

# FOOD PRICE MONITOR

February 2024 Issue



# NAMC

Promoting market access for South African agriculture

# FOOD PRICE MONITOR

## February 2024

### 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 January CPI data was published on **Wednesday 21 February 2024** (see the link below for the CPI publication):

<https://www.statssa.gov.za/publications/P0141/P0141January2024.pdf>

### EXECUTIVE SUMMARY

During January 2024, the Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) indicates that the annual headline CPI increased by 5.3%, while inflation for food and non-alcoholic beverages increased by 7.2%.

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 118.0 points in January 2024, down 1.2 points (1.0%) from its revised December 2023 level, as decreases in the price indices for cereals and meat more than offset an increase in the sugar price index, while those for dairy and vegetable oils only registered slight adjustments. The index stood 13.7 points (10.4%) below its corresponding value one year ago.

In January 2024, the cost of this basic NAMC urban food basket was R1 251.50, equivalent to a 10.7% (R121) increase from January 2023 (year-on-year) and an increase by 1.0% (R12) from December 2023 (month-on-month).

Comparing January 2024 to January 2023 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); oranges, potatoes, Ceylon/black tea, eggs, rice, white sugar, instant coffee, apples, bananas, peanut butter, baked beans, cheddar cheese, tomatoes, dried beans, chicken giblets and full cream long life milk.

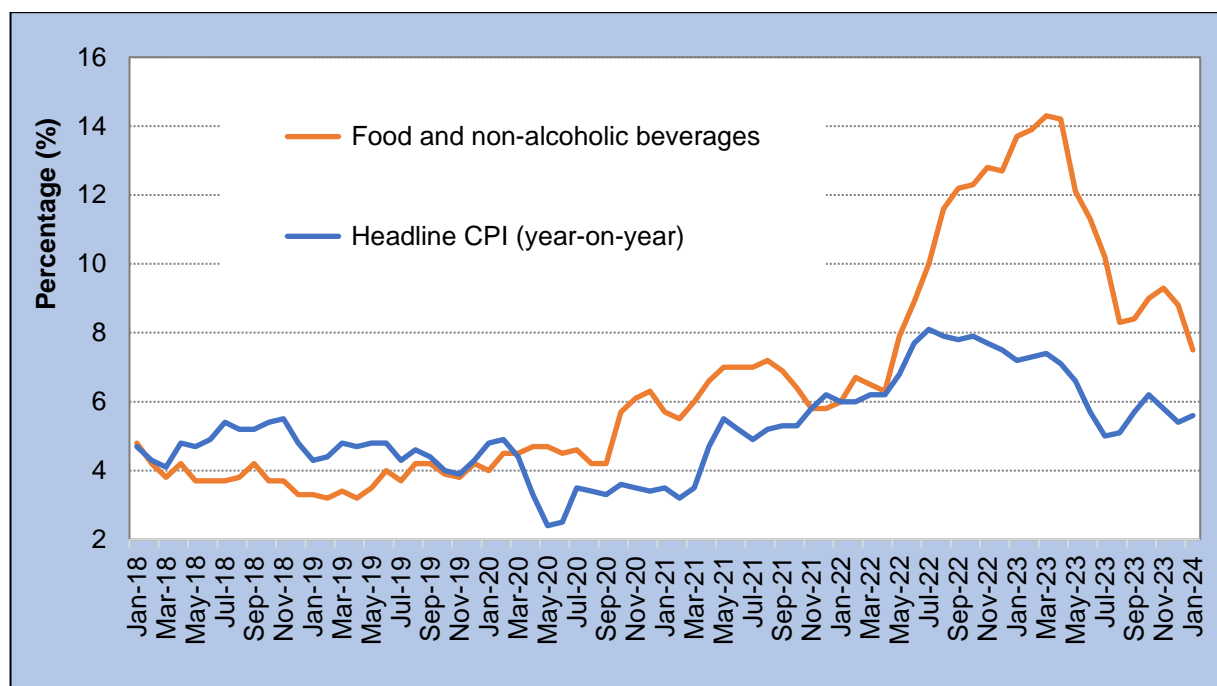
The 2024 summer crop will be smaller than the past few years, with the extent of damage from the warm and dry conditions through February 2024 still unclear. Weather conditions in the first half of March 2024 in particular will be critical for this crop to materialise.

