



FOOD BASKET PRICE MONTHLY



NAMC FOOD BASKET: 28 SELECTED FOOD ITEMS PRICES Issue 92 – July 2023



Food Basket Price Monthly

July 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 which began fieldwork in November 2022.

The June 2023 official data is used in this report, as the official release of the July 2023 CPI data is scheduled for August 23rd, 2023 (see link below from the Stats SA website):

<https://www.statssa.gov.za/publications/P0141/P0141June2023.pdf>

Highlights

During June 2023, the nominal cost of the NAMC's 28-item urban food basket amounted to R1 179.99 compared to the R1 182.76 reported in June 2023. This represents a monthly decrease of -0.2% and a year-on-year increase of 7.8%.

June 23 vs. June 22	Inflation bracket				
	12% or more	Between 6% and 11.99%	Between 3% and 5.99%	Between 2.99% and 1%	Inflation close to zero or deflation
Stats SA food groups:	Vegetables (20.9%) Sugar, sweets & desserts (16.4%) Bread & cereals (15.5%) Other food (15.5%) Milk, eggs & cheese (14.1%) Processed food (12.4%)	Unprocessed food (12.4%) Fish (9.5%) Meat (6.1%)		Fruit (1.2%)	Oils & fats (-9.5%)
Individual food items in NAMC food basket (listed in order of decreasing inflation rates):	Onions (73.3%) Potatoes (33.5%) Chicken giblets (21.4%) White sugar (18.2%) Ceylon/black tea (17.5%) Cabbage (17.4%) Baked beans (16.4%) Cheddar cheese (14.5%) Maize meal (13.9%) Oranges (13.3%) Full cream long life milk (12.7%) Tomatoes (12.3%)	Peanut butter (11.9%) Eggs (11.6%) Apples (11.0%) Instant coffee (9.0%) Brown bread (8.1%) Tinned fish (8.1%) White bread (7.6%) Individually Quick Frozen (IQF) chicken portions (6.2%)	Brick margarine (5.7%) Beef mince (4.5%) Polony (4.4%) Bananas (3.2%)	Dried beans (1.6%)	Rice (-1.4%) Sunflower oil (-19.1%) Beef offal (-27.9%)

1. Overall inflation and food inflation

The Food and Agricultural Organization (FAO) has reported a 1.4% decrease in the global nominal food price index for June 2023, continuing the declining trend from May 2023, where it had decreased by 2.6%. The reduction in world food prices in June 2023 can be attributed mainly to decreases in sugar (3.2%), vegetable oils (2.4%), cereals (2.1%) and dairy (0.8%), respectively. This continuing downward trend in global food prices is largely influenced by shipping delay constraints caused by strong competition from soybean and maize in Brazil. However, meat prices remained unchanged from the previous month due to an increase in poultry and pig meat international quotations, which were nearly offset by declines in bovine and ovine meats.

Figure 1 illustrates the year-on-year (y/y) changes in global food inflation for a group of countries including BRICS member countries (Brazil, Russia, India, China and South Africa), the United Kingdom (UK), Zambia, Botswana and Namibia, which are significant trading partners with South Africa. In the period of June to July 2023, all of these countries experienced an increase in food inflation. The United Kingdom had the highest increase at 17.3%, followed by Botswana at 12.9%, Namibia at 11.7%, Zambia at 11.2%, South Africa at 11.0%, India at 4.5%, Brazil at 4.0%, China at 2.3% and Russia at 0.2%.

