



# FOOD BASKET PRICE MONTHLY



## NAMC FOOD BASKET: 28 SELECTED FOOD ITEMS PRICES

Issue 85 – December 2022

November 2022 data

# Food Basket Price Monthly

## *December 2022 - November 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, December 14<sup>th</sup>, 2022 (see link below from the Stats SA website):*

<https://www.statssa.gov.za/publications/P0141/P0141November2022.pdf>

*The official November 2022 data will now be included in this report, as the official release of the December 2022 CPI data is set on January 18<sup>th</sup>, 2023.*

## Highlights

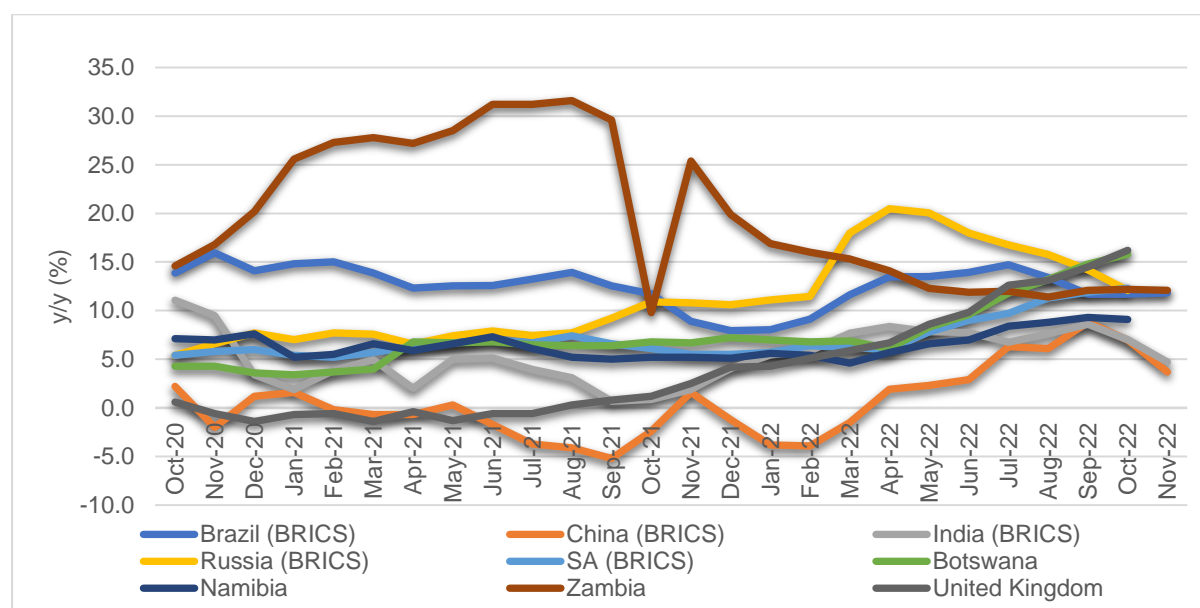
During November 2022, the nominal cost of the NAMC's 28-item urban food basket amounted to R1 119.34 compared to the R1 109.58 reported in October 2022. This represented a monthly increase of 0.9% and a year-on-year increase of 12.9%.

Nov 2022 vs. Nov 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 (24.8%) Bread & cereals (19.9%) Processed food (15.8%) Other food (12.9%)	Milk, eggs & cheese (10.9%) Meat (10.5%) Fish (10.5%) Unprocessed food (9.9%) Vegetables (8.8%) Sugar, sweets & desserts (8.6%)		Fruit (1.7%)	
<b>Individual food items in NAMC food basket (listed in order of decreasing inflation rates):</b>	Onions (43.1%) Ceylon/black tea (27.6%) Maize meal (27.1%) Sunflower oil (26.9%) Instant coffee (26.3%) Beef offal (26.1%) Apples (24.4%) Tomatoes (20.9%) Brown bread (19.7%) White bread (19.1%) Baked beans (17.1%) Brick margarine (15.3%) Full cream long life milk (15.2%) Oranges (13.3%) Beef mince (13.0%) Cheddar cheese (12.8%) Cabbage (12.2%)	Fish tinned (11.9%) Eggs (11.2%) Peanut butter (11.2%) Chicken giblets (10.5%) Dried beans (8.2%)	IQF-chicken (5.1%) White sugar (3.6%)		Polony (0.4%) Rice (-13.7%) Potatoes (-10.1%) Bananas (-5.3%)



