

**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

February 2022 - January 2022 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 January 2022 CPI data were published on Wednesday the 16<sup>th</sup> of February 2022 (see link below from the Stats SA website):

<http://www.statssa.gov.za/publications/P0141/P0141January2022.pdf>

This report will now contain the official January 2022 data, as the official release of the February 2022 CPI data is scheduled for March 23<sup>rd</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.

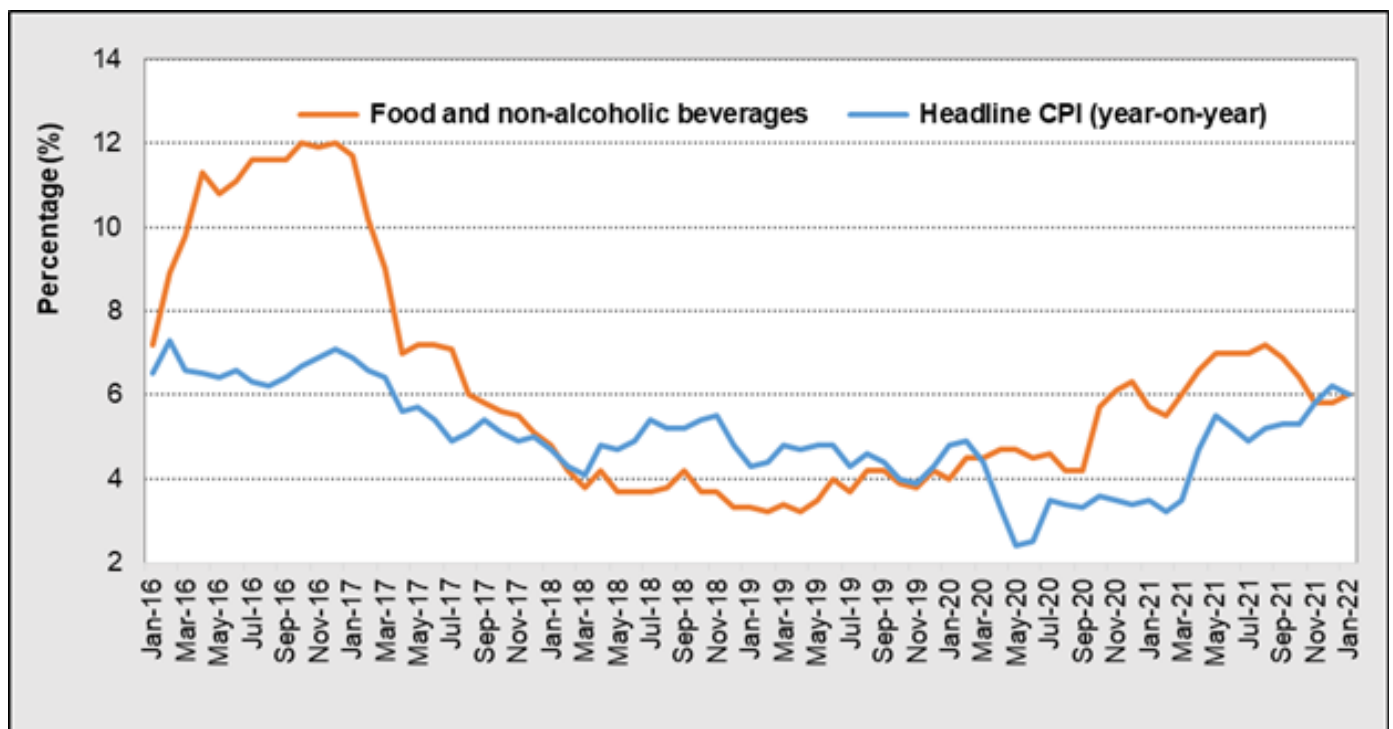
## Highlights

- During January 2022, the nominal cost of the NAMC's 28-item urban food basket amounted to R1 011.54 compared to the R1 001.18 reported in December 2021. This represented a monthly increase of 1.0% and a year-on-year increase of 4.1%.
  - Within the NAMC's 28-item urban food basket food categories with the highest food inflation contributors during January 2022 (y-o-y) were fats and oils which continued with their upward trend in prices followed by vegetables and animal protein recorded at 20.2%, 14.2% and 10.4%, respectively. For the same period, fruit deflated by 17.1% followed by bread and cereals (5.1%) and dairy products (0.6%).
- On February 2<sup>nd</sup>, 2022, fuel prices once again had noticeable increased. On year-on-year bases, the fuel price for 93 and 95 unleaded petrol (ULP) prices had increased by 28.3% and 28.5% per liter, respectively, while 500ppm diesel was 33.1% higher year-on-year.
- Monthly, both 93 and 95 ULP increased by 2.7% per liter, to R19.89/ℓ and R20.14/ℓ, respectively, while diesel 500ppm prices had increased by 4.7%/ℓ m-o-m to reach R18.07/ℓ, from R17.25/ℓ recorded in January 2021.
- **March 2022 expectations:** A general picture from the global petrol prices is that prices are higher. However, these prices vary from country to country due to different taxes and subsidies applied by respective countries. As a result the adjusted tax and subsidies in South Africa negatively affected fuel prices thus the elevated prices which always affect food prices due to food that highly depend on road freight for transportation. Going to March 2022, local food prices are anticipated to remain high when one adds the current Ukraine-Russia border issues and the South America's grain and oilseeds drought problems are likely to weigh in on the global market uncertainty.



## Overall inflation and food inflation

**Figure 1** shows the trends in the headline CPI and food and non-alcoholic beverage inflation rates, from January 2016 to January 2022. The official January 2022 Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) on February 16<sup>th</sup>, 2022, indicated that the annual headline CPI was at 5.7% in January 2022 when compared to 5.9% recorded in December 2021. The food and non-alcoholic beverages price inflation increased by 5.7% in January 2022 which was 0.9% higher compared to 5.5% recorded in December 2021. This is considerable high when compared to the same period from previous years