*MEDIA RELEASE*

# *FOOD PRICE MONITOR: August 2011*

**EXECUTIVE SUMMARY**

Headline CPI increased by 5.3 % between July 2010 and July 2011. Food and non-alcoholic beverages inflation increased by 7.4 % between July 2010 and July 2011, the highest level since July 2009. This is the fifth month in a row that food and non-alcoholic beverages inflation was higher that headline CPI and also increased at a higher rate over this period. Since October 2010, food and non-alcoholic beverages inflation has shown a strong increasing trend, from 1 % to 7.4 % in less than a year. The annual increase of 7.5 % in the food and non-alcoholic beverages index was largely driven by the annual increases in oils and fats (24.1 %), meat (11.4 %), bread and cereals (9.5 %) and sugar (8.9 %). The prices of processed food products increased by 8.9 % from July 2010 to July 2011 and the price of unprocessed food products increased by 6.2 % over the same period.

When comparing selected countries, Malawi, Zambia and Botswana experienced the highest overall inflation, while Brazil, Turkey and South Africa had the highest inflation on food and non-alcoholic beverages.

When comparing prices of selected food items in the rural and urban areas of South Africa, rural consumers paid R 12.06 more than urban consumers for the same food basket, a significantly lower price difference than usually reported. Food items showing the largest price difference in July 2011 were rice (2 kg) and sugar (2.5 kg).

From June 2010 to June 2011, the FAO Food Price Index increased by 43 %. The cereals price index showed the largest increase of 76 % on an annual basis, followed by a 64 % increase in the sugar price index. The price index for oils, meat and dairy increased respectively by 57.29 %, 21.87 % and 17.42 % on a year-on-year basis.

From July 2010 to July 2011, the cost of a basic food basket increased by about R 24.70 (+6.7 %) in nominal terms (compared to 3.3 % from April 2010 to April 2011). The cost of this food basket expressed as a share of the average monthly income of the poorest 30 % of the population increased from 32.8 % in July 2010 to 35.0 % in July 2011, representing the highest share during this analysis period. When comparing the costs associated with the typical portion sizes of very poor consumers for the five most widely consumed food items in South Africa, based on July 2011 versus July 2010 prices, the results indicate inflation of about 11.6 %.

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# QUARTERLY FOOD PRICE MONITOR
## August 2011

## 1. Foreword

The July 2011 Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) showed that headline CPI increased by 5.3 % between July 2010 and July 2011. Food and non-alcoholic beverages inflation increased by 7.4 % between July 2010 and July 2011, the highest level since July 2009. This is the fifth month in a row that food and non-alcoholic beverages inflation was higher that headline CPI and also increased at a higher rate over this period. Since October 2010, food and non-alcoholic beverages inflation has shown a strong increasing trend, from 1 % to 7.4 % in less than a year. Headline inflation has also shown an increasing trend during this period, from 3.4 % in October 2010 to 5.3 % in July 2011. Figure 1 shows the headline inflation rate and the food and non-alcoholic beverages inflation rate on a monthly basis since July 2010.

A closer look at the contribution of different groups to the annual percentage change in CPI shows that housing and utilities was the largest contributor with 1.6 % increase, followed by food and non-alcoholic beverages with a contribution of 1.1 %. Transport contributed 0.9 %. A 16 % increase in electricity and other fuels and an 8.7 % increase in water and other services lead to a 3.1 % increase in the housing and utilities index from June 2011 to July 2011. The housing and utilities index shows an increase of 6.9 % on a year-on-year basis.

The annual increase of 7.4 % in the food and non-alcoholic beverages index was largely driven by the annual increases in oils and fats (24.1 %), meat (11.4 %), bread and cereals (9.5 %) and sugar (8.9 %). The prices of processed food products increased by 8.9 % from July 2010 to July 2011 and the price of unprocessed food products increased by 6.2 % over the same period. Figure 2 shows the year-on-year percentage change of the price indices for different food groups.

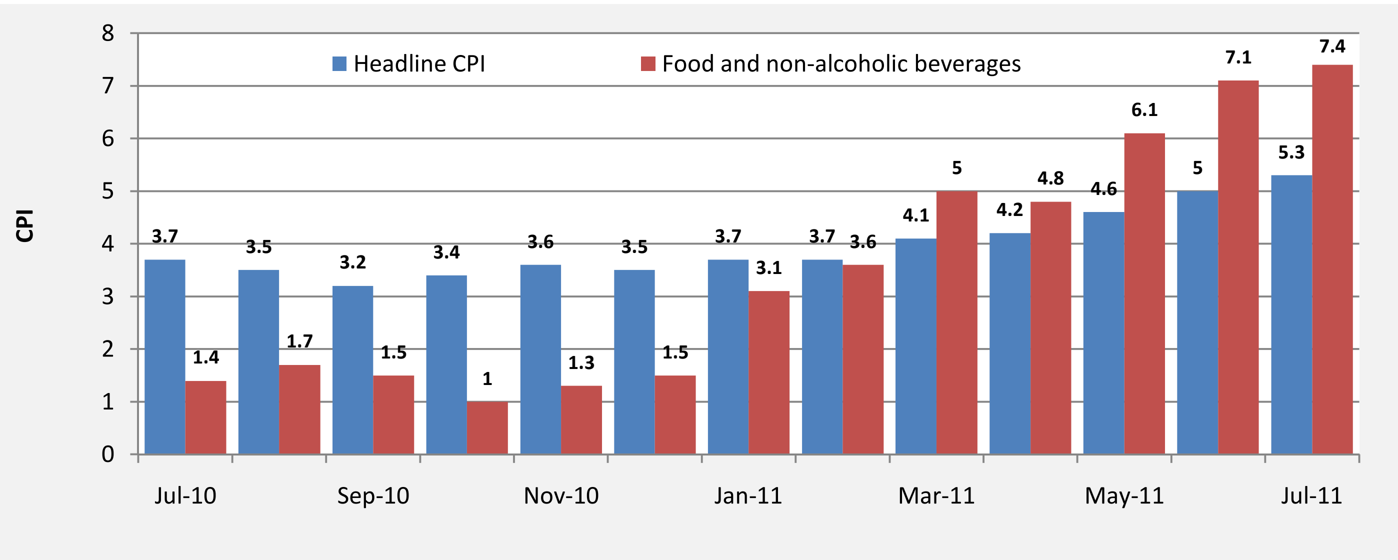



**Figure 1: Headline CPI and food and non-alcoholic beverages CPI for 2010 – 2011 (year-on-year)**
**Source: Stats SA, 2011**

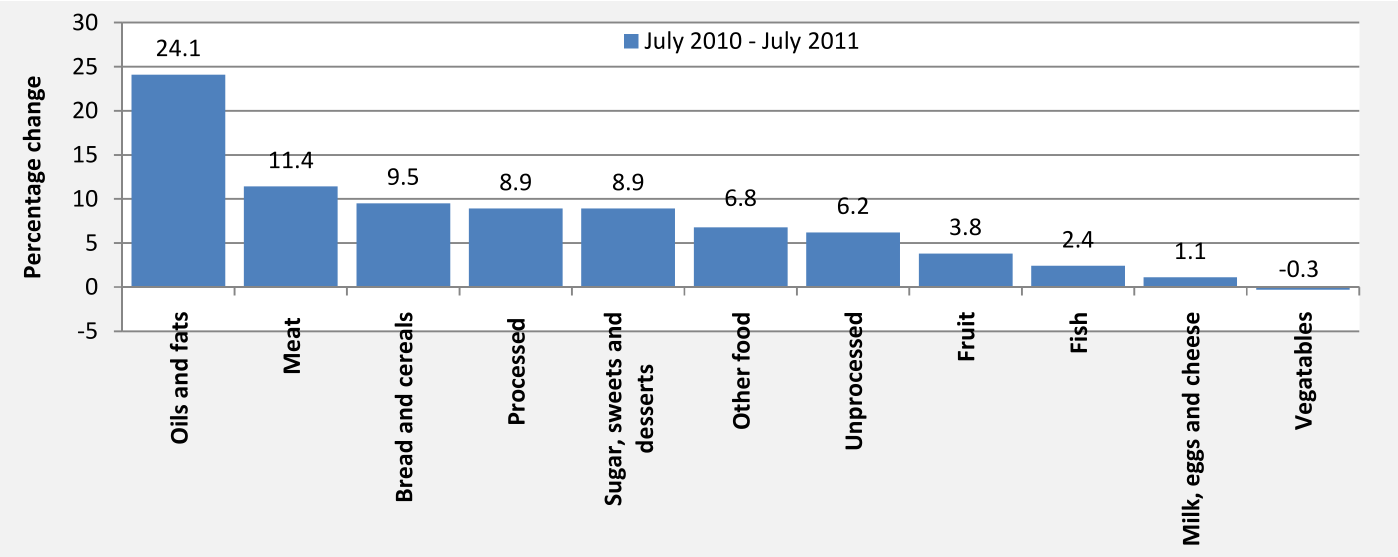



**Figure 2: Year-on-year percentage change for different food categories (July 2010 – July 2011)**
**Source: Stats SA, 2011**

## 2. Overall inflation and food inflation: South Africa and selected countries

Table 1 shows the overall inflation and food inflation rates for South Africa and selected countries for July 2011. Malawi, Zambia and Botswana experienced the highest overall inflation, while Brazil, Turkey and South Africa had the highest inflation on food and non-alcoholic beverages. The inflation rates for Botswana decreased from 8.2 % overall inflation in April 2011 to 7.8 % and 7.4 % food and non-alcoholic beverages inflation for July 2011 remained the same, compared to the April 2011 figure. According to the Bank of Botswana, the declines in the overall inflation were somewhat offset by marginal increases in inflation for food and non-alcoholic beverages. Even though Zambia's inflation is still high compared to the other countries listed, its inflation rate has decreased as compared to the inflation figures reported in the previous FPM report. Inflation on food and non-alcoholic beverages increased from 3.8 % in March 2011 to 5.3 % in July 2011.

United States and China are the countries listed in the table with the lowest overall inflation and food and non-alcoholic beverages inflation.

**Table 1: Overall inflation and food inflation**

| Country | Month | Overall inflation (%) | Inflation of food and non alcoholic beverages (%) |
|---|---|---|---|
| South Africa | Jul 2011 | 5.3 | 7.4 |
| Botswana | Jul 2011 | 7.8 | 6.8 |
| Zambia | June 2011 | 9.0 | 5.3 |
| Turkey | Jul 2011 | 6.3 | 7.6 |
| Australia | Jul 2011 | 6.1 | 3.6 |
| Brazil | Jul 2011 | 6.6 | 8.9 |
| United States | Jul 2011 | 0.5 | 0.4 |
| United Kingdom | Jul 2011 | 4.5 | 6.2 |
| Malawi | Jul 2011 | 7.0 | 2.2 |
| Canada | Jul 2011 | 2.7 | 4.3 |
| China | Jul 2011 | 0.5 | 1.2 |

**Source: Central banks and statistics reporting institutions of these countries, as well as the press**

## 3. Urban and rural food price trends: July 2010 – July 2011

This section reports the price trends for 65 different food items sold in urban areas across South Africa, and 39 food items sold in rural areas. Detailed price data on selected food items in urban and rural areas are presented in Appendix A and Appendix B respectively. Price changes are reported between April 2011 and July 2011, as well as on a year-on-year basis. Appendix C ranks the food items included in this report in the urban and rural areas according to the inflation experienced. The food products highlighted in Table C.1 and Table C.2 are those with annual inflation rates that exceeded the South African Reserve Bank's 6 % inflation target. Food items in urban areas with annual inflation higher than 6 % were the following: macaroni plain 500 g (6.29 %), instant coffee 750 g (8.73 %), peanut butter 410 g (9.72 %), white sugar 2.5 kg (10.29 %), maize special 5 kg (11.34 %), soya mince tomato & onion 200 g (12.55 %), loaf of white bread 700 g (14.10 %), loaf of brown bread 700 g (14.14 %), medium fat spread 1 kg (15.58 %), maize meal - super 5 kg (17.94 %), sunflower oil 750 ml (20.67 %), cake flour 2.5 kg (21.53 %), brick margarine 500 g (27.77 %), total butter 500 g (7.17 %), whole chicken - fresh per kg (7.39 %), beef rump steak - fresh per kg (7.99 %), skimmed powder milk 1 kg (9.26 %), beef t-bone - fresh per kg (11.64 %), beef chuck - fresh per kg (12.39 %), beef brisket - fresh per kg (14.49 %), beef mince - fresh per kg (14.80 %), lamb - fresh per kg (24.56 %), tomato & onion mix 410 g (9.25 %), sweet potatoes - fresh per kg (10.81 %), cabbage - fresh per kg (12.18 %), lettuce - fresh per kg (15.47 %), green peas 1 kg (17.83 %), cauliflower - fresh per kg (18.08 %) and canned peas 410 g (30.21 %). Food items in rural areas with annual inflation higher than 6 % were the following: samp 2.5 kg (6.02 %), maize meal 1 kg (10.90 %), sunflower oil 750 ml (11.73 %), sunflower oil 500 ml (12.18 %), loaf of brown bread 700 g (14.26 %), loaf of white bread 700 g (16.11 %), margarine 500 g (17.02 %), margarine 250 g (18.64 %), sunflower oil 2 l (32.92 %), white sugar 1 kg (6.71 %), tagless tea bags 62.5 g (8.16 %), white sugar 500 g (9.11 %), white sugar 2.5 kg (9.20 %), beans 1 kg (15.81 %), butter beans 410 g (17.39 %), butter beans 420 g (22.66 %).

