



FOOD BASKET PRICE MONTHLY



NAMC FOOD BASKET: 28 SELECTED FOOD ITEMS PRICES Issue 88 – March 2023

Food Basket Price Monthly

March 2023

Important note

Stats SA obtains prices from retailers through field data collection and online collection methods. The paper forms used by fieldworkers are being replaced by electronic tablets, which provide a customized application that includes quality control and management modules. The new data collection method has been implemented since July 2022 and it has improved on the quality and speed of data collection and processing.

The official February 2023 data is used in this report, as the official release of the March 2023 CPI data is set on April 19th, 2023 (see link below from the Stats SA website):

<https://www.statssa.gov.za/publications/P0141/P0141February2023.pdf>

Highlights

During February 2023, the nominal cost of the NAMC's 28-item urban food basket amounted to R1 148.38 compared to the R1 130.76 reported in January 2023. This represented a monthly increase of 1.6% and a year-on-year increase of 9.0%.

Feb 23 vs. Feb 22	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 (20.5%) Oils & fats (16.7%) Processed food (16.1%) Vegetables (15.7%) Other food (15.0%) Milk, eggs & cheese (12.3%) Fish (12.0%)	Unprocessed food (11.9%) Meat (11.4%) Sugar, sweets & desserts (10.4%)	Fruit (3.0%)		
Individual food items in NAMC food basket (listed in order of decreasing inflation rates):	Onions (47.3%) Ceylon/black tea (25.9%) Apples (25.2%) Maize meal (24.0%) Cabbage (23.3%) Potatoes (20.0%) Sunflower oil (18.1%) Full cream long life milk (17.3%) White bread (16.3%) Instant coffee (16.3%) Brick margarine (15.7%) Baked beans (15.2%) Brown bread (15.0%) Chicken giblets (14.9%) Tinned fish (13.8%)	Beef mince (11.5%) Peanut butter (9.7%) IQF chicken portions (8.0%) White sugar (7.1%)	Polony (5.5%) Cheddar cheese (5.0%) Tomatoes (4.4%)	Eggs (2.8%) Dried Beans (1.6%) Bananas (1.1%)	Rice (-8.4%) Beef offal (-14.1%) Oranges (-16.5%)

1. Overall inflation and food inflation

The Food and Agricultural Organization's (FAO) global nominal food price index (FFPI) for February 2023 was 0.6% lower month-on-month, averaging 129.8 points. This was an eleventh month consecutive decline. Vegetable oil and dairy indices were the main drivers to this decline. Indices for cereals and meat only declined fractionally and together with vegetable oil and dairy they have managed to offset the significant rise in the sugar index which was recorded 6.9% higher month-on-month. **Figure 1** shows global food inflation for Brazil, Russia, India, China and South Africa (BRICS countries), United Kingdom (UK) as a trading partner and South Africa's neighbouring countries. Generally, food inflation remains high across the world despite the decrease in the commodity prices. Some countries have seen a fast decrease while in others, food inflation remains rigid. In February 2023, China recorded the smallest increase in food inflation (2.6%) of these countries compared to 6.2% in January 2022, followed by India (5.9%), Russia (9.3%), Brazil (9.8%), Botswana (11.6%), South Africa (13.6%) Zambia (14.0%) and United Kingdom (18.0%).

