

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

July 2022 - June 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 June 2022 CPI figures were compiled and released on Wednesday, July 20th, 2022 (see link below from the Stats SA website):

<https://www.statssa.gov.za/publications/P0141/P0141June2022.pdf>

The official June 2022 data will now be included in this report, as the official release of the July 2022 CPI data is set on August 24th, 2022. Because Stats SA is still not monitoring rural statistics, pricing comparisons between rural and urban areas are currently impossible.

During June 2022, the nominal cost of the NAMC's 28-item urban food basket amounted to R1 094.51 compared to the R1 073.86 reported in May 2022. This represented a monthly increase of 1.9% and a year-on-year increase of 11.9%.

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 (32.5%)	Bread & cereals (11.2%) Processed food (11.1%) Meat (9.5%) Other foods (7.7%) Unprocessed food (7.0%) Fish (6.7%)	Sugar, sweets & desserts (5.7%) Vegetables (5.6%) Milk, eggs & cheese (4.7%)		Fruit (0.3%)
Individual food items in NAMC food basket (listed in order of decreasing inflation rates):	Beef offal (53.6%) Sunflower oil (49.3%) Baked beans (18.8%) Maize meal (17.7%) Instant coffee (17.2%) Cheddar cheese (16.9%) Polony (16.2%) Brown bread (15.9%) White bread (14.2%) IQF chicken (13.3%) Brick margarine (12.7%) White bread (14.2%) IQF chicken (13.3%) Brick margarine (12.7%)	Cabbage (10.1%) Fish tinned (9.4%) Beef mince (7.9%) Tomatoes (7.8%) Dried beans (7.7%) White sugar (6.2%)	Apples (3.4%) Peanut butter (3.2%)	Onions (2.3%) Full cream long life milk (1.2%) Eggs (1.2%)	Oranges (0.6%) Chicken giblets (-0.3%) Ceylon/black tea (-0.3%) Potatoes (-2.3%) Rice (-6.0%) Bananas (-8.6%)



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 June 2016 to June 2022. On July 20, 2022, Statistics South Africa (Stats SA) officially announced the Consumer Price Index (CPI) for June 2022, showing that the annual headline CPI had increased by 7.4%, the highest rate since 2009, while inflation for food and non-alcoholic beverages increased by 8.6%. Oils & fats, animal products and bread & cereals were the key factors in this increase. The pricing of food commodities on the world market, which are then passed on to the local market and consumers, are substantially to blame for all of these product price hikes. The Food and Agricultural Organization (FAO) of the United Nations said in June 2022 that oilseed prices had decreased, but this decline had only been minimal. However, the CPI data used only reflect the time gap between the local and international markets. It is expected that the situation for oilseeds may improve over the coming weeks.

