



SACU Inflation Report

February 2011

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Selected Global Inflation Rates

UK

The annual inflation rate rose to 4.4 percent during February 2011 from 4.0 percent during the preceding month as higher food, fuel and clothing costs drove prices to the highest level realised in the past two years. 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 2.4 percent during February 2011 from 2.3 percent during the preceding month. The annual rate recorded for February 2011 was above the European Central Bank inflation target of below but close to 2.0 percent.

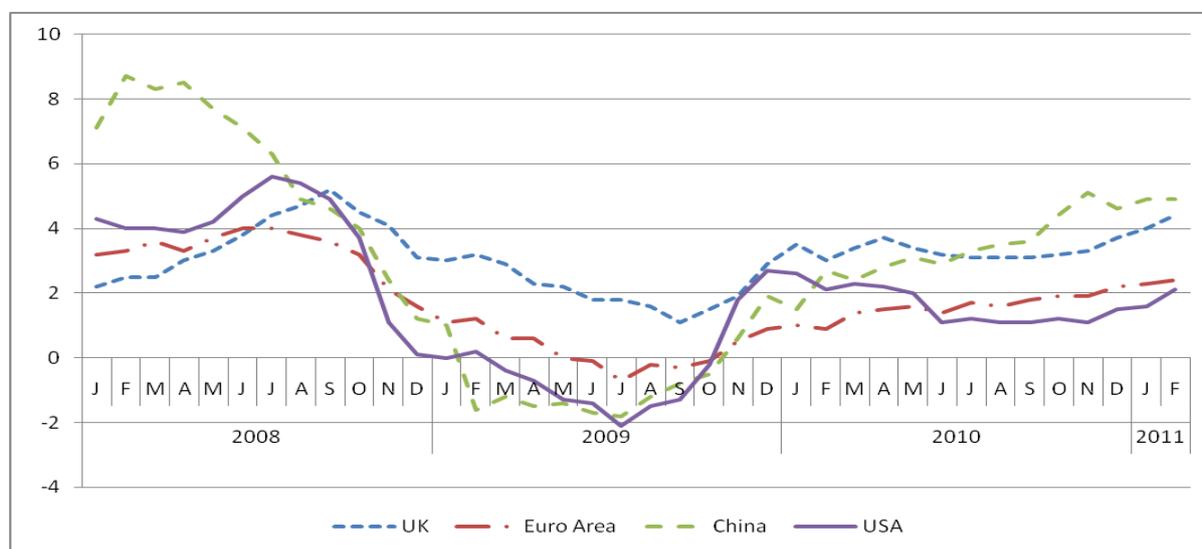
China

The annual inflation rate in the World's second largest economy rose to 4.9 percent during February 2011, same as in the preceding month. The annual inflation rate for February 2011 was above the Government's inflation target of 3.0 percent.

USA

The annual inflation rate in the World's largest economy rose to 2.1 percent during February 2011 from 1.6 percent during the preceding month. The inflation rate registered during February 2011 was slightly above 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 February 2011, when compared to January 2011. Botswana and Lesotho registered higher inflation rates for February 2011 compared to the preceding month, while South Africa's inflation rate remained unchanged. On the other hand, Namibia and Swaziland registered lower inflation rates for February 2011 compared to the preceding month.

