National Agricultural Marketing Council

Promoting market access for South African agriculture

Markets and Economic Research Centre

Food Price Monitor

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The basket of food products included in this publication is derived from the Income and Expenditure Survey (IES) of 2014/15', compiled by Statistics South Africa (Stats SA). This food 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 since been altered. Cognisance of the above background should be taken when interpreting the data.

EXECUTIVE SUMMARY

In July 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 5.1% and 3.4%, respectively, compared to the 4.6% and 3.4% reported in June 2018.

Prices were compared for selected food items in rural and urban for July 2018. Food items showing the largest price differences between urban and rural areas in July 2018 were: sunflower oil (750mℓ) at a difference of R3.95, Ceylon/black tea (62.5g) at R3.44 difference, and a loaf of white bread (700g) at a difference of R0.33. 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), special maize meal (5kg), and margarine spread (500g)), than their urban counterparts.

The FAO Food Price Index (FFPI) fell sharply in July 2018, the sharpest monthly drop since December 2017. The FFPI, in nominal terms, averaged 168.8 points in July 2018, down as much as 6.5 points (3.7%) from June and 10.3 points (3.7%) from the corresponding period last year. The July fall marked the first significant month-on-month (m-o-m) decline in the value of the FFPI since December 2017, reflecting notable drops in the values of all sub-indices.

In July 2018, the nominal cost of this 28-item NAMC urban food basket reached R844.72 compared to the R847.58 reported in June 2018, indicating a m-o-m decrease of 0.3%. When compared to July 2017, an annual (y-o-y) increase of 1.2%, was reported.

When comparing July 2018 vs. July 2017 retail prices, higher price inflation (6% or more) were observed for the following products within the 28-item NAMC food basket (in order from highest to lowest inflation): tomatoes, oranges, onions, eggs, tea, beef mince, potatoes and IQF chicken portions. Despite relief in staple food prices, the items with high inflation could have negative implication in terms of dietary diversity. When comparing the inflation rates for July 2018 vs. July 2017 with April 2018 vs. April 2017 (i.e. the previous Food Price Monitor analysis period), the rate of inflation was higher for bread and cereals, vegetables, fruit and coffee/tea.

Against expectations, food inflation in July 2018 was recorded slightly lower at 3%, compared to 3.6% the month before. The initial expectation for accelerating inflation in July 2018 was driven by increased fuel prices and the effect of the fiscal measures (VAT and other levies) as implemented in April 2018. The rates in July 2018, however, benefited from the relatively strong exchange rate in the second quarter of 2018 (current standards) and our expectation is that August 2018 will be the first month in which the decelerating trend, prevalent in the second quarter of 2018, will be reversed. From a commodity perspective, this reversal will predominantly be driven by a weak(er) exchange rate and the most eminent effect of this will be in staple prices such as bread and maize meal. This impacts primary commodity prices but also have an impact on manufacturing and distribution cost.

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1. Introduction

In July 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 5.1% and 3.4%, respectively. The same indices were at 4.6% and 3.4% respectively, during June 2018. **Figure 1** shows trends of the headline CPI and food and non-alcoholic beverage inflation rates on a monthly basis, from January 2012 to July 2018.

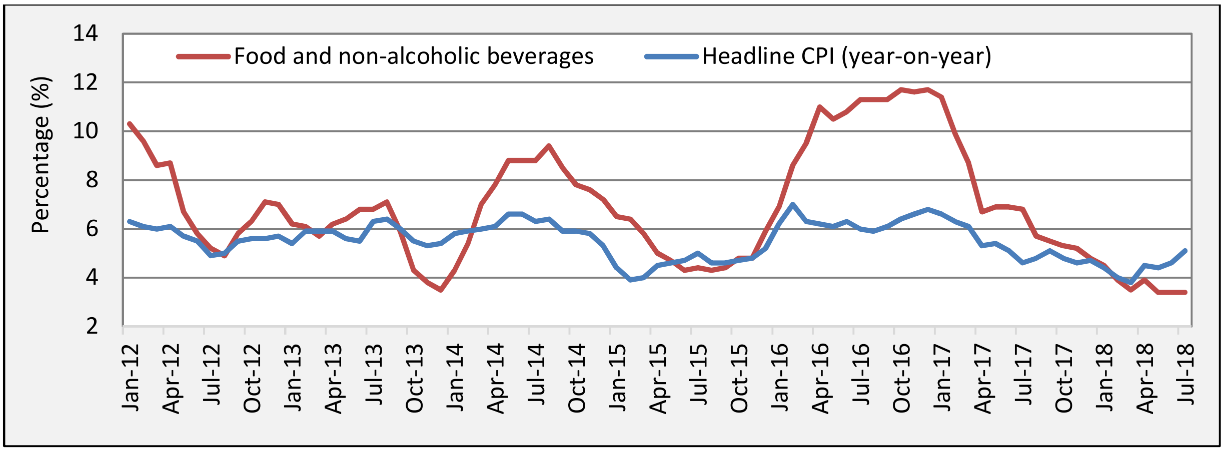

Figure 1: Headline CPI and food and non-alcoholic beverage CPI
Source: Stats SA, 2018

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), July 2018 vs. July 2017: sugar, sweets and desserts (-5.9%), milk, eggs and cheese (4.2%), fruit (-4.2%), meat (5.6%), other food (3.7%), fish (6.6%), processed foods (1.5%), unprocessed foods (4.2%), bread & cereals (-3%), vegetables (8.8%) and oils & fats (-1.7%). Also, indicated in **Figure 2** is the month-on-month (m-o-m) percentage changes for July 2018 vs. June 2018.

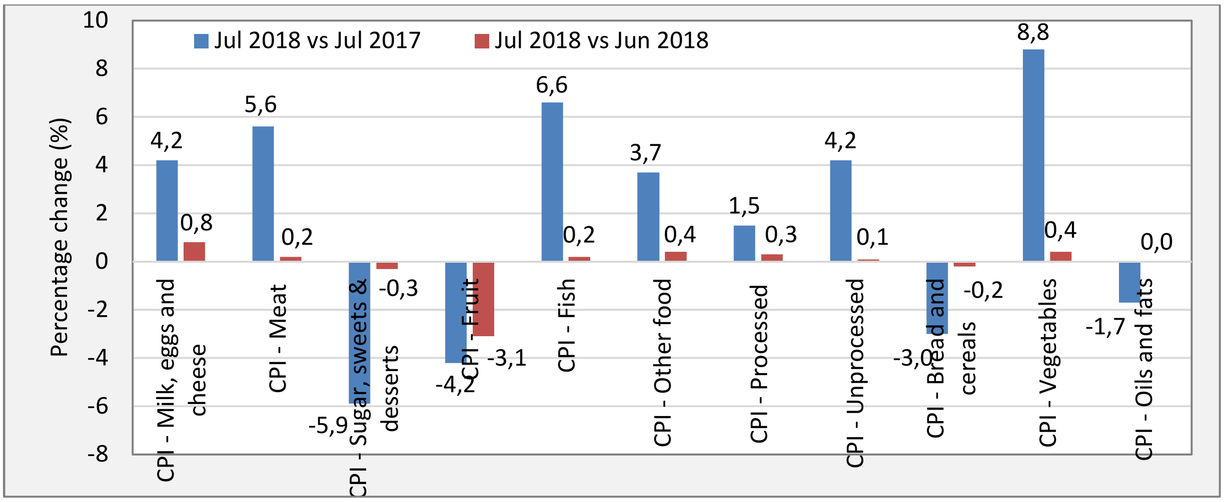

Figure 2: Y-o-y (July 2018 vs. July 2017) and m-o-m (July 2018 vs. June 2018) changes for different food categories
Source: Stats SA, 2018

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 July 2018 for South Africa and other selected countries. South Africa's overall inflation for July 2018 reached 5.1% with food inflation 3.4%. The food categories with the largest annual contribution to South African food inflation include vegetables, fish and meat. The Zambian overall inflation rate for July 2018 reached 7.8%, while their food inflation rate reached 8.1%. Botswana's overall inflation rate reached 3.1%, compared to their food inflation of negative 1.1%, during July 2018. Turkey's overall inflation rate reached 15.9%, compared to their food inflation rate of 19.4%. Considering inflation rates of the BRIC countries, Brazil reported the highest overall inflation rate of 4.5%, with a food inflation rate of 1.4%, while China recorded the lowest y-o-y inflation rate of 2.1%, with a food inflation rate of 0.5%.

Table 1: Overall inflation and food inflation during May 2018 to July 2018

	May 2018		June 2017		July 2018	
Country	Overall inflation (%)	Food inflation (%)	Overall inflation (%)	Food inflation (%)	Overall inflation (%)	Food inflation (%)
Botswana	3.3	-0.5	3.1	-0.6	3.1	-1.1
Brazil	2.9	-1.5	4.4	1.1	4.5	1.4
China	1.8	0.1	1.9	0.3	2.1	0.5
India	4.9	3.1	5.0	2.9	4.2	1.4
Namibia	3.8	3.9	4.0	3.8	4.5	3.9*
Russia	2.4	0.2	2.3	-0.6	2.5	2.2*
South Africa	4.4	3.4	4.6	3.4	5.1	3.4
Turkey	12.2	11.0	15.4	18.9	15.9	19.4
United Kingdom	2.4	2.3	2.4	2.0	2.5	2.3
United States (US)	2.8	1.2	2.9	1.4	2.9	1.4
Zambia	7.8	6.9	7.4	7.5	7.8	8.1

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

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

Tables 2 and **3** rank selected 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 (July 2018 vs. July 2017)

Grain and grain products	%	Meat, meat products, dairy, dairy products and eggs	%	Fresh and processed fruits and vegetables	%
Special maize 10kg	-25.1%	Beef offal - fresh per kg	-17.4%	Beetroot - fresh per kg	-19.2%
Special maize 5kg	-21.0%	Pork - ribs per kg	-11.6%	Bananas - fresh per kg	-10.2%
Super maize 5kg	-19.9%	IQF chicken portions - 4kg	-7.7%	Beans - dried 1kg	-7.2%
Special maize 1kg	-19.7%	Pork chops - fresh per kg	-6.8%	Beans - dried 2kg	-7.2%
Special maize 2.5kg	-18.3%	Corned beef 300g	-5.9%	Beans - dried 500g	-4.6%
Super maize 2.5kg	-13.5%	Polony per kg	-3.8%	Pumpkin - fresh per kg	-0.6%

