

**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 January 2022 - December 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 December 2021 CPI data were published on Wednesday the 19<sup>th</sup> of January 2022 (see link below from the Stats SA website):

<http://www.statssa.gov.za/publications/P0141/P0141December2021.pdf>

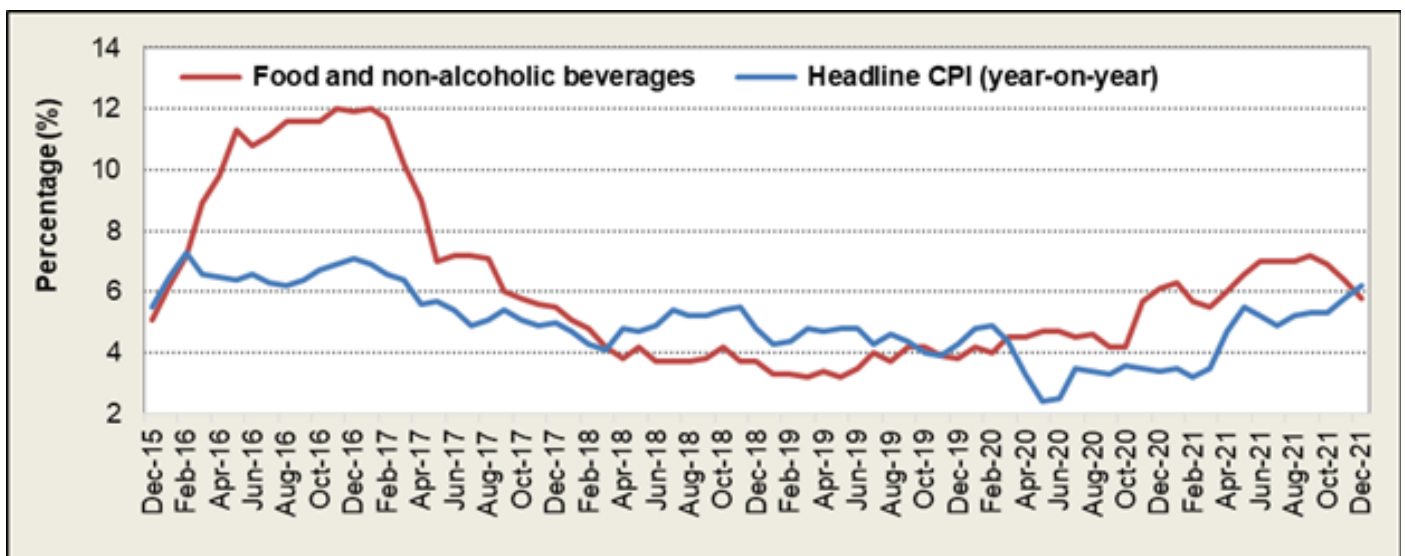
This report will now contain the official December 2021 data, as the official release of the January 2022 CPI data is scheduled for February 16<sup>th</sup>, 2022. Because rural data is still not monitored by Stats SA, price comparisons between rural and urban is still not feasible at this stage

- **During December 2021, the nominal cost of the NAMC's 28-item urban food basket amounted to R1 001.18 compared to the R989.48 reported in November 2021. This represented a monthly increase of 1.2%. When compared to December 2020, a year-on-year increase of 4.3% was recorded.**
  - o Within the NAMC's 28-item urban food basket for a second consecutive month fats & oils, animal protein, and bean products categories were the highest food inflation contributors during December 2021 (y-o-y) with increases recorded at 14.9%, 9.0% and 5.3%, respectively. For the same period fruits, coffee & tea and vegetable prices reporting a deflation of 10.6%, 4.3% and 0.5%, respectively.
- **On January 5<sup>th</sup>, 2022, fuel prices slightly declined below R20 mark following a record high price increase in November 2021. On year-on-year bases, the fuel price for 93 and 95 unleaded petrol (ULP) prices had increased by 36.6% and 36.5% per liter, respectively, while 500ppm diesel saw a rise of 37.8%.**
- **Monthly, 93 and 95 ULP decreased by 3.5% and 2.4% per liter, respectively to R19.36/ℓ and R19.61/ℓ, respectively. Diesel 500ppm prices followed the same path and decreased by 13.4%/ℓ m-o-m to reach R17.25/ℓ, from R19.922/ℓ recorded in December 2021.**
- **February 2022 expectations:** while domestic fuel prices decelerated in December 2021, they still remain considerably high. However, the International Energy Agency (IEA) short term energy outlook forecast higher inventories following elevated demand and low supply most of 2021. This should keep oil prices at relatively reasonable levels thus fuel prices unless other factors such as currency changes considerable.



