



National Agricultural
Marketing Council
Promoting market access for South African agriculture

Markets and Economic Research Centre



Food Basket Price Monthly

Issue 82 – September 2022

August 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 August 2022 CPI figures were compiled and released on Wednesday, September 21st, 2022 (see link below from the Stats SA website):

<https://www.statssa.gov.za/publications/P0141/P0141August2022.pdf>

The official August 2022 data will now be included in this report, as the official release of the September 2022 CPI data is set on October 19th, 2022.

Highlights

During August 2022, the nominal cost of the NAMC's 28-item urban food basket amounted to R1 117.62 compared to the R1 088.30 reported in July 2022. This represented a monthly increase of 2.7% and a year-on-year increase of 11.0%.

Aug 2022 vs. Aug 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 (37.6%) Bread & cereals (17.8%) Processed food (14.9%)	Other foods (10.1%) Vegetables (9.3%) Meat (9.2%) Fish (9.2%) Sugar, sweets & desserts (9.2%) Unprocessed food (8.4%) Milk, eggs, and cheese (8.2%)			Fruit (-1.4%)
Individual food items in NAMC food basket (listed in order of decreasing inflation rates):	Sunflower oil (57.8%) Beef offal (55.0%) Ceylon/black tea (49.3%) Tomatoes (34.0%) Onions (31.1%) Brown bread (29.2%) Instant coffee (25.7%) Baked beans (25.2%)	Dried beans (11.9%) Full cream – long life milk (11.3%) Tinned fish (10.7%) White sugar (8.1%) Beef mince (7.6%) Peanut butter (7.5%) Cabbage (6.2%)	Chicken giblets (5.6%) Eggs (5.2%) Polony (3.5%)		Potatoes (0.1%) IQF chicken portions (-0.2%) Rice (-5.6%) Cheddar cheese (-7.2%) Apples (-12.6%) Bananas (-16.2%)

Aug 2022 vs. Aug 2021	Inflation bracket:				
	12% or more	Between 6% and 12%	Between 3% and 6%	Between 3% and 1%	Inflation close to zero or deflation
	Maize meal (24.8%) White bread (20.1%) Oranges (14.7%) Brick margarine (12.7%)				

1. Overall inflation and food inflation

Figure 1 shows the trends in the headline CPI as well as the inflation rate for food and non-alcoholic beverages from August 2016 to August 2022. On September 24, 2022, Statistics South Africa (Stats SA) officially announced the Consumer Price Index (CPI) for August 2022, showing that the annual headline CPI had increased by 7.6%, down from 7.8% in July 2022, while inflation for food and non-alcoholic beverages increased by 11.3% the highest since early 2017. As has been the case since early 2022, the main contributors to this increase were bread and cereals, oils and fats and animal products. Vegetables supply remains to be unpredictable in South Africa in recent times due to weather issues and as a result, vegetable prices weigh on the overall food inflation in August 2022. In July, an agreement allowing the grain corridor from Ukraine was reached by the United Nations, Turkey, and Russian Federation, but this is still to be revealed in all countries across the world depending on macroeconomic indicators and other factors. Table 2 below lists the domestic food items that had noticeable impact in August 2022 on inflation.

