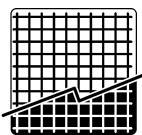


Discussion paper
Consumer Price Index – Rural areas
and total country
December 2003



Statistics
South Africa

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27 January 2004
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EXECUTIVE SUMMARY

KEY FIGURES AT DECEMBER 2003

Main Indices	Indices (2000=100)			Percentage change between		
	December 2002	November 2003	December 2003	November 2003 and December 2003		December 2002 and December 2003
				Actual %	Seasonally adjusted % 1/	Actual %
CPI for rural areas	123,7	125,1	125,1	0,0	..	+ 1,1
CPI excluding interest rates on mortgage bonds (CPIX) for rural areas	124,2	127,3	127,2	- 0,1	..	+ 2,4
CPI for total country	122,0	122,8	122,9	+ 0,1	..	+ 0,7
CPI excluding interest rates on mortgage bonds (CPIX) for total country	122,6	127,2	127,2	0,0	..	+ 3,8

1/ Data for at least 36 months are needed to calculate seasonally adjusted figures

KEY FINDINGS AT DECEMBER 2003

Inflation rate for the rural areas is 1,1% at December 2003 (i.e. the CPI at December 2003 compared with that at December 2002)

The inflation rate for the rural areas is 1,1% at December 2003 (i.e. the CPI at December 2003 compared with that at December 2002). This rate is 0,3 of a percentage point lower than the corresponding annual rate of 1,4% at November 2003 (see table 3.2.1, p.10). This lower rate at December 2003 can be explained by decreases in the annual rates of change for the following:

- *The CPI for cigarettes, cigars and tobacco for which the rate decreased from 8,9% at November 2003 to a lower rate of 8,5% at December 2003.*
- *The CPI for personal care for which the rate decreased from 7,5% at November 2003 to a lower rate of 4,9% at December 2003.*
- *The CPI for food for which the rate decreased from 0,7% at November 2003 to a lower rate of 0,2% at December 2003.*
- *The CPI for recreation and entertainment for which the rate decreased from - 4,4% at November 2003 to a lower rate of - 5,5% at December 2003.*

However, these annual decreases were slightly counteracted by increases in the annual rates of change for the following:

- *The CPI for household operation for which the rate increased from 12,6% at November 2003 to a higher rate of 14,2% at December 2003.*
- *The CPI for transport for which the rate increased from - 0,1% at November 2003 to a higher rate of 0,5% at December 2003.*

From November 2003 to December 2003 the Consumer Price Index for the rural areas remained unchanged.

The annual increase of 1,1% in the Consumer Price Index for the rural areas is mainly due to annual increases in the price indices for household operation (+ 0,8 of a percentage point), personal care (+ 0,3 of a percentage point), education (+ 0,2 of a percentage point) and medical care and health expenses (+ 0,2 of a percentage point). These annual increases were partially counteracted by annual decreases in the price indices for housing (- 0,4 of a percentage point), "other" products (- 0,3 of a percentage point), clothing and footwear (- 0,1 of a percentage point) and recreation and entertainment (- 0,1 of a percentage point) (see table 3.3, p.11).

The annual percentage change in the Consumer Price Index excluding interest rates on mortgage bonds (CPIX) for the rural areas is 2,4% at December 2003 (i.e. the CPIX at December 2003 compared with that at December 2002)

The annual percentage change in the CPIX, which is the Consumer Price Index excluding the interest rate on mortgage bonds, for the rural areas is 2,4% at December 2003 (i.e. the CPIX at December 2003 compared with that at December 2002). This rate is 0,3 of a percentage point lower than the corresponding annual rate of 2,7% at November 2003 (see table 3.2.2, p.10). From November 2003 to December 2003 the CPIX for the rural areas decreased by 0,1%.

The annual increase of 2,4% in the Consumer Price Index excluding the interest rate on mortgage bonds, for the rural areas is mainly due to annual increases in the price indices for household operation (+ 0,9 of a percentage point), personal care (+ 0,3 of a percentage point) and housing (+ 0,3 of a percentage point). These annual increases were partially counteracted by an annual decrease in the price index for "other" products (- 0,3 of a percentage point) (see table 3.5, p.11).

