



NAMC

Promoting market access for South African agriculture

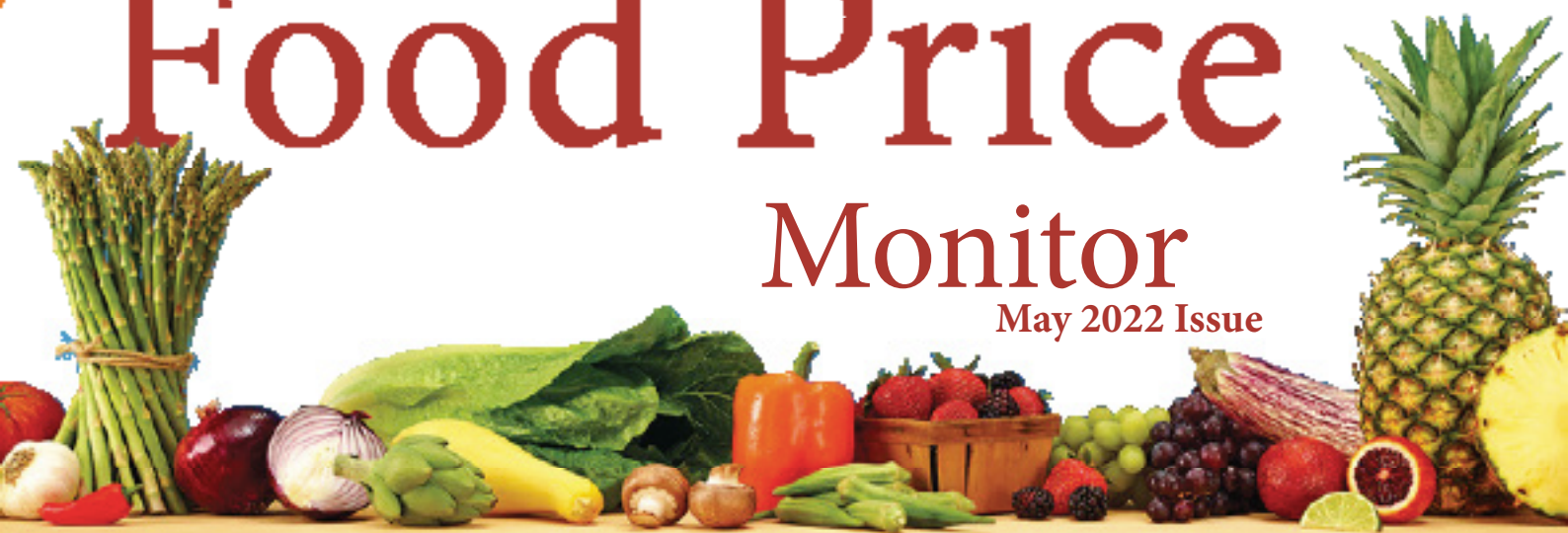


2022

Food Price

Monitor

May 2022 Issue



Important note

Resulting from COVID-19 health protocols, retail-based prices recorded across all regions (including online prices) have been pooled to create national average price changes which are applied to each elementary index at a regional level. This means that the geographic index (including total country) changes will, vary according to different weights and not different price changes. The April 2022 CPI data was published on Wednesday 18 May 2022 (see the link below for the CPI publication):

<https://www.statssa.gov.za/publications/P0141/P0141April2022.pdf>

Certain price comparisons would not be feasible at this stage such as the urban vs. rural price comparison.

EXECUTIVE SUMMARY

During April 2022, the Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) indicated that the headline CPI remained unchanged at 5.9% in comparison to March 2022 and the food and non-alcoholic beverage price indices reached 6.0%.

The FAO Food Price Index (FFPI) in nominal terms, averaged 58.5 points in April 2022, down 1.2 points (0.8%) from the all-time high reached in March 2022, though still 36.4 points (29.8%) above its value in the corresponding month last year. The drop in the FFPI in April 2022 was led by a significant downturn in the vegetable oil sub-index, along with a slight decline in the cereal price sub-index. Meanwhile, sugar, meat and dairy price sub-indices sustained moderate increases.

In April 2022, the cost of the NAMC urban food basket was R1 046.68, increased by 7.8% from April 2021 (year-on-year increase) and decreased by 1.1% from March 2022 (month-on-month change).

Comparing April 2022 to April 2021 food groups with more prominent inflation included fats & oils, animal protein foods, coffee & tea, legumes, dairy, eggs and sugar.

When comparing April 2021 to April 2021 retail prices, higher price inflation (6.0% or more) was observed for the following products within the NAMC food basket (in order from highest to lowest inflation): sunflower oil, IQF chicken



portions, beef offal, instant coffee, tinned baked beans, oranges, beans, cheddar cheese, polony, margarine, super maize meal, eggs, white bread, beef mince, canned pilchards, onions and peanut butter – with negative implication in terms of dietary diversity.

Year-on-year inflation on food and non-alcoholic beverages in South Africa was recorded at 6.0% in April 2022, mainly underpinned by significant inflation on plant oils, meat and also cereal-based foods. The rise was mainly underpinned by rising agricultural commodity prices globally, which filter through to the South African market, along with cost drivers that influence the broader value chain.

Furthermore, food inflation is further affected by rising costs throughout the value chain, including rapidly rising fuel prices, electricity prices and electricity supply interruptions.





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Figure 1 shows trends of the headline CPI and food and non-alcoholic beverage inflation rates on a monthly basis, from April 2016 to April 2022. During April 2022, the Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) indicated that the headline CPI remained unchanged at 5.9% in comparison to March 2022 and the food and non-alcoholic beverage price indices reached 6.0%. The non-alcoholic beverage price index was 6.2% during March 2022.