Grain and grain products	%	Meat, meat products, dairy, dairy products and eggs	%	Fresh and processed fruits and vegetables	%
Loaf of brown bread 800g	-10.1%	Beef rump steak - fresh per kg	-3.7%	Cabbage - fresh each	1.8%
Super maize 1kg	-7.9%	Full cream milk - long life 6x1ℓ	-3.6%	Cabbage - fresh per kg	3.3%
Macaroni 500g	-7.1%	Chicken giblets per kg	-2.4%	Apples - fresh per kg	4.1%
Sunflower oil 2ℓ	-7.1%	Beef fillet - fresh per kg	-1.5%	Baked beans - tinned 410g	5.4%
Loaf of brown bread 700g	-6.9%	Ham 500g	-1.4%	Potatoes - fresh per kg	9.2%
Spaghetti 1kg	-6.7%	Full cream milk - long life 1ℓ	-1.2%	Sweet potatoes - fresh per kg	11.7%
Cold cereals 450g	-6.3%	Low fat milk - long life 1ℓ	-1.1%	Pears - fresh per kg	13.8%
Sunflower oil 4ℓ	-5.2%	Sausage 500g	-1.1%	Naartjies - fresh per kg	16.5%
Brick margarine 125g	-5.0%	Fish (excl. tuna) - tinned 155g	-0.6%	Onions - fresh per kg	22.1%
Macaroni 1kg	-4.2%	Low fat milk - fresh 1ℓ	-0.3%	Oranges - fresh per kg	22.2%
Cake flour 5kg	-4.0%	Powdered milk 900g	0.9%	Cauliflower - fresh per kg	24.2%
Loaf of white bread 700g	-3.4%	Chicken portions frozen - non IQF average per kg	1.0%	Tomatoes - fresh per kg	25.6%
Pasta 500g	-3.3%	Full cream milk - fresh 2ℓ	1.3%		
Sunflower oil 500mℓ	-2.6%	Powdered milk 500g	1.6%		
Spaghetti 500g	-2.6%	Beef stew - per kg	1.9%		
Cake flour 1kg	-2.4%	Full cream milk - long life 500mℓ	2.1%		
Cake flour 2.5kg	-2.2%	Low fat milk - fresh 2ℓ	2.2%		
Rice 5kg	-1.8%	Cheddar cheese per kg	2.5%	**Other**	**%**
Margarine spread 500g	-1.7%	Fish (excl. tuna) - tinned 215g	2.6%	White sugar 2kg	-15.4%
Sunflower oil 750mℓ	-1.4%	Whole chicken - fresh per kg	2.7%	White sugar 2.5kg	-9.8%
Peanut butter 400g	-1.3%	Full cream milk - fresh 1ℓ	2.8%	White sugar 5kg	-9.4%
Brick margarine 500g	-1.2%	Beef sirloin - fresh per kg	3.3%	Instant coffee 200g	-8.2%
Loaf of brown bread 600g	-0.8%	Low fat milk - long life 1,5ℓ	3.5%	Instant coffee 100g	-7.5%
Instant noodles 73g	-0.4%	Fish (excl. tuna) - tinned 400g	3.7%	White sugar 10kg	-7.2%
Brick margarine 250g	-0.1%	Bacon 250g	3.7%	White sugar 1kg	-4.6%
Instant noodles 85g	0.0%	Beef T-bone - fresh per kg	3.9%	White sugar 500g	-3.8%
Rice 2kg	0.7%	Beef brisket - fresh per kg	3.9%	Instant coffee 750g	-3.3%
Loaf of white bread 600g	1.4%	IQF chicken portions - 1,8kg	4.2%	Instant coffee 250g	2.2%
Peanut butter 800g	1.5%	Full cream milk - fresh 250mℓ	4.5%	Instant coffee 500g	7.6%
Peanut butter 250g	1.7%	Beef chuck - fresh per kg	5.3%	Ceylon/black tea 62.5g	9.4%
Margarine spread 1kg	1.9%	Full cream milk - fresh 500mℓ	5.3%	Ceylon/black tea 125g	9.7%
Brick margarine 1kg	1.9%	IQF chicken portions - 5kg	5.6%	Ceylon/black tea 250g	10.5%
Rice 1kg	2.0%	Chicken portions - fresh per kg	6.0%	Ceylon/black tea 500g	19.0%
Instant noodles 75g	3.2%	Lamb - leg per kg	6.1%		
Instant noodles 78g	3.2%	IQF chicken portions - 2kg	7.9%		
Rice 500g	3.4%	Lamb - offal per kg	8.0%		
Cold cereals 500g	4.4%	Chicken portions frozen - non IQF per kg (real)	8.1%		
Pasta 1kg	7.2%	Lamb - loin chop per kg	8.3%		
Cold cereals 750g	8.5%	Lamb - neck per kg	8.8%		
Loaf of white bread (each)	9.7%	Powdered milk 250g	9.6%		
Cold cereals 375g	10.1%	Beef mince - fresh per kg	9.8%		
Cold cereals 400g	11.9%	Tuna - tinned 170g	10.8%		
Rice 10kg	16.3%	IQF chicken portions - 1,5kg	10.8%		
		Powdered milk 400g	11.2%		

Grain and grain products	%	Meat, meat products, dairy, dairy products and eggs	%	Fresh and processed fruits and vegetables	%
		Lamb - rib chop per kg	11.9%		
		Lamb - stew per kg	12.1%		
		Eggs 0.5 dozen	14.9%		
		Eggs 2.5 dozen	15.9%		
		Eggs 1.5 dozen	17.4%		
		Eggs 2 dozen	24.2%		

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 selected products exceeding the SARB annual inflation rate of 6% in the rural areas.

Table 3: Food items in the rural areas ranked (July 2018 vs. July 2017)

Grain and grain products	%	Meat, meat products, dairy, dairy products and eggs	%	Fresh and processed fruits and vegetables	%
Special maize 5kg	-24.3%	Fish (excl. tuna) - tinned 425g	-22.2%	Beans dried 1kg	-9.0%
Super maize 5kg	-18.1%	Full cream milk - long life 500mℓ	-1.1%	Bananas - fresh per kg	-7.9%
Super maize 2.5kg	-13.9%	Fish (excl. tuna) - tinned 155g	-0.5%	Beans dried 500g	-6.2%
Special maize 2.5kg	-11.9%	Full cream milk - long life 1ℓ	1.1%	Potatoes - fresh per kg	5.4%
Super maize 1kg	-11.8%	Full cream milk - fresh 2ℓ	1.7%	Beans dried 2kg	7.2%
Special maize 1kg	-10.4%	Full cream milk - fresh 500mℓ	2.5%	Potatoes - fresh 10kg	9.8%
Sunflower oil 2ℓ	-6.1%	Beef brisket - fresh per kg	4.6%	Onions - fresh per kg	13.4%
Brick margarine 500g	-2.7%	Beef chuck - fresh per kg	4.6%	Apples - fresh per kg	16.7%
Peanut butter 800g	-1.1%	Full cream milk - fresh 1ℓ	4.7%	Tomatoes - fresh per kg	21.7%
Rice 1kg	-1.1%	Beef rump steak -fresh per kg	5.1%	Oranges - fresh per kg	22.9%
Sunflower oil 500mℓ	-0.9%	Beef T-bone - fresh per kg	5.7%		
Margarine spread (tub) 1kg	-0.8%	Beef fillet - fresh per kg	6.4%		
Loaf of white bread 600g	0.0%	Low fat milk - fresh 1ℓ	7.9%	**Other**	**%**
Rice 500g	0.3%	Low fat milk - fresh 2ℓ	11.9%	White sugar 2.5kg	-5.9%
Loaf of brown bread 700g	1.1%	Eggs 1/2 dozen	12.0%	White sugar 1kg	-3.4%
Loaf of white bread 700g	1.1%			Instant coffee 750g	-0.8%
Sunflower oil 750mℓ	1.2%			Instant coffee 250g	0.1%
Brick margarine 125g	1.2%			Ceylon/black tea 62.5g	1.6%
Loaf of brown bread 600g	1.3%			Instant coffee 100g	2.1%
Peanut butter 400g	2.1%			Ceylon/black tea 125g	3.9%
Brick margarine 250g	2.3%			Ceylon/black tea 250g	12.8%
Rice 2kg	2.3%			Ceylon/black tea 200g	23.1%
Peanut butter 270g	3.8%				
Margarine spread (tub) 500g	21.9%				

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: July 2018 vs. July 2017

During the period July 2018 vs. July 2017, the international price of wheat (US No 2, Hard Red Winter ord. Prot., US Fob Gulf) increased by 16.3%, while the domestic wheat prices decreased by 10.1%. Urban consumers paid 6.9% less for a loaf of brown bread (700g) and 3.4% less for a loaf of white bread (700g), during the same period. Domestic yellow maize prices increased by 8.5%, while international yellow maize prices increased by 4.1%. Super maize meal (2.5kg) decreased by 13.5%, while special maize meal (2.5kg) decreased by 18.3%, in urban areas. During the same period, the urban prices of sunflower oil (750mℓ) decreased with 1.4%. The domestic price of sunflower seed decreased by 1.1% y-o-y, whilst the international sunflower seed prices increased by 1%.

During this period July 2018 vs. July 2017, the average meat producer prices experienced an increasing trend, with the exception of pork and frozen chicken portions. The average beef producer prices (R/kg) of class A2/A3, class B2/B3 and C2/C3 increased by 0.4%, 2% and 0.8%, respectively. Lamb/mutton producer prices (R/kg) of class A2/A3, class B2/B3 and class C2/C3 increased by 6.5%, 10.4% and 3.6%, respectively. Producer prices of frozen chicken portions (R/kg) decreased by 2.4%, whilst fresh and individually quick frozen (IQF) chicken portions increased by 1.4% and 2.2%, respectively.

4. Comparison between urban and rural prices: July 2018

Table 4 compares prices of selected food items in rural and urban areas for July 2018. Food items showing the largest price differences between urban and rural areas in July 2018 were: sunflower oil (750mℓ) at a difference of R3.95, Ceylon/black tea (62.5g) at R3.44 difference, and a loaf of white bread (700g) at a difference of R0.33. 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), special maize meal (5kg), and margarine spread (500g)), than their urban counterparts.

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

Product	Urban Food Prices July 2018	Rural Food Prices July 2018	Price difference R/unit
Full cream milk – long life 1ℓ	13.70	14.81	-1.11
Loaf of brown bread 700g	11.34	11.66	-0.32
Loaf of white bread 700g	12.95	12.62	0.33
Special maize 2.5 kg	18.03	19.66	-1.63
Super maize 2.5 kg	21.38	21.64	-0.26
Margarine spread 500g	27.09	28.29	-1.20
Peanut butter 400g	27.86	29.99	-2.13
Rice 2kg	26.01	25.71	0.30
Sunflower oil 750mℓ	21.47	17.52	3.95
Ceylon/black tea 62.5g	15.99	12.55	3.44
White sugar 2.5kg	35.76	14.81	-4.48
Average			**-0.28**

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 2014 to 2018, with July 2018 reaching an index level of 144.21 percentage points.

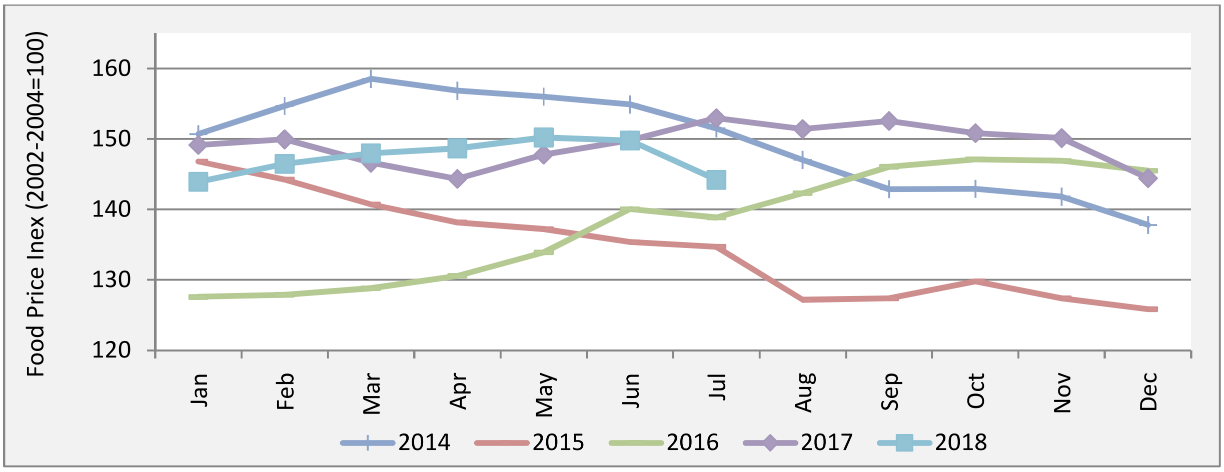

Figure 3: International monthly real food price index
Source: FAO, 2018

Figure 4 shows the price indices for the five food categories, in real terms. The monthly (July 2018 vs. June 2018) and annual (July 2018 vs. July 2017) growth percentages indicate a decreasing trend for all indexes. The Dairy index reflected the largest m-o-m decline of 6.6%, whilst the Sugar and Oils price indexes reflected the largest y-o-y decrease of 19.6% and 11.5%, respectively.

