



## SACU Inflation Report

December 2010

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## Global Inflation Rates

### UK

The annual inflation rate rose to 3.7 percent during December 2010 from 3.3 percent during the preceding month. For the twelfth consecutive month, the annual inflation rate remained above the Bank of England's inflation target of 2.0 percent.

### Euro Area

The annual inflation rate rose to 2.2 percent during December 2010 from 1.9 percent during the preceding month. The annual rate recorded for December 2010 was within the European Central Bank inflation target of below but close to 2.0 percent.

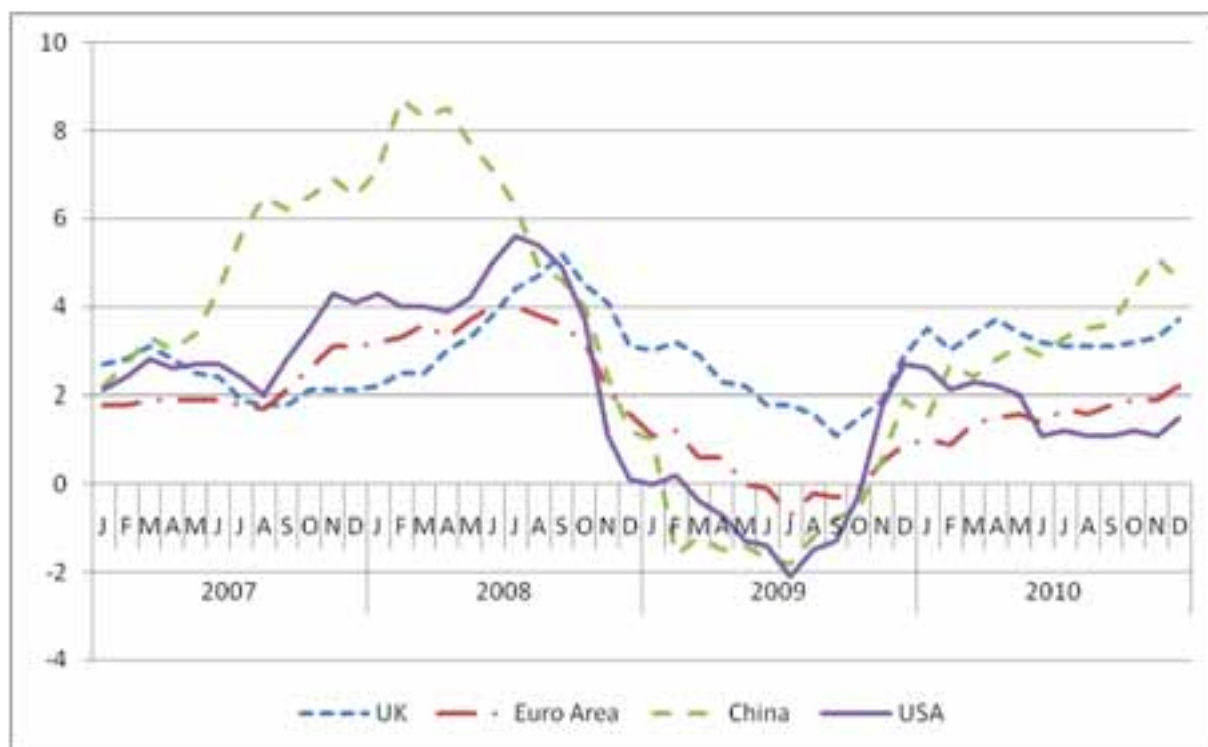
### China

The annual inflation rate declined to 4.6 percent during December 2010 from 5.1 percent in the preceding month. Moderating food prices contributed to the slowdown in inflation. The annual inflation rate for December 2010 was above the Government's inflation target of 3.0 percent.

### USA

The annual inflation rate rose to 1.5 percent during December 2010 from 1.1 percent during the preceding month. The inflation rate registered during December 2010 was below the Central Bank's long term inflation estimate of 2.0 percent.

Chart 1 Annual inflation rates



Source: tradingeconomics.com

## Inflation Rates in SACU Member States

Member States continued to show mixed inflation results during December 2010. Namibia, South Africa and Swaziland registered lower inflation rates for December 2010 compared to the preceding month, while Lesotho's inflation rate for December 2010 remained constant. On the other hand, Botswana registered a rise in inflation during December 2010 when compared to the preceding month.

