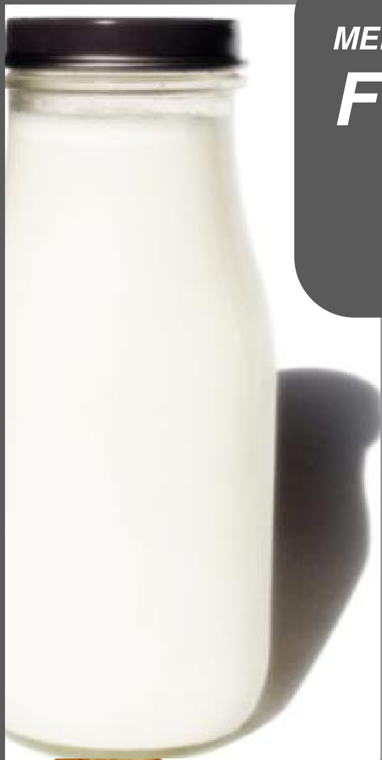

MEDIA RELEASE

FOOD PRICE MONITOR:

May 2011

EXECUTIVE SUMMARY

The April 2011 Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) showed that food and non-alcoholic beverages inflation increased by 4.8 % between April 2010 and April 2011. Headline CPI increased by 4.2 % between April 2010 and April 2011. The food and non-alcoholic beverages index decreased from March 2011 to April 2011, from 5 % to 4.8 % while headline inflation increased from 4.1 % in March 2011 to 4.2 % in April 2011. The annual increase of 4.8 % in the food and non-alcoholic beverages index was largely driven by the annual increases in oils and fats (22.7 %), meat (8.3 %) and sugar (6.3 %). The prices of processed food products increased by 5.1 % from April 2010 to April 2011 and the price of unprocessed food products increased by 4.8 % over the same period.

At the retail level, urban consumers paid R 7.30 for a 700g loaf of brown bread and R 8.23 for a loaf of 700g white bread during April 2011, a 4.29 % and 6.61 % increase respectively compared to April 2010. Urban consumers paid 2.99 % more for a super maize meal (5kg) and 7.49 % less for special maize meal (5kg) in April 2011 than during April 2010 at the retail level. Sunflower cooking oil prices showed the largest price increases of all retail food products reported on in both urban and rural areas.

Rural consumers paid R 11.44 more than urban consumers for the same food basket, a significantly lower price difference than usually reported.

During February 2011, the FAO global food price index reached its peak of 237.2 index points. In March, the food price index decreased for the first time in 8 months. From March to April, the food price index showed a slight increase again and reached 232.1 index points.

From April 2010 to April 2011, the cost of a basic food basket used by the NAMC increased by about R 12.28 (+3.3 %) in nominal terms. The cost of this food basket, expressed as a share of the average monthly income of the poorest 30 % of the population, increased from 33.0 % in April 2010 to 34.1 % in April 2011. 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 2.7 %.

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QUARTERLY FOOD PRICE MONITOR
May 2011

1. Foreword

The April 2011 Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) showed that food and non-alcoholic beverages inflation increased by 4.8 % between April 2010 and April 2011. Headline CPI increased by 4.2 % between April 2010 and April 2011. The previous Food Price Monitor of February 2011 reported that the food and non-alcoholic beverages index increased by 3.1 % in January 2011 compared to January 2010. Since the last report, food and non-alcoholic beverages inflation increased on a year-on-year basis to reach 3.6 % in February 2011 and 5 % in March 2011. In March 2011, the food and non-alcoholic beverages price inflation exceeded headline inflation for the first time since August 2009 and continued with this trend in April 2011.

The food and non-alcoholic beverages index decreased from March 2011 to April 2011, from 5 % to 4.8 % while headline inflation increased from 4.1 % in March 2011 to 4.2 % in April 2011. Figure 1 shows the headline inflation rate and the food and non-alcoholic beverages inflation rate on a monthly basis since April 2010.

On a month-to-month basis the transport index showed the largest increase of 1.2 %, due to the increase in petrol prices. The alcoholic beverages and tobacco index also increased on a month-to-month basis by 0.9 % from March 2011 to April 2011, and recreation and culture increased during the same period by 0.3 %. The housing and utilities group contributed the most, 1.5 % to headline inflation on an annual basis, followed by food and non-alcoholic beverages with a 0.7 % contribution and transport with a 0.6 % contribution.

The annual increase of 4.8 % in the food and non-alcoholic beverages index was largely driven by the annual increases in oils and fats (22.7 %), meat (8.3 %) and sugar (6.3 %), the same food group as reported in the January 2011 Food Price Monitor. The prices of processed food products increased by 5.1 % from April 2010 to April 2011 and the price of unprocessed food products increased by 4.8 % over the same period. Figure 2 shows the year-on-year percentage change of the price indices for different food groups.

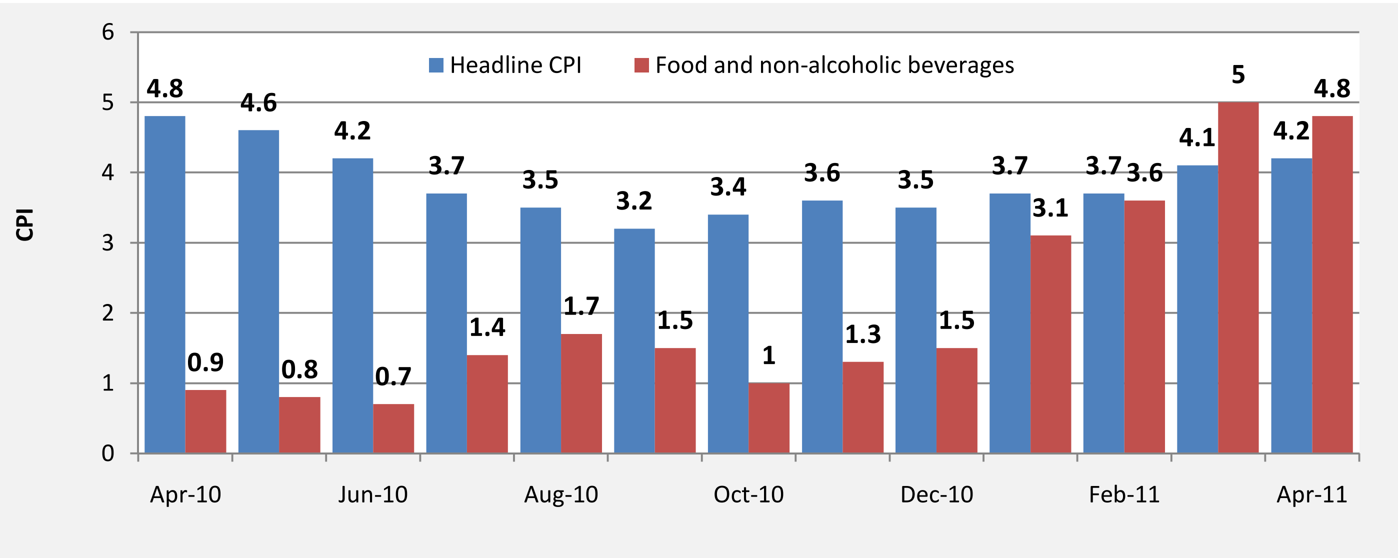

Figure 1: Headline CPI and food and non-alcoholic beverages CPI for 2010 – 2011 (year-on-year)
Source: Stats SA, 2011

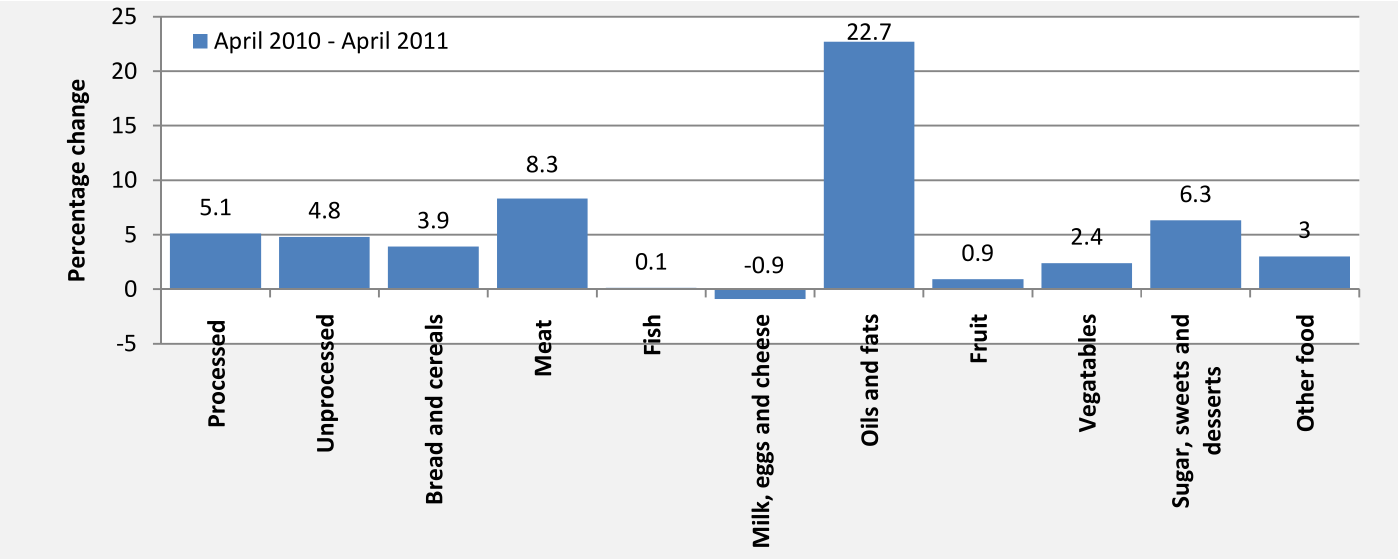

Figure 2: Year-on-year percentage change for different food categories (April 2010 – April 2011)
Source: Stats SA, 2011

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 the first months of 2011. Brazil, Russia, India and China experienced the highest inflation on food and non-alcoholic beverages of all the countries listed in Table 1.

It is important to note that the BRIC countries (Brazil, Russia, India and China) are experiencing such high levels of food price inflation, since these countries contain about 40% of the world's population.

Namibia and Zambia both experienced low levels of food price increases, 1.1% and 3.8% respectively, when compared to the other countries shown in Table 1. Food price inflation in both these economies was lower than overall inflation.