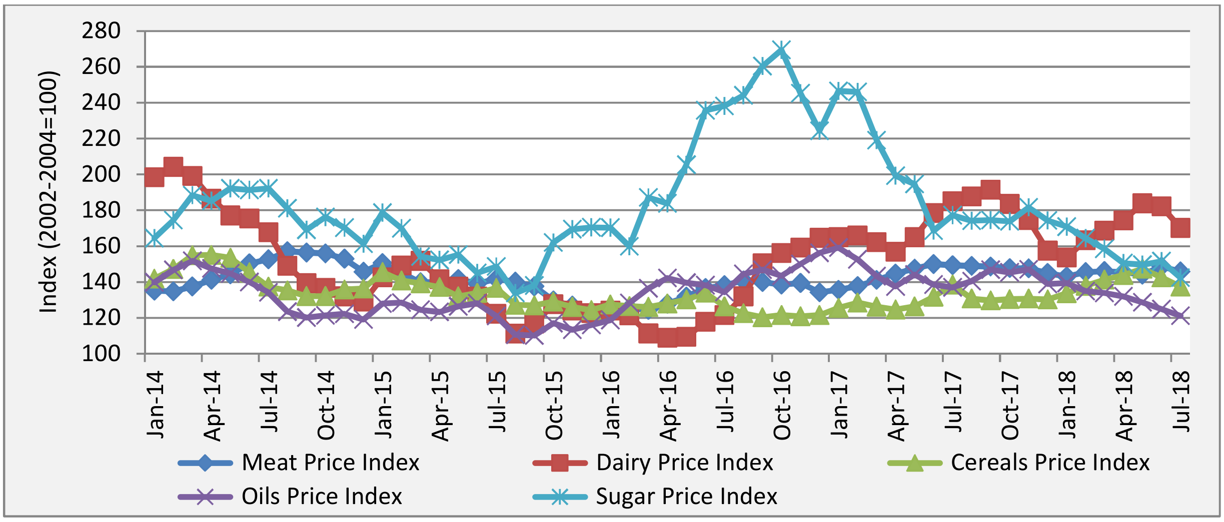

Figure 4: Real price indices for five food categories
Source: FAO, 2018

The **FAO Food Price Index (FFPI)**[1] fell sharply in July 2018, the sharpest monthly drop since December 2017. The FFPI, in nominal terms, averaged 168.8 points in July 2018, down 6.5 points (3.7%) from June and 10.3 points (3.7%) from the corresponding period last year. The July 2018 fall marked the first significant m-o-m decline in the value of the FFPI since December 2017, reflecting notable declines in all sub-indices.

The **FAO Cereal Price Index**, in nominal terms, averaged 160.9 points in July 2018, down approximately 6 points (3.6%) from June 2018 and also 1.3 points (0.8%) below its level in the corresponding period last year. The decline in July 2018 was driven by weaker export quotations for wheat, maize and rice. International wheat prices were generally weaker during the first half of the month, but concerns over production prospects in the EU and the Russian Federation started to push export values higher towards the end of the month. In coarse grains markets, maize prices remained under general downward pressure, largely on weak demand and good production prospects in the US. However, similar to wheat markets, maize values made solid gains towards the end of the month, on weather worries and a faster pace in export sales. International rice prices also fell, pressured by frail demand for Indica and fragrant varieties as well as currency movements in some leading exporters.

The **FAO Vegetable Oil Price Index,** in nominal terms, averaged 141.9 points in July 2018, down 4.2 points (2.9%) from June 2018, marking a sixth consecutive fall and a two-and-a-half year low. The latest decline mostly reflects weakening values of palm oil and soy oil. International palm oil prices fell further under the influence of sluggish export demand, ample stocks held by leading producing countries, and expectations of higher production in the coming weeks. As for soy oil, the fresh drop in prices was largely driven by spill-over weakness from the soybean market and persistently high crushing rates in the US, supported by attractive crush margins. On the other hand, rapeseed oil values trended upward, underpinned by improved demand from biodiesel producers and negative crop prospects in the EU.

The **FAO Dairy Price Index,** in nominal terms, averaged 199.1 points in July, down 14.1 points (6.6%) from June 2018. At this level, the index reached 10.7% above January 2018 but still 8% below the corresponding month a year ago. International price quotations across all dairy commodities fell, with the sharpest decline registered for butter and cheese. Whole Milk Powder (WMP) and Skim Milk Powder (SMP) prices also weakened. Dairy markets have remained under downward pressure, supported by ample export supplies, including good production prospects in New Zealand.

The **FAO Meat Price Index**, in nominal terms, averaged 170.7 points in July, down 3.3 points (1.9%) from its revised value for June 2018. The June 2018 upward revision primarily reflects a sharp rise in bovine meat prices from Brazil, caused by a decline in exports following logistical problems due the prolonged truck drivers' strike. In July 2018, the Index shed few points, in part due to a gradual normalization of meat exports from Brazil. Overall, price quotations for bovine meat fell, while those of pig and poultry meat also weakened. However, ovine meat prices increased marginally on strong import demand, especially from China and the US.

The **FAO Sugar Price Index,** in nominal terms, averaged 166.7 points in July, down 10.7 points (6%) from June 2018 and nearly 20% lower than its level in the corresponding period of last year. The sharp decline in July 2018 was largely driven by improved production prospects in the main sugar producing countries, notably India and Thailand. Expectations of lower sugar output in Brazil, the world's largest producer and

[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.*

exporter, resulting from protracted drought conditions, as well as a greater use of sugarcane for the production of ethanol, limited the fall in international sugar prices.

6. Estimated impact of food inflation on consumers

The estimated impact of food inflation on consumers

The purpose of this section is to illustrate the impact of food inflation on consumers. The analysis presented in this section is based on the cost of a 28-item NAMC food basket[2] (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 July 2018 vs. July 2017.

In July 2018, the nominal cost of the NAMC's 28-item urban food basket reached **R844.72**, decreasing by 0.3%, from June 2018 (m-o-m) and increasing by 1.2% from July 2017 (y-o-y). The cost of this food basket expressed as a share of the average monthly income[3] of the poorest 30% of the population was 56.8% in July 2018, and 56.1% in July 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% in July 2018 and in July 2017 (**Figure 5**).

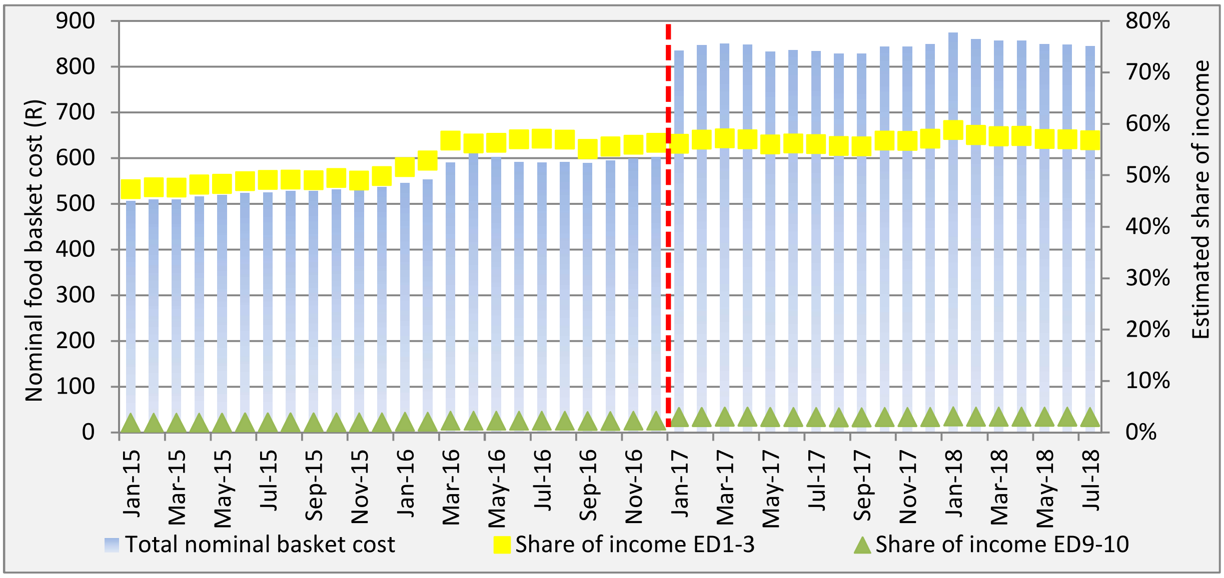

Figure 5: The cost of a typical consumer food basket for the period January 2015 to July 2018, expressed in nominal terms and as share of the average income of the poorest 30% of households (Expenditure Deciles [ED] 1-3) and the wealthiest 20% of households ([ED] 9-10)

Sources: BFAP calculations, Stats SA 2018

*Note: New basket composition from January 2017

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[2]*Composition of the NAMC 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).*

[3]*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).*

To further explore the impact of inflation on consumers, **Figure 6** presents an illustration of the average nominal cost growth of specific food groups within the 28-item NAMC food basket, comparing the periods July 2018 vs. July 2017 (y-o-y) and July 2018 vs. June 2018 (m-o-m). The following food categories in this basket experienced increased annual inflation: vegetables, coffee & tea, dairy & eggs, fruit, and animal protein.

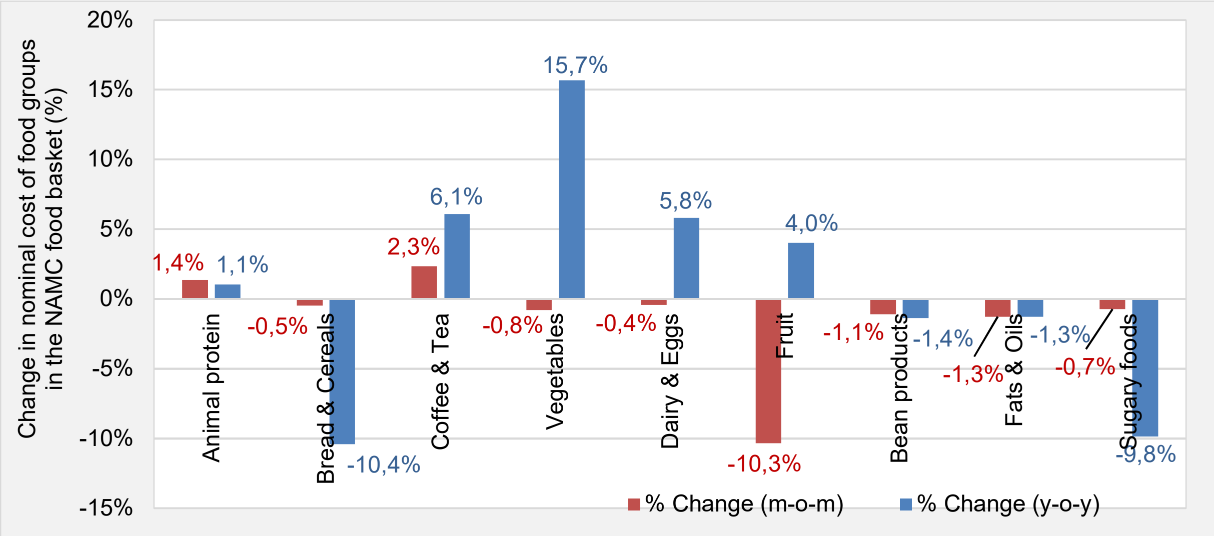

Figure 6: Nominal cost growth of specific food groups within the 28-item NAMC food basket, comparing July 2018 vs. July 2017 and July 2018 vs. June 2018
Sources: BFAP & NAMC calculations, Stats SA data, 2018

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, July 2018 vs. July 2017

Food group:	Overall inflation rate: Jul 2018 vs. Jul 2017	Overall inflation rate: Apr 2018 vs. Apr 2017*	Major contributors to inflation in this category:	Minor contributors to inflation in this category:	Non-contributors to inflation in this category:	Comments:
Animal protein	+1.1%	+4%	Beef mince (+9.8%) IQF chicken portions (+7.9%) Tinned fish (+3.7%)	None	Beef offal (-17.4%) Polony (-3.8%) Chicken giblets (-2.4%)	High inflation on beef mince, chicken and tinned fish.
Bread and cereals	-10.4%	-12.7%	None	Rice (+0.7%)	Maize meal (-19.9%) Brown bread (-6.9%) White bread (-3.4%)	Deflation on maize meal and bread.
Vegetables	+15.7%	+3.5%	Tomatoes (+25.6%) Onions (+22.1%)) Potatoes (+9.2%) Cabbage (+3.4%)	None	None	High inflation on onions, tomatoes and potatoes.
Fruit	+4.0%	-5.9%	Oranges (+22.2%) Apples (+4.1%)	None	Bananas (-10.2%)	High inflation on oranges, some inflation on apples, deflation on bananas.
Dairy	+7.9%	+7.9%	Cheddar cheese (+2.5%)	None	Full cream milk (-1.2%)	High inflation on the price of eggs and some inflation on cheddar cheese.
Eggs	+6.1%	+6.1%	Eggs (+17.4%)	None	None	
Fats and oils	-1.3%	-0.2%	None	None	Sunflower oil (-1.4%) Brick margarine (-1.2%)	Price deflation on margarine and sunflower oil.
Bean products	-1.4%	+1.6%	Baked beans (+5.4%)	None	Dried beans (-4.6%) Peanut butter (-1.3%)	Inflation on baked beans.
Coffee and tea	+6.1%	+4.4%	Ceylon/black tea (+10.5%) Instant coffee (+2.2%)	None	None	Inflation on tea, with some inflation on coffee.
Sugary foods	-9.8%	-4.9%	None	None	White sugar (-9.8%)	Price deflation on white sugar.