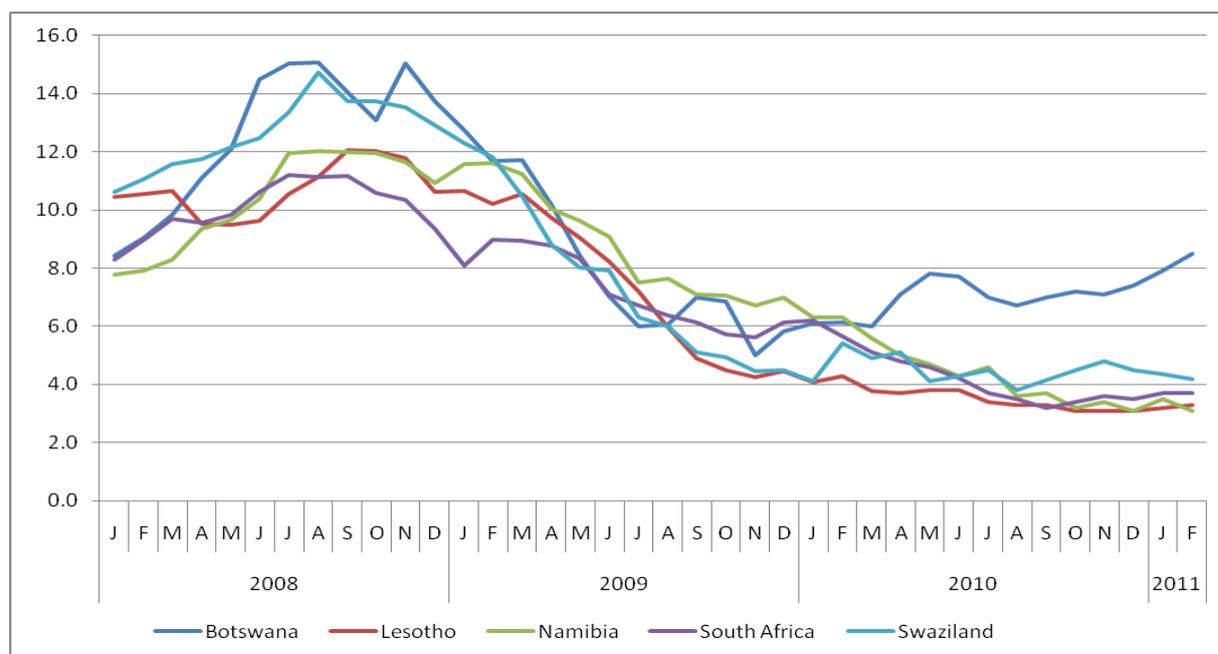
Botswana continues to register the highest annual inflation rate among the Member States; registering an inflation rate of 8.5 percent in February 2011 followed by Swaziland at 4.2 percent. The lowest annual inflation rate was observed in Namibia, recording an inflation rate of 3.1 percent.

Table 1: Annual Inflation Rates (%)

	Botswana	Lesotho	Namibia	South Africa	Swaziland
January 2011	7.9	3.2	3.5	3.7	4.4
February 2011	8.5	3.3	3.1	3.7	4.2

All Member States recorded a single digit annual inflation rates during February 2011.

