

# Food

## BASKET PRICE MONTHLY



*28 Selected food  
basket price items:*

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*NAMC urban food  
basket*



# Food Basket Price Monthly May 2020

## Important note

The COVID-19 pandemic has fundamentally impacted the South African economy and Statistics South Africa's (Stats SA) ability to measure the impact. As a result, changes to the compilation and release of the April 2020 Consumer Price Index (CPI) data as a result of the lockdown restrictions, resulted in the April 2020 CPI data to only be published on Wednesday June 24, 2020 (see document below:

[http://www.statssa.gov.za/cpi/documents/CPI\\_COVID\\_method\\_issues\\_21\\_05\\_20.pdf](http://www.statssa.gov.za/cpi/documents/CPI_COVID_method_issues_21_05_20.pdf)).

Cognisance should therefore be taken when interpreting the results as an estimated price for April 2020 had to be calculated based on the link above until the official release of the actual April 2020 CPI data, scheduled for June 24th. As a result, certain price comparisons would not be feasible at this stage in the report i.e. rural comparisons.

## Highlights

- During April 2020, the estimated nominal cost of the NAMC's 28-item urban food basket amounted to R908.62 compared to the R895.18 reported during March 2020, resulting in a monthly percentage increase of 1.5%. When compared to April 2019, an annual (y-o-y) percentage increase of 3.3% was reported.
  - o Within the NAMC's 28-item urban food basket, fats & oils and dairy & eggs price categories remained the highest food inflation contributors (y-o-y) with 15.5% and 9.2%, respectively, with vegetable prices reporting deflation of 6.3% during the same period.
- In May 2020 fuel prices decreased by R1.74/ℓ for both 93ULP and 95ULP to reach R12.02/ℓ (-12.7%) m-o-m and R12.22/ℓ (-12.5%) m-o-m, respectively. Diesel 500ppm decreased by R1.61/ℓ (-12.7%) m-o-m to reach R11.08/ℓ on May 01, 2020.
  - o The Rand has depreciated from R18.03/US\$ on April 1st 2020 to R17.46/US\$ on May 28th 2020, while the average Brent Crude Oil prices decreased from \$35.25 to \$20.00/barrel.
  - o The main reason for the lower oil prices is due to the continuous spread of the coronavirus and the resultant lockdown of the major economies globally. This is despite the fact that OPEC and Russia agreed to reduce oil production by about 10 million barrels per day during April 2020.
  - o June 2020 expectation: Petrol prices are expected to increase by between 42c/ℓ and 49c/ℓ from June 3rd, while diesel prices are expected to decline by between 54c/ℓ and 54c/ℓ. Local market will be cautious of any regulatory movements over the next two weeks, as the country prepares to move to lockdown level 3.





## Comparison between urban prices: March 2020 vs. April 2020\*

**Table 1** compares prices of selected food items in urban areas for March 2020 vs. an estimated price for April 2020 (the period of level 5 lockdown). The food items which showed the largest price differences between March 2020 and April 2020 (estimate) urban areas: sunflower oil (750mℓ) at a difference of R7.05, Ceylon/black tea (62.5g) at R3.61 difference, and margarine spread (2.5kg) at a difference of R1.25. This indicates that urban consumers paid R1.90 more on average, for these 11 food items during April 2020.

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

Product	Urban Food Prices March 2020 (R/unit)	Urban Food Estimated Prices April 2020* (R/unit)	Price difference (R/unit)
Full cream milk – long life 1ℓ	14,96	15,00	0,04
Loaf of brown bread 700g	12,50	12,96	0,46
Loaf of white bread 700g	13,66	13,87	0,21
Special maize 2.5 kg	21,95	22,96	1,01
Super maize 2.5kg	25,26	26,14	0,88
Margarine spread 500g	27,53	28,78	1,25
Peanut butter 400g	31,10	30,57	(0,53)
Rice 2kg	27,56	26,28	(1,28)
Sunflower oil 750mℓ	22,78	29,83	7,05
Ceylon/black tea 62.5g	16,40	20,02	3,61
White sugar 2.5kg	42,44	42,77	0,33
<b>Average difference (R/unit)</b>			<b>R1.19</b>

