



# FOOD BASKET PRICE MONTHLY



## NAMC FOOD BASKET: 28 SELECTED FOOD ITEMS PRICES

Issue 86 – January 2023

December 2022 data



# Food Basket Price Monthly

## *January 2023 - December 2022 data*

### 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 official December 2022 data will now be included in this report, as the official release of the January 2023 CPI data is set on February 15<sup>th</sup>, 2023 (see link below from the Stats SA website):*

<https://www.statssa.gov.za/publications/P0141/P0141December2022.pdf>

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## Highlights

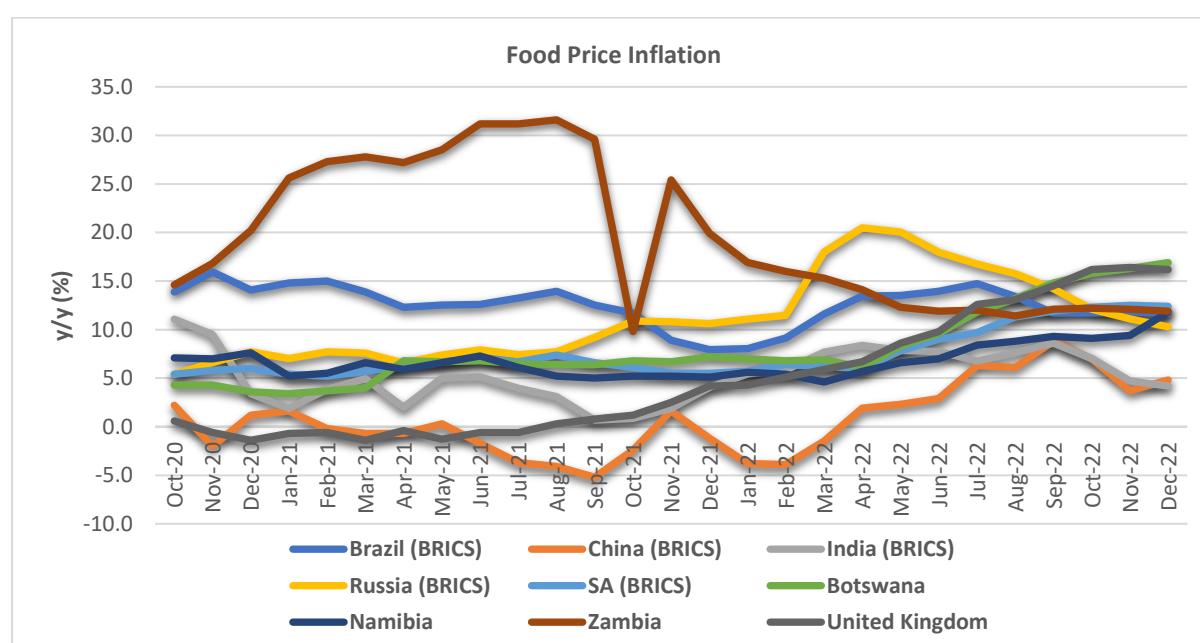
During December 2022, the nominal cost of the NAMC's 28-item urban food basket amounted to R1 131.01 compared to the R1 119.34 reported in November 2022. This represented a monthly increase of 1.0% and a year-on-year increase of 12.8%.

Dec 2022 vs. Dec 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 (22.4%) Bread & cereals (20.6%) Processed food (15.7%) Other food (13.1%) Vegetables (12.5%)	Fish (10.4%) Milk, eggs & cheese (10.0%) Unprocessed food (9.8%) Meat (9.7%) Sugar, sweets & desserts (9.1%)		Fruit (1.6%)	
<b>Individual food items in NAMC food basket (listed in order of decreasing inflation rates):</b>	Onions (47.0%) Apples (32.7%) Sunflower oil (28.1%) Maize meal (27.0%) Ceylon/black tea (24.3%) Instant coffee (21.6%) White bread (20.4%) Brown bread (18.9%) Tomatoes (18.4%) Oranges (18.2%) Baked beans (16.6%) Cabbage (16.4%) Brick margarine (14.8%) Full cream long life milk (14.4%) Chicken giblets (13.7%) Cheddar cheese (12.8%) Tinned fish (12.4%)	Beef offal (11.5%), Peanut butter (9.9%) Beef mince (9.3%) Eggs (8.8%) White sugar (7.1%) IQF chicken portions (6.6%) Dried beans (6.1%)	Polony (3.7%) Potatoes (3.1%)		Bananas (-5.1%) Rice (-8.4%)



