National Agricultural Marketing Council

Promoting market access for South African agriculture

Markets and Economic Research Centre

Food Price Monitor

Issue 2014/ August

MEDIA RELEASE

FOOD PRICE MONITOR:

August 2014

EXECUTIVE SUMMARY

The July 2014 Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) showed that the headline CPI was 6.1% between July 2013 and July 2014. The year-on-year food and non-alcoholic beverage price index increase was 8.8% in July 2014. This was the third consecutive month in 2014 where the food inflation rate was 8.8%.

In July 2014, the food items showing the largest price differences in July 2014 were maize meal super (5kg), margarine (500g) and white sugar (2.5kg) at R4.70, R3.17 and R1.86, respectively. This indicates that rural consumers paid more for these food items than urban consumers did. On the other hand, the prices of sunflower oil (750ml) and rice (2kg) were respectively R3.29 and R1.36 more expensive in the urban areas than the rural areas.

From July 2013 to July 2014 the cost of the basic food basket increased by about R37 (+8.0%) in nominal terms from R456 to R493 (compared to a lower increase of 4.1% from April 2013 to April 2014 (the previous Food Price Monitor analysis period).

When comparing July 2013 to July 2014, the significant price inflation (6% or more) was experienced for many products within the food basket: Oranges, tomatoes, baked beans, eggs, milk, beef, coffee, tea, chicken, margarine and maize meal. This list includes selected staple foods (maize meal) as well as various food items making a contribution to dietary diversity of many South Africans. When comparing the inflation rates for July 2013 versus July 2014, with April 2013 versus April 2014 (i.e. the previous Food Price Monitor analysis period) inflation increased for animal protein foods, vegetables, dairy, eggs, bean products, coffee and tea.

For the outlook period it is anticipated that grain and oilseed prices will move sideways, with most of the negative sentiments already factored into the futures market. Whereas part of the costs in the value chain are driven by higher wage rates and energy costs, lower commodity prices will eventually have to be transmitted to consumer prices under the assumption of a competitive market. Therefore, for the outlook period lower inflation rates can be expected for these food items.

Table of Contents:

1. Introduction

The July 2014 Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) showed that the headline CPI was 6.1% between July 2013 and July 2014. The year-on-year food and non-alcoholic beverage price index increase was 8.8% in July 2014. This was the third consecutive month in 2014 where the food inflation rate was 8.8%. Figure 1 shows trends in year-on-year headline CPI and food and non-alcoholic beverage inflation rates from July 2013 to July 2014.

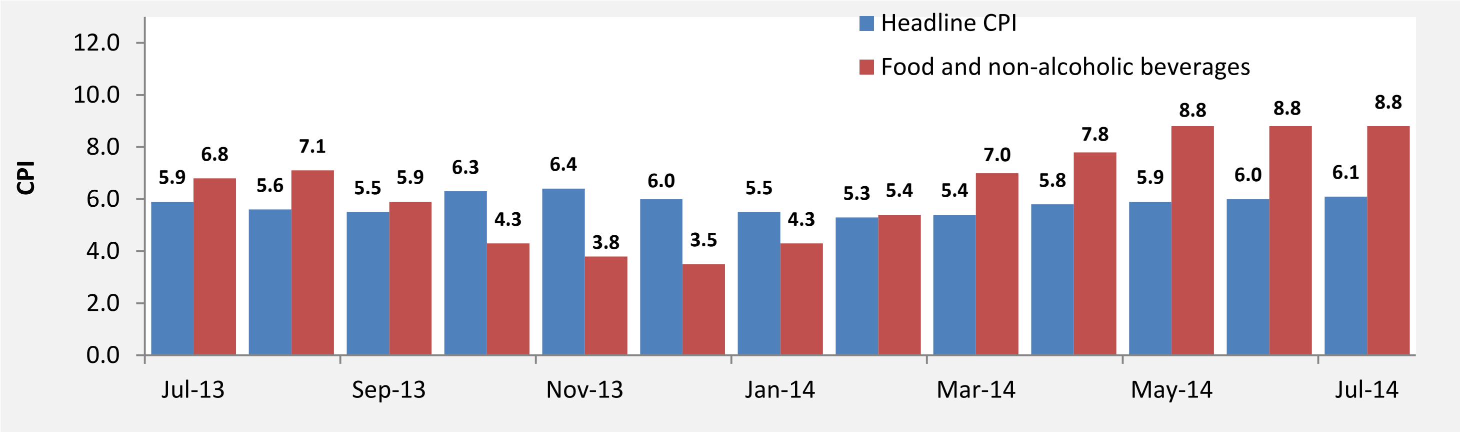


Figure 1: Headline CPI and food and non-alcoholic beverage CPI for 2013–2014 (year-on-year)
Source: Stats SA, 2014

Presented in Figure 2 are the components of food and non-alcoholic beverage inflation**.** Some of the components increased as follows: bread and cereals (8.7%), vegetables (11.8%), unprocessed products (10.3%), milk, eggs and cheese (11.7%), fish (8.0%), processed food products (7.7%), other food (8.6%), meat (8.7%), oils and fats (2.7%), sugar, sweets and deserts (7.7%), and fruit (2.3%). On a month-on-month (June 2014 to July 2014) basis, the oils and fats prices decreased by 1.4% followed by bread and cereals (1.0%), fruits (1.0%), unprocessed products (0.4%), meat (0.3%), and fish (0.1%). The inflation rate for the following products increased on a month to month basis: milk, eggs and cheese (1.6%), other food (1.4%), sugar and sweets (0.6%), processed foods (0.2%). Overall, on a month-on-month basis, many food groups experienced some decreases.

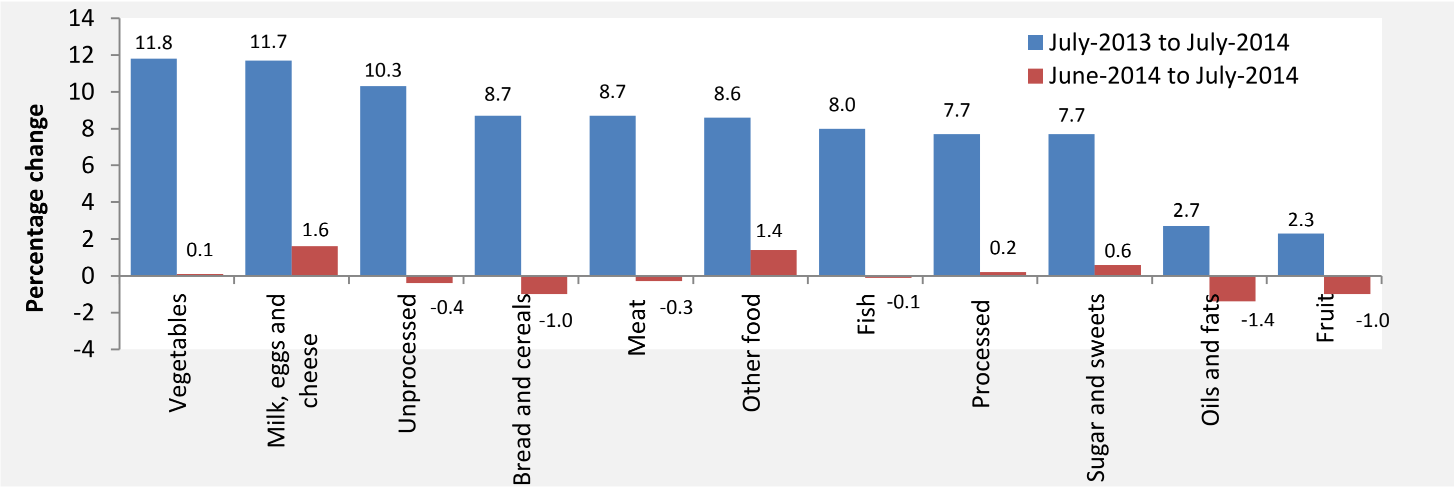


Figure 2: Year-on-year percentage change for different food categories (July 2013 – July 2014)
Source: Stats SA, 2014

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

Table 1 shows the year-on-year overall inflation and food inflation rates for July 2014 South Africa and selected countries. South African overall inflation in July 2014 was 6.3%. Food inflation rate was at 8.8% during the same period. South African food inflation was accounted for by increases in indexes of hot beverages, milk, eggs, cheese, cold beverages, sugar and vegetables while indexes for oil, fats, bread, cereals, fruits, meat and fish decreased.

Zambian overall inflation for July 2014 was at 8.0%, while the food inflation rate was 6.9%. Botswana's inflation was 4.5% in July 2014, compared to the 5.7% experienced in July 2013. On the other hand, the food inflation rate for Botswana in July 2014 was 3.2%.

Turkey's overall inflation for July 2014 was 9.3% compared to the food inflation of 13.2%. Of the BRIC countries, India had the highest overall inflation rate of 9.4%. India's food inflation rate is largely accounted for by increases in fruits (22%), vegetables (16.7%) and milk products (11.3%). The United Kingdom's inflation was accounted for by increases in transport services. However food inflation declined by 0.05% from July 2013, and this decline was due to an inflation decline in bread and cereals, sugar, jam, syrup, chocolate and confectionary.

Table 1: Overall inflation and food inflation during July 2014

Country	Overall inflation (%)	Inflation on food and non-alcoholic beverages (%)
South Africa	6.3	8.8
Botswana	4.7	3.2
Zambia	8.0	6.9
Turkey	9.3	13.2
Namibia	5.6	9.0
United States	2.0	2.5
United Kingdom	1.6	0.5
Brazil	6,5	7.7
Russia	7.3	9.5
India	9.4	9.2
China	2.4	3.6

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

3. Urban and rural food price trends: July 2013–July 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: chopped peeled tomato per 410g (6.92%), tomato onion mix 410g (7.07 %), Ceylon/black tea 62.5g (7.39%), polony per kg (7.95%), coffee regular 750g (8.43%), chicken frozen per kg (8.57%), macaroni plain 500g (9.40%), whole chicken fresh per kg (10.42%), beef chunk fresh per kg (11.53%), beef rump stake per kg (11.67%), beef brisket fresh per kg (13.24%), egg 1.5 dozen (13.80%), tuna tined 170g (14.19%), soya mince tomato and onion 200g (17.46%), enterprise picnic ham 300g (17.88%), skimmed powdered milk 1kg

(18.70%), sunflower oil 750ml (19.03%), tomato fresh per kg (19.58%), bull brand meatballs in gravy 400g (22.45%), lettuce fresh per kg (28.79%), peanut butter (29.49%), canned peas 410g kg (29.95 %), total butter (31.96%), oranges-fresh per kg (32.59 %).

