



FOOD BASKET PRICE MONTHLY



NAMC FOOD BASKET: 28 SELECTED FOOD ITEMS PRICES Issue 87 – February 2023 January 2023 data



Food Basket Price Monthly

February 2023 - January 2023 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 January 2022 data will now be included in this report, as the official release of the February 2023 CPI data is set on March 22nd, 2023 (see link below from the Stats SA website):

<https://www.statssa.gov.za/publications/P0141/P0141January2023.pdf>

Highlights

During January 2023, the nominal cost of the NAMC's 28-item urban food basket amounted to R1 130.76 compared to the R1 131.01 reported in December 2022. This represented a monthly decrease of 0.02% and a year-on-year increase of 11.2%.

Jan 2023 vs. Jan 2022	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:	Bread & cereals (21.8%) Oils & fats (18.5%) Processed food (16.2%) Vegetables (14.3%) Other food (13.4%) Fish (13.0%)	Unprocessed food (11.4%) Milk, eggs & cheese (10.9%) Sugar, sweets & desserts (9.3%)		Fruit (3.6%)	
Individual food items in NAMC food basket (listed in order of decreasing inflation rates):	Onions (51.9%) Apples (29.8%) Maize meal (26.5%) Ceylon/black tea (24.4%) White bread (20.6%) Brown bread (20.3%) Instant coffee (20.2%) Sunflower oil (19.8%) Brick margarine (16.4%) Chicken giblets (16.4%) Baked beans (15.8%) Full cream long life milk (15.8%) Tinned fish (14.4%) Cheddar cheese (13.2%)	Beef mince (11.7%) Potatoes (11.3%) Cabbage (11.2%) Peanut butter (10.1%) IQF chicken portions (9.4%) Polony (7.6%) Eggs (7.4%) White sugar (7.4%) Dried beans (6.6%) Oranges (6.2%)	Tomatoes (3.8%)		Bananas (-2.7%) Rice (-8.9%) Beef offal (-17.7%)

1. Overall inflation and food inflation

The Food and Agricultural Organization's (FAO) global nominal food price index (FFPI) for January 2023 was 1.1% down month-on-month. Compared to its peak in March 2022, the index was down 17.9%, averaging 131.2 points in January 2023, from 132.4 points the previous month. The main drivers that contributed to the decline in the global index were vegetable oils (-2.9%), to a larger extent, dairy (-1.4%) and sugar (-1.1%). For the same month (January 2023) the cereals and meat indices remained largely unchanged. **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 6.2% in January 2023 compared to 3.7% recorded in December 2022. India reported food inflation of 5.9% y/y, followed by China (6.2%), Russia (10.2%), Brazil (11.1%), Zambia (11.6%), South Africa (13.8%) and UK (16.7%).

