

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

May 2021 - April 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 April 2021 CPI data were published on Wednesday the 19th of May 2021 (see link below from the Stats SA website):

http://www.statssa.gov.za/publications/P0141/P0141April2021_Tables.pdf

This report will now contain the official April 2021 data, as the official release of the May 2021 CPI data is scheduled for June 23rd, 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 April 2021, the nominal cost of the NAMC's 28-item urban food basket amounted to R969.13 compared to the R982.11 reported during March 2021, resulting in a monthly decrease of 1.3%. When compared to April 2020, an annual (y-o-y) increase of 3.4% was observed.
 - Within the NAMC's 28-item urban food basket, bread & cereals, bean products and sugary foods categories were the highest food inflation contributors during April 2021 (y-o-y) with 15.9%, 14.5% and 13.1%, respectively, with dairy & egg prices reporting deflation of 9.7% during the same period.
 - Tomatoes (59.1%) was amongst the commodities with the highest annual food inflation which can be attributed to shortages in supply in early 2021 and an increase in demand from the neighbouring countries.
- In April 7th 2021 fuel prices for both 93 Unleaded Petrol (ULP) and 95ULP had increased by R0.95/ℓ to reach R17.10/ℓ and by R1.00 to reach R17.32 m-o-m, respectively while diesel 500ppm prices had increased by R0.65/ℓ m-o-m to reach R14.13/ℓ, from R13.58/ℓ observed during March 2021. This meant petrol prices during April 2021 had increased by 5.88% for 93ULP and 6.12% for 95ULP m-o-m, while 500ppm diesel had increased by 4.60%.
 - The Rand slightly appreciated towards the end of April 2021, from R14.78 on the 30th of March 2021 to R14.50 on the 30th of April 2021. This had little impact on fuel prices to improve during April 2021 as a result a significant increase in fuel prices was observed.
 - **June 2021 expectations:** fuel prices are expected to slightly decrease following a significant increase in April attributed to increases in the oil price from the global market and Rand depreciation. This might have a positive effect on food prices during May, but international food prices will play a critical role in this.



Overall inflation and food inflation

Figure 1 shows the trends in the headline CPI and food and non-alcoholic beverage inflation rates, from April 2015 to April 2021. The official April 2021 Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) on May 19th, 2021, indicated that the annual headline CPI increased from 3.2% in March to 4.4% in April 2021. Food and non-alcoholic beverages price inflation increased from 5.7% in March 2021 year-on-year to 6.3% in April 2021. Annual inflation of cereal products such as rice, and bean products reflected international prices which remain elevated in April. Monthly price increases of vegetables were high especially for tomatoes. Also, the significant increase in fuel prices played a crucial role in April food inflation prices and the weaker Rand against the US dollar throughout April.

