



# **SACU INFLATION REPORT**

**April 2013**

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## Selected Global Inflation Rates

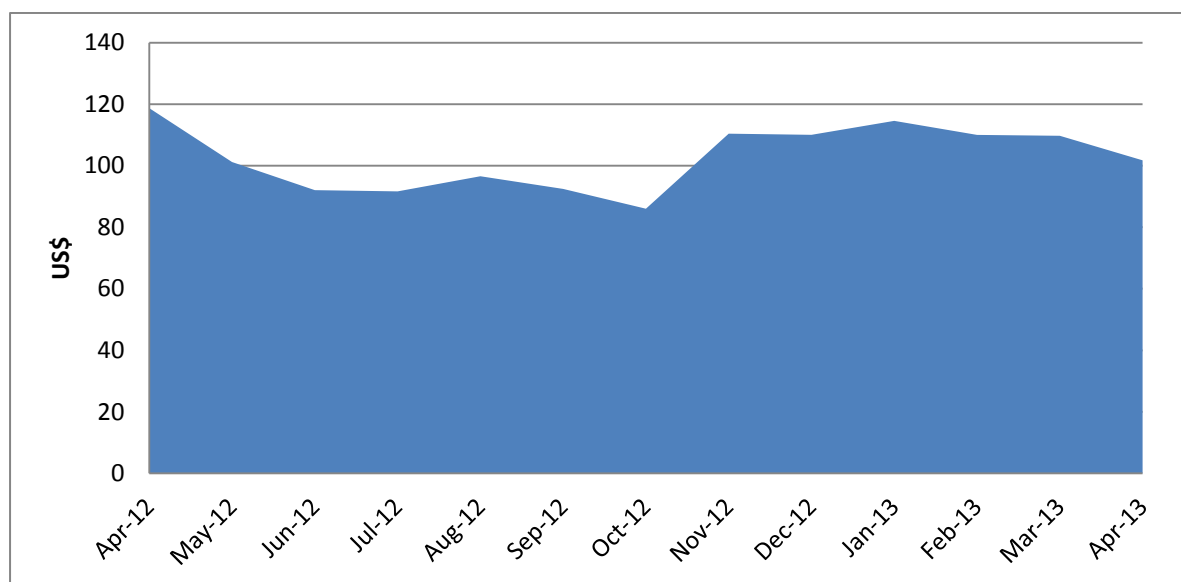
The Food and Agricultural Organisation (FAO) Food Price Index increased by 1.0 per cent in April 2013 compared to the previous month, driven mainly by sharp rise in dairy prices.

The FAO Cereal Price Index averaged 234.6 points in April 2013, down from 244.7 points in March 2013. Most of the decline in April was triggered by weaker maize prices on expectation of higher closing stocks and favourable 2013 crop prospects. Similarly, the FAO Oils/Fats Price Index fell by 1.5 per cent from March 2013, mainly due to palm and soy oil prices.

The FAO Meat Price Index averaged 178.7 points in April 2013, up by 1.0 points from March 2013. While, the FAO Dairy Price Index averaged 225.8 points in April 2013, 34 points higher than in March 2013. The price surge was caused by steep decline in New Zealand's milk production following an abnormally prolonged dry weather at the beginning of the year leading farmers in culling milk cows early, which in turn caused a reduction in the processing of dairy products. The FAO Sugar Price Index edged lower with 9.0 points in April 2013 from March 2013, on expectation of a significant recovery in cane crop for the new crushing season in Brazil, the world's largest exporter.

Brent crude oil price closed at USD101.74 per barrel at the end of April 2013, which was 7.3 per cent lower than at the end of March 2013, and lower than the USD118.69 per barrel recorded at the end of April 2012.

