



National Agricultural  
Marketing Council  
Promoting market access for South African agriculture

# Markets and Economic Research Centre



## Food Basket Price Monthly

*Issue 38 – Feb/2019*

# **FOOD BASKET PRICE MONTHLY**

## *February 2019*

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

### **Highlights**

- *Food and non-alcoholic beverage inflation remained unchanged at 3% during January 2019, year-on-year (y-o-y) as was reported in December 2018, with Headline inflation decreasing to 4%.*
- *Vegetables and fish price inflation amounted to the highest contributors of 11.1% and 5.9%, respectively, with meat price inflation decelerating to 0.8% (y-o-y) from 1.8%.*
- *During February 2019 93 & 95 ULP fuel prices marginally increased to R13.87/ℓ and R14.08/ℓ (m-o-m) respectively, with 0.05% Diesel reaching R13.15/ℓ (m-o-m).*
  - *The main reason for the fuel increase was rising international petroleum prices, with the Rand on a weakening trend against the US\$ since early February 2019.*
  - *For March 2019 fuel prices are predicted to increase by 43c/ℓ for petrol and by 62c/ℓ for diesel.*
- *During January 2019, the nominal cost of the NAMC's 28-item urban food basket amounted to R869.89 compared to the R849.44 as reported in December 2018, resulting in a monthly percentage increase of 2.4%. When compared to January 2018, an annual (y-o-y) percentage decrease of 0.6% was reported.*

## 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 January 2019 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% and 3%, respectively, compared to the 4.5% and 3% reported in December 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 January 2019.

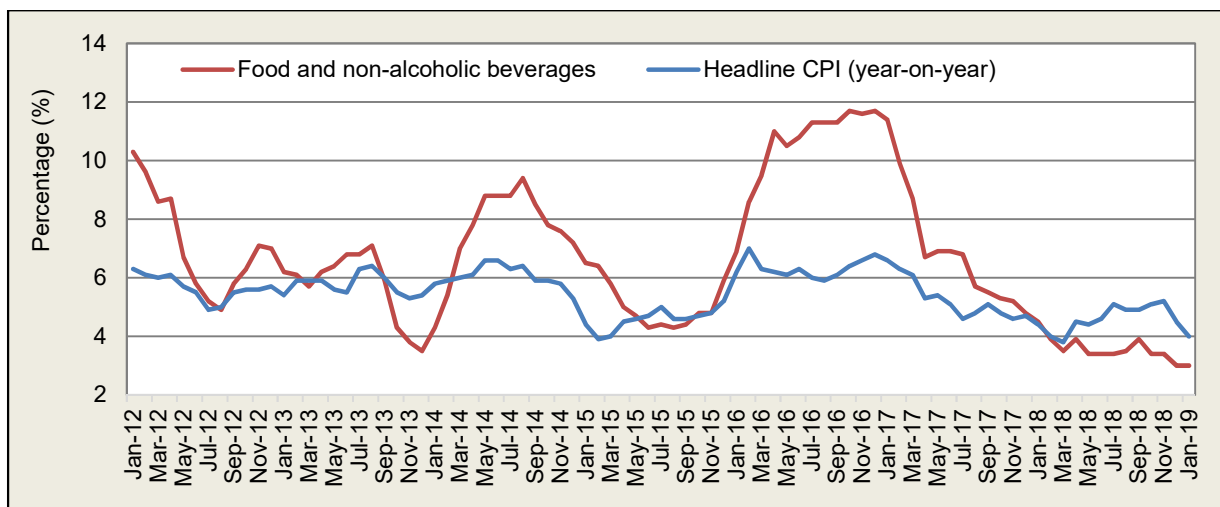


Figure 1: Headline CPI and food and non-alcoholic beverage CPI  
Source: Stats SA, 2019

## 3. Comparison between urban and rural prices: January 2019

**Table 1** compares prices of selected food items in rural and urban areas for January 2019. The food items which showed the largest price differences between urban and rural areas in January 2019 were: sunflower

oil (750ml) at a difference of R4.57, Ceylon/black tea (62.5g) at R2.86 difference, and rice (2kg) at a difference of R0.32. 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. peanut butter (400g), white sugar (2.5kg) and full cream milk – long life (1ℓ), than their urban counterparts.