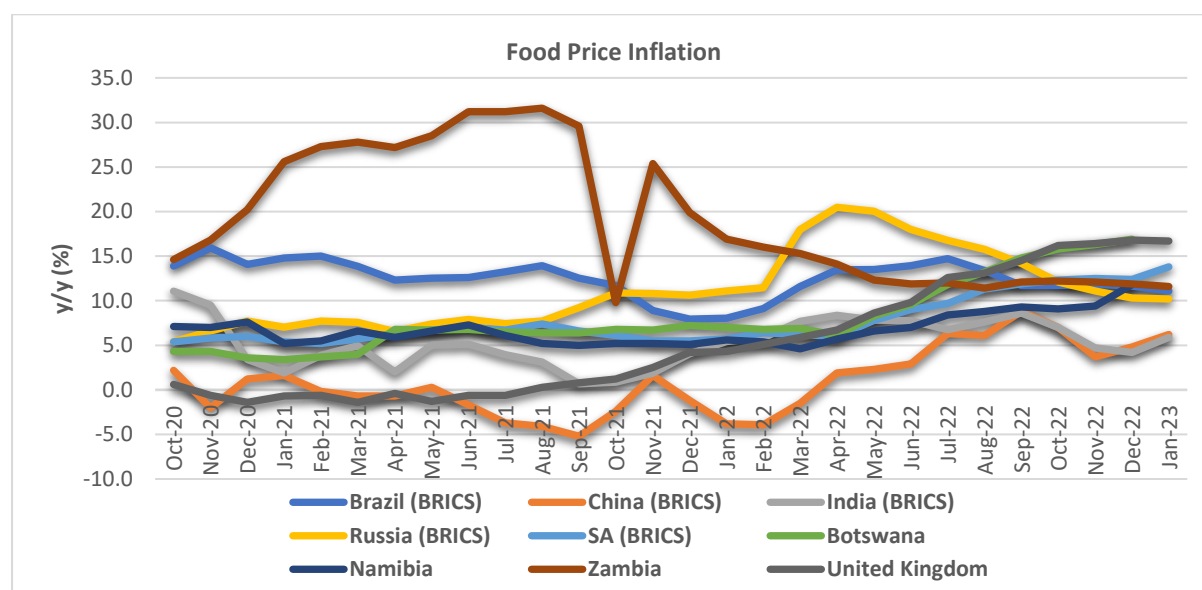


Figure 1: Global food Inflation

Data source: Trading Economics, 2023, NAMC calculations

Figure 2 illustrates changes in the Consumer Price Index (CPI) for South Africa between January 2017 and January 2023 as well as the inflation rate for food and non-alcoholic drinks. On 15 February 2023, Statistics South Africa (Stats SA) officially announced the CPI for January 2023. The annual headline CPI was 6.9% in January 2023, down from 7.2% in December 2022. The inflation rate for food and non-alcoholic beverages increased by 13.4% from 12.4% recorded in December 2022. The main drivers in food inflation during January 2023 unsurprisingly given the global market forces that continues to send mixed signals to the market were bread & cereals (21.8%), processed foods (16.2%), vegetables (14.3%) and animal products including eggs, milk, and cheese (10.9%). In other words, basic foods remain high and contributed to the overall food inflation observed in January.

For products made from grain, there is often a lag period between changes in farm prices and changes in retail pricing. This can take up to five months resulting in increases in retail prices observed at later stages. However, this varies between markets for each individual product. For example, prices of processed foods are projected to continue to rise and contribute to food inflation in the short- to medium-term. The rise in prices can be attributed partly to the ongoing current electricity crisis that continue to pose difficulties in the processing of agricultural products in South Africa.

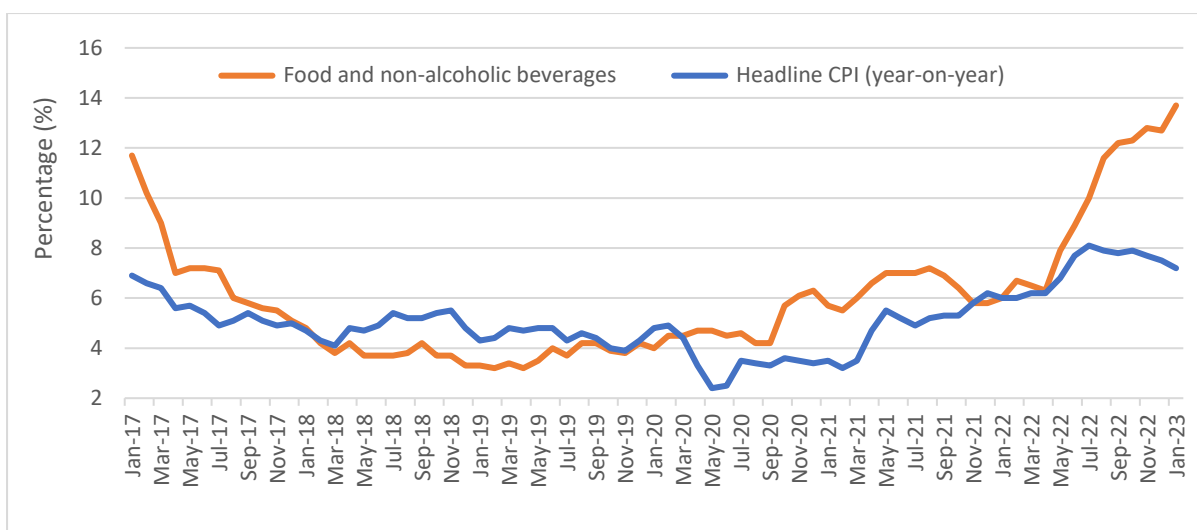


Figure 2: South Africa Headline CPI and Food and non-alcoholic beverages CPI

Data source: Stats SA, 2023, NAMC calculations

2. Monthly comparison between urban and rural area prices for January 2023

Table 1 compares the cost of selected food items in urban vs rural areas for January 2023. Food items with the largest price difference between urban and rural areas were: maize meal (R5.71), bananas (R1.20), a loaf of white bread (R1.01), peanut butter (R0.92), a loaf of brown bread (R0.67), Ceylon /black tea (R0.47) and rice (R0.04). This indicates that urban consumers pay 28 cents more on average, for these 11 food items. However, rural consumers paid more for certain products including: white sugar, full cream long life milk, margarine and sunflower oil than their urban counterparts.

