

# FOOD PRICE MONITOR

May 2023 Issue



## NAMC

Promoting market access for South African agriculture

# FOOD PRICE MONITOR

May 2023

## Important note

Stats SA will update the Consumer Price Index (CPI) basket of goods and services and 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 April 2023 CPI data was published on **Wednesday 24 May 2023** (see the link below for the CPI publication):

<https://www.statssa.gov.za/publications/P0141/P0141April2023.pdf>

## EXECUTIVE SUMMARY

During April 2023, the Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) indicated that the annual headline CPI had increased by 7.1%, while inflation for food and non-alcoholic beverages increased by 13.9%.

The Food and Agricultural Organization (FAO) of the United Nations (UN) publishes its Food Price Index (FPI) on a monthly basis. The FAO Food Price Index (FFPI) consists of five commodity group price indices, namely, the Meat Price Index, the Dairy Price Index, the Cereals Price Index, the Oils Price Index and the Sugar Price Index. The FFPI in nominal terms, averaged 127.2 points in April 2023, up 0.8 points (0.6%) from March 2023 and standing at 31.2 points (19.7%) below its value in the corresponding month last year. The slight rebound in the FFPI in April 2023 was due to a steep increase in the sugar price index, along with an increase in the meat price index, while the cereals, dairy and vegetable oil price indices continued to decrease.

In April 2023, the cost of the 28-item NAMC urban food basket was R1 170.98 as compared to R1 047.05 in April 2022, equivalent to an 11.8% increase year-on-year, and a 0.1% increase from March 2023 (R1 169.49).

Comparing April 2023 to April 2022 retail prices, higher price inflation (6.0% or more) was observed for the following products within the NAMC food basket (in order from highest to lowest inflation); onions, tomatoes, potatoes, maize meal, Ceylon/black tea, apples, chicken giblets, cabbage, baked beans, white bread, full cream long life milk, brick margarine, brown bread, cheddar cheese, canned pilchards, instant coffee, peanut butter and IQF chicken portions.

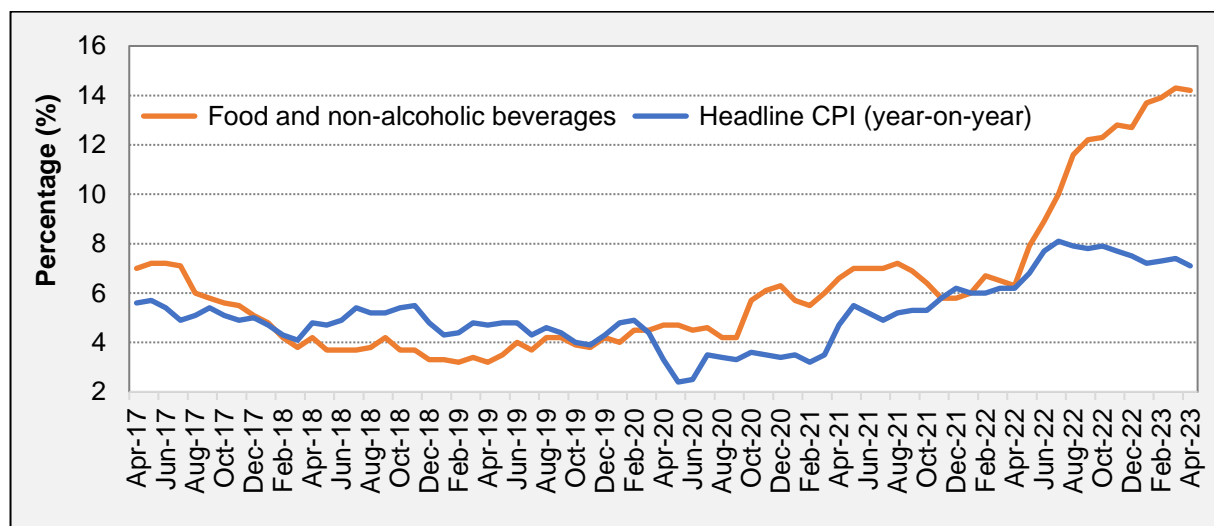
In April 2023, local and international price trends for crops and livestock products were similar to those observed in March 2023. Crop prices continue to move in a downward trend as input and energy costs soften and in combination with higher 2023/24 production estimates globally – especially for maize and soya beans. In global livestock markets, prices for beef and poultry were marginally higher in April compared to the previous month, while lower feed prices are bound to provide some relief in livestock production costs. In the local grains and oilseed market, the impact of a weaker exchange rate is likely to delay the trend in lower prices to transmit locally although prices are marginally low.

