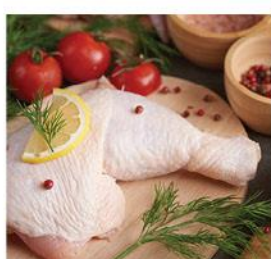




FOOD BASKET PRICE MONTHLY



NAMC FOOD BASKET: 28 SELECTED FOOD ITEMS PRICES Issue 106 – September 2024

Food Basket Price Monthly September 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 August 2024 official data is used in this report, as the official release of the September 2024 CPI data is scheduled for October 23, 2024 (see link below from the Stats SA website):

<https://www.statssa.gov.za/publications/P0141/P0141August2024.pdf>

Highlights

During August 2024, the nominal cost of the NAMC's 28-item urban food basket amounted to R1 280.11 compared to the R1 276.80 reported in July 2024. This represents a monthly increase of 0.3% and a year-on-year increase of 8.0%.

August 24 vs. August 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 (7.0%) Milk, eggs & cheese (6.9%)	Bread & cereals (5.8%) Other food (5.4%) Fish (5.4%) Vegetables (4.4%) Processed food (4.2%) Unprocessed food (4.2%)	Fruit (1.9%) Meat (1.4%)	Oils & fats (0.0%)
Individual food items in NAMC food basket (listed in order of decreasing inflation rates):	Eggs (35.1%) Instant coffee (27.8%) Ceylon/black tea (26.2%) Oranges (23.4%) Peanut butter (17.5%) Rice (16.9%) Dried beans (15.0%) Apples (15.0%) Tomatoes (14.8%)	Potatoes (8.6%) Brick margarine (8.2%) Beef offal (7.4%) Cabbage (7.2%) Tinned fish (6.1%)	Cheddar cheese (5.8%) White sugar (5.8%) Maize meal (5.3%) Baked beans (3.9%) White bread (3.7%) Full cream long life milk (3.4%) Brown bread (3.3%)	Chicken giblets (2.6%) Polony (2.0%) Individually Quick Frozen (IQF) chicken portions (1.9%)	Sunflower oil (-1.5%) Beef mince (-4.8%) Bananas (-5.2%) Onions (-8.1%)

1. Overall inflation and food inflation

The global nominal food price index, as reported by the Food and Agricultural Organisation (FAO), experienced a slight decrease in August 2024, standing at 120.7 points. This was primarily due to declines in price indices for sugar, meat, and cereals which outweighed increases in dairy and vegetable oil price indices. Notably, the sugar price index declined by 4.7%, reflecting an improved production outlook in Thailand and India. The meat price index followed a similar trend and declined by 0.7%, mainly due to lower poultry and pig meat prices, while bovine meat prices increased slightly due to reduced slaughter availability. The cereal price index fell by 0.5%, driven by a decline in global wheat prices. Meanwhile, the vegetable oil price index rose by 0.8%, mainly due to higher palm oil prices, while sunflower and rapeseed oil prices saw declines. The dairy price index saw a 2.2% increase, bolstered by higher demand for whole milk powder and tight supplies.

Figure 1 illustrates fluctuations in global food inflation across several countries, including the BRICS member nations (Brazil, Russia, India, China and South Africa), as well as Zambia, Botswana and Namibia, which maintain significant trade connections with South Africa. Comparing data from July 2024 to August 2024, some countries experienced increases in their food inflation rates. For instance, Zambia's food inflation rose from 17.4% to 17.6%, India from 5.4% to 5.7%, Namibia's increased from 4.8% to 5.2%, Botswana from 4.4% to 5.1%, South Africa from 4.5% to 4.7%, Brazil from 4.2% to 4.6% and China's food inflation increased from 0.0% to 2.8%. Other countries saw decreases in food inflation. For instance, Russia's food inflation decreased from 9.8% to 9.7% as the United Kingdom's food inflation also decreased from 1.5% to 1.3%.

