

4. SPII's Monthly Food Price Monitoring.

Food Price Monitoring Survey February 2011-April 2011 by Thabileng Mothabi

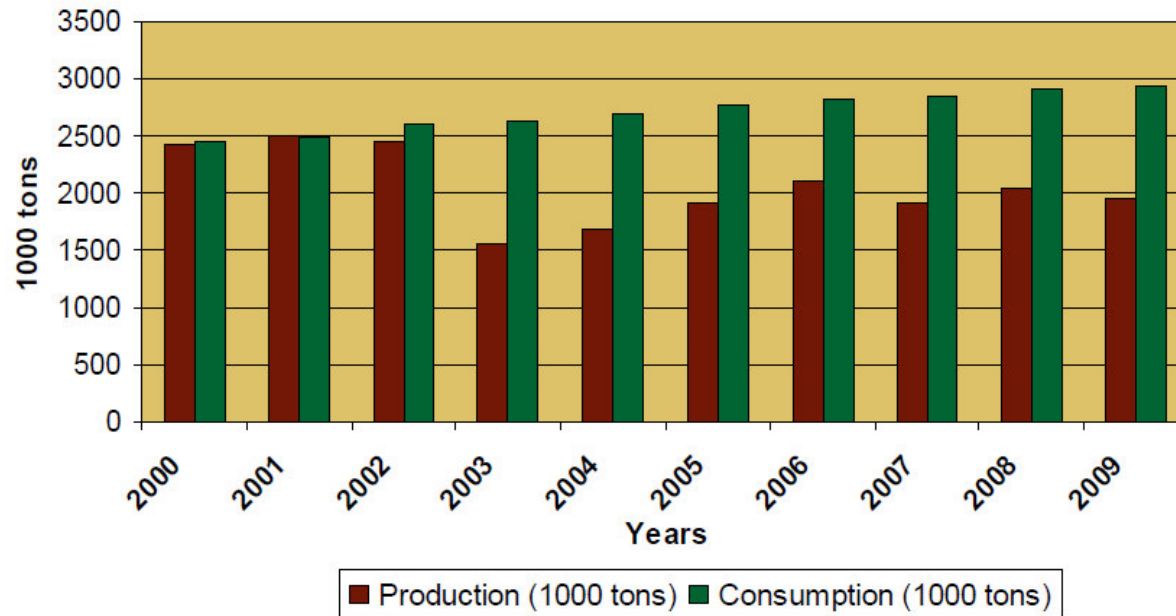
Since December 2010, The Studies in Poverty and Inequality Institute has been tracking basic food prices from selected formal and informal markets. The methodology used in the selection of data collection points was through a random sampling of 3 major retail areas around Gauteng, 1 low cost retail area and 2 informal markets in Soweto Township. Data collection is done on the 4th day of each month or every first week of the month as retailers do not have specials on these products. Collection of selected basic food items is done on the 4th of every month and when the 4th falls on the weekend collection is done on the Friday before the 4th. Prices are collected as indicated on the shelves at major at selected retail stores, whereas prices at informal markets are collected by asking the seller/owner how much the selected product costs. The objective of the Food Monitoring Survey is to track monthly price trends between formal and informal markets and identify impacts to increases or decreases in these food items.

2. Wheat Products: Bread (700 gr)

Wheat in South Africa is mainly used for baking bread, which accounts for about 70 to 80% of all wheat flour. The industry is the second major supplier of energy in the national diet after maize meal. The Department of Agriculture in 2011¹ estimates that national bread consumption is about 2 800 million loaves per annum or approximately 62 loaves per person per annum. This clearly indicates that wheat remains a staple food for majority of South African households.

¹ Department of Agriculture. www.nda.agric.za/docs/GenReports/FPMC/Vol14_Chap2.pdf

Figure 1: Total Wheat Production versus Consumption



Source: Department of Agriculture, Forestry and Fisheries: Wheat Market Value Chain Profile 2010-2011

As Figure 1 above indicates that production of wheat has always been below the consumption, wheat products in particular bread have seen increased demand over the years. The shortage in production to meet the domestic demand for wheat products has led to South Africa being a net importer of wheat and the countries where South Africa imports wheat are Argentina, Australia, France, UK and the United States. This means that South Africa wheat products prices are determined at the Wheat futures market and by weather conditions and domestic demand.

On average the price of bread decreased during the period February 2011-April 2011 at major retail stores by 11.6%. This could be attributed to a fall in global wheat prices by 2.9% during the month of February as the Food and Agricultural Organization's Food Price Index of February. However, the Food and Agricultural Organisation Food Price Index ²forecasts that global wheat prices are expected to increase by 4% because of unfavourable weather and planting delays in major wheat exporting countries such as Australia and the United States of America as they recover from recent flooding., which is bound to have a knock on effect on domestic bread prices for the reasons set out above. The increase in the petrol price by 0.43 cents in March 2011 and by 0.24 cents in April which increased price of unleaded petrol to R9.66 in April (for Johannesburg) could also contribute to the bread price increasing in the months ahead as output and delivery costs by producers are likely to be covered by consumers.

