



FOOD BASKET PRICE MONTHLY



NAMC FOOD BASKET: 28 SELECTED FOOD ITEMS PRICES Issue 97 – December 2023

Food Basket Price Monthly

December 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 November 2023 official data is used in this report, as the official release of the December 2023 CPI data is scheduled for January 24th, 2023 (see link below from the Stats SA website):

<https://www.statssa.gov.za/publications/P0141/P0141November2023.pdf>

Highlights

During November 2023, the nominal cost of the NAMC's 28-item urban food basket amounted to R1 232.19 compared to the R1 221.52 reported in October 2023. This represents a monthly increase of 0.9% and a year-on-year increase of 10.1%.

November 23 vs. November 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 (23.5%) Sugar, sweets & desserts (18.5%) Milk, eggs & cheese (13.9%)	Fruit (11.5%) Other food (10.9%) Unprocessed food (10.8%) Bread & cereals (8.5%) Processed food (7.3%) Fish (6.7%)	Meat (3.5%)		Oils & fats (-5.2%)
Individual food items in NAMC food basket (listed in order of decreasing inflation rates):	Potatoes (67.2%) Bananas (31.9%) White sugar (26.1%) Ceylon/black tea (25.2%) Rice (24.2%) Oranges (16.2%) Instant coffee (15.9%) Eggs (15.1%) Peanut butter (14.7%) Tomatoes (14.5%) Polony (14.2%) Baked beans (13.8%) Apples (12.7%)	Onions (10.0%) Full cream long life milk (8.9%) Cheddar cheese (8.8%) Tinned fish (8.3%) Dried beans (8.0%) Individually Quick Frozen (IQF) chicken portions (7.1%) Cabbage (6.9%)	Chicken giblets (5.9%) Maize meal (4.6%)	Loaf of brown bread (2.3%)	Brick margarine (-0.4%) Loaf of white bread (-0.9%) Beef offal (-1.1%) Beef mince (-2.9%) Sunflower oil (-5.5%)

1. Overall inflation and food inflation

The Food and Agriculture Organization (FAO) has reported no change in the global nominal food price index for November 2023 compared to the one reported in October 2023. This can be attributed to notable fluctuations in specific food indices. For instance, the cereal price index recorded a substantial decrease of 3.0% while the meat price index exhibited a noticeable decline of 0.4% during the measured period. However, the vegetable oil price index increased by 3.4% in November 2023 compared to October 2023, while the dairy price index increased by 2.2%, and sugar price index increased by 1.4%.

Figure 1 depicts fluctuations in global food inflation across several countries, including BRICS member nations (Brazil, Russia, India, China and South Africa), as well as Zambia and Namibia, which maintain significant trade connections with South Africa. When comparing data from October 2023 to November 2023, certain countries experienced changes in their inflation rates. In November 2023, Zambia saw an increase from 13.6% to 13.7%, South Africa's food inflation increased from 8.7 to 9.0%, India's from 6.6% to 8.7%, Russia's from 6.0% to 7.2% and Brazil from 0.5% to 0.6%. Conversely, Namibia decreased from 9.4% to 9.2% while China, on the other hand, indicated a deflation rate of 4.2%.