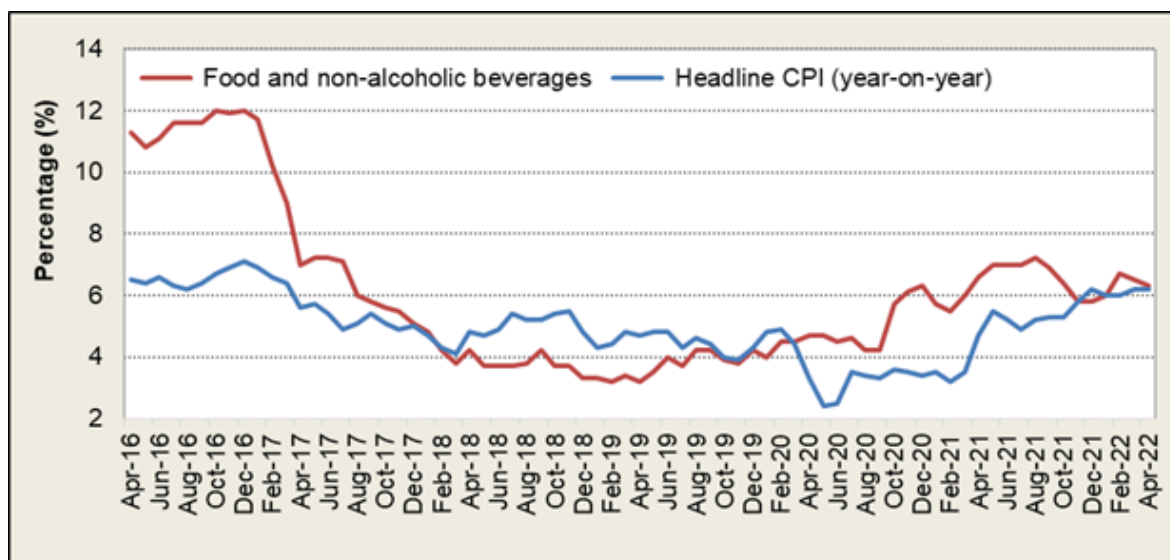


Figure 1:Headline CPI and food and non-alcoholic beverage CPI
Source: Stats SA, 2022

Figure 2 presents the components of the food and non-alcoholic beverage index changes. Comparing April 2022 to April 2021, the following changes, in descending order, were reported: oils & fats (21.2%), meat (8.5%), processed foods (7.6%), other food items (7.1%), unprocessed foods (4.9%), bread & cereals (4.8%), fish (4.8%), milk, eggs & cheese (3.7%), sugary foods (3.5%), vegetables (0.2%) and fruit (-0.7%). The monthly percentage changes are also illustrated.

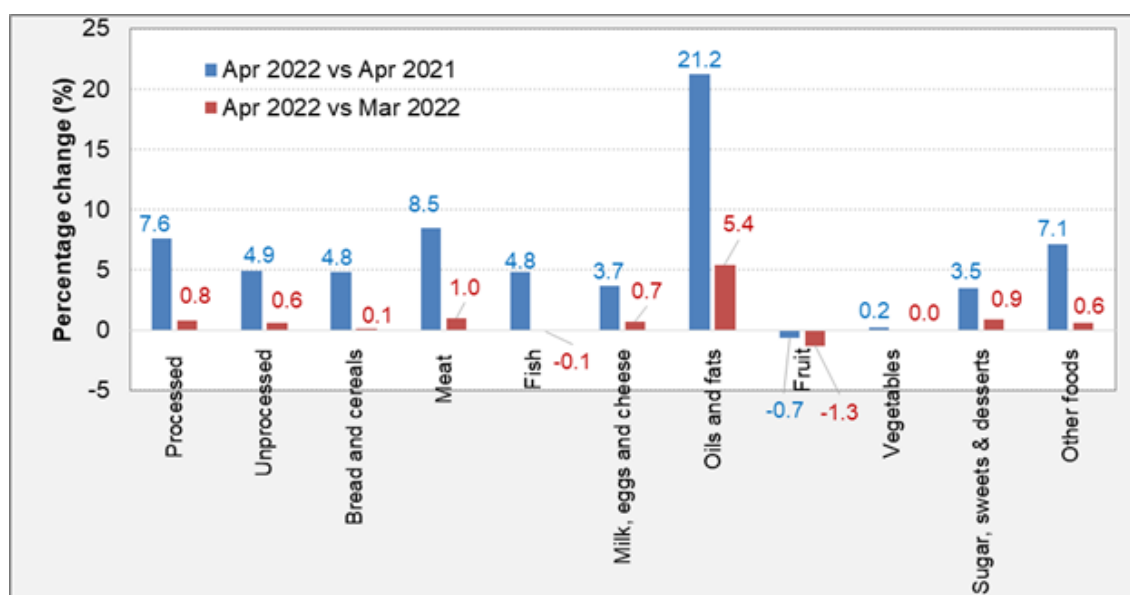


Figure 2: Annual (April 2022 vs. April 2021) and monthly (April 2022 vs. March 2022) CPI changes for different food categories
Source: Stats SA, 2022

Overall inflation and food inflation: South Africa and selected countries

Table 1 shows the annual year-on-year (y-o-y) overall inflation and food inflation rates for April 2022 for South Africa and other selected countries. South Africa's overall inflation for April 2022 reached 5.9% with food inflation reaching 6.0%. The food categories with the largest annual contribution to South African food inflation include fats & oils, animal protein and processed food categories. Turkey's overall inflation rate for April 2022 reached 70.0%, with food inflation reaching 89.1%. China's overall inflation rate was 2.1%, with food inflation of 1.9%. Considering inflation rates of Brazil, Russia, India, China and South Africa as the BRICS countries, China recorded the lowest overall inflation of 2.1%, while Russia was the main contributor to food inflation at 20.5%. The food inflation in Russia accelerated during March and April and is 212.7% higher in April 2022 compared to April 2021. During April 2022 the overall inflation in Russia was 223.6% higher than the previous year and this is amid a volatile rouble and western sanctions imposed against the nation due to the war in Ukraine.

Table 1: Overall inflation and food inflation during February 2021 to April 2022

	February 2022		March 2022		April 2022	
Country	Overall inflation (%)	Food inflation (%)	Overall inflation (%)	Food inflation (%)	Overall inflation (%)	Food inflation (%)
Botswana	10.6	6.8	10.0	6.9	9.6	6.1
Brazil	10.5	9.1	11.3	11.6	12.1	13.5
China	0.9	-3.9	1.5	-1.5	2.1	1.9
India	6.1	5.9	7.0	7.7	7.8	8.4
Namibia	4.5	5.4	4.5	4.6	5.6	5.7
Russia	9.2	11.5	16.7	18.0	17.8	20.5
South Africa	5.7	6.4	5.9	6.2	5.9	6.0
Turkey	54.4	64.5	61.1	70.3	70.0	89.1
United Kingdom	6.2	5.1	7.0	5.9	9	6.7
United States	7.9	7.9	8.5	8.8	8.3	9.4
Zambia	14.2	16.0	13.1	15.3	11.5	14.1

Sources: Central banks and statistics reporting institutions of these countries, 2022



Annual Urban food price trends: April 2022 vs. April 2021

As a result of the Covid-19 global pandemic, rural prices could still not be monitored, therefore this section will rank urban price for April 2022 vs. April 2021.

Table 2 ranks selected food items pertaining to urban areas according to their various inflation rates. The food products highlighted in **Table 2** are those with annual urban inflation rates exceeding the South African Reserve Bank's (SARB) inflation upper band of 6%.

