

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 September 2020 - August data

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, the compilation and release of August 2020 CPI data was published on Wednesday September the 30th 2020 (see link below from the Stats SA website:

<http://www.statssa.gov.za/publications/P0141/P0141August2020.pdf>

This report will now contain the official August 2020 data, as the official release of the September 2020 CPI data is scheduled for October 28th 2020. As a result, certain price comparisons would not be feasible at this stage in the report i.e. rural comparisons.

Highlights

- During August 2020, the nominal cost of the NAMC's 28-item urban food basket amounted to R946.23 compared to the R957.45 reported during July 2020, resulting in a monthly percentage decrease of 1.2%. When compared to August 2019, an annual (y-o-y) percentage increase of 9.1% was reported.
- Within the NAMC's 28-item urban food basket, dairy & eggs and vegetables price categories were the highest food inflation contributors (y-o-y) with 17.7% and 15.6%, respectively, with coffee & tea prices reporting deflation of 7.3%, during the same period.
- Rice and oranges were two commodities with the highest annual food inflation which can be attributed to higher global prices for rice due to COVID-19 when compared to last year, and for oranges the increase in prices can be linked to increased exports.
- In September 2020 fuel prices for both 93ULP and 95ULP increased by R0.01/ℓ m-o-m to reach R14.89/ℓ and R15.18/ℓ, respectively representing 0.07% m-o-m. Diesel 500ppm increased by R0.45/ℓ (3.45%) m-o-m to reach R13.48/ℓ on the 1st of September 2020.
- The Rand has depreciated from R16.75/US\$ beginning of September 2020 to R17.11/US\$ on the September 28th 2020,
- The weak rand during September has negatively affected fuel price recovery per litre.
- October 2020 expectations: Petrol prices are expected to remain stable for 93ULP while a possible decrease for 95ULP is expected. Diesel prices are expected to decline marginal.



Overall inflation and food inflation

The official August 2020 Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) on September 30th 2020, indicated that the headline CPI and the food and non-alcoholic beverage both declined and reached 3.1% and 3.9%, respectively. The same indices were 3.2% and 4.3% during July 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 August 2020.

