



NAMMC

Promoting market access for South African agriculture

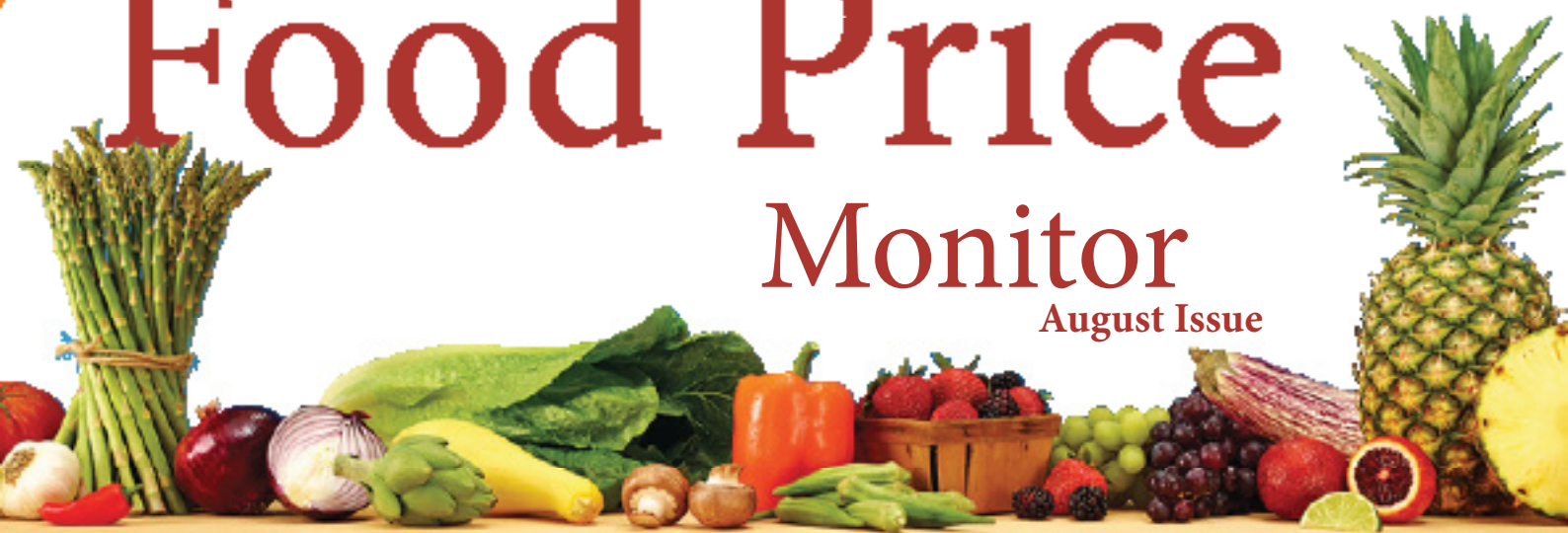


2022

Food Price

Monitor

August Issue



Important note

Stats SA obtains prices from retailers through fieldwork collection and online collection. The paper forms used by fieldworkers are being replaced by tablets, which provide a custom application that includes quality control and management modules. The new collection method for fieldwork will be implemented from July 2022 to March 2023 and is expected to improve the quality and speed of data collection and processing. The July 2022 CPI data was published on Wednesday 24 August 2022 (see the link below for the CPI publication):

<https://www.statssa.gov.za/publications/P0141/P0141July2022.pdf>

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

EXECUTIVE SUMMARY

During July 2022, the Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) indicated that the annual headline CPI had increased by 7.8%, while inflation for food and non-alcoholic beverages increased by 9.7%.

The FAO Food Price Index (FFPI) in nominal terms, averaged 140.9 points in July 2022, down 13.3 points (8.6%) from June 2022, marking its fourth consecutive monthly decline. Nevertheless, it remained 16.4 points (13.1%) above its value in the corresponding month the previous year. International prices of all the cereals represented in the index decreased. Leading the decline, world wheat prices declined by as much as 14.5% in July 2022, partly in reaction to the agreement reached between Ukraine and the Russian Federation to unblock Ukraine's main Black Sea ports, indicating the imminent resumption of grain exports from Ukraine. Seasonal availability from ongoing harvests in the northern hemisphere also weighed on prices.

In July 2022, the cost of this basic urban food basket was R1 088.30, increased by 8.2% from July 2021 (year-on-year increase) and decreased by 0.6% from June 2022 (month-on-month change).

When comparing July 2022 to July 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, onions, oranges, tinned baked beans, tomatoes, instant coffee, Ceylon/black tea, maize meal, brown bread, apples, cabbage, white bread, beans dried, canned pilchards, brick margarine, beef offal, peanut butter, beef mince, milk, IQF chicken portions and chicken giblets.

Year-on-year inflation in food and non-alcoholic beverages in South Africa was recorded at 9.7% in July 2022, a level last observed during the severe 2016/2017 drought in South Africa. Food inflation in July 2022 was mainly driven by high inflation in plant oils (+36.2% y-o-y), meat (+9.4% y-o-y) and cereal-based foods (+13.7% y-o-y). Bureau for Food and Agricultural Policy (BFAP) expectations are that food inflation is close to peaking. Potential additional pressure factors in the coming months could include the supply-limiting impacts of Foot and Mouth Disease the associated ban on cattle transport that was introduced in August, along with hot and dry weather conditions in Northern hemisphere crop production areas, which could stem the recent declines in global grain and oilseed prices.



