



NATIONAL CHAMBER OF MILLING

(Incorporated)

REGISTERED NO. 1936/008920/08

Association not for Gain

ESTABLISHED 1936

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FOR IMMEDIATE RELEASE

PRESS RELEASE

CONSUMERS ARE CHANGING FOOD SPENDING

Consumers in South Africa have started to change their behaviour and consumption patterns following the tough economic conditions and high food prices. *'Our sales data confirmed an upward trend for maize meal and a downward trend for bread sales'* Jannie de Villiers, Executive Director of the National Chamber of Milling said. *'The 12 months moving average for white maize milled for human consumption has since May 2008 moved into positive territory (0.7%) whilst wheat milled showed a decrease (-0.4%) since June 2008. This trend continued into July 2008'*.

'We expected it to happen earlier with the interest rate hikes as well as the higher food prices. According to Statistics South Africa the increase in bread prices over the past 12 months was \pm 40% whilst maize meal was only 6.5%' De Villiers said. Maize meal consumption has declined over the past two years whilst bread sales were on the up, but this has now reversed during the past two months. There is, however, a small shift in favour of the more formal sector in our industry. Smaller mills and bakeries find it difficult to manage the higher cash flow requirements under these circumstances.

'We are still expecting some smaller numbers in food inflation towards the end of 2008, but the prices will remain high' De Villiers said.

South African food inflation, as measured by Statistics South Africa, came in at 17.8% earlier today. This however compared very favourable to countries such as Sri Lanka (25.6%), Kenya (24.6%), China (23.3%) and Brazil (15.5%) as published by the Food and Agricultural Organisation. Our Agricultural and Processing Sectors have performed well and we did not experience any shortages of food despite the higher food prices.

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