Table 2: Food items in the urban areas ranked (April 2022 vs. April 2021)

Grain and grain products	%	Meat, meat products, dairy, dairy products and eggs	%	Fresh and processed fruits and vegetables	%
Rice 2kg	-5.7	Pork chops per kg	-24.0	Tomatoes per kg	-22.7
Super maize 1kg	1.5	Beef sirloin per kg	-11.5	Apples per kg	-10.0
Super maize 2.5kg	3.4	Beef fillet per kg	-11.1	Bananas per kg	-6.2
Loaf of brown bread 700g	5.4	Beef rump steak per kg	-9.8	Lettuce each	-3.2
Peanut butter 400g	6.6	Whole chicken - fresh per kg	-7.0	Cabbage each	4.2
Loaf of white bread 700g	7.5	Lamb/Mutton stew per kg	-3.7	Potatoes - fresh per kg	5.7
Super maize 5kg	7.9	Lamb/Mutton rib chop per kg	-3.6	Onions per kg	6.6
Spaghetti 500g	9.1	Chicken portions - fresh per kg	-2.3	Beans - dried 500g	10.6
Brick margarine 500g	9.1	Lamb/Mutton loin chop per kg	-0.8	Oranges per kg	11.0
Rice 1kg	11.9	Full cream milk - fresh 2ℓ	-0.6	Baked beans - tinned 410g	15.6
Macaroni 500g	12.4	Lamb/Mutton leg per kg	-0.5		
Instant noodles 73g	14.8	Corned beef 300g	0.4		
Cake flour 2.5kg	17.6	Tuna - tinned 170g	1.2	Other	%
Pasta 500g	24.5	Full cream milk - long life 1ℓ	1.6	Ceylon/black tea 250g	1.2
Sunflower oil 750ml	26.4	Low fat milk - fresh 2ℓ	1.8	White sugar 2.5kg	5.4
Margarine spread 500g	29.2	Pork ribs per kg	2.0	Instant coffee 250g	18.4
		Low fat milk - long life 1ℓ	3.2		
		Chicken giblets per kg	5.4		
		Fish (excl tuna) - tinned 400g	6.9		
		Beef mince per kg	7.3		
		Eggs 1.5 dozen	7.6		
		Beef chuck per kg	7.7		
		Ham 500g	8.1		
		Beef T-bone per kg	8.8		
		Polony 1kg	9.3		
		Cheddar cheese per kg	10.2		
		Beef brisket per kg	11.6		
		Bacon 200g	11.9		
		Sausage per kg	11.9		
		Powdered milk 900g	12.3		
		Beef stew per kg	16.4		
		Chicken portions frozen - non IQF per kg	18.4		

Grain and grain products	%	Meat, meat products, dairy, dairy products and eggs	%	Fresh and processed fruits and vegetables	%
		Beef offal per kg	19.3		
		IQF chicken portions 2kg	19.8		
		Lamb/Mutton neck per kg	20.3		
		Lamb/Mutton offal per kg	30.0		

Source: Stats SA, 2022

Note: Food items highlighted in the table above experienced price increases above the SARB inflation target of 6%.

A closer look at annual food price trends: April 2022 vs. April 2021

Comparing April 2022 vs. April 2021, the international price of wheat increased by 76.1%, while domestic wheat prices increased by 44.1%. Urban consumers paid 5.4% more for a loaf of brown bread (700g) and 7.5% more for a loaf of white bread (700g). Domestic yellow maize prices increased by 30.7%, while international yellow maize prices increased by 29.8%. Super maize meal prices (2.5kg) increased by 3.4% in urban areas. During the same period, the urban prices of sunflower oil (750ml) increased by 26.4%. Domestic prices of sunflower seed increased by 6.0% annually, while international sunflower seed prices increased by 19.9%.

During April 2022 vs. April 2021, average beef producer prices (R/kg) of classes A2/A3, B2/B3 and C2/C3 increased by 17.3%, 13.9% and 8.2%, respectively. Lamb/mutton producer prices (R/kg) of classes, C2/C3, B2/B3 and A2/A3 increased by 14.6%, 11.5% and 7.5%, respectively. Abattoir selling prices of fresh, frozen chicken portions as well as individually quick frozen (IQF) chicken portions increased by 14.6%, 9.9% and 8.1%, respectively. Porker and baconer producer prices (R/kg) decreased by 12.3% and 11.3%, respectively, during the same period.



Monthly urban price comparison: April 2022 vs. March 2022

Table 3 compares prices of selected food items in urban areas for April 2022 vs. March 2022. Food items showing the largest price differences in urban areas for April 2022 vs. March 2022 are sunflower oil (750ml) at a difference of R3.65, margarine spread (500g) at a difference of R1.50, white sugar (2.5kg) at a difference of R1.41, peanut butter (400g) and Ceylon/black tea (250g) at a difference of R0.34 each, a loaf of brown bread (700g) at a difference of R0.29, super maize meal (2.5kg) at a difference of R0.28, full cream long life milk (1ℓ) at a difference of R0.24, samp (1kg) at a difference of R0.23 and a loaf of white bread (700g) at a difference of R0.19. This indicates that urban consumers paid R0.65 more on average, for these 11 food items during April 2022.

Table 3: Comparison between urban food prices (selected food items)

Product	Urban Food Prices March 2022 (R/unit)	Urban Food Prices April 2022 (R/unit)	Price difference (R/unit)
Full cream milk – long life 1ℓ	15.78	16.02	0.24
A loaf of brown bread 700g	14.64	14.93	0.29
A loaf of white bread 700g	16.05	16.24	0.19
Samp 1 kg	14.07	14.30	0.23
Super maize 2.5 kg	28.02	28.05	0.03
Margarine spread 500g	33.64	35.14	1.50
Peanut butter 400g	35.69	36.03	0.34
Rice 2kg	38.26	37.23	-1.03
Sunflower oil 750ml	31.24	34.89	3.65
Ceylon/black tea 250g	32.94	33.28	0.34
White sugar 2.5kg	47.05	48.46	1.41
Average difference (R/unit)			R0.65

Source: Stats SA, 2022



International food prices

The Food and Agricultural Organization (FAO) of the United Nations (UN) publishes its Food Price Index (FPI) on a monthly basis. The FPI consists of five commodity group price indices, namely, the Meat Price Index, the Dairy Price Index, the Cereals Price Index, the Oils Price Index and the Sugar Price Index. These indices are weighted with the average export shares of each of the groups for 2014 to 2016. In total, 95 price quotations, considered by FAO commodity specialists as representing the international prices of the noted food commodities, are included in the overall index. **Figure 3** shows the overall monthly real (*deflated*) FAO FPI from 2016 to 2022, with April 2022 reaching an index level of 155.0 points, up 27.7% from April 2021.

