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FOOD PRICE MONITOR:

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EXECUTIVE SUMMARY

The October 2013 Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) showed that the headline CPI was 5.5 % between October 2012 and October 2013. The year-on-year food and non-alcoholic beverage index was 4.3% in October 2013.

In October 2013, the price differences between rural and urban consumers, for maize meal (5kg) and white sugar (2.5kg) were R3.63 and R2.61 respectively. This implies that rural consumers paid more for these food items than urban consumers. The price of margarine (500g) and rice (2kg) were respectively R2.44 and R1.42 more expensive in the rural areas compared to the urban areas. Consumers in rural areas paid R2.00 less for sunflower oil (750ml) than urban consumers. Rural consumers paid R1.23 less for Ceylon/black tea 62.5g than urban consumers in October 2013. For a loaf of white bread (700g), consumers in the rural areas paid R0.85 less than urban consumers.

From October 2012 to October 2013, the cost of a selected food basket expressed as a share of the average monthly income of the poorest 30% of the population increased from 42.0% to 42.6%. The cost of the same food basket expressed as a share of the average monthly income of the wealthiest 30% of the population remained around 1.7% during the analysis period.

When comparing prices of the selected food basket between October 2012 to October 2013, a few prices showed significant price inflation (6% or more), namely: White bread, potatoes, canned fish, Ceylon/black tea, onions, full cream long life milk, eggs, peanut butter and brown bread. This could have a negative impact on household food security in South Africa, affecting the affordability of one important staple food (bread) as well as food items making a major contribution to dietary diversity. When comparing the inflation rates for October 2012 versus October 2013, with July 2012 versus July 2013 (i.e. the previous FPM analysis period) inflation increased for bread and cereals, dairy products, eggs, fats/oils, bean products and coffee/tea. However, these higher inflation observations were largely offset by deflation observed for animal protein foods, vegetables and fruit for the latest analysis period.

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1. Introduction

The October 2013 Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) showed that the headline CPI was 5.5 % between October 2012 and October 2013. The year-on-year food and non-alcoholic beverage index was 4.3 % in October 2013. Figure 1 shows trends in year-on-year headline and the food and non-alcoholic beverage inflation rates from October 2012 to October 2013.

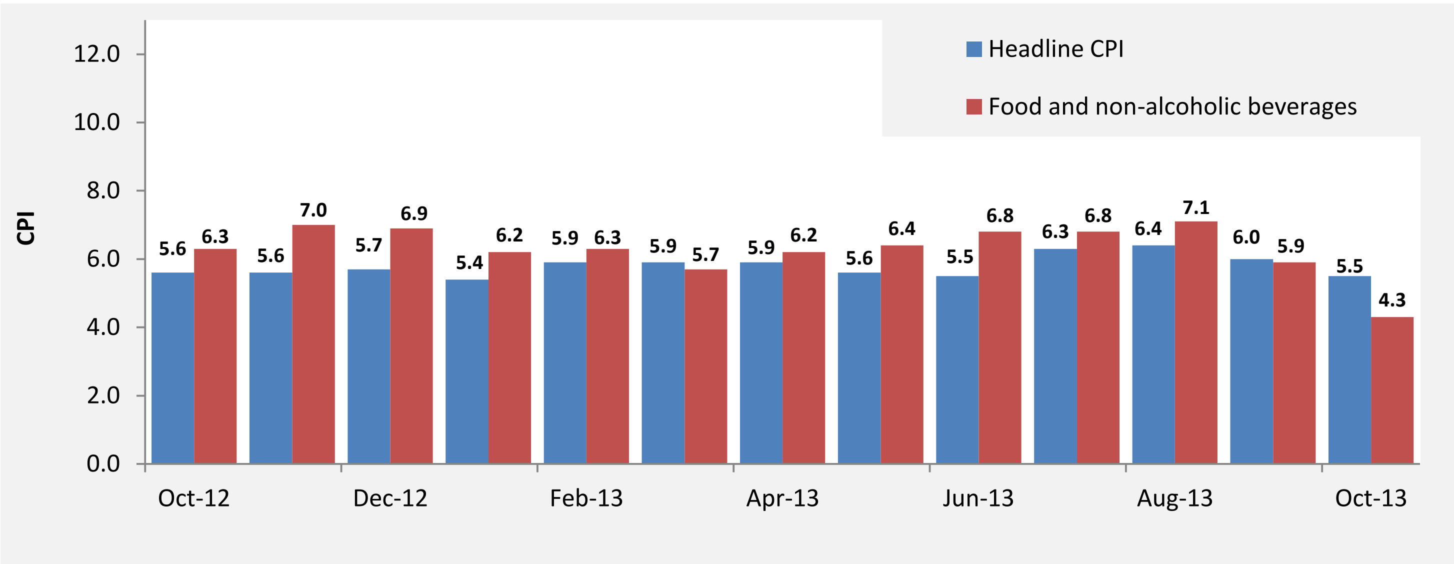


Figure 1: Headline CPI and food and non-alcoholic beverage CPI for 2012–2013 (year-on-year)
Source: Stats SA, 2013

Presented in Figure 2 are the components of the food and non-alcoholic beverage inflation. The following components in the food and non-alcoholic beverages increased: milk, eggs and cheese (7.8 %), processed food products (6.6 %), sugar and sweets (6.0 %), fish (5.9 %), bread and cereals (5.8 %), other food products (5.7 %), vegetables (5.5 %), oils and fats (4.2 %), fruits (2.3 %) and unprocessed products (1.9 %). Meat prices remained the same in October 2013 as they were a year ago. On a month-to-month basis (September 2013 to October 2013), vegetables and other foods showed the highest increases (2.9 % and 2.0 % respectively).

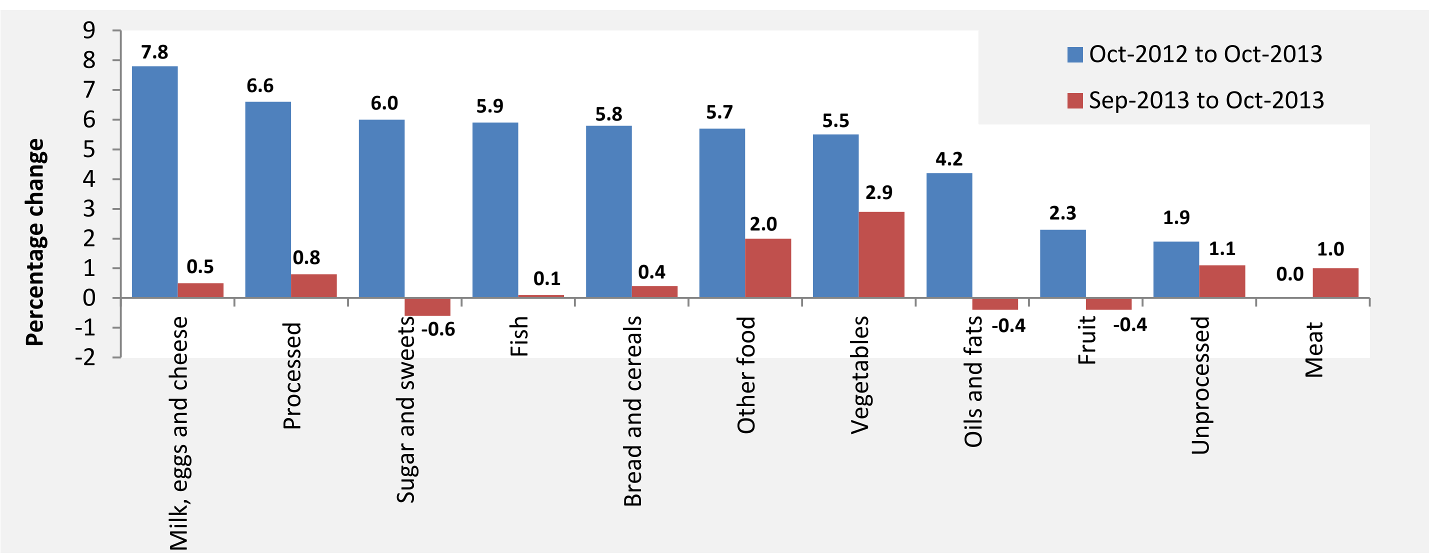


Figure 2: Year-on-year percentage change for different food categories (October 2012 – October 2013)
Source: Stats SA, 2013

2. Overall inflation and food inflation: South Africa and selected countries

Table 1 shows year-on-year October overall inflation and food inflation rates for South Africa and selected countries. Turkey, India and Zambia experienced the highest overall inflation, while India, Turkey and Brazil had the highest inflation on food and non-alcoholic beverages. The overall inflation rate for China decreased by 0.8 percentage points from 2.6 % in July to 1.8 % in October 2013. Food inflation for October 2013 was 3.2 % as compared to the 5.0 % figure in July 2013. Among the BRICS countries, India experienced the highest overall inflation and also had the highest food inflation rate of 18.19 % in October 2013.

Among the selected countries, the United States, China and the United Kingdom had the lowest overall inflation, while the United States, China and the United Kingdom had the lowest food and non-alcoholic beverages inflation.

Table 1: Overall inflation and food inflation during October 2013

Country	Overall inflation (%)	Inflation on food and non-alcoholic beverages (%)
South Africa	5.5	4.3
Botswana	4.8	4.4
Zambia	6.9	5.9
Turkey	7.7	11.1
Namibia	4.9	4.8
United States	1.0	1.3
United Kingdom	2.2	3.9
Brazil	4.2	6.3
Russia	6.3	5.4
India	7.0	18.19
China	1.8	3.2

Source: Central banks and statistics reporting institutions of these countries, as well as the press

3. Urban and rural food price trends: October 2012–October 2013

Appendix C ranks the food items included in this report in the urban and rural areas, according to the inflation experienced. The food products highlighted in Table C.1 are those with annual inflation rates that exceeded the South African Reserve Bank's (SARB) inflation upper band of 6 %. Food items in urban areas with an annual inflation rate of higher than 6 % were the following: Rice 2kg (6.17 %), loaf of white bread 700g (6.28 %), loaf of brown bread 700g (6.70 %), baby carrots 1kg (7.43 %), white sugar 2kg (7.46 %), long life milk full cream 1l (7.69 %), eggs, 1.5 dozen (8.07 %), fish (excl tuna), tinned 155g (8.61 %), onions, fresh per kg (9.89 %), Ceylon/black tea 62.5g (10.77 %), pork chops per kg (10.84 %), fish (excl tuna), tinned 425g (11.01 %), potatoes, bag 10kg (12.83 %), cheddar cheese per kg (13.11 %), tuna, tinned 170g (19.09 %) and cauliflower, fresh per kg (34.07 %).

A closer look at food price trends:

The international price of wheat (US No. 2, Hard Red Winter ord. Prot, US Fob Gulf) decreased by 10.54 % while domestic wheat prices decreased by 3.03 % in the period of the year under review (October 2012–October 2013). Urban consumers paid 6.70 % more for a loaf of brown bread (700 g) and 6.28 % more for a loaf of white (700 g) bread between October 2012 and October 2013.

Domestic yellow maize prices had a negative growth rate of 13.33 % from October 2012 to October 2013. International yellow maize prices also decreased by 37.48 % during the same period. Super maize meal increased by 0.02 % and special maize meal also decreased by 2.24 % between October 2012 and October 2013.

Retail prices of sunflower oil (750 ml) increased by 3.59 % from October 2012 to October 2013. On the other hand, the October 2013 price of sunflower seeds was at R5276.70/ton and this price has decreased by 11.12 % from October 2012.

