



## SACU Inflation Report

May 2011

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## Selected Global Inflation Rates

### UK

The annual inflation rate remained unchanged at 4.5 percent during May 2011, same as in the preceding month. The annual inflation rate remained above the Bank of England's inflation target of 2.0 percent.

### Euro Area

The annual inflation rate stood at 2.7 percent during May 2011 compared to 2.8 percent during the preceding month. The annual rate recorded for May 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 5.5 percent during May 2011 from 5.3 percent during the preceding month. The annual inflation rate for May 2011 was above the Government's inflation target of 3.0 percent.

### Japan

The annual inflation rate remained unchanged at 0.3 percent during May 2011, same as in preceding month.

### India

The annual inflation rate stood at 8.7 percent during May 2011 compared to 9.4 percent during the preceding month. The inflation rate registered during May 2011 was above the Reserve Bank target range of 4.0 - 4.5 percent.

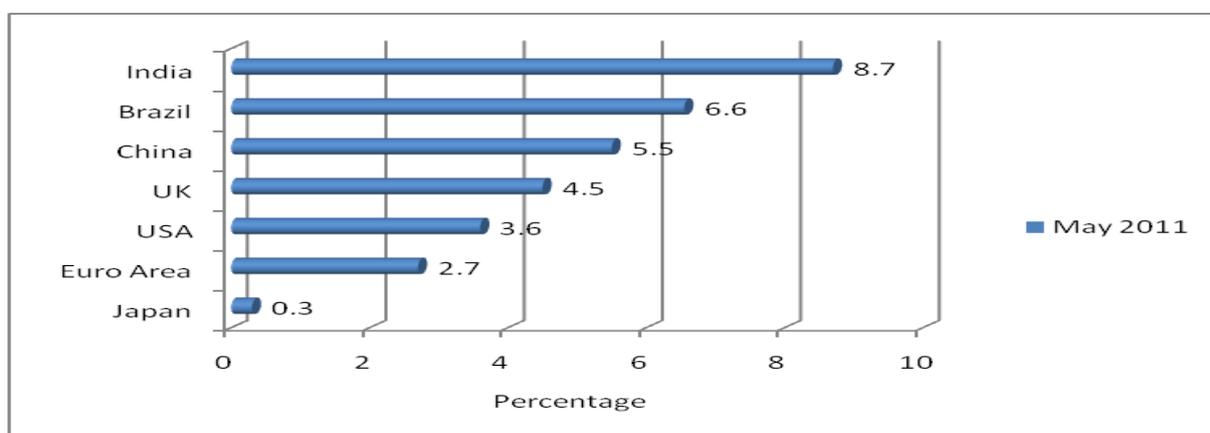
### Brazil

The annual inflation rate stood at 6.6 percent during May 2011 compared to 6.5 percent during the preceding month. The annual rate recorded for May 2011 was slightly 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 rose to 3.6 percent during May 2011 from 3.2 percent during the preceding month. The inflation rate registered during May 2011 was above the Central Bank's long term inflation estimate of 2.0 percent.

**Chart 1: Annual Inflation Rates**



Source: [tradingeconomics.com](http://tradingeconomics.com)

## Inflation Rates in SACU Member States

All Member States registered higher inflation rates for May 2011 compared to April 2011.

