



National Agricultural  
Marketing Council  
Promoting market access for South African agriculture

# Markets and Economic Research Centre



## Food Basket Price Monthly

*Issue 30 – June/2018*

# FOOD BASKET PRICE MONTHLY

## June 2018

*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.*

### Highlights

- *Food inflation eased to 3.4% during May 2018, year-on-year (y-o-y), from 3.9% reported in April 2018, despite the value-added tax (VAT) implementation during April 2018.*
- *The decrease in food inflation could be attributed to the decrease in the prices of bread and cereals, fruit, oils & fat, and sugar, sweet & desserts, y-o-y. Meat price inflation eased to 7.8% (y-o-y) from 9%, driven by a decline in pork prices. Inflation of fish increased to 6.8% (y-o-y), from 5.9% reported in April 2018.*
- *The outlook for food price inflation is expected to increase over the next few months as the implementation of the VAT during April 2018 could cause inflationary pressures. The depreciation of the R/\$ exchange rate as well as the increased crude oil price could cause secondary effects on food prices over the coming months.*
- *In May 2018, the nominal cost of the NAMC's 28-item urban food basket reached R849.11 compared to the R857.61 reported in April 2018, indicating a month-on-month (m-o-m) decrease of 1%. When compared to May 2017, an annual (y-o-y) increase of 1.9% was reported.*
- *Remarks on the Listeriosis outbreak:*
  - *As polony has been identified as the primary product source of the outbreak, current trends indicate that the polony price (per kg) increased by 1% (m-o-m) and decreased by 1.7% (y-o-y) when compared to May 2017. Other processed meat products indicated increasing annual trends when compared to May 2017: bacon 250g (8.7%), corned beef 300g (4.5%), ham 500g (5.9%) and sausage 500g (3.5%),*

## 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 May 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 4.4% and 3.4%, respectively, compared to the 4.5% and 3.9% reported in April 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 May 2018.

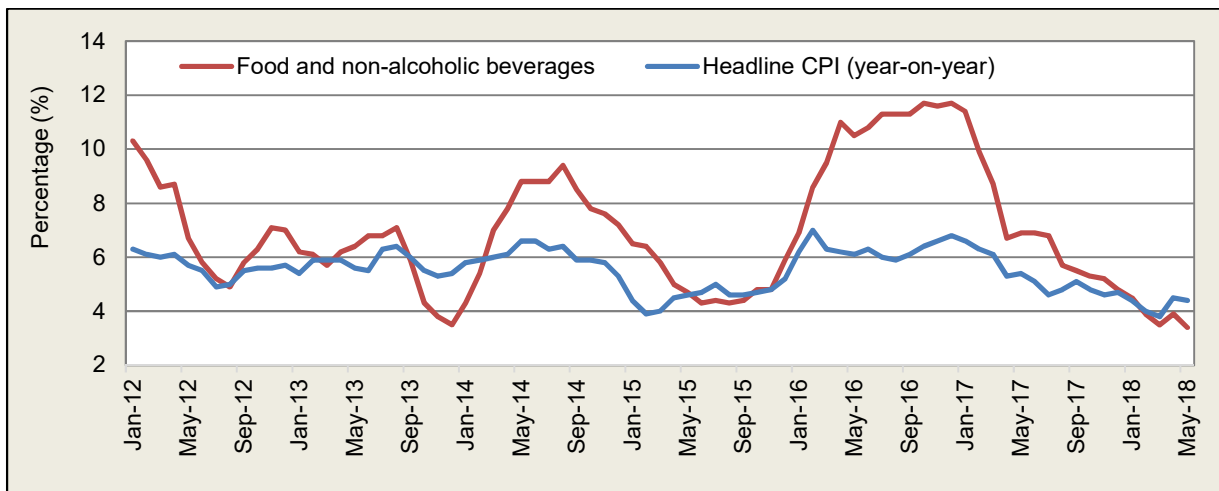


Figure 1: Headline CPI and food and non-alcoholic beverage CPI  
Source: Stats SA, 2018

## 3. Comparison between urban and rural prices: May 2018

**Table 1** compares prices of selected food items in rural and urban areas for May 2018. The food items which showed the largest price differences between **urban** and **rural** areas in May 2018 were: sunflower oil 750ml at a difference of R4.75, Ceylon/black tea 62.5g at R2.38 difference, and a loaf of white bread 700g at a difference of R0.24. 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, and margarine spread 500g), than their urban counterparts.

