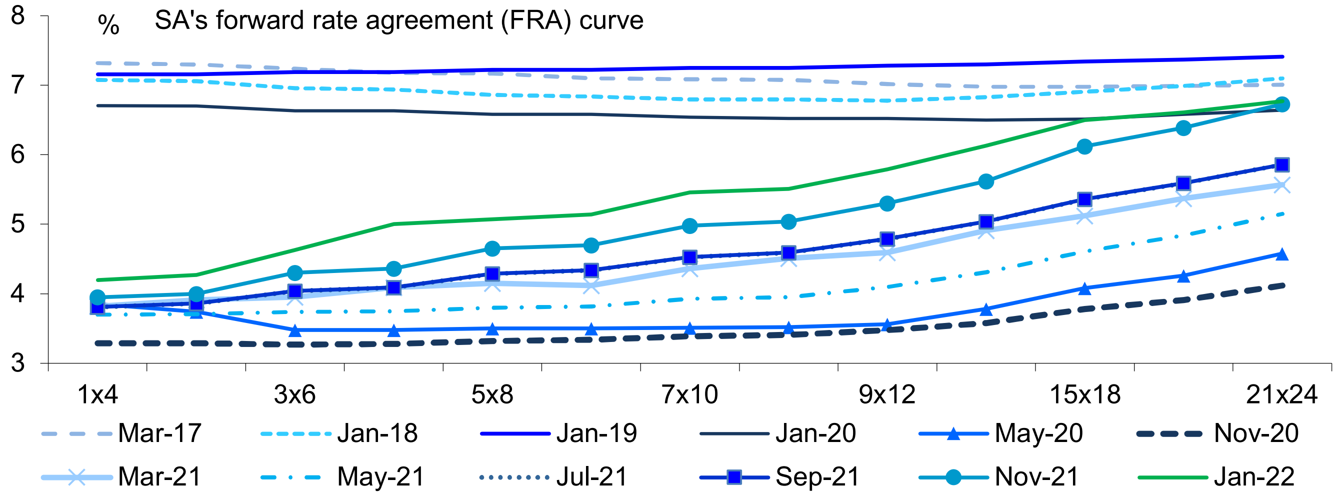
Investec

# MPC preview: South Africa risks seeing another repo rate hike next week as normalisation of global monetary policy is seen to quicken

Thursday 20 January 2022

Figure 1: Forward Rate Agreement (FRA) curve




Source: Bloomberg

The Monetary Policy Committee (MPC) meets next week for its interest rate decision, with Thursday 27th January potentially seeing a changed stance. Yesterday's CPI inflation release highlights the broadening price pressures in the economy, and the emerging pressures on the largest component of the CPI (food and non-alcoholic beverages) from weather damage, while also creating a statistical boost for 2022. The Reserve Bank forecast an inflation rate of 4.3% y/y for 2022 at its November MPC meeting, but this will likely see substantial upwards revision, to around 5.0% y/y. The sharp run up in fuel prices and broadening price pressure from other areas has seen inflation come out at 5.9% y/y for December, and likely similar in January and February. Oil prices are now running at a seven year high, with the Brent crude oil (SA's benchmark for oil import costs) price at US88.4/bbl, highlighting the risk of around a R1.40/litre hike in the petrol price for February currently. February is also a high price pressure month for surveys such as medical aid and medical costs, while food price pressures are expected to build further, pulling CPI inflation at least 1% higher, to 5.6% y/y in Q1.22, compared to the SARB's 4.6% y/y forecast in November. Oil prices have climbed by US$10/bbl since the end of last year on rising demand as the impact of Omicron wanes, with still tight output from OPEC+. Markets are concerned oil could climb further towards US$100/bbl on robust global economic growth, while OPEC+ is already battling to increase production to meet the current level of demand, with economies expected to open more into 2022. A piece of good news is that the removal of Fitch's negative outlook on SA's credit ratings reflects the lower likelihood of credit rating downgrades for SA this year, and this has lowered country risk somewhat, and so pressure on interest rates. However, the FRA curve is currently factoring in a 25bp hike in the repo rate next week, and the rand has run through R15.20/USD in anticipation, although the FOMC meets the day before.