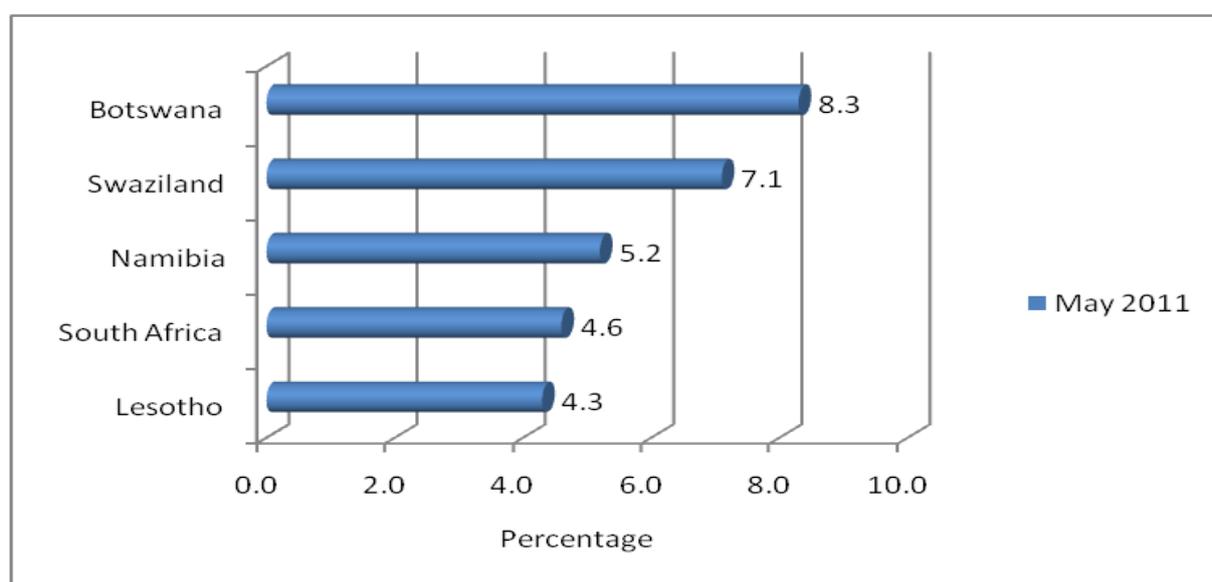
Botswana continued to register the highest annual inflation rate among the Member States, registering an inflation rate of 8.3 percent in May 2011 followed by Swaziland at 7.1 percent. The lowest annual inflation rate was observed in Lesotho, recording an inflation rate of 4.3 percent.

**Table 1: Annual Inflation Rates (%)**

	Botswana	Lesotho	Namibia	South Africa	Swaziland
April 2011	8.2	4.1	4.8	4.2	6.7
May 2011	8.3	4.3	5.2	4.6	7.1

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

**Chart 2: Annual Inflation Rates**

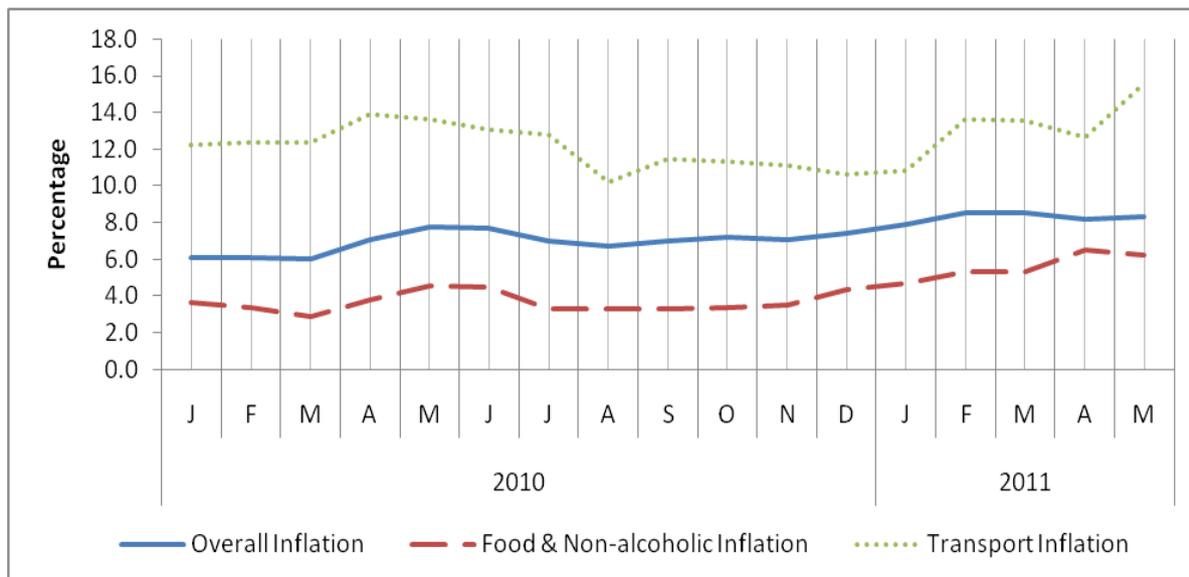


Source: Member States Statistics Offices

### **Botswana**

The annual inflation rate for May 2011 rose by 8.3 percent compared to 8.2 percent recorded a month earlier. The inflation rate for May 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 for May 2011 was higher than the 7.8 percent recorded during the same month in 2010.

