

# FOOD PRICE MONITOR

August 2024 Issue



**NAMC**

Promoting market access for South African agriculture

# FOOD PRICE MONITOR

## August 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 July 2024 official data is used in this report, as the official release of the August 2024 CPI data is scheduled for September 18, 2024 (see link below from the Stats SA website):

<https://www.statssa.gov.za/publications/P0141/P0141July2024.pdf>

### EXECUTIVE SUMMARY

During April 2024, the Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) indicates that the annual headline CPI increased by 4.6%, while inflation for food and non-alcoholic beverages increased by 4.5%.

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 120.8 points in July 2024, marginally below its revised figure for June 2024, as a decrease in the price index for cereals outweighed increases in the price indices for vegetable oil, meat products, and sugar, while the dairy index was almost unchanged. Overall, the FFPI remained 3.1% lower than its corresponding value one year ago and 24.7% below its peak of 160.3 points reached in March 2022.

In July 2024, the cost of this basic NAMC urban food basket was R1 276.80, equivalent to a 7.4% (R87.47) increase from July 2023 (year-on-year) and a decrease by 0.1% (R1.57) from June 2024 (month-on-month).

Comparing July 2024 to July 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); eggs, instant coffee, Ceylon tea, rice, oranges, dried beans, peanut butter, baked beans, apples, cabbage, maize meal, potatoes and white sugar.

Strong demand and lower production volumes for white maize in South Africa and neighbouring countries impacted by the drought supported prices.

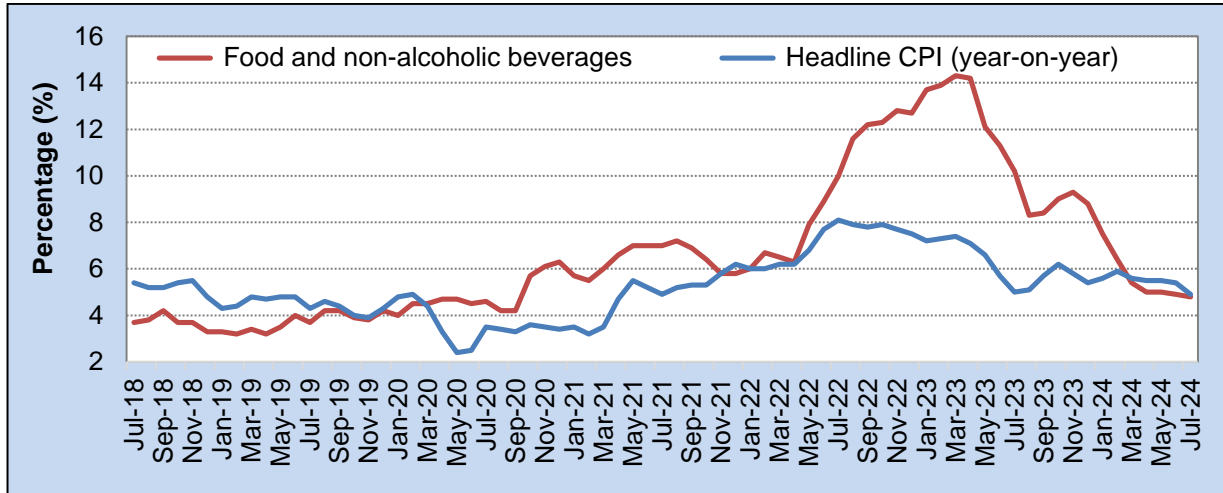
Chicken prices have been coming down from the highs induced by the avian influenza outbreak of 2023. Weak local demand is largely the cause of the beef industry's divergence from the global trend.

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# 1. Introduction

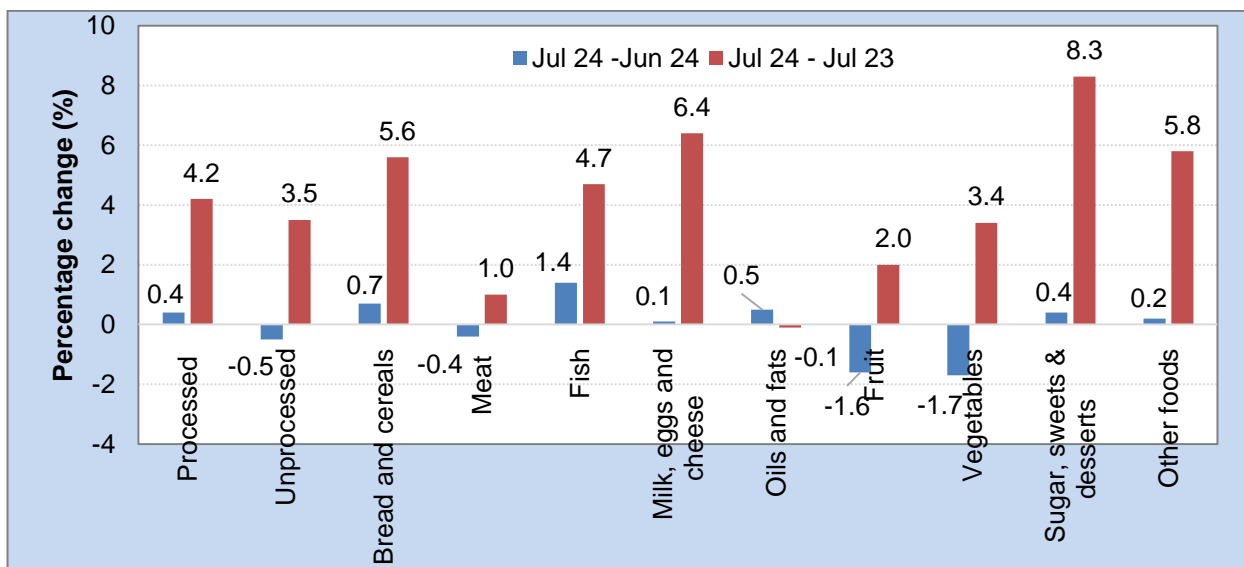
**Figure 1** shows trends of the headline Consumer Price Index (CPI) and food and non-alcoholic beverage inflation rate on a monthly basis, from July 2018 to July 2024. During July 2024, the CPI released by Statistics South Africa (Stats SA) indicates that the annual headline CPI increased by 4.6%, while inflation for food and non-alcoholic beverages increased by 4.5%. The headline inflation and the food and non-alcoholic beverage inflation was 4.7% and 9.9% during July 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 July 2024 with July 2023, the following changes, in descending order, were reported: sugary foods (8.3%), milk, eggs & cheese (6.4%), other food items (5.8%), bread & cereals (5.6%), fish (4.7%), processed foods (4.2%), unprocessed foods (3.5%), vegetables (3.4%), fruit (2.0%), meat (1.0%) and oils & fats (-0.1%). Comparing July 2024 with June 2024, the following changes, in descending order, were reported: fish (1.4%), bread & cereals (0.7%), oils & fats (0.5%), processed foods (0.4%), sugary foods other food items (0.2%), milk, eggs & cheese (0.1%), meat (-0.4%), (-0.2%), unprocessed foods (-0.5%), fruit (-1.6%) and vegetables (-1.7%).



