National Agricultural Marketing Council

Promoting market access for South African agriculture

Markets and Economic Research Centre

Food Price Monitor

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FOOD PRICE MONITOR:

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The basket of food products included in this publication is derived from the latest release of the Income and Expenditure Survey (IES) of 2014/15', compiled by Statistics South Africa (Stats SA). This basket is to be representative of consumer spending on food and, as a result of the IES 2014/15 release, a change was made to the CPI base year (2016=100).

In the latest price information, Stats SA introduced additional products as from January 2017, and excluded some of the pre-January 2017 products. The food basket below will now have to be re-calculated using the new information, taking additional observations/products obtained to include in the new basket. As a result, monthly and annual comparisons in this publication, will not be possible in the short-term.

The NAMC will continue to investigate and involve industry experts in compiling a new basket, based on the latest consumer behaviour. Cognisance of the above background should therefore be taken in interpreting the data.

EXECUTIVE SUMMARY

In October 2017, the Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) indicated that the headline CPI and the food and non-alcoholic beverage price indices were 4.8% and 5.3%, respectively. The same indices were at 5.1% and 5.5% during September 2017.

Prices were compared for selected food items in rural and urban areas for October 2017. Food items showing the largest price differences between urban and rural areas in October 2017 were: sunflower oil 750mℓ at a difference of R4.95, Ceylon/black tea 62.5g at a R2.08 difference, rice 2kg at a R0.93 difference and margarine spread 500g at a R0.53 difference. This indicates that urban consumers paid more for some of these food items than their rural counterparts. In other cases, however, rural consumers paid more for certain other products (e.g. white sugar 2.5kg, special maize meal 2.5kg, peanut butter 400g and super maize meal 2.5kg) than their urban counterparts.

The FAO Food Price Index (FFPI), in nominal terms, averaged 176.4 points in October 2017, down 2.2 points (1.3%) from September. Although at this level the FFPI was up 4 points (2.5%) from its value in October 2016, it remained 27% below its all-time high (in nominal terms) of 240 points registered in February 2011. With the exception of cereals, all the other indices used in the calculation of the FFPI fell in October.

In October 2017, the cost of this basic urban food basket was R844.18, increasing by 1.9%, from September 2017.

When comparing October 2017 vs. October 2016 retail prices, the very significant price inflation (7% or higher) were observed for the following products within the food basket (in order from highest to lowest inflation): cabbage, beef mince, tea, eggs, polony and apples. This could have a negative impact on household food security in South Africa affecting the affordability of various food items making a contribution to dietary diversity. When comparing the inflation rates for October 2017 vs. October 2016, with July 2017 vs. July 2016 (i.e. the previous Food Price Monitor analysis period) the rate of inflation was higher for vegetables, eggs and fats/oil.

Key factors to monitor during the outlook period are the exchange rate risks and global oil prices. Political outcomes of the ANC elective conference in December are also expected to play a key role in exchange rate movements. Given this context, food inflation over the next three months is expected to increase slightly to around 6%, after which it could stabilise or decelerate somewhat based on exchange rate outcomes. It seems that the two-and-a-half year high in oil prices are a result of supply issues and continued volume cuts by the Organization of the Petroleum Exporting Countries (OPEC). Extension of the agreement on reduced volumes would support oil prices over the medium term. This would lead to elevated distribution cost and ultimately higher food inflation during 2018.

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1. Introduction

In October 2017, the Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) indicated that the headline CPI and the food and non-alcoholic beverage price indices were 4.8% and 5.3%, respectively. The same indices were at 5.1% and 5.5% during September 2017. **Figure 1** shows trends of the headline CPI and food and non-alcoholic beverage inflation rates on a monthly basis, from January 2012 to October 2017.

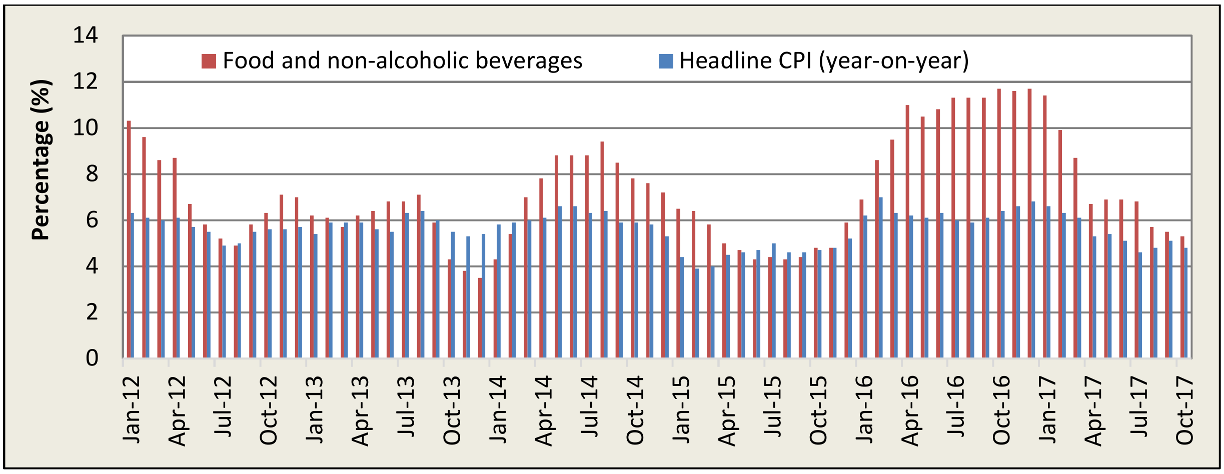

Figure 1: Headline CPI and food and non-alcoholic beverage CPI
Source: Stats SA, 2017

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 2017 vs. October 2016: sugar, sweets and desserts (5.1%), milk, eggs and cheese (2.7%), fruit (-3.5%), meat (15.5%), other food (0.9%), fish (3.1%), processed foods (3.7%), unprocessed foods (6.8%), bread and cereals (-3%), vegetables (0.8%) and oils and fats (-2.6%). Also, indicated in **Figure 2** is the **month-on-month** percentage changes for October vs. September 2017.

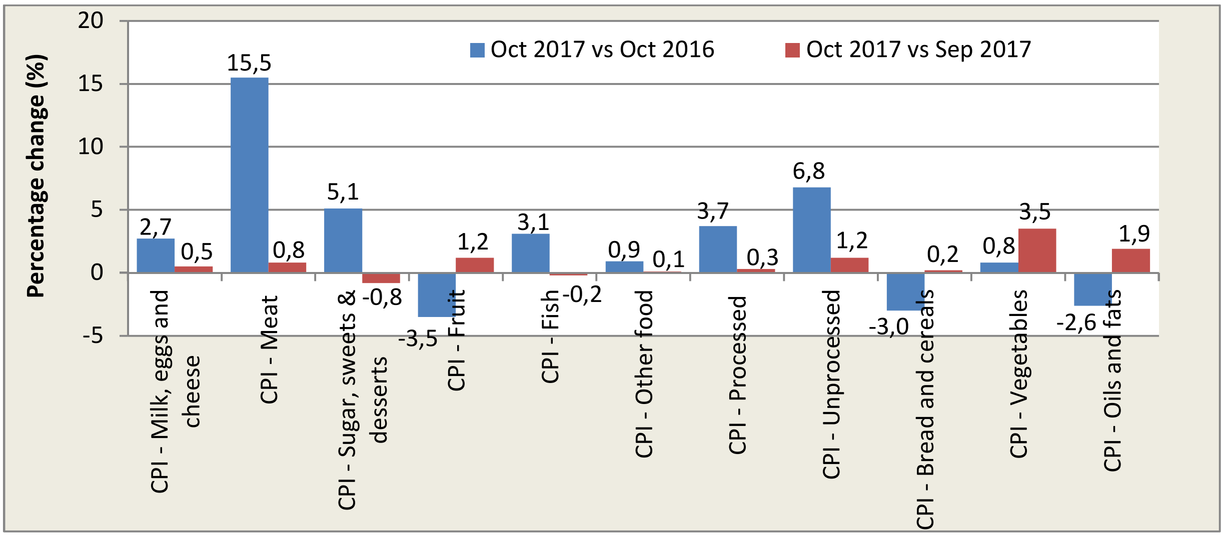

Figure 2: Year-on-year (October 2017 vs. October 2016) and month-on-month (October vs. September 2017) change for different food categories
Source: Stats SA, 2017

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 2017 for South Africa and other selected countries. South Africa's overall inflation for October 2017 was 4.8% with food inflation at 5.3% during the same period. The food categories with the largest **annual** contribution to South African food inflation includes meat and unprocessed foods. The Zambian overall inflation rate for October 2017 was 6.4%, while their food inflation rate was 4.9%. Botswana's overall inflation rate was 3%, compared to their food inflation forecast of 2.5*%, during October 2017. Turkey's overall inflation rate for October 2017 reached 11.9%, compared to their food inflation rate reaching 12.7%. Considering inflation rates of the BRIC countries, India reached the highest overall inflation rate of 3.6%, with a food inflation rate of 1.9%. China recorded the lowest year-on-year inflation rate of 1.9%, with a food inflation rate of negative 0.4%.

Table 1: Overall inflation and food inflation during August to October 2017

	August 2017		September 2017		October 2017	
Country	Overall inflation (%)	Inflation on food and non-alcoholic beverages (%)	Overall inflation (%)	Inflation on food and non-alcoholic beverages (%)	Overall inflation (%)	Inflation on food and non-alcoholic beverages (%)
Botswana	3.4	3.8	3.2	2.8	3.0	2.5*
Brazil	2.5	-2.0	2.5	-2.1	2.7	-2.1
China	1.8	-0.2	1.6	-1.4	1.9	-0.4
India	3.3	1.5	3.3	1.3	3.6	1.9
Namibia	5.4	4.6	5.6	4.2	5.2	3.7
Russia	3.3	2.3	3.0	1.6	2.7	1.2
South Africa	4.8	5.7	5.1	5.5	4.8	5.3
Turkey	10.7	12.0	11.2	12.5	11.9	12.7
United Kingdom	2.9	2.1	3.0	3.0	3.0	4.0
United States	1.9	1.1	2.2	1.2	2.0	1.3
Zambia	6.3	5.1	6.6	5.0	6.4	4.9

Sources: Central banks and statistics reporting institutions of these countries, 2017
**Note: Forecasted value*

3. Urban and rural food price trends: October 2017 vs. October 2016

Tables 2 and **3** rank the food items included in this report into urban and rural areas, according to the various inflation rates. The food products highlighted in **Table 2** are those with annual **urban** inflation rates that exceed the South African Reserve Bank's (SARB) inflation upper band of 6%:

Table 2: Food items in the urban areas ranked according to price changes (Oct '17 vs Oct '16)

