National Agricultural Marketing Council

Promoting market access for South African agriculture

Markets and Economic Research Centre

Food Price Monitor

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EXECUTIVE SUMMARY

In October 2016, the Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) indicated that the headline CPI and the food and non-alcoholic beverage price indices were 6.4 % and 11.7 %, respectively.

Prices were compared for selected food items in rural and urban areas for October 2016. Food items showing the largest price differences between urban and rural areas in October 2016 were: sunflower oil 750mℓ at a difference of R4.33, margarine spread 500g at a R2.85 difference, super and special maize meal at R1.78 and R1.12, respectively. This indicates that urban consumers paid more for some of these food items than their rural counterparts. In other cases, however, rural consumers paid more for certain products (e.g. white sugar 2.5kg, peanut butter 400g and full cream milk – long life 1ℓ) than their urban counterparts.

The FAO Food Price Index (FFPI), in nominal terms, averaged 172.6 points in October 2016, up 1.2 points (0.7 %) from September and 9.1 % above the corresponding month last year. Except for a short-lived drop in July, the Index has risen continuously since the start of the year. In October, sugar and dairy values rose sharply, while the cereal index made a modest increase. These gains coincided with sharp declines in the oils and meat indices, which kept the overall value of the FFPI only slightly above its September average.

From October 2015 to October 2016. the cost of this basic urban food basket increased by **R64.38 (+12.1 %)** in nominal terms from **R530.69** to **R595.07** (compared to a higher increase of 12.4 % from July 2015 to July 2016 (the previous Food Price Monitor analysis period)).

When comparing October 2015 to October 2016 retail prices, the very significant price inflation (10 % or more) were observed for many products within the food basket (in order from highest to lowest inflation): Oranges, maize meal, bananas, onions, potatoes, peanut butter, sunflower oil, tea, brown bread, white bread, coffee, baked beans, margarine and milk. This could have a negative impact on household food security in South Africa affecting the affordability of selected staple foods (particularly maize meal, but also brown bread) as well as various food items making a contribution to dietary diversity. When comparing the inflation rates for October 2015 vs. October 2016, with July 2015 vs. July 2016, (i.e. the previous Food Price Monitor analysis period) the rate of inflation was higher for bread/cereals, fruit, milk and bean products.

In summary, with the exception of meat, it does seem that we could expect lower food inflation over the next three months. Key factors to however look out for over the outlook period are variables that could significantly affect exchange rate movements. Two important events to consider would be the possible down grade of South Africa's credit rating and interest rate hike in the United States in early December 2016. If implemented, one could expect to see significant inflationary pressures resulting from exchange rate depreciation over the outlook period. Leading indicators of South-Africa's main trading partners does however seem to be positive. This could, in turn, support the currency over the medium term.

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1. Introduction

In October 2016, the Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) indicated that the headline CPI and the food and non-alcoholic beverage price indices were 6.4 % and 11.7 %, respectively. **Figure 1** shows trends of the headline CPI and food and non-alcoholic beverage inflation rates on a monthly basis, from January 2012 to October 2016.

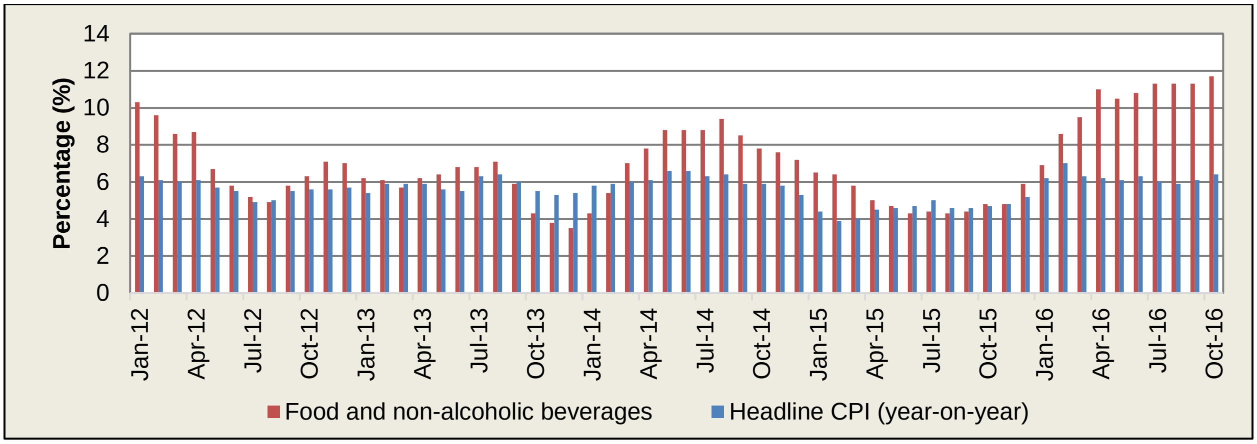

Figure 1: Headline CPI and food and non-alcoholic beverage CPI
Source: Stats SA, 2016

Figure 2 presents the components of food and non-alcoholic beverage inflation rates. The following components in the food and non-alcoholic beverages indices changed **year-on-year**, October 2015 vs. October 2016: sugar, sweets and desserts (21.3 %), milk, eggs and cheese (10.5 %), fruit (24.8 %), meat (5.5 %), other food (13.0 %), fish (9.7 %), processed foods (11.9 %), unprocessed foods (12.0 %), bread and cereals (16.5 %), vegetables (14.8 %) and oils and fats (14.4 %). Also, indicated in **Figure 2** is the **month-on-month** percentage changes from September to October 2016.

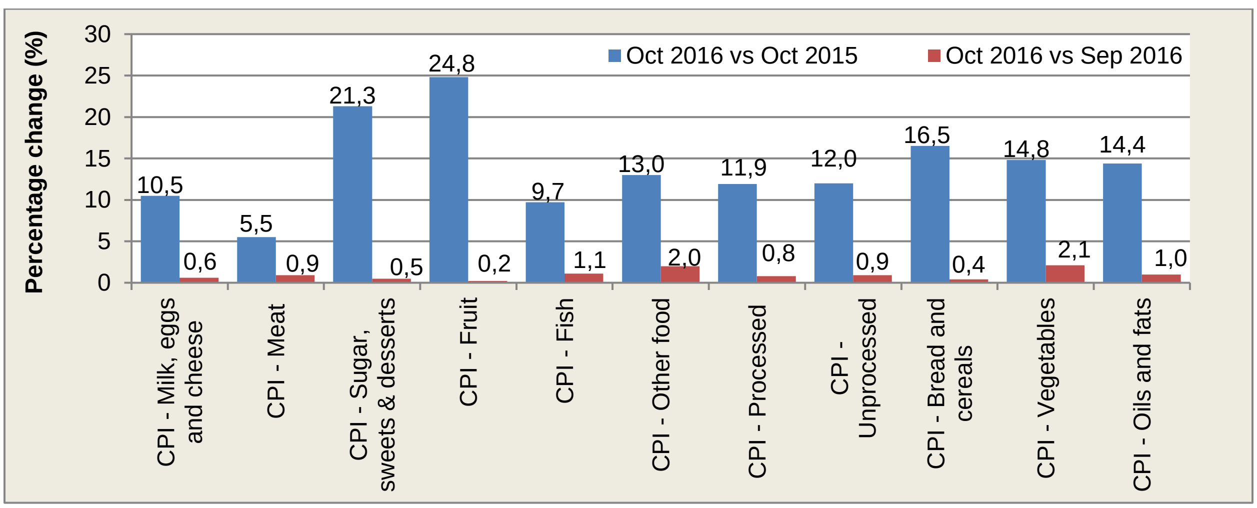

Figure 2: Year-on-year (October 2015 vs. October 2016) and month-on-month (October 2016 vs. September 2016) percentage change for different food categories
Source: Stats SA, 2016

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

Table 1 shows the year-on-year overall inflation and food inflation rates for October 2016 for South Africa and other selected countries. South Africa's overall inflation for October 2016 was 6.4 % with food inflation at 11.7 % during the same period. The food categories with the largest contribution during this period to South African food inflation are fruit and sugar, sweets and desserts. The Zambian overall inflation rate for October 2016 was 12.5 %, while the food inflation rate was 15.6 %. Botswana's overall inflation rate was 2.7 %, compared to their food inflation of 3.3 %, during October 2016. Turkey's overall inflation rate for October 2016 was 7.2 %, compared to their food inflation rate of 9.2* %. Considering inflation in the BRIC countries, Brazil had the highest overall inflation rate of 7.9 % and food inflation rate of 12.4 %, followed by Russia, which had an overall inflation rate of 6.1 % and a food inflation rate of 5.5 %. From the BRIC group, China recorded the lowest year-on-year inflation rate of 2.1 % and a food inflation rate of 3.7 %.

Table 1: Overall inflation and food inflation during August 2016 to October 2016

	August 16		September 16		October 16	
Country	**Overall inflation (%)**	**Inflation on food and non-alcoholic beverages (%)**	**Overall inflation (%)**	**Inflation on food and non-alcoholic beverages (%)**	**Overall inflation (%)**	**Inflation on food and non-alcoholic beverages (%)**
Botswana	2,6	2,9	2,8	3,1	2,7	3,3
Brazil	9,0	13,9	8,5	13,3	7,9	12,4
China	1,3	1,3	1,9	3,2	2,1	3,7
India	5,1	5,9	4,3	3,9	4,2	3,3
Namibia	6,8	11,5	6,9	12,0	7,3	11,7
Russia	6,9	6,5	6,4	5,8	6,1	5,5
South Africa	5,9	11,3	6,1	11,3	6,4	11,7
Turkey	8,1	6,2	7,3	4,2	7,2	9.2*
United Kingdom	0,6	-2,2	1,0	-2,3	0,9	-2,4
United States	1,1	0,0	1,5	-0,3	1,6	-0,4
Zambia	19,6	24,1	18,9	23,4	12,5	15,6

Sources: Central banks and statistics reporting institutions of these countries, 2016
**Note: Forecasted value*

3. Urban and rural food price trends: October 2015 to October 2016

Tables 2 and **3** rank the food items included in this report into urban and rural areas, according to the various inflation rates. The food products highlighted in **Table 2** are those with annual **urban** inflation rates that exceed the South African Reserve Bank's (SARB) inflation upper band of 6 %:

Table 2: Food items in the urban areas ranked according to price changes (October 2015 to October 2016)

