



SACU Inflation Report

June 2011

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Selected Global Inflation Rates

UK

The annual inflation rate in June 2011 was 4.2 percent. This was 0.3 of a percentage point lower than in the preceding annual rate of 4.5 percent in May 2011. The annual inflation rate remained above the Bank of England's inflation target of 2.0 percent.

Euro Area

The annual inflation rate remained unchanged at 2.7 percent during June 2011, same as in the preceding month. The annual rate remained 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 6.4 percent during June 2011 from 5.5 percent during the preceding month. The annual inflation rate for June 2011 was above the Government's inflation target of 3.0 percent.

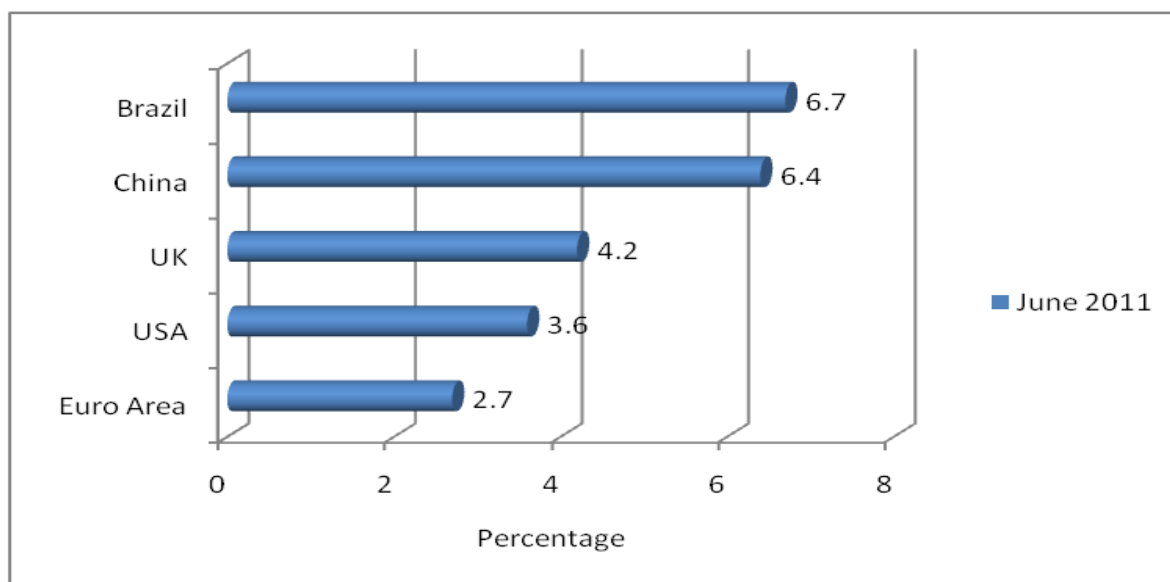
Brazil

The annual inflation rate in June 2011 was 6.7 percent. This was 0.1 of a percentage point higher than in the preceding annual rate of 6.6 percent in May 2011. The annual rate recorded for June 2011 was above the Brazilian Central Bank inflation target of 4.5 percent with a floating range of 2 percentage points.

USA

The annual inflation rate in the World's largest economy remained unchanged at 3.6 percent during June 2011, same as in the preceding month. The inflation rate registered during June 2011 was 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 registered mixed results on the inflation rates for June 2011 compared to May 2011.