Source: Stats SA, 2020

\*Note: Estimated April 2020 price

## 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 April 2020 (estimate) vs. April 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 April 2020, the estimated nominal cost of the NAMC's 28-item urban food basket amounted to **R908.62** compared to the **R895.18** reported during March 2020, resulting in a monthly percentage increase of 1.5%. When compared to April 2019, an annual (y-o-y) percentage increase of 3.3% 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: peanut butter 400g (6.2%), Ceylon/black tea 250g (23.4%), eggs 1.5 dozen (22%), sunflower oil 750ml (31.9%), bananas – fresh per kg (16.8%), beef offal – fresh per kg (6%), super maize meal 5kg (8.6%), potatoes – fresh per kg (18%), and white sugar 2.5kg (7.8%).

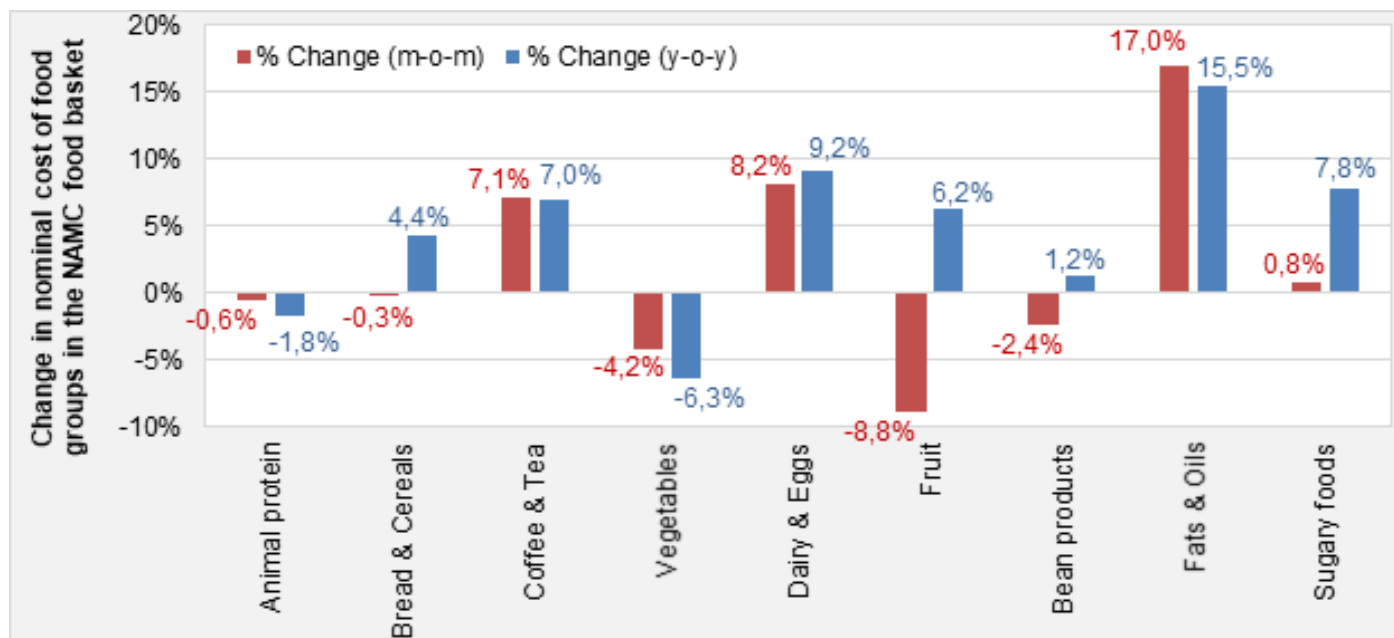
**Table 2:** Percentage change in a basic NAMC food basket (28-item) prices

