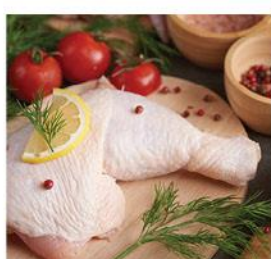




FOOD BASKET PRICE MONTHLY



NAMC FOOD BASKET: 28 SELECTED FOOD ITEMS PRICES

Issue 104 – July 2024

Food Basket Price Monthly

July 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 June 2024 official data is used in this report, as the official release of the July 2024 CPI data is scheduled for August 21, 2024 (see link below from the Stats SA website):

<https://www.statssa.gov.za/publications/P0141/P0141June2024.pdf>

Highlights

During June 2024, the nominal cost of the NAMC's 28-item urban food basket amounted to R1 278.37 compared to the R1 273.02 reported in May 2024. This represents a monthly increase of 0.4% and a year-on-year increase of 8.3%.

June 24 vs. June 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 (10.5%) Milk, eggs & cheese (7.3%) Other food (6.5%)	Bread & cereals (5.2%) Vegetables (4.7%) Fish (4.7%) Unprocessed food (4.2%) Fruit (4.1%) Processed food (4.0%)		Meat (0.8%) Oils & fats (-1.2%)
Individual food items in NAMC food basket (listed in order of decreasing inflation rates):	Ceylon/black tea (36.7%) Instant coffee (31.6%) Rice (24.4%) Oranges (22.8%) Apples (18.4%) Peanut butter (17.1%) Eggs (16.3%) Dried beans (15.7%) White sugar (12.1%)	Potatoes (11.1%) Tomatoes (10.9%) Baked beans (8.1%) Maize meal (7.0%) Cheddar cheese (6.1%) Full cream long life milk (6.0%)	Tinned fish (5.4%) Polony (5.3%) Cabbage (4.3%) Brick margarine (3.8%)	Beef offal (2.8%) Chicken giblets (2.4%)	Individually Quick Frozen (IQF) chicken portions (0.9%) Brown bread (0.7%) White bread (-0.5%) Bananas (-1.6%) Sunflower oil (-1.8%) Beef mince (-4.0%) Onions (-8.5%)

1. Overall inflation and food inflation

The global nominal food price index reported by the Food and Agricultural Organisation (FAO) remained unchanged in June 2024. This was mainly driven by increases and decreases in some food categories included in calculating the food price index. Specifically, the vegetable oil price index rose by 3.1% due to higher quotations across palm, soy and sunflower oils while rapeseed oil prices remained unchanged. The sugar price index also increased by 1.9% mainly influenced by concerns over adverse weather and monsoons impacting production in Brazil and India. Additionally, the dairy price index rose by 1.2%, with increased demand for butter amidst strong retail sales and low inventories. Conversely, the meat price index remained virtually unchanged. However, the cereal price index registered a decrease of 3%.

Figure 1 depicts fluctuations in global food inflation across several countries, including the 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 May 2024 to June 2024, certain countries experienced increases in their food inflation rates. For instance, Zambia saw an increase in food inflation from 16.2% to 16.8%, Russia from 9.1% to 9.8%, India from 8.7% to 9.4% and Brazil from 3.6% to 4.7%. Other countries observed decreases in food inflation: South Africa's food inflation decreased from 4.7% to 4.6%, Namibia from 4.7% to 4.3%, the United Kingdom from 1.7% to 1.5%. Botswana's food inflation remained unchanged at 4.0%, while China's food inflation remained in deflation at -2.1%.