Sources: BFAP calculations, Stats SA 2018

*Note: Previous Food Price Monitor analysis period prior to July 2018 vs. July 2017 comparison

When comparing July 2018 vs. July 2017 retail prices, higher price inflation (6% or more) were observed for the following products within the 28-item NAMC food basket (in order from highest to lowest inflation): tomatoes, oranges, onions, eggs, tea, beef mince, potatoes and IQF chicken portions. Despite relief in staple food prices, the items with high inflation could have negative implication in terms of dietary diversity. When comparing the inflation rates for July 2018 vs. July 2017 with April 2018 vs. April 2017 (i.e. the previous Food Price Monitor analysis period), the rate of inflation was higher for bread and cereals, vegetables, fruit and coffee/tea.

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 8** illustrates the estimated portion costs for these foods, calculated from monthly food price data for July 2018 vs. July 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 60% more in this case for July 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 July 2018 vs. July 2017 prices, the results in **Figure 8** indicated deflation of approximately 9.5% (from R5.98 to R5.41 for the selection of portions). Significant deflation in maize meal with some deflation in brown bread and sugar, contributed to the deflation observed on this 'food plate'. Comparing July 2018 vs. June 2018, the costs associated with the typical portion sizes of very poor consumers for the five most widely consumed food items in South Africa, decreased by 1.4%.

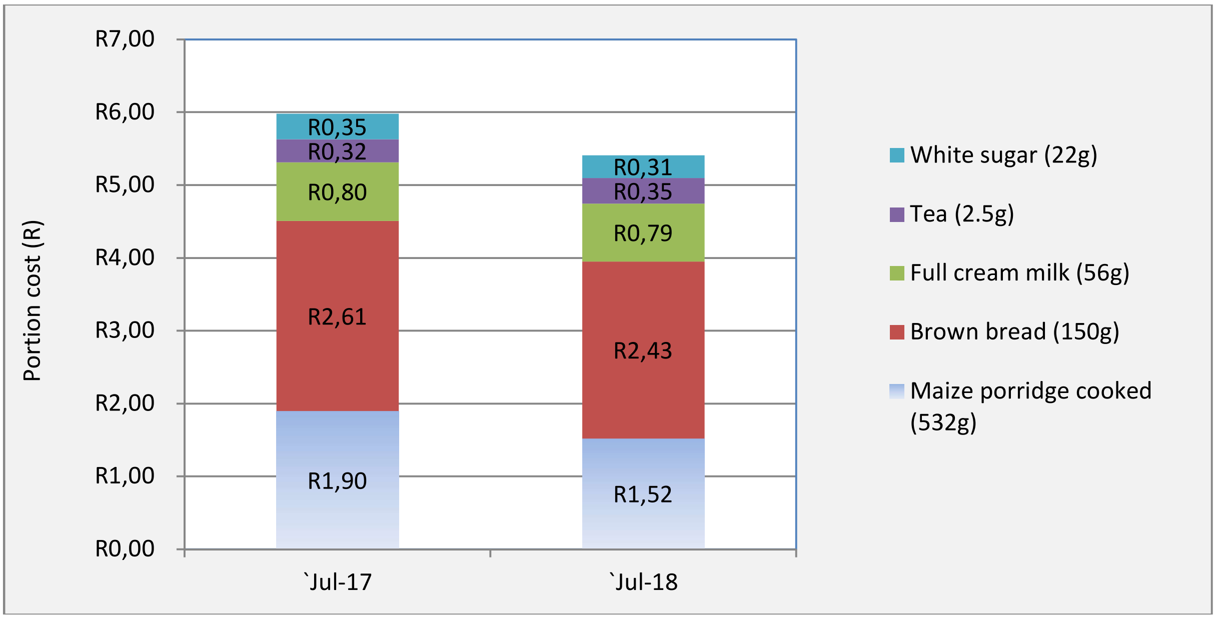

Figure 7: Average nominal cost for the typical portions of the five food items most widely consumed by very poor consumers in South Africa, July 2018 vs. July 2017
Sources: BFAP calculations, Stats SA 2018

7. Outlook

Against expectations, food inflation in July 2018 was recorded slightly lower at 3%, compared to 3.6% the month before. The initial expectation for accelerating inflation in July 2018 was driven by increased fuel prices and the effect of the fiscal measures (VAT and other levies) as implemented in April 2018. The rates

[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*

in July 2018, however, benefited from the relatively strong exchange rate in the second quarter of 2018 (current standards) and our expectations is that August 2018 will be the first month in which the decelerating trend, prevalent in the second quarter of 2018, will be reversed. From a commodity perspective, this reversal will predominantly be driven by a weak(er) exchange rate and the most eminent effect of this will be in staple prices such as bread and maize meal.

The low inflation rates of late was to a large extent as a result of the disinflation associated with cereals and fruit. In July 2018 disinflation on bread and cereals was 3% and on fruit, 4.2%. The rapid depreciation in the exchange rate will however support grain and fruit prices over the coming months and it expected that the disinflation will turn into moderate inflation, in these food groups, over the outlook period. In grains specifically, average monthly maize prices have increased by almost 9%, m-o-m, and approximately 20% y-o-y. It is therefore expected that maize meal prices will increase by approximately 10% over the next quarter. Wheat prices, in turn, increased 4% m-o-m between July 2018 and August 2018, but are still around 10% lower compared to July 2017 levels. This could serve as a mitigating factor for the above-mentioned increases in maize and associated maize meal prices. It should however be noted that wheat is a much smaller share of the final retail product (bread) compared to maize and maize meal. As a result, recent exchange rate and oil price dynamics provides a conducive environment for significant upside risk in bread prices towards the end of quarter 3.

The recent disinflation prevalent in fruit could possibly be explained by quality issues related to the drought, causing more fruits to be diverted into the local market and issues related to softer demand. With local consumption spending under pressure, it is expected that consumers will move away from more luxurious items such as fruit to more affordable options such as vegetables and starches. Although demand pressures are expected to persist over the next three months, exchange rate movements, as mentioned above is expected to support fruit prices resulting in marginal inflation rates.

Red meat prices seem to have lost the upward momentum prevalent in 2017. Y-o-y, producer prices for July 2018 hardly changed with A1 cattle prices per kilogram declining from R46.43/kg in July 2017 to R45.32/kg in the corresponding month this year. Pork prices, in turn, have seen a recovery from the Listeriosis crash in March 2018 but are still roughly 12% lower than this time last year. The m-o-m trend however suggest that prices are picking up and that the disinflation in pork prices could also turn into marginal inflation in the outlook period. Reported producer prices also suggest that chicken prices have been moving sideways in y-o-y terms. With roughly 20% of local of chicken demand being imported, it is expected that the depreciation in the exchange rate will also support retail prices of chicken products to higher levels. Meat inflation in general are not expected to be as pronounced over the outlook period as in 2017 and early 2018. There is however notable that export parity prices for beef and import parity prices for chicken and pork have been affected by the currency slide and that this will support retail prices going forward.

In terms of vegetable prices, potato sales in June 2018 and July 2018 have been the highest in three years. Since the beginning of the year the volume of potatoes sold increased by only 1%, prices were however, 12% higher. This suggest strong demand growth which serve as an indication that the July 2018 inflation of 8.8% associated with vegetables can be an indication of solid demand. This is in contrast to fruits, as discussed above. If one however compares per kilogram prices of basic fruits such as bananas, apples and oranges to that of basic vegetables such as potatoes, carrots and cabbage, vegetables are still cheaper in absolute terms and therefore provides a more affordable avenue toward the consumption of a relatively balanced diet. Based on supplied side factors and bolstered volumes vegetable prices, especially that of potatoes, are expected to increase marginally over the next three months.

As evident from the discussions above, currency issues are dominating current food inflation dynamics. This impacts primary commodity prices but also have an impact on manufacturing and distribution cost. Key international factors to watch out for over the next the months that could affect the trends discussed above are sanctions on Iran by the US (and possibly European countries) that could support oil prices. At the moment, market sentiment suggests that the effect of this could be offset by lower demand for oil amidst the raging trade dispute between the US and China. The main local uncertainty is the mid-term budget in October, that could affect South Africa's investment grade and implicitly also our currency.

APPENDIX A: DATA ON URBAN FOOD PRICE TRENDS

Table A.1: Wheat products

Wheat products	Price level			Percentage Change	
	Jul-17	Apr-18	Jul-18	Jul-18 vs Apr-18	Jul-18 vs Jul-17
Cake flour 1kg	12.74	12.43	12.43	0.0%	-2.4%
Cake flour 2.5kg	26.01	25.58	25.45	-0.5%	-2.2%
Cake flour 5kg	55.36	54.52	53.14	-2.5%	-4.0%
Instant noodles 73g	4.94	4.94	4.92	-0.4%	-0.4%
Instant noodles 75g	4.41	4.54	4.55	0.2%	3.2%
Instant noodles 78g	4.69	4.54	4.84	6.6%	3.2%
Instant noodles 85g	3.92	3.92	3.92	0.0%	0.0%
Loaf of brown bread 600g	7.09	6.80	7.03	3.4%	-0.8%
Loaf of brown bread 700g	12.18	11.47	11.34	-1.1%	-6.9%
Loaf of brown bread 800g	15.62	13.75	14.05	2.2%	-10.1%
Loaf of white bread (each)	11.08	11.39	12.16	6.8%	9.7%
Loaf of white bread 600g	8.04	7.86	8.15	3.7%	1.4%
Loaf of white bread 700g	13.41	13.05	12.95	-0.8%	-3.4%
Macaroni 1kg	27.16	27.69	26.02	-6.0%	-4.2%
Macaroni 500g	12.67	12.22	11.77	-3.7%	-7.1%
Pasta 1kg	35.39	32.32	37.95	17.4%	7.2%
Pasta 500g	17.71	17.61	17.12	-2.8%	-3.3%
Spaghetti 1kg	26.29	24.92	24.53	-1.6%	-6.7%
Spaghetti 500g	12.79	12.74	12.46	-2.2%	-2.6%
Average				**1.0%**	**-1.5%**
Domestic price of wheat	**4,497.38**	**3,849.71**	**4,043.89**	**5.0%**	**-10.1%**

Source: Stats SA, 2018

Table A.2: Maize products

Maize products	Price level			Percentage Change	
	Jul-17	Apr-18	Jul-18	Jul-18 vs Apr-18	Jul-18 vs Jul-17
Special maize 10kg	77.08	61.78	57.71	-6.6%	-25.1%
Special maize 1kg	9.38	7.59	7.53	-0.8%	-19.7%
Special maize 2.5kg	22.07	18.90	18.03	-4.6%	-18.3%
Special maize 5kg	42.01	34.67	33.17	-4.3%	-21.0%
Super maize 1kg	11.12	10.13	10.24	1.1%	-7.9%
Super maize 2.5kg	24.71	21.84	21.38	-2.1%	-13.5%
Super maize 5kg	44.59	39.24	35.72	-9.0%	-19.9%
Average				**-3.8%**	**-17.9%**
Domestic price of yellow maize	**1,943.33**	**2,065.52**	**2,107.55**	**2.0%**	**8.5%**
Domestic price of white maize	**1,824.95**	**1,966.29**	**2,034.77**	**3.5%**	**11.5%**