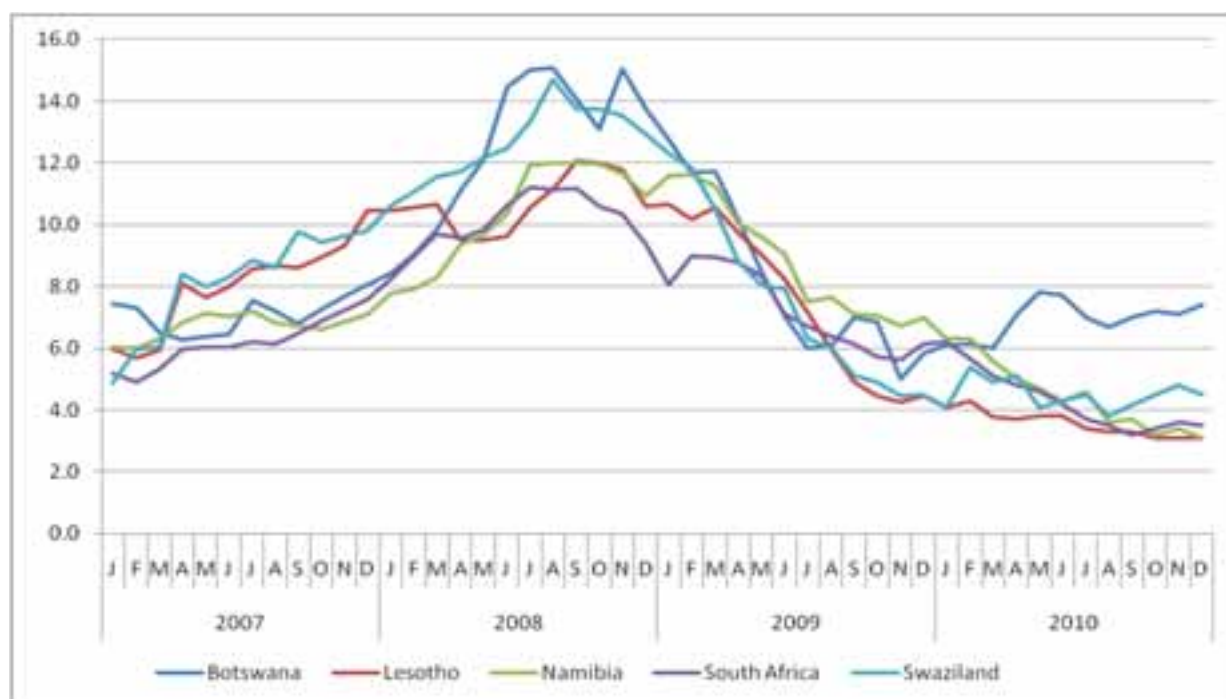
Botswana continues to register the highest annual inflation rate among the Member States; registering an inflation rate of 7.4 percent in December 2010 followed by Swaziland with 4.5 percent. The lowest annual inflation rate was observed in Lesotho and Namibia, where both countries recorded an inflation rate of 3.1 percent.

**Table 1** Annual inflation rate (%)

	Botswana	Lesotho	Namibia	South Africa	Swaziland
November 2010	7.1	3.1	3.4	3.6	4.8
December 2010	7.4	3.1	3.1	3.5	4.5

All Member States continued to record single digit annual inflation rates, going back to the second half of 2009.

**Chart 2** Annual inflation rates



Source: Member States Statistics Offices

**Table 2** Average annual inflation

	Botswana	Lesotho	Namibia	South Africa	Swaziland
2009	8.2	7.5	8.8	7.1	7.6
2010	6.9	3.6	4.5	4.3	4.5

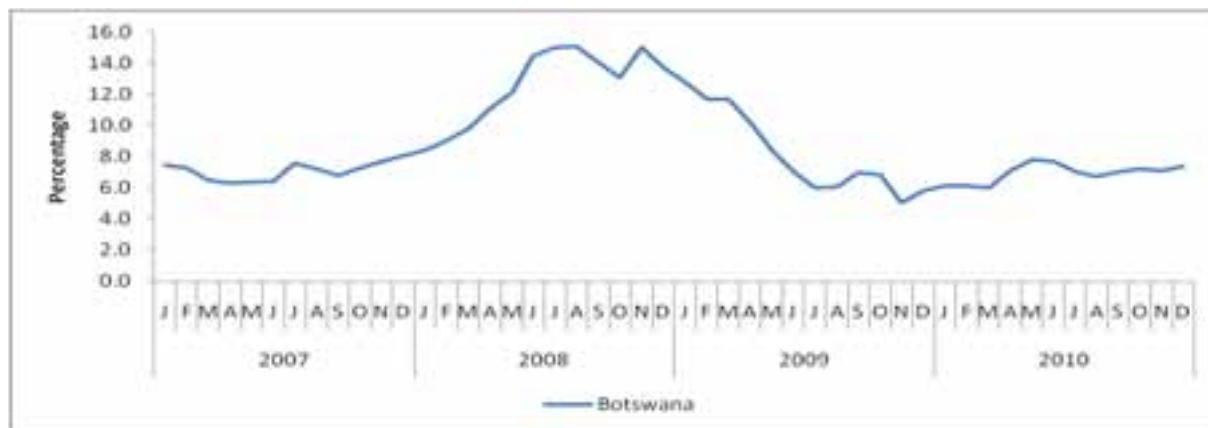
All Member States registered lower average annual inflation rates for the year 2010 compared to the preceding year. Botswana recorded the highest average annual inflation rate of 6.9 percent, while Lesotho recorded the lowest average inflation rate (3.6 percent).

