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Promoting market access for South African agriculture

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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

During October 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 4.9% and 3.9% reported in September 2018.

Prices were compared for selected food items in rural and urban for October 2018. Food items showing the largest price differences between urban and rural areas in October 2018 included: sunflower oil (750mℓ) at a difference of R4.49, Ceylon/black tea (62.5g) at R3.21 difference, and special maize meal (2.5kg) at a difference of R0.52. 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 margarine spread (500g)), than their urban counterparts.

The FAO Food Price Index (FFPI) averaged 163.5 points in October 2018, down 1.4 points (0.9%) from September and some 13 points (7.4%) below its level in the corresponding period last year. The October 2018 decline in the FFPI was the result of falling dairy, meat and oils prices, which more than offset a surge in sugar prices and a more moderate increase in the prices of cereals. The October 2018 FFPI is at its lowest level since last May.

In October 2018, the nominal cost of this 28-item NAMC urban food basket reached R846.60 compared to the R836.49 reported in September 2018, indicating a m-o-m increase of 1.2%. When compared to October 2017, an annual (y-o-y) increase of 0.3%, was reported.

When comparing October 2018 vs. October 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): onions, tomatoes, oranges, beef mince, tea, eggs and baked beans. 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 October 2018 vs. October 2017 with July 2018 vs. July 2017 (i.e. the previous Food Price Monitor analysis period), the rate of inflation was higher for bread and cereals, eggs, fat & oils, beans and sugar.

Over the next three months, in addition to strong(er) festive season demand, three key factors are expected to shape the trajectory of food inflation in South Africa. The first is contractionary monetary policy in the United States (US). This is expected to put pressure on the Rand which could ultimately support inflation. Secondly, our local growth figures of 2018Q3 (to be released early December 2018), would also provide critical information for rating agencies with respect their decision on a further downgrade. If below expected growth is announced, it could spark a slide in the rand which would rapidly influence local grain and meat prices and ultimately food prices towards the end of 2019Q1. Within this context we feel that a food inflation level of 4.5% is eminent under sustained currency levels of above R14 to the US Dollar. The third uncertainty is oil prices. Current high US stock levels are depressing prices, but this could be offset by supply cuts in the Middle East and other Organization of the Petroleum Exporting Countries (OPEC).

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1. Introduction

During October 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 4.9% and 3.9% respectively, during September 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 October 2018.

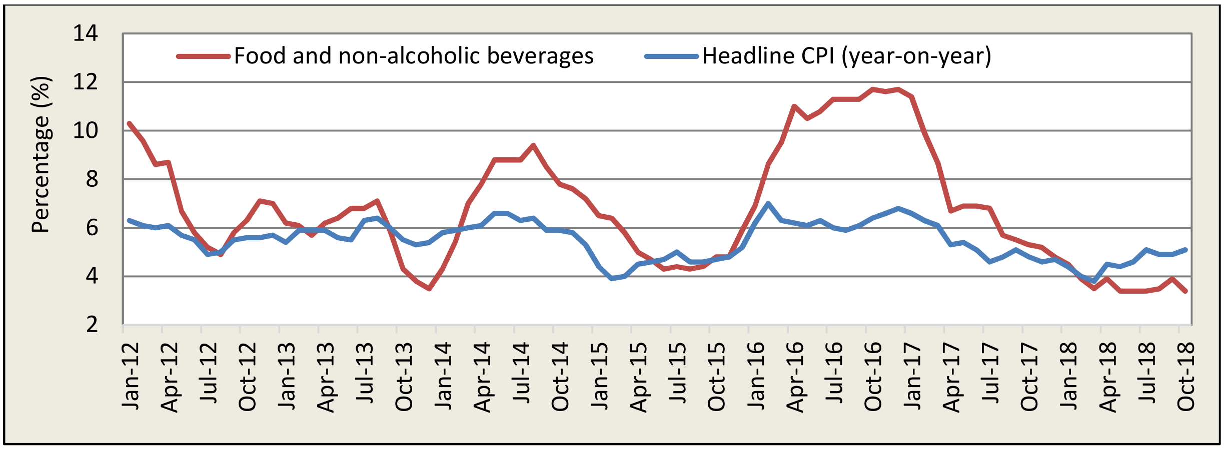

Figure 1: Headline CPI and food and non-alcoholic beverage CPI
Source: Stats SA, 2018

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), October 2018 vs. October 2017: sugar, sweets and desserts (1.8%), milk, eggs and cheese (2.9%), fruit (-4.2%), meat (4%), other food (3.2%), fish (5%), processed foods (2.8%), unprocessed foods (2.9%), bread & cereals (-0.8%), vegetables (7.7%) and oils & fats (0.6%). Also, indicated in **Figure 2** is the month-on-month (m-o-m) percentage changes for October 2018 vs. September 2018.

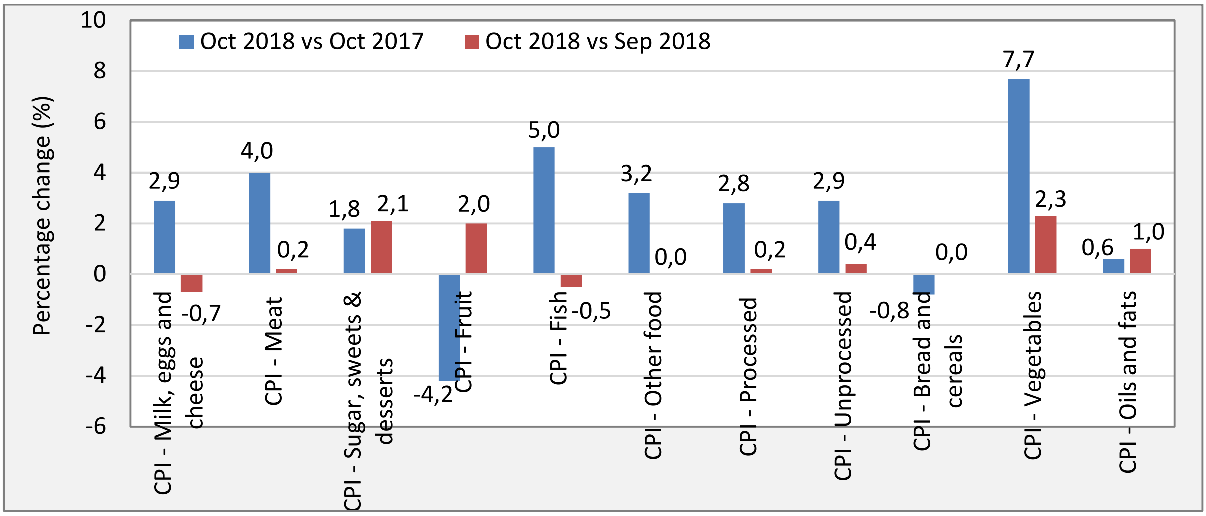

Figure 2: Y-o-y (October 2018 vs. October 2017) and m-o-m (October 2018 vs. September 2018) changes for different food categories
Source: Stats SA, 2018

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 October 2018 for South Africa and other selected countries. South Africa's overall inflation for October 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 October 2018 reached 8.3%, with food inflation also reaching 8.3%. Botswana's overall inflation rate reached 3.6%, compared to their food inflation of negative 1.1%, during October 2018. Turkey's overall inflation rate reached 25.2%, compared to their food inflation rate of 29.3%. Considering inflation rates of the BRIC countries, Brazil reported the highest overall inflation rate of 4.6%, with a food inflation rate of 3.3%, while China recorded the lowest y-o-y inflation rate of 2.5%, with a food inflation rate of 3.3%.

Table 1: Overall inflation and food inflation during August 2018 to October 2018

	August 2018		September 2017		October 2018	
Country	Overall inflation (%)	Food inflation (%)	Overall inflation (%)	Food inflation (%)	Overall inflation (%)	Food inflation (%)
Botswana	3.0	-1.3	2.9	-0.9	3.6	-1.1
Brazil	4.2	2.2	4.5	2.7	4.6	3.3
China	2.3	1.7	2.5	3.6	2.5	3.3
India	3.7	0.3	3.8	0.5	3.3	-0.9
Namibia	4.4	2.7	4.8	2.5	5.1	3.0
Russia	3.1	2.0	3.4	2.8	3.5	2.2*
South Africa	4.9	3.5	4.9	3.9	5.1	3.4
Turkey	17.9	19.8	24.5	27.7	25.2	29.3
United Kingdom	2.7	2.5	2.4	1.5	2.4	0.9
United States	2.7	1.4	2.3	1.4	2.5	1.2
Zambia	8.1	8.3	7.9	8.6	8.3	8.3

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

3. Urban and rural food price trends: October 2018 vs. October 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 (October 2018 vs. October 2017)

Grain and grain products	%	Meat, meat products, dairy, dairy products and eggs	%	Fresh and processed fruits and vegetables	%
Special maize 10kg	-22.5%	Beef offal - fresh per kg	-17.1%	Beetroot - fresh per kg	-6.4%
Special maize 5kg	-17.4%	Chicken giblets per kg	-15.6%	Pumpkin - fresh per kg	-5.9%
Special maize 1kg	-16.7%	Corned beef 300g	-13.6%	Bananas - fresh per kg	-5.7%
Loaf of brown bread 800g	-14.3%	Pork - ribs per kg	-9.4%	Beans - dried 2kg	-5.6%
Super maize 5kg	-11.6%	Bacon 250g	-4.6%	Beans - dried 1kg	-5.2%
Special maize 2.5kg	-11.4%	Powdered milk 500g	-3.5%	Beans - dried 500g	0.9%