Chart 2: Annual Inflation Rates



Source: Member States Statistics Offices

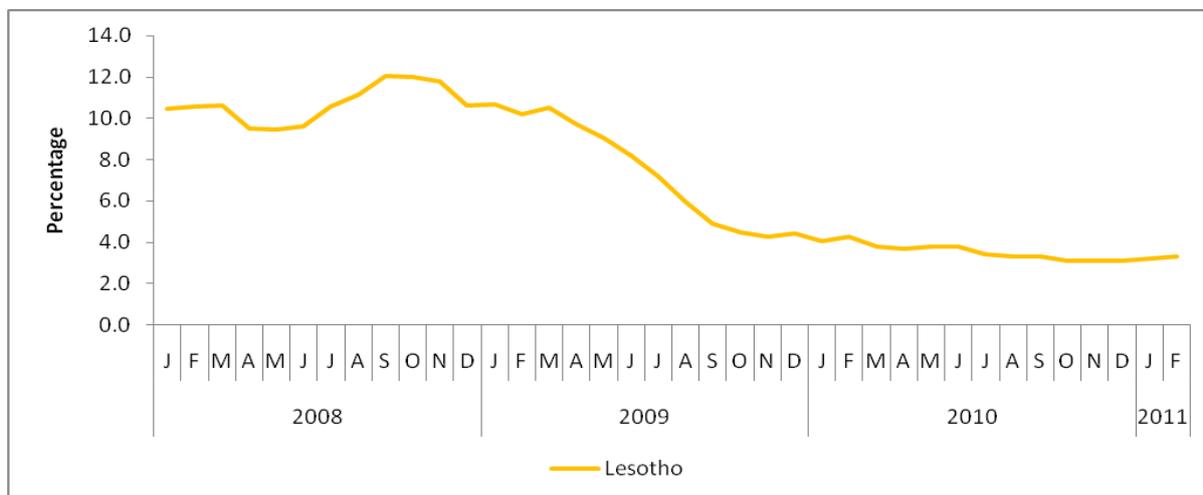
Botswana

The annual inflation rate for February 2011 increased for the third successive month to 8.5 percent from 7.9 percent in January 2011, remaining above the inflation target range of 3-6 percent set out by the Bank of Botswana. The annual inflation rate for February 2011 was higher than the 6.1 percent recorded during the same month in 2010.

Lesotho

The annual inflation rate for February 2011 increased for the third consecutive month to 3.3 percent from 3.2 percent in January 2011. The annual inflation rate for February 2011 was lower than the 4.5 percent recorded during the corresponding month in 2010.

Chart 5: Annual Inflation Rate

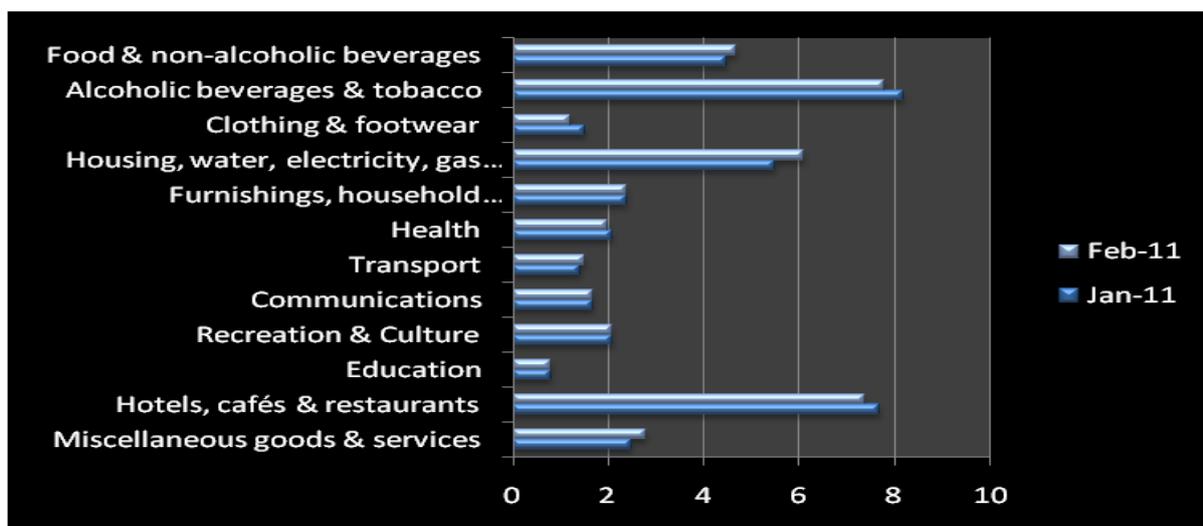


Source: Bureau of Statistics of Lesotho

Commodity groups that registered increases in inflation for February 2011 were, *food and non-alcoholic beverages* (from 4.7 percent to 5.3 percent); *housing, water, electricity, gas and other fuels* (from 5.5 percent to 6.1 percent); *transport* (from 1.4 percent to 1.5 percent); and *miscellaneous goods and services* (from 2.5 percent to 2.8 percent).

However, these increases were to some extent offset by falling inflation for *alcoholic beverages and tobacco* (from 8.2 percent to 7.8 percent); *clothing and footwear* (from 1.5 percent to 1.2 percent); *health* (from 2.1 percent to 2.0 percent); and *hotels and restaurants* (from 7.7 to 7.4 percent), while inflation was unchanged for *education; recreation and culture; communications; and furnishings, household equipment and routine maintenance*, at 0.8 percent, 2.1 percent, 1.7 percent and 2.4 percent, respectively.

