

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 December 2021 - November 2021 data

Important note

The COVID-19 pandemic has deeply 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 November 2021 CPI data were published on Wednesday the 15th of December 2021 (see link below from the Stats SA website):

<http://www.statssa.gov.za/publications/P0141/P0141November2021.pdf>

This report will now contain the official November 2021 data, as the official release of the December 2021 CPI data is scheduled for January 19th, 2022. Because rural data is still not monitored by Stats SA, price comparisons between rural and urban is still not feasible at this stage.

- **During November 2021, the nominal cost of the NAMC's 28-item urban food basket amounted to R989.48 compared to the R993.83 reported during November 2021, resulting in a monthly decrease of 0.4%. When compared to November 2020, a year-on-year increase of 1.6% was recorded.**
 - o Within the NAMC's 28-item urban food basket fats & oils, animal protein, and sugary products categories were the highest food inflation contributors during November 2021 (y-o-y) with increases recorded at 15.9%, 6.5% and 6.4%, respectively. For the same period fruits, coffee & tea and vegetables prices reporting a deflation of 8.6%, 6.6% and 2.9%, respectively.
 - o After a slight decrease in October an increase was recorded for sunflower oil prices in November, recording a year-on-year inflation of 21.8%. This is currently support by local oilseeds prices with a spot price of R11 500 for a ton of sunflower seed, as on the 14th of December following a new record selling price of R11 000 beginning of November 2021.
- **On December 1st, 2021, fuel prices for both 95 and 93 Unleaded Petrol (ULP) noticeable increased by 3.88% and 3.84% per litre, respectively from the previous month and reach R20.07/ℓ and R20.29/ℓ, respectively. This follows a significant increase observed during November. Diesel 500pm prices also increased by 11.16%/ℓ m-o-m to reach R19.92/ℓ, from R17.92/ℓ observed during November 2021.**
- **Year on year, a sharp uptick continued on fuel prices. The fuel price for 95 and 93 unleaded petrol (ULP) prices had increased by 40.3% and 39.5% per litre, respectively, while 500pm diesel saw a rise of 43.9%.**
- **January 2022 expectations:** following consecutive sharp increases between November and December, there is an uncertain picture about fuel prices prospects going to January 2022. Following a slight increase in oil output, the international Energy Agency (IEA) expect oil over supply, especially if Covid-19 cases surges in response to the Omicron variant. However, some expects are indifferent about the variant's impact as it appears to not have severer symptoms hence it might not seriously affect the market. Due to this it's difficult to make a conclusive statement about food prices in relation to oil. Normally there is a lag of four to six months for price transmission. Other global market factors such as supply and demand for food commodities, high international prices and a weak exchange rate might keep food prices high in South Africa.



Overall inflation and food inflation

Figure 1 shows the trends in the headline CPI and food and non-alcoholic beverage inflation rates, from November 2015 to November 2021. The official November 2021 Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) on December 15th, 2021, indicated that the annual headline CPI was at 5.5% in November, which is 0.5% higher when compared to October 2021. The food and non-alcoholic beverages price inflation decreased from 6.1% in October to 5.5% in November 2021. The persistent increase in fuel prices following a consecutive rise between November and December was reflected in the overall CPI headline year on year. When fuel prices rise in South Africa, there are always high possibilities that food prices increase due to high dependency on road freight and the consumption of fuel in the production system. While meat and vegetable oils have slightly improved globally, the lag period might be visible domestically at least for the shorter term.

