



# FOOD BASKET PRICE MONTHLY



## NAMC FOOD BASKET: 28 SELECTED FOOD ITEMS PRICES Issue 89 – April 2023

# Food Basket Price Monthly

## *April 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 tablets, which provide a custom 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 March 2023 data is used in this report, as the official release of the April 2023 CPI data is set on May 24<sup>th</sup>, 2023 (see link below from the Stats SA website):*

<https://www.statssa.gov.za/publications/P0141/P0141March2023.pdf>

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## Highlights

During March 2023, the nominal cost of the NAMC's 28-item urban food basket amounted to R1 169.49 compared to the R1 148.38 reported in February 2023. This represented a monthly increase of 1.8% and a year-on-year increase of 10.5%.

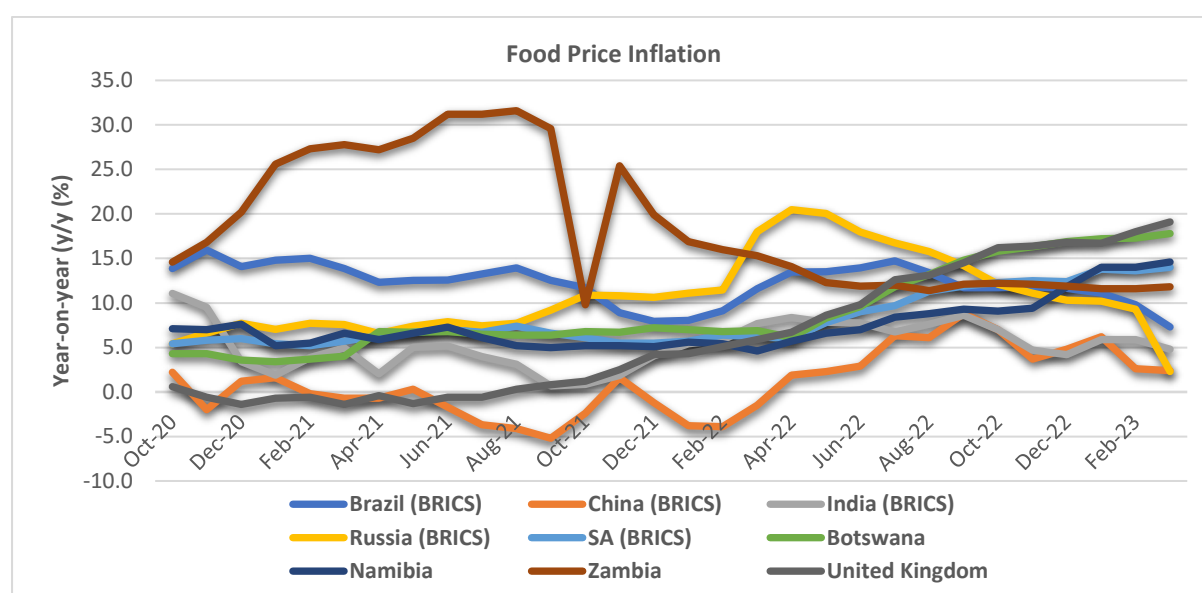
| Mar 23 vs. Mar 22   | Inflation bracket:  |   |                    |                   |  |
|---|---|---|--------------------|-------------------|--|
|   | 12% or more   | Between 6% and 12%  | Between 3% and 6%  | Between 3% and 1% | Inflation close to zero or deflation                                     |
| <b>Stats SA food groups:</b>  | Vegetables (20.5%)<br>Bread & cereals (20.3%)<br>Processed food (16.2%)<br>Oils & fats (16.0%)<br>Other food (15.8%)<br>Milk, eggs & cheese (13.6%)<br>Unprocessed food (12.6%)   | Fish (10.7%)<br>Sugar, sweets & desserts (10.7%)<br>Meat (10.6%)  | Fruit (5.2%)       |                   |  |
| <b>Individual food items in NAMC food basket (listed in order of decreasing inflation rates):</b> | Onions (45.0%)<br>Maize meal (28.4%)<br>Ceylon/black tea (26.4%)<br>Potatoes (26.2%)<br>Chicken giblets (22.9%)<br>Apples (22.5%)<br>Tomatoes (18.9%)<br>Instant coffee (18.2%)<br>White bread (18.2%)<br>Sunflower oil (17.9%)<br>Cabbage (17.5%)<br>Brown bread (17.2%)<br>Baked beans (17.2%)<br>Full cream long life milk (17.1%)<br>Tinned fish (12.5%)<br>Brick margarine (12.4%) | Beef mince (10.9%)<br>IQF chicken portions (9.7%)<br>White sugar (9.4%)<br>Peanut butter (8.6%)<br>Bananas (7.3%)<br>Eggs (6.9%)<br>Cheddar cheese (6.9%) | Dried Beans (3.8%) |                   | Polony (0.3%)<br>Rice (-5.0%)<br>Oranges (-10.8%)<br>Beef offal (-14.9%) |



