National Agricultural Marketing Council

Promoting market access for South African agriculture

Markets and Economic Research Centre

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EXECUTIVE SUMMARY

In January 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 6.2 % and 6.9 %, 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 January 2016.

Prices were compared for selected food items in rural and urban areas for January 2016. Food items showing the largest price differences between urban and rural areas in January 2016 were margarine 500g at a R2.55 difference, sunflower oil 750mℓ at a difference of R0.64, Ceylon/black tea 62.5g at a difference of R0.41, loaf of brown bread 700g at a difference of R0.39, and a loaf of white bread 700g at a difference of R0.37. This indicates that urban consumers paid more for some of these food items than their rural counterparts. In the remainder cases, however, rural consumers paid more for certain products (e.g. super maize meal, special maize meal and white sugar) than their urban counterparts.

The FAO Food Price Index, in nominal terms, averaged 150.4 points in January 2016, down almost 3 points (1.9 %) from December and as much as 29 points (16 %) below January 2015. The prices of all the commodities tracked by the Index fell, with sugar and dairy products registering the steepest declines.

From January 2015 to January 2016, the cost of this basic 22 item food basket (excluding oranges), increased by approximately R44 (+ 8.7 %)* in nominal terms from R509 to R553.

When comparing January 2015 to January 2016 retail prices, double-digit inflation (10 % or more) was observed for many products within the food basket (in order from highest to lowest inflation): frozen chicken portions, sunflower oil, Ceylon tea, maize meal, tomatoes, cabbage, and onions. Inflation of between 6% and 10 % was observed for eggs, coffee, margarine, canned pilchards, potatoes, beef chuck and fresh chicken portions. 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 bread) as well as various food items making a contribution to dietary diversity. When comparing the inflation rates for January 2015 versus January 2016, with October 2014 versus October 2015 (i.e. the previous Food Price Monitor analysis period) the rate of inflation was higher for animal protein foods, bread/cereals, vegetables, fats/oils and coffee/tea.

Key factors to look out for over the next three months are related to the exchange rate. Employment, growth and inflation data from the United States supports no further increase on US interest rates by the Federal Reserve over the short term. This could support the rand. On the local front however, failure to address key fiscal issues in the budget speech on 24 February 2016 could further push South Africa's towards junk investment status, which would certainly lead to a severe devaluation of the rand. The outlook on the weather remains highly uncertain. Although a prolonged period of drought will not cause staple food prices to increase any further since SA is already trading at import parity, the weather over the next three months will be a key determining factor for the availability of grazing and also water available for irrigation. Without significant widespread rainfall over the next two months, the next wave of impacts of the drought will start to kick in. For example, much higher slaughtering of cattle, a significant decrease in the area under irrigation and increasing pressure on our logistical infrastructure to keep up with the sharp rise in imports.

Table of Contents

1. Introduction

In January 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 6.2 % and 6.9 %, 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 January 2016.

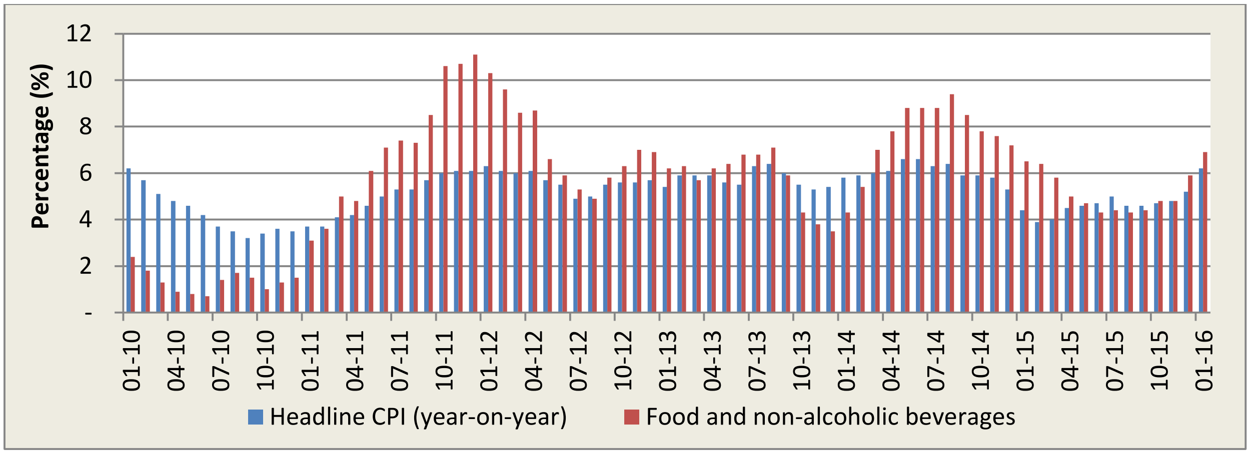

Figure 1: Headline CPI and food and non-alcoholic beverage CPI
Source: StatsSA, 2016

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**, January 2015 vs. January 2016: sugar and sweets (9.4 %), milk, eggs and cheese (2.5 %), fruit (3.8 %), meat (4.3 %), other food (4.8 %), fish (7.4 %), processed foods (6.3 %), unprocessed foods (7.6 %), bread and cereals (8.4 %), vegetables (14.1 %) and oils and fats (17.4 %). Also indicated in **Figure 2** is the **month-on-month** percentage change from December 2015 to January 2016.

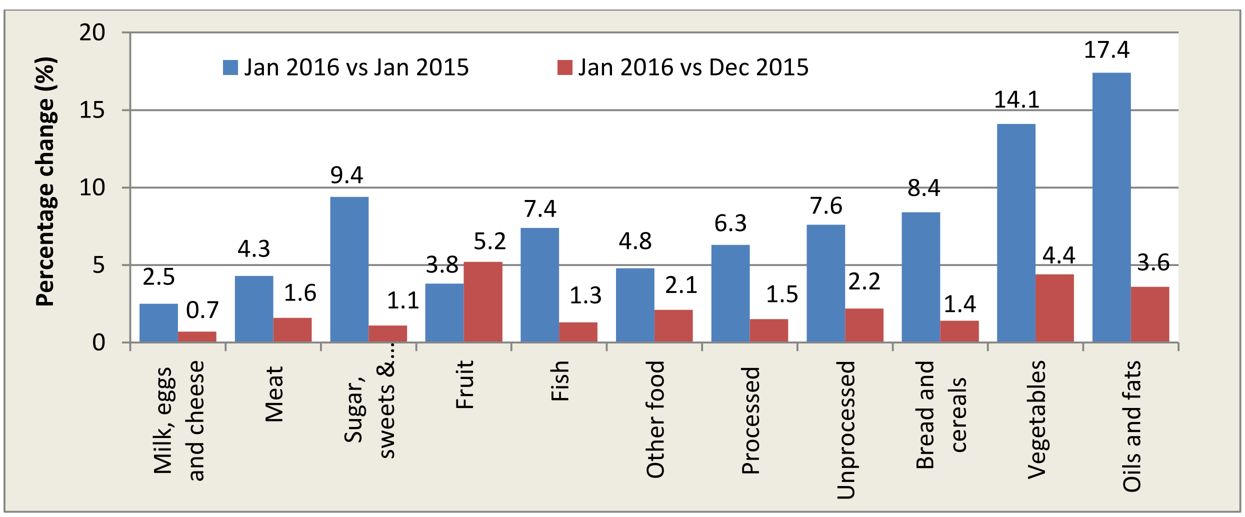

Figure 2: Year-on-year (January 2015 vs. January 2016) and month-on-month (December 2015 vs. January 2016) percentage change for different food categories
Source: StatsSA, 2016

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 January 2016 for South Africa and other selected countries. South Africa's overall inflation for January 2016 was 6.2 %. Food inflation was at 6.9 % during the same period. The food categories with the largest contribution during this period to South African food inflation are oils and fat, sugar and sweets and vegetables. The Zambian overall inflation rate for January 2016 was 21.8 %, while the food inflation rate was 25.9 %. Botswana's inflation rate was 2.7 %, while the food inflation rate was 1.2 % during the same period. Turkey's overall inflation rate for January 2016 was 9.6 %, compared with a food inflation rate of 11.7 %. Considering inflation in the BRIC countries, Russia had the highest overall inflation rate of 9.8 % and food inflation of 9.2 %, followed by Brazil, which had an overall inflation rate of 10.7 % and a food inflation rate of 12.9 %. From the BRIC group, China recorded the lowest year-on-year inflation rate of 1.8 % and a food inflation rate of 4.1 %.

Table 1: Overall inflation and food inflation during November 2015 to January 2016

	November 15		December 15		January 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	2.9	0.9	3.1	0.7	2.7	1.2
Brazil	10.5	11.6	10.7	12.1	10.7	12.9
China	1.5	2.3	1.6	2.7	1.8	4.1
India	5.4	6.1	5.6	6.4	5.7	6.9
Namibia	3.4	6.5	3.7	5.9	5.3	6.1
Russia	15.0	17.7	12.9	14.8	9.8	9.2
South Africa	4.8	4.8	5.2	5.9	6.2	6.9
Turkey	8.1	9.5	8.8	10.9	9.6	11.7
United Kingdom	0.1	-2.4	0.2	-2.9	0.3	-2.6
United States	0.5	1.3	0.7	0.8	1.4	0.8
Zambia	19.5	23.4	21.1	24.8	21.8	25.9

Sources: Central banks and statistics reporting institutions of these countries, as well as the press, 2016

3. Urban and rural food price trends: January 2015 to January 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 %: chicken portions – fresh per kg (6.26 %), instant coffee 250g (6.46 %), cereals 450g (6.51 %), rice 1kg (6.53 %), fizzy drinks - can 330mℓ (6.60 %), brick margarine 1kg (6.70 %), spaghetti 500g (6.71 %), cake flour 1kg (6.76 %), beef chuck – fresh per kg (6.87 %), instant coffee 500g (6.96 %), cake flour 2.5kg (7.32 %), potatoes – fresh per kg (7.36 %), fish (excluding tuna) – tinned 400g (7.43 %), instant coffee 100g (7.43 %), loaf of white bread 600g (7.45 %), fish (excluding tuna) – tinned 425g (7.64 %), rice 5kg (7.95 %), brick margarine 500g (8.01 %), cake flour 5kg (8.27 %), instant coffee 750g (8.32 %), eggs 1.5 dozen (9.13 %), instant coffee 200g (9.25 %), white sugar 10 kg (9.60 %), fish (excluding tuna) – tinned 215g

(10.37 %), eggs 2.5 dozen (10.65 %), margarine spread 1kg (11.18 %), eggs 0.5 dozen (11.22 %), onions – fresh per kg (11.80 %), brick margarine 125g (11.84 %), Ceylon/black tea 500g (13.21 %), baked beans – tinned 225g (13.43 %), fish (excluding tuna) – tinned 155g (13.75 %), super maize 5kg (15.27 %), cabbage – fresh per kg (16.13 %), tomatoes – fresh per kg (19.55 %), super maize 1kg (19.60 %), cabbage – fresh each (20.11 %), special maize 2.5kg (22.04 %), super maize 2.5kg (22.11 %), Ceylon/black tea 62.5g (22.62 %), sunflower oil 750mℓ (24.58 %), chicken portions – frozen per kg (26.77 %), sunflower oil 4ℓ (28.38 %), special maize 1kg (33.27 %), sunflower oil 2ℓ (35.01 %), Ceylon/black tea 125g (37.92 %), and sunflower oil 500mℓ (74.18 %).

