National Agricultural Marketing Council

Promoting market access for South African agriculture

Markets and Economic Research Centre

Food Price Monitor

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FOOD PRICE MONITOR: Aug 2016

EXECUTIVE SUMMARY

In July 2016, the Consumer Price Index (CPI) released by Statistics South Africa (StatsSA) indicated that the headline CPI and the food and non-alcoholic beverage price indices were 6.0 % and 11.3 %, respectively.

Prices were compared for selected food items in rural and urban areas for July 2016. Food items showing the largest price differences between urban and rural areas in April 2016 were: sunflower oil 750mℓ at a difference of R4.74, margarine spread 500g at a R3.40 difference, special and super maize meal at R1.21 and R1.06, 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. Ceylon/black tea 62.5g, white sugar 2.5kg and peanut butter 400g) than their urban counterparts.

The FAO Food Price Index (FFPI), in nominal terms, averaged 161.9 points in July 2016, 1.3 points (0.8 %) below June and 1.4 % below the corresponding month last year. The modest decline in July that followed five consecutive monthly increases was largely caused by drops in international quotations of grains and vegetable oils, more than offsetting firmer dairy, meat and sugar prices.

From July 2015 to July 2016 the cost of this 23-item urban food basket increased by **R85.61 (+16.3 %) in** nominal terms from **R525.31** to **R610.92** (compared to the increase of **16.4 %** from April 2015 to April 2016 (the previous Food Price Monitor analysis period)).

When comparing July 2015 to July 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): Frozen chicken portions, onions, oranges, maize meal, potatoes, sunflower oil, tea, bananas, margarine, coffee, brown bread, peanut butter and apples. 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 April 2015 versus April 2016, with January 2015 versus January 2016 (i.e. the previous Food Price Monitor analysis period) the rate of inflation was higher for fruit, dairy, eggs, fats/oils, bean products and coffee/tea.

Key issues to consider, that might affect prices during the outlook period, are possible US interest rate adjustments on the 21st of September and the current local political climate. An increase in US rates will cause the rand to depreciate and this will result in upward pressure for meat, manufacturing and distribution costs. The current political turmoil is also expected to result in a volatile currency. This could ultimately also lead to higher final retail prices.

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1. Introduction

In July 2016, the Consumer Price Index (CPI) released by Statistics South Africa (StatsSA) indicated that the headline CPI and the food and non-alcoholic beverage price indices were 6.0 % and 11.3 %, respectively. **Figure 1** shows trends of the headline CPI and food and non-alcoholic beverage inflation rates on a monthly basis, from January 2010 to July 2016.

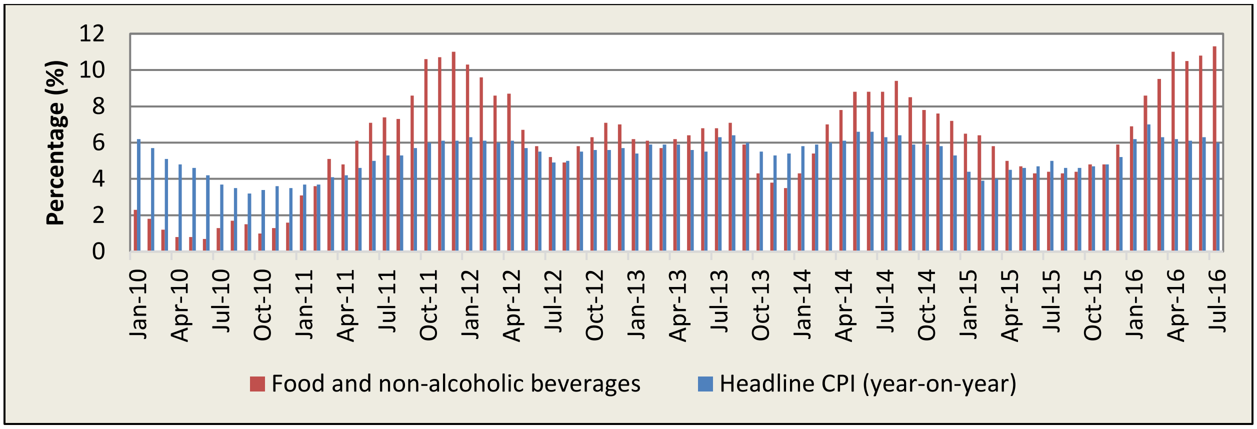

Figure 1: Headline CPI and food and non-alcoholic beverage CPI
Source: StatsSA, 2016

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**, July 2015 vs. July 2016: sugar, sweets and desserts (15.5 %), milk, eggs and cheese (9.3 %), fruit (21.4 %), meat (6.4 %), other food (11.1 %), fish (9.0 %), processed foods (10.4 %), unprocessed foods (12.5 %), bread and cereals (15.1 %), vegetables (15.5 %) and oils and fats (20.2 %). Also indicated in **Figure 2** is the **month-on-month** percentage change from June to July 2016.

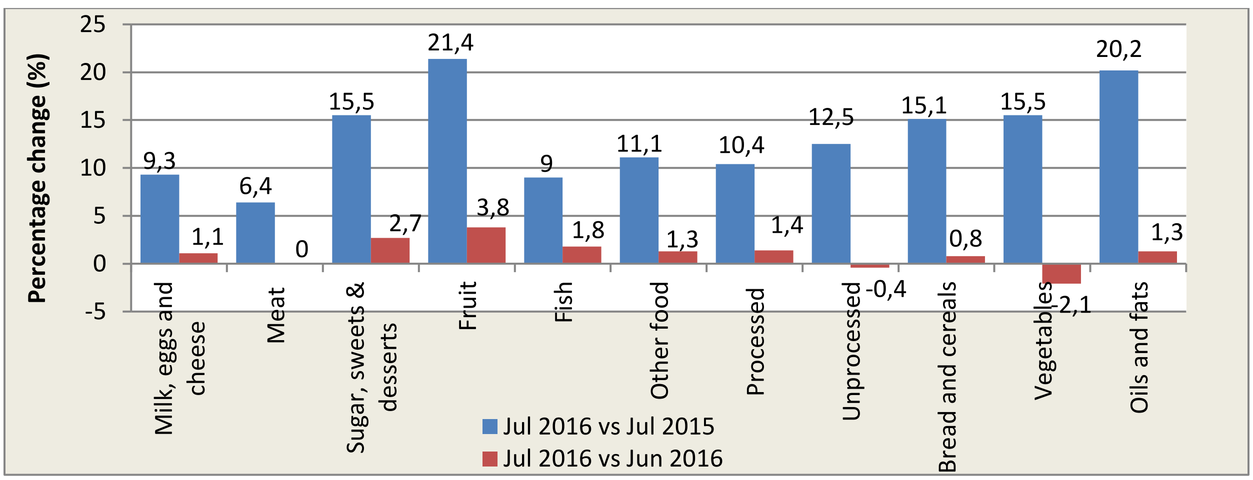

Figure 2: Year-on-year (July 2015 vs. July 2016) and month-on-month (June 2016 vs. July 2016) percentage change for different food categories
Source: StatsSA, 2016

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 July 2016 for South Africa and other selected countries. South Africa's overall inflation for July 2016 was 6.0 %. Food inflation was at 11.3 % during the same period. The food categories with the largest contribution during this period to South African food inflation are fruit and oils and fat. The Zambian overall inflation rate for July 2016 was 20.2 %, while the food inflation rate was 24.8 %. Botswana's overall and food inflation rates were both 2.7 % during July 2016. Turkey's overall inflation rate for July 2016 was 8.8 %, compared to their food inflation rate of 9.7 %. Considering inflation in the BRIC countries, Brazil had the highest overall inflation rate of 8.7 % and food inflation rate of 13.6 %, followed by Russia, which had an overall inflation rate of 7.2 % and a food inflation rate of 6.4 %. From the BRIC group, China recorded the lowest year-on-year inflation rate of 1.8 % and a food inflation rate of 3.3 %.

Table 1: Overall inflation and food inflation during May 2016 to July 2016

	May 16		June 16		July 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	2.8	2.7	2.7	2.6	2.7	2.7
Brazil	9.3	12.7	8.8	12.8	8.7	13.6
China	2.0	5.9	1.9	4.6	1.8	3.3
India	5.8	7.5	5.8	7.8	6.1	8.4
Namibia	6.7	12.2	6.7	11.3	7.0	12.2
Russia	7.3	5.3	7.5	6.1	7.2	6.4
South Africa	6.1	10.5	6.3	10.8	6,0	11.3
Turkey	6.6	2.5	7.6	6.6	8.8	9.7
United Kingdom	0.3	-2.8	0.5	-2.9	0.6	-2.6
United States	1.0	0.7	1.0	0.3	0.8	0.2
Zambia	21.3	25.8	21.0	25.3	20.2	24.8

Sources: Central banks and statistics reporting institutions of these countries, 2016

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

Appendix C ranks the food items included in this report into urban and rural areas, according to the various inflation rates. The food products highlighted in **Table C.1 (Appendix C)** are those with annual **urban** inflation rates that exceed the South African Reserve Bank's (SARB) inflation upper band of 6 %: instant coffee 100g (6.28 %), powdered milk 250g (6.32 %), full cream milk – long life 1ℓ (6.58 %), low fat milk – long life 1ℓ (6.61 %), rice 2kg (6.76 %), tuna – tinned 170g (7.39 %), peanut butter 800g (7.64 %), full cream milk – long life 500mℓ (7.68 %), cereals 500g (7.70 %), low fat milk – fresh 1ℓ (7.87 %), full cream milk – fresh 1ℓ (8.12 %), rice 500g (8.47 %), white sugar 1kg (8.53 %), beef rump steak – fresh per kg (8.62 %), beef T-bone – fresh per kg (8.65 %), full cream milk – fresh 2ℓ (8.65 %), powdered milk 500g (9.29 %), loaf of white bread 700g (9.42 %), margarine spread 500g (9.55 %), eggs 1.5 dozen (9.55 %), beef chuck – fresh per kg (9.67 %), sweetcorn/baby corn/mealies* (9.75 %), powdered milk 900g (9.91 %), apples – fresh per kg (10.12 %), beef brisket – fresh per kg (10.18 %), cereals 375g (10.27 %), lamb

– fresh per kg (10.37 %), loaf of brown bread 800g (10.38 %), peanut butter 400g (10.58 %), brick margarine 125g (10.76 %), cereals 450g (11.13 %), loaf of brown bread 700g (11.47 %), instant coffee 200g (11.82 %), cereals 750g (11.90 %), spaghetti 500g (12.42 %), instant coffee 250g (12.60 %), sweet corn – tinned 410g (12.74 %), eggs 2.5 dozen (12.76 %), powdered milk 400g (12.90 %), instant coffee 750g (12.98 %), full cream milk – fresh 500mℓ (13.00 %), polony per kg (13.26 %), cabbage - fresh each (13.46 %), fish (excluding tuna) – tinned 215g (14.17 %), brick margarine 500g (14.98 %), Ceylon/black tea 500g (15.02 %), white sugar 500g (15.21 %), cake flour 5kg (15.70 %), bananas – fresh per kg (15.79 %), macaroni 500g (16.24 %), brick margarine 250g (16.72 %), eggs 0.5 dozen (16.80 %), white sugar 2.5kg (16.89 %), cake flour 2.5kg (17.34 %), white sugar 5kg (17.63 %), sunflower oil 500mℓ (17.76 %), white sugar 250g (17.95 %), beetroot – fresh per kg (20.02 %), Ceylon/black tea 62.5g (20.60 %), Ceylon/black tea 250g (20.94 %), Avocado – per kg* (22.38 %), white sugar 10kg (24.78 %), sunflower oil 750mℓ (28.06%), sweet corn – tinned 420g (29.95 %), potatoes – fresh per kg (31.07 %), sweet potatoes – fresh per kg (32.09 %), super maize 1kg (32.82 %), super maize 2.5kg (36.49 %), sunflower oil 4ℓ (38.07 %), sunflower oil 2ℓ (38.70 %), super maize 5kg (39.02 %), pineapples – per kg* (39.04 %), oranges – fresh per kg (39.10 %), pears – per kg* (44.52 %), Ceylon/black tea 125g (48.09 %), onions – fresh per kg (48.92 %), special maize 2.5kg (63.74 %), chicken portions – frozen per kg (real) (68.83 %), special maize 1kg (69.24 %) and mango – per kg* (175.43 %).