Table 1: Overall inflation and food inflation

Country	Month	Overall inflation (%)	Inflation of food and non alcoholic beverages (%)
South Africa	April 2011	4.2	4.8
Namibia	February 2011	3.1	1.1
Zambia	March 2011	9.2	3.8
Turkey	March 2011	4.3	2.8
Australia	March 2011	3.3	4.3
Brazil	April 2011	6.39	7.62
United States	March 2011	6.1	7.1
United Kingdom	March 2011	4	4.5
China	April 2011	5.3	11.5
India	March 2011	9	9.5
Russia	March 2011	9.1	13.3

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

3. Urban and rural food price trends: April 2010 – April 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 January 2010 and April 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 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: medium fat spread 1kg tub (6.23 %), loaf of white bread 700g (6.61 %), instant coffee 750g (7.71 %), white sugar 2.5kg (9.88 %), cake flour 2.5kg (14.99 %), brick margarine 500g (15.93, %), sunflower oil 750ml (29.50 %), beef mince - fresh per kg (8.54 %), beef chuck - fresh per kg (11.53 %), beef rump steak -fresh per kg (11.74 %), beef T-bone - fresh per kg (13.88 %), beef brisket - fresh per kg (14.56 %), lamb - fresh per kg (17.86 %), baked beans - tinned 420g (9.56 %), cauliflower - fresh per kg (10.81 %), sweet potatoes - fresh per kg (11.05 %), cabbage - fresh per kg (12.06 %), lettuce - fresh per kg (14.12 %), canned peas 410g (17.16 %), apples - fresh per kg (18.39 %). Food items in rural areas with annual inflation higher than 6 % were the following: sorghum-meal 500g (6.07 %), sorghum-meal 1kg (6.43 %), loaf of brown bread 700g (6.53 %), margarine 500g (6.87 %), margarine 125g (7.67 %), loaf of white bread 600g (7.74 %), margarine 250g (11.53 %), maize meal 1kg (12.35 %), sunflower oil 750ml (13.19 %), sunflower oil 500ml (23.70 %), sunflower oil 2l (30.33 %), white sugar 2.5kg (6.49 %), butter beans 420g (6.49 %), butter beans 410g (15.50 %) and tagless tea bags 250g (16.17 %)

A closer look at food price trends:

As reported in the previous Food Price Monitor of February 2011, agricultural commodities continued to show significant price increases. The international price of wheat (US No.2, Hard Red Winter ord. Prot, US Fob Gulf) increased by 79.52 % and the domestic price of wheat increased by 42.81 % from April 2010 to April 2011. At the retail level, urban consumers paid R 7.30 for a 700g loaf of brown bread and R 8.23 for a loaf of 700g white bread during April 2011, a 4.29 % and 6.61 % increase respectively compared to April 2010. The real farm to retail price spread for brown bread was R 6.15 and for white bread R 6.40 during April 2011.

The international price of yellow maize (US No.2, Yellow, U.S. Gulf) increased by 101.76 % from April 2010 to April 2011. During the same period, the price of domestic yellow maize increased by 42.71 %. The domestic price of yellow maize traded on average at R 1 650.28 per ton during April 2011 and still below the export parity price of R 1 797.56. The domestic white maize price increased by 47.30 % compared to April 2010. At the retail level urban consumers paid 2.99 % more for a super maize meal (5kg) and 7.49 % less for special maize meal (5kg) in April 2011 than during April 2010.

The sunflower seed price traded significantly lower in April 2011 at R 3 959.39/ton compared to the price reported in the previous food price monitor, R 4 918.19/ton. On an annual basis the price of sunflower seed increased by 58.01 % from April 2010 to April 2011. The increase in the sunflower seed price has also filtered through to the retail level. Sunflower cooking oil prices showed the largest price increases of all retail food products reported on in both urban and rural areas. In urban areas, the price of sunflower cooking oil (750 ml) increased by 29.5 %, and the price of sunflower cooking oil (2l) in rural areas increased by 30.33 %.

Domestic producer prices of beef and lamb continued with its decreasing trend after peaking during the end of 2010/beginning 2011. On an annual basis, however, the producer price of beef for class A2/A3, B2/B3 and C2/C3 increased by 5.01 %, 8.72 % and 13.31 % respectively from April 2010 to April 2011. The producer price of lamb increased by 12.42 % for class A2/A3, 21.23 % for class B2/B3 and 21.39 % for class C2/C3 from April 2010 to April 2011. The annual increase in retail prices of beef cuts ranged from 8.54 % for beef mince-fresh per kg to 14.56 % for beef brisket-fresh per kg. Lamb-fresh per kg showed an annual price increase from April 2010 of 17.86 % at retail level.

The producer price for whole chicken frozen showed a significant increase of 11.63 % on an annual basis from April 2010, and during the same period the producer price of fresh whole chicken per kg increased by 1.10 %. Retail price increases for frozen and fresh whole chicken and chicken portions did not show significant changes compared to the previous year. The producer price for pork baconer increased by 5.88 % while the producer price of pork porker decreased by 2.50 % and the retail price of pork chops-fresh per kg increased by only 0.6 % annually from April 2010.

4. Comparison between the urban and rural prices

This section compares prices of selected food items in the rural and urban areas for April 2010, January 2011 and April 2011. Table 2 shows that in April 2011, rural consumers paid R 11.44 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 April 2011 were rice (2kg) and sugar (2.5kg). The price of rice (2.kg) and sugar (2.5kg) were respectively R 5.63 and R 2.36 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 1.62 while the price difference between other staples such as brown bread and white bread were much less. The rural consumer paid 9c more than the urban consumer for a loaf of brown bread and 4c less for a loaf of white bread. Rural consumers paid R 2.59 less for sunflower oil (750ml) than urban consumers in April 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 (Apr-10)	Price difference (Jan-11)	Price difference (Apr-11)
	Apr-10	Jan-11	Apr-11	Apr-10	11-Jan	Apr-11	R/unit	R/unit	R/unit
Full cream long life milk 1l	10.97	11.03	10.99	9.55	9.45	9.42	1.42	1.58	1.57
Loaf of brown bread 700g	6.93	7.31	7.39	7.00	7.30	7.30	-0.07	0.01	0.09
Loaf of white bread 700g	7.73	8.18	8.19	7.72	8.31	8.23	0.01	-0.13	-0.04
Maize meal 5kg	25.45	25.23	25.17	22.87	22.57	23.55	2.58	2.66	1.62
Margarine 500g	15.25	14.38	16.30	12.68	12.98	14.70	2.57	1.40	1.60
Peanut butter 400g	16.59	16.73	16.68	15.66	15.26	16.39	0.93	1.47	0.29
Rice 2kg	27.33	25.66	25.54	21.72	21.26	19.91	5.61	4.40	5.63
Sunflower oil 750ml	12.14	13.45	13.74	12.61	15.85	16.33	-0.47	-2.40	-2.59
Ceylon/black tea 62.5g	8.17	7.98	8.14	7.10	7.12	7.22	1.07	0.86	0.92
White sugar 2.5kg	21.74	22.76	23.15	18.92	19.20	20.79	2.82	3.56	2.36
Total							**16.47**	**13.42**	**11.44**

5. Price trends (week 4 of each month)

Prices normally cited in the 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 was 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. On average, the price of cooking oil increased by 39.99 %, continuing the increasing trend. The Food Price Monitor reported in February 2011 that the price of the cheapest cooking oil increased by 35.71 %. Other price increases were seen in the price of meat products, such as frozen whole chicken, which increased by 24.70 % from April 2010 to April 2011. The price of lamb chops increased by 16.17 % and the price of boerewors increased by 11.52 % from April 2010 to April 2011. Bread prices also increased from April 2010 to April 2011; the price of the cheapest sliced white bread increased by 10.01 % and the price of the cheapest sliced brown bread increased by 3.39 %. The maize meal price (5kg) decreased by 0.21 % during the same period. For the period under review, price decreases were seen for rice, which decreased by 14.56 %, and the cheapest 1l milk sachet, by 2.19 %.

Table 3: April 2010 to April 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	0.53	11.45	-4.14	3.97	5.15	3.39
Cheapest bread white sliced standard 700g	5.45	-2.31	14.21	23.57	9.12	10.01
Cheapest maize meal 5kg	-2.68	1.53	4.45	-2.88	-1.49	-0.21
Rice 2kg	-16.16	-15.05	-23.45	-24.37	6.24	-14.56
Cheapest cooking oil 750ml	33.59	39.92	43.26	37.29	45.88	39.99
Cheapest milk sachet 1l	0.64	-0.36	-4.51	-5.57	-1.14	-2.19
Cheapest milk long life full cream UHT 1l	0.68	4.30	7.23	-6.31	-3.33	0.52
Cheapest chicken frozen whole per kg	31.60	22.82		20.23		24.70
Cheapest boerewors per kg	-2.32	13.34	32.84	-0.35	14.09	11.52
Pork loin chops per kg	14.34	6.98	7.08	-6.59	0.25	4.41
Lamb shoulder/braai chops per kg	17.23	20.35	9.43	19.40	14.43	16.17

Source: Adcheck, 2011

6. International Food Prices

The Food and Agricultural Organization (FAO) of the United Nations publishes their global 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.