# 1. Overall inflation and food inflation

Globally, commodity prices declined for the 12<sup>th</sup> consecutive month in March 2023 as market conditions continue to improve. The Food and Agricultural Organization's (FAO) global nominal food price index (FFPI) for March 2023 was 2.1% lower month-on-month (m/m), averaging at 126.9 points. Prices of cereals, vegetable oils, and dairy were the main drivers of the observed decline. Sugar prices continued with their upward trend and the sugar index increased by 1.5% in March. Meat prices also increased in March with the index increasing by 0.8%. Global meat prices were underpinned by cattle (bovine) meat mainly from the United States of America (USA), the leading bovine meat exporter.

**Figure 1** presents global food inflation for BRICS member countries (Brazil, Russia, India, China, & South Africa) the United Kingdom (UK) as a trading partner, and South Africa's neighbouring countries. A general view across the world is that food inflation remains high even though commodity prices have been decreasing for several months. While food inflation has decreased quickly in some nations, it has remained stable or even increased in others. In March 2023, of these countries, Russia recorded food inflation of 2.6%, which is remarkable considering that its food inflation increased by 9.3% in February. Russia's level of food inflation was followed by China (2.4%), India (4.8%), Brazil (7.3%), Zambia (11.8%), South Africa (14.0%), Namibia (14.6%), Botswana (17.8%) and the United Kingdom (19.1%). As shown in Figure 1, food inflation in the United Kingdom, Botswana, Namibia, Zambia, and South Africa marginally increased from the previous months.



