



FOOD BASKET PRICE MONTHLY



NAMC FOOD BASKET: 28 SELECTED FOOD ITEMS PRICES Issue 98 – January 2024



Food Basket Price Monthly

January 2024

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 December 2022.

The December 2023 official data is used in this report, as the official release of the January 2024 CPI data is scheduled for February 21, 2024 (see link below from the Stats SA website):

<https://www.statssa.gov.za/publications/P0141/P0141December2023.pdf>

Highlights

During December 2023, the nominal cost of the NAMC's 28-item urban food basket amounted to R1 239.59 compared to the R1 232.19 reported in November 2023. This represents a monthly increase of 0.6% and a year-on-year increase of 9.6%.

December 23 vs. December 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 (17.9%) Vegetables (17.5%) Milk, eggs & cheese (14.5%)	Fruit (11.6%) Other food (11.1%) Unprocessed food (10.0%) Bread & cereals (7.5%) Processed food (7.0%) Fish (6.9%)	Meat (3.9%)		Oils & fats (-5.9%)
Individual food items in NAMC food basket (listed in order of decreasing inflation rates):	Potatoes (55.4%) Bananas (29.9%) Oranges (28.5%) Ceylon/black tea (28.2%) Eggs (24.9%) White sugar (22.6%) Instant coffee (21.5%) Rice (20.6%) Apples (19.8%) Peanut butter (16.2%) Baked beans (14.6%)	Dried beans (9.2%) Cheddar cheese (8.4%) Full cream long life milk (8.2%) Cabbage (7.4%) Tinned fish (6.5%) Tomatoes (6.9%) Polony (6.1%)	Individually Quick Frozen (IQF) (5.9%) Chicken giblets (3.5%) Loaf of brown bread (3.1%)	Maize meal (1.6%)	Brick margarine (0.5%) Loaf of white bread (-0.2%) Beef mince (-2.1%) Onions (-3.0%) Beef offal (-3.4%) Sunflower oil (-7.5%)

1. Overall inflation and food inflation

The Food and Agriculture Organization (FAO) reported a decrease of 1.5% in the global nominal food price index for December 2023 down by 1.8 points from November 2023. This can be attributed to decreases in different food categories included in calculating the food price index. For instance, the sugar price index recorded a substantial decrease of 16.6%, vegetable oil price index decreased by 1.4% and meat price Index by 1.0%. However, cereal price index increased by 1.5% in December 2023 compared to November 2023, while the dairy price index increased by 1.6%.

Figure 1 depicts the 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 November 2023 to December 2023, certain countries experienced changes in their inflation rates. During December 2023 food inflation in Zambia saw an increase from 13.7% to 14.2%, India food inflation increased from 8.7% to 9.5% and Russia increased from 7.2% to 8.2%. Conversely, South African food inflation decreased from 9.0% to 8.5%, United Kingdom also decreased from 9.2% to 8.0%, Namibia from 9.2% to 7.4%, Botswana from 6.7% to 6.1%. China, on the other hand continues to have deflation rate and was at 3.7% in December 2023.

