

Embargoed until: 10:00am

CPI  
August 2016

# Consumer Price Index (CPI), August 2016

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@StatsSA  
#CPI



The South Africa I know, the home I understand

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# Results: August 2016

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Headline inflation

**5,9%**

in August 2016

Down from

**6,0%**

in July 2016

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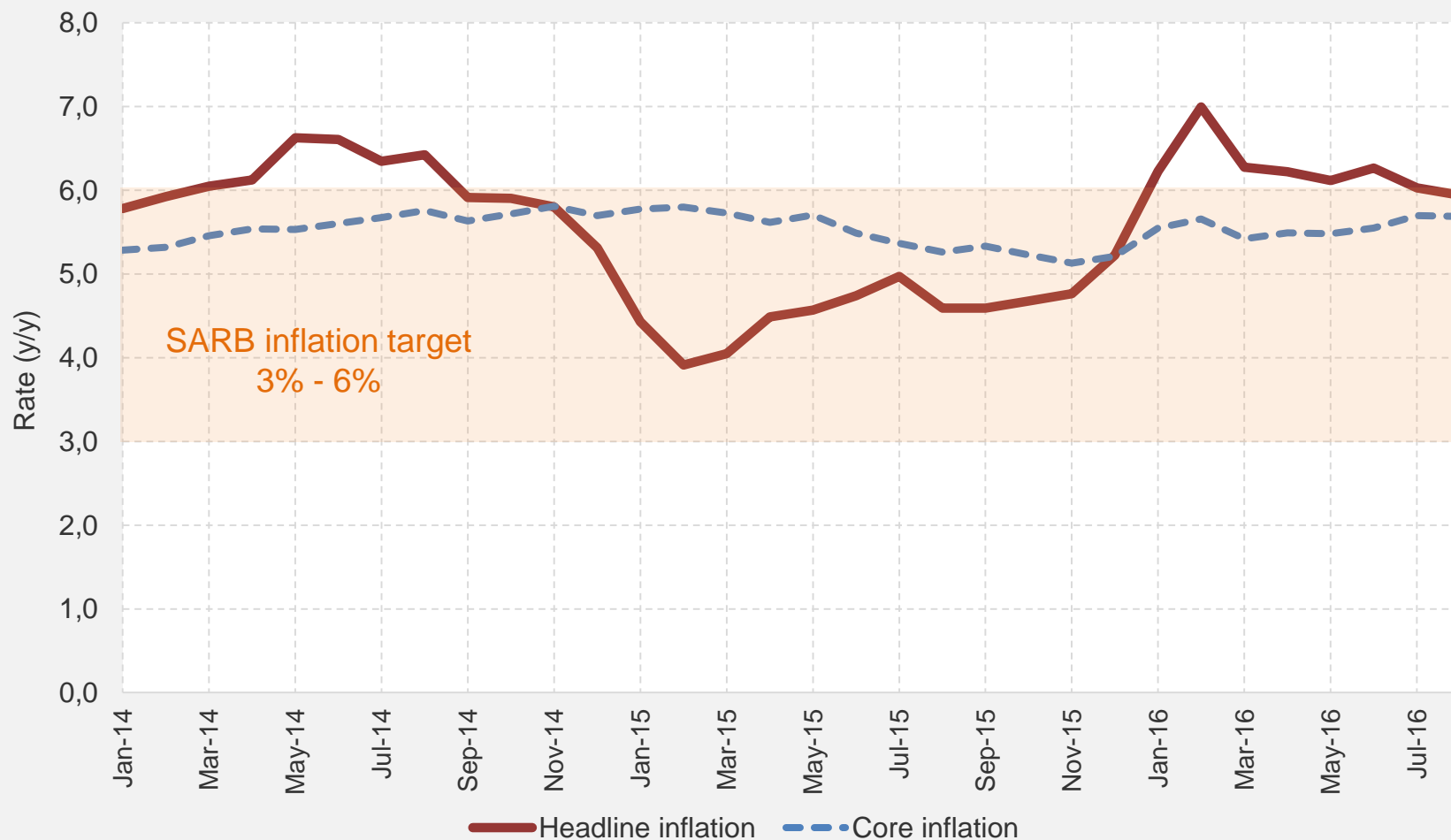
Monthly change in CPI

