National Agricultural Marketing Council

Promoting market access for South African agriculture

Markets and Economic Research Centre

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FOOD PRICE MONITOR:

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EXECUTIVE SUMMARY

The January 2014 Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) showed that the headline CPI was 5.8% between January 2013 and January 2014. The year-on-year food and non-alcoholic beverage index was 4.3% in January 2014.

In January 2014, the price differences between rural and urban consumers were R 2.49, R 2.06 and R 1.85 for white sugar (2.5 kg), maize meal (5 kg) and margarine 500 g, respectively. This implies that rural consumers paid more for these food items than urban consumers. The price of rice (2 kg), sunflower 750 ml and a loaf of white bread 700 g were respectively R 2.44, R 1.82 and R 1.19 more expensive in the rural areas, compared to the urban areas.

From January 2013 to January 2014 the cost of the basic food basket increased by approximately R 15.00 (+3.3%) in nominal terms from R 460.00 to R 475.00 (compared to a lower increase of 1.4% from October 2012 to October 2013 (the previous Food Price Monitor analysis period).

When comparing January 2013 to January 2014, significant price inflation (6% or more) was experienced for the following products in the food basket: rice, white bread, cabbage, potatoes, tea, maize meal, margarine, instant coffee and milk. This could have a negative impact on household food security in South Africa, affecting the affordability of important staple foods (rice, bread, and maize meal), as well as other food items making a major contribution to dietary diversity.

The outlook on maize indicates that South Africa, within the next three months, could potentially be facing a scenario where consumers will be entering a retail store for their weekly or monthly grocery shopping, only to find that the maize meal shelf has not been stocked or that the maize meal is so expensive that they would rather choose to buy rice, bread or potatoes. The stock levels of both white and yellow maize are running dangerously low, with potentially very little or no pipeline storage left until harvesting of the new season commences.

Table of Contents:

1. Introduction

The January 2014 Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) showed that the headline CPI was 5.8% between January 2013 and January 2014. The year-on-year food and non-alcoholic beverage index was 4.3% in January 2014. Figure 1 shows trends in year-on-year headline and the food and non-alcoholic beverage inflation rates from January 2013 to January 2014.

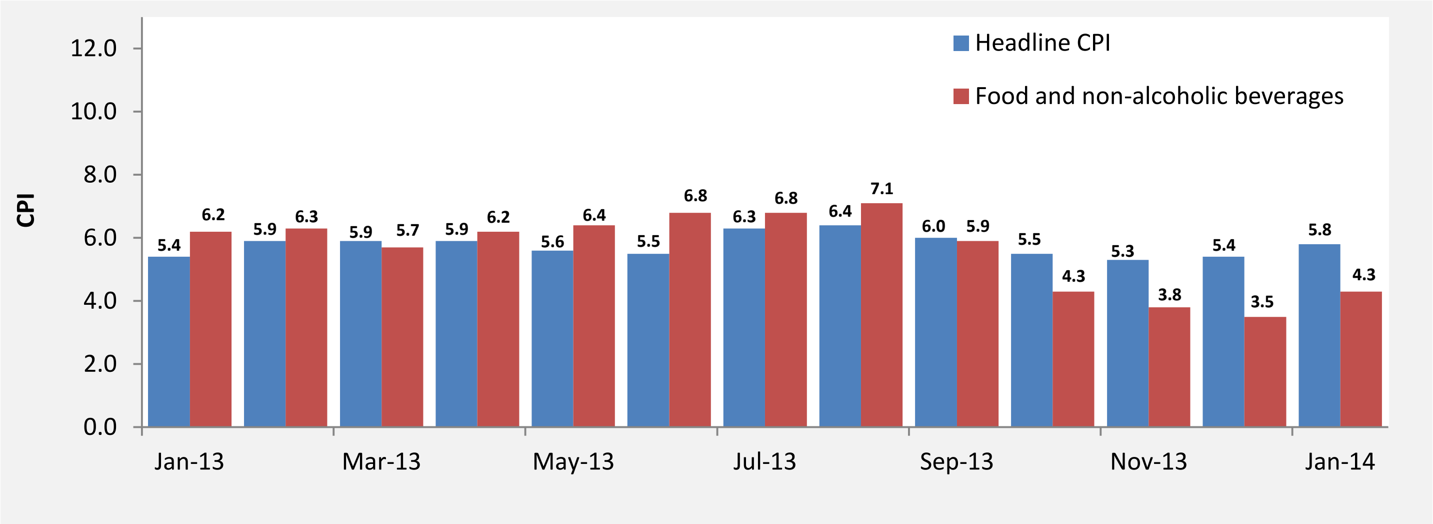


Figure 1: Headline CPI and food and non-alcoholic beverage CPI for 2013–2014 (year-on-year)
Source: Stats SA, 2014

Presented in Figure 2 are the components of food and non-alcoholic beverage inflation**.** The following components in the food and non-alcoholic beverages increased: other food products (6.8%), milk, eggs and cheese (6.6%), fish (6.3%), vegetables (6.3%), sugar, sweets and desserts (5.9%), processed food products (5.3%), bread and cereals (4.6%), unprocessed products (3.3%), fruits (2.4%), oils and fats (2.4%), and meat (1.8%).

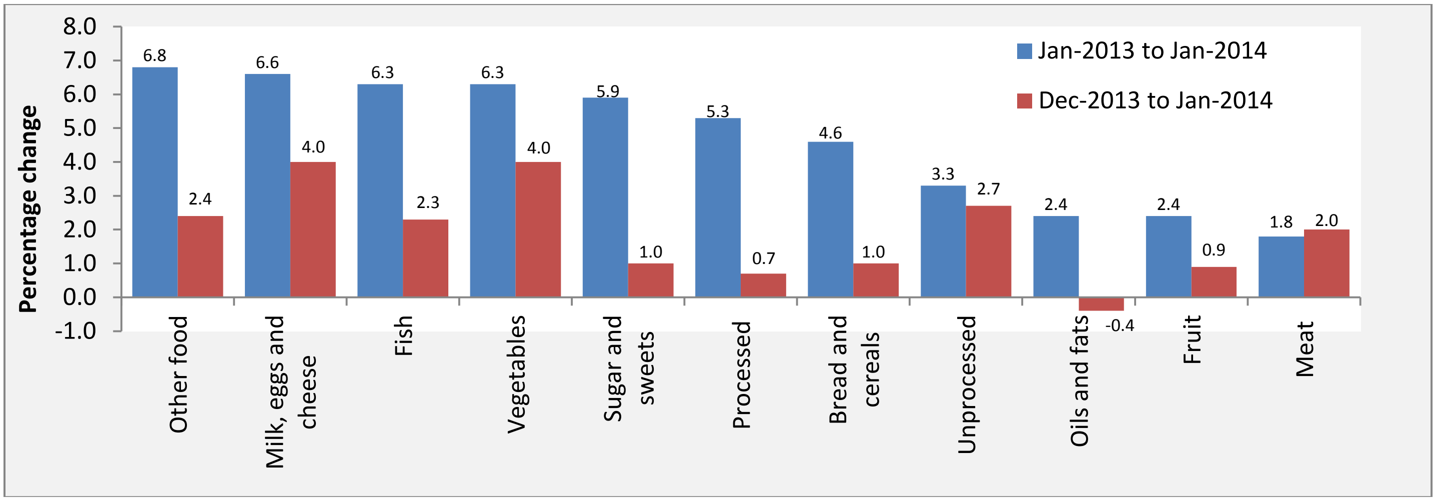


Figure 2: Year-on-year percentage change for different food categories (January 2013 – January 2014)
Source: Stats SA, 2014

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

Table 1 shows year-on-year October overall inflation and food inflation rates for South Africa and selected countries. India Turkey and Zambia experienced the highest overall inflation, while Turkey, India and Brazil had the highest inflation on food and non-alcoholic beverages.

Table 1: Overall inflation and food inflation during January 2014

Country	Overall inflation (%)	Inflation on food and non-alcoholic beverages (%)
South Africa	5.8	4.3
Botswana	4.4	3.6
Zambia	7.3	7.6
Turkey	7.8	10.9
Namibia	4.9	7.0
United States	1.6	1.1
United Kingdom	1.9	2.0
Brazil	5.6	7.3
Russia	6.1	6.7
India	8.8	9.9
China	1.0	3.7

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

3. Urban and rural food price trends: January 2013–January 2014

Appendix C ranks the food items included in this report in the urban and rural areas, according to the inflation experienced. The food products highlighted in Table C.1 are those with annual inflation rates that exceeded the South African Reserve Bank's (SARB) inflation upper band of 6%. Food items in urban areas with an annual inflation rate higher than 6% were the following: king korn 1kg* (6.49%), brick margarine 500g (6.72%), cheddar cheese per kg (6.86%), total butter 50g* (7.26%), rice 2kg (7.73%), long-life milk full cream 1litre (8.06%), ceylon/black tea 62.5g (8.59%), potatoes bag 10kg (8.65%), polony per kg (8.69%), coffee regular 750g* (9.68%), cabbage-fresh per kg (9.68%), lamb-fresh per kg (10.32%), maize special 5kg* (11.13%), meatballs in gravy 400g* (12.74%), cauliflower-fresh per kg (13.91%), carrots-fresh per kg (16.18 %), and tuna-tinned 170g (19.62%).

A closer look at food price trends:

The international price of wheat (US No.2, Hard Red Winter ord. Prot, US Fob Gulf) had decreased by 17.01%, while domestic wheat prices increased by 3.03% in the period under review (January 2013–January 2014). Urban consumers paid 5.11% more for a loaf of brown bread (700g) and 3.98% more for a loaf of white (700g) bread between January 2013 and January 2014.

The local yellow maize prices increased by 40.37% from January 2013 to January 2014. International yellow maize prices had decreased by 34.58% during the same period. Super maize meal had increased by 3.75% and special maize meal also decreased by 11.12% between January 2013 and January 2014.

Retail prices of sunflower oil (750 ml) had increased by 0.70% from January 2013 to January 2014. On the other hand, the January 2014 price of sunflower seed was at R 5970.05/ton and this price has increased by 12.75% from January 2014.

The prices of beef cuts had decreased between January 2013 and January 2014. The prices follow the trends seen on the producer prices of the different meat classes. The average producer prices of class A2/A3, Class B2/B3 and C2/C3 beef declined in total by 4.05%, 3.75 % and 6.90%, respectively. The decline in the retail prices ranged between 4.99% and 2.51%. However, it should be noted that the month-on-month beef prices have increased.

Lamb/mutton meat prices showed an increase of 10.32% in January 2014 compared to a year ago. For the mutton/lamb producer prices, only the A2/A3 class showed an increase between January 2013 and January 2014. The price of fresh chicken portions increased by 2.91% in January 2014 compared to January 2013. In January 2014, the price of frozen chicken portions increased by 5.32% year-on-year.

4. Comparison between urban and rural prices

This section compares prices of selected food items in the rural and urban areas for January 2013, as indicated in Table 2.

