



FOOD BASKET PRICE MONTHLY



NAMC FOOD BASKET: 28 SELECTED FOOD ITEMS PRICES Issue 93 – August 2023



Food Basket Price Monthly

August 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 July 2023 official data is used in this report, as the official release of the August 2023 CPI data is scheduled for September 20th, 2023 (see link below from the Stats SA website):

<https://www.statssa.gov.za/publications/P0141/P0141July2023.pdf>

Highlights

During July 2023, the nominal cost of the NAMC's 28-item urban food basket amounted to R1 189.33 compared to the R1 179.99 reported in June 2023. This represents a monthly increase of 0.8% and a year-on-year increase of 9.3%.

July 23 vs. July 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:	Sugar, sweets & desserts (18.7%) Vegetables (18.5%) Milk, eggs & cheese (14.4%) Other food (14.3%) Bread & cereals (13.1%)	Processed food (10.5%) Unprocessed food (9.5%) Fish (8.8%)	Meat (5.1%)	Fruit (2.6%)	Oils & fats (-12.9%)
Individual food items in NAMC food basket (listed in order of decreasing inflation rates):	Onions (64.7%) Potatoes (33.6%) Ceylon/black tea (30.7%) White sugar (25.8%) Chicken giblets (18.0%) Cheddar cheese (16.4%) Instant coffee (15.1%) Polony (14.2%) Apples (14.1%) Full cream long life milk (13.9%) Maize meal (13.1%)	Cabbage (10.5%) Tinned fish (10.2%) Peanut butter (8.9%) Bananas (8.6%) Beef mince (7.8%) Brown bread (7.8%) Baked beans (7.4%) Tomatoes (6.0%)	White bread (5.2%) Individually Quick Frozen (IQF) chicken portions (4.6%) Brick margarine (4.2%) Beef offal (3.1%)		Dried beans (-1.6%) Rice (-3.3%) Oranges (-9.6%) Eggs (-10.0%) Sunflower oil (-22.7%)

1. Overall inflation and food inflation

The Food and Agricultural Organization (FAO) reported a 1.5% increase in the global nominal food price index for July 2023, showcasing a growing pattern since June 2023. The escalation in global prices during July was spearheaded by a substantial surge in the vegetable oils price index, which saw a growth of 14.4%, followed by sugar with an increase of 5.9%, cereals at 0.7%, dairy at 0.5%, and meat at 0.4%.

Figure 1 illustrates fluctuations in global food inflation across a set of countries, including the BRICS member nations (Brazil, Russia, India, China and South Africa), the United Kingdom (UK), Zambia, Botswana and Namibia. These countries hold significant trade ties with South Africa. Comparing June 2023 to July 2023, specific countries experienced shifts in inflation rates. Notably, the United Kingdom recorded a lower inflation at 14.8% in July 2023 compared to 17.3% in June 2023, followed by Botswana (10.7% vs. 12.9%), Namibia (10.5% vs. 11.7%), Brazil (2.2% vs. 4.0%) and South Africa at 9.9% in July compared to 11.0% in June 2023. Conversely, other countries witnessed an increase in their inflation rates, with Zambia reported at 12.1% compared to the 11.2% recorded in June 2023, followed by India (11.5% vs. 4.5%) and Russia at 2.2% vs. 0.2%.

