

**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

July 2021 - June 2021 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 June 2021 CPI data were published on Wednesday the 21<sup>st</sup> of July 2021 (see link below from the Stats SA website):

<http://www.statssa.gov.za/publications/P0141/P0141June2021.pdf>

This report will now contain the official June 2021 data, as the official release of the July 2021 CPI data is scheduled for August 18<sup>th</sup>, 2021. Because rural data is still not monitored by Stats SA, price comparisons between rural and urban is still not feasible at this stage.

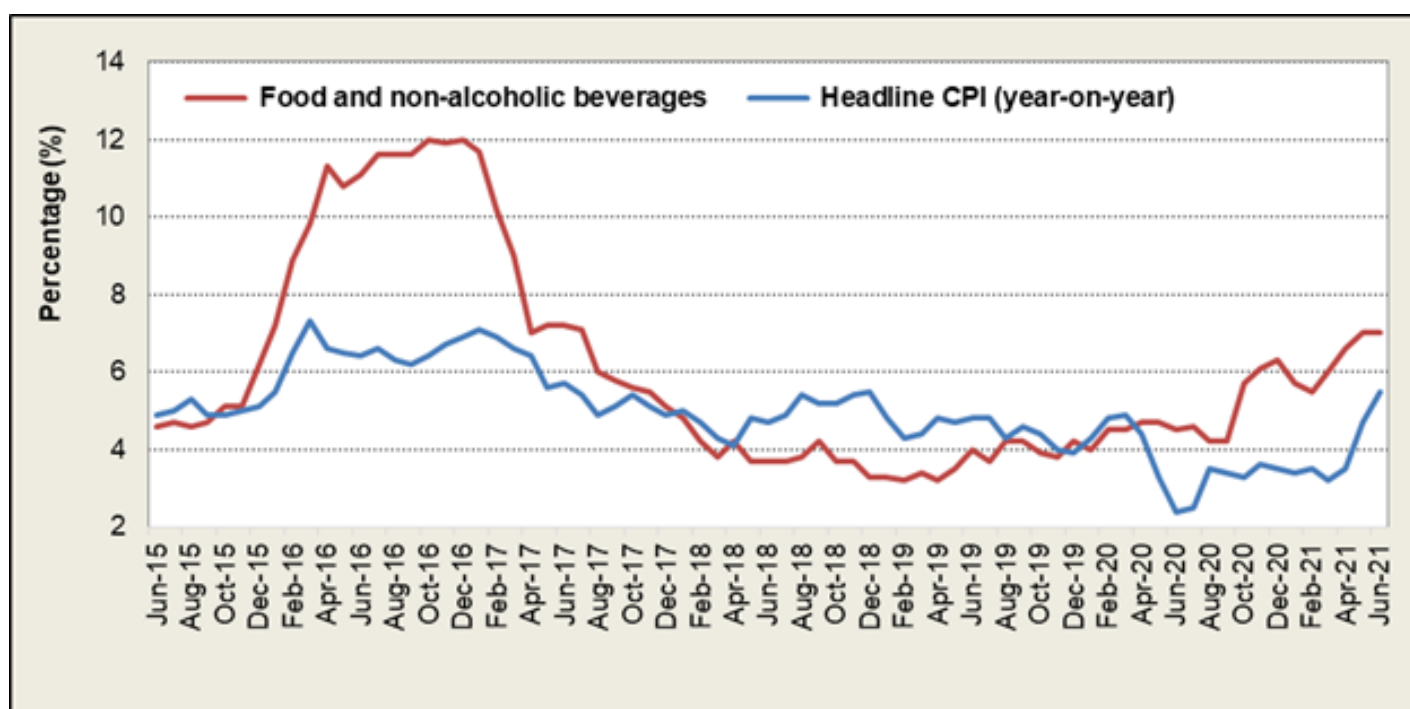
## Highlights

- During June 2021, the nominal cost of the NAMC's 28-item urban food basket amounted to R977.57 compared to the R982.17 reported during May 2021, resulting in a monthly decrease of 0.5%. When compared to June 2020, an annual (y-o-y) increase of 1.4% was observed.
  - o Within the NAMC's 28-item urban food basket fats & oils, bean products and coffee & tea categories were the highest food inflation contributors during June 2021 (y-o-y) with increases recorded at 22.0%, 12.7% and 11.1%, respectively, while dairy & egg prices reporting a deflation of 17.7% during the same period.
  - o Sunflower oil was amongst commodities with the highest annual food inflation on year-on-year basis recorded at 40.3%. This can be attributed to shortages in supply from the global suppliers like Malaysia, however, the situation should improve in the coming months.
- On June 2<sup>nd</sup> 2021, fuel prices for both 93 Unleaded Petrol (ULP) and 95ULP had both decreased by R0.10/ℓ to reach R16.91/ℓ and R17.13 m-o-m, respectively, while diesel 500ppm prices had increased by R0.20/ℓ m-o-m to reach R14.66/ℓ, from R14.46ℓ observed during May 2021.
  - o The Rand had noticeable depreciated towards the end of June 2021, from R13.72 on the 31<sup>th</sup> of May 2021 to R14.28 on the 31<sup>st</sup> of June. This had little impact on fuel prices during June 2021, nevertheless, a slight decrease in fuel prices was observed.
  - o **July 2021 expectations:** fuel prices are expected to slightly increase following a slight decrease in June attributed to a steady demand in oil from the global market and the Rand depreciation. These developments are likely to continue putting pressure on the domestic food prices during July, despite a decline from the global foods prices, however, from August onwards there could be some improvements from domestic food prices due to rising food supplies globally.



