MEDIA RELEASE

FOOD PRICE MONITOR: NOVEMBER 2009

EXECUTIVE SUMMARY

The consumer Price Index (CPI) report released by Statistics South Africa (Stats SA) in November 2009 confirms that food inflation is currently within the South African Reserve Bank's target inflation brackets. The year-on-year (i.e. October 2008 to October 2009) increase in the CPI for food and non alcoholic beverages, as reported by Stats SA, was 5.3 %.

Across the world food inflation slowed over the last number of months. South Africa's food inflation compares favourably with that of other African countries, but is still higher than in most developed countries.

Prices of the most important grain commodities declined significantly compared to the last quarter of 2008. On average, many grain product prices at retail level in urban areas declined, while inflation for grain product prices in rural slowed significantly. Inflation pressure is significantly weaker in the unprocessed animal protein sub-sector, but is still relatively strong as far as the processed product is concerned. Inflationary pressures in the vegetables sub-sector remain strong, while the fruit sector shows signs of slowing price increases.

Although the price difference between selected food items between rural and urban areas has narrowed, it is still significant. For similar items monitored in urban and rural areas the difference amounted, on average, to R15.46, which is marginally lower compared to earlier in 2009.

From October 2008 to October 2009 the cost of a basic food basket increased by R35 (10%) to R376 in nominal terms. This increase took place between October 2008 to January 2009 (10 %), whereafter the cost of the food basket remained relatively stable until October 2009.

Consumer spending remains under pressure, and this situation is expected to continue until at least mid-2010. This is despite the fact that the economy is showing signs of recovery.

National Agricultural Marketing Council
Strategic positioning of South African Agriculture in dynamic global markets

536 Schoemanstreet
Meintjies Plein
A Block, 4th Floor
Arcadia
Pretoria
Tel: +27(0)12 341 1115
Fax: +27(0)12 341 1811
Website: www.namc.co.za

1. Foreword

The consumer Price Index (CPI) report released by Statistics South Africa (Stats SA) in November 2009 confirms that food inflation is currently within the South African Reserve Bank's target inflation brackets. The year-on-year (i.e. October 2008 to October 2009) increase in the CPI for food and non alcoholic beverages, as reported by Stats SA, was 5.3 %, which is 0.3 percentage points lower than the figure released in September 2009 (5.6 %). The overall CPI, as reported by Stats SA, reflects a year-on-year increase of 5.9 %. This figure is 0.2 percentage points lower than 6.1 % recorded for September 2009. According to Stats SA, the main contributors to the annual increase of 5.9 % in the CPI were housing & utilities (1.7 %), miscellaneous goods and services (1.5 %), food & non-alcoholic beverages (0.9 %), alcoholic beverages & tobacco (0.6 %), recreation & culture (0.4 %), household contents and services (0.3 %), restaurants and hotels (0.2 %), clothing & footwear (0.2 %), health (0.2 %) and education (0.2 %). Transport recorded a decline of 0.3 %.

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

Table 1 compares South Africa's overall inflation rate and inflation of food & non alcoholic beverages to that of other countries. Countries such as United States and Canada experienced inflation of less than 1 % between October 2008 and October 2009. Tanzania is the only country in Table 1 to experience double digit overall inflation and double digit food inflation during the same period. South Africa's overall inflation rate was lower than the two African countries, but it is higher than the other countries shown. South Africa's food inflation was lower than that of Botswana, Tanzania and Turkey, but higher than the other countries shown.

Table 1: Overall inflation and food inflation

Country	Month	Overall inflation (%)	Inflation of food and non alcoholic beverages (%)
Botswana	Oct-09	6.9	6.7
Tanzania	Oct-09	12.7	18.1*
South Africa	Oct-09	5.9	5.3
Turkey	Oct-09	5.1	5.8
Canada	Oct-09	0.1	2.3*
Brazil	Oct-09	3.7	1.8*
United States	Oct-09	0.3	0.1*
United Kingdom	Oct-09	1.5	2.2

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

3. Urban and rural food price trends: October 2008 – October 2009

This section reports the price trends for 65 different food items that are sold in urban areas, and 39 food items sold in rural areas across South Africa. Detailed data on the selected food items are presented in Appendix A and Appendix B showing prices levels and prices changes between July 2009 and October 2009, and year-on-year (October 2008 to October 2009) price changes for selected food items, in urban and rural areas, respectively.

Appendix C shows food items, in urban areas and rural areas respectively, whose prices increased year-on-year by more than the South African Reserve Bank's 6 % inflation target.

Food items whose inflation averaged below 6 % in urban areas include brown bread 700g (0.28 %), white bread 700g (1.16 %), macaroni plain 500g (5.58 %), maize super (3.24 %), super juicy corn (5.73 %), beef T-bone 1kg (2.77 %), beef mince (3.31 %), whole chicken-fresh (5.46 %), whole chicken-frozen (0.84 %), chicken portions-fresh (5.13 %), chicken portions-frozen (5.24 %), milk full cream 1ℓ (4.80 %), milk full cream 2ℓ (1.59 %), and fresh low fat milk 2ℓ (3.12%).

Food products that experienced year-on-year price decreases include cake flour 2.5kg (- 9.92 %), maize special 5kg (-7.26 %), sunflower oil 750ml (-17.41 %), medium fat spread 1kg (-4.15 %), brick margarine 500g (-10.82 %), pork chops per kg (-7.81 %), lamb per kg (-11.14 %), skimmed milk powder 1kg (-6.61 %), rice 2 kg (-7.85 %) and oranges 1kg (-12.44 %).

Food items that experienced inflation of lower than 6 % in the rural areas include brown bread loaf 700g (0.98 %), white bread loaf 600g (2.29 %), maize meal 12.5kg (5.84 %), maize meal 2.5kg (5.93 %), maize meal 5kg (5.56 %), samp 1kg (0.11 %), margarine 500g (1.54 %), beans 1kg (2.52 %), beans 500g (3.81 %), butter beans 420g (5.50 %), and rice 2kg (4.22 %). Food products that experienced year-on-year price decreases include a loaf of white bread 700g (-10.32 %), samp 2.5kg (-4.34 %), sunflower oil 2ℓ (-25.80 %), sunflower oil 500ml (-8.38 %), sunflower oil 750ml (-23.42 %), full cream long life milk 1ℓ (-13.11 %) and white sugar 500g (-9.94 %).

Some trends:

The prices of agricultural commodities remained under pressure over the last year. The domestic price of wheat decreased, by 29.10 %, between October 2008 and October 2009. During the same period, maize and sunflower seed prices decreased by 16.34 % and 34.24 % in the domestic market, respectively. Following the decreases in the prices of these important agricultural commodities, food inflation at the retail level for the basket of grain products monitored by the NAMC slowed, and even decreased, in both rural and urban areas.

- The prices of wheat products monitored by the NAMC in urban areas decreased, on average, by 0.08 % for the period October 2008 to October 2009. In the rural areas, year-on-year inflation for wheat products slowed from 9.04 % in July 2009 to 1.20 % in October 2009.
- In the urban areas, the prices of maize products decreased, on average, by 2.01 % between October 2008 and October 2009. During the same period, the prices of maize products in the rural areas increased by 4.48 % - this is lower compared to 9.08 % reported in August 2009 FPM.
- In both urban and rural areas, the prices of sunflower products decreased, by 10.79 % and 5.17 %, between October 2008 and October 2009, respectively.
- The prices of fish products in the urban areas increased at a lower rate (12.62 %) compared to 19.68 % reported in August 2009 FPM. The prices of pilchards in rural areas decreased, on average, by 12.04 %.
- Prices of dairy products in urban areas increased, on average, by 8.12 %, year-on-year. The opposite situation prevails in the rural areas, where dairy product prices decreased, on average, by 3.20 %.
- Inflation in the prices of fresh and processed vegetables in the urban areas averaged 27.25 % and 20.83 %, respectively, between October 2008 and October 2009.

- During the same period, inflation for processed meat averaged 20.77 %. The inflation for unprocessed meat averaged 2.04 %.
- Fruits prices increased, on average, by 9.68 % during the same period.
- Product categories such as tea & coffee, sorghum meal and peanut butter showed double digit inflation in the rural areas between October 2008 and October 2009, i.e. 15.97 %, 36.59 %, and 20.29 %, respectively. During the same period, white sugar, beans and rice showed average inflation of 2.68 %, 6.68 % and 8.68 %, respectively.

4. Comparison between the urban and rural prices

This section compares urban and rural food prices for selected food items. Table 2 shows that in October 2008, brown bread and margarine were cheaper in the rural areas than in the urban areas. In July 2009, only brown bread was cheaper in the rural areas than in urban areas. In October 2009, brown bread, white bread and sunflower oil were cheaper in the rural areas than in the urban areas

Table 2 further confirms that food prices in rural areas are generally higher than food prices in urban areas. People living in rural areas had to pay R 12.12 more than people in urban areas to buy the basket of food items in October 2008. The price difference increased to R16.72 in July 2009. In October 2009 the price difference decreased to R15.46. The reasons for the higher food prices in the rural areas than in the urban areas are discussed in detail in the South African Food Cost Review: 2008, available at http://www.namc.co.za (see what's new).

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

Product	Rural food prices (R)			Urban food prices (R)			Price difference (Oct-08)	Price difference (Jul-09)	Price difference (Oct-09)
	Oct-08	Jul-09	Oct-09	Oct-08	Jul-09	Oct-09	R/unit	R/unit	R/unit
Full cream long life milk 1L	11.60	9.97	10.08	8.20	9.52	10.07	3.41	0.45	0.01
Loaf of brown bread 700g	6.80	6.86	6.87	7.02	7.11	7.04	-0.22	-0.25	-0.17
Loaf of white bread 700g	8.63	8.71	7.74	7.79	7.87	7.88	0.84	0.84	-0.14
Maize meal 5kg	27.57	29.05	29.10	23.81	23.94	23.00	3.76	5.11	6.10
Margarine 500g	13.64	14.37	13.85	14.69	13.31	13.10	-1.05	1.06	0.75
Peanut butter 410g	14.24	17.37	17.58	13.69	16.07	15.92	0.55	1.30	1.66
Rice 2kg	27.32	30.45	28.48	25.86	25.24	23.83	1.46	5.21	4.65
Sunflower oil 750ml	16.25	13.61	12.45	15.51	13.28	12.81	0.74	0.33	-0.36
Tagless tea bags 62.5g	6.50	7.09	7.23	6.16	6.85	7.03	0.34	0.24	0.20
White sugar 2.5kg	19.00	20.45	20.93	16.71	18.02	18.16	2.29	2.43	2.77
Total							**12.12**	**16.72**	**15.46**

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 details how the prices are collected). An important issue to note is that prices are generally collected during week 1 to 3 of each month. During week 4 of each month retailers usually have specials on various items they sell and hence the reason why prices are not collected during week 4. In an effort to also reflect food price trends in week 4 for seven retail chains, data was obtained from Adcheck. Table 3 shows the percentage changes in the prices of selected food items. Unlike in August 2009 FPM, the year-on-year comparison for October shows that most food items experienced price decreases. Cooking oil and rice experienced double digit price decreases, i.e. -34.37 % and -11.42 %, during the period under consideration. Products such as brown bread, white bread, maize meal, lamb shoulder/braai chops and pork loin chops also experienced price decreases. On the other hand, long life milk, fresh milk, frozen chicken and boerewors experienced price increases, with long life milk and frozen chicken experiencing double digit price increases.