Figure 2: Forecasts

| Period end rate % | Q1.22 | Q2.22 | Q3.22 | Q4.22 | Q1.23 | Q2.23 | Q3.24 | Q4.23 |
|---|---|---|---|---|---|---|---|---|
| Repo Rate | 4.00 | 4.25 | 4.25 | 4.50 | 4.75 | 4.75 | 5.00 | 5.00 |
| Prime Overdraft Rate | 7.50 | 7.75 | 7.75 | 8.00 | 8.25 | 8.25 | 8.50 | 8.50 |

Source: Iress, Investec



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Figure 3: Economic Scenarios: note 1% lower probability on lite down case on Fitch stable outlook, expected case rises by 1%

| Scenario | | Q1.22 | Q2.22 | Q3.22 | Q4.22 | Q1.23 | Q2.23 | Q3.23 | Q4.23 |
|---|---|---|---|---|---|---|---|---|---|
| **Extreme** Up case 1% | USD/Rand (average) | 14.50 | 14.00 | 13.80 | 13.70 | 13.60 | 13.40 | 13.30 | 13.10 |
| | Repo rate (end rate) | 3.25 | 3.25 | 3.25 | 3.25 | 3.50 | 3.50 | 3.50 | 3.50 |

Impact of Covid-19 pandemic very rapidly resolved - economic growth of 3–5%, then 5-7% for SA. Good governance, growth-creating reforms (structural constraints overcome), strengthening of property rights - individuals obtain title deeds in EWC – no nationalisation. High business confidence and fixed investment growth, substantial FDI inflows, strong fiscal consolidation (government debt falls back to low ratios of 2000s). Strong global growth, commodity boom. Stabilisation of credit ratings, then credit rating upgrades.

| Scenario | | Q1.22 | Q2.22 | Q3.22 | Q4.22 | Q1.23 | Q2.23 | Q3.23 | Q4.23 |
|---|---|---|---|---|---|---|---|---|---|
| **Up** case 2% | USD/Rand (average) | 15.20 | 15.10 | 15.00 | 14.90 | 14.90 | 14.70 | 14.60 | 14.50 |
| | Repo rate (end rate) | 3.50 | 3.50 | 3.50 | 3.75 | 4.00 | 4.00 | 4.00 | 4.25 |

Quick rebound from Covid-19 pandemic, rising confidence and investment levels - structural problems worked down. No further credit rating downgrades, rating outlooks move to stable and eventually positive, strong fiscal consolidation (government debt projections fall substantially). Global risk-on, global demand quickly returns to trend growth. Limited impact of expropriation without compensation) to abandoned, unused, labour tenants' and government land (individuals are new owners and receive title deeds) does not have a negative effect on economy - no nationalisation.

| Scenario | | Q1.22 | Q2.22 | Q3.22 | Q4.22 | Q1.23 | Q2.23 | Q3.23 | Q4.23 |
|---|---|---|---|---|---|---|---|---|---|
| **Base** case 49% | USD/Rand (average) | 15.50 | 15.60 | 15.85 | 15.65 | 15.50 | 15.90 | 16.30 | 15.80 |
| | Repo rate (end rate) | 4.00 | 4.25 | 4.25 | 4.50 | 4.75 | 4.75 | 5.00 | 5.00 |

Recovery from the sharp global economic slowdown by 2024 in real terms– sufficient global and domestic monetary and other policy supports to growth and financial markets occur and risk sentiment stabilises then improves. Expropriation of private sector property is limited and does not have a negative impact on the economy or on market sentiment. SA remains in the BB category rating bracket for Moody's – fiscal consolidation (debt to GDP stabilisation) occurs.

| Scenario | | Q1.22 | Q2.22 | Q3.22 | Q4.22 | Q1.23 | Q2.23 | Q3.23 | Q4.23 |
|---|---|---|---|---|---|---|---|---|---|
| **Lite** (domestic) Down case 42% | USD/Rand (average) | 15.70 | 16.00 | 16.65 | 16.90 | 17.00 | 17.50 | 17.60 | 17.50 |
| | Repo rate (end rate) | 4.00 | 4.25 | 4.50 | 4.75 | 5.25 | 5.50 | 6.00 | 6.00 |

The international environment (including risk sentiment) is that of the base case. South Africa fails to see its debt projections stabilise and falls into single B credit ratings from all three agencies for local and foreign currency. Recession occurs. Expropriation of some private commercial sector property without compensation, with some negative impact on the economy. Business confidence depressed, rand weakness, significant load shedding and weak investment growth. Substantial fiscal consolidation ultimately occurs, preventing ratings falling into the C grades.

| Scenario | | Q1.22 | Q2.22 | Q3.22 | Q4.22 | Q1.23 | Q2.23 | Q3.23 | Q4.23 |
|---|---|---|---|---|---|---|---|---|---|
| **Severe** down case 6% | USD/Rand (average) | 16.00 | 16.80 | 17.50 | 18.00 | 18.50 | 18.70 | 19.20 | 19.55 |
| | Repo rate (end rate) | 4.50 | 4.75 | 5.00 | 5.25 | 5.75 | 6.00 | 6.50 | 6.50 |

Lengthy global recession, global financial crisis – insufficient monetary and other policy supports to growth domestically and internationally. Depression in SA, unprecedented rand weakness. Nationalisation of private sector property (title deeds not transferred to individuals). SA rated single B from all three key agencies, with further rating downgrades eventually occurring into CCC grade and lower to D (default) as government finances deteriorate (debt projections elevate even further - fail to ever stabilise. Government borrows from increasingly wider sources as it sinks deeper into a debt trap), eventually include widespread civil unrest, services strike action and strike action.