**-0,1%**

in August 2016

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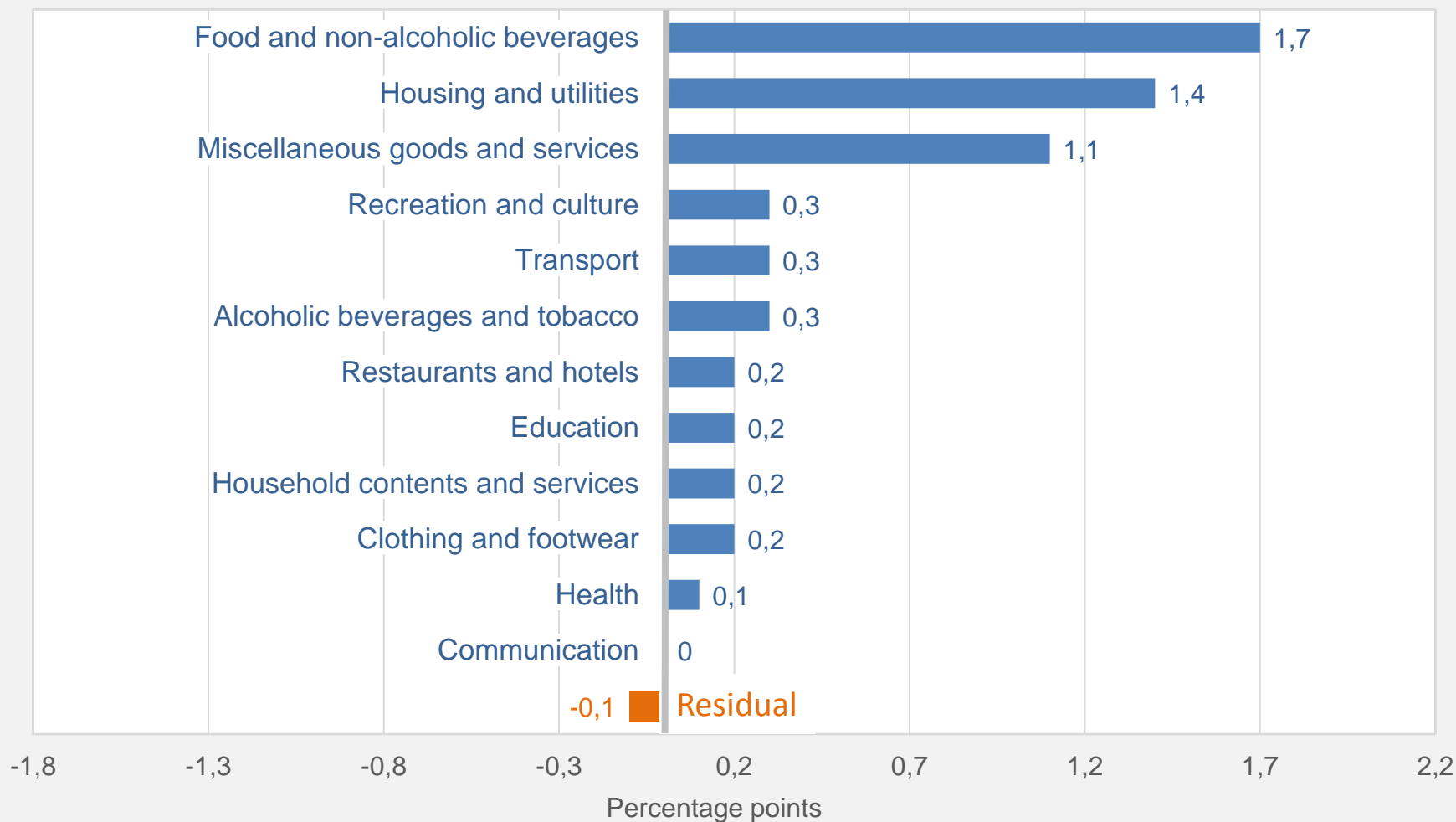
## Headline and core inflation



Core inflation :CPI excluding food & non-alcoholic beverages, petrol and energy

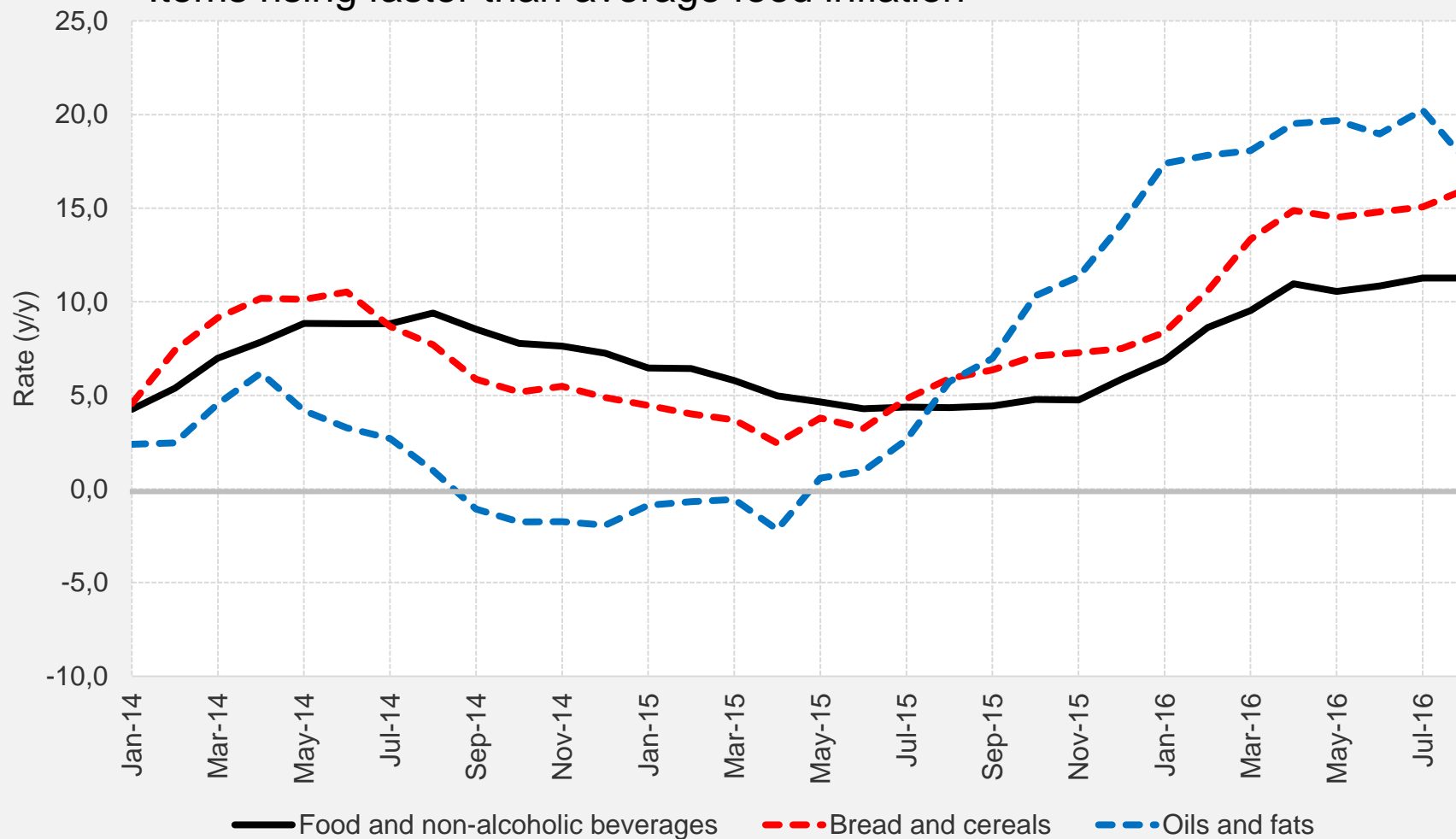
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## Contributions to the annual change of 5,9%