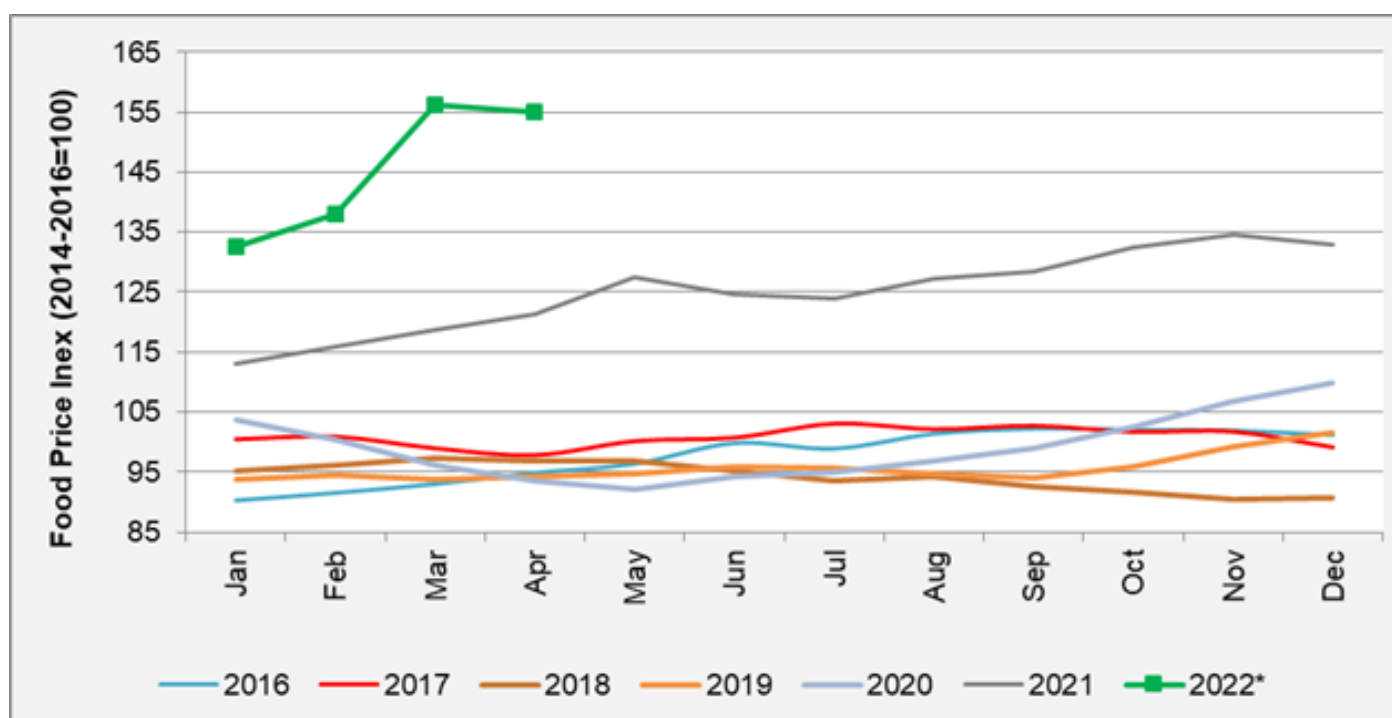


Figure 3: International monthly real FPI

Source: FAO, 2022

*Note: Current year



Figure 4 shows the price indices in *real terms* for the five food categories. The monthly (April 2022 vs. March 2022) growth percentages indicated increasing trends for three of the five indices. The annual (April 2022 vs. April 2021) growth percentages indicated increasing trends of 44.0% for Oils Price Index, 32.1% for the Cereals Price Index, 21.5% for the Dairy Price Index and 19.8% for the Sugar Price Index, whilst the Meat Price Index reflected the smallest annual increase percentage of 14.9%.