**Note:** Event risk begins Q1.22. Source: Investec



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| Figure 4: Reuters January 2022 forecasts: Repo rate end period % | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Forecast period | Q1.22 | Q2.22 | Q3.22 | Q4.22 | Q1.23 | Q2.23 | 2022 | 2023 | 2024 |
| SARB repo rate | 4.00 | 4.25 | 4.50 | 4.75 | 5.00 | 5.25 | 4.75 | 5.25 | 5.50 |
| Previous survey | 3.75 | 4.00 | 4.00 | 4.25 | 4.25 | 4.25 | 3.50 | 4.25 | 4.75 |

The US FOMC (Federal Open Market Committee – responsible for setting US monetary policy) is meeting the day before the SA MPC meeting, on the 26th of January, and will be a key determining factor in South Africa's decision, with slower tapering than anticipated supporting a delay in SA's rate hike to March. Markets have factored in four hikes in the US this year, of 25bp each, and expect one by its 16th March meeting already. Consequently, next week's FOMC meeting will be key in determining if a steeper US rate hike curve is likely, with the December FOMC meeting showing on the member's dot plot of US interest rate forecasts only three hikes expected on average this year. A more US rapid interest rate hike cycle would likely see a hawkish South African MPC aim to keep up or exceed it, but SA's unemployment rate is already extremely high while the economy has not yet recovered to pre-Covid levels. However, the rand would likely weaken materially if the SARB does not hike by 25bp next week, and the SARB has proved more hawkish than dovish in the recent years before COVID-19. With an already very high oil price, and a material risk of it going markedly higher, substantial rand weakness generally would see inflation rise further via higher fuel prices, with the exchange rate still important to inflation.

Higher food and fuel costs are expected to drive South Africa's CPI inflation this year, with a risk of more broad-based price pressures emerging. Pass through from higher food and fuel prices into other categories are always a concern of the Reserve Bank and it will worry about these indirect pass-through effects in particular at the January MPC meeting now that CPI inflation has reached 5.9% y/y, near the upper limit of the 3-6% y/y inflation target range. Food price inflation risks being higher in 2022 if the impact of La Nina worsens, although it is not yet certain what the exact impact will be. Agbiz highlights "the scale of this disruption will only be precise after the release of the preliminary summer crop planting data on January 27 and production estimates data at the end of February. Only then could we formulate a reliable view on the possible size of imports need if the damage is extensive, and impact after that on prices." However, "there have admittedly been delays in crop plantings and damages in some areas due to flooding".

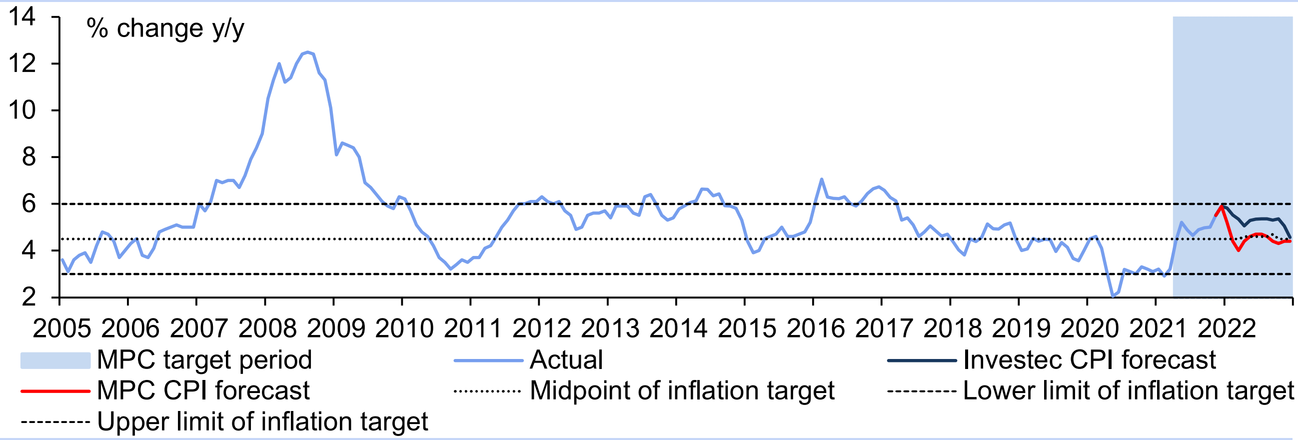
| Figure 5: Reuters January 2022 forecasts: CPI % y/y | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Forecast period | Q1.22 | Q2.22 | Q3.23 | Q4.22 | Q1.23 | Q2.23 | 2022 | 2023 | 2024 |
| CPI % y/y | 5.4 | 5.1 | 4.8 | 4.5 | 4.4 | 4.3 | 4.8 | 4.5 | 4.4 |
| Previous survey | 5.1 | 4.6 | 4.3 | 4.2 | 4.3 | na | 4.4 | 4.3 | na |