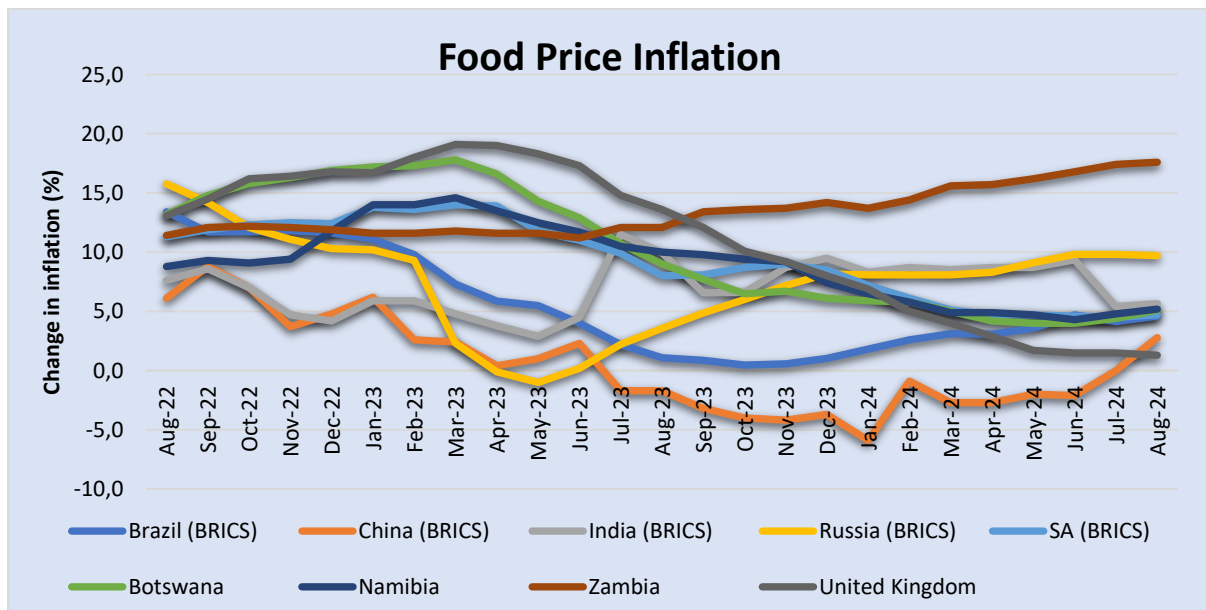


Figure 1: Global food inflation

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

Figure 2 presents the trend in the Consumer Price Index (CPI) for South Africa from August 2018 to August 2024, along with the inflation rate for food and non-alcoholic beverages (NAB). On 18 September 2024, the official release by Statistics South Africa (Stats SA) confirmed the CPI for August 2024. For August 2024, the annual headline CPI was reported at 4.4%, showing a noticeable reduction from the 4.6% reported in July 2024. In contrast, the inflation rate for food and non-alcoholic beverages increased to 4.7% in August 2024 showing a slight increase from the 4.5% reported in July 2024. Notably, the main drivers of the current food and NAB inflation were sugar, sweets & desserts, which experienced a substantial (7.0%) inflation in August 2024, followed by milk, eggs & cheese (6.9%), bread & cereals (5.8%), fish (5.4%), other foods (5.4%), vegetables (4.4%), processed food (4.2%),

unprocessed food (4.2%), fruits (1.9%) and meat (1.4%). During the same period oils & fats remained constant (0.0%).

South Africa's food inflation has risen for the first time since the previous increase in November 2023. This trend is expected to fluctuate in the coming months, as the country is currently preparing to plant summer crops while harvesting winter crops. Additionally, global price increases in items such as vegetable oil and dairy products are contributing to this volatility. On the positive side, global food inflation decreased for indices like cereals, meat and sugar which outweighed the increases of other indices. The observed decreased in cereal indices is due to higher than previously expected wheat production in Argentina and the USA. Similarly, the observed sugar price indices reduction is due to high production outlook in the current season in Thailand and India due to rainfall that benefited the sugar cane crops (FAO, 2024).

