

FOOD PRICE MONITOR

November 2023 Issue



NAMC

Promoting market access for South African agriculture

FOOD PRICE MONITOR

November 2023

Important note

Stats SA will update the Consumer Price Index (CPI) basket of goods and services and respective weights in the January 2025 CPI release. This update will mainly be based on the results of the income and expenditure survey for which fieldwork began in November 2022. The October 2023 CPI data was published on **Wednesday 22 November 2023** (see the link below for the CPI publication):

<https://www.statssa.gov.za/publications/P0141/P0141October2023.pdf>

EXECUTIVE SUMMARY

During October 2023, the Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) indicates that the annual headline CPI increased by 5.9%, while inflation for food and non-alcoholic beverages increased by 8.7%.

The Food and Agricultural Organization (FAO) of the United Nations (UN) publishes its Food Price Index (FPI) on a monthly basis. The FPI consists of five commodity group price indices, namely, the Meat Price Index, the Dairy Price Index, the Cereals Price Index, the Oils Price Index and the Sugar Price Index. The FAO Food Price Index (FFPI) in nominal terms, averaged 120.6 points in October 2023, less by 0.7 points or 0.5% from September 2023, continuing the downward trend and standing 14.8 points (10.9%) below its corresponding value a year ago. The slight decrease observed in October reflects declines in the price indices for sugar, cereals, vegetable oils and meat, while the index for dairy products rebounded.

In October 2023, the cost of the 28-item NAMC urban food basket was R1 221.52 as compared to R1 109.58 in October 2022, equivalent to a 10.1% increase on a year-on-year basis, and an increase by 2.0% from September 2023 (R1 197.68).

Comparing October 2023 to October 2022 retail prices, higher price inflation (6.0% or more) was observed for the following products within the NAMC food basket (in order from highest to lowest inflation); potatoes, bananas, Ceylon/black tea, white sugar, rice, polony, onions, instant coffee, cheddar cheese, apples, full cream long life milk, baked beans, peanut butter, chicken giblets, oranges, canned pilchards, cabbage, maize meal and IQF chicken portions.

In the coming months, food inflation will remain sensitive due to 1) global price dynamics, 2) weather conditions, and 3) higher input prices due to exchange rate fluctuations and the pressure of load shedding effects on farm level as well as throughout the value chain.

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1. Introduction

Figure 1 shows trends of the headline CPI and food and non-alcoholic beverage inflation rate on a monthly basis, from October 2017 to October 2023. During October 2023, the Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) indicates that the annual headline CPI increased by 5.9%, while inflation for food and non-alcoholic beverages increased by 8.7%. The headline inflation and the food and non-alcoholic beverage inflation was 5.4% and 11.0% during June 2023, respectively.

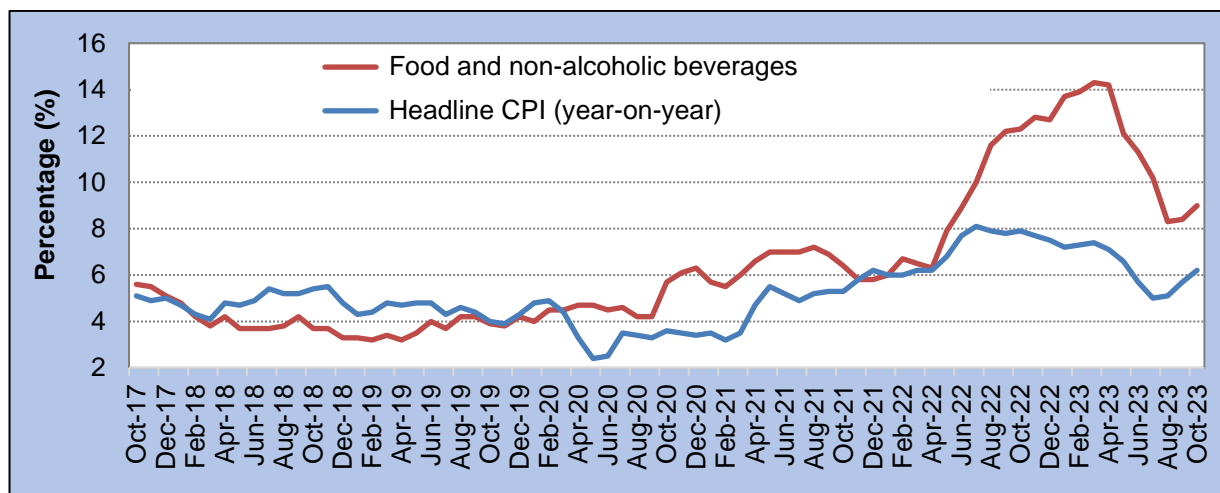


Figure 1: Headline CPI and food and non-alcoholic beverage inflation

Source: Stats SA, 2023

Figure 2 presents components of the food and non-alcoholic beverage index changes. Comparing October 2023 with October 2022, the following changes, in descending order, were reported: vegetables (23.6%), sugary foods (17.6%), milk, eggs & cheese (12.4%), other food items (11.3%), unprocessed foods (9.7%), bread & cereals (8.8%), fruit (8.5%), processed foods (7.9%), fish (7.7%), meat (3.4%) and oils & fats (-5.6%). Comparing October 2023 with September 2023, the following changes, in descending order, were reported: vegetables (7.1%), fruit (5.8%), unprocessed foods (2.8%), milk, eggs & cheese (2.5%), other food items (1.5%), oils & fats (1.3%), sugary foods (0.9%), processed foods (0.6%), meat (0.6%), bread & cereals (0.3%), and fish (0.1%).

