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**Title:** Analysing the impact of supply shocks on staple food affordability in South Africa

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From February 2015-2016 the South African Consumer Price Index increased by 9.4% for food and by 12.7% for bread and cereals – implying a significant threat to staple food affordability. The negative impact of these rapid food price increases has been widely established in recent economic, political and nutritional literature – often approached ideologically or in a qualitative and retrospective manner. The main aim of the research reported in this paper was to develop and apply a methodology to analyse the impact of supply shocks, in this case the 2015/2016 drought, on staple food affordability in South Africa from both a historical perspective and future outlooks.

This paper proposes a multi-stage methodology departing from staple food commodity prices (for scenarios versus normal production conditions) generated through established econometric sector models, linked to retail price projections via transmission analysis. These retail prices are applied to a nutritionally recommended staple food basket (based on Department of Health guidelines) to allow for the quantitative analysis of the staple food expenditure implications of supply chain shocks for vulnerable households.

Results indicate an increase of about 18% in the shorter term (for the first quarter of 2016), while in the medium term (towards the end of 2016) the increase is projected at a slightly lower 15%. Staple food prices of these magnitudes pose a serious threat to the food security status of more vulnerable households, spending about 30% of total food expenditure on grain foods. The potential nutritional implications of these projected cost escalations are also explored.