

MEDIA RELEASE

Food price trends: July 2007 to July 2008

Contents:

- Urban food price trends
- Rural food price trends
- Urban-rural price comparisons
- Discussion on selected topics:
 - Global commodity price trends
 - The sunflower industry
- Outlook
- Appendix – data tables

EXECUTIVE SUMMARY

Rising food prices continue to threaten household food security of the poor in South Africa. The year-on-year (i.e. July 2007 to July 2008) increase in the Consumer Price Index for Food (CPI-Food) was 17.8 %. This is the highest rate of food inflation experienced in the country since January 2003. Overall CPI reflects a year-on-year increase of 13.4 %. Food inflation therefore remains one of the major drivers of overall inflation in South Africa, but its contribution in July to overall inflation was lower than in June.

The significant price increases for the maize products reported over the last year slowed down significantly and even declined in some instances, e.g. special maize meal declined by 2.98%, year-on-year. This means relief for poor consumers residing in urban areas relying mainly on staple foods such as maize meal. In rural areas maize meal product prices increased on average by 14.47 %. Given that maize meal is considered a staple food for the poor, and the fact that most of the poor in South Africa live in rural areas this trend should be of concern and need to be investigated further. The rate of increase for most wheat products appears to be accelerating. For instance, the increases in brown and white bread prices were 38.31 % and 39.59 %, respectively, year-on-year. The reasons are that wheat product prices lag wheat prices and hence higher wheat prices earlier this year are only reflected now. Electricity supply problems and higher distribution costs also contributed to this situation. The price of sunflower cooking oil increased, on average, by 99.15 %, dairy product prices increased, on average, by 17.90 %, fresh meat prices increased, on average, by 14.67 %, processed meat prices increased by 13.15%, while the prices of the main vegetables showed a year-on-year average price increase of 16.42 %. On average, consumers in rural areas paid R1.04 more than consumers in urban areas for selected products monitored by the NAMC.

International commodity prices appear to have turned over the last few months. Notable drops in prices of maize, wheat and rice were seen over recent months; the same applies to dairy products. These trends should bring some relief for the poorest of the poor. Meat prices, however, increased somewhat.

Changes in the sunflower seed price are transmitted almost fully to the retail price of sunflower oil in South Africa, although there is a lagged effect. In addition, international prices of sunflower oil also directly affect local prices due to South Africa being a net importer. Declining imports of sun/safflower crude oil, the declining trend in international sunflower seed prices and the increase in domestic production of sunflowers could bring some relief in terms of sunflower oil prices in the domestic market.

Pressure on international agricultural commodity prices is expected to continue in the short run. The publication of the first intensions to plant and early rainfall are the two critical drivers that will determine the price movements on the grain and oilseed markets. Both meat and vegetable prices are expected to remain under pressure. The vulnerability of the US economy and a potential resurgence in the Chinese economy from problems related to high inflation remains key uncertainties for the outlook period. Other key uncertainties are early rainfall conditions and the relative shift of input prices versus output prices that will largely drive the intensions to plant.

1. Foreword

Rising food prices continue to threaten household food security of the poor in South Africa. The year-on-year (i.e. July 2007 to July 2008) increase in the Consumer Price Index for Food (CPI-Food), as reported by Stats SA, was 17.8 %. This is the highest rate of food inflation experienced in the country since January 2003, and 0.2 % higher than the corresponding annual rate of 17.6 % in June 2008. Taking a wider perspective, the overall CPI, as reported by Stats SA, reflects a year-on-year increase of 13.4 %, which is 7.4 % higher than the 6 % upper limit for inflation set by the South African Reserve Bank (SARB). The CPIX increased by 13.0 %. According to Stats SA, the

main contributors to the annual increase of 13.4 % in the CPI were food (+4.3 %), transport (+3.5 %), housing (+2.3 %), fuel and power (+0.8 %), household operation (+0.6 %), medical care and health expenses (+0.6 %) and education (+0.4 %). Food inflation therefore remains one of the major drivers of overall inflation in South Africa, but its contribution in July to overall inflation was lower than in June.

The purpose of this Media Release is to provide further details and analysis of food price levels and trends in order to promote better understanding of the main factors underlying food price increases.

2. Urban food price trends: July 2007 to July 2008

This section reports the price trends for 69 different food items that are sold in urban areas across South Africa (detailed data, as well as the sources of data, on the selected food items are presented in Appendix A). The data used pertaining to the food items in this report was sourced from both AC Nielsen and Stats SA. The food products whose prices increased by more than the target inflation rate of 6%, set by the South African Reserve Bank (SARB), between July 2007 and July 2008 are shown in Table 1.

Table 1: Prices, in the urban areas, that experienced inflation higher than the SARB inflation target (July 2007 – July 2008)

Grain & grain products		Meat & meat products and dairy & dairy products		Fresh and processed fruits and vegetables	
	%		%		%
White bread 700g	39.59%	Butter 500g	17.94%	Carrots 1kg	23.08%
Brown bread 700g	38.31%	Fresh Milk Full Cream 1L Sachet	14.46%	Onions 1kg	6.38%
Cake flour 2.5kg	61.33%	Fresh Milk Full Cream 2Lt	19.19%	Tomatoes 1kg	14.83%
Spaghetti 500g	52.96%	Fresh Milk Low Fat 1L	22.45%	Sweet potatoes 1kg	34.23%
Macaroni plain 500g	34.59%	Fresh Milk Low Fat 2Lt	18.42%	Cabbage 1kg	38.08%
Cooking oil 750ml	99.15%	Skimmed Powder Milk 1kg	22.27%	Pumpkin kg	19.29%
Medium fat spread 1kg	66.28%	Cheese 1kg	24.70%	Cauliflower 1kg	13.86%
Margarine 500g	50.80%	Eggs 18's extra large	20.62%	Peaches 410g	19.57%
Frozen corn 1kg	17.85%	Meatballs in Gravy 400g	15.30%	Pears 410g	24.94%
King Korn 1kg	14.99%	Picnic Ham 300g	12.03%	Apples 1kg	10.50%
Oats 1kg	22.03%	Polony 1kg	16.31%	Oranges 1kg	28.86%
Cornflakes 750g	8.16%	Pork sausage 500g	8.94%	Banana 1kg	22.79%
Puffed rice 400g	9.88%	Bacon 250 gram	14.21%	Beans in tomato sauce 420g	10.92%
Rice 2kg	60.43%	Pork Chops 1kg	15.02%	Butter beans in brine 410g	31.84%
Ricoffy Reg 750g	35.24%	Lamb Chops 1kg	19.86%	Chopped peeled tomato 410g	22.23%
Soya mince tomato & onion 200g	20.16%	Brisket 1kg	15.36%	Tomato & onion mix 410g	10.31%
		Beef chuck 1kg	11.25%	Canned peas 410g	15.06%
		Rump steak 1kg	13.70%	Frozen green peas 1kg	21.59%
		Chicken - Whole Fresh 1kg	11.10%	Frozen baby carrots 1kg	15.94%
		Chicken portions 1kg	16.85%	Frozen sliced beans 1kg	15.57%
		Pilchards in Tomato 425g	19.25%	Sugar 2.5kg	10.07%
		Tuna Shredded in Brine 170g	31.09%	Peanut Butter Smooth 410g	20.54%
				Strawberry Jam 900g	22.46%
				Smooth Apricot Jam 450g	11.99%

Products whose prices increased at a rate lower than 6 % over the period under consideration include: maize meal super 5kg (2.10 %), lettuce 1kg (0.02 %), long Life milk full cream 1L (3.78 %), tagless teabags 62.5g (4.92 %) and coca cola regular 2L (5.09 %). The prices of maize meal special 5kg and potato 10kg declined by 2.98 % and 2.01 %, respectively.

