MEDIA RELEASE

FOOD PRICE MONITOR:

November 2011

EXECUTIVE SUMMARY

Headline CPI increased by 6 % between October 2010 and October 2011. Food and non-alcoholic beverages inflation increased by 10.6 % between October 2010 and October 2011, the highest level since May 2009. Since October 2010, food and non-alcoholic beverages inflation has shown a strong increasing trend, from 1 % to 10.6 % in the past year. The annual increase in food and non-alcoholic beverages inflation was largely driven by the annual increases in oils and fats (22.6 %), sugar (14.9 %), meat (14.6 %) and vegetables (11.8 %). The prices of processed food products increased by 10.3 % from October 2010 to October 2011 and the price of unprocessed food products increased by 11.5 % over the same period.

When comparing selected countries, China showed the highest food inflation of 11.9 % in October 2011. Botswana experienced food price inflation of 8.3 % in October 2011. The international real food price index decresed by 4 % on a month-to-month basis in October 2011. On an annual basis, the food price index showed an increase of 8.68 %. The international food price index is currently at its lowest level since November 2010.

During October 2011, rural consumers paid R 8.95 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 October 2011 were rice (2 kg) and margarine (500 g). The price of rice (2 kg) and margarine (500 g) were respectively R 4.59 and R 2.90 more expensive in the rural areas compared to the urban areas.

From October 2010 to October 2011 the cost of a basic food basket increased by about R44.53 (+12.1%) in nominal terms (compared to 6.7% from July 2010 to July 2011). This cost expressed as a share of the average monthly income of the poorest 30% of the population increased from 32.4% in October 2010 to 36.4% in October 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 2.9%.

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 October 2011 versus October 2010 prices, the results in Figure 6 indicate inflation of about 15.1 % (from R3.05 to R3.51 for the selection of portions).

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QUARTERLY FOOD PRICE MONITOR
November 2011

1. Foreword

The October 2011 Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) showed that headline CPI increased by 6 % from October 2010 and October 2011, reaching the upper range of the South African Reseve Bank's inflation target Food and non-alcoholic beverages inflation increased by 10.6 % between October 2010 and October 2011, the highest level since May 2009. This is the eighth month in a row that food and non-alcoholic beverages inflation exceeded headline CPI. Since October 2010, food and non-alcoholic beverages inflation has shown a strong increasing trend, from 1 % to 10.6 % in the past year. Headline inflation has also shown an increasing trend during this period, from 3.4 % in October 2010 to 6 % in October 2011. It is interesting to note that the CPI for regulated administered prices increased by 16.2 % in October 2011 on a year-on-year basis. Figure 1 shows the headline inflation rate and the food and non-alcoholic beverages inflation rate on a monthly basis since October 2010.

A closer look at the contribution of different groups to the annual percentage change in CPI shows that housing and utilities and food and non-alcoholic beverages contributed the most, namely 1.6 % each. Transport contributed 1.2 %.

The annual increase of 10.6 % in the food and non-alcoholic beverages index was largely driven by the annual increases in oils and fats (22.6 %), sugar (14.9 %), meat (14.6 %) and vegetables (11.8 %). The prices of processed food products increased by 10.3 % from October 2010 to October 2011 and the price of unprocessed food products increased by 11.5 % over the same period. Figure 2 shows the year-on-year percentage change of the price indices for different food groups.

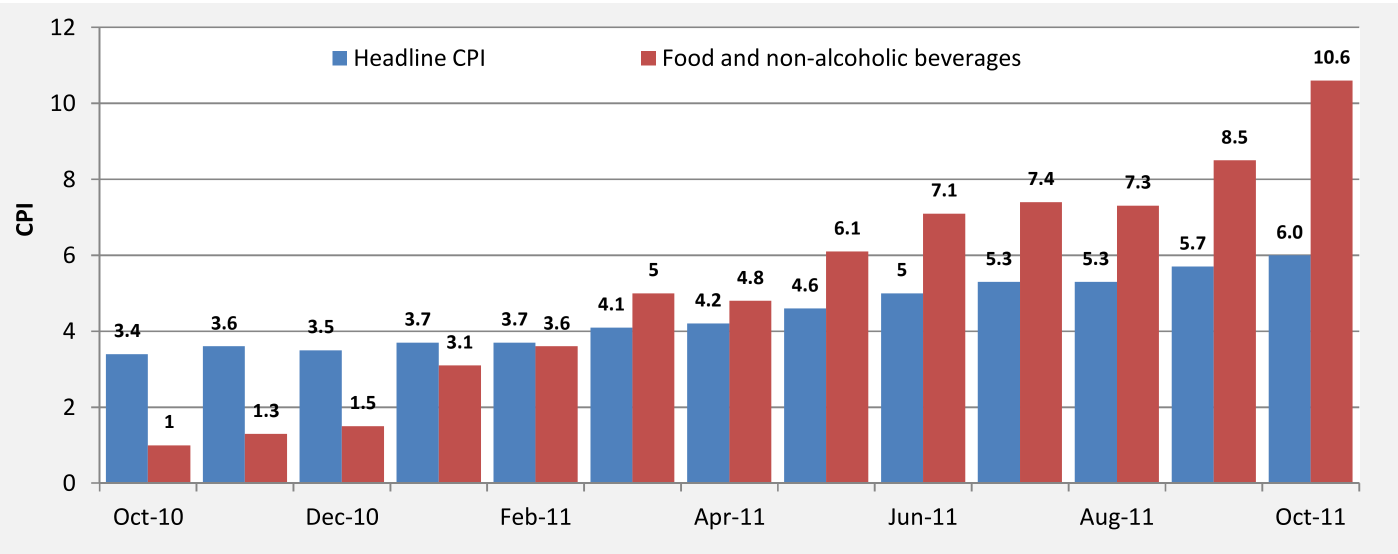

Figure 1: Headline CPI and food and non-alcoholic beverages CPI for 2010 – 2011 (year-on-year)
Source: Stats SA, 2011

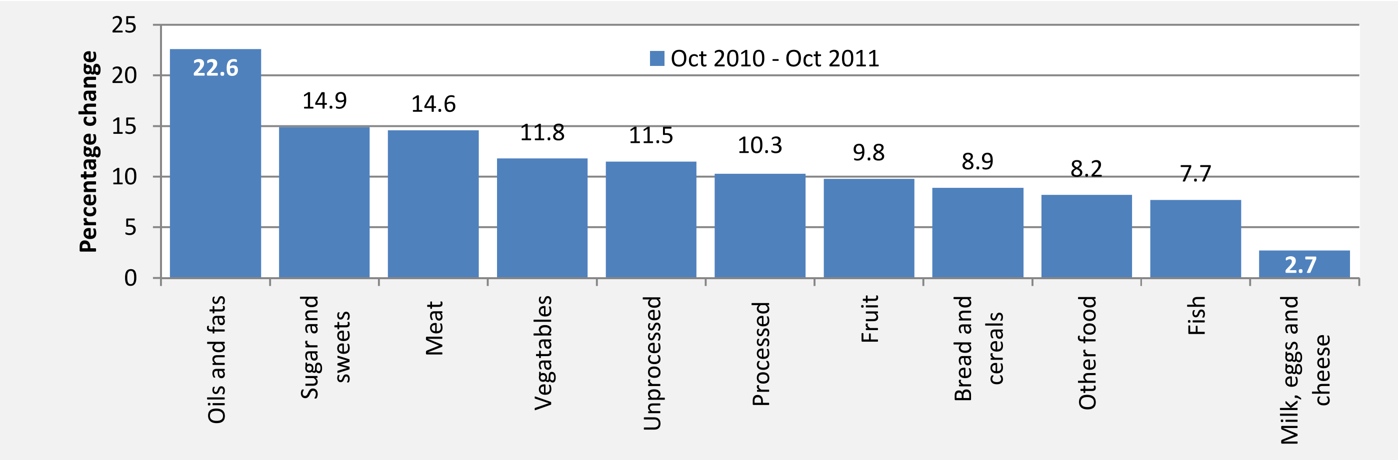

Figure 2: Year-on-year percentage change for different food categories (July 2010 – July 2011)
Source: Stats SA, 2011

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 (i.e. year-on-year percentage change in October 2011). Botswana, Zambia and Malawi experienced the highest overall inflation, while China, South Africa and Botswana have the highest inflation on food and non-alcoholic beverages.

The inflation rate for China has increased from 0.5 % overall inflation in July 2011 to 5.5 % in October 2011. Food prices, which account for nearly one third of the basket of goods in China's national CPI, increased from 1.2 % in July 2011 to 11.9 % in October 2011.

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 Food Price Monitor report. Inflation on food and non-alcoholic beverages, however, increased from 5.3 % in July 2011 to 5.7 % in October 2011.

Canada and United States had the lowest overall inflation, while Turkey and Malawi has the lowest 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	Oct 2011	6.0	10.6
Botswana	Oct 2011	8.8	8.3
Zambia	Oct 2011	8.7	5.7
Turkey	Oct 2011	7.7	1.8
Namibia	Oct 2011	6.1	7.0
Brazil	Oct 2011	5.9	6.3
United States	Oct 2011	3.5	4.7
United Kingdom	Oct 2011	5.0	5.0
Malawi	Oct 2011	8.1	2.9
Canada	Oct 2011	2.9	4.3
China	Oct 2011	5.5	11.9

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

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

The largest food price increase in urban areas were the following: lettuce - fresh per kg (47.85 %), sweet potatoes - fresh per kg (39.33 %), maize super 5 kg (30.86 %), maize special 5 kg (30.42 %), canned peas 410 g (29.48 %), lamb - fresh per kg (28.84 %), tomatoes - fresh per kg (22.57 %), brick margarine 500 g (24.02 %), green peas 1 kg (21.02 %), beef brisket - fresh per kg (21.33 %), beef T-bone - fresh per kg (20.57 %), beef chuck - fresh per kg (19.88 %), beef mince - fresh per kg (19.26 %), white sugar 2.5 kg (19.33 %), sunflower oil 750 ml (19.12 %), loaf of brown bread 700 g (12.69 %), loaf of white bread 700 g (12.88 %), loaf of brown bread 700 g (12.69 %), tomato & onion mix 410g (12.38 %), pork sausage per kg (11.94 %), soya mince tomato & onion 200g (10.89 %), peanut butter 410g (10.41 %), oranges - fresh per kg (10.38 %), cake flour 2.5 kg (9.56 %), total butter 500g (9.10 %), pumpkin - fresh per kg (8.95 %), macaroni plain 500 gram (8.74 %), bull brand meatballs in gravy 400g (7.07 %), chicken portions - frozen per kg (7.55 %), enterprise picnic ham 300g (7.82 %), polony per kg (6.59 %), apples - fresh per kg (6.26 %), butter beans - tinned 410g (6.65 %), chopped peeled tomato 410g (6.95 %) and cauliflower - fresh per kg (6.06 %).