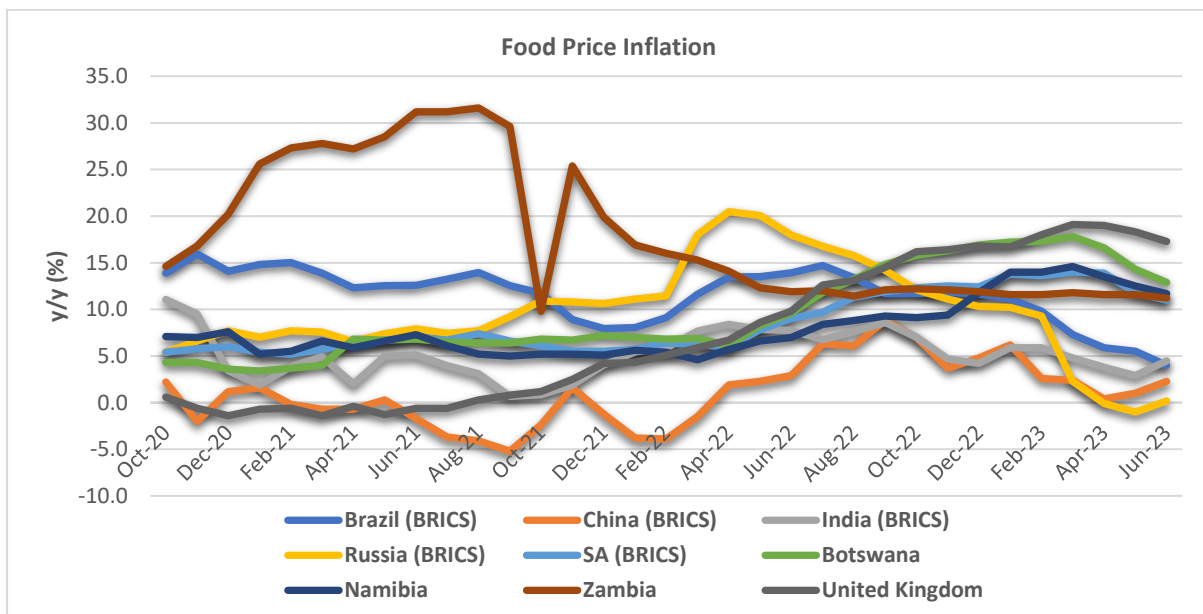


Figure 1: Global food inflation

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

Figure 2 presents the changes in the Consumer Price Index (CPI) for South Africa from June 2017 to June 2023, along with the inflation rate for food and non-alcoholic drinks. On 19th July 2023, Statistics South Africa (Stats SA) officially announced the CPI for June 2023. The annual headline CPI for June 2023 was reported as 5.4%, which is slightly lower than the 6.3% recorded in May 2023. Additionally, the inflation rate for food and non-alcoholic beverages increased by 11.0%, which is slightly lower than the 11.8% recorded in May 2023. In terms of specific food categories in June 2023, there were some notable changes. With an increase of 20.9% in June 2023, vegetables contributed the most to the observed increase in food inflation, followed by sugar, sweets & desserts (16.4%), bread & cereals (15.5%), other food (15.5%), milk, eggs & cheese (14.1%), processed food (12.4%), unprocessed foods (9.9%) and fish (9.5%).

South African food inflation is expected to rise due to increased production volumes for grains and citrus fruits, coupled with lower demand, which is projected to exert pressure until September. As of June 2023, the spot price for a ton of white maize averaged R3 713, indicating a 3.5% increase from May 2023. Similarly, the price of yellow maize averaged at R3 786, reflecting a 2.7% increase from May

2023. Sunflower prices averaged R8 387, showing a 0.5% increase from the previous month. Furthermore, orange prices at the National Fresh Produce Markets (NFPM) increased by 3.0%, costing around R3.72 per kilogram (R/kg) of fresh produce, and this upward trend is anticipated to continue until September 2023. These price increases in various agricultural products are expected to contribute to the overall food inflation in the country.

