



IMPORTANCE OF MONITORING FOOD PRICES UNDER COVID-19

By: Bongani Radebe

The National Agricultural Marketing Council (NAMC) continues to be consistent in releasing monthly Food Price Monitor. However, the COVID-19 pandemic has fundamentally impacted the South African economy and Statistics South Africa's (Stats SA) ability to measure the food price impact.

Food items in May 2020 showing the largest price differences between urban areas in April 2020 - March 2020 were: sunflower cooking oil, Ceylon/black tea, and margarine spread. According to the NAMC, this indicates that urban consumers paid more on average for these selected 11 food items during April 2020.

Looking at these figures, consumers in both urban and rural areas faced high food prices and this may have been expected as many feared that food supply would be disrupted by COVID-19. Panic buying also occurred before the lockdown and may have led to price spikes and erode people's access to food in the urban areas.

Bongani Ngele (34) from Silverton in Pretoria said that increase of food prices under COVID-19 did affected him and his family negatively. "I bought more food compare to the months before the pandemic, which led to more money on food than the other months. Food consumption also increased in my household with my kids not going to school" he said.

But the big question is that, are the prices in the local markets where consumers buy their basic food accurately captured in the consumer price index? According to Stats SA, the problem seemed to be in price reporting systems as individual food items and price data tend to be collected at "relatively low frequency (monthly, quarterly) and published with considerable period." These hikes has resulted in a high number of concerns from the public to the Retail Competition Commissioner.

Nthabiseng Maepa (36) from Soshanguvhe raised his concern of food price disparity and said she had noticed certain big retail stores have adapted a bad habit during this lockdown of making mark up on the system and not on the shelf. "This is a rip off, the price we see is not the price we pay. We have seen prices change every second day which I don't understand because the petrol price has been decreasing but the food prices always on an increase."

Food prices strongly influence livelihoods, farmers, traders, processors, and most importantly the consumers at large. Monitoring food prices is particularly important, it assists the price control everywhere. When markets are stiff, most prices are sensitive to shocks and there could be supply disruptions resulting in the poor who spend most of their income on food. All these factors are indicated in the NAMC Food Price Monitor and it is important for society to be aware of food price trends.