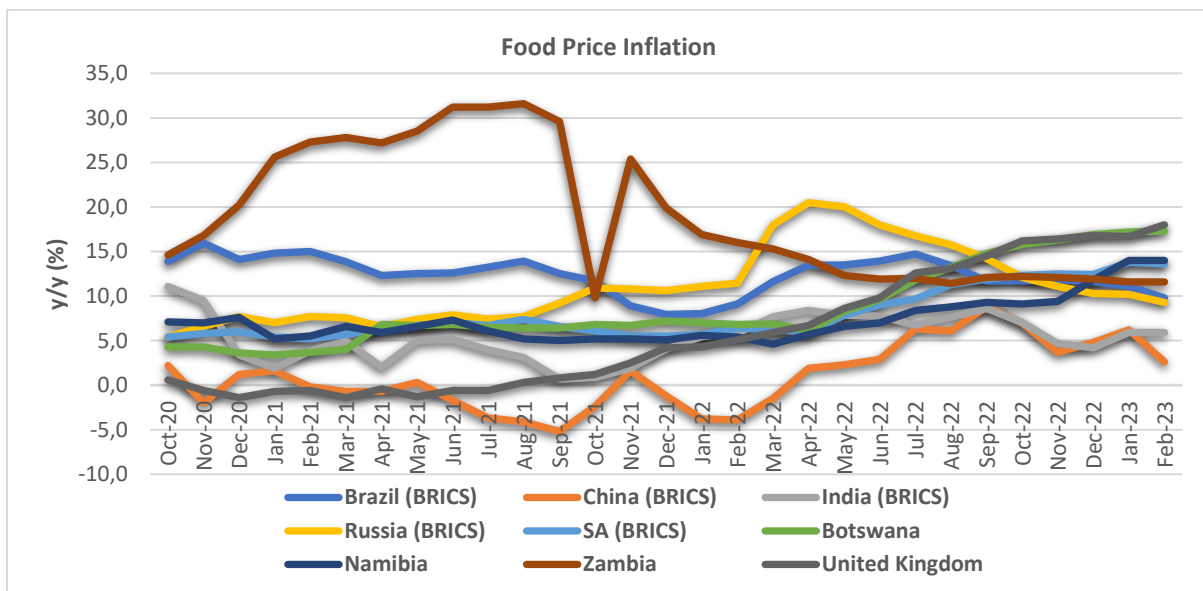


Figure 1: Global food inflation

Source: Trading Economics, 2023; Stats SA, 2023, & NAMC calculations

Figure 2 illustrates changes in the Consumer Price Index (CPI) for South Africa between February 2017 and February 2023, as well as the inflation rate for food and non-alcoholic drinks. On 22 March 2023, Statistics South Africa (Stats SA) officially announced the CPI for February 2023. The annual headline CPI was 7.0% in February 2023, slightly up from 6.7% recorded in January 2023. The inflation rate for food and non-alcoholic beverages increased by 13.6%, slightly lower than 13.7% recorded in January 2023. With an increase of 20.5% in February 2023, bread & cereals continued to be the main contributors to the observed increase in food inflation. The 20.5% rate is slightly lower than the 21.8% observed in January 2023. Oils & fats contributed the second most to food inflation (16.7%), followed by processed foods (16.1%), vegetables (15.7%), eggs, milk & cheese (12.0%) and unprocessed foods (11.9%).

Products made from grains, such as bread & cereals, retracted by 1.3% points in February month-over-month (m/m). This can be attributable to the reduction in wheat prices on the world market. As of March 20, 2023, the International Grain Council's (IGC) wheat index showed a 26% year-over-year (y/y) decrease. The primary cause of the decrease in wheat prices is the "grain export deal," which has lately been extended. *Ceteris paribus*, local prices are also likely continue to drop. However, there is uncertainty about the grain deal. In anticipation of new supply entering the market, particularly for apples and pears, fruit prices somewhat dropped, while vegetable prices once more showed an upward trend.