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# 1. Introduction

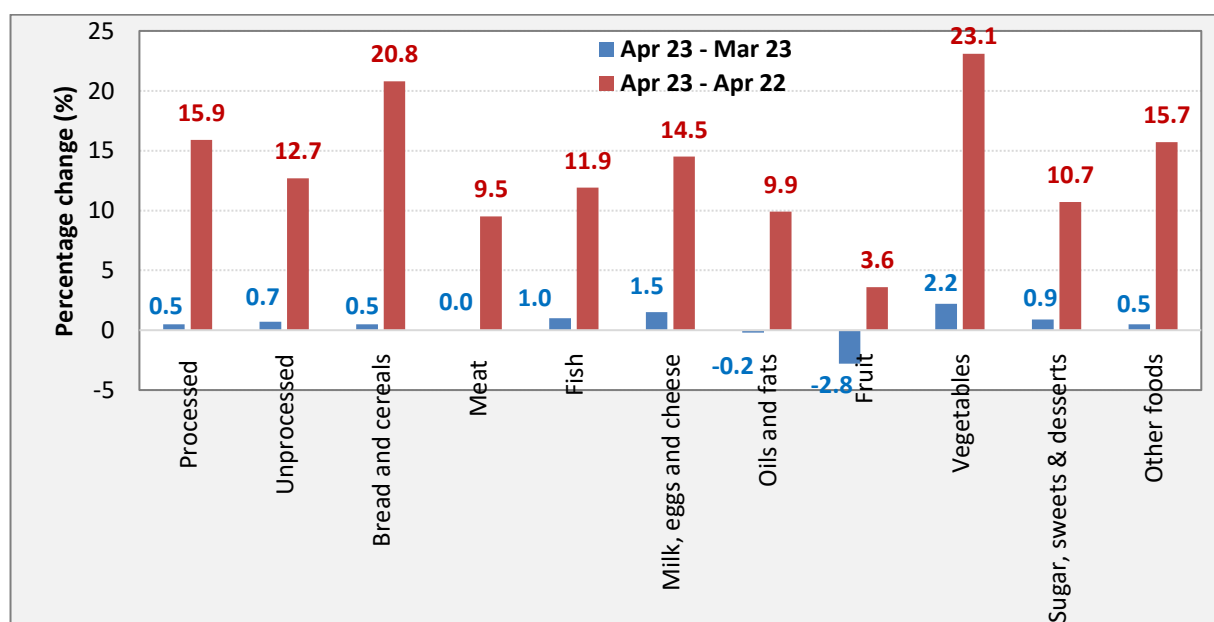
**Figure 1** shows trends of the headline CPI and food and non-alcoholic beverage inflation rate on a monthly basis, from April 2017 to April 2023. During April 2023, the Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) indicated that the annual headline CPI had increased by 7.1%, while inflation for food and non-alcoholic beverages increased by 13.9%. The headline inflation and the food and non-alcoholic beverage inflation was 7.1% and 14.0% during March 2023, respectively.



**Figure 1: Headline CPI and food and non-alcoholic beverage inflation**

Source: Stats SA, 2023

**Figure 2** presents the components of the food and non-alcoholic beverage index changes. Comparing April 2023 with April 2022, the following changes, in descending order, were reported: vegetables (23.1%), bread & cereals (20.8%), processed foods (15.9%), other food items (15.7%), milk, eggs & cheese (14.5%), unprocessed foods (12.7%), fish (11.9%), sugary foods (10.7%), oils & fats (9.9%), meat (9.5%) and fruit (3.6%).



**Figure 2: Annual (April 2023 vs. April 2022) and monthly (April 2023 vs. March 2023) changes in CPI for the different food categories**

Source: Stats SA, 2023



## 2. Overall inflation and food inflation: South Africa and selected countries

**Table 1** shows the annual year-on-year (y-o-y) overall inflation and food inflation rates from February 2023 to April 2023 for South Africa and other selected countries. South Africa's overall inflation for April 2023 reached 6.8% while food inflation reached 13.9%. Food categories with the largest annual contribution to South African food inflation include vegetables, bread & cereals, and processed food categories. Turkey's overall inflation rate for April 2023 reached 43.7%, with food inflation reaching 53.9%. China's overall inflation rate was 0.1%, with food inflation of 0.4%. Considering inflation rates of Brazil, Russia, India, China and South Africa (BRICS) countries, China recorded the lowest overall inflation of 0.1%, while South Africa registered the highest food inflation rate at 13.9% in April 2023.

**Table 1: Overall inflation and food inflation from February 2023 to April 2023**

Country	February 2023		March 2023		April 2023	
	Overall inflation (%)	Food inflation (%)	Overall inflation (%)	Food inflation (%)	Overall inflation (%)	Food inflation (%)
Botswana	9.1	17.3	9.9	17.8	7.9	16.6
Brazil	5.6	9.8	4.7	7.3	4.2	5.9
China	1.0	2.6	0.7	2.4	0.1	0.4
India	6.4	6.0	5.7	4.8	4.7	3.8
Namibia	7.2	14.0	7.2	14.6	6.1	13.5
Russia	11.0	9.3	3.5	2.6	2.3	-0.01
South Africa	7	13.6	7.1	14	6.8	13.9
Turkey	55.2	69.3	50.5	67.9	43.7	53.9
United Kingdom	10.4	18	10.1	19.1	8.7	19.0
United States	6	9.5	5	8.5	4.9	7.7
Zambia	9.6	11.6	9.9	11.8	10.2	11.6

Sources: Central banks and statistics reporting institutions of these countries, 2023

## 3. Annual urban food price trends: April 2023 vs. April 2022

**Table 2** ranks selected food items pertaining to urban areas according to their various inflation rates. The food products highlighted in **Table 2** are those with annual urban inflation rates exceeding the South African Reserve Bank's (SARB) inflation upper band of 6%.

**Table 2: Food items in the urban areas ranked (April 2023 vs. April 2022)**

Grain and oil products	%	Meat, meat products, dairy, dairy products and eggs	%	Fresh and processed fruits and vegetables	%
Rice 2kg	-3.3	Lamb/Mutton leg per kg	-21.9	Beans - dried 500g	2.5
Rice 1kg	1.6	Whole chicken - fresh per kg	-1.6	Oranges per kg	3.2
Sunflower oil 750ml	4.2	Lamb/Mutton neck per kg	1.1	Bananas per kg	5.1
Margarine spread 500g	5.3	Beef offal per kg	1.4	Baked beans - tinned 410g	19.1
Peanut butter 400g	8.7	Lamb/Mutton stew per kg	2.2	Lettuce each	19.8
Macaroni 500g	9.2	Beef brisket per kg	4.5	Cabbage each	22.0
Pasta 500g	11.7	Eggs 1.5 dozen	4.9	Apples per kg	23.9
Instant noodles 73g	12.9	Polony 1kg	5.0	Potatoes - fresh per kg	29.4