## Botswana

The annual inflation rate for December 2010 was 7.4 percent, remaining above the inflation target range of 3-6 percent set out by the Bank of Botswana. The annual inflation rate for December 2010 was higher than the 5.8 percent recorded during the same month in 2009.

The average inflation rate for the year 2010 was 6.9 percent compared to 8.6 percent registered in the year 2009.

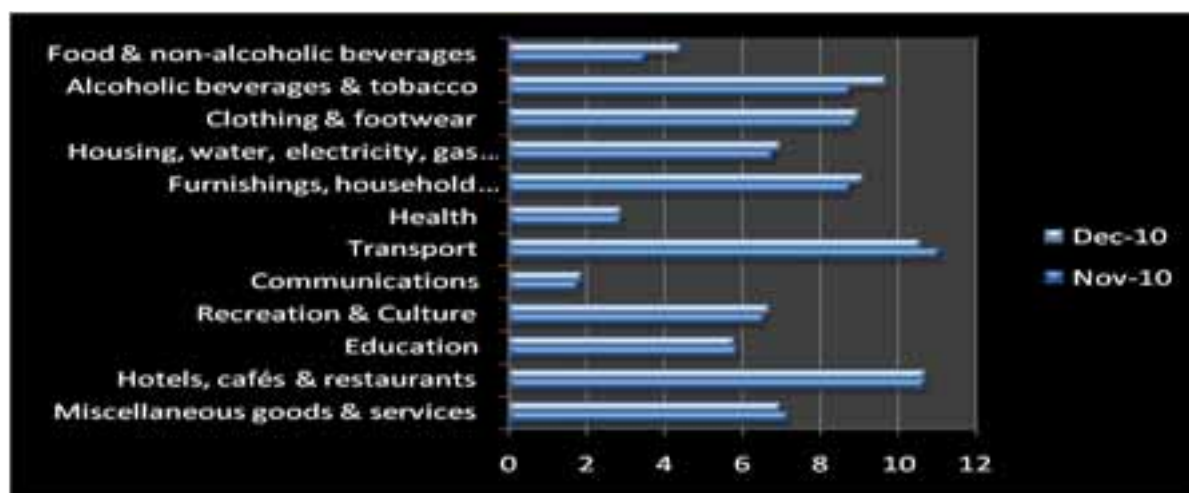
Chart 3 Annual Inflation Rate



Source: Central Statistics Office of Botswana

Performances by the five (5) major commodity groups in the consumer basket were as follows: *Food & non-alcoholic beverages* (with a weight of 21.84 percent in the consumer basket) recorded an annual rate of 4.4 percent in December 2010 compared to 3.5 percent in the preceding month; *transport* (with a weight of 18.98 percent in the consumer basket) recorded an annual rate of 10.6 percent in December 2010, from 11.1 percent recorded in the preceding month; *housing, water, electricity, gas and other fuels* (with a weight of 11.46 percent in the consumer basket) recorded an annual rate of 7.0 percent in December 2010 compared to 6.8 percent recorded in November 2010; *miscellaneous goods and services* (with a weight of 9.57 percent in the consumer basket) recorded an annual rate of 7.0 percent in December 2010 compared to 7.2 percent recorded in the preceding month; *alcohol beverages and tobacco* (with a weight of 9.29 percent in the consumer basket) recorded an annual rate of 9.7 percent in December 2010 compared to 8.8 percent a month earlier.

