



FOOD BASKET PRICE MONTHLY



NAMC FOOD BASKET: 28 SELECTED FOOD ITEMS PRICES Issue 94 – September 2023

Food Basket Price Monthly

September 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 August 2023 official data is used in this report, as the official release of the September 2023 CPI data is scheduled for October 18th, 2023 (see link below from the Stats SA website):

<https://www.statssa.gov.za/publications/P0141/P0141August2023.pdf>

Highlights

During August 2023, the nominal cost of the NAMC's 28-item urban food basket amounted to R1 185.76 compared to the R1 189.33 reported in July 2023. This represents a monthly decrease of 0.3% and a year-on-year increase of 6.1%.

August 23 vs. August 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 (18.5%) Vegetables (16.6%) Other food (12.6%)	Milk, eggs & cheese (11.9%) Bread & cereals (9.9%) Processed food (8.3%) Tinned fish (8.3%) Unprocessed food (7.9%)	Meat (3.6%) Fruit (3.5%)		Oils & fats (-13.6%)
Individual food items in NAMC food basket (listed in order of decreasing inflation rates):	Onions (61.8%) Potatoes (33.0%) White sugar (24.3%) Ceylon/black tea (16.5%) Cheddar cheese (16.0%) Bananas (15.1%) Apples (14.6%) Full cream long life milk (13.1%) Cabbage each (12.8%) Polony (12.5%) Baked beans (12.1%)	Instant coffee (11.6%) Maize meal (9.5%) Chicken giblets (9.2%) Individually Quick Frozen (IQF) chicken portions (8.7%) Peanut butter (8.1%) Tinned fish (7.9%)	Loaf of brown bread (3.9%) Beef mince (3.2%)		Dried beans (-0.3%) Loaf of white bread (-0.5%) Oranges (-3.8%) Brick margarine (-6.1%) Tomatoes (-7.0%) Rice (-0.9%) Eggs (-11.2%) Sunflower oil (-20.4%) Beef offal (-21.8%)

1. Overall inflation and food inflation

The Food and Agricultural Organization (FAO) has reported a 2.6% decrease in the global nominal food price index for August 2023, indicating a decreasing trend from July 2023. The decrease in global prices in August 2023 was a result of price drops in the dairy price index, which declined by 4.6%, followed by a noticeable decline in the vegetable oil price index of 4.0% from the 14.4% that was presented in the previous month (July 2023). The meat and cereal price index decreased by 3.6% and 0.9%, respectively. While the sugar price index increased by 1.9% during the same period.

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 July 2023 to August 2023, specific countries experienced shifts in inflation rates. The United Kingdom recorded a lower inflation rate of 13.6% in August 2023 compared to 14.8% in July 2023, followed by Zambia (12.1% vs. 12.7%), Namibia (10.0% vs. 10.5%), India (9.9% vs. 11.5%), Botswana (9.0% vs. 10.7%), SA (8.0% vs. 9.9% recorded in July) and Brazil (1.1% vs 2.2%). Russia is the only country that indicated an increase in price inflation from 2.2% in July 2023 to 3.6% in August 2023. China remained unchanged during this period, with a deflation rate of 1.7%.

