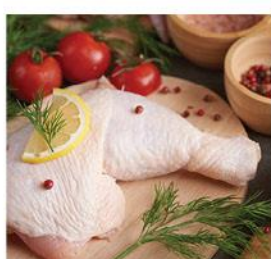




FOOD BASKET PRICE MONTHLY



NAMC FOOD BASKET: 28 SELECTED FOOD ITEMS PRICES Issue 105 – August 2024

Food Basket Price Monthly

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>

Highlights

During July 2024, the nominal cost of the NAMC's 28-item urban food basket amounted to R1 276.80 compared to the R1 278.37 reported in June 2024. This represents a monthly decrease of 0.1% and a year-on-year increase of 7.4%.

July 24 vs. July 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 (8.3%) Milk, eggs & cheese (6.4%)	Other food (5.8%) Bread & cereals (5.6%) Fish (4.7%) Processed food (4.2%) Unprocessed food (3.5%) Vegetables (3.4%)	Fruit (2.0%) Meat (1.0%)	Oils & fats (-0.1%)
Individual food items in NAMC food basket (listed in order of decreasing inflation rates):	Eggs (35.2%) Instant coffee (27.1%) Ceylon/black tea (26.2%) Rice (20.9%) Oranges (19.4%) Peanut butter (16.8%) Dried beans (16.8%)	Baked beans (10.6%) Apples (10.3%) Cabbage (7.9%) Maize meal (7.7%) White sugar (6.9%) Potatoes (6.9%)	Beef offal (5.7%) Cheddar cheese (4.3%) Tomatoes (4.3%) Tinned fish (4.3%) Full cream long life milk (3.8%) Chicken giblets (3.4%)		Brown bread (0.6%) Individually Quick Frozen (IQF) chicken portions (0.5%) Polony (0.2%) Brick margarine (-0.1) White bread (-0.5%) Sunflower oil (-0.5%) Bananas (-1.6%) Onions (-5.7%) Beef mince (-6.8%)

1. Overall inflation and food inflation

The global nominal food price index, as reported by the Food and Agricultural Organisation (FAO), decreased in July 2024. This decline was primarily driven by a reduction in the cereal price index (3.8%), which outweighed increases in other indices. The decline was primarily due to improved global wheat and maize production prospects. Specifically, the vegetable oil price index rose by 2.4%, driven by higher prices for sunflower and palm oils due to tight supply conditions and increased demand. The sugar price index also increased by 0.7%, mainly due to concerns over adverse weather and monsoons affecting production in Brazil and India. Additionally, the meat price index rose by 1.2%, as global demand for poultry and beef stabilised price fluctuations. Conversely, the dairy price index remained virtually unchanged.

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 and Namibia, which maintain significant trade connections with South Africa. Comparing data from June 2024 to July 2024, some countries experienced increases in their food inflation rates. For instance, Zambia's food inflation rose from 16.8% to 17.4%, and Namibia's increased from 4.3% to 4.8%. Meanwhile, Russia and the United Kingdom's food inflation remained unchanged at 9.8% and 1.5%, respectively. Other countries saw decreases in food inflation: India's food inflation decreased from 9.4% to 5.4%, Brazil's from 4.7% to 4.2%, and South Africa's from 4.6% to 4.5%. China's food inflation remained stable at 0.0%.