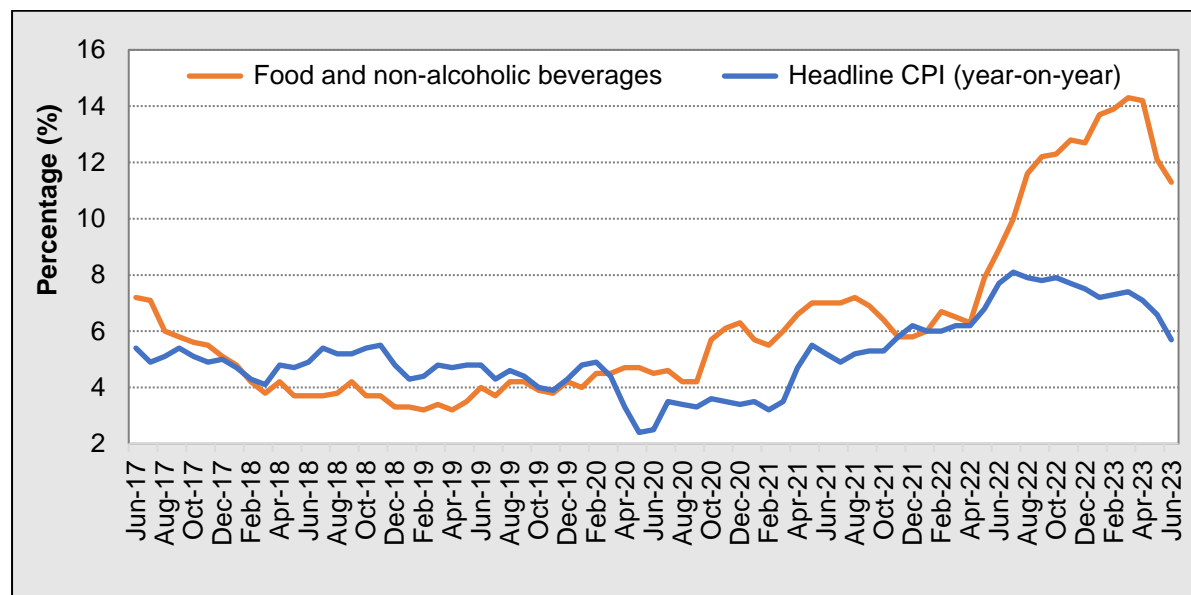


Figure2: South Africa's headline CPI and Food & non-alcoholic beverages' CPI

Source: Stats SA, 2023; NAMC calculations

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

Table 1 shows a comparison of the cost of selected food items in urban against rural areas for June 2023. Recent data released by Statistics South Africa shows that there are price differences for some products purchased in urban when compared to rural areas. Maize meal was the food items with the largest price difference of R2.58 between urban and rural areas, followed by peanut butter (R1.53), white sugar (R1.14), a loaf of white bread (R0.91), a loaf of brown bread (R0.55), bananas (R0.49) and Ceylon/black tea (R0.11). Rural consumers spent more on sunflower oil, full-cream long-life milk and rice than their urban counterparts. On average, the price difference paid between urban and rural consumers for these 11 food items was 42 cents.

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

Product	Urban Food Prices June 2023 (R/unit)	Rural Food Prices June 2023 (R/unit)	The price difference (R/unit)
Full cream milk – long life 1ℓ	18.87	19.54	-0.67
A loaf of brown bread 700g	17.19	16.64	0.55
A loaf of white bread 700g	18.73	17.82	0.91
Banana per kg	17.25	16.76	0.49
Maize meal 2.5 kg	37.57	34.99	2.58
Margarine spread 500g	36.82	36.82	0.00
Peanut butter 400g	40.00	38.47	1.53
Rice 2kg	37.97	38.46	-0.49
Sunflower oil 750mℓ	35.57	37.13	-1.56

Product	Urban Food Prices June 2023 (R/unit)	Rural Food Prices June 2023 (R/unit)	The price difference (R/unit)
Ceylon/black tea 250g	41.35	41.24	0.11
White sugar 2.5kg	57.77	56.63	1.14
			0.42

Source: Stats SA. 2023; NAMC calculations

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

In this section, the NAMC's 28-item urban food basket's cost is explained through a comparison of average food prices in June 2023 and June 2022. The cost of the NAMC's 28-item urban food basket increased by 7.8% in June 2023 compared to the same period last year, reaching R 1 179.99 compared to R 1 094.51, with a slight monthly decrease of 0.2%.