Chart 3: Annual Inflation Rate

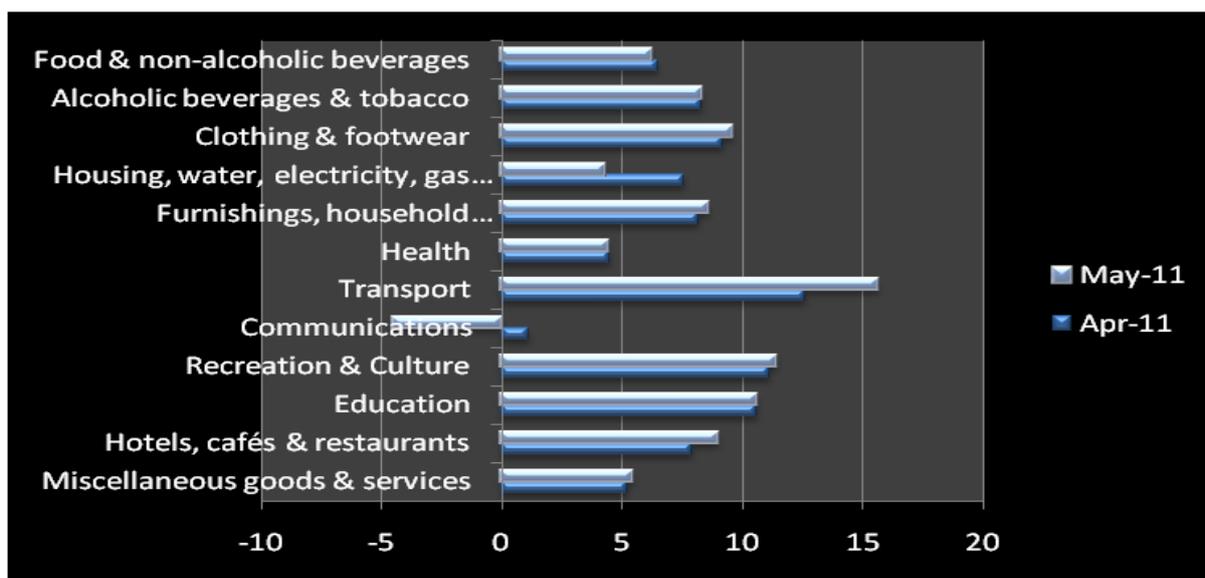


Source: Central Statistics Office of Botswana

Commodity groups that registered increases in inflation during May 2011 were, *clothing and footwear* (from 9.2 percent to 9.6 percent); *furnishing, household equipment and routine maintenance* (from 8.2 percent to 8.6 percent); *transport* (from 12.6 percent to 15.6 percent); *recreation and culture* (from 11.1 percent to 11.4 percent), and *miscellaneous goods and services* (from 5.2 percent to 5.4 percent).

However, these increases were to some extent offset by falling inflation for *food and non-alcohol beverages* (from 6.5 percent to 6.2 percent); *communications* (from 1.1 percent to -4.5 percent); *health* (from 4.5 percent to 4.4 percent); *housing, water, electricity, gas and other fuels* (from 7.6 percent to 4.3 percent), while inflation was unchanged for *education*, and *alcoholic beverages and tobacco* at 10.6 percent and 8.3 percent, respectively.

