National Agricultural Marketing Council

Promoting market access for South African agriculture

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EXECUTIVE SUMMARY

In April 2016, the Consumer Price Index (CPI) released by Statistics South Africa (StatsSA) indicated that the headline CPI and the food and non-alcoholic beverage price indices were 6.2 % and 11 %, respectively.

Prices were compared for selected food items in rural and urban areas for April 2016. Food items showing the largest price differences between urban and rural areas in April 2016 were margarine 500g at a R3.20 difference, Ceylon/black tea 62.5g at a difference of R0.73, sunflower oil 750mℓ at a difference of R0.64, loaf of white bread 700g at a difference of R0.42, and a loaf of brown bread 700g at a difference of R0.34. This indicates that urban consumers paid more for some of these food items than their rural counterparts. In the remainder cases, however, rural consumers paid more for certain products (e.g. super maize meal, special maize meal and rice) than their urban counterparts.

The **FAO Food Price Index (FFPI)**, in **nominal** terms, 151.8 points in April 2016, up 1.1 points (0.7 %) from March, but almost 10 % below its April 2015 level. A relatively strong rise in vegetable oil quotations coupled with a more modest gain in international prices of cereals more than offset a decline in dairy and sugar prices. The small increase in April represented a third month of gradual rise in the value of the FFPI.

From April 2015 to April 2016 the cost of this 22-item urban food basket (excl. oranges) increased by **R84.65** (+16.4%) in nominal terms from **R516.30** to **R600.95** (compared to a lower increase of 8.7% from January 2015 to January 2016 (the previous Food Price Monitor analysis period)).

When comparing April 2015 to April 2016 retail prices, the very significant price inflation (10 % or more) were observed for many products within the food basket (in order from highest to lowest inflation): frozen chicken portions, potatoes, cabbage, super maize meal, onions, sunflower oil, Ceylon tea, instant coffee, beef chuck and tinned pilchards. This could have a negative impact on household food security in South Africa affecting the affordability of selected staple foods (particularly maize meal) as well as various food items making a contribution to dietary diversity. When comparing the inflation rates for April 2015 versus April 2016, with January 2015 versus January 2016 (i.e. the previous Food Price Monitor analysis period) the rate of inflation was higher for animal protein foods, bread/cereals, vegetables, fruit, dairy, bean products and coffee/tea.

Overall we expect that the potential decline in vegetable prices will be outweighed by the increase in meat prices. Most of the increases in grain and cereal prices have been fed through the value chain. Consequently, we expect general food inflation to remain around these levels for the outlook period of three to six months

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1. Introduction

In April 2016, the Consumer Price Index (CPI) released by Statistics South Africa (StatsSA) indicated that the headline CPI and the food and non-alcoholic beverage price indices were 6.2 % and 11 %, respectively. **Figure 1** shows trends of the headline CPI and food and non-alcoholic beverage inflation rates on a monthly basis, from January 2010 to April 2016.

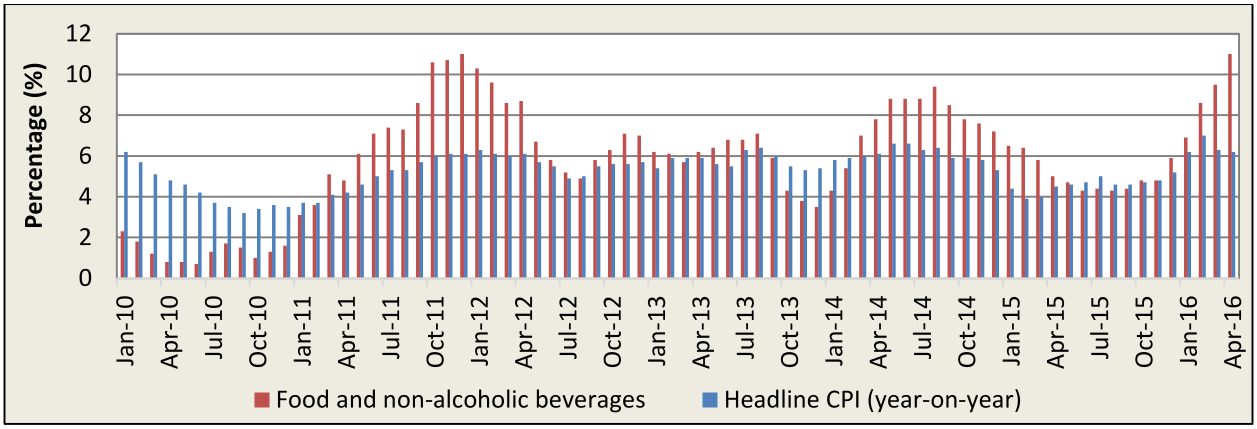

Figure 1: Headline CPI and food and non-alcoholic beverage CPI
Source: StatsSA, 2016

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**, April 2015 vs. April 2016: sugar and sweets (11.2 %), milk, eggs and cheese (5.2 %), fruit (19.6 %), meat (6.3 %), other food (8.7 %), fish (7.3 %), processed foods (8.3 %), unprocessed foods (14.1 %), bread and cereals (14.9 %), vegetables (23.0 %) and oils and fats (19.5 %). Also indicated in **Figure 2** is the **month-on-month** percentage change from March to April 2016.

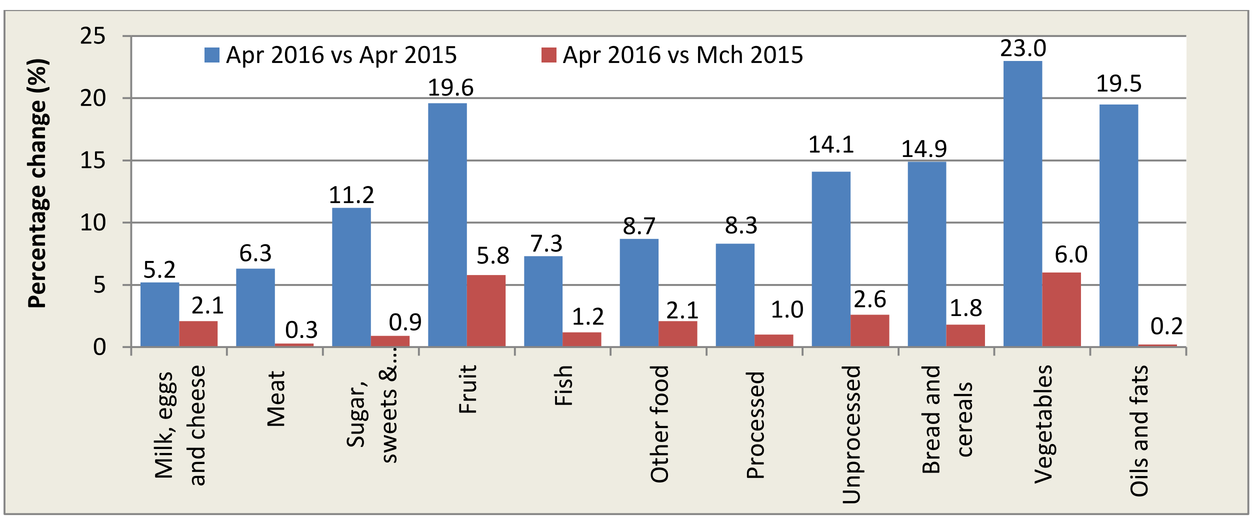

Figure 2: Year-on-year (April 2015 vs. April 2016) and month-on-month (March 2016 vs. April 2016) percentage change for different food categories
Source: StatsSA, 2016

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 April 2016 for South Africa and other selected countries. South Africa's overall inflation for April 2016 was 6.2 %. Food inflation was at 11.0 % during the same period. The food categories with the largest contribution during this period to South African food inflation are vegetables, fruit and oil and fat. The Zambian overall inflation rate for April 2016 was 21.8 %, while the food inflation rate was 26.5 %. Botswana's inflation rate was 2.8 %, while the food inflation rate was 2.7 % during the same period. Turkey's overall inflation rate for April 2016 was 6.6 %, compared with a food inflation rate of 1.4 %. Considering inflation in the BRIC countries, Brazil had the highest overall inflation rate of 9.3 % and food inflation of 13.4 %, followed by Russia, which had an overall inflation rate of 7.3 % and a food inflation rate of 4.9 %. From the BRIC group, China recorded the lowest year-on-year inflation rate of 2.3 % and a food inflation rate of 7.4 %.

Table 1: Overall inflation and food inflation during February 2016 to April 2016

	February 16		March 16		April 16	
Country	**Overall inflation (%)**	**Inflation on food and non-alcoholic beverages (%)**	**Overall inflation (%)**	**Inflation on food and non-alcoholic beverages (%)**	**Overall inflation (%)**	**Inflation on food and non-alcoholic beverages (%)**
Botswana	3.0	1.5	3.0	1.9	2.8	2.7
Brazil	10.4	13.2	9.4	13.3	9.3	13.4
China	2.3	7.3	2.3	7.6	2.3	7.4
India	5.3	5.3	4.8	5.2	5.4	6.3
Namibia	6.1	7.2	6.5	9.7	6.6	11.0
Russia	8.1	6.0	7.3	4.7	7.3	4.9
South Africa	7.0	8.6	6.3	9.5	6.2	11.0
Turkey	8.8	8.8	7.5	4.6	6.6	1.4
United Kingdom	0.3	-2.3	0.5	-2.7	0.3	-2.5
United States	1.0	0.9	0.9	0.8	1.1	0.9
Zambia	22.9	26.4	22.2	26.2	21.8	26.5

Sources: Central banks and statistics reporting institutions of these countries, as well as the press, 2016

3. Urban and rural food price trends: April 2015 to April 2016

Appendix C ranks the food items included in this report into urban and rural areas, according to the various inflation rates. The food products highlighted in **Table C.1 (Appendix C)** are those with annual **urban** inflation rates that exceed the South African Reserve Bank's (SARB) inflation upper band of 6 %: fizzy drinks - can 330mℓ (6.10 %), whole chicken – fresh per kg (6.17 %), powdered milk 900g (6.30 %), low fat milk – fresh 1ℓ (6.32 %), rice 2kg (6.34 %), brick margarine 500g (6.53 %), powdered milk 500g (6.54 %), instant coffee 100g (7.21 %), margarine spread 500g (7.21 %), bananas – fresh per kg (7.32 %), beef T-bone – fresh per kg (7.41 %), fish (excluding tuna) – tinned 155g (7.90 %), loaf of brown bread 800g (8.16 %), eggs 2.5 dozen (8.24 %), margarine spread 1kg (8.29 %), white sugar 1kg (8.3 %), rice 5kg (8.36 %), eggs 1.5 dozen (8.99 %), loaf of white bread 700g (9.04 %), loaf of brown bread 700g (9.42 %), baked beans – tinned 225g (10.03 %), white sugar 250g (10.07 %), instant coffee 250g (10.13

%), brick margarine 125g (10.21 %), beef rump steak – fresh per kg (10.24 %), fish (excluding tuna) – tinned 425g (10.27 %), macaroni 500g (10.27 %), polony per kg (10.51 %), beef brisket – fresh per kg (11.05 %), beef chuck – fresh per kg (11.57 %), Ceylon/black tea 500g (11.71 %), white sugar 500g (11.85 %), instant coffee 750g (12.01 %), fish (excluding tuna) – tinned 215g (12.18 %), white sugar 5kg (12.52 %), Ceylon/black tea 250g (13.1 %), white sugar 2.5kg (13.31 %), eggs 0.5 dozen (13.43 %), lamb – fresh per kg (13.83 %), instant coffee 200g (14.12 %), cake flour 5kg (15.07 %), spaghetti 500g (15.64 %), white sugar 10kg (16.18 %), white sugar 2kg (16.68 %), cake flour 2.5kg (17.32 %), sunflower oil 500mℓ (18.31 %), Ceylon/black tea 62.5g (18.67 %), cereals 450g (21.32 %), sunflower oil 750mℓ (26.04 %), Ceylon/black tea 125 (33.93 %), super maize 1kg (37.22 %), sunflower oil 4ℓ (37.51 %), onions – fresh per kg (38.51 %), super maize 2.5kg (38.87 %), cabbage - fresh each (40.61 %), sunflower oil 2ℓ (42.14 %), super maize 5kg (43.74 %), cabbage – fresh per kg (46.75%), potatoes – fresh per kg (57.31 %), chicken portions – frozen per kg (61.60 %), special maize 2.5kg (61.85 %) and special maize 1kg (73.89 %.

