



**stats sa**

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## **Update on the Consumer Price Index (CPI) for May**

*The May CPI will be published on Wednesday 15 July*

### **COVID-19 restrictions**

At the heart of measuring inflation is the comparison of prices of a fixed set of products in two periods. The COVID-19 lockdown restrictions and gradual normalisation have posed particular challenges for the calculation of the consumer price index.

Special imputation methods were used in the April CPI to account for the absence of consumer expenditure on certain CPI basket items. These were documented in a note published on 22 May on the Stats SA website<sup>i</sup> and the April CPI statistical release<sup>ii</sup>.

May saw the loosening of COVID-19 lockdown restrictions and the opening of a wider range of goods and services available for sale. However, as prices for these imputed product groups were not available in April, it is not possible to compute changes to their indices for the calculation of the May CPI.

This note addresses the different methods used to compute the CPI for May.

### **Online and in-store collection**

Data collection from the online presence of chain stores continued in May and will do so indefinitely. Stats SA's fieldwork team resumed in-store collection at the end of May. As these field prices will only have use as a comparator between May and June, price changes for most of the retail products in the May CPI will be based on the online collection. Fieldworkers are focussing their efforts on those products that are less easily priced online such as perishable groceries, outlets which do not have an online presence, and clothing. Online prices contribute 20,0% of the weight of the CPI in May.

### **Headline CPI imputation**

In May 2020 indices are imputed by the headline index if they meet one of two conditions. First, the product category was banned for sale in May by regulation. Second, the product category was banned for sale in April meaning there was no price in that month with which to compare in May. These indices contribute 23,7% of the weight of the CPI.



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## Periodic surveys

The prices of many services do not change every month and are therefore surveyed quarterly, six-monthly or annually according to a schedule. The standard treatment is to carry forward the value of an index if it is not due to be updated in a particular month. The weight of indices carried forward in May is 43,0%.

## Treatment of other indices

Watches, travelling bags, school bags, prams and sunglasses, with a combined weight of 0,2%, were imputed using the personal care index. The remaining indices, contributing 13,1% of the weight of the CPI, were collected directly.

## Interpretation of regional and analytical indices

Where online prices or the headline imputation method are used, the index change is calculated at a national level and then replicated for each regional index (provincial CPIs, total country and rural areas). As a result of these methods, monthly changes in the regional indices will mainly vary according to different weights, rather than price variations.

Analytical indices, especially those which exclude fuel and food products, have reduced meaning as the headline index imputation factor does include these product groups.

*The June CPI is scheduled for publication on Wednesday 29 July.*

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<sup>i</sup> [http://www.statssa.gov.za/?page\\_id=2528](http://www.statssa.gov.za/?page_id=2528)

<sup>ii</sup> [http://www.statssa.gov.za/?page\\_id=1866&PPN=P0141](http://www.statssa.gov.za/?page_id=1866&PPN=P0141)