Table C.2 records the products which exceed the SARB annual inflation rate of 6 % in the **rural** areas as follows: full cream milk – fresh 500mℓ (6.69 %), rice 2kg (6.92 %), full cream milk – fresh 2ℓ (7.76 %), margarine 500g (7.83 %), beef T-bone – fresh per kg (8.26 %), beef rump steak – fresh per kg (9.18 %), loaf of brown bread 600g (9.21 %), full cream milk – fresh 1ℓ (9.22 %), loaf of white bread 700g (9.85 %), loaf of brown bread 700g (10.20 %), apples – fresh per kg (10.31 %), beef brisket – fresh per kg (10.79 %), sorghum meal 1kg (10.88 %), peanut butter 800g (11.08 %), beans dried 500g (11.86 %), low fat milk – fresh 1ℓ (12.83 %), low fat milk – fresh 2ℓ (13.45 %), fish (excluding tuna) – tinned 155g (13.83 %), loaf of white bread 600g (14.28 %), brick margarine 500g (14.56 %), sunflower oil 500mℓ (15.65 %), chicken portions – frozen per kg (15.75 %), margarine 125g (16.20 %), brick margarine 250g (16.54 %), margarine 250g (16.87 %), beans dried 1kg (17.19 %), beans dried 2kg (17.54 %), chicken portions – fresh per kg (20.00 %), margarine 1kg (20.59 %), sunflower oil 750mℓ (21.14 %), super maize 1kg (25.71 %), oranges – fresh per kg (29.65 %), sunflower oil 2ℓ (32.70 %), super maize 2.5kg (35.46 %), potatoes – fresh per kg (36.26 %), super maize 5kg (43.40 %), potatoes – fresh 10kg (46.38 %), special maize 2.5kg (48.10 %), onions – fresh per kg (48.11 %), bananas – fresh per kg (48.90 %), special maize 5kg (51.51 %) and special maize 1kg (52.37 %).

A closer look at food price trends: July 2015 to July 2016

During the period July 2015 to July 2016, the international price of wheat (US No 2, Hard Red Winter ord. Prot, US Fob Gulf) decreased by 23.22 %, while the domestic wheat prices increased by 14.20 %. Urban consumers paid 11.47 % more for a loaf of brown bread (700g) and 9.42 % more for a loaf of white bread (700g) during the same period. During the same period, domestic yellow maize prices increased by 19.81 %, while international yellow maize prices decreased by 9.93 %. Super maize meal (2.5kg) increased by 36.49 % and special maize meal (2.5kg) by 63.74 %, in urban areas. During the same period, the urban price of sunflower oil (750mℓ) increased by 28.06 %. The July 2016 domestic price of sunflower seed was R6 091.14/ton compared with the R5 461.17/ton price of July 2015, growth of 11.54 %.

During this period July 2015 to July 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 11.67 %, 11.51 % and 12.57 %, respectively. Lamb/mutton producer prices of class A2/A3 (R/kg), class B2/B3 and class C2/C3 (R/kg) all increased by 8.82 %, 6.37 % and 15.32 %, respectively. Producer prices of fresh chicken portions (R/kg) decreased by 3.39 %, while frozen chicken portions (R/kg) increased by 0.89 %, during the same period.

4. Comparison between urban and rural prices: July 2016

Table 2 compares prices of selected food items in rural and urban areas for July 2016. The food items which showed the largest price differences between **urban** and **rural** areas in July 2016 were: sunflower oil 750mℓ at a difference of R4.74, margarine spread 500g at a R3.40 difference, special and super maize meal at R1.21 and R1.06, 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. Ceylon/black tea 62.5g, white sugar 2.5kg and peanut butter 400g) than their urban counterparts.

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

Product	Rural Food Prices July 2016	Urban Food Prices July 2016	Price difference R/unit
Full cream milk – long life 1ℓ	14,21	13,77	-0,44
Loaf of brown bread 700g	11,09	11,86	0,77
Loaf of white bread 700g	12,16	13,01	0,85
Special maize 2.5 kg	23,58	24,79	1,21
Super maize 2.5 kg	26,92	27,98	1,06
Margarine spread 500g	20,69	24,09	3,40
Peanut butter 400g	25,38	24,77	-0,61
Rice 2kg	24,98	24,81	-0,17
Sunflower oil 750mℓ	18,26	23,00	4,74
Ceylon/black tea 62.5g	23,29	12,82	-10,47
White sugar 2.5kg	37,42	33,29	-4,13
Average			**-0.34**

Source: **StatsSA, 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 July 2016 reaching an index level of 119.84.

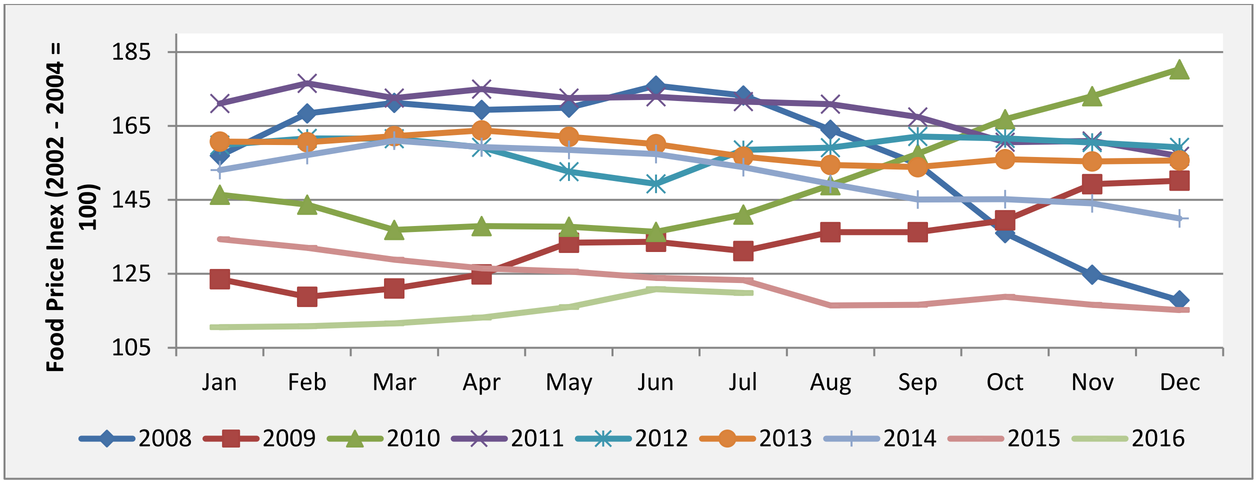

Figure 3a: International monthly real food price index
Source: FAO, 2016

Figure 3b shows the price indices for the five food categories in **real** terms. The **month-on-month** percentage growths of the Dairy (3.15 %), Cereals (-5.59 %), Oils Price (-2.81 %), Sugar Price (0.98 %) and the Meat (1.26 %) Indexes are illustrated between June 2016 and July 2016. **Year-on-year**, July 2015 to July 2016, the Oils and Sugar Price indexes reflected an increasing trend in **real** terms.

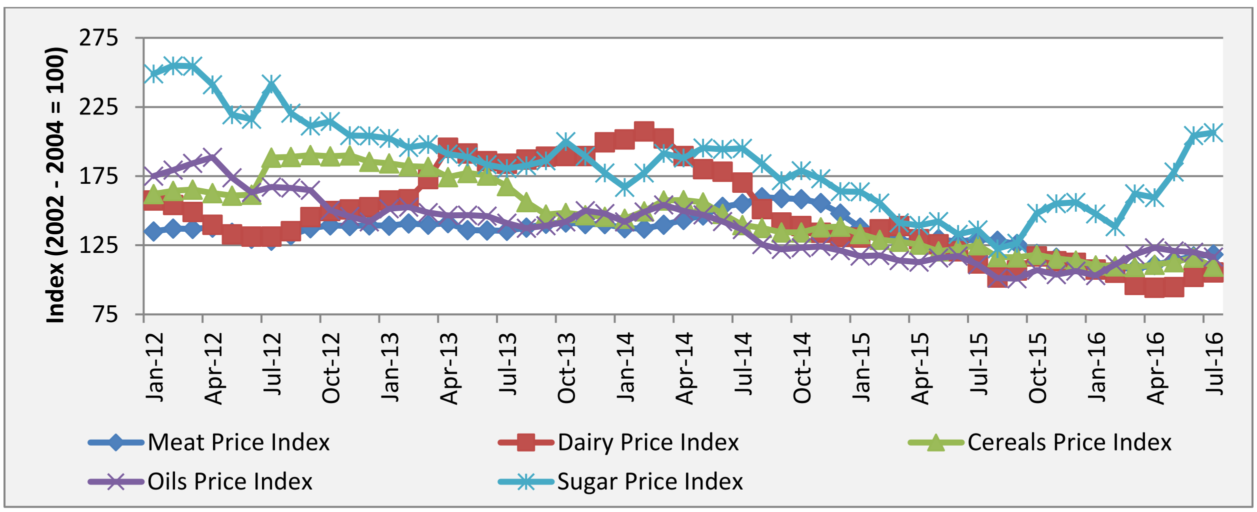

Figure 3b: Real price indices for five food categories
Source: FAO, 2016

The **FAO Food Price Index[1] (FFPI)**, in **nominal** terms, averaged 161.9 points in July 2016, 1.3 points (0.8 %) below June and 1.4 % below the corresponding month last year. The modest decline in July that followed five consecutive monthly increases was largely caused by drops in international quotations of grains and vegetable oils, more than offsetting firmer dairy, meat and sugar prices.

The **FAO Cereal Price Index**, in **nominal** terms, averaged 148.1 points in July, down 8.8 points (5.6 %) from June and 11 % below the July 2015 level. Among the major cereals, maize values dropped sharply as

[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.*

weather conditions in the key growing regions of the United States proved more favourable than was predicted. Wheat prices also fell in July mainly on very large world supplies and, in particular, prospects for abundant export availabilities from the Black Sea region. By contrast, rice prices strengthened somewhat, as dwindling availabilities underpinned Basmati and long-grain quotations.

The **FAO Vegetable Oil Price Index** averaged, in **nominal** terms, averaged 157.4 points in July, down 4.6 points (2.8 %) from June and falling for the third consecutive month. The slide was mainly on account of palm oil, whose price dropped to a 5-month low as regular rainfall underpinned a seasonal recovery in production in Southeast Asia whilst global import demand remained subdued. International prices for soy, sunflower and rapeseed oil also eased on better than earlier anticipated supply prospects, further contributing to the fall in the index.

The **FAO Dairy Price Index** averaged, in **nominal** terms, averaged 142.3 points in July, up 4.3 points (3.2 %) from June. Prices rose for all the dairy commodities that compose the Index, in particular for butter. Yet, they remain at very low levels compared to recent years. In the face of lacklustre international demand, especially for milk powders, the EU is considering measures to foster a reduction of milk output, which rose by 4.4 % in the year to May. Meanwhile, in Oceania, generally favourable rainfall at the start of the 2016/17 milk year has improved yield prospects.

The **FAO Meat Price Index**[1], in **nominal** terms, averaged averaged 159.9 points in July, 2.0 points (1.3 %) higher than its revised June value. All meat products covered by the Index saw prices firm, in particular pig meat, underpinned by limited availabilities. Notable developments include a shortage of pigs for slaughter and lighter slaughter weights in the EU and reduced output of sheep and bovine meat in Oceania, caused by herd rebuilding. At the same time, international demand for meat remains firm, supported by a recovery in purchases by China, and sustained imports by several countries elsewhere in Asia.

The **FAO Sugar Price Index, in nominal terms,** averaged 278.7 points in July, up 2.7 points (1.0 %) from June. International sugar prices were largely influenced by movements in the Brazilian currency (Real), which strengthened against the United States dollar (up by around 4 % in July compared with June). A stronger Real is supportive for international sugar prices because it limits Brazilian sugar exports to the world market as producers prefer to process sugarcane into ethanol for local sale.

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[2] (as compiled by the Food Price Monitoring Committee in 2003), based on monthly average food price data for the period July 2015 to July 2016.

