



FOOD BASKET PRICE MONTHLY



NAMC FOOD BASKET: 28 SELECTED FOOD ITEMS PRICES Issue 91 – June 2023

Food Basket Price Monthly

June 2023

Important note

Statistics South Africa (Stats SA) will update the Consumer Price Index (CPI) basket of goods and services and the respective weights in the January 2025 CPI release. This update will mainly be based on the results of the income and expenditure survey for which fieldwork began in November 2022.

The May 2023 official data is used in this report, as the official release of the June 2023 CPI data is scheduled for July 19, 2023 (see link below from the Stats SA website):

<https://www.statssa.gov.za/publications/P0141/P0141May2023.pdf>

Highlights

During May 2023, the nominal cost of the NAMC's 28-item urban food basket amounted to R1 182.76 compared to the R1 170.98 reported in April 2023. This represents a monthly increase of 1.0% and a year-on-year increase of 10.1%.

May 23 vs. May 22	Inflation bracket				
	12% or more	Between 6% and 11.9%	Between 3% and 5.9%	Between 2.9% and 1%	Inflation close to zero or deflation
Stats SA food groups:	Vegetables (20.8%) Bread & cereals (18.1%) Other food (14.8%) Milk, eggs & cheese (14.2%) Processed food (13.6%)	Sugar, sweets & desserts (11.9%) Unprocessed food (10.4%) Fish (9.7%) Meat (7.1%)			Oils & fats (-2.4%) Fruit (-3.3%)
Individual food items in NAMC food basket (listed in order of decreasing inflation rates):	Onions (70.0%) Potatoes (26.2%) Chicken giblets (23.9%) Cabbage (21.1%) Baked beans (20.2%) Tomatoes (20.0%) Ceylon/black tea (19.6%) Maize meal (17.7%) Cheddar cheese (14.6%) Full cream long life milk (12.9%) Tinned fish (12.8%)	Brick margarine (11.9%) Brown bread (11.8%) Apples (11.2%) White bread (10.0%) Peanut butter (8.9%) Polony (8.4%) Eggs (8.2%) IQF chicken portions (7.2%) White sugar (6.7%) Instant coffee (6.4%)	Beef mince (5.7%)	Bananas (2.4%) Dried beans (2.0%) Rice (1.7%) Beef offal (1.6%)	Sunflower oil (-12.7%) Oranges (-8.9%)

1. Overall inflation and food inflation

The global nominal food price index measured by the Food and Agricultural Organization's (FAO) for May 2023 had decreased by 2.6% following a slight increase of 0.6% recorded the previous month. The key products driving the observed decrease in world food prices in May 2023 were vegetable oils (8.7%), cereals (4.8%), and dairy (3.2%). Reflecting constraints in shipping delays due to strong competition from soybean and maize in Brazil and concerns in terms of production, sugar prices increased by 5.5%.

Figure 1 presents year-on-year (y/y) changes in global food inflation for BRICS member countries (Brazil, Russia, India, China, and South Africa), the United Kingdom (UK), Zambia, Botswana, and Namibia as key trading partners with South Africa. A general view based on global trends is that food inflation is decreasing from the levels recorded in recent months as observed in **Figure 1**. Of the countries mentioned above, food deflation for Russia was recorded at -0.1%. China's food inflation was once more amongst countries with a slower increasing pace and recorded at 1.0% followed by India (2.9%), Brazil (5.5%), Zambia (11.6%), South Africa (11.8%), Namibia (12.5%) and Botswana (14.3%). The United Kingdom had the largest food inflation increase of these countries recorded at 18.3%.