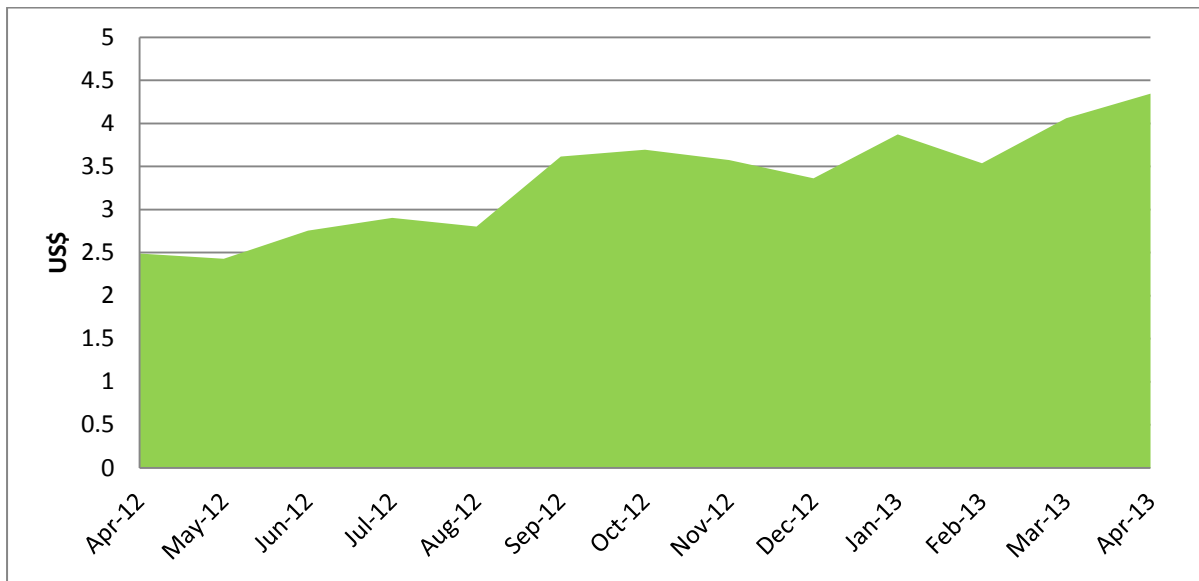
**Chart 1: Crude Oil**



Source: [www.cnbc.com](http://www.cnbc.com)

The Natural gas price closed at USD4.35 at the end of April 2013, which was 7.0 per cent higher than at the end of March 2013.

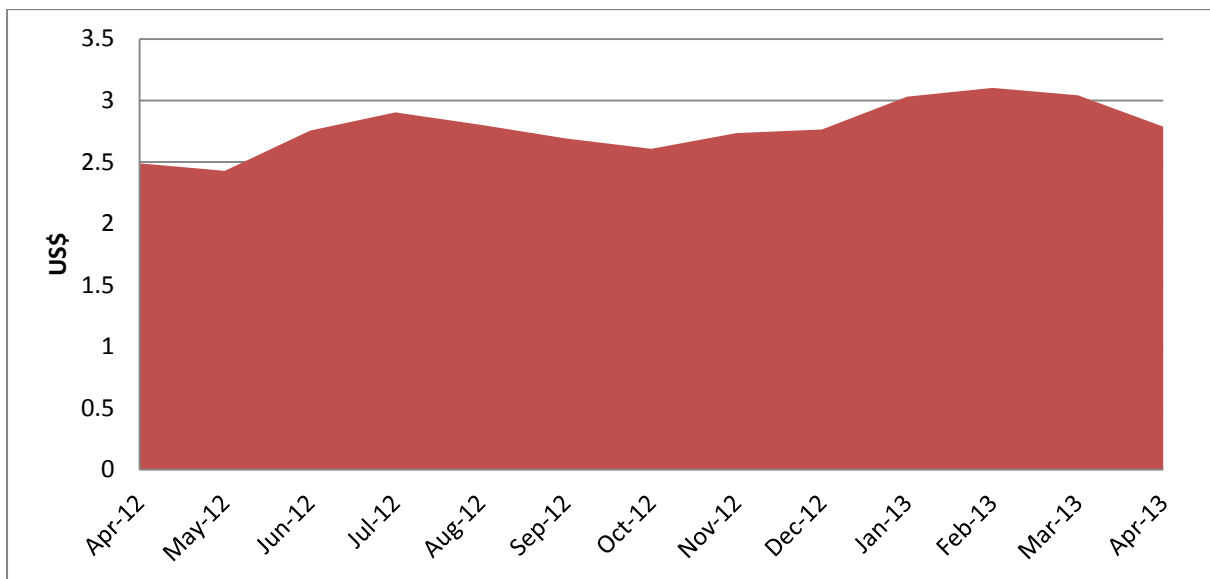
**Chart 2: Natural Gas**



Source: [www.cnbc.com](http://www.cnbc.com)

RBOB gasoline price closed at USD2.79 per barrel at the end of April 2013, which was 8.4 per cent lower than at the end of March 2013.