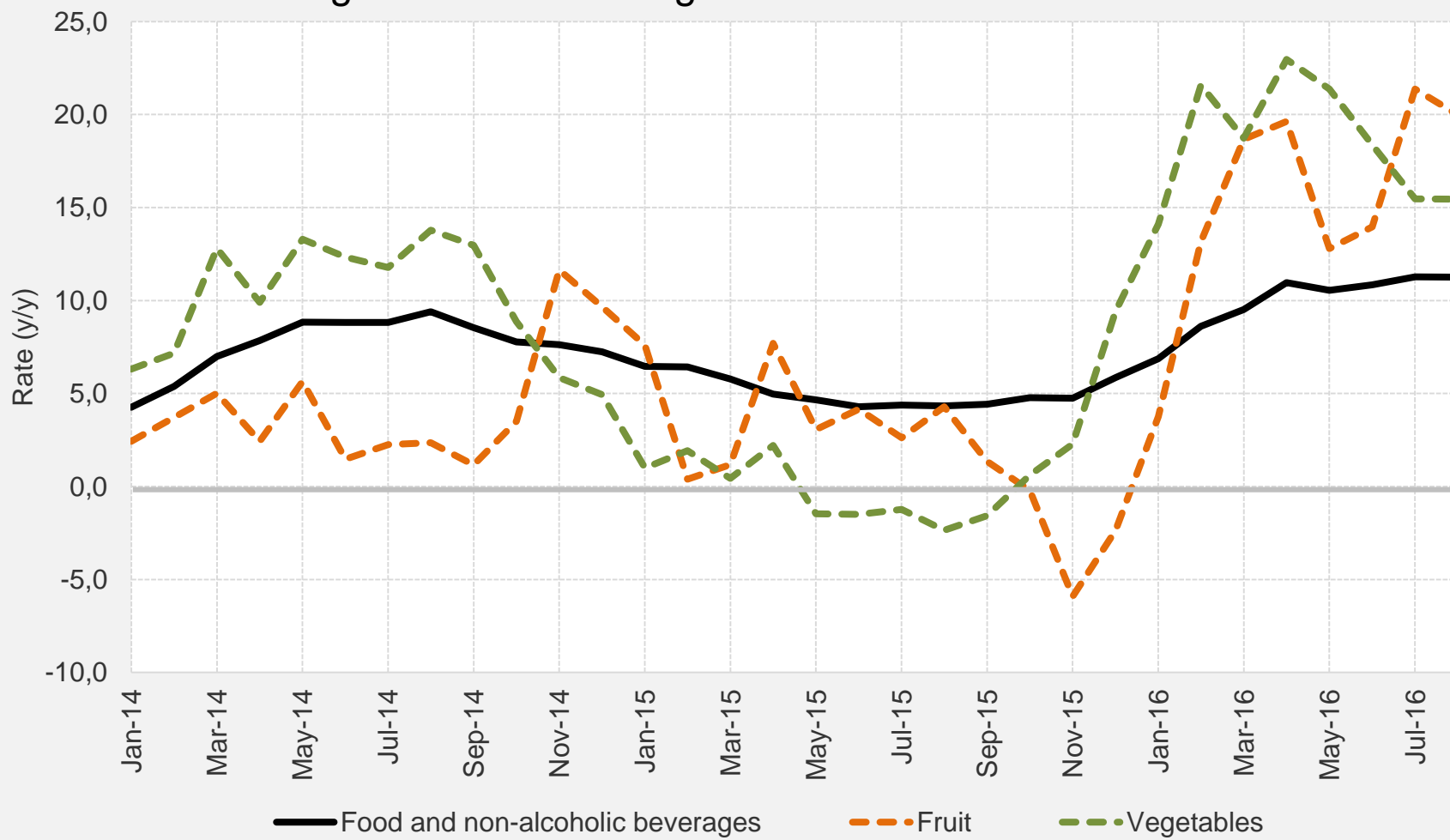
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## Items rising faster than average food inflation