The largest food price increase in rural areas were the following: white sugar 500g (6.98 %), butter beans 410g (7.39 %), loaf of brown bread 600g (9.38 %), maize meal 5kg (10.06 %), peanut butter 400g (10.15 %), white sugar 1kg (10.47 %), sunflower oil 750ml (10.89 %), white sugar 2.5kg (11.18 %), loaf of white bread 600g (11.82 %), loaf of brown bread 700g (12.03 %), maize meal 2.5kg (12.37 %), sunflower oil 500ml (12.55 %), samp 2.5kg (12.69 %), loaf of white bread 700g (13.44 %), margarine 250g (14.33 %), butter beans 420g (16.46 %), peanut butter 410g (23.29 %), margarine 500g (23.74 %), margarine 125g (28.70 %), sunflower oil 2l (29.39 %) and maize meal 12.5kg (29.64 %).

A closer look at food price trends:

- The international price of wheat (US No.2, Hard Red Winter ord. Prot, US F.o.b. Gulf) decreased by 15.24 % and the domestic price of wheat increased by 9.28 % from October 2010 to October 2011. At the retail level, urban consumers paid R 8.08 for a 700 g loaf of brown bread and R 9.03 for a loaf of 700 g white bread during October 2011, a 12.69 % and 12.88 % increase respectively compared to October 2010.
- The international price of yellow maize (US No.2, Yellow, U.S. Gulf) increased by 14.97 % from October 2010 to October 2011. During the same period, the price of domestic yellow maize increased by 57.65 %. The domestic price of yellow maize traded on average at R 2 145.43 per ton during October 2011. The domestic white maize price increased by 73.57 % compared to October 2010. At the retail level urban consumers paid 30.86 % more for super maize meal (5 kg) and 30.42 % more for special maize meal (5 kg) in October 2011 than in October 2010.
- The domestic sunflower seed price traded at R 4 088.21/ton in October 2011. On an annual basis, the price of sunflower seed decreased by 11 % from October 2010 to October 2011. The decrease in the sunflower seed price has not yet filtered through to the retail level. In urban areas, the price of sunflower cooking oil (750 ml) increased by 19.12 %, and the price of a brick of sunflower margarine 500 g increased by 24.02 %.

- From October 2010 to October 2011, the producer price of milk increased at 5.71 % and the retail price of fresh full cream milk 1 l increased by 0.56 %. The international price of skim milk and whole milk powder showed an increase of 5.39 % and 0.35 % respectively from October 2010 to October 2011.
- Domestic producer prices of beef and lamb showed significant increases for the period October 2010 to October 2011. The producer price of beef for class A2/A3, B2/B3 and C2/C3 increased by 35.16 %, 33.02 % and 37.84 % respectively from October 2010 to October 2011. The producer price of lamb increased by 16.60 % for class A2/A3, 24.17 % for class B2/B3 and 25.19 % for class C2/C3 from October 2010 to October 2011. The average annual increase in retail prices of different beef cuts was 19.01 %. Lamb - fresh per kg showed an annual price increase from October 2010 to October 2011 of 28.84 % at retail level.
- The producer price for whole chicken frozen decreased by 1.94 % on an annual basis from October 2010, and during the same period the producer price of fresh whole chicken per kg decreased by 5.40 %. Retail price increases for frozen and fresh whole chicken were 3.22 % and 5.65 % respectively, compared to the previous year. The producer price for pork baconer increased by 19.14 % while the producer price of pork porker increased by 14.18 % and the retail price of pork chops - fresh per kg increased by 15.34 % annually from October 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 October 2010, July 2011 and October 2011. Table 2 shows that in October 2011, rural consumers paid R 8.95 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 October 2011 were rice (2 kg) and margarine (500 g). The price of rice (2 kg) and margarine (500 g) were respectively R 4.59 and R 2.90 more expensive in the rural areas compared to the urban areas. Maize meal, white bread and brown bread were lower priced in the rural areas compared to urban areas for October 2011. The rural consumer paid 18 c less than the urban consumer for a loaf of brown bread and 11 c less for a loaf of white bread. Rural consumers also paid R 2.15 less for sunflower oil (750 ml) than urban consumers in October 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 (Oct-10)	Price difference (Jul-11)	Price difference (Oct-11)
	Oct-10	Jul-11	Oct-11	Oct-10	Jul-11	Oct-11	R/unit	R/unit	R/unit
Full cream long life milk 1 l	10.90	11.03	10.96	9.57	9.68	9.69	1.33	1.35	1.27
Loaf of brown bread 700 g	7.05	8.04	7.90	7.17	7.99	8.08	-0.12	0.05	-0.18
Loaf of white bread 700 g	7.87	9.04	8.92	8.00	8.90	9.03	-0.13	0.14	-0.11
Maize meal 5 kg	24.91	25.78	27.41	21.09	23.90	27.87	3.82	1.88	-0.46
Margarine 500 g	15.07	17.56	18.65	12.70	16.24	15.75	2.37	1.32	2.90
Peanut butter 400 g	16.68	17.61	18.37	15.66	16.82	17.29	1.02	0.79	1.08
Rice 2 kg	26.70	24.87	25.37	20.83	20.35	20.78	5.87	4.52	4.59
Sunflower oil 750 ml	12.50	13.88	13.86	13.44	15.76	16.01	-0.94	-1.88	-2.15
Ceylon/black tea 62.5 g	8.12	8.95	7.58	7.63	7.32	7.51	0.49	1.63	0.07
White sugar 2.5 kg	21.89	24.04	24.34	18.78	20.79	22.41	3.11	3.25	1.93
Total							**16.82**	**13.05**	**8.95**

Source: Stats SA, 2011

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 38.09 %, continuing the increasing trend. The price of the cheapest sliced white bread increased on average by 16.09 % and the price of the cheapest sliced brown bread increased by 2.11 % on average. The price of meat products, specifically lamb shoulder/braai chops and the cheapest boerewors, continued to increase, by 23.01 % and 17.81 %, respectively. Chicken, fresh whole bird and pork loin chop prices per kilogram also increased by 11.32 % and 11.71 %, respectively. Consumers also paid 26.71 % more for the cheapest 5 kg maize meal. The price of rice (2 kg) decreased by 0.39 %.

Table 3: October 2010 to October 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 700 g	7.46	3.05	-5.01	6.11	-1.08	2.11
Cheapest Cooking Oil 750 ml	75.90	22.41	27.81	26.10	38.24	38.09
Cheapest Milk Sachet 1 l	5.21	4.84	3.36	3.36	5.47	4.45
Cheapest Boerewors per kg	16.42	26.32	23.80	8.15	14.36	17.81
Lamb Shoulder/Braai Chops per kg	20.21	18.35	26.29	24.25	25.95	23.01
Pork Loin Chops per kg	11.27	20.00	10.43	8.57	8.25	11.71
Cheapest Chicken Fresh Whole Bird per kg	13.82	20.15	5.59	17.32	-0.25	11.32
Cheapest Milk Long Life Full Cream Uht 1 l	4.95	3.26	11.49	1.85	1.11	4.53
Cheapest Maize Meal 5 kg	29.42	24.05	28.15	24.30	27.63	26.71
Tastic Rice 2 kg	3.79	-3.64	-1.67	-0.22	-0.20	-0.39
Cheapest Bread White Sliced Standard 700 g	15.43	6.64	22.99	19.97	15.40	16.09

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.

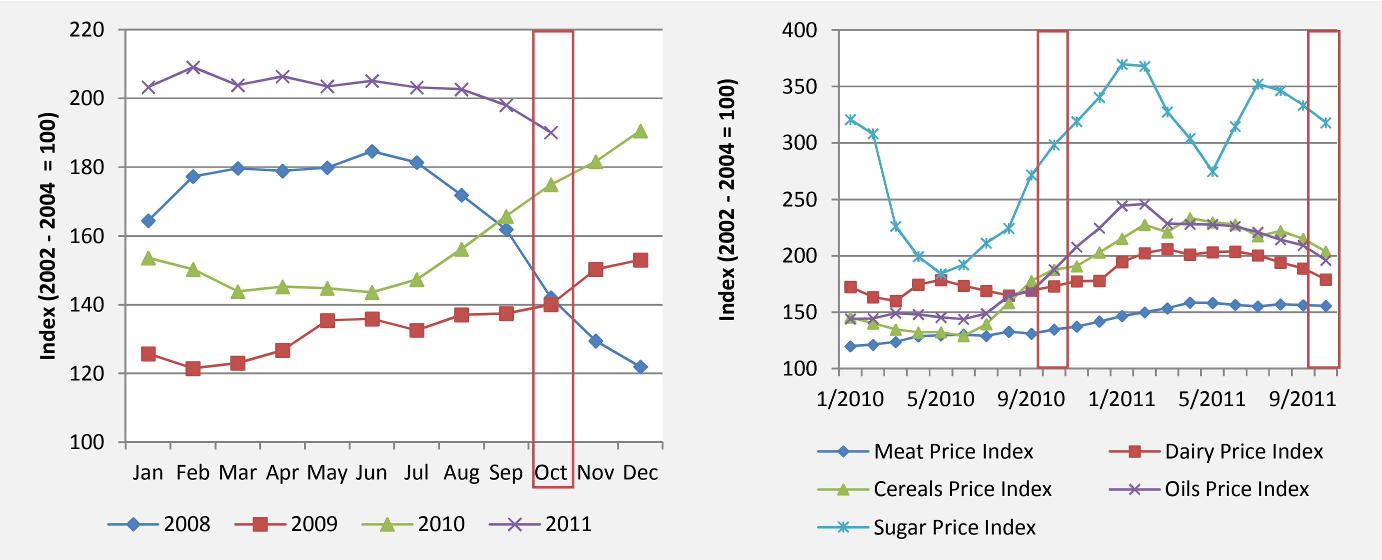

Figure 3: International real food price index and price indices for five food categories
Source: FAO, 2011

The international real food price index decreased by 4 % from September 2011 to October 2011 (see figure 3). On an annual basis, the food price index showed an increase of 8.68 %. The international food price index is currently at its lowest level since December 2010.

On a month-on-month basis, the meat, dairy, cereal, oils and sugar indices all showed a decline, of 0.44 %, 5.20 %, 5.31 %, 6.31 % and 4.64 %, respectively. On a year-on-year basis the meat price index showed the largest increase of 15.56 %.

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 October 2010 to October 2011. From October 2010 to October 2011, the cost of this basic food basket increased by about R44.53 (+12.1%) in nominal terms (compared to 6.7% from July 2010 to July 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 32.4% in October 2010 to 36.4% in October 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 2.9%.

