National Agricultural Marketing Council
Promoting market access for South African agriculture

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The basket of food products included in this publication is derived from the latest release of the Income and Expenditure Survey (IES) of 2014/15', compiled by Statistics South Africa (Stats SA). This basket is to be representative of consumer spending on food and, as a result of the IES 2014/15 release and the CPI base year (2016=100) adjustment, the food basket had to be altered.

Stats SA introduced additional products from January 2017, and excluded some of the pre-January 2017 products. The food basket had been adjusted by including the additional observations /products. As a result, annual comparisons will now be possible.

Cognisance of the above background should therefore be taken when interpreting the data.

EXECUTIVE SUMMARY

In January 2018, the Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) indicated that the headline CPI and the food and non-alcoholic beverage price indices reached 4.4% and 4.5%, respectively. The same indices were at 4.7% and 4.8% respectively during December 2017.

Prices were compared for selected food items in rural and urban areas for January 2018. Food items showing the largest price differences between urban and rural areas in January 2018 were: sunflower oil 750mℓ at a difference of R4.58, Ceylon/black tea 62.5g at a R2.49 difference and a loaf of brown bread 700g at a difference of R0.53. This indicates that urban consumers paid more for some of these food items than their rural counterparts. In other cases, however, rural consumers paid more for certain products (e.g. white sugar 2.5kg, peanut butter 400g and special maize meal 2.5kg), than their urban counterparts.

The FAO Food Price Index (FFPI), in nominal terms, averaged 169.5 points in January 2018, nearly unchanged from December 2017 but almost 3% below the corresponding period last year. While firmer prices were registered for cereals and vegetable oils in January, dairy and sugar values were generally weaker and meat quotations remained steady.

In January 2018, the cost of this basic urban food basket reached **R874.86**, increasing by 3.02% from December 2017. When compared to January 2017, an annual increase of 4.78% was reported.

When comparing January 2018 vs. January 2017 retail prices, the very significant price inflation (7% or higher) were observed for the following products within the 28-item NAMC food basket (in order from highest to lowest inflation): cabbage, eggs, onions, beef, chicken, cheese and tea. Inflation was particularly prominent for animal protein foods with potential negative implication in terms of dietary diversity and consumers' ability to include adequate animal protein foods options in their diets. When comparing the inflation rates for January 2018 vs. January 2017, with October 2017 vs. October 2016, (i.e. the previous Food Price Monitor analysis period) the rate of inflation was higher for vegetables, eggs, dairy and fats & oil.

The overall expectation is that prices of key food products will increase marginally over the next three months. These increases will be largely attributable to increases in administered prices and VAT. As of April 1st 2018, fuel levies will increase by 50c/ℓ of petrol. Although fuel prices are currently at low levels due to low oil prices coupled with the exchange rate, shocks to either of these variables could result in significant pressure on manufacturing and distribution cost of food. It is therefore expected that food inflation will further decrease over the outlook period to around 4%. The upside risk associated with this is related to a depreciation of the Rand and shocks to oil prices. Interest rate increases in the United States and the local political climate are exogenous shocks that could cause the Rand to depreciate. This could add pressure to agricultural product prices and manufacturing and distribution cost, which will ultimately result in food inflation that is higher than the anticipated levels mentioned.

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1. Introduction

In January 2018, the Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) indicated that the headline CPI and the food and non-alcoholic beverage price indices reached 4.4% and 4.5%, respectively. The same indices were at 4.7% and 4.8%, respectively during December 2017. **Figure 1** shows trends of the headline CPI and food and non-alcoholic beverage inflation rates on a monthly basis, from January 2012 to January 2018.

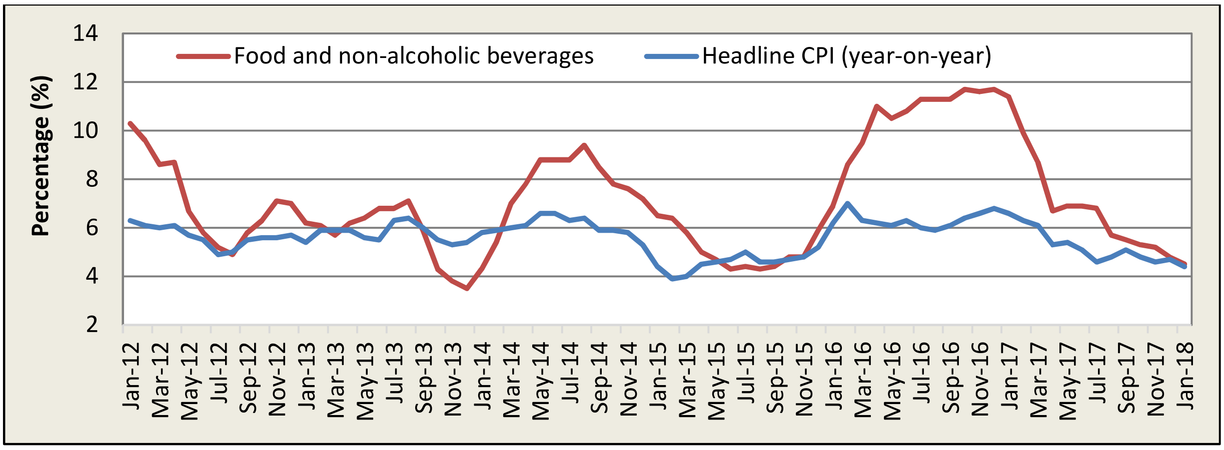

Figure 1: Headline CPI and food and non-alcoholic beverage CPI
Source: Stats SA, 2018

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 (y-o-y), January 2018 vs. January 2017: sugar, sweets and desserts (4.2%), milk, eggs and cheese (4.2%), fruit (-3.6%), meat (13.4%), other food (-0.3%), fish (3.6%), processed foods (2.9%), unprocessed foods (6.1%), bread & cereals (-5.1%), vegetables (1.6%) and oils & fats (-3.4%). Also, indicated in **Figure 2** is the month-on-month (m-o-m) percentage changes for January 2018 vs. December 2017.

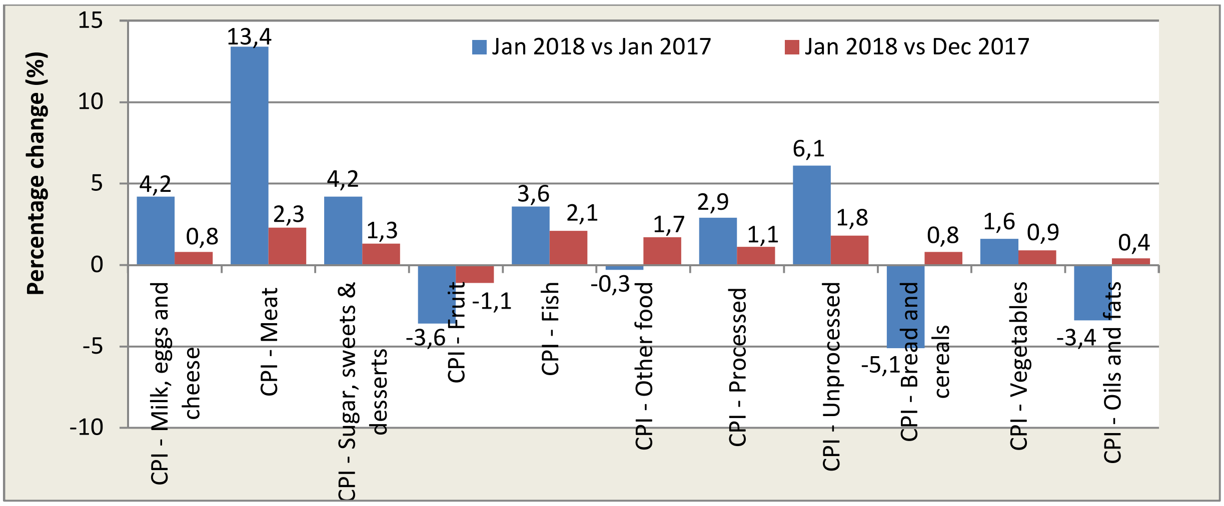

Figure 2: Y-o-y (January 2018 vs. January 2017) and m-o-m (January 2018 vs. December 2017) changes for different food categories
Source: Stats SA, 2018

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

Table 1 shows the y-o-y overall inflation and food inflation rates for January 2018 for South Africa and other selected countries. South Africa's overall inflation for January 2018 was 4.4% with food inflation at 4.5%. The food categories with the largest annual contribution to South African food inflation includes meat and unprocessed foods. The Zambian overall inflation rate for January 2018 was 6.2%, while their food inflation rate was 4.6%. Botswana's overall inflation rate was 3.1%, compared to their food inflation of 0.4%, during January 2018. Turkey's overall inflation rate reached 10.4%, compared to their food inflation rate of 8.8%. Considering inflation rates of the BRIC countries, India reported the highest overall inflation rate of 5.1%, with a food inflation rate of 4.7%, while China recorded the lowest y-o-y inflation rate of 1.5%, with a food inflation rate of negative 0.5%.

Table 1: Overall inflation and food inflation during November 2017 to January 2018

	November 2017		December 2017		January 2018	
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	1.7	3.2	1.1	3.1	0.4
Brazil	2.8	-2.3	3.0	-1.9	2.9	-1.5
China	1.7	-1.1	1.8	-0.4	1.5	-0.5
India	4.9	4.4	5.2	5.0	5.1	4.7
Namibia	5.2	3.0	5.2	2.4	3.6	2.0
Russia	2.5	0.6	2.5	0.7	2.2	1.4*
South Africa	4.6	5.2	4.7	4.8	4.4	4.5
Turkey	13.0	15.8	11.9	13.8	10.4	8.8
United Kingdom	3.1	4.1	3.0	3.9	3.0	3.7
United States	2.2	1.4	2.1	1.6	2.1	1.7
Zambia	6.3	4.8	6.1	4.8	6.2	4.6

Sources: Central banks and statistics reporting institutions of these countries, 2018
**Note: Forecasted value*

3. Urban and rural food price trends: January 2018 vs. January 2017

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

Table 2: Food items in the urban areas ranked according to price changes (January 2018 vs. January 2017)

Grain and grain products	%	Meat, meat products, dairy, dairy products and eggs	%	Fresh and processed fruits and vegetables	%
Special maize 1kg	-31.10%	Low fat milk - long life 2ℓ	-12.45%	Sweet potatoes - fresh per kg	-23.49%

