



**FIRST CAPITAL**  
**TREASURY SOLUTIONS**  
(Pty) Limited

First Capital  
*Food Price Monitor*  
November 2016



**Economist: Milner Siboleka**



## Summary

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- First Capital (FC) Food Price Index increased from 99.5 in November 2015 to 111.6 in November 2016 indicating that the price of food generally increased by 12.1 percent in November 2016 compared to the price 12 months ago.
  - As of November 2016, an average food basket of food needed to feed a Namibian family costed N\$1067 relative to the cost of N\$995 a year ago.
  - On average a basket of food in Windhoek will cost you N\$51 less than you could buy it in Katima Mulilo.
  - Using the average spending pattern of an average family, we observed that meat, poultry and fish products accounts for 35 percent of the cost of the basket an average Namibian family consumes a month while 32 percent is spent on cereal food items(Maize, rice, macaroni and loaf of bread).
  - Katima Mulilo remains the most expensive among 6 towns under consideration while Windhoek ranks the cheapest.
  - White maize accounts for half of the total demand for cereals, while wheat and mahangu accounts for 38 and 11 percent respectively
  - Ninety percent of mahangu cereals consumed within the country are locally produced while only 10 percent is sourced from other countries.
  - During 2014/15, Namibia produced 36 percent of the total demand for vegetables and fruits consumed in the country and 64 percent imported.
  - Despite that potatoes are the most demanded, Namibia only produces a quarter of the total demand for potatoes, while 75 percent of potatoes consumed are imported. Very few bananas are also produced in Namibia while nearly all bananas consumed are imported. Similarly Namibia imports 93 percent of the total demand for oranges.
  - The global production of cereals declined marginally in 2015/16 after reaching a peak in 2014/15, that saw an increase of 11 percent in inventories, a situation that is highly credited to have caused the sharp price fall of global cereal prices in the same period.
  - Global rice production is mainly dominated by Asian countries with top 9 biggest producers of rice being Asian countries amongst them China, India, Indonesia, Bangladesh, Vietnam e.t.c. Production of rice by Asian countries accounts for nearly 90 percent of the global production.
  - The prolonged drought effects poses risk to the supply of food which at the end would trigger inflation higher.
  - Above average rainfalls projected for this season are likely going to rebalance both crop and animal production and as a result this will in the medium term trickle to food price where stability and price declines will become common.
  - Food prices being major contributors to Namibia's Inflation, the continuation of a somewhat observed declining trend of inflation which began in August 2016 could make case for relief on interest rates.
  - NSA records show that Food inflation is nearly twice higher than overall inflation.
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## Our contribution to information

Welcome to the November 2016 First Capital Food Price Monitor, which tracks and summarise prevailing food prices and the direction of prices over time at retail level. The report also provides possible explanations of observed trends and an outlook of the potential direction of prices in the near future. Food prices in Namibia remains a concern not only to consumers but all stakeholders involved in the whole process. In Namibia, like many other countries, the rate of increase in food prices have in recent years surpassed the price increase in overall consumer goods a situation that risks more poverty levels as more money is needed to buy similar food items that costed less in the past. As of October 2016, the Namibian Statistics Agency (NSA) recorded an overall annual inflation and food inflation of 7.3 % and 11.9 % respectively, a situation indicating that food prices increased more than the increase of a basket of items used by consumers. Through this report we encourage you dear readers to use information provided to draw up your budget for food and compare prices by various supermarkets, and also benchmark such prices with prevailing average prices (e.g. If the price of an item is above average price then it is overpriced and when a supermarket sell below average price, then it's prices are cheaper within the geographic area or town).

## Our Methodology

The First Capital Food Price Monitor uses a list of identical food items that was derived from a study conducted to determine the common food items being bought and consumed by average Namibians in all parts of the country. The findings were used to construct a food basket, containing a list of food items that features most on consumer food shopping list. Six towns (Windhoek, Keetmanshoop, Swakopmund, Ondangwa, Rundu and Katima Mulilo) are considered for this exercise with need to expand its geographic coverage to other regions or towns over time. However we remain convinced that given the geographic location of these six towns, it more or less represents a picture of the whole country. A total of six retail shops in each town are considered for collection of prices every month. The prices of food item from all supermarkets in a given area are averaged to give an average price of each item by area (e.g. the price of bread in Windhoek reflects the average of all prices of bread from all the six supermarkets in Windhoek). These item specific prices are then used to derive an index figure which, if compared with an index of the previous period, will give you the average price increase/decrease (Inflation) for the current period (e.g. An Index of 111.6 in November 2016 and 99.5 of November 2015 gives a difference of 12.1 points which means that a basket of food now costs you 12.1 percent more than it could cost you in November 2015. To derive an index during a specific period, we follow the following formula:

$$\text{Price Index (November 2016)} = \frac{\text{Price of food basket in November 2016}}{\text{Price of food basket in December 2015}} \times 100.$$

## 1. First Capital Food Price Monitor

### 1.1. The cost of a food basket of an average Namibian family as of November prices

Table 1 below summarises the average basket of what and how much food on average a Namibian family buys from supermarkets in a given month. This may differ from family to family based on its diverse needs and purchasing power. However, in this case the basket was derived by averaging the monthly consumption patterns of different families. As of November 2016, an average food basket needed to feed a Namibian family costed N\$1 067.04. However this same basket of food costed N\$951.00 in November 2015 while in December 2010 you could buy it at N\$728. The N\$116.04 increase in the cost of a food basket between November 2015 and November 2016 translates to a 12.1 percent rise of general food prices. This means that the purchasing power of the Namibian dollar on food declined by 12 percent. Using the average spending pattern of an average family, we observed that meat, poultry and fish products accounts for 35 percent of the cost of the basket an average Namibian family consumes a month while 32 percent is spent on cereal food items such as Mealie-meal, rice, macaroni and loafs of bread.