[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 2005/2006' *(calculations excludes imputed rent on owned dwelling)*

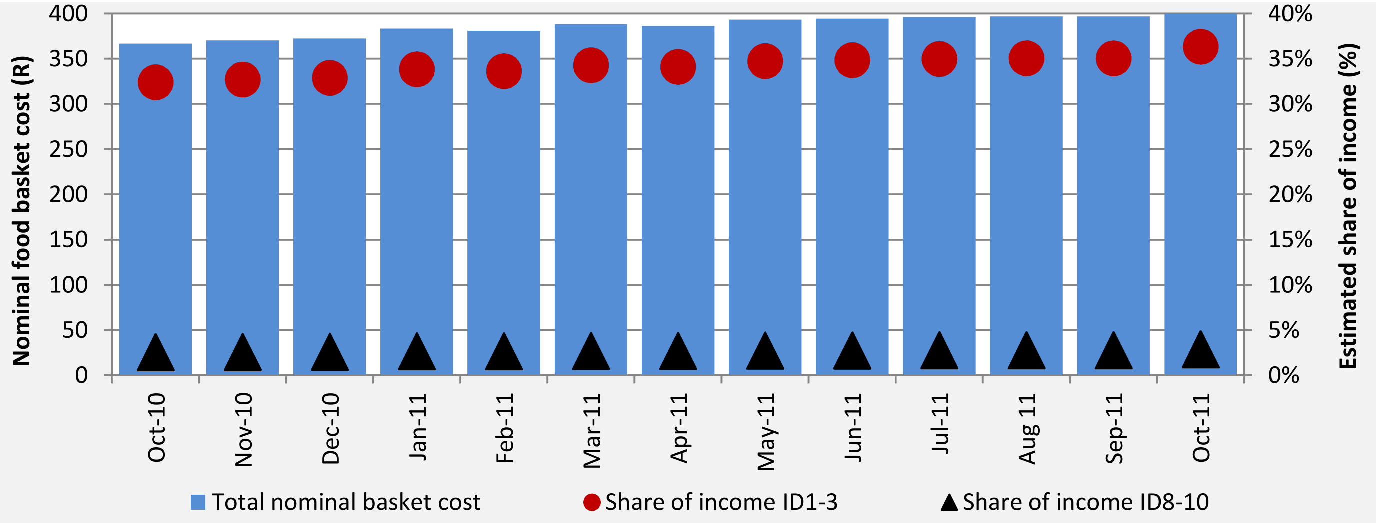

Figure 4: The monthly cost of a typical consumer food basket for the period October 2010 to October 2011, expressed in nominal terms and as share of the average income of the poorest 30 % of households (Income Deciles [ID] 1 to 3) and the wealthiest 30 % of households (ID 8 to 10).

To further explore the impact of inflation on consumers, Figure 5 illustrates the average annual nominal cost of specific food groups within the basic food basket, for the period October 2010 to October 2011. As could be expected, it illustrates the dominance of animal protein foods, as well as breads and cereals within the cost of the basic food basket. Comparing October 2010 to October 2011 prices, all the food groups within this particular food basket experienced inflation. The various food groups within this food basket are discussed in more detail in Table 4.

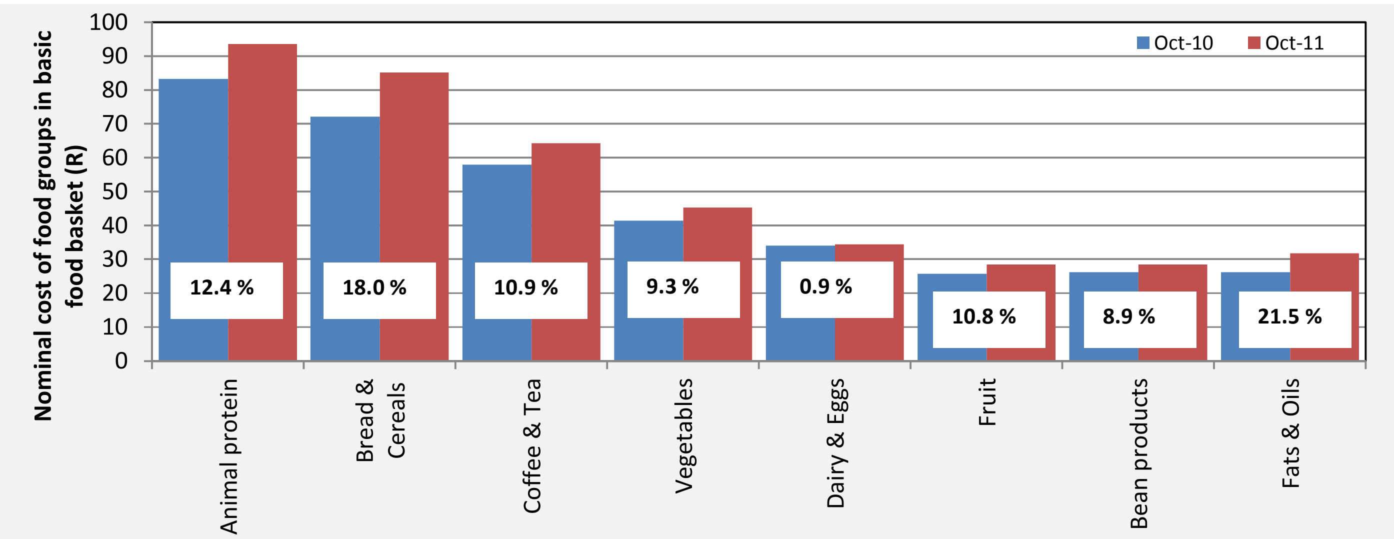

Figure 5: Nominal monthly cost of specific food groups within the basic food basket, comparing October 2010 and October 2011

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

Food group:	Overall inflation rate: October 2011 vs October 2011	July 2010 vs July 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	+12.4%	+7.9%	Stewing beef (+19.9%) Whole fresh chicken (+5.6%)	Whole frozen chicken (+3.2%)	Canned tuna (-1.3%)	Animal protein
Bread and cereals	+18.0%	+10.4%	White & brown bread (+12.9% & +12.7%) Special maize meal (+30.9%) Super maize meal (+30.4%)	None	Rice (-0.2%)	Bread and cereals
Vegetables	+9.3%	-7.0%	Tomatoes (+22.6%)	Potatoes (+5.0%) Onions (+4.6%)	Cabbage (-4.8%)	Vegetables
Fruit	+10.8%	+7.7%	Bananas (+17.4%) Oranges (+10.4%) Apples (+6.3%)	None	None	Fruit
Dairy	+0.9%	+0.9%	None	Milk (+0.9%)	None	Dairy Eggs
Eggs	+0.9%	+0.4%	None	Eggs (+0.4%)	None	
Fats and oils	+21.5%	+24.2%	Margarine (+24.0%) Sunflower oil (+19.1%)	None	None	Fats and oils
Bean products	+8.9%	+7.0%	Peanut butter (+10.4%) Butter beans canned (+6.6%)	None	None	Bean products
Coffee and tea	+10.9%	+6.0%	Coffee (+12.8%)	None	Ceylon/black tea (-1.6%)	Coffee and tea

Thus, when comparing October 2010 to October 2011, the significant price inflation (above 10 %) experienced for important products such as maize meal, bread, fats/oils, stewing beef, selected fruit, coffee and peanut butter could have a negative impact on household food security in South Africa, since it affects 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 October 2010 versus October 2011, with July 2010 versus July 2011 (i.e. the previous Food Price Monitor analysis period) inflation has increased for most groups, including animal protein, staple foods, fruit, vegetables, 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 October 2010 and October 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 (about 70 % more in this case, for October 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 October 2011 versus October 2010 prices, the results in Figure 6 indicate inflation of about 15.1 % (from R3.05 to R3.51 for the selection of portions). This was in particular due to maize meal, sugar and brown bread inflation. When comparing the inflation rates for this particular food plate composition for October 2010 versus October 2011, with July 2010 versus July 2011 (i.e. the previous Food Price Monitor analysis

[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

period) a significant increase in inflation is evident, increasing from 11.6 % for the July analysis period to 15.1 % for the October analysis period.

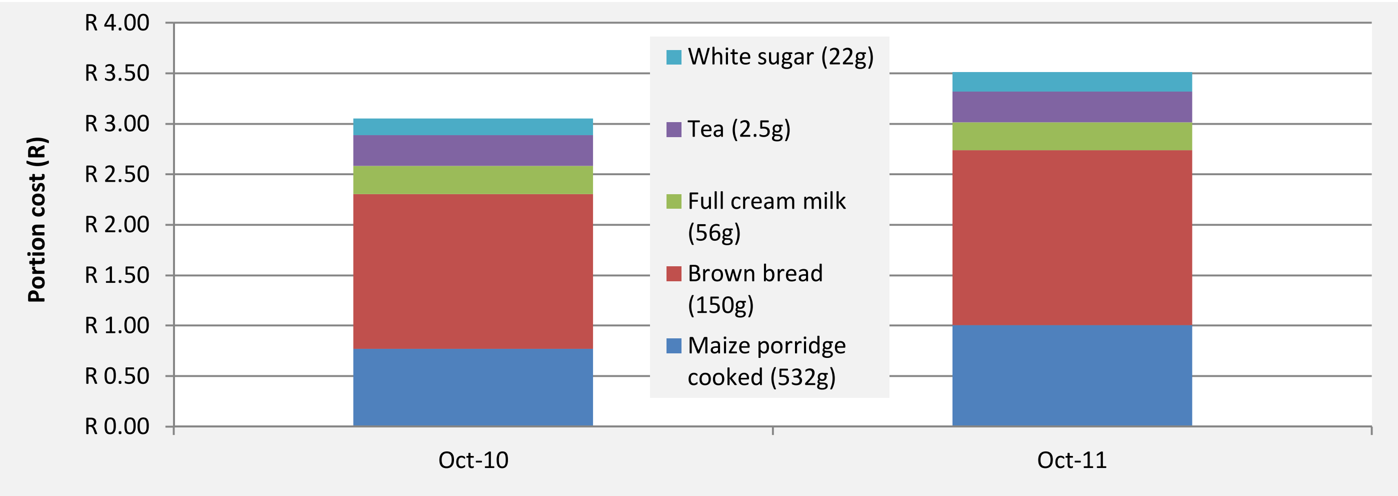

Figure 6: Average nominal cost for the typical portions of the five food items most widely consumed by very poor consumers in South Africa, for October 2010 and October 2011

8. December 2011 – February 2012 Outlook

Although the outlook on food prices remains bullish for the outlook period and food inflation is expected to remain well above 10% for the next three months, trends in local and world raw commodity prices can be increasing or decreasing over the next three months, depending on the outcome of a number of key drivers. Key factors to keep an eye on will be weather conditions in South America and Asia as well the European debt crises that is consistently influencing the sentiments on world commodity markets. These movements in raw commodity prices will typically only feed through to food prices in the next edition of the outlook report. However, it is important to take note of these plausible trends in prices that will affect food prices over the medium term.

The increasing trend in the CPI for food and non-alcoholic beverages was already projected in the previous outlook report since a number of inflationary pressures were already embedded in most of the key drivers of food inflation. It is likely that not all inflationary pressures have been passed on to the chain yet, and as the festive season is drawing nearer, processors and retailers are probably hoping to pass on some of their higher costs. Although meat prices generally increase during this period of the year, it is likely that the rate of increase in pork and chicken meat prices could outpace the rate of increase in beef and lamb prices. Increases in chicken and pork prices have been trailing behind beef and lamb prices for some time and as a form of animal protein, they are very competitively priced. Furthermore, the exchange rate has depreciated significantly, which implies that imports will become less competitive under the assumption that world prices will remain stable.