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## 1. Introduction

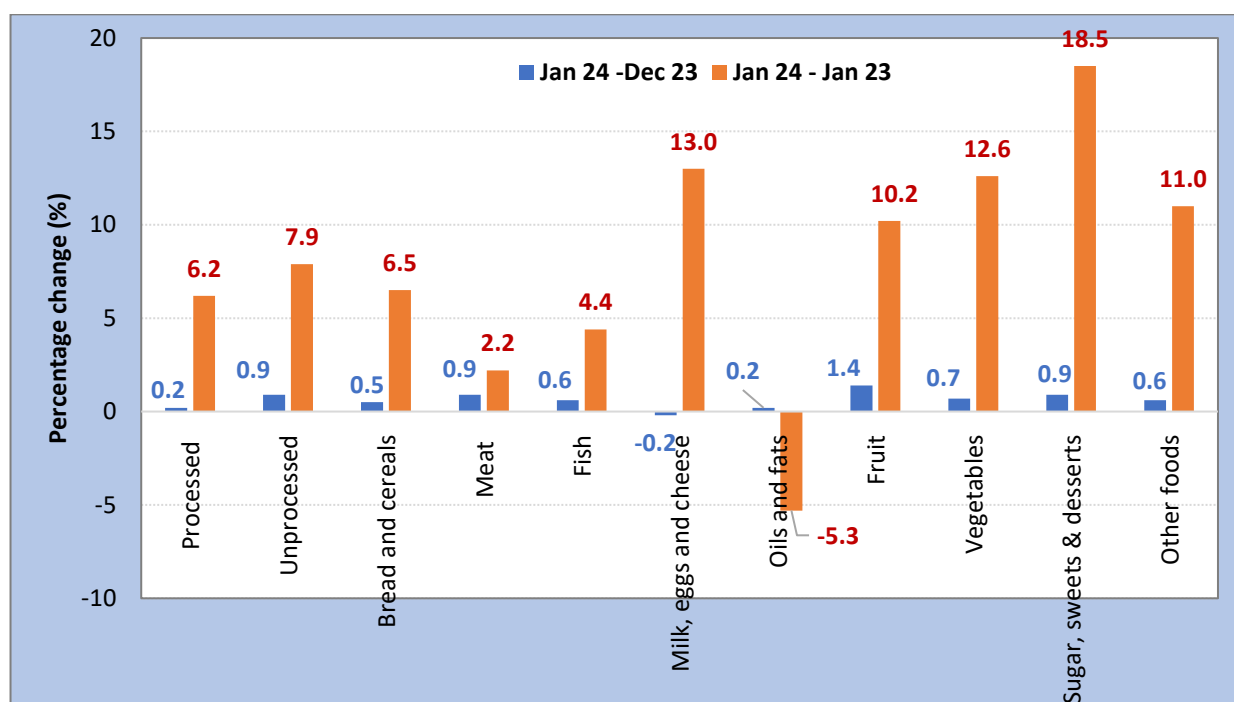
**Figure 1** shows trends of the headline CPI and food and non-alcoholic beverage inflation rate on a monthly basis, from January 2018 to January 2024. During January 2024, the Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) indicates that the annual headline CPI increased by 5.3%, while inflation for food and non-alcoholic beverages increased by 7.2%. The headline inflation and the food and non-alcoholic beverage inflation was 5.1% and 8.5% during December 2023, respectively.



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

Source: Stats SA, 2024

**Figure 2** presents components of the food and non-alcoholic beverage index changes. Comparing January 2024 with January 2023, the following changes, in descending order, were reported: sugary foods (18.5%), milk, eggs & cheese (13.0%), vegetables (12.6%), other food items (11.0%), fruit (10.2%), unprocessed foods (7.9%), bread & cereals (6.5%), processed foods (6.2%), fish (4.4%), meat (2.2%) and oils & fats (-5.3%). Comparing January 2024 with December 2023, the following changes, in descending order, were reported: fruit (1.4%), sugary foods (0.9%), unprocessed foods (0.9%), meat (0.9%), vegetables (0.7%), other food items (0.6%), fish (0.6%), bread & cereals (0.5%), processed foods (0.2%), oils & fats (0.2%) and milk, eggs & cheese (-0.2%).



**Figure 2: Annual (January 2024 vs. January 2023) and monthly (January 2024 vs. December 2023) changes in CPI for the different food categories**

Source: Stats SA, 2024

## 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 November 2023 to January 2024 for South Africa and other selected countries. South Africa's overall inflation for January 2024 reached 5.3% while food inflation reached 7.2%. Food categories with the largest annual contribution to South Africa's food inflation include sugary foods, milk, eggs & cheese, vegetables, other foods and fruit categories. Turkey's overall inflation rate for January 2024 reached 64.9%, with food inflation reaching 69.7%. China's overall inflation rate was -0.8%, with food inflation of -5.9%. Considering the inflation rates of Brazil, Russia, India, China and South Africa (BRICS countries), China recorded the lowest overall inflation of -0.8%, while India registered the highest food inflation rate at 8.3% in January 2024.

**Table 1: Overall inflation and food inflation from November 2023 to January 2024**

Country	November 2023		December 2023		January 2024	
	Overall inflation (%)	Food inflation (%)	Overall inflation (%)	Food inflation (%)	Overall inflation (%)	Food inflation (%)
Botswana	3.9	6.7	3.5	6.1	3.9	5.9
Brazil	4.7	0.6	4.6	1.0	4.5	1.8
China	-0.5	-4.2	-0.3	-3.7	-0.8	-5.9
India	5.6	8.7	5.7	9.5	5.1	8.3
Namibia	5.7	9.2	5.3	7.4	5.5	6.5
Russia	7.5	7.2	7.4	8.2	7.4	8.1
South Africa	5.5	9.0	5.1	8.5	5.3	7.2
Turkey	62.0	67.2	64.8	72.0	64.9	69.7
United Kingdom	3.9	9.2	4.0	8.0	4.0	6.9

Country	November 2023		December 2023		January 2024	
	Overall inflation (%)	Food inflation (%)	Overall inflation (%)	Food inflation (%)	Overall inflation (%)	Food inflation (%)
<b>United States</b>	3.1	2.9	3.4	2.7	3.1	2.6
<b>Zambia</b>	12.9	13.7	13.1	14.2	13.2	13.7

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 November 2023 and January 2024 while the trend for China declined.