**Figure 2: Annual (July 2024 vs. July 2023) and monthly (July 2024 vs. June 2024) 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 May 2024 to July 2024 for South Africa and other selected countries. South Africa's overall inflation for July 2024 reached 4.6% while food inflation reached 4.5%. Food categories with the largest annual contribution to South Africa's food inflation include sugary foods, milk, eggs & cheese, other foods, and bread & cereals. Turkey's overall inflation rate for July 2024 reached 61.8%, with food inflation reaching 58.9%. China's overall inflation rate was 0.5%, with no food inflation. Considering the inflation rates of Brazil, Russia, India, China and South Africa (BRICS countries), China recorded the lowest overall inflation of 0.5%, while Russia registered the highest food inflation rate at 9.8% in July 2024.

**Table 1: Overall inflation and food inflation from May 2024 to July 2024**

Country	May 2024		June 2024		July 2024	
	Overall inflation (%)	Food inflation (%)	Overall inflation (%)	Food inflation (%)	Overall inflation (%)	Food inflation (%)
<b>Botswana</b>	3.0	4.0	2.8	4.0	3.7	4.4
<b>Brazil</b>	3.9	3.6	4.2	4.7	4.5	4.2
<b>China</b>	0.3	-2.0	0.3	-2.1	0.5	0.0
<b>India</b>	4.8	8.7	5.1	9.4	3.5	5.4
<b>Namibia</b>	4.9	4.7	4.6	4.3	4.6	4.8
<b>Russia</b>	8.3	9.1	8.6	9.8	9.1	9.8
<b>South Africa</b>	5.2	4.7	5.1	4.6	4.6	4.5
<b>Turkey</b>	75.5	70.1	71.6	68.1	61.8	58.9
<b>United Kingdom</b>	2.0	1.7	3.5	1.5	2.2	1.5
<b>United States</b>	3.3	2.1	3.0	2.2	2.9	2.2
<b>Zambia</b>	14.7	16.2	15.2	16.8	15.4	17.4

Sources: Central banks and statistics reporting institutions of these countries, 2024

In general, Turkey registered the highest and increasing trend of inflation amongst all the countries considered in this section between February 2024 and April 2024 while the trend for China declined.

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

**Table 2** ranks selected food items pertaining to urban areas according to their various inflation rates. Food products highlighted in **Table 2** exhibit 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 (July 2024 vs. July 2023)**

Grain and oil products	%	Meat, meat products, dairy, dairy products and eggs	%	Fresh and processed fruits and vegetables	%
Macaroni 500g	-3.4	Beef fillet per kg	-13.1	Lettuce each	-11.2
Spaghetti 500g	-1.8	Beef mince per kg	-6.8	Onions per kg	-5.7
Cake flour 2.5kg	-0.5	Lamb/Mutton rib chop per kg	-5.7	Bananas per kg	-1.6
Sunflower oil 750ml	-0.5	Beef rump steak per kg	-3.9	Tomatoes per kg	4.3
Loaf of white bread 700g	-0.5	Lamb/Mutton stew per kg	-3.2	Potatoes - fresh per kg	6.9
Brick margarine 500g	-0.1	Lamb/Mutton neck per kg	-2.9	Cabbage each	7.9
Loaf of brown bread 700g	0.6	Bacon 200g	-2.5	Apples per kg	10.3
Instant noodles 73g	1.0	Pork fillet per kg	-2.3	Baked beans - tinned 410g	10.6
Margarine spread 500g	5.1	Sausage per kg	-2.0	Beans - dried 500g	16.8
Maize meal 2.5kg	5.2	Beef sirloin per kg	-1.9	Oranges per kg	19.4
Maize meal 5kg	7.7	Beef stew per kg	-0.5		
Pasta 500g	8.3	Pork ribs per kg	-0.3		
Samp 1kg	8.5	Lamb/Mutton leg per kg	-0.3		
Peanut butter 400g	16.8	Low fat milk - fresh 2l	0.1		
Rice 2kg	20.9	Polony 1kg	0.2	<b>Other</b>	<b>%</b>
Rice 1kg	33.8	Lamb/Mutton loin chop per kg	0.4	White sugar 2.5kg	6.9
		IQF chicken portions 2kg	0.5	Ceylon/black tea 250g	26.2
		Beef T-bone per kg	1.3	Instant coffee 250g	27.1
		Corned beef 300g	1.4		
		Beef chuck per kg	1.4		
		Full cream milk - fresh 2l	1.7		
		Chicken portions frozen - non IQF per kg	2.3		
		Chicken giblets per kg	3.4		
		Chicken portions - fresh per kg	3.4		
		Full cream milk - long life 1l	3.8		
		Low fat milk - long life 1l	3.9		
		Fish (excl tuna) - tinned 400g	4.3		
		Cheddar cheese per kg	4.3		
		Pork chops per kg	4.8		
		Whole chicken - fresh per kg	5.7		
		Beef offal per kg	5.7		
		Beef brisket per kg	6.1		
		Tuna - tinned 170g	6.4		
		Ham 500g	7.0		
		Powdered milk 900g	7.3		
		Lamb/Mutton offal per kg	10.8		
		Eggs 1.5 dozen	35.2		

