Update of the Consumer Price Index (CPI) weights and basket

28 January 2025

1. Introduction

Statistics South Africa (Stats SA) will implement changes to the CPI basket and weights with effect from the January 2025 CPI release (to be published on 19 February 2025). This update enhances the CPI's relevance to South African consumers' inflation experiences.

The basket is the set of goods and services comprising the CPI, for which prices are collected monthly. The weights of the CPI reflect the relative importance of each of the basket products in calculating the headline CPI. The weights are based on the spending of South African households on the different products.

In addition to updates to the basket and weights, the CPI classification will be aligned with the latest international version, and the index reference (base) period will shift from December 2021 to December 2024.

The CPI basket and weights were last updated in January 2022. This was a partial update as Stats SA had not conducted a household expenditure survey (HES), which usually provides the basis for refreshing the basket and weights. Instead, only basket items typically purchased in retail stores were reviewed, using detailed sales data from retail chain stores. The weights were adjusted using growth rates from the Household final consumption expenditure (HFCE) component of the national accounts. At the same time, all CPI indices were re-referenced to December 2021. The complete set of new weights is published on Stats SA's website as P0141.5 – Consumer Price Index 2023 weights.

2. The Income and expenditure survey

A HES normally forms the basis of the weights of the CPI. In 2022/23, Stats SA conducted the most recent HES – the Income and Expenditure Survey (IES). The IES was carried out over a 12-month period (November 2022 to October 2023) and approximately 32 000 households across the country were interviewed. The primary focus of the IES is to obtain detailed estimates of household spending. In addition to informing the CPI basket and weights, the results of the IES are used to compute statistics on poverty and inequality in South Africa as well as to compile estimates of household expenditure in the national accounts.

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Post data collection, the IES expenditure values were inflated and deflated to a common month – May 2023.

3. Changes to the classification

The goods and services covered by the CPI are classified according to the International Classification of Individual Consumption by Purpose (COICOP). In 2018, the United Nations Statistics Division adopted an updated version of the classification. The new version aims to reflect changes in consumer expenditure patterns, including the impact of new technology. The finer details that are now available will improve the international comparability of economic data.

COICOP 2018 was used to classify expenditure in the IES and will be used in the CPI with effect from the January 2025 release. The new classification will be used in the HFCE following the national accounts benchmarking scheduled for publication in 2026.

The most significant change is the creation of a dedicated insurance and financial services division. These services currently form part of the Miscellaneous Goods and Services category. Several products have moved between divisions. For example, computers and televisions have moved to Information and communication from Recreation, sport and culture. Postal and courier services have moved from Information and communication to Transport. As a result, the weights for 2023 will not, in certain instances, be comparable to the 2019 weight.

These changes will result in amendments to the format of the CPI release and the Excel time series files. Stats SA will provide a concordance table to facilitate comparisons of data supplied using the previous and new classifications. The historical CPI data will not be revised. However, a time series file with reclassified indices from 2022 will be provided for information purposes.

4. Index re-referencing

Indices are typically re-referenced (rebased) when the weights and baskets are updated to facilitate a smooth transition. Re-referencing eliminates the impact of historical inflation contributions in calculating the current rates of change caused by the dispersion of index levels. It only changes the levels of the indices and does not affect the published rates of change. Recalculating published aggregate indices from their components is impossible once the indices have been re-referenced. All indices' reference period will change from December 2021 =100 to December 2024 =100.

5. Updating the weights

The weights of the CPI are based on total household expenditure during the IES collection period. The reference period for the new weights is 2023, compared to the previous reference period of 2019. An expenditure value is attached to each product in the CPI basket for all 21 collection areas covered by the CPI survey. Consequently, the weights determine the relative impact of price changes in any particular product or area on the overall inflation figure.

6. Primary data source for the weights

The primary data source for calculating the weights is the IES. The main advantage of the IES data is that it comprehensively covers all household expenditure categories. However, some adjustments are made to the IES data while computing the CPI weights.