### 3. Annual urban food price trends: January 2024 vs. January 2023

**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 (January 2024 vs. January 2023)**

Grain and oil products	%	Meat, meat products, dairy, dairy products and eggs	%	Fresh and processed fruits and vegetables	%
Sunflower oil 750ml	-4.4	Beef sirloin per kg	-25.3	Onions per kg	-10.6
Pasta 500g	-1.3	Beef rump steak per kg	-19.7	Lettuce each	-1.5
Brick margarine 500g	-0.9	Beef fillet per kg	-18.8	Cabbage each	5.2
Loaf of white bread 700g	-0.7	Pork chops per kg	-13.7	Beans - dried 500g	9.0
Macaroni 500g	-0.3	Lamb/Mutton stew per kg	-7.5	Tomatoes per kg	10.4
Maize meal 2.5kg	0.3	Lamb/Mutton rib chop per kg	-6.8	Baked beans - tinned 410g	15.0
Maize meal 5kg	1.0	Lamb/Mutton leg per kg	-6.3	Bananas per kg	21.2
Loaf of brown bread 700g	2.0	Beef brisket per kg	-5.8	Apples per kg	22.0
Spaghetti 500g	2.6	Lamb/Mutton neck per kg	-5.4	Potatoes - fresh per kg	43.3
Cake flour 2.5kg	5.6	Beef stew per kg	-4.1	Oranges per kg	43.7
Margarine spread 500g	5.9	Beef T-bone per kg	-3.1		
Samp 1kg	9.2	Pork ribs per kg	-2.4		
Peanut butter 400g	15.4	Sausage per kg	-2.1		
Instant noodles 73g	22.5	Beef mince per kg	-1.6		
Rice 2kg	25.5	Pork fillet per kg	-1.6	<b>Other</b>	<b>%</b>
Rice 1kg	33.9	Beef chuck per kg	-0.9	Instant coffee 250g	22.7
		Lamb/Mutton offal per kg	0.3	White sugar 2.5kg	24.5
		Bacon 200g	0.9	Ceylon/black tea 250g	30.5
		Beef offal per kg	2.0		
		Fish (excl tuna) - tinned 400g	2.4		
		Ham 500g	2.4		
		Tuna - tinned 170g	2.9		
		IQF chicken portions 2kg	3.8		
		Full cream milk - fresh 2l	4.0		
		Lamb/Mutton loin chop per kg	5.0		
		Polony 1kg	5.3		
		Low fat milk - fresh 2l	5.5		
		Full cream milk - long life 1l	7.0		
		Low fat milk - long life 1l	7.9		
		Whole chicken - fresh per kg	8.5		
		Chicken portions frozen - non IQF per kg	8.5		
		Chicken giblets per kg	8.6		
		Chicken portions - fresh per kg	9.1		
		Powdered milk 900g	10.4		
		Corned beef 300g	11.9		
		Cheddar cheese per kg	12.8		
		Eggs 1.5 dozen	25.8		

Source: Stats SA, 2024

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: January 2024 against January 2023

Comparing January 2024 against January 2023, the international price of wheat decreased by 25.4%, while domestic wheat prices decreased by 6.4%. Urban consumers paid 2.0% more for a loaf of brown bread (700g) and 0.7% less for a loaf of white bread (700g). Domestic yellow maize prices decreased by 21.6%, while international yellow maize prices decreased by 34.4%. Domestic white maize prices decreased by 16.6%. Maize meal prices (2.5kg) increased by 0.3% in urban areas. During the same period, the urban prices of sunflower oil (750ml) decreased by 4.4%. Domestic prices of sunflower seed decreased by 27.8% annually, while international sunflower seed prices decreased by 19.1%.

Comparing January 2024 vs. January 2023, average beef producer prices (R/kg) of classes B2/B3, C2/C3 and A2/A3 decreased by 9.6%, 7.8% and 5.1%, respectively. Lamb/mutton producer prices (R/kg) of classes B2/B3, C2/C3 and A2/A3 decreased by 10.4%, 9.8% and 3.8%, respectively. Abattoir selling prices of fresh chicken portions, frozen and individually quick frozen (IQF) chicken portions increased by 12.9%, 9.3% and 5.7%, respectively. Porker and baconer producer prices (R/kg) decreased by 11.9% and 10.1%, 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: January 2024 vs. December 2023

**Table 3** compares prices of selected food items in urban areas for January 2024 and December 2023. Food items showing the largest monthly price differences are Ceylon/black tea (250g) with a difference of R1.09, rice (2kg) at a difference of R0.95, white sugar (2.5kg) at a difference of R0.37, margarine spread (500g) at a difference of R0.26, maize meal (2.5kg) at a difference of R0.06, a loaf of brown bread (700g) at a difference of R0.04 and full cream long life milk (1ℓ) at a difference of R0.02. The following products showed a decline in prices; a loaf of white bread (700g) with a difference of -R0.06, peanut butter (400g) with a difference of -R0.08, sunflower oil (750ml) at a difference of R0.18 and bananas (per kg) with a difference of -R0.85. This indicates that urban consumers paid on average R0.15 more for these 11 food items during January 2024 compared to December 2023.

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

Product	Urban Food Prices December 2023 (R/unit)	Urban Food Prices January 2024 (R/unit)	Price difference (R/unit)
Full cream milk – long life 1ℓ	19.43	19.45	0.02
Loaf of brown bread 700g	17.12	17.16	0.04
Loaf of white bread 700g	18.59	18.53	-0.06
Bananas per kg	22.05	21.20	-0.85
Maize meal 2.5 kg	36.64	36.70	0.06
Margarine spread 500g	38.62	38.88	0.26
Peanut butter 400g	44.10	44.02	-0.08
Rice 2kg	43.19	44.14	0.95
Sunflower oil 750ml	35.82	35.64	-0.18
Ceylon/black tea 250g	51.87	52.96	1.09
White sugar 2.5kg	61.64	62.01	0.37
Average difference (R/unit)			<b>0.15</b>