# 1. Overall inflation and food inflation

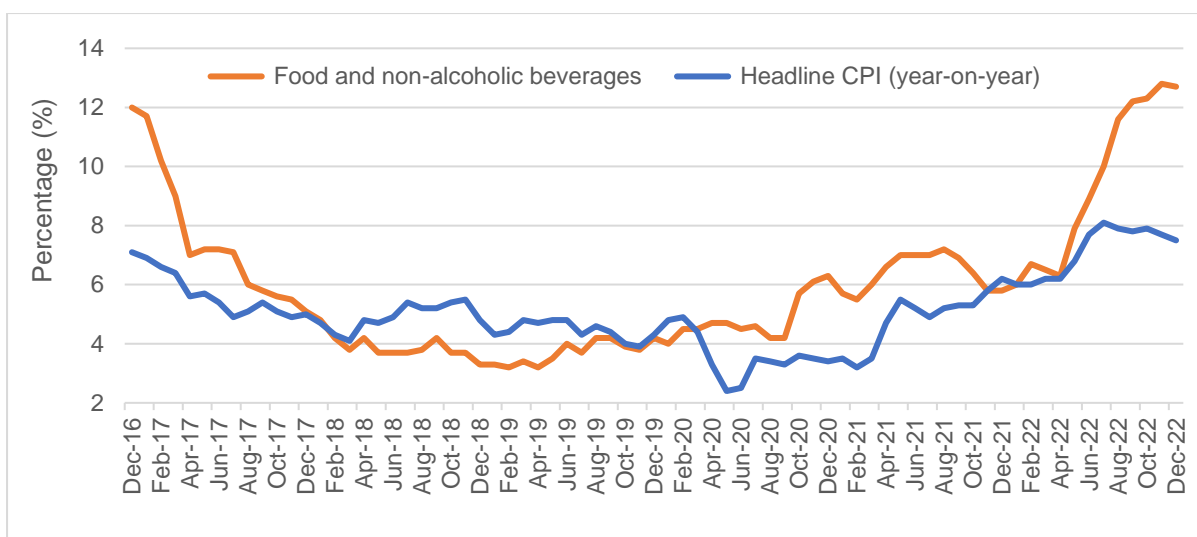
The Food and Agricultural Organization's (FAO) global nominal food price index (FFPI) for December 2022 was 1.9% down month-on-month and 1.0% below than its equivalent value year-on-year (y/y). The index averaged 132.4 points in December 2022, from 135.7 points the previous month and it averaged 143.7 points for 2022 up 18 points compared to 2021. The main drivers that contributed to the decline in the global index were vegetable oils, to a larger extent, and cereals and meat prices. Sugar and dairy remained on an upward trajectory in December. **Figure 1** shows global food inflation for Brazil, Russia, India, China and South Africa as the BRICS countries, United Kingdom (UK) as a trading partner and South Africa's neighbouring countries. China recorded inflation of 4.8% in December 2022 noticeably higher compared to 3.7% recorded in November 2022. The countries that reported low food inflation include India at 4.2% y/y, followed by China (4.8%), Russia (10.3%), Brazil (11.6%), Namibia (11.8%), Zambia (11.9%), South Africa (12.4%), UK (16.2%) and Botswana (16.9%).



**Figure 1: Global food Inflation**

Data source: Trading Economics, 2023, NAMC calculations

**Figure 2** illustrates changes in the Consumer Price Index (CPI) for South Africa between December 2016 and December 2022 as well as the inflation rate for food and non-alcoholic drinks. On 18 January 2023, Statistics South Africa (Stats SA) officially announced the CPI for December 2022. The annual headline CPI was 7.2%, down from 7.4% in November 2022. The inflation rate for food and non-alcoholic beverages increased by 12.4% slightly down from 12.5 recorded in November. Oils and fats (22.4%), bread and cereals (20.6%), processed foods (15.7%), and animal products including eggs, milk, and cheese (10.0%) were the main contributors to the observed food inflation.



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

Data source: Stats SA, 2023, NAMC calculations

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

**Table 1** compares the cost of selected food items in urban vs rural areas for December 2022. Food items with the largest price difference between urban and rural areas were: maize meal (R4.30), bananas (R1.00), a loaf of white bread (R0.92), a loaf of brown bread (R0.78), rice (R0.72), Ceylon /black tea (R0.39) and peanut butter (R0.30). Due to these pricing variations, urban consumers spent, on average, R0.31 more than rural residents. Rural consumers paid a little bit more for white sugar, margarine, sunflower oil, and full-cream long-life milk. The price differences between urban and rural locations are caused, among other things, by the distance that a product must travel to reach consumers.

