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Food Basket Price Monthly

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FOOD BASKET PRICE MONTHLY

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Highlights

- **Food and non-alcoholic beverage inflation increased from 2.9% to 3.1% during March 2019 year-on-year (y-o-y), with Headline inflation increasing to 4.5% from 4.1%.**
 - *The Headline increase is a result of the sharp increase in fuel prices during March 2019, together with "sin" tax and housing costs increases. Food inflation included a 13% increase in fizzy drinks, resulting in the 3.1% increase.*
- **Vegetable and fruit price inflation were the highest food inflation contributors with 9.4% and 7.6%, respectively, with meat price inflation 1.1% lower (y-o-y).**
- **From March to April 2019, 93ULP fuel prices increased from R14.62/ℓ to R15.96/ℓ (+R1.34/ℓ or +9.2%). 95ULP fuel prices increased from R14.82/ℓ to R16.13/ℓ (+R1.31/ℓ or +8.8%) (m-o-m), with Diesel 500ppm increasing from R14.05/ℓ to R14.87/ℓ (82c/ℓ or 5.8%).**
 - *Reasons include the increase of the Fuel- (+15c/ℓ) and Road Accident Fund (RAF) (+5c/ℓ) levies effective April 2019, and an increase in transport costs, including an average annual increase of 10.96% in road transport tariffs and 10.95% in pipeline transport costs announced by the National Energy Regulator of South Africa (NERSA) on March 16th.*
 - *For May 2019 fuel prices are predicted to increase by 56c/ℓ for petrol, with diesel expected to decrease by 5c/ℓ.*
- **During March 2019, the nominal cost of the NAMC's 28-item urban food basket amounted to R883.16 compared to the R870.19 reported during February 2019, resulting in a monthly percentage increase of 1.5%. When compared to March 2018, an annual (y-o-y) percentage increase of 3% is 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 March 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 increased to 4.5% and 3.1%, respectively, from 4.1% and 2.9% reported during February 2019. **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 March 2019.

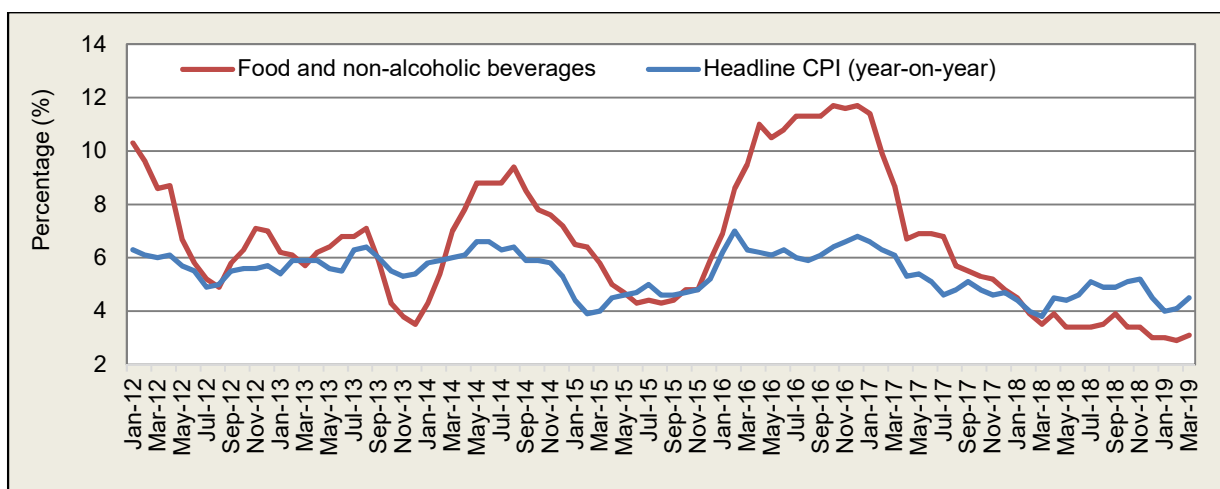


Figure 1: Headline CPI and food and non-alcoholic beverage CPI
Source: Stats SA, 2019

3. Comparison between urban and rural prices: March 2019

Table 1 compares prices of selected food items in rural and urban areas for March 2019. The food items which showed the largest price differences between urban and rural areas in March 2019 were: sunflower oil (750ml) at a difference of R4.60, Ceylon/black tea (62.5g) at R3.47 difference, and special maize meal

(2.5kg) at a difference of R1.50. 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 (peanut butter (400g), white sugar (2.5kg) and margarine spread (500g)), than their urban counterparts.

