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:

February 2015

EXECUTIVE SUMMARY

The January 2015 Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) showed that the headline CPI was 4.4% between January 2014 and January 2015. The year-on-year food and non-alcoholic beverage price index increase was 6.5% in January 2015.

In January 2015, the food items showing the largest price differences between rural and urban areas were margarine 500g, sunflower oil 750ml, loaf of white bread 700g, maize meal super 5kg, loaf of brown bread 700g and full cream milk long life milk 1l with differences of R3.79, R2.66, R1.11, R1.00, R0.72 and R0.56, respectively.

From January 2014 to January 2015, the cost of the basic food basket increased by about R29 (+6.0%) in nominal terms, from R485 to R514 (compared to a higher increase of 8.8% from October 2013 to October 2014 (the previous Food Price Monitor analysis period).

When comparing January 2014 to January 2015, significant price inflation (6% or more) was experienced for many products within the food basket: chicken portions fresh, chicken portions frozen, beef chuck, white bread, brown bread, cabbage, bananas, apples, full cream milk long life 2l, eggs 1.5 dozen, baked beans, Ceylon black tea and instant coffee. When comparing the inflation rates for January 2014 versus January 2015, with October 2013 versus October 2014 (i.e. the previous Food Price Monitor analysis period), inflation increased for dairy products only.

A severe drought in the major maize production areas of the North West and Free State has wiped a significant portion of the crop and many farmers are already cutting down their maize for silage in order to generate some revenue. This has significant implication for the maize price. The latest simulation by the BFAP sector model projects an increase in the white maize price of 27%, which implies white maize prices can comfortably rise to import parity levels around R2900/ton. This will have significant implications for the maize meal prices and the affordability of basic staple food. There are only limited alternative sources of imports to replenishing white maize stocks. Zambia will have surplus white maize but with a price of $215/ton and transportation from Lusaka to Randfontein around $150/ton, imported maize from Zambia will be landed for well over R3000/ton at the current price levels.

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1. Introduction

In January 2015, the Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) showed that the headline CPI was 4.4%. The year-on-year food and non-alcoholic beverage price index increase was 6.5% in January 2015. Figure 1 shows trends in year-on-year headline CPI and food and non-alcoholic beverage inflation rates from January 2014 to January 2015.

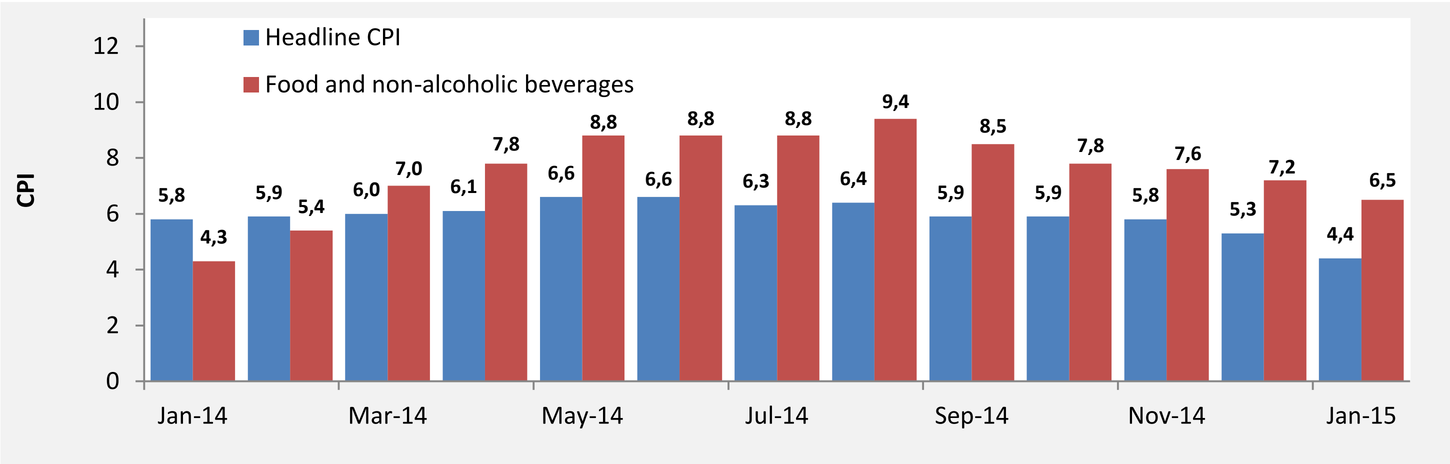


Figure 1: Headline CPI and food and non-alcoholic beverage CPI for 2014–2015 (year-on-year)
Source: Stats SA, 2015

Figure 2 presents the components of food and non-alcoholic beverage inflation**.** The following components in the food and non-alcoholic beverages index increased: other food (2.0%), cold beverages (1.7%), fish (1.5%), meat (1.4%), sugar, sweets and desserts (1.0%), oils and fats (0.7%), hot beverages (0.6%), bread and cereals (0.5%), milk, eggs and cheese (0.2%), vegetables (0.1%). Fruit price index decreased by (1.0%) and other food (2.0%).

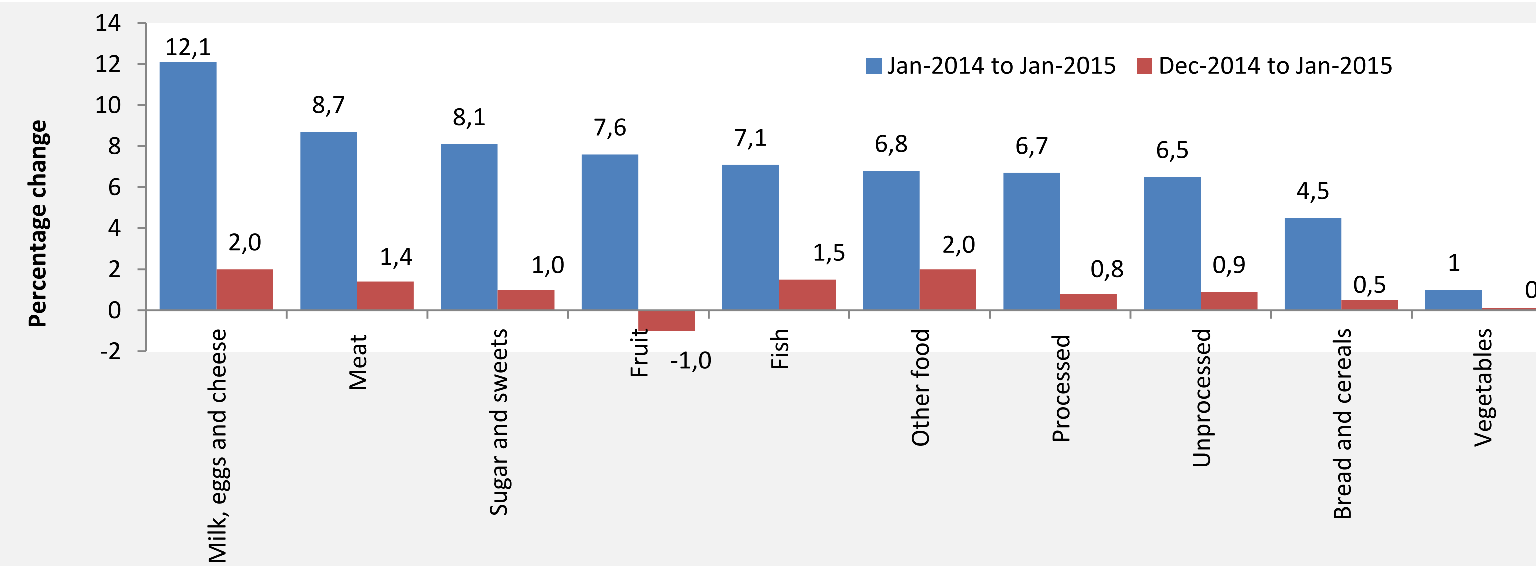


Figure 2: Year-on-year percentage change for different food categories (January 2014 – January 2015)
Source: Stats SA, 2015

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

Table 1 shows the year-on-year overall inflation and food inflation rates for January 2015 South Africa and selected countries. South African overall headline inflation for January 2015 was 4.4%. Food inflation was at 6.5% during the same period. South African food inflation was accounted for by increases in fish, meat and cold beverages. Zambian overall inflation for January 2015 was at 7.9%, while the food inflation rate was 7.4%. Botswana's inflation was 4.3% in January 2015. The food inflation rate for Botswana in January 2015 was 2.5%. Turkey's overall inflation for January 2015 was 7.2% compared to the food inflation of 10.97%. Of the (BRIC) countries, Russia had the highest overall inflation rate.

Table 1: Overall inflation and food inflation during January 2015

Country	Overall inflation (%)	Inflation on food and non-alcoholic beverages (%)
South Africa	4.4	6.5
Botswana	4.3	2.5
Zambia	7.9	7.4
Turkey	7.2	10.97
Namibia	4.5	6.5
United States	-0.1	3.40
United Kingdom	0.3	-2.5
Brazil	7.1	8.0
Russia	15.0	22.8
India	5.1	6.1
China	0.8	1.1

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

3. Urban and rural food price trends: January 2014–January 2015

Appendix C ranks the food items included in this report into 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%. Mixed vegetables 410g (6.39%), spices (excl salt) (6.78%), beef T-bone per kg (6.88%), ham per kg (7.03%), cabbage fresh per kg and medium fat spread 1kg (7.24%), beef chuck fresh per kg (97.83%), polony fresh per kg (8.29%), chicken portions-frozen per kg (8.31%), chicken portions-fresh per kg (8.44%), loaf of brown bread 700g (8.66%), instant coffee 750g (8.67%), sweet corn-tinned 410g (4.70%), loaf of white bread 700g (8.87%), beef brisket-fresh per kg (8.89%), whole chicken-fresh per kg (9.28), lamb ribs-fresh per kg (9.91%), cheddar cheese per kg (10.36%), beef rump steak-fresh per kg (10.62%), eggs 1.5 dozen (10.74%), powder milk 900g (12.39%),pork chops-fresh per kg (12.99%), apples fresh per kg (13.21%), fish (excl tuna)-tinned 155g (13.32%), long life full cream milk (13.63%), fresh milk-full cream 1l (15.70%), bacon per kg (16.21%), fresh milk-full cream 2l (16.47%), fresh milk low fat 2l (16.50%), brick margarine 500g (21.66%).