Source: Stats SA, 2024

## 5. Annual rural food price trends: January 2024 vs. January 2023

**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 (January 2024 vs. January 2023)**

Grain and oil products	%	Meat, meat products, dairy, dairy products and eggs	%	Fresh and processed fruits and vegetables	%
Sunflower oil 2ℓ	-16.3%	Beef rump steak per kg	-4.8%	Onions per kg	-19.2%
Sunflower oil 750ml	-10.9%	Beef brisket per kg	-0.2%	Cabbage per kg	0.0%
Special maize 2.5kg	-9.1%	Beef chuck per kg	0.4%	Beans - dried 1kg	5.6%
Sunflower oil 500ml	-8.5%	Full cream milk - long life 500ml	2.2%	Beans - dried 2kg	7.2%
Loaf of brown bread 600g	-2.5%	Fish (excl tuna) - tinned 400g	3.6%	Tomatoes per kg	8.3%
Brick margarine 125g	-2.1%	Full cream milk - fresh 1ℓ	5.7%	Cabbage each	10.6%
Loaf of white bread 600g	-2.1%	Full cream milk - long life 1ℓ	8.9%	Beans - dried 500g	21.9%
Brick margarine 500g	-0.6%	Beef fillet per kg	9.3%	Apples per kg	23.3%
Loaf of brown bread 700g	-0.4%	Beef T-bone per kg	10.2%	Bananas per kg	26.4%
Brick margarine 250g	-0.3%	Full cream milk - fresh 2ℓ	10.5%	Potatoes - fresh per kg	37.5%
Loaf of white bread 700g	0.6%	Low fat milk - fresh 2ℓ	11.2%	Potatoes - fresh 10kg	40.7%
Peanut butter 270g	2.5%	Chicken portions - fresh per kg	11.8%	Oranges per kg	87.2%
Margarine spread 1kg	3.5%	Fish (excl tuna) - tinned 155g	15.4%		
Rice 500g	5.2%	Full cream milk - fresh 500ml	27.4%		
Peanut butter 800g	7.8%	Eggs 1.5 dozen	39.3%	<b>Other</b>	<b>%</b>
Margarine spread 500g	10.6%			Ceylon/black tea 200g	-24.0%
Peanut butter 400g	14.5%			Ceylon/black tea 125g	2.9%
Super maize 2.5kg	16.5%			Ceylon/black tea 62.5g	5.0%
Rice 1kg	18.7%			Instant coffee 100g	13.1%
Rice 2kg	24.2%			White sugar 2.5kg	13.3%
				White sugar 1kg	14.2%
				Ceylon/black tea 250g	18.4%
				Instant coffee 250g	19.6%
				Instant coffee 750g	25.2%
				White sugar 5kg	30.1%

Source: Stats SA, 2024

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 January 2024

A comparison of the cost of selected food items in urban with rural areas in January 2024 is provided in **Table 5**. In January 2024, the food items with the highest price differences between urban and rural areas were: Ceylon/black tea with a price difference of R5.46, white sugar with a R2.24 difference, peanut butter with a R1.41 difference, a loaf of brown bread (R1.07), a loaf of white bread (R0.78), and maize meal with a price difference of R0.71. On average, urban consumers spent R0.84 more on these 11 food items. However, it is worth noting that there were some food items that rural consumers paid more than urban consumers during January 2024, and these are margarine spread and full cream long life milk.

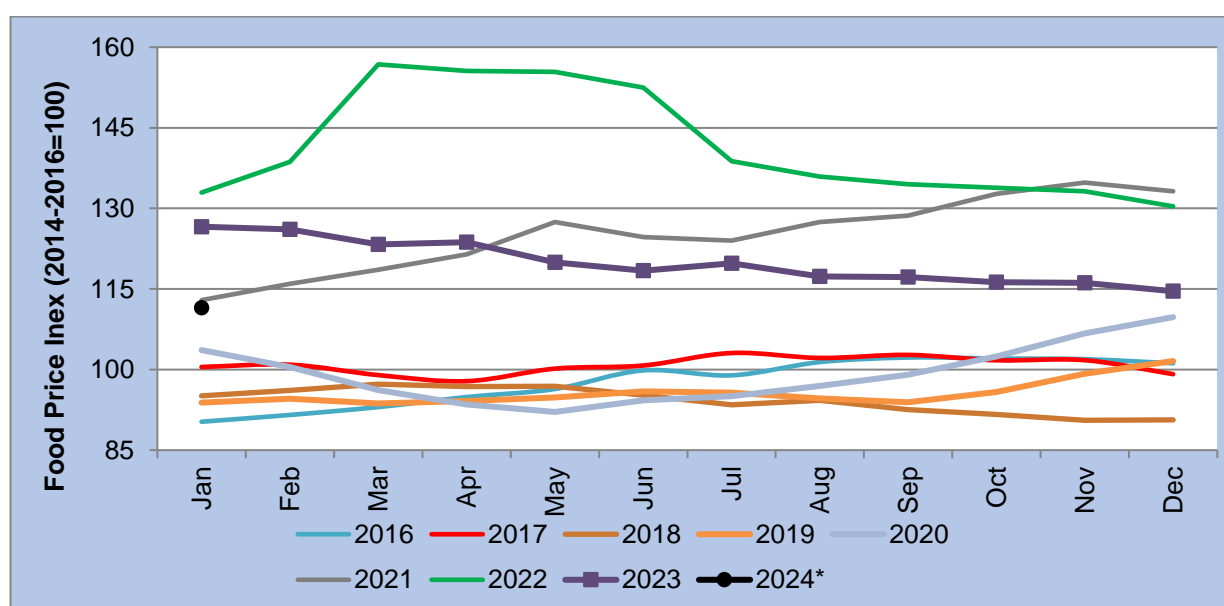
**Table 5: Comparison between urban and rural food prices (selected food items)**

Product	Urban Food Prices January 2024 (R/unit)	Rural Food Prices January 2024 (R/unit)	Price difference (R/unit)
Full cream milk – long life 1ℓ	19.45	20.16	-0.71
Loaf of brown bread 700g	17.16	16.09	1.07
Loaf of white bread 700g	18.53	17.75	0.78
Bananas per kg	21.20	20.60	0.60
Maize meal 2.5 kg	36.70	35.99	0.71
Margarine spread 500g	38.88	41.74	-2.86
Peanut butter 400g	44.02	42.61	1.41
Rice 2kg	44.14	43.65	0.49
Sunflower oil 750mℓ	35.64	35.55	0.09
Ceylon/black tea 250g	52.96	47.50	5.46
White sugar 2.5kg	62.01	59.77	2.24
Average difference (R/unit)			<b>0.84</b>

Source: Stats SA, 2024

## 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 2024, with January 2024 reaching an index level of 111.5 points, which is lower by 11.9% from January 2023.

