

NATIONAL AGRICULTURAL MARKETING COUNCIL

MEDIA RELEASE

Food price trends: January to December 2004

This is the first press release on food price trends following the government's acceptance of the Food Price Monitoring Committee's recommendation in 2004 to introduce a permanent food price monitoring mechanism. The responsibility of this task is shared between the National Agricultural Marketing Council and the Department of Agriculture. A process has been institutionalised whereby the government is now in a position to keep track of price trends and to initiate further detailed investigations when necessary.

Over all the increase in food prices has slowed down quite dramatically, with many products in fact decreasing in price for the period January 2004 to December 2004. The good performers were flour (-9.0%), cauliflower (-11.6%), cabbage (-18.7%), onions (-17.8%), tomatoes (-9.8%), canned pilchards (-15.6%), oranges (-9.4%), picnic ham (-9.7%), and cooking oil (-29.4%). There were however also several "not so good" performers, they are: bread (+9.2%), hubbard squash (+43.1%), pork chops (+12.7%), lamb chops (+15.9%), boerewors (+10.6%), and beef products, which increased on average by 19.5%. Having however taken 75 different products into account, food prices increased overall by 1% for the period January to December 2004.

Wheat Products	JAN 04	DEC 04	Percentage Change
Bread - White Sliced	4.25	4.64	9.2%
Bread - Brown Sliced	3.82	4.18	9.4%
Flour 2.5KG	12.53	11.40	-9.0%
Spaghetti Plain 500g	4.65	4.55	-2.1%
Macaroni Plain 500g	4.62	4.55	-1.6%
Average percentage change			1.2%

Maize Meal	JAN 04	DEC 04	Percentage Change
Maize Super 5KG	15.02	14.15	-5.8%
Maize Special 5KG	11.17	10.60	-5.1%
Average percentage change			-5.4%

Sunflower Oil and Products	JAN 04	DEC 04	Percentage Change
Cooking Oil 750ml	6.64	4.69	-29.4%
Medium Fat Spread 1kg Tub	12.20	11.64	-4.6%
Margarine 500g Brick	7.26	6.91	-4.8%
Average percentage change			-12.9%

Vegetable Products	JAN 04	DEC 04	Percentage Change
Baked Beans in Tomato Sauce 420g	4.13	3.93	-5.0%
Butter Beans in Brine 410g	5.75	5.93	3.1%
Chopped Peeled Tomato 410g	5.82	6.25	7.4%
Tomato & Onion Mix 410g	6.10	6.09	-0.3%
Canned Peas 410g	4.26	4.57	7.3%
Frozen Green Peas 1kg	17.17	18.02	4.9%
Frozen Baby Carrots 1kg	19.81	19.79	-0.1%
Frozen Super Juicy Corn 1kg	18.03	18.70	3.7%
Frozen Sliced Beans 1kg	18.29	19.54	6.9%
Cauliflower - Each (Head)	6.68	5.91	-11.6%
Carrots 1kg Pack	5.93	6.27	5.8%
Onions 1kg Pack	5.95	4.89	-17.8%
Cabbage - Each (Head)	4.37	3.55	-18.7%
Potatoes BS - 7kg	16.84	16.72	-0.7%
Tomatoes per kg	9.75	8.80	-9.8%
Sweet Potatoes 1kg	6.65	6.90	3.8%
Butternut Pocket - Each	15.00	15.96	6.3%
White Pumpkin - Each	27.18	25.83	-4.9%
Hubbard Squash - Each	7.33	10.49	43.1%
Broccoli LS - Each (Head)	5.08	5.42	6.7%
Crisp Lettuce LS - Each (Head)	6.06	6.17	1.8%
Crisp Lettuce Pre-Packed 150g	5.44	5.83	7.3%
Average percentage change			1.8%

Red Meat and Meat Products	JAN 04	DEC 04	Percentage Change
Meatballs in Gravy 400g	7.86	7.98	1.5%
Picnic Ham 300g	15.20	13.74	-9.7%
French Polony 1kg	16.85	15.98	-5.1%
Pork Sausages 500g	15.61	15.04	-3.6%
Rindless Back Bacon 250g	13.00	13.63	4.8%
Streaky Bacon 250g	12.97	12.60	-2.8%
Pork Chops per kg	33.36	37.61	12.7%
Lamb Chops per kg	37.98	44.02	15.9%
Boerewors per kg	26.69	29.52	10.6%
Brisket per kg	22.86	25.92	13.4%
Beef Mince per kg	22.64	26.88	18.7%
Beef Stewing per kg	23.69	29.94	26.4%
Average percentage change			6.9%