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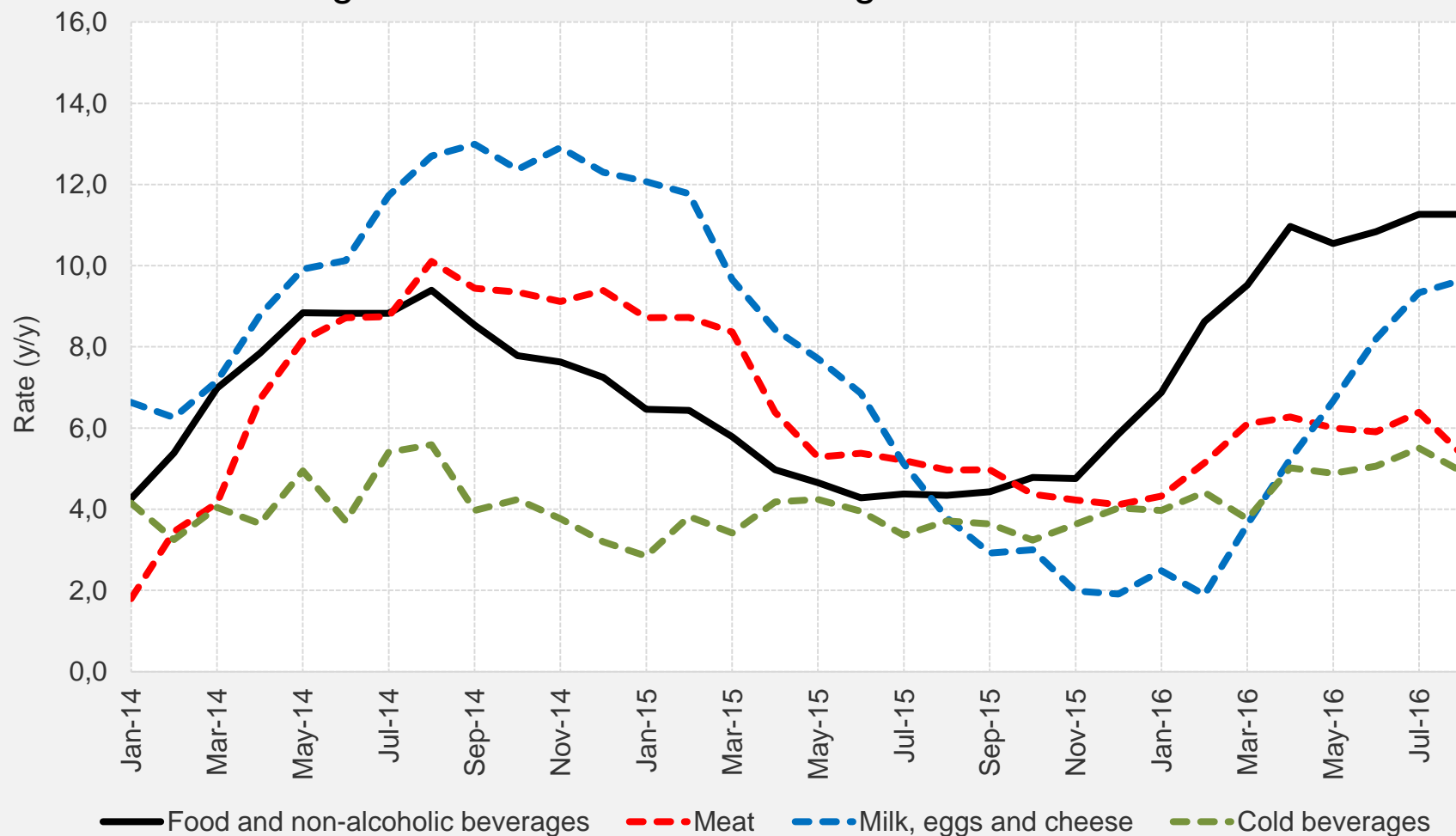
## Items rising faster than average food inflation





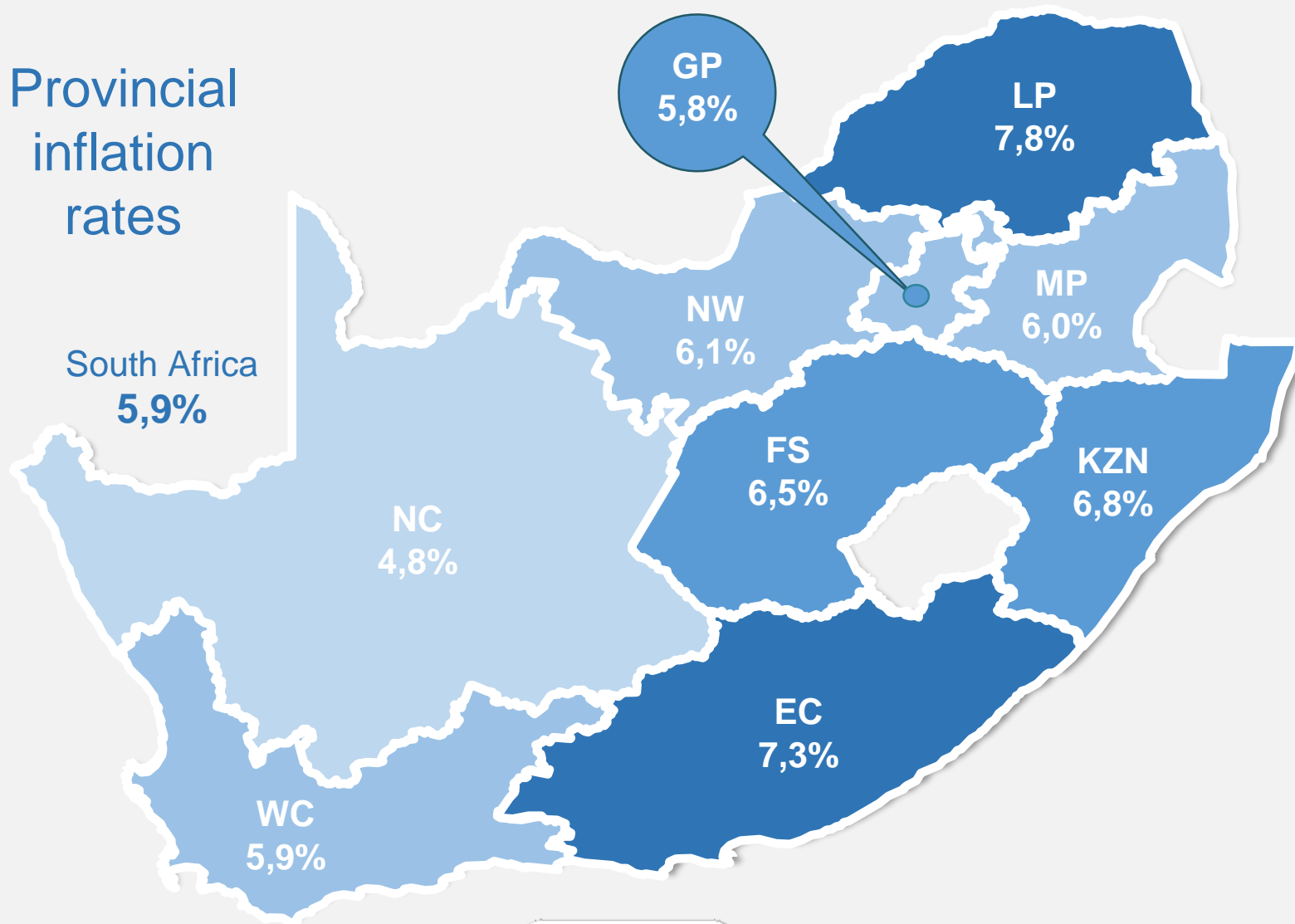
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## Items rising at a slower rate than average food inflation