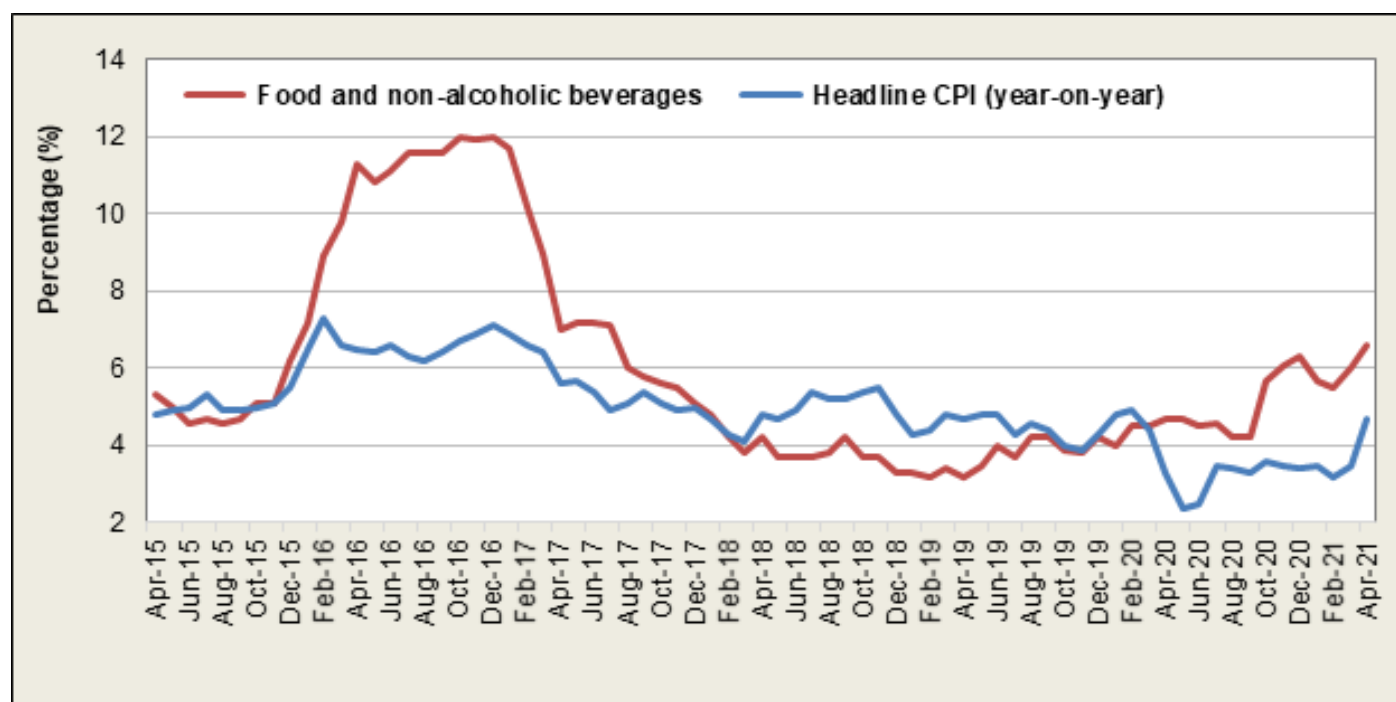


Figure 1: Headline CPI and food and non-alcoholic beverages CPI

Source: Stats SA, 2021

Comparison between urban prices: April 2021 vs. March 2020

Table 1 compares prices of selected food items in urban areas for April 2021 against March 2021. The food items which showed the largest price differences during this period were: margarine spread (R1.56) followed by Ceylon/black tea (R1.29), sunflower oil (R0.76), white sugar (R0.72) and a loaf of brown bread (R0.33). In April 2021 we saw a price decrease in a number of food items. Rice decreased by R2.65 for a third consecutive month while super maize meal, a loaf of white bread, peanut butter, special maize meal and long-life full cream milk decreased by R0.65, R0.54, R0.27, R0.18 and R0.01, respectively. Overall urban consumers paid R0.03 more on average for these 11 food items during April 2021 when compared to March 2021.

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

Product	Urban Food Prices March 2021 (R/unit)	Urban Food Prices April 2021 (R/unit)	Price difference (R/unit)
Full cream milk – long life 1ℓ	15.77	15.76	-0.01
A loaf of brown bread 700g	13.83	14.16	0.33
A loaf of white bread 700g	15.65	15.11	-0.54
Special maize 2.5kg	28.28	28.10	-0.18
Super maize 2.5kg	27.77	27.12	-0.65
Margarine spread 500g	25.63	27.19	1.56
Peanut butter 400g	34.08	33.81	-0.27
Rice 2kg	42.11	39.46	-2.65
Sunflower oil 750ml	26.85	27.61	0.76
Ceylon/black tea 62.5g	13.68	14.97	1.29
White sugar 2.5kg	46.03	45.98	0.72
Average difference (R/unit)			0.03

Source: Stats SA, 2021

The NAMC food basket: April 2021 vs April 2020

This section presents the nominal cost of the NAMC's 28-item urban food basket¹, based on average food price data for April 2021 vs. April 2020. The nominal cost of the NAMC's 28-item urban food basket in April 2021 amounted to R969.13 compared to the R982.11 reported during March 2021. This represented a decrease of 1.3% m-o-m as compared to an annual increase of 3.4%.

