



FOOD BASKET PRICE MONTHLY



NAMC FOOD BASKET: 28 SELECTED FOOD ITEMS PRICES Issue 100 – March 2024



Food Basket Price Monthly

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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 February 2024 official data is used in this report, as the official release of the March 2024 CPI data is scheduled for April 17, 2024 (see link below from the Stats SA website):

<https://www.statssa.gov.za/publications/P0141/P0141February2024.pdf>

Highlights

During February 2024, the nominal cost of the NAMC's 28-item urban food basket amounted to R1 257.23 compared to the R1 251.50 reported in January 2024. This represents a monthly increase of 0.5% and a year-on-year increase of 9.5%.

February 24 vs. February 23	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%) Milk, eggs & cheese (12.0%)	Vegetables (9.4%) Other food (9.0%) Unprocessed food (6.4%) Bread & cereals (6.1%)	Fruit (5.9%) Processed food (5.5%) Fish (3.2%)	Meat (1.5%)	Oils & fats (-5.2%)
Individual food items in NAMC food basket (listed in order of decreasing inflation rates):	Oranges (51.0%) Potatoes (32.2%) Ceylon/black tea (29.7%) Rice (27.4%) Eggs (25.2%) White sugar (24.1%) Instant coffee (20.6%) Apples (18.4%) Peanut butter (16.9%)	Baked beans (11.5%) Dried beans (10.8%) Cheddar cheese (9.9%) Polony (8.5%) Full cream long life milk (7.0%) Chicken giblets (6.1%)	Bananas (4.8%) Beef offal (3.0%)	Individually Quick Frozen (IQF) (2.9%) Maize meal (1.8%) Brown bread (1.3%)	Tinned fish (0.4%) Tomatoes (-0.4%) Brick margarine (-0.4%) White bread (-1.1%) Beef mince (-2.9%) Cabbage (-4.4%) Sunflower oil (-5.6%) Onions (-12.2%)

1. Overall inflation and food inflation

The Food and Agriculture Organization (FAO) reported a decrease of 0.7% in the global nominal food price index for February 2024, down by 0.9 points from January 2024. This can be attributed to decreases in different food categories included in calculating the food price index. For instance, the cereal price index recorded a decrease of 5.0%, while the vegetable oil price index registered a decrease of 1.3% in February 2024. However, the sugar price index, meat price index and dairy price index registered increases of 3.2%, 1.8% and 1.1% respectively.

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 January 2024 to February 2024, certain countries experienced changes in their inflation rates. For instance, Zambia saw an increase from 13.7% to 14.4%, India's food inflation increased from 8.3% to 8.7%, while for Brazil inflation rose from 1.8 to 2.6%. Other countries observed a decrease in food inflation, such as South Africa, which saw a decrease from 7.2% to 6.1%, Namibia from 6.5% to 5.8% and the Russia remained constant by 8.1%. While China continued to have a deflation rate from -5.9% to -0.9% in February 2024.