Chart 4: Inflation by Main Categories

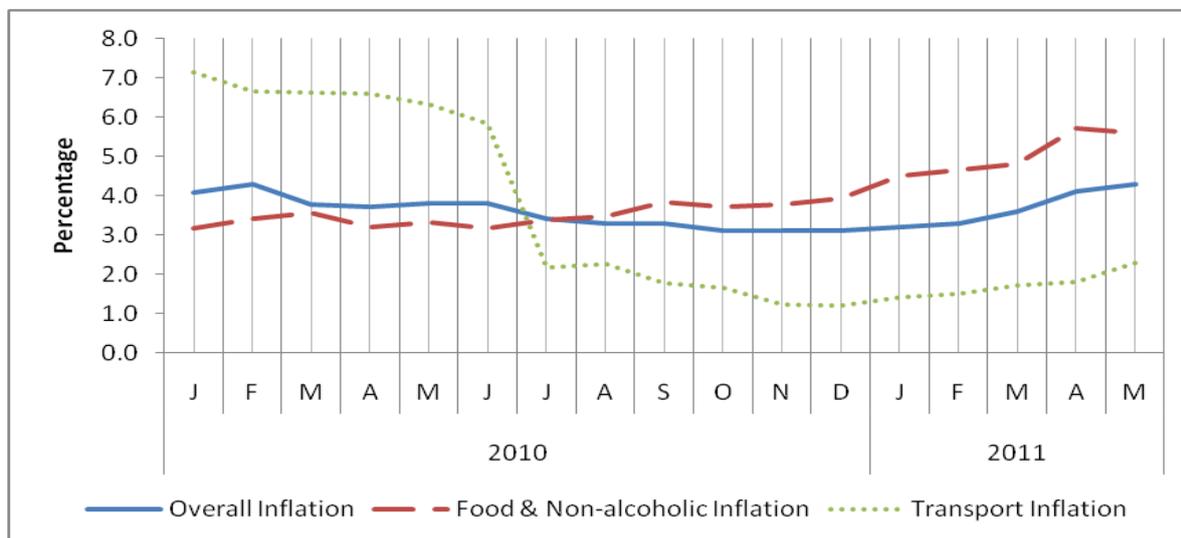


Source: Central Statistics Office of Botswana

## Lesotho

The annual inflation rate during May 2011 rose to 4.3 percent from 4.1 percent in April 2011. The increase in inflation was mainly reflected in the *housing, water, electricity, gas and other fuels* group. The annual inflation rate for May 2011 was higher than the 3.8 percent recorded during the corresponding month in 2010.

**Chart 5: Annual Inflation Rate**

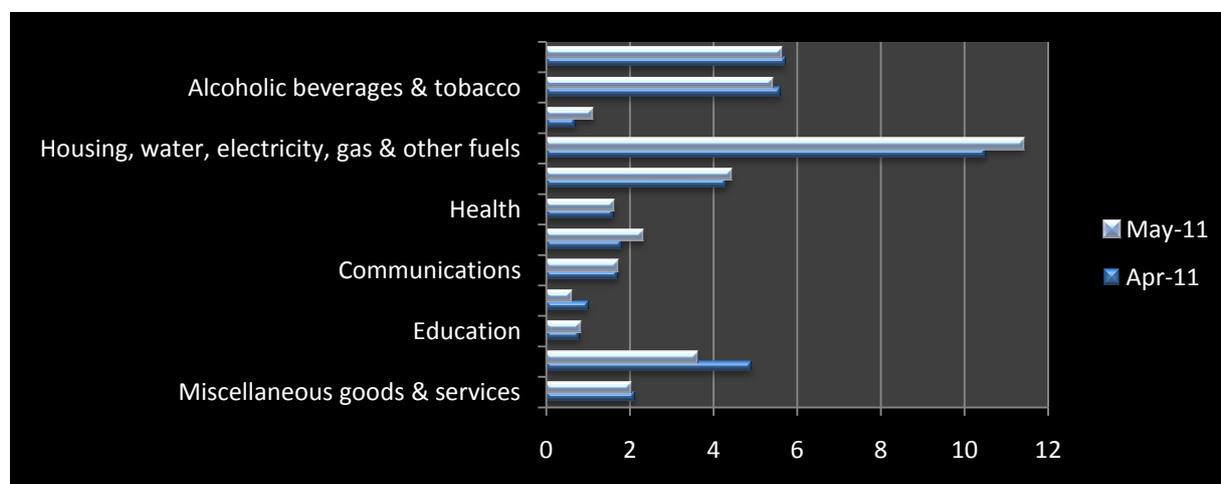


Source: Bureau of Statistics of Lesotho

Divisions that showed annual increases in May 2011 were: *clothing and footwear* (from 0.7 percent to 1.1 percent); *housing, water, electricity, gas and other fuels* (from 10.5 percent to 11.4 percent); *transport* (from 1.8 percent to 2.3 percent); and *furnishings, household equipment and routine maintenance* (from 4.3 percent to 4.4 percent).