Chart 4 Inflation by main categories



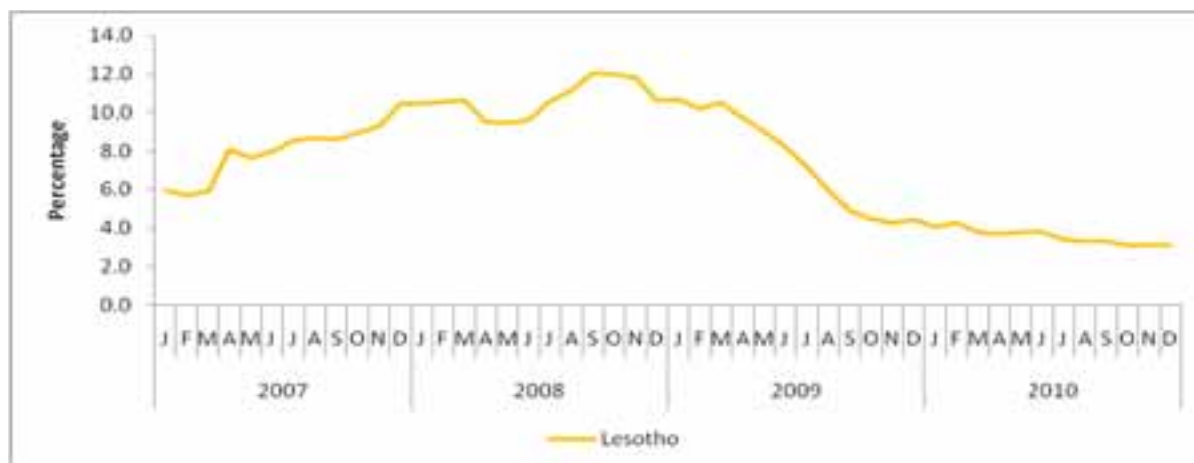
Source: Central Statistics Office of Botswana

## Lesotho

For the third consecutive month the annual inflation rate remained at 3.1 percent during December 2010. The annual inflation rate for December 2010 was lower than the 4.5 percent recorded during the corresponding month in 2009.

The average inflation rate for the year 2010 was 3.6 percent compared to 7.5 percent registered in the year 2009.

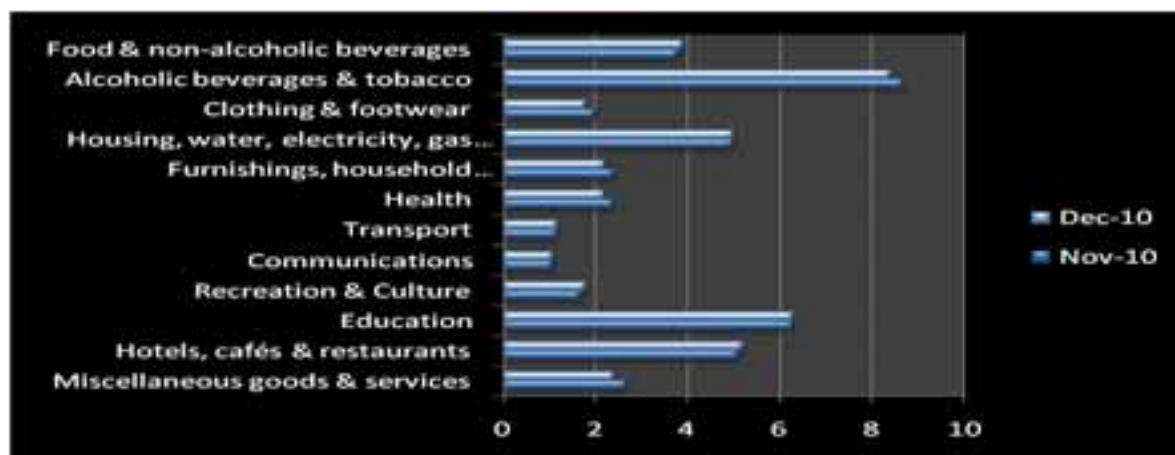
Chart 5 Annual Inflation Rate



Source: Bureau of Statistics of Lesotho

Performances by the five (5) major commodity groups in the consumer basket were as follows: *Food & non-alcoholic beverages* (with a weight of 38.14 percent in the consumer basket) recorded an annual rate of 3.9 percent in December 2010, which was slightly higher than the 3.8 percent for November 2010; *clothing & footwear* (with a weight of 17.43 percent in the consumer basket) recorded an annual rate of 1.8 percent in December 2010, down from the 2.0 percent recorded a month earlier; *housing, water, electricity, gas and other fuels* (with a weight of 10.60 percent in the consumer basket) annual rate remained constant at 5.0 percent in December 2010; *furnishings, household equipment & routine maintenance* (with a weight of 9.42 percent in the consumer basket) recorded an annual rate of 2.2 percent in December 2010, compared to 2.4 percent in the preceding month; *transport* (with a weight of 8.47 percent in the consumer basket) recorded an annual rate of 1.2 percent in December 2010 same as the preceding month.