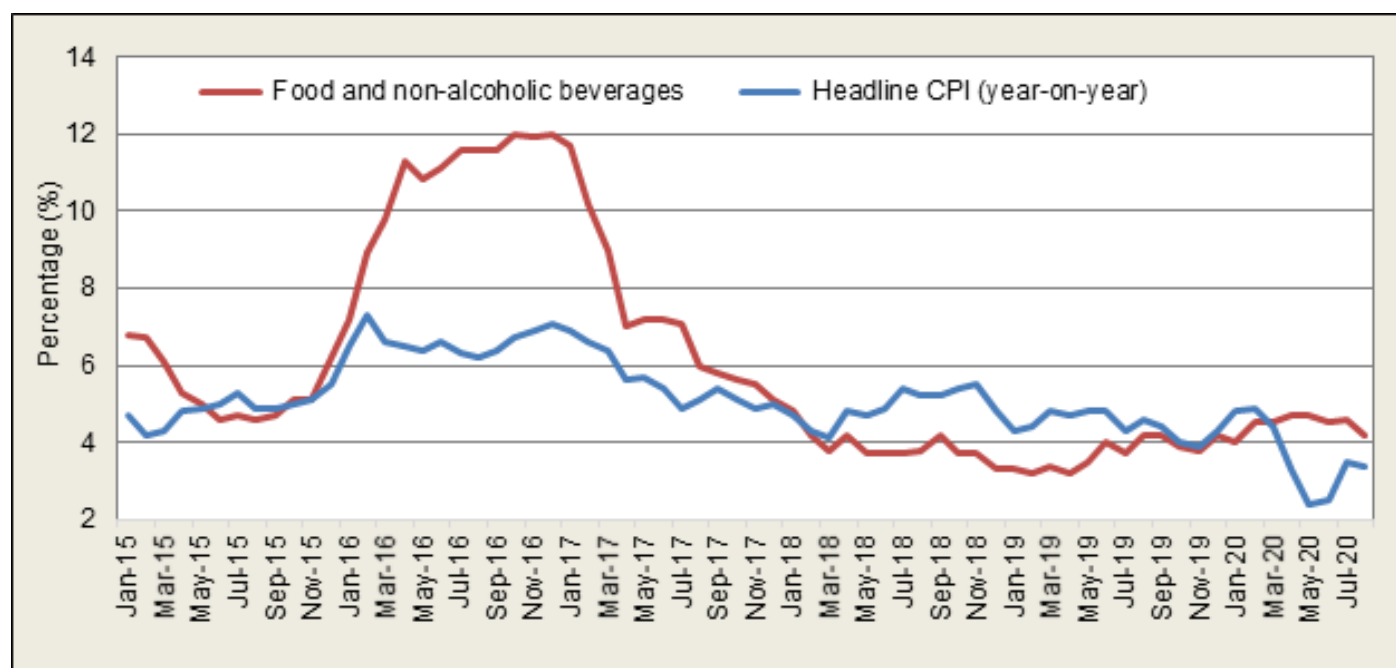


Figure 1: Headline CPI and food and non-alcoholic beverage CPI

Source: Stats SA, 2020

Comparison between urban prices: August 2020 vs. July 2020

Table 1 compares prices of selected food items in urban areas for August 2020 vs. July 2020. The food items which showed the largest price differences between August 2020 and July 2020 for urban areas was: white sugar (2.5kg) at a price difference of R1.29, followed by special maize meal (2.5kg) at R1.09, sunflower oil (750ml) at R0.50, loaf of white bread 700g at R0.33, full cream milk – long life 1ℓ and margarine spread (500g) at R0.32 as well as a loaf of white bread 700g at R0.20. This indicates that urban consumers paid R0.10 more on average, for these 11 food items during August 2020.

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

Product	Urban Food Prices June 2020 (R/unit)	Urban Food Prices July 2020 (R/unit)	Price difference (R/unit)
Full cream milk – long life 1ℓ	15.37	15.69	0.32
Loaf of brown bread 700g	13.40	13.60	0.20
Loaf of white bread 700g	15.05	15.38	0.33
Special maize 2.5 kg	21.37	22.46	1.09
Super maize 2.5 kg	25.25	25.15	(0.10)
Margarine spread 500g	24.12	24.44	0.32
Peanut butter 400g	31.98	31.93	(0.05)
Rice 2kg	41.94	39.79	(2.15)
Sunflower oil 750ml	22.22	22.72	0.50
Ceylon/black tea 62.5g	14.11	13.50	(0.61)
White sugar 2.5kg	42.23	43.52	1.29
Average difference (R/unit)			0.10

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 August 2020 vs. August 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 August 2020, the nominal cost of the NAMC's 28-item urban food basket amounted to R946.23 compared to the R957.45 reported during July 2020, resulting in a monthly percentage decrease of 1.2%. When compared to August 2019, annual (y-o-y) percentage increase of 9.1% 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: rice 2kg (48.7%), oranges - fresh per kg (35.0%), baked beans-tinned 410g (28.7%), tomatoes - fresh per kg (23.7%), eggs 1.5 dozen (22.0%), cheddar cheese per kg (17.9%), bananas per kg (17.8%), cabbage – fresh per kg (17.4%), beef mince – fresh per kg (16.0%), loaf of white bread 700g (11.9%), potatoes - fresh per kg (10.8%), loaf of brown bread 700g (9.0%), white sugar 2.5kg (8.9%), beef offal per kg (8.9%), onions per kg (8.7%), IQF chicken portions - 2kg (7.8%) and full cream milk - long life 1ℓ (6.7%).

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

Category	Product	Aug-20	Jul-20	Aug-20	% change y-o-y	%change m-o-m
Beans	Baked beans - tinned 410g	10.72	10.59	13.80	28.7%	30.3%
Beans	Beans - dried 500g	18.84	23.02	21.57	14.5%	-6.3%
Beans	Peanut butter 400g	30.30	31.98	31.93	5.4%	-0.2%
Coffee, Tea	Instant coffee 250g	35.39	36.64	36.71	3.7%	0.2%
Coffee, Tea	Ceylon/black tea 250g	36.20	30.97	29.64	-18.1%	-4.3%
Dairy, Eggs	Full cream milk - long life 1ℓ	14.71	15.37	15.69	6.7%	2.1%
Dairy, Eggs	Eggs 1.5 dozen	40.92	60.90	49.93	22.0%	-18.0%
Dairy, Eggs	Cheddar cheese per kg*	108.85	128.07	128.32	17.9%	0.2%
Fats, Oils	Brick margarine 500g	21.98	21.22	22.80	3.7%	7.4%
Fats, Oils	Sunflower oil 750ml	21.90	22.22	22.72	3.7%	2.3%
Fruit	Apples - fresh per kg	21.28	16.24	16.99	-20.2%	4.6%
Fruit	Bananas - fresh per kg	14.53	17.27	17.11	17.8%	-0.9%
Fruit	Oranges - fresh per kg	14.28	19.53	19.28	35.0%	-1.3%
Protein	Beef mince - fresh per kg	83.99	89.25	97.41	16.0%	9.1%
Protein	Beef offal - fresh per kg	35.10	39.23	38.22	8.9%	-2.6%
Protein	Chicken giblets per kg	33.43	33.65	33.41	-0.1%	-0.7%
Protein	IQF chicken portions - 2kg	66.68	73.26	71.91	7.8%	-1.8%
Protein	Fish (excl. tuna) - tinned 400g	19.52	19.87	19.82	1.5%	-0.3%
Protein	Polony per kg / 1kg	46.64	43.22	39.64	-15.0%	-8.3%
Bread & Cereals	Loaf of brown bread 700g	12.48	13.40	13.60	9.0%	1.5%
Bread & Cereals	Loaf of white bread 700g	13.75	15.05	15.38	11.9%	2.2%
Bread & Cereals	Super maize meal 5kg	41.57	44.97	40.37	-2.9%	-10.2%
Bread & Cereals	Rice 2kg	26.76	41.94	39.79	48.7%	-5.1%
Vegetables	Cabbage - fresh per kg	13.30	13.18	15.62	17.4%	18.5%
Vegetables	Onions - fresh per kg	15.15	17.72	16.47	8.7%	-7.1%
Vegetables	Potatoes - fresh per kg	12.10	14.47	13.41	10.8%	-7.3%
Vegetables	Tomatoes - fresh per kg	17.11	21.99	21.17	23.7%	-3.7%
Sugary foods	White sugar 2.5kg	39.96	42.23	43.52	8.9%	3.1%
	Total Rand value*	867.44	957.45	946.23	9.1%	-1.2%