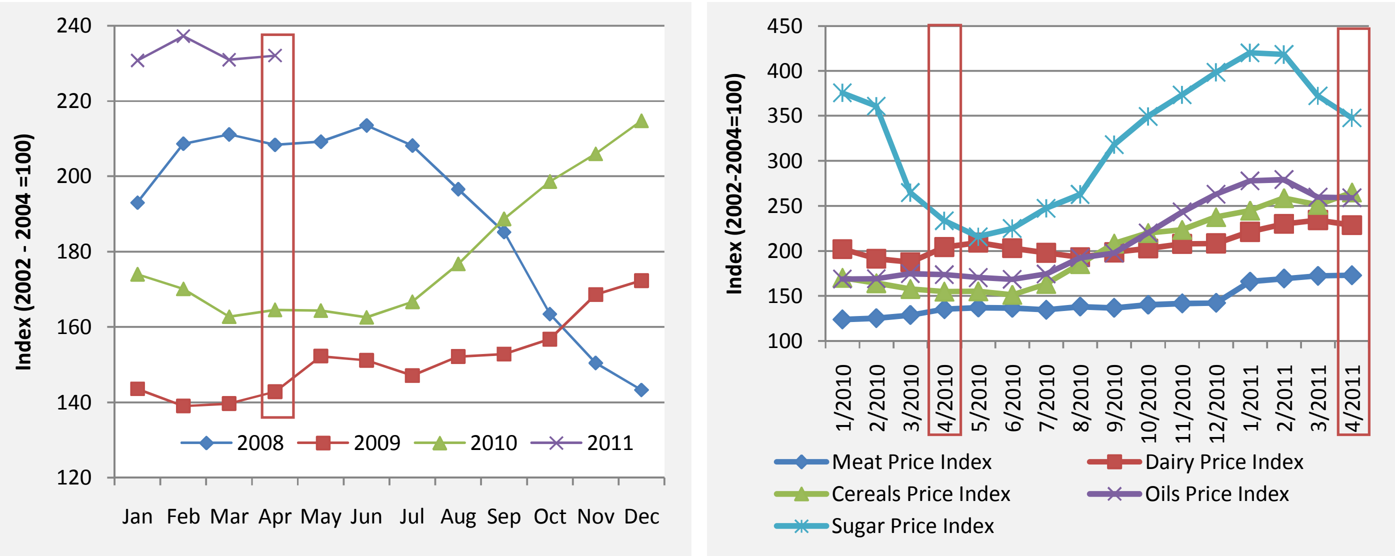

Figure 3: International food price index and price indices for five food categories
Source: FAO, 2011

The Food Price Monitor of February 2011 reported that the overall food price index increased by 33 % from January 2010 to January 2011, reaching its highest level since January 2008. During February 2011, the overall food price index reached its peak of 237.2 index points. In March, the food price index decreased for the first time in 8 months. From March to April, the food price index showed a slight increase again and reached 232.1 index points (See figure 3).

Compared to the price indices of April 2010, the meat price index of April 2011 increased by 27.94 %, reaching its highest level to date. On an annual basis, the price index of cereals showed the largest increase of 71.21 %, the oil price index increased by 49.35 % and the sugar price index increased by 49 % to April 2011. The dairy price index increased by 11.97 % from April 2010 to April 2011.

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 April 2010 to April 2011. From April 2010 to April 2011, the cost of this basic food basket increased by about R 12.28 (+3.3 %) in nominal terms.

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 33.0 % in April 2010 to 34.1 % in April 2011, representing the second highest share during this analysis period (34.3 % for March 2011 being the highest). 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 2.7 %.

[1] Composition of food basket: loaf of white bread (700g), loaf of brown bread (700g), super maize meal (5kg), special maize meal (5kg), rice (2kg), tinned butter beans (410g), onions (1kg), cabbage (1kg), potatoes (1kg), tomatoes (1kg), apples (1kg), bananas (1kg), orange (1kg), whole fresh chicken, stewing beef, long life full cream milk (1L), extra large eggs (1.5 dozen), sunflower oil (750ml), brick margarine (500g), peanut butter (400g), instant coffee regular (750g) and black / Ceylon tea - tagless tea bags (62.5g) 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 2005/2006' *(calculations excludes imputed rent on owned dwelling)*

Figure 4: The monthly cost of a typical consumer food basket for the period April 2010 to April 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 April 2010 to April 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 April 2010 to April 2011, six 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 below.

Animal protein:

Animal protein foods in this food basket experienced inflation of 5.9 %, which was mainly driven by inflation on stewing beef (above 10 %) and to a lesser degree inflation on chicken (around 1 %) – representing two important protein sources for households in South Africa.

Bread and cereals:

The prices of staple food products within this food basket deflated by 2.2 % from April 2010 to April 2011. However, it is noteworthy that even though super maize meal and rice prices deflated significantly, high inflation rates were observed for brown and white bread (4.3 % and 6.6 % respectively).

Vegetables and fruit:

The prices of vegetables within this food basket inflated by 2.1 % during the period, with significant price inflation for cabbage (12.1 %) but slight deflation for onions, potatoes and tomatoes. From April 2010 to April 2011, the fruit products in this basket experienced inflation of 5.2 %, mainly driven by high inflation for apples (18.4 %) and bananas (4.8 %), while the price of oranges deflated by 10.4 %.

Dairy and eggs:

Full cream milk within this food basket experience price deflation of 2.7 % during the analysis period, while price inflation on a 1.5 dozen packet of eggs was 4.2 %.

Other product categories:

Bean products, hot beverages (coffee/tea) and fats/oils experienced price inflation when comparing April 2010 to April 2011 (2.4 %, 1.7 % and 22.7 % respectively).

Thus, when comparing April 2010 to April 2011, the significant price inflation experienced for important products such as bread, selected fruit, selected vegetables and stewing beef could have a negative impact on household food security in South Africa, affecting the affordability of an important staple food as well as food items making a major contribution to dietary diversity.

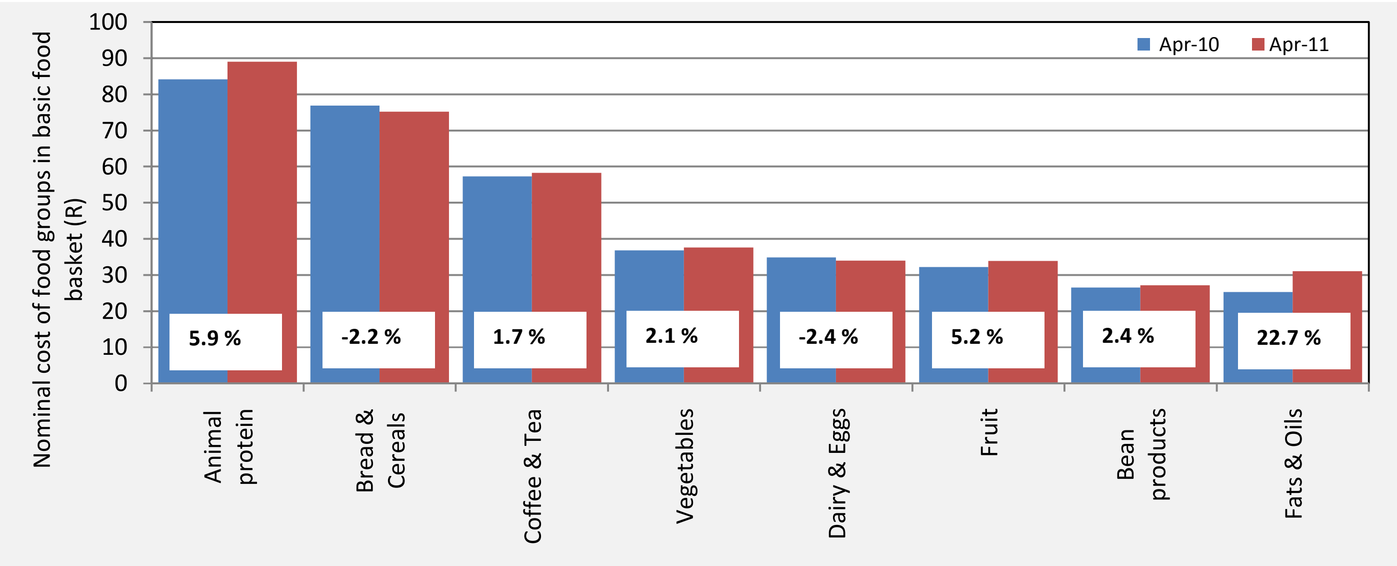

Figure 5: Nominal monthly cost of specific food groups within the basic food basket, comparing April 2010 and April 2011

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 3 illustrates the estimated portion costs for these foods, calculated from monthly food price data for April 2010 and April 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 is 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. 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 April 2011 versus April 2010 prices, the results in Figure 6 indicated inflation of

[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 2.5 % (from R 3.07 to R 3.15 for the selection of portions). This was in particular due to inflation in the prices of brown bread, milk and tea, which was partly offset by price deflation for maize meal.

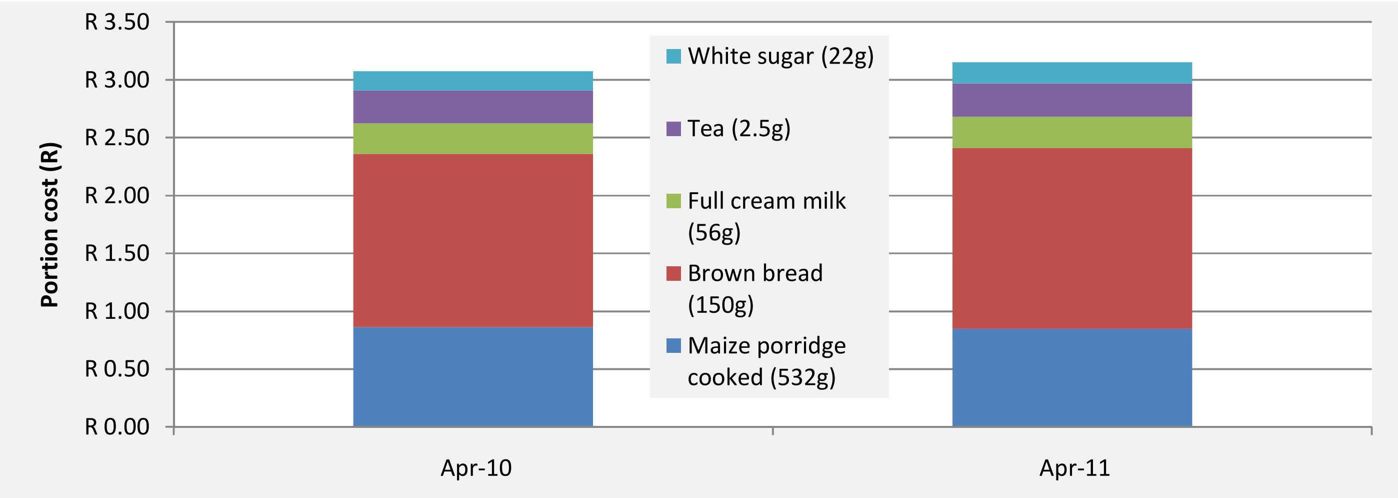

Figure 6: Average nominal cost for the typical portions of the five food items most widely consumed by very poor consumers in South Africa, for April 2010 and April 2011

8. June 2011 – August 2011 Outlook

Weather events have been playing havoc on world commodity markets since 2010. The impact of the severe drought in Russia induced the first rally of world commodity markets in the second half of 2010; adverse weather events across the world have continued to influence markets. Increasing concerns that this year's crops in the northern hemisphere will turn out smaller than expected has sparked a next crop scare rally in recent weeks. Due to excessive rains, US plantings of maize are severely delayed in several regions and it is becoming increasingly likely that grain planting intentions will not be fully accomplished. In order to replenish the dwindling world stock levels of maize, it is crucial for the US to produce a larger maize crop, which is becoming less likely every week as plantings are delayed. Although some farmers could switch to soybeans, their plantings are also likely to be delayed beyond the optimal planting dates. This has resulted in US maize futures increasing to all-time record highs in early April, followed by a sharp run in basically all other grain and oilseed prices.

