National Agricultural Marketing Council

Promoting market access for South African agriculture

Markets and Economic Research Centre

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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 January 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 6.6 % and 11.4 %, respectively. The same indices were at 6.8 % and 11.7 % in December 2016 respectively.

Prices were compared for selected food items in rural and urban areas for January 2017. Food items showing the largest price differences between urban and rural areas in January 2017were: sunflower oil 750mℓ at a difference of R4.82, margarine spread 500g at a R2.96 difference, special and super maize meal at R2.18 and R1.88, respectively. 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, peanut butter 400g and full cream milk – long life 1ℓ) than their urban counterparts.

The FAO Food Price Index (FFPI), in nominal terms, averaged 173.8 points in January 2017, up 3.7 points (2.1 %) from the revised December value. At this level, the FFPI is at its highest value since February 2015 and as much as 24.5 points (16.4 %) above its level in the corresponding period last year. The strong rebound in the January value of the FFPI was driven by a surge in international sugar quotations and sharp increases in export prices of cereals as well as vegetable oils. Meat and dairy markets remained more stable.

In January 2017, the cost of this basic urban food basket was **R650.94**. The increase from the December 2016 basket is due to the inclusion of new frozen chicken product prices. Due to the inclusion of certain new frozen chicken price lines (with no observations prior to January 2017), no comparison is possible with January 2016.

When comparing January 2017 vs. January 2016 retail prices, the very significant price inflation (10 % or more) were observed for many products within the food basket (in order from highest to lowest inflation): Oranges, maize meal, bananas, peanut butter, canned pilchards, margarine, brown bread, potatoes, white bread, milk, rice and baked beans. This could have a negative impact on household food security in South Africa affecting the affordability of selected staple foods (particularly maize meal, but also brown bread) as well as various food items making a contribution to dietary diversity. When comparing the inflation rates for January 2017 vs. January 2016, with October 2016 vs. October 2015, (i.e. the previous Food Price Monitor analysis period) the rate of inflation was higher for fruit, dairy and bean products.

Cost implications that could impact prices over the next three months are the 39 cents/litres that would be added to the fuel price, according to the national budget of 2017. This would add to the distributional cost of food. The strengthening of the rand over the past couple of months are also not supported by a general growth of the economy. As a result, political uncertainties represent significant downside currency risks. A depreciation of the currency could provide traction for increased food inflation despite favourable production conditions over the outlook period.

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1. Introduction

In January 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 6.6 % and 11.4 %, respectively. The same indices were at 6.8 % and 11.7 % in December 2016 respectively. **Figure 1** shows trends of the headline CPI and food and non-alcoholic beverage inflation rates on a monthly basis, from January 2012 to January 2017.

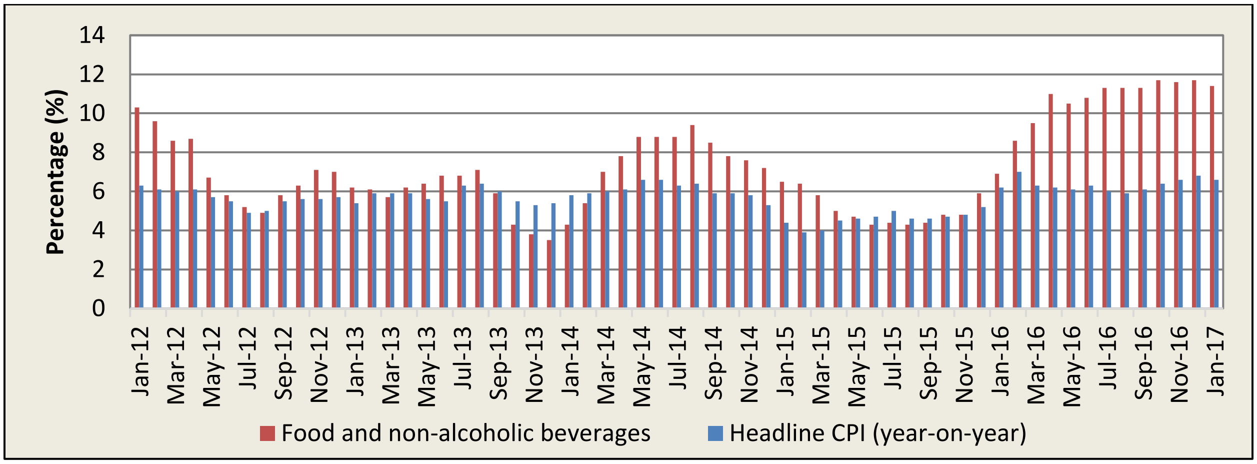

Figure 1: Headline CPI and food and non-alcoholic beverage CPI
Source: Stats SA, 2017

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**, January 2016 vs. January 2017: sugar, sweets and desserts (21.4 %), milk, eggs and cheese (11.1 %), fruit (11.2 %), meat (8.9 %), other food (12.3 %), fish (11.1 %), processed foods (11.5 %), unprocessed foods (11.7 %), bread and cereals (17.0 %), vegetables (4.7 %) and oils and fats (7.2 %). Also, indicated in **Figure 2** is the **month-on-month** percentage changes for January 2017 vs. December 2016.

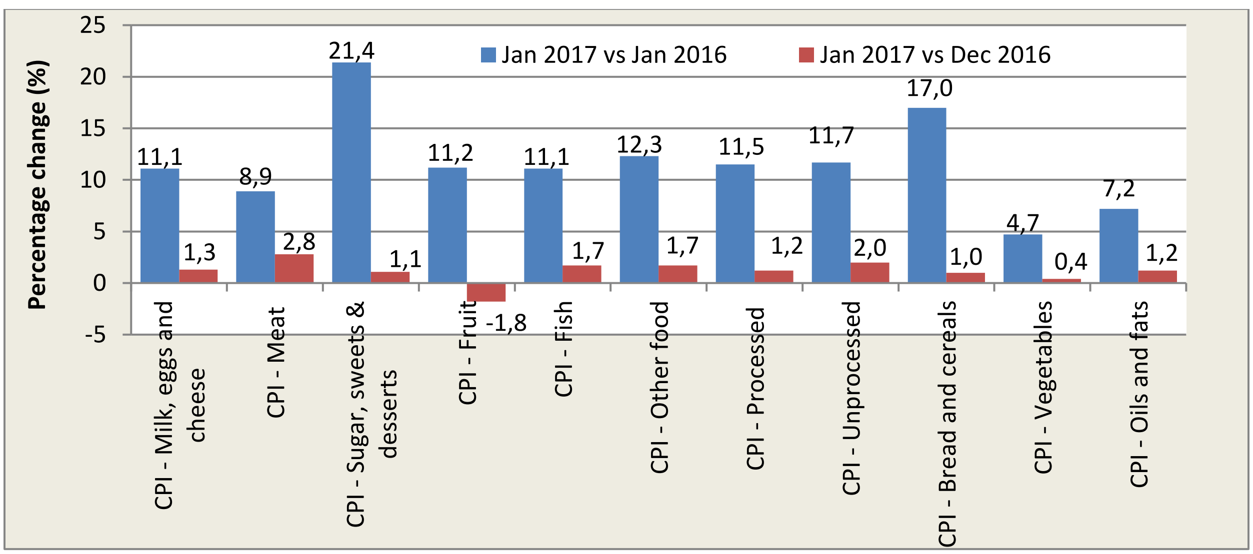

Figure 2: Year-on-year (January 2017 vs. January 2016) and month-on-month (January 2017 vs. December 2016) percentage change for different food categories
Source: Stats SA, 2017

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 January 2017 for South Africa and other selected countries. South Africa's overall inflation for January 2017 was 6.6 % with food inflation at 11.4 % during the same period. The food categories with the largest contribution during this period to South African food inflation are sugar, sweets and desserts, and bread and cereals. The Zambian overall inflation rate for January 2017 was 7.0 %, while the food inflation rate was 7.4 %. Botswana's overall inflation rate was 3.1 %, compared to their food inflation of 4.0 %, during January 2017. Turkey's overall inflation rate for January 2017 was 9.2 %, compared to their food inflation rate of 7.8 %. Considering inflation in the BRIC countries, Brazil had the highest overall inflation rate of 5.4 % and food inflation rate of 6.6 %, followed by Russia, which had an overall inflation rate of 5.0 % and a food inflation rate of 3.9 %. From the BRIC group, China recorded the lowest year-on-year inflation rate of 2.5 % and a food inflation rate of 2.7 %.

Table 1: Overall inflation and food inflation during November 2016 to January 2017

	November 2016		December 2016		January 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	2,9	3,8	3,0	3,9	3,1	4,0
Brazil	7,0	10,2	6,3	8,6	5,4	6,6
China	2,3	4,0	2,1	2,4	2,5	2,7
India	3,6	2,1	3,4	1,4	3,2	2,5
Namibia	7,3	11,6	7,3	12,5	8,2	13,2
Russia	5,8	5,0	5,4	4,2	5,0	3,9
South Africa	6,6	11,6	6,8	11,7	6,6	11,4
Turkey	7,0	3,3	8,5	5,7	9,2	7,8
United Kingdom	1,2	-2,0	1,6	-1,1	1,8	-0,5
United States	1,7	-0,4	2,1	-0,2	2,5	-0,2
Zambia	8,8	9,2	7,5	7,8	7,0	7.4

Sources: Central banks and statistics reporting institutions of these countries, 2017

3. Urban and rural food price trends: January 2017 vs. January 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 (January 2017 vs. January 2016)