Table C.2 records the products which exceed the SARB annual inflation rate of 6 % in the **rural** areas as follows: loaf of brown bread 600g (6.02 %), instant coffee 250g (6.20 %), margarine 125g (7.06 %), instant coffee 100g (7.16 %), rice 1kg (7.47 %), margarine 500g (8.24 %), Ceylon/black tea 250g (8.42 %), white sugar 2.5kg (9.33 %), white sugar 500g (10.87 %), loaf of white bread 600g (12.10 %), super maize 5kg (12.83 %), fish (excluding tuna) – tinned 155g (14.67 %), super maize 1kg (17.19 %), special maize 2.5kg (21.31 %), super maize 2.5kg (22.39 %), Ceylon/black tea 62.5g (23.65 %), sunflower oil 750mℓ (26.74 %), special maize 5kg (31.96 %), sunflower oil 2ℓ (33.38 %), and special maize 1kg (34.44 %),

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

During the period January 2015 to January 2016, the international price of wheat (US No 2, Hard Red Winter ord. Prot, US Fob Gulf) decreased by 30.09 %, while the domestic wheat prices increased by 9.95 %. Urban consumers paid 5.73 % more for a loaf of brown bread (700g) and 5.34 % more for a loaf of white bread (700g) during the same period. During the same period, domestic yellow maize prices increased by 48.02 %, while international yellow maize prices decreased by 7.85 %. Super maize meal (2.5 kg) increased by 22.11 % and special maize meal (2.5 kg) increased by 22.04 %, in urban areas. During the same period, the urban price of sunflower oil (750 ml) increased by 24.58 %. The January 2016 domestic price of sunflower seed was R6 800.00/ton compared with the R5 005.45/ton price of January 2015, growth of 35.85 %.

During this period January 2015 to January 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 4.69 %, 4.02 % and 3.91 %, respectively. Lamb/mutton class A2/A3 (R/kg) and class C2/C3 (R/kg) producer prices decreased by 2.09 % and 3.38 %, respectively, while class B2/B3 (R/kg) increased by 3.27 %. Producer prices of fresh chicken portions decreased by 5.77 %, while frozen chicken portions also decreased by 4.09 %, during the same period.

4. Comparison between urban and rural prices: January 2016

Table 2 compares prices of selected food items in rural and urban areas for January 2016. The food items which showed the largest price differences between **urban** and **rural** areas in January 2016 were margarine 500g at a R2.55 difference, sunflower oil 750mℓ at a difference of R0.64, Ceylon/black tea 62.5g at a difference of R0.41, loaf of brown bread 700g at a difference of R0.39, and a loaf of white bread 700g at a difference of R0.37. 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. super maize meal, special maize meal and white sugar) than their urban counterparts.

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

Product	Rural Food Prices January 2016	Urban Food Prices January 2016	Price difference R/unit
Full cream milk – long life 1ℓ	12.57	12.52	0.05
Loaf of brown bread 700g	10.88	10.49	0.39
Loaf of white bread 700g	12.03	11.66	0.37
Special maize 2.5 kg	16.39	16.41	-0.02
Super maize 2.5 kg	21.54	21.59	-0.05
Margarine spread 500g	22.64	20.09	2.55
Peanut butter 400g	22.21	22.18	0.03
Rice 2kg	24.16	24.02	0.14
Sunflower oil 750mℓ	21.49	20.85	0.64
Ceylon/black tea 62.5g	11.87	11.46	0.41
White sugar 2.5kg	28.69	28.89	-0.20
Average			**0.39**

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 January 2016 reaching an index level of 111.35.

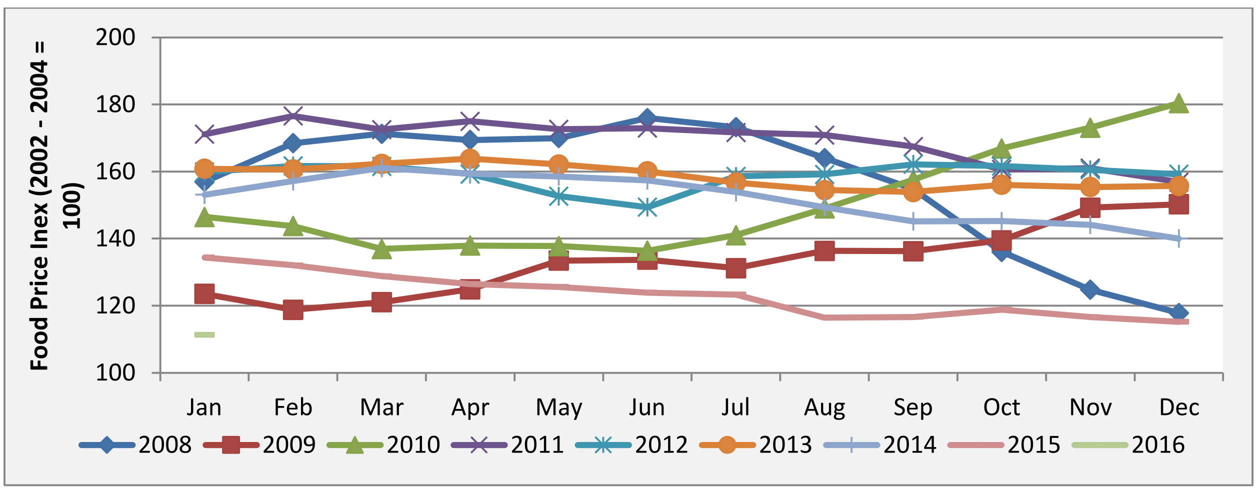

Figure 3a: International real food price index
Source: FAO, 2016

Figure 3b shows the price indices for the five food categories in **real** terms. The **month-on-month** percentage growth of the Dairy (-4.34 %), Cereals (-3.07 %), Oils Price (-3.09 %), Sugar Price (-5.43 %) and the Meat (-2.54 %) Indexes, all indicate a decreased growth, from December 2015 to January 2016.

Year-on-year, January 2015 to January 2016, all the price indexes also reflected a decreasing trend in **real** terms.

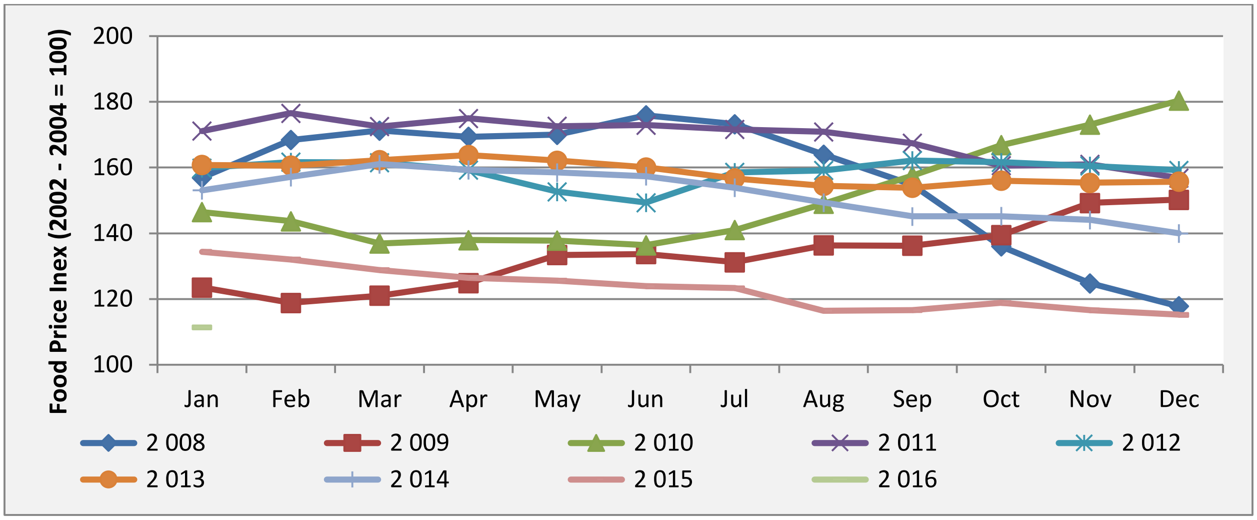

Figure 3b: Real price indices for five food categories
Source: FAO, 2016

The **FAO Food Price Index**[1], in **nominal** terms, averaged 150.4 points in January 2016, down almost 3 points (1.9 %) from December and as much as 29 points (16 %) below January 2015. The prices of all the commodities tracked by the Index fell, with sugar and dairy products registering the steepest declines.

The **FAO Cereal Price Index**, in **nominal** terms, averaged 149.1 points in January, down 2.5 points (1.7 %) from December. Ample global supplies, increased competition for export markets and a strong US dollar continued to weigh on international wheat and maize prices, with the US maize quotations falling to multi-year lows. Rice prices declined only marginally.

The **FAO Vegetable Oil Price Index** averaged, in **nominal** terms, 139.1 points in January, down 2.4 points (1.7 %) from December. The slide was mainly caused by a marked drop in soya oil prices, reflecting expectations of ample global soybean supplies, notwithstanding lower than earlier anticipated production in the United States and Brazil. International palm oil prices were stable, as subdued global import demand was counter balanced by prospects of production slowdowns in the coming months.

The **FAO Dairy Price Index** averaged, in **nominal** terms, 145.1 points in January, down 4.4 points (3.0 %) from December. Large winter milk production in the EU, better than anticipated availability in Oceania and torpid import demand have caused international prices of all the dairy commodities covered by the Index to dip, with Whole Milk Powder (WMP) being the most affected.

The **FAO Meat Price Index**[1], in **nominal** terms, averaged 148.3 points in January, down 1.7 points (1.1 %) from its December revised value. Quotations fell for most categories, with the exception of pig-meat, which was stable, mainly due to the opening of EU aid to private storage in January. Sheep-meat prices were sharply lower, reflecting the beginning of the peak production period in Oceania, while a lacklustre demand weighed on the prices of poultry and bovine meat.

[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 Sugar Price Index, in nominal terms,** averaged 199.4 points in January, down 8.4 points (4.1 %) from December, marking the first decline after four months of steady rises. The decrease was prompted by better than expected crop conditions in Brazil, the world´s leading sugar producer and exporter. Prospects for reduced sugar outputs in India, Thailand, South Africa and China were not sufficient to reverse the price fall.

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 January 2015 to January 2016.

From January 2015 to January 2016 the cost of this basic urban food basket increased by about R44 (+8.7%) in nominal terms from **R508.91** to **R553.22** (compared to a lower increase of 5.1 % from October 2014 to October 2015 (the previous Food Price Monitor analysis period).

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 47.6 % in January 2015 to 51.7 % in January 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 1.9 % to 2.1 % **(Figure 4)**.