*A closer look at food price trends:*

- As reported in the previous Food Price Monitor of May 2011, agricultural commodities continued to show significant price increases. The international price of wheat (US No.2, Hard Red Winter ord. Prot, US F.o.b. Gulf) increased by 50.54 % and the domestic price of wheat increased by 23.11 % from July 2010 to July 2011. At the retail level, urban consumers paid R 7.99 for a 700 g loaf of brown bread and R 8.90 for a loaf of 700 g white bread during July 2011, a 14.14 % and 14.10 % increase respectively compared to July 2010. The real farm to retail price spread for brown bread was R 6.72 and for white bread R 6.77 during July 2011.
- The international price of yellow maize (US No.2, Yellow, U.S. Gulf) increased by 91.33 % from July 2010 to July 2011. During the same period, the price of domestic yellow maize increased by 55.03 %. The domestic price of yellow maize traded on average at R 1 783.52 per ton during July 2011. The domestic white maize price increased by 62.90 % compared to July 2010. At the retail level urban consumers paid 17.94 % more for super maize meal* (5 kg) and 11.34 % more for special maize meal* (5 kg) in July 2011 than in July 2010.
- The domestic sunflower seed price traded significantly higher in July 2011, at R 4 020.19/ton, compared to the price reported in the previous food price monitor, R 3 595.39/ton. On an annual basis, the price of sunflower seed increased by 21 % from July 2010 to July 2011. The increase in the sunflower seed price has also filtered through to the retail level. In urban areas, the

price of sunflower cooking oil (750 ml) increased by 20.67 %, and the price of a brick of sunflower margarine 500 g increased by 27.77 %.

- From July 2010 to July 2011, the producer price of milk decreased at 0.34 % and the retail price of fresh full cream milk 1 l increased by 0.58 %. The international price of skim milk and whole milk powder showed an increase of 17.11 % and 16.67 % respectively from July 2010 to July 2011.
- Domestic producer prices of beef and lamb showed significant increases for the period July 2010 to July 2011. On an annual basis, however, the producer price of beef for class A2/A3, B2/B3 and C2/C3 increased by 16.88 %, 22.80 % and 25.97 % respectively from July 2010 to July 2011. The producer price of lamb increased by 35.67 % for class A2/A3, 35.73 % for class B2/B3 and 45.48 % for class C2/C3 from July 2010 to July 2011. The average annual increase in retail prices of different beef cuts was 12.26 %. Lamb - fresh per kg showed an annual price increase from July 2010 of 24.56 % at retail level.
- The producer price for whole chicken frozen decreased by 0.76 % on an annual basis from July 2010, and during the same period the producer price of fresh whole chicken per kg decreased by 7.46 %. Retail price increases for frozen and fresh whole chicken were 1.38 % and 7.39 % respectively, compared to the previous year. The producer price for pork baconer increased by 13.38 % while the producer price of pork porker increased by 5.70 % and the retail price of pork chops - fresh per kg increased by 4.81 % annually from July 2010.

## 4. Comparison between the urban and rural prices

This section compares prices of selected food items in the rural and urban areas of South Africa for July 2010, April 2011 and July 2011. Table 2 shows that in July 2011, rural consumers paid R 12.06 more than urban consumers for the same food basket, a significantly lower price difference than usually reported. Food items showing the largest price difference in July 2011 were rice (2 kg) and sugar (2.5 kg). The price of rice (2 kg) and sugar (2.5 kg) were respectively R 4.52 and R 3.25 more expensive in the rural areas compared to the urban areas. The difference between the maize meal price in the rural and urban areas was R 1.83 while the price difference between other staples such as brown bread and white bread were much less. The rural consumer paid 5 c more than the urban consumer for a loaf of brown bread and 14 c more for a loaf of white bread. Rural consumers also paid R 1.88 less for sunflower oil (750 ml) than urban consumers in July 2011. The reasons for the higher food prices in the rural areas are discussed in detail in the South African Food Cost Review: 2008, which is available at http://www.namc.co.za.

**Table 2: Comparison between urban and rural food prices (selected food items)**

| Product | Rural food prices (R) | | | Urban food prices (R) | | | Price difference (Jul-10) | Price difference (Apr-11) | Price difference (Jul-11) |
|---|---|---|---|---|---|---|---|---|---|
| | Jul-10 | Apr-11 | Jul-11 | Jul-10 | Apr-11 | Jul-11 | R/unit | R/unit | R/unit |
| Full cream long life milk 1l | 10.78 | 10.99 | 11.03 | 9.64 | 9.42 | 9.68 | 1.14 | 1.57 | 1.35 |
| Loaf of brown bread 700g | 7.03 | 7.39 | 8.04 | 7.00 | 7.30 | 7.99 | 0.03 | 0.09 | 0.05 |
| Loaf of white bread 700g | 7.79 | 8.19 | 9.04 | 7.80 | 8.23 | 8.90 | -0.01 | -0.04 | 0.14 |
| Maize meal 5kg | 25.93 | 25.17 | 25.78 | 21.73 | 23.55 | 23.95 | 4.20 | 1.62 | 1.83 |
| Margarine 500g | 15.00 | 16.30 | 17.56 | 12.71 | 14.70 | 16.24 | 2.29 | 1.60 | 1.32 |
| Peanut butter 400g | 16.59 | 16.73 | 16.68 | 15.33 | 16.39 | 16.82 | 1.26 | 0.34 | -0.14 |
| Rice 2kg | 27.77 | 25.54 | 24.87 | 20.51 | 19.91 | 20.35 | 7.26 | 5.63 | 4.52 |
| Sunflower oil 750ml | 12.42 | 13.74 | 13.88 | 13.06 | 16.33 | 15.76 | -0.64 | -2.59 | -1.88 |
| Ceylon/black tea 62.5g | 8.28 | 8.14 | 8.95 | 7.32 | 7.22 | 7.32 | 0.96 | 0.92 | 1.63 |
| White sugar 2.5kg | 22.01 | 23.15 | 24.04 | 18.85 | 20.79 | 20.79 | 3.16 | 2.36 | 3.25 |
| **Total** | | | | | | | **19.66** | **11.49** | **12.06** |

## 5. Price trends (week 4 of each month)

Prices normally cited in the Food Price Monitor (FPM) are obtained from Stats SA and AC Nielsen (see Appendix F for more detail on how the prices are collected). An important issue to note is that Stats SA and AC Nielsen do their price collection during the first three weeks of the month. During the fourth week of each month, retailers usually have specials on various items they sell, which is why prices are not collected during Week 4. In an effort to include food price trends during Week 4 for six retail chains, data were obtained from Adcheck. Table 3 shows the annual percentage change in the prices of selected food items during Week 4 at the different retailers.

The average price change of all retailers shows the largest increase in the price of cooking oil. This was the same case as in the previous Food Price Monitor publication. On average, the price of cooking oil increased by 29.60 %, continuing the increasing trend. The price of the cheapest sliced white bread increased on average by 25.04 % and the price of the cheapest sliced brown bread increased by 13.18 % on average. The price of meat products specifically lamb shoulder/braai chops and the cheapest boerewors increased by 20.83 % and 13.70 %, respectively. Consumers also paid 10.49 % more for the cheapest 5 kg maize meal. The price of rice (2 kg) decreased by 8.18 % and the price for a fresh whole chicken per kg also decreased by 6.38 %.

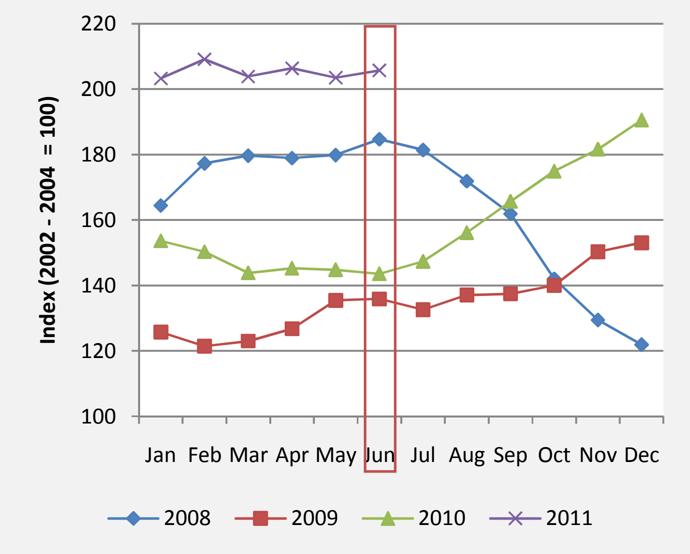
**Table 3: July 2010 to July 2011 inflation of selected food items for various retailers (in %).**

| | Retailer A | Retailer B | Retailer C | Retailer D | Retailer E | Retailers average |
|---|---|---|---|---|---|---|
| Cheapest Bread Brown Unsliced 700g | 17.13 | 14.73 | 4.67 | 15.45 | 13.91 | 13.18 |
| Cheapest Cooking Oil 750ml | 17.53 | 24.45 | 46.21 | 26.42 | 33.39 | 29.60 |
| Cheapest Milk Sachet 1l | 1.70 | 3.91 | 3.46 | -5.62 | 1.92 | 1.08 |
| Cheapest Boerewors per kg | 18.31 | 20.61 | 28.27 | -3.06 | 4.39 | 13.70 |
| Lamb Shoulder/Braai Chops per kg | 19.34 | 21.91 | 24.18 | 11.61 | 27.09 | 20.83 |
| Pork Loin Chops per kg | 7.84 | 5.07 | 9.16 | -0.93 | -1.86 | 3.86 |
| Cheapest Chicken Fresh Whole Bird per kg | -14.75 | -12.02 | 14.89 | -17.04 | -2.95 | -6.38 |
| Cheapest Milk Long Life Full Cream Uht 1l | -0.56 | 2.62 | 1.85 | 3.13 | -2.62 | 0.88 |
| Cheapest Maize Meal 5kg | 13.73 | 7.44 | 14.06 | 10.26 | 6.98 | 10.49 |
| Tastic Rice 2kg | -11.02 | -6.83 | -8.75 | -13.73 | -0.56 | -8.18 |
| Cheapest Bread White Sliced Standard 700g | 40.94 | 39.93 | 15.67 | 11.22 | 17.44 | 25.04 |

**Source: Adcheck, 2011**

## 6. International Food Prices

The Food and Agricultural Organization (FAO) of the United Nations (UN) publishes their food price index on a monthly basis. The food price index consists of five commodity group price indices, namely the meat price index, dairy price index, cereals price index, oils price index and the sugar price index. These indices are weighted with the average export shares of each of the groups for 2002–2004. In total, 55 commodity quotations, considered by FAO commodity specialists as representing the international prices of the food commodities noted, are included in the overall index. Figure 3 shows the overall food price index and the price indices for five food categories in real terms.



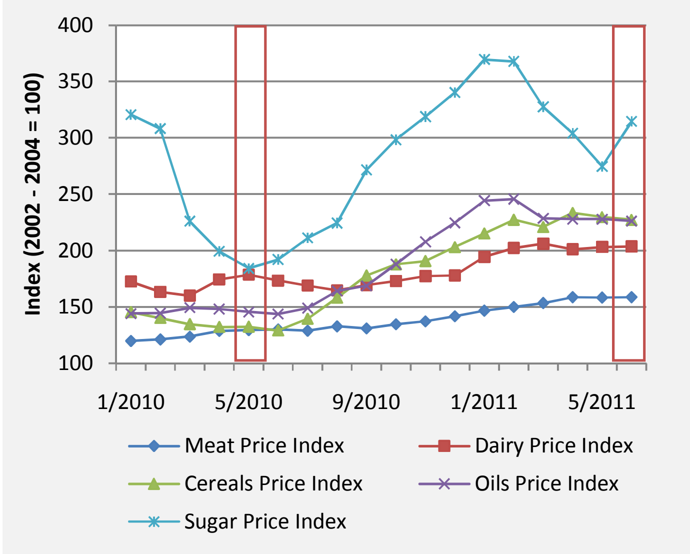




**Figure 3: International real food price index and price indices for five food categories**
**Source: FAO, 2011**

The Food Price Monitor of May 2011 reported that in March 2011 the food price index had decreased for the first time in eight months. From March to April, the food price index showed a slight increase again and reached 206.4 index points in real terms (see figure 3). From June 2010 to June 2011, the Food Price Index increased by 43 %, and compared to May 2011, the Food Price Index had increased by 1.08 % in June 2011.

The cereals price index showed the largest increase of 76 % on an annual basis, followed by a 64 % increase in the sugar price index. The price index for oils, meat and dairy increased respectively by 57.29 %, 21.87 % and 17.42 % on a year-on-year basis.

## 7. Estimated impact of food inflation on consumers

The purpose of this section is to illustrate the impact of food inflation on consumers. The analysis presented in the first part of this section is based on the cost of a basic food basket[1] (as compiled by the Food Price Monitoring Committee in 2003), based on monthly average food price data for the period July 2010 to July 2011. From July 2010 to July 2011, the cost of this basic food basket increased by about R 24.70 (+6.7 %) in nominal terms (compared to 3.3 % from April 2010 to April 2011).

The cost of this food basket expressed as a share of the average monthly income[2] of the poorest 30 % of the population increased from 32.8 % in July 2010 to 35.0 % in July 2011, representing the highest share during this analysis period. The cost of the food basket, expressed as a share of the average monthly income of the wealthiest 30 % of the population, increased slightly from 2.6 % to 2.8 %.