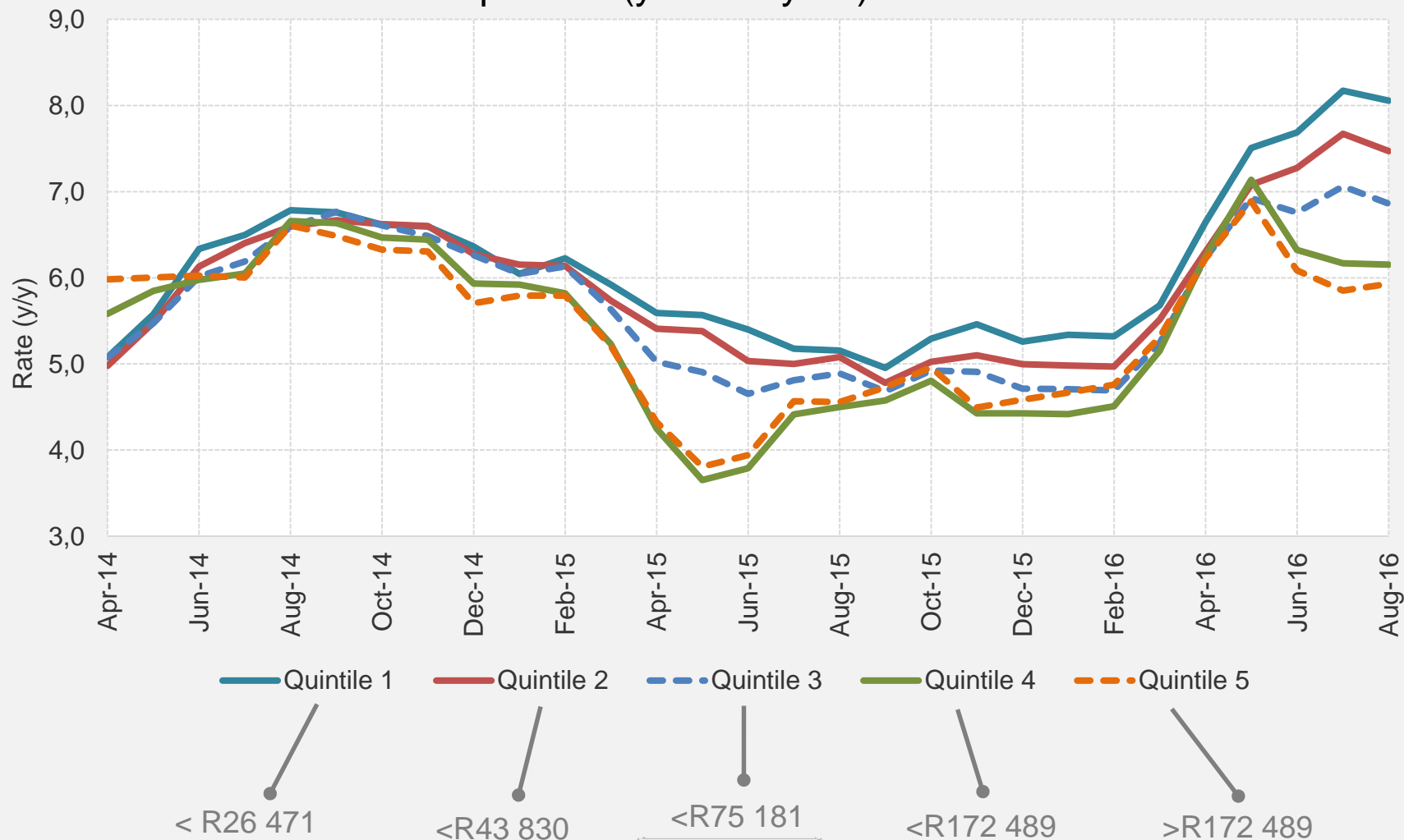
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## Provincial inflation rates



