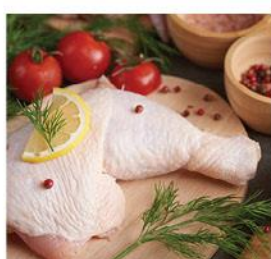




FOOD BASKET PRICE MONTHLY



NAMC FOOD BASKET: 28 SELECTED FOOD ITEMS PRICES Issue 107 – October 2024



NAMC
Promoting market access for South African agriculture

www.namc.co.za

Food Basket Price Monthly

October 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 September 2024 official data is used in this report, as the official release of the October 2024 CPI data is scheduled for November 20, 2024 (see link below from the Stats SA website):

<https://www.statssa.gov.za/publications/P0141/P0141September2024.pdf>

Highlights

During September 2024, the nominal cost of the NAMC's 28-item urban food basket amounted to R1 288.81 compared to the R1 280.11 reported in August 2024. This represents a monthly increase of 0.7% and a year-on-year increase of 7.6%.

September 24 vs. September 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:		Milk, eggs & cheese (6.9%) Sugar, sweets & desserts (6.8%)	Fish (5.8%) Bread & cereals (5.4%) Other food (5.0%) Vegetables (4.4%) Unprocessed food (4.2%) Processed food (4.0%)	Fruit (2.9%)	Meat (0.9%) Oils & fats (-0.1%)
Individual food items in NAMC food basket (listed in order of decreasing inflation rates):	Eggs (33.6%) Tomatoes (26.9%) Instant coffee (21.9%) Ceylon/black tea (18.6%) Oranges (18.2%) Dried beans (16.9%) Apples (15.8%) Potatoes (14.1%) Peanut butter (13.4%)	Cabbage (11.4%) Rice (11.3%) Beef offal (8.3%) Brick margarine (8.0%) White sugar (6.4%)	Tinned fish (5.9%) Cheddar cheese (5.1%) Baked beans (4.5%) Brown bread (4.0%) Full cream long life milk (3.6%) Maize meal (3.4%)	White bread (2.7%) Individually Quick Frozen (IQF) chicken portions (2.1%) Polony (2.0%) Chicken giblets (1.7%)	Beef mince (-1.6%) Sunflower oil (-4.1%) Bananas (-7.7%) Onions (-13.4%)

1. Overall inflation and food inflation

The global nominal food price index, as reported by the Food and Agricultural Organisation (FAO), Reflected a 3% increase in September 2024, standing at 124.4 points. This was primarily due to the increase across all commodity groups, particularly in sugar and vegetable oil prices. Notably, the sugar price index increased by 10.4% driven by concerns over tighter global availabilities in the 2024/25 season, especially in Brazil affected by dry season and fire which damaged sugarcane fields in August. The vegetable price index followed a similar trend and increased by 4.6%, mainly due to higher palm oil prices. The cereal price index rose by 3%, driven by a rise in global wheat prices due to concerns of unfavourable weather conditions in some key exporters. The dairy price index saw a 3.8% increase, bolstered by higher demand for whole milk powder and tight supplies. While, the meat price index rose by 0.4%, mainly due to higher poultry and pig meat prices, while bovine meat prices remained stable.

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, Botswana and Namibia, which maintain significant trade connections with South Africa. Comparing data from August 2024 to September 2024, some countries experienced increases in their food inflation rates. For instance, Zambia's food inflation rose from 17.4% to 17.9%, India from 5.7% to 9.2%, Brazil increased from 4.6% to 5.9% and United Kingdom from 1.3% to 1.9%. Other countries saw a decrease in food inflation: Botswana from 5.1% to 5.0%, Namibia from 5.2% to 5.1% and Russia from 9.7% to 9.1%. While South Africa and China's food inflation remained stable at 4.7% and 2.8%, respectively.