[1] Composition of food basket: loaf of white bread (700 g), loaf of brown bread (700 g), super maize meal (5 kg), special maize meal (5 kg), rice (2 kg), tinned butter beans (410 g), onions (1 kg), cabbage (1 kg), potatoes (1 kg), tomatoes (1 kg), apples (1 kg), bananas (1 kg), orange (1 kg), whole fresh chicken, stewing beef, longlife full cream milk (1 l), extra large eggs (1.5 dozen), sunflower oil (750 ml), brick margarine (500 g), peanut butter (400 g), instant coffee regular (750 g) and black / Ceylon tea - tagless tea bags (62.5 g) and canned tuna *(replacing canned pilchards due to data limitations).*
[2] The cost of the typical food basket was expressed as a share of estimated average monthly income of Income Deciles 1 to 3, the poorest 30 % of the population, as calculated from the STATSSA survey: 'Income & Expenditure of households 2005/06' *(calculations excludes imputed rent on owned dwelling)*

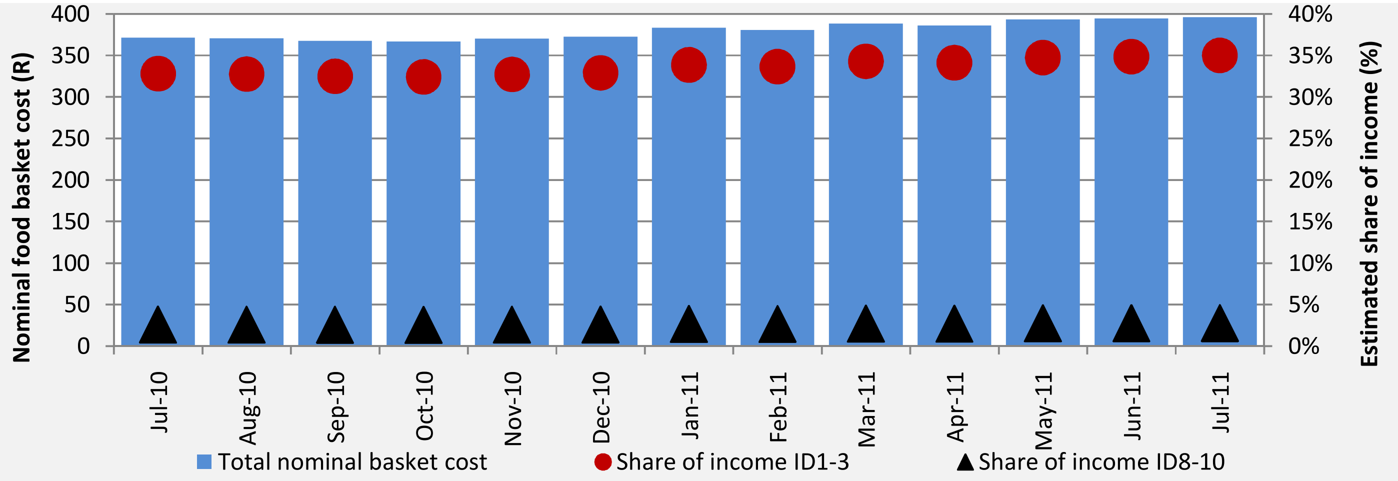



**Figure 4: The monthly cost of a typical consumer food basket for the period July 2010 to July 2011, expressed in nominal terms and as share of the average income of the poorest 30 % of households (Income Deciles [ID] 1 to 3) and the wealthiest 30 % of households (ID 8 to 10).**

To further explore the impact of inflation on consumers, Figure 5 presents an illustration of the average annual nominal cost of specific food groups within the basic food basket, for the period July 2010 to July 2011. As could be expected, Figure 5 illustrates the dominance of animal protein foods, as well as breads and cereals within the cost of the basic food basket. Comparing July 2010 to July 2011, seven of the eight food groups within this particular food basket experienced inflation: animal protein, coffee/tea, vegetables, fruit, bean products and fats/oils. The various food groups within this food basket are discussed in more detail in Table 4.

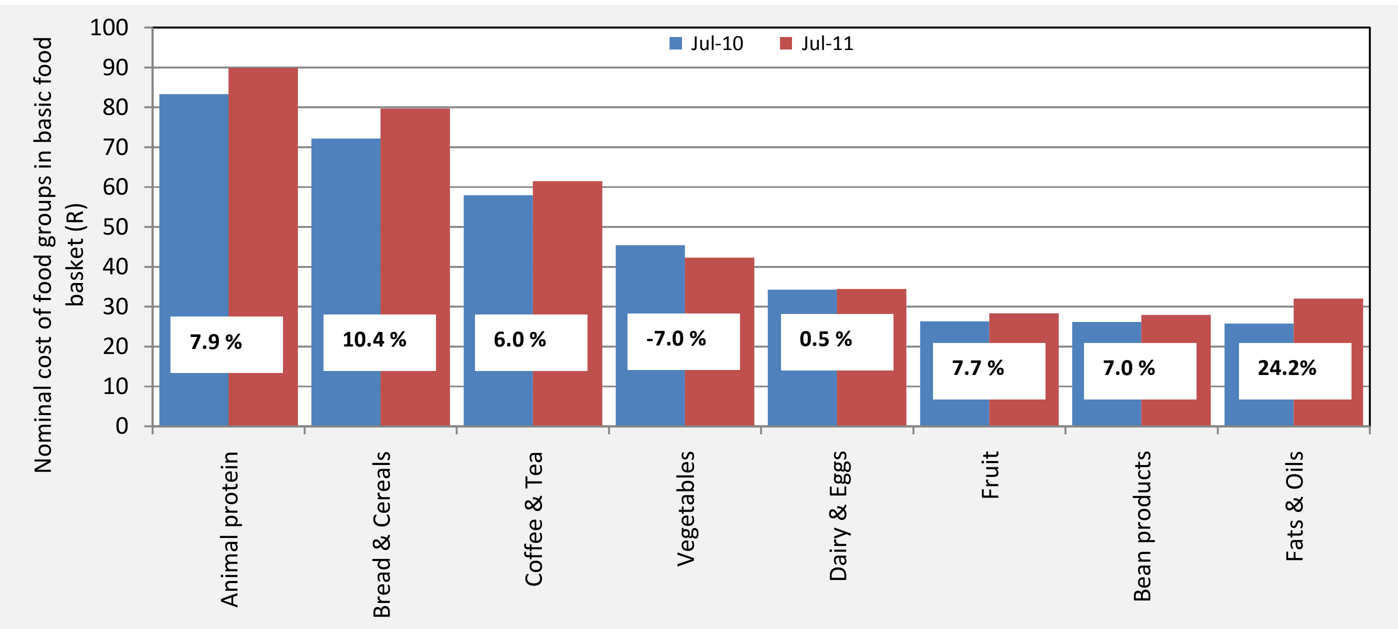



**Figure 5: Nominal monthly cost of specific food groups within the basic food basket, comparing July 2010 and July 2011**

**Table 4: Overview of inflation contributing foods within the basic food basket, July 2010 to July 2011**

| Food group: | Overall inflation rate: July 2011 vs July 2011 | Overall inflation rate: April 2010 vs April 2011 | Major contributors to inflation in this category: | Minor contributors to inflation in this category: | Non-contributors to inflation in this category: | Comments: |
|---|---|---|---|---|---|---|
| Animal protein | +7.9% | +5.9 | Stewing beef (+12.4%)<br>Whole fresh chicken (+7.1%) | Whole frozen chicken (+1.2%) | Canned tuna (-3.4%) | Significant inflation on two prominent protein sources for households in South Africa |
| Bread and cereals | +10.4% | -2.2% | White & brown bread (+14.1%)<br>Special maize meal (+17.9%)<br>Super maize meal (+11.3%) | None | Rice (-0.8%) | Significant inflation on the most prominent staple food sources for households in South Africa |
| Vegetables | -7.0% | +2.1 | Cabbage (+12.2%) | Potatoes (+2.9%) | Tomatoes (-20.9%)<br>Onions (-6.1%) | Only cabbage experienced significantly inflation, while tomatoes and onions experienced deflation |
| Fruit | +7.7% | +5.2% | Apples (+8.9%)<br>Bananas (+6.8%)<br>Oranges (+6.7%) | None | None | Significant inflation on all fruit types in the basket |
| Dairy | +0.9% | -2.7% | None | Milk (+0.9%) | None | Small contribution to food basket's overall inflation |
| Eggs | +0.4% | +4.2% | None | Eggs (+0.4%) | None | |
| Fats and oils | +24.2% | +22.7% | Margarine (+27.8%)<br>Sunflower oil (+20.7%) | None | None | Significant inflation |
| Bean products | +7.0% | +2.4% | Peanut butter (+9.7%) | Butter beans canned (+3.1%) | None | Significant inflation, particularly on peanut butter |
| Coffee and tea | +6.0% | +1.7% | Coffee (+6.9%) | None | Ceylon/black tea (0.0%) | Significant inflation on coffee |

When comparing July 2010 to July 2011, the significant price inflation for important products such as maize meal, bread, selected fruit, selected vegetables, fats/oils, bean products and coffee could have a negative impact on household food security in South Africa, affecting the affordability of important staple foods as well as food items making a major contribution to dietary diversity. Furthermore, when comparing the inflation rates for July 2010 versus July 2011, with April 2010 versus April 2011 (i.e. the previous Food Price Monitor analysis period) inflation increased for numerous groups including animal protein, staple foods, fruit, fats/oils, bean products and coffee/tea.

The impact of inflation on very poor consumers is further explored below, based on the typical portion sizes of very poor consumers of the five most widely consumed food items in South Africa, represented by maize porridge, brown bread, sugar, tea and full-cream milk (National Food Consumption Survey, Steyn & Labadarios, 2000[3]; Oldewage -Theron *et al*., 2005[4]). Figure 6 illustrates the estimated portion costs for these foods, calculated from monthly food price data for July 2010 and July 2011. Similar to other Food Price Monitor analysis periods, the significant cost contribution of maize meal and bread to the typical basic daily food selection for poor consumers are emphasised by the results in Figure 6. Furthermore, despite the relatively low actual food weight contribution of bread to this 'food plate', the bread component costs significantly more than the maize porridge component

[3] Steyn NP, Labadarios D. *National Food Consumption Survey: Children aged 1–9 years, South Africa, 1999.* Cape Town: The Department of Health, Directorate Nutrition, 2000.
[4] Oldewage-Theron W, Dicks E, Napier C, *et al.* Situation analysis of an informal settlement in the Vaal Triangle. *Development Southern Africa* 2005,22(1):13-26.

(about 90 % more in this case for July 2011). When comparing the costs associated with the typical portion sizes of very poor consumers for the five most widely consumed food items in South Africa, based on July 2011 versus July 2010 prices, the results in Figure 6 indicate inflation of about 11.6 % (from R3.02 to R3.37 for the selection of portions). This was particularly due to maize meal, brown bread and sugar inflation. When comparing the inflation rates for this particular food plate composition for July 2010 versus July 2011, with April 2010 versus April 2011 (i.e. the previous Food Price Monitor analysis period) the significant increase in inflation is evident, increasing from 2.5 % for the April analysis period to 11.6 % for the July analysis period.

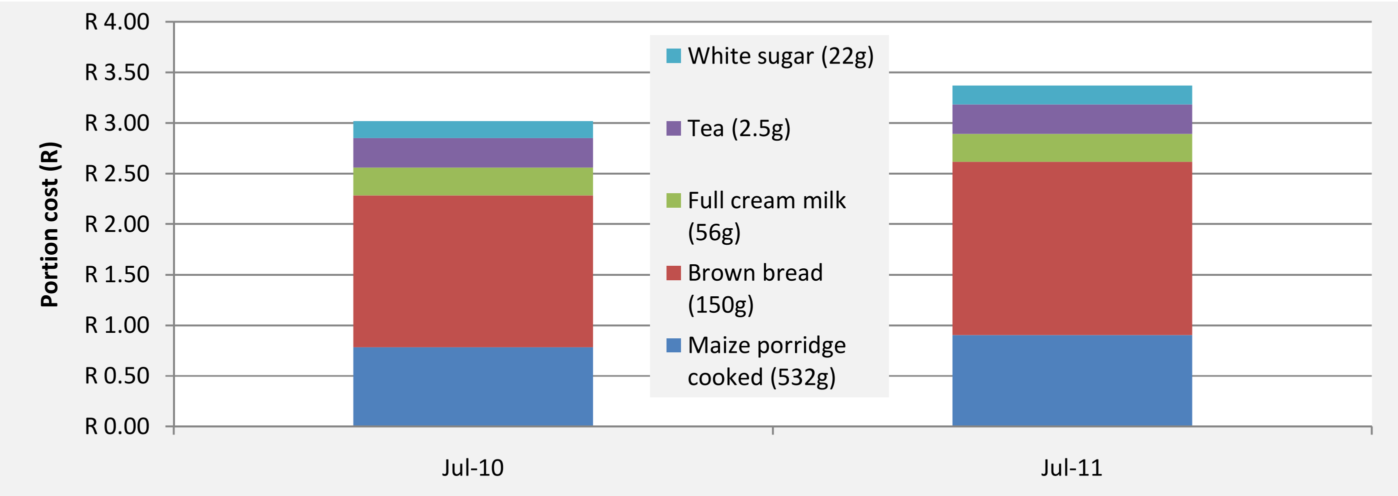



**Figure 6: Average nominal cost for the typical portions of the five food items most widely consumed by very poor consumers in South Africa, for July 2010 and July 2011**

## 8. September 2011 – November 2011 Outlook

Higher commodity prices as well as increasing costs in the food value chain are gradually working their way into food prices, and given the typical lag between producer and consumer prices, it is likely that food prices will increase at a faster rate over the outlook period. As was mentioned in the previous Food Price Monitoring Report, inflationary trends within the value chain have not yet been passed through fully. The impact of adverse weather conditions in the US, mainly during planting time, reached its peak when the USDA reduced the US maize crop forecast by 14 million tons two weeks ago. The implication is that world stocks, which are already unusually tight, will continue to decline to a new multi-year low at the end of the 2011/12 season.

