

# Monthly Food Affordability Tracker

July 2020  
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# Acknowledgement

This report was compiled by a number of collaborating researchers from the Bureau for Food and Agricultural Policy, the Department of Agricultural Economics, Extension and Rural Development at the University of Pretoria, the Department of Agriculture, Land Reform and Rural Development.

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# Food Price Trends in April and May 2020

Official food inflation data in South Africa has traditionally been released with a 3-week lag, based on food price data in the preceding month. The Level 5 COVID-19 lockdown in April 2020 has however increased this lag period and as a result official Statistics South Africa food price inflation data for May 2020 will only be available during July 2020. To provide interim food price trends, selected products have been monitored from websites of selected prominent retail outlets with an online offering. The changes observed between April and May 2020 are presented in Figure 1 below.

The 15 food items presented in Figure 1 represent a selection of the dominant food items purchased by low(er) income households in South Africa, with expenditure on these items typically representing approximately 70% of total food expenditure for the least affluent half of South African households (according to Stats SA Living Conditions Survey 2014/2015).

The results show that prices for chicken, maize meal, sugar, pilchards, peanut butter and sunflower oil have decreased between April and May. This is good news for low(er) income consumers, who typically spend approximately 25% of their total food expenditure on chicken and maize meal combined, while typically spending approximately a third of total food expenditure on these six items combined (Stats SA Living Conditions Survey 2014/2015).

The substantial reduction in chicken prices can possibly be attributed to the closure of the hospitality industry in South Africa during the past three months. With chicken being the most popular take-away meat option in South Africa, it is estimated that around 20% of local chicken production is produced for fast food consumption.

With the closure and subsequent restricted operations of these outlets during April and May 2020 additional volumes were channelled towards retail outlets (see BFAP End to End Agro-Food Chain Tracker, 5 May 2020). It is expected that this trend will lose momentum with the progressive reopening of take-away outlets and restaurants which commenced mid-June.

Price increases observed for the products under consideration in Figure 1 included 1.9% increase in UHT milk, 1.8% increase in cake flour, a 1.3% increase in onions, a 1.2% increase in eggs, a 1.0% increase in tomatoes, a 0.98% increase in potatoes and a 0.6% increase in bread. The growth in vegetable prices is a trend that has been apparent since 2019 and has been discussed in the previous Food Affordability Tracker report. This trend is expected to persist as consumers focus their expenditure on value goods such as vegetables. UHT milk prices might have also benefited from demand support as consumers limit shopping excursions and focus on products with a longer shelf life during COVID-19 lockdown.

Key issues that can put upward pressure on food prices over the coming weeks include increased fuel prices, which could add to distribution and manufacturing costs. Furthermore, the detection of COVID-19 cases could lead to periodic short-term operational shutdowns of certain nodes of supply chains. This might also limit localised supply and in turn, might lead to significant regional variations from official national averages or online prices as discussed above (see BFAP End to End Agro Food Chain Tracker, 5 May 2020). Over the past weeks, a notable occurrence related to this, was the closure of Tshwane Fresh Produce Market due to Covid cases being detected in individuals working at the market.