Dairy Products	JAN 04	DEC 04	Percentage Change
Butter 500g	16.38	16.01	-2.2%
Cheese - Cheddar	37.24	35.47	-4.8%
Total Plain Yoghurt 1L	15.20	14.90	-2.0%
Fresh Milk Low Fat 1L Sachet	5.21	5.34	2.4%
Fresh Milk Full Cream 1L Sachet	5.17	5.38	4.1%
Skimmed Powder Milk 1kg	45.42	47.17	3.8%
LongLife Milk Full Cream 1L	6.57	6.52	-0.8%
Average percentage change			0.1%

Fruit and Fruit Products	JAN 04	DEC 04	Percentage Change
Sliced Peaches 410g	5.78	5.46	-5.5%
Pears Halves 410g	6.62	6.78	2.4%
Granny Smith Apples 1.5kg	8.87	8.53	-3.8%
Bananas 1kg	5.01	4.91	-2.1%
Oranges Bag 2.5kg	9.28	8.40	-9.4%
Strawberry Jam 450g	9.86	10.23	3.8%
Apricot Jam Superfine 450g	7.46	7.72	3.5%
Average percentage change			-1.6%

Fish Products	JAN 04	DEC 04	Percentage Change
Pilchards in Tomato 425g	7.15	6.04	-15.6%
Tuna Shredded in Brine 170g	6.80	6.80	0.0%
Average percentage change			-7.8%

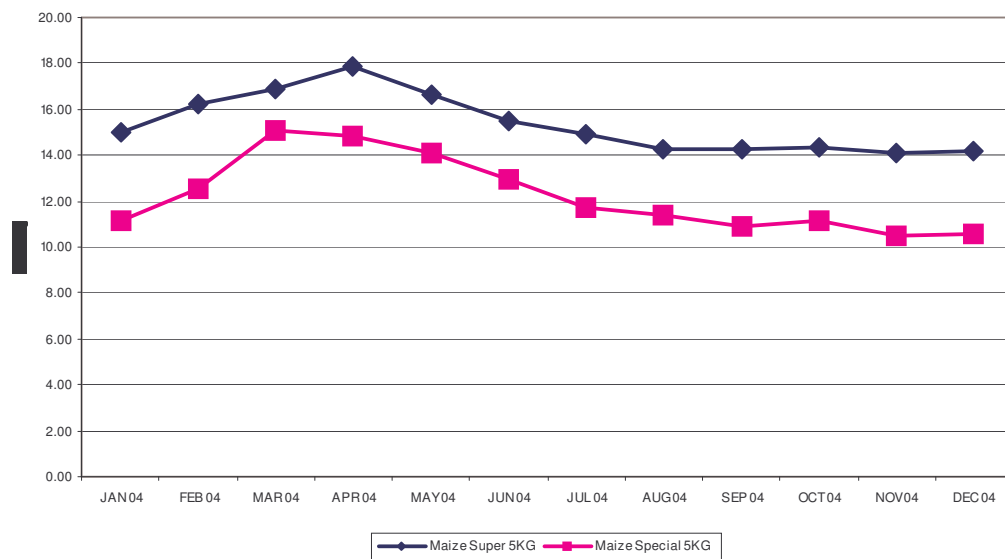
Poultry Products	JAN 04	DEC 04	Percentage Change
Chicken - Whole Frozen	17.49	16.92	-3.3%
Chicken - Whole Fresh	16.54	17.61	6.5%
Eggs 30's	24.44	25.49	4.3%
Average percentage change			2.5%

Other Products	JAN 04	DEC 04	Percentage Change
King Korn 1KG	6.91	6.69	-3.1%
Jungle Oats 1kg	12.42	12.85	3.5%
Cornflakes 750g	19.58	18.96	-3.1%
Rice Crispies 400g	15.64	15.88	1.5%
Sugar 2.5KG	11.80	12.16	3.1%
Rice 2KG	10.96	10.88	-0.7%
Ricoffy Reg 750g	26.51	25.82	-2.6%
Glen Tea 100's	10.39	10.08	-3.0%
Coca Cola Regular 2L NRB	8.54	9.11	6.7%
Peanut Butter Smooth 410g	8.73	9.47	8.5%
Soya Mince Tomato & Onion	5.77	6.09	5.6%
Average percentage change			1.5%

Detail discussions

Maize Meal

After increasing in February and March, maize meal prices have steadily decreased and in December were over 5% lower than in January. This decline in the price of