## Overall inflation and food inflation

**Figure 1** shows the trends in the headline CPI and food and non-alcoholic beverage inflation rates, from December 2015 to December 2021. The official December 2021 Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) on January 19<sup>th</sup>, 2022, indicated that the annual headline CPI was at 5.9% in December when compared to 5.5% recorded in November 2021. The food and non-alcoholic beverages price inflation remained at 5.5% in December 2021, the same as the previous month. The consumer food price inflation was considerably higher throughout 2021. Food groups such as animal products, bread & cereals, oils & fats as well as vegetables especially potatoes were the main drivers of higher prices (food inflation). Furthermore, higher fuel prices and volatile exchange rates also weighed in to food price inflation. A combination of these factors contributed to the overall consumer food price inflation which averaged at 4.5% in 2021 when compared to 3.3% in 2020.



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

Source: Stats SA, 2021

## Monthly comparison for urban prices: December 2021 vs. November 2021

**Table 1** compares prices of selected food items in urban areas for December 2021 vs November 2021. The food items which showed the largest price differences during this period were: margarine spread (R1.48), peanut butter (R0.60), sunflower oil (R0.19), full cream long-life milk (R0.16), super maize meal (R0.13), special maize meal (R0.11) and Ceylon/black tea (R0.10). Due to the oversupply of rice globally, rice prices declined again by R1.45, followed by white sugar (R0.55), a loaf of white bread (R0.22) and a loaf of brown (R0.40). As a result of these price changes, urban consumers paid a mere R0.05 more on average for these eleven food items during December 2021 when compared to November 2021.

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

Product	Urban Food Prices November 2021 (R/unit)	Urban Food Prices December 2021 (R/unit)	Price difference (R/unit)
Full cream milk – long life 1ℓ	15.54	15.70	0.16
A loaf of brown bread 700g	13.99	13.97	-0.02
A loaf of white bread 700g	15.68	15.46	-0.22
Special maize 2.5 kg	24.43	24.54	0.11
Super maize 2.5 kg	26.74	26.87	0.13
Margarine spread 500g	33.39	34.87	1.48
Peanut butter 400g	33.92	34.52	0.60
Rice 2kg	40.56	39.11	-1.45
Sunflower oil 750mℓ	30.03	30.22	0.19
Ceylon/black tea 62.5g	14.72	14.82	0.10
White sugar 2.5kg	47.49	46.94	-0.55
<b>Average difference (R/unit)</b>			<b>0.05</b>

Source: Stats SA, 2021

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

This section presents the nominal cost of the NAMC's 28-item urban food basket<sup>1</sup>, based on average food price data for December 2021 vs. December 2020. The nominal cost of the NAMC's 28-item urban food basket in December 2021 amounted to R1 001.18 when compared to the R989.48 reported during November 2021. This represented a year-on-year increase of 4.3% and a month-on-month increase of 1.2%.

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 (19.1%), beef offal (15.7%), eggs (14.5%), polony (12.2%), brick margarine (10.3%), Individual Quick Freezing (IQF) chicken portions (8.4%), beef mince (7.3%) and dried beans (6.0%).

<sup>1</sup>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.



