



National Agricultural  
Marketing Council  
Promoting market access for South African agriculture

# Markets and Economic Research Centre



## Food Basket Price Monthly

*Issue 83 – October 2022*

*September 2022 data*

## Important note

The South African economy has been significantly impacted by the COVID-19 pandemic, as has Stats SA's capacity to measure it. As a result, the CPI data for September 2022 were created and made public on Wednesday, October 19<sup>th</sup>, 2022 (see link below from the Stats SA website):

<https://www.statssa.gov.za/publications/P0141/P0141September2022.pdf>

The official September 2022 data will now be included in this report, as the official release of the October 2022 CPI data is set on November 23<sup>rd</sup>, 2022.

## Highlights

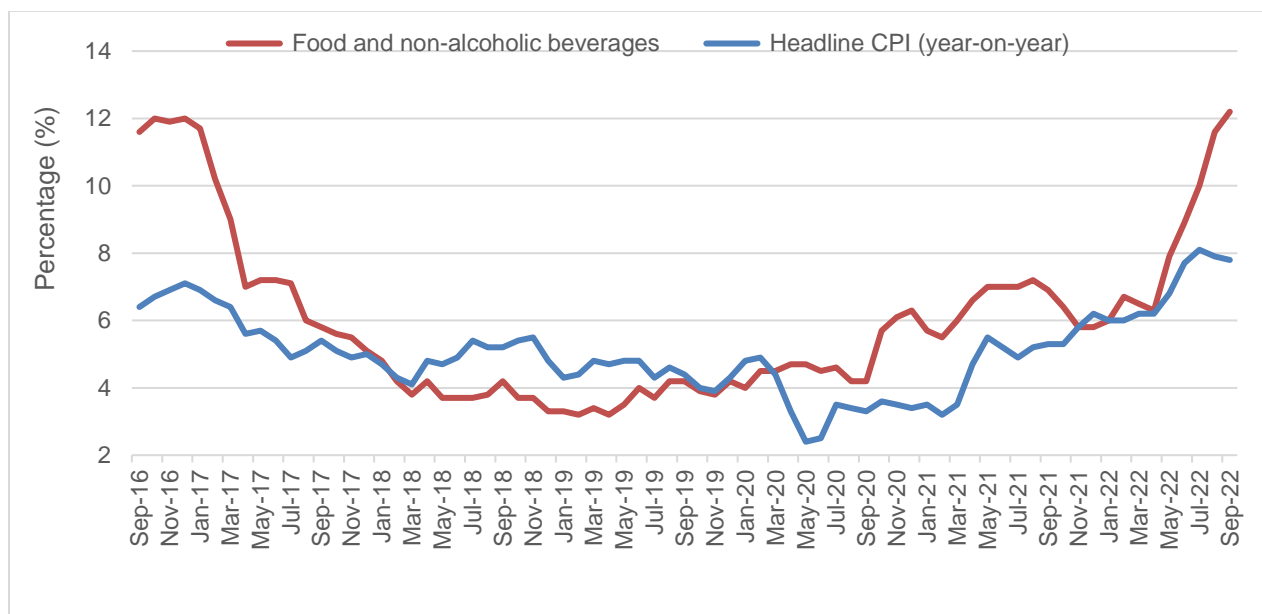
During September 2022, the nominal cost of the NAMC's 28-item urban food basket amounted to R1 122.10 compared to the R1 117.62 reported in August 2022. This represented a monthly increase of 0.4% and a year-on-year increase of 13.7%.

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
<b>Stats SA food groups:</b>	Oils & Fats (29.0%) Bread & cereals (19.3%) Processed (15.1%)	Other foods (11.6%) Vegetables (10.6%) Meat (9.9%) Unprocessed food (9.3%) Fish (9.1%) Milk, eggs, and cheese (9.0%) Sugar, sweets & desserts (8.9%)			Fruit (-0.2%)
<b>Individual food items in NAMC food basket (listed in order of decreasing inflation rates):</b>	Beef offal (49.0%) Tomatoes (47.7%) Sunflower oil (33.6%) Instant coffee (29.0%) Maize meal (27.6%) Onions (26.9%) Brown bread (26.2%) Apples (25.2%) White bread (22.3%)	Beef mince (10.9%) Tinned fish (9.9%) Peanut butter (9.6%) IQF chicken portion (7.2%) Cheddar cheese (7.3%)	White sugar (5.4%) Chicken giblets (4.4%)	Dried beans (2.7%)	Potatoes (-4.5%) Polony (-7.1%) Rice (-12.7%) Bananas (-13.2%)

