

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

June 2022 - May 2022 data

Important note

The COVID-19 pandemic has had a significant influence on the South African economy, as well as Statistics South Africa's (Stats SA) ability to quantify it. As a result, the May 2022 CPI figures were compiled and released on Wednesday, May 22nd, 2022 (see link below from the Stats SA website):

<https://www.statssa.gov.za/publications/P0141/P0141May2022.pdf>

The official May 2022 data will now be included in this report, as the official release of the June 2022 CPI data is set on July 20th, 2022. Because Stats SA is still not monitoring rural statistics, pricing comparisons between rural and urban areas are currently impossible.

During May 2022, the nominal cost of the NAMC's 28-item urban food basket amounted to R1 073.86 compared to the R1 047.05 reported in April 2022. This represented a monthly decrease of 2.6% and a year-on-year increase of 9.1%.

June 2022 vs. June 2021	Inflation bracket:				
	12% or more	Between 6% and 12%	Between 3% and 6%	Between 3% and 1%	Inflation close to zero or deflation
Stats SA food groups:	Oils & Fats (26.9%)	Meat (9.4%) Processed food (9.3%) Bread & cereals (8.4%) Other foods (8.2%) Unprocessed food (6.3%) Fish (6.2%)	Sugar, sweets & desserts (4%) Milk, eggs & cheese (3.8%) Vegetables (3.5%)	Fruit (2.1%)	
Individual food items in NAMC food basket (listed in order of decreasing inflation rates):	Sunflower oil (38.4%) Cheddar cheese (26.5%) Instant coffee (21%) Maize meal (16.5%) Brick margarine (14.3%) Baked beans tinned (13.8%) White bread (12.7%)	Polony (11.9%) Beans dried (11.8%) Brown bread (9.6%) Beef mince (8.7%) White sugar (8.1%) Canned pilchards (6.8%) Oranges (6.6%)	Beef offal (5.9%) Eggs (5.6%) Apples (4.5%) Peanut butter (4.4%) Cabbage (4.3%)	Potatoes (2.4%) IQF chicken portions (1.9%) Full cream long life milk (1.7%) Ceylon/black tea (1.3%)	Tomatoes (-6.5%) Bananas (-5.1%) Rice (-4.9%) Chicken giblets (-3.8%) Onions (-2.2%)



Overall inflation and food inflation

Figure 1 shows the trends in the headline CPI as well as the inflation rates for food and non-alcoholic beverages from May 2016 to May 2022. On May 22, 2022, Statistics South Africa (Stats SA) officially announced the Consumer Price Index (CPI) for May 2022, showing that the annual headline CPI had increased by 6.5% from the 5.9% recorded the previous month. May 2022 saw an annual 7.6% increase in price inflation for food and non-alcoholic beverages, 1.6% points more than April's 6.0%. A moderate increase in food prices is likely to continue in the coming months, especially for those food products that are either directly or indirectly impacted by the conflict in the Black Sea region. Some analysts expect that this may continue until the first half of 2023, but given how fluid the market is right now, it is difficult to make accurate projections for the near future. Additionally, elements like fuel costs and currency exchange rates are important contributors to local food price rise. As a result, consumers will continue to be affected by the higher input cost, especially fuel prices.