Grain and grain products	%	Meat, meat products, dairy, dairy products and eggs	%	Fresh and processed fruits and vegetables	%
Super maize 2.5kg	-10.1%	Pork chops - fresh per kg	-3.3%	Cabbage - fresh each	2.5%
Macaroni 500g	-9.5%	Beef fillet - fresh per kg	-2.7%	Potatoes - fresh per kg	3.5%
Spaghetti 500g	-8.4%	Powdered milk 400g	-2.1%	Cabbage - fresh per kg	4.1%
Spaghetti 1kg	-7.2%	Low fat milk - long life 1,5ℓ	-1.6%	Apples - fresh per kg	4.2%
Macaroni 1kg	-6.9%	Polony per kg	-1.4%	Baked beans - tinned 410g	6.5%
Brick margarine 125g	-4.7%	Full cream milk - long life 1ℓ	-0.9%	Pears - fresh per kg	10.2%
Brick margarine 250g	-4.4%	Cheddar cheese per kg	-0.7%	Oranges - fresh per kg	11.6%
Margarine spread 1kg	-4.2%	Chicken portions frozen - non IQF average per kg	-0.6%	Naartjies - fresh per kg	13.8%
Super maize 1kg	-4.1%	Low fat milk - long life 1ℓ	-0.5%	Tomatoes - fresh per kg	14.4%
Margarine spread 500g	-2.8%	Beef rump steak - fresh per kg	0.1%	Sweet potatoes - fresh per kg	15.0%
Loaf of brown bread 700g	-2.4%	Sausage 500g	0.5%	Onions - fresh per kg	17.8%
Rice 2kg	-2.4%	Full cream milk - long life 6x1ℓ	0.7%	Cauliflower - fresh per kg	33.4%
Instant noodles 78g	-2.2%	Full cream milk - long life 500mℓ	0.8%	Broccoli - fresh per kg	38.1%
Cake flour 2.5kg	-1.8%	IQF chicken portions - 1,8kg	0.9%		
Loaf of brown bread 600g	-1.8%	IQF chicken portions - 5kg	0.9%		
Pasta 500g	-1.8%	Ham 500g	1.1%	**Other**	**%**
Rice 1kg	-1.5%	Low fat milk - fresh 2ℓ	1.4%	Instant coffee 100g	-11.7%
Brick margarine 500g	-1.1%	Full cream milk - fresh 250mℓ	1.8%	Instant coffee 200g	-5.1%
Cake flour 1kg	-1.0%	Full cream milk - fresh 2ℓ	1.8%	Instant coffee 750g	-2.8%
Cake flour 5kg	0.1%	Beef sirloin - fresh per kg	1.9%	White sugar 5kg	-2.1%
Cold cereals 450g	0.3%	Fish (excl. tuna) - tinned 155g	1.9%	Instant coffee 250g	0.5%
Peanut butter 400g	0.4%	IQF chicken portions - 2kg	2.1%	White sugar 2.5kg	0.8%
Instant noodles 73g	1.0%	Lamb - leg per kg	2.1%	White sugar 10kg	2.6%
Sunflower oil 2ℓ	1.2%	Beef stew - per kg	2.3%	White sugar 1kg	3.2%
Sunflower oil 750mℓ	1.2%	Powdered milk 900g	2.8%	White sugar 500g	5.6%
Loaf of white bread 700g	1.2%	Fish (excl. tuna) - tinned 215g	2.9%	Instant coffee 500g	6.1%
Peanut butter 250g	1.7%	Low fat milk - fresh 1ℓ	3.0%	Ceylon/black tea 250g	8.2%
Instant noodles 85g	1.8%	Beef chuck - fresh per kg	3.3%	Ceylon/black tea 62.5g	9.6%
Brick margarine 1kg	2.0%	Fish (excl. tuna) - tinned 400g	3.5%	Ceylon/black tea 500g	11.5%
Peanut butter 800g	2.6%	Chicken portions frozen - non IQF per kg (real)	3.9%	Ceylon/black tea 125g	13.1%
Rice 500g	2.7%	Full cream milk - fresh 1ℓ	4.1%		
Rice 5kg	4.5%	Beef T-bone - fresh per kg	4.3%		
Cold cereals 500g	4.8%	Chicken portions - fresh per kg	4.6%		
Cold cereals 750g	5.1%	Beef brisket - fresh per kg	5.0%		
Sunflower oil 4ℓ	5.3%	Full cream milk - fresh 500mℓ	5.3%		
Instant noodles 75g	5.7%	Eggs 2.5 dozen	6.2%		
Loaf of white bread 600g	5.9%	Eggs 1.5 dozen	6.6%		
Pasta 1kg	7.9%	Lamb - neck per kg	6.6%		
Loaf of white bread (each)	8.8%	Lamb - loin chop per kg	6.9%		
Rice 10kg	8.9%	Whole chicken - fresh per kg	7.0%		
Cold cereals 400g	14.0%	Lamb - rib chop per kg	7.4%		
Sunflower oil 500mℓ	22.4%	Lamb - stew per kg	8.9%		
		Beef mince - fresh per kg	9.4%		
		Powdered milk 250g	10.8%		

Grain and grain products	%	Meat, meat products, dairy, dairy products and eggs	%	Fresh and processed fruits and vegetables	%
		Lamb - offal per kg	11.0%		
		Tuna - tinned 170g	11.2%		
		IQF chicken portions - 1,5kg	14.3%		
		Eggs 2 dozen	22.1%		
		Eggs 0.5 dozen	22.4%		

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 (October 2018 vs. October 2017)

Grain and grain products	%	Meat, meat products, dairy, dairy products and eggs	%	Fresh and processed fruits and vegetables	%
Special maize 2.5kg	-23.8%	Fish (excl. tuna) - tinned 425g	0.0%	Potatoes - fresh 10kg	-8.7%
Special maize 5kg	-17.5%	Beef T-bone - fresh per kg	1.7%	Beans dried 1kg	-8.5%
Super maize 5kg	-12.7%	Full cream milk - long life 1ℓ	1.8%	Bananas - fresh per kg	-3.5%
Super maize 2.5kg	-11.9%	Full cream milk - long life 500mℓ	1.8%	Apples - fresh per kg	1.0%
Super maize 1kg	-8.3%	Full cream milk - fresh 2ℓ	1.8%	Beans dried 500g	1.1%
Special maize 1kg	-7.2%	Low fat milk - fresh 2ℓ	2.2%	Potatoes - fresh per kg	5.2%
Sunflower oil 2ℓ	-6.5%	Full cream milk - fresh 500mℓ	3.1%	Tomatoes - fresh per kg	6.9%
Brick margarine 500g	-2.8%	Fish (excl. tuna) - tinned 155g	3.5%	Onions - fresh per kg	8.4%
Brick margarine 125g	-1.5%	Beef brisket - fresh per kg	4.0%	Oranges - fresh per kg	16.1%
Rice 1kg	-0.7%	Beef rump steak -fresh per kg	4.3%	Beans dried 2kg	16.4%
Brick margarine 250g	-0.2%	Beef chuck - fresh per kg	4.6%		
Rice 500g	0.3%	Full cream milk - fresh 1ℓ	6.2%		
Peanut butter 400g	0.6%	Beef fillet - fresh per kg	6.4%	**Other**	**%**
Sunflower oil 500mℓ	1.4%	Low fat milk - fresh 1ℓ	9.6%	White sugar 500g	-5.3%
Margarine spread (tub) 1kg	1.6%	Eggs 1/2 dozen	24.3%	Instant coffee 750g	-1.4%
Loaf of white bread 600g	1.7%			Instant coffee 250g	-1.2%
Rice 2kg	2.0%			Ceylon/black tea 125g	-1.0%
Loaf of brown bread 600g	2.7%			White sugar 1kg	0.0%
Loaf of brown bread 700g	2.8%			White sugar 2.5kg	0.8%
Peanut butter 800g	2.8%			Ceylon/black tea 62.5g	2.2%
Loaf of white bread 700g	3.4%			Instant coffee 100g	3.4%
Margarine spread (tub) 500g	3.4%			Ceylon/black tea 250g	6.7%
Sunflower oil 750mℓ	4.2%			Ceylon/black tea 200g	25.7%
Peanut butter 270g	5.0%				

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: October 2018 vs. October 2017

During the period October 2018 vs. October 2017, the international price of wheat (US No 2, Hard Red Winter ord. Prot., US Fob Gulf) increased by 21.6%, while the domestic wheat prices increased by 5.7%.

Urban consumers paid 2.4% less for a loaf of brown bread (700g) and 1.2% more for a loaf of white bread (700g), during the same period. Domestic yellow maize prices increased by 20.1%, while international yellow maize prices increased by 7.8%. Super maize meal (2.5kg) decreased by 10.1%, while special maize meal (2.5kg) decreased by 11.4%, in urban areas. During the same period, the urban prices of sunflower oil (750mℓ) increased by 1.2%. The domestic price of sunflower seed increased by 11.7% y-o-y, whilst the international sunflower seed prices decreased by 2.6%.

During October 2018 vs. October 2017, the average beef producer prices (R/kg) of classes A2/A3 and C2/C3 increased by 0.5% and 0.2%, respectively, while class B2/B3 decreased by 4.5%. Lamb/mutton producer prices (R/kg) of classes A2/A3, B2/B3 and C2/C3 increased by 0.04%, 12.1% and 8%, respectively. Producer prices of frozen and fresh chicken portions (R/kg) decreased by 0.4% and 2%, respectively, while individually quick frozen (IQF) chicken portions increased by 0.4%.

4. Comparison between urban and rural prices: October 2018

Table 4 compares prices of selected food items in rural and urban areas for October 2018. Food items showing the largest price differences between urban and rural areas in October 2018 were: sunflower oil (750mℓ) at a difference of R4.49, Ceylon/black tea (62.5g) at R3.21 difference, and special maize meal (2.5kg), at a difference of R0.52. 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 margarine spread (500g)), than their urban counterparts.

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

Product	Urban Food Prices October 2018	Rural Food Prices October 2018	Price difference R/unit
Full cream milk – long life 1ℓ	13.92	14.76	-0.84
Loaf of brown bread 700g	11.69	11.81	-0.12
Loaf of white bread 700g	13.14	12.87	0.27
Special maize 2.5 kg	17.50	16.98	0.52
Super maize 2.5 kg	20.63	21.18	-0.55
Margarine spread 500g	26.94	28.09	-1.15
Peanut butter 400g	27.87	29.49	-1.62
Rice 2kg	25.56	25.75	-0.19
Sunflower oil 750mℓ	22.49	18.00	4.49
Ceylon/black tea 62.5g	16.05	12.84	3.21
White sugar 2.5kg	39.01	41.88	-2.87
Average			0.10

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 October 2018 reaching an index level of 135.67 percentage points.

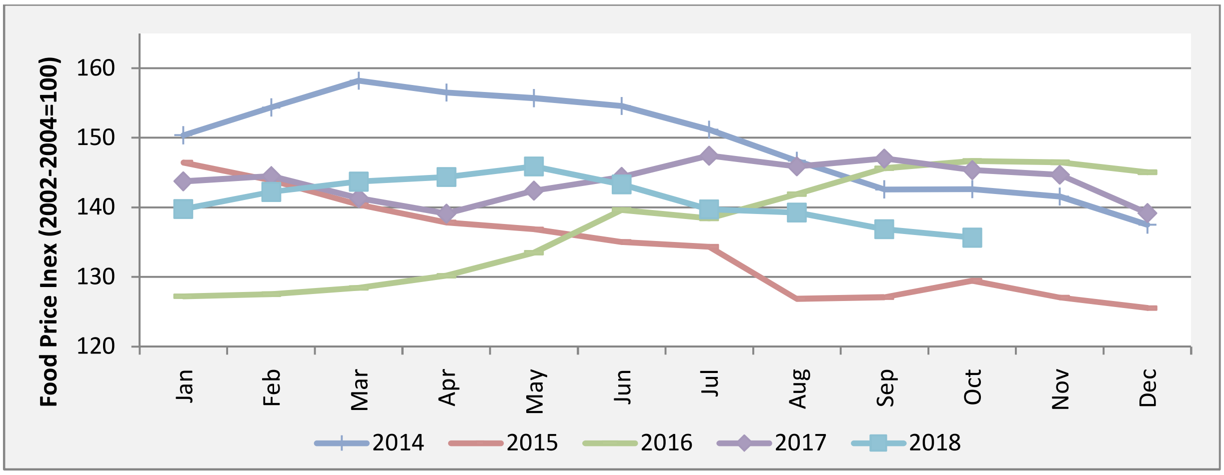

Figure 3: International monthly real food price index
Source: FAO, 2018

Figure 4 shows the price indices for the five food categories, in real terms. The monthly (October 2018 vs. September 2018) and annual (October 2018 vs. October 2017) growth percentages indicate a decreasing trend for most indexes with the exception of Cereals and/or the Sugar index/es. The Dairy index reflected the largest monthly decline of 4.8%, whilst the Oils price index the largest annual decline of 21.2%.