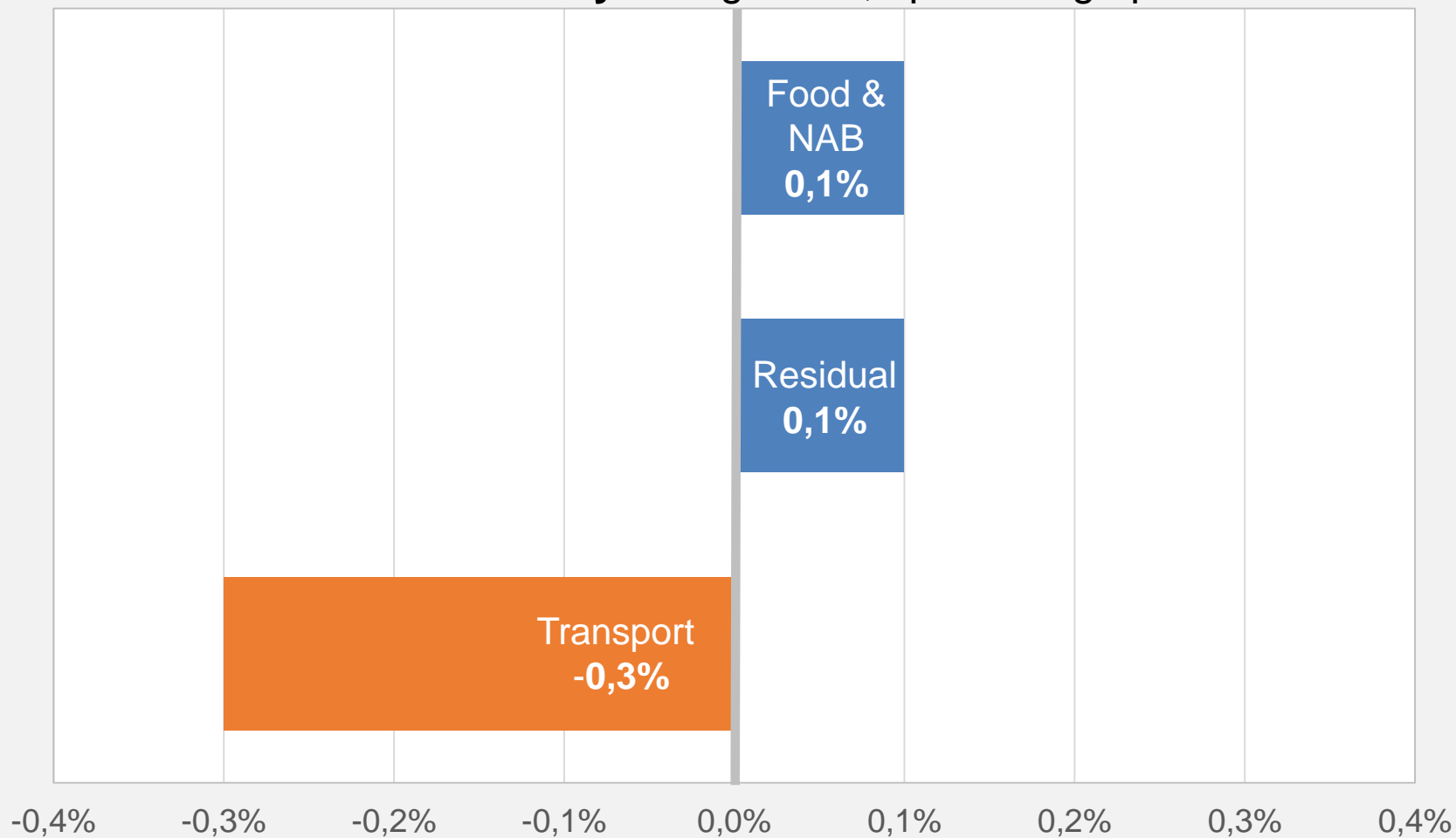
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## Inflation for the five quintiles (year-on-year)