Table C.2 records the products which exceed the SARB annual inflation rate of 6 % in the **rural** areas as follows: loaf of brown bread 600g (6.7 %), margarine 500g (6.77 %), rice 2kg (7.1 %), loaf of white bread 700g (8.48 %), fish (excluding tuna) – tinned 155g (8.64 %), beans 500g (8.84 %), margarine 125g (8.98 %), instant coffee 250g (9.52 %), loaf of brown bread 700g (9.84 %), white sugar 500g (10.85 %), Ceylon/black tea 250g (12.04 %), loaf of white bread 600g (12.87 %), white sugar 2.5kg (12.92 %), beans 1kg (14.74 %), Ceylon/black tea 62.5g (18.22 %), sunflower oil 750mℓ (28.92 %), super maize 1kg (33.29 %), super maize 2.5kg (38.98 %), sunflower oil 2ℓ (39.87 %), super maize 5kg (42 %), special maize 2.5kg (63.28 %), special maize 1kg (71.62 %) and special maize 5kg (78.19 %).

A closer look at food price trends: April 2015 to April 2016

During the period April 2015 to April 2016, the international price of wheat (US No 2, Hard Red Winter ord. Prot, US Fob Gulf) decreased by 16.07 %, while the domestic wheat prices increased by 20.36 %. Urban consumers paid 9.42 % more for a loaf of brown bread (700g) and 9.04 % more for a loaf of white bread (700g) during the same period. During the same period, domestic yellow maize prices increased by 31.16 %, while international yellow maize prices decreased by 4.44 %. Super maize meal (2.5 kg) increased by 38.87 % and special maize meal (2.5 kg) by 61.85 %, in urban areas. During the same period, the urban price of sunflower oil (750 ml) increased by 26.04 %. The April 2016 domestic price of sunflower seed was R6 488.33/ton compared with the R4 819.82/ton price of April 2015, growth of 34.62 %.

During this period April 2015 to April 2016, the average meat producer prices experienced an increasing trend. The average beef producer prices of class A2/A3 (R/kg), class B2/B3 (R/kg) and C2/C3 (R/kg) increased by 10.01 %, 11.18 % and 12.34 %, respectively. Lamb/mutton producer prices of class A2/A3 (R/kg), class B2/B3 and class C2/C3 (R/kg) all increased by 6.44 %, 14.31 % and 3.67 %, respectively. Producer prices of fresh chicken portions increased by 0.17 %, while frozen chicken portions decreased by 1.22 %, during the same period.

4. Comparison between urban and rural prices: April 2016

Table 2 compares prices of selected food items in rural and urban areas for April 2016. The food items which showed the largest price differences between **urban** and **rural** areas in April 2016 were margarine 500g at a R3.20 difference, Ceylon/black tea 62.5g at a difference of R0.73, sunflower oil 750mℓ at a difference of R0.64, loaf of white bread 700g at a difference of R0.42, and a loaf of brown bread 700g at a difference of R0.34. 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. super maize meal, special maize meal and rice) than their urban counterparts.

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

Product	Rural Food Prices April 2016	Urban Food Prices April 2016	Price difference R/unit
Full cream milk – long life 1ℓ	13.06	13.06	0.00
Loaf of brown bread 700g	11.16	11.50	0.34
Loaf of white bread 700g	12.24	12.66	0.42
Special maize 2.5 kg	24.15	23.97	-0.18
Super maize 2.5 kg	26.21	26.19	-0.02
Margarine spread 500g	20.43	23.63	3.20
Peanut butter 400g	23.29	23.28	-0.01
Rice 2kg	24.85	24.82	-0.03
Sunflower oil 750mℓ	21.82	22.46	0.64
Ceylon/black tea 62.5g	11.03	11.76	0.73
White sugar 2.5kg	31.52	31.59	0.07
Average			**0.47**

Source: **StatsSA, 2016**

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 3a** shows the overall monthly **real** FAO food price index from 2008 to 2016, with April 2016 reaching an index level of 112.37.

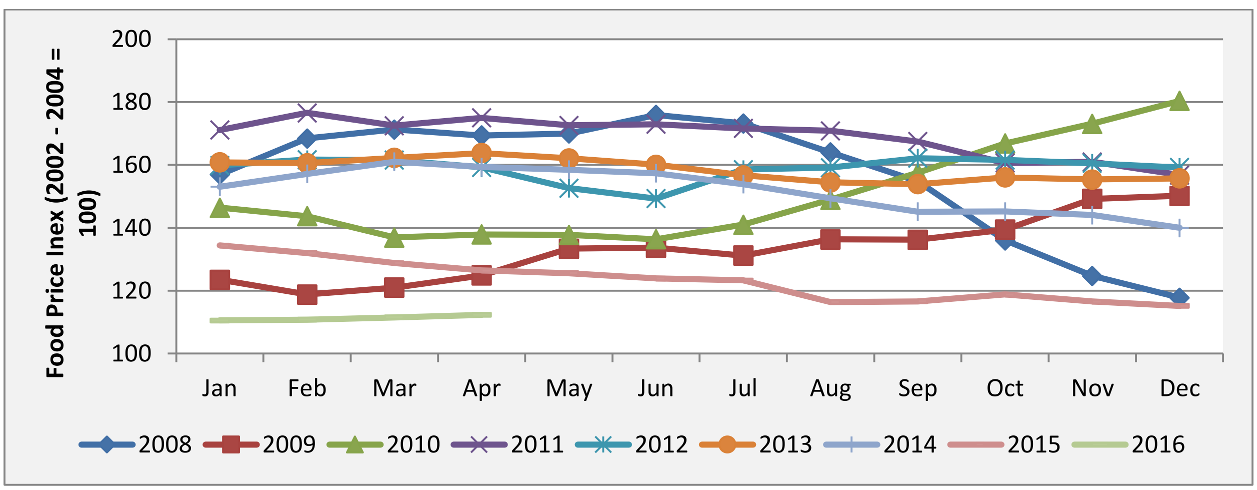

Figure 3a: International monthly real food price index
Source: FAO, 2016

Figure 3b shows the price indices for the five food categories in **real** terms. The **month-on-month** percentage growths of the Dairy (-2.20 %), Cereals (1.5 %), Oils Price (4.12 %), Sugar Price (-1.73 %) and the Meat (0.81 %) Indexes are illustrated between March 2016 and April 2016. **Year-on-year**, April 2015 to April 2016, the Oils and Sugar Price indexes reflected an increasing trend in **real** terms.

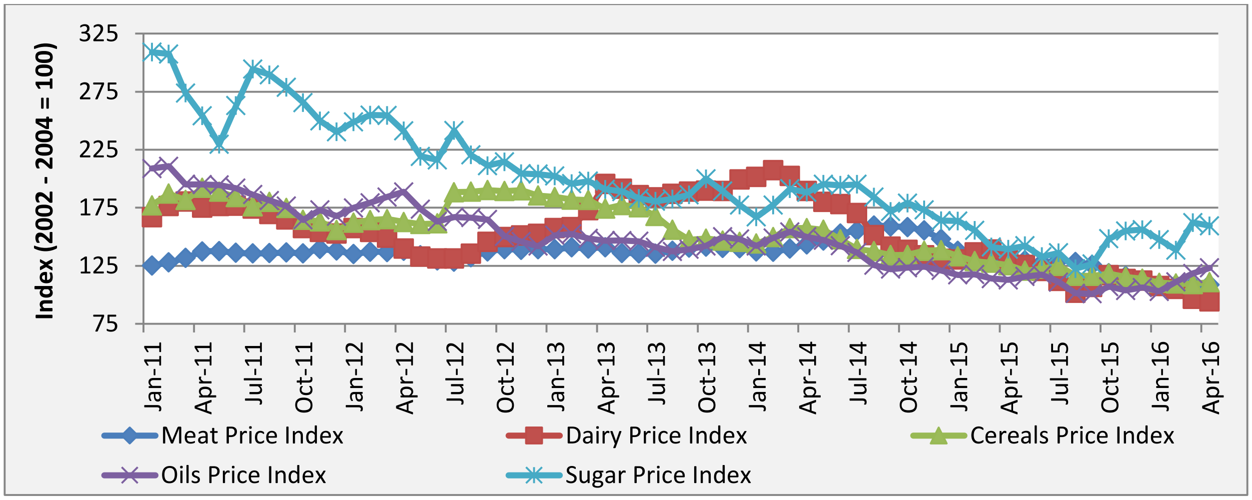

Figure 3b: Real price indices for five food categories
Source: FAO, 2016

The **FAO Food Price Index**[1] **(FFPI)**, **nominal** terms, averaged 151.8 points in April 2016, up 1.1 points (0.7 %) from March, but almost 10 % below its April 2015 level. A relatively strong rise in vegetable oil quotations coupled with a more modest gain in international prices of cereals more than offset a decline in dairy and sugar prices. The small increase in April represented a third month of gradual rise in the value of the FFPI.

The **FAO Cereal Price Index**, **nominal** terms, averaged nearly 150 points in April, up 2.2 points (1.5 %) from March, but still down 10.4 % year-on-year. Maize quotations increased the most, influenced by weaker US dollar and spill over from soaring prices in the vegetable oils complex. However, favourable weather conditions and expected large supplies in the new season limited gains in wheat markets. On the other hand, rice prices were marginally down, under the pressure of falling Japonica quotations, which outweighed modest increases in the Indica and Aromatic rice segments.

The **FAO Vegetable Oil Price Index** averaged, **nominal** terms, 166.4 points in April, up 6.6 points (4.1 %) from March and representing the third consecutive monthly increase. The April rise was again driven by palm oil, the prices of which climbed to a 17 month high on concerns over a grim 2016 production outlook and a growing world demand. International prices of soy oil, the oil with the second-highest weight in the index, also firmed due to less favourable 2015/16 production prospects in South America.

The **FAO Dairy Price Index** averaged, **nominal** terms, 127.4 points in April, down 2.9 points (2.2 %) from March. Quotations for dairy products continued to be affected by ample world supplies and limited buying interest by traditional importers. As in the previous month, while prices for all dairy products fell, those of butter and cheese were the most affected, reflecting a build-up of stocks in the major exporting countries. World prices for Skimmed Milk Powder (SMP) have remained close to the EU intervention price,

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

sustained by intervention purchases which have made stocks in the EU surge compared to April last year, a factor which has also lent a degree of stability to Whole Milk Powder (WMP) quotations.