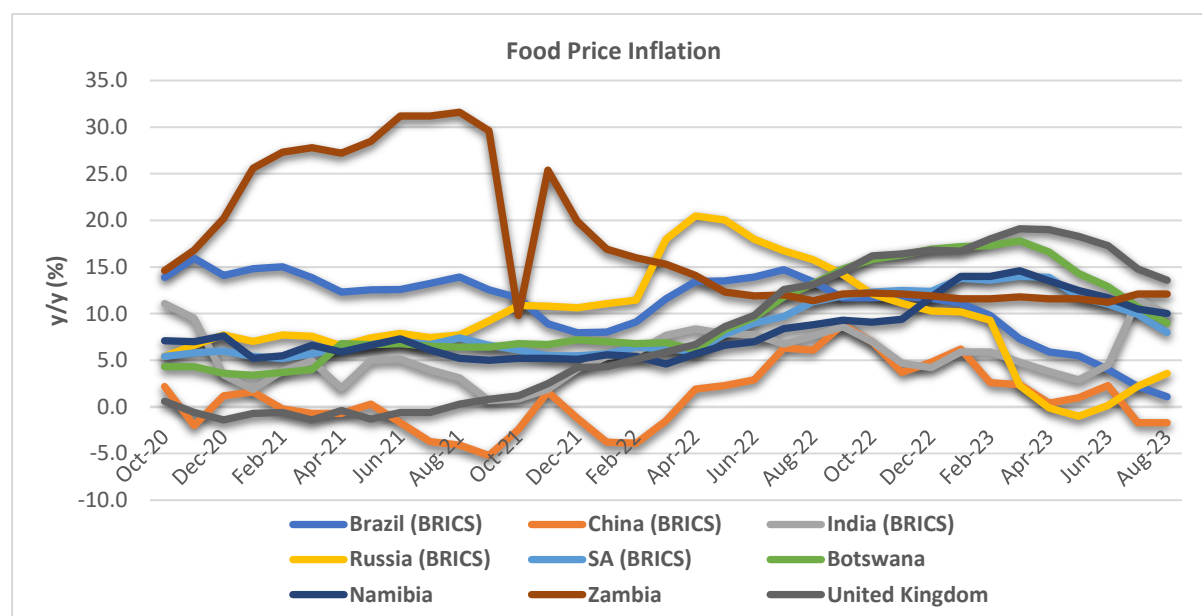


Figure 1: Global food inflation

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

Figure 2 presents the trend Consumer Price Index (CPI) for South Africa from August 2017 to August 2023, along with the inflation rate for food and non-alcoholic drinks. On September 20, 2023, Statistics South Africa (Stats SA) officially announced the CPI for August 2023. The annual headline CPI for August 2023 stood at 4.8%, slightly higher than the 4.7% registered in July 2023. Correspondingly, the inflation rate for food and non-alcoholic beverages was 8.0%, representing a decrease from the 9.9% noted in July 2023. For specific food categories in August 2023, there were notable shifts. The most substantial contribution to observed food inflation came from sugar, sweets & desserts, which experienced an 18.5% increase in August 2023. This was followed by vegetables (16.6%), other foods (12.6%), milk, eggs & cheese (11.9%), bread & cereal (9.9%), processed (8.3%), fish (8.3%), and unprocessed (7.9%).

South Africa's food inflation is expected to vary due to increased grain production and the potential for higher exports. As of August 2023, the price for one metric ton of white maize stood at an average of

R3 615, representing a slight 0.1% decrease compared to the price of July 2023. Similarly, yellow maize averaged at R3 627 per ton, showing a 0.8% decrease from July 2023. Sunflower prices averaged at R9 136, marking a 0.1% increase from the previous month's price. It's noteworthy that South Africa's inflation rate has remained within the central bank's target range of 3% to 6% since May 2023, leading to the South African Reserve Bank (SARB) pausing its recent interest rate hikes after the latest monetary policy meeting.