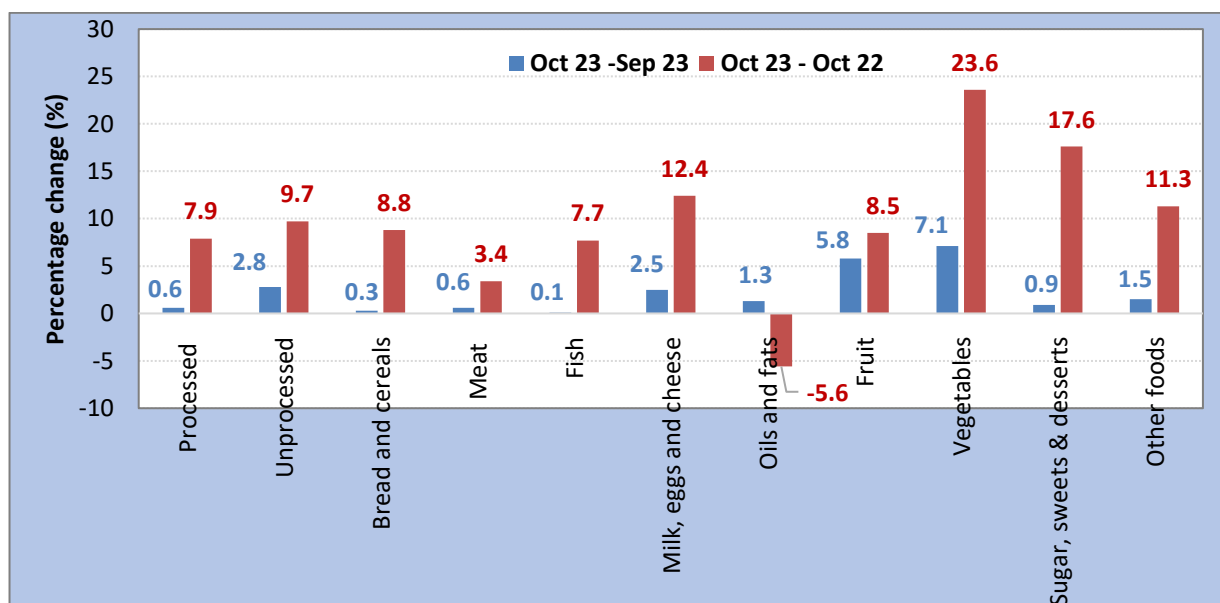


Figure 2: Annual (October 2023 vs. October 2022) and monthly (October 2023 vs. September 2023) changes in CPI for the different food categories

Source: Stats SA, 2023

2. Overall inflation and food inflation: South Africa and selected countries

Table 1 shows the year-on-year (y-o-y) overall inflation and food inflation rates from August 2023 to October 2023 for South Africa and other selected countries. South Africa's overall inflation for October 2023 reached 5.9% while food inflation reached 8.7%. Food categories with the largest annual contribution to South Africa's food inflation include vegetables, sugary foods, milk, eggs & cheese, other foods and unprocessed categories. Turkey's overall inflation rate for October 2023 reached 61.4%, with food inflation reaching 72.0%. China's overall inflation rate was -0.2%, with food inflation of -4.0%. Considering the inflation rates of Brazil, Russia, India, China and South Africa (BRICS countries), China recorded the lowest overall inflation of -0.2%, while South Africa registered the highest food inflation rate at 8.7% in October 2023.

Table 1: Overall inflation and food inflation from August 2023 to October 2023

| Country | August 2023 | | September 2023 | | October 2023 | |
|-----------------------|-----------------------|--------------------|-----------------------|--------------------|-----------------------|--------------------|
| | Overall inflation (%) | Food inflation (%) | Overall inflation (%) | Food inflation (%) | Overall inflation (%) | Food inflation (%) |
| Botswana | 1.2 | 9.0 | 3.2 | 7.7 | 3.1 | 6.5 |
| Brazil | 4.6 | 1.1 | 5.2 | 0.9 | 4.8 | 0.5 |
| China | 0.1 | -1.7 | 0.0 | -3.2 | -0.2 | -4.0 |
| India | 6.8 | 9.9 | 5.0 | 6.6 | 4.9 | 6.6 |
| Namibia | 4.7 | 10.0 | 5.4 | 9.8 | 6.0 | 9.4 |
| Russia | 5.2 | 3.6 | 6.0 | 4.9 | 6.7 | 6.0 |
| South Africa | 4.8 | 8.0 | 5.4 | 8.1 | 5.9 | 8.7 |
| Turkey | 58.9 | 72.9 | 61.5 | 75.1 | 61.4 | 72.0 |
| United Kingdom | 6.7 | 13.6 | 6.7 | 12.1 | 4.6 | 10.1 |
| United States | 3.7 | 4.3 | 3.7 | 3.7 | 3.2 | 3.3 |
| Zambia | 10.8 | 12.7 | 12.0 | 13.4 | 12.6 | 13.6 |

Sources: Central banks and statistics reporting institutions of these countries, 2023

In general, Turkey registered the highest and increasing trend of inflation amongst all the countries considered in this section between August and October 2023 while the trend for China declined.

3. Annual urban food price trends: October 2023 vs. October 2022

Table 2 ranks selected food items pertaining to urban areas according to their various inflation rates. The food products highlighted in **Table 2** are those with annual urban inflation rates exceeding the South African Reserve Bank's (SARB) inflation upper band of 6%.

Table 2: Food items in the urban areas ranked (October 2023 vs. October 2022)

| Grain and oil products | % | Meat, meat products, dairy, dairy products and eggs | % | Fresh and processed fruits and vegetables | % |
|--------------------------|-------|---|-------|---|----------|
| Sunflower oil 750ml | -10.1 | Beef stew per kg | -12.4 | Lettuce each | -0.8 |
| Loaf of white bread 700g | -0.5 | Beef T-bone per kg | -7.3 | Beans - dried 500g | 5.4 |
| Brick margarine 500g | 0.5 | Lamb/Mutton stew per kg | -6.2 | Tomatoes per kg | 5.5 |
| Spaghetti 500g | 1.4 | Beef fillet per kg | -5.1 | Cabbage each | 7.2 |
| Loaf of brown bread 700g | 1.9 | Lamb/Mutton leg per kg | -4.3 | Oranges per kg | 9.1 |
| Pasta 500g | 2.4 | Lamb/Mutton neck per kg | -4.0 | Baked beans - tinned 410g | 12.5 |
| Macaroni 500g | 3.2 | Beef rump steak per kg | -3.9 | Apples per kg | 13.9 |
| Maize meal 5kg | 7.0 | Beef chuck per kg | -3.2 | Onions per kg | 19.6 |
| Cake flour 2.5kg | 7.5 | Beef brisket per kg | -2.7 | Bananas per kg | 42.1 |
| Maize meal 2.5kg | 9.0 | Beef mince per kg | -2.6 | Potatoes - fresh per kg | 63.8 |
| Peanut butter 400g | 11.1 | Whole chicken - fresh per kg | -2.6 | | |
| Margarine spread 500g | 11.9 | Eggs 1.5 dozen | -1.7 | | |
| Samp 1kg | 18.3 | Lamb/Mutton rib chop per kg | -1.7 | | |
| Rice 2kg | 22.5 | Beef sirloin per kg | -1.4 | | |
| Instant noodles 73g | 25.3 | Sausage per kg | -0.9 | Other | % |
| Rice 1kg | 27.2 | Beef offal per kg | -0.8 | Instant coffee 250g | 16.2 |
| | | Lamb/Mutton loin chop per kg | 1.2 | White sugar 2.5kg | 23.9 |
| | | Tuna - tinned 170g | 3.3 | Ceylon/black tea 250g | 29.2 |
| | | Pork chops per kg | 4.0 | | |
| | | Full cream milk - fresh 2l | 4.1 | | |
| | | Lamb/Mutton offal per kg | 4.8 | | |
| | | Chicken portions frozen - non IQF per kg | 5.0 | | |
| | | Ham 500g | 6.2 | | |
| | | IQF chicken portions 2kg | 6.3 | | |
| | | Pork fillet per kg | 6.4 | | |
| | | Corned beef 300g | 8.0 | | |
| | | Low fat milk - fresh 2l | 8.0 | | |
| | | Fish (excl tuna) - tinned 400g | 8.3 | | |
| | | Pork ribs per kg | 8.4 | | |
| | | Chicken giblets per kg | 9.7 | | |
| | | Powdered milk 900g | 10.1 | | |
| | | Chicken portions - fresh per kg | 10.3 | | |
| | | Low fat milk - long life 1l | 11.4 | | |
| | | Bacon 200g | 12.4 | | |
| | | Full cream milk - long life 1l | 12.6 | | |
| | | Cheddar cheese per kg | 15.1 | | |
| | | Polony 1kg | 19.9 | | |

Source: Stats SA, 2023

Note: Food items highlighted in the table above experienced price increases above the SARB inflation target of 6%.