Food items showing the largest price differences in January 2014 were white sugar (2.5kg), maize meal (5kg) and margarine 500g, at R 2.49, R2.06 and R 1.85, respectively. This indicates that rural consumers paid more for these food items than urban consumers did. The price of rice (2kg), sunflower 750ml and loaf of white bread 700g were respectively R 2.44, R 1.82 and R 1.19 more expensive in the rural areas compared to the urban areas. The reasons for the higher food prices in the rural areas are discussed in detail in the South African Food Cost Review: 2008, which is available at http://www.namc.co.za.

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

Product	Rural Food Prices Jan-14	Urban Food Prices Jan-14	R/unit
Full Cream Long Life Milk 1L	11.28	11.23	0.05
Loaf Of Brown Bread 700g	8.95	9.47	-0.52
Loaf Of White Bread 700g	9.30	10.49	-1.19
Maize Meal 5kg	31.23	29.17	2.06
Margarine 500g	19.47	17.62	1.85
Rice 2kg	20.41	22.85	-2.44
Sunflower Oil 750 ml	15.55	17.37	-1.82
Ceylon/Black Tea 62.5g	8.75	8.47	0.28
White Sugar 2.5kg	27.75	25.26	2.49
Average			**0.08**

Source: **Stats SA, 2013**

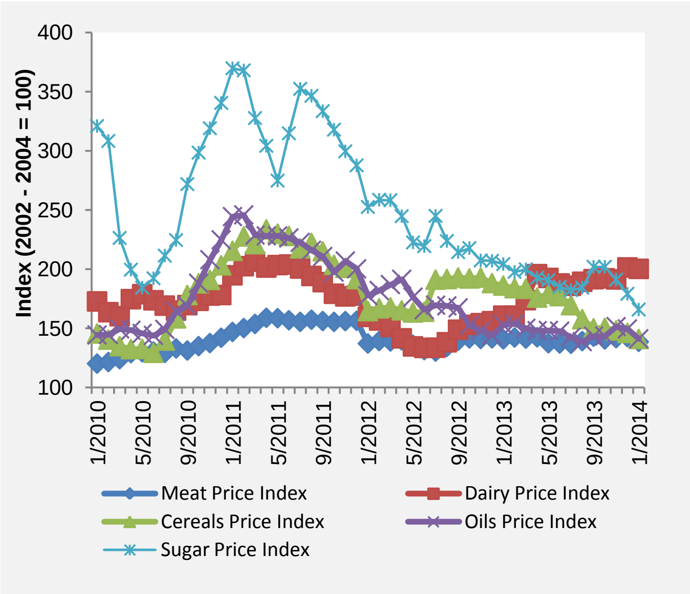
5. International food prices

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

The FAO Food Price Index declined by 10.47% between January 2013 and January 2014. The decline in the food index is attributed to a decline in global prices of oil, sugar, cereal and meat products.

The Meat Price Index declined by 2.07% between January 2013 and January 2014. The prices of pig meat and sheep meat became lower, due to increased availability. On the other hand, the prices of beef and poultry meat rose marginally. The demands from China and Japan have resulted in beef prices showing consistent growth since the middle of 2013.

Dairy prices have increased by 39.57% between January 2013 and January 2014. Demand for all dairy products remains firm, especially from China, North Africa, the Middle East (skim milk powder and whole milk powder) and the Russian Federation (butter). Seasonal production is shifting from the southern hemisphere to the northern hemisphere. Overall, there are limited supplies available, which have led to higher prices.



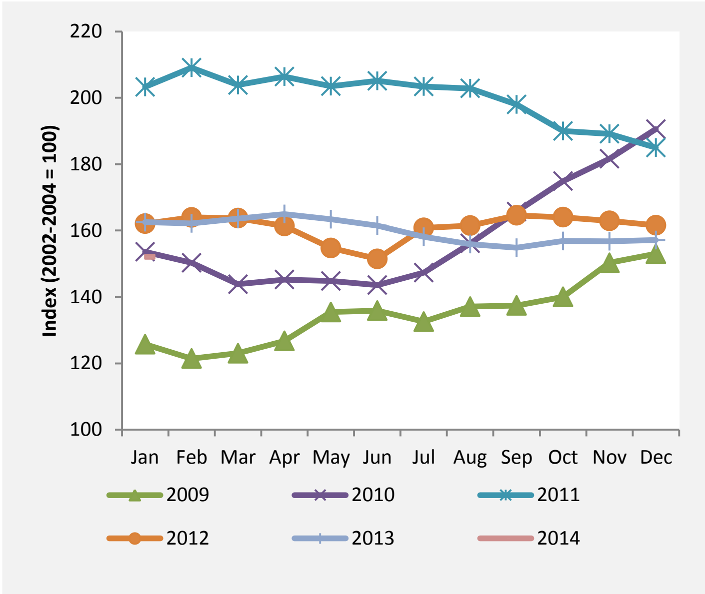


Figure 3: Price indices for five food categories and international real food price index
Source: FAO, 2014

The cereal price Index declined by 45.10% between January 2013 and January 2014. Bumper crops in 2013 helped boost inventories which, along with large exports, have pushed down international prices of cereals to well below their high levels in 2012 and early months of 2013.

The Vegetable Oil Price Index decreased by 11.72% between January 2013 and January 2014; owing to large supplies of palm oil and low export demand. This resulted in growing inventories, thus driving down the prices. In addition, large export availabilities of sunflower and rapeseed weakened the prices of other vegetable oils weighing down the index.

The Sugar Price Index declined by 38.43% between January 2013 and January 2014. The decline is attributable to the large export surpluses on the back of bumper crops in leading sugar-producing countries.

6. Estimated impact of food inflation on consumers

The purpose of this section is to illustrate the impact of food inflation on consumers. The analysis presented in the first part of this section is based on the cost of a basic food basket[1] (as compiled by the Food Price Monitoring Committee in 2003), calculated on monthly average food price data for the period January 2013 to January 2014. From January 2013 to January 2014 the cost of this basic food basket increased by about R15 (+3.3%) in nominal terms, from R460 to R475 (compared to a lower increase of 1.4% from October 2012 to October 2013, being the previous Food Price Monitor analysis period).

The cost of this food basket, expressed as a share of the average monthly income[2] of the poorest 30% of the population, increased from 43.0% in January 2013 to 44.4 % in January 2014 during this analysis period. The cost of the food basket, expressed as a share of the average monthly income of the wealthiest 30 % of the population, remained around 1.7%.

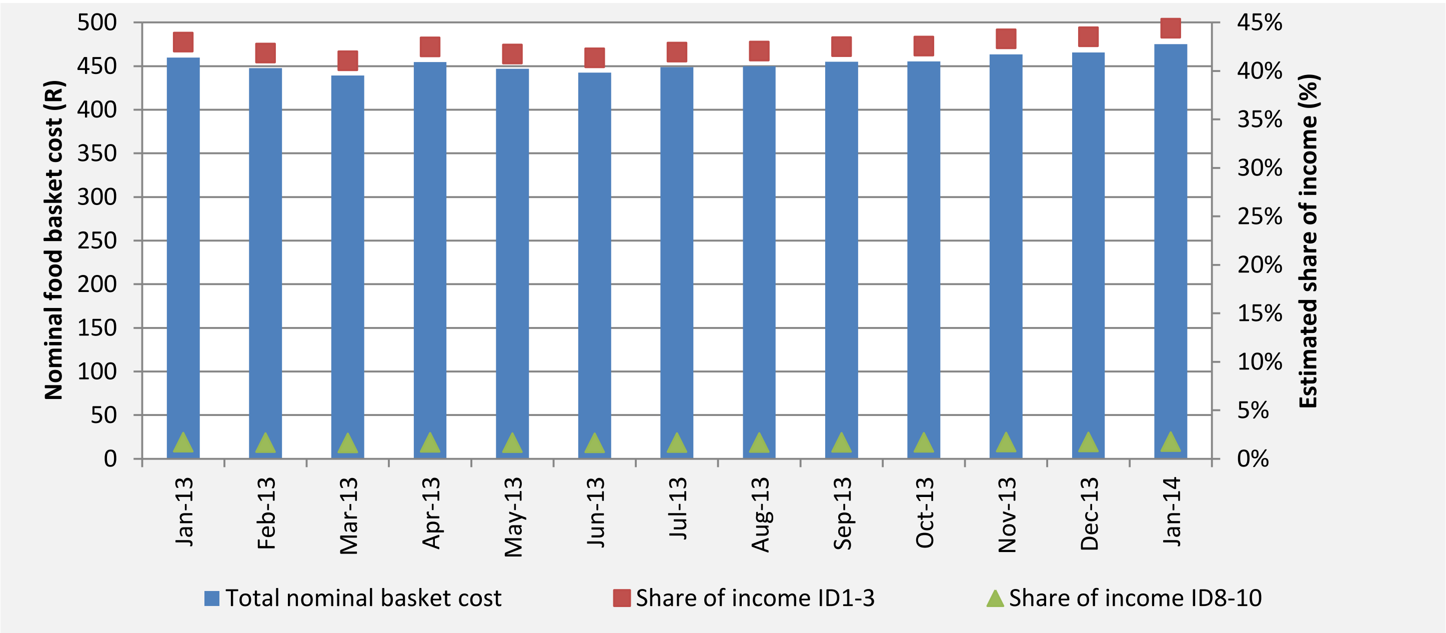


Figure 4: The monthly cost of a typical consumer food basket for the period January 2013 to January 2014, expressed in nominal terms and as share of the average income of the poorest 30 % of households (Income Deciles [ID] 1 to 3) and the wealthiest 30 % of households (ID 8 to 10).

To further explore the impact of inflation on consumers, Figure 5 presents an illustration of the average annual nominal cost of specific food groups within the basic food basket, for the period January 2013 to January 2014. As could be expected, Figure 5 illustrates the dominance of animal protein foods, as well as breads and cereals, within the cost of the basic food basket.

[1] Composition of food basket: Apples (1kg), Bananas (1kg), Beef chuck (1kg), Brick margarine (500g), Butter beans - tinned (410g), Cabbage (1 kg), Ceylon/black tea (62.5g), Chicken portions fresh (1kg), Chicken portions frozen (1kg), Eggs (1.5 dozen), Canned fish (excl tuna) (425g), Full cream milk long life (1litre), Instant coffee (750g), Loaf of brown bread (700g), Loaf of white bread (700g), Maize meal super (5kg), Onions (1kg), Oranges (1kg), Peanut butter (400g), Potatoes (1kg), Rice (2 kg), Sunflower oil (750ml), Tomatoes (1kg). *Due to data limitations, butter beans were temporarily omitted from this analysis.*

[2] The cost of the typical food basket was expressed as a share of estimated average monthly income of Income Deciles 1 to 3, the poorest 30% of the population, as calculated from the STATSSA survey: 'Income & Expenditure of households 2010/2011' *(calculations excludes imputed rent on owned dwelling)*

Comparing January 2013 to January 2014 prices, the following food categories experienced inflation: bread & cereals; coffee & tea; dairy & eggs; vegetables; and bean products. Price deflation was observed for animal protein foods, fruit and fats / oils. The various food groups within this food basket are discussed in more detail in Table 4 below.