The prices of beef cuts have decreased between October 2012 and October 2013. The prices follow the trends seen on the producer prices of the different meat classes. The average producer prices of class A2/A3, Class B2/B3 and C2/C3 beef declined in total by 11.4 %, 10.0 % and 15.3 % respectively. The decline in the retail prices ranged between 8.36 % and 0.22 %. The main reason behind the decline was that the average number of beef cattle slaughtered in October 2013 was 4.6 % more than in October 2012 (AMT, 2013).

Lamb/mutton meat prices showed an increase of 3.31 % in October 2013 compared to a year ago. In October 2013, the number of sheep/lambs slaughtered was 42.6 % lower compared to October 2012. The price of fresh chicken portions increased by 0.41 % in October 2013 compared to October 2012. In October 2013, the price of frozen chicken portions decreased by 3.14 %, year-on-year.

4. Comparison between urban and rural prices

This section compares prices of selected food items in the rural and urban areas for October 2013. Table 2 shows that in October 2013, rural consumers paid R5.35 more than urban consumers for the same food basket.

Food items showing the largest price differences in October 2013 were maize meal (5kg) and white sugar (2.5kg), at R3.63 and R2.61 respectively. This implies that rural consumers paid more for these food items than urban consumers. The price of margarine (500g) and rice (2kg) were respectively R2.44 and R1.42 more expensive in the rural areas compared to the urban areas. Consumers in rural areas paid R2.00 less for sunflower oil (750ml) than urban consumers. Rural consumers paid R1.23 less for Ceylon/black tea 62.5g than urban consumers in October 2013. For a loaf of white bread (700g), consumers in the rural areas paid R0.85 less than urban consumers. The reasons for the higher food prices in the rural areas are discussed in detail in the *South African Food Cost Review: 2008*, which is available at http://www.namc.co.za.

Table 2: Comparison between urban and rural food prices (selected food items)

Product	Rural Food Prices Oct-13	Urban Food Prices Oct-13	R/unit
Full Cream Long Life Milk 1L	11.13	11.26	-0.13
Loaf Of Brown Bread 700 g	8.85	9.39	-0.54
Loaf Of White Bread 700 g	9.65	10.50	-0.85
Maize Meal 5 kg	31.58	27.95	3.63
Margarine 500 g	19.47	17.03	2.44
Rice 2 kg	23.96	22.54	1.42
Sunflower Oil 750 ml	15.29	17.29	-2.00
Ceylon/Black Tea 62.5 g	7.00	8.23	-1.23
White Sugar 2.5 kg	27.66	25.05	2.61
Average			**5.35**

Source: Stats SA, 2013

5. Retail price trends

Table 3 shows the percentage changes in prices of selected food items at different retailers. The average price changes for all the retailers show that the largest increase was in the price of rice 2kg. On average, the price of rice 2kg increased by 20.42 %. The price of margarine brick 500g increased by 18.35 % between July 2013 and October 2013. During the same period, the average price of chicken braaicuts 2kg increased by 13.55 %.

Table 3: July 2013 to October 2013 inflation of selected food items for various retailers (in %).

Products	Retailer A	Retailer B	Retailer C	Retailer D	Retailers Average
Cheapest Chicken Braaicuts 2 kg	9.81	4.55	20.01	19.85	13.55
Cheapest Maize Meal 5 kg	0.36	4.73	11.54	3.57	5.05
Long Life Milk Full Cream 1 L	-0.27	0.73	4.20	1.16	1.46
White Sugar 2 kg	-1.50	-15.77	-1.36	-7.70	-6.58
Ceylon Teabags Tagless 100 ea	8.00	0.00	12.09	17.15	9.31
Sunflower Oil 2 L	2.94	0.43	0.00	2.65	1.51
Margarine Brick 500 g	11.06	9.10	41.16	12.08	18.35
Rice 2 kg	17.12	12.62	35.08	16.86	20.42

Source: Adcheck, 2013

6. International food prices

The Food and Agricultural Organization (FAO) of the United Nations publishes its food price index on a monthly basis. The food price index consists of five commodity group price indices, namely, the meat price index, the dairy price index, the cereals price index, the oils price index and the sugar price index. These indices are weighted with the average export shares of each of the groups for 2002 to 2004. In total, 55 commodity quotations, considered by FAO commodity specialists as representing the international prices of the noted food commodities, are included in the overall index. Figure 3 shows the overall food price index and the price indices for five food categories in real terms.

On an annual basis, the FAO Food Price Index averaged 156.8 points in October 2013; 7.2 points (4.39 %) lower than the 164.0 points of October 2012. On a month-to-month basis, the Food Price Index increased by 2.0 % in October 2013 compared to September 2013. This increase was largely driven by a surge in sugar prices, although prices of the other commodity groups were also up.

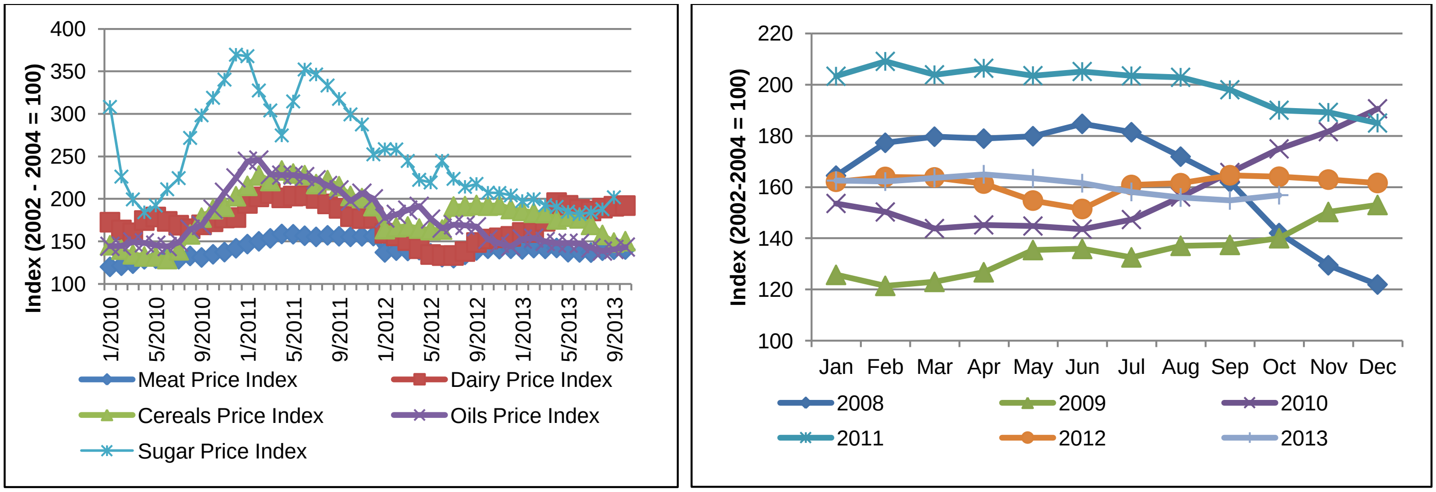


Figure 3: Price indices for five food categories and international real food price index
Source: FAO, 2013

The oils/fats price index averaged 143.3 points in October, down 9.1 points (5.97 %) from October 2012 and up 2.04 % from September 2013. Palm oil prices strengthened by over 5 %, reaching a 13-month high, mainly on lower than anticipated production in Southeast Asia and firm world import demand. Soy oil values, on the other hand, weakened, stabilising well below the levels recorded in October 2011 and 2012, in line with significantly improved supply prospects for soybeans in the 2013/14 season.

The dairy price index averaged 192.1 points in October, an increase of 39.4 points (25.78 %) from October 2012. The increase is mainly caused by the strong demand for whole milk powder, especially from China, and prices for this product have risen, as have those of butter, while quotations for skimmed milk powder have weakened and those of cheese remained unchanged.

The meat price index averaged 140.4 points in October 2013. Regarding the different categories of meat, prices for bovine and ovine meat increased, while those of poultry and pig meat moved lower. The last two categories of meat have benefited from reduced feed prices. In the case of bovine and ovine meat, limited export supplies are lending support to prices.

Sugar prices declined in October 2013 when compared to October 2012. However, between September and October 2013 there was an increase of 7.45 %. The increase in October was mainly attributable to harvest delays due to unfavourable weather conditions in the centre-south region of Brazil, the world's largest sugar producer and exporter. Furthermore, a fire that destroyed a major sugar warehouse at the Santos port in Brazil exacerbated the price surge. Overall, sugar prices were particularly volatile during the month of October, amid uncertainties on the extent of the anticipated production surplus for the new 2013/14 season.

The cereals price index averaged 150.2 points in October, down 41.8 points (12.9 %) from October 2012. Cereal prices have increased by 1.06 % between September and October 2013. This year's anticipated record cereal production and favourable supply outlook weighed on the quotations of most cereals, in particular, maize. However, wheat prices strengthened, supported by firm import demand and deteriorating prospects for production in Argentina and the Back Sea region. Following a marked fall in September, rice prices moved up slightly.

7. Estimated impact of food inflation on consumers

The purpose of this section is to illustrate the impact of food inflation on consumers. The analysis presented in the first part of this section is based on the cost of a basic food basket[1] (as compiled by the Food Price Monitoring Committee in 2003), based on monthly average food price data for the period October 2012 to October 2013. From October 2012 to October 2013 the cost of this basic food basket increased by about R7 (+1.4%) in nominal terms from R449 to R456 (compared to a higher increase of 5.8 % from July 2012 to July 2013 (the previous Food Price Monitor analysis period).

The cost of this food basket expressed as a share of the average monthly income[2] of the poorest 30 % of the population increased from 42.0 % in October 2012 to 42.6 % in October 2013 during this analysis period. The cost of the food basket expressed as a share of the average monthly income of the wealthiest 30 % of the population remained around 1.7 %.

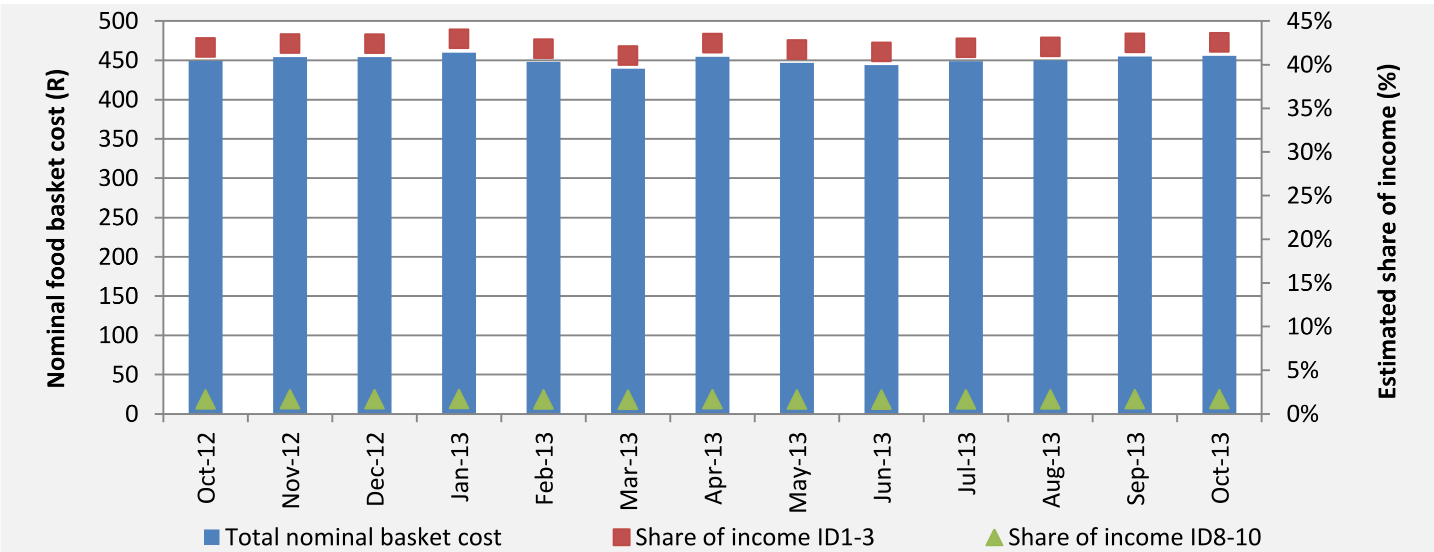


Figure 4: The monthly cost of a typical consumer food basket for the period October 2012 to October 2013, expressed in nominal terms and as share of the average income of the poorest 30 % of households (Income Deciles [ID] 1 to 3) and the wealthiest 30 % of households (ID 8 to 10).

