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Food Basket Price Monthly

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FOOD BASKET PRICE MONTHLY

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The basket of food products included in this publication is derived from the Income and Expenditure Survey (IES) of 2014/15', compiled by Statistics South Africa (Stats SA). This food basket is to be representative of consumer spending on food and, as a result of the IES 2014/15 release and the CPI base year (2016=100) adjustment, the food basket had since been altered.

Stats SA introduced additional products from January 2017 and excluded some of the pre-January 2017 products. The food basket has been adjusted to include some of these additional observations /products and as a result, annual comparisons are now possible.

Cognisance of the above background should be taken when interpreting the data.

- *Food inflation increased to 3.9% during April 2018, year-on-year (y-o-y), from 3.5% reported in March 2018.*
- *Meat price inflation eased to 9% (y-o-y) from 10%, remaining higher than other food categories. This came as a result of the lower prices of pork products on the back of increased slaughtering numbers during March 2018.*
- *Inflation of milk, cheese and eggs increased to 5.3% (y-o-y), from 4.2% reported in March 2018.*
- *The outlook for food price inflation is expected to remain at similar levels as a result of the large grain stock. The y-o-y decreases of wheat and grain products are expected to continue over the coming months. The implementation of the value-added tax during April 2018, could cause inflationary pressures in the coming months.*
- *In April 2018, the nominal cost of the NAMC's 28-item urban food basket reached R857.61 compared to the R857.10 reported in March 2018, indicating a slight month-on-month (m-o-m) increase of 0.1%. When compared to April 2017, an annual (y-o-y) increase of 1.2% was reported.*
- *Remarks on the Listeriosis outbreak:*
 - *Pork prices at primary level have decreased dramatically. The industry experienced further challenges to maintain sustainable production.*
 - *As polony has been identified as the primary product source of the outbreak, current trends indicate that the polony price (per kg) has decreased by 2.6% (m-o-m), and by 6.6% (y-o-y) when compared to April 2017.*

1. Introduction

The NAMC monitors food prices at 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 food price trends in South Africa; to provide explanations of the observed trends and to then advise the department on any possible action that could be taken should national and household food security be threatened. The FPMC was established after the high food price episode of 2000/01 season. The functions of the FPMC were continued 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 and retail prices of the major food products, amongst 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, came as a result of discussions with industry to keep a more frequent watch on the movements of food prices.

2. Overall inflation and food inflation

The April 2018 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 reached 4.5% and 3.9%, respectively, compared to the 3.8% and 3.5% reported in March 2018. **Figure 1** show the trends in the headline CPI and food and non-alcoholic beverage inflation rates on a monthly basis, from January 2012 to April 2018.

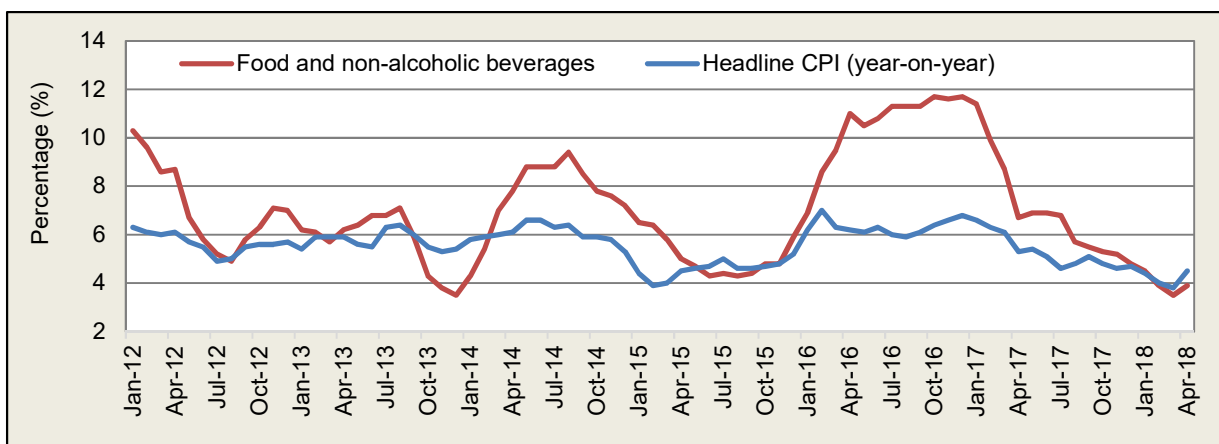


Figure 1: Headline CPI and food and non-alcoholic beverage CPI
Source: Stats SA, 2018

3. Comparison between urban and rural prices: April 2018

Table 1 compares prices of selected food items in rural and urban areas for April 2018. The food items which showed the largest price differences between **urban** and **rural** areas in April 2018 were: sunflower oil 750ml at a difference of R5.03, Ceylon/black tea 62.5g at R3.04, and margarine spread 500g at a difference of R0.48. 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, special maize 2.5kg and peanut butter 400g), than their urban counterparts.