Appendix A reports the average nominal price in July 2007, March 2008 and July 2008, the percentage change from March 2008 to July 2008, as well as the year-on-year percentage change between July 2007 and July 2008. Percentage changes of the main commodity prices are also reported to give readers a sense of the increase in procurement costs many food processors are experiencing.

It is important to note the following trends:

- The significant price increases for the maize products reported over the last year slowed down significantly and even declined in some instances, e.g. special maize meal declined by 2.98%, year-on-year. This means relief for poor consumers residing in urban areas relying mainly on staple foods such as maize meal. This can largely be attributed to the more or less sideways movement in domestic white maize prices due to a significantly higher crop compared to 2007. It should be noted that maize product prices follow maize prices closely.
- The rate of increase for most wheat products appears to be accelerating. For instance, the increases in brown and white bread prices were 38.31 % and 39.59 %, respectively, year-on-year, which was higher than the previous year-on-year increase reported in the May 2008 Food Price Monitor press release. This could be due to the fact that increases in wheat product prices were slack comparatively to the increases in the wheat prices (this does not mean that price increases of wheat products were low, but rather that they did not increase at a similar rate as the wheat price over the last year), and hence one can postulate that processors, to some extent, shielded consumers from steep increase in wheat prices, but are in the process of transferring these increases to the consumer. Other factors that one can postulate to have contributed to the year-on-year increases in wheat product prices are problems experienced earlier this year in electricity supply and higher fuel costs that significantly impacted on the cost of distribution.
- Sunflower product prices increased, on average, by 48.81 %. The price of sunflower cooking oil increased by 99.15 %, which was lower than the increase reported in the May 2008 Food Price Monitor press release, but remains exceptionally high (these exceptionally high increases are unpacked in a special section on sunflowers – see Section 6 of this report).
- Dairy product prices increased, on average, by 17.90 %, but internationally, prices have started to move downwards (see section on global commodity price trends). This is expected to spill over into the South African market.
- Fresh meat prices increased, on average, by 14.67 % while processed meat prices increased by 13.15%. These increases are higher than the corresponding rates reported in May 2008 Food Price Monitor press release.
- On average, the prices of the main vegetables showed a year-on-year increase of 16.42 %.

3. Rural food price trends: July 2007 to July 2008

The rural food price monitoring activity is executed throughout the country in over 180 stores and shops in rural areas. In this section, food price trends for 39 food items are summarized; some of which are reported in two or more units, e.g. the price change for a loaf of white bread is reported in two sizes, namely 600g and 700g. The food products whose prices increased by more than the target inflation rate of 6 %, between July 2007 and July 2008, are shown in Table 2.

Table 2: Products in rural areas that experienced higher than the inflation target increases in prices (July 07 to July 08)

Grain and grain products	%	Other products	%
Loaf of brown bread 600g	39.73%	Full cream long life milk 2L	30.13%
Loaf of brown bread 700g	37.76%	Full cream long life milk 500ml	40.35%
Loaf of white bread 600g	40.85%	Tagless tea bags 62.5g	9.65%
Loaf of white bread 700g	38.13%	Instant coffee 100g	14.84%
Maize meal 12.5kg	14.23%	Instant coffee 250g	22.35%
Maize meal 1kg	23.85%	Pilchards in tomato sauce 155g	51.53%
Maize meal 2.5kg	12.92%	Pilchards in tomato sauce 425g	35.24%
Maize meal 5kg	6.86%	Beans 1kg	17.57%
Samp 1kg	32.56%	Beans 500g	29.38%
Samp 2.5kg	17.60%	Butter beans 410g	20.53%
Margarine 125g	133.38%	Butter beans 420g	9.54%
Margarine 250g	27.35%	White sugar 1kg	15.48%
Margarine 500g	39.67%	White sugar 2.5kg	8.13%
Sunflower oil 2L	98.09%	White sugar 500g	29.62%
Sunflower oil 500ml	72.49%	Peanut butter 270g	21.42%
Sunflower oil 750ml	84.69%	Peanut butter 400g	14.03%
Rice 1kg	52.76%	Peanut butter 410g	19.69%
Rice 2kg	49.15%		
Rice 500g	53.85%		
Sorghum-meal 1kg	25.16%		
Sorghum-meal 500g	29.62%		

With the exception of tagless tea bags 250g, which experienced a 1.35 % price increase, all food products experienced inflation of more than 6% between July 2007 and July 2008. Appendix B reports the average nominal prices in July 2007, March 2008 and July 2008 as well as the percentage change between March 2008 to July 2008 and July 2007 to July 2008.

The trends described in Table 2 are concerning if one considers the discussion on urban food prices. For example, maize meal product prices in urban areas increased moderately and even declined in some instances, but in rural areas maize meal product prices increased on average by 14.47 %. Given that maize meal is considered a staple food for the poor, and the fact that most of the poor in South Africa live in rural areas this trend should be of concern and need to be investigated further. The next section provides a comparison between selected urban and rural food prices.

4. Comparison between urban and rural food prices (selected items)

Table 3 shows a comparison between urban and rural food prices for selected food items. With the exception of brown and white bread, all the food items shown in Table 3 were cheaper in urban areas than in rural areas in July 2007. In July 2008, white bread,

brown bread, margarine and sunflower cooking oil were cheaper in the rural areas than in the urban areas. In July 2007 people living in rural areas had to pay, on average, R3.68 more for a 5kg bag of maize meal than people in the urban areas. This increased further to R4.02 in July 2008. On average, consumers in rural areas paid R1.04 more than consumers in urban areas for the products shown in Table 3 in July 2008. This is R0.01 lower than the corresponding average price difference in July 2007. The possible reasons for these differences were highlighted in the previous Food Price Monitor (July 2007 available at http://www.namc.co.za/pages/pub_published.htm).

Table 3: Comparisons between urban and rural food prices (selected food items)

Product	Rural food prices (R)			Urban food prices (R)			Price difference (Jul-07)	Price difference (Jul-08)
	Jul-07	Mar-08	Jul-08	Jul-07	Mar-08	Jul-08	R/unit	R/unit
Loaf of brown bread 700g	4.82	5.80	6.64	4.96	5.75	6.86	-0.14	-0.22
Loaf of white bread 700g	5.39	6.53	7.45	5.43	6.42	7.58	-0.04	-0.13
Maize meal 5kg	24.36	24.98	26.03	20.68	21.74	22.01	3.68	4.02
Margarine 500g	8.56	9.26	11.95	8.15	10.21	12.29	0.41	-0.34
Peanut butter 410g	11.91	13.01	14.26	11.10	12.33	13.38	0.81	0.88
Pilchards in tomato sauce 425g	9.64	10.53	13.04	8.31	8.77	9.91	1.33	3.13
Rice 2kg	14.41	15.89	21.49	13.09	13.89	21.00	1.32	0.49
Sunflower oil 750ml	8.82	13.37	16.29	8.21	14.19	16.35	0.61	-0.06
Tagless tea bags 62.5g	5.35	5.55	5.86	5.08	5.21	5.33	0.27	0.53
White sugar 2.5kg	16.51	17.82	17.85	14.30	14.44	15.74	2.21	2.11
Average price difference							1.05	1.04

5. Global commodity price trends

The world stands on the crest of a wave of food inflation. This applies to most food commodities in the international markets. However, the "silent Tsunami" of hunger continues to challenge the efforts of war against food insecurity, particularly in developing regions like Southern Africa. For example, in South Africa the lowest three income deciles spend more than 30 % of their income on food and non-alcoholic beverages, thus small increases in food prices will have a profound impact on how such households maintain household food security.