Grain and grain products	%	Meat, meat products, dairy, dairy products and eggs	%	Fresh & processed fruits & veg	%
Super maize 5kg	-21.38%	Full cream milk - long life 500mℓ	-5.49%	Pineapples - per kg*	-16.66%
Special maize 2.5kg	-21.31%	Powdered milk 250g	-2.06%	Sweet potatoes - fresh per kg	-15.52%
Super maize 2.5kg	-20.88%	Full cream milk - fresh 2ℓ	-1.77%	Peaches - per kg*	-11.16%
Special maize 1kg	-17.33%	Fish (excl. tuna) - tinned 400g	-1.58%	Tomatoes - fresh per kg	-10.86%
Super maize 1kg	-15.87%	Powdered milk 500g	-1.04%	Bananas - fresh per kg	-8.47%
Special maize 5kg	-15.64%	Powdered milk 900g	-0.92%	Watermelon - per kg*	-3.87%
Special maize 10kg	-13.64%	Eggs 0.5 dozen	-0.65%	Oranges - fresh per kg	-3.72%
Sunflower oil 2ℓ	-10.16%	Full cream milk - long life 1ℓ	0.50%	Plum - per kg*	-2.61%
Sunflower oil 500mℓ	-5.47%	Full cream milk - fresh 500mℓ	1.10%	Pears - per kg*	-1.35%
Rice 5kg	-4.37%	Low Fat milk - long life 1ℓ	1.38%	Carrots - fresh per kg	-0.48%
Loaf of white bread 700g	-3.99%	Powdered milk 400g	1.97%	Potatoes - fresh per kg	-0.17%
Loaf of white bread 600g	-3.67%	Fish (excl. tuna) - tinned 215g	2.10%	Sweetcorn/Baby Corn/Mielies*	0.84%
Cold Cereals 450g	-3.63%	Low Fat milk - fresh 1ℓ	2.19%	Baked beans - tinned 410g	1.61%
Cake flour 5kg	-3.04%	Fish (excl. tuna) - tinned 155g	3.03%	Beans - dried 2kg	2.53%
Loaf of brown bread 700g	-2.28%	Full cream milk - fresh 1ℓ	3.03%	Onions - fresh per kg	2.66%
Cake flour 2.5kg	-2.12%	Whole chicken - fresh per kg	4.61%	Beans - dried 500g	3.74%
Sunflower oil 750mℓ	-1.64%	Cheddar cheese per kg	5.43%	Grapes - per kg*	5.97%
Brick margarine 500g	-1.41%	Chicken portions - fresh per kg	6.42%	Cauliflower - fresh per kg	8.06%
Brick margarine 125g	-1.30%	Polony per kg	8.46%	Apples - fresh per kg	8.35%
Brick margarine 250g	-0.98%	Eggs 1.5 dozen	8.52%	Beetroot - fresh per kg	10.55%
Loaf of brown bread 800g	-0.53%	Beef rump steak - fresh per kg	8.68%	Pumpkin - fresh per kg	12.86%
Brick margarine 1kg	0.39%	Lamb - fresh per kg	9.48%	Cabbage - fresh each	13.67%
Cake flour 1kg	0.72%	Tuna - tinned 170g	10.64%	Beans - dried 1kg	14.25%
Cold Cereals 750g	0.73%	Beef fillet - fresh per kg	10.78%	Avocado - per kg*	24.41%
Rice 2kg	1.12%	Pork chops - fresh per kg	10.82%	Cabbage - fresh per kg	35.92%
Margarine spread 1kg	1.17%	Eggs 2.5 dozen	11.20%	Mango - per kg*	244.78%
Rice 10kg	1.68%	Pork - ribs per kg	11.42%		
Peanut butter 800g	2.18%	Beef sirloin - fresh per kg	11.50%	**Other**	**%**
Rice 500g	2.76%	Beef mince - fresh per kg	12.80%	Instant coffee 100g	-7.94%
Peanut butter 400g	2.85%	Beef T-bone - fresh per kg	13.90%	Instant coffee 750g	-1.76%
Macaroni 500g	2.87%	Lamb - loin chop per kg	13.99%	White sugar 10kg	2.44%
Spaghetti 500g	4.77%	Bacon 250g	14.84%	Instant coffee 250g	2.85%
Cold Cereals 500g	6.21%	Lamb - rib chop per kg	15.44%	Instant coffee 200g	3.96%
Rice 1kg	6.31%	Lamb - leg per kg	18.02%	Ceylon/black tea 125g	4.25%
Cold Cereals 375g	9.60%	Beef brisket - fresh per kg	19.11%	White sugar 2.5kg	4.31%
Loaf of brown bread 600g	10.37%	Beef chuck - fresh per kg	20.22%	White sugar 1kg	5.58%
Margarine spread 500g	11.91%	Lamb - neck per kg	21.11%	White sugar 250g	5.73%
Cold Cereals 400g	18.47%			White sugar 500g	5.80%
				White sugar 5kg	6.81%
				Ceylon/black tea 250g	10.17%
				Instant coffee 500g	12.60%
				Ceylon/black tea 62.5g	14.15%
				Ceylon/black tea 500g	18.06%
				Ceylon/black tea 200g	45.85%

Source: Stats SA and AC Nielsen*, 2017

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

The food products highlighted in **Table 3** record the products which exceed the SARB annual inflation rate of 6% in the **rural** areas.

Table 3: Food items in the rural areas ranked according to price changes (October 2017 vs. October 2016)

Grain and grain products	%	Meat, meat products, dairy, dairy products and eggs	%	Fresh and processed fruits and vegetables	%
Super maize 5kg	-12.61%	Low fat milk - fresh 1ℓ	-12.64%	Beans Dried 2kg	-19.66%
Super maize 2.5kg	-11.68%	Full cream milk - long life 500mℓ	-1.44%	Bananas - Fresh per kg	-10.31%
Special maize 1kg	-10.49%	Full cream milk - fresh 2ℓ	-1.27%	Potatoes - Fresh 10kg	-8.19%
Special maize 5kg	-10.04%	Low fat milk - fresh 2ℓ	-0.72%	Potatoes - Fresh per kg	-7.65%
Super maize 1kg	-7.27%	Fish (excl. tuna) - tinned 425g	0.00%	Beans Dried 500g	-6.58%
Special maize 2.5kg	-7.18%	Full cream milk - long life 1ℓ	1.80%	Tomatoes - Fresh per kg	-3.96%
Sunflower oil 750mℓ	-5.42%	Full cream milk - fresh 1ℓ	1.95%	Onions - Fresh per kg	6.10%
Margarine Spread (In A Tub) 1 Kilogram	-4.73%	Fish (excl. tuna) - tinned 155g	3.96%	Beans Dried 1kg	10.20%
Sunflower oil 2ℓ	-3.19%	Full cream milk - fresh 500mℓ	4.04%	Apples - Fresh per kg	12.42%
Rice 2kg	-0.61%	Beef rump steak -fresh per kg	10.89%	Oranges - Fresh per kg	23.93%
Brick margarine 500g	-0.47%	Eggs 1/2 dozen	11.08%		
Loaf of white bread 700g	0.01%	Beef T-bone - fresh per kg	13.91%		
Loaf of brown bread 700g	0.04%	Beef brisket - fresh per kg	16.28%	**Other products**	**%**
Loaf of brown bread 600g	1.22%	Beef fillet - fresh per kg	16.58%	Instant Coffee 750g	0.19%
Sunflower oil 500mℓ	1.53%	Beef chuck - fresh per kg	18.17%	Instant Coffee 250g	1.88%
Loaf of white bread 600g	1.63%	Chicken portions - fresh per kg	20.00%	Sorghum meal (e.g. mabella) 1kg	2.83%
Rice 500g	2.01%			Instant Coffee 100g	4.06%
Rice 1kg	3.63%			Ceylon/black tea 250g	4.41%
Brick margarine 250g	5.04%			White sugar 2.5kg	4.89%
Peanut butter 270g	6.16%			Ceylon/black tea 62.5g	6.16%
Peanut butter 400g	6.47%			White sugar 1kg	7.64%
Peanut butter 800g	6.47%			White sugar 500g	10.48%
Brick margarine 125g	9.00%			Ceylon/black tea 200g	10.68%
Margarine Spread (In A Tub) 500 Gram	23.90%			Ceylon/black tea 125g	10.83%
Margarine Spread (In A Tub) 250 Gram	28.13%				

Source: Stats SA, 2017

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

A closer look at annual food price trends: October 2017 vs. October 2016

During the period, October 2017 vs. October 2016, the international price of wheat (US No 2, Hard Red Winter ord. Prot., US Fob Gulf) increased by 15.74%, while the domestic wheat prices increased by 0.7%. Urban consumers paid 2.28% less for a loaf of brown bread (700g) and 3.99% less for a loaf of white bread (700g) during the same period. During the same period, domestic yellow maize prices decreased by 36.64%, while international yellow maize prices decreased by 2.39%. Super maize meal (2.5kg) decreased with 20.88%, whilst special maize meal (2.5kg) decreased with 21.31%, in urban areas. During the same period, the urban prices of sunflower oil (750mℓ) decreased with 1.64%. During October 2017, the domestic price of sunflower seed was R4 556.82/ton compared to the R6 271.24/ton price of October 2016, resulting in an annual decline of 27.18%.

During this period October 2017 vs. October 2016, the average meat producer prices experienced an increasing trend. The average beef producer prices of class A2/A3 (R/kg), class B2/B3 (R/kg) and C2/C3 (R/kg) increased by 21.95%, 31.48% and 22.85%, respectively. Lamb/mutton producer prices of class A2/A3 (R/kg), class B2/B3 (R/kg) and class C2/C3 (R/kg) increased by 24.34%, 19.6% and 24.8%, respectively. Producer prices of frozen, fresh and individually quick frozen (IQF) chicken portions (R/kg) increased by 21.8%, 19.37% and 25.14%, respectively, while pork producer prices of porker (R/kg) and baconer (R/kg) increased with 15.69% and 17.11%, respectively, during the same period.

4. Comparison between urban and rural prices: October 2017

Table 4 compares prices of selected food items in rural and urban areas for October 2017. The food items which showed the largest price differences between **urban** and **rural** areas in October 2017were: sunflower oil 750mℓ at a difference of R4.95, Ceylon/black tea 62.5g at a R2.08 difference, rice 2kg at a R0.93 difference and margarine spread 500g at a R0.57 difference. This indicates that urban consumers paid more for some of these food items than their rural counterparts. In other cases, however, rural consumers paid more for certain other products (e.g. white sugar 2.5kg, special maize meal 2.5kg, peanut butter 400g and super maize meal 2.5kg) than their urban counterparts.

Table 4: Comparison between urban and rural food prices (selected food items)

Product	Rural Food Prices October 2017	Urban Food Prices October 2017	Price difference R/unit
Full cream milk – long life 1ℓ	14.50	14.04	-0.46
Loaf of brown bread 700g	11.48	11.98	0.50
Loaf of white bread 700g	12.45	12.98	0.53
Special maize 2.5 kg	22.27	19.76	-2.51
Super maize 2.5 kg	24.05	22.96	-1.09
Margarine spread 500g	27.15	27.72	0.57
Peanut butter 400g	29.32	27.76	-1.56
Rice 2kg	25.25	26.18	0.93
Sunflower oil 750mℓ	17.27	22.22	4.95
Ceylon/black tea 62.5g	12.56	14.64	2.08
White sugar 2.5kg	41.56	38.69	-2.87
Average			**0.1**

Source: **Stats SA, 2017**

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 monthly **real (deflated)** FAO food price index from 2012 to 2017, with October 2017 reaching an index level of 150.72 percentage points.

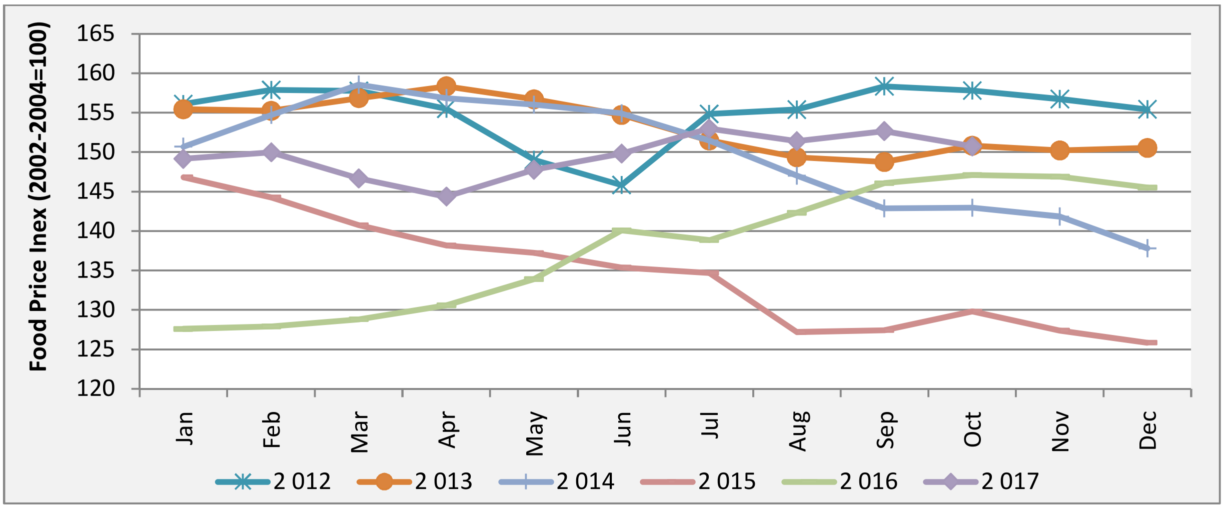

Figure 3: International monthly real food price index
Source: FAO, 2017

Figure 4 shows the monthly price indices for the five food categories in **real** terms. The **month-on-month,** October vs. September 2017, all growth percentage declined with the exception of the Cereals Price Index, i.e.: Dairy (-4.19%), Cereals (+0.65%), Oils Price (-1.06%), Sugar Price (-0.67%) and Meat (-0.9%). **Year-on-year**, October 2017 vs. October 2016, reflected an increasing trend in **real** terms for all indexes with the exception of the Sugar Price Index (-35.68%).