**Table 1: FC Food Basket**

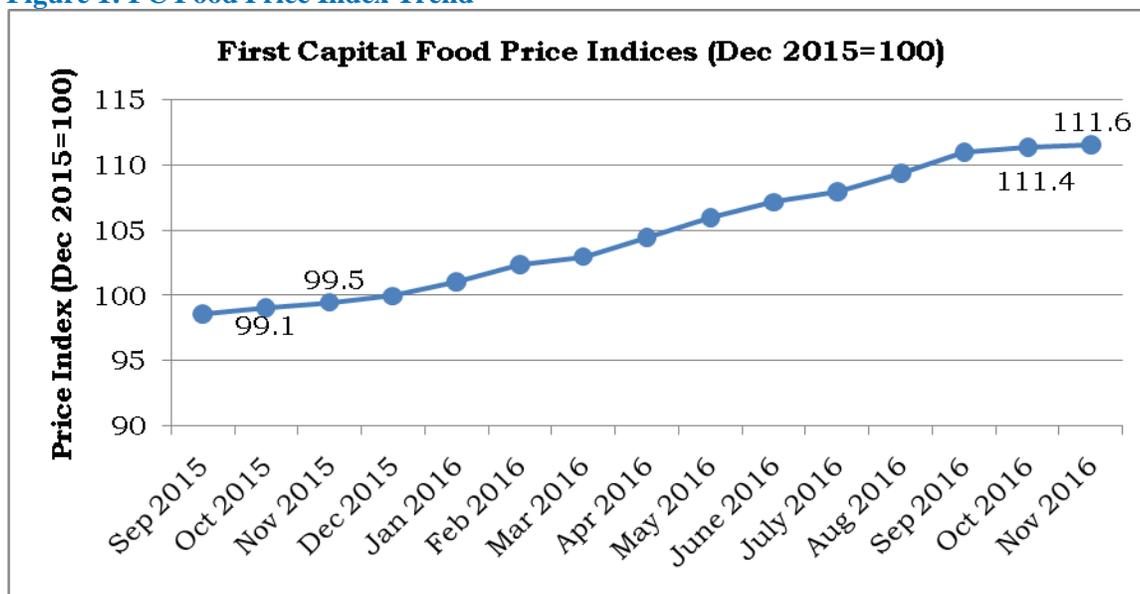
<b>Food Item</b>	<b>Quantity</b>	<b>Price</b>
Meat	2.1 Kg	N\$138.96
Canned Fish products	1Kg	N\$52.90
Loose fish	1.1 kg	N\$16.95
Poultry products	4.5 Kg	N\$165.00
Rice	4 kg	N\$44.00
Macaroni	3 kg	N\$51.99
Mealie-meal	10 kg	N\$108.5
Loafs of Bread	15 loafs	N\$135.15
Sugar	2 Kg	N\$31.00
Cooking oil	2 L	N\$41.05
Vegetables( Tomato, Onion & Potato)	6 kg	N\$102.00
Fruits(Banana, oranges & apples)	2.1 kg	N\$38.85
Milk Products	3 L	N\$51.00
Beverages(Cool drinks)	2L	N\$16.00
Beverages(Mineral water)	1L	N\$5.00
Coffee & Tea bags	300g	N\$41.05
Other food items		N\$28.00
<b>Total cost of basket</b>		<b>N\$1 067.04</b>

Source: First Capital Research

## 1.2. First Capital Food Price index trend

First Capital food price index for November 2016 which depicts the price movements of a basket of food items increased to 111.6 from 111.4 in October 2016 indicating an increase of 0.2 percent in the general price of a food basket (m/m) used to measure food prices (See figure 1). On an annual basis, the price index increased by 12.1 from the 99.5 price index recorded for November 2015 to 111.6 in November 2016. This implies that food prices surged by 12.1 percent in November 2016 compared to the prices in November 2015. However, the annual inflation of 12.1 percent for October 2016 is slightly higher than 12.4 percent recorded in September 2016. Similarly the m/m inflation of 0.2 percent recorded in November is lower than 0.5 percent in October 2016. The 12.1 percent annual increase in the FC food basket impacted negatively on the disposable income of consumers and reflects continued rise in cost of living in Namibia.

**Figure 1: FC Food Price Index Trend**



Source: First Capital Research

When the Index is higher than 100 the prices are moving up, when the its less than a 100 prices are moving down

## 2. FC Food Price Index Sub-Index Analysis

### Meat & Poultry

The prices of meat and poultry products increased by nearly 5.2 percent in November 2016 compared to the same period last year. The price increase was mainly due to beef prices which increased on account of short supply while demand remained strong. Poultry prices also increased notably by 5.1 percent in November 2016 (y/y) though lower than 7. 1 percent price hike for livestock food products (Beef, Pork and mutton). Rising feed prices explain most of the increase in the rise of meat and poultry.

**Outlook:** The current persistent drought that has negatively impacted livestock production is likely to continue weighing on the supply of meat, and this will manifest into an upward trend on price of meat and poultry products.

### *Maize Meal*

The prices of maize meal rose by above 0.2 percent between October and November 2016. Annual figures show an increase of 12.3 percent in November 2016 compared to maize meal prices in November 2015. Mealie meal, being a product made from maize grains, was similarly under short supply during the year due to low harvest that came after low rainfalls were recorded, and as a result, prices of grains increased and letter prices of maize meals followed suit.

**Outlook:** Maize meal stands out as one of the food items which recorded the highest price increase between November 2016 and November 2015. In line with predictions for above average rainfall forecasted by the National Meteorological Services, we equally expect prices to decrease based on wide spread rainfall forecast which we predict can deliver satisfactory harvest for the new crop season.

### *Milk*

The Price Index for milk products recorded an increase of 11.6 points from November 2015 to November 2016. On a monthly basis we observed an average price decline of 0.1 percent for milk products in November 2016.

**Outlook:** Should the much anticipated rainfall materialize, natural grazing areas will likely improve from dry to fresh green. The improvements in grazing areas will serve as a source of nutrients that can support animal's ability to produce more milk. The expected harvest which will increase supply of grain harvests will also have a positive effect since supplementary feeds for dairy cows will be available for feeding.

### *Rice*

The price of rice increased by 0.5 percent between October and November 2016 while an annual average price hike of 9.1 percent was recorded in November 2016. Just like many other crop products, rice production was equally affected by drought conditions that came at the expense of limited rainfalls. Therefore, the price of rice surged as demand outpace supply.

