

Bread Basket for the period April 2013 and May 2013

General Information

The Bread Basket consists of forty five items which are made up of an assortment of basic household items and food items. The bread basket is updated on a time line basis and as a result the Department saw the need to increase the Bread Basket by seven essential commodities namely: **Oats, Cornmeal, Tea, Sardine, Baby Milk, Baby Infant Milk and Baby Cereal**. It is used by the Department to monitor the price movement of essential commodities at the main supermarkets islandwide. It was also designed, on the assumption that these items meet the needs of a household of five, and would be consumed on a weekly basis.

Out of the forty five items, twenty four of these items are Price Controlled (**Appendix 1**). It is important to note that most of the Price Controlled items are controlled by a percentage mark-up, with the exception of brown sugar which is controlled by a fixed price. In fact, retail prices approved by the Department are likely to fluctuate as the percentage mark-up is applied to the landed cost, which is to determine by cost, insurance, freight and duties.

Methodology

Prices were collected from the main supermarkets in the city of Castries and from three towns, namely: Gros-Islet, Soufriere and Vieux-Fort. An average price is calculated using the two most frequently purchased items. Changes in these prices were recorded and compared to the previous month prices.

The data collected from Super J's Supermarket situated at Waterfront Castries is used as the base line against which data from all other supermarkets are compared.

Limitations

Some items and the suggested sizes are not always available on the supermarket shelves for inclusion in the data set.

Analysis

Firstly, it was observed that the bread basket's overall average price has slightly increased by a mere **\$13.26**, from **\$258.25 to \$271.51** in May 2013. In addition to this, it was also observed that 12 out of the 82 brands of items which form part of the bread basket were unavailable on the supermarket shelves during May 2013. Note that this figure is three less than the number of unavailable brands recorded in April 2013. The unavailable items are as follows: **Furn Bleach 950ml, People Choice Evaporated Filled Milk 410g, Bop Insecticide 400ml, Diamond Laundry Soap, Helen Lentils 400g, Helen Pink Beans 400g, Helen Red Beans 400g, Breeze Powdered Soap 1kg, Carigold Rice 800g(Packaged), Eve Sardine 106g, Sma gold Baby foods 400g, and Sma Promil Baby foods 400g.**

Further analysis of the bread basket highlighted that 29(**64%**) out of the 45 commodities assessed remained unaffected in terms of average price for the said period. These items are: **Bleach, Bottled water, Candles, Cheese, Oats, Cornmeal, Corned Beef, Flour, Macaroni, Margarine, Salt Biscuit, Salt, Powdered Milk, Powdered Drink, Powdered Soap, Sugar, Tonic Foods, Cornflakes, Eggs, Evaporated Milk, Laundry Soap, Chicken Backs, Oil, Tea, Sardine, Baby foods 360g, Baby foods 270g and Baby foods 400g. Appendix 1&2**

Moreover, it was noticeable that 5 (**11%**) out of 45 commodities which forms part of the bread basket revealed a decline in terms of average price for the period April to May 2013. However, 11 (**24%**) commodities registered an increase in the average price for the period under review. It is noteworthy that Mayonnaise recorded the highest increases in averages price, from \$12.14 to \$12.99 and Toothpaste recorded the most significant decline in the average price for the period under review, from \$8.60 to \$7.25. **Appendix 4**

Comparison of average prices recorded for April's bread basket against what was recorded for the period ended in May 2013, indicated that the items which attracted the highest increase or the most significant decline were affected by the availability or unavailability of certain brands on the market shelves and to some extent there were commodities exposed at a special reduced price. More specifically, Toothpaste recorded the most significant decrease in average price because the Aqua Fresh brand was unavailable for inclusion in the data set in April, 2013 to facilitate more accurate analysis, unlike the current month of May when it was available and the average price recorded was **(16%)** lower than the previous month. **Appendix 1**

Nonetheless, it is important to note that 23 **(51%)** out of the 45 commodities which make up the bread basket are **VAT** exempt. These items include: **Chicken Backs, Chicken Legs, Corned beef, Evaporated milk, Garlic, Flour, Lentils, Margarine, Onions, Pink beans, Potatoes, Powdered milk, Red beans, Rice, Salt, Salted biscuit, Sugar, Toilet paper, and Tuna fish, Sardine, Baby foods 360g, Baby foods 400g and Baby foods 270g. Eggs are Zero rated. Appendix 1**

Comparing the total average prices recorded at the four major supermarket islandwide for the said period, it can be seen that Castries Super J supermarket recorded a total average price of **\$271.51**, Gros-Islet, Rodney Bay Super J supermarket recorded **\$306.05**, Vieux Fort Super J Supermarket recorded **\$282.18** and Soufriere Eroline Foods supermarket recorded **\$245.90**. Deeper analysis revealed that Gros-Islet Rodney Bay Super J supermarket recorded the highest average price with the unavailability of **17 items**, whilst Soufriere Eroline Foods supermarket recorded the lowest average price with the unavailability of **25 items** on the supermarket shelves. **Appendix 3**

There are a number of factors that may determine the changes in the retail prices of the commodities surveyed. Here are some fundamental reasons for the increase in food prices as indicated by Sophie Wenzlau from World Watch Institute. The global food prices rose 2.7% in 2012, reaching levels not seen since the 1960's and 1970's, but still below the price spike of 1974. Between 2000 and 2012 the World Bank global food price index increased 104.5% at an average rate of 6.5%. (Wenzlau, 2013) Ron Nixon from the New York Times made mention of some reasons for increase in food prices. The largest increase was for dairy products, which rose 7% in September 2012, their sharp climb since January 2012. Higher feed cost were a major factor in the increase, and also help to drive meat prices up 2.1% especially in the pork and poultry industries, the report said. Cereal price rose 1% and the food agency forecast a decline in global cereal production the year. (Nixon, Global food price on the rise , 2012)

Conclusion

In conclusion, given the global economic situation and the consequent increase in prices of commodities worldwide, it can be said that the results are quite favorable since a mere **24 %** of items which forms part of bread basket registered increase in prices.

Bibliography

Nixon, R. (2012). Global food price on the rise . *New York Times*.

Wenzlau, S. (2013). World Watch Institute.