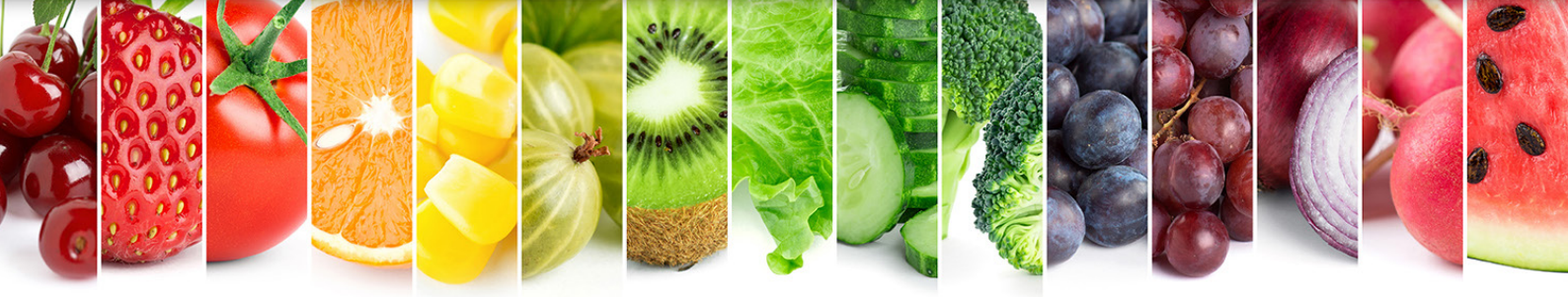


Table of Contents

01	Introduction
02	Overall inflation and food inflation: South Africa and selected countries
03	Annual Urban food price trends: July 2022 vs. July 2021
05	Monthly urban price comparison: July 2022 vs. June 2022
06	International food prices
09	Impact of food inflation on consumers
13	Food inflation drivers and expectations



Introduction

Figure 1 shows trends of the headline CPI and food and non-alcoholic beverage inflation rates on a monthly basis, from July 2016 to July 2022. During July 2022, the Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) indicated that the annual headline CPI had increased by 7.8%, while inflation for food and non-alcoholic beverages increased by 9.7%. The headline inflation and the food and non-alcoholic beverage inflation was 7.4% and 8.6% during June 2022, respectively.

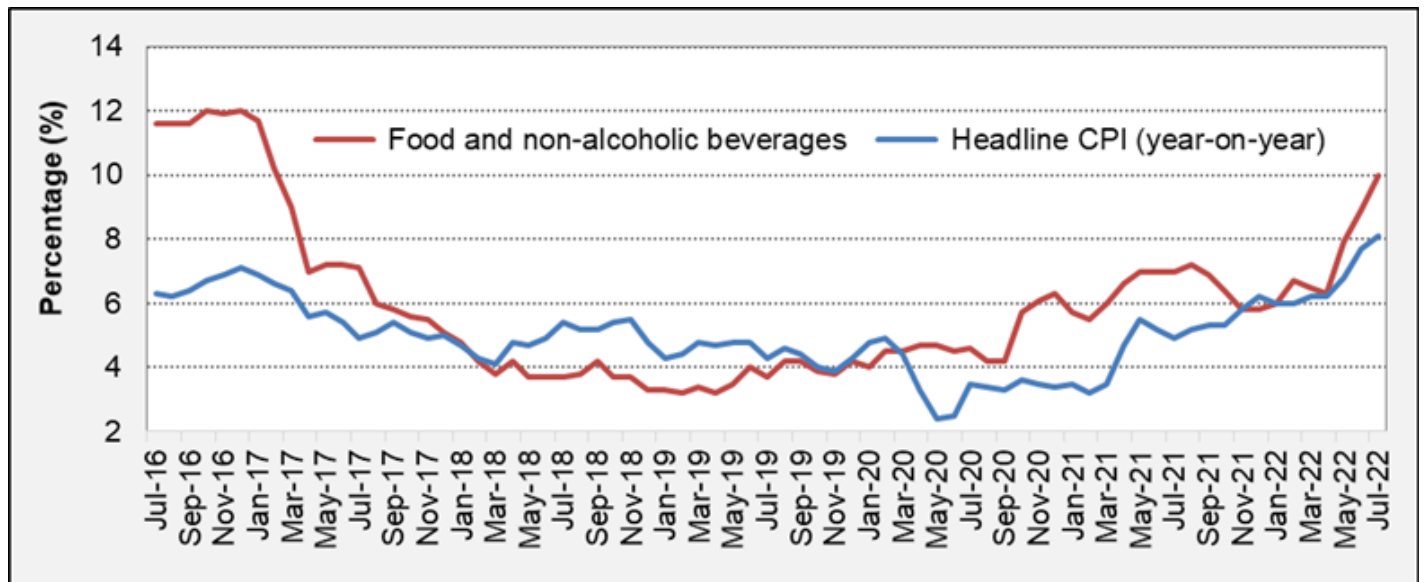


Figure 1: Headline CPI and food and non-alcoholic beverage CPI

Source: Stats SA, 2022

Figure 2 presents the components of the food and non-alcoholic beverage index changes. Comparing July 2022 to July 2021, the following changes, in descending order, were reported: oils & fats (36.2%), bread & cereals (13.7%), processed foods (12.9%), fish (9.7%), meat (9.4%), other food items (9.0%), vegetables (8.3%), unprocessed foods (7.5%), sugary foods (7.5%), milk, eggs & cheese (5.5%) and fruit (-1.4%). The monthly percentage changes are also illustrated.