However, the bullish sentiments in agricultural markets were dampened by the major uncertainties in global financial markets with severe losses in equities during the second week of August, triggering significant selling pressure, which spilled over into most commodity markets. Oil prices traded softer and the Rand depreciated significantly against the major currencies. Recent reports have indicated that analysts estimate the odds of a double dip recession in the US over the coming year as high as 50%. The question is how far could commodity markets plummet if the US economy would enter another recession. The answer is, probably not as far as in 2008/09, mainly due to significantly lower stock levels. Furthermore, global supply problems could be compounded by a decline in grain and oilseed production in South America during 2011/12. Early indications are that a La Nina is developing, which increases the probability of dryness and crop stress, mainly in central Argentina and southern Brazil.

In terms of grains and oilseeds, South Africa will be entering a typical cycle of “pre-season uncertainty” during the next three months. Unlike the previous season, this uncertainty is expected to be high as carry-out stock levels are shrinking due to high export volumes. Local maize prices are not only finding support in the weaker exchange rate, but also in much higher export levels as traders manage to secure large deep-sea export agreements. In the first three months of the current marketing season, 853 000 tons of maize were exported. At the current price levels it can be expected that the intentions to plant will be higher. The BFAP Baseline 2011 projects that the total maize area is projected to increase by more than 300 000 hectares. The area under soybeans is also expected to increase by 20 000 hectares.

Over the next three months it is plausible that fruit prices will increase under the assumption of a slightly weaker exchange rate and constant world prices. Early indications are also that potato farmers will reduce the area under production, which will eventually lead to a recovery of exceptionally low market prices. This can provide general support for vegetable prices. Meat prices have posted exceptional increases over that past quarter. Looking at local fundamentals in isolation, meat prices could post further gains over the next few months especially since we are nearing the festive season at the end of the outlook period. Yet, global turmoil could bring caution to world markets, which will dampen the increase of prices, especially for chicken, lamb and pork.

## APPENDIX A: DATA ON URBAN FOOD PRICE TRENDS

### Table A.1: Wheat products

| Wheat Products | Price level | | | Percentage change | |
|---|---|---|---|---|---|
| | Jul-10 | Apr-11 | Jul-11 | Apr-11 to Jul-11 | Jul-10 to Jul-11 |
| Loaf of brown bread 700g | 7.00 | 7.30 | 7.99 | 9.45% | 14.14% |
| Loaf of white bread 700g | 7.80 | 8.23 | 8.90 | 8.14% | 14.10% |
| Cake flour 2.5kg | 15.51 | 18.10 | 18.85 | 4.14% | 21.53% |
| Spaghetti 500g | 9.03 | 9.46 | 9.31 | -1.59% | 3.10% |
| Macaroni plain 500g* | 7.66 | 7.93 | 8.15 | 2.74% | 6.29% |
| **Average** | | | | **4.58%** | **11.83%** |
| **Wheat (R/ton)** | **2416.68** | **3091.83** | **2975.29** | **-4%** | **23%** |

*Data from AC Nielsen

### Table A.2: Maize products

| Maize Products | Price level | | | Percentage change | |
|---|---|---|---|---|---|
| | Jul-10 | Apr-11 | Jul-11 | Apr-11 to Jul-11 | Jul-10 to Jul-11 |
| Maize special 5kg* | 15.91 | 16.66 | 17.72 | 6.37% | 11.34% |
| Maize super 5kg* | 20.98 | 23.12 | 24.74 | 7.02% | 17.94% |
| **Average** | | | | **6.70%** | **14.64%** |
| **White Maize (R/ton)** | **1103.50** | **1625.06** | **1797.57** | **11%** | **63%** |

*Data from AC Nielsen

### Table A.3: Sunflower products

| Sunflower products | Price level | | | Percentage change | |
|---|---|---|---|---|---|
| | Jul-10 | Apr-11 | Jul-11 | Apr-11 to Jul-11 | Jul-10 to Jul-11 |
| Sunflower oil 750ml | 13.06 | 16.33 | 15.76 | -3.49% | 20.67% |
| Medium fat spread 1kg tub* | 18.53 | 20.64 | 21.41 | 3.75% | 15.58% |
| Brick margarine 500g | 12.71 | 14.70 | 16.24 | 10.48% | 27.77% |
| **Average** | | | | **3.58%** | **21.34%** |
| **Sunflower (R/ton)** | **3324.36** | **3959.39** | **4020.19** | **2%** | **21%** |

*Data from AC Nielsen

### Table A.4: Processed vegetables

| Processed Vegetables | Price level | | | Percentage change | |
|---|---|---|---|---|---|
| | Jul-10 | Apr-11 | Jul-11 | Apr-11 to Jul-11 | Jul-10 to Jul-11 |
| Baked beans - tinned 420g | 7.93 | 8.25 | 8.46 | 2.55% | 6.68% |
| Butter beans - tinned 410g | 10.80 | 10.79 | 11.14 | 3.24% | 3.15% |
| Chopped peeled tomato 410g* | 10.73 | 11.11 | 11.02 | -0.79% | 2.75% |
| Tomato & onion mix 410g* | 8.02 | 7.96 | 8.76 | 10.07% | 9.25% |
| Canned peas 410g* | 6.79 | 7.96 | 8.84 | 11.07% | 30.21% |
| Baby carrots 1kg* | 31.18 | 30.88 | 31.61 | 2.36% | 1.39% |
| Green peas 1kg* | 23.42 | 24.99 | 27.60 | 10.44% | 17.83% |
| Sliced beans 1kg* | 29.93 | 26.22 | 28.71 | 9.50% | -4.08% |
| Super juicy corn 1kg* | 28.83 | 28.19 | 28.70 | 1.83% | -0.45% |
| Average | | | | **5.59%** | **7.42%** |

*Data from AC Nielsen

### Table A.5: Fresh vegetables

| Fresh Vegetables | Price level | | | Percentage change | |
|---|---|---|---|---|---|
| | Jul-10 | Apr-11 | Jul-11 | Apr-11 to Jul-11 | Jul-10 to Jul-11 |
| Carrots - fresh per kg | 13.30 | 11.79 | 12.13 | 2.88% | -8.80% |
| Onions - fresh per kg | 9.63 | 7.62 | 9.04 | 18.64% | -6.13% |
| Potatoes - fresh per kg | 9.10 | 8.84 | 9.36 | 5.88% | 2.86% |
| Tomatoes - fresh per kg | 18.41 | 12.81 | 14.56 | 13.66% | -20.91% |
| Sweet potatoes - fresh per kg | 9.44 | 10.55 | 10.46 | -0.85% | 10.81% |
| Cabbages - fresh per kg | 8.29 | 8.36 | 9.30 | 11.24% | 12.18% |
| Lettuces - fresh per kg | 20.95 | 25.87 | 24.19 | -6.49% | 15.47% |
| Pumpkins - fresh per kg | 11.40 | 9.27 | 10.17 | 9.71% | -10.79% |
| Cauliflowers - fresh per kg | 24.45 | 29.82 | 28.87 | -3.19% | 18.08% |
| **Average** | | | | **5.72%** | **1.42%** |

### Table A.6: Processed meat

| Processed meat | Price level | | | Percentage change | |
|---|---|---|---|---|---|
| | Jul-10 | Apr-11 | Jul-11 | Apr-11 to Jul-11 | Jul-10 to Jul-11 |
| Meatballs in gravy 400g* | 13.29 | 13.31 | 13.74 | 3.21% | 3.38% |
| Picnic ham 300g* | 25.82 | 26.94 | 26.96 | 0.06% | 4.40% |
| Pork sausage per kg | 52.50 | 53.58 | 54.51 | 1.74% | 3.83% |
| Polony per kg | 26.30 | 26.77 | 28.21 | 5.38% | 7.26% |
| **Average** | | | | **2.60%** | **4.72%** |

*Data from AC Nielsen

### Table A.7: Unprocessed meat

| Unprocessed meat | Price level | | | Percentage change | |
|---|---|---|---|---|---|
| | Jul-10 | Apr-11 | Jul-11 | Apr-11 to Jul-11 | Jul-10 to Jul-11 |
| Pork chops - Fresh per kg | 49.23 | 50.43 | 51.60 | 2.32% | 4.81% |
| Lamb - fresh per kg | 74.54 | 85.45 | 92.85 | 8.66% | 24.56% |
| Beef brisket - fresh per kg | 45.19 | 52.01 | 51.74 | -0.52% | 14.49% |
| Beef chuck - fresh per kg | 47.07 | 52.81 | 52.90 | 0.17% | 12.39% |
| Beef mince - fresh per kg | 46.55 | 52.51 | 53.44 | 1.77% | 14.80% |
| Beef rump steak - fresh per kg | 76.30 | 85.50 | 82.40 | -3.63% | 7.99% |
| Beef T-bone - fresh per kg | 61.67 | 68.77 | 68.85 | 0.12% | 11.64% |
| Whole chicken - fresh per kg | 27.73 | 28.78 | 29.78 | 3.47% | 7.39% |
| Whole chicken - frozen per kg | 24.57 | 24.73 | 24.91 | 0.73% | 1.38% |
| Chicken portions - fresh per kg | 36.80 | 38.28 | 38.83 | 1.44% | 5.52% |
| Chicken portions - frozen per kg | 21.95 | 21.75 | 22.29 | 2.48% | 1.55% |
| **Average** | | | | **1.55%** | **9.69%** |

### Table A.8: Dairy products

| Dairy | Price level | | | Percentage change | |
|---|---|---|---|---|---|
| | Jul-10 | Apr-11 | Jul-11 | Apr-11 to Jul-11 | Jul-10 to Jul-11 |
| Fresh milk full cream 1l sachet* | 6.75 | 6.61 | 6.93 | 4.87% | 2.69% |
| Fresh milk full cream 2l* | 15.29 | 14.83 | 15.91 | 7.29% | 4.02% |
| Fresh milk low fat 1l sachet* | 6.83 | 6.41 | 6.90 | 7.63% | 1.04% |
| Fresh milk low fat 2l* | 16.01 | 15.54 | 16.25 | 4.57% | 1.50% |
| Long life milk full cream 1l* | 9.46 | 9.34 | 9.54 | 2.23% | 0.90% |
| Skimmed powder milk 1kg* | 56.40 | 59.03 | 61.62 | 4.40% | 9.26% |
| Total butter 500g* | 25.43 | 26.09 | 27.25 | 4.45% | 7.17% |
| Cheddar cheese per kg | 87.66 | 85.61 | 87.20 | 1.86% | -0.52% |
| **Average** | | | | **4.66%** | **3.26%** |

*Data from AC Nielsen

### Table A.9: Fruits

| Fruits | Price level | | | Percentage change | |
|---|---|---|---|---|---|
| | Jul-10 | Apr-11 | Jul-11 | Apr-11 to Jul-11 | Jul-10 to Jul-11 |
| Apples - fresh per kg | 11.48 | 14.23 | 12.50 | -12.16% | 8.89% |
| Bananas - fresh per kg | 9.33 | 10.91 | 9.96 | -8.71% | 6.75% |
| Oranges - fresh per kg | 5.51 | 8.75 | 5.88 | -32.80% | 6.72% |
| **Average** | | | | **-17.89%** | **7.45%** |

### Table A.10: Fish products

| Fishes - tinned | Price level | | | Percentage change | |
|---|---|---|---|---|---|
| | Jul-10 | Apr-11 | Jul-11 | Apr-11 to Jul-11 | Jul-10 to Jul-11 |
| Fish (excl tuna) - tinned 155g | 6.25 | 6.26 | 6.38 | 1.92% | 2.08% |
| Fish (excl tuna) - tinned 425g | 11.96 | 11.18 | 11.16 | -0.18% | -6.69% |
| Tuna - tinned 170g | 10.10 | 9.52 | 9.76 | 2.52% | -3.37% |
| **Average** | | | | **1.42%** | **-2.66%** |

### Table A.11: Other products

| Other products | Price level | | | Percentage change | |
|---|---|---|---|---|---|
| | Jul-10 | Apr-11 | Jul-11 | Apr-11 to Jul-11 | Jul-10 to Jul-11 |
| King Korn 1kg* | 10.12 | 10.13 | 10.16 | 0.25% | 0.33% |
| White sugar 2.5kg | 18.85 | 20.79 | 20.79 | 0.00% | 10.29% |
| Rice 2kg | 20.51 | 19.91 | 20.35 | 2.21% | -0.78% |
| Instant coffee regular 750g* | 49.51 | 52.76 | 53.83 | 2.04% | 8.73% |
| Ceylon/black tea 62.5g | 7.32 | 7.22 | 7.32 | 1.39% | 0.00% |
| Peanut butter 400g | 15.33 | 16.39 | 16.82 | 2.62% | 9.72% |
| Soya mince tomato & onion 200g* | 8.61 | 8.60 | 9.69 | 12.74% | 12.55% |
| Eggs 1.5 dozen | 24.81 | 24.61 | 24.91 | 1.22% | 0.40% |
| **Average** | | | | **2.81%** | **5.16%** |