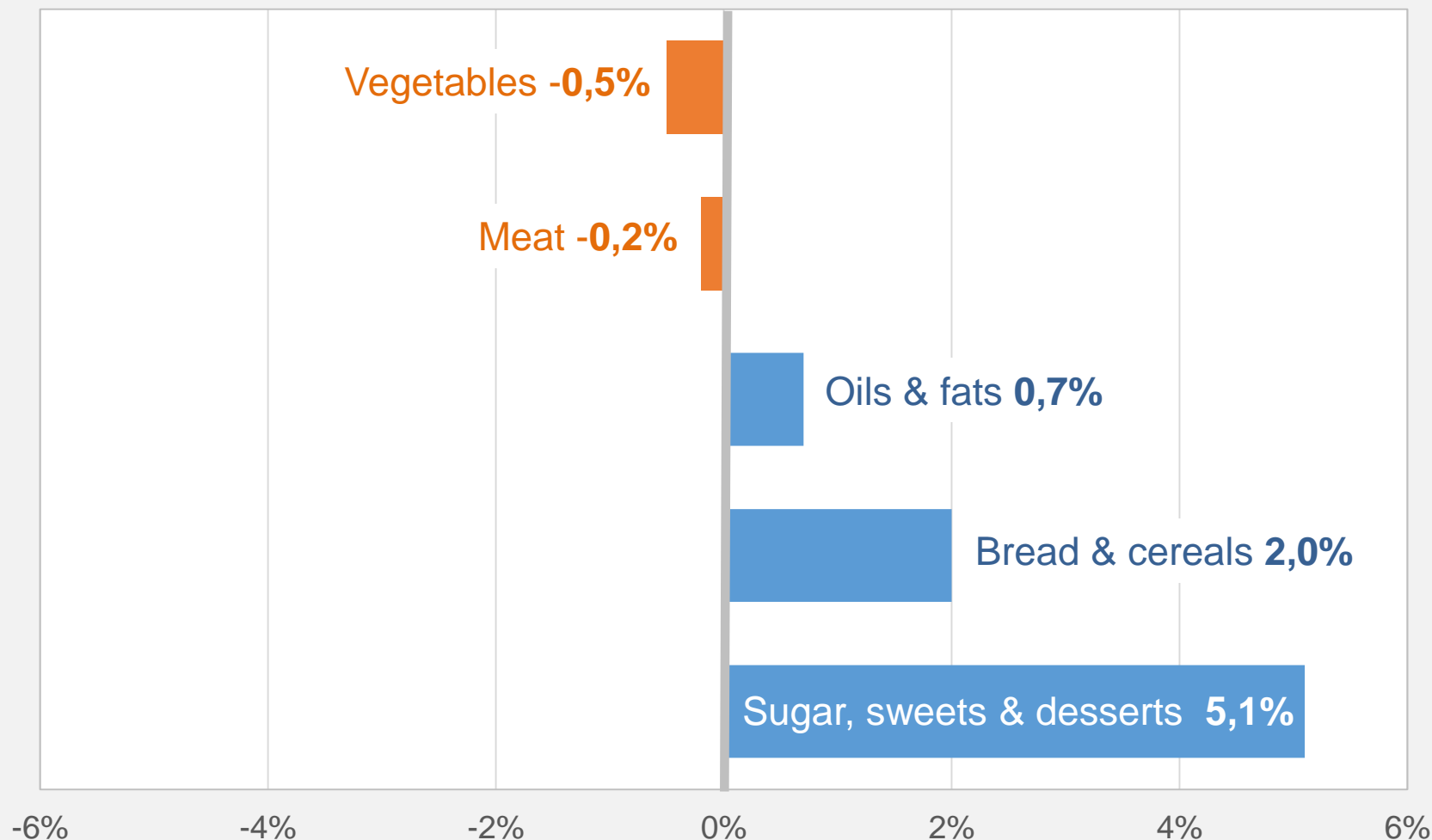
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## Contributions to the **monthly** change of -0,1 percentage point



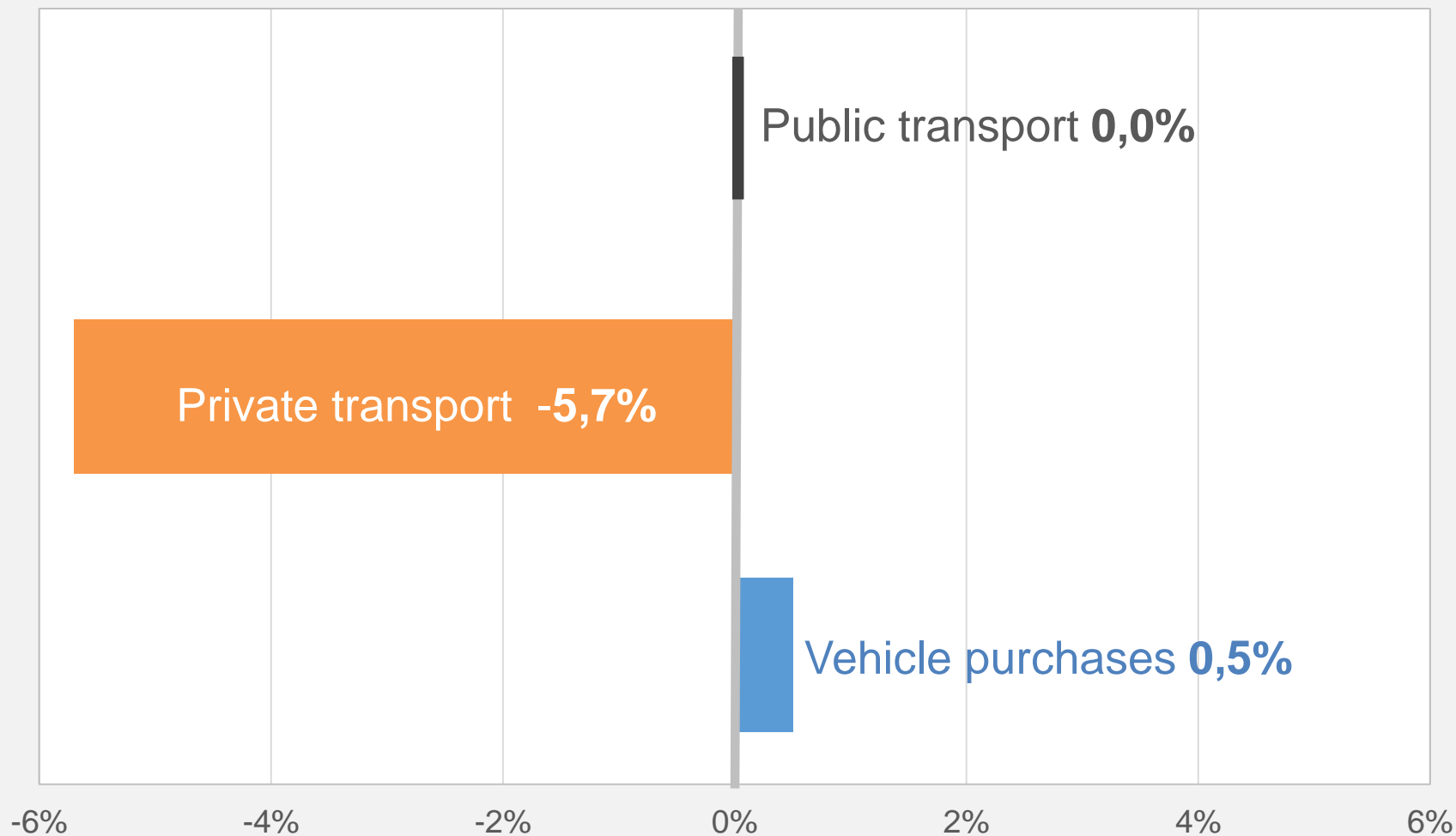
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## Food & non-alcoholic beverages inflation (month-on-month)



