



# Free facts

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**Control of inflation one of  
SA's successes**

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December 2024



## Control of inflation one of SA's successes

One of the successes of post-apartheid South Africa has been how it has managed to ensure that inflation remains relatively low.

Since 1994 annual inflation has only been higher than 10% once – in 2008. However, prior to the transition to democracy annual inflation of above 10% was common.

The control of inflation is important, it ensures that the money people have retains value and that the economy is stable, allowing companies and entrepreneurs to be able to plan for the future.

Inflation also affects the poor more – as this edition of FreeFACTS shows, when inflation is broken down by which income deciles deal with the highest level of inflation it is those on the lowest incomes who suffer the most from price increases. This further shows how important it is to manage inflation.

However, South Africa's success when it comes to managing inflation has not been because of luck. It is because of strong and independent institutions, such as the South African Reserve Bank (SARB), which sets interest rates and manages the country's money supply.

There are two lessons here. The first is that it is vital that the independence of the SARB is not tampered with, there is a litany of central banks around the world, as well as in this country in the past, which have bowed to political pressure, and made poor decisions which led to later economic hardship. The independence of the SARB is something that must be fiercely protected.

The other lesson is that it is clear that strong, independent institutions are key to a country's success. Again, there are examples from all over the world of independent institutions which have resisted political pressure and ensured the success of countries with these independent institutions. And these institutions are not necessarily just central banks, but also police services, prosecution authorities, the judiciary, and electoral bodies.

The SARB is a fine example of a world-class South African institution which has contributed to post-apartheid success in this country but is an example which must be emulated across South Africa.

