

Food

BASKET PRICE MONTHLY



*28 Selected food
basket price items:*

*NAMC urban food
basket*



NAMC
Promoting market access for South African agriculture



Food Basket Price Monthly February 2020

Highlights

- Food and non-alcoholic beverage inflation eased to 3.7% during January 2020 year-on-year (y-o-y), with Headline inflation increasing to 4.5%.
 - Fruit, fish, bread & cereals price changes were the highest food inflation contributors (y-o-y) with 8.7%, 6.7% and 6%, respectively, with vegetable price inflation 1.1% higher than a year ago.
- February 2020 fuel prices decreased by 15c/ℓ for 93ULP to reach R15.71/ℓ (-0.82%), and by 13c/ℓ for 95ULP to reach R16.03/ℓ (-0.8%). Diesel 500ppm decreased by 5c/ℓ (-0.34%) to reach R14.57/ℓ during February 2020.
 - The Rand has weakened substantially from R14.30 to R14.85 to the US dollar. There are some concerns over this ongoing weakening in the absence of any overt Rand shocks which is not a good sign of confidence regarding the SA economy.
 - Expected prices for March 2020: Prices are expected to decline by 25c/ℓ and 14c/ℓ for 95 and 93 Octane petrol, respectively. Diesel is expected to decline by 55c/ℓ. If tensions between the US and Iran continue, local prices are expected to be affected given the vulnerability of oil fields in the Middle East.
- During January 2020, the nominal cost of the NAMC's 28-item urban food basket amounted to R875.95 compared to the R872.76 reported during December 2019, resulting in a monthly percentage increase of 0.4%. When compared to January 2019, an annual (y-o-y) percentage increase of 0.7% was reported.



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 report, 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.

Overall inflation and food inflation

The January 2020 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 3.7% (y-o-y), respectively, from 4% and 3.9% reported during December 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 January 2020.

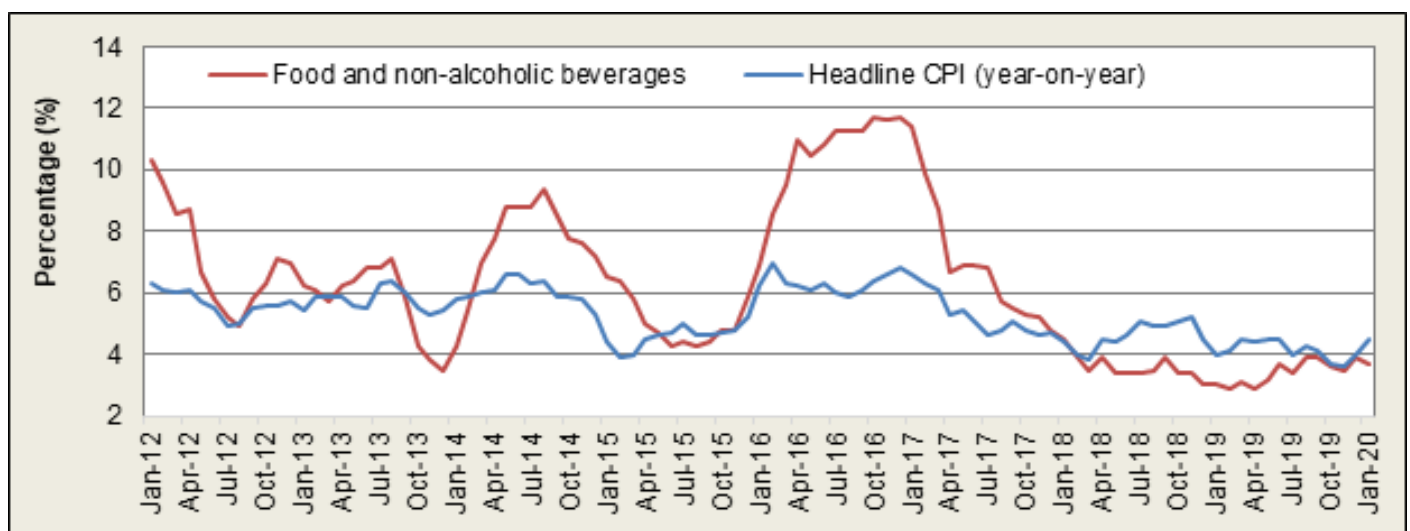


Figure 1: Headline CPI and food and non-alcoholic beverage CPI

Source: Stats SA (2020)

Comparison between urban and rural prices: January 2020

Table 1 compares prices of selected food items in rural and urban areas for January 2020. The food items which showed the largest price differences between urban and rural areas in January 2020 were: Ceylon/black tea (62.5g) at R3.73 difference, sunflower oil (750ml) at a difference of R3.11, and super maize meal (2.5kg) at a difference of R2.07. This indicates that urban consumers pay 56 cents more on average, for these 11 food items. In other cases, however, rural consumers paid more for certain products including: white sugar (2.5kg), peanut butter (400g) and full cream long life milk (1l) than their urban counterparts.