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## Transport inflation (month-on-month)



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# Next reweighting and rebasing of the CPI

## The weights and basket



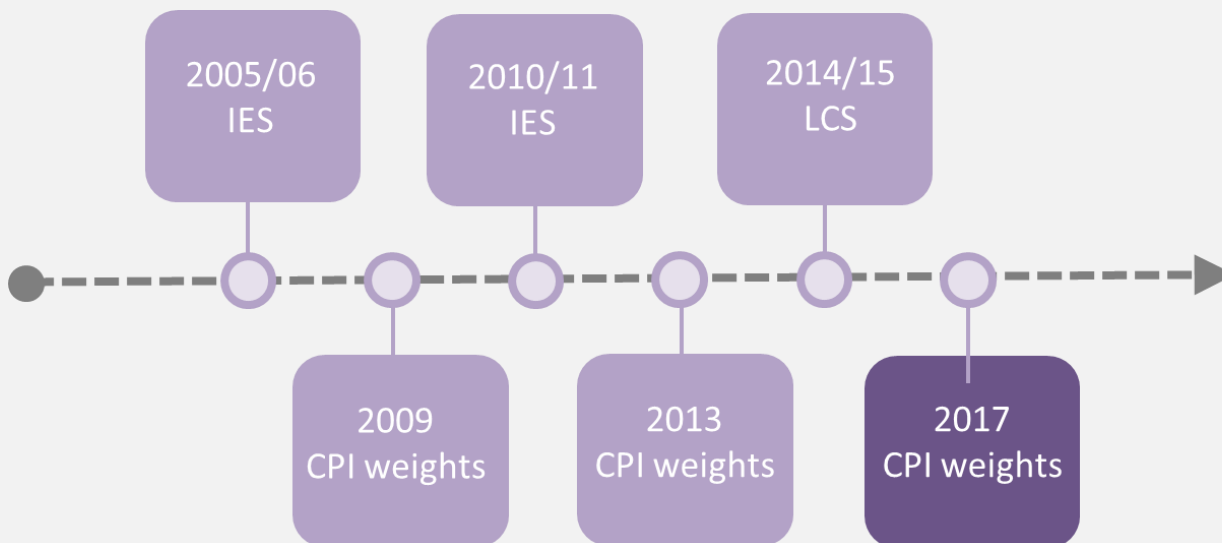
- Each product in CPI has a weight to reflect relative importance
- Weights reflect total spending patterns of households
- International practice: Reweight at least every 5 years for relevance to changing consumption trends
- Last reweighting: January 2013
- Next reweighting: January 2017



## The weights and basket



- Weights and basket based on household expenditure survey (Income and Expenditure or Living Conditions)
- Survey aimed at providing expenditure, poverty and inequality information
- Data collection from October 2014 to October 2015



## The weights and basket



### Some adjustments made to expenditure data



#### **Frequent purchases**

Food, personal care,  
restaurants etc



Stats SA LSS, monthly sales  
surveys, national accounts  
estimates, transaction data  
from retail chains



#### **'Sin' purchases**

Alcoholic beverages &  
tobacco; gambling



Administrative data sources



#### **Net weight items**

used vehicles,  
insurance, gambling



National accounts  
Industry sources  
Regulators



## The weights and basket

All urban areas	2008 weights	2012 weights
Food and non-alcoholic beverages	15,7	15,4
Alcoholic beverages and tobacco	5,6	5,4
Clothing and footwear	4,1	4,1
Housing and utilities	22,6	24,5
Household contents and services	5,9	4,8
Health	1,5	1,5
Transport	18,8	16,4
Communication	3,2	2,6
Recreation and culture	4,2	4,1
Education	2,2	3,0
Restaurants and hotels	2,8	3,5
Miscellaneous goods and services	13,6	14,7

## Rebasing indices



- Base period where all indices = 100
- Rebasing eliminates influence of historical inflation trends
- Rebasing when reweighting avoids change in index because of weight change
- Month before implementation of new weights = base period
  - Current: December 2012 = 100
  - New: December 2016 = 100

## Methodological research



- Domestic worker wages – new data source (Labour Force Survey)
- Used vehicles – index construction to reflect unique pricing behaviour of market
- Gambling – evaluating different pricing methods

## A word on PPI and UVI



### Producer Price Index (PPI)

PPI also to be reweighted and rebased

- Manufacturing final and intermediate
  - National Accounts and Manufacturing large sample survey
- Agriculture, Mining, Water & Electricity
  - National Accounts and relevant administrative sources

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## Implementation timeline



**December 2016**

Announcement of new  
basket, weights and  
methodological changes



**January 2017**

Release of final price  
updated weights



**15 February 2017**

Publication of January  
2017 CPI with new base  
period, weights and basket

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Thank you!