agbiz agricultural business chamber
the way to prosperity

Wandile Sihlobo | Chief Economist | Email: wandile@agbiz.co.za

19 August 2026

South Africa's consumer food price inflation slowed to its lowest level since 2010

- **We are seeing the benefit of the ample agricultural output of the 2025-26 season in the inflation data, which has continued to decelerate. The figures released by Statistics South Africa this morning show that the country's consumer food price inflation slowed to 0.6% in July 2026, from 1.4% in June. This is the lowest level since 2010. Grain-related products, fruits and nuts, and vegetables remain in deflation, all due to large supplies on the back of an excellent harvest necessitated, amongst other things, by the La Niña rains in the season we are closing. Also positively, meat price inflation has slowed from recent levels, as slaughtering continues and supplies recover. The meat supply had been a concern due to foot-and-mouth disease in cattle and African swine fever cases in the pork industry. While these challenges remain, vaccination is gaining momentum across the country.**

- If we zoom in on the key products, cereal products are in deflation, as we are in yet another year of better grain production. South Africa's summer grains and oilseeds production is forecast at a record 21.6 million tonnes, up 5% 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.

- Similarly, fruits and vegetables are in a deflationary trend. Clearly, while the recent floods are destructive in parts of the Eastern and Western Cape, the country's fruit harvest remains ample, thereby exerting continued downward pressure. The production conditions for vegetables remain broadly favourable.

- 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. Base effects on meat prices, along with continued cattle slaughter, have helped ease price inflation. Poultry production conditions are also favourable.

- In essence, the ample agricultural harvest will help keep consumer food price inflation under pressure throughout 2026.

- Still, the U.S.-Iran war and risks in the Strait of Hormuz remain the major near-term risks, likely leading to higher fuel costs. 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, which will be planted from mid-October and come to market in mid-2027.

- South Africa's headline inflation was 4.3% in July 2026, from 5.0% in June.

EVERYTHING HAS BEEN DONE TO ENSURE THE ACCURACY OF THIS INFORMATION, HOWEVER, AGBIZ TAKES NO RESPONSIBILITY FOR ANY LOSS OR DAMAGE INCURRED DUE TO THE USAGE THEREOF.