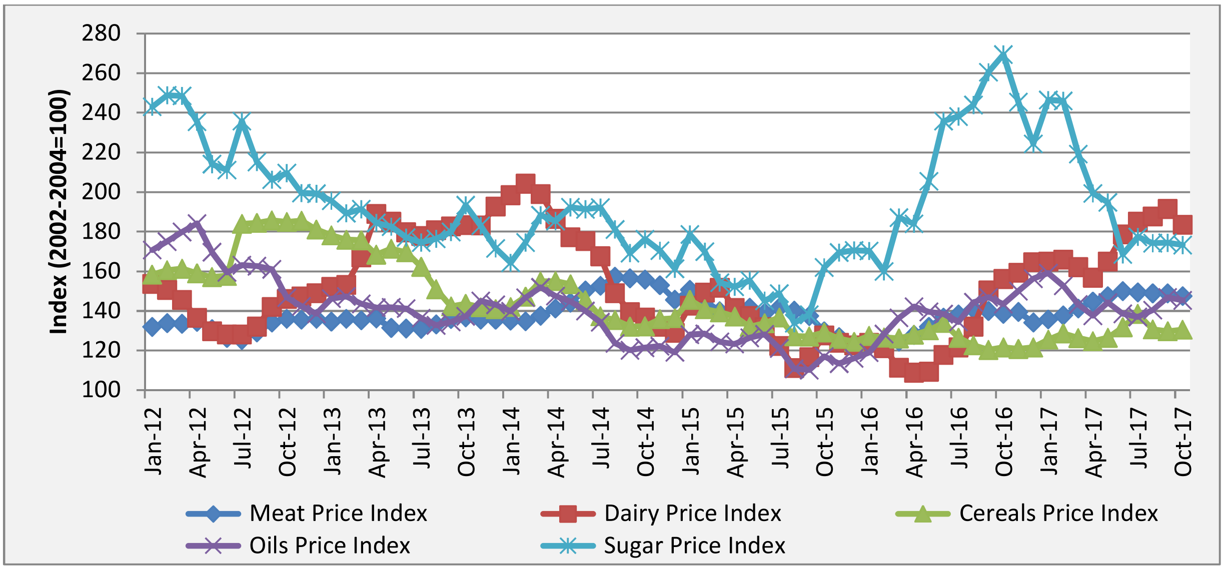

Figure 4: Real price indices for five food categories
Source: FAO, 2017

The **FAO Food Price Index (FFPI)**[1], in **nominal** terms, averaged 176.4 points in October 2017, down 2.2 points (1.3%) from September. Although at this level the FFPI was up 4 points (2.5%) from its value in October 2016, it remained 27% below its all-time high (in nominal terms) of 240 points registered in

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

February 2011. With the exception of cereals, all the other indices used in the calculation of the FFPI fell in October.

The **FAO Cereal Price Index**, in **nominal** terms, averaged 152.8 points in October, up a notch from September and 10.5 points (7.4%) higher than the same month last year. Among the major cereals, wheat quotations were generally lower, pressured by large exportable supplies from the Back Region and increased competition among exporters. Maize prices increased slightly in the US, although those from South America were weighed down by large supplies. Rice prices strengthened in October, amid seasonally tight Japonica and fragrant supplies, with additional support for Japonica prices stemming from a series of tenders in the Far East.

The **FAO Vegetable Oil Price Index,** in **nominal** terms, averaged 170 points in October, down 1.8 points (or 1.1%) compared to the previous month and close to the level recorded one year ago. The index' retreat was primarily driven by palm and soy oils. Palm oil values weakened on higher than anticipated inventory levels in Malaysia and the expectation of production gains in Southeast Asia, while soy oil prices eased on good soybean harvest progress in the United States and forecasts of ample global availabilities in 2017/18. Lower sunflower oil quotations, facilitated by large export availabilities in the Black Sea region, also weighed on the index.

The **FAO Dairy Price Index,** in **nominal** terms, averaged 214.8 points in October, down 9.4 points (4.2%) from September and marking the first drop since May 2017. At that level, the index was 32 points (17.5%) above its value in October 2016, but 22% below its peak reached in February 2014. International quotations for butter, skim milk powder (SMP) and whole milk powder (WMP) eased in October, while those of cheese remained more stable. Butter and WMP prices fell as importers held back on purchases, awaiting arrival of new supplies from Oceania. Low demand and ample intervention stocks in the EU hastened the decline of SMP prices. A balanced cheese market contributed to more stable cheese quotations.

The **FAO Meat Price Index**[2], in **nominal** terms, averaged 172.7 points in October, down 1.6 points (0.9%) from September and continuing a trend of moderate declines that began in July this year. International prices of pig and ovine meat declined in October, while those of bovine meat increased and of poultry were stable. Intense competition among exporters and sluggish import demand have been behind the declines in pig meat prices observed in recent months. However, bovine meat prices rose for the third consecutive month due to limited spot offers from Oceania. A seasonal increase in ovine meat supplies in Oceania pushed down ovine prices, while poultry meat markets remained well balanced.

The **FAO Sugar Price Index,** in **nominal** terms, averaged nearly 203 points in October, down 1.4 points (0.7%) from September and as much as 112 points, or 36%, below the corresponding month last year. Sugar prices fell in October as the potential for higher supplies in 2017/18 was further reinforced with prospects for a larger beet crop in the EU and bigger output in the Russian Federation. Weaker Brazilian Real, increasing the potential for larger export sales from Brazil, also weighed on international prices, especially in view of a significant slowdown in purchases by China because of higher import tariffs.

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

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 this section is based on the cost of a basic food basket[3] (as originally compiled by the Food Price Monitoring Committee in 2003, revised in January 2017), based on monthly average food price data for the period October 2016 to October 2017.

In October 2017, the cost of this basic urban food basket was R844.18, increasing by 1.9%, from September 2017. Due to the inclusion of additional products in the new CPI basket (dried beans, 2kg frozen chicken, beef and chicken offal) (with no price observations prior to January 2017), no comparison of the current basket is possible with October 2016. The cost of this food basket expressed as a share of the average monthly income[4] of the poorest 30% of the population was 56.7% in October 2017, compared to 55.7% in September 2017. The cost of the food basket expressed as a share of the average monthly income of the wealthiest 20% of the population was 3% in both September and October 2017 (see **Figure 5** below).

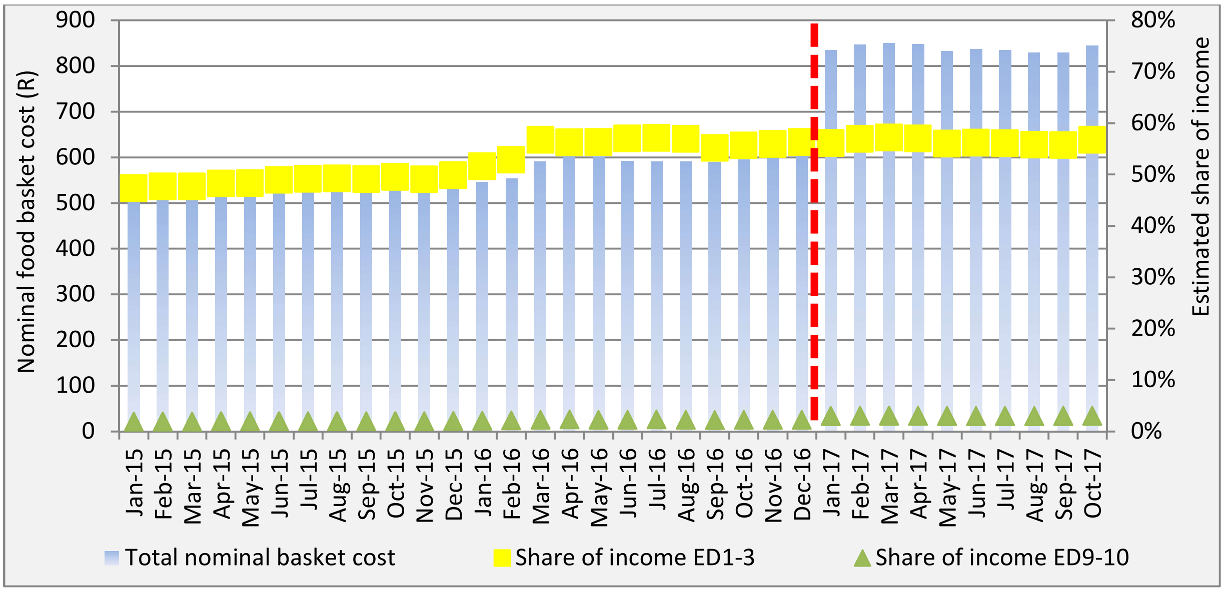

Figure 5: The cost of a typical consumer food basket for the period October 2016 to October 2017, expressed in nominal terms and as share of the average income of the poorest 30% of households (Expenditure Deciles [ED] 1-3) and the wealthiest 20% of households ([ED] 9-10)

Source: BFAP calculations, based on Stats SA monitored price data for urban areas, 2017

**Note: New Basket Composition from January 2017*

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[3] *Composition of the new basic food basket: Apples fresh (per kg), Baked beans tinned (410g), Bananas fresh (per kg), Beans dried (500g), Beef mince fresh (per kg), Beef offal fresh (per kg), Bread loaf brown (700g), Bread loaf white (700g), Cabbage fresh (per kg), Cheese cheddar (per kg), Chicken giblets (per kg), Chicken portions IQF (2kg), Coffee instant (250g), Eggs (1.5 dozen), Fish (excl. tuna) tinned (400g), Maize meal super (5kg), Margarine brick (500g), Milk full cream long life (1ℓ), Onions fresh (per kg), Oranges fresh (per kg), Peanut butter (400g), Polony (per kg), Potatoes fresh (per kg), Rice (2kg), Sugar white (2.5kg), Sunflower oil (750mℓ), Tea Ceylon/black (250g) and Tomatoes fresh (per kg).*

[4] *The cost of the typical food basket was expressed as a share of estimated average monthly income of Expenditure Deciles 1-3, the poorest 30% of the population, as calculated from the Stats SA Living Conditions Survey 2014/15 (household income estimated by total expenditure of households on all items).*

To further explore the impact of inflation on consumers, **Figure 6** presents an illustration of the average **monthly** nominal cost growth of specific food groups within the basic food basket, comparing September 2017 to October 2017 prices. The following food categories experienced inflation: meat, dairy and eggs, bread and cereals, vegetables, fruit, bean products, fats/oils and sugary foods.

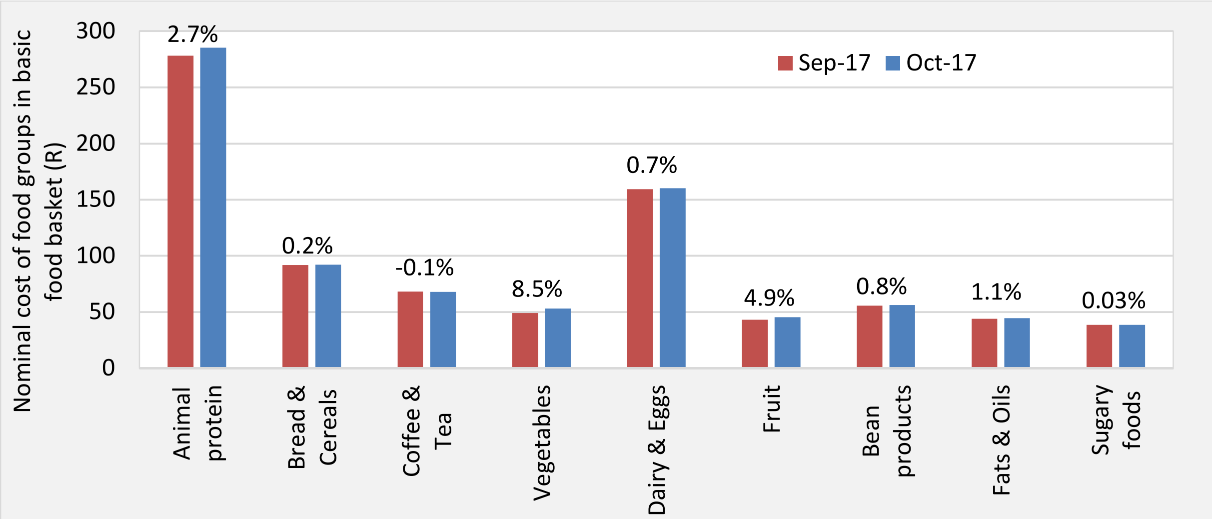

Figure 6: Nominal monthly cost of specific food groups within the basic food basket, October 2017 vs. September 2017
Source: BFAP calculations, based on Stats SA monitored price data for urban areas, 2017

The various food groups within this food basket are discussed in more detail in **Table 5** below.