However, these increases were to some extent offset by falling inflation for *food and non-alcoholic beverages* (from 5.7 percent to 5.6 percent); *alcoholic beverages and tobacco* (from 5.6 percent to 5.4 percent); *hotel and restaurants* (from 4.9 percent to 3.6 percent); *recreation and culture* (from 1.0 to 0.6 percent), and *miscellaneous goods and services* (from 2.1 to 2.0 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**

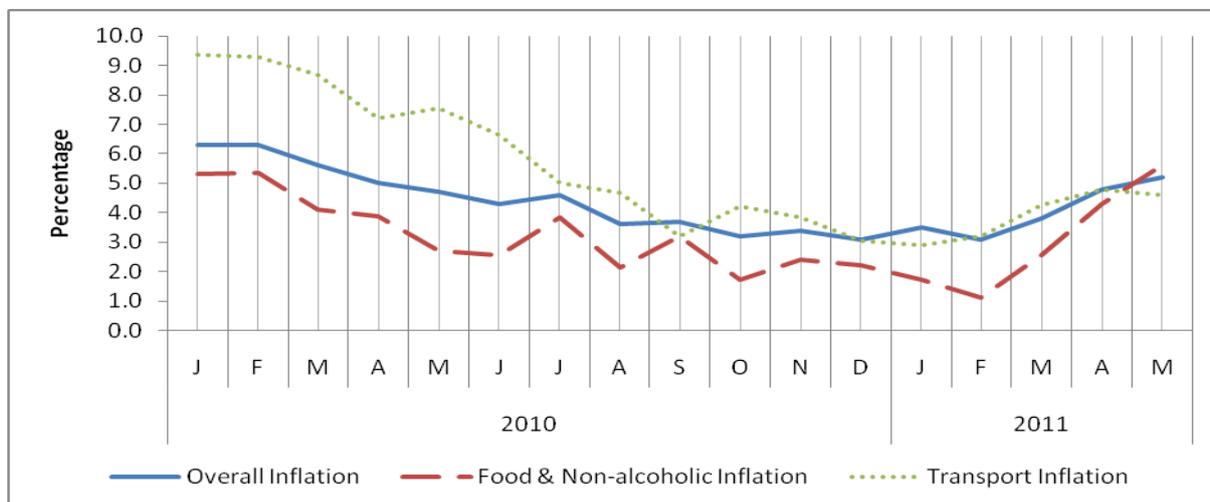


Source: Bureau of Statistics of Lesotho

## Namibia

The annual inflation rate for May 2011 increased to 5.2 percent compared to 4.8 percent recorded in the preceding month. The increase in inflation was mainly reflected in *food and non-alcoholic beverages* group. The annual inflation rate for May 2011 was higher than the 4.7 percent recorded during the same month in 2010.