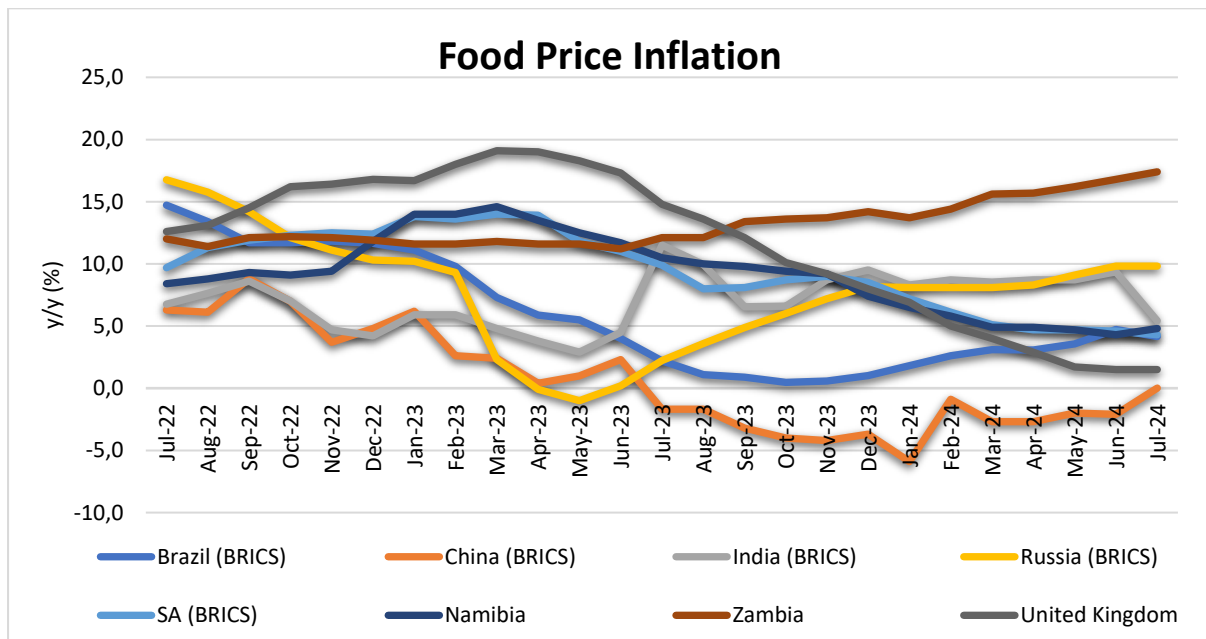


Figure 1: Global food inflation

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

Figure 2 presents the trend in the Consumer Price Index (CPI) for South Africa from July 2018 to July 2024, along with the inflation rate for food and non-alcoholic beverages (NAB). On 21 August 2024, the official release by Statistics South Africa (Stats SA) confirmed the CPI for July 2024. For July 2024, the annual headline CPI in July 2024 was reported at 4.6%, showing an exceptional reduction from the 5.1% reported in June 2024. Similarly, the inflation rate for food and non-alcoholic beverages also decreased to 4.5% in July 2024, showing a slight decrease from the 4.6% reported in June 2024. Notably, the main drivers of the current food and NAB inflation were sugar, sweets & desserts, which experienced a substantial 8.3% inflation in July 2024, followed by milk, eggs & cheese (6.4%), other foods (5.8%), bread & cereals (5.6%), fish (4.7%), processed food (4.2%), unprocessed food (3.5%), vegetables (3.4%), fruits (2.0%) and meat (1.0%). During the same period oils & fats decreased by 0.1%.

South Africa's food inflation has shown a decreasing trend for the eight 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, meat and sugar. However, in July 2024, global food inflation showed positive turns, especially in indices like cereals which outweighed the increases of other indices. The observed decreased in cereal indices is due to increased availability of winter cereals in the northern hemisphere and favourable climatic conditions in Canada and the United States of America (USA). Similarly, rice prices also decreased in July 2024, driven by quiet trading activities that kept Indica and Japonica quotations under downward pressure (FAO, 2024).

Furthermore, as of July, 2024, the local price of white maize averaged at R5 283/ton, representing a 2.6% increase from June 2024. Similarly, yellow maize averaged at R3 955/ton, reflecting a 0.5% increase from the previous month. Sunflower prices averaged at R9 086/ton indicating a 2.7% increase 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 July 2023. This stability prompted the South African Reserve Bank (SARB) to halt recent interest rate hikes after the latest monetary policy meeting.