Source: Reuters

| Figure 6: Inflation forecasts | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|---|---|
| Consumer Inflation (Av: %) | 3.3 | 4.5 | 5.3 | 4.7 | 4.8 | 5.0 | 5.2 |
| Producer Inflation (Av: %) | 2.5 | 7.0 | 7.1 | 4.8 | 4.8 | 5.1 | 5.1 |
| Salary & wage increases (%) | 0.8 | 5.9 | 4.6 | 5.5 | 6.2 | 6.7 | 7.1 |

Source: Investec

Figure 7: SA Consumer Inflation: history and forecasts




Source: Stats SA, SARB, Investec

Figure 8: Reuters December 2021 Foreign exchange rates poll: USDZAR

| | 1M | 3M | 6M | 1Y |
|---|---|---|---|---|
| Release/Effective Date | 31 Dec 2021 | 28 Feb 2022 | 31 May 2022 | 30 Nov 2022 |
| Median | 15.0000 | 15.2750 | 15.5000 | 15.5000 |
| High | 16.2500 | 16.7500 | 17.0000 | 17.5000 |
| Low | 14.4000 | 14.0000 | 13.8000 | 14.3300 |
| No. of forecasts | 19 | 20 | 22 | 21 |

Source: Reuters

Figure 9: SA Monetary Policy Committee (MPC) meeting dates for 2022

| Month | Date | Forecast |
|---|---|---|
| January | 25th - 27th January | 3.75 |
| March | 22nd -24th March | 4.00 |
| May | 17th-19th May | 4.00 |
| July | 19th-21st July | 4.25 |
| September | 20th -22nd September | 4.25 |
| November | 22nd -24th November | 4.50 |

Source: SA Reserve Bank, Investec

Figure 10: Reuters January 2021 forecasts: GDP

| Forecast period | Q4.21 | Q1.22 | Q2.22 | Q3.22 | Q4.22 | Q1.23 | Q2.23 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| GDP q/q % | 4.2 | 2.0 | 2.6 | 2.0 | 1.9 | 1.7 | 2.0 | 2.0 | 1.8 | 2.0 |
| Previous survey | 2.5 | 2.0 | 2.5 | 2.6 | 1.9 | 1.5 | na | 2.2 | 1.9 | na |

Source: Reuters



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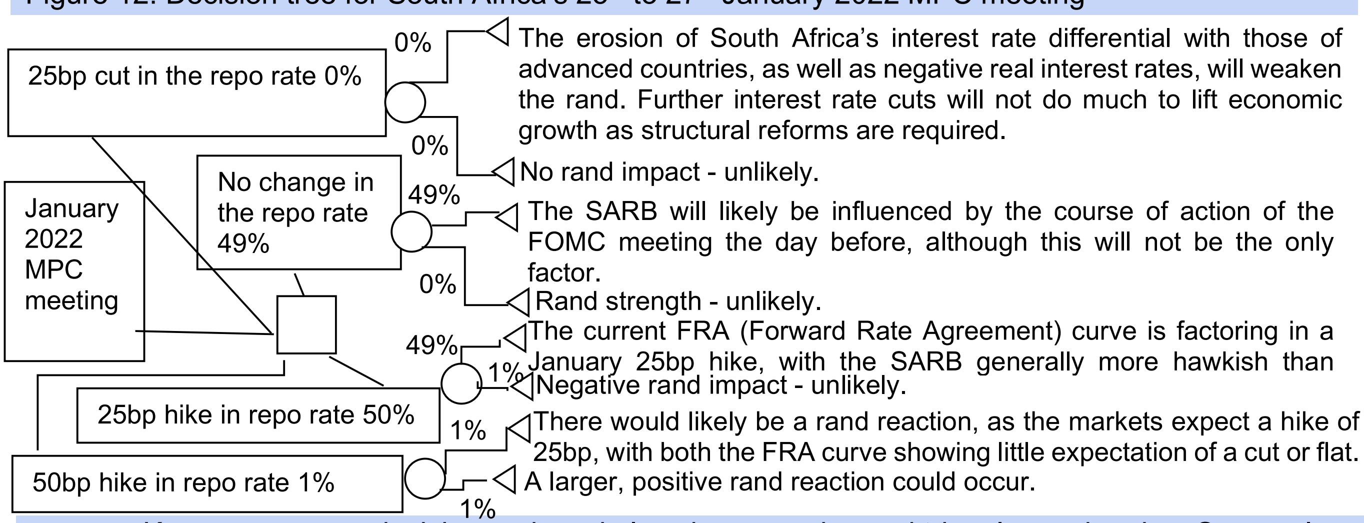
| Figure 11: forecasts | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|---|
| Repo Rate | 3.75 | 4.50 | 5.00 | 5.25 | 6.00 | 6.50 |
| Prime Overdraft Rate | 7.25 | 8.00 | 8.50 | 8.75 | 9.50 | 10.00 |
| SA rand bond | 10.00 | 10.10 | 9.90 | 9.80 | 9.90 | 9.80 |
| US Fed funds rate | 0.25 | 1.00 | 1.75 | 2.25 | 2.50 | 2.50 |
| UK Bank rate | 0.25 | 0.75 | 1.25 | 1.75 | 2.00 | 2.00 |

