National Agricultural Marketing Council

Promoting market access for South African agriculture

# Markets and Economic Research Centre

# Food Price Monitor

***Issue 3 - Nov/2015***

MEDIA RELEASE

# FOOD PRICE MONITOR:

## November 2015

### EXECUTIVE SUMMARY

In October 2015, 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 4.7 % and 4.8 %, 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 October 2015.

Prices were compared for selected food items in rural and urban areas for October 2015. Food items showing the largest price differences between urban and rural areas in October 2015 were margarine 500g at a R2.41 difference, sunflower oil 750mℓ at a difference of R0.77, Ceylon/black tea 62.5g at a difference of R0.44, loaf of brown bread 700g at a difference of R0.37, and a loaf of white bread 700g at a difference of R0.30. This indicates that urban consumers paid more for these food items than their rural counterparts. In some cases, however, rural consumers paid more for certain products (e.g. super maize meal, special maize meal and white sugar) than their urban counterparts.

The FAO Food Price Index, in nominal terms, averaged nearly 162 points in October 2015, as much as 6 points (3.9 %) more than in September and the sharpest increase since July 2012. The October surge was mainly the result of rises in the sugar, vegetable oils and dairy quotations, while cereal prices were subject to a more modest increase and those of meat remained stable. According to the index, food on international markets in October was still 16 % cheaper than one year ago.

From October 2014 to October 2015 the cost of this basic food basket increased by about R23 (+4.6 %) in nominal terms from R506 to R529 (compared to a somewhat lower increase of 4.1 % from July 2014 to July 2015 (the previous Food Price Monitor analysis period).

When comparing October 2014 to October 2015, the significant price inflation (6 % or more) experienced for many products within the food basket: Ceylon/black tea, brick margarine, tinned pilchards, sunflower oil, maize meal, eggs, tomatoes and brown bread. This could have a negative impact on household food security in South Africa affecting the affordability of selected staple foods (maize meal and bread) as well as various food items making a contribution to dietary diversity. When comparing the inflation rates for October 2014 versus October 2015, with July 2014 versus July 2015 (i.e. the previous Food Price Monitor analysis period) the rate of inflation was higher for bread/cereals, vegetables, eggs, fats/oils and bean products.

Key factors to look out for during the next three months are exchange rate movements and the severity of the drought. The Federal reserve of the United States of America is expected to hike interest rates in December 2015 as part of a restrictive monetary policy drive. This could put significant pressure on the rand.

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# 1. Introduction

In October 2015, 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 4.7 % and 4.8 %, 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 October 2015.

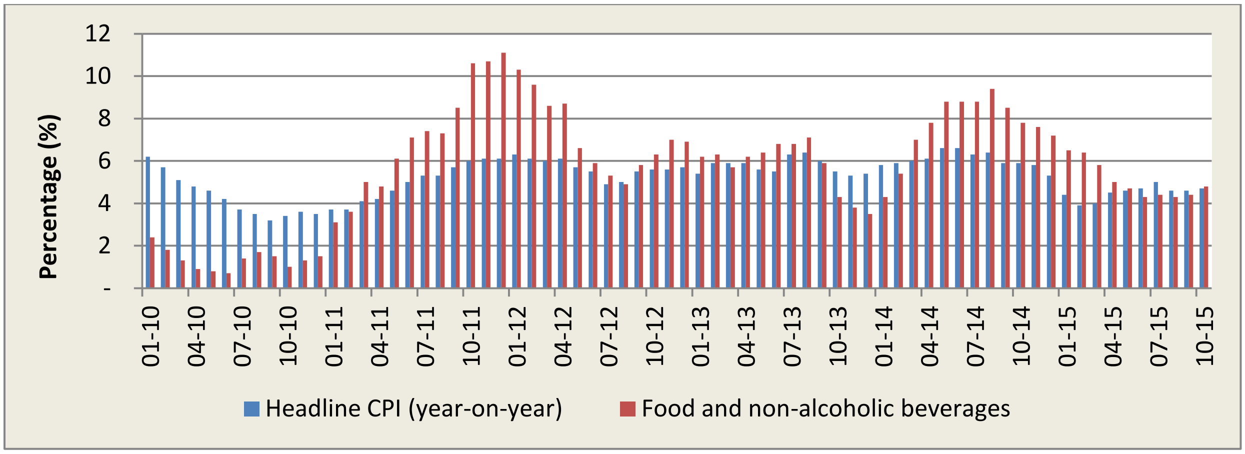



**Figure 1: Headline CPI and food and non-alcoholic beverage CPI**
**Source: StatsSA, 2015**

**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**, October 2014 vs October 2015: sugar and sweets (8.7 %), milk, eggs and cheese (3.0 %), fruit (-0.2 %), meat (4.4 %), other food (3.2 %), fish (7.4 %), processed foods (5.1 %), unprocessed foods (4.6 %), bread and cereals (7.1 %), vegetables (0.6 %) and oils and fats (10.3 %). Also indicated in **Figure 2** is the **month-on-month** percentage change from September 2015 to October 2015.

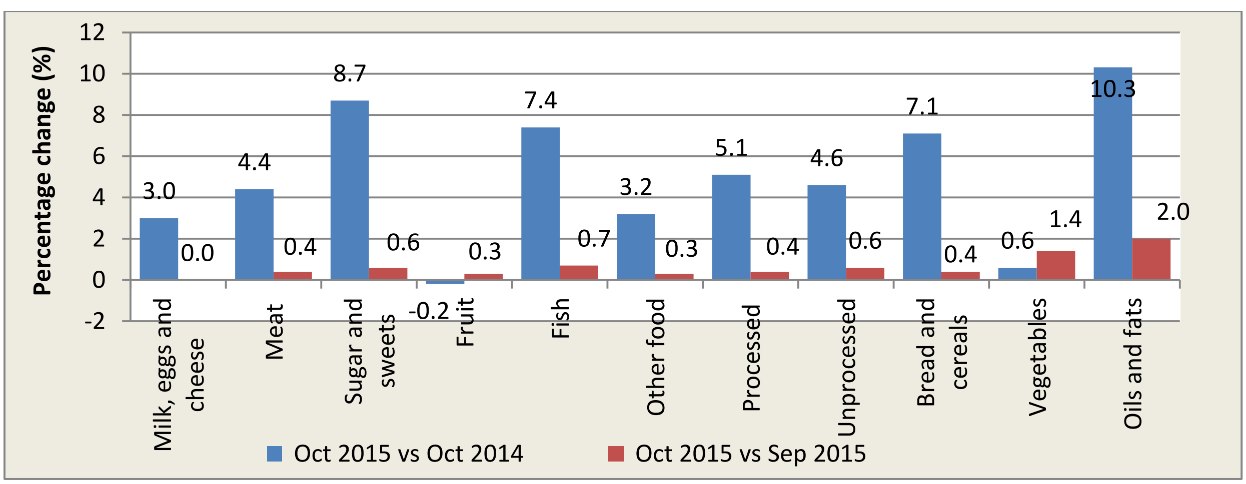



**Figure 2: Year-on-year (October 2014 vs October 2015) and month-on-month (October 2015 vs September 2015) percentage change for different food categories**
**Source: StatsSA, 2015**

# 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 October 2015 for South Africa and other selected countries. South Africa's overall inflation for October 2015 was 4.7 %. Food inflation was at 4.8 % during the same period. The food categories with the largest contribution during this period to South African food inflation are oils and fat, sugar and sweets and fish. The Zambian overall inflation rate for October 2015 was 14.3 %, while the food inflation rate was 16.2 %. Botswana's inflation rate was 3.1 %, while the food inflation rate was 1.2 % during the same period. Turkey's overall inflation rate for October 2015 was 7.6 %, compared with a food inflation rate of 8.7 %. Considering inflation in the BRIC countries, Russia had the highest overall inflation rate of 15.6 % and the highest food inflation of 19.0 %, followed by Brazil, which had an overall inflation rate of 9.9 % and a food inflation rate of 10.4 %. From the BRIC group, China recorded the lowest year-on-year inflation rate of 1.3 % and a food inflation rate of 1.9 %.

**Table 1: Overall inflation and food inflation during July to October 2015**

| | July | | August | | September | | October | |
|---|---|---|---|---|---|---|---|---|
| **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 (%)** | **Overall inflation (%)** | **Inflation on food and non-alcoholic beverages (%)** |
| Botswana | 3.1 | 1.0 | 3.0 | 1.1 | 2.9 | 1.1 | 3.1 | 1.2 |
| Brazil | 9.6 | 10.5 | 9.5 | 10.6 | 9.5 | 10.0 | 9.9 | 10.4 |
| China | 1.6 | 2.7 | 2.0 | 3.7 | 1.6 | 2.7 | 1.3 | 1.9 |
| India | 3.7 | 2.2 | 3.7 | 2.2 | 4.4 | 3.9 | 5.0 | 5.3 |
| Namibia | 3.3 | 5.3 | 3.4 | 5.5 | 3.3 | 5.7 | 3.4 | 5.5 |
| Russia | 15.6 | 20.4 | 15.8 | 20.0 | 15.7 | 19.1 | 15.6 | 19.0 |
| South Africa | 5.0 | 4.4 | 4.6 | 4.3 | 4.6 | 4.4 | 4.7 | 4.8 |
| Turkey | 6.8 | 9.3 | 7.1 | 9.7 | 8.0 | 10.7 | 7.6 | 8.7 |
| United Kingdom | 0.1 | -2.7 | 0.0 | -2.4 | -0.1 | -2.3 | -0.1 | -2.7 |
| United States | 0.2 | 1.6 | 0.2 | 1.6 | 0.0 | 1.6 | 0.2 | 1.6 |
| Zambia | 7.1 | 7.8 | 7.3 | 7.8 | 7.7 | 8.1 | 14.3 | 16.2 |

**Sources: Central banks and statistics reporting institutions of these countries, as well as the press, 2015**

# 3. Urban and rural food price trends: October 2014 to October 2015

**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 %: Loaf of brown bread 700g (6.11 %), fizzy drinks - can 330mℓ (6.39 %), white sugar 10 kg (6.43 %), rice 5kg (6.84 %), polony per kg (6.94 %), rice 1kg (7.18 %), lamb – fresh per kg (7.26 %), cake flour 5kg (7.82 %), eggs 2.5 dozen (7.96 %), rice 5kg (8.22 %), margarine spread 1kg (8.34 %), eggs 0.5 dozen (8.38 %), tomatoes – fresh per kg (9.19 %), bacon 1kg (9.37 %), rice 10kg (9.75 %), Ceylon/black tea

250g (9.88 %), fish (excluding tuna) – tinned 400g (9.93 %), eggs 1.5 dozen (10.37 %), spaghetti 500g (10.54%), sunflower oil 750mℓ (11.12 %), special maize 1kg (11.13 %), sunflower oil 2ℓ (11.77 %), fish (excluding tuna) – tinned 425g (12.63 %), brick margarine 1kg (12.64 %), margarine spread 500g (12.70 %), brick margarine 500g (13.50 %), baked beans – tinned 225g (14.22 %), fish (excluding tuna) – tinned 215g (15.32 %), fish (excluding tuna) – tinned 155g (15.57 %), super maize 1kg (17.65 %), Ceylon/black tea 62.5g (18.17 %), super maize 5kg (18.29 %), super maize 2.5kg (18.40 %), cauliflower – fresh per kg (18.77 %), lettuce – fresh per kg (19.35 %), Ceylon/black tea 125g (28.50 %) and sunflower oil 500mℓ (56.40 %).

**Table C.2** records the products which exceed the SARB annual inflation rate of 6 % in the **rural** areas as follows: Fish (excluding tuna) – tinned 425g (6.37 %), special maize 1kg (7.83 %), Ceylon/black tea 250g (8.47 %), beans 1kg (8.68 %), special maize 5kg (8.85 %), rice 500g (9.46 %), white sugar 2.5kg (10.28 %), sunflower oil 750mℓ (10.88 %), white sugar 500g (11.19 %), sunflower oil 2ℓ (13.91 %), margarine 500g (14.10 %), fish (excluding tuna) – tinned 155g (15.17 %), super maize 1kg (17.17 %), super maize 5kg (18.23 %), super maize 2.5kg (19.09 %) and Ceylon/black tea 62.5g (19.99 %).

