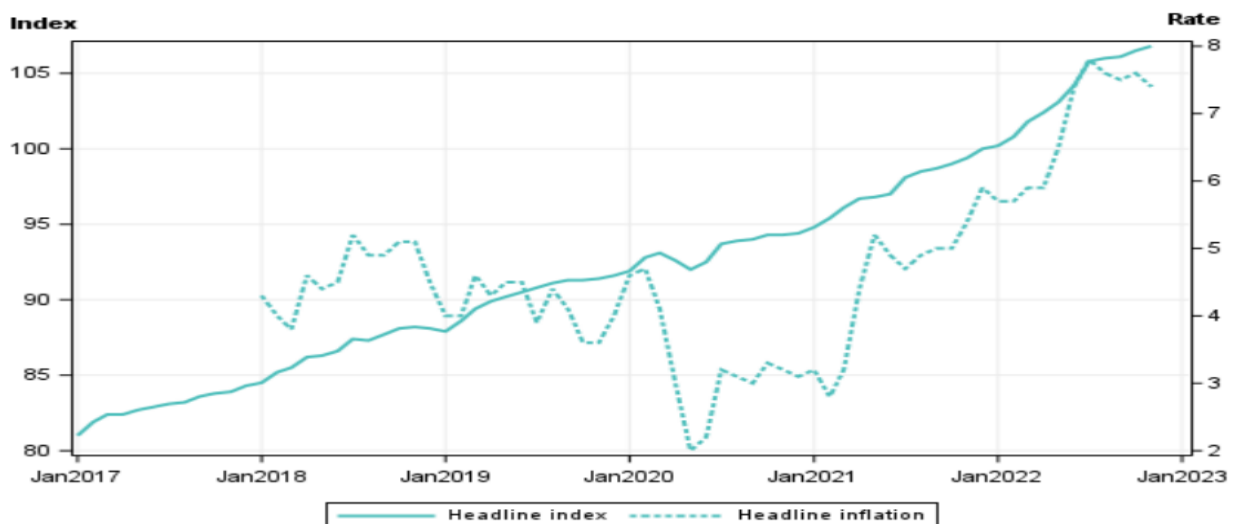


CONSUMER PRICE INDEX:

CPI | CONSUMER PRICE INDEX

- The annual Consumer Price Index (CPI) was **7,4%** in November 2022, down from **7,6%** in October 2022=
Attributing to a 0,2 % decrease on a month-on-month basis.
- The main contributors to the **7,4%** annual inflation rate were; **the Food and non-alcoholic beverages sector; the housing and utilities sector; the transport sector; and the miscellaneous goods and services sector:**
 - The Food and non-alcoholic beverages sector** increased by 12,5% year-on-year and contributed 2,1 percentage points to the total CPI annual rate of 7,4%.
 - The housing and utilities sector** increased by 4,3% year-on-year and contributed 1,1 percentage points.
 - The transport sector** increased by 15,3% year-on-year and contributed 2,2 percentage points.
 - The miscellaneous goods and services sector** increased by 4,8% year-on-year and contributed 0,7 of a percentage point.
- In November the annual inflation rate for goods was 10,4%, down from 10,5% in October and for services it was 4,5%, down from 4,6% in October.
 - The December CPI will be released on the 18th of January 2023.**

Figure 1 - CPI headline index numbers and year-on-year rates



THIS IS WHAT 7.4% CPI MEANS FOR SOUTH AFRICANS:

- 📊 **Reduced** purchasing power (consumers get less for more)
- 📊 **Raised** cost of living and increases the number of people living below the **poverty line**
- 📊 Distorted purchasing power of payers of fixed interest rates
- 📊 The poor are also **less likely** to own assets like real estate
- 📊 Disproportionately impacts low-income households as low-income consumers tend to have **less buffer** in their budgets to cover the added costs when inflation rates rise
- 📊 **Raises** product/services interest rates (The SARB has adjusted their rates along with the CPI) and has affected the affordability of water, sanitation and electricity
- 📊 Can cause **recessions**- The trouble with the trade-off between inflation and unemployment, is that prolonged acceptance of higher inflation to protect jobs may cause inflation expectations to rise to the point where they set off an inflationary spiral of price hikes and pay increases
- 📊 Increases the number of **wage protests**

Price Inflation

Price inflation is the increase in prices of pertinent goods and services over a period of time.



Then: \$150



Now: \$200

Prices



Purchasing Power



PRODUCT PRICE INDEX:



- The annual Producer Price Index (PPI) was **15,0%** in November 2022, down from **16,0%** in October 2022 (an increase of **1.0%** on a month-on-month basis).
- The main contributors to the headline PPI annual inflation rate were: **Coke, petroleum, chemical, rubber and plastic products; food products, beverages and tobacco products; paper and printed products; and metals, machinery, equipment and computing equipment.**
 - 📊 Coke, petroleum, chemical, rubber, and plastic products increased by 28,6% year-on-year and contributed 7,4 percentage points.
 - 📊 Food products, beverages and tobacco products increased by 10,7% year-on-year and contributed 2,7 percentage points.
 - 📊 Paper and printed products increased by 18,4% year-on-year and contributed 1,5 percentage points.
 - 📊 Metals, machinery, equipment, and computing equipment increased by 9,4% year-on-year and contributed 1,4 percentage points.