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

Product	Urban Food Prices March 2019 (R/unit)	Rural Food Prices March 2019 (R/unit)	Price difference (R/unit)
Full cream milk – long life 1ℓ	14.30	15.13	-0.83
Loaf of brown bread 700g	12.57	12.46	0.11
Loaf of white bread 700g	13.86	13.37	0.49
Special maize 2.5 kg	20.85	19.35	1.50
Super maize 2.5 kg	22.94	21.71	1.23
Margarine spread 500g	27.05	28.10	-1.05
Peanut butter 400g	28.43	31.04	-2.61
Rice 2kg	26.30	26.52	-0.22
Sunflower oil 750mℓ	22.77	18.17	4.60
Ceylon/black tea 62.5g	16.40	12.93	3.47
White sugar 2.5kg	39.69	41.94	-2.25

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 March 2019 vs. March 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 March 2019, the nominal cost of the NAMC's 28-item urban food basket amounted to R883.16 compared to the R870.19 reported during February 2019, resulting in a monthly percentage increase of 1.5%. When compared to March 2018, an annual (y-o-y) percentage increase of 3% is 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: baked beans - tinned 410g (7.9%), Ceylon/black tea 250g (8.3%), apples – fresh per kg (10.1%), bananas – fresh per kg (25.4%), oranges – fresh per kg (7.7%), polony per kg (11.7%), loaf of brown bread 700g (9%), loaf of white bread 700g (7%), cabbage – fresh per kg (30.1%), potatoes – fresh per kg (6.2%) and tomatoes – fresh per kg (32.7%).

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

Category	Product	Mar-18	Feb-19	Mar-19	% change y-o-y	% change m-o-m
Beans	Baked beans - tinned 410g	9.73	10.27	10.50	7.9%	2.2%
Beans	Beans - dried 500g	19.69	19.29	19.21	-2.4%	-0.4%
Beans	Peanut butter 400g	27.93	28.07	28.43	1.8%	1.3%
Coffee, Tea	Instant coffee 250g	35.74	35.64	35.51	-0.6%	-0.4%
Coffee, Tea	Ceylon/black tea 250g	32.94	35.86	35.67	8.3%	-0.5%
Dairy, Eggs	Full cream milk - long life 1ℓ	13.96	14.23	14.30	2.4%	0.5%
Dairy, Eggs	Eggs 1.5 dozen	45.51	41.33	42.02	-7.7%	1.7%
Dairy, Eggs	Cheddar cheese per kg	101.87	101.75	106.46	4.5%	4.6%
Fats, Oils	Brick margarine 500g	22.34	22.50	22.31	-0.1%	-0.8%
Fats, Oils	Sunflower oil 750ml	22.47	22.75	22.77	1.3%	0.1%
Fruit	Apples - fresh per kg	21.04	23.48	23.17	10.1%	-1.3%
Fruit	Bananas - fresh per kg	13.65	14.75	17.12	25.4%	16.1%
Fruit	Oranges - fresh per kg	25.93	25.66	27.92	7.7%	8.8%
Protein	Beef mince - fresh per kg	83.42	84.93	84.19	0.9%	-0.9%
Protein	Beef offal - fresh per kg	35.80	34.40	34.50	-3.6%	0.3%
Protein	Chicken giblets per kg	35.04	34.24	34.36	-1.9%	0.4%
Protein	IQF chicken portions - 2kg	68.72	63.95	64.28	-6.5%	0.5%
Protein	Fish (excl. tuna) - tinned 400g	18.36	18.96	19.18	4.5%	1.2%
Protein	Polony per kg	41.56	46.36	46.42	11.7%	0.1%
Bread & Cereals	Loaf of brown bread 700g	11.53	12.48	12.57	9.0%	0.7%
Bread & Cereals	Loaf of white bread 700g	12.95	13.70	13.86	7.0%	1.2%
Bread & Cereals	Super maize meal 5kg	38.22	37.82	38.45	0.6%	1.7%
Bread & Cereals	Rice 2kg	25.54	26.82	26.30	3.0%	-1.9%
Vegetables	Cabbage - fresh per kg	10.59	13.78	13.77	30.1%	0.0%
Vegetables	Onions - fresh per kg	14.39	13.82	13.75	-4.4%	-0.5%
Vegetables	Potatoes - fresh per kg	11.86	12.97	12.59	6.2%	-2.9%
Vegetables	Tomatoes - fresh per kg	17.98	20.20	23.86	32.7%	18.1%
Sugary foods	White sugar 2.5kg	38.34	40.18	39.69	3.5%	-1.2%
Basket	Total Rand Value	857.10	870.19	883.16	3.0%	1.5%