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

Product	Urban Food Prices May 2018 (R/unit)	Rural Food Prices May 2018 (R/unit)	Price difference (R/unit)
Full cream milk – long life 1ℓ	13.89	14.66	-0.76
Loaf of brown bread 700g	11.39	11.60	-0.21
Loaf of white bread 700g	12.92	12.68	0.24
Special maize 2.5 kg	18.81	18.87	-0.05
Super maize 2.5 kg	21.43	21.45	-0.02
Margarine spread 500g	26.60	27.94	-1.34
Peanut butter 400g	27.81	29.30	-1.49
Rice 2kg	25.40	25.59	-0.19
Sunflower oil 750mℓ	22.28	17.53	4.75
Ceylon/black tea 62.5g	14.97	12.59	2.38
White sugar 2.5kg	36.06	40.83	-4.77
<b>Average</b>			<b>-0.13</b>

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 May 2018 vs. May 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 May 2018, the nominal cost of this 28-item NAMC urban food basket amounted to **R849.11** compared to the **R857.61** reported in April 2018, indicated a m-o-m decrease of 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 indicate an increase of 1.9%.

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: Ceylon/black tea 250g (14%), eggs 1.5 dozen (16.1%), cheddar cheese per kg (9.4%), apples – fresh per kg (6.3%), beef mince – fresh per kg (10.9%), chicken giblets per kg (7.4%), IQF chicken portions – 2kg (8.3%), fish (excl. tuna) - tinned 400g (6.5%), onions – fresh per kg (26%), and tomatoes – fresh per kg (9.1%).

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

Category	Product	May-17	Apr-18	May-18	% change y-o-y	% change m-o-m
Beans	Baked beans - tinned 410g	9.50	9.91	9.99	5.2%	0.8%
Beans	Beans - dried 500g	19.79	19.39	19.06	-3.7%	-1.7%
Beans	Peanut butter 400g	27.28	28.27	27.81	1.9%	-1.6%
Coffee, Tea	Instant coffee 250g	35.23	35.85	35.45	0.6%	-1.1%
Coffee, Tea	Ceylon/black tea 250g	30.51	34.01	34.77	14.0%	2.2%
Dairy, Eggs	Full cream milk - long life 1ℓ	13.98	13.96	13.89	-0.6%	-0.5%
Dairy, Eggs	Eggs 1.5 dozen	38.07	44.37	44.21	16.1%	-0.4%
Dairy, Eggs	Cheddar cheese per kg	96.96	107.17	106.12	9.4%	-1.0%
Fats, Oils	Brick margarine 500g	22.04	21.52	22.35	1.4%	3.9%
Fats, Oils	Sunflower oil 750mℓ	22.33	22.49	22.28	-0.2%	-0.9%
Fruit	Apples - fresh per kg	18.68	20.38	19.85	6.3%	-2.6%
Fruit	Bananas - fresh per kg	17.26	14.92	14.48	-16.1%	-2.9%
Fruit	Oranges - fresh per kg	18.89	23.35	18.47	-2.2%	-20.9%
Protein	Beef mince - fresh per kg	75.68	83.64	83.94	10.9%	0.4%
Protein	Beef offal - fresh per kg	42.58	34.40	36.11	-15.2%	5.0%
Protein	Chicken giblets per kg	31.45	34.85	33.77	7.4%	-3.1%
Protein	IQF chicken portions - 2kg	62.24	69.06	67.43	8.3%	-2.4%
Protein	Fish (excl. tuna) - tinned 400g	17.13	18.40	18.25	6.5%	-0.8%
Protein	Polony per kg	41.59	40.50	40.90	-1.7%	1.0%
Bread & Cereals	Loaf of brown bread 700g	12.14	11.47	11.39	-6.2%	-0.7%
Bread & Cereals	Loaf of white bread 700g	13.37	13.05	12.92	-3.4%	-1.0%
Bread & Cereals	Super maize meal 5kg	46.92	39.24	36.55	-22.1%	-6.9%
Bread & Cereals	Rice 2kg	26.12	25.36	25.40	-2.8%	0.2%
Vegetables	Cabbage - fresh per kg	13.13	10.62	12.19	-7.2%	14.8%
Vegetables	Onions - fresh per kg	10.86	13.88	13.68	26.0%	-1.4%
Vegetables	Potatoes - fresh per kg	11.55	12.03	12.05	4.3%	0.2%
Vegetables	Tomatoes - fresh per kg	18.10	18.03	19.74	9.1%	9.5%
Sugary foods	White sugar 2.5kg	39.75	37.49	36.06	-9.3%	-3.8%
<b>Basket</b>	<b>Total Rand Value</b>	<b>833.13</b>	<b>857.61</b>	<b>849.11</b>	<b>1.9%</b>	<b>-1.0%</b>

