

FPMC RELEASES PRELIMINARY RESULTS ON FOOD PRICE TRENDS

The Food Price Monitoring Committee (FPMC) today presented some of its preliminary findings to show the major trends in food prices up to July 2003.

From the continuous monitoring activity the Committee noticed the dangers of making quick conclusions from certain price trends. These trends vary from product to product, from retailer to retailer and also between regions. It was nevertheless possible to extract some trends at national level. The national average data series presents to the Committee a general sense that the rate at which prices increased have stabilised and in certain cases there even has been a drop in prices of some products, albeit not at the same rate at which prices increased. Highlights of these changes during the seven months of the Committee's term of office are as follows:

Price changes in selected commodities: January - July 2003

Stewing beef

January 2003: R23,60

July 2003: R21,27

% change: -9,87%

Cheapest fresh chicken whole (per kg)

January 2003: R16,76

July 2003: R16,05

% change: -4,24%

Cheapest whole frozen chicken (per kg)

January 2003: R16,41

July 2003: R16,25

% change: -0,98%

Cheapest extra large eggs (30s)

January 2003: R19,18

July 2003: R20,33

% change: 6,0%

Elite milk powder (1 kg)

January 2003: R48,11

July 2003: R53,14

% change: 10,46%

Cheapest full cream milk sachet (1 l)

January 2003: R4,05

July 2003: R4,48

% change: 10,62%

Cheapest Cheddar 1st grade (R/kg)

January 2003: R36,18

July 2003: R36,20

% change: R0,06%

Tastic rice (R/kg)

January 2003: R7,32

July 2003: R6,63

% change: -9.43%

Potatoes bag (10kg)

January 2003: R40,95
July 2003: R28,10
% change: -31,38%

Cheapest maize meal (10kg)
January 2003: R33,12
July 2003: R29,57
% change: -10,72%

Cheapest cooking oil (750 ml)
January 2003: R7,03
July 2003: R6,88
% change: -2,13%

Sugar (2,5kg)
January 2003: R10,97
July 2003: R11,73
% change: 6,93%

Brown bread
January 2003: R3,37
July 2003: R3,56
% change: 5.64%

The Committee acknowledges, however, that the situation could be different in various regions and that each individual consumer could experience price trends differently. Regional differences in price trends as well as differences between rural and urban stores are currently still being investigated and will be reflected in the final report to the Minister of Agriculture and Land Affairs.

As the Committee analyses price trends and pricing behaviour and as the costs of the food system are unpacked, it is clear that the problem of food inflation is a complex issue with a wide range of factors contributing to price increases. These are still being investigated and the Committee is forming a good idea of the factors driving various prices. Investigations have also revealed interesting aspects regarding pricing behaviour in various sectors of the food market.

More detail regarding all of these issues as well as recommendations to government will be contained in the Committee's final report to be released in December 2003.

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