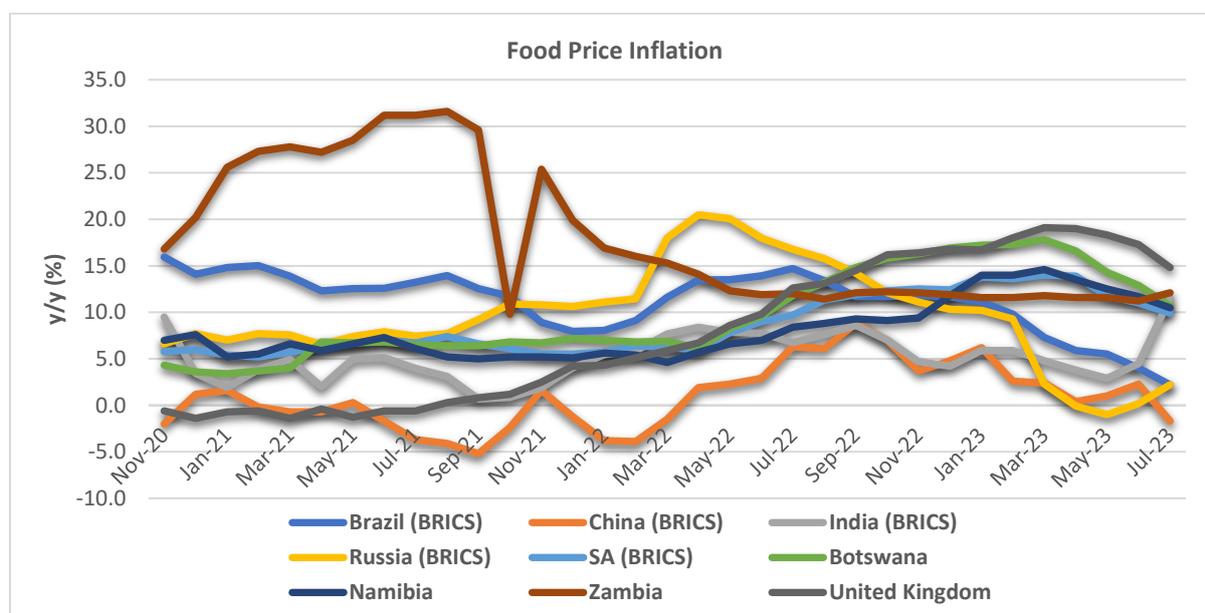


Figure 1: Global food inflation

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

Figure 2 presents the changes in the Consumer Price Index (CPI) for South Africa from July 2017 to July 2023, along with the inflation rate for food and non-alcoholic drinks. On 23rd August 2023, Statistics South Africa (Stats SA) officially announced the CPI for July 2023. The annual headline CPI for July 2023 stood at 4.7%, below the 5.4% registered in June 2023. Correspondingly, the inflation rate for food and non-alcoholic beverages was 9.9%, a decrease from the 11.0% noted in June 2023. Concerning specific food categories in July 2023, there were notable shifts. The most substantial contribution to observed food inflation came from sugar, sweets & desserts, which experienced an 18.7% increase in July 2023. This was followed by vegetables (18.5%), milk, eggs & cheese (14.4%), other food items (14.3%), bread & cereals (13.1%), processed food (10.5%), unprocessed food (9.5%) and fish (8.8%).

The stability of South African food inflation is projected to improve due to amplified production volumes of grains and citrus fruits, coupled with a promising potential for exports. As of July 2023, the spot price for a ton of white maize averaged R3 619 indicating a 3.5% decrease from June 2023. Similarly, yellow maize averaged R3 656, reflecting a 2.7% decrease from June 2023. Sunflower prices averaged

R9 126, showing a 0.5% increase from the previous month. It is interesting to note that inflation in South Africa has adhered to the central bank's target range of 3% to 6% for the first time again since April 2022, leading to the South African Reserve Bank (SARB) halting its interest rate hikes following the recent monetary policy meeting.

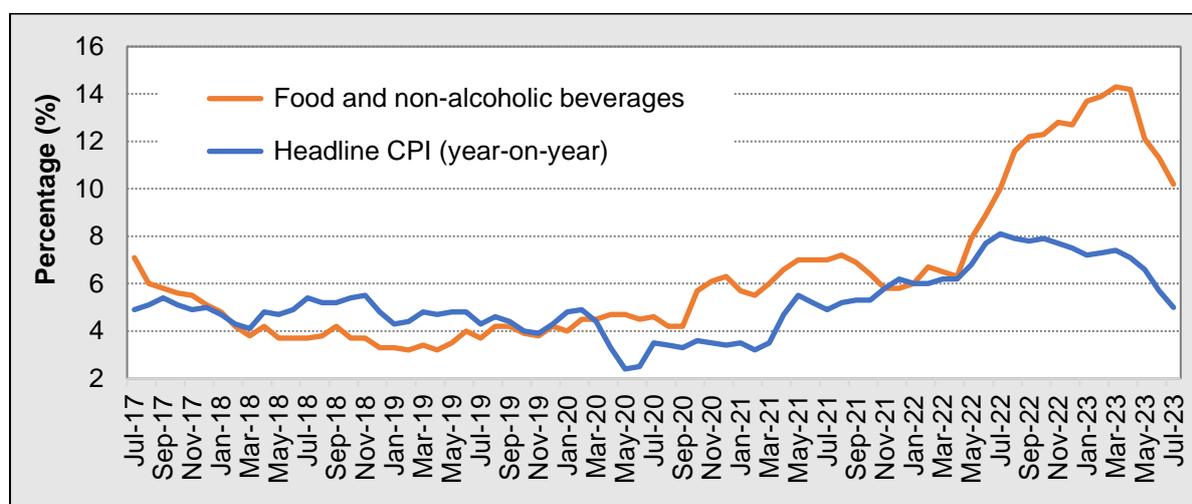


Figure 2: South Africa's headline CPI and Food & non-alcoholic beverages' CPI

Source: Stats SA, 2023; NAMC calculations

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

Table 1 shows a comparative analysis of the expenses associated with selected food items in both urban and rural areas during July 2023. Recent data released by Statistics South Africa reveals variations in prices for certain products when purchased in urban versus rural regions. Rural consumers allocated more of their budget towards rice as it exhibited the most substantial price difference of R2.31, followed by sunflower oil (R0.99), full cream milk (R0.55), bananas (R0.41) and margarine spread (R0.24) in comparison to their urban counterparts. On average, urban rural consumers paid five cents more for these 11 food items. This information signifies the noteworthy variations in food item costs across different geographical areas.

