

## SA consumer food price inflation ticked up mildly in February 2025

- South Africa’s consumer food price inflation ticked up to 1,9% in February 2025 from 1,5% in January. This was underpinned by mild increases in cereal products; fish and other seafood; fruits and nuts; and vegetables. We believe this mild uptick in food inflation is the start of the change in the trend we have been anticipating, mirroring the price path at the commodity level. The excessive rains, broadly positive for agriculture, caused a minor disruption in the vegetable markets, thus contributing to the price increase. The jump in fruit and nuts inflation also mirror to the broader price trend we are observing, resulting partly from the strong global demand.
- As with our previous note, we continue to believe that the outlook for 2025 remains promising, and consumer food price inflation could be relatively benign despite the price trend change. The rains across South Africa have benefitted agricultural production, and farmers planted a decent area, and crop production expectations are encouraging. For example, the Crop Estimates Committee forecasts the 2024-25 overall summer grains and oilseeds harvest at 17,2 million tonnes, up 11% from the previous season. This comprises maize, sunflower seed, soybeans, groundnuts, sorghum and dry beans. This figure could be lifted in the coming months as production conditions remain favourable across South Africa. With that said, for the first half of 2025, grain-related products remain the upside risk to consumer inflation following a surge in white maize prices in recent months because of the poor crop harvest due to the drought.
- Moreover, while generally under pressure, we suspect that poultry products and other red meat prices could increase moderately in the coming months because of higher feed costs, mainly soybeans and yellow maize prices, which are elevated as the country awaits a new crop season. Still, these product price increases are unlikely to be notable as the consumer is also broadly under pressure, and the demand may still be relatively weak.
- South Africa’s headline CPI was 3,2% in February 2025, unchanged from the previous month.

### Exhibit I: South Africa's consumer food inflation



Source: Stats SA and Agbiz Research