Thus, when comparing January 2013 to January 2014, significant price inflation (6% or more) was experienced for many products within the food basket: rice, white bread, cabbage, potatoes, tea, maize meal, margarine, instant coffee and milk. This could have a negative impact on household food security in South Africa, affecting the affordability of important staple foods (rice, bread, and maize meal), as well as food items making a major contribution to dietary diversity. When comparing the inflation rates for January 2013 versus January 2014, with October 2012 versus October 2013 (i.e. the previous Food Price Monitor analysis period), inflation increased for bread & cereals, vegetables and coffee / tea.

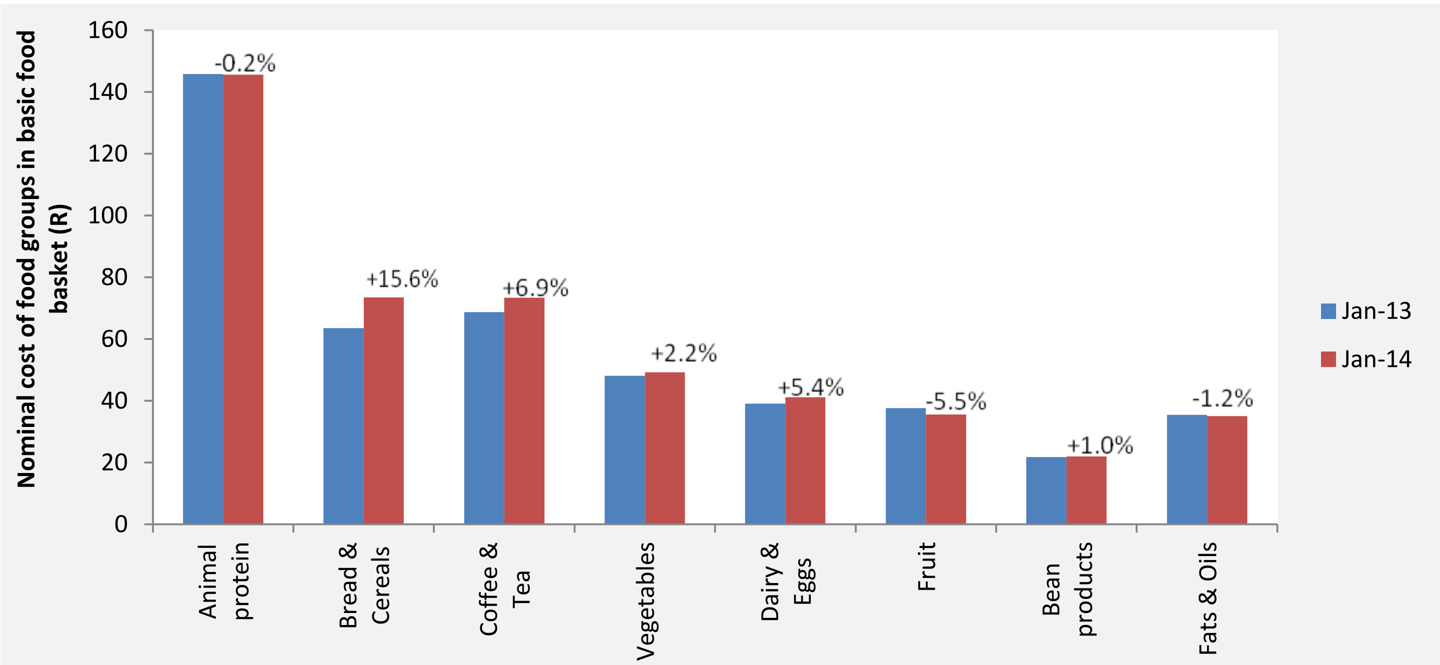


Figure 5: Nominal monthly cost of specific groups in the basic food basket, comparing January 2013 and January 2014
Source: Stats SA, 2014 and own calculations

Table 4: Overview of inflation contributing foods in the basic food basket, January 2013 to January 2014

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:
	January 2013 to January 2014	October 2012 to October 2013				
Animal protein	-0.2%	-3.1%	Chicken portions frozen (+5.3%) Chicken portions fresh (+2.9%) Canned fish (+3.7%)	None	Beef chuck (-5.3%)	Animal protein
Bread and cereals	+15.6%	+4.7%	Rice (+23.5%) White bread (+20.9%) Maize meal (+7.2%) Brown bread (+5.1%)	None	None	Bread and cereals
Vegetables	+2.2%	-3.0%	Cabbage (+9.7%) Potatoes (+8.6%) Onions (+4.6%)	None	Tomatoes (-6.3%)	Vegetables
Fruit	-5.5%	-3.5%	Bananas (+2.5%) Apples (+2.2%)	None	Oranges (-23.6%)	Fruit
Dairy	+6.2%	+8.2%	Full cream long life milk (+6.2%)	None	None	Dairy Eggs
Eggs	+5.1%	+8.1%	Eggs (+5.1%)	None	None	
Fats and oils	-1.2%	+3.7%	Margarine (+6.7%)	None	Sunflower oil (-8.1%)	Fats and oils
Bean products	+1.0%	+7.4%	None	Peanut butter (+1.0%)		Bean products
Coffee and tea	+6.9%	+6.6%	Coffee (+6.7%) Ceylon/black tea (+8.6%)	None	None	Coffee and tea

Source: Stats SA, 2014 and own calculations

The impact of inflation on very poor consumers is explored further 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[3]; Oldewage-Theron et al, 2005[4]). Figure 6 illustrates the estimated portion costs for these foods, calculated from monthly food price data for January 2013 and January 2014. Similar to other Food Price Monitor analysis periods, the significant cost contribution of maize meal and bread to the typical basic daily food selection for poor consumers are emphasised by the results in Figure 6. Furthermore, despite the relatively low actual food weight contribution of bread to this 'food plate', the bread component costs significantly more than the maize porridge component (about 63% more in this case for January 2014). When comparing the costs associated with the typical portion sizes of very poor consumers for the five most widely consumed food items in South Africa, based on January 2014 versus January 2013 prices, the results in Figure 6 indicated inflation of about 5.2% (from R4.21 to R4.43 for the selection of portions). Significant inflation on all

[3] 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.

[4] 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.

products, except sugar, contributed most to the inflation observed on this ‘food plate’. Thus, even though the entire food basket experienced inflation of 3.3% when comparing January 2014 with January 2013, the typical basic daily food selection for poor consumers revealed inflation of 5.2%, indicating the potential negative impact on food affordability from the poor consumers’ perspective.

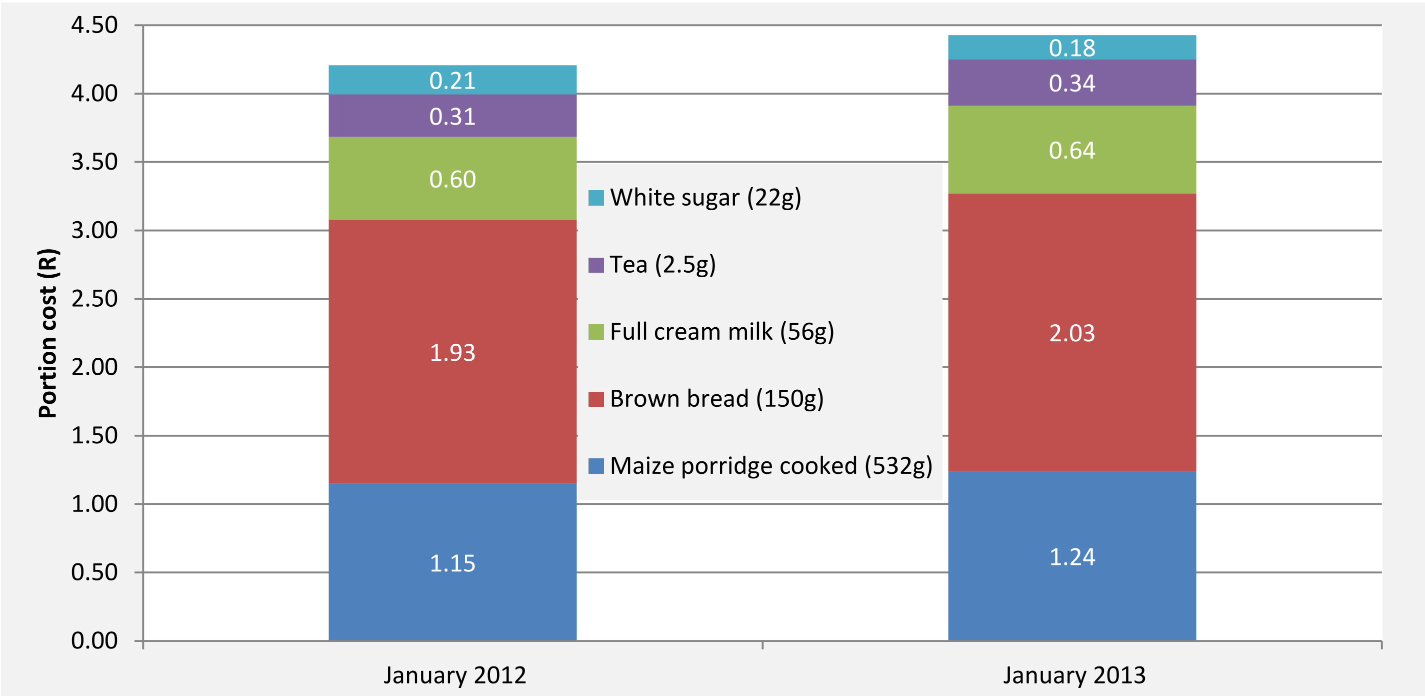


Figure 6: Average nominal cost for the typical portions of the five food items most widely consumed by very poor consumers in South Africa, for January 2013 and January 2014

7. March 2014 – May 2014 outlook

Within the next three months, South Africa could potentially be facing a scenario where consumers will be entering a retail store for their weekly or monthly grocery shopping, only to find that the maize meal shelf has not been stocked or that the maize meal is so expensive that they would rather choose to buy rice, bread or potatoes. The stock levels of both white and yellow maize are running dangerously low, with potentially very little or no pipeline storage left until harvesting of the new season commences.. Early deliveries are not expected to alleviate this pressure, as the sharp rise in soybean prices offered an attractive alternative for irrigation farmers to switch from maize to soybeans.

At this stage, South Africa has no alternative sources for replenishing white maize stocks and the only way of finding the balance between demand and supply will be by curbing the demand for white maize. This can come from lower level of exports or lower levels of local human and feed consumption. It is unclear how much exports have already been booked for the next few months until harvesting commences, but many of the cross-border exports are covered by long standing contracts that will have to be honoured. The decline in local consumption of white maize will only come from a sharp increase in prices. Yellow maize consumers are facing similar challenges. Although there is ample yellow maize on the world market that could have been imported from destinations like Argentina and US, the genetically modified events that are planted in these countries have not been cleared in

South Africa, and therefore this maize cannot be imported. Alternative sources of yellow maize, like the Ukraine, are currently proving to be unreliable sources owing to political unrest in these countries. As a result, feed companies might also find it difficult to keep their mills running at full capacity if stocks do run dry. A quick response by government to make an exception and allow the importation of these events of yellow maize over the short run could alleviate the potential squeeze in the market.

