



Economic Commentary: Issue No. 10

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Directorate: Statistics & Economic Analysis

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Purpose of the Economic commentary

This publication is meant to inform internal stakeholders of the department about the impact of the macro economic indicators and related issues on the overall performance of the Agriculture, Forestry and Fisheries (AFF) sector. National announcements are frequently pronounced on macro economic issues; therefore the intension of the economic commentary is to digest the implication of the indicators and recommend actions that could be taken into account to cushion the performance and image of the AFF sector.

LIVING CONDITIONS OF HOUSEHOLDS IN SA

The results of the Living Conditions Survey 2014/2015 show that the total annual household consumption expenditure between October 2014 and October 2015 is estimated at R1,72 trillion. The average South African household spent approximately R103 293 during the survey year, with the main components of that expenditure coming from housing and utilities, transport, food, and miscellaneous goods and services. Meanwhile, between September 2008 and August 2009, the average annual households spent approximately R71 910 during the survey year, highlighting the continued presence of the inequality gap that exists across SA households. Even though there has been a rise in household disposable income, real wage growth is moderated by a number of factors such as inflation.

Table 1: Average annual household consumption expenditure by main expenditure group for 2008/09 and 2014/15

Main expenditure Group	Rand (Average) 2008/09	% Contribution (2008/09)	Rand (Average) 2014/15	% Contribution (2014/15)
Food and non-alcoholic	13 914	19.3	13 292	12.9
Alcoholic beverages	699	1.0	911	0.9
Clothing and footwear	3 474	4.8	4 939	4.8
Housing, water, electricity, gas and other fuels	17 922	24.9	33 625	32.6
Furnishings, household equipment and routine maintenance	3 860	5.4	5 391	5.2
Health	950	1.3	935	0.9
Transport	10 978	15.3	16 826	16.3
Communication	2 428	3.4	3 509	3.4
Recreation and culture	3 069	4.3	3 933	3.8
Education	2 002	2.8	2 531	2.5
Restaurants and hotels	1 697	2.4	2 181	2.1
Miscellaneous goods and services	10 715	14.9	15 167	14.7
Unclassified items	201	0.3	55	0.1
Total	71 910	100	103 293	100

Table 1 indicates that the four consumption expenditure groups (namely food and non-alcoholic beverages, housing and utilities, transport, miscellaneous goods and services, and) accounted for 74,4% during 2008/09 and 76,4% during 2014/15 of all consumption expenditure in the country. Essentially, during 2014/15, three out of every four rand spent by South African households goes towards these four key areas. Approximately 0,9% of consumption expenditure in 2015 went to alcoholic beverages and tobacco, with an average expenditure of R911 per annum. Furnishings, household equipment and routine maintenance of the dwelling during 2015 was 5,2% of total household consumption expenditure, translating into an average household expenditure of R5 391.