which can be attributed to volatile prices in the global market and some production issues domestically. The main drivers to food inflation were fats and oils which noticeable increased as shown from **Table 2**, vegetables and animal products also continued to exhibit the same upward trend as observed the previous month. At a global level, the current Ukraine-Russia standoff is likely to weigh onto food price inflation locally especially for wheat. These two countries supply around 30% of global grains combined. Additionally, South America's grain and oilseeds drought problems persist. This was a major contributing factor for the elevated cereal prices during the previous season and it seems to be continuing this season.



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

Source: Stats SA, 2022

## Comparison between urban prices: January 2022 vs. December 2021

**Table 1** compares prices of selected food items in urban areas for January 2022 vs December 2021. The food items which showed the largest price differences during this period were: sunflower oil (R0.90), super maize meal (R0.36), special maize meal (R0.33) and peanut butter (R0.12). On the other hand, white sugar, rice, margarine spread and full cream long-life milk declined by R0.56, R0.50, R0.13 and R0.01, respectively. The decline in these products can be linked to a slight improvement from the world market especially for sugar and rice. Subsequently, consumers residing in urban areas across the country paid only R0.05 more on average for these eleven food items during January 2022 when compared to December 2021.

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

Product	Urban Food Prices December 2021 (R/unit)	Urban Food Prices January 2022 (R/unit)	Price difference (R/unit)
Full cream milk – long life 1ℓ	15.70	15.69	-0.01
A loaf of brown bread 700g	13.97	13.99	0.02
A loaf of white bread 700g	15.46	15.47	0.01
Special maize 2.5kg	24.54	24.87	0.33
Super maize 2.5kg	26.87	27.23	0.36
Margarine spread 500g	34.87	34.74	-0.13
Peanut butter 400g	34.52	34.64	0.12
Rice 2kg	39.11	38.61	-0.50
Sunflower oil 750mℓ	30.22	31.12	0.90
Ceylon/black tea 62.5g	14.82	14.86	0.04
White sugar 2.5kg	46.94	46.38	-0.56
<b>Average difference (R/unit)</b>			<b>0.05</b>

Source: Stats SA, 2022

## The NAMC food basket: January 2022 vs January 2021

This section presents the nominal cost of the NAMC's 28-item urban food basket, based on average food price data for January 2022 vs. January 2021. The nominal cost of the NAMC's 28-item urban food basket in January 2022 amounted to R1 011.54 when compared to the R1 001.18 reported during December 2021. This represented a year-on-year increase of 4.1% and a month-on-month increase of 1.0%.

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: beef offal (39.6%), sunflower oil (28.3%), tomatoes (24.2%), cabbage (17.9%), brick margarine (11.5%), beef mince (7.4%), white sugar (6.6%), polony (6.3%), and Individual Quick Freezing (IQF) chicken portions (6.0%).

\*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.