Grain and grain products	%	Meat and meat products and dairy and dairy products and eggs	%	Fresh and processed fruits and vegetables	%
Sunflower oil 500mℓ	-27,96%	Cheddar cheese per kg	-9,86%	Beetroot - fresh per kg	-27,42%
Loaf of brown bread 600g	-0,15%	Bacon 250g	-6,62%	Cabbage - fresh per kg	-22,04%
Brick margarine 125g	2,17%	Powdered milk 500g	0,11%	Tomatoes - fresh per kg	-16,72%
Margarine spread 1kg	3,69%	Eggs 1,5 dozen	2,28%	Pumpkin - fresh per kg	-13,29%
Sunflower oil 750mℓ	4,61%	Beef T-bone - fresh per kg	3,52%	Watermelon - per kg*	-12,66%
Sunflower oil 2ℓ	4,83%	Powdered milk 250g	3,74%	Carrots - fresh per kg	-9,98%
Loaf of white bread 600g	5,07%	Beef mince - fresh per kg	4,18%	Cabbage - fresh each	-7,30%
Cake flour 1kg	5,19%	Beef rump steak - fresh per kg	5,46%	Mango - per kg*	-4,88%
Brick margarine 1kg	6,52%	Beef chuck - fresh per kg	5,67%	Pineapples - per kg*	-0,29%
Cold Cereals 500g	7,45%	Chicken portions - fresh per kg	5,80%	Onions - fresh per kg	2,41%
Rice 500g	7,85%	Whole chicken - fresh per kg	6,10%	Sweetcorn/Baby Corn/Mielies*	2,51%
Cold Cereals 450g	8,47%	Eggs 2.5 dozen	6,35%	Avocado - per kg*	2,62%
Margarine spread 500g	9,85%	Beef brisket - fresh per kg	6,69%	Grapes - per kg*	4,33%
Cold Cereals 375g	10,58%	Eggs 0.5 dozen	7,68%	Apples - fresh per kg	5,98%
Cold Cereals 400g	10,71%	Lamb - neck per kg	7,86%	Peaches - per kg*	6,56%
Rice 2kg	11,22%	Fish (excl. tuna) - tinned 400g	7,87%	Baked beans - tinned 225g	6,93%
Cold Cereals 750g	11,42%	Lamb - loin chop per kg	8,48%	Plum - per kg*	10,17%
Loaf of white bread 700g	11,47%	Tuna - tinned 170g	9,11%	Baked beans - tinned 410g	11,19%
Peanut butter 800g	11,47%	Fish (excl. tuna) - tinned 155g	9,71%	Potatoes - fresh per kg	12,80%
Rice 5kg	11,91%	Low Fat milk - long life 1ℓ	10,74%	Sweet potatoes - fresh per kg	20,71%
Loaf of brown bread 800g	12,21%	Lamb - rib chop per kg	11,01%	Pears - per kg*	24,51%
Loaf of brown bread 700g	13,14%	Pork - ribs per kg	11,43%	Bananas - fresh per kg	35,41%
Rice 1kg	13,17%	Full cream milk - long life 1ℓ	11,46%	Cauliflower - fresh per kg	52,95%
Cake flour 2.5kg	13,60%	Powdered milk 400g	11,58%	Oranges - fresh per kg	62,71%
Rice 10kg	14,30%	Lamb - leg per kg	11,77%		
Brick margarine 500g	14,39%	Pork chops - fresh per kg	11,82%	**Other**	**%**
Brick margarine 250g	15,12%	Full cream milk - fresh 1ℓ	11,91%	Instant coffee 100g	0,97%
Cake flour 5kg	16,06%	Powdered milk 900g	11,99%	Instant coffee 750g	3,98%
Spaghetti 500g	16,47%	Full cream milk - long life 500mℓ	12,70%	Ceylon/black tea 62.5g	7,75%
Macaroni 500g	16,88%	Full cream milk - fresh 500mℓ	13,05%	Instant coffee 250g	7,83%
Peanut butter 400g	22,96%	Full cream milk - fresh 2ℓ	14,25%	Instant coffee 500g	10,85%
Super maize 1kg	33,51%	Low Fat milk - fresh 1ℓ	14,32%	Ceylon/black tea 125g	13,45%
Super maize 2.5kg	34,26%	Fish (excl. tuna) - tinned 215g	14,86%	White sugar 250g	13,58%
Super maize 5kg	39,89%	Fish (excl. tuna) - tinned 425g	17,95%	Ceylon/black tea 500g	14,05%
Special maize 1kg	56,17%	Polony per kg	21,33%	Instant coffee 200g	18,13%
Special maize 2.5kg	61,50%	Bacon per kg	52,79%	Ceylon/black tea 250g	19,72%
				White sugar 500g	21,12%
				White sugar 1kg	21,44%
				White sugar 2kg	24,50%
				White sugar 5kg	27,73%
				White sugar 10kg	29,06%
				White sugar 2.5kg	29,59%

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 (January 2017 vs. January 2016)

Grain and grain products	%	Meat and meat products and dairy and dairy products and eggs	%	Fresh and processed fruits and vegetables	%
Margarine 125g	-6,46%	Beef rump steak -fresh per kg	3,64%	Oranges - Fresh per kg	-7,69%
Rice 2kg	4,84%	Beef chuck - fresh per kg	4,21%	Tomatoes - Fresh per kg	-7,01%
Rice 500g	5,61%	Eggs 1/2 dozen	4,66%	Apples - Fresh per kg	8,53%
Sunflower oil 750mℓ	5,91%	Beef brisket - fresh per kg	5,84%	Onions - Fresh per kg	9,52%
Loaf of white bread 600g	7,59%	Full cream milk - fresh 1ℓ	5,99%	Beans Dried 1kg	9,72%
Loaf of brown bread 600g	8,00%	Beef T-bone - fresh per kg	7,83%	Beans Dried 500g	11,66%
Brick margarine 125g	8,22%	Fish (excl. tuna) - tinned 155g	8,13%	Potatoes - Fresh per kg	13,66%
Rice 1kg	9,17%	Full cream milk - long life 500mℓ	9,08%	Potatoes - Fresh 10kg	17,47%
Loaf of white bread 700g	9,73%	Full cream milk - long life 1ℓ	9,53%	Beans Dried 2kg	18,45%
Margarine 250g	11,52%	Full cream milk - fresh 2ℓ	10,10%	Bananas - Fresh per kg	41,72%
Loaf of brown bread 700g	11,56%	Full cream milk - fresh 500mℓ	11,98%		
Margarine 500g	11,69%	Beef fillet - fresh per kg	12,04%		
Sunflower oil 500mℓ	15,39%	Fish (excl. tuna) - tinned 425g	12,50%	**Other products**	**%**
Brick margarine 500g	15,51%	Low fat milk - fresh 2ℓ	19,58%	Instant Coffee 250g	11,00%
Brick margarine 250g	16,18%	Low fat milk - fresh 1ℓ	25,70%	Instant Coffee 100g	11,66%
Peanut butter 400g	17,84%	Chicken portions - fresh per kg	50,00%	Instant Coffee 750g	12,83%
Peanut butter 270g	18,76%			Ceylon/black tea 250g	14,68%
Margarine 1kg	19,43%			Ceylon/black tea 62.5g	14,70%
Sunflower oil 2ℓ	20,18%			Sorghum meal (e.g. mabella) 1kg	22,56%
Special maize 5kg	25,90%			White sugar 500g	23,02%
Super maize 2.5kg	28,10%			White sugar 2.5kg	25,54%
Super maize 1kg	28,18%			White sugar 1kg	27,44%
Special maize 2.5kg	31,84%			Ceylon/black tea 125g	28,54%
Super maize 5kg	33,44%			Ceylon/black tea 200g	29,75%
Peanut butter 800g	34,83%				
Special maize 1kg	42,48%				

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: January 2017 vs. January 2016

During the period, January 2017 vs. January 2016, the international price of wheat (US No 2, Hard Red Winter ord. Prot., US Fob Gulf) decreased by 20.72 %, while the domestic wheat prices also decreased by 19.37 %. Urban consumers paid 13.14 % more for a loaf of brown bread (700g) and 11.47 % more for a loaf of white bread (700g) during the same period. During the same period, domestic yellow maize prices decreased by 17.85 %, while international yellow maize prices decreased by only 0.65 %. Super maize meal (2.5kg) increased by 34.26 % and special maize meal (2.5kg) by 61.50 %, in urban areas. During the same period, the urban prices of sunflower oil (750mℓ) increased by 4.61 %. In January 2017, the domestic price of sunflower seed was R5 436.73/ton compared to the R7 345.76/ton price of January 2016, emanating a decline of 25.99 %.

During this period January 2017 vs. January 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 11.71 %, 21.38 % and 23.81 %, respectively. Lamb/mutton producer prices of class A2/A3 (R/kg), class B2/B3 (R/kg) and class C2/C3 (R/kg) all increased by 20.81 %, 22.70 % and 25.28 %, respectively. Producer prices of fresh, frozen and IQF chicken portions (R/kg) increased by 15.50 %, 8.76 % and 29.68 %, respectively, during the same period.

4. Comparison between urban and rural prices: January 2017

Table 2 compares prices of selected food items in rural and urban areas for January 2017. The food items which showed the largest price differences between **urban** and **rural** areas in January 2017were: sunflower oil 750mℓ at a difference of R4.82, margarine spread 500g at a R2.96 difference, special and super maize meal 2.5kg at R2.18 and R1.88, respectively. 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, peanut butter 400g and full cream milk – long life 1ℓ) than their urban counterparts.

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

Product	Rural Food Prices January 2017	Urban Food Prices January 2017	Price difference R/unit
Full cream milk – long life 1ℓ	14,44	14,01	-0,43
Loaf of brown bread 700g	11,46	12,31	0,85
Loaf of white bread 700g	12,41	13,41	1,00
Special maize 2.5 kg	24,29	26,47	2,18
Super maize 2.5 kg	27,04	28,92	1,88
Margarine spread 500g	21,91	24,87	2,96
Peanut butter 400g	28,90	27,31	-1,59
Rice 2kg	25,24	26,87	1,63
Sunflower oil 750mℓ	17,66	22,48	4,82
Ceylon/black tea 62.5g	11,94	12,79	0,85
White sugar 2.5kg	39,77	37,18	-2,59
Average			**1.05**

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**

FAO food price index from 2012 to 2017, with January 2017 reaching an index level of 128.71 percentage points.

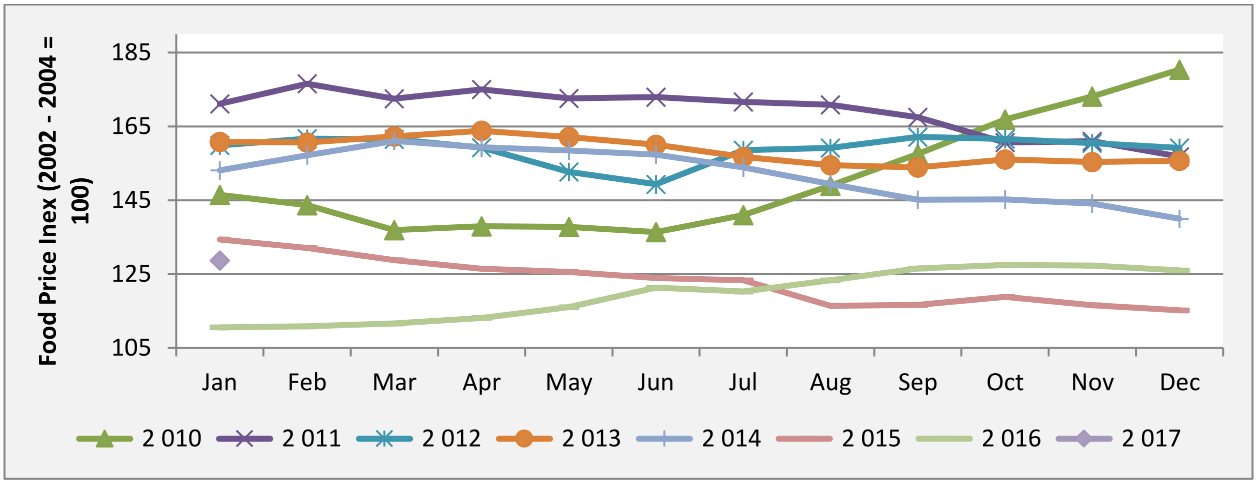

Figure 3: International monthly real food price index
Source: FAO, 2017

Figure 4 shows the monthly price indices for the five food categories in **real** terms. The **month-on-month,** January 2017 vs. December 2016, percentage growth differences of indexes were: Dairy (0.20 %), Cereals (3.37 %), Oils Price (1.82 %), Sugar Price (9.90 %) and for Meat (-0.06 %). **Year-on-year**, January 2017 vs. January 2016, all indexes reflected an increasing trend in **real** terms, except for the Cereals Price Index (-1.41 %).