Grain and oil products	%	Meat, meat products, dairy, dairy products and eggs	%	Fresh and processed fruits and vegetables	%
Spaghetti 500g	13.0	Lamb/Mutton offal per kg	5.5	Tomatoes per kg	29.7
Loaf of brown bread 700g	15.8	Powdered milk 900g	5.6	Onions per kg	51.6
Brick margarine 500g	16.4	Lamb/Mutton loin chop per kg	5.7		
Loaf of white bread 700g	17.4	Beef mince per kg	5.8		
Cake flour 2.5kg	22.1	Beef chuck per kg	6.3	<b>Other</b>	<b>%</b>
Maize meal 5kg	27.7	Beef stew per kg	6.7	White sugar 2.5kg	5.0
Samp 1kg	28.7	Sausage per kg	7.1	Instant coffee 250g	9.1
Maize meal 2.5kg	35.5	Chicken portions frozen - non IQF per kg	7.2	Ceylon/black tea 250g	25.6
		IQF chicken portions 2kg	8.0		
		Tuna - tinned 170g	8.1		
		Lamb/Mutton rib chop per kg	9.3		
		Beef T-bone per kg	10.8		
		Fish (excl tuna) - tinned 400g	13.5		
		Low fat milk - long life 1l	13.7		
		Cheddar cheese per kg	14.3		
		Pork fillet per kg	15.0		
		Chicken portions - fresh per kg	15.2		
		Full cream milk - long life 1l	16.8		
		Full cream milk - fresh 2l	19.0		
		Pork ribs per kg	19.5		
		Beef rump steak per kg	19.8		
		Low fat milk - fresh 2l	19.9		
		Bacon 200g	22.3		
		Chicken giblets per kg	22.6		
		Corned beef 300g	23.5		
		Pork chops per kg	26.5		
		Beef fillet per kg	32.3		
		Beef sirloin per kg	32.8		
		Ham 500g	33.7		

Source: Stats SA, 2023

Note: Food items highlighted in the table above experienced price increases above the SARB inflation target of 6%.

### **A closer look at annual food price trends: April 2023 against April 2022**

Comparing April 2023 against April 2022, the international price of wheat decreased by 23.6%, while domestic wheat prices decreased by 5.6%. Urban consumers paid 17.4% more for a loaf of white bread (700g) and 15.8% more for a loaf of brown bread (700g). Domestic yellow maize prices decreased by 12.0%, while international yellow maize prices decreased by 16.4%. Maize meal prices (2.5kg) increased by 35.5% in urban areas. During the same period, the urban prices of sunflower oil (750ml) increased by 4.2%. Domestic prices of sunflower seed decreased by 18.5% annually, while international sunflower seed prices decreased by 41.9%.

Comparing April 2023 vs. April 2022, average beef producer prices (R/kg) of classes A2/A3, B2/B3 and C2/C3 decreased by 10.0%, 7.3% and 2.7%, respectively. Lamb/mutton producer prices (R/kg) of classes C2/C3, B2/B3 and A2/A3 decreased by 17.7%, 17.1% and 6.3%, respectively. Abattoir selling prices of individually quick frozen (IQF) chicken portions, frozen and fresh chicken portions increased by 13.9%, 11.1% and 9.2%, respectively. Baconer and porker producer prices (R/kg) increased by 15.9% and 15.6%, respectively, during the same period.

## 4. Monthly urban price comparison: April 2023 vs. March 2023

**Table 3** compares prices of selected food items in urban areas for March 2023 and April 2023. Food items showing the largest monthly price differences in urban areas are margarine spread (500g) at a difference of R1.46, peanut butter (400g) at a difference of R0.41, bananas (per kg) at a difference of R0.34, full cream long life milk (1ℓ) at a difference of R0.23, Ceylon/black tea (250g) at a difference of R0.17, a loaf of brown bread (700g) at a difference of R0.13, maize meal (2.5kg) at a difference of R0.12, and a loaf of white bread (700g) at a difference of R0.10. The following products showed a decline in prices; white sugar (2.5kg) at a difference of -R0.58, sunflower oil (750ml) at a difference of -R0.48 and rice (2kg) at a difference of -R0.34. This indicates that urban consumers paid on average R0.14 more for these 11 food items during April 2023 compared to March 2023.

**Table 3: Comparison between urban food prices (selected food items)**

Product	Urban Food Prices March 2023 (R/unit)	Urban Food Prices April 2023 (R/unit)	Price difference (R/unit)
Full cream milk – long life 1ℓ	18.48	18.71	0.23
Loaf of brown bread 700g	17.16	17.29	0.13
Loaf of white bread 700g	18.97	19.07	0.10
Bananas per kg	18.78	19.12	0.34
Maize meal 2.5 kg	37.86	37.98	0.12
Margarine spread 500g	35.55	37.01	1.46
Peanut butter 400g	38.75	39.16	0.41
Rice 2kg	36.34	36.00	-0.34
Sunflower oil 750ml	36.82	36.34	-0.48
Ceylon/black tea 250g	41.63	41.80	0.17
White sugar 2.5kg	51.48	50.90	-0.58
Average difference (R/unit)			<b>0.14</b>

Source: Stats SA, 2023

## 5. Monthly comparison between urban and rural area prices for April 2023

Stats SA reconvened the monitoring of food prices in rural areas after it was suspended in April 2020 due to Covid-19 regulations. Data collection has since resumed but data is only available for ten months and thus annual comparison is not possible for rural prices.

The comparison of the cost of selected food items in urban vs rural areas in April 2023 is provided in **Table 4**. In April 2023, the food items with the highest price differences between urban and rural areas were: maize meal at a price difference of R1.49, a loaf of white bread at R1.11, a loaf of brown bread at R0.95, Ceylon/black tea at a price difference of R0.41, peanut butter at R0.20 difference and rice at a price difference of R0.13. This shows that, on average, urban consumers spent R0.17 less on these 11 food items. However, it is worth to note that there were some food items where rural consumers paid more than urban consumers during April 2023 and these include white sugar, margarine spread, sunflower oil, full cream long life milk and bananas.