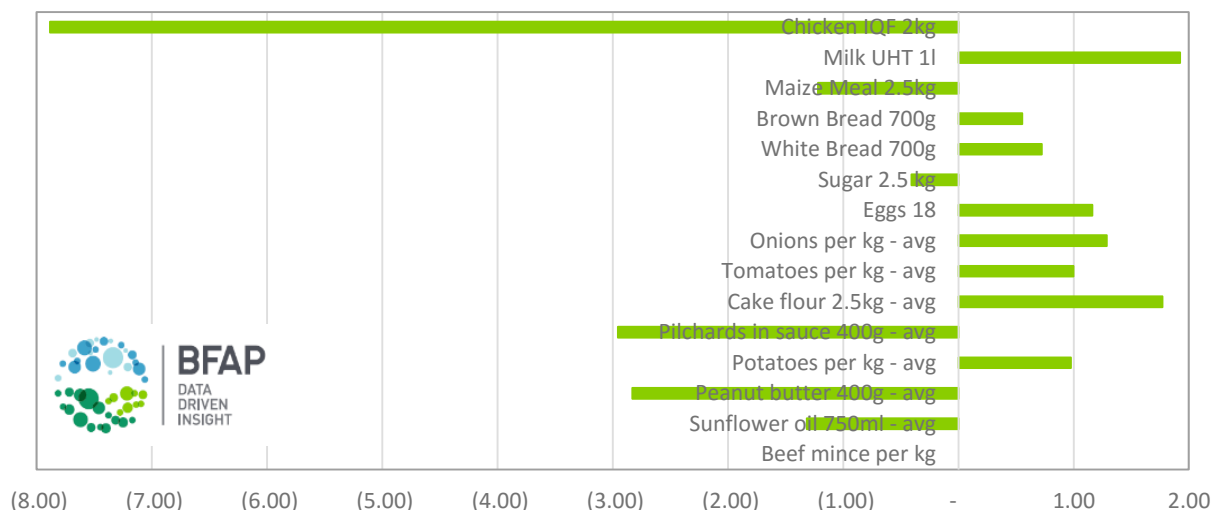


Figure 1: Online food price changes between April 2020 and May 2020

## The case of fresh produce affordability

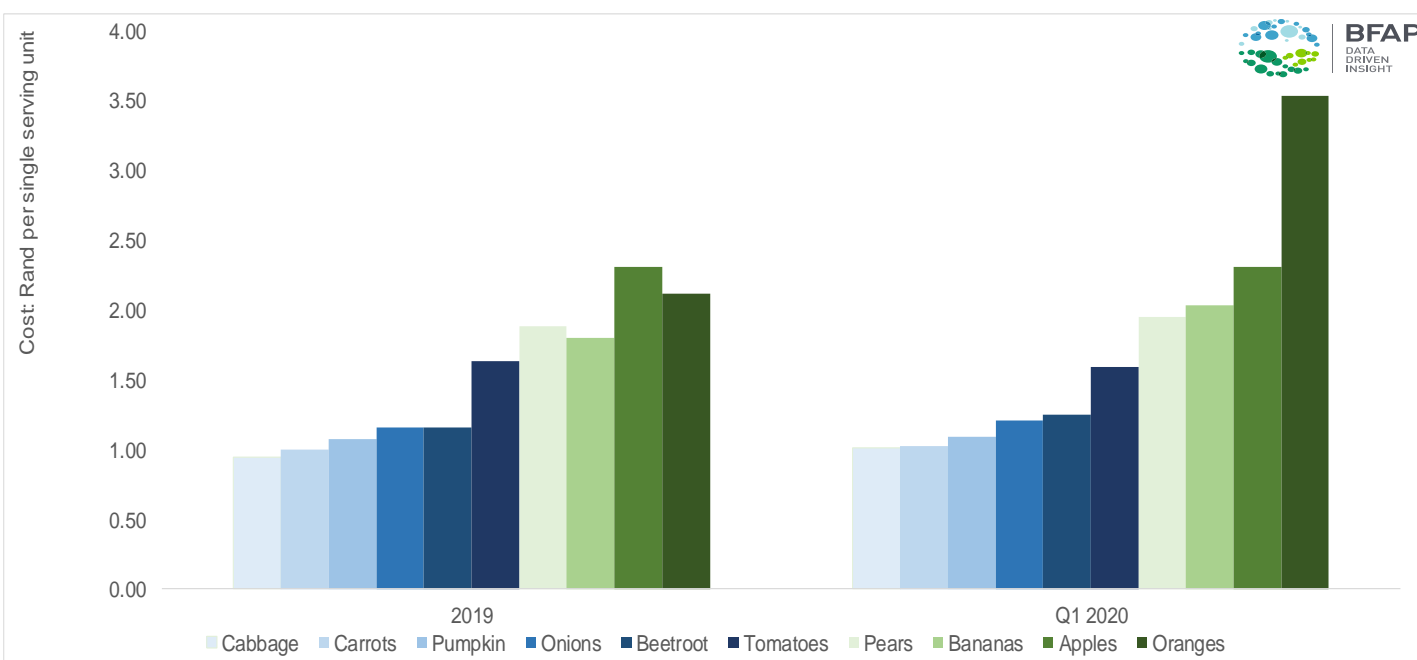
Considering the continued upward price pressure on vegetables, this section presents an overview of fresh produce affordability in the South African context. Figure 2 illustrates the single serving unit (SSU) costs of dominant fruit and vegetable options in South Africa for 2019 and the first quarter of 2020. A SSU refers to a single unit of a particular food within a particular food group providing a similar amount of nutrients as other units within the same group.

As evident from Figure 2 the most affordable vegetable options from a SSU perspective (presented in order of affordability) during 2019 and the first quarter of 2020 were cabbage, carrots, pumpkin and onions. The most affordable fruit options from a SSU perspective (presented in order of affordability) were pears, bananas and apples. Significant season price fluctuations affect the affordability of oranges.

In 2019 the SSU cost of fruit was on average 75% higher than for vegetables. The price premium observed for fruit has a significant impact on food expenditure behaviour – particularly among lower income households.

According to the Stats SA Living Conditions Survey 2014/2015 the typical vegetable expenditure of the least affluent 50% of households in South Africa is approximately 2.8 times higher than their typical fruit expenditure – thus resulting in a substantially higher intake of vegetables than fruit within this consumer segment. However, ideally a variety of vegetable and fruit options should be consumed for optimal nutrition.

Unfortunately a popular strategy among lower income households to cope with income pressure involves the reduction of fresh produce intake, being replaced with more affordable staple food options (e.g. applying to 96% of a sample of low-income consumers according to a recent BFAP survey). The continued upward price pressure on vegetables, coupled with household-level income pressure due to the COVID-19 pandemic, could have a negative impact on the dietary diversity of many South African households.



**Figure 2: Single serving unit costs of selected dominant fruit and vegetables in South Africa in 2019 and the first quarter of 2020**

Source: BFAP calculations based on official Stats SA retail prices