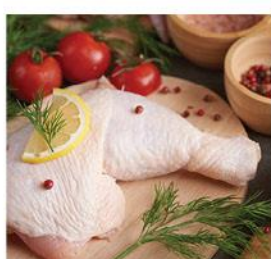




FOOD BASKET PRICE MONTHLY



NAMC FOOD BASKET: 28 SELECTED FOOD ITEMS PRICES Issue 103 – June 2024

Food Basket Price Monthly

June 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 May 2024 official data is used in this report, as the official release of the June 2024 CPI data is scheduled for July 24, 2024 (see link below from the Stats SA website):

<https://www.statssa.gov.za/publications/P0141/P0141May2024.pdf>

Highlights

During May 2024, the nominal cost of the NAMC's 28-item urban food basket amounted to R1 273.02 compared to the R1 263.47 reported in April 2024. This represents a monthly increase of 0.8% and a year-on-year increase of 7.6%.

May 24 vs. May 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 (15.5%)	Vegetables (7.6%) Milk, eggs & cheese (7.5%) Other food (6.8%) Fruit (6.0%)	Unprocessed food (4.8%) Fish (4.8%) Bread & cereals (3.9%) Processed food (3.8%)		Meat (0.7%) Oils & fats (-2.3%)
Individual food items in NAMC food basket (listed in order of decreasing inflation rates):	Ceylon/black tea (31.3%) Instant coffee (30.6%) Rice (23.4%) Oranges (21.2%) White sugar (20.7%) Potatoes (20.3%) Tomatoes (19.9%) Apples (19.0%) Peanut butter (18.6%) Eggs (16.2%) Dried beans (13.2%)	Baked beans (7.3%)	Full cream long life milk (5.2%) Cabbage (5.0%) Cheddar cheese (4.1%) Polony (3.9%)	Beef offal (2.6%) Tinned fish (2.2%) Frozen Individually Quick (IQF) chicken portions (1.1%)	Brick margarine (0.8%) Chicken giblets (0.3%) Brown bread (0.1%) Sunflower oil (-1.1%) Bananas (-1.5%) Maize meal (-1.9%) White bread (-2.4%) Onions (-4.2%) Beef mince (-5.5%)

1. Overall inflation and food inflation

The Food and Agriculture Organization (FAO) reported an increase of 0.9% in the global nominal food price index for May 2024, reaching 120.4 points, up by 1.1 points from April 2024. This increase can be attributed to rises in various food categories included in calculating the food price index. For instance, the cereal price index recorded an increase of 6.3%, followed by the dairy price index, which increased by 1.8%. However, the sugar price index registered a significant decrease of 7.5% followed by the vegetable oil price index which declined by 2.4%. The meat price index remained almost unchanged, with a marginal decrease of 0.2%.

Figure 1 depicts the fluctuations in global food inflation across several countries, including some BRICS member nations (Brazil, Russia, India, China, and South Africa), as well as Zambia and Namibia, which maintain significant trade connections with South Africa. When comparing data from April 2024 to May 2024, certain countries experienced increases in their food inflation rates. For instance, Zambia saw an increase in food inflation from 15.7% to 16.2%, Russia from 8.3% to 9.1% and Brazil from 3.1% to 3.6%. Other countries observed decreases in food inflation: Namibia's food inflation decreased from 4.9% to 4.7%, and the United Kingdom's from 2.9% to 1.7%. Meanwhile, South Africa and India's food inflation remained constant at 4.7% and 8.7%, respectively. China's food inflation continued to deflate, staying at -2.0%.

