***Abstract***

According to Engel’s Law, the proportion of income spent on food declines as income increases. As such, the food expenditure to income (FEI) ratio decreases with increases in income. The components of FEI ratio are directly linked to two of the four aspects of food security, namely food stability and food accessibility. As such, changes in these components will have an effect on food security. This study analyzes the impact of food prices, which directly affects the expenditure component of FEI ratio on household food security in South Africa in two rural areas - Jericho in the North-West Province and Swayimane in the KwaZulu-Natal Province, where households pay different prices for the same food products. The study is based on household level data collected from a sample of 300 households using a structured questionnaires.

Due to the close link between poverty and food security, this study uses the FEI ratio as a food security indicator. The indicator captures household food expenditure which is directly influenced by the prices paid for food. The Ordered Logit Regression model was used to evaluate the impact of food prices on household food security status. The results indicate that the percentage of “food insecure” households in the Jericho sample is more than twice of those in Swayimane. Also, households in a low price region are more likely to be “food secure” compared to those in the high-price region.

Therefore, there is need for creating employment opportunities in rural areas to improve households’ food security through increase income and purchasing power, thus helping to mitigate the effect food price increases. Household agricultural production should be encouraged and supported as a way of achieving households’ food security. Furthermore, factors that affect subsistence production such as water access should be improved in order to encourage food production. Government support for small-enterprises and farmers through subsidies and micro-credit would increase economic activity, create employment and improve welfare. More retail food outlets should also be established in rural areas to reduce high transport costs incurred to access the food markets.

**Keywords**: Rural household, food security, food prices, Engel law, South Africa