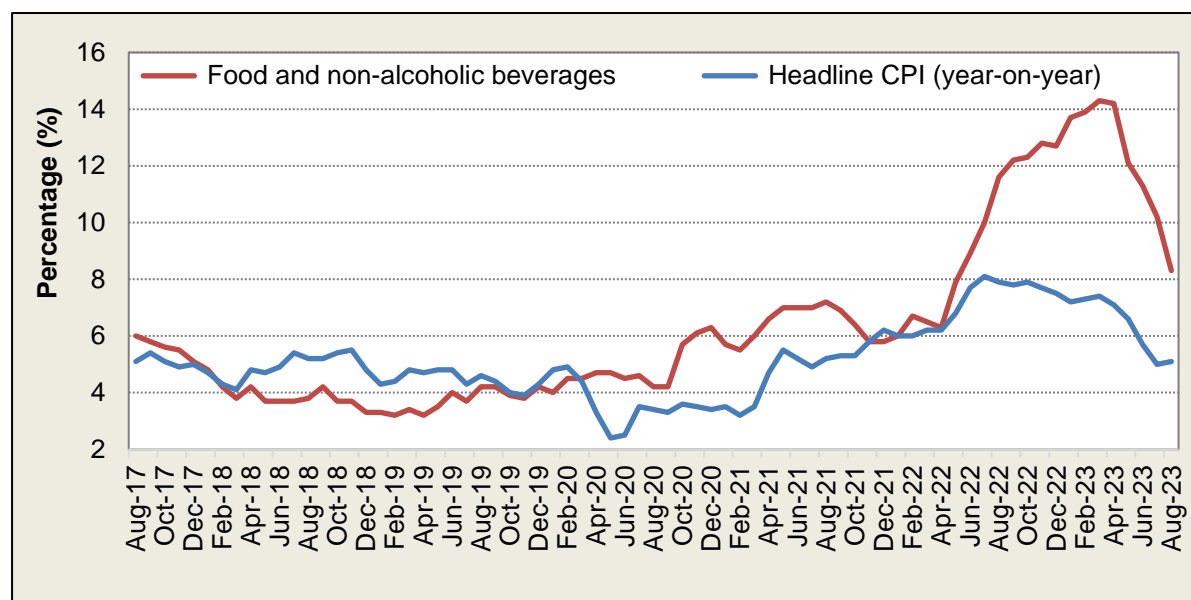


Figure2: South Africa's headline CPI and Food & non-alcoholic beverages' CPI

Source: Stats SA, 2023; NAMC calculations

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

Table 1 shows a comparative analysis of expenses associated with selected food items in both urban and rural areas during August 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 white sugar as it exhibited the most substantial price difference of R0.41, followed by full cream long life milk (R0.28), rice (R0.22) and bananas (R0.12), in comparison to their urban counterparts. On average, urban consumers paid 0.65 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 August 2023 (R/unit)	Rural Food Prices August 2023 (R/unit)	The price difference (R/unit)
Full cream milk – long life 1ℓ	19.55	19.83	-0.28
A loaf of brown bread 700g	16.96	16.18	0.78
A loaf of white bread 700g	18.29	17.77	0.52
Banana per kg	17.20	17.32	-0.12
Maize meal 2.5 kg	36.70	36.32	0.38
Margarine spread 500g	38.08	36.93	1.15
Peanut butter 400g	40.25	40.13	0.12
Rice 2kg	40.72	40.94	-0.22
Sunflower oil 750mℓ	35.42	35.34	0.08
Ceylon/black tea 250g	48.51	43.32	5.19

Product	Urban Food Prices August 2023 (R/unit)	Rural Food Prices August 2023 (R/unit)	The price difference (R/unit)
White sugar 2.5kg	60.55	60.96	-0.41
			0.65

Source: Stats SA. 2023; NAMC calculations

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

In this section, the NAMC's 28-item urban food basket's cost is explained through a comparison of average food prices in August 2023 and August 2022. The cost of the NAMC's 28-item urban food basket increased by 6.1% in August 2023 compared to the same period last year, reaching R1 185.76 compared to R1 117.62, with a monthly (July – August 2023) decrease of 0.3%.

Table 2 presents the 28 food items composing the NAMC urban food basket in terms of their nominal prices. During August 2023, among these 28 items, 17 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 61.8%, followed by potatoes (33.0%), white sugar (24.3%), Ceylon/black tea (16.5%), cheddar cheese (16.0%), bananas (15.1%), apples (14.6%), full cream milk (13.1%), cabbage (12.8%), polony (12.5%), baked beans (12.1%), instant coffee (11.6%), maize meal (9.5%), chicken giblets (9.2%), individual quick freezing (IQF) chicken portions (8.7%), peanut butter (8.1%) and fish (7.9%).

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

Category	Product	Aug-22 R/unit	Jul-23 R/unit	Aug-23 R/unit	Change year-on- year (%)	Change month- on-month (%)
Beans	Baked beans - tinned 410g	13.89	14.58	15.57	12.1%	6.8%
	Beans - dried 500g	29.71	29.21	29.61	-0.3%	1.4%
	Peanut butter 400g	37.22	39.95	40.25	8.1%	0.8%
Coffee & Tea	Ceylon/black tea 250g	41.63	45.25	48.51	16.5%	7.2%
	Instant coffee 250g	47.24	52.28	52.71	11.6%	0.8%
Dairy & Eggs	Cheddar cheese per kg	124.63	146.64	144.57	16.0%	-1.4%
	Eggs 1.5 dozen	57.29	50.35	50.89	-11.2%	1.1%
	Full cream milk - long life 1ℓ	17.28	19.36	19.55	13.1%	1.0%
Fats & Oils	Brick margarine 500g	29.36	29.34	27.57	-6.1%	-6.0%
	Sunflower oil 750ml	44.51	35.06	35.42	-20.4%	1.0%
Fruit	Apples per kg	17.48	19.85	20.03	14.6%	0.9%
	Bananas per kg	14.95	16.79	17.20	15.1%	2.4%
	Oranges per kg	17.30	17.26	16.64	-3.8%	-3.6%
Animal Protein	Beef mince per kg	103.17	110.52	106.44	3.2%	-3.7%
	Beef offal per kg	62.20	48.78	48.65	-21.8%	-0.3%
	Chicken giblets per kg	42.02	46.16	45.87	9.2%	-0.6%
	Fish (excl tuna) - tinned 400g	24.30	26.47	26.21	7.9%	-1.0%
	IQF chicken portions 2kg	84.28	92.67	91.60	8.7%	-1.2%
	Polony 1kg	47.52	54.20	53.48	12.5%	-1.3%
Bread & Cereals	Loaf of brown bread 700g	16.32	17.17	16.96	3.9%	-1.2%
	Loaf of white bread 700g	18.38	18.77	18.29	-0.5%	-2.6%
	Rice 2kg	41.10	39.26	40.72	-0.9%	3.7%
	Maize meal 5kg	62.39	67.22	68.34	9.5%	1.7%
Vegetables	Cabbage each	18.34	20.78	20.68	12.8%	-0.5%
	Onions per kg	16.55	26.79	26.77	61.8%	-0.1%
	Potatoes per kg	14.04	18.45	18.68	33.0%	1.2%
	Tomatoes per kg	25.81	25.59	24.00	-7.0%	-6.2%