**Outlook:** Unlike other cereal products, rice is almost entirely imported with little of it produced locally. Namibia being a net importer of rice, domestic prices are mainly influenced by international prices which in turn are influenced by global supply situation of rice. The global supply of rice which, is projected by FAO to increase by more than a percent this year amid good harvests from Asian countries, indicates that prices will still remain low. Though Namibia have since last year benefited less from global price declines due to its

weak currency which meant paying more Namibian dollar for imports, the continuing declining international prices of rice and the recent strengthening of the local currency could translate to lower prices of rice.

### Bread

Bread prices similarly surged as wheat prices increased. The price of bread increased by 0.6 percent in November 2016 relative to the price a month ago while on an annual basis we noted an increase of 12.6 percent in prices for bread in November 2016. This increase is in line with price increase in wheat, an input for producing bread.

**Outlook:** Prospects of rainfall for 2016/17 season are good and we expect the harvest of wheat to increase and wheat price to fall. This will have a pass through effect on the price of bread.

### Sugar

Sugar prices increased by more than 16 percent between November 2015 and November 2016. However, between October 2016 and November 2016, sugar prices increased by 0.1 percent. El Nino related weather effects during the 2015/16 harvest year reduced global sugar production which also resulted in a significant decline of the stocks of sugar to supplement low output. 2015/16 harvest year saw sugar production lower than consumption for the first time in five years due to drought effects that continued to affect production among major sugar producing countries.

**Outlook:** Due to the prolonged effects of drought in the major sugar producing countries like Thailand, weak supply of sugar is expected in near future although Brazil's is showing improvement on accounts of favourable weather and the shift from converting sugar cane to ethanol. As such, prices will still remain volatile in the near future on account of weak supply from major sugar producing countries.

**Table 2: First Capital (FC) Food Price Indices by categories** December 2015=100

	2015					2016			
	Aug 2015	Sep 2015	Oct 2015	Nov 2015	Dec 2015=100	Aug 2016	Sep 2016	Oct 2016	Nov 2016
Meat & Poultry <sup>1</sup>	99.9	98.8	99.2	99.6	100	104.6	104.6	104.6	104.8
Fruits	91.5	94.1	96.1	98.9	100	107.8	107.3	107.8	108.3
Vegetables	93.8	95.3	96.8	98.3	100	108.7	106.6	108.7	108.9
Bread	97.8	100	99.8	99.9	100	111.9	112.1	111.9	112.5
Milk <sup>2</sup>	99.2	99.2	99.6	99.8	100	110.3	110.1	111.5	111.4
Non-Alcoholic Beverages	99.1	99.2	99.2	99.7	100	108.8	108.6	108.8	109.2
Staple Foods	97.8	99.9	97.8	99.1	100	112.8	112.9	112.8	113.1
Sugar	98.7	98.6	99.1	99.6	100	115.5	116.3	115.5	115.6
FC Food Price Index	97.5	98.6	98.9	99.9	100	110.9	111	111.4	111.6

*When the Index is higher than 100 the prices are moving up, when its less than a 100 prices are moving down*

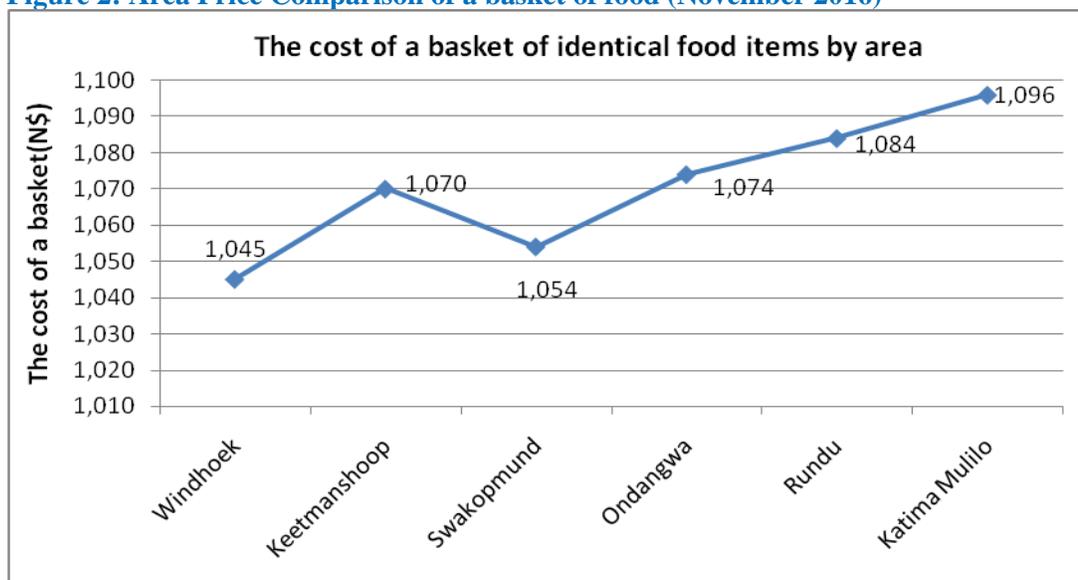
*1. Include chicken (1.5kg, 2kg thighs & braaicut), Pork, beef stew. 2 Includes 2L Pasteurized homogenized & 1L fresh milk*

*Source: First Capital Research*

### 3. Cost of Living by Town

FC Food Price Index compiles Data from different branches of six supermarkets around six towns in the country in order to compile the proxy for the cost of living using food prices for each of these towns. Certain items cannot be compared at certain times because they are not available at other supermarkets in other towns at the time of collection. The prices represented below are average prices, for example, the price of bread represented under a particular town is the average of price of the cheapest non branded 700g bread in the supermarkets of that town at that particular time. According to our findings, Windhoek remains cheapest with a cost of N\$1 045 for a basket of food items which can cost you N\$1 096 in Katima Mulilo. On average a basket of food in Windhoek will cost you more than N\$50 less than you could buy it in Katima Mulilo.

**Figure 2: Area Price Comparison of a basket of food (November 2016)**



Source: First Capital Research

#### How much do you pay per food item by town

Table 3 summarises the average prices of food items in each town. Prices vary by town depending on the competitive advantages some towns has over other town in relation to the prices of food items which are locally produced in such towns. On average prices are cheaper in Windhoek than other towns. The price of beef meat in Windhoek was recorded at N\$67.05 per Kg while in Katima Mulilo, Rundu and Keetmanshoop it costs above N\$70 per kg. On average chicken prices are 5 percent cheaper in Windhoek than they cost in Rundu and Katima Mulilo. Since most goods supplied are produced and packaged in Windhoek, it does not come as surprise that towns far-rest to Windhoek have slightly higher prices than in Windhoek. Since vegetables are locally produced, northern towns have price advantage on vegetable food items.