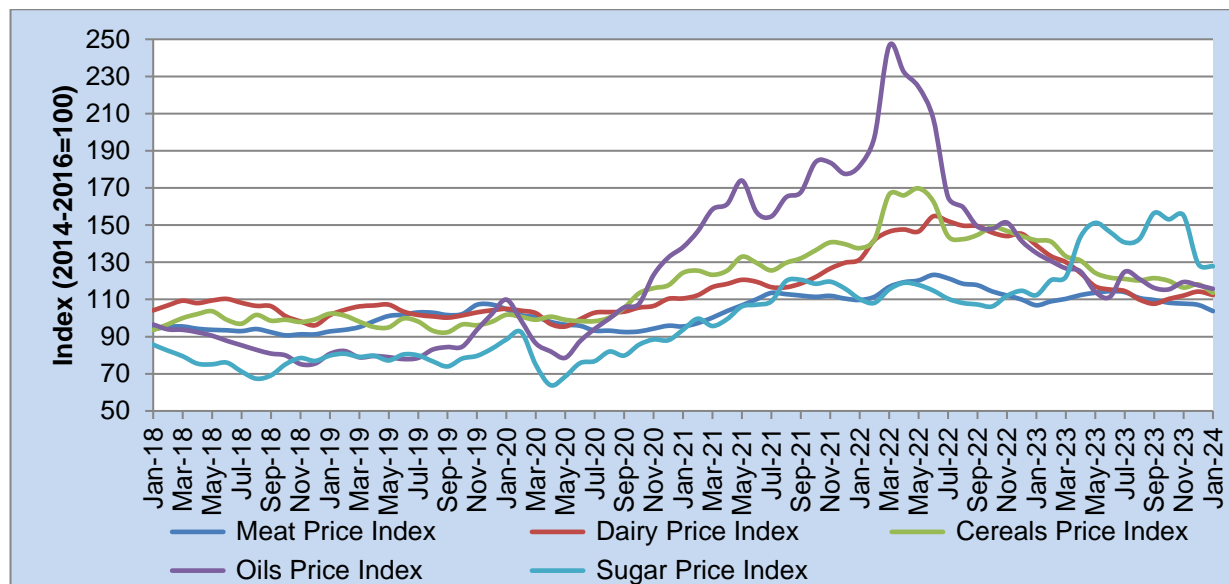


**Figure 3: International monthly real FPI**

Source: FAO, 2024

\*Note: Current year

**Figure 4** shows the price indices in *real terms* for five food categories. The monthly (January 2024 vs. December 2023) growth percentages indicate decreasing trends for all the five indices. The annual (January 2024 vs. January 2023) growth percentages indicate a decrease of 20.0% for the Cereals Price Index, 19.3% for the Dairy Price Index, 14.3% for the Oils Price Index and 2.9% for the Meat Price Index. The Sugar Price Index increased by 13.8%.



**Figure 4: Real price indices for five food categories**

Source: FAO, 2024

The **FAO Food Price Index (FFPI)**<sup>1</sup> in *nominal terms*, averaged 118 points in January 2024, down 1.2 points (1.0%) from its revised December 2023 level, as decreases in the price indices for cereals and meat more than offset an increase in the sugar price index, while those for dairy and vegetable oils only registered slight adjustments. The index stood 13.7 points (10.4%) below its corresponding value one year ago.

The **FAO Cereal Price Index** in *nominal terms*, averaged at 120.1 points in January 2024, down 2.7 points or 2.2% from December 2023 and as much as 27.4 points (18.6%) from its January 2023 value. Global wheat export prices declined in January 2024, driven by continued strong competition among exporters and arrival of recently harvested supplies in the southern hemisphere countries. Maize export prices declined sharply month-on-month, reflecting improved crop conditions and the start of the harvest in Argentina as well as larger supplies in the United States of America following an upward revision of its production estimates. In tandem with wheat and maize prices, world prices of barley and sorghum also decreased in January 2024. By contrast, the FAO All Rice Price Index increased by a further 1.2% in January 2024, largely reflecting a rise in prices of higher quality Indica rice due to a strong pace of Thai and Pakistani shipments and additional purchases by Indonesia.

The **FAO Vegetable Oil Price Index** in *nominal terms*, averaged at 122.5 points in January 2024, up marginally by 0.2 points or 0.1% from the previous month, but still 17.9 points (12.8%) below its January 2023 reading. The steadiness in the price index month-on-month reflected the combined effects of higher global palm and sunflower seed oil prices offsetting lower soy and rapeseed oil quotations. International

<sup>1</sup>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.

palm oil prices increased moderately in January 2024, primarily underpinned by seasonally lower production in major producing countries and concerns over unfavourable weather conditions in Malaysia. Meanwhile, world sunflower seed oil quotations edged up, driven by increased import demand, particularly from Turkey. By contrast, international soy and rapeseed oil prices declined on account of, respectively, prospects for large supplies from South America and lingering ample availabilities in Europe.