— Marius Roodt

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# Inflation

## Inflation and interest rates, 1986-2023

| Year | Headline inflation <sup>a</sup> | Change in producer price index <sup>b</sup> | Bank rate <sup>c</sup> /<br>repo rate | Prime overdraft rate <sup>d</sup> | Real prime overdraft rate <sup>e</sup> |
|------|---------------------------------|---|---------------------------------------|-----------------------------------|--|
| 1987 | 16.1%                           | 13.9%                                       | 9.5%                                  | 12.5%                             | -3.2%                                  |
| 1988 | 12.9%                           | 13.1%                                       | 11.8%                                 | 15.3%                             | 2.3%                                   |
| 1989 | 14.7%                           | 15.4%                                       | 16.8%                                 | 19.8%                             | 4.5%                                   |
| 1990 | 14.4%                           | 11.9%                                       | 18.0%                                 | 21.0%                             | 4.5%                                   |
| 1991 | 15.3%                           | 11.5%                                       | 17.2%                                 | 20.3%                             | 4.3%                                   |
| 1992 | 13.9%                           | 8.2%  | 15.4%                                 | 18.8%                             | 4.3%                                   |
| 1993 | 9.7%                            | 6.6%  | 12.8%                                 | 16.2%                             | 5.9%                                   |
| 1994 | 9.0%                            | 8.3%  | 12.3%                                 | 15.8%                             | 6.1%                                   |
| 1995 | 8.7%                            | 9.4%  | 14.5%                                 | 17.9%                             | 8.5%                                   |
| 1996 | 7.4%                            | 7.0%  | 15.9%                                 | 19.5%                             | 11.4%                                  |
| 1997 | 8.6%                            | 7.0%  | 16.8%                                 | 20.0%                             | 10.5%                                  |
| 1998 | 6.9%                            | 3.6%  | 19.4% <sup>f</sup>                    | 21.8%                             | 14.0%                                  |
| 1999 | 5.1%                            | 5.8%  | 14.8%                                 | 18.0%                             | 12.1%                                  |
| 2000 | 5.3%                            | 9.2%  | 11.8%                                 | 14.5%                             | 8.7%                                   |
| 2001 | 5.7%                            | 8.4%  | 11.0%                                 | 13.8%                             | 7.6%                                   |
| 2002 | 9.2%                            | 14.2%                                       | 12.1%                                 | 15.8%                             | 6.1%                                   |
| 2003 | 5.8%                            | 1.7%  | 11.7%                                 | 15.0%                             | 8.8%                                   |
| 2004 | 1.4%                            | 0.6%  | 11.3%                                 | 11.3%                             | 12.3%                                  |
| 2005 | 3.4%                            | 3.1%  | 7.1%                                  | 10.6%                             | 8.3%                                   |
| 2006 | 4.7%                            | 7.7%  | 7.6%                                  | 11.1%                             | 7.7%                                   |
| 2007 | 7.1%                            | 10.0%                                       | 9.6%                                  | 13.1%                             | 6.7%                                   |
| 2008 | 11.5%                           | 14.2%                                       | 11.6%                                 | 15.1%                             | 4.7%                                   |
| 2009 | 7.1%                            | -0.1%                                       | 8.4%                                  | 11.9%                             | 4.2%                                   |
| 2010 | 4.2%                            | 5.8%  | 6.4%                                  | 9.9%                              | 5.3%                                   |
| 2011 | 5.1%                            | 8.4%  | 5.5%                                  | 9.0%                              | 3.8%                                   |
| 2012 | 5.5%                            | 7.0%  | 5.2%                                  | 8.8%                              | 2.9%                                   |
| 2013 | 5.9%                            | 6.0%  | 5.0%                                  | 9.0%                              | 2.6%                                   |
| 2014 | 6.0%                            | 7.5%  | 5.6%                                  | 9.1%                              | 2.9%                                   |
| 2015 | 4.7%                            | 3.6%  | 5.9%                                  | 9.4%                              | 4.6%                                   |
| 2016 | 6.3%                            | 7.0%  | 6.9%                                  | 10.4%                             | 3.9%                                   |
| 2017 | 5.2%                            | 4.8%  | 6.9%                                  | 10.4%                             | 4.9%                                   |
| 2018 | 4.7%                            | 5.5%  | 6.8%                                  | 10.3%                             | 5.2%                                   |
| 2019 | 4.0%                            | 4.6%  | 6.5%                                  | 10.1%                             | 5.8%                                   |
| 2020 | 3.3%                            | 2.6%  | 3.5%                                  | 7.9%                              | 4.3%                                   |
| 2021 | 4.5%                            | 7.1%  | 3.5%                                  | 7.0%                              | 2.4%                                   |
| 2022 | 6.9%                            | 14.4%                                       | 5.1%                                  | 8.6%                              | 1.8%                                   |
| 2023 | 6.0%                            | 6.7%  | 7.9%                                  | 11.4%                             | 5.3%                                   |

Source: Stats SA, Consumer Price Index, timeseries accessed 6 August 2024; Producer Price Index, time-series accessed 6 August 2024; SARB, [www.resbank.co.za](http://www.resbank.co.za), time series data, accessed 6 August 2024;

a This is the Consumer Price Index (CPI). Base year Dec 2021 = 100.

b All-items up to 2011, PPI for final manufactured goods from 2012. Base year Dec 2023 = 100