Grain and grain products	%	Meat and meat products and dairy and dairy products and eggs	%	Fresh and processed fruits and vegetables	%
Sunflower oil 500mℓ	-22,31%	Cheddar cheese per kg	-16,45%	Carrots - fresh per kg	-38,16%
Rice 10kg	-1,80%	Chicken portions - frozen (weighted average per kg)	-0,95%	Cauliflower - fresh per kg	-29,82%
Rice 500g	-0,87%	Pork - fillet per kg	1,85%	Pumpkin - fresh per kg	-29,73%
Loaf of brown bread 600g	0,46%	Beef mince - fresh per kg	2,74%	Cabbage - fresh per kg	-11,87%
Cake flour 1kg	1,54%	Eggs 1.5 dozen	3,04%	Tomatoes - fresh per kg	-5,75%
Cereals 400g	1,77%	Chicken portions - fresh per kg	3,10%	Baked beans - tinned 225g	0,00%
Cereals 500g	5,51%	Tuna - tinned 170g	3,85%	Beetroot - fresh per kg	2,21%
Margarine spread 1kg	6,37%	Pork chops - fresh per kg	4,02%	Cabbage - fresh each	3,42%
Margarine spread 500g	8,17%	Powdered milk 500g	4,46%	Apples - fresh per kg	5,36%
Loaf of white bread 600g	8,52%	Beef T-bone - fresh per kg	4,77%	Sweet potatoes - fresh per kg	7,44%
Rice 2kg	9,06%	Pork - ribs per kg	5,74%	Sweet corn - Tinned 415g	11,42%
Cereals 375g	9,58%	Beef brisket - fresh per kg	6,03%	Baked beans - tinned 410g	12,74%
Rice 5kg	9,85%	Powdered milk 250g	6,32%	Sweet corn - Tinned 410g	21,79%
Brick margarine 1kg	10,38%	Beef chuck - fresh per kg	6,58%	Sweet corn - Tinned 420g	24,45%
Rice 1kg	11,00%	Whole chicken - fresh per kg	7,12%	Potatoes - fresh per kg	25,21%
Cereals 750g	11,07%	Beef rump steak - fresh per kg	7,34%	Onions - fresh per kg	31,21%
Brick margarine 125g	11,27%	Fish (excl. tuna) - tinned 425g	7,41%	Bananas - fresh per kg	34,21%
Cereals 450g	11,79%	Eggs 2.5 dozen	7,86%	Oranges - fresh per kg	79,20%
Brick margarine 500g	11,90%	Lamb - fresh per kg	7,95%		
Spaghetti 500g	12,89%	Fish (excl. tuna) - tinned 400g	8,18%	**Other products**	**%**
Loaf of white bread 700g	13,61%	Powdered milk 900g	9,97%	Fizzy drinks - can 330mℓ	5,12%
Loaf of brown bread 700g	13,83%	Full cream milk - long life 1ℓ	10,09%	Instant coffee 500g	7,34%
Loaf of brown bread 800g	14,94%	Fish (excl. tuna) - tinned 155g	10,13%	Instant coffee 100g	12,87%
Cake flour 5kg	15,63%	Low Fat milk - long life 1ℓ	10,81%	White sugar 250g	12,93%
Peanut butter 800g	16,74%	Full cream milk - fresh 1ℓ	10,92%	Instant coffee 750g	13,45%
Macaroni 500g	17,07%	Full cream milk - long life 500mℓ	11,23%	Instant coffee 250g	13,92%
Sunflower oil 750mℓ	17,17%	Polony per kg	11,49%	Instant coffee 200g	15,24%
Peanut butter 400g	17,35%	Powdered milk 400g	12,53%	Ceylon/black tea 62.5g	15,33%
Cake flour 2.5kg	17,88%	Fish (excl. tuna) - tinned 215g	13,03%	Ceylon/black tea 125g	16,44%
Sunflower oil 4ℓ	19,07%	Full cream milk - fresh 500mℓ	13,09%	Ceylon/black tea 500g	17,46%
Brick margarine 250g	21,40%	Low Fat milk - fresh 1ℓ	14,79%	Ceylon/black tea 250g	18,76%
Loaf of white bread 800g	21,55%	Eggs 1/2 dozen	14,86%	White sugar 500g	20,02%
Sunflower oil 2ℓ	22,24%	Full cream milk - fresh 2ℓ	15,15%	White sugar 1kg	22,60%
Super maize 1kg	29,59%	Chicken portions - frozen per kg (real)	53,55%	White sugar 5kg	27,43%
Super maize 2.5kg	36,69%			White sugar 2.5kg	29,23%
Super maize 5kg	37,83%			White sugar 2kg	31,85%
Special maize 1kg	63,73%			White sugar 10kg	35,79%
Special maize 2.5kg	63,80%				

Source: Stats SA, 2016

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

The food products highlighted in **Table 3** records the products which exceed the SARB annual inflation rate of 6 % in the **rural** areas.

Table 3: Food items in the rural areas ranked according to price changes (October 2015 to October 2016)

Grain and grain products	%	Meat and meat products and dairy and dairy products and eggs	%	Fresh and processed fruits and vegetables	%
Margarine 125g	-17,20%	Chicken portions - frozen 2kg	-0,32%	Beans Dried 1kg	5,07%
Brick margarine 125g	4,07%	Chicken portions - fresh 2kg	3,64%	Tomatoes - Fresh per kg	8,46%
Rice 2kg	4,48%	Beef chuck - fresh per kg	3,64%	Beans Dried 500g	10,12%
Margarine 250g	5,53%	Full cream milk - long life 1ℓ	4,54%	Oranges - Fresh per kg	18,51%
Rice 1kg	6,70%	Eggs 1/2 dozen	4,68%	Apples - Fresh per kg	19,54%
Rice 500g	9,00%	Beef rump steak -fresh per kg	7,15%	Potatoes - Fresh per kg	26,75%
Margarine 500g	10,55%	Beef fillet - fresh per kg	7,40%	Onions - Fresh per kg	27,21%
Peanut butter 270g	11,76%	Full cream milk - fresh 1ℓ	7,60%	Beans Dried 2kg	27,75%
Margarine 1kg	12,00%	Full cream milk - fresh 500mℓ	8,94%	Potatoes - Fresh 10kg	43,35%
Sunflower oil 500mℓ	12,28%	Beef brisket - fresh per kg	9,01%	Bananas - Fresh per kg	53,29%
Loaf of white bread 700g	12,48%	Full cream milk - fresh 2ℓ	9,73%		
Loaf of brown bread 600g	12,57%	Full cream milk - long life 500mℓ	9,84%	**Other products**	**%**
Peanut butter 400g	12,60%	Beef T-bone - fresh per kg	11,69%	Sorghum meal (e.g. mabella) 1kg	9,38%
Loaf of white bread 600g	12,85%	Fish (excl. tuna) - tinned 425g	12,50%	Instant Coffee 100g	10,44%
Loaf of brown bread 700g	13,49%	Low fat milk - fresh 2ℓ	12,65%	Ceylon/black tea 250g	13,65%
Brick margarine 500g	15,06%	Chicken portions - frozen per kg	14,72%	Instant Coffee 250g	14,26%
Brick margarine 250g	16,14%	Fish (excl. tuna) - tinned 155g	15,76%	Instant Coffee 750g	14,48%
Sunflower oil 750mℓ	16,40%	Low fat milk - fresh 1ℓ	20,65%	Ceylon/black tea 62.5g	22,80%
Peanut butter 800g	22,94%	Chicken portions - fresh per kg	36,36%	White sugar 500g	23,02%
Sunflower oil 2ℓ	23,59%			White sugar 2.5kg	24,65%
Super maize 1kg	31,73%			White sugar 1kg	25,28%
Super maize 2.5kg	33,10%			Ceylon/black tea 125g	25,33%
Special maize 5kg	33,64%			Ceylon/black tea 200g	36,78%
Super maize 5kg	39,10%				
Special maize 2.5kg	46,99%				
Special maize 1kg	53,16%				

Source: Stats SA, 2016

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

A closer look at annual food price trends: October 2015 vs. October 2016

During the period, October 2015 to October 2016, the international price of wheat (US No 2, Hard Red Winter ord. Prot., US Fob Gulf) decreased by 12.12 %, while the domestic wheat prices also decreased by only 0.63 %. Urban consumers paid 13.83 % more for a loaf of brown bread (700g) and 13.61 % more for a loaf of white bread (700g) during the same period. During the same period, domestic yellow maize prices increased by 9.59 %, while international yellow maize prices decreased by 11.16 %. Super maize meal (2.5kg) increased by 36.69 % and special maize meal (2.5kg) by 63.80 %, in urban areas. During the same period, the urban prices of sunflower oil (750mℓ) increased by 17.17 %. In October 2016, the domestic price of sunflower seed was R6 271.24/ton compared with the R6 572.09/ton price of October 2015, emanating a decline of 4.58 %.

During this period October 2015 to October 2016, the average meat producer prices experienced an increasing trend. The average beef producer prices of class A2/A3 (R/kg), class B2/B3 (R/kg) and C2/C3 (R/kg) increased by 10.41 %, 9.32 % and 15.55 %, respectively. Lamb/mutton producer prices of class A2/A3 (R/kg), class B2/B3 (R/kg) and class C2/C3 (R/kg) all increased by 10.17 %, 24.99 % and 13.13 %, respectively. Producer prices of fresh and frozen chicken portions (R/kg) increased by 3.65 % and 3.05 %, respectively, while IQF chicken portions (R/kg) decreased by 0.37 %, during the same period.

4. Comparison between urban and rural prices: October 2016

Table 2 compares prices of selected food items in rural and urban areas for October 2016. The food items which showed the largest price differences between **urban** and **rural** areas in October 2016 were: sunflower oil 750mℓ at a difference of R4.33, margarine spread 500g at a R2.85 difference, super and special meal at R1.78 and R1.12, respectively. This indicates that urban consumers paid more for some of these food items than their rural counterparts. In other cases, however, rural consumers paid more for certain other products (e.g. white sugar 2.5kg, peanut butter 400g and full cream milk – long life 1ℓ) than their urban counterparts.

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

Product	Rural Food Prices October 2016	Urban Food Prices October 2016	Price difference R/unit
Full cream milk – long life 1ℓ	14,24	13,97	-0,27
Loaf of brown bread 700g	11,48	12,26	0,78
Loaf of white bread 700g	12,45	13,52	1,07
Special maize 2.5 kg	23,99	25,11	1,12
Super maize 2.5 kg	27,24	29,02	1,78
Margarine spread 500g	21,92	24,77	2,85
Peanut butter 400g	27,54	26,99	-0,55
Rice 2kg	25,40	25,89	0,49
Sunflower oil 750mℓ	18,26	22,59	4,33
Ceylon/black tea 62.5g	11,83	12,82	0,99
White sugar 2.5kg	39,62	37,09	-2,53
Average			**0.91**

Source: **Stats SA, 2016**

5. 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 3a** shows the overall monthly **real** FAO food price index from 2008 to 2016, with October 2016 reaching an index level of 127.78 percentage points.

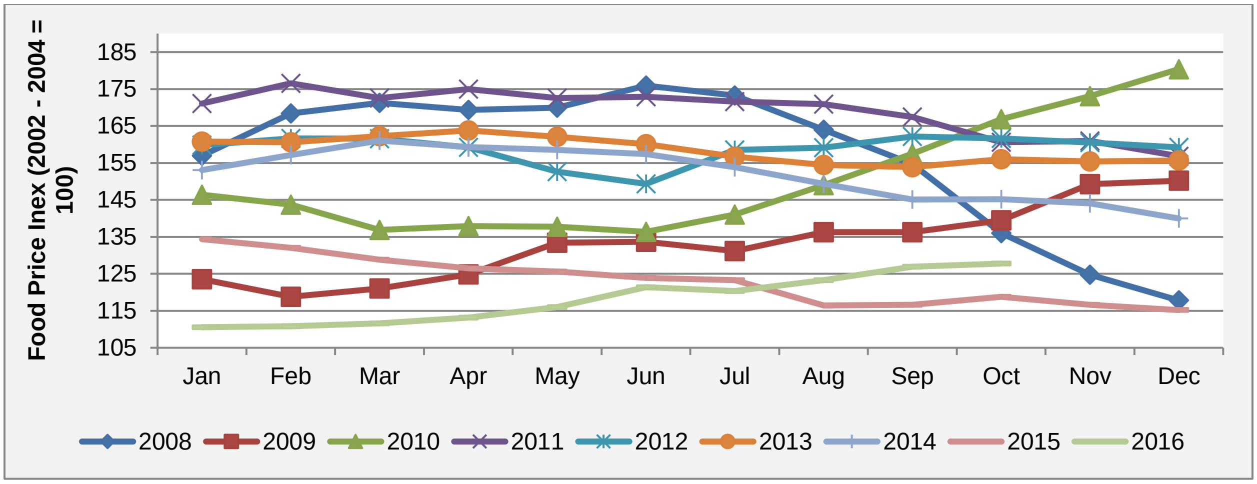

Figure 3a: International monthly real food price index
Source: FAO, 2016

Figure 3b shows the monthly price indices for the five food categories in **real** terms. The **month-on-month,** September 2016 vs. October 2016, percentage growth differences of indexes were: Dairy (3.89 %), Cereals (0.98 %), Oils Price (-2.36 %), Sugar Price (3.45 %) and for Meat (-1.01 %). **Year-on-year**, October 2015 to October 2016, all indexes reflected an increasing trend in **real** terms, except for the Cereals Price Index (-10.85 %).

