National Agricultural Marketing Council

Promoting market access for South African agriculture

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Food Price Monitor

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FOOD PRICE MONITOR:

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EXECUTIVE SUMMARY

The October 2014 Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) showed that the headline CPI was 5.9% between October 2013 and October 2014. The year-on-year food and non-alcoholic beverage price index increase was 7.8% in October 2014. This was the third consecutive month in 2014 where the food inflation rate was above 6%.

In October 2014, the food items showing the largest price differences between rural and urban areas were maize meal super (5kg), white sugar (2.5kg) and full cream long life milk 1l at R4.93, R3.23 and R0.67 respectively. This indicates that rural consumers paid more for these food items than urban consumers did. On the other hand, the prices of sunflower oil (750ml), loaf of brown bread 700g and white bread 700g were respectively R2.79, R0.43 and R0.21 more expensive in the urban areas than the rural areas.

From October 2013 to October 2014 the cost of the basic food basket increased by about R40 (+8.8%) in nominal terms from R462 to R502 (compared to a lower increase of 8.0% from July 2013 to July 2014 (the previous Food Price Monitor analysis period).

When comparing October 2013 to October 2014, the significant price inflation (6% or more) experienced for many products within the food basket: Oranges, brown bread, baked beans, apples, cabbage, tea, milk, chicken, eggs, coffee, beef chuck and bananas. This could have a negative impact on the affordability of selected staple foods (brown bread) as well as various food items making a contribution to dietary diversity. When comparing the inflation rates for October 2013 versus October 2014, with July 2013 versus July 2014 (i.e. the previous Food Price Monitor analysis period) inflation increased for animal protein foods, fruit, dairy products and bean products.

For the outlook period, the demand for food and more specifically higher valued items will increase as South Africa enters the festive season. Strong seasonal price cycles in commodities like fruits, vegetables and meats will result in food prices increasing from their current levels. Under the assumption of favourable weather and no major shifts in the exchange rate over the next two months, no major spike in summer grain and oilseed prices is anticipated. Maize stock levels are high and with local prices trading above export parity, the rate of exports has declined and the projected carry-out stock levels for the end of April 2015 are healthy. Soybean and sunflower prices are expected to trade sideways over the outlook period

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1. Introduction

The October 2014 Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) showed that the headline CPI was 5.9% between October 2013 and October 2014. The year-on-year food and non-alcoholic beverage price index increase was 7.8% in October 2014. The value declined from the previous food and non-alcoholic inflation rate of September 2014. Figure 1 shows trends in year-on-year headline CPI and food and non-alcoholic beverage inflation rates from October 2013 to October 2014.

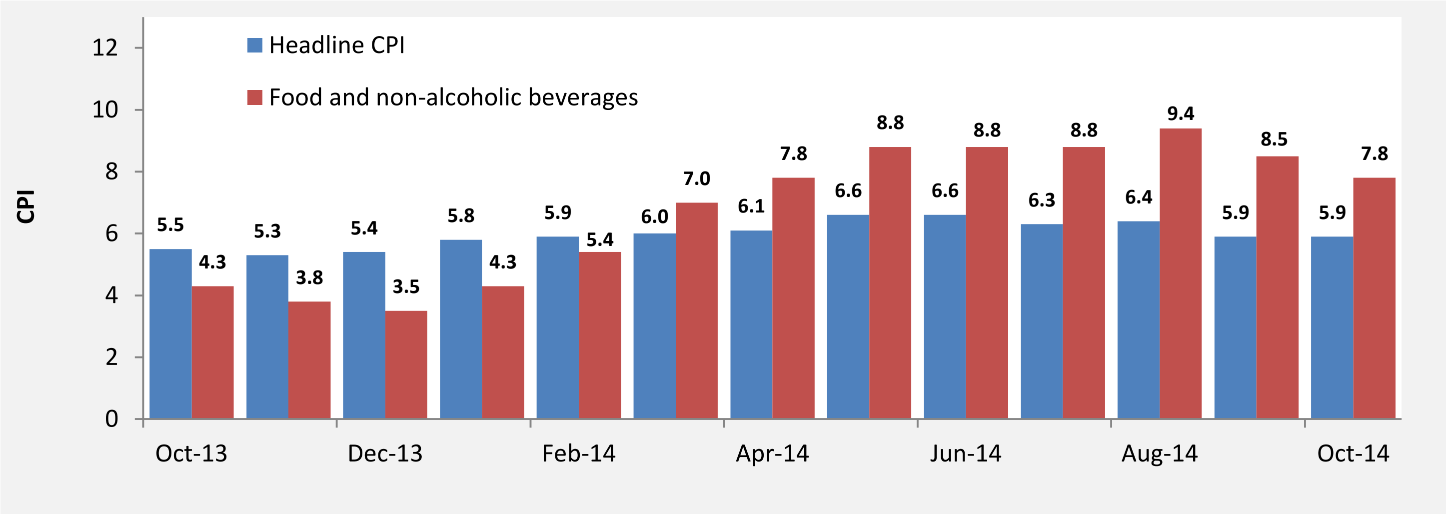


Figure 1: Headline CPI and food and non-alcoholic beverage CPI for 2013–2014 (year-on-year)
Source: Stats SA, 2014

Figure 2 presents the components of food and non-alcoholic beverage inflation**.** The following components in the food and non-alcoholic beverages index increased: fruit (1.9%), other food (1.5%), meat (0.9%) and cold beverages (0.7%). The following components decreased: oils and fats (-1.1%), hot beverages (-1.0%), vegetables (-0.8%), fish (-0.5%), bread and cereals (-0.3%), sugar, sweets and desserts (-0.2%) and milk, eggs and cheese (-0.1%).

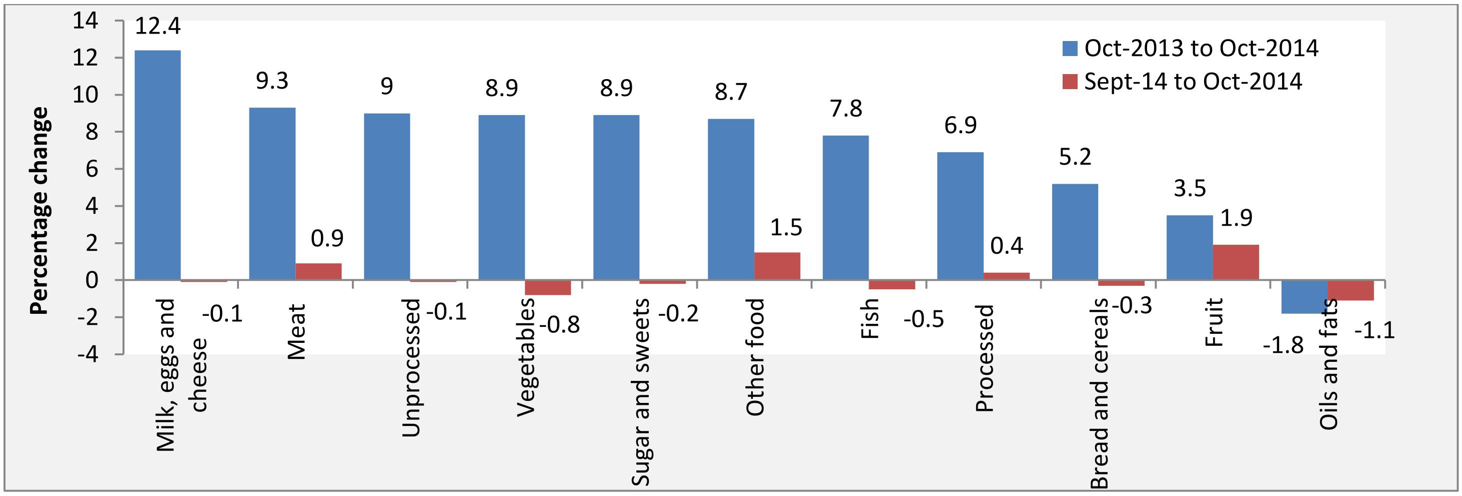


Figure 2: Year-on-year percentage change for different food categories (October 2013 – October 2014)
Source: Stats SA, 2014

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

Table 1 shows the year-on-year overall inflation and food inflation rates for October 2014 South Africa and selected countries. South African overall inflation for October 2014 was 5.9%. Food inflation rate was at 7.8% during the same period. South African food inflation was accounted for by increases in indexes of fruit, meat and cold beverages. Zambian overall inflation for October 2014 was at 7.9%, while the food inflation rate was 7.1%. Botswana's inflation was 4.3% in October 2014. On the other hand, the food inflation rate for Botswana in July 2014 was 2.5%. Turkey's overall inflation for July 2014 was 9.0% compared to the food inflation of 12.6%. Of the BRIC countries, Russia had the highest overall inflation rate of 8.3% and the highest food inflation as well.

Table 1: Overall inflation and food inflation during October 2014

Country	Overall inflation (%)	Inflation on food and non-alcoholic beverages (%)
South Africa	5.9	7.8
Botswana	4.3	2.5
Zambia	7.9	7.1
Turkey	9.0	12.6
Namibia	5.0	7.5
United States	1.7	3.1
United Kingdom	1.3	-1.4
Brazil	6.6	7.3
Russia	8.3	11.5
India	5.5	5.7
China	1.6	2.5

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

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

Appendix C ranks the food items included in this report in the urban and rural areas, according to the inflation experienced. The food products highlighted in Table C.1 are those with annual inflation rates that exceeded the South African Reserve Bank's (SARB) inflation upper band of 6%. Food items in urban areas with an annual inflation rate higher than 6% were the following: tinned fish 155g (6.34%), pork chops fresh per kg (6.35%), sunflower oil 750ml (6.40%), potatoes 10kg (6.84%), eggs 1.5 dozen (7.43%), fresh milk low fat 2l (8.23%), whole chicken fresh per kg (8.83%), tinned fish 425g (9.10%), beef chuck fresh per kg (9.63%), skimmed powder milk (10%), beef rump steak fresh per kg (10.21%), beef brisket fresh per kg (10.27%), chopped peeled tomato (10.33%), pumpkins fresh per kg (11.41%), polony per kg (11.60%), long life milk full cream 1lt (11.85%), fresh milk full cream 2lt (12.31%), chicken frozen fresh per kg (12.62%), bull brand meatballs in gravy (13.44%), enterprise picnic ham (14.67%), lamb fresh per kg (15.05%), white sugar 2.5kg (15.12%), cabbage fresh per kg (15.12%), apples fresh per kg (17.14%), sweet potatoes fresh per kg (19.05%), soya mince tomato and onion 200g (20.11%), rice 2kg (22.79%), total butter 500g (31.04%), canned peas 410g (47.40%), and oranges (61.28%).

