

FOOD AFFORDABILITY

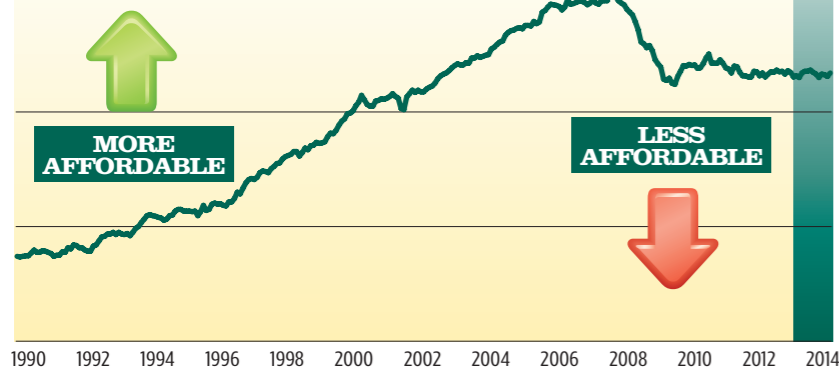
THE FIGURES

100%

The improvement of food affordability - the ratio between food prices and consumer expenditure - in the 20 years up until 2008, when the recession hit

FOOD AFFORDABILITY

Index Jan 2007=100



IN THE FIVE YEARS TO 2013, FOOD PRICE RISES IN REAL TERMS WILL HAVE MORE THAN OFFSET THE ENTIRE DECLINE SEEN OVER THE LAST GENERATION

GLOBAL COMMODITY PRICES HAVE SURGED THREE TIMES IN THE LAST FIVE YEARS

2013

The year when food inflation in the UK will next peak. All signs suggest it will be at a lower level than 2008 and 2011

2014

The earliest year when food affordability is likely to improve

1930s

The last time US drought was as bad as today 

Sources: European Food and Farming Partnerships (EFFP) - Morrisons Food Affordability Barometer, October 2012, Imagedesign

53%

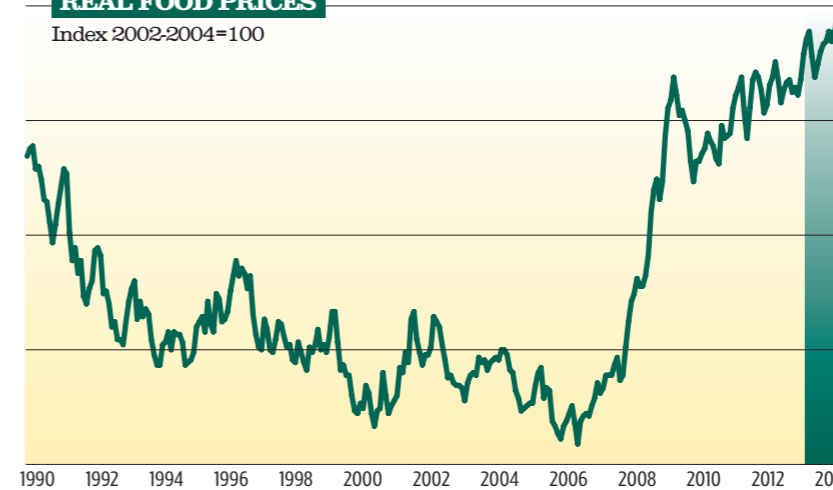
of consumers at main grocery shops claim to be focusing more on only buying the food and groceries they need compared to 2011

63%

of consumers at main grocery shops, since the beginning of the year, are looking more closely at the price of products before deciding what to buy

REAL FOOD PRICES

Index 2002-2004=100



44%

of consumers at main grocery shops, since the beginning of the year, believe they are taking more time choosing their groceries

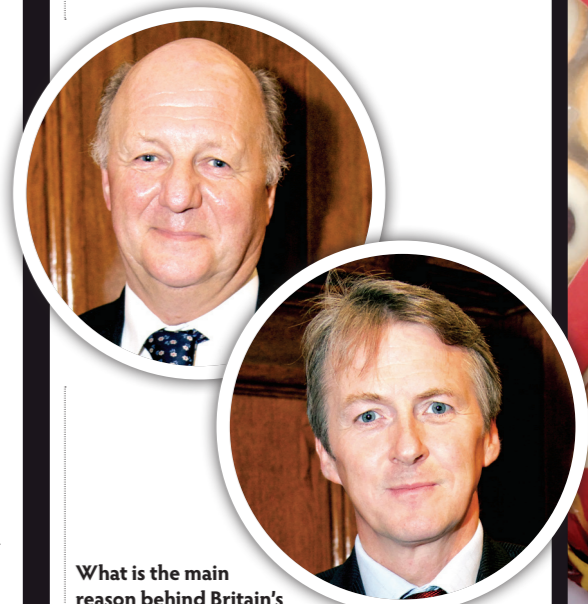
75%

of consumers at main grocery shops monitor the price of individual items as a way of managing their budget

ONLY 6% OF CONSUMERS AT MAIN GROCERY SHOPS HAVE INCREASED SPENDING

TALK ABOUT TASTE

Former food minister **Jim Paice** MP and shadow food minister **Huw Irranca-Davies** MP debate the meatier aspects of the food affordability debate



What is the main reason behind Britain's rise in food prices?

UP There is no single reason. Reduced home production, especially of vegetables, is one factor and currency exchange rates are significant. The overall change affecting everyone is the globalisation of the food market and increasing demand for food from China and elsewhere. Politicians have been concentrating on the CAP [Common Agricultural Policy] and missing the dramatic changes in world supply and demand which will only get worse.

HI-D There is no single factor responsible for Britain's rising food prices, but several factors are coming together in a perfect storm: drought and water shortages in major grain production areas, increasing demand in China and India for meat and vegetables, exchange rates, rising oil prices affecting input costs (fertilisers and pesticides especially), and competition between food and energy crops are all playing their part. But the growing role of commodity trading by speculators who have no direct stake or interest in food production