A closer look at annual food price trends: October 2023 against October 2022

Comparing October 2023 against October 2022, the international price of wheat decreased by 31.9%, while domestic wheat prices decreased by 14.0%. Urban consumers paid 1.9% more for a loaf of brown bread (700g) and 0.5% less for a loaf of white bread (700g). Domestic yellow maize prices decreased by 22.8%, while international yellow maize prices decreased by 32.9%. Domestic white maize prices decreased by 20.9%. Maize meal prices (2.5kg) increased by 9.0% in urban areas. During the same period, the urban prices of sunflower oil (750ml) decreased by 10.1%. Domestic prices of sunflower seed decreased by 19.0% annually, while international sunflower seed prices decreased by 28.1%.

Comparing October 2023 vs. October 2022, average beef producer prices (R/kg) of classes A2/A3, B2/B3 and C2/C3 decreased by 11.8%, 11.7% and 4.8%, respectively. Lamb/mutton producer prices (R/kg) of classes B2/B3 and C2/C3 decreased by 5.9% and 1.6%, while class A2/A3 increased by 13.3%. Abattoir selling prices of frozen, fresh chicken portions and individually quick frozen (IQF) chicken portions increased by 18.1%, 13.7% and 9.5%, respectively. Baconer and porker producer prices (R/kg) increased by 22.1% and 21.5%, respectively, during the same period. Thus, the above-mentioned general changes generally influenced the observed changes in the specific livestock-derived products reported in [Table 2](#).

4. Monthly urban price comparison: October 2023 vs. September 2023

Table 3 compares prices of selected food items in urban areas for October 2023 and September 2023. Food items showing the largest monthly price differences are bananas (per kg) with a difference of R2.10, Ceylon/black tea (250g) at a difference of R1.63, peanut butter (400g) at a difference of R1.50, rice (2kg) at a difference of R1.21, white sugar (2.5kg) at a difference of R0.97, a loaf of brown bread (700g) at a difference of R0.10, a loaf of white bread (700g) at a difference of R0.05, maize meal (2.5kg) at a difference of R0.05 and sunflower oil (750ml) at a difference of R0.03. The following products showed a decline in prices; full cream long life milk (1ℓ) with a difference of -R0.05 and margarine spread (500g) with a difference of -R0.04. This indicates that urban consumers paid on average R0.69 more for these 11 food items during October 2023 compared to September 2023.

Table 3: Comparison between urban food prices (selected food items)

| Product | Urban Food Prices September 2023 (R/unit) | Urban Food Prices October 2023 (R/unit) | Price difference (R/unit) |
|--------------------------------|--|--|---------------------------------|
| Full cream milk – long life 1ℓ | 19.59 | 19.54 | -0.05 |
| Loaf of brown bread 700g | 16.96 | 17.06 | 0.10 |
| Loaf of white bread 700g | 18.39 | 18.44 | 0.05 |
| Bananas per kg | 19.10 | 21.20 | 2.10 |
| Maize meal 2.5 kg | 36.81 | 36.86 | 0.05 |
| Margarine spread 500g | 38.08 | 38.04 | -0.04 |
| Peanut butter 400g | 41.11 | 42.61 | 1.50 |
| Rice 2kg | 42.49 | 43.70 | 1.21 |
| Sunflower oil 750ml | 35.98 | 36.01 | 0.03 |
| Ceylon/black tea 250g | 49.98 | 51.61 | 1.63 |
| White sugar 2.5kg | 61.05 | 62.02 | 0.97 |
| Average difference (R/unit) | | | 0.69 |

Source: Stats SA, 2023

5. Annual rural food price trends: October 2023 vs. October 2022

Table 4 ranks selected food items pertaining to rural areas according to their various inflation rates. The food products highlighted in **Table 4** are those with annual rural inflation rates exceeding the South African Reserve Bank's (SARB) inflation upper band of 6%.

Table 4: Food items in rural areas ranked by change in inflation (October 2023 vs. October 2022)

| Grain and oil products | % | Meat, meat products, dairy, dairy products and eggs | % | Fresh and processed fruits and vegetables | % |
|--------------------------|--------|---|-------|---|----------|
| Sunflower oil 2ℓ | -12.2% | Beef rump steak per kg | -1.6% | Cabbage per kg | 0.0% |
| Sunflower oil 750ml | -11.4% | Beef brisket per kg | 0.5% | Onions per kg | 0.5% |
| Sunflower oil 500ml | -8.8% | Beef T-bone per kg | 1.5% | Beans - dried 1kg | 6.4% |
| Peanut butter 270g | -3.6% | Beef chuck per kg | 2.0% | Beans - dried 2kg | 7.2% |
| Loaf of white bread 600g | -3.4% | Full cream milk - fresh 1ℓ | 2.3% | Cabbage each | 12.8% |
| Brick margarine 250g | -2.8% | Full cream milk - long life 500ml | 3.1% | Beans - dried 500g | 15.2% |
| Loaf of brown bread 600g | 0.2% | Fish (excl tuna) - tinned 400g | 5.6% | Tomatoes per kg | 18.6% |
| Loaf of white bread 700g | 1.8% | Full cream milk - fresh 2ℓ | 8.1% | Apples per kg | 19.5% |
| Special maize 2.5kg | 3.4% | Full cream milk - long life 1ℓ | 10.7% | Oranges per kg | 31.0% |
| Loaf of brown bread 700g | 3.6% | Chicken portions - fresh per kg | 11.6% | Bananas per kg | 31.9% |
| Rice 500g | 4.3% | Low fat milk - fresh 2ℓ | 13.3% | Potatoes - fresh per kg | 45.7% |
| Brick margarine 500g | 4.8% | Fish (excl tuna) - tinned 155g | 16.3% | Potatoes - fresh 10kg | 50.1% |
| Margarine spread 500g | 7.0% | Beef fillet per kg | 20.7% | | |
| Peanut butter 800g | 7.3% | Full cream milk - fresh 500ml | 22.5% | | |
| Margarine spread 1kg | 9.5% | Eggs 1.5 dozen | 24.1% | Other | % |
| Brick margarine 125g | 10.2% | | | Ceylon/black tea 125g | 8.9% |
| Peanut butter 400g | 12.6% | | | Instant coffee 100g | 9.9% |
| Rice 1kg | 16.2% | | | Ceylon/black tea 62.5g | 12.7% |
| Rice 2kg | 22.1% | | | White sugar 1kg | 16.4% |
| Super maize 2.5kg | 34.6% | | | White sugar 2.5kg | 19.7% |
| | | | | Ceylon/black tea 250g | 22.7% |
| | | | | Instant coffee 250g | 24.5% |
| | | | | White sugar 5kg | 24.6% |
| | | | | Instant coffee 750g | 31.4% |
| | | | | Ceylon/black tea 200g | 65.3% |

Source: Stats SA, 2023

Note: Food items highlighted in the table above experienced price increases above the SARB inflation target of 6%.