From July 2015 to July 2016 the cost of this basic urban food basket increased by **R85.61 (+16.3 %)** in nominal terms from **R525.31** to **R610.92** (compared to a lower increase of 16.4 % from April 2015 to April 2016 (the previous Food Price Monitor analysis period)).

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[2] 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.*

The cost of this food basket expressed as a share of the average monthly income[3] of the poorest 30 % of the population increased from 49.1 % in July 2015 to 57.1% in July 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 2.3 % **(Figure 4)**.

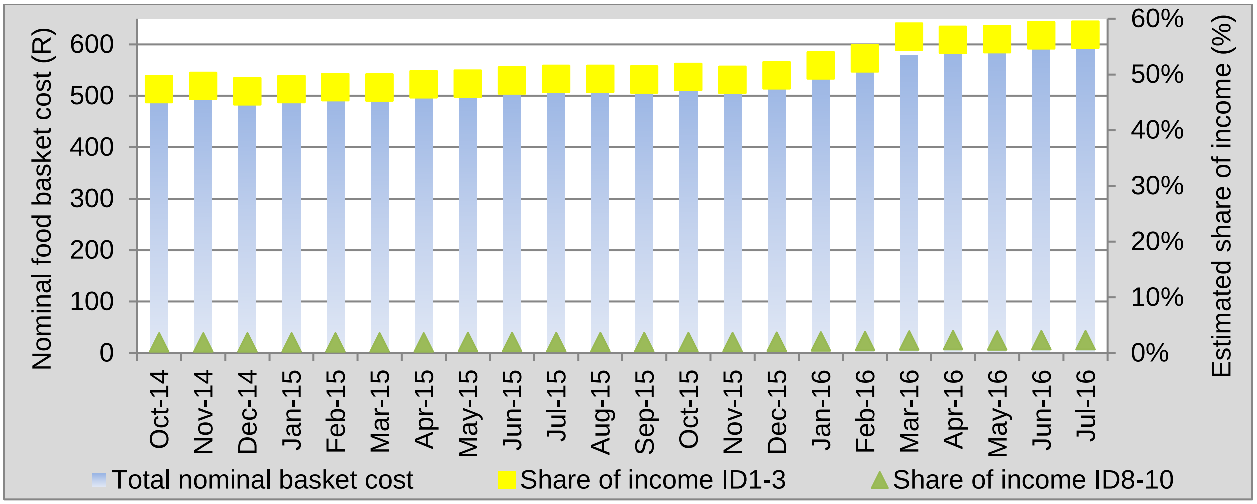

Figure 4: The cost of a typical consumer food basket for the period July 2015 to July 2016, expressed in nominal terms and as share of the average income of the poorest 30 % of households (Income Deciles [ID] 1 to 3) and the wealthiest 30% of households (ID 8 to 10)
Source: BFAP calculations, based on StatsSA 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 July 2015 to July 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 July 2015 to July 2016 prices, the following food categories experienced significant inflation: bread/cereals, fruit, vegetables, eggs, fats/oils, coffee/tea and bean products. The various food groups within this food basket are discussed in more detail in **Table 3** below.

[3] 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)*

Table 3: Overview of inflation contributing foods within the basic food basket, July 2015 to July 2016

Food group:	Overall inflation rate: July 2015 to July 2016	Overall inflation rate: April 2015 to April 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	+18.7 %	+18.4 %	Chicken portions frozen (+68.8 %) Beef chuck (+9.7 %) Chicken portions fresh (+5.6 %) Tinned pilchards (+5.3 %)	None	None	Inflation on most meat protein food options, particularly high for frozen chicken portions.
Bread and cereals	+22.0 %	+23.2 %	Maize meal (+39.0 %) Brown bread (+11.5 %) White bread (+9.4 %) Rice (+6.8 %)	None	None	Inflation on all staples, but particularly high for maize meal.
Vegetables	+9.0 %	+29.5 %	Onions (+48.9 %) Potatoes (+31.1 %)	None	Cabbage (-9.4 %) Tomato (-15.5%)	High inflation on potatoes and onions.
Fruit	+18.9 %	+5.6 %	Oranges (+39.1 %) Bananas (+15.8 %) Apples (+10.1 %)	None	None	High inflation on all fruit options.
Dairy	+6.6 %	+1.4 %	Full cream milk - long life 1ℓ (+6.6 %)	None	None	Inflation on the price of eggs and full cream milk.
Eggs	+9.6 %	+9.0 %	Eggs 1.5 dozen (+9.6 %)	None	None	
Fats and oils	+21.3 %	+16.0 %	Sunflower oil (+28.1 %) Brick margarine (+15.0 %)	None	None	High inflation on sunflower oil and margarine.
Bean products	+8.6 %	+1.8 %	Peanut butter (+10.6 %)	Baked beans (+3.5%)	None	Higher inflation on peanut butter and minor inflation on baked beans.
Coffee and tea	+14.0 %	+12.8 %	Ceylon/black tea (+20.6 %) Instant coffee (+13.0 %)	None	None	High inflation on coffee and tea.

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

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

Thus, when comparing July 2015 to July 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): Frozen chicken portions, onions, oranges, maize meal, potatoes, sunflower oil, tea, bananas, margarine, coffee, brown bread, peanut butter and apples. 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 July 2015 versus July 2016, with April 2015 versus April 2016 (i.e. the previous Food Price Monitor analysis period) the rate of inflation was higher for fruit, dairy, eggs, fats/oils, bean products and coffee/tea.

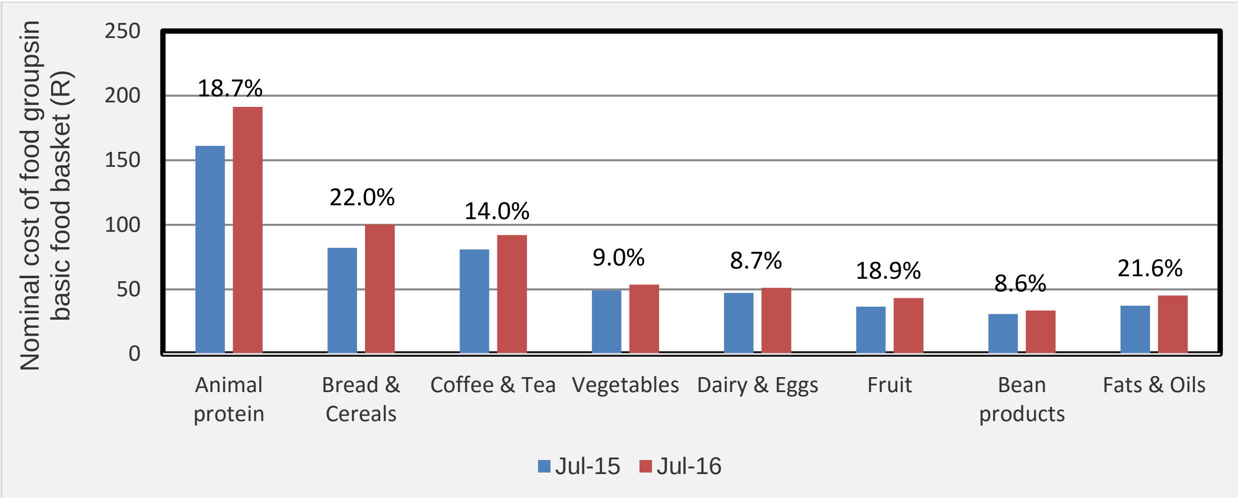

Figure 5: Nominal monthly cost of specific food groups within the basic food basket, comparing July 2015 to July 2016

Source: BFAP calculations, based on StatsSA 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[4]; Oldewage-Theron et al, 2005[5]). **Figure 6** illustrates the estimated portion costs for these foods, calculated from monthly food price data for July 2015 to July 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 18 % more in this case for July 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 July 2015 to July 2016 prices the results in **Figure 6** indicated inflation of about 19.9 % (from R5.25 to R6.30 for the selection of portions), reflecting a somewhat 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 (+39.0 %), tea (+20.6 %), sugar (+16.9 %), brown bread (+11.5 %)).

[4] 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

[5] 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

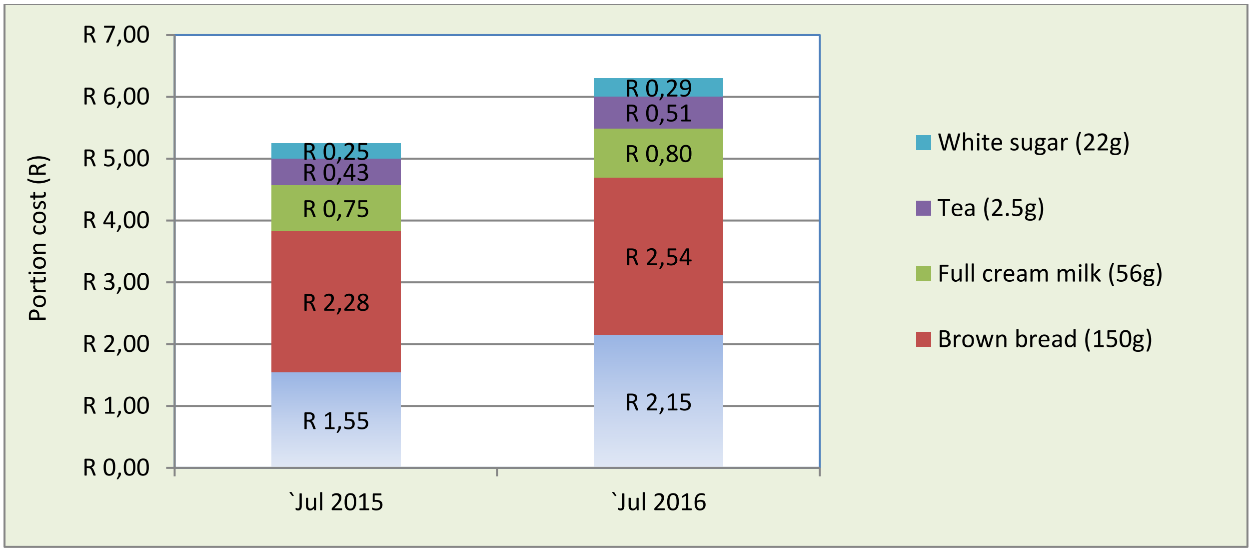

Figure 6: Average nominal cost for the typical portions of the five food items most widely consumed by very poor consumers in South Africa, for July 2015 and July 2016
Source: BFAP calculations, based on StatsSA monitored price data for urban areas, 2016

7. Outlook

Food and beverage prices rose 11.3% year on year in July and have therefore accelerated compared to a 10.8% year on year increase in June. If the specific product prices from StatsSA are regarded it seems that the year on year increase were driven by red meat, vegetable and grain product prices. If one, however consider month on month changes, prices for certain vegetables such as cabbage, carrots and potatoes and certain types and cuts of meat, are lower. This would suggest that food inflation is losing momentum and we could possibly see it returning to single digits in the coming months.

In recent months, meat prices were closely tied with exchange rate movements, with red meat producers seeing favourable export opportunities based on the weak rand and large amounts of poultry imports resulting from the AGOA negotiations. The stronger rand at the end of July and beginning of August has therefore resulted in timid growth of meat prices in general. The exchange rate link is expected to drive meat prices over the outlook period as well. Current political developments are however making exchange rate movements, over the next three months, uncertain.

Vegetable prices are expected to trend lower over the next three months with the third quarter traditionally being a time associated with declining prices due to seasonal considerations. This, combined with consumer income, and as a result final demand, being under increased pressure, is expected to push prices down. It should however be noted that vegetable prices are coming down from the high base in early 2016 and as a result year on year inflation might still be positive.

It seems like grain products such as bread and wheat are still experiencing the aftermath of the drought. Prices of super maize meal, for example, are still increasing, albeit at a slower rate. It is expected that prices of maize meal will move side-ways or experience marginal increases over the outlook period on a month-on-month basis. Year on year inflation is however still above 30%. Bread, in turn, are expected to increase slightly. This can, in part, be attributed to the current tariff levels, which according to the Chamber of Milling, will result in a one rand increase in the price of a loaf of bread.