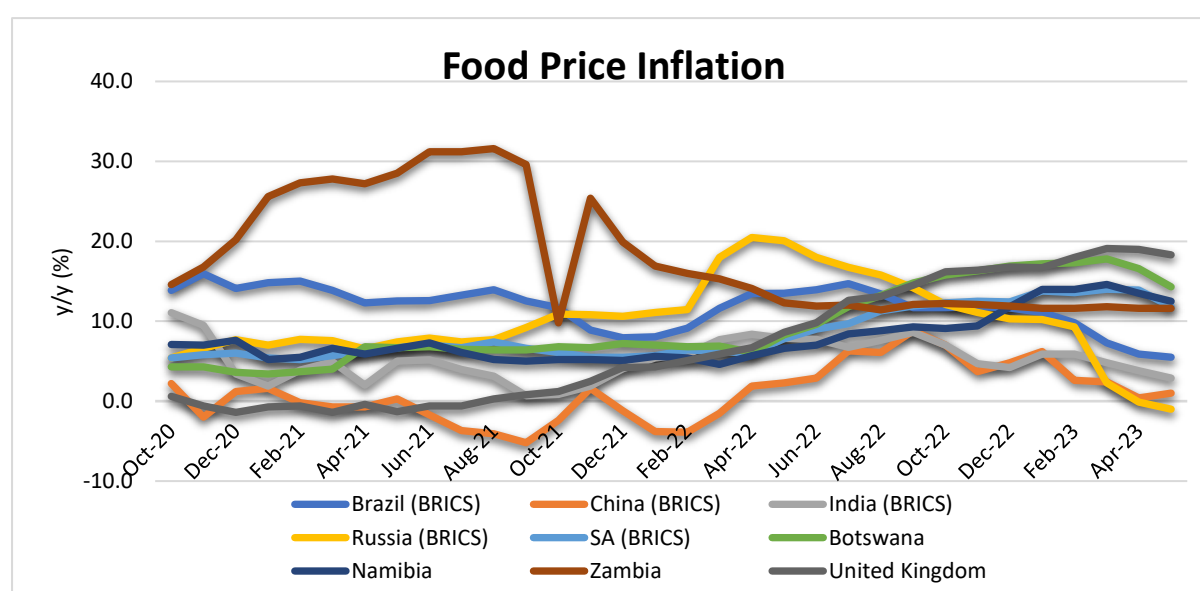


Figure 1: Global food inflation

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

Figure 2 illustrates changes in the Consumer Price Index (CPI) for South Africa between May 2017 and May 2023, as well as the inflation rate for food and non-alcoholic drinks. On June 21, 2023, Statistics South Africa (Stats SA) officially announced the CPI for May 2023. The annual headline CPI was 6.3% in May 2023, slightly lower than the 6.8% recorded in April 2023. The inflation rate for food and non-alcoholic beverages increased by 11.8%, noticeably less than the 13.9% recorded in April 2023. With an increase of 20.1% in May 2023, vegetables contributed the most to the observed increase in food inflation, followed by bread & cereals (18.1%), other food (14.8%), milk, eggs & cheese (14.2%), processed food (13.6%), sugar, sweets & desserts (11.9%), unprocessed foods (10.4%) and fish (9.7%).

South Africa's food inflation is anticipated to reduce possibly by small margins in the coming weeks due to the new local grain stocks being harvested, as it is the case from South America one of the key world grain suppliers. As of May 2023, a spot price for a ton of white maize averaged at R3 587, equivalent to a 4.5% decline, yellow maize (R3 685, a 3.5% decrease) and sunflower (R8 347), 3.7% less when compared to the previous month. Overall, fruit prices improved in May 2023 due to increased supply. The volume of oranges sold through National Fresh Produce Markets (NFPMs) increased by 59% as harvesting progresses, and as a result, the price of a ton of oranges was 12.9% lower when compared

to April, while the price of bananas was 18.4% lower and the volume supplied was 29.9% higher. Vegetable prices on the NFPM were a mixed bag in May 2023 with some vegetable prices decreasing while others increased. The supply of onions increased by 7.0%, nonetheless prices increased by 21.0% per ton on a month-on-month (m/m) basis. The price of a ton of potatoes was 12.4% higher than the price in April despite supply increasing by 11.6% m/m. Demand is likely to be the cause of the increases observed in prices for potatoes and onions in May 2023.