Table C.2 are those products which exceed SARB annual inflation rate in the rural areas and are as follows: full cream long life milk (6.25%), sunflower oil 500ml (6.27%),white sugar 1kg (6.85%), loaf of brown bread (6.86%), fish (excl. tuna) tinned 425g (7.45%), maize meal 1kg (7.74%), margarine 250g (7.85%), white sugar 500g (9.34%), instant coffee 250g (9.88%), loaf of white bread 700g (9.95%), maize meal 2.5g (11.21%), loaf of white bread 600g (13.43%), maize meal 12.5kg (16.95%), loaf of brown bread 600g (18.90%), tagless tea bags 62.5g (41.08%) and tagless tea bags 250g (56.67%).

A closer look at food price trends

During the period under review (July 2013–July 2014), the international price of wheat (US No. 2, Hard Red Winter ord. Prot, US Fob Gulf) decreased by 4.11%, yet domestic wheat prices increased by 7.58% and urban consumers paid 5.34% more for a loaf of brown bread (700g) and 19.69% less for a loaf of white bread (700g) during that period. During this same period, local yellow maize prices decreased by 17.46%, while international yellow maize prices decreased by 36.66%, super maize meal (5kg) increased by 0.76% and special maize meal (5kg) increased by 19.03%.

During this period, the retail price of sunflower oil (750ml) decreased by 3.39%, and the July 2014 domestic price of sunflower seed was R4 556.00/ton compared to R5 171.35 price of July 2013. During this period, the average price of beef cuts increased and beef producer prices experienced an increasing trend. The average producer prices of class A2/A3, Class B2/B3 and C2/C3 beef increased in total by 21.78%, 20.02% and 9.7%, respectively.

During the same period, lamb/mutton meat prices showed a decrease of 5.70% and, on average, the mutton/lamb producer prices increased by 22.47%. The price of fresh chicken portions increased by 4.69%, while the price of frozen chicken portions increased by 10.16% 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 July 2014, as indicated in Table 2. Food items showing the largest price differences in July 2014 were maize meal super (5kg), margarine (500g) and white sugar (2.5kg) at R4.70, R3.17 and R1.86, respectively. This indicates that rural consumers paid more for these food items than urban consumers did. On the other hand, the prices of sunflower oil (750ml) and rice (2kg) were respectively R3.29 and R1.36 more expensive in the urban areas than the rural 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.

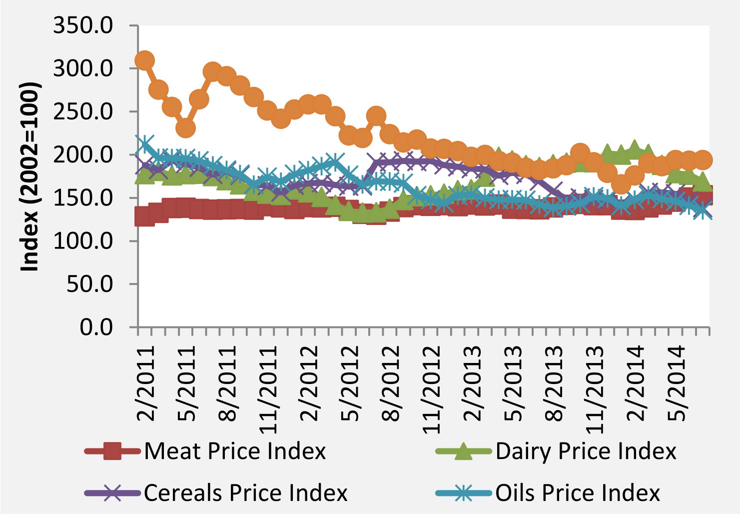
Table 2: Comparison between urban and rural food prices (selected food items)

Product	Rural Food Prices July 2014	Urban Food Prices July 2014	Price difference R/unit
Full Cream Long Life Milk 1 L	12.48	12.31	0.17
Loaf of Brown Bread 700 g	9.57	9.67	-0.1
Loaf of White Bread 700 g	10.49	10.85	-0.36
Maize Meal super 5 kg	33.55	28.85	4.70
Margarine 500 g	20.97	17.80	3.17
Rice 2 kg	23.74	27.03	-3.29
Sunflower Oil 750 ml	15.19	16.55	-1.36
Ceylon/Black Tea 62.5 g	9.88	9.19	0.69
White Sugar 2.5 kg	28.89	27.03	1.86
Average			**0.61**

Source: **Stats SA, 2014**

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 five food categories in real terms. In July 2014 the FAO Food Price Index averaged to 203.9 points, which declined by 1.7% from July 2013. . An overall decline in the food index was largely affected by a decline in prices of cereal crops and oils seeds.



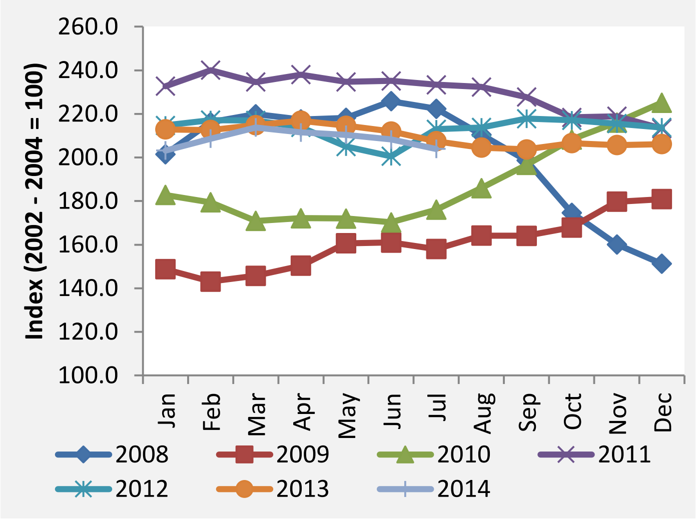


Figure 3: Price indices for five food categories and international real food price index

Source: FAO, 2014

Cereal crops decline by 16.6% between July 2013 and July 2014. The decline in cereal crop prices was mainly due to a fall in maize prices (9.2%) and wheat (5.8%). This was also influenced by excellent production prospects in many major producing countries and to the anticipation of abundant exportable supplies in the 2014/15 marketing season. Prices of rice however increased largely to sales suspension by Thailand. Vegetable oil prices declined by 4.1% in July 2014 from 181.1 points in June 2014. The decline was caused by decreases in soy and palm oil prices, while rapeseed and sunflower seed prices also weakened. Soy bean declined prices due to increased production from South America.

Dairy global prices stood at 226.1 points in July 2014 which is a decline of 7.2% from July 2013. This is due to global decline of milk demand and associated increases in the supply of dairy products. The Ramadan period also influenced a decline in the demand for dairy product. Meat prices increased by 14.1% between July 2013 and July 2014 due to increases in beef meat prices in Australia coupled with strong import demand from China.

Global sugar prices have increased by 8.4% between July 2013 and July 2014. Sugar prices have been volatile between May and July 2014 associated with a decline of rainfall in Indian average rainfall.

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), based on monthly average food price data for the period July 2013 to July 2014. From July 2013 to July 2014 the cost of this basic food basket increased by about R37 (+8.0%) in nominal terms from R456 to R493 (compared to a lower increase of 4.1% from April 2013 to April 2014 (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 42.6% in July 2013 to 46.0% in July 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 increased from 1.7% to 1.8%.

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

[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)*

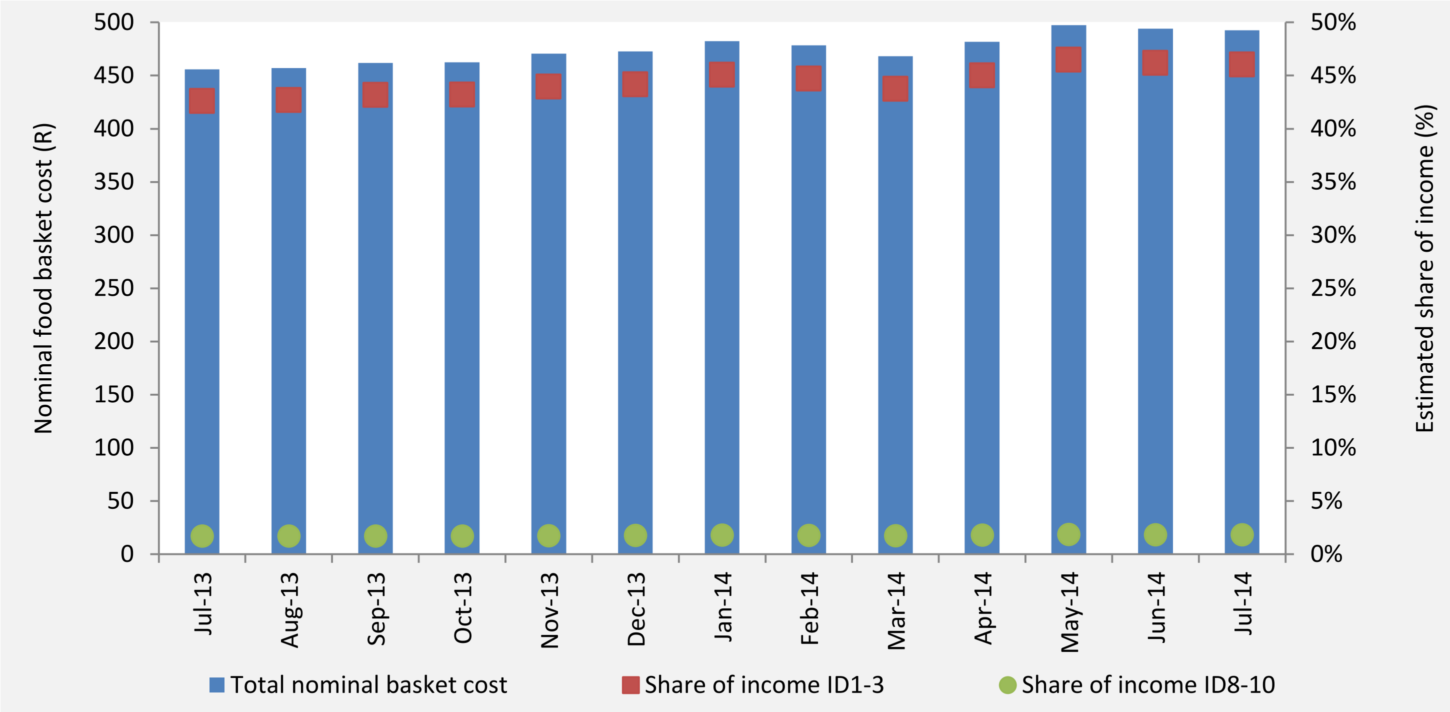


Figure 4: The monthly cost of a typical consumer food basket for the period July 2013 to July 2014, expressed in nominal terms and as share of the average income of the poorest 30% of households (Income Deciles [ID] 1 to 3) and the wealthiest 30% of households (ID 8 to 10)

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 July 2013 to July 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. Comparing July 2013 to July 2014 prices, all food categories experienced inflation. The various food groups within this food basket are discussed in more detail in Table 3 below.