From a broader perspective, the weaker exchange rate keeps on fuelling the inflation in the food value chain. This inflationary component is expected to strengthen over the outlook period and food price inflation will most likely increase over the short term. However, over the medium term, the inflation on food is expected to decline again and trade within the targeted band as global agricultural commodity markets are trading significantly lower than a year ago and energy prices are relatively stable. If the Rand trades in a more stable band, these international price trends will feed into the local market and food inflation will decline

APPENDIX A: DATA ON URBAN FOOD PRICE TRENDS

Table A.1: Wheat products

Wheat products	Price level			Percentage change	
	Jan-13	Oct-13	Jan-14	Oct-13 to Jan-14	Jan-13 to Jan-14
Loaf of brown bread 700g	9.01	9.39	9.47	0.85%	5.11%
Loaf of white bread 700g	10.09	10.50	10.49	-0.10%	3.96%
Cake flour 2.5kg	21.43	21.77	21.97	0.92%	2.52%
Spaghetti 500g	9.82	10.14	10.06	-0.79%	2.44%
Macaroni plain 500g*	9.11	9.00	8.57	-4.80%	-5.96%
Average				**-0.78%**	**1.62%**
Wheat (R/ton)	**3491.29**	**3453.13**	**3740.50**	**8.32%**	**7.14%**

*Data from AC Nielsen

Table A.2: Maize products

Maize products	Price level			Percentage change	
	Jan-13	Oct-13	Jan-14	Oct-13 to Jan-14	Jan-13 to Jan-14
Maize special 5kg*	26.25	27.95	29.17	4.37%	11.13%
Maize super 5kg*	30.91	30.72	32.08	4.43%	3.79%
Average				**4.40%**	**7.46%**
White Maize (R/ton)	**2155.50**	**2360.30**	**3159.91**	**33.88%**	**46.60%**

*Data from AC Nielsen

Table A.3: Sunflower products

Sunflower products	Price level			Percentage change	
	Jan-13	Oct-13	Jan-14	Oct-13 to Jan-14	Jan-13 to Jan-14
Sunflower oil 750ml	17.25	17.29	17.37	0.46%	0.70%
Medium fat spread 1kg tub*	24.59	23.29	21.52	-7.59%	-12.49%
Brick margarine 500g	16.51	17.03	17.62	3.46%	6.72%
Average				**-1.22%**	**-1.69%**
Sunflower (R/ton)	**5295.00**	**5276.70**	**5970.05**	**13.14%**	**12.75%**

*Data from AC Nielsen

Table A.4: Processed vegetables

Processed vegetables	Price level			Percentage change	
	Jan-13	Oct-13	Jan-14	Oct-13 to Jan-14	Jan-13 to Jan-14
Chopped peeled tomato 410g*	12.58	12.29	12.57	2.32%	-0.07%
Tomato & onion mix 410g*	10.42	9.80	9.93	1.30%	-4.68%
Canned peas 410g*	9.43	8.68	9.30	7.07%	-1.41%
Baby carrots 1kg*	35.58	37.64	37.15	-1.29%	4.42%
Average				**2.35%**	**-0.44%**

*Data from AC Nielsen

Table A.5: Fresh vegetables

Fresh vegetables	Price level			Percentage change	
	Jan-13	Oct-13	Jan-14	Oct-13 to Jan-14	Jan-13 to Jan-14
Carrots – fresh per kg	12.30	12.44	14.29	14.87%	16.18%
Onions – fresh per kg	8.96	9.67	9.37	-3.10%	4.58%
Potatoes – fresh per kg	9.83	9.94	10.68	7.44%	8.65%
Tomatoes – fresh per kg	19.00	17.17	17.80	3.67%	-6.32%
Sweet potatoes – fresh per kg	18.90	17.07	18.07	5.86%	-4.39%
Cabbages – fresh per kg	10.33	9.72	11.33	16.56%	9.68%
Lettuces – fresh per kg	44.53	35.48	34.42	-2.99%	-22.70%
Pumpkins – fresh per kg	15.21	15.78	15.91	0.82%	4.60%
Cauliflowers – fresh per kg	33.43	40.69	38.08	-6.41%	13.91%
Average				**4.08%**	**2.69%**

Table A.6: Processed meat

Processed meat	Price level			Percentage change	
	Jan-13	Oct-13	Jan-14	Oct-13 to Jan-14	Jan-13 to Jan-14
Meatballs in gravy 400g*	14.93	16.70	16.83	0.79%	12.74%
Picnic ham 300g*	31.15	30.43	30.58	0.51%	-1.83%
Polony per kg	30.95	29.83	33.64	12.77%	8.69%
Average				**4.69%**	**6.53%**

*Data from AC Nielsen

Table A.7: Unprocessed meat

Unprocessed meat	Price level			Percentage change	
	Jan-13	Oct-13	Jan-14	Oct-13 to Jan-14	Jan-13 to Jan-14
Pork Chops – Fresh per kg	61.14	59.51	63.61	6.89%	4.04%
Lamb – Fresh per kg	93.93	95.43	103.62	8.58%	10.32%
Beef Brisket – Fresh per kg	61.12	55.87	59.17	5.91%	-3.19%
Beef Chuck – Fresh per kg	63.38	57.12	60.50	5.92%	-4.54%
Beef Mince – Fresh per kg	64.46	61.57	62.84	2.06%	-2.51%
Beef Rump Steak – Fresh per kg	100.03	94.11	96.80	2.86%	-3.23%
Beef T-Bone – Fresh per kg	81.41	77.37	77.35	-0.03%	-4.99%
Whole Chicken – Fresh per kg	34.87	35.68	36.20	1.46%	3.81%
Chicken Portions – Fresh per kg	44.67	44.37	45.97	3.61%	2.91%
Average				**4.14%**	**0.29%**

Table A.8: Dairy products

Dairy product	Price level			Percentage change	
	Jan-13	Oct-13	Jan-14	Oct-13 to Jan-14	Jan-13 to Jan-14
Fresh milk full-cream 1L sachet*	7.52	7.81	7.84	0.45%	4.26%
Fresh milk full-cream 2L*	18.00	18.19	18.59	2.17%	3.24%
Fresh milk low fat 1L sachet*	7.77	8.24	8.14	-1.12%	4.88%
Fresh milk low fat 2L*	18.67	18.95	19.51	2.92%	4.46%
Long life milk full-cream 1L*	10.39	11.26	11.23	-0.23%	8.06%
Skimmed powder milk 1kg*	73.96	78.13	78.23	0.12%	5.76%
Total butter 500 g*	31.34	30.66	33.61	9.62%	7.26%
Cheddar cheese per kg	96.63	109.05	103.26	-5.31%	6.86%
Average				**1.08%**	**5.60%**

*Data from AC Nielsen

Table A.9: Fruits

Fruits	Price level			Percentage change	
	Jan-13	Oct-13	Jan-14	Oct-13 to Jan-14	Jan-13 to Jan-14
Apples – fresh per kg	15.41	13.83	15.75	13.88%	2.21%
Bananas – fresh per kg	10.85	10.51	11.12	5.80%	2.49%
Oranges - Fresh per kg	11.34	6.25	8.66	38.56%	-23.63%
Average				**19.42%**	**-6.31%**

Table A.10: Fish products

Fishes – tinned	Price level			Percentage change	
	Jan-13	Oct-13	Jan-14	Oct-13 to Jan-14	Jan-13 to Jan-14
Fish (excl tuna) – tinned 155g	7.23	7.57	7.51	-0.79%	3.87%
Fish (excl tuna) – tinned 425g	12.98	13.51	13.46	-0.37%	3.70%
Tuna – tinned 170g	13.15	15.10	15.73	4.17%	19.62%
Average				**1.00%**	**9.06%**

Table A.11: Other products

Other products	Price level			Percentage change	
	Jan-13	Oct-13	Jan-14	Oct-13 to Jan-14	Jan-13 to Jan-14
King Korn 1kg*	14.29	14.83	15.22	2.65%	6.49%
White Sugar 2.5kg	23.98	25.05	25.26	0.84%	5.34%
Rice 2kg	21.21	22.54	22.85	1.38%	7.73%
Ricoffy Reg 750g*	60.42	60.23	66.27	10.01%	9.68%
Ceylon/Black Tea 62.5g	7.80	8.23	8.47	2.92%	8.59%
Imana Soya Mince Tomato & Onion 200g*	9.64	9.83	10.01	1.90%	3.87%
Eggs 1.5 dozen	28.62	29.19	30.07	3.01%	5.07%
Average				**3.24%**	**6.68%**

*Data from AC Nielsen

APPENDIX B: DATA ON RURAL FOOD PRICE TRENDS

Table B.1: Wheat products

Wheat Products	Price level			Percentage change	
	Oct-13	Jan-13	Jan-14	Jan-13 to Jan-14	Oct-13 to Jan-14
Loaf of brown bread 600g	7.77	8.26	7.41	-10.27%	-4.63%
Loaf of brown bread 700g	8.85	8.60	8.95	4.13%	1.22%
Loaf of white bread 600g	8.48	8.16	9.06	11.03%	6.89%
Loaf of white bread 700g	9.65	9.41	9.30	-1.20%	-3.69%
Average				**0.92%**	**-0.05%**

Table B.2: Maize products

Maize Products	Price level			Percentage change	
	Oct-13	Jan-13	Jan-14	Jan-13 to Jan-14	Oct-13 to Jan-14
Maize meal 12.5kg	54.35	62.60	54.35	-13.19%	0.00%
Maize meal 1kg	7.43	8.08	7.39	8.08	-0.47%
Maize meal 2.5kg	16.83	17.29	16.70	-3.43%	-0.77%
Maize meal 5kg	31.58	30.99	31.24	0.80%	-1.07%
Average				**-6.07%**	**-0.76%**

Table B.3: Sunflower products

Sunflower Products	Price level			Percentage change	
	Oct-13	Jan-13	Jan-14	Jan-13 to Jan-14	Oct-13 to Jan-14
Sunflower Oil 2L	35.87	35.48	35.29	-0.55%	-1.63%
Sunflower Oil 500ml	12.09	11.63	12.15	4.44%	0.47%
Sunflower Oil 750ml	15.29	14.80	15.55	5.06%	1.74%
Margarine 125g	7.32	7.54	7.52	-0.26%	2.72%
Margarine 250g	10.50	11.40	11.95	4.83%	13.80%
Margarine 500g	19.47	19.91	20.41	2.51%	4.79%
Average				**2.67%**	**3.65%**