The **FAO Dairy Price Index** in *nominal terms*, averaged at 118.9 points in January 2024, virtually unchanged from its revised December 2023 value and standing 25.8 points or 17.8% below its value in the corresponding month a year ago. In January 2024, international price quotations for butter and whole milk powder (WMP) increased, nearly offsetting declines in those for skim milk powder (SMP) and cheese. World butter prices rose due to increased demand from Asian buyers, coupled with more robust demand from the retail sector for replenishing stocks and lighter inventories in Western Europe. Meanwhile, WMP prices also increased, reflecting increased demand for medium-term deliveries, especially by China, and seasonally declining production in New Zealand. By contrast, international prices of SMP and cheese declined as demand for spot supplies remained muted and immediate requirements of buyers were adequately covered.

The **FAO Meat Price Index**<sup>2</sup> in *nominal terms*, averaged at 109.8 points in January 2024, down 1.5 points or 1.4% from December 2023, marking the seventh consecutive monthly decline and standing 1.3 points (1.2%) below its corresponding value last year. International price quotations for poultry meat declined further in January 2024, underpinned by persistent subdued global demand and ample exportable availabilities in leading exporting countries. Similarly, pig meat quotations declined slightly due to a drop in import purchases by China in line with rising national pig meat production and abundant supplies from some producing countries. World bovine meat prices also fell marginally, primarily reflecting high export supplies from Oceania and South America. By contrast, international ovine meat prices increased on high global import demand and lower supplies of animals for slaughter in Oceania as recent rains have incentivised farmers to retain animals longer.

The **FAO Sugar Price Index** in *nominal terms*, averaged at 135.3 points in January 2024, up 1.1 points or 0.8% from December 2023 and 18.5 points (15.9%) from its value a year ago. The increase in world sugar prices was mainly driven by concerns over the likely impact of below-average rains in Brazil on sugarcane crops to be harvested from April 2024, coupled with the slow start of the new season and unfavourable production prospects in Thailand and India, two major producing countries. However, large supplies from the recently completed harvest and lower returns from ethanol sales in Brazil, together with the weakening of the Brazilian real against the United States dollar, contributed to limiting the month-on-month increase in world sugar prices.

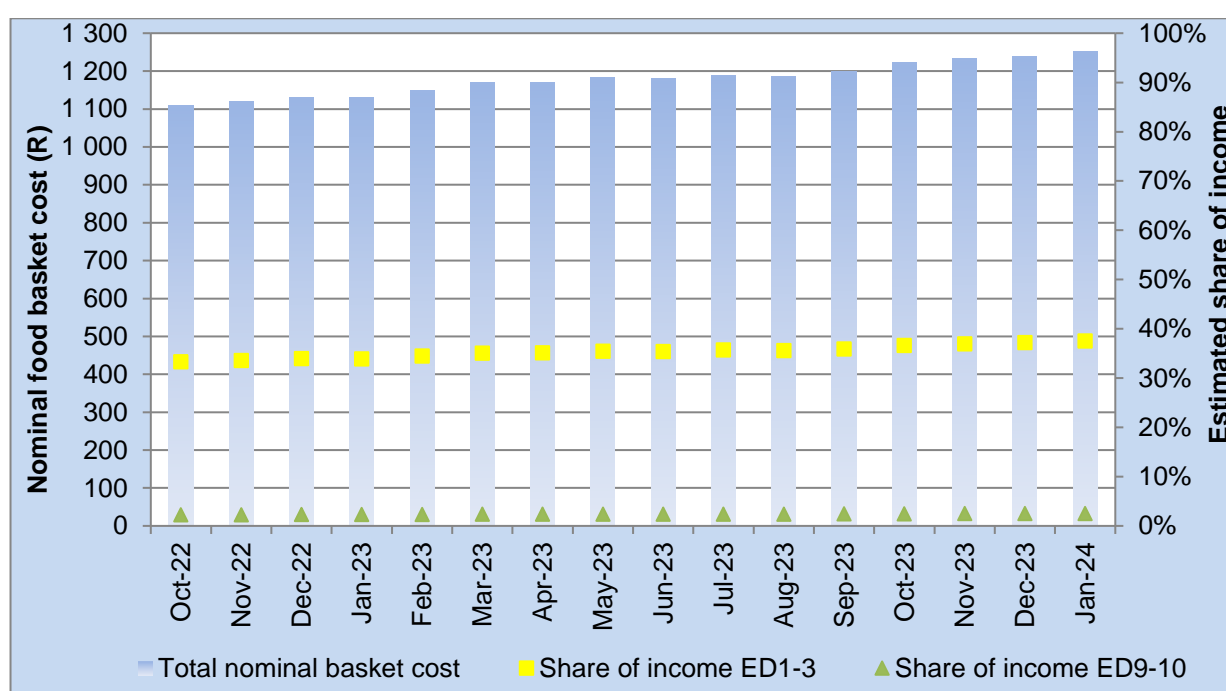
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<sup>2</sup> Unlike for other commodity groups, most prices utilized in the calculation of the FAO Meat Price Index are not available when the FAO Food Price Index is computed and published; therefore, the value of the Meat Price Index for the most 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 basket<sup>3</sup> (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 January 2023 to January 2024.

In January 2024, the cost of this basic NAMC urban food basket was R1 251.50, equivalent to a 10.7% (R121) increase from January 2023 (year-on-year) and an increase by 1.0% (R12) from December 2023 (month-on-month). The cost of this food basket expressed as a share of the average monthly income<sup>4</sup> of the poorest 30% of the population increased from 33.9% in January 2023 to 37.6% in January 2024. 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 January 2023 to 2.5% in January 2024. (Figure 5).