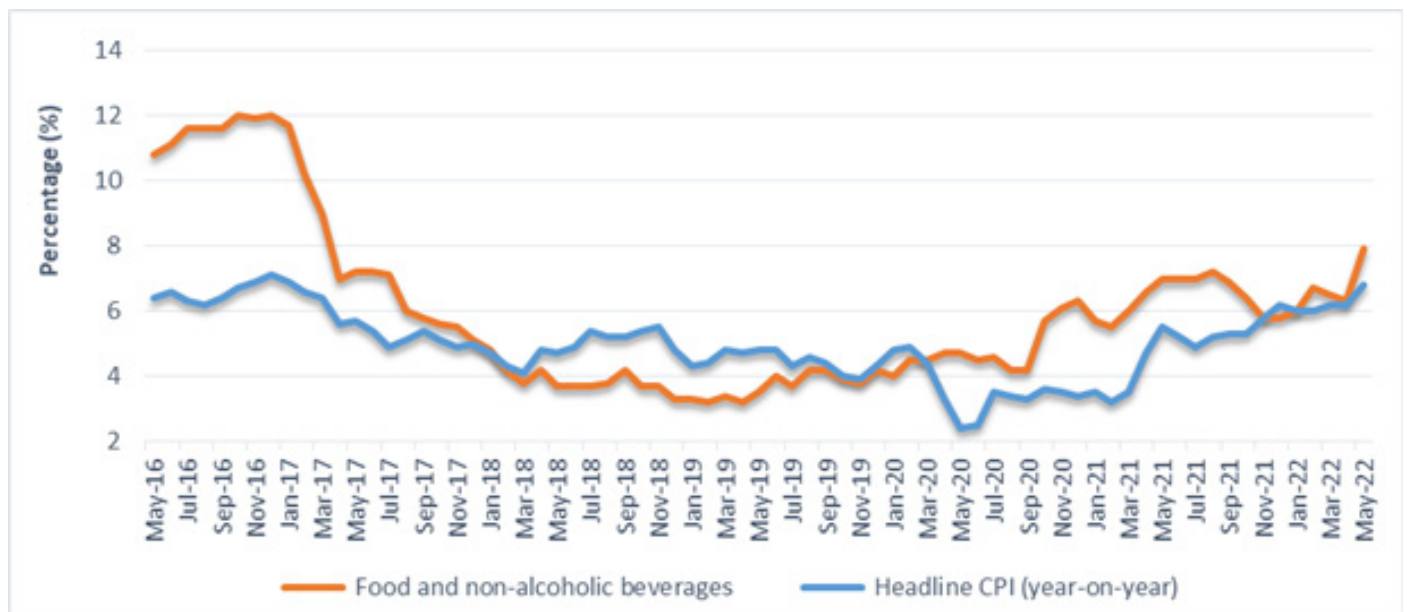


Figure 1: Headline CPI and food and non-alcoholic beverages CPI

Source: Stats SA, 2022

Monthly comparison for urban prices: May 2022 vs April 2022

The cost of various foods in urban areas in May 2022 and April 2022 is compared in **Table 1**. May 2022 saw a continuation of the rising price trends for food goods made from or containing oilseeds. Since the beginning of February 2022, when Russia invaded Ukraine, exports of palm oil and sunflower oil have been prohibited. The foodstuffs with the greatest price differences at this time were sunflower oil (R5.79), maize meal (R2.13), Ceylon/black tea (R1.83), white sugar (R1.22), margarine spread (R1.15), a loaf of white bread (R1.03), full cream long life milk (R0.50), a loaf of brown bread (R0.44) and samp (R0.15). Prices for peanut butter and rice decreased by R0.54 and R0.13, respectively. While the free flow of supply on the market continues to support domestic rice prices favourably in the case of rice, the drop in the price of peanut butter is probably welcomed news considering the continued high cost of the oilseed, sugar and other ingredients used to produce it. Consumers in South Africa's urban areas paid R1.23 more on these eleven food products on average in May 2022 compared to April 2022 as a result of these price increases.

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

Product	Urban Food Prices April 2022 (R/unit)	Urban Food Prices May 2022 (R/unit)	Price difference (R/unit)
Full cream milk – long life 1ℓ	16.02	16.52	0.24
A loaf of brown bread 700g	14.93	15.37	0.29
A loaf of white bread 700g	16.24	17.27	0.19
Samp 1kg	14.30	14.45	0.23
Maize meal 2.5 kg	28.05	30.15	0.03
Margarine spread 500g	35.14	36.29	1.50
Peanut butter 400g	36.03	35.49	0.34
Rice 2kg	37.23	37.10	-1.03
Sunflower oil 750mℓ	34.89	40.68	3.65
Ceylon/black tea 250g	33.28	35.11	0.34
White sugar 2.5kg	48.46	49.68	1.41
Average difference (R/unit)			1.23

Source: Stats SA, 2022

The NAMC food basket: May 2022 vs May 2021

This section presents the nominal cost of the NAMC's 28-item urban food basket based on average food price data for May 2022 vs. May 2021. The nominal price of the NAMC's 28-item urban food basket in May 2022 was R1 073.86 as opposed to the R1 047.05 noted in April 2022. When compared to the increase reported last month (7.8%) and the 2.6% increase month over month, this was a considerable increase year over year of 9.1%.

Table 2 highlights the 28 food items that make up the NAMC urban food basket (in nominal terms). There were 14 of the 28 food items that increase more than the annual inflation target of 6% set by the South African Reserve Bank (SARB). Sunflower oil increased by 38.4%, followed by cheddar cheese (26.5%) and instant coffee (21%). Other notable increases were seen in maize meal (16.5%), brick margarine (14.3%), baked beans (13.8%), a loaf of white bread (12.7%), polony (11.9%), dried beans (11.8%), a loaf of brown bread (9.6%), beef mince (8.7%), white sugar (8.1%), fish-tinned (6.8%) and oranges (6.6%).