Chart 7: Annual Inflation Rate

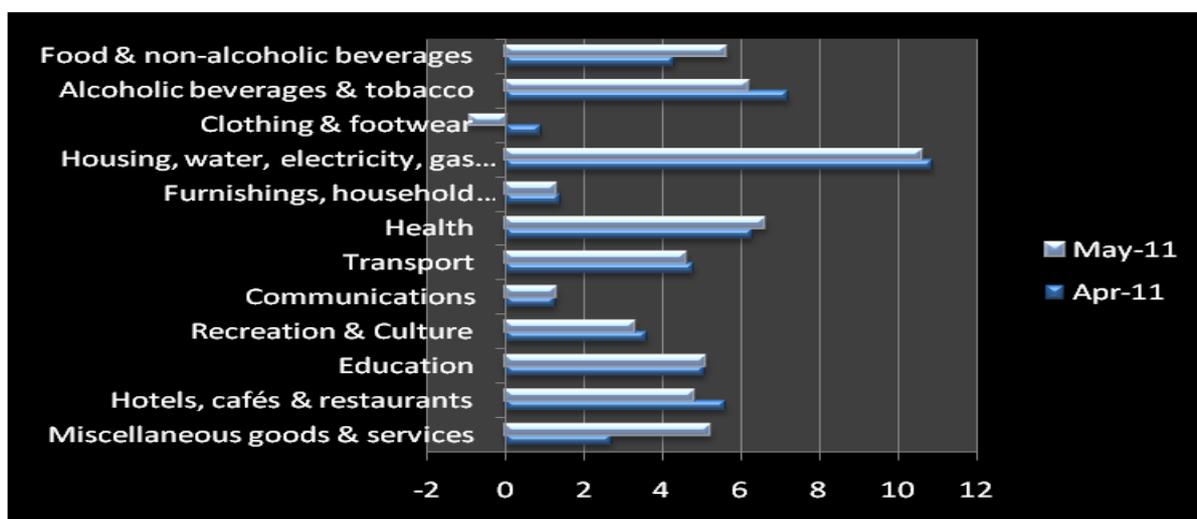


Source: Namibia's Central Bureau of Statistics

Divisions that showed annual increases in May 2011 were: *food and non-alcoholic beverages* (from 4.3 percent to 5.6 percent); *health* (from 6.3 percent to 6.6 percent); and *miscellaneous goods and services* (from 2.7 percent to 5.2 percent).

However, some divisions recorded falling inflation: *alcoholic beverages and tobacco* (from 7.2 percent to 6.2 percent); *housing, water, electricity, gas and other fuels* (from 10.9 percent to 10.6 percent); *clothing and footwear* (from 0.9 to -0.9 percent); *furnishing, household equipment and routine maintenance* (from 1.4 percent to 1.3 percent); *transport* (from 4.8 percent to 4.6 percent); *recreation and culture* (from 3.6 percent to 3.3 percent); and *hotels and restaurants* (from 5.6 percent to 4.8 percent). Inflation was unchanged for *education and communications*, at 5.1 percent and 1.3 percent, respectively.

Chart 8: Inflation by Main Categories

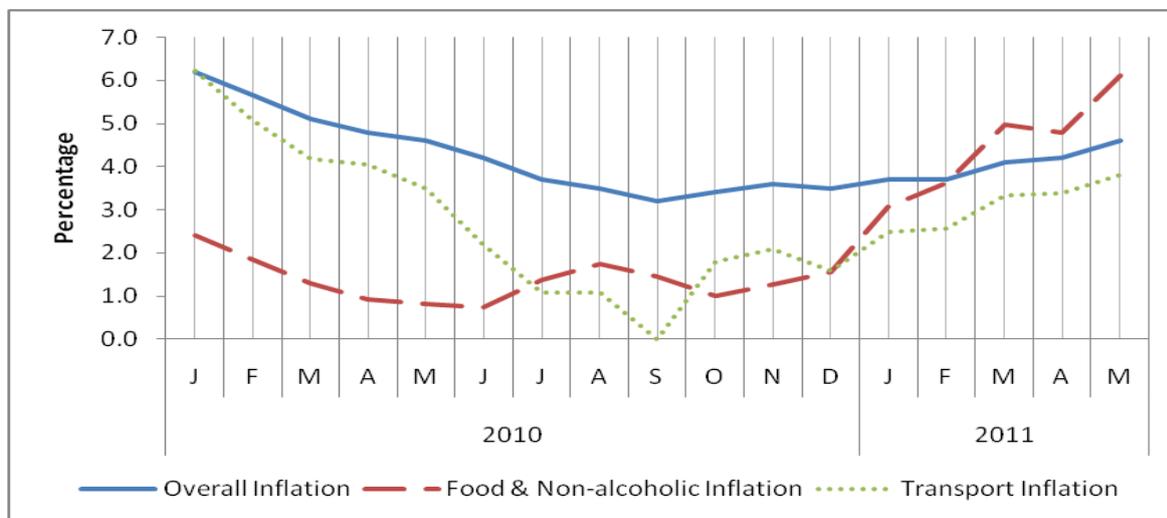


Source: Namibia's Central Bureau of Statistics

## South Africa

The annual inflation rate increased to 4.6 percent during May 2011 from 4.2 percent in the previous month, remaining within the inflation target range of 3-6 percent. The annual inflation rate for May 2011 was the same as the 4.6 percent recorded during the same period in 2010.