REAL GROWTH OF SA HOUSEHOLDS CONSUMPTION EXPENDITURE

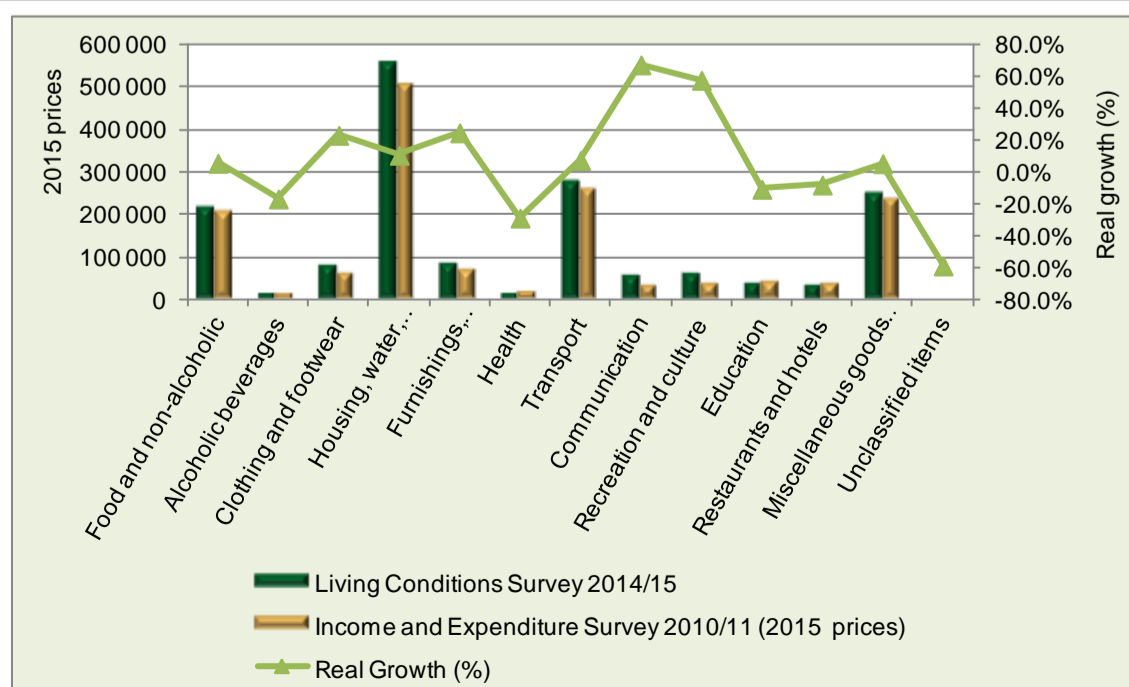
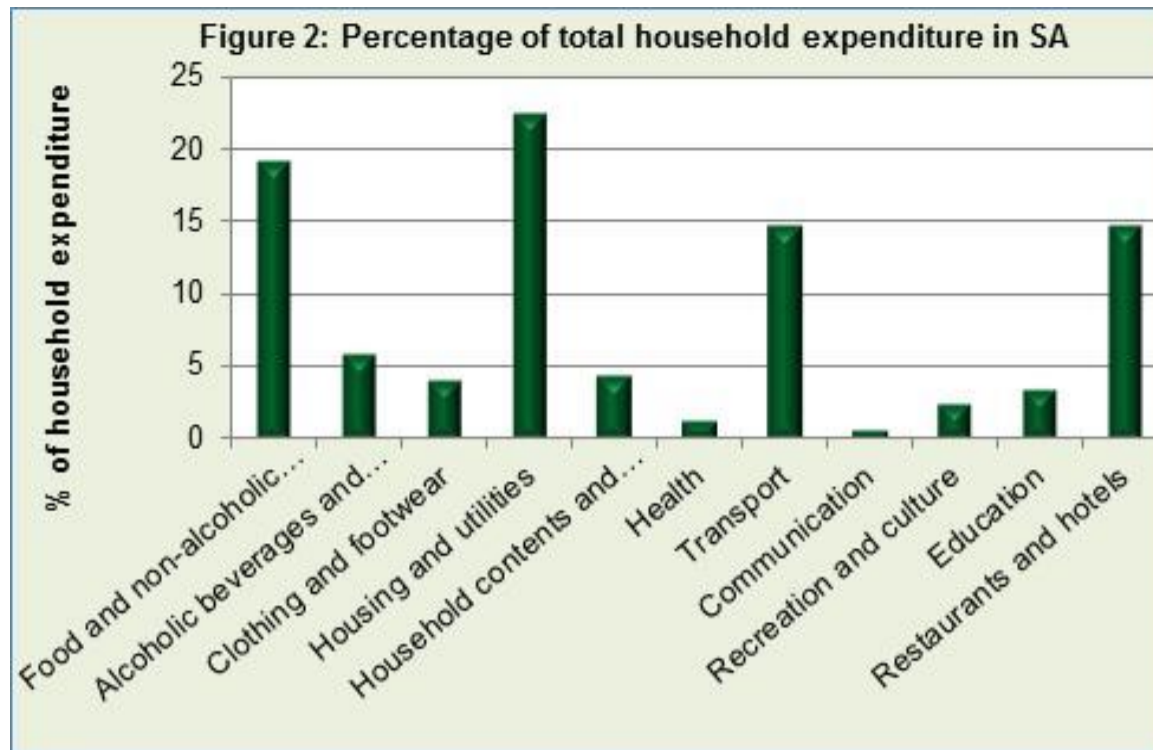


Figure 1: shows that Between 2011 and 2015, communication (which include postal services, telephone equipment and telephone services) recorded the largest growth in real terms at 67,6% followed by recreation and culture (57,9%), furnishings and household equipment (24,9%), clothing and footwear (23,3%) and housing and utilities (10,8%). Meanwhile, alcoholic beverages and tobacco recorded negative real growth (16,7%) and restaurants and hotels (-7,9%) which could be largely due to under-reporting by sampled households instead of actual changes in spending behaviour. Household expenditure on education also declined in real terms during the period under review by 10,6%.

Consumer Price Index (CPI)



Stats SA recently announced changes to the Consumer Price Index (CPI) basket of goods and services. These changes provide interesting insight into how consumer spending patterns have shifted over the last four years. The basket forms the basis from which the monthly CPI is calculated. Using data from Living Conditions Survey and other sources, Stats SA identified products and services that households spend most of their money from the basket of goods. The 412 goods and services in the basket are classified into 12 broad groups, such as food and non-alcoholic beverages, clothing and footwear, health, transport and education etc.

Figure 2: indicates that 22,6% of the total household expenditure in SA flows to housing and utilities while food and non alcoholic beverages account for 19,2% of the total SA household expenditure. About 14,7% of total household expenditure goes to transport while alcoholic beverages and tobacco account for 5,9% of total SA household expenditure. About 14,8% of total household expenditure goes to restaurants and hotels while only 2,3% and 1,3% of total SA household expenditure goes to education and health.

FALL ARMYWORM DAMAGE TO MAIZE IN SA AND NAMIBIA

Extensive damage by as yet unidentified pest caterpillar, suspected Fall Army Worm (FAW) has been reported on sweet corn and white maize planted for seed production, while similar damage has also been received from Namibia. Outbreaks were reported in all districts of Limpopo and in some districts of North West. Specimens of the caterpillar have been collected by DAFF, but a positive identification by the ARC Biosystematics Division would only be possible once the insect completed a life cycle. FAW is a quarantine pest with a broad host range which include crops such as cotton, soya beans and maize. It is also suspected that FAW may have developed resistance against some groups of chemical pesticides such as pyrethroids.

REFERENCES :

Statistics South Africa (Stats SA), (2017): Consumer Price Index (CPI), December 2016: Available at <http://www.statssa.gov.za>

Statistics South Africa (Stats SA), (2017): Living conditions Survey 2014/15: Living conditions of households in South Africa: An analysis of household expenditure and income data using the LCS 2014/2015. December 2016: Available at <http://www.statssa.gov.za>

<http://www.farmersweekly.co.za/agri-news/south-africa/suspected-fall-armyworm-damage-maize-sa-namibia/>

FREQUENCY

The publication will be released on the 1st and the 15th of every month covering events taking place on the period concerned. The dissemination will take place through emails to all SMS and professionals in the Department including provinces.

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