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

Product	Urban Food Prices January 2020 (R/unit)	Rural Food Prices January 2020 (R/unit)	Price difference (R/unit)
Full cream milk – long life 1l	14,84	15,48	-0,64
Loaf of brown bread 700g	12,42	12,41	0,01
Loaf of white bread 700g	13,51	13,45	0,06
Special maize 2.5kg	22,11	21,06	1,05
Super maize 2.5kg	25,32	23,25	2,07
Margarine spread 500g	27,00	27,35	-0,35
Peanut butter 400g	30,47	31,77	-1,30
Rice 2kg	27,69	27,29	0,40
Sunflower oil 750ml	21,95	18,84	3,11
Ceylon/black tea 62.5g	16,93	13,20	3,73
White sugar 2.5kg	42,24	44,17	-1,93
Average			0.56

Source: Stats SA (2020)

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 January 2020 vs. January 2019. Composition of the current food basket (revised in 2017) include: apples per kg, baked beans – tinned (410g), bananas per kg, beans – dried (500g), beef mince per kg, beef offal 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), brown bread (700g), white bread (700g), margarine brick (500g), onions per kg, oranges per kg, peanut butter (400g), polony per kg, potatoes per kg, rice (2kg), sugar white (2.5kg), sunflower oil (750ml), super maize meal (5kg) and tomatoes per kg.

During January 2020, the nominal cost of the NAMC's 28-item urban food basket amounted to **R875.95** compared to the **R872.76** reported during December 2019, resulting in a monthly percentage increase of 0.4%. When compared to January 2019, an annual (y-o-y) percentage increase of 0.7% 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: baked beans - tinned 410g (8.7%), peanut butter 400g (11.3%), full cream milk - long life 1l (6.2%), bananas – fresh per kg (9.9%), oranges – fresh per kg (36.1%), IQF chicken portions - 2kg (6.1%), fish (excl. tuna) – tinned 400g (6.9%), super maize meal 5kg (13.5%), and white sugar 2.5kg (6.6%).



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

Category	Product	Jan-19	Dec-19	Jan-20	% change y-o-y	%change m-o-m
Beans	Baked beans - tinned 410g	10,05	10,87	10,92	8,7%	0,5%
Beans	Beans - dried 500g	19,47	18,62	18,62	-4,4%	0,0%
Beans	Peanut butter 400g	27,38	31,17	30,47	11,3%	-2,2%
Coffee, Tea	Instant coffee 250g	35,97	36,18	35,52	-1,3%	-1,8%
Coffee, Tea	Ceylon/black tea 250g	35,92	36,16	37,17	3,5%	2,8%
Dairy, Eggs	Full cream milk - long life 1ℓ	13,98	14,59	14,84	6,2%	1,7%
Dairy, Eggs	Eggs 1.5 dozen	42,53	38,71	37,88	-10,9%	-2,1%
Dairy, Eggs	Cheddar cheese per kg	104,89	105,03	102,22	-2,5%	-2,7%
Fats, Oils	Brick margarine 500g	22,71	22,13	22,55	-0,7%	1,9%
Fats, Oils	Sunflower oil 750ml	22,96	21,87	21,95	-4,4%	0,4%
Fruit	Apples - fresh per kg	21,95	21,21	21,22	-3,3%	0,0%
Fruit	Bananas - fresh per kg	15,09	15,41	16,59	9,9%	7,7%
Fruit	Oranges - fresh per kg	21,64	16,99	29,46	36,1%	73,4%
Protein	Beef mince - fresh per kg	86,11	83,56	84,23	-2,2%	0,8%
Protein	Beef offal - fresh per kg	34,24	35,98	36,27	5,9%	0,8%
Protein	Chicken giblets per kg	34,60	33,58	33,01	-4,6%	-1,7%
Protein	IQF chicken portions - 2kg	63,87	66,98	67,74	6,1%	1,1%
Protein	Fish (excl. tuna) - tinned 400g	18,99	19,73	20,30	6,9%	2,9%
Protein	Polony per kg	45,74	45,87	34,66	-24,2%	-24,4%
Bread & Cereals	Loaf of brown bread 700g	12,17	12,42	12,42	2,1%	0,0%
Bread & Cereals	Loaf of white bread 700g	13,45	13,51	13,51	0,4%	0,0%
Bread & Cereals	Super maize meal 5kg	38,21	43,02	43,38	13,5%	0,8%
Bread & Cereals	Rice 2kg	26,66	27,10	27,69	3,9%	2,2%
Vegetables	Cabbage - fresh per kg	13,67	13,52	13,94	2,0%	3,1%
Vegetables	Onions - fresh per kg	14,08	15,13	14,91	5,9%	-1,5%
Vegetables	Potatoes - fresh per kg	13,45	13,23	13,40	-0,4%	1,3%
Vegetables	Tomatoes - fresh per kg	20,48	19,03	18,83	-8,1%	-1,1%
Sugary foods	White sugar 2.5kg	39,63	41,16	42,24	6,6%	2,6%
	Total Basket (Rand)	R869,89	R872,76	R875,95	0,7%	0,4%