6. Monthly comparison between urban and rural area prices for October 2023

A comparison of the cost of selected food items in urban with rural areas in October 2023 is provided in **Table 5**. In October 2023, the food items with the highest price differences between urban and rural areas were: Ceylon/black tea with a price difference of R4.78, rice (R1.72), bananas (R1.54), peanut butter with a R0.93 difference, a loaf of white bread (R0.69) and maize meal with a price difference of R0.54. On average, urban consumers spent R0.73 more on these 11 food items. However, it is worth noting that there were some food items where rural consumers paid more than urban consumers during October 2023, and these are margarine spread and full cream long life milk.

Table 5: Comparison between urban and rural food prices (selected food items)

| Product | Urban Food Prices October 2023 (R/unit) | Rural Food Prices October 2023 (R/unit) | Price difference (R/unit) |
|--------------------------------|--|--|---------------------------------|
| Full cream milk – long life 1ℓ | 19.54 | 20.15 | -0.61 |
| Loaf of brown bread 700g | 17.06 | 16.60 | 0.46 |
| Loaf of white bread 700g | 18.44 | 17.75 | 0.69 |
| Bananas per kg | 21.20 | 19.66 | 1.54 |
| Maize meal 2.5 kg | 36.86 | 36.32 | 0.54 |
| Margarine spread 500g | 38.04 | 40.27 | -2.23 |
| Peanut butter 400g | 42.61 | 41.68 | 0.93 |
| Rice 2kg | 43.70 | 41.98 | 1.72 |
| Sunflower oil 750mℓ | 36.01 | 35.99 | 0.02 |
| Ceylon/black tea 250g | 51.61 | 46.83 | 4.78 |
| White sugar 2.5kg | 62.02 | 61.80 | 0.22 |
| Average difference (R/unit) | | | 0.73 |

Source: Stats SA, 2023

7. International food prices

The Food and Agricultural Organization (FAO) of the United Nations (UN) publishes its Food Price Index (FPI) monthly. The FPI consists of five commodity group price indices, namely, the Meat Price Index, the Dairy Price Index, the Cereals Price Index, the Oils Price Index and the Sugar Price Index. These indices are weighted with the average export shares of each of the groups from 2014 to 2016. In total, 95 price quotations are considered by FAO commodity specialists as representing the international prices of the noted food commodities, and are included in the overall index. **Figure 3** shows the overall monthly real (*deflated*) FAO FPI from 2016 to 2023, with October 2023 reaching an index level of 116.0 points, which is lower by 12.4% from October 2022.

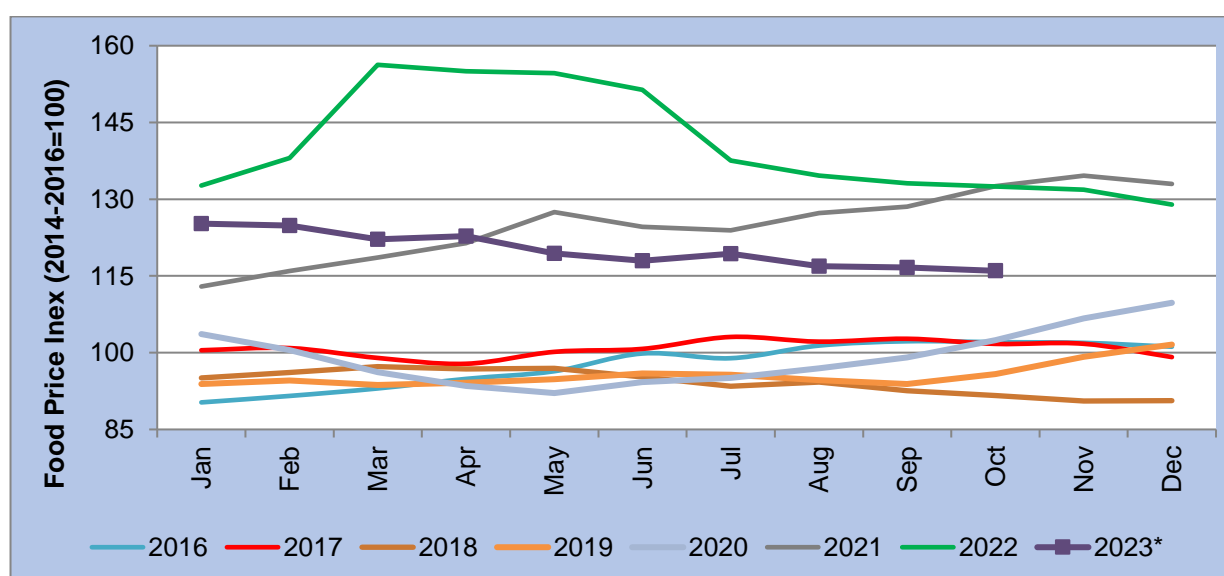


Figure 3: International monthly real FPI

Source: FAO, 2023

*Note: Current year

Figure 4 shows the price indices in *real terms* for five food categories. The monthly (October 2023 vs. September 2023) growth percentages indicate decreasing trends for four of the five indices. The annual (October 2023 vs. October 2022) growth percentages indicate a decrease of 32.6% for the Oils Price Index, 29.2% for the Dairy Price Index, 28.9% for the Cereals Price Index and 5.8% for the Meat Price Index. The Sugar Price Index increased by 46.9%.