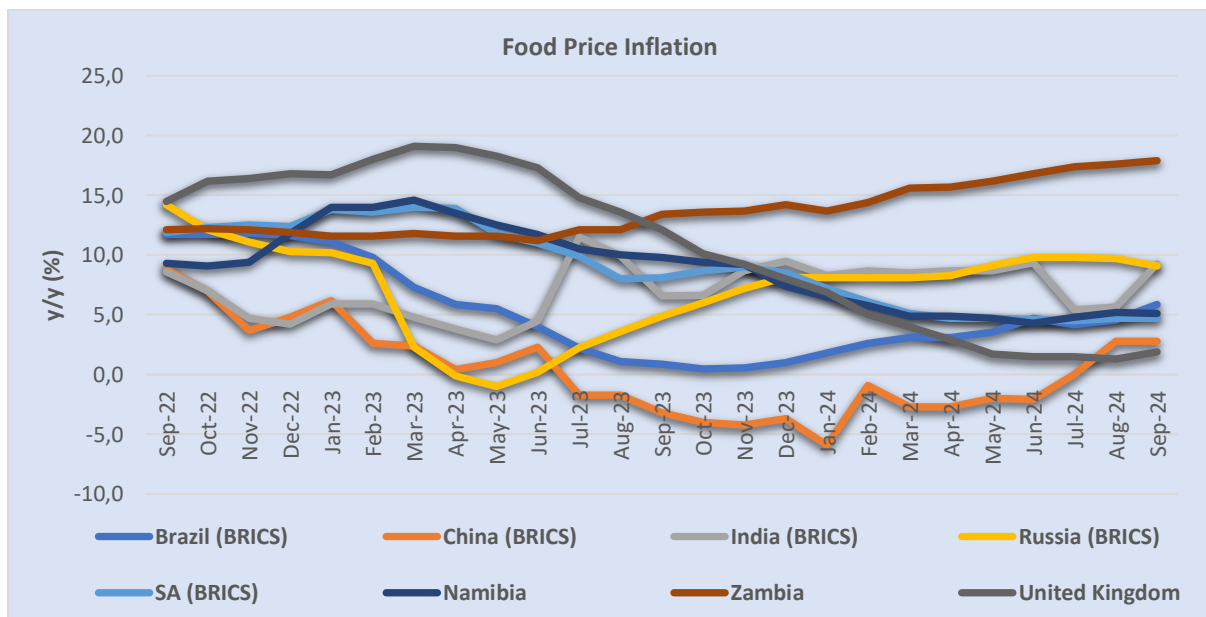


Figure 1: Global food inflation

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

Figure 2 presents the trend in the Consumer Price Index (CPI) for South Africa from September 2018 to September 2024, along with the inflation rate for food and non-alcoholic beverages (NAB). On 23 October 2024, the official release by Statistics South Africa (Stats SA) confirmed the CPI for September 2024. For September 2024, the annual headline CPI was reported at 3.8%, showing a noticeable reduction from the 4.4% reported in August 2024. On the other note, the inflation rate for food and non-alcoholic beverages remained constant at 4.7%. Notably, the main drivers of the current food and NAB inflation were Milk, eggs & cheese, which experienced a substantial (6.9%) increase in September 2024, followed by sugar, sweets & desserts (6.8%), fish (5.8%), bread & cereals (5.4%), other foods (5.0%), vegetables (4.4%), unprocessed food (4.2%), processed food (4.0%), fruits (2.9%), meat (0.9%) and oils and fats (-0.1%).

South Africa's food inflation is expected to remain fluctuate over the coming months, influenced by seasonal agricultural trends. Notably, global prices have increased across all commodity items contributing to this volatility, especially for vegetable oil and dairy price index. On the other side cereal indices also increased due to concerns of unfavourable weather conditions in regions like Canada and the EU. Similarly, sugar price indices also increased due to concerns over reduced global supplies, especially in Brazil, affected by dry conditions and fires, and in India (FAO, 2024).

Furthermore, as of September 2024, the local price of white maize averaged at R5 510/ton, representing a 2.9% increase from August 2024. Similarly, yellow maize averaged at R4 162/ton, reflecting a 2.6% increase from the previous month. Sunflower seed prices averaged at R9 1236/ton indicating a 2.3% 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 September 2023.