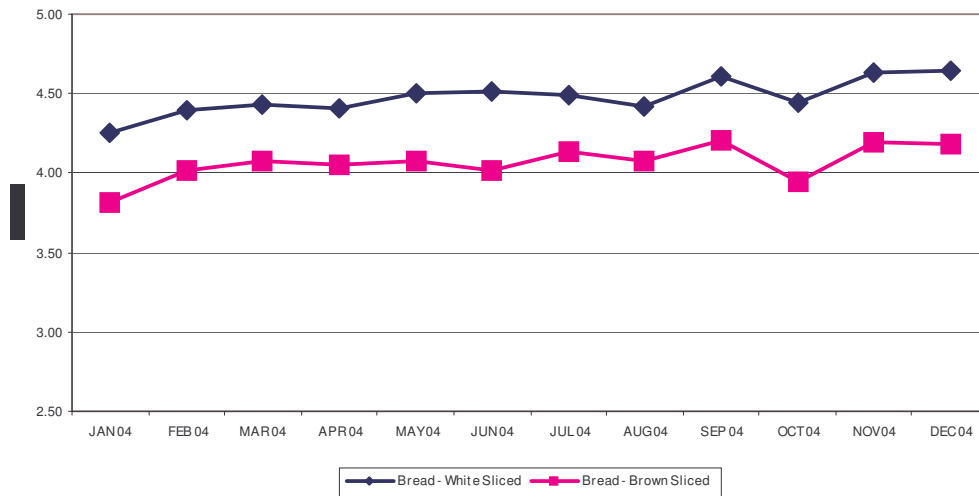
maize meal is expected to continue into 2005 as maize commodity prices have also been declining.

Bread

Bread prices have continued to increase. From January to December 2004 bread prices increased by over 9% despite the fact that wheat prices have been declining. This could be the result of increasing baking costs but separate analysis shows that the margin between the cost of production and the retail price of white bread, after VAT has been removed, has increased from 92 cents per loaf to 168 cents per loaf in three years. Similarly for brown bread the difference between cost of production and retail price has gone from 116 cents to 163 cents per loaf in the same three-year period. This is more than normal inflationary trends and warrants further investigation. It was further estimated that the bakers and retailers' margin on white bread has increased over the past three years.

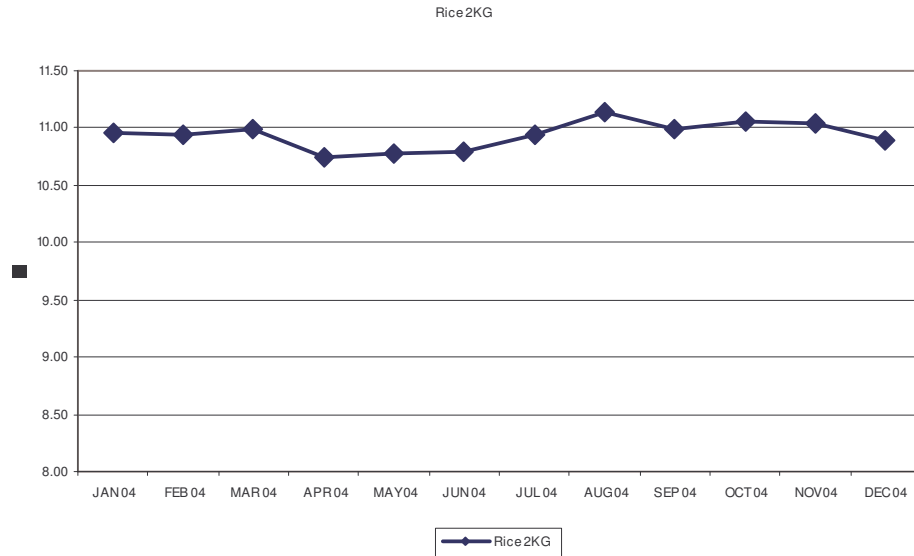
Cake and bread flour prices have however decreased by 9%, following the wheat price trend.