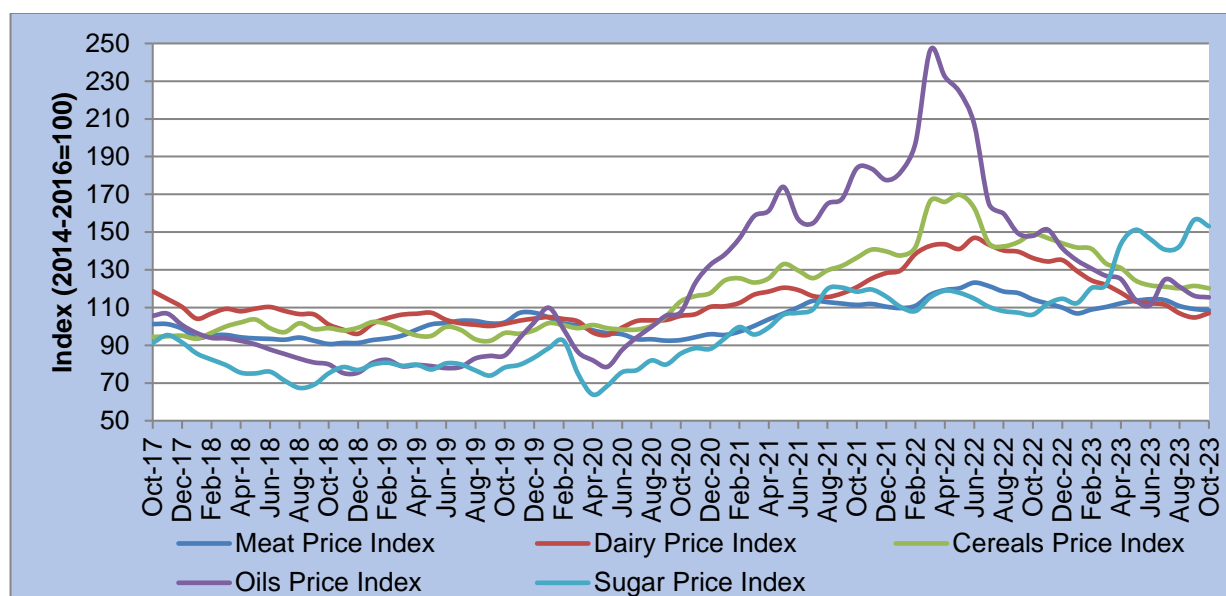


Figure 4: Real price indices for five food categories

Source: FAO, 2023

The **FAO Food Price Index (FFPI)**¹ in *nominal terms*, averaged 120.6 points in October 2023, less by 0.7 points or 0.5% from September 2023, shows a continuing downward trend and stood at 14.8 points (10.9%) below its corresponding value a year ago. The slight decrease in October reflects declines in the price indices for sugar, cereals, vegetable oils and meat, while the index for dairy products rebounded.

The **FAO Cereal Price Index** in *nominal terms*, averaged at 125.0 points in October 2023, which is 1.3 points or 1.0% less from September 2023 and as much as 27.3 points (17.9%) from its value a year ago. International wheat prices fell by 1.9% in October 2023, reflecting generally higher-than-earlier-anticipated supplies in the United States of America and strong competition among exporters. By contrast, international prices of coarse grains firmed marginally, increasing by 0.6 % month-on-month. Diminishing maize supplies in Argentina placed upward pressure on world maize prices, but this was capped by higher seasonal supplies in the United States of America, where the harvest progressed, and a strong export competition from Brazil. Among other coarse grains, world sorghum prices rose in October 2023, while barley prices declined. International rice prices declined by 2.0% month-on-month in October 2023, weighed by generally passive global import demand.

The **FAO Vegetable Oil Price Index** in *nominal terms*, averaged at 120.0 points in October 2023, down 0.9 points or 0.7% from September 2023, marking the third successive monthly decline and standing 31.3 points (20.7%) below its value one year ago. The marginal fall in the price index mainly reflected lower world palm oil prices, more than offsetting higher prices of soy, sunflower and rapeseed oils. International palm oil prices continued to drop in October 2023, mainly due to seasonally higher outputs in leading producing countries as well as prolonged subdued global import demand. By contrast, world soy oil prices

¹Unlike for other commodity groups, most prices utilized in the calculation of the FAO Meat Price Index are not available when the FAO Food Price Index is computed and published; therefore, the value of the Meat Price Index for the most recent months is derived from a mixture of projected and observed prices. This can, at times, require significant revisions in the final value of the FAO Meat Price Index which could in turn influence the value of the FAO Food Price Index.

rebounded after declining for two months in a row, underpinned by robust demand from the biodiesel sector, particularly in the United States of America. In the meantime, international sunflower oil quotations rose slightly on firm global import purchases, while rapeseed oil also increased moderately on reduced crop prospects in Canada.

The **FAO Dairy Price Index** in *nominal terms*, averaged at 111.3 points in October 2023, up 2.4 points or 2.2% from September 2023, following nine months of consecutive declines, but still down 28.0 points (20.1%) from its value one year ago. In October 2023, world milk powder prices increased the most, principally driven by surges in import demand for both near- and longer-term supplies, especially from Northeast Asia. Tight milk supplies in Western Europe and some uncertainty over the impact of the El Niño weather conditions on the upcoming milk production in Oceania added further upward pressure on prices. World butter prices also rose due to increased retail sales ahead of the winter holidays in Western Europe and higher import demand from Northeast Asia. By contrast, international cheese prices dropped slightly due to the impact of the continued weakening of the Euro against the United States dollar and increased exportable availabilities in Oceania.

The **FAO Meat Price Index**² in *nominal terms*, averaged at 112.9 points in October 2023, down slightly (0.7 points, or 0.6% from September 2023, marking the fourth consecutive monthly decline, and standing 3.9 points (3.4%) below its value a year ago. In October 2023, international pig meat prices declined for the third consecutive month, principally driven by the persistently sluggish import demand, especially from some East Asian countries, with further downward pressure stemming from high exportable availabilities in some leading suppliers. By contrast, world poultry meat prices rebounded slightly, as avian influenza outbreaks continued to constrain supplies from several world leading suppliers amid robust consumer demand due to the relative affordability of poultry meat. International bovine and ovine meat prices also increased marginally, reflecting the persistent, robust import demand from some leading importers, notwithstanding ample supplies of bovine meat from Australia and Brazil and ovine meat from Oceania.

The **FAO Sugar Price Index** in *nominal terms*, averaged at 159.2 points in October 2023, down 3.5 points or 2.2% from September 2023 after two consecutive monthly increases. International sugar quotations remained, however, 50.6 points (46.6%) above their levels in the same month last year. The decline in October 2023 was mainly driven by a strong pace of production in Brazil, despite the negative impact of rains on sugarcane crushing in the first half of October 2023. The weakening of the Brazilian real against the United States dollar and lower ethanol prices in Brazil also weighed on world sugar quotations. However, persistent concerns over a tighter global supply outlook in the recently started 2023/24 season, together with shipment delays from Brazil due to logistical constraints, capped the declines of world sugar prices.

² Unlike for other commodity groups, most prices utilized in the calculation of the FAO Meat Price Index are not available when the FAO Food Price Index is computed and published; therefore, the value of the Meat Price Index for the most recent months is derived from a mixture of projected and observed prices. This can, at times, require significant revisions in the final value of the FAO Meat Price Index which could in turn influence the value of the FAO Food Price Index.