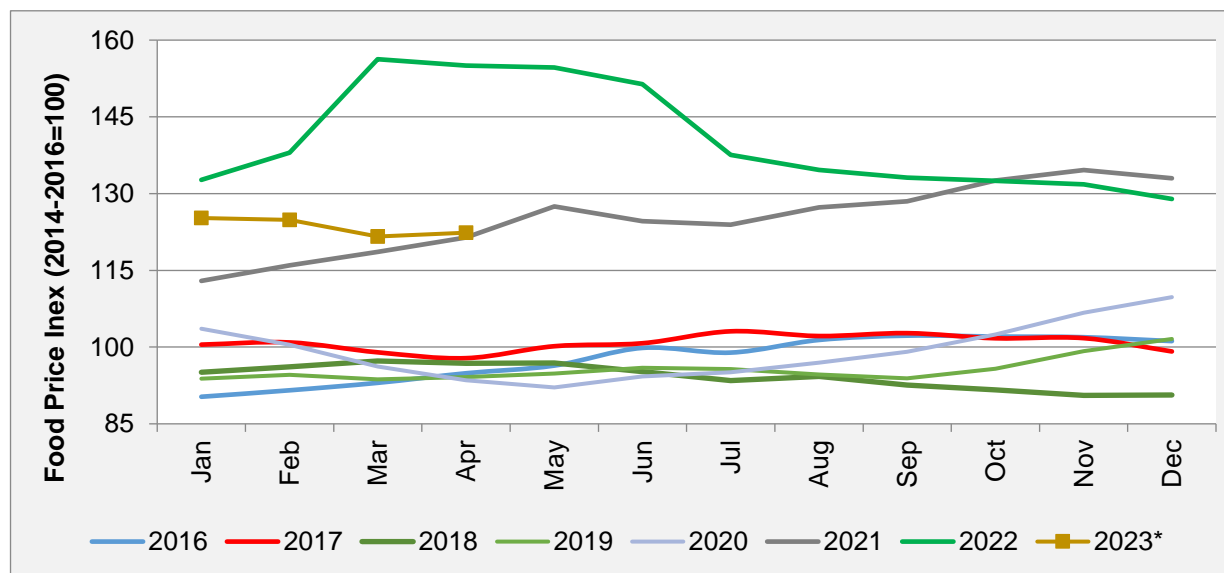
**Table 4: Comparison between urban and rural food prices (selected food items)**

Product	Urban Food Prices April 2023 (R/unit)	Rural Food Prices April 2023 (R/unit)	Price difference (R/unit)
Full cream milk – long life 1ℓ	18.71	19.04	-0.33
Loaf of brown bread 700g	17.29	16.34	0.95
Loaf of white bread 700g	19.07	17.96	1.11
Bananas per kg	19.12	19.19	-0.07
Maize meal 2.5 kg	37.98	36.49	1.49
Margarine spread 500g	37.01	38.83	-1.82
Peanut butter 400g	39.16	38.96	0.20
Rice 2kg	36.00	35.87	.13
Sunflower oil 750mℓ	36.34	37.50	-1.16
Ceylon/black tea 250g	41.80	41.39	0.41
White sugar 2.5kg	50.90	53.72	-2.82
Average difference (R/unit)			<b>-0.17</b>

Source: Stats SA, 2023

## 6. International food prices

The Food and Agricultural Organization (FAO) of the United Nations (UN) publishes its Food Price Index (FPI) on a monthly basis. The FPI consists of five commodity group price indices, namely, the Meat Price Index, the Dairy Price Index, the Cereals Price Index, the Oils Price Index and the Sugar Price Index. These indices are weighted with the average export shares of each of the groups for 2014 to 2016. In total, 95 price quotations, considered by FAO commodity specialists as representing the international prices of the noted food commodities, are included in the overall index. **Figure 3** shows the overall monthly real (*deflated*) FAO FPI from 2016 to 2023, with April 2023 reaching an index level of 122.4 points, lower by 21.1% from April 2022.



**Figure 3: International monthly real FPI**

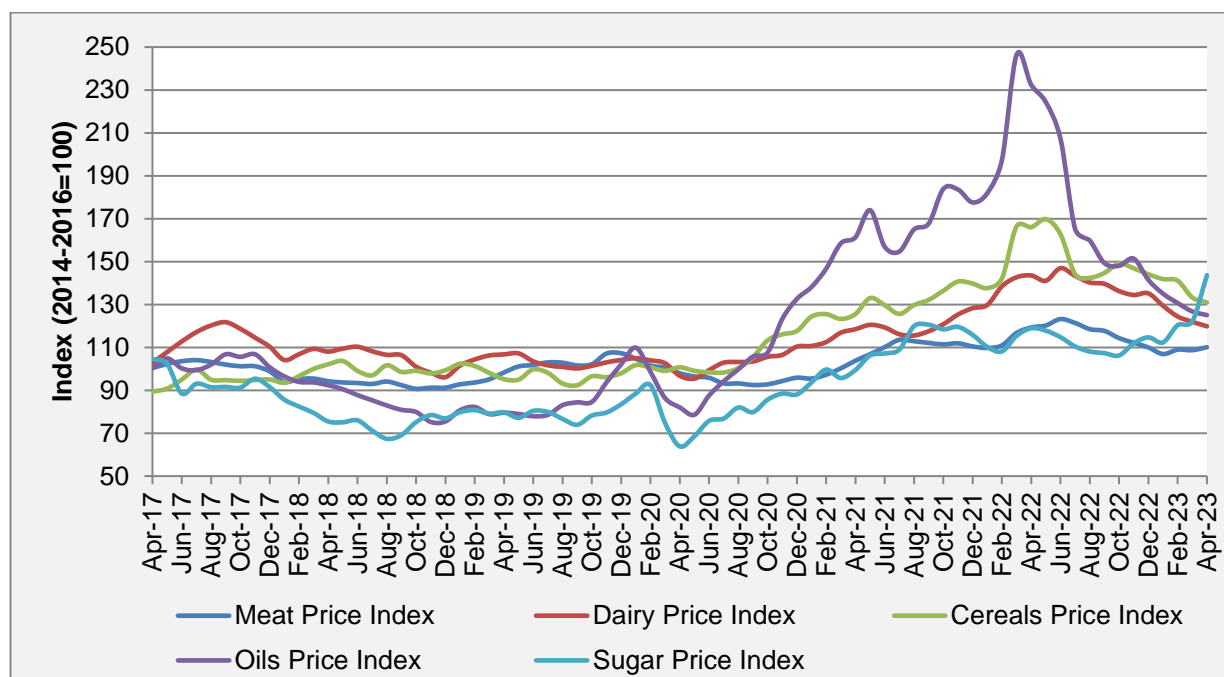
Source: FAO, 2023

\*Note: Current year

**Figure 4** shows the price indices in *real terms* for five food categories. The monthly (April 2023 vs. March 2023) growth percentages indicate decreasing trends for three of the five indices. The annual (April 2023