Source: Stats SA, 2018

Table A.3: Sunflower products

Sunflower products	Price level			Percentage Change	
	Jul-17	Apr-18	Jul-18	Jul-18 vs Apr-18	Jul-18 vs Jul-17
Brick margarine 125g	8.42	7.63	8.00	4.8%	-5.0%
Brick margarine 1kg	43.45	44.38	44.28	-0.2%	1.9%
Brick margarine 250g	13.44	13.73	13.42	-2.3%	-0.1%
Brick margarine 500g	22.53	21.52	22.27	3.5%	-1.2%
Margarine spread 1kg	41.03	42.05	41.79	-0.6%	1.9%
Margarine spread 500g	27.55	27.37	27.09	-1.0%	-1.7%
Sunflower oil 2ℓ	41.01	38.03	38.10	0.2%	-7.1%
Sunflower oil 4ℓ	81.88	77.49	77.63	0.2%	-5.2%
Sunflower oil 500mℓ	14.71	14.24	14.33	0.6%	-2.6%
Sunflower oil 750mℓ	21.77	22.49	21.47	-4.5%	-1.4%
Average				**0.1%**	**-2.0%**
Domestic price of sunflower seed	**4,697.19**	**4,621.10**	**4,643.50**	**0.5%**	**-1.1%**

Source: Stats SA, 2018

Table A.4: Processed vegetables

Processed vegetables	Price level			Percentage Change	
	Jul-17	Apr-18	Jul-18	Jul-18 vs Apr-18	Jul-18 vs Jul-17
Baked beans - tinned 410g	9.34	9.91	9.84	-0.7%	5.4%
Beans - dried 1kg	39.38	37.52	36.53	-2.6%	-7.2%
Beans - dried 2kg	63.56	59.30	59.01	-0.5%	-7.2%
Beans - dried 500g	19.81	19.39	18.90	-2.5%	-4.6%
Average				**-1.6%**	**-3.4%**

Source: Stats SA, 2018

Table A.5: Fresh vegetables

Fresh vegetables	Price level			Percentage Change	
	Jul-17	Apr-18	Jul-18	Jul-18 vs Apr-18	Jul-18 vs Jul-17
Beetroot - fresh per kg	13.16	10.64	10.63	-0.1%	-19.2%
Broccoli - fresh per kg	-	39.62	38.90	-1.8%	
Cabbage - fresh each	13.89	13.75	14.14	2.8%	1.8%
Cabbage - fresh per kg	12.10	10.62	12.51	17.8%	3.3%
Carrots - fresh per kg	-	9.79	9.19	-6.1%	
Cauliflower - fresh per kg	33.13	41.99	41.16	-2.0%	24.2%
Onions - fresh per kg	11.83	13.88	14.44	4.0%	22.1%
Potatoes - fresh per kg	10.73	12.03	11.72	-2.6%	9.2%
Pumpkin - fresh per kg	10.57	9.61	10.51	9.4%	-0.6%
Sweet potatoes - fresh per kg	15.10	17.71	16.87	-4.7%	11.7%
Tomatoes - fresh per kg	14.36	18.03	18.04	0.1%	25.6%

Fresh vegetables	Price level			Percentage Change	
	Jul-17	Apr-18	Jul-18	Jul-18 vs Apr-18	Jul-18 vs Jul-17
Average				**1.5%**	**8.7%**

Source: Stats SA, 2018

Table A.6: Processed meat

Processed meat	Price level			Percentage Change	
	Jul-17	Apr-18	Jul-18	Jul-18 vs Apr-18	Jul-18 vs Jul-17
Bacon per kg	33.82	36.51	35.09	-3.9%	3.7%
Corned beef 300g	24.05	23.24	22.63	-2.6%	-5.9%
Ham 500g	37.02	37.23	36.52	-1.9%	-1.4%
Polony per kg	45.95	40.50	44.19	9.1%	-3.8%
Sausage 500g	46.49	44.11	45.99	4.3%	-1.1%
Average				**1.0%**	**-1.7%**

Source: Stats SA, 2018

Table A.7: Unprocessed meat

Unprocessed meat	Price level			Percentage Change	
	Jul-17	Apr-18	Jul-18	Jul-18 vs Apr-18	Jul-18 vs Jul-17
Beef brisket - fresh per kg	82.84	86.67	86.11	-0.6%	3.9%
Beef chuck - fresh per kg	83.42	88.72	87.81	-1.0%	5.3%
Beef fillet - fresh per kg	193.45	195.37	190.60	-2.4%	-1.5%
Beef mince - fresh per kg	77.20	83.64	84.73	1.3%	9.8%
Beef offal - fresh per kg	43.34	34.40	35.80	4.1%	-17.4%
Beef rump steak - fresh per kg	130.47	127.85	125.61	-1.8%	-3.7%
Beef sirloin - fresh per kg	133.77	137.33	138.23	0.7%	3.3%
Beef stew - per kg	75.82	78.03	77.23	-1.0%	1.9%
Beef T-bone - fresh per kg	100.09	103.78	103.95	0.2%	3.9%
Chicken giblets per kg	35.27	34.85	34.41	-1.3%	-2.4%
Chicken portions - fresh per kg	56.61	58.69	60.03	2.3%	6.0%
Chicken portions frozen - non IQF average per kg	47.73	49.00	48.19	-1.7%	1.0%
Chicken portions frozen - non IQF per kg (real)	44.58	49.00	48.19	-1.7%	8.1%
IQF chicken portions - 1,5kg	58.03	63.43	64.29	1.4%	10.8%
IQF chicken portions - 1,8kg	55.90	59.59	58.26	-2.2%	4.2%
IQF chicken portions - 1kg	18.57	32.99	45.49	37.9%	144.9%
IQF chicken portions - 2kg	63.19	69.06	68.16	-1.3%	7.9%
IQF chicken portions - 4kg	152.12	132.75	140.34	5.7%	-7.7%
IQF chicken portions - 5kg	158.53	172.00	167.38	-2.7%	5.6%
Lamb - leg per kg	129.32	135.33	137.25	1.4%	6.1%

Unprocessed meat	Price level			Percentage Change	
	Jul-17	Apr-18	Jul-18	Jul-18 vs Apr-18	Jul-18 vs Jul-17
	146.03	158.19	158.10	-0.1%	8.3%
Lamb - loin chop per kg	109.41	118.31	119.03	0.6%	8.8%
Lamb - neck per kg	46.41	49.46	50.10	1.3%	8.0%
Lamb - offal per kg	140.54	155.35	157.29	1.2%	11.9%
Lamb - rib chop per kg	129.32	135.33	137.25	1.4%	6.1%
Lamb - stew per kg	100.03	108.61	112.18	3.3%	12.1%
Pork - ribs per kg	83.63	77.73	73.90	-4.9%	-11.6%
Pork chops - fresh per kg	79.42	78.19	74.03	-5.3%	-6.8%
Whole chicken - fresh per kg	44.95	46.41	46.16	-0.5%	2.7%
Average				**1.2%**	**8.0%**

Source: Stats SA, 2018

Table A.8: Eggs and dairy products

Eggs & dairy products	Price level			Percentage Change	
	Jul-17	Apr-18	Jul-18	Jul-18 vs Apr-18	Jul-18 vs Jul-17
Cheddar cheese per kg	102.53	107.17	105.12	-1.9%	2.5%
Eggs 0.5 dozen	14.69	16.56	16.88	1.9%	14.9%
Eggs 1,5 dozen	37.28	44.37	43.78	-1.3%	17.4%
Eggs 2 dozen	43.48	53.99	53.99	0.0%	24.2%
Eggs 2.5 dozen	52.87	61.83	61.28	-0.9%	15.9%
Full cream milk - fresh 1ℓ	14.02	14.21	14.41	1.4%	2.8%
Full cream milk - fresh 250mℓ	6.48	6.74	6.77	0.4%	4.5%
Full cream milk - fresh 2ℓ	25.86	25.95	26.19	0.9%	1.3%
Full cream milk - fresh 500mℓ	9.88	10.39	10.40	0.1%	5.3%
Full cream milk - long life 1ℓ	13.87	13.96	13.70	-1.9%	-1.2%
Full cream milk - long life 500mℓ	8.65	8.83	8.83	0.0%	2.1%
Full cream milk - long life 6x1ℓ	74.99	73.87	72.32	-2.1%	-3.6%
Low fat milk - fresh 1ℓ	15.39	15.46	15.35	-0.7%	-0.3%
Low fat milk - fresh 2ℓ	26.36	26.74	26.94	0.7%	2.2%
Low fat milk - long life 1,5ℓ	19.48	19.79	20.16	1.9%	3.5%
Low fat milk - long life 1ℓ	13.77	13.83	13.62	-1.5%	-1.1%
Powdered milk 250g	38.13	39.62	41.79	5.5%	9.6%
Powdered milk 400g	60.43	67.13	67.22	0.1%	11.2%
Powdered milk 500g	54.72	57.16	55.61	-2.7%	1.6%
Powdered milk 900g	136.20	138.34	137.38	-0.7%	0.9%
Average				**0.0%**	**5.7%**

Source: Stats SA, 2018

Table A.9: Fruits

Fruits	Price level			Percentage Change	
	Jul-17	Apr-18	Jul-18	Jul-18 vs Apr-18	Jul-18 vs Jul-17
Apples - fresh per kg	18.21	20.38	18.96	-7.0%	4.1%
Bananas - fresh per kg	14.74	14.92	13.24	-11.3%	-10.2%
Naartjies - fresh per kg	19.56	32.16	22.79	-29.1%	16.5%
Oranges - fresh per kg	11.45	23.35	13.99	-40.1%	22.2%
Pears - fresh per kg	18.38	20.08	20.91	4.1%	13.8%
Average				**-16.7%**	**9.3%**

Source: Stats SA, 2018

Table A.10: Fish Products

Tinned fish products	Price level			Percentage Change	
	Jul-17	Apr-18	Jul-18	Jul-18 vs Apr-18	Jul-18 vs Jul-17
Fish (excl. tuna) - tinned 155g	10.64	11.05	10.58	-4.3%	-0.6%
Fish (excl. tuna) - tinned 215g	13.60	13.90	13.96	0.4%	2.6%
Fish (excl. tuna) - tinned 400g	17.68	18.40	18.34	-0.3%	3.7%
Tuna - tinned 170g	18.27	20.55	20.24	-1.5%	10.8%
Average				**-1.4%**	**4.1%**

Source: Stats SA, 2018

Table A.11: Other products

Other products	Price level			Percentage Change	
	Jul-17	Apr-18	Jul-18	Jul-18 vs Apr-18	Jul-18 vs Jul-17
Cold Cereals 375g	35.49	38.16	39.07	2.4%	10.1%
Cold Cereals 400g	35.24	36.46	39.44	8.2%	11.9%
Cold Cereals 450g	27.10	24.71	25.38	2.7%	-6.3%
Cold Cereals 500g	32.70	33.60	34.14	1.6%	4.4%
Cold Cereals 750g	44.36	46.10	48.15	4.4%	8.5%
Ceylon/black tea 125g	24.90	25.39	27.32	7.6%	9.7%
Ceylon/black tea 250g	31.71	34.01	35.05	3.1%	10.5%
Ceylon/black tea 500g	56.03	62.19	66.66	7.2%	19.0%
Ceylon/black tea 62.5g	14.62	14.89	15.99	7.4%	9.4%
Instant coffee 100g	27.53	24.87	25.46	2.4%	-7.5%
Instant coffee 200g	83.17	81.96	76.33	-6.9%	-8.2%
Instant coffee 250g	35.65	35.85	36.42	1.6%	2.2%
Instant coffee 500g	55.49	58.34	59.72	2.4%	7.6%
Instant coffee 750g	79.55	78.07	76.89	-1.5%	-3.3%
Peanut butter 250g	20.07	20.82	20.41	-2.0%	1.7%
Peanut butter 400g	28.23	28.27	27.86	-1.5%	-1.3%
Peanut butter 800g	52.04	52.21	52.84	1.2%	1.5%
Rice 10kg	105.41	123.06	122.56	-0.4%	16.3%
Rice 1kg	18.41	18.69	18.78	0.5%	2.0%