Price Trends of Bread (February 2011-April 2011)

Item	Retailer	February 2011	March 2011	April 2011	% change (Feb 2011-Apr.2011)
Brown Bread (700 gr)	Pick n' Pay	9.39	7.99	7.99	15.00
	Checkers	9.69	8.29	8.29	14.00
	Shoprite	9.59	7.99	8.99	6.00
	Shoprite U-Save		7.29	7.40	2.00

² Food and Agricultural Organisation. 2011. http://www.fao.org/giews/english/gfpm/GFPM_01_2011.pdf

	Spaza Shop	8.50	8.00	8.00	6.00
Average					8.6+

2. Dairy Products: Milk

Price Trends of Milk February 2011-April 2011

Item	Retailer	February 2011	March 2011	April 2011	% Change: April
Clover Long Life (1 Litre)	Pick n' Pay	8.99	8.99	8.99	0.00
	Checkers	10.99	10.79	10.79	2.00 -
	Shoprite	9.99	9.29	9.29	7.00 -
	Shoprite U-Save		8.29	8.89	7.00+
	Spaza Shop			7.00	
Average %					4.00-

3. Vegetable: Cabbage

The average price of cabbage was down 9.4% between December 2010 and February 2011 and increased by 20.4 between February 2011 to April 2011. Cabbage is one of the main consumed products in South Africa and low income quintile households largely depend on consumption of cabbage as a complementary product. Such an increase will largely constrain

the majority of household's budgets who are further constrained by increasing costs of other complementary and substitute products.

Price Trends of Cabbage: February 2011-April 2011

Item	Retailer	February 2011	March 2011	April 2011	% Change
Cabbage (head)	Pick n' Pay	7.99	7.99	7.99	0.00
	Checkers	6.99	7.99	8.99	29.00+
	Shoprite		7.99	8.99	13.00 +
	Shoprite U-Save		5.99	5.99	0.00
	Spaza Shop	5.00		8.00	60.00+
Average					20.4+

4. Maize Meal:

Maize Meal prices were relatively stable compared to other basic food prices which is a good signal considering that this is the most consumed product in South Africa followed by bread. During the period under survey (February 2011-April 2011) 5 kilogram maize meal averaged 5.75% in price relatively lower compared to the previous survey period.

Price Trends of Maize Meal: February 2011-April 2011

Item	Retailer	February 2011	March 2011	April 2011	% Change (Feb.2011-Apr.2011)
Maize Meal (5 kg)	Pick n' Pay	23.79	19.49	26.99	13.00 +
	Checkers	21.59	23.49	23.49	9.00 +
	Shoprite	22.79	22.99	22.99	1.00 +
	Shoprite U-Save		21.99	21.99	0.00
	Spaza Shop*				
	Average				5.75

Data not available for selected product

5. Sunflower: Cooking Oil

Cooking oil experienced an average 1% increase between March 2011 and April 2011. Globally the FAO Food Price Index indicates that during the month of March, Oils/Fats Price Index had fallen by 7% and remained unchanged during the month of April.

Price Trends of Sunflower Products March 2011-April 2011^{3*}

³Sunflower and Poultry food items were not included in the basket in the previous survey period (December-February 2011, they were included in the survey from March 2011

Item	Retailer	March 2011	April 2011	% Change(Mar.2011- Apr.2011)
Cooking Oil (750 ml)	Pick n' Pay	14.79	15.19	3.00 +
	Checkers	13.99	13.99	0.00
	Shoprite	11.99	11.99	0.00
	Shoprite U- Save			
	Spaza Shop		12.00	-
	Average%			

6. Poultry Products: Chicken

The price of 2 kg mixed portions of chicken experienced an increase across major retail areas with an increase average of 9% between March 2011 and April 2011.. This might be attributed to increasing transport/delivery costs from major producing areas of the Free State and the Western Cape to other provinces as the price of petrol has experienced a constant and steady increase for the past 5 months.

Price Trends of Chicken March 2011-April 2011

Item	Retailer	March 2011	April 2011	% Change(Mar.2011- Apr.2011)
Mixed Portions (2 kg)	Pick n' Pay	29.69	36.99	25.00 +
	Checkers	37.99	37.99	0.00
	Shoprite	29.79	32.99	11.00 +
	Shoprite U-Save	28.99	28.99	0.00
	Spaza Shop*			
Average				9.00

*Data not available

The Petrol Price

This increase is going to have a direct effect on food items that have to be manufactured and delivered to retailers. and this cost is most likely going to be passed on to consumers. It will of course also affect the purchasing power of commuters as well.

The increase in the price of paraffin is also going to impact negatively on the livelihoods of the majority of informal settlements and other underdeveloped areas that still depend on paraffin as a source of energy.

Fuel price increases in Rands.

	February 2011 (Price in Rands)	March 2011	April 2011	% Change: February to April 2011
Petrol (per litre)	8.99	9.42	9.66	7.45%
Diesel (per litre)	8.75	9.76	10.46	19.54%
Paraffin (per litre)	6.01	6.71	7.30	21.46%

Source: Department of Energy⁴: Fuel Prices 2011

⁴ Department of Energy. Petrol Prices.

http://www.energy.gov.za/files/petroleum_frame.html<http://www.energy.gov.za/files/esources/petroleum/May%202011/Diesel%20price%20%20margins.pdf>