**Table 3: Average Prices for selected towns for November 2016**

Goods	Description	Windhoek	Keetmanshoop	Swakopmund	Ondangwa	Rundu	Katima Mulilo
Bread	White	9.50	10.05	10.01	9.99	10.10	10.05
	Brown	8.85	9.50	9.35	9.50	9.55	9.53
Meat & Poultry	Beef ( p/kg )	67.05	70.95	69.20	68.99	69.15	69.45
	Mutton ( p/kg )	66.99	65.60	68.01	67.02	68.15	68.21
	Full Chicken Frozen (p/kg)	49.50	50.15	50.55	50.85	50.10	50.90
	Full Chicken Frozen (1.8kg)	92.35	93.35	93.00	93.50	93.05	93.17
	Chicken (1,5kg)	55.02	57.95	56.75	58.10	57.45	61.15
	Chicken (2kg) Braai Cuts	78.95	80.99	79.50	82.99	80.92	82.75
Fish & Sea Food	Lucky Star Pilchard (400g)	23.10	23.15	23.10	23.50	23.65	23.75
	Mamas Pilchard (400g)	21.99	22.05	21.61	21.68	22.30	22.35
	Horse Mackerel (p/kg)	17.99	18.10	18.00	18.20	18.39	18.49
	Maasbanker (p/kg)	14.00	14.05	13.89	14.45	14.99	15.20
Mealie Meal	Top Score 5kg	64.02	64.49	64.28	64.90	65.59	64.01
	Top Score 10kg	108.99	109.55	109.00	109.25	109.01	109.25
Rice	Tastic (2kg)	32.02	32.15	32.46	32.95	35.55	35.85
	Local Store Brand(2kg)	27.15	27.41	27.35	27.70	29.51	29.50
Macaroni	Polana (2kg)	33.20	33.81	33.45	33.99	33.99	34.15
	Elbows (2kg)	33.01	33.80	33.96	34.15	34.85	34.99
Vegetables	Tomato (p/kg)	15.49	16.09	16.20	15.99	15.20	15.20
	Potato (p/kg)	16.99	18.80	18.95	17.22	17.01	17.05
	Onion (p/kg)	16.94	16.99	17.33	17.01	15.10	17.10
Fruits	Banana (p/kg)	19.99	20.70	20.15	20.05	19.95	20.01
	Oranges (p/kg)	19.45	19.99	19.50	19.35	19.89	20.05
	Apples (p/kg)	17.99	18.59	18.50	18.65	18.75	19.10
Butter	Rama (500g)	24.99	25.15	24.68	23.24	25.75	24.89
	Sunshine (500g)	21.66	21.99	21.88	22.01	22.12	22.30
Eggs	30 Large Eggs						
Milk	Farm Fresh (1L)	16.55	16.89	16.99	17.50	17.65	17.95
Sugar	Marathon White 2kg	29.32	35.99	30.20	36.49	36.56	37.20
	Sugar King White 2kg	29.56	34.75	30.05	34.99	35.50	35.22
	Marathon Brown 2kg	28.32	34.99	32.69	36.34	36.45	35.99
	Sugar King Brown 2kg	27.99	28.10	28.05	28.99	29.05	29.99
Cooking Oil	(750ml)	17.55	17.40	17.68	17.72	17.01	17.00
	(2L)	42.99	43.25	43.01	45.2	43.99	45.40
Cereal	Oats (Jungle) 1kg	28.66	28.95	28.95	28.20	29.23	29.55
Tea	Five Roses (250g)	30.99	31.68	31.25	31.45	31.75	32.05
	Fresh Park (200g)	38.66	38.68	38.69	38.70	38.75	38.96
Coffee	Ricoffy (250g)	38.86	36.45	35.97	35.70	35.99	36.08
Flour(2.5kg)	Cake (Bakpro)	35.66	42.49	37.99	42.95	42.92	43.01
Cool drink(2L)	Coke	16.55	17.15	17.10	17.69	18.20	18.36
	Fanta	16.60	17.19	17.16	17.65	18.32	18.50

Source: First Capital Research

#### 4. The price we pay today relative to prices back then in 2010

Table 4 below compares the prices of food items in November 2016 relative to the prices back then in December 2010. Prices in 2016 on average nearly doubled. We noted a 46 percent average increase in prices of identical food basket between December 2010 and November 2016. Our findings compares favourably with NSA figures which shows that food prices increased by 47 percent between November 2010 and November 2016.

**Table 4: 2010 Prices vs. 2016 Prices**

Goods	Description	December 2010 Prices(N\$)	November 2016 Prices(N\$)
<b>Bread</b>	White	6.11	10.01
	Brown	6.26	9.25
<b>Meat &amp; Poultry</b>	Beef Stew ( p/kg )	48.22	68.99
	Mutton ( p/kg )	46.08	66.93
	Chicken (1,5kg)	30.99	58.65
	Chicken (2kg) Braai Cuts	41.36	82.95
<b>Fish &amp; Sea Food</b>	Lucky Star Pilchard (400g)	14.02	23.55
<b>Mealie Meal</b>	Top Score 5kg	32.8	65.20
	Top Score 10kg	61.02	109.93
<b>Rice</b>	Tastic (2kg)	14.24	33.99
	Local Store Brand(2kg)	12.99	29.10
<b>Macaroni</b>	Polana (2kg)	21.45	32.75
<b>Vegetables</b>	Tomato (p/kg)	9.77	15.695
	Potato (p/kg)	8.89	17.99
	Onion (p/kg)	7.64	17.05
<b>Fruits</b>	Banana (p/kg)	13.19	20.99
	Oranges (p/kg)	11.99	12.22
	Apples (p/kg)	12.02	19.20
<b>Butter</b>	Rama (500g)	16.85	24.99
<b>Milk</b>	Farm Fresh (1L)	10.98	18.20
<b>Sugar</b>	Marathon White 2kg	16.01	34.21
	Sugar King White 2kg	15.99	33.26
<b>Cooking Oil</b>	(750ml)	7.99	15.84
	(2L)	27.22	43.90
<b>Cereal</b>	Oats (Jungle) 1kg	20.34	29.01
<b>Tea</b>	Five Roses (250g)	26.22	31.70
	Fresh Park (200g)	16.79	38.85
<b>Coffee</b>	Ricoffy (250g)	23.91	36.60
<b>Cool drink(2L)</b>	Coke	15.19	17.85
	Fanta	15.19	17.99

