



National Agricultural
Marketing Council
Promoting market access for South African agriculture

Markets and Economic Research Centre



Food Basket Price Monthly

Issue 10 - October/2016

FOOD BASKET PRICE MONTHLY

October 2016

1. Introduction

The NAMC monitors food prices at the retail level and releases regular authoritative reports. The Department of Agriculture, Forestry and Fisheries (DAFF) established the Food Price Monitoring Committee (FPMC) at the NAMC to track and report on food price trends in South Africa and also to provide explanations on the observed trends and advise the department on any possible action that could be taken when national and household food security is threatened. The FPMC was established after the high food price episode of 2000/01 season. The functions of the FPMC were assumed by the NAMC after the FPMC completed its work in August 2004. The NAMC issues four quarterly Food Price Monitoring Reports annually and, since 2005, also publishes an annual Food Cost Review, which documents the margins between farm prices and retail prices of the major food products, among other topics. In 2015, the NAMC began releasing a quarterly Farm-to-Retail-Price-Spread (FTRPS) publication, which seeks to provide more insight into the factors driving commodity and food price margins. This publication, the Food Basket Price Monthly Report, is a result of recent discussions with industry, and the need to keep watch on the movements of food prices on a more regular basis.

2. Overall inflation and food inflation

The September 2016 Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) indicated that the headline CPI and the food and non-alcoholic beverage price indices are 6.1 % and 11.3 %, respectively, compared to the 5.9 % and 11.3 % in August 2016. **Figure 1** shows trends in the headline CPI and food and non-alcoholic beverage inflation rates on a monthly basis, from January 2012 to September 2016.

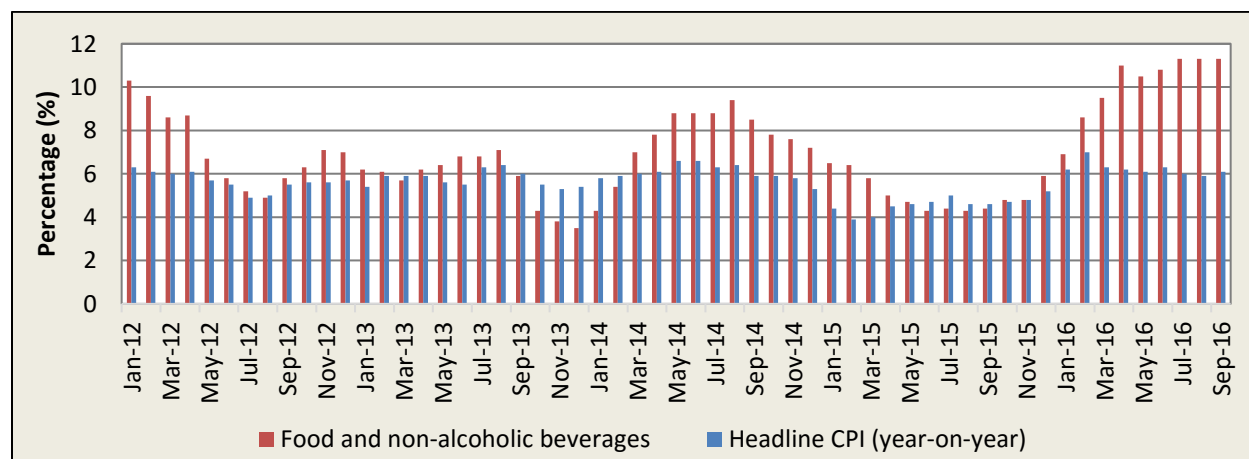


Figure 1: Headline CPI and food and non-alcoholic beverage CPI

Source: Stats SA, 2016

3. Comparison between urban and rural prices: September 2016

Table 1 compares prices of selected food items in rural and urban areas for September 2016. The food items which showed the largest price differences between **urban** and **rural** areas in September 2016 were: sunflower oil 750ml at a difference of R4.67, margarine spread 500g at an R3.81 difference, special and super maize meal 2.5kg at R1.78 and R1.75, respectively and a loaf of white bread 700g at R1.01 difference. This indicates that urban consumers paid more for some of these food items than their rural counterparts. In other cases, however, rural consumers paid more for certain products (e.g. white sugar 2.5kg, peanut butter 400g, full cream milk – long life 1l and rice 2kg) than their urban counterparts.