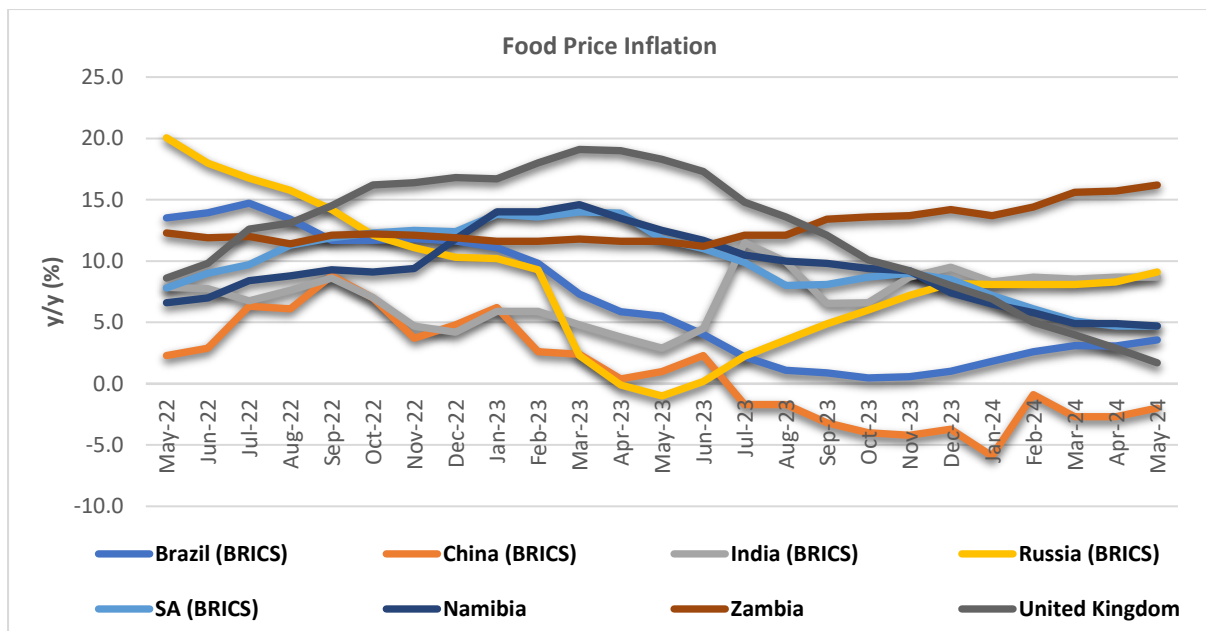


Figure 1: Global food inflation

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

Figure 2 presents the trend in the Consumer Price Index (CPI) for South Africa from May 2018 to May 2024, along with the inflation rate for food and non-alcoholic beverages (NAB). On 19 June 2024, the official release by Statistics South Africa (Stats SA) confirmed the CPI for May 2024. For May 2024, the annual headline CPI remained the same as in April 2024, at 5.2%. Similarly, the inflation rate for food and non-alcoholic beverages also remained constant at 4.7%. Notably, the main drivers of the current food and NAB inflation were sugar, sweets & desserts, which experienced a substantial 15.5% increase in May 2024, followed by vegetables (7.6%), milk, eggs & cheese (7.5%), other foods (6.8%), fruits (6.0%), unprocessed food (4.8%), fish (4.8%), bread & cereals (3.9%), processed food (3.8%), and meat (0.7%). During the same period, oils & fats decreased by 2.3%.

South Africa's food inflation is expected to fluctuate in the coming months, largely due to global increases in price indices for key commodities such as cereal and dairy. These increases are currently

slightly offset by decreases in indices for items like vegetables oils and sugar. According to the FAO (2024) the increase in food prices is mainly driven by the damage to Black Sea infrastructure, import demands for dairy products from North American countries, and conducive weather conditions in Brazil. Conversely, maize prices increased in May, primarily influenced by crop damage from the spread of Spiroplasma disease in Argentina and unfavourable weather conditions in Brazil. Additionally, the spill-over effects of wheat markets have affected maize prices. It is important to note that global soy oil prices are increasing, driven by demand in the biofuel sector, particularly in Brazil. These food challenges indirectly and directly influence the current state of South African food prices.

