Clothing and footwear	0.1	0.1
Housing and utilities	1.3	1.3
Household Content and Services	0.2	0.1
Health	0.1	0.1
Transport	0.7	0.4
Recreation and culture	0.2	0.1
Education	0.1	0.1
Restaurants and Hotels	0.2	0.2
Miscellaneous Goods and Services	0.8	0.7
Residual	-0.1	0.2
All Items	5.5	5.1

Source: Statistics South Africa

Statistics South Africa divides monthly household expenditure into 10 deciles. Expenditure in decile 10 was higher than expenditure in decile 1, indicating extreme inequality.

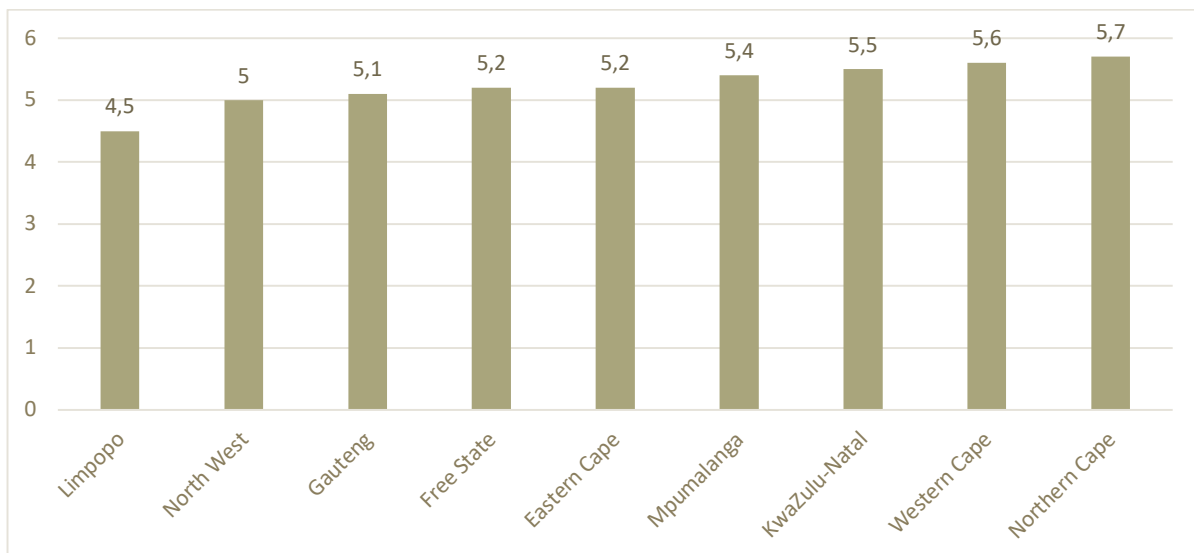
Table 2: Annualised inflation by expenditure group | December 2023

	Monthly expenditure	Inflation Rate Dec-23
Average annual CPI		5.1%
Decile 1	Up to R1 678 per month	8.4%
Decile 2	R1 678 up to R2 802 per month	7.7%
Decile 3	R2 802 up to R4 056 per month	6.8%
Decile 4	R4 056 up to R5 434 per month	6%
Decile 5	R5 435 up to R7 058 per month	6.1%
Decile 6	R7 058 up to R9 097 per month	5.5%
Decile 7	R9 097 up to R11 931 per month	5.3%
Decile 8	R11 931 up to R16 660 per month	4.9%
Decile 9	R16 660 up to R26 021 per month	4.7%
Decile 10	R26 021 and more...	5.1%

Source: Statistics South Africa

There is more than one inflation rate. Different groups, from the very poor to the rich, can experience different rates of inflation because they buy different things. The very low spending group (decile 1) experienced an inflation rate of 8.4%, which was higher than the headline annualised inflation rate of 5.1%, while the very high spending group (decile 10) had an inflation rate of 5.1%, which was equal to the inflation rate of 5.1% in December 2023.

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



Source: Statistics South Africa

The provinces with annual inflation rates lower than or equal to the headline rate were Limpopo (4.5%), North West (5%) and Gauteng (5.1%). Free State (5.2%), Eastern Cape (5.2%), Mpumalanga (5.4%), KwaZulu-Natal (5.5%), Western Cape (5.6%) and Northern Cape (5.7%) had annual inflation rates above the headline rate.

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	4.7	4.8	5.4	5.9	5.5	5.1	6.0

Source: Statistics South Africa

The consumer price index is known as the headline inflation rate and is also called the official inflation rate. The monthly prices of over a thousand goods and services are used to calculate the 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	11.1	10	8.2	8	8.8	9	8.4	11

Source: Statistics South Africa

The Food Price Index shows the increase in the price level of food only, each month. It is included in the overall CPI inflation.

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	-2.6	0.8	4.2	7.4	4.3	2.6	5.2

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. It is included in overall CPI inflation.

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	2.6	-0.2	-0.1	-0.3	0.8	0.4	7.5

Source: Statistics South Africa

The Public Transport Price Index shows the price rises for taxi, rail, bus and other public modes of passenger and goods transport. It is included in overall CPI inflation.

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	-0.8	1.7	6.1	9.3	6.4	4.9	4.9

Source: Statistics South Africa

Administered price is the price of a product deliberately fixed by a single producer or group of producers and/or any price that may be determined or influenced by the 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 part of the overall CPI inflation rate.

The January 2024 CPI figures are expected on 21 February 2024

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