**Chart 3: RBOB Gas**



Source: [www.cnbc.com](http://www.cnbc.com)

## **Developed Economies**

### **Euro Area**

The annual inflation rate was 1.2 per cent in April 2013, down from 1.7 per cent in March 2013. A year earlier the rate was 2.6 per cent. The largest upward impacts on the annual inflation in April 2013 came from *electricity (0.11 percentage points)*, *meat & fruit (0.07 percentage points each)*, while *fuels for transport (-0.32 percentage points)*, *telecommunications (-0.19 percentage points)*, and *package holidays (-0.11 percentage points)* exerted downwards pressure. The annual rate recorded for April 2013 was below the European Central Bank inflation target of below but close to 2.0 per cent.

### **Japan**

The annual deflation rate for April 2013 stood at 0.7 per cent, compared to a deflation of 0.9 per cent in the previous month. A year earlier the inflation rate was 0.4 per cent. The main components with the highest annual rates were *fuel, light and water charges (2.4 per cent)*, and *education (0.6 per cent)*, while the lowest annual rates were observed for *furniture & household utensils (-2.9 per cent)*, and *culture & recreation (-2.3 per cent)*.

### **United Kingdom**

The annual inflation rate grew by 2.4 per cent in April 2013, from 2.8 per cent in March 2013. The rate was 3.0 per cent during the similar period a year earlier. The main components with the highest annual rates were *education (19.7 per cent)*, *alcohol beverages & tobacco (5.7 per cent)*, and *food & non-alcoholic beverages (4.6 per cent)*, while the lowest annual rates were observed for *clothing & footwear (-0.6 per cent)*, *transport (-0.1 per cent)*, and *furniture & household goods (0.1 per cent)*. The annual inflation rate remained above the Bank of England's inflation target of 2.0 per cent.

### **USA**

The annual inflation rate in the world's largest economy rose by 1.1 per cent during April 2013 compared to 1.5 per cent in the preceding month. The rate was 2.3 per cent during the similar period a year earlier. The index for all items less food and energy rose by 1.7 per cent in April 2013, compared to 1.9 per cent in the preceding month. The food index rose by 1.5 per cent in April 2013, unchanged from the preceding month. The energy index declined by 4.3 per cent in April 2013 compared to a decline of 1.6 per cent in the preceding month. The inflation rate for April 2013 was below the Federal Reserve Bank's long term inflation estimate of 2.0 per cent.

## Developing Economies

### **Brazil**

The annual inflation rate rose by 6.5 per cent in April 2013, compared to 6.6 per cent in the preceding month. The rate was 5.1 per cent during the similar period a year earlier. The annual rate recorded for April 2013 was in line with the Brazilian Central Bank inflation target of 4.5 percent with a floating range of 2 percentage points.

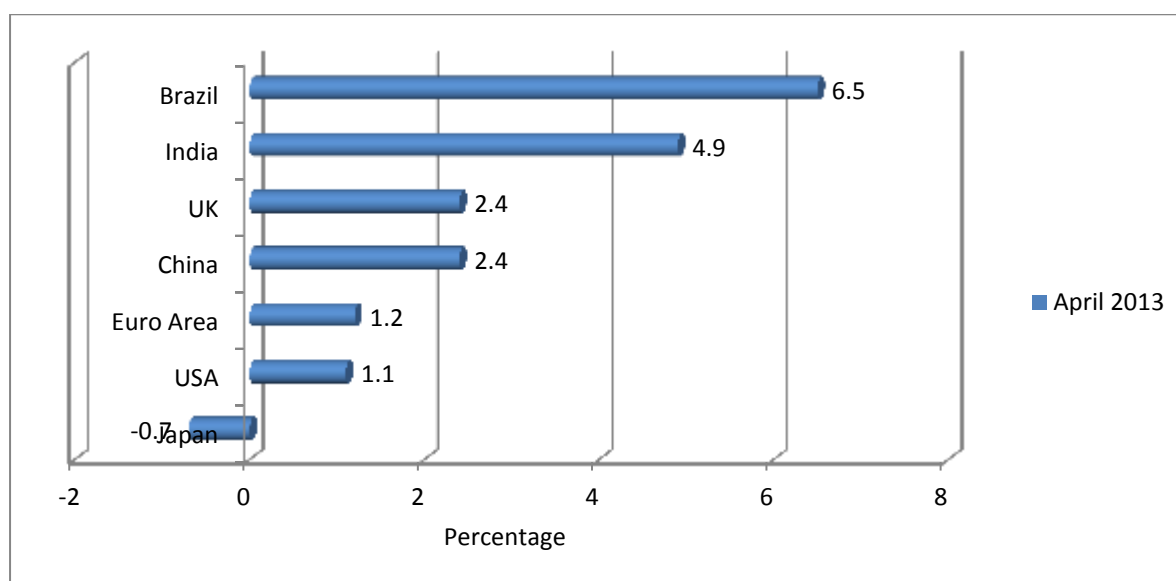
### **China**

The annual inflation rate was 2.4 per cent in April 2013, up from 2.1 per cent during the preceding month. The rate was 3.4 per cent during the similar period a year earlier. The main components with the highest annual rates were *food (4.0 per cent)*, *residence (2.9 per cent)*, and *clothing (2.5 per cent)*, while the lowest annual rates were observed on *transport & communication (-1.1 per cent)*. The annual inflation rate for April 2013 remained below the Government's inflation target of 3.0 per cent.