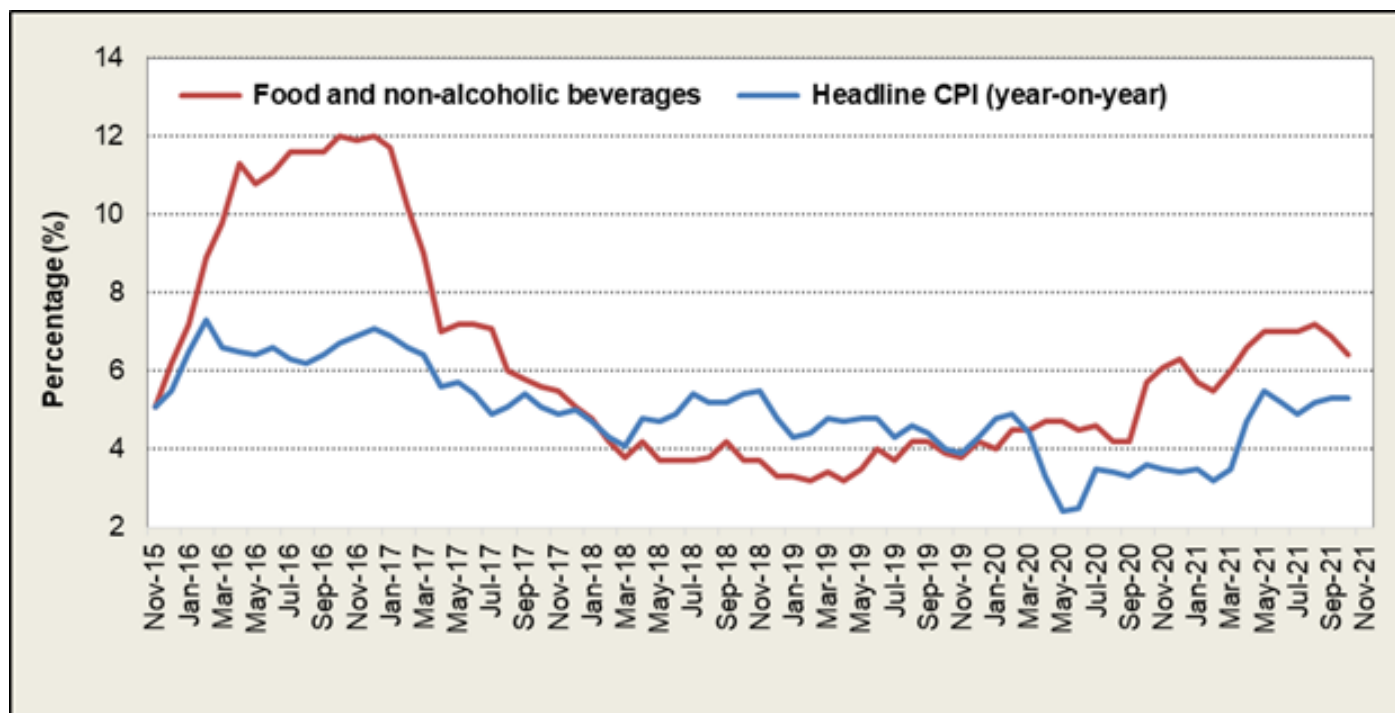


Figure 1: Headline CPI and food and non-alcoholic beverages CPI

Source: Stats SA, 2021

Monthly comparison for urban prices: November 2021 vs. October 2021

Table 1 compares prices of selected food items in urban areas for November 2021 vs October 2021. The food items which showed the largest price differences during this period were: white sugar (R0.72), this could be linked to the elevated global sugar and surgery foods as reported by the FAO early in December 2021, followed by a loaf of brown (R0.40), a loaf of white bread (R0.29), margarine spread (R0.11), super maize meal (R0.10), sunflower oil (R0.04) and full cream long-life milk (R0.02). Following a consistent rise in recent months, peanut butter recorded the largest decline (R1.08), surprisingly followed by special maize meal (R0.99) and rice (R0.26). There was no change for Ceylon/black tea which stood at R14.72 as the previous month. As a result of these price changes, urban consumers paid a mere R0.06 less on average for these eleven food items during November 2021 when compared to October 2021.

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

Product	Urban Food Prices October 2021 (R/unit)	Urban Food Prices November 2021 (R/unit)	Price difference (R/unit)
Full cream milk – long life 1ℓ	15.52	15.54	0.02
A loaf of brown bread 700g	13.59	13.99	0.40
A loaf of white bread 700g	15.39	15.68	0.29
Special maize 2.5kg	25.42	24.43	-0.99
Super maize 2.5kg	26.64	26.74	0.10
Margarine spread 500g	33.28	33.39	0.11
Peanut butter 400g	35.00	33.92	-1.08
Rice 2kg	40.82	40.56	-0.26
Sunflower oil 750mℓ	29.99	30.03	0.04
Ceylon/black tea 62.5g	14.72	14.72	0.00
White sugar 2.5kg	46.77	47.49	0.72
Average difference (R/unit)			-0.06

Source: Stats SA, 2021

The NAMC food basket: November 2021 vs November 2020

This section presents the nominal cost of the NAMC's 28-item urban food basket¹, based on average food price data for November 2021 vs. November 2020. The nominal cost of the NAMC's 28-item urban food basket in November 2021 amounted to R989.48 when compared to the R993.83 reported during October 2021. This represented a year-on-year increase of 1.6% and a month-on-month decrease of 0.4%.