Table 3: October 2008 to October 2009 inflation of selected food items for various retailers (in %)

Product	**Retailer A**	**Retailer B**	**Retailer C**	**Retailer D**	**Retailer E**	**Retailer F**	**Retailer G**	**Average-retailers**
Cheapest Bread Brown Unsliced 700g	-2.51	-7.68	-6.55	-12.37	-21.67	-10.39	-7.21	**-9.77** ↓
Cheapest Bread White Sliced Standard 700g	-2.02	-5.36	-7.49	-4.47	2.49	-2.62	-3.53	**-3.29** ↓
Cheapest Maize Meal 5kg	2.39	-2.67	-6.29	-7.42	-7.31	-3.35	-3.54	**-4.03** ↓
Tastic Rice 2kg	-12.78	-13.50	-11.61	-14.38	-15.74	-13.70	1.77	**-11.42** ↓
Cheapest Milk Long Life Full Cream Uht 1lt	14.97	17.03	22.51	16.29	17.16	23.39	9.16	17.22 ↑
Cheapest Milk Sachet 1lt	7.68	3.37	5.23	0.37	9.58	5.41	7.72	5.62 ↑
Cheapest Cooking Oil 750ml	-33.48	-30.64	-37.58	-40.22	-31.44	-29.18	-38.06	**-34.37** ↓
Cheapest Chicken Frozen Whole p/kg	30.12	1.91	n/a	-4.94	4.43	24.12	24.57	13.37 ↑
Cheapest Boerewors Per Kg	9.65	-1.96	10.46	6.28	-12.09	-8.34	4.82	1.26 ↑
Lamb Shoulder/Braai Chops Per Kg	3.03	6.22	-5.24	-7.86	-5.30	0.80	-3.94	**-1.76** ↓
Pork Loin Chops Per Kg	4.14	-0.35	2.49	-7.26	-1.39	0	-0.41	**-0.40** ↓

Source: Adcheck, 2009.

6. The 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 monthly cost of a basic food basket[1] (as compiled by the Food Price Monitoring Committee in 2003), for the period October 2008 to October 2009. From October 2008 to October 2009 the cost of a basic food basket increased by R35 (10%) to R376 in nominal terms (see left axis). This increase took place between October 2008 to January 2009 (10 %), where after the cost of the food basket remained relatively stable until October 2009. This means that the average cost of the basket has changes marginally from February 2009 to October 2009. Over the depicted period the cost of the food basket expressed as a share of the average monthly income[2] of the poorest 30% of the population increased from 30 % in October 2008 to 33% in October 2009, while the cost of

[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, longlife full cream milk (1L), extra large eggs (1.5 dozen), sunflower oil (750ml), brick margarine (500g), peanut butter (410g), 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)*

the food basket expressed as a share of the average monthly income of the wealthiest 30% of the population only increased slightly from 2.4 % to 2.6%.

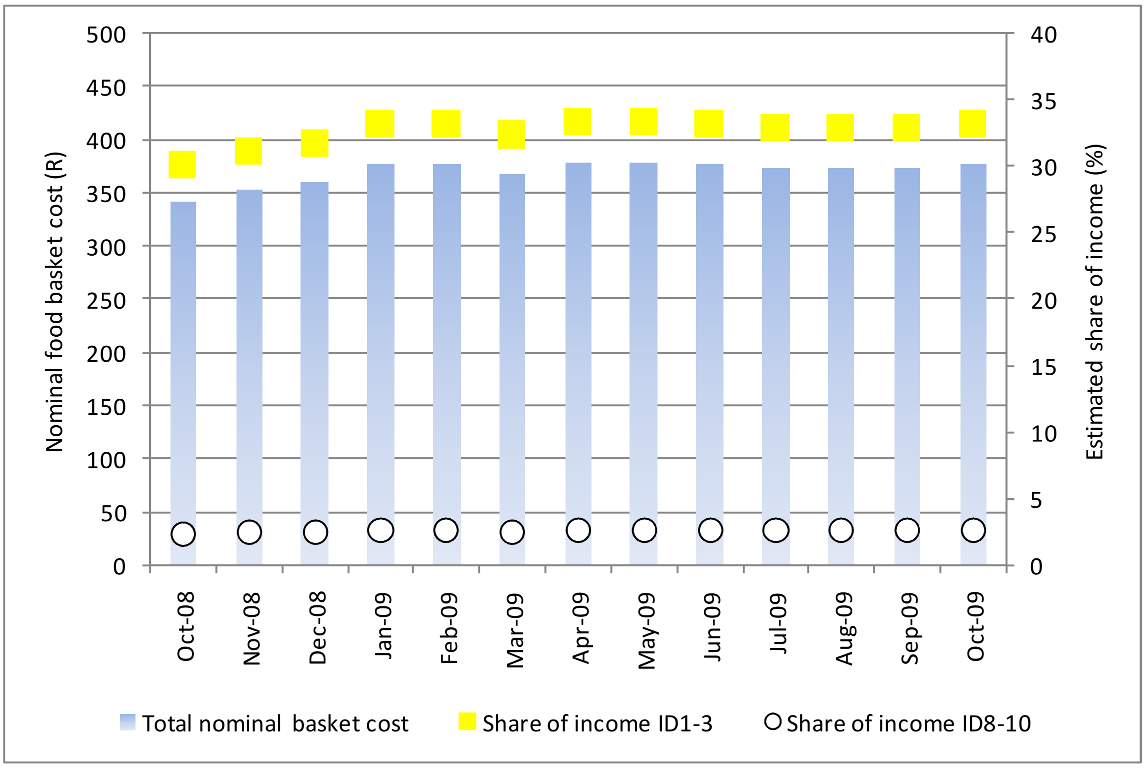

Figure 1: The monthly cost of a typical consumer food basket for the period October 2008 to October 2009, expressed in nominal terms and as share of the average income of the poorest 30% of households (Income Deciles [ID] 1 to 3) and the wealthiest 30% of households (ID 8 to 10)

To further explore the impact of inflation on consumers, Figure 2 presents an illustration of the average annual nominal cost of specific food groups within the basic food basket, for the period October 2008 to October 2009. Figure 2 illustrates the dominance of animal protein foods, as well as breads and cereals within the cost of the basic food basket. Furthermore, it is clear that from October 2008 to October 2009, among the dominant food groups, the bread / cereals category experienced deflation (-3%), while animal protein foods experienced relatively low inflation (6%). Significant inflation was observed for the vegetable category (60%) as well as for dairy and eggs (18%). The high inflation rates for the vegetable, dairy and eggs and bean products categories could impact negatively on consumers' ability to afford diversity within their food basket.

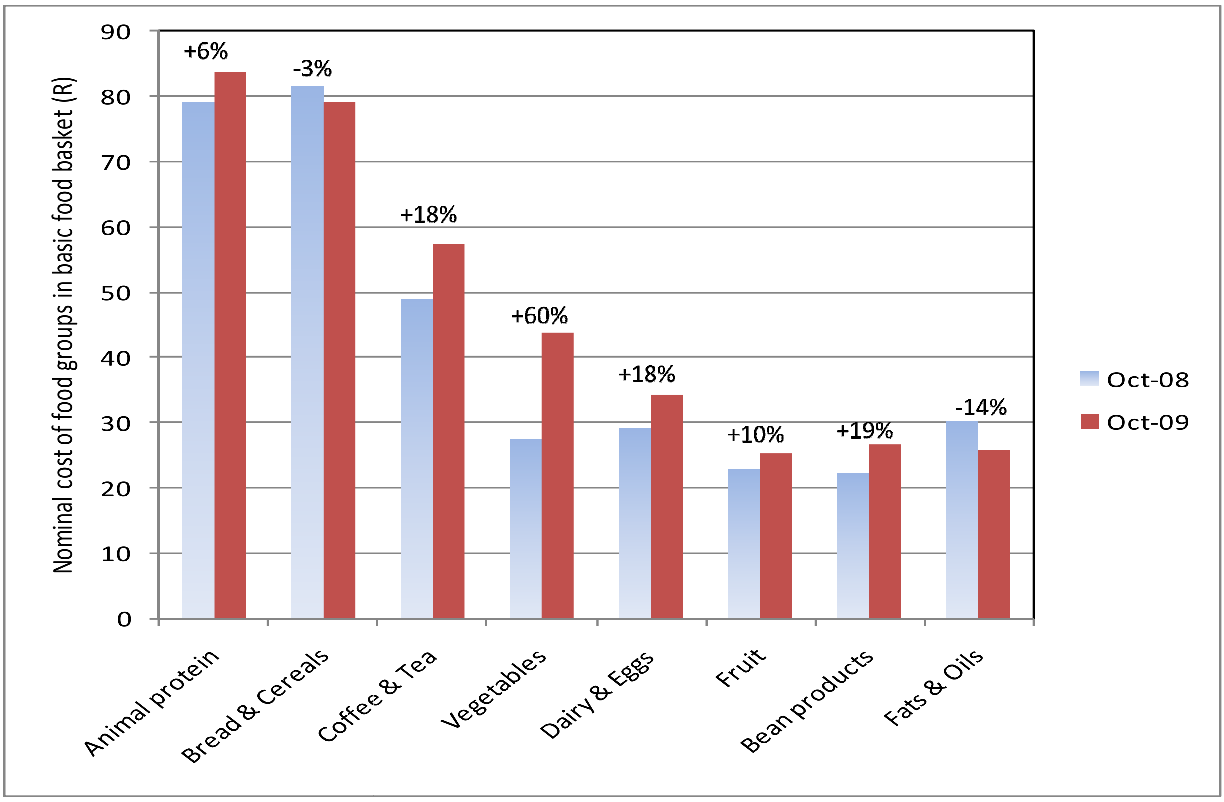

Figure 2: Nominal monthly cost of specific food groups within the basic food basket, for October 2008 and October 2009

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 October 2008 and October 2009. The significant cost contribution of maize meal and bread to the basic daily food selection for poor consumers are emphasised by the results in Figure 3. Furthermore, despite the relatively low 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 October 2009 versus October 2008 prices the results in Figure 3 indicated a minimal increase of about 2%.