### **India**

The annual inflation rate was 4.9 per cent in April 2013 as compared to 6.0 per cent in the preceding month and 7.5 per cent during the corresponding month in the previous year. The main components with the highest annual rate were *primary articles (2.0 per cent)*, and *fuel & power (0.7 per cent)*, while the lowest annual rates were observed on *manufactured products (0.2 per cent)*. The inflation rate registered during April 2013 remained above the Reserve Bank target range of 4.0 – 4.5 per cent.

**Chart 4: Annual Inflation Rates for Selected Economies**



Source: inflation.eu

## Inflation Rates in SACU Member States

Botswana registered the highest annual inflation rate among the Member States, registering an inflation rate of 7.2 per cent in April 2013 followed by Namibia at 6.1 per cent. The lowest annual inflation was observed in Lesotho recording inflation rate of 5.2 per cent. All Member States recorded a single digit annual inflation rate during April 2013 as shown in Table 1.

Month-on-month inflation rates varied between 0.2 and 0.7 per cent in Member States between March 2013 and April 2013, as shown in Table 2.

**Table 1:** Annual Inflation Rates in SACU Member States

	Botswana	Lesotho	Namibia	South Africa	Swaziland
March 2013	7.6	5.0	6.3	5.9	6.6
April 2013	7.2	5.2	6.1	5.9	5.6

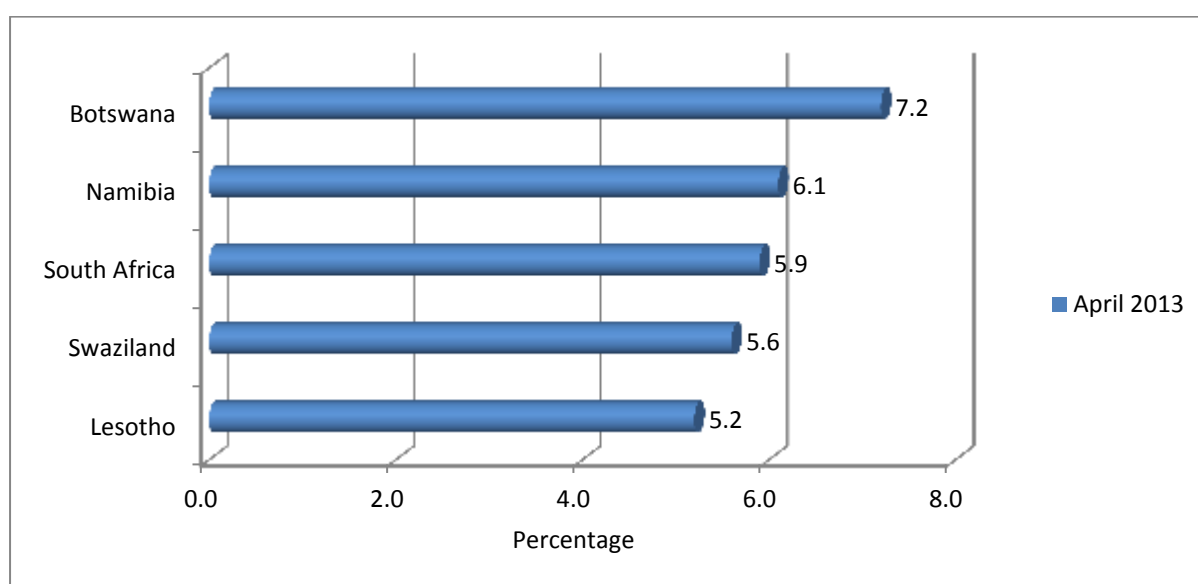
Source: Member States Statistics Offices

**Table 2:** Monthly Inflation Rates in SACU Member States

	Botswana	Lesotho	Namibia	South Africa	Swaziland
March 2013	0.6	0.6	0.4	1.2	0.1
April 2013	0.6	0.5	0.2	0.4	0.7