Other products	Price level			Percentage Change	
	Jul-17	**Apr-18**	**Jul-18**	**Jul-18 vs Apr-18**	**Jul-18 vs Jul-17**
Rice 2kg	25.82	25.36	26.01	2.6%	0.7%
Rice 500g	8.25	8.16	8.53	4.5%	3.4%
Rice 5kg	66.91	64.88	65.70	1.3%	-1.8%
White sugar 10kg	166.89	160.49	154.87	-3.5%	-7.2%
White sugar 1kg	19.02	18.64	18.14	-2.7%	-4.6%
White sugar 2.5kg	39.66	37.49	35.76	-4.6%	-9.8%
White sugar 2kg	29.24	27.99	24.74	-11.6%	-15.4%
White sugar 500g	10.40	10.24	10.01	-2.2%	-3.8%
White sugar 5kg	84.18	78.39	76.23	-2.8%	-9.4%
Average				**0.8%**	**1.4%**

Source: Stats SA, 2018

APPENDIX B: DATA ON RURAL FOOD PRICE TRENDS

Table B.1: Wheat products

Wheat products	Price level			Percentage Change	
	Jul-17	Apr-18	Jul-18	Jul-18 vs Apr-18	Jul-18 vs Jul-17
Loaf of brown bread 600g	10.06	10.33	10.19	-1.3%	1.3%
Loaf of brown bread 700g	11.53	11.62	11.66	0.3%	1.1%
Loaf of white bread 600g	10.48	10.46	10.49	0.3%	0.0%
Loaf of white bread 700g	12.48	12.70	12.62	-0.6%	1.1%
Average				**-0.3%**	**0.9%**

Source: Stats SA, 2018

Table B.2: Maize products

Maize products	Price level			Percentage Change	
	Jul-17	Apr-18	Jul-18	Jul-18 vs Apr-18	Jul-18 vs Jul-17
Special maize 1kg	10.09	9.26	9.04	-2.4%	-10.4%
Special maize 2.5kg	22.33	20.66	19.66	-4.8%	-11.9%
Special maize 5kg	38.94	34.33	29.48	-14.1%	-24.3%
Super maize 1kg	11.96	10.70	10.55	-1.4%	-11.8%
Super maize 2.5kg	25.12	21.56	21.64	0.4%	-13.9%
Super maize 5kg	48.03	40.05	39.33	-1.8%	-18.1%
Average				**-4.0%**	**-15.1%**

Source: Stats SA, 2018

Table B.3: Sunflower products

Sunflower products	Price level			Percentage Change	
	Jul-17	Apr-18	Jul-18	Jul-18 vs Apr-18	Jul-18 vs Jul-17
Brick margarine 125g	9.21	9.30	9.33	0.4%	1.2%
Brick margarine 250g	14.64	14.52	14.98	3.2%	2.3%
Brick margarine 500g	22.49	21.08	21.89	3.9%	-2.7%
Margarine spread (tub) 1kg	39.85	38.31	39.53	3.2%	-0.8%
Margarine spread (tub) 500g	23.20	26.89	28.29	5.2%	21.9%
Sunflower oil 2ℓ	40.01	38.06	37.59	-1.2%	-6.1%
Sunflower oil 500mℓ	14.59	14.24	14.46	1.5%	-0.9%
Sunflower oil 750mℓ	17.31	17.46	17.52	0.4%	1.2%
Average				**2.1%**	**2.0%**

Source: Stats SA, 2018

Table B.4: Dairy products

Dairy products	Price level			Percentage Change	
	Jul-17	Apr-18	Jul-18	Jul-18 vs Apr-18	Jul-18 vs Jul-17
Eggs 1/2 dozen	9.79	10.98	10.97	-0.1%	12.0%
Full cream milk - fresh 1ℓ	13.34	13.45	13.97	3.9%	4.7%
Full cream milk - fresh 2ℓ	25.91	26.22	26.34	0.4%	1.7%
Full cream milk - fresh 500mℓ	10.05	9.95	10.30	3.5%	2.5%
Full cream milk - long life 1ℓ	14.65	14.62	14.81	1.3%	1.1%
Full cream milk - long life 500mℓ	10.23	10.46	10.12	-3.2%	-1.1%
Low fat milk - fresh 1ℓ	15.74	14.16	16.99	20.0%	7.9%
Low fat milk - fresh 2ℓ	26.79	28.55	29.99	5.0%	11.9%
Average				**3.8%**	**5.1%**

Source: Stats SA, 2018

Table B.5: Tea and coffee

Tea and coffee	Price level			Percentage Change	
	Jul-17	Apr-18	Jul-18	Jul-18 vs Apr-18	Jul-18 vs Jul-17
Ceylon/black tea 125g	20.50	20.99	21.30	1.5%	3.9%
Ceylon/black tea 200g	27.99	32.66	34.46	5.5%	23.1%
Ceylon/black tea 250g	28.46	30.84	32.10	4.1%	12.8%
Ceylon/black tea 62.5g	12.34	11.85	12.55	5.9%	1.6%
Instant coffee 100g	19.28	19.27	19.69	2.2%	2.1%
Instant coffee 250g	37.44	38.67	37.46	-3.1%	0.1%
Instant coffee 750g	80.49	80.55	79.85	-0.9%	-0.8%
Average				**2.2%**	**6.1%**

Source: Stats SA, 2018

Table B.6: Beans

Beans	Price level			Percentage Change	
	Jul-17	Apr-18	Jul-18	Jul-18 vs Apr-18	Jul-18 vs Jul-17
Beans dried 1kg	32.65	31.23	29.72	-4.8%	-9.0%
Beans dried 2kg	48.51	49.23	52.02	5.7%	7.2%
Beans dried 500g	17.34	16.29	16.26	-0.2%	-6.2%
Average				**0.2%**	**-2.7%**

Source: Stats SA, 2018

Table B.7: White sugar

Sugar	Price level			Percentage Change	
	Jul-17	Apr-18	Jul-18	Jul-18 vs Apr-18	Jul-18 vs Jul-17
White sugar 1kg	19.36	19.10	18.71	-2.0%	-3.4%
White sugar 2.5kg	42.76	41.49	40.24	-3.0%	-5.9%
Average				**-2.5%**	**-4.6%**

Source: Stats SA, 2018

Table B.8: Meat & Fish

Meat & Fish	Price level			Percentage Change	
	Jul-17	**Apr-18**	**Jul-18**	**Jul-18 vs Apr-18**	**Jul-18 vs Jul-17**
Beef brisket - fresh per kg	79.55	83.63	83.18	-0.5%	4.6%
Beef chuck - fresh per kg	79.93	83.29	83.58	0.3%	4.6%
Beef fillet - fresh per kg	147.38	151.78	156.78	3.3%	6.4%
Beef rump steak -fresh per kg	108.17	116.35	113.73	-2.3%	5.1%
Beef T-bone - fresh per kg	93.18	100.35	98.48	-1.9%	5.7%
Fish (excl. tuna) - tinned 155g	10.99	10.91	10.93	0.2%	-0.5%
Fish (excl. tuna) - tinned 425g	18.00	18.00	14.00	-22.2%	-22.2%
Average				**-3.3%**	**0.5%**

Source: Stats SA, 2018

Table B.9: Rice

Rice	Price level			Percentage Change	
	Jul-17	**Apr-18**	**Jul-18**	**Jul-18 vs Apr-18**	**Jul-18 vs Jul-17**
Rice 1kg	15.87	15.66	15.70	0.3%	-1.1%
Rice 2kg	25.14	25.80	25.71	-0.3%	2.3%
Rice 500g	8.88	8.67	8.91	2.8%	0.3%
Average				**0.9%**	**0.5%**

Source: Stats SA, 2018

Table B.10: Peanut butter

Peanut butter	Price level			Percentage Change	
	Jul-17	**Apr-18**	**Jul-18**	**Jul-18 vs Apr-18**	**Jul-18 vs Jul-17**
Peanut butter 270g	23.13	23.34	24.02	2.9%	3.8%
Peanut butter 400g	29.38	29.27	29.99	2.4%	2.1%
Peanut butter 800g	54.06	52.97	53.47	0.9%	-1.1%
Average				**2.1%**	**1.6%**

Source: Stats SA, 2018

Table B.11: Fruit & Vegetables

Fruit & Vegetables	Price level			Percentage Change	
	Jul-17	**Apr-18**	**Jul-18**	**Jul-18 vs Apr-18**	**Jul-18 vs Jul-17**
Apples - fresh per kg	16.27	19.69	18.98	-3.6%	16.7%
Bananas - fresh per kg	14.27	13.96	13.14	-5.9%	-7.9%
Onions - fresh per kg	11.41	12.46	12.94	3.8%	13.4%
Oranges - fresh per kg	11.12	16.19	13.66	-15.6%	22.9%
Potatoes - fresh per kg	10.67	11.11	11.25	1.3%	5.4%
Potatoes - fresh 10kg	45.25	69.66	49.66	-28.7%	9.8%

Tomatoes - fresh per kg	15.77	18.77	19.19	2.2%	21.7%
Average				**-6.6%**	**11.7%**

Source: Stats SA, 2018

APPENDIX C: COMMODITY AND PRODUCT PRICE TRENDS

C.1 Wheat price trends

Jul 2018 vs. Jul 2017:

International wheat price increased by 16.3%

Domestic price of wheat decreased by 10.1%

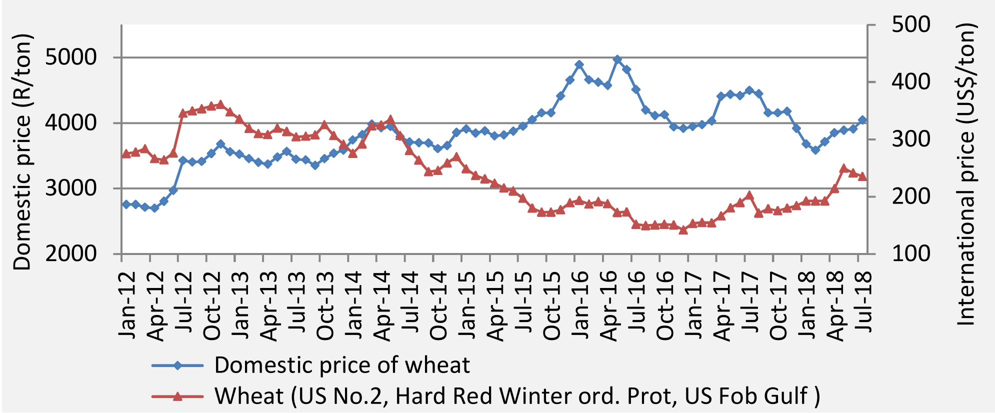

Figure C.1: Domestic market price vs global market price of wheat
Source: FAO and SAFEX, 2018

Domestic wheat price followed the import parity price of wheat closely. Jul 2018 vs. Jul 2017:
Wheat import parity price decreased by 11.9%;
Wheat export parity price decreased by 0.2%

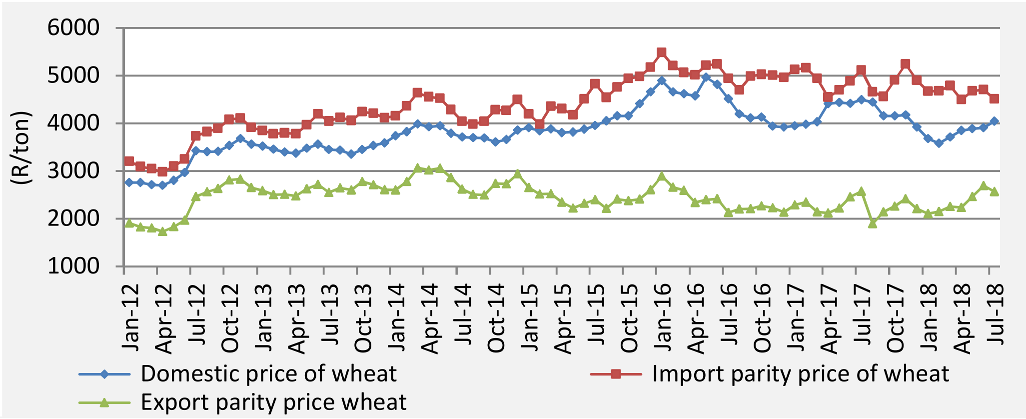

Figure C.2: Import parity, export parity and domestic prices of wheat
Source: SAGIS and SAFEX, 2018