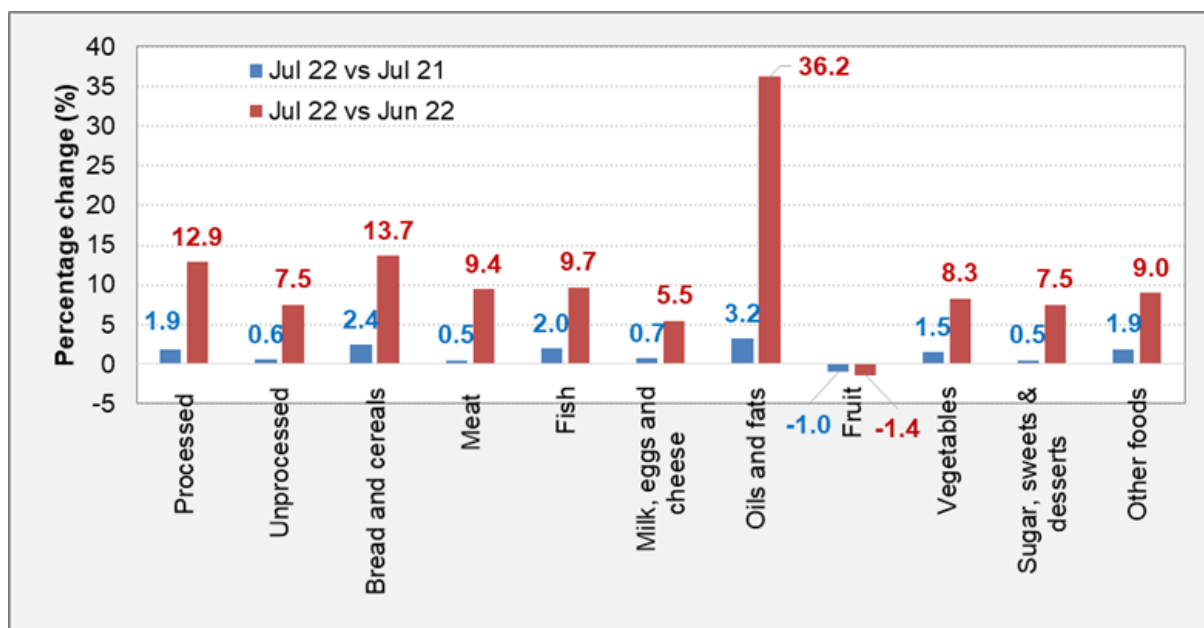


Figure 2: Annual (July 2022 vs. July 2021) and monthly (July 2022 vs. June 2022) CPI changes for different food categories

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 May 2022 to July 2022 for South Africa and other selected countries. South Africa's overall inflation for July 2022 reached 7.8% with food inflation reaching 9.7%. The food categories with the largest annual contribution to South African food inflation include fats & oils, bread & cereals and processed food categories. Turkey's overall inflation rate for July 2022 reached 79.6%, with food inflation reaching 94.7%. China's overall inflation rate was 2.7%, with food inflation of 6.3%. Considering inflation rates of Brazil, Russia, India, China and South Africa as the BRICS countries, China recorded the lowest overall inflation of 2.7%, while Russia was the main contributor to food inflation at 16.8%.

Table 1: Overall inflation and food inflation during May 2022 to July 2022

Country	May 2022		June 2022		July 2022	
	Overall inflation (%)	Food inflation (%)	Overall inflation (%)	Food inflation (%)	Overall inflation (%)	Food inflation (%)
Botswana	11.9	8.3	12.7	9.6	14.3	11.8
Brazil	11.7	13.5	11.9	13.9	10.1	14.7
China	2.1	2.3	2.5	2.9	2.7	6.3
India	7.0	7.8	7.0	7.8	6.7	6.8
Namibia	5.4	6.6	6.0	7.0	6.8	8.4
Russia	17.1	20.1	15.9	18.0	15.1	16.8
South Africa	6.5	7.8	7.4	9.0	7.8	9.7
Turkey	73.5	91.6	78.6	93.9	79.6	94.7
United Kingdom	9.1	8.6	9.4	9.8	10.1	12.6
United States	8.6	10.1	9.1	10.4	8.5	10.9
Zambia	10.2	12.3	9.7	11.9	9.9	12.0

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



Annual Urban food price trends: July 2022 vs. July 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 July 2022 vs. July 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 (July 2022 vs. July 2021)

Grain and grain products	%	Meat, meat products, dairy, dairy products and eggs	%	Fresh and processed fruits and vegetables	%
Rice 1kg	-17.5	Pork chops per kg	-14.6	Bananas per kg	-18.8
Rice 2kg	-6.4	Whole chicken - fresh per kg	-11.8	Potatoes - fresh per kg	-2.9
Peanut butter 400g	7.8	Chicken portions - fresh per kg	-8.8	Beans - dried 500g	11.1
Brick margarine 500g	8.2	Lamb/Mutton loin chop per kg	-6.0	Cabbage each	15.8
Pasta 500g	14.3	Lamb/Mutton offal per kg	-5.8	Apples per kg	16.0
Loaf of white bread 700g	14.6	Lamb/Mutton leg per kg	-5.5	Lettuce each	18.4
Spaghetti 500g	14.9	Lamb/Mutton rib chop per kg	-5.1	Tomatoes per kg	23.2
Margarine spread 500g	15.6	Corned beef 300g	-3.3	Baked beans - tinned 410g	24.4
Maize meal 2.5kg	16.1	Beef stew per kg	-1.5	Oranges per kg	27.4
Macaroni 500g	16.2	Beef fillet per kg	-1.4	Onions per kg	27.9
Loaf of brown bread 700g	17.8	Beef sirloin per kg	0.1		
Maize meal 5kg	18.9	Sausage per kg	0.2		
Instant noodles 73g	20.5	Eggs 1.5 dozen	0.6	Other	%
Cake flour 2.5kg	24.8	Polony 1kg	0.6	White sugar 2.5kg	4.5
Sunflower oil 750ml	58.6	Pork ribs per kg	1.2	Ceylon/black tea 250g	19.5
		Full cream milk - fresh 2l	2.2	Instant coffee 250g	21.1
		Tuna - tinned 170g	2.5		
		Lamb/Mutton stew per kg	2.6		
		Chicken portions frozen - non IQF per kg	5.7		
		Chicken giblets per kg	6.1		
		IQF chicken portions 2kg	6.4		
		Full cream milk - long life 1l	6.5		
		Beef mince per kg	7.5		
		Beef offal per kg	7.8		
		Low fat milk - fresh 2l	7.9		
		Beef rump steak per kg	9.3		
		Beef chuck per kg	9.8		
		Low fat milk - long life 1l	9.8		
		Lamb/Mutton neck per kg	10.0		
		Fish (excl tuna) - tinned 400g	10.4		
		Powdered milk 900g	13.3		
		Bacon 200g	15.0		
		Beef brisket per kg	16.4		
		Beef T-bone per kg	16.4		
		Ham 500g	23.9		

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: July 2022 vs. July 2021

Comparing July 2022 vs. July 2021, the international price of wheat increased by 31.3%, while domestic wheat prices increased by 43.7%. Urban consumers paid 17.8% more for a loaf of brown bread (700g) and 14.6% more for a loaf of white bread (700g). Domestic yellow maize prices increased by 26.7%, while international yellow maize prices increased by 16.0%. Maize meal prices (2.5kg) increased by 16.1% in urban areas. During the same period, the urban prices of sunflower oil (750ml) increased by 58.6%. Domestic prices of sunflower seed increased by 17.0% annually, while international sunflower seed prices decreased by 9.7%.