[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

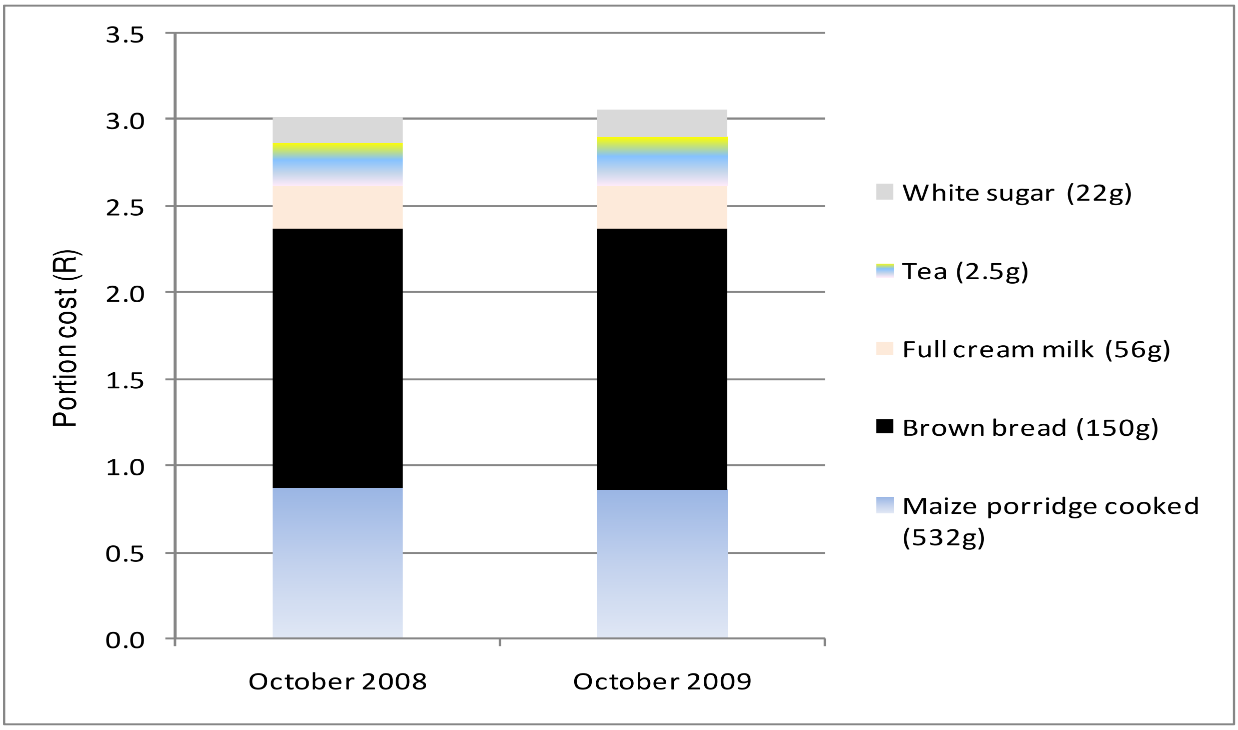

Figure 3: Average nominal cost for the typical portions of the five food items most widely consumed by very poor consumers in South Africa, for October 2008 and October 2009

7. Outlook

There was big relief as the South African economy formally emerged from its recession when the Gross Domestic Product (GDP) numbers were released by Stats SA for the third term of 2009; they reported that the seasonally adjusted estimate of the real GDP at market prices had increased by 0.9 %. South Africa and most of the international markets have eased out of the recession over the past quarter. Stock markets have reported solid gains and it seems as though a period of consolidation has taken place over the past two weeks, with certain major investment firms reducing their number of open positions on the markets.

Despite some volatility within the period, global grain and oilseed markets have also recovered remarkably well over the past year. From November 2008, when world commodity markets were overwhelmed in the wake of the global financial crisis, prices for most soft commodities increased by approximately 20 %. This increase in world prices was partly driven by a depreciation of the US Dollar, higher crude oil prices and consistently strong demand from Asian markets and biofuel markets in the US and Europe. Stronger global commodity prices did, however, not transmit fully into the South African markets because of the appreciation of the Rand relative to the US Dollar during the same period. The outlook for most cereal and coarse grain prices in the global market remains unchanged from the FPM of August 2009. World grain stocks are expected to increase by 13 million tonnes at the end of the 2009/10 season, continuing the trend of a gradual recovery.

To some extent, the local industry has been taken by surprise by the intended increase in the area under white and yellow maize production. The intention to plant was published by the National Crop Estimate Committee in October 2009, and they explained how producers are planning to increase the total area under maize production in South Africa by 6 %. The typical cycle of 'pre-season uncertainty' has resulted in white and yellow maize prices being traded above deep-sea export parity. However, local prices of maize are still low enough for South African maize to compete with neighbouring countries'. Therefore, large volumes of maize are still being exported to neighbouring countries. The next critical period for major maize price volatility will be towards the end of January and the first two weeks of February, when good precipitation is required to secure a good crop. If the impact of El Nino is marginal and no tropical cyclones adversely affect our weather patterns in February, it is likely that maize prices will remain under pressure, all other factors constant.

In the case of world oilseed markets, US harvesting is largely already concluded, and the focus is now shifting to the pace at which US soybeans are disposed of and the weather and production prospects in South America. A major decline in Argentina's production of sunflowers is anticipated, with levels decreasing by as much as 30 %. This creates a bullish price scenario, mainly for sunflower oil. Depending on the strength of the Rand, stronger sunflower oil prices seem likely in January and February.

Beef supply has increased over the past three months. Indications are that approximately 60 000 head are currently being made market ready on veldt and it is expected that a further 30 000 head of cattle are fed by maize farmers that held back on their maize crop. Carcass prices have already decreased in October 2009. Further significant declines in beef and other meat prices are not expected as the 'festive demand' gradually picks up towards the end of the year. In general, the traditionally significant gains in beef and other meat prices are not expected to be particularly high over the festive season. Yet, simultaneously, the chicken industry requires higher output prices to cover the increase in production costs over the past few months. Moreover, the chicken industry also has to compete against relatively cheap imports due to the appreciation of the Rand.

In the FPM of August 2009 it was argued that the disposable income of consumers will remain unchanged, i.e. no significant improvement is expected over the short-run. This expectation is confirmed by the detailed breakdown of the most recent GDP figures. The GDP growth of 0.9 % for the third quarter was mainly driven by the output of the manufacturing sector, which rose by 7.6 %. In contrast, the retail sector contracted by 1.1 %. This underlines the tight position of South African consumers. Macro-economists argue that it takes approximately 18 months for consumers to reap the benefits of lower interest rates. This implies that consumers will only start directly benefiting from lower interest rates by the middle of 2010.

APPENDIX A: DATA ON URBAN FOOD PRICE TRENDS

Table A.1: Wheat products

Wheat Products	Price level			Percentage change	
	Oct-08	Jul-09	Oct-09	Jul-09 to Oct-09	Oct-08 to Oct-09
Loaf of brown bread 700g	7.02	7.11	7.04	-0.98%	0.28%
Loaf of white bread 700g	7.79	7.87	7.88	0.13%	1.16%
Cake flour 2.5kg	21.28	17.73	17.04	-3.89%	-19.92%
Spaghetti 500 gram	9.13	10.52	10.27	-2.38%	12.49%
Macaroni Plain 500g*	7.80	8.25	8.23	-0.19%	5.58%
Average				**-1.46%**	**-0.08%**
SAFEX Wheat R/ton	3.012	2.492	2.135	-14.32%	-29.10%

*Data from AC Nielsen

Table A.2: Maize products

Maize Products	Price level			Percentage change	
	Oct-08	Jul-09	Oct-09	Jul-09 to Oct-09	Oct-08 to Oct-09
Maize special 5kg*	18.22	16.91	16.90	-0.09%	-7.26%
Maize super 5kg*	22.74	23.42	23.48	0.24%	3.24%
Average				**0.07%**	**-2.01%**
SAFEX White maize R/ton	1.784	1.339	1.493	**11.45%**	**-16.34%**

*Data from AC Nielsen

Table A.3: Sunflower products

Sunflower products	Price level			Percentage change	
	Oct-08	Jul-09	Oct-09	Jul-09 to Oct-09	Oct-08 to Oct-09
Sunflower oil 750mℓ	15.51	13.28	12.81	-3.54%	-17.41%
Medium Fat Spread 1kg*	20.52	19.65	19.67	0.11%	-4.15%
Brick margarine 500g	14.69	13.31	13.10	-1.58%	-10.82%
Average				**-1.67%**	**-10.79%**
SAFEX Sunflower R/ton	4.109	2.733	2.702	-1.12%	-34.24%

*Data from AC Nielsen

Table A.4: Processed vegetables

Processed Vegetables	Price level			Percentage change	
	Oct-08	Jul-09	Oct-09	Jul-09 to Oct-09	Oct-08 to Oct-09
Baked beans 420g	5.47	7.08	7.95	12.29%	45.34%
Butter beans 410g	8.73	10.63	10.68	0.47%	22.34%
Chopped Peeled Tomato 410g*	8.56	10.59	10.55	-0.40%	23.22%
Tomato & Onion Mix 410g*	7.23	8.16	8.94	9.49%	23.63%
Canned Peas 410g*	6.24	7.19	6.87	-4.46%	10.08%
Baby Carrots 1kg*	28.97	31.62	31.45	-0.53%	8.56%
Green Peas 1kg*	20.09	28.19	28.63	1.56%	42.53%
Sliced Beans 1kg*	27.28	29.48	28.92	-1.89%	6.04%
Super Juicy Corn 1kg*	27.19	27.90	28.75	3.06%	5.73%
Average				**2.18%**	**20.83%**