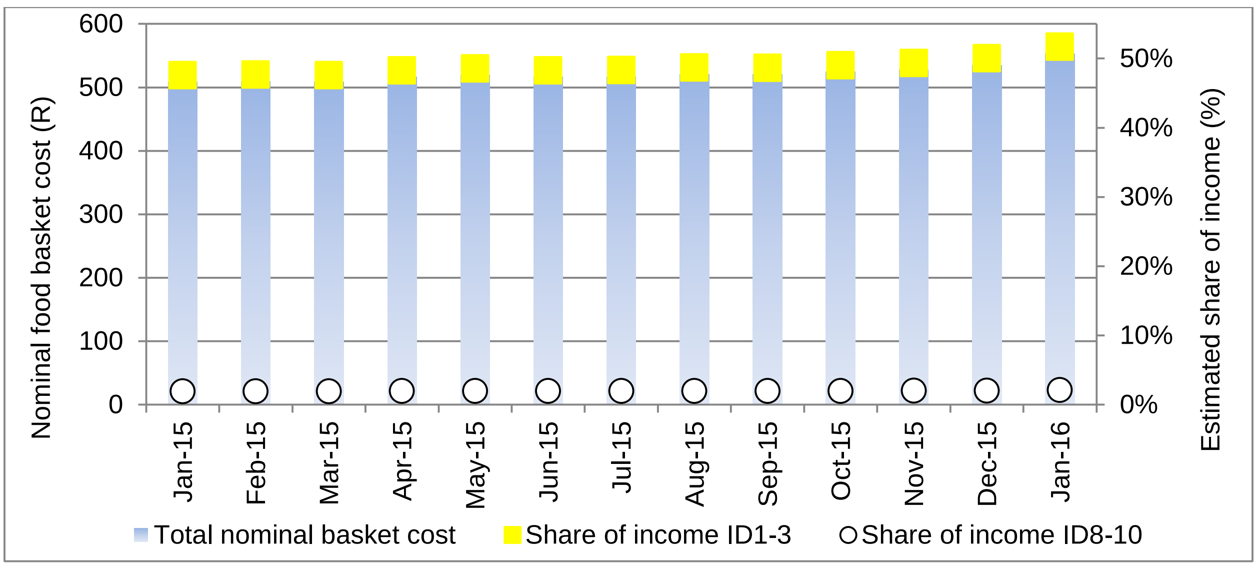

Figure 4: The cost of a typical consumer food basket for the period January 2015 to January 2016, expressed in nominal terms and as share of the average income of the poorest 30% of households (Income Deciles [ID] 1 to 3) and the wealthiest 30% of households (ID 8 to 10)
Source: BFAP calculations, based on StatsSA monitored price data for urban areas, 2016

[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. Due to data limitations oranges was excluded for this analysis.*

[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).*

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 January 2015 to January 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 January 2015 to January 2016 prices, the following food categories experienced significant inflation: fats/oils, vegetables, bread/cereals, animal protein foods, coffee/tea, as well as dairy/eggs. The various food groups within this food basket are discussed in more detail in **Table 3** below.

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

Food group:	Overall inflation rate: January 2015 to January 2016	Overall inflation rate: October 2014 to October 2015*	Major contributors to inflation in this category:	Minor contributors to inflation in this category:	Non-contributors to inflation in this category:	Comments:
Animal protein	+10.3 %	+4.9 %	Chicken portions frozen (+26.8 %) Fish (excl. tuna) – tinned (+7.6 %) Beef chuck (+6.9 %) Chicken portions fresh (+6.3 %)	None	None	Inflation on all meat protein food options. High inflation on frozen chicken potions in particular.
Bread and cereals	+8.9 %	+10.0 %	Maize meal (+22.1 %) Brown bread (+5.7 %) White bread (+5.3 %)	Rice (+3.0 %)	None	Inflation on staples, but particularly high for maize meal.
Vegetables	+14.5 %	-2.5 %	Tomatoes (+19.6 %) Cabbage (+16.1 %) Onions (+11.8 %) Potatoes (+7.4 %)	None	None	Inflation on all vegetables options in basket. High inflation on tomatoes, cabbage and onions.
Fruit	-8.6 %	+1.5 %	None		Apples (-3.5 %) Bananas (-15.1 %)	No inflation on apples and bananas.
Dairy	-0.2 %	+1.3 %	None	None	Full cream milk - long life 1ℓ (-0.2 %)	Inflation on the price of eggs.
Eggs	+9.1 %	+10.4 %	Eggs 1.5 dozen (+9.1 %)	None	None	
Fats and oils	+16.0 %	+12.3 %	Sunflower oil (+24.6 %) Brick margarine (+8.0 %)	None	None	Inflation on all items, but particularly high for sunflower oil.
Bean products	-0.1 %	+0.6 %	None	Peanut butter (+0.7 %)	Baked beans (-2.1 %)	Minor inflation on peanut butter.
Coffee and tea	+10.0 %	+4.0 %	Ceylon/black tea (+22.6%) Instant coffee (+8.3%)	None	None	Inflation on all items, but particularly high for tea.

Source: BFAP calculations, based on StatsSA monitored price data for urban areas, 2015

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

Thus, when comparing January 2015 to January 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, sunflower oil, Ceylon tea, maize meal, tomatoes, cabbage and onions. Inflation of between 6% and 10% were observed for eggs, coffee, margarine, canned pilchards, potatoes, beef chuck and fresh chicken portions. 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 bread) as well as various food items making a contribution to dietary diversity. When comparing the inflation rates for January 2015 versus January 2016, with October 2014 versus October 2015 (i.e. the previous Food Price Monitor analysis period) the rate of inflation was higher for animal protein foods, bread/cereals, vegetables, fats/oils and coffee/tea.

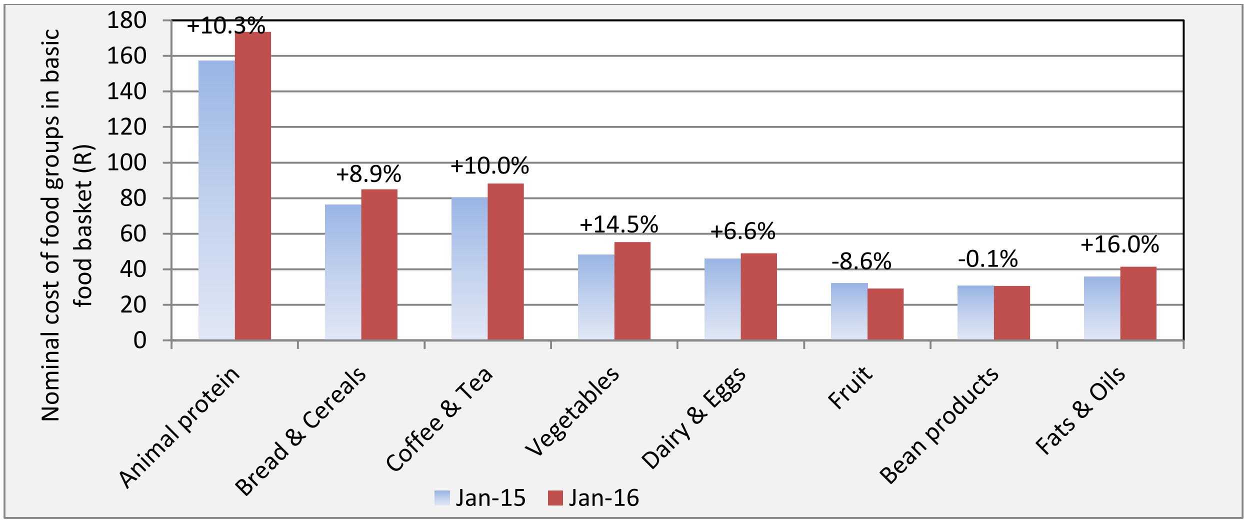

Figure 5: Nominal monthly cost of specific food groups within the basic food basket, comparing January 2015 to January 2016

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 January 2015 to January 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 41 % more in this case for January 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 January 2015 versus January 2016 prices the results in **Figure 6** indicated inflation of about 9.1 % (from R4.99 to R5.44 for the selection of portions), reflecting a similar percentage as the overall food basket discussed above. Significant inflation on most components contributed to the inflation observed on this 'food plate' (maize meal (+15.3 %), tea (+22.6 %), sugar (+9.0 %), brown bread (+5.7 %).

[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.

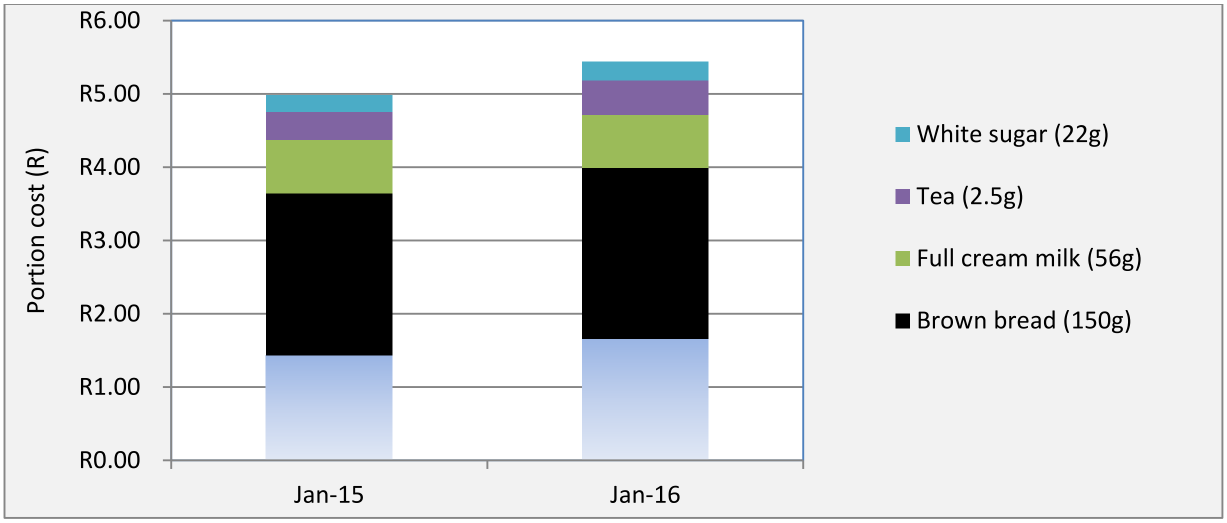

Figure 6: Average nominal cost for the typical portions of the five food items most widely consumed by very poor consumers in South Africa, for January 2015 and January 2016
Source: BFAP calculations, based on StatsSA monitored price data for urban areas, 2016

7. March – May 2016 outlook

The effect of the drought is now clearly visible on most retail prices for food. In the case of super maize meal, prices for January 2016 are approximately 22 % higher compared to January 2015. This effect is expected to be further exasperated by the high maize prices experienced in January 2016. It is expected that year on year price increases for maize meal can reach 38 % in for the first quarter of 2016, resulting in average prices of around R26.00 for a 2.5kg packet of super maize meal. This inflationary pressure can also extend into the next quarter. The only inflationary relief at this stage can come from the strengthening of the exchange rate and/or the opening of our borders for US white maize imports. Currently GMO regulations with respect to specific GM events prevent the US maize from entering the country.