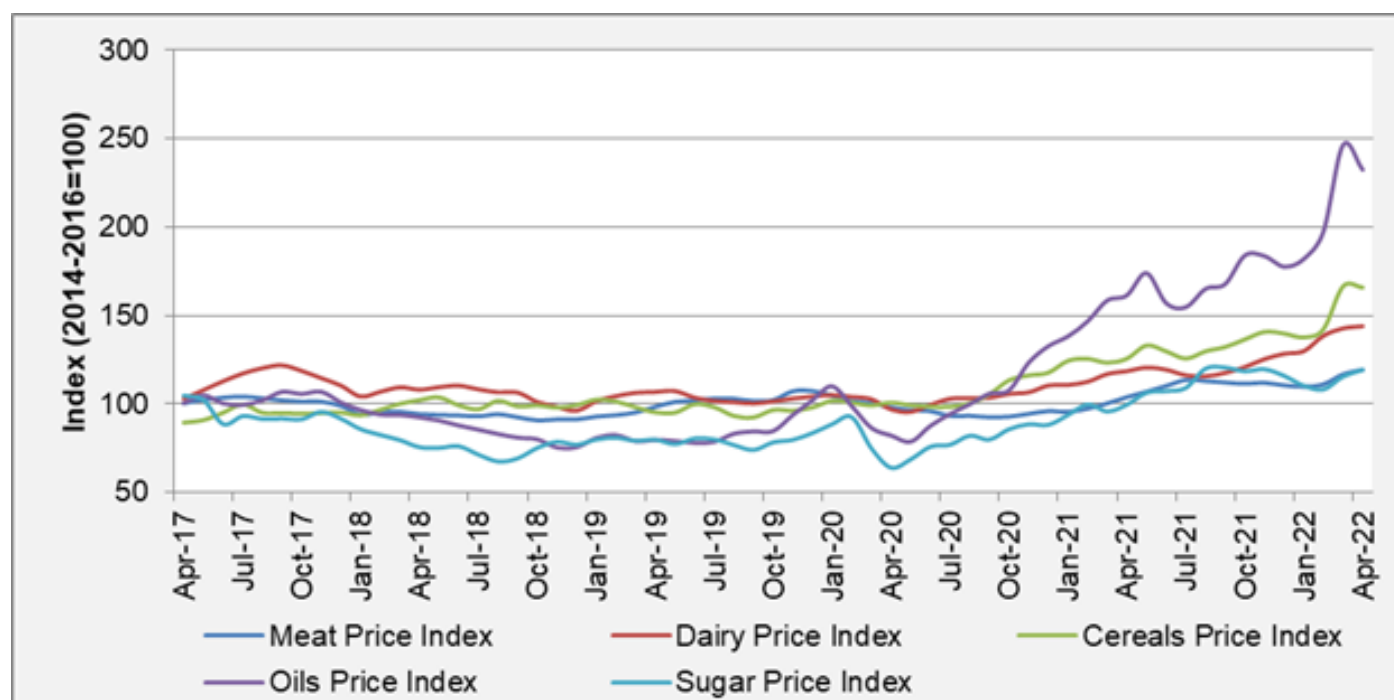


Figure 4: Real price indices for five food categories

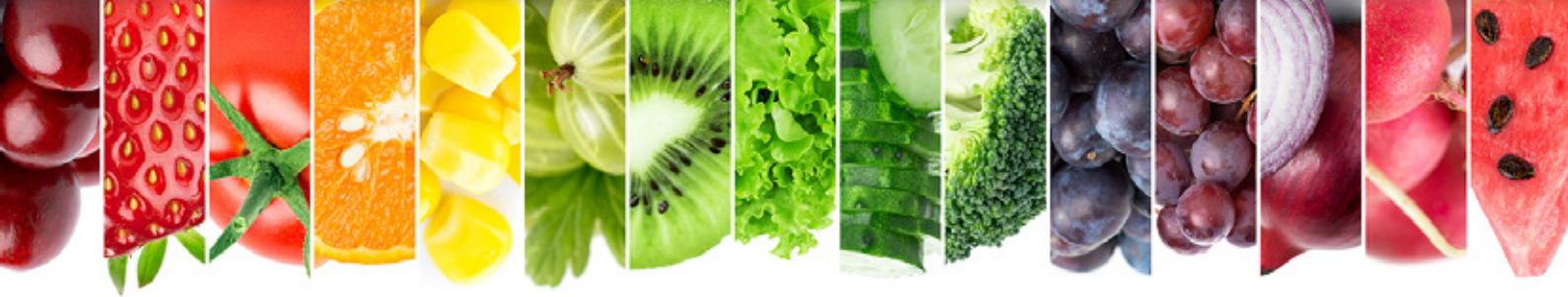
Source: FAO, 2022

The FAO Food Price Index (FFPI)¹ in *nominal terms*, averaged 58.5 points in April 2022, down 1.2 points (0.8%) from the all-time high reached in March 2022, though still 36.4 points (29.8%) above its value in the corresponding month last year. The drop in the FFPI in April 2022 was led by a significant downturn in the vegetable oil sub-index, along with a slight decline in the cereal price sub-index. Meanwhile, sugar, meat and dairy price sub-indices sustained moderate increases.

The FAO Cereal Price Index in *nominal terms*, averaged 169.5 points in April 2022, down 0.7 points (0.4%) from the record high reached in March 2022 (since 1990). After surging to a record level in March 2022, international coarse grain prices dropped by 1.8% in April 2022, led by a 3.0% decline in maize prices, as seasonal supplies from ongoing harvests

in Argentina and Brazil helped ease the pressure on markets. World sorghum prices also declined in April 2022 by 0.4%, while tight supplies pushed barley prices up by 2.5%. International wheat prices edged upwards in April 2022, albeit marginally, gaining 0.2%. Continued blockage of ports in Ukraine and concerns over 2022 crop conditions in the United States of America kept prices elevated, but the price increases were moderated by larger shipments from India, higher-than expected exports from the Russian Federation, and slightly dampened global demand as a result of high prices. International rice prices in April 2022 increased by 2.3% from March 2022, sustained by a combination of strong local demand in various Asian exporters, purchases by Near Eastern and Chinese buyers and weather setbacks in the Americas.

¹Unlike for other commodity groups, most prices utilized in the calculation of the FAO Meat Price Index are not available when the FAO Food Price Index is computed and published; therefore, the value of the Meat Price Index for the most recent months is derived from a mixture of projected and observed prices. This can, at times, require significant revisions in the final value of the FAO Meat Price Index which could in turn influence the value of the FAO Food Price Index.



The FAO Vegetable Oil Price Index in *nominal terms*, averaged 237.5 points in April 2022, shedding 14.3 points (5.7%) from the record high registered in March 2022, but remaining markedly above its year-earlier level. The decline was driven by lower world prices of palm, sunflower and soy oils, which more than offset higher rapeseed oil quotations. International palm oil prices dropped moderately in April 2022, mainly weighed by subdued global import purchases amid high costs as well as a weakening demand outlook in China. Nevertheless, uncertainties about export availabilities out of Indonesia, the world's leading palm oil exporter, contained further declines in international prices. In the meantime, world sunflower and soy oil prices also fell month-on-month, largely tied to demand-rationing following the record high prices seen lately. By contrast, rapeseed oil prices stayed firm in April 2022, sustained by lingering global supply tightness.

The FAO Dairy Price Index in *nominal terms*, averaged 147.1 points in April 2022, up 1.3 points (0.9%) from March 2022, marking the eighth consecutive monthly increase and lifting the index 28.0 points (23.5%) above its value a year ago. In April 2022, the upward trend of dairy product prices continued, driven by the persistent global supply tightness, as milk output in Western Europe and Oceania continued to track below their seasonal levels. International quotations for butter rose the most, reflecting tight supplies, including low inventories, especially in Western Europe, amidst a surge in demand for near-term deliveries, partly induced by the current shortage of sunflower oil and margarine. Despite a decline in foreign purchases, sustained internal demand and low inventories in Europe provided support to world skim milk powder and cheese prices. By contrast, whole milk prices fell moderately, mainly due to a demand slowdown in China.

The FAO Meat Price Index² in *nominal terms*, averaged 121.9 points in April 2022, up 2.7 points (2.2%) from March 2022 and setting a new record high. The continued price strength stemmed from higher world poultry, pig and bovine meat prices. The poultry meat price increase was driven by solid demand amidst tight global supplies, reflecting disruptions to exports from Ukraine and rising avian influenza outbreaks in the Northern hemisphere. Meanwhile, pig meat prices rose further, although less steeply than in March 2022 on the prolonged low supply of slaughter pigs in Western Europe and high internal demand in large producing countries. World bovine meat prices increased moderately, reflecting high export volumes from Brazil, despite the low slaughter cattle supply. With this increase, bovine meat prices reached a new record high. Regarding ovine meat, the pandemic-related lockdowns and port delays in China eased the country's meat purchases, pushing prices marginally lower.

The FAO Sugar Price Index in *nominal terms*, averaged 121.8 points in April 2022, up 3.9 points (3.3%) from March 2022, marking the second consecutive monthly increase and reaching levels more than 20% above those registered in the corresponding month last year. Higher ethanol prices in Brazil, coupled with the sustained strengthening of the Brazilian Real against the US dollar, continued to underpin the increase in world sugar prices. Additional support was provided by concerns over the slow start of the 2022 harvest in Brazil. However, larger-than-previously-anticipated availabilities in India, a major sugar exporter, bolstered the global supply outlook and prevented more substantial price increases.