Jul 2018 vs. Jul 2017:

Domestic wheat price decreased by 10.1%

Brown bread 700g price decreased by 6.9%

White bread 700g price decreased by 3.4%

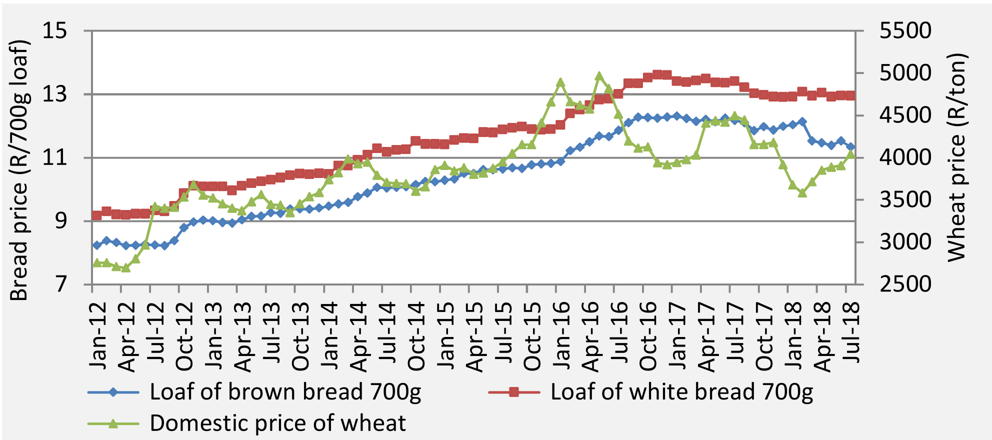

Figure C.3: Domestic wheat price and bread price trends
Source: Stats SA and SAFEX, 2018

C.2 Maize price trends

Jul 2018 vs. Jul 2017:

International price of yellow maize increased by 4.1%

Domestic price of yellow maize increased by 8.5%

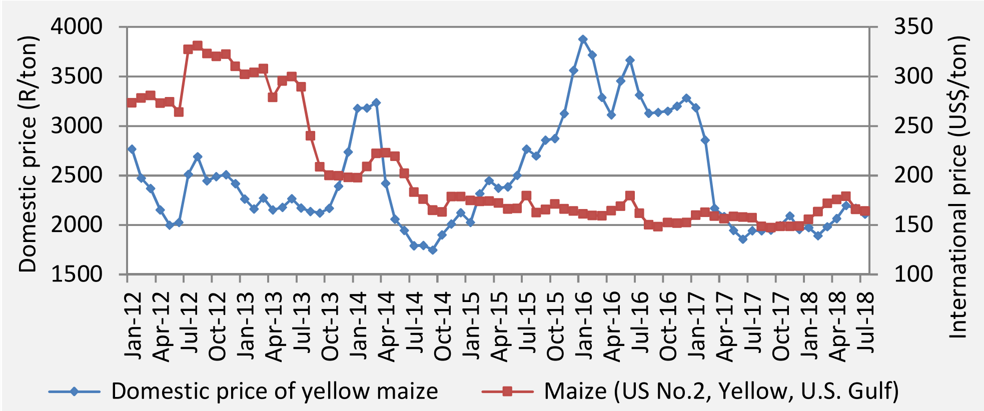

Figure C.4: Domestic market price vs global market price of yellow maize
Source: FAO and SAFEX, 2018

Jul 2018 vs. Jul 2017:

Export parity price of domestic maize increased by 3.4%

Import parity price of domestic maize increased by 2.5%

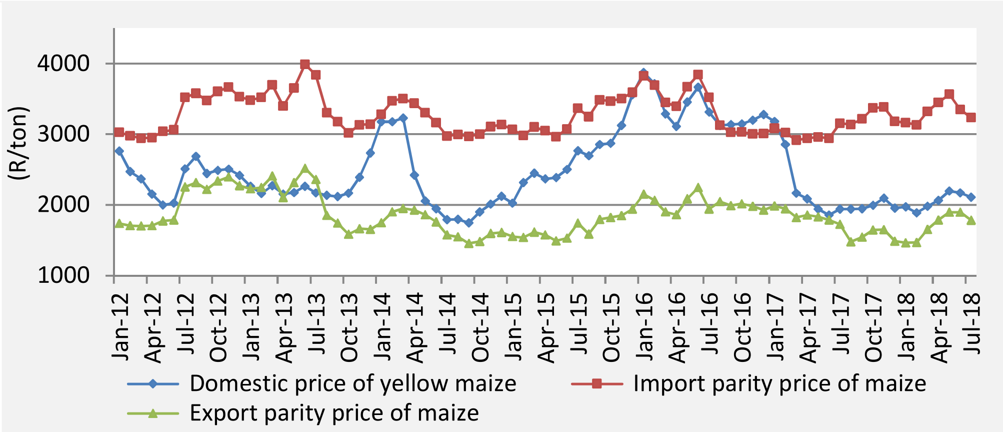

Figure C.5: Import parity, export parity and domestic prices of yellow maize
Source: SAFEX and SAGIS, 2018

Jul 2018 vs. Jul 2017:

Super maize meal 2.5 kg price decreased by 13.5%;
Special maize meal 2.5 kg decreased by 18.3%;
Domestic price of white maize increased by 11.5%

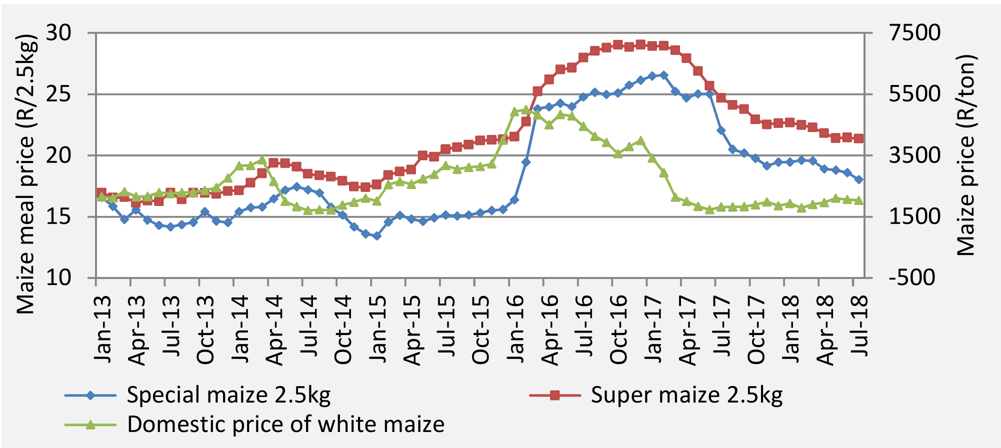

Figure C.6: White maize price and maize meal price trends
Source: SAFEX and Stats SA, 2018

C.3 Sunflower seeds price trends

Jul 2018 vs. Jul 2017:

International sunflower seed price increased by 1%

Domestic price of sunflower seed decreased by 1.1%

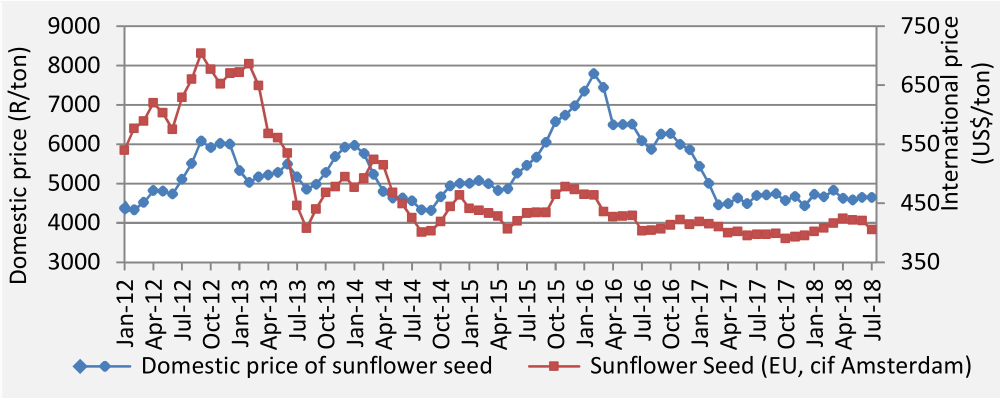

Figure C.7: Domestic market price of sunflower seeds vs global market price
Source: FAO and SAFEX, 2018

Jul 2018 vs. Jul 2017:

Domestic price of sunflower seed decreased by 1.1%

Sunflower oil 750 ml decreased by 1.4%

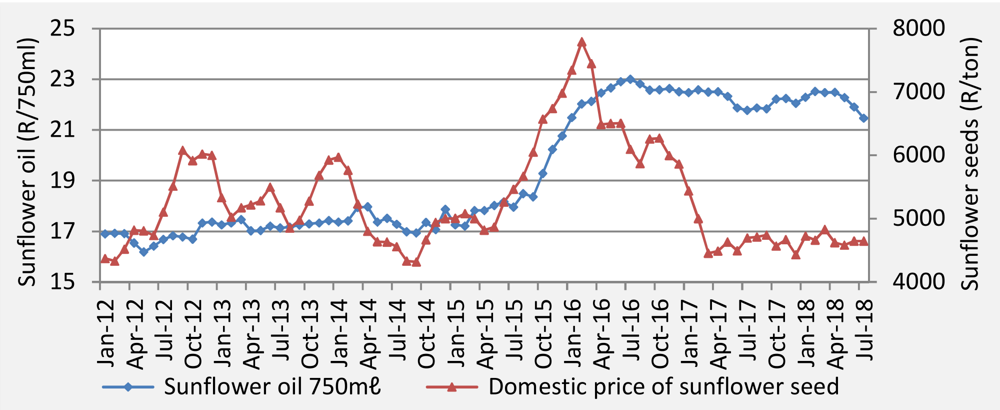

Figure C.8: Sunflower seeds price and sunflower oil price trends
Source: SAFEX and Stats SA, 2018

C.4 Dairy price trends

Jul 2018 vs. Jul 2017:

International skimmed milk powder decreased by 3%

International whole milk powder decreased by 4.9%

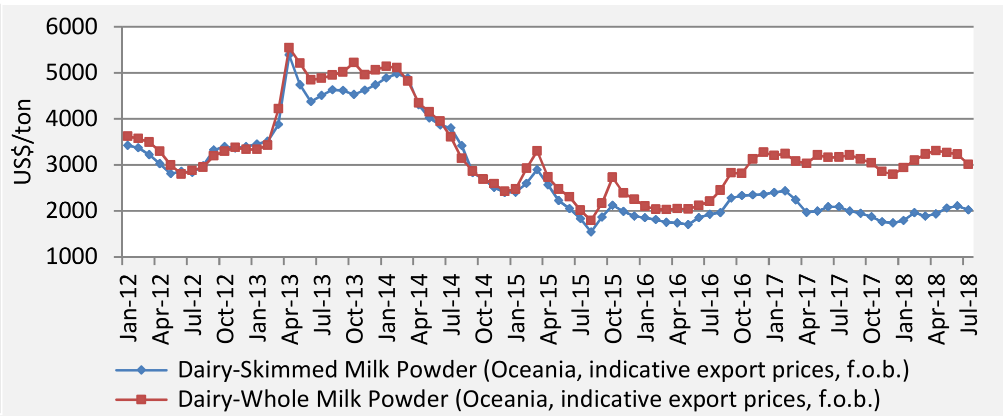

Figure C.9: Skim milk powder and whole milk powder price trends
Source: FAO, 2018

Jul 2018 vs. Jul 2017:

Milk producer price decreased by 9.2%; full cream milk – fresh 1ℓ increased by 2.8%; full cream milk – long life 1ℓ decreased by 1.2%