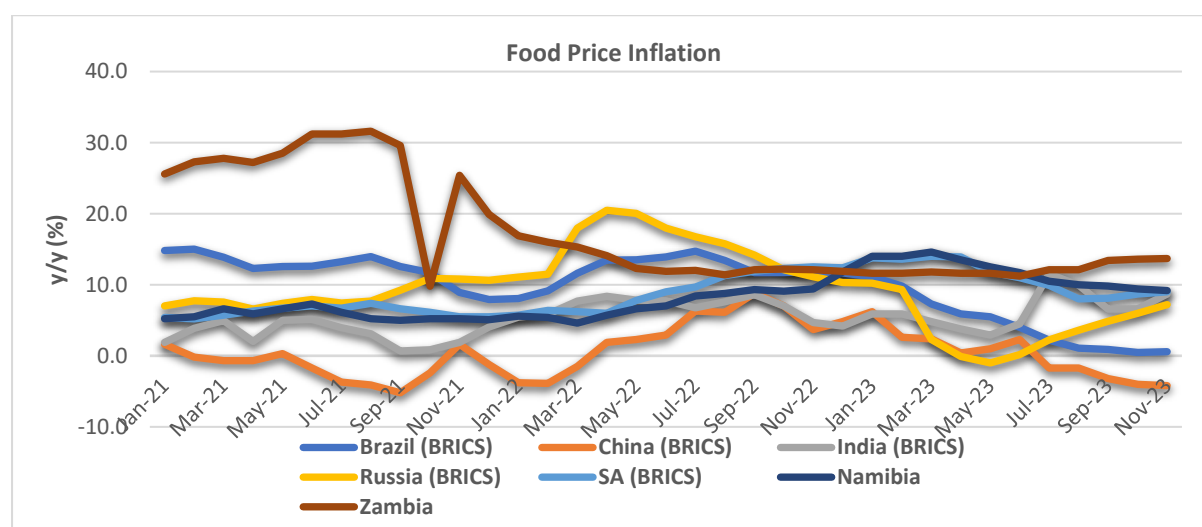


Figure 1: Global food inflation

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

Figure 2 presents the trend in the Consumer Price Index (CPI) for South Africa from November 2017 to November 2023, along with the inflation rate for food and non-alcoholic beverages (NAB). On 13 December 2023, the official release by Statistics South Africa (Stats SA) confirmed the CPI for November 2023. For November 2023, the annual headline CPI registered at 5.5%, a slight decrease from the 5.9% reported in October 2023. However, the inflation rate for food and non-alcoholic beverages increased to 9.0%, marking a minor increase from the 8.7% reported in October 2023. Notably, the increases in both the headline CPI and NAB inflation were influenced by significant rises in various food categories. For instance, vegetables experienced a substantial 23.5% surge in November 2023, followed by sugar, sweets & desserts at 18.5%, milk, eggs & cheese at 13.9%, fruits at 11.5%, other foods at 10.9%, unprocessed foods at 10.8%, bread & cereals at 8.5%, processed foods at 7.3%, fish at 6.7% and meat at 3.5%.

South Africa's food inflation is anticipated to persist in its upward trajectory in the coming months, driven by uncertainties around the El Niño conditions affecting sugar cane production, particularly in the Northern Hemisphere, along with heightened oil prices. Concurrently, the South African poultry industry faces substantial risks due to the ongoing Avian Influenza outbreak, leading to bird culling and reduced supplies of poultry meat and eggs. As of November 2023, the price for one metric ton of white maize averaged R4 101.77, representing a small 1.1% increase from October 2023. Similarly, yellow maize

averaged R3 834.32 per ton, reflecting a 1.2% decrease from the previous month. Sunflower prices averaged R9 070.82, indicating a 2.7% increase from the preceding month's price. Notably, South Africa's inflation rate has consistently remained within the central bank's target range of 3% to 6% since June 2023. This stability prompted the South African Reserve Bank (SARB) to halt recent interest rate hikes after the latest monetary policy meeting.