The **FAO Meat Price Index[1]**, **nominal** terms, averaged 146.6 points in April, up 1.2 points (0.8 %) from March. The prices of pig and poultry meats were mostly steady, reflecting an overall balanced supply and demand situation. While they moved higher for sheep meat, the main notable change concerned the rise in bovine meat quotations, where restricted supplies and an up-tick in demand from the United States pushed up Australia's average monthly export prices to their highest level since October 2015.

The **FAO Sugar Price Index, nominal** terms, averaged 215 points in April, down 3.8 points (1.7 %) from March. Last month's decline reflected generally large export availabilities in Brazil, supported by a bumper crop (second highest on record) and expectation of reduced use of sugarcane for the production of ethanol in the country. However, the possibility of global sugar production falling short of the anticipated consumption for the second consecutive season limited the decline in international prices.

6. Estimated impact of food inflation on consumers

The estimated impact of food inflation on consumers

The purpose of this section is to illustrate the impact of food inflation on consumers. The analysis presented in the first part of this section is based on the cost of a basic food basket[2] (as compiled by the Food Price Monitoring Committee in 2003), based on monthly average food price data for the period April 2015 to April 2016.

From April 2015 to April 2016 the cost of this 22-item urban food basket (excl. oranges) increased by **R84.65** (+16.4 %) in nominal terms from **R516.30** to **R600.95** (compared to a lower increase of 8.7 % from January 2015 to January 2016 (the previous Food Price Monitor analysis period)).

The cost of this food basket expressed as a share of the average monthly income[3] of the poorest 30 % of the population increased from 48.3 % in April 2015 to 56.2 % in April 2016 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 1.9 % to 2.3 % **(Figure 4)**.

[2] 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. Due to data limitations oranges was excluded for this analysis.*

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

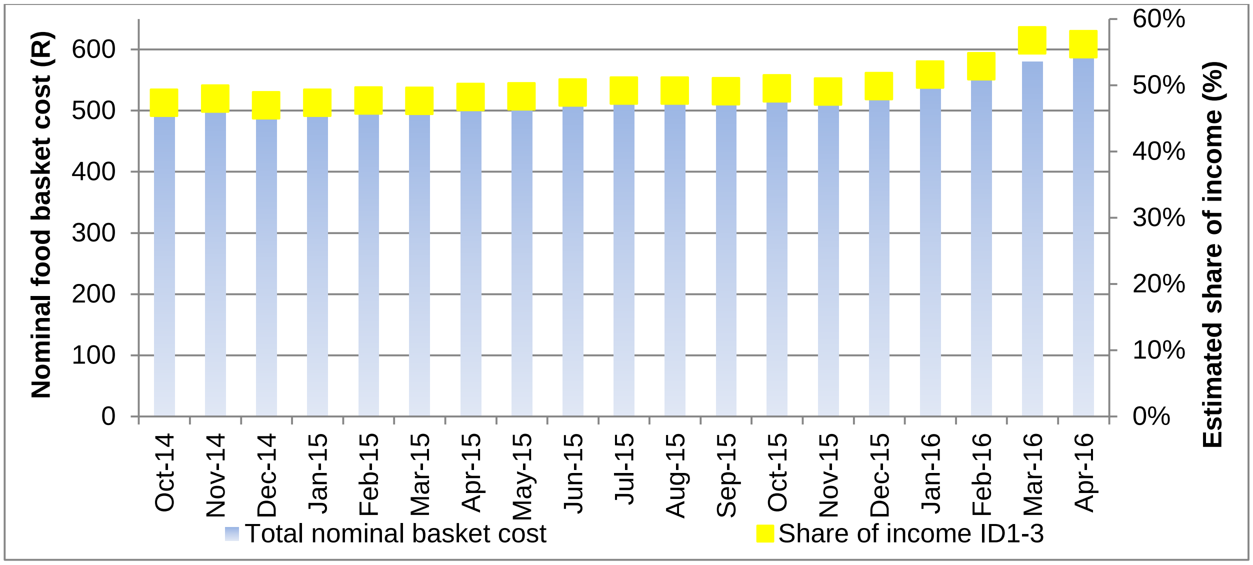

Figure 4: The cost of a typical consumer food basket for the period April 2015 to April 2016, *expressed in nominal terms and as share of the average income of the poorest 30% of households (Income Deciles [ID] 1 to 3) and the wealthiest 30% of households (ID 8 to 10)*
Source: BFAP calculations, based on StatsSA monitored price data for urban areas, 2016

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 April 2015 to April 2016. 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 April 2015 to April 2016 prices, the following food categories experienced significant inflation: fats/oils, vegetables, bread/cereals, animal protein foods and coffee/tea. The various food groups within this food basket are discussed in more detail in **Table 3** below.

Table 3: Overview of inflation contributing foods within the basic food basket, January 2015 to January 2016

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:
	April 2015 to April 2016	January 2015 to January 2016*				
Animal protein	+18.4 %	+10.3 %	Chicken portions frozen (+61.6 %) Beef chuck (+11.6 %) Tinned pilchards (+10.3 %)	Chicken portions fresh (+4.7 %)	None	Inflation on all meat protein food options. High inflation on frozen chicken potions and beef chuck in particular.
Bread and cereals	+23.2 %	+8.9 %	Maize meal (+43.7 %) Brown bread (+9.4 %) White bread (+9.0 %)	Rice (+6.3 %)	None	Inflation on staples, but particularly high for maize meal.
Vegetables	+29.5 %	+14.5 %	Potatoes (+57.3 %) Cabbage (+46.7 %) Onions (+38.5 %)	Tomatoes (+1.7 %)	None	Inflation on all vegetables options in basket. High inflation on potatoes, cabbage and onions.
Fruit	+5.6 %	-8.6 %	Bananas (+7.3 %)	Apples (+4.0 %)		Inflation on both items, but bananas in particular.
Dairy	+1.4 %	-0.2 %	None	Full cream milk - long life 1ℓ (+1.4 %)	None	Inflation on the price of eggs.
Eggs	+9.0 %	+9.1 %	Eggs 1.5 dozen (+6.9 %)	None	None	
Fats and oils	+16.0 %	+16.0 %	Sunflower oil (+26.0 %) Brick margarine (+6.5 %)	None	None	Inflation on all items, but particularly high for sunflower oil.
Bean products	+1.8 %	-0.1 %	None	Peanut butter (+2.4 %) Baked beans (+0.4 %)	None	Minor inflation on peanut butter and baked beans.
Coffee and tea	+12.8 %	+10.0 %	Ceylon/black tea (+18.7 %) Instant coffee (+12.0 %)	None	None	Inflation on all items, but particularly high for tea.

Source: BFAP calculations, based on StatsSA monitored price data for urban areas, 2016

* Previous Food Price Monitor analysis period prior to January 2015 / January 2016 comparison.

Thus, when comparing April 2015 to April 2016 retail prices, the very significant price inflation (10 % or more) were observed for many products within the food basket (in order from highest to lowest inflation): frozen chicken portions, potatoes, cabbage, super maize meal, onions, sunflower oil, Ceylon tea, instant coffee, beef chuck and tinned pilchards. This could have a negative impact on household food security in South Africa affecting the affordability of selected staple foods (particularly maize meal) as well as various food items making a contribution to dietary diversity. When comparing the inflation rates for April 2015 versus April 2016, with January 2015 versus January 2016 (i.e. the previous Food Price Monitor analysis period) the rate of inflation was higher for animal protein foods, bread/cereals, vegetables, fruit, dairy, bean products and coffee/tea.

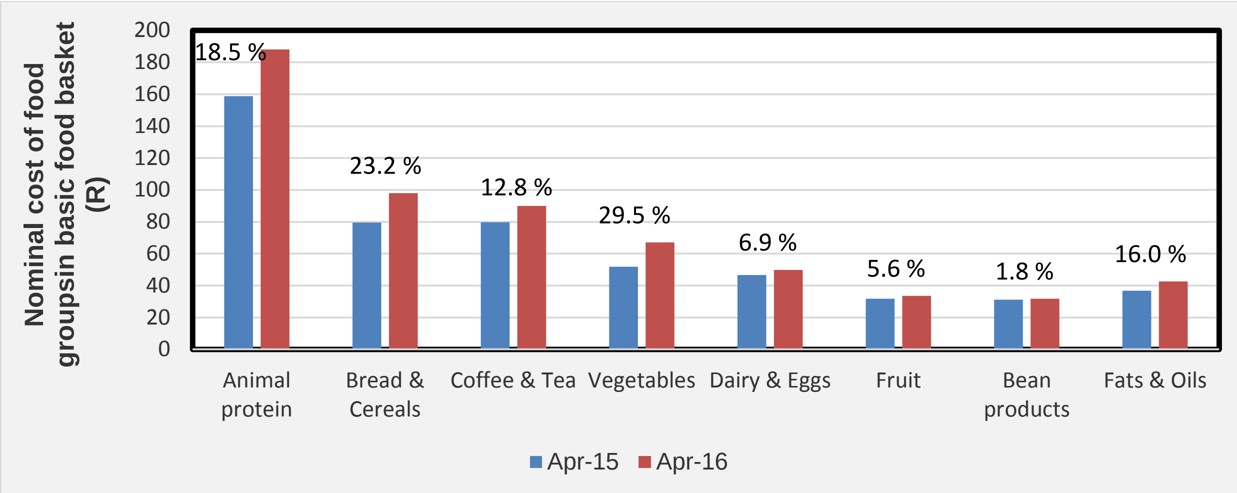

Figure 5: Nominal monthly cost of specific food groups within the basic food basket, comparing April 2015 to April 2016

Source: BFAP calculations, based on StatsSA monitored price data for urban areas, 2016

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 6** illustrates the estimated portion costs for these foods, calculated from monthly food price data for April 2015 to April 2016. 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 18 % more in this case for April 2016). 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 April 2015 to April 2016 prices the results in **Figure 6** indicated inflation of about 19.1 % (from R5.03 to R6.00 for the selection of portions), reflecting a similar percentage as the overall food basket discussed above. Significant inflation on most components contributed to the inflation observed on this 'food plate' (maize meal (+43.7 %), tea (+18.7 %), sugar (+16.7 %), brown bread (+9.4 %).

[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.