*Data from AC Nielsen

Table A.5: Fresh vegetables

Fresh Vegetables	Price level			Percentage change	
	Oct-08	Jul-09	Oct-09	Jul-09 to Oct-09	Oct-08 to Oct-09
Carrots - fresh per kg	7.83	9.76	8.60	-11.89%	9.83%
Onions -fresh per kg	6.80	10.13	9.52	-6.02%	40.00%
Potatoes bag 10kg*[5]	32.09	41.83	57.07	36.41%	77.81%
Tomatoes - fresh per kg	13.57	12.28	16.02	30.46%	18.05%
Sweet potatoes - fresh per kg	9.18	9.31	9.94	6.77%	8.28%
Cabbage - fresh per kg	n/a	8.58	8.02	-6.53%	n/a
Lettuce - fresh per kg	15.54	16.11	19.82	23.03%	27.54%
Pumpkin - fresh per kg	9.60	9.26	12.12	30.89%	26.25%
Cauliflower - fresh per kg	18.72	20.47	20.63	0.78%	10.20%
Average				**11.54%**	**27.25%**

*Data from AC Nielsen

Table A.6: Processed meat

Processed meat	Price level			Percentage change	
	Oct-08	Jul-09	Oct-09	Jul-09 to Oct-09	Oct-08 to Oct-09
Meatballs in Gravy 400g*	10.93	13.18	13.25	0.48%	21.14%
Picnic Ham 300g*	20.26	25.52	25.25	-1.05%	24.66%
Pork sausage per kg	46.09	51.28	52.45	2.28%	13.80%
Polony per kg	21.89	26.79	27.03	0.90%	23.48%
Average				**0.65%**	**20.77%**

*Data from AC Nielsen

[5] Average of large and medium size potatoes packaged in 10kg potato bags

Table A.7: Unprocessed meat

Unprocessed meat	Price level			Percentage change	
	Oct-08	Jul-09	Oct-09	Jul-09 to Oct-09	Oct-08 to Oct-09
Pork chops - fresh per kg	53.01	48.56	48.87	0.64%	-7.81%
Lamb - fresh per kg	77.01	68.97	68.43	-0.78%	-11.14%
Beef brisket - fresh per kg	41.71	44.59	44.32	-0.61%	6.26%
Beef chuck - fresh per kg	43.20	46.79	45.91	-1.88%	6.27%
Beef rump steak -fresh per kg	69.69	75.98	73.98	-2.63%	6.16%
Beef t-bone - fresh per kg	58.18	60.50	59.79	-1.17%	2.77%
Beef mince - fresh per kg	45.60	47.14	47.11	-0.06%	3.31%
Whole chicken - fresh per kg	26.94	28.28	28.41	0.46%	5.46%
Whole chicken - frozen per kg	25.03	26.02	25.24	-3.00%	0.84%
Chicken portions - fresh per kg	35.69	37.60	37.52	-0.21%	5.13%
Chicken portions - frozen per kg	22.54	23.86	23.72	-0.59%	5.24%
Average				**-0.89%**	**2.04%**

*Data from AC Nielsen

Table A.8: Dairy products

Dairy	Price level			Percentage change	
	Oct-08	Jul-09	Oct-09	Jul-09 to Oct-09	Oct-08 to Oct-09
Fresh milk full cream 1ℓ*	6.67	7.18	6.99	-2.72%	4.80%
Fresh milk full cream 2ℓ*	15.39	15.85	15.64	-1.34%	1.59%
Fresh milk low fat 1ℓ*	6.85	7.31	7.31	-0.08%	6.71%
Fresh milk low fat 2ℓ*	15.53	16.31	16.02	-1.82%	3.12%
Longlife Milk Full Cream 1ℓ*	8.20	9.52	10.07	5.71%	22.85%
Skimmed Powder Milk 1kg*	60.09	56.15	56.12	-0.06%	-6.61%
Total Butter 500g*	22.23	24.17	25.41	5.17%	14.34%
Cheddar cheese per kg	71.18	80.03	84.12	5.11%	18.18%
Average				**1.25%**	**8.12%**

*Data from AC Nielsen

Table A.9: Fruits

Fruits	Price level			Percentage change	
	Oct-08	Jul-09	Oct-09	Jul-09 to Oct-09	Oct-08 to Oct-09
Apples - fresh per kilogram	9.56	10.21	10.48	2.64%	9.62%
Bananas - fresh per kilogram	6.94	8.86	9.15	3.27%	31.84%
Oranges - fresh per kilogram	6.35	5.14	5.56	8.17%	-12.44%
Average				**4.70%**	**9.68%**

Table A.10: Fish products

Fishes - tinned	Price level			Percentage change	
	Oct-08	Jul-09	Oct-09	Jul-09 to Oct-09	Oct-08 to Oct-09
Fish (excl tuna) 155g	5.42	5.90	6.10	3.39%	12.55%
Fish (excl tuna) 425g	10.83	12.21	12.30	0.74%	13.57%
Tuna 170g	9.80	11.07	10.95	-1.08%	11.73%
Average				**1.01%**	**12.62%**

Table A.11: Other products

Other products	Price level			Percentage change	
	Oct-08	Jul-09	Oct-09	Jul-09 to Oct-09	Oct-08 to Oct-09
King korn 1kg*	9.44	10.02	10.05	0.29%	6.42%
White sugar 2.5 kg	16.71	18.02	18.16	0.78%	8.68%
Rice 2 kilogram	25.86	25.24	23.83	-5.59%	-7.85%
Ricoffy Reg 750g	41.76	48.49	49.44	1.96%	18.40%
Ceylon/black tea 62.5g	6.16	6.85	7.03	2.63%	14.12%
Peanut butter 410g	13.69	16.07	15.92	-0.93%	16.29%
Imana Soya Mince Tomato & Onion 200g*	7.98	8.66	8.49	-1.91%	6.43%
Eggs 1.5 dozen	20.84	24.53	24.17	-1.47%	15.98%
Average				**-0.53%**	**9.81%**

*Data from AC Nielsen

APPENDIX B: DATA ON RURAL FOOD PRICE TRENDS

Table B.1: Wheat products

Wheat products	Oct-08	Jul-09	Oct-09	Jul-09 to Oct-09	Oct-08 to Oct-09
Loaf of brown bread 600g	6.72	6.82	7.52	10.30%	11.83%
Loaf of brown bread 700g	6.80	6.86	6.87	0.10%	0.98%
Loaf of white bread 600g	7.23	7.45	7.40	-0.66%	2.29%
Loaf of white bread 700g	8.63	8.71	7.74	-11.19%	-10.32%
Average				**-0.36%**	**1.20%**

Table B.2: Maize products

Maize products	Oct-08	Jul-09	Oct-09	Jul-09 to Oct-09	Oct-08 to Oct-09
Maize meal 12.5kg	52.58	54.83	55.65	1.50%	5.84%
Maize meal 1kg	6.83	7.23	7.78	7.54%	13.81%
Maize meal 2.5kg	13.76	14.55	14.58	0.16%	5.93%
Maize meal 5kg	27.57	29.05	29.10	0.16%	5.56%
Samp 1kg	6.95	6.68	6.95	4.05%	0.11%
Samp 2.5kg	13.27	16.92	12.70	-24.98%	-4.34%
Average				**-1.93%**	**4.48%**

Table B.3: Sunflower products

Sunflower products	Oct-08	Jul-09	Oct-09	Jul-09 to Oct-09	Oct-08 to Oct-09
Sunflower oil 2L	37.83	30.67	28.07	-8.48%	-25.80%
Sunflower oil 500ml	11.96	11.74	10.96	-6.63%	-8.38%
Sunflower oil 750ml	16.25	13.61	12.45	-8.57%	-23.42%
Margarine 125g	5.06	5.61	5.57	-0.61%	10.14%
Margarine 250g	8.76	10.00	10.07	0.65%	14.90%
Margarine 500g	13.64	14.37	13.85	-3.63%	1.54%
Average				**-4.55%**	**-5.17%**

Table B.4: Dairy products

Dairy products	Oct-08	Jul-09	Oct-09	Jul-09 to Oct-09	Oct-08 to Oct-09
Full cream long life milk 1L	11.60	9.97	10.08	1.11%	-13.11%
Full cream long life milk 500ml	6.34	6.54	6.77	3.53%	6.70%
Average				**2.32%**	**-3.20%**

Table B.5: Tea and coffee

Tea and coffee	Oct-08	Jul-09	Oct-09	Jul-09 to Oct-09	Oct-08 to Oct-09
Instant coffee 100g	10.25	12.18	12.52	2.73%	22.08%
Instant coffee 250g	20.44	23.58	24.54	4.09%	20.04%
Tagless tea bags 250g	16.15	17.71	17.83	0.67%	10.41%
Tagless tea bags 62.5g	6.50	7.09	7.23	1.96%	11.33%
Average				**2.36%**	**15.97%**

Table B.6: Beans

Beans	Oct-08	Jul-09	Oct-09	Jul-09 to Oct-09	Oct-08 to Oct-09
Beans 1kg	13.77	15.05	14.12	-6.16%	2.52%
Beans 500g	8.33	8.61	8.64	0.35%	3.81%
Butter beans 410g	7.90	9.34	9.07	-2.87%	14.87%
Butter beans 420g	6.64	6.57	7.00	6.62%	5.50%
Average				**-0.52%**	**6.68%**

Table B.7: White sugar

Sugar	Oct-08	Jul-09	Oct-09	Jul-09 to Oct-09	Oct-08 to Oct-09
White sugar 1kg	8.56	10.79	9.23	-14.45%	7.83%
White sugar 2.5kg	19.00	20.45	20.93	2.36%	10.15%
White sugar 500g	5.89	5.55	5.31	-4.37%	-9.94%
Average				**-5.48%**	**2.68%**

Table B.8: Pilchards

Pilchards	Oct-08	Jul-09	Oct-09	Jul-09 to Oct-09	Oct-08 to Oct-09
Pilchards in tomato sauce 155g	6.77	7.05	7.35	4.23%	8.54%
Pilchards in tomato sauce 425g	12.23	13.81	14.13	2.33%	15.54%
Average				**3.28%**	**12.04%**

Table B.9: Rice

Rice	Oct-08	Jul-09	Oct-09	Jul-09 to Oct-09	Oct-08 to Oct-09
Rice 1kg	13.79	15.21	14.99	-1.43%	8.74%
Rice 2kg	27.32	30.45	28.48	-6.49%	4.22%
Rice 500g	6.79	8.10	7.68	-5.19%	13.09%
Average				**-4.37%**	**8.68%**

Table B.10: Peanut butter

Peanut butter	Oct-08	Jul-09	Oct-09	Jul-09 to Oct-09	Oct-08 to Oct-09
Peanut butter 270g	11.14	12.32	13.09	6.23%	17.45%
Peanut butter 400g	13.83	15.63	16.59	6.12%	20.00%
Peanut butter 410g	14.24	17.37	17.58	1.21%	23.41%
Average				**4.52%**	**20.29%**

