

## CPI eases to 4.4% in January

The Consumer Price Index (CPI) has eased to 4.4% in January 2015 from 5.3% in December 2014.



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This is the lowest CPI has been since April 2011 when CPI stood at 4.2%.

"The headline CPI (for all urban areas) annual inflation rate in January 2015 was 4.4%. This rate was 0.9% lower than the corresponding annual rate of 5.3% in December 2014," said Stats SA on Wednesday, 18 February 2015.

On average, prices decreased by 0.2% between December 2014 and January 2015.

According to Stats SA, the food and non-alcoholic beverages index increased by 0.9% between December 2014 and January 2015 while the annual rate decreased to 6.5% in January from 7.2% in December.

The transport index decreased by 3% between December 2014 and January 2015 mainly due to a 127 cents a litre decrease in the price of petrol.

Market consensus was for CPI to come in at 4.5%.

Nedbank economists, who had forecast it to come in at 4.4%, said that inflation is likely to drop further in February as the significant fuel price decreases continue to filter through.

"However, CPI is likely to trend upwards, although at a moderate pace, in the second quarter as fuel price increases and the effects of the weaker rand start to come through. We still expect inflation to remain well within the Reserve Bank's 3% to 6% target range for the remainder of the year.

"The inflation outlook remains benign. This, together with the weak growth outlook, should persuade the Monetary Policy Committee to keep interest rates unchanged at its upcoming meeting in March.

"Our forecast is for rates to remain on hold throughout most of 2015, with the first rate hike pencilled in for November 2015, but this will be highly dependent on the trajectories of the rand and oil prices," said Nedbank.

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