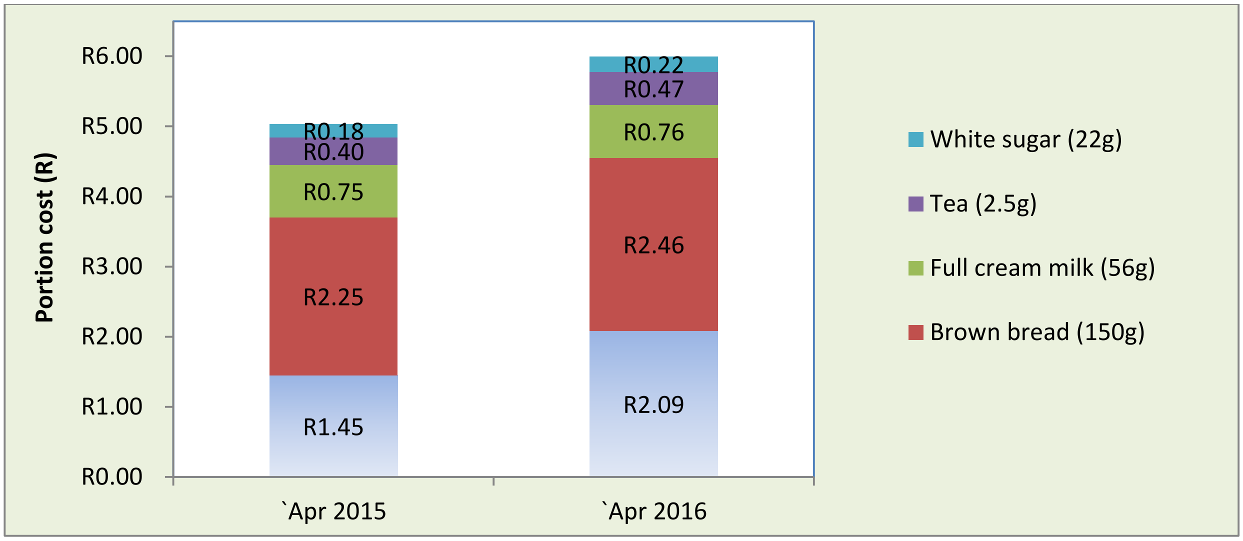

Figure 6: Average nominal cost for the typical portions of the five food items most widely consumed by very poor consumers in South Africa, for April 2015 and April 2016
Source: BFAP calculations, based on StatsSA monitored price data for urban areas, 2016

7. May Outlook

In the previous food price outlook we mentioned that the impacts of the drought and the weakening of the exchange rate are still working their way through the food value chain and food price inflation is still on the rise. This rising trend in food prices was confirmed by the CPI figures for April 2016 that showed a lower than anticipated aggregated CPI (of 6.2 % y/y), yet food price inflation rose to 11.3 % y/y. Although the drought conditions were sighted as the main reason for this, one has to keep in mind that for some food items like fruits and bread, the drought plays a small role in the increase of prices and the exchange rate is the key driver behind food inflation. Vegetable prices rose by 24.4 % y/y; fruit by 19.6 % y/y and bread and cereal by 17.5 %. Although the aftermath of the drought is still the most likely culprit to put upward pressure on domestic food prices, the effect of the weakening exchange rate should not be discounted. The general consensus amongst financial institutions current seems to be that the ZAR/USD exchange rate could average out around R16.44 in 2017, which implies a steady depreciation from current levels of around R15.70, over the medium term. Over the short(er) term this could very well mean that the Rand will be approaching R16.00 to the dollar over the next three months. This is being supported by a looming interest rate hike in the United States, based on favourable employment data, and local political volatility leading up to the municipal elections in August.

Implications of this is support for commodity prices such as wheat and maize, which would in turn support inflationary pressures on bread, cereals and maize meal over the next three months. If a slightly longer outlook of 6-9 months is however considered, a weaker exchange rate could support a favourable supply response in summer grain production areas, which could dampen commodity and food price increases in 2017. In terms of meat, beef prices are expected to increase with export opportunities being favourable as a result of the weak rand. This will be further amplified by lower slaughterings, due to reduced herd numbers (approximately 8-10 %) as a result of the drought. A mitigating factor, that could have a marginal impact, is reduced local demand. Over the next three months, consumers will be under pressure due to factors such as increased interest rates and higher fuel and electricity costs. Poultry prices are also expected to increase, albeit, at a slower rate than red meat prices. This is based on significant cost pressures in local production but also due to the higher cost of imported meat as a result of the weakening rand.

In terms of vegetables, the market price of potatoes has decreased significantly since March. This is due to areas currently in production, not being as adversely affected by the drought, if compared to areas harvesting earlier in the year. The price decrease at market level has however not filtered through to smaller packaging sizes in retail stores with 1kg of potatoes (as reported by official StatsSA prices) being 57 % higher year on year and 11 % higher between March and April 2016. It is therefore expected that the market price reduction of the preceding months, or at least a significant portion thereof, will filter through over the outlook period.

Other cost pressures in food value chains could result based on current global oil price dynamics. Oil prices have recovered from extremely low levels since the beginning of 2016. This will filter through to local fuel costs, which would ultimately support increases in distribution and manufacturing costs of food products over the outlook period. Over the longer term, this recovery could however also hold good news for South African (food) consumers. Increasing oil prices provides an indication of increased global economic activity, which would stimulate demand for primary commodities. This could, in turn, provide some support for the exchange rate and serve as a dampening factor on local food inflation.

Overall we expect that the potential decline in vegetable prices will be outweighed by the increase in meat prices. Most of the increases in grain and cereal prices have been fed through the value chain. Consequently, we expect general food inflation to remain around these levels for the outlook period of three to six months.

APPENDIX A: DATA ON URBAN FOOD PRICE TRENDS

Table A.1: Wheat products

Wheat products	Price level			Percentage Change	
	Apr-15	Jan -16	Apr-16	Jan-16 to Apr-16	Apr-15 to Apr-16
Cake flour 1kg	12.10	12.32	12.22	-0.81%	0.99%
Cake flour 2.5kg	22.57	23.60	26.48	12.20%	17.32%
Cake flour 5kg	46.39	49.51	53.38	7.82%	15.07%
Loaf of brown bread 600g	6.34	6.57	6.72	2.28%	5.99%
Loaf of brown bread 700g	10.51	10.88	11.50	5.70%	9.42%
Loaf of brown bread 800g	13.35	13.60	14.44	6.18%	8.16%
Loaf of white bread 600g	7.18	7.50	7.50	0.00%	4.46%
Loaf of white bread 700g	11.61	12.03	12.66	5.24%	9.04%
Macaroni 500g	11.00	11.02	12.13	10.07%	10.27%
Spaghetti 500g	10.87	11.29	12.57	11.34%	15.64%
Average				**6.00%**	**9.64%**
Wheat (R/ton)	3 802.23	4 892.05	4 576.24	**-6.46%**	**20.36%**

Data from StatsSA

Table A.2: Maize products

Maize products	Price level			Percentage Change	
	Apr-15	Jan -16	Apr-16	Jan-16 to Apr-16	Apr-15 to Apr-16
Special maize 1kg	5.86	7.37	10.19	38.26%	73.89%
Special maize 2.5kg	14.81	16.39	23.97	46.25%	61.85%
Super maize 1kg	8.41	9.64	11.54	19.71%	37.22%
Super maize 2.5kg	18.86	21.54	26.19	21.59%	38.87%
Super maize 5kg	34.13	38.88	49.06	26.18%	43.74%
Average				**30.40%**	**51.11%**
Yellow Maize (R/ton)	2 372.32	3 876.14	3 111.62	**-19.72%**	**31.16%**
White Maize (R/ton)	2 560.18	4 935.90	4 510.14	**-8.63%**	**76.16%**

Data from StatsSA

Table A.3: Sunflower products

Sunflower products	Price level			Percentage Change	
	Apr-15	Jan -16	Apr-16	Jan-16 to Apr-16	Apr-15 to Apr-16
Brick margarine 125g	7.54	8.31	8.31	0.00%	10.21%
Brick margarine 1kg	39.91	40.47	40.25	-0.54%	0.85%
Brick margarine 250g	12.61	12.43	12.62	1.53%	0.08%
Brick margarine 500g	18.99	19.95	20.23	1.40%	6.53%
Margarine spread 1kg	36.79	39.27	39.84	1.45%	8.29%
Margarine spread 500g	22.04	22.64	23.63	4.37%	7.21%
Sunflower oil 2ℓ	33.48	44.27	47.59	7.50%	42.14%

Sunflower products	Price level			Percentage Change	
	Apr-15	Jan -16	Apr-16	Jan-16 to Apr-16	Apr-15 to Apr-16
Sunflower oil 4ℓ	68.99	91.87	94.87	3.27%	37.51%
Sunflower oil 500mℓ	12.67	20.71	14.99	-27.62%	18.31%
Sunflower oil 750mℓ	17.82	21.49	22.46	4.51%	26.04%
Average				**-0.41%**	**15.72%**
Sunflower (R/ton)	4 819.82	7 345.76	6 488.33	**-11.67%**	**34.62%**

Data from StatsSA

Table A.4: Processed vegetables

Processed vegetables	Price level			Percentage Change	
	Apr-15	Jan -16	Apr-16	Jan-16 to Apr-16	Apr-15 to Apr-16
Baked beans - tinned 225g	7.38	7.94	8.12	2.27%	10.03%
Baked beans - tinned 410g	8.47	8.40	8.50	1.19%	0.35%
Average				**1.73%**	**5.19%**

Data from StatsSA

Table A.5: Fresh vegetables

Fresh vegetables	Price level			Percentage Change	
	Apr-15	Jan -16	Apr-16	Jan-16 to Apr-16	Apr-15 to Apr-16
Cabbage - fresh each	11.45	13.56	16.10	18.73%	40.61%
Cabbage - fresh per kg	11.23	14.11	16.48	16.80%	46.75%
Carrots - fresh per kg	15.11	10.92	13.33	22.07%	-11.78%
Cauliflower - fresh per kg	41.84	20.19	32.32	60.08%	-22.75%
Onions - fresh per kg	9.92	10.80	13.74	27.22%	38.51%
Potatoes - fresh per kg	10.19	11.09	16.03	44.54%	57.31%
Pumpkin - fresh per kg	17.04	14.97	11.87	-20.71%	-30.34%
Tomatoes - fresh per kg	20.38	19.26	20.73	7.63%	1.72%
Average				**22.05%**	**15.00%**

Data from StatsSA

Table A.6: Processed meat

Processed meat	Price level			Percentage Change	
	Apr-15	Jan -16	Apr-16	Jan-16 to Apr-16	Apr-15 to Apr-16
Bacon 1kg	127.04	83.90	92.49	10.24%	-27.20%
Polony per kg	35.21	34.65	38.91	12.29%	10.51%
Average				**11.27%**	**-8.34%**

Data from StatsSA

Table A.7: Unprocessed meat

Unprocessed meat	Price level			Percentage Change	
	Apr-15	Jan -16	Apr-16	Jan-16 to Apr-16	Apr-15 to Apr-16
Beef brisket - fresh per kg	62.98	67.88	69.94	3.03%	11.05%
Beef chuck - fresh per kg	64.30	69.72	71.74	2.90%	11.57%
Beef mince - fresh per kg	66.17	68.48	69.50	1.49%	5.03%
Beef rump steak -fresh per kg	107.04	111.11	118.00	6.20%	10.24%
Beef t-bone - fresh per kg	81.36	87.40	87.39	-0.01%	7.41%
Chicken portions - fresh per kg	50.94	52.97	53.32	0.66%	4.67%
Chicken portions - frozen per kg	29.17	35.85	47.14	31.49%	61.60%
Lamb - fresh per kg	108.78	116.65	123.82	6.14%	13.83%
Pork chops - fresh per kg	70.67	70.28	71.54	1.79%	1.23%
Whole chicken - fresh per kg	39.38	41.18	41.81	1.53%	6.17%
Average				**5.52%**	**13.28%**

Data from StatsSA

Table A.8: Eggs and dairy products

Eggs & dairy products	Price level			Percentage Change	
	Apr-15	Jan -16	Apr-16	Jan-16 to Apr-16	Apr-15 to Apr-16
Cheddar cheese per kg	115.90	109.32	93.17	-14.77%	-19.61%
Eggs 1.5 dozen	33.81	36.34	36.85	1.40%	8.99%
Eggs 1/2 dozen	12.58	13.68	14.27	4.31%	13.43%
Eggs 2.5 dozen	45.13	48.31	48.85	1.12%	8.24%
Full cream milk - fresh 1ℓ	12.06	12.09	12.71	5.13%	5.39%
Full cream milk - fresh 2ℓ	23.51	22.81	24.46	7.23%	4.04%
Full cream milk - fresh 500mℓ	8.78	8.89	8.97	0.90%	2.16%
Full cream milk - long life 1ℓ	12.88	12.57	13.06	3.90%	1.40%
Full cream milk - long life 500mℓ	8.46	8.11	8.73	7.64%	3.19%
Low Fat milk - fresh 1ℓ	13.30	13.13	14.14	7.69%	6.32%
Low Fat milk - long life 1ℓ	12.80	12.57	12.94	2.94%	1.09%
Powdered milk 250g	35.91	36.94	37.55	1.65%	4.57%
Powdered milk 400g	55.13	56.74	58.11	2.41%	5.41%
Powdered milk 500g	51.04	54.04	54.38	0.63%	6.54%
Powdered milk 900g	120.03	123.24	127.59	3.53%	6.30%
Average				**2.38%**	**3.83%**