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

Product	Urban Food Prices January 2023 (R/unit)	Rural Food Prices January 2023 (R/unit)	The price difference (R/unit)
Full cream milk – long life 1ℓ	18.17	18.51	-0.34
A loaf of brown bread 700g	16.83	16.16	0.67
A loaf of white bread 700g	18.66	17.65	1.01
Banana per kg	17.49	16.29	1.20
Maize meal 2.5 kg	36.60	30.89	5.71
Margarine spread 500g	36.73	37.74	-1.01
Peanut butter 400g	38.13	37.21	0.92
Rice 2kg	35.18	35.14	0.04
Sunflower oil 750mℓ	37.27	39.89	-2.62
Ceylon/black tea 250g	40.59	40.12	0.47
White sugar 2.5kg	49.79	52.73	-2.94
			0.28

Data source: Stats SA. 2023, NAMC calculations

3. The NAMC food basket: January 2023 vs January 2022

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 January 2023 and January 2022. The

nominal price of the NAMC's 28-item urban food basket increased by 11.2% in January 2023 compared to January 2022 year-on-year (y/y), costing R1 130.76 versus R1 017.24, or 0.02% less monthly.

Table 2 highlights the 28-food items that make up the NAMC urban food basket (in nominal terms). In January 2023, 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 (51.9%), followed by apples (29.8%), maize meal (26.5%), Ceylon/black tea (24.4%), white bread (20.6%), brown bread (20.3%), instant coffee (20.2%), sunflower oil (19.8%), brick margarine (16.4%), chicken giblets (16.4%), full cream long life milk (15.8%), baked beans (15.8%), tinned fish (14.4%), cheddar cheese (13.2%), beef mince (11.7%), potatoes (11.3%), cabbage (11.2%), peanut butter (10.1%), IQF chicken portions (9.4%), polony (7.6%), white sugar (7.4%), eggs (7.4%), dried beans (6.6%) and oranges (6.2%).

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

Category	Product	Jan-22 R/unit	Dec-22 R/unit	Jan-23 R/unit	Change year-on- year (%)	Change month- on-month (%)
Beans	Baked beans - tinned 410g	12.00	13.85	13.90	15.8	0.4
	Beans - dried 500g	26.58	28.08	28.33	6.6	0.9
	Peanut butter 400g	34.64	37.95	38.13	10.1	0.5
Coffee & Tea	Ceylon/black tea 250g	32.62	40.46	40.59	24.4	0.3
	Instant coffee 250g	39.91	48.17	47.97	20.2	-0.4
Dairy & Eggs	Cheddar cheese per kg	110.97	131.99	125.66	13.2	-4.8
	Eggs 1.5 dozen	50.46	54.84	54.19	7.4	-1.2
	Full cream milk - long life 1ℓ	15.69	17.96	18.17	15.8	1.2
Fats & Oils	Brick margarine 500g	25.21	28.84	29.34	16.4	1.7
	Sunflower oil 750ml	31.12	38.71	37.27	19.8	-3.7
Fruit	Apples per kg	15.12	19.84	19.62	29.8	-1.1
	Bananas per kg	17.98	16.98	17.49	-2.7	3.0
	Oranges per kg	20.39	18.84	21.66	6.2	15.0
Animal Protein	Beef mince per kg	96.41	106.62	107.67	11.7	1.0
	Beef offal per kg	59.28	50.71	48.76	-17.7	-3.8
	Chicken giblets per kg	38.11	45.57	44.37	16.4	-2.6
	Fish (excl tuna) - tinned 400g	22.59	24.83	25.85	14.4	4.1
	IQF chicken portions 2kg	82.23	88.38	89.99	9.4	1.8
	Polony 1kg	48.07	51.44	51.70	7.6	0.5
Bread & Cereals	Loaf of brown bread 700g	13.99	16.61	16.83	20.3	1.3
	Loaf of white bread 700g	15.47	18.62	18.66	20.6	0.2
	Rice 2kg	38.61	35.82	35.18	-8.9	-1.8
	Maize meal 5kg	52.32	65.58	66.20	26.5	0.9
Vegetables	Cabbage each	16.90	18.41	18.79	11.2	2.1
	Onions per kg	15.25	22.66	23.16	51.9	2.2
	Potatoes per kg	14.18	14.45	15.78	11.3	9.2
	Tomatoes per kg	24.76	24.53	25.71	3.8	4.8
Sugary foods	White sugar 2.5kg	46.38	50.27	49.79	7.4	-1.0
Total Rand Value		1 017.24	1 131.01	1 130.76	11.2	-0.02