Table B.4: Dairy products

Dairy Products	Price level			Percentage change	
	Oct-13	Jan-13	Jan-14	Jan-13 to Jan-14	Oct-13 to Jan-14
Full-cream long-life milk 1L	11.13	10.95	11.28	3.03%	1.32%
Full-cream long-life milk 500ml	7.71	7.20	7.55	4.94%	-2.07%
Average				**3.98%**	**-0.38%**

Table B.5: Tea and coffee

Tea and coffee	Price level			Percentage change	
	Oct-13	Jan-13	Jan-14	Jan-13 to Jan-14	Oct-13 to Jan-14
Instant coffee 100g	13.25	13.30	13.33	0.25%	0.63%
Instant coffee 250g	25.74	23.99	25.16	4.87%	-2.26%
Ceylon/black tea 250g	22.52	21.72	22.52	3.68%	0.00%
Ceylon/black tea 62.5g	9.00	8.68	8.75	0.86%	-2.77%
Average				**2.41%**	**-1.10%**

Table B.6: Beans

Beans	Price level			Percentage change	
	Oct-13	Jan-13	Jan-14	Jan-13 to Jan-14	Oct-13 to Jan-14
Beans 1kg	24.75	24.67	31.75	28.72%	28.28%
Beans 500g	13.61	11.98	11.16	-6.78%	-17.99%
Average				**10.97%**	**5.15%**

Table B.7: White sugar

Sugar	Price level			Percentage change	
	Oct-13	Jan-13	Jan-14	Jan-13 to Jan-14	Oct-13 to Jan-14
White sugar 1kg	12.58	12.03	13.74	14.21%	9.21%
White sugar 2.5kg	27.66	26.24	27.75	5.75%	0.31%
White sugar 500g	6.54	6.64	9.39	41.36%	43.49%
Average				**20.44%**	**17.67%**

Table B.8: Rice

Rice	Price level			Percentage change	
	Oct-13	Jan-13	Jan-14	Jan-13 to Jan-14	Oct-13 to Jan-14
Rice 1kg	14.05	13.72	13.95	1.70%	-0.73%
Rice 2kg	23.96	22.80	23.49	3.03%	-1.94%
Rice 500g	7.46	7.02	7.36	4.83%	-1.39%
Average				**3.19%**	**-1.36%**

Table B.9: Peanut butter

Peanut Butter	Price level			Percentage change	
	Oct-13	Jan-13	Jan-14	Jan-13 to Jan-14	Oct-13 to Jan-14
Peanut butter 270g	17.98	17.79	17.83	0.23%	-0.86%
Peanut butter 400g	23.50	23.07	24.02	4.11%	2.22%
Average				**2.17%**	**0.68%**

APPENDIX C: SUMMARY OF INFLATION FOR SELECTED FOOD ITEMS BETWEEN JANUARY 2013 AND JANUARY 2014

Table C.1: Food items in the urban areas ranked according to price changes (January 2013 to January 2014)

Grain and grain products	%	Meat and meat products and dairy and dairy products	%	Fresh and processed fruits and vegetables	%
Medium Fat Spread 1kg Tub*	-12.49%	Beef T-Bone - Fresh per kg	-4.99%	Oranges - Fresh per kg	-23.63%
Macaroni Plain 500 Gram*	-5.96%	Beef Chuck - Fresh per kg	-4.54%	Lettuce - Fresh per kg	-22.70%
Sunflower Oil 750ml	0.70%	Beef Rump Steak -Fresh per kg	-3.23%	Sweet Potatoes - Fresh per kg	-14.81%
Peanut Butter 410g	1.01%	Beef Brisket - Fresh per kg	-3.19%	Tomatoes - Fresh per kg	-6.32%
Spaghetti 500g	2.44%	Beef Mince - Fresh per kg	-2.51%	Tomato & Onion Mix 410g*	-4.68%
Cake Flour 2.5kg	2.52%	Enterprise Picnic Ham 300g*	-1.83%	Canned Peas 410g*	-1.41%
Maize Super 5kg*	3.79%	Chicken Portions - Fresh per kg	2.91%	Chopped Peeled Tomato 410g*	-0.07%
Soya Mince Tomato & Onion 200g*	3.87%	Fresh Milk Full Cream 2Lt*	3.24%	Apples - Fresh per kg	2.21%
Loaf Of White Bread 700g	3.96%	Fish (Excl Tuna) - Tinned 425g	3.70%	Bananas - Fresh per kg	2.49%
Loaf Of Brown Bread 700g	5.11%	Whole Chicken - Fresh per kg	3.81%	Baby Carrots 1kg*	4.42%
White Sugar 2.5kg	5.34%	Fish (Excl Tuna) - Tinned 155g	3.87%	Onions -Fresh per kg	4.58%
King Korn1kg*	6.49%	Pork Chops - Fresh per kg	4.04%	Pumpkin - Fresh per kg	4.60%
Brick Margarine 500g	6.72%	Fresh Milk Full Cream 1Lt Sachet*	4.26%	Potatoes Bag 10 kg	8.65%
Rice 2kg	7.73%	Fresh Milk Low Fat 2Lt*	4.46%	Cabbage - Fresh per kg	9.68%
Ceylon/Black Tea 62.5g	8.59%	Fresh Milk Low Fat 1Lt Sachet*	4.88%	Cauliflower - Fresh per kg	13.91%
Coffee Reg 750g*	9.68%	Eggs 1.5 dozen	5.07%	Carrots - Fresh per kg	16.18%
Maize Special 5kg*	11.13%	Chicken Portions - Frozen per kg	5.32%		
		Skimmed Powder Milk 1kg*	5.76%		
		Cheddar Cheese per kg	6.86%		
		Total Butter 500g*	7.26%		
		LongLife Milk Full Cream 1Lt*	8.06%		
		Polony per kg	8.69%		
		Lamb - Fresh per kg	10.32%		
		Meatballs in Gravy 400g*	12.74%		
		Tuna - Tinned 170g	19.62%		

* Data from AC Nielsen

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

Table C.2: Food items in the rural areas ranked according to price changes (January 2013 to January 2014)

Grain and grain products	%	Other products	%
Maize Meal 12.5kg	-13.19	Fish (Excl. Tuna) - Tinned 155g	-19.27
Loaf of Brown Bread 600g	-10.27	Beans 500g	-6.78
Maize Meal 1kg	-8.48	Fish (Excl. Tuna) - Tinned 425g	-0.92
Maize Meal 2.5kg	-3.43	Tagless Tea Bags 250g	0.00
Loaf of White Bread 700g	-1.20	Tagless Tea Bags 62.5g	0.00
Sunflower Oil 2L	-0.55	Peanut Butter 270g	0.23
Margarine 125g	-0.26	Instant Coffee 100g	0.25
Maize Meal 5kg	0.80	Full Cream Long Life Milk 1L	3.03
Rice 1kg	1.70	Peanut Butter 400g	4.11
Margarine 500g	2.51	Instant Coffee 250g	4.87
Rice 2kg	3.03	Full Cream Long Life Milk 500ml	4.94
Loaf of Brown Bread 700g	4.13	White Sugar 2.5kg	5.75
Sunflower Oil 500ml	4.44	White Sugar 1kg	14.21
Rice 500g	4.83	Beans 1kg	28.72
Margarine 250g	4.83	White Sugar 500g	41.36
Sunflower Oil 750ml	5.06		
Loaf of White Bread 600g	11.03		

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

APPENDIX D: COMMODITY AND PRODUCT PRICE TRENDS

D.1 Wheat price trends

Between January 2013 and January 2014

International wheat price ↓17.01%

Domestic price of wheat ↑7.14%

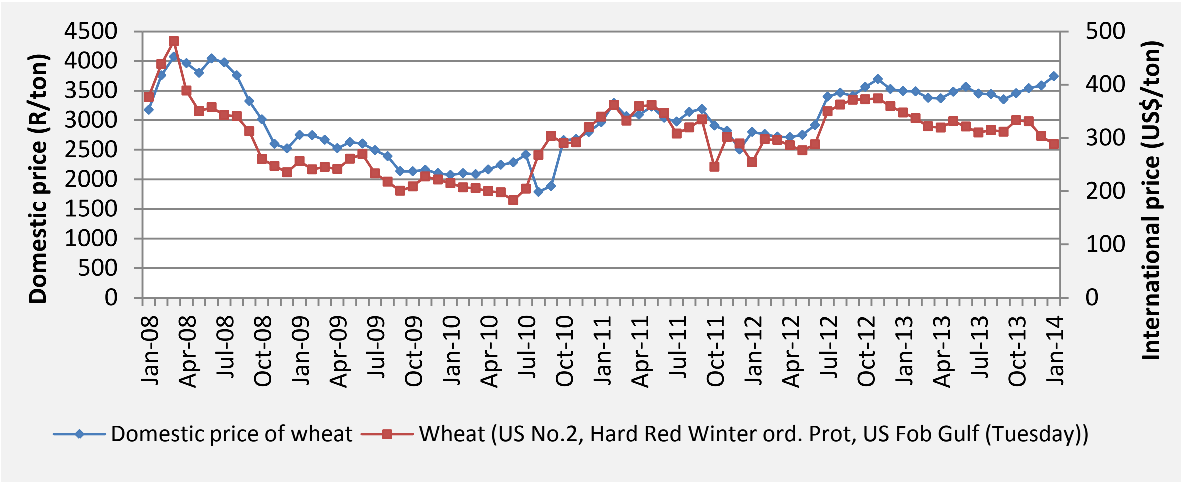


Figure D.1: Domestic market price of wheat against global market price
Source: FAO and SAFEX

Domestic wheat price followed the import parity price of wheat closely, because SA is a net importer of wheat.