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

Product	Urban Food Prices December 2022 (R/unit)	Rural Food Prices December 2022 (R/unit)	The price difference (R/unit)
Full cream milk – long life 1ℓ	17.96	18.33	-0.37
A loaf of brown bread 700g	16.61	15.83	0.78
A loaf of white bread 700g	18.62	17.70	0.92
Banana per kg	16.98	15.98	1.00
Maize meal 2.5 kg	35.19	30.89	4.30
Margarine spread 500g	36.87	38.17	-1.30
Peanut butter 400g	37.95	37.65	0.30
Rice 2kg	35.82	35.10	0.72
Sunflower oil 750mℓ	38.71	39.66	-0.95
Ceylon/black tea 250g	40.46	40.07	0.39
White sugar 2.5kg	50.27	52.60	-2.33
			<b>0.31</b>

Data source: Stats SA. 2023, NAMC calculations

### 3. The NAMC food basket: December 2022 vs December 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 December 2022 and December 2021. The nominal price of the NAMC's 28-item urban food basket increased by 12.8% in December 2022 compared to December 2021 year-on-year (y/y), costing R1 131.01 versus R1 119.34, or 1.0% more monthly.

**Table 2** highlights the 28-food items that make up the NAMC urban food basket (in nominal terms). In December 2022, 24 of the 28 food items had price increases that exceeded the South African Reserve Bank's (SARB) 6% inflation target. These products include onions (47.0%), followed by apples (32.7%), sunflower oil (28.1%), maize meal (27.0%), Ceylon/black tea (24.3%), instant coffee (21.6%), white bread (20.4%), brown bread (18.9%), tomatoes (18.4%), oranges (18.2%), baked beans (16.6%), cabbage (16.4%), brick margarine (14.8%), full cream long life milk (14.4%), chicken giblets (13.7%), cheddar cheese (12.8%), tinned fish (12.4%), beef offal (11.5%), peanut butter (9.9%), beef mince (9.3%), eggs (8.8%), white sugar (7.1%), IQF chicken portions (6.6%) and dried beans (6.1%).

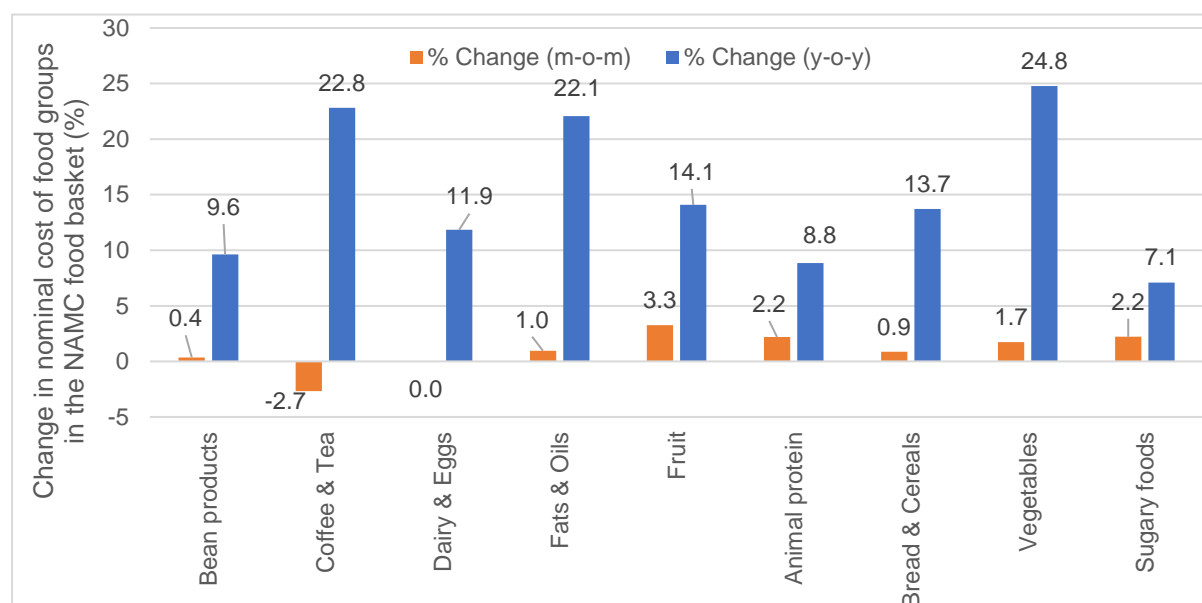
**Table 2: Percentage change in a basic NAMC food basket (28-item) price**