Data from StatsSA

Table A.9: Fruits

Fruits	Price level			Percentage Change	
	Apr-15	Jan -16	Apr-16	Jan-16 to Apr-16	Apr-15 to Apr-16
Apples - fresh per kg	16.88	17.21	17.56	2.03%	4.03%
Bananas - fresh per kg	14.89	12.06	15.98	32.50%	7.32%
Average				**17.27%**	**5.67%**

Data from StatsSA

Table A.10: Fish Products

Tinned fish products	Price level			Percentage Change	
	Apr-15	Jan -16	Apr-16	Jan-16 to Apr-16	Apr-15 to Apr-16
Fish (excl tuna) - tinned 155g	8.99	9.68	9.70	0.21%	7.90%
Fish (excl tuna) - tinned 215g	11.17	11.71	12.53	7.00%	12.18%
Fish (excl tuna) - tinned 400g	16.12	16.78	16.97	1.13%	5.27%
Fish (excl tuna) - tinned 425g	14.32	14.93	15.79	5.76%	10.27%
Tuna - tinned 170g	16.02	15.80	15.69	-0.70%	-2.06%
Average				**2.68%**	**6.71%**

Data from StatsSA

Table A.11: Other products

Other products	Price level			Percentage Change	
	Apr-15	Jan -16	Apr-16	Jan-16 to Apr-16	Apr-15 to Apr-16
Cereals 375g	31.10	30.73	30.95	0.72%	-0.48%
Cereals 400g	31.28	29.61	30.66	3.55%	-1.98%
Cereals 450g	22.42	22.91	27.20	18.73%	21.32%
Cereals 500g	28.85	29.54	29.36	-0.61%	1.77%
Cereals 750g	38.77	39.92	40.60	1.70%	4.72%
Ceylon/black tea 125g	17.24	22.15	23.09	4.24%	33.93%
Ceylon/black tea 250g	23.35	25.61	26.41	3.12%	13.10%
Ceylon/black tea 500g	44.41	47.98	49.61	3.40%	11.71%
Ceylon/black tea 62.5g	9.91	11.87	11.76	-0.93%	18.67%
Fizzy drinks - can 330mℓ	7.70	8.08	8.17	1.11%	6.10%
Instant coffee 100g	25.51	26.74	27.35	2.28%	7.21%
Instant coffee 200g	64.75	69.57	73.89	6.21%	14.12%
Instant coffee 250g	30.30	32.30	33.37	3.31%	10.13%
Instant coffee 500g	46.14	48.55	47.79	-1.57%	3.58%
Instant coffee 750g	69.87	76.44	78.26	2.38%	12.01%
Peanut butter 400g	22.74	22.21	23.28	4.82%	2.37%
Peanut butter 800g	43.98	43.93	44.80	1.98%	1.86%
Rice 10kg	109.60	104.98	106.56	1.51%	-2.77%
Rice 1kg	15.63	16.48	16.43	-0.30%	5.12%
Rice 2kg	23.34	24.16	24.82	2.73%	6.34%

Other products	Price level			Percentage Change	
	Apr-15	**Jan -16**	**Apr-16**	**Jan-16 to Apr-16**	**Apr-15 to Apr-16**
Rice 500g	7.48	7.77	7.86	1.16%	5.08%
Rice 5kg	56.93	60.71	61.69	1.61%	8.36%
White sugar 10kg	113.32	115.19	131.66	14.30%	16.18%
White sugar 1kg	14.34	14.60	15.53	6.37%	8.30%
White sugar 2.5kg	27.88	28.69	31.59	10.11%	13.31%
White sugar 250g	4.37	4.64	4.81	3.66%	10.07%
White sugar 2kg	20.98	21.67	24.48	12.97%	16.68%
White sugar 500g	7.68	8.05	8.59	6.71%	11.85%
White sugar 5kg	58.37	60.22	65.68	9.07%	12.52%
Average				**4.29%**	**9.35%**

Data from StatsSA

APPENDIX B: DATA ON RURAL FOOD PRICE TRENDS

Table B.1: Wheat products

Wheat products	Price level			Percentage Change	
	Apr-15	Jan -16	Apr-16	Jan-16 to Apr-16	Apr-15 to Apr-16
Loaf of brown bread 600g	6.40	6.75	6.82	1.04%	6.70%
Loaf of brown bread 700g	10.16	10.49	11.16	6.42%	9.84%
Loaf of white bread 600g	7.28	7.97	8.22	3.05%	12.87%
Loaf of white bread 700g	11.28	11.66	12.24	4.95%	8.48%
Average				**3.86%**	**9.47%**

Data from StatsSA

Table B.2: Maize products

Maize products	Price level			Percentage Change	
	Apr-15	Jan -16	Apr-16	Jan-16 to Apr-16	Apr-15 to Apr-16
Special maize 1kg	5.96	7.45	10.23	37.33%	71.62%
Special maize 2.5kg	14.79	16.41	24.15	47.21%	63.28%
Special maize 5kg	26.13	32.62	46.56	42.73%	78.19%
Super maize 1kg	8.52	9.69	11.36	17.18%	33.29%
Super maize 2.5kg	18.86	21.59	26.21	21.42%	38.98%
Super maize 5kg	34.13	38.39	48.46	26.24%	42.00%
Average				**32.02%**	**54.56%**

Data from StatsSA

Table B.3: Sunflower products

Sunflower products	Price level			Percentage Change	
	Apr-15	Jan -16	Apr-16	Jan-16 to Apr-16	Apr-15 to Apr-16
Margarine 125g	7.24	7.89	7.89	0.00%	8.98%
Margarine 250g	13.59	12.24	12.28	0.33%	-9.61%
Margarine 500g	19.13	20.09	20.43	1.65%	6.77%
Sunflower oil 2ℓ	33.63	43.80	47.04	7.39%	39.87%
Sunflower oil 750mℓ	16.92	20.85	21.82	4.62%	28.92%
Average				**2.80%**	**14.99%**

Data from StatsSA

Table B.4: Dairy products

Dairy products	Price level			Percentage Change	
	Apr-15	Jan -16	Apr-16	Jan-16 to Apr-16	Apr-15 to Apr-16
Full cream milk - long life 1ℓ	12.91	12.52	13.06	4.35%	1.21%
Full cream milk - long life 500mℓ	8.36	7.88	8.45	7.24%	1.08%
Average				**5.79%**	**1.15%**

Data from StatsSA

Table B.5: Tea and coffee

Tea and coffee	Price level			Percentage Change	
	Apr-15	**Jan -16**	**Apr-16**	**Jan-16 to Apr-16**	**Apr-15 to Apr-16**
Ceylon/black tea 250g	23.59	25.65	26.43	3.05%	12.04%
Ceylon/black tea 62.5g	9.33	11.46	11.03	-3.74%	18.22%
Instant Coffee 100g	25.85	26.93	26.98	0.22%	4.39%
Instant Coffee 250g	30.68	32.52	33.60	3.32%	9.52%
Average				**0.71%**	**11.04%**

Data from StatsSA

Table B.6: Beans

Beans	Price level			Percentage Change	
	Apr-15	**Jan -16**	**Apr-16**	**Jan-16 to Apr-16**	**Apr-15 to Apr-16**
Baked beans - tinned 410g	8.44	8.42	8.51	1.08%	0.86%
Beans 1kg	28.35	29.65	32.53	9.71%	14.74%
Beans 500g	14.99	14.84	16.31	9.91%	8.84%
Average				**6.90%**	**8.15%**

Data from StatsSA

Table B.7: White sugar

Sugar	Price level			Percentage Change	
	Apr-15	**Jan -16**	**Apr-16**	**Jan-16 to Apr-16**	**Apr-15 to Apr-16**
White sugar 1kg	14.77	14.64	15.47	5.67%	4.77%
White sugar 2.5kg	27.92	28.89	31.52	9.10%	12.92%
White sugar 500g	7.61	8.10	8.44	4.12%	10.85%
Average				**6.30%**	**9.52%**

Data from StatsSA

Table B.8: Pilchards

Pilchard	Price level			Percentage Change	
	Apr-15	**Jan -16**	**Apr-16**	**Jan-16 to Apr-16**	**Apr-15 to Apr-16**
Fish (excl. tuna) - tinned 155g	8.99	9.64	9.76	1.24%	8.64%
Average				**1.24%**	**8.64%**

Data from StatsSA

Table B.9: Rice

Rice	Price level			Percentage Change	
	Apr-15	**Jan -16**	**Apr-16**	**Jan-16 to Apr-16**	**Apr-15 to Apr-16**
Rice 1kg	14.86	15.74	15.57	-1.09%	4.77%
Rice 2kg	23.20	24.02	24.85	3.44%	7.10%
Rice 500g	7.46	7.75	7.62	-1.68%	2.14%
Average				**0.22%**	**4.67%**

Data from StatsSA

Table B.10: Peanut butter

Peanut butter	Price level			Percentage Change	
	Apr-15	**Jan -16**	**Apr-16**	**Jan-16 to Apr-16**	**Apr-15 to Apr-16**
Peanut butter 400g	22.53	22.18	23.29	5.00%	3.38%
Peanut butter 800g	44.63	44.14	45.58	3.26%	2.13%
Average				**4.13%**	**2.76%**

Data from StatsSA

APPENDIX C: SUMMARY OF INFLATION FOR SELECTED FOOD ITEMS APRIL 2015 TO APRIL2016

Table C.1: Food items in the urban areas ranked according to price changes (April 2015 to April 2016)