***A closer look at food price trends: October 2014 to October 2015***

During the period October 2014 to October 2015, the international price of wheat (US No 2, Hard Red Winter ord. Prot, US Fob Gulf) decreased by 29.62 %, while the domestic wheat prices increased by 15.37 %. Urban consumers paid 6.11 % more for a loaf of brown bread (700g) and 3.21 % more for a loaf of white bread (700g) during the same period. During the same period, domestic yellow maize prices increased by 51.76 %, while international yellow maize prices increased by 5.08 %. Super maize meal (2.5 kg) increased by 18.40 % and special maize meal (2.5 kg) increased by 1.19 %, in urban areas. During the same period, the urban price of sunflower oil (750 ml) increased by 11.12 %. The October 2015 domestic price of sunflower seed was R6 582.87/ton compared with the R4 666.00/ton price of October 2014, growth of 41.08 %.

During this period October 2014 to October 2015, the average meat 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 3.27 %, 2.51 % and 7.07 %, respectively. Lamb/mutton class A2/A3 (R/kg) and class C2/C3 (R/kg) producer prices increased by 0.48 % and 2.36 %, respectively, while class B2/B3 (R/kg) decreased by 1.37 %. Fresh chicken portions increased by 0.38 %, while frozen chicken portions decreased by 1.39 %, during the same period.

# 4. Comparison between urban and rural prices: October 2015

**Table 2** compares prices of selected food items in rural and urban areas for October 2015. The food items which showed the largest price differences between urban and rural areas in October 2015 were margarine 500g at a R2.41 difference, sunflower oil 750mℓ at a difference of R0.77, Ceylon/black tea 62.5g at a difference of R0.44, loaf of brown bread 700g at a difference of R0.37, and a loaf of white bread 700g at a difference of R0.30. This indicates that urban consumers paid more for these food items than their rural counterparts. In some cases, however, rural consumers paid more for certain products (e.g. super maize meal, special maize meal and white sugar) than their urban counterparts.

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

| Product | Rural Food Prices October 2015 | Urban Food Prices October 2015 | Price difference R/unit |
|---|---|---|---|
| Full cream milk – long life 1ℓ | 12.69 | 12.69 | 0.00 |
| Loaf of brown bread 700g | 10.40 | 10.77 | 0.37 |
| Loaf of white bread 700g | 11.60 | 11.90 | 0.30 |
| Special maize 2.5 kg | 15.36 | 15.33 | -0.03 |
| Super maize 2.5 kg | 21.30 | 21.23 | -0.07 |
| Margarine spread 500g | 20.49 | 22.90 | 2.41 |
| Peanut butter 400g | 22.93 | 23.00 | 0.07 |
| Rice 2kg | 23.73 | 23.74 | 0.01 |
| Sunflower oil 750mℓ | 18.51 | 19.28 | 0.77 |
| Ceylon/black tea 62.5g | 10.68 | 11.12 | 0.44 |
| White sugar 2.5kg | 28.87 | 28.70 | -0.17 |
| **Average** | | | **0.37** |

**Source**: **StatsSA, 2015**

## 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 2015, with October reaching a level of 121.66.

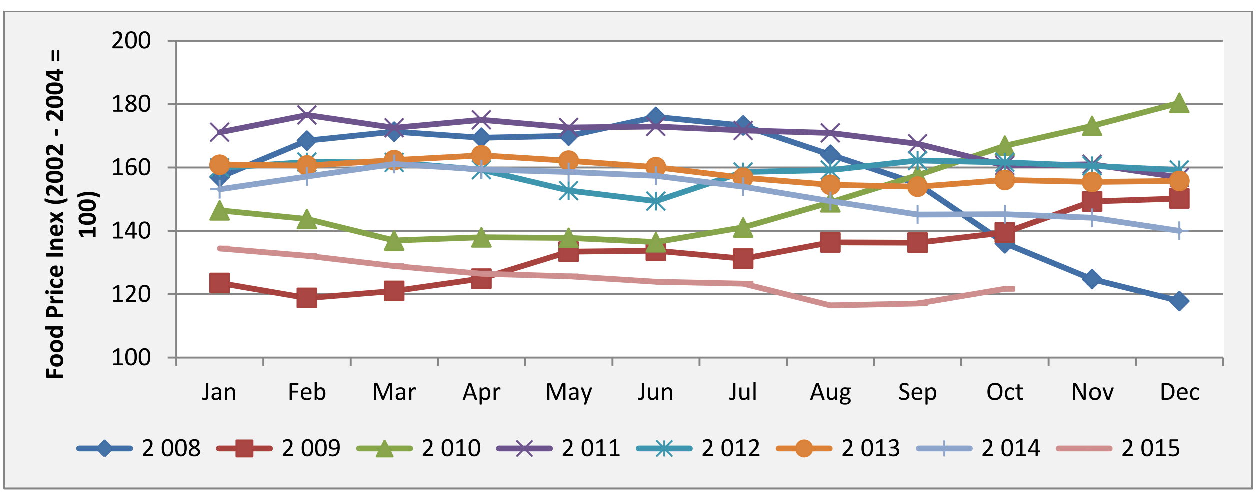



**Figure 3a: International real food price index**
**Source: FAO, 2015**

**Figure 3b** shows the price indices for the five food categories in **real** terms. The Dairy (9.42 %), Cereals (1.70 %), Oils Price (6.24 %) and Sugar Price (17.23 %) Indexes increased **month-on-month**, from

September 2015 to October 2015, while the Meat Index decreased by 0.28 %. **Year-on-year**, October 2014 to October 2015, all the price indexes reflected a decreasing trend.

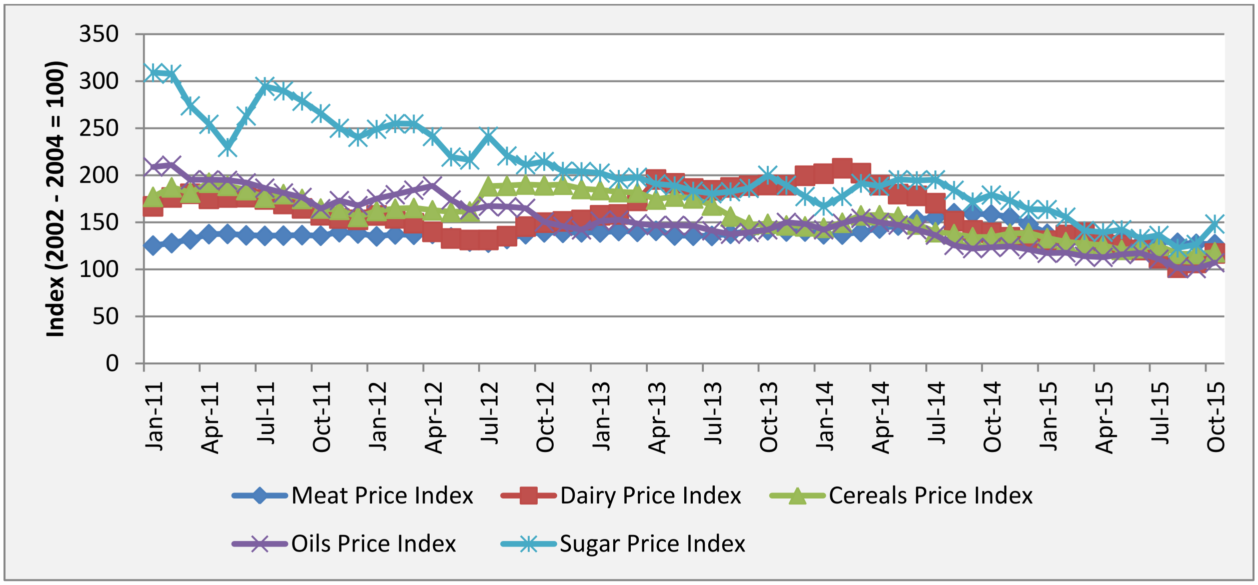



**Figure 3b: Real price indices for five food categories**
**Source: FAO, 2015**

The **FAO Food Price Index**, in **nominal** terms, averaged nearly 162 points in October 2015, as much as 6 points (3.9 %) more than in September and the sharpest increase since July 2012. The October surge was mainly the result of rises in the sugar, vegetable oils and dairy quotations, while cereal prices were subject to a more modest increase and those of meat remained stable. According to the index, food on international markets in October was still 16 % cheaper than one year ago.

The **FAO Cereal Price Index**, in **nominal** terms, averaged 157.4 points in October, up 2.6 points (1.7 %) from September, largely led by an upturn in wheat and maize prices. Wheat quotations were higher, mostly on concerns about dryness affecting winter wheat in some countries and deteriorating production prospects in Australia. Maize prices strengthened, largely reflecting a slowdown in farmers' sales in the United States, the world's biggest producer and exporter of maize. By contrast, rice prices fell, as a result of marked declines in the fragrant and Japonica rice segments.

The **FAO Vegetable Oil Price Index** averaged, in **nominal** terms, 142.6 points in October, up 8.4 points (or 6.2 %) from September. The increase, which follows three months of decline, was primarily driven by higher palm oil prices, as concerns intensified about El Niño compromising next year's production in Southeast Asia – in Indonesia in particular. In addition, international soy oil prices strengthened, mainly reflecting slow progress in soybean plantings in parts of Brazil due to unfavourable weather conditions. Limited global availabilities of rape and sunflower seed also lent support to the index.

The **FAO Dairy Price Index** averaged, in **nominal** terms, 155.6 points in October, up 13.4 points (9.4 %) from September. Concerns that milk output in New Zealand would fall during the current June/May dairy year caused Oceania prices to rise in both September and October, with export prices from the EU following suite – although remaining below quotations in Oceania. Prices of whole milk powder surged by almost 21 % over the month, with all the other dairy products also incurring marked increases.

The **FAO Meat Price Index**, in **nominal** terms, averaged 168.8 points in October, essentially the same level as in September, prolonging an extended period of overall stability that has been evident since

March 2015. Of the meats covered, only ovine meat registered a substantial change, rising by 8 % – due to constrained export availability in Oceania; prices of the other categories of meat were little changed.

The **FAO Sugar Price Index, in nominal terms,** averaged 197.4 points in October, up 29.0 points (17.2 %) from September and the highest level since February 2015. The sharp month-on-month increase was largely weather-driven: in Brazil, the world´s leading sugar producer, delays caused by excessive precipitation in the South-Central producing regions, adversely affected sugarcane harvesting; and reports of crop damages caused by excessive dryness in India, Thailand, the Philippines, South Africa and Vietnam provided further support to international sugar prices.

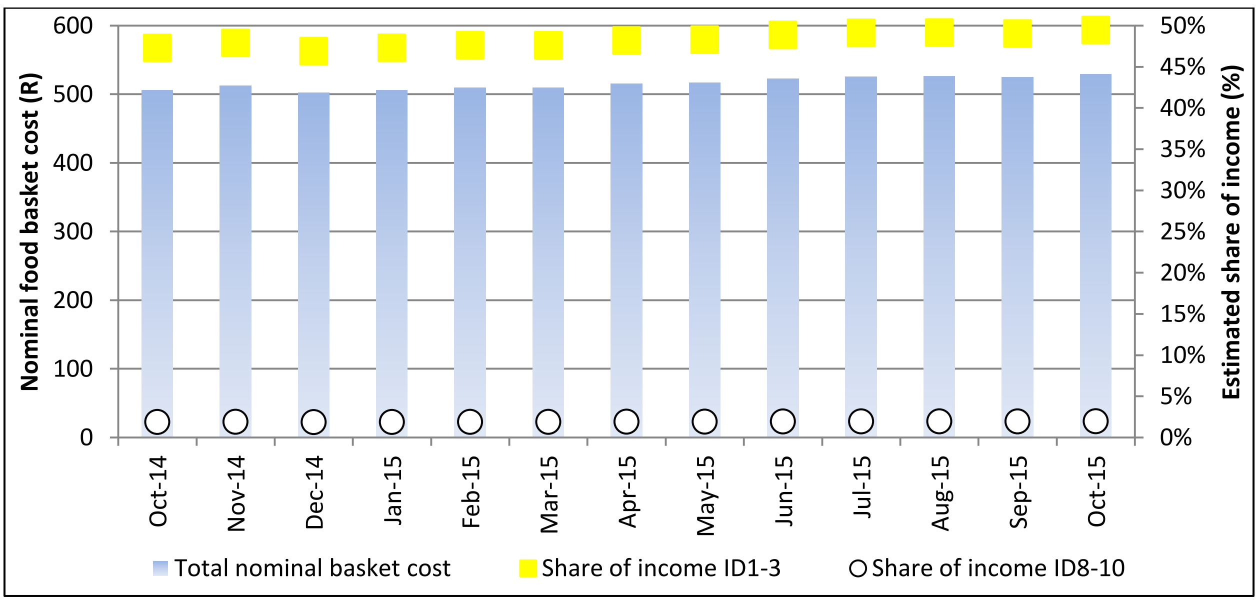
# 6. Estimated impact of food inflation on consumers

***The estimated impact of food inflation on consumers***

The purpose of this section is to illustrate the impact of food inflation on consumers. The analysis presented in 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 October 2014 to October 2015.