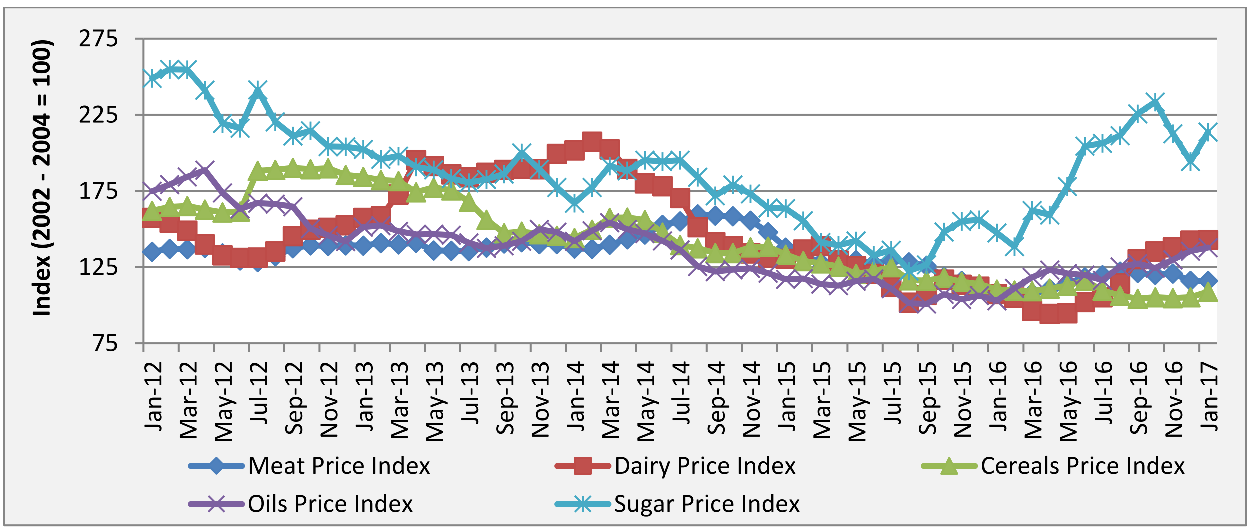

Figure 4: Real price indices for five food categories
Source: FAO, 2017

The **FAO Food Price Index (FFPI)**, in **nominal** terms, averaged 173.8 points in January 2017, up 3.7 points (2.1 %) from the revised December value. At this level, the FFPI is at its highest value since February 2015 and as much as 24.5 points (16.4 %) above its level in the corresponding period last year. The strong rebound in the January value of the FFPI was driven by a surge in international sugar quotations and sharp increases in export prices of cereals as well as vegetable oils. Meat and dairy markets remained more stable.

The **FAO Cereal Price Index**, in **nominal** terms, averaged 147 points in January, 4.8 points (3.4 %) above December and representing a six-month high. International prices of all major cereals strengthened in January. Wheat values rose mostly on concerns over unfavourable weather hampering 2017 crops and the reported reduction in winter wheat area in the United States. The firming of maize values largely reflected strong demand and uncertain crop prospects in South America. International rice prices also increased, amid expectations of a return of important buyers to the market, coupled with lower export availabilities in India as a result of ongoing state procurement.

The **FAO Vegetable Oil Price Index,** in **nominal** terms, averaged 186.3 points in January, up 3.3 points (1.8 %) from December and marking the third consecutive monthly increase. The rise continued to be driven by palm oil, the prices of which climbed to a 30-month high on persistent concerns over slow production recovery in Southeast Asia and low global inventory levels, amid strong import demand. While rapeseed oil prices also increased further, fuelled by a tight supply outlook for 2016/17, soy oil prices eased on expectations of ample global availabilities, notwithstanding recent downward revisions for soy crops in the US and Argentina.

The **FAO Dairy Price Index,** in **nominal** terms, averaged 193 points in January, unchanged from December. Prices were little changed across the board, a marked departure from the trend recorded in the second half of 2016, when the Index jumped by 50 % (May-December). With peak seasonal production moving from the southern to the northern hemisphere and many major buyers having secured adequate supplies in earlier months, trade remained subdued.

The **FAO Meat Price Index**[1], in **nominal** terms, averaged 156.7 points in January, almost unchanged from its revised value for December. A rise in quotations for bovine meat was counterbalanced by a fall for those of ovine meat and a small decrease for poultry and pig meat. In Australia, herd rebuilding constrained supplies of bovine meat for export and caused prices to climb. In the case of ovine meat, Oceania export prices dropped for the third month in a row, reflecting the seasonal slaughter peak and an associated boost in supply. Pig and poultry meat quotations also recorded their third month of decline, with a market characterized by generally abundant world supplies and stable demand.

The **FAO Sugar Price Index,** in **nominal** terms, averaged 288.5 points in January, up 26 points (9.9 %) from December 2016. The sharp increase in international sugar prices in January was mainly underpinned by firmer expectations of a global sugar production shortfall in 2016/17. Less buoyant growth prospects for sugar output are mainly attributed to protracted supply tightness in some of the key sugar producing regions, specifically in Brazil, the world's largest sugar producer and exporter, as well as in India, the world's second largest producer, and Thailand.

6. Estimated impact of food inflation on consumers

The estimated impact of food inflation on consumers

The purpose of this section is to illustrate the impact of food inflation on consumers. The analysis presented in the first part of this section is based on the cost of a basic food basket[2] (as compiled by the Food Price

[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.*

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

Monitoring Committee in 2003), based on monthly average food price data for the period January 2016 to January 2017.

In January 2017, the cost of this basic urban food basket was **R650.94**. The increase from the December 2016 basket is due to the inclusion of new frozen chicken product prices. Due to the inclusion of certain new frozen chicken price lines (with no observations prior to January 2017), no comparison is possible with January 2016. The cost of this food basket expressed as a share of the average monthly income[3] of the poorest 30 % of the population was 60.8 % in January 2017. The cost of the food basket expressed as a share of the average monthly income of the wealthiest 30 % of the population was 2.4 %.

To further explore the impact of inflation on consumers, **Figure 5** presents an illustration of the average annual nominal cost growth of specific food groups within the basic food basket, for the period January 2017 vs. January 2016 (with the exception of the animal protein foods category which cannot be compared with January 2016 values). As could be expected **Figure 5** illustrates the dominance of fruit, as well as breads and cereals within the cost of the basic food basket. Comparing January 2017 vs. January 2016 prices, the following food categories experienced significant inflation: fruit, bread/cereals and bean products. The various food groups within this food basket are discussed in more detail in **Table 3** below.

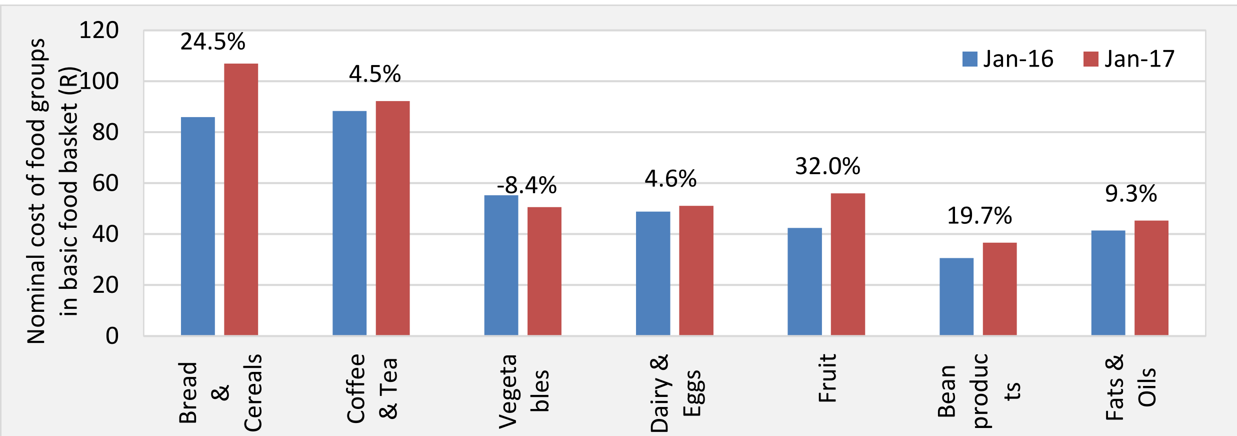

Figure 5: Nominal monthly cost of specific food groups within the basic food basket, comparing January 2017 vs. January 2016

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

[3] 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 2010/11' *(calculations excludes imputed rent on owned dwelling)*

Table 3: Overview of inflation contributing foods within the basic food basket, January 2017 vs. January 2016

Food group:	Overall inflation rate:		Major contributors to inflation in this category:	Minor contributors to inflation in this category:	Non-contributors to inflation in this category:	Comments:
	Jan 2017 vs. Jan 2016	Oct 2016 vs. Oct 2015*				
Animal protein	N/A	+4.2 %	Tinned pilchards (+17.9%) Beef chuck (+5.7%) Chicken portions fresh (+5.8%)	None	None	Inflation on beef chuck, tinned pilchards and fresh chicken portions.
Bread and cereals	+24.5%	+23.2 %	Maize meal (+39.9%) Brown bread (+13.1%) White bread (+11.5%) Rice (+11.2%)	None	None	Inflation on all staples, but particularly high for maize meal.
Vegetables	-8.4%	+6.4 %	Potatoes (+12.8%)	Onions (+2.4%)	Tomatoes (-16.7%) Cabbage (-22.0%)	High inflation on potatoes and onions.
Fruit	+32.0%	+30.2 %	Oranges (+62.7%) Bananas (+35.4%) Apples (+6.0%)	None	None	High inflation on all fruit options, but especially on oranges and bananas.
Dairy	+11.5%	+10.1 %	Full cream milk - long life 1ℓ (+11.5%)	None	None	Inflation on the price of full cream milk and lower inflation on eggs.
Eggs	+2.3%	+3.0 %	None	Eggs 1.5 dozen (+2.3%)	None	
Fats and oils	+9.3%	+14.5 %	Sunflower oil (+4.6%) Brick margarine (+14.4%)	None	None	High inflation on sunflower oil and margarine.
Bean products	+19.7%	+16.1 %	Peanut butter (+23.0%) Baked beans (+11.2%)	None	None	Higher inflation on peanut butter and baked beans.
Coffee and tea	+4.5%	+13.7 %	Ceylon/black tea (+7.8%) Instant coffee (+4.0%)	None	None	Inflation on coffee and tea.

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

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

Thus, when comparing January 2017 vs. January 2016 retail prices, the very significant price inflation (10 % or more) were observed for many products within the food basket (in order from highest to lowest inflation): Oranges, maize meal, bananas, peanut butter, canned pilchards, margarine, brown bread, potatoes, white bread, milk, rice and baked beans. This could have a negative impact on household food security in South Africa affecting the affordability of selected staple foods (particularly maize meal, but also brown bread) as well as various food items making a contribution to dietary diversity. When comparing the inflation rates for January 2017 vs. January 2016, with October 2016 vs. October 2015, (i.e. the previous Food Price Monitor analysis period) the rate of inflation was higher for fruit, dairy and bean products.

The impact of inflation on very poor consumers is further explored below, based on the typical portion sizes of very poor consumers of the five most widely consumed food items in South Africa represented by maize porridge, brown bread, sugar, tea and full cream milk (National Food Consumption Survey - Steyn & Labadarios, 2000[4]; Oldewage-Theron et al, 2005[5]). **Figure 6** illustrates the estimated portion costs for these foods, calculated from monthly food price data for January 2016 to January 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 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 14 % more in this case for January 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 January 2017 vs. January 2016 prices the results in **Figure 6** indicated inflation of about 21.3 % (from R5.44 to R6.60 for the selection of portions), reflecting a significantly high percentage increase. Significant inflation on most components contributed to the inflation observed on this 'food plate' (maize meal (+39.9 %), sugar (+29.7 %), brown bread (+13.1 %) and full cream milk (+11.5 %)).