Source: Stats SA and BFAP, 2020

*Note: Missing and/or unverified prices adjusted with product group inflation for August 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 August 2020 vs. August 2019 (y-o-y) and August 2020 vs. July 2020 (m-o-m). Food categories in this 28-item food basket experiencing the highest annual inflation include dairy & eggs (17.9% y-o-y) and vegetables (15.6% y-o-y). When considering the monthly contributors' baked beans and cabbage reported a monthly increase of 30.3% and 18.5%, respectively. Rice and oranges were two commodities with the highest annual food inflation which can be attributed to higher global prices for rice due to COVID-19 when compared to last year, and for oranges the increase in prices can be linked to increased exports.

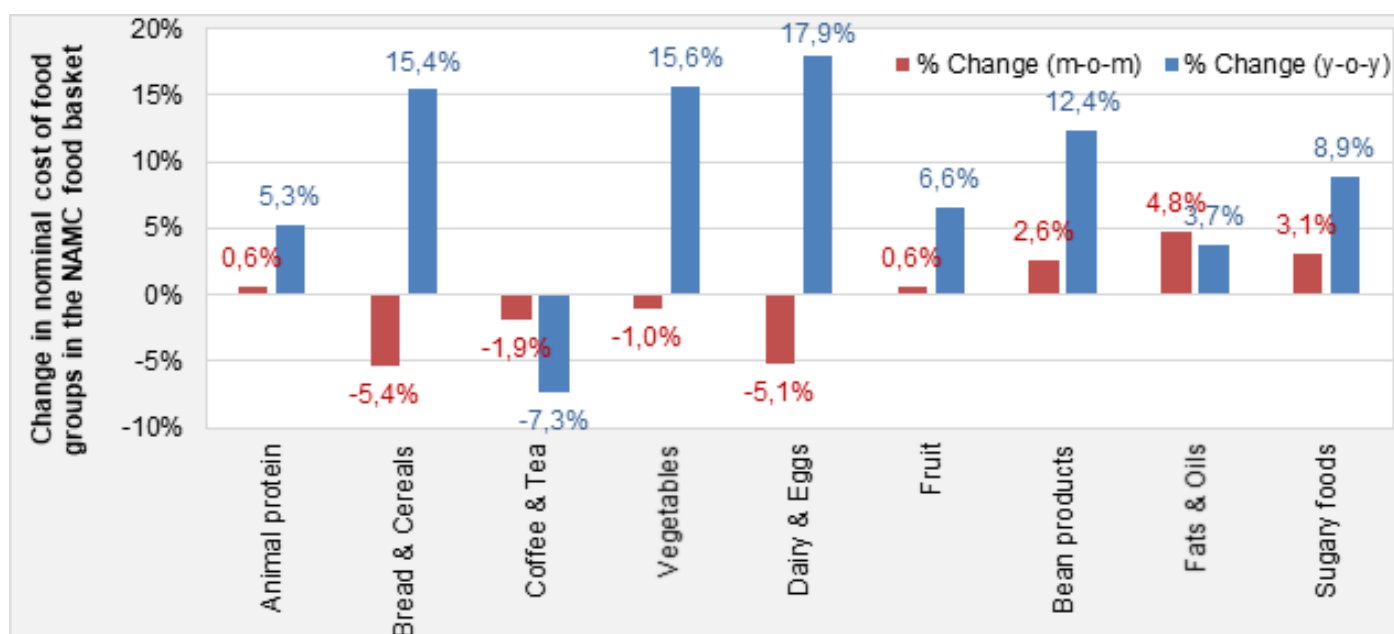


Figure 2: Nominal cost growth of specific food groups within the NAMC's 28-item food basket, comparing August 2020 vs. August 2019 and August 2020 vs. July 2020

Source: 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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