8. Impact of food inflation on consumers

The purpose of this section is to assess the impact of food inflation on consumers. The descriptive analysis presented in the first part of this section is based on the cost of a basic food basket³ (as originally compiled by the Food Price Monitoring Committee in 2003 but the basic food basket was revised in March 2022). This report is based on monthly average food price data for the period October 2022 to October 2023.

In October 2023, the cost of this basic NAMC urban food basket was R1 221.52, equivalent to a 10.1% increase from October 2022 (year-on-year) and an increase by 2.0% from September 2023 (month-on-month). The cost of this food basket expressed as a share of the average monthly income⁴ of the poorest 30% of the population increased from 33.3% in October 2022 to 36.7% in October 2023. The cost of the food basket expressed as a share of the average monthly income of the wealthiest 20% of the population increased from 2.3% in October 2022 to 2.5% in October 2023. (Figure 5).

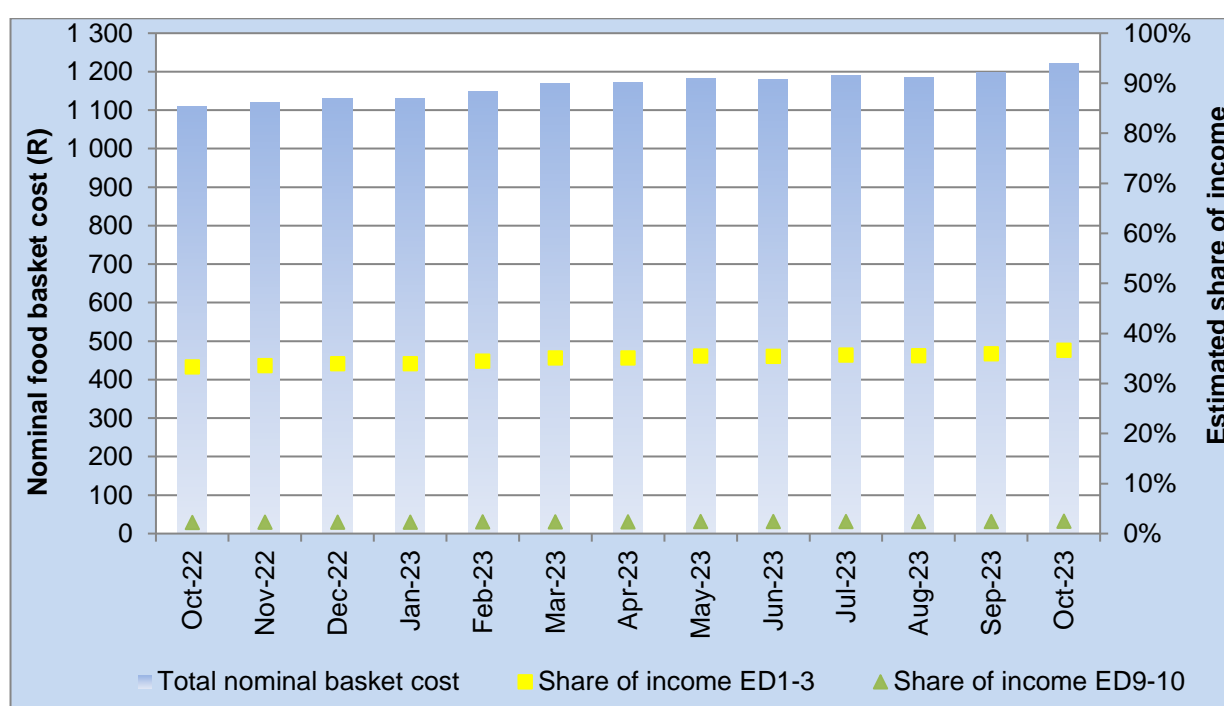


Figure 5: The cost of a typical consumer food basket for the period October 2022 to October 2023, expressed in nominal terms and as a share of the average income of the poorest 30% of households (Expenditure Deciles [ED] 1 to 3) and the wealthiest 20% of households (ED 9 to 10)

Sources: BFAP calculations, based on Stats SA monitored price data for urban areas, 2023

To further explore the impact of inflation on consumers, **Figure 6** shows the average monthly nominal cost of specific food groups within the basic food basket, comparing October 2023 to September 2023 as

³ Composition of food basket: Apples fresh (per kg), Baked beans tinned (410g), Bananas fresh (per kg), Beans dried (500g), Beef mince fresh (per kg), Beef offal fresh (per kg), Bread loaf brown (700g), Bread loaf white (700g), Cabbage fresh (per kg), Cheese cheddar (per kg), Chicken giblets (per kg), Chicken portions IQF (2kg), Coffee instant (250g), Eggs (1.5 dozen), Fish (excl. tuna) tinned (400g), Maize meal super (5kg), Margarine brick (500g), Milk full cream long life (1l), Onions fresh (per kg), Oranges fresh (per kg), Peanut butter (400g), Polony (per kg), Potatoes fresh (per kg), Rice (2kg), Sugar white (2.5kg), Sunflower oil (750ml), Tea Ceylon/black (250g), Tomatoes fresh (per kg).

⁴ The cost of the typical food basket was expressed as a share of estimated average monthly income of Expenditure Deciles 1 to 3, the poorest 30% of the population, as calculated from the STATSSA Living Conditions Survey 2014/2015 (household income estimated by total expenditure of households on all items) (inflation adjusted to current levels).

well as annually between October 2023 and October 2022. Food groups with more severe annual food inflation (above 10%) included sugar, coffee & tea, fruit, vegetables and dairy.