From October 2014 to October 2015 the cost of this basic food basket increased by about R23 (+4.6 %) in nominal terms from R506 to R529 (compared to a somewhat lower increase of 4.1 % from July 2014 to July 2015 (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 47.3 % in October 2014 to 49.5 % in October 2015 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 2.0 % **(Figure 4)**.




[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 cost of a typical consumer food basket for the period October 2014 to October 2015, expressed in nominal terms and as share of the average income of the poorest 30 % of households (Income Deciles [ID] 1-3) and the wealthiest 30 % of households (ID 8-10)**
**Source: BFAP calculations, based on StatsSA monitored price data for urban areas, 2015**

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 October 2014 to October 2015. 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 October 2014 to October 2015 prices, the following food categories experienced significant inflation: fats/oils, dairy/eggs, 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, October 2014 to October 2015**

| 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: |
|---|---|---|---|---|---|---|
| | October 2014 to October 2015 | July 2014 to July 2015* | | | | |
| Animal protein | +4.9 % | +6.7 % | Fish (excl tuna) – tinned (+12.6 %)<br>Beef chuck (+5.1 %)<br>Chicken portions fresh (+4.5 %) | Chicken portions frozen (+1.2 %) | None | Inflation on all meat protein food options. |
| Bread and cereals | +6.8 % | +0.6 % | Maize meal (+10.5 %)<br>Brown bread (+6.1 %)<br>White bread (+3.2 %)<br>Rice (+3.4 %) | None | None | Inflation on staples, but particularly high for maize meal and brown bread. |
| Vegetables | -2.5 % | -2.9 % | Tomatoes (+9.2 %) | None | Onions (-3.4 %)<br>Potatoes (-10.7 %)<br>Cabbage (-13.0 %) | High inflation on cabbages. |
| Fruit | +1.5 % | +13.0 % | Oranges (+5.2 %) | Apples (+2.5 %) | Bananas (-2.2 %) | High inflation on oranges, some inflation on apples. |
| Dairy | +1.3 % | +5.5 % | None | Full cream milk - long life 1ℓ (+1.3 %) | | Minor inflation on the price of long life milk, high inflation on the price of eggs. |
| Eggs | +10.4 % | +2.5 % | Eggs 1.5 dozen (+10.4 %) | None | None | |
| Fats and oils | +12.3 % | +6.4 % | Brick margarine (+13.5 %)<br>Sunflower oil (+11.1 %) | None | None | High inflation on margarine and sunflower oil. |
| Bean products | +0.6 % | -0.8 % | None | Peanut butter (+1.0 %) | Baked beans (-0.4 %) | Minor inflation on peanut butter. |
| Coffee and tea | +4.0 % | +5.0 % | Ceylon/black tea (+18.2 %) | Instant coffee (+2.1 %) | None | High inflation on tea and some inflation on coffee. |

**Source: BFAP calculations, based on StatsSA monitored price data for urban areas, 2015**
** Previous Food Price Monitor analysis period prior to October 2014 / October 2015 comparison.*

Thus, when comparing October 2014 to October 2015, the significant price inflation (6 % or more) experienced for many products within the food basket: Ceylon/black tea, brick margarine, tinned pilchards, sunflower oil, maize meal, eggs, tomatoes and brown bread. This could have a negative impact on household food security in South Africa affecting the affordability of selected staple foods (maize meal and bread) as well as various food items making a contribution to dietary diversity. When comparing the inflation rates for October 2014 versus October 2015, with July 2014 versus July 2015 (i.e. the previous Food Price Monitor analysis period) the rate of inflation was higher for bread/cereals, vegetables, eggs, fats/oils and bean products.

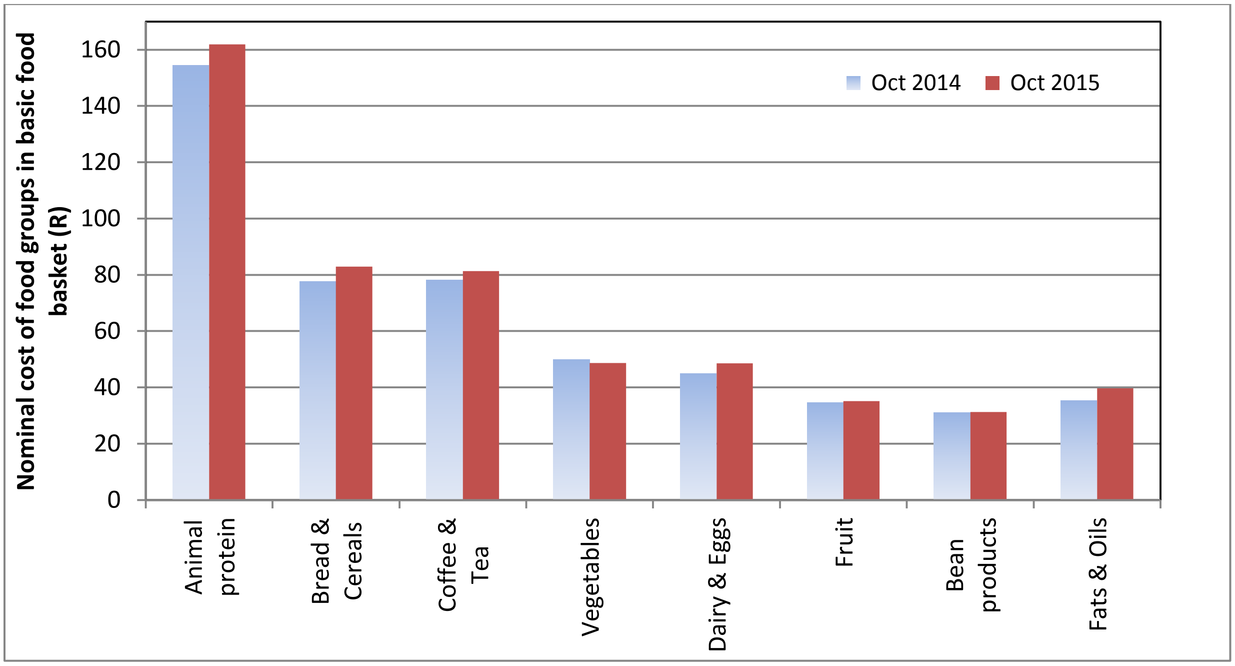



**Figure 5: Nominal monthly cost of specific food groups within the basic food basket, comparing October 2014 and October 2015**

**Source: BFAP calculations, based on StatsSA monitored price data for urban areas, 2015**

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 October 2014 and October 2015. 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 44 % more in this case for October 2015). When comparing the costs associated with the typical portion sizes of very poor consumers for the five most widely consumed food items in South Africa, based on October 2015 versus October 2014 prices the results in **Figure 6** indicated inflation of about 9.9 % (from R4.87 to R5.35 for the selection of portions). Significant inflation on most components contributed to the inflation observed on this "food plate" (maize meal (+18.3 %), tea (+18.2 %), sugar (+9.5 %), brown bread (+6.1 %)).

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.

Even though the entire food basket experienced inflation of 4.6 % when comparing October 2015 with October 2014, the typical basic daily food selection for poor consumers revealed higher inflation (9.9 % as mentioned above), suggesting a more severe impact on poorer consumers.

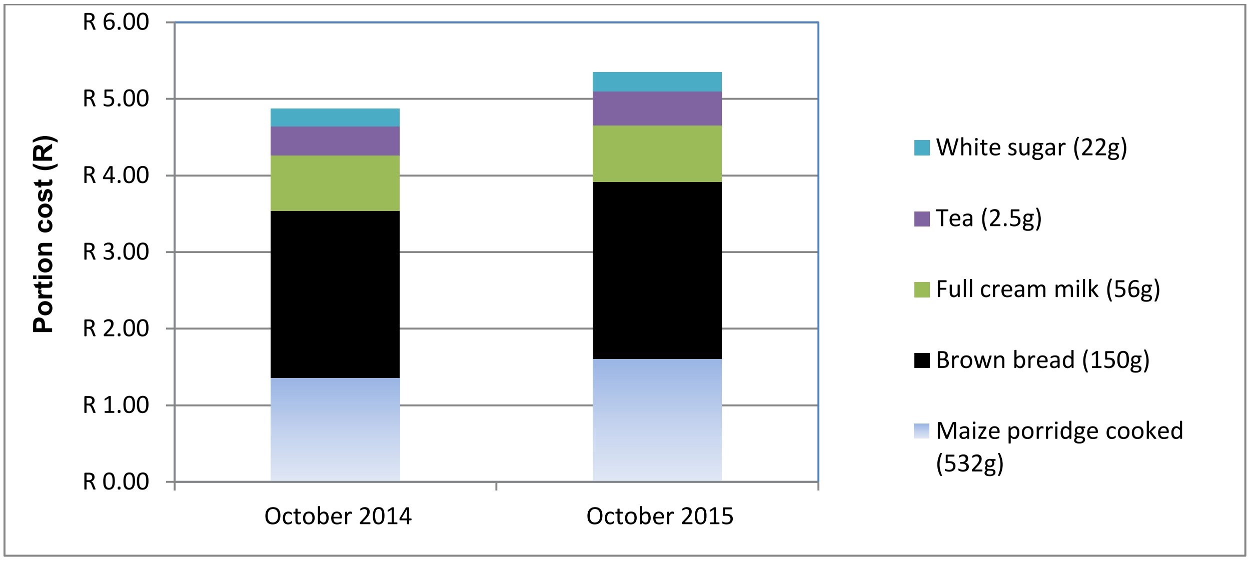



**Figure 6: Average nominal cost for the typical portions of the five food items most widely consumed by very poor consumers in South Africa, for October 2014 and October 2015**
**Source: BFAP calculations, based on StatsSA monitored price data for urban areas, 2015**

## 7. December – February 2015 outlook

The current question that is thoroughly being explored by the main stream media is how the current drought conditions will affect commodity prices and spill over to the rest of the economy. The exceptionally high maize prices that we have seen over the past few months have not fully transmitted to maize meal prices. Based on historical averages, one would have expected to see maize meal prices close to R21.90 for October 2015. The actual prices, as recorded by StatsSA were in fact approximately 3% lower, trading at R21.30. This could be an indication the certain agents in the maize meal value chain have been absorbing some of the commodity cost increases and one would expect that these cost pressures will gradually be passed onto the consumer over the rest of the outlook period (3 months). Depending on the severity of the prevailing drought, the South African maize crop can decrease to a level of around 7 million tons. Even a mild drought will push maize prices to import parity levels which ultimately expose commodity prices to exchange rate pressures. As a result we could significant upward pressures on maize meal prices over the next three months. Bread prices will also follow and increasing trend. This is driven by wheat prices trading at import parity, along with the significant depreciation of the rand over the past few months. A mitigating factor that could serve to keep the growth prices in bread at bay is the relatively timid growth in fuel costs.