Chart 6 Inflation by main categories



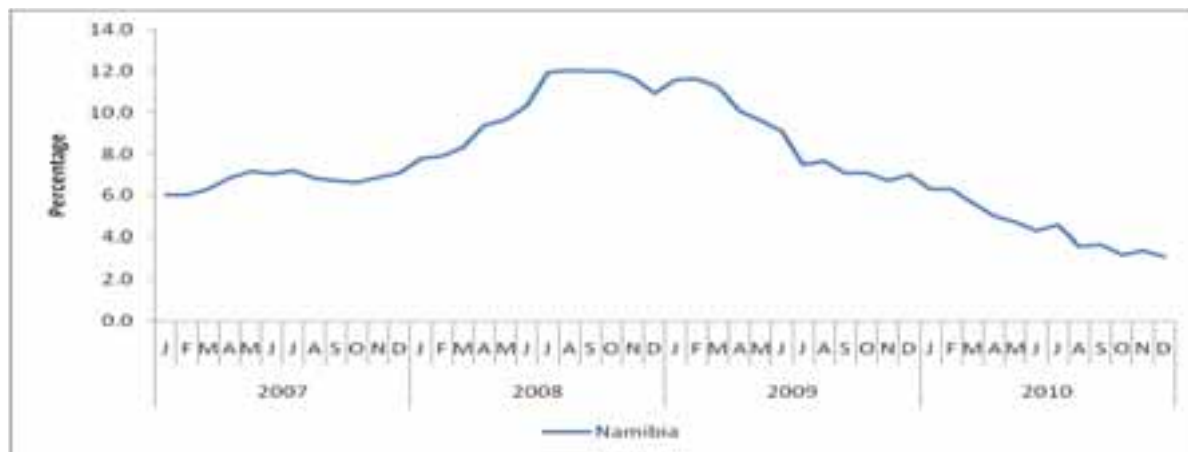
Source: Bureau of Statistics of Lesotho

## Namibia

The annual inflation rate was 3.1 percent during December 2010 compared to 3.4 percent recorded in the preceding month. The annual inflation rate for December 2010 was significantly lower than the 7.0 percent recorded during the same month in 2009.

The average inflation rate for the year 2010 was 4.5 percent compared to 8.8 percent registered in the year 2009.