Table B.11: Sorghum meal

Sorghum products	Oct-08	Jul-09	Oct-09	Jul-09 to Oct-09	Oct-08 to Oct-09
Sorghum-meal 1kg	9.90	10.34	10.68	3.35%	7.91%
Sorghum-meal 500g	5.48	6.24	9.05	44.99%	65.28%
Average				**24.17%**	**36.59%**

APPENDIX C: FOOD ITEMS WHOSE INFLATION STAYED ABOVE 6 % (THE UPPER LIMIT OF SARB INFLATION BRACKET) BETWEEN OCTOBER 08 AND OCTOBER 09

Table C.1: Food items in the urban areas that experienced above 6 % inflation (October 08 to October 09)

Grain & grain products	%	Meat & meat products and dairy & dairy products	%	Fresh and processed fruits and vegetables	%
Spaghetti 500 g	12.49%	Fresh milk low fat 1ℓ	6.71%	Baked beans 420 g	45.34%
King korn 1kg	6.42%	Longlife Milk Full Cream 1 ℓ	22.85%	Butter beans 410 g	22.34%
Ricoffy Reg 750g	18.40%	Total Butter 500g	14.34%	Chopped Peeled Tomato 410g	23.22%
Imana Soya Mince Tomato & Onion 200g	6.43%	Meatballs in Gravy 400g	21.14%	Tomato & Onion Mix 410g	23.63%
		Cheddar cheese per kg	18.18%	Canned Peas 410g	10.08%
		Picnic Ham 300g	24.66%	Baby Carrots 1kg	8.56%
		Pork sausage per kg	13.80%	Green Peas 1kg	42.53%
		Polony per kg	23.48%	Sliced Beans 1kg	6.04%
		Beef brisket - fresh per kg	6.26%	White sugar 2.5 kg	8.68%
		Beef chuck - fresh per kg	6.27%	Ricoffy Reg 750g	18.40%
		Beef rump steak -fresh per kg	6.16%	Ceylon/black tea 62.5 g	14.12%
		Fish (excl tuna) - tinned 155 g	12.55%	Peanut butter 410g	16.29%
		Fish (excl tuna) - tinned 425 g	13.57%	Eggs 1.5 dozen	15.98%
		Tuna - tinned 170 g	11.73%	Carrots - fresh per kg	9.83%
				Onions -fresh per kg	40.00%
				Potatoes bag 10kg	77.81%
				Tomatoes - fresh per kg	18.05%
				Sweet potatoes - fresh per kg	8.28%
				Lettuce - fresh per kg	27.54%
				Pumpkin - fresh per kg	26.25%
				Cauliflower - fresh per kg	10.20%
				Apples - fresh per kg	9.62%
				Bananas - fresh per kg	31.84%

Table C.2: Food items in the rural areas that experienced above 6 % inflation (Oct 08 to Oct 09)

Grain and grain products	%	Other products	%
Loaf of brown bread 600g	11.83%	Full cream long life milk 500ml	6.70%
Margarine 125g	10.14%	Instant coffee 100g	22.08%
Margarine 250g	14.90%	Instant coffee 250g	20.04%
Rice 1kg	8.74%	Tagless tea bags 250g	10.41%
Rice 500g	13.09%	Tagless tea bags 62.5g	11.33%
Peanut butter 270g	17.45%	Pilchards in tomato sauce 155g	8.54%
Peanut butter 400g	20.00%	Pilchards in tomato sauce 425g	15.54%
Peanut butter 410g	23.41%	Butter beans 410g	14.87%
Sorghum-meal 1kg	7.91%	White sugar 1kg	7.83%
Sorghum-meal 500g	65.28%	White sugar 2.5kg	10.15%

APPENDIX D: COMMODITY PRICE AND PRODUCT PRICE TRENDS

D.1 Wheat price trends

Between Oct 2008 and Oct 2009:

International wheat price ↓19.28%

Domestic price of wheat ↓ 29.10 %

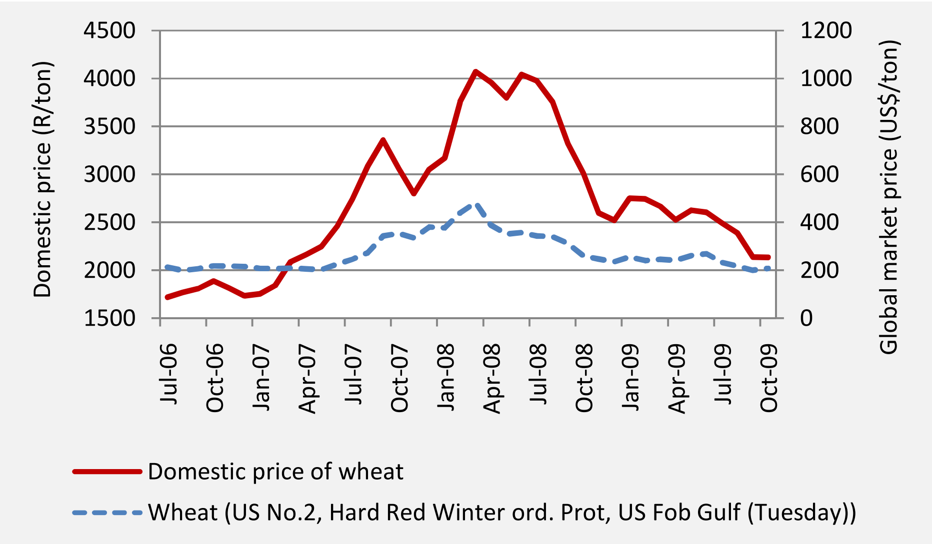

Figure D.1: Domestic market price of wheat against global market price
***Source:* FAO and SAFEX**

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

Between Oct 2008 and Oct 2009:

Wheat import parity price ↓ 35.46 %

Wheat export parity price ↓ 49.36 %

Domestic price of wheat ↓ 29.10 %

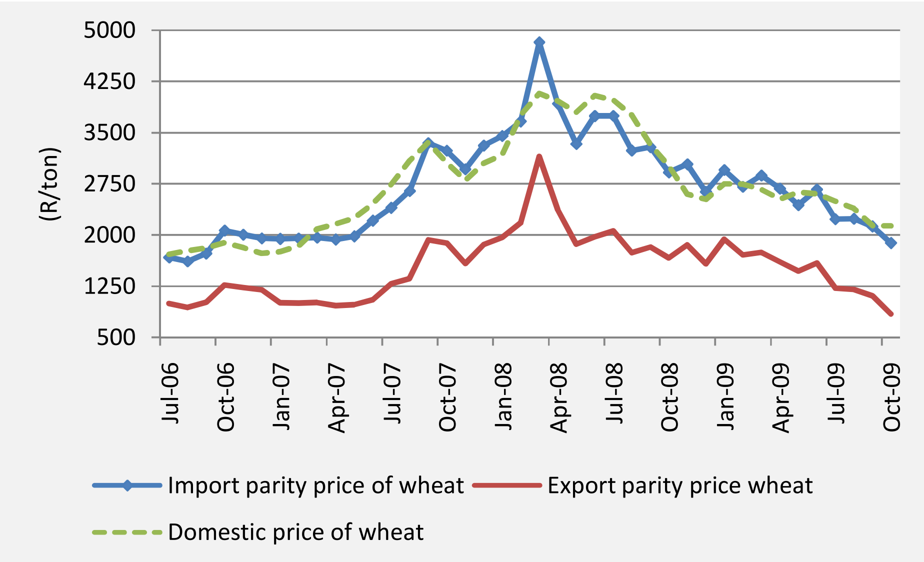

Figure D.2: Import parity, export parity and domestic prices of wheat:
***Source:* SAGIS and SAFEX**

Between Oct 2008 and Oct 2009:

Domestic wheat price ↓ 29.10 %

Brown bread price ↑ 0.28 %

White bread price ↑ 1.16 %

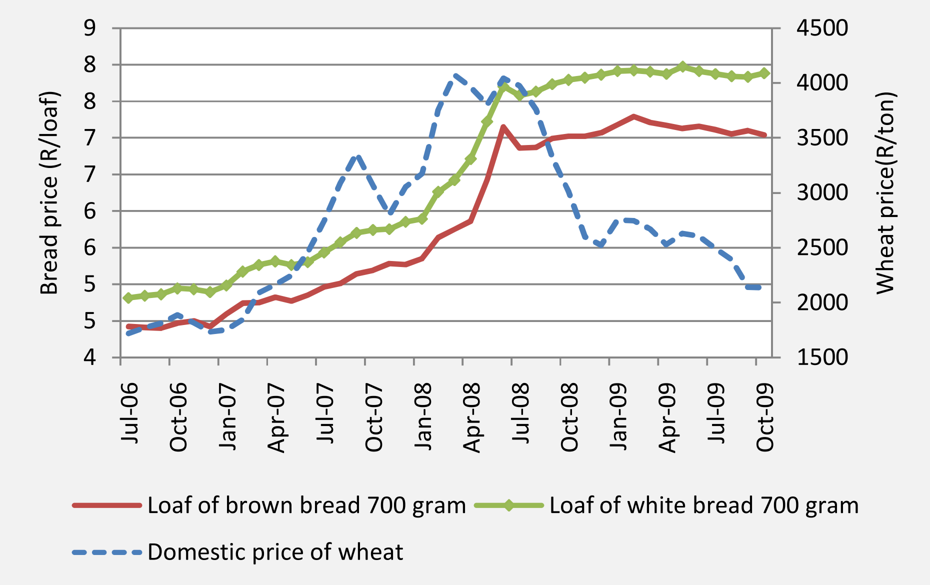

Figure D.3: Domestic market wheat price and bread price trends
Source: **Stats SA and SAFEX**

D.2 Maize price trends

Between Oct 2008 and Oct 2009:

International price of maize ↓ 11.24 %

Domestic price of maize ↓ 23.56 %

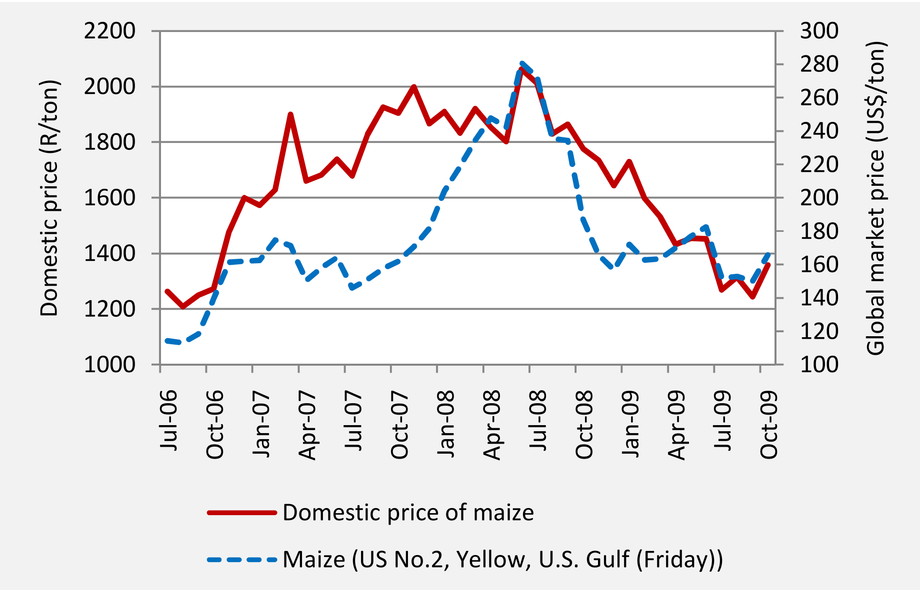

Figure D.4: Domestic market price of maize against global market price
Source: **FAO and SAFEX**

The domestic maize price followed the import parity price closely until the end of 2007 because of lower availability locally. It followed the export parity price closely since end of 2007 due to significantly higher production volumes.