Table C.2 are the products which exceeded SARB annual inflation rate in the rural areas and are as follows: sunflower oil 500ml (6.27%), full cream long life milk 1l (6.28%),loaf of brown bread 700g (6.86%), butter beans 420g (7.15%), maize meal 1kg (7.74%), margarine 250g (7.85%), full cream long life milk 500ml (9.04%), loaf of white bread (9.95%), tinned fish 425g (10.38%), maize meal

2.5kg (11.21%), loaf of white bread 600g (13.43%), instant coffee 100g (14.63%), maize meal 12.5kg (16.96%), loaf of brown bread 600g (18.90%), beans 500g (19.52%) and instant coffee 250g (20.30%).

A closer look at food price trends

During the period under review (October 2013–October 2014), the international price of wheat (US No. 2, Hard Red Winter ord. Prot, US Fob Gulf) decreased by 13.69%%, yet domestic wheat prices increased by 4.42% and urban consumers paid 22.79% less for a loaf of Brown bread (700g) and 1.05% more for a loaf of White bread (700g) during that period. During this same period, local yellow maize prices decreased by 12.28%, while international yellow maize prices decreased by 18.34%, super maize meal (5kg) decreased by 9.53% and special maize meal (5kg) increased by 6.43%.

During this period, the retail price of sunflower oil (750ml) increased by 0.35%, and the October 2014 domestic price of sunflower seed was R4 666.00/ton compared to R5 276.70/ton price of October 2014. During this period, the average price of beef cuts increased and beef producer prices experienced an increasing trend. The average producer prices of class A2/A3, Class B2/B3 and C2/C3 beef increased in total by 12.38%, 18.16% and 14.31%, respectively.

During the same period, lamb/mutton meat classmA2/A3, class B, class C2/C3 producer prices showed increased by 30.61%, 34.07% and 24.08% respectively. The price of fresh chicken portions increased by 11.4%, while the price of frozen chicken portions increased by 12.6% year-on-year.

4. Comparison between urban and rural prices

This section compares prices of selected food items in the rural and urban areas for October 2014, as indicated in Table 2. Food items showing the largest price differences in October 2014 were maize meal super 5kg at R4.93 white sugar 2.5kg at R3.23, long life full cream milk 1l at R0.67 and margarine 500g at R0.42. This indicates that rural consumers paid more for these food items than urban consumers did. On the other hand, the prices of sunflower oil 750ml, long life full cream milk 1l, loaf of brown bread 700g, loaf of white bread 700g and rice 2kg were respectively R 2.79,R 0.67 R 0.43, R0.21 and R 0.16 more expensive in the urban areas than the rural areas. The reasons for the higher food prices in the rural areas are discussed in detail in the South African Food Cost Review: 2008, which is available at http://www.namc.co.za.

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

Product	Rural Food Prices October 2014	Urban Food Prices October 2014	Price difference R/unit
Full Cream Long Life Milk 1 L	13.26	12.59	0.67
Loaf of Brown Bread 700 g	9.41	9.84	-0.43
Loaf of White Bread 700 g	10.40	10.61	-0.21
Maize Meal super 5 kg	32.72	27.79	4.93
Margarine 500 g	18.37	17.95	0.42
Rice 2 kg	22.42	22.58	-0. 6
Sunflower Oil 750 ml	14.56	17.35	-2.79
Ceylon/Black Tea 62.5 g	9.78	9.31	0.47
White Sugar 2.5 kg	29.43	26.20	3.23
Average			0.68

Source: **Stats SA, 2014**

5. International food prices

The Food and Agricultural Organization (FAO) of the United Nations publishes its food price index on a monthly basis. The food price index consists of five commodity group price indices, namely, the meat price index, the dairy price index, the cereals price index, the oils price index and the sugar price index. These indices are weighted with the average export shares of each of the groups for 2002 to 2004. In total, 55 commodity quotations, considered by FAO commodity specialists as representing the international prices of the noted food commodities, are included in the overall index. Figure 3 shows the overall food price index and the price indices for five food categories in real terms. In October 2014 the FAO Food Price Index averaged 143.7 points, which declined by 8.4% from October 2013. A firming of international prices of oils and, especially, of sugar, compensated for a retreat of dairy and meat, while cereal prices remained stable around their relatively low September value.

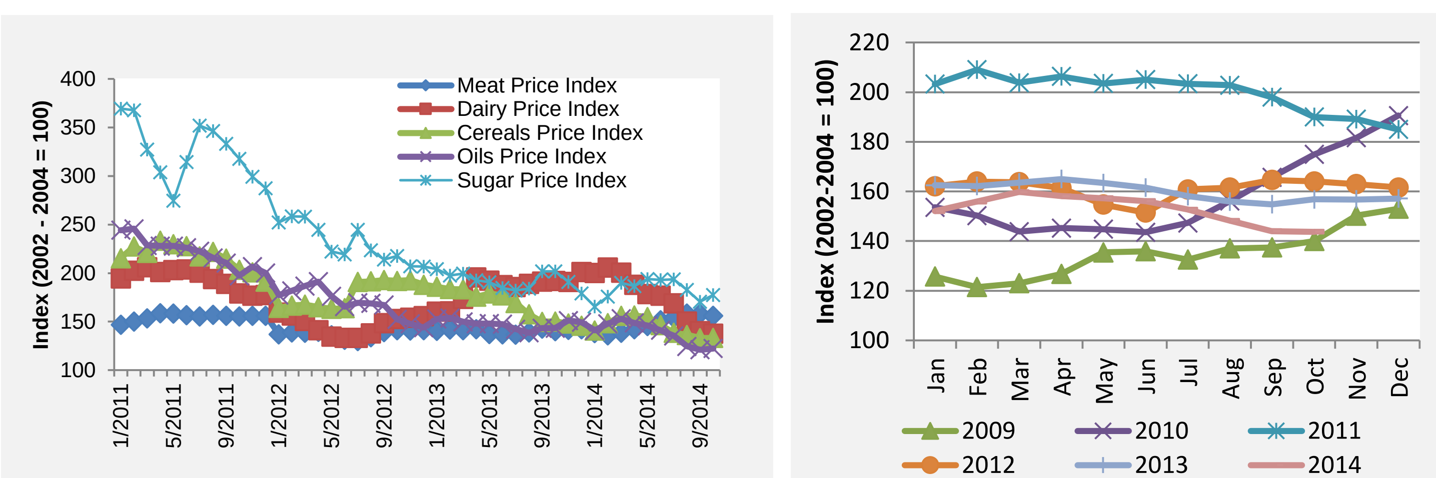


Figure 3: Price indices for five food categories and international real food price index

Source: FAO, 2014

Cereal crops decline by 11.3% between October 2013 and October 2014. After five months of steep falls, international prices of wheat and coarse grains firmed slightly in October, supported by harvest delays in the United States (maize) and deteriorating prospects in Australia (wheat). On the other hand, rice prices tended to soften on newly harvested supplies and a slowing pace of sales.

Dairy global prices declined by 28.3% between October 2013 and October 2914. Quotations for butter and whole and skimmed milk powder fell, while those for cheese were unchanged. The October slide constituted the eighth consecutive monthly decline, bringing the Index to its lowest value since August 2012.

Global sugar prices declined by 12% between October 2013 and October 2014. Last month's rebounding mainly followed reports of a smaller than expected sugarcane crop in drought-affected areas in Brazil. However, against a backdrop of ample supplies, international sugar prices remain more than 10 percent below their level in October 2013.

The meat price index increased by 11.2% between October 2013 and October 2014, principally because of strong bovine meat prices. In October 2014, the quotations of bovine meat and, especially, pig meat moved lower, while those of poultry and ovine meat were, respectively, stable and slightly stronger. Pig meat prices have shown signs of weakness since July, as production recovered in some of the countries affected by outbreaks of porcine epidemic diarrhoea (PED) – reducing import demand and increasing availability for export. Also, favourable weather and prices are supporting a recovery in the bovine herd in Australia and hence export availability.

The vegetable oil price index declined by 14.6% between October 2013 and October 2014. Palm oil strongly contributed to the reversal, as production slowdowns in Malaysia and Indonesia, combined with a revival in global import demand caused palm oil prices to strengthen after six consecutive months of contraction. Sunflower seed quotations also rose, mostly reflecting smaller than anticipated harvests in the Black Sea region. By contrast, soyoil prices weakened further, still driven by the prospect of ample availabilities.

6. Estimated impact of food inflation on consumers

The purpose of this section is to illustrate the impact of food inflation on consumers. The analysis presented in the first part of this section is based on the cost of a basic food basket (as compiled by the Food Price Monitoring Committee in 2003), based on monthly average food price data for the period October 2013 to October 2014. From October 2013 to October 2014 the cost of this basic food basket increased by about R40 (+8.8%) in nominal terms from R462 to R502 (compared to a similar increase of 8.0% from July 2013 to July 2014 (the previous Food Price Monitor analysis period).

The cost of this food basket expressed as a share of the average monthly income of the poorest 30% of the population increased from 43.2% in October 2013 to 46.9% in October 2014 during this analysis period. The cost of the food basket expressed as a share of the average monthly income of the wealthiest 30% of the population increased from 1.7% to 1.9%.

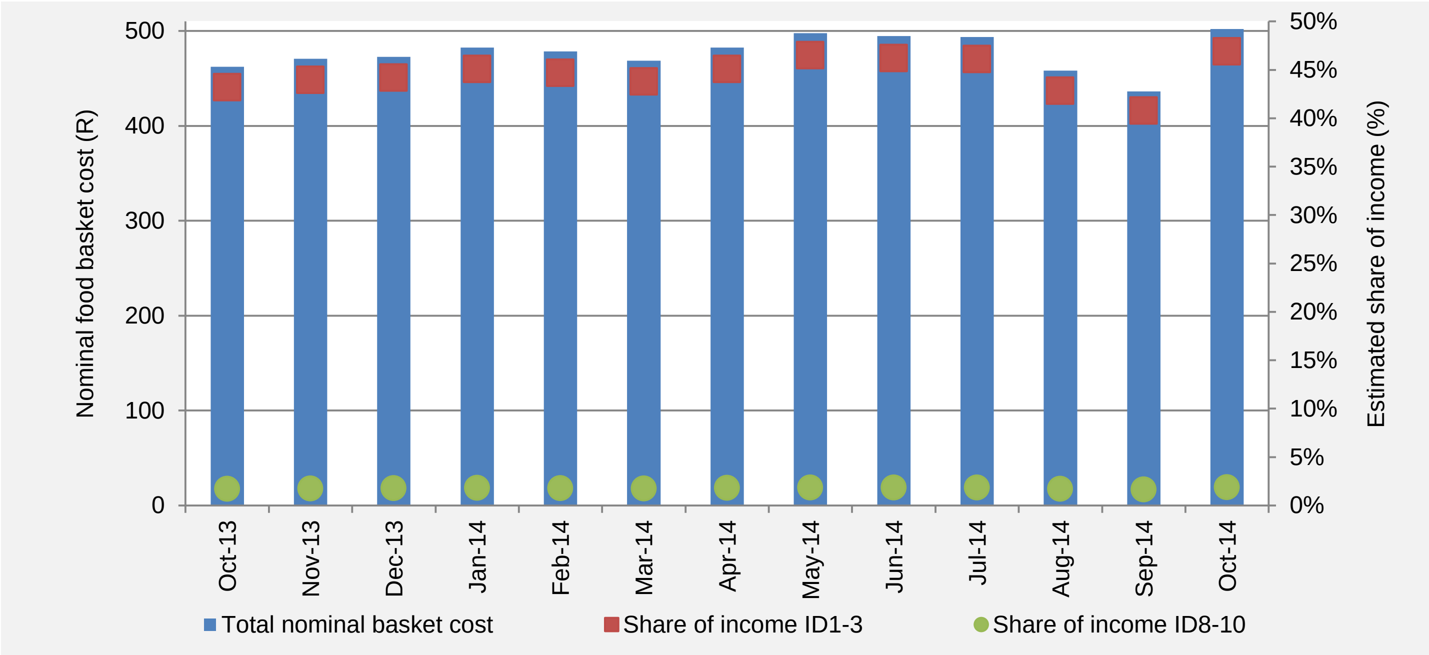


Figure 4: The monthly cost of a typical consumer food basket for the period October 2013 to October 2014, expressed in nominal terms and as share of the average income of the poorest 30% of households (Income Deciles [ID] 1 to 3) and the wealthiest 30% of households (ID 8 to 10)