*Data from AC Nielsen

## APPENDIX B: DATA ON RURAL FOOD PRICE TRENDS

### Table B.1: Wheat products

| Wheat Products | Jul-10 | Apr-11 | Jul-11 | Apr-11 to Jul-11 | Jul-10 to Jul-11 |
|---|---|---|---|---|---|
| Loaf of brown bread 600g | 6.38 | 6.79 | 6.71 | -1.28% | 5.20% |
| Loaf of brown bread 700g | 7.03 | 7.39 | 8.04 | 8.84% | 14.26% |
| Loaf of white bread 600g | 6.97 | 7.54 | 7.13 | -5.46% | 2.32% |
| Loaf of white bread 700g | 7.79 | 8.19 | 9.04 | 10.47% | 16.11% |
| **Average** | | | | **3.14%** | **9.48%** |

### Table B.2: Maize products

| Maize Products | Jul-10 | Apr-11 | Jul-11 | Apr-11 to Jul-11 | Jul-10 to Jul-11 |
|---|---|---|---|---|---|
| Maize meal 12.5kg | 49.25 | 56.58 | 51.12 | -9.65% | 3.79% |
| Maize meal 1kg | 6.15 | 6.45 | 6.82 | 5.74% | 10.95% |
| Maize meal 2.5kg | 14.47 | 14.69 | 15.00 | 2.10% | 3.64% |
| Maize meal 5kg | 25.93 | 25.17 | 25.78 | 2.41% | -0.58% |
| Samp 1kg | 6.36 | 6.43 | 6.51 | 1.17% | 2.30% |
| Samp 2.5kg | 13.34 | 12.71 | 14.14 | 11.30% | 6.02% |
| **Average** | | | | **2.18%** | **4.35%** |

### Table B.3: Sunflower products

| Sunflower Products | Jul-10 | Apr-11 | Jul-11 | Apr-11 to Jul-11 | Jul-10 to Jul-11 |
|---|---|---|---|---|---|
| Sunflower oil 2l | 24.48 | 31.10 | 32.54 | 4.64% | 32.92% |
| Sunflower oil 500ml | 9.31 | 11.32 | 10.44 | -7.79% | 12.18% |
| Sunflower oil 750ml | 12.42 | 13.74 | 13.88 | 0.98% | 11.73% |
| Margarine 125g | 5.73 | 6.26 | 5.75 | -8.17% | 0.29% |
| Margarine 250g | 9.62 | 10.87 | 11.41 | 4.99% | 18.64% |
| Margarine 500g | 15.00 | 16.30 | 17.56 | 7.73% | 17.02% |
| **Average** | | | | **0.40%** | **15.46%** |

### Table B.4: Dairy products

| Dairy Products | Jul-10 | Apr-11 | Jul-11 | Apr-11 to Jul-11 | Jul-10 to Jul-11 |
|---|---|---|---|---|---|
| Full cream long life milk 1l | 10.78 | 10.99 | 11.03 | 0.37% | 2.26% |
| Full cream long life milk 500ml | 6.81 | 6.82 | 7.01 | 2.72% | 2.89% |
| **Average** | | | | **1.54%** | **2.58%** |

### Table B.5: Tea and coffee

| Tea and coffee | Jul-10 | Apr-11 | Jul-11 | Apr-11 to Jul-11 | Jul-10 to Jul-11 |
|---|---|---|---|---|---|
| Instant coffee 100g | 13.19 | 13.16 | 13.40 | 1.87% | 1.61% |
| Instant coffee 250g | 26.40 | 26.11 | 27.04 | 3.57% | 2.41% |
| Ceylon/black tea 250g | 19.50 | 20.68 | 18.01 | -12.87% | -7.63% |
| Ceylon/black tea 62.5g | 8.28 | 8.14 | 8.95 | 9.95% | 8.16% |
| **Average** | | | | **0.63%** | **1.14%** |

### Table B.6: Beans

| Beans | Jul-10 | Apr-11 | Jul-11 | Apr-11 to Jul-11 | Jul-10 to Jul-11 |
|---|---|---|---|---|---|
| Beans 1kg | 13.41 | 14.24 | 15.53 | 9.01% | 15.81% |
| Beans 500g | 8.51 | 8.27 | 8.32 | 0.56% | -2.22% |
| Butter beans 410g | 8.94 | 10.06 | 10.50 | 4.32% | 17.39% |
| Butter beans 420g | 8.70 | 8.97 | 10.67 | 18.92% | 22.66% |
| **Average** | | | | **8.20%** | **13.41%** |

### Table B.7: White sugar

| Sugar | Jul-10 | Apr-11 | Jul-11 | Apr-11 to Jul-11 | Jul-10 to Jul-11 |
|---|---|---|---|---|---|
| White sugar 1kg | 9.73 | 10.12 | 10.38 | 2.64% | 6.71% |
| White sugar 2.5kg | 22.01 | 23.15 | 24.04 | 3.83% | 9.20% |
| White sugar 500g | 5.24 | 5.64 | 5.72 | 1.52% | 9.11% |
| **Average** | | | | **2.66%** | **8.34%** |

### Table B.8: Tinned fish

| Fish | Jul-10 | Apr-11 | Jul-11 | Apr-11 to Jul-11 | Jul-10 to Jul-11 |
|---|---|---|---|---|---|
| Fish (Excl. Tuna) - Tinned 155g | 7.35 | 7.10 | 7.29 | 2.69% | -0.88% |
| Fish (Excl. Tuna) - Tinned 425g | 13.96 | 13.38 | 13.58 | 1.51% | -2.75% |
| **Average** | | | | **2.10%** | **-1.81%** |

### Table B.9: Rice

| Rice | Jul-10 | Apr-11 | Jul-11 | Apr-11 to Jul-11 | Jul-10 to Jul-11 |
|---|---|---|---|---|---|
| Rice 1kg | 13.72 | 13.18 | 13.01 | -1.24% | -5.14% |
| Rice 2kg | 27.77 | 25.54 | 24.87 | -2.59% | -10.43% |
| Rice 500g | 7.09 | 7.23 | 6.77 | -6.25% | -4.43% |
| **Average** | | | | **-3.36%** | **-6.67%** |

### Table B.10: Peanut butter

| Peanut Butter | Jul-10 | Apr-11 | Jul-11 | Apr-11 to Jul-11 | Jul-10 to Jul-11 |
|---|---|---|---|---|---|
| Peanut butter 270g | 12.90 | 13.03 | 13.42 | 3.02% | 4.03% |
| Peanut butter 400g | 16.73 | 17.04 | 17.61 | 3.34% | 5.25% |
| Peanut butter 410g | 16.15 | 13.78 | 14.97 | 8.64% | -7.28% |
| **Average** | | | | **5.00%** | **0.67%** |

### Table B.11: Sorghum meal

| Sorghum Meal | Jul-10 | Apr-11 | Jul-11 | Apr-11 to Jul-11 | Jul-10 to Jul-11 |
|---|---|---|---|---|---|
| Sorghum meal 1kg | 11.06 | 11.22 | 11.10 | -1.01% | 0.37% |
| Sorghum meal 500g | 6.44 | 6.32 | 6.39 | 1.08% | -0.75% |
| **Average** | | | | **0.03%** | **-0.19%** |

## APPENDIX C: SUMMARY OF INFLATION FOR SELECTED FOOD ITEMS BETWEEN July 2010 AND July 2011

**Table C.1: Food items in the urban areas ranked according to price changes (July 2010 to July 2011)**

| Grain and grain products | % | Meat and meat products and dairy and dairy products | % | Fresh and processed fruits and vegetables | % |
|---|---|---|---|---|---|
| Rice 2kg | -0.78 | Fish (Excl Tuna) - Tinned 425g | -6.69 | Tomatoes - Fresh per kg | -20.91 |
| Ceylon/Black Tea 62.5g | 0.00 | Tuna - Tinned 170g | -3.37 | Pumpkin - Fresh per kg | -10.79 |
| King Korn 1kg* | 0.33 | Cheddar Cheese per kg | -0.52 | Carrots - Fresh per kg | -8.80 |
| Spaghetti 500g | 3.10 | Eggs 1.5 dozen | 0.40 | Onions -Fresh per kg | -6.13 |
| Macaroni Plain 500g* | 6.29 | Long Life Milk Full Cream 1l* | 0.90 | Sliced Beans 1kg* | -4.08 |
| Instant coffee 750g* | 8.73 | Fresh Milk Low Fat 1l Sachet* | 1.04 | Super Juicy Corn 1kg* | -0.45 |
| Peanut Butter 410g | 9.72 | Whole Chicken - Frozen per kg | 1.38 | Baby Carrots 1kg* | 1.39 |
| White Sugar 2.5kg | 10.29 | Fresh Milk Low Fat 2l* | 1.50 | Chopped Peeled Tomato 410g* | 2.75 |
| Maize Special 5kg* | 11.34 | Chicken Portions - Frozen per kg | 1.55 | Potatoes Bag 10kg | 2.86 |
| Soya Mince Tomato & Onion 200g* | 12.55 | Fish (Excl Tuna) - Tinned 155g | 2.08 | Butter Beans - Tinned 410g | 3.15 |
| Loaf of White Bread 700g | 14.10 | Fresh Milk Full Cream 1l Sachet* | 2.69 | Baked Beans - Tinned 420g | 6.68 |
| Loaf of Brown Bread 700g | 14.14 | Meatballs in Gravy 400g* | 3.38 | Oranges - Fresh per kg | 6.72 |
| Medium Fat Spread 1kg Tub* | 15.58 | Pork Sausage per kg | 3.83 | Bananas - Fresh per kg | 6.75 |
| Maize Super 5kg* | 17.94 | Fresh Milk Full Cream 2l* | 4.02 | Apples - Fresh per kg | 8.89 |
| Sunflower Oil 750ml | 20.67 | Enterprise Picnic Ham 300g* | 4.40 | Tomato & Onion Mix 410g* | 9.25 |
| Cake Flour 2.5kg | 21.53 | Pork Chops - Fresh per kg | 4.81 | Sweet Potatoes - Fresh per kg | 10.81 |
| Brick Margarine 500g | 27.77 | Chicken Portions - Fresh per kg | 5.52 | Cabbage - Fresh per kg | 12.18 |
| | | Total Butter 500g* | 7.17 | Lettuce - Fresh per kg | 15.47 |
| | | Polony per kg | 7.26 | Green Peas 1kg* | 17.83 |
| | | Whole Chicken - Fresh per kg | 7.39 | Cauliflower - Fresh per kg | 18.08 |
| | | Beef Rump Steak -Fresh per kg | 7.99 | Canned Peas 410g* | 30.21 |
| | | Skimmed Powder Milk 1kg* | 9.26 | | |
| | | Beef T-Bone - Fresh per kg | 11.64 | | |
| | | Beef Chuck - Fresh per kg | 12.39 | | |
| | | Beef Brisket - Fresh per kg | 14.49 | | |
| | | Beef Mince - Fresh per kg | 14.80 | | |
| | | Lamb - Fresh per kg | 24.56 | | |

* Data from AC Nielsen
** Food items highlighted in the table above experienced price increases above the South African Reserve Bank’s (SARB) inflation target of 6%

**Table C.2: Food items in the rural areas ranked according to price changes (July 2010 to July 2011)**

| Grain and grain products | % | Other products | % |
|---|---|---|---|
| Rice 2kg | -10.43 | Tagless Tea Bags 250g | -7.63 |
| Rice 1kg | -5.14 | Peanut butter 410g | -7.28 |
| Rice 500g | -4.43 | Fish (Excl. Tuna) - Tinned 425g | -2.75 |
| Sorghum-meal 500g | -0.75 | Beans 500g | -2.22 |
| Maize Meal 5kg | -0.58 | Fish (Excl. Tuna) - Tinned 155g | -0.88 |
| Margarine 125g | 0.29 | Instant Coffee 100g | 1.61 |
| Sorghum-meal 1kg | 0.37 | Full Cream Long Life Milk 1l | 2.26 |
| Samp 1kg | 2.30 | Instant Coffee 250g | 2.41 |
| Loaf of White Bread 600g | 2.32 | Full Cream Long Life Milk 500ml | 2.89 |
| Maize Meal 2.5kg | 3.64 | Peanut Butter 270g | 4.03 |
| Maize Meal 12.5kg | 3.79 | Peanut Butter 400g | 5.25 |
| Loaf of Brown Bread 600g | 5.20 | White Sugar 1kg | 6.71 |
| Samp 2.5kg | 6.02 | Tagless Tea Bags 62.5g | 8.16 |
| Maize Meal 1kg | 10.90 | White Sugar 500g | 9.11 |
| Sunflower Oil 750ml | 11.73 | White Sugar 2.5kg | 9.20 |
| Sunflower Oil 500ml | 12.18 | Beans 1kg | 15.81 |
| Loaf of Brown Bread 700g | 14.26 | Butter Beans 410g | 17.39 |
| Loaf of White Bread 700g | 16.11 | Butter Beans 420g | 22.66 |
| Margarine 500g | 17.02 | | |
| Margarine 250g | 18.64 | | |
| Sunflower Oil 2l | 32.92 | | |