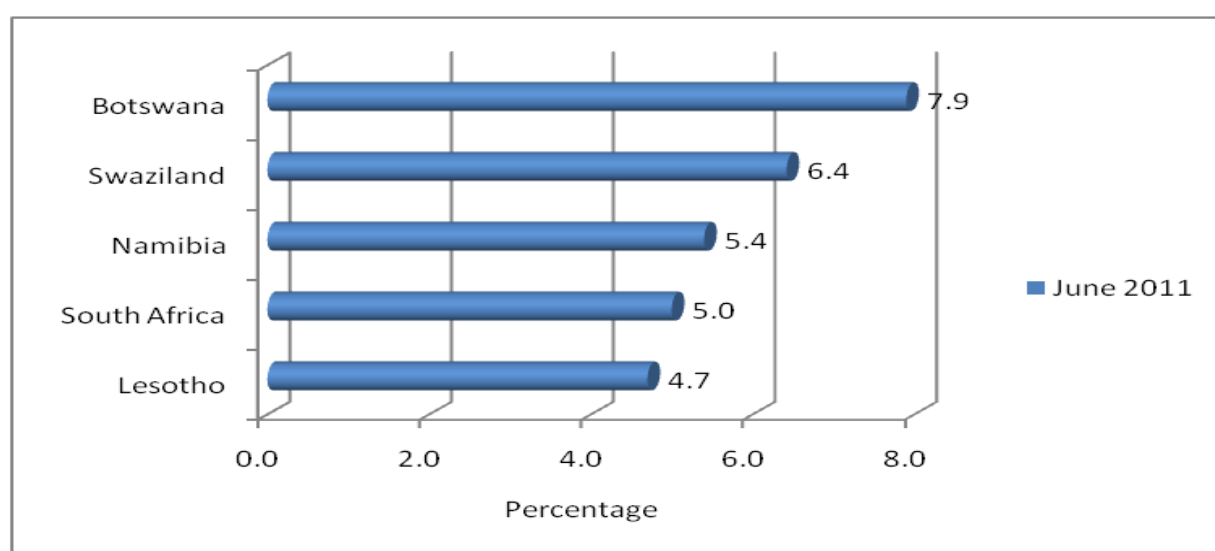
Botswana continued to register the highest annual inflation rate among the Member States, registering an inflation rate of 7.9 percent in June 2011 followed by Swaziland at 6.4 percent. The lowest annual inflation rate was observed in Lesotho, recording an inflation rate of 4.7 percent.

Table 1: Annual Inflation Rates (%)

	Botswana	Lesotho	Namibia	South Africa	Swaziland
May 2011	8.3	4.3	5.2	4.6	7.1
June 2011	7.9	4.7	5.4	5.0	6.4

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

Chart 2: Annual Inflation Rates

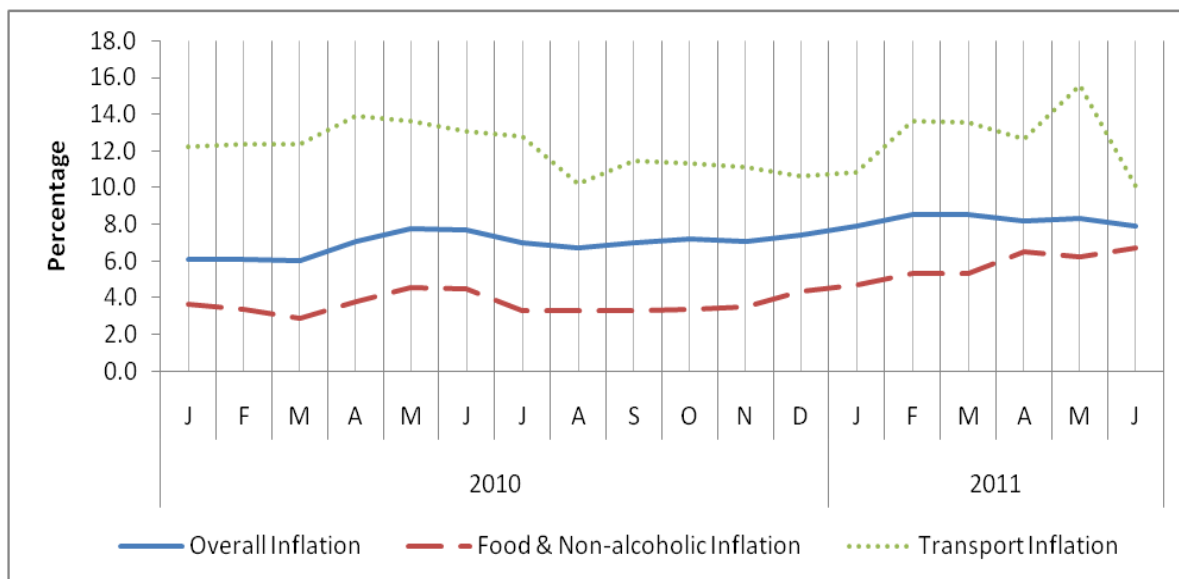


Source: Member States Statistics Offices

Botswana

The annual inflation rate in June 2011 was 7.9 percent. This was 0.4 of a percentage point lower than the rate recorded in May 2011 (8.3 percent). The inflation rate for June 2011 was above the inflation target range of 3-6 percent set out by the Bank of Botswana. This is in line with the Bank of Botswana short term projection for the inflation to remain above the medium term objective range due to the impact of transient factors. The annual inflation rate in June 2011 was higher than the 7.7 percent recorded during the same month in 2010.