Table 1: Comparison between urban and rural food prices (selected food items)

Product	Rural Food Prices September 2016	Urban Food Prices September 2016	Price difference R/unit
Full cream milk – long life 1l	14,48	13,90	-0,58
Loaf of brown bread 700g	11,32	12,27	0,95
Loaf of white bread 700g	12,33	13,34	1,01
Special maize 2.5 kg	23,20	24,98	1,78
Super maize 2.5 kg	27,04	28,79	1,75
Margarine spread 500g	21,04	24,85	3,81
Peanut butter 400g	26,76	25,36	-1,40
Rice 2kg	25,49	25,22	-0,27
Sunflower oil 750ml	17,90	22,57	4,67
Ceylon/black tea 62.5g	12,01	12,98	0,97
White sugar 2.5kg	39,51	36,89	-2,62
Average			0.92

Source: Stats SA, 2016

4. The NAMC food basket

As a response to the increasing number of queries with regards to average price information, Stats SA recently introduced additional specific codes for different packaging sizes as from January 2016, instead of converting variable sizes to one standardised unit (pre-January 2016). Therefore, the food basket below will be re-calculated using this new methodology, taking all observations obtained and then calculates an average price per kilogram.

This section is based on the cost of a basic food basket, based on monthly average food price data for the period September 2015 to September 2016. Composition of the current food basket is as follows: apples (per kg), bananas (per kg), beef chuck (per kg), brick margarine (500g), baked beans - tinned (410g), cabbage (per kg), Ceylon/black tea (62.5g), chicken portions - fresh (per kg), chicken portions - frozen (weighted average per kg), eggs (1.5 dozen), canned fish (excl. tuna) (425g), full cream milk - long life (1l), instant coffee (750g), loaf of brown bread (700g), loaf of white bread (700g), maize meal super (5kg), onions (per kg), oranges (per kg), peanut butter (400g), potatoes (per kg), rice (2kg), sunflower oil (750ml), tomatoes (per kg). From September 2015 to September 2016, the cost of this basic 23 item food basket increased by approximately **R 61.54 (+ 11.65 %)** in nominal terms from **R 528.26** to **R 589.80**.

The food basket products highlighted in **Table 2** whose **annual** inflation rates that exceed the South African Reserve Bank's (SARB) inflation upper band of 6 % are: baked beans – tinned 410 g (10.59 %) peanut butter 400g (12.16 %), instant coffee 750g (13.16 %), Ceylon/black tea 62.5g (19.52 %), full cream milk –

long life 1ℓ (8.71 %), brick margarine 500g (9.54 %), sunflower oil 750ml (22.93 %), apples – fresh per kg (12.15 %), bananas – fresh per kg (27.33 %), oranges – fresh per kg (59.35 %), beef chuck – fresh per kg (6.20 %), fish (excl. tuna) – tinned 425g (15.78 %), loaf of brown bread 700g (15.10 %); loaf of white bread 700g (11.35 %); maize meal 5kg (super) (38.73 %), rice 2kg (7.23 %), onions – fresh per kg (56.24 %) and potatoes – fresh per kg (27.42 %).

