



FOOD BASKET PRICE MONTHLY



NAMC FOOD BASKET: 28 SELECTED FOOD ITEMS PRICES Issue 95 – October 2023

Food Basket Price Monthly

October 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 September 2023 official data is used in this report, as the official release of the October 2023 CPI data is scheduled for November 22th, 2023 (see link below from the Stats SA website):

<https://www.statssa.gov.za/publications/P0141/P0141September2023.pdf>

Highlights

During September 2023, the nominal cost of the NAMC's 28-item urban food basket amounted to R1 197.68 compared to the R1 185.76 reported in August 2023. This represents a monthly increase of 1.0% and a year-on-year increase of 6.7%.

September 23 vs. September 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 (17.7%) Vegetables (15.3%)	Other food (11.2%) Milk, eggs & cheese (11.2%) Bread & cereals (9.2%) Fish (8.7%) Processed food (8.1%) Unprocessed food (7.9%) Fruit (6.7%)	Meat (3.8%)		Oils & fats (-7.7%)
Individual food items in NAMC food basket (listed in order of decreasing inflation rates):	Onions (45.8%) Potatoes (33.4%) Bananas (29.5%) Ceylon/black tea (28.6%) Polony (22.9%) White sugar (22.7%) Rice (19.8%) Cheddar cheese (14.7%) Full cream long life milk (13.1%) Instant coffee (12.6%)	Baked beans (11.6%) Peanut butter (11.1%) Chicken giblets (10.8%) Cabbage each (10.4%) Maize meal (9.4%) Dried beans (8.2%) Individually Quick Frozen (IQF) chicken portions (8.0%) Tinned fish (8.0%)		Apples (1.9%) Loaf of brown bread (1.6%)	Loaf of white bread (-1.5%) Beef mince (-1.6%) Oranges (-6.2%) Brick margarine (-6.6%) Eggs (-11.0%) Sunflower oil (-13.0%) Tomatoes (-17.9%) Beef offal (-25.7%)

1. Overall inflation and food inflation

The Food and Agricultural Organization (FAO) has reported a 0.1% increase in the global nominal food price index for September 2023, indicating a rising trend compared to August 2023. This increase in global prices for September 2023 can be attributed to notable surges in specific indices. The sugar price index, for instance, recorded a substantial increase of 9.8%, and the oil price index exhibited a noticeable rise, increasing by 3.9% from the 3.1% reported in the preceding month, August 2023. Furthermore, both the meat and cereal price indices saw an increase of 1.0%. Notably, the sugar price index witnessed a substantial surge of 14.5%, while the cereal price index showed a more modest increase of 1.3%.

Figure 1 visually depicts the fluctuations in global food inflation across a selection of countries, which notably includes the BRICS member nations (Brazil, Russia, India, China, and South Africa), as well as the United Kingdom (UK), Zambia, Botswana and Namibia. These countries hold significant trade connections with South Africa. When comparing the data from August 2023 to September 2023, certain countries experienced changes in their inflation rates. In September 2023, the following countries witnessed an uptick in their inflation rates compared to the previous month: Zambia, where the inflation rate increased from 12.1% in August 2023 to 13.4% in September 2023; South Africa, with a shift from 8.0% to 8.1% and Russia, where the inflation rate rose from 3.6% to 4.9%. Conversely, the following countries observed a decrease in their inflation rates: the United Kingdom, reporting 12.1% in September 2023 compared to 13.6% in August 2023; Namibia, with a decrease from 10.0% to 9.8%; Botswana, showing a decline from 9.0% to 7.7%; India, where inflation dropped from 9.9% to 6.6%; and Brazil, recording a decrease from 1.1% to 0.9%. China, on the other hand, indicated a deflation rate of 3.2%.