Chart 3: Annual Inflation Rate

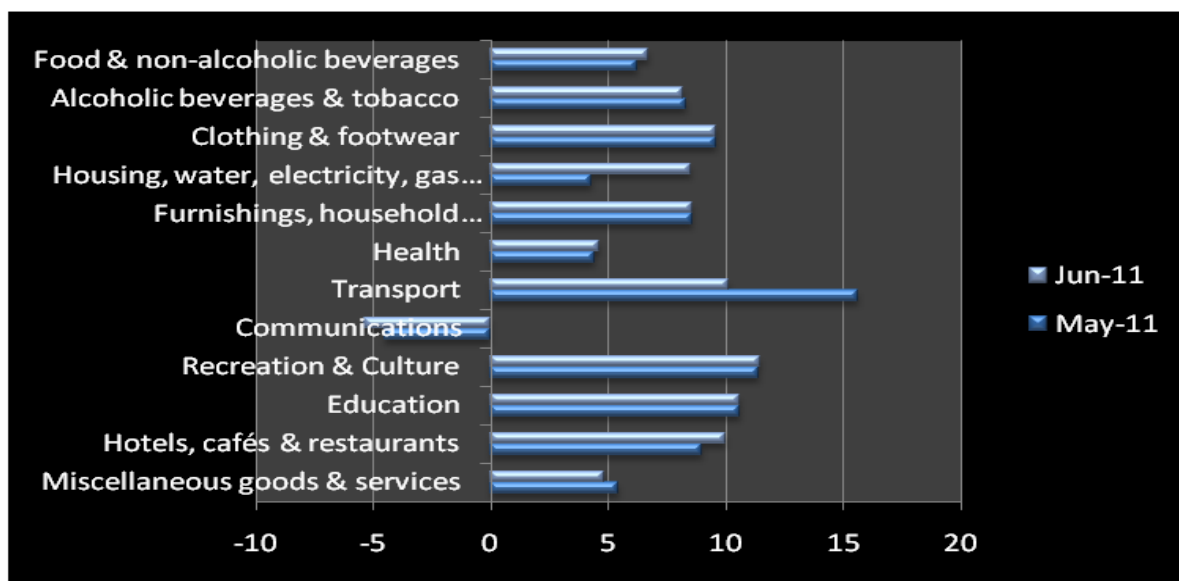


Source: Central Statistics Office of Botswana

Commodity groups that registered increases in inflation during June 2011 were, *food and non-alcohol beverages* (from 6.2 percent to 6.7 percent); *housing, water, electricity, gas and other fuels* (from 4.3 percent to 8.5 percent); *recreation and culture* (from 11.4 percent to 11.5 percent); *hotel and restaurants* (from 9.0 percent to 10.0 percent); and *health* (from 4.4 percent to 4.6 percent).

However, these increases were to some extent offset by falling inflation for *communications* (from -4.5 percent to -5.4 percent); *transport* (from 15.6 percent to 10.1 percent); *alcoholic beverages and tobacco* (from 8.3 percent to 8.2 percent); and *miscellaneous goods and services* (from 5.4 percent to 4.8 percent), while inflation was unchanged for *education; clothing and footwear; and furnishing, household equipment and routine maintenance*; at 10.6 percent, 9.6 percent and 8.6 percent, respectively.