Grain and grain products	%	Meat, meat products, dairy, dairy products and eggs	%	Fresh and processed fruits and vegetables	%
Special maize 2.5kg	-26.45%	Full cream milk - long life500mℓ	-6.67%	Pumpkin - fresh per kg	-16.49%
Special maize 5kg	-25.22%	Full cream milk - fresh 2ℓ	-1.88%	Bananas - fresh per kg	-11.57%
Super maize 5kg	-23.66%	Full cream milk - long life 6x1ℓ	-1.28%	Carrots - fresh per kg	-10.58%
Super maize 2.5kg	-21.51%	Fish (excl. tuna) - tinned 400g	-1.27%	Tomatoes - fresh per kg	-5.92%
Special maize 10kg	-21.35%	Low fat milk - fresh 2ℓ	-0.95%	Oranges - fresh per kg	-5.17%
Super maize 1kg	-17.33%	Low fat milk - long life 1ℓ	-0.93%	Potatoes - fresh per kg	-4.64%
Sunflower oil 2ℓ	-14.74%	Full cream milk - long life 1ℓ	-0.50%	Beetroot - fresh per kg	-2.80%
Macaroni 3kg	-12.44%	Full cream milk - fresh 500mℓ	0.40%	Beans - dried 2kg	-2.49%
Sunflower oil 4ℓ	-10.69%	Powdered milk 500g	0.59%	Beans - dried 500g	-1.26%
Brick margarine 125g	-6.95%	Full cream milk - fresh 250mℓ	0.61%	Apples - fresh per kg	1.92%
Cake flour 2.5kg	-6.15%	Powdered milk 250g	0.70%	Baked beans - tinned 410g	2.25%
Rice 2kg	-4.80%	Powdered milk 900g	1.16%	Beans - dried 1kg	4.35%
Rice 5kg	-4.77%	Low fat milk - fresh 1ℓ	1.73%	Cabbage - fresh each	5.89%
Sunflower oil 500mℓ	-4.76%	Fish (excl. tuna) - tinned 215g	1.93%	Pears - fresh per kg	15.00%
Rice 10kg	-3.99%	Fish (excl. tuna) - tinned 155g	2.07%	Nectarines - fresh per kg	18.42%
Loaf of white bread 700g	-3.65%	Pork - ribs per kg	3.25%	Onions - fresh per kg	19.08%
Rice 500g	-3.58%	Full cream milk - fresh 1ℓ	3.25%	Cauliflower - fresh per kg	34.59%
Cake flour 5kg	-3.29%	Powdered milk 400g	3.44%	Cabbage - fresh per kg	36.27%
Cold Cereals 750g	-3.24%	Polony per kg	3.69%	Broccoli - fresh per kg	92.57%
Brick margarine 250g	-3.00%	Whole chicken - fresh per kg	4.19%		
Cake flour 1kg	-2.47%	Chicken portions - fresh per kg	4.93%		
Loaf of brown bread 700g	-2.19%	Pork chops - fresh per kg	5.70%		
Macaroni 500g	-2.10%	IQF chicken portions - 5kg	8.81%		
Loaf of white bread 600g	-2.03%	Low fat milk - long life 1,5ℓ	8.82%		
Loaf of brown bread 800g	-1.70%	Beef rump steak - fresh per kg	9.34%	**Other**	**%**
Cold Cereals 450g	-1.25%	Tuna - tinned 170g	11.25%	Instant coffee 100g	-3.96%
Sunflower oil 750mℓ	-0.85%	Cheddar cheese per kg	11.59%	White sugar 2kg	-2.74%
Pasta 500g	-0.68%	Eggs 0.5 dozen	12.02%	Instant coffee 750g	-0.63%
Margarine spread 1kg	-0.42%	IQF chicken portions - 2kg	12.22%	Ceylon/black tea 125g	-0.60%
Peanut butter 400g	0.00%	Beef sirloin - fresh per kg	12.30%	Instant coffee 200g	-0.51%
Spaghetti 500g	0.00%	Beef stew - per kg	12.58%	Instant coffee 250g	0.55%
Brick margarine 500g	0.31%	Beef mince - fresh per kg	12.87%	White sugar 2.5kg	2.64%
Cold Cereals 500g	2.27%	Lamb - leg per kg	13.03%	White sugar 5kg	4.55%
Brick margarine 1kg	2.76%	Chicken portions frozen - non IQF average per kg	13.19%	White sugar 500g	4.92%
Loaf of white bread (each)	3.35%	Beef fillet - fresh per kg	13.24%	Instant coffee 500g	5.52%
Instant noodles 75g	3.99%	Chicken giblets per kg	13.76%	White sugar 250g	5.69%
Peanut butter 800g	4.00%	IQF chicken portions - 1,8kg	13.87%	White sugar 1kg	6.37%
Rice 1kg	4.08%	Beef T-bone - fresh per kg	15.12%	White sugar 10kg	7.96%
Peanut butter 250g	4.18%	Lamb - rib chop per kg	16.10%	Ceylon/black tea 250g	9.49%
Spaghetti 1kg	4.43%	Lamb - fresh per kg	16.11%	Ceylon/black tea 500g	10.27%
Instant noodles 85g	4.53%	Beef offal - fresh per kg	16.31%	Ceylon/black tea 62.5g	15.40%
Pasta 1kg	7.83%	Lamb - loin chop per kg	17.84%	Ceylon/black tea 200g	45.34%
Macaroni 1kg	8.96%	Chicken portions frozen - non IQF per kg (real)	18.34%		
Instant noodles 78g	9.37%	Beef brisket - fresh per kg	18.70%		
Loaf of brown bread 600g	9.60%	Beef chuck - fresh per kg	19.56%		

Grain and grain products	%	Meat, meat products, dairy, dairy products and eggs	%	Fresh and processed fruits and vegetables	%
Instant noodles 73g	11.87%	IQF chicken portions - 1,5kg	20.20%		
Margarine spread 500g	12.26%	Bacon 250g	20.22%		
Cold Cereals 400g	13.24%	IQF chicken portions - 4kg	21.20%		
Loaf of brown bread (each)	14.60%	Lamb - stew per kg	22.21%		
Cold Cereals 375g	14.74%	Eggs 1.5 dozen	22.49%		
		Lamb - neck per kg	23.06%		
		Eggs 2.5 dozen	24.02%		
		Lamb - offal per kg	24.09%		
		IQF chicken portions - 1kg	57.92%		

Source: Stats SA, 2018

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

The food products highlighted in **Table 3** record the products exceeding the SARB annual inflation rate of 6% in the rural areas.

Table 3: Food items in the rural areas ranked according to price changes (January 2018 vs. January 2017)

Grain and grain products	%	Meat, meat products, dairy, dairy products and eggs	%	Fresh and processed fruits and vegetables	%
Super maize 5kg	-21.34%	Low fat milk - fresh 1ℓ	-11.19%	Beans dried 2kg	-20.80%
Special maize 5kg	-20.61%	Full cream milk - long life 500mℓ	-0.28%	Potatoes - fresh per kg	-9.28%
Special maize 2.5kg	-15.90%	Fish (excl. tuna) - tinned 425g	0.00%	Bananas - fresh per kg	-8.91%
Super maize 2.5kg	-14.73%	Full cream milk - fresh 500mℓ	0.26%	Beans dried 500g	-7.81%
Sunflower oil 2ℓ	-11.72%	Full cream milk - fresh 2ℓ	0.55%	Beans dried 1kg	-3.71%
Super maize 1kg	-10.25%	Low fat milk - fresh 2ℓ	0.72%	Tomatoes - fresh per kg	-1.78%
Special maize 1kg	-7.64%	Full cream milk - long life 1ℓ	1.61%	Potatoes - fresh 10kg	7.04%
Sunflower oil 500mℓ	-5.39%	Full cream milk - fresh 1ℓ	1.75%	Onions - fresh per kg	12.59%
Margarine spread (tub) 1kg	-5.13%	Fish (excl. tuna) - tinned 155g	2.61%	Apples - fresh per kg	14.38%
Brick margarine 500g	-3.99%	Beef T-bone - fresh per kg	11.60%	Oranges - fresh per kg	39.31%
Rice 1kg	-0.48%	Beef rump steak -fresh per kg	13.71%		
Brick margarine 250g	-0.15%	Beef fillet - fresh per kg	15.38%	**Other products**	**%**
Peanut butter 400g	0.17%	Beef brisket - fresh per kg	18.24%	Sorghum meal (e.g. mabella) 1kg	-5.27%
Peanut butter 270g	0.24%	Beef chuck - fresh per kg	18.34%	Instant coffee 750g	-4.30%
Sunflower oil 750mℓ	0.28%	Chicken portions - fresh per kg	20.00%	Instant coffee 250g	0.96%
Loaf of brown bread 700g	0.41%	Eggs 1/2 dozen	24.73%	Ceylon/black tea 62.5g	2.79%
Loaf of white bread 700g	0.77%			Ceylon/black tea 250g	2.96%
Rice 2kg	0.96%			White sugar 2.5kg	3.71%
Peanut butter 800g	1.00%			Instant coffee 100g	4.18%
Rice 500g	1.91%			White sugar 1kg	5.96%
Loaf of white bread 600g	4.58%			Ceylon/black tea 125g	6.13%
Loaf of brown bread 600g	6.08%			White sugar 500g	10.48%
Brick margarine 125g	6.93%			Ceylon/black tea 200g	16.67%
Margarine spread (tub) 250g	16.96%				

Grain and grain products	%	Meat, meat products, dairy, dairy products and eggs	%	Fresh and processed fruits and vegetables	%
Margarine spread (tub) 500g	26.69%				

Source: Stats SA, 2018

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

A closer look at annual food price trends: January 2018 vs. January 2017

During the period January 2018 vs. January 2017, the international price of wheat (US No 2, Hard Red Winter ord. Prot., US Fob Gulf) increased by 25.42%, while the domestic wheat prices decreased by 6.78%. Urban consumers paid 2.19% less for a loaf of brown bread (700g) and 3.65% less for a loaf of white bread (700g), during the same period. Domestic yellow maize prices decreased by 38.1%, while international yellow maize prices decreased by 2.59%. Super maize meal (2.5kg) decreased with 21.51%, whilst special maize meal (2.5kg) decreased with 26.45%, in urban areas. During the same period, the urban prices of sunflower oil (750mℓ) decreased with 0.85%. During January 2018, the domestic price of sunflower seed was R4 724.74/ton compared to the R5 436.73/ton price in January 2017, resulting in an annual decline of 13.1%.

During this period January 2018 vs. January 2017, 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 21.85%, 24.54% and 24.33%, respectively. Lamb/mutton producer prices of class A2/A3 (R/kg), class B2/B3 (R/kg) and class C2/C3 (R/kg) increased by 9.21%, 10.93% and 7.2%, respectively. Producer prices of frozen, fresh and individually quick frozen (IQF) chicken portions (R/kg) increased by 11.56%, 7.76% and 6.63%, respectively, while pork producer prices of porker (R/kg) and baconer (R/kg) increased by 7.05% and 6.56%, respectively, during the same period.

4. Comparison between urban and rural prices: January 2018

Table 4 compares prices of selected food items in rural and urban areas for January 2018. Food items showing the largest price differences between urban and rural areas in January 2018 were: sunflower oil 750mℓ at a difference of R4.58, Ceylon/black tea 62.5g at a R2.49 difference and a loaf of brown bread 700g at a difference of R0.53. This indicates that urban consumers paid more for some of these food items than their rural counterparts. In other cases, however, rural consumers paid more for certain products (e.g. white sugar 2.5kg, peanut butter 400g and special maize meal 2.5kg), than their urban counterparts.

Table 4: Comparison between urban and rural food prices (selected food items)

Product	Rural Food Prices January 2018	Urban Food Prices January 2018	Price difference R/unit
Full cream milk – long life 1ℓ	14.67	13.94	-0.73
Loaf of brown bread 700g	11.51	12.04	0.53
Loaf of white bread 700g	12.51	12.92	0.41
Special maize 2.5 kg	20.43	19.47	-0.96
Super maize 2.5 kg	23.06	22.70	-0.36
Margarine spread 500g	27.76	27.92	0.16
Peanut butter 400g	28.95	27.31	-1.64

Product	Rural Food Prices January 2018	Urban Food Prices January 2018	Price difference R/unit
Rice 2kg	25.48	25.58	0.10
Sunflower oil 750mℓ	17.71	22.29	4.58
Ceylon/black tea 62.5g	12.27	14.76	2.49
White sugar 2.5kg	41.25	38.16	-3.09
Average			0.14

Source: Stats SA, 2018

5. International food prices

The Food and Agricultural Organization (FAO) of the United Nations (UN) publishes its food price index on a monthly basis. The food price index consists of five commodity group price indices, namely, the meat price index, the dairy price index, the cereals price index, the oils price index and the sugar price index. These indices are weighted with the average export shares of each of the groups for 2002 to 2004. In total, 55 commodity quotations, considered by FAO commodity specialists as representing the international prices of the noted food commodities, are included in the overall index. **Figure 3** shows the overall monthly **real (deflated)** FAO food price index from 2012 to 2018, with January 2018 reaching an index level of 144.83 percentage points.

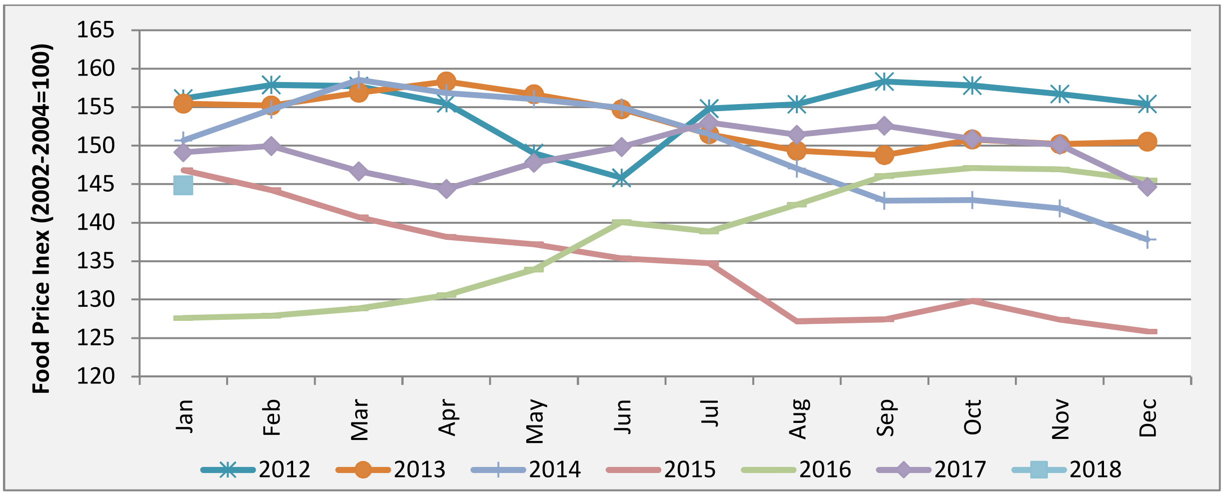

Figure 3: International monthly real food price index
Source: FAO, 2018

Figure 4 shows the monthly price indices for the five food categories in real terms. The m-o-m, January 2018 vs. December 2017, growth percentages of the Dairy (-2.42%) and the Sugar Price Indexes (-1.57%) decreased, while the Meat (+0.19%), Cereals (+2.51%) and Oils Price Indexes (+0.35%), increased. When comparing January 2018 vs. January 2017, the Meat and Cereals Prices Indexes reflected increasing trends in real terms, while the Dairy, Oils and Sugar Price Indexes decreased.