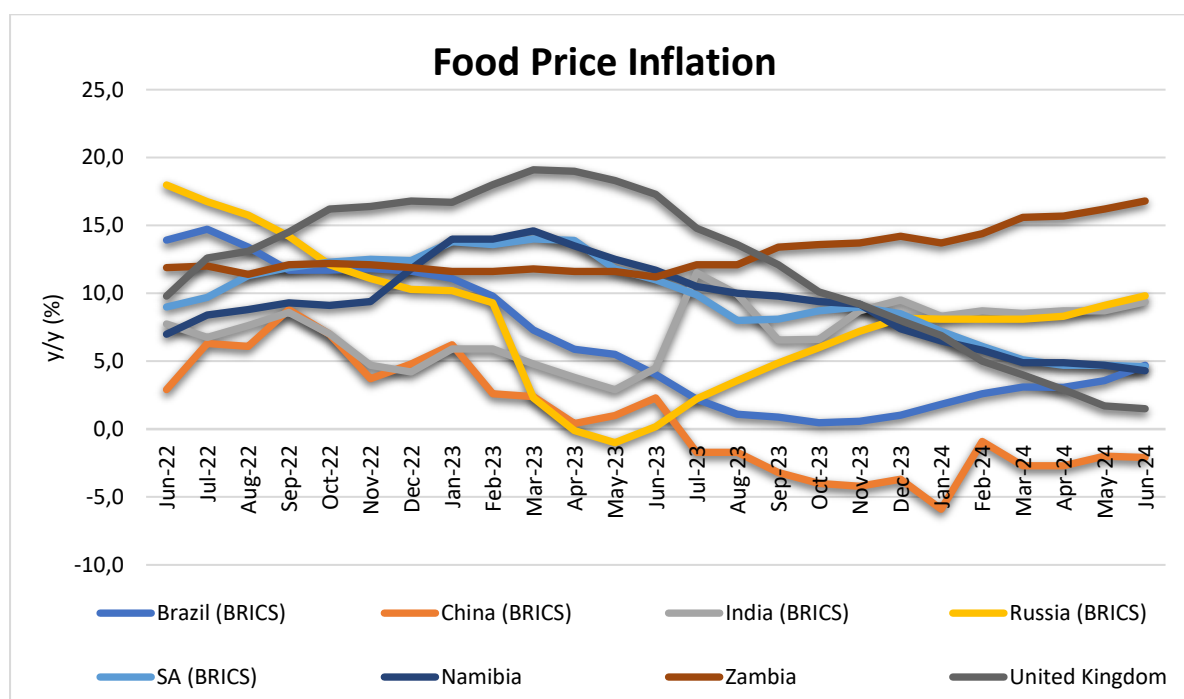


Figure 1: Global food inflation

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

Figure 2 presents the trend in the Consumer Price Index (CPI) for South Africa from June 2018 to June 2024, along with the inflation rate for food and non-alcoholic beverages (NAB). On 24 July 2024, the official release by Statistics South Africa (Stats SA) confirmed the CPI for June 2024. For June 2024, the annual headline CPI in June 2024 was reported at 5.1%, showing a slight reduction from the 5.2% reported in May 2024. Similarly, the inflation rate for food and non-alcoholic beverages also decreased to 4.6% in June 2024 showing a slight decrease from the 4.7% reported in May 2024. Notably, the main drivers of the current food and NAB inflation were sugar, sweets & desserts, which experienced a substantial 10.5% rise in June 2024, followed by milk, eggs & cheese (7.3%), other foods (6.5%), bread

& cereals (5.2%), fish (4.7%), vegetables (4.7%), unprocessed food (4.2%), fruits (4.1%), processed food (4.0%) and meat (0.8%). During the same period oils & fats decreased by 1.2%.

South Africa's food inflation has shown a decreasing trend for the seventh time since December 2023. This trend is expected to fluctuate in the coming months, largely due to global increases in price indices for items like vegetable oil, sugar and dairy. In June 2024, global food inflation showed positive turns, especially in indices like cereals, which decreased during this period due to decreases in global export prices for all major cereals. For instance, wheat prices decreased in June, reflecting seasonal pressure from ongoing harvests in the northern hemisphere and Ukraine, along with the implementation of a temporary import ban by Turkey, which contributed to the softer price tone. Similarly, maize prices also decreased in June, driven by harvests in countries like Brazil and Argentina, where production is expected to be larger than previously anticipated (FAO, 2024).