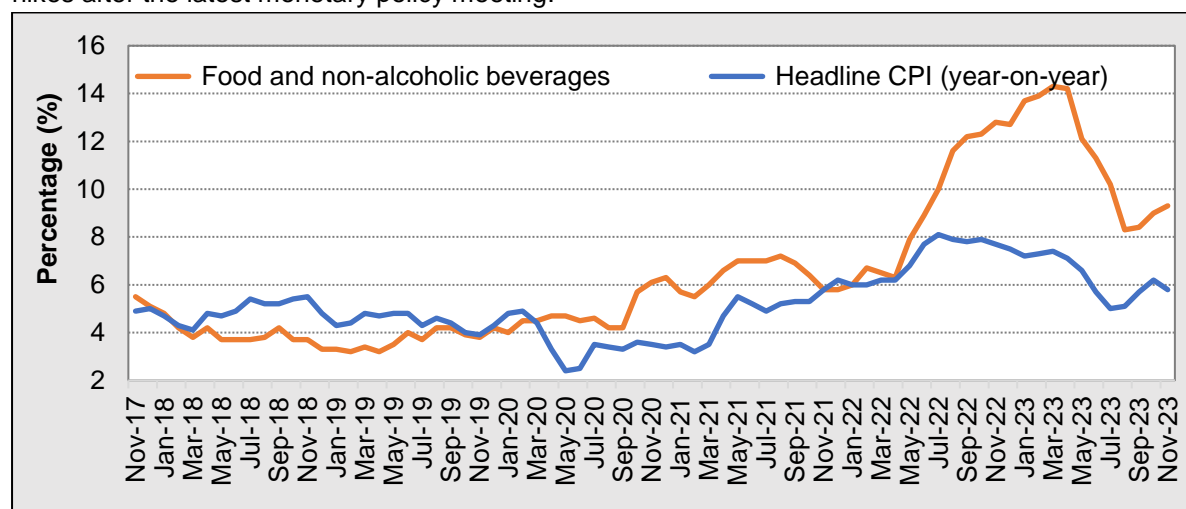


Figure 2: South Africa's headline CPI and Food & non-alcoholic beverages' CPI

Source: Stats SA, 2023; NAMC calculations

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

Table 1 presents a comparative analysis of expenses associated with selected food items in both urban and rural areas during November 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, which exhibited the most substantial price difference of R5.57, followed by peanut butter (R1.28), bananas (R0.83), a loaf of brown bread (R0.81), a loaf of white bread (R0.71), rice (R0.47), white sugar (R0.41) and maize meal (R0.30), in comparison to their rural counterparts. On average, urban consumers paid 0.73 cents more for these 11 food items. This information highlights 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 November 2023 (R/unit)	Rural Food Prices November 2023 (R/unit)	The price difference (R/unit)
Full cream milk – long life 1ℓ	19.49	20.01	-0.52
A loaf of brown bread 700g	17.12	16.31	0.81
A loaf of white bread 700g	18.51	17.80	0.71
Banana per kg	21.86	21.03	0.83
Maize meal 2.5 kg	37.04	36.74	0.30
Margarine spread 500g	38.30	38.96	-0.66
Peanut butter 400g	43.28	42.00	1.28
Rice 2kg	43.49	43.02	0.47
Sunflower oil 750mℓ	36.04	37.16	-1.12
Ceylon/black tea 250g	51.63	46.06	5.57
White sugar 2.5kg	62.02	61.61	0.41
			0.73

Source: Stats SA. 2023; NAMC calculations

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

In this section, the NAMC's 28-item urban food basket's cost is explained through a comparison of average food prices in November 2023 and November 2022. The cost of the NAMC's 28-item urban food basket increased by 10.1% in November 2023 compared to the same period last year, reaching R1 232.19 compared to R1 221.52, with a monthly (October 2023 – November 2023) increase of 0.9%.

Table 2 presents the 28 food items composing the NAMC urban food basket in terms of their nominal prices. Between November 2023 and November 2022, among these 28 items, 20 witnessed price increases that exceeded the inflation target set by the South African Reserve Bank (SARB) of 6%. Notable products in this category include potatoes, which experienced a substantial price surge of 67.2%, followed by bananas (31.9%), white sugar (26.1%), Ceylon/black tea (25.2%), rice (24.2%), oranges (16.2%), instant coffee (15.9%), eggs (15.1%), peanut butter (14.7%), tomatoes (14.5%), polony (14.2%), baked beans (13.8%), apples (12.7%), onions (10.0%), full cream milk (8.9%), cheddar cheese (8.8%), fish (8.3%), dried beans (8.0%), IQF chicken portions (7.1%) and cabbage (6.9%).

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

Category	Product	Nov-22 R/unit	Oct-23 R/unit	Nov-23 R/unit	Change year- on-year (%)	Change month- on-month (%)
Beans	Baked beans - tinned 410g	13.90	15.56	15.82	13.8%	1.7%
	Beans - dried 500g	27.97	29.11	30.22	8.0%	3.8%
	Peanut butter 400g	37.72	42.61	43.28	14.7%	1.6%
Coffee & Tea	Ceylon/black tea 250g	41.24	51.61	51.63	25.2%	0.0%
	Instant coffee 250g	49.83	57.65	57.74	15.9%	0.2%
Dairy & Eggs	Cheddar cheese per kg	132.01	148.15	143.67	8.8%	-3.0%
	Eggs 1.5 dozen	54.98	57.46	63.26	15.1%	10.1%
	Full cream milk - long life 1ℓ	17.90	19.54	19.49	8.9%	-0.3%
Fats & Oils	Brick margarine 500g	28.79	28.31	28.68	-0.4%	1.3%
	Sunflower oil 750mℓ	38.12	36.01	36.04	-5.5%	0.1%
Fruit	Apples per kg	19.41	21.23	21.87	12.7%	3.0%
	Bananas per kg	16.57	21.20	21.86	31.9%	3.1%
	Oranges per kg	17.92	19.16	20.82	16.2%	8.7%
Animal Protein	Beef mince per kg	106.90	103.78	103.78	-2.9%	0.0%
	Beef offal per kg	50.08	50.13	49.52	-1.1%	-1.2%
	Chicken giblets per kg	44.46	46.75	47.10	5.9%	0.7%
	Fish (excl tuna) - tinned 400g	24.42	26.37	26.45	8.3%	0.3%
	IQF chicken portions 2kg	86.69	91.19	92.85	7.1%	1.8%
	Polony 1kg	47.12	54.48	53.81	14.2%	-1.2%
Bread & Cereals	Loaf of brown bread 700g	16.74	17.06	17.12	2.3%	0.4%
	Loaf of white bread 700g	18.68	18.44	18.51	-0.9%	0.4%
	Rice 2kg	35.01	43.70	43.49	24.2%	-0.5%
	Maize meal 5kg	65.01	66.59	68.02	4.6%	2.1%
Vegetables	Cabbage each	18.07	19.48	19.31	6.9%	-0.9%
	Onions per kg	21.26	24.62	23.38	10.0%	-5.0%
	Potatoes per kg	14.01	22.82	23.42	67.2%	2.6%
	Tomatoes per kg	25.35	26.49	29.03	14.5%	9.6%
Sugary foods	White sugar 2.5kg	49.18	62.02	62.02	26.1%	0.0%
Total Rand Value		1 119.34	1 221.52	1 232.19	10.1%	0.9%