The figures below summarise monthly nominal price movements in international markets for cereal grain, dairy and meat. Figure 1 shows that international commodity prices for maize, wheat and rice appears to have reached a turning point. Between July 2007 and July 2008 the international prices of maize, wheat and rice increased, on average, by 82 %, 36 % and 148 %, respectively.

International maize prices increased from US\$ 162.5/ton in May 2007 to US\$ 299.5/ton in June 2008, but dropped by US\$ 25.25/ton or 8.43 % from June 2008 to July 2008.

Since mid-2007 the wheat price has increased aggressively, from US\$ 202.50/ton in May 2007 to US\$ 453.75/ton in March 2008, but from March 2008 to July 2008 international wheat prices dropped by US\$ 107.5/ton (23.69 %).

The rice price increased modestly in 2007. It started to increase noticeably from US\$ 463/ton in February 2008 to US\$ 962.6/ton in May 2008. From May 2008 to July 2008 the international rice price declined to US\$ 834.75/ton (13.26 %). It is argued that the high increase in prices were due to rice export bans by several countries that resulted in a decline in supply on the international market.

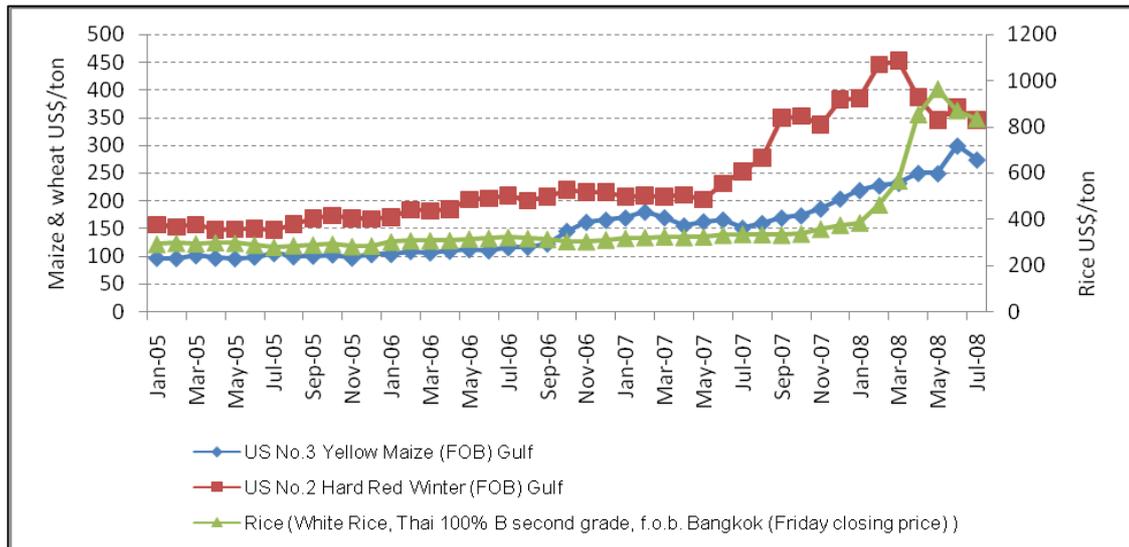


Figure 1: Nominal world cereal prices: January 2005 – July 2008

Source: Food and Agriculture Organisation (FAO) and SAGIS

Figure 2 shows the international price trends in skim milk powder and whole milk powder. International prices of dairy products have declined noticeably since the beginning of 2008. The price of skim milk powder has declined, on average, by 18 % between January 2008 and June 2008, while that of whole milk powder declined moderately. Between June 2007 and June 2008 the prices of the two products declined, on average, by 27.60 % and 0.29 %, respectively.

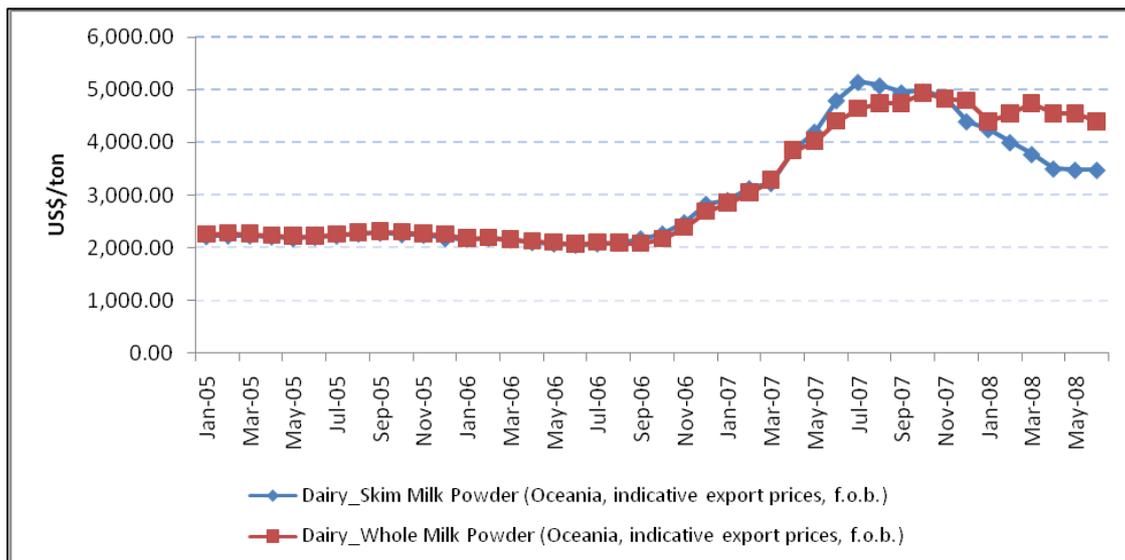


Figure 2: Nominal world dairy prices: January 2005 – June 2008

Source: UN-Food and Agricultural Organisation

The opposite situation prevails in terms of meat products. Since March 2007 beef prices have shown a downward movement that ended in January 2008. This was followed by an upward movement until May 2008. Between January 2008 and May 2008 beef prices increased by 15 %. The poultry price has been increasing steadily since Mid-2006 and has increased, on average, by 10 % between January 2008 and May 2008.