vs. April 2022) growth percentages indicate a decrease of 46.2% for the Oils Price Index, 21.1% for the Cereals Price Index, 16.5% for the Dairy Price Index and 7.7% for the Meat Price Index. The Sugar Price Index increased by 20.8%.



**Figure 4: Real price indices for five food categories**

Source: FAO, 2023

The **FAO Food Price Index (FFPI)**<sup>1</sup> in *nominal terms*, averaged 127.2 points in April 2023, representing a 0.8 points (0.6%) rise from March 2023 and standing at 31.2 points (19.7%) below its value in the corresponding month last year. The slight rebound in the FFPI in April 2023 is attributable to a steep increase in the sugar price index, along with a rise in the meat price index, while the cereals, dairy and vegetable oil price indices continued to decrease.

The **FAO Cereal Price Index** in *nominal terms*, averaged at 136.1 points in April 2023, equivalent to a 2.4 points (1.7%) decline from March 2023 and as much as 33.5 points (19.8%) below its value one year ago. A decline in world prices of all major grains outweighed an increase in rice prices month-on-month. International wheat prices declined by 2.3% in April 2023 to the lowest level since July 2021. The decline was principally driven by large exportable quantities in the Russian Federation and Australia. Favourable crop conditions in Europe, along with an agreement at the end of April 2023 allowing Ukrainian grains to transit through European Union countries that had imposed import restrictions on grain from Ukraine earlier in the month, also contributed to the overall softer tone in markets. World maize prices also declined, by 3.2% in April 2023, mostly driven by higher seasonal supplies in South America as harvesting continued and favourable prospects point to a record output in Brazil. Among other coarse grains, world prices of barley and sorghum also declined, by 4.3% and 0.3%, respectively, reflecting weak global demand and spill-over from weakness in international maize and wheat markets. By contrast, sales to Asian buyers sustained international rice prices during April 2023. As a result, rice export quotations reversed most of the declines they registered in March 2023.

<sup>1</sup>Unlike for other commodity groups, most prices utilized in the calculation of the FAO Meat Price Index are not available when the FAO Food Price Index is computed and published; therefore, the value of the Meat Price Index for the most recent months is derived from a mixture of projected and observed prices. This can, at times, require significant revisions in the final value of the FAO Meat Price Index which could in turn influence the value of the FAO Food Price Index.

The **FAO Vegetable Oil Price Index** in *nominal terms*, averaged at 130.0 points in April 2023, which is 1.8 points or 1.3% lower from March 2023 points, marking the fifth consecutive monthly decline. The continued decrease of the price index reflected the combined effect of stable world palm oil prices and lower soy, rapeseed and sunflower oil quotations. Following a short-lived rebound in March 2023, international palm oil prices remained virtually unchanged in April 2023, as the downward pressure stemming from a lacklustre import demand from key importing countries was offset by support from comparatively limited supplies of leading producers. By contrast, world soy oil prices continued to decrease, broadly weighed by the seasonal harvest pressure from a potentially record soybean crop in Brazil, despite sharply lower production prospects in Argentina. Meanwhile, international prices of rapeseed and sunflower oils also kept declining, mainly underpinned by lingering abundant global exportable supplies.

The **FAO Dairy Price Index** in *nominal terms*, averaged at 124.6 points in April 2023, 2.2 points or 1.7% less from March 2023 values and 22.1 points (15.1%) from its level one year ago. In April 2023, international prices of milk powders declined for the tenth consecutive month, primarily underpinned by the impact of the persistent loose global import demand. Increased purchases by China and seasonally declining supplies from New Zealand prevented a potentially steeper decline in the world prices of whole milk powder, while increased current supplies from Western Europe exerted further downward pressure on skim milk powder prices. Cheese prices also declined, principally reflecting high export availabilities in Western Europe, where more milk is being channelled into cheese production amid the seasonally rising milk output. By contrast, world butter prices remained mostly stable, as increased supplies were generally adequate to meet increased import demand for near- and long-term deliveries.

The **FAO Meat Price Index**<sup>2</sup> in *nominal terms*, averaged at 114.5 points in April 2023, representing an increase of 1.5 points or 1.3% from March 2023 and standing at 7.4 points (6.1%) below its value in the corresponding month last year. In April 2023, international price quotations for pig meat rose the most due to increased import purchases by Asian countries and the continued supply limitations in several leading exporting countries due to high production costs and animal health issues. Meanwhile, world poultry meat prices rebounded, following nine months of continuous declines, as import demand increased from Asia, while supply limitations arising from widespread avian influenza outbreaks continued in many regions. International bovine meat prices also increased, in response to a decline in cattle supplies for slaughter, especially in the United States of America. Meanwhile, ovine meat prices remained largely stable, as elevated export availabilities from Oceania nearly matched increased imports by Asian and Middle Eastern countries.

The **FAO Sugar Price Index** in *nominal terms*, averaged at 149.4 points in April 2023, up 22.4 points (17.6%) from March 2023, marking the third consecutive monthly increase and reaching its highest level since October 2011. The hike in prices was mostly related to heightened concerns over tighter global availabilities in the 2022/23 season after further downward revisions to the production forecasts for India and China, along with lower-than-earlier-expected outputs in Thailand and the European Union. Despite the positive outlook for the 2023 sugarcane crops in Brazil, the slow start of the harvest due to above-average rains provided additional support to prices. Higher international crude oil prices and the strengthening of the Brazilian real against the United States dollar also contributed to the overall increase in world sugar prices.