Source: Member States Statistics Offices

**Chart 5:** Annual Inflation Rates in SACU Member States



Source: Member States Statistics Offices

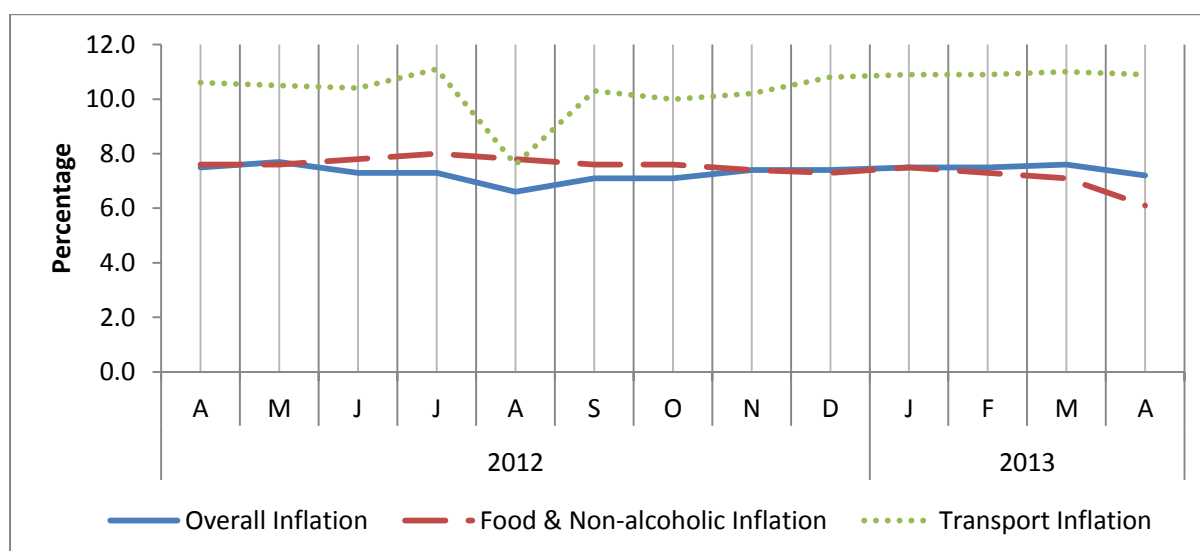
## Botswana

The annual inflation rate eased to 7.2 per cent in April 2013, from 7.6 per cent in the preceding month. The annual rate in April 2013 was lower than the 7.5 per cent recorded during the similar month in 2012. On average, prices increased by 0.6 per cent between March and April 2013.

The main components with the highest annual rates were *alcoholic beverages & tobacco (12.4 per cent)*, *transport (10.9 per cent)*, and *hotels & restaurants (8.1 per cent)*, while the lowest annual rate was observed in *communication (stagnant)*.

The annual inflation rate for April 2013 continued to be above the inflation target range of 3-6 per cent set out by the Bank of Botswana. The interest rate policy remained accommodative for growth with the bank rate<sup>1</sup> at 9.5 per cent and the prime rate at 11.0 per cent in April 2013.

**Chart 6: Annual Inflation Rate**



Source: Statistics Botswana

## Lesotho

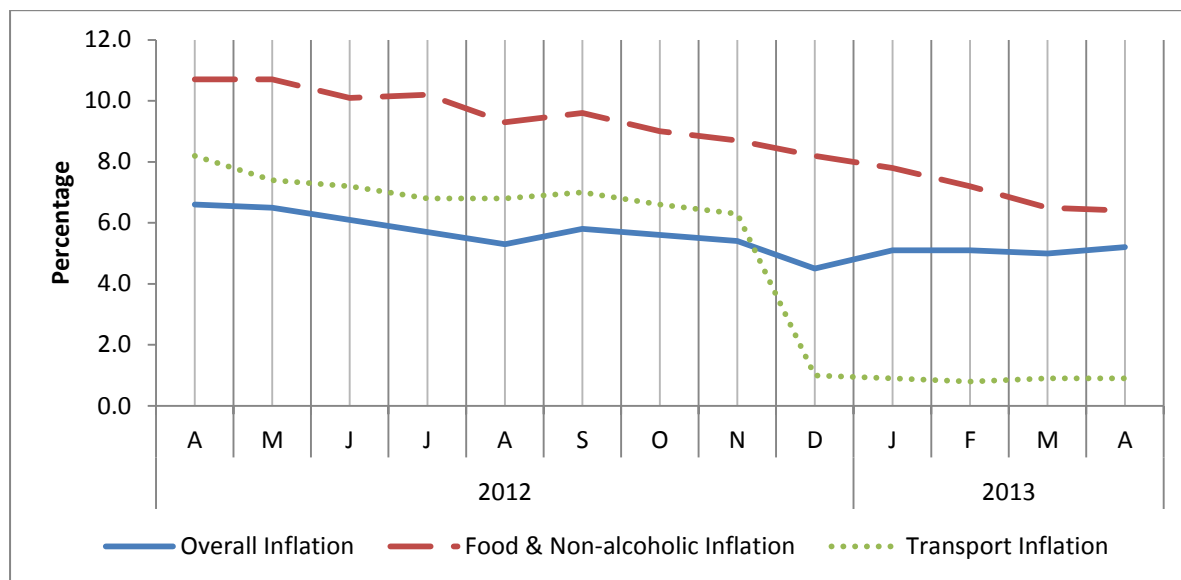
The annual inflation rate rose by 5.2 per cent in April 2013, from 5.0 per cent in March 2013. Annual inflation in April 2013 was lower than the 6.6 per cent recorded during the corresponding month in 2012. On average, prices increased by 0.5 per cent between March and April 2013.