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: fresh tomatoes (59.1%), rice (44.3%), dried beans (33.5%), polony (23.1%), instant coffee (20.1%), white sugar (13.1%), chicken giblets (10.7%), peanut butter (9.2%), beef mince (7.9%), IQF chicken portions (7.0%) and a loaf of brown bread (6.8%).

¹Composition 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	Apr 20 R/unit	Mar 21 R/unit	Apr 21 R/unit	% change y-o-y	% change m-o-m
Beans	Baked beans - tinned 410g	11.21	11.26	10.93	-2.5	-2.9
Beans	Beans - dried 500g	18.63	26.11	24.86	33.5	-4.8
Beans	Peanut butter 400g	30.96	34.08	33.81	9.2	-0.8
Coffee, Tea	Instant coffee 250g	31.53	38.01	37.87	20.1	-0.4
Coffee, Tea	Ceylon/black tea 250g	31.98	30.04	32.87	2.8	9.4
Dairy, Eggs	Full cream milk - long life 1ℓ	15.03	15.77	15.76	4.9	-0.1
Dairy, Eggs	Eggs 1.5 dozen	64.22	49.36	49.96	-22.2	1.2
Dairy, Eggs	Cheddar cheese per kg	112.38	116.96	107.32	-4.5	-8.2
Fats, Oils	Brick margarine 500g	24.60	23.26	23.32	-5.2	0.3
Fats, Oils	Sunflower oil 750ml	29.78	26.85	27.61	-7.3	2.8
Fruit	Apples - fresh per kg	17.99	16.92	17.92	-0.4	5.9
Fruit	Bananas - fresh per kg	18.67	18.58	19.40	3.9	4.4
Fruit	Oranges - fresh per kg	26.44	29.62	20.53	-22.3	-30.7
Protein	Beef mince - fresh per kg	88.20	95.54	95.17	7.9	-0.4
Protein	Beef offal - fresh per kg	47.99	37.61	40.77	-15.0	8.4
Protein	Chicken giblets per kg	31.99	37.70	35.40	10.7	-6.1
Protein	IQF chicken portions - 2kg	66.84	71.77	71.54	7.0	-0.3
Protein	Fish (excl. tuna) - tinned 400g	20.71	21.82	21.72	4.9	-0.5
Protein	Polony per kg / 1kg	36.24	43.45	44.59	23.1	2.6
Bread & Cereals	Loaf of brown bread 700g	13.25	13.83	14.16	6.8	2.4
Bread & Cereals	Loaf of white bread 700g	14.43	15.65	15.11	4.7	-3.5
Bread & Cereals	Super maize meal 5kg	47.32	49.45	49.86	5.4	0.8
Bread & Cereals	Rice 2kg	27.34	42.11	39.46	44.3	-6.3
Vegetables	Cabbage - fresh per kg	14.92	14.61	15.09	1.2	3.3
Vegetables	Onions - fresh per kg	17.69	14.57	14.35	-18.9	-1.5
Vegetables	Potatoes - fresh per kg	16.88	13.13	12.98	-23.1	-1.1
Vegetables	Tomatoes - fresh per kg	19.35	28.03	30.79	59.1	9.8
Sugary foods	White sugar 2.5kg	40.66	46.03	45.98	13.1	-0.1
	Total Rand Value*	937.22	982.11	969.13	3.4	-1.3

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 April 2021 vs. April 2020 (y-o-y) and April 2021 vs. March 2021 (m-o-m). Food categories that recorded the highest annual inflation include bread & cereals, bean products and sugary foods at 15.9%, 14.5% and 13.1%, respectively on a y-o-y basis. M-on-m inflation figures for fresh tomatoes were the largest contributor at 9.8% followed by Ceylon/black tea at 9.4% and beef offal at 8.4%.

