

17 June 2026

## South Africa's consumer food price inflation is at its lowest level in 17 months

- **South Africa's consumer food price inflation continues to slow. The figures released by Statistics South Africa this morning show that the consumer food price inflation slowed to 1.6% in May 2026, down from 2.8% in March. This is the lowest level in 17 months.**
- There was a broad deceleration across the various food products. At the core of moderating consumer food price inflation are lower prices for grains and oilseeds, fruit, and vegetables, driven by ample domestic and global supplies. We continue to believe that meat poses minimal risks to inflation, and meat price inflation has slowed in recent months. Base effects on meat prices, along with continued cattle slaughter, have helped ease price inflation. Poultry production conditions are also favourable.
- On cereal products price inflation, we are in yet another better grain production year. South Africa's summer grains and oilseeds production is forecast at a record 21.1 million tonnes, up 2% from the 2024-25 season. This figure comprises maize, sunflower seed, soybean, groundnuts, sorghum, and dry beans. This ample harvest adds to already large stocks from the past season, keeping grain prices under pressure. Global grain prices are also under pressure from large harvests, adding to the downward pressure from domestic factors. The expected El Niño will only affect the 2026-27 crop, which comes to market in mid-2027.
- In fruits, while the recent floods are destructive in parts of the Eastern and Western Cape, the country's fruit harvest is ample. We are even seeing strong exports of citrus, table grapes, and stone fruits, among others, due to a large domestic harvest. Solid exports also don't necessarily reduce local supplies; they are key, and the local market remains well supplied. The production conditions for vegetables remain broadly favourable, supporting increased field activity.
- Regarding meat, the pace of cattle slaughter has declined somewhat, though not notably. Another fact worth keeping in mind is that during foot-and-mouth disease outbreaks, the country is typically temporarily closed to some export markets, leading to increased domestic supplies, even if slaughter has declined somewhat.
- Overall, the fundamentals of agricultural supply remain solid and point to a moderation in consumer food price inflation in 2026. The recent U.S.-Iran deal to reopen the Strait of Hormuz will further help in easing fuel costs, which bodes well for food price inflation. Fuel accounts for a substantial share of the distribution costs of food products. Notably, over 80% of staple food products are transported by road.
- Looking ahead, the medium-term risk is the forecast El Niño drought, but this may only affect the direction of 2027 food price inflation, as it affects the next season's crop. For now, we are experiencing moderate food price inflation in South Africa.
- South Africa's headline inflation was 4.5% in May 2026, from 4.0% in April.