²Unlike for other commodity groups, most prices utilized in the calculation of the FAO Meat Price Index are not available when the FAO Food Price Index is computed and published; therefore, the value of the Meat Price Index for the most recent months is derived from a mixture of projected and observed prices. This can, at times, require significant revisions in the final value of the FAO Meat Price Index which could in turn influence the value of the FAO Food Price Index.

Impact of food inflation on consumers

The purpose of this section is to illustrate the impact of food inflation on consumers. The analysis presented in the first part of this section is based on the cost of a basic food basket³ (as originally compiled by the Food Price Monitoring Committee in 2003, which was revised in March 2022) and based on monthly average food price data for the period April 2021 to April 2022.

In April 2022, the cost of this basic urban food basket was R1 046.68, increased by 7.8% from April 2021 (year-on-year increase) and decreased by 1.1% from March 2022 (month-on-month change). The cost of this food basket expressed as a share of the average monthly income⁴ of the poorest 30% of the population increased from 65.3% in April 2021 to 70.3% in April 2022. The cost of the food basket expressed as a share of the average monthly income of the wealthiest 20% of the population increased from 3.5% in April 2021 to 3.7% in April 2022. (Figure 5).

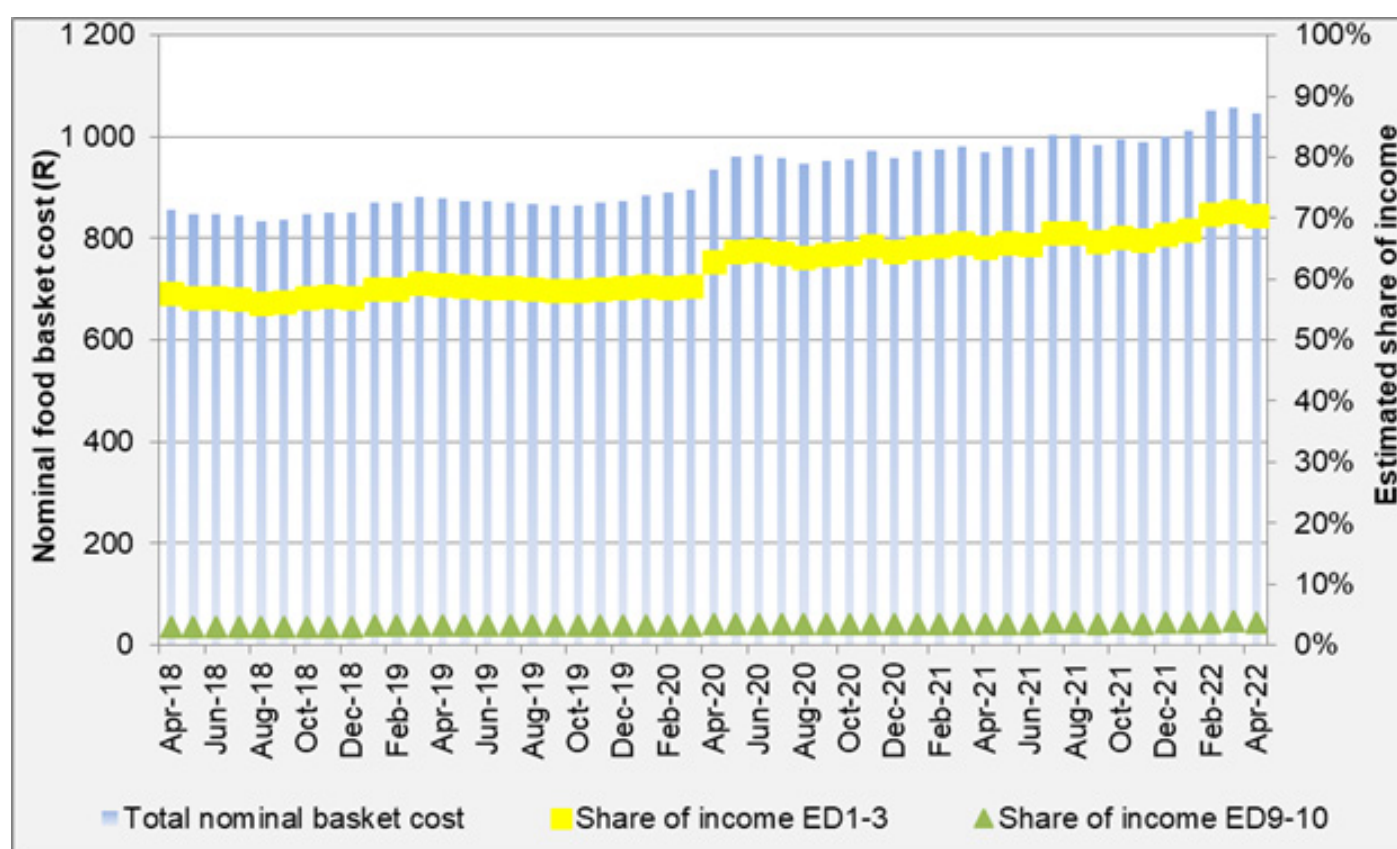


Figure 5: The cost of a typical consumer food basket for the period April 2018 to April 2022, expressed in nominal terms and as share of the average income of the poorest 30% of households (Expenditure Deciles [ED] 1 to 3) and the wealthiest 20% of households (ED 9 to 10)

Sources: BFAP calculations, based on Stats SA monitored price data for urban areas, 2022

³Composition of food basket: Apples fresh (per kg), Baked beans tinned (410g), Bananas fresh (per kg), Beans dried (500g), Beef mince fresh (per kg), Beef offal fresh (per kg), Bread loaf brown (700g), Bread loaf white (700g), Cabbage fresh (per kg), Cheese cheddar (per kg), Chicken giblets (per kg), Chicken portions IQF (2kg), Coffee instant (250g), Eggs (1.5 dozen), Fish (excl. tuna) tinned (400g), Maize meal super (5kg), Margarine brick (500g), Milk full cream long life (1ℓ), Onions fresh (per kg), Oranges fresh (per kg), Peanut butter (400g), Polony (per kg), Potatoes fresh (per kg), Rice (2kg), Sugar white (2.5kg), Sunflower oil (750ml), Tea Ceylon/black (250g), Tomatoes fresh (per kg).

⁴The cost of the typical food basket was expressed as a share of estimated average monthly income of Expenditure Deciles 1 to 3, the poorest 30% of the population, as calculated from the STATSSA Living Conditions Survey 2014/2015 (household income estimated by total expenditure of households on all items)

To further explore the impact of inflation on consumers, **Figure 6** presents an illustration of the average monthly nominal cost of specific food groups within the basic food basket, comparing April 2022 to April 2021. Food groups with more prominent inflation included fats & oils, animal protein foods, coffee & tea, legumes, dairy, eggs and sugar.

