



FOOD BASKET PRICE MONTHLY



NAMC FOOD BASKET: 28 SELECTED FOOD ITEMS PRICES Issue 84 – November 2022 October 2022 data



NAMC
Promoting market access for South African agriculture

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Food Basket Price Monthly

November 2022 - October 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 October 2022 were created and made public on Wednesday, November 23rd, 2022 (see link below from the Stats SA website):

<https://www.statssa.gov.za/publications/P0141/P0141October2022.pdf>

The official October 2022 data will now be included in this report, as the official release of the November 2022 CPI data is set on December 14th, 2022.

Highlights

During October 2022, the nominal cost of the NAMC's 28-item urban food basket amounted to R1 109.58 compared to the R1 122.10 reported in September 2022. This represented a monthly decrease of 1.1% and a year-on-year increase of 11.5%.

Sept 2022 vs. Sept 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 (25.7%) Bread & cereals (19.5%) Processed food (15.3%) Other food (12.3%)	Milk, eggs & cheese (10.5%) Meat (10.5%) Fish (10.3%) Sugar, sweets & desserts (9.8%) Unprocessed food (9.1%)	Vegetables (3.9%)	Fruit (1.2%)	
Individual food items in NAMC food basket (listed in order of decreasing inflation rates):	Onions (44.3%) Sunflower oil (33.6%) Instant coffee (27.1%) Ceylon/black tea (23.6%) Brown bread (23.3%) Apples (23.2%) Cabbage (22.0%) White bread (20.5%) Maize meal (19.4%) Baked beans (16.0%) Eggs (15.0%) Tomatoes (14.7%) Beef offal (14.7%) Brick margarine (14.3%) Beef mince (13.3%) Oranges (13.2%)	Full cream long life milk (11.9%) Fish tinned (10.3%) Peanut butter (9.6%) Cheddar cheese (8.3%) White sugar (7.9%) Chicken giblets (6.9%)	IQF-chicken (5.3%) Dried beans (3.2%)	Polony (2.6%)	Potatoes (-21.1%) Rice (-12.6%) Bananas (-11.2%)

1. Overall inflation and food inflation

Globally, from September 2022 to the end of October 2022, the global food price index (FFPI) of the Food and Agricultural Organization (FAO) of the United Nations increased by 2.0% month over month (m/m). The conflict along the Black Sea and reduced prospects in the United States cereal supply as a result of uncertain weather conditions may be the main causes of the rise in cereal prices. Wheat prices were the key drivers to m/m increase for cereals registering an increase of 3.2%. The FFPI had, however, decreased by 14.9% from its peak in March of this year. By the end of October 2022, the price indices of dairy products, vegetable oils, meat and sugar had all decreased 1.7%, 1.6%, 1.4% and 0.6% respectively, and had a major influence on the overall decrease of the FFPI. In October, food inflation in Turkey was 99.1% higher, up 6.4 points m/m; the UK (16.2%), up 11.7 points m/m; the EU (15.5%), up 12.3 points m/m; Russia (12.1%), down 14.8 points m/m; Brazil (11.2%), down 4.3 points m/m; Namibia (9.1%), down 2.2 points m/m and China (7.0%), down 20.5 points m/m.

Figure 1 shows developments in South Africa's headline Consumer Price Index (CPI) from October 2016 to October 2022 as well as the inflation rate for food and non-alcoholic beverages. The official release of the CPI for October 2022 by Statistics South Africa (Stats SA) on November 23, 2022, revealed an increase in the annual headline CPI of 7.6% as opposed to 7.5% in September 2022. Food and non-alcoholic beverages saw a 12.0% increase in inflation. Foods like oils & fats, bread & cereal, processed foods and meat and animal products like cheese, eggs & milk were the main causes of the inflation increase. **Table 1** below lists the domestic food items that had noticeable impact on food inflation figures in South Africa in October 2022.