Furthermore, as of June, 2024, the local price of white maize averaged at R5 150 /ton, representing a 3.3% increase from May 2024. Similarly, yellow maize averaged at R3 934/ton, reflecting a 2.3% decrease from the previous month. Sunflower prices averaged at R8 851/ton indicating a 0.7% 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.

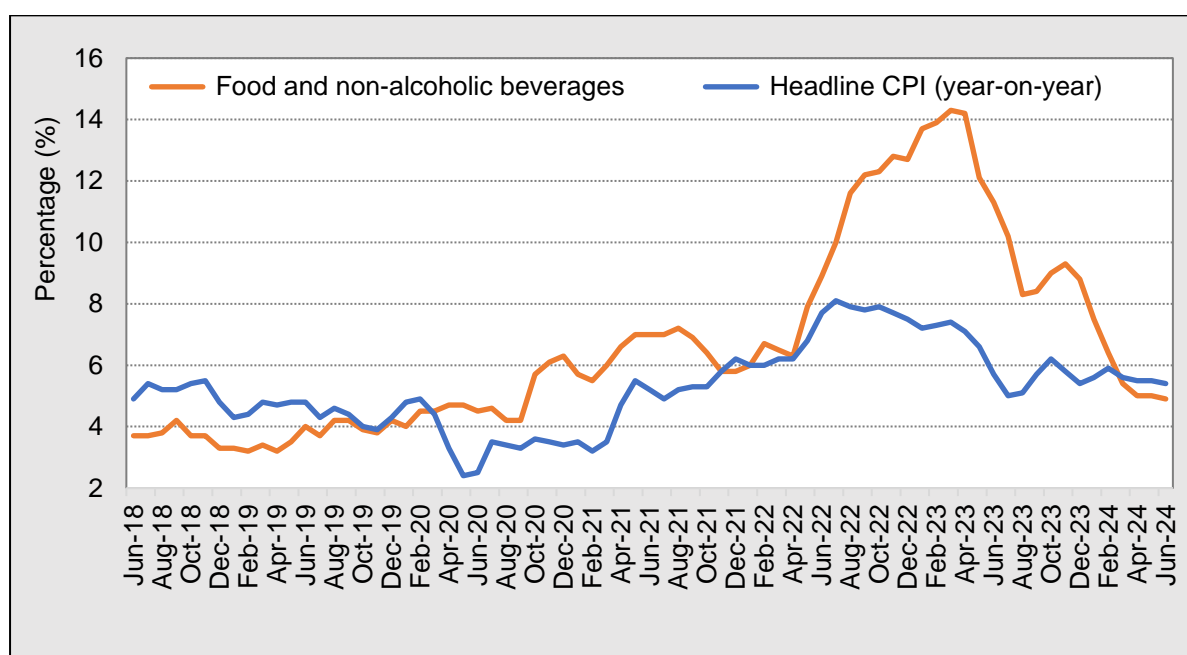


Figure 2: South Africa's headline CPI and Food & non-alcoholic beverages' CPI

Source: Stats SA, 2024; NAMC calculations

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

Table 1 presents a comparative analysis of expenses associated with selected food items in both urban and rural areas during June 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 R3.09, followed by peanut butter (R2.01), a loaf of brown bread (R0.56), sunflower oil (R0.48), a loaf of white bread (R0.35) and white sugar (R0.08) in comparison to their rural counterparts. On average, urban consumers paid R0.20 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 June 2024 (R/unit)	Rural Food Prices June 2024 (R/unit)	The price difference (R/unit)
Full cream milk – long life 1ℓ	20.00	20.80	-0.80
A loaf of brown bread 700g	17.31	16.75	0.56
A loaf of white bread 700g	18.63	18.28	0.35
Banana per kg	16.97	17.93	-0.96
Maize meal 2.5 kg	38.30	39.66	-1.36
Margarine spread 500g	39.50	40.42	-0.92
Peanut butter 400g	46.84	44.83	2.01
Rice 2kg	47.22	47.56	-0.34
Sunflower oil 750mℓ	34.92	34.44	0.48
Ceylon/black tea 250g	56.53	53.44	3.09
White sugar 2.5kg	64.76	64.68	0.08
			0.20