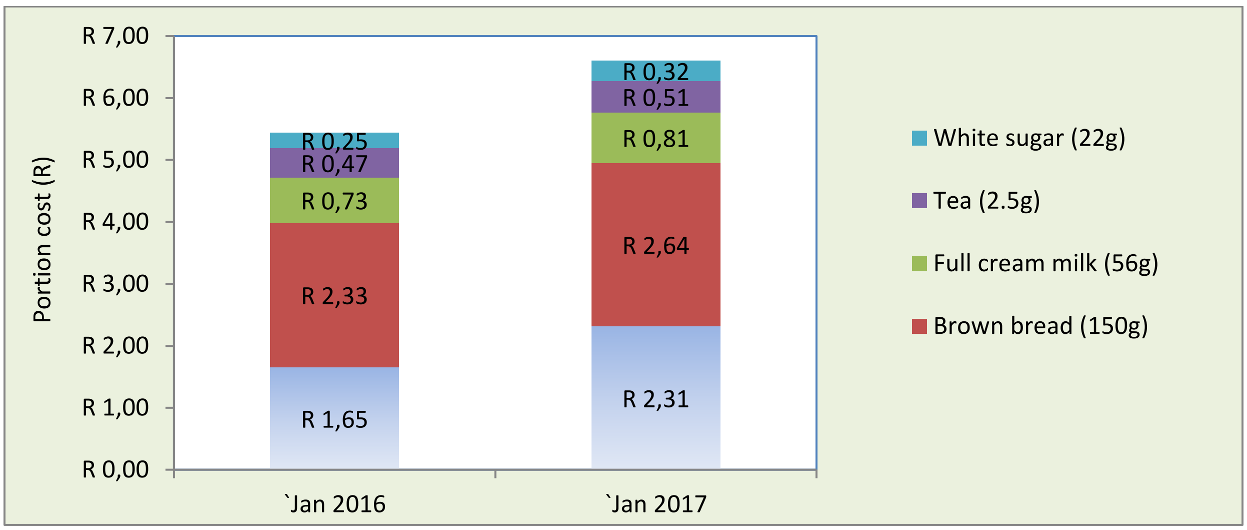

Figure 6: Average nominal cost for the typical portions of the five food items most widely consumed by very poor consumers in South Africa, for January 2017 vs January 2016
Source: BFAP calculations, based on Stats SA monitored price data for urban areas, 2017

7. Outlook

Food inflation figures released for January 2017, at 11.4 %, were slightly less than December 2016 with food inflation at 11.6 % recorded for this month. This suggests that food inflation have reached a peak and that we could expect to see more timid growth in food prices (with the exception of red meat) over the next three months. This is further supported by a stronger currency and good weather conditions.

Red meat prices have been increasing steadily since the beginning of 2017. This can largely be attributed to availability issues. With favourable rains that fell in most of parts of the country since the end of last year, producers are rebuilding their herds, and as a result, fewer animals are available for slaughter. Red meat prices are further supported by steady export demand. This trend is expected to persist over the next three

[4] *Steyn NP, Labadarios D. National Food Consumption Survey: Children aged 1–9 years, South Africa, 1999. Cape Town: The Department of Health Directorate Nutrition, 2000*
[5] *Oldewage-theron W, Dicks E, Napier C, et al. Situation analysis of an informal settlement in the Vaal Triangle. Development Southern Africa 2005; 22 (1): 13-26*

months with additional demand support for prices around Easter. Chicken prices have been moving sideways over the past few months. The favourable effect of the strengthening of the rand over this period has largely been eradicated by import restrictions due to an outbreak of Avian Influenza in the European Union. This restriction is expected to be lifted in major EU exporting countries, such as the Netherlands, around May. This will, therefore, provide price support for poultry products, specifically IQF pieces, over the outlook period. An additional factor that provides price support for this period is the Safeguard duty on poultry imports, of 13.9 %, implemented in December 2016. This duty will apply until mid-2017.

Lower grain prices are expected to result in lower prices for key staple food prices such as bread and maize meal. Although bread prices are still around 12 % higher compared to January 2016, and super maize meal is around 30 % higher for the corresponding period, it is expected that prices of these goods will experience downward pressure with producer prices already trading at significantly lower levels than in the first half of 2016.

As expected, vegetable prices have lost the price momentum experienced in 2016 and have started to trade sideways as a result of favourable production conditions. In terms of potatoes, prices are currently slightly higher than in the third and fourth quarter of 2016. This could possibly be attributed to the prevailing drought in the Sandveld production region and wet conditions in the Eastern Free State, that is currently obstructing harvesting operations. These factors are however expected to have a short-term impact, and prices are expected to move sideways, or slightly lower, over the next three months.

Other cost implications that could impact prices over the next three months are the 39 cents/litres that would be added to the fuel price, according to the national budget of 2017. This would add to the distributional cost of food. The strengthening of the rand over the past couple of months are also not supported by a general growth of the economy. As a result, political uncertainties represent significant downside currency risks. A depreciation of the currency could provide traction for increased food inflation despite favourable production conditions over the outlook period.

APPENDIX A: DATA ON URBAN FOOD PRICE TRENDS

Table A.1: Wheat products

Wheat products	Price level			Percentage Change	
	Jan-16	Oct-16	Jan-17	Jan-17 vs Oct-16	Jan-17 vs Jan-16
Cake flour 1kg	12,32	12,49	12,96	3,76%	5,19%
Cake flour 2.5kg	23,60	26,83	26,81	-0,07%	13,60%
Cake flour 5kg	49,51	56,61	57,46	1,50%	16,06%
Loaf of brown bread 600g	6,57	6,56	6,56	0,00%	-0,15%
Loaf of brown bread 700g	10,88	12,26	12,31	0,41%	13,14%
Loaf of brown bread 800g	13,60	15,23	15,26	0,20%	12,21%
Loaf of white bread 600g	7,50	7,90	7,88	-0,25%	5,07%
Loaf of white bread 700g	12,03	13,52	13,41	-0,81%	11,47%
Macaroni 500g	11,02	12,55	12,88	2,63%	16,88%
Spaghetti 500g	11,29	12,79	13,15	2,81%	16,47%
Average				**1,02%**	**10,99%**
Wheat (R/ton)	**4 892,05**	**4 128,52**	**3 944,45**	**-4,46%**	**-19,37%**

Data from Stats SA

Table A.2: Maize products

Maize products	Price level			Percentage Change	
	Jan-16	Oct-16	Jan-17	Jan-17 vs Oct-16	Jan-17 vs Jan-16
Special maize 1kg	7,37	10,79	11,51	6,67%	56,17%
Special maize 2.5kg	16,39	25,11	26,47	5,42%	61,50%
Super maize 1kg	9,64	12,35	12,87	4,21%	33,51%
Super maize 2.5kg	21,54	29,02	28,92	-0,34%	34,26%
Super maize 5kg	38,88	52,06	54,39	4,48%	39,89%
Average				**4,09%**	**45,07%**
Yellow Maize (R/ton)	**3 876,14**	**3 149,00**	**3 184,14**	**1,12%**	**-17,85%**
White Maize (R/ton)	**4 935,90**	**3 565,48**	**3 416,05**	**-4,19%**	**-30,79%**

Data from Stats SA

Table A.3: Sunflower products

Sunflower products	Price level			Percentage Change	
	Jan-16	Oct-16	Jan-17	Jan-17 vs Oct-16	Jan-17 vs Jan-16
Brick margarine 125g	8,31	8,49	8,49	0,00%	2,17%
Brick margarine 1kg	40,47	43,39	43,11	-0,65%	6,52%
Brick margarine 250g	12,43	14,24	14,31	0,49%	15,12%
Brick margarine 500g	19,95	22,76	22,82	0,26%	14,39%
Margarine spread 1kg	39,27	41,05	40,72	-0,80%	3,69%
Margarine spread 500g	22,64	24,77	24,87	0,40%	9,85%

Sunflower products	Price level			Percentage Change	
	Jan-16	Oct-16	Jan-17	Jan-17 vs Oct-16	Jan-17 vs Jan-16
Sunflower oil 2ℓ	44,27	44,80	46,41	3,59%	4,83%
Sunflower oil 500mℓ	20,71	14,80	14,92	0,81%	-27,96%
Sunflower oil 750mℓ	21,49	22,59	22,48	-0,49%	4,61%
Average				**0,40%**	**3,69%**
Sunflower seed (R/ton)	**7 345,76**	**6 271,24**	**5 436,73**	**-13,31%**	**-25,99%**

Data from Stats SA

Table A.4: Processed vegetables

Processed vegetables	Price level			Percentage Change	
	Jan-16	Oct-16	Jan-17	Jan-17 vs Oct-16	Jan-17 vs Jan-16
Baked beans - tinned 225g	7,94	7,79	8,49	8,99%	6,93%
Baked beans - tinned 410g	8,40	9,29	9,34	0,54%	11,19%
Average				**4,76%**	**9,06%**

Data from Stats SA

Table A.5: Fresh vegetables

Fresh vegetables	Price level			Percentage Change	
	Jan-16	Oct-16	Jan-17	Jan-17 vs Oct-16	Jan-17 vs Jan-16
Avocado - per kg*	31,33	24,46	32,15	31,44%	2,62%
Beetroot - fresh per kg	15,28	10,62	11,09	4,43%	-27,42%
Cabbage - fresh each	13,56	11,78	12,57	6,71%	-7,30%
Cabbage - fresh per kg	14,11	8,58	11,00	28,15%	-22,04%
Carrots - fresh per kg	10,92	8,28	9,83	18,72%	-9,98%
Cauliflower - fresh per kg	20,19	29,66	30,88	4,11%	52,95%
Onions - fresh per kg	10,80	12,78	11,06	-13,46%	2,41%
Potatoes - fresh per kg	11,09	11,72	12,51	6,74%	12,80%
Pumpkin - fresh per kg	14,97	12,36	12,98	5,02%	-13,29%
Sweetcorn/Baby Corn/Mielies*	17,93	20,26	18,38	-9,28%	2,51%
Sweet potatoes - fresh per kg	19,75	19,20	23,84	24,17%	20,71%
Tomatoes - fresh per kg	19,26	18,70	16,04	-14,22%	-16,72%
Average				**7,71%**	**-0,23%**

Data from Stats SA
*Data from AC Nielsen

Table A.6: Processed meat

Processed meat	Price level			Percentage Change	
	Jan-16	Oct-16	Jan-17	Jan-17 vs Oct-16	Jan-17 vs Jan-16
Bacon 250g	33,84	32,21	31,60	-1,89%	-6,62%
Polony per kg	34,65	39,70	42,04	5,89%	21,33%
Average				**2,00%**	**22,50%**

