

Consumers face another expensive braai season in 2022

 By [Paul Makube](#)

15 Dec 2022

Consumers face an expensive braai season as they enter the December festive with meat inflation at the highest level for this period since November 2017 when it reached 14.9% year-on-year. What underpins the current strength in meat prices? A combination of factors have been at play including the tight supplies due to the pedestrian livestock slaughter, reduced imports of chicken amid higher prices, and the surprisingly resilient consumer demand despite tough economic conditions with the consumer's financial welfare under strain.



Source: HailRobe via [Rxabay](#)

In addition, livestock producers faced enormous cost pressures emanating from a surge in raw feed input prices that necessitated the cost recovery as profit margins were severely squeezed.

The price of maize, a major ingredient in feed manufacturing, has so far increased by 43% and 28% year-on-year for the white and the yellow maize respectively to an average R4,989/ tonne and R4,837/ tonne. The price of soybeans, a major source of plant protein in livestock feed, so far averaged R10,561/ tonne which is 39% higher year-on-year.

Consumer price inflation

South Africa's November 2022 consumer price inflation (CPI) surprised on the downside to 7.4% year-on-year from 7.6% September, but was still off the 2022 peak of 7.8% year-on-year reached during July, according to recent data from Statistics South Africa (Stats SA). The monthly CPI slowed by 0.3% month-on-month (m/m) in November from 0.4% m/m the previous month.

After steadying in October, the food CPI rebounded by 0.5 percentage points in November 2022 to 12.8% year-on-year and still the highest level since April 2009 but decelerated by 0.5% m/m 0.9% higher month-on-month.



Global food prices hold steady in November

8 Dec 2022



In contrast, the global food price inflation as measured by the United Nations Food and Agriculture Organization (FAO) slowed significantly from the 2022 high of 34% year-on-year in March to just 0.3% year-in-year in November 2022 with the monthly prices remaining in negative territory for the past eight consecutive months at -0.1% month-on-month. Prices were down across the cereals, the dairy, and meat categories which more than offset gains in the vegetable oils and sugar.

Within the SA's food CPI subindex, the November meat CPI steadied but still reached the highest level in 14 months at 10.5% year-on-year.

A deep dive into the meat CPI data shows that beef T-bone steak surged by 18% year-on-year in at R135.48/kg, followed by brisket and chuck with increases of 11.8% and 10.4% respectively year-on-year. In the pork category, pork ribs and fillet posted modest gains of 3.9% and 2.8% year-on-year at R94.59/kg and R104.62/kg. However, pork chops fell by 3.8% year-on-year at R89.55/kg. Lamb chops rose by 4.8% year-on-year to R195.55/kg. For chicken, prices were up across most categories with an increase of 7.2% at R63.85/kg for fresh whole birds while the individually quick frozen (IQF) 2 kg chicken portions rose by 5.1% year-on-year at R86.69.

Nonetheless, we expect some reprieve for consumers early in the New Year as the lower seasonal demand post the December holidays in a tight economic environment with costs of electricity and transport still elevated likely to place downward pressure on meat prices.

ABOUT PAUL MAKUBE

Paul Makube is Senior Agricultural Economist at FNB.

- Falling sales indicate market correction, 2025 outlook positive for agri machinery - 20 May 2024
- Vigilance in containing FMD critical for red meat export growth - 10 May 2024
- 1% upward revision for maize estimates, still down 18.5% year-on-year - 26 Apr 2024
- Chocolate prices continue to rise - 8 Apr 2024
- Agribusiness confidence for Q1 2024 dimmed by bad weather and a plethora of challenges - 26 Mar 2024

[View my profile and articles...](#)

For more, visit: <https://www.bizcommunity.com>