Note: forecasts are *% year-end.* Source: Investec, SARB, IRESS

“The essential data to watch domestically, which could present upside risks to consumer food price inflation, is meat.” Meat prices are the largest component of the CPI food price inflation basket, accounting for over one third of the total. “The continuous rebuilding of the cattle herd since the 2016 drought, combined with foot and mouth disease last year, were amongst the factors that contributed to modest slaughtering activity. The direction slaughtering will take this year will matter for meat prices. Another vital issue … is poultry import tariff … (measure)s that came on last year; this year's base effects will likely positively affect the consumer price inflation moderation path.”

The MPC is widely expected, by the markets, to hike the repo rate next week, and the SARB tends to follow the expectations of the FRA, curve which has fully factored in a 25bp hike currently. However, the FRA curve is also currently building in a 2.25% hike in the repo rate overall for this year, which we think is overdone. This would require close to a 40bp rate hike at every meeting this year which would be excessive. It is important to note that market expectations can fluctuate, while financial markets can also overreact at the start of a rate cycle, globally or domestically. However, if the US does pull through four or more rate hikes this year, then SA will likely see similar, but a full 2.25% lift is still currently unlikely. South Africa’s MPC has been sounding more hawkish than dovish as last year progressed, and appears very keen to continue to remove monetary accommodation in SA. The rand strengthened to R15.17/USD today but is currently moving around the R15.20/USD resistance level as it attempts a convincing break, influenced by expectations of more hawkish tones from monetary policy authorities globally and locally.

Figure 12: Decision tree for South Africa’s 25th to 27th January 2022 MPC meeting




Key: squares are decision nodes, circles chance nodes and triangles end nodes. Source: Investec



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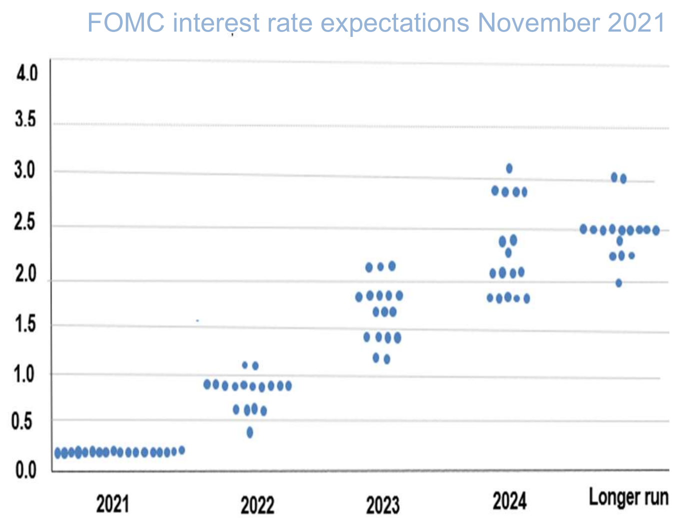
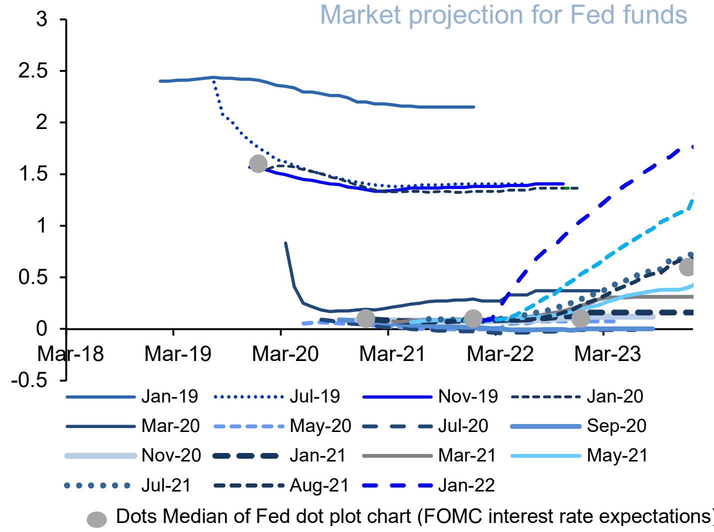
Figure 13: US interest rate projections




Source: FOMC, Bloomberg
Note: in left graph each circle/dot is individual's judgement of appropriate fed funds rate per period

Figure 14: FOMC 2022 Meeting Schedule

January 25th – 26th*
March 15th – 16th
May 3rd – 4th
June 14th – 15th
July 26th – 27th
September 20th – 21st
November 1st - 2nd
December 13th – 14th