- The December CPI will be released on the 23th of January 2023.

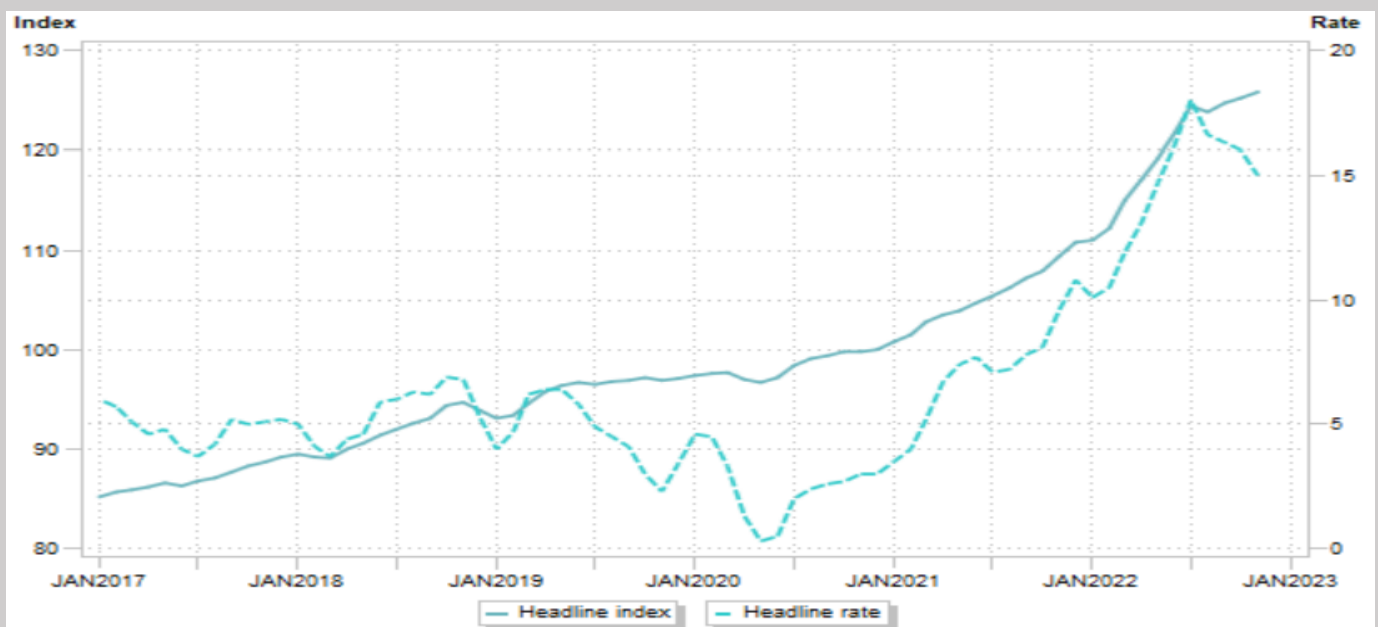


Figure 2- PPI headline index numbers and year-on-year rate of change

THIS IS WHAT 15% PPI MEANS FOR SOUTH AFRICANS:

- 📊 An increase in the PPI usually means that an **increase in inflation rates** is on the way
- 📊 For each additional percentage increase in CPI of the previous period, the PPI **increases**
- 📊 When producers face input inflation, the increases in their **production costs** are passed on to retailers and to consumers: retailers and consumers pay more for less.

CHANGE IN EMPLOYMENT:

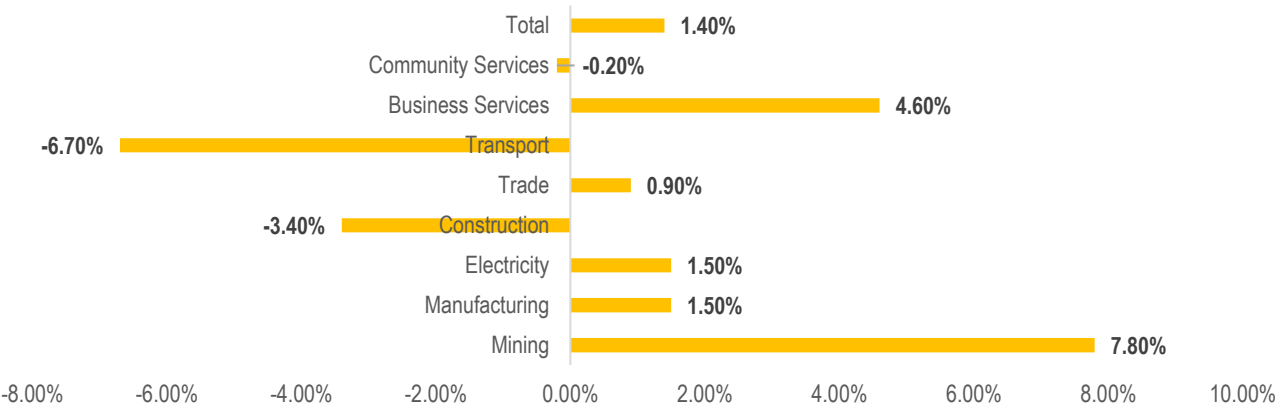
Y/Y CHANGE % OF EMPLOYMENT BY INDUSTRY



- South African employment increased by 0.3% year on year. This was largely due to increases in the following industries: **Mining (3.9%), Manufacturing (1.1%), Trade (2.8%), and Business services (0.3%)**. However, there were notable decreases in the Construction sector (-5.9%), Transport sector (-1.4%) and Community services sector(-0.9%).