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
	Baked beans (21.9%) Cabbage (21.2%) Brick margarine (20.9%) Ceylon/black tea (20.0%) Eggs (18.7%) Oranges (16.8%) Full cream – long life milk (12.2%)				

## 1. Overall inflation and food inflation

The uncertainty surrounding grain exports from the Black Sea region has increased in response to President Putin's comments on the July grain agreement. The grain agreement allowing shipments from Ukraine and Russia expires at the end of October, but it is expected that talks between the United Nations (UN), Russia, Ukraine and Turkey will continue in order to extend the agreement. However, if the agreement is "one-sided", Russian officials have threatened to renege on it in Geneva. As a result, the situation is still uncertain at this time, which has an impact on cereal prices around the world. **Figure 1** shows the trends in the headline CPI as well as the inflation rate for food and non-alcoholic beverages from September 2016 to September 2022. On October 19, 2022, Statistics South Africa (Stats SA) officially announced the Consumer Price Index (CPI) for September 2022, showing that the annual headline CPI had increased by 7.5%, compared to 7.6% in August 2022. Inflation for food and non-alcoholic beverages increased by 11.9% which is higher than the 11.3% recorded in August, the highest levels since 2016. **Table 2** below lists the domestic food items that had noticeable impact on food inflation figures in South Africa' in 2022. Vegetable prices are currently one of the largest contributors to food inflation in South Africa, a tendency that is typically noticed when there are supply shortages concerns, especially with regard to those vegetables that are particularly susceptible to variations in weather patterns. However, throughout September 2022, coffee and tea and fats and oils continued to be the leading causes of food inflation in South Africa.



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

Source: Stats SA. 2022

## 2. Monthly comparison between urban and rural area prices for September 2022

The cost of selected food items in urban vs rural areas in September 2022 is compared in **Table 1**. In September 2022, the food items with the highest price disparities between urban and rural areas were: maize meal at a price difference of R5.72, a loaf of white bread at R1.31, peanut butter at R0.97, a loaf of brown bread at R0.87 and bananas at R0.85. This shows that, on average, urban consumers spent R0.30 more on these 11 food items. However, it is worth to note that there were some food items where rural

consumers paid more than urban including: white sugar, full cream milk-long life and margarine spread. Both urban and rural areas consumers paid the same price for sunflower oil during September 2022.

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

Product	Urban Food Prices September 2022 (R/unit)	Rural Food Prices September 2022 (R/unit)	The price difference (R/unit)
Full cream milk – long life 1ℓ	17.32	18.18	-0.86
A loaf of brown bread 700g	16.69	15.82	0.87
A loaf of white bread 700g	18.67	17.36	1.31
Banana per kg	14.75	13.90	0.85
Maize meal 2.5 kg	32.71	26.99	5.72
Margarine spread 500g	33.50	37.13	-3.63
Peanut butter 400g	36.99	36.02	0.97
Rice 2kg	35.48	35.12	0.36
Sunflower oil 750mℓ	41.38	41.38	-
Ceylon/black tea 250g	38.87	38.53	0.34
White sugar 2.5kg	49.74	52.34	-2.60
Average difference (R/unit)			0.30

Source: Stats SA. 2022

### 3. The NAMC food basket: September 2022 vs September 2021

This section presents the nominal cost of the NAMC's 28-item urban food basket based on average food price data for September 2022 vs. September 2021. The nominal cost of the NAMC's 28-item urban food basket was R1 122.10 in September 2022 compared to R1 117.62 in August 2022, indicating a monthly increase of 0.4% and an annual increase of 13.7%, respectively.