Grain and grain products	%	Meat and meat products and dairy and dairy products and eggs	%	Fresh and processed fruits and vegetables	%
Rice 10kg	-2.77%	Bacon 1kg	-27.20%	Pumpkin - fresh per kg	-30.34%
Cereals 400g	-1.98%	Cheddar cheese per kg	-19.61%	Cauliflower - fresh per kg	-22.75%
Cereals 375g	-0.48%	Tuna - tinned 170g	-2.06%	Carrots - fresh per kg	-11.78%
Brick margarine 250g	0.08%	Low Fat milk - long life 1ℓ	1.09%	Baked beans - tinned 410g	0.35%
Brick margarine 1kg	0.85%	Pork chops - fresh per kg	1.23%	Tomatoes - fresh per kg	1.72%
Cake flour 1kg	0.99%	Full cream milk - long life 1ℓ	1.40%	Apples - fresh per kg	4.03%
Cereals 500g	1.77%	Full cream milk - fresh 500mℓ	2.16%	Bananas - fresh per kg	7.32%
Peanut butter 800g	1.86%	Full cream milk - long life 500mℓ	3.19%	Baked beans - tinned 225g	10.03%
Peanut butter 400g	2.37%	Full cream milk - fresh 2ℓ	4.04%	Onions - fresh per kg	38.51%
Loaf of white bread 600g	4.46%	Powdered milk 250g	4.57%	Cabbage - fresh each	40.61%
Cereals 750g	4.72%	Chicken portions - fresh per kg	4.67%	Cabbage - fresh per kg	46.75%
Rice 500g	5.08%	Beef mince - fresh per kg	5.03%	Potatoes - fresh per kg	57.31%
Rice 1kg	5.12%	Fish (excl tuna) - tinned 400g	5.27%		
Loaf of brown bread 600g	5.99%	Full cream milk - fresh 1ℓ	5.39%	**Other**	**%**
Rice 2kg	6.34%	Powdered milk 400g	5.41%	Fizzy drinks - can 330mℓ	6.10%
Brick margarine 500g	6.53%	Whole chicken - fresh per kg	6.17%	Instant coffee 100g	7.21%
Margarine spread 500g	7.21%	Powdered milk 900g	6.30%	White sugar 1kg	8.30%
Loaf of brown bread 800g	8.16%	Low Fat milk - fresh 1ℓ	6.32%	White sugar 250g	10.07%
Margarine spread 1kg	8.29%	Powdered milk 500g	6.54%	Instant coffee 250g	10.13%
Rice 5kg	8.36%	Beef t-bone - fresh per kg	7.41%	Ceylon/black tea 500g	11.71%
Loaf of white bread 700g	9.04%	Fish (excl tuna) - tinned 155g	7.90%	White sugar 500g	11.85%
Loaf of brown bread 700g	9.42%	Eggs 2.5 dozen	8.24%	Instant coffee 750g	12.01%
Brick margarine 125g	10.21%	Eggs 1.5 dozen	8.99%	White sugar 5kg	12.52%
Macaroni 500g	10.27%	Beef rump steak -fresh per kg	10.24%	Ceylon/black tea 250g	13.10%
Cake flour 5kg	15.07%	Fish (excl tuna) - tinned 425g	10.27%	White sugar 2.5kg	13.31%
Spaghetti 500g	15.64%	Polony per kg	10.51%	Instant coffee 200g	14.12%
Cake flour 2.5kg	17.32%	Beef brisket - fresh per kg	11.05%	White sugar 10kg	16.18%
Sunflower oil 500mℓ	18.31%	Beef chuck - fresh per kg	11.57%	White sugar 2kg	16.68%

Cereals 450g	21.32%	Fish (excl tuna) - tinned 215g	12.18%	Ceylon/black tea 62.5g	18.67%
Sunflower oil 750mℓ	26.04%	Eggs 1/2 dozen	13.43%	Ceylon/black tea 125g	33.93%
Super maize 1kg	37.22%	Lamb - fresh per kg	13.83%		
Sunflower oil 4ℓ	37.51%	Chicken portions - frozen per kg	61.60%		
Super maize 2.5kg	38.87%				
Sunflower oil 2ℓ	42.14%				
Super maize 5kg	43.74%				
Special maize 2.5kg	61.85%				
Special maize 1kg	73.89%				

Source: StatsSA, 2016

Note: 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 (April 2015 to April 2016)

Grain and grain products	%	Other products	%
Margarine 250g	-9.61%	Baked beans - tinned 410g	0.86%
Peanut butter 800g	2.13%	Full cream milk - long life 500mℓ	1.08%
Rice 500g	2.14%	Full cream milk - long life 1ℓ	1.21%
Peanut butter 400g	3.38%	Instant Coffee 100g	4.39%
Rice 1kg	4.77%	White sugar 1kg	4.77%
Loaf of brown bread 600g	6.70%	Fish (excl. tuna) - tinned 155g	8.64%
Margarine 500g	6.77%	Beans 500g	8.84%
Rice 2kg	7.10%	Instant Coffee 250g	9.52%
Loaf of white bread 700g	8.48%	White sugar 500g	10.85%
Margarine 125g	8.98%	Ceylon/black tea 250g	12.04%
Loaf of brown bread 700g	9.84%	White sugar 2.5kg	12.92%
Loaf of white bread 600g	12.87%	Beans 1kg	14.74%
Sunflower oil 750mℓ	28.92%	Ceylon/black tea 62.5g	18.22%
Super maize 1kg	33.29%		
Super maize 2.5kg	38.98%		
Sunflower oil 2ℓ	39.87%		
Super maize 5kg	42.00%		
Special maize 2.5kg	63.28%		
Special maize 1kg	71.62%		
Special maize 5kg	78.19%		

Source: StatsSA, 2016

Note: 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 April 2015 and April 2016:

International wheat price decreased by 16.07 %

Domestic price of wheat increased by 20.36 %

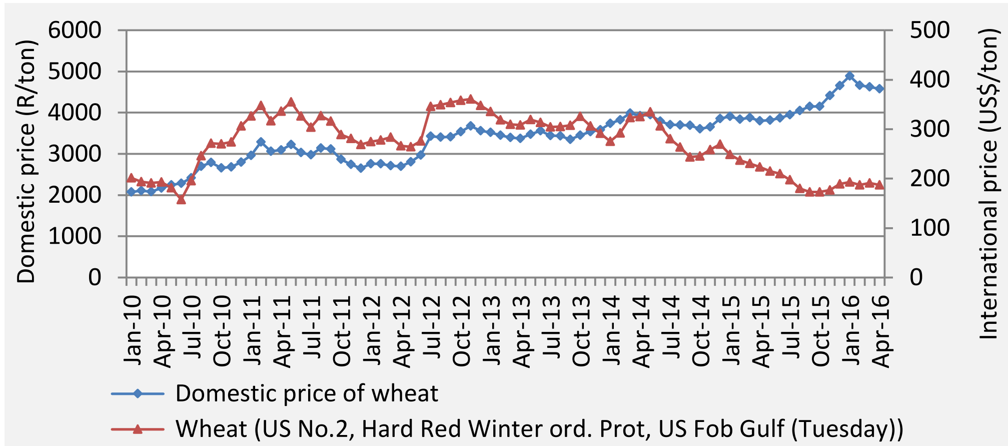

Figure D.1: Domestic market price vs global market price of wheat
Source: FAO and SAFEX, 2016

Domestic wheat price followed the import parity price of wheat closely, since SA is a net importer of wheat. Between April 2015 and April 2016:
Wheat import parity price increased by 16.38 %;
Wheat export parity price decreased by 0.34 %

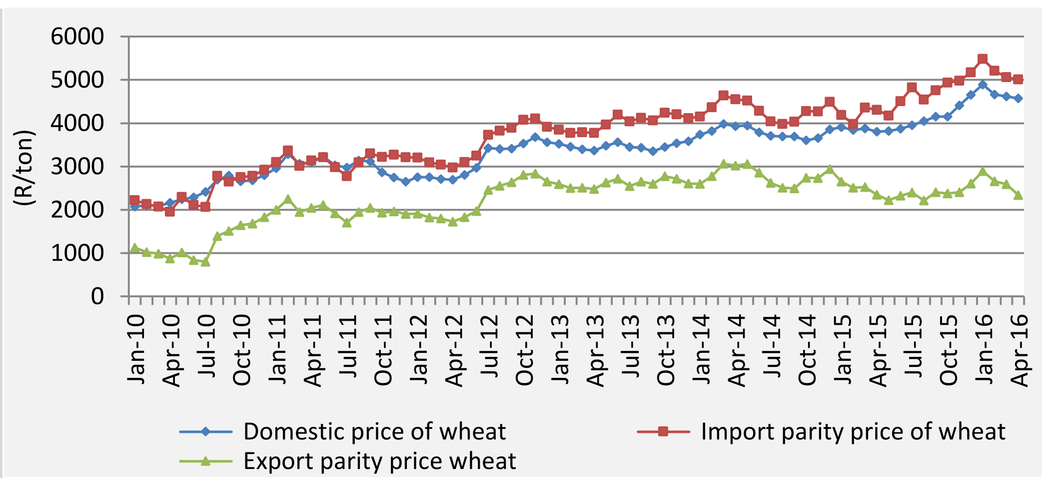

Figure D.2: Import parity, export parity and domestic prices of wheat
Source: SAGIS and SAFEX, 2016

Between April 2015 and April 2016:

Domestic wheat price increased by 20.36 %

Brown bread 700g price increased by 9.42 %

White bread 700g price increased by 9.04 %

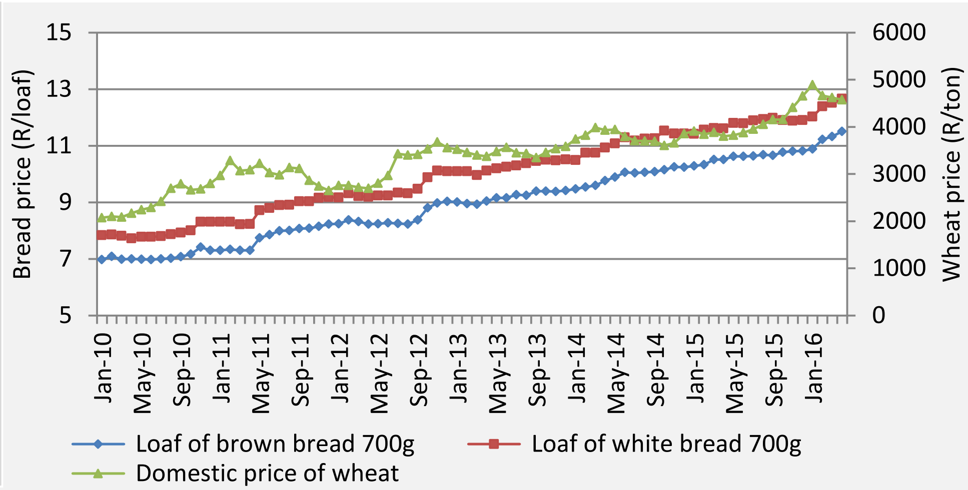

Figure D.3: Domestic wheat price and bread price trends
Source: StatsSA and SAFEX, 2016

D.2 Maize price trends

Between April 2015 and April 2016:

International price of yellow maize decreased by 4.44 %

Domestic price of yellow maize increased by 31.16 %

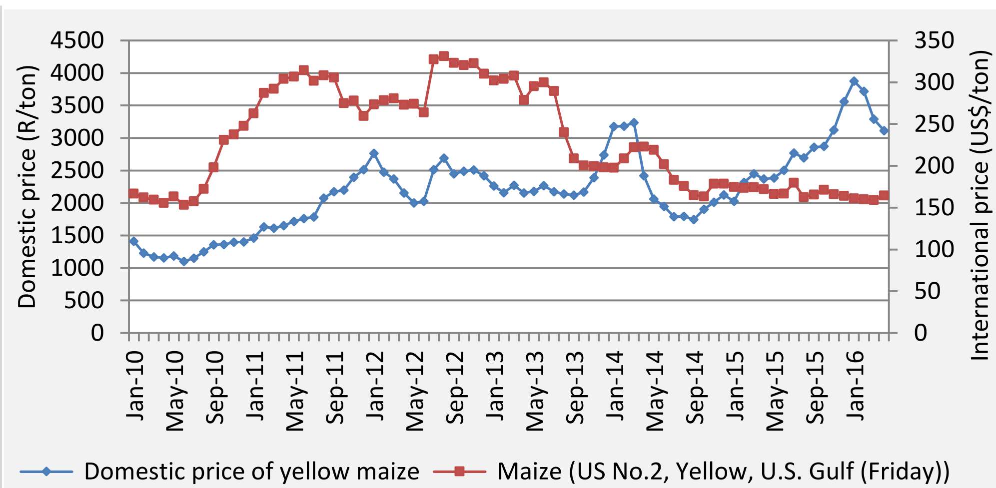

Figure D.4: Domestic market price vs global market price of yellow maize
Source: FAO and SAFEX, 2016

