COMMENTARY

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UNDERSTANDING THE INCREASE IN ONION AND BANANA PRICES: UNEVEN PRICE TRENDS IN SOUTH AFRICA'S FRESH PRODUCE MARKETS

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1. Introduction

South Africa's fresh produce market ecosystem plays an important role in the agricultural sector and the broader food system. The fresh produce market ecosystem comprises a network of producers, municipal fresh produce markets, wholesalers, retailers, informal traders, and other market participants responsible for moving agricultural produce from farms to consumers. Fresh produce, particularly fruits and vegetables, is an important component of a balanced diet, contributing to dietary diversity and nutrition.

Municipal fresh produce markets provide an important trading platform through which farmers, market agents, wholesalers and retailers buy and sell produce. Whilst onions and bananas are not conventionally classified as staple foods, they are important components of many household diets. The prices of these products, alongside with those of other fresh fruit and vegetables, influence the overall cost of a typical household food basket. Critical analysis of latest data indicates that onions and bananas prices are influenced by several factors such as (i) seasonal production patterns, (ii) weather conditions, (iii) market supply and demand, (iv) agricultural input costs, and (v) distribution expenses.

The perishable nature of these fresh products entails they are vulnerable to supply-chain disruptions and post-harvest losses. Recent price movements recorded in the NAMC 28-item urban food basket highlight variations in these individual commodities. For instance, in September 2026, onions and bananas recorded notable year-on-year price increases, although their month-on-month movements differed.

2. Recent Price Trends in Onion and Banana Prices

The NAMC's urban food basket indicates that onion prices increased from R29.49/kg in August 2026 to R31.43/kg in September 2026, representing a month-on-month above headline inflation increase of approximately 6.58%. Compared with September 2025, when the average price of onions was R22.41/kg, the September 2026 price reflected a year-on-year increase of approximately 40.25%. This was higher than the 14.35% year-on-year increase recorded in August 2026.

Similarly, banana prices increased from R20.53/kg in August 2026 to R22.83/kg in September 2026, representing a month-on-month above headline inflation increase of approximately 11.20%. On a year-on-year basis, banana prices increased by approximately 33.04%, from R17.16/kg in September 2025. Although both commodities recorded significant annual increases, in September 2026, the price of bananas experienced a higher month-on-month increase than onions, while onions recorded the larger year-on-year price increase. These differences demonstrate that commodity-specific market conditions can influence retail prices differently, even when overall food basket movements remain relatively modest. In September 2026, the overall NAMC food basket recorded a month-on-month increase of approximately 0.02%.

3. Factors Influencing Price Increases

The observed price movements for onions and bananas may be attributed to the following: (i) seasonal production patterns, (ii) weather conditions, (iii) fluctuations in market supply, and (iv) distribution costs. For onions, changes in planting and harvesting schedules due to weather conditions may affect market availability. Heavy rainfall from La Niña phenomenon and delayed planting in the areas of the Eastern and Western Cape may have potentially influenced production and supply conditions, hence contributing to upward price pressure. Furthermore, the demand from neighbouring such as Botswana, Lesotho, Namibia, eSwatini, and Zimbabwe countries may affect the quantities available in the domestic market.

Banana prices are also influenced by seasonal harvesting patterns, fruit quality, and their availability. An August 2026 market update reportedly indicated a substantial decline in banana supply, which may have contributed to the subsequent price increases. However, further empirical analysis of the relationship between the volume delivered at markets and wholesale prices is required.

Weather conditions and climate-related risks are additional considerations. Excessive rainfall can disrupt planting and harvesting activities, while inadequate rainfall and high temperatures affect crop productivity and irrigation requirements. Forecasts of possible El Niño-related conditions during the 2026/27 production season, including below-normal rainfall and above-normal temperatures in some areas, could create further production risks. These forecasts should, however, be regarded as potential climate variability risks rather than direct explanations for the price increases already recorded.

Furthermore, rising agricultural input and distribution costs may contribute to higher fresh produce prices. Fertiliser, fuel, electricity, labour, packaging and transport costs influence the overall cost of producing and delivering commodities to markets. Geopolitical tensions and disruptions to international trade routes may also affect the prices of imported agricultural inputs.

4. Suggested Interventions

Agricultural market policy and regulatory institutions: The Department of Agriculture, through initiatives such as the Agriculture and Agro-processing Master Plan (AAMP) provides for interventions such as (i) adequate and effective farmer support, (ii) access to market for all participants, (iii) maintenance and expansion of off-on farm infrastructure development and (iv) value-chain competitiveness. Regulatory institutions, including the National Consumer Commission and the Competition Commission, also promote fair market practices while mitigating unlawful or anti-competitive conduct. The AAMP provides for strengthening of coordination among these institutions and improving market information systems to proactively identify supply disruptions, monitor price movements, and promote transparency along fresh produce value chains.

Policy interventions to manage fresh produce price movements: Managing fresh produce price volatility requires coordinated interventions that address production constraints, market information gaps and supply-chain inefficiencies. *First*, strengthening agricultural market information systems can improve access to timely information on production trends, market arrivals, prices, and demand conditions. *Second*, investment in production and supply-chain infrastructure is important for improving market access and reducing post-harvest losses. Appropriate onion storage facilities can help extend the marketing period and manage seasonal supply fluctuations. For bananas, they require effective post-harvest handling and temperature-controlled cold-chain facilities due to their high perishability. *Third*, strengthening market transparency and regulatory oversight can promote fair trading practices and improve confidence among market participants. Improved access to information on wholesale and retail prices, available marketable volumes, and trading conditions would support more informed decision-making.

Finally, strategic food reserves and buffer stock mechanisms could be considered as targeted policy instruments to strengthen South Africa's capacity to respond to significant food supply disruptions and excessive price volatility. Under such an arrangement, government, potentially in collaboration with relevant industry stakeholders, could establish a framework for procuring and maintaining reserves of selected essential agricultural commodities. These reserves could be sourced during periods of relatively high domestic production or favourable market conditions and released into the market when supply shortages, production disruptions or exceptional price increases occur. However, these interventions should be assessed in accordance with product-specific storage characteristics and economic feasibility. Onion storage may be practical where suitable facilities are available, whereas conventional long-term stockpiling of bananas is less feasible because of their short shelf life and specialised storage requirements.

In conclusion, the observed increase in onion and banana prices between August and September 2026 highlight variability in price movements across South Africa’s fresh produce markets. While onions recorded a more substantial above headline inflation year-on-year price increase, bananas experienced a sharper month-on-month increase in September. These differences in price movements may be attributed to variations in seasonal supply, weather-related disruptions, rising production costs, and challenges associated with the distribution of fresh produce. Addressing this variability in prices requires coordinated interventions focused on strengthening domestic production, investing in appropriate infrastructure, and promoting transparent market practices. The AAMP provides a framework to coordinate and successfully implement the interventions.