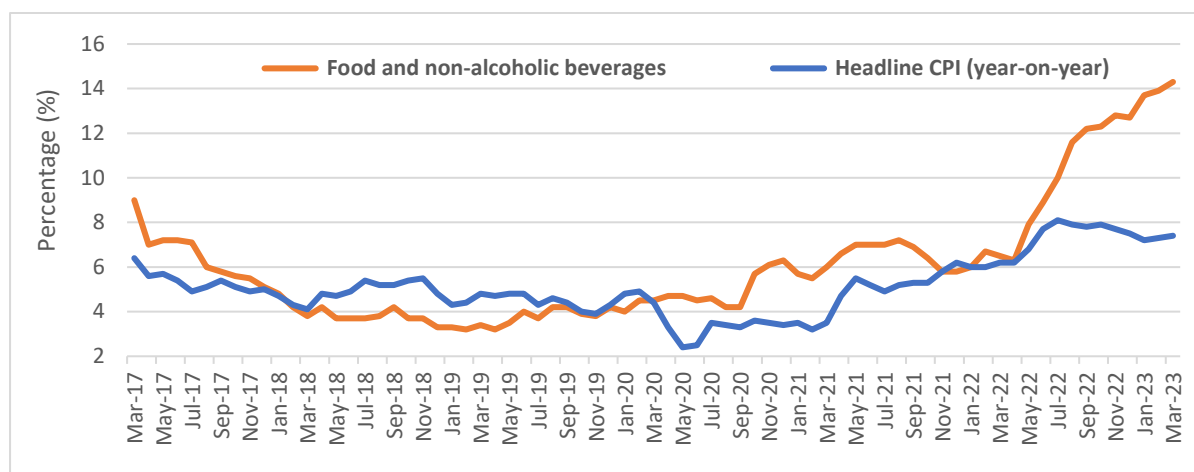
**Figure 1: Global food inflation**

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 19 April 2023, Statistics South Africa (Stats SA) officially announced the CPI for March 2023. The annual headline CPI was 7.1% in March 2023, slightly increasing from 7.0% recorded in February 2023. The inflation rate for food and non-alcoholic beverages increased by 14.0%, slightly up than the 13.6% recorded in February 2023. With an increase of 20.5% in March 2023, vegetables are attributable to the observed increase in food inflation, followed by bread & cereals (20.3%), processed food (16.2%), oils & fats (16.0%), animal products like eggs, milk & cheese (13.6%) and unprocessed foods (12.6%).

Data suggests that key factors behind local food inflation will continue to be processed goods, bread & cereals, and animal products. For food processors, electricity is still a problem, and the prices of sunflower oil and yellow maize are still noticeably high since the drought in late 2021, the trade restrictions from key exporting countries as well as the conflict in Ukraine. But the vegetable and fruit supply has generally improved in March. The numbers are much better for apples, bananas and pears.

There is also a considerable new stock of oranges, so prices should also significantly decline. As a result, fruit and vegetable prices should begin to improve and reflect these developments in April 2023.



**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 March 2023

**Table 1** compares the cost of selected food items in urban against rural areas for March 2023. Presently, the cost of transporting goods to rural areas remains high which is passed through to prices of certain food items. The pressure on manufacturing food and beverages will certainly affect food prices across consumers in the country. The recent data by Statistics South Africa affirmed this. Food items with the largest price difference between urban and rural areas were maize meal (R3.87), a loaf of white bread (R1.09), bananas (R0.95), rice (R0.75), a loaf of brown bread (R0.67), and peanut butter (R0.13). As seen in **Table 1**, rural consumers spent more on margarine spread, sugar, sunflower oil, and full-cream long-life milk than their urban counterparts, whereas urban consumers paid slightly more for a loaf of both brown and white bread, bananas, maize meal, and peanut butter. Urban consumers spend, on average, 12 cents more for these 11 food items as a result of these pricing differences.

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

| Product                        | Urban Food Prices March 2023 (R/unit) | Rural Food Prices March 2023 (R/unit) | The price difference (R/unit) |
|--------------------------------|---------------------------------------|---------------------------------------|-------------------------------|
| Full cream milk – long life 1ℓ | 18.48                                 | 18.73                                 | -0.25                         |
| A loaf of brown bread 700g     | 17.16                                 | 16.49                                 | 0.67                          |
| A loaf of white bread 700g     | 18.97                                 | 17.88                                 | 1.09                          |
| Banana per kg                  | 18.78                                 | 17.83                                 | 0.95                          |
| Maize meal 2.5 kg              | 37.86                                 | 33.99                                 | 3.87                          |
| Margarine spread 500g          | 35.55                                 | 38.14                                 | -2.59                         |
| Peanut butter 400g             | 38.75                                 | 38.62                                 | 0.13                          |
| Rice 2kg                       | 36.34                                 | 35.59                                 | 0.75                          |
| Sunflower oil 750mℓ            | 36.82                                 | 37.71                                 | -0.89                         |
| Ceylon/black tea 250g          | 41.63                                 | 41.72                                 | -0.09                         |
| White sugar 2.5kg              | 51.48                                 | 53.77                                 | -2.29                         |
|                                |                                       |                                       | <b>0.12</b>                   |

Source: Stats SA. 2023; NAMC calculations

### 3. The NAMC food basket: March 2023 vs February 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 March 2023 and March 2022. The nominal price of the NAMC's 28-item urban food basket increased by 10.5% in March 2023 compared to March 2022 year-on-year (y/y), costing R1 169.49 versus R1 148.38, or 1.8% more monthly.