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: July 2024 against July 2023

Comparing July 2024 against July 2023, the international price of wheat decreased by 24.7%, while domestic wheat prices decreased by 9.3%. Urban consumers paid 0.6% more for a loaf of brown bread (700g) and 0.5% less for a loaf of white bread (700g). Domestic yellow maize prices increased by 8.2%, while international yellow maize prices decreased by 26.8%. Domestic white maize prices increased by 46.0%. Maize meal prices (2.5kg) increased by 5.2% in urban areas. During the same period, the urban prices of sunflower oil (750ml) decreased by 0.5%. Domestic prices of sunflower seed decreased by 0.4% annually, while international sunflower seed prices increased by 8.1%.

Comparing July 2024 with July 2023, the average beef producer prices (R/kg) of class A2/A3 increased by 9.2% while classes B2/B3 and C2/C3 decreased by 5.6% and 6.6%, respectively. Lamb/mutton producer prices (R/kg) of classes B2/B3 increased by 3.3% while classes A2/A3 and C2/C3 decreased by 2.2% and 3.7%, respectively. Abattoir selling prices of fresh chicken portions and individually quick frozen (IQF) chicken portions decreased by 2.2% and 9.0%, whilst frozen chicken increased by 1.2%. Baconer and porker producer prices (R/kg) increased by 6.0% and 4.1%, respectively, during the same period.

## 4. Monthly urban price comparison: July 2024 vs. June 2024

**Table 3** compares prices of selected food items in urban areas for July 2024 and June 2024. Food items showing relatively large monthly price differences are maize meal (2.5kg), with a difference of R0.81, Ceylon/black tea (250g) with a difference of R0.59, rice (2kg) with a difference of R0.24, full cream long life milk (1ℓ) with a difference of R0.09, margarine spread (500g) with a difference of R0.07, and a loaf of white bread (700g) with a difference of R0.05. The following products showed a decline in prices; bananas (per kg) with a difference of –R0.45, peanut butter (400g) with a difference of –R0.19, sunflower oil (750ml) with a difference of –R0.03 and a loaf of brown bread (700g) with a difference of –R0.03. This indicates that urban consumers paid on average R0.10 more for these 11 food items during July 2024 compared to June 2024.

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

Product	Urban Food Prices June 2024 (R/unit)	Urban Food Prices July2024 (R/unit)	Price difference (R/unit)
Full cream milk – long life 1ℓ	20.00	20.09	0.09
Loaf of brown bread 700g	17.31	17.28	-0.03
Loaf of white bread 700g	18.63	18.68	0.05
Bananas per kg	16.97	16.52	-0.45
Maize meal 2.5 kg	38.30	39.11	0.81
Margarine spread 500g	39.50	39.57	0.07
Peanut butter 400g	46.84	46.65	-0.19
Rice 2kg	47.22	47.46	0.24
Sunflower oil 750ml	34.92	34.89	-0.03
Ceylon/black tea 250g	56.53	57.12	0.59
White sugar 2.5kg	64.76	64.76	0.00
<b>Average difference (R/unit)</b>			<b>0.10</b>

Source: Stats SA, 2024

## 5. Annual rural food price trends: July 2024 vs. July 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 (July 2024 vs. July 2023)**

Grain and oil products	%	Meat, meat products, dairy, dairy products and eggs	%	Fresh and processed fruits and vegetables	%
Brick margarine 125g	-10.8%	Low fat milk - fresh 2l	-1.7%	Beans - dried 2kg	-22.3%
Sunflower oil 500ml	-6.7%	Beef rump steak per kg	-0.8%	Onions per kg	-5.7%
Sunflower oil 750ml	-4.5%	Fish (excl tuna) - tinned 155g	1.1%	Potatoes - fresh 10kg	-3.3%
Brick margarine 250g	-3.0%	Fish (excl tuna) - tinned 400g	1.4%	Cabbage per kg	0.0%
Sunflower oil 2l	-1.5%	Full cream milk - fresh 2l	2.8%	Cabbage each	1.4%
Margarine spread 1kg	1.9%	Full cream milk - long life 1l	4.4%	Bananas per kg	5.5%
Loaf of white bread 700g	2.4%	Full cream milk - fresh 1l	4.6%	Potatoes - fresh per kg	5.6%
Loaf of brown bread 700g	2.5%	Beef fillet per kg	4.9%	Apples per kg	12.7%
Loaf of brown bread 600g	3.4%	Beef brisket per kg	6.5%	Beans - dried 1kg	13.1%
Loaf of white bread 600g	4.4%	Beef chuck per kg	8.0%	Oranges per kg	20.3%
Brick margarine 500g	6.4%	Full cream milk - fresh 500ml	8.4%	Beans - dried 500g	24.7%
Margarine spread 500g	6.7%	Full cream milk - long life 500ml	8.9%	Tomatoes per kg	25.4%
Rice 500g	7.1%	Beef T-bone per kg	10.7%		
Peanut butter 800g	7.2%	Eggs 1.5 dozen	24.2%		
Super maize 2.5kg	8.7%	Chicken portions - fresh per kg	25.6%	<b>Other</b>	<b>%</b>
Peanut butter 270g	8.8%			Ceylon/black tea 200g	-25.2%
Super maize 5kg	10.3%			White sugar 5kg	4.8%
Rice 2kg	14.5%			Ceylon/black tea 62.5g	5.6%
Peanut butter 400g	14.5%			White sugar 2.5kg	7.0%
Special maize 2.5kg	16.7%			White sugar 1kg	11.3%
Rice 1kg	18.9%			Ceylon/black tea 125g	14.4%
				Instant coffee 100g	17.6%
				Ceylon/black tea 250g	23.5%
				Instant coffee 250g	26.3%
				Instant coffee 750g	29.7%