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

Product	Urban Food Prices January 2019 (R/unit)	Rural Food Prices January 2019 (R/unit)	Price difference (R/unit)
Full cream milk – long life 1ℓ	13.98	14.89	-0.91
Loaf of brown bread 700g	12.17	12.24	-0.07
Loaf of white bread 700g	13.45	13.28	0.17
Special maize 2.5 kg	18.62	18.32	0.30
Super maize 2.5 kg	21.34	21.29	0.05
Margarine spread 500g	27.05	27.52	-0.47
Peanut butter 400g	27.38	30.35	-2.97
Rice 2kg	26.66	26.34	0.32
Sunflower oil 750ml	22.96	18.39	4.57
Ceylon/black tea 62.5g	15.79	12.93	2.86
White sugar 2.5kg	39.63	41.95	-2.32
<b>Average</b>			<b>0.14</b>

Source: Stats SA, 2019

## 4. The NAMC food basket

This section analyses the nominal cost of a basic 28-item NAMC urban food basket, based on average food price data for the January 2019 vs. January 2018. 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).

During January 2019, the nominal cost of the NAMC's 28-item urban food basket amounted to R869.89 compared to the R849.44 as reported in December 2018, resulting in a monthly percentage increase of 2.4%. When compared to January 2018, an annual (y-o-y) percentage decrease of 0.6% was reported.

The 28-item NAMC urban 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 (7%), apples – fresh per kg (18.1%), oranges – fresh per kg (6.2%), beef mince – fresh per kg (6.9%), fish (excl. tuna) - tinned 400g (6.3%), onions – fresh per kg (6.9%), potatoes – fresh per kg (12.7%) and tomatoes – fresh per kg (35.7%).

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

Category	Product	Jan-18	Dec-18	Jan-19	% change y-o-y	% change m-o-m
Beans	Baked beans - tinned 410g	9.55	9.94	10.05	5.2%	1.1%
Beans	Beans - dried 500g	19.61	19.28	19.47	-0.7%	1.0%
Beans	Peanut butter 400g	27.31	28.06	27.38	0.3%	-2.4%
Coffee, Tea	Instant coffee 250g	35.02	35.64	35.97	2.7%	0.9%
Coffee, Tea	Ceylon/black tea 250g	33.57	34.39	35.92	7.0%	4.4%
Dairy, Eggs	Full cream milk - long life 1ℓ	13.94	13.94	13.98	0.3%	0.3%
Dairy, Eggs	Eggs 1.5 dozen	45.53	41.87	42.53	-6.6%	1.6%
Dairy, Eggs	Cheddar cheese per kg	109.96	105.77	104.89	-4.6%	-0.8%
Fats, Oils	Brick margarine 500g	22.89	22.17	22.71	-0.8%	2.4%
Fats, Oils	Sunflower oil 750mℓ	22.29	22.88	22.96	3.0%	0.3%
Fruit	Apples - fresh per kg	18.59	20.49	21.95	18.1%	7.1%
Fruit	Bananas - fresh per kg	14.44	14.78	15.09	4.5%	2.1%
Fruit	Oranges - fresh per kg	20.38	14.99	21.64	6.2%	44.4%
Protein	Beef mince - fresh per kg	80.52	85.08	86.11	6.9%	1.2%
Protein	Beef offal - fresh per kg	50.28	34.75	34.24	-31.9%	-1.5%
Protein	Chicken giblets per kg	35.14	34.31	34.60	-1.5%	0.8%
Protein	IQF chicken portions - 2kg	68.98	63.62	63.87	-7.4%	0.4%
Protein	Fish (excl. tuna) - tinned 400g	17.87	18.31	18.99	6.3%	3.7%
Protein	Polony per kg	43.59	45.24	45.74	4.9%	1.1%
Bread & Cereals	Loaf of brown bread 700g	12.04	11.82	12.17	1.1%	3.0%
Bread & Cereals	Loaf of white bread 700g	12.92	13.29	13.45	4.1%	1.2%
Bread & Cereals	Super maize meal 5kg	41.52	35.14	38.21	-8.0%	8.7%
Bread & Cereals	Rice 2kg	25.58	25.83	26.66	4.2%	3.2%
Vegetables	Cabbage - fresh per kg	14.99	12.92	13.67	-8.8%	5.8%
Vegetables	Onions - fresh per kg	13.17	14.55	14.08	6.9%	-3.2%
Vegetables	Potatoes - fresh per kg	11.93	12.66	13.45	12.7%	6.2%
Vegetables	Tomatoes - fresh per kg	15.09	18.63	20.48	35.7%	9.9%
Sugary foods	White sugar 2.5kg	38.16	39.09	39.63	3.9%	1.4%
<b>Basket</b>	<b>Total Rand Value</b>	<b>874.86</b>	<b>849.44</b>	<b>869.89</b>	<b>-0.6%</b>	<b>2.4%</b>