## Overall inflation and food inflation

**Figure 1** shows the trends in the headline CPI and food and non-alcoholic beverage inflation rates, from June 2015 to June 2021. The official June 2021 Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) on July 21<sup>st</sup>, 2021, indicated that the annual headline CPI decreased from 5.2% in May to 4.9% in June 2021, while food and non-alcoholic beverages price inflation remained at the same level as the previous month (6.7%) in June 2021. Attributed to this, are fuel prices which fell slightly in June, as well as noticeable decline in prices for some major foods globally especially maize and vegetable oils as main drivers. The Rand had depreciated marginally in June, nonetheless, the improving global food supplies from key exporters and fuel prices had a counter effect on the Rand depreciation thus an improvement in some foods prices domestically was observed.



**Figure 1:** Headline CPI and food and non-alcoholic beverages CPI

Source: Stats SA, 2021

## Comparison between urban prices: June 2021 vs. May 2020

**Table 1** compares prices of selected food items in urban areas for June 2021 against May 2021. The food items which showed the largest price differences during this period were: rice (R1.94) followed by peanut butter (R0.63), Ceylon/black tea and full cream long-life milk both at R0.29, white sugar (R0.09), sunflower oil and super maize meal both at (R0.06). During June 2021, while prices for some food items had increased, a few items had decreased. Following a significant increase in May, margarine spread had decreased by R5.01, special maize meal decreased by R0.34, while a loaf of brown and white bread had decreased by R0.31 and R0.09, respectively. Overall, urban consumers paid R0.22 less on average for these 11 food items during June 2021 when compared to May 2021.

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

Product	Urban Food Prices May 2021 (R/unit)	Urban Food Prices June 2021 (R/unit)	Price difference (R/unit)
Full cream milk – long life 1ℓ	16.25	16.54	0.29
A loaf of brown bread 700g	14.03	13.72	-0.31
A loaf of white bread 700g	15.33	15.24	-0.09
Special maize 2.5kg	27.67	27.33	-0.34
Super maize 2.5kg	27.87	27.93	0.06
Margarine spread 500g	35.97	30.96	-5.01
Peanut butter 400g	34.00	34.63	0.63
Rice 2kg	39.01	40.95	1.94
Sunflower oil 750ml	29.39	29.45	0.06
Ceylon/black tea 62.5g	15.78	16.07	0.29
White sugar 2.5kg	45.95	46.04	0.09
<b>Average difference (R/unit)</b>			<b>-0.22</b>

Source: Stats SA, 2021

## The NAMC food basket: June 2021 vs June 2020

This section presents the nominal cost of the NAMC's 28-item urban food basket, based on average food price data for June 2021 vs. June 2020. The nominal cost of the NAMC's 28-item urban food basket in June 2021 amounted to R977.57 compared to the R982.17 reported during May 2021. This represented a decrease of 0.5% m-o-m, and an increase of 1.4% y-o-y.

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: sunflower oil (40.0%), fresh tomatoes (30.7%), beef mince (19.8%), dried beans (17.5%), Ceylon/black tea (17.4%), super maize meal (15.5%), tinned fish (11.2%), baked beans (10.7%), white sugar (10.3%), peanut butter (10.0%), bananas (9.1%), chicken giblets (8.8%), Individual Quick Freezing (IQF) chicken portions (8.1%) and cabbage (7.9%).