Bread Prices



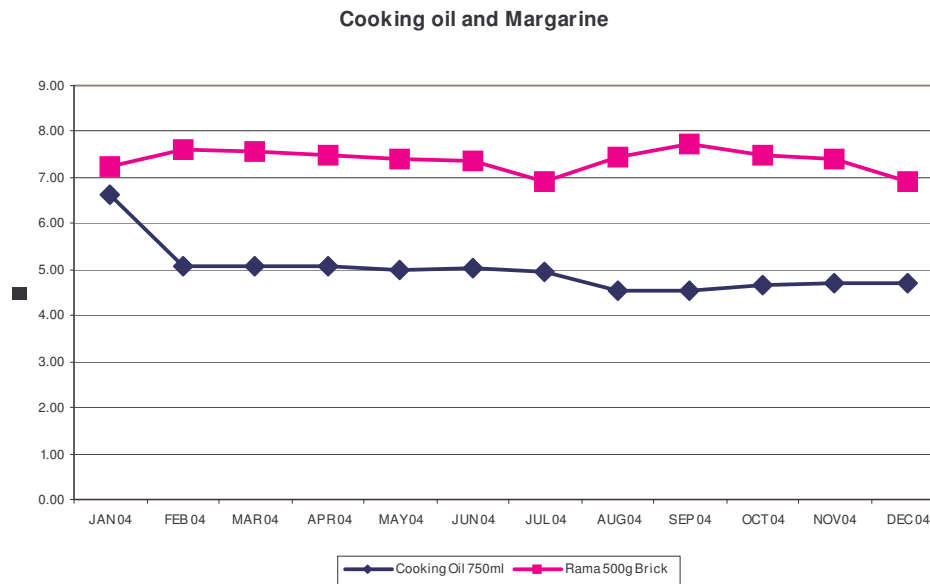
Rice

Rice is a largely imported product, thus with the relative stability of the exchange rate, the retail price of rice has also remained relatively stable, decreasing by 0.7% over the year



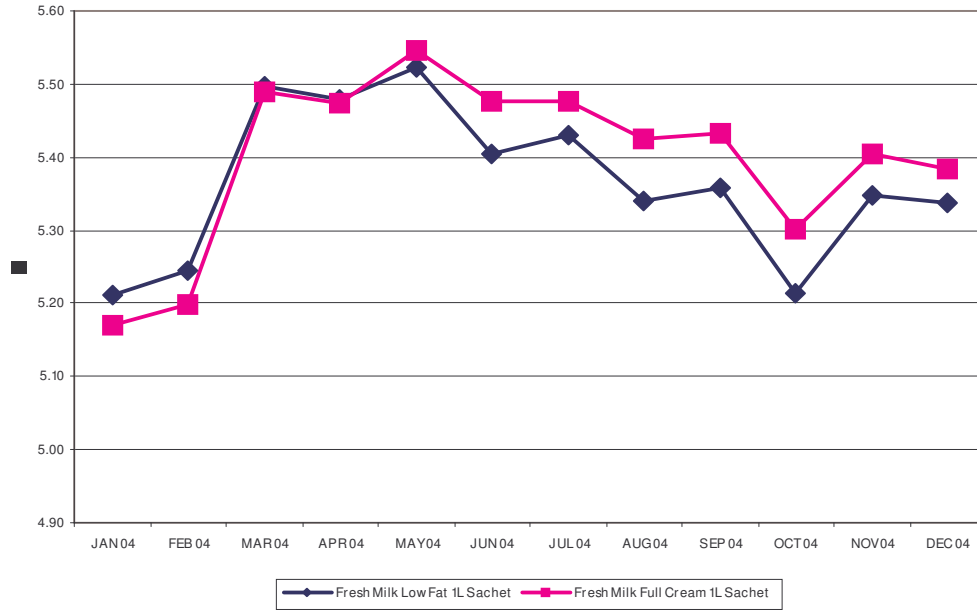
Cooking oil and margarine

Cooking oil saw a significant decrease in prices during 2004 while margarine prices remained relatively unchanged.