**Table 2** highlights the 28-food items that make up the NAMC urban food basket (in nominal terms). In March 2023, 23 of the 28 food items had price increases that exceeded the South African Reserve Bank's (SARB) 6% inflation target. These products include onions (45.0%), maize meal (28.4%), Ceylon/black tea (26.4%), potatoes (26.2%), chicken giblets (22.9%), apples (22.5%), tomatoes (18.9%), instant coffee (18.2%), white bread (18.2%), sunflower oil (17.9%), cabbage (17.5%), brown bread (17.2%), baked beans (17.2%), full cream milk (17.1%), tinned fish (12.5%), brick margarine (12.4%), beef mince (10.9%), individually quick-frozen (IQF) chicken portions (9.7%), white sugar (9.4%), peanut butter (8.6%), bananas (7.3%), eggs (6.9%) and cheddar cheese (6.9%).

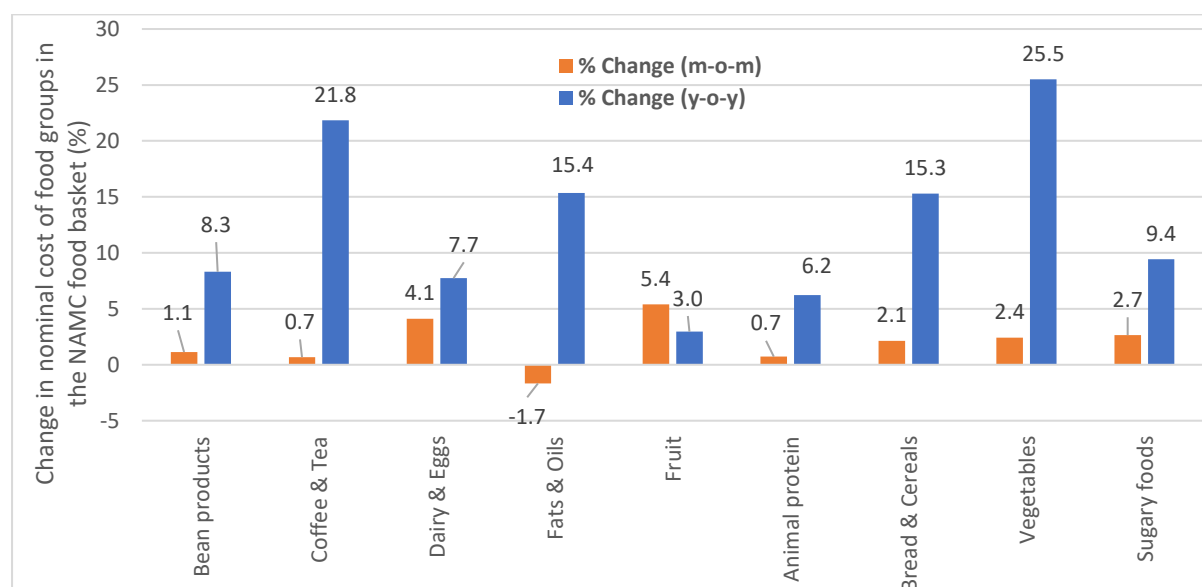
**Table 2: Percentage change in a basic NAMC food basket (28-item) price**