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 January 2023 vs. January 2022 (year-on-year) and January 2023 vs. December 2022 (month-on-month). When comparing January 2023 prices to January 2022, coffee & tea contributed the most to the food inflation on an annual basis, rising by 22.1%, followed by vegetables (20.7%), fats & oils (18.2%), bread & cereals (13.7%), dairy & eggs (11.8%), fruit (9.9%), bean products (9.8%), sugary foods (7.4%) and animal protein (6.2%). On a monthly basis, prices for fruits increased by 5.6% led by apples and vegetables increased by 4.2%. Apple prices are generally higher between January and February attributed to limited supply but from March prices normally fall as supply improves. However, week 5 projections indicate lower apple and pear production for the 2023

season, which is attributable to hail, which decreased yields from two important apple and pear growers, Ceres and Langkloof.

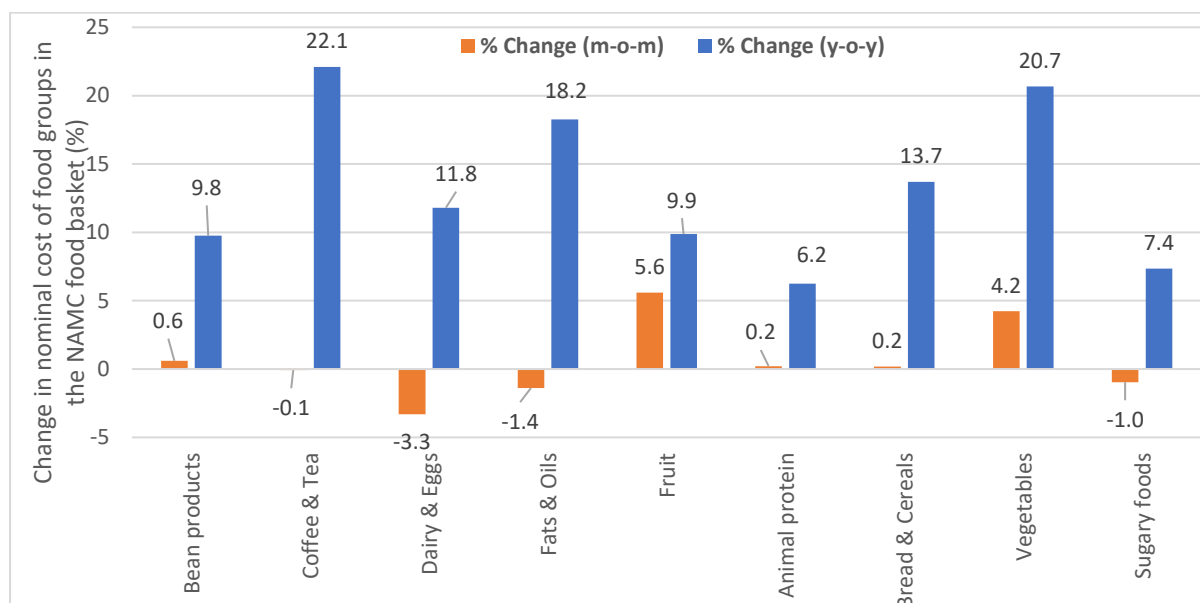


Figure 2: Nominal cost growth of specific food groups within the NAMC's 28-item food basket, comparing January 2023 vs. January 2022 and January 2023 vs. December 2022

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

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: Thabile Nkunjana: Thabile@namc.co.za or Corné Dempers: corne@namc.co.za

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

© 2023. 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.