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 July 2024

A comparison of the cost of selected food items in urban with rural areas in July 2024 is provided in **Table 5**. In July 2024, the food items with relatively high price differences between urban and rural areas were: Ceylon/black tea with a price difference of R3.68, peanut butter with a R1.55 difference, a loaf of brown bread with a R0.49 difference, sunflower oil with a R0.47 difference, a loaf of white bread with a R0.42 difference and white sugar with a price difference of R0.08. On average, urban consumers spent R0.26 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 July 2024, and these are bananas, margarine spread, full cream long life milk, and maize meal.



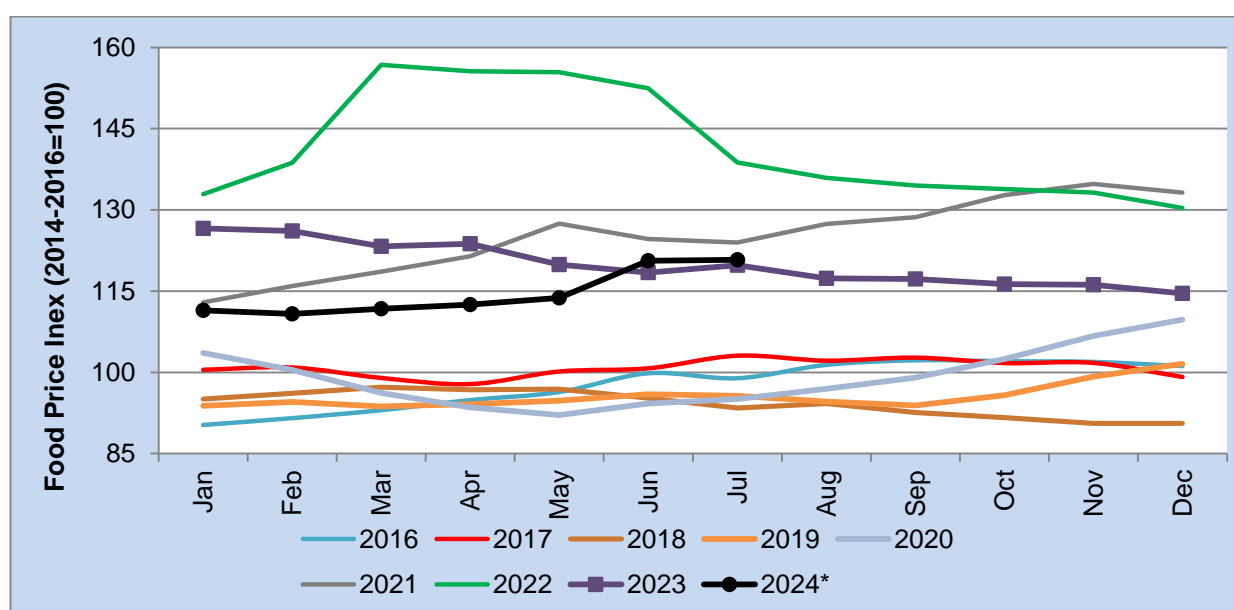
**Table 5: Comparison between urban and rural food prices (selected food items)**

Product	Urban Food Prices July 2024 (R/unit)	Rural Food Prices July 2024 (R/unit)	Price difference (R/unit)
Full cream milk – long life 1ℓ	20.09	20.78	-0.69
Loaf of brown bread 700g	17.28	16.79	0.49
Loaf of white bread 700g	18.68	18.26	0.42
Bananas per kg	16.52	18.15	-1.63
Maize meal 2.5 kg	39.11	39.66	-0.55
Margarine spread 500g	39.57	40.42	-0.85
Peanut butter 400g	46.65	45.10	1.55
Rice 2kg	47.46	47.58	-0.12
Sunflower oil 750mℓ	34.89	34.42	0.47
Ceylon/black tea 250g	57.12	53.44	3.68
White sugar 2.5kg	64.76	64.68	0.08
<b>Average difference (R/unit)</b>			<b>0.26</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 July 2024 reaching an index level of 120.8 points, which is higher by 0.8% from July 2023.

