

MERC

Markets & Economic Research
Centre

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 June 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 resulted in the April 2020 CPI data to be published on Wednesday 24 June 2020 (see link below from the Stats SA website:

<http://www.statssa.gov.za/publications/P0141/P0141April2020.pdf>

This report will now contain the official April 2020 data, as the official release of the May 2020 CPI data is scheduled for 15 July 2020. 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 nominal cost of the NAMC's 28-item urban food basket amounted to R937.22 compared to the R895.18 reported during March 2020, resulting in a monthly percentage increase of 4.7%. When compared to April 2019, an annual (y-o-y) percentage increase of 6.6% 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 25.7% and 17.8%, respectively, with coffee & tea prices reporting deflation of 10.8% during the same period.
- In June 2020 fuel prices increased by R1.18/ℓ for both 93ULP and 95ULP to reach R13.20/ℓ (9.8%) m-o-m and R13.40/ℓ (9.7%) m-o-m, respectively. Diesel 500ppm increased by 22c/ℓ (2%) m-o-m to reach R11.30/ℓ on June 03, 2020.
 - o The Rand has appreciated from R18.48/US\$ on May 8th 2020 to R17.32/US\$ on June 24th 2020.
 - o The main reason for the increase in prices was expected due to most of the world returning to more typical economic activity leading to an increased demand with restorative supply.
 - o July 2020 expectation: Petrol prices are expected to increase by R1.59/ℓ, while diesel prices are expected to incline by R1.48/ℓ. The demand for oil has been increasing and per-barrel prices stabilised.



Overall inflation and food inflation

The official April 2020 Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) on June 24th, 2020, indicated that the headline CPI and the food and non-alcoholic beverage reached 3% and 4.4%, respectively. The same indices were 4.1% and 4.2% during March 2020. **Figure 1** shows the trends in the headline CPI and food and non-alcoholic beverage inflation rates on a monthly basis, from January 2015 to April 2020.

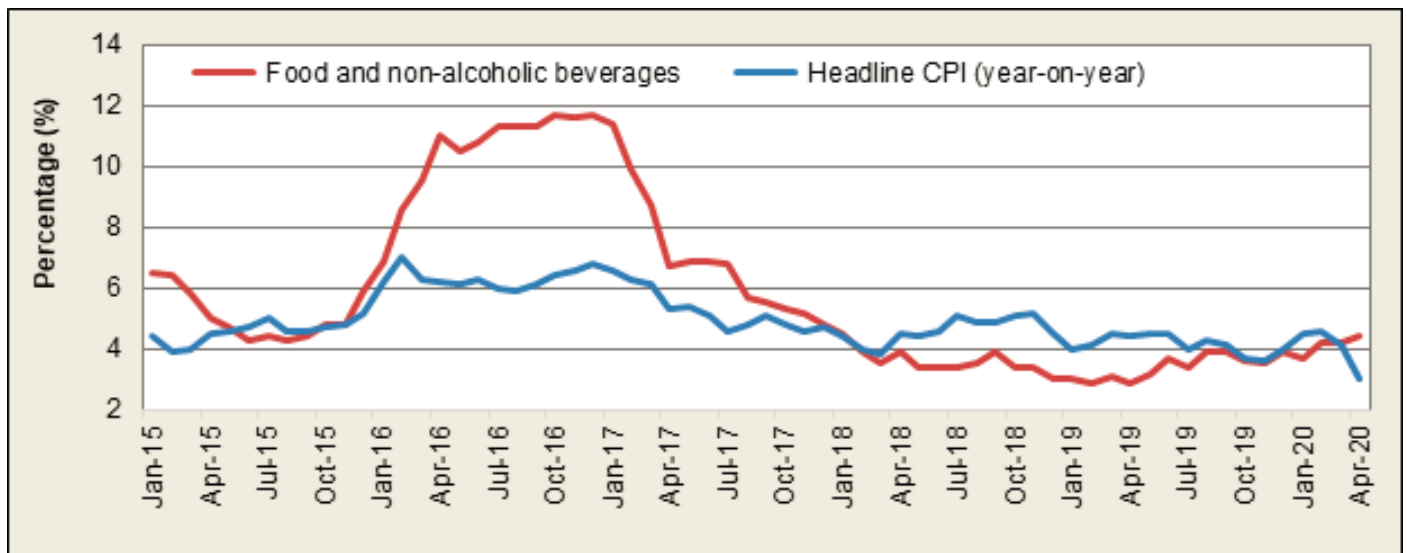


Figure 1: Headline CPI and food and non-alcoholic beverage CPI

Source: Stats SA, 2020

Note Important to note is that the prices collected during the lockdown period affective from March 27th 2020 will be eminent in the April 2020 figure.