Inflation rate for the total country is 0,7% at December 2003 (i.e. the CPI at December 2003 compared with that at December 2002)

The inflation rate for the total country is 0,7% at December 2003 (i.e. the CPI at December 2003 compared with that at December 2002). This rate is 0,2 of a percentage point lower than the corresponding annual rate of 0,9% at November 2003 (see table 4.2.1, p.21). This lower rate at December 2003 can be explained by decreases in the annual rates of change for the following:

- *The CPI for medical care and health expenses for which the rate decreased from 8,1% at November 2003 to a lower rate of 8,0% at December 2003.*
- *The CPI for personal care for which the rate decreased from 5,5% at November 2003 to a lower rate of 4,2% at December 2003.*
- *The CPI for food for which the rate decreased from 2,2% at November 2003 to a lower rate of 1,4% at December 2003.*

However, these annual decreases were slightly counteracted by an increase in the annual rate of change for the following:

- *The CPI for household operation for which the rate increased from 9,9% at November 2003 to a higher rate of 11,5% at December 2003.*

From November 2003 to December 2003 the Consumer Price Index for the total country increased by 0,1%.

The annual increase of 0,7% in the Consumer Price Index for the total country is mainly due to annual increases in the price indices for food (+ 0,6 of a percentage point), medical care and health expenses (+ 0,5 of a percentage point) and household operation (+ 0,5 of a percentage point). These annual increases were slightly counteracted by annual decreases in the price indices for housing (- 1,6 percentage points), transport (- 0,2 of a percentage point), "other" products (- 0,1 of a percentage point), clothing and footwear (- 0,1 of a percentage point) and recreation and entertainment (- 0,1 of a percentage point) (see table 4.3, p.22).

The annual percentage change in the Consumer Price Index excluding interest rates on mortgage bonds (CPIX) for the total country is 3,8% at December 2003 (i.e. the CPIX at December 2003 compared with that at December 2002)

The annual percentage change in the CPIX, which is the Consumer Price Index excluding the interest rate on mortgage bonds, for the total country is 3,8% at December 2003 (i.e. the CPIX at December 2003 compared with that at December 2002). This rate is 0,1 of a percentage point lower than the corresponding annual rate of 3,9% at November 2003. From November 2003 to December 2003 the CPIX for the total country remained unchanged.

The annual increase of 3,8% in the Consumer Price Index excluding the interest rate on mortgage bonds, for the total country is mainly due to annual increases in the price indices for housing (+ 1,1 percentage points), household operation (+ 0,6 of a percentage point), medical care and health expenses (+ 0,6 of a percentage point) and food (+ 0,5 of a percentage point). These annual increases were slightly counteracted by annual decreases in the price indices for "other" products (- 0,2 of a percentage point), clothing and footwear (- 0,1 of a percentage point) and recreation and entertainment (- 0,1 of a percentage point) (see table 4.5, p.22).

KEY FINDINGS FOR THE YEAR 2003 (The overall average figures are calculated once a year as soon as the December figure is available (see page 38))

The official overall average annual inflation rate is 6,6% for the year 2003 (i.e. the percentage change in the CPI for the rural areas for the year 2003 compared with that for the year 2002) (see table A,p.6).

The overall average annual CPIX inflation rate for the rural areas for the year 2003 (i.e. the CPIX for the year 2003 compared with that for the year 2002) is 6,9% (see table A,p.6).

The official overall average annual inflation rate is 6,2% for the year 2003 (i.e. the percentage change in the CPI for the total country for the year 2003 compared with that for the year 2002) (see table A,p.17).

The overall average annual CPIX inflation rate for the total country for the year 2003 (i.e. the CPIX for the year 2003 compared with that for the year 2002) is 6,8% (see table A,p.17).

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RURAL AREAS

Stats SA introduced a CPI for the rural areas as well as for the total country as from May 2003, based on the prices monitored in the smaller towns, as no pricing surveys are undertaken in the rural areas. But, the actual weights for the rural areas were obtained from information received from the Survey of Income and Expenditure of Households, which was conducted in October 2000.