# 1. Overall inflation and food inflation

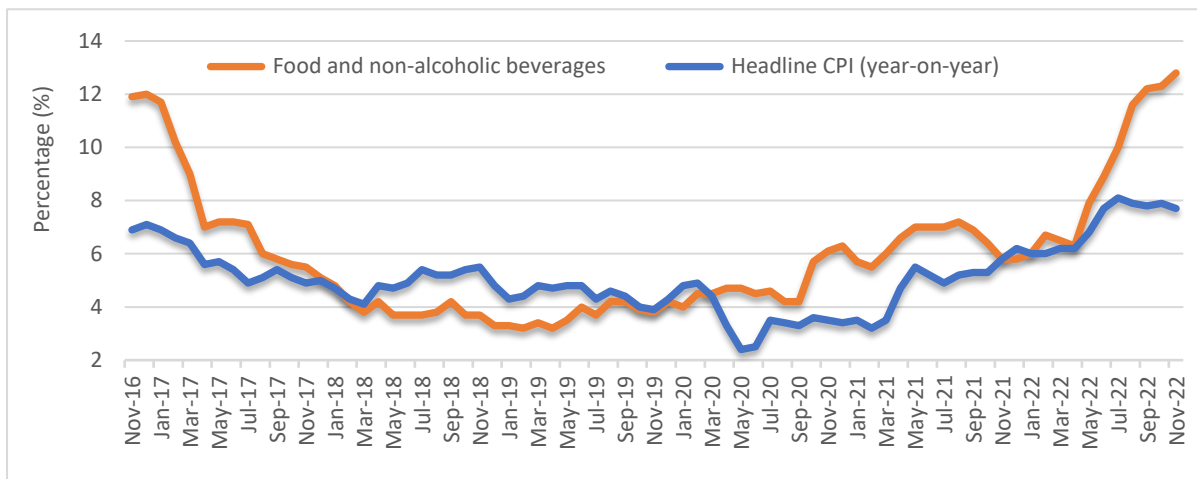
The Food and Agricultural Organization's (FAO) global food price index (FFPI) for November 2022 was 0.3% higher than its equivalent value year-on-year (y/y). The index averaged 135.7 points in November 2022, which was a marginal improvement from the previous month. The price indices for sugar and vegetable oil increased by 5.2% and 2.3%, respectively, month-on-month (m/m), while the price indices for cereal, dairy and meat decreased by 1.3%, 1.2%, and 0.9%, respectively. **Figure 1** shows global food inflation for BRICS country members, UK as a trading partner and South Africa's neighbouring countries. China reported a food inflation of 3.7% in November 2022 from the previous month's 7%, followed by India (4.7%), Russia (11.1%), Brazil (11.8%), Zambia (12.1%) and South Africa (12.5%). Food inflation in the UK was 16.2% in October 2022, followed by Botswana (15.8%) and Namibia (9.1%).



**Figure 1: Global food Inflation**

Data source: Trading Economics, 2022, NAMC calculations

**Figure 2** demonstrates changes in the Consumer Price Index (CPIs for South Africa between November 2016 and November 2022 as well as the inflation rate for food and non-alcoholic drinks. On 14 December 2022, Statistics South Africa (Stats SA) officially announced the CPI for November 2022. The annual headline CPI increased by 7.4%, which is a less than the 7.6% in October 2022. The inflation rate for food and non-alcoholic beverages increased by 12.5%. Oils and fats (24.8%), bread and cereals (19.9%), processed foods (15.8%), and animal products including eggs, milk, and cheese (10.9%) were the main contributors to the observed food inflation. Fish and meat both contributed 10.5% to the overall food inflation.



**Figure2: South Africa Headline CPI and Food and non-alcoholic Beverages CPI**

Data source: Stats SA, 2022, NAMC calculations

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

**Table 1** compares the cost of selected food items in urban vs rural areas for November 2022. Food items with the largest price difference between urban and rural areas were: maize meal (R4.09), /black tea (R3.75), bananas (R1.79), a loaf of white bread (R1.01), a loaf of brown bread (R0.88), rice (R0.36) and peanut butter (R0.20). As a result of these differences in prices, urban customers spent, on average, close to R0.60 more compared to rural dwellers. However, margarine, white sugar, sunflower oil and full cream long life milk costed rural consumers a bit more. The distance that a product must travel to reach consumers is one factor in the pricing discrepancies, along with the lack of processing or storage facilities, poor road connectivity and subpar roadways that add to transport cost.