Category	Product	Apr - 20	Mar-20	Apr-20 Estimate	% change y-o-y	%change m-o-m
Beans	Baked beans - tinned 410g	10,58	11,13	11,02	4,1%	-1,0%
Beans	Beans - dried 500g	19,43	18,76	17,93	-7,7%	-4,4%
Beans	Peanut butter 400g	28,79	31,10	30,57	6,2%	-1,7%
Coffee, Tea	Instant coffee 250g	35,80	35,33	32,45	-9,4%	-8,1%
Coffee, Tea	Ceylon/black tea 250g	35,62	36,01	43,94	23,4%	22,0%
Dairy, Eggs	Full cream milk - long life 1ℓ	14,30	14,96	15,00	4,9%	0,3%
Dairy, Eggs	Eggs 1.5 dozen	41,47	40,63	50,58	22,0%	24,5%
Dairy, Eggs	Cheddar cheese per kg	104,39	106,06	109,30	4,7%	3,1%
Fats, Oils	Brick margarine 500g	21,97	21,25	21,67	-1,4%	2,0%
Fats, Oils	Sunflower oil 750ml	22,62	22,78	29,83	31,9%	31,0%
Fruit	Apples - fresh per kg	22,39	22,32	22,32	-0,3%	0,0%
Fruit	Bananas - fresh per kg	16,42	18,48	19,18	16,8%	3,8%
Fruit	Oranges - fresh per kg	23,80	32,16	25,02	5,1%	-22,2%
Protein	Beef mince - fresh per kg	84,11	85,85	85,16	1,2%	-0,8%
Protein	Beef offal - fresh per kg	34,24	36,31	36,31	6,0%	0,0%
Protein	Chicken giblets per kg	33,97	34,18	34,18	0,6%	0,0%
Protein	IQF chicken portions - 2kg	65,08	68,95	67,03	3,0%	-2,8%
Protein	Fish (excl. tuna) - tinned 400g	19,37	20,85	20,35	5,1%	-2,4%
Protein	Polony per kg	46,86	34,25	35,59	-24,0%	3,9%
Bread & Cereals	Loaf of brown bread 700g	12,56	12,50	12,96	3,2%	3,7%
Bread & Cereals	Loaf of white bread 700g	13,85	13,66	13,87	0,1%	1,5%
Bread & Cereals	Super maize meal 5kg	40,57	43,73	44,04	8,6%	0,7%
Bread & Cereals	Rice 2kg	26,12	27,56	26,28	0,6%	-4,6%
Vegetables	Cabbage - fresh per kg	14,18	15,07	14,96	5,5%	-0,7%
Vegetables	Onions - fresh per kg	13,75	15,30	14,48	5,3%	-5,4%
Vegetables	Potatoes - fresh per kg	12,50	13,21	14,75	18,0%	11,6%
Vegetables	Tomatoes - fresh per kg	24,98	20,35	17,08	-31,6%	-16,1%
Sugary foods	White sugar 2.5kg	39,66	42,44	42,77	7,8%	0,8%
	<b>Total Basket (Rand value)</b>	<b>R879.38</b>	<b>R895.18</b>	<b>R908.62*</b>	<b>3,3%</b>	<b>1,5%</b>

Source: Stats SA and BFAP, 2020

\*Note: Estimated calculated price

To further explore the impact of inflation on consumers, **Figure 2** presents an illustration of the estimated average nominal cost growth of the specific food groups within the NAMC's 28-item food basket, comparing the periods April 2020 (estimate) vs. April 2019 (y-o-y) and April 2020 (estimate) vs. March 2020 (m-o-m). Food categories in this 28-item food basket experiencing the highest annual inflation include oils & fats and dairy & eggs. When considering the estimated monthly contributors' sunflower oil (750ml) reported the highest monthly increase of 31%, followed by eggs (1.5 dozen) with an increase of 24.5% (m-o-m).



**Figure 2:** Nominal cost growth of specific food groups within the NAMC's 28-item food basket, comparing April 2020 (estimate) vs. April 2019 and April 2020 (estimate) vs. March 2020  
 Source: BFAP & NAMC calculations, Stats SA data, 2020



## Background Information

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.

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

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