Category	Product	Dec-21 R/unit	Nov-22 R/unit	Dec-22 R/unit	Change year-on- year (%)	Change month- on-month (%)
Beans	Baked beans - tinned 410g	11.88	13.90	13.85	16.6	-0.4
	Beans - dried 500g	26.46	27.97	28.08	6.1	0.4
	Peanut butter 400g	34.52	37.72	37.95	9.9	0.6
Coffee & Tea	Ceylon/black tea 250g	32.54	41.24	40.46	24.3	-1.9
	Instant coffee 250g	39.62	49.83	48.17	21.6	-3.3
Dairy & Eggs	Cheddar cheese per kg	116.98	132.01	131.99	12.8	0.0
	Eggs 1.5 dozen	50.41	54.98	54.84	8.8	-0.3
	Full cream milk - long life 1ℓ	15.70	17.90	17.96	14.4	0.3
Fats & Oils	Brick margarine 500g	25.12	28.79	28.84	14.8	0.2
	Sunflower oil 750ml	30.22	38.12	38.71	28.1	1.5
Fruit	Apples per kg	14.95	19.41	19.84	32.7	2.2
	Bananas per kg	17.90	16.57	16.98	-5.1	2.5
	Oranges per kg	15.94	17.92	18.84	18.2	5.1
Animal Protein	Beef mince per kg	97.53	106.90	106.62	9.3	-0.3
	Beef offal per kg	45.49	50.08	50.71	11.5	1.3
	Chicken giblets per kg	40.08	44.46	45.57	13.7	2.5
	Fish (excl tuna) - tinned 400g	22.10	24.42	24.83	12.4	1.7
	IQF chicken portions 2kg	82.89	86.69	88.38	6.6	1.9
	Polony 1kg	49.60	47.12	51.44	3.7	9.2
Bread & Cereals	Loaf of brown bread 700g	13.97	16.74	16.61	18.9	-0.8
	Loaf of white bread 700g	15.46	18.68	18.62	20.4	-0.3
	Rice 2kg	39.11	35.01	35.82	-8.4	2.3
	Maize meal 5kg	51.62	65.01	65.58	27.0	0.9
Vegetables	Cabbage each	15.82	18.07	18.41	16.4	1.9
	Onions per kg	15.42	21.26	22.66	47.0	6.6
	Potatoes per kg	14.02	14.01	14.45	3.1	3.1
	Tomatoes per kg	20.72	25.35	24.53	18.4	-3.2
Sugary foods	White sugar 2.5kg	46.94	49.18	50.27	7.1	2.2
<b>Total Rand Value</b>		<b>1 003.01</b>	<b>1 119.34</b>	<b>1 131.01</b>	<b>12.8</b>	<b>1.0</b>

Data source: Stats SA and BFAP, 2023, 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 December 2022 vs. December 2021 (year-on-year) and December

2022 vs. November 2022 (month-on-month). When comparing December 2022 prices to the same month the previous year, unsurprisingly following supply issues late 2022, vegetables contributed the most to the food inflation on an annual basis, rising by 24.8%, followed by coffee and tea (22.8%), fats & oils (22.1%), fruit (14.1%), bread & cereals (13.7%), dairy & egg products (11.9%), bean products (9.6%), animal protein (8.8%) and sugary foods (7.1%). On a monthly basis, prices for fruits increased by 3.3% while animal protein and sugary foods both increased by 2.2%. In December 2022 prices for both apples and oranges were noticeably high and this could be attributed to supply shortage in December. As the new season for oranges start prices may start to decline.



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

Data source: Stats SA data, 2023, NAMC calculations.

Food inflation in South Africa improved slightly in December 2022 however, the ongoing energy crisis pose a significant threat to the country's employment, inflation and food security. Food inflation may decrease as the global economy and the domestic economic conditions improve. For example, the Crop Estimates Committee (CEC) of South Africa predictions show that the available stocks for major grains remain stable although unfavourable weather conditions such as excessive rains may alter the projections and local demand. Local infrastructure challenges remain as a major concern particularly to farmers in the Limpopo and the Northern Cape where most vegetable production is supported by irrigation.

### **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:**

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