Lower trending oil prices towards the end of July will provide an environment where the inflationary pressures associated with distribution and manufacturing cost can be curtailed over first part of the outlook period. Brent Crude prices have however recovered slightly in August to around USD 50 per barrel due to supply shocks. Analyst expect these supply shocks to be short lived and as a result foresee bearish oil prices in the next three months. It is therefore expected that growth in distribution costs, in food value chains, will remain low.

Key issues to consider, that might affect prices during the outlook period, are possible US interest rate adjustments on the 21st of September and the current local political climate. An increase in US rates will cause the rand to depreciate and this will result in upward pressure for meat, manufacturing and distribution costs. The current political turmoil is also expected to result in a volatile currency. This could ultimately also lead to higher final retail prices.

APPENDIX A: DATA ON URBAN FOOD PRICE TRENDS

Table A.1: Wheat products

Wheat products	Price level			Percentage Change	
	Jul-15	Apr-16	Jul-16	Apr-16 to Jul-16	Jul-15 to Jul-16
Cake flour 1kg	12,35	12,22	12,33	0,90%	-0,16%
Cake flour 2.5kg	22,32	26,48	26,19	-1,10%	17,34%
Cake flour 5kg	47,70	53,38	55,19	3,39%	15,70%
Loaf of brown bread 600g	6,58	6,72	6,60	-1,79%	0,30%
Loaf of brown bread 700g	10,64	11,50	11,86	3,13%	11,47%
Loaf of brown bread 800g	13,49	14,44	14,89	3,12%	10,38%
Loaf of white bread 600g	7,40	7,50	7,67	2,27%	3,65%
Loaf of white bread 700g	11,89	12,66	13,01	2,76%	9,42%
Macaroni 500g	10,59	12,13	12,31	1,48%	16,24%
Spaghetti 500g	11,19	12,57	12,58	0,08%	12,42%
Average				**1,43%**	**9,68%**
Wheat (R/ton)	3 951,74	4 576,24	4 512,76	**-1,39%**	**14,20%**

Data from StatsSA

Table A.2: Maize products

Maize products	Price level			Percentage Change	
	Jul-15	Apr-16	Jul-16	Apr-16 to Jul-16	Jul-15 to Jul-16
Special maize 1kg	6,34	10,19	10,73	5,30%	69,24%
Special maize 2.5kg	15,14	23,97	24,79	3,42%	63,74%
Super maize 1kg	9,02	11,54	11,98	3,81%	32,82%
Super maize 2.5kg	20,50	26,19	27,98	6,83%	36,49%
Super maize 5kg	36,39	49,06	50,59	3,12%	39,02%
Average				**4,50%**	**48,26%**
Yellow Maize (R/ton)	2 766,30	3 111,62	3 314,19	**6,51%**	**19,81%**
White Maize (R/ton)	3 170,61	4 510,14	4 453,48	**-1,26%**	**40,46%**

Data from StatsSA

Table A.3: Sunflower products

Sunflower products	Price level			Percentage Change	
	Jul-15	Apr-16	Jul-16	Apr-16 to Jul-16	Jul-15 to Jul-16
Brick margarine 125g	7,53	8,31	8,34	0,36%	10,76%
Brick margarine 1kg	39,38	40,25	41,60	3,35%	5,64%
Brick margarine 250g	11,78	12,62	13,75	8,95%	16,72%
Brick margarine 500g	19,42	20,23	22,33	10,38%	14,98%
Margarine spread 1kg	37,86	39,84	39,77	-0,18%	5,04%
Margarine spread 500g	21,99	23,63	24,09	1,95%	9,55%
Sunflower oil 2ℓ	33,88	47,59	46,99	-1,26%	38,70%

Sunflower products	Price level			Percentage Change	
	Jul-15	Apr-16	Jul-16	Apr-16 to Jul-16	Jul-15 to Jul-16
Sunflower oil 4ℓ	68,80	94,87	94,99	0,13%	38,07%
Sunflower oil 500mℓ	12,67	14,99	14,92	-0,47%	17,76%
Sunflower oil 750mℓ	17,96	22,46	23,00	2,40%	28,06%
Average				**2,56%**	**18,53%**
Domestic price of sunflower seed	5 461,17	6 488,33	6 091,14	**-6,12%**	**11,54%**

Data from StatsSA

Table A.4: Processed vegetables

Processed vegetables	Price level			Percentage Change	
	Jul-15	Apr-16	Jul-16	Apr-16 to Jul-16	Jul-15 to Jul-16
Baked beans - tinned 225g	7,93	8,12	7,81	-3,82%	-1,51%
Baked beans - tinned 410g	8,50	8,50	8,80	3,53%	3,53%
Sweet corn - tinned 410g	10,91	12,39	12,30	-0,73%	12,74%
Sweet corn - tinned 415g	13,32	13,32	13,41	0,68%	0,68%
Sweet corn - tinned 420g	14,66	17,93	19,05	6,25%	29,95%
Average				**1,18%**	**9,08%**

Data from StatsSA

Table A.5: Fresh vegetables

Fresh vegetables	Price level			Percentage Change	
	Jul-15	Apr-16	Jul-16	Apr-16 to Jul-16	Jul-15 to Jul-16
Avocado - per kg*	13,43	19,43	16,44	-15,39%	22,38%
Beetroot - fresh per kg	10,14	15,56	12,17	-21,79%	20,02%
Cabbage - fresh each	11,37	16,10	12,90	-19,88%	13,46%
Cabbage - fresh per kg	11,54	16,48	10,46	-36,53%	-9,36%
Carrots - fresh per kg	14,60	13,33	13,73	3,00%	-5,96%
Cauliflower - fresh per kg	41,29	32,32	29,32	-9,28%	-28,99%
Onions - fresh per kg	10,65	13,74	15,86	15,43%	48,92%
Potatoes - fresh per kg	9,59	16,03	12,57	-21,58%	31,07%
Pumpkin - fresh per kg	16,33	11,87	9,27	-21,90%	-43,23%
Sweetcorn/Baby Corn/Mealies*	19,17	19,35	19,93	3,00%	3,96%
Sweet potatoes - fresh per kg	12,56	19,00	16,59	-12,68%	32,09%
Tomatoes - fresh per kg	17,45	20,73	14,75	-28,85%	-15,47%
Average				**-13,87%**	**5,74%**

Data from StatsSA
*Data from AC Nielsen

Table A.6: Processed meat

Processed meat	Price level			Percentage Change	
	Jul-15	Apr-16	Jul-16	Apr-16 to Jul-16	Jul-15 to Jul-16
Bacon 1kg	122,07	92,49	96,24	4,05%	-21,16%
Polony per kg	35,52	38,91	40,23	3,39%	13,26%
Average				**3,72%**	**-3,95%**

Data from StatsSA

Table A.7: Unprocessed meat

Unprocessed meat	Price level			Percentage Change	
	Jul-15	Apr-16	Jul-16	Apr-16 to Jul-16	Jul-15 to Jul-16
Beef brisket - fresh per kg	63,36	69,94	69,81	-0,19%	10,18%
Beef chuck - fresh per kg	64,74	71,74	71,00	-1,03%	9,67%
Beef mince - fresh per kg	65,36	69,50	68,96	-0,78%	5,51%
Beef rump steak -fresh per kg	105,93	118,00	115,06	-2,49%	8,62%
Beef T-bone - fresh per kg	81,15	87,39	88,17	0,89%	8,65%
Chicken portions - fresh per kg	51,12	53,32	53,99	1,26%	5,61%
Chicken portions - frozen 2kg	0,00	50,95	50,00	-1,86%	
Chicken portions - frozen average per kg	29,29	28,87	28,89	0,07%	-1,37%
Chicken portions - frozen per kg (real)	29,29	47,14	49,45	4,90%	68,83%
Lamb - fresh per kg	109,30	123,82	120,64	-2,57%	10,37%
Pork - fillet per kg	88,20	93,25	92,69	-0,60%	5,09%
Pork - ribs per kg	71,46	72,65	72,80	0,21%	1,88%
Pork chops - fresh per kg	69,25	71,54	70,53	-1,41%	1,85%
Whole chicken - fresh per kg	39,96	41,81	42,03	0,53%	5,18%
Average				**-0,22%**	**10,77%**

Data from StatsSA

Table A.8: Eggs and dairy products

Eggs & dairy products	Price level			Percentage Change	
	Jul-15	Apr-16	Jul-16	Apr-16 to Jul-16	Jul-15 to Jul-16
Cheddar cheese per kg	121,90	93,17	94,62	1,56%	-22,38%
Eggs 1.5 dozen	34,23	36,85	37,50	1,76%	9,55%
Eggs 1/2 dozen	12,38	14,27	14,46	1,33%	16,80%
Eggs 2.5 dozen	43,34	48,85	48,87	0,04%	12,76%
Full cream milk - fresh 1ℓ	12,19	12,71	13,18	3,70%	8,12%
Full cream milk - fresh 2ℓ	23,81	24,46	25,87	5,76%	8,65%
Full cream milk - fresh 500mℓ	8,77	8,97	9,91	10,48%	13,00%
Full cream milk - long life 1ℓ	12,92	13,06	13,77	5,44%	6,58%
Full cream milk - long life 500mℓ	8,46	8,73	9,11	4,35%	7,68%
Low Fat milk - fresh 1ℓ	13,48	14,14	14,54	2,83%	7,86%

Low Fat milk - long life 1ℓ	12,86	12,94	13,71	5,95%	6,61%
Powdered milk 250g	36,09	37,55	38,37	2,18%	6,32%
Powdered milk 400g	54,87	58,11	61,95	6,61%	12,90%
Powdered milk 500g	50,51	54,38	55,20	1,51%	9,29%
Powdered milk 900g	122,07	127,59	134,17	5,16%	9,91%
Average				**3,91%**	**7,58%**

Data from StatsSA

Table A.9: Fruits

Fruits	Price level			Percentage Change	
	Jul-15	Apr-16	Jul-16	Apr-16 to Jul-16	Jul-15 to Jul-16
Apples - fresh per kg	15,42	17,56	16,98	-3,30%	10,12%
Bananas - fresh per kg	12,48	15,98	14,45	-9,57%	15,79%
Grapes - per kg*	37,37	25,13	39,50	57,20%	5,70%
Mango - per kg*	14,34	19,40	13,17	-32,10%	-8,17%
Oranges - fresh per kg	8,62	29,30	11,99	-59,08%	39,10%
Peaches - per kg*	14,12	17,82	18,47	3,63%	30,78%
Pears - per kg*	13,28	21,09	18,15	-13,94%	36,63%
Pineapples - per kg*	19,07	22,49	21,04	-6,45%	10,33%
Plum - per kg*	19,07	22,49	21,04	-6,45%	10,33%
Watermelon - per kg*	24,18	32,46	30,12	-7,21%	24,57%
Average				**-7,73%**	**17,52%**

Data from StatsSA
*Data from AC Nielsen

Table A.10: Fish Products

Tinned fish products	Price level			Percentage Change	
	Jul-15	Apr-16	Jul-16	Apr-16 to Jul-16	Jul-15 to Jul-16
Fish (excl. tuna) - tinned 155g	9,33	9,70	9,73	0,31%	4,29%
Fish (excl. tuna) - tinned 215g	11,57	12,53	13,21	5,43%	14,17%
Fish (excl. tuna) - tinned 400g	16,34	16,97	17,20	1,36%	5,26%
Fish (excl. tuna) - tinned 425g	15,94	15,79	16,79	6,33%	5,33%
Tuna - tinned 170g	15,30	15,69	16,43	4,72%	7,39%
Average				**3,63%**	**7,29%**

Data from StatsSA

Table A.11: Other products

Other products	Price level			Percentage Change	
	Jul-15	Apr-16	Jul-16	Apr-16 to Jul-16	Jul-15 to Jul-16
Cereals 375g	30,78	30,95	33,94	9,66%	10,27%
Cereals 400g	31,17	30,66	32,03	4,47%	2,76%
Cereals 450g	23,27	27,20	25,86	-4,93%	11,13%
Cereals 500g	28,97	29,36	31,20	6,27%	7,70%