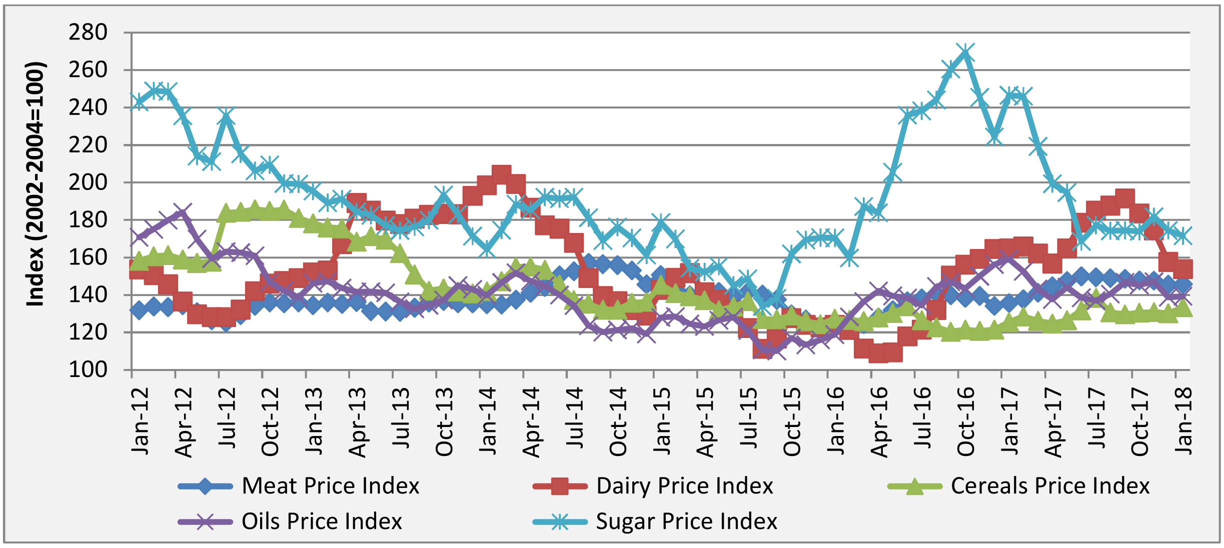

Figure 4: Real price indices for five food categories
Source: FAO, 2018

The **FAO Food Price Index (FFPI)**[1], in nominal terms, averaged 169.5 points in January 2018, nearly unchanged from December 2017 but almost 3% below the corresponding period last year. While firmer prices were registered for cereals and vegetable oils in January, dairy and sugar values were generally weaker and meat quotations remained steady.

The **FAO Cereal Price Index**, in nominal terms, averaged 156.2 points in January, up almost 2.5% (4 points) from December and 6.3% from January 2017. Despite large supplies, wheat and maize prices received some support from a weaker US dollar as well as concerns over weather. International rice values continued to firm up in January, sustained mainly by renewed Asian demand.

The **FAO Vegetable Oil Price Index,** in nominal terms, averaged 163.1 points in January, virtually unchanged from December, as moderate rises in palm oil values were outweighed by weakening prices for other oils, notably sunflower and rapeseed oils. International palm oil quotations strengthened as global import demand picked up just when seasonal production declines were looming in Southeast Asia. By contrast, rapeseed oil prices were pressured by both excess supplies in the EU and larger than expected availabilities in North America and Australia, while those of sunflower oil were affected by sluggish global import demand.

The **FAO Dairy Price Index,** in nominal terms, averaged 179.9 points in January, down 2.4% (4.5 points) from December 2017. Although this decline pushed the index further down for the fourth consecutive month, it is still 41% higher than its trough reached in April 2016. During the month, international price quotations for butter and cheese declined, while those of milk powders increased. Abundant milk supplies in the northern hemisphere and Australia represented a factor that heavily influenced global dairy prices, including the declines in butter and cheese prices. However, the possibility for seasonal milk production in New Zealand to be lower than expected lent support to Whole Milk Powder (WMP) prices. Skim Milk Powder (SMP) values also increased, mostly on account of strong import demand.

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[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 Meat Price Index**[2], in nominal terms, averaged 170.6 points in January, almost unchanged from its slightly revised value for December 2017. At this level, the index is 7.4% higher than its January 2017 value and 19.5% below its all-time high reached in August 2014. International price quotations for poultry and pigmeat continued to slide due to higher export availabilities amid weak import demand. Prices of bovine meat were up marginally, reflecting lower quantities offered for sale from Oceania, while those of ovine meat rose supported by strong international demand, especially from Asia and the Middle East.

The **FAO Sugar Price Index,** in nominal terms, averaged almost 201 points in January, down 1.6% (3.2 points) from December and as much as 30.4% below the corresponding month last year. International sugar quotations remained under downward pressure mostly because of strong production outcomes in major producing countries and, hence, ample export availabilities.

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 this section is based on the cost of a 28-item NAMC food basket[3] (as originally compiled by the Food Price Monitoring Committee in 2003, revised in January 2017), based on monthly average food price data for the period January 2018 vs. January 2017.

In January 2018, the cost of this basic urban food basket reached **R874.86**, increasing by 3.02%, from December 2017, m-o-m. Due to the inclusion of additional products in the Stats SA CPI basket from January 2017 (i.e. dried beans, frozen chicken, beef and chicken offal products), an annual (y-o-y) increase of 4.78% was reported. The cost of this food basket expressed as a share of the average monthly income[4] of the poorest 30% of the population was 58.8 % in January 2018, compared to 57.1% in December 2017 and 56.1% in January 2017. The cost of the food basket expressed as a share of the average monthly income of the wealthiest 20% of the population was 3.1% in January 2018, and 3% in December 2017 and January 2017 (**Figure 5**).

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

[3]*Composition of the new basic food basket: Apples fresh (per kg), Baked beans tinned (410g), Bananas fresh (per kg), Beans dried (500g), Beef mince fresh (per kg), Beef offal fresh (per kg), Bread loaf brown (700g), Bread loaf white (700g), Cabbage fresh (per kg), Cheese cheddar (per kg), Chicken giblets (per kg), Chicken portions IQF (2kg), Coffee instant (250g), Eggs (1.5 dozen), Fish (excl. tuna) tinned (400g), Maize meal super (5kg), Margarine brick (500g), Milk full cream long life (1ℓ), Onions fresh (per kg), Oranges fresh (per kg), Peanut butter (400g), Polony (per kg), Potatoes fresh (per kg), Rice (2kg), Sugar white (2.5kg), Sunflower oil (750mℓ), Tea Ceylon/black (250g) and Tomatoes fresh (per kg).*

[4]*The cost of the typical food basket was expressed as a share of estimated average monthly income of Expenditure Deciles 1-3, the poorest 30% of the population, as calculated from the Stats SA Living Conditions Survey 2014/15 (household income estimated by total expenditure of households on all items).*

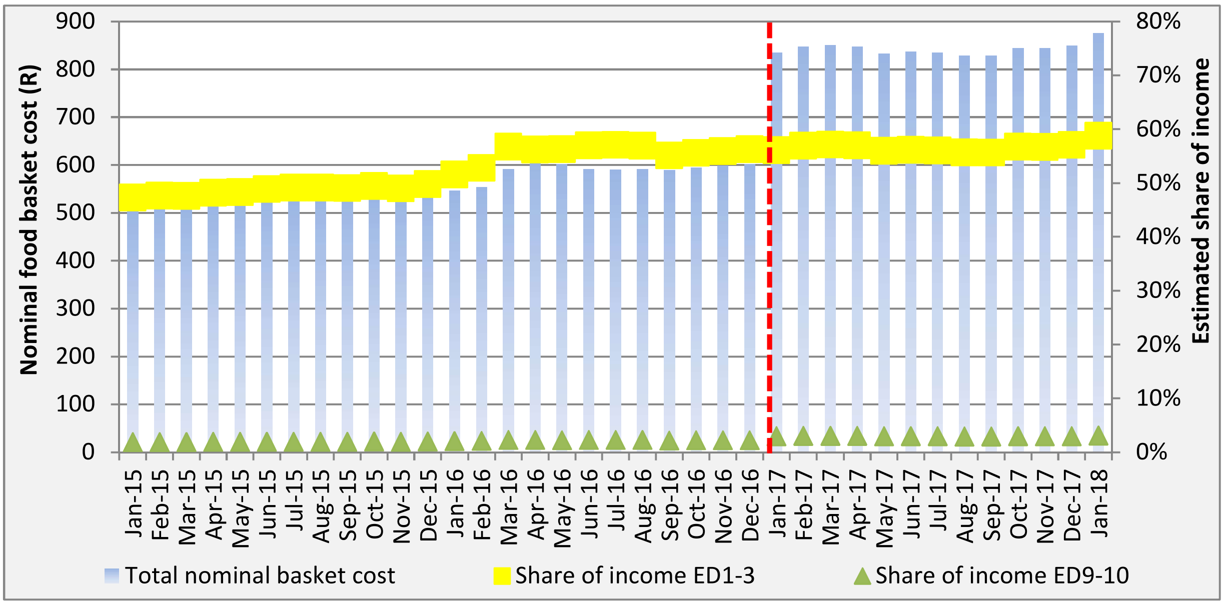

Figure 5: The cost of a typical consumer food basket for the period January 2015 to January 2018, expressed in nominal terms and as share of the average income of the poorest 30% of households (Expenditure Deciles [ED] 1-3) and the wealthiest 20% of households ([ED] 9-10)
Source: BFAP calculations, based on Stats SA monitored price data for urban areas, 2018
**Note: New basket composition from January 2017*

To further explore the impact of inflation on consumers, **Figure 6** presents an illustration of the average monthly nominal cost growth of specific food groups within the 28-item NAMC food basket, comparing January 2018 vs. December 2017. The following food categories in this basket experienced increased inflation m-o-m: animal protein, bread & cereals, coffee & tea, vegetables, dairy & eggs, fruit, fats & oils and sugary foods.

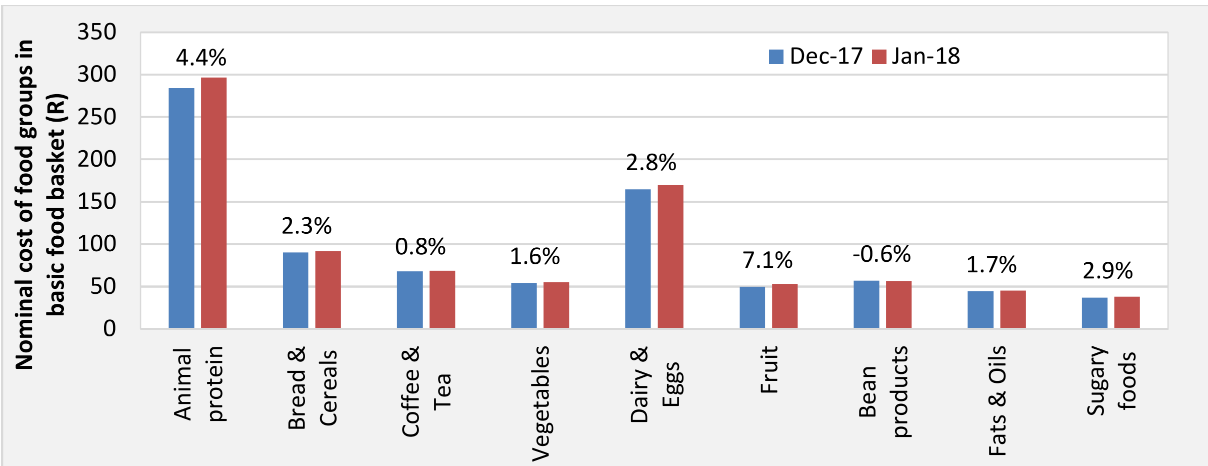

Figure 6: Nominal monthly cost of specific food groups within the basic food basket, January 2018 vs. December 2017
Source: BFAP calculations, based on Stats SA monitored price data for urban areas, 2018

Figure 7 presents an illustration of the average annual nominal cost growth of specific food groups within the 28-item NAMC food basket, comparing the period January 2018 vs. January 2017. **Figure 7** shows that the following food categories within this food basket experienced increased inflation annually: animal protein, coffee & tea, vegetables, dairy & eggs, and sugary foods.