Furthermore, as of August, 2024, the local price of white maize averaged at R5 357/ton, representing a 1.4% increase from July 2024. Similarly, yellow maize averaged at R4 056/ton, reflecting a 2.4% increase from the previous month. Sunflower seed prices averaged at R8 921/ton indicating a 2.4% decline from the preceding month's price. It is impressive to note that South Africa's inflation rate has consistently remained within the central bank's target range of 3% to 6% since August 2023. This stability prompted the South African Reserve Bank (SARB) to halt recent interest rate hikes after the latest monetary policy meeting.

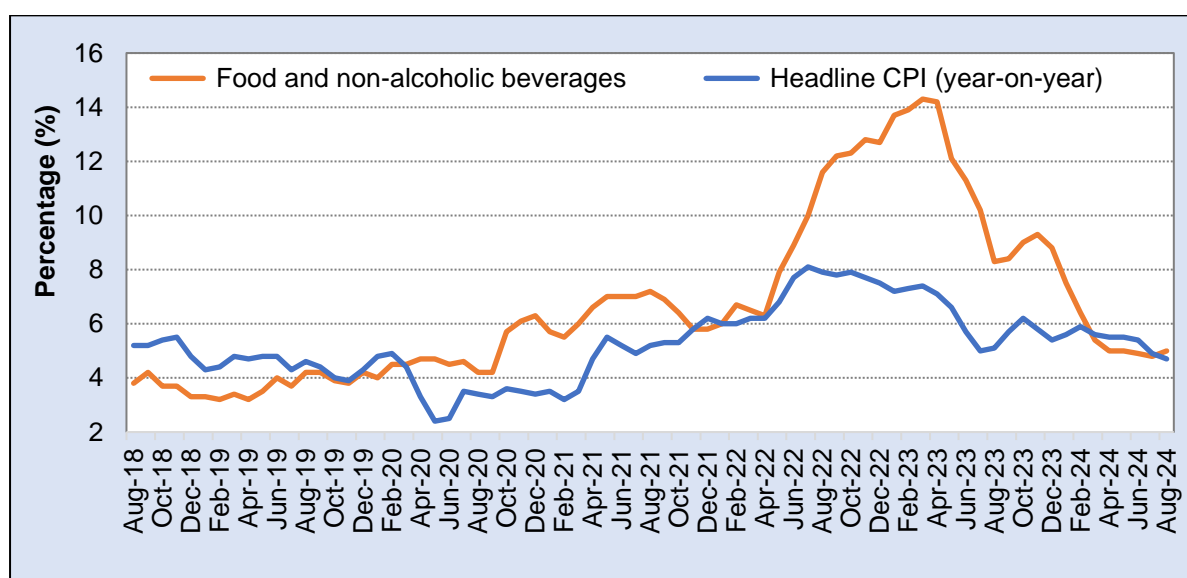


Figure 2: South Africa's headline CPI and Food & non-alcoholic beverages' CPI

Source: Stats SA, 2024; NAMC calculations

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

Table 1 presents a comparative analysis of expenses associated with selected food items in both urban and rural areas during August 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 R3.36, followed by peanut butter (R1.55), white sugar (R1.20), a loaf of white bread (R0.83), a loaf of brown bread (R0.46) and sunflower oil (R0.20) in comparison to their rural counterparts. On average, urban consumers paid R0.48 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 August 2024 (R/unit)	Rural Food Prices August 2024 (R/unit)	The price difference (R/unit)
Full cream milk – long life 1ℓ	20.22	20.78	-0.56
A loaf of brown bread 700g	17.52	17.06	0.46
A loaf of white bread 700g	18.97	18.14	0.83
Banana per kg	16.31	16.93	-0.62
Maize meal 2.5 kg	39.09	39.19	-0.10
Margarine spread 500g	39.55	39.64	-0.09
Peanut butter 400g	47.28	45.73	1.55
Rice 2kg	47.59	48.55	-0.96
Sunflower oil 750mℓ	34.89	34.69	0.20
Ceylon/black tea 250g	57.52	54.16	3.36
White sugar 2.5kg	64.08	62.88	1.20
			0.48