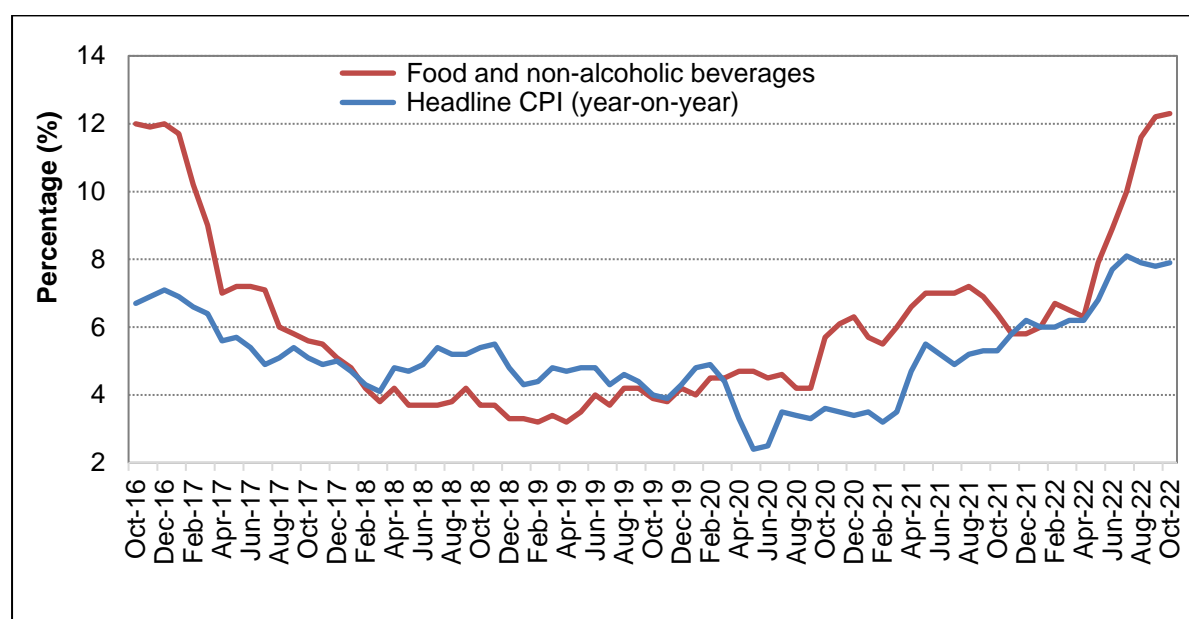


Figure 1: Headline CPI and food and non-alcoholic beverages CPI

Source: Stats SA. 2022

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

Table 1 compares the cost of selected food items in urban vs rural areas for October 2022. In October, maize meal, Ceylon/black tea, rice, peanut butter, a loaf of white bread and a loaf of brown bread had the biggest price differences between urban and rural areas. The difference in the price for maize meal was R6.83 while that for Ceylon/black tea at R1.80, for rice, R1.27 and that for a loaf of brown bread,

R0.73. This demonstrates that for these 11 food items, urban customers spent, on average, R0.30 more. However, rural consumers spent more on margarine and white sugar than urban consumers did. The price for banana was almost similar for consumers in rural and urban areas.

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

Product	Urban Food Prices October 2022 (R/unit)	Rural Food Prices October 2022 (R/unit)	The price difference (R/unit)
Full cream milk – long life 1ℓ	17.36	18.20	-0.84
A loaf of brown bread 700g	16.75	16.02	0.73
A loaf of white bread 700g	18.54	17.44	1.10
Banana per kg	14.92	14.91	0.01
Maize meal 2.5 kg	33.82	26.99	6.83
Margarine spread 500g	34.00	37.65	-3.65
Peanut butter 400g	38.35	37.02	1.33
Rice 2kg	35.66	34.39	1.27
Sunflower oil 750mℓ	40.06	40.64	-0.58
Ceylon/black tea 250g	39.95	38.15	1.80
White sugar 2.5kg	50.04	51.62	-1.58
Average difference (R/unit)			0.30

Source: Stats SA. 2022

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

This section gives a descriptive account of the nominal cost of the NAMC's 28-item urban food basket based on comparisons between the average food price data for October 2022 and October 2021. The nominal price of the NAMC's 28-item urban food basket increased by 11.5% in October 2022 compared to October 2021, costing R1 109.58 versus R995.55, or 1.1% less monthly.