Wheat prices have declined over the past couple of months and are now trading below import parity prices as is typically the case during harvest time. Wheat prices are expected to return to import parity levels from February onwards. Hence, apart from higher administrative prices, there should not be a drive for higher bread prices during the outlook period if world prices and the exchange rate remain at the current levels. Maize meal prices have increased on the back of the higher maize prices and more increases in maize meal prices are yet to come as local maize prices have raced higher on the back of bullish market fundamentals that were already discussed in the previous outlook report. Under the assumption of normal weather conditions, it is likely that maize prices will trade softer during the second quarter of 2012 as the local market will settle at export parity levels on the back of a large crop, driven by the expansion in the area planted.

The sharp increase in vegetable prices due to higher potato prices came sooner than was anticipated with the impact of excessive rain and frost, reducing the size of the potato crop. In the previous outlook report it was argued that potato farmers could plant less in the following season due to low potato prices and significantly higher maize prices. However, it seems like the latest run in potato prices could provide enough incentive for the area under potatoes to at least remain constant. If this is the case, potato prices could trade softer towards the second quarter of 2012, which will likely drive the vegetable market to lower levels.

APPENDIX A: DATA ON URBAN FOOD PRICE TRENDS

Table A.1: Wheat products

Wheat Products	Price level			Percentage change	
	Oct-10	Jul-11	Oct-11	Jul-11 to Oct-11	Oct-10 to Oct-11
Loaf of brown bread 700 g	7.17	7.99	8.08	1.13 %	12.69 %
Loaf of white bread 700 g	8.00	8.90	9.03	1.46 %	12.88 %
Cake flour 2.5 kg	9.53	9.54	9.62	0.76 %	0.92 %
Spaghetti 500 g	15.54	17.72	20.26	14.35 %	30.42 %
Macaroni plain 500 g*	20.63	24.74	26.99	9.07 %	30.86 %
Average				**5.35 %**	**17.55 %**
Wheat (R/ton)	**2661.29**	**2975.29**	**2908.21**	**-2.25 %**	**9.2 %**

*Data from AC Nielsen

Table A.2: Maize products

Maize Products	Price level			Percentage change	
	Oct-10	Jul-11	Oct-11	Jul-11 to Oct-11	Oct-10 to Oct-11
Maize special 5 kg*	15.54	17.72	20.26	14.35 %	30.42 %
Maize super 5 kg*	20.63	24.74	26.99	9.07 %	30.86 %
Average				**11.71 %**	**30.64 %**
White Maize (R/ton)	**1254.90**	**1797.57**	**2178.14**	**21.71 %**	**73.57 %**

*Data from AC Nielsen

Table A.3: Sunflower products

Sunflower products	Price level			Percentage change	
	Oct-10	Jul-11	Oct-11	Jul-11 to Oct-11	Oct-10 to Oct-11
Sunflower oil 750 ml	13.44	15.76	16.01	1.59 %	19.12 %
Medium fat spread 1 kg tub*	19.40	21.41	19.42	-9.32 %	0.08 %
Brick margarine 500 g	12.70	16.24	15.75	-3.02 %	24.02 %
Average				**-3.58 %**	**14.40 %**
Sunflower (R/ton)	**4593.24**	**4020.19**	**4088.21**	**1.7 %**	**-11.00 %**

*Data from AC Nielsen

Table A.4: Processed vegetables

Processed Vegetables	Price level			Percentage change	
	Oct-10	Jul-11	Oct-11	Jul-11 to Oct-11	Oct-10 to Oct-11
Baked beans - tinned 420 g	8.02	8.46	9.11	7.68 %	13.59 %
Butter beans - tinned 410 g	10.53	11.14	11.23	0.81 %	6.65 %
Chopped peeled tomato 410 g*	10.74	11.02	11.49	4.23 %	6.95 %
Tomato & onion mix 410 g*	8.30	8.76	9.32	6.47 %	12.38 %
Canned peas 410 g*	6.90	8.84	8.93	1.06 %	29.48 %
Baby carrots 1 kg*	31.00	31.61	31.62	0.02 %	2.01 %
Green peas 1 kg*	23.01	27.60	27.85	0.91 %	21.02 %
Sliced beans 1 kg*	30.10	28.71	29.06	1.24 %	-3.45 %
Super juicy corn 1 kg*	28.96	28.70	29.46	2.64 %	1.74 %
Average				**2.78 %**	**10.04 %**

*Data from AC Nielsen

Table A.5: Fresh vegetables

Fresh Vegetables	Price level			Percentage change	
	Oct-10	Jul-11	Oct-11	Jul-11 to Oct-11	Oct-10 to Oct-11
Carrots - fresh per kg	11.59	12.13	12.13	0.00 %	4.66 %
Onions - fresh per kg	8.32	9.04	8.70	-3.76 %	4.57 %
Potatoes - fresh per kg	9.39	9.36	9.86	5.34 %	5.01 %
Tomatoes - fresh per kg	15.15	14.56	18.57	27.54 %	22.57 %
Sweet potatoes - fresh per kg	9.84	10.46	13.71	31.07 %	39.33 %
Cabbages - fresh per kg	8.55	9.30	8.14	-12.47 %	-4.80 %
Lettuces - fresh per kg	19.04	24.19	28.15	16.37 %	47.85 %
Pumpkins - fresh per kg	13.86	10.17	15.10	48.48 %	8.95 %
Cauliflowers - fresh per kg	24.42	28.87	25.90	-10.29 %	6.06 %
Average				**11.36 %**	**14.91 %**

Table A.6: Processed meat

Processed meat	Price level			Percentage change	
	Oct-10	Jul-11	Oct-11	Jul-11 to Oct-11	Oct-10 to Oct-11
Meatballs in gravy 400 g*	13.33	13.74	14.27	3.85 %	7.07 %
Picnic ham 300 g*	25.69	26.96	27.70	2.75 %	7.82 %
Pork sausage per kg	51.68	54.51	57.85	6.13 %	11.94 %
Polony per kg	27.03	28.21	28.81	2.13 %	6.59 %
Average				**3.71 %**	**8.35 %**

*Data from AC Nielsen

Table A.7: Unprocessed meat

Unprocessed meat	Price level			Percentage change	
	Oct-10	Jul-11	Oct-11	Jul-11 to Oct-11	Oct-10 to Oct-11
Pork chops - Fresh per kg	48.04	51.60	55.41	7.38 %	15.34 %
Lamb - fresh per kg	75.45	92.85	97.21	4.70 %	28.84 %
Beef brisket - fresh per kg	45.28	51.74	54.94	6.18 %	21.33 %
Beef chuck - fresh per kg	46.57	52.90	55.83	5.54 %	19.88 %
Beef mince - fresh per kg	47.67	53.44	56.85	6.38 %	19.26 %
Beef rump steak - fresh per kg	75.55	82.40	86.14	4.54 %	14.02 %
Beef T-bone - fresh per kg	60.57	68.85	73.03	6.07 %	20.57 %
Whole chicken - fresh per kg	28.50	29.78	30.11	1.11 %	5.65 %
Whole chicken - frozen per kg	24.82	24.91	25.62	2.85 %	3.22 %
Chicken portions - fresh per kg	37.68	38.83	39.79	2.47 %	5.60 %
Chicken portions - frozen per kg	21.46	22.29	23.08	3.54 %	7.55 %
Average				**4.62 %**	**14.66 %**

Table A.8: Dairy products

Dairy	Price level			Percentage change	
	Oct-10	Jul-11	Oct-11	Jul-11 to Oct-11	Oct-10 to Oct-11
Fresh milk full cream 1 l sachet*	6.66	6.93	6.69	-3.41 %	0.56 %
Fresh milk full cream 2 l*	14.97	15.91	15.45	-2.91 %	3.16 %
Fresh milk low fat 1 l sachet*	6.36	6.90	6.42	-7.03 %	0.94 %
Fresh milk low fat 2 l*	15.64	16.25	15.72	-3.28 %	0.49 %
Long life milk full cream 1 l*	9.53	9.54	9.62	0.76 %	0.92 %
Skimmed powder milk 1 kg*	56.21	61.62	65.50	6.29 %	16.53 %
Total butter 500 g*	25.53	27.25	27.85	2.22 %	9.10 %
Cheddar cheese per kg	86.64	87.20	88.87	1.92 %	2.57 %
Average				**-0.68 %**	**4.28 %**

*Data from AC Nielsen

Table A.9: Fruits

Fruits	Price level			Percentage change	
	Oct-10	Jul-11	Oct-11	Jul-11 to Oct-11	Oct-10 to Oct-11
Apples - fresh per kg	12.15	12.50	12.91	3.28 %	6.26 %
Bananas - fresh per kg	8.81	9.96	10.34	3.82 %	17.37 %
Oranges - fresh per kg	4.72	5.88	5.21	-11.39 %	10.38 %
Average				**-1.43 %**	**11.33 %**

Table A.10: Fish products

Fishes - tinned	Price level			Percentage change	
	Oct-10	Jul-11	Oct-11	Jul-11 to Oct-11	Oct-10 to Oct-11
Fish (excl tuna) - tinned 155 g	6.18	6.38	6.37	-0.16 %	3.07 %
Fish (excl tuna) - tinned 425 g	11.79	11.16	11.23	0.63 %	-4.75 %
Tuna - tinned 170 g	10.06	9.76	9.93	1.74 %	-1.29 %
Average				**0.74 %**	**-0.99 %**

Table A.11: Other products

Other products	Price level			Percentage change	
	Oct-10	Jul-11	Oct-11	Jul-11 to Oct-11	Oct-10 to Oct-11
King Korn 1 kg*	10.07	10.16	11.37	11.97 %	12.91 %
White sugar 2.5 kg	18.78	20.79	22.41	7.79 %	19.33 %
Rice 2 kg	20.83	20.35	20.78	2.11 %	-0.24 %
Instant coffee regular 750 g*	49.91	53.83	56.73	5.38 %	13.67 %
Ceylon/black tea 62.5 g	7.63	7.32	7.51	2.60 %	-1.57 %
Peanut butter 400 g	15.66	16.82	17.29	2.79 %	10.41 %
Soya mince tomato & onion 200 g*	8.72	9.69	9.67	-0.18 %	10.89 %
Eggs 1.5 dozen	24.60	24.91	24.83	-0.32 %	0.93 %
Average				**4.02 %**	**8.29 %**

*Data from AC Nielsen

APPENDIX B: DATA ON RURAL FOOD PRICE TRENDS

Table B.1: Wheat products

Wheat Products	Oct-10	Jul-11	Oct-11	Jul-11 to Oct-11	Oct-10 to Oct-11
Loaf of brown bread 600 g	6.66	6.71	7.29	8.64 %	9.38 %
Loaf of brown bread 700 g	7.05	8.04	7.90	-1.70 %	12.03 %
Loaf of white bread 600 g	7.29	7.13	8.15	14.28 %	11.82 %
Loaf of white bread 700 g	7.87	9.04	8.92	-1.31 %	13.44 %
Average				**4.98 %**	**11.67 %**