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%, included the following: sunflower oil (21.1%), chicken giblets (11.8%), Individual Quick Freezing (IQF) chicken portions (11.7%), brick margarine (9.6%), tinned fish (8.3%) and white sugar (6.4%).

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	Nov 20 R/unit	Oct 21 R/unit	Nov 21 R/unit	% Change year-on-year	% Change month-on-month
Beans	Baked beans - tinned 410g	11.21	11.92	11.87	5.9	-0.4
Beans	Beans - dried 500g	24.51	26.75	25.84	5.4	-3.4
Beans	Peanut butter 400g	32.45	35.00	33.92	4.5	-3.1
Coffee, Tea	Instant coffee 250g	37,63	39.03	39.44	4.8	1.1
Coffee, Tea	Ceylon/black tea 250g	39.19	32.32	32.31	-17.6	0.0
Dairy, Eggs	Full cream milk - long life 1ℓ	15.48	15.52	15.54	0.4	0.1
Dairy, Eggs	Eggs 1.5 dozen	51.44	50.85	49.46	-3.8	-2.7
Dairy, Eggs	Cheddar cheese per kg	120.32	118.83	116.98	-2.8	-1.6
Fats, Oils	Brick margarine 500g	22.79	24.64	24.97	9.6	1.3
Fats, Oils	Sunflower oil 750ml	24.66	29.99	30.03	21.8	0.1
Fruit	Apples - fresh per kg	15.11	15.13	15.60	3.2	3.1
Fruit	Bananas - fresh per kg	19.47	16.81	17.50	-10.1	4.1
Fruit	Oranges - fresh per kg	18.92	15.51	15.81	-16.4	1.9
Protein	Beef mince - fresh per kg	91.13	94.11	94.56	3.8	0.5
Protein	Beef offal - fresh per kg	38.96	44.09	39.68	1.8	-10.0
Protein	Chicken giblets per kg	35.99	39.86	40.22	11.8	0.9
Protein	IQF chicken portions - 2kg	73.81	81.46	82.47	11.7	1.2
Protein	Fish (excl. tuna) - tinned 400g	20.14	22.07	21.82	8.3	-1.1
Protein	Polony per kg / 1kg	45.67	44.28	46.93	2.8	6.0
Bread & Cereals	Loaf of brown bread 700g	14.06	13.59	13.99	-05	2.9
Bread & Cereals	Loaf of white bread 700g	15.42	15.39	15.68	1.7	1.9
Bread & Cereals	Super maize meal 5kg	49.70	52.09	51.15	2.9	-1.8
Bread & Cereals	Rice 2kg	43.24	40.82	40.56	-6.2	-0.6
Vegetables	Cabbage - fresh per kg	14.28	13.17	14.24	-0.2	8.1
Vegetables	Onions - fresh per kg	15.33	14.27	14.86	-3.1	4.1
Vegetables	Potatoes - fresh per kg	15.79	17.66	15.59	-1.3	-11.7
Vegetables	Tomatoes - fresh per kg	22.20	21.90	20.97	-5.5	-4.2
Sugary foods	White sugar 2.5kg	44.63	46.77	47.49	6.4	1.5
	Total Rand Value	973.53	993.83	989.48	1.6	-0.4

Source: Stats SA and BFAP, 2021

To further assess the effect 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 November 2021 vs. November 2020 (year-on-year) and November 2021 vs. October 2021 (month-on-month).

On a year-on-year basis, fats & oils remain the food categories with the highest inflation recorded at 15.9% which is slightly lower than 16.7% recorded in October followed by animal protein (6.5%) and sugary foods (6.4%). Comparing November to October, fruits, sugary foods and fats & oils had the highest inflation figures recorded at 3.1%, 1.5% and 0.7%, respectively.