Over the next three months, red meat prices are expected to move sideways. Despite increased slaughtering, as a result of the drought, red meat prices have been resilient. This trend was largely supported by strong exports. Going forward, prices are expected to be supported by a growth in demand over the festive season and inflationary pressures, associated with increased demand will be curbed by increased slaughtering. Chicken meat prices are expected to follow a similar trend to red meat. Locally supply will be adversely affected by increased production cost. This is however expected to be off-set by relatively low international prices and a weak exchange rate.

Vegetable prices are expected to increase substantially over the next three months. This is due to strong demand in the festive season and drought and heat resulting in a significant decrease in yields. Due to a longer production cycle associated with the majority of fruits one could expect to only see the full effect of the drought and other adverse weather conditions, on prices, during 2016. Fruit product prices destined for export destinations could however be supported by the weak exchange rate which could also spill over to the local market.

Key factors to look out for during the next three months are exchange rate movements and the severity of the drought. The Federal reserve of the United States of America is expected to hike interest rates in December 2015 as part of a restrictive monetary policy drive. This could put significant pressure on the rand.

# APPENDIX A: DATA ON URBAN FOOD PRICE TRENDS

**Table A.1: Wheat products**

| Wheat products | Price level | | | Percentage Change | |
|---|---|---|---|---|---|
| | Oct-14 | Jul-15 | Oct-15 | Jul-15 to Oct-15 | Oct-14 to Oct-15 |
| Cake flour 1kg | 11.77 | 12.35 | 12.30 | -0.40% | 4.50% |
| Cake flour 2.5kg | 22.40 | 22.32 | 22.76 | 1.97% | 1.61% |
| Cake flour 5kg | 45.41 | 47.70 | 48.96 | 2.64% | 7.82% |
| Loaf of brown bread 600g | 6.38 | 6.58 | 6.53 | -0.76% | 2.35% |
| Loaf of brown bread 700g | 10.15 | 10.64 | 10.77 | 1.22% | 6.11% |
| Loaf of brown bread 800g | 12.91 | 13.49 | 13.25 | -1.78% | 2.63% |
| Loaf of white bread 600g | 7.39 | 7.40 | 7.28 | -1.62% | -1.49% |
| Loaf of white bread 700g | 11.53 | 11.89 | 11.90 | 0.08% | 3.21% |
| Loaf of white bread 800g | 10.18 | 0.00 | 10.21 | | 0.29% |
| Macaroni 500g | 10.31 | 10.59 | 10.72 | 1.23% | 3.98% |
| Spaghetti 500g | 10.25 | 11.19 | 11.33 | 1.25% | 10.54% |
| **Average** | | | | **0.38%** | **3.78%** |
| **Wheat (R/ton)** | 3 606.13 | 3 951.74 | 4 160.30 | **5.28%** | **15.37%** |

Data from StatsSA

**Table A.2: Maize products**

| Maize products | Price level | | | Percentage Change | |
|---|---|---|---|---|---|
| | Oct-14 | Jul-15 | Oct-15 | Jul-15 to Oct-15 | Oct-14 to Oct-15 |
| Special maize 1kg | 5.93 | 6.34 | 6.59 | 3.94% | 11.13% |
| Special maize 2.5kg | 15.15 | 15.14 | 15.33 | 1.25% | 1.19% |
| Super maize 1kg | 8.10 | 9.02 | 9.53 | 5.65% | 17.65% |
| Super maize 2.5kg | 17.93 | 20.50 | 21.23 | 3.56% | 18.40% |
| Super maize 5kg | 31.93 | 36.39 | 37.77 | 3.79% | 18.29% |
| **Average** | | | | **3.64%** | **13.33%** |
| **Yellow Maize (R/ton)** | 1 902.09 | 2 766.30 | 2 886.61 | **4.35%** | **51.76%** |
| **White Maize (R/ton)** | 1 881.87 | 3 170.61 | 3 148.43 | **-0.70%** | **67.30%** |

Data from StatsSA

**Table A.3: Sunflower products**

| Sunflower products | Price level | | | Percentage Change | |
|---|---|---|---|---|---|
| | Oct-14 | Jul-15 | Oct-15 | Jul-15 to Oct-15 | Oct-14 to Oct-15 |
| Brick margarine 125g | 7.39 | 7.53 | 7.63 | 1.33% | 3.25% |
| Brick margarine 1kg | 34.90 | 39.38 | 39.31 | -0.18% | 12.64% |
| Brick margarine 250g | 11.78 | 11.78 | 11.73 | -0.42% | -0.42% |
| Brick margarine 500g | 17.92 | 19.42 | 20.34 | 4.74% | 13.50% |
| Margarine spread 1kg | 35.62 | 37.86 | 38.59 | 1.93% | 8.34% |
| Margarine spread 500g | 20.32 | 21.99 | 22.90 | 4.14% | 12.70% |
| Sunflower oil 2ℓ | 32.79 | 33.88 | 36.65 | 8.18% | 11.77% |
| Sunflower oil 4ℓ | 72.28 | 68.80 | 76.21 | 10.77% | 5.44% |

| Sunflower products | Price level | | | Percentage Change | |
|---|---|---|---|---|---|
| | Oct-14 | Jul-15 | Oct-15 | Jul-15 to Oct-15 | Oct-14 to Oct-15 |
| Sunflower oil 500mℓ | 12.18 | 12.67 | 19.05 | 50.36% | 56.40% |
| Sunflower oil 750mℓ | 17.35 | 17.96 | 19.28 | 7.35% | 11.12% |
| **Average** | | | | **8.82%** | **13.47%** |
| **Sunflower (R/ton)** | 4 666.00 | 5 461.17 | 6 582.87 | **20.54%** | **41.08%** |

Data from StatsSA

### Table A.4: Processed vegetables

| Processed vegetables | Price level | | | Percentage Change | |
|---|---|---|---|---|---|
| | Oct-14 | Jul-15 | Oct-15 | Jul-15 to Oct-15 | Oct-14 to Oct-15 |
| Baked beans - tinned 225g | 6.82 | 7.93 | 7.79 | -1.77% | 14.22% |
| Baked beans - tinned 410g | 8.27 | 8.50 | 8.24 | -3.06% | -0.36% |
| **Average** | | | | **-2.41%** | **6.93%** |

Data from StatsSA

### Table A.5: Fresh vegetables

| Fresh vegetables | Price level | | | Percentage Change | |
|---|---|---|---|---|---|
| | Oct-14 | Jul-15 | Oct-15 | Jul-15 to Oct-15 | Oct-14 to Oct-15 |
| Cabbage - fresh each | 11.48 | 11.37 | 11.39 | 0.18% | -0.78% |
| Cabbage - fresh per kg | 11.20 | 11.54 | 9.74 | -15.60% | -13.04% |
| Carrots - fresh per kg | 12.89 | 14.60 | 13.39 | -8.29% | 3.88% |
| Cauliflower - fresh per kg | 35.58 | 41.29 | 42.26 | 2.35% | 18.77% |
| Lettuce - fresh per kg | 34.99 | 36.86 | 41.76 | 13.29% | 19.35% |
| Onions -fresh per kg | 10.08 | 10.65 | 9.74 | -8.54% | -3.37% |
| Potatoes - fresh per kg | 10.48 | 9.59 | 9.36 | -2.40% | -10.69% |
| Pumpkin - fresh per kg | 18.60 | 16.33 | 17.59 | 7.72% | -5.43% |
| Tomatoes - fresh per kg | 18.17 | 17.45 | 19.84 | 13.70% | 9.19% |
| **Average** | | | | **0.27%** | **1.99%** |

Data from StatsSA

### Table A.6: Processed meat

| Processed meat | Price level | | | Percentage Change | |
|---|---|---|---|---|---|
| | Oct-14 | Jul-15 | Oct-15 | Jul-15 to Oct-15 | Oct-14 to Oct-15 |
| Bacon 1kg | 116.71 | 122.07 | 127.64 | 4.56% | 9.37% |
| Polony per kg | 33.30 | 35.52 | 35.61 | 0.25% | 6.94% |
| **Average** | | | | **2.41%** | **8.15%** |

Data from StatsSA

**Table A.7: Unprocessed meat**

| Unprocessed meat | Price level | | | Percentage Change | |
|---|---|---|---|---|---|
| | Oct-14 | Jul-15 | Oct-15 | Jul-15 to Oct-15 | Oct-14 to Oct-15 |
| Beef brisket - fresh per kg | 61.61 | 63.36 | 64.70 | 2.11% | 5.02% |
| Beef chuck - fresh per kg | 62.62 | 64.74 | 65.79 | 1.62% | 5.06% |
| Beef mince - fresh per kg | 65.78 | 65.36 | 67.13 | 2.71% | 2.05% |
| Beef rump steak -fresh per kg | 103.72 | 105.93 | 106.20 | 0.25% | 2.39% |
| Beef t-bone - fresh per kg | 81.18 | 81.15 | 83.20 | 2.53% | 2.49% |
| Chicken portions - fresh per kg | 49.43 | 51.12 | 51.67 | 1.08% | 4.53% |
| Chicken portions - frozen per kg | 28.11 | 29.29 | 28.44 | -2.90% | 1.17% |
| Lamb - fresh per kg | 105.87 | 109.30 | 113.56 | 3.89% | 7.26% |
| Pork chops - fresh per kg | 65.27 | 69.25 | 68.62 | -0.91% | 5.13% |
| Whole chicken - fresh per kg | 38.83 | 39.96 | 39.88 | -0.20% | 2.70% |
| **Average** | | | | **1.02%** | **3.78%** |

Data from StatsSA

**Table A.8: Eggs and dairy products**

| Eggs & dairy products | Price level | | | Percentage Change | |
|---|---|---|---|---|---|
| | Oct-14 | Jul-15 | Oct-15 | Jul-15 to Oct-15 | Oct-14 to Oct-15 |
| Eggs 1.5 dozen | 32.50 | 34.23 | 35.87 | 4.79% | 10.37% |
| Eggs 1.5 dozen | 32.50 | 34.23 | 35.87 | 4.79% | 10.37% |
| Eggs 1/2 dozen | 12.29 | 12.38 | 13.32 | 7.59% | 8.38% |
| Eggs 2.5 dozen | 43.62 | 43.34 | 47.09 | 8.65% | 7.96% |
| Full cream milk - fresh 1ℓ | 11.97 | 12.19 | 12.18 | -0.08% | 1.75% |
| Full cream milk - fresh 2ℓ | 23.38 | 23.81 | 22.57 | -5.21% | -3.46% |
| Full cream milk - fresh 500mℓ | 8.72 | 8.77 | 8.86 | 1.03% | 1.61% |
| Full cream milk - long life 1ℓ | 12.53 | 12.92 | 12.69 | -1.78% | 1.28% |
| Full cream milk - long life 500mℓ | 8.23 | 8.46 | 8.19 | -3.19% | -0.49% |
| Low Fat milk - fresh 1ℓ | 13.22 | 13.48 | 13.12 | -2.67% | -0.76% |
| Low Fat milk - long life 1ℓ | 12.60 | 12.86 | 12.40 | -3.58% | -1.59% |
| Powdered milk 250g | 35.85 | 36.09 | 36.10 | 0.03% | 0.70% |
| Powdered milk 400g | 54.89 | 54.87 | 55.54 | 1.22% | 1.18% |
| Powdered milk 500g | 52.13 | 50.51 | 52.72 | 4.38% | 1.13% |
| Powdered milk 900g | 121.49 | 122.07 | 123.62 | 1.27% | 1.75% |
| **Average** | | | | **0.76%** | **2.26%** |