Other products	Price level			Percentage Change	
	Jul-15	**Apr-16**	**Jul-16**	**Apr-16 to Jul-16**	**Jul-15 to Jul-16**
Cereals 750g	38,25	40,60	42,80	5,42%	11,90%
Ceylon/black tea 125g	16,49	23,09	24,42	5,76%	48,09%
Ceylon/black tea 250g	23,35	26,41	28,24	6,93%	20,94%
Ceylon/black tea 500g	45,34	49,61	52,15	5,12%	15,02%
Ceylon/black tea 62.5g	10,63	11,76	12,82	9,01%	20,60%
Fizzy drinks - can 330mℓ	7,76	8,17	8,18	0,12%	5,41%
Instant coffee 100g	26,27	27,35	27,92	2,08%	6,28%
Instant coffee 200g	67,58	73,89	75,57	2,27%	11,82%
Instant coffee 250g	30,47	33,37	34,31	2,82%	12,60%
Instant coffee 500g	46,73	47,79	46,37	-2,97%	-0,77%
Instant coffee 750g	70,25	78,26	79,37	1,42%	12,98%
Peanut butter 400g	22,40	23,28	24,77	6,40%	10,58%
Peanut butter 800g	43,87	44,80	47,22	5,40%	7,64%
Rice 10kg	113,07	106,56	110,32	3,53%	-2,43%
Rice 1kg	16,21	16,43	16,79	2,19%	3,58%
Rice 2kg	23,24	24,82	24,81	-0,04%	6,76%
Rice 500g	7,44	7,86	8,07	2,67%	8,47%
Rice 5kg	60,35	61,69	62,25	0,91%	3,15%
White sugar 10kg	112,49	131,66	140,37	6,62%	24,78%
White sugar 1kg	14,88	15,53	16,15	3,99%	8,53%
White sugar 2.5kg	28,48	31,59	33,29	5,38%	16,89%
White sugar 250g	4,29	4,81	5,06	5,20%	17,95%
White sugar 500g	7,76	8,59	8,94	4,07%	15,21%
White sugar 5kg	59,09	65,68	69,51	5,83%	17,63%
Average				**3,77%**	**11,98%**

Data from StatsSA

APPENDIX B: DATA ON RURAL FOOD PRICE TRENDS

Table B.1: Wheat products

Wheat products	Price level			Percentage Change	
	Jul-15	Apr-16	Jul-16	Apr-16 to Jul-16	Jul-15 to Jul-16
Loaf of brown bread 600g	8,72	9,32	9,53	2,25%	9,21%
Loaf of brown bread 700g	10,06	10,89	11,09	1,81%	10,20%
Loaf of white bread 600g	8,76	9,85	10,01	1,71%	14,28%
Loaf of white bread 700g	11,07	11,80	12,16	3,02%	9,85%
Average				**2,20%**	**10,88%**

Data from StatsSA

Table B.2: Maize products

Maize products	Price level			Percentage Change	
	Jul-15	Apr-16	Jul-16	Apr-16 to Jul-16	Jul-15 to Jul-16
Special maize 1kg	6,76	9,66	10,30	6,63%	52,37%
Special maize 2.5kg	15,92	22,32	23,58	5,63%	48,10%
Special maize 5kg	29,73	43,85	45,04	2,72%	51,51%
Super maize 1kg	9,37	10,91	11,78	7,99%	25,71%
Super maize 2.5kg	19,87	24,84	26,92	8,38%	35,46%
Super maize 5kg	35,28	46,79	50,59	8,14%	43,40%
Average				**6,58%**	**42,76%**

Data from StatsSA

Table B.3: Sunflower products

Sunflower products	Price level			Percentage Change	
	Jul-15	Apr-16	Jul-16	Apr-16 to Jul-16	Jul-15 to Jul-16
Brick margarine 125g	8,40	8,74	8,65	-1,07%	3,01%
Brick margarine 250g	12,03	13,13	14,02	6,77%	16,54%
Brick margarine 500g	19,03	21,22	21,80	2,75%	14,56%
Margarine 1kg	34,75	36,53	41,91	14,73%	20,59%
Margarine 125g	8,00	-	9,29		16,20%
Margarine 250g	10,38	11,90	12,13	1,89%	16,87%
Margarine 500g	19,19	20,27	20,69	2,08%	7,83%
Sunflower oil 2ℓ	33,40	42,85	44,32	3,43%	32,70%
Sunflower oil 500mℓ	12,29	13,60	14,21	4,48%	15,65%
Sunflower oil 750mℓ	15,08	18,19	18,26	0,42%	21,14%
Average				**3,94%**	**16,51%**

Data from StatsSA

Table B.4: Dairy products

Dairy products	Price level			Percentage Change	
	Jul-15	Apr-16	Jul-16	Apr-16 to Jul-16	Jul-15 to Jul-16
Eggs 1/2 dozen	8,60	8,99	8,99	0,00%	4,51%
Full cream milk - fresh 1ℓ	12,04	12,46	13,15	5,54%	9,22%
Full cream milk - fresh 2ℓ	24,34	24,89	26,23	5,40%	7,76%
Full cream milk - fresh 500mℓ	8,68	8,95	9,26	3,46%	6,69%
Full cream milk - long life 1ℓ	13,72	13,78	14,21	3,15%	3,54%
Full cream milk - long life 500mℓ	9,45	9,56	9,90	3,63%	4,76%
Low fat milk - fresh 1ℓ	13,43	14,49	15,16	4,60%	12,83%
Low fat milk - fresh 2ℓ	24,32	25,99	27,59	6,16%	13,45%
Average				**3,99%**	**7,84%**

Data from StatsSA

Table B.5: Tea and coffee

Tea and coffee	Price level			Percentage Change	
	Jul-15	Apr-16	Jul-16	Apr-16 to Jul-16	Jul-15 to Jul-16
Ceylon/black tea 125g	-	17,40	17,53	0,77%	
Ceylon/black tea 200g	-	20,49	23,29	13,67%	
Ceylon/black tea 250g	-	26,66	28,00	5,03%	
Ceylon/black tea 62.5g	-	10,51	11,19	6,47%	
Instant Coffee 100g	-	17,14	17,87	4,27%	
Instant Coffee 250g	-	34,12	35,73	4,73%	
Instant Coffee 750g	-	77,99	79,49	1,92%	
Average				**5,26%**	

Data from StatsSA

Table B.6: Beans

Beans	Price level			Percentage Change	
	Jul-15	Apr-16	Jul-16	Apr-16 to Jul-16	Jul-15 to Jul-16
Beans Dried 1kg	26,16	30,27	30,66	1,30%	17,19%
Beans Dried 2kg	45,78	49,91	53,81	7,81%	17,54%
Beans Dried 500g	14,60	15,64	16,33	4,41%	11,86%
Average				**4,51%**	**15,53%**

Data from StatsSA

Table B.7: White sugar

Sugar	Price level			Percentage Change	
	Jul-15	Apr-16	Jul-16	Apr-16 to Jul-16	Jul-15 to Jul-16
White sugar 1kg	-	15,46	16,12	4,22%	
White sugar 2.5kg	-	34,68	37,42	7,89%	
White sugar 500g	-	82,99	79,99	-3,61%	

Average				2,83%	

Data from StatsSA

Table B.8: Pilchards

Meat & Fish	Price level			Percentage Change	
	Jul-15	Apr-16	Jul-16	Apr-16 to Jul-16	Jul-15 to Jul-16
Beef brisket - fresh per kg	62,22	67,79	68,93	1,68%	10,79%
Beef chuck - fresh per kg	64,33	69,58	68,02	-2,24%	5,74%
Beef fillet - fresh per kg	125,88	129,80	126,41	-2,61%	0,43%
Beef rump steak -fresh per kg	89,31	101,62	97,51	-4,04%	9,18%
Beef T-bone - fresh per kg	77,85	82,08	84,28	2,68%	8,26%
Chicken portions - fresh per kg	10,00	10,00	12,00	20,00%	20,00%
Chicken portions - fresh 2kg	57,00	60,00	55,00	-8,33%	-3,51%
Chicken portions - frozen per kg	18,83	19,17	21,80	13,74%	15,75%
Chicken portions - frozen 2kg	51,39	49,63	50,13	1,00%	-2,46%
Fish (excl. tuna) - tinned 155g	8,85	10,07	10,07	0,00%	13,83%
Fish (excl. tuna) - tinned 425g	-	16,00	16,00	0,00%	
Average				**1,99%**	**7,80%**

Data from StatsSA

Table B.9: Rice

Rice	Price level			Percentage Change	
	Jul-15	Apr-16	Jul-16	Apr-16 to Jul-16	Jul-15 to Jul-16
Rice 1kg	14,31	14,75	14,95	1,37%	4,47%
Rice 2kg	23,36	24,84	24,98	0,54%	6,92%
Rice 500g	7,94	7,92	8,06	1,75%	1,52%
Average				**1,22%**	**4,30%**

Data from StatsSA

Table B.10: Peanut butter

Peanut butter	Price level			Percentage Change	
	Jul-15	Apr-16	Jul-16	Apr-16 to Jul-16	Jul-15 to Jul-16
Peanut butter 270g	18,97	19,76	19,90	0,73%	4,89%
Peanut butter 400g	24,45	25,16	25,38	0,88%	3,82%
Peanut butter 800g	40,47	43,22	44,95	4,02%	11,08%
Average				**1,88%**	**6,60%**

Data from StatsSA

Table B.11: Sorghum Meal

Sorghum Meal	Price level			Percentage Change	
	Jul-15	Apr-16	Jul-16	Apr-16 to Jul-16	Jul-15 to Jul-16
Sorghum meal (e.g. mabella) 1kg	14,43	14,50	16,00	10,35%	10,88%
Average				**10,35%**	**10,88%**

Data from StatsSA

Table B.12: Fruit & Vegetables

Fruit & Vegetables	Price level			Percentage Change	
	Jul-15	Apr-16	Jul-16	Apr-16 to Jul-16	Jul-15 to Jul-16
Apples - Fresh per kg	14,76	17,14	16,28	-5,00%	10,31%
Bananas - Fresh per kg	9,95	15,17	14,81	-2,36%	48,90%
Cabbage - Fresh per kg	-	14,99	9,99	-33,36%	
Onions - Fresh per kg	9,79	12,28	14,50	18,12%	48,11%
Oranges - Fresh per kg	7,54	13,50	9,78	-27,58%	29,65%
Potatoes - Fresh per kg	9,57	14,92	13,04	-12,60%	36,26%
Potatoes - Fresh 10kg	46,00	78,00	67,33	-13,68%	46,38%
Tomatoes - Fresh per kg	15,86	21,50	15,89	-26,11%	0,17%
Average				**-12,82%**	**31,40%**

Data from StatsSA

APPENDIX C: SUMMARY OF INFLATION FOR SELECTED FOOD ITEMS JULY 2015 TO JULY 2016

Table C.1: Food items in the urban areas ranked according to price changes (July 2015 to July 2016)