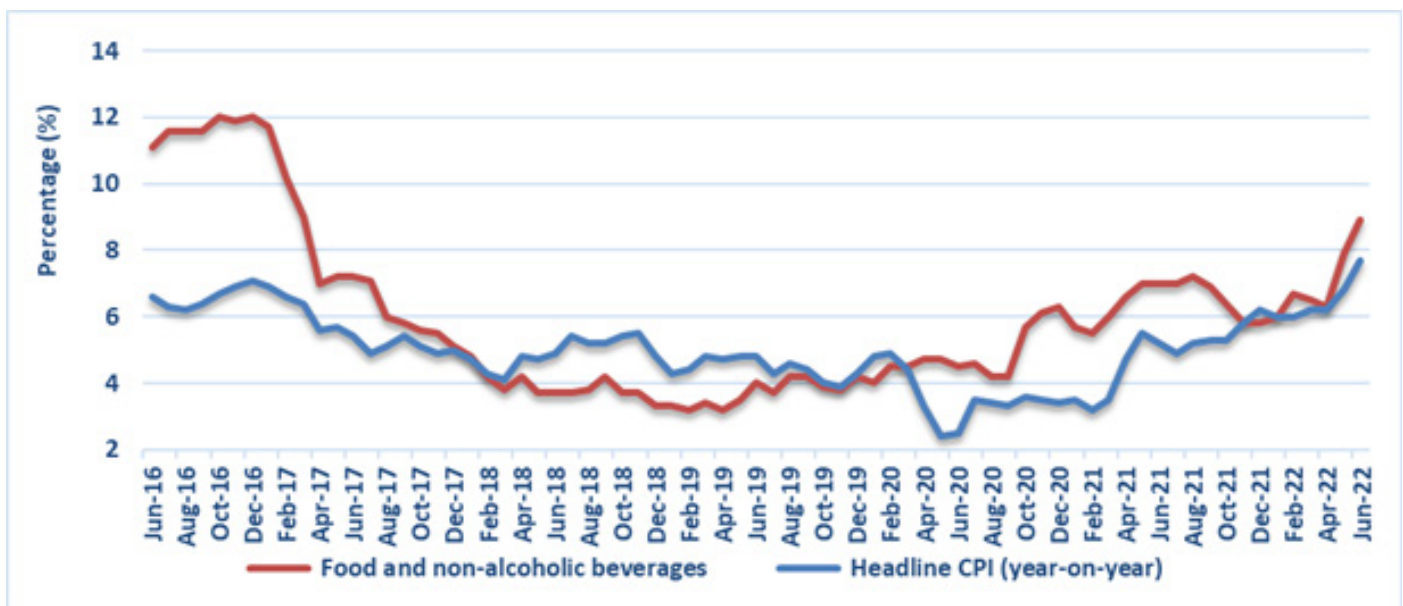


Figure 1: Headline CPI and food and non-alcoholic beverages CPI

Source: Stats SA, 2022

Monthly comparison for urban prices: June 2022 vs May 2022

The cost of various foods in urban areas in May 2022 and June 2022 is compared in **Table 1**. June 2022 saw a continuation of the rising price trends for food goods made from or containing oilseeds. When comparing prices between June and May 2022, maize meal (R3.46), sunflower oil (R3.29), rice (R1.39), samp (R0.61) and a loaf of brown bread (R0.53) were the foodstuffs with the biggest price discrepancies. Sugar prices decreased by R0.80 in June, the only decrease among these eleven (11) commodities, after a significant increase in recent weeks. These price adjustments resulted in consumers in urban areas spending R0.86 more on these eleven food items on average in June 2022 when compared to May 2022.

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

Product	Urban Food Prices May 2022 (R/unit)	Urban Food Prices June 2022 (R/unit)	Price difference (R/unit)
Full cream milk – long life 1ℓ	16.52	16.74	0.22
A loaf of brown bread 700g	15.37	15.90	0.53
A loaf of white bread 700g	17.27	17.41	0.14
Samp 1kg	14.45	15.06	0.61
Maize meal 2.5 kg	30.15	33.61	3.46
Margarine spread 500g	36.29	36.60	0.31
Peanut butter 400g	35.49	35.74	0.25
Rice 2kg	37.10	38.49	1.39
Sunflower oil 750mℓ	40.68	43.97	3.29
Ceylon/black tea 250g	35.11	35.19	0.08
White sugar 2.5kg	49.68	48.88	-0.80
Average difference (R/unit)			0.86

Source: Stats SA, 2022

The NAMC food basket: June 2022 vs June 2021

This section presents the nominal cost of the NAMC's 28-item urban food basket based on average food price data for June 2022 vs. June 2021. The nominal cost of the NAMC's 28-item urban food basket was R1 073.86 in May 2022 as contrasted to R1 094.51 in June 2022, an increase of 1.9% and 11.7%, respectively, on a monthly and annual basis.

Table 2 highlights the 28-food items that make up the NAMC urban food basket (in nominal terms). There were 17 of the 28 food items that increase more than the annual inflation target of 6% set by the South African Reserve Bank (SARB). Beef offal (53.6%) followed by sunflower oil (49.3%), baked beans (18.8%), maize meal (17.7%), instant coffee (17.2%), cheddar cheese (16.9%), polony (16.2%), a loaf of brown bread (15.9%), a loaf of white bread (14.2%), IQF chicken portions (13.3%), brick margarine (12.7%), cabbage (10.1%), tinned fish (9.4%), beef mince (7.9%), tomatoes (7.8%), dried beans (7.7%) and white sugar (6.2%).