Between Oct 2008 and Oct 2009:
Export parity price ↓39.22 %
Import parity price ↓ 27.30 %

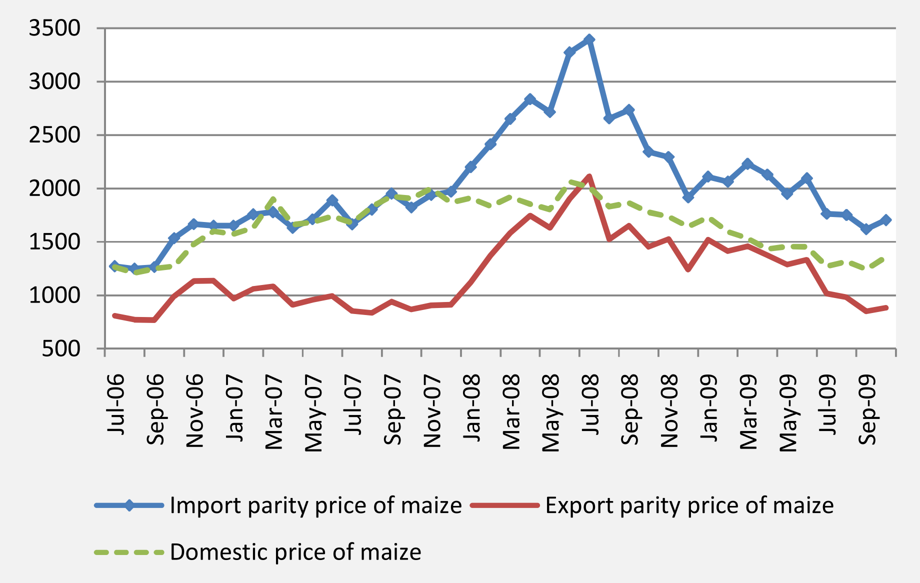

Figure D.5: Import parity, export parity and domestic prices of maize
***Source:* SAFEX and SAGIS**

Between Oct 2008 and Oct 2009:

Super maize meal price ↑ 3.24 %

Special maize meal ↓ 7.26 %

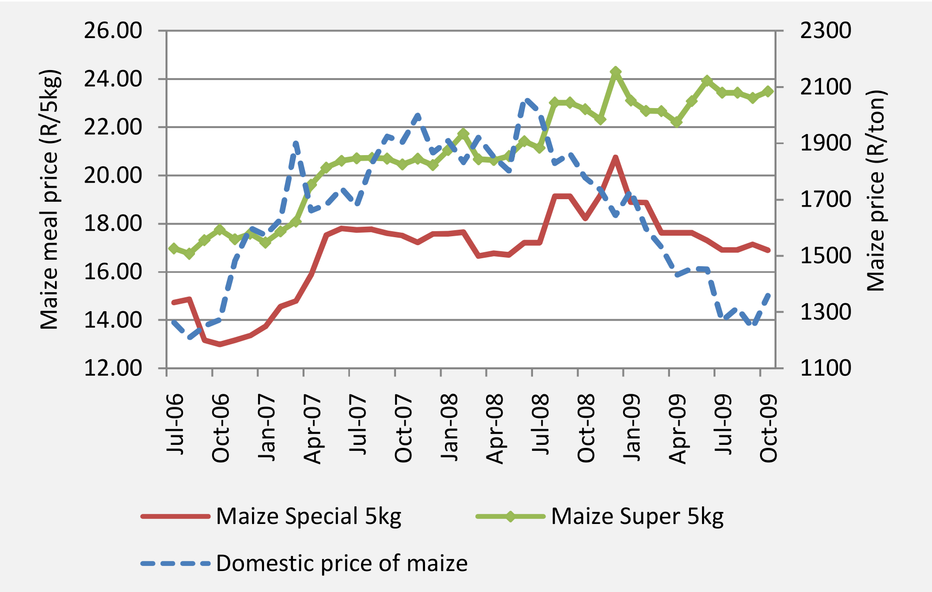

Figure D.6: Maize price and maize meal price trends
***Source:* SAFEX and AC Nielsen**

D.3 Sunflower seeds price trends

The international price and domestic price of sunflower seeds followed similar trends.

Between Oct 2008 and Oct 2009:

International price of sunflower seeds 4.11↓ %

Domestic price of sunflower seeds ↓ 34.24 %

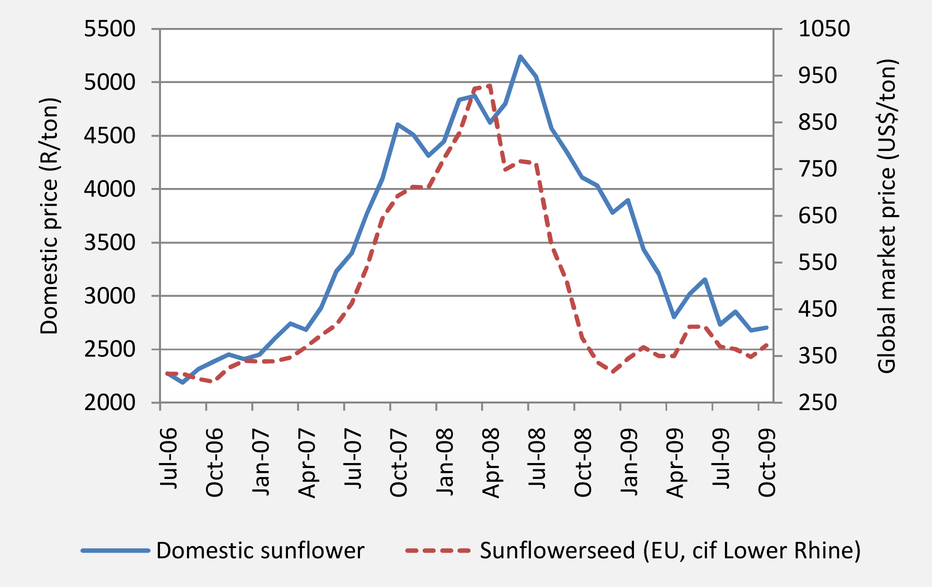

Figure D.7: Domestic market price of sunflower seeds against global market price
***Source:* FAO and SAFEX**

Between Oct 2008 and Oct 2009:

Sunflower price ↓ 34.24 %

Sunflower oil price ↓ 17.41 %

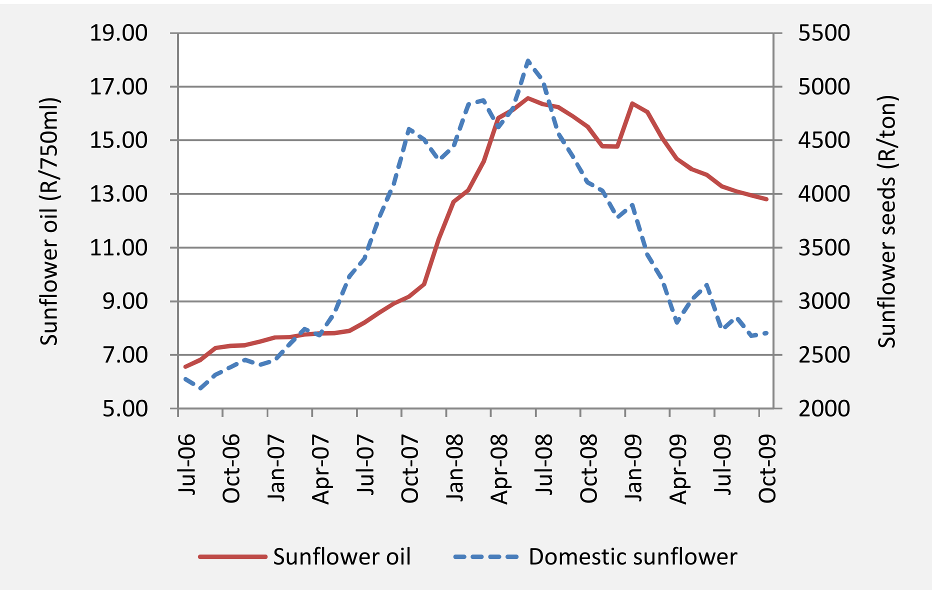

Figure D.8: Sunflower seeds price and sunflower oil price trends
***Source:* SAFEX and Stats SA**

D.4 Dairy price trends

International prices of skim milk powder and whole milk powder peaked in 2007 and decreased significantly until early 2009, after which they started to show signs of recovery.