To further explore the impact of inflation on consumers, Figure 5 presents an illustration of the average annual nominal cost of specific food groups within the basic food basket, for the period October 2013 to October 2014. As could be expected Figure 5 illustrates the dominance of animal protein foods, as well as breads and cereals within the cost of the basic food basket. Comparing October 2013 to October 2014 prices, all food categories experienced inflation. The various food groups within this food basket are discussed in more detail in Table 3 below.

Thus, when comparing October 2013 to October 2014, the significant price inflation (6% or more) experienced for many products within the food basket: Oranges, brown bread, baked beans, apples, cabbage, tea, milk, chicken, eggs, coffee, beef chuck and bananas. This could have a negative impact on the affordability of selected staple foods (brown bread) as well as various food items making a contribution to dietary diversity. When comparing the inflation rates for October 2013 versus October 2014, with July 2013 versus July 2014 (i.e. the previous Food Price Monitor analysis period) inflation increased for animal protein foods, fruit, dairy products and bean products.

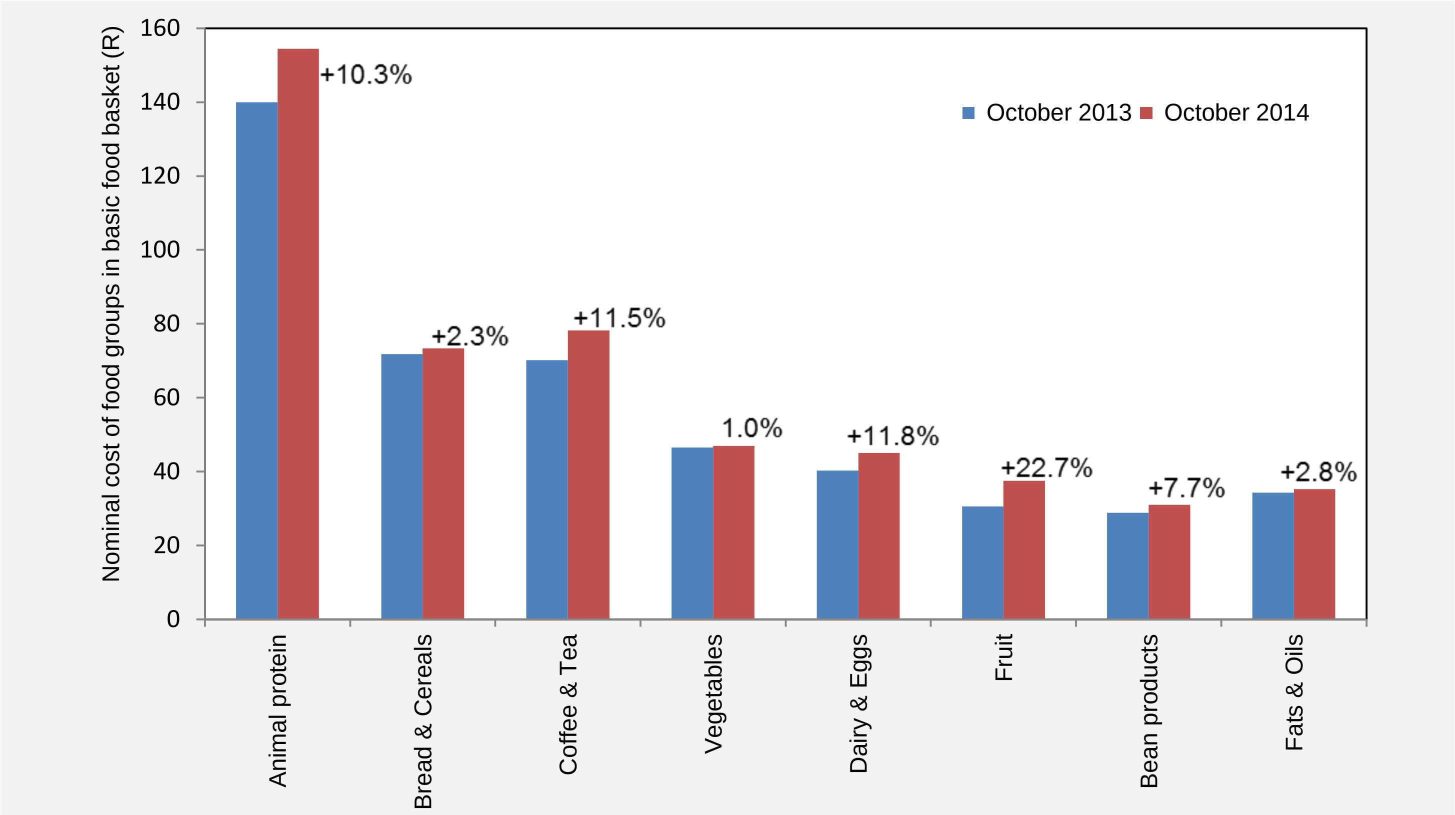


Figure 5: Nominal monthly cost of specific food groups within the basic food basket, comparing October 2013 & October 2014

Source: Stats SA and own calculations

Table 3: Overview of inflation contributing foods within the basic food basket, October 2013 to October 2014

Food group:	Overall inflation rate:		Major contributors to inflation in this category:	Minor contributors to inflation in this category:	Non-contributors to inflation in this category:	Comments:
	October 2013 to October 2014	July 2013 to July 2014				
Animal protein	+10.3%	+8.4%	Chicken portions frozen (+12.6%) Chicken portions fresh (+11.4%) Beef chuck (+9.6%) Fish (excl tuna) – tinned (+5.5%)	None	None	Animal protein
Bread and cereals	+2.3%	+5.4%	Brown bread (+22.8%)	Rice (1.8%)	White bread (-3.3%) Mielie meal (-1.9%)	Bread and cereals
Vegetables	+1.0%	+5.5%	Cabbage (+15.2%) Tomatoes (+5.8%) Potatoes (+5.4%)	None	Onions (-26.3%)	Vegetables
Fruit	+22.7%	+8.3%	Oranges (+61.3%) Apples (+11.5%) Bananas (+6.95%)	None	None	Fruit
Dairy	+13.2%	+12.0%	Full cream milk - long life 1ℓ (+13.2%)	None	None	Dairy Eggs
Eggs	+11.3%	+13.8%	Eggs 1.5 dozen (+11.3%)	None	None	
Fats and oils	+2.8%	+2.8%	Brick margarine (+5.2%)	Sunflower oil +0.3%)	None	Fats and oils
Bean products	+7.7%	+7.2%	Baked beans (+20.4%)	Peanut butter (+3.8%)	None	Bean products
Coffee and tea	+11.5%	+11.4%	Ceylon/black tea (+14.3%) Instant coffee (+11.1%)	None	None	Coffee and tea

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 ; Oldewage-Theron et al, 2005). Figure 6 illustrates the estimated portion costs for these foods, calculated from monthly food price data for October 2013 and October 2014. Similar to other Food Price Monitor analysis periods, the significant cost contribution of maize meal and bread to the typical basic daily food selection for poor consumers are emphasised by the results in Figure 6. Furthermore, despite the relatively low actual food weight contribution of bread to this ‘food plate’, the bread component costs significantly more than the maize porridge component (about 95% more in this case for October 2014). When comparing the costs associated with the typical portion sizes of very poor consumers for the five most widely consumed food items in South Africa, based on October 2014 versus October 2013 prices the results in Figure 6 indicated inflation of about 12.4% (from R4.51 to R5.07 for the selection of portions). Significant inflation brown bread (+22.8%), milk (+13.2%) and tea (+14.3%) contributed to the inflation observed on this ‘food plate’. Even though the entire food basket experienced inflation of 8.5% when comparing October 2014 with October 2013, the typical basic daily food selection for poor consumers revealed significantly higher inflation (12.4% as previously mentioned).

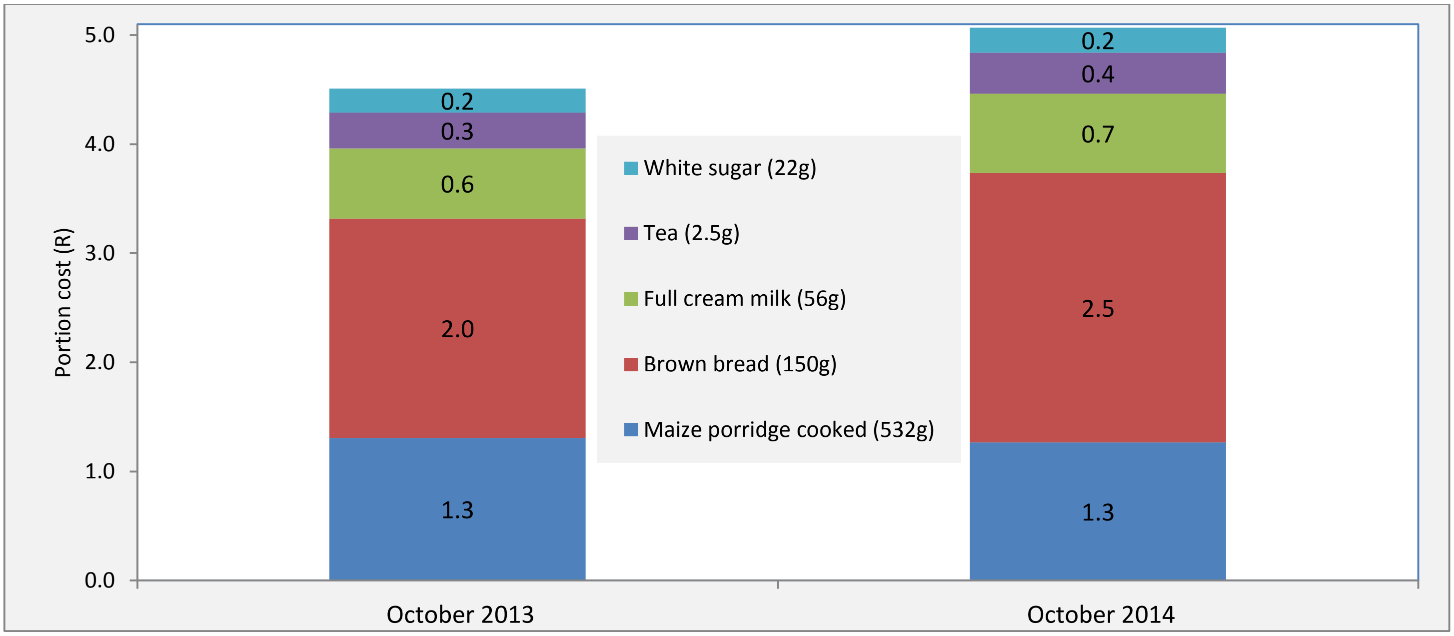


Figure 6: Average nominal cost for the typical portions of the five food items most widely consumed by very poor consumers in South Africa, for October 2013 and October 2014