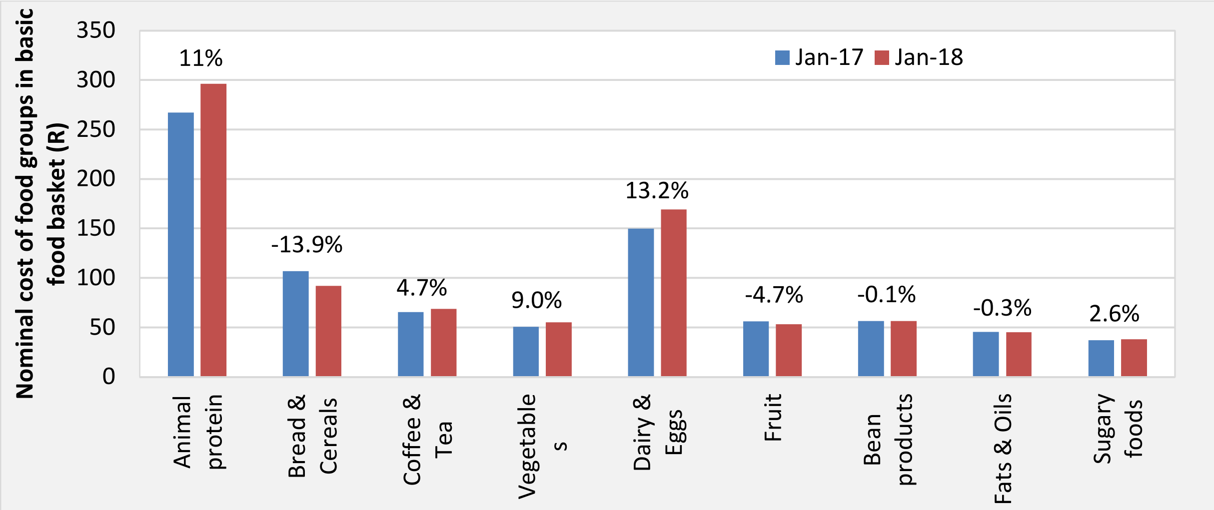

Figure 7: Nominal annual cost growth of specific food groups within the 28-item NAMC food basket, comparing January 2018 vs. January 2017

Source: BFAP calculations, based on Stats SA monitored price data for urban areas, 2018

The various food groups within this food basket are discussed in more detail in **Table 5** below.

Table 5: Overview of inflation contributing foods within the 28-item NAMC food basket, January 2018 vs. January 2017

Food group:	Overall inflation rate: Jan 2018 vs. Jan 2017	Overall inflation rate: Oct 2017 vs. Oct 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	+11%	N/A	*Beef offal (+16.3%)* *Beef mince (+12.9%)* *Chicken giblets (+13.8%)* *IQF chicken portions (+12.2%)*	*Polony (+3.7%)*	*Tinned fish (-1.3%)*	*High inflation on beef and chicken products.*
Bread and cereals	-13.9%	-11.2%	*None*	*None*	*White bread (-3.7%)* *Brown bread (-2.2%)* *Maize meal (-23.7%)* *Rice (-4.8%)*	*Deflation on all staple options.*
Vegetables	+9%	+2.7%	*Cabbage (+36.3%)* *Onions (+19.1%)*	*None*	*Potatoes (-4.6%)* *Tomatoes (-5.9%)*	*High inflation on cabbages and onions.*
Fruit	-4.7%	-0.6%	*None*	*Apples (+1.9%)*	*Bananas (-11.6%)* *Oranges (-5.2%)*	*Some inflation on apples, deflation on oranges and bananas.*
Dairy	+5.5%	+3.0%	*Cheddar cheese (+11.6%)*	*None*	*Full cream (-0.5%)*	*High inflation on cheddar cheese and eggs.*
Eggs	+22.5%	+8.5%	*Eggs (+22.5%)*	*None*	*None*	
Fats and oils	-0.3%	-1.5%	*None*	*Brick margarine (+0.3%)*	*Sunflower oil (-0.8%)*	*Some inflation on margarine, deflation on sunflower oil.*
Bean products	-0.1%	+2.9%	*Baked beans (+2.2%)*	*None*	*Beans dried (-1.3%)* *Peanut butter (0.0%)*	*Some inflation on baked beans.*
Coffee and tea	+4.7%	+6.2%	*Ceylon/black tea (+9.5%)*	*Instant coffee (+0.5%)*	*None*	*Inflation on tea.*
Sugary foods	+2.6%	+4.3%	*White sugar (+2.6%)*	*None*	*None*	*Inflation on white sugar.*

Source: BFAP calculations, based on Stats SA monitored price data for urban areas, 2018

** Previous Food Price Monitor analysis period prior to January 2018 vs. January 2017 comparison*

Thus, when comparing January 2018 vs. January 2017 retail prices, the very significant price inflation (7% or higher) were observed for the following products within the 28-item NAMC food basket (in order from highest to lowest inflation): cabbage, eggs, onions, beef, chicken, cheese and tea. Inflation was particularly prominent for animal protein foods, with potential negative implications in terms of dietary diversity and consumers' ability to include adequate animal protein foods options into their diets. When comparing the inflation rates for January 2018 vs. January 2017 with October 2017 vs. October 2016 (i.e. the previous Food Price Monitor analysis period), the rate of inflation was higher for vegetables, dairy, eggs and fats & oils.

The impact of inflation on very poor consumers is further explored below, based on the typical portion sizes of very poor consumers of the five most widely consumed food items in South Africa represented by maize porridge, brown bread, sugar, tea and full cream milk (National Food Consumption Survey - Steyn & Labadarios, 2000[5]; Oldewage-Theron et al, 2005[6]). **Figure 8** illustrates the estimated portion costs for these foods, calculated from monthly food price data for January 2018 vs. January 2017. 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 8.**

Despite the relatively low actual food weight contribution of bread to this ‘food plate’, the bread component costs more than the maize porridge component (about 46% more in this case for January 2018). 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 2018 vs. January 2017 prices, the results in **Figure 8** indicated deflation of about 8.9% (from R6.40 to R5.83 for the selection of portions). Significant deflation in maize meal, some deflation on brown bread and minimal inflation on milk, contributed to the deflation observed on this ‘food plate’. Comparing January 2018 vs. December 2017, the costs associated with the typical portion sizes of very poor consumers for the five most widely consumed food items in South Africa, increased by 1.3%.

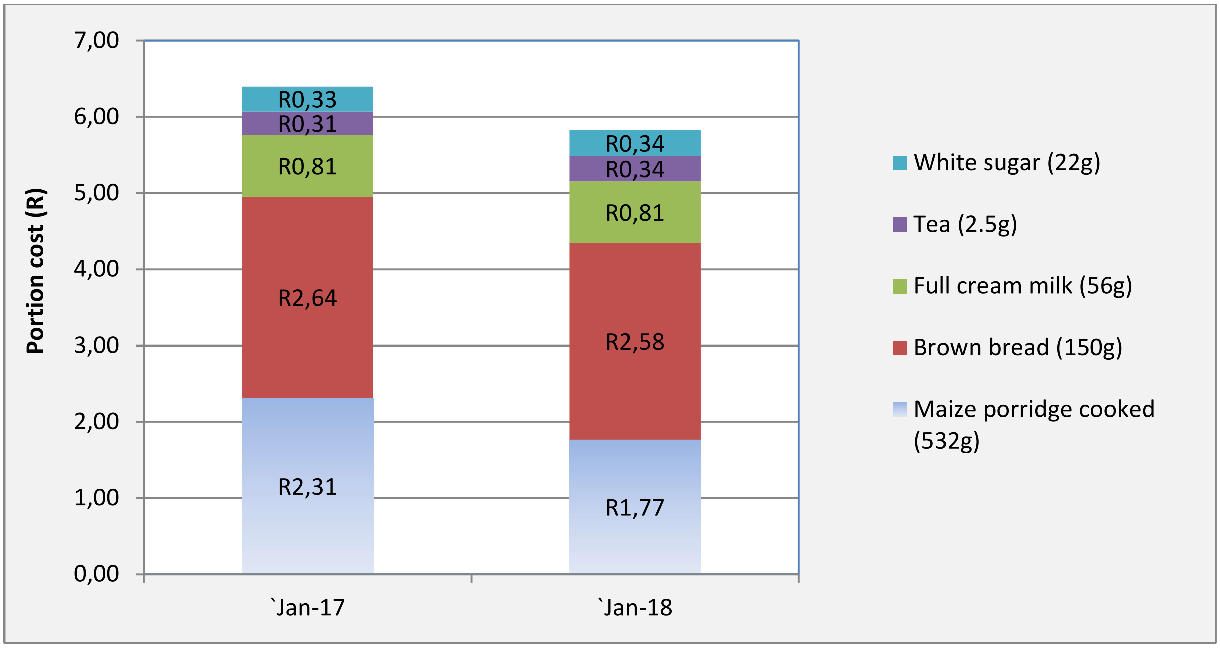

Figure 8: Average nominal cost for the typical portions of the five food items most widely consumed by very poor consumers in South Africa, January 2018 vs. January 2017
Source: BFAP calculations, based on Stats SA monitored price data for urban areas, 2018

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[5]*Steyn NP, Labadarios D. National Food Consumption Survey: Children aged 1–9 years, South Africa, 1999. Cape Town: The Department of Health Directorate Nutrition, 2000*
[6]*Oldewage-Theron W, Dicks E, Napier C, et al. Situation analysis of an informal settlement in the Vaal Triangle. Development Southern Africa 2005; 22 (1): 13-26*

7. Outlook

In January 2018 food inflation decreased to 4.5%, from 4.8% recorded in the previous month. This persistent downward trend, reaching the lowest level in two years, is largely driven by relatively low commodity prices and the strengthening of the Rand during the latter parts of 2017 and early 2018. The deceleration in prices provides little relief to consumers though, as prices of most food items remain relatively high in absolute terms.

In terms of bread and cereal products, prices are moving sideways on a month to month basis, with average bread prices increasing by 1.3% between December 2017 and January 2018, and super maize meal prices increasing 0.95% over the same period. Y-o-y changes for bread have indicated a 3% decline. Decreases in the price of super maize meal was however more substantial with a y-o-y decrease of around 20%. Over the next three months, the prices of bread are expected to continue moving sideways. Although the local wheat harvest came under pressure as a result of the drought in the Western Cape, wheat prices are driven predominantly by global prices and exchange rate movements. Therefore, given the strengthening of the Rand, local wheat prices are relatively low. Maize meal prices are expected to continue a downward trajectory, given a projected harvest of over 12 million tons. This will result in carry-over stocks that will keep maize prices at export parity levels and would be a key driver in maize meal prices to trend lower over the remainder of 2018.

Red meat prices have stabilised in response to the stronger Rand and an initial supply response, due to favourable prices. Over the outlook period, a slight downward pressure on prices, due to the stronger Rand, is expected to be counteracted by increased demand over the Easter period, together with the increase in Value Added Tax (VAT) of 1% to be implemented on 1 April 2018. In the case of chicken, prices in the outlook period will be under pressure as a result of substantial imports from the USA and Brazil. High levels of imports are expected for the rest of 2018.

Key vegetable products, i.e. potatoes and tomatoes, have shown a slight y-o-y decrease in prices, with monthly prices between December 2017 and January 2018 remaining relatively stable. Onions have increased significantly, y-o-y, approximately 18%, but m-o-m only increased by approximately 1%. Prices of vegetables are expected to increase towards the end of the outlook period, as is typically associated with seasonal price patterns of vegetables.

The overall expectation is that prices of key food products will increase marginally over the next three months. These increases will be largely attributable to increases in administered prices and VAT. As of April 1st 2018, fuel levies will increase by 50c/ℓ of petrol. Although fuel prices are currently at low levels due to low oil prices coupled with the exchange rate, shocks to either of these variables could result in significant pressure on manufacturing and distribution cost of food. It is therefore expected that food inflation will further decrease over the outlook period to around 4%. The upside risk associated with this is related to a depreciation of the Rand and shocks to oil prices. Interest rate increases in the United States and the local political climate are exogenous shocks that could cause the Rand to depreciate. This could add pressure to agricultural product prices and manufacturing and distribution cost, which will ultimately result in food inflation that is higher than the anticipated levels mentioned.