Table B.2: Maize products

Maize Products	Oct-10	Jul-11	Oct-11	Jul-11 to Oct-11	Oct-10 to Oct-11
Maize meal 12.5 kg	44.00	51.12	57.04	11.58 %	29.64 %
Maize meal 1 kg	6.31	6.82	6.61	-3.09 %	4.76 %
Maize meal 2.5 kg	13.68	15.00	15.37	2.43 %	12.37 %
Maize meal 5 kg	24.91	25.78	27.41	6.33 %	10.06 %
Samp 1 kg	6.47	6.51	6.63	1.85 %	2.46 %
Samp 2.5 kg	13.52	14.14	15.24	7.75 %	12.69 %
Average				**4.47 %**	**12.00 %**

Table B.3: Sunflower products

Sunflower Products	Oct-10	Jul-11	Oct-11	Jul-11 to Oct-11	Oct-10 to Oct-11
Sunflower oil 2 l	25.26	32.54	32.69	0.46 %	29.39 %
Sunflower oil 500 ml	9.29	10.44	10.46	0.15 %	12.55 %
Sunflower oil 750 ml	12.50	13.88	13.86	-0.11 %	10.89 %
Margarine 125 g	5.40	5.75	6.95	20.95 %	28.70 %
Margarine 250 g	9.71	11.41	11.10	-2.77 %	14.33 %
Margarine 500 g	15.07	17.56	18.65	6.22 %	23.74 %
Average				**4.15 %**	**19.94 %**

Table B.4: Dairy products

Dairy Products	Oct-10	Jul-11	Oct-11	Jul-11 to Oct-11	Oct-10 to Oct-11
Full cream long life milk 1 l	10.90	11.03	10.96	-0.58 %	0.55 %
Full cream long life milk 500 ml	6.66	7.01	6.89	-1.64 %	3.58 %
Average				**-1.11 %**	**2.06 %**

Table B.5: Tea and coffee

Tea and coffee	Oct-10	Jul-11	Oct-11	Jul-11 to Oct-11	Oct-10 to Oct-11
Instant coffee 100 g	13.08	13.40	13.58	1.28 %	3.77 %
Instant coffee 250 g	26.81	27.04	27.56	1.92 %	2.78 %
Ceylon/black tea 250 g	19.44	18.01	19.34	7.38 %	-0.50 %
Ceylon/black tea 62.5 g	8.12	8.95	7.58	-15.31 %	-6.66 %
Average				**-1.18 %**	**-0.15 %**

Table B.6: Beans

Beans	Oct-10	Jul-11	Oct-11	Jul-11 to Oct-11	Oct-10 to Oct-11
Beans 1 kg	13.94	15.53	13.15	-15.32 %	-5.67 %
Beans 500 g	8.37	8.32	7.91	-4.88 %	-5.45 %
Butter beans 410 g	9.49	10.50	10.19	-2.94 %	7.39 %
Butter beans 420 g	7.71	10.67	8.98	-15.87 %	16.46 %
Average				**-9.75 %**	**3.18 %**

Table B.7: White sugar

Sugar	Jul-10	Apr-11	Jul-11	Apr-11 to Jul-11	Jul-10 to Jul-11
White sugar 1 kg	9.99	10.38	11.03	6.25 %	10.47 %
White sugar 2.5 kg	21.89	24.04	24.34	1.26 %	11.18 %
White sugar 500 g	5.61	5.72	6.00	4.87 %	6.98 %
Average				**4.13 %**	**9.54 %**

Table B.8: Tinned fish

Fish	Oct-10	Jul-11	Oct-11	Jul-11 to Oct-11	Oct-10 to Oct-11
Fish (Excl. Tuna) - Tinned 155 g	7.23	7.29	7.20	-1.17 %	-0.34 %
Fish (Excl. Tuna) - Tinned 425 g	13.92	13.58	13.91	2.46 %	-0.04 %
Average				**0.65 %**	**-0.19 %**

Table B.9: Rice

Rice	Jul-10	Apr-11	Jul-11	Jul-11 to Oct-11	Oct-10 to Oct-11
Rice 1 kg	13.26	13.01	12.63	-2.9 2%	-4.73 %
Rice 2 kg	26.70	24.87	25.37	1.98 %	-4.99 %
Rice 500 g	7.15	6.77	7.08	4.49 %	-1.04 %
Average				**1.18 %**	**-3.58 %**

Table B.10: Peanut butter

Peanut Butter	Oct-10	Jul-11	Oct-11	Jul-11 to Oct-11	Oct-10 to Oct-11
Peanut butter 270 g	13.61	13.42	13.32	-0.76 %	-2.11 %
Peanut butter 400 g	16.68	17.61	18.37	4.32 %	10.15 %
Peanut butter 410 g	13.79	14.97	17.00	13.53 %	23.29 %
Average				**5.70 %**	**10.44 %**

Table B.11: Sorghum meal

Sorghum Meal	Oct-10	Jul-11	Oct-11	Jul-11 to Oct-11	Oct-10 to Oct-11
Sorghum meal 1 kg	10.71	11.10	10.83	-2.46 %	1.10 %
Sorghum meal 500 g	6.29	6.39	6.25	-2.21 %	-0.58 %
Average				**-2.34 %**	**0.26 %**

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

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

Grain and grain products	%	Meat and meat products and dairy and dairy products	%	Fresh and processed fruits and vegetables	%
Spaghetti 500 g	-3.41	Fish (Excl Tuna) - Tinned 425 g	-4.75	Cabbage - Fresh per kg	-4.80
Ceylon/Black Tea 62.5 g	-1.57	Tuna - Tinned 170 g	-1.29	Sliced Beans 1 kg*	-3.45
Rice 2 kg	-0.24	Fresh Milk Low Fat 2 lt*	0.49	Super Juicy Corn 1 kg*	1.74
Medium Fat Spread 1 kg Tub*	0.08	Fresh Milk Full Cream 1 lt Sachet*	0.56	Baby Carrots 1 kg*	2.01
Macaroni Plain 500 Gram*	8.74	LongLife Milk Full Cream 1 lt*	0.92	Onions -Fresh per kg	4.57
Cake Flour 2.5 kg	9.56	Eggs 1.5 dozen	0.93	Carrots - Fresh per kg	4.66
Peanut Butter 410 g	10.41	Fresh Milk Low Fat 1 lt Sachet*	0.94	Potatoes Bag 10 kg	5.01
Soya Mince Tomato & Onion 200 g*	10.89	Cheddar Cheese per kg	2.57	Cauliflower - Fresh per kg	6.06
Loaf Of Brown Bread 700 g	12.69	Fish (Excl Tuna) - Tinned 155 g	3.07	Apples - Fresh per kg	6.26
Loaf Of White Bread 700 g	12.88	Fresh Milk Full Cream 2 lt*	3.16	Butter Beans - Tinned 410 g	6.65
King Korn 1 kg*	12.91	Whole Chicken - Frozen per kg	3.22	Chopped Peeled Tomato 410 g*	6.95
Ricoffy Reg 750 g*	13.67	Chicken Portions - Fresh per kg	5.60	Pumpkin - Fresh per kg	8.95
Sunflower Oil 750 ml	19.12	Whole Chicken - Fresh per kg	5.65	Oranges - Fresh per kg	10.38
White Sugar 2.5 kg	19.33	Polony per kg	6.59	Tomato & Onion Mix 410 g*	12.38
Brick Margarine 500 g	24.02	Bull Brand Meatballs in Gravy 400 g*	7.07	Baked Beans - Tinned 420 g	13.59
Maize Special 5 kg*	30.42	Chicken Portions - Frozen per kg	7.55	Bananas - Fresh per kg	17.37
Maize Super 5 kg*	30.86	Enterprise Picnic Ham 300 g*	7.82	Green Peas 1 kg*	21.02
		Total Butter 500 g*	9.10	Tomatoes - Fresh per kg	22.57
		Pork Sausage per kg	11.94	Canned Peas 410 g*	29.48
		Beef Rump Steak -Fresh per kg	14.02	Sweet Potatoes - Fresh per kg	39.33
		Pork Chops - Fresh per kg	15.34	Lettuce - Fresh per kg	47.85
		Skimmed Powder Milk 1 kg*	16.53		
		Beef Mince - Fresh per kg	19.26		
		Beef Chuck - Fresh per kg	19.88		
		Beef T-Bone - Fresh per kg	20.57		
		Beef Brisket - Fresh per kg	21.33		
		Lamb - Fresh per kg	28.84		

* 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 (Oct 2010 to Oct 2011)

Grain and grain products	%	Other products	%
Rice 2 kg	-4.99	Tagless Tea Bags 62.5 g	-6.66
Rice 1 kg	-4.73	Beans 1 kg	-5.67
Rice 500 g	-1.04	Beans 500 g	-5.45
Sorghum-meal 500 g	-0.58	Peanut Butter 270 g	-2.11
Sorghum-meal 1 kg	1.10	Tagless Tea Bags 250 g	-0.50
Samp 1 kg	2.46	Fish (Excl. Tuna) - Tinned 155 g	-0.34
Maize Meal 1 kg	4.76	Fish (Excl. Tuna) - Tinned 425 g	-0.04
Loaf of Brown Bread 600 g	9.38	Full Cream Long Life Milk 1 l	0.55
Maize Meal 5 kg	10.06	Instant Coffee 250 g	2.78
Sunflower Oil 750 ml	10.89	Full Cream Long Life Milk 500 ml	3.58
Loaf of White Bread 600 g	11.82	Instant Coffee 100 g	3.77
Loaf of Brown Bread 700 g	12.03	White Sugar 500 g	6.98
Maize Meal 2.5 kg	12.37	Butter Beans 410 g	7.39
Sunflower Oil 500 ml	12.55	Peanut Butter 400 g	10.15
Samp 2.5 kg	12.69	White Sugar 1 kg	10.47
Loaf of White Bread 700 g	13.44	White Sugar 2.5 kg	11.18
Margarine 250 g	14.33	Butter Beans 420 g	16.46
Margarine 500 g	23.74	Peanut butter 410 g	23.29
Margarine 125 g	28.70		
Sunflower Oil 2 l	29.39		
Maize Meal 12.5 kg	29.64		

* 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 October 2010 and October 2011:

International wheat price
↓ 15.24 %

Domestic price of wheat
↑ 9.28%

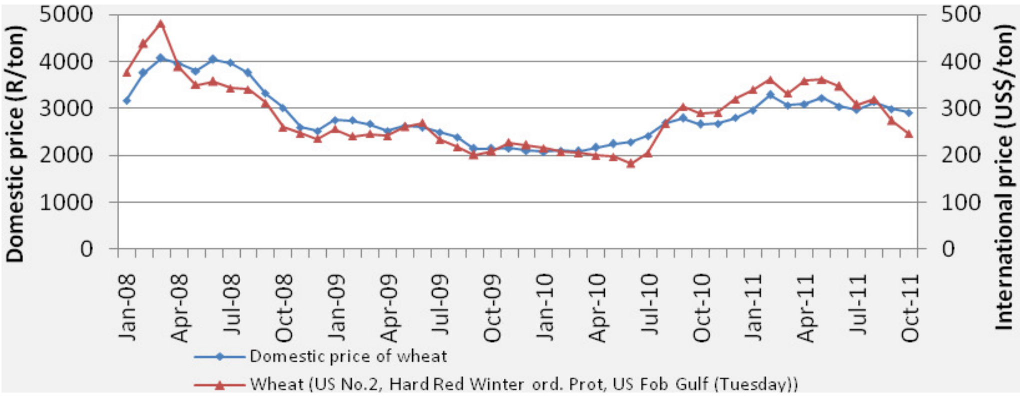

Figure D.1: Domestic market price of wheat against global market price
Source: FAO and SAFEX