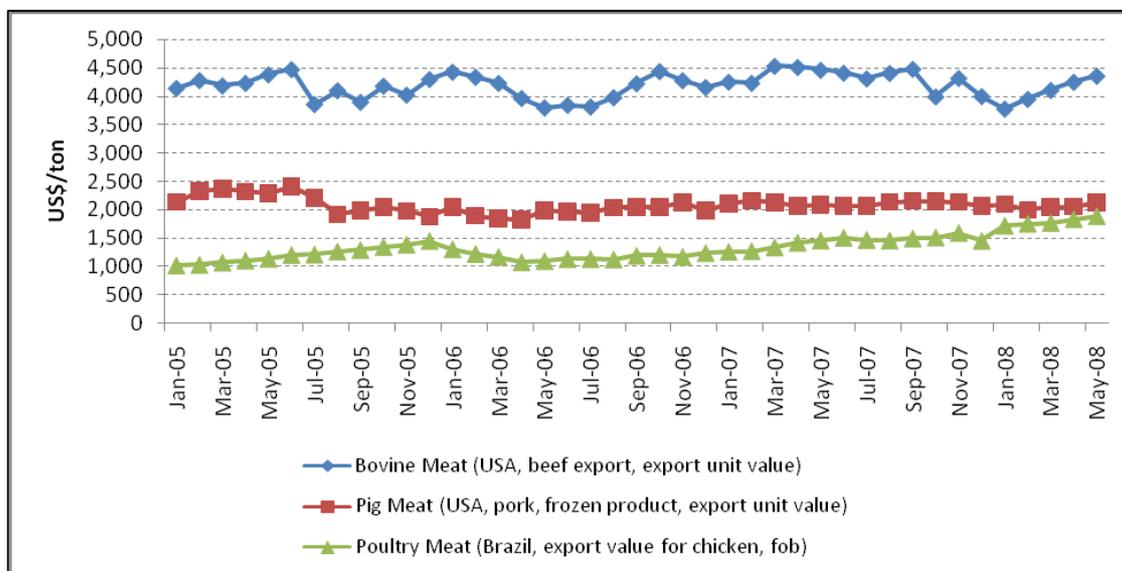


Figure 3: Nominal world meat price trends: January 2005 – May 2008

Source: UN-Food and Agricultural Organisation

6. The sunflower oil industry

6.1 International perspective

Like most food related products, sunflower seeds and sunflower oil experienced drastic price increases between 2006/2007 and 2007/2008. Figure 4 indicates that the international prices of the two items changed steadily in 2006 and the first quarter of 2007. However, from mid-2007 these prices began to increase markedly until mid-2008, after which they peaked and then dropped marginally. International sunflower seed and sunflower oil prices increased from US\$ 462/ton and US\$ 999/ton in July 2007, to US\$ 763/ton and US\$ 1 692/ton in July 2008. This reflects a 65 % and 69 % increase, respectively. In addition to sunflower oil, other edible oils & fats also experience high price increases. Based on the FAO food price index, the world oil & fats price index increased by 7.34 %, between 2005 and 2006. This was followed by a 48.72 % increase between 2006 and 2007. This index increased by 84 %, year on year, ending April 2008.

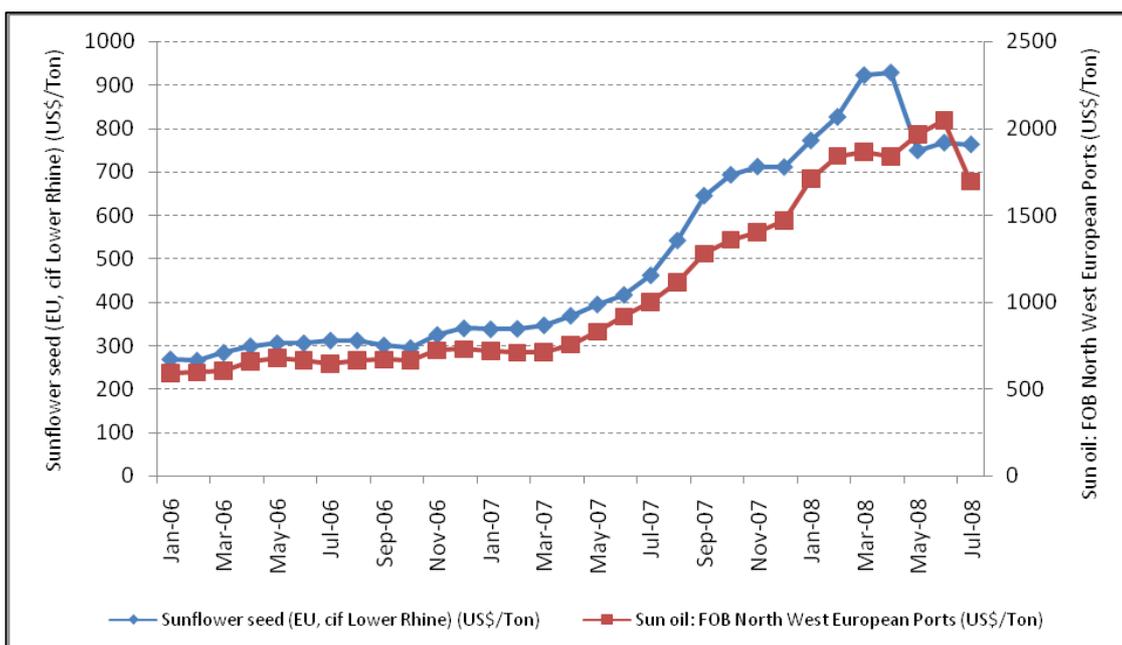


Figure 4: The international market price of sunflower and sunflower oil

Source: Oil World

An important driver of international grain prices is the level of international stock level. The situation is no different for sunflowers. Figure 5 indicates that sunflower oil stocks increased continuously, from 460 000 metric tons to 810 000 metric tons, between 2001/2002 and 2005/2006. Since then stocks have decreased to the lowest level in 13 years, i.e. 360 000 metric tons in 2007/2008. Between 2006/2007 and 2007/2008 sunflower oil stocks declined by 31 %.