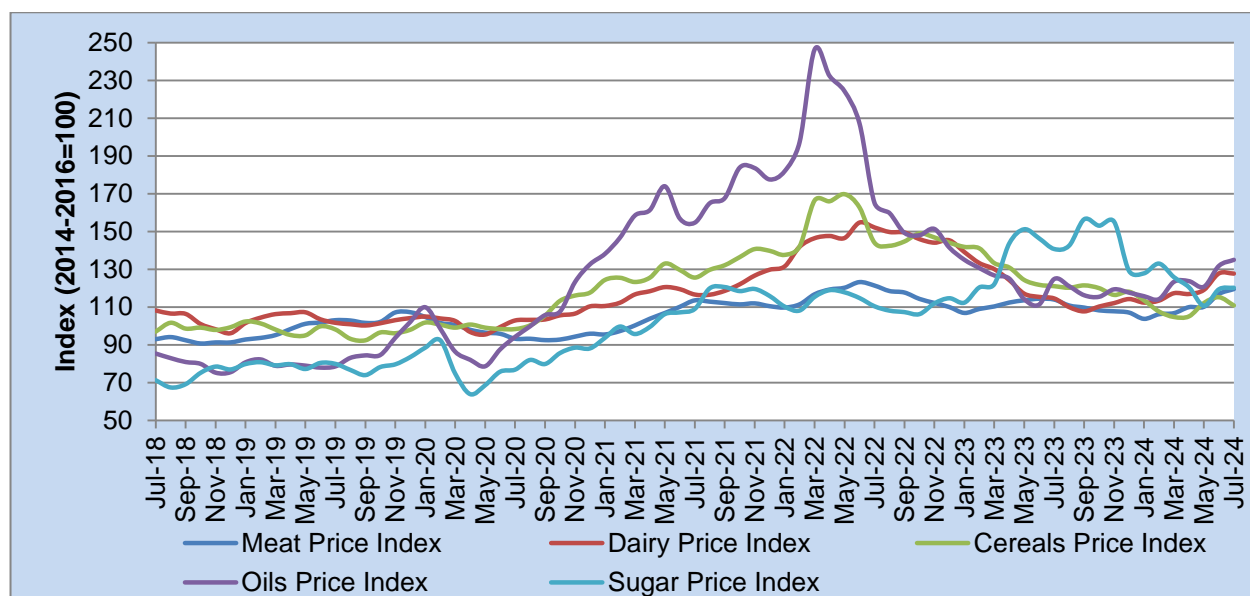


**Figure 3: International monthly real FPI**

Source: FAO, 2024

\*Note: Current year

**Figure 4** shows the price indices in *real terms* for the five food categories. The monthly (July 2024 vs. June 2024) growth percentages indicate increasing trends for three of the five indices. The annual (July 2024 vs. July 2023) growth percentages indicate a decrease of 14.6% for the Sugar Price Index, 8.5% for the Cereals Price Index, while the Dairy Price Index, the Oil Price Index and the Meat Price Index increased by 11.5%, 8.1% and 4.9%, respectively.



**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 120.8 points in July 2024, marginally below its revised figure for June 2024, as a decrease in the price index for cereals outweighed increases in the price indices for vegetable oil, meat products, and sugar, while the dairy index was almost unchanged. Overall, the FFPI remained 3.1% lower than its corresponding value one year ago and 24.7% below its peak of 160.3 points reached in March 2022.

The **FAO Cereal Price Index** in *nominal terms*, averaged at 110.8 points in July 2024, less by 4.4 points or 3.8% from June 2024 and 15.1 points (12.0%) from the value of July 2023. Global export prices of all major cereals decreased month on month for a second consecutive month. Increasing seasonal availability from ongoing winter wheat harvests in the northern hemisphere, and generally favourable conditions in Canada and the United States of America supporting expectations for large spring wheat harvests continued to put downward pressure on international wheat prices. Strong exporter competition and weak global demand also weighed on wheat prices. Seasonal pressure underpinned a decline in maize export prices as well. Harvesting in Argentina and Brazil progressed ahead of last year's pace, while crop condition ratings in the United States of America remained above last year and average levels. Among other coarse grains, world prices of barley and sorghum also declined in July 2024. The FAO All Rice Price Index declined by 2.4% in July 2024, as generally quiet trading activities kept Indica and Japonica quotations under downward pressure.

The **FAO Vegetable Oil Price Index** in *nominal terms*, averaged at 135.0 points in July 2024, higher by 3.2 points or 2.4% from June 2024 and marking the second consecutive increase to a one-and-a-half-

<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.

year high. The continued increase of the index reflected higher global quotations across palm, soy, sunflower and rapeseed oils. International palm oil prices rose marginally, mostly underpinned by firm global import purchases that coincided with below-potential output growth in Indonesia, the world's leading palm oil producer. Meanwhile, world soy oil quotations appreciated for the third consecutive month in July 2024, mainly reflecting persistent robust demand from the biofuel sector in the Americas. As for sunflower and rapeseed oils, rising international prices were mainly underpinned by deteriorating crop prospects in several major producing countries of respective oilseeds for the 2024/25 season.

The **FAO Dairy Price Index** in *nominal terms*, averaged at 127.7 points in July 2024, virtually unchanged from June 2024, remaining at 8.6 points or 7.2% above its corresponding value a year ago, as decreases in the indices for milk powders nearly offset increases in those of butter and cheese. World price quotations for milk powders decreased in July 2024, underpinned by slack import demand, especially for spot supplies, partly due to the summer stillness in market activities in Western Europe, despite tight inventories and seasonally lower milk production in Oceania. By contrast, international butter price quotations increased moderately for the tenth consecutive month, reflecting constrained exportable availabilities, mainly in Western Europe, on solid internal sales, tight inventories and seasonally decreasing milk production. Meanwhile, world cheese prices increased slightly, primarily due to high internal sales in Western Europe.

The **FAO Meat Price Index**<sup>2</sup> in *nominal terms*, averaged at 119.5 points in July 2024, up 1.5 points or 1.2% from June 2024, standing 1.0 points (0.8%) above its corresponding value a year ago. In July 2024, international ovine and bovine meat prices increased, principally underpinned by robust import demand and seasonally declining supplies of animals for slaughter in Oceania. Meanwhile, international poultry meat prices increased due to strong import demand, especially from the Near East and North Africa, amidst challenges to production stemming from animal diseases, especially avian influenza outbreaks in several major producing regions. By contrast, pig meat prices declined marginally, reflecting an oversupply situation in Western Europe due to weaker foreign and internal demand, reportedly further exacerbated by China's opening of an anti-dumping probe and continuing constraints in accessing foreign markets due to outbreaks of African swine fever.