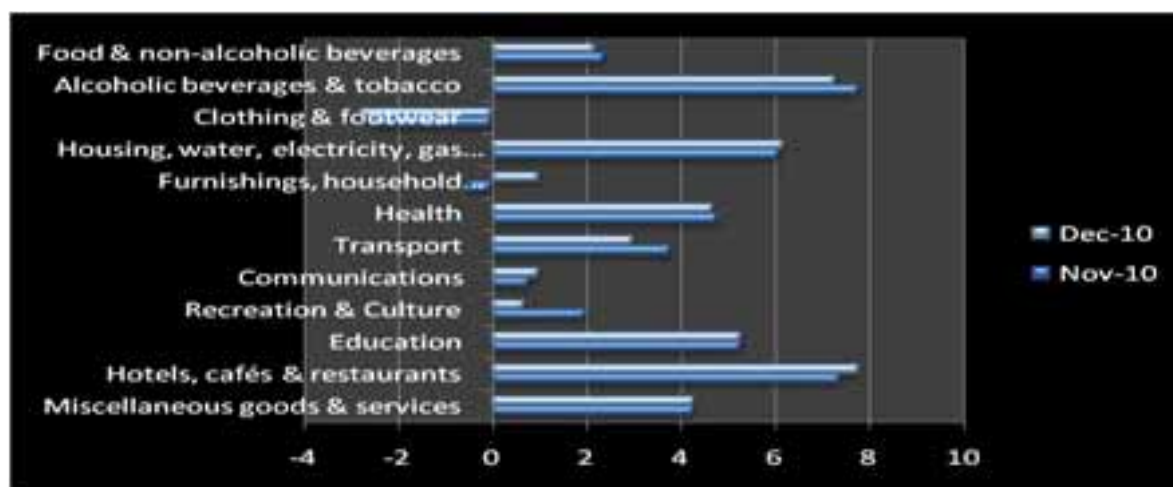
Chart 7 Annual Inflation Rate



Source: Namibia's Central Bureau of Statistics

Performances by the five (5) major commodity groups in the consumer basket were as follows: *Food & non-alcoholic beverages* (with a weight of 29.63 percent in the consumer basket) recorded an annual rate of 2.2 percent in December 2010, compared to 2.4 percent a month earlier; *housing, water, electricity, gas & other fuels* (with a weight of 20.59 percent in the consumer basket) recorded an annual rate of 6.2 percent in December 2010 compared to 6.1 percent in the previous month; *transport* (with a weight of 14.79 percent in the consumer basket) recorded an annual rate of 3.0 percent in December 2010 compared to 3.8 percent a month earlier; *education* (with a weight of 7.36 percent in the consumer basket) recorded an annual rate of 5.3 percent during December 2010, same as in the previous month; *miscellaneous goods & services* (with a weight of 7.11 percent in the consumer basket) recorded an annual rate of 4.3 percent in December 2010, same as in the preceding month.

Chart 8 Inflation by main categories



Source: Namibia's Central Bureau of Statistics

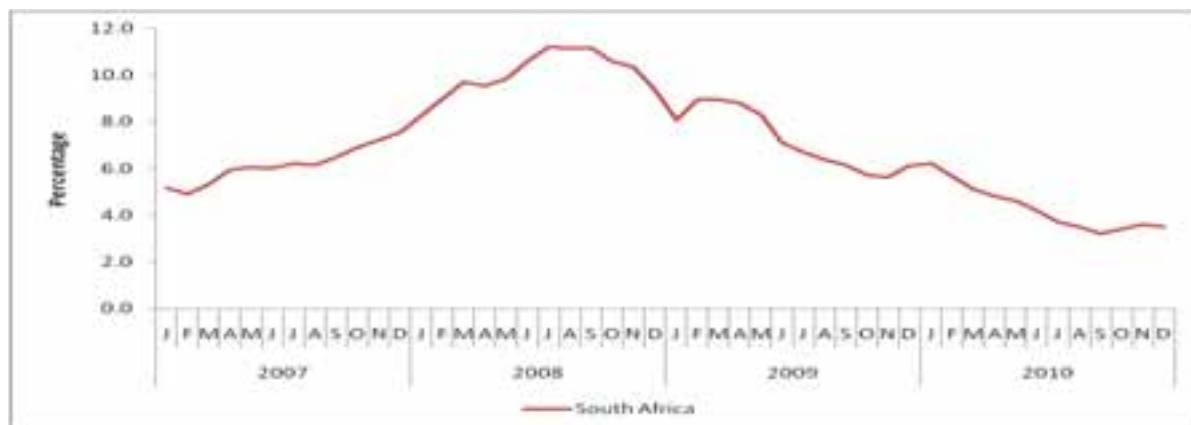


## South Africa

The annual inflation rate was 3.5 percent during December 2010 compared to 3.6 percent recorded a month earlier. Inflation remains within the inflation target range of 3-6 percent. The annual inflation rate for December 2010 was lower than the 6.3 percent recorded during the same period in 2009.

The average inflation rate for the year 2010 was 4.3 percent compared to 7.1 percent registered in the year 2009.