Between April 2015 and April 2016:

Export parity price of maize increased by 18.19 %

Import parity price of maize increased by 11.23 %

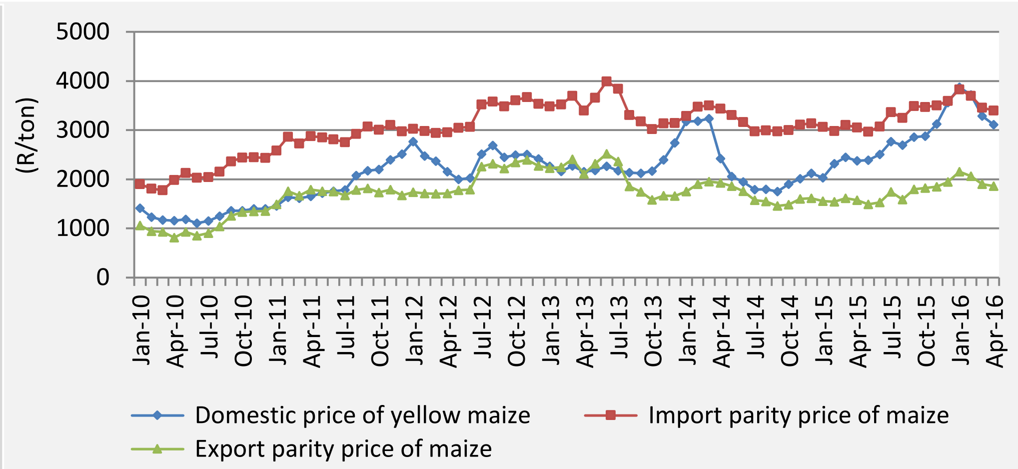

Figure D.5: Import parity, export parity and domestic prices of yellow maize
Source: SAFEX and SAGIS, 2016

Between April 2015 and April 2016:

Super maize meal 2.5 kg price increased by 38.87 %;
Special maize meal 2.5 kg increased by 61.85 %;
Domestic price of white maize increased by 76.16 %

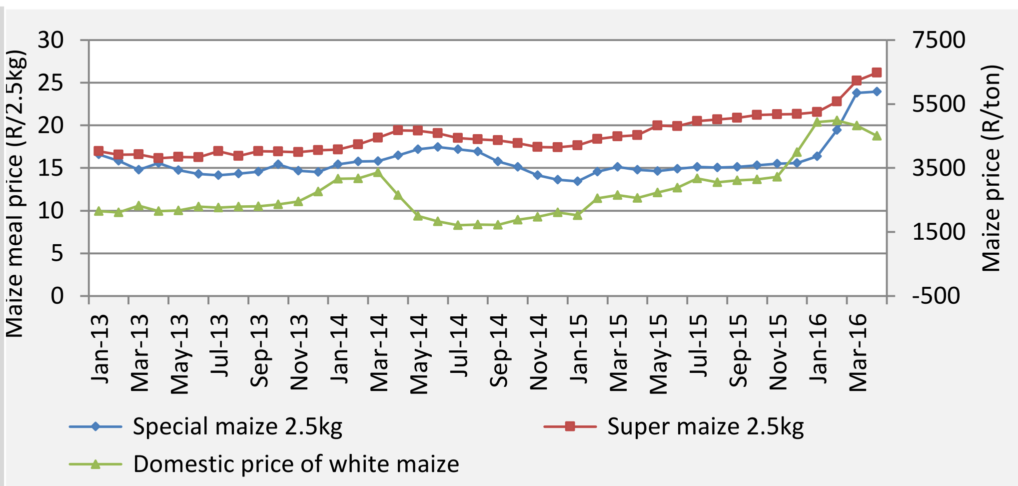

Figure D.6: White maize price and maize meal price trends
Source: SAFEX and StatsSA, 2016

D.3 Sunflower seeds price trends

Between April 2015 and April 2016:

International Sunflower seed price decreased by 0.23 %

Domestic price of sunflower seed increased by 34.62 %

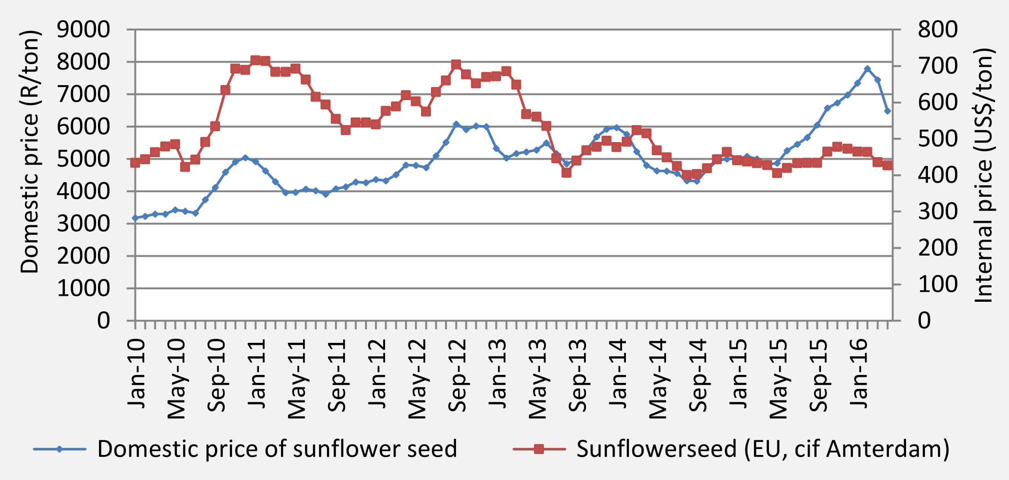

Figure D.7: Domestic market price of sunflower seeds vs global market price
Source: FAO and SAFEX, 2016

Between April 2015 and April 2016:

Domestic price of sunflower seed increased by 34.62 %

Sunflower oil 750 ml increased by 26.04 %

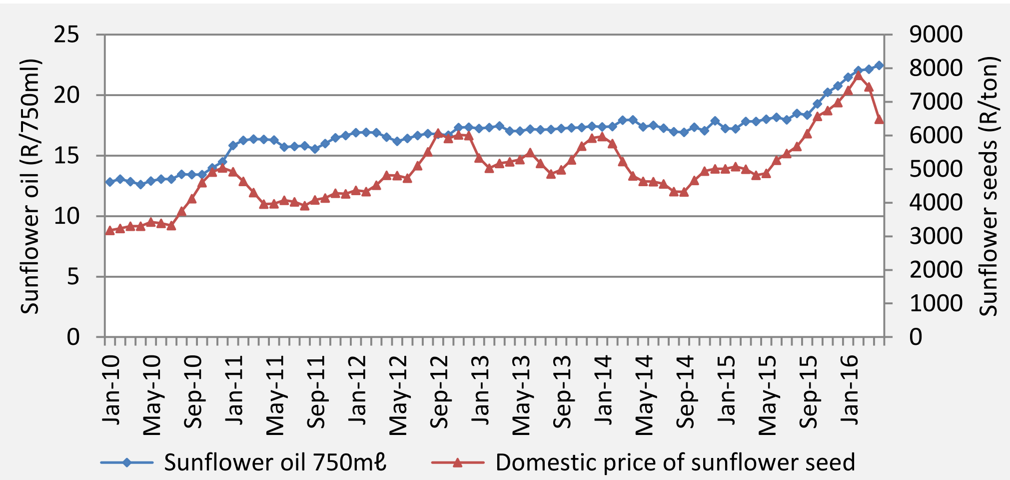

Figure D.8: Sunflower seeds price and sunflower oil price trends
Source: SAFEX and StatsSA, 2016

D.4 Dairy price trends

Between April 2015 and April 2016:

International skim milk powder decreased by 32.19 %

International whole milk powder decreased by 24.46 %

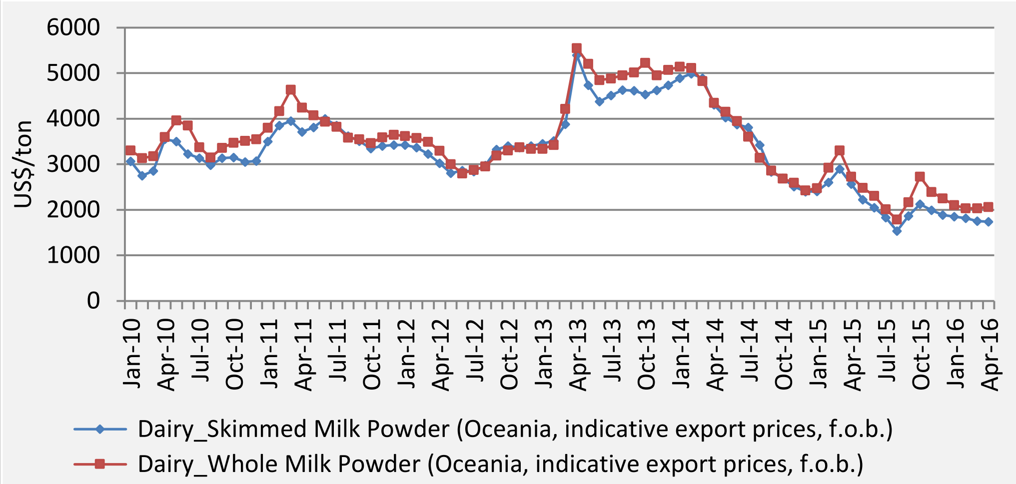

Figure D.9: Skim milk powder and whole milk powder price trends
Source: FAO, 2016

Between April 2015 and April 2016:

Milk producer price increased by 2.22 %;
Full cream milk – fresh 1ℓ increased by 5.39 %;
Full cream milk – long life 1ℓ decreased by 1.40 %

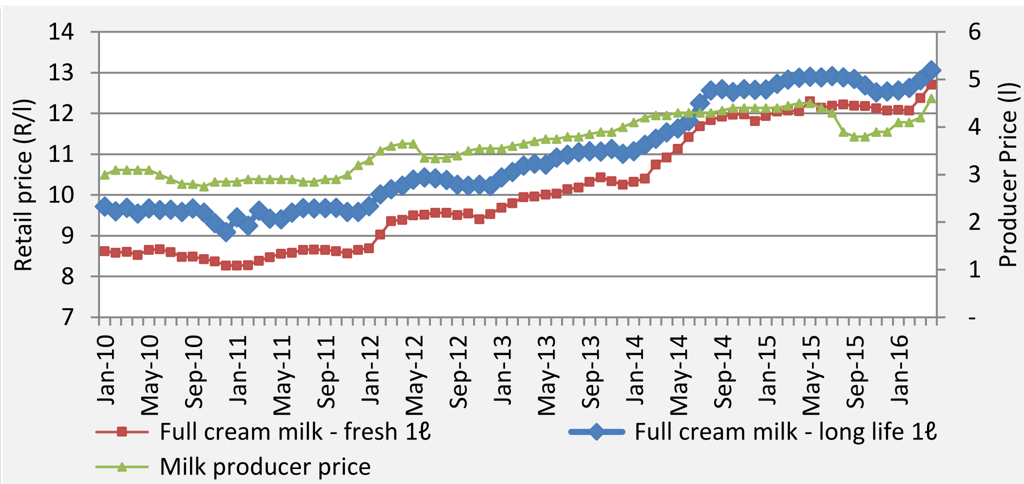

Figure D.10: Domestic producer price and retail prices of milk
Source: MPO and StatsSA, 2016