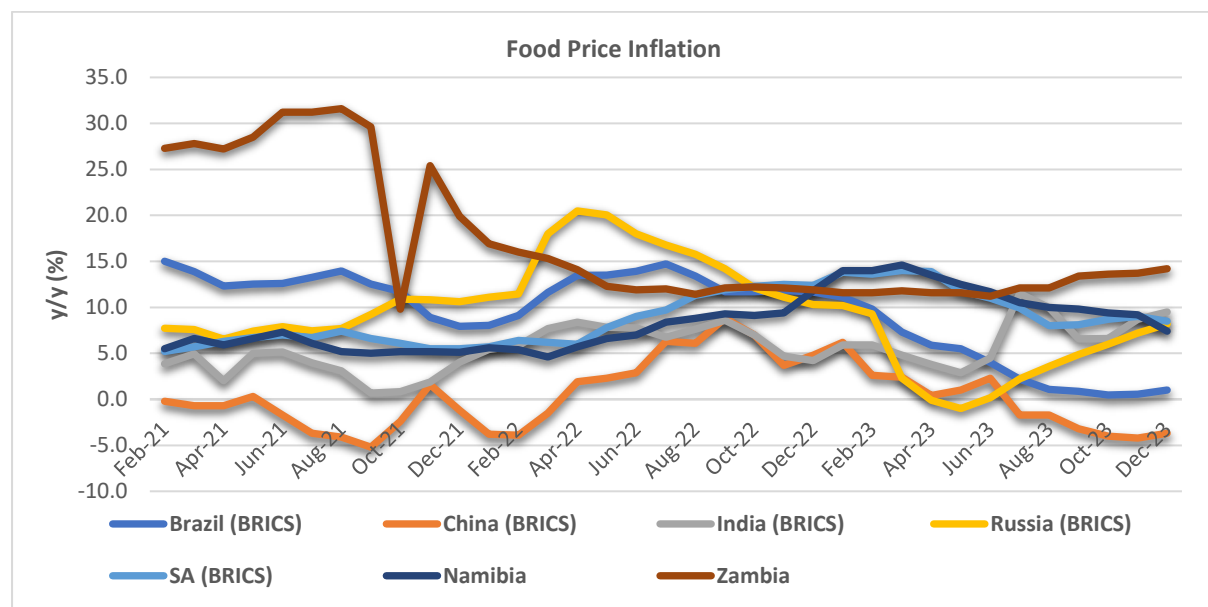


Figure 1: Global food inflation

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

Figure 2 presents the trend in the Consumer Price Index (CPI) for South Africa from December 2017 to December 2023, along with the inflation rate for food and non-alcoholic beverages (NAB). On 24 January 2024, the official release by Statistics South Africa (Stats SA) confirmed the CPI for December 2023. For December 2023, the annual headline CPI registered at 5.1%, a slight decrease from the 5.5% reported in November 2023. The inflation rate for food and non-alcoholic beverages decreased to 8.5%, marking a minor decrease from the 9.0% reported in November 2023. Notably, the main drivers of the current NAB inflation were sugar, sweet & desserts which experienced a substantial 17.9% increase in December 2023, followed by vegetables with 17.5%, milk, eggs and cheese (14.5%), fruit (11.6%), other foods (11.1%), unprocessed (10.0%), bread & cereal (7.50%), processed (7.0%), fish (6.9%) and meat with 3.9%.

South Africa's food inflation is anticipated to remain stagnant in the coming months, driven by uncertainties around the El Niño conditions affecting sugar cane and rice production, particularly in the Northern Hemisphere, along with heightened oil prices. Concurrently, the South African poultry industry

is still facing substantial risks due to the ongoing Avian Influenza outbreak. As of December, 2023, the local price of white maize averaged R4 278/ton representing a 6.2% increase from November 2023. Similarly, yellow maize averaged R4 071 per ton, reflecting a 4.3% increase from the previous month. Sunflower prices averaged R9 289/ton indicating a 2.4% 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.