In terms of bread the effect is more moderate and inflationary pressures are predominantly driven by exchange rate movements. Fuel price movements, resulting in slow growth in distributional costs, have also contributed to a relatively timid growth in year on year bread prices (around 5.5 %) for the first quarter. Stable international wheat prices could support slower growth in bread prices until mid-2016. The exchange rate would however remain a key determining factor in the next quarter.

Increasing red meat prices are gaining momentum as slaughterings are decreasing. It is expected that this is driven by producers trying to preserve their herds (it is estimated that national herd numbers have declined by 5 % - 8 %), with the expectation of rain in March. Feedlots are also attempting to push higher feed costs through to retail prices in order to keep profit margins positive. Poultry prices are expected to increase over the next quarter based on inflationary pressures associated with increased production cost and a relatively weak exchange rate. The effect of the exchange rate is, however, off-set by lower world prices which dampens price increases on imported poultry products. As a consequence, chicken imports have reached almost 400 000 tons in the past few months.

In terms of potatoes, key areas that will be in production over the next quarter are dryland areas, which also suffered as a result of the drought. It can therefore be expected that the high prices of January 2016 will persist until mid-2016. The prices of vegetables in general (even those produced in irrigated areas) could be expected to increase substantially over the next quarter due to the recurring heat waves of the past few months.

Key factors to look out for over the next three months are related to the exchange rate. Employment, growth and inflation data from the United States supports no further increase on US interest rates by the Federal Reserve over the short term. This could support the rand. On the local front however, failure to address key fiscal issues in the budget speech on 24 February 2016 could further push South Africa’s towards junk investment status, which would certainly lead to a severe devaluation of the rand. The outlook on the weather remains highly uncertain. Although a prolonged period of drought will not cause staple food prices to increase any further since SA is already trading at import parity, the weather over the next three months will be a key determining factor for the availability of grazing and also water available for irrigation. Without significant widespread rainfall over the next two months, the next wave of impacts of the drought will start to kick in. For example, much higher slaughtering of cattle, a significant decrease in the area under irrigation and increasing pressure on our logistical infrastructure to keep up with the sharp rise in imports.

APPENDIX A: DATA ON URBAN FOOD PRICE TRENDS

Table A.1: Wheat products

Wheat products	Price level			Percentage Change	
	Jan-15	Nov-15	Jan-16	Nov-15 to Jan-16	Jan-15 to Jan-16
Cake flour 1kg	11.54	12.61	12.32	-2.30%	6.76%
Cake flour 2.5kg	21.99	22.59	23.60	4.47%	7.32%
Cake flour 5kg	45.73	48.83	49.51	1.39%	8.27%
Loaf of brown bread 600g	6.38	6.39	6.57	2.82%	2.98%
Loaf of brown bread 700g	10.29	10.80	10.88	0.74%	5.73%
Loaf of brown bread 800g	12.89	13.20	13.60	3.03%	5.51%
Loaf of white bread 600g	6.98	7.27	7.50	3.16%	7.45%
Loaf of white bread 700g	11.42	11.88	12.03	1.26%	5.34%
Loaf of white bread 800g	10.12	9.78	9.14	-6.54%	-9.68%
Macaroni 500g	10.67	10.84	11.02	1.66%	3.28%
Spaghetti 500g	10.58	11.18	11.29	0.98%	6.71%
Average				**0.97%**	**4.52%**
Wheat (R/ton)	3 909.05	4 280.00	4 298.00	**0.42%**	**9.95%**

Data from StatsSA

Table A.2: Maize products

Maize products	Price level			Percentage Change	
	Jan-15	Nov-15	Jan-16	Nov-15 to Jan-16	Jan-15 to Jan-16
Special maize 1kg	5.53	6.75	7.37	9.19%	33.27%
Special maize 2.5kg	13.43	15.52	16.39	5.61%	22.04%
Super maize 1kg	8.06	9.51	9.64	1.37%	19.60%
Super maize 2.5kg	17.64	21.28	21.54	1.22%	22.11%
Super maize 5kg	33.73	38.02	38.88	2.26%	15.27%
Average				**3.93%**	**22.46%**
Yellow Maize (R/ton)	2 026.82	3 035.00	3 000.00	**-1.15%**	**48.02%**
White Maize (R/ton)	2 019.14	3 285.00	3 217.00	**-2.07%**	**59.33%**

Data from StatsSA

Table A.3: Sunflower products

Sunflower products	Price level			Percentage Change	
	Jan-15	Nov-15	Jan-16	Nov-15 to Jan-16	Jan-15 to Jan-16
Brick margarine 125g	7.43	7.63	8.31	8.91%	11.84%
Brick margarine 1kg	37.93	38.25	40.47	5.80%	6.70%
Brick margarine 250g	12.10	11.77	12.43	5.61%	2.73%
Brick margarine 500g	18.47	20.51	19.95	-2.73%	8.01%
Margarine spread 1kg	35.32	39.07	39.27	0.51%	11.18%
Margarine spread 500g	21.68	22.27	22.64	1.66%	4.43%

Sunflower products	Price level			Percentage Change	
Sunflower oil 2ℓ	32.79	37.89	44.27	16.84%	35.01%
Sunflower oil 4ℓ	71.56	76.82	91.87	19.59%	28.38%
	Jan-15	Nov-15	Jan-16	Nov-15 to Jan-16	Jan-15 to Jan-16
Sunflower oil 500mℓ	11.89	18.54	20.71	11.70%	74.18%
Sunflower oil 750mℓ	17.25	20.23	21.49	6.23%	24.58%
Average				**7.41%**	**20.70%**
Sunflower (R/ton)	5 005.45	6 820.00	6 800.00	**-0.29%**	**35.85%**

Data from StatsSA

Table A.4: Processed vegetables

Processed vegetables	Price level			Percentage Change	
	Jan-15	Nov-15	Jan-16	Nov-15 to Jan-16	Jan-15 to Jan-16
Baked beans - tinned 225g	7.00	7.94	7.94	0.00%	13.43%
Baked beans - tinned 410g	8.58	8.42	8.40	-0.24%	-2.10%
Average				**-0.12%**	**5.67%**

Data from StatsSA

Table A.5: Fresh vegetables

Fresh vegetables	Price level			Percentage Change	
	Jan-15	Nov-15	Jan-16	Nov-15 to Jan-16	Jan-15 to Jan-16
Cabbage - fresh each	11.29	11.20	13.56	21.07%	20.11%
Cabbage - fresh per kg	12.15	10.67	14.11	32.24%	16.13%
Carrots - fresh per kg	14.01	16.42	10.92	-33.50%	-22.06%
Cauliflower - fresh per kg	39.49	45.01	20.19	-55.14%	-48.87%
Onions - fresh per kg	9.66	9.82	10.80	9.98%	11.80%
Potatoes - fresh per kg	10.33	9.33	11.09	18.86%	7.36%
Pumpkin - fresh per kg	16.46	17.08	14.97	-12.35%	-9.05%
Tomatoes - fresh per kg	16.11	20.90	19.26	-7.85%	19.55%
Average				**-3.34%**	**-0.63%**

Data from StatsSA

Table A.6: Processed meat

Processed meat	Price level			Percentage Change	
	Jan-15	Nov-15	Jan-16	Nov-15 to Jan-16	Jan-15 to Jan-16
Bacon 1kg	126.73	132.00	83.90	-36.44%	-33.80%
Polony per kg	36.43	35.92	34.65	-3.54%	-4.89%
Average				**-19.99%**	**-19.34%**

Data from StatsSA

Table A.7: Unprocessed meat

Unprocessed meat	Price level			Percentage Change	
	Jan-15	Nov-15	Jan-16	Nov-15 to Jan-16	Jan-15 to Jan-16
Beef brisket - fresh per kg	64.43	64.83	67.88	4.70%	5.35%
Beef chuck - fresh per kg	65.24	66.12	69.72	5.44%	6.87%
Beef mince - fresh per kg	65.49	69.16	68.48	-0.98%	4.57%
Beef rump steak -fresh per kg	107.08	110.40	111.11	0.64%	3.76%
Beef t-bone - fresh per kg	82.67	85.18	87.40	2.61%	5.72%
Chicken portions - fresh per kg	49.85	51.91	52.97	2.04%	6.26%
Chicken portions - frozen per kg	28.28	28.18	35.85	27.22%	26.77%
Lamb - fresh per kg	112.68	112.83	116.65	3.39%	3.53%
Pork chops - fresh per kg	71.87	69.50	70.28	1.12%	-2.21%
Whole chicken - fresh per kg	39.56	39.78	41.18	3.52%	4.10%
Average				**4.97%**	**6.47%**

Data from StatsSA

Table A.8: Eggs and dairy products

Eggs & dairy products	Price level			Percentage Change	
	Jan-15	Nov-15	Jan-16	Nov-15 to Jan-16	Jan-15 to Jan-16
Cheddar cheese per kg	117.00	122.51	109.32	-10.77%	-6.56%
Eggs 1.5 dozen	33.30	36.74	36.34	-1.09%	9.13%
Eggs 1/2 dozen	12.30	13.63	13.68	0.37%	11.22%
Eggs 2.5 dozen	43.66	46.83	48.31	3.16%	10.65%
Full cream milk - fresh 1ℓ	11.94	12.13	12.09	-0.33%	1.26%
Full cream milk - fresh 2ℓ	23.34	22.47	22.81	1.51%	-2.27%
Full cream milk - fresh 500mℓ	8.56	8.82	8.89	0.79%	3.86%
Full cream milk - long life 1ℓ	12.59	12.52	12.57	0.40%	-0.16%
Full cream milk - long life 500mℓ	8.46	8.22	8.11	-1.34%	-4.14%
Low Fat milk - fresh 1ℓ	13.48	13.04	13.13	0.69%	-2.60%
Low Fat milk - long life 1ℓ	12.65	12.32	12.57	2.03%	-0.63%
Powdered milk 250g	35.97	36.24	36.94	1.93%	2.70%
Powdered milk 400g	54.84	56.18	56.74	1.00%	3.46%
Powdered milk 500g	51.21	53.47	54.04	1.07%	5.53%
Powdered milk 900g	119.61	123.84	123.24	-0.48%	3.03%
Average				**-0.07%**	**2.30%**

Data from StatsSA

Table A.9: Fruits

Fruits	Price level			Percentage Change	
	Jan-15	Nov-15	Jan-16	Nov-15 to Jan-16	Jan-15 to Jan-16
Apples - fresh per kg	17.83	16.80	17.21	2.44%	-3.48%
Bananas - fresh per kg	14.20	11.45	12.06	5.33%	-15.07%
Average				**3.88%**	**-9.27%**