The **FAO Sugar Price Index** in *nominal terms*, averaged at 120.2 points in July 2024, up 0.8 points or 0.7% from June 2024, marking a second consecutive monthly increase, but still down 26.1 points (17.9%) from its value a year ago. The increase in July 2024 was driven by lower-than-expected sugar production in Brazil in the first half of the month, which outweighed the downward pressure exerted by improved monsoon rainfall in India and conducive weather conditions in Thailand. In addition, lingering concerns over the impact of prolonged dry weather conditions on crop yields in Brazil in the coming months and recent increases in ethanol prices further supported global sugar prices.

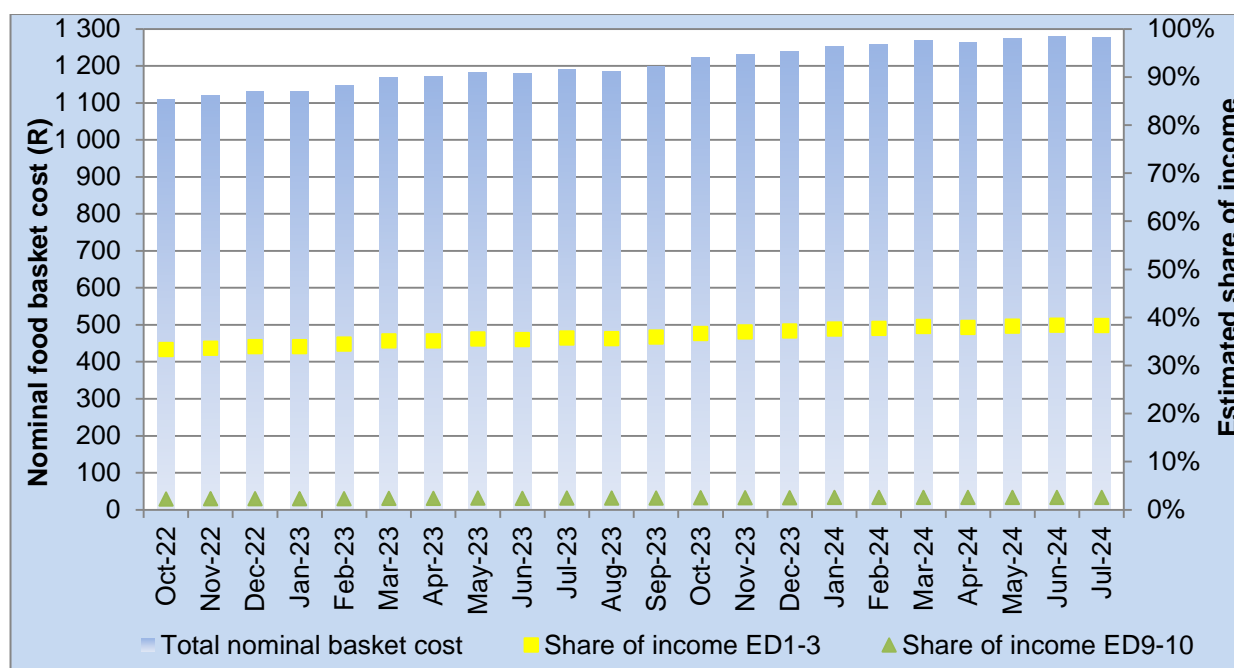
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<sup>2</sup> Unlike for other commodity groups, most prices utilized in the calculation of the FAO Meat Price Index are not available when the FAO Food Price Index is computed and published; therefore, the value of the Meat Price Index for the most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

In July 2024, the cost of this basic NAMC urban food basket was R1 276.80, equivalent to a 7.4% (R87.47) increase from July 2023 (year-on-year) and a decrease by 0.1% (R1.57) from June 2024 (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 35.7% in July 2023 to 38.3% in July 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 2.4% in July 2023 to 2.6% in July 2024. (Figure 5).



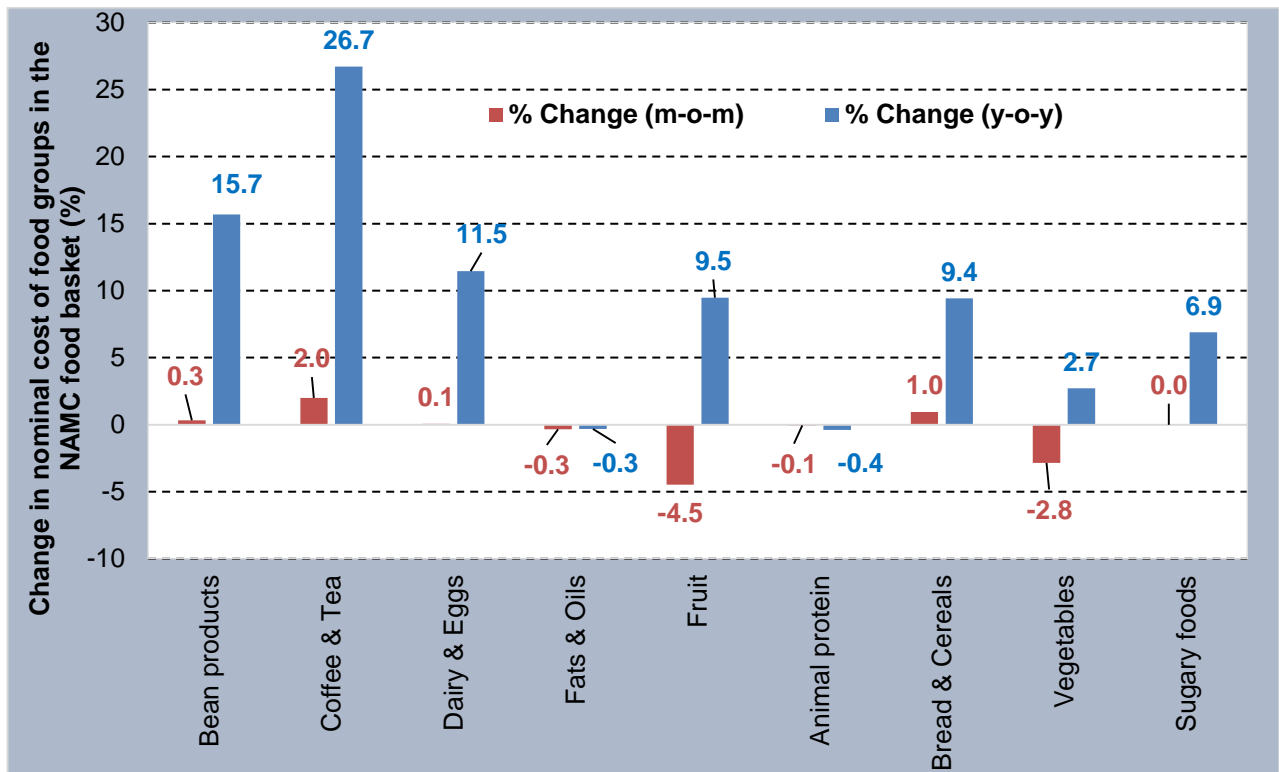
**Figure 5: The cost of a typical consumer food basket for the period October 2022 to July 2024, expressed in nominal terms and as a share of the average income of the poorest 30% of households (Expenditure Deciles [ED] 1 to 3) and the wealthiest 20% of households (ED 9 to 10)**