Source: Stats SA. 2024; NAMC calculations

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

In this section, the NAMC's 28-item urban food basket's cost is explained through a comparison of average food prices in August 2024 and August 2023. The cost of the NAMC's 28-item urban food basket increased by 8.0% in August 2024 compared to the same period last year, reaching R1 280.11. When compared to the R1 276.80 in July 2024, the basket increased by 0.3% on a monthly basis.

Table 2 presents the 28 food items composing the NAMC urban food basket in terms of their nominal prices. Between August 2024 and August 2023, among these 28 items, 14 witnessed price increases that exceeded the inflation target set by the South African Reserve Bank (SARB) of 6%. Notable products in this category include eggs which experienced a substantial price surge of 35.1%, followed by instant coffee (27.8%), oranges (23.4%), Ceylon/black tea (18.6%), peanut butter (17.5%), rice (16.9%), dried beans (15.0%), apples (15.0%), tomatoes (14.8%), potatoes (8.6%), brick margarine (8.2%), beef offal (7.4%), cabbage (7.2%) and tinned fish (6.1%).

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

Category	Product	August-23 R/unit	July -24 R/unit	August -24 R/unit	Change year-on-year (%)	Change month-on-month (%)
Beans	Baked beans - tinned 410g	15.57	16.12	16.17	3.9%	0.3%
	Beans - dried 500g	29.61	34.11	34.05	15.0%	-0.2%
	Peanut butter 400g	40.25	46.65	47.28	17.5%	1.4%
Coffee & Tea	Ceylon/black tea 250g	48.51	57.12	57.52	18.6%	0.7%
	Instant coffee 250g	52.71	66.47	67.37	27.8%	1.4%
Dairy & Eggs	Cheddar cheese per kg	144.57	152.99	152.99	5.8%	0.0%
	Eggs 1.5 dozen	50.89	68.06	68.75	35.1%	1.0%
	Full cream milk - long life 1ℓ	19.55	20.09	20.22	3.4%	0.6%
Fats & Oils	Brick margarine 500g	27.57	29.31	29.83	8.2%	1.8%
	Sunflower oil 750mℓ	35.42	34.89	34.89	-1.5%	0.0%
Fruit	Apples per kg	20.03	21.89	23.03	15.0%	5.2%
	Bananas per kg	17.20	16.52	16.31	-5.2%	-1.3%
	Oranges per kg	16.64	20.60	20.54	23.4%	-0.3%
Animal Protein	Beef mince per kg	106.44	102.95	101.37	-4.8%	-1.5%
	Beef offal per kg	48.65	51.56	52.26	7.4%	1.4%
	Chicken giblets per kg	45.87	47.72	47.08	2.6%	-1.3%
	Fish (excl tuna) - tinned 400g	26.21	27.60	27.81	6.1%	0.8%

Category	Product	August-23 R/unit	July -24 R/unit	August -24 R/unit	Change year-on-year (%)	Change month-on-month (%)
	IQF chicken portions 2kg	91.60	93.16	93.34	1.9%	0.2%
	Polony 1kg	53.48	54.30	54.57	2.0%	0.5%
Bread & Cereals	Loaf of brown bread 700g	16.96	17.28	17.52	3.3%	1.4%
	Loaf of white bread 700g	18.29	18.68	18.97	3.7%	1.6%
	Rice 2kg	40.72	47.46	47.59	16.9%	0.3%
	Maize meal 5kg	68.34	72.42	71.96	5.3%	-0.6%
Vegetables	Cabbage each	20.68	22.43	22.17	7.2%	-1.2%
	Onions per kg	26.77	25.26	24.60	-8.1%	-2.6%
	Potatoes per kg	18.68	19.72	20.28	8.6%	2.8%
	Tomatoes per kg	24.00	26.68	27.56	14.8%	3.3%
Sugary foods	White sugar 2.5kg	60.55	64.76	64.08	5.8%	-1.1%
Total Rand Value		1 185.76	1 276.80	1 280.11	8.0%	0.3%