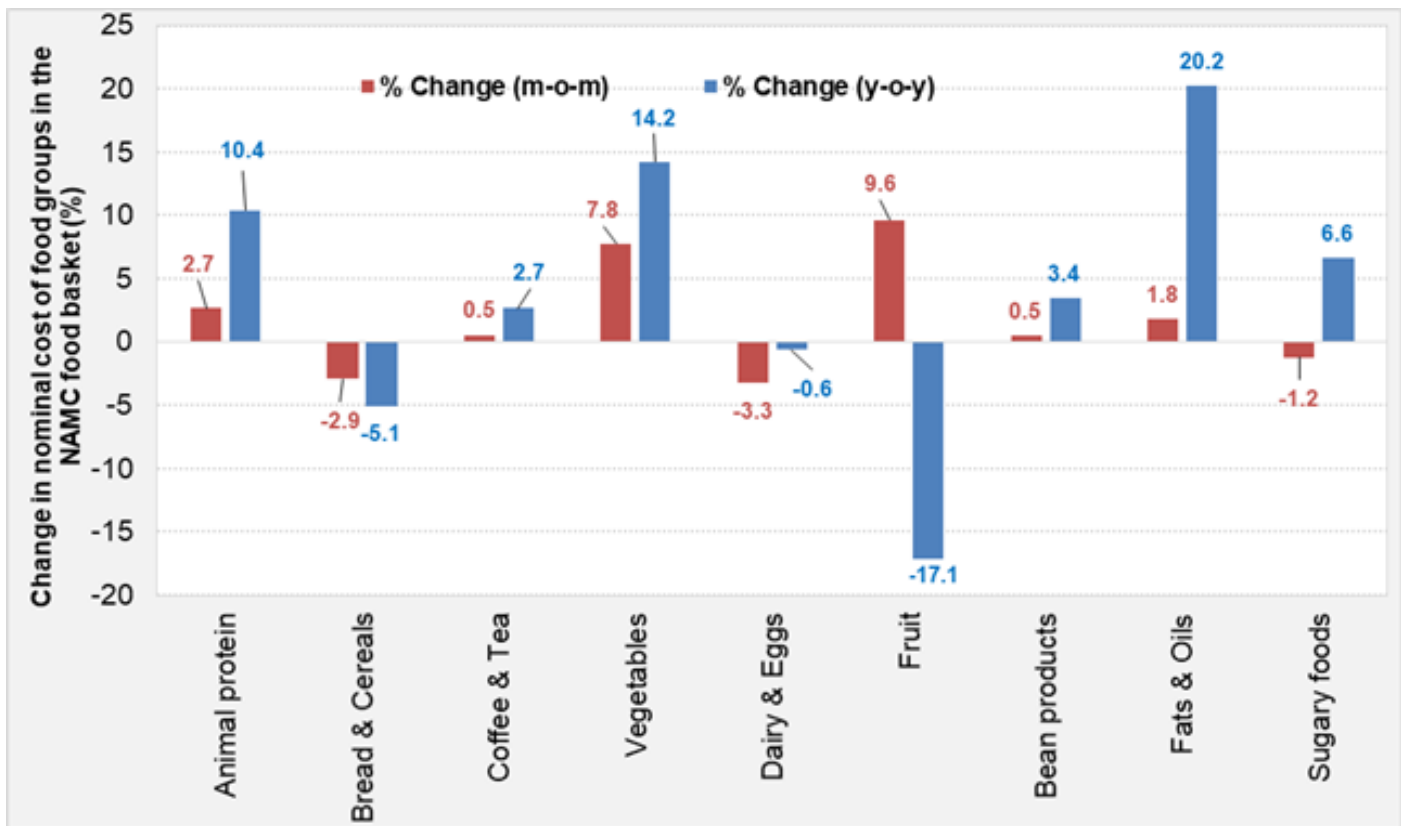
**Table 2: Percentage change in a basic NAMC food basket (28-item) prices**