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

Product	Urban Food Prices November 2022 (R/unit)	Rural Food Prices November 2022 (R/unit)	The price difference (R/unit)
Full cream milk – long life 1ℓ	17.90	18.17	-0.27
A loaf of brown bread 700g	16.74	15.86	0.88
A loaf of white bread 700g	18.68	17.67	1.01
Banana per kg	16.57	14.78	1.79
Maize meal 2.5 kg	34.08	29.99	4.09
Margarine spread 500g	35.13	37.60	-2.47
Peanut butter 400g	37.72	37.52	0.20
Rice 2kg	35.01	34.65	0.36
Sunflower oil 750mℓ	38.12	39.21	-1.09
Ceylon/black tea 250g	41.24	37.49	3.75
White sugar 2.5kg	49.18	51.06	-1.88
Average difference (R/unit)			<b>0.58</b>

Data source: Stats SA. 2022, NAMC calculations

### 3. The NAMC food basket: November 2022 vs November 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 November 2022 and November 2021. The nominal price of the NAMC's 28-item urban food basket increased by 12.9% in November 2022 compared to November 2021 (y/y), costing R1 119.34 versus R991.34, or 0.9% more (m/m).

**Table 2** highlights the 28-food items that make up the NAMC urban food basket (in nominal terms). In November 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 (43.1%), followed by Ceylon/black tea (27.6%), maize meal (27.1%), sunflower oil (26.9%), instant coffee (26.3%), beef offal (26.2%), apples (24.4%), tomatoes (20.9%), brown bread (19.7%), white bread (19.1%), baked beans (17.1%), brick margarine (15.3%), full cream long life milk (15.2%), oranges (13.3%), beef mince (13.0%), cheddar cheese (12.8%), cabbage (12.2%), tinned fish (11.9%), eggs (11.2%), peanut butter (11.2%), chicken giblets (10.5%) and dried beans (8.2%).

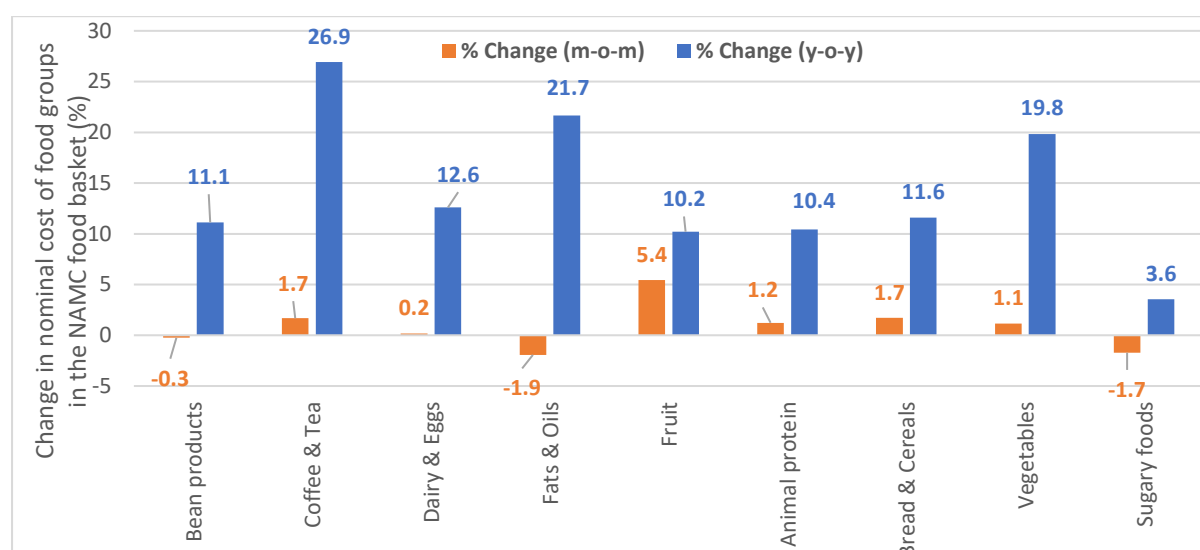
**Table 2: Percentage change in a basic NAMC food basket (28-item) price**