Adjustments are usually made for one of four reasons:
- more detail is required – the IES cannot provide the granular level of detail required for the CPI weights. For example, the IES reports pasta as an aggregate, whereas the CPI requires a breakdown into different types of pasta;
- instances of systematic under-reporting – households typically under-report certain expenditures that may cause embarrassment, such as alcohol, tobacco and gambling; and when items are purchased frequently by different household members, such as groceries and restaurant meals;
- methodological differences – for example, the IES records gross premiums paid for insurance, but the CPI deducts claims paid by insurers; and
- to improve alignment with HFCE – in some cases, the expenditure recorded by the IES differs significantly from that derived when computing HFCE. HFCE is compiled using multiple data sources, including the supply of goods and services, which may provide a more accurate estimate of household expenditure in certain categories.

7. Supplementary data sources

A range of official and private sector data sources supplement the IES data. These include:
- national accounts data, especially from the HFCE component;
- results of Stats SA's large sample surveys (LSS), which provide turnover data for product groups covering the formal sector businesses;
- detailed excise tax receipts from the South African Revenue Service (SARS), mainly used to derive expenditure on alcoholic beverages and tobacco;
- summarised point-of-sale data from the large retail chain stores to provide greater product-level detail;
- turnover and quantity data from regulatory and industry bodies; and
- private sector classification systems, which assisted in organising data received from companies, in particular categories.

8. Determining the weights and basket

The calculation of the CPI weights and the selection of products for the basket go hand in hand. Using the various data sources, an expenditure value is assigned to each of a long list of products. Products that represent at least 80% of the expenditure in each group, or comprise at least 0,01% of total expenditure, are included in the basket. The expenditure value of products not selected is redistributed proportionally among those selected within the group. The final expenditure values are then converted into percentages.

9. Results

The new basket contains 391 products, slightly fewer than the 396 in the previous basket. There are substantial changes to the composition of the basket. A total of 71 new products will be included in the CPI, and 53 products will be dropped from the basket. Additionally, 29 products will either be consolidated or split.

All results presented in this section follow the new classification system to ensure like-for-like comparisons.

Table 1 compares the previous (2019) and new (2023) CPI weights. Housing and utilities remain the division with the largest weight (24,10%), followed by food and non-alcoholic beverages (18,23%). Other categories with large weights include transport (13,89%) and insurance and financial services (10,41%).

Table 1 – CPI weights by main category, 2019 and 2023

COICOP category	2019	2023
Food and non-alcoholic beverages	17,14	18,23
Alcoholic beverages and tobacco	6,26	4,64
Clothing and footwear	3,65	3,90
Housing and utilities	24,49	24,10
Furnishings, household equipment and maintenance	4,49	3,33
Health	1,44	1,78
Transport	14,37	13,89
Information and communication	3,86	5,47
Recreation, sport and culture	3,62	2,94
Education services	2,62	2,41
Restaurants and accommodation services	3,25	6,12
Insurance and financial services	11,41	10,41
Personal care and miscellaneous services	3,39	2,78

Table 2 shows the 2019 and 2023 provincial weights. Gauteng remains the province with the largest weight, although it has decreased slightly to 35,87% from 36,29%. Western Cape's weight increases to 18,06% from 17,21%. KwaZulu-Natal's weight increases to 14,58**%** from 12,68%.

Table 2 – Provincial weights

Province	2019	2023
Western Cape	17,21	18,06
Eastern Cape	8,03	7,66
Northern Cape	1,93	1,82
Free State	5,95	4,14
KwaZulu-Natal	12,68	14,58
North West	5,31	5,38
Gauteng	36,29	35,87
Mpumalanga	6,89	6,41
Limpopo	5,71	6,09

9.1. Food and non-alcoholic beverages (NAB)

Table 3 shows the weights for food and NAB. The total weight for food and NAB increases to 18,23% from 17,14%. This is mainly due to increases in the cereal products (4,14% from 3,16%) and oils and fats (0,82% from 0,45%) groups. Meat remains the group with the largest weight at 5,10%.