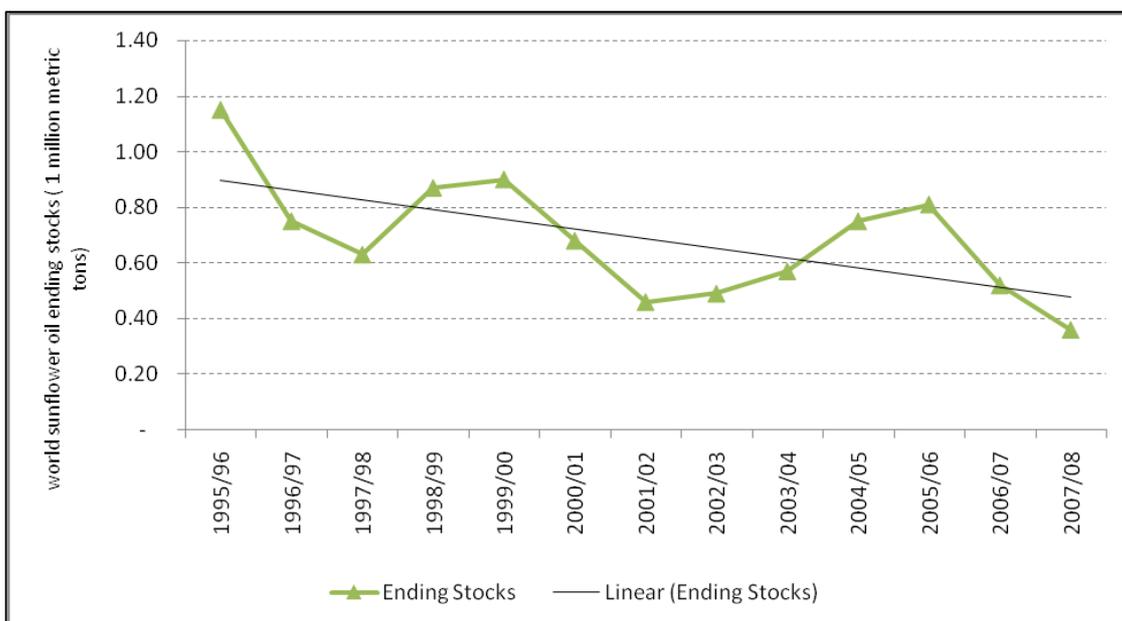


Figure 5: Global sunflower oil ending stocks

Source: USDA, Foreign Agricultural Services

6.2 Domestic market of sunflower and sunflower oil

In South Africa 95 % of sunflower seed is used in the production of sunflower oil. However, domestic production is not sufficient to meet the domestic requirements. Hence, the country remains a net importer of sunflower crude oil, which is used to produce sunflower oil. Because of this, the developments on the international markets are transmitted directly to the domestic market.

Changes in the sunflower seed price are transmitted almost fully to the retail price of sunflower oil in South Africa, although there appears to be a lagged effect. Figure 6 shows the relation between the sunflower seed price¹ and the retail price of sunflower oil. Between July 2007 and July 2008 the sunflower seed price and sunflower oil prices increased, on average, by 48.81 % and 99.15 %, respectively.

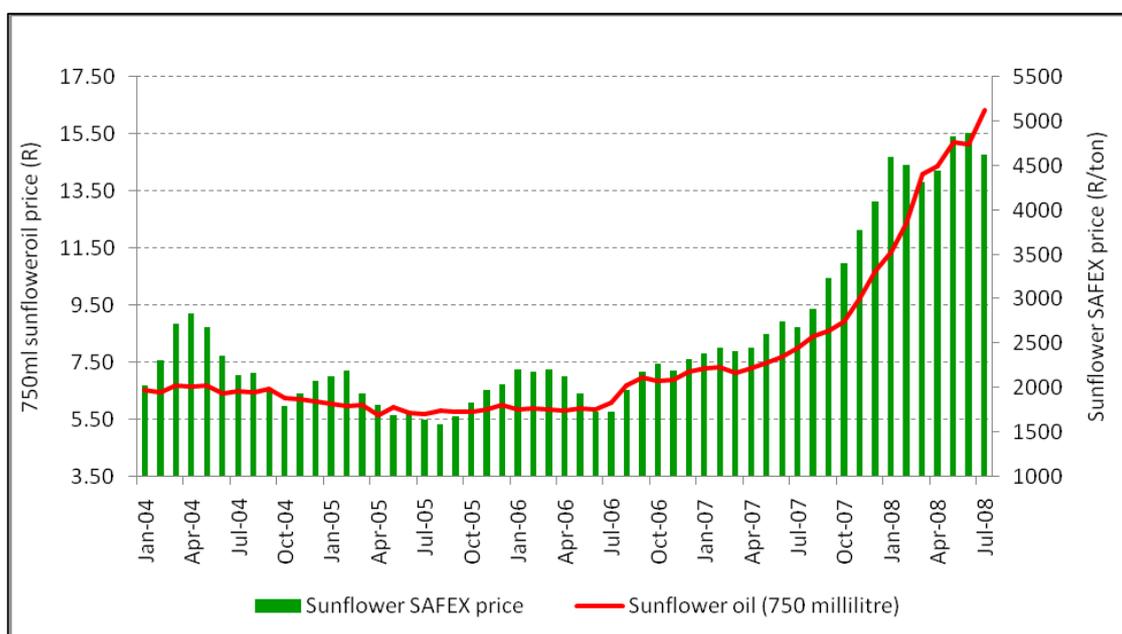


Figure 6: Sunflower seeds and sunflower oil price: July 2006 and May 2007

Source: SAFEX and AC Nielsen

- **Area under sunflower production and sunflower production trends in South Africa**

Apart from the international market influence on the domestic sunflower oil price, domestic sunflower production trends will also affect changes in sunflower oil prices. Figure 7 shows the trend in area under sunflower production and sunflower production, respectively. The area allocated for sunflower production in 2006/07 was the lowest in 16 years. Also, sunflower production showed relatively high variability over time, while a clear declining trend in area planted and production can be observed between 2001/02 to 2006/07. Production rebounded significantly in 2007/08, mainly as a result of favourable prices.

¹ Sunflower seeds price is lagged by three months.

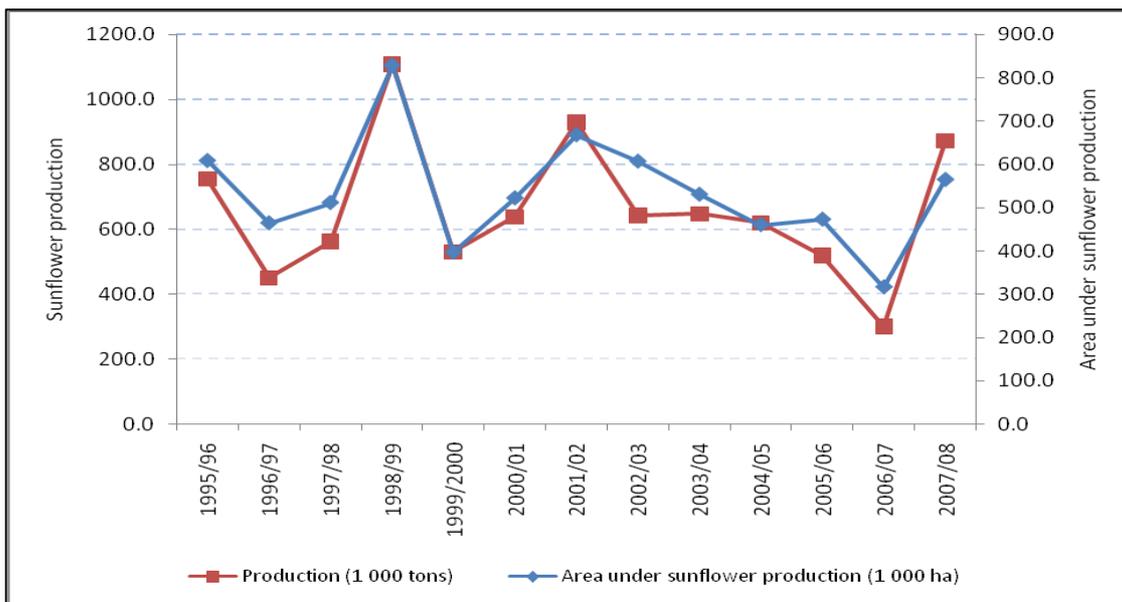


Figure 7: Area under sunflower production and production of sunflower: 1995/1996 - 2007/2008

Source: Grain SA

- **Sun/safflower crude oil imports**

Figure 8 shows the trend in sun/safflower crude oil imports. After the third quarter of 2005, South Africa experienced a sharp increase in imports of this product, i.e. from 2 810 tons to 50 343 tons in the second quarter of 2007. However, after peaking in the second quarter of 2007, imports declined to 3 000 tons in the second quarter of 2008. Argentina is the main source of South Africa’s sun/safflower crude oil imports. As such, the import parity price of this commodity is derived from Argentina’s FOB price. Changes in the price of sunflower seeds/crude oil in Argentina are transmitted into the South African sunflower-to-sunflower oil value chain.