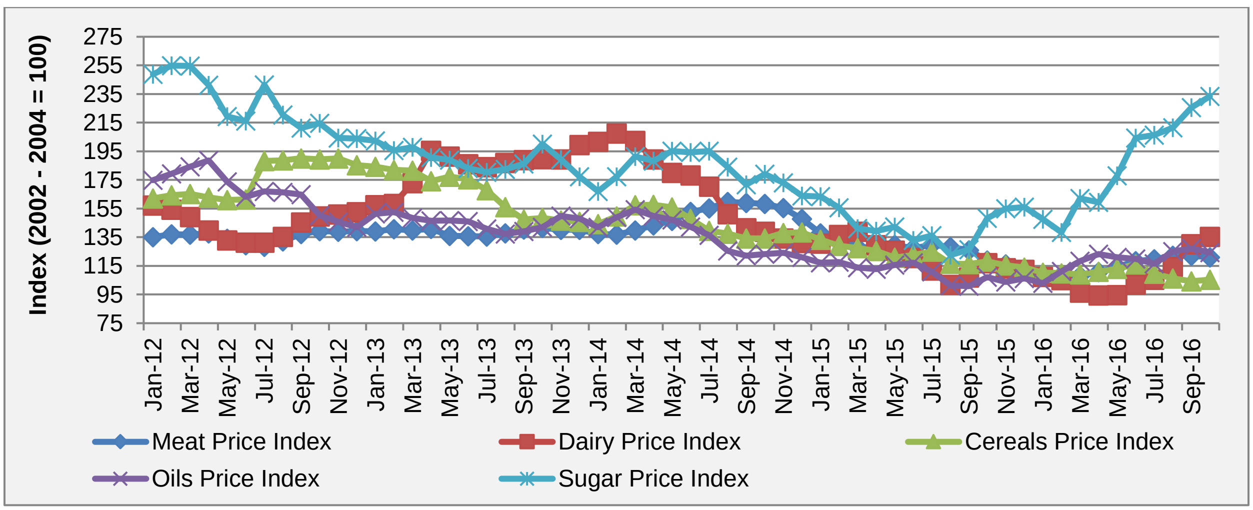

Figure 3b: Real price indices for five food categories
Source: FAO, 2016

The **FAO Food Price Index[1] (FFPI)**, in **nominal** terms, averaged 172.6 points in October 2016, up 1.2 points (0.7 %) from September and 9.1 % above the corresponding month last year. Except for a short-lived drop in July, the Index has risen continuously since the start of the year. In October, sugar and dairy values rose sharply, while the cereal index made a modest increase. These gains coincided with sharp declines in the oils and meat indices, which kept the overall value of the FFPI only slightly above its September average.

[1] *Unlike for other commodity groups, most prices utilized in the calculation of the FAO Meat Price Index are not available when the FAO Food Price Index is computed and published; therefore, the value of the Meat Price Index for the most recent months is derived from a mixture of projected and observed prices. This can, at times, require significant revisions in the final value of the FAO Meat Price Index which could in turn influence the value of the FAO Food Price Index.*

The **FAO Cereal Price Index**, in **nominal** terms, averaged 142.3 points in October, up 1.4 points (1.0 %) from September and 9.6 % below the previous year's level. The rise in October marked the first month-on-month increase after three months of decline. Although crop harvest and weak buying interest continued to weigh on rice quotations, wheat prices were up, largely driven by tightening supplies of high quality wheat, while maize quotations also increased mainly because of an accelerated pace of sales by the United States.

The **FAO Vegetable Oil Price Index,** in **nominal** terms, averaged nearly 168 points in October, down 4 points (or 2.4 %) from September but still well above its year-earlier level. The month-on-month drop, which follows two months of increase, was primarily driven by palm oil. International palm oil quotations weakened as production improvements in Southeast Asia coincided with sluggish global import demand, prompting stock increases, especially in Malaysia. The drop in the index in October was, however, capped by firm soy, sunflower and rapeseed oil values.

The **FAO Dairy Price Index,** in **nominal** terms, averaged 182.8 points in October, up 6.8 points (3.9 %) from September. Quotations rose for all dairy products, in particular butter which was bolstered by reduced stocks and sustained internal demand in the EU, combined with a rise in buying interest by importing countries. Cheese prices also strengthened, while milk powders recorded more modest increases. Falling month-on-month milk production in the EU and lower output in Oceania have raised expectations of a likely forthcoming tightening in export supplies and fuelled a price surge in recent months.

The **FAO Meat Price Index**[2], in **nominal** terms, averaged 163.4 points in October, down 1.7 points (1 %) from its revised value for September. A decline in EU export prices for pig-meat, stemming from excess domestic supplies and a slackening in import demand from China, was the principal cause of the Index's decline. Additionally, Oceania bovine meat export prices continued to decrease, as increased domestic production in the United States obviated its need for external supplies. Conversely, Oceania ovine meat prices reached their highest level in almost two years, due to reduced output in both Australia and New Zealand.

The **FAO Sugar Price Index,** in **nominal** terms, averaged 315.3 points in October, up 10.5 points (3.4 %) from September, the sixth consecutive monthly increase. The latest gain in international sugar prices was largely on the back of reports of a lower than expected harvest in the Centre South main producing region in Brazil, the world's largest sugar producer and exporter, as drier than normal weather affected sugarcane production. Reports of a production shortfall in India, the world's second largest sugar producer, namely in the top-producing state of Maharashtra, which will require imports by the country to meet demand also helped to lift sugar prices.

6. Estimated impact of food inflation on consumers

The 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[3] (as compiled by the Food Price

[2] Unlike for other commodity groups, most prices utilized in the calculation of the FAO Meat Price Index are not available when the FAO Food Price Index is computed and published; therefore, the value of the Meat Price Index for the most recent months is derived from a mixture of projected and observed prices. This can, at times, require significant revisions in the final value of the FAO Meat Price Index which could in turn influence the value of the FAO Food Price Index.

[3] Composition of food basket: Apples (1kg), Bananas (1kg), Beef chuck (1kg), Brick margarine (500g), Baked 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 substituted with tinned baked beans in the analysis.

Monitoring Committee in 2003), based on monthly average food price data for the period October 2015 to October 2016.

From October 2015 to October 2016. the cost of this basic urban food basket increased by **R64.38 (+12.1 %)** in nominal terms from **R530.69** to **R595.07** (compared to a higher increase of 12.4 % from July 2015 to July 2016 (the previous Food Price Monitor analysis period)).

The cost of this food basket expressed as a share of the average monthly income[4] of the poorest 30 % of the population increased from 49.6 % in October 2015 to 55.6% in October 2016 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 increased from 2.0 % to 2.2 % **(Figure 4)**.

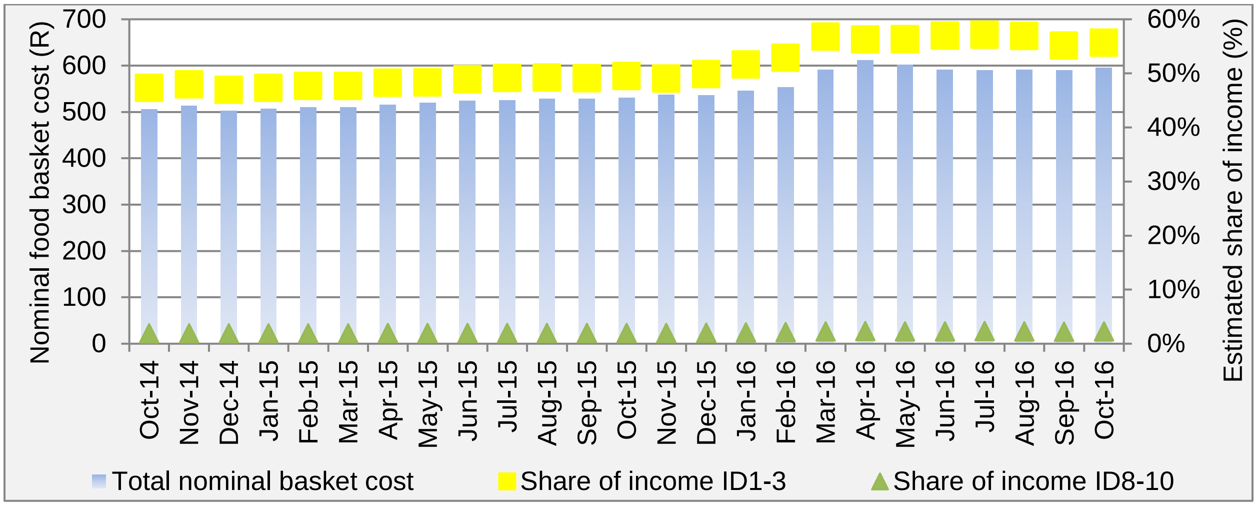

Figure 4: The cost of a typical consumer food basket for the period October 2015 vs. October 2016, expressed in nominal terms and as share of the average income of the poorest 30 % of households (Income Deciles [ID] 1 to 3) and the wealthiest 30% of households (ID 8 to 10)

Source: BFAP calculations, based on Stats SA monitored price data for urban areas, 2016

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 2015 to October 2016. 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 2015 to October 2016 prices, the following food categories experienced significant inflation: fruit, bread/cereals, bean products, fats/oils, coffee/tea, milk and vegetables. The various food groups within this food basket are discussed in more detail in **Table 3** below.

[4] 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 Stats SA survey: 'Income & Expenditure of households 2010/2011' *(calculations excludes imputed rent on owned dwelling)*

Table 3: Overview of inflation contributing foods within the basic food basket, October 2015 vs. October 2016

Food group:	Overall inflation rate: Oct 2015 to Oct 2016	Overall inflation rate: Jul 2015 to Jul 2016*	Major contributors to inflation in this category:	Minor contributors to inflation in this category:	Non-contributors to inflation in this category:	Comments:
Animal protein	+4.2 %	+18.7 %	Beef chuck (+6.6 %) Tinned pilchards (+7.4 %)	Chicken portions fresh (+3.1 %)	Chicken portions frozen (-0.9 %)	Inflation on beef chuck and tinned pilchards, but not significant for chicken.
Bread and cereals	+23.2 %	+22.0 %	Maize meal (+37.8 %) Brown bread (+13.8 %) White bread (+13.6 %) Rice (+9.1 %)	None	None	Inflation on all staples, but particularly high for maize meal.
Vegetables	+6.4 %	+9.0 %	Onions (+31.2 %) Potatoes (+25.2 %)	None	Cabbage (-11.9 %) Tomatoes (-5.7 %)	High inflation on potatoes and onions.
Fruit	+30.2 %	+18.9 %	Oranges (+79.2 %) Bananas (+34.2 %) Apples (+5.4 %)	None	None	High inflation on all fruit options, but especially on oranges and bananas.
Dairy	+10.1 %	+6.6 %	Full cream milk - long life 1ℓ (+10.1 %)	None	None	Inflation on the price of eggs and full cream milk.
Eggs	+3.0 %	+9.6 %	Eggs 1.5 dozen (+3.0 %)	None	None	
Fats and oils	14.5 %	+21.3 %	Sunflower oil (+17.2 %) Brick margarine (+11.9 %)	None	None	High inflation on sunflower oil and margarine.
Bean products	16.1 %	+8.6 %	Peanut butter (+17.3%) Baked beans (+12.7%)	None	None	Higher inflation on peanut butter and baked beans.
Coffee and tea	+13.7 %	+14.0 %	Ceylon/black tea (+15.3 %) Instant coffee (+13.5 %)	None	None	High inflation on coffee and tea.

Source: BFAP calculations, based on Stats SA monitored price data for urban areas, 2016

* Previous Food Price Monitor analysis period prior to October 2015 / October 2016 comparison

Thus, when comparing October 2015 to October 2016 retail prices, the very significant price inflation (10 % or more) were observed for many products within the food basket (in order from highest to lowest inflation): Oranges, maize meal, bananas, onions, potatoes, peanut butter, sunflower oil, tea, brown bread, white bread, coffee, baked beans, margarine and milk. This could have a negative impact on household food security in South Africa affecting the affordability of selected staple foods (particularly maize meal, but also brown bread) as well as various food items making a contribution to dietary diversity. When comparing the inflation rates for October 2015 vs. October 2016, with July 2015 vs. July 2016, (i.e. the previous Food Price Monitor analysis period) the rate of inflation was higher for bread/cereals, fruit, milk and bean products.