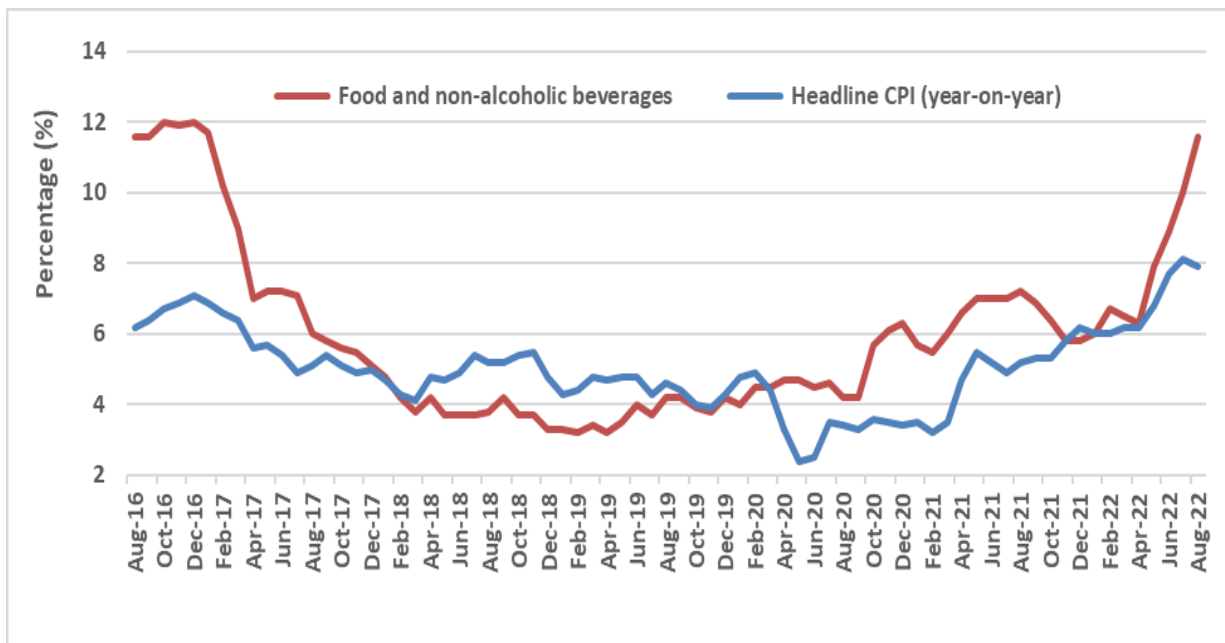


Figure 1: Headline CPI and food and non-alcoholic beverages CPI

Source: Stats SA. 2022

2. Monthly comparison for urban prices: August 2022 vs. July 2022

The cost of selected food items in urban areas in August 2022 and July 2022 is compared in **Table 1**. Cyclone/black tea (with a price difference of R7.01), margarine (with a price difference of R2.86) and maize meal (with a price difference of R0.74) were the goods with the largest price increases between August 2022 and July 2022. In August, the price of sunflower oil decreased marginally on average by R0.82. Consumers in urban areas spent R1.20 extra on these eleven food items on average in August 2022 compared to July 2022 as a result of these pricing modifications.

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

Product	Urban Food Prices July 2022 (R/unit)	Urban Food Prices July 2022 (R/unit)	The price difference (R/unit)
Full cream milk – long life 1ℓ	16.99	17.28	0.29
A loaf of brown bread 700g	15.93	16.32	0.39
A loaf of white bread 700g	17.84	18.38	0.54
Samp 1kg	15.59	16.13	0.54
Maize meal 2.5 kg	32.31	33.05	0.74
Margarine spread 500g	31.73	34.59	2.86
Peanut butter 400g	36.67	37.22	0.55
Rice 2kg	40.58	41.10	0.52
Sunflower oil 750mℓ	45.33	44.51	-0.82
Ceylon/black tea 250g	34.62	41.63	7.01
White sugar 2.5kg	48.16	48.71	0.55
Average difference (R/unit)			1.20

Source: Stats SA. 2022

3. The NAMC food basket: August 2022 vs August 2021

This section presents the nominal cost of the NAMC's 28-item urban food basket based on average food price data for August 2022 vs. August 2021. The nominal cost of the NAMC's 28-item urban food basket was R1 117.62 in August 2022 compared to R1 088 in July 2022, indicating a monthly increase of 2.7% and an annual increase of 11.0%, respectively.

Table 2 highlights the 28-food items that make up the NAMC urban food basket (in nominal terms). 19 of the 28 food items had price increases that exceeded the South African Reserve Bank's 6% annual inflation objective (SARB). The products were sunflower oil (57.8%) despite a marginal fall the previous month, followed by, beef offal (55.0%), Ceylon/black tea (49.3%), tomatoes (34.0%), onions (31.1%), brown bread (29.2%), instant coffee (25.7%), baked beans (25.2%), maize meal (24.8%), white bread (20.1%), oranges (14.7%), brick margarine (12.7%), dried beans (11.9%), full cream long life milk (11.3%), tinned fish (10.7%), white sugar (8.1%), beef mince (7.6%), peanut butter (7.5%) and cabbage (6.2%).