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

Category	Product	June 21 R/unit	May 22 R/unit	June 22 R/unit	Change year-on-year (%)	Change month-on-month (%)
Beans	Baked beans - tinned 410g	10.83	12.60	12.87	18.8	2.1
	Beans - dried 500g	26.50	28.07	28.55	7.7	1.7
	Peanut butter 400g	34.63	35.49	35.74	3.2	0.7
Coffee & Tea	Ceylon/black tea 250g	35.29	35.11	35.19	-0.3	0.2
	Instant coffee 250g	38.47	45.56	45.08	17.2	-1.1
Dairy & Eggs	Cheddar cheese per kg	107.74	126.52	125.94	16.9	-0.5
	Eggs 1.5 dozen	51.74	52.97	52.36	1.2	-1.2
	Full cream milk - long life 1ℓ	16.54	16.52	16.74	1.2	1.3
Fats & Oils	Brick margarine 500g	23.85	26.57	26.88	12.7	1.2
	Sunflower oil 750ml	29.45	40.68	43.97	49.3	8.1
Fruit	Apples per kg	16.53	17.36	17.10	3.4	-1.5
	Bananas per kg	18.28	17.88	16.71	-8.6	-6.5
	Oranges per kg	15.96	22.07	16.05	0.6	-27.3
Protein	Beef mince per kg	94.42	103.43	101.90	7.9	-1.5
	Beef offal per kg	44.85	47.69	68.88	53.6	44.4
	Chicken giblets per kg	38.55	37.73	38.45	-0.3	1.9
	Fish (excl tuna) - tinned 400g	21.92	23.39	23.97	9.4	2.5
	IQF chicken portions 2kg	77.40	86.80	87.69	13.3	1.0
	Polony 1kg	43.17	49.15	50.16	16.2	2.1
Bread & Cereals	Loaf of brown bread 700g	13.72	15.37	15.90	15.9	3.4
	Loaf of white bread 700g	15.24	17.27	17.41	14.2	0.8
	Rice 2kg	40.95	37.10	38.49	-6.0	3.7
	Maize meal 5kg	49.65	57.64	58.42	17.7	1.4
Vegetables	Cabbage each	16.57	17.56	18.25	10.1	3.9
	Onions per kg	15.28	14.96	15.63	2.3	4.5
	Potatoes per kg	13.90	13.84	13.58	-2.3	-1.9
	Tomatoes per kg	22.01	24.85	23.72	7.8	-4.5
Sugary foods	White sugar 2.5kg	46.04	49.68	48.88	6.2	-1.6
	Total Rand Value	979.48	1073.86	1094.51	11.7	1.9

Source: Stats SA and BFAP, 2022

Table 2 shows the average nominal cost increase of particular food groups within the NAMC's 28-item food basket by comparing the periods of June 2022 vs. June 2021 (year-on-year) and June 2022 vs. May 2022 (month-on-month). Fats & oils continue to have the largest food inflation on an annual basis, rising by 32.9% from the 27.8% increase recorded for previous month, followed by animal protein (15.8%), dairy & eggs (10.8%), bread & cereals (8.9%), coffee & tea (8.8%) as well as vegetables (8.1%) which were led by cabbage and tomatoes when comparing June 2022 to June 2021.