Thus, when comparing July 2013 to July 2014, the significant price inflation (6% or more) experienced for many products within the food basket: Oranges, tomatoes, baked beans, eggs, milk, beef, coffee, tea, chicken, margarine and maize meal. This list includes selected staple foods (maize meal) as well as various food items making a contribution to dietary diversity. When comparing the inflation rates for July 2013 versus July 2014, with April 2013 versus April 2014 (i.e. the previous Food Price Monitor analysis period) inflation increased for animal protein foods, vegetables, dairy, eggs, bean products and coffee and tea.

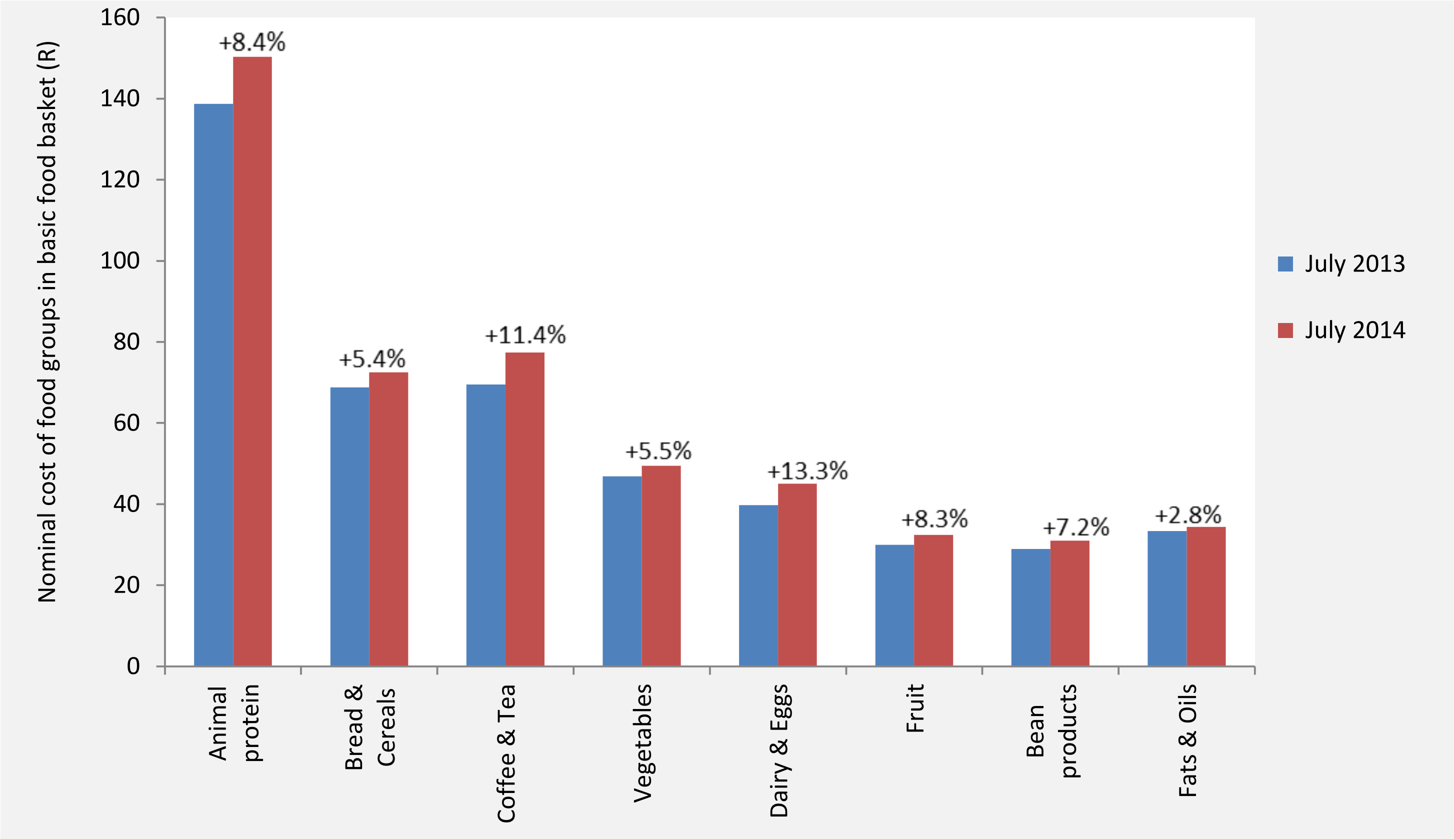


Figure 5: Nominal monthly cost of specific food groups within the basic food basket, comparing July 2013 and July 2014

Source: Stats SA and own calculations

Table 3: Overview of inflation contributing foods within the basic food basket, July 2013 to July 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:**
	July 2013 to July 2014	**April 2013 to April 2014***				
Animal protein	+8.4%	+0.9%	Beef chuck (+11.5%) Chicken portions frozen (+10.2%) Chicken portions fresh (+4.7%) Canned fish (+4.2%)	None	None	Significant inflation on beef chuck and frozen chicken portions in particular.
Bread and cereals	+5.4%	+5.6%	White bread (+5.3%) Rice (+5.2%) Brown bread (+4.3%)	None	None	Some inflation (4% to 6%) on maize meal, rice and bread.
Vegetables	+5.5%	+2.9%	Tomatoes (+19.6%)	Potatoes (+0.6%) Onions (+1.5%)	Cabbage (-5.5%)	Tomatoes experienced significant inflation.
Fruit	+8.3%	+15.2%	Oranges (+32.6%)	Apples (+2.9%)	Bananas (-5.2%)	Significant inflation on oranges.
Dairy	+12.0%	+7.1%	Full cream long life milk (+12.0%)	None	None	High inflation on the price of long life milk and on the price of eggs.
Eggs	+13.8%	+10.5%	Eggs (+13.8%)	None	None	

Fats and oils	+2.8%	+5.5%	Margarine (+9.4%)	None	Sunflower oil (-3.4%)	High inflation on margarine.
Bean products	+7.2%	+4.2%	Baked beans (+14.3%) Peanut butter (+4.9%)	None	None	Inflation on baked beans and peanut butter.
Coffee and tea	+11.4%	+0.3%	Ceylon/black tea (+10.6%) Instant coffee (+11.5%)	None	None	Inflation on coffee and tea.

** Previous Food Price Monitor analysis period prior to July 2013 / July 2014 comparison.*

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[3]; Oldewage-Theron et al, 2005[4]). Figure 6 illustrates the estimated portion costs for these foods, calculated from monthly food price data for July 2013 and July 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 56% more in this case for July 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 July 2014 versus July 2013 prices the results in Figure 6 indicated inflation of about 7.0% (from R4.41 to R4.72 for the selection of portions). Significant inflation on all products contributed to the inflation observed on this 'food plate'. Even though the entire food basket experienced inflation of 8.0% when comparing July 2014 with July 2013, the typical basic daily food selection for poor consumers revealed slightly less inflation (7.0% as previously mentioned).

[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

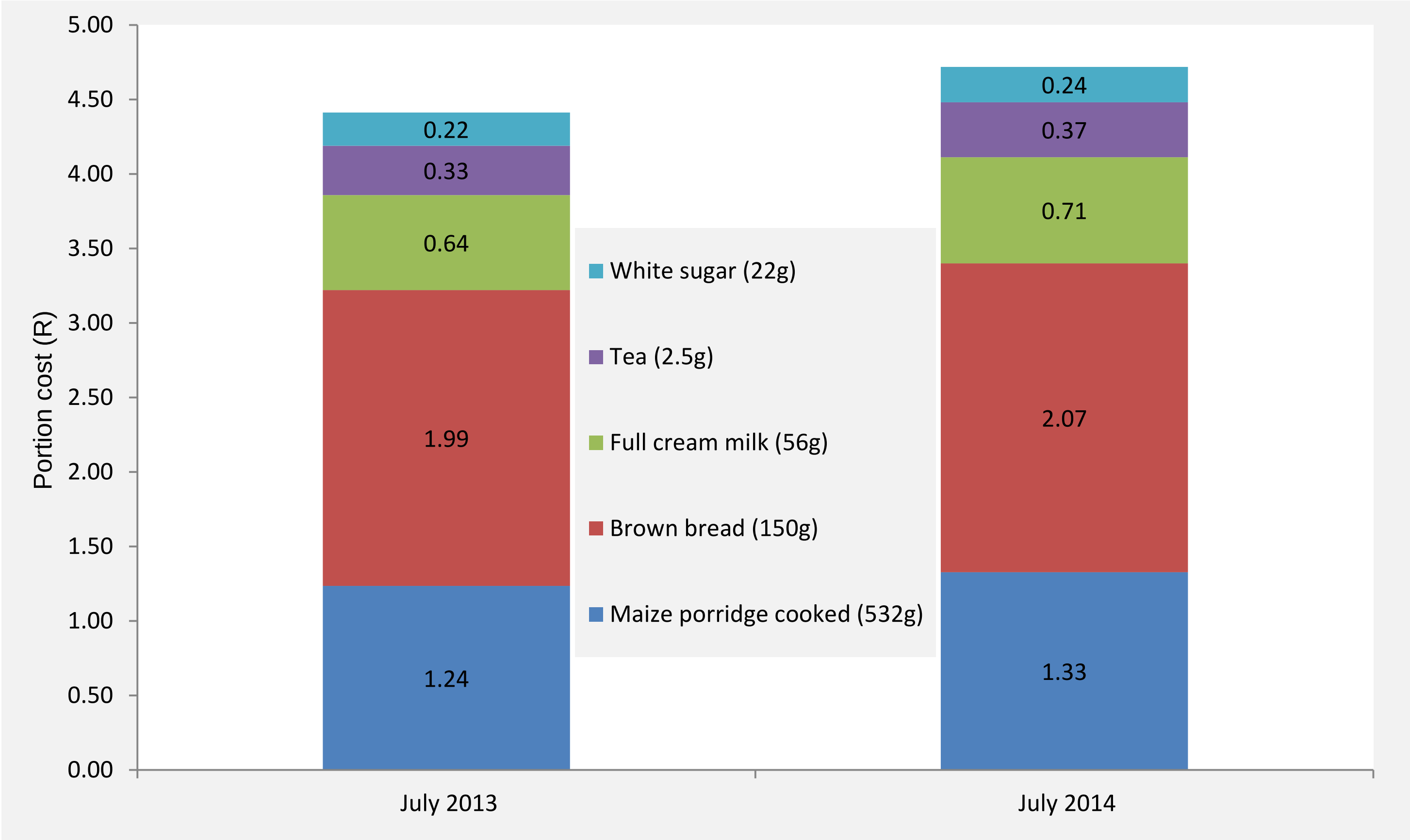


Figure 6: Average nominal cost for the typical portions of the five food items most widely consumed by very poor consumers in South Africa, for July 2013 and July 2014

7. September 2014 – November 2014 outlook

When Statics South Africa published the annual food inflation rate for July 2014, it came as a surprise that food inflation seemed to remain inflexibly high, despite significantly lower commodity prices. A typical example is maize meal prices that have not declined significantly over the past month or two, despite of maize prices declining by approximately 20 percent since April 2014. Similarly, the inflation on oils and fats has declined by only 1.4%, yet prices within the oilseed complex have plummeted by more than 20 percent.