Table 2 presents the 28 food items that comprise the NAMC urban food basket in terms of nominal prices. In June 2023, out of these 28 items, 20 experienced price increases surpassing the South African Reserve Bank's (SARB) inflation target of 6%. These products include onions with a price upsurge of 73.3%, potatoes with 33.5%, chicken giblets with 21.4%, white sugar with 18.2%, Ceylon/Black tea with 17.5%, cabbage with 17.4%, baked beans with 16.4%, cheddar cheese with 14.5%, maize meal with 13.9%, oranges with 13.3%, full cream milk with 12.7%, tomatoes with 12.3%, peanut butter with 11.9%, eggs with 11.6%, apples with 11.0%, instant coffee with 9.0%, tinned fish and brown bread with 8.1%, white bread with 7.6% and IQF chicken portion with 6.2%.

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

Category	Product	Jun-22 R/unit	May-23 R/unit	Jun-23 R/unit	Change year-on- year (%)	Change month- on-month (%)
Beans	Baked beans - tinned 410g	12.87	15.14	14.98	16.4%	-1.1%
	Beans - dried 500g	28.55	28.62	29.00	1.6%	1.3%
	Peanut butter 400g	35.74	38.64	40.00	11.9%	3.5%
Coffee & Tea	Ceylon/black tea 250g	35.19	41.98	41.35	17.5%	-1.5%
	Instant coffee 250g	45.08	48.47	49.12	9.0%	1.3%
Dairy & Eggs	Cheddar cheese per kg	125.94	144.98	144.17	14.5%	-0.6%
	Eggs 1.5 dozen	52.36	57.33	58.43	11.6%	1.9%
	Full cream milk - long life 1l	16.74	18.65	18.87	12.7%	1.2%
Fats & Oils	Brick margarine 500g	26.88	29.73	28.42	5.7%	-4.4%
	Sunflower oil 750ml	43.97	35.52	35.57	-19.1%	0.1%
Fruit	Apples per kg	17.10	19.31	18.98	11.0%	-1.7%
	Bananas per kg	16.71	18.31	17.25	3.2%	-5.8%
	Oranges per kg	16.05	20.10	18.18	13.3%	-9.6%
Animal Protein	Beef mince per kg	101.90	109.35	106.50	4.5%	-2.6%
	Beef offal per kg	68.88	48.45	49.63	-27.9%	2.4%
	Chicken giblets per kg	38.45	46.75	46.69	21.4%	-0.1%
	Fish (excl tuna) - tinned 400g	23.97	26.38	25.91	8.1%	-1.8%
	IQF chicken portions 2kg	87.69	93.06	93.09	6.2%	0.0%
	Polony 1kg	50.16	53.29	52.37	4.4%	-1.7%
Bread & Cereals	Loaf of brown bread 700g	15.90	17.19	17.19	8.1%	0.0%
	Loaf of white bread 700g	17.41	18.99	18.73	7.6%	-1.4%
	Rice 2kg	38.49	37.72	37.97	-1.4%	0.7%
	Maize meal 5kg	58.42	67.82	66.55	13.9%	-1.9%
Vegetables	Cabbage each	18.25	21.26	21.42	17.4%	0.8%
	Onions per kg	15.63	25.43	27.09	73.3%	6.5%

Category	Product	Jun-22 R/unit	May-23 R/unit	Jun-23 R/unit	Change year-on- year (%)	Change month- on-month (%)
	Potatoes per kg	13.58	17.47	18.13	33.5%	3.8%
	Tomatoes per kg	23.72	29.82	26.63	12.3%	-10.7%
Sugary foods	White sugar 2.5kg	48.88	53.00	57.77	18.2%	9.0%
Total Rand Value		1 094.51	1 182.76	1 179.99	7.8%	-0.2%