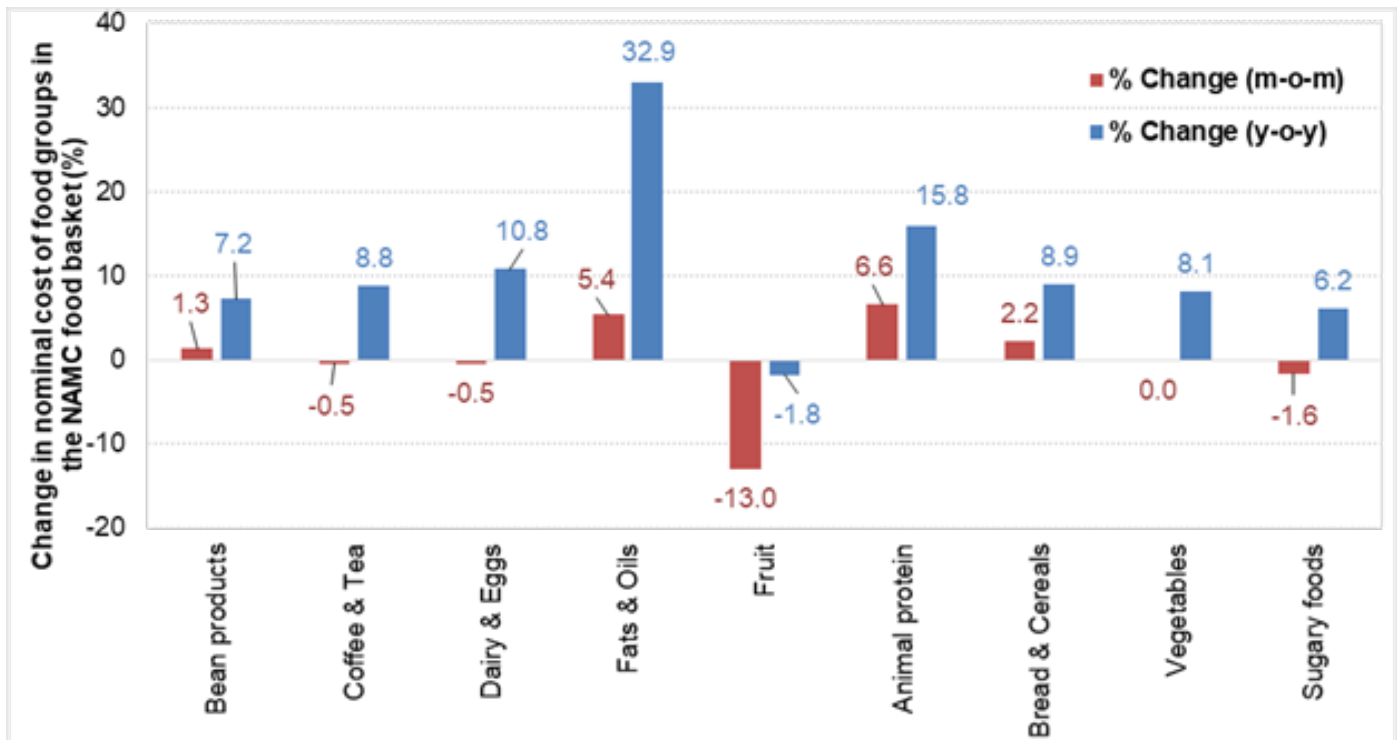


Figure 2: Nominal cost growth of specific food groups within the NAMC’s 28-item food basket, comparing June 2022 vs. June 2021 and June 2022 vs. May 2022

Source: NAMC calculations, Stats SA data, 2022

Globally, the Food and Agricultural Organization (FAO) of the United Nations’ global food price index (FFPI) decreased by 2.3% from 157.4 points in May to 154.2 points in June 2022 (month-on-month). Despite the third straight monthly decline, this figure was still 23.1% higher than June 2021 (year-on-year). Vegetable oil, grains and sugar price declines were largely responsible for the observed reduction. Prices of sunflower, rapeseed, soybean oils as well as palm oil decreased as a result of increased production from major suppliers and producers, primarily Indonesia for palm oil. Wheat was the main driver driving down grain prices globally due to the availability of more stocks from Canada and higher production forecasts for the Russian Federation. Nevertheless, in June 2022, global wheat prices were 5.7% and 48.5% higher monthly and yearly, respectively. Additionally, significant grain exports from the Russian Federation, mostly to African markets, were seen in early July 2022. These changes, together with additional wheat supplies coming from the USA as farmers are harvesting, are probably going to keep wheat prices around the world on the decline. Due to sluggish demand, new supply becoming available, and improving crop conditions from major maize producers globally, maize prices decreased by 3.5% on a global scale (FAO, 2022). Maize imports were also reportedly 38.2% lower in June (year on year), according to sources from China, which were caused possible by a shutdown due to Covid-19.

Domestically, given that local prices move in tandem with global prices, especially grains and oilseeds products, as already mentioned that prices for about 17 out of 28 food items within the NAMC’s food basket saw an increase in June including animal products, mainly beef offal see [Table 1](#). Due in large part to production supply problems from Colombia, one of the world’s biggest Arabica suppliers, coffee prices have remained high since January 2022. This, combined with supply chain glitches and high shipping costs are affecting the global coffee supply in general and are pushing up coffee costs. Vegetable costs have also surprisingly increased following a decline in prices in recently weeks. Customers may also experience a rise in pepper prices especially in July because peppers are currently not in season in many South African production regions. Fruit prices as observed in the past few weeks continue decreasing. This is due to rising supply locally from major producing regions across the country.

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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