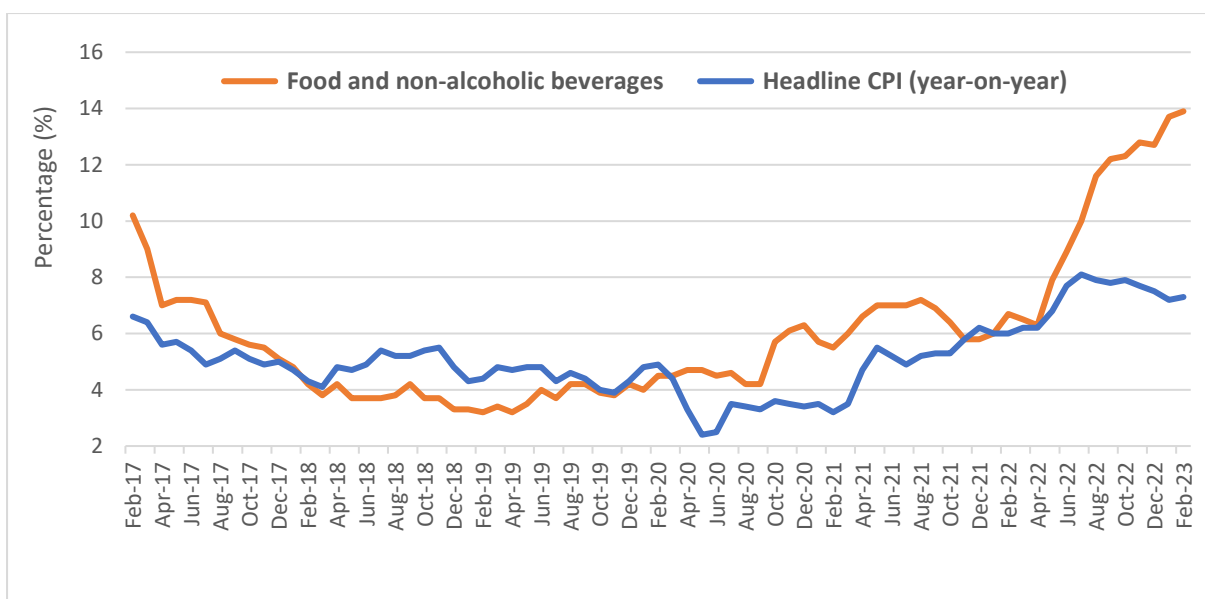


Figure2: South Africa's headline CPI and Food & non-alcoholic beverages' CPI

Source: Stats SA, 2023; NAMC calculations

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

Table 1 compares the cost of selected food items in urban against rural areas for February 2023. Food items with the largest price difference between urban and rural areas were maize meal (R1.64), a loaf of white bread (R1.13), a loaf of brown bread (R0.77), peanut butter (R0.65) and bananas (R0.18). This indicates that urban consumers on average pay 28 cents less, for these 11 food items. To a larger degree, this price disparity for these commodities was caused by sugar prices in rural areas, as seen in **Table 1**. Full-cream long-life milk, margarine, sunflower oil, rice, and Ceylon/black tea were some of the items for which rural consumers paid more than their urban counterparts.

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

Product	Urban Food Prices February 2023 (R/unit)	Rural Food Prices February 2023 (R/unit)	The price difference (R/unit)
Full cream milk – long life 1ℓ	18.24	18.35	-0.11
A loaf of brown bread 700g	16.84	16.07	0.77
A loaf of white bread 700g	18.79	17.66	1.13
Banana per kg	17.20	17.02	0.18
Maize meal 2.5 kg	37.63	35.99	1.64
Margarine spread 500g	35.46	36.77	-1.31
Peanut butter 400g	38.41	37.76	0.65
Rice 2kg	35.53	35.76	-0.23
Sunflower oil 750ml	37.47	39.14	-1.67
Ceylon/black tea 250g	41.35	41.93	-0.58
White sugar 2.5kg	50.15	53.78	-3.63
			-0.28

Source: Stats SA, 2023; NAMC calculations

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

The nominal cost of the NAMC's 28-item urban food basket is described in this section using comparisons of the average food price data for February 2023 and January 2022. The nominal price of the NAMC's 28-item urban food basket increased by 9.0% in February 2023 compared to February 2022 year-on-year (y/y), costing R1 148.38 versus R1 053.15, or 1.6% more monthly.

Table 2 highlights the 28-food items that make up the NAMC urban food basket (in nominal terms). In February 2023, 19 of the 28 food items had price increases that exceeded the South African Reserve Bank's (SARB) 6% inflation target. These products include onions (47.3%), followed by Ceylon/black tea (25.9%), apples (25.2%), maize meal (24.0%), cabbage (23.3%), potatoes (20.0%), sunflower oil (18.1%), full cream long life milk (17.3%), white bread (16.3%), instant coffee (16.3%), brick margarine (15.7%), baked beans (15.2%), brown bread (15.0%), chicken giblets (14.9%), tinned fish (13.8%), beef mince (11.5%), peanut butter (9.7%), IQF chicken portions (8.0%) and white sugar (7.1%).

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

Category	Product	Feb-22 R/unit	Jan-23 R/unit	Feb-23 R/unit	Change year-on- year (%)	Change month- on-month (%)
Beans	Baked beans - tinned 410g	12.49	13.90	14.39	15.2	3.5
	Beans - dried 500g	27.72	28.33	28.15	1.6	-0.6
	Peanut butter 400g	35.02	38.13	38.41	9.7	0.7
Coffee & Tea	Ceylon/black tea 250g	32.85	40.59	41.35	25.9	1.9
	Instant coffee 250g	41.79	47.97	48.62	16.3	1.4
Dairy & Eggs	Cheddar cheese per kg	122.85	125.66	128.99	5.0	2.7
	Eggs 1.5 dozen	53.39	54.19	54.90	2.8	1.3
	Full cream milk - long life 1ℓ	15.55	18.17	18.24	17.3	0.4
Fats & Oils	Brick margarine 500g	25.71	29.34	29.75	15.7	1.4
	Sunflower oil 750ml	31.72	37.27	37.47	18.1	0.5
Fruit	Apples per kg	16.21	19.62	20.30	25.2	3.5
	Bananas per kg	17.02	17.49	17.20	1.1	-1.7
	Oranges per kg	29.22	21.66	24.41	-16.5	12.7
Animal Protein	Beef mince per kg	97.00	107.67	108.17	11.5	0.5
	Beef offal per kg	56.77	48.76	48.75	-14.1	0.0
	Chicken giblets per kg	39.35	44.37	45.23	14.9	1.9
	Fish (excl tuna) - tinned 400g	23.17	25.85	26.36	13.8	2.0
	IQF chicken portions 2kg	84.39	89.99	91.15	8.0	1.3
	Polony 1kg	47.73	51.70	50.35	5.5	-2.6
Bread & Cereals	Loaf of brown bread 700g	14.64	16.83	16.84	15.0	0.1
	Loaf of white bread 700g	16.16	18.66	18.79	16.3	0.7
	Rice 2kg	38.78	35.18	35.53	-8.4	1.0
	Maize meal 5kg	54.23	66.20	67.27	24.0	1.6
Vegetables	Cabbage each	16.70	18.79	20.59	23.3	9.6
	Onions per kg	15.30	23.16	22.53	47.3	-2.7
	Potatoes per kg	13.67	15.78	16.40	20.0	3.9
	Tomatoes per kg	26.90	25.71	28.09	4.4	9.3
Sugary foods	White sugar 2.5kg	46.82	49.79	50.15	7.1	0.7
Total Rand Value		1 053.15	1 130.76	1 148.38	9.0	1.6