Comparing July 2022 vs. July 2021, average beef producer prices (R/kg) of classes A2/A3, B2/B3 and C2/C3 increased by 16.8%, 13.9% and 7.8%, respectively. Lamb/mutton producer prices (R/kg) of classes, A2/A3, B2/B3 and C2/C3 increased by 6.3%, 5.5% and 5.4%, respectively. Abattoir selling prices of individually quick frozen (IQF) chicken portions, fresh and frozen chicken portions increased by 16.1%, 15.2% and 11.8%, respectively. Porker and baconer producer prices (R/kg) decreased by 5.1% and 1.3%, respectively, during the same period.



Monthly urban price comparison: July 2022 vs. June 2022

Table 3 compares prices of selected food items in urban areas for July 2022 vs. June 2022. Food items showing the largest price differences in urban areas for July 2022 vs. June 2022 are rice (2kg) at a difference of R2.09, sunflower oil (750ml) at a difference of R1.36, peanut butter (400g) at a difference of R0.93, samp (1kg) at a difference of R0.53, a loaf of white bread (700g) at a difference of R0.43, full cream long life milk (1ℓ) at a difference of R0.25 and a loaf of brown bread (700g) at a difference of R0.03. The following products showed a decline in prices; margarine spread (500g) at a difference of –R4.87, maize meal (2.5kg) at a difference of –R1.30, white sugar (2.5kg) at a difference of –R0.72 and Ceylon/black tea (250g) at a difference of -R0.57. This indicates that urban consumers paid R0.17 less on average, for these 11 food items during July 2022.

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

Product	Urban Food Prices June 2022 (R/unit)	Urban Food Prices July 2022 (R/unit)	Price difference (R/unit)
Full cream milk – long life 1ℓ	16.74	16.99	0.25
A loaf of brown bread 700g	15.90	15.93	0.03
A loaf of white bread 700g	17.41	17.84	0.43
Samp 1 kg	15.06	15.59	0.53
Maize meal 2.5 kg	33.61	32.31	-1.30
Margarine spread 500g	36.60	31.73	-4.87
Peanut butter 400g	35.74	36.67	0.93
Rice 2kg	38.49	40.58	2.09
Sunflower oil 750ml	43.97	45.33	1.36
Ceylon/black tea 250g	35.19	34.62	-0.57
White sugar 2.5kg	48.88	48.16	-0.72
Average difference (R/unit)			-0.17

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 July 2022 reaching an index level of 137.9 points, up 11.3% from July 2021.

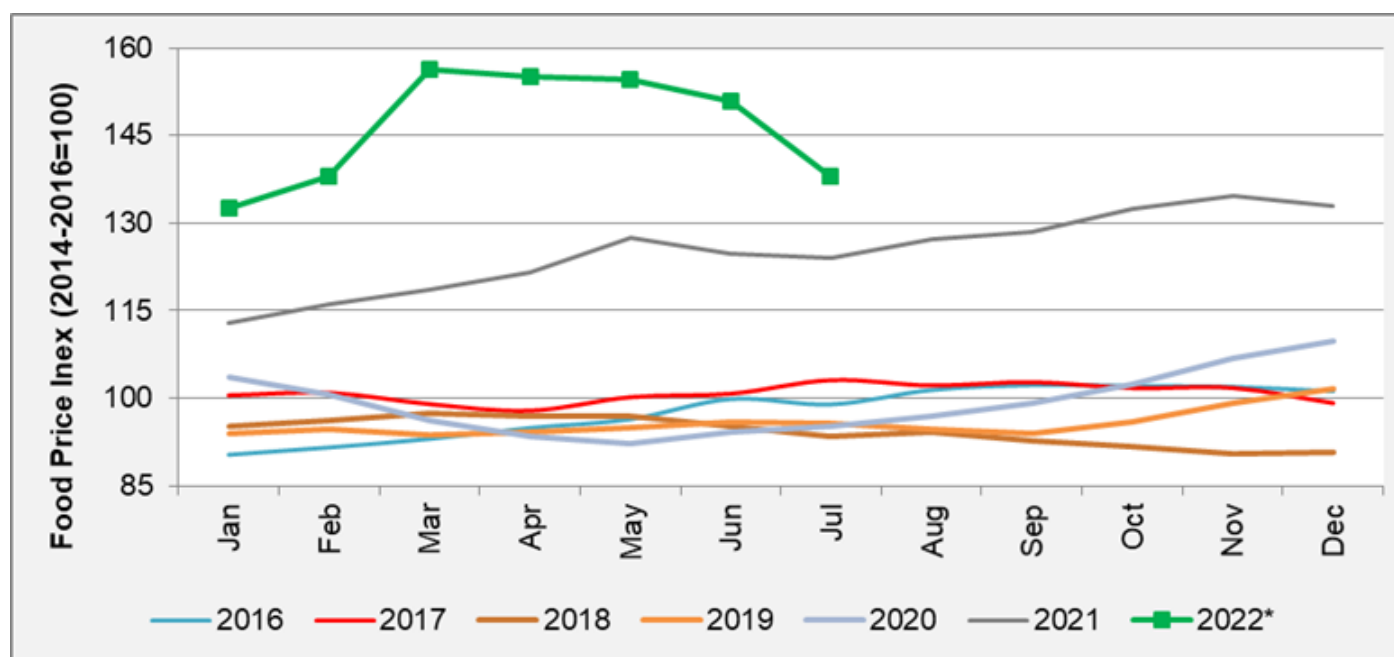


Figure 3: International monthly real FPI

Source: FAO, 2022

*Note: Current year



Figure 4 shows the price indices in *real terms* for five food categories. The monthly (July 2022 vs. June 2022) growth percentages indicate decreasing trends for all of the five indices. The annual (July 2022 vs. July 2021) growth percentages indicate increasing trends of 23.4% for the Dairy Price Index, 14.7% for the Cereals Price Index, 8.2% for Oils Price Index, 6.9% for the Meat Price Index, with the Sugar Price Index reflecting the smallest annual increase percentage of 1.3%.