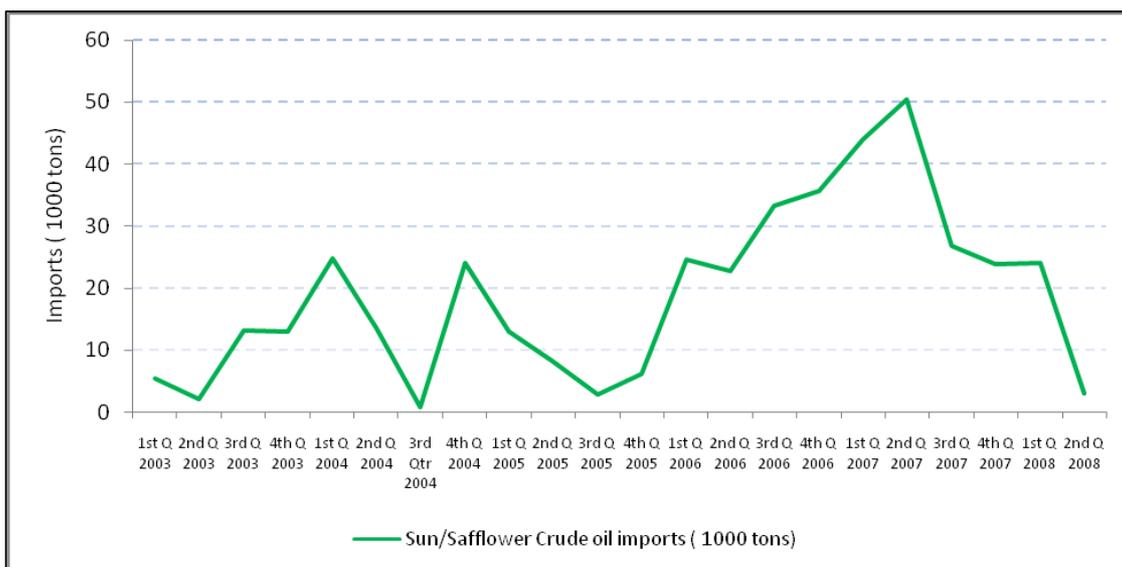


Figure 8: Quarterly sun/safflower crude oil imports: 2003 to 2007

Source: World Trade Atlas, 2008

Declining imports of sun/safflower crude oil, the declining trend in international sunflower seed prices (see Figure 4) and the increase in domestic production of sunflowers (see Figure 7) could bring some relief in terms of sunflower oil prices on the domestic market.

7. Outlook: September - November

Although the economy is expected to grow at a slightly higher pace in the period under review than what was anticipated at the beginning of the year, economic growth is likely to remain under pressure. Consumer expenditure is also expected to remain under pressure due to high interest rates, high fuel costs and high food prices. This is expected to have a dampening effect on the retail and wholesale sectors, the services sector, as well as final demand for higher value food products. The dampening effect of consumer expenditure is, however, expected to be partly outweighed by relatively strong growth in the construction sector. It is expected that interest rates will remain constant at current levels which could provide some level of support to the exchange rate by means of drawing short term foreign capital. However this, together with the current account deficit and the uncertainty in the US economy can induce a considerable amount of volatility in the exchange rate.

Over the past few weeks hard and soft commodity prices on world markets have come under considerable amount of pressure and most of the commodities are currently trading 15 to 20 % lower than levels a month or two ago. Several factors contributed to the decline in commodity prices, namely a strengthening US \$ against the €, pressure on economic growth in key emerging economies, and therefore a general decline in the oil price. However, a number of other factors also contributed to the rapid decline in especially soft commodity prices. The international supply outlook for a number of commodities improved slightly. The possible damage caused by the floods in the US seems to be far less than initially anticipated and a good maize yields are expected in the US, depending on the rainfall within the next two or three weeks. Oilseed production in Europe is also expected to recover significantly in this coming production season, putting further downward pressure on world vegetable oil prices. The dryness in Argentina prevented timely plantings of wheat and plantings are approximately 1 million hectares lower compared to the previous season. These areas can still be devoted to soybeans if the weather improves rapidly. In general, no major international supply shocks are expected in grains and oilseeds in the next few months. Prices are expected to move sideways and possibly slightly lower. It seems as if buyers of grains and oilseeds have started to respond to the lower commodity prices by increasing consumption and hence providing some support levels for prices. It can be expected that the uneasiness around extremely low stock levels will be eased, to some extent by replenishing stocks during the next few months.

On the local front, apart from exchange rate volatility and world price movements, the publication of the first intensions to plant and early rainfall are the two critical drivers that will determine the price movements on the grain and oilseed markets. Pre-season rainfall forecasts are favourable for the summer area. Intensions to plant are not only driven by climate, but also by the net returns farmers can expect from a certain crop. Financial institutions also base their decision on whether to finance farmers on net expected returns. Expected net returns will be determined by the futures price, expected yields and input costs.

Feeding margins in the livestock industry remain under pressure in all of the meat industries, especially the more intensive production units. There is some marginal relief

expected in terms of lower feed costs due to current lower feed grain prices. However livestock producers are still under pressure because higher production costs cannot be passed on via higher prices to retailers as consumer disposable income is under pressure. It is expected that prices will generally move sideways over the next quarter with some marginal increases in cheaper types of meat where less consumer resistance is experienced. The chicken and pork industries will, therefore, be favoured by the relative price levels between the various types of meat. The general increasing price trends for beef and lamb towards December are expected to be softer. Production is under pressure due to high production costs, negative feed margins and the lower supply is expected to support prices to some degree. Imports are also down in volume since international meat prices trend slowly higher.

The current vegetable crop under production has not been constrained by any climatic effects (like frost) yet and looks very promising. Black frost in August is the biggest risk for vegetable prices. The potato harvest out of the Eastern Free State and the first deliveries out of the Limpopo Province are larger than anticipated.

Concluding the outlook: the vulnerability of the US economy and a potential resurgence in the Chinese economy from problems related to high inflation remain key uncertainties for the outlook period. Other key uncertainties are early rainfall conditions and the relative shift of input prices versus output prices that will largely drive the intentions to plant. Moreover, increased production costs on farm level will require substantial increases in the funding of agricultural production in the new planting season. International market prices remain volatile, but will tend to move slowly lower during the next few months, as northern hemisphere crops improved from last year.

Compiled by:

Price trends and discussion on selected topics:

*Nkgasha Tema
André Jooste*

Outlook:

*Ferdi Meyer
PG Strauss
Johan Willemse*

*Enquiries: André Jooste or Simphiwe Ngqangweni: 012-341 1115
Johann Kirsten: 012-420 3248*

Stats SA and AC Nielsen are acknowledged for assistance provided to the NAMC in terms of food price data.

© 2008. Published by National Agricultural Marketing Council.

Disclaimer:

Although everything has been done to ensure the accuracy of the information in this Food Price Monitor the NAMC does not take responsibility for the accuracy or the opinions contained in this publication. Results of actions based on this information, will not be the responsibility of the NAMC.