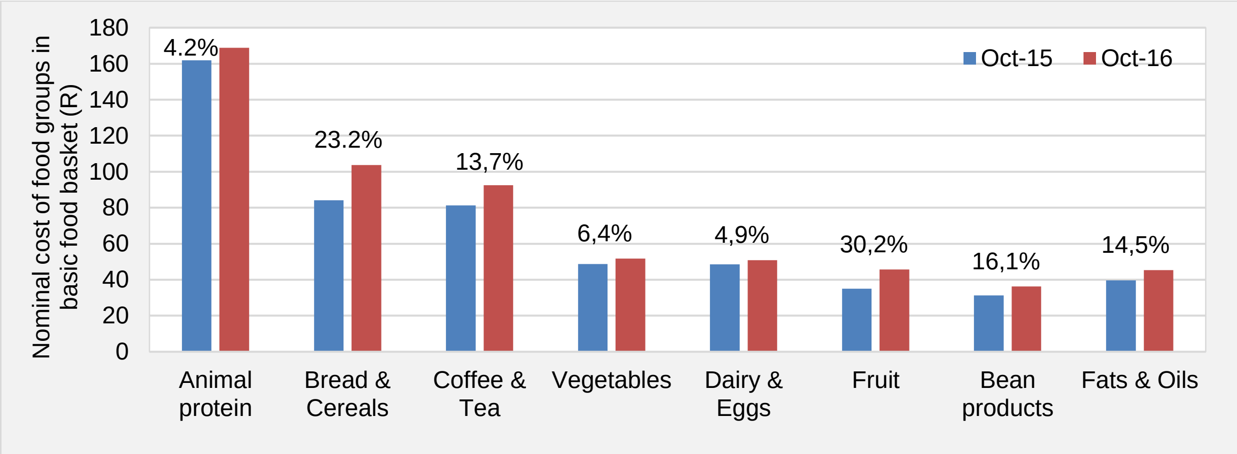

Figure 5: Nominal monthly cost of specific food groups within the basic food basket, comparing October 2015 to October 2016

Source: BFAP calculations, based on Stats SA monitored price data for urban areas, 2016

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[5]; Oldewage-Theron et al, 2005[6]). **Figure 6** illustrates the estimated portion costs for these foods, calculated from monthly food price data for October 2015 to October 2016. Similar to other Food Price Monitor analysis periods, the significant cost contribution 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 15 % more in this case for October 2016). 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 2015 to October 2016 prices the results in **Figure 6** indicated inflation of about 21.8 % (from R5.32 to R6.48 for the selection of portions), reflecting a significant higher percentage increase than the overall food basket discussed above. Significant inflation on most components contributed to the inflation observed on this 'food plate' (maize meal (+40.2 %), tea (+19.1 %), sugar (+28.7 %) and brown bread (+13.4 %)).

[5] 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

[6] 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

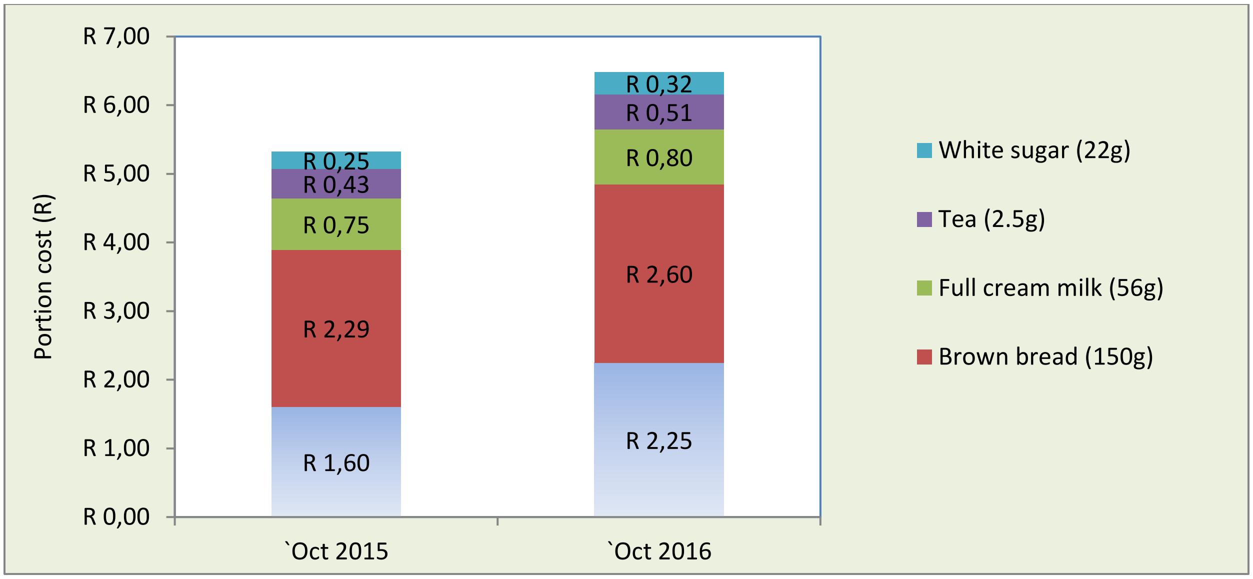

Figure 6: Average nominal cost for the typical portions of the five food items most widely consumed by very poor consumers in South Africa, for October 2015 vs. October 2016
Source: BFAP calculations, based on Stats SA monitored price data for urban areas, 2016

7. Outlook

It seems like CPI is gaining momentum. In October, the CPI rose by 0.5 % compared to a 0.2 % rise in September. This increase was largely driven by food and fuel prices, with petrol prices increasing by 45 cents at the beginning of October. According to Stats SA year-on-year food inflation has risen by 12 %, with a monthly change between September and October amounting to 0.9 %.

In terms of red meat, prices have been moving sideways over the past couple of weeks. One can however expect to see price increases over the coming month, supported by strong seasonal demand during the festive season. If the good rains of the past month persist, one could also expect to see price increases over the medium term, as producers would keep animals back in an attempt to rebuild herds after the severe drought experienced during 2015/16. Poultry prices were under pressure during the past few months as a result of increased supplies of IQF stocks. These increased supplies were driven by the uncertainty with regards to the brining conditions that were due to be implemented on 22 October 2016. Lower stock levels in combination with new brining regulations are expected to exert additional inflationary pressures on IQF poultry prices going forward. The exchange rate also remains a big risk factor for red meat and poultry prices over the outlook period.

Dairy prices are expected to follow similar trends to red meat, with upward pressures on prices during the weeks to come. Future exchange rate movements are again the key determinant of dairy prices over the medium term.

Grain products inflation are still significant in year-on-year terms with white bread prices being 13.6 % higher than in October 2015. Similarly, maize meal prices are roughly 37 % higher than a year ago. If the month-on-month changes are considered, it does seem that the inflationary pressures in these products are losing momentum. This is shown by marginal month-on-month increases in white bread (1.35 %) and a decrease of 1.46 % in the average price of a 5kg super maize meal. This is supported by indications of favourable production conditions for the coming production season, which are putting downward pressure on the underlying commodity prices. Over the outlook period, the exchange rate is however a key uncertainty in that it affects the prices of the underlying commodities but also manufacturing and distribution cost. A significant exchange rate shock could therefore eradicate any cost decreases that can be experienced as a result of good weather conditions.

Vegetables seem to follow the same pattern as the grain products discussed above. Here it is however expected that vegetable prices would tend higher over the next few weeks supported by strong festive demand. From January 2017, onwards we can expect to see a sideways movement in fruits and vegetable prices, with elevated demand levels of the festive season subsiding. This combined with good production conditions would dampen the recent inflationary pressures in prices.

In summary, with the exception of meat, it does seem that we could expect lower food inflation over the next three months. Key factors to however look out for over the outlook period are variables that could significantly affect exchange rate movements. Two important events to consider would be the possible down grade of South Africa’s credit rating and interest rate hike in the United States in early December 2016. If implemented, one could expect to see significant inflationary pressures resulting from exchange rate depreciation over the outlook period. Leading indicators of South-Africa’s main trading partners does however seem to be positive. This could, in turn, support the currency over the medium term.

APPENDIX A: DATA ON URBAN FOOD PRICE TRENDS

Table A.1: Wheat products

Wheat products	Price level			Percentage Change	
	Oct-15	Jul-16	Oct-16	Jul-16 to Oct-16	Oct-15 to Oct-16
Cake flour 1kg	12,30	12,33	12,49	1,30%	1,54%
Cake flour 2.5kg	22,76	26,19	26,83	2,44%	17,88%
Cake flour 5kg	48,96	55,19	56,61	2,57%	15,63%
Loaf of brown bread 600g	6,53	6,60	6,56	-0,61%	0,46%
Loaf of brown bread 700g	10,77	11,86	12,26	3,37%	13,83%
Loaf of brown bread 800g	13,25	14,89	15,23	2,28%	14,94%
Loaf of white bread 600g	7,28	7,67	7,90	3,00%	8,52%
Loaf of white bread 700g	11,90	13,01	13,52	3,92%	13,61%
Loaf of white bread 800g	10,21	-	12,41		21,55%
Macaroni 500g	10,72	12,31	12,55	1,95%	17,07%
Spaghetti 500g	11,33	12,58	12,79	1,67%	12,89%
Average				**2,19%**	**12,54%**
Wheat (R/ton)	**4 154,86**	**4 512,76**	**4 128,52**	**-8,51%**	**-0,63%**

Data from Stats SA

Table A.2: Maize products

Maize products	Price level			Percentage Change	
	Oct-15	Jul-16	Oct-16	Jul-16 to Oct-16	Oct-15 to Oct-16
Special maize 1kg	6,59	10,73	10,79	0,56%	63,73%
Special maize 2.5kg	15,33	24,79	25,11	1,29%	63,80%
Super maize 1kg	9,53	11,98	12,35	3,09%	29,59%
Super maize 2.5kg	21,23	27,98	29,02	3,72%	36,69%
Super maize 5kg	37,77	50,59	52,06	2,91%	37,83%
Average				**2,31%**	**46,33%**
Yellow Maize (R/ton)	**2 873,41**	**3 314,19**	**3 149,00**	**-4,98%**	**9,59%**
White Maize (R/ton)	**3 139,76**	**4 453,48**	**3 565,48**	**-19,94%**	**13,56%**

Data from Stats SA

Table A.3: Sunflower products

Sunflower products	Price level			Percentage Change	
	Oct-15	Jul-16	Oct-16	Jul-16 to Oct-16	Oct-15 to Oct-16
Brick margarine 125g	7,63	8,34	8,49	1,80%	11,27%
Brick margarine 1kg	39,31	41,60	43,39	4,30%	10,38%
Brick margarine 250g	11,73	13,75	14,24	3,56%	21,40%
Brick margarine 500g	20,34	22,33	22,76	1,93%	11,90%
Margarine spread 1kg	38,59	39,77	41,05	3,22%	6,37%
Margarine spread 500g	22,90	24,09	24,77	2,82%	8,17%

Sunflower products	Price level			Percentage Change	
	Oct-15	Jul-16	Oct-16	Jul-16 to Oct-16	Oct-15 to Oct-16
Sunflower oil 2ℓ	36,65	46,99	44,80	-4,66%	22,24%
Sunflower oil 4ℓ	76,21	94,99	90,74	-4,47%	19,07%
Sunflower oil 500mℓ	19,05	14,92	14,80	-0,80%	-22,31%
Sunflower oil 750mℓ	19,28	23,00	22,59	-1,78%	17,17%
Average				**0,59%**	**10,56%**
Sunflower seed (R/ton)	**6 572,09**	**6 091,14**	**6 271,24**	**2,96%**	**-4,58%**