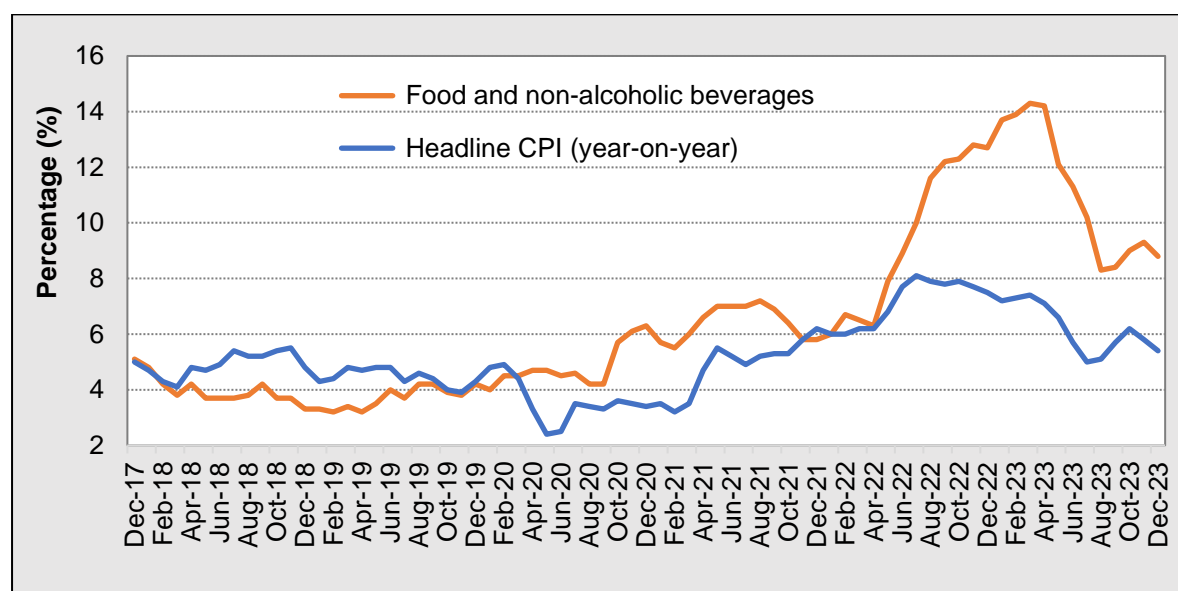


Figure 2: South Africa's headline CPI and Food & non-alcoholic beverages' CPI

Source: Stats SA, 2024; NAMC calculations

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

Table 1 presents a comparative analysis of expenses associated with selected food items in both urban and rural areas during December 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 R13.67, followed by bananas (R8.46), white sugar (R6.49), peanut butter (R1.35), a loaf of white bread (R1.08), a loaf of brown bread (R1.05) and rice (R0.28) in comparison to their rural counterparts. On average, urban consumers paid R1.74 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 December 2023 (R/unit)	Rural Food Prices December 2023 (R/unit)	The price difference (R/unit)
Full cream milk – long life 1ℓ	19.43	20.95	-1.52
A loaf of brown bread 700g	17.12	16.07	1.05
A loaf of white bread 700g	18.59	17.51	1.08
Banana per kg	22.05	13.59	8.46
Maize meal 2.5 kg	36.64	36.67	-0.03
Margarine spread 500g	38.62	46.00	-7.38
Peanut butter 400g	44.10	42.75	1.35
Rice 2kg	43.19	42.91	0.28
Sunflower oil 750mℓ	35.82	40.09	-4.27

Product	Urban Food Prices December 2023 (R/unit)	Rural Food Prices December 2023 (R/unit)	The price difference (R/unit)
Ceylon/black tea 250g	51.87	38.20	13.67
White sugar 2.5kg	61.64	55.15	6.49
			1.74

Source: Stats SA. 2024; NAMC calculations

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

In this section, the NAMC's 28-item urban food basket's cost is explained through a comparison of average food prices in December 2023 and December 2022. The cost of the NAMC's 28-item urban food basket increased by 9.6% in December 2023 compared to the same period last year, reaching R1 239.59 compared to R1 131.01, with a monthly (November 2023 – December 2023) increase of 0.6%.

Table 2 presents the 28 food items composing the NAMC urban food basket in terms of their nominal prices. Between December 2023 and December 2022, 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 potatoes, which experienced a substantial price surge of 55.4%, followed by bananas (29.9%), oranges (28.5%), Ceylon/black tea (28.2%), eggs (24.9%), white sugar (22.6%), instant coffee (21.5%), rice (20.6%), apples (19.8%), peanut butter (16.2%), baked beans (14.6%), dried beans (9.2%), cheddar cheese (8.4%), full cream milk (8.2%), cabbage (7.4%), tomato (6.9%), fish (6.5%) and polony (6.1%).

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

Category	Product	Dec-22 R/unit	Nov-23 R/unit	Dec-23 R/unit	Change year- on-year (%)	Change month- on-month (%)
Beans	Baked beans - tinned 410g	13.85	15.82	15.87	14.6%	0.3%
	Beans - dried 500g	28.08	30.22	30.66	9.2%	1.5%
	Peanut butter 400g	37.95	43.28	44.10	16.2%	1.9%
Coffee & Tea	Ceylon/black tea 250g	40.46	51.63	51.87	28.2%	0.5%
	Instant coffee 250g	48.17	57.74	58.55	21.5%	1.4%
Dairy & Eggs	Cheddar cheese per kg	131.99	143.67	143.04	8.4%	-0.4%
	Eggs 1.5 dozen	54.84	63.26	68.49	24.9%	8.3%
	Full cream milk - long life 1l	17.96	19.49	19.43	8.2%	-0.3%
Fats & Oils	Brick margarine 500g	28.84	28.68	28.97	0.5%	1.0%
	Sunflower oil 750ml	38.71	36.04	35.82	-7.5%	-0.6%
Fruit	Apples per kg	19.84	21.87	23.76	19.8%	8.6%
	Bananas per kg	16.98	21.86	22.05	29.9%	0.9%
	Oranges per kg	18.84	20.82	24.20	28.5%	16.2%
Animal Protein	Beef mince per kg	106.62	103.78	104.37	-2.1%	0.6%
	Beef offal per kg	50.71	49.52	49.01	-3.4%	-1.0%
	Chicken giblets per kg	45.57	47.10	47.16	3.5%	0.1%
	Fish (excl tuna) - tinned 400g	24.83	26.45	26.45	6.5%	0.0%
	IQF chicken portions 2kg	88.38	92.85	93.63	5.9%	0.8%
	Polony 1kg	51.44	53.81	54.58	6.1%	1.4%
Bread & Cereals	Loaf of brown bread 700g	16.61	17.12	17.12	3.1%	0.0%
	Loaf of white bread 700g	18.62	18.51	18.59	-0.2%	0.4%
	Rice 2kg	35.82	43.49	43.19	20.6%	-0.7%
	Maize meal 5kg	65.58	68.02	66.60	1.6%	-2.1%