Chart 9: Annual Inflation Rate

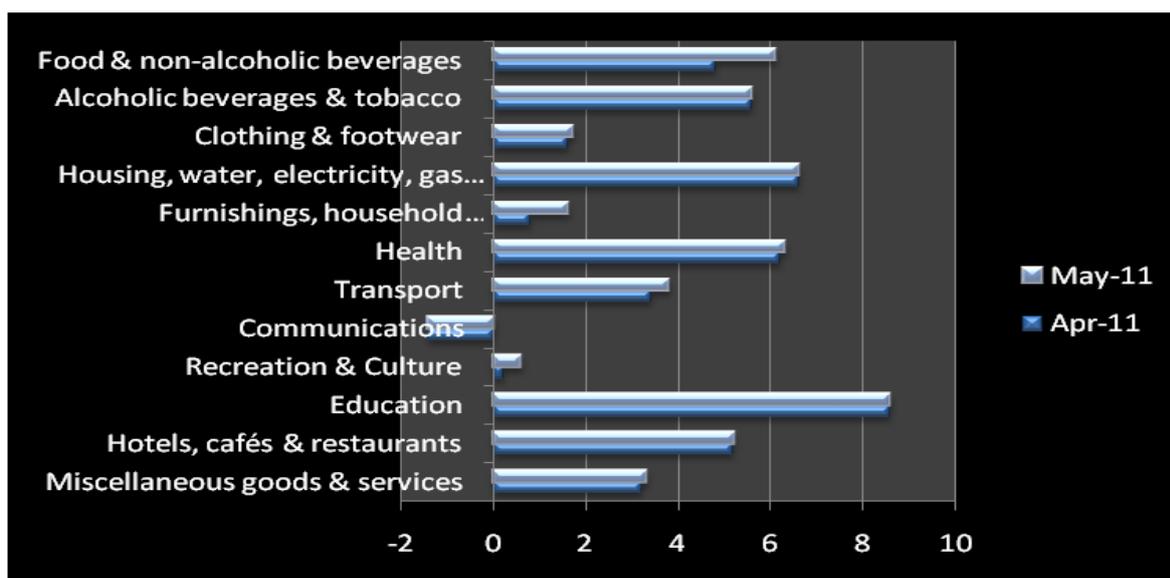


Source: Stats SA

Divisions that showed increases in inflation during May 2011 were: *food and non-alcoholic beverages* (from 4.8 percent to 6.1 percent); *clothing and footwear* (from 1.6 percent to 1.7 percent); *health* (from 6.2 percent to 6.3 percent); *transport* (from 3.4 percent to 3.8 percent); *recreation and culture* (from 0.2 percent to 0.6 percent); *furnishing, household equipment and routine maintenance* (from 0.8 percent to 1.6 percent); and *miscellaneous goods and services* (from 3.2 percent to 3.3 percent).

However, inflation remained unchanged for *education* (8.6 percent); *housing, water, electricity, gas and other fuels* (6.6 percent); *alcoholic beverages and tobacco* (5.6 percent); *communications* (-1.4 percent); and *hotel and restaurants* (5.2 percent).