Data from Stats SA

Table A.4: Processed vegetables

Processed vegetables	Price level			Percentage Change	
	Oct-15	Jul-16	Oct-16	Jul-16 to Oct-16	Oct-15 to Oct-16
Baked beans - tinned 225g	7,79	7,81	7,79	-0,26%	0,00%
Baked beans - tinned 410g	8,24	8,80	9,29	5,57%	12,74%
Sweet corn - tinned 410g	11,52	12,30	14,03	14,07%	21,79%
Sweet corn - tinned 415g	13,31	13,41	14,83	10,59%	11,42%
Sweet corn - tinned 420g	14,44	19,05	17,97	-5,67%	24,45%
Average				**4,86%**	**14,08%**

Data from Stats SA

Table A.5: Fresh vegetables

Fresh vegetables	Price level			Percentage Change	
	Oct-15	Jul-16	Oct-16	Jul-16 to Oct-16	Oct-15 to Oct-16
Avocado - per kg*	20,95	16,44	0,00		
Beetroot - fresh per kg	10,39	12,17	10,62	-12,74%	2,21%
Cabbage - fresh each	11,39	12,90	11,78	-8,68%	3,42%
Cabbage - fresh per kg	9,74	10,46	8,58	-17,94%	-11,87%
Carrots - fresh per kg	13,39	13,73	8,28	-39,69%	-38,16%
Cauliflower - fresh per kg	42,26	29,32	29,66	1,16%	-29,82%
Onions - fresh per kg	9,74	15,86	12,78	-19,42%	31,21%
Potatoes - fresh per kg	9,36	12,57	11,72	-6,76%	25,21%
Pumpkin - fresh per kg	17,59	9,27	12,36	33,33%	-29,73%
Sweetcorn/Baby Corn/Mielies*	18,20	19,93	0,00		
Sweet potatoes - fresh per kg	17,87	16,59	19,20	15,73%	7,44%
Tomatoes - fresh per kg	19,84	14,75	18,70	26,78%	-5,75%
Average					

Data from Stats SA
*Data from AC Nielsen

Table A.6: Processed meat

Processed meat	Price level			Percentage Change	
	Oct-15	Jul-16	Oct-16	Jul-16 to Oct-16	Oct-15 to Oct-16
Bacon 250g	-	32,17	32,21	0,12%	
Polony per kg	35,61	40,23	39,70	-1,32%	11,49%
Average				**-0,60%**	**11,49%**

Data from Stats SA

Table A.7: Unprocessed meat

Unprocessed meat	Price level			Percentage Change	
	Oct-15	Jul-16	Oct-16	Jul-16 to Oct-16	Oct-15 to Oct-16
Beef brisket - fresh per kg	64,70	69,81	68,60	-1,73%	6,03%
Beef chuck - fresh per kg	65,79	71,00	70,12	-1,24%	6,58%
Beef mince - fresh per kg	67,13	68,96	68,97	0,01%	2,74%
Beef rump steak - fresh per kg	106,20	115,06	113,99	-0,93%	7,34%
Beef T-bone - fresh per kg	83,20	88,17	87,17	-1,13%	4,77%
Chicken portions - fresh per kg	51,67	53,99	53,27	-1,33%	3,10%
Chicken portions - frozen 2kg	-	50,00	49,89	-0,22%	
Chic portions - frozen (weighted ave p/kg)	28,44	28,89	28,17	-2,49%	-0,95%
Chicken portions - frozen per kg (real)	28,44	49,45	43,67	-11,69%	53,55%
Lamb - fresh per kg	113,56	120,64	122,58	1,61%	7,95%
Pork - fillet per kg	91,01	92,69	92,69	0,00%	1,85%
Pork - ribs per kg	69,67	72,80	73,67	1,20%	5,74%
Pork chops - fresh per kg	68,62	70,53	71,38	1,21%	4,02%
Whole chicken - fresh per kg	39,88	42,03	42,72	1,64%	7,12%
Average				**-1,08%**	**8,45%**

Data from Stats SA

Table A.8: Eggs and dairy products

Eggs & dairy products	Price level			Percentage Change	
	Oct-15	Jul-16	Oct-16	Jul-16 to Oct-16	Oct-15 to Oct-16
Cheddar cheese per kg	120,63	94,62	100,79	6,52%	-16,45%
Eggs 1.5 dozen	35,87	37,50	36,96	-1,44%	3,04%
Eggs 1/2 dozen	13,32	14,46	15,30	5,81%	14,86%
Eggs 2.5 dozen	47,09	48,87	50,79	3,93%	7,86%
Full cream milk - fresh 1ℓ	12,18	13,18	13,51	2,50%	10,92%
Full cream milk - fresh 2ℓ	22,57	25,87	25,99	0,46%	15,15%
Full cream milk - fresh 500mℓ	8,86	9,91	10,02	1,11%	13,09%
Full cream milk - long life 1ℓ	12,69	13,77	13,97	1,45%	10,09%
Full cream milk - long life 500mℓ	8,19	9,11	9,11	0,00%	11,23%

Low Fat milk - fresh 1ℓ	13,12	14,54	15,06	3,58%	14,79%
Low Fat milk - long life 1ℓ	12,40	13,71	13,74	0,22%	10,81%
Powdered milk 250g	36,10	38,37	38,38	0,03%	6,32%
Powdered milk 400g	55,54	61,95	62,50	0,89%	12,53%
Powdered milk 500g	52,72	55,20	55,07	-0,24%	4,46%
Powdered milk 900g	123,62	134,17	135,95	1,33%	9,97%
Average				**1,74%**	**8,58%**

Data from Stats SA

Table A.9: Fruits

Fruits	Price level			Percentage Change	
	Oct-15	Jul-16	Oct-16	Jul-16 to Oct-16	Oct-15 to Oct-16
Apples - fresh per kg	16,60	16,98	17,49	3,00%	5,36%
Bananas - fresh per kg	10,99	14,45	14,75	2,08%	34,21%
Grapes - per kg*	34,65	39,50			
Mango - per kg*	16,24	13,17			
Oranges - fresh per kg	7,50	11,99	13,44	12,09%	79,20%
Peaches - per kg*	18,66	18,47			
Pears - per kg*	16,01	18,15			
Pineapples - per kg*	30,20	21,04			
Plum - per kg*	19,07	22,49			
Watermelon - per kg*	24,18	32,46			
Average					

Data from Stats SA
*Data from AC Nielsen

Table A.10: Fish Products

Tinned fish products	Price level			Percentage Change	
	Oct-15	Jul-16	Oct-16	Jul-16 to Oct-16	Oct-15 to Oct-16
Fish (excl. tuna) - tinned 155g	9,28	9,73	10,22	5,04%	10,13%
Fish (excl. tuna) - tinned 215g	11,82	13,21	13,36	1,14%	13,03%
Fish (excl. tuna) - tinned 400g	16,38	17,20	17,72	3,02%	8,18%
Fish (excl. tuna) - tinned 425g	16,05	16,79	17,24	2,68%	7,41%
Tuna - tinned 170g	15,84	16,43	16,45	0,12%	3,85%
Average				**2,40%**	**8,52%**

Data from Stats SA

Table A.11: Other products

Other products	Price level			Percentage Change	
	Oct-15	Jul-16	Oct-16	Jul-16 to Oct-16	Oct-15 to Oct-16
Cereals 375g	30,80	33,94	33,75	-0,56%	9,58%
Cereals 400g	30,53	32,03	31,07	-3,00%	1,77%
Cereals 450g	23,41	25,86	26,17	1,20%	11,79%

Other products	Price level			Percentage Change	
	Oct-15	Jul-16	Oct-15	Jul-16 to Oct-16	Oct-15 to Oct-16
Cereals 500g	29,60	31,20	31,23	0,10%	5,51%
Cereals 750g	39,21	42,80	43,55	1,75%	11,07%
Ceylon/black tea 125g	20,20	24,42	23,52	-3,69%	16,44%
Ceylon/black tea 250g	24,68	28,24	29,31	3,79%	18,76%
Ceylon/black tea 500g	42,05	52,15	49,39	-5,29%	17,46%
Ceylon/black tea 62.5g	11,12	12,82	12,82	0,04%	15,33%
Fizzy drinks - can 330mℓ	7,82	8,18	8,22	0,49%	5,12%
Instant coffee 100g	25,34	27,92	28,60	2,44%	12,87%
Instant coffee 200g	67,51	75,57	77,80	2,95%	15,24%
Instant coffee 250g	30,54	34,31	34,79	1,40%	13,92%
Instant coffee 500g	46,57	46,37	49,99	7,81%	7,34%
Instant coffee 750g	70,25	79,37	79,70	0,42%	13,45%
Peanut butter 400g	23,00	24,77	26,99	8,96%	17,35%
Peanut butter 800g	42,88	47,22	50,06	6,01%	16,74%
Rice 10kg	112,48	110,32	110,45	0,12%	-1,80%
Rice 1kg	16,27	16,79	18,06	7,56%	11,00%
Rice 2kg	23,74	24,81	25,89	4,35%	9,06%
Rice 500g	8,03	8,07	7,96	-1,36%	-0,87%
Rice 5kg	61,20	62,25	67,23	8,00%	9,85%
White sugar 10kg	113,99	140,37	154,79	10,27%	35,79%
White sugar 1kg	14,47	16,15	17,74	9,85%	22,60%
White sugar 2.5kg	28,70	33,29	37,09	11,41%	29,23%
White sugar 250g	4,64	5,06	5,24	3,56%	12,93%
White sugar 2kg	21,79	-	28,73		31,85%
White sugar 500g	8,04	8,94	9,65	7,94%	20,02%
White sugar 5kg	59,89	69,51	76,32	9,80%	27,43%
Average				**3,44%**	**14,37%**

Data from Stats SA

APPENDIX B: DATA ON RURAL FOOD PRICE TRENDS

Table B.1: Wheat products

Wheat products	Price level			Percentage Change	
	Oct-15	Jul-16	Oct-16	Jul-16 to Oct-16	Oct-15 to Oct-16
Loaf of brown bread 600g	8,85	9,53	9,96	4,54%	12,57%
Loaf of brown bread 700g	10,11	11,09	11,48	3,51%	13,49%
Loaf of white bread 600g	9,16	10,01	10,34	3,26%	12,85%
Loaf of white bread 700g	11,07	12,16	12,45	2,38%	12,48%
Average				**3,42%**	**12,85%**

Data from Stats SA

Table B.2: Maize products

Maize products	Price level			Percentage Change	
	Oct-15	Jul-16	Oct-16	Jul-16 to Oct-16	Oct-15 to Oct-16
Special maize 1kg	6,92	10,30	10,61	2,97%	53,16%
Special maize 2.5kg	16,32	23,58	23,99	1,75%	46,99%
Special maize 5kg	30,56	45,04	40,85	-9,31%	33,64%
Super maize 1kg	9,46	11,78	12,46	5,76%	31,73%
Super maize 2.5kg	20,46	26,92	27,24	1,19%	33,10%
Super maize 5kg	36,72	50,59	51,07	0,95%	39,10%
Average				**0,55%**	**39,62%**

Data from Stats SA

Table B.3: Sunflower products

Sunflower products	Price level			Percentage Change	
	Oct-15	Jul-16	Oct-16	Jul-16 to Oct-16	Oct-15 to Oct-16
Brick margarine 125g	8,44	8,65	8,78	1,54%	4,07%
Brick margarine 250g	12,07	14,02	14,02	0,00%	16,14%
Brick margarine 500g	19,70	21,80	22,67	4,00%	15,06%
Margarine 1kg	37,28	41,91	41,75	-0,38%	12,00%
Margarine 125g	10,50	9,29	8,69	-6,46%	-17,20%
Margarine 250g	11,83	12,13	12,49	2,99%	5,53%
Margarine 500g	19,83	20,69	21,92	5,91%	10,55%
Sunflower oil 2ℓ	33,95	44,32	41,96	-5,34%	23,59%
Sunflower oil 500mℓ	12,74	14,21	14,31	0,66%	12,28%
Sunflower oil 750mℓ	15,69	18,26	18,26	0,01%	16,40%
Average				**0,29%**	**9,84%**