Source: Stats SA and BFAP (2020)



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 2020 vs. January 2019 (y-o-y) and January 2020 vs. December 2019 (m-o-m). Food categories in this 28-item food basket experiencing the highest annual inflation include: fruits, bread & cereals, and sugary food products. The high monthly increase in fruit (25.5%) came as a result of the large price increase in fresh oranges per kg.

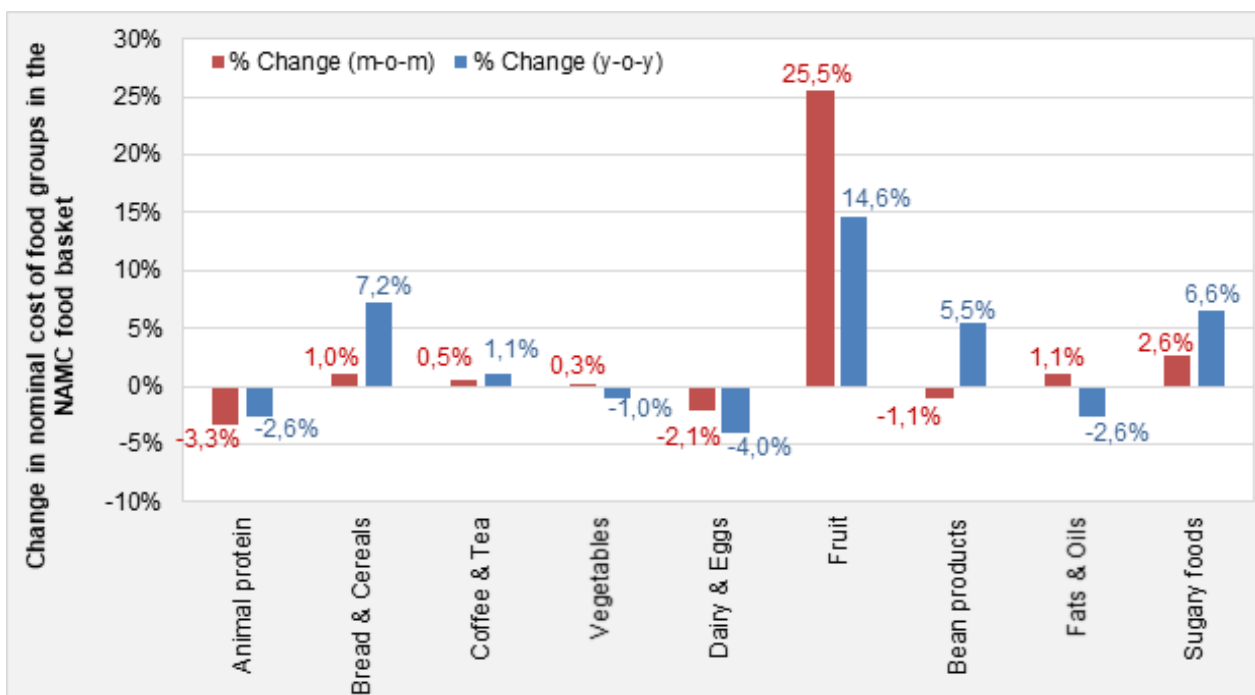


Figure 2: Nominal cost growth of specific food groups within the NAMC’s 28-item food basket, comparing January 2020 vs. January 2019 and January 2020 vs. Dcember 2019

Source: BFAP & NAMC calculations, Stats SA data (2020)

Compiled by:

Trends and discussion on selected topics:
Rika Verwey

BFAP:
Hester Vermeulen

Designed by:
Sylvester Moatshe
Majara Monamodi

Enquiries: Christo Joubert: +27 12341 1115 or +27 76 999 7766 or christo@namc.co.za

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

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