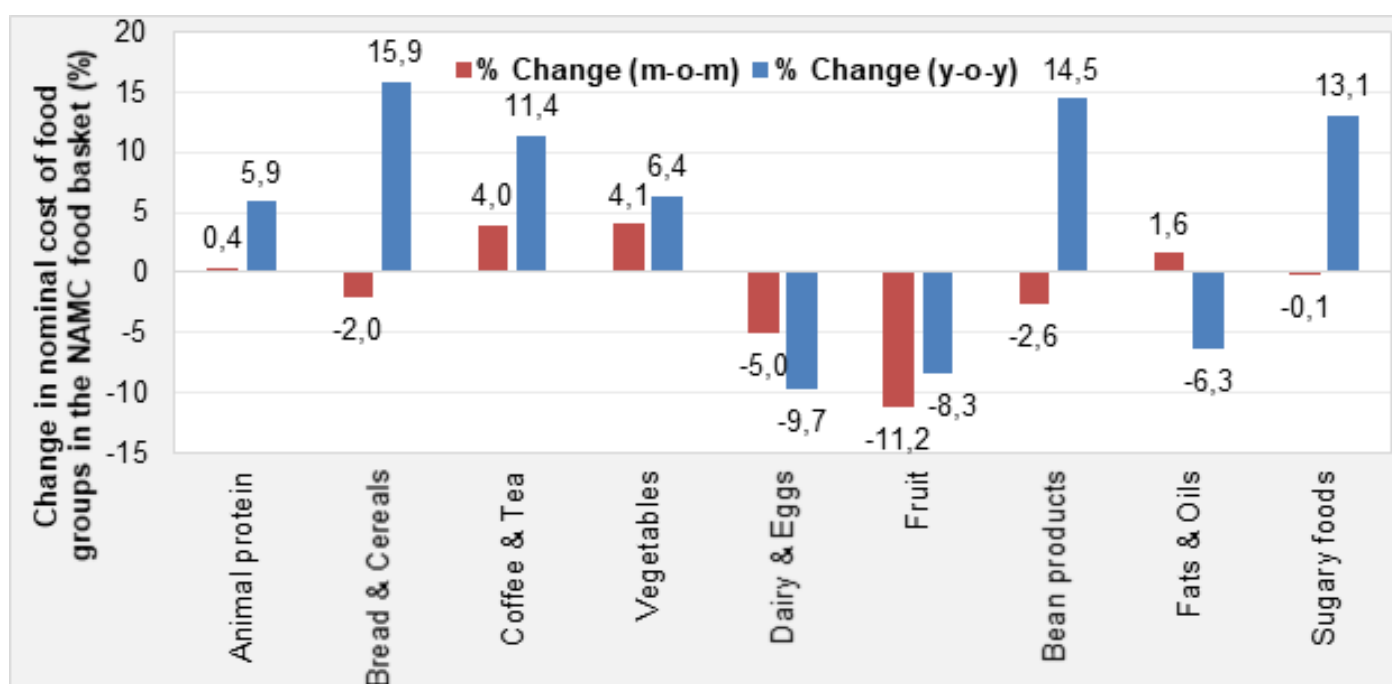


Figure 2: Nominal cost growth of specific food groups within the NAMC's 28-item food basket, comparing April 2021 vs. April 2020 and April 2021 vs. March 2021

Source: NAMC calculations, Stats SA data, 2021

From the global markets' point of view, prices during April 2021 were a mixed bag. The Food and Agricultural Organization (FAO) of the United Nations global food price index (FFPI) had increased for 11 consecutive months with an increase of 1.7% m-o-m and 30.8% (28.4 points) y-o-y. Food prices that showed a significant increase during April were sugar, oils, meat, dairy and cereals. Nonetheless, rice and wheat prices showed some positive improvements especially rice which declined again in April.

Domestic food prices followed the same trend as the global prices' trends with wheat products such as bread, rice and dried beans significantly declining m-o-m. Following shortage in supply in early 2021, tomato prices remain elevated during April, but in the near term the situation is anticipated to improve as yields are anticipated to have improved in recent weeks. Sunflower seed products such as sunflower oil remain elevated largely due to a rise in global prices. Furthermore South Africa imports large quantities of palm oil and some soybeans for local processing which supported domestic oil prices including sunflower oil thus a rise in local prices.

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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