Data from Stats SA

Table B.4: Dairy products

Dairy products	Price level			Percentage Change	
	Oct-15	Jul-16	Oct-16	Jul-16 to Oct-16	Oct-15 to Oct-16
Eggs 1/2 dozen	8,59	8,99	8,99	0,05%	4,68%
Full cream milk - fresh 1ℓ	12,19	13,15	13,12	-0,20%	7,60%
Full cream milk - fresh 2ℓ	23,96	26,23	26,29	0,23%	9,73%
Full cream milk - fresh 500mℓ	8,75	9,26	9,53	2,92%	8,94%
Full cream milk - long life 1ℓ	13,62	14,21	14,24	0,24%	4,54%
Full cream milk - long life 500mℓ	9,47	9,90	10,40	5,01%	9,84%
Low fat milk - fresh 1ℓ	13,12	15,16	15,82	4,40%	20,65%
Low fat milk - fresh 2ℓ	24,49	27,59	27,59	0,00%	12,65%
Average				**1,58%**	**9,83%**

Data from Stats SA

Table B.5: Tea and coffee

Tea and coffee	Price level			Percentage Change	
	Oct-15	Jul-16	Oct-16	Jul-16 to Oct-16	Oct-15 to Oct-16
Ceylon/black tea 125g	14,81	17,53	18,56	5,90%	25,33%
Ceylon/black tea 200g	18,49	23,29	25,29	8,59%	36,78%
Ceylon/black tea 250g	24,79	28,00	28,18	0,61%	13,65%
Ceylon/black tea 62.5g	9,64	11,19	11,83	5,80%	22,80%
Instant Coffee 100g	16,77	17,87	18,52	3,65%	10,44%
Instant Coffee 250g	32,41	35,73	37,04	3,66%	14,26%
Instant Coffee 750g	70,74	79,49	80,98	1,88%	14,48%
Average				**4,30%**	**19,68%**

Data from Stats SA

Table B.6: Beans

Beans	Price level			Percentage Change	
	Oct-15	Jul-16	Oct-16	Jul-16 to Oct-16	Oct-15 to Oct-16
Beans Dried 1kg	27,80	30,66	29,21	-4,72%	5,07%
Beans Dried 2kg	45,59	53,81	58,24	8,23%	27,75%
Beans Dried 500g	15,36	16,33	16,91	3,56%	10,12%
Average				**2,36%**	**14,31%**

Data from Stats SA

Table B.7: White sugar

Sugar	Price level			Percentage Change	
	Oct-15	Jul-16	Oct-16	Jul-16 to Oct-16	Oct-15 to Oct-16
White sugar 1kg	14,24	16,12	17,83	10,65%	25,28%
White sugar 2.5kg	31,79	37,42	39,62	5,90%	24,65%
White sugar 500g	69,90	79,99	85,99	7,50%	23,02%
Average				**8,02%**	**24,32%**

Data from Stats SA

Table B.8: Meat & Fish

Meat & Fish	Price level			Percentage Change	
	Oct-15	Jul-16	Oct-16	Jul-16 to Oct-16	Oct-15 to Oct-16
Beef brisket - fresh per kg	63,25	68,93	68,95	0,03%	9,01%
Beef chuck - fresh per kg	65,40	68,02	67,79	-0,35%	3,64%
Beef fillet - fresh per kg	117,70	126,41	126,41	0,00%	7,40%
Beef rump steak -fresh per kg	91,43	97,51	97,96	0,47%	7,15%
Beef T-bone - fresh per kg	76,68	84,28	85,64	1,61%	11,69%
Chicken portions - fresh per kg	11,00	12,00	15,00	25,00%	36,36%
Chicken portions - fresh 2kg	55,00	55,00	57,00	3,64%	3,64%
Chicken portions - frozen per kg	20,57	21,80	23,60	8,26%	14,72%
Chicken portions - frozen 2kg	50,22	50,13	50,05	-0,15%	-0,32%
Fish (excl. tuna) - tinned 155g	9,00	10,07	10,41	3,41%	15,76%
Fish (excl. tuna) - tinned 425g	16,00	16,00	18,00	12,50%	12,50%
Average				**4,95%**	**11,05%**

Data from Stats SA

Table B.9: Rice

Rice	Price level			Percentage Change	
	Oct-15	Jul-16	Oct-16	Jul-16 to Oct-16	Oct-15 to Oct-16
Rice 1kg	14,36	14,95	15,32	2,49%	6,70%
Rice 2kg	24,31	24,98	25,40	1,71%	4,48%
Rice 500g	7,84	8,06	8,54	6,01%	9,00%
Average				**3,40%**	**6,73%**

Data from Stats SA

Table B.10: Peanut butter

Peanut butter	Price level			Percentage Change	
	Oct-15	Jul-16	Oct-16	Jul-16 to Oct-16	Oct-15 to Oct-16
Peanut butter 270g	19,40	19,90	21,68	8,93%	11,76%
Peanut butter 400g	24,45	25,38	27,54	8,47%	12,60%
Peanut butter 800g	40,24	44,95	49,48	10,06%	22,94%
Average				**9,15%**	**15,77%**

Data from Stats SA

Table B.11: Sorghum Meal

Sorghum Meal	Price level			Percentage Change	
	Oct-15	Jul-16	Oct-16	Jul-16 to Oct-16	Oct-15 to Oct-16
Sorghum meal (e.g. mabella) 1kg	16,00	16,00	17,50	9,38%	9,38%
Average				**9,38%**	**9,38%**

Data from Stats SA

Table B.12: Fruit & Vegetables

Fruit & Vegetables	Price level			Percentage Change	
	Oct-15	Jul-16	Oct-16	Jul-16 to Oct-16	Oct-15 to Oct-16
Apples - Fresh per kg	14,39	16,28	17,21	5,69%	19,54%
Bananas - Fresh per kg	9,92	14,81	15,20	2,62%	53,29%
Cabbage - Fresh per kg	-	9,99	10,99	10,01%	
Onions - Fresh per kg	9,23	14,50	11,74	-19,02%	27,21%
Oranges - Fresh per kg	9,87	9,78	11,69	19,59%	18,51%
Potatoes - Fresh per kg	9,82	13,04	12,44	-4,59%	26,75%
Potatoes - Fresh 10kg	45,33	67,33	64,99	-3,48%	43,35%
Tomatoes - Fresh per kg	17,01	15,89	18,44	16,10%	8,46%
Average				**3,36%**	**28,16%**

Data from Stats SA

APPENDIX C: COMMODITY AND PRODUCT PRICE TRENDS

C.1 Wheat price trends

Between October 2015 and October 2016:

International wheat price decreased by 12.12 %

Domestic price of wheat decreased by 0.63 %

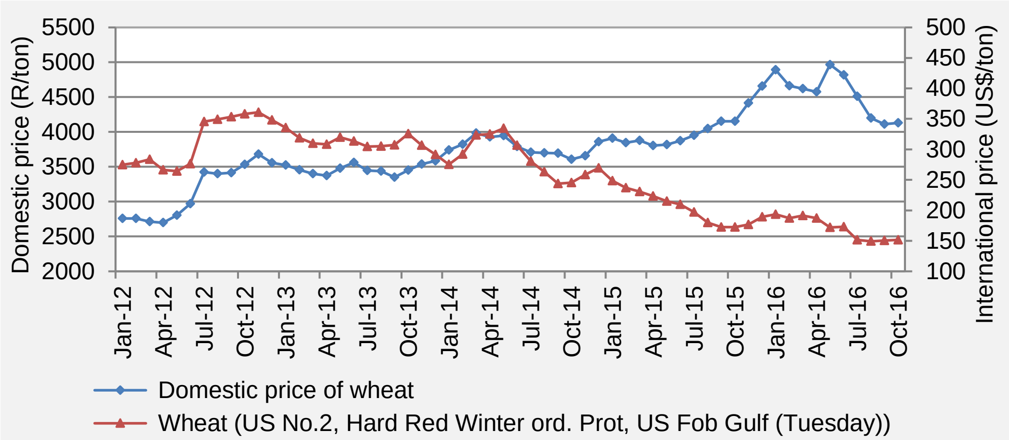

Figure C.1: Domestic market price vs global market price of wheat
Source: FAO and SAFEX, 2016

Domestic wheat price followed the import parity price of wheat closely, since SA is a net importer of wheat. Between October 2015 and October 2016:
Wheat import parity price increased by 1.78 %;
Wheat export parity price decreased by 4.76 %

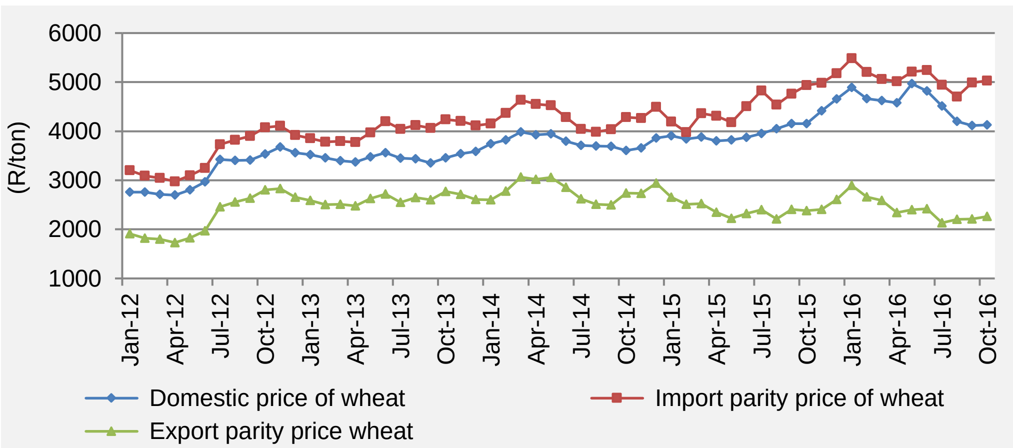

Figure C.2: Import parity, export parity and domestic prices of wheat
Source: SAGIS and SAFEX, 2016

Between October 2015 and October 2016:

Domestic wheat price decreased by 0.63 %

Brown bread 700g price increased by 13.83 %

White bread 700g price increased by 13.61 %

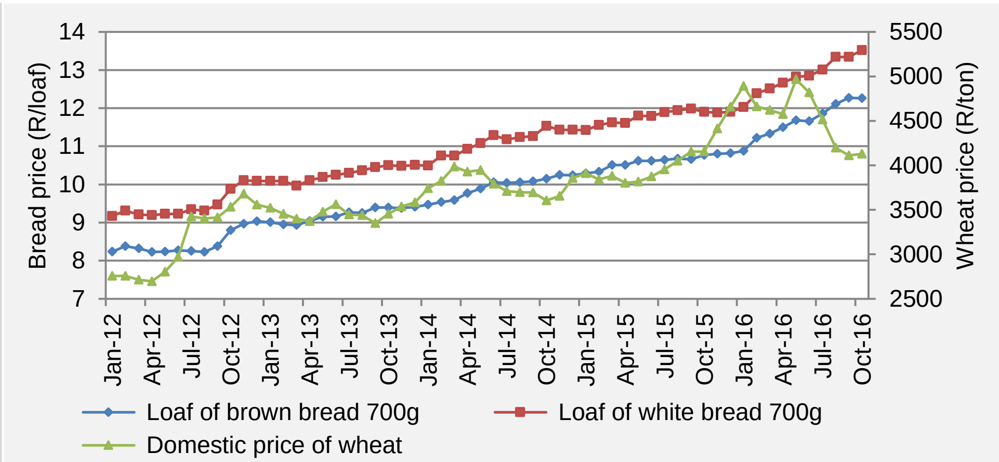

Figure C.3: Domestic wheat price and bread price trends
Source: Stats SA and SAFEX, 2016

C.2 Maize price trends

Between October 2015 and October 2016:

International price of yellow maize decreased by 11.16 %

Domestic price of yellow maize increased by 9.59 %

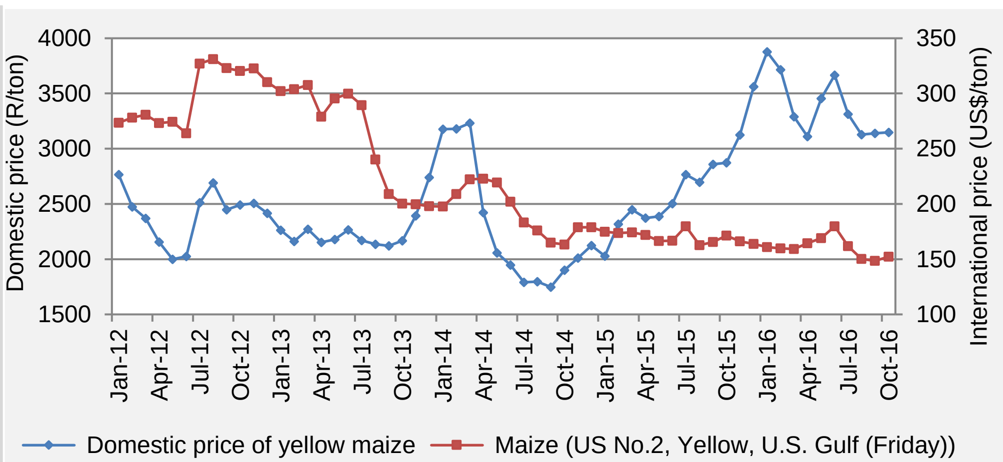

Figure C.4: Domestic market price vs global market price of yellow maize
Source: FAO and SAFEX, 2016

Between October 2015 and October 2016:

Export parity price of maize increased by 10.67 %

Import parity price of maize decreased by 12.64 %

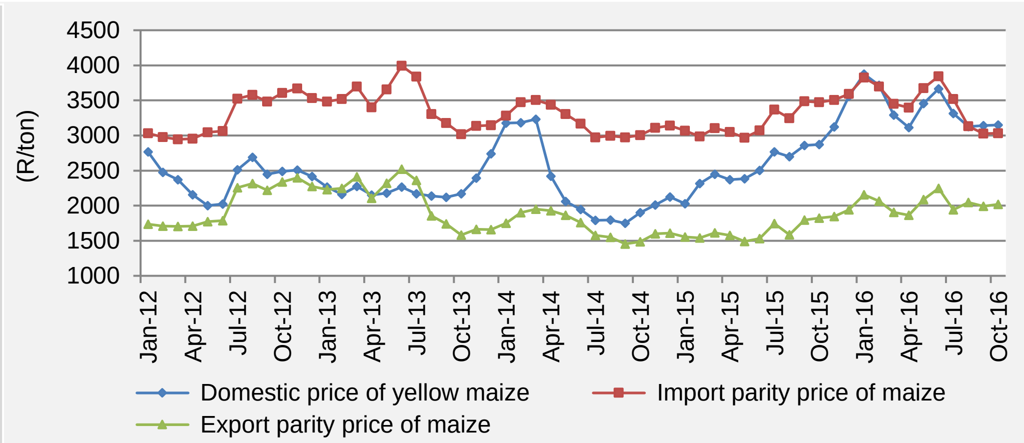

Figure C.5: Import parity, export parity and domestic prices of yellow maize
Source: SAFEX and SAGIS, 2016

Between October 2015 and October 2016:

Super maize meal 2.5 kg price increased by 36.69 %;
Special maize meal 2.5 kg increased by 63.80 %;
Domestic price of white maize increased by 13.56 %

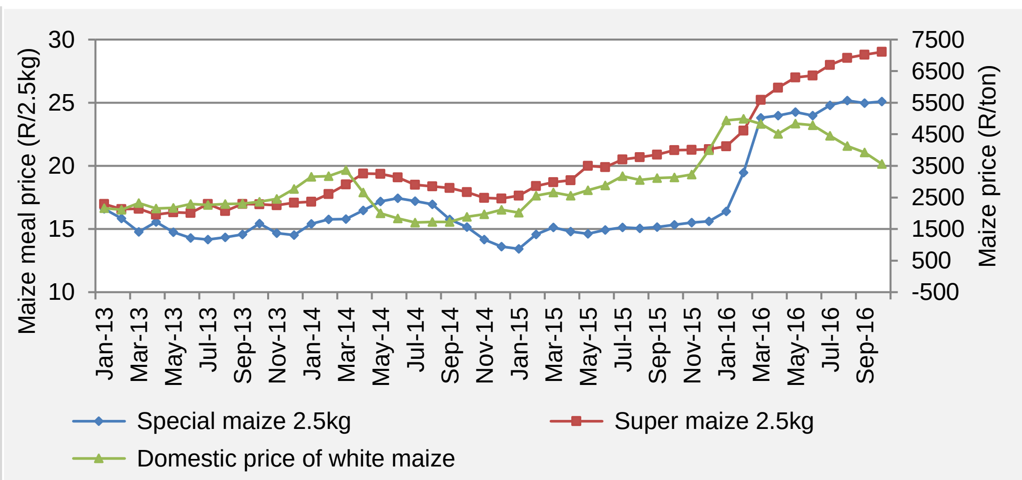

Figure C.6: White maize price and maize meal price trends
Source: SAFEX and Stats SA, 2016

C.3 Sunflower seeds price trends

Between October 2015 and October 2016:

International Sunflower seed price decreased by 11.18 %

Domestic price of sunflower seed decreased by 4.58 %

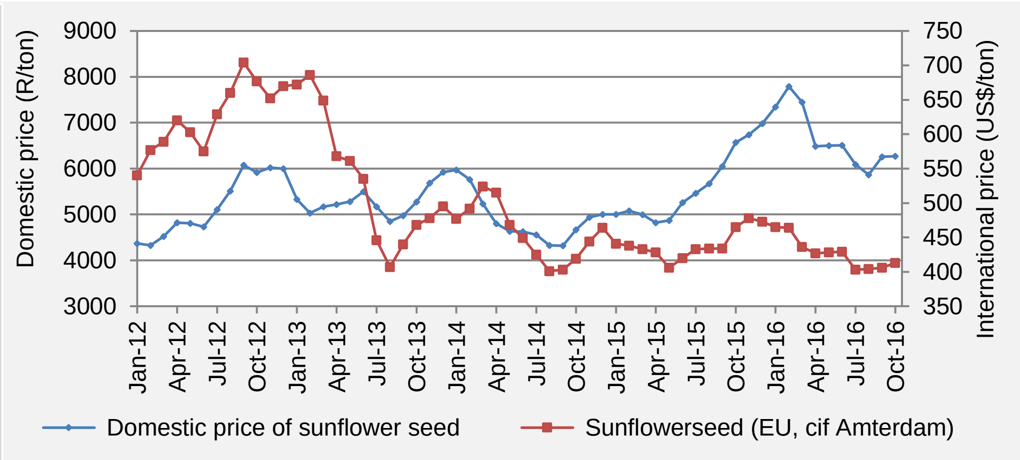

Figure C.7: Domestic market price of sunflower seeds vs global market price

Source: FAO and SAFEX, 2016

Between October 2015 and October 2016:

Domestic price of sunflower seed decreased by 4.58 %

Sunflower oil 750 ml increased by 17.17 %

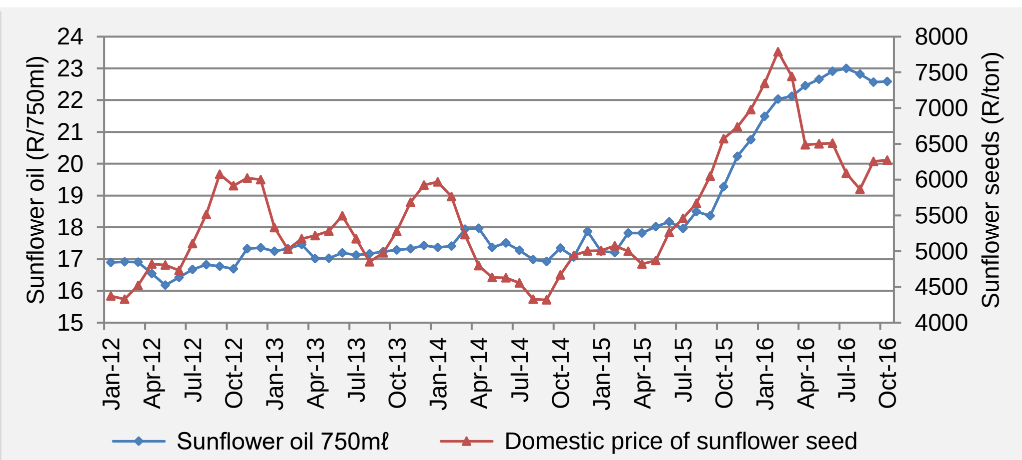

Figure C.8: Sunflower seeds price and sunflower oil price trends

Source: SAFEX and Stats SA, 2016

C.4 Dairy price trends

Between October 2015 and October 2016:

International skim milk powder increased by 9.69 %

International whole milk powder increased by 3.08 %

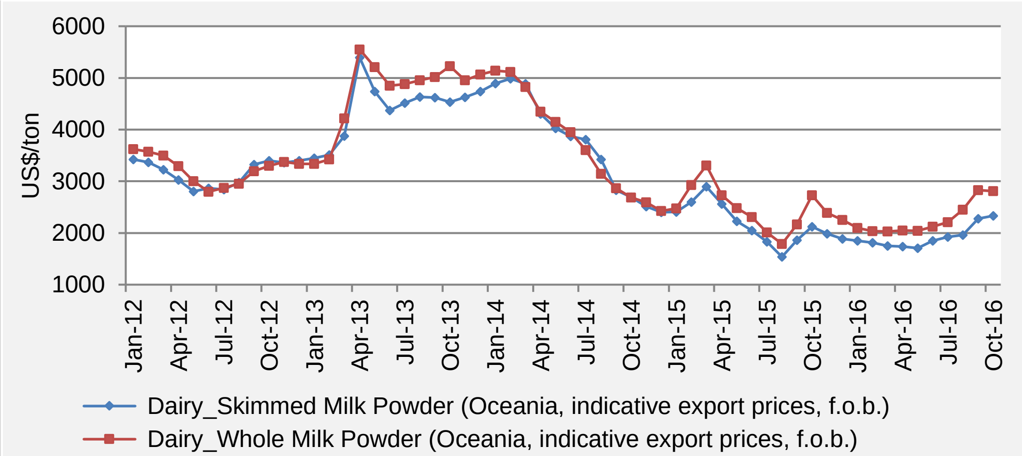

Figure C.9: Skim milk powder and whole milk powder price trends
Source: FAO, 2016

Between October 2015 and October 2016:

Milk producer price increased by 22.37 %;
full cream milk – fresh 1ℓ increased by 10.92 %;
full cream milk – long life 1ℓ increased by 10.09 %

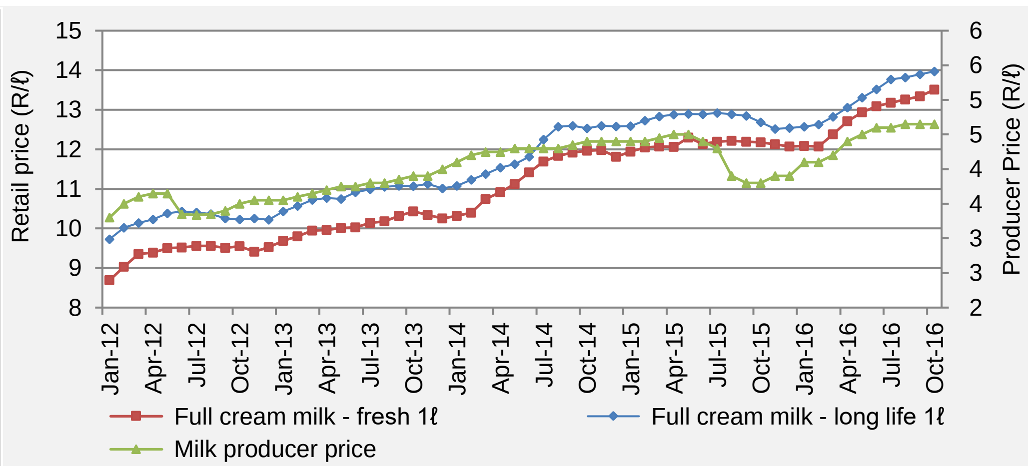

Figure C.10: Domestic producer price and retail prices of milk
Source: MPO and Stats SA, 2016