Chart 6: Inflation by Main Categories

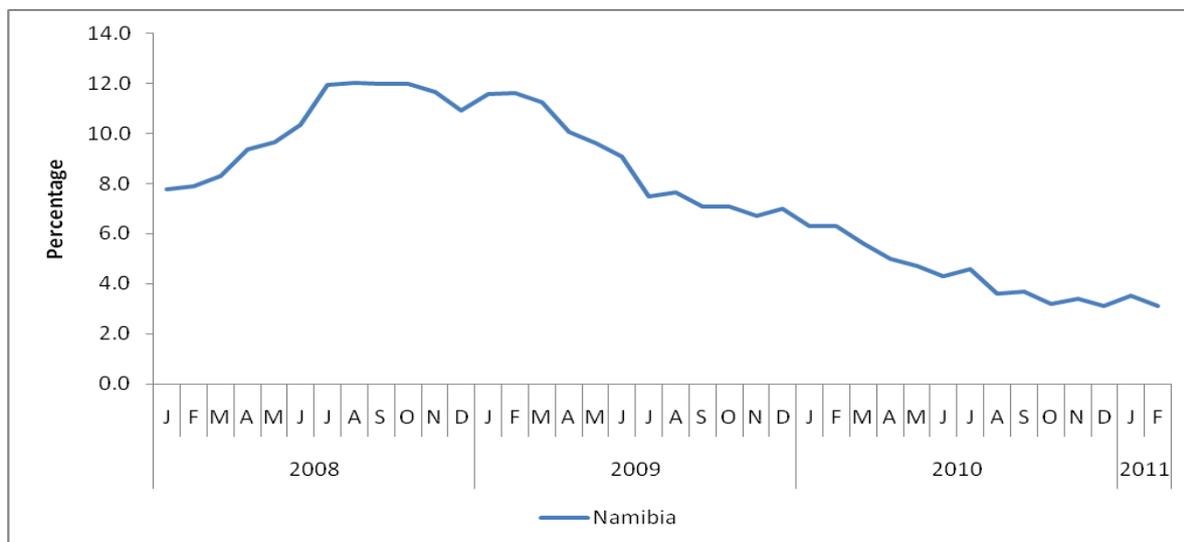


Source: Bureau of Statistics of Lesotho

Namibia

The annual inflation rate stood at 3.1 percent during February 2011 compared to 3.5 percent recorded in the preceding month. The annual inflation rate for February 2011 was significantly lower than the 6.3 percent recorded during the same month in 2010.