Data from StatsSA

**Table A.9: Fruits**

| Fruits | Price level | | | Percentage Change | |
|---|---|---|---|---|---|
| | Oct-14 | Jul-15 | Oct-15 | Jul-15 to Oct-15 | Oct-14 to Oct-15 |
| Apples - fresh per kg | 16.20 | 15.42 | 16.60 | 7.65% | 2.47% |
| Bananas - fresh per kg | 11.24 | 12.48 | 10.99 | -11.94% | -2.22% |
| Oranges - fresh per kg | 7.13 | 8.62 | 7.50 | -12.99% | 5.19% |

| Average | | | | -5.76% | 1.81% |
|---|---|---|---|---|---|

Data from StatsSA

### Table A.10: Fish Products

| Tinned fish products | Price level | | | Percentage Change | |
|---|---|---|---|---|---|
| | Oct-14 | Jul-15 | Oct-15 | Jul-15 to Oct-15 | Oct-14 to Oct-15 |
| Fish (excl tuna) - tinned 155g | 8.03 | 9.33 | 9.28 | -0.54% | 15.57% |
| Fish (excl tuna) - tinned 215g | 10.25 | 11.57 | 11.82 | 2.16% | 15.32% |
| Fish (excl tuna) - tinned 400g | 14.90 | 16.34 | 16.38 | 0.24% | 9.93% |
| Fish (excl tuna) - tinned 425g | 14.25 | 15.94 | 16.05 | 0.69% | 12.63% |
| Tuna - tinned 170g | 15.44 | 15.30 | 15.84 | 3.53% | 2.59% |
| **Average** | | | | **1.22%** | **11.21%** |

Data from StatsSA

### Table A.11: Other products

| Other products | Price level | | | Percentage Change | |
|---|---|---|---|---|---|
| | Oct-14 | Jul-15 | Oct-15 | Jul-15 to Oct-15 | Oct-14 to Oct-15 |
| Cereals 375g | 31.69 | 30.78 | 30.80 | 0.06% | -2.81% |
| Cereals 400g | 29.44 | 31.17 | 30.53 | -2.05% | 3.70% |
| Cereals 450g | 22.66 | 23.27 | 23.41 | 0.60% | 3.31% |
| Cereals 500g | 28.80 | 28.97 | 29.60 | 2.17% | 2.78% |
| Cereals 750g | 39.22 | 38.25 | 39.21 | 2.51% | -0.03% |
| Ceylon/black tea 125g | 15.72 | 16.49 | 20.20 | 22.50% | 28.50% |
| Ceylon/black tea 250g | 22.46 | 23.35 | 24.68 | 5.70% | 9.88% |
| Ceylon/black tea 500g | 43.98 | 45.34 | 42.05 | -7.26% | -4.39% |
| Ceylon/black tea 62.5g | 9.41 | 10.63 | 11.12 | 4.61% | 18.17% |
| Fizzy drinks - can 330mℓ | 7.35 | 7.76 | 7.82 | 0.77% | 6.39% |
| Instant coffee 100g | 25.04 | 26.27 | 25.34 | -3.54% | 1.20% |
| Instant coffee 200g | 65.65 | 67.58 | 67.51 | -0.10% | 2.83% |
| Instant coffee 250g | 30.20 | 30.47 | 30.54 | 0.23% | 1.13% |
| Instant coffee 500g | 45.49 | 46.73 | 46.57 | -0.34% | 2.37% |
| Instant coffee 750g | 68.81 | 70.25 | 70.25 | 0.00% | 2.09% |
| Peanut butter 400g | 22.77 | 22.40 | 23.00 | 2.68% | 1.01% |
| Peanut butter 800g | 43.79 | 43.87 | 42.88 | -2.26% | -2.08% |
| Rice 10kg | 102.49 | 113.07 | 112.48 | -0.52% | 9.75% |
| Rice 1kg | 15.18 | 16.21 | 16.27 | 0.37% | 7.18% |
| Rice 2kg | 22.95 | 23.24 | 23.74 | 2.15% | 3.44% |
| Rice 500g | 7.42 | 7.44 | 8.03 | 7.93% | 8.22% |
| Rice 5kg | 57.28 | 60.35 | 61.20 | 1.41% | 6.84% |
| White sugar 10kg | 107.10 | 112.49 | 113.99 | 1.33% | 6.43% |
| White sugar 1kg | 13.78 | 14.88 | 14.47 | -2.76% | 5.01% |
| White sugar 2.5kg | 26.20 | 28.48 | 28.70 | 0.77% | 9.54% |
| White sugar 250g | 4.40 | 4.29 | 4.64 | 8.16% | 5.45% |

| Other products | Price level | | | Percentage Change | |
|---|---|---|---|---|---|
| | Oct-14 | Jul-15 | Oct-15 | Jul-15 to Oct-15 | Oct-14 to Oct-15 |
| White sugar 2kg | 20.98 | 23.53 | 21.79 | -7.39% | 3.86% |
| White sugar 500g | 7.25 | 7.76 | 8.04 | 3.61% | 10.90% |
| White sugar 5kg | 55.05 | 59.09 | 59.89 | 1.35% | 8.79% |
| **Average** | | | | **1.47%** | **5.50%** |

Data from StatsSA

# APPENDIX B: DATA ON RURAL FOOD PRICE TRENDS

**Table B.1: Wheat products**

| Wheat products | Price level | | | Percentage Change | |
|---|---|---|---|---|---|
| | Oct-14 | Jul-15 | Oct-15 | Jul-15 to Oct-15 | Oct-14 to Oct-15 |
| Loaf of brown bread 600g | 6.51 | 6.65 | 6.60 | -0.79% | 1.38% |
| Loaf of brown bread 700g | 9.85 | 10.26 | 10.40 | 1.30% | 5.59% |
| Loaf of white bread 600g | 7.60 | 7.52 | 7.51 | -0.23% | -1.21% |
| Loaf of white bread 700g | 11.16 | 11.55 | 11.60 | 0.48% | 3.96% |
| **Average** | | | | **0.19%** | **2.43%** |

Data from StatsSA

**Table B.2: Maize products**

| Maize products | Price level | | | Percentage Change | |
|---|---|---|---|---|---|
| | Oct-14 | Jul-15 | Oct-15 | Jul-15 to Oct-15 | Oct-14 to Oct-15 |
| Special maize 1kg | 6.14 | 6.42 | 6.62 | 3.07% | 7.83% |
| Special maize 2.5kg | 15.09 | 15.16 | 15.36 | 1.26% | 1.73% |
| Special maize 5kg | 27.11 | 26.86 | 29.51 | 9.86% | 8.85% |
| Super maize 1kg | 8.17 | 9.10 | 9.57 | 5.09% | 17.17% |
| Super maize 2.5kg | 17.88 | 20.54 | 21.30 | 3.66% | 19.09% |
| Super maize 5kg | 31.78 | 35.05 | 37.57 | 7.21% | 18.23% |
| **Average** | | | | **5.03%** | **12.15%** |

Data from StatsSA

**Table B.3: Sunflower products**

| Sunflower products | Price level | | | Percentage Change | |
|---|---|---|---|---|---|
| | Oct-14 | Jul-15 | Oct-15 | Jul-15 to Oct-15 | Oct-14 to Oct-15 |
| Margarine 125g | 7.23 | 7.19 | 7.19 | 0.00% | -0.55% |
| Margarine 250g | 12.62 | 11.87 | 11.72 | -1.26% | -7.13% |
| Margarine 500g | 17.96 | 19.64 | 20.49 | 4.34% | 14.10% |
| Sunflower oil 2ℓ | 32.38 | 33.69 | 36.89 | 9.50% | 13.91% |
| Sunflower oil 750mℓ | 16.69 | 17.17 | 18.51 | 7.81% | 10.88% |
| **Average** | | | | **4.08%** | **6.24%** |

Data from StatsSA

**Table B.4: Dairy products**

| Dairy products | Price level | | | Percentage Change | |
|---|---|---|---|---|---|
| | Oct-14 | Jul-15 | Oct-15 | Jul-15 to Oct-15 | Oct-14 to Oct-15 |
| Full cream milk - long life 1ℓ | 12.53 | 12.92 | 12.69 | -1.81% | 1.23% |
| Full cream milk - long life 500mℓ | 8.00 | 8.60 | 8.21 | -4.48% | 2.69% |
| **Average** | | | | **-3.14%** | **1.96%** |

Data from StatsSA

**Table B.5: Tea and coffee**

| Tea and coffee | Price level | | | Percentage Change | |
|---|---|---|---|---|---|
| | Oct-14 | Jul-15 | Oct-15 | Jul-15 to Oct-15 | Oct-14 to Oct-15 |
| Ceylon/black tea 250g | 22.91 | 23.55 | 24.85 | 5.54% | 8.47% |
| Ceylon/black tea 62.5g | 8.90 | 10.06 | 10.68 | 6.18% | 19.99% |
| Instant Coffee 100g | 25.20 | 26.34 | 25.75 | -2.23% | 2.17% |
| Instant Coffee 250g | 30.26 | 30.77 | 30.62 | -0.49% | 1.18% |
| **Average** | | | | **2.25%** | **7.95%** |

Data from StatsSA

**Table B.6: Beans**

| Beans | Price level | | | Percentage Change | |
|---|---|---|---|---|---|
| | Oct-14 | Jul-15 | Oct-15 | Jul-15 to Oct-15 | Oct-14 to Oct-15 |
| Baked beans - tinned 410g | 8.24 | 8.52 | 8.24 | -3.27% | 0.03% |
| Beans 1kg | 27.52 | 28.13 | 29.91 | 6.33% | 8.68% |
| Beans 500g | 14.93 | 13.84 | 14.94 | 7.89% | 0.07% |
| **Average** | | | | **3.65%** | **2.93%** |

Data from StatsSA

**Table B.7: White sugar**

| Sugar | Price level | | | Percentage Change | |
|---|---|---|---|---|---|
| | Oct-14 | Jul-15 | Oct-15 | Jul-15 to Oct-15 | Oct-14 to Oct-15 |
| White sugar 1kg | 13.99 | 15.27 | 14.59 | -4.44% | 4.34% |
| White sugar 2.5kg | 26.18 | 28.60 | 28.87 | 0.93% | 10.28% |
| White sugar 500g | 7.27 | 7.74 | 8.09 | 4.44% | 11.19% |
| **Average** | | | | **0.31%** | **8.60%** |

Data from StatsSA

**Table B.8: Pilchards**

| Pilchard | Price level | | | Percentage Change | |
|---|---|---|---|---|---|
| | Oct-14 | Jul-15 | Oct-15 | Jul-15 to Oct-15 | Oct-14 to Oct-15 |
| Fish (excl. tuna) - tinned 155g | 8.05 | 9.20 | 9.28 | 0.82% | 15.17% |
| Fish (excl. tuna) - tinned 425g | 14.69 | 15.68 | 15.62 | -0.38% | 6.37% |
| **Average** | | | | **0.22%** | **10.77%** |

Data from StatsSA

**Table B.9: Rice**

| Rice | Price level | | | Percentage Change | |
|---|---|---|---|---|---|
| | Oct-14 | Jul-15 | Oct-15 | Jul-15 to Oct-15 | Oct-14 to Oct-15 |
| Rice 1kg | 14.47 | 15.24 | 15.34 | 0.67% | 5.99% |
| Rice 2kg | 22.59 | 23.14 | 23.73 | 2.52% | 5.05% |
| Rice 500g | 7.39 | 7.33 | 8.11 | 10.57% | 9.64% |
| **Average** | | | | **4.59%** | **6.89%** |

Data from StatsSA

**Table B.10: Peanut butter**

| Peanut butter | Price level | | | Percentage Change | |
|---|---|---|---|---|---|
| | Oct-14 | Jul-15 | Oct-15 | Jul-15 to Oct-15 | Oct-14 to Oct-15 |
| Peanut butter 400g | 22.66 | 22.39 | 22.93 | 2.40% | 1.20% |
| Peanut butter 800g | 44.99 | 42.40 | 43.04 | 1.50% | -4.33% |
| **Average** | | | | **1.95%** | **-1.57%** |