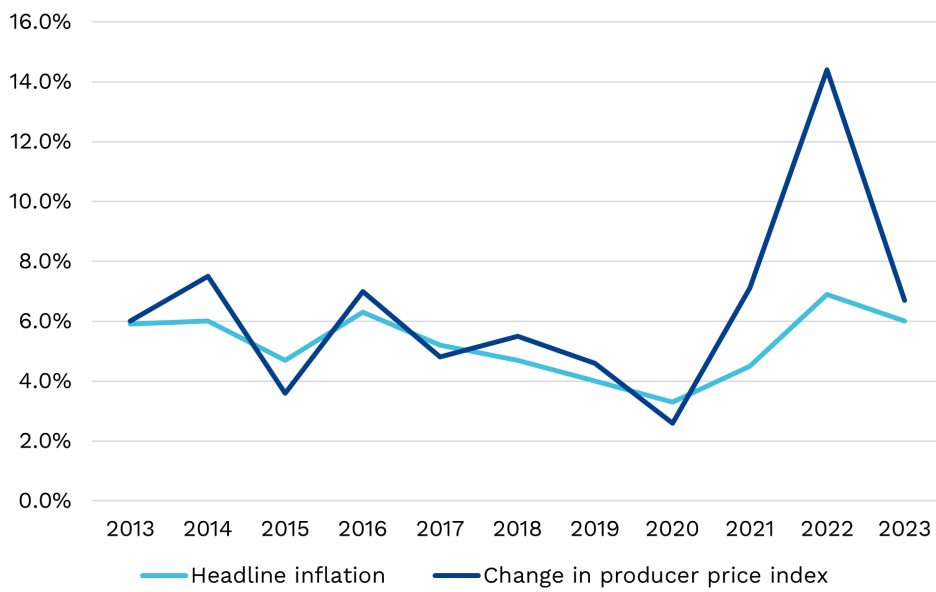
c Rate at which the Reserve Bank lends to commercial banks.

d Lowest overdraft rate charged by banks (average for the year).

e Average prime overdraft rate adjusted for rebased inflation.

# Inflation

Inflation rates, 2013 - 2023



# Inflation

## CPI by province and area<sup>a</sup>, 2018-23

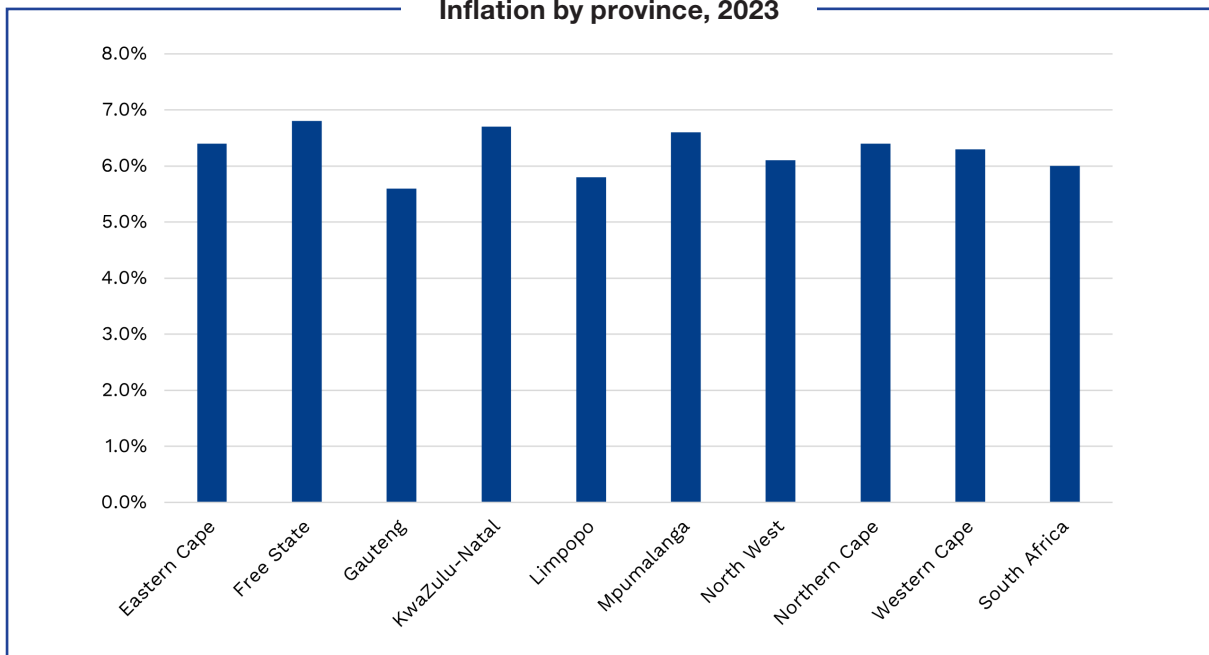
| Province                 | Weight  | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--------------------------|---------|------|------|------|------|------|------|
| Eastern Cape             | 8.03%   | 4.4% | 3.7% | 3.1% | 4.8% | 7.5% | 6.4% |
| Free State               | 5.95%   | 4.3% | 4.1% | 3.0% | 4.5% | 7.3% | 6.8% |
| Gauteng                  | 36.29%  | 4.8% | 4.0% | 3.0% | 4.5% | 6.9% | 5.6% |
| KwaZulu-Natal            | 12.68%  | 3.9% | 3.8% | 3.2% | 4.6% | 7.2% | 6.7% |
| Limpopo                  | 5.70%   | 3.7% | 4.4% | 3.2% | 4.7% | 7.6% | 5.8% |
| Mpumalanga               | 6.89%   | 4.0% | 4.0% | 3.0% | 4.4% | 7.3% | 6.6% |
| North West               | 5.31%   | 3.6% | 3.6% | 3.1% | 5.2% | 6.9% | 6.1% |
| Northern Cape            | 1.93%   | 3.9% | 4.1% | 3.4% | 4.7% | 7.4% | 6.4% |
| Western Cape             | 17.21%  | 5.3% | 4.9% | 3.9% | 4.7% | 6.6% | 6.3% |
| South Africa             | 100.00% | 4.7% | 4.1% | 3.3% | 4.5% | 6.9% | 6.0% |
| <b>Area</b>              |         |      |      |      |      |      |      |
| Rural areas <sup>b</sup> | 12.23%  | 3.5% | 4.1% | 2.9% | 4.9% | 8.0% | 7.4% |
| South Africa             | 100.0%  | 4.7% | 4.1% | 3.3% | 4.5% | 6.9% | 6.0% |