Comparison between urban prices: March 2020 vs. April 2020

Table 1 compares prices of selected food items in urban areas for April 2020 vs. March 2020. The food items which showed the largest price differences between April 2020 vs. March 2020 urban areas are: sunflower oil (750ml) at a difference of R7.00, super maize (2.5kg) at R0.80 difference, and a loaf of white bread (700g) at a difference of R0.77. This indicates that urban consumers paid R0.50 more on average, for these 11 food items during April 2020.

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

Product	Urban Food Prices March 2020 (R/unit)	Urban Food Prices April 2020 (R/unit)	Price difference (R/unit)
Full cream milk – long life 1ℓ	14.96	15.03	0.07
Loaf of brown bread 700g	12.50	13.25	0.75
Loaf of white bread 700g	13.66	14.43	0.77
Special maize 2.5 kg	21.95	22.48	0.53
Super maize 2.5 kg	25.26	26.06	0.80
Margarine spread 500g	27.53	27.05	0.48
Peanut butter 400g	31.10	30.96	0.14
Rice 2kg	27.56	27.34	0.22
Sunflower oil 750ml	22.78	29.78	7.00
Ceylon/black tea 62.5g	16.40	14.57	1.84
White sugar 2.5kg	42.44	40.66	1.78
Average difference (R/unit)			R0.50

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 April 2020 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 nominal cost of the NAMC's 28-item urban food basket amounted to **R937.22** compared to the **R895.18** reported during March 2020, resulting in a monthly percentage increase of 4.7%. When compared to April 2019, annual (y-o-y) percentages increase of 6.6% 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: eggs 1.5 dozen (54.9%), beef offal – fresh per kg (40.2%), potatoes – fresh per kg (35%), sunflower oil 750ml (31.7%), onions per kg (28.7%), super maize meal 5kg (16.6%), bananas – fresh per kg (13.7%), brick margarine 500g (12%), oranges – fresh per kg (11.1%), cheddar cheese per kg (7.7%), peanut butter 400g (7.5%), fish(excl. tuna) – tinned 400g (6.9%), and baked beans – tinned 410g (6%).

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

Category	Product	Apr - 19	Mar-20	Apr-20 Official	% change y-o-y	%change m-o-m
Fruit	Bananas - fresh per kg	10.58	11.13	11.21	6.0	0.7
Fruit	Oranges - fresh per kg	19.43	18.76	18.63	-4.1	-0.7
Protein	Beef mince - fresh per kg	28.79	31.10	30.96	7.5	-0.5
Protein	Beef offal - fresh per kg	35.80	35.33	31.53	-11.9	-10.8
Protein	Chicken giblets per kg	35.62	36.01	31.98	-10.2	-11.2
Protein	IQF chicken portions - 2kg	14.30	14.96	15.03	5.1	0.5
Protein	Fish (excl. tuna) - tinned 400g	41.47	40.63	64.22	54.9	58.1
Protein	Polony per kg	104.00	106.06	112.38	7.7	6.0
Bread & Cereals	Loaf of brown bread 700g	21.97	21.25	24.60	12.0	15.8
Bread & Cereals	Loaf of white bread 700g	22.62	22.78	29.78	31.7	30.7
Bread & Cereals	Super maize meal 5kg	22.39	22.32	17.99	-19.7	-19.4
Bread & Cereals	Rice 2kg	16.42	18.48	18.67	13.7	1.0
Vegetables	Cabbage - fresh per kg	23.80	32.16	26.44	11.1	-17.8
Vegetables	Onions - fresh per kg	84.11	85.85	88.20	4.9	2.7
Vegetables	Potatoes - fresh per kg	34.24	36.31	47.99	40.2	32.2
Vegetables	Tomatoes - fresh per kg	33.97	34.18	31.99	-5.8	-6.4
Sugary foods	White sugar 2.5kg	65.08	68.95	66.84	2.7	-3.1
Protein	Fish (excl. tuna) - tinned 400g	19.37	20.85	20.71	6.9	-0.7
Protein	Polony per kg	46.86	34.25	36.24	-22.7	5.8
Bread & Cereals	Loaf of brown bread 700g	12.56	12.50	13.25	5.5	6.0
Bread & Cereals	Loaf of white bread 700g	13.85	13.66	14.43	4.2	5.6
Bread & Cereals	Super maize meal 5kg	40.57	43.73	47.32	16.6	8.2
Bread & Cereals	Rice 2kg	26.12	27.56	27.34	4.7	-0.8
Vegetables	Cabbage - fresh per kg	14.18	15.07	14.92	5.2	-1.0
Vegetables	Onions - fresh per kg	13.75	15.30	17.69	28.7	15.6
Vegetables	Potatoes - fresh per kg	12.50	13.21	16.88	35.0	27.7
Vegetables	Tomatoes - fresh per kg	24.98	20.35	19.35	-22.5	-4.9
Sugary foods	White sugar 2.5kg	39.66	42.44	40.66	2.5	-4.2
	Total Basket (Rand value)	R878.99	R895.18	R937.22	6.6%	4.7%