Chart 7: Annual Inflation Rate

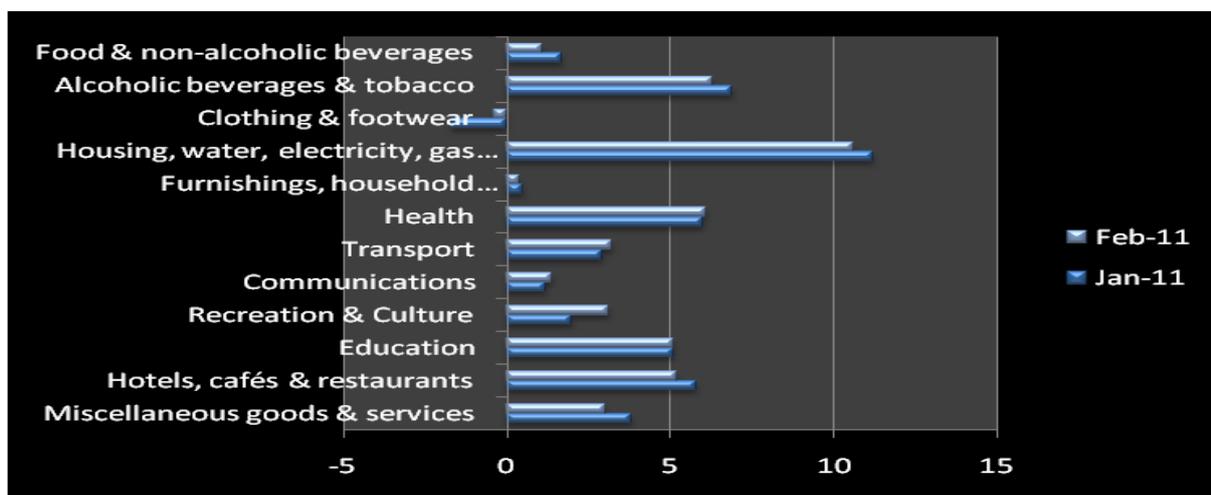


Source: Namibia's Central Bureau of Statistics

Falling inflation was registered for most commodity groups in February 2011 including, *food and non-alcoholic beverages* (from 1.7 percent to 1.1 percent); *alcoholic beverages and tobacco* (from 6.9 percent to 6.3 percent); *housing, water, electricity, gas and other fuels* (from 11.2 percent to 10.6 percent); *furnishing, household equipment and routine maintenance* (from 0.5 percent to 0.4 percent); *hotels and restaurants* (from 5.8 percent to 5.2 percent); and *miscellaneous goods and services* (from 3.8 percent to 3.0 percent).

However, some commodity groups recorded rising inflation including, *recreation and culture* (from 2.0 percent to 3.1 percent); *communications* (from 1.2 percent to 1.4 percent); *transport* (from 2.9 percent to 3.2 percent); *health* (from 6.0 percent to 6.1 percent); and *clothing and footwear* (from -1.7 to -0.4 percent). Inflation was unchanged for *education* at 5.1 percent.

Chart 8: Inflation by Main Categories

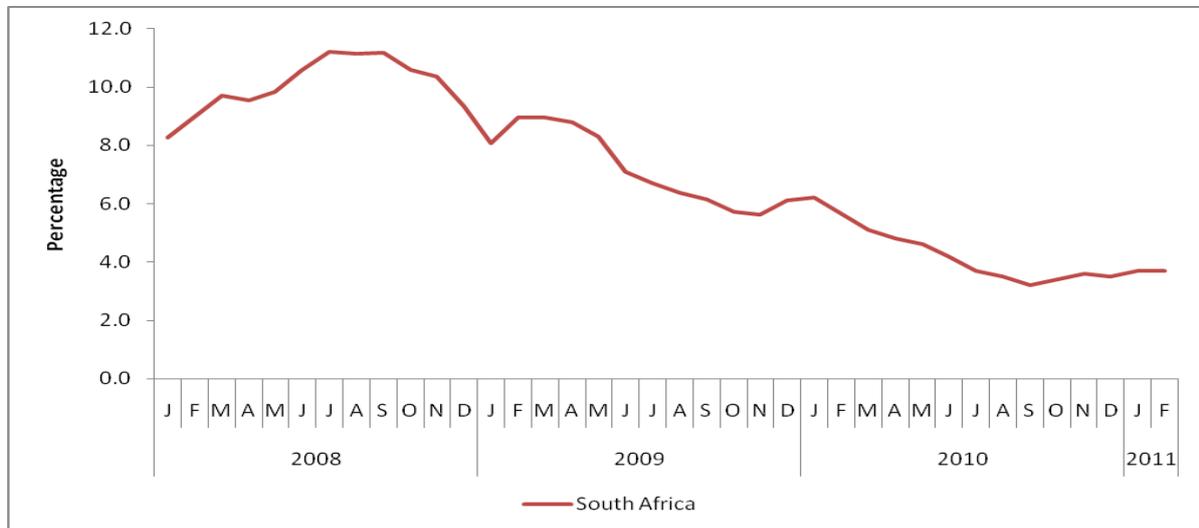


Source: Namibia's Central Bureau of Statistics

South Africa

The annual inflation rate was 3.7 percent during February 2011, same as in the previous month. Inflation remains within the inflation target range of 3-6 percent. The annual inflation rate for February 2011 was lower than the 5.7 percent recorded during the same period in 2010.