APPENDIX A: DATA ON URBAN FOOD PRICE TRENDS

Table A.1: Wheat products

Wheat products	Price level			Percentage Change	
	Jan-17	Nov-17	Jan-18	Jan-18 vs Nov-17	Jan-18 vs Jan-17
Cake flour 1kg	12.96	12.56	12.64	0.64%	-2.47%
Cake flour 2.5kg	26.81	25.70	25.16	-2.10%	-6.15%
Cake flour 5kg	57.46	54.27	55.57	2.40%	-3.29%
Instant noodles 73g	4.38	4.93	4.90	-0.61%	11.87%
Instant noodles 75g	4.26	4.41	4.43	0.45%	3.99%
Instant noodles 78g	4.27	4.67	4.67	0.00%	9.37%
Instant noodles 85g	3.75	3.78	3.92	3.70%	4.53%
Loaf of brown bread (each)	10.55	11.63	12.09	3.96%	14.60%
Loaf of brown bread 600g	6.56	7.08	7.19	1.55%	9.60%
Loaf of brown bread 700g	12.31	11.87	12.04	1.43%	-2.19%
Loaf of brown bread 800g	15.26	14.93	15.00	0.47%	-1.70%
Loaf of white bread (each)	10.74	11.08	11.10	0.18%	3.35%
Loaf of white bread 600g	7.88	7.50	7.72	2.93%	-2.03%
Loaf of white bread 700g	13.41	12.92	12.92	0.00%	-3.65%
Macaroni 1kg	25.56	26.99	27.85	3.19%	8.96%
Macaroni 3kg	67.37	65.99	58.99	-10.61%	-12.44%
Macaroni 500g	12.88	12.76	12.61	-1.18%	-2.10%
Pasta 1kg	32.82	34.99	35.39	1.14%	7.83%
Pasta 500g	17.53	17.21	17.41	1.16%	-0.68%
Spaghetti 1kg	25.27	26.19	26.39	0.76%	4.43%
Spaghetti 500g	13.15	13.12	13.15	0.23%	0.00%
Average				**0.46%**	**1.99%**
Domestic price of wheat	**3,944.45**	**4,178.59**	**3,676.96**	**-12.00%**	**-6.78%**

Source: Stats SA, 2018

Table A.2: Maize products

Maize products	Price level			Percentage Change	
	Jan-17	Nov-17	Jan-18	Jan-18 vs Nov-17	Jan-18 vs Jan-17
Special maize 10kg	81.98	72.99	64.48	-11.66%	-21.35%
Special maize 1kg	11.51	8.31	7.93	-4.57%	-31.10%
Special maize 2.5kg	26.47	19.16	19.47	1.62%	-26.45%
Special maize 5kg	50.07	38.29	37.44	-2.22%	-25.22%
Super maize 1kg	12.87	10.60	10.64	0.38%	-17.33%
Super maize 2.5kg	28.92	22.53	22.70	0.75%	-21.51%
Super maize 5kg	54.39	38.36	41.52	8.24%	-23.66%
Average				**-1.07%**	**-23.80%**

Maize products	Price level			Percentage Change	
	Jan-17	Nov-17	Jan-18	Jan-18 vs Nov-17	Jan-18 vs Jan-17
Domestic price of yellow maize	**3,184.14**	**2,094.27**	**1,971.13**	**-5.88%**	**-38.10%**
Domestic price of white maize	**3,416.05**	**1,989.41**	**1,927.57**	**-3.11%**	**-43.57%**

Source: Stats SA, 2018

Table A.3: Sunflower products

Sunflower products	Price level			Percentage Change	
	Jan-17	Nov-17	Jan-18	Jan-18 vs Nov-17	Jan-18 vs Jan-17
Brick margarine 125g	8.49	8.38	7.90	-5.73%	-6.95%
Brick margarine 1kg	43.11	42.22	44.30	4.93%	2.76%
Brick margarine 250g	14.31	13.88	13.88	0.00%	-3.00%
Brick margarine 500g	22.82	21.69	22.89	5.53%	0.31%
Margarine spread 1kg	40.72	41.50	40.55	-2.29%	-0.42%
Margarine spread 500g	24.87	28.10	27.92	-0.64%	12.26%
Sunflower oil 2ℓ	46.41	40.05	39.57	-1.20%	-14.74%
Sunflower oil 4ℓ	92.55	81.10	82.66	1.92%	-10.69%
Sunflower oil 500mℓ	14.92	14.13	14.21	0.57%	-4.76%
Sunflower oil 750mℓ	22.48	22.24	22.29	0.22%	-0.85%
Average				**0.33%**	**-2.61%**
Domestic price of sunflower seed	**5,436.73**	**4,672.68**	**4,724.74**	**1.11%**	**-13.10%**

Source: Stats SA, 2018

Table A.4: Processed vegetables

Processed vegetables	Price level			Percentage Change	
	Jan-17	Nov-17	Jan-18	Jan-18 vs Nov-17	Jan-18 vs Jan-17
Baked beans - tinned 410g	9.34	9.59	9.55	-0.42%	2.25%
Beans - dried 1kg	37.44	38.71	39.07	0.93%	4.35%
Beans - dried 2kg	61.35	60.63	59.82	-1.34%	-2.49%
Beans - dried 500g	19.86	19.40	19.61	1.08%	-1.26%
Average				**0.06%**	**0.71%**

Source: Stats SA, 2018

Table A.5: Fresh vegetables

Fresh vegetables	Price level			Percentage Change	
	Jan-17	Nov-17	Jan-18	Jan-18 vs Nov-17	Jan-18 vs Jan-17
Beetroot - fresh per kg	11.09	11.16	10.78	-3.41%	-2.80%
Broccoli - fresh per kg	25.99	31.12	50.05	60.83%	92.57%
Cabbage - fresh each	12.57	13.32	13.31	-0.08%	5.89%
Cabbage - fresh per kg	11.00	12.99	14.99	15.40%	36.27%
Carrots - fresh per kg	9.83	8.99	8.79	-2.22%	-10.58%

Fresh vegetables	Price level			Percentage Change	
	Jan-17	Nov-17	Jan-18	Jan-18 vs Nov-17	Jan-18 vs Jan-17
Cauliflower - fresh per kg	30.88	30.32	41.56	37.07%	34.59%
Onions - fresh per kg	11.06	13.69	13.17	-3.80%	19.08%
Potatoes - fresh per kg	12.51	11.79	11.93	1.19%	-4.64%
Pumpkin - fresh per kg	12.98	14.39	10.84	-24.67%	-16.49%
Sweet potatoes - fresh per kg	23.84	18.04	18.24	1.11%	-23.49%
Tomatoes - fresh per kg	16.04	17.21	15.09	-12.32%	-5.92%
Average				**6.28%**	**11.32%**

Source: Stats SA, 2018

Table A.6: Processed meat

Processed meat	Price level			Percentage Change	
	Jan-17	Nov-17	Jan-18	Jan-18 vs Nov-17	Jan-18 vs Jan-17
Bacon per kg	31.60	35.99	37.99	5.56%	20.22%
Polony per kg	42.04	41.29	43.59	5.57%	3.69%
Average				**5.56%**	**11.95%**

Source: Stats SA, 2018

Table A.7: Unprocessed meat

Unprocessed meat	Price level			Percentage Change	
	Jan-17	Nov-17	Jan-18	Jan-18 vs Nov-17	Jan-18 vs Jan-17
Beef brisket - fresh per kg	72.42	82.59	85.96	4.08%	18.70%
Beef chuck - fresh per kg	73.67	84.85	88.08	3.81%	19.56%
Beef fillet - fresh per kg	173.64	192.16	196.63	2.33%	13.24%
Beef mince - fresh per kg	71.34	79.50	80.52	1.28%	12.87%
Beef offal - fresh per kg	43.23	42.52	50.28	18.25%	16.31%
Beef rump steak - fresh per kg	117.18	125.12	128.13	2.41%	9.34%
Beef sirloin - fresh per kg	121.18	131.61	136.09	3.40%	12.30%
Beef stew - per kg	70.35	75.90	79.20	4.35%	12.58%
Beef T-bone - fresh per kg	90.48	99.64	104.16	4.54%	15.12%
Chicken giblets per kg	30.89	34.59	35.14	1.59%	13.76%
Chicken portions - fresh per kg	56.04	58.31	58.80	0.84%	4.93%
Chicken portions frozen - non IQF average per kg	43.68	50.12	49.44	-1.36%	13.19%
Chicken portions frozen - non IQF per kg (real)	40.74	47.70	48.21	1.07%	18.34%
IQF chicken portions - 1,5kg	52.77	60.86	63.43	4.22%	20.20%
IQF chicken portions - 1,8kg	51.19	55.69	58.29	4.67%	13.87%
IQF chicken portions - 1kg	20.89	22.66	32.99	45.59%	57.92%
IQF chicken portions - 2kg	61.47	65.62	68.98	5.12%	12.22%

Unprocessed meat	Price level			Percentage Change	
	Jan-17	Nov-17	Jan-18	Jan-18 vs Nov-17	Jan-18 vs Jan-17
IQF chicken portions - 4kg	129.65	146.09	157.13	7.56%	21.20%
IQF chicken portions - 5kg	157.27	163.79	171.12	4.48%	8.81%
Lamb - fresh per kg	121.38	134.79	140.94	4.56%	16.11%
Lamb - leg per kg	123.84	134.45	139.98	4.11%	13.03%
Lamb - loin chop per kg	137.32	153.26	161.82	5.59%	17.84%
Lamb - neck per kg	97.13	114.51	119.53	4.38%	23.06%
Lamb - offal per kg	39.77	45.67	49.35	8.06%	24.09%
Lamb - rib chop per kg	133.99	149.66	155.56	3.94%	16.10%
Lamb - stew per kg	89.70	106.25	109.62	3.17%	22.21%
Pork - ribs per kg	80.61	81.25	83.23	2.44%	3.25%
Pork chops - fresh per kg	78.59	80.79	83.07	2.82%	5.70%
Whole chicken - fresh per kg	43.69	43.87	45.52	3.76%	4.19%
Average				**5.55%**	**15.86%**

Source: Stats SA, 2018

Table A.8: Eggs and dairy products

Eggs & dairy products	Price level			Percentage Change	
	Jan-17	Nov-17	Jan-18	Jan-18 vs Nov-17	Jan-18 vs Jan-17
Cheddar cheese per kg	98.54	106.72	109.96	3.04%	11.59%
Eggs 0.5 dozen	14.73	15.69	16.50	5.16%	12.02%
Eggs 1,5 dozen	37.17	42.65	45.53	6.75%	22.49%
Eggs 2.5 dozen	51.38	58.85	63.72	8.28%	24.02%
Full cream milk - fresh 1ℓ	13.53	13.86	13.97	0.79%	3.25%
Full cream milk - fresh 250mℓ	6.58	6.64	6.62	-0.30%	0.61%
Full cream milk - fresh 2ℓ	26.06	25.50	25.57	0.27%	-1.88%
Full cream milk - fresh 500mℓ	10.05	10.11	10.09	-0.20%	0.40%
Full cream milk - long life 1ℓ	14.01	14.00	13.94	-0.43%	-0.50%
Full cream milk - long life 500mℓ	9.14	8.64	8.53	-1.27%	-6.67%
Full cream milk - long life 6x1ℓ	76.40	74.99	75.42	0.57%	-1.28%
Low fat milk - fresh 1ℓ	15.01	15.13	15.27	0.93%	1.73%
Low fat milk - fresh 2ℓ	26.30	26.25	26.05	-0.76%	-0.95%
Low fat milk - long life 1,5ℓ	18.37	20.49	19.99	-2.44%	8.82%
Low fat milk - long life 1ℓ	13.92	13.88	13.79	-0.65%	-0.93%
Low fat milk - long life 2ℓ	26.26	23.49	22.99	-2.13%	-12.45%
Low fat milk - long life 6x1ℓ	-	83.99	85.24	1.49%	
Powdered milk 250g	38.32	37.66	38.59	2.47%	0.70%
Powdered milk 400g	63.31	63.38	65.49	3.33%	3.44%
Powdered milk 500g	54.10	55.71	54.42	-2.32%	0.59%
Powdered milk 900g	138.02	136.80	139.62	2.06%	1.16%

Average				1.17%	3.31%

Source: Stats SA, 2018

Table A.9: Fruits

Fruits	Price level			Percentage Change	
	Jan-17	Nov-17	Jan-18	Jan-18 vs Nov-17	Jan-18 vs Jan-17
Apples - fresh per kg	18.24	18.83	18.59	-1.27%	1.92%
Bananas - fresh per kg	16.33	14.38	14.44	0.42%	-11.57%
Naartjies - fresh per kg	-	23.60	30.24	28.14%	
Nectarines - fresh per kg	28.39	47.16	33.62	-28.71%	18.42%
Oranges - fresh per kg	21.49	14.86	20.38	37.15%	-5.17%
Peaches - fresh per kg	-	41.74	29.12	-30.23%	
Pears - fresh per kg	19.73	19.56	22.69	16.00%	15.00%
Average				**3.07%**	**3.72%**

Source: Stats SA, 2018

Table A.10: Fish Products

Tinned fish products	Price level			Percentage Change	
	Jan-17	Nov-17	Jan-18	Jan-18 vs Nov-17	Jan-18 vs Jan-17
Fish (excl. tuna) - tinned 155g	10.62	10.68	10.84	1.50%	2.07%
Fish (excl. tuna) - tinned 215g	13.45	13.71	13.71	0.00%	1.93%
Fish (excl. tuna) - tinned 400g	18.10	17.27	17.87	3.47%	-1.27%
Tuna - tinned 170g	17.24	18.35	19.18	4.52%	11.25%
Average				**2.37%**	**3.50%**

Source: Stats SA, 2018

Table A.11: Other products

Other products	Price level			Percentage Change	
	Jan-17	Nov-17	Jan-18	Jan-18 vs Nov-17	Jan-18 vs Jan-17
Cold Cereals 375g	33.98	37.74	38.99	3.31%	14.74%
Cold Cereals 400g	32.78	36.43	37.12	1.89%	13.24%
Cold Cereals 450g	24.85	24.79	24.54	-1.01%	-1.25%
Cold Cereals 500g	31.74	32.84	32.46	-1.16%	2.27%
Cold Cereals 750g	44.48	46.09	43.04	-6.62%	-3.24%
Ceylon/black tea 125g	25.13	24.89	24.98	0.36%	-0.60%
Ceylon/black tea 200g	14.27	20.74	20.74	0.00%	45.34%
Ceylon/black tea 250g	30.66	33.08	33.57	1.48%	9.49%
Ceylon/black tea 500g	54.72	56.69	60.34	6.44%	10.27%
Ceylon/black tea 62.5g	12.79	14.68	14.76	0.54%	15.40%
Instant coffee 100g	27.00	27.71	25.93	-6.42%	-3.96%
Instant coffee 200g	82.18	82.23	81.76	-0.57%	-0.51%
Instant coffee 250g	34.83	35.75	35.02	-2.04%	0.55%