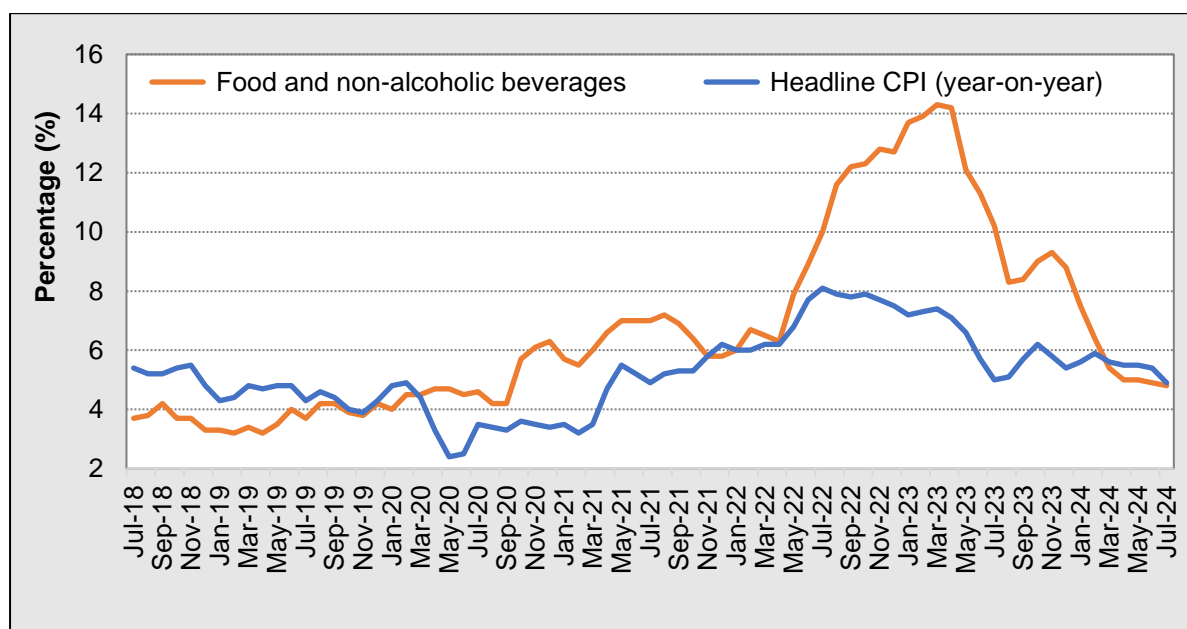


Figure 2: South Africa's headline CPI and Food & non-alcoholic beverages' CPI

Source: Stats SA, 2024; NAMC calculations

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

Table 1 presents a comparative analysis of expenses associated with selected food items in both urban and rural areas during July 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 R3.68, followed by peanut butter (R1.55), a loaf of brown bread (R0.49), sunflower oil (R0.47), a loaf of white bread (R0.42) and white sugar (R0.08) in comparison to their rural counterparts. On average, urban consumers paid R0.26 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 July 2024 (R/unit)	Rural Food Prices July 2024 (R/unit)	The price difference (R/unit)
Full cream milk – long life 1ℓ	20.09	20.78	-0.69
A loaf of brown bread 700g	17.28	16.79	0.49
A loaf of white bread 700g	18.68	18.26	0.42
Banana 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
			0.26

Source: Stats SA. 2024; NAMC calculations

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

In this section, the NAMC's 28-item urban food basket's cost is explained through a comparison of average food prices in July 2024 and July 2023. The cost of the NAMC's 28-item urban food basket increased by 7.4% in July 2024 compared to the same period last year, reaching R1 276.80. When compared to the R1 278.37 in June 2024, the basket decreased by 0.1% on a monthly basis.

Table 2 presents the 28 food items composing the NAMC urban food basket in terms of their nominal prices. Between July 2024 and July 2023, among these 28 items, 13 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 35.2%, followed by instant coffee (27.1%), Ceylon/black tea (26.2%), rice (20.9%), oranges (19.4%), dried beans (16.8%), peanut butter (16.8%), baked beans (10.6%), apples (10.3%), cabbage (7.9%), maize meal (7.7%), white sugar (6.9%) and potatoes (6.9%).

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

Category	Product	July-23 R/unit	June -24 R/unit	July -24 R/unit	Change year- on-year (%)	Change month- on-month (%)
Beans	Baked beans - tinned 410g	14.58	16.19	16.12	10.6%	-0.4%
	Beans - dried 500g	29.21	33.54	34.11	16.8%	1.7%
	Peanut butter 400g	39.95	46.84	46.65	16.8%	-0.4%
Coffee & Tea	Ceylon/black tea 250g	45.25	56.53	57.12	26.2%	1.0%
	Instant coffee 250g	52.28	64.64	66.47	27.1%	2.8%
Dairy & Eggs	Cheddar cheese per kg	146.64	152.99	152.99	4.3%	0.0%
	Eggs 1.5 dozen	50.35	67.98	68.06	35.2%	0.1%
	Full cream milk - long life 1ℓ	19.36	20.00	20.09	3.8%	0.4%
Fats & Oils	Brick margarine 500g	29.34	29.50	29.31	-0.1%	-0.6%
	Sunflower oil 750mℓ	35.06	34.92	34.89	-0.5%	-0.1%
Fruit	Apples per kg	19.85	22.48	21.89	10.3%	-2.6%
	Bananas per kg	16.79	16.97	16.52	-1.6%	-2.7%
	Oranges per kg	17.26	22.32	20.60	19.4%	-8.3%
Animal Protein	Beef mince per kg	110.52	102.23	102.95	-6.8%	0.7%
	Beef offal per kg	48.78	51.04	51.56	5.7%	1.0%