The expenditure value for this category was adjusted upwards using national accounts data. Point-of-sale data from retail chain stores was used to select specific basket products.

Table 3 – Weights for food and NAB

Group	2019	2023
Cereal products	3,16	4,14
Meat	5,42	5,10
Fish and other seafood	0,40	0,43
Milk, other dairy products and eggs	2,53	1,83
Oils and fats	0,45	0,82
Fruits and nuts	0,33	0,62
Vegetables	1,27	1,74
Sugar, confectionery and desserts	0,58	0,92
Other food	1,16	1,24
Hot beverages	0,67	0,39
Cold beverages	1,17	1,00
Total	**17,14**	**18,23**

Table 4 shows the changes to the basket for food and NAB products.

Table 4 – Changes to the basket for food and NAB

Products entering the basket	Products dropped from the basket
Basmati rice	Pasta (excluding spaghetti and macaroni)
Sorghum meal	Ready-mix flour
Meat bones	Condensed milk
Boerewors	Cream
Viennas	Flavoured milk
Russians	Tinned mixed vegetables
Meat patties	Frozen potato chips
Chicken nuggets, strips and fingers	Ground coffee or coffee beans
Fish portions in batter or crumbed	Drinking chocolate
Frozen shrimps and prawns	
Parmesan cheese	
Olive oil	
Butter	
Garlic	
Honey	
Ready-made meals	
Natural spices and herbs	

9.2. Alcoholic beverages and tobacco

Weights for alcoholic beverages and tobacco are presented in Table 5. The weight for alcoholic beverages and tobacco drops to 4,64% from 6,26%. The weight for alcoholic beverages decreases to 3,51% from 4,29%. Tobacco decreases its share to 1,13% from 1,97%.

Table 5 – Weights for alcoholic beverages and tobacco

Group	2019	2023
Alcoholic beverages	4,29	3,51
Tobacco	1,97	1,13
Total	**6,26**	**4,64**

The expenditure value for alcoholic beverages is based on the value of excise taxes as reported by SARS). This value was further adjusted to align with the total reported in the HFCE, resulting in a higher share of total alcohol consumption being allocated to purchases in restaurants.

The weight for tobacco is calculated using excise tax data and adding an estimate for the illicit tobacco trade.

New products in the basket in this category are Rosé wine, snuff and refills for e-cigarettes.

9.3. Clothing and footwear

Table 6 shows the weights for clothing and footwear. The weight for clothing and footwear increased slightly to 3,90% from 3,65%. The products surveyed in this category have been reorganised in line with categories commonly used in the private sector.

Table 6 – Weights for clothing and footwear

Group	2019	2023
Clothing	2,64	2,85
Footwear	1,01	1,05
Total	**3,65**	**3,90**

School uniforms will be comprehensively covered in the new basket. Skirts and sleepwear for women and sets for girls are further new products. Products dropped from the basket are jackets for infants and boys, girls' skirts and infants' shoes.

9.4. Housing and utilities

Table 7 shows that the overall weight for housing and utilities drops slightly to 24,10% from 24,49%. Actual rentals increase their share to 4,37% from 3,50%, while the weight of owners' equivalent rent decreases to 11,16% from 12,99%. The weight for electricity, gas, and other fuels increases to 4,10% from 3,70%.

Table 7 – Weights for housing and utilities

Group	2019	2023
Actual rentals for housing	3,50	4,37
Owners' equivalent rent	12,99	11,16
Maintenance and repair	0,84	0,64
Water supply and miscellaneous services	3,46	3,83
Electricity, gas and other fuels	3,70	4,10
of which electricity	*3,6*	*3,4*
Total	**24,49**	**24,10**

The value for owners' equivalent rent was calculated by identifying and matching owner-occupied and rented dwellings with similar characteristics and locations in the IES data set. The rental expenditure for the rented dwelling is used as the imputed rental for the matched owner-occupied dwelling. Maintenance materials and equipment products were selected using point-of-sale data from retail chain stores.