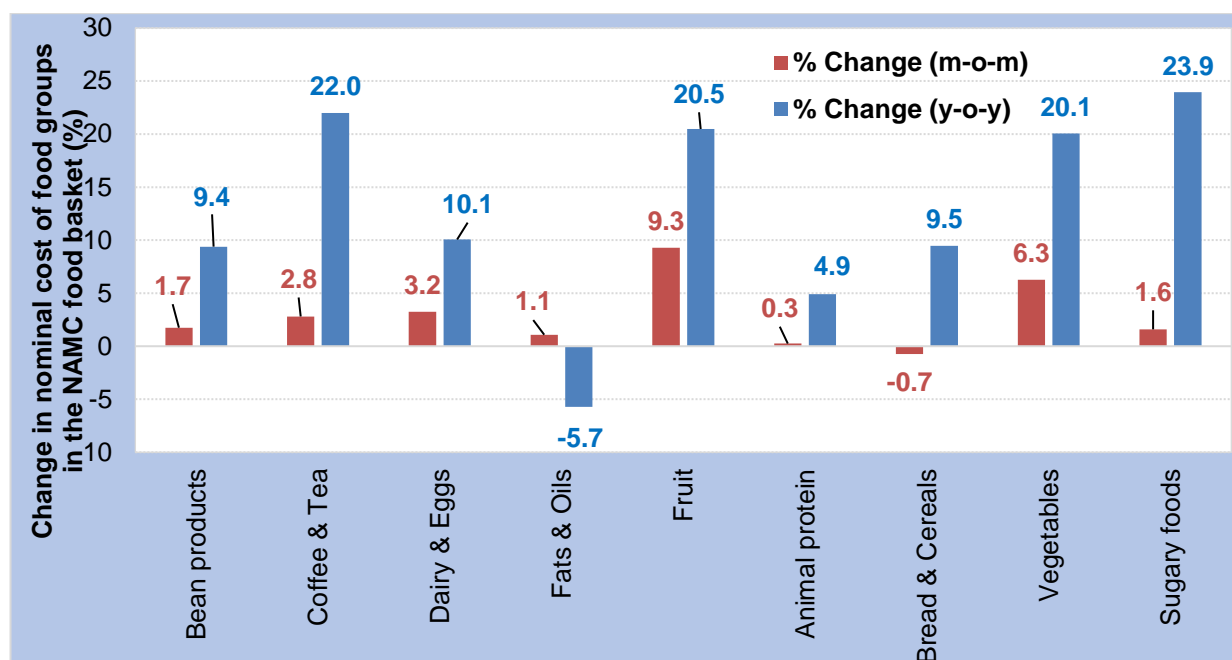


Figure 6: Nominal cost growth of specific food groups within the NAMC's 28-item food basket, comparing October 2023 to October 2022 (y-o-y) and October 2023 to September 2023 (m-o-m)

Sources: BFAP calculations, based on Stats SA monitored price data for urban areas, 2023

The various food groups within this food basket are presented in more detail in [Table 6](#) below.

Table 6: Overview of contributions to annual food price increases within the 28-item NAMC food basket, October 2023 vs. October 2022

| Food group | Overall inflation rate | | Major contributors to inflation in this category | Minor contributors to inflation in this category | Non-contributors to inflation in this category | Comments |
|----------------------------|------------------------------|-------------------------|--|--|--|--|
| | October 2023 vs October 2022 | July 2023 vs July 2022* | | | | |
| Animal protein | 4.9% | 8.5% | <i>Polony (+19.9%) Chicken giblets (+9.7%) Canned pilchards (+8.3%) IQF chicken portions (+6.3%)</i> | <i>None</i> | <i>Beef mince (-2.6%) Beef offal (-0.8%)</i> | <i>Inflation on all listed animal protein food options except mince and offal.</i> |
| Bread & cereals | 9.5% | 6.5% | <i>Rice (22.5%) Maize meal (+7.0%)</i> | <i>Brown bread (+1.9%)</i> | <i>White bread (-0.5%)</i> | <i>Inflation on rice and maize meal.</i> |
| Vegetables | 20.1% | 25.4% | <i>Potatoes (+63.8%) Onions (+19.6%) Cabbage (+7.2%)</i> | <i>Tomatoes (+5.5%)</i> | <i>None</i> | <i>Inflation on all listed vegetable food options.</i> |
| Fruit | 20.5% | 3.8% | <i>Bananas (+42.1%) Apples (+13.9%) Oranges (+9.1%)</i> | <i>None</i> | <i>None</i> | <i>High inflation on all listed fruit food options.</i> |
| Dairy | 27.7 | 30.4% | <i>Cheddar cheese (+15.1%) Milk (+12.6%)</i> | <i>None</i> | <i>None</i> | <i>Inflation on dairy.</i> |
| Eggs | -1.7 | -10.0% | <i>None</i> | <i>None</i> | <i>Eggs (-1.7%)</i> | |
| Fats & oils | -5.7% | -12.4% | <i>None</i> | <i>Brick margarine (+0.5%)</i> | <i>Sunflower oil (-10.1%)</i> | <i>Some inflation on margarine.</i> |
| Bean products | 9.4% | 4.8% | <i>Baked beans (+12.5%) Peanut butter (+11.1%)</i> | <i>Dried beans (5.4%)</i> | <i>None</i> | <i>Inflation on peanut butter and baked beans.</i> |
| Coffee & tea | 22.0% | 21.9% | <i>Ceylon/black tea (+29.2%) Instant coffee (+16.2%)</i> | <i>None</i> | <i>None</i> | <i>High inflation on tea and coffee.</i> |
| Sugary foods | 23.9 | 25.8% | <i>White sugar (+23.9%)</i> | <i>None</i> | <i>None</i> | <i>High inflation on sugar.</i> |

Sources: BFAP & NAMC calculations, Stats SA, 2023

**Note: Previous Food Price Monitor analysis period prior to October 2023 vs. October 2022*

Comparing October 2023 to October 2022 retail prices, higher price inflation (6.0% or more) was observed for the following products within the NAMC food basket (in order from highest to lowest inflation); potatoes, bananas, Ceylon/black tea, white sugar, rice, polony, onions, instant coffee, cheddar cheese, apples, full cream long life milk, baked beans, peanut butter, chicken giblets, oranges, canned pilchards, cabbage, maize meal and IQF chicken portions. When comparing food group inflation rates for October 2023/October 2022 with July 2023/July 2022 (i.e., the previous Food Price Monitor analysis period) the rate of inflation was higher for fruit, eggs, fats & oils, bean products and bread & cereals. From October 2022 to October 2023 food group inflation decreased the most for vegetables and animal protein.

The impact of inflation on very poor consumers is further explored below, based on the typical portion sizes of very poor consumers of the five most widely consumed food items in South Africa represented by maize porridge, brown bread, sugar, tea and full cream milk (National Food Consumption Survey - Steyn & Labadarios, 2000⁵; Oldewage-Theron et al, 2005⁶). **Figure 7** illustrates the estimated portion of costs for these foods, calculated from monthly food price data for October 2022 and October 2023. In October 2023 the largest cost contribution came from brown bread (42%) and maize meal (33%), followed by milk (13%).

Furthermore, despite the relatively low actual food weight contribution of bread to this 'food plate', the bread component costs more than the maize porridge component (about 29% more in this case for October 2023). When comparing, the costs associated with the typical portion sizes of very poor consumers for the five most widely consumed food items in South Africa, based on October 2023/October 2022 prices the results in **Figure 7** indicated inflation of 7.4% (from R8.08 to R8.68 for the selection of typical portions), with inflation on maize meal, milk and tea contributing most to inflation. From September 2023 to October 2023 the costs associated with the typical portion sizes of very poor consumers for the five most widely consumed food items in South Africa decreased by 0.7% (-R0.06).