**Figure 5: The cost of a typical consumer food basket for the period October 2022 to January 2024, 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)**

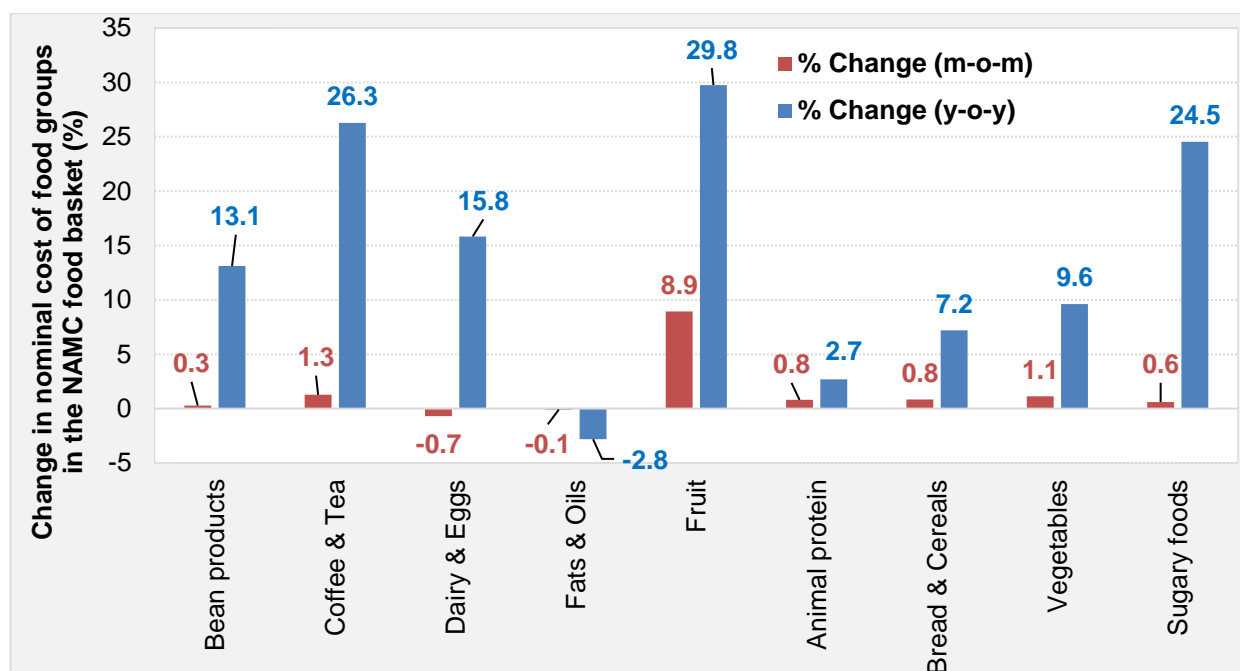
Sources: BFAP calculations, based on Stats SA monitored price data for urban areas, 2024

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 January 2024 to December 2023 as

<sup>3</sup> 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).

<sup>4</sup> 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 January 2024 and January 2023. Food groups with more severe annual food inflation (above 10%) included fruit, coffee & tea, sugar, dairy & eggs and bean products.



**Figure 6: Nominal cost growth of specific food groups within the NAMC's 28-item food basket, comparing January 2023 to January 2024 (y-o-y) and January 2024 to December 2023 (m-o-m)**

Sources: BFAP calculations, based on Stats SA monitored price data for urban areas, 2024

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, January 2024 vs. January 2023**

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
	January 2024 vs. January 2023	October 2023 vs October 2022*				
<b>Animal protein</b>	2.7%	4.9%	Chicken giblets (+8.6%)	Polony (+5.3%) IQF chicken portions (+3.8%) Canned pilchards (+2.4%) Beef offal (+2.0%)	Beef mince (-1.6%)	Inflation on all listed animal protein food options except mince.
<b>Bread &amp; cereals</b>	7.2%	9.5%	Rice (+25.5%)	Brown bread (+2.0%) Maize meal (+1.1%)	White bread (-0.7%)	Inflation on rice, brown bread and maize meal.
<b>Vegetables</b>	9.6%	20.1%	Potatoes (+43.3%) Tomatoes (+10.4%)	Cabbage (+5.2%)	Onions (-10.6%)	Inflation on all listed vegetable food options except onions.
<b>Fruit</b>	29.8%	20.5%	Oranges (+43.7%) Apples (+22.0%) Bananas (+21.2%)	None	None	High inflation on all listed fruit food options.
<b>Dairy</b>	12.1%	27.7%	Cheddar cheese (+12.8%) Milk (+7.0%)	None	None	High inflation on dairy and eggs.
<b>Eggs</b>	25.8%	-1.7%	Eggs (+25.8%)	None	None	
<b>Fats &amp; oils</b>	-2.8%	-5.7%	None	None	Sunflower oil (-4.4%) Brick margarine (-0.9%)	Deflation on fats & oils.
<b>Bean products</b>	13.1%	9.4%	Peanut butter (+15.4%) Baked beans (+15.0%) Dried beans (+9.0%)	None	None	Inflation on all listed bean food options.
<b>Coffee &amp; tea</b>	26.3%	22.0%	Ceylon/black tea (+30.5%) Instant coffee (+22.7%)	None	None	High inflation on tea and coffee.
<b>Sugary foods</b>	24.5%	23.9%	White sugar (+24.5%)	None	None	High inflation on sugar.