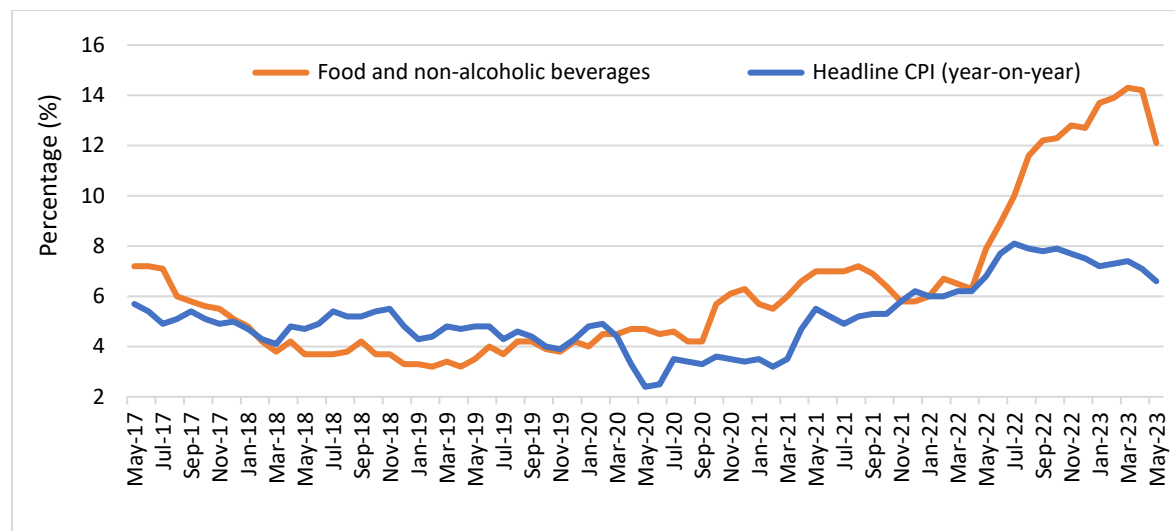


Figure 2: South Africa's headline CPI and Food & non-alcoholic beverages' CPI

Source: Stats SA, 2023; NAMC calculations

2. Monthly comparison of prices between urban and rural areas for May 2023

Table 1 shows a comparison of the cost of selected food items in urban against rural areas for May 2023. Recent data released by Statistics South Africa shows that there are price differences for some products purchased from rural vs urban areas. Maize meal was the food item with the largest price difference of R2.37 between urban and rural areas, followed by banana (R1.25), a loaf of brown bread (R1.06), rice (R0.92), Ceylon/black tea (R0.66), a loaf of white bread (R0.44) and peanut butter (R0.34). Maize meal, rice, a loaf of bread, Ceylon/black tea, and peanut butter were some of the food items rural consumers spent more on than their urban counterparts see **Table 1**. On average, the price difference paid between urban and rural consumers for these 11 food items was 12 cents.

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

Product	Urban Food Prices May 2023 (R/unit)	Rural Food Prices May 2023 (R/unit)	The price difference (R/unit)
Full cream milk – long life 1ℓ	18.65	19.30	-0.65
A loaf of brown bread 700g	17.19	16.75	0.44
A loaf of white bread 700g	18.99	17.93	1.06
Banana per kg	18.31	17.06	1.25
Maize meal 2.5 kg	38.36	35.99	2,37
Margarine spread 500g	37.20	38.15	-0.95
Peanut butter 400g	38.64	38.30	0.34
Rice 2kg	37.72	36.80	0.92
Sunflower oil 750mℓ	35.52	37.79	-2.27
Ceylon/black tea 250g	41.98	41.32	0.66
White sugar 2.5kg	53.00	54.87	-1.87

Product	Urban Food Prices May 2023 (R/unit)	Rural Food Prices May 2023 (R/unit)	The price difference (R/unit)
			0.12

Source: Stats SA. 2023; NAMC calculations

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

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 May 2023 and May 2022. The nominal price of the NAMC's 28-item urban food basket increased by 10.1% in May 2023 compared to May 2022 year-on-year (y/y), costing R1 182.76 versus R1 170.98, or 1.0% more monthly.

Table 2 highlights the 28 food items that make up the NAMC urban food basket (in nominal terms). In May 2023, 21 of the 28 food items had y/y price increases that exceeded the South African Reserve Bank's (SARB) 6% inflation target. These products are onions (70.0%), potatoes (26.2%), chicken giblets (23.9%), cabbage (21.1%), baked beans (20.2%), tomatoes (20.0%), Ceylon/black tea (19.6%), maize meal (17.7%), cheddar cheese (14.6%), full cream long life milk (12.9%), tinned fish (12.8%), brick margarine (11.9%), brown bread (11.8%), apples (11.2%), white bread (10.0%), peanut butter (8.9%), polony (8.4%), eggs (8.2%), individually quick-frozen (IQF) chicken portions (7.2%), white sugar (6.7%) and instant coffee (6.4%).