\*Composition of the current food basket (revised in 2017) includes 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.

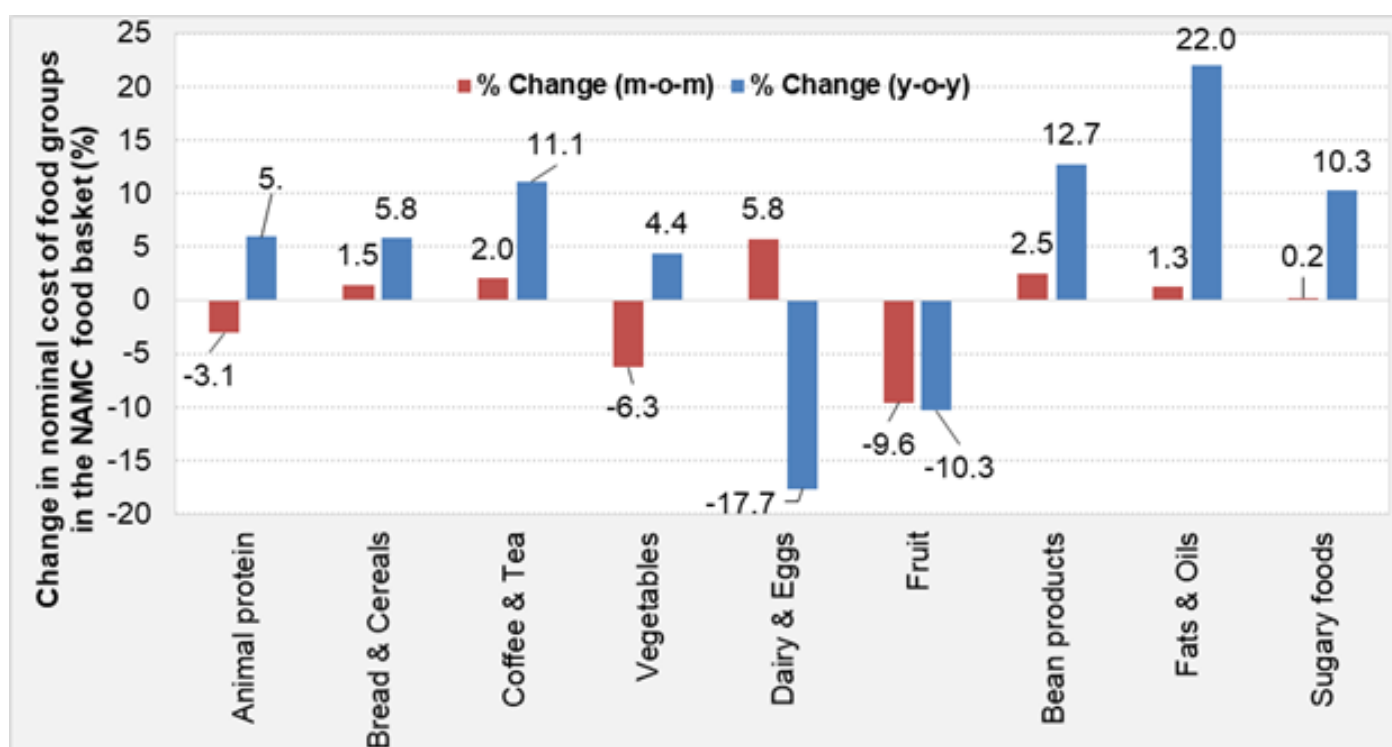
**Table 2: Percentage change in a basic NAMC food basket (28-item) prices**