APPENDIX A: DATA ON URBAN FOOD PRICE TRENDS²

Table A.1: Wheat products

Wheat Products	Price level			Percentage change	
	Jul-07	Mar-08	Jul-08	Mar-08 to Jul-08	Jul-07 to Jul-08
White bread 700g	5.43	6.42	7.58	18.07%	39.59%
Brown bread 700g	4.96	5.75	6.86	19.30%	38.31%
Cake flour 2.5kg	13.06	17.72	21.07	18.91%	61.33%
Spaghetti 500g	6.25	8.54	9.56	11.94%	52.96%
Macaroni plain 500g*	5.86	6.70	7.89	17.74%	34.59%
Average				17.19%	45.36%
SAFEX Wheat R/ton	2.742	4.071	3.974	-2.40%	44.94%

*Data from AC Nielsen

Table A.2: Maize products

Maize Products	Price level			Percentage change	
	Jul-07	Mar-08	Jul-08	Mar-08 to Jul-08	Jul-07 to Jul-08
Maize meal super 5kg*	20.70	20.66	21.14	2.30%	2.10%
Maize meal special 5kg*	17.74	16.66	17.21	3.29%	-2.98%
Average				2.79%	-0.44%
SAFEX White maize R/ton	1.682	1.873	1.965	4.90%	16.85%

*Data from AC Nielsen

Table A.3: Sunflower products

Sunflower Products	Price level			Percentage change	
	Jul-07	Mar-08	Jul-08	Mar-08 to Jul-08	Jul-07 to Jul-08
Cooking oil 750ml	8.21	14.19	16.35	15.22%	99.15%
Medium fat spread 1kg*	12.25	16.00	20.37	27.29%	66.28%
Margarine 500g	8.15	10.21	12.29	20.37%	50.80%
Average				20.96%	72.07%
SAFEX Sunflower R/ton	3.396	4.872	5.054	3.72%	48.81%

*Data from AC Nielsen

Table A.4: Processed vegetables

Processed Vegetables	Price level			Percentage change	
	Jul-07	Mar-08	Jul-08	Mar-08 to Jul-08	Jul-07 to Jul-08
Beans in tomato sauce 420g	4.67	4.80	5.18	7.92%	10.92%
Butter beans in brine 410g	6.47	7.60	8.53	12.24%	31.84%
Chopped peeled tomato 410g*	6.89	7.37	8.43	14.25%	22.23%
Tomato & onion mix 410g*	6.21	6.56	6.85	4.51%	10.31%
Canned peas 410g*	5.33	5.54	6.13	10.67%	15.06%
Frozen green peas 1kg*	18.71	21.86	22.75	4.05%	21.59%
Frozen baby carrots 1kg*	25.06	26.84	29.06	8.26%	15.94%
Frozen corn 1kg*	21.96	24.32	25.88	6.41%	17.85%

² Note: Data in the tables was obtained from both AC Nielsen and Stats SA.

Data marked with * was obtained from AC Nielsen and data unmarked was obtained from Stats SA.

Processed Vegetables	Price level			Percentage change	
	Jul-07	Mar-08	Jul-08	Mar-08 to Jul-08	Jul-07 to Jul-08
Frozen sliced beans 1kg*	23.42	25.94	27.06	4.31%	15.57%
Average				8.07%	17.92%

*Data from AC Nielsen

Table A.5: Fresh vegetables

Fresh Vegetables	Price level			Percentage change	
	Jul-07	Mar-08	Jul-08	Mar-08 to Jul-08	Jul-07 to Jul-08
Carrots 1kg	6.68	8.03	8.22	2.37%	23.08%
Onions 1kg	6.56	6.91	6.98	1.01%	6.38%
Potatoes 10kg*	29.94	40.80	29.34	-28.11%	-2.01%
Tomatoes 1kg	8.46	10.63	9.72	-8.56%	14.83%
Sweet potatoes 1kg	6.22	8.93	8.35	-6.49%	34.23%
Cabbage 1kg	4.79	5.20	6.62	27.31%	38.08%
Lettuce 1kg	17.33	19.78	17.33	-12.39%	0.02%
Pumpkin kg	7.06	8.04	8.42	4.73%	19.29%
Cauliflower 1kg	15.68	16.98	17.85	5.12%	13.86%
Average				-1.67%	16.42%

*Data from AC Nielsen

Table A.6: Processed meat

Processed meat	Price level			Percentage change	
	Jul-07	Mar-08	Jul-08	Mar-08 to Jul-08	Jul-07 to Jul-08
Meatballs in Gravy 400g*	9.34	9.91	10.77	8.75%	15.30%
Picnic Ham 300g*	17.91	18.28	20.06	9.71%	12.03%
Polony 1kg	17.90	19.12	20.82	8.89%	16.31%
Pork sausage 500g*	16.05	16.51	17.48	5.90%	8.94%
Average				8.31%	13.15%

*Data from AC Nielsen

Table A.7: Fresh meat

Fresh meat	Price level			Percentage change	
	Jul-07	Mar-08	Jul-08	Mar-08 to Jul-08	Jul-07 to Jul-08
Bacon 250 gram	16.33	17.73	18.65	5.19%	14.21%
Pork Chops 1kg	43.26	48.97	49.76	1.61%	15.02%
Lamb Chops 1kg	63.78	70.68	76.45	8.16%	19.86%
Brisket 1kg	35.75	40.54	41.24	1.73%	15.36%
Beef chuck 1kg	38.96	41.93	43.35	3.39%	11.25%
Rump steak 1kg	64.07	102.59	72.85	-28.99%	13.70%
Chicken - Whole Fresh 1kg	23.72	26.45	26.35	-0.38%	11.10%
Chicken portions 1kg	29.72	31.33	34.73	10.85%	16.85%
Average				0.20%	14.67%

*Data from AC Nielsen

Table A.8: Dairy products

Dairy	Price level			Percentage change	
	Jul-07	Mar-08	Jul-08	Mar-08 to Jul-08	Jul-07 to Jul-08
Butter 500g*	18.74	20.89	22.10	5.78%	17.94%
Fresh Milk Full Cream 1L*	5.79	6.66	6.63	-0.39%	14.46%
Fresh Milk Full Cream 2 L*	12.97	14.78	15.46	4.60%	19.19%
Fresh Milk Low Fat 1L*	5.67	6.77	6.94	2.56%	22.45%
Fresh Milk Low Fat 2 L*	13.37	14.75	15.83	7.34%	18.42%
Long Life Milk Full Cream 1L*	8.01	8.76	8.31	-5.20%	3.78%
Skimmed Powder Milk 1kg*	46.30	56.67	56.62	-0.10%	22.27%
Cheese 1kg	56.63	68.84	70.62	2.59%	24.70%
Average				1.65%	17.90%

*Data from AC Nielsen

Table A.9: Fruits

Fruits	Price level			Percentage change	
	Jul-07	Mar-08	Jul-08	Mar-08 to Jul-08	Jul-07 to Jul-08
Peaches 410g	7.05	7.47	8.43	12.85%	19.57%
Pears 410g	7.98	8.69	9.97	14.73%	24.94%
Apples 1kg	8.61	10.37	9.51	-8.29%	10.50%
Oranges 1kg	4.67	13.00	6.02	-53.69%	28.86%
Banana 1kg	6.21	7.95	7.62	-4.15%	22.79%
Average				-7.71%	21.33%