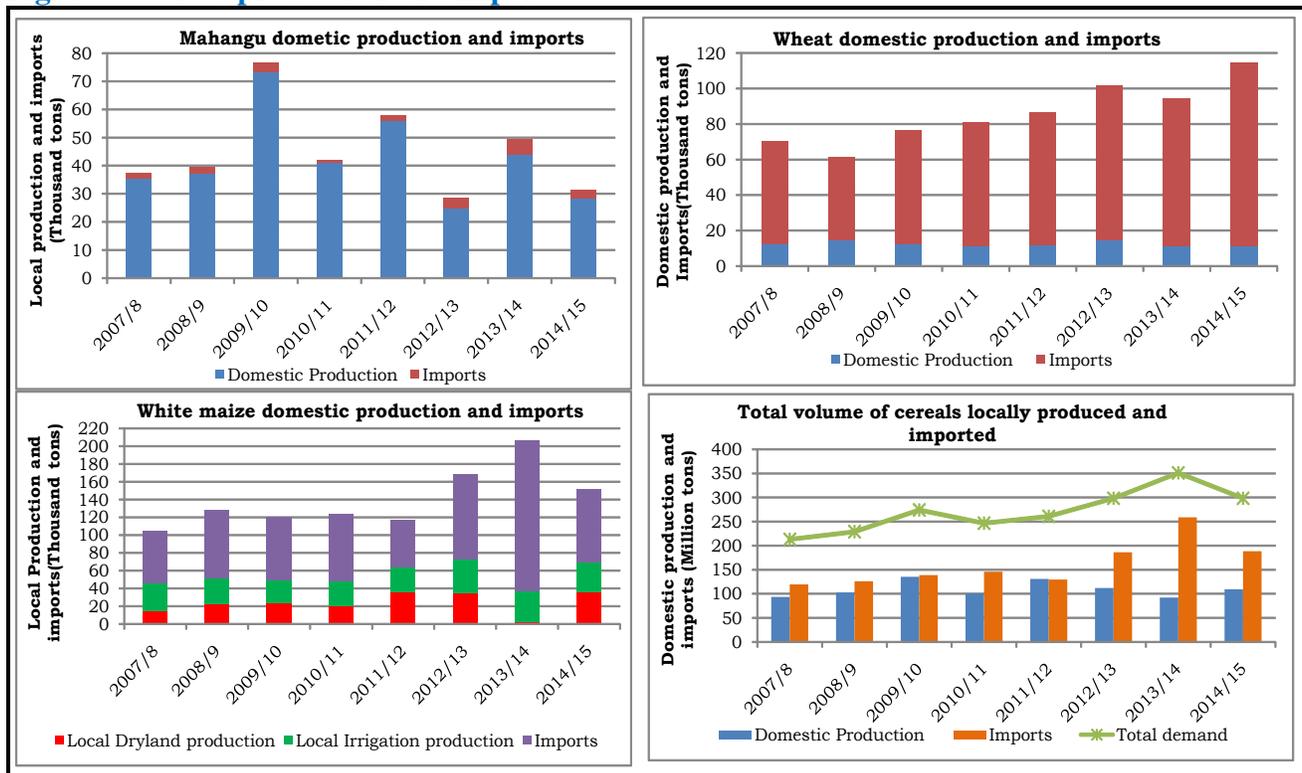
Source: First Capital Research

#### 5. Domestic production and imports of cereals in Namibia

During the year 2014/15, almost 110 million tons of both mahangu, wheat and white maize grains were produced in the country by domestic resources (*See figure 3*). However, due to high demand of cereal grains for consumption, feeding of animals and production of other food products, a total of 189 million tons of cereals were imported from other countries mainly from South Africa to satisfy the demand for consumption

of 300 million tons during the same period. White maize accounts for half of the total demand for cereals, while wheat and mahangu accounts for 38 and 11 percent respectively. Despite that white maize is highly demanded, more than half of what is consumed is imported with nearly 45 percent produced locally. For wheat cereals, Namibia's total demand is almost 10 times more than what is produced locally. This therefore makes wheat industry highly dependent on supplies from other countries. However with mahangu Namibia remains a net producer. Ninety percent of mahangu cereals consumed within the country are locally produced while only 10 percent is sourced from other countries.

**Figure 3: Cereal production and imports**

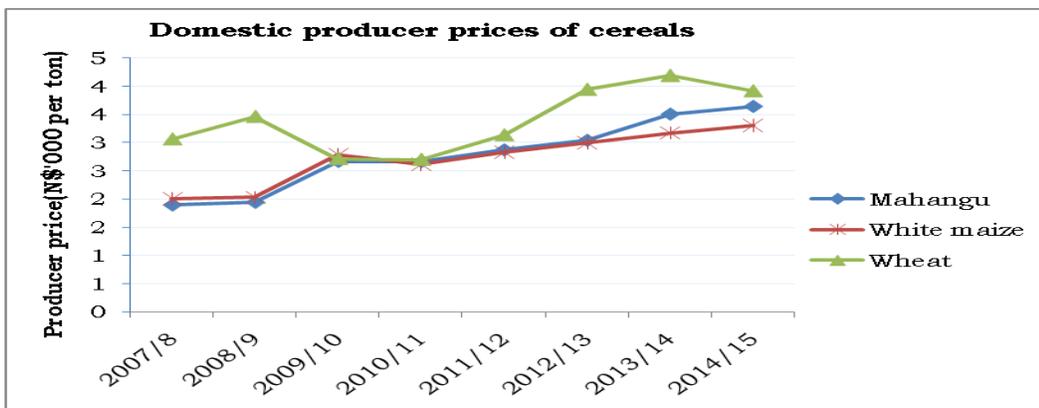


Source: Namibia Agronomic Board(NAB) and MAWF

## 6. Domestic producer prices of cereals

During the year 2014/15, wheat price for producers was trading at N\$3 923 per ton while mahangu and maize grains traded at N\$3640 and N\$3302 respectively (See figure 4). White maize and mahangu prices have generally come cheaper than wheat price since 2010/11. Generally mahangu and maize prices moves in similar direction while the trend of wheat price remains different. This is not surprising because maize and mahangu prices have much to do with domestic factors because they are mostly produced locally while wheat price difference shows little resembles to domestic prices since wheat is mostly imported and hence price difference.