Table 2: Basic food basket (23 item) prices

Product	Sep-15	Aug-16	Sep-16	% change y-o-y	% change m-o-m
Baked beans - tinned 410g	8,31	9,19	9,19	10,59%	0,00%
Peanut butter 400g	22,61	25,35	25,36	12,16%	0,04%
Instant coffee 750g	69,63	79,30	78,79	13,16%	-0,64%
Ceylon/black tea 62.5g	10,86	13,03	12,98	19,52%	-0,38%
Full cream milk - long life 1ℓ	12,85	13,82	13,90	8,17%	0,58%
Eggs 1.5 dozen	35,68	36,94	37,13	4,06%	0,51%
Brick margarine 500g	20,45	22,63	22,40	9,54%	-1,02%
Sunflower oil 750ml	18,36	22,82	22,57	22,93%	-1,10%
Apples - fresh per kg	16,22	17,93	18,19	12,15%	1,45%
Bananas - fresh per kg	11,71	14,91	14,91	27,33%	0,00%
Oranges - fresh per kg	7,75	11,14	12,35	59,35%	10,86%
Beef chuck - fresh per kg	65,97	70,33	70,06	6,20%	-0,38%
Chicken portions - fresh per kg	51,18	54,19	53,46	4,45%	-1,35%
Chicken portions - frozen weighted average per kg	29,31	28,91	27,94	-4,67%	-3,36%
Fish (excl. tuna) - tinned 425g	14,89	15,89	17,24	15,78%	8,50%
Loaf of brown bread 700g	10,66	12,11	12,27	15,10%	1,32%
Loaf of white bread 700g	11,98	13,34	13,34	11,35%	0,00%
Super maize meal 5kg	38,08	52,86	52,83	38,73%	-0,06%
Rice 2kg	23,52	25,03	25,22	7,23%	0,76%
Cabbage - fresh per kg	10,73	8,97	8,95	-16,59%	-0,22%
Onions - fresh per kg	9,78	16,72	15,28	56,24%	-8,61%
Potatoes - fresh per kg	9,19	12,18	11,71	27,42%	-3,86%
Tomatoes - fresh per kg	18,54	13,08	13,73	-25,94%	4,97%
Total Rand Value	528,26	590,67	589,80	11,65%	-0,15%

Source: Stats SA and BFAP, 2016

To further explore the impact of inflation on consumers, **Figure 2** presents an illustration of the average annual nominal cost growth of specific food groups within the 23 item food basket, for the period September 2015 to September 2016. During September 2016, **Figure 2** illustrates the dominance of fruit, bread/cereals, fats/oils and coffee/tea within the cost of the basic food basket.

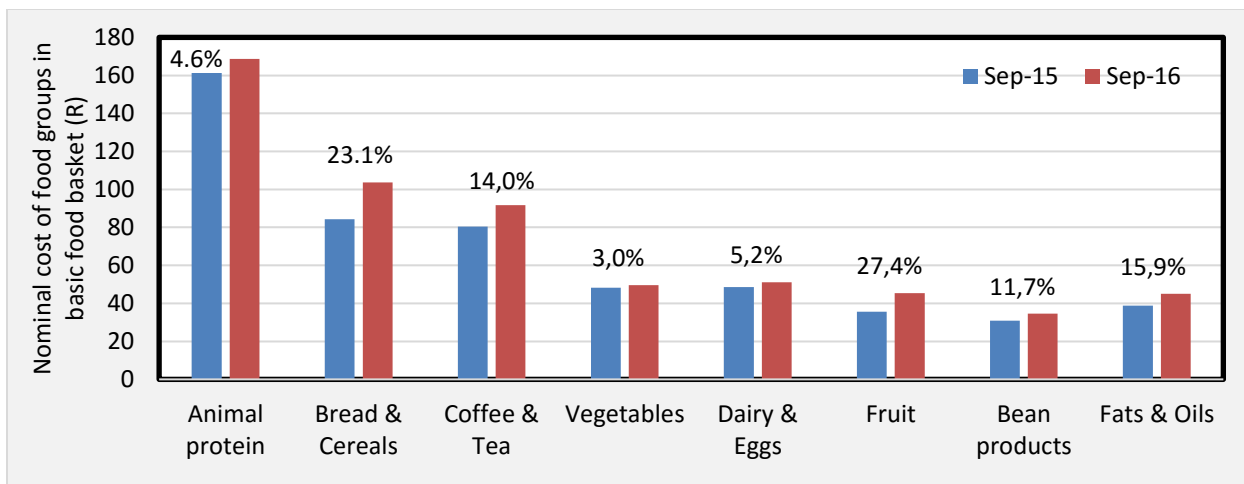


Figure 2: Nominal annual cost growth of specific food groups within the basic food basket, comparing September 2015 to September 2016

Source: BFAP calculations, based on Stats SA monitored price data for urban areas, 2016

Readers of this document must be cognisant that the information in this report is based on the official data released by Statistics South Africa. Due to the sensitivity of information contained in this document. Caution should, therefore, be taken in its interpretation to avoid any misrepresentation.

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Stats SA is acknowledged for assistance provided to the NAMC in terms of food price data.

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