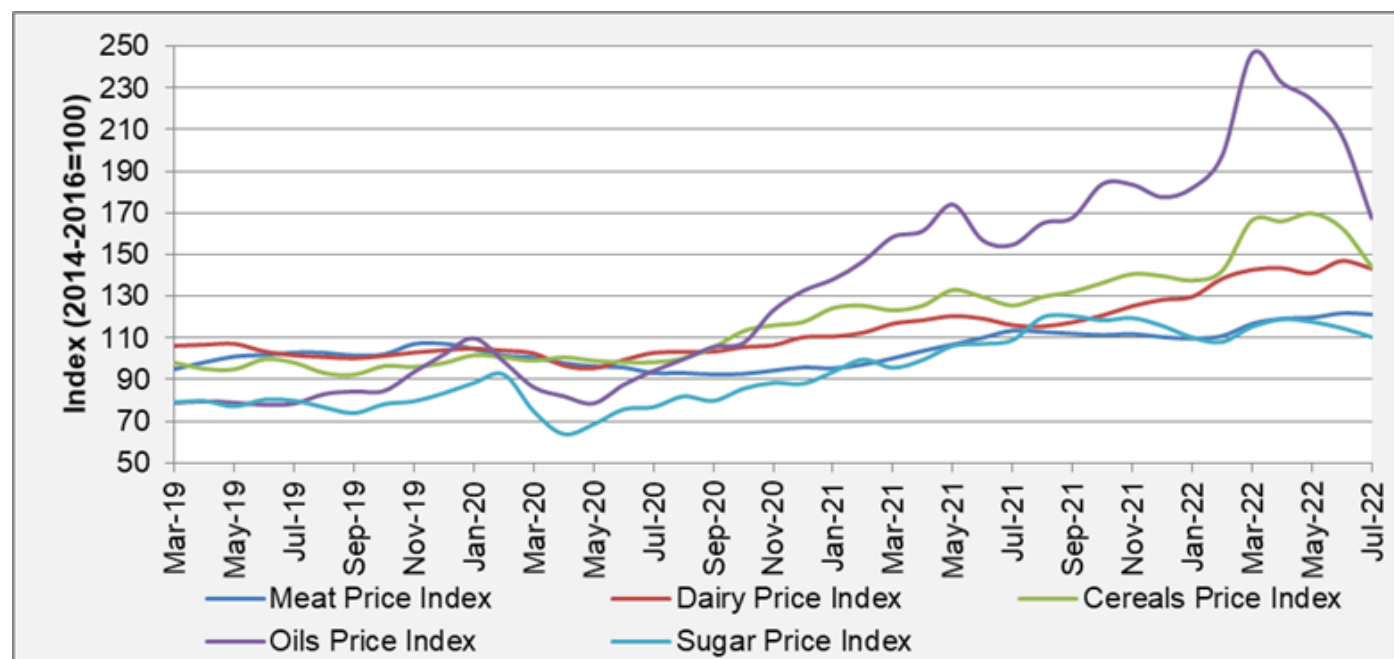


Figure 4: Real price indices for five food categories

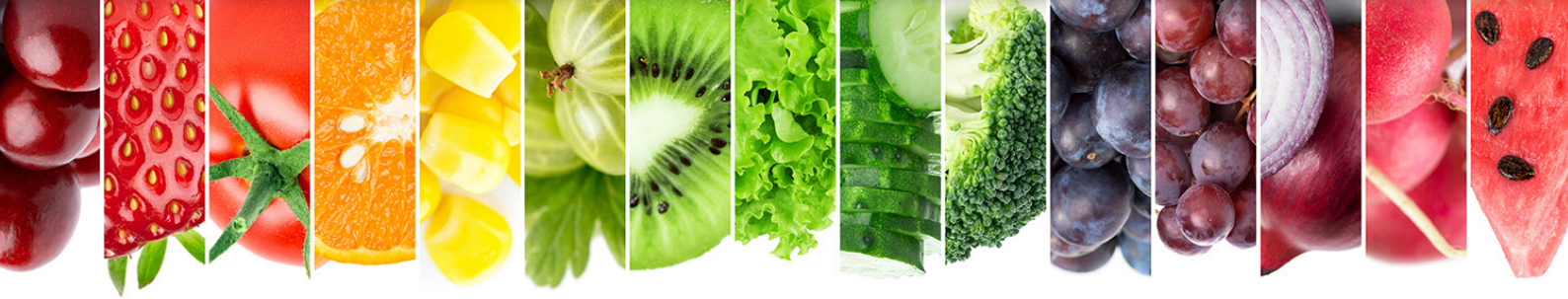
Source: FAO, 2022

The **FAO Food Price Index (FFPI)**¹ in *nominal terms*, averaged 140.9 points in July 2022, down 13.3 points (8.6%) from June 2022, marking its fourth consecutive monthly decline. Nevertheless, it remained 16.4 points (13.1%) above its value in the corresponding month the previous year. The July 2022 decline was the steepest monthly decline in the value of the index since October 2008, led by significant declines in vegetable oil and cereal indices, while those of sugar, dairy and meat also fell but to a lesser extent.

The **FAO Cereal Price Index** in *nominal terms*, averaged 147.3 points in July 2022 following a fall of 19.1 points (11.5%) from June 2022, but remained 21.0 points (16.6%) above its July 2021 value. International prices of all the cereals represented in the index decreased. Commodity leading in the decline is wheat with world wheat prices declining by as much as 14.5% in July 2022, partly in reaction to the agreement reached between Ukraine and

the Russian Federation to unblock Ukraine's main Black Sea ports, indicating the imminent resumption of grain exports from Ukraine. Seasonal availability from ongoing harvests in the northern hemisphere also weighed on prices. Nevertheless, international wheat prices were still 24.8% above their values in July 2021. International prices of coarse grains declined for the fourth consecutive month, down 11.2%, but remained 12.1% above their values a year ago. The deal to unblock Ukraine's ports was also mostly behind a 10.7% decline in world maize prices. Increased seasonal availabilities in Argentina and Brazil, where maize harvests progressed ahead of their pace last year, also helped to ease the pressure on prices. Spill-over from weakness in wheat and maize markets also pressured sorghum and barley prices downwards by 12.8% and 12.6%, respectively. In July 2022, international rice prices declined for the first time since the onset of 2022, influenced by inconsistent demand and currency movements in major exporters.