Table 2 highlights the 28-food items that make up the NAMC urban food basket (in nominal terms). In October 2022, 22 of the 28 food items had price increases that exceeded the South African Reserve Bank's (SARB) 6% annual inflation objective. These products include onions (44.3%), followed by sunflower oil (33.6%), instant coffee (27.1%), Ceylon/black tea (23.6%), brown bread (23.3%), apples (23.2%), cabbage (22.0%), white bread (20.5%), maize meal (19.4%), baked beans (16.0%), eggs (15.0%), tomatoes (14.7%), beef offal (14.7%), brick margarine (14.3%), beef mince (13.3%), oranges (13.2%), full cream long life milk (11.9%), tinned fish (10.3%), peanut butter (9.6%), cheddar cheese (8.3%), white sugar (7.0%) and chicken giblets (6.9%).

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

Category	Product	Oct-21 R/unit	Sept-22 R/unit	Oct-22 R/unit	Change year-on- year (%)	Change month- on-month (%)
Beans	Baked beans - tinned 410g	11.92	13.79	13.83	16.0	0.3
	Beans - dried 500g	26.75	27.06	27.61	3.2	2.0
	Peanut butter 400g	35.00	36.99	38.35	9.6	3.7
Coffee & Tea	Ceylon/black tea 250g	32.32	38.87	39.95	23.6	2.8
	Instant coffee 250g	39.03	50.02	49.62	27.1	-0.8
Dairy & Eggs	Cheddar cheese per kg	118.83	127.73	128.72	8.3	0.8
	Eggs 1.5 dozen	50.85	58.34	58.48	15.0	0.2
	Full cream milk - long life 1ℓ	15.52	17.32	17.36	11.9	0.2
Fats & Oils	Brick margarine 500g	24.64	29.59	28.17	14.3	-4.8
	Sunflower oil 750ml	29.99	41.38	40.06	33.6	-3.2
Fruit	Apples per kg	15.13	19.70	18.64	23.2	-5.4
	Bananas per kg	16.81	14.75	14.92	-11.2	1.2
	Oranges per kg	15.51	18.30	17.56	13.2	-4.0
Protein	Beef mince per kg	94.11	104.72	106.59	13.3	1.8
	Beef offal per kg	44.09	65.80	50.55	14.7	-23.2
	Chicken giblets per kg	39.86	42.38	42.63	6.9	0.6
	Fish (excl tuna) - tinned 400g	22.07	24.29	24.34	10.3	0.2
	IQF chicken portions 2kg	81.46	85.36	85.76	5.3	0.5
	Polony 1kg	44.28	44.30	45.43	2.6	2.6
Bread & Cereals	Loaf of brown bread 700g	13.59	16.69	16.75	23.3	0.4
	Loaf of white bread 700g	15.39	18.67	18.54	20.5	-0.7
	Rice 2kg	40.82	35.48	35.66	-12.6	0.5
	Maize meal 5kg	52.09	63.12	62.22	19.4	-1.4
Vegetables	Cabbage each	14.89	18.19	18.17	22.0	-0.1
	Onions per kg	14.27	18.30	20.59	44.3	12.5
	Potatoes per kg	17.66	14.17	13.93	-21.1	-1.7
	Tomatoes per kg	21.90	27.05	25.11	14.7	-7.2
Sugary foods	White sugar 2.5kg	46.77	49.74	5.04	7.0	0.6
Total Rand Value		995.55	1 122.10	1 109.58	11.5	-1.1

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 October 2022 vs. October 2021 (year-on-year) and October 2022 vs. September 2022 (month-on-month). When comparing October 2022 prices to the same month the previous year, coffee and tea contributed the most to the food inflation on an annual basis, rising by 25.5%, followed by fats & oils (24.9), vegetables (16.1%), dairy & egg products (10.5%), bread & cereals (9.3%) and animal protein (9.0%). On monthly, fats and oils deflated by 3.9% followed by fruit and animal products both deflating by 3.1%.

