

SA food price inflation continued to slow in January 2025

- The reweighting of the CPI basket has not shifted the trend of moderating food price inflation we have been observing in recent months. The data released this morning by Statistics South Africa shows that consumer food price inflation slowed to 1.5% in January 2025 from 1.7% in December 2024. This deceleration was underpinned by most products in the food basket, particularly “meat,” “fish and other seafood,” “milk, other dairy and eggs,” and “fruit and nuts.” Essentially, the base effects and the recovery in supplies of various products continue to be the primary drivers of the slowing rate of food price increases. At the start of 2024, the challenges of lower vegetable supplies following the impact of load-shedding on irrigation the previous year and the tail-end effects of avian influenza on poultry were the topical issues underpinning food price inflation. We are far from that scenario now, and supplies have recovered.
- The outlook for 2025 remains promising that consumer food price inflation could be relatively comfortable. The recent rains across South Africa have benefitted agricultural production, and farmers planted a decent area of crops. For example, the preliminary plantings data released by the Crop Estimates Committee last month showed that South African farmers likely planted 4,45 million hectares of summer grains and oilseeds in the 2024-25 season, up mildly by 0,3% from the previous season. We see similar and better production conditions for fruits and vegetables. 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, 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.
- The headline CPI was 3,2% in January 2025, up from 3,0% in December 2024.

Exhibit I: South Africa's consumer food inflation



Source: Stats SA and Agbiz Research