Furthermore, as of May, 2024, the local price of white maize averaged at R4 985/ton, representing a 7.3% decrease from April 2024. Similarly, yellow maize averaged at R4 027/ton, reflecting a 6.4% decrease from the previous month. Sunflower prices averaged at R8 909/ton indicating a 3.7% decrease 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 June 2023. This stability prompted the South African Reserve Bank (SARB) to halt recent interest rate hikes after the latest monetary policy meeting.

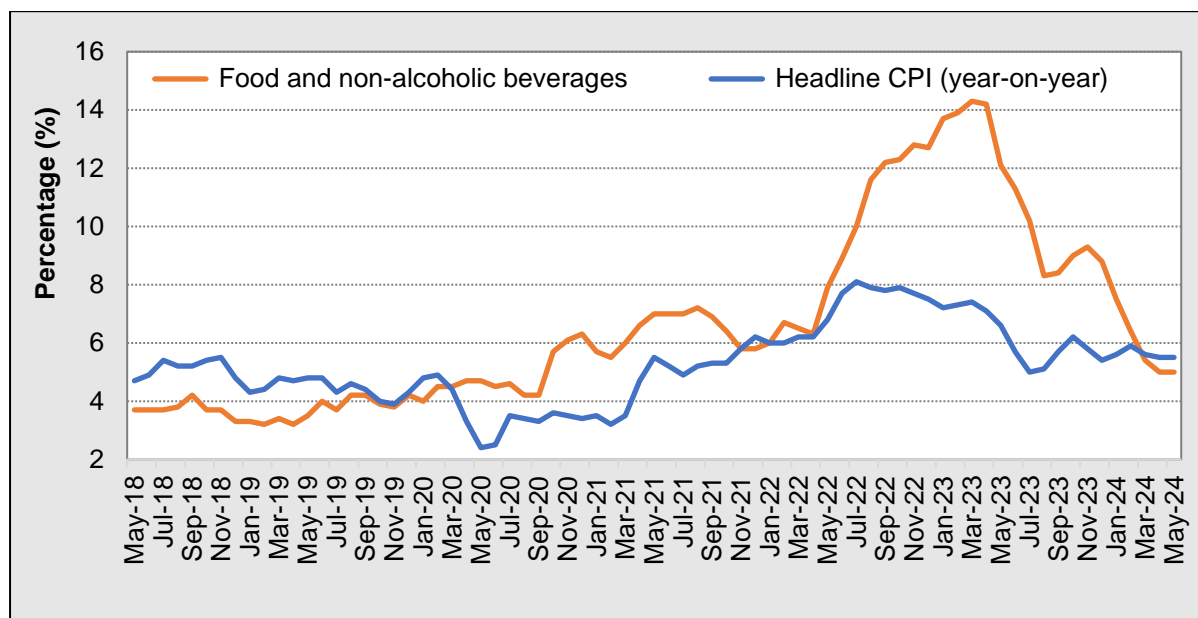


Figure 2: South Africa's headline CPI and Food & non-alcoholic beverages' CPI

Source: Stats SA, 2024; NAMC calculations

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

Table 1 presents a comparative analysis of expenses associated with selected food items in both urban and rural areas during May 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 R5.84, followed white sugar (R1.86), peanut butter (R1.64), sunflower oil (R0.65), bananas (R0.48), a loaf of white bread (R0.42), rice (R0.39), a loaf of brown bread (R0.29) in comparison to their rural counterparts. On average, urban consumers paid R0.88 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 May 2024 (R/unit)	Rural Food Prices May 2024 (R/unit)	The price difference (R/unit)
Full cream milk – long life 1ℓ	19.62	20.74	-1.12
A loaf of brown bread 700g	17.21	16.92	0.29
A loaf of white bread 700g	18.54	18.12	0.42
Banana per kg	18.03	17.55	0.48
Maize meal 2.5 kg	37.66	37.66	0.00
Margarine spread 500g	39.65	40.37	-0.72
Peanut butter 400g	45.82	44.18	1.64
Rice 2kg	46.54	46.15	0.39
Sunflower oil 750mℓ	35.12	34.47	0.65
Ceylon/black tea 250g	55.10	49.26	5.84
White sugar 2.5kg	63.98	62.12	1.86
			0.88