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

Category	Product	May 21 R/unit	April 22 R/unit	May 22 R/unit	% Change year-on-year	% Change month-on-month
Beans	Baked beans - tinned 410g	11.07	12.64	12.60	13.8	-0.3
Beans	Beans - dried 500g	25.11	27.50	28.07	11.8	2.1
Beans	Peanut butter 400g	34.00	36.03	35.49	4.4	-1.5
Coffee. Tea	Ceylon/black tea 250g	34.65	33.28	35.11	1.3	5.5
Coffee. Tea	Instant coffee 250g	37.64	44.85	45.56	21.0	1.6
Dairy. Eggs	Cheddar cheese per kg	99.99	118.24	126.52	26.5	7.0
Dairy. Eggs	Eggs 1.5 dozen	50.17	53.77	52.97	5.6	-1.5
Dairy. Eggs	Full cream milk - long life 1ℓ	16.25	16.02	16.52	1.7	3.1
Fats. Oils	Brick margarine 500g	23.24	25.45	26.57	14.3	4.4
Fats. Oils	Sunflower oil 750mℓ	29.39	34.89	40.68	38.4	16.6
Fruit	Apples per kg	16.62	16.12	17.36	4.5	7.7
Fruit	Bananas per kg	18.84	18.20	17.88	-5.1	-1.8
Fruit	Oranges per kg	20.70	22.78	22.07	6.6	-3.1
Protein	Beef mince per kg	95.16	102.09	103.43	8.7	1.3
Protein	Beef offal per kg	45.04	48.64	47.69	5.9	-2.0
Protein	Chicken giblets per kg	39.22	37.30	37.73	-3.8	1.2
Protein	Fish (excl tuna) - tinned 400g	21.90	23.21	23.39	6.8	0.8
Protein	IQF chicken portions 2kg	85.18	85.68	86.80	1.9	1.3
Protein	Polony 1kg	43.92	48.72	49.15	11.9	0.9
Bread & Cereals	Loaf of brown bread 700g	14.03	14.93	15.37	9.6	2.9
Bread & Cereals	Loaf of white bread 700g	15.33	16.24	17.27	12.7	6.3
Bread & Cereals	Rice 2kg	39.01	37.23	37.10	-4.9	-0.3
Bread & Cereals	Maize meal 5kg	49.47	54.17	57.64	16.5	6.4
Vegetables	Cabbage each	16.84	17.78	17.56	4.3	-1.2
Vegetables	Onions per kg	15.29	15.30	14.96	-2.2	-2.2
Vegetables	Potatoes per kg	13.51	13.72	13.84	2.4	0.9
Vegetables	Tomatoes per kg	26.59	23.81	24.85	-6.5	4.4
Sugary foods	White sugar 2.5kg	45.95	48.46	49.68	8.1	2.5
	Total Rand Value	984.11	1 047.05	1 073.86	9.1	2.6

Source: Stats SA and BFAP, 2022

Table 2 compares the periods of May 2022 vs. May 2021 (year-on-year) and May 2022 vs. April 2022 (month-on-month) to show the average nominal cost increase of particular food groups within the NAMC's 28-item food basket. Fats and oils continue to have the largest food inflation on an annual basis, rising by 27.8% from the 18.5% recorded for the same period the month before. Dairy & eggs increase by 17.8%, followed by coffee & tea (11.6%) and bean products (8.5%). Fats & oils were once again the top product when comparing May 2022 to April 2022, with inflation increases recorded at 11.5% higher, followed by dairy & eggs (4.2%) and bread & cereals (3.9%).