Between January 2013 and January 2014:

Wheat import parity price ↑ 10.60%

Wheat export parity price ↑1.82%

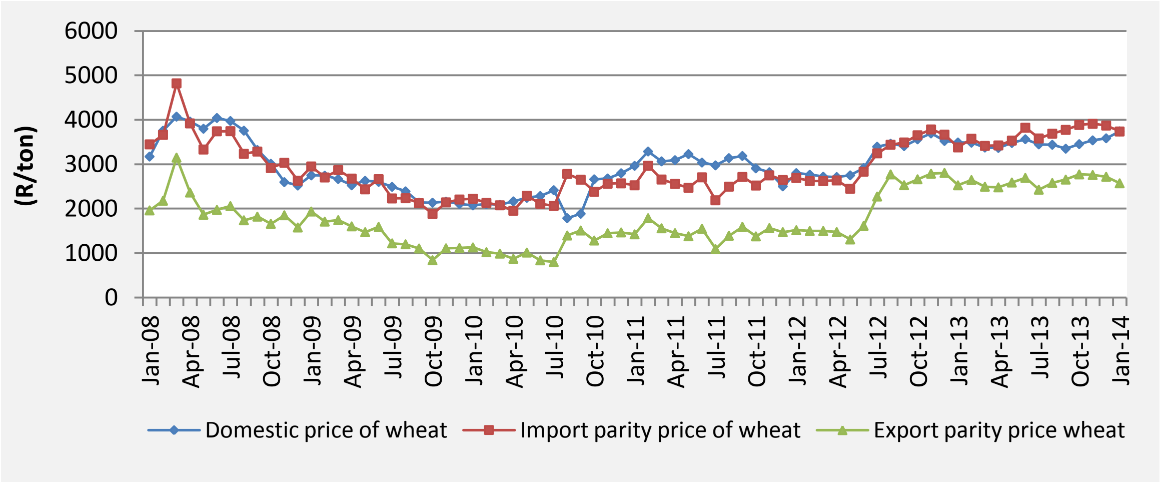


Figure D.2: Import parity, export parity and domestic prices of wheat
Source: SAGIS and SAFEX

Between January 2013 and January 2014:

Domestic wheat price ↑7.14%

Brown bread price ↑ 5.11%

White bread price ↑ 3.96%

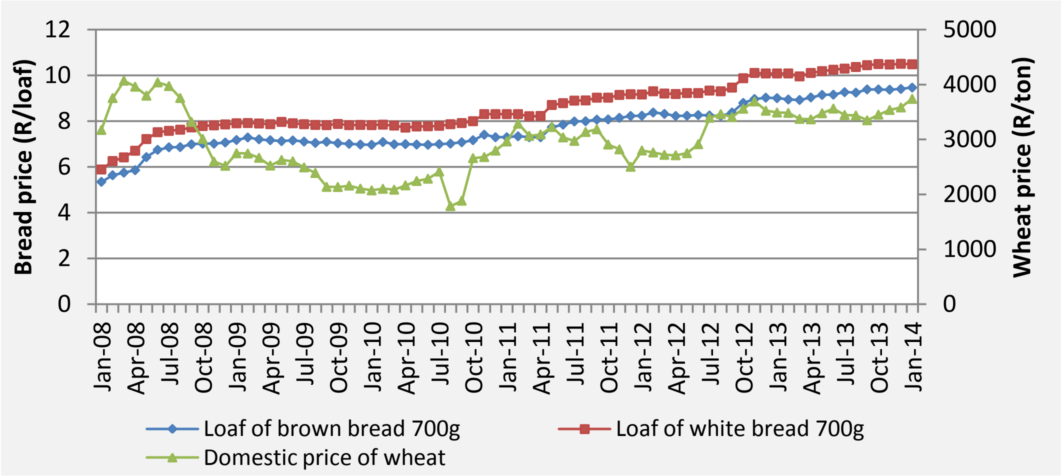


Figure D.3: Domestic market wheat price and bread price trends
Source: Stats SA and SAFEX

D.2 Maize price trends

Between January 2013 and January 2014:

International price of maize ↓ 34.58%

Domestic price of yellow maize ↑40.37%

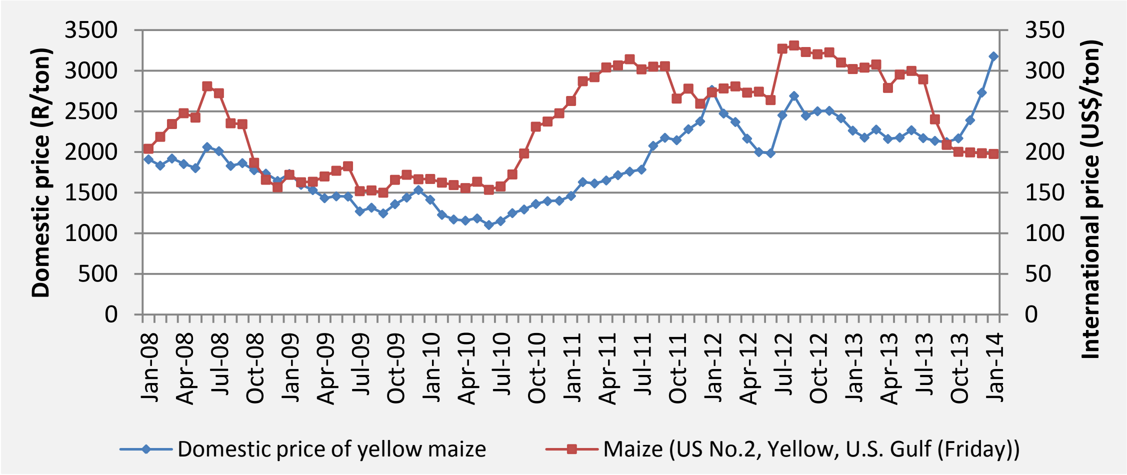


Figure D.4: Domestic market price of maize against global market price
Source: FAO and SAFEX

Between January 2013 and January 2014:

Export parity price of maize ↓ 19.89%

Import parity price of maize ↓5.21%

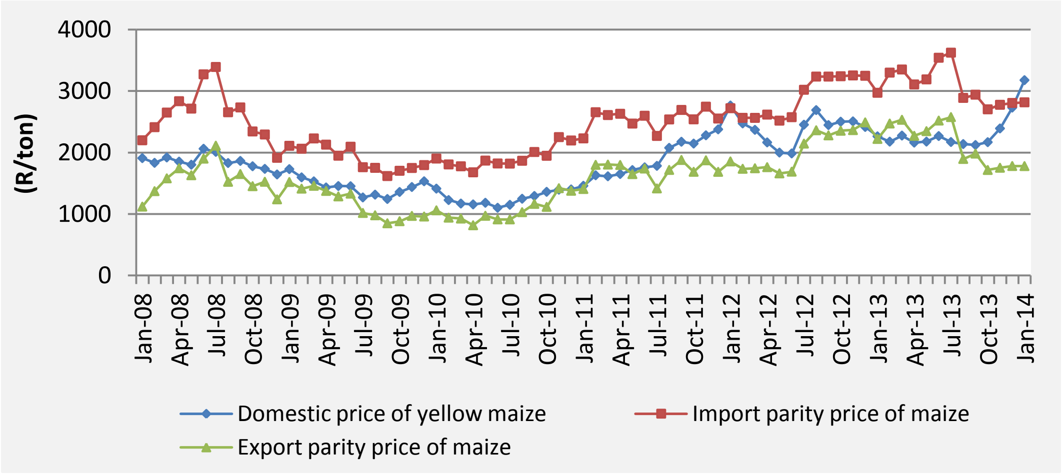


Figure D.5: Import parity, export parity and domestic prices of maize
Source: SAFEX and SAGIS

Between January 2013 and January 2014:

Super maize meal price
↑ 3.75%

Special maize meal
↓ 2.24%

Domestic price of white maize
↑ 11.12%

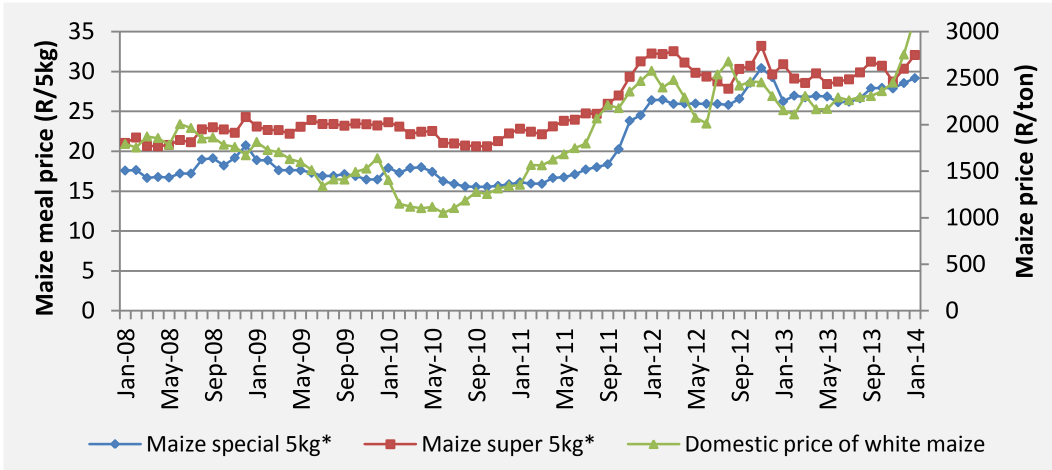


Figure D.6: Maize price and maize meal price trends
Source: SAFEX and AC Nielsen

D.3 Sunflower seeds price trends

Between January 2013 and January 2014:

Domestic price of sunflower seeds
↑ 12.75 %

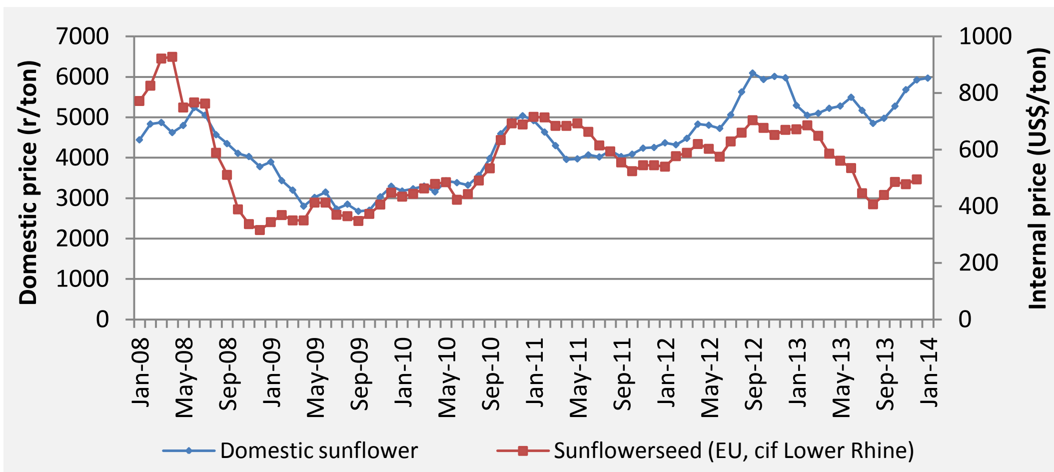


Figure D.7: Domestic market price of sunflower seeds against global market price
Source: FAO and SAFEX

Between January 2013 and January 2014:

Sunflower seed price
↑12.75%

Average retail sunflower oil price
↓ 0.57%

Sunflower oil 750 ml
↑0.70%

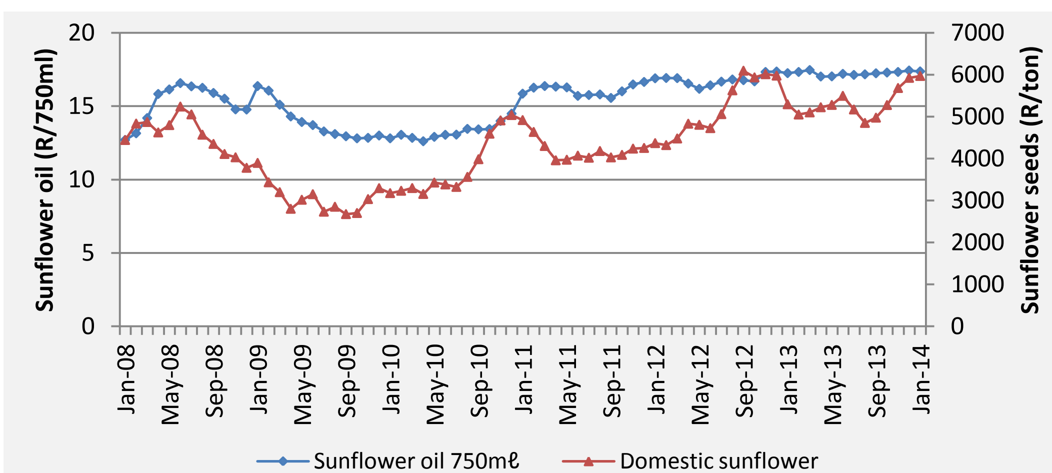


Figure D.8: Sunflower seeds price and sunflower oil price trends
Source: SAFEX and Stats SA