7. December 2014 – February 2015 outlook

Although the headline Consumer Price annual Inflation (CPI) was calculated at 5.9%, the annual rate of food inflation came in at 7.8% for October 2014. A clear distinction can be made between the food items that contributed to this rate of increase of food prices. As was anticipated in the previous quarterly outlook report, the depreciation in the exchange rate turned out to be the key driver of food inflation over the period. For example, whereas bread and cereal prices have declined marginally on the back of lower commodity prices, the fruit and meat components within the food basket posted the highest rate of increase. The weaker exchange rate on top of bullish international price trends for both fruits and meats has fed into our local rate of food inflation since the bulk of SA fruits are being exported and more than 20 percent of locally consumed chicken meat is imported. In the case of beef, local supply and demand dynamics have played a role and carcass prices have moved in the anticipated band of R33/kg to R35/kg mainly due to reduced slaughtering.

The apparent costs and margins within the value chain, like labour, packaging, transportation and electricity remain a concern. This fact is underlined by sticky nature of maize meal prices that have declined by less than 1 percent whereas maize prices are almost 20% lower than a year ago.

In the period that lays ahead, the demand for food and more specifically higher valued items will increase as South Africa enters the festive season. Strong seasonal price cycles in commodities like fruits, vegetables and meats will result in food prices increasing from their current levels. The latest slaughtering numbers for October were not available at the time of publishing this report. Beef slaughtering in August and September has been lower and will have to increase significantly to match slaughtering numbers of the past two years.

Under the assumption of favourable weather and no major shifts in the exchange rate over the next two months, no major spike in summer grain and oilseed prices is anticipated. Maize stock levels are high and with local prices trading above export parity, the rate of exports has declined and the projected carry-out stock levels for the end of April 2015 are healthy. Soybean and sunflower prices are expected to trade sideways over the outlook period, with crushing margins remaining relatively tight as local soybean cake trades at a discount to imported cake and the utilization rate of the new plants is in some cases still below the optimal point implying that fixed costs are high and having an adverse effect the crushing margins. A mid-summer drought would cause spike in maize prices in January and the impact of this spike will only feed through to retail prices beyond the outlook period of this report.

In conclusion it is also worth mentioning the recent trend in international oil prices that have dropped to levels around $80/barrel. There are a number of plausible scenarios around future trends in energy prices and it will take time to feed through the value chains, but there is no doubt that it will have a significant impact on food price trends.

APPENDIX A: DATA ON URBAN FOOD PRICE TRENDS

Table A.1: Wheat products

Wheat products	Price level			Percentage change	
	Oct-13	July-14	Oct-14	Jul-14 to Oct-14	Oct-13 to Oct-14
Loaf of brown bread 700g	9,39	9,67	11,53	19,23%	22,79%
Loaf of white bread 700g	10,50	10,85	10,15	-6,45%	-3,3%
Cake flour 2.5kg	21,77	26,61	22,52	-15,37%	3,45%
Spaghetti 500g	10,14	10,81	10,15	-6,11%	0,10%
Macaroni Plain 500 g*	9,00	15,95	17,78	11,47%	97,56%
Average				**1.40%**	**24.99%**
Wheat (R/ton)	**3453,13**	**3708,52**	**3605,86**	**-2,77%**	**4,42%**

*Data from AC Nielsen

Table A.2: Maize products

Maize products	Price level			Percentage change	
	Oct-13	July-14	Oct-14	Jul-14 to Oct-14	Oct-13 to Oct-14
Maize special 5kg*	27,95	31,21	29,74	-4,71%	6,40%
Maize super 5kg*	30,72	29,24	27,79	-4,96%	-9,53%
Average				**-4,83%**	**-1,56%**
White Maize (R/ton)	**2360,30**	**1707,57**	**1881,74**	**10,20%**	**-20,28%**

*Data from AC Nielsen

Table A.3: Sunflower products

Sunflower products	Price level			Percentage change	
	Oct-13	July-14	Oct-14	Jul-14 to Oct-14	Oct-13 to Oct-14
Sunflower oil 750ml	17,29	16,55	17,35	4,83%	0,35%
Medium fat spread 1kg tub*	23,29	21,59	21,87	1,30%	-6,10%
Brick margarine 500g	17,03	17,80	17,95	0,84%	5,40%
Average				**2,32%**	**-0,12%**
Sunflower (R/ton)	**5276,70**	**4556,00**	**4666,00**	**2,41%**	**-11,57%**

*Data from AC Nielsen

Table A.4: Processed vegetables

Processed vegetables	Price level			Percentage change	
	Oct-13	July-14	Oct-14	Jul-14 to Oct-14	Oct-13 to Oct-14
Chopped peeled tomato 410g*	12,29	13,28	13,56	2,11%	10,33%
Tomato & onion mix 410g*	9,80	9,99	10,09	1,00%	2,96%
Canned peas 410g*	8,68	12,28	12,80	4,23%	47,40%
Baby carrots 1kg*	37,64	38,04	36,87	-3,08%	-2,05%
Average				**1,07%**	**14,66%**

*Data from AC Nielsen

Table A.5: Fresh vegetables

Fresh vegetables	Price level			Percentage change	
	Oct-13	July-14	Oct-14	Jul-14 to Oct-14	Oct-13 to Oct-14
Carrots – fresh per kg	12,44	12,82	11,84	-7,64%	-4,82%
Onions – fresh per kg	9,67	11,51	10,01	-13,03%	3,52%
Potatoes – fresh per kg	9,94	9,53	10,48	9.96%	5,43%
Tomatoes – fresh per kg	17,17	18,08	18,17	0,50%	5,82%
Sweet potatoes – fresh per kg	13,12	17,07	18,07	5,86%	37,73%
Cabbages – fresh per kg	9,72	10,35	11,19	8,12%	15,12%
Lettuces – fresh per kg	35,48	30,42	32,45	6,67%	-8,54%
Pumpkins – fresh per kg	15,78	14,16	17,58	24,15%	11,41%
Cauliflowers – fresh per kg	40,69	37,19	36,46	-1,96%	-10,40%
Average				**3,63%**	**6,14%**

Table A.6: Processed meat

Processed meat	Price level			Percentage change	
	Oct-13	July-14	Oct-14	Jul-14 to Oct-14	Oct-13 to Oct-14
Meatballs in gravy 400g*	16,70	18,49	18,94	2,43%	13,44%
Picnic ham 300g*	30,43	35,86	34,89	-2,70%	14,67%
Polony per kg	29,83	32,74	33,29	1,68%	11,60%
Average				**0,47%**	**13,24%**

*Data from AC Nielsen

Table A.7: Unprocessed meat

Unprocessed meat	Price level			Percentage change	
	Oct-13	July-14	Oct-14	Jul-14 to Oct-14	Oct-13 to Oct-14
Pork Chops – Fresh per kg	59,51	62,53	63,29	1,22%	6,35%
Lamb – Fresh per kg	95,43	100,52	109,79	9,22%	15,05%
Beef Brisket – Fresh per kg	55,87	61,57	61,61	0,06%	10,27%
Beef Chuck – Fresh per kg	57,12	62,59	62,62	0,05%	9,63%
Beef Mince – Fresh per kg	61,57	63,26	65,25	3,15%	5,98%
Beef Rump Steak – Fresh per kg	94,11	104,38	103,72	-0,63%	10,21%
Beef T-Bone – Fresh per kg	77,37	81,32	81,18	-0,17%	4,92%
Whole Chicken – Fresh per kg	35,68	37,51	38,83	3,52%	8,83%
Average				**2,05%**	**8,91%**

Table A.8: Dairy products

Dairy product	Price level			Percentage change	
	Oct-13	July-14	Oct-14	Jul-14 to Oct-14	Oct-13 to Oct-14
Fresh milk full-cream 1L sachet*	7,81	7,43	7,74	4,17%	-0,90%
Fresh milk full-cream 2L*	18,19	19,08	20,43	7,08%	12,31%
Fresh milk low fat 1L sachet*	8,24	8,07	8,37	3,72%	1,58%
Fresh milk low fat 2L*	18,95	20,10	20,51	2,04%	8,23%
LongLife Milk Full Cream 1Lt*	11,26	11,28	12,59	11,61%	11,85%
Skimmed powder milk 1kg*	78,13	87,72	85,95	-2,02%	10,00%
Total butter 500 g*	30,66	40,13	40,18	0,12%	31,04%
Cheddar cheese per kg	109,05	109,10	113,96	4,45%	4,50%
Average				**3,90%**	**9,83%**

*Data from AC Nielsen

Table A.9: Fruits

Fruits	Price level			Percentage change	
	Oct-13	July-14	Oct-14	Jul-14 to Oct-14	Oct-13 to Oct-14
Apples - Fresh per kg	13,83	14,04	15,42	9,82%	11,5%
Bananas - Fresh per kg	10,51	10,66	11,24	5,44%	6,95%
Oranges - Fresh per kg	6,25	7,73	10,08	30,40%	61,28%
Average				**15,22%**	**26.57%**

Table A.10: Fish products

Fishes – tinned	Price level			Percentage change	
	Oct-13	July-14	Oct-14	Jul-14 to Oct-14	Oct-13 to Oct-14
Fish (excl tuna) – tinned 155g	7,57	7,90	8,05	1,90%	6,34%
Fish (excl tuna) – tinned 425g	13,51	14,02	14,74	5,14%	9,10%
Tuna – tinned 170g	15,10	15,93	15,44	-3,08%	2,25%
Average				**1,32%**	**5,90%**