Table C.2 are the products which exceeded SARB annual inflation rate in the rural areas and are as follows: loaf of brown bread 600g (8.35%), loaf of white bread 700g (8.84%), white sugar 2.5kg (9.62%), loaf of brown bread 700g (9.84%), sugar 1 kg (10.11%), full cream milk long life 1l (10.19%), samp 1kg (12.06%), fish-tinned 425g (12.10%), fish-tinned 155g (15.36%), bean 500g (17.44%), loaf of white bread 600g (17.54%), maize meal 12.5kg (23.21%), full cream milk-long life 500ml (24.68%), instant coffee 100g (25.94%), instant coffee 250g (29.11%), margarine 250g (45.79%), tagless tea bags 250 (46.43%), sorghum meal 500g (144.75%), samp 2.5kg (208.48%), and sorghum meal 1kg (592.08%).

A closer look at urban food price trends

During the period under review (January 2014 – January 2015), the international price of wheat (US No. 2, Hard Red Winter ord. Prot, US Fob Gulf) increased 32.54%, and domestic wheat prices decreased with 36.32%. Urban consumers paid R0.72 more for a loaf of Brown bread (700g) and R1.11 more for a loaf of White bread (700g), during the depicted period. Local yellow maize prices decreased by 16.28%, while international yellow maize prices decreased by 10.26%, super maize meal (2.5kg) decreased by 3.6% and special maize meal (2.5kg) decreased by 15.2%.

During this period, the retail price of sunflower oil (750ml) decreased by 0.69%, and the January 2015 domestic price of sunflower seed was R4998.33/ton compared to R4666.00/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 8.57%, 18.15% and 36.08%, respectively.

During the same period, lamb/mutton meat class A2/A3, class B and class C2/C3 producer prices showed increased by 25.79%, 19.95% and 7.99% respectively. The price of fresh chicken portions increased by 8.44%, while the price of frozen chicken portions increased by 8.31% during this period.

4. Comparison between urban and rural prices

This section compares prices of selected food items in the rural and urban areas for January 2015, as indicated in Table 2. Food items showing the largest price differences in January 2015 were margarine 500g R 3.79, sunflower oil 750ml at R2.66, loaf of white bread at R1.11, maize meal 5kg at R1.24, loaf of brown bread 700g at R0.72 and full cream milk long life 1l R0.56 . This indicates that rural consumers paid more for these food items than urban consumers. 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.

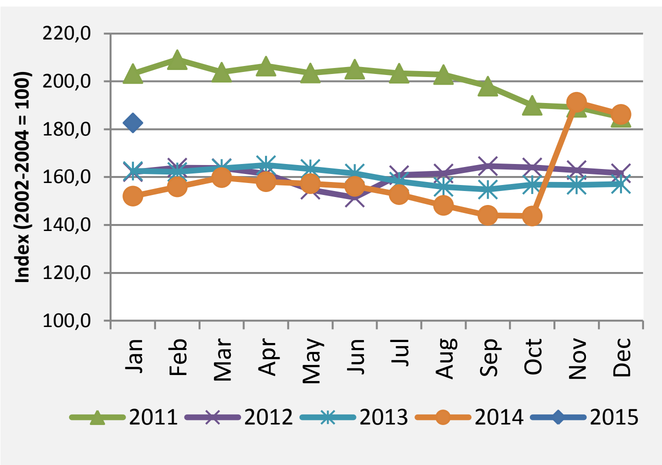
Table 2: Comparison between urban and rural food prices (selected food items)

Product	Rural Food Prices January 2015	Urban Food Prices January 2015	Price difference R/unit
Full Cream Long Life Milk 1 L	12.03	12.59	0.56
Loaf of Brown Bread 700 g	9.57	10.29	0.72
Loaf of White Bread 700 g	10.31	11.42	1.11
Maize Meal 5 kg	32.49	33.73	1.24
Margarine 500 g	17.89	21.68	3.79
Rice 2 kg	23.62	23.45	-0.17
Sunflower Oil 750 ml	14.59	17.25	2.66
Ceylon/Black Tea 62.5 g	9.89	9.68	-0.21
White Sugar 2.5 kg	29.63	26.31	-3.32
Average			**0.68**

Source: **Stats SA, 2015**

5. International food prices

The Food and Agricultural Organization (FAO) of the United Nations (UN) 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 January 2015 the FAO Food Price Index averaged 182.7 points, which increased by 20% from January 2014. While prices of sugar and dairy products remained virtually unchanged, those of the other commodities included in the Index fell in January 2015, with cereals and oils registering the strongest declines. Except for a short-lived breather in October 2014, the FAO Food Price Index has been falling every month since April 2014.



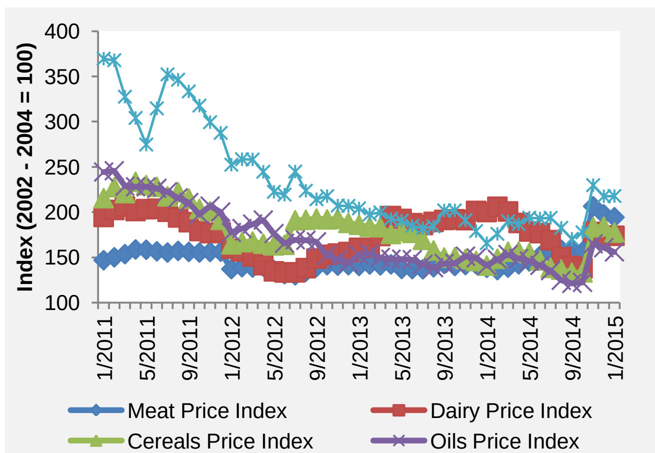


Figure 3: Price indices for five food categories and international real food price index

Source: FAO, 2015

The FAO Cereal Price Index averaged 177.4 points in January 2015, down 6.6 points (3.6%) from December. This marked decline was mostly driven by a 7% reduction in international wheat prices, as coarse grains and rice subsided by only 1% or less. The sharp fall in wheat prices reflects confirmation of an ample supply situation this season and stronger likelihood of inventories reaching their highest level in over a decade. At its current value, the FAO Cereal Price Index has fallen to its lowest since July 2010 and is now as much as 90 points (34%) below its peak (267.7 points) in June 2008.

The FAO Dairy Price Index averaged 173.8 points in January 2015, essentially the same level as in December. A decline in prices for cheese and skimmed milk powder was counterbalanced by a rise in the price of butter, while whole milk powder was unchanged. The fall in the value of the Euro has caused export quotations from Europe to converge with offerings from Oceania and the United States. The arrival of new supplies to the world market is being tempered by dry weather in Oceania, which is leading to an accelerated decline in seasonal milk production, while output in the European Union as a whole has been curbed to avoid over-quota levies, as the April-March quota year draws to a close.

The FAO Sugar Price Index averaged 217.7 points in January 2015, virtually unchanged from December 2014. The FAO Meat Price Index averaged 194.3 points in January 2015, down 3.2 points (1.6%) from its revised December value. Falling currency exchange rates relative to the United States dollar, especially the Euro, were partly responsible for the decline. The main products affected were pork from Europe, bovine meat from Australia and ovine meat from New Zealand. Additionally, abundant export availability continued to weigh on pork prices. The downward revision of the Meat Price Index for December, from 204.0 points published last month to 197.5 points, was mainly caused by an unanticipated sharp fall in export prices for Brazilian pork and to a lesser extent Brazilian poultry.

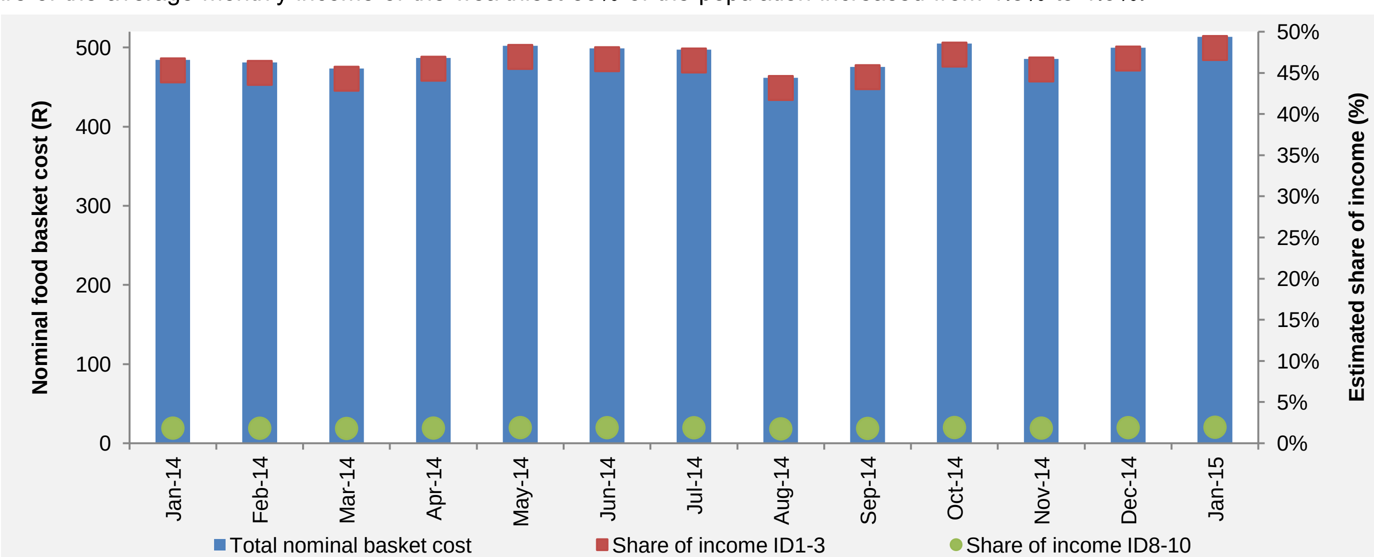
The FAO Vegetable Oil Price Index averaged 156.0 points in January 2015, down 4.7 points (2.9%) from December and its lowest level since October 2009. Prices of palm and soy oil decrease, reflecting weak import demand for palm oil and prospects of ample soybean supplies. Furthermore, the lingering weakness in crude oil prices continued to weigh on vegetable oil quotations by eroding the competitiveness of vegetable oils as biodiesel feedstock.

6. Estimated impact of food inflation on consumers

The estimated impact of food inflation on consumers

The purpose of this section is to illustrate the impact of food inflation on consumers. The analysis presented in the first part of this section is based on the cost of a basic food basket[1] (as compiled by the Food Price Monitoring Committee in 2003), based on monthly average food price data for the period January 2014 to January 2015. From January 2014 to January 2015 the cost of this basic food basket increased by about R29 (+6.0%) in nominal terms from R485 to R514 (compared to a somewhat higher increase of 8.8% from October 2013 to October 2014 (the previous Food Price Monitor analysis period).