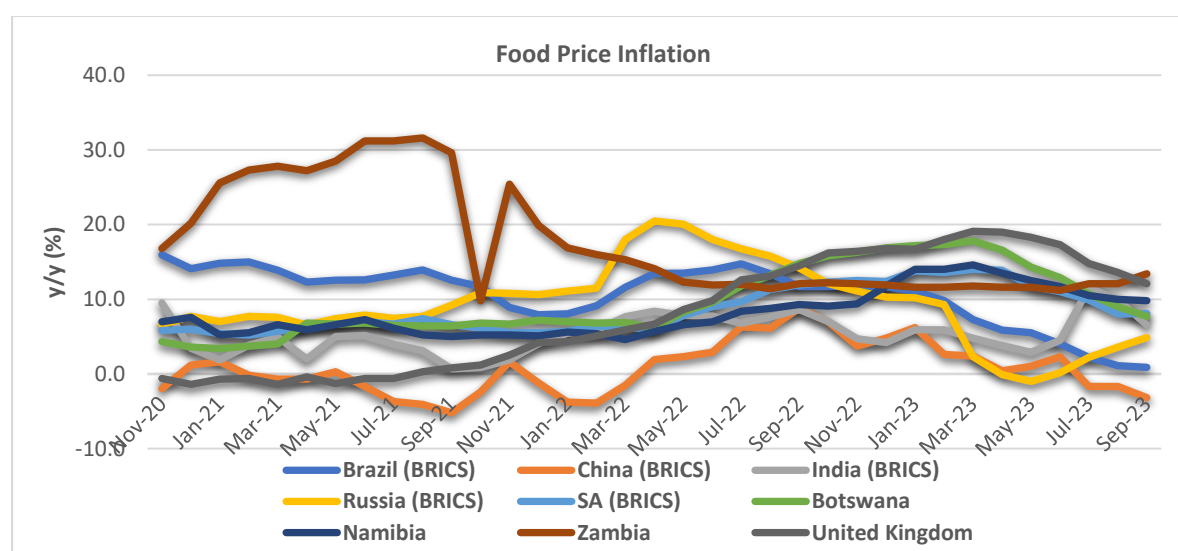


Figure 1: Global food inflation

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

Figure 2 presents the trend Consumer Price Index (CPI) for South Africa from September 2017 to September 2023, along with the inflation rate for food and non-alcoholic beverages (NAB). On October 18, 2023, the official release by Statistics South Africa (Stats SA) confirmed the CPI for September 2023. For September 2023, the annual headline CPI registered at 5.4%, slightly surpassing the 4.8% recorded in August 2023. Correspondingly, the inflation rate for food and non-alcoholic beverages inched up to 8.1%, marking a minor uptick from the 8.0% seen in August 2023. Notably, the increases in both the headline CPI and NAB inflation were influenced by significant rises in various food categories. For instance, sugar, sweets & desserts experienced a substantial 17.7% surge in September 2023, followed by vegetables at 15.3%, other foods at 11.2% and milk, eggs & cheese at 11.2%. Bread and cereal saw an increase of 9.2%, while fish and processed foods both rose by 8.7%

and 8.1%, respectively. Unprocessed food items increased by 7.9% and fruits experienced a 6.7% increase.

South Africa's food inflation is expected to continue with the rising trend in the coming months due to concerns about El Niño conditions impacting sugar cane production, particularly in the Northern Hemisphere, coupled with elevated oil prices. Simultaneously, the South African poultry industry faces significant risks stemming from the ongoing Avian Influenza outbreak, which has necessitated the culling of birds and resulted in reduced supplies of poultry meat and eggs. Additionally, as of September 2023, the price for one metric ton of white maize averaged R3 908.70, marking a modest 8.1% increase compared to August 2023. Similarly, yellow maize averaged R3 829.30 per ton, reflecting a 5.6% increase from the previous month. Sunflower prices averaged R8 957.00, indicating a 2.0% decrease from the preceding month's price. It's noteworthy that South Africa's inflation rate has consistently remained within the central bank's target range of 3% to 6% since May 2023. This stability led the South African Reserve Bank (SARB) to pause its recent interest rate hikes after the latest monetary policy meeting.