Source: Stats SA & BFAP. 2023; NAMC calculations

Figure 3 illustrates the average nominal cost increase of food groups within the NAMC's 28-item food basket, comparing the periods of June 2023 against June 2022 (year-on-year) and June 2023 against May 2023 (month-on-month). When comparing June 2023 prices to June 2022 (y/y), the food group that contributed the most to the observed food inflation was vegetables, which saw a substantial increase of 31.0%. This was followed by sugary foods with an increase of 18.2%, dairy & eggs with 13.6%, coffee & tea with 12.7%, fruits with 9.1%, bean products with 8.8% and bread & cereals with 7.8%. On the other hand, animal protein experienced the smallest increase, with only 0.8%, while fats & oils decreased by 9.7%. On a monthly basis, sugary foods recorded the highest price increase of 9.0%, followed by bean products with 1.9% and dairy & eggs with a marginal increase of 0.2%. The prices of coffee & tea remained unchanged. However, there were decreases in the prices of animal protein and vegetables (0.8%), bread & cereals (0.9%), fats & oils (1.9%) and fruits (5.7%). In summary, when considering both year-on-year and month-on-month comparisons, the prices of vegetables and sugary foods showed significant increases, while fats & oils exhibited notable decreases.

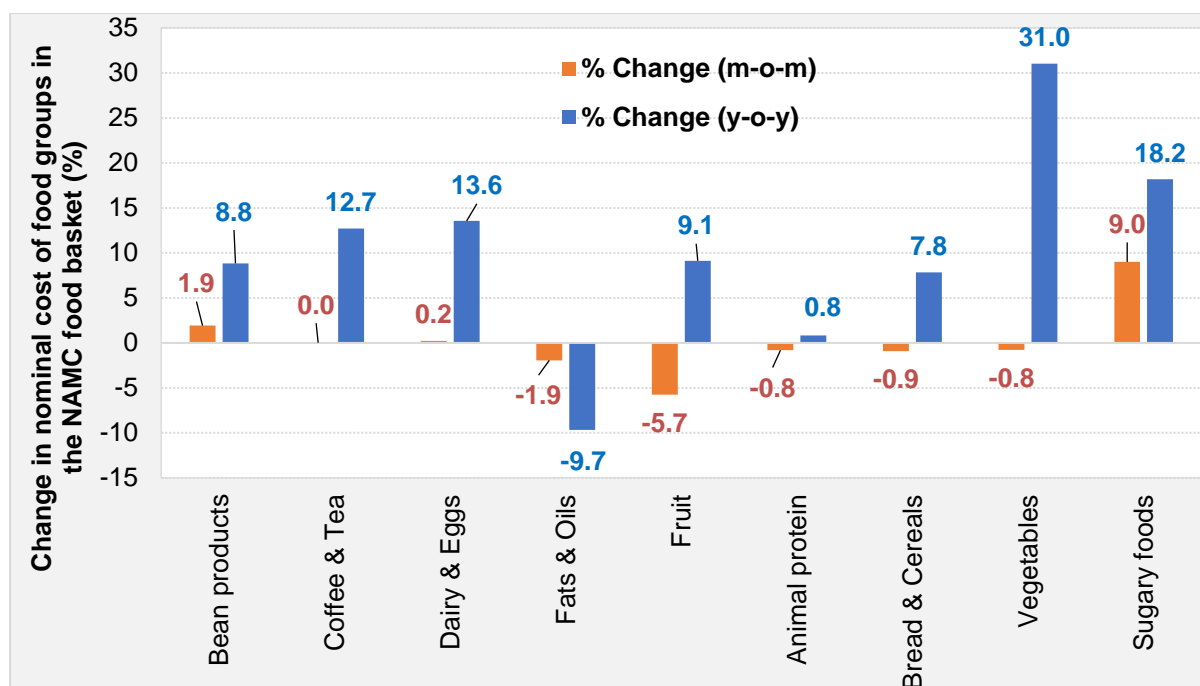


Figure 3: Nominal change in the cost of specific food groups within the NAMC's 28-item food basket, comparing June 2023 vs. June 2022 and June 2023 vs. May 2023

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

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