The main components with the highest annual rates were *education (13.4 per cent)*, *housing & utilities (10.4 per cent)*, and *food & non-alcoholic beverages (6.4 per cent)*, while the lowest annual rate was observed in *transport (stagnant)*.

<sup>1</sup> Bank rate is the rate at which the Central Bank lends to Commercial Banks

Lesotho monetary policy targets the maintenance of adequate net international reserves (NIR). The NIR target for the quarter ending in June 2013 was maintained at USD1 083 million, which translates to M9.55 billion, a target that is consistent with the maintenance of the exchange rate peg between the Loti and the Rand. During the month of April 2013 the Lombard facility stood at 9.36 per cent, while the prime lending rate was recorded at 10.08 per cent.

**Chart 7: Annual Inflation Rate**



Source: Bureau of Statistics of Lesotho

## Namibia

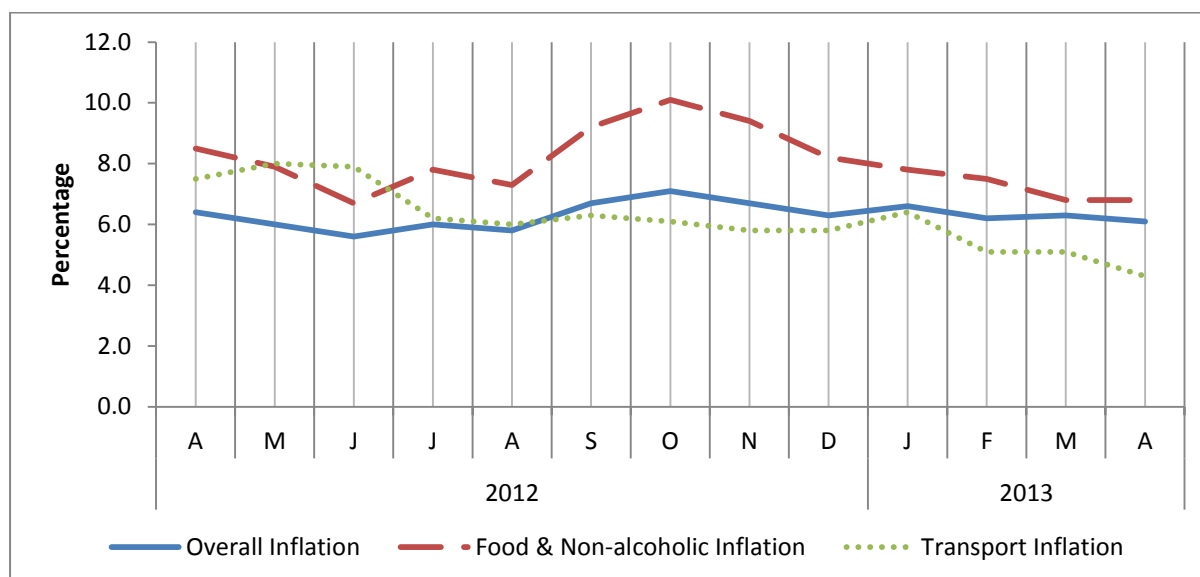
The annual inflation rate eased to 6.1 per cent in April 2013, from 6.3 per cent recorded in the preceding month. The annual rate in April 2013 was lower than the 6.4 per cent recorded during the similar month in 2012. On average, prices increased by 0.2 per cent between March and April 2013.