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 171.1 points in July, down 40.7 points (19.2%) and marking a 10-month low. The sharp decline was driven by falling world prices across palm, soy, rapeseed and sunflower oils. International palm oil prices declined for the fourth consecutive month in July 2022, primarily due to prospects of ample export availabilities out of Indonesia, the world's leading palm oil exporter. Global soy and rapeseed oil quotations decline respectively, due to prolonged sluggish demand and expectations of ample new crop supplies. In the case of sunflower oil, international prices dropped markedly amid subdued global import demand, despite continued logistics uncertainties in the Black Sea region. Lower crude oil prices also exerted downward pressure on vegetable oil values.

The **FAO Dairy Price Index** in *nominal terms*, averaged 146.4 points in July 2022, down 3.8 points (2.5%) from June 2022, but still 29.7 points (25.4%) above its value in July of last year. International quotations for skim milk powder registered the steepest decline, followed by those of butter and whole milk powder, principally reflecting lacklustre market activities in Europe due to the summer holidays. Furthermore, most buyers were well covered for their immediate needs, which, in tandem with weak demand from China and high dairy prices, led to declines in the demand for spot supplies, weighing on international quotations. Meanwhile, world cheese prices remained stable, as high internal sales in European tourist destinations compensated for weaker global import demand. Despite an overall weak trading activity, tight global supplies sustained global dairy prices at elevated levels.

The **FAO Meat Price Index**² in *nominal terms*, averaged 124.0 points in July 2022, down 0.6 points (0.5%) from June 2022, marking the first month-on-

month decline following six consecutive monthly increases. In July 2022, world quotations for ovine meat dropped steeply, due to increased export availabilities from Australia amid high slaughter and expectations of increased lamb supplies, faced by lower import demand. International bovine meat prices decline, reflecting increased export availabilities from major producing regions compared to global demand, while weak overall import demand kept pig meat prices stable despite the tight supply of slaughter hogs, especially in the United States of America. By contrast, international poultry meat prices reached an all-time high, underpinned by firm global import demand and tight global supplies due to Avian Influenza outbreaks in the northern hemisphere, notwithstanding recent increases in exports from Ukraine.

The **FAO Sugar Price Index** in *nominal terms*, averaged 112.8 points in July 2022, down 4.4 points (3.8%) from June 2022, marking the third consecutive monthly decline and reaching a five-month low. Concerns over demand prospects due to expectations of a further slowdown of the global economy in 2022 weighed on international sugar price quotations. The decline in prices was also triggered by the weakening of the Brazilian real against the United States dollar and lower ethanol prices, which resulted in a larger than earlier-expected sugar production in Brazil in the first half of July 2022. Indications of greater exports from India and favourable production prospects for the coming season also contributed to the decline in world sugar prices in July 2022. By contrast, concerns over the impact of prolonged hot and dry weather conditions on yield potential in the European Union prevented more substantial price declines.

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 July 2021 to July 2022.

In July 2022, the cost of this basic urban food basket was R1 088.30, increased by 8.2% from July 2021 (year-on-year increase) and decreased by 0.6% from June 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 67.5% in July 2021 to 73.1% in July 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 3.6% in July 2021 to 3.9% in July 2022. (Figure 5).

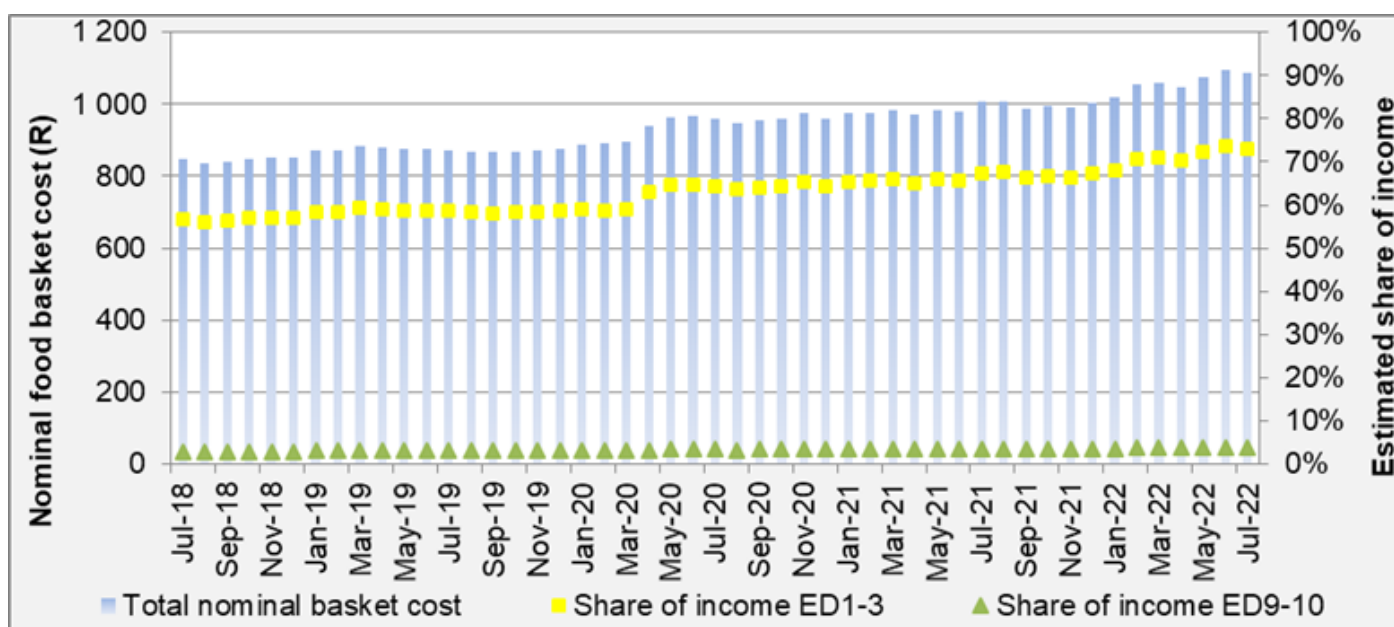


Figure 5: The cost of a typical consumer food basket for the period July 2018 to July 2022, expressed in nominal terms and as share of the average income of the poorest 30% of households (Expenditure Deciles [ED] 1 to 3) and the wealthiest 20% of households (ED 9 to 10)