Source: Stats SA & BFAP, 2023; NAMC calculations

Figure 3 shows the average nominal cost increase of food groups within the NAMC's 28-item food basket by comparing the periods of February 2023 against February 2022 (year-on-year) and February 2023 against January 2023 (month-on-month). When comparing February 2023 prices to February 2022, vegetables contributed the most to the food inflation on an annual basis, rising by 20.7%, followed by coffee & tea (20.5%), fats & oils (17.0%), bread & cereals (11.8%), bean products (7.6%), sugary

foods (7.1%) and animal protein (6.2%). On a monthly basis, prices for fruits (led by apples) increased by 5.3%, followed by vegetables which increased by 5.0% (led by onions, cabbage and tomatoes). In February 2023, the price of vegetables somewhat increased again, reflecting, among other things, the ongoing supply issues.

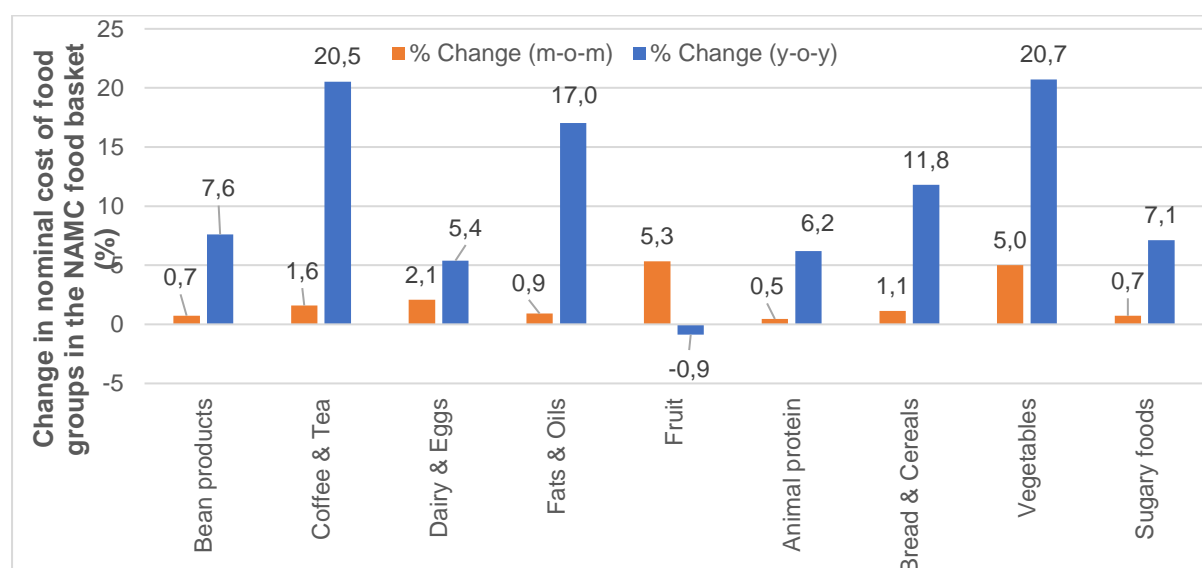


Figure 3: Nominal change in the cost of specific food groups within the NAMC's 28-item food basket, comparing February 2023 vs. February 2022 and February 2023 vs. January 2023

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, Land Reform and Rural Development (DALRRD), then known as 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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