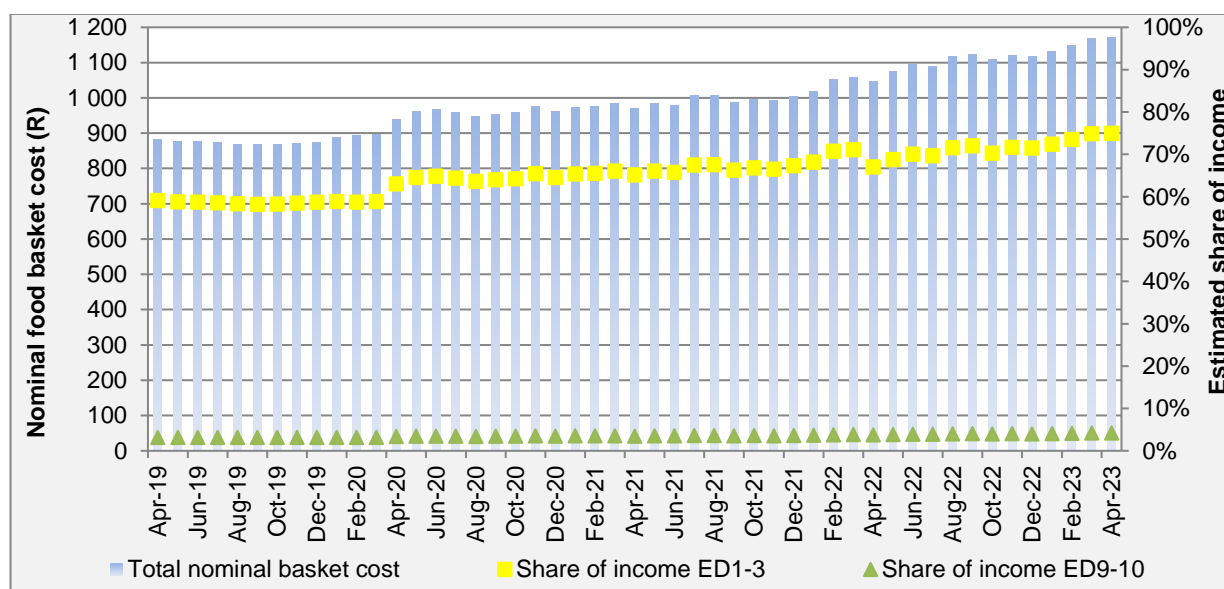
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<sup>2</sup> Unlike for other commodity groups, most prices utilized in the calculation of the FAO Meat Price Index are not available when the FAO Food Price Index is computed and published; therefore, the value of the Meat Price Index for the most recent months is derived from a mixture of projected and observed prices. This can, at times, require significant revisions in the final value of the FAO Meat Price Index which could in turn influence the value of the FAO Food Price Index.

## 7. Impact of food inflation on consumers

The purpose of this section is to assess the impact of food inflation on consumers. The descriptive analysis presented in the first part of this section is based on the cost of a basic food basket<sup>3</sup> (as originally compiled by the Food Price Monitoring Committee in 2003, which was revised in March 2022 and based on monthly average food price data for the period April 2022 to April 2023).

In April 2023, the cost of the 28-item NAMC urban food basket was R1 170.98 as compared to R1 047.05 in April 2022, equivalent to an 11.8% increase year-on-year, and an increased by 0.1% from March 2023 (R1 169.49). The cost of this food basket expressed as a share of the average monthly income of the poorest 30% of the population increased from 67.0% in April 2022 to 74.9% in April 2023. The cost of the food basket expressed as a share of the average monthly income of the wealthiest 20% of the population increased from 3.7% in April 2022 to 4.2% in April 2023. (Figure 5).

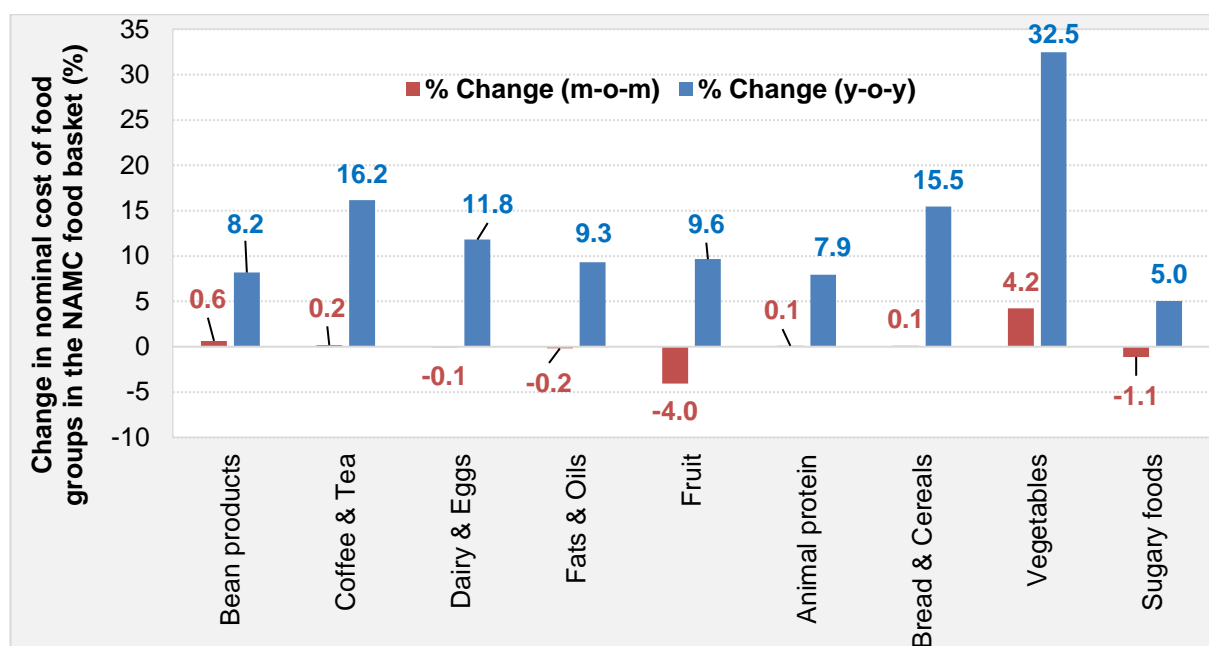


**Figure 5: The cost of a typical consumer food basket for the period April 2019 to April 2023, expressed in nominal terms and as share of the average income of the poorest 30% of households (Expenditure Deciles [ED] 1 to 3) and the wealthiest 20% of households (ED 9 to 10)**