Between Sep 2008 and Sep 2009:

Skim milk powder ↓ 22.5%

Whole milk powder ↓ 18 %

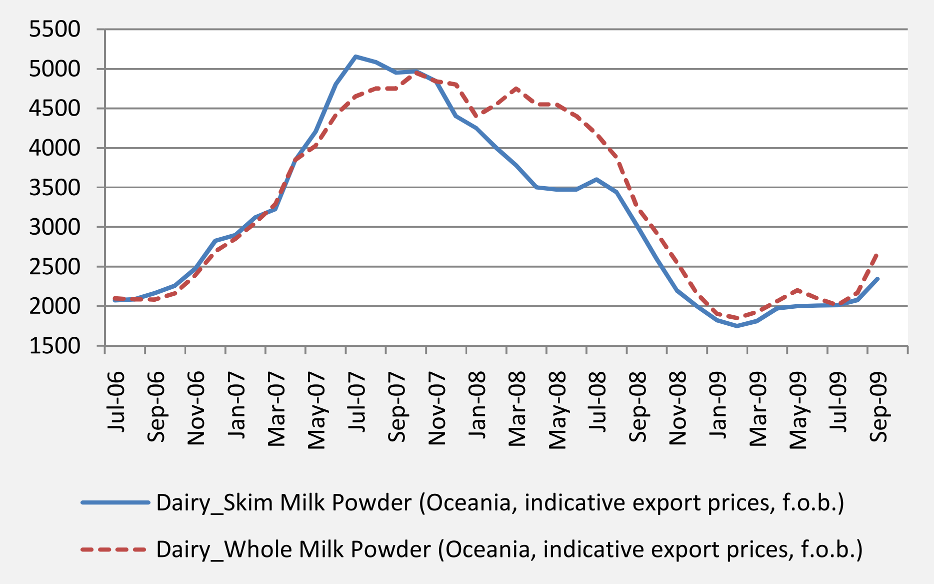

Figure D.9: Skim milk powder and whole milk powder price trends
***Source:* FAO**

Between Oct 2008 and Oct 2009:

Milk producer price ↑ 8.6 %

Full cream milk price ↑ 7 %

Low fat milk price ↑ 7.31 %

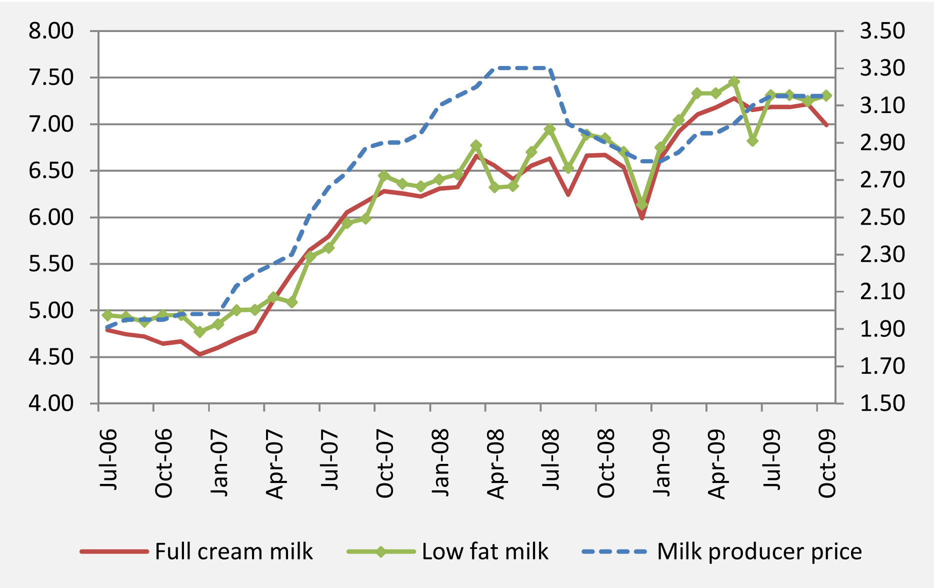

Figure D.10: Domestic producer price and retail price of milk
***Source:* MPO and AC Nielsen**

D.5 Meat price trends

Prices at retail level for most fresh meat categories showed slowing prices during the second quarter of 2009.

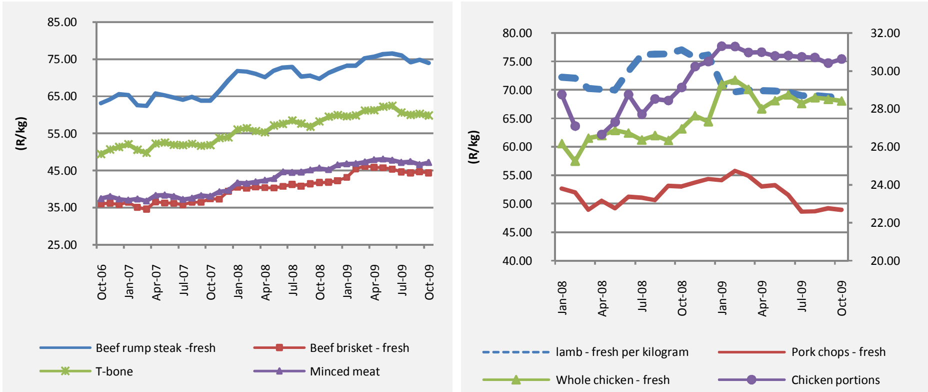

Figure D.11: Retail prices of beef, pork chops, chicken portions, whole chicken and lamb
***Source:* Stats SA**

Between Oct 2008 and Oct 2009:

Producer price for fresh chicken ↑ only 0.46 %

Frozen chicken price ↓ 13.24 %

Porker price ↓ 1.94 %

Baconer price ↓ 6.2%

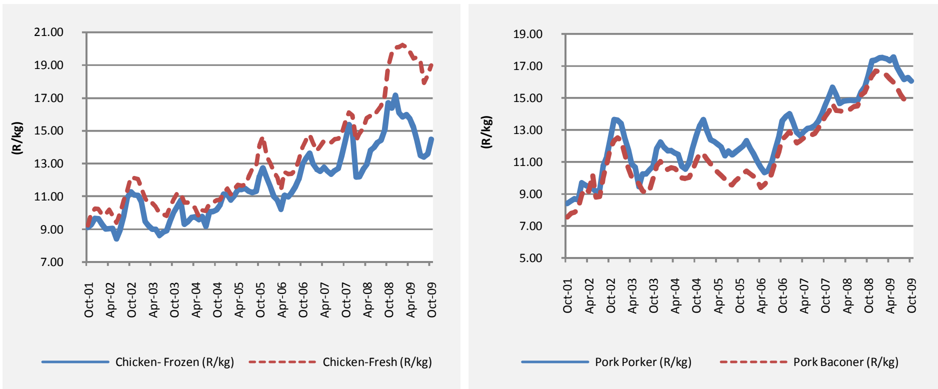

Figure D.12: Producer prices of chicken and pork
***Source:* AMT**

Between Oct 2008 and Oct 2009:

Producer price of Beef-class A2/A3 ↑ 4.13 %

Prices of beef class B2/B3 ↑ 2.34 % and class C2/C3 ↑ 1.36 %

Price of lamb-class A2/A3 and class B↓ 1.21 % and 4.25 %, respectively

Prices of class C2/C3 ↑ 1.2 %

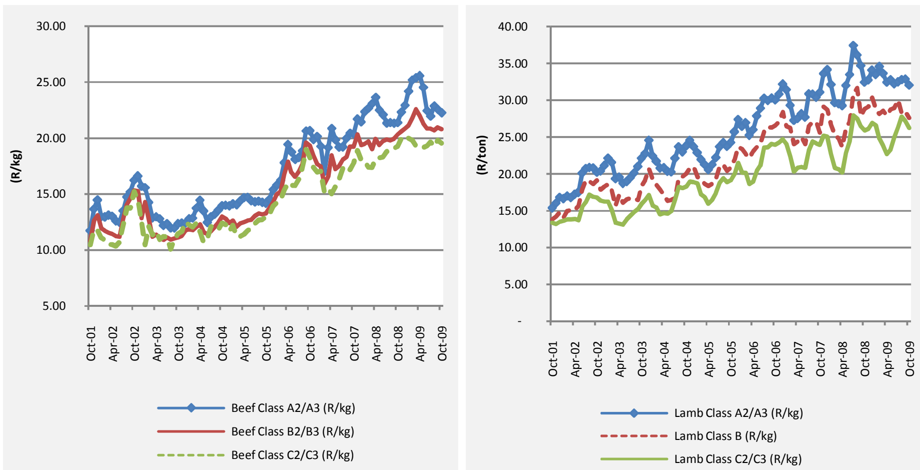

Figure D.13: Producer prices of beef and lamb
***Source:* AMT**

APPENDIX E: FARM-TO RETAIL PRICE SPREADS (FTRPS) AND FARM VALUE SHARES (FVS) FOR SELECTED FOOD ITEMS

E.1 Wheat

FTRPS for both brown and white bread increased drastically since January 2008.

Peaked in the first quarter of 2009, but show signs of slowing.

Between Oct 2008 and Oct 2009:

FTRPS for brown bread ↑ 10 %

FTRPS for white bread ↑ 13 %

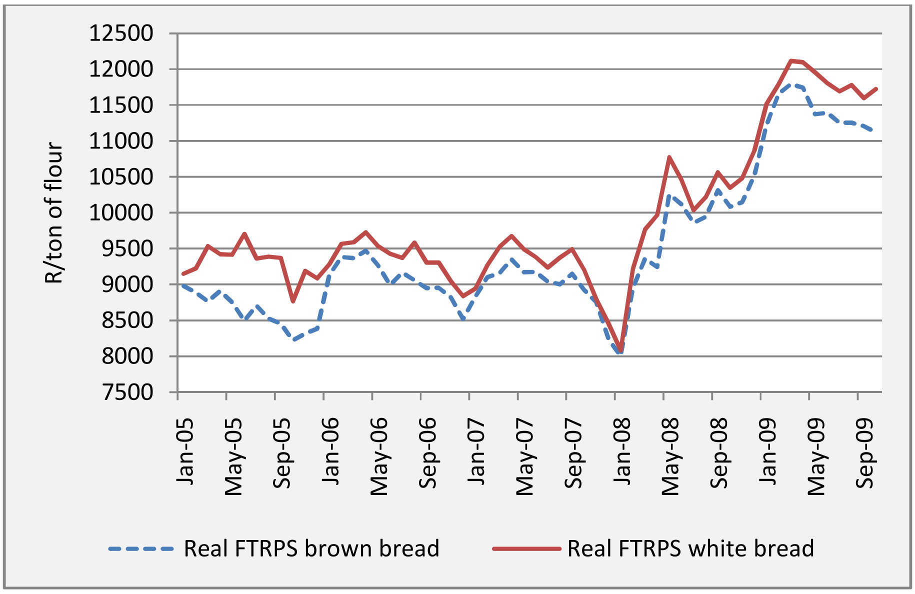

Figure E.1: Trends in the real farm-to-retail price spread for brown bread and white bread
***Source:* SAFEX and Stats SA and own calculations**

FVS ↓ between Jan 2009 and Oct 2009

Between Oct 2008 and Oct 2009:

FVS for brown bread ↓ 39 %

FVS for white bread ↓ 39 %

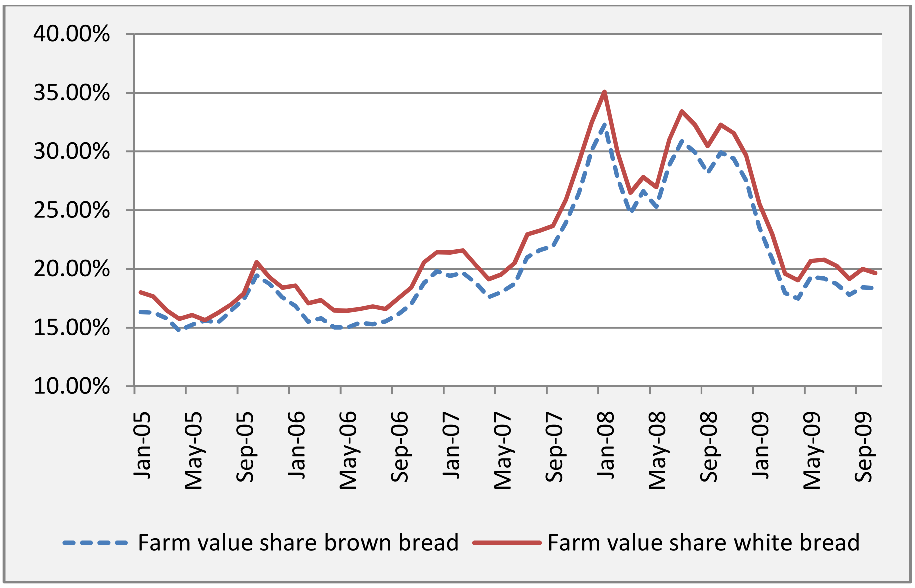

Figure E.2: Trends in the farm value shares of brown bread and white bread
***Source:* SAFEX and Stats SA and own calculations**

E.2 Maize

FTRPS for maize fluctuated drastically

Between Oct 2008 and Oct 2009:

FTRPS for super maize meal ↑ 79 %

FTRPS for special maize meal ↑ 13 %

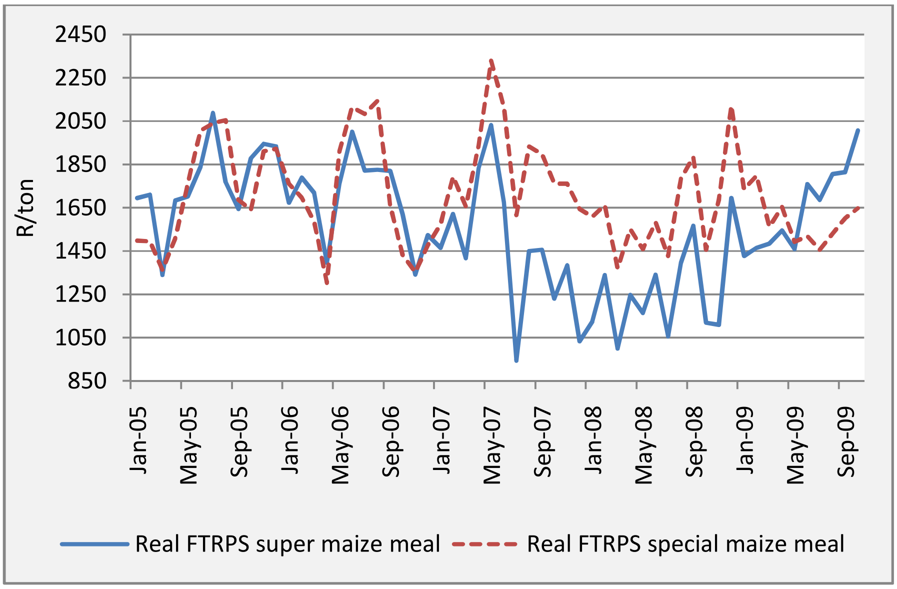

Figure E.3: Trends in the farm-to-retail price spread for super maize meal and special maize meal
***Source:* SAFEX and Stats SA and own calculations**

Between October 2008 and October 2009:

FVS for super maize meal ↓ 28 %

FVS for special maize meal ↓ 20 %

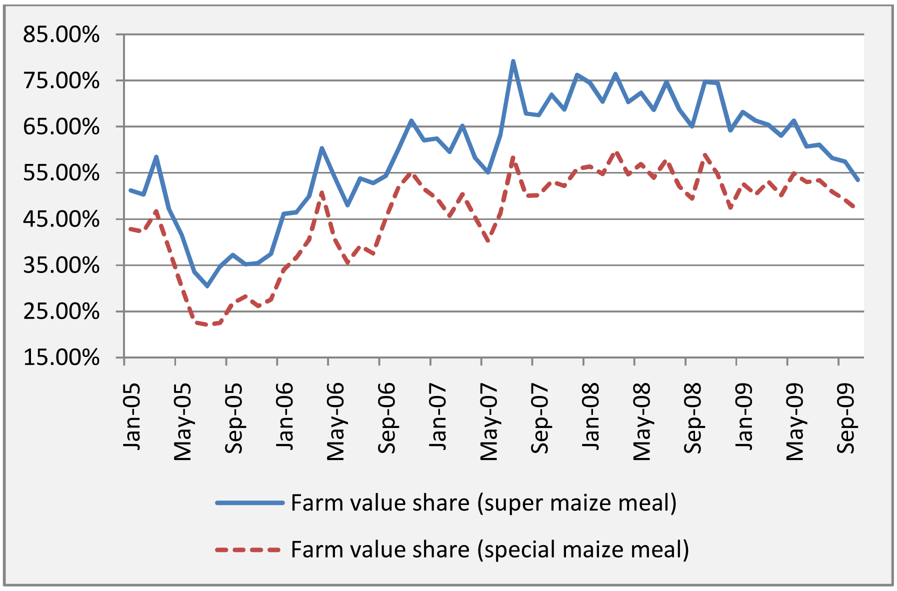

Figure E.4: Trend in the farm value shares of super maize meal and special maize meal
***Source:* SAFEX and Stats SA and own calculations**

E.3 Dairy

From Oct 2008 to Oct 2009:

FTRPS for full cream milk ↓ 4 %

FTRPS for low fat milk has not changed

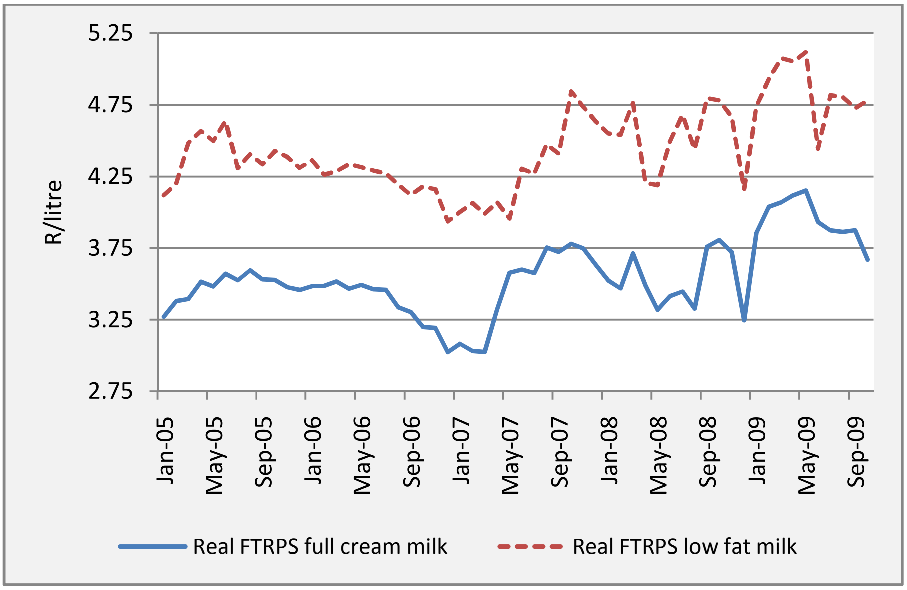

Figure E.6: Trends in the FTRPS for full cream milk and low fat milk
***Source:* MPO and AC Nielsen and own calculations**

From Oct 2008 to Oct 2009:

FVS for full cream milk ↑ 4 %

FVS for low fat milk ↑ 2 %

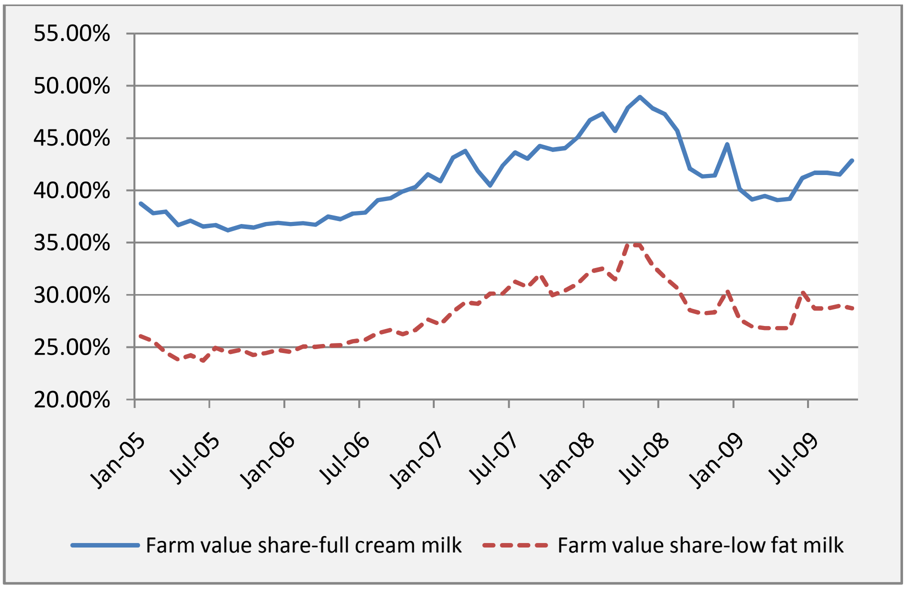

Figure E.6: Trends in the Farm Value Shares of full cream milk and low fat milk
***Source:* MPO and AC Nielsen and own calculations**

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.

Compiled by:

Price trends and discussion on selected topics:
Nkgasha Tema
Louise Kotze
Heidi Phahlane
Hester Vermeulen

Outlook:
Ferdi Meyer
Thomas Funke

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

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