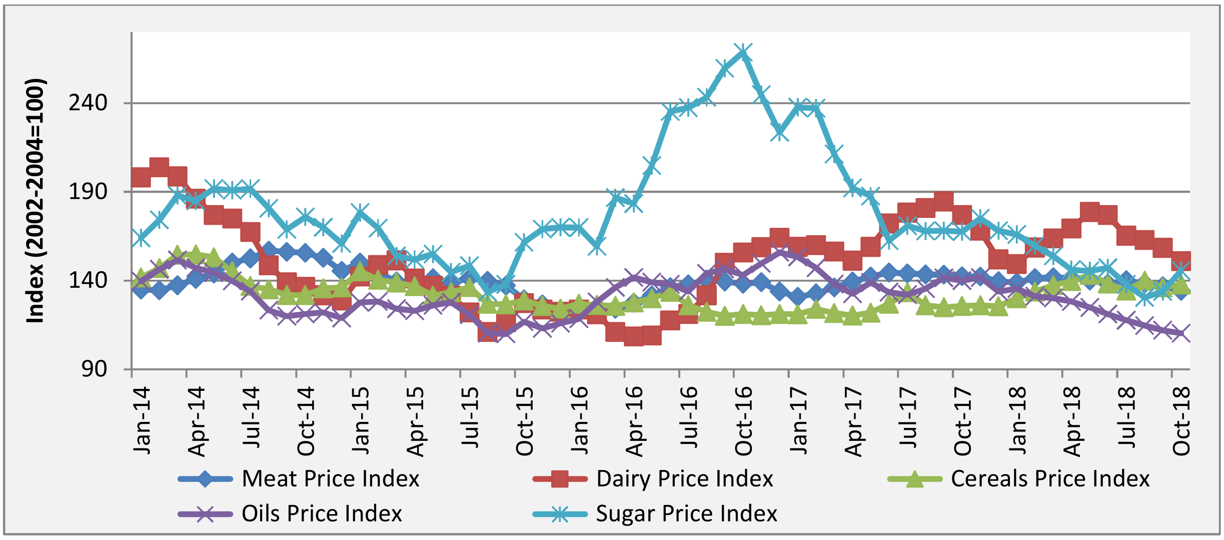

Figure 4: Real price indices for five food categories
Source: FAO, 2018

The **FAO Food Price Index (FFPI)**[1], in nominal terms, averaged 163.5 points in October 2018, down 1.4 points (0.9%) from September and 13 points (7.4%) below its level in the corresponding period last year.

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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*

The October 2018 decline in the FFPI was the result of falling dairy, meat and oils prices, which more than offset a surge in sugar prices and a more moderate increase in the prices of cereals. The October 2018 FFPI is at its lowest level since last May.

The **FAO Cereal Price Index**, in nominal terms, 166.3 points in October 2018, marking a rebound of 2.2 points (1.3%) from September and representing a 13.6-point (8.9%) y-o-y increase. Among the major cereals, maize quotations from the US firmed the most, supported by strong export sales, while wheat prices also averaged higher, driven by a tighter supply outlook especially in view of deteriorating crop prospects in Australia. By contrast, rice prices fell, as harvest pressure, competition among exporters and currency movements weighed on Japonica and fragrant quotations.

The **FAO Vegetable Oil Price Index,** in nominal terms, averaged 132.9 points in October 2018, down 2 points (1.5%) m-o-m. Falling for the ninth month in succession, the index dropped to its lowest level since April 2009. The latest slide was mostly driven by lower price quotations of palm oil, reflecting persistent pressure from large inventories held by major exporting countries amid sluggish global import demand. By contrast, international soy oil prices rebounded slightly, underpinned by robust demand from the biodiesel sector, while rapeseed oil values were supported by reduced availabilities in the EU. International sunflower oil prices remained virtually unchanged from September 2018.

The **FAO Dairy Price Index,** in nominal terms, averaged 181.8 points in October 2018, down 9.2 points (4.8%) from the previous month, continuing the downward trend for the fifth consecutive month. Price quotations of all the dairy products represented in the index fell in October 2018, plummeting the overall index 15.3% below its value in the corresponding month last year and 34% below the peak reached in February 2014. The latest price weakness reflects the growing evidence of increased export supplies across all major dairy products, especially from New Zealand.

The **FAO Meat Price Index**, in nominal terms, averaged 161.6 points in October 2018, down 3.3 points (2%) from September and 11 points below its value a year ago. In October 2018, the prices of all main meat categories represented in the index eased, with ovine meat falling the most, followed by pig-meat, bovine and poultry meat. After four months of continuous strength, ovine meat prices lessened, underpinned by the availability of new season supplies from Oceania. Import restrictions associated with new cases of African swine fever, coupled with large export availabilities from the main producing countries, continued to weigh on pig-meat prices. Bovine meat prices declined for the third consecutive month on continued abundant export supplies, while the current market sluggishness weighed on the prices of poultry meat.

The **FAO Sugar Price Index,** in nominal terms, averaged 175.4 points in October 2018, up 14 points (8.7%) from September 2018, marking the second consecutive monthly gain. The rapid increase in sugar price quotations is attributed to negative production prospects in the major sugar producing regions, notably in India and Indonesia, mostly as a result of climate-related events. In Brazil, the world's largest sugar producer and exporter, the latest indications pointing to an increasing share of sugarcane output being used for ethanol production, have also underpinned international sugar prices.

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.

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 October 2018 vs. October 2017.

In October 2018, the nominal cost of the NAMC's 28-item urban food basket reached **R846.60**, increasing by 1.2%, from September 2018 (m-o-m) and increasing by 0.3% from October 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 56.9% in October 2018, and 56.7% in October 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 October 2018 and in October 2017 (**Figure 5**).

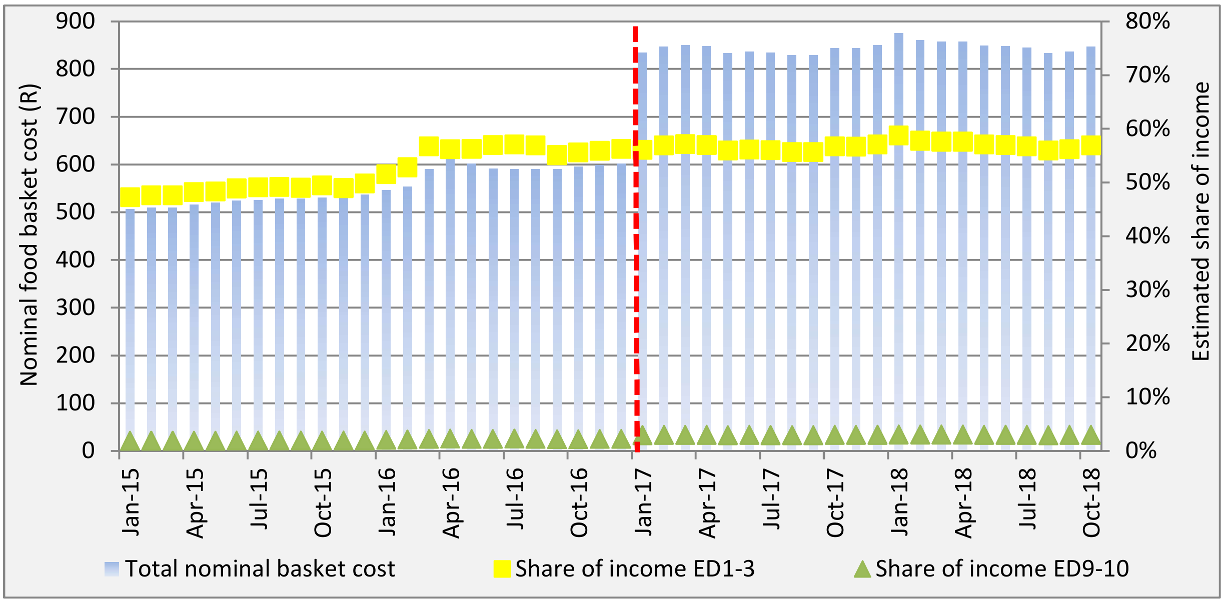

Figure 5: The cost of a typical consumer food basket for the period January 2015 to October 2018, expressed in nominal terms and as share of the average income of the poorest 30% of households (Expenditure Deciles [ED] 1-3) and the wealthiest 20% of households (ED 9-10)

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 October 2018 vs. October 2017 (y-o-y) and October 2018 vs. September 2018 (m-o-m). The following food categories in this basket experienced increased annual inflation: fresh products (fruit and vegetables), eggs and sugary foods.

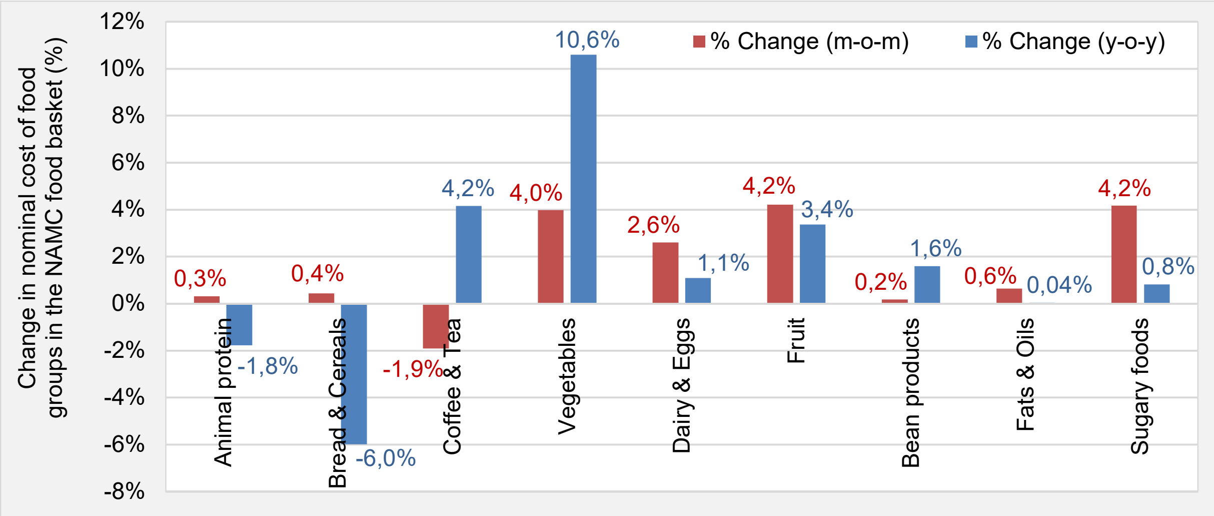

Figure 6: Nominal cost growth of specific food groups within the 28-item NAMC food basket, comparing October 2018 vs. October 2017 and October 2018 vs. September 2018
Sources: BFAP & NAMC calculations, Stats SA data, 2018

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, October 2018 vs. October 2017

Food group	Overall inflation rate		Major contributors to inflation in this category	Minor contributors to inflation in this category	Non-contributors to inflation in this category	Comments
	Oct 2018 vs. Oct 2017	Jul 2018 vs. Jul 2017*				
Animal protein	-1.8%	+1.1%	Beef mince (+9.4%) Tinned fish (+3.5%) IQF chicken portions (+2.1%)	None	Beef offal (-17.1%) Chicken giblets (-15.6%) Polony (-1.4%)	High inflation on beef mince, some inflation on chicken and tinned fish.
Bread and cereals	-6.0%	-10.4%	None	White bread (+1.2%)	Maize meal (-11.6%) Brown bread (-2.4%) Rice (-2.4%)	Deflation on maize meal, bread and rice.
Vegetables	+10.6%	+15.7%	Onions (+17.8%) Tomatoes (+14.4%) Cabbage (+4.1%) Potatoes (+3.5%)	None	None	High inflation on onions and tomatoes.
Fruit	+3.4%	+4.0%	Oranges (+11.6%) Apples (+4.2%)	None	Bananas (-5.7%)	High inflation on oranges, some inflation on apples, deflation on bananas.
Dairy	-0.8%	+7.9%	None	None	Full cream milk (-0.9%) Cheddar cheese (-0.7%)	High inflation on eggs.
Eggs	+6.6%	+6.1%	Eggs (+6.6%)	None	None	
Fats and oils	+0.04%	-1.3%	Sunflower oil (+1.2%)	None	Brick margarine (-1.1%)	Low inflation on sunflower oil and price deflation on margarine.
Bean products	+1.6%	-1.4%	Baked beans (+6.5%)	Dried beans (+0.9%) Peanut butter (+0.4%)	None	Inflation on baked beans.
Coffee and tea	+4.2%	+6.1%	Ceylon/black tea (+8.2%) Instant coffee (+0.5%)	None	None	Inflation on tea, with some inflation on coffee.
Sugary foods	+0.8%	-9.8%	White sugar (+0.8%)	None	None	Some inflation on white sugar.