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

Between October 2010 and October 2011:

Wheat import parity price ↑ 5.88 %

Wheat export parity price ↑ 7.24 %

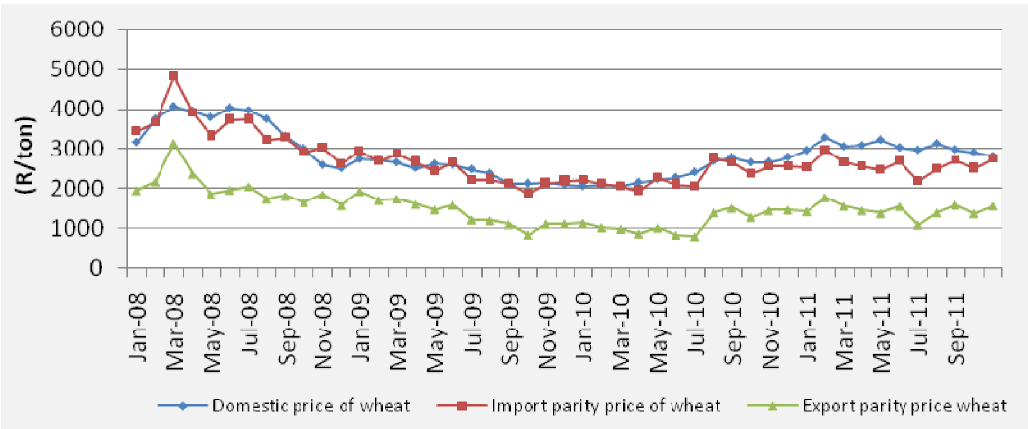

Figure D.2: Import parity, export parity and domestic prices of wheat
Source: SAGIS and SAFEX

Between October 2010 and October 2011:

Domestic wheat price
↑ 9.28 %

Brown bread price
↑ 12.69 %

White bread price
↑ 12.88 %

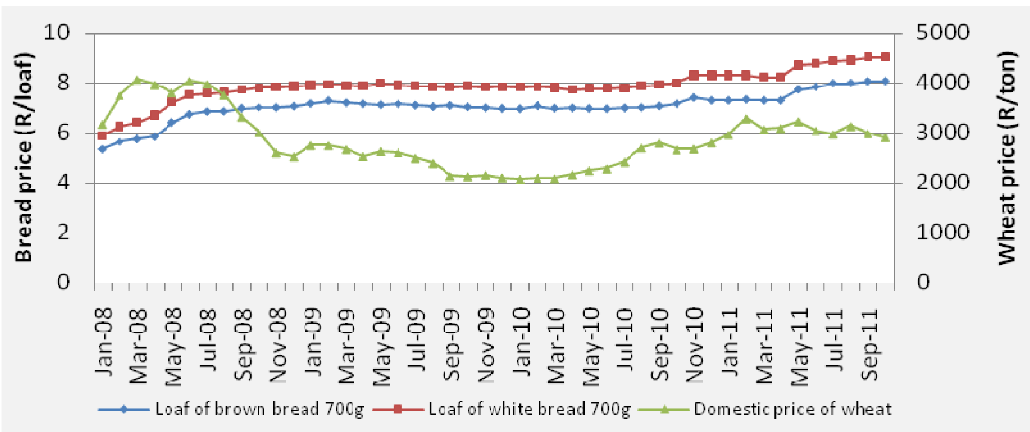

Figure D.3: Domestic market wheat price and bread price trends
Source: Stats SA and SAFEX

D.2 Maize price trends

Between October 2010 and October 2011:

International price of maize
↑ 14.97 %

Domestic price of yellow maize
↑ 57.65%

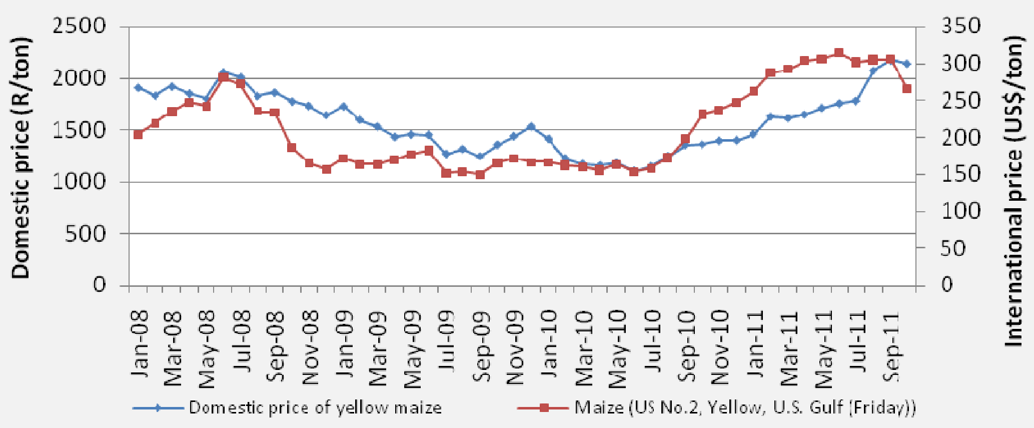

Figure D.4: Domestic market price of maize against global market price
Source: FAO and SAFEX

Between October 2010 and October 2011:

Export parity price
↑ 51.11 %

Import parity price
↑ 30.43 %

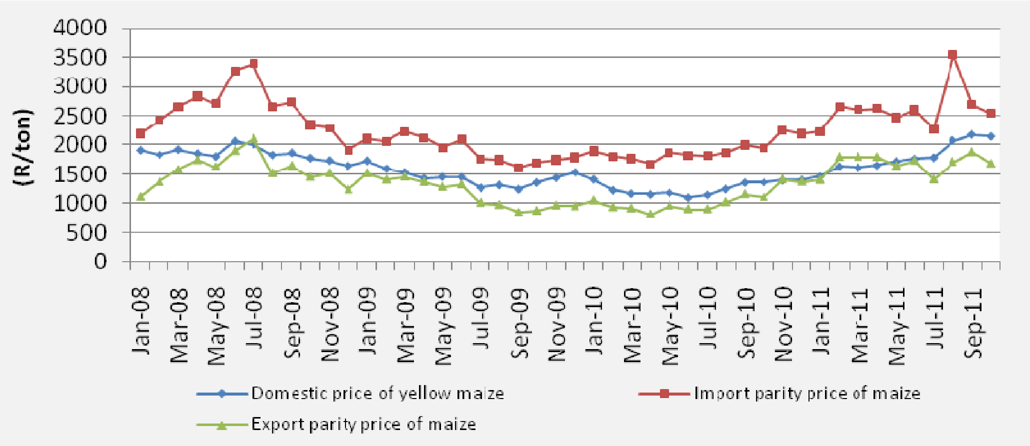

Figure D.5: Import parity, export parity and domestic prices of maize
Source: SAFEX and SAGIS

Between October 2010 and October 2011:

Super maize meal price
↑ 30.86%

Special maize meal
↑ 30.42%

Domestic price of white maize
↑ 73.57%

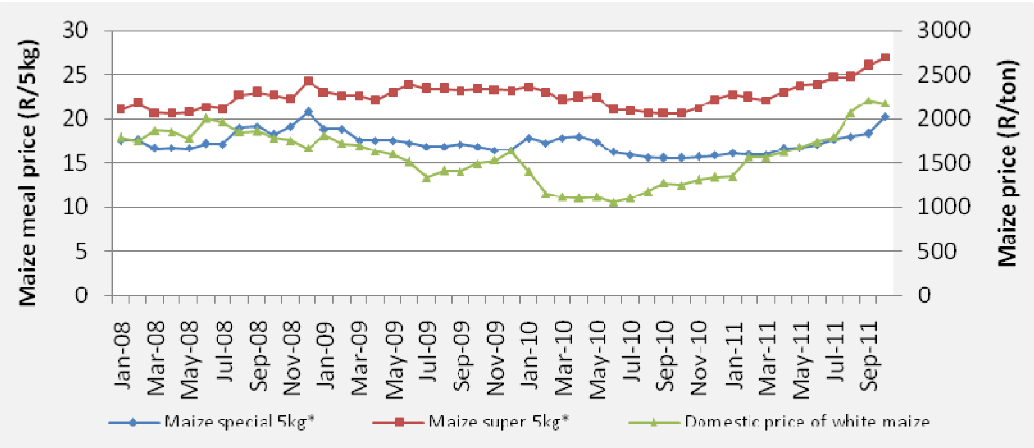

Figure D.6: Maize price and maize meal price trends
Source: SAFEX and AC Nielsen

D.3 Sunflower seeds price trends

Between October 2010 and October 2011:

Domestic price of sunflower seeds ↓ 11.00%

Between October 2010 to October 2011 the international price of sunflower seeds ↓ 12.46%

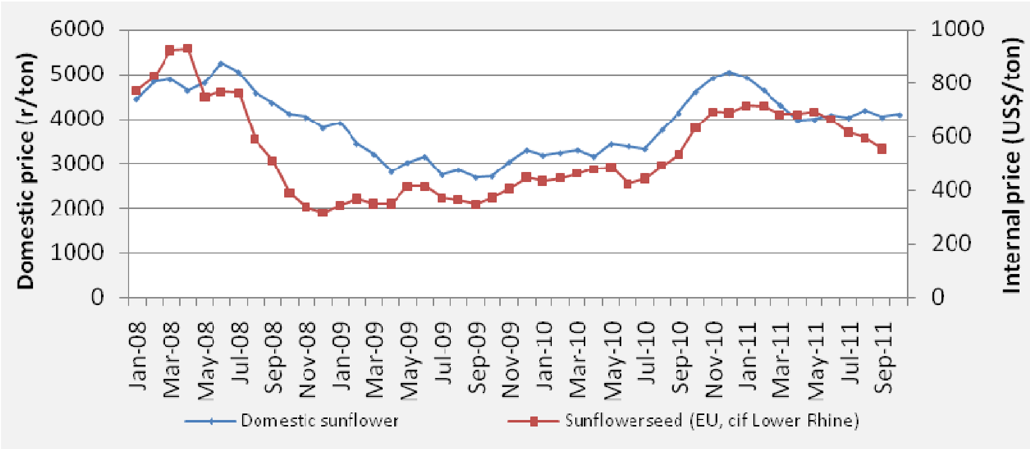

Figure D.7: Domestic market price of sunflower seeds against global market price
Source: FAO and SAFEX

Between October 2010 and October 2011:

Sunflower seed price ↓11.00%

Retail sunflower oil price ↑ 19.12%

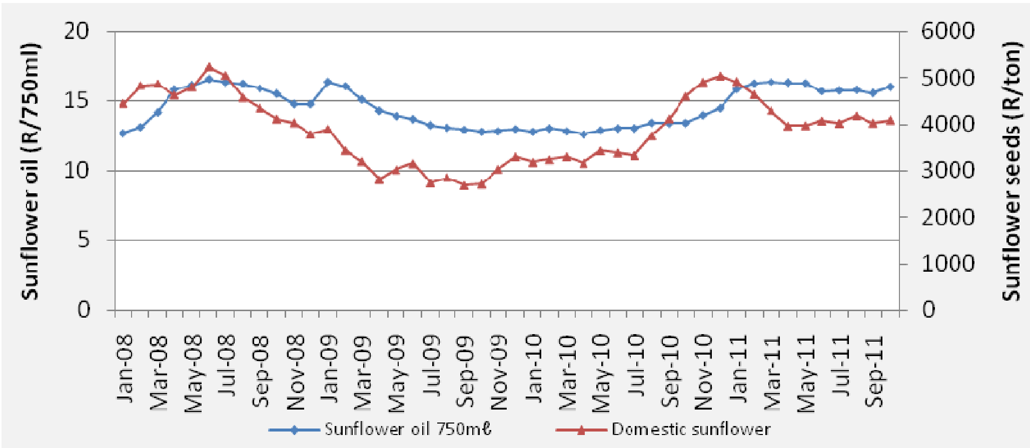

Figure D.8: Sunflower seeds price and sunflower oil price trends
Source: SAFEX and Stats SA

D.4 Dairy price trends

Between October 2010 and October 2011:

Skim milk powder ↑ 5.39%

Whole milk powder ↑ 0.35%

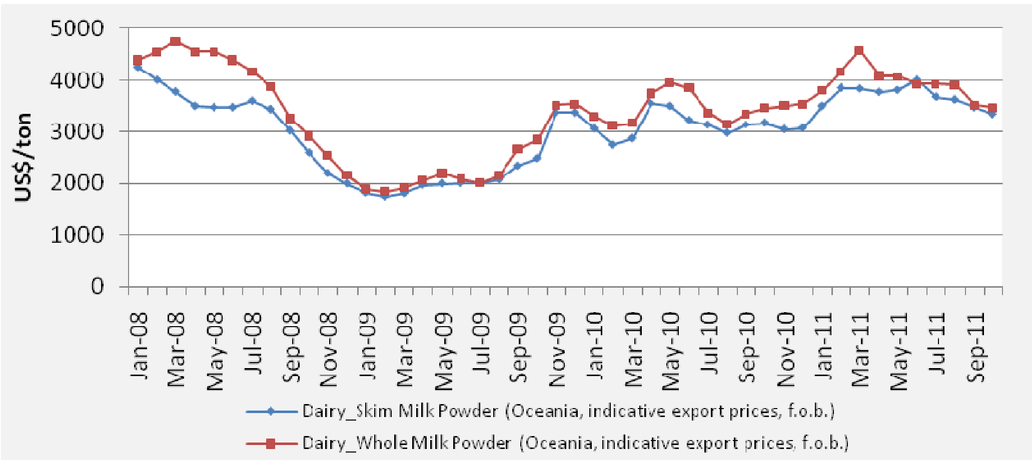

Figure D.9: Skim milk powder and whole milk powder price trends
Source: FAO

Between October 2010 and October 2011:

Milk producer price ↑ 5.71 %

Full cream milk price ↑ 2.25 %

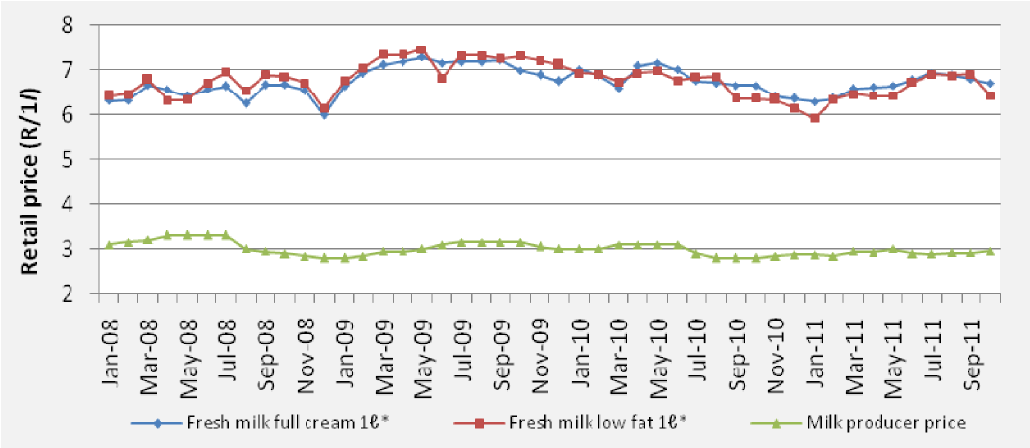

Figure D.10: Domestic producer price and retail prices of milk
Source: MPO and AC Nielsen

D.5 Meat price trends

The price of beef at retail level showed an average increase of 19.01% for the different cuts.

Frozen chicken portions price ↑ by 7.55 % per kilogram

Lamb loin chops ↑ by 28.84 % between October 2010 and October 2011

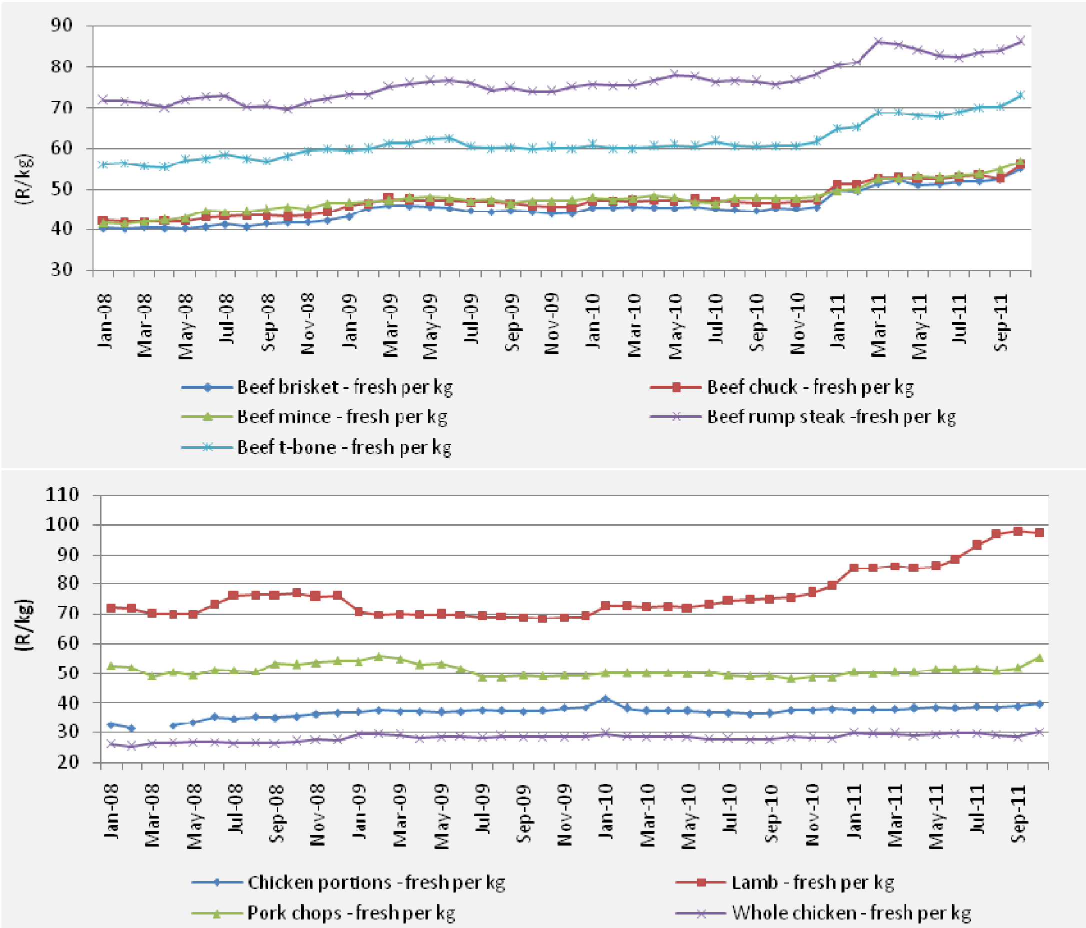

Figure D.11: Retail prices of beef, pork chops, chicken portions, whole chicken and lamb
Source: Stats SA

Between October 2010 and October 2011:

Producer price for fresh chicken ↑5.65%

Frozen chicken price ↑ 3.22 %

Porker price ↑14.18 %

Baconer price ↑ 19.14 %

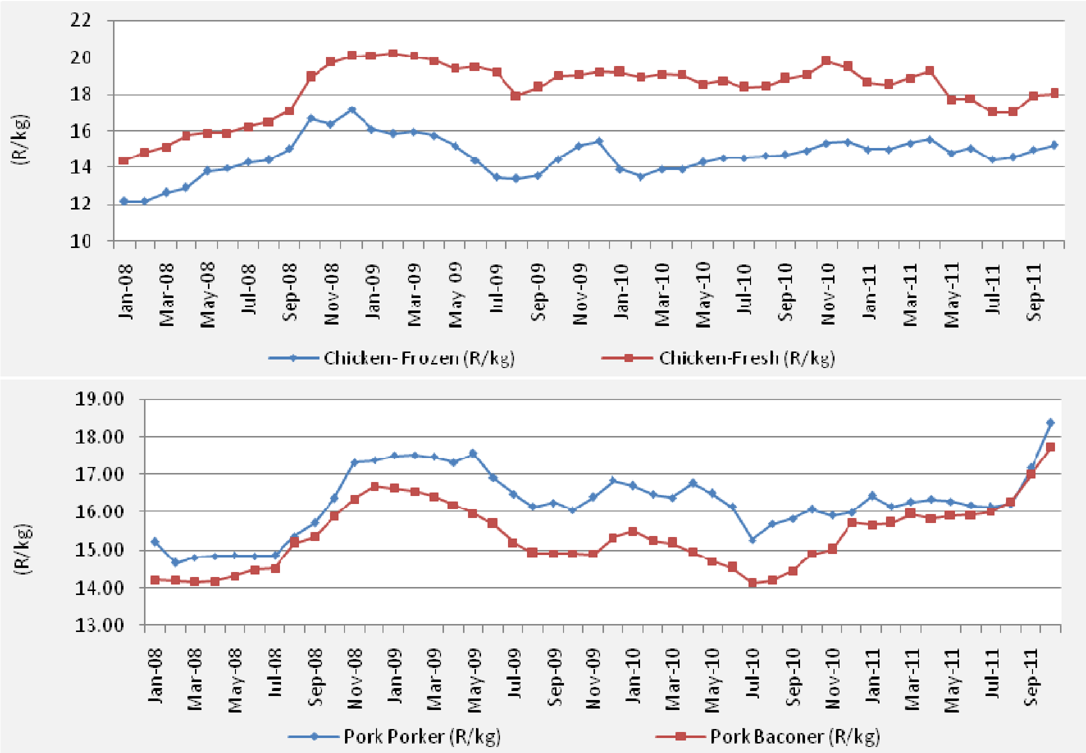

Figure D.12: Producer prices of chicken and pork
Source: AMT

Between October 2010 and October 2011:

Producer price of Beef-class A2/A3 ↑ 35.16 %

Prices of beef class B2/B3 ↑ 33.02 % and class C2/C3 ↑ 37.84 %

Prices of lamb-class A2/A3 and class B ↑ 16.60 % and ↑24.17 % respectively; prices of class C2/C3 ↑ 25.17 %

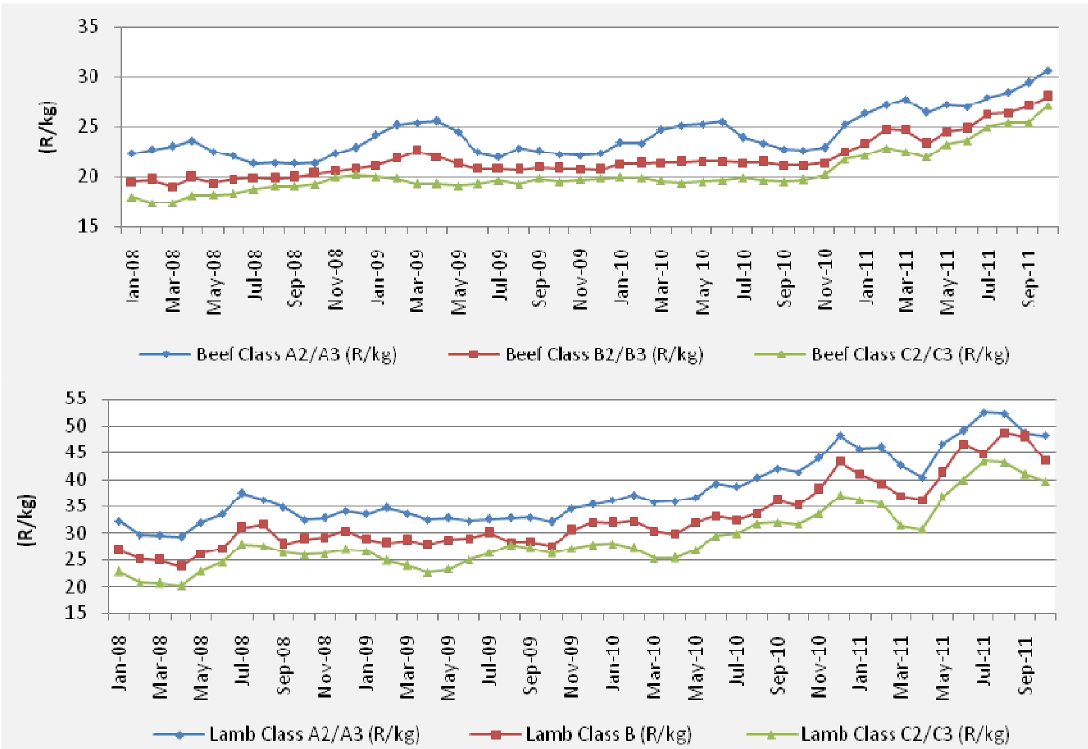

Figure D.12: Producer prices of beef and lamb
Source: AMT

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 October 2010 and October 2011:

The real farm-to-retail price spread of brown bread increased by 6.36 %

The real farm value share of brown bread increased by 25.14 %

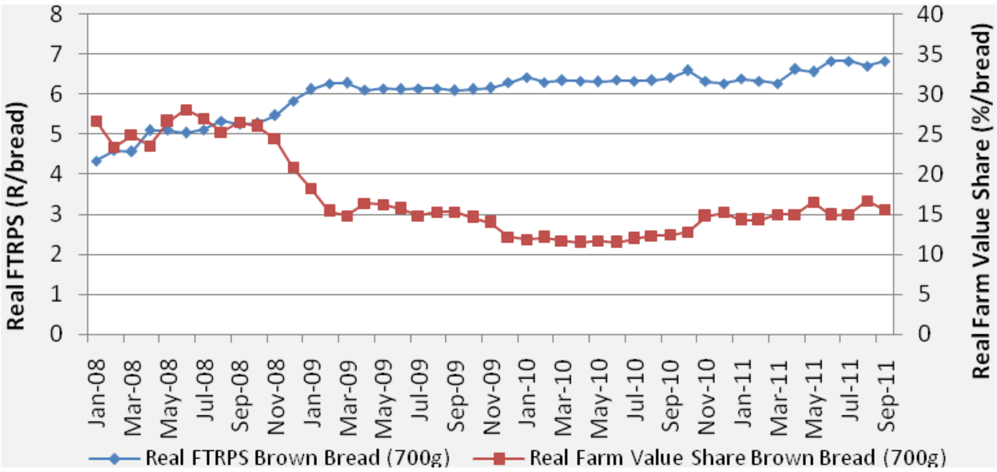

Figure E.1: Real farm to retail price spread and real farm value share of brown bread. Source: SAFEX, Stats SA and own calculations

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

Between October 2010 and October 2011:

The real farm-to-retail price spread of white bread increased by 0.92 %

The real farm value share of white bread increased by 32.48 %

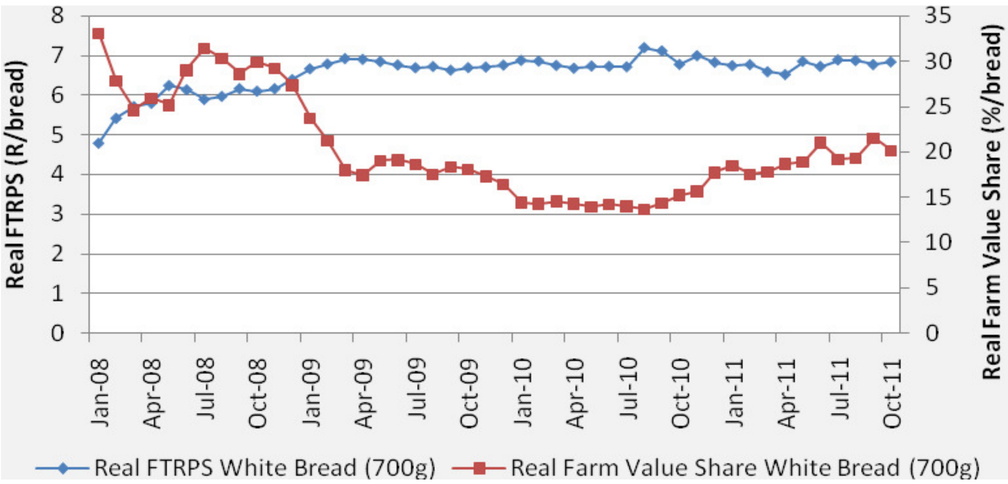

Figure E.2: Real farm to retail price spread and real farm value share of white bread.
Source: SAFEX, AC Nielsen and own calculations

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

Between October 2010 and October 2011:

The real farm-to-retail price spread of super maize meal decreased by 4.23 %

The real farm value share of super maize meal increased by 45.48 %

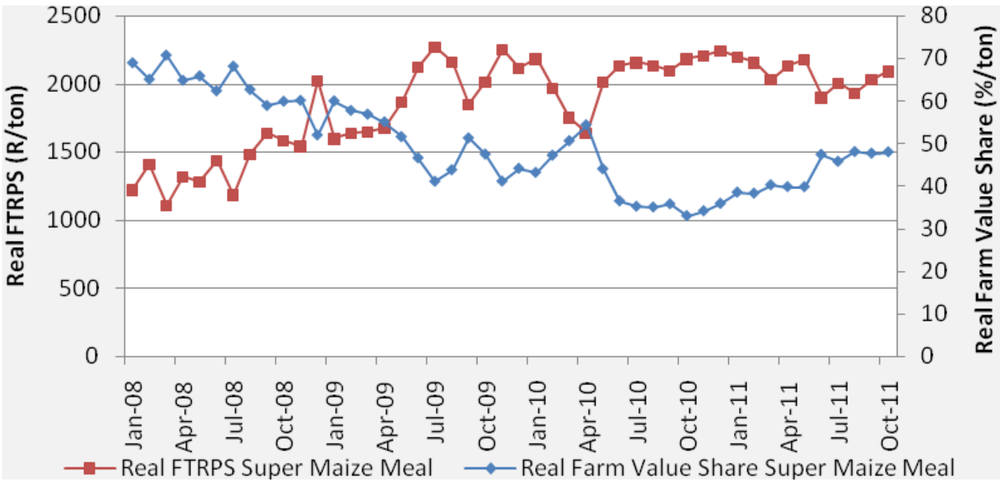

Figure E.3: Real farm to retail price spread and real farm value share of super maize meal. Source: SAFEX, AC Nielsen and own calculations

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

Between October 2010 and October 2011:

The real farm-to-retail price spread of special maize meal decreased by 7.96 %

The real farm value share of special maize meal increased by 45.97 %

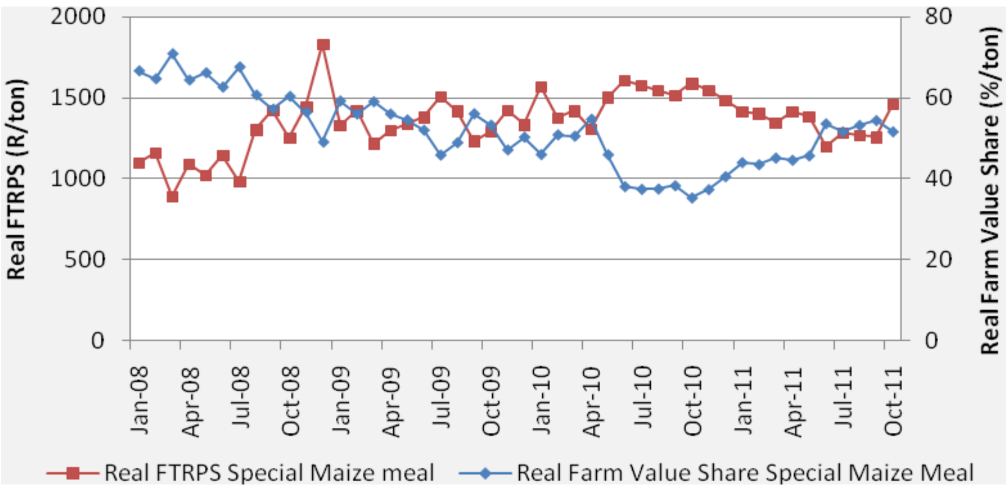

Figure E.4: Real farm to retail price spread and real farm value share of special maize meal. Source: SAFEX, AC Nielsen and own calculations

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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