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 July 2024 to June 2024 as well as annually between July 2024 and July 2023. Food groups with more severe annual food inflation (above 10%) included coffee & tea, bean products and dairy & eggs.

<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).



**Figure 6: Nominal cost growth of specific food groups within the NAMC’s 28-item food basket, comparing July 2024 to July 2023 (y-o-y) and July 2024 to June 2024 (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, July 2024 vs. July 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
	July 2024 vs. July 2023	April 2024 vs. April 2023*				
<b>Animal protein</b>	-0.4%	0.2%	None	Beef offal (+5.7%) Canned pilchards (+4.3%) Chicken giblets (+3.4%) IQF chicken portions (+0.5%) Polony (+0.2%)	Beef mince (-6.8%)	Inflation on all listed animal protein food options except mince.
<b>Bread &amp; cereals</b>	9.4%	4.8%	Rice (+20.9%) Maize meal (7.7%)	Brown bread (0.6%)	White bread (-0.5%)	Inflation on rice and maize meal.
<b>Vegetables</b>	2.7%	6.4%	Cabbage (+7.9%) Potatoes (+6.9%)	Tomatoes (+4.3%)	Onions (-5.7%)	Inflation on all listed vegetable food options except onions.
<b>Fruit</b>	9.5%	13.5%	Oranges (+19.4%) Apples (+10.3%)	None	Bananas (-1.6%)	High inflation on all listed fruit food options except bananas.
<b>Dairy</b>	4.3%	8.7%	None	Cheddar cheese (+4.3%) Milk (+3.8%)	None	High inflation on eggs.
<b>Eggs</b>	35.2%	19.5%	Eggs (+35.2%)	None	None	
<b>Fats &amp; oils</b>	-0.3%	-2.6%	None	None	Sunflower oil (-0.5%) Brick margarine (-0.1%)	Deflation on fats & oils.
<b>Bean products</b>	15.7%	12.1%	Peanut butter (+16.8%) Dried beans (+16.8%) Baked beans (+10.6%)	None	None	Inflation on all listed bean food options.
<b>Coffee &amp; tea</b>	26.7%	27.9%	Instant coffee (+27.1%) Ceylon/black tea (+26.2%)	None	None	High inflation on tea and coffee.
<b>Sugary foods</b>	6.9%	24.4%	White sugar (+6.9%)	None	None	Inflation on sugar.

Sources: BFAP & NAMC calculations, Stats SA, 2024

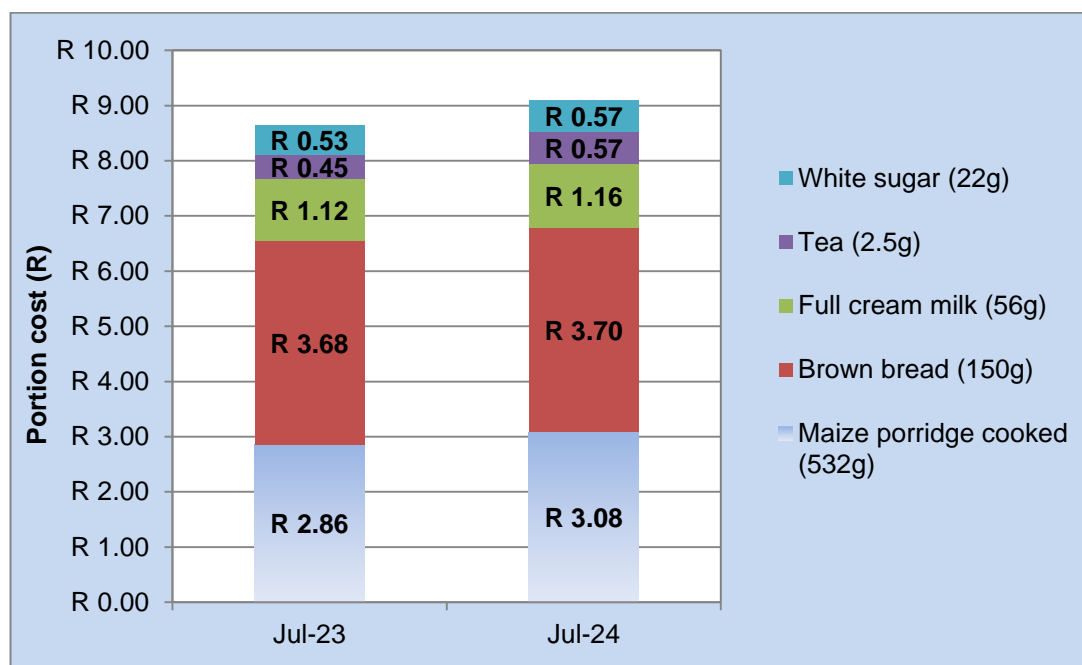
\*Note: Previous Food Price Monitor analysis period prior to July 2024 vs. July 2023