Table A.10: Fish products

Fish products	Price level			Percentage change	
	Jul-07	Mar-08	Jul-08	Mar-08 to Jul-08	Jul-07 to Jul-08
Pilchards in Tomato 425g	8.31	8.77	9.91	13.00%	19.25%
Tuna Shredded in Brine 170g	6.98	7.92	9.15	15.53%	31.09%
Average				14.26%	25.17%

Table A.11: Other products

Other products	Price level			Percentage change	
	Jul-07	Mar-08	Jul-08	Mar-08 to Jul-08	Jul-07 to Jul-08
King Korn 1kg*	8.20	9.49	9.43	-0.70%	14.99%
Oats 1kg	14.07	17.40	17.17	-1.32%	22.03%
Cornflakes 750g	22.79	23.14	24.65	6.53%	8.16%
Rice Crispies 400g	18.01	18.12	19.79	9.22%	9.88%
Sugar 2.5kg	14.30	14.44	15.74	9.00%	10.07%
Rice 2kg	13.09	13.89	21.00	51.19%	60.43%
Ricoffy Reg 750g*	28.55	30.27	38.61	27.57%	35.24%
Tagless teabags 62.5g	5.08	5.21	5.33	2.30%	4.92%
Coca Cola Regular 2L	11.58	12.30	12.17	-1.06%	5.09%
Peanut Butter Smooth 410g	11.10	12.33	13.38	8.52%	20.54%
Strawberry Jam 450g	17.99	19.51	22.03	12.92%	22.46%
Smooth Apricot Jam 450g	8.34	8.64	9.34	8.10%	11.99%
Eggs 18's extra large	17.99	20.20	21.70	7.43%	20.62%
Soya mince tomato & onion 200g*	6.17	6.46	7.41	14.79%	20.16%
Average				11.03%	19.04%

*Data from AC Nielsen

APPENDIX B: DATA ON RURAL FOOD PRICE TRENDS

Table B.1: Wheat products

Wheat products	Jul-07	Mar-08	Jul-08	Mar-08 to Jul-08	Jul-07 to Jul-08
Loaf of brown bread 600g	4.55	5.79	6.36	9.85%	39.73%
Loaf of brown bread 700g	4.82	5.80	6.64	14.48%	37.76%
Loaf of white bread 600g	4.86	6.28	6.85	9.07%	40.85%
Loaf of white bread 700g	5.39	6.53	7.45	14.16%	38.13%
Average				11.89%	39.12%

Table B.2: Maize products

Maize products	Jul-07	Mar-08	Jul-08	Mar-08 to Jul-08	Jul-07 to Jul-08
Maize meal 12.5kg	47.28	49.87	54.01	8.30%	14.23%
Maize meal 1kg	5.17	5.60	6.41	14.38%	23.85%
Maize meal 2.5kg	12.21	12.73	13.79	8.33%	12.92%
Maize meal 5kg	24.36	24.98	26.03	4.22%	6.86%
Samp 1kg	5.44	5.87	7.22	22.98%	32.56%
Samp 2.5kg	11.04	12.29	12.98	5.64%	17.60%
Average				10.64%	18.00%

Table B.3: Sunflower products

Sunflower products	Jul-07	Mar-08	Jul-08	Mar-08 to Jul-08	Jul-07 to Jul-08
Margarine 125g	3.65	4.47	8.52	90.83%	133.38%
Margarine 250g	6.17	7.28	7.86	7.97%	27.35%
Margarine 500g	8.56	9.26	11.95	29.03%	39.67%
Sunflower oil 2L	19.56	29.49	38.74	31.37%	98.09%
Sunflower oil 500ml	6.72	9.09	11.59	27.53%	72.49%
Sunflower oil 750ml	8.82	13.37	16.29	21.83%	84.69%
Average				34.76%	75.94%

Table B.4: Dairy products

Dairy products	Jul-07	Mar-08	Jul-08	Mar-08 to Jul-08	Jul-07 to Jul-08
Full cream long life milk 2L	12.42	16.37	16.16	-1.27%	30.13%
Full cream long life milk 500ml	5.17	6.40	7.26	13.40%	40.35%
Average				6.07%	35.24%

Table B.5: Tea and Coffee

Tea and coffee	Jul-07	Mar-08	Jul-08	Mar-08 to Jul-08	Jul-07 to Jul-08
Tagless tea bags 250g	15.52	15.69	15.73	0.29%	1.35%
Tagless tea bags 62.5g	5.35	5.55	5.86	5.71%	9.65%
Instant coffee 100g	7.24	7.89	8.31	5.36%	14.84%
Instant coffee 250g	14.56	16.28	17.82	9.45%	22.35%
Average				5.20%	12.05%

Table B.6: Pilchards

Pilchards	Jul-07	Mar-08	Jul-08	Mar-08 to Jul-08	Jul-07 to Jul-08
Pilchards in tomato sauce 155g	5.29	5.55	8.01	44.44%	51.53%
Pilchards in tomato sauce 425g	9.64	10.53	13.04	23.82%	35.24%
Average				34.13%	43.39%

Table B.7: Beans

Beans	Jul-07	Mar-08	Jul-08	Mar-08 to Jul-08	Jul-07 to Jul-08
Beans 1kg	10.41	11.81	12.24	3.68%	17.57%
Beans 500g	6.18	7.52	8.00	6.35%	29.38%
Butter beans 410g	6.41	7.58	7.72	1.81%	20.53%
Butter beans 420g	5.94	6.43	6.51	1.20%	9.54%
Average				3.26%	19.26%

Table B.8: Sugar

Sugar	Jul-07	Mar-08	Jul-08	Mar-08 to Jul-08	Jul-07 to Jul-08
White sugar 1kg	7.16	7.84	8.27	5.46%	15.48%
White sugar 2.5kg	16.51	17.82	17.85	0.16%	8.13%
White sugar 500g	4.06	5.87	5.26	-10.43%	29.62%
Average				-1.61%	17.74%

Table B.9: Rice

Rice	Jul-07	Mar-08	Jul-08	Mar-08 to Jul-08	Jul-07 to Jul-08
Rice 1kg	7.82	8.47	11.94	40.91%	52.76%
Rice 2kg	14.41	15.89	21.49	35.26%	49.15%
Rice 500g	4.20	4.72	6.46	36.77%	53.85%
Average				37.65%	51.92%

Table B.10: Peanut butter

Peanut butter	Jul-07	Mar-08	Jul-08	Mar-08 to Jul-08	Jul-07 to Jul-08
Peanut butter 270g	9.20	11.14	11.17	0.26%	21.42%
Peanut butter 400g	11.29	13.12	12.87	-1.93%	14.03%
Peanut butter 410g	11.91	13.01	14.26	9.60%	19.69%
Average				2.64%	18.38%

Table B.11: Sorghum meal

Sorghum products	Jul-07	Mar-08	Jul-08	Mar-08 to Jul-08	Jul-07 to Jul-08
Sorghum-meal 1kg	7.51	9.62	9.40	-2.27%	25.16%
Sorghum-meal 500g	4.45	5.19	5.77	11.20%	29.62%
Average				4.47%	27.39%