The cost of this food basket expressed as a share of the average monthly income[2] of the poorest 30% of the population increased from 45.3% in January 2014 to 48.0% in January 2015 during this analysis period. The cost of the food basket expressed as a share of the average monthly income of the wealthiest 30% of the population increased from 1.8% to 1.9%.



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

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

Figure 4: The cost of a typical consumer food basket for the period January 2014 to January 2015, 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 January 2014 to January 2015. As could be expected Figure 5 illustrates the dominance of animal protein foods, as well as breads and cereals within the cost of the basic food basket. Comparing January 2014 to January 2015 prices, the following food categories experienced significant inflation: Fruit, Dairy & eggs, Coffee / tea, animal protein foods, bean products. The various food groups within this food basket are discussed in more detail in Table 3 below.

When comparing January 2014 to January 2015, the significant price inflation (6% or more) experienced for many products within the food basket: bananas, baked beans, tea, milk, apples, eggs, bread, coffee, beef chuck, chicken portions and cabbage. When comparing the inflation rates for January 2014 versus January 2015, with October 2013 versus October 2014 (i.e. the previous Food Price Monitor analysis period) the rate of inflation was lower for most food groups.

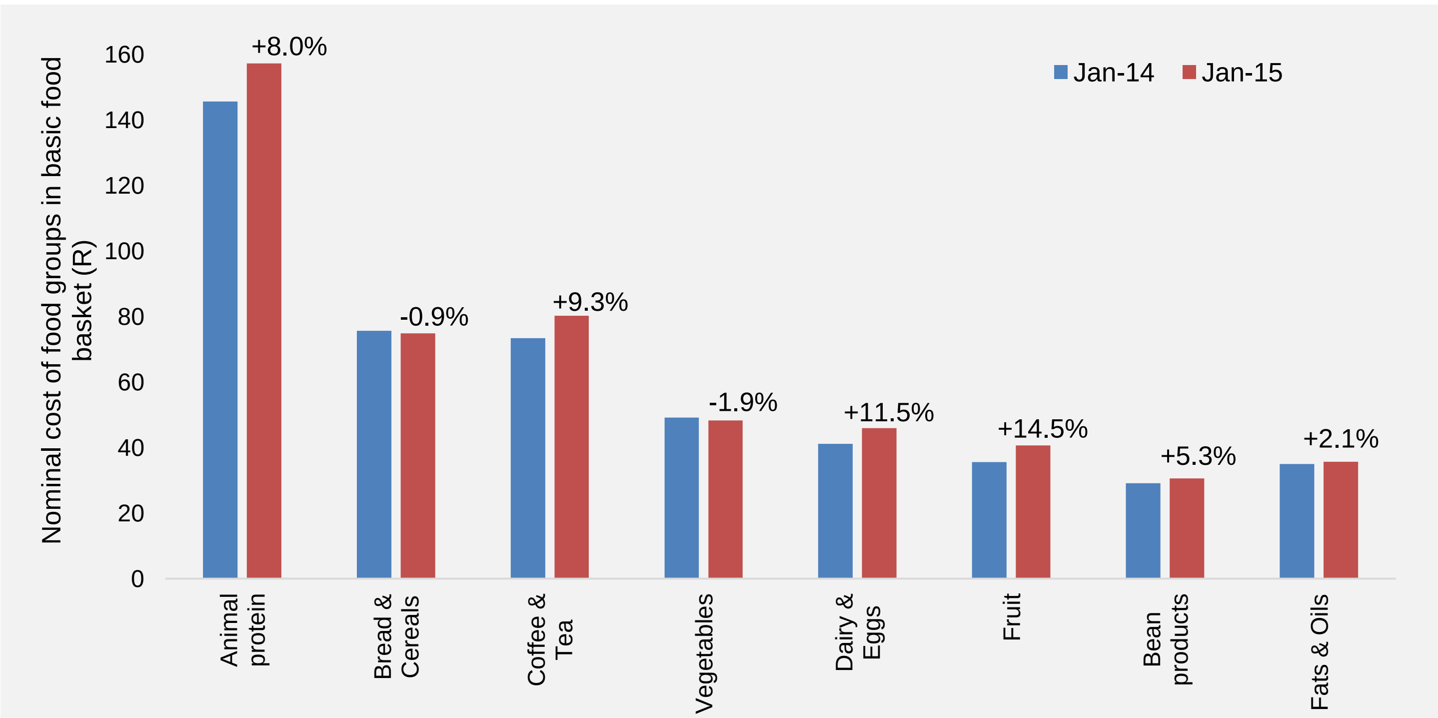


Figure 5: Nominal monthly cost of specific food groups within the basic food basket, comparing January 2014 & January 2015

Source: Stats SA and own calculations, 2015

Table 3: Overview of inflation contributing foods within the basic food basket, January 2014 to January 2015

Food group:	Overall inflation rate:	Major contributors to	Minor contributors	Non-contributors	Comments:

	January 2014 to January 2015	October 2013 to October 2014*	inflation in this category:	to inflation in this category:	to inflation in this category:	
Animal protein	+8.0%	+10.3%	Chicken portions fresh (+8.4%) Chicken portions frozen (+8.3%) Beef chuck (+8.6%)	Fish (excl tuna) – tinned (+3.0%)	None	Significant inflation on all protein food options.
Bread and cereals	-0.9%	+2.3%	White bread (+8.9%) Brown bread (+8.7%)	Rice (+2.6%)	Mielie meal (-9.3%)	High inflation on bread. Some inflation on rice.
Vegetables	-1.9%	+1.0%	Cabbage (+7.2%)	Onions (+3.1%)	Tomatoes (-9.5%) Potatoes (-3.3%)	High inflation on cabbages in particular, but also on onions.
Fruit	14.5%	+22.7%	Bananas (+27.7%) Apples (+13.2%)	None	None	Significant inflation on oranges and apples and bananas.
Dairy	+13.6%	+13.2%	Full cream milk - long life 1ℓ (+13.6%)	None	None	High inflation on the price of long life milk and on the price of eggs.
Eggs	+10.7	+11.3%	Eggs 1.5 dozen (+10.7%)	None	None	
Fats and oils	+2.1%	+2.8%	Brick margarine (+4.8%)	None	Sunflower oil (-0.7%)	Some inflation on margarine.
Bean products	+5.3%	+7.7%	Baked beans (+19.7%)	Peanut butter (+0.6%)	None	Inflation on baked beans.
Coffee and tea	+9.3%	+11.5%	Ceylon/black tea (+14.3%) Instant coffee (+8.7%)	None	None	Inflation on coffee and tea.

** Previous Food Price Monitor analysis period prior to January 2014 / January 2015 comparison*

Source: Stats SA and own calculations, 2015.

The impact of inflation on very poor consumers is further explored below, based on the typical portion sizes of very poor consumers of the five most widely consumed food items in South Africa represented by maize porridge, brown bread, sugar, tea and full cream milk (National Food Consumption Survey - Steyn & Labadarios, 2000 ; Oldewage-Theron *et al,* 2005). Figure 6 illustrates the estimated portion costs for these foods, calculated from monthly food price data for January 2014 and January 2015. Similar to other Food Price Monitor analysis periods, the significant cost contribution of maize meal and bread to the typical basic daily food selection for poor consumers are emphasised by the results in Figure 6. Furthermore, despite the relatively low actual food weight contribution of bread to this ‘food plate’, the bread component costs significantly more than the maize porridge component (about 61% more in this case for January 2015). When comparing the costs associated with the typical portion sizes of very poor consumers for the five most widely consumed food items in South Africa, based on January 2015 versus January 2014 prices the results in Figure 3 indicated inflation of about 6.9% (from R4.61 to R4.92 for the selection of portions). Significant inflation on full cream milk (+13.6%), tea (14.3%), brown bread (+8.7%) and white sugar (+31.7%) contributed to the inflation observed on this ‘food plate’. Even though the entire food basket experienced inflation of 6.0% when comparing January 2015 with January 2014, the typical basic daily food selection for poor consumers revealed somewhat higher inflation (6.9% as previously mentioned).

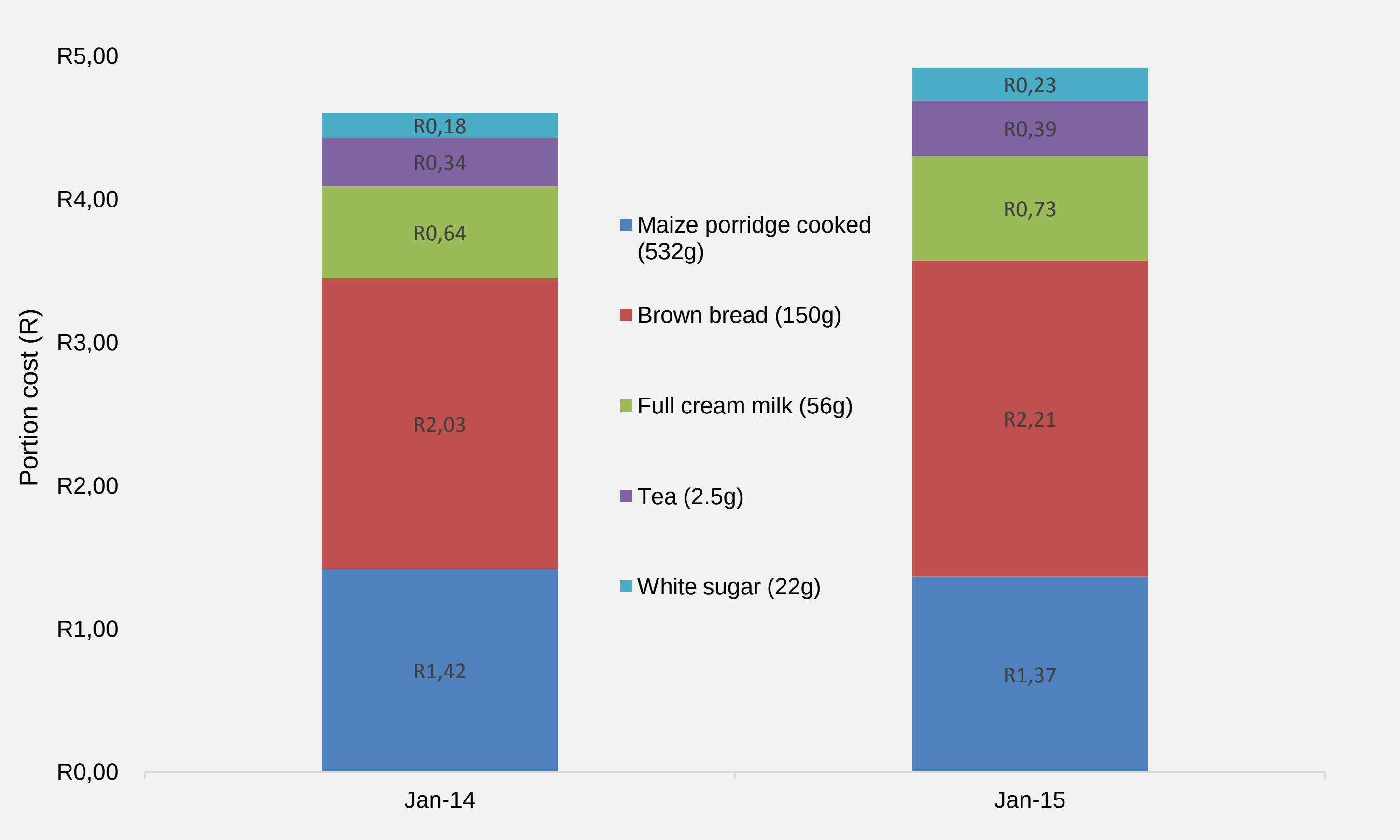


Figure 7: Average nominal cost for the typical portions of the five food items most widely consumed by very poor consumers in South Africa, for January 2014 and January 2015