D.5 Meat price trends

The price of beef at **retail** level showed an annual average increase of 9.06 % for the five different cuts, between April 2015 and April 2016

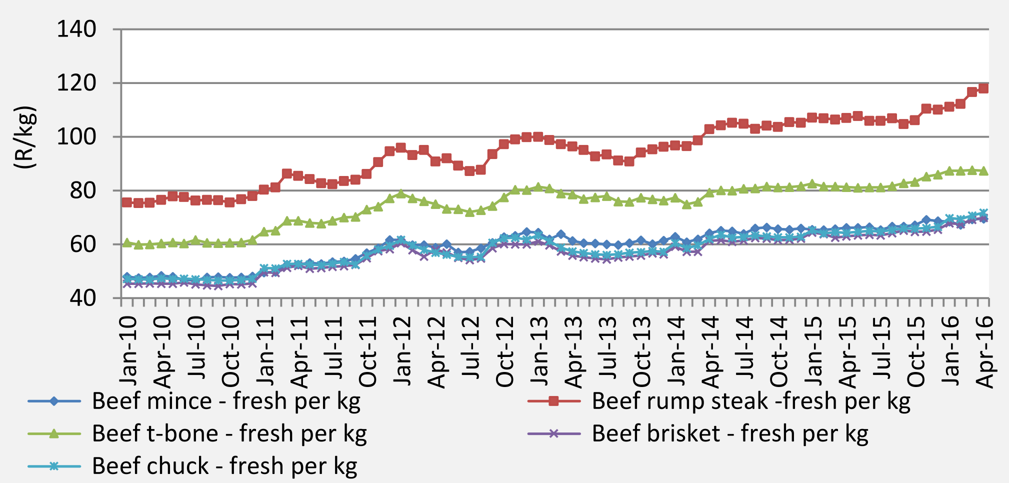

Figure D.11: Retail prices of beef cuts
Source: StatsSA, 2016

Between April 2015 and April 2016:

Chicken portions – fresh per kg (**retail)** price increased by 4.67 % per kg

Pork chops per kg **retail** price decreased by 1.23 %

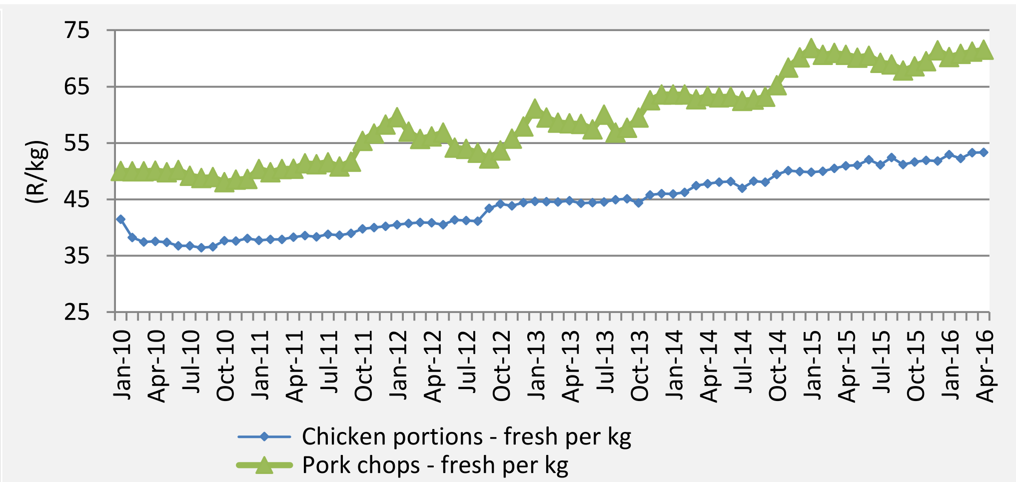

Figure D.12: Retail prices of pork chops and chicken portions – fresh per kg
Source: StatsSA, 2016

Between April 2015 and April 2016:

Producer price for fresh chicken per kg increased by 0.17 %

Producer price for frozen chicken per kg decreased by 1.22 %

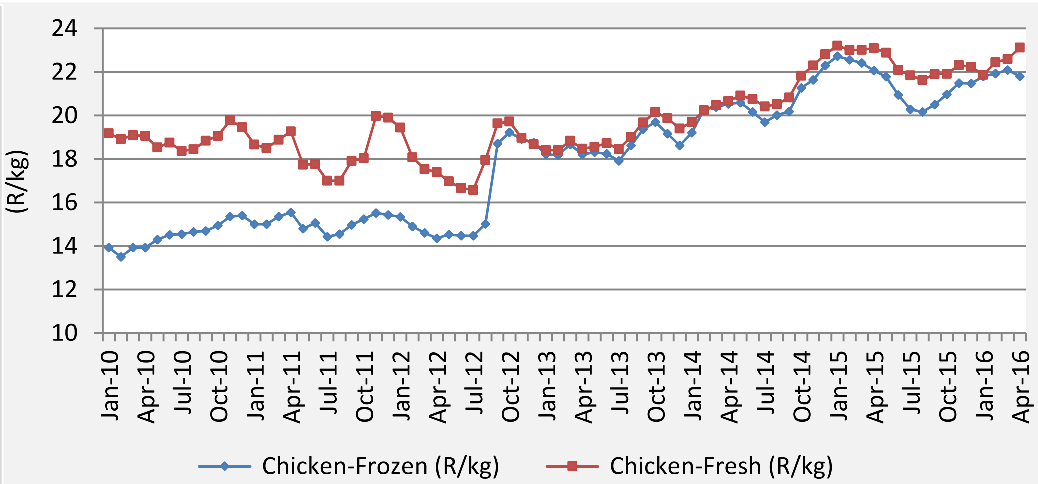

Figure D.13: Producer prices of chicken
Source: AMT, 2016

Between April 2015 and April 2016:

Porker price (R/kg) decreased by 4.69 %

Baconer price (R/kg) increased by 1.86 %

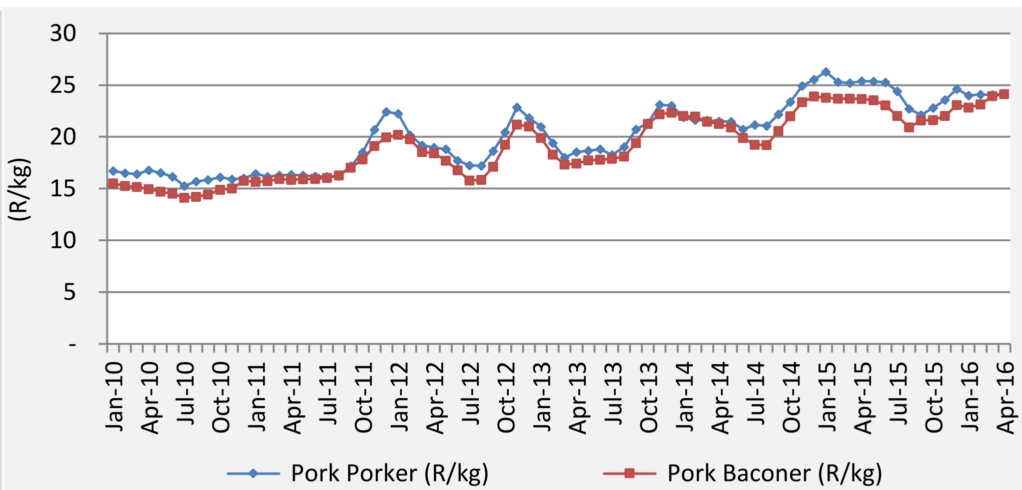

Figure D.14: Producer prices of pork
Source: AMT, 2016

Between April 2015 and April 2016:

Producer price of Beef class A2/A3 increased by 10.01 %, class B2/B3 increased by 11.18 % and class C2/C3 increased by 12.34 %

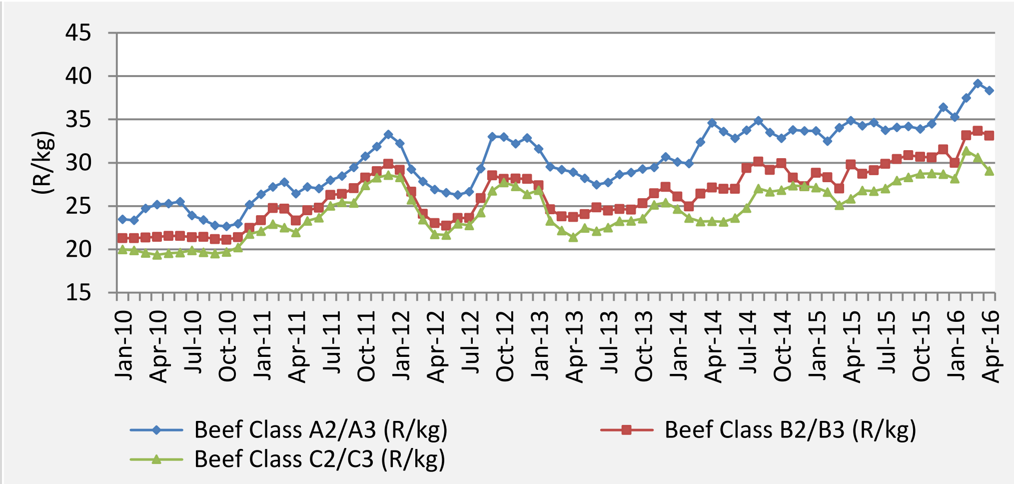

Figure D.15: Producer prices of beef
Source: AMT, 2016

Between April 2015 and April 2016:

Prices of lamb-class A2/A3 (R/kg) increased by 6.44 %, class B2/B3 increased by 14.31 % and the price of class C2/C3 increased by 3.67 %

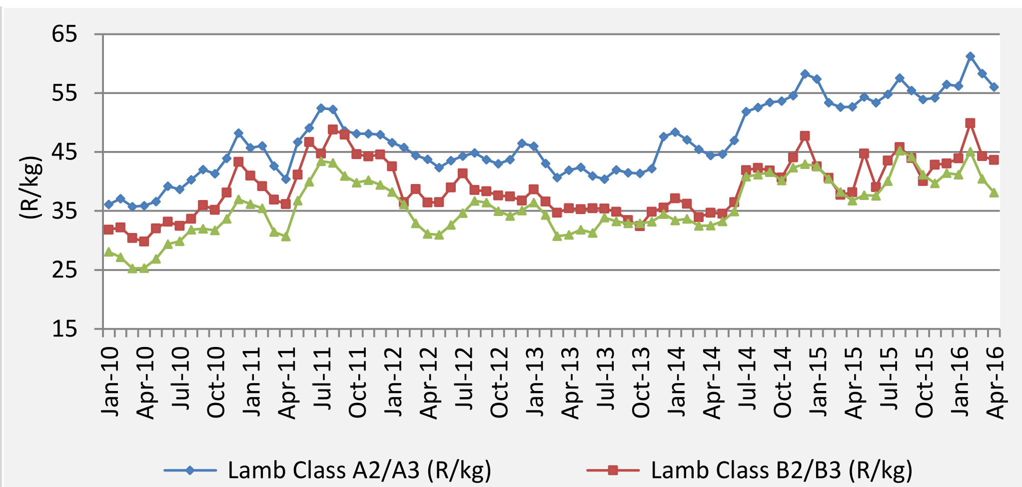

Figure D.16: Producer prices of lamb
Source: AMT, 2016

APPENDIX E: DATA COLLECTION

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

- StatsSA 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 StatsSA 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 2005/06 compiled by StatsSA 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.

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