Source: Stats SA. 2024; NAMC calculations

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

In this section, the NAMC's 28-item urban food basket's cost is explained through a comparison of average food prices in May 2024 and May 2023. The cost of the NAMC's 28-item urban food basket increased by 7.6% in May 2024 compared to the same period last year, reaching R1 273.02. When compared to the R1 263.47 in April 2024, the basket increased by 0.8% on a monthly basis.

Table 2 presents the 28 food items composing the NAMC urban food basket in terms of their nominal prices. Between May 2024 and May 2023, among these 28 items, 12 witnessed price increases that exceeded the inflation target set by the South African Reserve Bank (SARB) of 6%. Notable products in this category include Ceylon/black tea, which experienced a substantial price surge of 31.3%, followed by instant coffee (30.6%), rice (23.4%), oranges (21.2%), white sugar (20.7%), potatoes (20.3%), tomatoes (19.9%), apples (19.0%), peanut butter (18.6%), eggs (16.2%), dried beans (13.2% and baked beans (7.3%).

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

Category	Product	May-23 R/unit	Apr -24 R/unit	May -24 R/unit	Change year- on-year (%)	Change month- on-month (%)
Beans	Baked beans - tinned 410g	15.14	16.10	16.24	7.3%	0.9%
	Beans - dried 500g	28.62	31.37	32.40	13.2%	3.3%
	Peanut butter 400g	38.64	44.91	45.82	18.6%	2.0%
Coffee & Tea	Ceylon/black tea 250g	41.98	54.08	55.10	31.3%	1.9%
	Instant coffee 250g	48.47	61.99	63.28	30.6%	2.1%
Dairy & Eggs	Cheddar cheese per kg	144.98	147.89	150.99	4.1%	2.1%
	Eggs 1.5 dozen	57.33	67.41	66.59	16.2%	-1.2%
	Full cream milk - long life 1ℓ	18.65	19.38	19.62	5.2%	1.2%
Fats & Oils	Brick margarine 500g	29.73	29.42	29.96	0.8%	1.8%
	Sunflower oil 750mℓ	35.52	34.82	35.12	-1.1%	0.9%
Fruit	Apples per kg	19.31	22.46	22.98	19.0%	2.3%
	Bananas per kg	18.31	20.46	18.03	-1.5%	-11.9%
	Oranges per kg	20.10	28.16	24.36	21.2%	-13.5%
Animal Protein	Beef mince per kg	109.35	103.42	103.29	-5.5%	-0.1%
	Beef offal per kg	48.45	49.81	49.71	2.6%	-0.2%
	Chicken giblets per kg	46.75	46.62	46.91	0.3%	0.6%
	Fish (excl tuna) - tinned 400g	26.38	26.84	26.96	2.2%	0.4%

Category	Product	May-23 R/unit	Apr -24 R/unit	May -24 R/unit	Change year-on-year (%)	Change month-on-month (%)
	IQF chicken portions 2kg	93.06	93.60	94.04	1.1%	0.5%
	Polony 1kg	53.29	53.62	55.37	3.9%	3.3%
Bread & Cereals	Loaf of brown bread 700g	17.19	17.14	17.21	0.1%	0.4%
	Loaf of white bread 700g	18.99	18.43	18.54	-2.4%	0.6%
	Rice 2kg	37.72	46.09	46.54	23.4%	1.0%
	Maize meal 5kg	67.82	66.61	66.53	-1.9%	-0.1%
Vegetables	Cabbage each	21.26	21.88	22.33	5.0%	2.1%
	Onions per kg	25.43	23.79	24.36	-4.2%	2.4%
	Potatoes per kg	17.47	21.47	21.01	20.3%	-2.1%
	Tomatoes per kg	29.82	32.39	35.75	19.9%	10.4%
Sugary foods	White sugar 2.5kg	53.00	63.31	63.98	20.7%	1.1%
Total Rand Value		1 182,76	1 263,47	1 273,02	7,6%	0,8%