Chart 4: Inflation by Main Categories

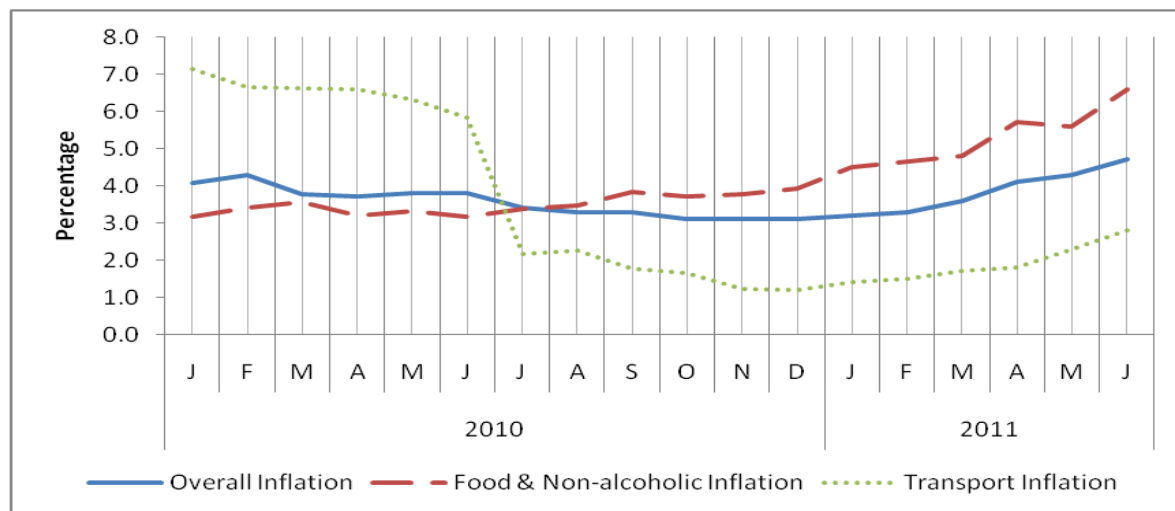


Source: Central Statistics Office of Botswana

Lesotho

The annual inflation rate in June 2011 was 4.7 percent. This was 0.4 of a percentage point higher than rate recorded in May 2011 (4.3 percent). The increase in inflation was mainly reflected in the *food and non-alcoholic beverages* group. The annual inflation rate for June 2011 was higher than the 3.8 percent recorded during the corresponding month in 2010.

Chart 5: Annual Inflation Rate

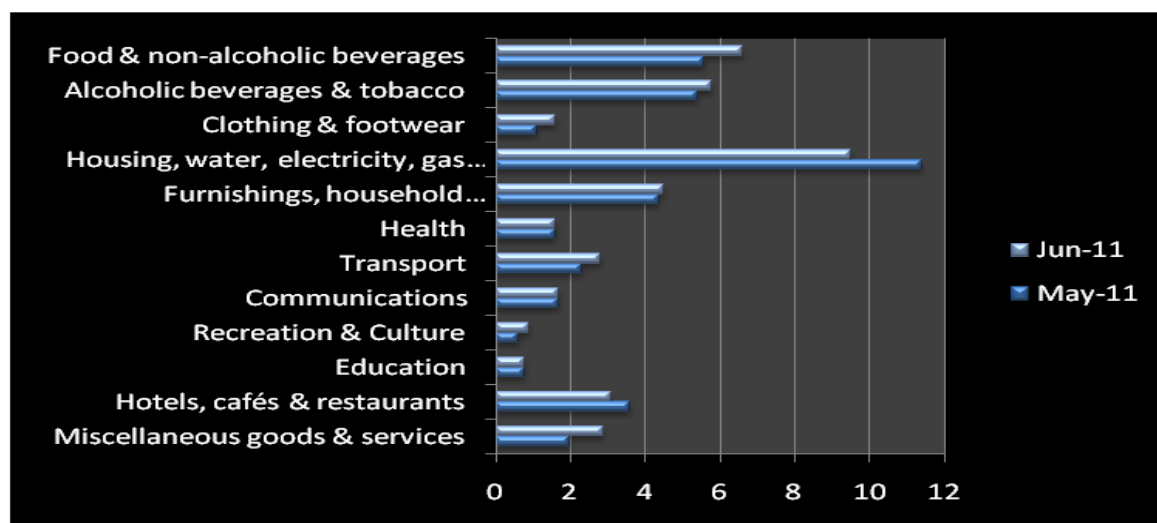


Source: Bureau of Statistics of Lesotho

Divisions that showed annual increases in June 2011 were: *food and non-alcoholic beverages* (from 5.6 percent to 6.6 percent); *clothing and footwear* (from 1.1 percent to 1.6 percent); *alcoholic beverages and tobacco* (from 5.4 percent to 5.8 percent); *transport* (from 2.3 percent to 2.8 percent); *miscellaneous goods and services* (from 2.0 percent to 2.9 percent); *recreation and culture* (from 0.6 to 0.9 percent); and *furnishings, household equipment and routine maintenance* (from 4.4 percent to 4.5 percent).