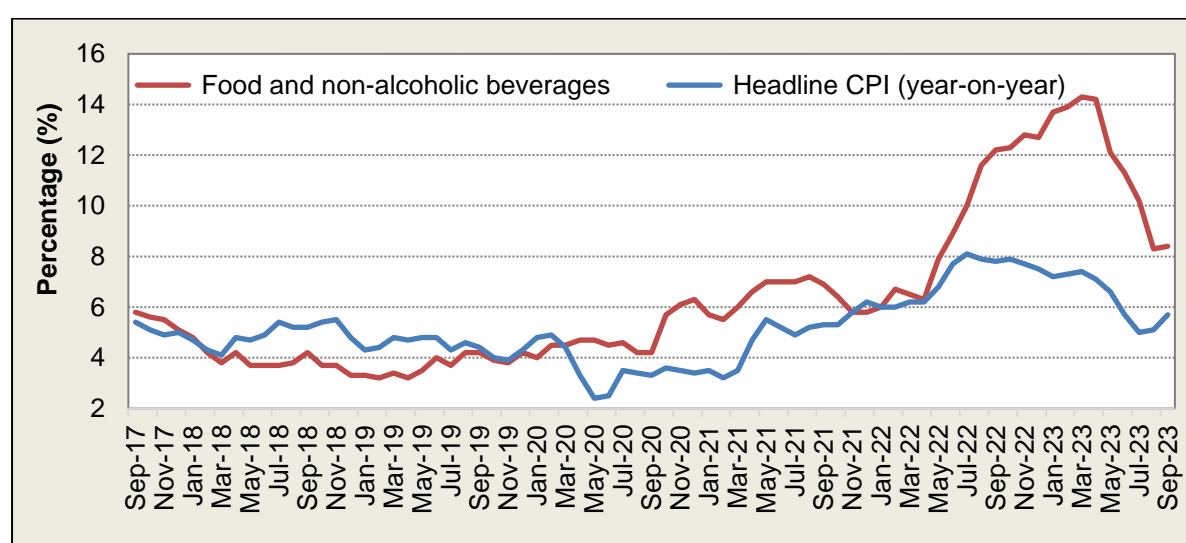


Figure 2: South Africa's headline CPI and Food & non-alcoholic beverages' CPI

Source: Stats SA, 2023; NAMC calculations

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

Table 1 shows a comparative analysis of expenses associated with selected food items in both urban and rural areas during September 2023. Recent data released by Statistics South Africa reveals variations in prices for certain products when purchased in urban versus rural regions. Urban consumers allocated more of their budget towards Ceylon/black tea as it exhibited the most substantial price difference of R4.87, followed by rice (R1.30), peanut butter (R1.09), a loaf of brown bread (R0.78), a loaf of white bread (R0.63), sunflower oil (R0.55), maize meal (R0.49) and white sugar at (R0.40), in comparison to their rural counterparts. On average, urban consumers paid 0.85 cents more for these 11 food items. This information signifies the noteworthy variations in food item costs across different geographical area.

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	19.59	20.05	-0.46
A loaf of brown bread 700g	16.96	16.18	0.78

Product	Urban Food Prices August 2023 (R/unit)	Rural Food Prices August 2023 (R/unit)	The price difference (R/unit)
A loaf of white bread 700g	18.39	17.76	0.63
Banana per kg	19.10	19.30	-0.20
Maize meal 2.5 kg	36.81	36.32	0.49
Margarine spread 500g	38.08	38.12	-0.04
Peanut butter 400g	41.11	40.02	1.09
Rice 2kg	42.49	41.19	1.30
Sunflower oil 750ml	35.98	35.43	0.55
Ceylon/black tea 250g	49.98	45.11	4.87
White sugar 2.5kg	61.05	60.65	0.40
			0.85

Source: Stats SA. 2023; NAMC calculations

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

In this section, the NAMC's 28-item urban food basket's cost is explained through a comparison of average food prices in September 2023 and September 2022. The cost of the NAMC's 28-item urban food basket increased by 6.7% in September 2023 compared to the same period last year, reaching R1 197.68 compared to R1 122.10, with a monthly (August – September 2023) increase of 1.0%.