Category	Product	June 20 R/unit	May 21 R/unit	June 21 R/unit	% change y-o-y	% change m-o-m
Beans	Baked beans - tinned 410g	9.78	11.07	10.83	10.7	-2.2
Beans	Beans - dried 500g	22.56	25.11	26.50	17.5	5.5
Beans	Peanut butter 400g	31.49	34.00	34.63	10.0	1.9
Coffee, Tea	Instant coffee 250g	36.32	37.64	38.47	5.9	2.2
Coffee, Tea	Ceylon/black tea 250g	30.05	34.65	35.29	17.4	1.8
Dairy, Eggs	Full cream milk - long life 1ℓ	15.76	16.25	16.54	4.9	1.8
Dairy, Eggs	Eggs 1.5 dozen	69.99	50.17	51.74	-26.1	3.1
Dairy, Eggs	Cheddar cheese per kg	128.07	99.99	107.74	-15.9	7.8
Fats, Oils	Brick margarine 500g	22.71	23.24	23.85	5.0	2.6
Fats, Oils	Sunflower oil 750ml	20.99	29.39	29.45	40.3	0.2
Fruit	Apples - fresh per kg	20.56	16.62	16.53	-19.6	-0.5
Fruit	Bananas - fresh per kg	16.75	18.84	18.28	9.1	-3.0
Fruit	Oranges - fresh per kg	19.30	20.70	15.96	-17.3	-22.9
Protein	Beef mince - fresh per kg	78.82	95.16	94.42	19.8	-0.8
Protein	Beef offal - fresh per kg	53.67	45.04	44.85	-16.4	-0.4
Protein	Chicken giblets per kg	35.42	39.22	38.55	8.8	-1.7
Protein	IQF chicken portions - 2kg	71.57	85.18	77.40	8.1	-9.1
Protein	Fish (excl. tuna) - tinned 400g	19.71	21.90	21.92	11.2	0.1
Protein	Polony per kg / 1kg	43.19	43.92	43.17	0.0	-1.7
Bread & Cereals	Loaf of brown bread 700g	13.32	14.03	13.72	3.0	-2.2
Bread & Cereals	Loaf of white bread 700g	15.19	15.33	15.24	0.3	-0.6
Bread & Cereals	Super maize meal 5kg	42.99	49.47	49.65	15.5	0.4
Bread & Cereals	Rice 2kg	41.49	39.01	40.95	-1.3	5.0
Vegetables	Cabbage - fresh per kg	13.59	14.90	14.66	7.9	-1.6
Vegetables	Onions - fresh per kg	18.05	15.29	15.28	-15.3	-0.1
Vegetables	Potatoes - fresh per kg	14.60	13.51	13.90	-4.8	2.9
Vegetables	Tomatoes - fresh per kg	16.84	26.59	22.01	30.7	-17.2
Sugary foods	White sugar 2.5kg	41.75	45.95	46.04	10.3	0.2
	<b>Total Rand Value</b>	<b>964.52</b>	<b>982.17</b>	<b>977.57</b>	<b>1.4</b>	<b>-0.5</b>

Source: Stats SA and BFAP, 2021

To further explore the impact of price inflation on consumers, **Figure 2** presents the average nominal cost growth of specific food groups within the NAMC's 28-item food basket comparing the periods June 2021 vs. June 2020 (y-o-y) and June 2021 vs. May 2021 (m-o-m). On y-o-y basis, food categories that recorded the highest inflation include fats & oils, bean products and coffee & tea at 22.0%, 12.7% and 11.1%, respectively. Monthly (m-o-m), inflation figures for dairy and eggs, bean products, coffee & tea were the largest contributors at 5.8%, 2.5% and 2.0%, respectively





**Figure 2:** Nominal cost growth of specific food groups within the NAMC's 28-item food basket, comparing June 2021 vs. June 2020 and June 2021 vs. May 2021

Source: NAMC calculations, Stats SA data, 2021

From the global markets' point of view in June 2021, food prices for some commodities have increased while others decelerated. The Food and Agricultural Organization (FAO) of the United Nations global food price index (FFPI) had decreased by 2.5% m-o-m for the first time in 13 months, however, it's still 33.9% higher when compared to the same period the previous year. Food prices that had decreased during June were vegetable oils, cereals and dairy products prices. Meat and sugar prices remained elevated from the previous month price levels. Global maize prices had decreased by 5.0% in June supported by increased supplies and better yields from Argentina, declining prices from Brazil and the USA following improved weather conditions in parts of the country. Like maize, international wheat and rice prices also fell noticeably in June following improving global supply prospects. The rapeseed oil quotations however remain higher attributed to the rising demand from the European Union.

Domestic food prices remain elevated for some food products, especially for those commodities that the country relies on imports such as vegetable oils and those that are heavily influenced by global market forces such as maize products. However, a decline for some items is expected in the coming weeks should the global market situation improve. Vegetables and fruits continued with the declining trend on m-o-m following an improving domestic supply in recent weeks.

## 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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