

## SA consumer food price inflation rises again

- **We continue to observe a faster rate of increase in South Africa's consumer food prices. The data released this morning by Statistics South Africa shows that the consumer food price inflation rose to the highest level in 18 months, at 5.5% in July 2025, from 4.7% in June, underpinned primarily by the continuous increases in the meat and vegetables prices. Still, we believe the major drivers of these particular products are temporary; thus, we have maintained our view of potentially moderating food price inflation in the coming months.**
- As with the previous month, 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, causing panic in the market. However, the restrictions have now been lifted, and imports are slowly recovering. 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. The slaughtering has now resumed in the major feedlots, and we continue to believe we may see 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. About vegetables, the price increases are primarily because of the excessive rain's impact on products, as we have seen volumes of certain products down somewhat in various Fresh Produce Markets in the past couple of months. But the recent data are showing an improvement, which again underscores our view that the recent price inflation acceleration may be temporary.
- In essence, **while food price inflation accelerated in July, we expect some moderation in the coming months**, as the prices of the above products potentially slow, and we see the continuous benefits of an ample domestic grains harvest and a decent fruit harvest that continue to enter the market.
- South Africa's headline CPI was 3.5% in July 2025, from 3.0% in the previous month.

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



Source: Stats SA and Agbiz Research