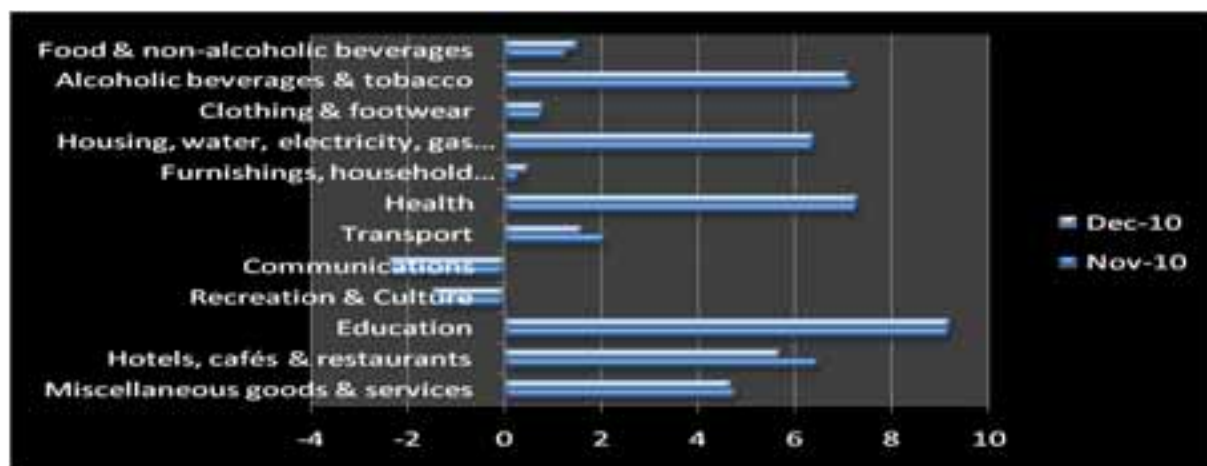
Chart 9 Annual Inflation Rate



Source: Stats SA

Performances by the five (5) major commodity groups in the consumer basket were as follows: *Housing, water, electricity, gas & other fuels* (with a weight of 22.56 percent in the consumer basket) recorded an annual rate of 6.4 percent during December 2010, same as in the previous month; *transport* (with a weight of 18.80 percent in the consumer basket) recorded an annual rate of 1.6 percent during December 2010 from 2.1 percent recorded in the previous month; *food & non-alcoholic beverages* (with a weight of 15.68 percent in the consumer basket) recorded an annual rate of 1.5 percent during December 2010 from 1.3 percent a month earlier; *miscellaneous goods & services* (with a weight of 13.56 percent in the consumer basket) recorded an annual rate of 4.7 percent in December 2010, from 4.8 percent in the previous month; *furnishing, household equipment & routine maintenance* (with a weight of 5.86 percent in the consumer basket) registered an annual rate of 0.5 percent in December 2010 compared to 0.3 percent a month earlier.

Chart 10 Inflation by main categories



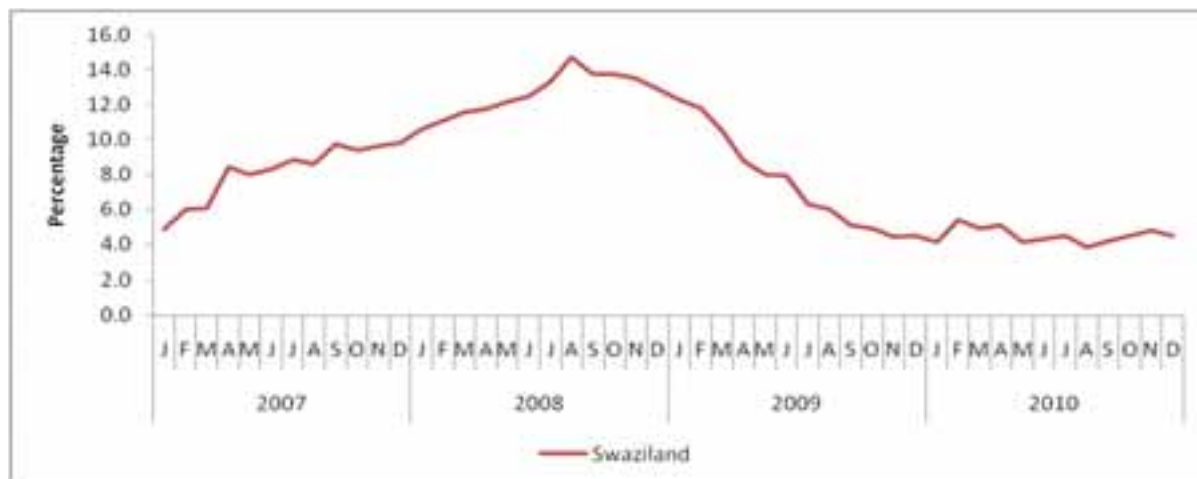
Source: Stats SA

## Swaziland

The annual inflation rate was 4.5 percent during December 2010 compared to 4.8 percent recorded a month earlier. The annual inflation rate for December 2010 was the same as for December 2009.

The average inflation rate for the year 2010 was 4.5 percent compared to 7.6 percent registered in the year 2009.