Source: Stats SA, email communication, 19 June 2024

a Geographic indices.

b The CPI for rural areas is compiled using data from rural and urban areas in accordance with the purchasing patterns of rural areas.

## Inflation by province, 2023



# Inflation

## Components<sup>a</sup> of the CPI, 2023

|                                  |        |
|----------------------------------|--------|
| Housing and utilities            | 24.49% |
| Transport                        | 14.35% |
| Food and non-alcoholic beverages | 17.14% |
| Insurance and other services     | 14.81% |
| Household contents and services  | 4.37%  |
| Alcohol and tobacco              | 6.26%  |
| Recreation and culture           | 5.20%  |
| Clothing and footwear            | 3.65%  |
| Communication                    | 2.42%  |
| Restaurants and hotels           | 3.25%  |
| Education                        | 2.62%  |
| Health                           | 1.44%  |

a Weights represent the relative importance of the indicator product in a subgroup. The weight of a product is calculated by dividing the total expenditure of households on that product by the total expenditure of households on all goods and services. Stats SA will update the CPI basket of goods and services and respective weights in the January 2025 CPI release. This update will mainly be based on the results of the income and expenditure survey which completed fieldwork in November 2023.

## CPI per expenditure decile, 2018-23

| Decile | Expenditure         | Weight | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--------|---------------------|--------|------|------|------|------|------|------|
| 1      | up to R20 140       | 0.48%  | 2.8% | 4.9% | 3.8% | 5.3% | 8.6% | 9.5% |
| 2      | R20 141 - R33 619   | 1.10%  | 3.0% | 4.4% | 3.8% | 5.2% | 8.0% | 9.0% |
| 3      | R33 620 - R48 673   | 1.85%  | 3.5% | 4.0% | 3.4% | 4.6% | 7.2% | 7.8% |
| 4      | R48 674 - R65 213   | 2.78%  | 3.6% | 4.0% | 3.2% | 4.3% | 6.7% | 6.8% |
| 5      | R65 214 - R84 698   | 3.88%  | 3.7% | 3.9% | 3.1% | 4.0% | 6.5% | 6.7% |
| 6      | R 84 699 - R109 163 | 5.58%  | 3.9% | 3.6% | 2.9% | 3.8% | 6.3% | 6.2% |
| 7      | R109 164 - R143 174 | 7.90%  | 4.3% | 3.8% | 2.9% | 4.2% | 6.7% | 6.1% |
| 8      | R143 175 - R199 920 | 11.27% | 4.5% | 3.9% | 2.9% | 4.4% | 7.0% | 5.8% |
| 9      | R199 921 - R312 246 | 16.45% | 5.1% | 4.2% | 3.2% | 4.7% | 7.2% | 5.7% |
| 10     | R 312 247 and more  | 48.71% | 4.9% | 4.4% | 3.4% | 4.7% | 6.8% | 5.6% |