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 May 2024 with May 2023 (year-on-year) and May 2024 with April 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 30.9%. Following this was sugary food, which increased by 20.7%, bean products by 14.6%, fruits by 13.3%, vegetables by 10.1%, dairy & eggs by 7.3%, bread & cereals by 5.0%, while fats & oils and animal products decreased by 0.3%. Reviewing the month-on-month basis, vegetables showed the most significant escalation by 3.9%, followed by bean products which increased by 2.3%, coffee & tea by 2.0%, fats & oils by 1.3%, dairy & eggs by 1.1%, sugary foods by 1.1%, animal products by 0.6% and bread & cereals by 0.4%. During this period fruits decreased by 8.0%.

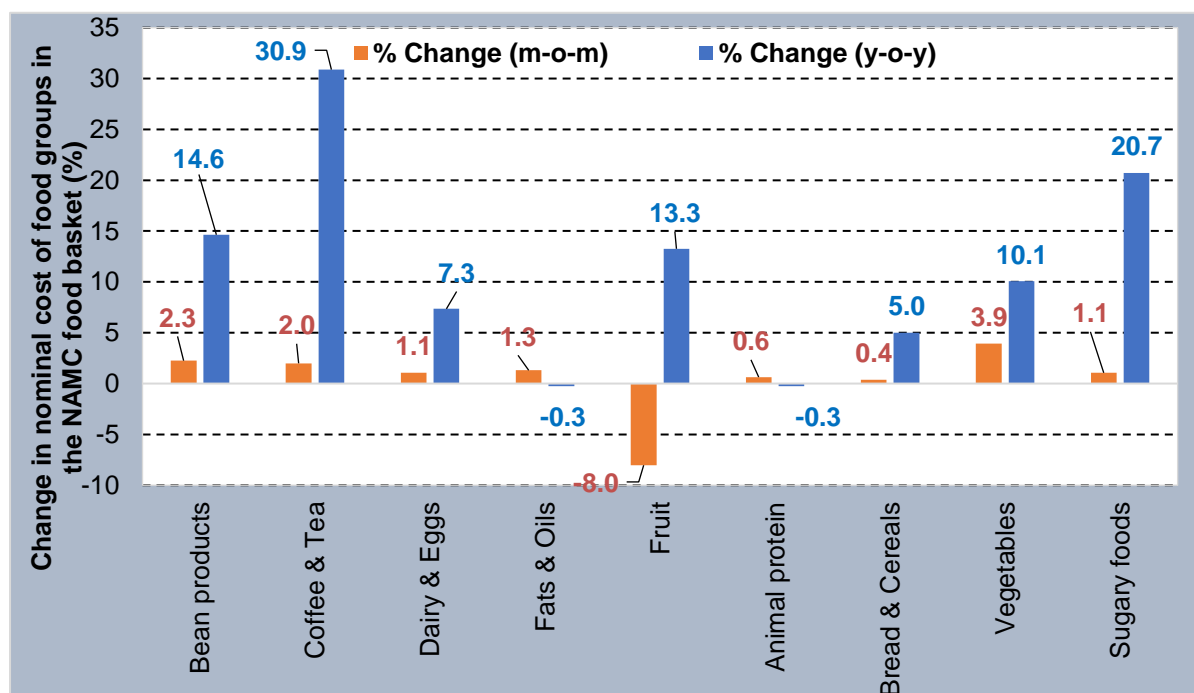


Figure 3: Nominal change in the cost of specific food groups within the NAMC's 28-item food basket, comparing May 2024 vs. May 2023 and May 2024 vs. April 2024

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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