To further explore the impact of inflation on consumers, Figure 5 presents an illustration of the average annual nominal cost of specific food groups within the basic food basket, for the period October 2012 to October 2013. As could be expected, Figure 5 illustrates the dominance of animal protein foods, as well as breads and cereals, within the cost of the basic food basket. Comparing October 2012 to October 2013 prices, the following food categories experienced inflation: Dairy & eggs, bean products, coffee & tea, bread & cereals and fats & oils. Price deflation was observed for animal protein foods, vegetables and fruit. The various food groups within this food basket are discussed in more detail in Table 4 below.

[1] Composition of food basket: Apples (1kg), Bananas (1kg), Beef chuck (1kg), Brick margarine (500g), Butter beans - tinned (410g), Cabbage (1kg), Ceylon/black tea (62.5g), Chicken portions fresh (1kg), Chicken portions frozen (1kg), Eggs (1.5 dozen), Canned fish (excl tuna) (425g), Full cream milk long life (1ℓ), Instant coffee (750g), Loaf of brown bread (700g), Loaf of white bread (700g), Maize meal super (5kg), Onions (1kg), Oranges (1kg), Peanut butter (400g), Potatoes (1kg), Rice (2kg), Sunflower oil (750mℓ), Tomatoes (1kg). *Due to data limitations butter beans was temporarily omitted from this analysis for the period July 2012 to July 2013.*

[2] The cost of the typical food basket was expressed as a share of estimated average monthly income of Income Deciles 1 to 3, the poorest 30% of the population, as calculated from the STATSSA survey: 'Income & Expenditure of households 2010/2011' *(calculations excludes imputed rent on owned dwelling)*

Thus, when comparing October 2012 to October 2013, significant price inflation (6 % or more) was experienced for many products within the food basket: White bread, potatoes, canned fish, Ceylon/black tea, onions, full cream long-life milk, eggs, peanut butter and brown bread. These increases affect the affordability of one important staple food (bread), as well as food items making a major contribution to dietary diversity. When comparing the inflation rates for October 2012 versus October 2013, with July 2012 versus July 2013 (i.e. the previous Food Price Monitor analysis period), inflation increased for bread and cereals, dairy, eggs, fats/oils, bean products and coffee/tea. However, these higher inflation observations were largely offset by deflation observed for animal protein foods, vegetables and fruit for the latest analysis period.

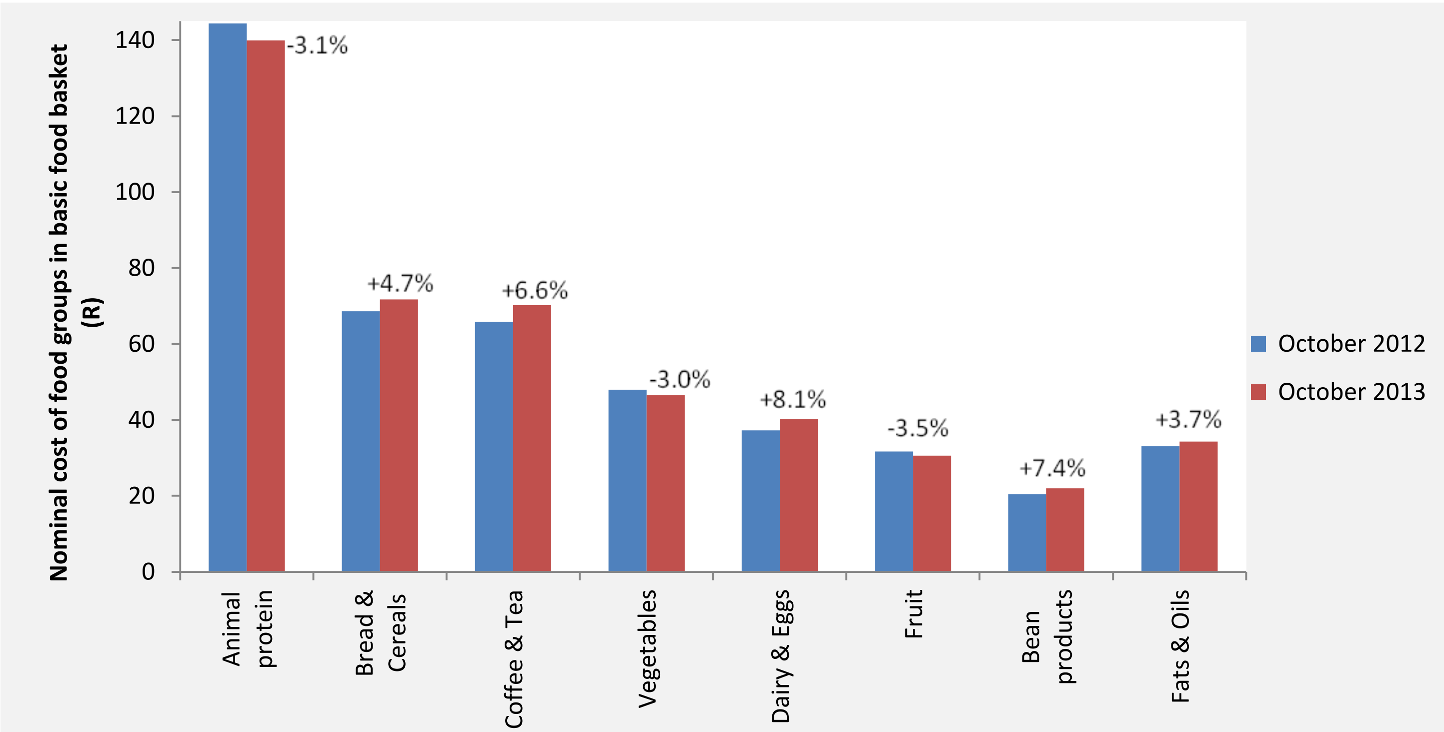


Figure 5: Nominal monthly cost of specific groups in the basic food basket, comparing October 2012 with October 2013
Source: Stats SA, 2013 and own calculations

Table 4: Overview of inflation contributing foods in the basic food basket, October 2012 to October 2013

Food group:	Overall inflation rate:		Major contributors to inflation in this category:	Minor contributors to inflation in this category:	Non-contributors to inflation in this category:	Comments:
	Oct-2012 to Oct-2013	July 2012 to July 2013				
Animal protein	-3.1%	+5.6%	Canned fish (+11.0%)	Chicken portions fresh (+0.4%)	Beef chuck (-8.4%) Chicken portions frozen (-3.1%)	Animal protein
Bread and cereals	+4.7%	+4.3%	Brown bread (+6.7%) White bread (+18.1%) Rice (+6.2%)	None	Maize meal (-1.1%)	Bread and cereals
Vegetables	-3.0%	+11.6%	Onions (+9.9%) Potatoes (+12.8%)	None	Tomatoes (-13.9%) Cabbage (-6.4%)	Vegetables
Fruit	-3.5%	+4.5%	None	Apples (+1.3%)	Oranges (-15.2%) Bananas (-1.7%)	Fruit
Dairy	+8.2%	+5.6%	Full cream long life milk (+8.2%)	None	None	Dairy Eggs
Eggs	+8.1%	+7.6%	Eggs (+8.1%)	None	None	
Fats and oils	+3.7%	+1.3%	None	Sunflower oil (+3.6%) Margarine (+3.8%)	None	Fats and oils
Bean products	+7.4%	+6.5%	Peanut butter (+7.4%)	None	None	Bean products
Coffee and tea	+6.6%	+5.6%	Ceylon/black tea (+10.8%) Coffee (+6.1%)		None	Coffee and tea

Source: Stats SA, 2013 and own calculations

The impact of inflation on very poor consumers is further explored below, based on the typical portion sizes of very poor consumers of the five most widely consumed food items in South Africa, represented by maize porridge, brown bread, sugar, tea and full cream milk (National Food Consumption Survey - Steyn & Labadarios, 2000[3]; Oldewage-Theron et al, 2005[4]). Figure 6 illustrates the estimated portion costs for these foods, calculated from monthly food price data for October 2012 and October 2013. Similar to other Food Price Monitor analysis periods, the significant cost contributions of maize meal and bread to the typical basic daily food selection for poor consumers are emphasised by the results in Figure 6. Furthermore, despite the relatively low actual food weight contribution of bread to this 'food plate', the bread component costs significantly more than the maize porridge component (about 54 % more in this case for October 2013). When comparing the costs associated with the typical portion sizes of very poor consumers for the five most widely consumed food items in South Africa, based on October 2013 versus October 2012 prices, the results in Figure 6 indicate inflation of about 5.2 % (from R4.29 to R4.51 for the selection of portions). Significant inflation on brown bread, white sugar, tea and milk contributed most to the inflation observed on this 'food plate'. Thus, even though the entire food basket experienced inflation of 1.4 % when comparing October 2013 with October 2012, the typical basic daily food selection for poor consumers revealed inflation of 5.2 %, indicating the potential negative impact on food affordability from the poor consumers' perspective.

[3] Steyn NP & Labadarios D. *National Food Consumption Survey: Children aged 1–9 years, South Africa, 1999.* Cape Town: The Department of Health Directorate Nutrition, 2000.

[4] Oldewage-Theron W, Dicks E, Napier C, *et al.* Situation analysis of an informal settlement in the Vaal Triangle. *Development Southern Africa* 2005; 22(1): 13-26.