It is likely that world prices will experience some setbacks from record highs over the next month as profit taking on speculative positions takes place. However, the bottom line is that world grain and oilseed markets are very high and there is significant fundamental support to maintain the range where markets are currently trading over the next three months. The demand for feedstock in biofuel plants and the demand for animal feed are growing, which provides further support for prices. Tight stock levels will result is much higher volatility of soft commodity prices over the outlook period, which will drive the local soft commodity markets as most commodity prices are either trading at import parity or export parity levels.

The consumer price index for food and non-alcoholic beverages of 4.8 % is in the range of 4-5 % that was predicted in the previous FPM. The slight decline from the previous month's inflation rate was mainly driven by lower fruit, vegetable and meat prices. Fruit prices remain under pressure from the strong exchange rate, and the extremely soft potato prices have a bearish impact on the prices of vegetable crops. Meat prices have entered the typical cyclical trend of lower prices during winter time and it is anticipated that meat prices will trade slightly softer during the outlook period. The prices of oils and fats will likely trade sideways over the next three months as most of the increases in raw materials have been passed through. However, bread and maize meal prices could increase by more than in the recent past due to higher maize and wheat prices. Local maize prices are finding support in much higher export levels as traders manage to secure major deep-sea export agreements on the back of a local maize price that has been, and still is trading well below export parity levels.

In terms of food price volatility, the period June – August is typically seen as your "most stable" period where much of the volatility on soft commodity markets is absorbed by the chain. This does not imply that food prices will not rise in the months to come. There are still a number of inflationary trends within the value chain that have not been passed through fully, especially higher energy prices.

APPENDIX A: DATA ON URBAN FOOD PRICE TRENDS

Table A.1: Wheat products

Wheat Products	Price level			Percentage change	
	Apr-10	Jan-11	Apr-11	Jan-11 to Apr-11	Apr-10 to Apr-11
Loaf of brown bread 700g	7.00	7.30	7.30	0.00%	4.29%
Loaf of white bread 700g	7.72	8.31	8.23	-0.96%	6.61%
Cake flour 2.5kg	15.74	17.11	18.10	5.79%	14.99%
Spaghetti 500g	10.16	9.19	9.46	2.94%	-6.89%
Macaroni plain 500g*	7.71	8.11	7.93	-2.25%	2.81%
Average				**1.10%**	**4.36%**
Wheat (R/ton)	2165.11	2964.33	3091.83	**4%**	**43%**

Table A.2: Maize products

Maize Products	Price level			Percentage change	
	Apr-10	Jan-11	Apr-11	Jan-11 to Apr-11	Apr-10 to Apr-11
Maize special 5kg*	18.01	16.11	16.66	3.38%	-7.49%
Maize super 5kg*	22.45	22.83	23.12	1.29%	2.99%
Average				**2.34%**	**-2.25%**
White Maize (R/ton)	1103.26	1354.43	1625.06	**20%**	**47%**

*Data from AC Nielsen

Table A.3: Sunflower products

Sunflower products	Price level			Percentage change	
	Apr-10	Jan-11	Apr-11	Jan-11 to Apr-11	Apr-10 to Apr-11
Sunflower oil 750ml	12.61	15.85	16.33	3.03%	29.50%
Medium fat spread 1kg tub*	19.43	20.94	20.64	-1.44%	6.23%
Brick margarine 500g	12.68	12.98	14.70	13.25%	15.93%
Average				**4.95%**	**17.22%**
Sunflower (R/ton)	3155.85	4918.19	3959.39	**-19%**	**25%**

*Data from AC Nielsen

Table A.4: Processed vegetables

Processed Vegetables	Price level			Percentage change	
	Apr-10	Jan-11	Apr-11	Jan-11 to Apr-11	Apr-10 to Apr-11
Baked beans - tinned 420g	7.53	7.88	8.25	4.70%	9.56%
Butter beans - tinned 410g	10.89	10.69	10.79	0.94%	-0.92%
Chopped peeled tomato 410g*	10.71	11.07	11.11	0.39%	3.76%
Tomato & onion mix 410g*	7.99	8.49	7.96	-6.32%	-0.46%
Canned peas 410g*	6.79	7.74	7.96	2.78%	17.16%
Baby carrots 1kg*	31.37	31.03	30.88	-0.47%	-1.56%
Green peas 1kg*	23.65	27.74	24.99	-9.93%	5.64%
Sliced beans 1kg*	29.32	30.44	26.22	-13.88%	-10.59%
Super juicy corn 1kg*	29.14	30.30	28.19	-6.98%	-3.26%
Average				**-3.20%**	**2.15%**

*Data from AC Nielsen

Table A.5: Fresh vegetables

Fresh Vegetables	Price level			Percentage change	
	Apr-10	Jan-11	Apr-11	Jan-11 to Apr-11	Apr-10 to Apr-11
Carrots - fresh per kg	11.37	10.82	11.79	8.96%	3.69%
Onions - fresh per kg	7.65	7.45	7.62	2.28%	-0.39%
Potatoes - fresh per kg	8.91	8.55	8.84	3.39%	-0.79%
Tomatoes - fresh per kg	12.84	12.98	12.81	-1.31%	-0.23%
Sweet potatoes - fresh per kg	9.50	10.76	10.55	-1.95%	11.05%
Cabbages - fresh per kg	7.46	7.61	8.36	9.86%	12.06%
Lettuces - fresh per kg	22.67	22.84	25.87	13.27%	14.12%
Pumpkins - fresh per kg	10.06	9.67	9.27	-4.14%	-7.85%
Cauliflowers - fresh per kg	26.91	26.15	29.82	14.03%	10.81%
Average				**4.93%**	**4.72%**

Table A.6: Processed meat

Processed meat	Price level			Percentage change	
	Apr-10	Jan-11	Apr-11	Jan-11 to Apr-11	Apr-10 to Apr-11
Meatballs in gravy 400g*	13.31	13.55	13.31	-1.76%	-0.01%
Picnic ham 300g*	25.93	26.66	26.94	1.06%	3.90%
Pork sausage per kg	53.50	53.79	53.58	-0.39%	0.15%
Polony per kg	25.90	27.65	26.77	-3.18%	3.36%
Average				**-1.07%**	**1.85%**

*Data from AC Nielsen

Table A.7: Unprocessed meat

Unprocessed meat	Price level			Percentage change	
	Apr-10	Jan-11	Apr-11	Jan-11 to Apr-11	Apr-10 to Apr-11
Pork chops - Fresh per kg	50.13	50.40	50.43	0.06%	0.60%
Lamb - fresh per kg	72.50	85.44	85.45	0.01%	17.86%
Beef brisket - fresh per kg	45.40	49.61	52.01	4.84%	14.56%
Beef chuck - fresh per kg	47.35	51.16	52.81	3.23%	11.53%
Beef mince - fresh per kg	48.38	49.60	52.51	5.87%	8.54%
Beef rump steak - fresh per kg	76.52	80.39	85.50	6.36%	11.74%
Beef T-bone - fresh per kg	60.39	64.80	68.77	6.13%	13.88%
Whole chicken - fresh per kg	28.67	30.00	28.78	-4.07%	0.38%
Whole chicken - frozen per kg	24.42	25.45	24.73	-2.83%	1.27%
Chicken portions - fresh per kg	37.54	37.73	38.28	1.46%	1.97%
Chicken portions - frozen per kg	22.19	22.75	21.75	-4.40%	-1.98%
Average				**1.51%**	**7.30%**

Table A.8: Dairy products

Dairy	Price level			Percentage change	
	Apr-10	Jan-11	Apr-11	Jan-11 to Apr-11	Apr-10 to Apr-11
Fresh milk full cream 1l sachet*	7.08	6.28	6.61	5.19%	-6.66%
Fresh milk full cream 2l*	15.64	14.21	14.83	4.36%	-5.19%
Fresh milk low fat 1l sachet*	6.92	5.91	6.41	8.47%	-7.34%
Fresh milk low fat 2l*	16.16	14.61	15.54	6.37%	-3.85%
Long life milk full cream 1l*	9.09	9.42	9.34	-0.91%	2.68%
Skimmed powder milk 1kg*	56.45	55.15	59.03	7.04%	4.57%
Total butter 500g*	25.61	26.18	26.09	-0.34%	1.87%
Cheddar cheese per kg	86.34	87.99	85.61	-2.70%	-0.85%
Average				**3.44%**	**-1.84%**

*Data from AC Nielsen

Table A.9: Fruits

Fruits	Price level			Percentage change	
	Apr-10	Jan-11	Apr-11	Jan-11 to Apr-11	Apr-10 to Apr-11
Apples - fresh per kg	12.02	14.35	14.23	-0.84%	18.39%
Bananas - fresh per kg	10.41	10.36	10.91	5.31%	4.80%
Oranges - fresh per kg	9.77	8.79	8.75	-0.46%	-10.44%
Average				**1.34%**	**4.25%**

Table A.10: Fish products

Fishes - tinned	Price level			Percentage change	
	Apr-10	Jan-11	Apr-11	Jan-11 to Apr-11	Apr-10 to Apr-11
Fish (excl tuna) - tinned 155g	6.39	6.17	6.26	1.46%	-2.03%
Fish (excl tuna) - tinned 425g	12.32	11.44	11.18	-2.27%	-9.25%
Tuna - tinned 170g	10.19	10.10	9.52	-5.74%	-6.58%
Average				**-2.19%**	**-5.95%**

Table A.11: Other products

Other products	Price level			Percentage change	
	Apr-10	Jan-11	Apr-11	Jan-11 to Apr-11	Apr-10 to Apr-11
King Korn 1kg*	10.08	10.12	10.13	0.08%	0.50%
White sugar 2.5kg	18.92	19.20	20.79	8.28%	9.88%
Rice 2kg	21.72	21.26	19.91	-6.35%	-8.33%
Instant coffee regular 750g*	48.98	49.62	52.76	6.34%	7.71%
Ceylon/black tea 62.5g	7.10	7.12	7.22	1.40%	1.69%
Peanut butter 400g	15.66	15.26	16.39	7.40%	4.66%
Soya mince tomato & onion 200g*	8.53	8.57	8.60	0.30%	0.81%
Eggs 1.5 dozen	25.70	24.71	24.61	-0.40%	-4.24%
Average				**2.13%**	**1.59%**