Chart 9: Annual Inflation Rate

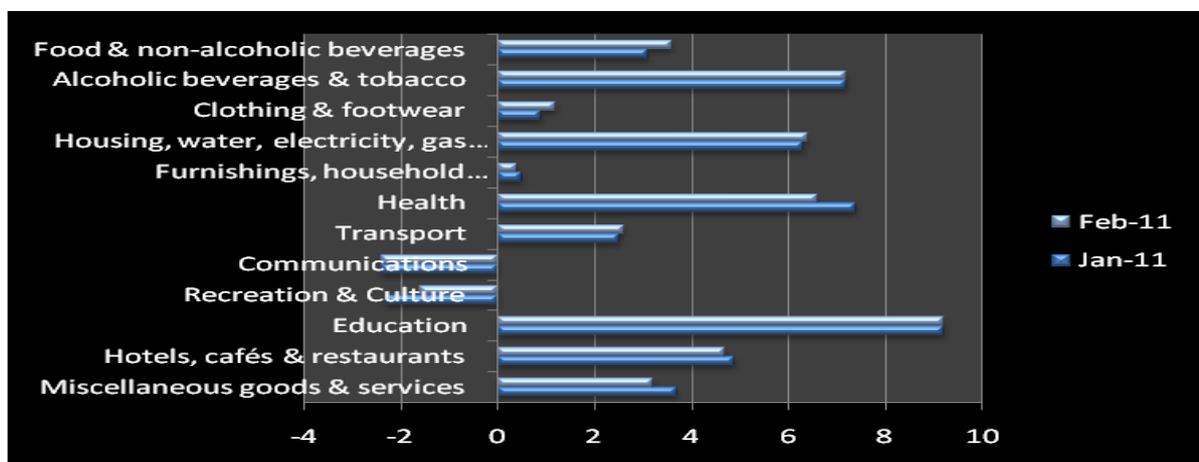


Source: Stats SA

The following commodity groups experienced an increase in inflation, *food and non-alcoholic beverages* (from 3.1 percent to 3.6 percent); *clothing and footwear* (from 0.9 percent to 1.2 percent); *housing, water, electricity, gas and other fuels* (from 6.3 percent to 6.4 percent); *transport* (from 2.5 percent to 2.6 percent); and *recreation and culture* (from -2.3 percent to -1.6 percent).

However, these increases were offset by falling inflation for *health* (from 7.4 percent to 6.6 percent); *hotels, cafes and restaurants* (from 4.9 percent to 4.7 percent); *furnishings, household equipment and routine maintenance* (from 0.5 percent to 0.4 percent); and *miscellaneous goods and services* (from 3.7 percent to 3.2 percent), while inflation was unchanged for *communications*; *alcoholic beverages and tobacco*; and *education* at 9.2 percent, 7.2 percent and -2.4 percent, respectively.