Sources: BFAP calculations, Stats SA 2018

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

When comparing October 2018 vs. October 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): onions, tomatoes, oranges, beef mince, tea, eggs and baked beans. 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 October 2018 vs. October 2017 with July 2018 vs. July 2017 (i.e. the previous Food Price Monitor analysis period), the rate of inflation was higher for bread and cereals, eggs, fat & oils, beans and sugar.

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 October 2018 vs. October 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 63% more in this case for October 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 October 2018 vs. October 2017 prices, the results in **Figure 8** indicated deflation of approximately 4.2% (from R5.79 to R5.54 for the selection of portions). Significant deflation on maize meal with some deflation on brown bread and milk, contributed to the deflation observed on this 'food plate'. Comparing October 2018 vs. September 2018, the costs associated with the typical portion sizes of very poor consumers for the five most widely consumed food items in South Africa, remained stable.

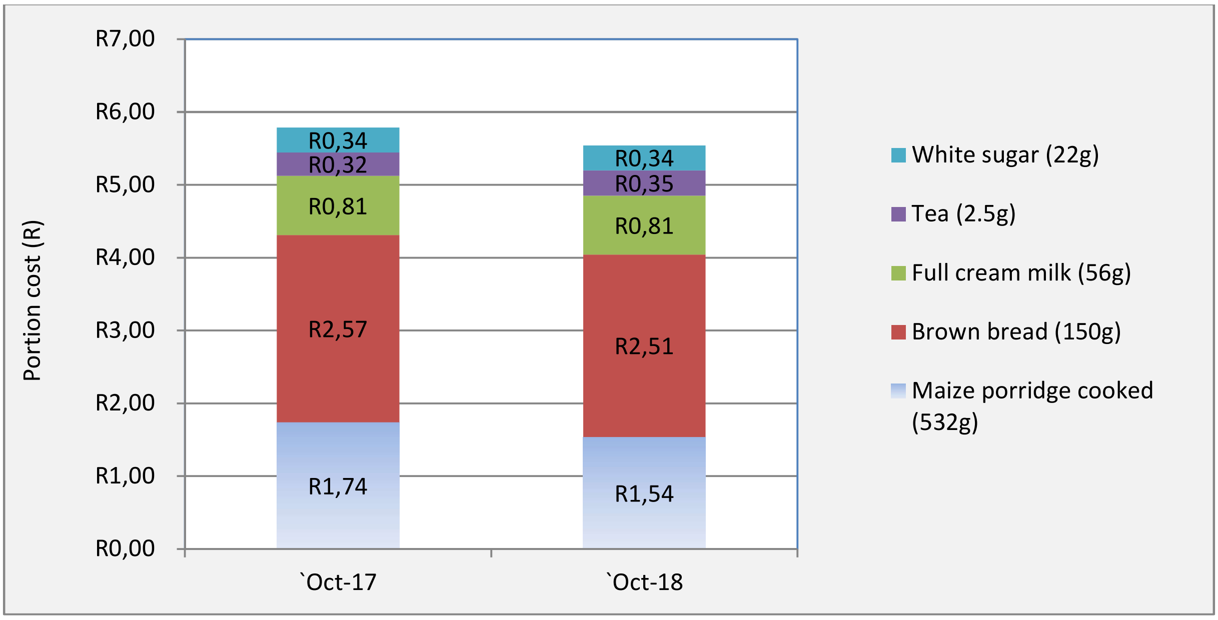

Figure 7: Average nominal cost for the typical portions of the five food items most widely consumed by very poor consumers in South Africa, October 2018 vs. October 2017
Sources: BFAP calculations, Stats SA 2018

[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*

7. Outlook

In October 2018, official inflation for food and non-alcoholic beverages was recorded at a subdued level of 3.4%. This is slightly lower than recorded levels in September which amounted to 3.9%. Sub groups that helped curb total food inflation, through disinflation in the respective groups are, Fruits and Breads and Cereals, which showed disinflation of -4.16% and -0.83%, respectively. The disinflationary effect was further supported by a decrease in inflationary momentum of meat, milk and dairy and vegetables between September and October 2018.

Specifically, maize prices have been moving sideways over the last couple of months. Over the outlook period, although a moderate late *El Nino* effect is predicted, current stock levels allow for supply shocks to be absorbed and as a result, price effects associated with this is not expected to be substantial. Maize prices can however still move considerably based on currency changes. In terms of maize meal and bread prices, the disinflation in October 2018 suggests that the effect of an increase in distribution costs due to higher fuel prices, have not been transmitted to the maize meal prices and other grain products yet. This could provide upward pressure which would result in low levels of inflation in this sub-group over the next three months.

In terms of red meat, carcass prices both m-o-m and y-o-y trends suggest a sideways movement. Between August and September 2018, A2/A3 cattle prices, in fact, decreased marginally from 46.31/kg to 45.97/kg. This reflects a small recovery in supply in recent months, as well as weak domestic demand. It also indicates that inflationary pressures seem to be originating from the rest of the chain. In terms of chicken, since South Africa is a net importer, it is expected that the recent depreciation of the exchange rate has contributed to upward pressure in chicken prices, which are, in turn, supporting meat inflation in general. Pork, comprising a relatively small share of meat consumption, have also seen a price recovery over the past three months, at the back of the Listeriosis outbreak. It is expected that this is an additional factor supporting meat inflation. In light of typical seasonality, the current level of meat inflation is expected to gain momentum as we enter the festive season.

Fruits and vegetables currently present an interesting dynamic. The recent disinflationary trend in fruit, as mentioned above, could be as a result of subdued demand associated with the weak economic circumstances which causes consumers to buy less (higher value) fruit and more (lower value) vegetables. Lower fruit prices can also be driven by quality issues based on the recent drought (specifically in the Western Cape), although the effect of this is expected to dissipate over the next six months, as harvests of the new season become available. Vegetables, in turn, are therefore supported by relatively strong demand combined with increased cost pressures associated with its distribution due to the high cost of fuel. As a result, we expect to start seeing marginal increases in fruit inflation over the outlook period, whilst the strong inflationary pressures associated with vegetables are expected to persist.

Over the next three months, in addition to strong(er) festive season demand, three key factors are expected to shape the trajectory of food inflation in South Africa. The first is contractionary monetary policy in the United States (US). This is expected to put pressure on the Rand which could ultimately support inflation. Secondly, our local growth figures of 2018Q3 (to be released early December 2018), would also provide critical information for rating agencies with respect their decision on a further downgrade. If below expected growth is announced, it could spark a slide in the rand which would rapidly influence local grain and meat prices and ultimately food prices towards the end of 2019Q1. Within this context we feel that a food inflation level of 4.5% is eminent under sustained currency levels of above R14 to the US Dollar. The third uncertainty is oil prices. Current high US stock levels are depressing prices, but this could be offset by supply cuts in the Middle East and other Organization of the Petroleum Exporting Countries (OPEC).

APPENDIX A: DATA ON URBAN FOOD PRICE TRENDS

Table A.1: Wheat products

Wheat products	Price level			Percentage Change	
	Oct-17	Jul-18	Oct-18	Oct-18 vs Jul-18	Oct-18 vs Oct-17
Cake flour 1kg	12.58	12.43	12.46	0.2%	-1.0%
Cake flour 2.5kg	26.26	25.45	25.78	1.3%	-1.8%
Cake flour 5kg	54.89	53.14	54.93	3.4%	0.1%
Instant noodles 73g	4.93	4.92	4.98	1.2%	1.0%
Instant noodles 75g	4.40	4.55	4.65	2.2%	5.7%
Instant noodles 78g	4.64	4.84	4.54	-6.2%	-2.2%
Instant noodles 85g	3.92	3.92	3.99	1.8%	1.8%
Loaf of brown bread 600g	7.24	7.03	7.11	1.1%	-1.8%
Loaf of brown bread 700g	11.98	11.34	11.69	3.1%	-2.4%
Loaf of brown bread 800g	15.15	14.05	12.99	-7.5%	-14.3%
Loaf of white bread (each)	11.08	12.16	12.05	-0.9%	8.8%
Loaf of white bread 600g	7.61	8.15	8.06	-1.1%	5.9%
Loaf of white bread 700g	12.98	12.95	13.14	1.5%	1.2%
Macaroni 1kg	26.99	26.02	25.14	-3.4%	-6.9%
Macaroni 500g	12.91	11.77	11.69	-0.7%	-9.5%
Pasta 1kg	35.39	37.95	38.19	0.6%	7.9%
Pasta 500g	17.70	17.12	17.39	1.6%	-1.8%
Spaghetti 1kg	26.09	24.53	24.21	-1.3%	-7.2%
Spaghetti 500g	13.40	12.46	12.27	-1.5%	-8.4%
Average				**-0.2%**	**-1.3%**
Domestic price of wheat	**4,157.23**	**4,066.36**	**4,392.35**	**8.0%**	**5.7%**

Source: Stats SA, 2018

Table A.2: Maize products

Maize products	Price level			Percentage Change	
	Oct-17	Jul-18	Oct-18	Oct-18 vs Jul-18	Oct-18 vs Oct-17
Special maize 10kg	72.32	57.71	56.04	-2.9%	-22.5%
Special maize 1kg	8.92	7.53	7.43	-1.3%	-16.7%
Special maize 2.5kg	19.76	18.03	17.50	-2.9%	-11.4%
Special maize 5kg	39.44	33.17	32.58	-1.8%	-17.4%
Super maize 1kg	10.39	10.24	9.96	-2.7%	-4.1%
Super maize 2.5kg	22.96	21.38	20.63	-3.5%	-10.1%
Super maize 5kg	40.93	35.72	36.17	1.3%	-11.6%
Average				**-2.0%**	**-13.4%**
Domestic price of yellow maize	**1,995.36**	**2,107.55**	**2,395.87**	**13.7%**	**20.1%**
Domestic price of white maize	**1,892.82**	**2,034.77**	**2,373.35**	**16.6%**	**25.4%**

Source: Stats SA, 2018

Table A.3: Sunflower products

Sunflower products	Price level			Percentage Change	
	Oct-17	Jul-18	Oct-18	Oct-18 vs Jul-18	Oct-18 vs Oct-17
Brick margarine 125g	8.38	8.00	7.99	-0.1%	-4.7%
Brick margarine 1kg	43.56	44.28	44.41	0.3%	2.0%
Brick margarine 250g	14.10	13.42	13.48	0.4%	-4.4%
Brick margarine 500g	22.44	22.27	22.19	-0.4%	-1.1%
Margarine spread 1kg	41.53	41.79	39.79	-4.8%	-4.2%
Margarine spread 500g	27.72	27.09	26.94	-0.6%	-2.8%
Sunflower oil 2ℓ	40.25	38.10	40.72	6.9%	1.2%
Sunflower oil 4ℓ	79.99	77.63	84.19	8.5%	5.3%
Sunflower oil 500mℓ	13.99	14.33	17.12	19.5%	22.4%
Sunflower oil 750mℓ	22.22	21.47	22.49	4.8%	1.2%
Average				**3.4%**	**1.5%**
Domestic price of sunflower seed	**4,566.82**	**4,643.50**	**5,102.87**	**9.9%**	**11.7%**