Table A.11: Other products

Other products	Price level			Percentage change	
	Oct-13	July-14	Oct-14	Jul-14 to Oct-14	Oct-13 to Oct-14
King Korn 1kg*	14,83	11,26	11,73	4,17%	-20,90%
White Sugar 2.5kg	25,05	27,03	26,20	-3,07%	4,59%
Rice 2kg	22,54	22,74	22,58	-0,70%	0,18%
Ricoffy Reg 750g*	60,23	69,51	72,35	4,09%	20,11%
Ceylon/Black Tea 62.5g	8,23	9,19	9,31	1,31%	13,12%
Imana Soya Mince Tomato & Onion 200g*	9,83	9,99	9,43	-5,61%	-4,07%
Eggs 1.5 dozen	29,19	32,73	32,50	-4,19%	11.34%
Average				**-0,57%**	**3.48%**

*Data from AC Nielsen

APPENDIX B: DATA ON RURAL FOOD PRICE TRENDS

Table B.1: Wheat products

Wheat Products	Price level			Percentage change	
	Jul-14	Oct-13	Oct-14	Oct-13 to Oct-14	Jul-14 to Oct-14
Loaf of brown bread 600g	8,62	8,48	7,86	-192,73%	-191,21%
Loaf of brown bread 700g	10,49	9,65	9,41	-2,54%	-10,33%
Loaf of white bread 600g	8,62	54,35	8,56	-84,25%	-0,67%
Loaf of white bread 700g	10,49	9,65	10,40	7,72%	-0,89%
Average				**-67,95%**	**-50,77%**

Table B.2: Maize products

Maize Products	Price level			Percentage change	
	Jul-14	Oct-13	Oct-14	Oct-13 to Oct-14	Jul-14 to Oct-14
Maize meal 12.5kg	63,56	54,35	63,35	16,57%	-0,34%
Maize meal 1kg	7,92	7,43	8,61	15,88%	8,66%
Maize meal 2.5kg	18,54	16,83	17,05	1,30%	-8,05%
Maize meal 5kg	33,55	31,58	32,72	3,62%	-2,46%
Average				**-12,53%**	**-20,44%**

Table B.3: Sunflower products

Sunflower Products	Price level			Percentage change	
	Jul-14	Oct-13	Oct-14	Oct-13 to Oct-14	Jul-14 to Oct-14
Sunflower Oil 2L	36,39	35,87	33,97	-5,29%	-6,66%
Sunflower Oil 500ml	12,95	12,09	12,72	5,22%	-1,80%
Sunflower Oil 750ml	15,19	15,29	14,56	-4,77%	-4,16%
Margarine 125g	7,71	7,32	7,70	5,21%	-0,08%
Margarine 250g	12,23	10,50	12,67	20,67%	3,64%
Margarine 500g	20,97	19,47	18,37	-5,66%	-12,41%
Average				**2,56%**	**-3,58%**

Table B.4: Dairy products

Dairy Products	Price level			Percentage change	
	Jul-14	Oct-13	Oct-14	Oct-13 to Oct-14	Jul-14 to Oct-14
Full-cream long-life milk 1L	12,48	11,13	13,26	19,11%	6,28%
Full-cream long-life milk 500ml	8,15	7,71	8,89	15,25%	9,04%
Average				**17,18%**	**7,66%**

Table B.5: Tea and coffee

Tea and coffee	Price level			Percentage change	
	Jul-14	Oct-13	Oct-14	Oct-13 to Oct-14	Jul-14 to Oct-14
Instant coffee 100g	14,33	13,25	16,43	24,00%	14,63%
Instant coffee 250g	30,54	28,62	31,27	21,47%	20,30%
Ceylon/black tea 250g	23,48	15,29	23,28	52,27%	-0,87%
Ceylon/black tea 62.5g	9,88	12,58	9,79	-22,22%	-0,90%
Average				**18,88%**	**8,29%**

Table B.6: Beans

Beans	Price level			Percentage change	
	Jul-14	Oct-13	Oct-14	Oct-13 to Oct-14	Jul-14 to Oct-14
Beans 1kg	31,75	24,75	26,60	7,47%	-16,22%
Beans 500g	13,63	13,61	16,29	19,67%	19,52%
Butter Beans 410g	13,24	12,85	12,97	0,92%	-2,07%
Butter Beans 420g	13,23	15,05	14,17	-5,85%	7,15%
Average				**5,55%**	**2,09%**

Table B.7: White sugar

Sugar	Price level			Percentage change	
	Jul-14	Oct-13	Oct-14	Oct-13 to Oct-14	Jul-14 to Oct-14
White sugar 1kg	13,29	12,58	13,56	7,78%	2,04%
White sugar 2.5kg	28,89	27,66	29,43	6,39%	1,86%
White sugar 500g	7,11	6,54	7,31	11,73%	2,75%
Average					

Table B.8: Rice

Rice	Price level			Percentage change	
	Jul-14	Oct-13	Oct-14	Oct-13 to Oct-14	Jul-14 to Oct-14
Rice 1kg	14,23	14,05	13,31	-5,28%	-6,49%
Rice 2kg	23,74	23,96	22,42	-6,42%	-5,57%
Rice 500g	7,41	7,46	7,56	1,34%	2,02%
Average				**-3,46%**	**-3,34%**

Table B.9: Peanut butter

Peanut Butter	Price level			Percentage change	
	Jul-14	Oct-13	Oct-14	Oct-13 to Oct-14	Jul-14 to Oct-14
Peanut butter 270g	18,29	17,98	18,24	1,42%	-0,26%
Peanut butter 400g	24,09	23,50	25,49	8,47%	5,80%
Average				**4,95%**	**2,77%**

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

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

Grain and grain products	%	Meat and meat products and dairy and dairy products	%	Fresh and processed fruits and vegetables	%
Loaf Of White Bread 700 g	-20,90%			Cauliflower - Fresh per kg	-10,40%
Medium Fat Spread 1kg Tub*	-9,53%	Fresh Milk Full Cream 1Lt Sachet*	-0,90%	Lettuce - Fresh per kg	-8,54%
Maize Special 5kg*	-4,07%	Fresh Milk Low Fat 1Lt Sachet*	1,58%	Carrots - Fresh per kg	-4,82%
King Korn 1kg*	0,00%	Tuna - Tinned 170g	2,25%	Baby Carrots 1kg*	-2,05%
Coffee Reg 750g*	0,10%	Cheddar Cheese per kg	4,50%	Bananas - Fresh per kg	-0,67%
Cake Flour 2.5 kg	0,18%	Beef T-Bone - Fresh per kg	4,92%	Tomato & Onion Mix 410g*	2,96%
Maize Super 5kg*	0,35%	Beef Mince - Fresh per kg	5,98%	Onions -Fresh per kg	3,52%
Loaf Of Brown Bread 700 g	1,05%	Fish (Excl Tuna) - Tinned 155g	6,34%	Tomatoes - Fresh per kg	5,82%
Spaghetti 500 g	2,80%	Pork Chops - Fresh per kg	6,35%	Potatoes fresh per kg	5,4%
Peanut Butter 410g	3,45%	Eggs 1.5 dozen	7,43%	Chopped Peeled Tomato 410g*	10,33%
Macaroni Plain 500 Gram*	5,40%	Fresh Milk Low Fat 2Lt*	8,23%	Pumpkin - Fresh per kg	11,41%
Sunflower Oil 750ml	6,40%	Whole Chicken - Fresh per kg	8,83%	Cabbage - Fresh per kg	15,12%
Ceylon/Black Tea 62.5g	13.12%	Fish (Excl Tuna) - Tinned 425g	9,10%	Apples - Fresh per kg	17,14%
White Sugar 2.5kg	15,12%	Beef Chuck - Fresh per kg	9,63%	Sweet Potatoes - Fresh per kg	19,05%
Soya Mince Tomato & Onion 200g*	20,11%	Skimmed Powder Milk 1kg*	10,00%	Canned Peas 410g*	47,40%
Rice 2kg	22,79%	Beef Rump Steak -Fresh per kg	10,21%	Oranges - Fresh per kg	61,28%
		Beef Brisket - Fresh per kg	10,27%		
		Polony per kg	11,60%		
		LongLife Milk Full Cream 1Lt*	11,85%		
		Fresh Milk Full Cream 2Lt*	12,31%		
		Chicken portions –fresh per kg	12,60%		
		Chicken Portions - Frozen per kg	12,62%		
		Bull Brand Meatballs in Gravy 400g*	13,44%		
		Enterprise Picnic Ham 300g*	14,67%		
		Lamb - Fresh per kg	15,05%		
		Total Butter 500g*	31,04%		

* Data from AC Nielsen

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

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

Grain and grain products	%	Other products	%
Sunflower Oil 750ml	-1,57	Beans 1kg	-16,22
Samp 2.5kg	0,00	Butter Beans 410g	-2,07
Samp 1kg	0,00	Tagless Tea Bags 62.5g	-0,90
Margarine 125g	1,15	Tagless Tea Bags 250g	-0,87
Rice 2kg	2,87	Peanut Butter 270g	-0,26
Margarine 500g	3,48	Fish (Excl. Tuna) - Tinned 155g	1,58
Rice 1kg	3,49	White Sugar 2.5kg	1,86
Sunflower Oil 2L	5,54	White Sugar 1kg	2,04
Maize Meal 5kg	5,74	White Sugar 500g	2,75
Sunflower Oil 500ml	6,27	Peanut Butter 400g	5,80
Loaf of Brown Bread 700g	6,86	Full Cream Long Life Milk 1L	6,28
Maize Meal 1kg	7,74	Butter Beans 420g	7,15
Margarine 250g	7,85	Full Cream Long Life Milk 500ml	9,04
Loaf of White Bread 700g	9,95	Fish (Excl. Tuna) - Tinned 425g	10,38
Maize Meal 2.5kg	11,21	Instant Coffee 100g	14,63
Loaf of White Bread 600g	13,43	Beans 500g	19,52
Maize Meal 12.5kg	16,96	Instant Coffee 250g	20,30
Loaf of Brown Bread 600g	18,90		