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

Product	Urban Food Prices July 2023 (R/unit)	Rural Food Prices July 2023 (R/unit)	The price difference (R/unit)
Full cream milk – long life 1ℓ	19.36	19.91	-0.55
A loaf of brown bread 700g	17.17	16.38	0.79
A loaf of white bread 700g	18.77	17.83	0.94
Banana per kg	16.79	17.20	-0.41
Maize meal 2.5 kg	37.18	36.49	0.69
Margarine spread 500g	37.64	37.88	-0.24
Peanut butter 400g	39.95	39.37	0.58
Rice 2kg	39.26	41.57	-2.31
Sunflower oil 750mℓ	35.06	36.05	-0.99
Ceylon/black tea 250g	45.25	43.27	1.98
White sugar 2.5kg	60.58	60.47	0.11
			0.05

Source: Stats SA. 2023; NAMC calculations

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

In this section, the NAMC's 28-item urban food basket's cost is explained through a comparison of average food prices in July 2023 and July 2022. The cost of the NAMC's 28-item urban food basket increased by 9.3% in July 2023 compared to the same period last year, reaching R1 189.33 compared to R1 179.99, representing a monthly change of 0.8%.

Table 2 presents the 28 food items composing the NAMC urban food basket in terms of their nominal prices. During July 2023, among these 28 items, 18 witnessed price increases that exceeded the inflation target set by the South African Reserve Bank (SARB) of 6%. Notable products in this category include onions, which experienced a substantial price surge of 64.7%, followed by potatoes (33.6%), Ceylon/black tea (30.7%), white sugar (25.8%), chicken giblets (18.0%), cheddar cheese (16.4%), instant coffee (15.1%), polony (14.2%), apples (14.1%), full cream milk (13.9%), maize meal (13.1%), cabbage (10.5%), fish (10.2%) and peanut butter (8.9%).

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

Category	Product	Jul-22 R/unit	Jun-23 R/unit	Jul-23 R/unit	Change year-on-year (%)	Change month-on-month (%)
Beans	Baked beans - tinned 410g	13.58	14.98	14.58	7.4%	-2.7%
	Beans - dried 500g	29.67	29.00	29.21	-1.6%	0.7%
	Peanut butter 400g	36.67	40.00	39.95	8.9%	-0.1%
Coffee & Tea	Ceylon/black tea 250g	34.62	41.35	45.25	30.7%	9.4%
	Instant coffee 250g	45.42	49.12	52.28	15.1%	64%
Dairy & Eggs	Cheddar cheese per kg	125.94	144.17	146.64	16.4%	1.7%
	Eggs 1.5 dozen	55.96	58.43	50.35	-10.0%	-13.8%
	Full cream milk - long life 1l	16.99	18.87	19.36	13.9%	2.6%
Fats & Oils	Brick margarine 500g	28.17	28.42	29.34	4.2%	3.2%
	Sunflower oil 750ml	45.33	35.57	35.06	-22.7%	-1.4%
Fruit	Apples per kg	17.39	18.98	19.85	14.1%	4.6%
	Bananas per kg	15.46	17.25	16.79	8.6%	-2.7%
	Oranges per kg	19.09	18.18	17.26	-9.6%	-5.1%
Animal Protein	Beef mince per kg	102.50	106.50	110.52	7.8%	3.8%
	Beef offal per kg	47.32	49.63	48.78	3.1%	-1.7%
	Chicken giblets per kg	39.11	46.69	46.16	18.0%	-1.1%
	Fish (excl tuna) - tinned 400g	24.02	25.91	26.47	10.2%	2.2%
	IQF chicken portions 2kg	88.63	93.09	92.67	4.6%	-0.5%
	Polony 1kg	47.46	52.37	54.20	14.2%	3.5%
Bread & Cereals	Loaf of brown bread 700g	15.93	17.19	17.17	7.8%	-0.1%
	Loaf of white bread 700g	17.84	18.73	18.77	5.2%	0.2%
	Rice 2kg	40.58	37.97	39.26	-3.3%	3.4%
	Maize meal 5kg	59.43	66.55	67.22	13.1%	1.0%
Vegetables	Cabbage each	18.80	21.42	20.78	10.5%	-3.0%
	Onions per kg	16.27	27.09	26.79	64.7%	-1.1%
	Potatoes per kg	13.81	18.13	18.45	33.6%	1.8%
	Tomatoes per kg	24.15	26.63	25.59	6.0%	-3.9%
Sugary foods	White sugar 2.5kg	48.16	57.77	60.58	25.8%	4.9%
Total Rand Value		1 088.30	1 179.99	1 189.33	9.3%	0.8%