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

Category	Product	Aug-21 R/unit	July-22 R/unit	Aug-22 R/unit	Change year-on- year (%)	Change month- on-month (%)
Beans	Baked beans - tinned 410g	11.09	13.58	13.89	25.2	2.3
	Beans - dried 500g	26.55	29.67	29.71	11.9	0.1
	Peanut butter 400g	34.63	36.67	37.22	7.5	1.5
Coffee & Tea	Ceylon/black tea 250g	27.88	34.62	41.63	49.3	20.2
	Instant coffee 250g	37.59	45.42	47.24	25.7	4.0
Dairy & Eggs	Cheddar cheese per kg	134.33	125.94	124.63	-7.2	-1.0
	Eggs 1.5 dozen	54.46	55.96	57.29	5.2	2.4
	Full cream milk - long life 1ℓ	15.53	16.99	17.28	11.3	1.7
Fats & Oils	Brick margarine 500g	26.04	28.17	29.36	12.7	4.2
	Sunflower oil 750mℓ	28.20	45.33	44.51	57.8	-1.8
Fruit	Apples per kg	20.00	17.39	17.48	-12.6	0.5
	Bananas per kg	17.84	15.46	14.95	-16.2	-3.3
	Oranges per kg	15.08	19.09	17.30	14.7	-9.4
Protein	Beef mince per kg	95.90	102.50	103.17	7.6	0.7
	Beef offal per kg	40.14	47.32	62.20	55.0	31.4
	Chicken giblets per kg	39.80	39.11	42.02	5.6	7.4
	Fish (excl tuna) - tinned 400g	21.96	24.02	24.30	10.7	1.2
	IQF chicken portions 2kg	84.47	88.63	84.28	-0.2	-4.9
	Polony 1kg	45.90	47.46	47.52	3.5	0.1
Bread & Cereals	Loaf of brown bread 700g	12.63	15.93	16.32	29.2	2.4
	Loaf of white bread 700g	15.30	17.84	18.38	20.1	3.0
	Rice 2kg	43.52	40.58	41.10	-5.6	1.3
	Maize meal 5kg	49.99	59.43	62.39	24.8	5.0
Vegetables	Cabbage each	17.27	18.80	18.34	6.2	-2.4
	Onions per kg	12.62	16.27	16.55	31.1	1.7
	Potatoes per kg	14.02	13.81	14.04	0.1	1.7
	Tomatoes per kg	19.26	24.15	25.81	34.0	6.9
Sugary foods	White sugar 2.5kg	45.05	48.16	48.71	8.1	1.1
Total Rand Value		1 007.05	1 088.30	1 117.62	11.0	2.7

Source: Stats SA and BFAP. 2022

Figure 2 shows the average nominal cost increase of food groups within the NAMC's 28-item food basket by comparing the periods of August 2022 vs. August 2021 (year-on-year) and August 2022 vs. July 2022 (month-on-month). When comparing August 2022 prices to the same month the previous year, fats and oils continued to contribute the most to food inflation on an annual basis, rising by 36.2%, which is slightly higher than the 34.6% recorded for the previous month. This item was followed by coffee and tea, which noticeably increased by 35.7% when compared to 20.4% recorded for the previous month, vegetables (22.2%), bread & cereals (13.8%), bean products (11.8%) and animal protein (10.8%).