However, these increases were to some extent offset by falling inflation for *hotel and restaurants* (from 3.6 percent to 3.1 percent); and *housing, water, electricity, gas and other fuels* (from 11.4 percent to 9.5 percent). Inflation was unchanged for *education*; *health*; and *communications* at 0.8 percent, 1.6 percent and 1.7 percent, respectively.

Chart 6: Inflation by Main Categories

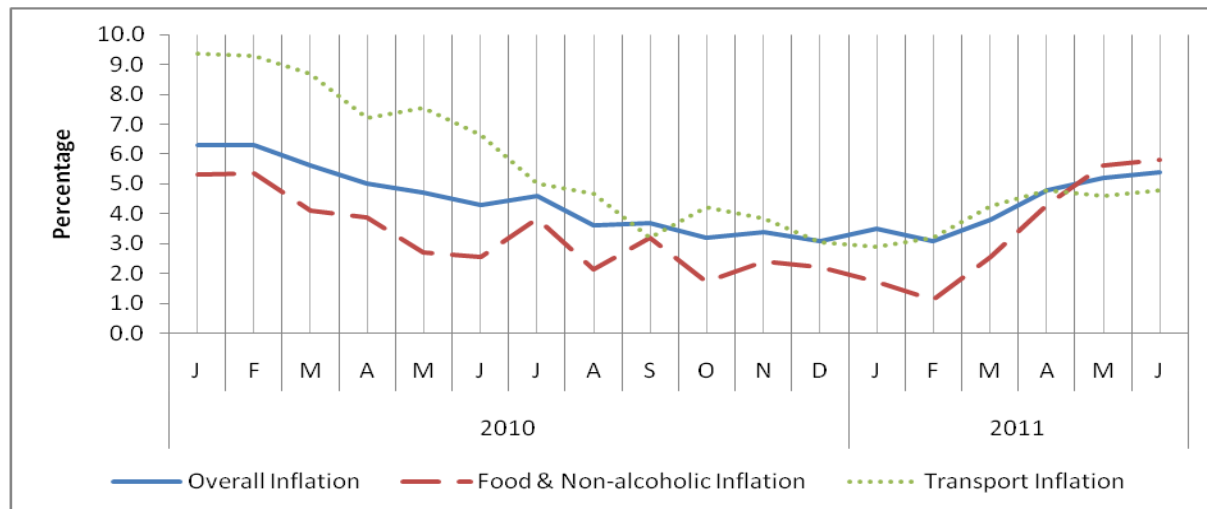


Source: Bureau of Statistics of Lesotho

Namibia

The annual inflation rate in June 2011 was 5.4 percent. This was 0.2 of a percentage point higher than the rate recorded in May 2011 (5.2 percent). The increase in inflation was mainly reflected in *food and non-alcoholic beverages* group. The annual inflation rate for June 2011 was higher than the 4.3 percent recorded during the same month in 2010.