Other products	Price level			Percentage Change	
	Jan-17	**Nov-17**	**Jan-18**	**Jan-18 vs Nov-17**	**Jan-18 vs Jan-17**
Instant coffee 500g	53.82	56.39	56.79	0.71%	5.52%
Instant coffee 750g	79.48	77.73	78.98	1.61%	-0.63%
Peanut butter 250g	19.84	20.07	20.67	2.99%	4.18%
Peanut butter 400g	27.31	27.48	27.31	-0.62%	0.00%
Peanut butter 800g	48.97	51.40	50.93	-0.91%	4.00%
Rice 10kg	119.99	112.15	115.20	2.72%	-3.99%
Rice 1kg	18.65	18.62	19.41	4.24%	4.08%
Rice 2kg	26.87	25.49	25.58	0.35%	-4.80%
Rice 500g	8.38	8.10	8.08	-0.25%	-3.58%
Rice 5kg	67.94	64.50	64.70	0.31%	-4.77%
White sugar 10kg	148.66	159.44	160.49	0.66%	7.96%
White sugar 1kg	17.73	18.72	18.86	0.75%	6.37%
White sugar 2.5kg	37.18	38.30	38.16	-0.37%	2.64%
White sugar 250g	5.27	5.54	5.57	0.54%	5.69%
White sugar 2kg	26.98	27.00	26.24	-2.81%	-2.74%
White sugar 500g	9.75	10.27	10.23	-0.39%	4.92%
White sugar 5kg	76.92	81.15	80.42	-0.90%	4.55%
Average				**0.16%**	**4.37%**

Source: Stats SA, 2018

APPENDIX B: DATA ON RURAL FOOD PRICE TRENDS

Table B.1: Wheat products

Wheat products	Price level			Percentage Change	
	Jan-17	Nov-17	Jan-18	Jan-18 vs Nov-17	Jan-18 vs Jan-17
Loaf of brown bread 600g	9.77	10.26	10.36	0.97%	6.08%
Loaf of brown bread 700g	11.46	11.52	11.51	-0.10%	0.41%
Loaf of white bread 600g	10.21	10.76	10.68	-0.78%	4.58%
Loaf of white bread 700g	12.41	12.46	12.51	0.38%	0.77%
Average				**0.12%**	**2.96%**

Source: Stats SA, 2018

Table B.2: Maize products

Maize products	Price level			Percentage Change	
	Jan-17	Nov-17	Jan-18	Jan-18 vs Nov-17	Jan-18 vs Jan-17
Special maize 1kg	10.66	9.53	9.84	3.30%	-7.64%
Special maize 2.5kg	24.29	21.20	20.43	-3.67%	-15.90%
Special maize 5kg	42.30	37.33	33.58	-10.04%	-20.61%
Super maize 1kg	12.52	11.37	11.24	-1.20%	-10.25%
Super maize 2.5kg	27.04	23.57	23.06	-2.20%	-14.73%
Super maize 5kg	51.80	42.50	40.75	-4.12%	-21.34%
Average				**-2.99%**	**-15.08%**

Source: Stats SA, 2018

Table B.3: Sunflower products

Sunflower products	Price level			Percentage Change	
	Jan-17	Nov-17	Jan-18	Jan-18 vs Nov-17	Jan-18 vs Jan-17
Brick margarine 125g	9.22	9.52	9.86	3.55%	6.93%
Brick margarine 250g	14.49	14.72	14.47	-1.73%	-0.15%
Brick margarine 500g	23.17	22.32	22.24	-0.37%	-3.99%
Margarine spread (tub) 1kg	41.27	38.97	39.15	0.48%	-5.13%
Margarine spread (tub) 250g	12.83	16.00	15.00	-6.25%	16.96%
Margarine spread (tub) 500g	21.91	27.45	27.76	1.10%	26.69%
Sunflower oil 2ℓ	43.41	38.73	38.32	-1.05%	-11.72%
Sunflower oil 500mℓ	14.68	14.81	13.89	-6.27%	-5.39%
Sunflower oil 750mℓ	17.66	17.70	17.71	0.07%	0.28%
Average				**-1.16%**	**2.72%**

Source: Stats SA, 2018

Table B.4: Dairy products

Dairy products	Price level			Percentage Change	
	Jan-17	Nov-17	Jan-18	Jan-18 vs Nov-17	Jan-18 vs Jan-17
Eggs 1/2 dozen	9.20	9.99	11.48	14.86%	24.73%
Full cream milk - fresh 1ℓ	12.98	13.26	13.20	-0.46%	1.75%
Full cream milk - fresh 2ℓ	26.10	26.21	26.25	0.15%	0.55%
Full cream milk - fresh 500mℓ	9.82	9.86	9.85	-0.15%	0.26%
Full cream milk - long life 1ℓ	14.44	14.62	14.67	0.32%	1.61%
Full cream milk - long life 500mℓ	10.32	10.24	10.30	0.54%	-0.28%
Low fat milk - fresh 1ℓ	15.49	13.82	13.76	-0.48%	-11.19%
Low fat milk - fresh 2ℓ	27.79	25.79	27.99	8.53%	0.72%
Average				**2.91%**	**2.27%**

Source: Stats SA, 2018

Table B.5: Tea and coffee

Tea and coffee	Price level			Percentage Change	
	Jan-17	Nov-17	Jan-18	Jan-18 vs Nov-17	Jan-18 vs Jan-17
Ceylon/black tea 125g	19.57	20.86	20.77	-0.44%	6.13%
Ceylon/black tea 200g	23.99	27.99	27.99	0.00%	16.67%
Ceylon/black tea 250g	28.78	29.01	29.64	2.15%	2.96%
Ceylon/black tea 62.5g	11.94	12.39	12.27	-0.95%	2.79%
Instant coffee 100g	18.72	19.23	19.50	1.43%	4.18%
Instant coffee 250g	37.07	38.49	37.42	-2.78%	0.96%
Instant coffee 750g	81.79	80.70	78.28	-3.01%	-4.30%
Average				**-0.51%**	**4.20%**

Source: Stats SA, 2018

Table B.6: Beans

Beans	Price level			Percentage Change	
	Jan-17	Nov-17	Jan-18	Jan-18 vs Nov-17	Jan-18 vs Jan-17
Beans dried 1kg	32.18	31.52	30.99	-1.69%	-3.71%
Beans dried 2kg	58.33	46.79	46.19	-1.28%	-20.80%
Beans dried 500g	17.01	16.10	15.68	-2.58%	-7.81%
Average				**-1.85%**	**-10.77%**

Source: Stats SA, 2018

Table B.7: White sugar

Sugar	Price level			Percentage Change	
	Oct-16	Aug-17	Oct-17	Oct-17 vs Aug-17	Oct-17 vs Oct-16
White sugar 1kg	18.14	19.31	19.23	-0.42%	5.96%
White sugar 2.5kg	39.77	41.17	41.25	0.19%	3.71%

White sugar 500g	85.99	95.00	95.00	0.00%	10.48%
Average				**-0.07%**	**6.72%**

Source: Stats SA, 2018

Table B.8: Meat & Fish

Meat & Fish	Price level			Percentage Change	
	Jan-17	Nov-17	Jan-18	Jan-18 vs Nov-17	Jan-18 vs Jan-17
Beef brisket - fresh per kg	70.26	81.18	83.08	2.34%	18.24%
Beef chuck - fresh per kg	70.62	80.15	83.58	4.27%	18.34%
Beef fillet - fresh per kg	129.47	156.73	149.38	-4.69%	15.38%
Beef rump steak -fresh per kg	99.25	109.86	112.85	2.73%	13.71%
Beef T-bone - fresh per kg	86.25	97.98	96.25	-1.76%	11.60%
Chicken portions - fresh per kg	15.00	18.00	18.00	0.00%	20.00%
Fish (excl. tuna) - tinned 155g	10.52	10.80	10.79	-0.11%	2.61%
Fish (excl. tuna) - tinned 425g	18.00	18.00	18.00	0.00%	0.00%
Average				**0.35%**	**12.48%**

Source: Stats SA, 2018

Table B.9: Rice

Rice	Price level			Percentage Change	
	Jan-17	Nov-17	Jan-18	Jan-18 vs Nov-17	Jan-18 vs Jan-17
Rice 1kg	15.70	15.68	15.63	-0.33%	-0.48%
Rice 2kg	25.24	26.27	25.48	-2.99%	0.96%
Rice 500g	8.53	8.74	8.70	-0.46%	1.91%
Average				**-1.26%**	**0.79%**

Source: Stats SA, 2018

Table B.10: Peanut butter

Peanut butter	Price level			Percentage Change	
	Jan-17	Nov-17	Jan-18	Jan-18 vs Nov-17	Jan-18 vs Jan-17
Peanut butter 270g	22.69	23.19	22.74	-1.92%	0.24%
Peanut butter 400g	28.90	29.48	28.95	-1.80%	0.17%
Peanut butter 800g	52.57	53.10	53.10	0.00%	1.00%
Average				**-1.24%**	**0.47%**

Source: Stats SA, 2018

Table B.11: Sorghum Meal

Sorghum Meal	Price level			Percentage Change	
	Jan-17	Nov-17	Jan-18	Jan-18 vs Nov-17	Jan-18 vs Jan-17
Sorghum meal (e.g. mabella) 1kg	18.99	17.99	17.99	0.00%	-5.27%
Average				**0.00%**	**-5.27%**

Source: Stats SA, 2018

Table B.12: Fruit & Vegetables

Fruit & Vegetables	Price level			Percentage Change	
	Jan-17	Nov-17	Jan-18	Jan-18 vs Nov-17	Jan-18 vs Jan-17
Apples - fresh per kg	18.16	18.16	20.77	14.38%	14.38%
Bananas - fresh per kg	15.92	14.35	14.50	1.10%	-8.91%
Onions - fresh per kg	10.98	12.20	12.36	1.33%	12.59%
Oranges - fresh per kg	19.49	15.28	27.16	77.78%	39.31%
Potatoes - fresh per kg	12.72	11.52	11.54	0.17%	-9.28%
Potatoes - fresh 10kg	65.39	62.00	70.00	12.90%	7.04%
Tomatoes - fresh per kg	16.64	17.35	16.35	-5.76%	-1.78%
Average				**14.56%**	**7.62%**

Source: Stats SA, 2018

APPENDIX C: COMMODITY AND PRODUCT PRICE TRENDS

C.1 Wheat price trends

Jan 2018 vs. Jan 2017:

International wheat price increased by 25.42%

Domestic price of wheat decreased by 6.78%

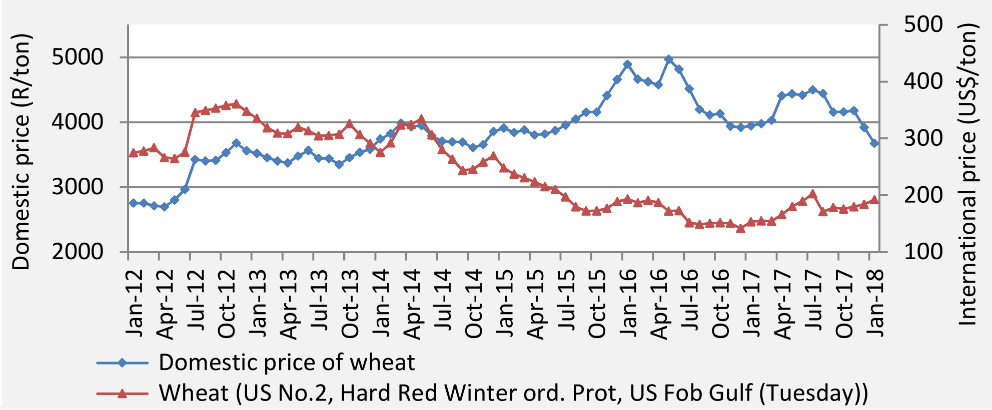

Figure C.1: Domestic market price vs global market price of wheat
Source: FAO and SAFEX, 2018

Domestic wheat price followed the import parity price of wheat closely.
Jan 2018 vs. Jan 2017:
Wheat import parity price decreased by 8.89%;
Wheat export parity price decreased by 8.04%