The main components with the highest annual rates were *housing & utilities (9.5 per cent)*, *hotels & restaurants (9.1 per cent)*, *alcoholic beverages & tobacco (7.8 per cent)*, while the lowest annual rate was observed in *clothing & footwear (1.8 per cent)*.

The NIR level stood at N\$17.6 billion in April 2013 from N\$14.8 billion recorded in the previous month, and it was sufficient to support the Rand parity. The repo rate remained unchanged at 5.5 per cent during April 2013. Similarly, the prime rate remained at 9.25 per cent during April 2013.



**Chart 8: Annual Inflation Rate**



Source: Namibia Statistics Agency

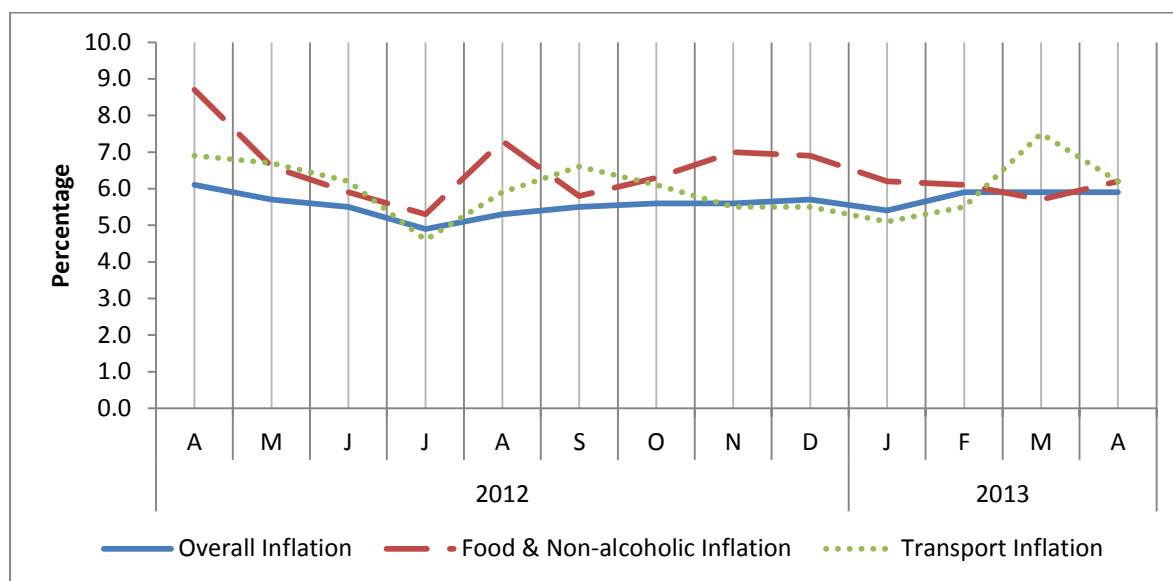
### South Africa

The annual inflation rate stood at 5.9 per cent in April 2013, unchanged for the third consecutive month. Annual inflation rate in April 2013 was lower than the 6.1 per cent recorded during the similar period in 2012. On average, prices increased by 0.4 per cent between March and April 2013.

The main components with the highest annual rates were *education (9.0 per cent)*, *miscellaneous goods & services (7.5 per cent)*, and *alcoholic beverages & tobacco (6.5 per cent)*, while the lowest annual rate was observed in *communication (0.8 per cent)*.

The annual inflation continued to remain within the target range of 3-6 per cent during April 2013. Interest rate policy remained accommodative for growth with the repo rate recorded at 5.0 per cent, and the prime rate at 8.5 per cent during April 2013.