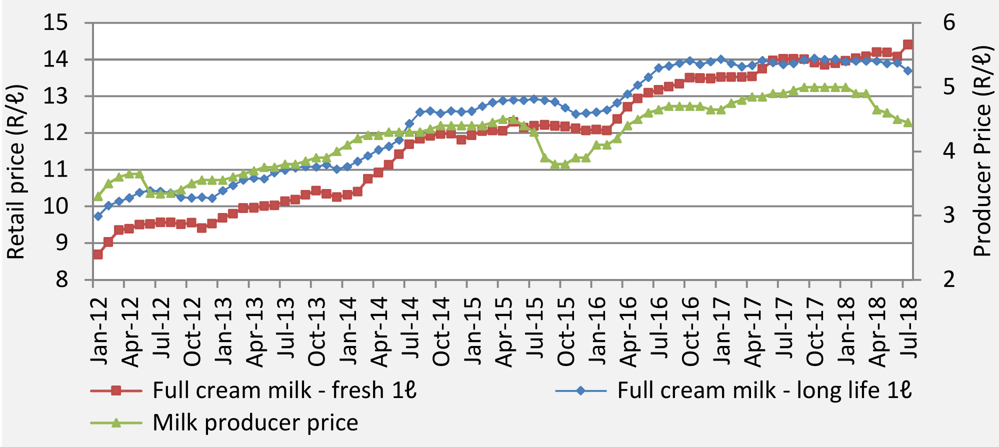

Figure C.10: Domestic producer price and retail prices of milk
Source: MPO and Stats SA, 2018

C.5 Meat price trends

The price of beef at **retail** level showed an annual average increase of 0.6% for the different cuts, Jul 2018 vs. Jul 2017

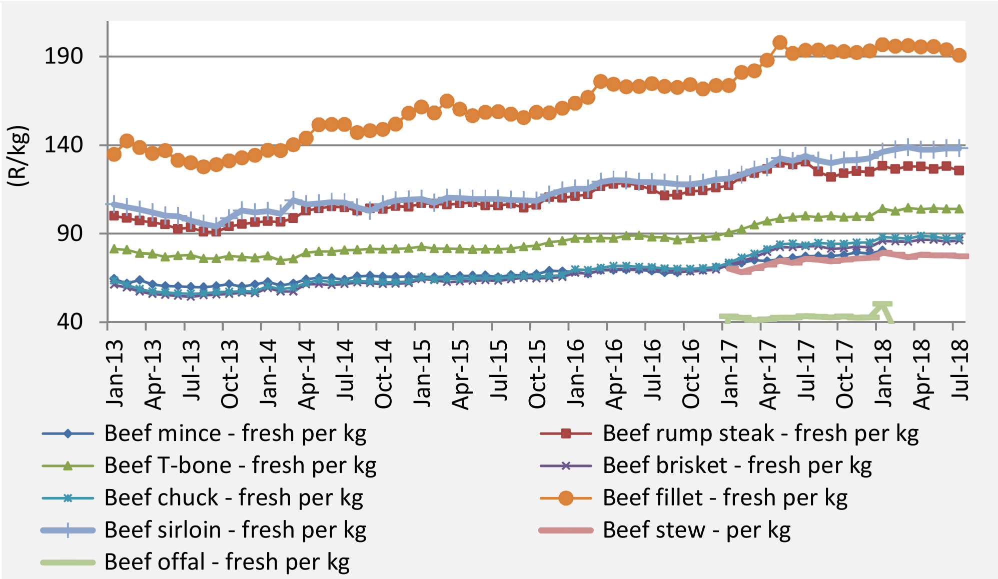

Figure C.11: Retail prices of beef cuts
Source: Stats SA, 2018

Jul 2018 vs. Jul 2017:

Chicken portions – fresh per kg (**retail**) price increased by 6% per kg

Pork chops per kg **retail** price decreased by 6.8%

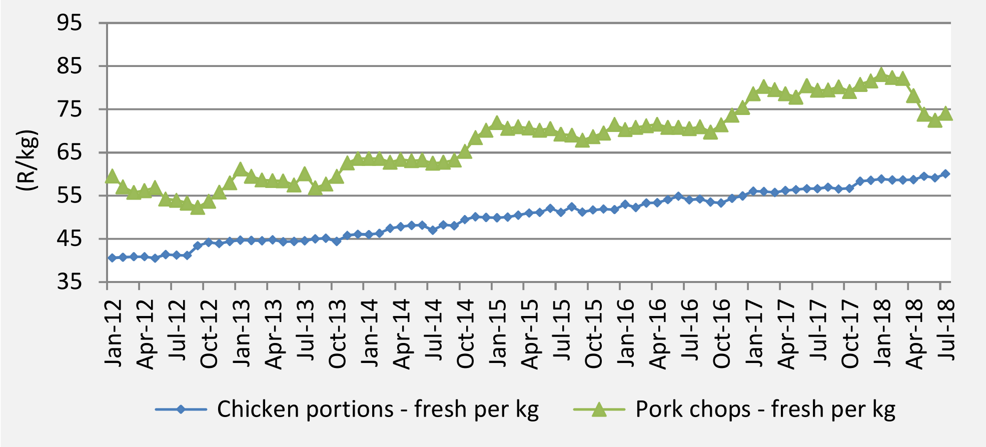

Figure C.12: Retail prices of pork chops and chicken portions – fresh per kg
Source: Stats SA, 2018

Jul 2018 vs. Jul 2017:
Producer prices for frozen chicken per kg decreased by 2.4%; for fresh chicken per kg increased by 1.4%; and for IQF chicken portions per kg increased by 2.2%

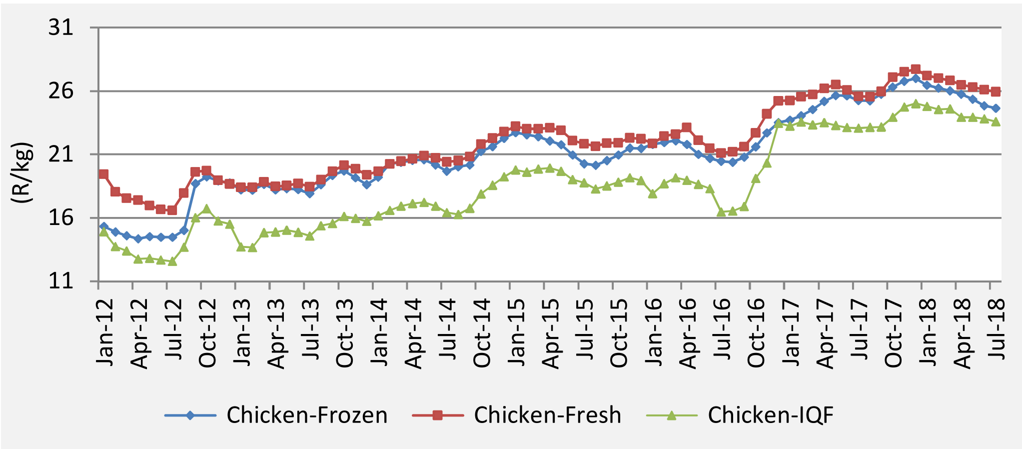

Figure C.13: Producer prices of various chicken pieces
Source: AMT, 2018

Jul 2018 vs. Jul 2017:

Porker producer price (R/kg) decreased by 8.1%

Baconer producer price (R/kg) decreased by 16.4%

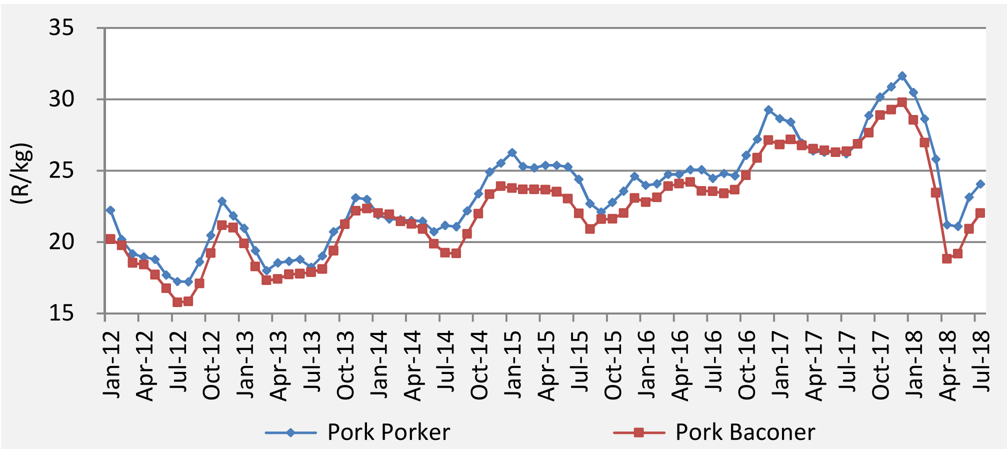

Figure C.14: Producer prices of pork
Source: AMT, 2018

Jul 2018 vs. Jul 2017:

Producer prices of Beef class A2/A3 increased by 0.4%, class B2/B3 increased by 2%, and class C2/C3 increased by 0.8%

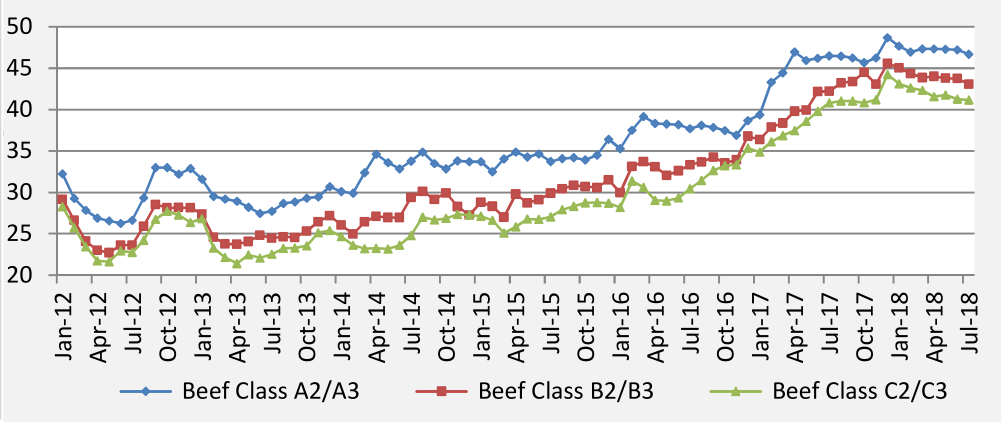

Figure C.15: Producer prices of beef
Source: AMT, 2018

Jul 2018 vs. Jul 2017:

Producer prices of lamb-class A2/A3 (R/kg) increased by 6.5%, class B2/B3 increased by 10.4% and the price of class C2/C3 increased by 3.6%

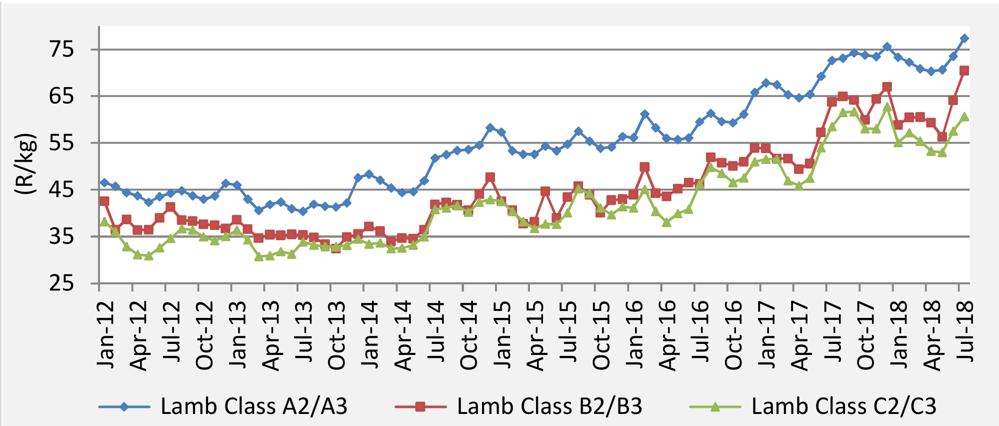

Figure C.16: Producer prices of lamb
Source: AMT, 2018

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: http://www.StatsSA.gov.za/.
- 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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