Table 2 presents the 28 food items composing the NAMC urban food basket in terms of their nominal prices. During September 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 45.8%, followed by potatoes (33.4%), bananas (29.5%), Ceylon/black tea (28.6%), polony (22.9%), white sugar (22.7%), rice (19.8%), cheddar cheese (14.7%), full cream milk (13.1%), instant coffee (12.6%), baked beans (11.6%), peanut butter (11.1%) chicken giblets (10.8%), cabbage (10.4%), maize meal (9.4%), dried beans (8.2%), IQF chicken portions (8.0%) and fish (8.0%).

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

Category	Product	Sep-22 R/unit	Aug-23 R/unit	Sep-23 R/unit	Change year-on- year (%)	Change month- on-month (%)
Beans	Baked beans - tinned 410g	13.79	15.57	15.39	11.6%	-1.2%
	Beans - dried 500g	27.06	29.61	29.28	8.2%	-1.1%
	Peanut butter 400g	36.99	40.25	41.11	11.1%	2.1%
Coffee & Tea	Ceylon/black tea 250g	38.87	48.51	49.98	28.6%	3.0%
	Instant coffee 250g	50.02	52.71	56.30	12.6%	6.8%
Dairy & Eggs	Cheddar cheese per kg	127.73	144.57	146.57	14.7%	1.4%
	Eggs 1.5 dozen	58.34	50.89	51.91	-11.0%	2.0%
	Full cream milk - long life 1l	17.32	19.55	19.59	13.1%	0.2%
Fats & Oils	Brick margarine 500g	29.59	27.57	27.65	-6.6%	0.3%
	Sunflower oil 750ml	41.38	35.42	35.98	-13.0%	1.6%
Fruit	Apples per kg	19.70	20.03	20.08	1.9%	0.2%
	Bananas per kg	14.75	17.20	19.10	29.5%	11.0%
	Oranges per kg	18.30	16.64	17.17	-6.2%	3.2%
Animal Protein	Beef mince per kg	104.72	106.44	103.07	-1.6%	-3.2%
	Beef offal per kg	65.80	48.65	48.91	-25.7%	0.5%
	Chicken giblets per kg	42.38	45.87	46.96	10.8%	2.4%

Category	Product	Sep-22 R/unit	Aug-23 R/unit	Sep-23 R/unit	Change year-on- year (%)	Change month- on-month (%)
	Fish (excl tuna) - tinned 400g	24.29	26.21	26.23	8.0%	0.1%
	IQF chicken portions 2kg	85.36	91.60	92.16	8.0%	0.6%
	Polony 1kg	44.30	53.48	54.43	22.9%	1.8%
Bread & Cereals	Loaf of brown bread 700g	16.69	16.96	16.96	1.6%	0.0%
	Loaf of white bread 700g	18.67	18.29	18.39	-1.5%	0.5%
	Rice 2kg	35.48	40.72	42.49	19.8%	4.3%
	Maize meal 5kg	63.12	68.34	69.03	9.4%	1.0%
Vegetables	Cabbage each	18.19	20.68	20.08	10.4%	-2.9%
	Onions per kg	18.30	26.77	26.69	45.8%	-0.3%
	Potatoes per kg	14.17	18.68	18.90	33.4%	1.2%
	Tomatoes per kg	27.05	24.00	22.22	-17.9%	-7.4%
Sugary foods	White sugar 2.5kg	49.74	60.55	61.05	22.7%	0.8%
Total Rand Value		1 122.10	1 185.76	1 197.68	6.7%	1.0%