Grain and grain products	%	Meat and meat products and dairy and dairy products and eggs	%	Fresh and processed fruits and vegetables	%
Rice 10kg	-2,43%	Cheddar cheese per kg	-22,38%	Pumpkin - fresh per kg	-43,23%
Cake flour 1kg	-0,16%	Bacon 1kg	-21,16%	Peaches - per kg*	-41,76%
Loaf of brown bread 600g	0,30%	Chicken portions - frozen average per kg	-1,37%	Cauliflower - fresh per kg	-28,99%
Cereals 400g	2,76%	Pork chops - fresh per kg	1,85%	Watermelon - per kg*	-17,57%
Rice 5kg	3,15%	Pork - ribs per kg	1,88%	Tomatoes - fresh per kg	-15,47%
Rice 1kg	3,58%	Fish (excl. tuna) - tinned 155g	4,29%	Cabbage - fresh per kg	-9,36%
Loaf of white bread 600g	3,65%	Pork - fillet per kg	5,09%	Carrots - fresh per kg	-5,96%
Margarine spread 1kg	5,04%	Whole chicken - fresh per kg	5,18%	Plum - per kg*	-4,82%
Brick margarine 1kg	5,64%	Fish (excl. tuna) - tinned 400g	5,26%	Baked beans - tinned 225g	-1,51%
Rice 2kg	6,76%	Fish (excl. tuna) - tinned 425g	5,33%	Sweet corn - Tinned 415g	0,68%
Peanut butter 800g	7,64%	Beef mince - fresh per kg	5,51%	Baked beans - tinned 410g	3,53%
Cereals 500g	7,70%	Chicken portions - fresh per kg	5,61%	Sweetcorn/Baby Corn/Mealies*	9,75%
Rice 500g	8,47%	Powdered milk 250g	6,32%	Apples - fresh per kg	10,12%
Loaf of white bread 700g	9,42%	Full cream milk - long life 1ℓ	6,58%	Sweet corn - Tinned 410g	12,74%
Margarine spread 500g	9,55%	Low Fat milk - long life 1ℓ	6,61%	Cabbage - fresh each	13,46%
Cereals 375g	10,27%	Tuna - tinned 170g	7,39%	Bananas - fresh per kg	15,79%
Loaf of brown bread 800g	10,38%	Full cream milk - long life 500mℓ	7,68%	Beetroot - fresh per kg	20,02%
Peanut butter 400g	10,58%	Low Fat milk - fresh 1ℓ	7,86%	Avocado - per kg*	22,38%
Brick margarine 125g	10,76%	Full cream milk - fresh 1ℓ	8,12%	Sweet corn - Tinned 420g	29,95%
Cereals 450g	11,13%	Beef rump steak -fresh per kg	8,62%	Potatoes - fresh per kg	31,07%
Loaf of brown bread 700g	11,47%	Beef T-bone - fresh per kg	8,65%	Sweet potatoes - fresh per kg	32,09%
Cereals 750g	11,90%	Full cream milk - fresh 2ℓ	8,65%	Pineapples - per kg*	39,04%
Spaghetti 500g	12,42%	Powdered milk 500g	9,29%	Oranges - fresh per kg	39,10%
Brick margarine 500g	14,98%	Eggs 1.5 dozen	9,55%	Pears - per kg*	44,52%
Cake flour 5kg	15,70%	Beef chuck - fresh per kg	9,67%	Onions - fresh per kg	48,92%
Macaroni 500g	16,24%	Powdered milk 900g	9,91%	Mango - per kg*	175,43%
Brick margarine 250g	16,72%	Beef brisket - fresh per kg	10,18%		
Cake flour 2.5kg	17,34%	Lamb - fresh per kg	10,37%	**Other**	**%**
Sunflower oil 500mℓ	17,76%	Eggs 2.5 dozen	12,76%	Instant coffee 500g	-0,77%
Sunflower oil 750mℓ	28,06%	Powdered milk 400g	12,90%	Fizzy drinks - can 330mℓ	5,41%
Super maize 1kg	32,82%	Full cream milk - fresh 500mℓ	13,00%	Instant coffee 100g	6,28%
Super maize 2.5kg	36,49%	Polony per kg	13,26%	White sugar 1kg	8,53%
Sunflower oil 4ℓ	38,07%	Fish (excl. tuna) - tinned 215g	14,17%	Instant coffee 200g	11,82%
Sunflower oil 2ℓ	38,70%	Eggs 1/2 dozen	16,80%	Instant coffee 250g	12,60%
Super maize 5kg	39,02%	Chicken portions - frozen per kg (real)	68,83%	Instant coffee 750g	12,98%
Special maize 2.5kg	63,74%			Ceylon/black tea 500g	15,02%
Special maize 1kg	69,24%			White sugar 500g	15,21%
				White sugar 2.5kg	16,89%
				Other products	**%**
				White sugar 5kg	17,63%

				White sugar 250g	17,95%
				Ceylon/black tea 62.5g	20,60%
				Ceylon/black tea 250g	20,94%
				White sugar 10kg	24,78%
				Ceylon/black tea 125g	48,09%

Source: StatsSA, 2016

Note: 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 2015 to July 2016)

Grain and grain products	%	Meat and meat products and dairy and dairy products and eggs	%	Fresh and processed fruits and vegetables	%
Rice 500g	1,52%	Chicken portions - fresh 2kg	-3,51%	Tomatoes - Fresh per kg	0,17%
Brick margarine 125g	3,01%	Chicken portions - frozen 2kg	-2,46%	Apples - Fresh per kg	10,31%
Peanut butter 400g	3,82%	Beef fillet - fresh per kg	0,43%	Beans Dried 500g	11,86%
Rice 1kg	4,47%	Full cream milk - long life 1ℓ	3,54%	Beans Dried 1kg	17,19%
Peanut butter 270g	4,89%	Eggs 1/2 dozen	4,51%	Beans Dried 2kg	17,54%
Rice 2kg	6,92%	Full cream milk - long life 500mℓ	4,76%	Oranges - Fresh per kg	29,65%
Margarine 500g	7,83%	Beef chuck - fresh per kg	5,74%	Potatoes - Fresh per kg	36,26%
Loaf of brown bread 600g	9,21%	Full cream milk - fresh 500mℓ	6,69%	Potatoes - Fresh 10kg	46,38%
Loaf of white bread 700g	9,85%	Full cream milk - fresh 2ℓ	7,76%	Onions - Fresh per kg	48,11%
Loaf of brown bread 700g	10,20%	Beef T-bone - fresh per kg	8,26%	Bananas - Fresh per kg	48,90%
Peanut butter 800g	11,08%	Beef rump steak -fresh per kg	9,18%		
Loaf of white bread 600g	14,28%	Full cream milk - fresh 1ℓ	9,22%	**Other products**	**%**
Brick margarine 500g	14,56%	Beef brisket - fresh per kg	10,79%	Sorghum meal (e.g. mabella) 1kg	10,88%
Sunflower oil 500mℓ	15,65%	Low fat milk - fresh 1ℓ	12,83%		
Margarine 125g	16,20%	Low fat milk - fresh 2ℓ	13,45%		
Brick margarine 250g	16,54%	Fish (excl. tuna) - tinned 155g	13,83%		
Margarine 250g	16,87%	Chicken portions - frozen per kg	15,75%		
Margarine 1kg	20,59%	Chicken portions - fresh per kg	20,00%		
Sunflower oil 750mℓ	21,14%				
Super maize 1kg	25,71%				
Sunflower oil 2ℓ	32,70%				
Super maize 2.5kg	35,46%				
Super maize 5kg	43,40%				
Special maize 2.5kg	48,10%				
Special maize 5kg	51,51%				
Special maize 1kg	52,37%				

Source: StatsSA, 2016

Note: 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 July 2015 and July 2016:

International wheat price decreased by 23.22 %

Domestic price of wheat increased by 14.20 %

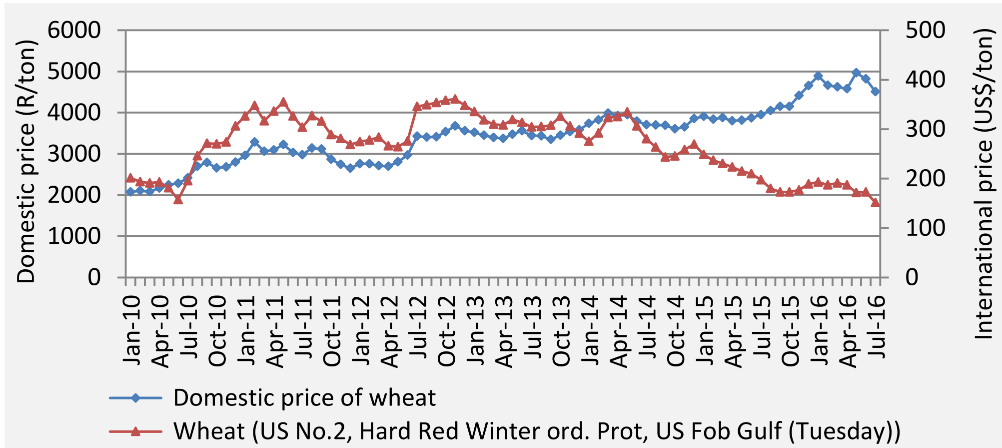

Figure D.1: Domestic market price vs global market price of wheat
Source: FAO and SAFEX, 2016

Domestic wheat price followed the import parity price of wheat closely, since SA is a net importer of wheat. Between July 2015 and July 2016:
Wheat import parity price increased by 2.34 %;
Wheat export parity price decreased by 11.21 %

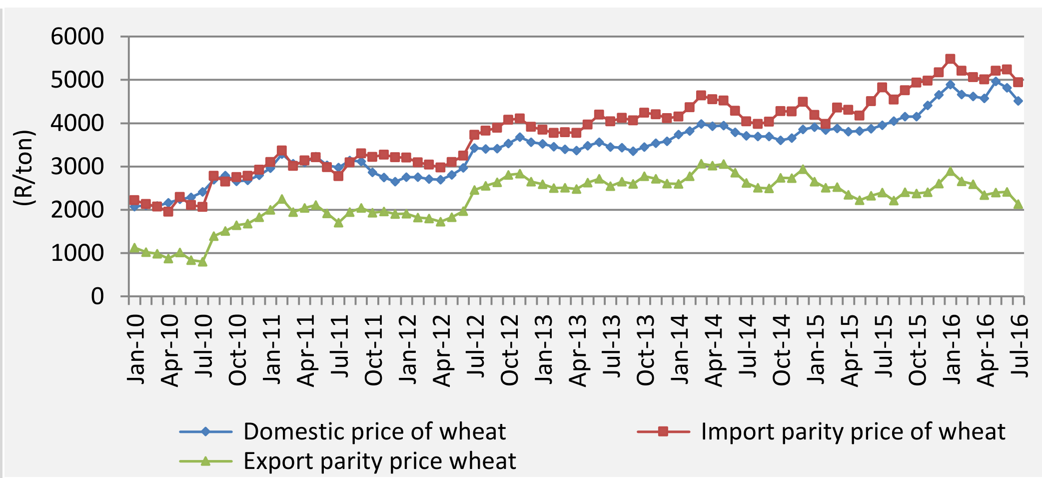

Figure D.2: Import parity, export parity and domestic prices of wheat
Source: SAGIS and SAFEX, 2016

Between July 2015 and July 2016:

Domestic wheat price increased by 14.20 %

Brown bread 700g price increased by 11.47 %

White bread 700g price increased by 9.42 %

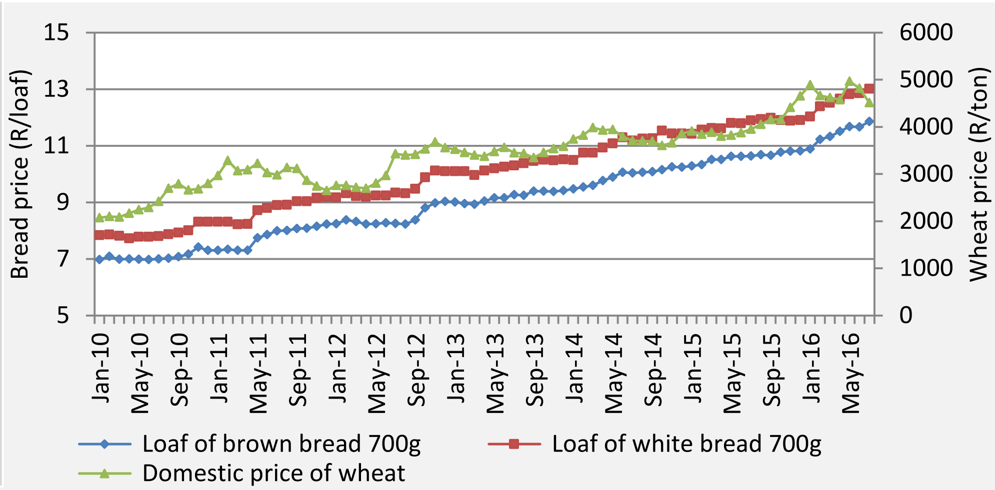

Figure D.3: Domestic wheat price and bread price trends
Source: StatsSA and SAFEX, 2016

D.2 Maize price trends

Between July 2015 and July 2016:

International price of yellow maize decreased by 9.93 %

Domestic price of yellow maize increased by 19.81 %

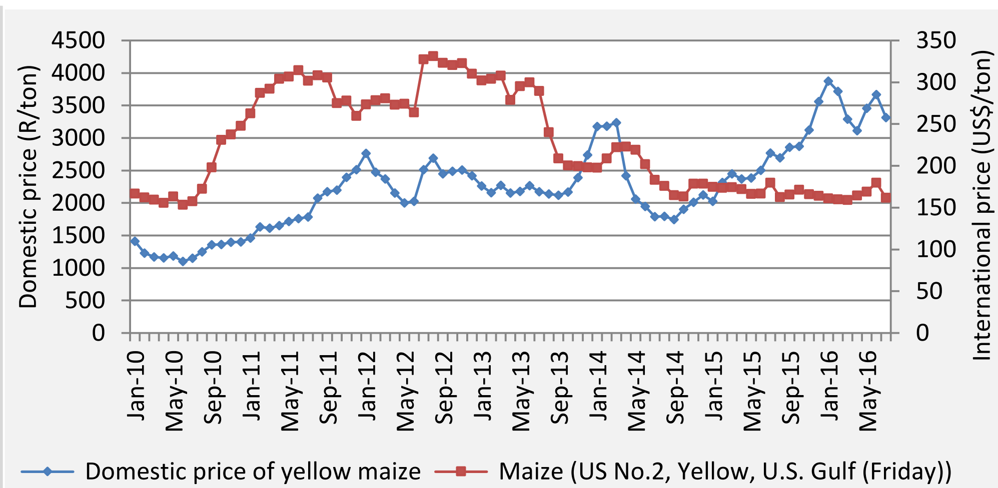

Figure D.4: Domestic market price vs global market price of yellow maize
Source: FAO and SAFEX, 2016

Between July 2015 and July 2016:

Export parity price of maize increased by 11.36 %

Import parity price of maize increased by 4.57 %

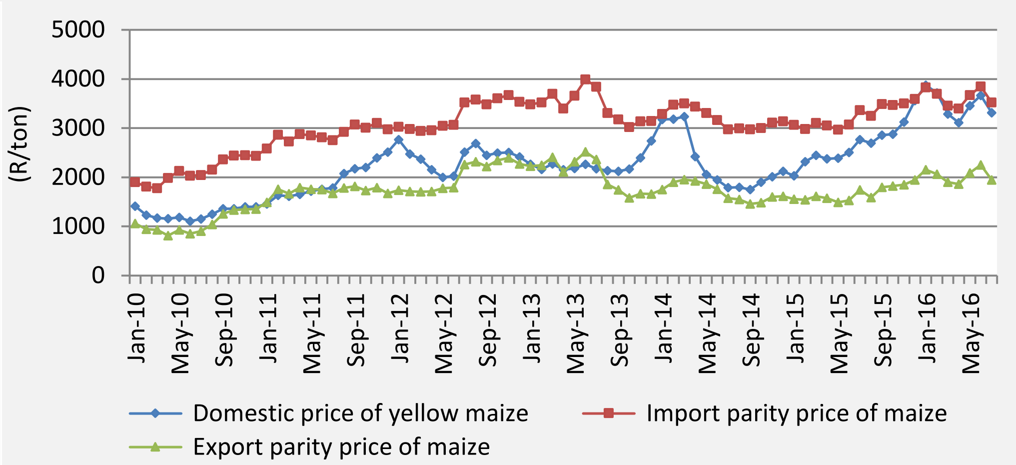

Figure D.5: Import parity, export parity and domestic prices of yellow maize
Source: SAFEX and SAGIS, 2016

Between July 2015 and July 2016:

Super maize meal 2.5 kg price increased by 36.49 %;
Special maize meal 2.5 kg increased by 63.74 %;
Domestic price of white maize increased by 40.46 %

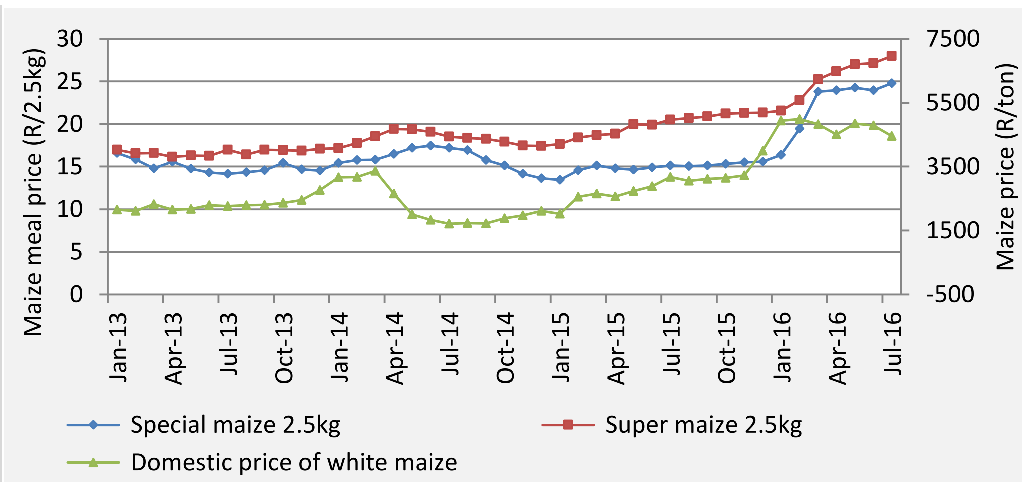

Figure D.6: White maize price and maize meal price trends
Source: SAFEX and StatsSA, 2016

D.3 Sunflower seeds price trends

Between July 2015 and July 2016:

International Sunflower seed price decreased by 6.93 %

Domestic price of sunflower seed increased by 11.54 %

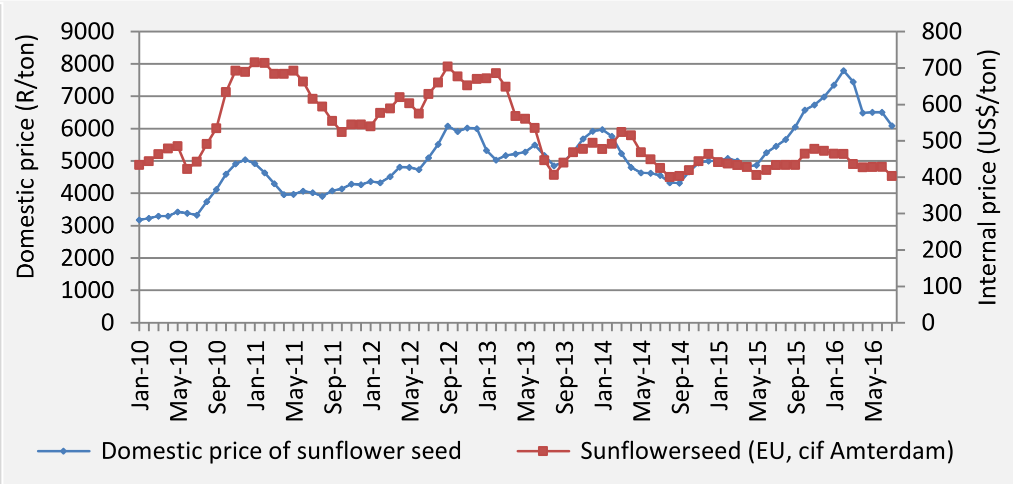

Figure D.7: Domestic market price of sunflower seeds vs global market price
Source: FAO and SAFEX, 2016

Between July 2015 and July 2016:

Domestic price of sunflower seed increased by 11.54 %

Sunflower oil 750 ml increased by 28.06 %

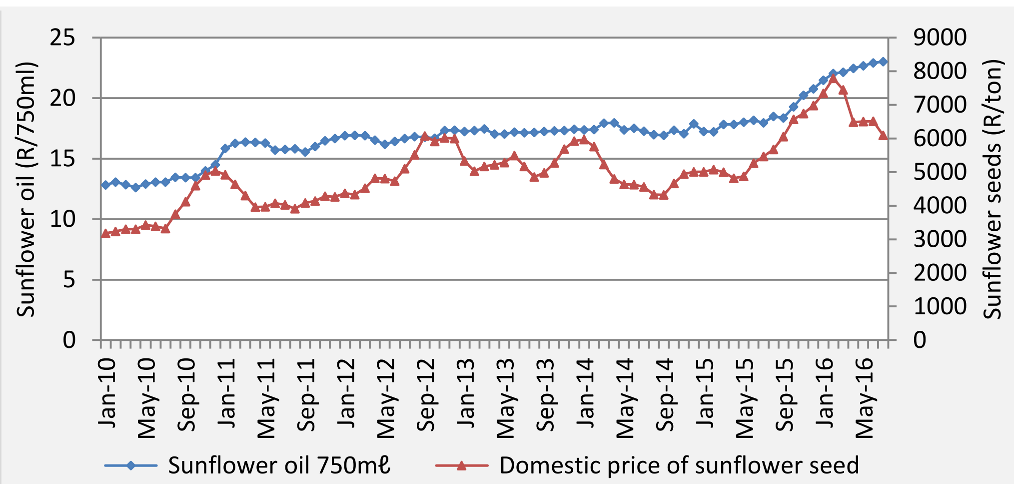

Figure D.8: Sunflower seeds price and sunflower oil price trends
Source: SAFEX and StatsSA, 2016

D.4 Dairy price trends

Between July 2015 and July 2016:

International skim milk powder increased by 5.13 %

International whole milk powder increased by 9.59 %

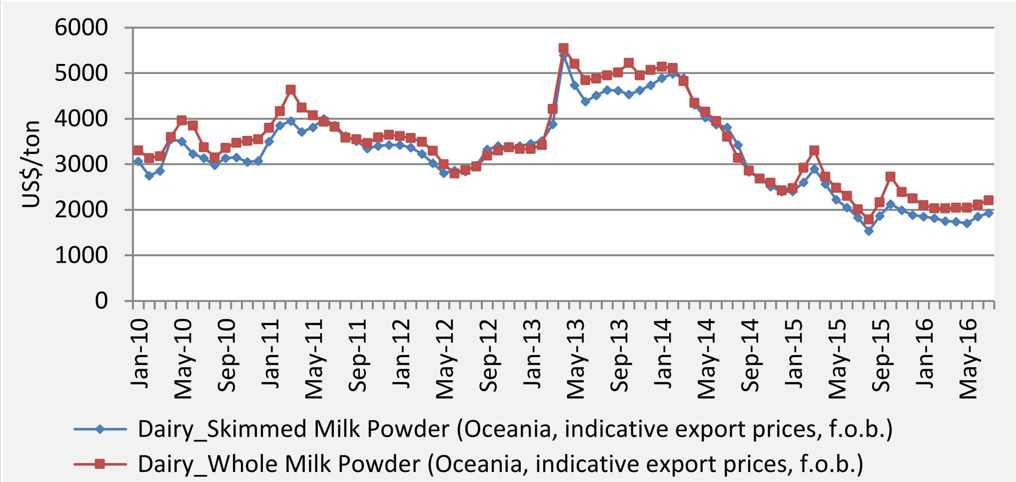

Figure D.9: Skim milk powder and whole milk powder price trends
Source: FAO, 2016

Between July 2015 and July 2016:

Milk producer price increased by 6.98 %;
Full cream milk – fresh 1ℓ increased by 8.12 %;
Full cream milk – long life 1ℓ decreased by 6.58 %

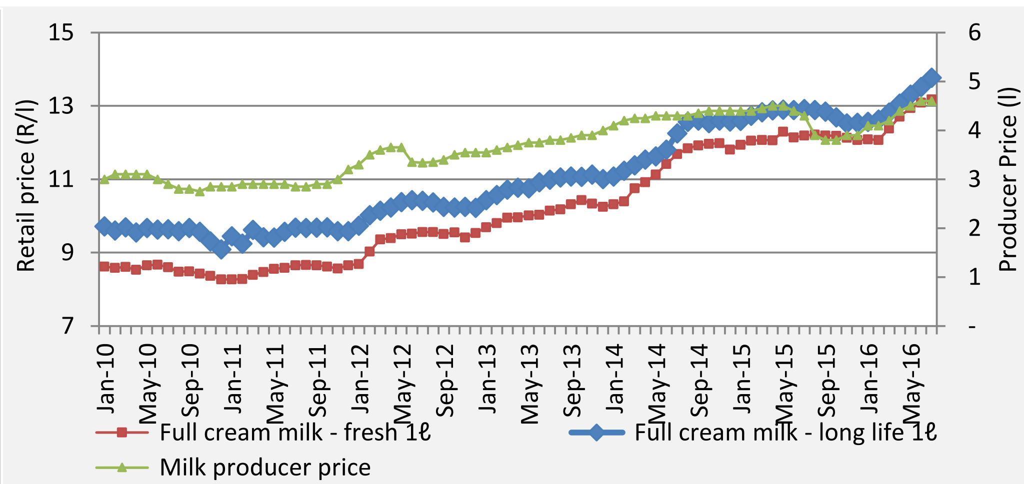

Figure D.10: Domestic producer price and retail prices of milk
Source: MPO and StatsSA, 2016