Data from StatsSA

# APPENDIX C: SUMMARY OF INFLATION FOR SELECTED FOOD ITEMS OCTOBER 2014 TO OCTOBER 2015

**Table C.1: Food items in the urban areas ranked according to price changes (October 2014 to October 2015)**

| **Grain and grain products** | **%** | **Meat and meat products and dairy and dairy products and eggs** | **%** | **Fresh and processed fruits and vegetables** | **%** |
|---|---|---|---|---|---|
| Cereals 375g | -2.81% | Full cream milk - fresh 2ℓ | -3.46% | Cabbage - fresh per kg | -13.04% |
| Peanut butter 800g | -2.08% | Low Fat milk - long life 1ℓ | -1.59% | Potatoes - fresh per kg | -10.69% |
| Loaf of white bread 600g | -1.49% | Low Fat milk - fresh 1ℓ | -0.76% | Pumpkin - fresh per kg | -5.43% |
| Brick margarine 250g | -0.42% | Full cream milk - long life 500mℓ | -0.49% | Onions -fresh per kg | -3.37% |
| Cereals 750g | -0.03% | Powdered milk 250g | 0.70% | Bananas - fresh per kg | -2.22% |
| Loaf of white bread 800g | 0.29% | Powdered milk 500g | 1.13% | Cabbage - fresh each | -0.78% |
| Peanut butter 400g | 1.01% | Chicken portions - frozen per kg | 1.17% | Baked beans - tinned 410g | -0.36% |
| Special maize 2.5kg | 1.19% | Powdered milk 400g | 1.18% | Apples - fresh per kg | 2.47% |
| Cake flour 2.5kg | 1.61% | Full cream milk - long life 1ℓ | 1.28% | Carrots - fresh per kg | 3.88% |
| Loaf of brown bread 600g | 2.35% | Full cream milk - fresh 500mℓ | 1.61% | Oranges - fresh per kg | 5.19% |
| Loaf of brown bread 800g | 2.63% | Powdered milk 900g | 1.75% | Tomatoes - fresh per kg | 9.19% |
| Cereals 500g | 2.78% | Full cream milk - fresh 1ℓ | 1.75% | Baked beans - tinned 225g | 14.22% |
| Loaf of white bread 700g | 3.21% | Beef mince - fresh per kg | 2.05% | Cauliflower - fresh per kg | 18.77% |
| Brick margarine 125g | 3.25% | Beef rump steak -fresh per kg | 2.39% | Lettuce - fresh per kg | 19.35% |
| Cereals 450g | 3.31% | Beef t-bone - fresh per kg | 2.49% | | |
| Rice 2kg | 3.44% | Cheddar cheese per kg | 4.03% | **Other** | **%** |
| Cereals 400g | 3.70% | Chicken portions - fresh per kg | 4.53% | Ceylon/black tea 500g | -4.39% |
| Macaroni 500g | 3.98% | Beef brisket - fresh per kg | 5.02% | Instant coffee 250g | 1.13% |
| Cake flour 1kg | 4.50% | Beef chuck - fresh per kg | 5.06% | Instant coffee 100g | 1.20% |
| Sunflower oil 4ℓ | 5.44% | Pork chops - fresh per kg | 5.13% | Instant coffee 750g | 2.09% |
| Loaf of brown bread 700g | 6.11% | Polony per kg | 6.94% | Instant coffee 500g | 2.37% |
| Rice 5kg | 6.84% | Lamb - fresh per kg | 7.26% | Tuna - tinned 170g | 2.59% |
| Rice 1kg | 7.18% | Eggs 2.5 dozen | 7.96% | Instant coffee 200g | 2.83% |
| Cake flour 5kg | 7.82% | Eggs 1/2 dozen | 8.38% | Fizzy drinks - can 330mℓ | 6.39% |
| Rice 500g | 8.22% | Bacon 1kg | 9.37% | White sugar 10kg | 6.43% |
| Margarine spread 1kg | 8.34% | Fish (excl tuna) - tinned 400g | 9.93% | Ceylon/black tea 250g | 9.88% |
| Rice 10kg | 9.75% | Eggs 1.5 dozen | 10.37% | Ceylon/black tea 62.5g | 18.17% |
| Spaghetti 500g | 10.54% | Fish (excl tuna) - tinned 425g | 12.63% | Ceylon/black tea 125g | 28.50% |
| Sunflower oil 750mℓ | 11.12% | Fish (excl tuna) - tinned 215g | 15.32% | | |
| Special maize 1kg | 11.13% | Fish (excl tuna) - tinned 155g | 15.57% | | |

| Grain and grain products | % | Meat and meat products and dairy and dairy products and eggs | % | Fresh and processed fruits and vegetables | % |
|---|---|---|---|---|---|
| Sunflower oil 2ℓ | 11.77% | | | | |
| Brick margarine 1kg | 12.64% | | | | |
| Margarine spread 500g | 12.70% | | | | |
| Brick margarine 500g | 13.50% | | | | |
| Super maize 1kg | 17.65% | | | | |
| Super maize 5kg | 18.29% | | | | |
| Super maize 2.5kg | 18.40% | | | | |
| Sunflower oil 500mℓ | 56.40% | | | | |

Source: StatsSA, 2015

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 (October 2014 and October 2015)

| Grain and grain products | % | Other products | % |
|---|---|---|---|
| Margarine 250g | -7.13% | Baked beans - tinned 410g | 0.03% |
| Peanut butter 800g | -4.33% | Beans 500g | 0.07% |
| Loaf of white bread 600g | -1.21% | Instant Coffee 250g | 1.18% |
| Margarine 125g | -0.55% | Full cream milk - long life 1ℓ | 1.23% |
| Peanut butter 400g | 1.20% | Instant Coffee 100g | 2.17% |
| Loaf of brown bread 600g | 1.38% | Full cream milk - long life 500mℓ | 2.69% |
| Special maize 2.5kg | 1.73% | White sugar 1kg | 4.34% |
| Loaf of white bread 700g | 3.96% | Fish (excl. tuna) - tinned 425g | 6.37% |
| Rice 2kg | 5.05% | Ceylon/black tea 250g | 8.47% |
| Loaf of brown bread 700g | 5.59% | Beans 1kg | 8.68% |
| Rice 1kg | 5.99% | White sugar 2.5kg | 10.28% |
| Special maize 1kg | 7.83% | White sugar 500g | 11.19% |
| Special maize 5kg | 8.85% | Fish (excl. tuna) - tinned 155g | 15.17% |
| Rice 500g | 9.64% | Ceylon/black tea 62.5g | 19.99% |
| Sunflower oil 750mℓ | 10.88% | | |
| Sunflower oil 2ℓ | 13.91% | | |
| Margarine 500g | 14.10% | | |
| Super maize 1kg | 17.17% | | |
| Super maize 5kg | 18.23% | | |
| Super maize 2.5kg | 19.09% | | |

Source: StatsSA, 2015

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 October 2014 and October 2015:

International wheat price decreased by 29.62 %

Domestic price of wheat increased by 15.37 %

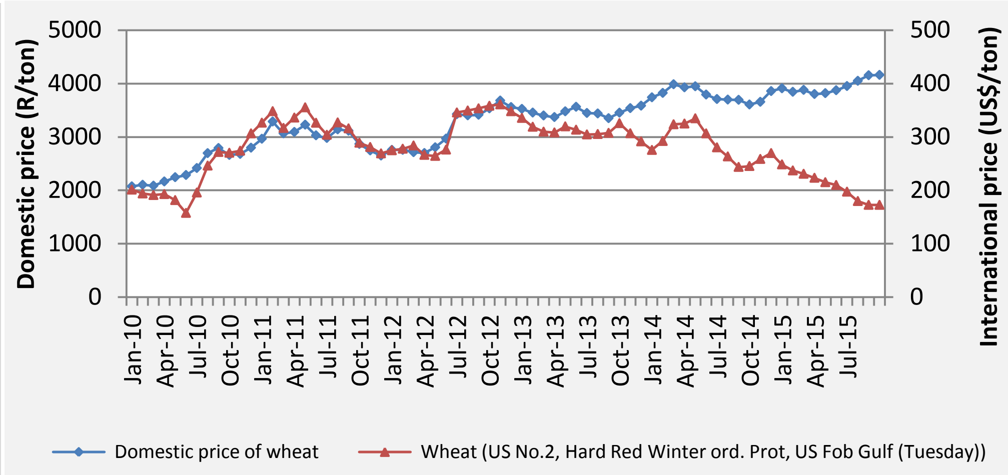



**Figure D.1: Domestic market price vs global market price of wheat**
**Source: FAO and SAFEX, 2015**

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

Between October 2014 and October 2015:

Wheat import parity price increased by 4.96 %

Wheat export parity price decreased by 13.13 %

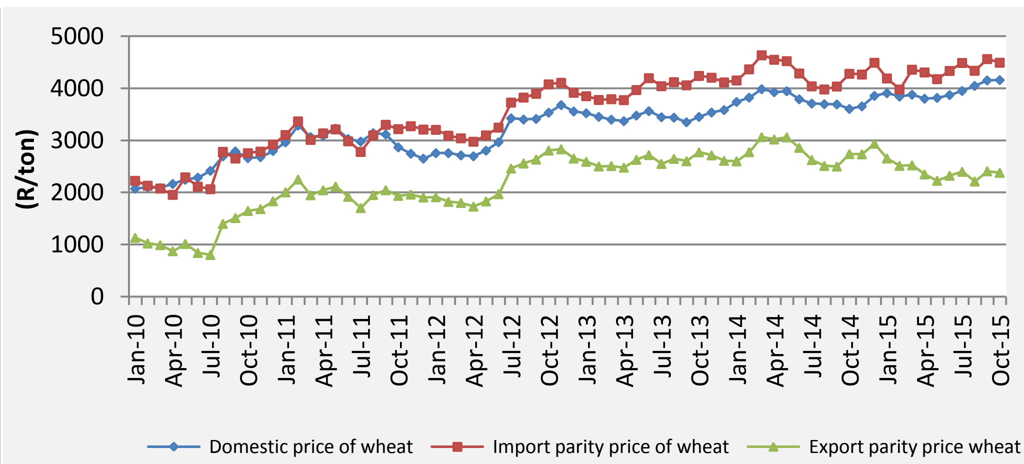



**Figure D.2: Import parity, export parity and domestic prices of wheat**
**Source: SAGIS and SAFEX, 2015**

Between October 2014 and October 2015:

Domestic wheat price increased by 15.37 %

Brown bread 700g price increased by 6.11 %

White bread 700g price increased by 3.21 %

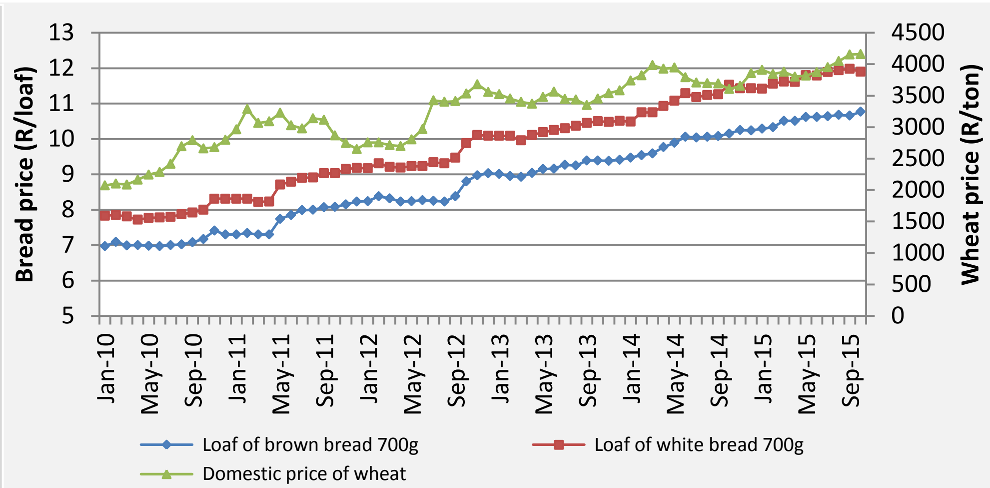



**Figure D.3: Domestic wheat price and bread price trends**
**Source: StatsSA and SAFEX, 2015**

*D.2 Maize price trends*

Between October 2014 and October 2015:

International price of yellow maize increased by 5.08 %

Domestic price of yellow maize increased by 51.76 %

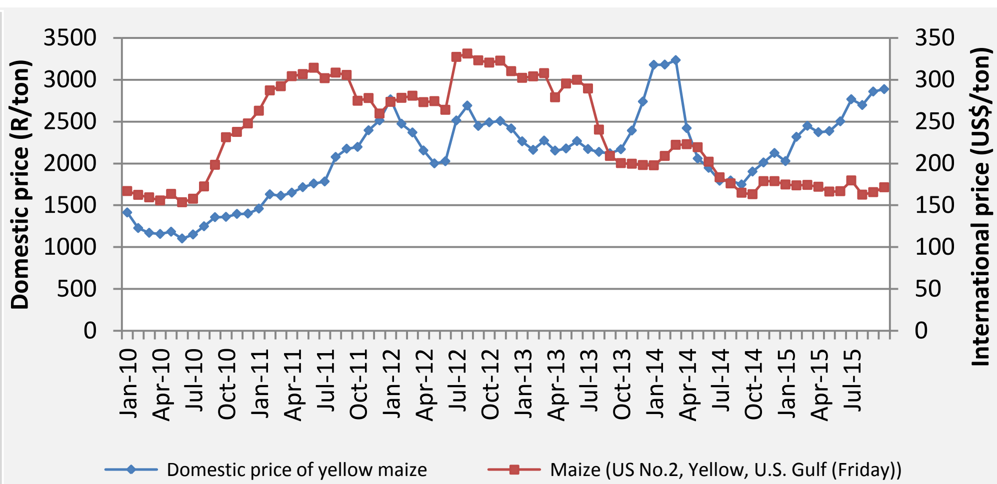



**Figure D.4: Domestic market price vs global market price of yellow maize**
**Source: FAO and SAFEX, 2015**

Between October 2014 and October 2015:

Export parity price of maize increased by 23.57 %

Import parity price of maize increased by 15.95 %

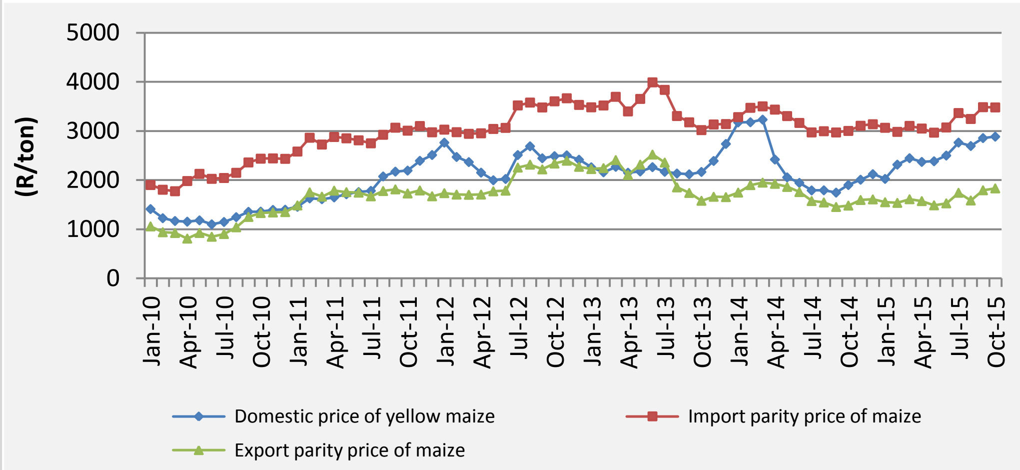



**Figure D.5: Import parity, export parity and domestic prices of yellow maize**
**Source: SAFEX and SAGIS, 2015**

Between October 2014 and October 2015:

Super maize meal 2.5 kg price increased by 18.40 %

Special maize meal 2.5 kg increased by 1.19 %

Domestic price of white maize increased by 67.30 %

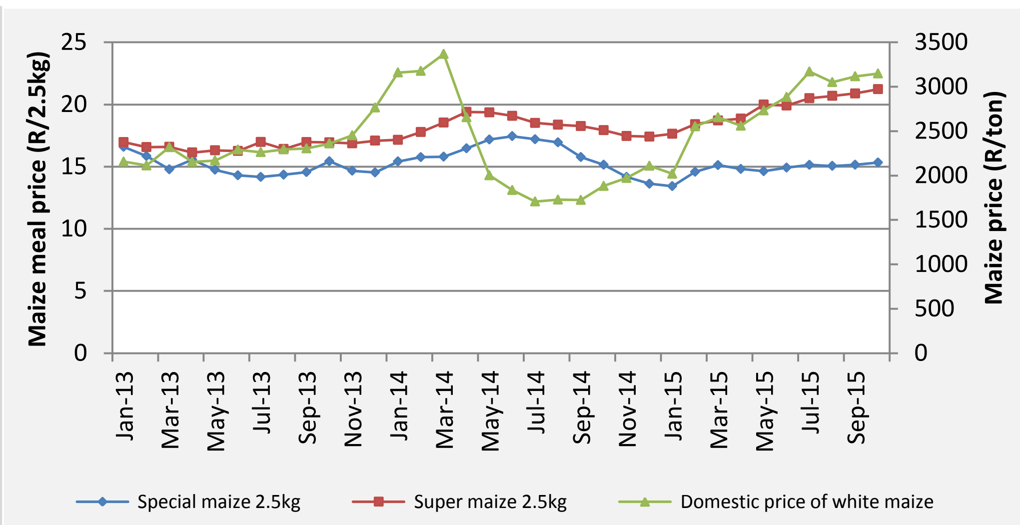



**Figure D.6: White maize price and maize meal price trends**
**Source: SAFEX and StatsSA, 2015**

*D.3 Sunflower seeds price trends*

Between October 2014 and October 2015:

International Sunflower seed price increased by 10.98 %

Domestic price of sunflower increased by 41.08 %

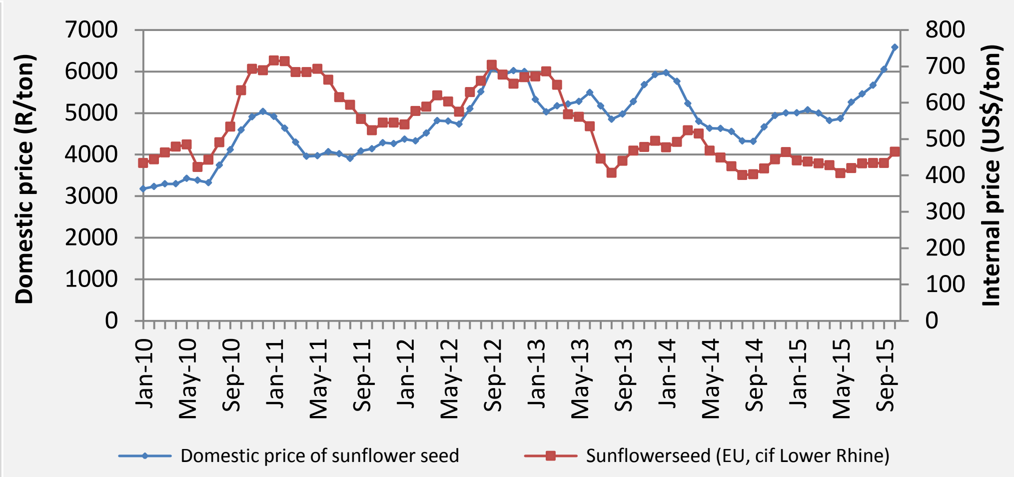



**Figure D.7: Domestic market price of sunflower seeds vs global market price**
**Source: FAO and SAFEX, 2015**

Between October 2014 and October 2015:

Domestic price of sunflower seed increased by 41.08 %

Sunflower oil 750 ml increased by 11.12 %

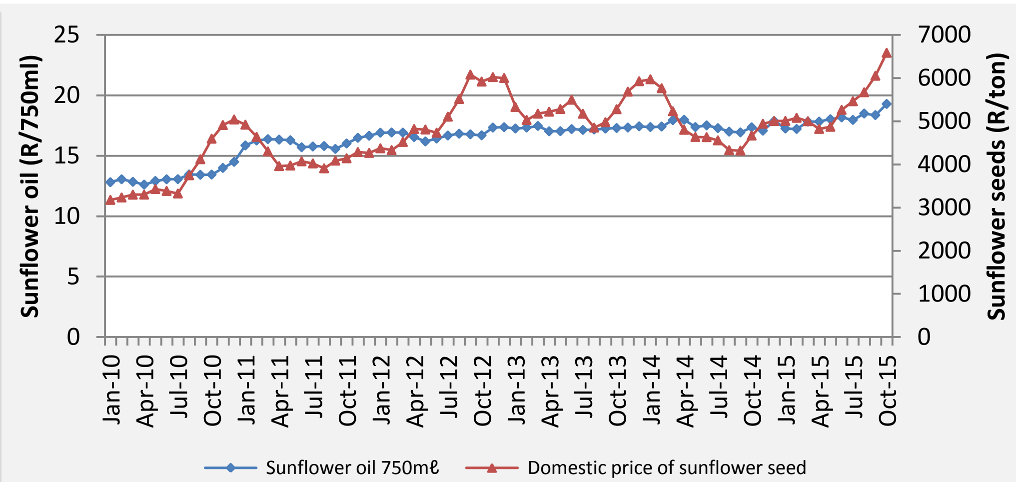



**Figure D.8: Sunflower seeds price and sunflower oil price trends**
**Source: SAFEX and StatsSA, 2015**

*D.4 Dairy price trends*

Between October 2014 and October 2015:

Skim milk powder decreased by 21.12 %

Whole milk powder increased by 1.53 %

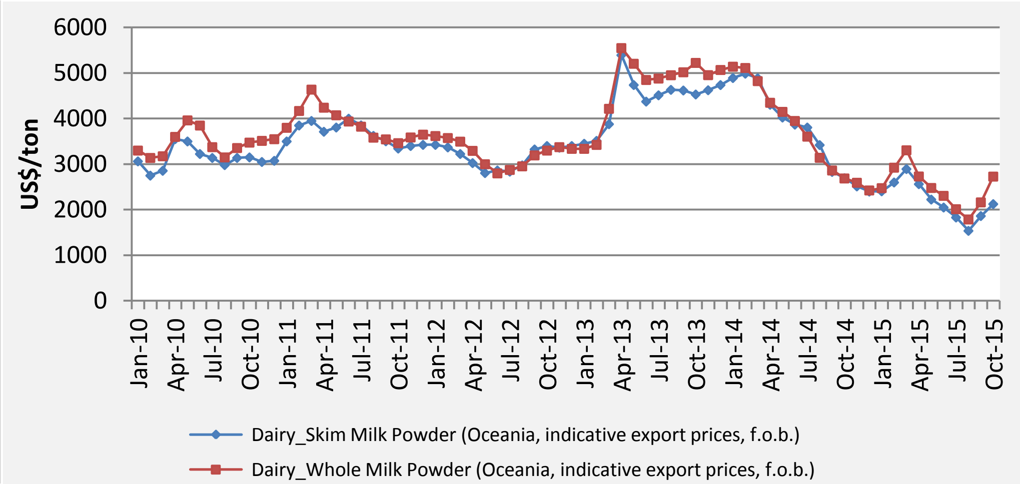



**Figure D.9: Skim milk powder and whole milk powder price trends**
**Source: FAO, 2015**

Between October 2014 and October 2015:

Milk producer price decreased by 15.91 %

Full cream milk – fresh 1ℓ increased by 1.75 %

Full cream milk – long life 1ℓ increased by 1.28 %

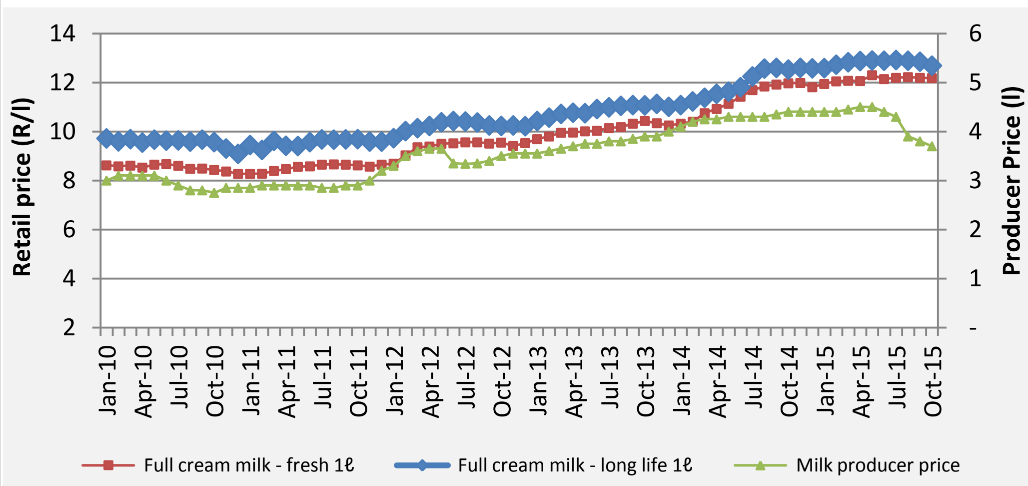



**Figure D.10: Domestic producer price and retail prices of milk**
**Source: MPO and StatsSA, 2015**

*D.5 Meat price trends*

The price of beef at retail level showed an average increase of 3.40 % for the five different cuts between October 2014 and October 2015