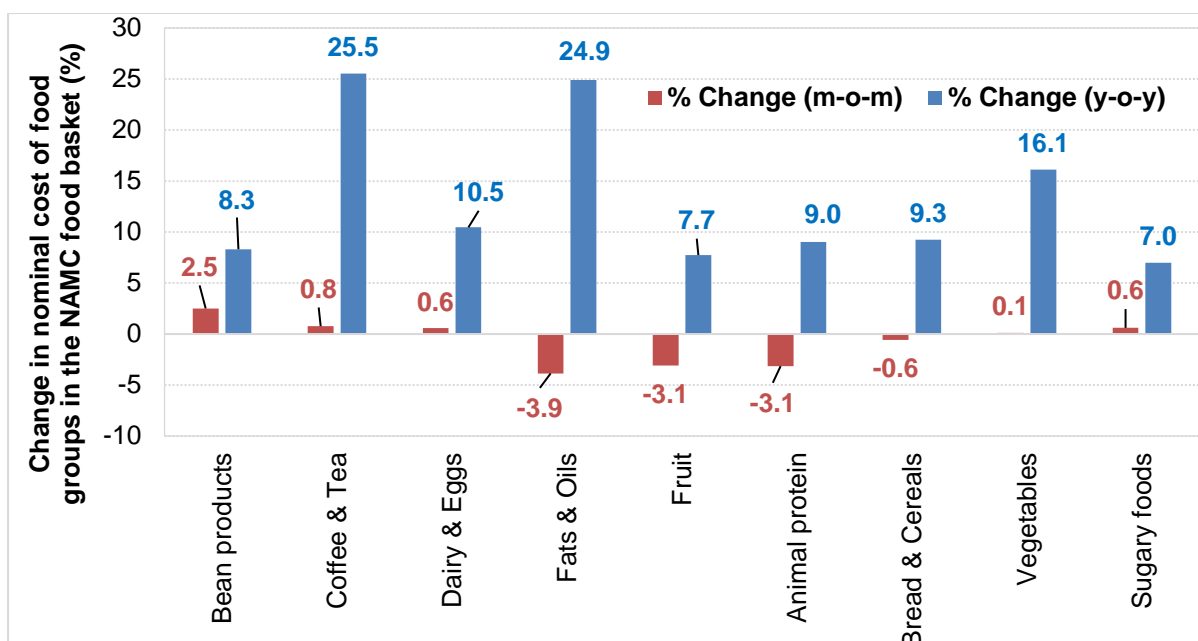


Figure 2: Nominal cost growth of specific food groups within the NAMC's 28-item food basket, comparing October 2022 vs. October 2021 and October 2022 vs. September 2022

Source: NAMC calculations. Stats SA data, 2022

Globally, food prices continue to decline, with different food product groupings/categories being impacted differently. Following discussions between the UN, Ukraine and Russian authorities, the grain export agreement was extended on November 17th by an additional 120 days. This would probably further reduce the apprehension surrounding the rise in food prices around the world. Since July, the grain agreement has played a significant role in lowering food prices around the world, and the extension is likely to further lower prices, which will subsequently be reflected in local pricing.

Domestically, South Africa is expected to import 1.5 million tonnes of wheat which is currently surrounded by current uncertainties. Russia supplied at least 25% of South Africa's wheat imports over the previous five years, but the nation has quickly replaced those supplies from the Black Sea region. Australia, Brazil and Argentina are now supplying the South Africa with wheat, and they should have no trouble supplying South Africa in the future. Additionally, the agreement on grain exports being extended until early 2023 may further compress down prices for goods made from wheat and maize around the world, which could have a positive impact on pricing for local consumers.

Since South Africa is fully dependent on international supplies for rice, the outlook for rice remains favourable, which should maintain local prices for rice for its consumers. In October, rice prices fell by 12.6% as a result of plentiful supplies and promising futures for the rice industry.

Meat prices are anticipated to rise over the upcoming weeks due to cost increases across the board and a tightening supply before declining in early 2023 as demand declines. Prices for farmers and consumers will be determined by dynamics of supply and demand in the meat industry, transportation expenses and interest rates, which the South Africa Reserve Bank (SARB) raised as of the 25th November.

Prices for vegetables, particularly onions, are still high and are forecast to remain so until early 2023 when supply restrictions are relieved by new supplies. Regarding fruits, the continued good availability of bananas across the country keeps prices at comparatively lower levels. The largest supplier of bananas for South Africa is Mozambique, where there is a plentiful supply attributed to recent good investments in production from Maputo, the main banana-producing region. This has a favourable effect on local consumer prices for bananas.

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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