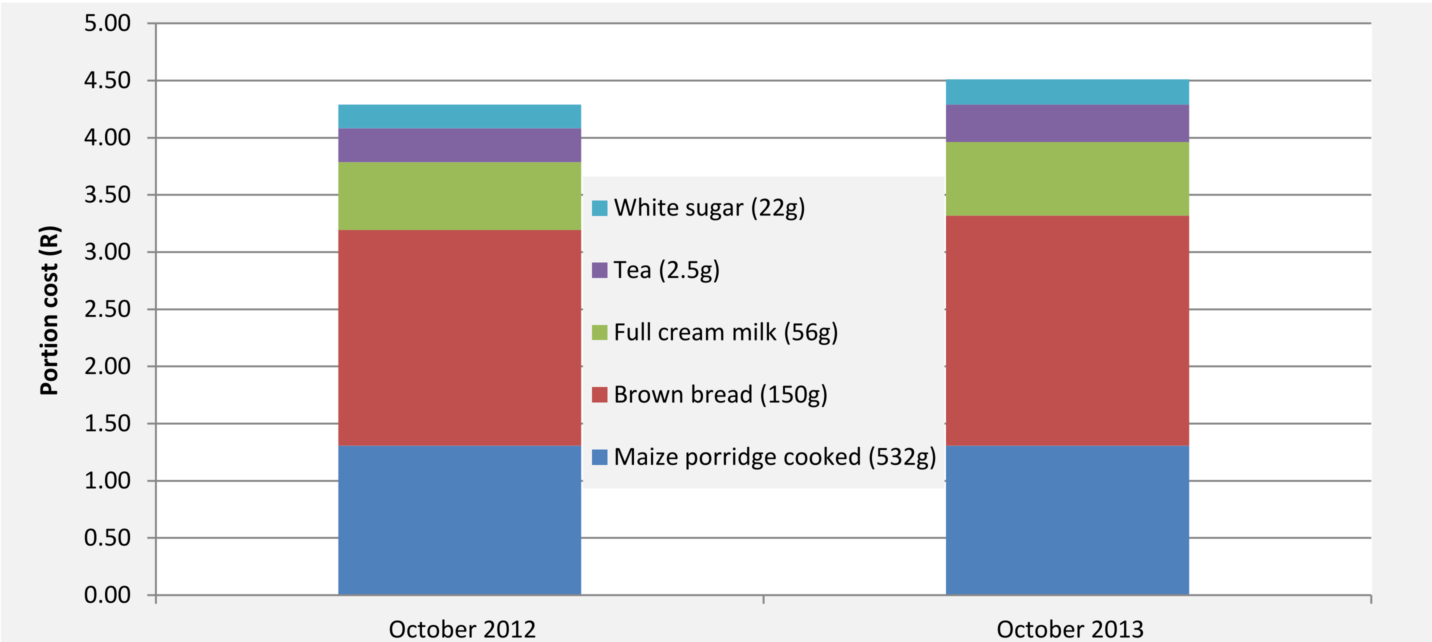


Figure 6: Average nominal cost for the typical portions of the five food items most widely consumed by very poor consumers in South Africa, for October 2012 and October 2013

8. December 2013 – February 2014 outlook

In the previous outlook report, the impact of the weaker exchange rate was again tipped as the main contributor to food price inflation. Compared to international commodity prices trending downwards, the majority of commodity prices is South Africa have remained stubbornly high. International maize prices have declined by approximately 30 %, yet local maize prices have traded sideways. As the development of a weather market picks up pace due to the very little rainfall that has been received in the central and western production regions, maize prices have significant upside risk potential. The local market has already factored some of this uncertainty into the price, especially due to the lower projected stock levels. The SAFEX price for white maize has started easing away from export parity and prices could comfortably increase by 25 % and more if the current drought conditions worsen. Under this scenario, the impact on maize meal prices will only be felt towards the end of this outlook period as inflated prices are passed through the value chain.

The weaker exchange rate has also fuelled inflation in the food value chain. This is evident from the latest data released by Statistics South Africa that shows that the year-on-year price index of processed food has increased by 6.3 % compared to the unprocessed food price index that has only increased by 2.9 %. Higher diesel prices, wages and energy costs are contributing to this rise in food prices. For the outlook period, the rate of inflation is expected to remain relatively stagnant for these components.

As was anticipated in the previous outlook report, meat prices are gradually increasing as the market moves closer to the festive season. This trend is expected to continue, but the increases are not expected to be as high as in 2012, mainly due to two reasons. First, the supply of meat will be boosted by the very high number of animals that are standing in feedlots. Second, consumer confidence is lower than a year ago. The latest figures released by the Bureau for Economic Research and First National Bank report that consumers' confidence in the outlook of the economy has plunged to its lowest level in 20 years and that generally debt levels are higher. The implication is that the year-on-year inflation rate for meat could actually be flat or even negative for the outlook period as A2/A3 beef carcass prices are currently trading around R30/kg and have to increase significantly to reach the 2012 levels of around R33/kg in December.

Lastly, many of the fresh produce prices are positively influenced by the run-up in potato prices. The imports of potatoes have been curbed by the introduction of an import tariff in July and local processors are aggressively entering the market to ensure constant supplies of potatoes for the processing market. This is currently providing significant support for potato prices.

APPENDIX A: DATA ON URBAN FOOD PRICE TRENDS

Table A.1: Wheat products

Wheat products	Price level			Percentage change	
	Oct-12	Jul-13	Oct-13	July-13 to Oct-13	Oct-12 to Oct-13
Loaf of brown bread 700 g	8.80	9.16	9.39	2.51%	6.70%
Loaf of white bread 700 g	9.88	10.25	10.50	2.44%	6.28%
Cake flour 2.5 kg	20.88	20.59	21.77	5.73%	4.26%
Spaghetti 500 g	9.76	9.75	10.14	4.00%	3.89%
Macaroni plain 500 g*	9.25	9.08	9.00	-0.91%	-2.63%
Average				**2.75%**	**3.70%**
Wheat (R/ton)	**3561.01**	**3447.30**	**3561.01**	**3.30%**	**0.00%**

*Data from AC Nielsen

Table A.2: Maize products

Maize products	Price level			Percentage change	
	Oct-12	Jul-13	Oct-13	July-13 to Oct-13	Oct-12 to Oct-13
Maize special 5 kg*	28.59	26.14	27.95	6.93%	-2.24%
Maize super 5 kg*	30.72	28.73	30.72	6.92%	0.01%
Average				**6.92%**	**-1.11%**
White Maize (R/ton)	**2461.94**	**2263.22**	**2360.30**	**4.29%**	**-4.13%**

*Data from AC Nielsen

Table A.3: Sunflower products

Sunflower products	Price level			Percentage change	
	Oct-12	Jul-13	Oct-13	July-13 to Oct-13	Oct-12 to Oct-13
Sunflower oil 750 ml	16.69	17.20	17.29	0.52%	3.59%
Medium fat spread 1 kg tub*	22.29	23.83	23.29	-2.28%	4.48%
Brick margarine 500 g	16.41	16.11	17.03	5.71%	3.78%
Average				**1.32%**	**3.95%**
Sunflower (R/ton)	**5936.53**	**5171.35**	**5276.70**	**2.04%**	**-11.11%**

*Data from AC Nielsen

Table A.4: Processed vegetables

Processed vegetables	Price level			Percentage change	
	Oct-12	Jul-13	Oct-13	July-13 to Oct-13	Oct-12 to Oct-13
Chopped peeled tomato 410 g*	12.36	12.57	12.29	-2.25%	-0.58%
Tomato & onion mix 410 g*	10.39	9.89	9.80	-0.91%	-5.63%
Canned peas 410 g*	9.56	8.63	8.68	0.58%	-9.18%
Baby carrots 1 kg*	35.04	35.59	37.64	5.77%	7.43%
Average				**0.80%**	**-1.99%**

*Data from AC Nielsen

Table A.5: Fresh vegetables

Fresh vegetables	Price level			Percentage change	
	Oct-12	Jul-13	Oct-13	July-13 to Oct-13	Oct-12 to Oct-13
Carrots – fresh per kg	11.88	13.68	12.44	-9.06%	4.71%
Onions – fresh per kg	8.80	10.90	9.67	-11.28%	9.89%
Potatoes – fresh per kg	8.81	9.47	9.94	4.96%	12.83%
Tomatoes – fresh per kg	19.95	14.98	17.17	14.62%	-13.93%
Sweet potatoes – fresh per kg	15.63	17.07	18.07	5.86%	15.61%
Cabbages – fresh per kg	10.39	11.27	9.72	-13.75%	-6.45%
Lettuces – fresh per kg	41.94	23.62	35.48	50.21%	-15.40%
Pumpkins – fresh per kg	15.66	13.49	15.78	16.98%	0.77%
Cauliflowers – fresh per kg	30.35	33.02	40.69	23.23%	34.07%
Average				**9.08%**	**4.68%**

Table A.6: Processed meat

Processed meat	Price level			Percentage change	
	Oct-12	Jul-13	Oct-13	July-13 to Oct-13	Oct-12 to Oct-13
Meatballs in gravy 400 g*	16.46	16.05	16.70	4.02%	1.46%
Picnic ham 300 g*	31.18	31.35	30.43	-2.95%	-2.43%
Polony per kg	28.59	29.78	29.83	0.17%	4.34%
Average				**0.41%**	**1.12%**

*Data from AC Nielsen

Table A.7: Unprocessed meat

Unprocessed meat	Price level			Percentage change	
	Oct-12	Jul-13	Oct-13	July-13 to Oct-13	Oct-12 to Oct-13
Pork Chops – Fresh per kg	53.69	57.45	59.51	3.59%	10.84%
Lamb – Fresh per kg	92.37	96.88	95.43	-1.50%	3.31%
Beef Brisket – Fresh per kg	60.19	54.77	55.87	2.01%	-7.18%
Beef Chuck – Fresh per kg	62.33	56.34	57.12	1.38%	-8.36%
Beef Mince – Fresh per kg	62.71	60.36	61.57	2.00%	-1.82%
Beef Rump Steak – Fresh per kg	97.24	92.73	94.11	1.49%	-3.22%
Beef T-Bone – Fresh per kg	77.54	77.46	77.37	-0.12%	-0.22%
Whole Chicken – Fresh per kg	33.96	34.55	35.68	3.27%	5.06%
Chicken Portions – Fresh per kg	44.19	44.42	44.37	-0.11%	0.41%
Average				**1.34%**	**-0.13%**

Table A.8: Dairy products

Dairy product	Price level			Percentage change	
	Oct-12	Jul-13	Oct-13	July-13 to Oct-13	Oct-12 to Oct-13
Fresh milk full-cream 1 L sachet*	7.48	7.60	7.81	2.69%	4.36%
Fresh milk full-cream 2 L*	17.74	18.60	18.19	-2.18%	2.53%
Fresh milk low fat 1 L sachet*	7.82	7.95	8.24	3.55%	5.30%
Fresh milk low fat 2 L*	18.20	19.57	18.95	-3.16%	4.13%
Long life milk full-cream 1 L*	10.45	10.70	11.26	5.16%	7.69%
Skimmed powder milk 1 kg*	74.26	73.62	78.13	6.13%	5.22%
Total butter 500 g*	29.67	30.97	30.66	-1.00%	3.34%
Cheddar cheese per kg	96.41	103.68	109.05	5.18%	13.11%
Average				**2.05%**	**5.71%**

*Data from AC Nielsen

Table A.9: Fruits

Fruits	Price level			Percentage change	
	Oct-12	Jul-13	Oct-13	July-13 to Oct-13	Oct-12 to Oct-13
Apples – fresh per kg	13.65	13.59	13.83	1.77%	1.32%
Bananas – fresh per kg	10.69	11.92	10.51	-11.83%	-1.68%
Oranges - Fresh per kg	7.37	4.98	6.25	25.50%	-15.20%
Average				**5.15%**	**-5.19%**

Table A.10: Fish products

Fishes – tinned	Price level			Percentage change	
	Oct-12	Jul-13	Oct-13	July-13 to Oct-13	Oct-12 to Oct-13
Fish (excl tuna) – tinned 155 g	6.97	7.53	7.57	0.53%	8.61%
Fish (excl tuna) – tinned 425 g	12.17	13.41	13.51	0.75%	11.01%
Tuna – tinned 170 g	12.68	13.99	15.10	7.93%	19.09%
Average				**3.07%**	**12.90%**

Table A.11: Other products

Other products	Price level			Percentage change	
	Oct-12	Jul-13	Oct-13	July-13 to Oct-13	Oct-12 to Oct-13
King Korn 1 kg*	14.17	14.27	14.83	3.92%	4.65%
White Sugar 2.5 kg	23.31	25.42	25.05	-1.46%	7.46%
Rice 2 kg	21.23	21.51	22.54	4.79%	6.17%
Ricoffy Reg 750 g*	57.34	59.81	60.23	0.72%	5.05%
Ceylon/Black Tea 62.5 g	7.43	8.14	8.23	1.11%	10.77%
Imana Soya Mince Tomato & Onion 200 g*	9.74	9.82	9.83	0.08%	0.94%
Eggs 1.5 dozen	27.01	28.38	29.19	2.85%	8.07%
Average				**1.72%**	**6.16%**

