

Feeding yourself will cost you more this year

The Reserve Bank has warned that food prices could remain elevated during the remainder of this year due to cost-push pressures arising from higher transport costs, electricity and refrigeration costs, and wage increases, the Reserve Bank said in its annual economic report released on Monday, 23 July 2012.

Food price outcomes, the bank said in the report, were increasingly being complicated by volatile factors such as exchange rate fluctuations, adverse weather conditions and price movements on world commodity markets.

It says food prices will remain high despite the recent moderation in domestic consumer food price inflation, which fell to 6,8% in May.

The moderation resulted mainly from lower increases in the prices of bread and cereals, meat, oils and fats, fruit, and vegetables.

The report noted in particular the moderation in meat price inflation, which represents the highest weight within the consumer food basket.

This component decelerated from a high of 16,7% in December last year to 7,0% in May 2012.

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