Source: Stats SA and own calculations, 2015

7. March 2015 – May 2015 outlook

The release of the first crop estimate of the 2015 summer crop sent shivers down the spine of many South Africans industry role players who can grasp the consequences of a maize crop that is estimated to decline by 32% compared to the previous season. This represents a drop in white and yellow maize production from 14.2 million tons in 2014 to a mere 9.6 million tons in 2015. A severe drought in the major maize production areas of the North West and Free State province have wiped a significant portion of the crop and many farmers are already cutting down their maize for silage in order to generate some revenue. Domestic consumption is now well over 10 million tons and with at least 500 000 tons of exports that is normally committed to neighbouring countries, South Africa will have to import significant volumes of maize to balance the supply with demand.

This has significant implication for the maize price. The latest simulation by the BFAP sector model projects an increase in the white maize price of 27%, which implies white maize prices can comfortably rise to import parity levels around R2900/ton. This will have significant implications for the maize meal prices and the affordability of basic staple food. There are only limited alternative sources of imports to replenishing white maize stocks. Zambia will have surplus white maize but with a price of $215/ton and transportation from Lusaka to Randfontein around $150/ton, imported maize from Zambia will be landed for well over R3000/ton at the current price levels. Hence, the only way of finding the balance between demand and supply will be by curbing the demand for white maize. The will mainly occur through substitution with yellow maize, replacing most white maize in the feed market.

The drought is not only impacting the maize industry, but sunflower production is also estimated to decline by 30%. Furthermore, if there is no significant improvement in the weather, the livestock industry will also be affected by limited amount of grazing available, which implies slaughtering numbers could potentially increase, causing prices to trade weaker over the winter period.

In conclusion, it is worth mentioning the potential positive impact of lower fuel prices for a period of time, but these positive implications for food prices will be short lived with the announcement of higher fuel taxes and the much higher electricity rates that will increase the cost of processing. These increases will not affect food prices directly within the outlook period of three months but will eventually feed through the food chain.

APPENDIX A: DATA ON URBAN FOOD PRICE TRENDS

Table A.1: Wheat products

Wheat products	Price level			Percentage change	
	Jan-14	Oct-14	Jan-15	Oct-14 to Jan-15	Jan-14 to Jan-15
Loaf of brown bread 700g	9.47	9.84	10.29	4.57	8.66
Loaf of white bread 700g	10.49	10.61	11.42	7.36	8.87
Cake flour 2.5kg	21.97	22.52	21.99	-2.35	0.99
Spaghetti 500g	10.06	10.15	10.58	4.24	5.17
Macaroni 500 g	10.23	10	10.67	6.70	4.30
Average				**4.10**	**5.59**
Wheat (R/ton)	**3740.50**	**3605.87**	**3908.90**	**8.40**	**4.50**

Data from Stats SA

Table A.2: Maize products

Maize products	Price level			Percentage change	
	Jan-14	Oct-14	Jan-15	Oct-14 to Jan-15	Jan-14 to Jan-15
Maize special 2.5kg	16.12	14.65	13.67	-6.69	-15.20
Maize super 2.5kg	16.67	15.91	16.07	1.01	-3.60
Average				**-2.84**	**-9.4**
White Maize (R/ton)	**3159.91**	**1881.74**	**2012.38**	**6.94**	**-36.32**

Data from Stats SA

Table A.3: Sunflower products

Sunflower products	Price level			Percentage change	
	Jan-14	Oct-14	Jan-15	Oct-14 to Jan-15	Jan-14 to Jan-15
Sunflower oil 750ml	17.37	16.69	17.25	3.36	-0.69
Margarine spread 1kg	20.12	36.99	35.32	-4.51	75.55
Brick margarine 500g	17.62	17.92	18.47	3.07	4.82
Average				**2.65**	**32.17**
Sunflower (R/ton)	**5970.05**	**4666.00**	**4998.33**	**7.12**	**-16.28**

Data from Stats SA

Table A.4: Processed vegetables [1]

Processed vegetables	Price level			Percentage change	
	Jan-14	Oct-14	Jan-15	Oct-14 to Jan-15	Jan-14 to Jan-15
Baked bean in tomato 410g	7.17	8.27	8.58	3.75	19.67
Sweet corn 410g	10.64	11.26	11.14	-1.07	4.70
Mixed vegetables 410g	10.63	11.16	11.30	1.28	6.39
Average				**1.32**	**10.25**

Data from Stats SA
Products changed due to data availability

Table A.5: Fresh vegetables

Fresh vegetables	Price level			Percentage change	
	Jan-14	Oct-14	Jan-15	Oct-14 to Jan-15	Jan-14 to Jan-15
Carrots – fresh per kg	14.29	11.84	14.01	18.33	-1.96
Onions – fresh per kg	9.37	10.01	9.66	-3.50	3.09
Potatoes – fresh per kg	10.68	10.62	10.33	-2.73	-3.28
Tomatoes – fresh per kg	17.8	17.53	16.11	-8.10	-9.49
Sweet potatoes – fresh per kg	16.1	15.62	13.67	-12.48	-15.09
Cabbages – fresh per kg	11.33	11.2	12.15	8.48	7.24
Lettuces – fresh per kg	34.42	32.45	34.83	7.33	1.19
Pumpkins – fresh per kg	15.91	17.58	16.46	-6.37	3.46
Cauliflowers – fresh per kg	38.08	36.46	39.49	8.31	3.70
Average				**1.03**	**-1.23**

Data from Stats SA

Table A.6: Processed meat [2]

Processed meat	Price level			Percentage change	
	Jan-14	Oct-14	Jan-15	Oct-14 to Jan-15	Jan-14 to Jan-15
Bacon per kg	109.05	116.71	126.73	8.59	16.21
Ham per kg	96.55	96.49	103.34	7.10	7.03
Polony per kg	33.64	33.29	36.43	9.43	8.29
Average				**8.37**	**10.51**

Data from Stats SA
Product changed due to data availability

Table A.7: Unprocessed meat

Unprocessed meat	Price level			Percentage change	
	Jan-14	Oct-14	Jan-15	Oct-14 to Jan-15	Jan-14 to Jan-15
Pork Chops – Fresh per kg	63.61	65.27	71.87	10.11	12.99
Lamb rib chop– Fresh per kg	97.09	109.79	113.70	3.56	17.11
Beef Brisket – Fresh per kg	59.17	61.61	64.43	4.58	8.89
Beef Chuck – Fresh per kg	60.5	62.62	65.24	4.18	7.83
Beef Mince – Fresh per kg	62.84	65.78	65.49	-0.44	4.22
Beef Rump Steak – Fresh per kg	96.8	103.72	107.08	3.24	10.62
Beef T-Bone – Fresh per kg	77.35	81.18	82.67	1.84	6.88
Whole Chicken – Fresh per kg	45.97	49.43	49.85	0.85	8.44
Average				**3.49**	**9.62**

Data from Stats SA

Table A.8: Dairy products[4]

Dairy product	Price level			Percentage change	
	Jan-14	Oct-14	Jan-15	Oct-14 to Jan-15	Jan-14 to Jan-15
Fresh milk full-cream 1L	10.32	11.97	11.94	-0.25	15.70
Fresh milk full-cream 2L	20.04	23.28	23.34	0.26	16.47
Fresh milk low fat 1L	11.17	12.95	13.48	4.13	20.73
Fresh milk low fat 2L	20.46	16.21	23.84	47.03	16.50
Long Life Milk Full Cream 1L	11.08	12.53	12.59	0.43	13.63
Skimmed powder milk 900kg	46.69	120.36	119.61	-0.62	156.18
Cheddar cheese per kg	103.26	113.96	113.96	0.00	10.36
Average				**7.28**	**35.65**

Data from Stats SA
Product change due to data availability

Table A.9: Fruits

Fruits	Price level			Percentage change	
	Jan-14	Oct-14	Jan-15	Oct-14 to Jan-15	Jan-14 to Jan-15
Apples - Fresh per kg	15.75	16.2	17.83	10.06	13.21
Bananas - Fresh per kg	11.12	11.24	14.2	26.33	27.70
Oranges - Fresh per kg	8.66	10.08	-	-	-
Average				**18.19**	**20.45**

Data from Stats SA

Table A.10: Fish products

Fishes – tinned	Price level			Percentage change	
	Jan-14	Oct-14	Jan-15	Oct-14 to Jan-15	Jan-14 to Jan-15
Fish (excl tuna) – tinned 155g	7.51	8.05	8.51	5.71	13.32
Fish (excl tuna) – tinned 425g	13.46	14.74	13.87	-5.90	3.05
Tuna – tinned 170g	15.73	15.15	16.16	6.67	2.73
Average				**6.67**	**2.73**

Data from Stats SA

Table A.11: Other products [3]