Source: Stats SA, 2018

Table A.4: Processed vegetables

Processed vegetables	Price level			Percentage Change	
	Oct-17	Jul-18	Oct-18	Oct-18 vs Jul-18	Oct-18 vs Oct-17
Baked beans - tinned 410g	9.44	9.84	10.05	2.1%	6.5%
Beans - dried 1kg	38.89	36.53	36.85	0.9%	-5.2%
Beans - dried 2kg	61.53	59.01	58.06	-1.6%	-5.6%
Beans - dried 500g	19.14	18.90	19.32	2.2%	0.9%
Average				**0.9%**	**-0.9%**

Source: Stats SA, 2018

Table A.5: Fresh vegetables

Fresh vegetables	Price level			Percentage Change	
	Oct-17	Jul-18	Oct-18	Oct-18 vs Jul-18	Oct-18 vs Oct-17
Beetroot - fresh per kg	11.74	10.63	10.99	3.4%	-6.4%
Broccoli - fresh per kg	29.42	38.90	40.63	4.4%	38.1%
Cabbage - fresh each	13.39	14.14	13.73	-2.9%	2.5%
Cabbage - fresh per kg	11.67	12.51	12.15	-2.9%	4.1%
Cauliflower - fresh per kg	32.05	41.16	42.76	3.9%	33.4%
Onions - fresh per kg	13.12	14.44	15.46	7.1%	17.8%
Potatoes - fresh per kg	11.70	11.72	12.11	3.3%	3.5%
Pumpkin - fresh per kg	13.95	10.51	13.13	24.9%	-5.9%
Sweet potatoes - fresh per kg	16.22	16.87	18.65	10.6%	15.0%
Tomatoes - fresh per kg	16.67	18.04	19.07	5.7%	14.4%
Average				**5.8%**	**11.7%**

Source: Stats SA, 2018

Table A.6: Processed meat

Processed meat	Price level			Percentage Change	
	Oct-17	Jul-18	Oct-18	Oct-18 vs Jul-18	Oct-18 vs Oct-17
Bacon per kg	36.99	35.09	35.27	0.5%	-4.6%
Corned beef 300g	24.99	22.63	21.58	-4.6%	-13.6%
Ham 500g	37.03	36.52	37.42	2.5%	1.1%
Polony per kg	43.06	44.19	42.46	-3.9%	-1.4%
Sausage 500g	46.19	45.99	46.44	1.0%	0.5%
Average				**-0.9%**	**-3.6%**

Source: Stats SA, 2018

Table A.7: Unprocessed meat

Unprocessed meat	Price level			Percentage Change	
	Oct-17	Jul-18	Oct-18	Oct-18 vs Jul-18	Oct-18 vs Oct-17
Beef brisket - fresh per kg	81.71	86.11	85.83	-0.3%	5.0%
Beef chuck - fresh per kg	84.30	87.81	87.06	-0.9%	3.3%
Beef fillet - fresh per kg	192.78	190.60	187.48	-1.6%	-2.7%
Beef mince - fresh per kg	77.80	84.73	85.14	0.5%	9.4%
Beef offal - fresh per kg	43.27	35.80	35.88	0.2%	-17.1%
Beef rump steak - fresh per kg	123.89	125.61	124.01	-1.3%	0.1%
Beef sirloin - fresh per kg	131.29	138.23	133.78	-3.2%	1.9%
Beef stew - per kg	75.25	77.23	76.95	-0.4%	2.3%
Beef T-bone - fresh per kg	99.29	103.95	103.59	-0.3%	4.3%
Chicken giblets per kg	40.53	34.41	34.22	-0.6%	-15.6%
Chicken portions - fresh per kg	56.69	60.03	59.32	-1.2%	4.6%
Chicken portions frozen - non IQF average per kg	46.95	48.19	46.66	-3.2%	-0.6%
Chicken portions frozen - non IQF per kg (real)	44.89	48.19	46.66	-3.2%	3.9%
IQF chicken portions - 1,5kg	58.92	64.29	67.34	4.7%	14.3%
IQF chicken portions - 1,8kg	55.49	58.26	55.99	-3.9%	0.9%
IQF chicken portions - 1kg	18.86	45.49	46.39	2.0%	146.0%
IQF chicken portions - 2kg	63.29	68.16	64.60	-5.2%	2.1%
IQF chicken portions - 5kg	162.80	167.38	164.33	-1.8%	0.9%
Lamb - leg per kg	135.50	137.25	138.36	0.8%	2.1%
Lamb - loin chop per kg	151.61	158.10	162.14	2.6%	6.9%
Lamb - neck per kg	115.07	119.03	122.71	3.1%	6.6%
Lamb - offal per kg	47.24	50.10	52.46	4.7%	11.0%
Lamb - rib chop per kg	146.92	157.29	157.85	0.4%	7.4%

Unprocessed meat	Price level			Percentage Change	
	Oct-17	Jul-18	Oct-18	Oct-18 vs Jul-18	Oct-18 vs Oct-17
Lamb - stew per kg	103.62	112.18	112.84	0.6%	8.9%
Pork - ribs per kg	82.08	73.90	74.38	0.6%	-9.4%
Pork chops - fresh per kg	79.10	74.03	76.51	3.3%	-3.3%
Whole chicken - fresh per kg	44.69	46.16	47.82	3.6%	7.0%
Average				**0.003%**	**7.4%**

Source: Stats SA, 2018

Table A.8: Eggs and dairy products

Eggs & dairy products	Price level			Percentage Change	
	Oct-17	Jul-18	Oct-18	Oct-18 vs Jul-18	Oct-18 vs Oct-17
Cheddar cheese per kg	106.26	105.12	105.47	0.3%	-0.7%
Eggs 0.5 dozen	15.20	16.88	18.60	10.2%	22.4%
Eggs 1,5 dozen	40.11	43.78	42.76	-2.3%	6.6%
Eggs 2 dozen	44.23	53.99	53.99	0.0%	22.1%
Eggs 2.5 dozen	56.48	61.28	59.96	-2.2%	6.2%
Full cream milk - fresh 1ℓ	13.92	14.41	14.49	0.6%	4.1%
Full cream milk - fresh 250mℓ	6.70	6.77	6.82	0.7%	1.8%
Full cream milk - fresh 2ℓ	25.53	26.19	26.00	-0.7%	1.8%
Full cream milk - fresh 500mℓ	10.13	10.40	10.67	2.6%	5.3%
Full cream milk - long life 1ℓ	14.04	13.70	13.92	1.6%	-0.9%
Full cream milk - long life 500mℓ	8.61	8.83	8.68	-1.7%	0.8%
Full cream milk - long life 6x1ℓ	73.99	72.32	74.49	3.0%	0.7%
Low fat milk - fresh 1ℓ	15.39	15.35	15.85	3.3%	3.0%
Low fat milk - fresh 2ℓ	26.42	26.94	26.80	-0.5%	1.4%
Low fat milk - long life 1,5ℓ	20.49	20.16	20.16	0.0%	-1.6%
Low fat milk - long life 1ℓ	13.93	13.62	13.86	1.8%	-0.5%
Powdered milk 250g	37.59	41.79	41.64	-0.4%	10.8%
Powdered milk 400g	63.73	67.22	62.39	-7.2%	-2.1%
Powdered milk 500g	54.50	55.61	52.57	-5.5%	-3.5%
Powdered milk 900g	134.70	137.38	138.49	0.8%	2.8%
Average				**0.2%**	**4.0%**

Source: Stats SA, 2018

Table A.9: Fruits

Fruits	Price level			Percentage Change	
	Oct-17	Jul-18	Oct-18	Oct-18 vs Jul-18	Oct-18 vs Oct-17
Apples - fresh per kg	18.95	18.96	19.75	4.2%	4.2%
Bananas - fresh per kg	13.50	13.24	12.73	-3.9%	-5.7%
Naartjies - fresh per kg	18.98	22.79	21.59	-5.3%	13.8%

Oranges - fresh per kg	12.94	13.99	14.44	3.2%	11.6%
Pears - fresh per kg	18.94	20.91	20.87	-0.2%	10.2%
Average				**-0.4%**	**6.8%**

Source: Stats SA, 2018

Table A.10: Fish Products

Tinned fish products	Price level			Percentage Change	
	Oct-17	Jul-18	Oct-18	Oct-18 vs Jul-18	Oct-18 vs Oct-17
Fish (excl. tuna) - tinned 155g	10.53	10.58	10.73	1.4%	1.9%
Fish (excl. tuna) - tinned 215g	13.64	13.96	14.04	0.6%	2.9%
Fish (excl. tuna) - tinned 400g	17.44	18.34	18.05	-1.6%	3.5%
Tuna - tinned 170g	18.20	20.24	20.23	0.0%	11.2%
Average				**0.1%**	**4.9%**

Source: Stats SA, 2018

Table A.11: Other products

Other products	Price level			Percentage Change	
	Oct-17	Jul-18	Oct-18	Oct-18 vs Jul-18	Oct-18 vs Oct-17
Cold Cereals 400g	36.81	39.44	41.96	6.4%	14.0%
Cold Cereals 450g	25.22	25.38	25.29	-0.4%	0.3%
Cold Cereals 500g	33.17	34.14	34.76	1.8%	4.8%
Cold Cereals 750g	43.87	48.15	46.12	-4.2%	5.1%
Ceylon/black tea 125g	24.52	27.32	27.74	1.5%	13.1%
Ceylon/black tea 250g	32.29	35.05	34.93	-0.3%	8.2%
Ceylon/black tea 500g	58.31	66.66	65.04	-2.4%	11.5%
Ceylon/black tea 62.5g	14.64	15.99	16.05	0.4%	9.6%
Instant coffee 100g	26.33	25.46	23.24	-8.7%	-11.7%
Instant coffee 200g	80.88	76.33	76.78	0.6%	-5.1%
Instant coffee 250g	35.78	36.42	35.97	-1.2%	0.5%
Instant coffee 500g	56.29	59.72	59.74	0.0%	6.1%
Instant coffee 750g	78.30	76.89	76.12	-1.0%	-2.8%
Peanut butter 250g	20.07	20.41	20.41	0.0%	1.7%
Peanut butter 400g	27.76	27.86	27.87	0.0%	0.4%
Peanut butter 800g	51.15	52.84	52.50	-0.6%	2.6%
Rice 10kg	112.31	122.56	122.25	-0.3%	8.9%
Rice 1kg	19.20	18.78	18.91	0.7%	-1.5%
Rice 2kg	26.18	26.01	25.56	-1.7%	-2.4%
Rice 500g	8.18	8.53	8.40	-1.5%	2.7%
Rice 5kg	64.29	65.70	67.18	2.3%	4.5%
White sugar 10kg	158.56	154.87	162.74	5.1%	2.6%
White sugar 1kg	18.73	18.14	19.33	6.6%	3.2%
White sugar 2.5kg	38.69	35.76	39.01	9.1%	0.8%

Other products	Price level			Percentage Change	
	Oct-17	Jul-18	Oct-18	Oct-18 vs Jul-18	Oct-18 vs Oct-17
White sugar 2kg	-	24.74	27.74	12.1%	
White sugar 500g	10.21	10.01	10.78	7.7%	5.6%
White sugar 5kg	81.52	76.23	79.81	4.7%	-2.1%
Average				**1.4%**	**3.1%**

Source: Stats SA, 2018

APPENDIX B: DATA ON RURAL FOOD PRICE TRENDS

Table B.1: Wheat products

Wheat products	Price level			Percentage Change	
	Oct-17	Jul-18	Oct-18	Oct-18 vs Jul-18	Oct-18 vs Oct-17
Loaf of brown bread 600g	10.08	10.19	10.35	1.5%	2.7%
Loaf of brown bread 700g	11.48	11.66	11.81	1.3%	2.8%
Loaf of white bread 600g	10.51	10.49	10.69	2.0%	1.7%
Loaf of white bread 700g	12.45	12.62	12.87	2.0%	3.4%
Average				**1.7%**	**2.7%**