Source: Federal Reserve Bank

*Meeting associated with a Summary of Economic Projections

Figure 15: Forecast of international interest rates (%, end quarter)

| | US Fed funds | Euro zone Refi rate | Euro zone deposit rate | UK Bank Rate |
|---|---|---|---|---|
| Current | 0.00-0.25 | 0.00 | -0.50 | 0.10 |
| Q1.21 | 0.00-0.25 | 0.00 | -0.50 | 0.10 |
| Q2.21 | 0.00-0.25 | 0.00 | -0.50 | 0.10 |
| Q3.21 | 0.00-0.25 | 0.00 | -0.50 | 0.10 |
| Q4.21 | 0.00-0.25 | 0.00 | -0.50 | 0.25 |
| Q1.22 | 0.00-0.25 | 0.00 | -0.50 | 0.50 |
| Q2.22 | 0.25-0.50 | 0.00 | -0.50 | 0.75 |
| Q3.22 | 0.50-0.75 | 0.00 | -0.50 | 0.75 |
| Q4.22 | 0.75-1.00 | 0.00 | -0.50 | 0.75 |

Source: Macrobond, Investec



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Figure 16: Interest rate forecast end rates

| Date | Prime forecast | Prime less Inflation | Repo | Repo less Inflation |
|---|---|---|---|---|
| Jan 2020 | 9.75 | 5.3 | 6.25 | 1.8 |
| Feb 2020 | 9.75 | 5.1 | 6.25 | 1.6 |
| Mar 2020 | 8.75 | 4.6 | 5.25 | 1.1 |
| Apr 2020 | 7.75 | 4.8 | 4.25 | 1.3 |
| May 2020 | 7.25 | 5.2 | 3.75 | 1.7 |
| Jun 2020 | 7.25 | 5.0 | 3.75 | 1.5 |
| Jul 2020 | 7.00 | 3.8 | 3.50 | 0.3 |
| Aug 2020 | 7.00 | 3.9 | 3.50 | 0.4 |
| Sep 2020 | 7.00 | 4.0 | 3.50 | 0.5 |
| Oct 2020 | 7.00 | 3.7 | 3.50 | 0.2 |
| Nov 2020 | 7.00 | 3.8 | 3.50 | 0.3 |
| Dec 2020 | 7.00 | 3.9 | 3.50 | 0.4 |
| Jan 2021 | 7.00 | 3.8 | 3.50 | 0.3 |
| Feb 2021 | 7.00 | 4.1 | 3.50 | 0.6 |
| Mar 2021 | 7.00 | 3.8 | 3.50 | 0.3 |
| Apr 2021 | 7.00 | 2.6 | 3.50 | -0.9 |
| May 2021 | 7.00 | 1.8 | 3.50 | -1.7 |
| Jun 2021 | 7.00 | 2.1 | 3.50 | -1.4 |
| Jul 2021 | 7.00 | 2.4 | 3.50 | -1.1 |
| Aug 2021 | 7.00 | 2.1 | 3.50 | -1.4 |
| Sep 2021 | 7.00 | 2.0 | 3.50 | -1.5 |
| Oct 2021 | 7.00 | 2.0 | 3.50 | -1.5 |
| Nov 2021 | 7.25 | 1.8 | 3.75 | -1.7 |
| Dec 2021 | 7.25 | 1.4 | 3.75 | -2.1 |
| Jan 2022 | 7.50 | 1.7 | 4.00 | -1.8 |
| Feb 2022 | 7.50 | 2.0 | 4.00 | -1.5 |
| Mar 2022 | 7.50 | 2.2 | 4.00 | -1.3 |
| Apr 2022 | 7.50 | 2.4 | 4.00 | -1.1 |
| May 2022 | 7.75 | 2.5 | 4.25 | -1.0 |
| Jun 2022 | 7.75 | 2.4 | 4.25 | -1.1 |
| Jul 2022 | 7.75 | 2.4 | 4.25 | -1.1 |
| Aug 2022 | 7.75 | 2.4 | 4.25 | -1.1 |
| Sep 2022 | 8.00 | 2.7 | 4.50 | -0.8 |
| Oct 2022 | 8.00 | 2.6 | 4.50 | -0.9 |
| Nov 2022 | 8.00 | 2.9 | 4.50 | -0.6 |
| Dec 2022 | 8.00 | 3.4 | 4.50 | -0.1 |