RURAL AREAS

KEY FINDINGS FOR THE YEAR 2003 (The overall average figures are calculated once a year as soon as the December figure is available (see page 38))

The official overall average annual inflation rate is 6,6% for the year 2003 (i.e. the CPI for the rural areas for the year 2003 compared with that for the year 2002)

The official overall average annual inflation rate is 6,6% for the year 2003 (i.e. the percentage change in the CPI for the rural areas for the year 2003 compared with that for the year 2002) (see tableA,p.6).

The overall average annual CPIX inflation rate for the rural areas for the year 2003 (i.e. the CPIX for the year 2003 compared with that for the year 2002) is 6,9% (see tableA,p.6).

The overall average annual core inflation rate for the rural areas for the year 2003 (i.e. the core index for the year 2003 compared with that for the year 2002) is 6,7% (see tableA,p.6).

The overall average annual food inflation rate for the rural areas for the year 2003 (i.e. the CPI for food for the year 2003 compared with that for the year 2002) is 8,6% (see tableA,p.6).

The price index for housing for the rural areas shows an overall average annual rate of increase of 4,7% for the year 2003 (i.e. the CPI for housing for the year 2003 compared with that for the year 2002) (see tableA,p.6).

KEY FIGURES FOR THE YEAR 2003 (The overall average figures are calculated once a year as soon as the December figure is available (see page 38))

Table A – Overall average annual Consumer Price Index (CPI) and the overall average annual inflation rate for the rural areas according to main indices

Main indices	Year			
	2002		2003	
	Indices (2000=100)	% change	Indices (2000=100)	% change
CPI	117,9	..	125,7	+ 6,6
CPIX	118,6	..	126,8	+ 6,9
Core index	117,6	..	125,5	+ 6,7
Food price index	127,6	..	138,6	+ 8,6
Housing price index	115,1	..	120,5	+ 4,7

RURAL AREAS

KEY FIGURES AT DECEMBER 2003

Table B – Consumer Price Index (CPI) and the inflation rate for the rural areas according to main indices

Main indices	Indices (2000=100)			Percentage change between		
	December 2002	November 2003	December 2003	November 2003 and December 2003		December 2002 and December 2003
				Actual %	Seasonally adjusted % 1/	Actual %
CPI	123,7	125,1	125,1	0,0	..	+ 1,1
CPI excluding interest rates on mortgage bonds (CPIX)	124,2	127,3	127,2	- 0,1	..	+ 2,4
Core index	122,1	126,4	126,1	- 0,2	..	+ 3,3
Food price index	137,8	138,5	138,1	- 0,3	..	+ 0,2
CPI excluding food price index	113,4	115,3	115,5	+ 0,2	..	+ 1,9
CPI excluding Value Added Tax (VAT)	123,7	125,1	125,1	0,0	..	+ 1,1

1/ Data for at least 36 months are needed to calculated seasonally adjusted figures

KEY FINDINGS AT DECEMBER 2003

Inflation rate for the rural areas is 1,1% at December 2003 (i.e. the CPI at December 2003 compared with that at December 2002)

The inflation rate for the rural areas is 1,1% at December 2003 (i.e. the CPI at December 2003 compared with that at December 2002). This rate is 0,3 of a percentage point lower than the corresponding annual rate of 1,4% at November 2003 (see table 3.2.1, p.10). This lower rate at December 2003 can be explained by decreases in the annual rates of change for the following:

- *The CPI for cigarettes, cigars and tobacco for which the rate decreased from 8,9% at November 2003 to a lower rate of 8,5% at December 2003.*
- *The CPI for personal care for which the rate decreased from 7,5% at November 2003 to a lower rate of 4,9% at December 2003.*
- *The CPI for food for which the rate decreased from 0,7% at November 2003 to a lower rate of 0,2% at December 2003.*
- *The CPI for recreation and entertainment for which the rate decreased from – 4,4% at November 2003 to a lower rate of – 5,5% at December 2003.*

However, these annual decreases were slightly counteracted by increases in the annual rates of change for the following:

- *The CPI for household operation for which the rate increased from 12,6% at November 2003 to a higher rate of 14,2% at December 2003.*
- *The CPI for transport for which the rate increased from – 0,1% at November 2003 to a higher rate of 0,5% at December 2003.*

From November 2003 to December 2003 the Consumer Price Index for the rural areas remained unchanged.