Comparing July 2024 to July 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);

- Eggs (+35.2%).
- Beverages: Instant coffee (+27.1%), Ceylon/black tea (+26.2%).
- Starch-rich foods: Rice (+20.9%), Super maize meal (+7.7%).
- Fruit: Oranges (+19.4%), Apples (+10.3%).
- Legumes: Dried beans (+16.8%), Peanut butter (+16.8%), Baked beans tinned (+10.6%).
- Vegetables: Cabbage (+7.9%), Potatoes (+6.9%).
- Sugar: White sugar (+6.9%).

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 July 2023 and July 2024. In July 2024 the largest cost contribution came from brown bread (41%) and maize meal (34%), 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 20% more in this case for July 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 July 2023 and July 2024 prices the results in **Figure 7** indicated inflation of 5.1% (from R8.65 to R9.09 for the selection of typical portions), with inflation on tea, maize meal and sugar contributing most to inflation. From June 2023 to July 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 0.6% (+R0.06).



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

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

Overview of selected key drivers of food inflation:

<b>Global Food Commodity Prices:</b>	<b>FAO Food Price Index</b> -3.0% Year-on-year (YoY) (↓cereals, sugar, dairy, meat; ↑ oils) +0.3% Month-on-month (MoM) (↓ sugar, dairy; ↑ meat, cereals, oils)
<b>Exchange rate:</b>	<b>Rand / US\$ exchange rate</b> YoY depreciation of 0.3% (R18.25/US\$1 (July 24) vs R18.20/US\$1 (July 23)) MoM appreciation of 0.9% (R18.25/US\$1 (July 24) vs R18.42/US\$1 (June 24))
<b>Fuel prices (SA):</b>	<b>Stats SA PPI Diesel price index:</b> YoY increase of 7.9% in June 2024 (latest data available)
<b>Electricity costs (SA):</b>	<b>Stats SA PPI electricity price index:</b> YoY increase of 10.3% in June 2024 (latest data available)

### Drivers of local food commodity prices

#### Grains:

- Global cereal commodity prices (as measured by the FAO Cereal Price Index) declined by 12% in July 2024 YoY and decreased (-3.8%) compared to June 2024. This continued reduction was attributed to a decline in export prices for wheat, maize, barley, and sorghum and is underpinned by the expectation of bumper crops for most of these commodities given good crop conditions in the US in particular.
- Domestically, in July 2024, maize prices rose slightly with white maize increasing by 2.7% MoM, and yellow maize only marginally by 0.6% MoM. The rise in maize prices was largely due to drought-induced production declines, especially affecting white maize, which is predominantly grown in the drought-hit summer rainfall regions. Additionally, strong demand for white maize in South Africa and neighbouring countries impacted by the drought further supported prices.

#### Oilseeds:

- Global vegetable oil prices (as measured by the FAO Vegetable Oil Price Index) increased by 4.0% YoY and 2.4% MoM in July 2024, with upward price movements for various oil types (palm, soy and sunflower oils). Increased palm oil prices are attributed to firm global import purchases combined with below-potential average production growth in Indonesia (the world's largest palm oil producer). Soy oil price increases are linked to persistent strong demand from the US biofuel sector. Rising international sunflower oil prices was caused by deteriorating crop prospects in several major producing countries
- In the local market, despite a 1.9% MoM decrease, soybean prices were 1.2% higher than a year ago. Local sunflower prices increased by 2.6% MoM, while being 0.5% lower than a year ago. A major influencing factor in the local oilseeds market currently, relates to dry weather effecting the 2023/24 summer crops.

#### Meat:

- Global meat commodity prices, as indicated by the FAO Meat Price Index, rose slightly by 0.8% in July 2024 compared to the same period last year and by 1.2% MoM. This is largely due to the rise in beef prices while those of poultry, pork and ovine meat declined. MoM, however, the meat price index has continued its modest upward trend that began in January 2024, with a 1.3% increase from June to July 2024.
- Compared to a year ago, the local meat market experienced higher prices for beef (+9.7%) and pork (+7.8%), and a decline for IQF chicken (-11.9%) in July 2024. Chicken prices have been coming down from the highs induced by the avian influenza outbreak of 2023. Weak local demand is largely the cause of the beef industry's divergence from the global trend.



***Fresh produce:***

- Year-on-year July 2024 inflation for fresh produce slowed compared to June 2024, with inflation decreasing from 6.0% to 4.1% for fruit and from 7.6% to 4.7% for vegetables. Compared to July 2023, the average prices on municipal markets declined by 8% for vegetables but increased by 12% for fruit.
- Despite an increase in traded volumes for potatoes and onions, which put downward pressure on prices, retail prices still edged upward. This likely reflects a lag in market adjustments due to contracts made at previously higher price levels.

For further insights into food inflation refer to the monthly ***BFAP Food Inflation Brief*** ([https://www.bfap.co.za/wp-content/uploads/2024/08/Food-Inflation-Brief-July-2024-prices\\_27-Aug-2024-FINAL.pdf](https://www.bfap.co.za/wp-content/uploads/2024/08/Food-Inflation-Brief-July-2024-prices_27-Aug-2024-FINAL.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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