D.5 Meat price trends

The price of beef at **retail** level showed an annual average increase of 8.53 % for the five different cuts, between July 2015 and July 2016

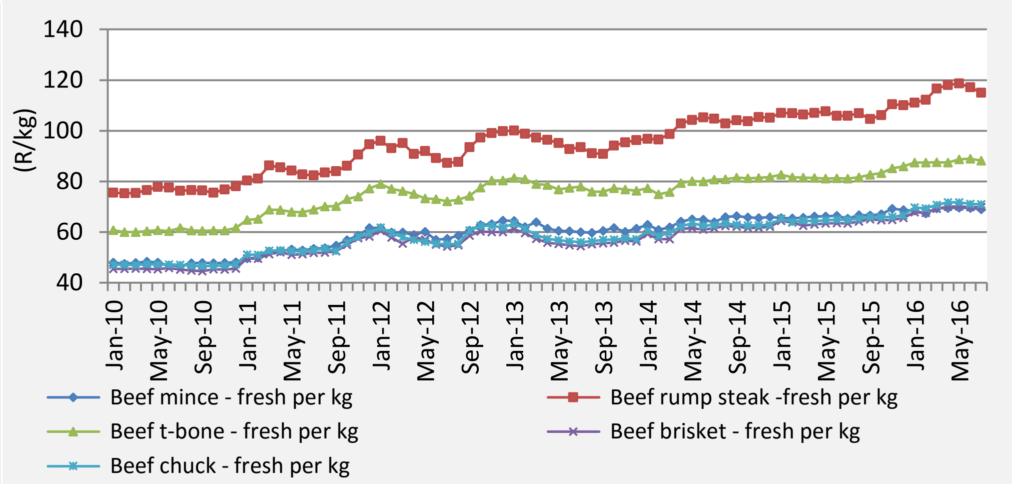

Figure D.11: Retail prices of beef cuts
Source: StatsSA, 2016

Between July 2015 and July 2016:

Chicken portions – fresh per kg (**retail)** price increased by 5.61 % per kg

Pork chops per kg **retail** price decreased by 1.85 %

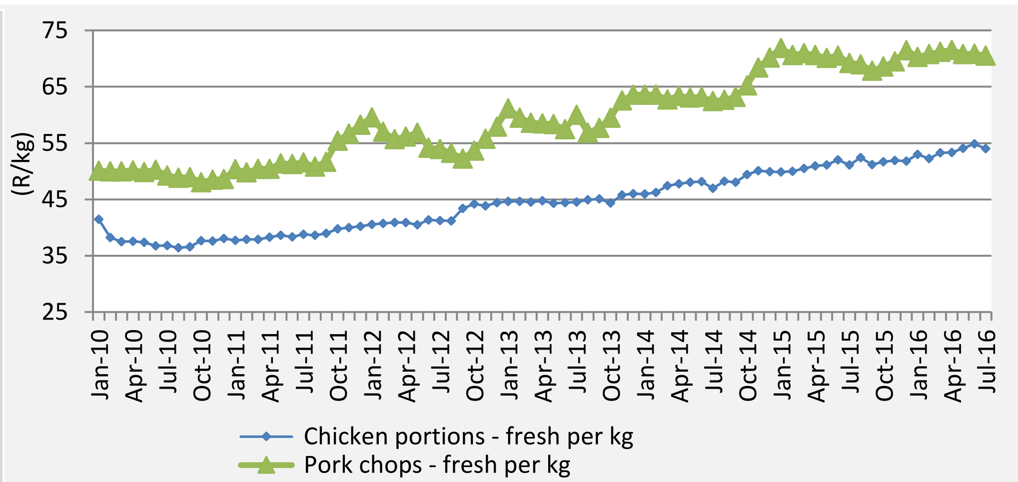

Figure D.12: Retail prices of pork chops and chicken portions – fresh per kg
Source: StatsSA, 2016

Between July 2015 and July 2016:

Producer price for fresh chicken per kg decreased by 3.39 %

Producer price for frozen chicken per kg increased by 0.89 %

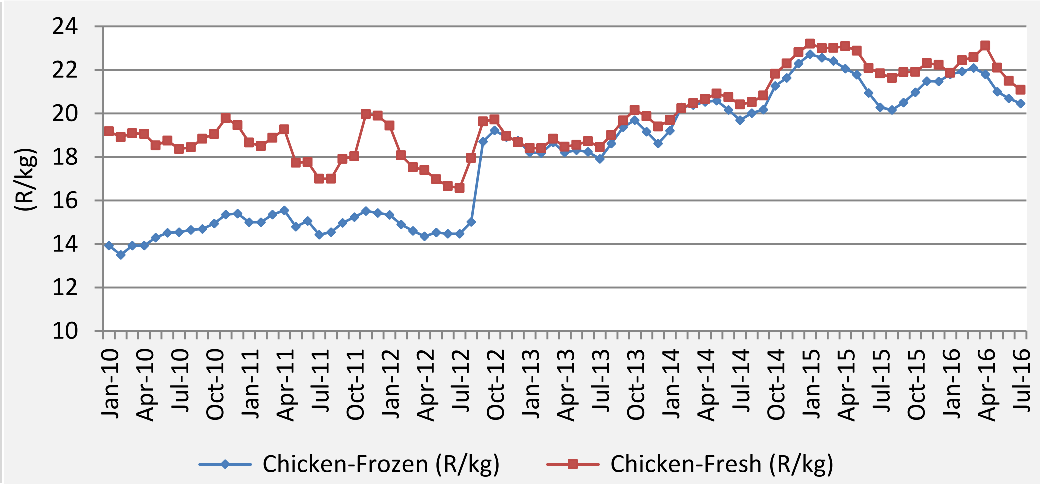

Figure D.13: Producer prices of chicken

Source: AMT, 2016

Between July 2015 and July 2016:

Porker price (R/kg) increased by 0.20 %

Baconer price (R/kg) increased by 7.09 %

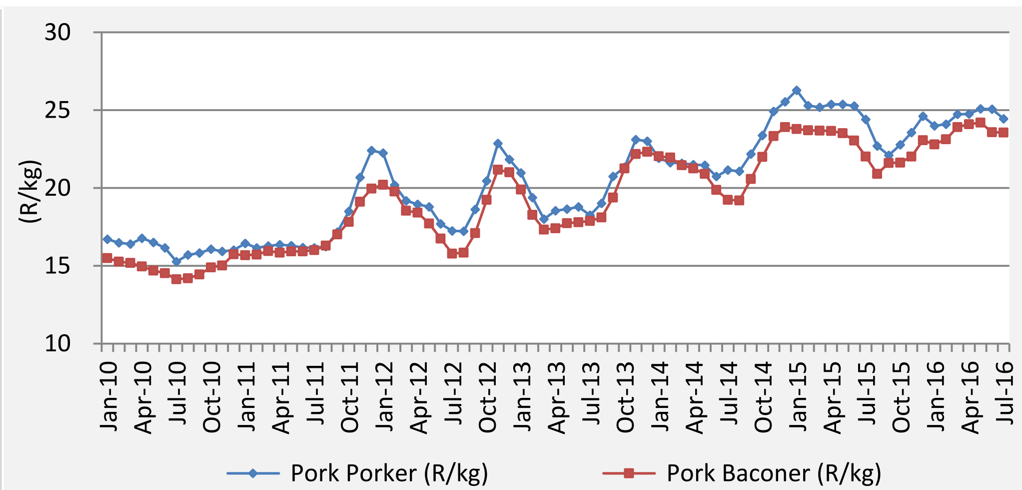

Figure D.14: Producer prices of pork

Source: AMT, 2016

Between July 2015 and July 2016:

Producer price of Beef class A2/A3 increased by 11.67 %, class B2/B3 increased by 11.51 % and class C2/C3 increased by 12.57 %

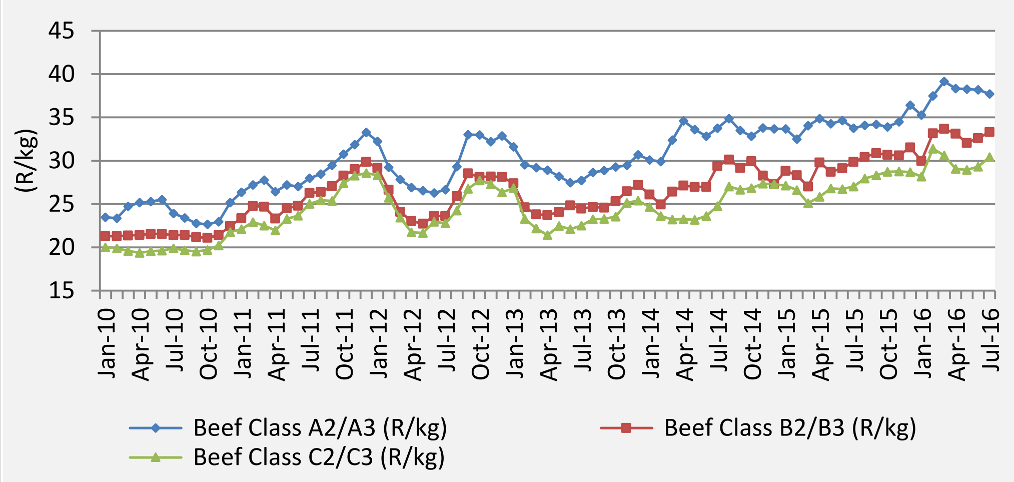

Figure D.15: Producer prices of beef
Source: AMT, 2016

Between July 2015 and July 2016:

Prices of lamb-class A2/A3 (R/kg) increased by 8.82 %, class B2/B3 increased by 6.37 % and the price of class C2/C3 increased by 15.32 %

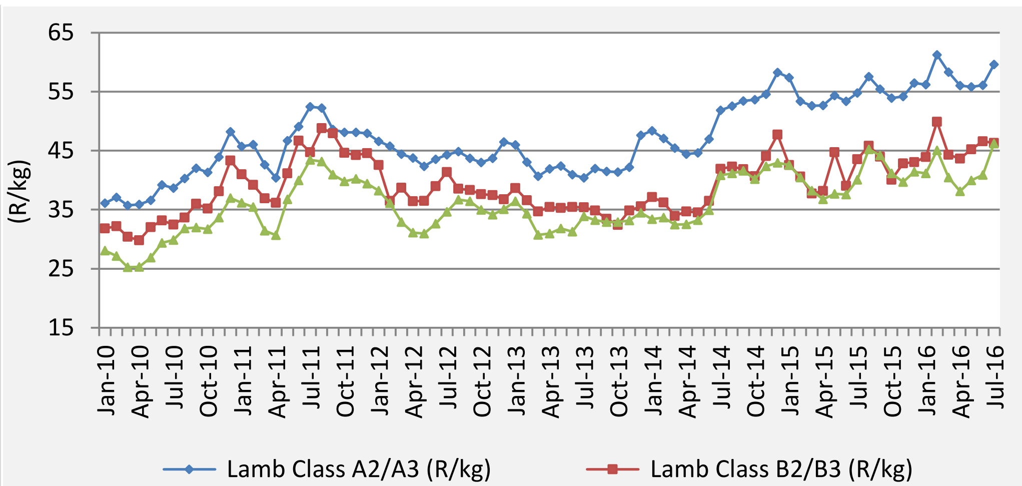

Figure D.16: Producer prices of lamb
Source: AMT, 2016

APPENDIX E: DATA COLLECTION

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

- StatsSA 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 StatsSA 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 2005/06 compiled by StatsSA 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.
- This media release also reports food prices in deep rural areas. Rural food prices are collected from 190 outlets/shops by field workers of the different provincial departments of agriculture on a monthly basis.

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