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

APPENDIX D: COMMODITY AND PRODUCT PRICE TRENDS

D.1 Wheat price trends

Between October 2013 and October 2014

International wheat price ↓13.69 %

Domestic price of wheat ↑4.42%

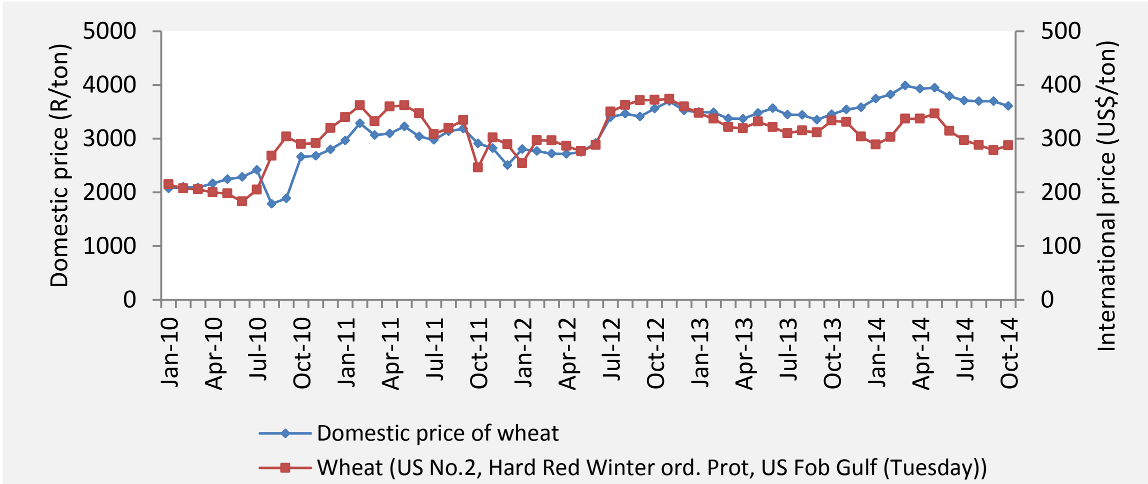


Figure D.1: Domestic market price of wheat against global market price
Source: FAO and SAFEX

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

Between October 2013 and October 2014:

Wheat import parity price ↓ 1.11 %

Wheat export parity price ↓3.42%

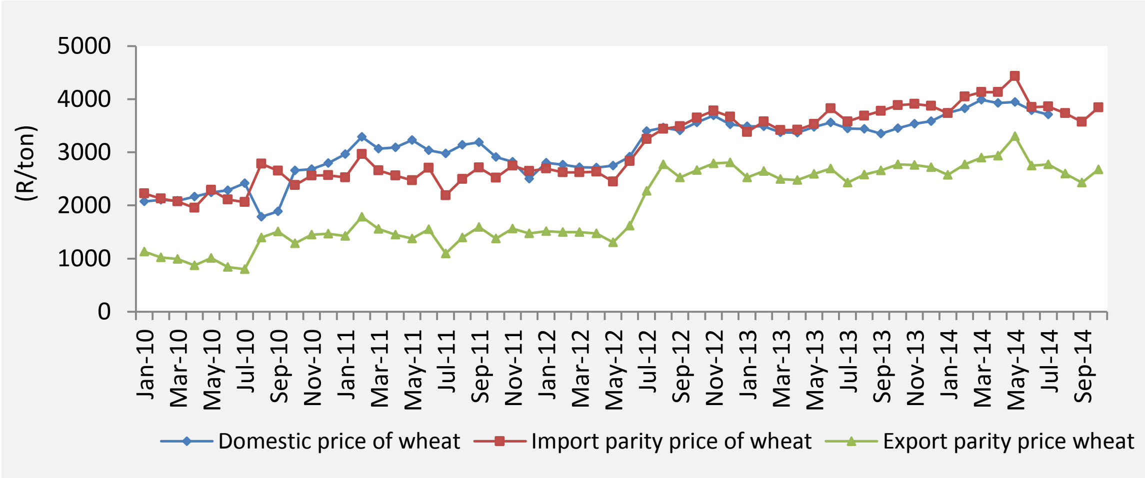


Figure D.2: Import parity, export parity and domestic prices of wheat
Source: SAGIS and SAFEX

Between October 2013 and October 2014:

Domestic wheat price
↑4.42%

Brown bread 700g price
↑ 22.79%

White bread 700g price
↓3.3%

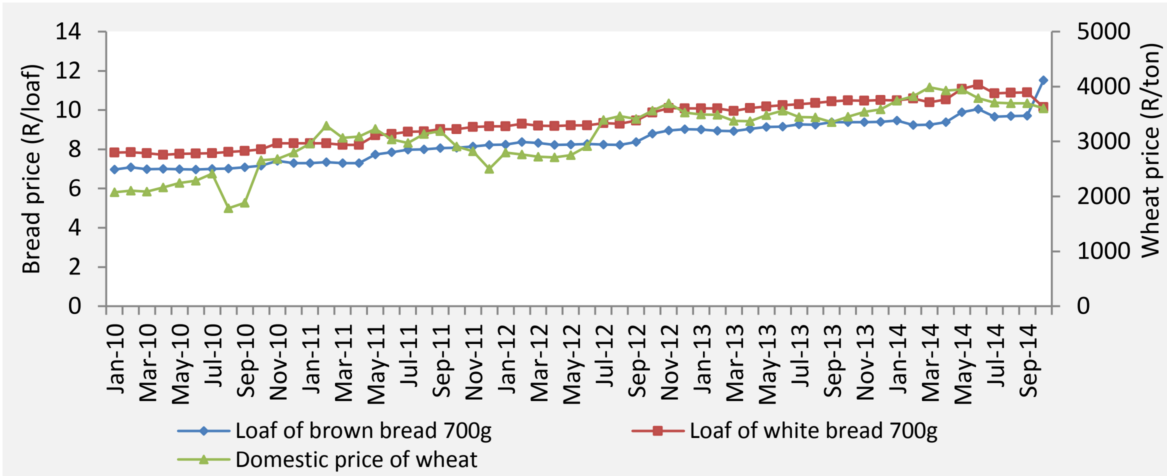


Figure D.3: Domestic market wheat price and bread price trends
Source: Stats SA and SAFEX

D.2 Maize price trends

Between October 2013 and October 2014:

International price of maize
↓ 18.35%

Domestic price of yellow maize
↓ 12.28%

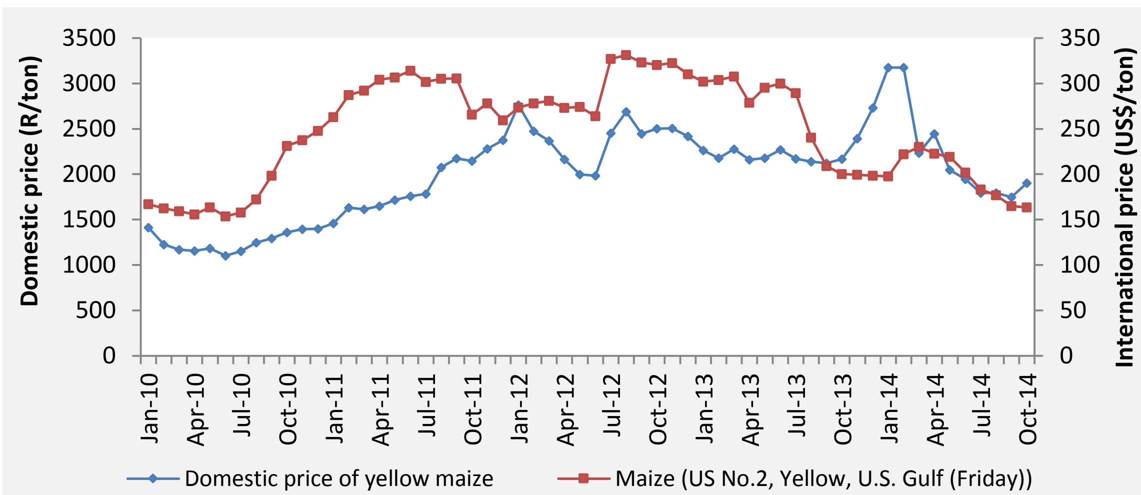


Figure D.4: Domestic market price of maize against global market price
Source: FAO and SAFEX

Between October 2013 and October 2014:

Export parity price of maize
↓ 3.41%

Import parity price of maize
↓0.92%

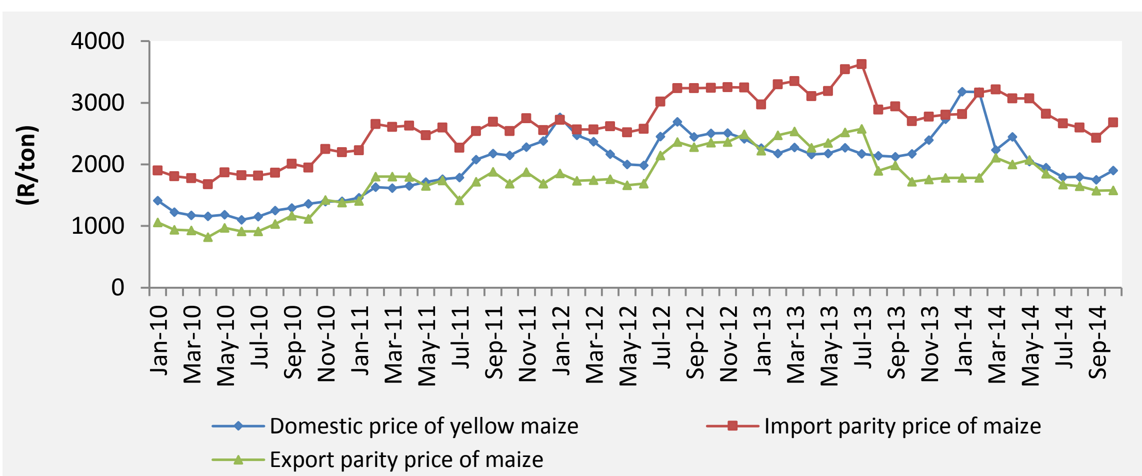


Figure D.5: Import parity, export parity and domestic prices of maize
Source: SAFEX and SAGIS

Between October 2013 and October 2014:

Super maize meal price
↓ 9.54%

Special maize meal
↑ 6.43 %

Domestic price of white maize
↓20.28%

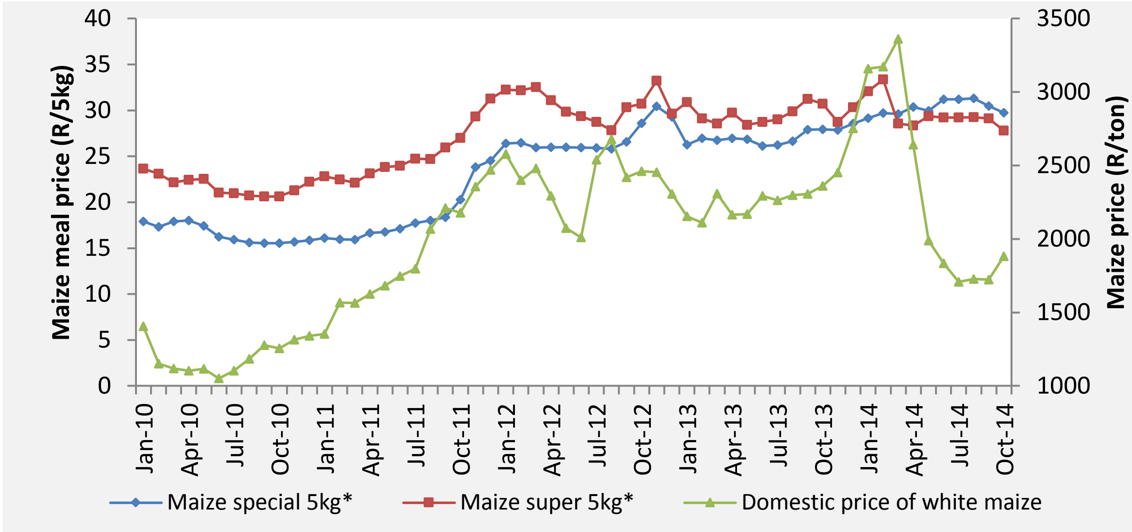


Figure D.6: Maize price and maize meal price trends
Source: SAFEX and AC Nielsen

D.3 Sunflower seeds price trends

Between October 2013 and October 2014:

International Sunflower seed price for September 2014
↓8.41%

Average retail sunflower oil price
↓0.12%

Sunflower oil 750ml ↑0.35%

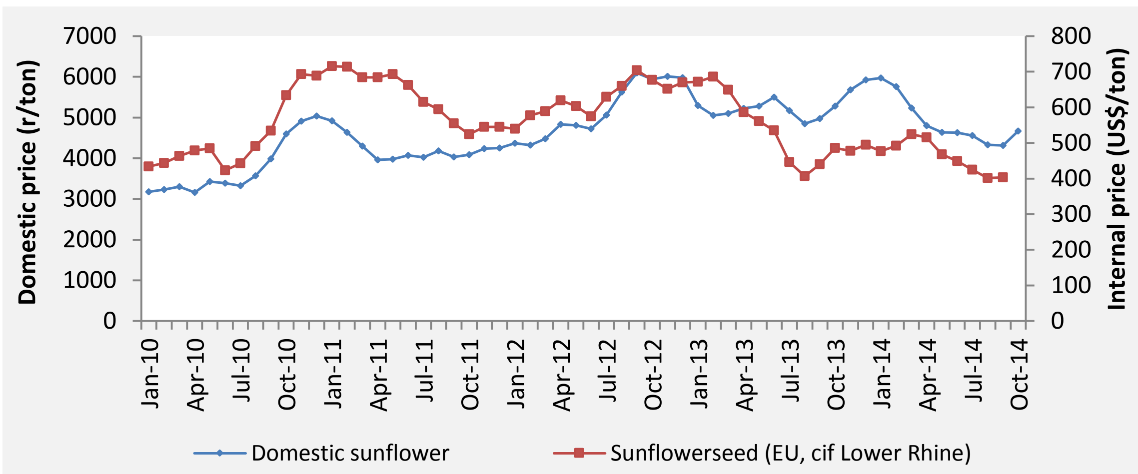


Figure D.7: Domestic market price of sunflower seeds against global market price
Source: FAO and SAFEX

Between October 2013 and October 2014

Sunflower domestic seeds price ↓ 11.57%

Sunflower oil 750ml ↑ 0.35% price

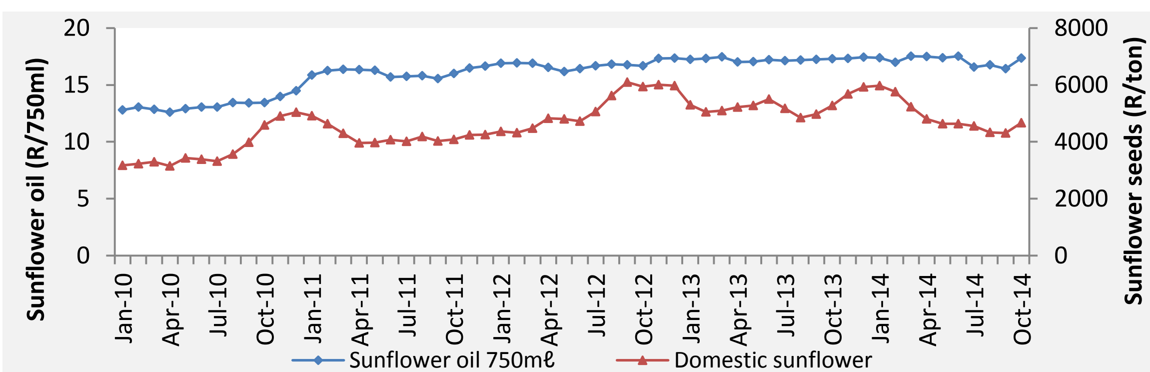


Figure D.8: Sunflower seeds price and sunflower oil price trends
Source: SAFEX and Stats SA

Between October 2013 and October 2014:

Skim milk powder
↓ 41.36 %

Whole milk powder
↓ 45.99%

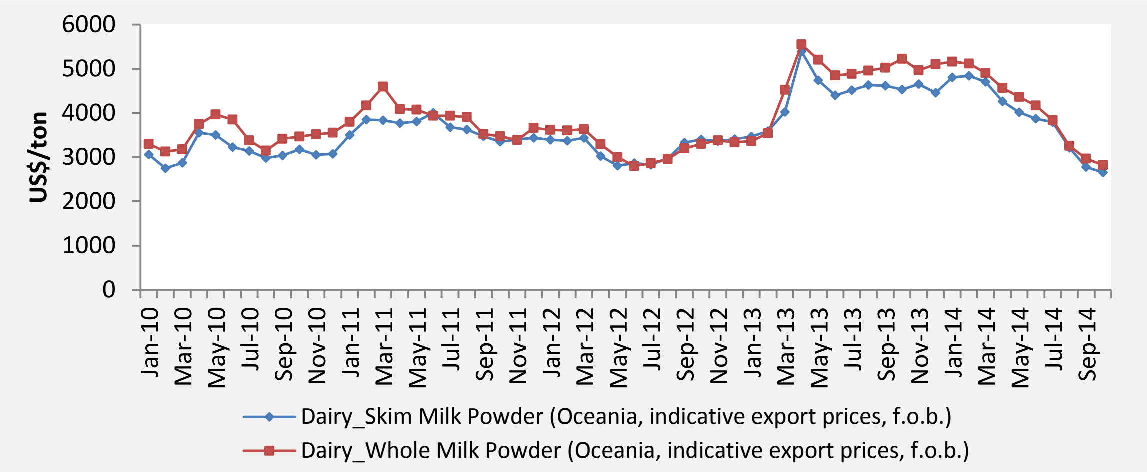


Figure D.9: Skim milk powder and whole milk powder price trends
Source: FAO

Between October 2013 and October 2014:

Milk producer price
↑11.54%

Full cream milk price
↓0.90%

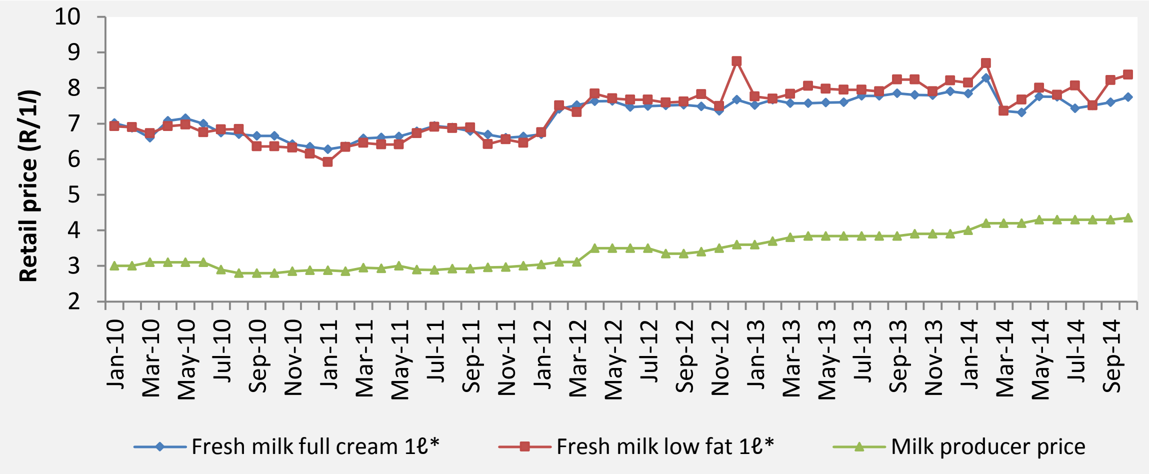


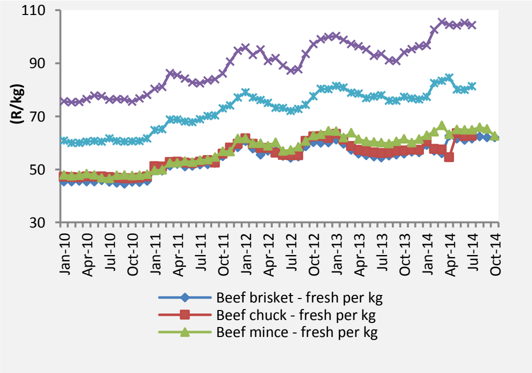
Figure D.10: Domestic producer price and retail prices of milk
Source: MPO and AC Nielsen

D.5 Meat price trends

The price of beef at retail level showed an average ↑ of 9.6 % for the different cuts.

Frozen chicken portions price ↑ by 12.6% per kilogram

Lamb price ↑15.05% and pork chops ↑6.35%



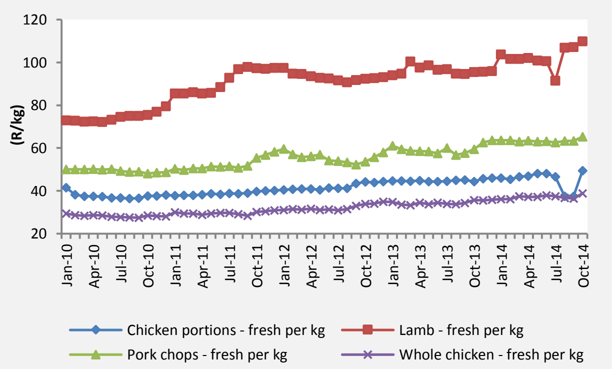


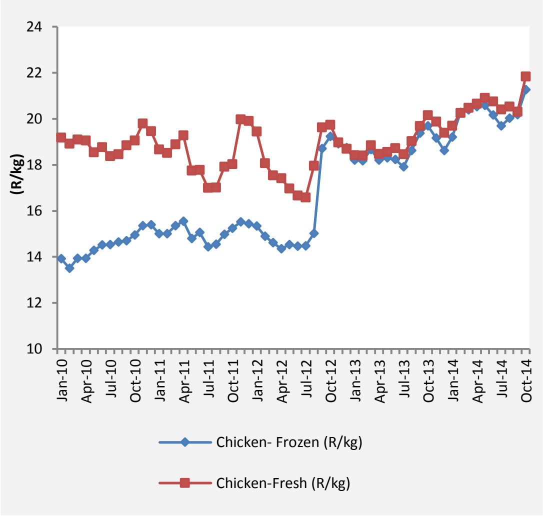
Figure D.11: Retail prices of beef, pork chops, chicken portions, whole chicken and lamb
Source: Stats SA

Between October 2013 and October 2014:

Producer price for fresh chicken ↑ 8.28%

Frozen chicken price ↑7. 97%

Porker price ↑9.51%
Baconer price ↑4.36%



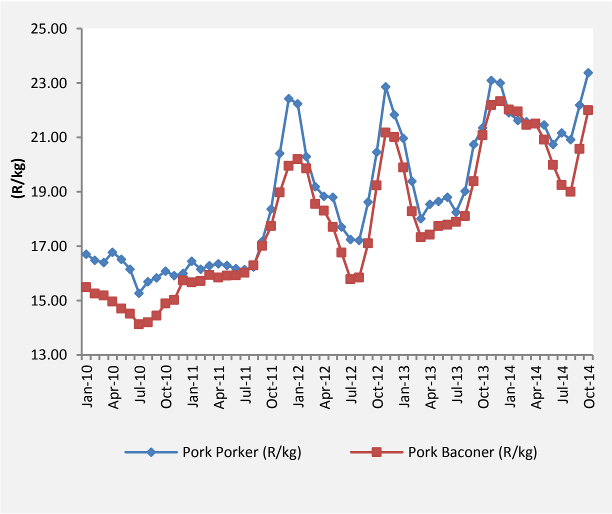


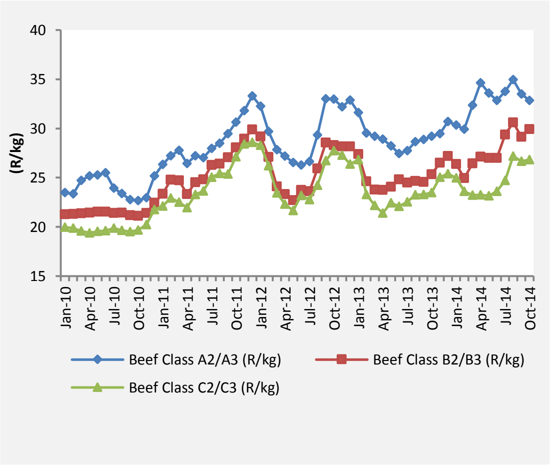
Figure D.12: Producer prices of chicken and pork
Source: AMT

Between October 2013 and October 2014:

Producer price of Beef-class A2/A3 ↑12.39%

Prices of beef class B2/B3 ↑ 18.16% and class C2/C3↑ 14.31%

Prices of lamb-class A2/A3 ↑ 30.61 and class B ↑ 34.07% and the price of class C2/C3 ↑ 24.08%



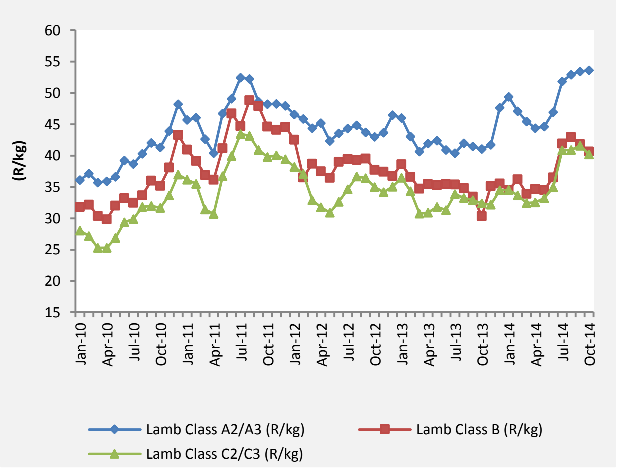


Figure D.13: Producer prices of beef and lamb
Source: AMT

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

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

Between October 2013 and October 2014:

The real farm-to-retail price spread of brown bread ↑26.2%

The real farm value share of brown bread ↓

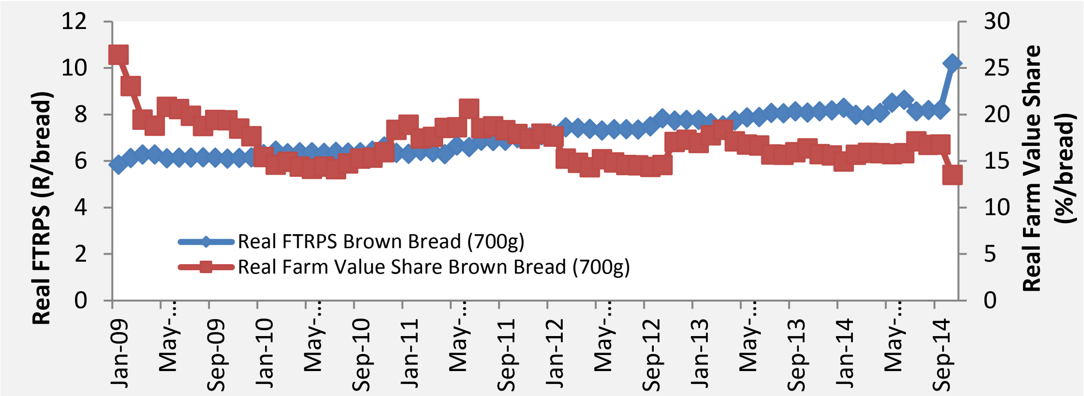


Figure E.1: Real farm to retail price spread and real farm value share of brown bread. Source: SAFEX, Stats SA and own calculations

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

Between October 2013 and October 2014:

The real farm-to-retail price spread of white bread ↓ 10.8%

The real farm value share of white bread ↓11.1%

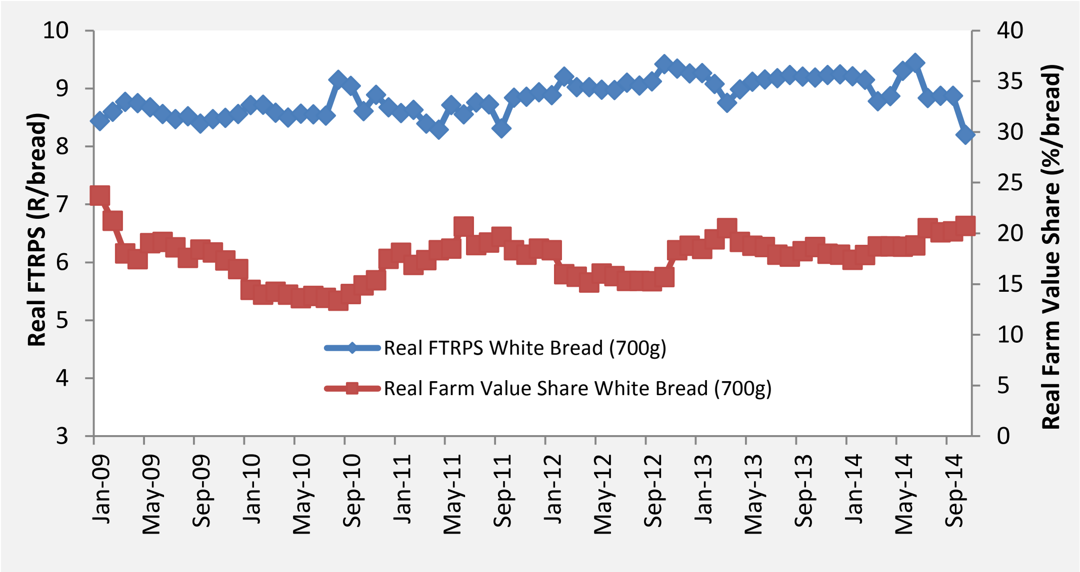


Figure E.2: Real farm to retail price spread and real farm value share of white bread. Source: SAFEX, AC Nielsen and own calculations

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

Between October 2013 and October 2014:

The real farm-to-retail price spread of super maize meal ↑2.3%

The real farm value share of super maize meal ↓14.9%

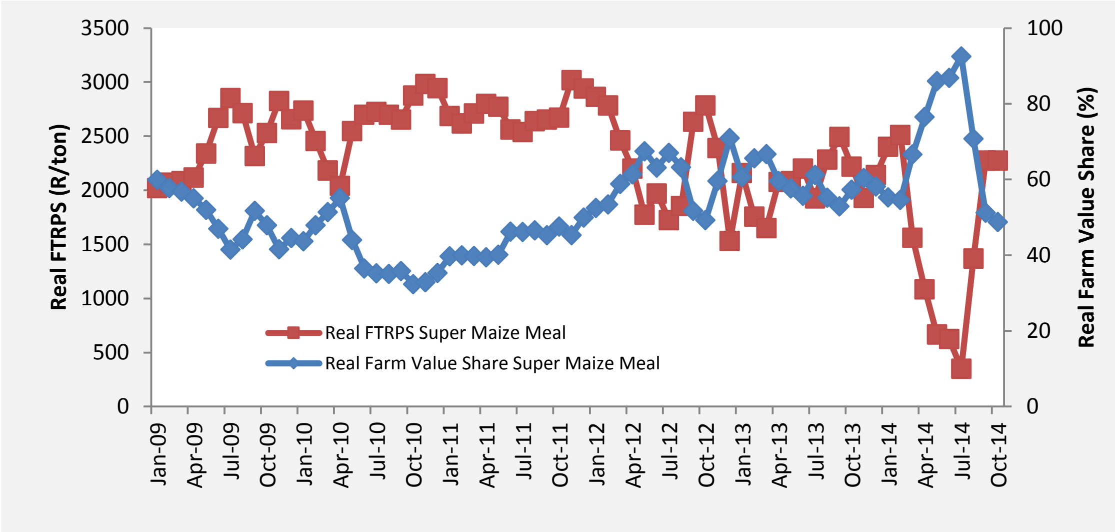


Figure E.4: Real farm to retail price spread and real farm value share of special maize meal. Source: SAFEX, AC Nielsen and own calculations

APPENDIX F: DATA COLLECTION

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

- Stats SA price data on all products are sampled from approximately 800 different data collections points across the country on a monthly basis. Food price data is not collected from all the data collection points since some stores that are sampled do not necessarily sell food. In addition, certain food prices are not sampled in all provinces. For example, the price of cheddar cheese is collected from Gauteng, Western Cape, Eastern Cape, KwaZulu-Natal, Free State, Northern Cape, North West and Mpumalanga. Food price data collection by Stats SA also involves fieldwork where price collectors visit stores to collect data, after which such data undergoes a rigorous process to ensure the integrity of the data. The basket of food products that are included was derived from the Income and Expenditure Survey of 2005/06 that was compiled by Stats SA to ensure that the basket is representative of consumer spending on food. For more detailed information on the methodological process involved in the collection of prices visit http://www.statssa.gov.za/cpi/documents /CPI_Sources_Methods.pdf.

- AC Nielsen collects food price data on a monthly basis from approximately 1000 large food chain stores across the country. Food prices are collected through scanners at the tellers in the big food chain stores after which it undergoes a rigorous process to ensure the integrity of the data. As is the case for Stats SA not all prices are collected in all provinces. For example, potato prices are collected from the core urban areas of Gauteng, KwaZulu-Natal, Eastern Cape, Western Cape and Free State provinces.

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