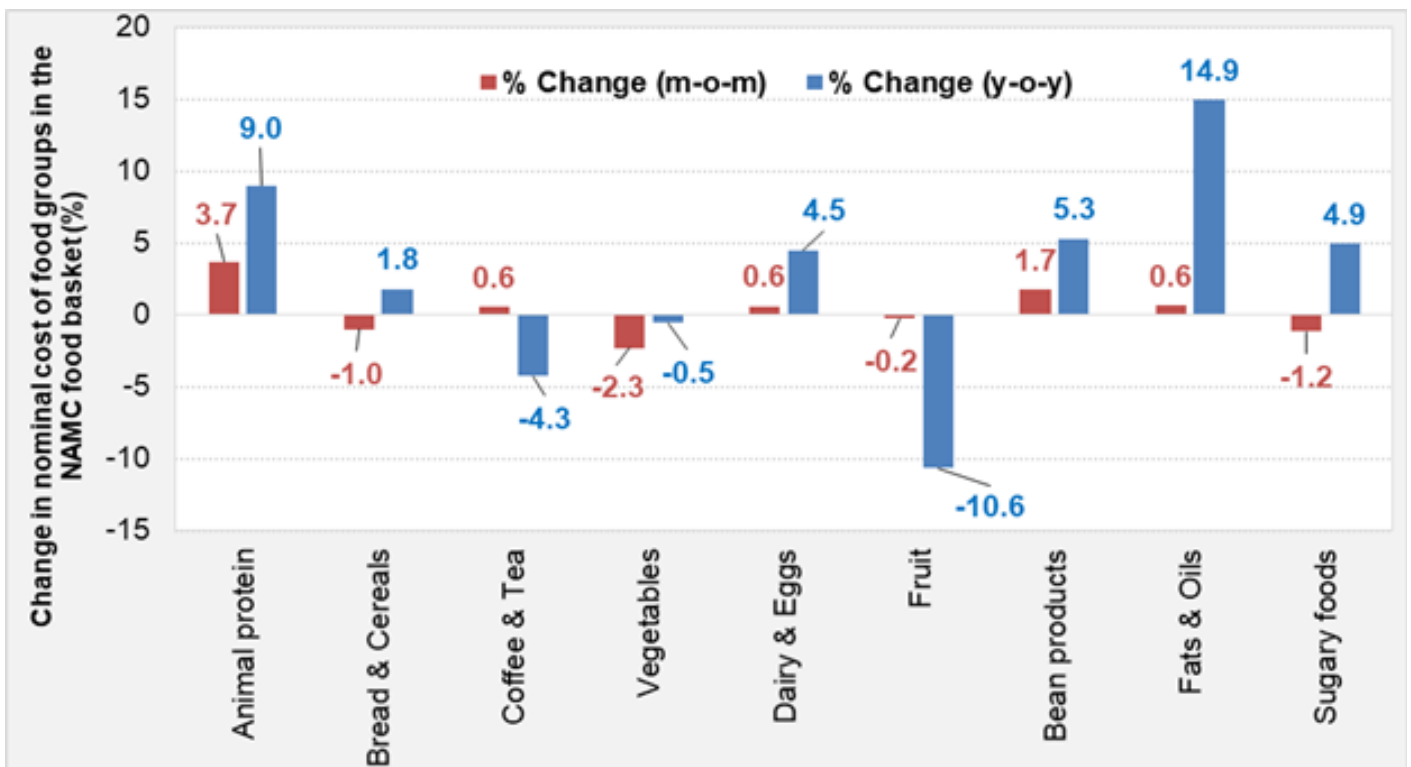
**Table 2: Percentage change in a basic NAMC food basket (28-item) prices**