**Chart 9: Annual Inflation Rate**



Source: Stats SA

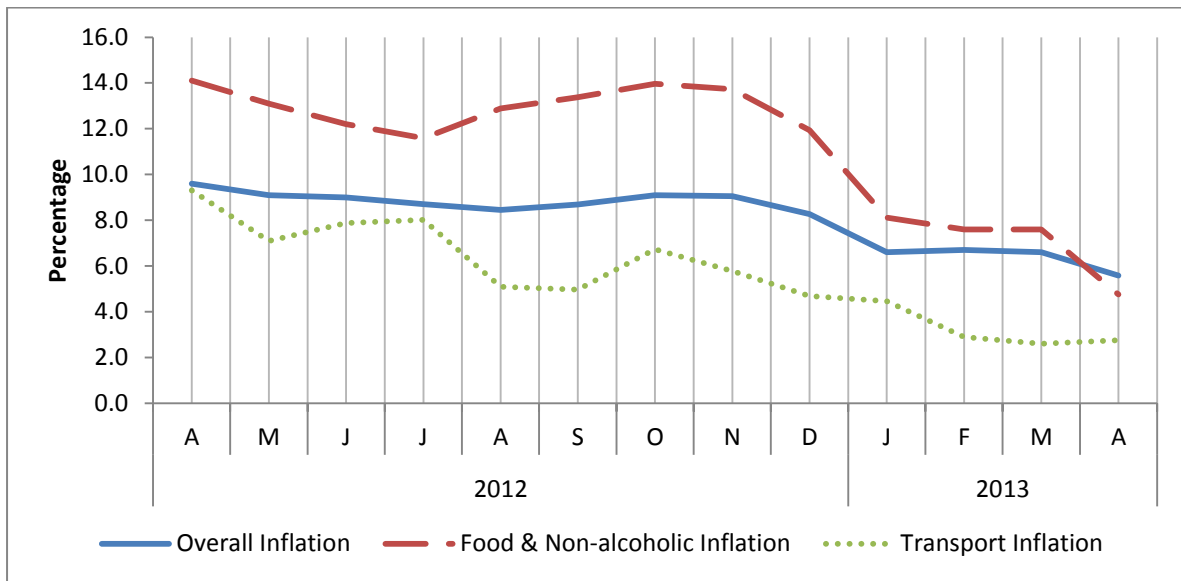
### Swaziland

The annual inflation rate eased to 5.6 per cent in April 2013, from 6.6 per cent in the previous month. The annual inflation rate for April 2013 was lower than the 9.6 per cent recorded during the similar period in the previous year. On average, prices increased by 0.7 per cent between March and April 2013.

The main components with the highest annual rates were *health (14.4 per cent)*, *education (9.0 per cent)*, and *recreation & culture (7.6 per cent)*, while the lowest annual rate was observed in *restaurants & hotels (-1.1 per cent)*.

The NIR level for April 2013 was E7.5 billion compared to E6.2 billion in March 2013, and it was sufficient to support the Rand parity. Interest rate policy remained accommodative for growth with the discount rate recorded at 5.0 per cent, and the prime rate at 8.5 per cent.

**Chart 10: Annual Inflation Rate**



Source: Central Statistics Office of Swaziland

## Appendix

### Annual inflation rates by main categories (April 2013)

Main Categories	Botswana	Lesotho	Namibia	South Africa	Swaziland
Food & non-alcoholic beverages	6.1	6.4	6.8	6.2	4.8
Alcoholic beverages & tobacco	12.4	5.6	7.8	6.5	1.8
Clothing & footwear	6.7	1.4	1.8	3.1	2.7
Housing, water, electricity, gas & other fuels	6.8	10.4	9.5	5.8	5.4
Furnishings, household equipment &...	5.2	4.2	5.4	3.2	6.0
Health	4.7	0.5	3.8	4.8	14.4
Transport	10.9	0.9	4.3	6.2	2.8
Communications	0.0	0.0	2.8	0.8	-0.1
Recreation & Culture	4.4	0.8	4.6	4.0	7.6
Education	4.7	13.4	6.5	9.0	9.0
Hotels, cafés & restaurants	8.1	1.1	9.1	5.9	-1.1
Miscellaneous goods & services	0.6	2.2	4.2	7.5	0.5
<b>All Item</b>	<b>7.2</b>	<b>5.2</b>	<b>6.1</b>	<b>5.9</b>	<b>5.6</b>

Source: SACU Member States Statistics Offices

### Consumer Price Index Basket Weights

Main Categories	Botswana	Lesotho	Namibia	South Africa	Swaziland
Food & non-alcoholic beverages	21.84	38.14	29.63	15.41	29.22
Alcoholic beverages & tobacco	9.29	1.22	3.26	5.43	0.39
Clothing & footwear	7.52	17.43	5.13	4.07	3.42
Housing, water, electricity, gas & other fuels	11.46	10.60	20.59	24.52	29.15
Furnishings, household equipment &...	6.76	9.42	5.61	4.79	4.75
Health	2.71	1.88	1.51	1.46	3.39
Transport	18.98	8.47	14.79	16.43	10.50
Communications	3.01	1.24	0.9	2.63	2.74
Recreation & Culture	2.22	2.39	2.5	4.09	1.07
Education	3.37	2.75	7.36	2.95	9.11
Hotels, cafés & restaurants	3.27	0.66	1.62	3.50	1.79
Miscellaneous goods & services	9.57	5.81	7.11	14.72	4.47
<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