Chart 10: Inflation by Main Categories

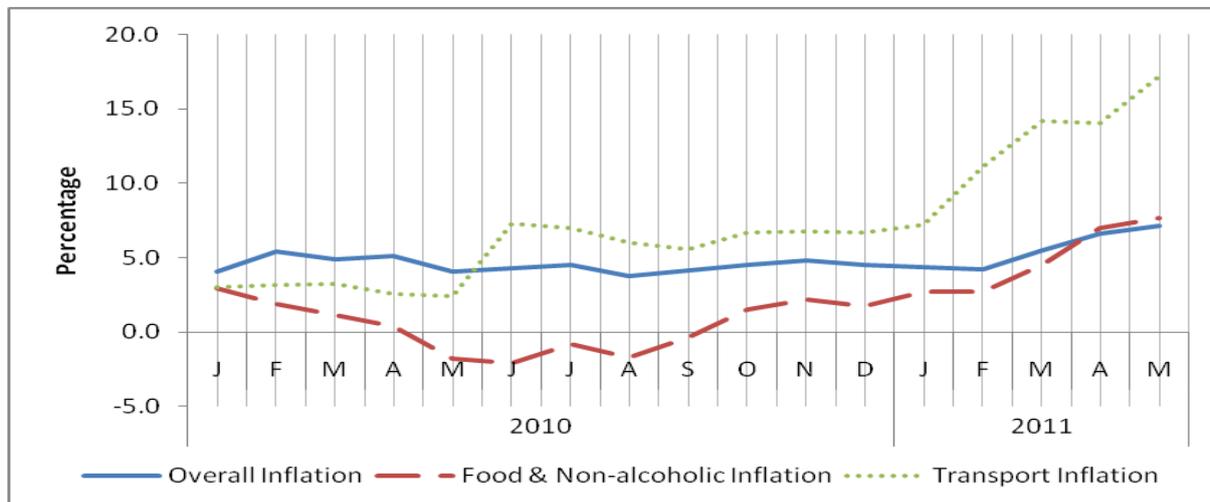


Source: Stats SA

## Swaziland

The annual inflation rate rose to 7.1 percent during May 2011 compared to 6.7 percent recorded a month earlier. The increase in inflation was mainly reflected in *food and non-alcoholic beverages* group. The annual inflation rate for May 2011 was higher than the 4.1 percent recorded during the same period in the previous year.

**Chart 11: Annual Inflation Rate**

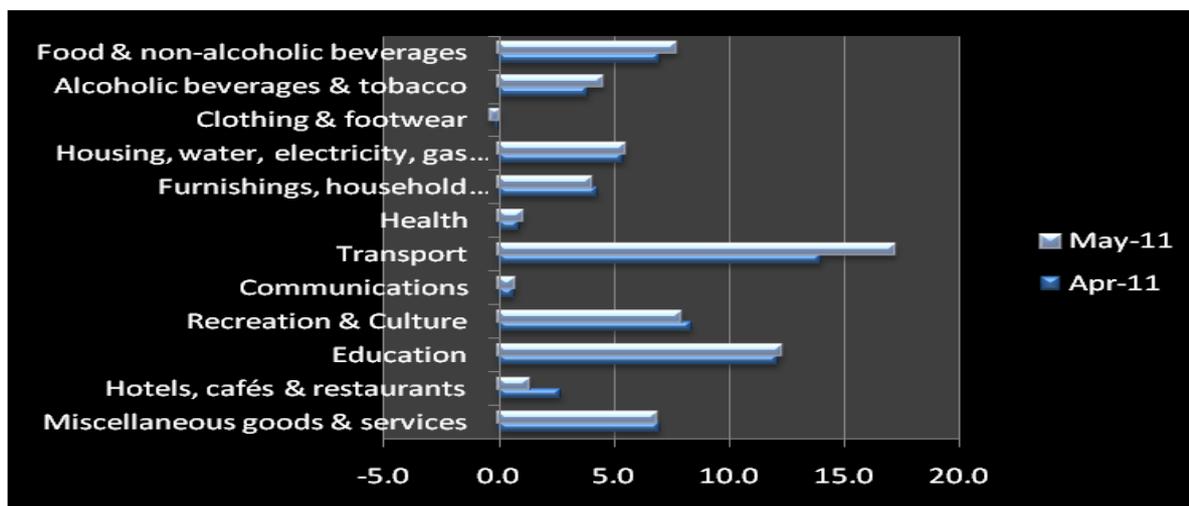


Source: Central Statistics Office of Swaziland

Divisions that showed increases in inflation during May 2011 were: *food and non-alcoholic beverages* (from 7.0 percent to 7.7 percent); *alcoholic beverages and tobacco* (from 3.9 percent to 4.5 percent); *housing, water, electricity, gas and other fuels* (from 5.4 percent to 5.5 percent); *transport* (from 14.0 percent to 17.2 percent); *education* (from 12.1 percent to 12.3 percent); and *health* (from 0.9 percent to 1.0 percent).

However, some commodity groups recorded falling inflation: *clothing and footwear* (from -0.2 percent to -0.4 percent); *miscellaneous goods and services* (from 7.0 percent to 6.8 percent); *hotels and restaurants* (from 2.7 percent to 1.3 percent); *recreation and culture* (from 8.4 percent to 7.9 percent); and *furnishing, household equipment and routine maintenance* (from 4.3 percent to 4.0 percent). Inflation was unchanged for *communications* at 0.7 percent.

**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