Sources: BFAP calculations, based on Stats SA monitored price data for urban areas, 2023

To further explore the impact of inflation on consumers, **Figure 6** shows the average monthly nominal cost of specific food groups within the basic food basket, comparing April 2023 to April 2022. Food groups with more severe food inflation (above 10%) included vegetables, coffee & tea, bread & cereals and dairy & eggs.

<sup>3</sup> Composition of food basket: Apples fresh (per kg), Baked beans tinned (410g), Bananas fresh (per kg), Beans dried (500g), Beef mince fresh (per kg), Beef offal fresh (per kg), Bread loaf brown (700g), Bread loaf white (700g), Cabbage fresh (per kg), Cheese cheddar (per kg), Chicken giblets (per kg), Chicken portions IQF (2kg), Coffee instant (250g), Eggs (1.5 dozen), Fish (excl. tuna) tinned (400g), Maize meal super (5kg), Margarine brick (500g), Milk full cream long life (1l), Onions fresh (per kg), Oranges fresh (per kg), Peanut butter (400g), Polony (per kg), Potatoes fresh (per kg), Rice (2kg), Sugar white (2.5kg), Sunflower oil (750ml), Tea Ceylon/black (250g), Tomatoes fresh (per kg).



**Figure 6: Nominal cost growth of specific food groups within the NAMC's 28-item food basket, comparing April 2023 to April 2022 (y-o-y) and April 2023 to March 2023 (m-o-m)**

Sources: BFAP calculations, based on Stats SA monitored price data for urban areas, 2023

The various food groups within this food basket are presented in more detail in [Table 5](#) below.

**Table 5: Overview of contributions to annual food price increases within the 28-item NAMC food basket, April 2023 vs. April 2022**

Food group	Overall inflation rate		Major contributors to inflation in this category	Minor contributors to inflation in this category	Non-contributors to inflation in this category	Comments
	April 2023 vs April 2022	January 2023 vs January 2022*				
<b>Animal protein</b>	7.9%	6.2%	<i>Chicken giblets (+22.6%) Canned pilchards (13.5%) IQF chicken portions (+8.0%)</i>	<i>Beef mince (+5.8%) Polony (+5.0%) Beef offal (+1.4%)</i>	None	<i>Inflation on all listed animal protein food options.</i>
<b>Bread &amp; cereals</b>	15.5%	13.7%	<i>Maize meal (+27.7%) White bread (+17.4%) Brown bread (+15.8%)</i>	None	Rice (-3.3%)	<i>Inflation on maize meal and bread.</i>
<b>Vegetables</b>	32.5%	17.4%	<i>Onions (+51.6 %) Tomatoes (+29.7%) Potatoes (+29.4%) Cabbage (+22.0%)</i>	None	None	<i>Inflation on all listed vegetable food options.</i>
<b>Fruit</b>	9.6%	9.9%	<i>Apples (+23.9%)</i>	<i>Bananas (+5.1%) Oranges (+3.2%)</i>	None	<i>High inflation on apples.</i>
<b>Dairy</b>	14.6%	13.6%	<i>Milk (+16.8%) Cheddar cheese (+14.3%)</i>	None	None	<i>Inflation on milk and cheese.</i>
<b>Eggs</b>	4.9%	7.4%	None	<i>Eggs (+4.9%)</i>	None	
<b>Fats &amp; oils</b>	9.3%	18.2%	<i>Brick margarine (+16.4%)</i>	<i>Sunflower oil (+4.2%)</i>	None	<i>High inflation on margarine.</i>
<b>Bean products</b>	8.2%	9.8%	<i>Baked beans (+19.1%) Peanut butter (+8.7%)</i>	<i>Dried beans (+2.5%)</i>	None	<i>Inflation on baked beans and peanut butter.</i>
<b>Coffee &amp; tea</b>	16.2%	22.1%	<i>Ceylon/black tea (+25.6%) Instant coffee (+9.1%)</i>	None	None	<i>High inflation on tea.</i>
<b>Sugary foods</b>	5.0%	7.4%	None	<i>White sugar (+5.0%)</i>	None	<i>Inflation on sugar.</i>