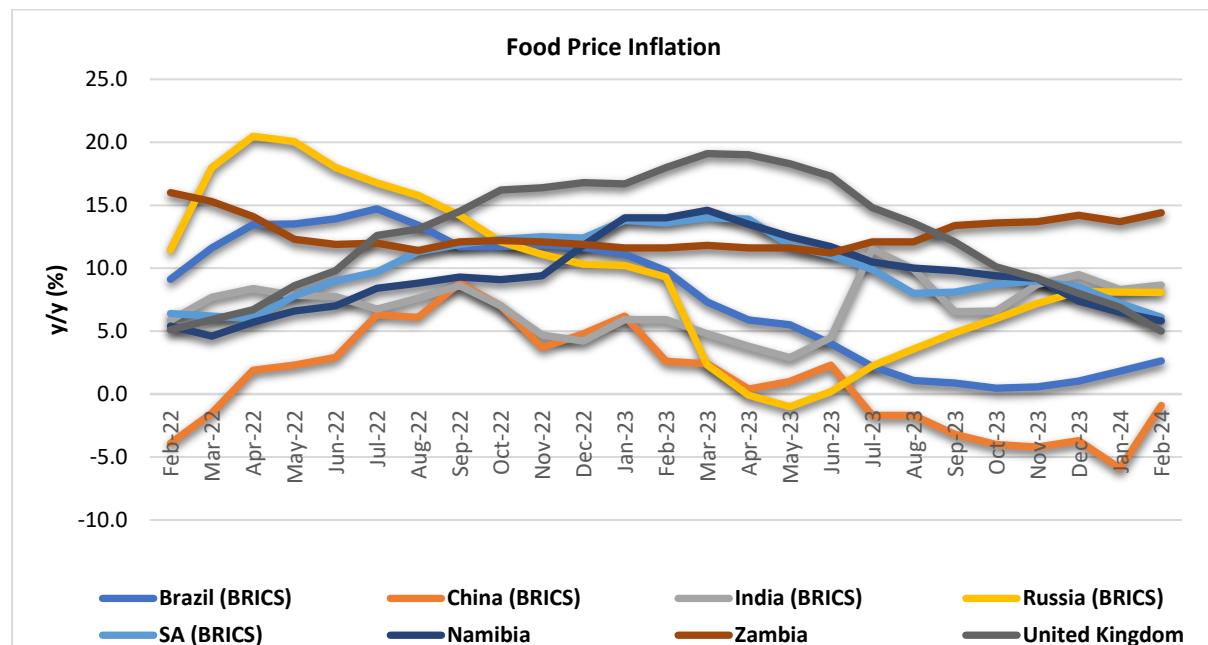


Figure 1: Global food inflation

Source: Trading Economics, 2024; Stats SA, 2024 & NAMC calculations

Figure 2 presents the trend in the Consumer Price Index (CPI) for South Africa from February 2018 to February 2024, along with the inflation rate for food and non-alcoholic beverages (NAB). On 20 March 2024, the official release by Statistics South Africa (Stats SA) confirmed the CPI for February 2024. For February 2024, the annual headline CPI was registered at 5.6%, with a slight increase from 5.3% reported in January 2024. The inflation rate for food and non-alcoholic beverages was reported at 6.1%, marking a decrease from 7.2% reported in January 2024. Notably, the main drivers of the current NAB inflation were sugar, sweet & desserts, which experienced a substantial 18.5% increase in February 2024, followed by milk, eggs & cheese with 12.0%, vegetables with 9.4%, other foods (9.0%), unprocessed food (6.4%), bread & cereals (6.1%), fruit (5.9%), processed food (5.5%), fish (3.2%), meat (1.5%). During the same period, oils & fats decreased by 5.2%.

South Africa's food inflation is anticipated to remain stable in the coming months, largely driven by favourable global prices for crops such as wheat and maize. According to the FAO (2024), there has been a decrease in global maize export prices in February which is attributed to expectations of abundant

harvests in countries like Argentina and Brazil, as well as competitive pricing from Ukraine. Similarly, global wheat prices experienced a slight decline due to reduced export quotations, driven by a robust export pace from the Russian Federation, which exerted downward pressure on prices from other sources. Additionally, global prices for commodities like soybean, sunflower, and rapeseed oils also experienced a decrease in February 2024. However, the South African poultry industry is still facing substantial risks due to the ongoing Avian Influenza outbreak which might stress chicken product prices. As of February, 2024, the local price of white maize averaged at R4 256/ton, representing a 9.6% increase from January 2024. Similarly, yellow maize averaged at R3 798 per ton, reflecting a 3.4% increase from the previous month. Sunflower prices averaged at R8 373/ton indicating an 1.8% decrease 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.