Chart 7: Annual Inflation Rate

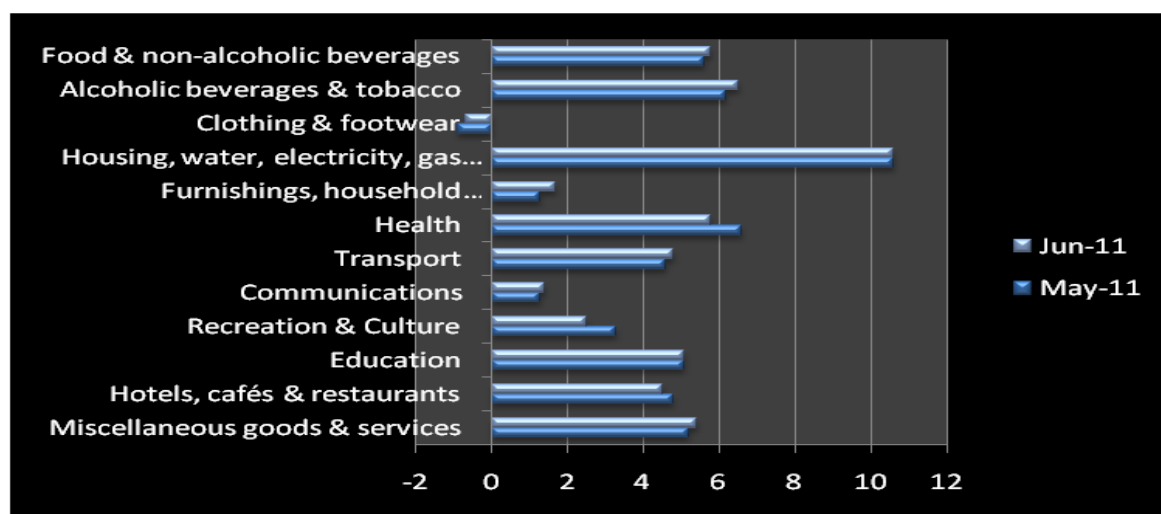


Source: Namibia's Central Bureau of Statistics

Divisions that showed annual increases in June 2011 were: *food and non-alcoholic beverages* (from 5.6 percent to 5.8 percent); *alcoholic beverages and tobacco* (from 6.2 percent to 6.5 percent); *communications* (from 1.3 percent to 1.4 percent); *clothing and footwear* (from -0.9 to -0.7 percent); *furnishing, household equipment and routine maintenance* (from 1.3 percent to 1.7 percent); *transport* (from 4.6 percent to 4.8 percent); and *miscellaneous goods and services* (from 5.2 percent to 5.4 percent).

However, some divisions recorded falling inflation: *recreation and culture* (from 3.3 percent to 2.5 percent); *health* (from 6.6 percent to 5.8 percent); and *hotels and restaurants* (from 4.8 percent to 4.5 percent). Inflation was unchanged for *education*; and *housing, water, electricity, gas and other fuels*, at 5.1 percent and 10.6 percent, respectively.

Chart 8: Inflation by Main Categories

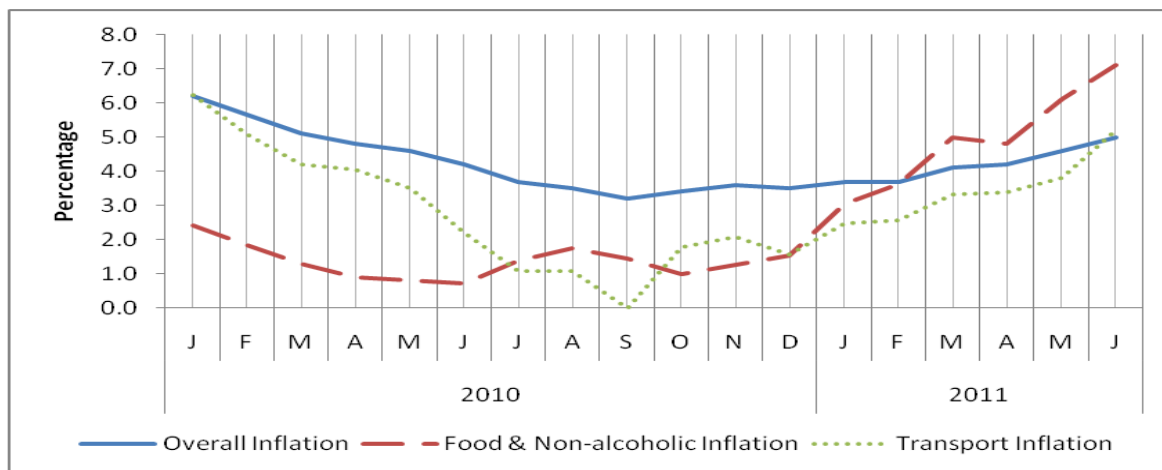


Source: Namibia's Central Bureau of Statistics

South Africa

The annual inflation rate in June 2011 was 5.0 percent. This was 0.4 of a percentage point higher than the rate recorded in May 2011 (4.6 percent). The annual inflation rate remained within the inflation target range of 3-6 percent. The annual inflation rate for June 2011 was higher than the 4.2 percent recorded during the same period in 2010.