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

³Composition of the current food basket (revised in 2022) includes apples per kg, baked beans - tinned 410g, bananas per kg, beans - dried 500g, beef mince per kg, beef offal per kg, brick margarine 500g, cabbage each, 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, loaf of brown bread 700g, loaf of white bread 700g, maize meal 5kg, onions per kg, oranges per kg, peanut butter 400g, polony 1kg, potatoes per kg, rice 2kg, sunflower oil 750ml, tomatoes per kg, white sugar 2.5kg.

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 July 2022 to July 2021. Food groups with more prominent inflation included fats & oils, coffee & tea, vegetables, legumes, bread & cereals and animal protein foods.

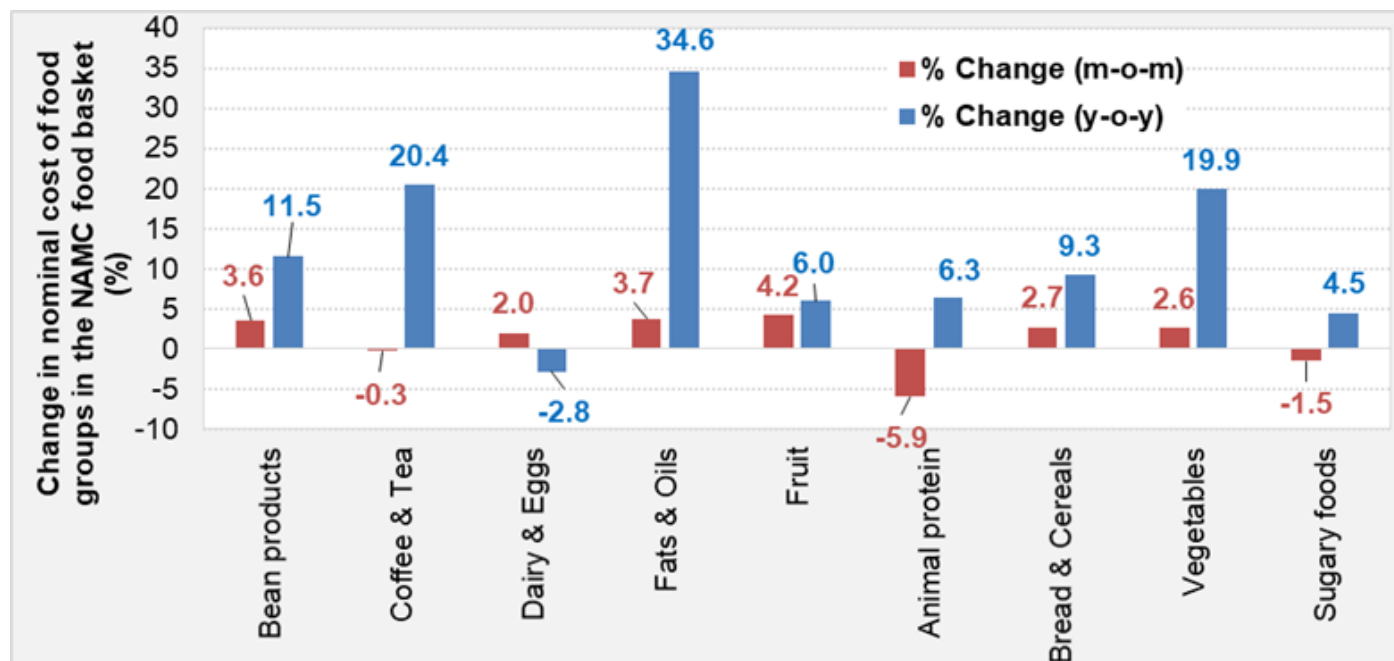


Figure 6: Nominal cost growth of specific food groups within the NAMC’s 28-item food basket, comparing July 2022 to July 2021 (y-o-y) and July 2022 to June 2022 (m-o-m)

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, July 2022 vs. July 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
	July 2022 vs July 2021	April 2022 vs April 2021*				
Animal protein	+6.3%	+11.8%	Canned pilchards (+10.4%) Beef offal (+7.8%) Beef mince (+7.5%) IQF chicken portions (+6.4%) Chicken giblets (+6.1%)	Polony (+0.6%)	None	Inflation on all listed animal protein food options, except for polony.
Bread and cereals	+9.3%	+3.0%	Maize meal (+18.9%) Brown bread (+17.8%) White bread (+14.6%)	None	Rice (-6.4%)	Inflation on maize meal and bread.
Vegetables	+16.3%	-6.1%	Onions (+27.9%) Tomatoes (+23.2%) Cabbage (+15.8%)	None	Potatoes (-2.9%)	Inflation on onions, tomatoes and cabbage.
Fruit	+6.0%	-1.3%	Oranges (+27.4%) Apples (+16.0%)	None	Bananas (-18.8%)	High inflation on oranges and apples.
Dairy	+5.3%	+11.8%	Milk (+6.5%) Cheddar cheese (+4.0%)	None	None	Inflation on milk and cheese.
Eggs	+0.6%	+7.6%	Eggs (+0.6%)	None	None	
Fats and oils	+34.6%	+18.5%	Sunflower oil (+58.6%) Brick margarine (+8.2%)	None	None	High inflation on sunflower oil & margarine.
Bean products	+11.5%	+9.4%	Baked beans (+24.4%) Dried beans (+11.1%) Peanut butter (+7.8%)	None	None	Inflation on all bean products listed.
Coffee and tea	+20.4%	+10.4%	Instant coffee (+21.1%) Ceylon/black tea (+19.5%)	None	None	High inflation on coffee and tea.
Sugary foods	+4.5%	+5.4%	White sugar (+4.5%)	None	None	Inflation on sugar.