*Data from AC Nielsen

APPENDIX B: DATA ON RURAL FOOD PRICE TRENDS

Table B.1: Wheat products

Wheat Products	Price level			Percentage change	
	Jul-13	Aug-13	Oct-13	Aug-13 to Oct-13	Jul-13 to Oct-13
Loaf of brown bread 600 g	6.73	7.66	7.77	1.50%	15.42%
Loaf of brown bread 700 g	8.96	8.84	8.85	0.04%	-1.21%
Loaf of white bread 600 g	7.60	8.18	8.48	3.68%	11.57%
Loaf of white bread 700 g	9.54	9.60	9.65	0.60%	1.16%
Average				**1.45%**	**6.73%**

Table B.2: Maize products

Maize Products	Price level			Percentage change	
	Jul-13	Aug-13	Oct-13	Aug-13 to Oct-13	Jul-13 to Oct-13
Maize meal 12.5 kg	54.35	54.35	54.35	0.00%	0.00%
Maize meal 1 kg	7.35	7.32	7.43	1.52%	1.02%
Maize meal 2.5 kg	16.68	16.58	16.83	1.50%	0.93%
Maize meal 5 kg	31.72	30.77	31.58	2.63%	-0.46%
Average				**1.41%**	**0.37%**

Table B.3: Sunflower products

Sunflower Products	Price level			Percentage change	
	Jul-13	Aug-13	Oct-13	Aug-13 to Oct-13	Jul-13 to Oct-13
Sunflower Oil 2 L	34.49	35.93	35.87	-0.16%	4.01%
Sunflower Oil 500 ml	12.19	12.48	12.09	-3.15%	-0.82%
Sunflower Oil 750 ml	15.43	15.50	15.29	-1.33%	-0.93%
Margarine 125 g	7.62	7.60	7.32	-3.70%	-3.94%
Margarine 250 g	11.34	11.57	10.50	-9.24%	-7.37%
Margarine 500 g	20.27	19.64	19.47	-0.84%	-3.92%
Average				**-3.07%**	**-2.16%**

Table B.4: Dairy products

Dairy Products	Price level			Percentage change	
	Jul-13	Aug-13	Oct-13	Aug-13 to Oct-13	Jul-13 to Oct-13
Full-cream long-life milk 1 L	11.74	11.00	11.13	1.21%	-5.19%
Full-cream long-life milk 500 ml	7.75	7.52	7.71	2.58%	-0.52%
Average				**1.89%**	**-2.85%**

Table B.5: Tea and coffee

Tea and coffee	Price level			Percentage change	
	Jul-13	Aug-13	Oct-13	Aug-13 to Oct-13	Jul-13 to Oct-13
Instant coffee 100 g	13.60	13.25	13.25	0.00%	-2.57%
Instant coffee 250 g	23.66	25.99	25.74	-0.96%	8.82%
Average				**-0.48%**	**3.12%**

Table B.6: Beans

Beans	Price level			Percentage change	
	Jul-13	Aug-13	Oct-13	Aug-13 to Oct-13	Jul-13 to Oct-13
Beans 1kg	22.86	24.75	24.75	0.00%	8.28%
Beans 500g	13.02	12.86	13.61	5.85%	4.54%
Average				**2.93%**	**6.41%**

Table B.7: White sugar

Sugar	Price level			Percentage change	
	Jul-13	Aug-13	Oct-13	Aug-13 to Oct-13	Jul-13 to Oct-13
White sugar 1 kg	12.44	12.18	12.58	3.31%	1.16%
White sugar 2.5 kg	27.36	27.18	27.66	1.78%	1.09%
White sugar 500 g	6.51	6.46	6.54	1.31%	0.55%
Average				**2.13%**	**0.93%**

Table B.8: Rice

Rice	Price level			Percentage change	
	Jul-13	Aug-13	Oct-13	Aug-13 to Oct-13	Jul-13 to Oct-13
Rice 1 kg	13.75	13.69	14.05	2.68%	2.17%
Rice 2 kg	23.08	23.61	23.96	1.47%	3.79%
Rice 500 g	7.27	7.31	7.46	2.06%	2.60%
Average				**2.07%**	**2.86%**

Table B.9: Peanut butter

Peanut Butter	Price level			Percentage change	
	Jul-13	Aug-13	Oct-13	Aug-13 to Oct-13	Jul-13 to Oct-13
Peanut butter 270 g	18.15	18.50	17.98	-2.80%	-0.92%
Peanut butter 400 g	23.81	23.75	23.50	-1.07%	-1.28%
Average				**-1.94%**	**-1.10%**

APPENDIX C: SUMMARY OF INFLATION FOR SELECTED FOOD ITEMS BETWEEN OCTOBER 2012, July 2013 AND OCTOBER 2013

Table C.1: Food items in the urban areas ranked according to price changes (October 2012 to October 2013)

Grain and grain products	%	Meat and meat products and dairy and dairy products	%	Fresh and processed fruits and vegetables	%
Macaroni Plain 500 Gram*	-2.63%	Beef Chuck - Fresh per kg	-8.36%	Sweet Potatoes - Fresh per kg	-16.06%
Maize Special 5kg*	-2.24%	Beef Brisket - Fresh per kg	-7.18%	Lettuce - Fresh per kg	-15.40%
Maize Super 5kg*	0.01%	Beef Rump Steak -Fresh per kg	-3.22%	Oranges - Fresh per kg	-15.20%
Soya Mince Tomato & Onion 200g*	0.94%	Chicken Portions - Frozen per kg	-3.14%	Tomatoes - Fresh per kg	-13.93%
Sunflower Oil 750ml	3.59%	Enterprise Picnic Ham 300g*	-2.43%	Canned Peas 410g*	-9.18%
Brick Margarine 500g	3.78%	Beef Mince - Fresh per kg	-1.82%	Cabbage - Fresh per kg	-6.45%
Spaghetti 500 g	3.89%	Beef T-Bone - Fresh per kg	-0.22%	Tomato & Onion Mix 410g*	-5.63%
Cake Flour 2.5 kg	4.26%	Chicken Portions - Fresh per kg	0.41%	Bananas - Fresh per kg	-1.68%
Medium Fat Spread 1kg Tub*	4.48%	Meatballs in Gravy 400g*	1.46%	Chopped Peeled Tomato 410g*	-0.58%
King Korn 1kg*	4.65%	Fresh Milk Full Cream 2Lt*	2.53%	Pumpkin - Fresh per kg	0.77%
Coffee Reg 750g*	5.05%	Lamb - Fresh per kg	3.31%	Apples - Fresh per kg	1.32%
Rice 2kg	6.17%	Total Butter 500g*	3.34%	Carrots - Fresh per kg	4.71%
Loaf Of White Bread 700 g	6.28%	Fresh Milk Low Fat 2Lt*	4.13%	Baby Carrots 1kg*	7.43%
Loaf Of Brown Bread 700 g	6.70%	Polony per kg	4.34%	Onions -Fresh per kg	9.89%
White Sugar 2.5kg	7.46%	Fresh Milk Full Cream 1Lt Sachet*	4.36%	Potatoes Bag 10 kg	12.83%
Ceylon/Black Tea 62.5g	10.77%	Whole Chicken - Fresh per kg	5.06%	Cauliflower - Fresh per kg	34.07%
		Skimmed Powder Milk 1kg*	5.22%		
		Fresh Milk Low Fat 1Lt Sachet*	5.30%		
		LongLife Milk Full Cream 1Lt*	7.69%		
		Eggs 1.5 dozen	8.07%		
		Fish (Excl Tuna) - Tinned 155g	8.61%		
		Pork Chops - Fresh per kg	10.84%		
		Fish (Excl Tuna) - Tinned 425g	11.01%		
		Cheddar Cheese per kg	13.11%		
		Tuna - Tinned 170g	19.09%		

* Data from AC Nielsen

** Food items highlighted in the table above experienced price increases above the South African Reserve Bank's (SARB) inflation target of 6 %

Table C.2: Food items in the rural areas ranked according to price changes (July 2013 to October 2013)

Grain and grain products	%	Other products	%
Margarine 250g	-7.37	Full Cream Long Life Milk 1L	-5.19
Margarine 125g	-3.94	Instant Coffee 100g	-2.57
Margarine 500g	-3.92	Butter Beans 410g	-1.31
Loaf of Brown Bread 700g	-1.21	Peanut Butter 400g	-1.28
Sunflower Oil 750ml	-0.93	Peanut Butter 270g	-0.92
Sunflower Oil 500ml	-0.82	Full Cream Long Life Milk 500ml	-0.52
Maize Meal 5kg	-0.46	White Sugar 500g	0.55
Maize Meal 12.5kg	0.00	White Sugar 2.5kg	1.09
Maize Meal 2.5kg	0.93	White Sugar 1kg	1.16
Maize Meal 1kg	1.02	Butter Beans 420g	4.19
Loaf of White Bread 700g	1.16	Beans 500g	4.54
Rice 1kg	2.17	Beans 1kg	8.28
Rice 500g	2.60	Instant Coffee 250g	8.82
Rice 2kg	3.79		
Sunflower Oil 2L	4.01		
Loaf of White Bread 600g	11.57		
Loaf of Brown Bread 600g	15.42		

* Food items highlighted in the table above experienced price increases above the South African Reserve Bank's (SARB) inflation target of 6 %

APPENDIX D: COMMODITY AND PRODUCT PRICE TRENDS

D.1 Wheat price trends

Between October 2012 and October 2013

International wheat price ↓10.54%

Domestic price of wheat ↓3.03%

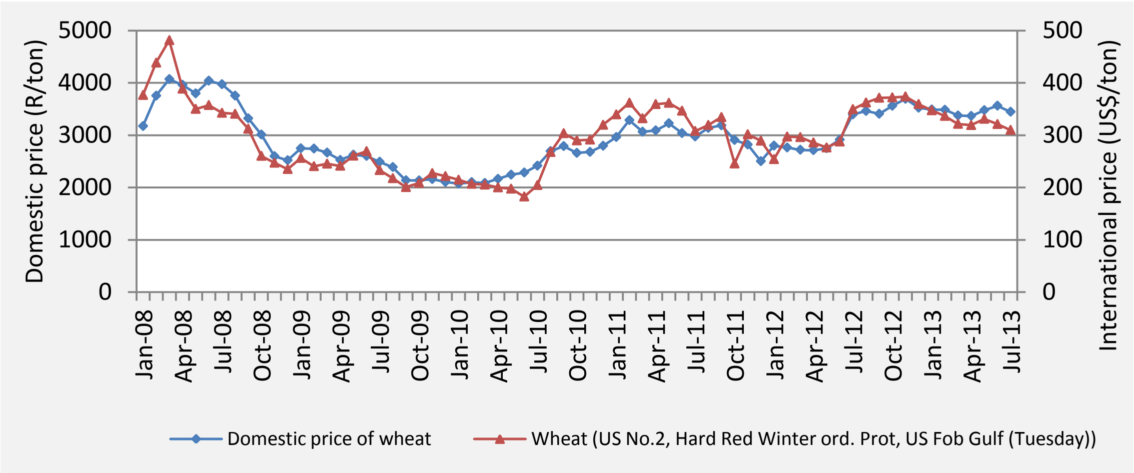


Figure D.1: Domestic market price of wheat against global market price
Source: FAO and SAFEX

Domestic wheat price followed the import parity price of wheat closely, because SA is a net importer of wheat.