**Figure 4: Domestic producer prices of cereals**

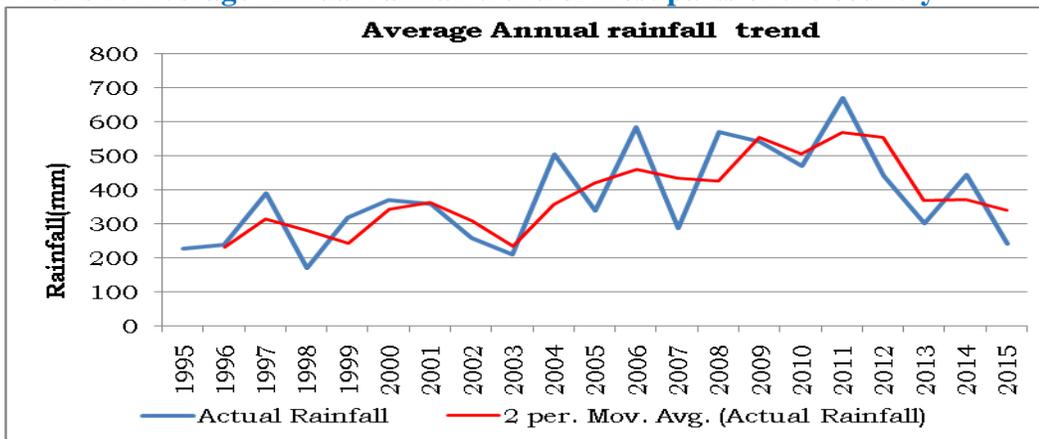


Source: NAB, MAWF and First Capital Research

## 7. Namibia Rainfall pattern

Namibia has recorded less rainfall in 2015. Figure 5 below shows the average rainfall trend of most towns representative of the country. According to data available on rainfall, the average rainfall declined significantly in 2015 compared to rainfall figures some few years ago. An average of 242 mm of rainfall was observed in most parts of the country in 2015 which is much lower than the rainfall figures recorded between 2008 and 2014 when rainfall recorded ranged between 300mm and 670 mm. The 2015 rainfall figures remains lowest since 2003. The effect of low rainfall have negatively affected supply of agriculture commodities since weak harvest resulting from fewer rainfall meant few supply at the time when demand remains strong hence inflation reaching its highest levels.

Figure 5: Average Annual rainfall trend of most parts of the country



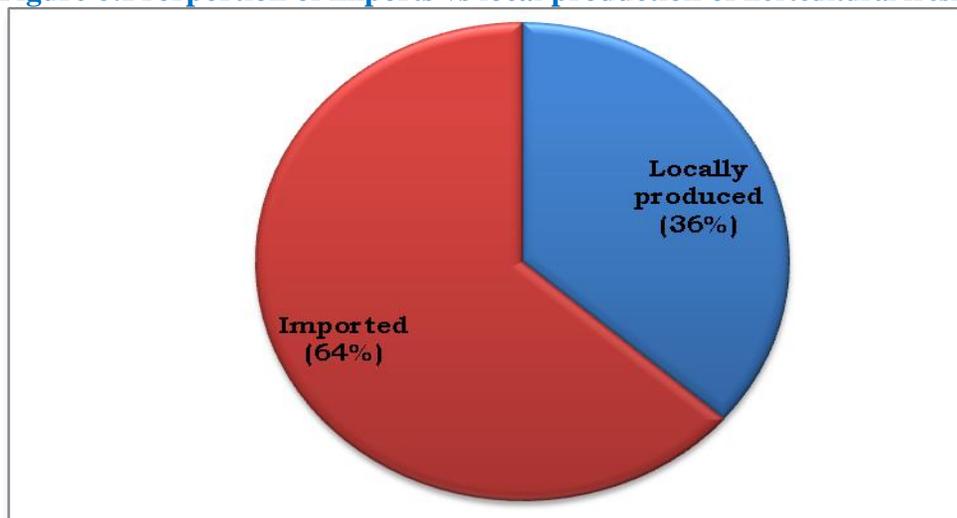
Source: Namibia Meteorological Centre, First Capital Research

## 8. Local production and import of horticultural fresh products in Namibia

Horticultural fresh products commonly feature up on almost everyday's consumption pattern of households on food. These include vegetables and fruits. Figure 6 below shows the proportions the quantity of vegetables and fruits locally produced against the proportion imported. During 2014/15, Namibia produced 36 percent of the

total demand for vegetables and fruits consumed in Namibia, while the remaining balance was imported from South Africa and other countries.