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 November 2023 with November 2022 (year-on-year) and November 2023 with October 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 26.1%. Following this was vegetables which saw an increase of 20.9%, coffee & tea increased by 20.1%, fruits increased by 19.8%, bean products increased by 12.2%, dairy & eggs increased by 10.5%, bread & cereals increased by 8.6% and animal products increased by 3.8%. While during the same period, fats & oil products decreased by 3.3%. On a month-on-month basis, fruits showed the most significant escalation at 4.8%, followed by bean products at 2.3%, vegetables at 1.9%, bread & cereals at 0.9%, fats & oil and dairy & eggs all increased by 0.6%. While coffee & tea increased by 0.1%, sugary foods had no change.

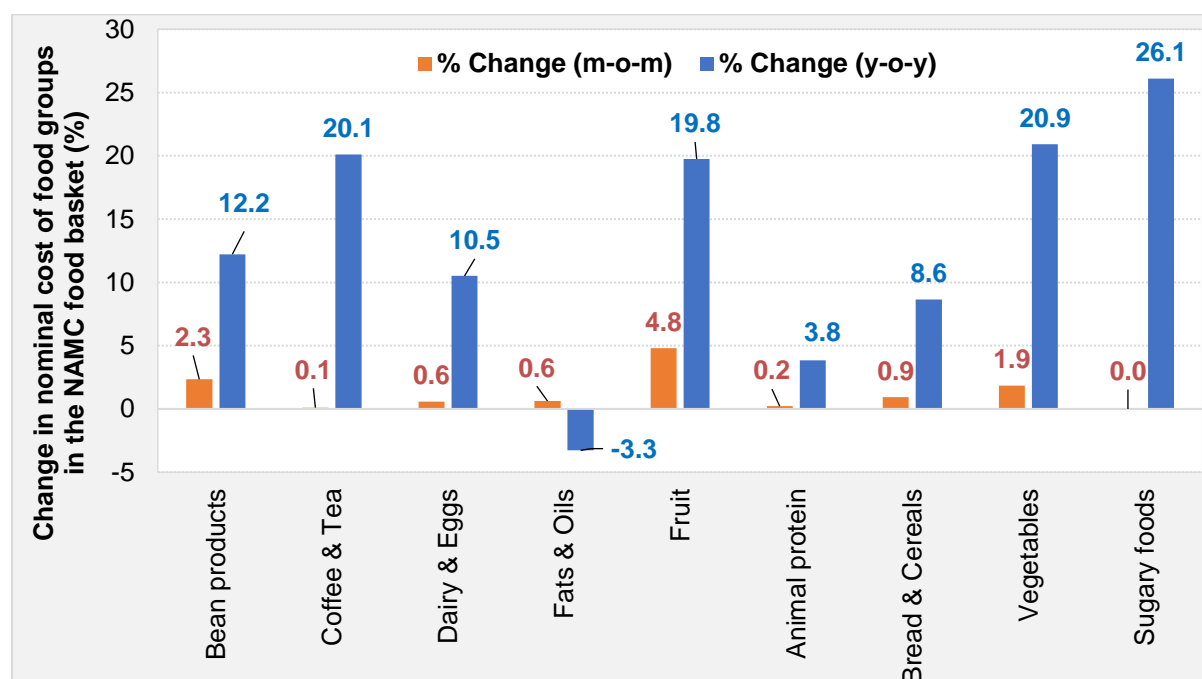


Figure 3: Nominal change in the cost of specific food groups within the NAMC's 28-item food basket, comparing November 2023 vs. November 2022 and November 2023 vs. October 2023

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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