*Data from AC Nielsen

APPENDIX B: DATA ON RURAL FOOD PRICE TRENDS

Table B.1: Wheat products

Wheat Products	Apr-10	Jan-11	Apr-11	Jan-11 to Apr-11	Apr-10 to Apr-11
Loaf of brown bread 600g	6.49	6.91	6.79	-1.67%	4.72%
Loaf of brown bread 700g	6.93	7.31	7.39	1.03%	6.53%
Loaf of white bread 600g	7.00	7.65	7.54	-1.39%	7.74%
Loaf of white bread 700g	7.73	8.18	8.19	0.09%	5.93%
Average				**-0.49%**	**6.23%**

Table B.2: Maize products

Maize Products	Apr-10	Jan-11	Apr-11	Jan-11 to Apr-11	Apr-10 to Apr-11
Maize meal 12.5kg	50.36	52.74	56.58	7.29%	12.35%
Maize meal 1kg	6.22	6.16	6.45	4.75%	3.80%
Maize meal 2.5kg	16.32	14.64	14.69	0.37%	-9.98%
Maize meal 5kg	25.45	25.23	25.17	-0.23%	-1.08%
Samp 1kg	6.38	6.43	6.43	-0.07%	0.74%
Samp 2.5kg	12.96	12.96	12.71	-1.94%	-1.95%
Average				**1.70%**	**0.65%**

Table B.3: Sunflower products

Sunflower Products	Apr-10	Jan-11	Apr-11	Jan-11 to Apr-11	Apr-10 to Apr-11
Sunflower oil 2l	23.86	27.12	31.10	14.66%	30.33%
Sunflower oil 500ml	9.15	9.87	11.32	14.70%	23.70%
Sunflower oil 750ml	12.14	13.45	13.74	2.14%	13.19%
Margarine 125g	5.82	5.63	6.26	11.29%	7.67%
Margarine 250g	9.75	9.62	10.87	13.00%	11.53%
Margarine 500g	15.25	14.38	16.30	13.29%	6.87%
Average				**11.51%**	**15.55%**

Table B.4: Dairy products

Dairy Products	Apr-10	Jan-11	Apr-11	Jan-11 to Apr-11	Apr-10 to Apr-11
Full cream long life milk 1l	10.97	11.03	10.99	-0.40%	0.12%
Full cream long life milk 500ml	6.83	6.82	6.82	0.05%	-0.03%
Average				**-0.18%**	**0.05%**

Table B.5: Tea and coffee

Tea and coffee	Apr-10	Jan-11	Apr-11	Jan-11 to Apr-11	Apr-10 to Apr-11
Instant coffee 100g	12.77	13.21	13.16	-0.37%	3.08%
Instant coffee 250g	25.46	26.84	26.11	-2.73%	2.53%
Ceylon/black tea 250g	17.80	17.23	20.68	20.01%	16.17%
Ceylon/black tea 62.5g	8.17	7.98	8.14	2.06%	-0.34%
Average				**4.74%**	**5.36%**

Table B.6: Beans

Beans	Apr-10	Jan-11	Apr-11	Jan-11 to Apr-11	Apr-10 to Apr-11
Beans 1kg	14.29	13.72	14.24	3.82%	-0.33%
Beans 500g	8.86	8.56	8.27	-3.36%	-6.64%
Butter beans 410g	8.71	9.57	10.06	5.20%	15.50%
Butter beans 420g	8.00	7.88	8.97	13.94%	12.16%
Average				**4.90%**	**5.17%**

Table B.7: White sugar

Sugar	Apr-10	Jan-11	Apr-11	Jan-11 to Apr-11	Apr-10 to Apr-11
White sugar 1kg	9.62	9.96	10.12	1.63%	5.15%
White sugar 2.5kg	21.74	22.76	23.15	1.73%	6.49%
White sugar 500g	5.48	5.69	5.64	-0.91%	2.94%
Average				**0.82%**	**4.86%**

Table B.8: Tinned fish

Fish	Apr-10	Jan-11	Apr-11	Jan-11 to Apr-11	Apr-10 to Apr-11
Fish (Excl. Tuna) - Tinned 155g	7.69	7.26	7.10	-2.29%	-7.76%
Fish (Excl. Tuna) - Tinned 425g	14.15	13.64	13.38	-1.94%	-5.42%
Average				**-2.12%**	**-6.59%**

Table B.9: Rice

Rice	Apr-10	Jan-11	Apr-11	Jan-11 to Apr-11	Apr-10 to Apr-11
Rice 1kg	13.88	13.46	13.18	-2.12%	-5.09%
Rice 2kg	27.33	25.66	25.54	-0.48%	-6.55%
Rice 500g	7.29	7.28	7.23	-0.80%	-0.87%
Average				**-1.13%**	**-4.17%**

Table B.10: Peanut butter

Peanut Butter	Apr-10	Jan-11	Apr-11	Jan-11 to Apr-11	Apr-10 to Apr-11
Peanut butter 270g	12.74	12.63	13.03	3.15%	2.28%
Peanut butter 400g	17.03	16.76	17.04	1.69%	0.08%
Peanut butter 410g	14.44	11.93	13.78	15.56%	-4.56%
Average				**6.80%**	**-0.73%**

Table B.11: Sorghum meal

Sorghum Meal	Apr-10	Jan-11	Apr-11	Jan-11 to Apr-11	Apr-10 to Apr-11
Sorghum meal 1kg	10.54	10.97	11.22	2.27%	6.43%
Sorghum meal 500g	5.96	6.57	6.32	-3.71%	6.07%
Average				**-0.72%**	**6.25%**

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

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

Grain and grain products	%	Meat and meat products and dairy and dairy products	%	Fresh and processed fruits and vegetables	%
Rice 2kg	-8.33	Fish (Excl Tuna) - Tinned 425g	-9.25	Sliced Beans 1kg*	-10.59
Maize Special 5kg*	-7.49	Fresh Milk Low Fat 1Lt Sachet*	-7.34	Oranges - Fresh per kg	-10.44
Spaghetti 500g	-6.89	Fresh Milk Full Cream 1Lt Sachet*	-6.66	Pumpkin - Fresh per kg	-7.85
King Korn 1kg*	0.50	Tuna - Tinned 170g	-6.58	Super Juicy Corn 1kg*	-3.26
Soya Mince Tomato & Onion 200g*	0.81	Fresh Milk Full Cream 2Lt*	-5.19	Baby Carrots 1kg*	-1.56
Ceylon/Black Tea 62.5g	1.69	Eggs 1.5 dozen	-4.24	Butter Beans - Tinned 410g	-0.92
Macaroni Plain 500g*	2.81	Fresh Milk Low Fat 2Lt*	-3.85	Potatoes Bag 10 kg	-0.79
Maize Super 5kg*	2.99	Fish (Excl Tuna) - Tinned 155g	-2.03	Tomato & Onion Mix 410g*	-0.46
Loaf of Brown Bread 700g	4.29	Chicken Portions - Frozen per kg	-1.98	Onions -Fresh per kg	-0.39
Peanut Butter 410g	4.66	Cheddar Cheese per kg	-0.85	Tomatoes - Fresh per kg	-0.23
Medium Fat Spread 1kg Tub*	6.23	Bull Brand Meatballs in Gravy 400g*	-0.01	Carrots - Fresh per kg	3.69
Loaf of White Bread 700g	6.61	Pork Sausage per kg	0.15	Chopped Peeled Tomato 410g*	3.76
Ricoffy Reg 750g*	7.71	Whole Chicken - Fresh per kg	0.38	Bananas - Fresh per kg	4.80
White Sugar 2.5kg	9.88	Pork Chops - Fresh per kg	0.60	Green Peas 1kg*	5.64
Cake Flour 2.5kg	14.99	Whole Chicken - Frozen per kg	1.27	Baked Beans - Tinned 420g	9.56
Brick Margarine 500g	15.93	Total Butter 500g*	1.87	Cauliflower - Fresh per kg	10.81
Sunflower Oil 750ml	29.50	Chicken Portions - Fresh per kg	1.97	Sweet Potatoes - Fresh per kg	11.05
		LongLife Milk Full Cream 1Lt*	2.68	Cabbage - Fresh per kg	12.06
		Polony per kg	3.36	Lettuce - Fresh per kg	14.12
		Enterprise Picnic Ham 300g*	3.90	Canned Peas 410g*	17.16
		Skimmed Powder Milk 1kg*	4.57	Apples - Fresh per kg	18.39
		Beef Mince - Fresh per kg	8.54		
		Beef Chuck - Fresh per kg	11.53		
		Beef Rump Steak -Fresh per kg	11.74		
		Beef T-Bone - Fresh per kg	13.88		
		Beef Brisket - Fresh per kg	14.56		
		Lamb - Fresh per kg	17.86		

* AC Nielsen

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

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

Grain and grain products	%	Other products	%
Maize Meal 2.5kg	-9.98	Fish (Excl. Tuna) - Tinned 155g	-7.76
Rice 2kg	-6.55	Beans 500g	-6.64
Rice 1kg	-5.09	Fish (Excl. Tuna) - Tinned 425g	-5.42
Samp 2.5kg	-1.95	Peanut butter 410g	-4.56
Maize Meal 5kg	-1.08	Tagless Tea Bags 62.5g	-0.34
Rice 500g	-0.87	Beans 1kg	-0.33
Samp 1kg	0.74	Full Cream Long Life Milk 500ml	-0.03
Maize Meal 12.5kg	3.80	Peanut Butter 400g	0.08
Loaf of Brown Bread 600g	4.72	Full Cream Long Life Milk 1L	0.12
Loaf of White Bread 700g	5.93	Peanut Butter 270g	2.28
Sorghum-meal 500g	6.07	Instant Coffee 250g	2.53
Sorghum-meal 1kg	6.43	White Sugar 500g	2.94
Loaf of Brown Bread 700g	6.53	Instant Coffee 100g	3.08
Margarine 500g	6.87	White Sugar 1kg	5.15
Margarine 125g	7.67	White Sugar 2.5kg	6.49
Loaf of White Bread 600g	7.74	Butter Beans 420g	12.16
Margarine 250g	11.53	Butter Beans 410g	15.50
Maize Meal 1kg	12.35	Tagless Tea Bags 250g	16.17
Sunflower Oil 750ml	13.19		
Sunflower Oil 500ml	23.70		
Sunflower Oil 2L	30.33		