Data from Stats SA

Table A.7: Unprocessed meat

Unprocessed meat	Price level			Percentage Change	
	Jan-16	Oct-16	Jan-17	Jan-17 vs Oct-16	Jan-17 vs Jan-16
Beef brisket - fresh per kg	67,88	68,60	72,42	5,57%	6,69%
Beef chuck - fresh per kg	69,72	70,12	73,67	5,06%	5,67%
Beef mince - fresh per kg	68,48	68,97	71,34	3,44%	4,18%
Beef rump steak - fresh per kg	111,11	113,99	117,18	2,80%	5,46%
Beef T-bone - fresh per kg	87,40	87,17	90,48	3,80%	3,52%
Chicken portions - fresh per kg	52,97	53,27	56,04	5,20%	5,80%
Chicken portions frozen - non ICF average per kg	-	-	43,68		
Chicken portions frozen - non ICF per kg (real)	-	-	40,74		
IQF chicken portions - 1,5kg	-	-	52,77		
IQF chicken portions - 1,8kg	-	-	51,19		
IQF chicken portions - 1kg	-	-	20,89		
IQF chicken portions - 2kg	-	-	61,47		
IQF chicken portions - 4kg	-	-	129,65		
IQF chicken portions - 5kg	-	-	157,27		
Lamb - fresh per kg	116,65	122,58	-		
Lamb - leg per kg	110,80	114,81	123,84	7,87%	11,77%
Lamb - loin chop per kg	126,59	133,00	137,32	3,25%	8,48%
Lamb - neck per kg	90,05	95,01	97,13	2,23%	7,86%
Lamb - rib chop per kg	120,70	127,27	133,99	5,28%	11,01%
Lamb - saddle chop per kg	121,99	129,95	-		
Pork - ribs per kg	72,34	73,67	80,61	9,42%	11,43%
Pork chops - fresh per kg	70,28	71,38	78,59	10,10%	11,82%
Whole chicken - fresh per kg	41,18	42,72	43,69	2,27%	6,10%
Average				**-8,91%**	**-6,68%**

Data from Stats SA

Table A.8: Eggs and dairy products

Eggs & dairy products	Price level			Percentage Change	
	Jan-16	Oct-16	Jan-17	Jan-17 vs Oct-16	Jan-17 vs Jan-16
Cheddar cheese per kg	109,32	100,79	98,54	-2,23%	-9,86%
Eggs 0.5 dozen	13,68	15,30	14,73	-3,73%	7,68%
Eggs 1.5 dozen	36,34	36,96	37,17	0,57%	2,28%
Eggs 2.5 dozen	48,31	50,79	51,38	1,16%	6,35%
Full cream milk - fresh 1ℓ	12,09	13,51	13,53	0,15%	11,91%

Full cream milk - fresh 2ℓ	22,81	25,99	26,06	0,27%	14,25%
Full cream milk - fresh 500mℓ	8,89	10,02	10,05	0,30%	13,05%
Full cream milk - long life 1ℓ	12,57	13,97	14,01	0,29%	11,46%
Full cream milk - long life 500mℓ	8,11	9,11	9,14	0,33%	12,70%
Low Fat milk - fresh 1ℓ	13,13	15,06	15,01	-0,33%	14,32%
Low Fat milk - long life 1ℓ	12,57	13,74	13,92	1,31%	10,74%
Powdered milk 250g	36,94	38,38	38,32	-0,16%	3,74%
Powdered milk 400g	56,74	62,50	63,31	1,30%	11,58%
Powdered milk 500g	54,04	55,07	54,10	-1,76%	0,11%
Powdered milk 900g	123,24	135,95	138,02	1,52%	11,99%
Average				**-0,07%**	**8,15%**

Data from Stats SA

Table A.9: Fruits

Fruits	Price level			Percentage Change	
	Jan-16	Oct-16	Jan-17	Jan-17 vs Oct-16	Jan-17 vs Jan-16
Apples - fresh per kg	17,21	17,49	18,24	4,29%	5,98%
Bananas - fresh per kg	12,06	14,75	16,33	10,71%	35,41%
Grapes - per kg*	24,47	35,53	25,53	-28,15%	4,33%
Mango - per kg*	13,73	9,96	13,06	31,12%	-4,88%
Oranges - fresh per kg	13,21	13,44	21,49	59,90%	62,71%
Peaches - per kg*	20,73	30,01	22,09	-26,39%	6,56%
Pears - per kg*	15,34	20,05	19,10	-4,74%	24,51%
Pineapples - per kg*	20,86	19,39	20,80	7,27%	-0,29%
Plum - per kg*	16,82	30,26	18,53	-38,76%	10,17%
Watermelon - per kg*	30,58	29,70	26,71	-10,07%	-12,66%
Average				**0,52%**	**13,19%**

Data from Stats SA
*Data from AC Nielsen

Table A.10: Fish Products

Tinned fish products	Price level			Percentage Change	
	Jan-16	Oct-16	Jan-17	Jan-17 vs Oct-16	Jan-17 vs Jan-16
Fish (excl. tuna) - tinned 155g	9,68	10,22	10,62	3,91%	9,71%
Fish (excl. tuna) - tinned 215g	11,71	13,36	13,45	0,67%	14,86%
Fish (excl. tuna) - tinned 400g	16,78	17,72	18,10	2,14%	7,87%
Fish (excl. tuna) - tinned 425g	14,93	17,24	17,61	2,14%	17,95%
Tuna - tinned 170g	15,80	16,45	17,24	4,80%	9,11%
Average				**2,74%**	**11,90%**

Data from Stats SA

Table A.11: Other products

Other products	Price level			Percentage Change	
	Jan-16	Oct-16	Jan-17	Jan-17 vs Oct-16	Jan-17 vs Jan-16
Cold Cereals 375g	30,73	33,75	33,98	0,68%	10,58%
Cold Cereals 400g	29,61	31,07	32,78	5,50%	10,71%
Cold Cereals 450g	22,91	26,17	24,85	-5,04%	8,47%
Cold Cereals 500g	29,54	31,23	31,74	1,63%	7,45%
Cold Cereals 750g	39,92	43,55	44,48	2,14%	11,42%
Ceylon/black tea 125g	22,15	23,52	25,13	6,85%	13,45%
Ceylon/black tea 250g	25,61	29,31	30,66	4,61%	19,72%
Ceylon/black tea 500g	47,98	49,39	54,72	10,79%	14,05%
Ceylon/black tea 62.5g	11,87	12,82	12,79	-0,27%	7,75%
Instant coffee 100g	26,74	28,60	27,00	-5,59%	0,97%
Instant coffee 200g	69,57	77,80	82,18	5,63%	18,13%
Instant coffee 250g	32,30	34,79	34,83	0,11%	7,83%
Instant coffee 500g	48,55	49,99	53,82	7,66%	10,85%
Instant coffee 750g	76,44	79,70	79,48	-0,28%	3,98%
Peanut butter 400g	22,21	26,99	27,31	1,19%	22,96%
Peanut butter 800g	43,93	50,06	48,97	-2,18%	11,47%
Rice 10kg	104,98	110,45	119,99	8,64%	14,30%
Rice 1kg	16,48	18,06	18,65	3,27%	13,17%
Rice 2kg	24,16	25,89	26,87	3,79%	11,22%
Rice 500g	7,77	7,96	8,38	5,28%	7,85%
Rice 5kg	60,71	67,23	67,94	1,06%	11,91%
White sugar 10kg	115,19	154,79	148,66	-3,96%	29,06%
White sugar 1kg	14,60	17,74	17,73	-0,06%	21,44%
White sugar 2.5kg	28,69	37,09	37,18	0,24%	29,59%
White sugar 250g	4,64	5,24	5,27	0,57%	13,58%
White sugar 2kg	21,67	28,73	26,98	-6,09%	24,50%
White sugar 500g	8,05	9,65	9,75	1,04%	21,12%
White sugar 5kg	60,22	76,32	76,92	0,79%	27,73%
Average				**1,67%**	**14,47%**

Data from Stats SA

APPENDIX B: DATA ON RURAL FOOD PRICE TRENDS

Table B.1: Wheat products

Wheat products	Price level			Percentage Change	
	Jan-16	Oct-16	Jan-17	Jan-17 vs Oct-16	Jan-17 vs Jan-16
Loaf of brown bread 600g	9,04	9,96	9,77	-1,93%	8,00%
Loaf of brown bread 700g	10,27	11,48	11,46	-0,13%	11,56%
Loaf of white bread 600g	9,49	10,34	10,21	-1,27%	7,59%
Loaf of white bread 700g	11,31	12,45	12,41	-0,27%	9,73%
Average				**-0,90%**	**9,22%**

Data from Stats SA

Table B.2: Maize products

Maize products	Price level			Percentage Change	
	Jan-16	Oct-16	Jan-17	Jan-17 vs Oct-16	Jan-17 vs Jan-16
Special maize 1kg	7,48	10,61	10,66	0,49%	42,48%
Special maize 2.5kg	18,42	23,99	24,29	1,23%	31,84%
Special maize 5kg	33,59	40,85	42,30	3,55%	25,90%
Super maize 1kg	9,77	12,46	12,52	0,48%	28,18%
Super maize 2.5kg	21,11	27,24	27,04	-0,73%	28,10%
Super maize 5kg	38,82	51,07	51,80	1,43%	33,44%
Average				**1,08%**	**31,66%**

Data from Stats SA

Table B.3: Sunflower products

Sunflower products	Price level			Percentage Change	
	Jan-16	Oct-16	Jan-17	Jan-17 vs Oct-16	Jan-17 vs Jan-16
Brick margarine 125g	8,52	8,78	9,22	5,01%	8,22%
Brick margarine 250g	12,47	14,02	14,49	3,37%	16,18%
Brick margarine 500g	20,06	22,67	23,17	2,19%	15,51%
Margarine 1kg	34,56	41,75	41,27	-1,15%	19,43%
Margarine 125g	9,29	8,69	8,69	0,00%	-6,46%
Margarine 250g	11,50	12,49	12,83	2,70%	11,52%
Margarine 500g	19,62	21,92	21,91	-0,04%	11,69%
Sunflower oil 2ℓ	36,12	41,96	43,41	3,47%	20,18%
Sunflower oil 500mℓ	12,72	14,31	14,68	2,58%	15,39%
Sunflower oil 750mℓ	16,67	18,26	17,66	-3,31%	5,91%
Average				**1,48%**	**11,76%**

Data from Stats SA

Table B.4: Dairy products

Dairy products	Price level			Percentage Change	
	Jan-16	Oct-16	Jan-17	Jan-17 vs Oct-16	Jan-17 vs Jan-16
Eggs 1/2 dozen	8,79	8,99	9,20	2,32%	4,66%
Full cream milk - fresh 1ℓ	12,24	13,12	12,98	-1,09%	5,99%
Full cream milk - fresh 2ℓ	23,71	26,29	26,10	-0,71%	10,10%
Full cream milk - fresh 500mℓ	8,77	9,53	9,82	3,05%	11,98%
Full cream milk - long life 1ℓ	13,18	14,24	14,44	1,36%	9,53%
Full cream milk - long life 500mℓ	9,47	10,40	10,32	-0,71%	9,08%
Low fat milk - fresh 1ℓ	12,32	15,82	15,49	-2,11%	25,70%
Low fat milk - fresh 2ℓ	23,24	27,59	27,79	0,72%	19,58%
Average				**0,35%**	**12,08%**