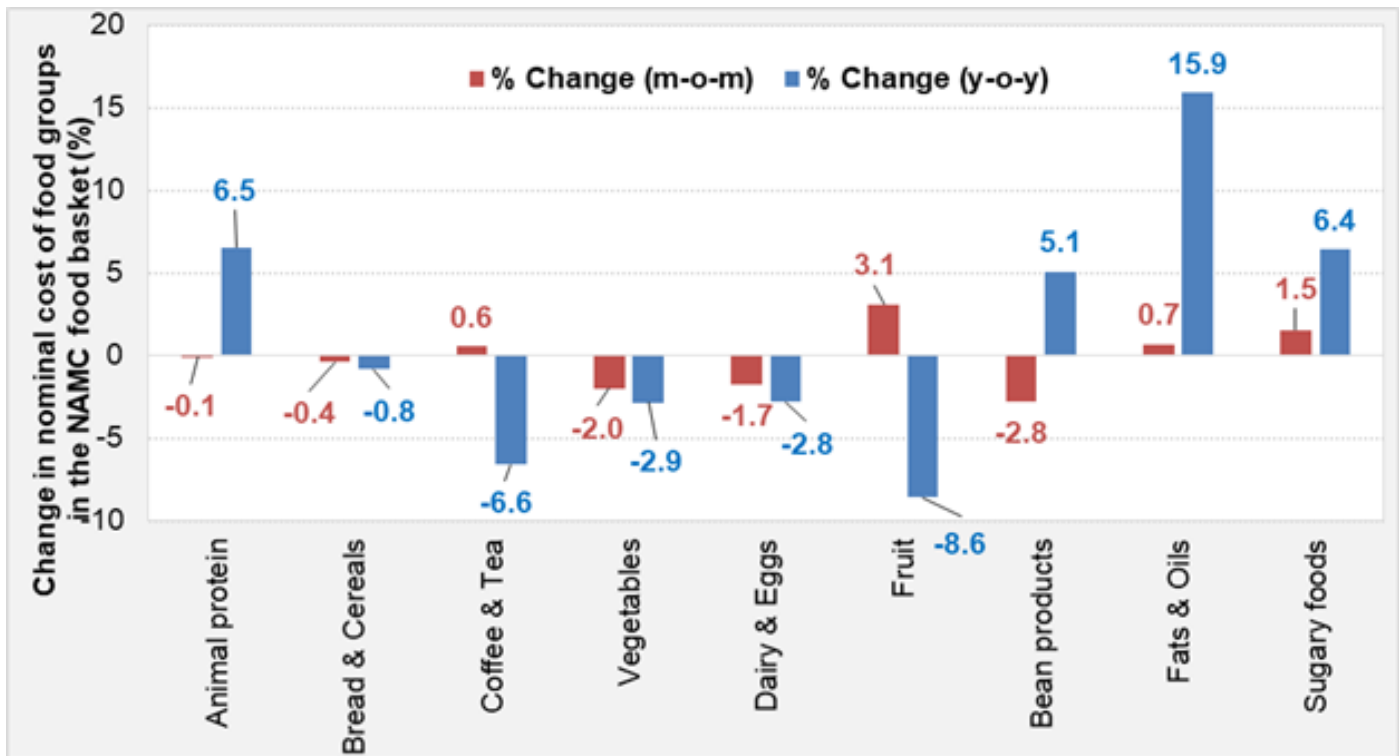


Figure 2: Nominal cost growth of specific food groups within the NAMC’s 28-item food basket, comparing November 2021 vs. November 2020 and November 2021 vs. October 2021

Source: NAMC calculations, Stats SA data, 2021

Globally, according to the Food and Agricultural Organization (FAO) of the United Nations during November 2021, commodity prices continued with their upward trajectory. The FAO food price index averaged 134.4 points and was 1.2% higher month-on-month and 27.3% higher year-on-year. Cereals and dairy products were the main contributors to this rise followed by sugar. Meat and vegetable oils slightly declined for the same month (FAO, 2021). Based on data from the International Grain Council data, the wheat index was 38% higher year-on-year while barley, maize and soybean were 31%, 17% and 8% higher, respectively. At the beginning of December 2021, AgriCensus reported that Brazil soybean is set to break its soybean record, and this is likely to positively affect global vegetable oil prices including South Africa. But Paraguay soybean exports are said to have declined by 3.5% year-on-year. For wheat, uncertainty remains as Russia increased its wheat export tax from USD 6.10 per MT to USD 91 per MT for 15 to 21 of December 2021 (AgriCensus, 2021).

Domestically, sunflower oil prices persisted with their rising trajectory in November followed by animal products prices, especially poultry meat when compared to the same period the previous year. Feed demand is the main driver precisely for poultry. Sheep slaughter numbers have recovered since September 2021, however, festive season demand combined with the high feed costs might weigh in on all meat prices. Wheat products are under pressure from the global market problems, and this is reflected by a slight increase in bread 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 because of discussions with industry to keep a more frequent watch on the movements of food prices.

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