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 August 2024 with August 2023 (year-on-year) and August 2024 with July 2024 (month-on-month). When examining year-on-year price differences, the food group that contributed most significantly to observed food inflation was coffee & tea, experiencing a substantial increase of 23.4%. Following this was bean products which increased by 14.1%, then dairy & eggs by 12.5%, fruits by 11.2%, bread & cereals by 8.1%, sugary foods by 5.8%, vegetables by 5.0%, fats & oils by 2.7% and animal products by 1.1%. Reviewing the month-on-month basis, fruits showed the most significant escalation by 1.5%, followed by coffee & tea which increased by 1.1%, fats & oils by 0.8%, bean products by 0.6%, vegetables by 0.6%, dairy & eggs by 0.3% and bread & cereals increased by 0.1%. During this period animal products and sugary foods decreased by 0.2% and 1.1%, respectively.

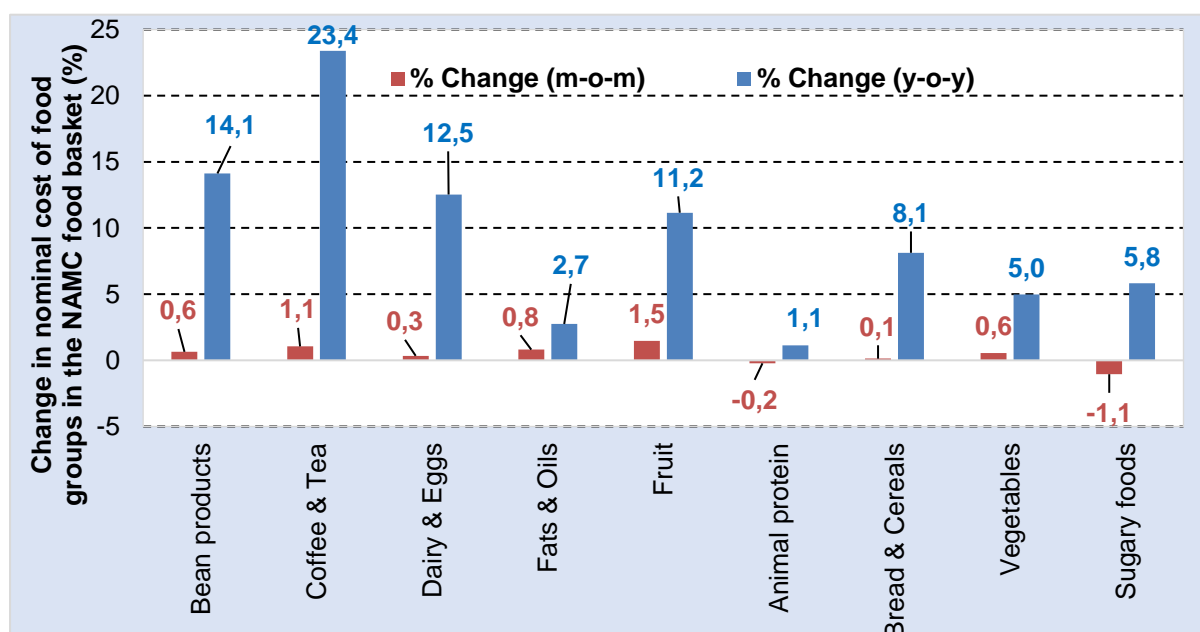


Figure 3: Nominal change in the cost of specific food groups within the NAMC's 28-item food basket, comparing August 2024 vs. August 2023 and August 2024 vs. July 2024

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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