Source: Stats SA, 2018

Table B.2: Maize products

Maize products	Price level			Percentage Change	
	Oct-17	Jul-18	Oct-18	Oct-18 vs Jul-18	Oct-18 vs Oct-17
Special maize 1kg	9.49	9.04	8.81	-2.5%	-7.2%
Special maize 2.5kg	22.27	16.48	16.98	3.0%	-23.8%
Special maize 5kg	36.75	29.48	30.33	2.9%	-17.5%
Super maize 1kg	11.56	10.55	10.59	0.4%	-8.3%
Super maize 2.5kg	24.05	21.07	21.18	0.5%	-11.9%
Super maize 5kg	44.63	39.33	38.97	-0.9%	-12.7%
Average				**0.6%**	**-13.6%**

Source: Stats SA, 2018

Table B.3: Sunflower products

Sunflower products	Price level			Percentage Change	
	Oct-17	Jul-18	Oct-18	Oct-18 vs Jul-18	Oct-18 vs Oct-17
Brick margarine 125g	9.57	9.33	9.43	1.1%	-1.5%
Brick margarine 250g	14.72	14.98	14.70	-1.8%	-0.2%
Brick margarine 500g	22.57	21.89	21.94	0.2%	-2.8%
Margarine spread (tub) 1kg	39.77	39.53	40.40	2.2%	1.6%
Margarine spread (tub) 500g	27.15	28.29	28.09	-0.7%	3.4%
Sunflower oil 2ℓ	40.62	37.59	37.96	1.0%	-6.5%
Sunflower oil 500mℓ	14.53	14.46	14.72	1.8%	1.4%
Sunflower oil 750mℓ	17.27	17.52	18.00	2.7%	4.2%
Average				**0.8%**	**-0.1%**

Source: Stats SA, 2018

Table B.4: Dairy products

Dairy products	Price level			Percentage Change	
	Oct-17	Jul-18	Oct-18	Oct-18 vs Jul-18	Oct-18 vs Oct-17
Eggs 1/2 dozen	9.99	10.97	12.42	13.2%	24.3%
Full cream milk - fresh 1ℓ	13.38	13.97	14.20	1.6%	6.2%
Full cream milk - fresh 2ℓ	25.96	26.34	26.43	0.4%	1.8%
Full cream milk - fresh 500mℓ	9.92	10.30	10.22	-0.7%	3.1%
Full cream milk - long life 1ℓ	14.50	14.81	14.76	-0.3%	1.8%
Full cream milk - long life 500mℓ	10.25	10.12	10.44	3.2%	1.8%
Low fat milk - fresh 1ℓ	13.82	16.99	15.16	-10.8%	9.6%
Low fat milk - fresh 2ℓ	27.39	29.99	27.99	-6.7%	2.2%
Average				**-0.01%**	**6.4%**

Source: Stats SA, 2018

Table B.5: Tea and coffee

Tea and coffee	Price level			Percentage Change	
	Oct-17	Jul-18	Oct-18	Oct-18 vs Jul-18	Oct-18 vs Oct-17
Ceylon/black tea 125g	20.57	21.30	20.36	-4.4%	-1.0%
Ceylon/black tea 200g	27.99	34.46	35.19	2.1%	25.7%
Ceylon/black tea 250g	29.42	32.10	31.38	-2.2%	6.7%
Ceylon/black tea 62.5g	12.56	13.25	12.84	-3.1%	2.2%
Instant coffee 100g	19.28	19.69	19.93	1.2%	3.4%
Instant coffee 250g	37.73	37.46	37.27	-0.5%	-1.2%
Instant coffee 750g	81.13	79.85	79.99	0.2%	-1.4%
Average				**-1.0%**	**4.9%**

Source: Stats SA, 2018

Table B.6: Beans

Beans	Price level			Percentage Change	
	Oct-17	Jul-18	Oct-18	Oct-18 vs Jul-18	Oct-18 vs Oct-17
Beans dried 1kg	32.19	29.72	29.46	-0.9%	-8.5%
Beans dried 2kg	46.79	52.02	54.45	4.7%	16.4%
Beans dried 500g	15.80	16.26	15.97	-1.8%	1.1%
Average				**0.7%**	**3.0%**

Source: Stats SA, 2018

Table B.7: White sugar

Sugar	Price level			Percentage Change	
	Oct-17	Jul-18	Oct-18	Oct-18 vs Jul-18	Oct-18 vs Oct-17
White sugar 1kg	19.20	18.71	19.20	2.6%	0.0%
White sugar 2.5kg	41.56	40.00	41.88	4.7%	0.8%
White sugar 500g	95.00	-	89.99		-5.3%

Average				**3.7%**	**-1.5%**

Source: Stats SA, 2018

Table B.8: Meat & Fish

Meat & Fish	Price level			Percentage Change	
	Oct-17	Jul-18	Oct-18	Oct-18 vs Jul-18	Oct-18 vs Oct-17
Beef brisket - fresh per kg	80.18	83.18	83.36	0.2%	4.0%
Beef chuck - fresh per kg	80.10	83.58	83.82	0.3%	4.6%
Beef fillet - fresh per kg	147.38	156.78	156.78	0.0%	6.4%
Beef rump steak -fresh per kg	108.64	113.73	113.30	-0.4%	4.3%
Beef T-bone - fresh per kg	97.56	98.48	99.26	0.8%	1.7%
Fish (excl. tuna) - tinned 155g	10.83	10.93	11.20	2.5%	3.5%
Fish (excl. tuna) - tinned 425g	18.00	14.00	18.00	28.6%	0.0%
Average				**4.6%**	**3.5%**

Source: Stats SA, 2018

Table B.9: Rice

Rice	Price level			Percentage Change	
	Oct-17	Jul-18	Oct-18	Oct-18 vs Jul-18	Oct-18 vs Oct-17
Rice 1kg	15.88	15.70	15.76	0.4%	-0.7%
Rice 2kg	25.25	25.71	25.75	0.2%	2.0%
Rice 500g	8.72	8.91	8.75	-1.8%	0.3%
Average				**-0.4%**	**0.5%**

Source: Stats SA, 2018

Table B.10: Peanut butter

Peanut butter	Price level			Percentage Change	
	Oct-17	Jul-18	Oct-18	Oct-18 vs Jul-18	Oct-18 vs Oct-17
Peanut butter 270g	23.02	24.02	24.16	0.6%	5.0%
Peanut butter 400g	29.32	29.99	29.49	-1.6%	0.6%
Peanut butter 800g	52.68	53.47	54.18	1.3%	2.8%
Average				**0.1%**	**2.8%**

Source: Stats SA, 2018

Table B.11: Fruit & Vegetables

Fruit & Vegetables	Price level			Percentage Change	
	Oct-17	Jul-18	Oct-18	Oct-18 vs Jul-18	Oct-18 vs Oct-17
Apples - fresh per kg	19.34	18.98	19.54	2.9%	1.0%
Bananas - fresh per kg	13.63	13.14	13.16	0.2%	-3.5%
Onions - fresh per kg	12.46	12.94	13.51	4.4%	8.4%
Oranges - fresh per kg	14.49	13.66	16.82	23.2%	16.1%
Potatoes - fresh per kg	11.49	11.25	12.09	7.4%	5.2%

Potatoes - fresh 10kg	59.66	49.66	54.50	9.7%	-8.7%
Tomatoes - fresh per kg	17.71	19.19	18.93	-1.4%	6.9%
Average				**6.6%**	**3.6%**

Source: Stats SA, 2018

APPENDIX C: COMMODITY AND PRODUCT PRICE TRENDS

C.1 Wheat price trends

Oct 2018 vs. Oct 2017:

International wheat price increased by 21.6%

Domestic price of wheat increased by 5.7%

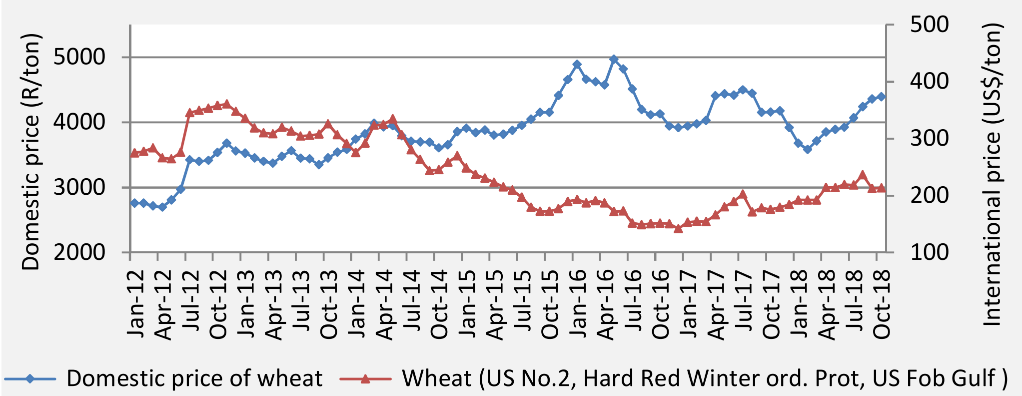

Figure C.1: Domestic market price vs global market price of wheat
Source: FAO and SAFEX, 2018

Domestic wheat price follows the import parity price of wheat closely. Oct 2018 vs. Oct 2017:

Wheat import parity price increased by 0.2%

Wheat export parity price increased by 24%

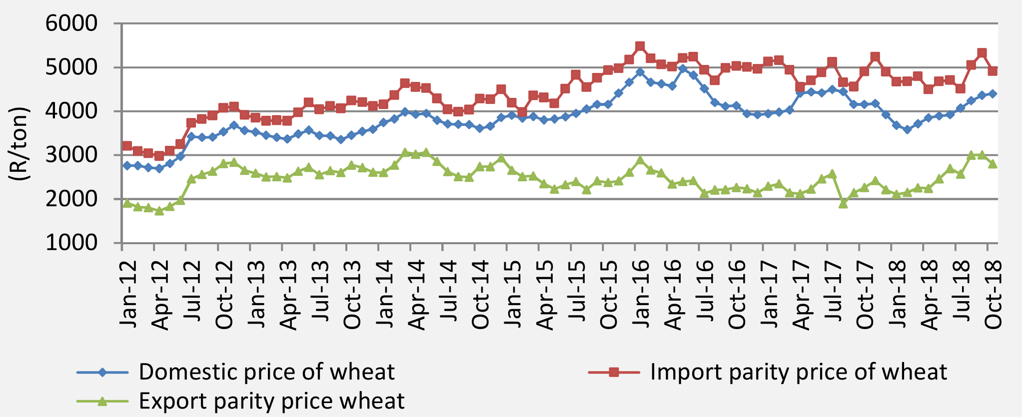

Figure C.2: Import parity, export parity and domestic prices of wheat
Source: SAGIS and SAFEX, 2018

Oct 2018 vs. Oct 2017:

Domestic wheat price increased by 5.7%

Brown bread 700g price decreased by 2.4%

White bread 700g price increased by 1.2%

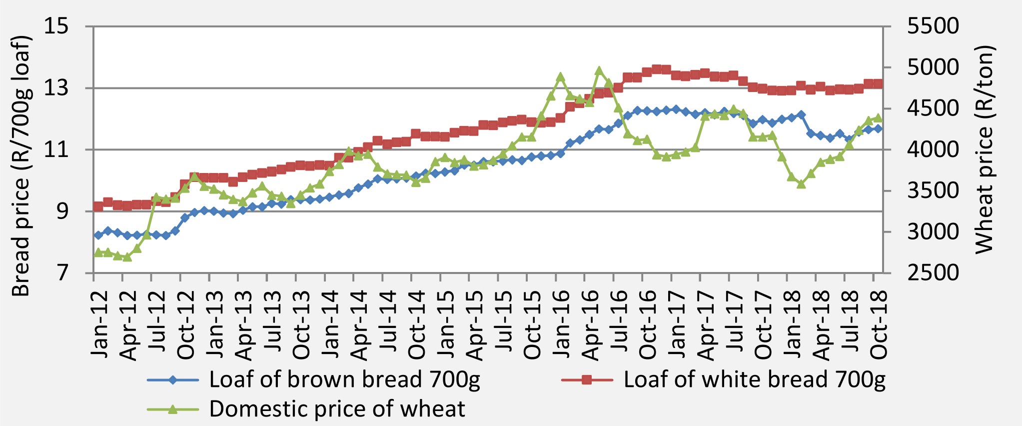

Figure C.3: Domestic wheat price and bread price trends
Source: Stats SA and SAFEX, 2018

C.2 Maize price trends

Oct 2018 vs. Oct 2017:

International price of yellow maize increased by 7.8%

Domestic price of yellow maize increased by 20.1%

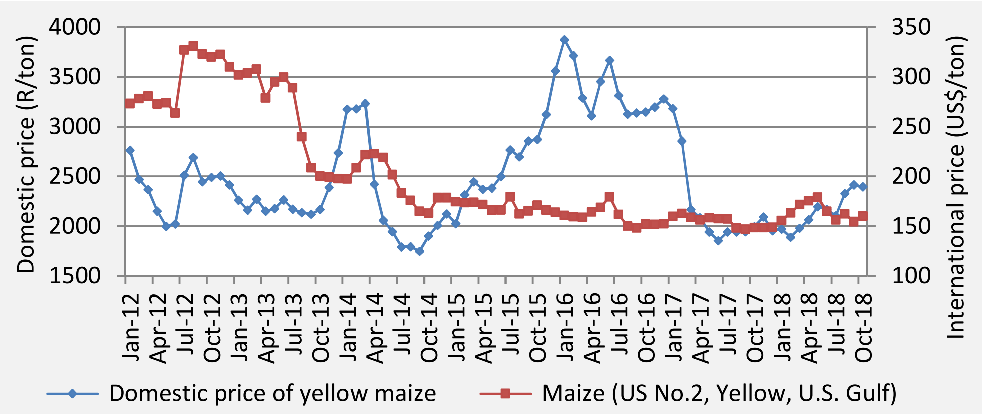

Figure C.4: Domestic market price vs global market price of yellow maize
Source: FAO and SAFEX, 2018

Oct 2018 vs. Oct 2017:

Export parity price of domestic maize increased by 21.7%

Import parity price of domestic maize increased by 4.4%

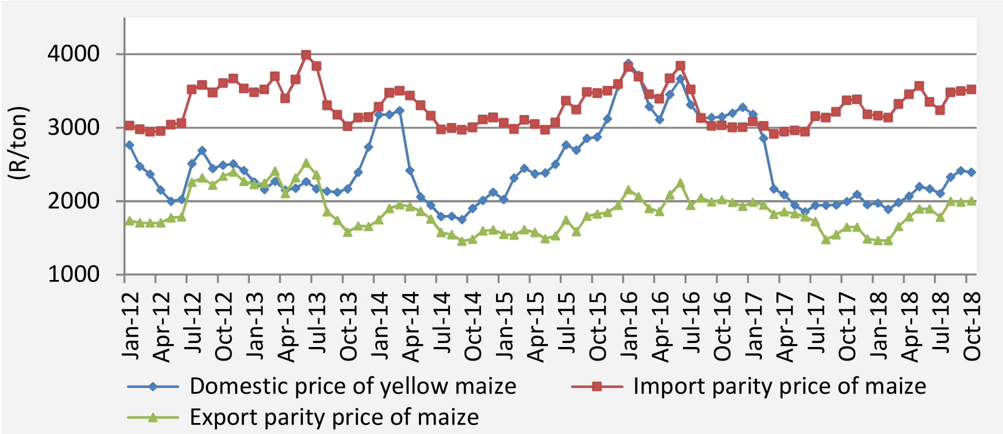

Figure C.5: Import parity, export parity and domestic prices of yellow maize
Source: SAFEX and SAGIS, 2018

Oct 2018 vs. Oct 2017:

Super maize meal 2.5 kg price decreased by 10.1%;
Special maize meal 2.5 kg decreased by 11.4%;
Domestic price of white maize increased by 25.4%

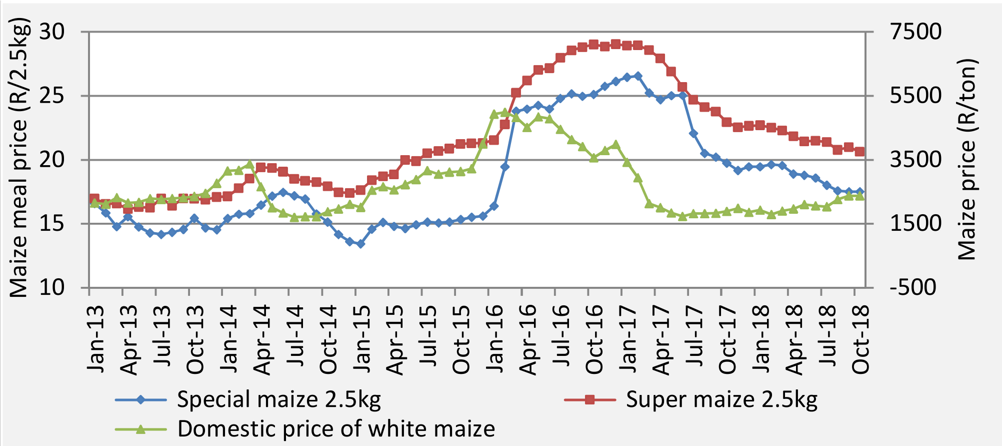

Figure C.6: White maize price and maize meal price trends
Source: SAFEX and Stats SA, 2018

C.3 Sunflower seeds price trends

Oct 2018 vs. Oct 2017:

International sunflower seed price decreased by 2.6%

Domestic price of sunflower seed increased by 11.7%

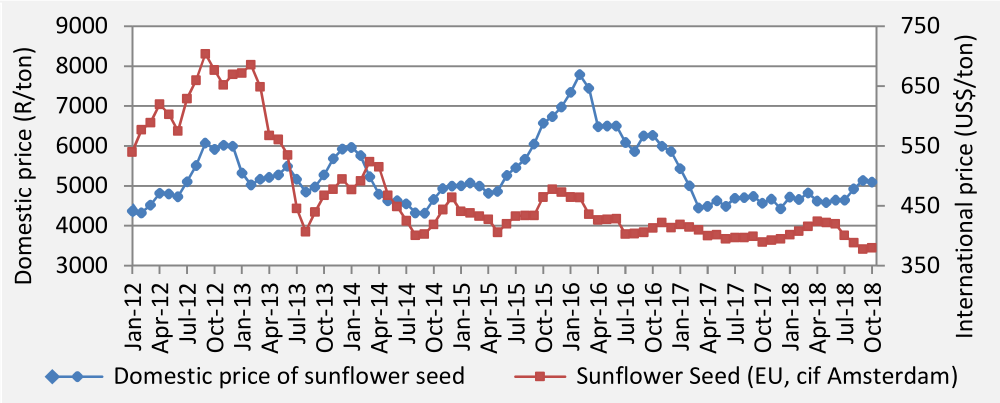

Figure C.7: Domestic market price of sunflower seeds vs global market price
Source: FAO and SAFEX, 2018

Oct 2018 vs. Oct 2017:

Domestic price of sunflower seed increased by 11.7%

Sunflower oil 750 ml increased by 1.2%

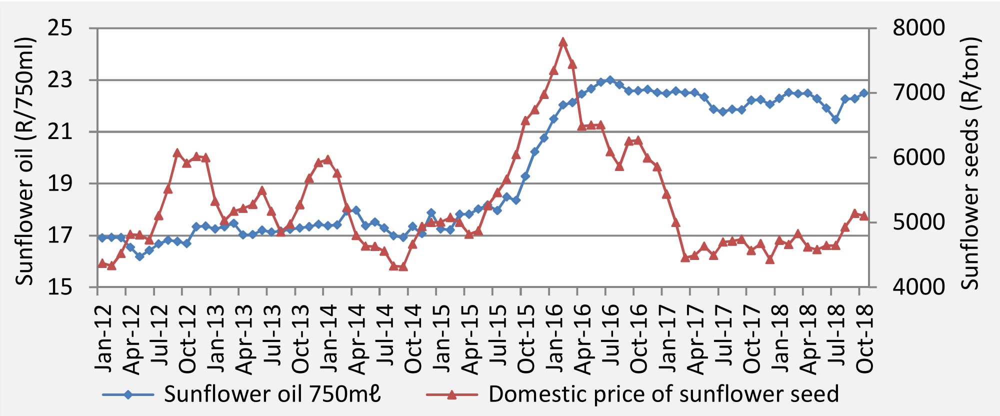

Figure C.8: Sunflower seeds price and sunflower oil price trends
Source: SAFEX and Stats SA, 2018

C.4 Dairy price trends

Oct 2018 vs. Oct 2017:

International skimmed milk powder increased by 7.7%

International whole milk powder decreased by 10.5%

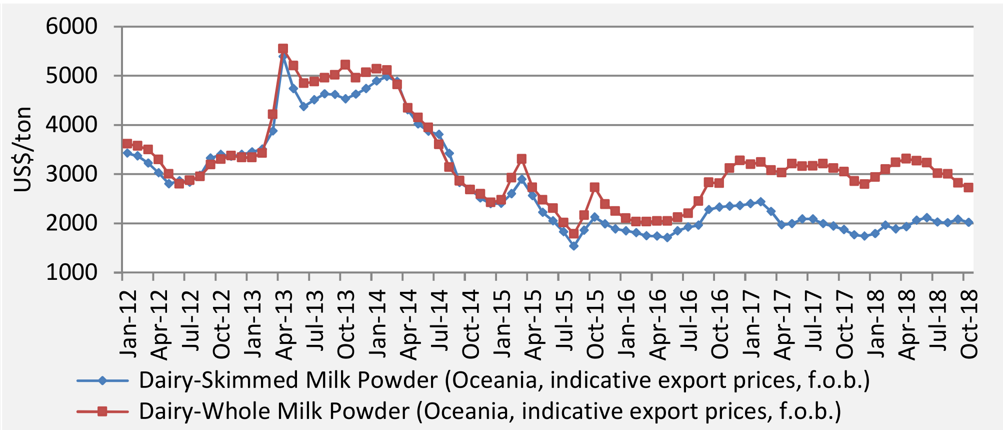

Figure C.9: Skim milk powder and whole milk powder price trends
Source: FAO, 2018

Oct 2018 vs. Oct 2017:

Milk producer price decreased by 19%; full cream milk – fresh 1ℓ increased by 4.1%; full cream milk – long life 1ℓ decreased by 0.9%