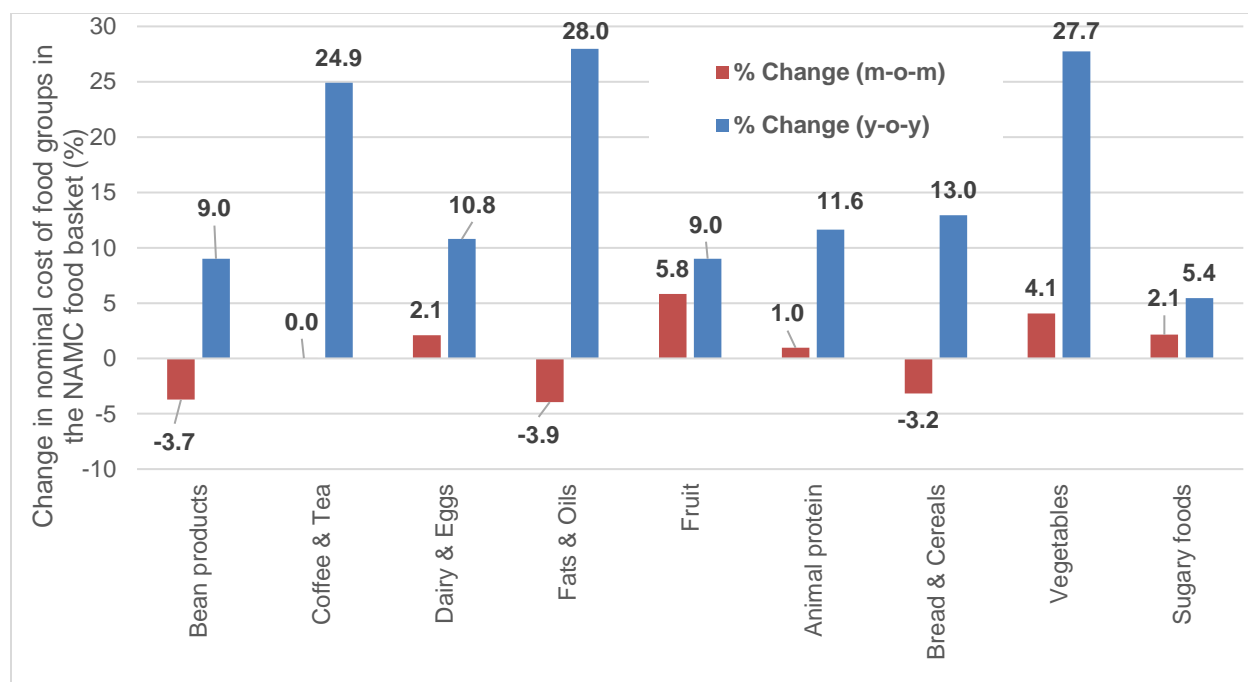
**Table 2** highlights the 28-food items that make up the NAMC urban food basket (in nominal terms). 21 of the 28 food items had price increases that exceeded the South African Reserve Bank's (SARB) 6% annual inflation objective. These products include beef offal (49.0%), followed by tomatoes (47.7%), sunflower oil (33.6%), instant coffee (29.0%), maize meal (27.6%), onions (26.9%), brown bread (26.2%), apples (25.2%), white bread (22.3%), baked beans (21.9%), cabbage (21.2%), brick margarine (20.9%), Ceylon/black tea (20.0%), eggs (18.7%), oranges (16.8%), full cream long life milk (12.2%), beef mince (10.9%), tinned fish (9.9%), peanut butter (9.6%), cheddar cheese (7.3%) and Individual Quick Frozen chicken portions (IQF) (7.2%).

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

Category	Product	Sep-21 R/unit	Aug-22 R/unit	Sep-22 R/unit	Change year-on- year (%)	Change month- on-month (%)
Beans	Baked beans - tinned 410g	11.31	13.89	13.79	21.9	-0.7
	Beans - dried 500g	26.36	29.71	27.06	2.7	-8.9
	Peanut butter 400g	33.74	37.22	36.99	9.6	-0.6
Coffee & Tea	Ceylon/black tea 250g	32.38	41.63	38.87	20.0	-6.6
	Instant coffee 250g	38.78	47.24	50.02	29.0	5.9
Dairy & Eggs	Cheddar cheese per kg	118.99	124.63	127.73	7.3	2.5
	Eggs 1.5 dozen	49.16	57.29	58.34	18.7	1.8
	Full cream milk - long life 1ℓ	15.44	17.28	17.32	12.2	0.2
Fats & Oils	Brick margarine 500g	24.48	29.36	29.59	20.9	0.8
	Sunflower oil 750ml	30.98	44.51	41.38	33.6	-7.0
Fruit	Apples per kg	15.73	17.48	19.70	25.2	12.7
	Bananas per kg	16.99	14.95	14.75	-13.2	-1.3
	Oranges per kg	15.67	17.30	18.30	16.8	5.8
Protein	Beef mince per kg	94.43	103.17	104.72	10.9	1.5
	Beef offal per kg	44.15	62.20	65.80	49.0	5.8
	Chicken giblets per kg	40.60	42.02	42.38	4.4	0.9
	Fish (excl tuna) - tinned 400g	22.10	24.30	24.29	9.9	0.0
	IQF chicken portions 2kg	79.66	84.28	85.36	7.2	1.3
	Polony 1kg	47.67	47.52	44.30	-7.1	-6.8
Bread & Cereals	Loaf of brown bread 700g	13.23	16.32	16.69	26.2	2.3
	Loaf of white bread 700g	15.27	18.38	18.67	22.3	1.6
	Rice 2kg	40.63	41.10	35.48	-12.7	-13.7
	Maize meal 5kg	49.47	62.39	63.12	27.6	1.2
Vegetables	Cabbage each	15.01	18.34	18.19	21.2	-0.8
	Onions per kg	14.42	16.55	18.30	26.9	10.6
	Potatoes per kg	14.83	14.04	14.17	-4.5	0.9
	Tomatoes per kg	18.31	25.81	27.05	47.7	4.8
Sugary foods	White sugar 2.5kg	47.17	48.71	49.74	5.4	2.1
<b>Total Rand Value</b>		<b>986.96</b>	<b>1 117.62</b>	<b>1 122.10</b>	<b>13.7</b>	<b>0.4</b>