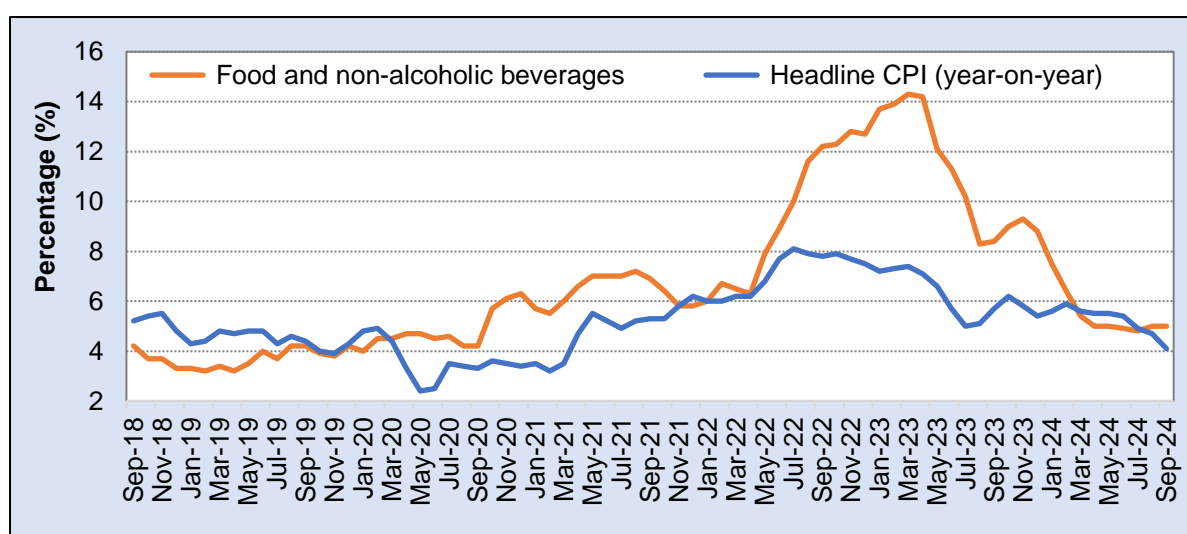


Figure 2: South Africa's headline CPI and Food & non-alcoholic beverages' CPI

Source: Stats SA, 2024; NAMC calculations

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

Table 1 presents a comparative analysis of expenses associated with selected food items in both urban and rural areas during September 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 R5.13, followed by white sugar (R2.06), peanut butter (R0.89), a loaf of white bread (R0.74), bananas (R0.69) and a loaf of brown bread (R0.58) in comparison to their rural counterparts. On average, urban consumers paid R0.66 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 September 2024 (R/unit)	Rural Food Prices September 2024 (R/unit)	The price difference (R/unit)
Full cream milk – long life 1ℓ	20.30	20,78	-0.48
A loaf of brown bread 700g	17.64	17,06	0.58
A loaf of white bread 700g	18.88	18,14	0.74
Banana per kg	17.62	16,93	0.69
Maize meal 2.5 kg	38.93	39,19	-0.26
Margarine spread 500g	38.99	39,64	-0.65
Peanut butter 400g	46.62	45,73	0.89
Rice 2kg	47.30	48,55	-1.25
Sunflower oil 750mℓ	34.49	34,69	-0.20
Ceylon/black tea 250g	59.29	54,16	5.13
White sugar 2.5kg	64.94	62,88	2.06
			0.66

Source: Stats SA. 2024; NAMC calculations

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

In this section, the NAMC's 28-item urban food basket's cost is explained through a comparison of average food prices in September 2024 and September 2023. The cost of the NAMC's 28-item urban food basket increased by 7.6% in September 2024 compared to the same period last year, reaching R1 288.81. When compared to the R1 280.11 in August 2024, the basket increased by 0.7% on a monthly basis.