For the outlook period it is anticipated that grain and oilseed prices will move sideways, with most of the negative sentiments already factored into the futures market. Whereas part of the costs in the value chain are driven by higher wage rates and energy costs, lower commodity prices will eventually have to be transmitted to consumer prices under the assumption of a competitive market. Therefore, for the outlook period lower inflation rates can be expected for these food items.

The previous outlook already mentioned the potential impact of fewer animals entering the beef market, partly as a consequence of increased slaughtering in 2013 due to the drought and more recently the closure of the Namibian boarder. Beef prices have increased and are trading significantly higher than a year ago. This situation will last until the border for Namibian animals is re-opened and the stocking rates can increase which will eventually lead to higher volumes of beef delivered on the market, especially with much lower feed prices. Under this scenario, beef prices could potentially decline to levels around R33/kg, compared to the current level of R35/kg.

Apart from local supply and demand dynamics, the exchange rate remains a key driver of food price inflation in the country. South African consumers spend on average 10% of their total food expenditure on chicken and a further 8.5% on bread and wheat related products. Since SA is a net importer of all of these commodities, there is a high level of transmission from parity prices to the local prices. Therefore, in an environment of a depreciating exchange rate, it will always be challenge to manage food price inflation.

APPENDIX A: DATA ON URBAN FOOD PRICE TRENDS

Table A.1: Wheat products

Wheat products	Price level			Percentage change	
	Jul-13	Apr-14	Jul-14	April-14 to July-14	July-13 to July-14
Loaf of brown bread 700g	9.27	9.39	9.67	2.98%	4.31%
Loaf of white bread 700g	10.30	10.54	10.85	2.94%	5.34%
Cake flour 2.5kg	20.55	22.60	26.61	17.74%	29.49%
Spaghetti 500g	9.97	10.11	10.81	6.92%	8.43%
Average				7.65%	11.89%
Wheat (R/ton)	**3447.30**	**3927.87**	**3708.52**	**-5.58%**	**7.58%**

*Data from AC Nielsen

Table A.2: Maize products

Maize products	Price level			Percentage change	
	Jul-13	Apr-14	Jul-14	April-14 to July-14	July-13 to July-14
Maize special 5kg*	26.22	30.37	31.21	2.75%	19.03%
Maize super 5kg*	29.02	28.85	29.24	1.33%	0.76%
Average				2.04%	9.89%
White Maize (R/ton)	**2263.22**	**2640.95**	**1707.57**	**-35.34%**	**-24.55%**

*Data from AC Nielsen

Table A.3: Sunflower products

Sunflower products	Price level			Percentage change	
	Jul-13	Apr-14	Jul-14	April-14 to July-14	July-13 to July-14
Sunflower oil 750ml	17.13	17.50	16.55	-5.43%	-3.39%
Medium fat spread 1kg tub*	21.49	22.97	21.59	-6.01%	0.47%
Brick margarine 500g	16.27	17.85	17.80	-0.28%	9.40%
Average				-3.91%	2.16%
Sunflower (R/ton)	**5171.35**	**4799.42**	**4556.00**	**-5.07%**	**-11.90%**

*Data from AC Nielsen

Table A.4: Processed vegetables

Processed vegetables	Price level			Percentage change	
	Jul-13	Apr-14	Jul-14	April-14 to July-14	July-13 to July-14
Chopped peeled tomato 410g*	12.42	13.41	13.28	-0.97%	6.92%
Tomato & onion mix 410g*	9.33	11.30	9.99	-11.59%	7.07%
Canned peas 410g*	9.45	12.13	12.28	1.24%	29.95%
Baby carrots 1kg*	35.90	39.26	38.04	-3.11%	5.96%
Average				**-3.61%**	**12.48%**

*Data from AC Nielsen

Table A.5: Fresh vegetables

Fresh vegetables	Price level			Percentage change	
	Jul-13	Apr-14	Jul-14	April-14 to July-14	July-13 to July-14
Carrots – fresh per kg	12.88	15.30	12.82	-16.21%	-0.47%
Onions – fresh per kg	11.34	11.38	11.51	1.14%	1.50%
Potatoes – fresh per kg	9.47	10.02	9.53	-4.89%	0.63%
Tomatoes – fresh per kg	15.12	18.24	18.08	-0.88%	19.58%
Sweet potatoes – fresh per kg	12.27	17.07	18.07	5.86%	47.27%
Cabbages – fresh per kg	10.95	11.12	10.35	-6.92%	-5.48%
Lettuces – fresh per kg	23.62	40.03	30.42	-24.01%	28.79%
Pumpkins – fresh per kg	14.70	12.96	14.16	9.26%	-3.67%
Cauliflowers – fresh per kg	41.93	37.96	37.19	-2.03%	-11.30%
Average				**-4.30%**	**8.54%**

Table A.6: Processed meat

Processed meat	Price level			Percentage change	
	Jul-13	Apr-14	Jul-14	April-14 to July-14	July-13 to July-14
Meatballs in gravy 400g*	15.10	17.27	18.49	7.06%	22.45%
Picnic ham 300g*	30.42	34.32	35.86	4.49%	17.88%
Polony per kg	30.33	31.62	32.74	3.54%	7.95%
Average				**5.03%**	**16.09%**

*Data from AC Nielsen

Table A.7: Unprocessed meat

Unprocessed meat	Price level			Percentage change	
	Jul-13	Apr-14	Jul-14	April-14 to July-14	July-13 to July-14
Pork Chops – Fresh per kg	60.04	63.56	62.53	-1.62%	4.15%
Lamb – Fresh per kg	96.88	101.98	91.36	-10.41%	-5.70%
Beef Brisket – Fresh per kg	54.37	62.63	61.57	-1.69%	13.24%
Beef Chuck – Fresh per kg	56.12	54.58	62.59	14.68%	11.53%
Beef Mince – Fresh per kg	60.03	63.24	63.26	0.03%	5.38%
Beef Rump Steak – Fresh per kg	93.47	104.53	104.38	-0.14%	11.67%
Beef T-Bone – Fresh per kg	77.95	84.57	81.32	-3.84%	4.32%
Whole Chicken – Fresh per kg	33.97	37.24	37.51	0.73%	10.42%
Chicken Portions – Fresh per kg	44.54	46.85	46.63	-0.47%	4.69%
Average				**-0.31%**	**6.63%**

Table A.8: Dairy products

Dairy product	Price level			Percentage change	
	Jul-13	Apr-14	Jul-14	April-14 to July-14	July-13 to July-14
Fresh milk full-cream 1L sachet*	7.78	7.31	7.43	1.69%	-4.50%
Fresh milk full-cream 2L*	19.21	18.16	19.08	5.08%	-0.68%
Fresh milk low fat 1L sachet*	7.95	7.67	8.07	5.26%	1.51%
Fresh milk low fat 2L*	20.29	18.91	20.10	6.32%	-0.94%
Skimmed powder milk 1kg*	73.90	87.05	87.72	0.77%	18.70%
Total butter 500 g*	30.41	39.07	40.13	2.71%	31.96%
Cheddar cheese per kg	103.36	105.89	109.10	3.03%	5.55%
Average				**3.55%**	**7.37%**

*Data from AC Nielsen

Table A.9: Fruits

Fruits	Price level			Percentage change	
	Jul-13	Apr-14	Jul-14	April-14 to July-14	July-13 to July-14
Apples - Fresh per kg	13.64	15.05	14.04	-6.71%	2.93%
Bananas - Fresh per kg	11.25	11.37	10.66	-6.24%	-5.24%
Oranges - Fresh per kg	5.83	13.99	7.73	-44.75%	32.59%
Average				**-6.48%**	**-1.16%**

Table A.10: Fish products

Fishes – tinned	Price level			Percentage change	
	Jul-13	Apr-14	Jul-14	April-14 to July-14	July-13 to July-14
Fish (excl tuna) – tinned 155g	7.57	7.56	7.90	4.50%	4.36%
Fish (excl tuna) – tinned 425g	13.46	13.70	14.02	2.34%	4.16%
Tuna – tinned 170g	13.95	15.76	15.93	1.08%	14.19%
Average				**2.64%**	**7.57%**

Table A.11: Other products

Other products	Price level			Percentage change	
	Jul-13	Apr-14	Jul-14	April-14 to July-14	July-13 to July-14
King Korn 1kg*	14.02	11.19	11.26	0.63%	-19.69%
White Sugar 2.5kg	25.17	26.99	27.03	0.15%	7.39%
Rice 2kg	21.62	22.79	22.74	-0.22%	5.18%
Ricoffy Reg 750g*	59.18	67.49	69.51	2.99%	17.46%
Ceylon/Black Tea 62.5g	8.31	8.44	9.19	8.89%	10.59%
Imana Soya Mince Tomato & Onion 200g*	10.03	9.71	9.99	2.88%	-0.40%
Eggs 1.5 dozen	28.76	31.56	32.73	3.71%	13.80%
Average				**2.72%**	**4.90%**

*Data from AC Nielsen

APPENDIX B: DATA ON RURAL FOOD PRICE TRENDS

Table B.1: Wheat products

Wheat Products	Price level			Percentage change	
	Apr-14	Jul-13	Jul-14	Jul-13 to Jul-14	Apr-14 to Jul-14
Loaf of brown bread 600g	7.95	6.73	8.01	18.90%	0.72%
Loaf of brown bread 700g	9.23	8.96	9.57	6.86%	3.65%
Loaf of white bread 600g	8.61	7.60	8.62	13.43%	0.13%
Loaf of white bread 700g	10.34	9.54	10.49	9.95%	1.48%
Average				**12.28%**	**1.50%**