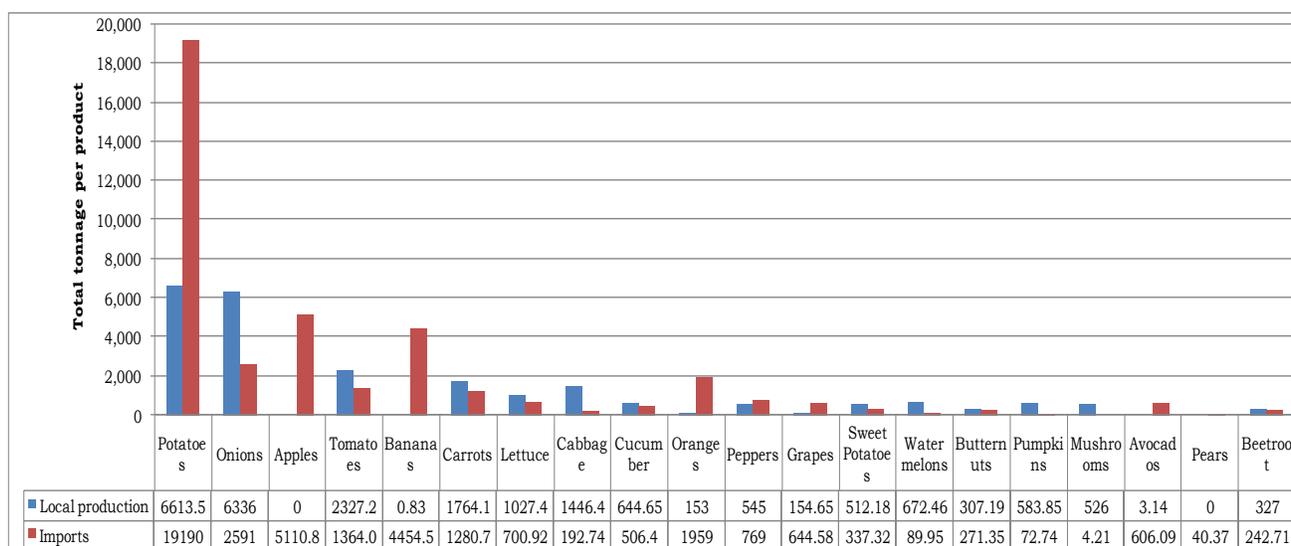
**Figure 6: Proportion of imports vs local production of horticultural fresh products**



*Source: NAB, MAWF, First Capital Research*

Figure 7 shows the distribution of quantity produced locally and imported from the top 20 fresh vegetables and fruits mostly consumed or demanded in Namibia. Top on the demand of Namibians among vegetables and fruits are potatoes followed by onions, apples and tomatoes. Bananas and carrots are 5<sup>th</sup> and 6<sup>th</sup> most demanded. Despite that potatoes are the most demanded, Namibia only produces a quarter of the total demand for potatoes in the country, while 75 percent of potatoes consumed are imported. Further, although apples are the most liked among fruits, Namibia does not produce apples. Very few bananas are also produced in Namibia while nearly all bananas consumed are imported. Similarly, Namibia imports 93 percent of the total demand for oranges.

**Figure 7: Imports vs Local production of Top 20 most consumed horticultural fresh products**



Source: NAB

## 10. Top 10 countries producing agriculture commodities by type

The United States remains the largest producer of maize followed by China and Brazil (See table 5 below). However, Brazil's improvement of scaling up the production of maize production paid by making it the third biggest producer in the world, a step up from the fourth position it was 15 years ago. As of 2016/16 no African country features in top 10.

**Table 5: Top 10 producers of Maize**

Top 10 Producers of maize			
2000/01		2015/16	
Country	Production (Million metric tons)	Country	Production (Million metric tons)
USA	251.9	USA	345.5
China	106	China	224.6
EU	51.8	Brazil	67
Brazil	41.5	EU	58.5
Argentina	15.4	Argentina	28
Mexico	17.9	Mexico	25.8
India	12	Ukraine	23.3
South Africa	8	India	21.8
Canada	7	Canada	13.6
Indonesia	5.9	Russia	13.2
Others	74.3	Others	137.8
<b>Global</b>	<b>591.7</b>	<b>Global</b>	<b>959.1</b>

Source: World Bank, First Capital Research

The European Union remains the major producer of wheat followed by China and India. Currently Ukraine is ranked the 7<sup>th</sup> biggest producer of wheat after improvement of making it in top 10 when 15 years ago it was not featuring on the top 10 producers of wheat in the world. Similarly, none of the African countries features in the top 10 producers of wheat currently (*See table 6 below*).

**Table 6: Top 10 producers of Wheat**

<b>Top 10 Producers of Wheat</b>			
<b>2000/01</b>		<b>2015/16</b>	
<b>Country</b>	<b>Production (Million metric tons)</b>	<b>Country</b>	<b>Production (Million metric tons)</b>
EU	132.7	EU	160
China	99.6	China	130.2
India	76.4	India	86.5
USA	60.6	Russia	61
Russia	34.5	USA	56.1
Canada	26.5	Canada	27.6
Australia	22.1	Ukraine	27.3
Pakistan	21.1	Pakistan	25.1
Turkey	18	Australia	24.5
Argentina	16.3	Turkey	19.5
Other	75.5	Other	117.2
<b>Global</b>	<b>583.3</b>	<b>Global</b>	<b>735</b>

*Source: World Bank, First Capital Research*

Global rice production is mainly dominated by Asian countries with the 9 biggest producers of rice being Asian countries amongst them China, India, Indonesia, Bangladesh, Vietnam e.t.c. Brazil is ranked 10<sup>th</sup> in terms of rice production making it the only non Asian country in top 10 producers of rice in the world(*See table 7 below*).

**Table 7: Top 10 producers of Rice**

<b>Top 10 Producers of Rice</b>			
<b>2000/01</b>		<b>2015/16</b>	
<b>Country</b>	<b>Production (Million metric tons)</b>	<b>Country</b>	<b>Production (Million metric tons)</b>
China	131.5	China	145.8
India	85	India	104.3
Indonesia	33	Indonesia	36.2
Bangladesh	25.1	Bangladesh	34.5
Vietnam	20.5	Vietnam	27.5
Thailand	17.1	Thailand	15.8
Myanmar	10.8	Myanmar	12.2
Japan	8.6	Philippines	11.4
Philippines	8.1	Japan	7.7
Brazil	6.9	Brazil	7.2
Other	52.6	Other	69.5
<b>Global</b>	<b>399.2</b>	<b>Global</b>	<b>472.1</b>

*Source: World Bank, First Capital Research*

Brazil was ranked the producer of coffee in the world followed by Vietnam and Colombia. Ethiopia and Uganda are the only two African countries featuring in the top 10 producers of coffee in the world. However, Cote d'Ivoire was ranked 5<sup>th</sup> biggest producer in the world 15 years ago and now it does not feature anywhere on the top 10 list of producers (See table 8 below).