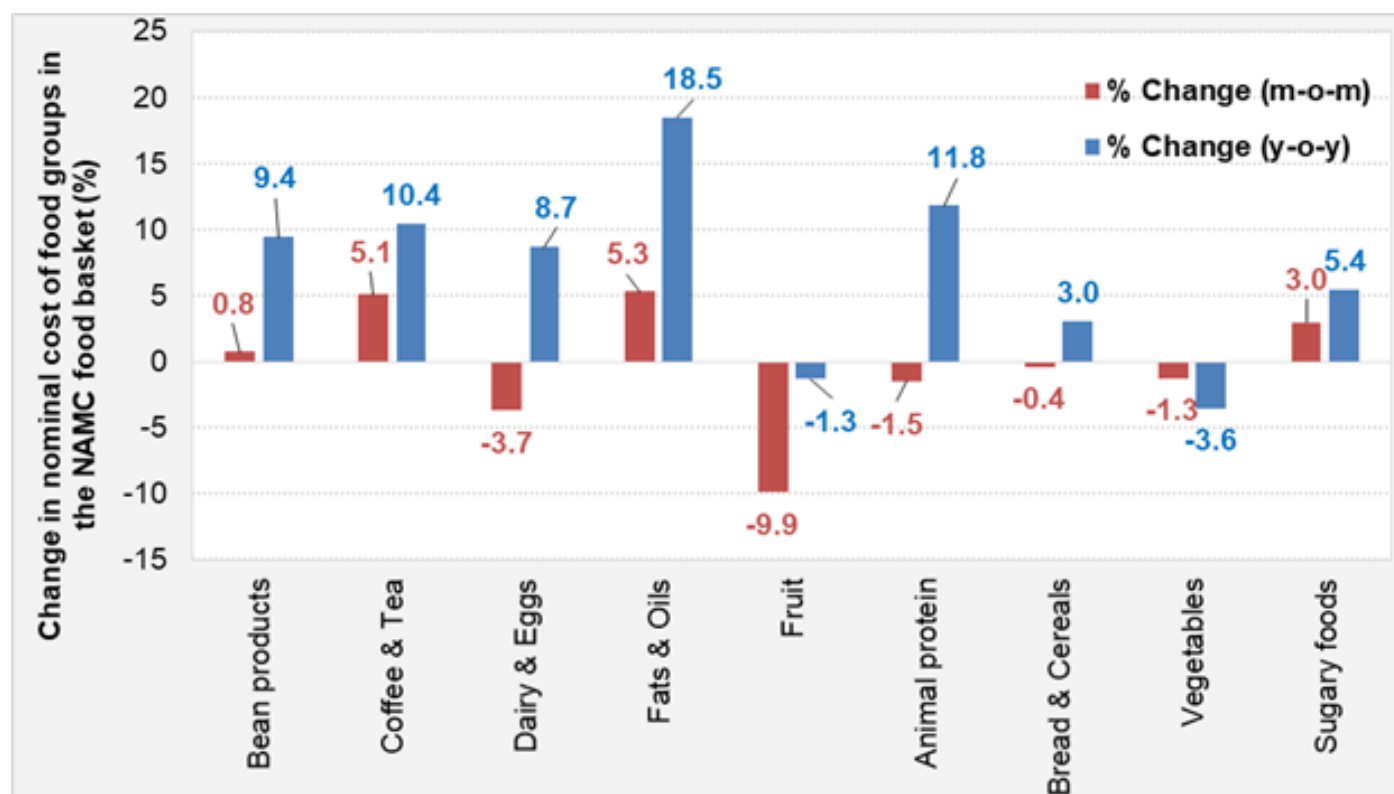


Figure 6: Nominal cost growth of specific food groups within the NAMC's 28-item food basket, comparing April 2022 to April 2021 (y-o-y) and April 2022 to March 2022 (m-o-m)

Sources: BFAP & NAMC calculations, Stats SA, 2022

The various food groups within this food basket are presented in more detail in **Table 4** below.

Table 4: Overview of contributions to annual food price increases within the 28-item NAMC food basket, April 2022 vs. April 2021

Food group	Overall inflation rate		Major contributors to inflation in this category	Minor contributors to inflation in this category	Non-contributors to inflation in this category	Comments
	April 2022 vs April 2021	Jan 2022 vs Jan 2021				
Animal protein	+11.8%	+10.4%	IQF chicken portions (+19.8%) Beef offal (+19.3%) Polony (+9.3%) Beef mince (+7.3%) Canned pilchards (+6.9%) Chicken giblets (+5.4%)	None	None	Inflation on all listed animal protein food options.
Bread and cereals	+3.0%	-5.1%	Maize meal (+7.9%) White bread (+7.5%) Brown bread (+5.4%)	None	Rice (-5.7%)	Inflation on maize meal and bread.
Vegetables	-6.1%	+14.2%	Onions (+6.6%) Potatoes (+5.7%) Cabbage (+4.2%)	None	Tomatoes (-22.7%)	Inflation on onions, potatoes and cabbage.
Fruit	-1.3%	-17.1%	Oranges (+11.0%)	None	Apples (-10.0%) Bananas (-6.2%)	High inflation on oranges.
Dairy	+11.8%	-2.7%	Cheddar cheese (+10.2%)	Milk (+1.6%)	None	High cheese inflation, with some inflation on eggs.
Eggs	+7.6%	+4.0%	Eggs (+5.4%)	None	None	
Fats and oils	+18.5%	+20.2%	Sunflower oil (+26.4%) Brick margarine (+9.1%)	None	None	High inflation on sunflower oil & margarine.
Bean products	+9.4%	+3.4%	Baked beans (+15.6%) Dried beans (+10.6%) Peanut butter (+6.6%)	None	None	Inflation on all bean products listed.
Coffee and tea	+10.4%	+2.7%	Instant coffee (+10.4%)	Ceylon/black tea (+1.2%)	None	Inflation on coffee.
Sugary foods	+5.4%	+6.6%	White sugar (+5.4%)	None	None	Inflation on sugar.

Sources: BFAP & NAMC calculations, Stats SA, 2022

**Note: Previous Food Price Monitor analysis period prior to April 2022 vs. April 2021*

When comparing April 2021 to April 2021 retail prices, higher price inflation (6.0% or more) was observed for the following products within the NAMC food basket (in order from highest to lowest inflation): sunflower oil, IQF chicken portions, beef offal, instant coffee, tinned baked beans, oranges, beans, cheddar cheese, polony, margarine, super maize meal, eggs, white bread, beef mince, canned pilchards, onions and peanut butter. When comparing the inflation rates for April 2022 vs April 2021, with January 2022 vs January 2021 (i.e., the previous Food Price Monitor analysis period) the rate of inflation was higher for animal protein foods, bread & cereals, dairy, eggs, bean products and coffee & tea.