Table 5: Overview of inflation contributing foods within the basic food basket, October 2017 vs. October 2016

Food group:	Overall inflation rate:		Major contributors to inflation in this category:	Minor contributors to inflation in this category:	Non-contributors to inflation in this category:	Comments:
	Oct 2017 vs. Oct 2016	Jul 2017 vs. Jul 2016*				
Animal protein	N/A	N/A	Polony (+8.5%) Beef mince (+12.8%)	None	Tinned fish (-1.6%)	High inflation on polony and beef mince.
Bread and cereals	-11.2%	-4.3%	None	Rice (+1.1%)	White bread (-4%) Brown bread (-2.3%) Maize meal (-21.4%)	Some inflation on rice. Significant deflation on maize meal.
Vegetables	+2.7%	-8.6%	Cabbage (+35.9%)	Onions (+2.7%)	Potatoes (-0.2%) Tomatoes (-10.9%)	High inflation on cabbages, minor inflation on onions, deflation on potatoes and tomatoes.
Fruit	-0.6%	+2.3%	Apples (+8.3%)	None	Bananas (-8.5%) Oranges (-3.7%)	High inflation on apples, deflation on oranges and bananas.
Dairy	+3.0%	+4.5%	Cheddar cheese (+5.4%)	Full cream milk - long life 1ℓ (+0.5%)	None	Inflation on the price of cheddar cheese.
Eggs	+8.5%	-0.6%	Eggs (+8.5%)	None	None	High inflation on eggs.
Fats and oils	-1.5%	-2.3%	None	None	Brick margarine (-1.4%) Sunflower oil (-1.6%)	Deflation on margarine and sunflower oil.
Bean products	+2.9%	N/A	Beans dried (+3.7%)	Peanut butter (+2.9%) Baked beans (+1.6%)	None	Inflation on all bean products.
Coffee and tea	+6.2%	+7.7%	Ceylon/black tea (+10.2%)	Instant coffee (+2.8%)	None	Inflation on coffee and tea.
Sugary foods	+4.3%	+19.1%	White sugar (+4.3%)	None	None	Inflation on white sugar.

Source: BFAP calculations, based on Stats SA monitored price data for urban areas, 2017

** Previous Food Price Monitor analysis period prior to October 2017 vs. October 2016 comparison*

Thus, when comparing October 2017 vs. October 2016 retail prices, the very significant price inflation (7% or higher) were observed for the following products within the food basket (in order from highest to lowest inflation): cabbage, beef mince, tea, eggs, polony and apples. This could have a negative impact on household food security in South Africa affecting the affordability of various food items making a contribution to dietary diversity. When comparing the inflation rates for October 2017 vs. October 2016, with July 2017 vs. July 2016 (i.e. the previous Food Price Monitor analysis period) the rate of inflation was higher for vegetables, eggs and fats/oil.

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[5]; Oldewage-Theron et al, 2005[6]). **Figure 7** illustrates the estimated portion costs for these foods, calculated from monthly food price data for October 2016 to October 2017. 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 7.**

Despite the relatively low actual food weight contribution of bread to this 'food plate', the bread component costs more than the maize porridge component (about 47% more in this case for October 2017). 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 2017 vs. October 2016 prices, the results in **Figure 7** indicated deflation of about 7.7% (from R6.27 to R5.79 for the selection of portions). Significant deflation in maize meal, some deflation on brown bread and minimal inflation on milk, contributed to the deflation observed on this 'food plate'. From September 2017 to October 2017 the costs associated with the typical portion sizes of very poor consumers for the five most widely consumed food items in South Africa decreased by 0.9%.

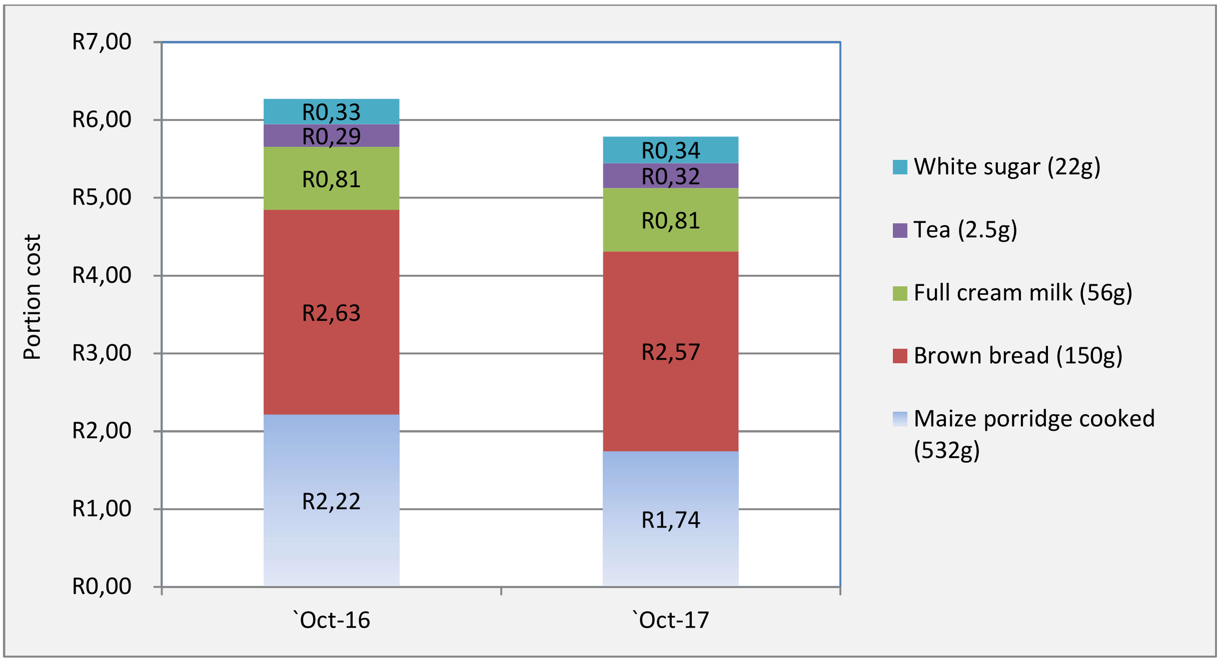

Figure 7: Average nominal cost for the typical portions of the five food items most widely consumed by very poor consumers in South Africa, October 2017 vs. October 2016
Source: BFAP calculations, based on Stats SA monitored price data for urban areas, 2017

[5] *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*
[6] *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*

7. Outlook

Food inflation in October 2017 decreased marginally to 5.3% from, 5.5% recorded in the previous month. This points to a persistent downward trend that has been experienced since July 2017 driven by summer grain and oilseed production doubling from the previous production season as well as a rebound in fruit and vegetable production.

If specific sectors are regarded, average red meat prices have increased by approximately 12% year-on-year, in October, but month-on-month movements since August indicate that prices were moving sideways. Relatively high red meat prices, in absolute terms, are still sustained by restocking practices, although this trend is slowly turning because of highly favourable meat-to-maize price ratios. The weak exchange rate is also supporting strong export opportunities, which ultimately links the movement in the local prices closely with exchange rates and world prices. Chicken meat prices are relatively high due to the Avian Influenza (AI) export bans from key trading partners. Locally this disease also poses a significant risk that could affect production levels and ultimately, prices. The protein source that has however been most severely affected by local AI outbreaks, is egg production, with 2.6 million birds culled in the Western Cape. During October, egg prices were up by roughly 6% year-on-year. Month-on-month suggested that egg prices have gained momentum since August. Given the long production cycle associated with egg production it is expected that egg prices will remain at elevated levels for, at least, the next 12 months.

White and brown bread prices are between 2% and 4% lower compared to last year. Similarly, maize meal prices are around 20% lower compared to a year ago. These depressed prices are expected to continue over the foreseeable future based on the big harvest of the current season. This will also result in substantial carry-over stocks that will curb commodity price increases over the next year. It is therefore not expected that grains and cereals will contribute to inflationary pressures over the outlook period.

Strong demand-pull factors are expected to support prices of meat and vegetables over the festive period. This will be further exasperated by increases in manufacturing and distribution costs, with independent economists arguing that the increase in petrol prices could be by as much as 70 cents per litre. Key uncertainties that can add to food inflationary woes are mainly driven by the upside risk associated with the exchange rate, which already took a severe blow with the ratings downgrade on the 24th of November. Political outcomes of the ANC elective conference in December are also expected to play a key role in exchange rate movements. Given this context, food inflation over the next three months is expected to increase slightly to around 6%, after which it could stabilise or decelerate somewhat based on exchange rate outcomes.

Key factors to monitor during the outlook period are the exchange rate risks, for reasons eluded to above and global oil prices. It seems that the two-and-a-half year high in oil prices that we have seen in the last week of November are a result of supply issues such as the closure of the Keystone pipeline in the US and continued volume cuts by the Organization of the Petroleum Exporting Countries (OPEC). The OPEC meets on 30 November to discuss the possibilities of extending the agreement on reduced volumes, which would support oil prices over the medium term. This would lead to elevated distribution cost and ultimately higher food inflation during 2018.

APPENDIX A: DATA ON URBAN FOOD PRICE TRENDS

Table A.1: Wheat products

Wheat products	Price level			Percentage Change	
	Oct-16	Aug-17	Oct-17	Oct-17 vs Aug-17	Oct-17 vs Oct-16
Cake flour 1kg	12.49	12.67	12.58	-0.71%	0.72%
Cake flour 2.5kg	26.83	25.37	26.26	3.51%	-2.12%
Cake flour 5kg	56.61	55.01	54.89	-0.22%	-3.04%
Instant noodles 73g	-	4.92	4.93	0.20%	
Instant noodles 75g	-	4.33	4.40	1.62%	
Instant noodles 78g	-	4.67	4.64	-0.64%	
Instant noodles 85g	-	3.92	3.92	0.00%	
Loaf of brown bread (each)	-	11.63	11.63	0.00%	
Loaf of brown bread 600g	6.56	6.83	7.24	6.00%	10.37%
Loaf of brown bread 700g	12.26	12.11	11.98	-1.07%	-2.28%
Loaf of brown bread 800g	15.23	15.48	15.15	-2.13%	-0.53%
Loaf of white bread (each)	-	11.08	11.08	0.00%	
Loaf of white bread 600g	7.90	8.07	7.61	-5.70%	-3.67%
Loaf of white bread 700g	13.52	13.22	12.98	-1.82%	-3.99%
Macaroni 1kg	-	26.12	26.99	3.33%	
Macaroni 3kg	-	66.49	65.99	-0.75%	
Macaroni 500g	12.55	12.84	12.91	0.55%	2.87%
Pasta 1kg	-	35.39	35.39	0.00%	
Pasta 500g	-	17.55	17.70	0.85%	
Spaghetti 1kg	-	26.39	26.09	-1.14%	
Spaghetti 500g	12.79	13.09	13.40	2.37%	4.77%
Average				**0.20%**	**0.31%**
Domestic price of wheat	**4,128.52**	**4,443.17**	**4,157.23**	**-6.44%**	**0.70%**

Source: Stats SA, 2017

Table A.2: Maize products

Maize products	Price level			Percentage Change	
	Oct-16	Aug-17	Oct-17	Oct-17 vs Aug-17	Oct-17 vs Oct-16
Special maize 10kg	83.74	72.41	72.32	-0.12%	-13.64%
Special maize 1kg	10.79	9.09	8.92	-1.87%	-17.33%
Special maize 2.5kg	25.11	20.50	19.76	-3.61%	-21.31%
Special maize 5kg	46.75	40.05	39.44	-1.52%	-15.64%
Super maize 1kg	12.35	10.99	10.39	-5.46%	-15.87%
Super maize 2.5kg	29.02	24.11	22.96	-4.77%	-20.88%
Super maize 5kg	52.06	44.32	40.93	-7.65%	-21.38%
Average				**-3.57%**	**-18.01%**
Domestic price of yellow maize	**3,149.00**	**1,943.20**	**1,995.36**	**2.68%**	**-36.64%**

Maize products	Price level			Percentage Change	
	Oct-16	Aug-17	Oct-17	Oct-17 vs Aug-17	Oct-17 vs Oct-16
Domestic price of white maize	**3,565.48**	**1,820.63**	**1,892.82**	**3.96%**	**-46.91%**