Category	Product	July-23 R/unit	June -24 R/unit	July -24 R/unit	Change year-on-year (%)	Change month-on-month (%)
	Chicken giblets per kg	46.16	47.82	47.72	3.4%	-0.2%
	Fish (excl tuna) - tinned 400g	26.47	27.31	27.60	4.3%	1.1%
	IQF chicken portions 2kg	92.67	93.96	93.16	0.5%	-0.9%
	Polony 1kg	54.20	55.14	54.30	0.2%	-1.5%
Bread & Cereals	Loaf of brown bread 700g	17.17	17.31	17.28	0.6%	-0.2%
	Loaf of white bread 700g	18.77	18.63	18.68	-0.5%	0.3%
	Rice 2kg	39.26	47.22	47.46	20.9%	0.5%
	Maize meal 5kg	67.22	71.21	72.42	7.7%	1.7%
Vegetables	Cabbage each	20.78	22.35	22.43	7.9%	0.4%
	Onions per kg	26.79	24.80	25.26	-5.7%	1.9%
	Potatoes per kg	18.45	20.15	19.72	6.9%	-2.1%
	Tomatoes per kg	25.59	29.54	26.68	4.3%	-10.7%
Sugary foods	White sugar 2.5kg	60.58	64.76	64.76	6.9%	0.0%
Total Rand Value		1 189.33	1 278.37	1 276.80	7.4%	-0.1%

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 July 2024 with July 2023 (year-on-year) and July 2024 with June 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 26.7%. Following this was bean products which increased by 15.7%, dairy & eggs by 11.5%, fruits by 9.5%, bread & cereals by 9.4%, sugary foods by 6.9%, vegetables by 2.7% while fats & oils and animal products decreased by 0.3% and 0.4%, respectively. Reviewing the month-on-month basis, coffee & tea showed the most significant escalation by 2.0%, followed by bread & cereals which increased by 1.0%, bean products by 0.3% and dairy & eggs by 0.1%. During this period fats & oils, vegetables and fruits decreased by 0.3%, 2.8% and 4.5%, respectively. While sugary foods remained unchanged.

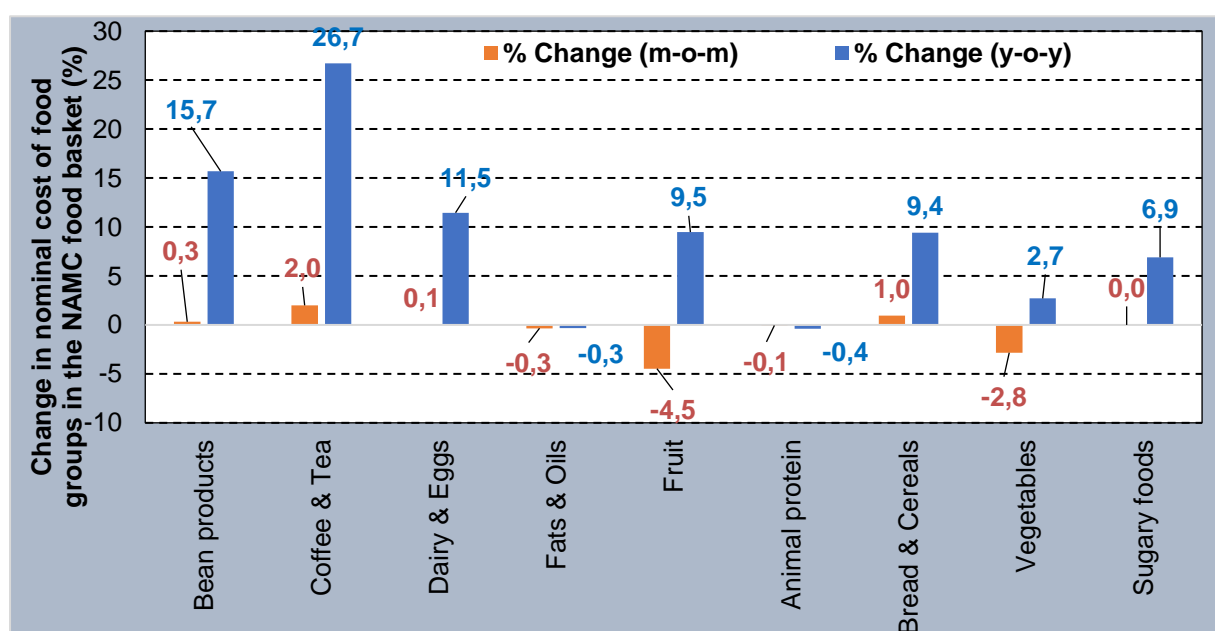


Figure 3: Nominal change in the cost of specific food groups within the NAMC's 28-item food basket, comparing July 2024 vs. July 2023 and July 2024 vs. June 2024

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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