Category	Product	Dec-22 R/unit	Nov-23 R/unit	Dec-23 R/unit	Change year- on-year (%)	Change month- on-month (%)
Vegetables	Cabbage each	18.41	19.31	19.77	7.4%	2.4%
	Onions per kg	22.66	23.38	21.99	-3.0%	-5.9%
	Potatoes per kg	14.45	23.42	22.46	55.4%	-4.1%
	Tomatoes per kg	24.53	29.03	26.22	6.9%	-9.7%
Sugary foods	White sugar 2.5kg	50.27	62.02	61.64	22.6%	-0.6%
Total Rand Value		1 131.01	1 232.19	1 239.59	9.6%	0.6%

Source: Stats SA & BFAP. 2024; 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 December 2023 with December 2022 (year-on-year) and December 2023 with November 2023 (month-on-month). When examining year-on-year price differences, the food group that contributed most significantly to observed food inflation were fruits, experiencing a substantial increase of 25.8%. Following this was coffee & tea which saw an increase of 24.6%, sugary foods increased by 22.6%, bean products increased by 13.5%, vegetables increased by 13.0%, dairy & eggs increased by 12.8%, bread & cereals increased by 6.5% and animal products increased by 2.1%. While during the same period fats & oil products decreased by 4.1%. Reviewing the month-on-month basis, fruits showed the most significant escalation at 8.5%, followed by dairy & eggs at 2.0%, bean products at 1.5%, coffee & tea at 1.0%, animal protein at 0.5%, bread & cereals at -1.1%, vegetables at -4.9% and sugary foods at -0.6%.

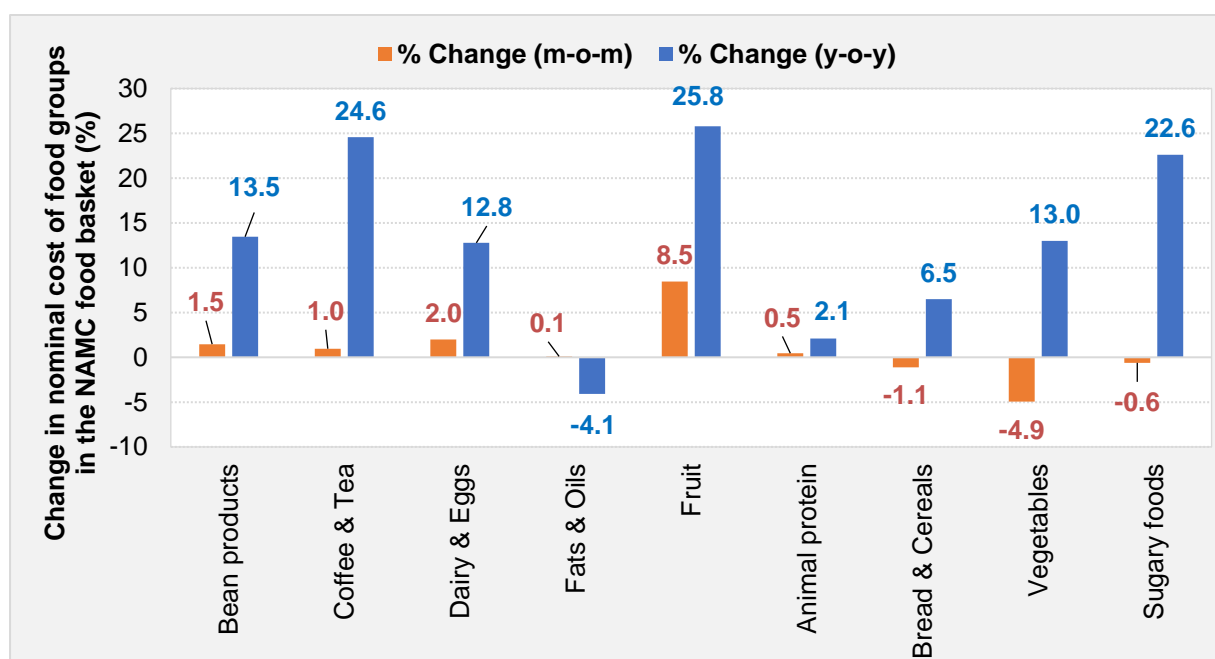


Figure 3: Nominal change in the cost of specific food groups within the NAMC's 28-item food basket, comparing December 2023 vs. December 2022 and December 2023 vs. November 2023

Source: Stats SA data. 2024; 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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