Table 2 presents the 28 food items composing the NAMC urban food basket in terms of their nominal prices. Between September 2024 and September 2023, among these 28 items, 14 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 33.6%, followed by tomatoes (26.9%), instant coffee (21.5%), Ceylon/black tea (18.6%), oranges (18.2%), dried beans (16.9%), apples (15.8%), potatoes (14.1%), peanut butter (13.4%), cabbage (11.4%), rice (11.3%), beef offal (8.3%), brick margarine (8.0%) and white sugar (6.4%).

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

Category	Product	September r-23 R/unit	August - 24 R/unit	September r -24 R/unit	Change year- on-year (%)	Change month- on-month (%)
Beans	Baked beans - tinned 410g	15.39	16.17	16.08	4.5%	-0.6%
	Beans - dried 500g	29.28	34.05	34.22	16.9%	0.5%
	Peanut butter 400g	41.11	47.28	46.62	13.4%	-1.4%
Coffee & Tea	Ceylon/black tea 250g	49.98	57.52	59.29	18.6%	3.1%
	Instant coffee 250g	56.30	67.37	68.41	21.5%	1.5%
Dairy & Eggs	Cheddar cheese per kg	146.57	152.99	153.99	5.1%	0.7%
	Eggs 1.5 dozen	51.91	68.75	69.36	33.6%	0.9%
	Full cream milk - long life 1ℓ	19.59	20.22	20.30	3.6%	0.4%
Fats & Oils	Brick margarine 500g	27.65	29.83	29.85	8.0%	0.1%
	Sunflower oil 750mℓ	35.98	34.89	34.49	-4.1%	-1.1%
Fruit	Apples per kg	20.08	23.03	23.26	15.8%	1.0%
	Bananas per kg	19.10	16.31	17.62	-7.7%	8.0%
	Oranges per kg	17.17	20.54	20.30	18.2%	-1.2%
	Beef mince per kg	103.07	101.37	101.46	-1.6%	0.1%

Category	Product	September -23 R/unit	August -24 R/unit	September -24 R/unit	Change year-on-year (%)	Change month-on-month (%)
Animal Protein	Beef offal per kg	48.91	52.26	52.98	8.3%	1.4%
	Chicken giblets per kg	46.96	47.08	47.78	1.7%	1.5%
	Fish (excl tuna) - tinned 400g	26.23	27.81	27.79	5.9%	-0.1%
	IQF chicken portions 2kg	92.16	93.34	94.07	2.1%	0.8%
	Polony 1kg	54.43	54.57	55.54	2.0%	1.8%
Bread & Cereals	Loaf of brown bread 700g	16.96	17.52	17.64	4.0%	0.7%
	Loaf of white bread 700g	18.39	18.97	18.88	2.7%	-0.5%
	Rice 2kg	42.49	47.59	47.30	11.3%	-0.6%
	Maize meal 5kg	69.03	71.96	71.40	3.4%	-0.8%
Vegetables	Cabbage each	20.08	22.17	22.37	11.4%	0.9%
	Onions per kg	26.69	24.60	23.12	-13.4%	-6.0%
	Potatoes per kg	18.90	20.28	21.56	14.1%	6.3%
	Tomatoes per kg	22.22	27.56	28.19	26.9%	2.3%
Sugary foods	White sugar 2.5kg	61.05	64.08	64.94	6.4%	1.3%
Total Rand Value		1 197.68	1 280.11	1 288.81	7.6%	0.7%

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 September 2024 with September 2023 (year-on-year) and September 2024 with August 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 20.2%. Following this was bean products which increased by 13.0%, dairy & eggs by 11.7%, fruits by 8.6%, vegetables by 8.4%, sugary foods by 6.4%, bread & cereals by 5.7%, animal products by 2.1% and fats & oils by 1.1%.

Reviewing the month-on-month basis, coffee & tea and fruits showed the most significant escalation by 2.2%, respectively. This was followed by sugary foods which increased by 1.3%, animal products by 0.8%, dairy & eggs and vegetables by 0.7%, respectively. During this period bread & cereals, fats & oils and bean products decreased by 0.5%, 0.6% and 0.6%, respectively.