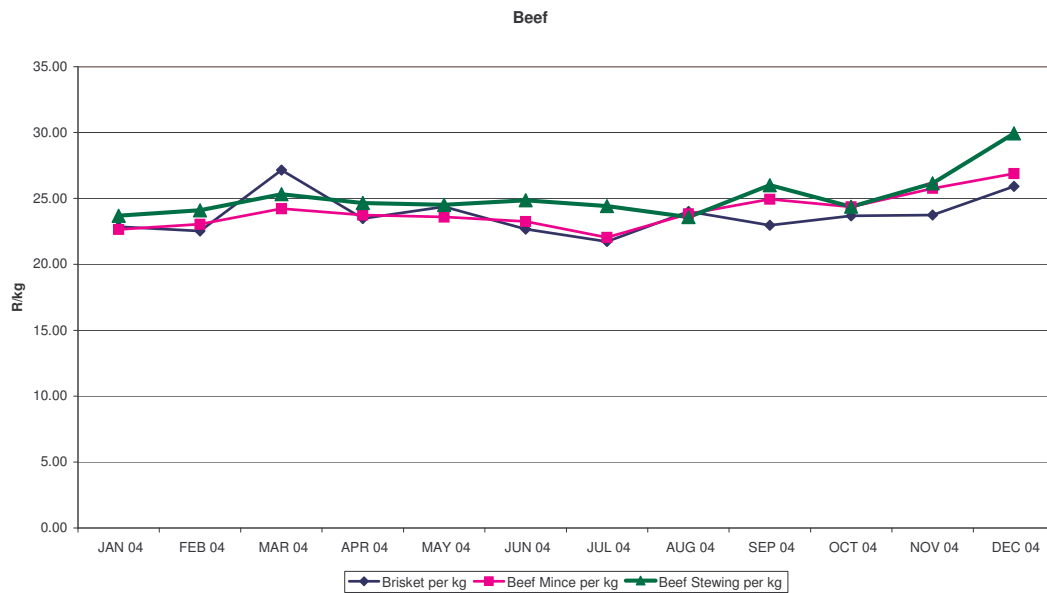
Dairy

Although the price of processed dairy products such as yoghurt, cheese, and butter decreased in 2004, milk, fresh or powdered continued to increase, as did almost all other animal products. The retail price of fresh milk showed some improvement between May and October 2004 but the average price in December 2004 was still higher than January 2004 but at least below the peak of May 2004.



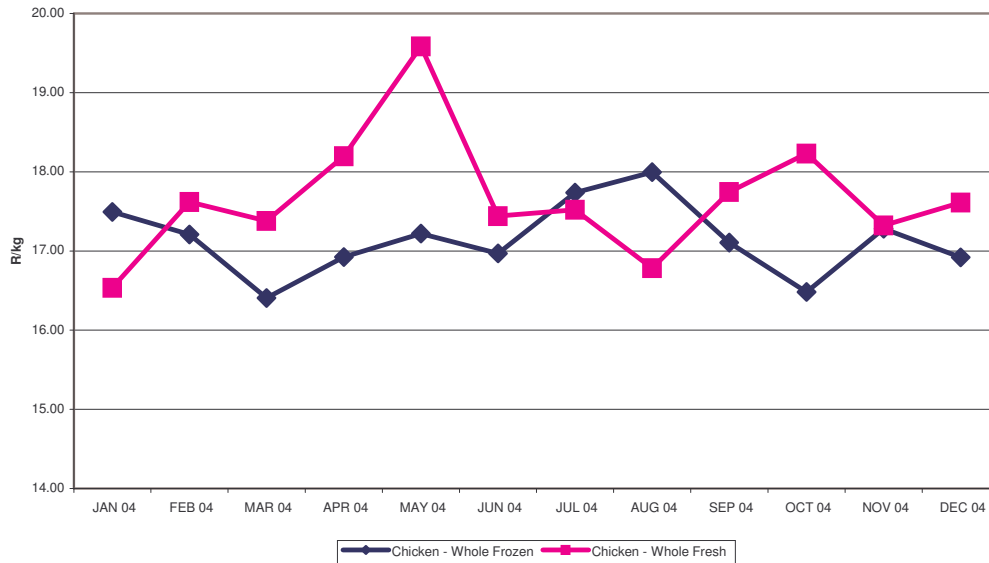
Beef

As stated previously, all animal products have increased in price for the period January to December 2004. Beef prices increased on average by 19%. Brisket beef increased by 13.4% while beef mince and stewing beef increased by 18.7% and 26.4% respectively. Beef prices however remained relatively stable until December after which increased seasonal demand pushed prices higher. This increased demand usually falls away by January after which prices tend to return to their previous levels.



Chicken

Chicken prices remained fairly stable around R17.30/kg. Overall however the price of fresh chicken increased by 6.5% while the price of frozen chicken decreased by 3.3%. Interesting to note is that in some periods the price of frozen chicken was higher than the price of fresh chicken.



Note: price trends were estimated from electronic sales data recorded by AC Nielsen from 1 500 stores of the major retail chains across South Africa. In most cases weighted average prices (weighted according to sales across different brands) are reported.

Compiled for the National Agricultural Marketing Council by

Prof Johann Kirsten (part-time member of the NAMC) and Ms Michela Cutts

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Enquiries: Mr Lazarus Lepako: 012-341 1115