Source: Stats SA & BFAP. 2023; NAMC calculations

Figure 3 provides an overview of the average nominal cost changes in different food groups within the NAMC's 28-item food basket, offering a comparative analysis of September 2023 with September 2022 (year-on-year) and September 2023 with August 2023 (month-on-month). When examining year-on-year price differences, the food group that contributed most significantly to observed food inflation was sugary foods, experiencing a substantial increase of 22.7%. Following this, coffee & tea saw a rise of 19.6%, vegetables increased by 13.1%, bean products by 10.2%, bread & cereals by 9.6%, dairy & eggs by 7.2%, fruit by 6.8% and animal protein by 1.3%. Conversely, fats & oils saw a decrease of 10.3%. On a month-on-month basis, coffee & tea showed the most significant escalation at 5.0%, followed by fruit at 4.6%, bread & cereals at 1.8%, dairy & eggs at 1.4% and sugary foods at 0.8%. However, prices for vegetables and animal protein decreased by 2.5% and 0.1%, respectively during the same period. In summary, when comparing year-on-year and month-on-month changes, coffee & tea and sugary foods exhibited notable annual and monthly price increases.

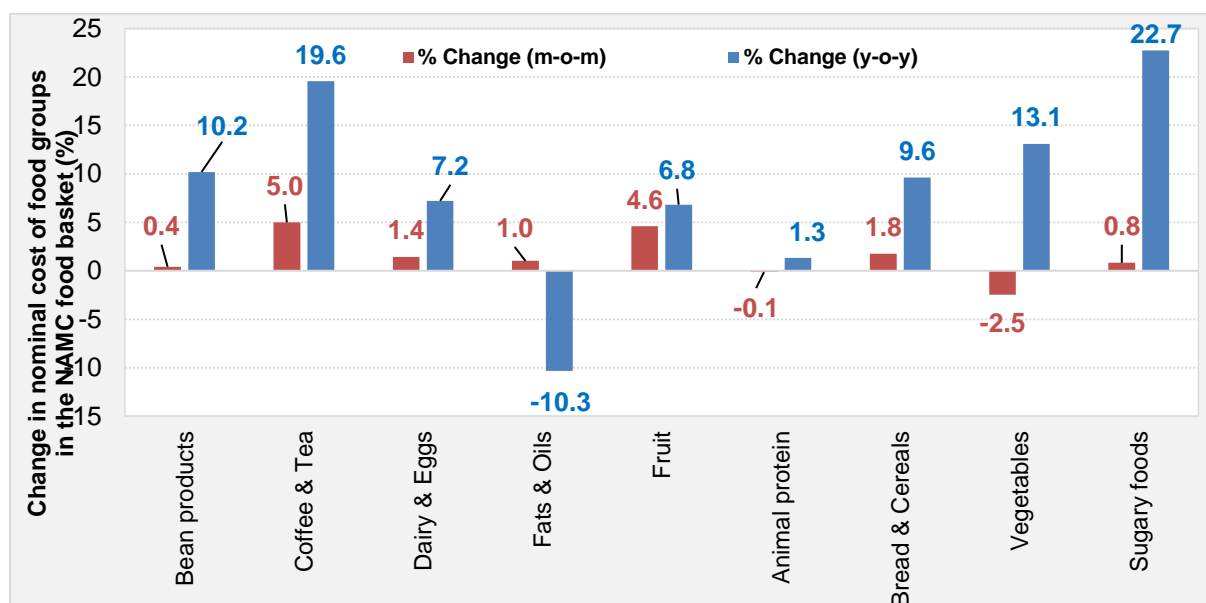


Figure 3: Nominal change in the cost of specific food groups within the NAMC's 28-item food basket, comparing September 2023 vs. September 2022 and September 2023 vs. August 2023

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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