Category	Product	Jan 21 R/unit	Dec21 R/unit	Jan 22 R/unit	% change y-o-y	% change m-o-m
Beans	Baked beans - tinned 410g	11.36	11.88	12.00	5.5	1.0
Beans	Beans - dried 500g	26.10	26.46	26.58	1.8	0.5
Beans	Peanut butter 400g	33.32	34.52	34.64	4.0	0.3
Coffee, Tea	Instant coffee 250g	39.51	39.62	39.91	1.0	0.7
Coffee, Tea	Ceylon/black tea 250g	31.13	32.54	32.62	4.8	0.2
Dairy, Eggs	Full cream milk - long life 1ℓ	15.60	15.70	15.69	0.6	-0.1
Dairy, Eggs	Eggs 1.5 dozen	47.87	50.41	50.46	5.4	0.1
Dairy, Eggs	Cheddar cheese per kg	114.77	116.98	110.67	-3.3	-5.1
Fats, Oils	Brick margarine 500g	22.61	25.12	25.21	11.5	0.4
Fats, Oils	Sunflower oil 750ml	24.25	30.22	31.12	28.3	3.0
Fruit	Apples - fresh per kg	20.35	14.95	15.12	-25.7	1.1
Fruit	Bananas - fresh per kg	18.54	17.90	17.98	-3.0	0.4
Fruit	Oranges - fresh per kg	25.67	15.94	20.39	-20.6	27.9
Protein	Beef mince - fresh per kg	89.75	97.53	96.41	7.4	-1.1
Protein	Beef offal - fresh per kg	42.45	45.49	59.28	39.6	30.3
Protein	Chicken giblets per kg	37.51	40.08	38.11	1.6	-4.9
Protein	IQF chicken portions - 2kg	77.61	82.89	82.23	6.0	-0.8
Protein	Fish (excl. tuna) - tinned 400g	21.49	22.10	22.59	5.1	2.2
Protein	Polony per kg / 1kg	45.22	49.60	48.07	6.3	-3.1
Bread & Cereals	Loaf of brown bread 700g	14.11	13.97	13.99	-0.9	0.1
Bread & Cereals	Loaf of white bread 700g	15.63	15.46	15.47	-1.0	0.1
Bread & Cereals	Super maize meal 5kg	50.83	51.62	48.57	-4.4	-5.9
Bread & Cereals	Rice 2kg	42.28	39.11	38.61	-8.7	-1.3
Vegetables	Cabbage - fresh per kg	12.68	13.99	14.95	17.9	6.8
Vegetables	Onions - fresh per kg	14.50	15.42	15.25	5.2	-1.1
Vegetables	Potatoes - fresh per kg	13.41	14.02	14.18	5.7	1.1
Vegetables	Tomatoes - fresh per kg	19.94	20.72	24.76	24.2	19.5
Sugary foods	White sugar 2.5kg	43.49	46.94	46.38	6.6	-1.2
	<b>Total Rand Value*</b>	<b>971.98</b>	<b>1 001.18</b>	<b>1 011.54</b>	<b>4.1</b>	<b>1.0</b>

Source: Stats SA and BFAP, 2022

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 January 2022 vs. January 2021 (year-on-year) and January 2022 vs. December 2021 (month-on-month).

On a year-on-year basis, fats & oils remain the food category with the highest inflation recorded at 20.2% which is considerable higher than the 14.9% recorded in December 2021. This can be attributed to a world shortfall in supply through 2021, followed by vegetables (14.2%) and animal protein (10.4%). When comparing January 2022 to December 2021, fruit, vegetables and animal protein recorded the highest food price inflation of 9.6%, 7.8% and 2.7%, respectively.



**Figure 2: Nominal cost growth of specific food groups within the NAMC’s 28-item food basket, comparing January 2022 vs. January 2021 and January 2022 vs. December 2021**

Source: NAMC calculations, Stats SA data, 2022

Globally, food prices measured by the Food and Agricultural Organization (FAO) of the United Nations were 1% higher month-on-month in January 2022 when compared to December 2021. The FAO Food Price Index (FFPI) of the world averaged 135.7 points when compared to the same period the previous month. This rise was underpinned by vegetable oil prices with its sub-index recorded the highest in history at 185.9 points at an increase of 4.2% month-on-month. According to the FAO, palm oil, soybean and sunflower seed are the main drivers of this rise. Production glitches and policy developments from Indonesia which is the largest palm oil exporter globally might have exacerbated this rise. On the other hand, demand from India which imports 20% palm oil from Indonesia is currently souring while soybean and sunflower seeds are reacting to the demand across the world market supported by palm oil prices. Animal products led by dairy products were another contributor to the global food price inflation with an increase of 2.4% from December 2021 to January 2022.

Locally, the global market phenomena were observed for some food products such as sunflower prices except for vegetable prices. Lower supply for vegetables like potatoes, tomatoes and cabbage was a challenges due to heavy rains and frost during important stages of the crops. This reduced yields and the quality in general thus the observed shortage which is reflected in the prices. Animal products as observed for beef and poultry meat recorded some of the highest price increases during January 2022. This can be linked to higher feed prices. Also, because we were entering the New Year, the supply of animal products is generally lower as there was an excessive supply through the festive season. Nonetheless, feed prices might have added to this and are likely to be an underpinning factor going into mid-2022 given the current global market situation.

## 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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