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	Mar-18	Feb-19	Mar-19	% change y-o-y	% change m-o-m
Protein	Chicken portions – fresh per kg	58.64	59.83	60.99	4.0%	1.9%
Protein	Chicken portions frozen – non IQF average per kg	48.67	46.75	46.60	-4.3%	-0.3%
Protein	IQF chicken portions – 1kg	32.80	42.99	42.99	31.1%	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 March 2019 vs. March 2018 (y-o-y) and March 2019 vs. February 2019 (m-o-m). All food categories in this basket experienced increased annual inflation.

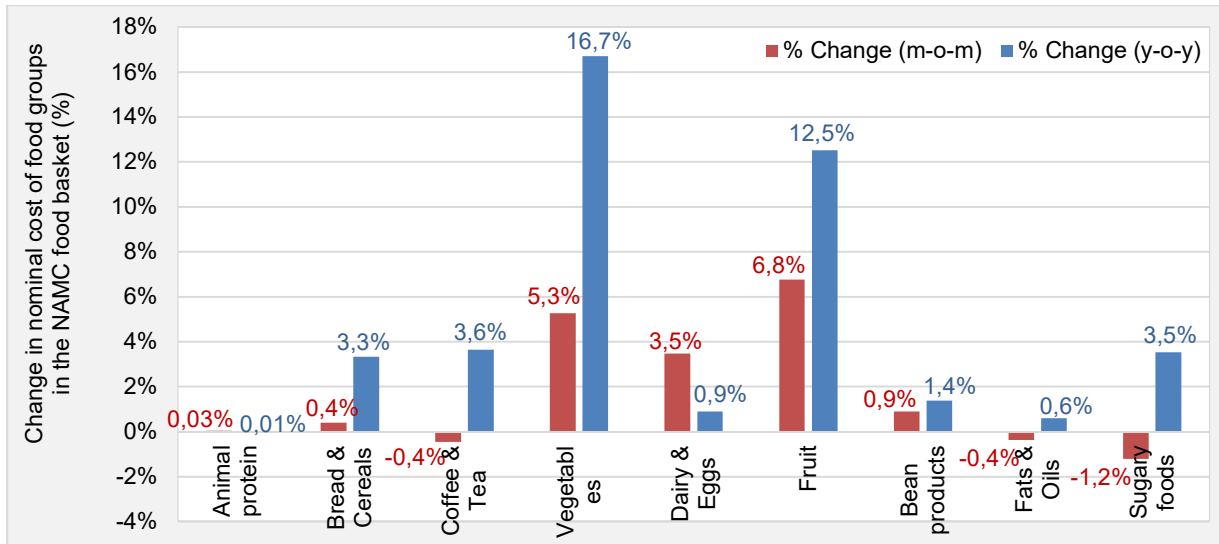


Figure 2: Nominal cost growth of specific food groups within the NAMC's 28-item food basket, comparing March 2019 vs. March 2018 and March 2019 vs. February 2019

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

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