Source: Stats SA, 2017

Table A.3: Sunflower products

Sunflower products	Price level			Percentage Change	
	Oct-16	Aug-17	Oct-17	Oct-17 vs Aug-17	Oct-17 vs Oct-16
Brick margarine 125g	8.49	8.32	8.38	0.72%	-1.30%
Brick margarine 1kg	43.39	43.31	43.56	0.58%	0.39%
Brick margarine 250g	14.24	13.91	14.10	1.37%	-0.98%
Brick margarine 500g	22.76	22.09	22.44	1.58%	-1.41%
Margarine spread 1kg	41.05	40.23	41.53	3.23%	1.17%
Margarine spread 500g	24.77	27.38	27.72	1.24%	11.91%
Sunflower oil 2ℓ	44.80	40.30	40.25	-0.12%	-10.16%
Sunflower oil 4ℓ	-	81.74	79.99	-2.14%	
Sunflower oil 500mℓ	14.80	14.83	13.99	-5.66%	-5.47%
Sunflower oil 750mℓ	22.59	21.87	22.22	1.60%	-1.64%
Average				**0.24%**	**-0.83%**
Domestic price of sunflower seed	**6,271.24**	**4,712.18**	**4,566.82**	**-3.08%**	**-27.18%**

Source: Stats SA, 2017

Table A.4: Processed vegetables

Processed vegetables	Price level			Percentage Change	
	Oct-16	Aug-17	Oct-17	Oct-17 vs Aug-17	Oct-17 vs Oct-16
Baked beans - tinned 410g	9.29	9.29	9.44	1.61%	1.61%
Beans - dried 1kg	34.04	39.08	38.89	-0.49%	14.25%
Beans - dried 2kg	60.01	63.60	61.53	-3.25%	2.53%
Beans - dried 500g	18.45	18.98	19.14	0.84%	3.74%
Average				**-0.32%**	**5.53%**

Source: Stats SA, 2017

Table A.5: Fresh vegetables

Fresh vegetables	Price level			Percentage Change	
	Oct-16	Aug-17	Oct-17	Oct-17 vs Aug-17	Oct-17 vs Oct-16
Avocado - per kg*	24.46	22.95	30.43	32.59%	24.41%
Beetroot - fresh per kg	10.62	14.49	11.74	-18.98%	10.55%
Broccoli - fresh per kg	-	33.32	29.42	-11.70%	
Cabbage - fresh each	11.78	13.56	13.39	-1.25%	13.67%
Cabbage - fresh per kg	8.58	11.82	11.67	-1.25%	35.92%
Carrots - fresh per kg	8.28	9.75	8.24	-15.49%	-0.48%

Fresh vegetables	Price level			Percentage Change	
	Oct-16	Aug-17	Oct-17	Oct-17 vs Aug-17	Oct-17 vs Oct-16
Cauliflower - fresh per kg	29.66	36.48	32.05	-12.14%	8.06%
Onions - fresh per kg	12.78	11.66	13.12	12.52%	2.66%
Potatoes - fresh per kg	11.72	10.72	11.70	9.14%	-0.17%
Pumpkin - fresh per kg	12.36	11.01	13.95	26.70%	12.86%
Sweetcorn/Baby Corn/Mielies*	20.26	21.33	20.43	-4.22%	0.84%
Sweet potatoes - fresh per kg	19.20	15.35	16.22	5.67%	-15.52%
Tomatoes - fresh per kg	18.70	14.32	16.67	16.41%	-10.86%
Average				**2.92%**	**6.83%**

Source: Stats SA, AC Nielsen*, 2017

Table A.6: Processed meat

Processed meat	Price level			Percentage Change	
	Oct-16	Aug-17	Oct-17	Oct-17 vs Aug-17	Oct-17 vs Oct-16
Bacon per kg	32.21	36.99	36.99	0.00%	14.84%
Polony per kg	39.70	42.90	43.06	0.37%	8.46%
Average				**0.19%**	**11.65%**

Source: Stats SA, 2017

Table A.7: Unprocessed meat

Unprocessed meat	Price level			Percentage Change	
	Oct-16	Aug-17	Oct-17	Oct-17 vs Aug-17	Oct-17 vs Oct-16
Beef brisket - fresh per kg	68.60	82.95	81.71	-1.49%	19.11%
Beef chuck - fresh per kg	70.12	84.71	84.30	-0.48%	20.22%
Beef fillet - fresh per kg	174.02	193.55	192.78	-0.40%	10.78%
Beef mince - fresh per kg	68.97	77.39	77.80	0.53%	12.80%
Beef offal - fresh per kg	-	43.08	43.27	0.44%	
Beef rump steak - fresh per kg	113.99	125.06	123.89	-0.94%	8.68%
Beef sirloin - fresh per kg	117.75	131.23	131.29	0.05%	11.50%
Beef stew - per kg	-	75.24	75.25	0.01%	
Beef T-bone - fresh per kg	87.17	99.38	99.29	-0.09%	13.90%
Chicken giblets per kg	-	35.98	40.53	12.65%	
Chicken portions - fresh per kg	53.27	56.94	56.69	-0.44%	6.42%
Chicken portions frozen - non IQF average per kg	-	47.92	46.95	-2.02%	
Chicken portions frozen - non IQF per kg (real)	-	45.49	44.89	-1.32%	
IQF chicken portions - 1,5kg	-	57.36	58.92	2.72%	
IQF chicken portions - 1,8kg	-	55.53	55.49	-0.07%	
IQF chicken portions - 1kg	-	18.36	18.86	2.72%	

Unprocessed meat	Price level			Percentage Change	
	Oct-16	Aug-17	Oct-17	Oct-17 vs Aug-17	Oct-17 vs Oct-16
IQF chicken portions - 2kg	-	61.75	63.29	2.49%	
IQF chicken portions - 4kg	-	151.62	149.15	-1.63%	
IQF chicken portions - 5kg	-	158.44	162.80	2.75%	
Lamb - fresh per kg	122.58	136.49	134.21	-1.67%	9.48%
Lamb - leg per kg	114.81	133.15	135.50	1.76%	18.02%
Lamb - loin chop per kg	133.00	150.10	151.61	1.01%	13.99%
Lamb - neck per kg	95.01	112.08	115.07	2.67%	21.11%
Lamb - offal per kg	-	44.07	47.24	7.19%	
Lamb - rib chop per kg	127.27	143.59	146.92	2.32%	15.44%
Lamb - stew per kg	-	102.89	103.62	0.71%	
Pork - ribs per kg	73.67	82.45	82.08	-0.45%	11.42%
Pork chops - fresh per kg	71.38	79.49	79.10	-0.49%	10.82%
Whole chicken - fresh per kg	42.72	43.11	44.69	3.67%	4.61%
Average				**1.11%**	**13.02%**

Source: Stats SA, 2017

Table A.8: Eggs and dairy products

Eggs & dairy products	Price level			Percentage Change	
	Oct-16	Aug-17	Oct-17	Oct-17 vs Aug-17	Oct-17 vs Oct-16
Cheddar cheese per kg	100.79	104.28	106.26	1.90%	5.43%
Eggs 0.5 dozen	15.30	14.73	15.20	3.19%	-0.65%
Eggs 1,5 dozen	36.96	38.32	40.11	4.67%	8.52%
Eggs 2 dozen	-	44.23	44.23	0.00%	
Eggs 2.5 dozen	50.79	53.03	56.48	6.51%	11.20%
Full cream milk - fresh 1ℓ	13.51	14.02	13.92	-0.71%	3.03%
Full cream milk - fresh 250mℓ	-	6.63	6.70	1.06%	
Full cream milk - fresh 2ℓ	25.99	25.61	25.53	-0.31%	-1.77%
Full cream milk - fresh 500mℓ	10.02	10.05	10.13	0.80%	1.10%
Full cream milk - long life 1ℓ	13.97	13.89	14.04	1.08%	0.50%
Full cream milk - long life 500mℓ	9.11	8.61	8.61	0.00%	-5.49%
Full cream milk - long life 6x1ℓ	-	74.49	73.99	-0.67%	
Low Fat milk - fresh 1ℓ	15.06	15.35	15.39	0.26%	2.19%
Low Fat milk - fresh 2ℓ	-	26.18	26.42	0.92%	
Low Fat milk - long life 1,5ℓ	-	19.38	20.49	5.73%	
Low Fat milk - long life 1ℓ	13.74	13.79	13.93	1.02%	1.38%
Low Fat milk - long life 6x1ℓ	-	84.98	82.74	-2.64%	
Powdered milk 250g	38.38	37.56	37.59	0.08%	-2.06%
Powdered milk 400g	62.50	63.67	63.73	0.09%	1.97%
Powdered milk 500g	55.07	54.61	54.50	-0.20%	-1.04%

Powdered milk 900g	135.95	139.05	134.70	-3.13%	-0.92%
Average				**0.93%**	**1.56%**

Source: Stats SA, 2017

Table A.9: Fruits

Fruits	Price level			Percentage Change	
	Oct-16	Aug-17	Oct-17	Oct-17 vs Aug-17	Oct-17 vs Oct-16
Apples - fresh per kg	17.49	18.81	18.95	0.74%	8.35%
Bananas - fresh per kg	14.75	13.64	13.50	-1.03%	-8.47%
Grapes - per kg*	35.53	39.16	37.65	-3.86%	5.97%
Mango - per kg*	9.96	35.81	34.34	-4.10%	244.78%
Naartjies - fresh per kg	-	17.65	18.98	7.54%	
Oranges - fresh per kg	13.44	10.99	12.94	17.74%	-3.72%
Peaches - per kg*	30.01	28.35	26.66	-5.96%	-11.16%
Pears - fresh per kg	-	18.85	18.94	0.48%	
Pears - per kg*	20.05	17.93	19.78	10.32%	-1.35%
Pineapples - per kg*	-	-	-		
Plum - per kg*	19.39	14.91	16.16	8.38%	-16.66%
Watermelon - per kg*	29.70	23.25	28.55	22.80%	-3.87%
Average				**5.38%**	**21.12%**

Source: Stats SA, AC Nielsen*, 2017

Table A.10: Fish Products

Tinned fish products	Price level			Percentage Change	
	Oct-16	Aug-17	Oct-17	Oct-17 vs Aug-17	Oct-17 vs Oct-16
Fish (excl. tuna) - tinned 155g	10.22	10.58	10.53	-0.47%	3.03%
Fish (excl. tuna) - tinned 215g	13.36	13.56	13.64	0.59%	2.10%
Fish (excl. tuna) - tinned 400g	17.72	17.67	17.44	-1.30%	-1.58%
Tuna - tinned 170g	16.45	18.35	18.20	-0.82%	10.64%
Average				**-0.50%**	**3.55%**

Source: Stats SA, 2017

Table A.11: Other products

Other products	Price level			Percentage Change	
	Oct-16	Aug-17	Oct-17	Oct-17 vs Aug-17	Oct-17 vs Oct-16
Cold Cereals 375g	33.75	36.19	36.99	2.21%	9.60%
Cold Cereals 400g	31.07	35.57	36.81	3.49%	18.47%
Cold Cereals 450g	26.17	25.72	25.22	-1.94%	-3.63%
Cold Cereals 500g	31.23	32.79	33.17	1.16%	6.21%
Cold Cereals 750g	43.55	42.57	43.87	3.05%	0.73%
Ceylon/black tea 125g	23.52	24.52	24.52	0.00%	4.25%
Ceylon/black tea 200g	14.22	-	20.74		45.85%
Ceylon/black tea 250g	29.31	32.30	32.29	-0.03%	10.17%

Other products	Price level			Percentage Change	
	Oct-16	Aug-17	Oct-17	Oct-17 vs Aug-17	Oct-17 vs Oct-16
Ceylon/black tea 500g	49.39	56.45	58.31	3.29%	18.06%
Ceylon/black tea 62.5g	12.82	14.58	14.64	0.41%	14.15%
Instant coffee 100g	28.60	26.93	26.33	-2.23%	-7.94%
Instant coffee 200g	77.80	80.96	80.88	-0.10%	3.96%
Instant coffee 250g	34.79	35.30	35.78	1.36%	2.85%
Instant coffee 500g	49.99	52.79	56.29	6.63%	12.60%
Instant coffee 750g	79.70	78.36	78.30	-0.08%	-1.76%
Peanut butter 250g	-	20.07	20.07	0.00%	
Peanut butter 400g	26.99	27.56	27.76	0.73%	2.85%
Peanut butter 800g	50.06	51.41	51.15	-0.51%	2.18%
Rice 10kg	110.45	112.31	112.31	0.00%	1.68%
Rice 1kg	18.06	18.65	19.20	2.95%	6.31%
Rice 2kg	25.89	25.62	26.18	2.19%	1.12%
Rice 500g	7.96	7.92	8.18	3.28%	2.76%
Rice 5kg	67.23	65.62	64.29	-2.03%	-4.37%
White sugar 10kg	154.79	162.99	158.56	-2.72%	2.44%
White sugar 1kg	17.74	19.06	18.73	-1.73%	5.58%
White sugar 2.5kg	37.09	39.22	38.69	-1.35%	4.31%
White sugar 250g	5.24	5.54	5.54	0.00%	5.73%
White sugar 2kg	154.79	162.99	158.56	-2.72%	2.44%
White sugar 500g	9.65	10.40	10.21	-1.83%	5.80%
White sugar 5kg	76.32	80.09	81.52	1.79%	6.81%
Average				**0.64%**	**6.31%**