C.5 Meat price trends

The price of beef at **retail** level showed an annual average increase of 5.49 % for the five different cuts, between October 2015 and October 2016

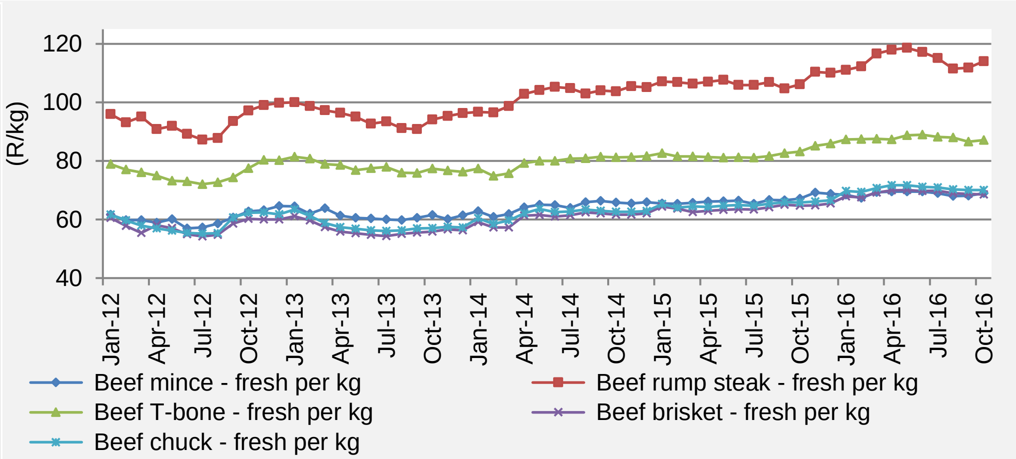

Figure C.11: Retail prices of beef cuts

Source: Stats SA, 2016

Between October 2015 and October 2016:

Chicken portions – fresh per kg (**retail)** price increased by 3.10 % per kg

Pork chops per kg **retail** price increased by 4.02 %

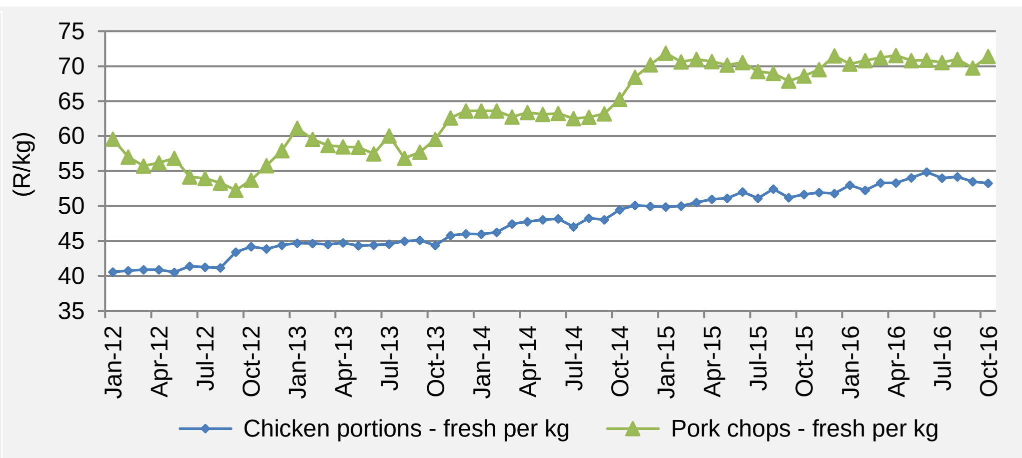

Figure C.12: Retail prices of pork chops and chicken portions – fresh per kg

Source: Stats SA, 2016

Between October 2015 and October 2016: Producer price for fresh chicken per kg increased by 3.65 %; for frozen chicken per kg increased by 3.05 %; and for IQF chicken per kg decreased by 0.37 %;

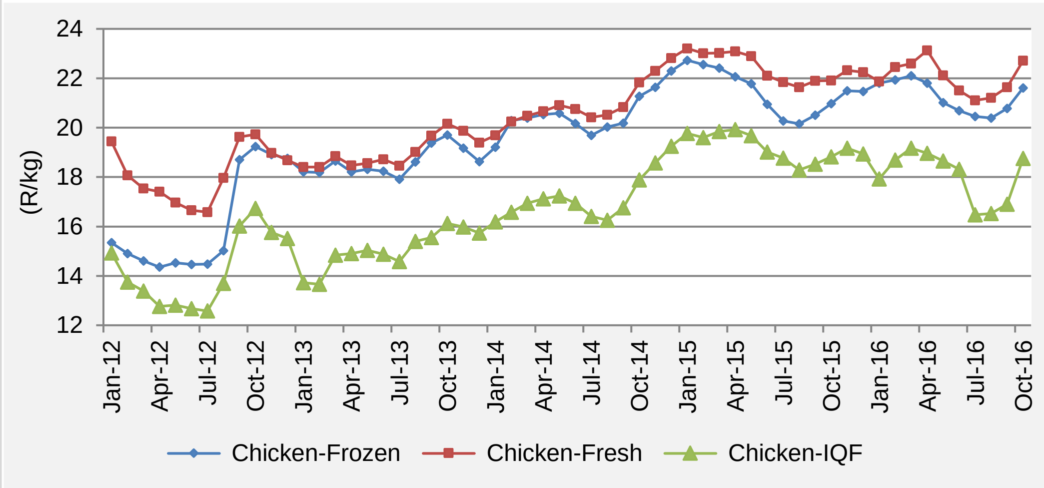

Figure C.13: Producer prices of various chicken
Source: AMT, 2016

Between October 2015 and October 2016:

Porker price (R/kg) increased by 14.39 %

Baconer price (R/kg) increased by 14.11 %

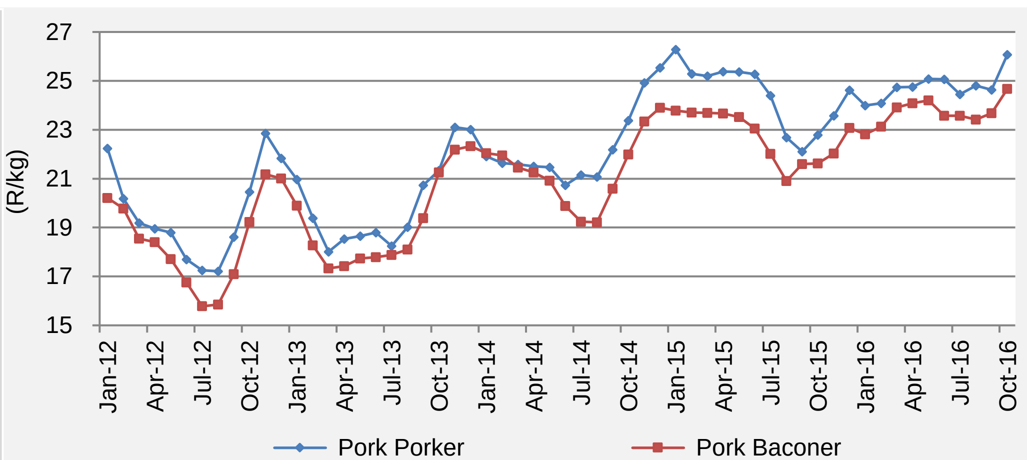

Figure C.14: Producer prices of pork
Source: AMT, 2016

Between October 2015 and October 2016:

Producer price of Beef class A2/A3 increased by 10.41 %, class B2/B3 increased by 9.32 %, and class C2/C3 increased by 15.55 %

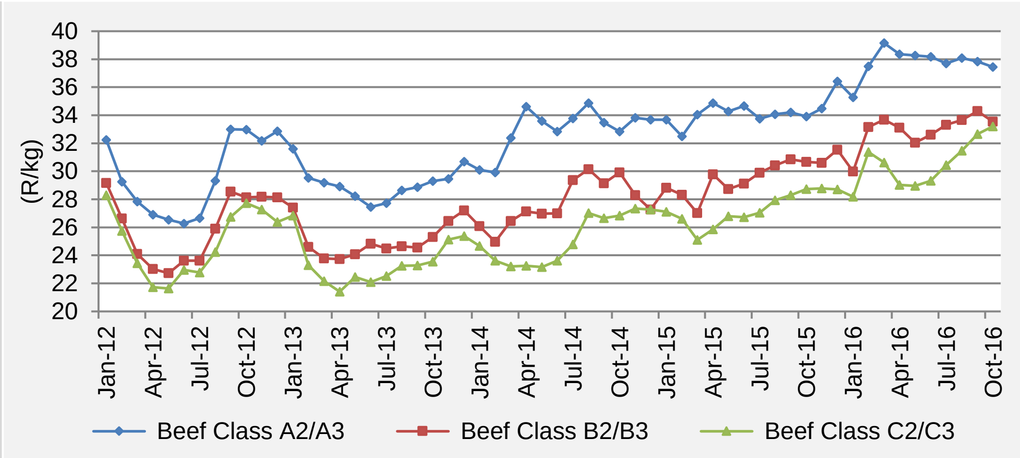

Figure C.15: Producer prices of beef
Source: AMT, 2016

Between October 2015 and October 2016:

Prices of lamb-class A2/A3 (R/kg) increased by 10.17 %, class B2/B3 increased by 24.99 % and the price of class C2/C3 increased by 13.13 %

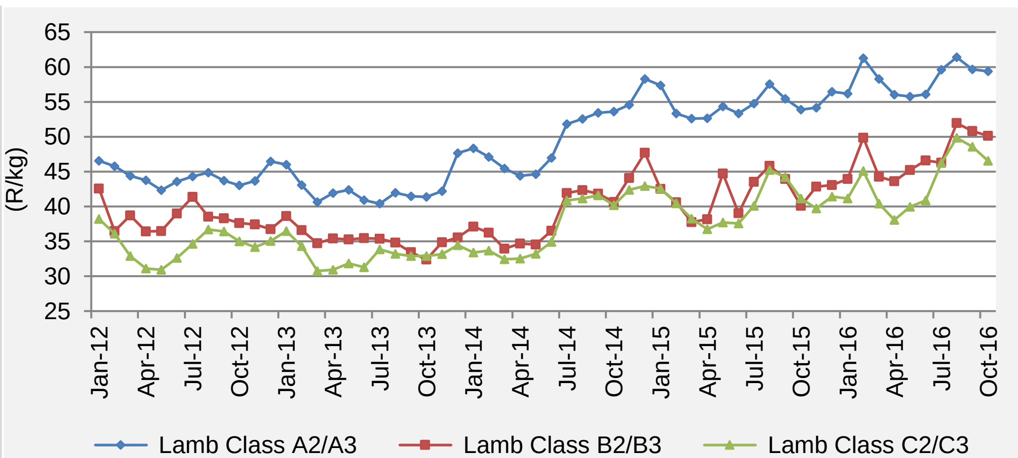

Figure C.16: Producer prices of lamb
Source: AMT, 2016

APPENDIX D: DATA COLLECTION

Urban food prices reported on in this media release are obtained from Statistics South Africa (Stats SA) and AC Nielsen. The prices obtained are regarded as being representative of changes in food prices in South Africa for the following reasons:

- 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. 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 its integrity. The basket of food products included was derived from the Income and Expenditure Survey of 2010/11' 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 the Stats SA website.
- 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.
- This media release also reports food prices in deep rural areas. Rural food prices were collected from 190 outlets/shops by field workers on a monthly basis.

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