Varnish and paintbrushes are the maintenance products entering the basket, while plaster and chipboard have been removed. Municipal refuse collection and sewerage removal, along with gas in cylinders, are new additions to the basket.

9.5. Furnishings, household equipment and routine maintenance

Table 8 shows that the weight for furnishings, household equipment and routine maintenance drops to 3,33% from 4,49%. This is primarily the result of a decline in the expenditure on domestic services (domestic worker wages) to 1,52% from 2,53%.

Table 8 – Weights for furnishings, household equipment and routine maintenance

Group	2019	2023
Furniture, furnishings and textiles	1,29	0,88
Appliances, tableware and equipment	0,19	0,62
Supplies and services	3,01	1,83
of which domestic services	*2,53*	*1,52*
Total	**4,49**	**3,33**

Table 9 shows the basket changes for furnishings, household equipment and maintenance.

Table 9 – Changes to the basket for furnishings, household equipment and routine maintenance

Products entering the basket	Products dropped from the basket
Loose carpets and rugs	Teaspoon
Pillows	Grater
Table cloth	Household batteries
Towels	Garden sprinkler
Face cloth	Wax shoe polish
Air fryers	Indoor insecticides
Cooler box	Toaster
Refuse bags	
Candles	

9.6. Health

Table 10 shows that the weight for health increases slightly to 1,78% from 1,44%. The value for health expenditure was adjusted using the value of out-of-pocket expenses by members of medical schemes sourced from the Council for Medical Schemes (CMS).

Table 10 – Weights for health

Group	2019	2023
Medicines and health products	0,57	0,90
Outpatient care services	0,82	0,74
Hospital services	0,05	0,14
Total	**1,44**	**1,78**

The list of non-prescription pharmaceutical products is organised according to the IQVIA Consumer Health Level 1 Classification. Table 11 lists the changes to the basket for health.

Table 11 – Changes to the basket for health

Products entering the basket	Products dropped from the basket
Skin treatment	Eye drops
Calming and mood-enhancing treatment	General practitioner – public sector
Condoms	Specialist – public sector
Spectacles (including contact lens)	
Clinic services	
Orthopaedic surgeon	
Optometrists	
Physiotherapists	
Inpatient care centre	
Pathology services	

9.7. Transport

Table 12 shows that the weight for transport dropped to 13,89% from 14,37%, mainly due to a decrease in the expenditure on fuel to 3,89% from 4,80%. The weight for vehicle purchases was adjusted to align with the HFCE. The expenditure on used vehicles was adjusted to account for vehicle sales between households.

Table 12 – Weights for Transport

Group	2019	2023
Purchase of vehicles	5,91	5,61
Operation of personal transport equipment	6,33	5,28
of which fuel	*4,80*	*3,89*
Passenger transport service	2,11	2,91
Transport services of goods	0,02	0,09
Total	**14,37**	**13,89**

Products now forming part of the basket are oil and air filters, car lubricants, e-hailing services and school transport services. Shock absorbers, driver's licences and rental of a post office box will no longer be in the basket.

9.8. Information and communication

Table 13 shows that the weight for information and communication increases to 5,47% from 3,86%. Information and communication services increases to 4,53% from 3,19%. Expenditure on mobile communication services was adjusted upwards using the value from the relevant LSS.

Table 13 – Weights for information and communication

Group	2019	2023
Information and communication equipment	0,67	0,94
Information and communication services	3,19	4,53
Total	**3,86**	**5,47**

Table 14 shows changes to the basket for information and communication.

Table 14 – Changes to the basket for information and communication

Products entering the basket	Products dropped from the basket
Modems and routers	Landline telephone fees
Calculators	Soundbar/speakers
USB and external hard drives	Television decoder
Power banks	
USB cable chargers	
Subscription to streaming services	

9.9. Recreation, sport and culture

Table 15 shows that the weight for recreation, sport and culture drops to 2,94% from 3,62%. Net expenditure on gambling decreases slightly to 1,61% from 1,84%. Subscriptions to satellite TV declines from 0,98% to 0,50%.

