



EFF STATEMENT ON THE REPORTED JULY INFLATION FIGURES BY STATISTICS SOUTH AFRICA

Wednesday, 21 August 2024

The Economic Freedom Fighters (EFF) welcomes the consumer price inflation figures released by Statistics South Africa, which show a decline from 5.1% in June 2024 to 4.6% in July 2024. The reported consumer price inflation of 4.6% is now settling near the midpoint of the current inflation target range of 3% to 6%. This marks a three-year low, which should signal the need for a different monetary policy approach.

The EFF maintains that the monetary policy instrument implemented by the South African Reserve Bank since July 2022, when it increased the repo rate from 4.75% to 5.50% and continue to increase to date, was misguided. The Reserve Bank adopted this tool based on outdated and backward orthodox monetary policy, despite calls for an unconventional and broadened approach given the high levels of unemployment, inequality, and poverty, which have negatively affected demand.

The South African economy has not grown by more than 2% in any quarter over the past 10 years, except during the post-COVID period when restrictions were relaxed—not due to new economic activities while more people continue to lose their jobs.

In recent years, we have witnessed banks reporting record-high profits due to high interest rates and the resulting of high indebtedness and bankruptcy of the working class. It is the executive bosses who have benefitted from unimaginable bonuses and the transfer of profits through dividends to foreign shareholders, while the economy is not growing, no new jobs are being created, and no new factories are being built.

The EFF calls on the South African Reserve Bank and the Monetary Policy Committee to abandon the unemployment-inducing policy of high interest rates that continue to

suffocate demand in an already struggling economy. We further call on the Committee to cut interest rates by 150 basis points at the next meeting, bringing the repo rate down to 6.75%.

Failure by the Committee to reduce the interest rate will continue to suffocate the economy, leading to more job losses, erosion of assets and savings, and increased financial burdens on workers who are already struggling with high repayments on bonds, vehicle loans, and other debts. The Committee cannot continue to justify maintaining the high levels of interest rate, claiming inflation is stubborn while their projections models are incorrect and continue to miss the mark.

ISSUED BY THE ECONOMIC FREEDOM FIGHTERS

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