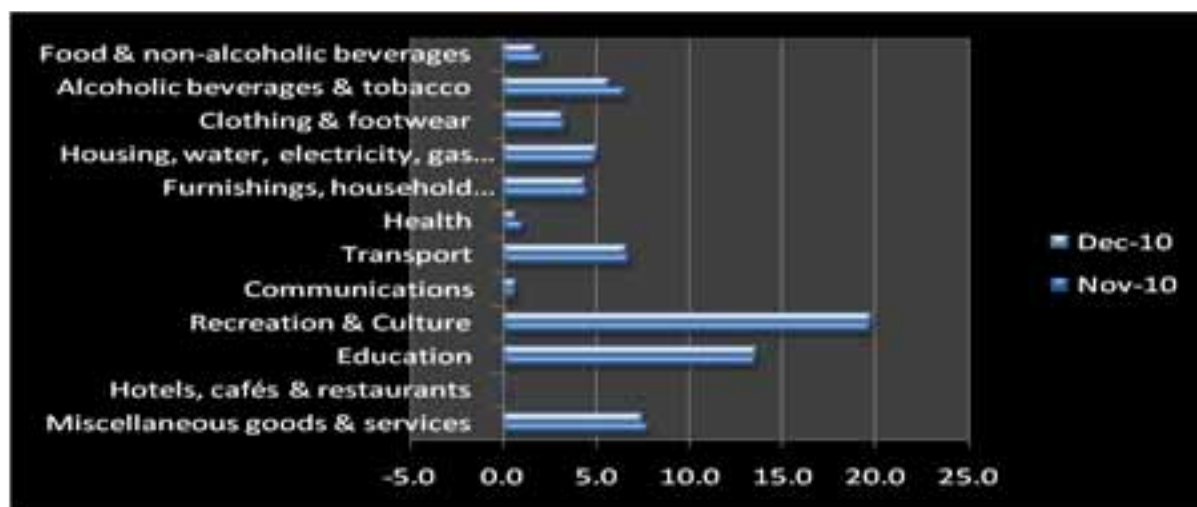
Chart 11 Annual Inflation Rate



Source: Central Statistics Office of Swaziland

Performances by the five (5) major commodity groups in the consumer basket were as follows: *Food & non-alcoholic beverages* (with a weight of 37.73 percent in the consumer basket) recorded an annual rate of 1.8 percent during December 2010 compared to 2.2 percent a month earlier; *housing, water, electricity, gas & other fuels* (with a weight of 14.33 percent in the consumer basket) recorded an annual rate of 5.1 percent in December 2010 compared to 5.0 percent a month earlier; *furnishing, household equipment & routine maintenance* (with a weight of 11.88 percent in the consumer basket) recorded an annual rate of 4.4 percent in December 2010 compared to 4.6 percent a month earlier; *transport* (with a weight of 8.60 percent in the consumer basket) recorded an annual rate of 6.7 percent in December 2010 compared to 6.8 percent a month earlier; *clothing & footwear* (with a weight of 6.16 percent in the consumer basket) recorded an annual rate of 3.2 percent in December 2010 compared to 3.4 percent a month earlier.

Chart 12 Inflation by main categories



Source: Central Statistics Office of Swaziland



## Appendix A

### Consumer Price Index Basket Weights

Main Categories	Botswana	Lesotho	Namibia	South Africa	Swaziland
Food & non-alcoholic beverages	21.84	38.14	29.63	15.68	37.73
Alcoholic beverages & tobacco	9.29	1.22	3.26	5.58	0.96
Clothing & footwear	7.52	17.43	5.13	4.11	6.16
Housing, water, electricity, gas & other fuels	11.46	10.60	20.59	22.56	14.33
Furnishings, household equipment &...	6.76	9.42	5.61	5.86	11.88
Health	2.71	1.88	1.51	1.47	3.58
Transport	18.98	8.47	14.79	18.8	8.6
Communications	3.01	1.24	0.9	3.22	1.43
Recreation & Culture	2.22	2.39	2.5	4.19	4.62
Education	3.37	2.75	7.36	2.19	5.38
Hotels, cafés & restaurants	3.27	0.66	1.62	2.78	0.72
Miscellaneous goods & services	9.57	5.81	7.11	13.56	4.67
<b>All Item</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: SACU Member States Statistics Offices

### 2010 Inflation rates

	Botswana	Lesotho	Namibia	South Africa	Swaziland
January	6.1	4.1	6.3	6.2	4.1
February	6.1	4.3	6.3	5.7	5.3
March	6.0	3.8	5.6	5.1	4.9
April	7.1	3.7	5.0	4.8	5.1
May	7.8	3.8	4.7	4.6	4.1
June	7.7	3.8	4.3	4.2	4.3
July	7.0	3.4	4.6	3.7	4.5
August	6.7	3.3	3.6	3.5	3.8
September	7.0	3.3	3.7	3.2	4.2
October	7.2	3.1	3.2	3.4	4.5
November	7.1	3.1	3.4	3.6	4.8
December	7.4	3.1	3.1	3.5	4.5
<b>Year Average</b>	<b>6.9</b>	<b>3.6</b>	<b>4.5</b>	<b>4.3</b>	<b>4.5</b>