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

APPENDIX D: COMMODITY AND PRODUCT PRICE TRENDS

D.1 Wheat price trends

Between April 2010 and April 2011:

International wheat price ↑ 79.52 %

Domestic price of wheat ↑ 42.81 %

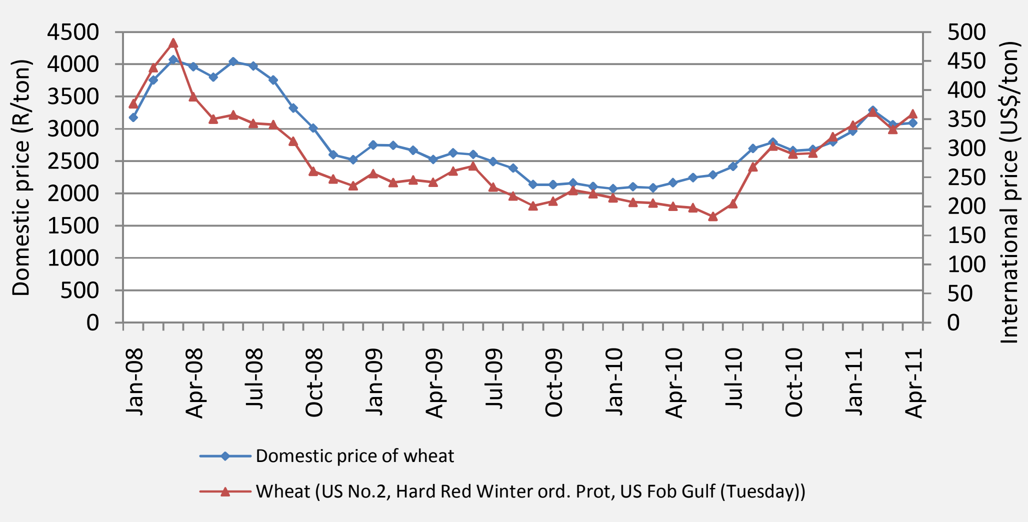

Figure D.1: Domestic market price of wheat against global market price
Source: FAO and SAFEX

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

Between April 2010 and April 2011:

Wheat import parity price ↑ 30.87 %

Wheat export parity price ↑ 66.27 %

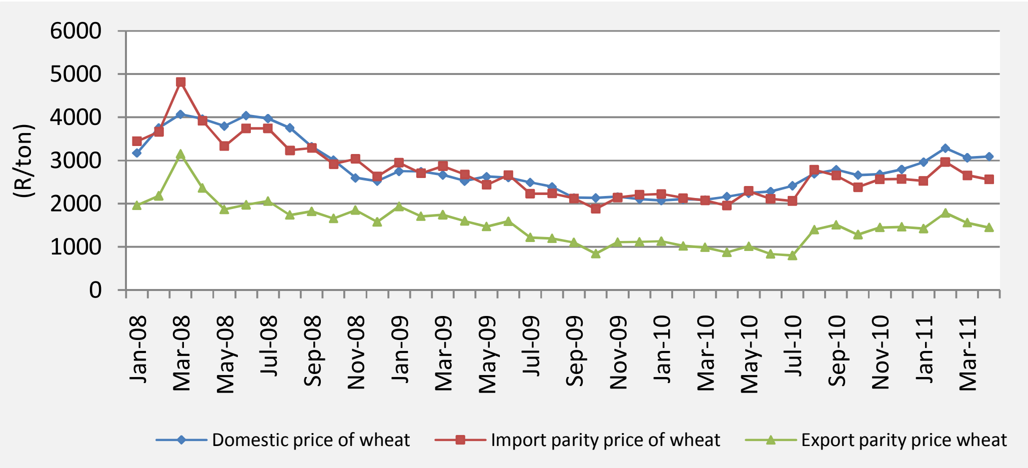

Figure D.2: Import parity, export parity and domestic prices of wheat
Source: SAGIS and SAFEX

Between April 2010 and April 2011:

Domestic wheat price
↑ 42.81 %

Brown bread price
↑ 4.29 %

White bread price
↑ 6.61 %

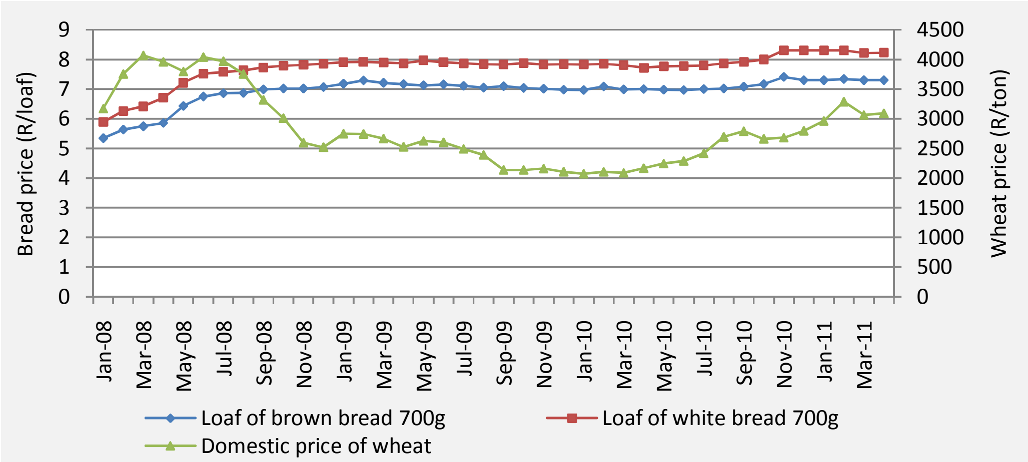

Figure D.3: Domestic market wheat price and bread price trends
Source: Stats SA and SAFEX

D.2 Maize price trends

Between April 2010 and April 2011:

International price of maize
↑ 101.76 %

Domestic price of yellow maize
↑ 42.71%

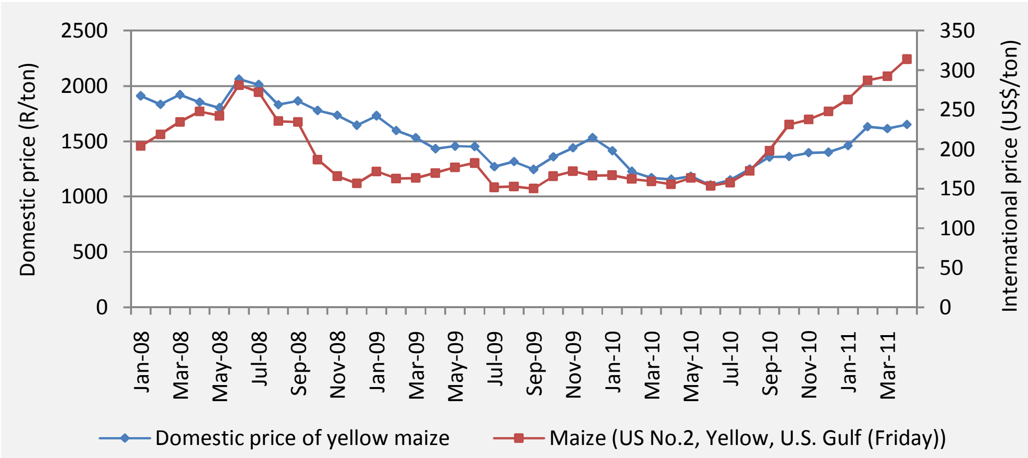

Figure D.4: Domestic market price of maize against global market price
Source: FAO and SAFEX

Between April 2010 and April 2011:

Export parity price
↑ 119.96 %

Import parity price
↑ 56.74 %

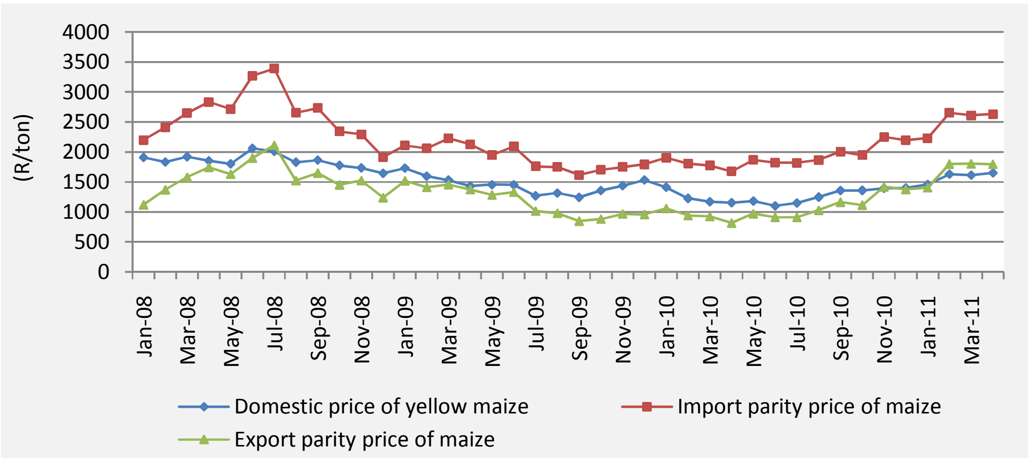

Figure D.5: Import parity, export parity and domestic prices of maize
Source: SAFEX and SAGIS

Between April 2010 and April 2011:

Super maize meal price
↑ 2.99 %

Special maize meal
↓ 7.49 %

Domestic price of white maize
↑ 47.30 %

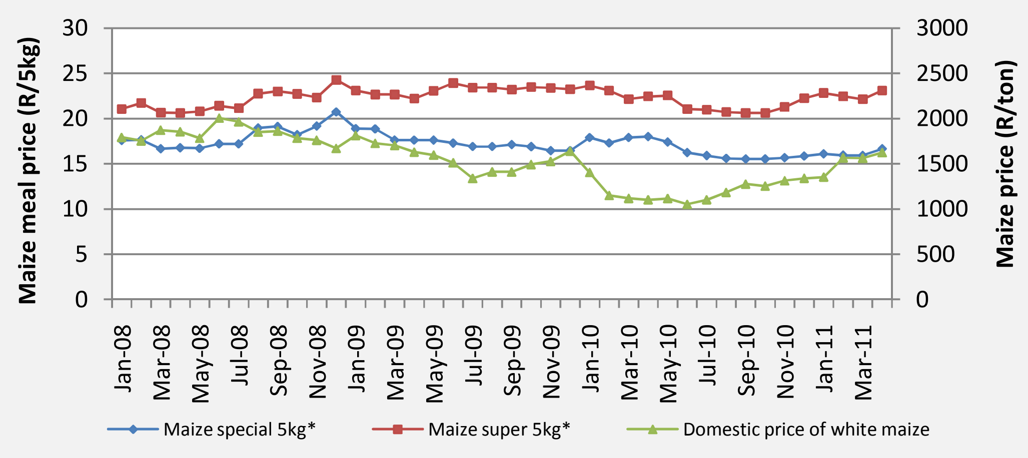

Figure D.6: Maize price and maize meal price trends
Source: SAFEX and AC Nielsen

D.3 Sunflower seeds price trends

Between April 2010 and April 2011:

Domestic price of sunflower seeds
↑ 58.01 %

Between March 2010 to March 2011 the international price of sunflower seeds ↑ 48 %

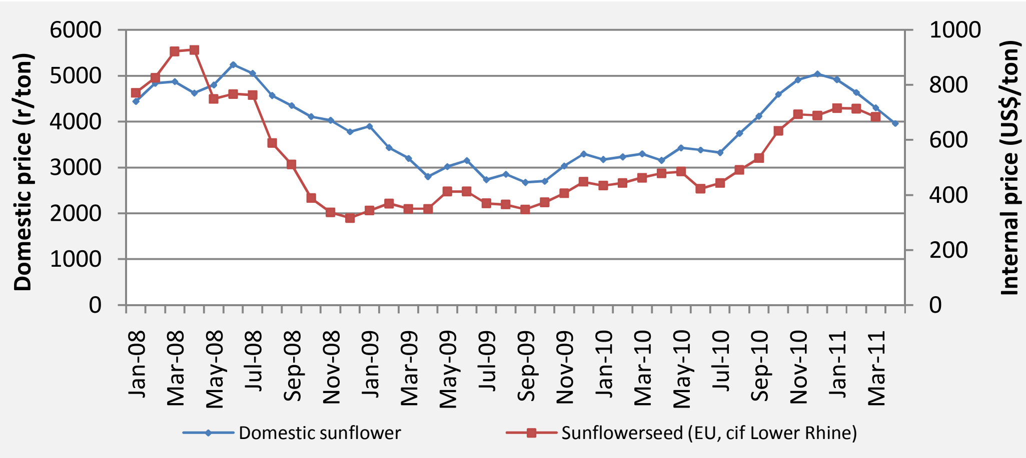

Figure D.7: Domestic market price of sunflower seeds against global market price
Source: FAO and SAFEX

Between April 2010 and April 2011:

Sunflower seed price
↑ 25.46 %

Retail sunflower oil price
↑ 29.50 %

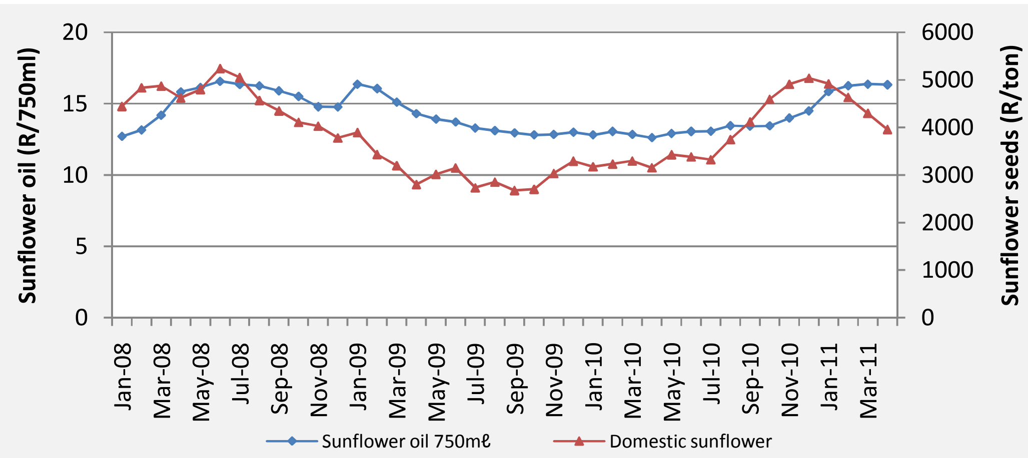

Figure D.8: Sunflower seeds price and sunflower oil price trends
Source: SAFEX and Stats SA

D.4 Dairy price trends

Between January 2010 and January 2011:

Skim milk powder
↑ 14.27 %

Whole milk powder
↑ 15.18 %

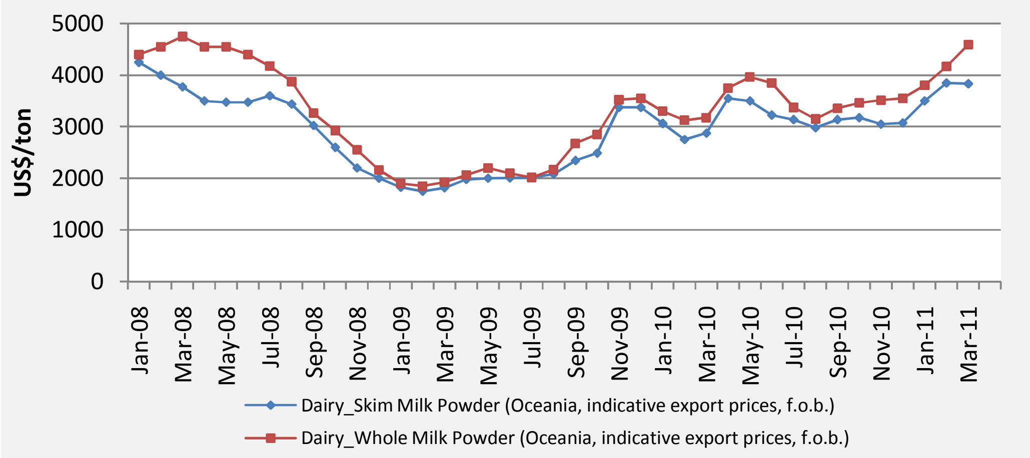

Figure D.9: Skim milk powder and whole milk powder price trends
Source: FAO

Between April 2010 and April 2011:

Milk producer price
↓ 5.48 %

Full cream milk price
↓ 0.70 %

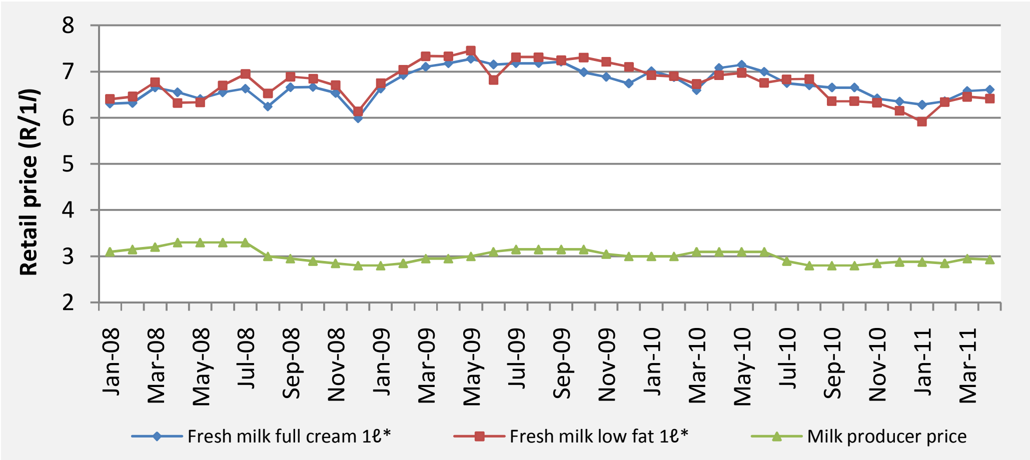

Figure D.10: Domestic producer price and retail prices of milk
Source: MPO and AC Nielsen

D.5 Meat price trends

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

Frozen chicken portions price ↓ 1.98 %

Lamb loin chops ↑ 17.86 %

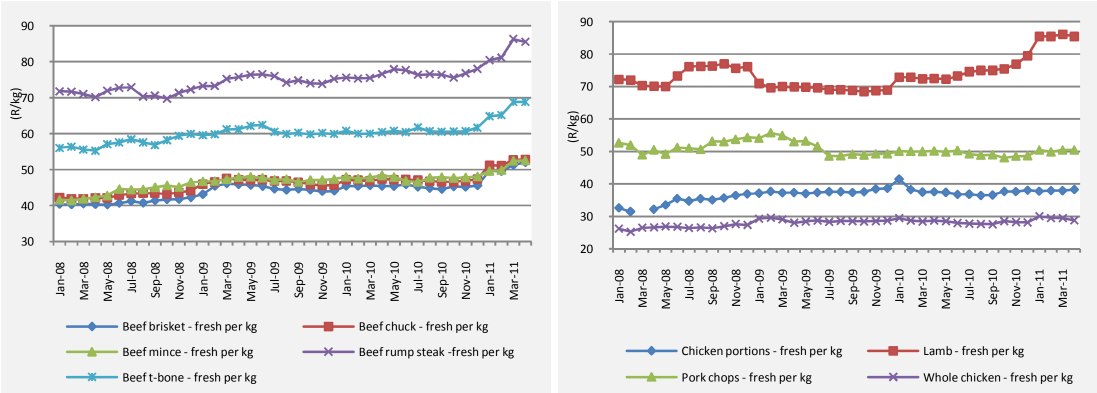

Figure D.11: Retail prices of beef, pork chops, chicken portions, whole chicken and lamb
Source: Stats SA

Between April 2010 and April 2011:

Producer price for fresh chicken ↑ 1.10 %

Frozen chicken price ↑ 11.63 %

Porker price ↓ 2.5 %

Baconer price ↑ 5.88 %

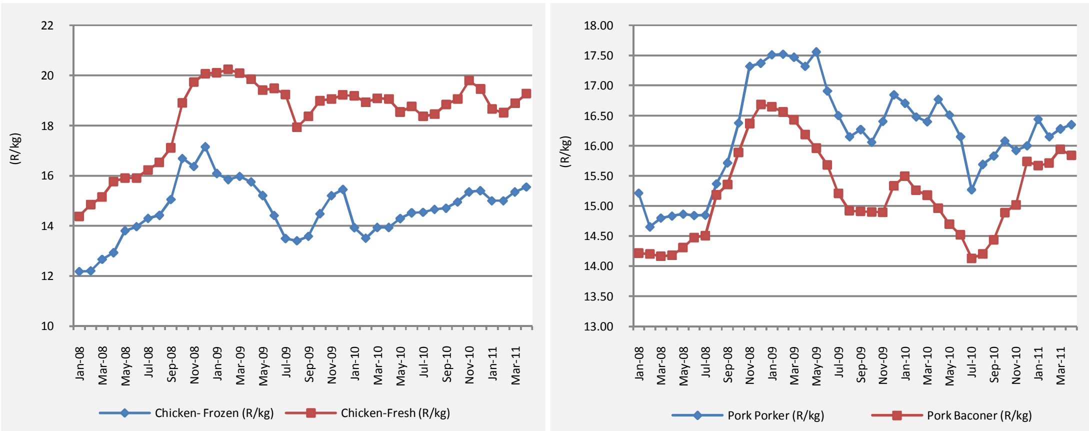

Figure D.12: Producer prices of chicken and pork
Source: AMT

Between April 2010 and April 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 %

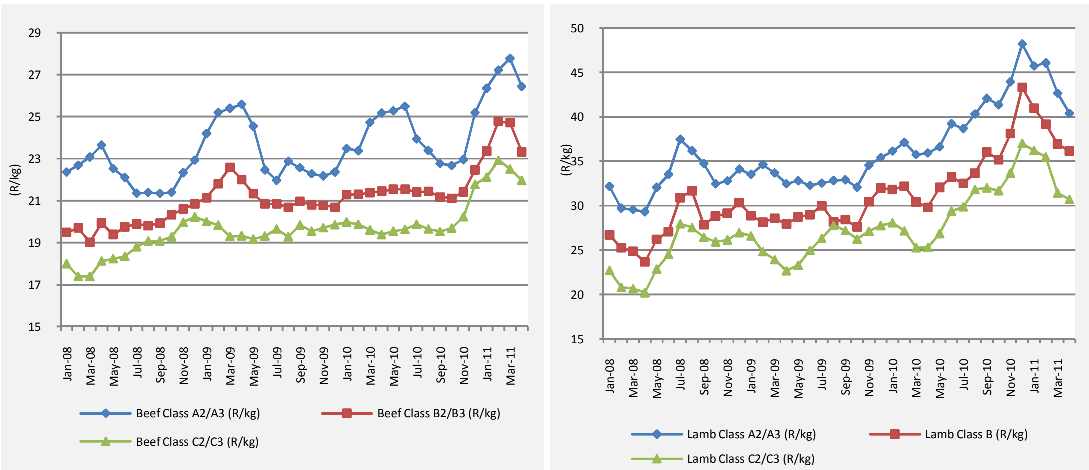

Figure D.13: Producer prices of beef and lamb
Source: AMT

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 April 2010 and April 2011:

The real farm-to-retail price spread of brown bread decreased by 3.11 %

The real farm value share of brown bread decreased by 39.10 %

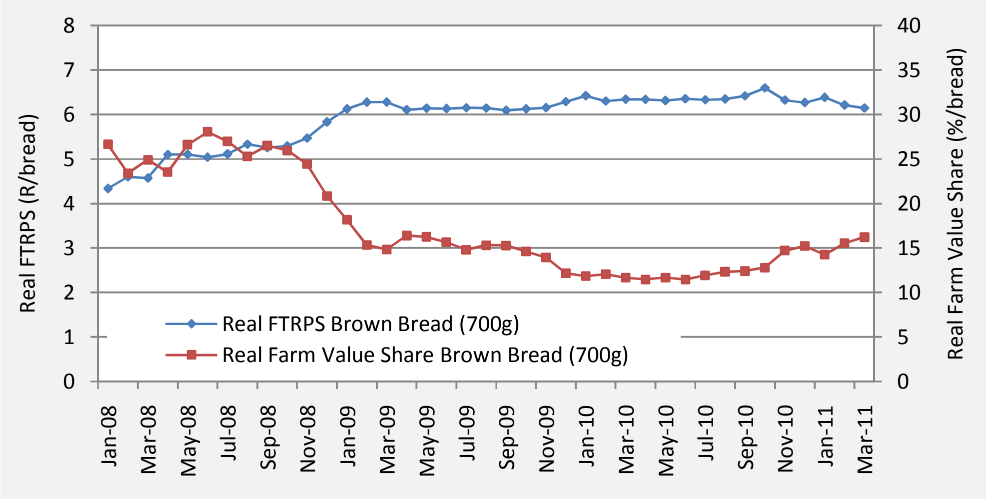

Figure E.1: Real farm to retail price spread and real farm value share of brown bread. Source: SAFEX, Stats SA and own calculations

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

Between April 2010 and April 2011:

The real farm-to-retail price spread of white bread increased by 4.08 %

The real farm value share of white bread decreased by 41.81 %

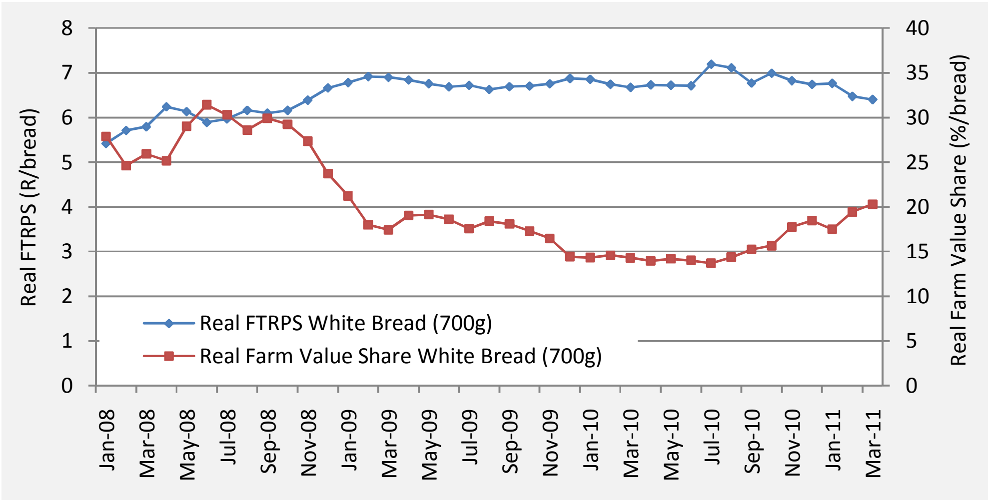

Figure E.2: Real farm to retail price spread and real farm value share of white bread. Source: SAFEX, AC Nielsen and own calculations

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

Between April 2010 and April 2011:

The real farm-to-retail price spread of super maize meal increased by 30.27 %

The real farm value share of super maize meal decreased by 26.73 %

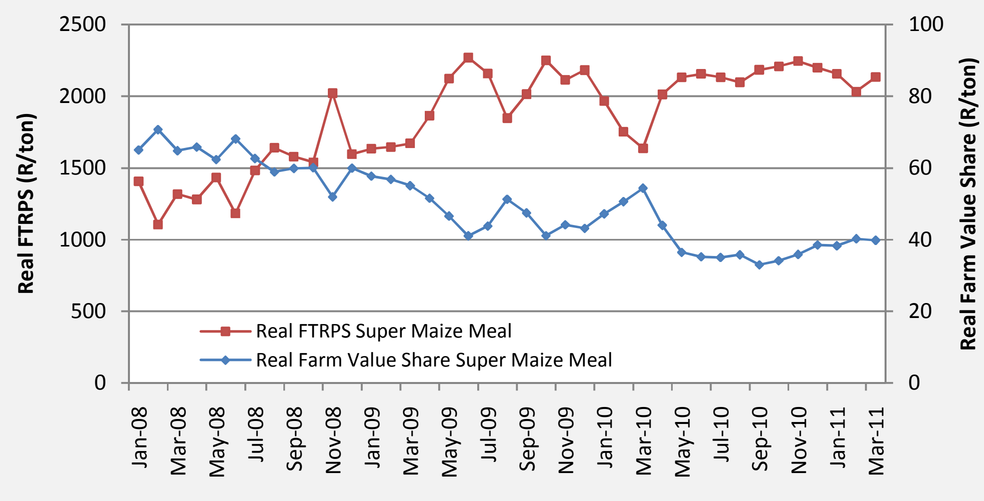

Figure E.3: Real farm to retail price spread and real farm value share of super maize meal. Source: SAFEX, AC Nielsen and own calculations.

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

Between April 2010 and April 2011:

The real farm-to-retail price spread of special maize meal decreased by 8.53 %

The real farm value share of special maize meal decreased by 18.43 %

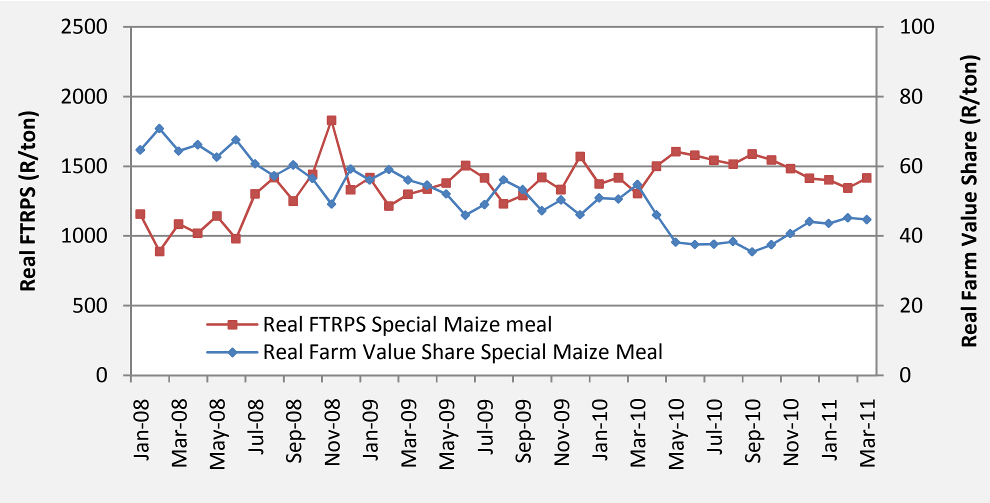

Figure E.4: Real farm to retail price spread and real farm value share of special maize meal. Source: SAFEX, AC Nielsen and own calculations.

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