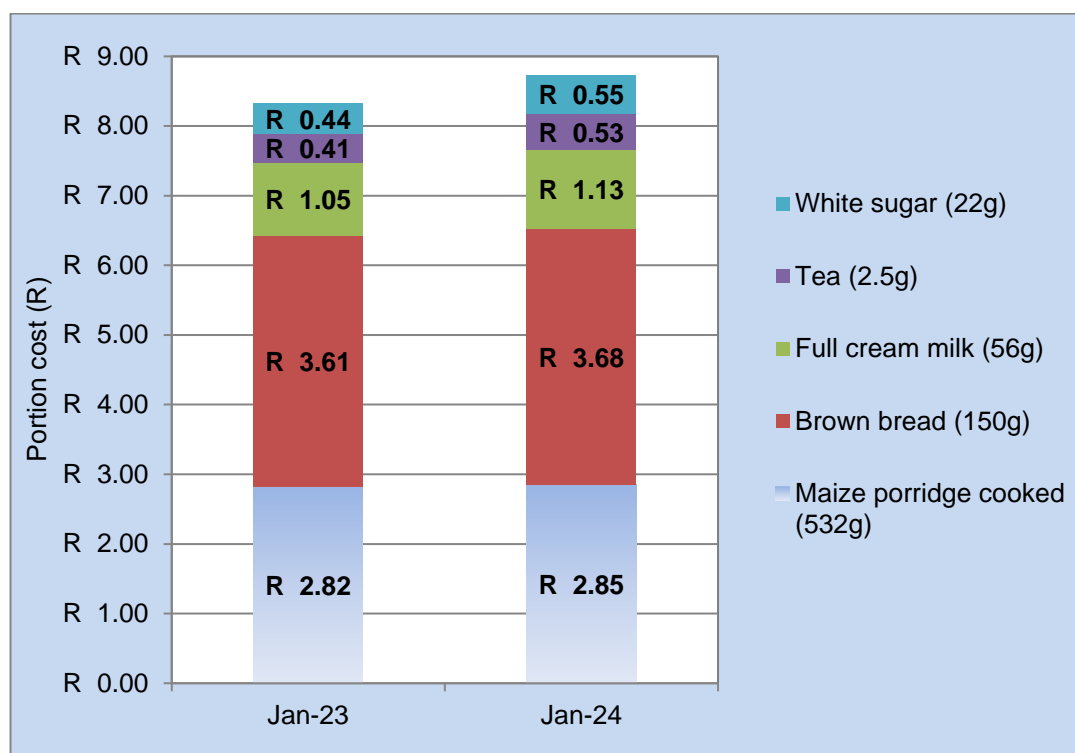
**Sources: BFAP & NAMC calculations, Stats SA, 2024**

\*Note: Previous Food Price Monitor analysis period prior to January 2024 vs. January 2023

Comparing January 2024 to January 2023 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); oranges, potatoes, Ceylon/black tea, eggs, rice, white sugar, instant coffee, apples, bananas, peanut butter, baked beans, cheddar cheese, tomatoes, dried beans, chicken giblets and full cream long life milk. When comparing food group inflation rates for January 2024/January 2023 with October 2023/October 2022 (i.e., the previous Food Price Monitor analysis period) the rate of inflation was higher for fruit, eggs, bean products, coffee & tea and sugar. From January 2023 to January 2024 food group inflation decreased the most for vegetables and bread & cereals.

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, 2000<sup>5</sup>; Oldewage-Theron et al, 2005<sup>6</sup>). **Figure 7** illustrates the estimated portion costs for these foods, calculated from monthly food price data for January 2024 and January 2023. In January 2024 the largest cost contribution came from brown bread (42%) and maize meal (35%), 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 January 2024). 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 January 2024 and January 2023 prices the results in **Figure 7** indicated inflation of 4.9% (from R8.32 to R8.73 for the selection of typical portions), with inflation on tea, sugar and milk contributing most to inflation. From December 2023 to January 2024 the costs associated with the typical portion sizes of very poor consumers for the five most widely consumed food items in South Africa increased by 0.4% (-R0.04).



**Figure 7: Average nominal cost for the typical portions of the five food items most widely consumed by very poor consumers in South Africa, January 2024 and January 2023**

Sources: BFAP calculations based on Stats SA monitored price data for urban areas, 2024

<sup>5</sup> 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

<sup>6</sup> 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

### **Grains & Oilseeds:**

- Global food commodity prices declined, resulting in lower domestic grains and oilseed prices, despite a weaker exchange rate.
- Following multiple successive strong summer crops, maize and soybean prices had been trading at export parity – thus international prices are the primary driver of domestic movements.
- The 2024 summer crop will be smaller than the past few years, with the extent of damage from the warm and dry conditions through February 2024 still unclear. The first estimate from the crop estimate committee suggests that the maize crop will exceed 14 million tonnes, which is still sufficient for an exportable surplus, given domestic demand is around 12 Million Tonnes.
- Weather conditions in the first half of March 2024 in particular will be critical for this crop to materialise, as an extension of the warm and dry conditions that materialised through February, could result in further crop damage and a downward revision in crop size expectations.

### **Meat & Eggs:**

- Chicken and particularly egg prices increased over the past few months due to the severe impact of Highly Pathogenic Avian Influenza in the broiler breeder and commercial layer flocks. Chicken production is well on the road to recovery, with imports of fertile eggs compensating for the reduced breeder flock to ensure rapid supply recovery. Egg production will recover slower, due to the time required to raise new chicks to point of lay – the longer lifecycle also raises the risk associated with restocking. Efforts to enable vaccination are ongoing.
- Following a spike in December 2023 through the festive season, the demand for meat products, including beef, lamb, pork and poultry, typically weakens through January 2024 and February 2024. This could improve towards Easter.

### **Fresh Produce:**

- Seasonality contributed to lower sales value on domestic municipal markets, which corresponds with an increase in volumes compared to the previous month.
- Supply in 2023 was lower, as a result of reduced plantings and challenges to irrigate optimally with severe load shedding. This supply may improve in 2024 in response to high 2023 prices, but energy challenges could well remain and the exceptionally warm weather through February 2024 could also influence yield prospects.

For further insights into food inflation refer to the monthly **BFAP Food Inflation Brief** ([https://www.bfap.co.za/wp-content/uploads/2024/02/BFAP-Food-Inflation-Brief-Jan-2024-prices\\_.pdf](https://www.bfap.co.za/wp-content/uploads/2024/02/BFAP-Food-Inflation-Brief-Jan-2024-prices_.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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