Source: Stats SA, 2017

APPENDIX B: DATA ON RURAL FOOD PRICE TRENDS

Table B.1: Wheat products

Wheat products	Price level			Percentage Change	
	Oct-16	Aug-17	Oct-17	Oct-17 vs Aug-17	Oct-17 vs Oct-16
Loaf of brown bread 600g	9.96	10.10	10.08	-0.24%	1.22%
Loaf of brown bread 700g	11.48	11.50	11.48	-0.21%	0.04%
Loaf of white bread 600g	10.34	10.48	10.51	0.25%	1.63%
Loaf of white bread 700g	12.45	12.48	12.45	-0.24%	0.01%
Average				**-0.11%**	**0.73%**

Source: Stats SA, 2017

Table B.2: Maize products

Maize products	Price level			Percentage Change	
	Oct-16	Aug-17	Oct-17	Oct-17 vs Aug-17	Oct-17 vs Oct-16
Special maize 1kg	10.61	9.85	9.49	-3.58%	-10.49%
Special maize 2.5kg	23.99	22.94	22.27	-2.93%	-7.18%
Special maize 5kg	40.85	37.74	36.75	-2.65%	-10.04%
Super maize 1kg	12.46	11.75	11.56	-1.65%	-7.27%
Super maize 2.5kg	27.24	24.35	24.05	-1.22%	-11.68%
Super maize 5kg	51.07	46.80	44.63	-4.63%	-12.61%
Average				**-2.78%**	**-9.88%**

Source: Stats SA, 2017

Table B.3: Sunflower products

Sunflower products	Price level			Percentage Change	
	Oct-16	Aug-17	Oct-17	Oct-17 vs Aug-17	Oct-17 vs Oct-16
Brick margarine 125g	8.78	9.30	9.57	2.96%	9.00%
Brick margarine 250g	14.02	14.70	14.72	0.16%	5.04%
Brick margarine 500g	22.67	21.91	22.57	2.97%	-0.47%
Margarine Spread (In A Tub) 1 Kilogram	41.75	40.37	39.77	-1.48%	-4.73%
Margarine Spread (In A Tub) 250 Gram	12.49	14.98	16.00	6.84%	28.13%
Margarine Spread (In A Tub) 500 Gram	21.92	27.38	27.15	-0.83%	23.90%
Sunflower oil 2ℓ	41.96	39.38	40.62	3.15%	-3.19%
Sunflower oil 500mℓ	14.31	14.53	14.53	-0.01%	1.53%
Sunflower oil 750mℓ	18.26	17.30	17.27	-0.17%	-5.42%
Average				**1.51%**	**5.98%**

Source: Stats SA, 2017

Table B.4: Dairy products

Dairy products	Price level			Percentage Change	
	Oct-16	Aug-17	Oct-17	Oct-17 vs Aug-17	Oct-17 vs Oct-16
Eggs 1/2 dozen	8.99	9.69	9.99	3.07%	11.08%
Full cream milk - fresh 1ℓ	13.12	13.26	13.38	0.90%	1.95%
Full cream milk - fresh 2ℓ	26.29	26.19	25.96	-0.87%	-1.27%
Full cream milk - fresh 500mℓ	9.53	9.92	9.92	-0.03%	4.04%
Full cream milk - long life 1ℓ	14.24	14.52	14.50	-0.17%	1.80%
Full cream milk - long life 500mℓ	10.40	10.17	10.25	0.75%	-1.44%
Low fat milk - fresh 1ℓ	15.82	15.74	13.82	-12.18%	-12.64%
Low fat milk - fresh 2ℓ	27.59	27.39	27.39	0.00%	-0.72%
Average				**-1.07%**	**0.35%**

Source: Stats SA, 2017

Table B.5: Tea and coffee

Tea and coffee	Price level			Percentage Change	
	Oct-16	Aug-17	Oct-17	Oct-17 vs Aug-17	Oct-17 vs Oct-16
Ceylon/black tea 125g	18.56	20.42	20.57	0.75%	10.83%
Ceylon/black tea 200g	25.29	27.99	27.99	0.00%	10.68%
Ceylon/black tea 250g	28.18	29.33	29.42	0.29%	4.41%
Ceylon/black tea 62.5g	11.83	12.43	12.56	1.05%	6.16%
Instant Coffee 100g	18.52	19.24	19.28	0.20%	4.06%
Instant Coffee 250g	37.04	37.57	37.73	0.44%	1.88%
Instant Coffee 750g	80.98	79.56	81.13	1.97%	0.19%
Average				**0.67%**	**5.46%**

Source: Stats SA, 2017

Table B.6: Beans

Beans	Price level			Percentage Change	
	Oct-16	Aug-17	Oct-17	Oct-17 vs Aug-17	Oct-17 vs Oct-16
Beans Dried 1kg	29.21	31.36	32.19	2.66%	10.20%
Beans Dried 2kg	58.24	47.15	46.79	-0.76%	-19.66%
Beans Dried 500g	16.91	16.70	15.80	-5.39%	-6.58%
Average				**-1.16%**	**-5.35%**

Source: Stats SA, 2017

Table B.7: White sugar

Sugar	Price level			Percentage Change	
	Oct-16	Aug-17	Oct-17	Oct-17 vs Aug-17	Oct-17 vs Oct-16
White sugar 1kg	17.83	19.41	19.20	-1.12%	7.64%
White sugar 2.5kg	39.62	42.63	41.56	-2.52%	4.89%
White sugar 500g	85.99	95.00	95.00	0.00%	10.48%

Average				-1.21%	7.67%

Source: Stats SA, 2017

Table B.8: Meat & Fish

Meat & Fish	Price level			Percentage Change	
	Oct-16	Aug-17	Oct-17	Oct-17 vs Aug-17	Oct-17 vs Oct-16
Beef brisket - fresh per kg	68.95	79.60	80.18	0.73%	16.28%
Beef chuck - fresh per kg	67.79	80.17	80.10	-0.08%	18.17%
Beef fillet - fresh per kg	126.41	147.38	147.38	0.00%	16.58%
Beef rump steak -fresh per kg	97.96	106.67	108.64	1.84%	10.89%
Beef T-bone - fresh per kg	85.64	93.02	97.56	4.88%	13.91%
Chicken portions - fresh per kg	15.00	19.00	18.00	-5.26%	20.00%
Fish (excl. tuna) - tinned 155g	10.41	10.83	10.83	0.00%	3.96%
Fish (excl. tuna) - tinned 425g	18.00	20.00	18.00	-10.00%	0.00%
Average				**-0.99%**	**12.47%**

Source: Stats SA, 2017

Table B.9: Rice

Rice	Price level			Percentage Change	
	Oct-16	Aug-17	Oct-17	Oct-17 vs Aug-17	Oct-17 vs Oct-16
Rice 1kg	15.32	15.98	15.88	-0.62%	3.63%
Rice 2kg	25.40	25.22	25.25	0.10%	-0.61%
Rice 500g	8.54	8.97	8.72	-2.87%	2.01%
Average				**-1.13%**	**1.68%**

Source: Stats SA, 2017

Table B.10: Peanut butter

Peanut butter	Price level			Percentage Change	
	Oct-16	Aug-17	Oct-17	Oct-17 vs Aug-17	Oct-17 vs Oct-16
Peanut butter 270g	21.68	23.38	23.02	-1.57%	6.16%
Peanut butter 400g	27.54	29.47	29.32	-0.54%	6.47%
Peanut butter 800g	49.48	53.90	52.68	-2.26%	6.47%
Average				**-1.46%**	**6.37%**

Source: Stats SA, 2017

Table B.11: Sorghum Meal

Sorghum Meal	Price level			Percentage Change	
	Oct-16	Aug-17	Oct-17	Oct-17 vs Aug-17	Oct-17 vs Oct-16
Sorghum meal (e.g. mabella) 1kg	17.50	17.99	17.99	0.00%	2.83%
Average				**0.00%**	**2.83%**

Source: Stats SA, 2017

Table B.12: Fruit & Vegetables

Fruit & Vegetables	Price level			Percentage Change	
	Oct-16	Aug-17	Oct-17	Oct-17 vs Aug-17	Oct-17 vs Oct-16
Apples - Fresh per kg	17.21	16.44	19.34	17.64%	12.42%
Bananas - Fresh per kg	15.20	13.77	13.63	-1.01%	-10.31%
Onions - Fresh per kg	11.74	11.44	12.46	8.91%	6.10%
Oranges - Fresh per kg	11.69	12.37	14.49	17.19%	23.93%
Potatoes - Fresh per kg	12.44	10.67	11.49	7.67%	-7.65%
Potatoes - Fresh 10kg	64.99	45.50	59.66	31.14%	-8.19%
Tomatoes - Fresh per kg	18.44	15.82	17.71	11.98%	-3.96%
Average				**13.36%**	**1.76%**

Source: Stats SA, 2017

APPENDIX C: COMMODITY AND PRODUCT PRICE TRENDS

C.1 Wheat price trends

October 2017 vs. October 2016:

International wheat price increased by 15.74%

Domestic price of wheat increased by 0.7%

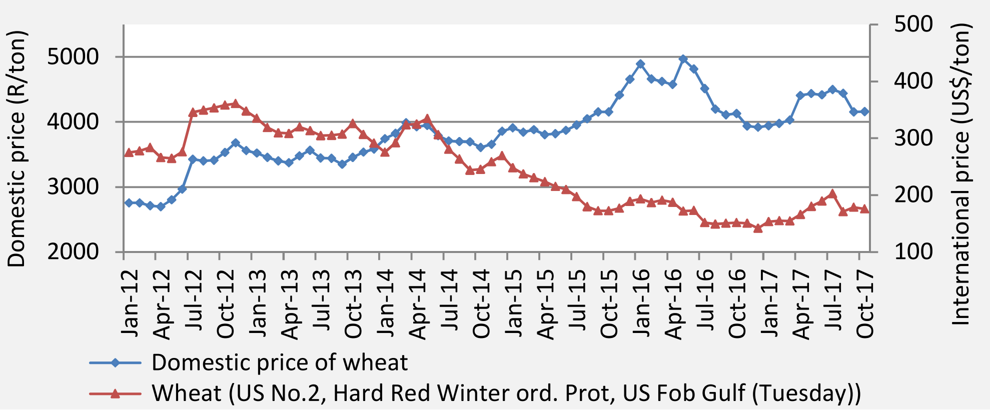

Figure C.1: Domestic market price vs global market price of wheat
Source: FAO and SAFEX, 2017

Domestic wheat price followed the import parity price of wheat closely, since SA is a net importer of wheat. October 2017 vs. October 2016: Wheat import parity price decreased by 2.38%; Wheat export parity price decreased by 0.18%

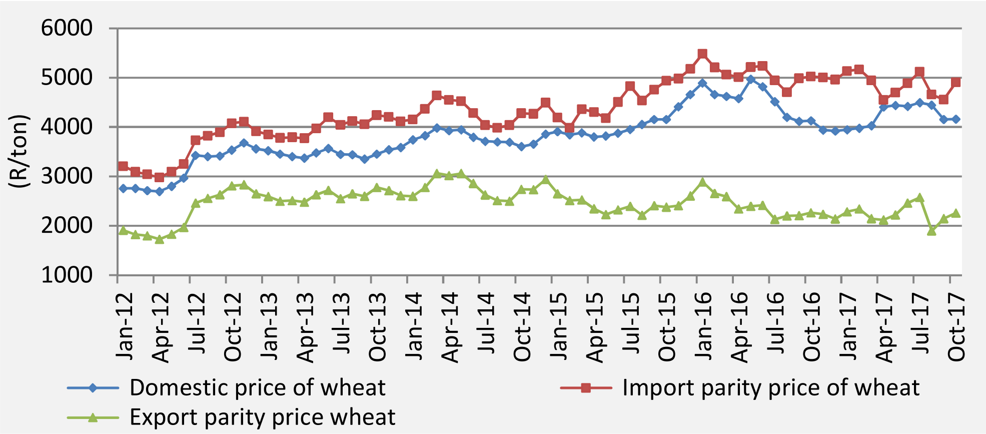

Figure C.2: Import parity, export parity and domestic prices of wheat
Source: SAGIS and SAFEX, 2017