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

Product	Urban Food Prices April 2018 (R/unit)	Rural Food Prices April 2018 (R/unit)	Price difference (R/unit)
Full cream milk – long life 1ℓ	13.96	14.62	-0.66
Loaf of brown bread 700g	11.47	11.62	-0.15
Loaf of white bread 700g	13.05	12.70	0.35
Special maize 2.5 kg	18.90	20.66	-1.76
Super maize 2.5 kg	21.84	21.56	0.28
Margarine spread 500g	27.37	26.89	0.48
Peanut butter 400g	28.27	29.27	-1.00
Rice 2kg	25.36	25.80	-0.44
Sunflower oil 750mℓ	22.49	17.46	5.03
Ceylon/black tea 62.5g	14.89	11.85	3.04
White sugar 2.5kg	37.49	41.49	-4.00
Average			0.11

Source: Stats SA, 2018

4. The NAMC food basket

This section analyses the nominal cost of a basic 28-item NAMC food basket, based on average food price data for the period April 2018 vs. April 2017. Composition of the current food basket (as revised in 2017) include: apples (per kg), baked beans – tinned (410g), bananas fresh (per kg), beans – dried (500g), beef mince fresh (per kg), beef offal fresh (per kg), cabbage (per kg), Ceylon/black tea (250g), cheddar cheese (per kg), chicken giblets (per kg), eggs (1.5 dozen), fish (excl. tuna) – tinned (400g), full cream milk – long life (1ℓ), instant coffee (250g), IQF chicken portions (2kg), a loaf of brown bread (700g), a loaf of white bread (700g), margarine brick (500g), onions fresh (per kg), oranges (per kg), peanut butter (400g), polony (per kg), potatoes fresh (per kg), rice (2kg), sugar white (2.5kg), sunflower oil (750mℓ), super maize meal (5kg) and tomatoes fresh (per kg).

In April 2018, the nominal cost of the 28-item NAMC urban food basket amounted to **R857.61** compared to the **R857.10** reported in March 2018, indicated a slight m-o-m increase of 0.1%. Due to the inclusion of additional products in the Stats SA CPI basket since January 2017 (i.e. dried beans, frozen chicken, beef and chicken offal products), an annual (y-o-y) comparison indicates an increase of 1.2%.

The 28-item NAMC food basket products (in nominal terms) are highlighted in **Table 2**. Products exceeding the South African Reserve Bank's (SARB) upper annual inflation band of 6%, include the following: Baked beans - tinned 410g (6.1%), Ceylon/black tea 250g (8.5%), eggs 1.5 dozen (14.9%), cheddar cheese per kg (6.1%), beef mince – fresh per kg (12.1%), chicken giblets per kg (14.7%), IQF chicken portions – 2kg (10.9%), and onions – fresh per kg (24.3%).

Table 2: Percentage change in a basic NAMC food basket (28 item) nominal prices

Category	Product	Apr-17	Mch-18	Apr-18	% change y-o-y	% change m-o-m
Beans	Baked beans - tinned 410g	9.34	9.73	9.91	6.1%	1.8%
Beans	Beans - dried 500g	20.12	19.69	19.39	-3.6%	-1.5%
Beans	Peanut butter 400g	27.22	27.93	28.27	3.9%	1.2%
Coffee, Tea	Instant coffee 250g	35.55	35.74	35.85	0.8%	0.3%
Coffee, Tea	Ceylon/black tea 250g	31.36	32.94	34.01	8.5%	3.2%
Dairy, Eggs	Full cream milk - long life 1ℓ	13.84	13.96	13.96	0.9%	0.0%
Dairy, Eggs	Eggs 1.5 dozen	38.60	45.51	44.37	14.9%	-2.5%
Dairy, Eggs	Cheddar cheese per kg	100.98	101.87	107.17	6.1%	5.2%
Fats, Oils	Brick margarine 500g	21.58	22.34	21.52	-0.3%	-3.7%
Fats, Oils	Sunflower oil 750mℓ	22.51	22.47	22.49	-0.1%	0.1%
Fruit	Apples - fresh per kg	19.34	21.04	20.38	5.4%	-3.1%
Fruit	Bananas - fresh per kg	17.54	13.65	14.92	-14.9%	9.3%
Fruit	Oranges - fresh per kg	25.42	25.93	23.35	-8.1%	-9.9%
Protein	Beef mince - fresh per kg	74.62	83.42	83.64	12.1%	0.3%
Protein	Beef offal - fresh per kg	41.58	35.80	34.40	-17.3%	-3.9%
Protein	Chicken giblets per kg	30.38	35.04	34.85	14.7%	-0.5%
Protein	IQF chicken portions - 2kg	62.26	68.72	69.06	10.9%	0.5%
Protein	Fish (excl. tuna) - tinned 400g	17.75	18.36	18.40	3.7%	0.2%
Protein	Polony per kg	43.37	41.56	40.50	-6.6%	-2.6%
Bread & Cereals	Loaf of brown bread 700g	12.20	11.53	11.47	-6.0%	-0.5%
Bread & Cereals	Loaf of white bread 700g	13.49	12.95	13.05	-3.3%	0.8%
Bread & Cereals	Super maize meal 5kg	50.34	38.22	39.24	-22.1%	2.7%
Bread & Cereals	Rice 2kg	26.04	25.54	25.36	-2.6%	-0.7%
Vegetables	Cabbage - fresh per kg	11.22	10.59	10.62	-5.3%	0.3%
Vegetables	Onions - fresh per kg	11.17	14.39	13.88	24.3%	-3.5%
Vegetables	Potatoes - fresh per kg	12.00	11.86	12.03	0.2%	1.4%
Vegetables	Tomatoes - fresh per kg	18.35	17.98	18.03	-1.7%	0.3%
Sugary foods	White sugar 2.5kg	39.42	38.34	37.49	-4.9%	-2.2%
Basket	Total Rand Value	847.59	857.10	857.61	1.2%	0.1%