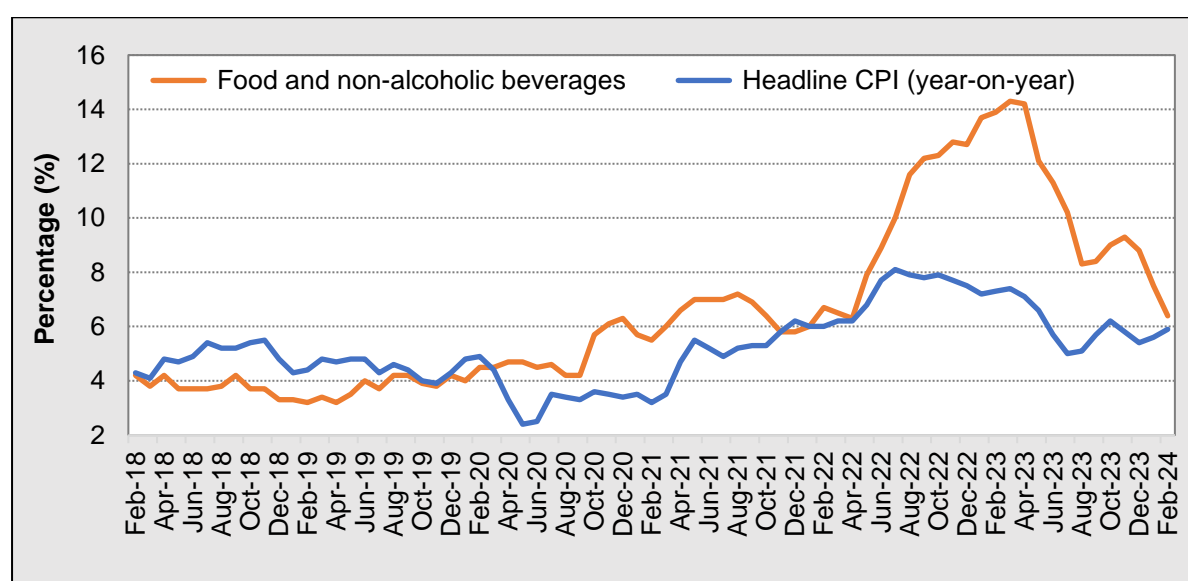


Figure 2: South Africa's headline CPI and Food & non-alcoholic beverages' CPI

Source: Stats SA, 2024; NAMC calculations

2. Monthly comparison of prices between urban and rural areas for February 2024

Table 1 presents a comparative analysis of expenses associated with selected food items in both urban and rural areas during February 2024. 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 R3.55, followed by peanut butter (R2.82), white sugar (R2.45), rice (R1.07), a loaf of white bread (R0.67), a loaf of brown bread (R0.64), bananas (R0.46) and margarine (0.40) in comparison to their rural counterparts. On average, urban consumers paid 0.97 cents (R0.97) 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 February 2024 (R/unit)	Rural Food Prices February 2024 (R/unit)	The price difference (R/unit)
Full cream milk – long life 1ℓ	19.51	20.39	-0.88
A loaf of brown bread 700g	17.06	16.42	0.64
A loaf of white bread 700g	18.58	17.91	0.67
Banana per kg	18.02	17.56	0.46
Maize meal 2.5 kg	37.10	37.49	-0.39
Margarine spread 500g	39.04	38.64	0.40
Peanut butter 400g	44.91	42.09	2.82
Rice 2kg	45.26	44.19	1.07
Sunflower oil 750ml	35.38	35.54	-0.16
Ceylon/black tea 250g	53.65	50.10	3.55
White sugar 2.5kg	62.22	59.77	2.45
			0.97

Source: Stats SA. 2024; NAMC calculations

3. The NAMC food basket: February 2024 vs February 2023

In this section, the NAMC's 28-item urban food basket's cost is explained through a comparison of average food prices in February 2024 and February 2023. The cost of the NAMC's 28-item urban food basket increased by 9.5% in February 2024 compared to the same period last year, reaching R1 257.23. When compared to the R1 251.50 in January 2024, the monthly increase is 0.5%.

Table 2 presents the 28 food items composing the NAMC urban food basket in terms of their nominal prices. Between February 2024 and February 2023, among these 28 items, 15 witnessed price increases that exceeded the inflation target set by the South African Reserve Bank (SARB) of 6%. Notable products in this category include oranges, which experienced a substantial price surge of 51.0%, followed by potatoes (32.2%), Ceylon/black tea (29.7%), rice (27.4%), eggs (25.2%), white sugar (24.1%), instant coffee (20.6%), apples (18.4%), peanut butter (16.9%), baked beans (11.5%), dried beans (10.8%), cheddar cheese (9.9%), polony (8.5%), full cream long life milk (7.0%) and chicken giblets (6.1%).

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

Category	Product	Feb-23 R/unit	Jan -24 R/unit	Feb -24 R/unit	Change year- on-year (%)	Change month- on-month (%)
Beans	Baked beans - tinned 410g	14.39	15.98	16.04	11.5%	0.4%
	Beans - dried 500g	28.15	30.89	31.20	10.8%	1.0%
	Peanut butter 400g	38.41	44.02	44.91	16.9%	2.0%
Coffee & Tea	Ceylon/black tea 250g	41.35	52.96	53.65	29.7%	1.3%
	Instant coffee 250g	48.62	58.86	58.63	20.6%	-0.4%
Dairy & Eggs	Cheddar cheese per kg	128.99	141.74	141.74	9.9%	0.0%
	Eggs 1.5 dozen	54.90	68.19	68.74	25.2%	0.8%
	Full cream milk - long life 1ℓ	18.24	19.45	19.51	7.0%	0.3%
Fats & Oils	Brick margarine 500g	29.75	29.09	29.62	-0.4%	1.8%
	Sunflower oil 750ml	37.47	35.64	35.38	-5.6%	-0.7%
Fruit	Apples per kg	20.30	23.94	24.03	18.4%	0.4%
	Bananas per kg	17.20	21.20	18.02	4.8%	-15.0%
	Oranges per kg	24.41	31.12	36.87	51.0%	18.5%