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

Category	Product	May-22 R/unit	Apr-23 R/unit	May-23 R/unit	Change year-on- year (%)	Change month- on-month (%)
Beans	Baked beans - tinned 410g	12.60	15.06	15.14	20.2	0.5
	Beans - dried 500g	28.07	28.18	28.62	2.0	1.6
	Peanut butter 400g	35.49	39.16	38.64	8.9	-1.3
Coffee & Tea	Ceylon/black tea 250g	35.11	41.80	41.98	19.6	0.4
	Instant coffee 250g	45.56	48.95	48.47	6.4	-1.0
Dairy & Eggs	Cheddar cheese per kg	126.52	135.11	144.98	14.6	7.3
	Eggs 1.5 dozen	52.97	56.41	57.33	8.2	1.6
	Full cream milk - long life 1ℓ	16.52	18.71	18.65	12.9	-0.3
Fats & Oils	Brick margarine 500g	26.57	29.63	29.73	11.9	0.3
	Sunflower oil 750ml	40.68	36.34	35.52	-12.7	-2.3
Fruit	Apples per kg	17.36	19.98	19.31	11.2	-3.4
	Bananas per kg	17.88	19.12	18.31	2.4	-4.2
	Oranges per kg	22.07	23.51	20.10	-8.9	-14.5
Animal Protein	Beef mince per kg	103.43	108.04	109.35	5.7	1.2
	Beef offal per kg	47.69	49.31	48.45	1.6	-1.7
	Chicken giblets per kg	37.73	45.73	46.75	23.9	2.2
	Fish (excl tuna) - tinned 400g	23.39	26.34	26.38	12.8	0.2
	IQF chicken portions 2kg	86.80	92.50	93.06	7.2	0.6
	Polony 1kg	49.15	51.15	53.29	8.4	4.2
Bread & Cereals	Loaf of brown bread 700g	15.37	17.29	17.19	11.8	-0.6
	Loaf of white bread 700g	17.27	19.07	18.99	10.0	-0.4
	Rice 2kg	37.10	36.00	37.72	1.7	4.8
	Maize meal 5kg	57.64	69.15	67.82	17.7	-1.9
Vegetables	Cabbage each	17.56	21.69	21.26	21.1	-2.0
	Onions per kg	14.96	23.20	25.43	70.0	9.6
	Potatoes per kg	13.84	17.76	17.47	26.2	-1.6
	Tomatoes per kg	24.85	30.89	29.82	20.0	-3.5
Sugary foods	White sugar 2.5kg	49.68	50.90	53.00	6.7	4.1
Total Rand Value		1 073.86	1 170.98	1 182.76	10.1	1.0

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 May 2023 against May 2022 (year-on-year) and May 2023 against April 2023 (month-on-month). When comparing May 2023 prices to May 2022 (y/y), vegetables contributed the most to the observed food inflation, rising by 32.0%, followed by dairy & eggs (12.7%), coffee & tea (12.1%), bread & cereals (11.3%), animal protein (8.4%), bean products (8.2%) and sugary foods (6.7%). Fruit increased the least by 0.7% while fats & oils decreased by 3.0%. On a monthly basis, prices of dairy & eggs increased by 5.1% followed by sugary foods (4.1%) and animal protein (1.1%). Coffee & tea, fats & oils and fruit decreased by 0.3%, 1.1% and 7.8%, respectively.

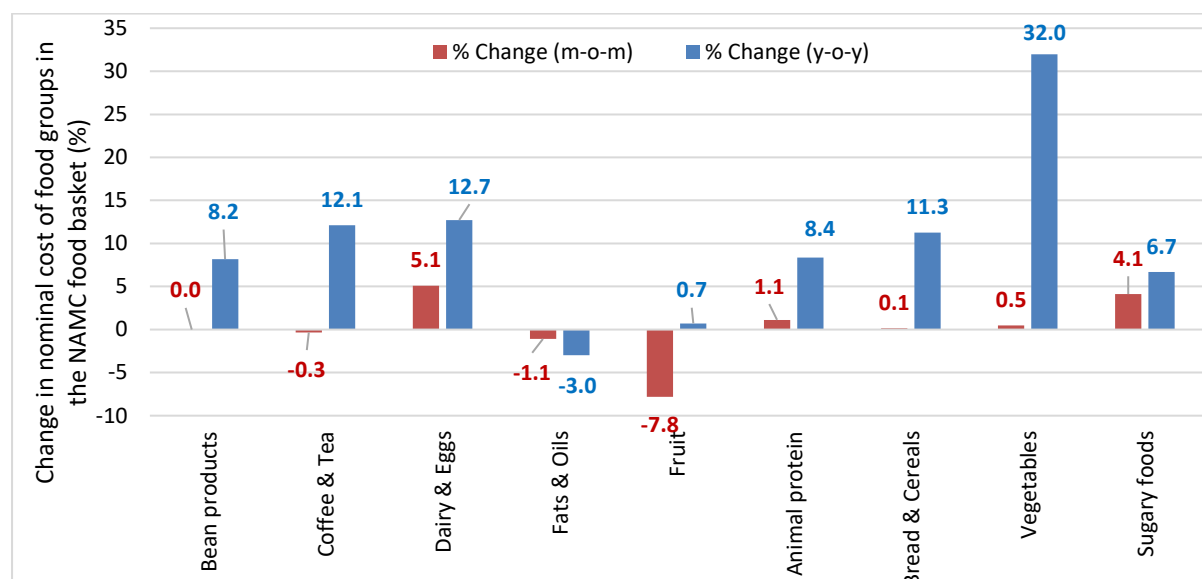


Figure 3: Nominal change in the cost of specific food groups within the NAMC's 28-item food basket comparing May 2023 vs. May 2022 and May 2023 vs. April 2023

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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