Source: Stats SA and BFAP, 2018

Table 3 below monitors three additional protein cuts that were included products in the CPI basket (post-January 2017).

Table 3: Percentage change in additional chicken product prices

Category	Product	Apr-17	Mch-18	Apr-18	% change y-o-y	% change m-o-m
Protein	Chicken portions – fresh per kg	56.15	58.64	58.69	4.5%	0.1%
Protein	Chicken portions frozen – non IQF average per kg	44.82	48.67	49.00	9.3%	0.7%
Protein	IQF chicken portions – 1kg		32.80	32.99		0.6%

Source: Stats SA, 2018

To further explore the impact of inflation on consumers, **Figure 2** presents an illustration of the average nominal cost growth of specific food groups within the 28-item NAMC food basket, comparing the periods April 2018 vs. April 2017 (y-o-y) and April 2018 vs. March 2018 (m-o-m). The following food categories in this basket experienced increased annual inflation: dairy & eggs, coffee & tea, animal protein, vegetables, and bean products.

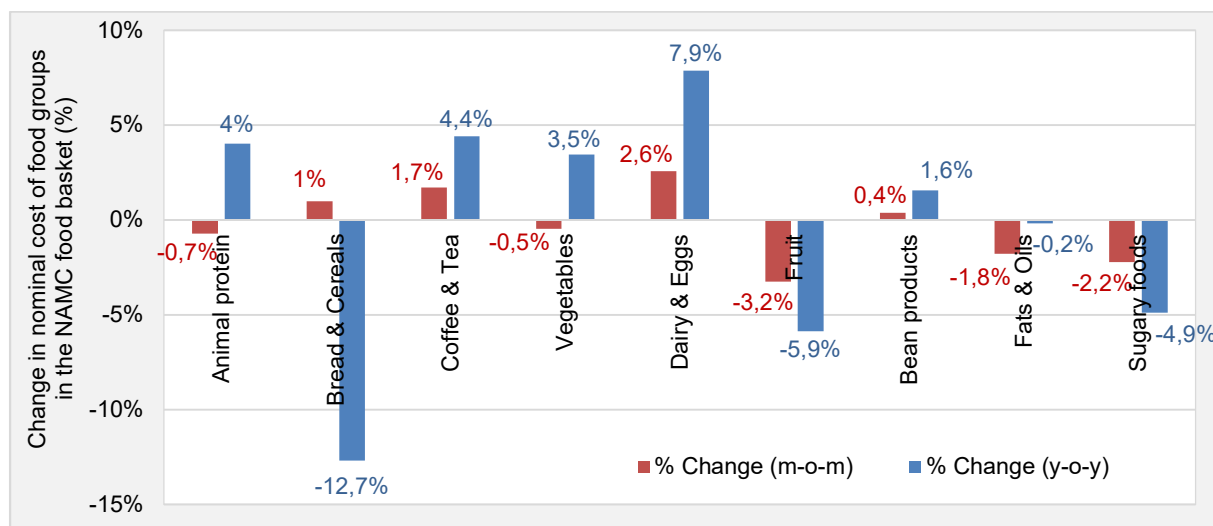


Figure 2: Nominal cost growth of specific food groups within the 28-item NAMC food basket, comparing April 2018 vs. April 2017 and April 2018 vs. March 2018

Source: BFAP & NAMC calculations, Stats SA data, 2018

5. Remarks on the impact of Listeriosis

Table 4 monitors four processed protein cuts (besides polony) at retail level on the back of the listeriosis outbreak. As polony has been identified as the primary product source of the outbreak, current trends indicate that polony (price per kg) decreased by 2.6% m-o-m, with an annual decrease of 6.6%, when compared to April 2017.

Table 4: Percentage change in processed meat product prices

Category	Product	Apr-17	Mch-18	Apr-18	% change y-o-y	% change m-o-m
Protein	Bacon 250g	31.16	37.00	36.51	17.2%	-1.3%
Protein	Corned beef 300g	22.06	23.12	23.24	5.3%	0.5%
Protein	Ham 500g	34.59	39.26	37.23	7.6%	-5.2%
Protein	Polony per kg	43.37	41.56	40.50	-6.6%	-2.6%
Protein	Sausage 500g	43.42	47.07	44.11	1.6%	-6.3%

Source: Stats SA, 2018

Note: The possible impact at retail level would be assessed over an average time lag of four months (the average time lag between producer and retail level).

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