Data from Stats SA

Table B.5: Tea and coffee

Tea and coffee	Price level			Percentage Change	
	Jan-16	Oct-16	Jan-17	Jan-17 vs Oct-16	Jan-17 vs Jan-16
Ceylon/black tea 125g	15,22	18,56	19,57	5,41%	28,54%
Ceylon/black tea 200g	18,49	25,29	23,99	-5,14%	29,75%
Ceylon/black tea 250g	25,10	28,18	28,78	2,15%	14,68%
Ceylon/black tea 62.5g	10,41	11,83	11,94	0,88%	14,70%
Instant Coffee 100g	16,76	18,52	18,72	1,04%	11,66%
Instant Coffee 250g	33,39	37,04	37,07	0,08%	11,00%
Instant Coffee 750g	72,49	80,98	81,79	1,00%	12,83%
Average				**0,77%**	**17,59%**

Data from Stats SA

Table B.6: Beans

Beans	Price level			Percentage Change	
	Jan-16	Oct-16	Jan-17	Jan-17 vs Oct-16	Jan-17 vs Jan-16
Beans Dried 1kg	29,33	29,21	32,18	10,17%	9,72%
Beans Dried 2kg	49,24	58,24	58,33	0,14%	18,45%
Beans Dried 500g	15,24	16,91	17,01	0,60%	11,66%
Average				**3,64%**	**13,28%**

Data from Stats SA

Table B.7: White sugar

Sugar	Price level			Percentage Change	
	Jan-16	Oct-16	Jan-17	Jan-17 vs Oct-16	Jan-17 vs Jan-16
White sugar 1kg	14,24	17,83	18,14	1,74%	27,44%
White sugar 2.5kg	31,68	39,62	39,77	0,37%	25,54%
White sugar 500g	69,90	85,99	85,99	0,00%	23,02%

Average				0,70%	25,33%

Data from Stats SA

Table B.8: Meat & Fish

Meat & Fish	Price level			Percentage Change	
	Jan-16	Oct-16	Jan-17	Jan-17 vs Oct-16	Jan-17 vs Jan-16
Beef brisket - fresh per kg	66,38	68,95	70,26	1,90%	5,84%
Beef chuck - fresh per kg	67,77	67,79	70,62	4,19%	4,21%
Beef fillet - fresh per kg	115,56	126,41	129,47	2,42%	12,04%
Beef rump steak -fresh per kg	95,76	97,96	99,25	1,31%	3,64%
Beef T-bone - fresh per kg	79,98	85,64	86,25	0,71%	7,83%
Chicken portions - fresh per kg	10,00	15,00	15,00	0,00%	50,00%
Chicken portions - fresh 2kg	55,00	57,00	-		
Chicken portions - frozen per kg	20,86	23,60	-		
Chicken portions - frozen 2kg	49,62	50,05	-		
Fish (excl. tuna) - tinned 155g	9,73	10,41	10,52	1,01%	8,13%
Fish (excl. tuna) - tinned 425g	16,00	18,00	18,00	0,00%	12,50%
Average				**1,44%**	**13,02%**

Data from Stats SA

Table B.9: Rice

Rice	Price level			Percentage Change	
	Jan-16	Oct-16	Jan-17	Jan-17 vs Oct-16	Jan-17 vs Jan-16
Rice 1kg	14,39	15,32	15,70	2,49%	9,17%
Rice 2kg	24,08	25,40	25,24	-0,64%	4,84%
Rice 500g	8,08	8,54	8,53	-0,12%	5,61%
Average				**0,57%**	**6,54%**

Data from Stats SA

Table B.10: Peanut butter

Peanut butter	Price level			Percentage Change	
	Jan-16	Oct-16	Jan-17	Jan-17 vs Oct-16	Jan-17 vs Jan-16
Peanut butter 270g	19,11	21,68	22,69	4,66%	18,76%
Peanut butter 400g	24,52	27,54	28,90	4,96%	17,84%
Peanut butter 800g	38,99	49,48	52,57	6,26%	34,83%
Average				**5,29%**	**23,81%**

Table B.11: Sorghum Meal

Sorghum Meal	Price level			Percentage Change	
	Jan-16	Oct-16	Jan-17	Jan-17 vs Oct-16	Jan-17 vs Jan-16
Sorghum meal (e.g. mabella) 1kg	15,50	17,50	18,99	8,55%	22,56%
Average				**8,55%**	**22,56%**

Data from Stats SA

Table B.12: Fruit & Vegetables

Fruit & Vegetables	Price level			Percentage Change	
	Jan-16	**Oct-16**	**Jan-17**	**Jan-17 vs Oct-16**	**Jan-17 vs Jan-16**
Apples - Fresh per kg	16,73	17,21	18,16	5,54%	8,53%
Bananas - Fresh per kg	11,24	15,20	15,92	4,74%	41,72%
Cabbage - Fresh per kg	-	10,99	10,99	0,00%	
Onions - Fresh per kg	10,03	11,74	10,98	-6,49%	9,52%
Oranges - Fresh per kg	21,12	11,69	19,49	66,72%	-7,69%
Potatoes - Fresh per kg	11,19	12,44	12,72	2,21%	13,66%
Potatoes - Fresh 10kg	55,67	64,99	65,39	0,62%	17,47%
Tomatoes - Fresh per kg	17,90	18,44	16,64	-9,77%	-7,01%
Average				**7,95%**	**10,89%**

Data from Stats SA

APPENDIX C: COMMODITY AND PRODUCT PRICE TRENDS

C.1 Wheat price trends

January 2017 vs. January 2016:

International wheat price decreased by 20.72 %

Domestic price of wheat decreased by 19.37 %

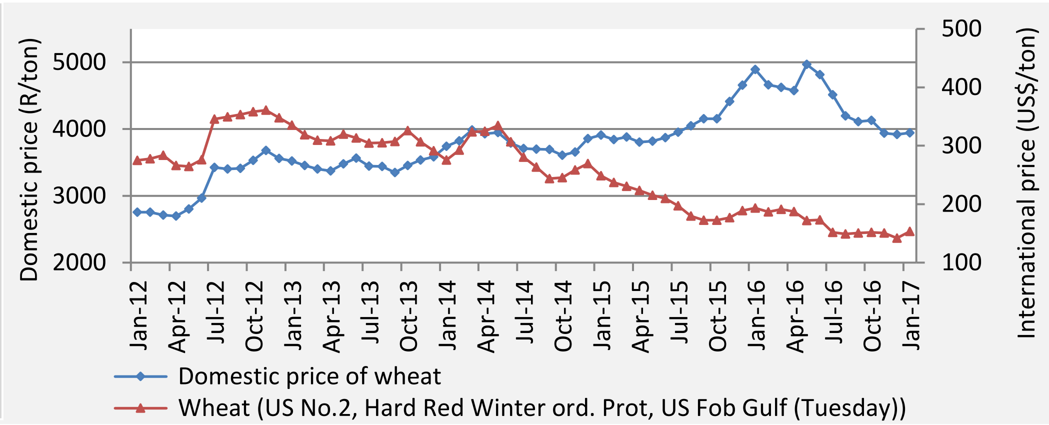

Figure C.1: Domestic market price vs global market price of wheat
Source: FAO and SAFEX, 2017

Domestic wheat price followed the import parity price of wheat closely, since SA is a net importer of wheat. January 2017 vs. January 2016: Wheat import parity price decreased by 6.43 %; Wheat export parity price decreased by 20.93 %

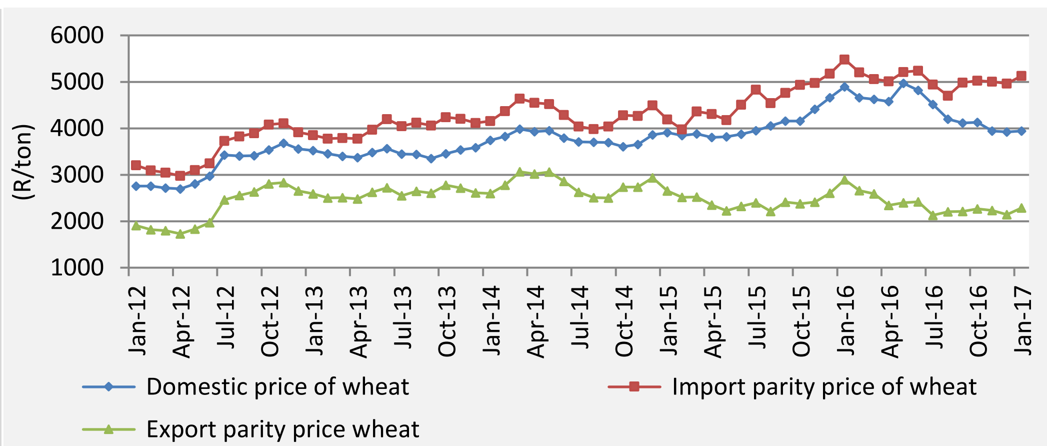

Figure C.2: Import parity, export parity and domestic prices of wheat
Source: SAGIS and SAFEX, 2017

January 2017 vs. January 2016:

Domestic wheat price decreased by 19.37 %

Brown bread 700g price increased by 13.14 %

White bread 700g price increased by 11.47 %

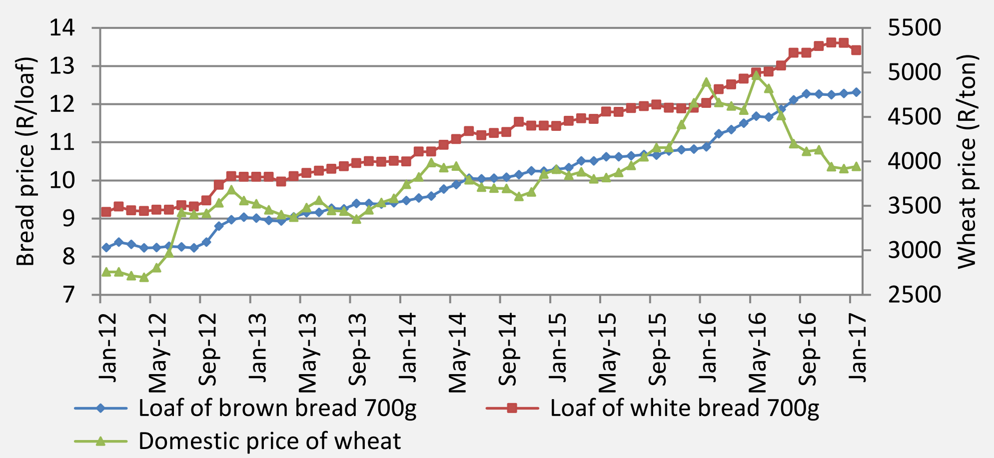

Figure C.3: Domestic wheat price and bread price trends
Source: Stats SA and SAFEX, 2017

C.2 Maize price trends

January 2017 vs. January 2016:

International price of yellow maize decreased by 0.65 %

Domestic price of yellow maize decreased by 17.85 %

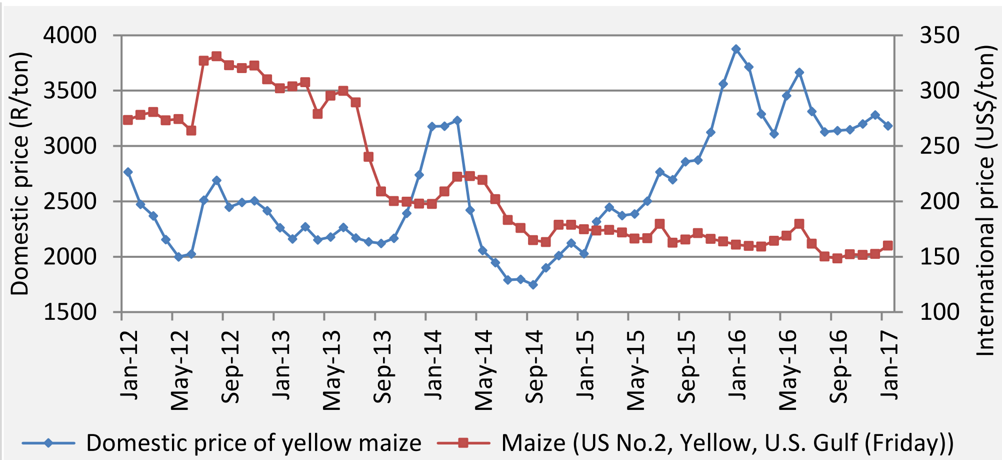

Figure C.4: Domestic market price vs global market price of yellow maize
Source: FAO and SAFEX, 2017

January 2017 vs. January 2016:

Export parity price of maize decreased by 7.87 %

Import parity price of maize decreased by 19.38 %

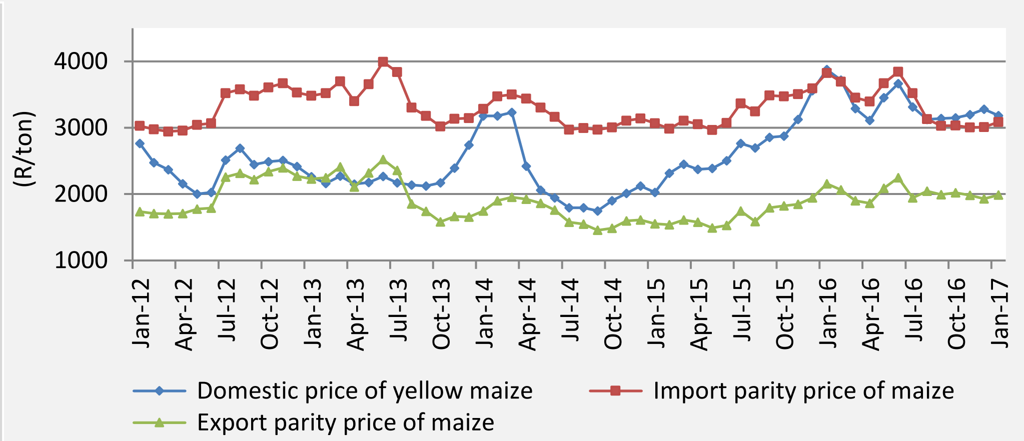

Figure C.5: Import parity, export parity and domestic prices of yellow maize
Source: SAFEX and SAGIS, 2017

January 2017 vs. January 2016:

Super maize meal 2.5 kg price increased by 34.26 %;
Special maize meal 2.5 kg increased by 61.50 %;
Domestic price of white maize decreased by 30.79 %

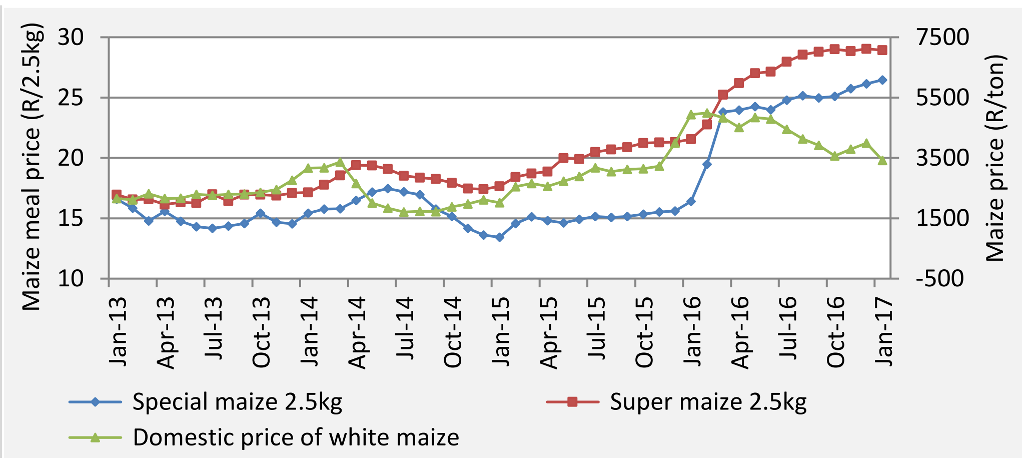

Figure C.6: White maize price and maize meal price trends
Source: SAFEX and Stats SA, 2017

C.3 Sunflower seeds price trends

January 2017 vs. January 2016:

International Sunflower seed price decreased by 9.89 %

Domestic price of sunflower seed decreased by 25.99 %

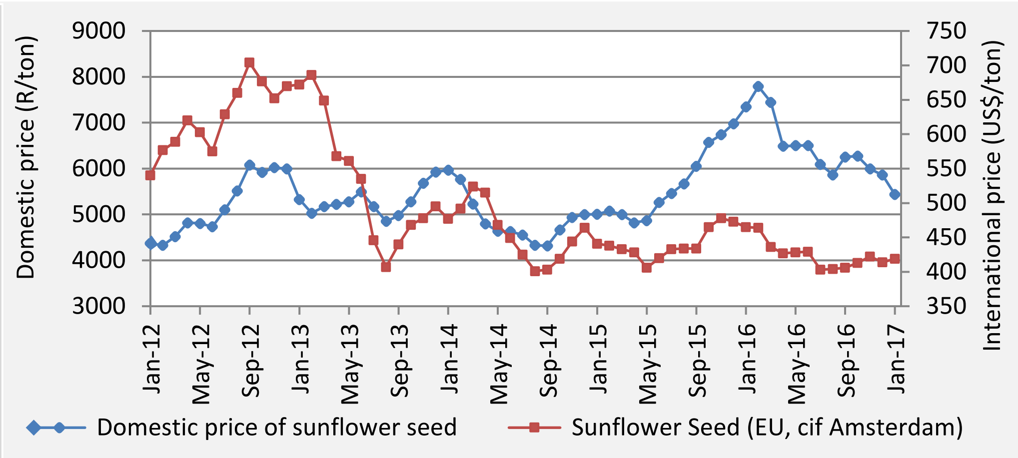

Figure C.7: Domestic market price of sunflower seeds vs global market price
Source: FAO and SAFEX, 2017

January 2017 vs. January 2016:

Domestic price of sunflower seed decreased by 25.99 %

Sunflower oil 750 ml increased by 4.61 %

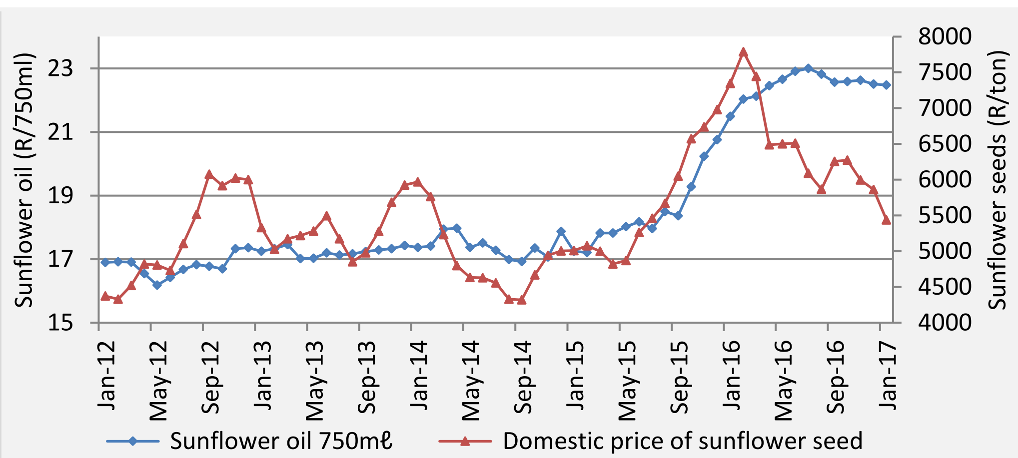

Figure C.8: Sunflower seeds price and sunflower oil price trends
Source: SAFEX and Stats SA, 2017

C.4 Dairy price trends

January 2017 vs. January 2016:

International skim milk powder increased by 29.73 %

International whole milk powder increased by 53.00 %

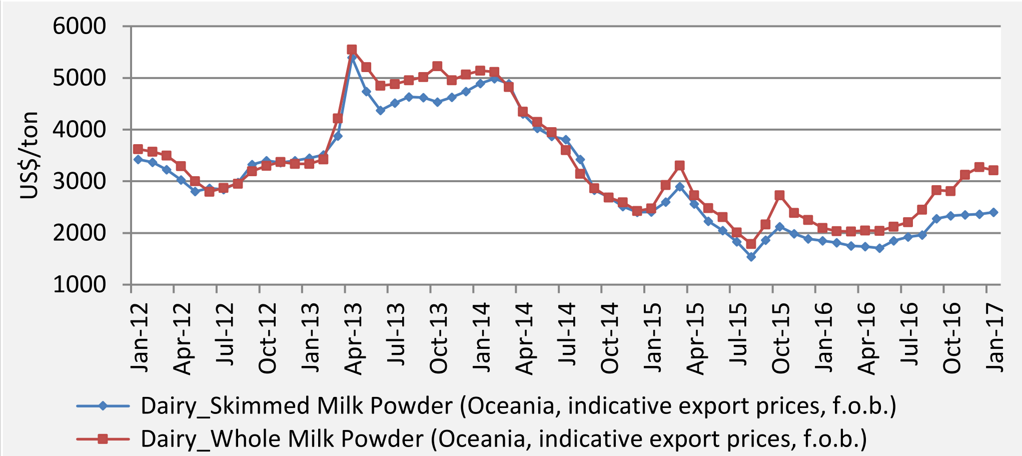

Figure C.9: Skim milk powder and whole milk powder price trends
Source: FAO, 2017

January 2017 vs. January 2016:

Milk producer price increased by 13.41 %; full cream milk – fresh 1ℓ increased by 11.91 %; full cream milk – long life 1ℓ increased by 11.46 %

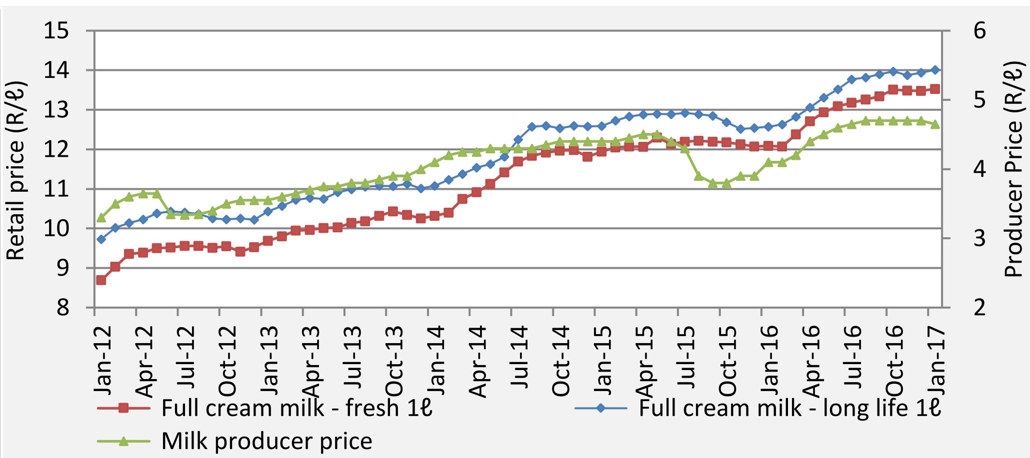

Figure C.10: Domestic producer price and retail prices of milk
Source: MPO and Stats SA, 2017