The impact of inflation on very poor consumers is further explored below, based on the typical portion sizes of very poor consumers of the five most widely consumed food items in South Africa represented by maize porridge, brown bread, sugar, tea and full cream milk (National Food Consumption Survey - Steyn & Labadarios, 2000⁵; Oldewage-Theron et al, 2005⁶). **Figure 7** illustrates the estimated portion costs for these foods, calculated from monthly food price data for April 2021 and April 2022. Similar to other Food Price Monitor analysis periods, the significant cost contribution of maize

meal and bread to the typical basic daily food selection for poor consumers are emphasised by the results in **Figure 7**.

Furthermore, despite the relatively low actual food weight contribution of bread to this 'food plate', the bread component costs more than the maize porridge component (about 40% more in this case for April 2022). When comparing, the costs associated with the typical portion sizes of very poor consumers for the five most widely consumed food items in South Africa, based on April 2022 versus April 2021 prices, the results in **Figure 7** indicated inflation of 5.5% (from R6.80 to R7.18 for the selection of typical portions), with inflation on the staple components contributing the most to the cost of the 'food plate'. From March 2022 to April 2022 the costs associated with the typical portion sizes of very poor consumers for the five most widely consumed food items in South Africa increased by 1.3% (+R0.09).

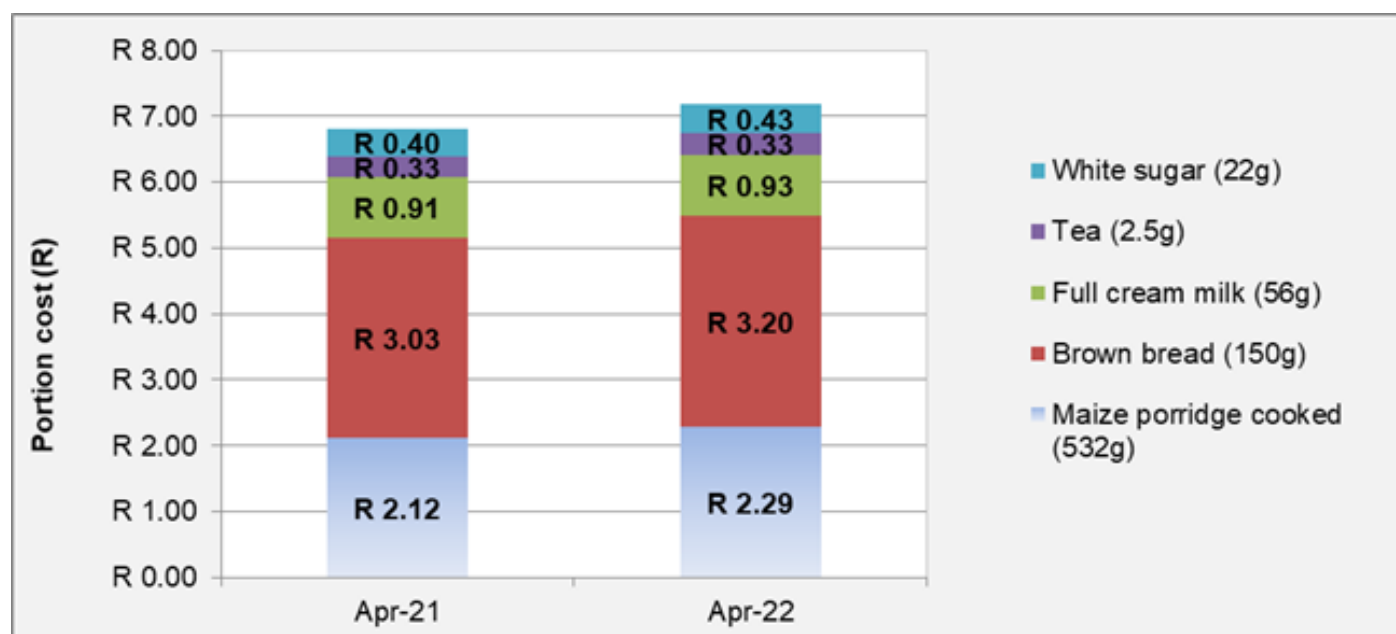


Figure 7: Average nominal cost for the typical portions of the five food items most widely consumed by very poor consumers in South Africa, April 2021 and April 2022

Sources: BFAP calculations, Stats SA, 2022

⁵Steyn NP, Labadarios D. National Food Consumption Survey: Children aged 1–9 years, South Africa, 1999. Cape Town: The Department of Health Directorate Nutrition, 2000

⁶Oldewage-Theron W, Dicks E, Napier C, et al. Situation analysis of an informal settlement in the Vaal Triangle. Development Southern Africa 2005; 22 (1): 13-26

Food inflation drivers and expectations

Year-on-year inflation on food and non-alcoholic beverages in South Africa was recorded at 6.0% in April 2022, mainly underpinned by significant inflation on plant oils, meat and also cereal-based foods. The rise was mainly underpinned by rising agricultural commodity prices globally, which filter through to the South African market, along with cost drivers that influence the broader supply chain.

Major factors driving rising agricultural commodity prices include:

- The ongoing war between Russia and Ukraine, which is adding to global supply concerns at a time when stock levels had been declining for consecutive years. Russia and Ukraine are major exporters of a number of commodities, including wheat, maize, barley, sunflower and sunflower oil.
- Weather conditions in the USA delaying plantings of summer grains and oilseeds, which further supported price gains.
- Weather conditions in key production regions remain a concern, with weaker harvests coming from South America in particular.
- Policy actions in response to surging prices in some major producing countries, e.g., a ban on palm oil exports from Indonesia and wheat exports from India.
- Animal disease outbreaks, e.g., Avian Influenza and Foot and Mouth Disease.

Furthermore, food inflation is further affected by rising costs throughout the value chain, including rapidly rising fuel prices, electricity prices and electricity supply interruptions. These rising costs reflect a combination of local and international factors. Exchange rate depreciation continues to influence the cost of imported products, along with global factors that include China's zero Covid policy, which continues to cause disruptions in manufacturing and global logistics, and the Russian-Ukraine war, which is driving up global energy costs.

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. The 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.

Compiled by:

Price trends:

Corné Dempers
Dr Christo Joubert
Dr Ndiadvha Tempia

Consumer impact & Expectations BFAP:

Dr Hester Vermeulen
Dr Tracy Davids

Design by Sylvester Moatshe

Enquiries: Dr. Christo Joubert: +27 12 341 1115 or christo@namc.co.za

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