

Consumer inflation slows as food prices moderate

By [Tammy Foy](#)

23 Mar 2017

Consumer inflation slowed in February, as food inflation moderated, but remained outside the South African Reserve Bank's 3%-6% target range.



©Dmitriy Shironosov via [123RF](#)

The consumer price index (CPI) rose 6.3% in February compared with a year earlier, Statistics SA said on Wednesday. That compares with 6.6% in January.

Food inflation, which was expected to fall back into single digits after running rampant in 2016 as a result of a severe drought across SA, met those expectations by a whisker. Food and non-alcoholic beverages inflation came in at 9.9% year on year in February - but inflation for food alone was 10%.

NKC Economics senior economist Elize Kruger had expected food inflation of 6.3%.

Food was one of the main drivers of high consumer inflation last year - CPI growth was outside the Reserve Bank's 3%-6% target range in for most of the year - but economists agreed that the factors that pushed up inflation in 2016 would improve this year.

Nonetheless, Finance Minister Pravin Gordhan's budget statement in February forecast CPI inflation to remain outside the

target for the year, at 6.4%, and fall back within range only in 2018.

The Reserve Bank's forecast at its last monetary policy meeting was for CPI inflation to average 6.2% in 2017.

The Bank has held interest rates steady since March 2016, despite high inflation, as economic growth was sluggish and the Bank was confident inflation would not accelerate much further.

Compared with a month earlier, CPI rose 1.1% in February, Statistics SA said on Wednesday.

Source: BDpro

For more, visit: <https://www.bizcommunity.com>