Source: IRESS, Investec


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Figure 16: Interest rate forecast end rates (continued)

| Date | Prime forecast | Prime less Inflation | Repo | Repo less Inflation |
|---|---|---|---|---|
| Jan 2023 | 8.00 | 3.2 | 4.50 | -0.3 |
| Feb 2023 | 8.00 | 3.2 | 4.50 | -0.3 |
| Mar 2023 | 8.25 | 3.3 | 4.75 | -0.2 |
| Apr 2023 | 8.25 | 3.3 | 4.75 | -0.2 |
| May 2023 | 8.25 | 3.5 | 4.75 | 0.0 |
| Jun 2023 | 8.25 | 3.6 | 4.75 | 0.1 |
| Jul 2023 | 8.25 | 3.7 | 4.75 | 0.2 |
| Aug 2023 | 8.25 | 3.9 | 4.75 | 0.4 |
| Sep 2023 | 8.50 | 4.0 | 5.00 | 0.5 |
| Oct 2023 | 8.50 | 3.9 | 5.00 | 0.4 |
| Nov 2023 | 8.50 | 3.8 | 5.00 | 0.3 |
| Dec 2023 | 8.50 | 3.7 | 5.00 | 0.2 |
| Jan 2024 | 8.50 | 3.7 | 5.00 | 0.2 |
| Feb 2024 | 8.50 | 3.8 | 5.00 | 0.3 |
| Mar 2024 | 8.50 | 3.7 | 5.00 | 0.2 |
| Apr 2024 | 8.50 | 3.6 | 5.00 | 0.1 |
| May 2024 | 8.75 | 3.7 | 5.25 | 0.2 |
| Jun 2024 | 8.75 | 3.7 | 5.25 | 0.2 |
| Jul 2024 | 8.75 | 3.9 | 5.25 | 0.4 |
| Aug 2024 | 8.75 | 3.9 | 5.25 | 0.4 |
| Sep 2024 | 8.75 | 3.9 | 5.25 | 0.4 |
| Oct 2024 | 8.75 | 4.2 | 5.25 | 0.7 |
| Nov 2024 | 8.75 | 4.2 | 5.25 | 0.7 |
| Dec 2024 | 8.75 | 4.3 | 5.25 | 0.8 |
| Jan 2025 | 9.00 | 4.5 | 5.50 | 1.0 |
| Feb 2025 | 9.00 | 3.7 | 5.50 | 0.2 |
| Mar 2025 | 9.00 | 3.5 | 5.50 | 0.0 |
| Apr 2025 | 9.00 | 3.8 | 5.50 | 0.3 |
| May 2025 | 9.00 | 4.0 | 5.50 | 0.5 |
| Jun 2025 | 9.00 | 4.0 | 5.50 | 0.5 |
| Jul 2025 | 9.25 | 4.3 | 5.75 | 0.8 |
| Aug 2025 | 9.25 | 4.2 | 5.75 | 0.7 |
| Sep 2025 | 9.25 | 4.2 | 5.75 | 0.7 |
| Oct 2025 | 9.25 | 4.3 | 5.75 | 0.8 |
| Nov 2025 | 9.50 | 4.6 | 6.00 | 1.1 |
| Dec 2025 | 9.50 | 4.5 | 6.00 | 1.0 |

Source: IRESS, Investec

Figure 17: CPI forecast averages

| Date | Index Base 2016 | Annual y/y | Monthly m/m | Quarterly y/y | Calendar year y/y | |
|---|---|---|---|---|---|---|
| Jan 2020 | 114.1 | 4.5 | 0.3 | | | |
| Feb 2020 | 115.2 | 4.6 | 1.0 | | | |
| Mar 2020 | 115.6 | 4.1 | 0.3 | 4.4 | | |
| Apr 2020 | 115.0 | 3.0 | -0.5 | | | |
| May 2020 | 114.3 | 2.1 | -0.6 | | | |
| Jun 2020 | 114.9 | 2.2 | 0.5 | 2.4 | | |
| Jul 2020 | 116.4 | 3.2 | 1.3 | | | |
| Aug 2020 | 116.6 | 3.1 | 0.2 | | | |
| Sep 2020 | 116.8 | 3.0 | 0.2 | 3.1 | | |
| Oct 2020 | 117.1 | 3.3 | 0.3 | | | |
| Nov 2020 | 117.1 | 3.2 | 0.0 | | | |
| Dec 2020 | 117.3 | 3.1 | 0.2 | 3.2 | 2020 | 3.3 |
| Jan 2021 | 117.7 | 3.2 | 0.3 | | | |
| Feb 2021 | 118.5 | 2.9 | 0.7 | | | |
| Mar 2021 | 119.3 | 3.2 | 0.7 | 3.1 | | |
| Apr 2021 | 120.1 | 4.4 | 0.7 | | | |
| May 2021 | 120.2 | 5.2 | 0.1 | | | |
| Jun 2021 | 120.5 | 4.9 | 0.2 | 4.8 | | |
| Jul 2021 | 121.8 | 4.6 | 1.1 | | | |
| Aug 2021 | 122.3 | 4.9 | 0.4 | | | |
| Sep 2021 | 122.6 | 5.0 | 0.2 | 4.8 | | |
| Oct 2021 | 122.9 | 5.0 | 0.2 | | | |
| Nov 2021 | 123.5 | 5.5 | 0.5 | | | |
| Dec 2021 | 124.2 | 5.9 | 0.6 | 5.4 | 2021 | 4.5 |
| Jan 2022 | 124.5 | 5.8 | 0.3 | | | |
| Feb 2022 | 125.0 | 5.5 | 0.4 | | | |
| Mar 2022 | 125.7 | 5.3 | 0.5 | 5.6 | | |
| Apr 2022 | 126.2 | 5.1 | 0.4 | | | |
| May 2022 | 126.6 | 5.3 | 0.3 | | | |
| Jun 2022 | 126.9 | 5.3 | 0.3 | 5.2 | | |
| Jul 2022 | 128.3 | 5.4 | 1.1 | | | |
| Aug 2022 | 128.8 | 5.3 | 0.4 | | | |
| Sep 2022 | 129.1 | 5.3 | 0.2 | 5.3 | | |
| Oct 2022 | 129.5 | 5.4 | 0.3 | | | |
| Nov 2022 | 129.7 | 5.1 | 0.2 | | | |
| Dec 2022 | 129.9 | 4.6 | 0.1 | 5.0 | 2022 | 5.3 |