Chart 9: Annual Inflation Rate

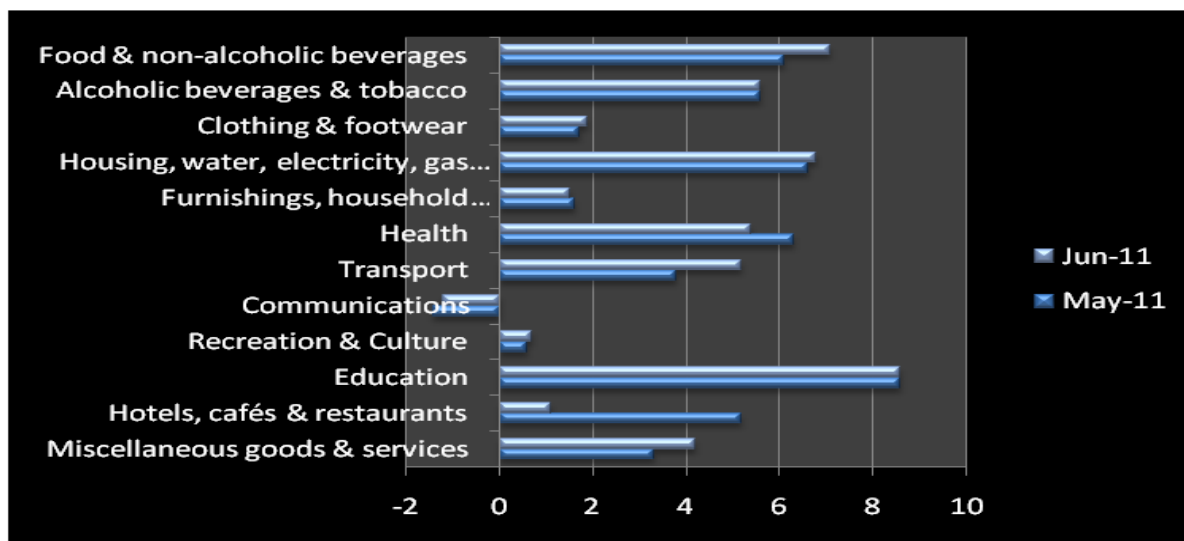


Source: Stats SA

Divisions that showed increases in inflation during June 2011 were: *food and non-alcoholic beverages* (from 6.1 percent to 7.1 percent); *clothing and footwear* (from 1.7 percent to 1.9 percent); *transport* (from 3.8 percent to 5.2 percent); *housing, water, electricity, gas and other fuels* (from 6.6 percent to 6.8 percent); *communications* (from -1.4 percent to -1.2 percent); *recreation and culture* (from 0.6 percent to 0.7 percent); and *miscellaneous goods and services* (from 3.3 percent to 4.2 percent).

However, some divisions recorded falling inflation: *hotel and restaurants* (from 5.2 percent to 1.1 percent); *health* (from 6.3 percent to 5.4 percent); and *furnishing, household equipment and routine maintenance* (from 1.6 percent to 1.5 percent). Inflation was unchanged for *education*; and *alcoholic beverages and tobacco* at 8.6 percent and 5.6 percent, respectively.