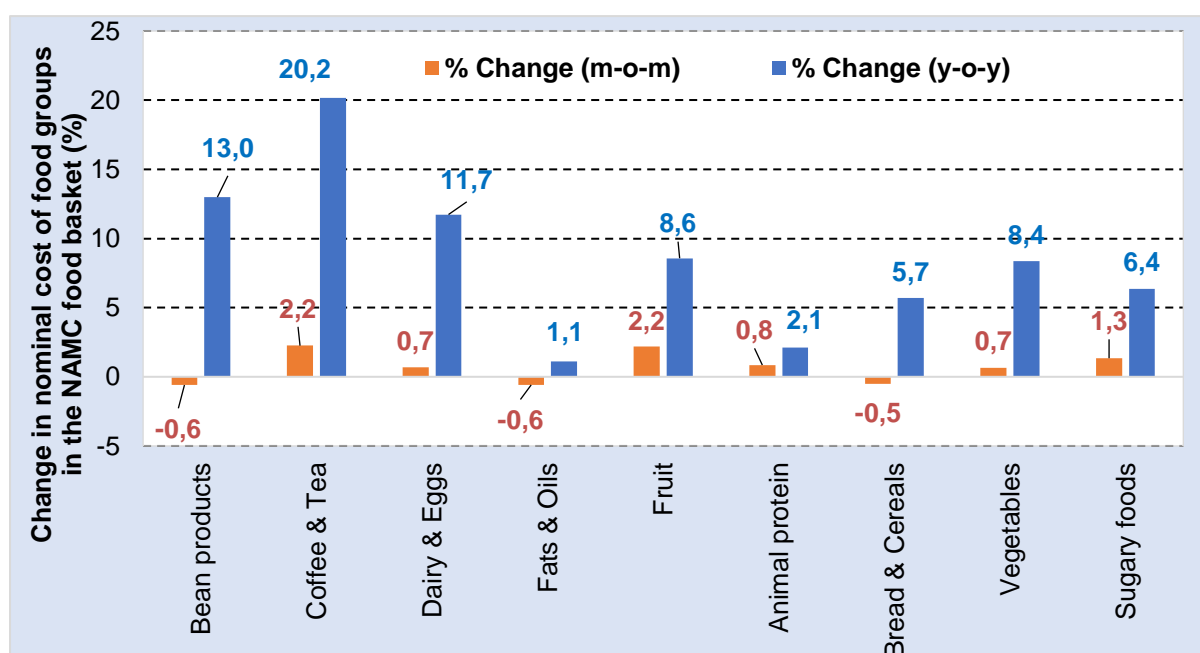


Figure 3: Nominal change in the cost of specific food groups within the NAMC's 28-item food basket, comparing September 2024 vs. September 2023 and September 2024 vs. August 2024

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 September 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.

Compiled by:

Trends and discussion on selected topics:

Thulani Ningi
Lwazi Dladla

Enquiries: Thulani Ningi: Tningi@namc.co.za or Dr Moses Lubinga: HLubinga@namc.co.za

Stats SA is acknowledged for assistance provided to the NAMC in terms of food price data.

© 2024. Published by the National Agricultural Marketing Council (NAMC).

Disclaimer:

Information contained in this document results from research funded wholly or in part by the NAMC acting in good faith. Opinions, attitudes, and points of view expressed herein do not necessarily reflect the official position or policies of the NAMC. The NAMC makes no claims, promises, or guarantees about the accuracy, completeness, or adequacy of the contents of this document and expressly disclaims liability for errors and omissions regarding the content thereof. No warranty of any kind, implied, expressed, or statutory, including but not limited to the warranties of non-infringement of third-party rights, title, merchantability, fitness for a particular purpose or freedom from computer virus is given with respect to the contents of this document in hardcopy, electronic format, or electronic links thereto. Reference made to any specific product, process, and service by trade name, trademark, manufacturer or another commercial commodity or entity are for informational purposes only and do not constitute or imply approval, endorsement or favouring by the NAMC.