Data from StatsSA

Table A.10: Fish Products

Tinned fish products	Price level			Percentage Change	
	Jan-15	Nov-15	Jan-16	Nov-15 to Jan-16	Jan-15 to Jan-16
Fish (excl tuna) - tinned 155g	8.51	9.29	9.68	4.20%	13.75%
Fish (excl tuna) - tinned 215g	10.61	11.64	11.71	0.60%	10.37%
Fish (excl tuna) - tinned 400g	15.62	16.47	16.78	1.88%	7.43%
Fish (excl tuna) - tinned 425g	13.87	15.66	14.93	-4.66%	7.64%
Tuna - tinned 170g	16.16	15.70	15.80	0.64%	-2.23%
Average				**0.53%**	**7.39%**

Data from StatsSA

Table A.11: Other products

Other products	Price level			Percentage Change	
	Jan-15	Nov-15	Jan-16	Nov-15 to Jan-16	Jan-15 to Jan-16
Cereals 375g	30.64	30.20	30.73	1.75%	0.29%
Cereals 400g	31.56	30.31	29.61	-2.31%	-6.18%
Cereals 450g	21.51	23.53	22.91	-2.63%	6.51%
Cereals 500g	27.92	30.39	29.54	-2.80%	5.80%
Cereals 750g	38.97	38.32	39.92	4.18%	2.44%
Ceylon/black tea 125g	16.06	20.79	22.15	6.54%	37.92%
Ceylon/black tea 500g	42.38	44.75	47.98	7.22%	13.21%
Ceylon/black tea 62.5g	9.68	11.10	11.87	6.94%	22.62%
Fizzy drinks - can 330mℓ	7.58	7.79	8.08	3.72%	6.60%
Instant coffee 100g	24.89	25.97	26.74	2.96%	7.43%
Instant coffee 200g	63.68	68.08	69.57	2.19%	9.25%
Instant coffee 250g	30.34	30.88	32.30	4.60%	6.46%
Instant coffee 500g	45.39	47.56	48.55	2.08%	6.96%
Instant coffee 750g	70.57	70.34	76.44	8.67%	8.32%
Peanut butter 400g	22.06	22.68	22.21	-2.07%	0.68%
Peanut butter 800g	43.06	43.34	43.93	1.36%	2.02%
Rice 10kg	106.49	111.27	104.98	-5.65%	-1.42%
Rice 1kg	15.47	16.31	16.48	1.04%	6.53%
Rice 2kg	23.45	23.67	24.16	2.07%	3.03%
Rice 500g	7.48	7.94	7.77	-2.14%	3.88%

Other products	Price level			Percentage Change	
	Jan-15	Nov-15	Jan-16	Nov-15 to Jan-16	Jan-15 to Jan-16
Rice 5kg	56.24	60.23	60.71	0.80%	7.95%
White sugar 10kg	105.10	115.59	115.19	-0.35%	9.60%
White sugar 1kg	13.88	14.54	14.60	0.41%	5.19%
White sugar 2.5kg	26.31	28.66	28.69	0.10%	9.05%
White sugar 250g	4.49	4.64	4.64	0.00%	3.34%
White sugar 2kg	20.39	22.92	21.67	-5.45%	6.28%
White sugar 500g	7.32	8.04	8.05	0.12%	9.97%
White sugar 5kg	55.03	57.74	60.22	4.30%	9.43%
Average				**1.34%**	**7.26%**

Data from StatsSA

APPENDIX B: DATA ON RURAL FOOD PRICE TRENDS

Table B.1: Wheat products

Wheat products	Price level			Percentage Change	
	Jan-15	Nov-15	Jan-16	Nov-15 to Jan-16	Jan-15 to Jan-16
Loaf of brown bread 600g	6.37	6.40	6.75	5.60%	6.02%
Loaf of brown bread 700g	9.94	10.53	10.49	-0.39%	5.51%
Loaf of white bread 600g	7.11	7.49	7.97	6.41%	12.10%
Loaf of white bread 700g	11.01	11.50	11.66	1.34%	5.86%
Average				**3.24%**	**7.37%**

Data from StatsSA

Table B.2: Maize products

Maize products	Price level			Percentage Change	
	Jan-15	Nov-15	Jan-16	Nov-15 to Jan-16	Jan-15 to Jan-16
Special maize 1kg	5.54	6.77	7.45	10.11%	34.44%
Special maize 2.5kg	13.53	15.58	16.41	5.34%	21.31%
Special maize 5kg	24.72	30.26	32.62	7.80%	31.96%
Super maize 1kg	8.27	9.50	9.69	2.03%	17.19%
Super maize 2.5kg	17.64	21.37	21.59	1.01%	22.39%
Super maize 5kg	34.02	37.98	38.39	1.08%	12.83%
Average				**4.56%**	**23.35%**

Data from StatsSA

Table B.3: Sunflower products

Sunflower products	Price level			Percentage Change	
	Jan-15	Nov-15	Jan-16	Nov-15 to Jan-16	Jan-15 to Jan-16
Margarine 125g	7.37	7.19	7.89	9.74%	7.06%
Margarine 250g	12.90	11.72	12.24	4.48%	-5.12%
Margarine 500g	18.57	20.63	20.09	-2.58%	8.24%
Sunflower oil 2ℓ	32.84	37.84	43.80	15.75%	33.38%
Sunflower oil 750mℓ	16.45	19.44	20.85	7.27%	26.74%
Average				**6.93%**	**14.06%**

Data from StatsSA

Table B.4: Dairy products

Dairy products	Price level			Percentage Change	
	Jan-15	Nov-15	Jan-16	Nov-15 to Jan-16	Jan-15 to Jan-16
Full cream milk - long life 1ℓ	12.57	12.51	12.52	0.05%	-0.44%
Full cream milk - long life 500mℓ	8.40	8.05	7.88	-2.11%	-6.25%
Average				**-1.03%**	**-3.35%**

Data from StatsSA

Table B.5: Tea and coffee

Tea and coffee	Price level			Percentage Change	
	Jan-15	Nov-15	Jan-16	Nov-15 to Jan-16	Jan-15 to Jan-16
Ceylon/black tea 250g	23.66	24.82	25.65	3.36%	8.42%
Ceylon/black tea 62.5g	9.27	10.66	11.46	7.49%	23.65%
Instant Coffee 100g	25.13	26.25	26.93	2.58%	7.16%
Instant Coffee 250g	30.62	31.09	32.52	4.62%	6.20%
Average				**4.51%**	**11.36%**

Data from StatsSA

Table B.6: Beans

Beans	Price level			Percentage Change	
	Jan-15	Nov-15	Jan-16	Nov-15 to Jan-16	Jan-15 to Jan-16
Baked beans - tinned 410g	8.55	8.45	8.42	-0.34%	-1.55%
Beans 1kg	29.53	29.14	29.65	1.75%	0.41%
Beans 500g	14.92	14.96	14.84	-0.80%	-0.50%
Average				**0.20%**	**-0.55%**

Data from StatsSA

Table B.7: White sugar

Sugar	Price level			Percentage Change	
	Jan-15	Nov-15	Jan-16	Nov-15 to Jan-16	Jan-15 to Jan-16
White sugar 1kg	14.24	14.60	14.64	0.32%	2.83%
White sugar 2.5kg	26.43	28.66	28.89	0.83%	9.33%
White sugar 500g	7.31	8.08	8.10	0.32%	10.87%
Average				**0.49%**	**7.68%**

Data from StatsSA

Table B.8: Pilchards

Pilchard	Price level			Percentage Change	
	Jan-15	Nov-15	Jan-16	Nov-15 to Jan-16	Jan-15 to Jan-16
Fish (excl. tuna) - tinned 155g	8.41	9.26	9.64	4.14%	14.67%
Average				**4.14%**	**14.67%**

Data from StatsSA

Table B.9: Rice

Rice	Price level			Percentage Change	
	Jan-15	Nov-15	Jan-16	Nov-15 to Jan-16	Jan-15 to Jan-16
Rice 1kg	14.65	15.29	15.74	2.97%	7.47%
Rice 2kg	23.03	23.72	24.02	1.26%	4.29%
Rice 500g	7.41	8.07	7.75	-3.91%	4.59%
Average				**0.11%**	**5.45%**

Data from StatsSA

Table B.10: Peanut butter

Peanut butter	Price level			Percentage Change	
	Jan-15	Nov-15	Jan-16	Nov-15 to Jan-16	Jan-15 to Jan-16
Peanut butter 400g	22.03	22.62	22.18	-1.94%	0.67%
Peanut butter 800g	44.09	43.74	44.14	0.91%	0.11%
Average				**-0.51%**	**0.39%**

Data from StatsSA

APPENDIX C: SUMMARY OF INFLATION FOR SELECTED FOOD ITEMS JANUARY 2015 TO JANUARY2016

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

Grain and grain products	%	Meat and meat products and dairy and dairy products and eggs	%	Fresh and processed fruits and vegetables	%
Loaf of white bread 800g	-9.68%	Bacon 1kg	-33.80%	Cauliflower - fresh per kg	-48.87%
Cereals 400g	-6.18%	Cheddar cheese per kg	-6.56%	Carrots - fresh per kg	-22.06%
Rice 10kg	-1.42%	Polony per kg	-4.89%	Bananas - fresh per kg	-15.07%
Cereals 375g	0.29%	Full cream milk - long life 500mℓ	-4.14%	Pumpkin - fresh per kg	-9.05%
Peanut butter 400g	0.68%	Low Fat milk - fresh 1ℓ	-2.60%	Apples - fresh per kg	-3.48%
Peanut butter 800g	2.02%	Full cream milk - fresh 2ℓ	-2.27%	Baked beans - tinned 410g	-2.10%
Cereals 750g	2.44%	Pork chops - fresh per kg	-2.21%	Potatoes - fresh per kg	7.36%
Brick margarine 250g	2.73%	Low Fat milk - long life 1ℓ	-0.63%	Onions -fresh per kg	11.80%
Loaf of brown bread 600g	2.98%	Full cream milk - long life 1ℓ	-0.16%	Baked beans - tinned 225g	13.43%
Rice 2kg	3.03%	Full cream milk - fresh 1ℓ	1.26%	Cabbage - fresh per kg	16.13%
Macaroni 500g	3.28%	Powdered milk 250g	2.70%	Tomatoes - fresh per kg	19.55%
Rice 500g	3.88%	Powdered milk 900g	3.03%	Cabbage - fresh each	20.11%
Margarine spread 500g	4.43%	Powdered milk 400g	3.46%		
Loaf of white bread 700g	5.34%	Lamb - fresh per kg	3.53%		
Loaf of brown bread 800g	5.51%	Beef rump steak -fresh per kg	3.76%		
Loaf of brown bread 700g	5.73%	Full cream milk - fresh 500mℓ	3.86%		
Cereals 500g	5.80%	Beef mince - fresh per kg	4.57%		
Cereals 450g	6.51%	Beef brisket - fresh per kg	5.35%	**Other**	**%**
Rice 1kg	6.53%	Powdered milk 500g	5.53%	Tuna - tinned 170g	-2.23%
Brick margarine 1kg	6.70%	Beef t-bone - fresh per kg	5.72%	Instant coffee 250g	6.46%
Spaghetti 500g	6.71%	Chicken portions - fresh per kg	6.26%	Fizzy drinks - can 330mℓ	6.60%
Cake flour 1kg	6.76%	Beef chuck - fresh per kg	6.87%	Instant coffee 500g	6.96%
Cake flour 2.5kg	7.32%	Fish (excl tuna) - tinned 400g	7.43%	Instant coffee 100g	7.43%
Loaf of white bread 600g	7.45%	Fish (excl tuna) - tinned 425g	7.64%	Instant coffee 750g	8.32%
Rice 5kg	7.95%	Eggs 1.5 dozen	9.13%	Instant coffee 200g	9.25%
Brick margarine 500g	8.01%	Fish (excl tuna) - tinned 215g	10.37%	White sugar 10kg	9.60%
Cake flour 5kg	8.27%	Eggs 2.5 dozen	10.65%	Ceylon/black tea 500g	13.21%
Margarine spread 1kg	11.18%	Eggs 1/2 dozen	11.22%	Ceylon/black tea 62.5g	22.62%
Brick margarine 125g	11.84%	Fish (excl tuna) - tinned 155g	13.75%	Ceylon/black tea 125g	37.92%
Super maize 5kg	15.27%	Chicken portions - frozen per kg	26.77%		
Super maize 1kg	19.60%				