Sources: BFAP & NAMC calculations, Stats SA, 2022

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

When comparing July 2022 to July 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, onions, oranges, tinned baked beans, tomatoes, instant coffee, Ceylon/black tea, maize meal, brown bread, apples, cabbage, white bread, beans dried, canned pilchards, brick margarine, beef offal, peanut butter, beef mince, milk, IQF chicken portions and chicken giblets. When comparing the inflation rates for July 2022 vs July 2021, with April 2022 vs April 2021 (i.e. the previous Food Price Monitor analysis period) the rate of inflation was higher for bread & cereals, vegetables, fruit, fats & oils, 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

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

July 2021 and July 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 35% more in this case for July 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 July 2022 versus July 2021 prices, the results in **Figure 7** indicated inflation of 15.9% (from R6.64 to R7.70 for the selection of typical portions), with inflation on tea, maize meal and bread contributing most to inflation. From June 2022 to July 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 0.7% (+R0.05).

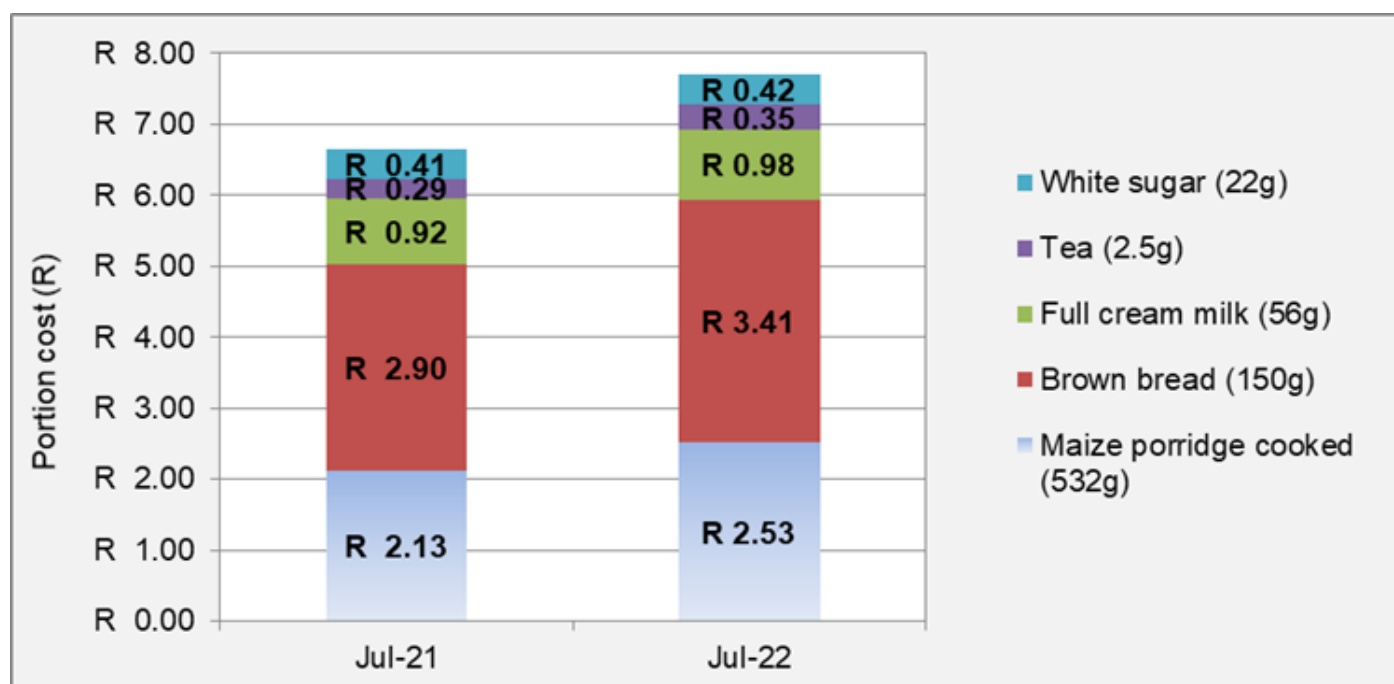


Figure 7: Average nominal cost for the typical portions of the five food items most widely consumed by very poor consumers in South Africa, July 2021 and July 2022

Sources: BFAP calculations based on Stats SA monitored price data for urban areas, 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 in food and non-alcoholic beverages in South Africa was recorded at 9.7% in July 2022, a level last observed during the severe 2016/17 drought in South Africa. Food inflation in July 2022 was mainly driven by high inflation in plant oils (+36.2% y-o-y), meat (+9.4% y-o-y) and cereal-based foods (+13.7% y-o-y).

Despite the easing of international commodity prices of **plant oils** and **cereal-based foods** in June/July 2022, the lingering effects of surging international commodity prices in March/April 2022 are likely still causing pressure on South African prices due to lag effects. Pressure on **meat** prices is closely linked to continued high grain prices, which drive production costs higher, resulting in reduced slaughter volumes over the past few months. Poultry prices also continue to rise, as the persistent spread of Avian Influenza in the Northern Hemisphere has limited supply, driving international prices to record levels.

Adverse weather conditions (especially wet and cool weather conditions in key production regions) combined with firm consumer demand are supporting higher prices for **vegetables** such as onions, tomatoes and cabbage. Other general pressure factors include a weaker exchange rate, high global shipping costs and intensive load shedding during June and July 2022.

Bureau for Food and Agricultural Policy (BFAP) expectations are that food inflation is close to peaking. Potential additional pressure factors in the coming months could include the supply-limiting impacts of Foot and Mouth Disease, the associated ban on cattle transport that was introduced in August 2022, along with hot and dry weather conditions in Northern hemisphere crop production areas, which could curtail the recent declines in global grain and oilseed prices.

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.

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