**Sources: BFAP & NAMC calculations, Stats SA, 2023**

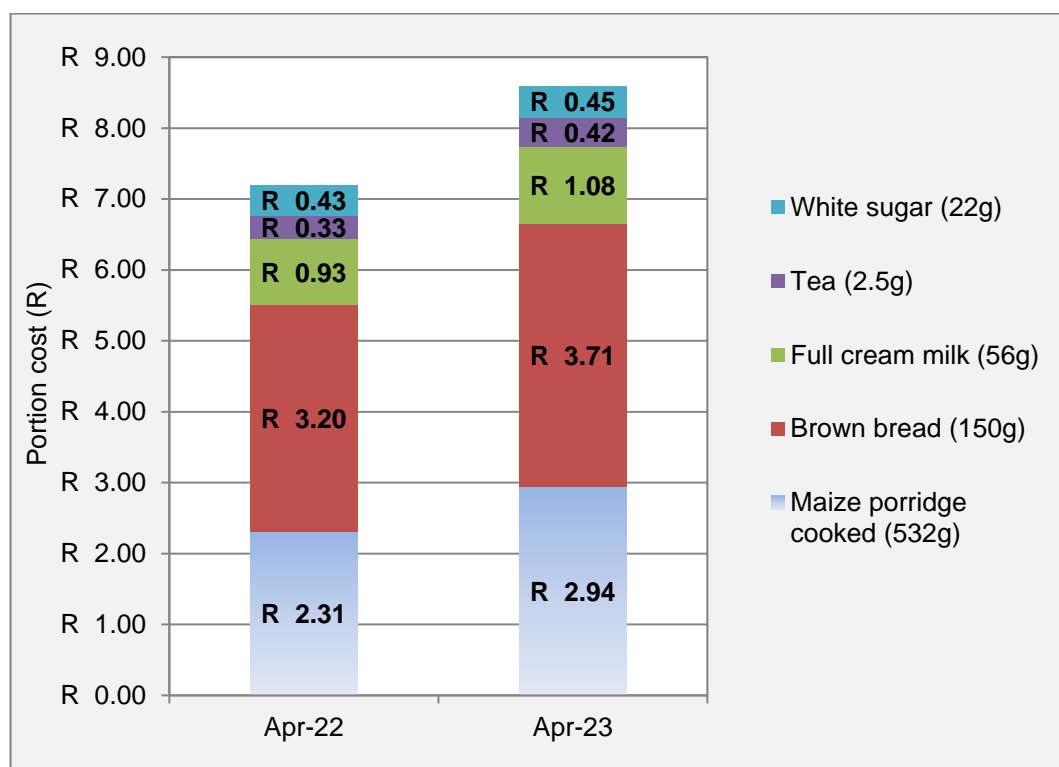
*\*Note: Previous Food Price Monitor analysis period prior to April 2023 vs. April 2022*



Comparing April 2023 to April 2022 retail prices, higher price inflation (6.0% or more) was observed for the following products within the NAMC food basket (in order from highest to lowest inflation); onions, tomatoes, potatoes, maize meal, Ceylon/black tea, apples, chicken giblets, cabbage, baked beans, white bread, full cream long life milk, brick margarine, brown bread, cheddar cheese, canned pilchards, instant coffee, peanut butter and IQF chicken portions. When comparing food group inflation rates for April 2023/April 2022 with January 2023/January 2022 (i.e., the previous Food Price Monitor analysis period) the rate of inflation was higher for vegetables, bread & cereals, animal protein and dairy. From April 2022 to April 2023 food group inflation decreased the most for fats & oils and coffee & tea.

The impact of inflation on very poor consumers is further explored below, based on the typical portion sizes of very poor consumers of the five most widely consumed food items in South Africa represented by maize porridge, brown bread, sugar, tea and full cream milk (National Food Consumption Survey - Steyn & Labadarios, 2000<sup>4</sup>; Oldewage-Theron et al, 2005<sup>5</sup>). **Figure 7** illustrates the estimated portion of costs for these foods, calculated from monthly food price data for April 2022 and April 2023. In April 2023 the largest cost contribution came from maize meal (28%), tea (26%), milk (17%), brown bread (16%) and sugar (5%).

Furthermore, despite the relatively low actual food weight contribution of bread to this 'food plate', the bread component costs more than the maize porridge component (about 26% more in this case for April 2023). When comparing, the costs associated with the typical portion sizes of very poor consumers for the five most widely consumed food items in South Africa, based on April 2023 versus April 2022 prices the results in **Figure 7** indicated inflation of 19.5% (from R7.19 to R8.60 for the selection of typical portions), with inflation on maize meal and tea, followed by milk and bread contributing most to inflation. From March 2023 to April 2023 the costs associated with the typical portion sizes of very poor consumers for the five most widely consumed food items in South Africa increased by 0.6% (+R0.05).



**Figure 7: Average nominal cost for the typical portions of the five food items most widely consumed by very poor consumers in South Africa, April 2023 and April 2022**

<sup>4</sup> Steyn NP, Labadarios D. *National Food Consumption Survey: Children aged 1–9 years, South Africa, 1999*. Cape Town: The Department of Health Directorate Nutrition, 2000

<sup>5</sup> Oldewage-Theron W, Dicks E, Napier C, et al. Situation analysis of an informal settlement in the Vaal Triangle. *Development Southern Africa* 2005; 22 (1): 13-26

## 8. Food inflation drivers and expectations

In April 2023, local and international price trends for crops and livestock products were similar to those observed in March 2023. Crop prices continue to move in a downward trend as input and energy costs soften and in combination with higher 2023/24 production estimates globally – especially for maize and soya beans. In global livestock markets, prices for beef and poultry were marginally higher in April compared to the previous month, while softened feed prices will provide some relief in livestock production.

In the local grains and oilseed market, the impact of a weaker exchange rate is likely to delay the trend in lower prices to transmit locally although prices are marginally low. In the meat market, **Beef** prices are expected to decline in the coming months due to additional supply, among other factors. In addition, given that disposable incomes are coming down and with the cost squeeze on the consumer's side increasing, beef prices are bound to be dampened further by weak demand. For **poultry**, the price of IQF mixed portions (R/Kg) was higher by 3% in April from March 2023 and higher on average by 20% compared to the same month in 2022.

Prices remain high compared to 2020 (COVID-19) levels in the **vegetable** market particularly for potatoes due to high input costs. As a result, it is anticipated that supply of potatoes for instance will be lower as producers switch to more profitable crops. On the **fruit** side, the citrus market is approaching the peak of the season and increased supply is expected to yield lower prices. On the other hand, the local citrus market is bound to receive more citrus fruit of a higher class- which is normally intended for export markets. Lower exports are due to strict sanitary and phytosanitary measures with trading partners particularly the EU.

For further insights into food inflation refer to the monthly **BFAP Food Inflation Brief** (<https://www.bfap.co.za/insights/>).

## 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), formerly 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, following discussions with industry to keep a more frequent watch on the movements of food prices.

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