Grain and grain products	%	Meat and meat products and dairy and dairy products and eggs	%	Fresh and processed fruits and vegetables	%
Special maize 2.5kg	22.04%				
Super maize 2.5kg	22.11%				
Sunflower oil 750mℓ	24.58%				
Sunflower oil 4ℓ	28.38%				
Special maize 1kg	33.27%				
Sunflower oil 2ℓ	35.01%				
Sunflower oil 500mℓ	74.18%				

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 (January 2015 to January 2016)

Grain and grain products	%	Other products	%
Margarine 250g	-5.12%	Full cream milk - long life 500mℓ	-6.25%
Peanut butter 800g	0.11%	Baked beans - tinned 410g	-1.55%
Peanut butter 400g	0.67%	Beans 500g	-0.50%
Rice 2kg	4.29%	Full cream milk - long life 1ℓ	-0.44%
Rice 500g	4.59%	Beans 1kg	0.41%
Loaf of brown bread 700g	5.51%	White sugar 1kg	2.83%
Loaf of white bread 700g	5.86%	Instant Coffee 250g	6.20%
Loaf of brown bread 600g	6.02%	Instant Coffee 100g	7.16%
Margarine 125g	7.06%	Ceylon/black tea 250g	8.42%
Rice 1kg	7.47%	White sugar 2.5kg	9.33%
Margarine 500g	8.24%	White sugar 500g	10.87%
Loaf of white bread 600g	12.10%	Fish (excl. tuna) - tinned 155g	14.67%
Super maize 5kg	12.83%	Ceylon/black tea 62.5g	23.65%
Super maize 1kg	17.19%		
Special maize 2.5kg	21.31%		
Super maize 2.5kg	22.39%		
Sunflower oil 750mℓ	26.74%		
Special maize 5kg	31.96%		
Sunflower oil 2ℓ	33.38%		
Special maize 1kg	34.44%		

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 January 2015 and January 2016:

International wheat price decreased by 30.09 %

Domestic price of wheat increased by 9.95 %

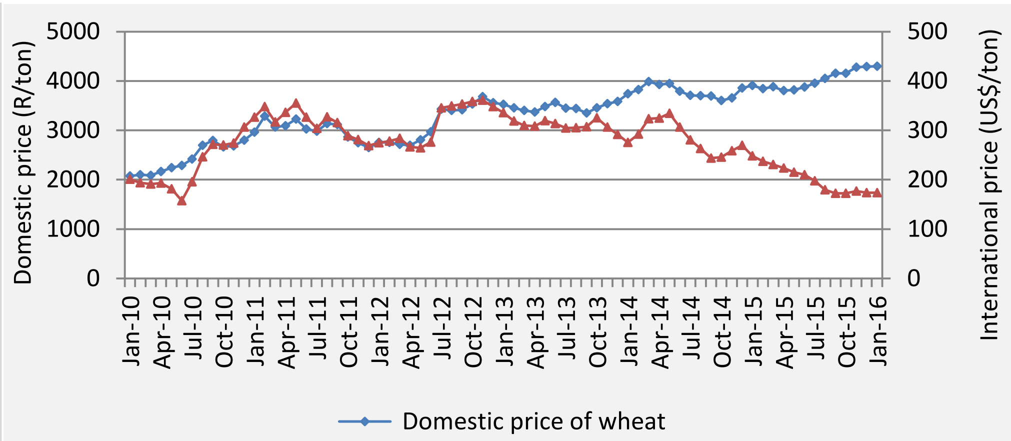

Figure D.1: Domestic market price vs global market price of wheat
Source: FAO and SAFEX, 2016

Domestic wheat price followed the import parity price of wheat closely, since SA is a net importer of wheat. Between January 2015 and January 2016:
Wheat import parity price increased by 19.56 %;
Wheat export parity price decreased by 8.22 %

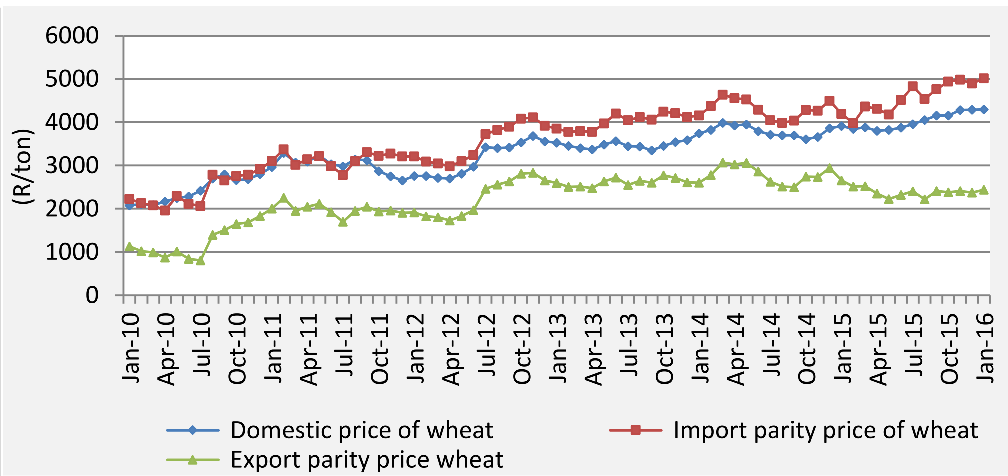

Figure D.2: Import parity, export parity and domestic prices of wheat
Source: SAGIS and SAFEX, 2016

Between January 2015 and January 2016:

Domestic wheat price increased by 9.95 %

Brown bread 700g price increased by 5.73 %

White bread 700g price increased by 5.34 %

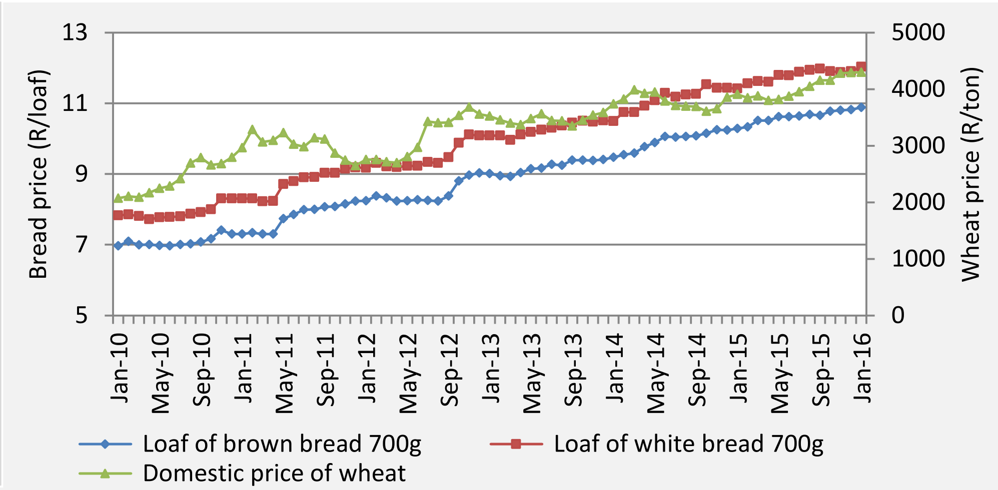

Figure D.3: Domestic wheat price and bread price trends
Source: StatsSA and SAFEX, 2016

D.2 Maize price trends

Between January 2015 and January 2016:

International price of yellow maize decreased by 7.85 %

Domestic price of yellow maize increased by 48.02 %

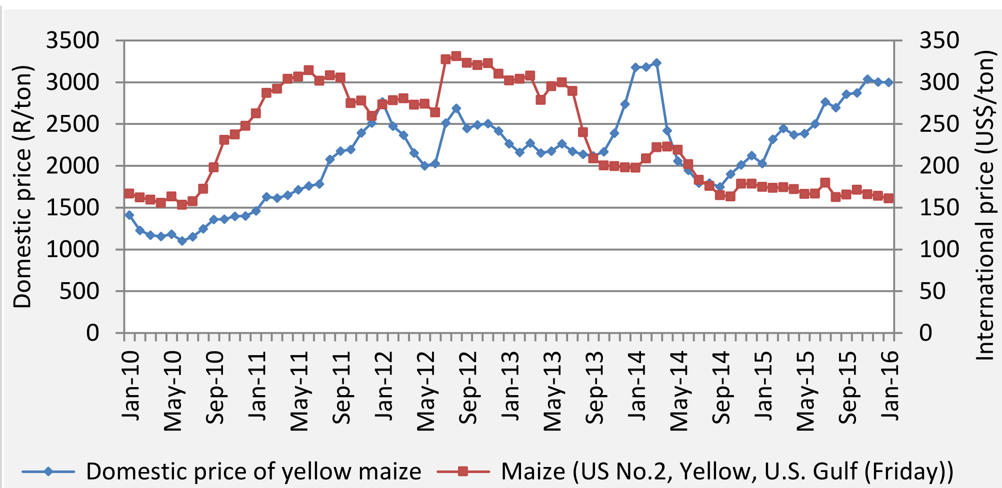

Figure D.4: Domestic market price vs global market price of yellow maize
Source: FAO and SAFEX, 2016

Between January 2015 and January 2016:

Export parity price of maize increased by 22.82 %

Import parity price of maize increased by 16.26 %

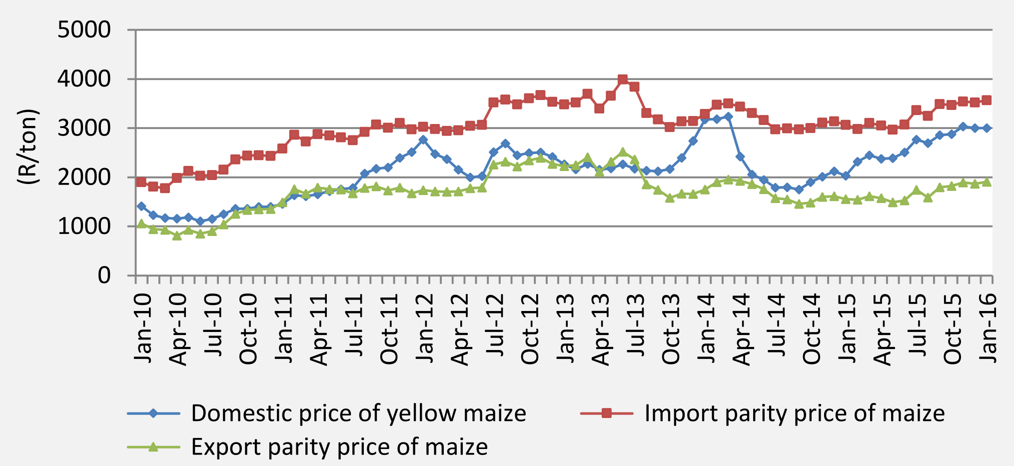

Figure D.5: Import parity, export parity and domestic prices of yellow maize
Source: SAFEX and SAGIS, 2016

Between January 2015 and January 2016:

Super maize meal 2.5 kg price increased by 22.11 %;
Special maize meal 2.5 kg increased by 22.04 %;
Domestic price of white maize increased by 59.33 %

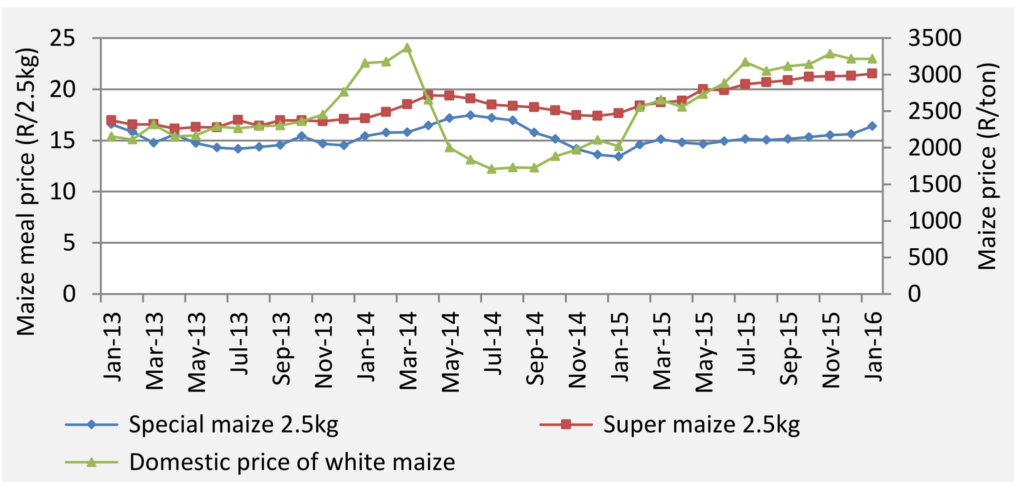

Figure D.6: White maize price and maize meal price trends
Source: SAFEX and StatsSA, 2016

D.3 Sunflower seeds price trends

Between January 2015 and January 2016:

International Sunflower seed price increased by 5.44 %

Domestic price of sunflower seed increased by 35.85 %

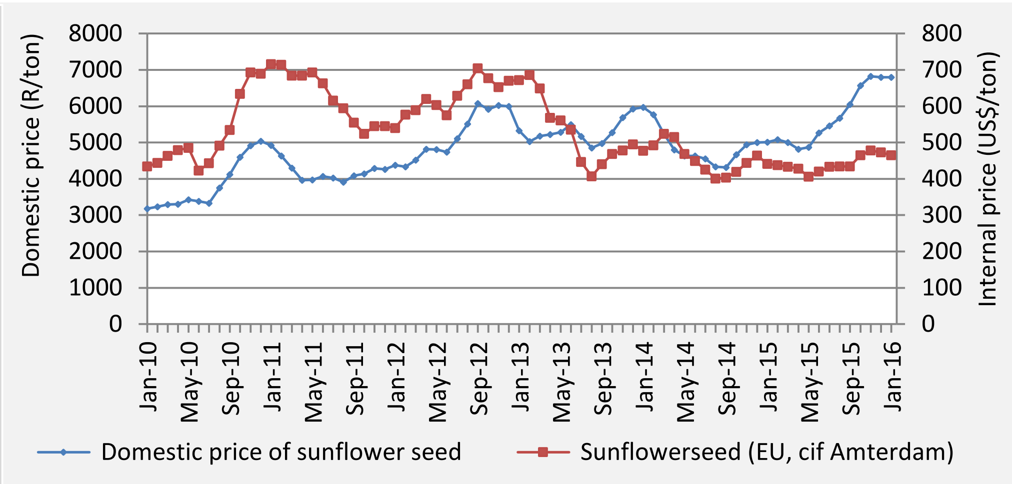

Figure D.7: Domestic market price of sunflower seeds vs global market price
Source: FAO and SAFEX, 2016

Between January 2015 and January 2016:

Domestic price of sunflower seed increased by 35.85 %

Sunflower oil 750 ml increased by 24.58 %

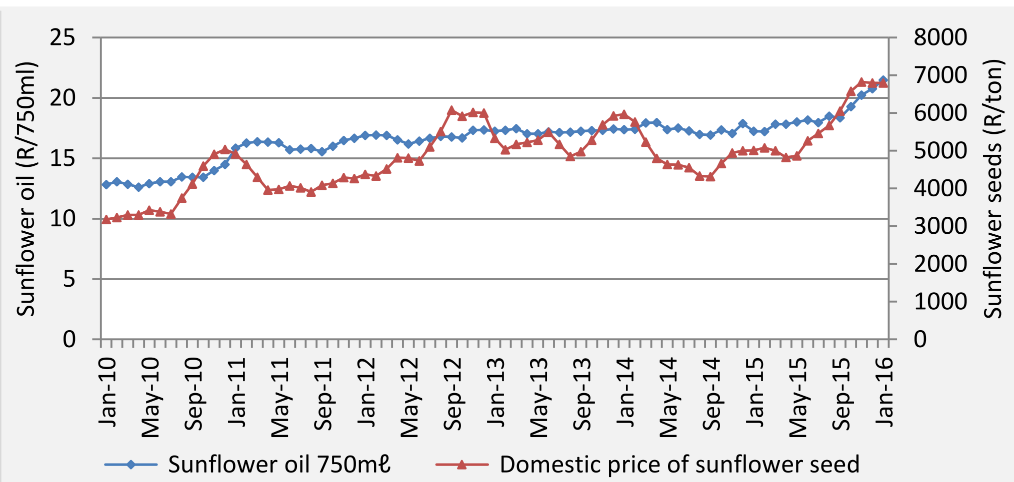

Figure D.8: Sunflower seeds price and sunflower oil price trends
Source: SAFEX and StatsSA, 2016

D.4 Dairy price trends

Between January 2015 and January 2016:

International skim milk powder decreased by 23.11 %

International whole milk powder decreased by 15.15 %

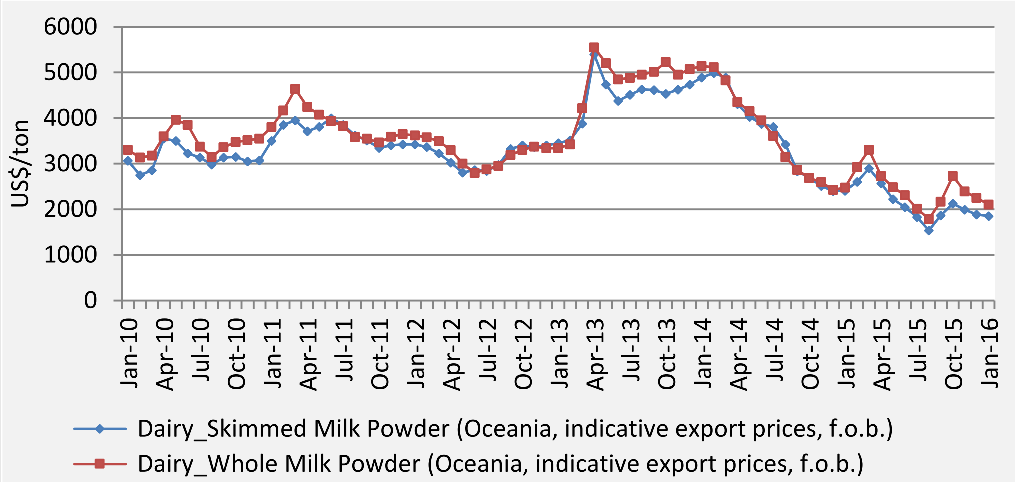

Figure D.9: Skim milk powder and whole milk powder price trends
Source: FAO, 2016

Between January 2015 and January 2016:
Milk producer price decreased by 6.82 %;
Full cream milk – fresh 1ℓ increased by 1.26 %;
Full cream milk – long life 1ℓ decreased by 0.16 %

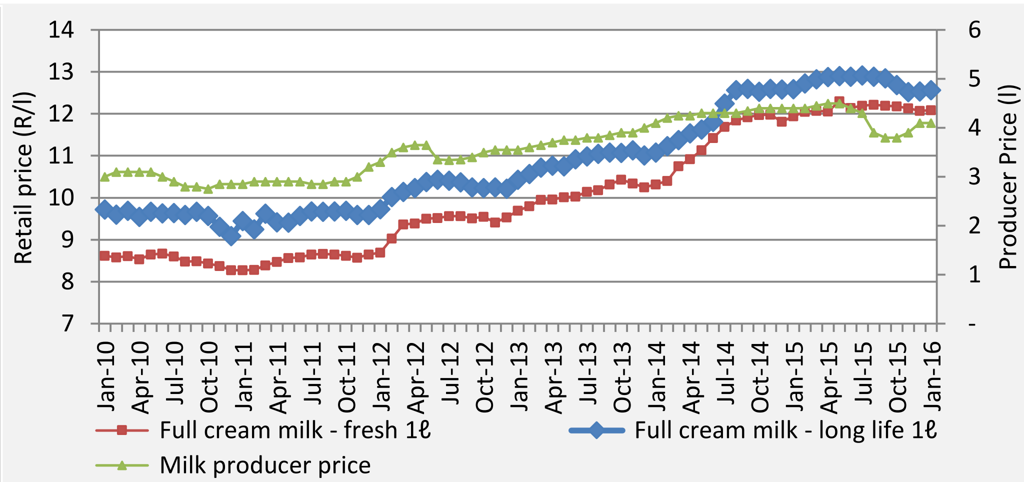

Figure D.10: Domestic producer price and retail prices of milk
Source: MPO and StatsSA, 2016

D.5 Meat price trends

The price of beef at **retail** level showed an annual average increase of 5.25 % for the five different cuts, between January 2015 and January 2016