Chart 10: Inflation by Main Categories

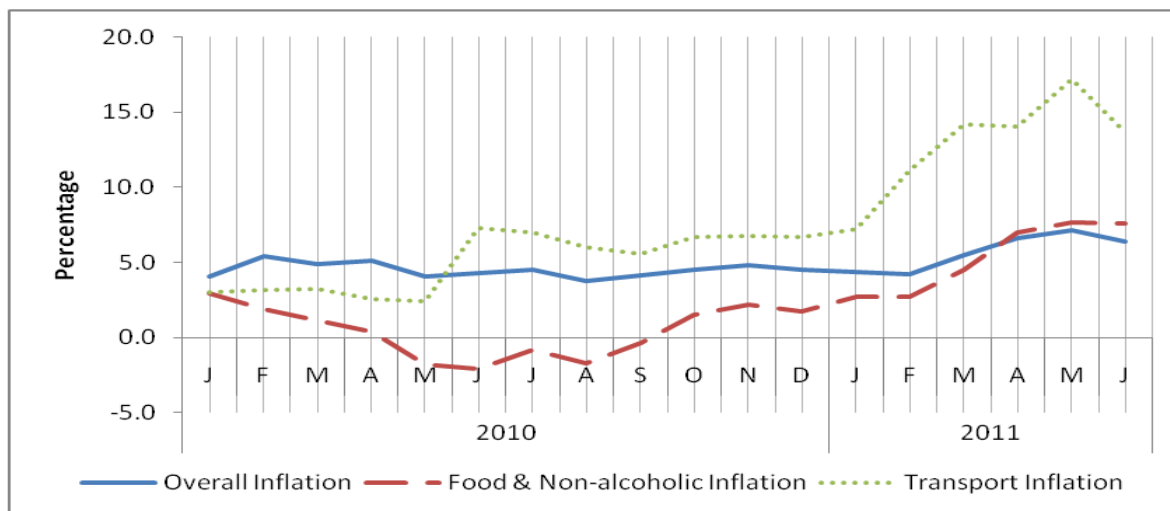


Source: Stats SA

Swaziland

The annual inflation rate in June 2011 was 6.4 percent. This was 0.7 of a percentage point lower than the rate recorded in May 2011 (7.1 percent). The falling inflation was mainly reflected in *food and non-alcoholic beverages* group. The annual inflation rate for June 2011 was higher than the 4.3 percent recorded during the same period in the previous year.

Chart 11: Annual Inflation Rate

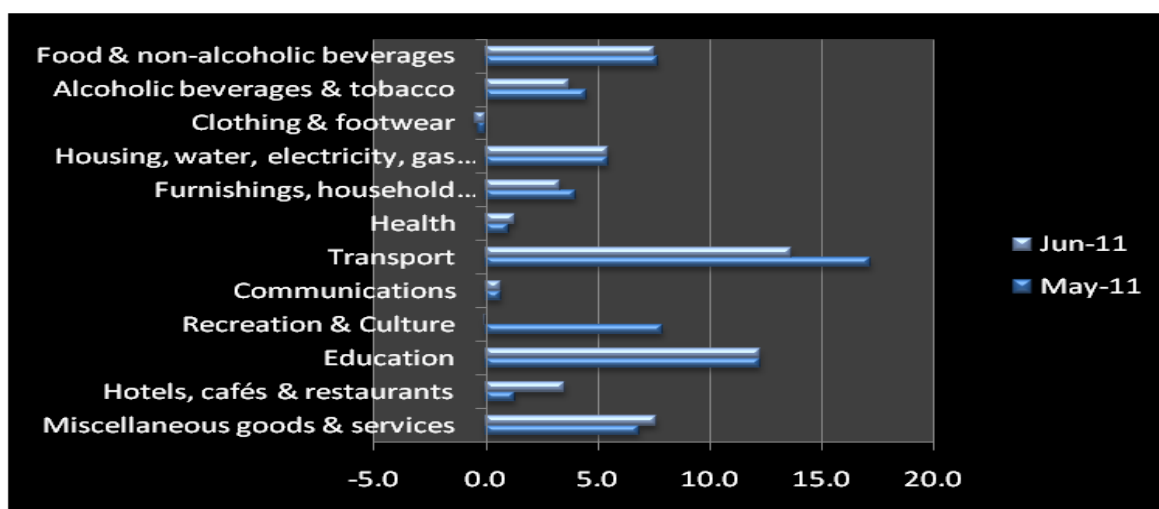


Source: Central Statistics Office of Swaziland

Divisions that showed increases in inflation during June 2011 were: *miscellaneous goods and services* (from 6.8 percent to 7.6 percent); *hotels and restaurants* (from 1.3 percent to 3.5 percent); and *health* (from 1.0 percent to 1.3 percent).

However, some commodity groups recorded falling inflation: *food and non-alcoholic beverages* (from 7.7 percent to 7.6 percent); *transport* (from 17.2 percent to 13.7 percent); *alcoholic beverages and tobacco* (from 4.5 percent to 3.7 percent); *clothing and footwear* (from -0.4 percent to -0.5 percent); *recreation and culture* (from 7.9 percent to -0.1 percent); and *furnishing, household equipment and routine maintenance* (from 4.0 percent to 3.3 percent). Inflation was unchanged for *communications*; *education*; and *housing, water, electricity, gas and other fuels*, at 0.7 percent, 12.3 percent and 5.5 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