Category	Product	Dec 20 R/unit	Nov 21 R/unit	Dec 21 R/unit	% Change year-on-year	% Change month-on-month
Beans	Baked beans - tinned 410g	11.38	11.87	11.88	4.4	0.1
Beans	Beans - dried 500g	24.97	25.84	26.46	6.0	2.4
Beans	Peanut butter 400g	32.84	33.92	34.52	5.1	1.8
Coffee, Tea	Instant coffee 250g	38.05	39.44	39.62	4.1	0.5
Coffee, Tea	Ceylon/black tea 250g	37.33	32.31	32.54	-12.8	0.7
Dairy, Eggs	Full cream milk - long life 1ℓ	15.39	15.54	15.70	2.0	1.0
Dairy, Eggs	Eggs 1.5 dozen	44.04	49.46	50.41	14.5	1.9
Dairy, Eggs	Cheddar cheese per kg	115.81	116.98	116.98	1.0	0.0
Fats, Oils	Brick margarine 500g	22.78	24.97	25.12	10.3	0.6
Fats, Oils	Sunflower oil 750mℓ	25.37	30.03	30.22	19.1	0.6
Fruit	Apples - fresh per kg	15.76	15.60	14.95	-5.1	-4.2
Fruit	Bananas - fresh per kg	18.22	17.50	17.90	-1.8	2.3
Fruit	Oranges - fresh per kg	20.62	15.81	15.94	-22.7	0.8
Protein	Beef mince - fresh per kg	90.93	94.56	97.53	7.3	3.1
Protein	Beef offal - fresh per kg	39.33	39.68	45.49	15.7	14.6
Protein	Chicken giblets per kg	37.94	40.22	40.08	5.6	-0.3
Protein	IQF chicken portions - 2kg	76.50	82.47	82.89	8.4	0.5
Protein	Fish (excl. tuna) - tinned 400g	20.87	21.82	22.10	5.9	1.3
Protein	Polony per kg / 1kg	44.21	46.93	49.60	12.2	5.7
Bread & Cereals	Loaf of brown bread 700g	14.14	13.99	13.97	-1.2	-0.1
Bread & Cereals	Loaf of white bread 700g	15.21	15.68	15.46	1.6	-1.4
Bread & Cereals	Super maize meal 5kg	49.27	51.15	51.62	4.8	0.9
Bread & Cereals	Rice 2kg	39.42	40.56	39.11	-0.8	-3.6
Vegetables	Cabbage - fresh per kg	13.48	14.24	13.99	3.8	-1.7
Vegetables	Onions - fresh per kg	15.57	14.86	15.42	-1.0	3.8
Vegetables	Potatoes - fresh per kg	14.71	15.59	14.02	-4.7	-10.1
Vegetables	Tomatoes - fresh per kg	20.74	20.97	20.72	-0.1	-1.2
Sugary foods	White sugar 2.5kg	44.74	47.49	46.94	4.9	-1.2
	<b>Total Rand Value</b>	<b>959.62</b>	<b>989.48</b>	<b>1 001.18</b>	<b>4.3</b>	<b>1.2</b>

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 December 2021 vs. December 2020 (year-on-year) and December 2021 vs. November 2021 (month-on-month).

On a year-on-year basis, fats & oils remain the food categories with the highest inflation recorded at 14.9% which is slightly lower than the 15.9% recorded in November followed by animal protein (9.0%) and bean products (5.3%). Comparing December 2021 to November 2021, animal protein and bean products recorded the highest food price inflation of 3.7% and 1.7%, respectively.



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

Source: NAMC calculations, Stats SA data, 2021

Globally, food prices remain at their highest since 2012. In December 2021, the Food and Agricultural Organization Food Price Index of the world averaged 133.7 points which were down 0.9% month-on-month, but still 23.1% higher year-on-year. For the same period, cereals declined by 0.6% month-on-month led by wheat export prices, following improving supply conditions, but this was still 31.3% higher year-on-year. Rice prices continued with their declining trend supported by larger supplies. On the other hand, demand for maize and unfavourable climatic conditions translated into higher maize prices. For maize, this condition might continue as was observed throughout the 2020/21 season.

Animal products particularly dairy products are still under pressure from feed prices and imbalances in supply and demand from major importing and exporting countries. Month-on-month, dairy product prices were 1.8% higher and 17.4% higher year-on-year. Meat prices on the other hand showed improvements in December 2021 supported by low demand largely from China.

Locally, foods that showed high food prices during December 2021 were animal products and the commodities used for feed. As observed globally, local vegetable oil products remain high as can be seen from Table 2 above. This is unsurprising though as festive season times escalate livestock and meat products consumption throughout the country. Unfortunately for meat consumers, this was further pushed by slaughter numbers which remain low except for pork. In November 2021, pork slaughtered at commercial abattoirs were 12.8% higher when compared to November 2020, while sheep and cattle were 22.3% and 5.3% lower, respectively, for the same period.

## 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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