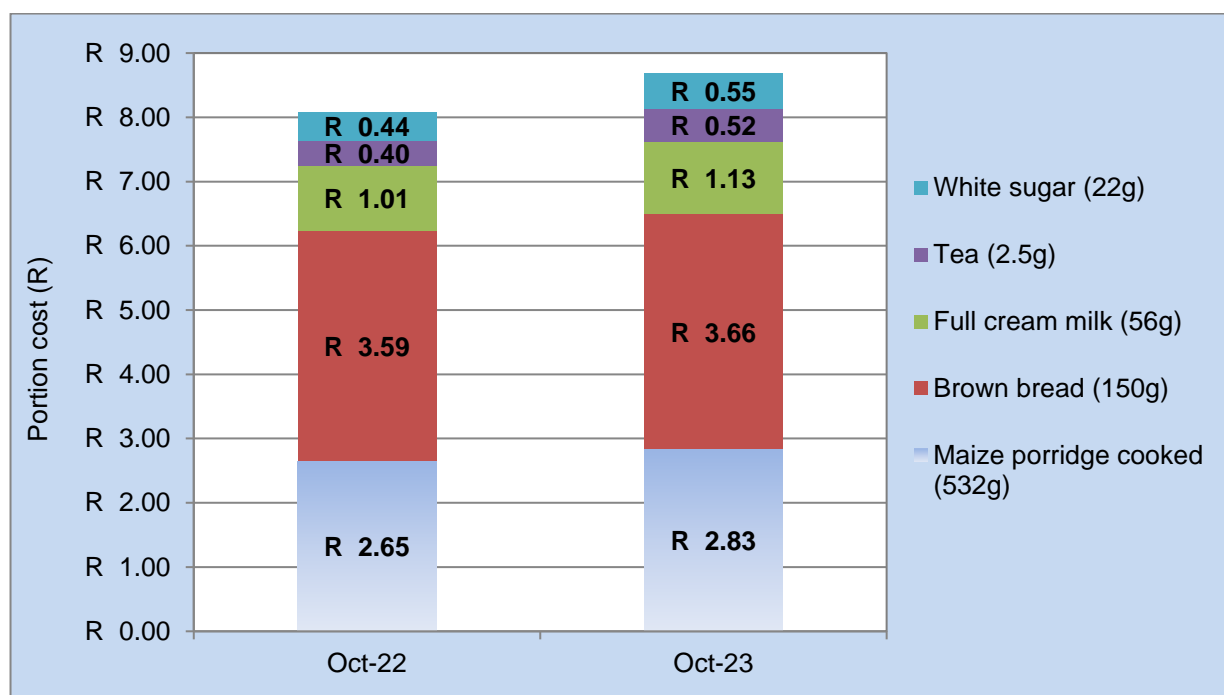


Figure 7: Average nominal cost for the typical portions of the five food items most widely consumed by very poor consumers in South Africa, October 2023 and October 2022

Sources: BFAP calculations based on Stats SA monitored price data for urban areas, 2023

⁵ Steyn NP, Labadarios D. *National Food Consumption Survey: Children aged 1–9 years, South Africa, 1999*. Cape Town: The Department of Health Directorate Nutrition, 2000

⁶ Oldewage-Theron W, Dicks E, Napier C, et al. Situation analysis of an informal settlement in the Vaal Triangle. *Development Southern Africa* 2005; 22 (1): 13-26

9. Food inflation drivers and expectations

The FAO Food Price Index (FFPI) which measures global food commodity prices was marginally lower by 0.5% in October 2023 from September 2023 and less by 10.9% compared to the same month in 2022, mainly driven by a reduction in the prices of sugar (-2.2%), cereals (-1.0%), vegetable oils (-0.7%) and meat (-0.6%). The global sugar market saw a downturn in prices stemming from good production prospects in Brazil, although concerns about tighter global supply remain, with drought induced lower production in India and Thailand.

The FAO Cereal Price Index decreased in October 2023 from the previous month as global wheat prices were pushed lower (-1.9%) given strong export competition and higher supplies in the USA. Conversely, prices for coarse grains were marginally higher (0.6%) with increased maize prices driven by diminishing supplies in Argentina.

The FAO Vegetable Oil Price Index decreased slightly tied to lower palm oil prices due to seasonally higher output and low import demand. Prices for soy, sunflower and canola oil were higher, pushed by strong demand by the biodiesel sector in the US (soy), strong import demand for sunflower and reductions in canola crop production expectations in Canada.

In the domestic grains market, prices are largely driven by global dynamics given respective trade positions, along with the exchange rate. Maize prices increased in October 2023 by 1.5% for yellow maize and 3.7% for white maize. South Africa produced a bumper crop in 2023 but the predicted El Niño conditions might impact prospects for the crop currently being planted although any potential impact on food prices will only be several months from now, dependent on weather conditions over the coming months. The local wheat price decreased (-6.8%) in October 2023, reflecting global market trends despite a weak exchange rate. On the oilseed side, prices declined (sunflower seed -1.3% and soybeans -3.1%), despite higher international prices and the exchange rate. Soybean crushing margins remain positive with local crushers offering considerable discounts below import parity prices to feed mills. Sunflower crushing margins on the other hand are under pressure with vegetable oil prices that have declined rapidly and sunflower meal prices under pressure from large soymeal supplies.

International meat prices declined in October 2023 from September 2023 underpinned by a reduction in pig meat prices (-3.7%), primarily driven by low import demand from East Asia. Prices for poultry, bovine and ovine meat followed a modestly upward trend (by 1.3%, 0.5% and 0.4%, respectively). In the poultry market, prices were pressured by supply constraints given the prolonged period of high feed costs and the continued avian flu outbreaks in leading producing countries. Persistent strong import demand kept bovine and ovine meat prices on an upward trend.

Locally, poultry and beef prices matched to global dynamics, while the contrary was observed for pork and sheep meat. Poultry prices were up across product types - the price for fresh whole birds increased by 5%, frozen whole birds increased by 4%; IQF pieces were only up slightly at 0.05%. Egg prices have shown larger increases - 5% for half a dozen and 11% for 18, amid the Avian Influenza (AI) outbreak compared to chicken meat prices. Pork prices were higher (7.0%) in October 2023 with the exchange rate offsetting a lower price globally, and domestic supplies weaker after a prolonged period of high feed prices that were not matched by associated pork price increases. Beef prices were also on the increase albeit only marginally (0.6%)

In the local vegetable market, the unit price of potatoes at the Johannesburg fresh produce market increased by 209% year-on-year (R10.30/kg in 2023 compared to R3.33/kg in 2022) with a 24% reduction in potato volumes, due to the impact of load shedding on the ability to irrigate. It appears that there is an interplay between potatoes and onions with the supply of the two commodities driven by production decisions based on historic market prices. The unit price for onions at the Johannesburg fresh produce market dropped to R4.55/kg in October, compared to R9.31/kg in October 2022 with an increase of 18% in volume. For other major vegetable commodities, year-on-year increases are recorded for tomatoes (+67%) and peppers (+11%), while the price of carrots (-19%) and cabbage (-9%) lowered.

For further insights into food inflation refer to the monthly **BFAP Food Inflation Brief** (https://www.bfap.co.za/wp-content/uploads/2023/11/Food-Inflation-brief_October_2023.pdf).

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), formerly 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, following discussions with industry to keep a more frequent watch on the movements of food prices.

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