



*"The voice of business"*

### **Consumer Price Inflation March 2012**

- **Consumer Price Inflation slowed to 6.0 per cent year-on-year (y/y) in March.**
- **On a month-on-month (m/m) basis, inflation quickened to 1.1 per cent.**

South Africa's consumer inflation slowed to 6.0 per cent year-on-year (y/y) in March. On a month-on-month (m/m) basis, inflation quickened to 1.1 per cent, compared to 0.6 per cent in February.

Inflation is now at the upper end of the central bank's 3-6 per cent target band.

The **food and non-alcoholic beverages index** increased by 0.3 per cent m/m in March but the annual rate decreased to 8.6 per cent in March from 9.6 per cent in February.

The **food and non-alcoholic beverages index** had the following breakdown on a mm/m basis:

- Sugar, sweets and desserts (3.6 per cent),
- Milk, eggs and cheese (2.3 per cent),
- Hot beverages (2.2 per cent),
- Other food (1.2 per cent),
- Fish (0.8 per cent),
- Cold beverages (0.3 per cent),
- Bread and cereals (0.2 per cent),
- Vegetables (0.2 per cent).
- Meat (-1.1 per cent),
- Oils and fats (-0.2 per cent), and
- Fruit (-0.1 per cent).

The **alcoholic beverages and tobacco index** increased by 4.9 per cent m/m in March, this was mainly due to increases in excise duties. The annual rate increased to 7.6 per cent in March 2012 from 6.4 per cent in February 2012.

Mainly due to a 1.4 per cent monthly increase in actual rentals for housing and a 1.3 per cent monthly increase in owners' equivalent rent, the **housing and utilities index** increased by 0.9 per cent m/m in March,. The annual rate was unchanged at 6.6 per cent in March 2012.

The **transport index** increased by 0.9 per cent m/m in March, mainly due to the 28c/litre increase in the price of petrol. The annual rate decreased to 6.6 per cent in March from 6.8 per cent in February 2012.

The **education index** increased by 9.0 per cent m/m in March. The annual rate increased to 9.0 per cent in March from 8.6 per cent in February 2012.

The **restaurants and hotels index** increased by 1.7 per cent in March 2012. The annual rate increased to 6.0 per cent in March from 5.6 per cent in February.

The **miscellaneous goods and services index** increased by 0.4 per cent m/m in March, mainly due to a 3.2 per cent increase in financial services. The annual rate was unchanged at 5.5 per cent in March 2012.

The annual inflation breakdown by province were:

- Gauteng (5.8 per cent)
- Western Cape (5.5 per cent).
- Northern Cape (7.7 per cent),
- Eastern Cape (6.8 per cent),
- KwaZulu-Natal (6.6 per cent),
- Mpumalanga (6.6 per cent),
- North West (6.5 per cent),
- Limpopo (6,5 per cent) and
- Free State (6.4 per cent).

### **Comments**

SACCI still expects inflation to be slightly higher next month and to average just above 6 per cent for the year.

However, it is pleasing that core inflation surprised to the downside at 4.4 per cent and food including non-alcoholic beverages also confirmed its decelerating trend, falling to 8.6 per cent from 9.7 per cent previously.

As such, SACCI observes that expectations of an interest rate hike in the next 12 months will lessen, given the now lower than expected inflation trajectory and the apparent overestimation of price pressures in the overall basket, especially administered prices and fuel.