Source: Stats SA. 2024; NAMC calculations

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

In this section, the NAMC's 28-item urban food basket's cost is explained through a comparison of average food prices in June 2024 and June 2023. The cost of the NAMC's 28-item urban food basket increased by 8.3% in June 2024 compared to the same period last year, reaching R1 278.37. When compared to the R1 273.02 in May 2024, the basket increased by 0.4% on a monthly basis.

Table 2 presents the 28 food items composing the NAMC urban food basket in terms of their nominal prices. Between June 2024 and June 2023, among these 28 items, 15 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 36.7%, followed by instant coffee (31.6%), rice (24.4%), oranges (22.8%), apples (18.4%), peanut butter (17.1%), eggs (16.3%), dried beans (15.7%), white sugar (12.1%), potatoes (11.1%), tomatoes (10.9%), baked beans (8.1%), maize meal (7.0%), cheddar cheese (6.1%) and long-life milk (6.0%).

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

Category	Product	June-23 R/unit	May -24 R/unit	June -24 R/unit	Change year- on-year (%)	Change month- on-month (%)
Beans	Baked beans - tinned 410g	14.98	16.24	16.19	8.1%	-0.3%
	Beans - dried 500g	29.00	32.40	33.54	15.7%	3.5%
	Peanut butter 400g	40.00	45.82	46.84	17.1%	2.2%
Coffee & Tea	Ceylon/black tea 250g	41.35	55.10	56.53	36.7%	2.6%
	Instant coffee 250g	49.12	63.28	64.64	31.6%	2.1%
Dairy & Eggs	Cheddar cheese per kg	144.17	150.99	152.99	6.1%	1.3%
	Eggs 1.5 dozen	58.43	66.59	67.98	16.3%	2.1%
	Full cream milk - long life 1ℓ	18.87	19.62	20.00	6.0%	1.9%
Fats & Oils	Brick margarine 500g	28.42	29.96	29.50	3.8%	-1.5%
	Sunflower oil 750mℓ	35.57	35.12	34.92	-1.8%	-0.6%
Fruit	Apples per kg	18.98	22.98	22.48	18.4%	-2.2%
	Bananas per kg	17.25	18.03	16.97	-1.6%	-5.9%
	Oranges per kg	18.18	24.36	22.32	22.8%	-8.4%
Animal Protein	Beef mince per kg	106.50	103.29	102.23	-4.0%	-1.0%
	Beef offal per kg	49.63	49.71	51.04	2.8%	2.7%
	Chicken giblets per kg	46.69	46.91	47.82	2.4%	1.9%
	Fish (excl tuna) - tinned 400g	25.91	26.96	27.31	5.4%	1.3%

Category	Product	June-23 R/unit	May -24 R/unit	June -24 R/unit	Change year-on-year (%)	Change month-on-month (%)
	IQF chicken portions 2kg	93.09	94.04	93.96	0.9%	-0.1%
	Polony 1kg	52.37	55.37	55.14	5.3%	-0.4%
Bread & Cereals	Loaf of brown bread 700g	17.19	17.21	17.31	0.7%	0.6%
	Loaf of white bread 700g	18.73	18.54	18.63	-0.5%	0.5%
	Rice 2kg	37.97	46.54	47.22	24.4%	1.5%
	Maize meal 5kg	66.55	66.53	71.21	7.0%	7.0%
Vegetables	Cabbage each	21.42	22.33	22.35	4.3%	0.1%
	Onions per kg	27.09	24.36	24.80	-8.5%	1.8%
	Potatoes per kg	18.13	21.01	20.15	11.1%	-4.1%
	Tomatoes per kg	26.63	35.75	29.54	10.9%	-17.4%
Sugary foods	White sugar 2.5kg	57.77	63.98	64.76	12.1%	1.2%
Total Rand Value		1 179.99	1 273.02	1 278.37	8.3%	0.4%