Other products	Price level			Percentage change	
	Jan-14	Oct-14	Jan-15	Oct-14 to Jan-15	Jan-14 to Jan-15
Spices (Excl salt) 100g	15.82	16.97	16.89	-0.47	6.78
White Sugar 2.5kg	25.26	26.2	26.31	0.42	4.16
Rice 2kg	22.85	22.58	23.45	3.85	2.63
Ricoffy Reg 750g	64.94	69.46	70.57	1.60	8.67
Ceylon/Black Tea 62.5g	8.47	9.31	9.68	3.97	14.29
Eggs 1.5 dozen	30.07	31.3	33.3	6.19	10.74
Average				**2.59**	**7.87**

Data from Stats SA
3 products changed due to data availability

APPENDIX B: DATA ON RURAL FOOD PRICE TRENDS

Table B.1: Wheat products

Wheat Products	Price level			Percentage change	
	Jan-14	Oct-14	Jan-15	Oct-14 to Jan-15	Jan-14 to Jan-15
Loaf of brown bread 600g	7.39	7.86	8.01	1.9	8.35
Loaf of brown bread 700g	8.71	9.41	9.57	1.70	9.84
Loaf of white bread 600g	8.08	8.56	9.50	10.95	17.54
Loaf of white bread 700g	9.48	10.40	10.31	-0.83	8.84
Average				**3.44**	**11.14**

Source: Stats SA

Table B.2: Maize products

Maize Products	Price level			Percentage change	
	Jan-14	Oct-14	Jan-15	Oct-14 to Jan-15	Jan-14 to Jan-15
Maize meal 12.5kg	49.92	63.35	61.50	-2.92	23.21
Maize meal 1kg	8.03	8.61	8.47	-1.61	5.50
Maize meal 2.5kg	16.94	17.05	14.54	-14.72	-14.14
Maize meal 5kg	31.29	32.72	32.49	-0.70	3.86
Average				**-4.99**	**4.59**

Source: Stats SA

Table B.3: Sunflower products

Sunflower Products	Price level			Percentage change	
	Jan-14	Oct-14	Jan-15	Oct-14 to Jan-15	Jan-14 to Jan-15
Sunflower Oil 2L	33.50	33.97	32.54	-4.20	-2.86
Sunflower Oil 500ml	11.86	12.72	12.00	-5.64	1.19
Sunflower Oil 750ml	15.30	14.56	14.59	0.23	-4.62
Margarine 125g	7.50	7.70	7.50	-2.60	-0.12
Margarine 250g	11.32	12.67	16.50	30.23	45.79
Margarine 500g	20.31	18.37	17.89	-2.62	-11.91
Average				**2.56**	**4.58**

Source: Stats SA

Table B.4: Dairy products

Dairy Products	Price level			Percentage change	
	Jan-14	Oct-14	Jan-15	Oct-14 to Jan-15	Jan-14 to Jan-15
Full-cream long-life milk 1L	10.92	13.26	12.03	-9.27	10.19
Full-cream long-life milk 500ml	7.42	8.89	9.26	4.12	24.68
Average				**-2.58**	**17.43**

Source: Stats SA

Table B.5: Tea and coffee

Tea and coffee	Price level			Percentage change	
	Jan-14	Oct-14	Jan-15	Oct-14 to Jan-15	Jan-14 to Jan-15
Instant coffee 100g	13.44	16.43	16.92	3.01	25.94
Instant coffee 250g	24.67	31.27	31.86	1.87	29.11
Ceylon/black tea 250g	15.30	23.28	22.41	-3.76	46.43
Ceylon/black tea 62.5g	13.35	9.79	9.89	1.09	-19.92
Average				**0.55**	**20.39**

Source: Stats SA

Table B.6: Beans

Beans	Price level			Percentage change	
	Jan-14	Oct-14	Jan-15	Oct-14 to Jan-15	Jan-14 to Jan-15
Beans 1kg	24.66	26.60	25.71	-3.36	4.26
Beans 500g	12.75	16.29	14.97	-8.09	17.44
Butter Beans 410g	14.27	12.97	12.25	-5.56	-14.15
Butter Beans 420g	14.73	14.17	12.70	-10.41	-13.84
Average				**-6.85**	**-1.57**

Source: Stats SA

Table B.7: White sugar

Sugar	Price level			Percentage change	
	Jan-14	Oct-14	Jan-15	Oct-14 to Jan-15	Jan-14 to Jan-15
White sugar 1kg	12.35	13.56	13.60	0.31	10.11
White sugar 2.5kg	27.03	29.43	29.63	0.69	9.62
White sugar 500g	6.54	7.31	7.38	0.98	12.96
Average				0.66	10.89

Source: Stats SA

Table B.8: Rice

Rice	Price level			Percentage change	
	Jan-14	Oct-14	Jan-15	Oct-14 to Jan-15	Jan-14 to Jan-15
Rice 1kg	13.70	13.31	13.81	3.77	0.84
Rice 2kg	23.15	22.42	23.62	5.37	2.05
Rice 500g	7.23	7.56	7.63	0.94	4.96
Average				**3.36**	**2.62**

Source: Stats SA

Table B.9: Peanut butter

Peanut Butter	Price level			Percentage change	
	Jan-14	Oct-14	Jan-15	Oct-14 to Jan-15	Jan-14 to Jan-15
Peanut butter 270g	18.38	18.24	17.76	-2.61	-3.33
Peanut butter 400g	22.79	25.49	23.68	-7.10	3.90
Average				**-4.56**	**0.29**

Source: Stats SA

APPENDIX C: SUMMARY OF INFLATION FOR SELECTED FOOD ITEMS BETWEEN JANUARY 2014 AND JANUARY 2015

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	%
Sorghum 1kg	-100,00%	Pork Sausage per kg	0,00%	Oranges - Fresh per kg	-100,00%
Maize Special2. 5kg	-9,49%	Whole Chicken - Frozen per kg	0,00%	Sweet Potatoes - Fresh per kg	-0,15
Sunflower Oil 750ml	-0,69%	Total Butter 500g	0,00%	Tomatoes - Fresh per kg	-9,49%
Cake Flour 2.5 kg	0,09%	Tuna - Tinned 170g	2,73%	Potatoes - Fresh Per Kilogram	-3,28%
Peanut Butter 400g	0,59%	Fish (Excl Tuna) - Tinned 425g	3,05%	Carrots Frozen1kg	-1,96%
Rice 2kg	2,63%	Beef Mince - Fresh per kg	4,22%	Carrots - Fresh per kg	-1,96%
Maize Super 2.5kg	2,73%	Beef T-Bone - Fresh per kg	6,88%	Butter Beans - Tinned 410g	0,00%
Macaroni Plain 500 Gram	4,30%	Ham per kg	7,03%	Tomato & Onion Mix 410g	0,00%
Spaghetti 500 g	5,17%	Beef Chuck - Fresh per kg	7,83%	Canned Peas 410g	0,00%
Spices (Excl sallt)	6,78%	Polony per kg	8,29%	Lettuce - Fresh per kg	0,01
Medium Fat Spread 1kg	7,24%	Chicken Portions - Frozen per kg	8,31%	Onions -Fresh per kg	3,09%
Loaf Of Brown Bread 700 g	8,66%	Chicken Portions - Fresh per kg	8,44%	Pumpkin - Fresh per kg	3,46%
Instant coffee 750g	8,67%	Beef Brisket - Fresh per kg	8,89%	Cauliflower - Fresh per kg	3,70%
Loaf Of White Bread 700 g	8,87%	Whole Chicken - Fresh per kg	9,28%	White Sugar 2.5kg	4,16%
Brick Margarine 500g	21,66%	Lamb ribs - Fresh per kg	9,91%	Sweet corn -tinned 410g	4,70%
Sorghum 1kg	-100,00%	Cheddar Cheese per kg	10,36%	mixed vegetables 410g	6,39%
		Beef Rump Steak -Fresh per kg	10,62%		
		Eggs 1.5 dozen	10,74%		
		Powder Milk 900 kg	12,39%		
		Pork Chops - Fresh per kg	12,99%		
		Fish (Excl Tuna) - Tinned 155g	13,32%		
		LongLife Milk Full Cream 1L	13,63%		
		Fresh Milk Full Cream 1L	15,70%		
		Bacon per kg	16,21%		
		Fresh Milk Full Cream 2L	16,47%		
		Fresh Milk Low Fat 2L	16,50%		

Data from Stats SA

** 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 (January 2014 and January 2015)

Grain and grain products	%	Other products	%
Maize Meal 2.5kg	-14,19	Tagless tea bags 62.5g (Ceylon black tea)	-19,92
Margarine 500g	-11,91	Butter Beans 410g	-14,15
Sunflower Oil 750ml	-4,62	Butter Beans 420g	-13,84
Sunflower Oil 2L	-2,86	Peanut Butter 270g	-3,33
Margarine 125g	-0,12	Peanut Butter 400g	3,90
Rice 1kg	0,84	Beans 1kg	4,26
Sunflower Oil 500ml	1,19	White Sugar 2.5kg	9,62
Rice 2kg	2,05	White Sugar 1kg	10,11
Maize Meal 5kg	3,86	Full Cream Long Life Milk 1L	10,19
Rice 500g	4,96	Fish (Excl. Tuna) - Tinned 425g	12,10
Maize Meal 1kg	5,50	White Sugar 500g	12,96
Loaf of Brown Bread 600g	8,35	Fish (Excl. Tuna) - Tinned 155g	15,36
Loaf of White Bread 700g	8,84	Beans 500g	17,44
Loaf of Brown Bread 700g	9,84	Full Cream Long Life Milk 500ml	24,68
Samp 1kg	12,06	Instant Coffee 100g	25,94
Loaf of White Bread 600g	17,54	Instant Coffee 250g	29,11
Maize Meal 12.5kg	23,21	Tagless tea bags 250g (Ceylon black tea)	46,43
Margarine 250g	45,79		

Source: Stats SA

* 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 January 2014 and January 2015