C.5 Meat price trends

The price of beef at **retail** level showed an annual average increase of 5.10 % for the five different cuts, January 2017 vs. January 2016

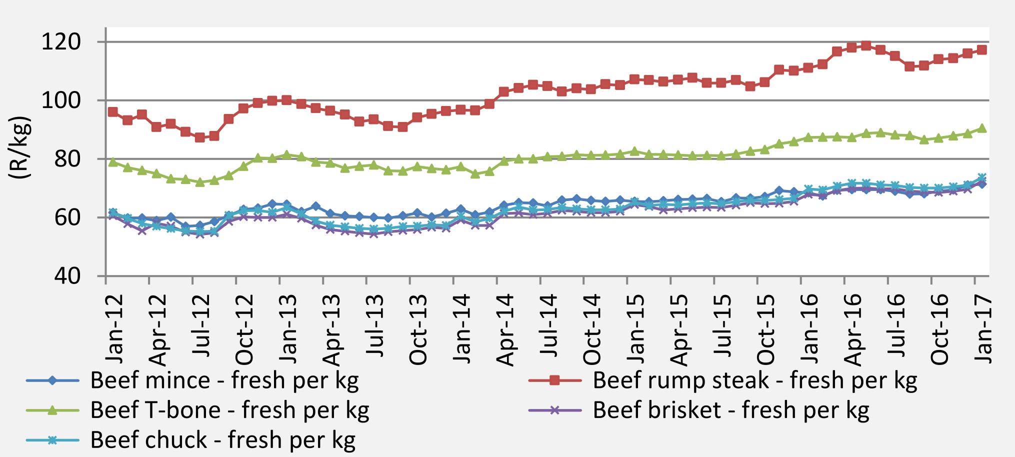

Figure C.11: Retail prices of beef cuts

Source: Stats SA, 2017

January 2017 vs. January 2016:

Chicken portions – fresh per kg (**retail)** price increased by 5.80 % per kg

Pork chops per kg **retail** price increased by 11.82 %

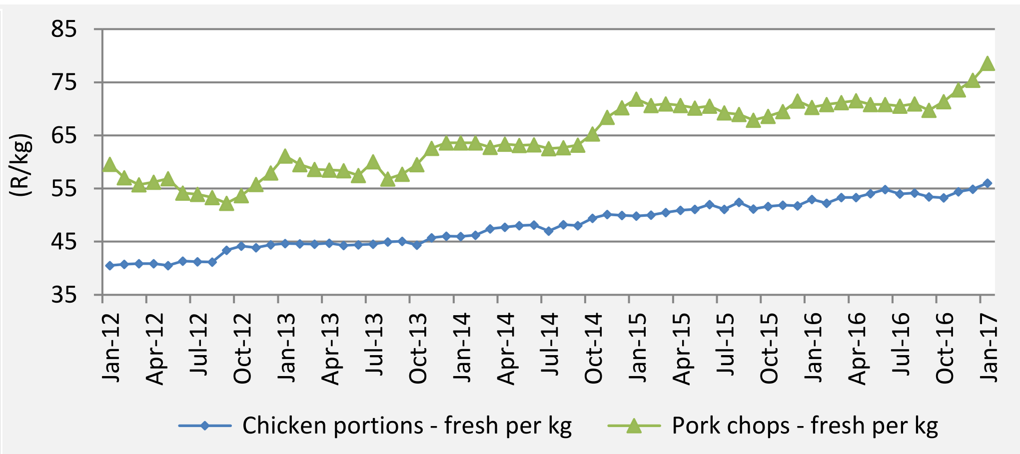

Figure C.12: Retail prices of pork chops and chicken portions – fresh per kg

Source: Stats SA, 2017

January 2017 vs. January 2016: **Producer prices** for fresh chicken per kg increased by 15.50 %; for frozen chicken per kg increased by 8.76 %; and for IQF chicken per kg increased by 29.68 %;

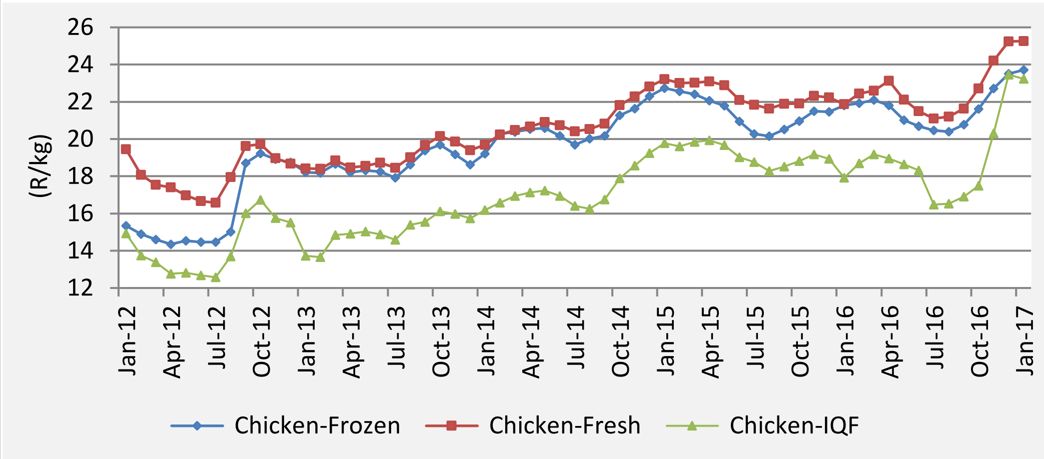

Figure C.13: Producer prices of various chicken pieces

Source: AMT, 2017

January 2017 vs. January 2016:

Porker price (R/kg) increased by 19.42 %

Baconer price (R/kg) increased by 17.67 %

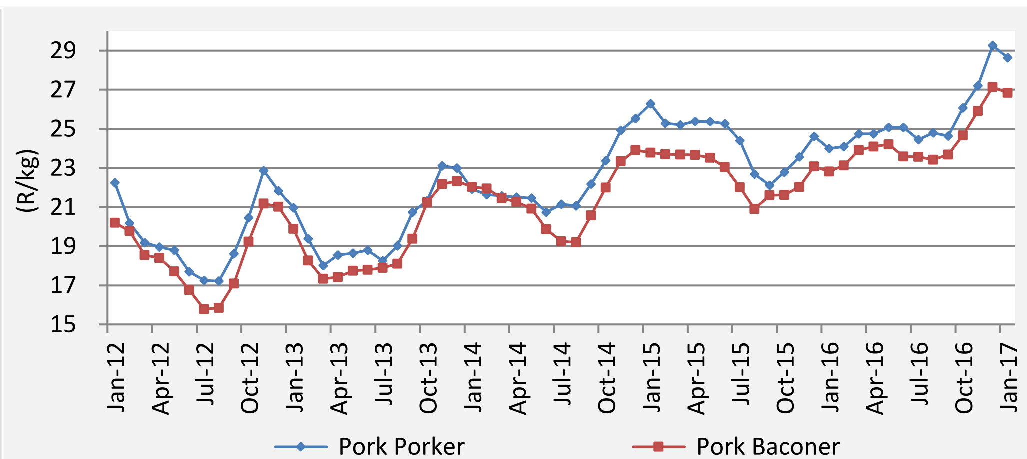

Figure C.14: Producer prices of pork

Source: AMT, 2017

January 2017 vs. January 2016:

Producer prices of Beef class A2/A3 increased by 11.71 %, class B2/B3 increased by 21.38 %, and class C2/C3 increased by 23.81 %

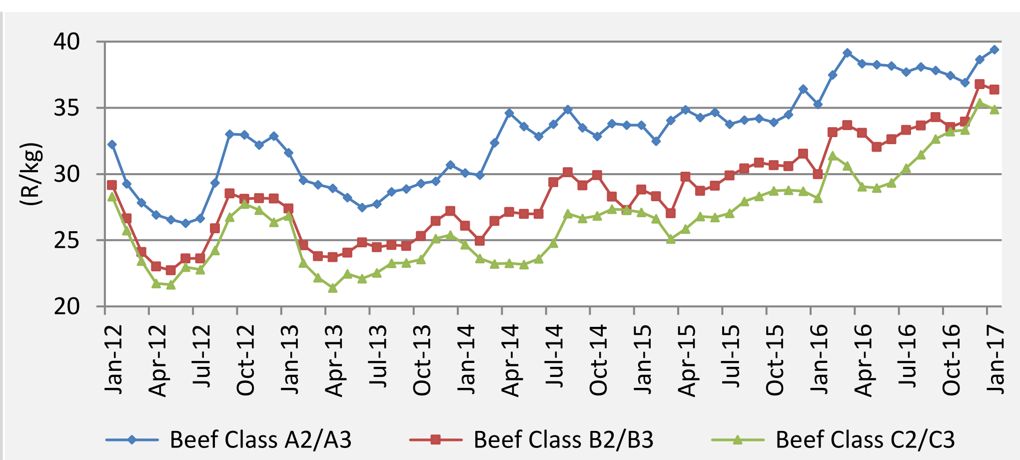

Figure C.15: Producer prices of beef

Source: AMT, 2017

January 2017 vs. January 2016:

Producer prices of lamb-class A2/A3 (R/kg) increased by 20.81 %, class B2/B3 increased by 22.70 % and the price of class C2/C3 increased by 25.28 %

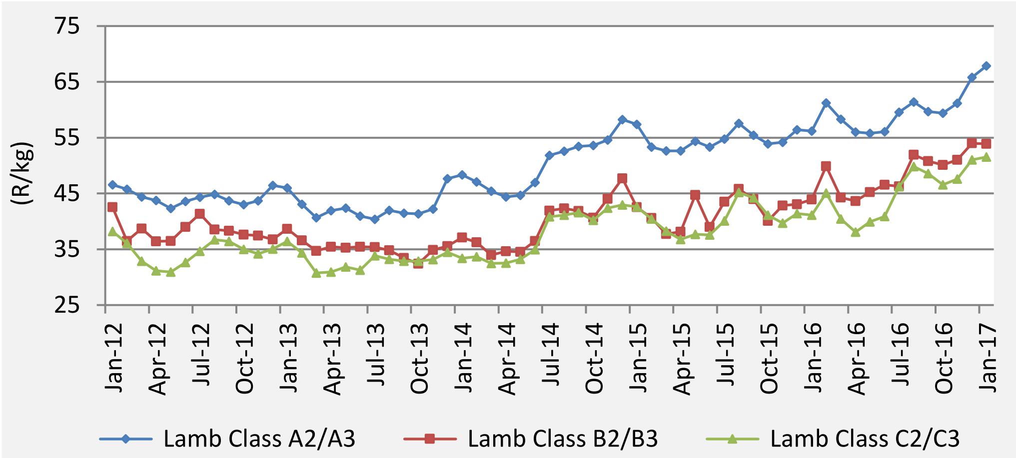

Figure C.16: Producer prices of lamb
Source: AMT, 2017

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 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.
- 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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