Source: Stats SA and BFAP, 2019

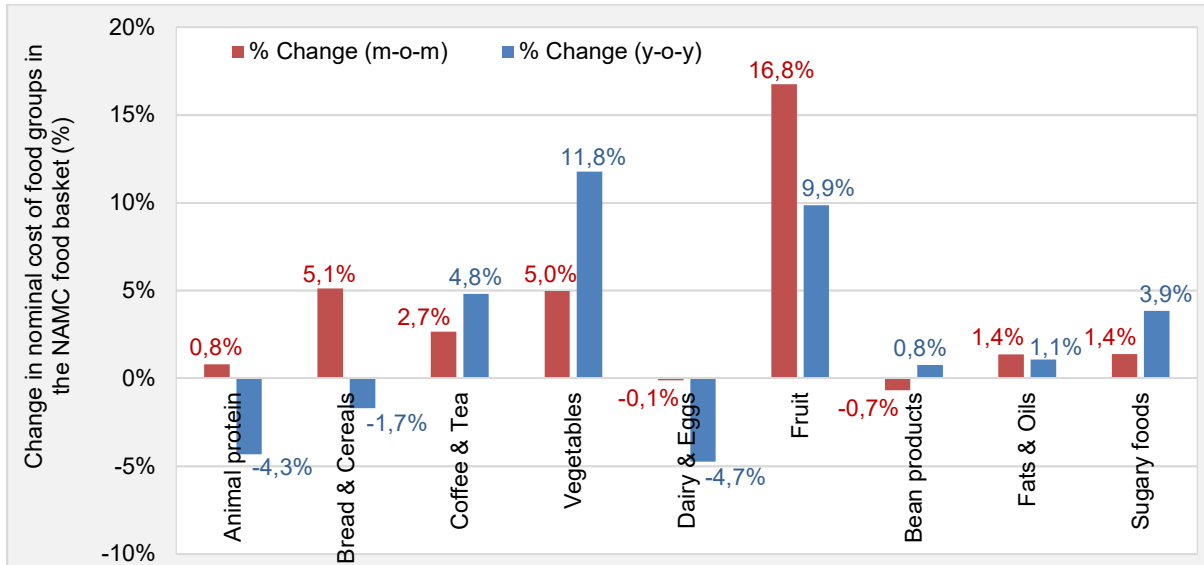
**Table 3** below monitors three additional protein cuts that were included products in the CPI basket (post-January 2017).

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

Category	Product	Jan-18	Dec-18	Jan-19	% change y-o-y	% change m-o-m
Protein	Chicken portions – fresh per kg	58.80	59.82	60.43	2.8%	1.0%
Protein	Chicken portions frozen – non IQF average per kg	49.44	47.00	47.28	-4.4%	0.6%
Protein	IQF chicken portions – 1kg	32.99	42.99	42.99	30.3%	0.0%

Source: Stats SA, 2019

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 NAMC's 28-item food basket, comparing the periods January 2019 vs. January 2018 (y-o-y) and January 2019 vs. December 2018 (m-o-m). The following food categories in this basket experienced increased annual inflation: vegetables, fruits, coffee & tea, sugary foods, fats & oils and bean products.



**Figure 2: Nominal cost growth of specific food groups within the NAMC's 28-item food basket, comparing January 2019 vs. January 2018 and January 2019 vs. December 2018**

Source: BFAP & NAMC calculations, Stats SA data, 2019

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