Category	Product	Feb-23 R/unit	Jan -24 R/unit	Feb -24 R/unit	Change year- on-year (%)	Change month- on-month (%)
Animal Protein	Beef mince per kg	108.17	105.94	105.07	-2.9%	-0.8%
	Beef offal per kg	48.75	49.72	50.23	3.0%	1.0%
	Chicken giblets per kg	45.23	48.19	47.98	6.1%	-0.4%
	Fish (excl tuna) - tinned 400g	26.36	26.47	26.46	0.4%	0.0%
	IQF chicken portions 2kg	91.15	93.45	93.77	2.9%	0.3%
	Polony 1kg	50.35	54.44	54.63	8.5%	0.3%
Bread & Cereals	Loaf of brown bread 700g	16.84	17.16	17.06	1.3%	-0.6%
	Loaf of white bread 700g	18.79	18.53	18.58	-1.1%	0.3%
	Rice 2kg	35.53	44.14	45.26	27.4%	2.5%
	Maize meal 5kg	67.27	66.90	68.50	1.8%	2.4%
Vegetables	Cabbage each	20.59	19.76	19.69	-4.4%	-0.4%
	Onions per kg	22.53	20.70	19.78	-12.2%	-4.4%
	Potatoes per kg	16.40	22.62	21.68	32.2%	-4.2%
	Tomatoes per kg	28.09	28.39	27.98	-0.4%	-1.4%
Sugary foods	White sugar 2.5kg	50.15	62.01	62.22	24.1%	0.3%
Total Rand Value		1 148.38	1 251.50	1 257.23	9.5%	0.5%

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 February 2024 with February 2023 (year-on-year) and February 2024 with January 2024 (month-on-month). When examining year-on-year price differences, the food group that contributed most significantly to observed food inflation was fruits, experiencing a substantial increase of 27.5%. Following this was coffee & tea, which increased by 24.8%, sugary foods by 24.1%, bean products by 13.8%, dairy & eggs by 13.8%, bread & cereals by 7.9%, animal products by 2.2%, vegetables by 1.7% while fats & oils decreased by 3.3%. Reviewing the month-on-month basis, fruit showed the most significant escalation by 3.5%, followed by bread & cereal by 1.8%, bean products by 1.4%, coffee & tea and fats & oils both increased by 0.4%. On the other hand, sugary foods and dairy & eggs increased by 0.3% while animal protein remained constant and vegetables decreased by 2.6%.

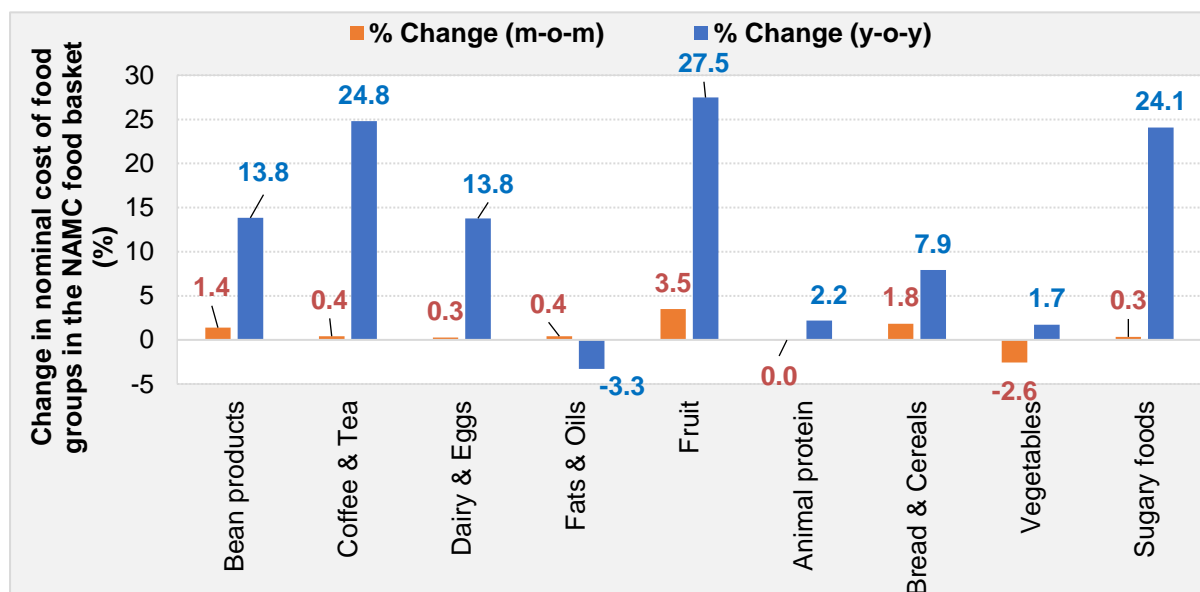


Figure 3: Nominal change in the cost of specific food groups within the NAMC's 28-item food basket, comparing February 2024 vs. February 2023 and February 2024 vs. December 2023

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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