Between October 2012 and October 2013:

Wheat import parity price ↑ 6.37%

Wheat export parity price ↑ 4.14%

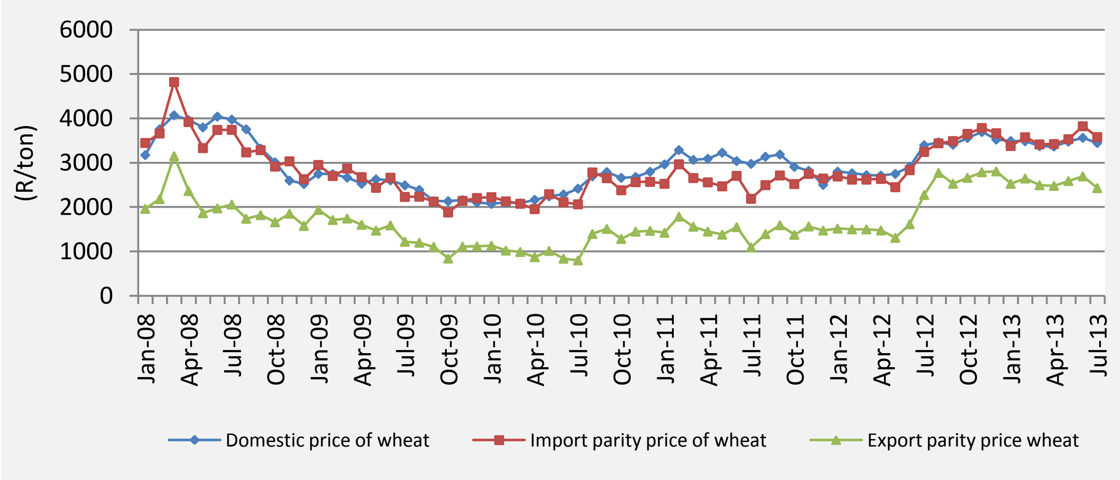


Figure D.2: Import parity, export parity and domestic prices of wheat
Source: SAGIS and SAFEX

Between October 2012 and October 2013:

Domestic wheat price
↓3.03%

Brown bread price
↑ 6.70%

White bread price
↑ 6.28%

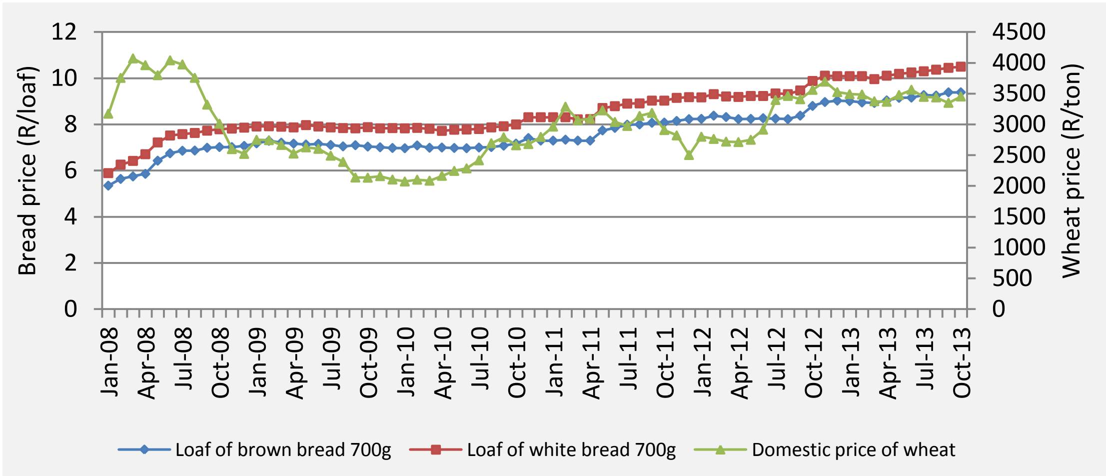


Figure D.3: Domestic market wheat price and bread price trends
Source: Stats SA and SAFEX

D.2 Maize price trends

Between October 2012 and October 2013:

International price of maize
↓ 37.48%

Domestic price of yellow maize
↓13.33%

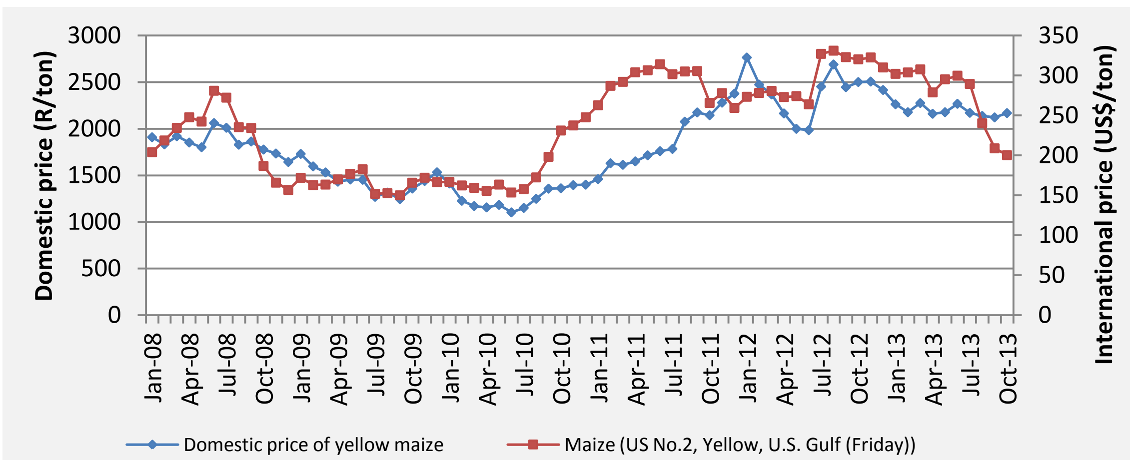


Figure D.4: Domestic market price of maize against global market price
Source: FAO and SAFEX

Between October 2012 and October 2013:

Export parity price of maize
↓ 27.10%

Import parity price of maize
↓16.61%

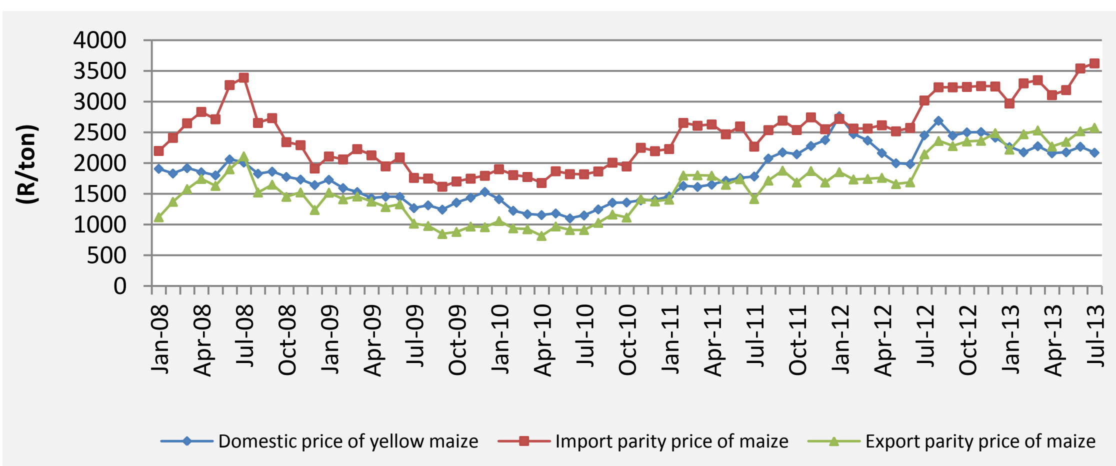


Figure D.5: Import parity, export parity and domestic prices of maize
Source: SAFEX and SAGIS

Between October 2012 and October 2013:

Super maize meal price
↑ 0.02%

Special maize meal
↓ 2.24%

Domestic price of white maize
↓ 4.13%

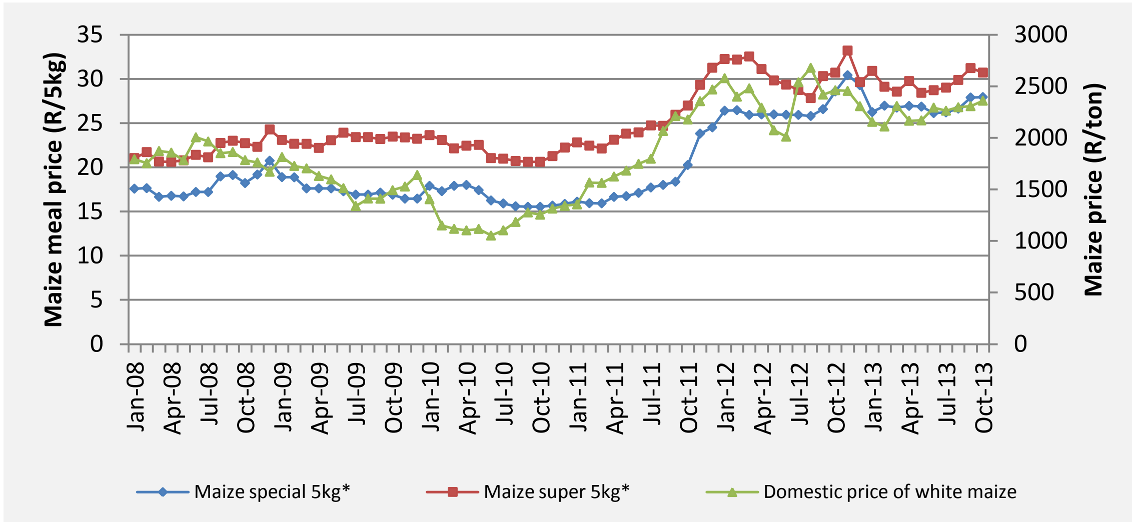


Figure D.6: Maize price and maize meal price trends
Source: SAFEX and AC Nielsen

D.3 Sunflower seeds price trends

Between October 2012 and October 2013:

Domestic price of sunflower seeds
↓ 11.12 %

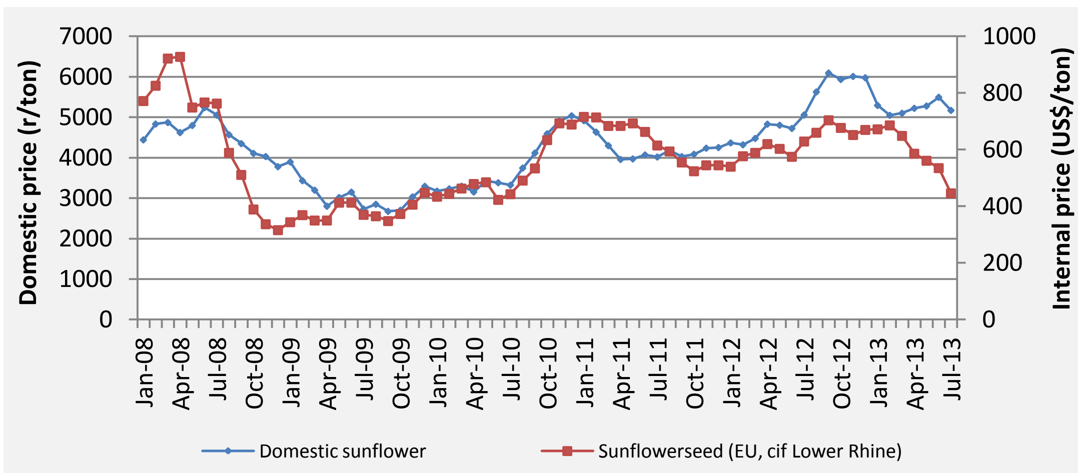


Figure D.7: Domestic market price of sunflower seeds against global market price
Source: FAO and SAFEX

Between October 2012 and October 2013:

Sunflower seed price
↓11.12%

Average retail sunflower oil price
↑ 1.68%

Sunflower oil 750 ml
↑3.59%

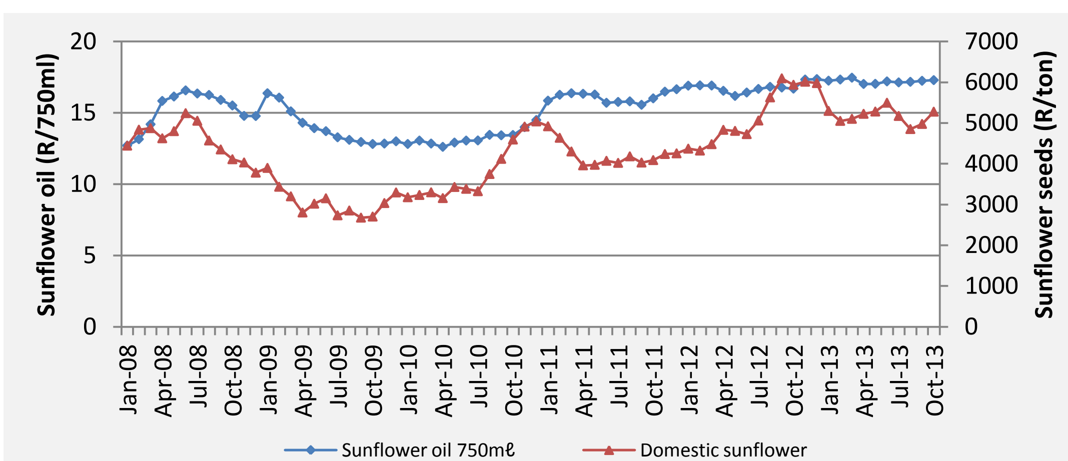


Figure D.8: Sunflower seeds price and sunflower oil price trends
Source: SAFEX and Stats SA

D.4 Dairy price trends

Between October 2012 and October 2013:

Skim milk powder
↑ 33.26%

Whole milk powder
↑ 58.33%

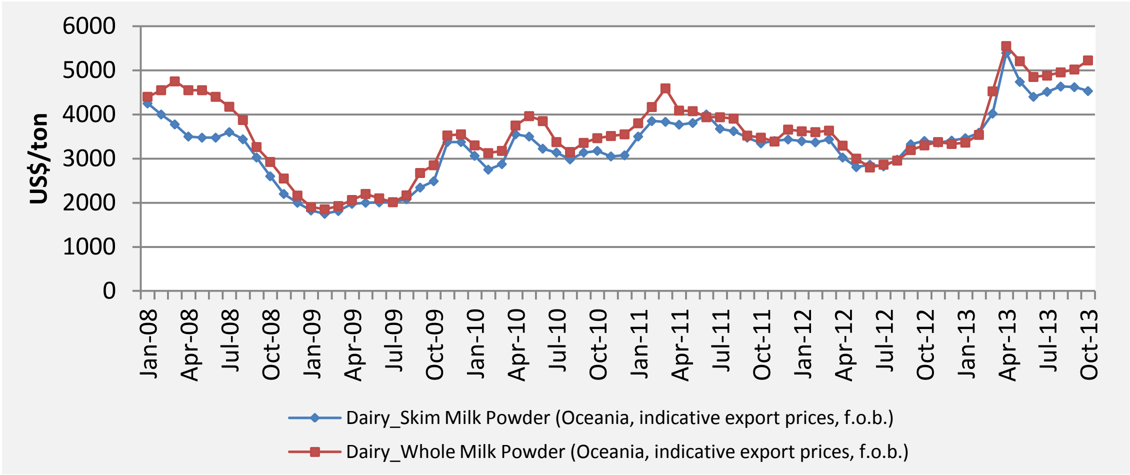


Figure D.9: Skim milk powder and whole milk powder price trends
Source: FAO

Between October 2012 and October 2013:

Milk producer price
↑ 14.71%

Full cream milk price
↑ 9.21%

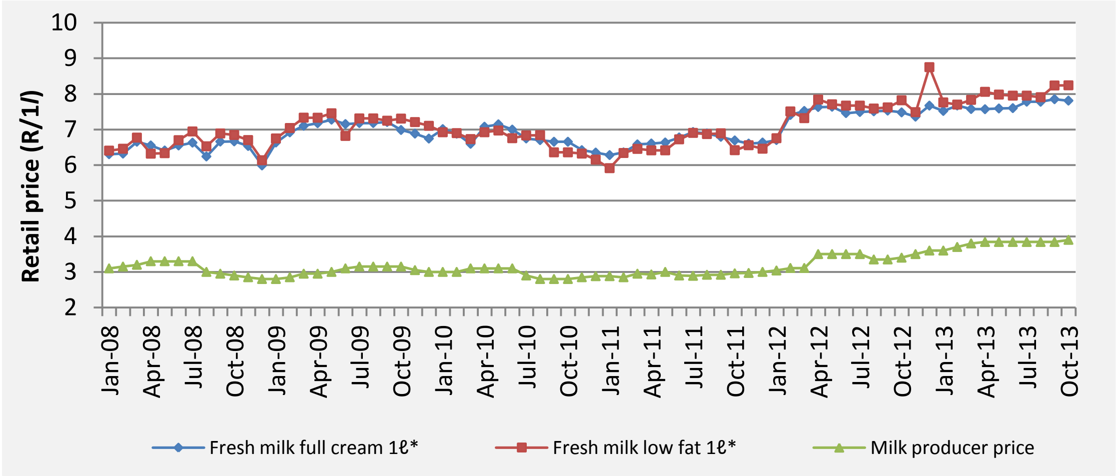


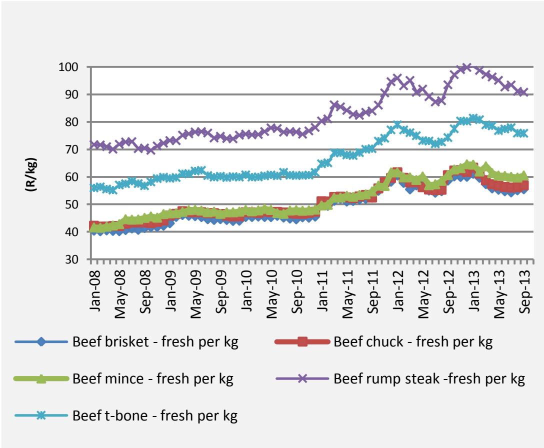
Figure D.10: Domestic producer price and retail prices of milk
Source: MPO and AC Nielsen

D.5 Meat price trends

The price of beef at retail level showed an average decrease of 4.16% for the different cuts.

Frozen chicken portions price ↓ by 3.14% per kilogram

Lamb price ↑3.31% and pork chops ↑10.84%



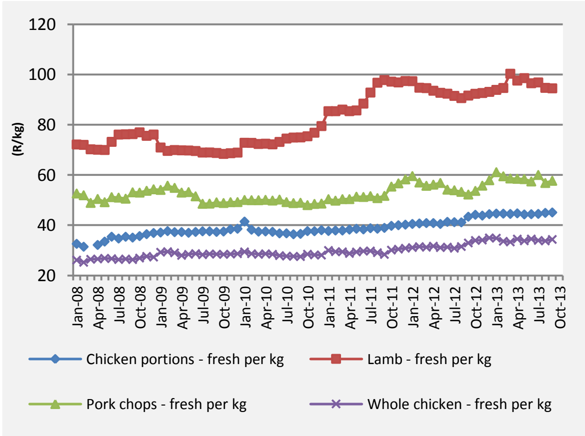


Figure D.11: Retail prices of beef, pork chops, chicken portions, whole chicken and lamb
Source: Stats SA

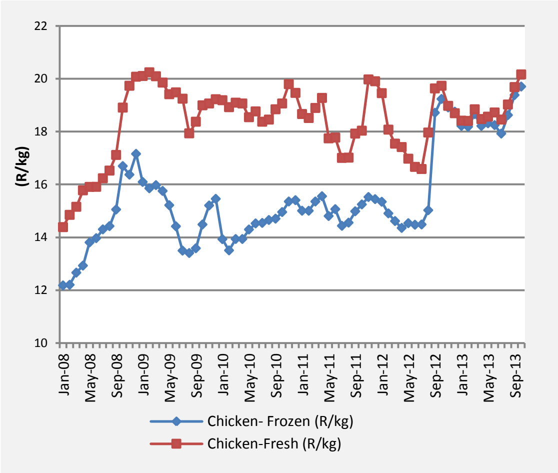
Between October 2012 and October 2013:

Producer price for fresh chicken ↑ 2.18%

Frozen chicken price ↑ 2.18%

Porker price ↑4.35%

Baconer price ↑9.62%



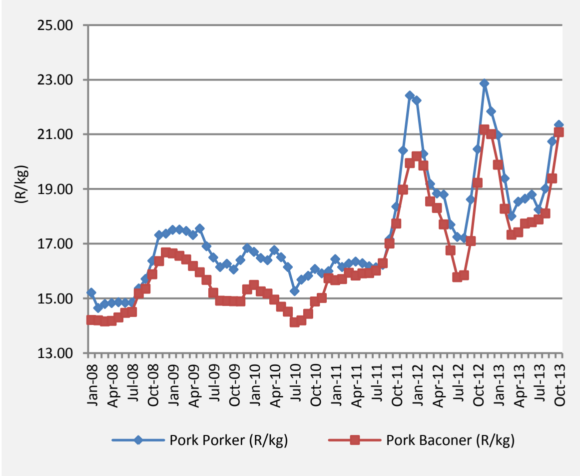


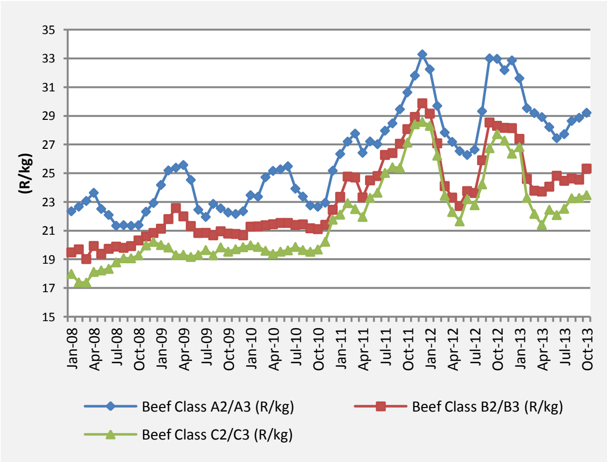
Figure D.12: Producer prices of chicken and pork
Source: AMT

Between October 2012 and October 2013:

Producer price of Beef-class A2/A3 ↓ 11.40%

Prices of beef class B2/B3 ↓10.53% and class C2/C3↓ 15.53%

Prices of lamb-class A2/A3 and class B ↓ 4.53% and ↓ 19.64% espectively; Prices of class C2/C3 ↓ 7.40%



