

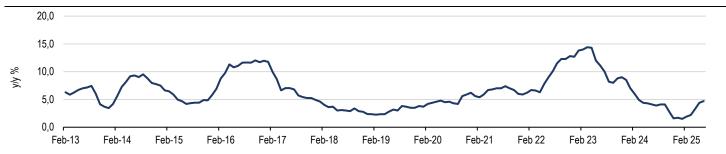
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## SA food inflation rises again, but it is still not a significant concern

- South Africa's consumer food price inflation rose to the highest level in 16 months, at 4.7% in June 2025, from 4,4% in May, underpinned mainly by the recent increases in the meat, oils and fats, and vegetables prices. However, this increase does not alter our assessment of moderate food price inflation in 2025.
- The increase in the meat price inflation was due to two significant factors, which have now somewhat eased. First, the outbreak of avian influenza in Brazil led to South Africa temporarily restricting the imports of poultry products from Brazil, and this caused panic in the market. However, the restrictions have now been lifted, and imports are expected to recover in the coming months. Second, South Africa experienced an outbreak of foot-and-mouth disease, which led to concerns about red meat supplies and some panic buying, thus temporarily pushing up prices. Slaughtering has now resumed in the major feedlots, and we are seeing some easing in red meat prices, which should be reflected in the inflation figures of the coming months. Moreover, when there are outbreaks of disease, South Africa is temporarily restricted from various export markets, which, over time, increases the supply of red meat into the local market. Regarding the oils and fats, the local market somewhat mirrored the trades we see globally, and the FAO's Vegetable Oil Price Index has remained elevated in recent times because of the strong palm oil global demand. We expect the decent local sunflower seed crop to help ease any concerns about supplies in the local market in the coming months.
- Overall, we expect food price inflation to moderate in the coming months, as the benefits of
  ample domestic grains and an expected decent fruit harvest continue to enter the market. We also
  believe that the worries about meat prices will ease soon as supplies recover. We also view the recent
  increases in vegetable prices as a temporary blip due to weather issues and expect supplies of various
  vegetable products to recover significantly in the second half of the year.
- South Africa's headline CPI was 3,0% in June 2025, from 2,8% in the previous month.

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



Source: Stats SA and Agbiz Research