* Food items highlighted in the table above experienced price increases above the South African Reserve Bank's (SARB) inflation target of 6%

## APPENDIX D: COMMODITY AND PRODUCT PRICE TRENDS

*D.1 Wheat price trends*

Between July 2010 and July 2011:

International wheat price
↑ 50.54 %

Domestic price of wheat
↑ 23.11 %

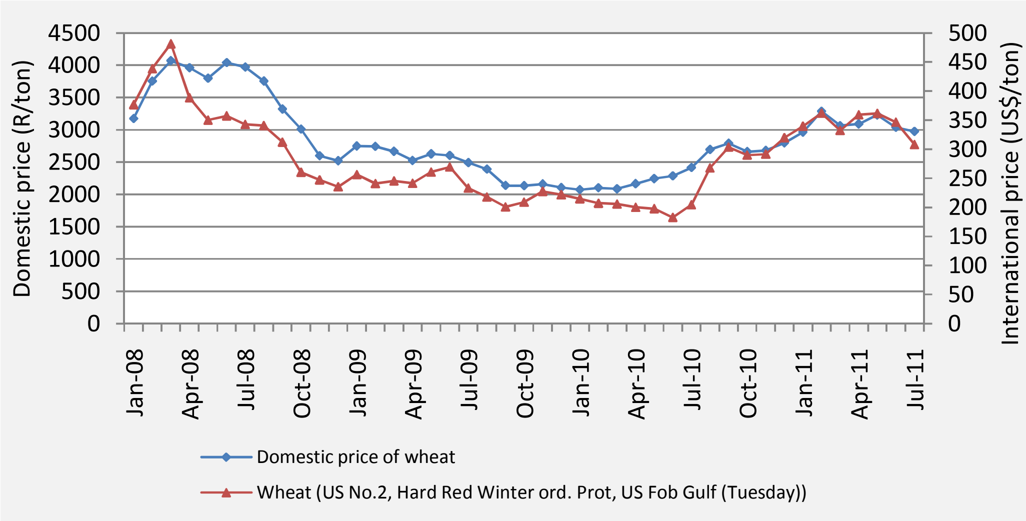



**Figure D.1: Domestic market price of wheat against global market price**
**Source: FAO and SAFEX**

Domestic wheat price followed the import parity price of wheat closely, because SA is a net importer of wheat.

Between July 2010 and July 2011:

Wheat import parity price ↑ 6.06 %

Wheat export parity price ↑ 36.59 %

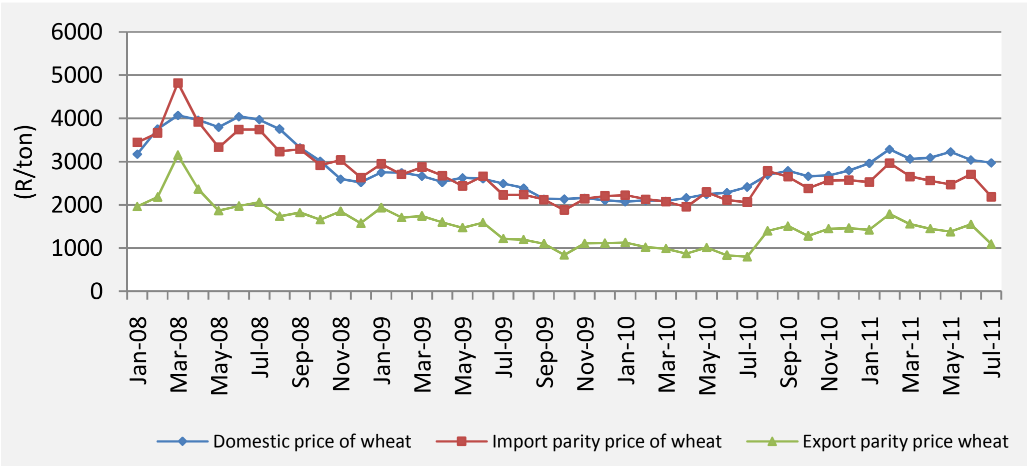



**Figure D.2: Import parity, export parity and domestic prices of wheat**
**Source: SAGIS and SAFEX**

Between July 2010 and July 2011:

Domestic wheat price
↑ 42.81 %

Brown bread price
↑ 14.14 %

White bread price
↑ 14.10 %

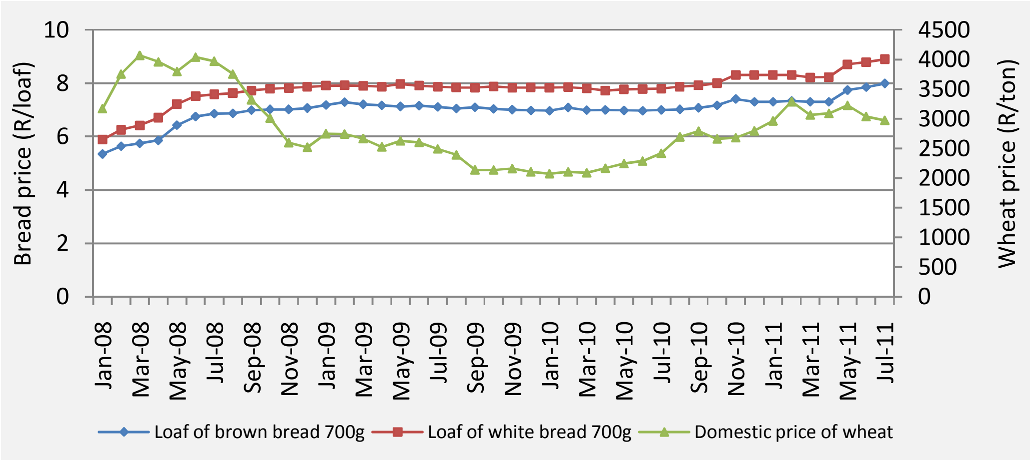



**Figure D.3: Domestic market wheat price and bread price trends**
**Source: Stats SA and SAFEX**

*D.2 Maize price trends*

Between July 2010 and July 2011:

International price of maize
↑ 91.33 %

Domestic price of yellow maize
↑ 55.03%

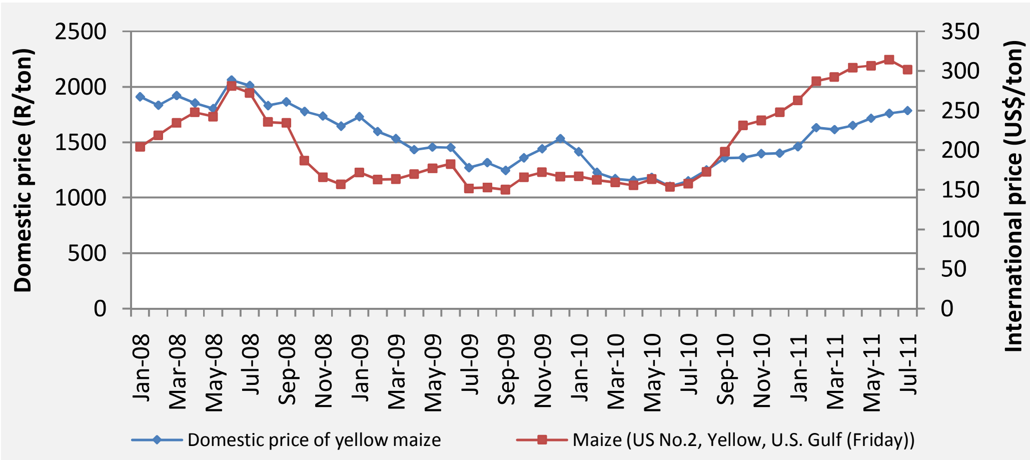



**Figure D.4: Domestic market price of maize against global market price**
**Source: FAO and SAFEX**

Between July 2010 and July 2011:

Export parity price
↑ 55.21 %

Import parity price
↑ 24.74 %

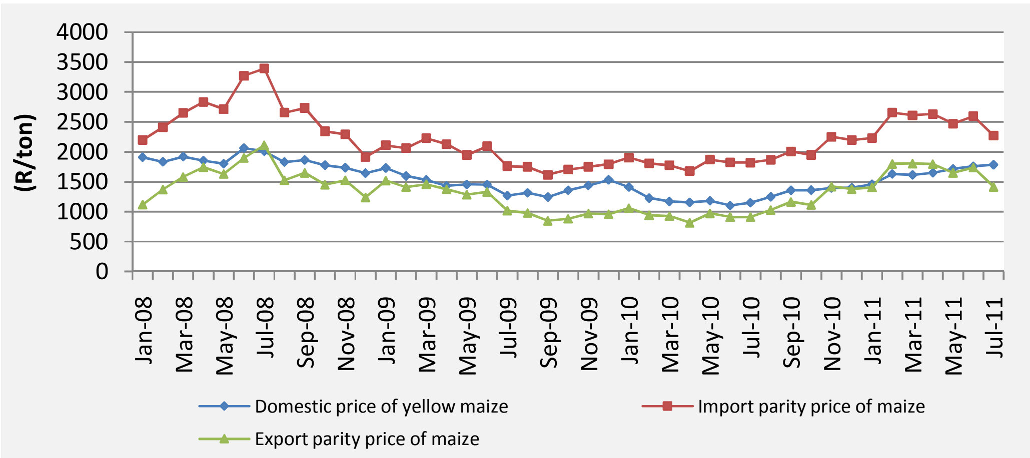



**Figure D.5: Import parity, export parity and domestic prices of maize**
**Source: SAFEX and SAGIS**

Between July 2010 and July 2011:

Super maize meal price
↑ 17.94%

Special maize meal
↓ 11.34%

Domestic price of white maize
↑ 62.90%

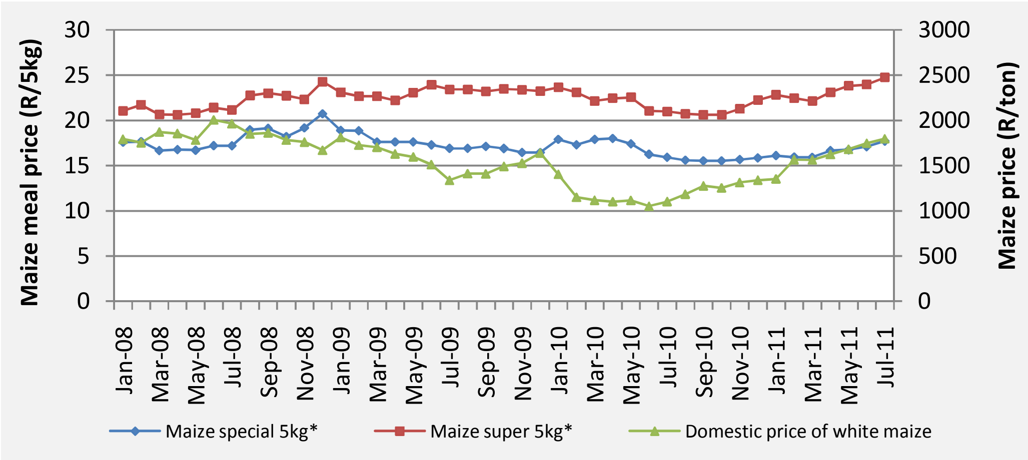



**Figure D.6: Maize price and maize meal price trends**
**Source: SAFEX and AC Nielsen**

*D.3 Sunflower seeds price trends*

Between July 2010 and July 2011:

Domestic price of sunflower seeds
↑ 20.93%

Between July 2010 to July 2011 the international price of sunflower seeds ↑ 49.66%

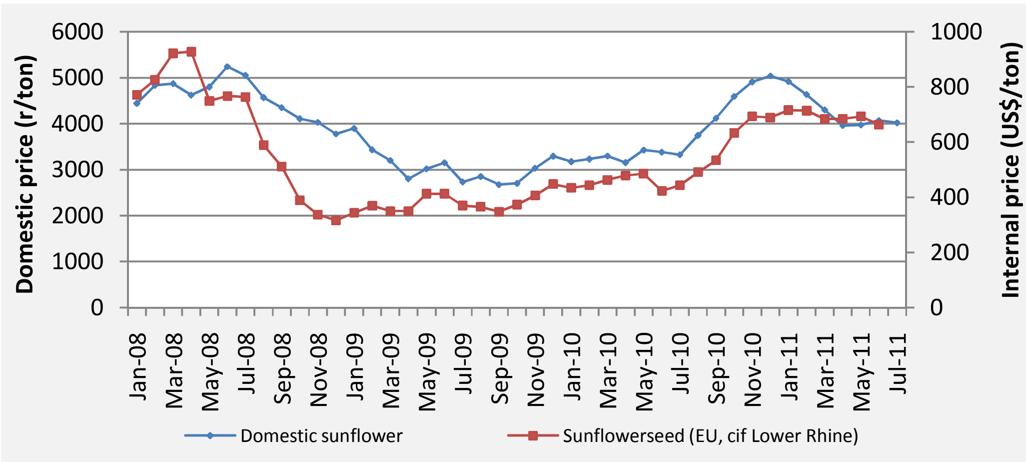



**Figure D.7: Domestic market price of sunflower seeds against global market price**
**Source: FAO and SAFEX**

Between July 2010 and July 2011:

Sunflower seed price
↑ 20.93 %

Retail sunflower oil price
↑ 20.67%

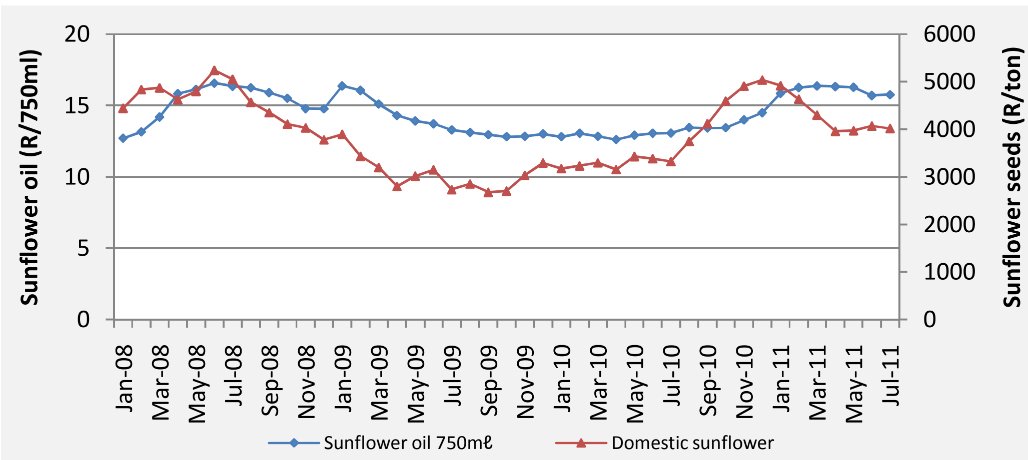



**Figure D.8: Sunflower seeds price and sunflower oil price trends**
**Source: SAFEX and Stats SA**

*D.4 Dairy price trends*

Between July 2010 and July 2011:

Skim milk powder
↑ 17.11%

Whole milk powder
↑ 16.67%

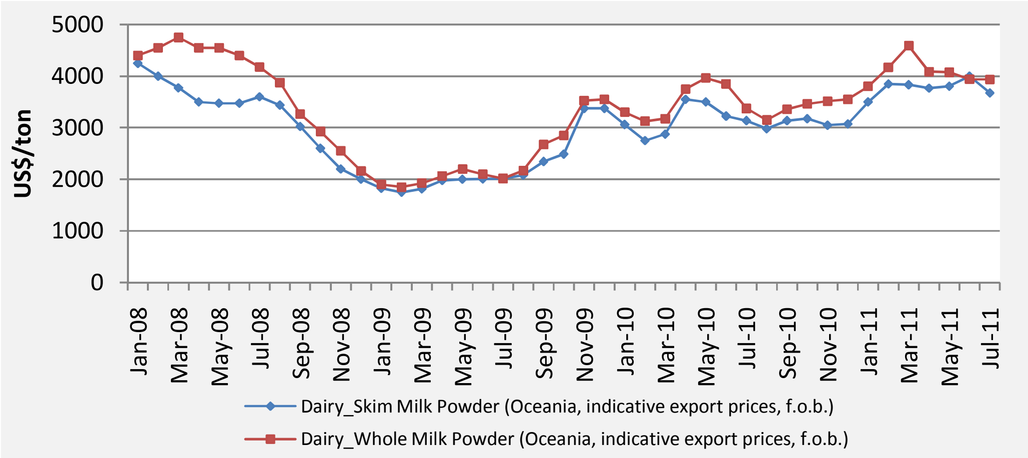



**Figure D.9: Skim milk powder and whole milk powder price trends**
**Source: FAO**

Between July 2010 and July 2011:

Milk producer price
↓ 0.34 %

Full cream milk price
↑ 0.58 %

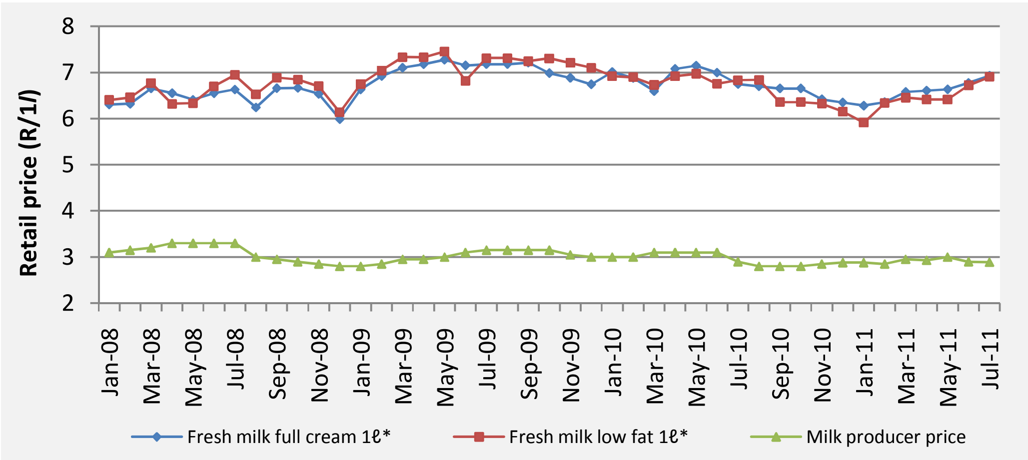


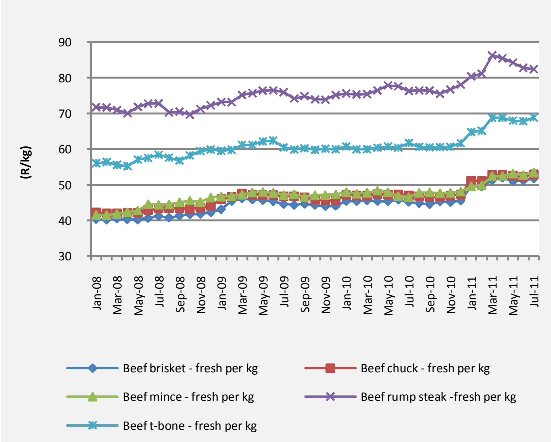

**Figure D.10: Domestic producer price and retail prices of milk**
**Source: MPO and AC Nielsen**

*D.5 Meat price trends*

The price of beef at retail level showed an average increase of 12.26% for the different cuts.

Frozen chicken portions price ↑ by 1.55 % per kilogram

Lamb loin chops ↑ by 24.56 % between July 2010 and July 2011



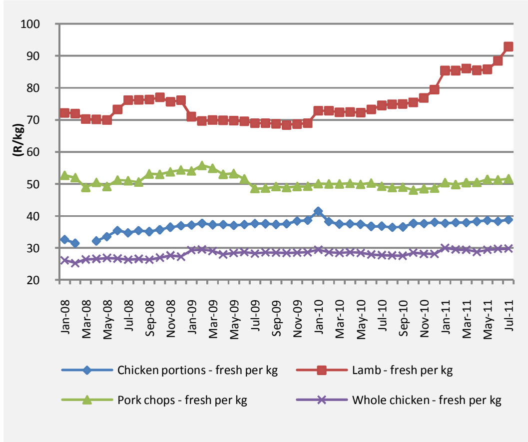




**Figure D.11: Retail prices of beef, pork chops, chicken portions, whole chicken and lamb**
**Source: Stats SA**

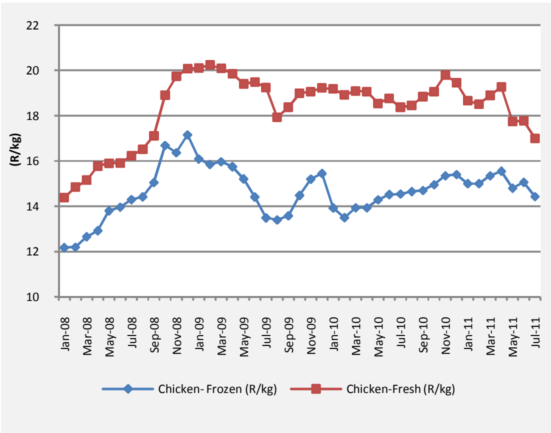
Between July 2010 and July 2011:

Producer price for fresh chicken ↓ 0.76%

Frozen chicken price ↑ 11.63 %

Porker price ↑ 5.70 %

Baconer price ↑ 13.38 %



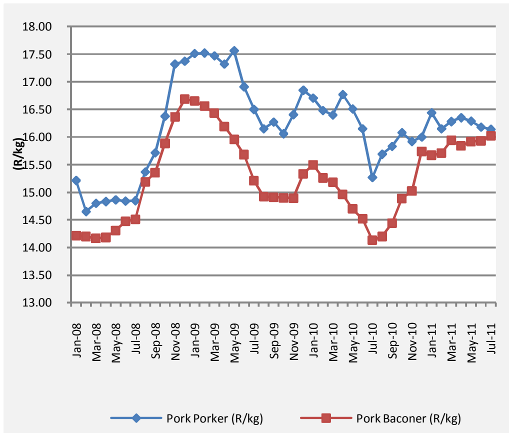



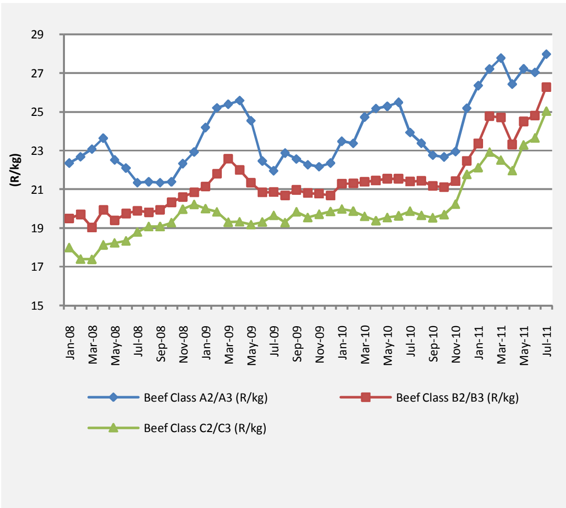

**Figure D.12: Producer prices of chicken and pork**
**Source: AMT**

Between July 2010 and July 2011:

Producer price of Beef-class A2/A3 ↑ 16.88 %

Prices of beef class B2/B3 ↑ 22.80 % and class C2/C3 ↑ 25.97 %

Prices of lamb-class A2/A3 and class B ↑ 35.67 % and ↑35.73 % respectively; prices of class C2/C3 ↑ 45.48 %



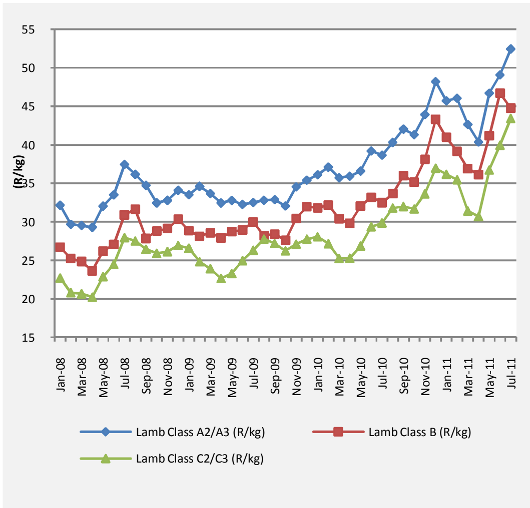




**Figure D.13: Producer prices of beef and lamb**
**Source: AMT**

*D.5 Meat price trends*

The price of beef at retail level showed an average increase of 12.05 % for the different cuts.

Frozen chicken portions price ↓ by 1.98 % per kilogram

Lamb loin chops ↑ by 17.86 % between July 2010 and July 2011

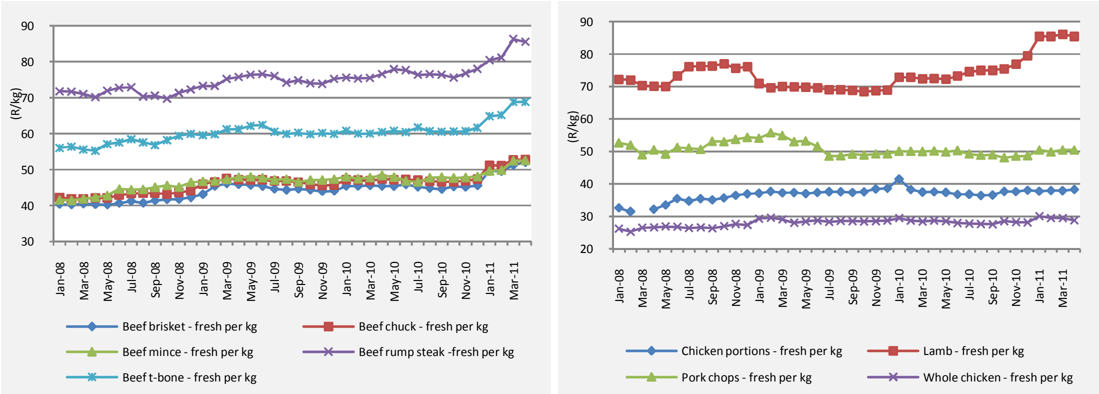



**Figure D.11: Retail prices of beef, pork chops, chicken portions, whole chicken and lamb**
**Source: Stats SA**

Between July 2010 and July 2011:

Producer price for fresh chicken ↑ 1.10 %

Frozen chicken price ↑ 11.63 %

Porker price ↓ 2.5 %

Baconer price ↑ 5.88 %

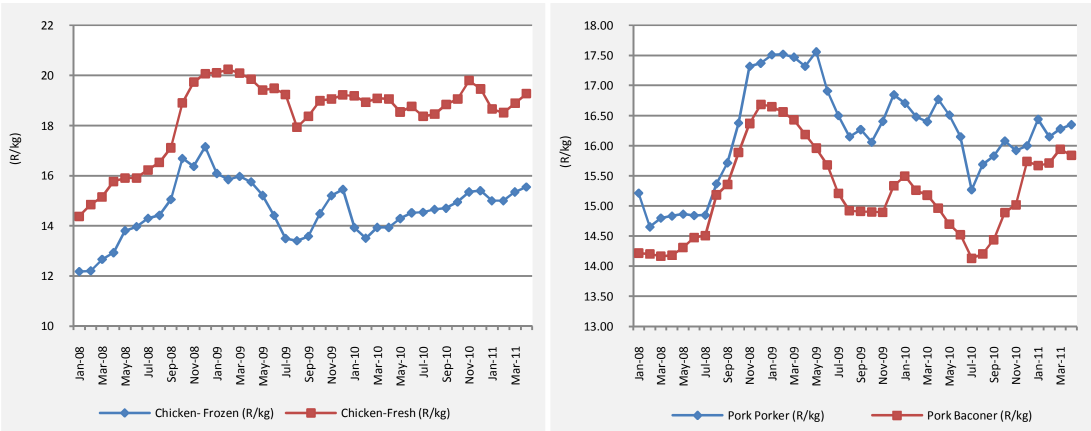



**Figure D.12: Producer prices of chicken and pork**
**Source: AMT**

Between July 2010 and July 2011:

Producer price of Beef-class A2/A3 ↑ 5.01 %

Prices of beef class B2/B3 ↑ 8.72 % and class C2/C3 ↑ 13.31 %

Prices of lamb-class A2/A3 and class B ↑ 12.42 % and ↑21.23 % respectively; prices of class C2/C3 ↑ 21.39 %

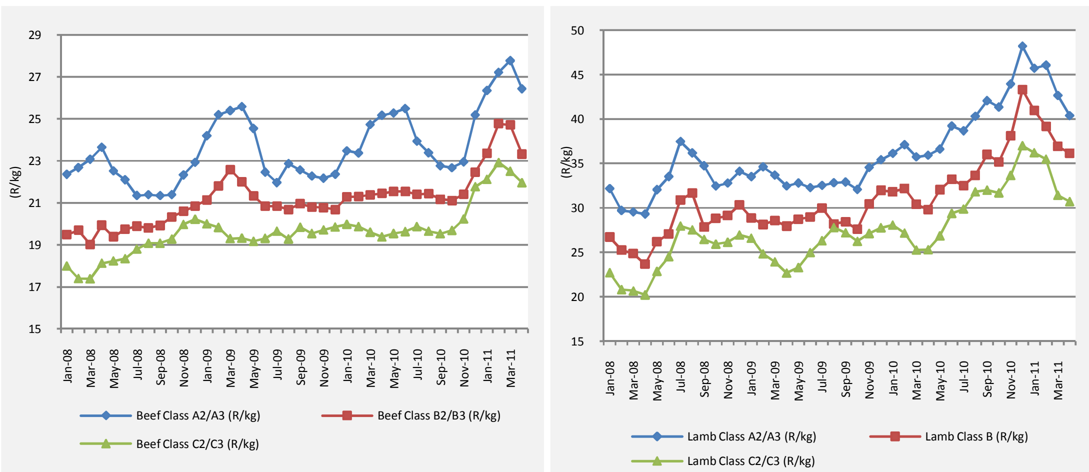



**Figure D.13: Producer prices of beef and lamb**
**Source: AMT**

# APPENDIX E: REAL FARM TO RETAIL PRICES SPREAD AND FARM VALUE SHARE OF STAPLE FOOD ITEMS

*E.1 Brown bread real farm-to-retail price spread and farm value share*

Between July 2010 and July 2011:

The real farm-to-retail price spread of brown bread increased by 5.71 %

The real farm value share of brown bread increased by 40.06 %

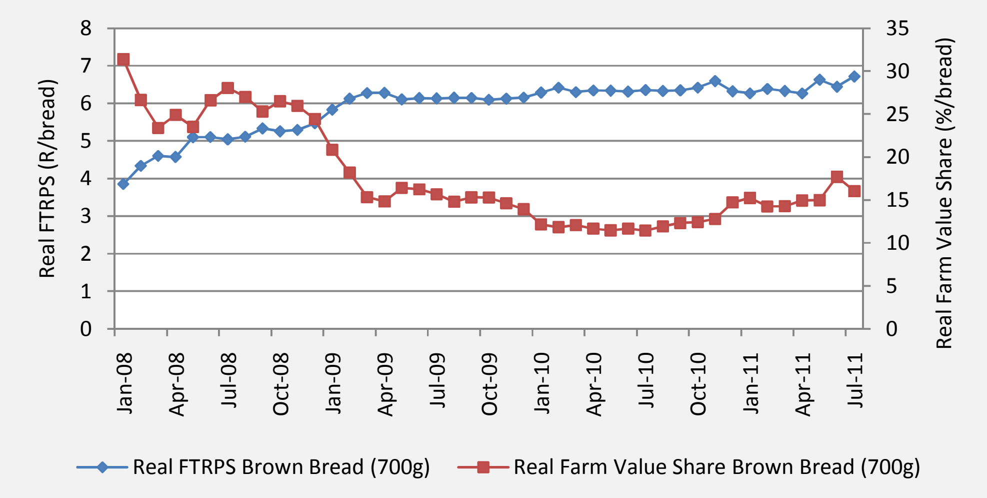



**Figure E.1: Real farm to retail price spread and real farm value share of brown bread. Source: SAFEX, Stats SA and own calculations**

*E.2 White bread real farm-to-retail price spread and farm value share*

Between July 2010 and July 2011:

The real farm-to-retail price spread of white bread increased by 0.93 %

The real farm value share of white bread increased by 47.48 %

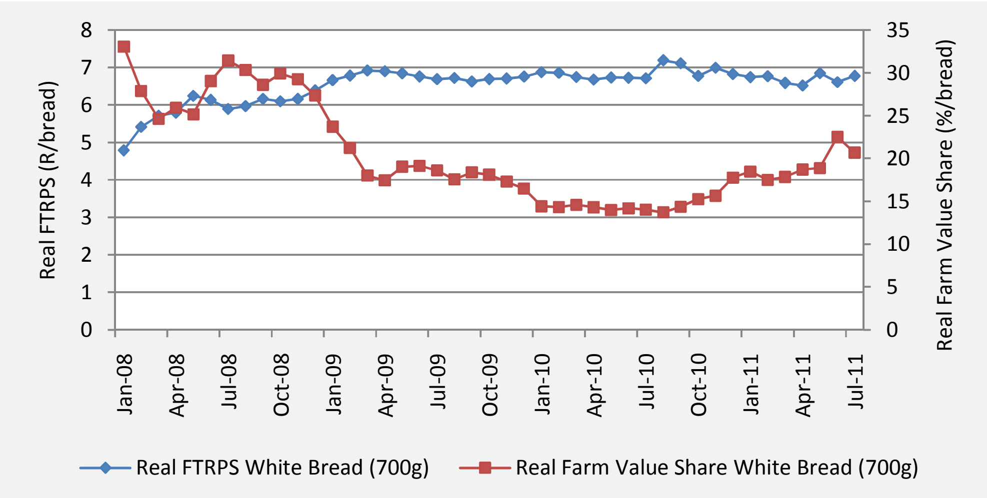



**Figure E.2: Real farm to retail price spread and real farm value share of white bread. Source: SAFEX, AC Nielsen and own calculations**

*E.3 Super maize meal real farm to retail price spread and farm value share*

Between July 2010 and July 2011:

The real farm-to-retail price spread of super maize meal decreased by 6.92 %

The real farm value share of super maize meal increased by 30 %

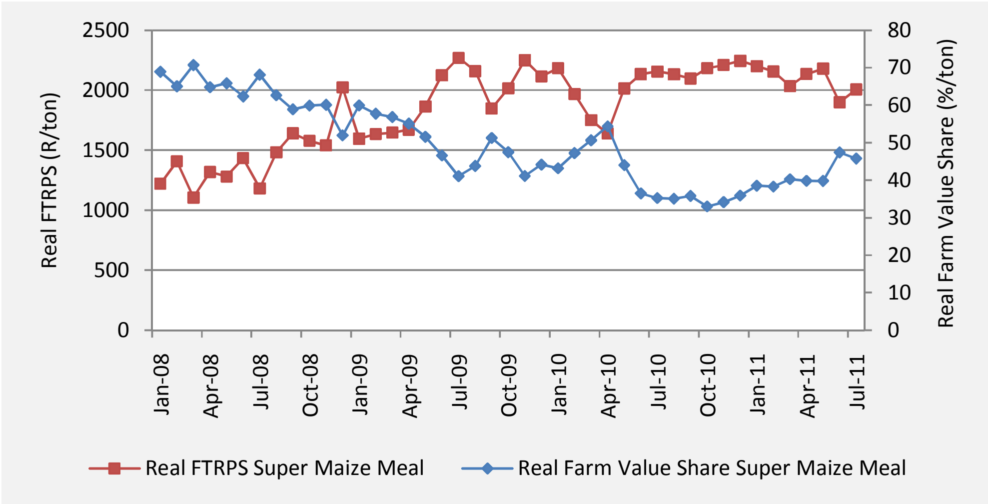



**Figure E.3: Real farm to retail price spread and real farm value share of super maize meal. Source: SAFEX, AC Nielsen and own calculations**

*E.4 Special maize meal real farm to retail price spread and farm value share*

Between July 2010 and July 2011:

The real farm-to-retail price spread of special maize meal decreased by 18.74 %

The real farm value share of special maize meal increased by 37.68 %

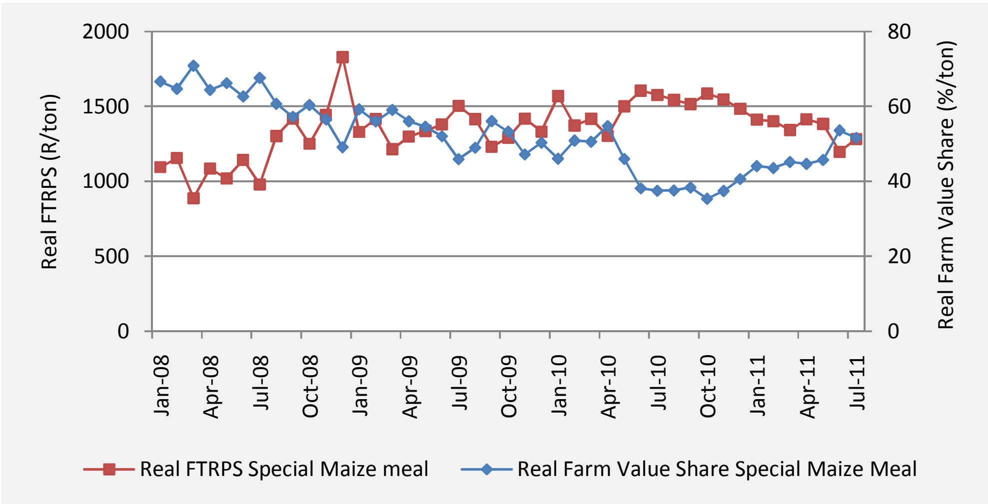



**Figure E.4: Real farm to retail price spread and real farm value share of special maize meal. Source: SAFEX, AC Nielsen and own calculations**

## APPENDIX F: DATA COLLECTION

Urban food prices reported by in this media release are obtained from Statistics South Africa (Stats SA) and AC Nielsen. These prices obtained from these two sources are regarded as being representative of changes in food prices in South Africa due to:

- Stats SA price data on all products are sampled from approximately 800 different data collections points across the country on a monthly basis. Food price data is not collected from all the data collection points since some stores that are sampled do not necessarily sell food. In addition, certain food prices are not sampled in all provinces. For example, the price of cheddar cheese is collected from Gauteng, Western Cape, Eastern Cape, KwaZulu-Natal, Free State, Northern Cape, North West and Mpumalanga. Food price data collection by Stats SA also involves field work where price collectors visit stores to collect data, after which such data undergoes a rigorous process to ensure the integrity of the data. The basket of food products that are included was derived from the Income and Expenditure Survey of 2005/06 that was compiled by Stats SA to ensure that the basket is representative of consumer spending on food. For more detailed information on the methodological process involved in the collection of prices visit http://www.statssa.gov.za/cpi/documents/CPI_Sources_Methods.pdf.
- AC Nielsen collects food price data on a monthly basis from approximately 1000 large food chain stores across the country. Food prices are collected through scanners at the tellers in the big food chain stores after which it undergoes a rigorous process to ensure the integrity of the data. As is the case for Stats SA not all prices are collected in all provinces. For example, potato prices are collected from the core urban areas of Gauteng, KwaZulu-Natal, Eastern Cape, Western Cape and Free State provinces.

This media release also reports food prices in deep rural areas. Rural food prices are collected from 190 outlets/shops by field workers of the different provincial departments of agriculture on a monthly basis. The number of outlets/shops per province are as follows: 28 outlets in the Free State, 27 in KwaZulu-Natal, 21 in Mpumalanga, 18 in the Northern Cape, 17 in the Eastern Cape, 16 in Gauteng, 21 in Limpopo, 23 in North West and 19 in the Western Cape.

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