Total employment increased by 31 000

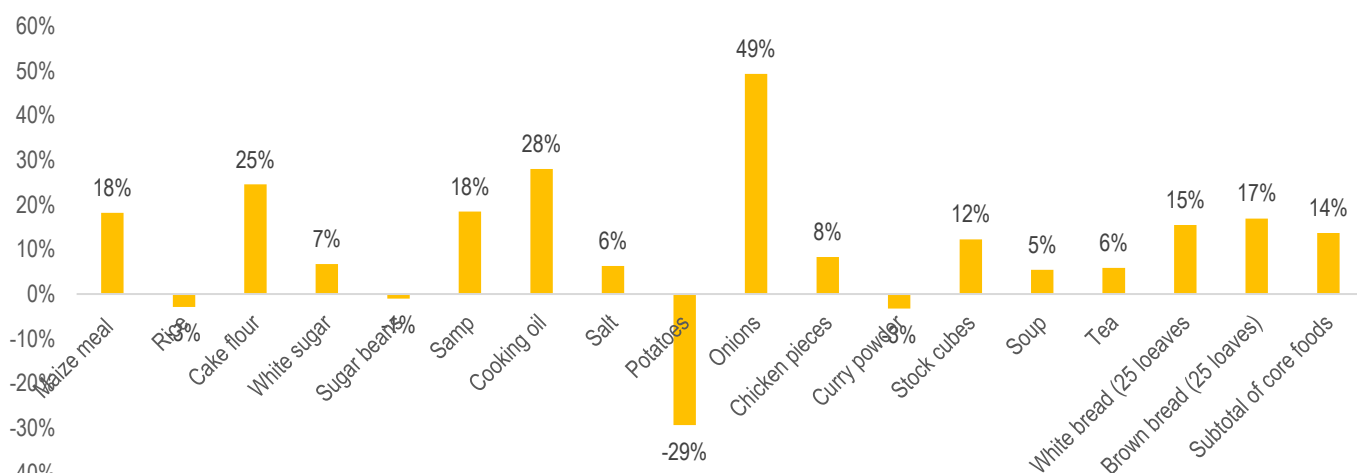
QUARTER ON QUARTER CHANGE % OF TOTAL GROSS EARNINGS BY INDUSTRY



FOOD COSTS:

- The Global food price surge of 2006 to 2008 has negatively impacted South African households. In addition, ever-increasing food prices and lack of access to finance make it difficult to strengthen food security among households in this country.
- Global trends suggest that food prices will increase year on year, affecting the welfare of households – poorer households. The instability caused by price hikes is not a short-term problem. In fact, it can have a lasting effect on poverty. Whether consumers are poor or wealthy, the contents and quality of a consumer's food basket depend on its affordability relative to the consumer's income.

COST OF PRIORITISED FOOD IN HOUSEHOLD BASKET (YEAR ON YEAR %)



MONTH ON MONTH AND YEAR ON YEAR FOOD BASKET INCREASE IN SOUTH AFRICANS' BIGGEST METRO CITIES:

JOHANNESBURG (GAUTENG)

- Month-on-month: The cost of the Joburg household food basket **increased** by R17,99 (0,4%) from R4 891,88 in October 2022 to R4 909,87 in November 2022.
- Year-on-year: The cost of the Joburg household food basket **increased** by R576,75 (13,3%) from R4 333,12 in November 2021 to R4 909,87 in November 2022.

DURBAN (KWA-ZULU NATAL)

- Month-on-month: The cost of the Durban household food basket **increased** by R155,09 (3,3%) from R4 674,46 in October 2022 to R4 829,55 in November 2022.
- Year-on-year: The cost of the Durban household food basket **increased** by R524,32 (12,2%) from R4 305,23 in November 2021 to R4 829,55 in November 2022.

CAPE TOWN (WESTERN CAPE)

- Month-on-month: The cost of the Cape Town household food basket **decreased** by R28,24 (-0,6%) from R4 730,58 in October 2022 to R4 702,34 in November 2022.
- Year-on-year: The cost of the Cape Town household food basket **increased** by R504,60 (12%) from R4 197,74 in November 2021 to R4 702,34 in November 2022.

***THERE IS A POSITIVE RELATIONSHIP BETWEEN HIGHER FOOD PRICES AND A WAGE DECREASE IN THE LABOUR MARKET AS WELL AS AND PROTEST ACTIVITY**



SOURCES:

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