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 September 2022 vs. September 2021 (year-on-year) and September 2022 vs. August 2022 (month-on-month). When comparing September 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 28.0% followed by vegetables (27.7%), coffee & tea (24.9%), bread & cereals (13.0%), animal products (11.6%), dairy & eggs (10.8%) and bean products and fruits each recorded at 9.0%.



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

Source: NAMC calculations. Stats SA data, 2022

From a global food price perspective, the Food and Agricultural Organization (FAO) of the United Nations' global food price index (FFPI) had a month-on-month decreased of 1.1% from August to end of September 2022. This was the sixth consecutive monthly decline and the main drivers were prices for vegetable oils which declined by 7% m/m followed by sugar, dairy and meat (FAO, 2022). Vegetable oil prices fell for a sixth consecutive month in September, with palm oil prices leading in the decline. In September, soybean, sunflower and rapeseed all experienced a modest decline. On the other hand, the price of cereals increased by 1.5% monthly in September. High volumes of exports from the European Union (EU) have caused cereal prices to rise due to increased demand from the global market and uncertainty in the total supply of coarse grains. The global rice price index climbed by 2.2% in September, as anticipated last month, as a result of India's trade restriction policies, production issues and the flood in Pakistan.

At a domestic level, several food commodities in South Africa continued to rise in September. Several variables, in addition to supply chain bottlenecks, particularly those resulting from the global market, have contributed to the increase in local food commodities prices. The predicted rain fall in the country may be both good and bad news for some crops grown around the country. Since tomatoes, cabbage and onions appear to be experiencing some supply concerns, prices have been responding to this since recent weeks. Vegetables are among the crops that are extremely susceptible to wet circumstances, and their supply can be readily disrupted as what was experienced the previous year.

Other commodities that may be of interest and worth keeping an eye on their price patterns include some lower priced beef cuts and cereals. Since the start of the Covid-19 epidemic, the price for beef offal have been steadily rising due to a demand for more reasonably priced animal protein. Consumers may be switching to more reasonably priced animal proteins including poultry, pork and other inexpensive cuts of beef as a result of the economic downturn. Fruit prices are expected to remain low in the short term due to

the relatively abundant local supply due to the restrictions imposed on South Africa from trading fruit in the international market mainly the EU for citrus and recently the strike by Transnet at least in the short-term.

Prices for cereals, especially wheat, is once again in the spot light on the global market. Drought concerns from Argentina and the United States of America and the November grain deal will all be giving the cereal markets mixed signals in the short-to-medium term due to some concerns and demands mainly from the Russian Federation officials. These uncertainties are likely to keep cereal prices in South Africa, especially for wheat and maize at relatively high levels. However, it is also crucial to remember that the entire world will be impacted by these uncertainties, not just South Africa.

#### **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.*

Compiled by:

#### **Trends and discussion on selected topics:**

Thabile Nkunjana  
Corné Dempers  
Dr Ndiadivha Tempia

**Enquiries:** Dr Christo Joubert: +27 12 341 1115 or +27 76 999 7766 or [christo@namc.co.za](mailto:christo@namc.co.za)

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

© 2022. Published by the National Agricultural Marketing Council (NAMC).

#### **Disclaimer:**

*Information contained in this document results from research funded wholly or in part by the NAMC acting in good faith. Opinions, attitudes, and points of view expressed herein do not necessarily reflect the official position or policies of the NAMC. The NAMC makes no claims, promises, or guarantees about the accuracy, completeness, or adequacy of the contents of this document and expressly disclaims liability for errors and omissions regarding the content thereof. No warranty of any kind, implied, expressed, or statutory, including but not limited to the warranties of non-infringement of third-party rights, title, merchantability, fitness for a particular purpose or freedom from computer virus is given with respect to the contents of this document in hardcopy, electronic format, or electronic links thereto. Reference made to any specific product, process, and service by trade name, trademark, manufacturer or another commercial commodity or entity are for informational purposes only and do not constitute or imply approval, endorsement or favouring by the NAMC.*