Source: Stats SA, Investec

Figure 17: CPI forecast averages (continued)

| Date | Index Base 2016 | Annual y/y | Monthly m/m | Quarterly y/y | Calendar year y/y | |
|---|---|---|---|---|---|---|
| Jan 2023 | 130.3 | 4.9 | 0.5 | | | |
| Feb 2023 | 130.9 | 4.9 | 0.4 | | | |
| Mar 2023 | 131.7 | 4.9 | 0.6 | 4.9 | | |
| Apr 2023 | 132.2 | 4.9 | 0.4 | | | |
| May 2023 | 132.4 | 4.8 | 0.2 | | | |
| Jun 2023 | 132.7 | 4.7 | 0.2 | 4.8 | | |
| Jul 2023 | 134.0 | 4.6 | 1.0 | | | |
| Aug 2023 | 134.3 | 4.4 | 0.2 | | | |
| Sep 2023 | 134.7 | 4.5 | 0.3 | 4.5 | | |
| Oct 2023 | 135.2 | 4.6 | 0.4 | | | |
| Nov 2023 | 135.7 | 4.7 | 0.3 | | | |
| Dec 2023 | 135.9 | 4.8 | 0.2 | 4.7 | 2023 | 4.7 |
| Jan 2024 | 136.6 | 4.8 | 0.5 | | | |
| Feb 2024 | 137.0 | 4.7 | 0.3 | | | |
| Mar 2024 | 138.0 | 4.8 | 0.7 | 4.8 | | |
| Apr 2024 | 138.7 | 4.9 | 0.5 | | | |
| May 2024 | 139.1 | 5.0 | 0.3 | | | |
| Jun 2024 | 139.4 | 5.0 | 0.2 | 5.0 | | |
| Jul 2024 | 140.5 | 4.8 | 0.8 | | | |
| Aug 2024 | 140.8 | 4.8 | 0.2 | | | |
| Sep 2024 | 141.2 | 4.8 | 0.3 | 4.8 | | |
| Oct 2024 | 141.5 | 4.6 | 0.2 | | | |
| Nov 2024 | 141.9 | 4.6 | 0.3 | | | |
| Dec 2024 | 142.0 | 4.4 | 0.1 | 4.5 | 2024 | **4.8** |
| Jan 2025 | 142.8 | 4.5 | 0.6 | | | |
| Feb 2025 | 144.2 | 5.3 | 1.0 | | | |
| Mar 2025 | 145.5 | 5.5 | 0.9 | 5.1 | | |
| Apr 2025 | 145.8 | 5.2 | 0.2 | | | |
| May 2025 | 146.0 | 5.0 | 0.1 | | | |
| Jun 2025 | 146.3 | 5.0 | 0.2 | 5.0 | | |
| Jul 2025 | 147.4 | 5.0 | 0.8 | | | |
| Aug 2025 | 147.9 | 5.1 | 0.3 | | | |
| Sep 2025 | 148.3 | 5.1 | 0.3 | 5.0 | | |
| Oct 2025 | 148.5 | 5.0 | 0.1 | | | |
| Nov 2025 | 148.8 | 4.9 | 0.2 | | | |
| Dec 2025 | 149.1 | 5.0 | 0.2 | 4.9 | 2025 | 5.0 |
| Jan 2026 | 150.0 | 5.0 | 0.6 | | | |
| Feb 2026 | 151.5 | 5.0 | 1.0 | | | |
| Mar 2026 | 152.8 | 5.0 | 0.9 | 5.0 | | |
| Apr 2026 | 153.4 | 5.2 | 0.4 | | | |
| May 2026 | 153.9 | 5.4 | 0.3 | | | |

Source: Stats SA, Investec


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