October 2017 vs. October 2016:

Domestic wheat price increased by 0.7%

Brown bread 700g price decreased by 2.28%

White bread 700g price decreased by 3.99%

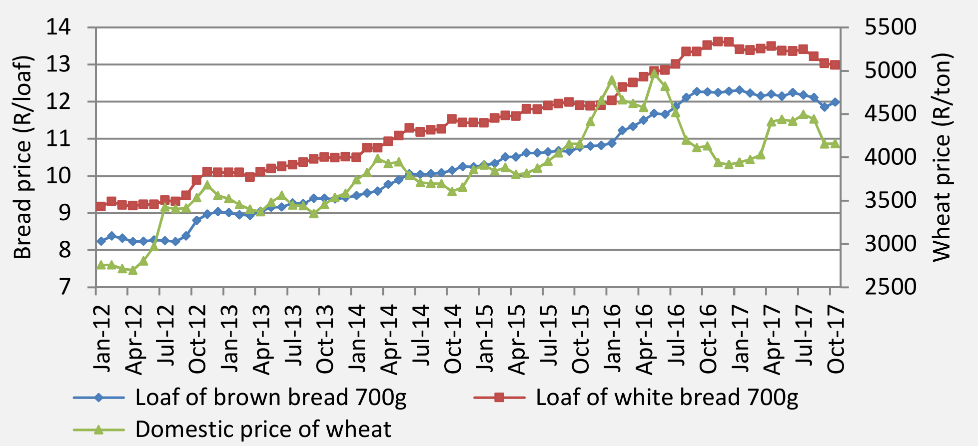

Figure C.3: Domestic wheat price and bread price trends
Source: Stats SA and SAFEX, 2017

C.2 Maize price trends

October 2017 vs. October 2016:

International price of yellow maize decreased by 2.39%

Domestic price of yellow maize decreased by 36.64%

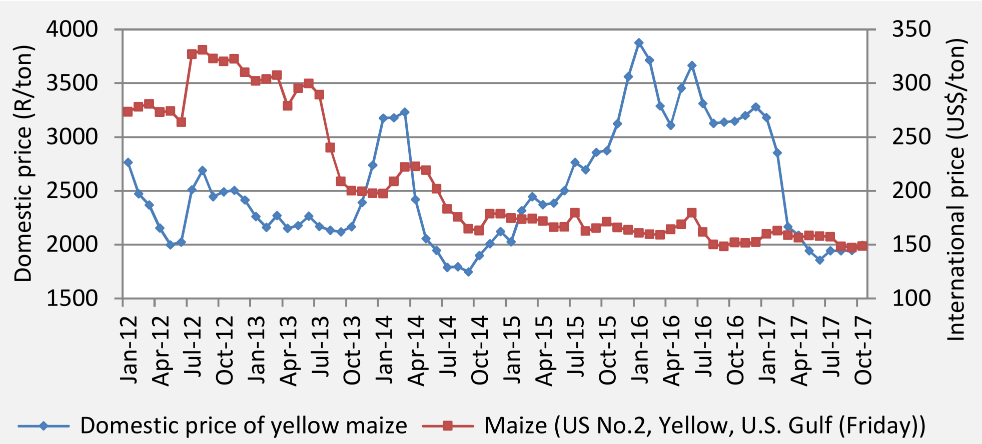

Figure C.4: Domestic market price vs global market price of yellow maize
Source: FAO and SAFEX, 2017

October 2017 vs. October 2016:

Export parity price of domestic maize decreased by 18.46%

Import parity price of domestic maize increased by 11.2%

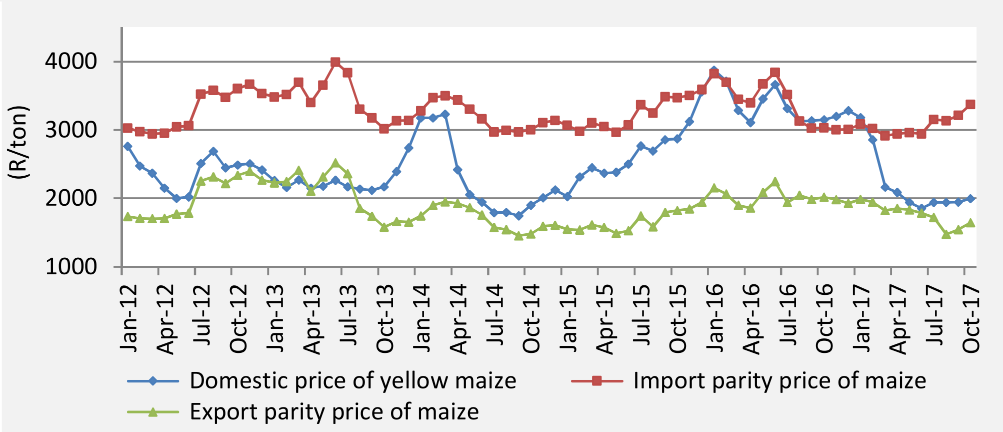

Figure C.5: Import parity, export parity and domestic prices of yellow maize
Source: SAFEX and SAGIS, 2017

October 2017 vs. October 2016:

Super maize meal 2.5 kg price decreased by 20.88%;
Special maize meal 2.5 kg decreased by 21.31%;
Domestic price of white maize decreased by 46.91%

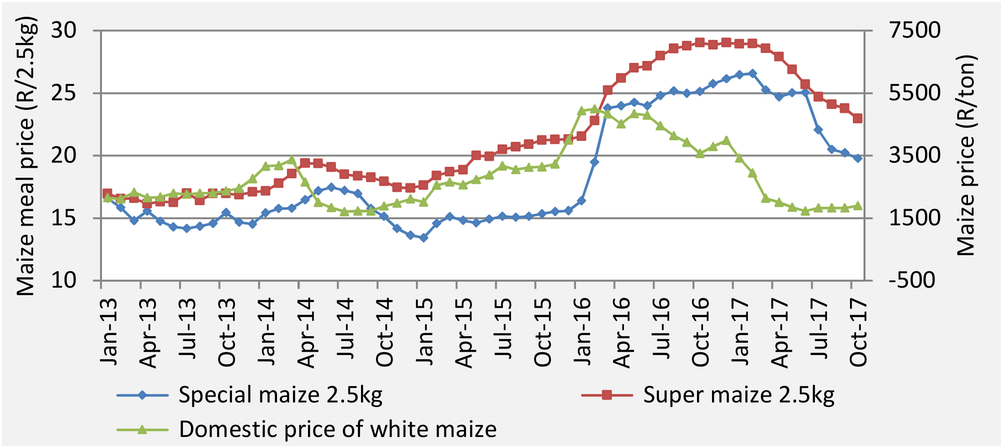

Figure C.6: White maize price and maize meal price trends
Source: SAFEX and Stats SA, 2017

C.3 Sunflower seeds price trends

October 2017 vs. October 2016:

International sunflower seed price decreased by 5.57%

Domestic price of sunflower seed decreased by 27.18%

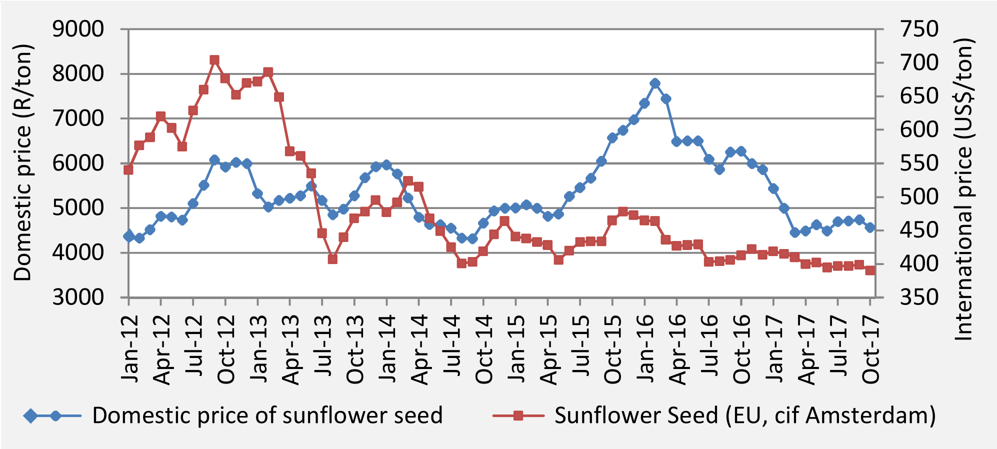

Figure C.7: Domestic market price of sunflower seeds vs global market price

Source: FAO and SAFEX, 2017

October 2017 vs. October 2016:

Domestic price of sunflower seed decreased by 27.18%

Sunflower oil 750 ml decreased by 1.64%

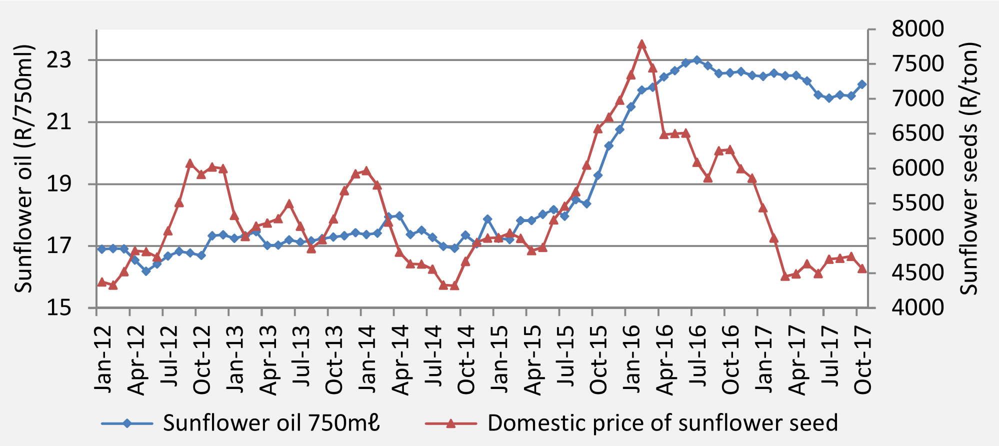

Figure C.8: Sunflower seeds price and sunflower oil price trends

Source: SAFEX and Stats SA, 2017

C.4 Dairy price trends

October 2017 vs. October 2016:

International skim milk powder decreased by 19.56%

International whole milk powder increased by 8.21%

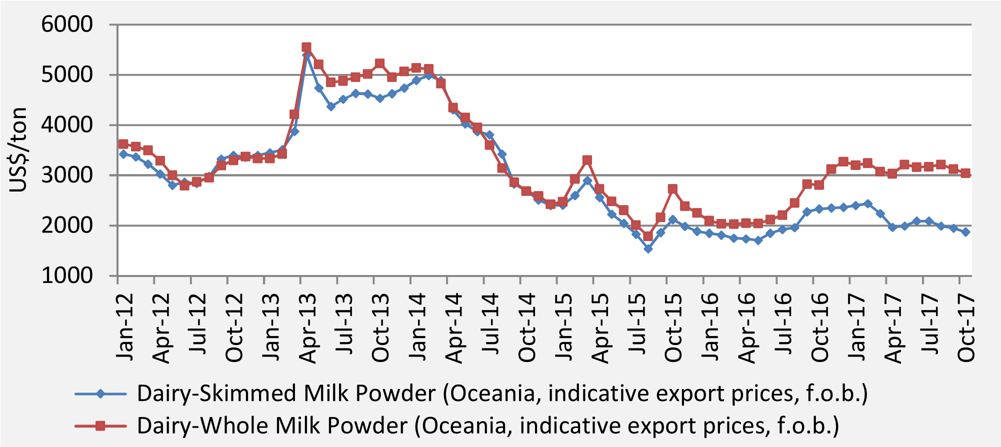

Figure C.9: Skim milk powder and whole milk powder price trends
Source: FAO, 2017

October 2017 vs. October 2016:

Milk producer price increased by 6.38%; full cream milk – fresh 1ℓ increased by 3.03%; full cream milk – long life 1ℓ increased by 0.5%