| Category                | Product                        | Mar-22<br>R/unit | Feb-23<br>R/unit | Mar-23<br>R/unit | Change<br>year-on-<br>year (%) | Change<br>month-<br>on-month<br>(%) |
|-------------------------|--------------------------------|------------------|------------------|------------------|--------------------------------|-------------------------------------|
| Beans                   | Baked beans - tinned 410g      | 12.70            | 14.39            | 14.88            | 17.2                           | 3.4                                 |
|                         | Beans - dried 500g             | 27.20            | 28.15            | 28.24            | 3.8                            | 0.3                                 |
|                         | Peanut butter 400g             | 35.69            | 38.41            | 38.75            | 8.6                            | 0.9                                 |
| Coffee & Tea            | Ceylon/black tea 250g          | 32.94            | 41.35            | 41.63            | 26.4                           | 0.7                                 |
|                         | Instant coffee 250g            | 41.40            | 48.62            | 48.95            | 18.2                           | 0.7                                 |
| Dairy & Eggs            | Cheddar cheese per kg          | 128.47           | 128.99           | 137.36           | 6.9                            | 6.5                                 |
|                         | Eggs 1.5 dozen                 | 51.06            | 54.90            | 54.58            | 6.9                            | -0.6                                |
|                         | Full cream milk - long life 1ℓ | 15.78            | 18.24            | 18.48            | 17.1                           | 1.3                                 |
| Fats & Oils             | Brick margarine 500g           | 26.06            | 29.75            | 29.28            | 12.4                           | -1.6                                |
|                         | Sunflower oil 750ml            | 31.24            | 37.47            | 36.82            | 17.9                           | -1.7                                |
| Fruit                   | Apples per kg                  | 16.61            | 20.30            | 20.35            | 22.5                           | 0.2                                 |
|                         | Bananas per kg                 | 17.50            | 17.20            | 18.78            | 7.3                            | 9.2                                 |
|                         | Oranges per kg                 | 29.27            | 24.41            | 26.12            | -10.8                          | 7.0                                 |
| Animal Protein          | Beef mince per kg              | 97.82            | 108.17           | 108.48           | 10.9                           | 0.3                                 |
|                         | Beef offal per kg              | 57.71            | 48.75            | 49.10            | -14.9                          | 0.7                                 |
|                         | Chicken giblets per kg         | 37.17            | 45.23            | 45.68            | 22.9                           | 1.0                                 |
|                         | Fish (excl tuna) - tinned 400g | 23.34            | 26.36            | 26.26            | 12.5                           | -0.4                                |
|                         | IQF chicken portions 2kg       | 84.71            | 91.15            | 92.94            | 9.7                            | 2.0                                 |
|                         | Polony 1kg                     | 50.09            | 50.35            | 50.22            | 0.3                            | -0.3                                |
|                         |                                |                  |                  |                  |                                |                                     |
| Bread & Cereals         | Loaf of brown bread 700g       | 14.64            | 16.84            | 17.16            | 17.2                           | 1.9                                 |
|                         | Loaf of white bread 700g       | 16.05            | 18.79            | 18.97            | 18.2                           | 1.0                                 |
|                         | Rice 2kg                       | 38.26            | 35.53            | 36.34            | -5.0                           | 2.3                                 |
|                         | Maize meal 5kg                 | 53.67            | 67.27            | 68.90            | 28.4                           | 2.4                                 |
| Vegetables              | Cabbage each                   | 17.62            | 20.59            | 20.71            | 17.5                           | 0.6                                 |
|                         | Onions per kg                  | 15.19            | 22.53            | 22.02            | 45.0                           | -2.3                                |
|                         | Potatoes per kg                | 13.64            | 16.40            | 17.22            | 26.2                           | 5.0                                 |
|                         | Tomatoes per kg                | 25.06            | 28.09            | 29.79            | 18.9                           | 6.1                                 |
| Sugary foods            | White sugar 2.5kg              | 47.05            | 50.15            | 51.48            | 9.4                            | 2.7                                 |
| <b>Total Rand Value</b> |                                | <b>1 057.94</b>  | <b>1 148.38</b>  | <b>1 169.49</b>  | <b>10.5</b>                    | <b>1.8</b>                          |

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 March 2023 against March 2022 (year-on-year) and March 2023 against February 2023 (month-on-month). When comparing March 2023 prices to March 2022, vegetables contributed the most to the food inflation on an annual basis, rising by 25.5%, followed by

coffee & tea (21.8%), fats & oils (15.4%), bread & cereals (15.3%), sugary foods (9.4%) bean products (8.3%) and dairy & eggs (7.7%). On a monthly basis, prices for fruits increased by 5.4%, led again this month by apples and bananas, followed by dairy products which increased by 4.1% led by onions, potatoes, tomatoes and cabbage. Vegetable and fruit supplies have significantly improved as of March 2023, and these improvements are expected to continue in the next weeks. As a result, fruit and vegetable prices should start to decline, which will have a favourable impact on the overall food inflation in the months to come.



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