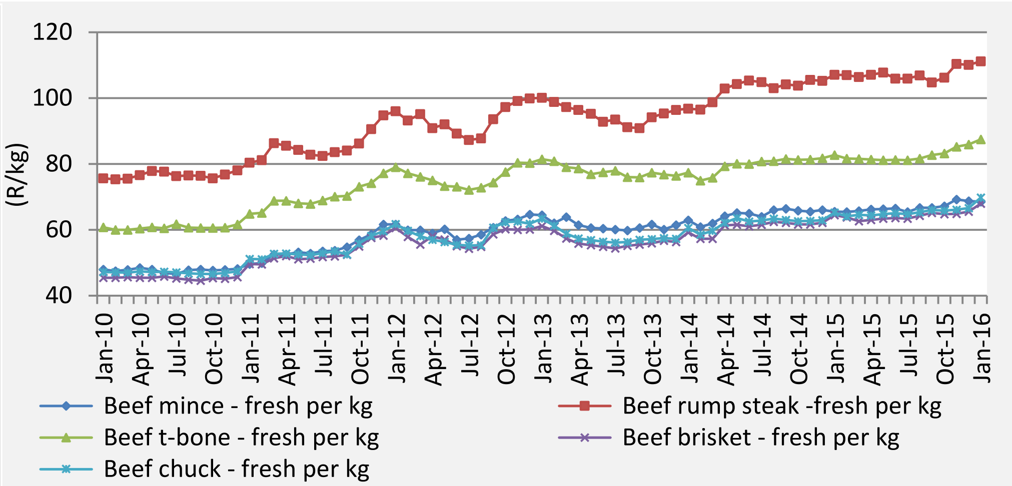

Figure D.11: Retail prices of beef cuts
Source: StatsSA, 2016

Between January 2015 and January 2016:

Chicken portions – fresh per kg (**retail)** price increased by 6.26 % per kg

Pork chops per kg **retail** price decreased by 2.21 %

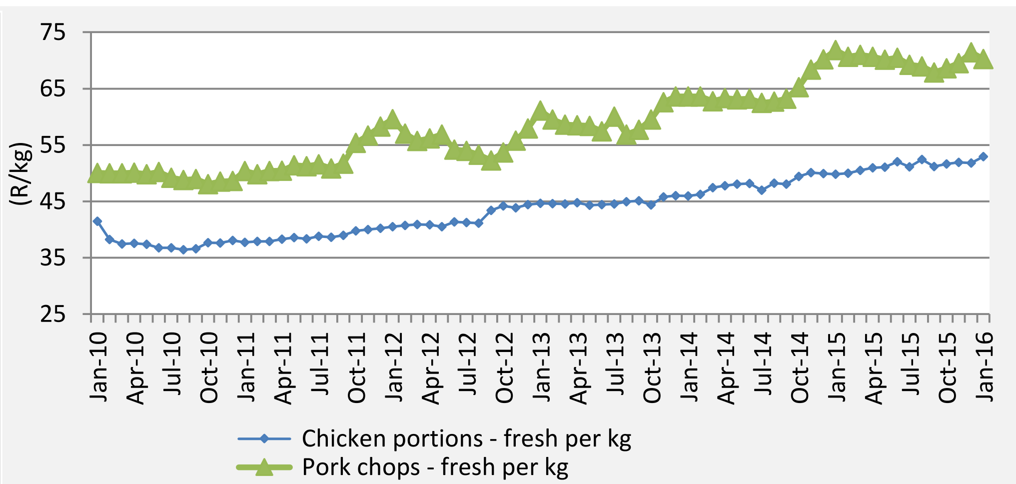

Figure D.12: Retail prices of pork chops and chicken portions – fresh per kg
Source: StatsSA, 2016

Between January 2015 and January 2016:

Producer price for fresh chicken per kg decreased by 5.77 %

Producer price for frozen chicken per kg decreased by 4.09 %

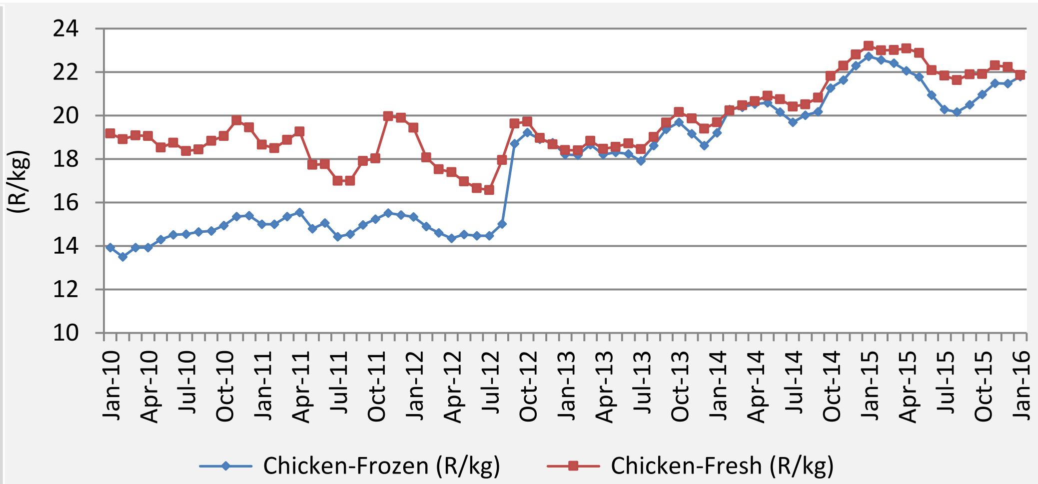

Figure D.13: Producer prices of chicken
Source: AMT, 2016

Between January 2015 and January 2016:

Porker price (R/kg) decreased by 8.79 %

Baconer price (R/kg) decreased by 4.29 %

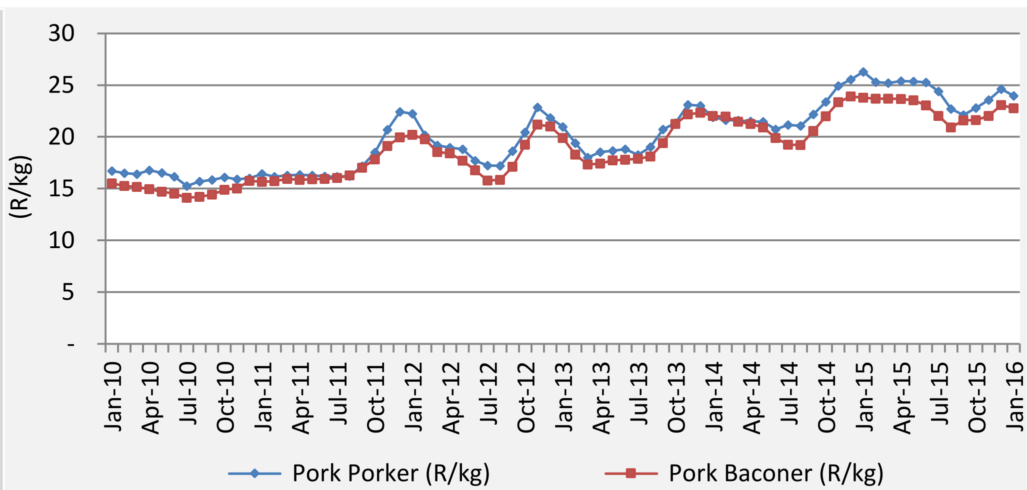

Figure D.14: Producer prices of pork
Source: AMT, 2016

Between January 2015 and January 2016:

Producer price of Beef class A2/A3 increased by 4.69 %, class B2/B3 increased by 4.02 % and class C2/C3 increased by 3.91 %

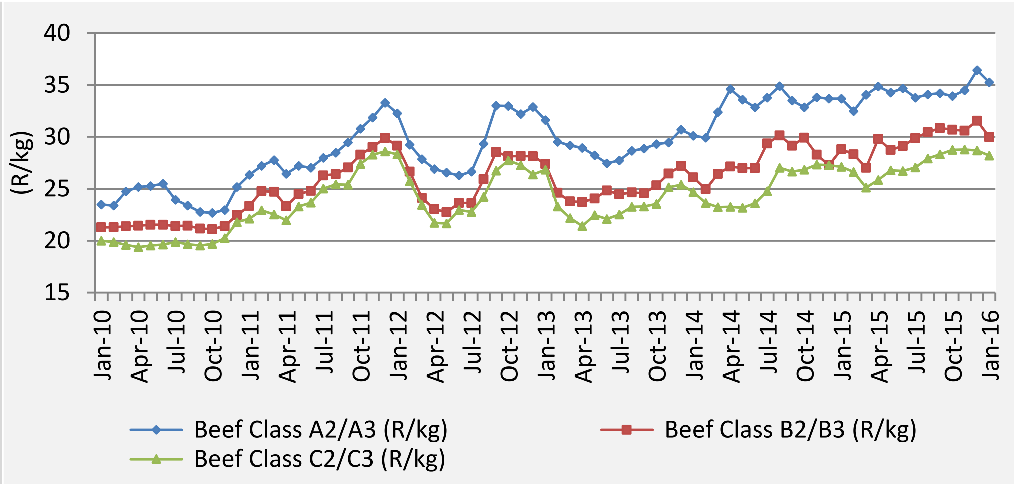

Figure D.15: Producer prices of beef
Source: AMT, 2016

Between January 2015 and January 2016:

Prices of lamb-class A2/A3 (R/kg) decreased by 2.09 %, class B2/B3 increased by 3.27 % and the price of class C2/C3 decreased by 3.38 %

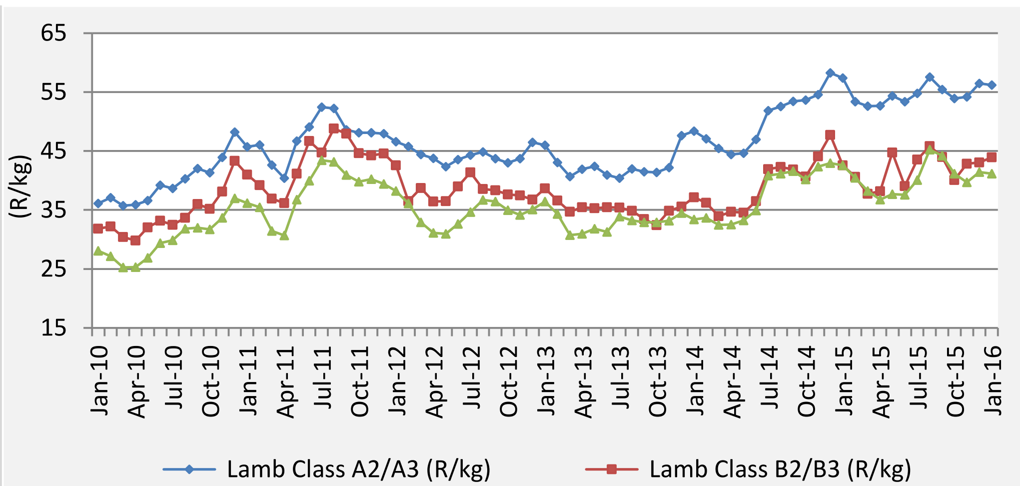

Figure D.16: Producer prices of lamb
Source: AMT, 2016

APPENDIX E: DATA COLLECTION

Urban food prices reported on in this media release are obtained from Statistics South Africa (StatsSA). 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.

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