International wheat price
↑32.54%

Domestic price of wheat
↓36.32%

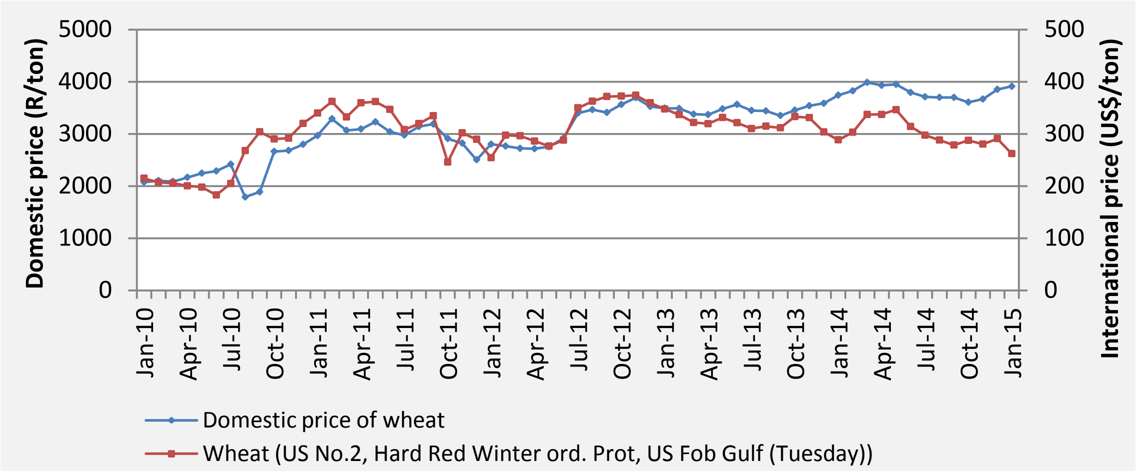


Figure D.1: Domestic market price of wheat against global market price
Source: FAO and SAFEX

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

Between January 2014 to January 2015

Wheat import parity *price 7.34%*

Wheat export parity price ↑4.34%

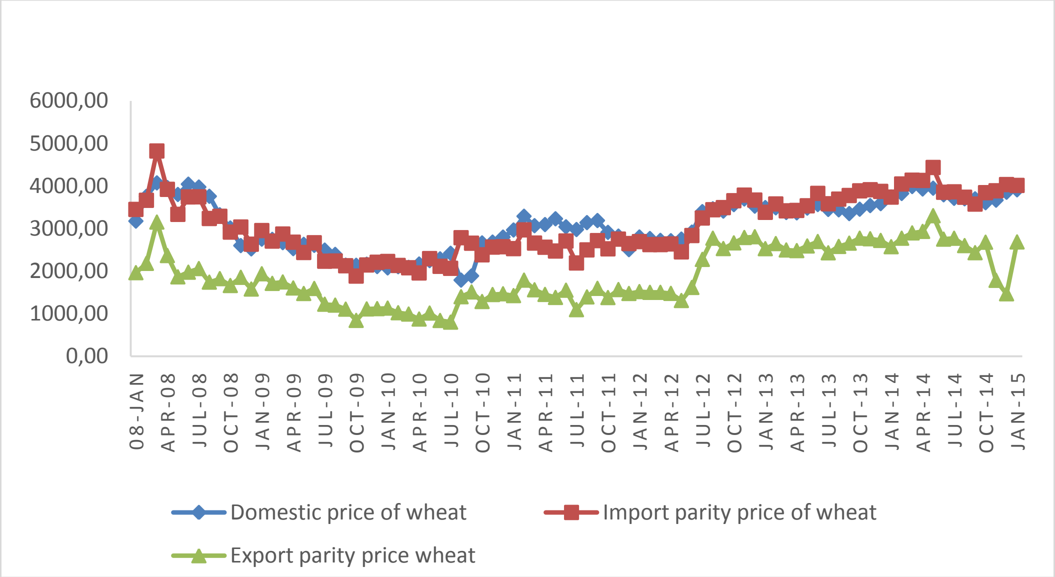


Figure D.2: Import parity, export parity and domestic prices of wheat
Source: SAGIS and SAFEX

Between January 2014 and January 2015

Domestic wheat price ↑36.32%

Brown bread 700g price ↑ 8.66%

White bread 700g price ↑8.87%

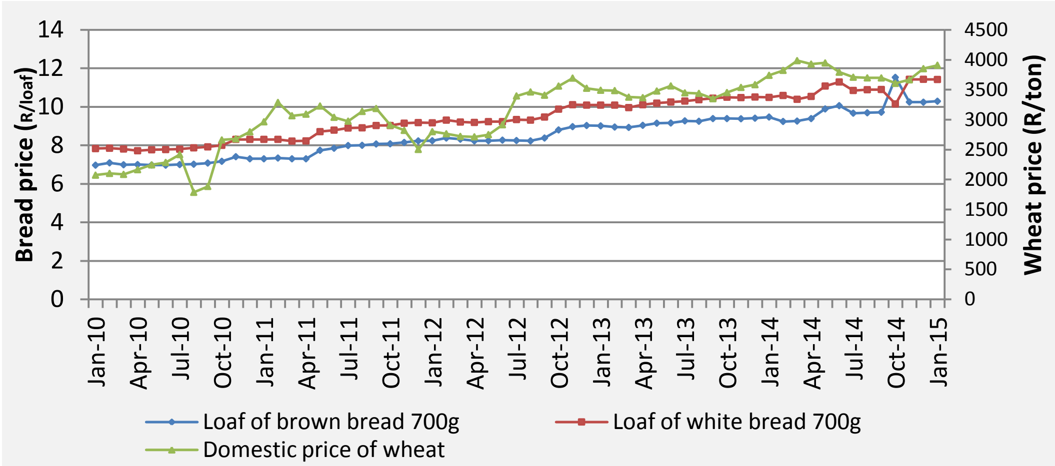


Figure D.3: Domestic market wheat price and bread price trends
Source: Stats SA and SAFEX

D.2 Maize price trends

Between January 2014 and January 2015

International price of maize ↓ 10.26%

Domestic price of yellow maize ↓ 16.28%

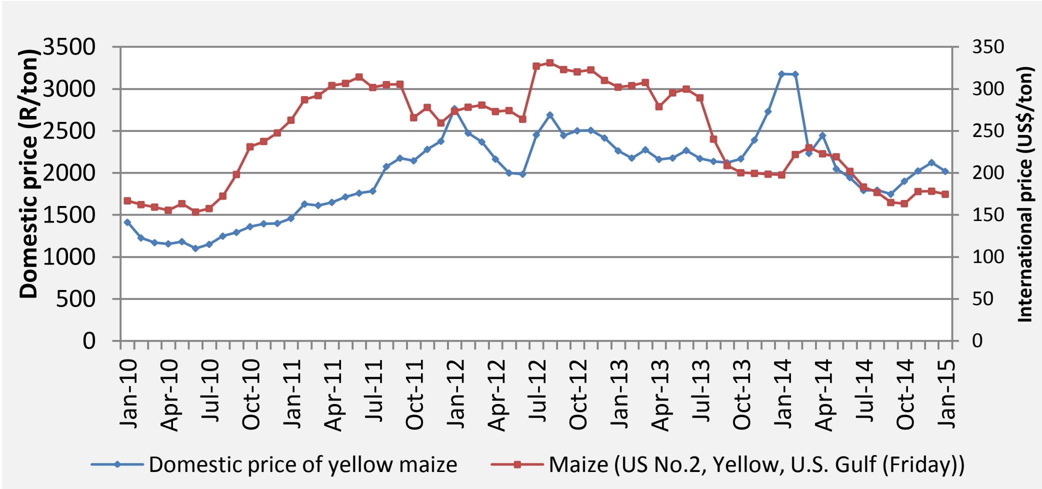


Figure D.4: Domestic market price of maize against global market price
Source: FAO and SAFEX

Between January 2014 and January 2015:

Export parity price of maize ↓3.92%

Import parity price of maize ↓2.80%

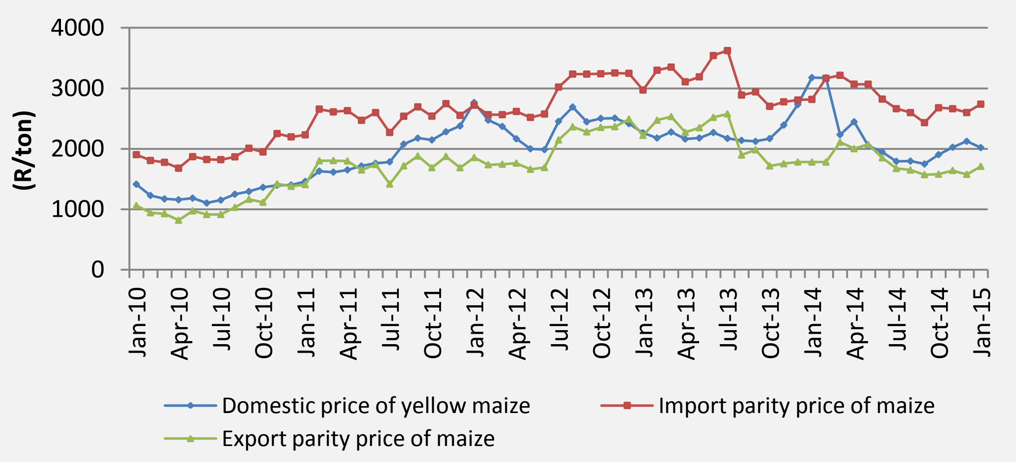


Figure D.5: Import parity, export parity and domestic prices of maize
Source: SAFEX and SAGIS

Between January 2014 and January 2015:

Super maize meal price 2.5 kg ↑2.73%

Special maize meal ↓ 9.49%

Domestic price of white maize ↓36.32%

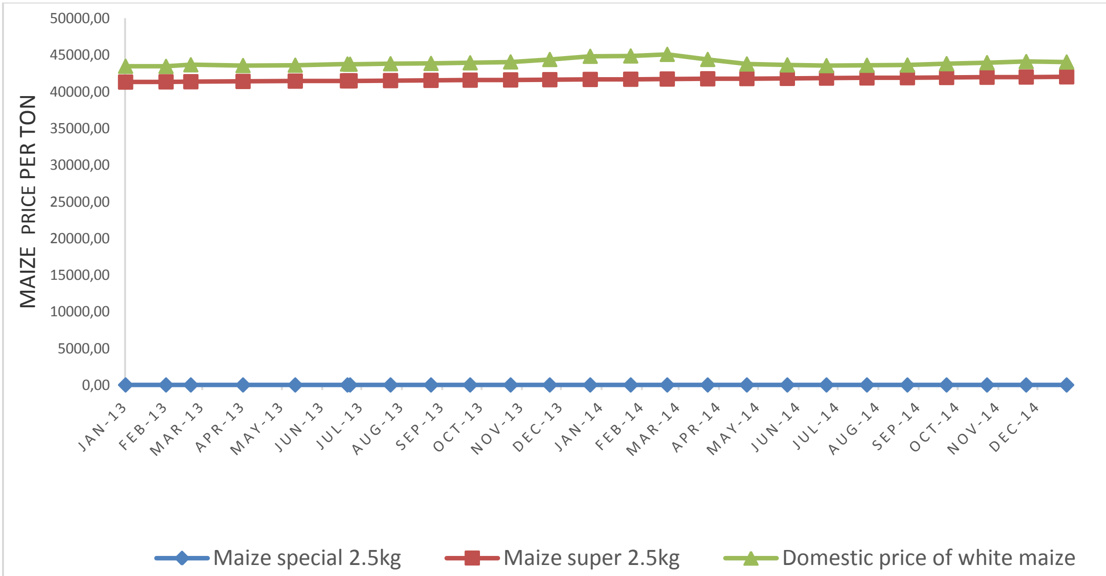


Figure D.6: Maize price and maize meal price trends
Source: SAFEX and Stats SA

D.3 Sunflower seeds price trends

Between January 2014 and January 2015:

International Sunflower seed price for October 2014 ↓13.79

Average retail sunflower oil price ↓16.28%

Sunflower oil 750ml ↓0.69%

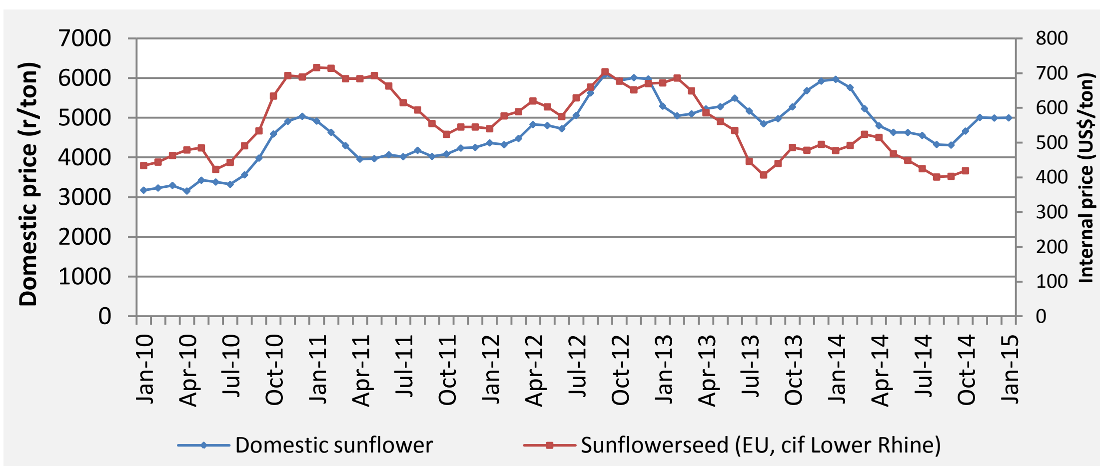


Figure D.7: Domestic market price of sunflower seeds against global market price
Source: FAO and SAFEX

Between January 2014 and January 2015

Sunflower domestic seeds price ↓ 16.28%

Sunflower oil 750ml ↓ 0.69% price

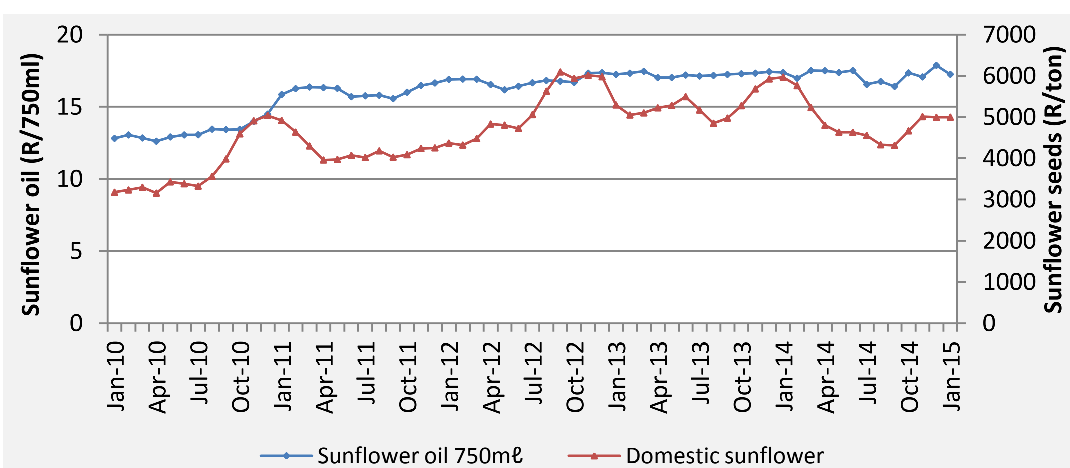


Figure D.8: Sunflower seeds price and sunflower oil price trends

Source: SAFEX and Stats SA

D.4 Dairy price trends

Between January 2014 and January 2015:

Skim milk powder
↓ 49.94 %

Whole milk powder
52.02%

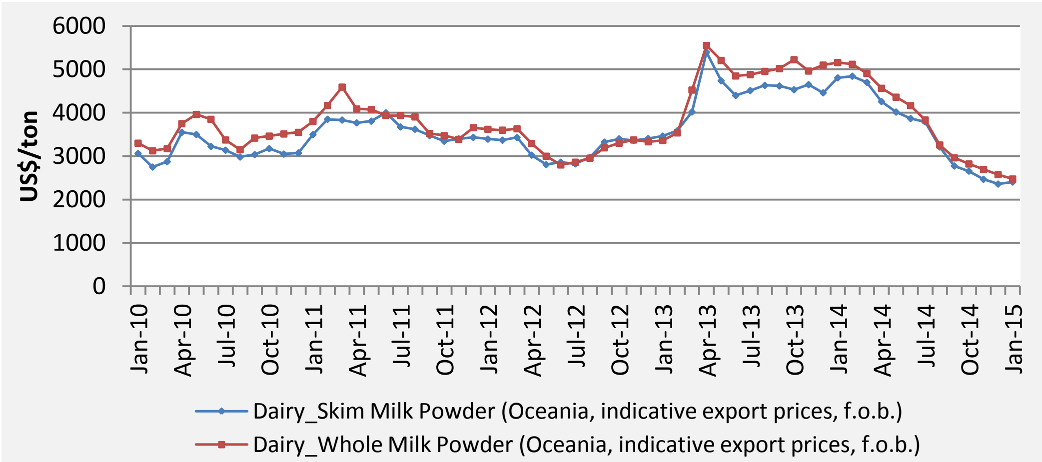


Figure D.9: Skim milk powder and whole milk powder price trends
Source: FAO

Between January 2014 and January 2015:

Milk producer price
↑9.29%

Full cream milk price
↑15.70%

Full cream milk low fat
↑20.73%

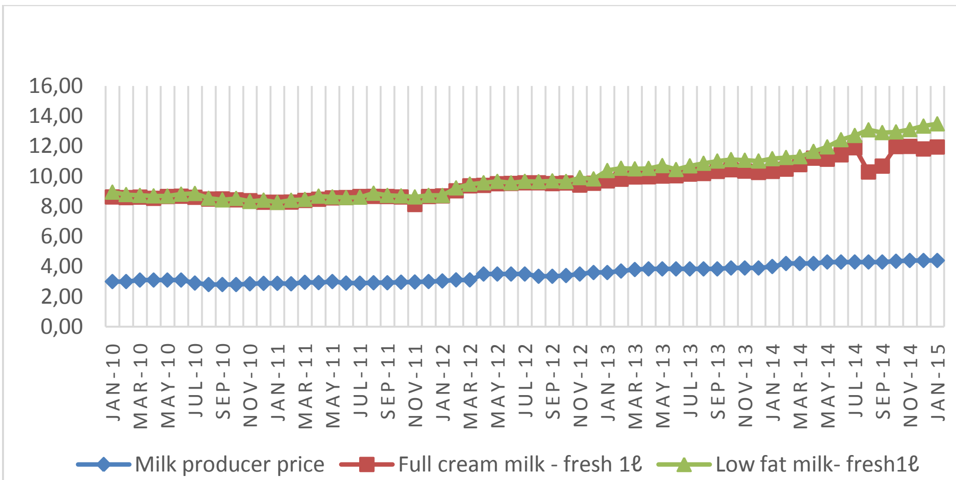


Figure D.10: Domestic producer price and retail prices of milk
Source MPO and Stats SA

The price of beef at retail level showed an average ↑ OF 7.68 % for the different cuts between January 2014 and January 2015.

Frozen chicken portions price ↑ by 8.44% per kilogram

Lamb ribs price ↑17.11% and pork chops ↑12.99%

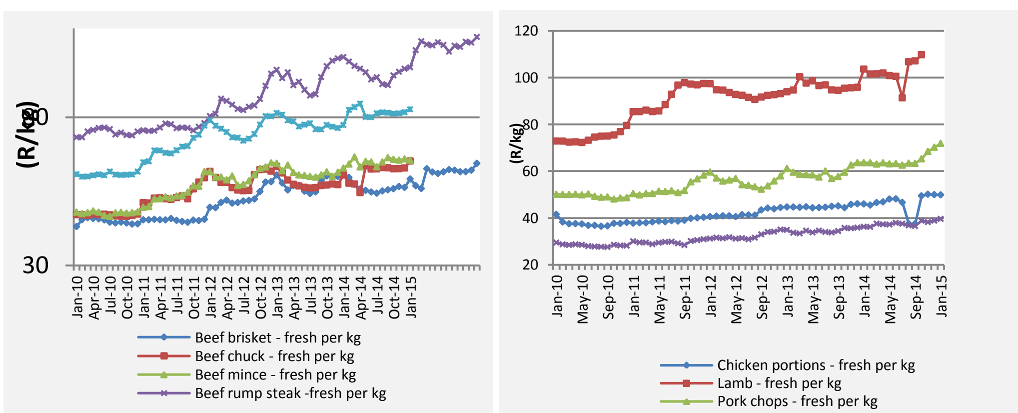


Figure D.11: Retail prices of beef, pork chops, chicken portions, whole chicken and lamb
Source: Stats SA

Between January 2014 and January 2015:

Producer price for fresh chicken ↑ 17.88%

Frozen chicken price ↑18.32%

Porker price ↑19.95%
Baconer price ↑7.99%

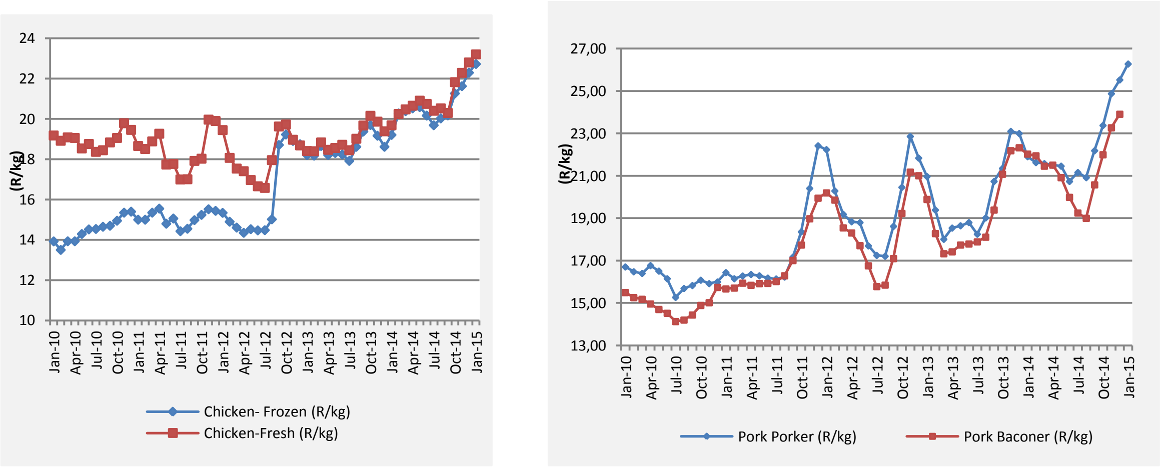


Figure D.12: Producer prices of chicken and pork
Source: AMT

Between January 2014 and January 2015:

Producer price of Beef-class A2/A3 ↓16.28%

Prices of beef class B2/B3 ↑ 9.29% and class C2/C3↑ 8.57%

Prices of lamb-class A2/A3 ↑ 18.15% and class B ↑ 36.08% and the price of class C2/C3 ↑ 25.79%

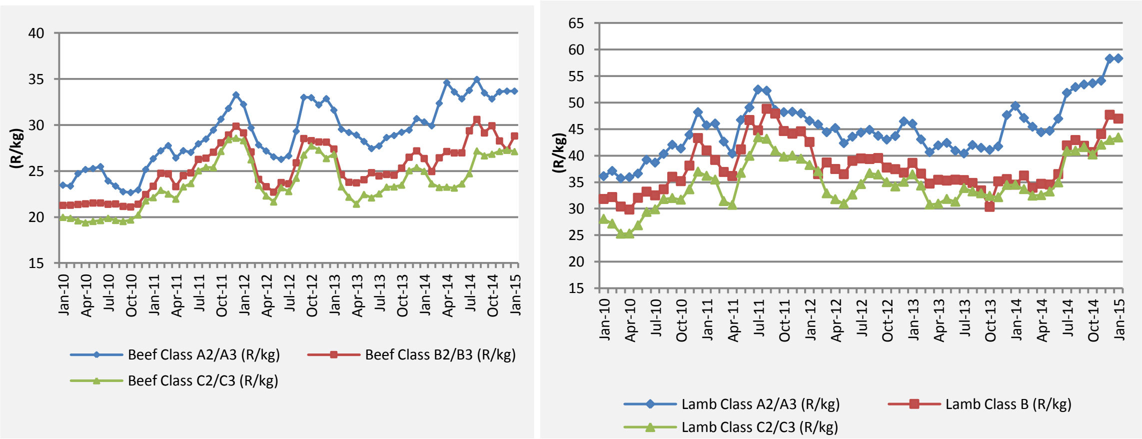


Figure D.13: Producer prices of beef and lamb
Source: AMT

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 January 2014 and January 2015:

The real farm-to-retail price spread of brown bread ↑8.0%

The real farm value share of brown bread ↓1.33

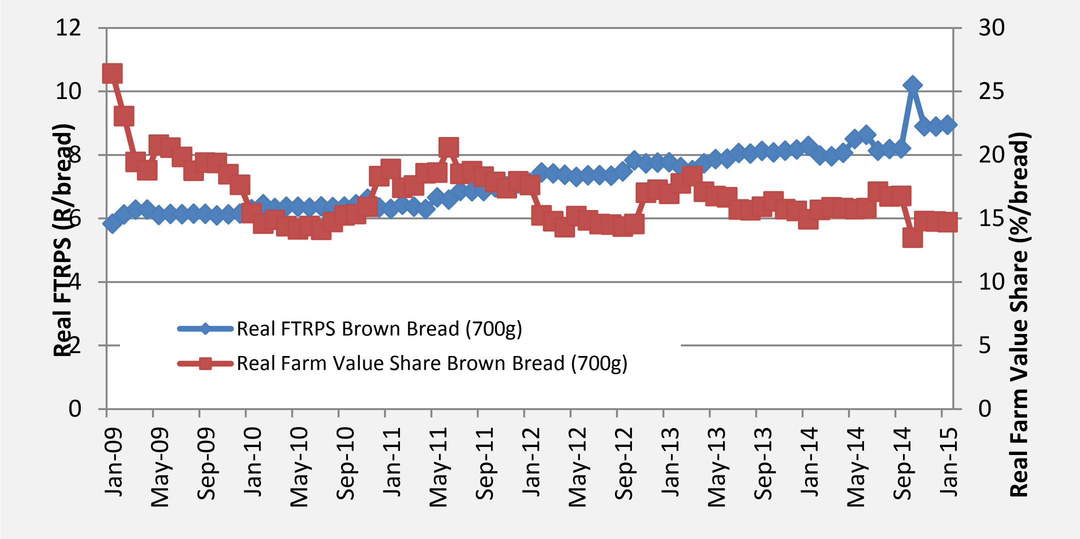


Figure E.1: Real farm to retail price spread and real farm value share of brown bread. Source: SAFEX, Stats SA and own calculations

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

Between January 2014 and January 2015:

The real farm-to-retail price spread of white bread↑3.69

The real farm value share of white bread ↑2.8%

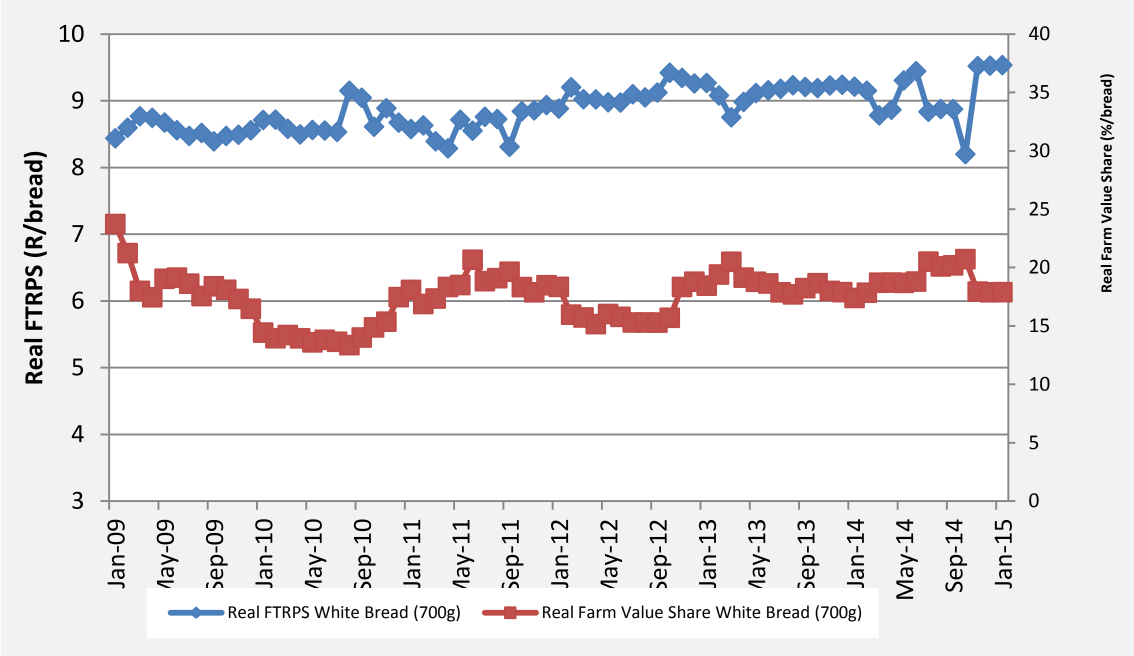


Figure E.2: Real farm to retail price spread and real farm value share of white bread. Source: SAFEX, AC Nielsen and own calculations

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

Between January 2014 and January 2015:

The real farm-to-retail price spread of super maize meal ↓38.67%

The real farm value share of super maize meal ↑52.08%

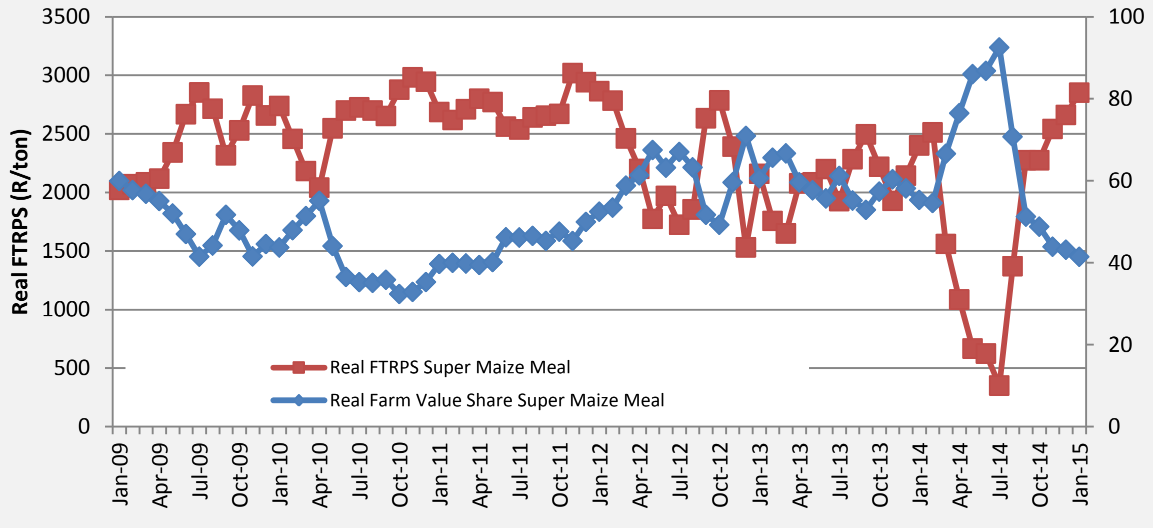


Figure E.4: Real farm to retail price spread and real farm value share of special maize meal. Source: SAFEX, AC Nielsen and own calculations

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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