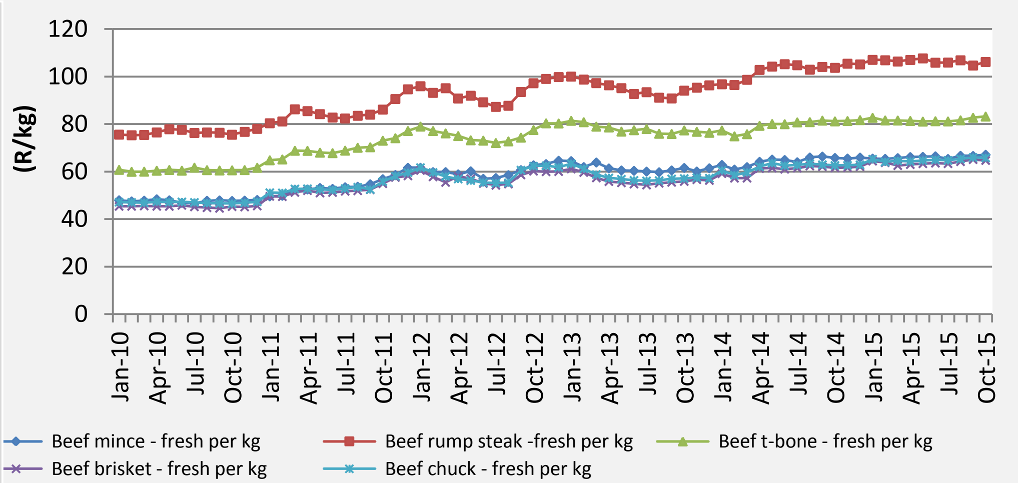



**Figure D.11: Retail prices of beef cuts**
**Source: StatsSA, 2015**

Between October 2014 and October 2015:

Fresh chicken portions **retail** price increased by 4.53 % per kg

Pork chops per kg increased by 5.13 %

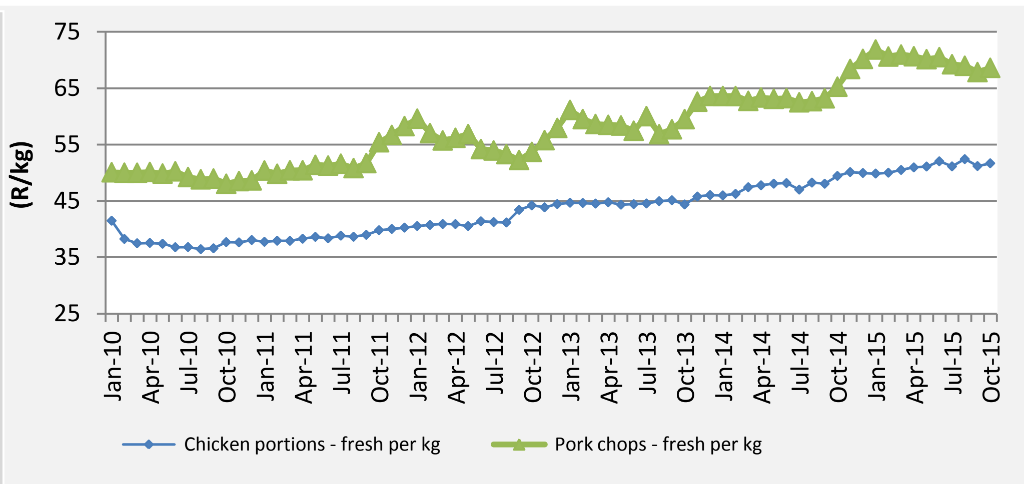



**Figure D.12: Retail prices of pork chops and chicken portions – fresh per kg**
**Source: StatsSA, 2015**

Between October 2014 and October 2015:

Producer price for fresh chicken per kg increased by 0.38 %

Producer price for frozen chicken per kg decreased by 1.39 %

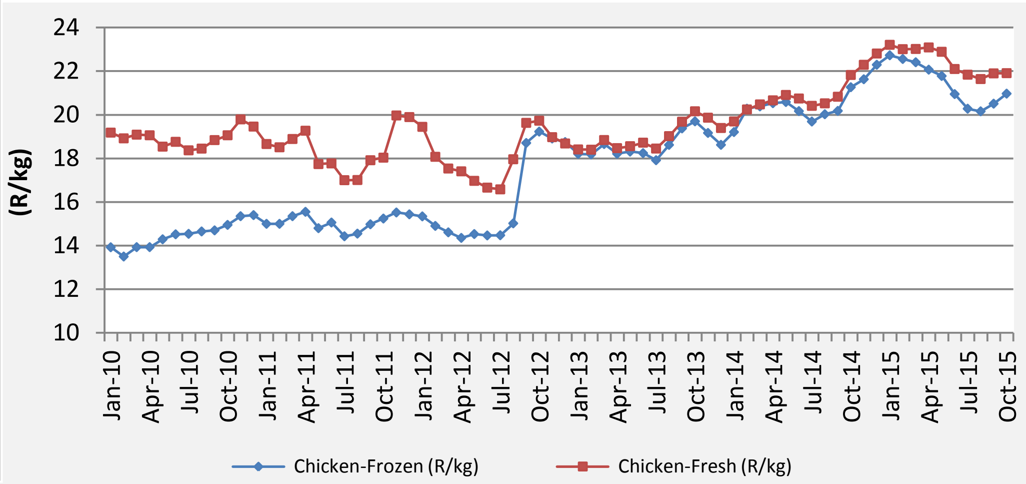



**Figure D.13: Producer prices of chicken**
**Source: AMT, 2015**

Between October 2014 and October 2015:

Porker price (R/kg) decreased by 2.52 %

Baconer price (R/kg) decreased by 1.71 %

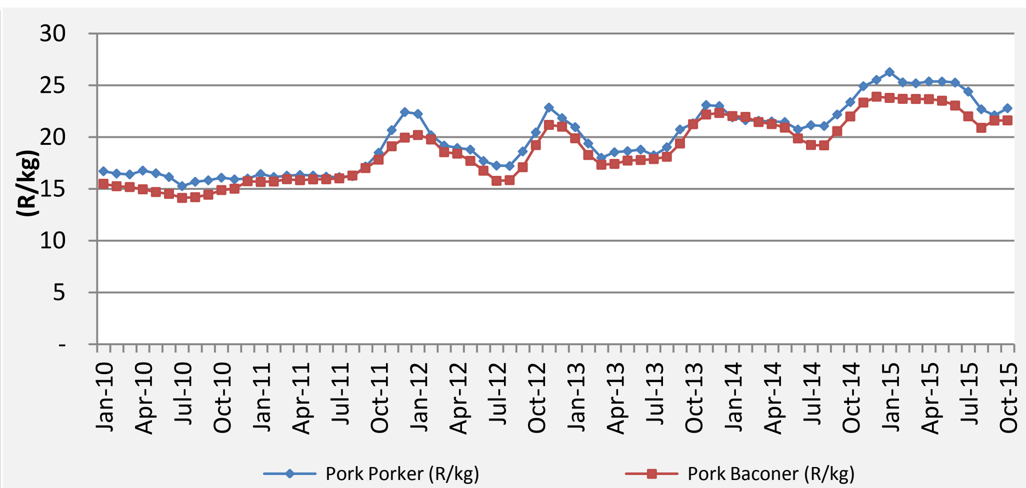



**Figure D.14: Producer prices of pork**
**Source: AMT, 2015**

Between October 2014 and October 2015:

Producer price of Beef class A2/A3 increased by 3.27 %, class B2/B3 increased by 2.51 % and class C2/C3 increased by 7.07 %

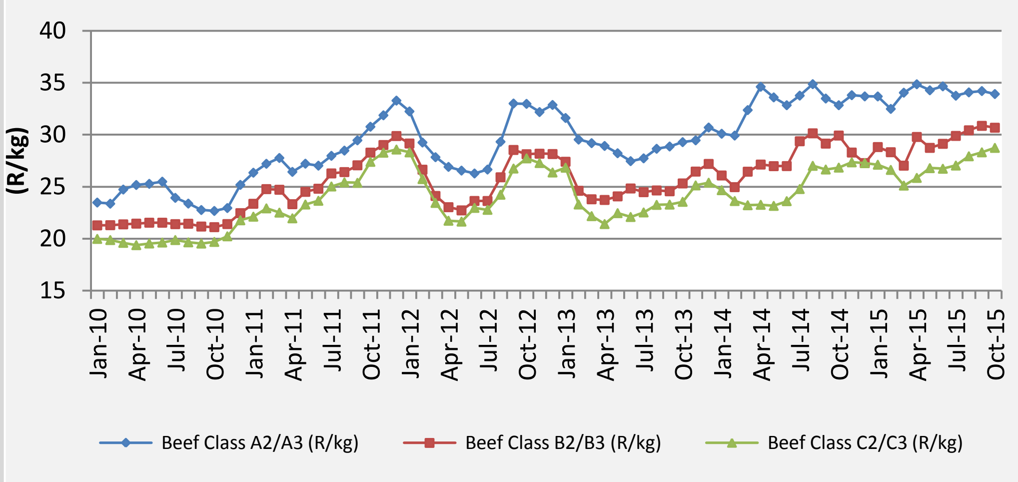



**Figure D.15: Producer prices of beef**
**Source: AMT, 2015**

Between October 2014 and October 2015:

Prices of lamb-class A2/A3 (R/kg) increased by 0.48 %, class B2/B3 decreased by 1.37 % and the price of class C2/C3 increased by 2.36 %

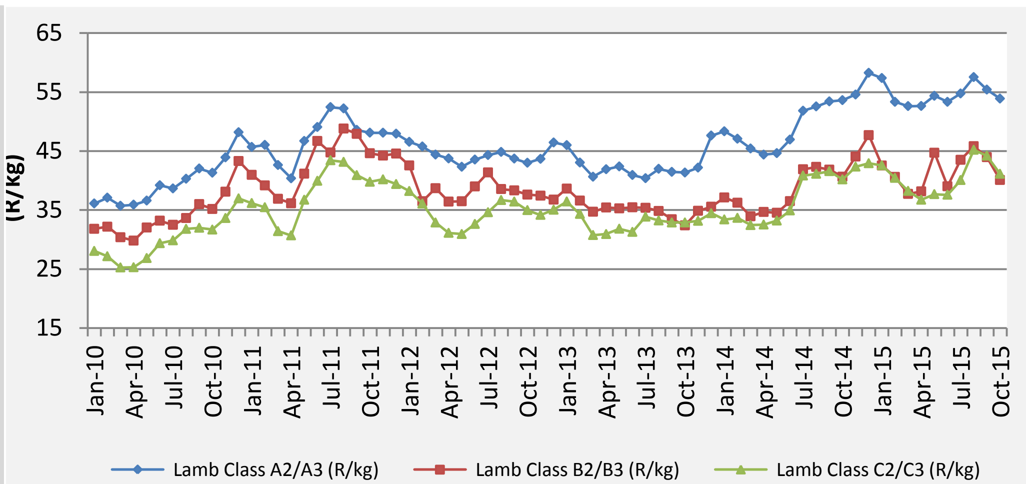



**Figure D.16: Producer prices of lamb**
**Source: AMT, 2015**

# 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.

*Compiled by:*

*Price trends and discussion on selected topics:*
*Rika Verwey*

*Outlook:*
*Ferdi Meyer*
*Marlene Labuschagne*
*Hester Vermeulen*

*Enquiries: Christo Joubert: +27 12 341-1115*

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