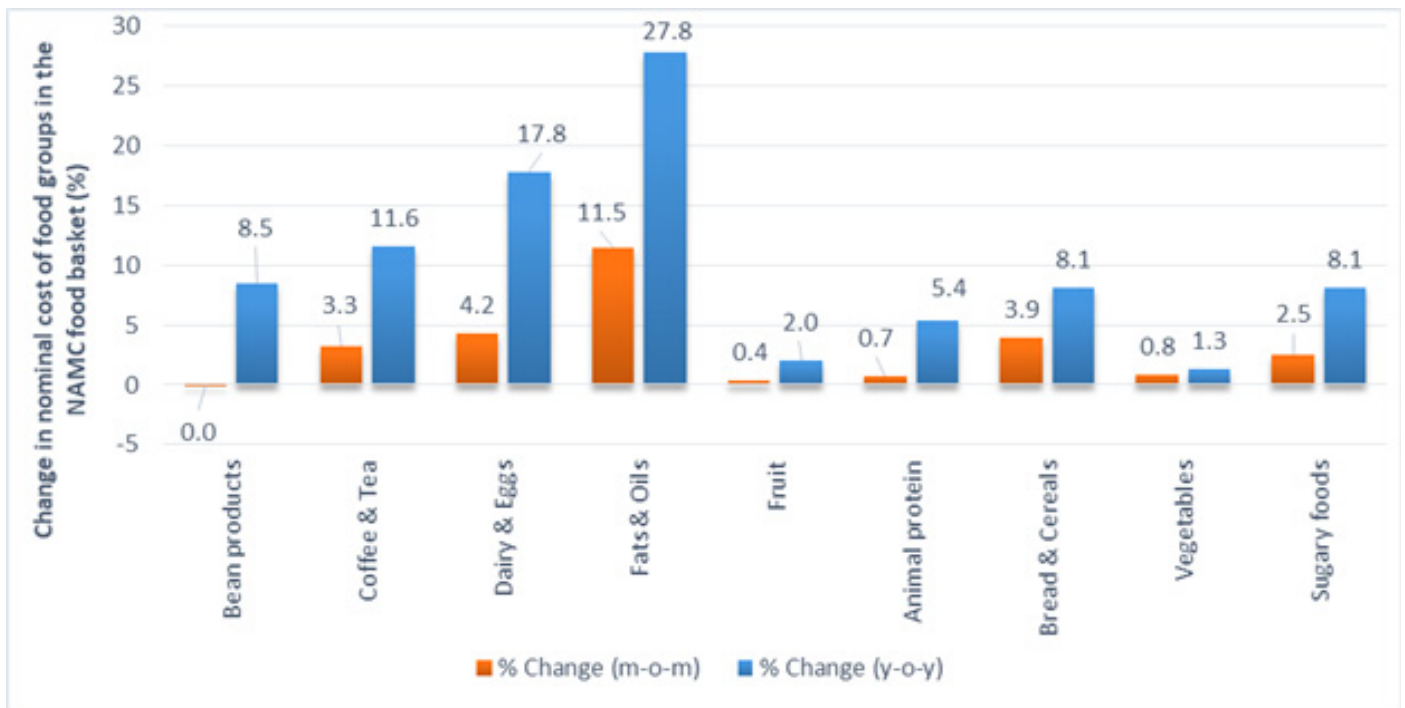


Figure 2: Nominal cost growth of specific food groups within the NAMC’s 28-item food basket, comparing May 2022 vs. May 2021 and May 2022 vs. April 2022

Source: NAMC calculations, Stats SA data, 2022

Globally, the Food and Agricultural Organization’s (FAO) overall food price index decreased by 0.6%, falling to 157.4 points in May 2022. The main causes of this decline were, in large part, dairy products and vegetable oil. On the other hand, the indices for meat and cereal both saw month-on-month increase of 2.2% and 3.5%, respectively. For cereals, the key driving element was wheat prices in response to the ban on export from India, and reduced production predictions from Ukraine which is affected by the conflict. Due to supplies from South America, particularly Brazil and Argentina, maize prices fell by 2.1% in May.

Following a fifth consecutive increase in global rice prices in May 2022, a small worry for international rice buyer’s looms. However, India’s export surplus should keep rice prices steady and not necessarily lower them for the upcoming months. Given the present price levels, which are still significantly higher than average, the vegetable oil index’s decline of 3.5% is considered acceptable news.

During May 2022, a noteworthy number of food items increased locally. These included wheat products such as bread which is at the back of India’s wheat export prohibition that shook the global market, while sunflower oil product prices are still under pressure due to the continuous constrained availability. The relaxation of Indonesia’s ban on palm oil exports, however, may result in a modest drop in vegetable oil product prices for June 2022. However, this is also probably a temporary fix. Key producers and exporters like India are reportedly considering limiting exports as sugar prices continue to rise, bolstered by an increase in ethanol demand. Because of this, consumers may witness further increases in local sugar prices in the near future as global supply may remain under pressure.

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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Stats SA is acknowledged for assistance provided to the NAMC in terms of food price data.

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