The expenditure value for gambling was adjusted to account for bets placed less winnings paid to consumers, based on data from the National gambling board.

Table 15 – Weights for recreation, sport and culture

Group	2019	2023
Recreational goods	0,67	0,78
Recreation and cultural services	2,16	1,85
of which gambling	*1,84*	*1,61*
Books, newspapers and stationery	0,61	0,25
Package holidays	0,17	0,06
Total	**3,62**	**2,94**

Toy building bricks is the only product to enter the basket in this category. Table 16 shows the products that will be dropped from the basket.

Table 16 – Changes to the basket for recreation, sport and culture

Products dropped from the basket
Digital camera
Pre-recorded CD/streaming music
Musical instrument
Teddy bear
Sleeping bag
Pool brush or net
Plant pots
Television licence
Magazine
Files
Crayons

9.10. Education services

Table 17 shows that the weight for education services declines slightly to 2,41% from 2,62%. Private and public education services will now be tracked separately for each of the three education levels.

Table 17 – Weights for education services

Group	2019	2023
Pre-primary and primary education	0,78	0,64
Secondary education	0,79	0,77
Tertiary education	1,05	1,00
Total	**2,62**	**2,41**

9.11. Restaurants and accommodation services

Table 18 shows that the weight for restaurants and accommodation services increases to 6,12% from 3,25%. The weight for restaurants increased significantly to 4,75% from 2,20%. This is partly due to the reallocation of expenditure on alcoholic beverages from alcoholic beverages and tobacco to restaurants, which is in line with the HFCE.

Table 18 – Weights for restaurants and accommodation services

Group	2019	2023
Restaurants	2,20	4,75
Accommodation services	1,05	1,37
Total	**3,25**	**6,12**

Stats SA will now classify restaurants as either full-service or takeaway, in line with the COICOP categorisation. Self-catering accommodation has been added to the accommodation services basket.

9.12. Insurance and financial services

The weight for insurance and financial services decreases slightly to 10,41% from 11,41%, mainly due to a drop in the weight for health insurance to 6,17% from 7,11%.

The insurance weights are calculated as premiums paid by households less claims paid by insurers. The value for health insurance is based on data from the CMS. The South African Reserve Bank provided expenditure values for other types of insurance. The weight for financial services was aligned with the HFCE. There are no basket changes in this category.

Table 19 – Weights for Insurance and Financial Services

Group	2019	2023
Insurance	9,89	8,41
of which health insurance	*7,11*	*6,17*
Financial services	1,53	2,00
Total	**11,41**	**10,41**

9.13. Personal care and miscellaneous services

Table 20 shows that the weight for personal care and miscellaneous services declines to 2,78% from 3,39%.

Table 20 – Weights for personal care and miscellaneous services

Group	2019	2023
Personal care products	1,72	1,40
Other services	1,67	1,38
Total	**3,39**	**2,78**

The basket changes for personal care and miscellaneous services are shown in Table 21.

Table 21 – Basket changes for personal care and miscellaneous services

Products entering the basket	Products dropped from the basket
Bodywash	Toothbrush
Earrings	Conditioner
After school centres	Tampons
Professional associations and trade unions	Hair relaxer
Hiring of equipment for events	Hair colour
	Bubble bath
	Baby powder
	Wipes
	Makeup (Foundation)
	Non-electrical shavers and blades
	Tissues

10. Conclusion

Together with the weights and this document, Stats SA is making available concordance tables showing the linking of monthly Excel-published indices using the old and new classifications. In addition, a reclassified time series going back to December 2021, which illustrates the impact of the reclassification on published aggregates, is to be made available.

The new weights and basket will be implemented in the January 2025 CPI release which will be published on 19 February 2025. The usual Excel tables will accompany the release and will be available on our website.

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