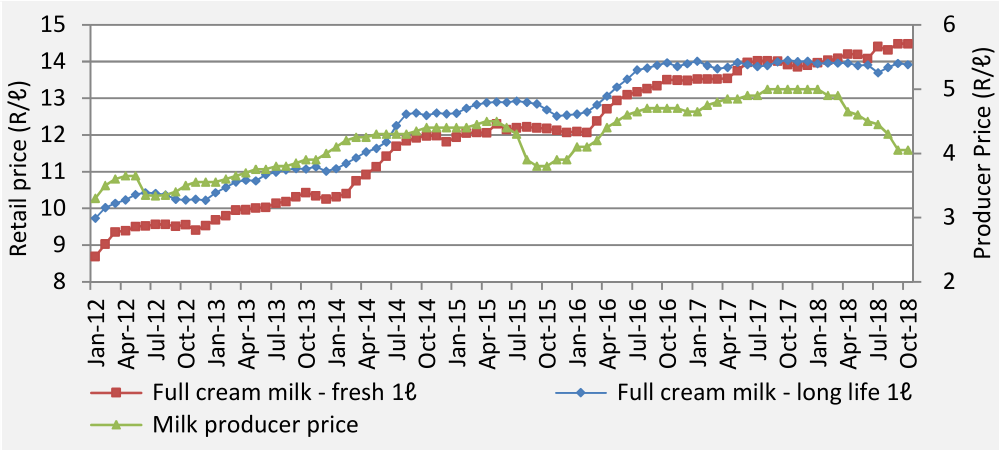

Figure C.10: Domestic producer price and retail prices of milk
Source: MPO and Stats SA, 2018

C.5 Meat price trends

The price of beef at **retail** level showed an annual average increase of 0.7% for the different cuts, Oct 2018 vs. Oct 2017

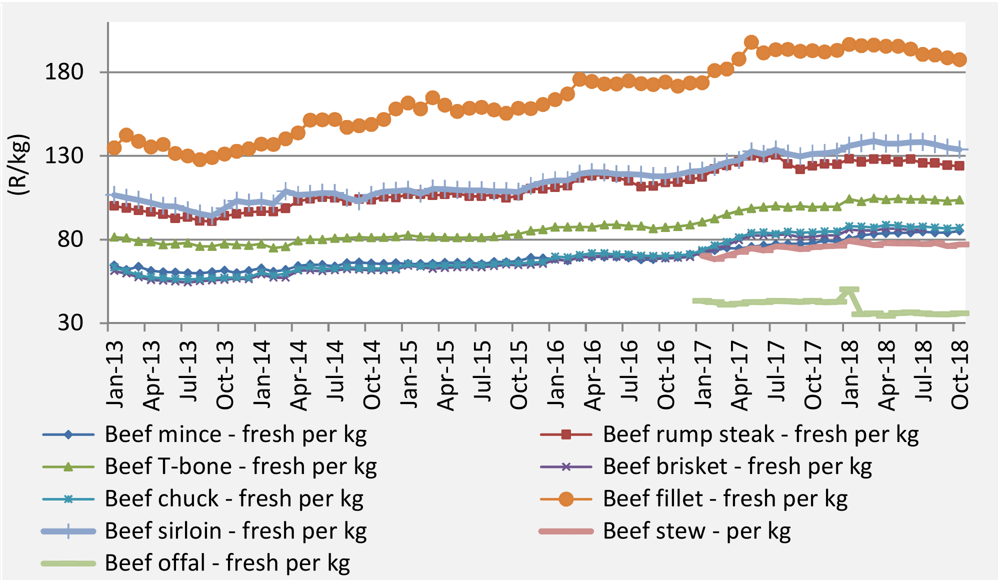

Figure C.11: Retail prices of beef cuts
Source: Stats SA, 2018

Oct 2018 vs. Oct 2017:

Chicken portions – fresh per kg (**retail**) price increased by 4.6% per kg

Pork chops per kg **retail** price decreased by 3.3%

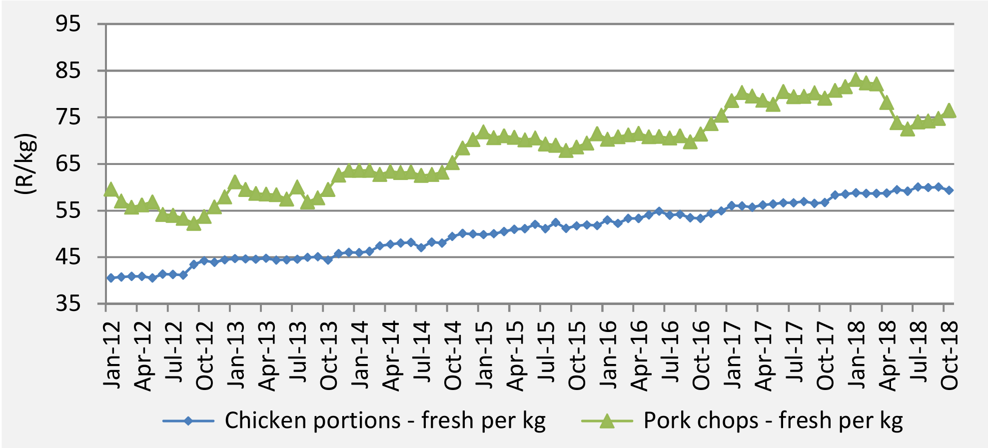

Figure C.12: Retail prices of pork chops and chicken portions – fresh per kg
Source: Stats SA, 2018

Oct 2018 vs. Oct 2017:

Producer prices for frozen chicken per kg decreased by 0.4%; for fresh chicken per kg decreased by 2%; and for IQF chicken portions per kg increased by 0.4%

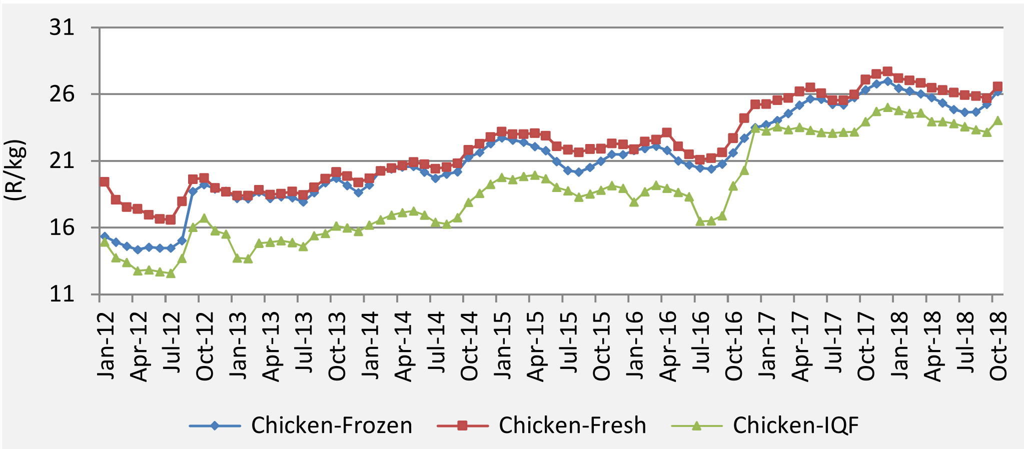

Figure C.13: Producer prices of various chicken pieces
Source: AMT, 2018

Oct 2018 vs. Oct 2017:

Porker producer price (R/kg) decreased by 10.9%

Baconer producer price (R/kg) decreased by 11.3%

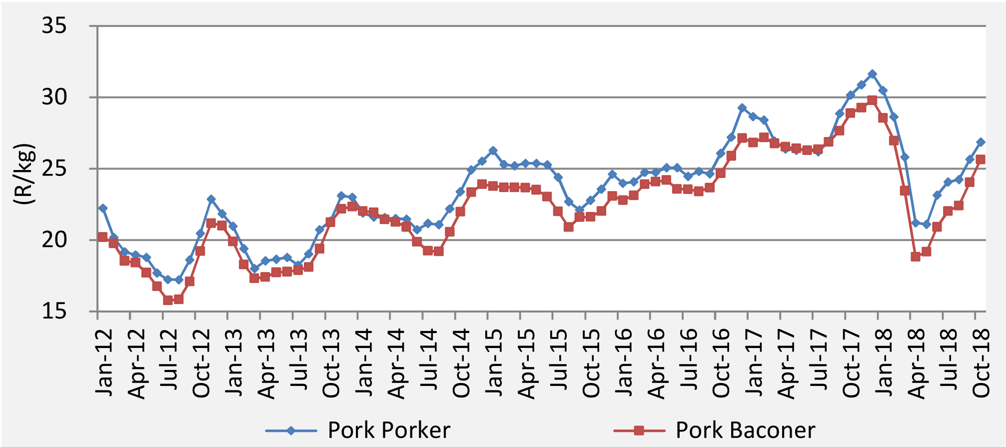

Figure C.14: Producer prices of pork
Source: AMT, 2018

Oct 2018 vs. Oct 2017:

Producer prices of Beef class A2/A3 increased by 0.5%, class B2/B3 decreased by 4.5%, and class C2/C3 increased by 0.2%

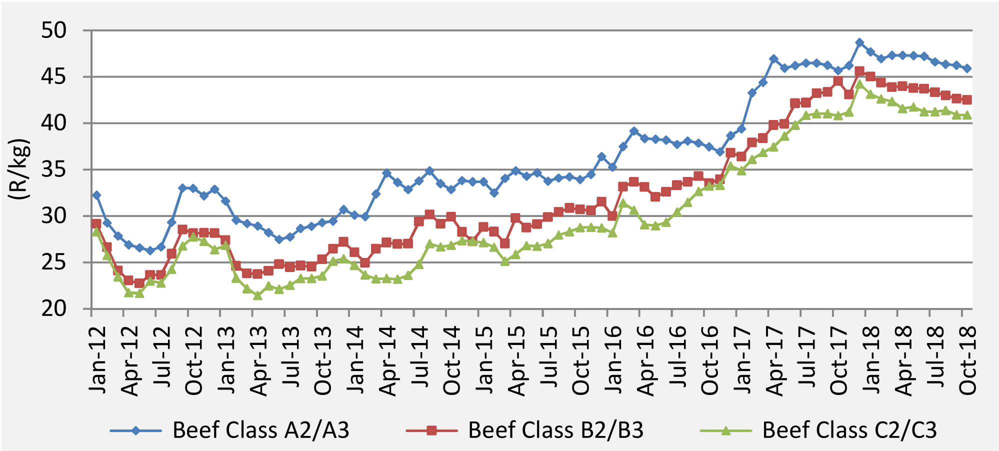

Figure C.15: Producer prices of beef
Source: AMT, 2018

Oct 2018 vs. Oct 2017:

Producer prices of lamb-class A2/A3 (R/kg) increased by 0.04%, class B2/B3 increased by 12.1% and the price of class C2/C3 increased by 8%

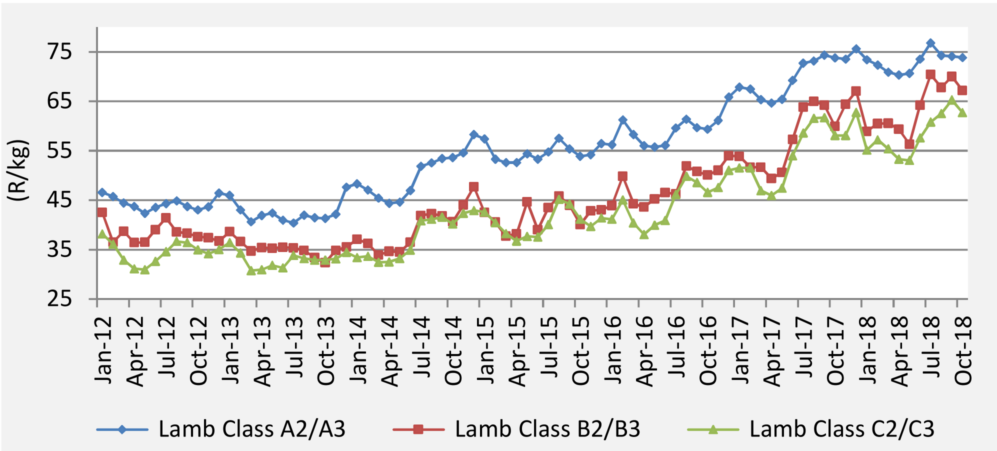

Figure C.16: Producer prices of lamb
Source: AMT, 2018

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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