The annual increase of 1,1% in the Consumer Price Index for the rural areas is mainly due to annual increases in the price indices for household operation (+ 0,8 of a percentage point), personal care (+ 0,3 of a percentage point), education (+ 0,2 of a percentage point) and medical care and health expenses (+ 0,2 of a percentage point). These annual increases were partially counteracted by annual decreases in the price indices for housing (- 0,4 of a percentage point), "other" products (- 0,3 of a percentage point), clothing and footwear (- 0,1 of a percentage point) and recreation and entertainment (- 0,1 of a percentage point) (see table 3.3, p.11).

From November 2003 to December 2003 the Consumer Price Index for the rural areas remained unchanged. Although there was no change in the index, a monthly decrease occurred in the price index for food (- 0,1 of a percentage point). This monthly decrease was counteracted by a monthly increase in the price index for household operation (+ 0,1 of a percentage point) (see table 3.4, p.11).

The annual percentage change in the Consumer Price Index excluding interest rates on mortgage bonds (CPIX) for the rural areas is 2,4% at December 2003 (i.e. the CPIX at December 2003 compared with that at December 2002)

The annual percentage change in the CPIX, which is the Consumer Price Index excluding the interest rate on mortgage bonds, for the rural areas is 2,4% at December 2003 (i.e. the CPIX at December 2003 compared with that at December 2002). This rate is 0,3 of a percentage point lower than the corresponding annual rate of 2,7% at November 2003 (see table 3.2.2, p.10). From November 2003 to December 2003 the CPIX for the rural areas decreased by 0,1%.

The annual increase of 2,4% in the Consumer Price Index excluding the interest rate on mortgage bonds, for the rural areas is mainly due to annual increases in the price indices for household operation (+ 0,9 of a percentage point), personal care (+ 0,3 of a percentage point) and housing (+ 0,3 of a percentage point). These annual increases were partially counteracted by an annual decrease in the price index for "other" products (- 0,3 of a percentage point) (see table 3.5, p.11).

From November 2003 to December 2003 the Consumer Price Index excluding the interest rate on mortgage bonds for the rural areas decreased by 0,1%. This monthly decrease is due to monthly decreases in the price indices for clothing and footwear (- 0,1 of a percentage point) and food (- 0,1 of a percentage point). These monthly decreases were partially counteracted by a monthly increase in the price index for household operation (+ 0,1 of a percentage point) (see table 3.6, p.11).

Core inflation rate

The core inflation rate for the rural areas (see explanatory notes 33, 34 and 35 on page 36) is 3,3% at December 2003 (i.e. the core index at December 2003 compared with that at December 2002). This rate is 0,6 of a percentage point lower than the corresponding annual rate of 3,9% at November 2003. From November 2003 to December 2003 the core index for the rural areas decreased by 0,2%.

The annual increase of 3,3% in the Core Index for the rural areas is mainly due to annual increases in the price indices for food (+ 1,4 percentage points) and household operation (+ 1,0 percentage point). These annual increases were partially counteracted by annual decreases in the price indices for clothing and footwear (- 0,2 of a percentage point) and recreation and entertainment (- 0,1 of a percentage point) (see table 3.7, p.12).

From November 2003 to December 2003 the Core Index for the rural areas decreased by 0,2%. This monthly decrease is due to monthly decreases in the price indices for food (- 0,2 of a percentage point) and clothing and footwear (- 0,1 of a percentage point). These monthly decreases were partially counteracted by a monthly increase in the price index for household operation (+ 0,1 of a percentage point) (see table 3.8, p.12).

Food inflation

The price index for food reflects an annual rate of increase of 0,2% at December 2003 (i.e. the CPI for food at December 2003 compared with that at December 2002), which is 0,5 of a percentage point lower than the corresponding annual rate of 0,7% at November 2003. From November 2003 to December 2003 this index decreased by 0,3%.

Annual increases occurred in the price indices for fruit and nuts (+ 14,4%), "other" food products (+ 8,1%), vegetables (+ 6,1%), sugar (+ 6,0%), milk, cheese and eggs (+ 5,8%), fish and other seafood (+ 4,7%), coffee, tea and cocoa (+ 2,8%) and fats and oils (+ 0,9%). These annual increases were partially counteracted by annual decreases in the price indices for grain products (- 8,6%) and meat (- 2,2%) (see table 3.9, p.13).