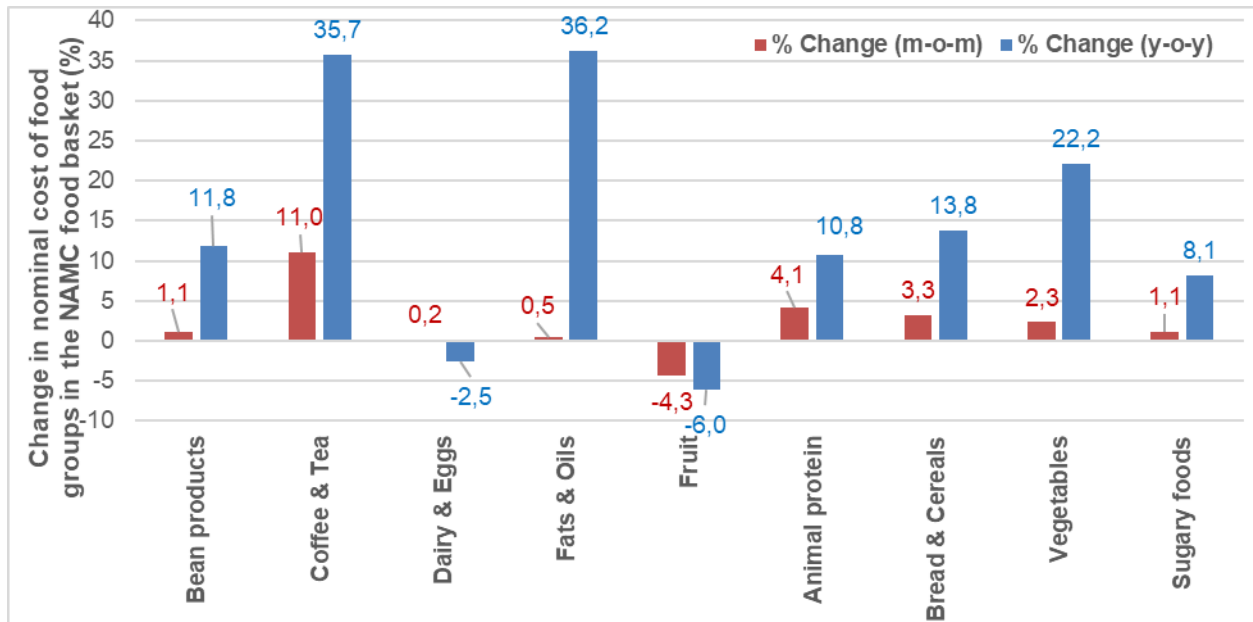


Figure 2: Nominal cost growth of specific food groups within the NAMC's 28-item food basket, comparing August 2022 vs. August 2021 and August 2022 vs. July 2022

Source: NAMC calculations. Stats SA data, 2022

Globally, the Food and Agricultural Organization (FAO) of the United Nations' global food price index (FFPI) had a month-on-month decreased of 2% from July to end of August 2022. Despite a fifth straight reduction, the food price index was still 8% higher on an annual basis. A record harvest from Russia, ample supplies from Canada and the United States, as well as the export of grains from Ukraine following the July arrangement, are credited for the minor gain in the world market, which is mostly for wheat. Due to decreased forecasts brought on by drought fears, mostly in the US and the European Union region, maize prices increased marginally. Since India is the world's largest exporter of rice and is experiencing a severe drought which brought some fears, rice prices have remained stable once more. The price of rice might increase in the upcoming months given the recent developments of rice export limits in India and the flood that devastated Pakistan rice producing region. However, the United States Department of Agriculture (USDA) anticipates Thailand will produce a larger crop, which could help to partially balance global supply. The global food market is still mostly unpredictable, and prices are highly volatile.

For South Africa, the typical time frame needed for the worldwide pricing to reflect on domestic prices normally follows time-lag of about two to three months. As a result, local prices have not yet reflected the reduction in food costs in July and August. Price volatility in the international food market remains a concern. Prices of commodities in the grain and oilseed market such as maize meal, bread and cooking oil to mention a few are likely going to be affected. Despite some improvement in Colombia's supply issues, problems with the global supply chain spurred on by rising energy prices have prevented coffee prices from recovering. Local pricing will be impacted because South Africa is reliant on the global market for its coffee supplies. As a result, prices were 30% higher than they had been in August of the previous year. Local meat prices may have been impacted by the recent ban on animal transportation brought on by recent foot and mouth disease outbreaks. The yet-to-be-released figures on livestock slaughter will support this, even though it is possible that this influenced supplies throughout August.

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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