Source: Stats SA & BFAP. 2023; NAMC calculations

Figure 3 illustrates the average nominal cost escalation of various food groups within the NAMC's 28-item food basket, evaluating the time frames of July 2023 compared to July 2022 (year-on-year) and July 2023 compared to June 2023 (month-on-month). When contrasting prices between July 2023 and July 2022 (y/y), the food group that made the most substantial contribution to observed food inflation

was sugary foods, displaying a significant rise of 25.8%. Following this, vegetables experienced an increase of 25.4%, coffee & tea saw an increase of 21.9%, dairy & eggs elevated by 8.8%, animal protein rose by 8.5%, bread & cereals inched up by 6.5%, bean products increased by 4.8%, and fruits rose by 3.8%. Conversely, fats & oils recorded a decrease of 12.4%. On a monthly basis, coffee & tea showed the highest escalation of 7.8%, followed by sugary foods at 4.9%, bread & cereals at 1.4%, animal protein at 1.2% and fats & oils at 0.6%. However, the prices of dairy & eggs experienced a decrease of 2.3%, followed by vegetables at 1.8%, fruits at 0.9% and bean products at 0.3%. In summary, when examining both year-on-year and month-on-month comparisons, the costs of vegetables and sugary foods demonstrated noteworthy increases, while dairy & eggs exhibited notable decreases.

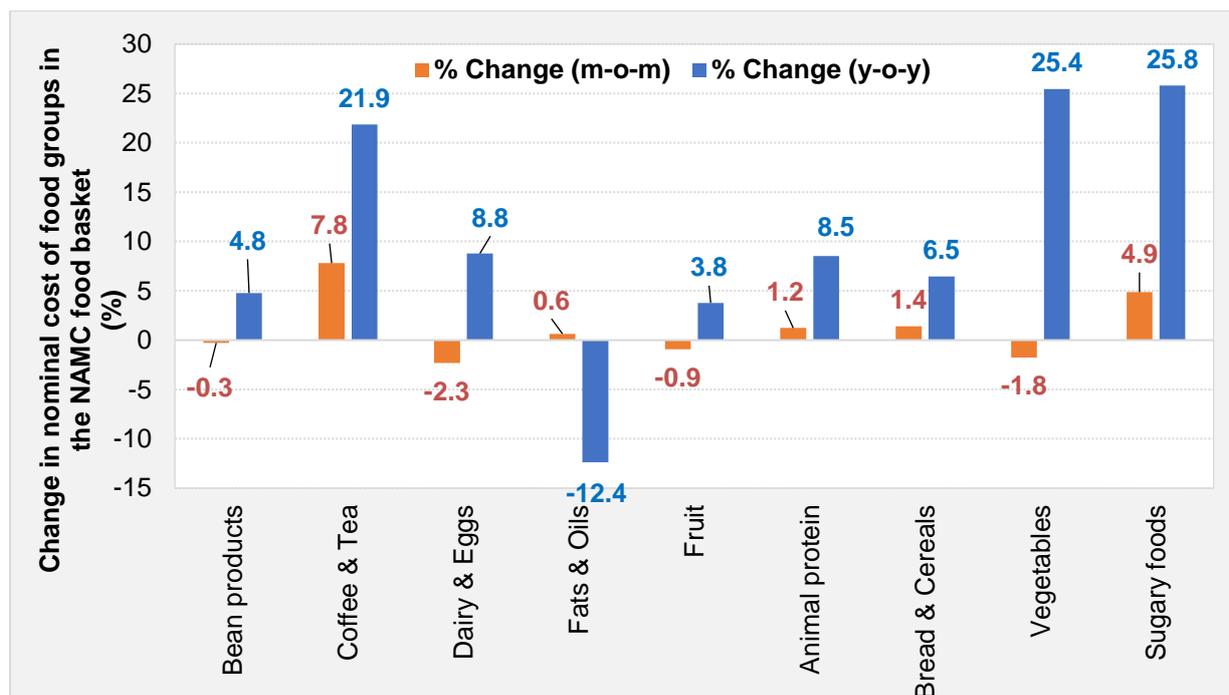


Figure 3: Nominal change in the cost of specific food groups within the NAMC's 28-item food basket, comparing July 2023 vs. July 2022 and July 2023 vs. June 2023

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.

Compiled by:

Trends and discussion on selected topics:

Thulani Ningi

Bigboy Singwana

Corné Dempers

Dr Ndiadivha Tempia

Enquiries: Thulani Ningi: Tningi@namc.co.za or Dr Moses Lubinga: HLubinga@namc.co.za

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