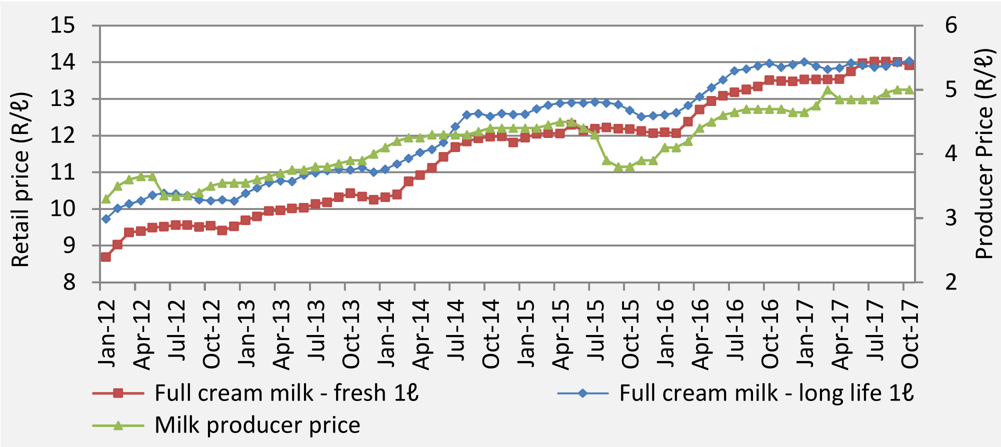

Figure C.10: Domestic producer price and retail prices of milk
Source: MPO and Stats SA, 2017

C.5 Meat price trends

The price of beef at **retail** level showed an annual average increase of 13.86% for the different cuts, October 2017 vs. October 2016

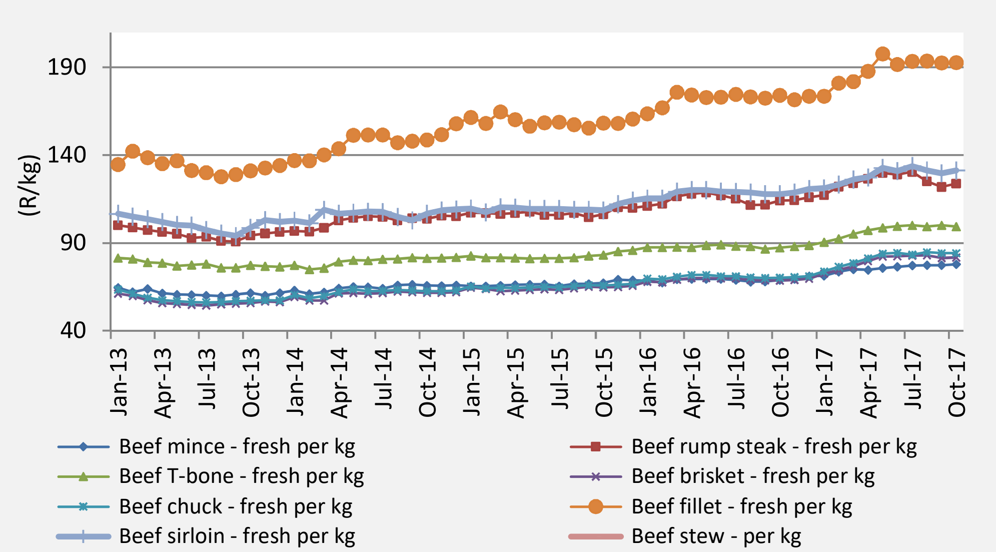

Figure C.11: Retail prices of beef cuts
Source: Stats SA, 2017

October 2017 vs. October 2016:

Chicken portions – fresh per kg (**retail**) price increased by 6.42% per kg

Pork chops per kg **retail** price increased by 10.82%

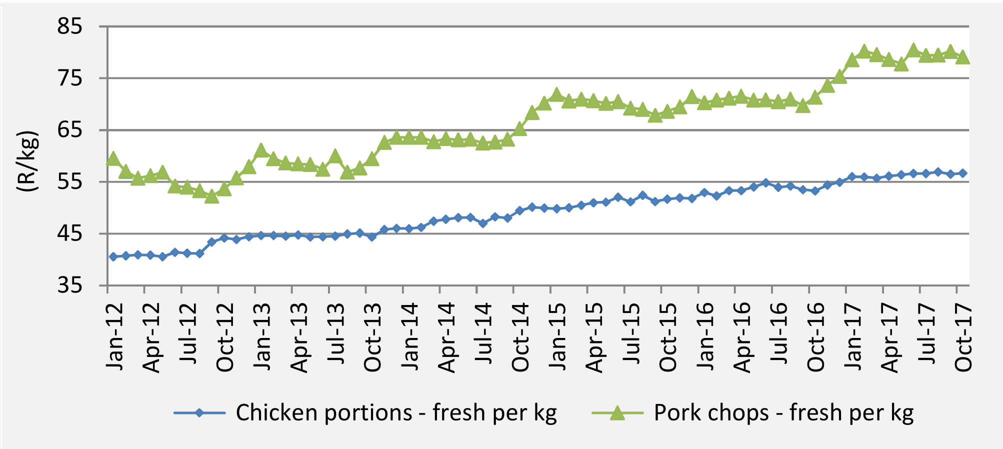

Figure C.12: Retail prices of pork chops and chicken portions – fresh per kg
Source: Stats SA, 2017

October 2017 vs. October 2016: **Producer prices increased** for frozen chicken per kg by 21.8%; for fresh chicken per kg by 19.37%; and for IQF chicken per kg by 25.14%

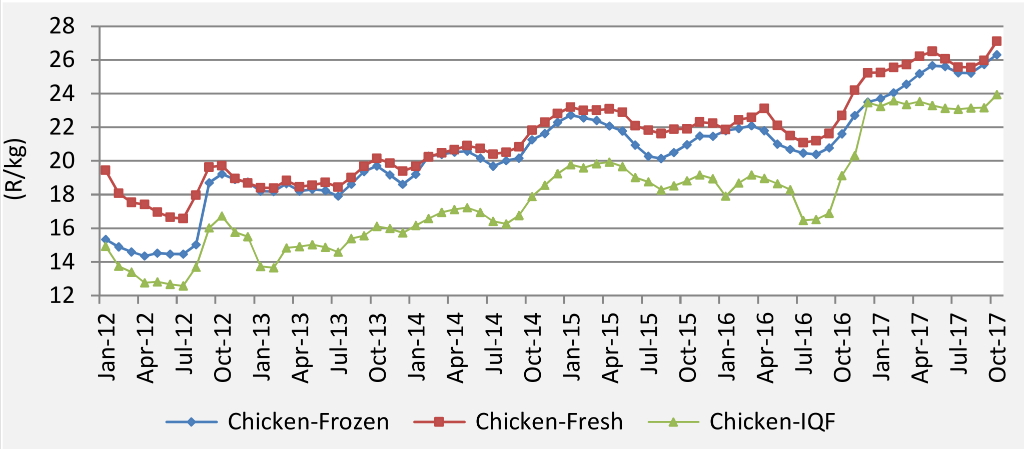

Figure C.13: Producer prices of various chicken pieces
Source: AMT, 2017

October 2017 vs. October 2016:

Porker producer price (R/kg) increased by 15.69%

Baconer producer price (R/kg) increased by 17.11%

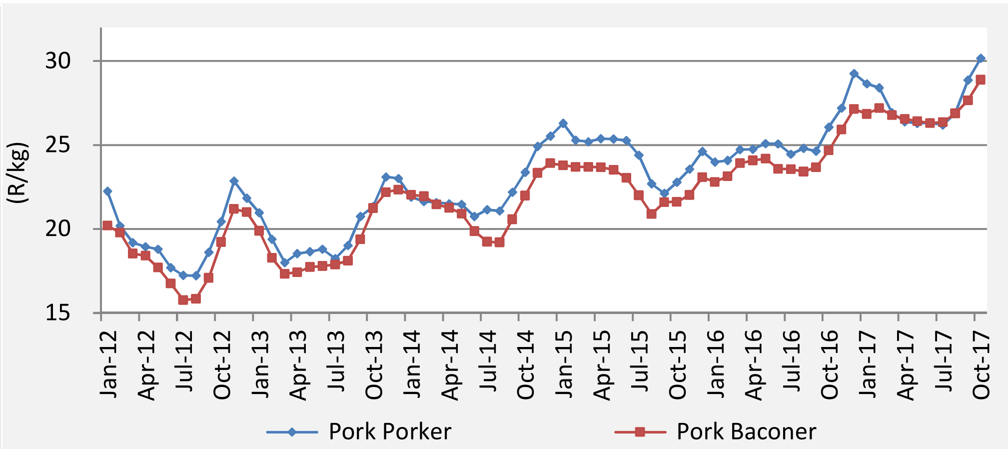

Figure C.14: Producer prices of pork
Source: AMT, 2017

October 2017 vs. October 2016:

Producer prices of Beef class A2/A3 increased by 21.95%, class B2/B3 increased by 31.48%, and class C2/C3 increased by 22.85%

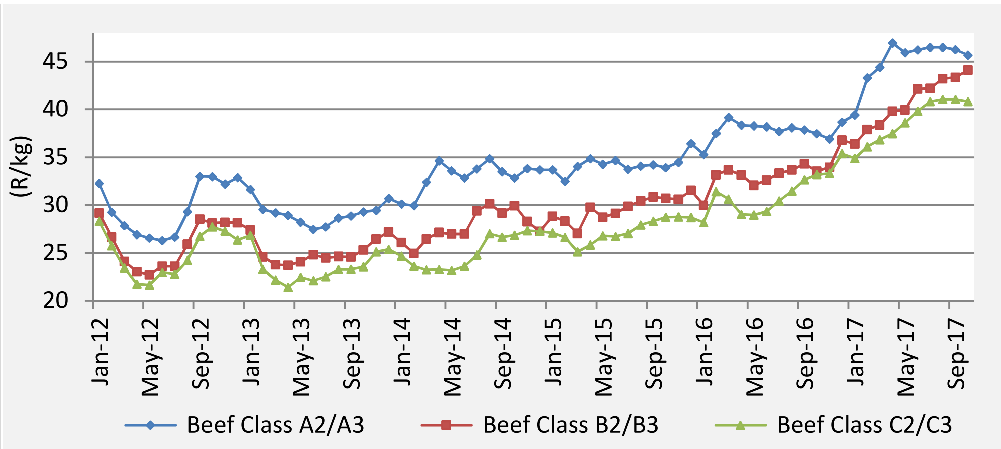

Figure C.15: Producer prices of beef
Source: AMT, 2017

October 2017 vs. October 2016:

Producer prices of lamb-class A2/A3 (R/kg) increased by 24.34%, class B2/B3 increased by 19.6% and the price of class C2/C3 increased by 24.8%

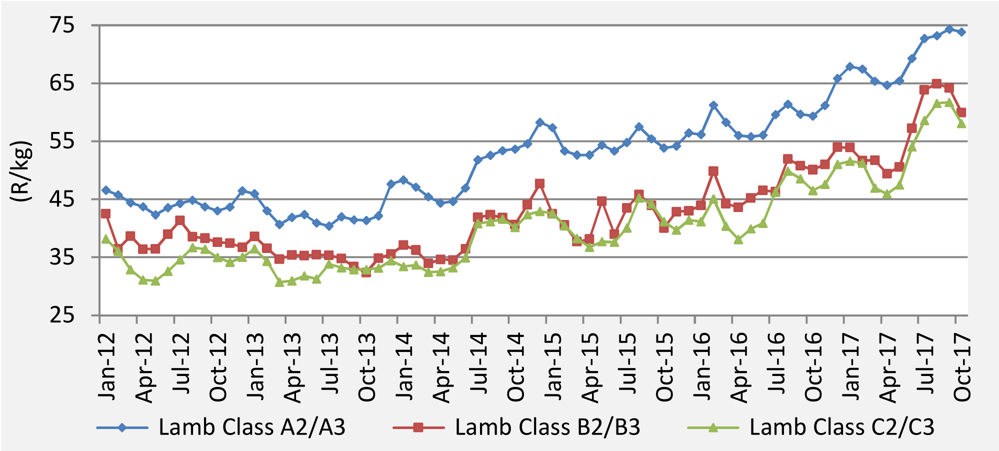

Figure C.16: Producer prices of lamb
Source: AMT, 2017

APPENDIX D: DATA COLLECTION

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

- 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. 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 its integrity. The basket of food products included was derived from the Income and Expenditure Survey of 2014/15' 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 the Stats SA website.
- AC Nielsen collects food price data on a monthly basis from approximately 1 000 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.
- This media release also reports food prices in deep rural areas. Rural food prices were collected from 190 outlets/shops by field workers on a monthly basis.

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