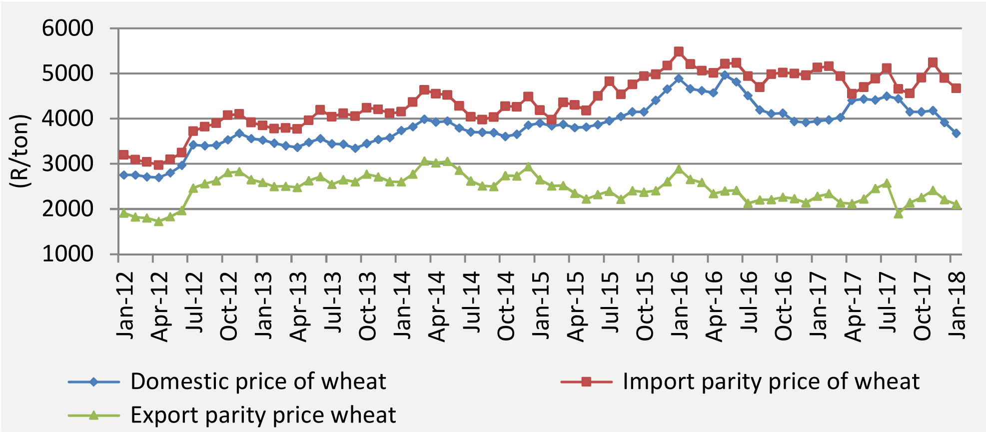

Figure C.2: Import parity, export parity and domestic prices of wheat
Source: SAGIS and SAFEX, 2018

Jan 2018 vs. Jan 2017:

Domestic wheat price decreased by 6.78%

Brown bread 700g price decreased by 2.19%

White bread 700g price decreased by 3.65%

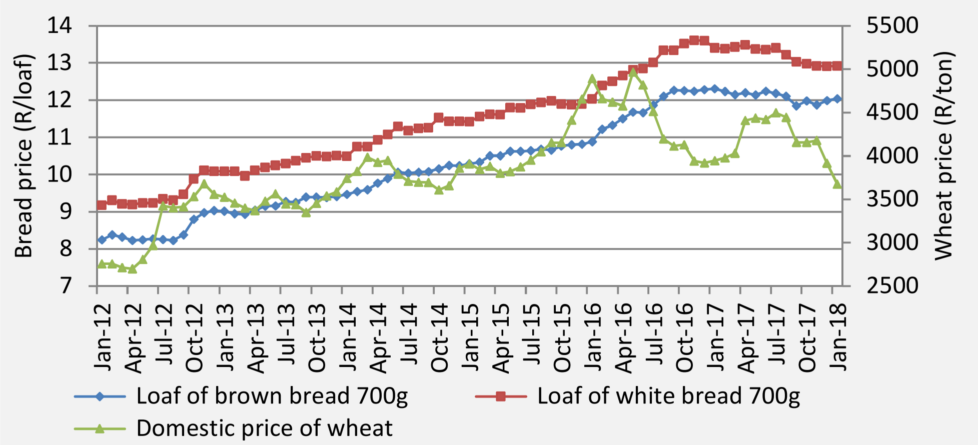

Figure C.3: Domestic wheat price and bread price trends
Source: Stats SA and SAFEX, 2018

C.2 Maize price trends

Jan 2018 vs. Jan 2017:

International price of yellow maize decreased by 2.59%

Domestic price of yellow maize decreased by 38.1%

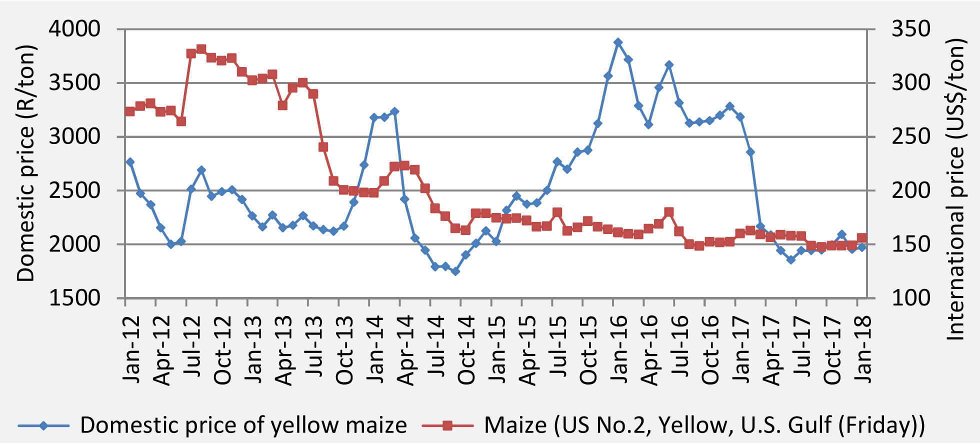

Figure C.4: Domestic market price vs global market price of yellow maize
Source: FAO and SAFEX, 2018

Jan 2018 vs. Jan 2017:

Export parity price of domestic maize decreased by 26.34%

Import parity price of domestic maize increased by 2.61%

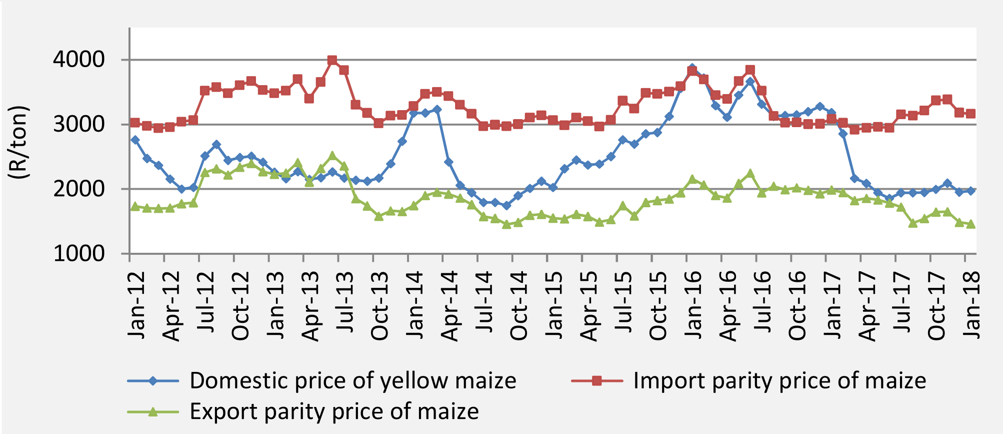

Figure C.5: Import parity, export parity and domestic prices of yellow maize
Source: SAFEX and SAGIS, 2018

Jan 2018 vs. Jan 2017:

Super maize meal 2.5 kg price decreased by 21.51%;
Special maize meal 2.5 kg decreased by 26.45%;
Domestic price of white maize decreased by 43.57%

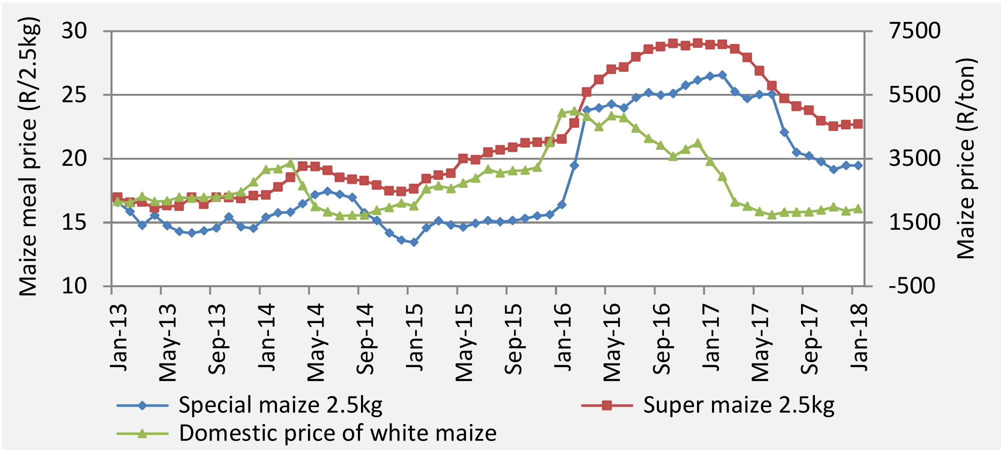

Figure C.6: White maize price and maize meal price trends
Source: SAFEX and Stats SA, 2018

C.3 Sunflower seeds price trends

Jan 2018 vs. Jan 2017:

International sunflower seed price decreased by 4.06%

Domestic price of sunflower seed decreased by 13.1%

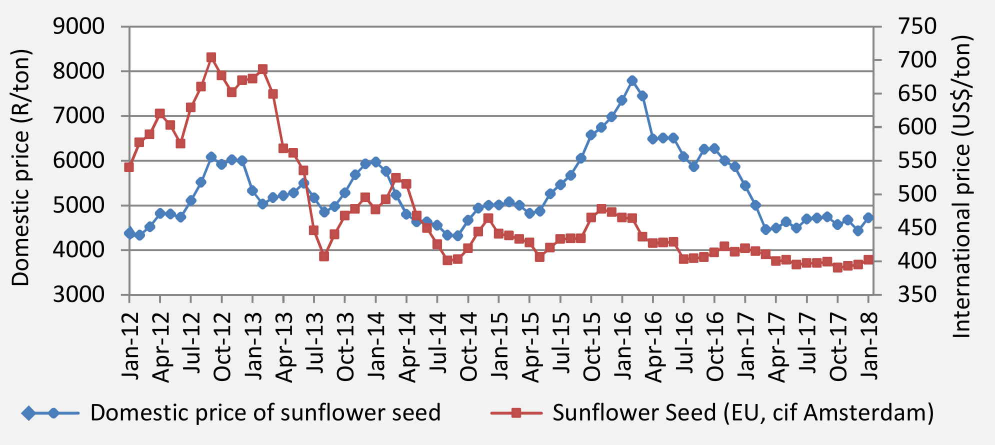

Figure C.7: Domestic market price of sunflower seeds vs global market price
Source: FAO and SAFEX, 2018

Jan 2018 vs. Jan 2017:

Domestic price of sunflower seed decreased by 13.1%

Sunflower oil 750 ml decreased by 0.85%

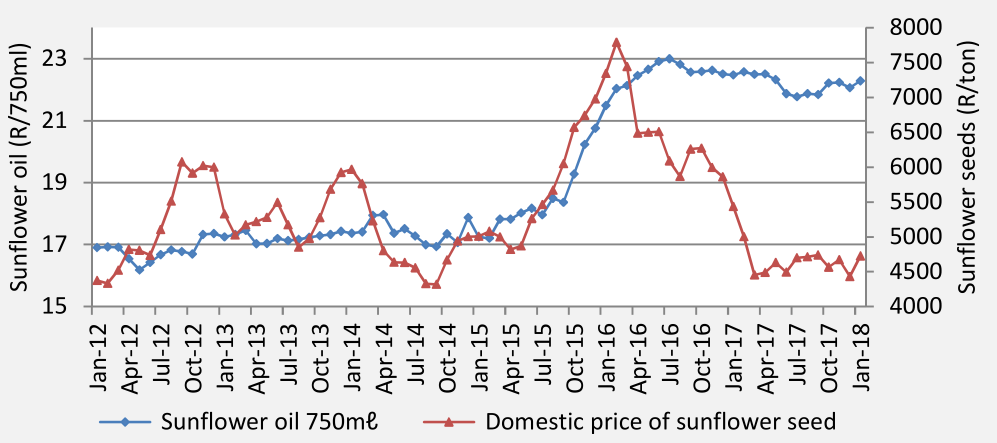

Figure C.8: Sunflower seeds price and sunflower oil price trends
Source: SAFEX and Stats SA, 2018

C.4 Dairy price trends

Jan 2018 vs. Jan 2017:

International skimmed milk powder decreased by 25.25%

International whole milk powder decreased by 8.19%

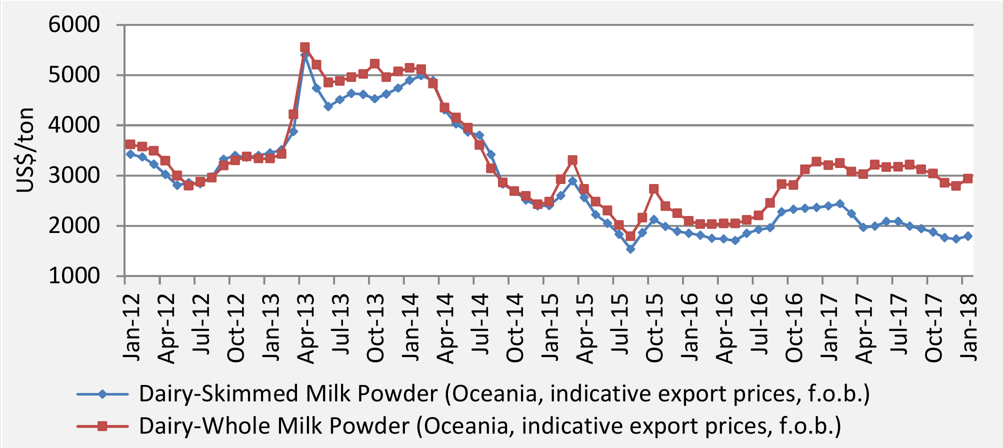

Figure C.9: Skim milk powder and whole milk powder price trends
Source: FAO, 2018

Jan 2018 vs. Jan 2017:

Milk producer price increased by 7.53%;
full cream milk – fresh 1ℓ increased by 3.25%;
full cream milk – long life 1ℓ decreased by 0.5%

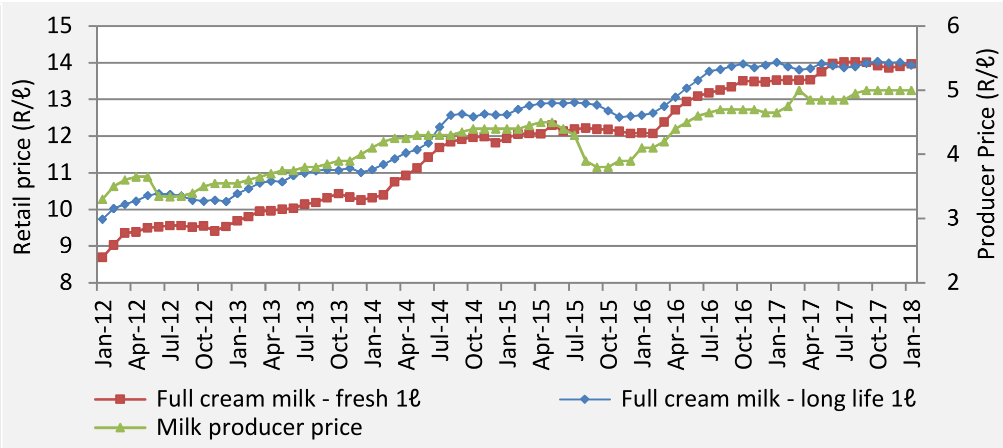

Figure C.10: Domestic producer price and retail prices of milk
Source: MPO and Stats SA, 2018

C.5 Meat price trends

The price of beef at **retail** level showed an annual average increase of 14.45% for the different cuts, Jan 2018 vs. Jan 2017

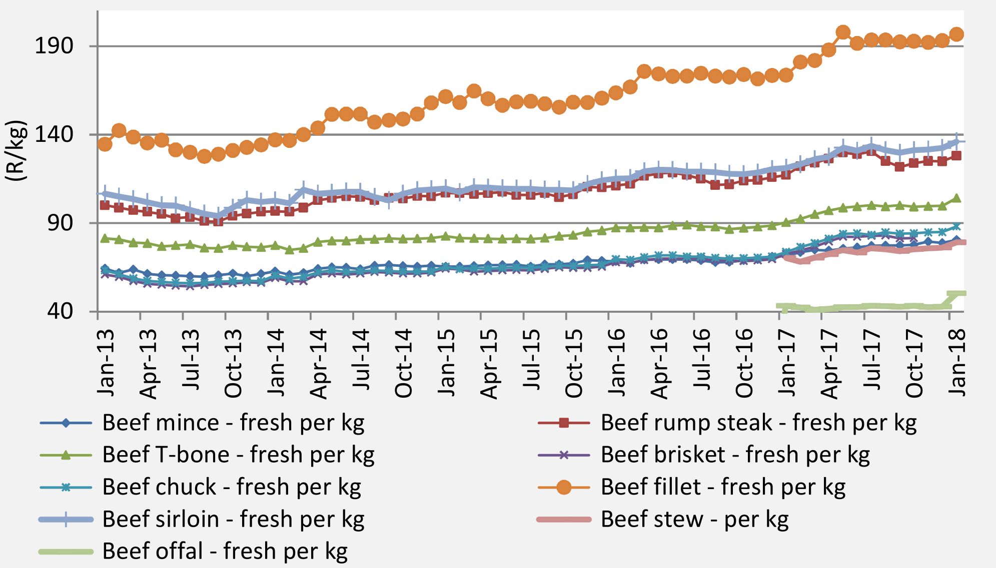

Figure C.11: Retail prices of beef cuts
Source: Stats SA, 2018

Jan 2018 vs. Jan 2017:

Chicken portions – fresh per kg (**retail**) price increased by 4.93% per kg

Pork chops per kg **retail** price increased by 5.7%

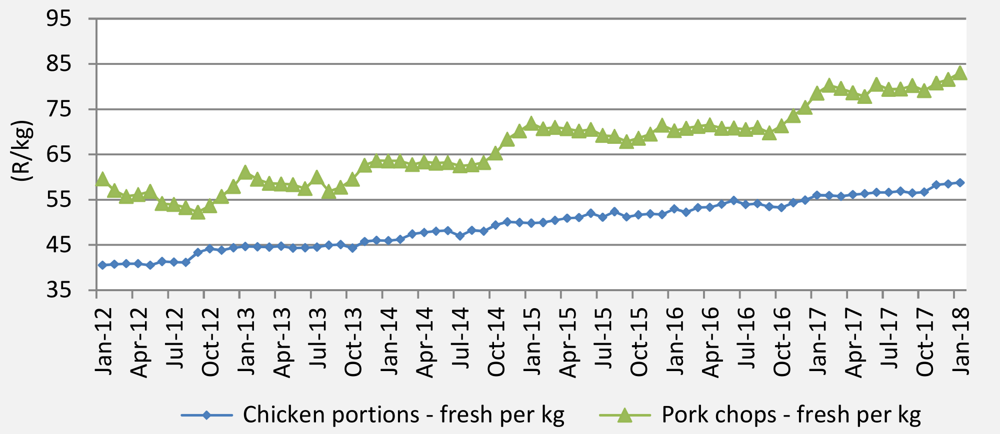

Figure C.12: Retail prices of pork chops and chicken portions – fresh per kg
Source: Stats SA, 2018

Jan 2018 vs. Jan 2017: Producer prices for frozen chicken per kg increased by 11.56%; for fresh chicken per kg increased by 7.76%; and for IQF chicken per kg increased by 6.63%

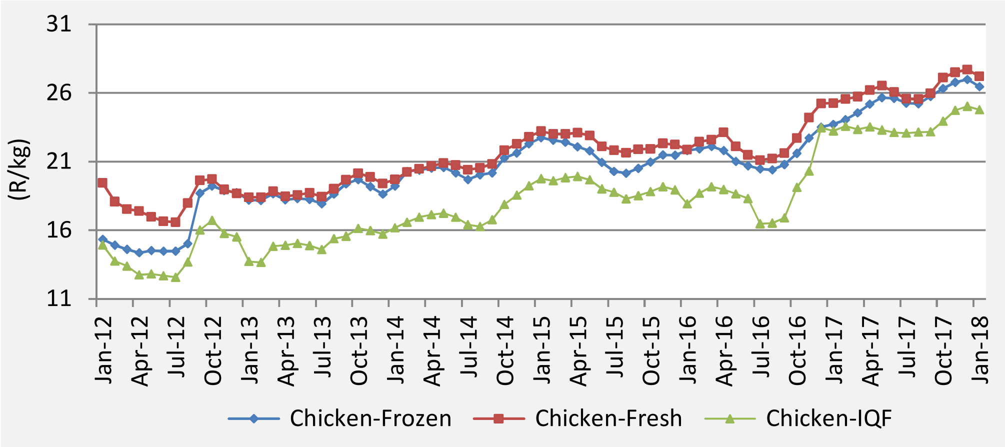

Figure C.13: Producer prices of various chicken pieces
Source: AMT, 2018

Jan 2018 vs. Jan 2017:

Porker producer price (R/kg) increased by 7.05%

Baconer producer price (R/kg) increased by 6.56%

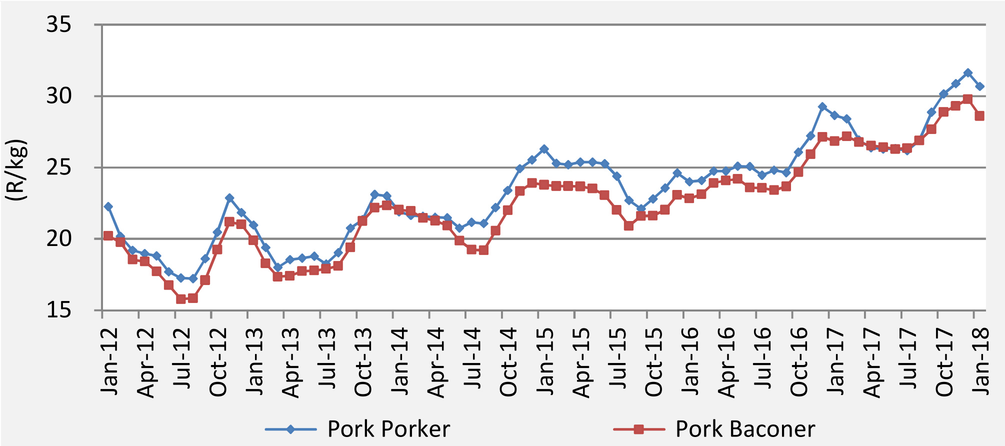

Figure C.14: Producer prices of pork
Source: AMT, 2018

Jan 2018 vs. Jan 2017:

Producer prices of Beef class A2/A3 increased by 21.85%, class B2/B3 increased by 24.54%, and class C2/C3 increased by 24.33%

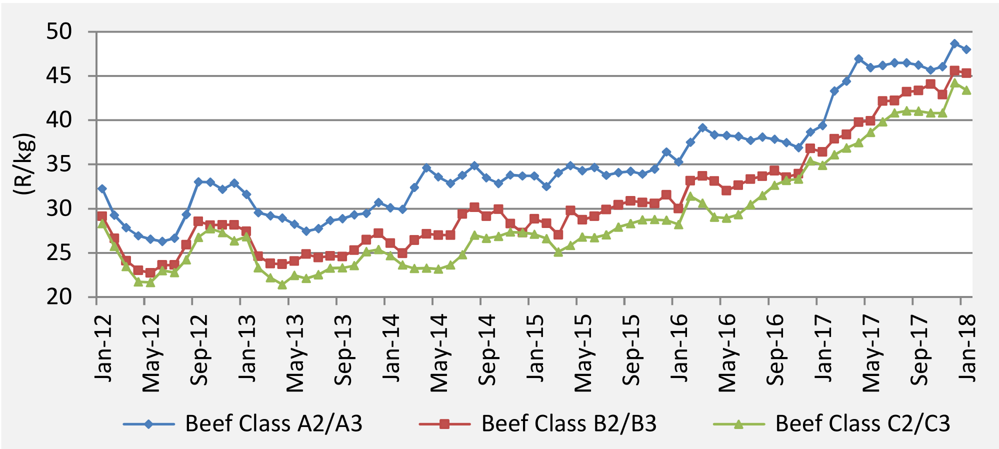

Figure C.15: Producer prices of beef
Source: AMT, 2018

Jan 2018 vs. Jan 2017:

Producer prices of lamb-class A2/A3 (R/kg) increased by 9.21%, class B2/B3 increased by 10.93% and the price of class C2/C3 increased by 7.2%

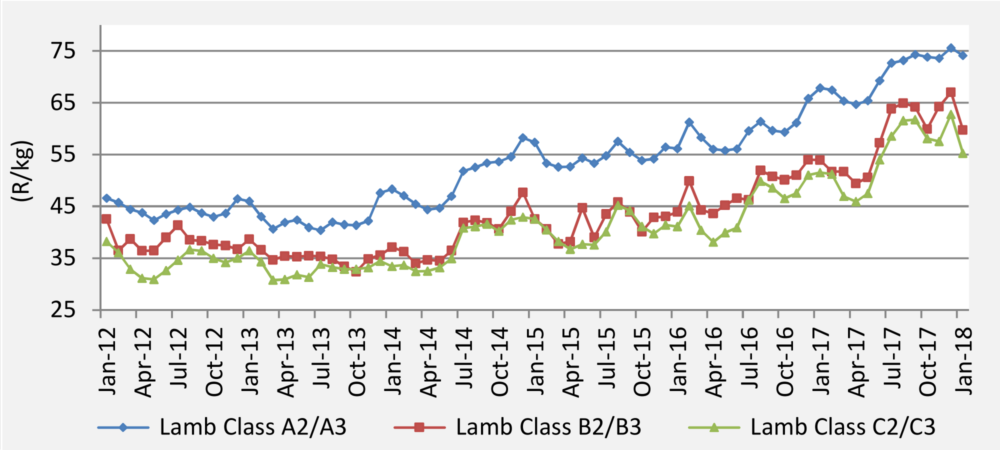

Figure C.16: Producer prices of lamb
Source: AMT, 2018

APPENDIX D: DATA COLLECTION

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

- Stats SA price data on all products are sampled from approximately 800 different data collections points across the country on a monthly basis. Food price data is not collected from all the data collection points since some stores that are sampled do not necessarily sell food. In addition, certain food prices are not sampled in all provinces. Food price data collection by Stats SA also involves fieldwork where price collectors visit stores to collect data, after which such data undergoes a rigorous process to ensure its integrity. The basket of food products included was derived from the Income and Expenditure Survey of 2014/15' compiled by Stats SA to ensure that the basket is representative of consumer spending on food. For more detailed information on the methodological process involved in the collection of prices visit the Stats SA website.
- This media release also reports food prices in deep rural areas. Rural food prices were collected from 190 outlets/shops by field workers on a monthly basis.

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