Category	Product	Nov-21 R/unit	Oct-22 R/unit	Nov-22 R/unit	Change year-on- year (%)	Change month- on-month (%)
Beans	Baked beans - tinned 410g	11.87	13.83	13.90	17.1	0.5
	Beans - dried 500g	25.84	27.61	27.97	8.2	1.3
	Peanut butter 400g	33.92	38.35	37.72	11.2	-1.6
Coffee & Tea	Ceylon/black tea 250g	32.31	39.95	41.24	27.6	3.2
	Instant coffee 250g	39.44	49.62	49.83	26.3	0.4
Dairy & Eggs	Cheddar cheese per kg	116.98	128.72	132.01	12.8	2.6
	Eggs 1.5 dozen	49.46	58.48	54.98	11.2	-6.0
	Full cream milk - long life 1ℓ	15.54	17.36	17.90	15.2	3.1
Fats & Oils	Brick margarine 500g	24.97	28.17	28.79	15.3	2.2
	Sunflower oil 750ml	30.03	40.06	38.12	26.9	-4.8
Fruit	Apples per kg	15.60	18.64	19.41	24.4	4.1
	Bananas per kg	17.50	14.92	16.57	-5.3	11.1
	Oranges per kg	15.81	17.56	17.92	13.3	2.1
Protein	Beef mince per kg	94.56	106.59	106.90	13.0	0.3
	Beef offal per kg	39.68	50.55	50.08	26.2	-0.9
	Chicken giblets per kg	40.22	42.63	44.46	10.5	4.3
	Fish (excl tuna) - tinned 400g	21.82	24.34	24.42	11.9	0.3
	IQF chicken portions 2kg	82.47	85.76	86.69	5.1	1.1
	Polony 1kg	46.93	45.43	47.12	0.4	3.7
Bread & Cereals	Loaf of brown bread 700g	13.99	16.75	16.74	19.7	-0.1
	Loaf of white bread 700g	15.68	18.54	18.68	19.1	0.8
	Rice 2kg	40.56	35.66	35.01	-13.7	-1.8
	Maize meal 5kg	51.15	62.22	65.01	27.1	4.5
Vegetables	Cabbage each	16.10	18.17	18.07	12.2	-0.6
	Onions per kg	14.86	20.59	21.26	43.1	3.3
	Potatoes per kg	15.59	13.93	14.01	-10.1	0.6
	Tomatoes per kg	20.97	25.11	25.35	20.9	1.0
Sugary foods	White sugar 2.5kg	47.49	5.04	49.18	3.6	-1.7
<b>Total Rand Value</b>		<b>991.34</b>	<b>1 109.58</b>	<b>1 119.34</b>	<b>12.9</b>	<b>0.9</b>

Data source: Stats SA and BFAP, 2022, NAMC calculations

**Figure 2** shows the average nominal cost increase of food groups within the NAMC's 28-item food basket by comparing the periods of November 2022 vs. November 2021 (year-on-year) and November 2022 vs. October 2022 (month-on-month). When comparing November 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 26.9%, followed by fats & oils (21.7%), vegetables (19.8%), dairy & egg products (12.6%), bread & cereals (11.6%), bean products (11.1%) and animal protein (10.4%). On a monthly basis, fats and oils deflated by -1.9% followed by sugary foods (-1.7%) and bean products (-0.3%).



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

Data source: Stats SA data, 2022, NAMC calculations.

The primary global drivers of food prices continue to be macroeconomic variables including interest rates, currency differences, crude oil prices, and Covid-19 policies in China. Following its sixth consecutive interest rate hike in November, which was the highest since 2008, the Federal Reserve Bank of the United States of America is scheduled to convene in December in efforts to control inflation. Because it is frequently used to make purchases on a global market, the US Dollar currency is significant in this context. Prices for crude oil are still low when compared to records set earlier in 2022. It remains uncertain how the price cap on crude oil from Russia by the EU will affect the world market. The Organization of the Petroleum Exporting Countries (OPEC+) is monitoring movements in the crude oil market following its most recent summit in the run-up to its next gathering in June 2023.

Following Russia's return to cereal shipping, prices for global coarse grains such as wheat and maize decreased by 3% and 2%, respectively, in November 2022 (FAO, 2022). Logistical issues in the Mississippi region of the United States have improved in recent weeks after low water levels impacted grain shipping and this has weighed on global grain prices. Additionally, shipping costs have returned to normal levels, which is important for the international transportation of food.

Subject to improvements from the above-mentioned factors, prices for domestic food items, particularly those manufactured from grains like wheat and maize, could start decreasing in early 2023. One of South Africa's primary sources of wheat before the Ukraine conflict was Russia, but the country was compelled to source elsewhere for supplies. However, recent data indicate that Russia is again a source for SA's wheat imports.

Due to historically higher demand for meat during the festive season, and a marginally limited supply since August when cattle movement was restricted to contain foot-and-mouth disease, beef prices are likely to remain high. Pork producer prices have been increasing in recent weeks supported by lower supply of 4% y/y and 5% m/m as of October 2022. However, as demand drops after a spike during festive season, beef, and meat prices may start to decrease in January but load shedding may hinder consumers to buy meat in large quantities during festive seasons and this could have an impact on both their choice and the profitability of the meat industry.

### **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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