D.4 Dairy price trends

Between January 2013 and January 2014:

Skim milk powder
↑ 38.78%

Whole milk powder
↑ 53.37%

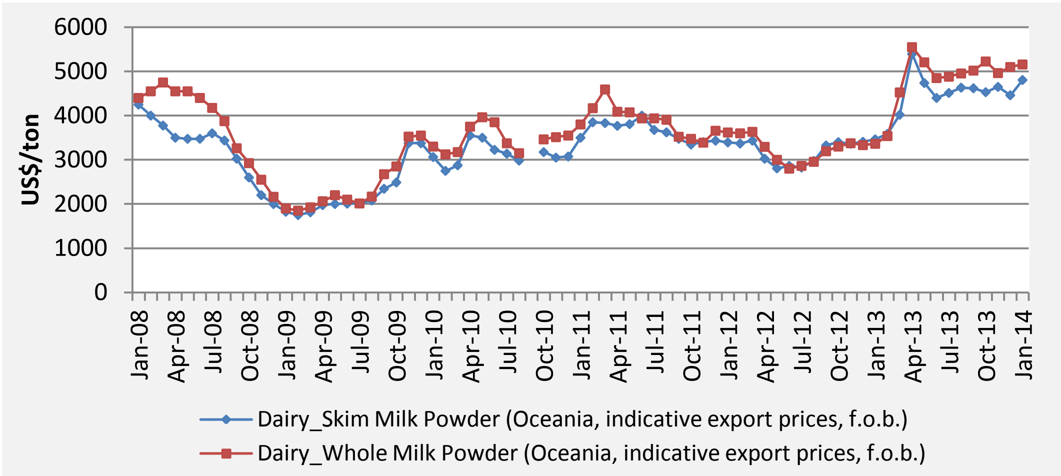


Figure D.9: Skim milk powder and whole milk powder price trends
Source: FAO

Between January 2013 and January 2014:

Milk producer price
↑ 8.33%

Full cream milk price
↑ 6.23%

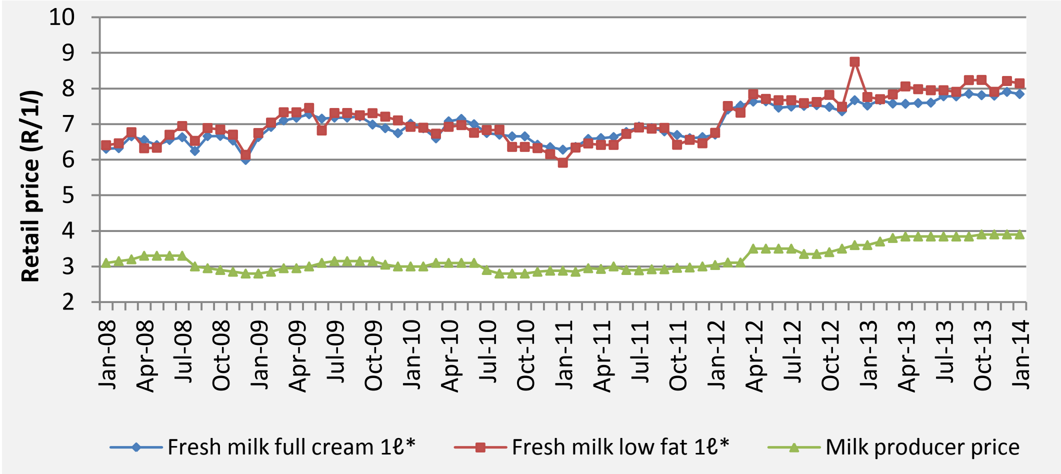


Figure D.10: Domestic producer price and retail prices of milk
Source: MPO and AC Nielsen

D.5 Meat price trends

The price of beef at retail level showed an average decrease of 3.74% for the different cuts.

Frozen chicken portions price ↑ by 5.32% per kilogram

Lamb price ↑10.32% and pork chops ↑4.04%

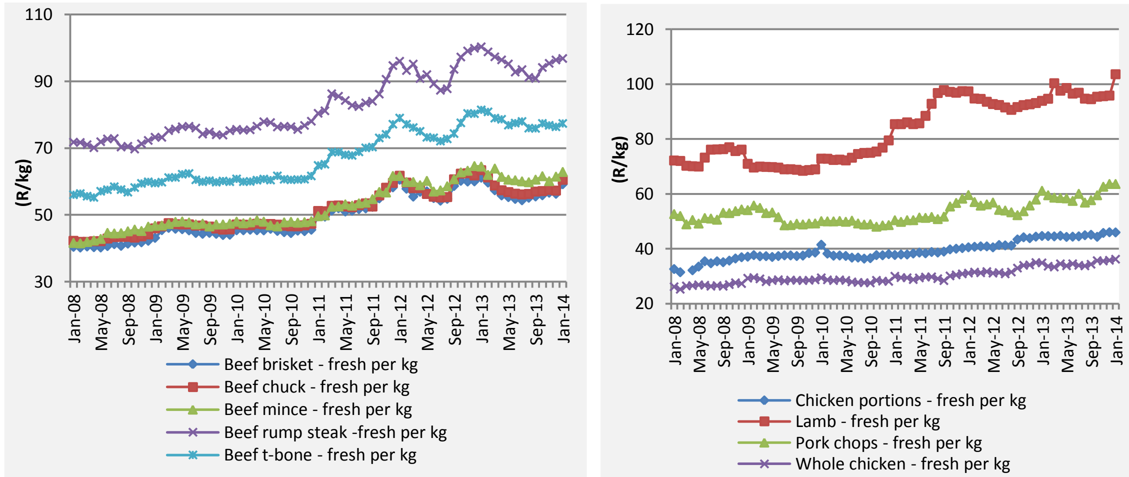


Figure D.11: Retail prices of beef, pork chops, chicken portions, whole chicken and lamb
Source: Stats SA

Between January 2013 and January 2014:

Producer price for fresh chicken ↑ 6.95%

Frozen chicken price ↑ 5.49%

Porker price ↑5.39%

Baconer price ↑10.76%

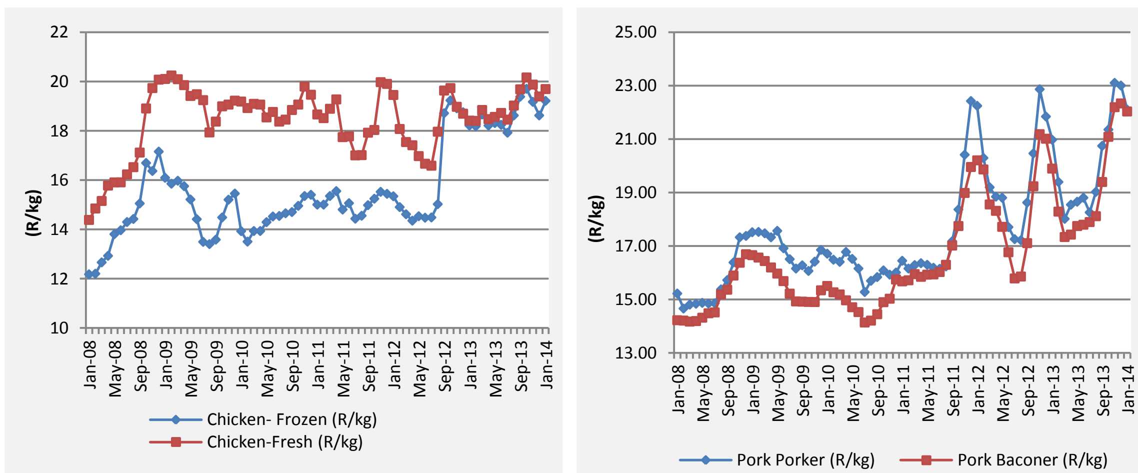


Figure D.12: Producer prices of chicken and pork
Source: AMT

Between January 2013 and January 2014:

Producer price of Beef-class A2/A3 ↓ 4.05%

Prices of beef class B2/B3 ↓3.75% and class C2/C3↓ 6.90%

Prices of lamb-class A2/A3 and class B ↑ 7.30% and ↓ 10.62% respectively;
Prices of class C2/C3 ↓ 5.32%

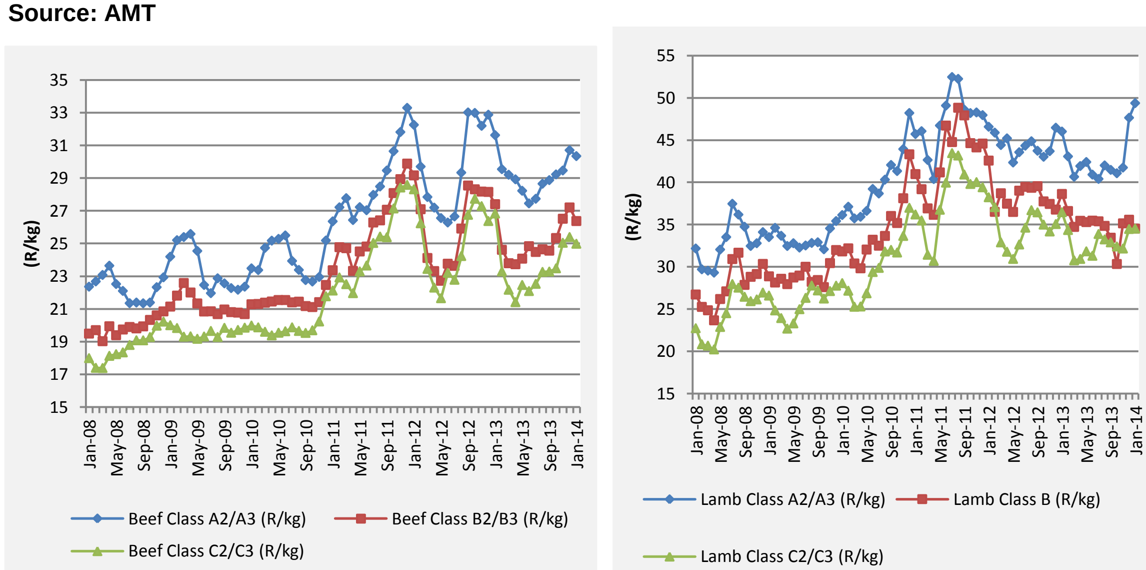


Figure D.13: Producer prices of beef and lamb
Source: AMT

APPENDIX E: REAL FARM TO RETAIL PRICES SPREAD AND FARM VALUE SHARE OF STAPLE FOOD ITEMS

E.1 Brown bread real farm-to-retail price spread and farm value share

Between January 2013 and January 2014:

The real farm-to-retail price spread of brown bread ↑ 6.64%

The real farm value share of brown bread ↓ 0.60%

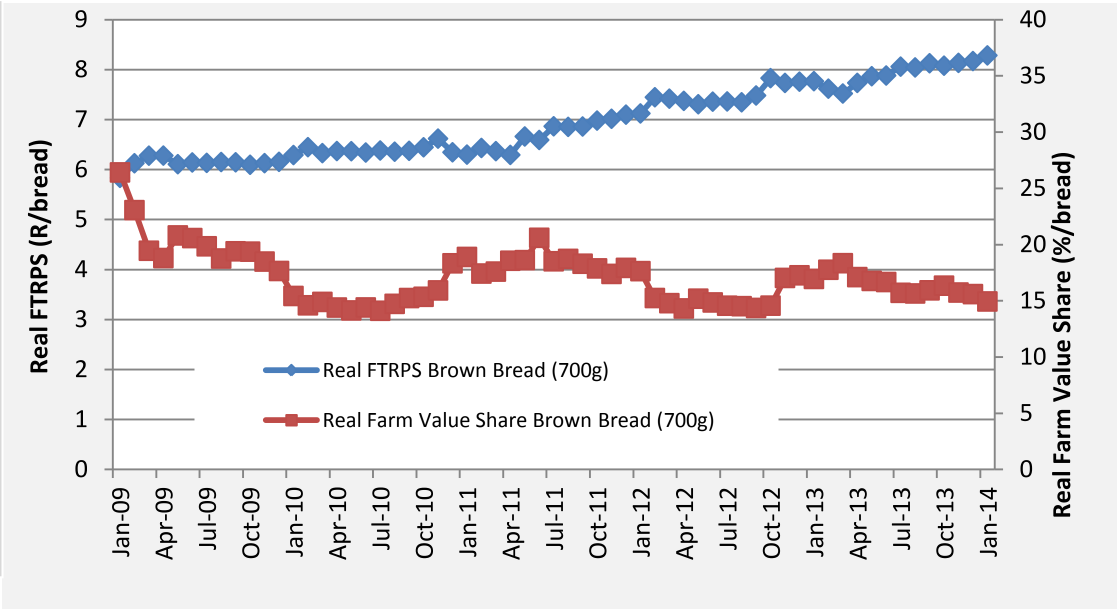


Figure E.1: Real farm to retail price spread and real farm value share of brown bread. Source: SAFEX, Stats SA and own calculations

E.2 White bread real farm-to-retail price spread and farm value share

Between January 2013 and January 2014:

The real farm-to-retail price spread of white bread ↓ 11.83%

The real farm value share of white bread ↓5.71%

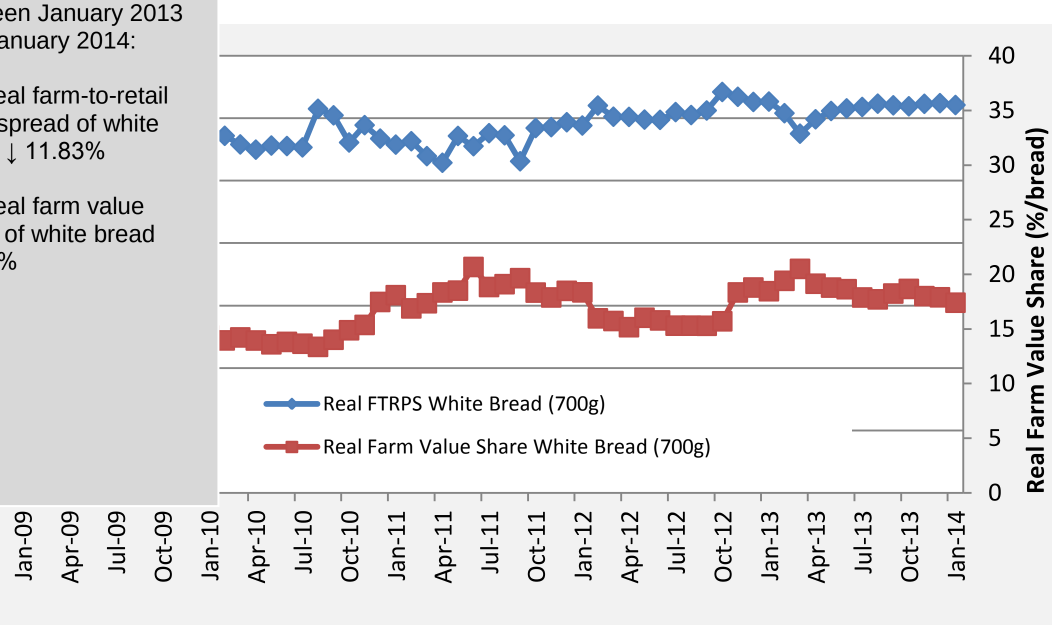


Figure E.2: Real farm to retail price spread and real farm value share of white bread. Source: SAFEX, AC Nielsen and own calculations

E.3 Super maize meal real farm to retail price spread and farm value share

Between January 2013 and January 2014:

The real farm-to-retail price spread of super maize meal ↑ 11.24%

The real farm value share of super maize meal ↓8.71%

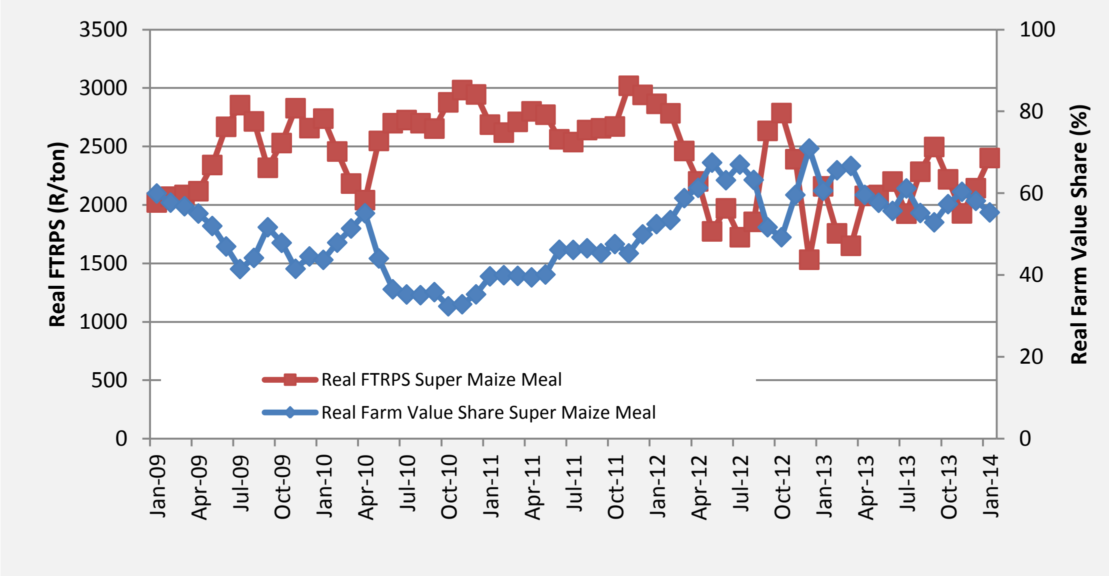


Figure E.3: Real farm to retail price spread and real farm value share of super maize meal. Source: SAFEX, AC Nielsen and own calculations

E.4 Special maize meal real farm to retail price spread and farm value share

Between January 2013 and January 2014:

The real farm-to-retail price spread of special maize meal ↑26.17%

The real farm value share of special maize meal ↓14.77%

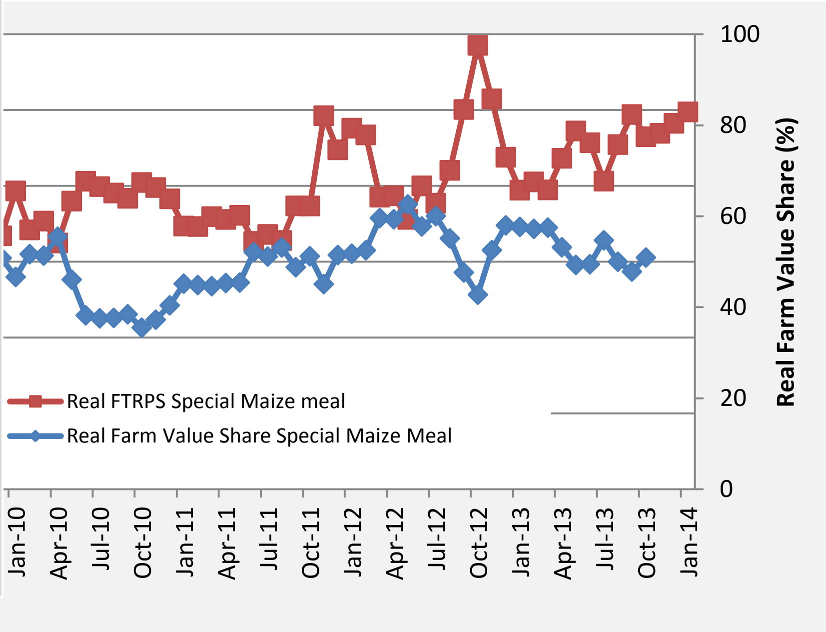


Figure E.4: Real farm to retail price spread and real farm value share of special maize meal. Source: SAFEX, AC Nielsen and own calculations

APPENDIX F: DATA COLLECTION

Urban food prices reported by in this media release are obtained from Statistics South Africa (Stats SA) and AC Nielsen. These prices obtained from these two sources are regarded as being representative of changes in food prices in South Africa due to:

- 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. For example, the price of cheddar cheese is collected from Gauteng, Western Cape, Eastern Cape, KwaZulu-Natal, Free State, Northern Cape, North West and Mpumalanga. Food price data collection by Stats SA also involves fieldwork where price collectors visit stores to collect data, after which such data undergoes a rigorous process to ensure the integrity of the data. The basket of food products that are included was derived from the Income and Expenditure Survey of 2005/06 that was 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 http://www.statssa.gov.za/cpi/documents/CPI_Sources_Methods.pdf.
- AC Nielsen collects food price data on a monthly basis from approximately 1000 large food chain stores across the country. Food prices are collected through scanners at the tellers in the big food chain stores after which it undergoes a rigorous process to ensure the integrity of the data. As is the case for Stats SA not all prices are collected in all provinces. For example, potato prices are collected from the core urban areas of Gauteng, KwaZulu-Natal, Eastern Cape, Western Cape and Free State provinces.
- During the fourth week of each month, retailers usually have specials on various items they sell, which is the reason why prices are not collected during that week. In an effort to include food price trends during week 4 for five retail chains, data was obtained from Adcheck.

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