Table B.2: Maize products

Maize Products	Price level			Percentage change	
	Apr-14	Jul-13	Jul-14	Jul-13 to Jul-14	Apr-14 to Jul-14
Maize meal 12.5kg	63.23	54.35	63.56	16.96%	0.52%
Maize meal 1kg	7.94	7.35	7.92	7.74%	-0.14%
Maize meal 2.5kg	18.11	16.68	18.54	11.21%	2.39%
Maize meal 5kg	33.38	31.72	33.55	5.74%	0.50%
Samp 1kg	9.00	8.50	8.50	0.00%	-5.56%
Average				**8.33%**	**-0.46%**

Table B.3: Sunflower products

Sunflower Products	Price level			Percentage change	
	Apr-14	Jul-13	Jul-14	Jul-13 to Jul-14	Apr-14 to Jul-14
Sunflower Oil 2L	37.72	34.49	36.39	5.54%	-3.53%
Sunflower Oil 500ml	12.38	12.19	12.95	6.27%	4.59%
Sunflower Oil 750ml	16.11	15.43	15.19	-1.57%	-5.71%
Margarine 125g	7.67	7.62	7.71	1.15%	0.42%
Margarine 250g	11.98	11.34	12.23	7.85%	2.05%
Margarine 500g	19.98	20.27	20.97	3.48%	4.98%
Average				**3.79%**	**0.47%**

Table B.4: Dairy products

Dairy Products	Price level			Percentage change	
	Apr-14	Jul-13	Jul-14	Jul-13 to Jul-14	Apr-14 to Jul-14
Full-cream long-life milk 1L	12.01	11.74	12.48	6.25%	3.87%
Full-cream long-life milk 500ml	7.62	7.75	8.15	5.16%	7.06%
Average				**5.70%**	**5.47%**

Table B.5: Tea and coffee

Tea and coffee	Price level			Percentage change	
	Apr-14	Jul-13	Jul-14	Jul-13 to Jul-14	Apr-14 to Jul-14
Instant coffee 100g	14.33	13.60	14.33	5.39%	0.00%
Instant coffee 250g	24.00	23.66	25.99	9.88%	8.31%
Ceylon/black tea 250g	23.33	14.99	23.48	56.67%	0.68%
Ceylon/black tea 62.5g	7.00	7.00	9.88	41.08%	41.08%
Average				**28.25%**	**12.51%**

Table B.6: Beans

Beans	Price level			Percentage change	
	Apr-14	Jul-13	Jul-14	Jul-13 to Jul-14	Apr-14 to Jul-14
Beans 1kg	31.75	22.86	31.75	38.91%	0.00%
Beans 500g	11.33	13.02	13.63	4.67%	20.30%
Butter Beans 410g	13.06	13.02	13.24	1.70%	1.44%
Butter Beans 420g	10.30	14.45	13.23	-8.45%	28.43%
Average				**9.21%**	**12.54%**

Table B.7: White sugar

Sugar	Price level			Percentage change	
	Apr-14	Jul-13	Jul-14	Jul-13 to Jul-14	Apr-14 to Jul-14
White sugar 1kg	13.74	12.44	13.29	6.85%	-3.28%
White sugar 2.5kg	27.75	27.36	28.89	5.59%	4.12%
White sugar 500g	9.39	6.51	7.11	9.34%	-24.22%
Average				**7.26%**	**-7.79%**

Table B.8: Rice

Rice	Price level			Percentage change	
	Apr-14	Jul-13	Jul-14	Jul-13 to Jul-14	Apr-14 to Jul-14
Rice 1kg	14.18	13.75	14.23	3.49%	0.41%
Rice 2kg	23.85	23.08	23.74	2.87%	-0.46%
Rice 500g	7.50	7.27	7.41	1.91%	-1.16%
Average				**2.75%**	**-0.41%**

Table B.9: Peanut butter

Peanut Butter	Price level			Percentage change	
	Apr-14	Jul-13	Jul-14	Jul-13 to Jul-14	Apr-14 to Jul-14
Peanut butter 270g	18.15	18.15	18.29	0.75%	0.76%
Peanut butter 400g	24.15	23.81	24.09	1.20%	-0.25%
Average				**0.98%**	**0.26%**

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

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

Grain and grain products	%	Meat and meat products and dairy and dairy products	%	Fresh and processed fruits and vegetables	%
Loaf Of White Bread 700 g	-19.69%	Lamb - Fresh per kg	-5.70%	Cauliflower - Fresh per kg	-11.3%
White Sugar 2.5kg	-5.48%	Fresh Milk Full Cream 1Lt Sachet*	-4.50%	Cabbage - Fresh per kg	-5.48%
Maize Super 5kg*	-3.39%	Fresh Milk Low Fat 2Lt*	-0.94%	Bananas - Fresh per kg	-5.24%
Maize Special 5kg*	-0.40%	Fresh Milk Full Cream 2Lt*	-0.68%	Pumpkin - Fresh per kg	-3.67%
King Korn 1kg*	0.00%	Fresh Milk Low Fat 1Lt Sachet*	1.51%	Carrots - Fresh per kg	-0.47%
Medium Fat Spread 1kg Tub*	0.76%	Pork Chops - Fresh per kg	4.15%	Potatoes Bag 10 kg	0.63%
Rice 2kg	4.31%	Fish (Excl Tuna) - Tinned 425g	4.16%	Onions -Fresh per kg	1.50%
Spaghetti 500 g	4.89%	Beef T-Bone - Fresh per kg	4.32%	Apples - Fresh per kg	2.93%
Cake Flour 2.5 kg	5.18%	Fish (Excl Tuna) - Tinned 155g	4.36%	Sweet Potatoes - Fresh per kg	3.10%
Loaf Of Brown Bread 700 g	5.34%	Chicken Portions - Fresh per kg	4.69%	Baby Carrots 1kg*	5.96%
Ceylon/Black Tea 62.5g	7.39%	Beef Mince - Fresh per kg	5.38%	Chopped Peeled Tomato 410g*	6.92%
Coffee Reg 750g*	8.43%	Cheddar Cheese per kg	5.55%	Tomato & Onion Mix 410g*	7.07%
Macaroni Plain 500 Gram*	9.40%	Polony per kg	7.95%	Tomatoes - Fresh per kg	19.58%
Soya Mince Tomato & Onion 200g*	17.46%	Chicken Portions - Frozen per kg	8.57%	Lettuce - Fresh per kg	28.79%
Sunflower Oil 750ml	19.03%	Whole Chicken - Fresh per kg	10.42%	Canned Peas 410g*	29.95%
Peanut Butter 410g	29.49%	Beef Chuck - Fresh per kg	11.53%	Oranges - Fresh per kg	32.59%
		Beef Rump Steak -Fresh per kg	11.67%		
		Beef Brisket - Fresh per kg	13.24%		
		Eggs 1.5 dozen	13.80%		
		Tuna - Tinned 170g	14.19%		
		Enterprise Picnic Ham 300g*	17.88%		
		Skimmed Powder Milk 1kg*	18.70%		
		Bull Brand Meatballs in Gravy 400g*	22.45%		
		Total Butter 500g*	31.96%		

* 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 (July 2013 to July 2014)

Grain and grain products	%	Other products	%
Sunflower Oil 750ml	-1.57	Butter Beans 420g	-8.45
Samp 1kg	0.00	Peanut Butter 270g	0.75
Samp 2.5kg	0.00	Peanut Butter 400g	1.20
Margarine 125g	1.15	Butter Beans 410g	1.70
Rice 500g	1.91	Beans 500g	4.67
Rice 2kg	2.87	Full Cream Long Life Milk 500ml	5.16
Margarine 500g	3.48	Instant Coffee 100g	5.39
Rice 1kg	3.49	White Sugar 2.5kg	5.59
Sunflower Oil 2L	5.54	Full Cream Long Life Milk 1L	6.25
Maize Meal 5kg	5.74	Fish (Excl. Tuna) - Tinned 155g	6.62
Sunflower Oil 500ml	6.27	White Sugar 1kg	6.85
Loaf of Brown Bread 700g	6.86	Fish (Excl. Tuna) - Tinned 425g	7.45
Maize Meal 1kg	7.74	White Sugar 500g	9.34
Margarine 250g	7.85	Instant Coffee 250g	9.88
Loaf of White Bread 700g	9.95	Beans 1kg	38.91
Maize Meal 2.5kg	11.21	Tagless Tea Bags 62.5g	41.08
Loaf of White Bread 600g	13.43	Tagless Tea Bags 250g	56.67
Maize Meal 12.5kg	16.96		
Loaf of Brown Bread 600g	18.90		

* 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 July 2013 and July 2014

International wheat price ↓4.11 %

Domestic price of wheat ↑7.58%

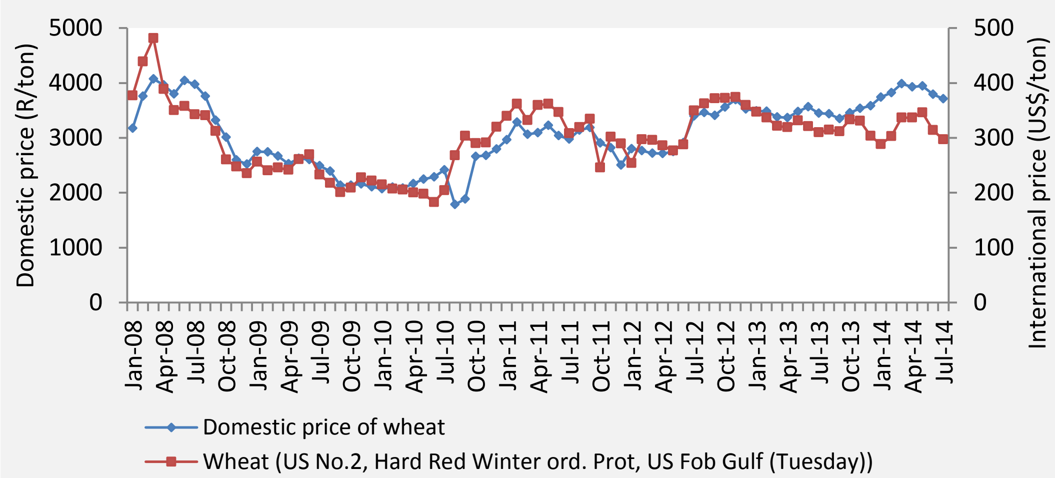


Figure D.1: Domestic market price of wheat against global market price
Source: FAO and SAFEX

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

Between July 2013 and July 2014:

Wheat import parity price ↑ 7.83 %

Wheat export parity price ↑14.09 %

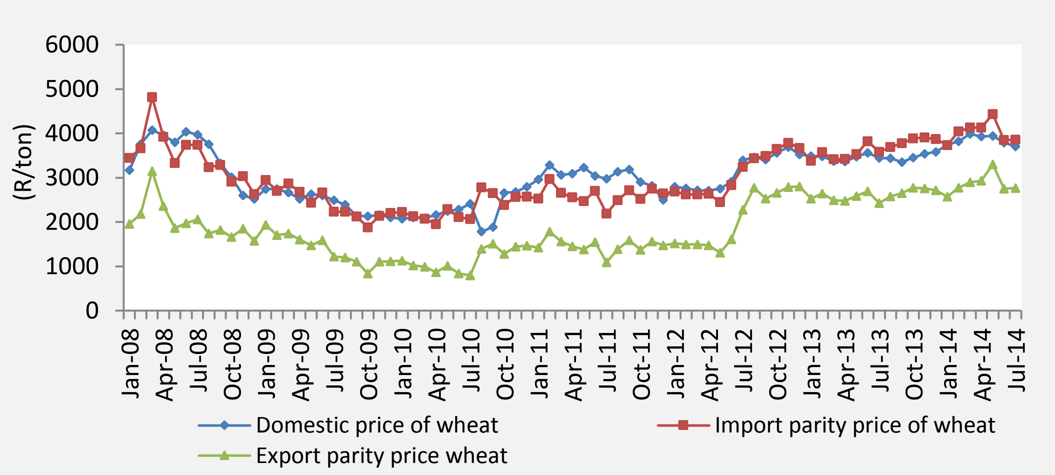


Figure D.2: Import parity, export parity and domestic prices of wheat
Source: SAGIS and SAFEX

Between July 2013 and July 2014:

Domestic wheat price
↑7.58 %

Brown bread price
↑ 4.31%

White bread price
↑ 5.34%

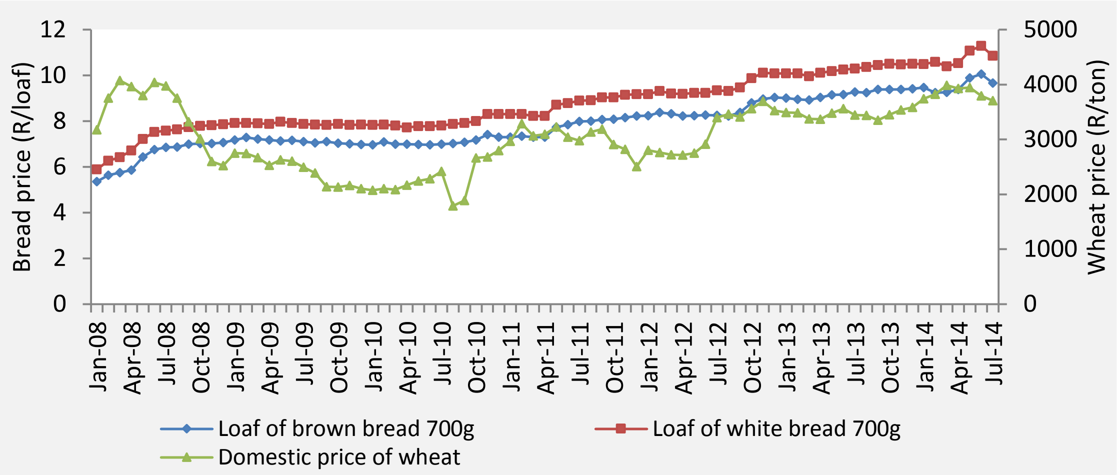


Figure D.3: Domestic market wheat price and bread price trends
Source: Stats SA and SAFEX

D.2 Maize price trends

Between July 2013 and July 2014:

International price of maize
↓ 36.66%

Domestic price of yellow maize
↓ 17.46%

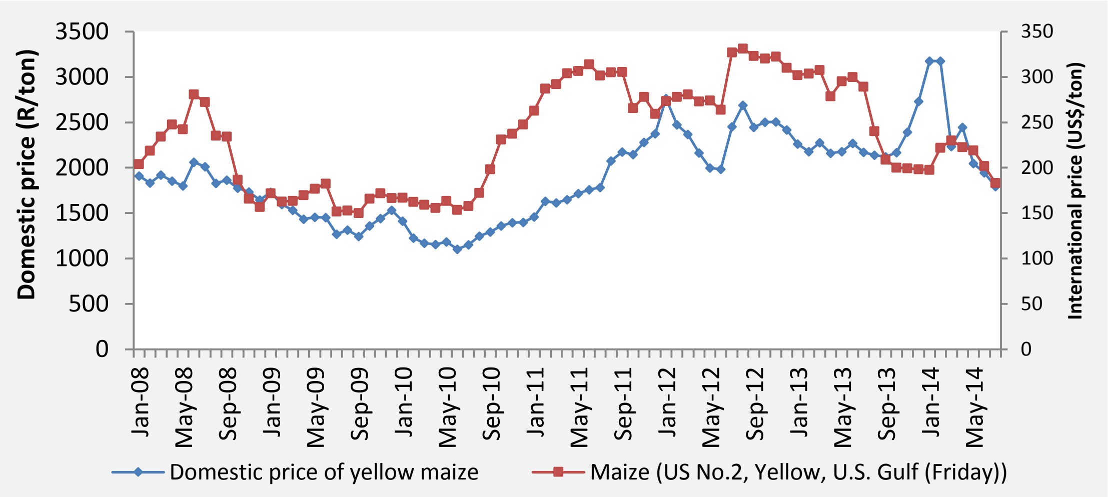


Figure D.4: Domestic market price of maize against global market price
Source: FAO and SAFEX

Between July 2013 and July 2014:

Export parity price of maize
↓ 35.09%

Import parity price of maize
↓26.53%

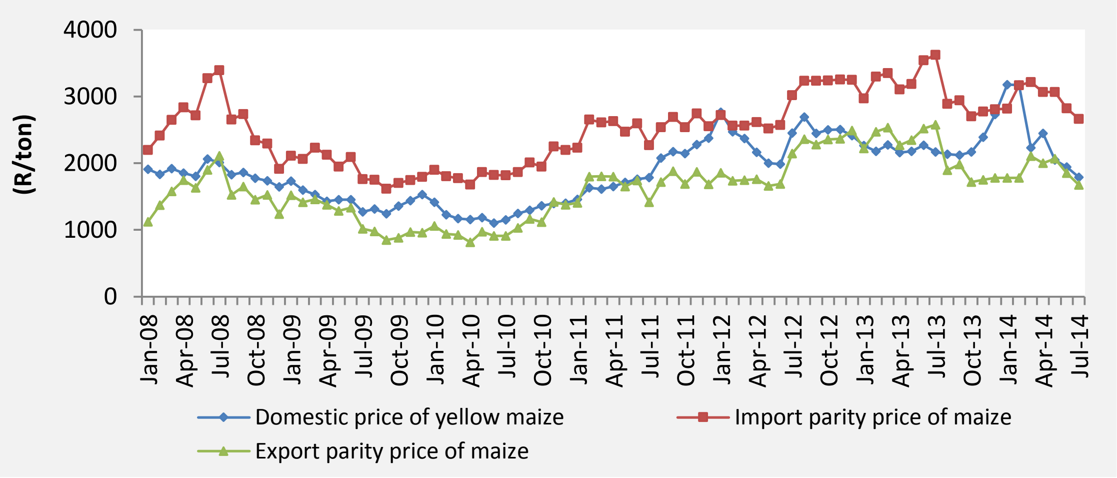


Figure D.5: Import parity, export parity and domestic prices of maize
Source: SAFEX and SAGIS

Between July 2013 and July 2014:

Super maize meal price
↑0.76%

Special maize meal
↑ 19.03%

Domestic price of white maize
↓24.55%

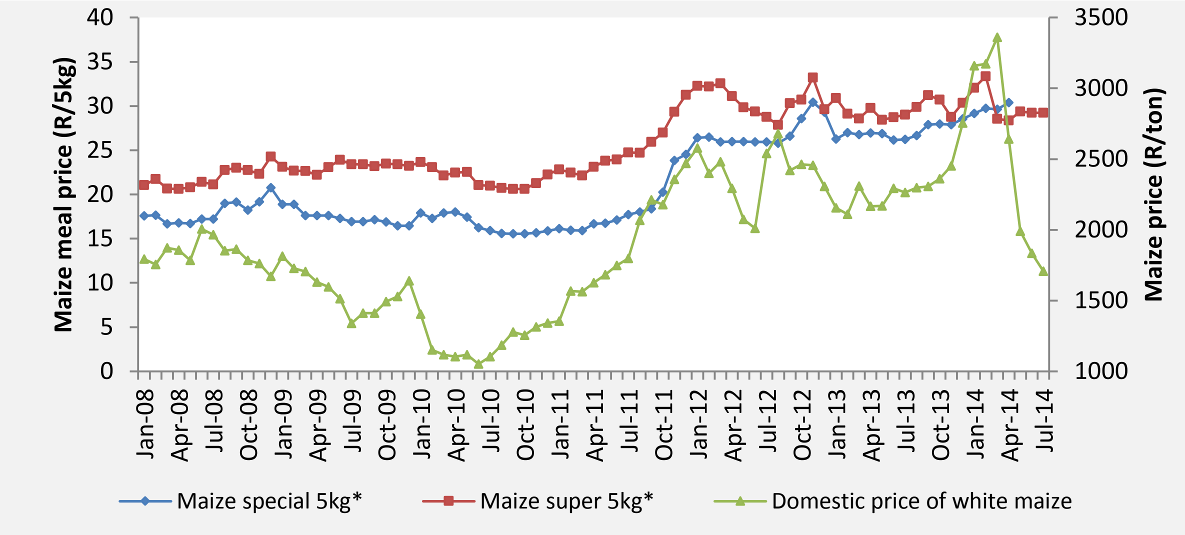


Figure D.6: Maize price and maize meal price trends
Source: SAFEX and AC Nielsen

D.3 Sunflower seeds price trends

Between July 2013 and July 2014:

International Sunflower seed price
↓4.71%

Average retail sunflower oil price
↑4.28%

Sunflower oil 750ml ↓ 3.39%

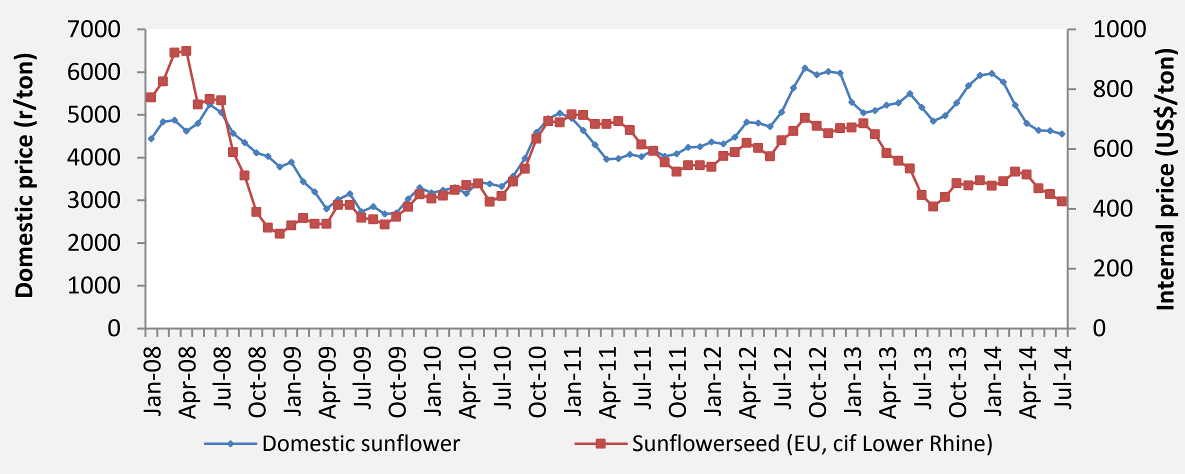


Figure D.7: Domestic market price of sunflower seeds against global market price
Source: FAO and SAFEX

Between July 2013 and July 2014

Sunflower domestic seeds price ↓ 11.90%

Sunflower oil 750ml ↓ 3.39% price

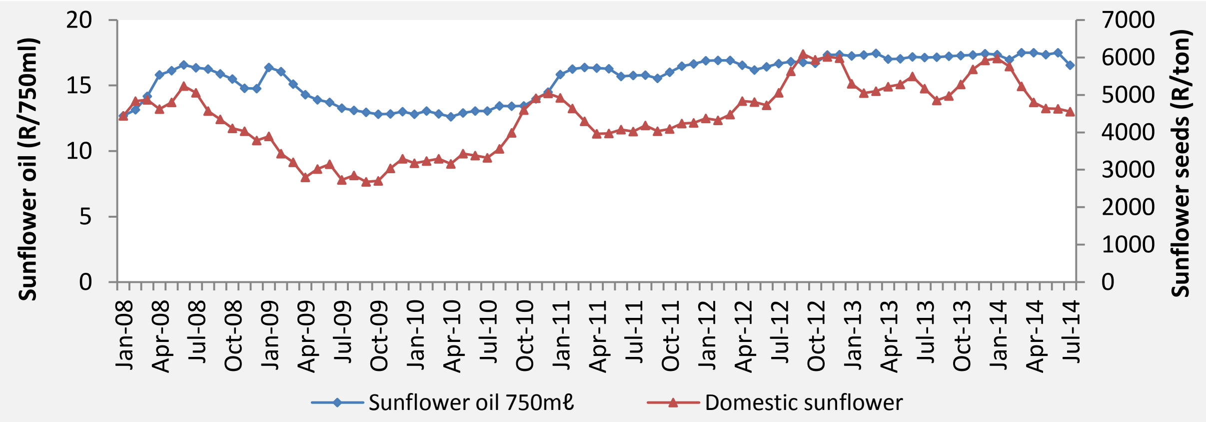


Figure D.8: Sunflower seeds price and sunflower oil price trends
Source: SAFEX and Stats SA

D.4 Dairy price trends

Between July 2013 and July 2014:

Skim milk powder
↓ 16.0%

Whole milk powder
↓ -21.43%

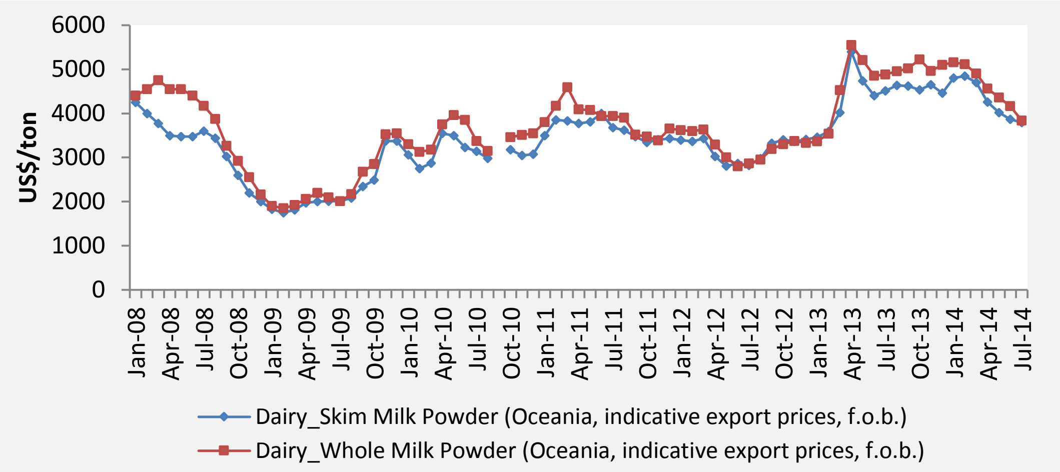


Figure D.9: Skim milk powder and whole milk powder price trends
Source: FAO

Between July 2013 and July 2014:

Milk producer price
↓4.50%

Full cream milk price
↑12.01%

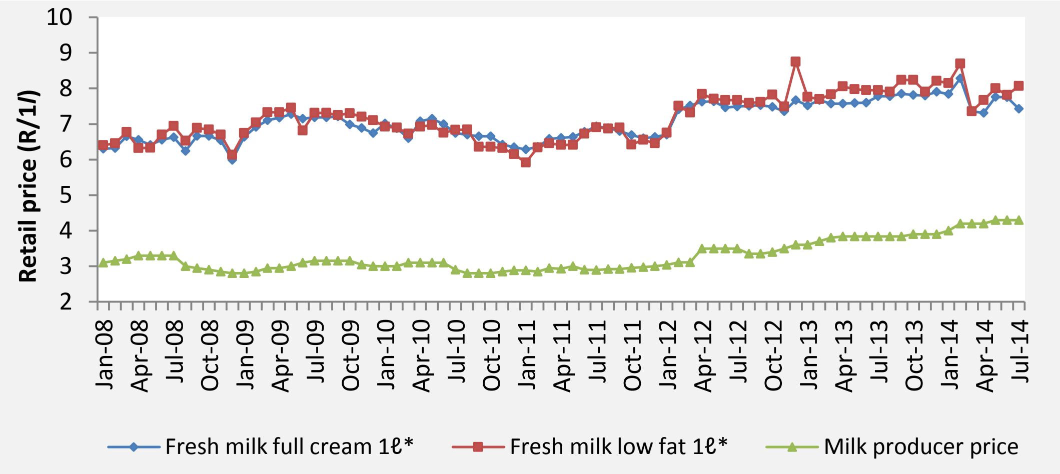


Figure D.10: Domestic producer price and retail prices of milk
Source: MPO and AC Nielsen

D.5 Meat price trends

The price of beef at retail level showed an average ↑ of 9.23 % for the different cuts.

Frozen chicken portions price ↑ by 10.16 % per kilogram

Lamb price ↓5.70% and pork chops ↓4.15%

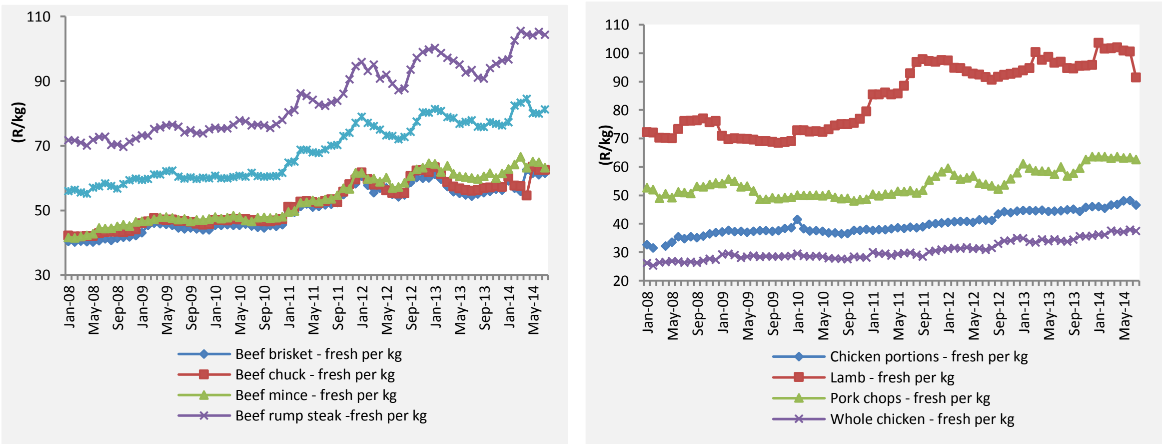


Figure D.11: Retail prices of beef, pork chops, chicken portions, whole chicken and lamb
Source: Stats SA

Between July 2013 and July 2014:

Producer price for fresh chicken ↑ 10.62%

Frozen chicken price ↑9.88 %

Porker price ↑15.95%

Baconer price ↑7.60%

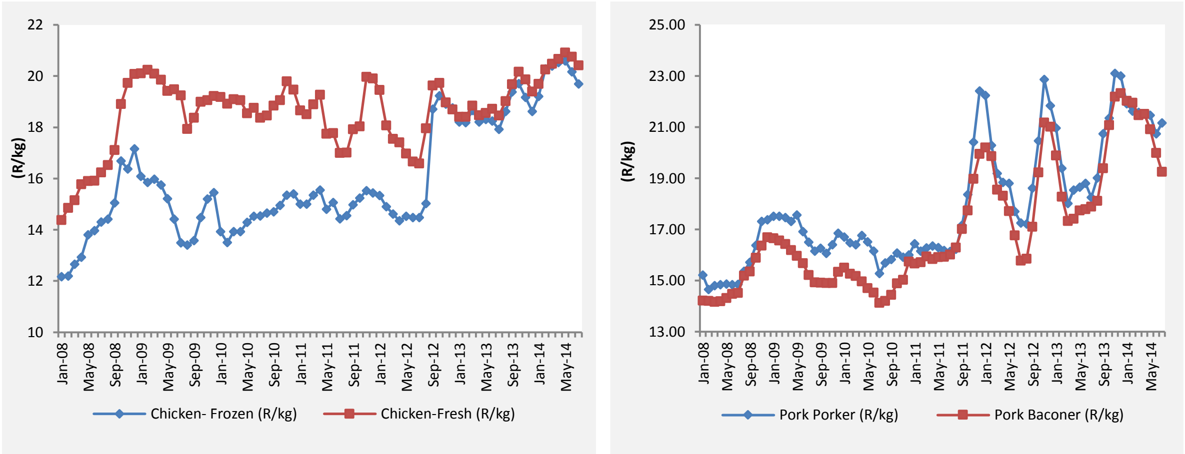


Figure D.12: Producer prices of chicken and pork
Source: AMT

Between July 2013 and July 2014:

Producer price of Beef-class A2/A3 ↑21.78%

Prices of beef class B2/B3 ↑ 20.02% and class C2/C3↑ 9.72%

Prices of lamb-class A2/A3 ↑ 28.32 and class B ↑ 18.49% and price of class C2/C3 ↑ 20.61%

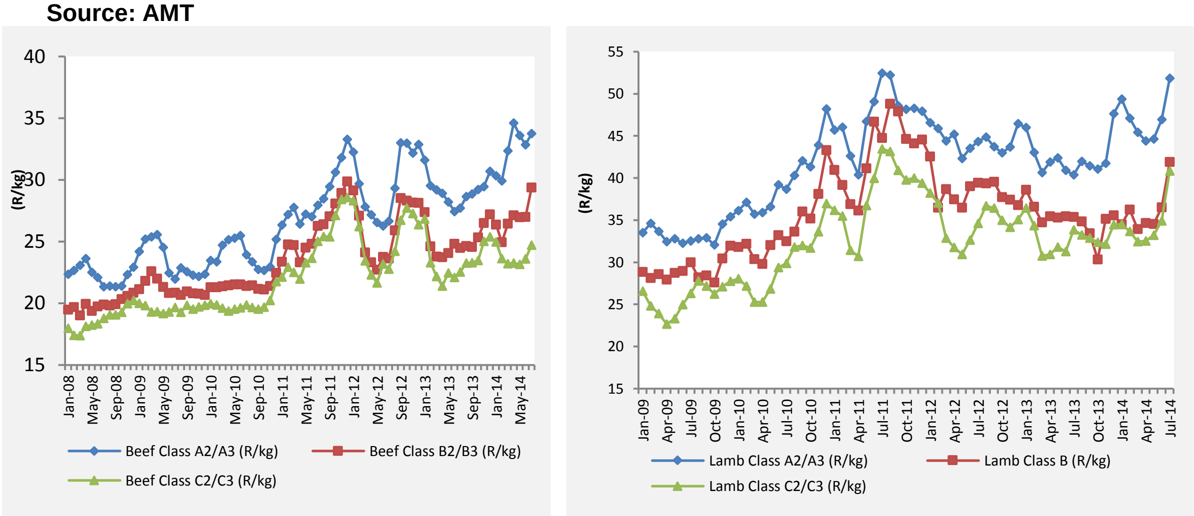


Figure D.13: Producer prices of beef and lamb
Source: AMT

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 July 2013 and July 2014:

The real farm-to-retail price spread of brown bread 0.9%

The real farm value share of brown bread ↓ 8.9%

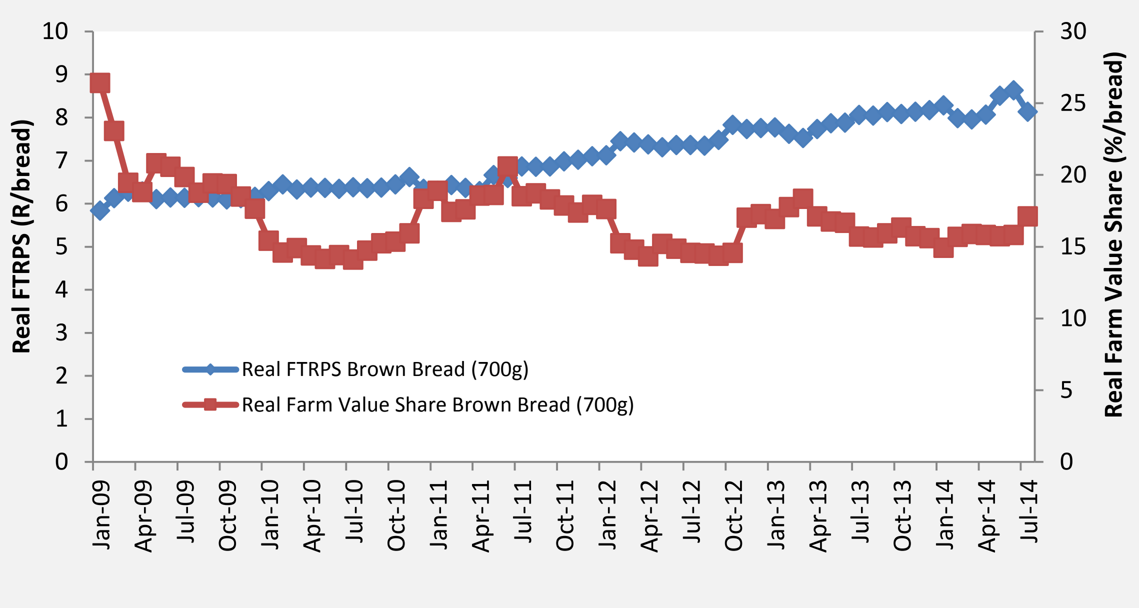


Figure E.1: Real farm to retail price spread and real farm value share of brown bread. Source: SAFEX, Stats SA and own calculations

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

Between July 2013 and July 2014:

The real farm-to-retail price spread of white bread ↓ 3.8%

The real farm value share of white bread ↓14.7%

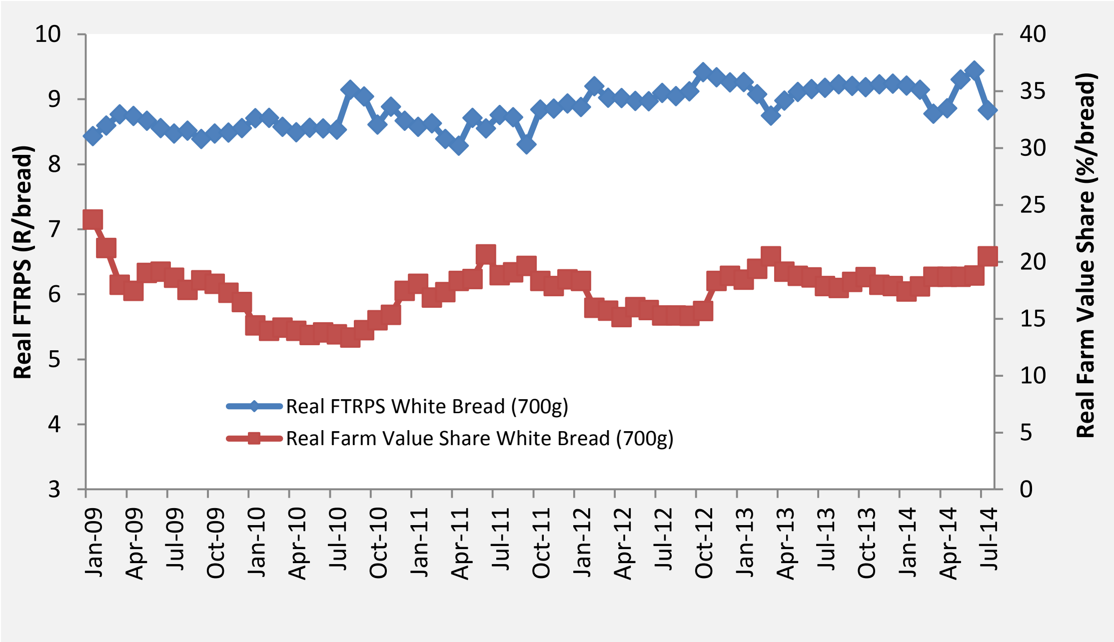


Figure E.2: Real farm to retail price spread and real farm value share of white bread. Source: SAFEX, AC Nielsen and own calculations

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

Between July 2013 and July 2014:

The real farm-to-retail price spread of special maize meal ↓25.9%%

The real farm value share of special maize meal ↑27.9%

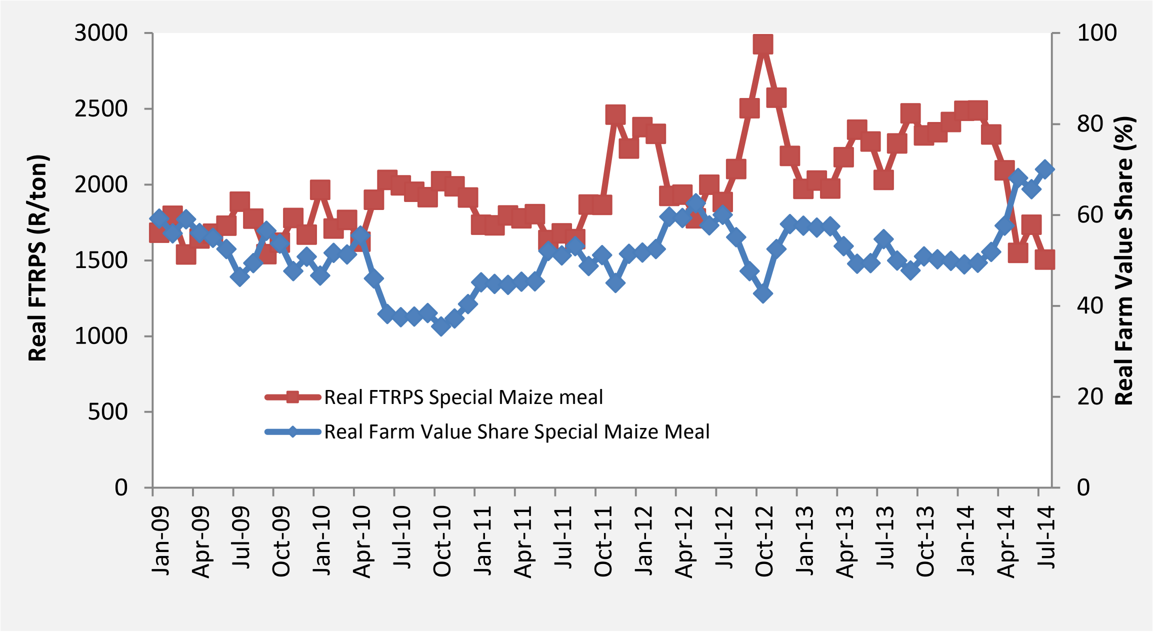


Figure E.4: Real farm to retail price spread and real farm value share of special maize meal. Source: SAFEX, AC Nielsen and own calculations

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.

Compiled by:
Price trends and discussion on selected topics:
Londiwe Thabethe
Hester Vermeulen
Masego Moobi
Yolanda Potelwa
Ndidzulafhi Nenngwekhulu

Outlook:
Ferdi Meyer

Enquiries: *Simphiwe Ngqangweni or Christo Joubert: 012 341-1115 / 076 999 7766(Christo)*

Stats SA and AC Nielsen are acknowledged for assistance provided to the NAMC in terms of food price data.