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 June 2024 with June 2023 (year-on-year) and June 2024 with May 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 33.9%. Following this was bean products which increased by 15.0%, fruits by 13.5%, sugary foods by 12.1%, bread & cereals by 9.9%, dairy & eggs by 8.8%, vegetables by 3.8%, animal products by 0.9%, and fats & oils by 0.7%. Reviewing the month-on-month basis, bread & cereals showed the most significant escalation by 3.7%, followed by coffee & tea which increased by 2.4%, bean products by 2.2%, dairy & eggs by 1.6%, sugary foods by 1.2% and animal products by 0.3%. During this period fats & oils, fruits and vegetables decreased by 1.0%, 5.5% and 6.4%, respectively.

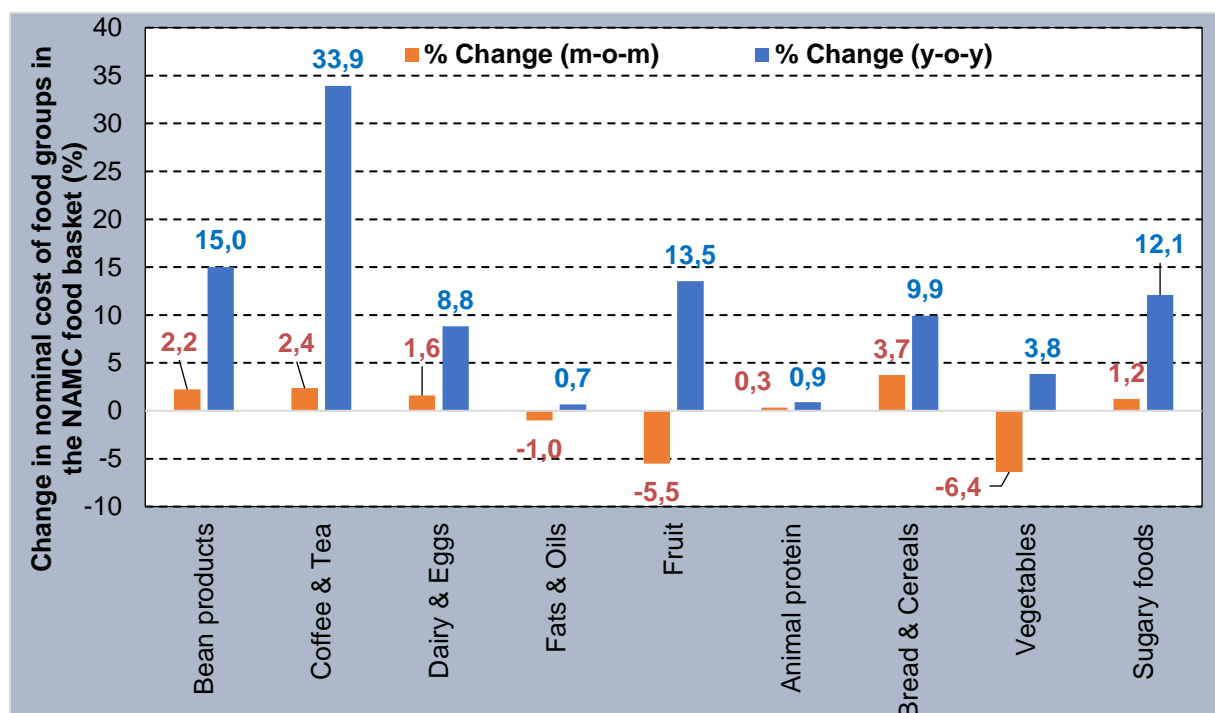


Figure 3: Nominal change in the cost of specific food groups within the NAMC's 28-item food basket, comparing June 2024 vs. June 2023 and June 2024 vs. May 2024

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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