**Table 8: Top 10 producers of Coffee**

Top 10 Producers of Coffee			
2000/01		2015/16	
Country	Production (Thousand 60kg bags)	Country	Production (Thousand 60kg bags)
Brazil	34,100	Brazil	49,400
Vietnam	15,333	Vietnam	29,300
Colombia	10,500	Colombia	13,600
Indonesia	6,495	Indonesia	11,750
Code d'Ivoire	5,100	Ethiopia	6,500
India	5,020	Honduras	5,700
Mexico	4,800	India	5,300
Guatemala	4,564	Uganda	4,500
Uganda	3,097	Peru	3,500
Peru	2,824	Guatemala	3,350
Other	25,384	Other	20,392
<b>Global</b>	<b>117,217</b>	<b>Global</b>	<b>153,292</b>

Source: World Bank, First Capital Research

Brazil is currently ranked the biggest producer of sugar followed by India. However, The European Union's production levels of sugar declined marginally from 22 million metric tonnes in 2000/01 to 14 million metric tonnes in 2015/16 bringing it two steps down to third position ranking in the world (See table 9 below).

**Table 9: Top 10 producers of Sugar**

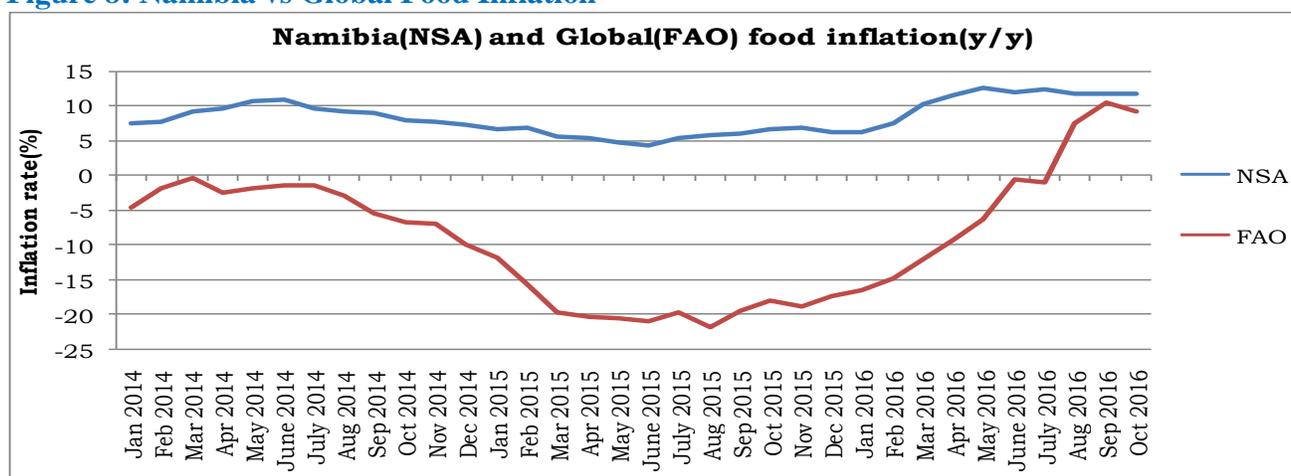
Top 10 Producers of Sugar			
2000/01		2015/16	
Country	Production (Million metric tons)	Country	Production (Million metric tons)
EU	22.1	Brazil	34.7
India	20.5	India	27.7
Brazil	14.1	EU	14
USA	8	Thailand	9.7
China	6.8	China	8.4
Mexico	5.2	USA	8.1
Thailand	5.1	Mexico	6.6
Australia	4.2	Russia	5.2
Turkey	2.8	Pakistan	5.1
Pakistan	2.6	Australia	5
Other	61.5	Other	40.4
<b>Global</b>	<b>152.9</b>	<b>Global</b>	<b>164.9</b>

Source: World Bank, First Capital Research

## 11. Namibia Inflation

Contrary to the global picture where prices of commodities including food had reduced significantly since 2015, Namibia has had a different picture, that of domestic prices increasing while global prices declined. According to our research, the benefit of low global food prices Namibia could have benefited from were outweighed by the effects of drought, the hikes in electricity prices as well as the sustained weak local currency. To qualify these effects, over the past three years, Namibia experienced one of the worst droughts in history that affected the supply of food despite high demand for food. While supply remained weak, accessing cheap international goods to make up for the shortfall in supply came at high cost to Namibians due to weak local currency. At the same time, electricity tariff hikes also weighed much on the food prices, as such prices continued to surge despite an opposite global picture.

**Figure 8: Namibia vs Global Food Inflation**



Source: NSA, FAO and First Capital Research

## 12. Namibia inflation vs other countries

In the region, Namibia's inflation mirrors that of South Africa, a case not surprising given that Namibia imports its inflation from South Africa through the more than 50 percent of goods that are imported into Namibia for consumption. However, though inflation differs across the region with Zambia having high levels and Botswana recording the lowest, the trend looks almost similar. Though figures differ marginally, times when inflation was highest in South Africa, both Botswana, Zambia and Namibia were at highest levels and vice versa. This however shows how South African prices affects its regional trading partners, hence the effects in South Africa, are worth for policy consideration in the SADC regional countries. While it remain common for prices to increase over a year period of time, in USA and UK food prices declined in October compared to prices in the same period last year implying that food is cheaper in the USA this year than it was last year.

**Table 10: Annual inflation for Namibia & other Selected Countries**

		August 2016		September 2016		October 2016	
		Overall inflation	Food & Non-alcoholic beverages inflation	Overall inflation	Food & Non-alcoholic beverages inflation	Overall inflation	Food & Non-alcoholic beverages inflation
<b>Region</b>	Namibia	6.8	11.5	6.9	12	7.3	11.7
	Botswana	2.6	2.9	2.8	3.1	2.7	3.3
	South Africa	5.9	11.3	6.1	11.3	6.4	11.7
	Zambia	18.9	24.1	12.5	23.4	8.8	15.6
<b>Emerging economies</b>	China	1.3	1.3	1.9	3.2	2.1	3.7
	India	5.1	5.9	4.4	4.0	4.2	3.3
	Russia	6.9	6.5	6.4	5.8	6.1	5.5
	Brazil	9.0	13.9	8.5	13.3	7.9	12.4
<b>Advanced economies</b>	UK	0.6	-2.2	1.0	-2.3	0.9	-2.4
	USA	1.1	0	1.5	-0.3	1.6	-0.4

Source: Various central banks and Government Departments of Statistics

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