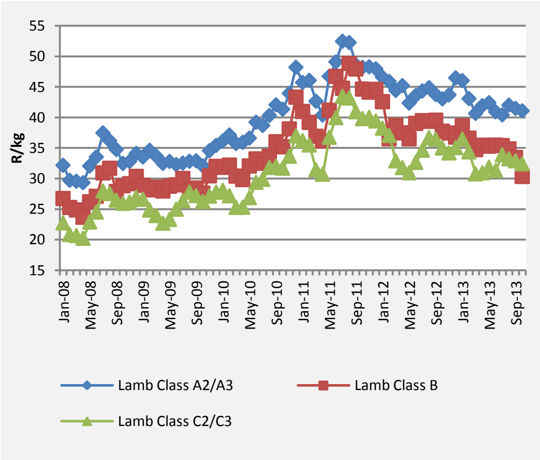


Figure D.13: Producer prices of beef and lamb
Source: AMT

APPENDIX E: REAL FARM TO RETAIL PRICES SPREAD AND FARM VALUE SHARE OF STAPLE FOOD ITEMS

E.1 Brown bread real farm-to-retail price spread and farm value share

Between October 2012 and October 2013

The real farm-to-retail price spread of brown bread ↑ 3.19%

The real farm value share of brown bread ↑ 12.19%

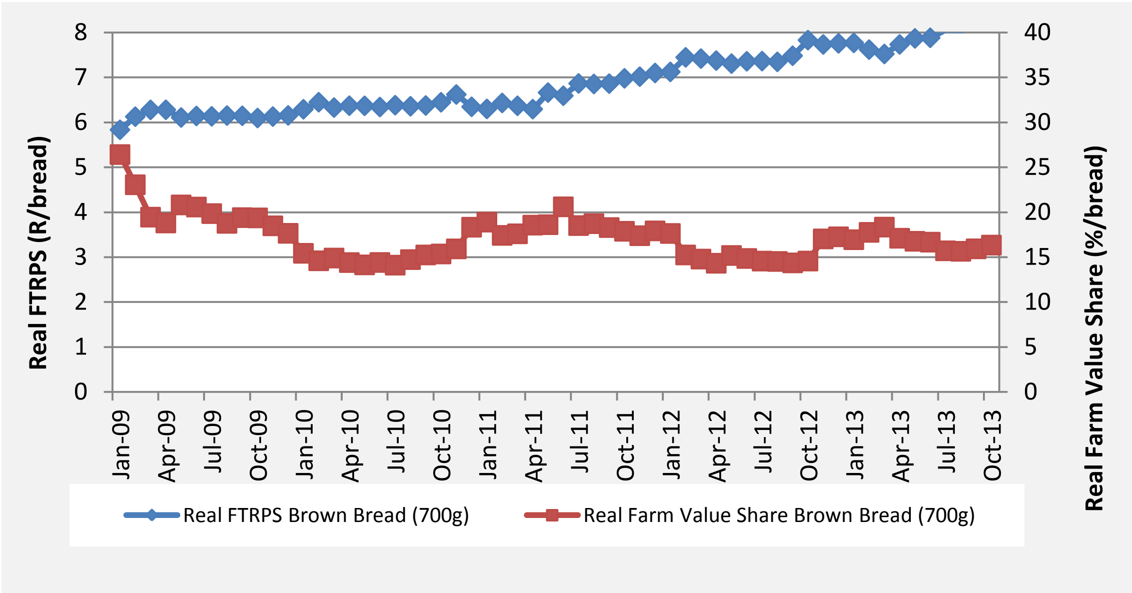


Figure E.1: Real farm to retail price spread and real farm value share of brown bread. Source: SAFEX, Stats SA and own calculations

E.2 White bread real farm-to-retail price spread and farm value share

Between October 2012 and October 2013

The real farm-to-retail price spread of white bread ↓ 2.44%

The real farm value share of white bread ↑18.87%

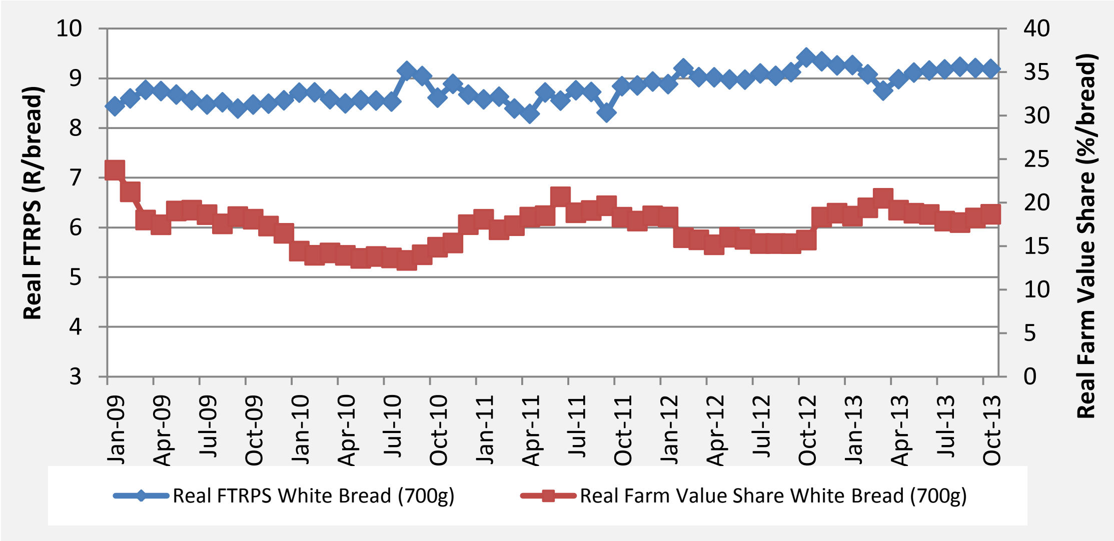


Figure E.2: Real farm to retail price spread and real farm value share of white bread. Source: SAFEX, AC Nielsen and own calculations

E.3 Super maize meal real farm to retail price spread and farm value share

Between October 2012 and October 2013

The real farm-to-retail price spread of super maize meal ↓ 20.34%

The real farm value share of super maize meal ↑14.43%

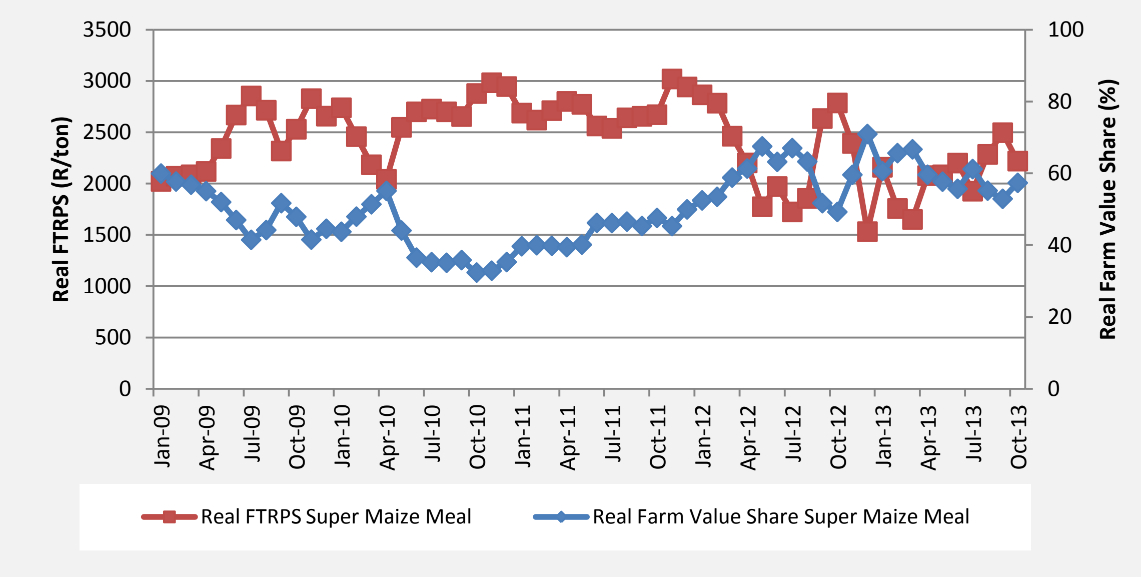


Figure E.3: Real farm to retail price spread and real farm value share of super maize meal. Source: SAFEX, AC Nielsen and own calculations

E.4 Special maize meal real farm to retail price spread and farm value share

Between October 2012 and October 2013

The real farm-to-retail price spread of special maize meal ↓ 20.58%

The real farm value share of special maize meal ↑ 19.11%

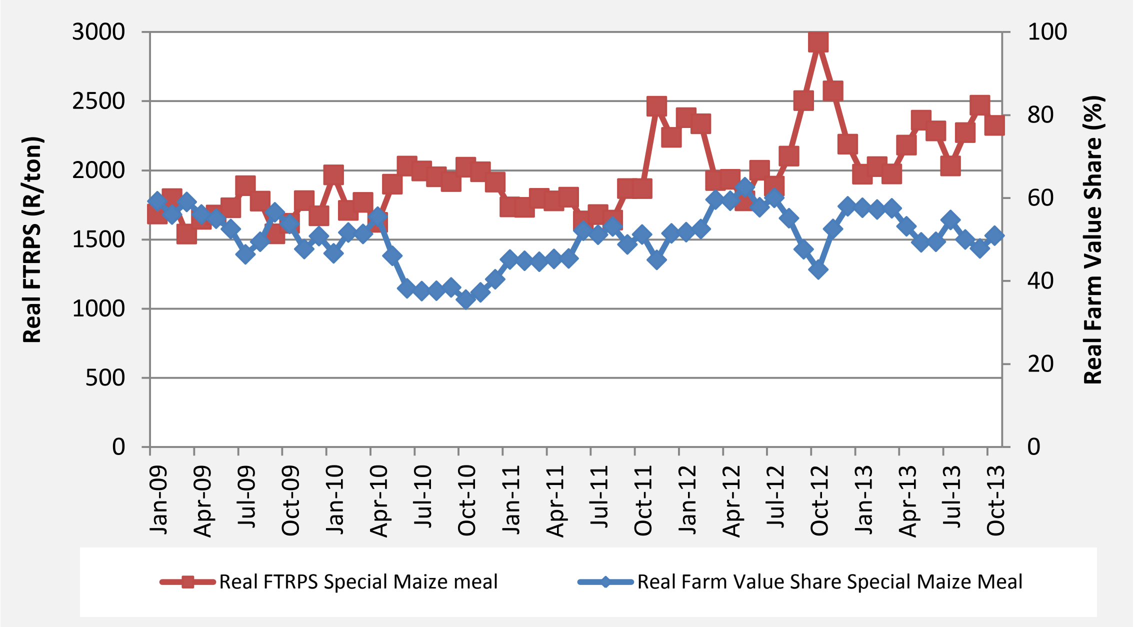


Figure E.4: Real farm to retail price spread and real farm value share of special maize meal. Source: SAFEX, AC Nielsen and own calculations

APPENDIX F: DATA COLLECTION

Urban food prices reported by in this media release are obtained from Statistics South Africa (Stats SA) and AC Nielsen. These prices obtained from these two sources are regarded as being representative of changes in food prices in South Africa due to:

- Stats SA price data on all products are sampled from approximately 800 different data collections points across the country on a monthly basis. Food price data is not collected from all the data collection points since some stores that are sampled do not necessarily sell food. In addition, certain food prices are not sampled in all provinces. For example, the price of cheddar cheese is collected from Gauteng, Western Cape, Eastern Cape, KwaZulu-Natal, Free State, Northern Cape, North West and Mpumalanga. Food price data collection by Stats SA also involves fieldwork where price collectors visit stores to collect data, after which such data undergoes a rigorous process to ensure the integrity of the data. The basket of food products that are included was derived from the Income and Expenditure Survey of 2005/06 that was compiled by Stats SA to ensure that the basket is representative of consumer spending on food. For more detailed information on the methodological process involved in the collection of prices visit http://www.statssa.gov.za/cpi/documents/CPI_Sources_Methods.pdf.
- AC Nielsen collects food price data on a monthly basis from approximately 1000 large food chain stores across the country. Food prices are collected through scanners at the tellers in the big food chain stores after which it undergoes a rigorous process to ensure the integrity of the data. As is the case for Stats SA not all prices are collected in all provinces. For example, potato prices are collected from the core urban areas of Gauteng, KwaZulu-Natal, Eastern Cape, Western Cape and Free State provinces.
  - During the fourth week of each month, retailers usually have specials on various items they sell, which is the reason why prices are not collected during that week. In an effort to include food price trends during week 4 for five retail chains, data was obtained from Adcheck.

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