Category	Product	Aug-22 R/unit	Jul-23 R/unit	Aug-23 R/unit	Change year-on- year (%)	Change month- on-month (%)
Sugary foods	White sugar 2.5kg	48.71	60.58	60.55	24.3%	0.0%
Total Rand Value		1 117.62	1 189.33	1 185.76	6.1%	-0.3%

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 August 2023 compared to August 2022 (year-on-year) and August 2023 compared to July 2023 (month-on-month). When contrasting prices year-on-year, the food group that made the most substantial contribution to observed food inflation was sugary foods, displaying a significant rise of 24.3%. Following this, vegetables experienced an increase of 20.6%, coffee & tea saw an increase of 13.9%, fruit by 8.3%, dairy & eggs elevated by 7.9%, bean products by 5.7%, bread & cereals by 4.4% and animal protein rose by 2.4%. Conversely, fats & oils recorded a decrease of 14.7%. On a month-on-month basis, coffee & tea showed the highest escalation of 3.8%, followed by bean products at 2.0% and bread & cereals at 1.3%. Sugar food remained the same as the previous month. However, the prices of fats & oils decreased by 2.2%, followed by animal products at 1.7%, vegetables at 1.6%, dairy & eggs at 0.6% and fruit at 0.1%, respectively. In summary, when examining year-on-year and month-on-month comparisons, the prices of vegetables and sugary foods demonstrated noteworthy annual increases but monthly decreases or no change in the prices.

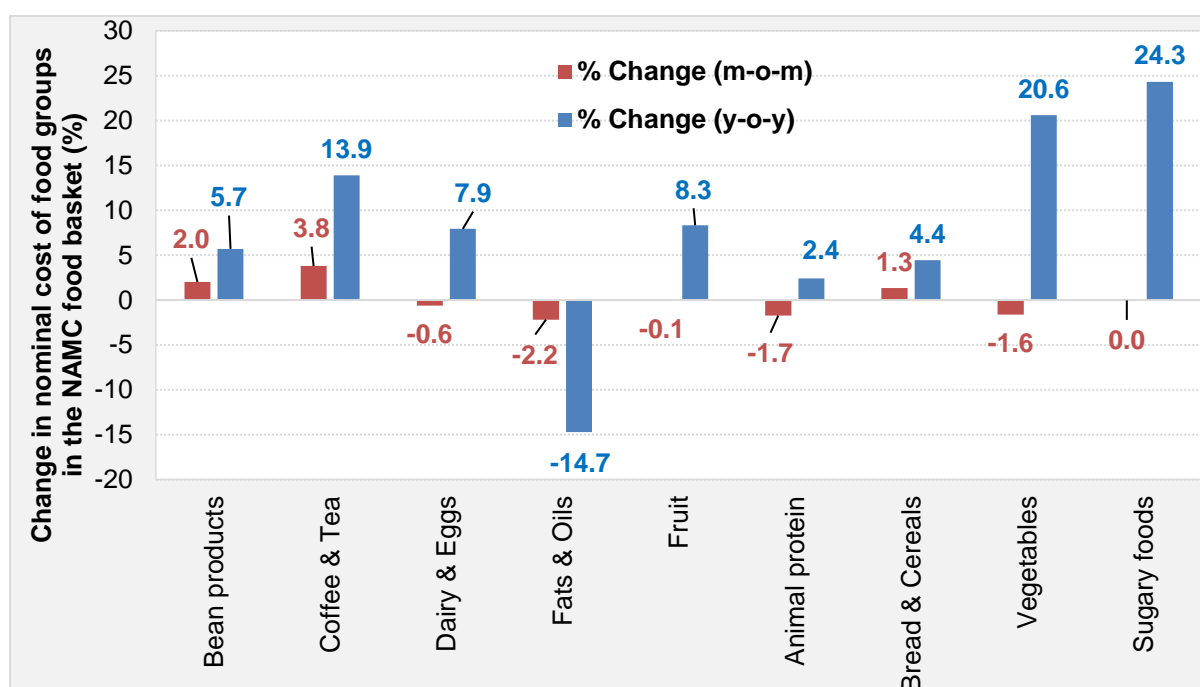


Figure 3: Nominal change in the cost of specific food groups within the NAMC's 28-item food basket, comparing August 2023 vs. August 2022 and August 2023 vs. July 2023

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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