Source: Stats SA, email communication, 19 June 2024

# Inflation

## CPI per expenditure decile, 2018-23

| Year | Headline inflation | — CPI for administered prices— |       | Core inflation | Food inflation |
|------|--------------------|--------------------------------|-------|----------------|----------------|
|      |                    | Regulated                      | Total |                |                |
| 2011 | 5.1%               | 13.4%                          | 11.7% | 3.5%           | 7.5%           |
| 2012 | 5.5%               | 10.9%                          | 9.9%  | 4.5%           | 7.2%           |
| 2013 | 5.9%               | 9.1%                           | 8.8%  | 5.3%           | 5.9%           |
| 2014 | 6.0%               | 6.1%                           | 6.7%  | 5.5%           | 7.8%           |
| 2015 | 4.7%               | -0.6%                          | 1.8%  | 5.6%           | 5.2%           |
| 2016 | 6.3%               | 5.2%                           | 5.2%  | 5.6%           | 10.8%          |
| 2017 | 5.2%               | 5.6%                           | 5.7%  | 4.7%           | 6.9%           |
| 2018 | 4.7%               | 8.9%                           | 8.5%  | 4.3%           | 3.3%           |
| 2019 | 4.0%               | 5.1%                           | 5.7%  | 4.1%           | 3.1%           |
| 2020 | 3.3%               | 1.1%                           | 2.4%  | 3.4%           | 4.7%           |
| 2021 | 4.5%               | 11.3%                          | 9.2%  | 3.0%           | 6.4%           |
| 2022 | 6.9%               | 17.9%                          | 14.0% | 4.4%           | 9.5%           |
| 2023 | 6.0%               | 4.6%                           | 4.8%  | 4.9%           | 10.9%          |

Source: Stats SA, email communication, 19 June 2024

# Inflation

## Repurchase (repo) rate, dates of change, 2012 - 2023

|            |       |
|------------|-------|
| 7/20/2012  | 5.00% |
| 1/30/2014  | 5.50% |
| 7/18/2014  | 5.75% |
| 7/24/2015  | 6.00% |
| 11/20/2015 | 6.25% |
| 1/29/2016  | 6.75% |
| 3/18/2016  | 7.00% |
| 7/21/2017  | 7.25% |
| 3/29/2018  | 6.50% |
| 11/23/2018 | 6.75% |
| 7/19/2019  | 6.50% |
| 1/17/2020  | 6.25% |
| 3/20/2020  | 5.25% |
| 4/15/2020  | 4.25% |
| 5/22/2020  | 3.75% |
| 7/24/2020  | 3.50% |
| 11/19/2021 | 3.75% |
| 1/28/2022  | 4.00% |
| 3/25/2022  | 4.25% |
| 5/20/2022  | 4.75% |
| 7/22/2022  | 5.50% |
| 9/23/2022  | 6.25% |
| 11/25/2022 | 7.00% |
| 1/27/2023  | 7.25% |
| 3/31/2023  | 7.75% |
| 5/26/2023  | 8.25% |

a Source: SARB, [www.resbank.co.za](http://www.resbank.co.za), time series data, accessed 15 August 2024

### Repo rate, 2012 - 2023