Source: Stats SA and BFAP, 2018

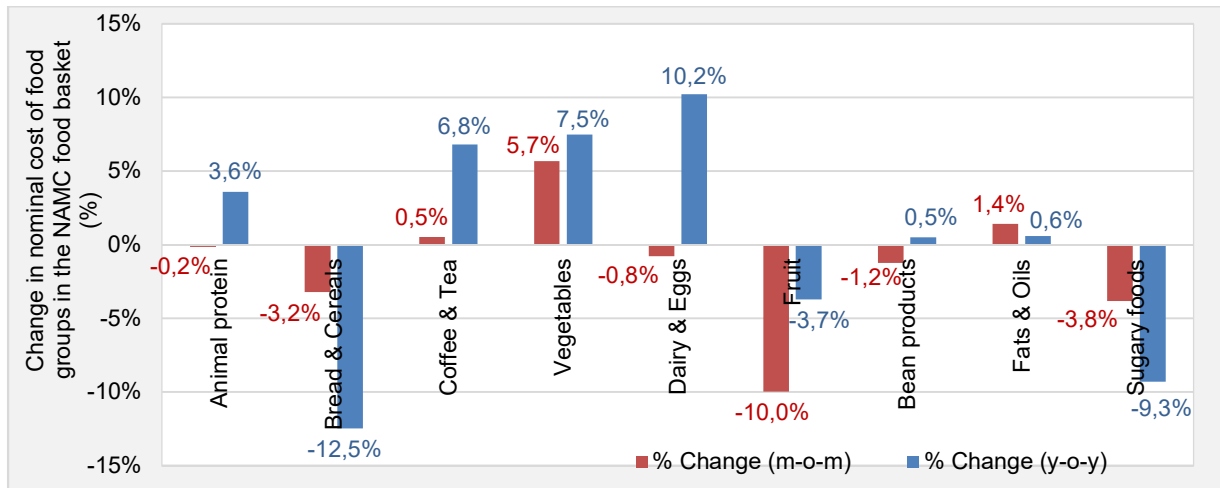
**Table 3** below monitors three additional protein cuts that were included products in the CPI basket (post-January 2017).

**Table 3: Percentage change in additional chicken product prices**

Category	Product	May-17	Apr-18	May-18	% change y-o-y	% change m-o-m
Protein	Chicken portions – fresh per kg	56.38	58.69	59.46	5.5%	1.3%
Protein	Chicken portions frozen – non IQF average per kg	46.56	49.00	49.14	5.5%	0.3%
Protein	IQF chicken portions – 1kg	19.08	32.99	39.74	108.3%	20.5%

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 May 2018 vs. May 2017 (y-o-y) and May 2018 vs. April 2018 (m-o-m). The following food categories in this basket experienced increased annual inflation: dairy & eggs, vegetables, coffee & tea, animal protein, fats & oils, and bean products.



**Figure 2: Nominal cost growth of specific food groups within the 28-item NAMC food basket, comparing May 2018 vs. May 2017 and May 2018 vs. April 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) increased by 1% m-o-m, with an annual decrease of 1.7% when compared to May 2017. Other processed meat products indicated increasing annual trends when compared to May 2017: bacon 250g (8.7%), corned beef 300g (4.5%), ham 500g (5.9%) and sausage 500g (3.5%),

**Table 4: Percentage change in processed meat product prices**

Category	Product	May-17	Apr-18	May-18	% change y-o-y	% change m-o-m
Protein	Bacon 250g	33.16	36.51	36.03	8.7%	-1.3%
Protein	Corned beef 300g	22.14	23.24	23.13	4.5%	-0.5%
Protein	Ham 500g	35.65	37.23	37.76	5.9%	1.4%
Protein	Polony per kg	41.59	40.50	40.90	-1.7%	1.0%
Protein	Sausage 500g	45.31	44.11	46.90	3.5%	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).

Compiled by:

Trends and discussion on selected topics:

Rika Verwey  
Simphiwe Ngqangweni

BFAP:

Hester Vermeulen

Enquiries: Christo Joubert: +27 12 341 1115 or +27 76 999 7766 or [christo@namc.co.za](mailto:christo@namc.co.za)

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

© 2018. Published by the National Agricultural Marketing Council (NAMC).

**Disclaimer:**

*Information contained in this document results from research funded wholly or in part by the NAMC acting in good faith. Opinions, attitudes and points of view expressed herein do not necessarily reflect the official position or policies of the NAMC. The NAMC makes no claims, promises, or guarantees about the accuracy, completeness, or adequacy of the contents of this document and expressly disclaims liability for errors and omissions regarding the content thereof. No warranty of any kind, implied, expressed, or statutory, including but not limited to the warranties of non-infringement of third party rights, title, merchantability, fitness for a particular purpose or freedom from computer virus is given with respect to the contents of this document in hardcopy, electronic format or electronic links thereto. Reference made to any specific product, process, and service by trade name, trade mark, manufacturer or another commercial commodity or entity are for informational purposes only and do not constitute or imply approval, endorsement or favouring by the NAMC.*