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 the specific food groups within the NAMC's 28-item food basket, comparing the periods April 2020 vs. April 2019 (y-o-y) and April 2020 vs. March 2020 (m-o-m). Food categories in this 28-item food basket experiencing the highest annual inflation include fats & oils and dairy & eggs. When considering the monthly contributors' sunflower oil (750mℓ) reported a monthly increase of 30.7%.

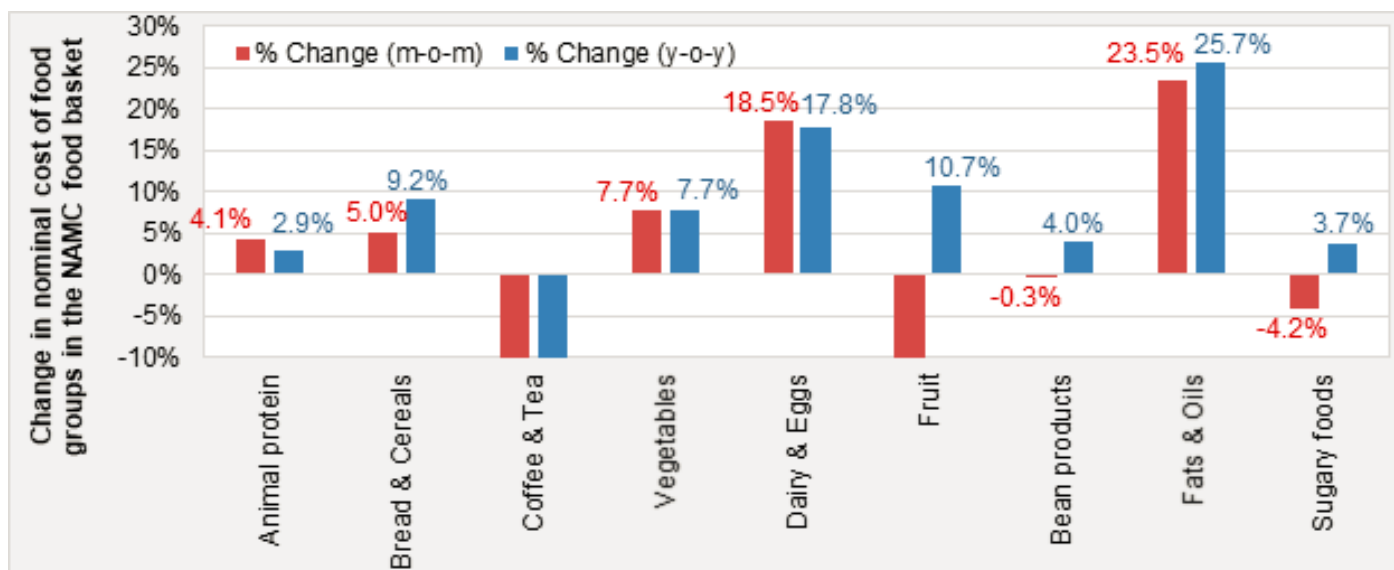


Figure 2: Nominal cost growth of specific food groups within the NAMC's 28-item food basket, comparing April 2020 vs. April 2019 and April 2020 vs. March 2020

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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