Chart 10: Inflation by Main Categories

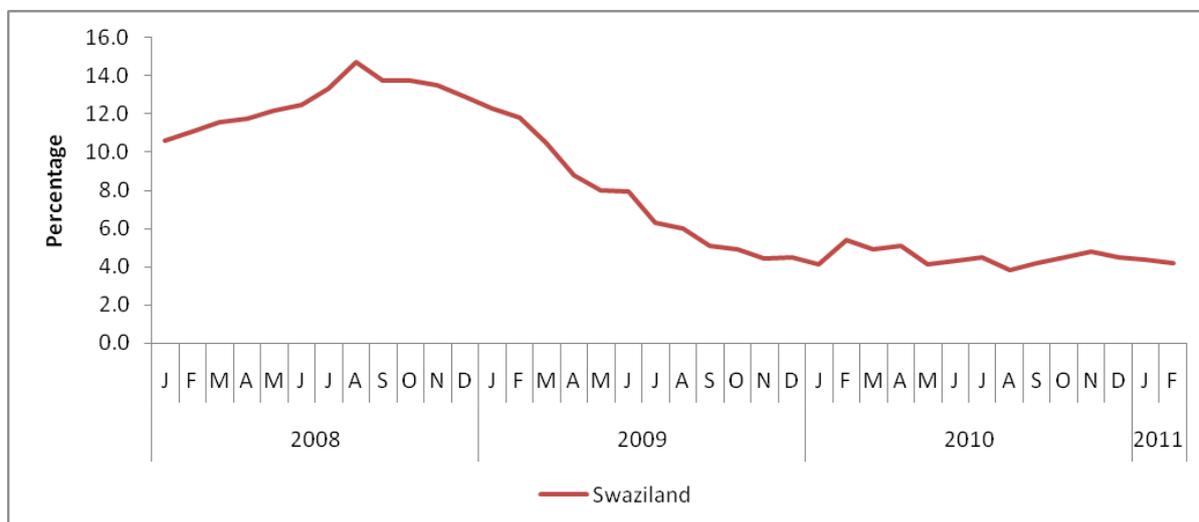


Source: Stats SA

Swaziland

The annual inflation rate was 4.2 percent during February 2011 compared to 4.4 percent recorded a month earlier. The annual inflation rate for February 2011 was lower than the 5.3 percent recorded during the same period in the previous year.

Chart 11: Annual Inflation Rate

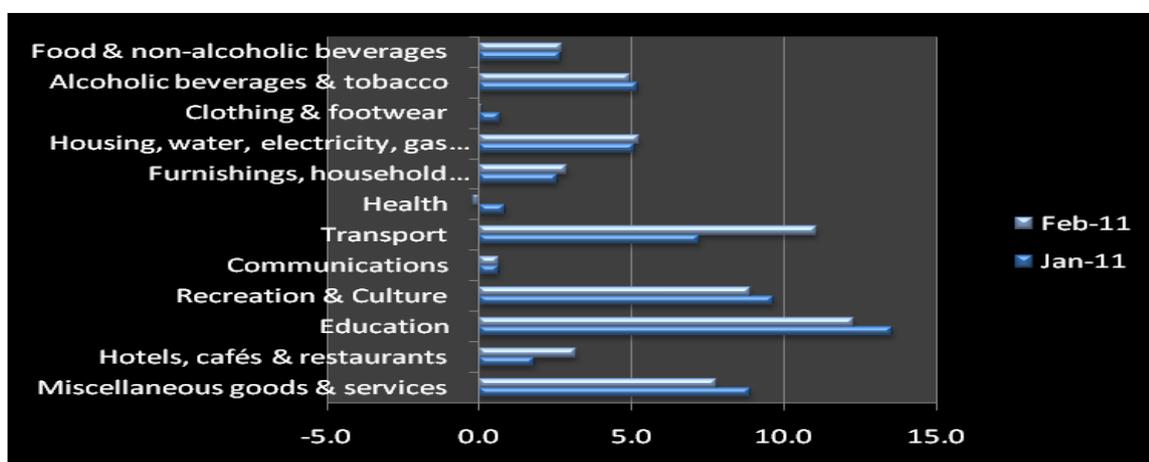


Source: Central Statistics Office of Swaziland

Falling inflation was registered for most of commodity groups in February 2011, including *health* (from 0.9 percent to -0.2 percent); *recreation and culture* (from 9.7 percent to 8.9 percent); *education* (from 13.6 percent to 12.3 percent); *alcohol beverages and tobacco* (from 5.2 percent to 5.0 percent); and *miscellaneous goods and services* (from 8.9 percent to 7.8 percent).

However, some commodity groups recorded rising inflation including, *hotels and restaurants* (from 1.8 percent to 3.2 percent); *transport* (from 7.3 percent to 11.1 percent); *housing, water, electricity, gas and other fuels* (from 5.1 percent to 5.3 percent); and *furnishing, household equipment and routine maintenance* (from 2.6 percent to 2.9 percent), while inflation was unchanged for *communications*; and *food and non-alcoholic beverages* at 0.7 percent, and 2.7 percent, respectively.

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
All Item	100.00	100.00	100.00	100.00	100.00

Source: SACU Member States Statistics Offices